

**TIEN PHONG PLASTIC**  
*Taking the lead in helping community*



[www.nhuatienphong.vn](http://www.nhuatienphong.vn)

ANNUAL  
REPORT  
**2017**





## 01 PROLOGUE

- 08. Chairman's Message
- 10. Vision – Mission – Core Value
- 12. Highlights of 2017
- 14. Awards in 2017

## 02 CRYSTALLIZE VALUE

- 18. Company introduction
- 20. History
- 22. Business sector
- 28. Subsidiaries and Associates
- 30. Capital raising process
- 31. Advantages in Business competition
- 32. Medium and Long term Development strategies
- 34. Operating model
- 34. Organizational structure
- 36. Board of Management

## 03 CONNECT TO SUCCESS

- 44. BOM's Assessments on Company's performance
- 46. Assessments on BOD's performance
- 63. Assessments on Economic, Environmental and Social Impact

## 04 REACH FOR INTEGRATION

- 68. Plastic industry market overview in 2017
- 70. S.W.O.T analysis
- 72. Development Strategies in 2015-2020 period
- 74. Business Plan in 2018

## 05 SUSTAINABLE CONNECTION

- 80. Corporate governance
- 81. Company culture
- 83. Shareholder structure and Change of equity
- 87. Investor Relations
- 88. Activities of General Meeting of Shareholders
- 90. Activities of BOM
- 92. Activities of Subcommittees under BOM
- 93. Activities of BOS
- 94. Transactions, remuneration and other benefits for the, BOM, BOD, and BOS
- 99. Risk management

## 06 SPREAD LOVE AROUND

- 106. Significance of Sustainable Development Report
- 107. Introduction of the report
- 108. Content
- 109. Method of determining the content of the report
- 109. Contact
- 110. Related Parties
- 114. Outline directions for Sustainable Development Report
- 116. Assessment of Sustainable Development Report and Plans for the next fiscal year
- 135. Ensuring stable financial growth

## 07 FINANCIAL STATEMENTS

- 140. Report of the Board of Directors
- 142. Independent audited report.
- 144. Consolidated balance sheet.
- 147. Consolidated income statement
- 148. Consolidated cash flows statement





**TIEN PHONG PLASTIC**  
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## ABBREVIATIONS

<b>FR</b>	: Financial Report
<b>BOM</b>	: Board Of Management
<b>BOS</b>	: Board Of Supervisors
<b>BOD</b>	: Board Of Directors
<b>O&amp;E</b>	: Officers and Employees
<b>DI</b>	: Disclosed Information
<b>Company</b>	: Tien Phong Plastic Joint – Stock Company
<b>SM</b>	: Shareholders Meeting
<b>YU</b>	: Youth Union
<b>PAT</b>	: Profit after tax
<b>SB</b>	: State budget
<b>NTP</b>	: Tien Phong Plastic Joint – Stock Company
<b>DGM</b>	: Deputy General Manager
<b>SCIC</b>	: State Capital and Investment Corporation
<b>BP</b>	: Business Production
<b>GM</b>	: General manager
<b>Ltd</b>	: Limited
<b>BODM</b>	: Board Of Directors Member
<b>BM</b>	: Building materials
<b>AGM</b>	: Annual General Meeting



01

# *Introduction*

- 1. Chairman's Message
- 2. Vision - Mission - Core values
- 3. Highlights of 2017
- 4. Awards in 2017





**CHAIRMAN'S MESSAGE**

*Taking the lead  
in helping community*

**Dear Valued Shareholders, Investors, Partners and Staff!**

Nearly 60 years since its foundation, Tien Phong Plastic has overcome many challenges, we are always proud to be the leading company in Vietnam plastic industry. 2017 marks a stepping-stone for a whole new development stage of the company as we have not only achieved numerous outstanding economic accomplishments, but also actively contributed to the community development. As a result of the consistent policies of the Board of Management, flexible management of the Board of Directors, consensus and efforts of staff members, the company met the strategic targets set out this year. Total revenue is VND 4,430.1 billion, increasing nearly 2% compared to 2016; pre-tax profit reached VND 557 billion, an increase of 24.5% compared to 2016 (According to audited consolidated Financial Statement).

For sustainable development, Tien Phong Plastic is clearly aware that it is necessary to find a balance between the economic results that the Company achieved and the benefits that we bring to community. In addition to the achievements of the business, we are proud of our contributions, both material and spiritual, to the society.

With the desire to "Taking the lead in helping community", Tien Phong Plastic staffs have joined hands with policy families in building new house, we have also conducted the project Bridge Love aiming at for the poor children in the mountainous provinces in the North...Our goal is to help reduce the difficulty, narrow down the gap, nurture dreams and set the first steps for the future generations. As we carry out many projects and programs, we profoundly understand that our responsibility is to actively contribute to the overall development of Vietnamese society, to create sustainable values for our shareholders and express our spirit for the community to all related parties.

I believe that the community activities that we have been doing not only come from the hearts of myself, of Board of Management and all Company staff, but also are wishes of valued shareholders, customers and everyone - to build a better society.

When writing this message to the valued shareholders and customers, I am imagining the bridge that we call "Bridge Love" and remembering of the image of children in many mountainous areas on their way to school. I hope that instead of struggling on rough paths, wading deep streams or risking their lives on the damaged bridges, someday they can go to school happily and safely on well-built bridges. With Tien Phong Plastic's contribution, we believe that it will soon become true. We greatly appreciate the cooperation between our valued shareholders, our colleagues, and I hope you can work

with us in building social relations, sharing the same aim and promoting the spirit for the community.

On behalf of the Board of Management, I would like to express my sincere gratitude to Valued Shareholders, State management agencies, partners, especially to the devotion and enthusiasm of the Board of Directors and all employees of Tien Phong Plastic, who have their production - business plans in 2017, building a firm foundation for new development stage of Tien Phong Plastic in the following years.

Let's join us and take a step towards the future with new successes!

Wish you a happy, prosperous and successful year!

Hai Phong, 06 March 2018

**REPRESENTATIVE OF THE BOARD  
OF MANAGEMENT**



**Chairman  
Tran Ba Phuc**





## *Vision*

Over the half past century, NTP's employees have constantly strived, shaped and lead the company to become a leading player of Vietnam Plastic industry – both in Vietnam and Regional plastic market.

## *Mission*

Fabricate high-quality products through the utilization of advanced technology.

## *Core Value*

We define our core values as “Reputation in every action – Quality in every product – Partnership – Responsibility to the community”

- 1 **Reputation in every action:** Abide by the rule “Trust goes first”, every NTP employee is highly committed to its customers, Partners, colleagues, and the community. All together build a Trust reputation for NTP - the pioneer of Vietnam plastic industry.
- 2 **Quality in every product:** We commit that only the Quality control Department in charge to ensure that output meet the standards specifications, but also the Finance and Accounting department with the transparent financial statements or the guards with hi night shift or the Sales department with their training session. Each member of Tien Phong Plastic JSC always has to make his best efforts to the highest quality.
- 3 **Partnership:** With the philosophy that partners are our companions on the road to success, NTP always support partners in the spirit of cooperation and mutual benefits.
- 4 **Responsibility to the community:** Tien Phong Plastic commits that all business operation are implemented transparent, efficiently and responsible. Not only for the purpose of economic development, but also existing to serve Vietnamese consumers, to improve and enhance the lives of employees, to bring long – term benefit to partners and shareholders, and to contribute to the common interest of the whole society.



# HIGHLIGHTS *of 2017*

**01** Sekisui Chemical of Japan signed a comprehensive cooperation agreement and became a strategic shareholder of Tien Phong Plastic South Joint Stock Company

On 05-July-2017, Sekisui Chemical Company purchased 7,070,000 shares issued by Tien Phong Plastic South JSC, equivalent to 25.3% of the Tien Phong Plastic South JSC's owner's contributed capital. At the same time, the signing ceremony of comprehensive cooperation and strategic partnership between the two companies is underway, with the Tien Phong Plastic South JSC receiving support of new technologies and modern equipment from Japan's leading plastic enterprises. This cooperation will enable NTP to introduce new products with quality that none of its competitors can produce locally.

**02** NTP's Major Thailand Shareholder - The Nawaplastic Industries (Saraburi) CO., Ltd - Member of SCG Group, divest 100% of its investment in Thien Phong Plastic after 5 years

Major shareholders of Thailand The Nawaplastic Industries (Saraburi) Co., Ltd successfully completed divestment all 21.3 million NTP shares, corresponding to 23.84% of charter capital of the company, from September 25, 2017 to October 20, 2017. In estimated, the value of capital retreat of major shareholders in Thailand is about VND 1,460 billion, which is three times in comparison with the initial investment.

**03** Sekisui Chemical of Japan bought 15% of charter capital and becomes the major shareholder of NTP

Sekisui Chemical has acquired 15% of outstanding shares of NTP. The transaction was completed on 18-Oct-2017. Estimated, the transfer value of up to VND 989 billion, equivalent to the average price of VND 73,900 per share.

**04** Holding the extraordinary shareholders' meeting on 30-Nov-2017

On November 30, 2017, Tien Phong Plastic held an extraordinary shareholders' meeting. The General Meeting of Shareholders approved the dismissal of the member of the Board of Directors for Mr. Sakchai Patiparnpreechavud, and the dismissal of the member of the Board of Supervisors for Mr. Praween Wirotpan. Mr. Noboru Kobayshi was elected as a member of the Board of Directors for the term 2015-2020. The shareholder's meeting also approved the investment in the Water Supply and Sewerage Company, new suppliers, new equipment for the projects of Commercial complex, Office for lease and High class apartment at 2 An Da, Hai Phong City according to the roadmap approved by People's Committee of Haiphong City.

**05** SCIC will divest capital at Tien Phong Plastic JSC

In the near future, Tien Phong Plastic and other companies such as Domeso Medical Import Export Company (DMC) and FPT Telecom Joint Stock Company (FPT) will be under SCIC's divestment plan.. Previously, on 17-Nov-2017, at the Ho Chi Minh Stock Exchange (HOSE), SCIC organized a roadshow to provide information on the auction of NTP's shares as well as other businesses' mentioned above. At present, SCIC plans to offer 37.1% of NTP's shares.





## AWARDS

# In 2017

### TOP 30 Best Corporate governance of HNX in 2016 - 2017

On November 17, 2017, the Hanoi Stock Exchange (HNX) held the Annual Business Meeting of 2017. In the first year when the HNX implemented corporate governance assessment for listed companies, Tien Phong Plastic was honored as one of the 30 enterprises of best corporate governance in 2016-2017. This is a remarkable success confirming the efforts of Tien Phong Plastic in the management, organization, leadership, as example of the core values for the business.

### TOP 100 sustainable enter- prises in Vietnam in 2017

On 06/12/2017, in Hanoi, Vietnam Chamber of Commerce and Industry (VCCI) held a program to evaluate and rank sustainable enterprises in Vietnam in 2017. This is the second year the program is held nationwide and NTP is honored to be among the top 100 sustainable enterprises in Vietnam in 2017. This milestone marks the long-term strategic importance of NTP in the manufacturing and business process to build better values for the community and for the society.

### NTP continues to affirm its position in the VNR500 rankings in 2017

Official VNR500 rankings - Top 500 largest enterprises in Vietnam in 2017 was announced on January 19, 2017, in Hanoi by Vietnam Report Corporation (Vietnam Report) incorporate with VietnamNet. NTP continues to affirm its position among the top 500 largest enterprises in Vietnam and has significantly improved its ranking position (ranked 218). This is a remarkable achievement of Tien Phong Plastic, showing outstanding efforts in production and business activities in fiscal year 2017.

### TOP 30 Best Annual Report of 2016 - Ranked at 22nd

2016 is the 4th consecutive year (from 2013 to 2016), the Annual Report of NTP was voted and honored. And this is the first time, the NTP has been honored at #22 Best Annual Report. This is a great effort of NTP to deliver transparent information in the market.



02

# Crystallize value

1. Company introduction
2. History
3. Business sector
4. Subsidiaries and associates
5. Capital raising process
6. Advantages in Business competition
7. Medium and Long term Development strategies
8. Operating model
9. Organizational structure
10. Board of Management





# COMPANY INTRODUCTION



	NAME OF COMPANY	TIEN PHONG PLASTIC JOINT STOCK COMPANY
	ENGLISH NAME	Tien Phong Plastic JSC
	STOCK CODE	NTP
	CERTIFICATE OF BUSINESS REGISTRATION	No. 0200167782 issued by Department of Planning and Investment of Hai Phong City on 30 December 2004 and amended Business Registration Certificates
	AUTHORIZED CAPITAL	VND 892,403,020,000
	HEAD OFFICE	2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam
	Factory Address	222 Mac Dang Doanh, Hung Dao Ward, Duong Kinh District, Hai Phong City, Vietnam.
	PHONE NUMBER	+ (84 225) 3813979
	FAX	+ (84 225) 3813989
	WEBSITE	<a href="http://www.nhuatienphong.vn">www.nhuatienphong.vn</a>



# HISTORY

1958  
•  
1960

In December 1958, the Ministry of Light Industry (now the Ministry of Industry and Trade) decreed to build a plastic factory, the first premises of Vietnam's plastic production and processing industry in An Da, Hai Phong city. On May 19, 1960, the ribbon was cut during the opening ceremony and the factory was named "TIEN PHONG PLASTIC FACTORY".

During the American resistance period (Vietnam War), the factory was actively involved in producing military equipments such as belts, raincoats, plastic slippers ... Since 1990, The factory has gradually shifted to producing u.PVC, PE-HD and PPR plastic pipe products for water supply and drainage projects and for construction projects.

1960  
•  
1990

1990  
•  
2006

With many ups and downs, on 29-Apr-1993, with the Decision No. 386/CN/CTLD of Ministry of Light Industry (now Ministry of Industry and Trade), Tien Phong Plastic Factory was renamed to Tien Phong Plastic Company. Accordingly, Tien Phong Plastic Company became a state-owned enterprise. With the new organizational model, the company has boldly shifted from production of traditional items once widely used but low efficiency to modern PVC pipe production, PEHD.... On August 17, 2004, Tien Phong Plastic Company was transformed into a joint stock company by Decision No. 80/2004/QD-BCN of the Ministry of Industry, marking a new chapter of company.

On October 24, 2006, Tien Phong Plastic JSC Company officially listed 14,446,000 shares on the Hanoi Securities Trading Center under the code of NTP. Less than a year later, on July 16, 2007, the Company issued additional 7,222,998 shares, the charter capital increased to over VND 216 billion.

2006  
•  
2007

2007  
•  
2008

On November 1st 2007, Tien Phong Plastic established the Tien Phong Plastic South Joint Stock Company. In 2008, the company started to set up Tien Phong-SMP Joint Venture Limited in Lao People's Democratic Republic with chartered capital of USD 2,500,000 (51% of which is contributed by the Company).

In 2009, the company invested in the largest PEHD pipe production line in Vietnam with a diameter of up to 1,200 mm of CINCINNATI (Austria). On January 28, 2010, Tien Phong-SMP Joint Venture Limited in the Lao People's Democratic Republic was officially put into production.

2008  
•  
2010

2011  
•  
2013

NTP issued ordinary shares at a ratio of 1:1 to increase charter capital to over VND 433 billion . On September 12, 2013, the company celebrated the inauguration ceremony of Central Tien Phong Plastic Company Limited. This is a subsidiary located in Nghe An, serving for the market development strategy in the Central of Vietnam.

In May 2014, Tien Phong Plastic continued issuing 13,001,294 shares to raise its chartered capital to VND 536 billion. On May 16, 2015, the Company successfully issued 5,633,805 shares, bringing its total chartered capital to over VND 619 billion. Also on May 18, 2015 Tien Phong Plastic established Tien Phong Land Company Limited in Hai Phong city, officially became a competitor the real estate market.

2014  
•  
2015

2016  
•  
2017

In June 2016, the company issued shares to existing shareholders at the ratio of 5: 1, increasing chartered capital to over VND 743 billion. In July, 2017, Sekisui Chemical Co., Ltd. (Japan) has signed a comprehensive cooperation and strategic shareholder contract with Tien Phong Plastic South JSC to own 25.3% stake of this affiliate. Not long after that, on October 18, 1974, Sekisui Chemical Co., Ltd acquired 15% of outstanding shares of NTP, equivalent to 13.386 million shares. Under the plan, Sekisui Chemical Co., Ltd. will transfer technology to Tien Phong Plastic South to manufacture products that currently being exported from oversea. Along with that, the Tien Phong Plastic South goods are being exported to Japan to serve in the investment projects of the country in the region. In July, the company also issued shares to raise chartered capital from the owner's capital at the rate of 20%, bringing the company's chartered capital to VND 892.4 billion.



# BUSINESS SECTORS *and Location*

## BUSINESS LINES

### CONSTRUCTION PLASTIC

The main business of Tien Phong Plastic Joint Stock Company is manufacturing and trading construction plastic, serving for multiple projects such as industrial projects, transportation, petroleum and civil engineering projects. Our current products include: PPR pipes and PPR fittings, HDPE pipes and HDPE fittings, u.PVC pipes and u.PVC fittings, pipe and spare parts etc.

### REAL ESTATE

Tien Phong Land Company Limited was established in 2015 with a capital of VND 20 Billion. Its main purpose was to manage and change land use of the old workshop at No. 2 An Da Street into a Commercial complex, Office for lease and High class apartment under three 25-floor buildings with more than 300 rooms in a total area of 8,700 sqm. At the moment, this real estate project has been approved by the government, obtained license and the 1/500 scale government-planning map. Total investment is estimated at more than VND 2,000 billion.



## BUSINESS SECTORS *and Location*

### PRODUCT PORTFOLIO

#### U.PVC PLASTIC PIPE AND U.PVC SPARE PARTS

u.PVC plastic pipes are increasingly used in the daily life, gradually replacing cast iron pipes, steel etc. NTP's u.PVC pipes are manufactured in accordance with TCVN 8491-2:2011 ISO 1452-2:2009 standards. By 2017, Tien Phong has upgraded some of the world's most modern u.PVC production lines with diameter up to 800mm. This is the largest pipe product in Vietnam and Southeast Asia today, meeting all the needs of key projects.

#### M.PVC PLASTIC PIPE AND M.PVC ACCESSORIES

Our m.PVC plastic pipe is a completely new product introduced to the market (which is able to absorb the impact force 50 times more than other normal u.PVC). m.PVC plastic pipes are expected to be a breakthrough product, aiming to guide and support consumers in the near future. NTP has decided to invest and acquire technology transfer from New Zealand partners. Since May 2016, the m.PVC pipe of NTP has been marketed widely.

#### PP-R PIPE AND PP-R FITTINGS

NTP was the pioneer manufacturing PP-R heat-resistant pipes. PP-R pipes are manufactured in accordance with DIN 8077:2008-09 & DIN 8078:2008-09 with our latest product of two-layer PP-R pipe. The product has an inner layer with temperature resistant up to 95 degrees Celsius, chemical resistance, hygiene and food safety; while its outer layer is heat-resistant and UV-resistant with protective coat protecting from the effects of UV rays, overcoming the ruin due to sunlight exposure when installing products on the roof.

#### HDPE PIPES AND HDPE FITTINGS

HDPE pipes are made from imported raw materials from leading manufacturers such as DEAHLM, BOROUGE. NTP is proud to be the only company in South East Asia producing a 2000mm diameter HDPE tube which international standards that can meet any requirement of country's key projects. Our HDPE ribbed pipe with 2 layers and high density are chemical resistant, anti UV, not corroded. In addition, our lightweight, easy-to-transport and install products provide a cost effective and economical.

#### OTHER PIPES AND FITTINGS

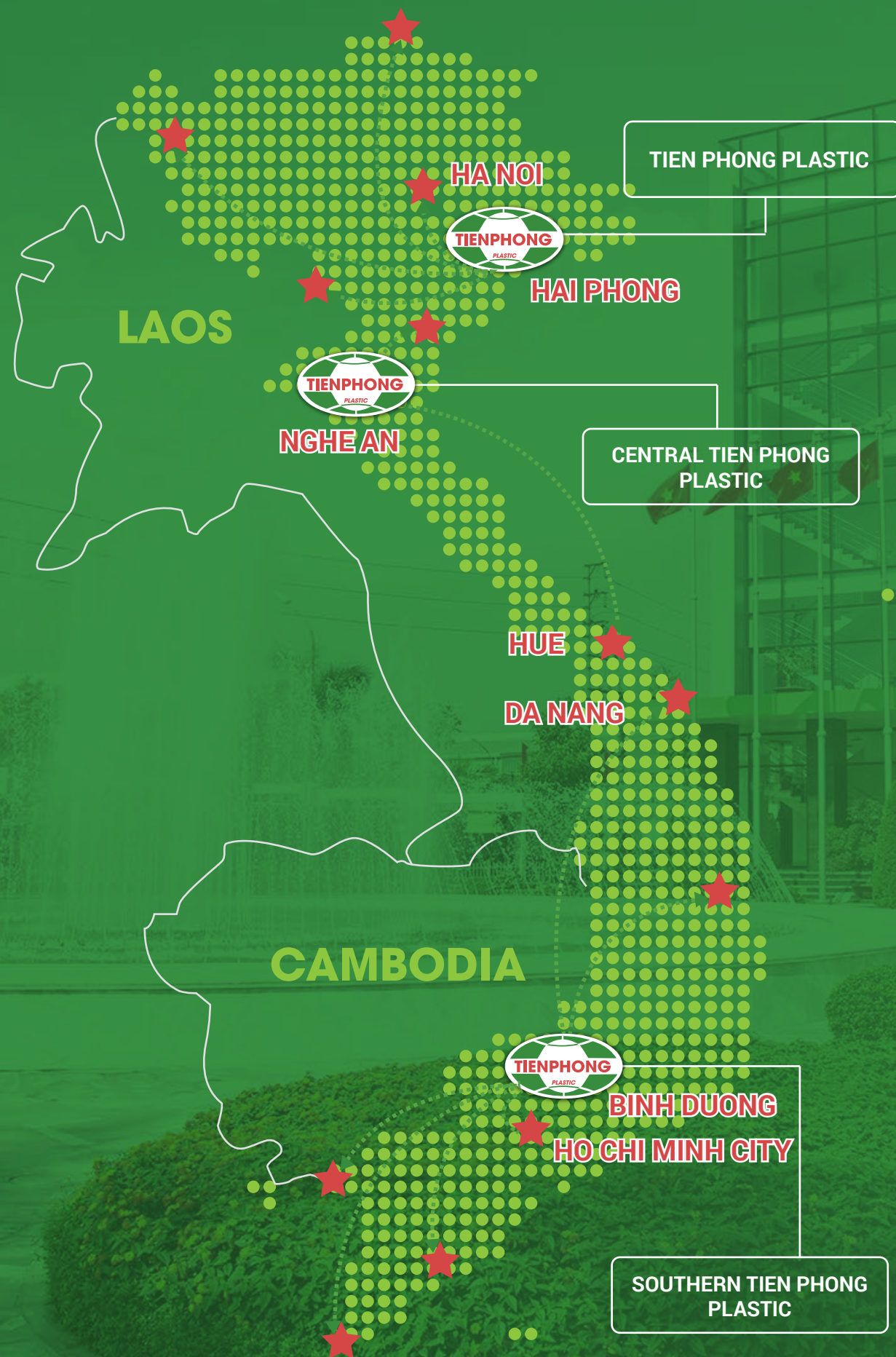
Pipes and fittings are the latest product of NTP, with many valuable features such as fire resistant, heat resistant, insulating, moisture proof and so on.



# BUSINESS SECTORS *and Location*

## BUSINESS LOCATION

With nearly 60 years of development, Tien Phong Plastic has 03 plants in Hai Phong, Binh Duong and Nghe An. In addition, NTP also owns 5 distribution centers, 300 distribution agents and nearly 10,000 points of sales nationwide. Our coverage is in Vietnam, Laos and Cambodia. NTP's wide distribution network is a great advantage helping the company easily secure its leading position in the market.





# SUBSIDIARIES



## CENTRAL TIEN PHONG PLASTIC COMPANY LIMITED

- Head office:** Lot C, Nam Cam Industrial Zone, Nghi Loc District, Nghe An Province, Vietnam
- Chartered capital:** VND 120 Billion
- Ownership of NTP:** 100%
- Main functions:** Manufacturing and trading civil and industrial plastic products

### Financial Information

Revenue of 2017  
**VND 684.6 Billion**

Profit before tax in 2017  
**VND 130.9 billion**

Profit after tax in 2017  
**VND 130.9 billion**



## TIEN PHONG LAND COMPANY LIMITED

- Headquarter:** No. 2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam
- Chartered capital:** VND 20 Billion
- Ownership of NTP:** 100%
- Main functions:** Trading in real estates, transportation business, trading civil and industrial plastic products.

### Project:

Transforming the capacity of the old factory into a commercial complex, office for lease and high class apartment invested by Tien Phong Plastic Joint Stock Company at No 2 An Da Ward. Lach Tray, Ngo Quyen district, Hai Phong city.

## TIEN PHONG PLASTIC JOINT SOUTH STOCK COMPANY

- Head office:** Dong An 2 Industrial Zone, Hoa Phu Ward, Thu Dau Mot Town, Binh Duong Province, Vietnam
- Chartered capital:** VND 279.28 Billion
- Ownership of NTP:** 27,39%
- Main functions:** Manufacturing and trading civil and industrial plastic products

### Typical Information

Revenue of 2017  
**VND 1,231 billion**

Profit before tax in 2017  
**VND 98.6 billion**

Profit after tax in 2017  
**VND 91.5 billion**

## TIEN PHONG PACKAGING JOINT STOCK COMPANY

- Headquarter:** No. 2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam
- Charter capital:** VND 10 billion
- Ownership of NTP:** 49,98%
- Main functions:** Producing PP plastic packaging, cement packaging, paper, composite and other plastic products.

## TIEN PHONG-SMP JOINT VENTURE LIMITED

- Headquarter:** Vientiane Industrial Park, Ban Khoksaat, Saythany District, Viet Tri, Lao PDR.
- Chartered capital:** USD 2,500,000
- Ownership of NTP:** 51%
- Main functions:** Producing and trading plastic pipe products, fittings and other plastic pipe products.



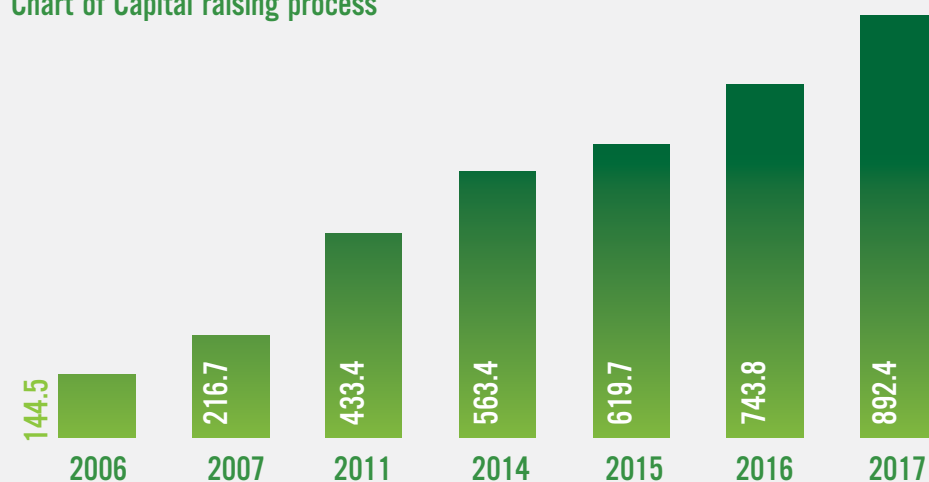


# CAPITAL RAISING

## Process

Issued objects	Amount of Increased capital (VND billion)	New total contributed capital (VND billion)	Number	Issued date
Strategic partnership	144.5	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

Chart of Capital raising process



# COMPETITIVE

## Advantages

**Wide distribution network, large production capacity leading to great ability to increase market share**

Tien Phong Plastic has a wide distribution network, including 5 distribution centers. In addition, NTP has 300 distribution agents and nearly 10,000 point of sales nationwide. In the near future, NTP plans to continue expanding its distribution channels in order to increase market share in the Central and South.

By the end of 2017, NTP has 03 production plants operating day and night in Hai Phong, the rest is in Nghe An and Binh Duong with a total capacity of 120,000 tons per year. It is expected that in the next three years, the production capacity of Tien Phong Plastic will increase 30% as NTP's plant upgrade plan is completed.

NTP is currently holding more than 60% market share in the North, 30% market share over country.

**Strong investment in the highest quality products**

In 2004, Tien Phong Plastic was the first company to produce PPR with UV resistant. PPR pipes are manufactured in accordance with DIN 8077: 2008-09 & DIN 8078: 2008-09.

In 2016, NTP put into operation a production line of HDPE-DN 2000 plastic pipes and Double-wall HDPE /PP pipes 800 DN with European technology. Total investment was VND150 billion, serving the needs of construction and water supply and drainage system, which requires to carry large amounts of water. This is one of the eight production lines that can produce HDPE pipes up to 2000 mm in the world, Tien Phong Plastic is the first company in Vietnam and Asia to invest in this line.

In 2017, Tien Phong Plastic continues to spend over VND 100 billion to invest in machinery and equipment for PVC pipe; HDPE and PPR pipes; PVC and PPR pipe fittings production lines; testing equipment and quality control products, investment production line M-PVC DN 110 - DN 355; pipe production line PPR DN 20 - DN 63; production line of corrugated pipe with 1 wall; production line of corrugated pipe with 2 drainage; equipped with injection molding machines of 250 tons, 350 tons and 650 tons; grain dryers, ppr packing machines; ultrasonic pipe weld test HDPE etc.



# STRATEGIC

## Direction

### MID TERM

#### Continue to expand market

At present, Tien Phong Plastic's distribution network has been expanded in all provinces and cities of Vietnam. NTP has plans to invest a few dozen million dollars to increase production capacity, upgrade to the most modern production lines to affirm its leading position in the North, and to establish new plants and new joint venture with Sekisui Chemical (Japan) in the Central and the South to strengthen its dominance in the local market and expand to the neighbor markets.

#### Improve the quality of products

NTP always takes the quality factor as the core value of our business. Therefore, the company has been always paying great attention to investment in the most world modern production lines and equipment, with a strictly high quality control system, which is in compliance with international standard. This factor is extremely essential to maintain NTP's best products.

#### Stay Proactive in supplying chain

Tien Phong Plastic plans to invest in raw material factories. This is NTP's appropriate strategy in the context of increasing price of raw materials imported from Arab markets, China, Turkey, Iran and Middle East due to the higher demand from the manufacturers over the world after a long time of plump in the market. In addition, the import tax of PP from 01/01/2017 increased to 3% has proved that NTP's investment in raw material factory will help the company to the resources to increase production capacity and expand the market.

#### Seeking new investment opportunities

The signing ceremony with its new partner, Sekisui Chemical (Japan), will help Southern NTP to receive high technology from Japan in and to market latest products that no company in Vietnam is able to produce or import. In addition, Sekisui Chemical is one of the leading companies in Japan in the field of manufacturing and trading of water treatment and environmental products. While the prospects for the development of Plastic sector in Vietnam is great, this will provide NTP an opportunity to provide Japanese ODA projects in South East Asia in the field of infrastructure.

### LONG TERM

#### Becoming the leading brand of plastic in Vietnam

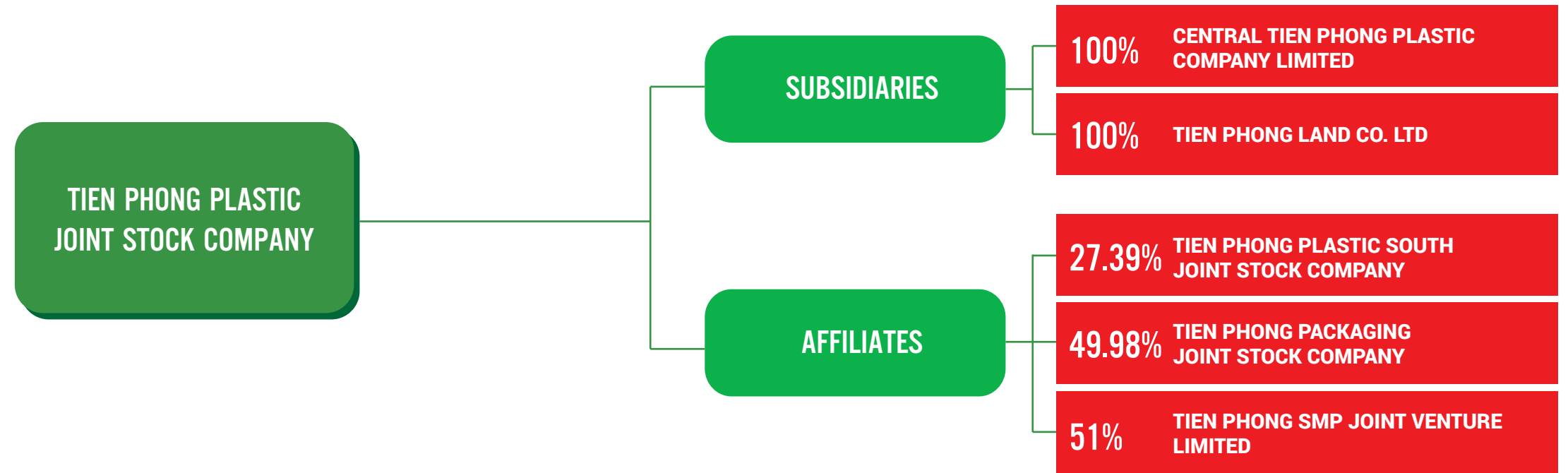
The goal of the entire board of directors as well as staff of the company is to bring Tien Phong Plastic brand into the subconscious mindset of consumers for high quality and diversified products, as well as great after-sales and maintenance services. Therefore, NTP continuously invests in all of our business functions, from the production lines to after-sales and maintenance services to ensure the quality of products delivered to customers, and to promote the great image of the company. In 2017, NTP has participated in "International Exhibition of Technology, Energy Conservation and Environmental Protection in 2017 in Hai Phong". The exhibition was attended by 67 large and small enterprises nationwide. In addition, the products is also known by domestic and foreign customers through other exhibitions such as Vietbuild Exhibition, Hai Phong Youth Exhibition, Customer Gratitude Conference, Vietnam Fair Expo etc. Although the competition in the market is becoming fierce, Tien Phong Plastic will always make great effort to continue to affirm the No. 1 brand in the plastic industry in the future.

#### Sustainable growth

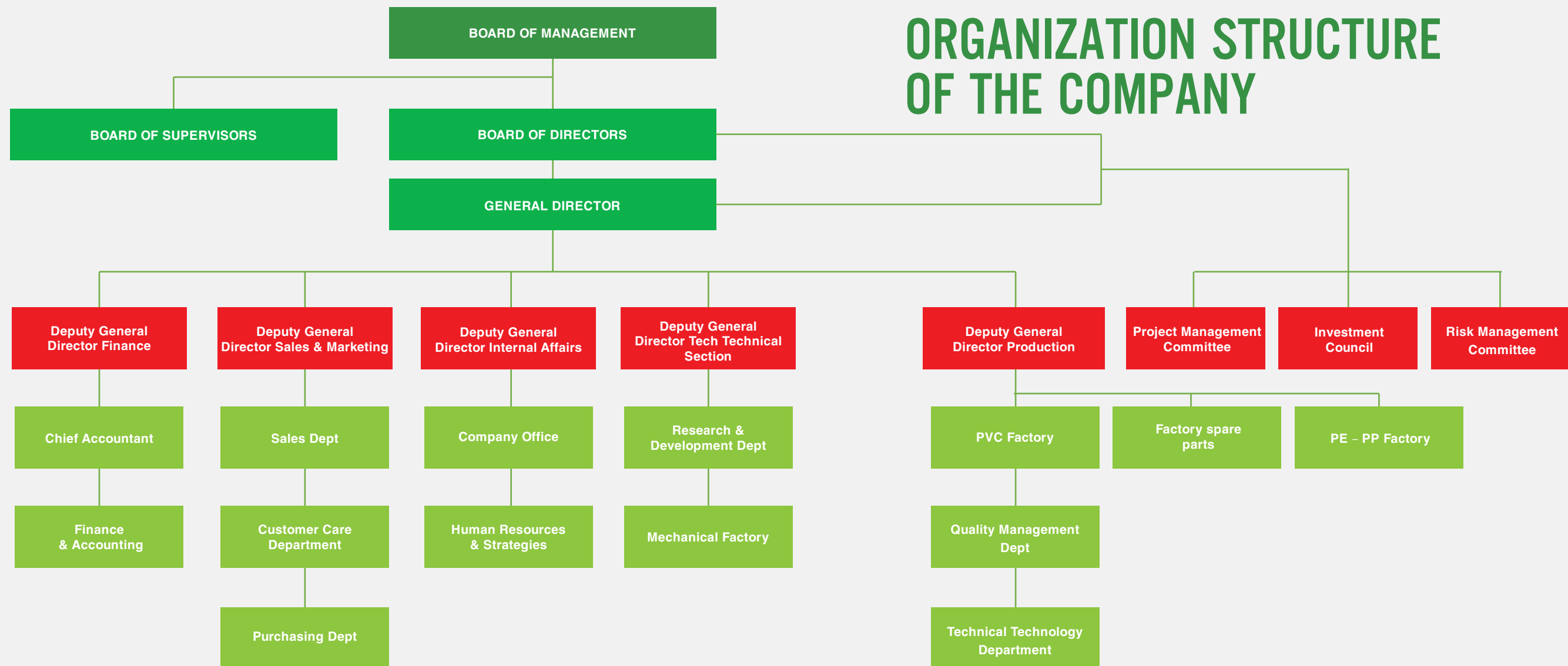
Sustainable development is an important and essential issue that Tien Phong Plastic constantly striving for. With the motto "Business growth must come with social responsibility", NTP has created the image of an environmentally-friendly business, promoting social development. The company always performs production and business as well as organizes activities towards comprehensive development, ensuring the harmony of shareholders, partners, employees, the natural environment and the community. Additionally, the Company has held many events such as "Bridge Love", war heroes honoring, Youth Soccer U15 championship, Football Association Sports Festival VIII, gifting houses for the those who lives in poverty. The Top 100 Sustainable Enterprises Award in Vietnam is the most objective achievement for the company's efforts towards a transparent, effective and sustainable development.



# OPERATING MODEL ORGANIZATION STRUCTURE OF NTP



# ORGANIZATION STRUCTURE OF THE COMPANY





# INTRODUCE

## Company management

### BOARD OF MANAGEMENT

#### MR. TRAN BA PHUC - CHAIRMAN OF BOM

YEAR OF BIRTH: 1956

QUALIFICATION: Hydraulic Engineer (Hanoi University of Technology)

THE PROCESS OF THE WORK:

1983 - 2008: Through the senior professional positions such as factory Deputy Manager, Deputy Head of labor organization office, Head of the labor organization in the Tien Phong Plastic Joint Stock Company.

2008 - present: Chairman of the BOM



#### MR. NGUYEN CHI THANH - VICE CHAIRMAN

YEAR OF BIRTH: 1972

QUALIFICATION:

- Bachelor of Business (National Economics University)
- Master's degree at the National Institute of Policy Studies in Japan

- Advanced Diploma of Political Theory -Ho Chi Minh National Academy Of Public Administrative

THE PROCESS OF THE WORK:

2006 - 2010: Head of Investment at the State Capital Investment Corporation

2010 - 2013: Chairman at the Domesco Medical Import Export Joint Stock Company

10/2013 - 2015: Vice Chairman of the Company BOM at the Tien Phong Plastic Joint Stock Company

2015 - present: Deputy General Director at the State Capital Investment Corporation (SCIC) and Vice Chairman of the Company BOM at the Tien Phong Plastic Joint Stock Company



#### MR NGUYEN QUOC TRUONG - GENERAL DIRECTOR & MEMBER OF THE BOM

YEAR OF BIRTH: 1956

QUALIFICATION: Electrical Engineer (Hanoi University of Technology)

THE PROCESS OF THE WORK:

1982 - 2009: Through the senior professional positions such as Deputy Manager, Factory manager, Deputy General Director of business, Deputy General Director at the Tien Phong Plastic Joint Stock Company.

2013 - present: General Director and Member of the BOM



#### MR. NOBORU KOBAYASHI - MEMBER OF THE BOM

NATIONALITY: Japanese

YEAR OF BIRTH: 1966

QUALIFICATION: Chemical Engineering

THE PROCESS OF THE WORK:

2017-present: Member of the Board at the Tien Phong Plastic Joint Stock Company and the Director of SEKISUI Vietnam Co., Ltd



#### MR. DANG QUOC DUNG - MEMBER OF THE BOM

YEAR OF BIRTH: 1968

QUALIFICATION: Bachelor of Economics (Hanoi Trade University)

THE PROCESS OF THE WORK:

2002 - 2005: Director at the Huong Minh Limited Company

2007: Chairman of the Board Of Management and General Director at the Tien Phong Plastic South JSC

2007 - present: Member of the Board at the Tien Phong Plastic Joint Stock Company



# INTRODUCE

## Company management

### THE BOARD OF DIRECTORS



**MR NGUYEN QUOC TRUONG - GENERAL DIRECTOR & MEMBER OF THE BOM**

**YEAR OF BIRTH:** 1956

**QUALIFICATION:** Electrical Engineer (Hanoi University of Technology)

**THE PROCESS OF THE WORK:**

1982 - 2009: Through the senior professional positions such as Deputy Manager, Factory manager, Deputy General Director of business, Deputy General Director at the Tien Phong Plastic Joint Stock Company.

2013 - present: General Director and Member of the BOM



**MR. NGUYEN TRUNG KIEN - DEPUTY GENERAL DIRECTOR OF FINANCE**

**YEAR OF BIRTH:** 1961

**QUALIFICATION:** Master of Economics (University of Irvine, USA)

**THE PROCESS OF THE WORK:**

1995 - 2012: Vice President, Head of Division, Chief Accountant and the Member of the Management Board at the Tien Phong Plastic Joint Stock Company.

2013 - present: Deputy General Director of Finance at the Tien Phong Plastic Joint Stock Company.



**MR. CHU VAN PHUONG - DEPUTY GENERAL DIRECTOR OF SALES**

**YEAR OF BIRTH:** 1972

**QUALIFICATIONS:** Master of Business Administration (National Economics University)

**THE PROCESS OF THE WORK:**

2007 - 2012: Through professional positions such as Deputy Manager, Sales Manager at the Tien Phong Plastic Joint Stock Company.

2012 - present: Deputy General Director of Sales at the Tien Phong Plastic Joint Stock Company.



**MRS. NGO THI THU THUY - DEPUTY GENERAL DIRECTOR OF PRODUCTION**

**YEAR OF BIRTH:** 1970

**QUALIFICATION:** Engineer of Chemical Technology, Business Management Engineers (Hanoi University of Technology)

**THE PROCESS OF THE WORK:**

2004 - 2014: Through professional positions such as Deputy Manager, Head Of Production Techniques And Quality Management at the Tien Phong Plastic Joint Stock Company.

2014 - present: Deputy General Director of Production at the Tien Phong Plastic Joint Stock Company.



**MR. TRAN NINH NHAT - DEPUTY GENERAL DIRECTOR OF TECHNICAL SECTION**

**YEAR OF BIRTH:** 1971

**QUALIFICATION:** Mechanical Engineering, Business Management Engineers (Hanoi University of Technology)

**THE PROCESS OF THE WORK:**

2005 - 2014: Through professional positions such as Deputy Factory Manager, Deputy Manager of Research and Design, Head of Research and Design at the Tien Phong Plastic Joint Stock Company.

2014 - present: Deputy General Director of Technical at the Tien Phong Plastic Joint Stock Company.



**MR. NGUYEN VAN THUC - DEPUTY GENERAL DIRECTOR OF THE INTERNAL AFFAIRS**

**YEAR OF BIRTH:** 1969

**QUALIFICATION:** Bachelor of Economics (National Economics University)

**THE PROCESS OF THE WORK:**

2005-2015: Through professional positions such as Deputy Manager of Labor Organization, Manager of Labor Organization Division, Head of Labor Organization Department at the Tien Phong Plastic Joint Stock Company.

2014-present: Deputy General Director of Internal Affairs and Head of Human Resources & Strategies at Tien Phong Plastic.



**MR. TRAN NGOC BAO - CHIEF ACCOUNTANT**

**YEAR OF BIRTH:** 1969

**QUALIFICATION:** Bachelor of Economics (Academy of Finance) and Certified CPA Auditors Vietnam

**THE PROCESS OF THE WORK:**

2000 - 2015: Branch Manager at the Hai Phong Branch Deloitte Vietnam Co., Ltd  
2010: Chief Accountant at the Branch of Petroleum Machinery and Spare Parts Company in Vung Tau

2010 - 2012: Head of Supervisory Board at the Tien Phong Plastic Joint Stock Company

2012 - present: Chief Accountant at the Tien Phong Plastic Joint Stock Company



# INTRODUCE

## *Company management*

### BOARD OF SUPERVISOR



#### MS. VU THI MINH NHAT - HEAD OF BOARD OF SUPERVISORS

**YEAR OF BIRTH:** 1987

**QUALIFICATION:** Master of Economics (Latrobe University, Australia)  
Certified CPA auditor in Vietnam and Member of the Association of Chartered Accountants of England ACCA

**THE PROCESS OF THE WORK:**

2009 - 2014: Through professional positions such as the Assistant Auditor, Accounting Team Leader, Deputy Auditor, Deputy Head of Finance Department at KPMG Vietnam Co., Ltd.

2014: Member of Board of Supervisors at the Tien Phong Plastic Joint Stock Company

2015 - present: Head of Board of Supervisors at the Tien Phong Plastic Joint Stock Company



#### MS. NGUYEN THI QUYNH HUONG - MEMBER OF BOARD OF SUPERVISORS

**YEAR OF BIRTH:** 1979

**QUALIFICATIONS:** Master of Business Administration (Hanoi Foreign Trade University)

**THE PROCESS OF THE WORK:**

2002 - 2009: Through professional positions such as Expert, Deputy Manager, Head of Planning at the Bank for Investment and Development of Vietnam-Ha Thanh branch

2009 - 2012: Through professional positions of Accounting and Finance Department at the State Capital Investment Corporation; Member of the BOS at the Tien Phong Plastic Joint Stock Company

2012 - 2015: Head of Board of Supervisors at the Tien Phong Plastic Joint Stock Company

2015 - present: Member of BOS at the Tien Phong Plastic Joint Stock Company



DOANH NGHIỆP LỚN NHẤT VIỆT NAM



CÔNG TY CỔ PHẦN NHỰA THIẾU NIÊN TIỀN PHƯƠNG



# Connect to success

- 1. BOM's Assessments on Company's performance
- 2. Assessments on BOD's performance
- 3. Assessments on Economic, Environmental and Social Impact





# BOM'S ASSESSMENTS

## on Company's performance

2017 has been a year that Tien Phong Plastic Joint Stock Company made our best efforts to achieve the targets set out in the 2017 Annual General Meeting of Shareholders. We improved our main products and promoted new products: HDPE 2000 plastic pipe with diameter of 2000 mm, the largest size pipe in South-east Asia; M-PVC plastic pipe which can withstand a great deal of impact; PP-R 2 polypropylene tube with high heat resistance up to 95 degree Celsius; plastic pipe with two layers of high-strength PP; HDPE with two ribbed layers ultraviolet rays protection. The relocation of our factory to the new one which is 4 times the size of the old factory has boosted our production tremendously; along with that, the strategic cooperation with foreign companies has helped Tien Phong Plastic expand the market, improving the quality of production lines, thus saving costs to improve profitability. NTP has actively participated with our subsidiaries in the process of improvement the production management capacity, financial management and strategy development to jointly achieve the most important target to make Tien Phong Plastic become a pioneer in plastic pipe manufacturing, providing high quality products that contribute to the country's development.

### PERFORMANCE EVALUATION IN 2017

On 15/04/2017, the 2017 AGM of NTP has approved the business targets for the company with the total revenue target of VND 4,880 billion, the profit after tax of VND 455 billion. The BOM has led the company to overcome the market challenges, as well as brought solutions to solve the problems comprehensively.

#### Performance evaluation of 2017

Indicators	Unit	Performance 2017	Target 2017	Compare to target	Performance 2016	Compare to performance 2016
<b>1. Sale output</b>	Thousand tons	86,346.7	95,012.4	90.9%	85,903.8	100.5%
<b>2. Consolidated financial indicators</b>						
Net revenue	VND Billion	4,430	4,880	91%	4,354	101.7%
Profit before tax	VND Billion	556.99	450	124%	447.34	124.5%
Profit after tax	VND billion	492.53	455	108%	397.57	123.9%
<b>3. Total investment</b>						
Capital construction investment	VND billion	245	291.5	84%	327.5	89%
Procurement of property, equipment	VND billion	180	133	135.3%	86.1	209.1%

Source: Tien Phong Plastic Joint Stock Company

### ISSUANCE OF BONUS SHARES

In June 2017, the Company issued 14,872,995 shares to existing shareholders and raising the Company's chartered capital from VND 743,673,070,000 to VND 892,403,020,000 according to the Resolution of the Board of Management No. 48 / NQ-HDQT dated June 13, 2017.

### DIVIDEND AND PROFIT SHARING FROM SUBSIDIARIES AND ASSOCIATES

Dividend and profit sharing	Unit	2017	2016
<b>Central Tien Phong Plastic Company Ltd</b>	VND	130,954,954,489	184,893,837,089
<b>Tien Phong Plastic South Joint Stock Company</b>	VND	7,650,000,000	0
<b>Tien Phong Packaging Joint Stock Company</b>	VND	499,775,000	499,775,000

(Source: Audited consolidated financial statement of 2017)

### OPERATIONAL EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors (BOD) implemented most of the tasks in accordance with the resolution of the General Meeting of Shareholders and the resolutions of the BOM. In 2017, the BOM supervised the operation of the BOD in implementing resolutions of the Shareholders Meeting and the BOM as follows:

- Adoption of periodic reporting: In the course of business operation, the BOD has complied with monthly, quarterly, semi-annual and annual reports on the business situation and financial status of the company. In addition, the supervision of the company's regulations and procedures is conducted regularly to strengthen the business operations, ensure compliance with country regulations. In the General Meeting of Shareholders, the BOM also required the Company to enhance risk management during market instability.
- Execute the resolutions of the BOM meetings in 2017: With agreed objectives in the BOM, the BOD has implemented and monitored effectively. In 2017, the determination of efforts of S&B and the activeness of BOD that helped Tien Phong Plastics Tien Phong Plastic achieved positive business results. Revenue of Tien Phong Plastic reached VND 4,430.1 billion, equivalent to 91% completion of the plan approved by the Shareholders Meeting. Growth increased 1.7% compared to 2016. Profit after tax in 2017 reached 492.53 billion VND, exceeded expectation by 8.2%, and gained 23.9% higher than of 2016.
- Inspection and supervision: In 2017, the Board of Supervisors conducted the inspection of all activities within the Company to ensure business operations are in compliance with the law and regulations. The BOM has actively coordinated with the Board of Supervisors to ensure the safety and to improve the business operation of the Company.



# ASSESSMENTS ON *BCD's performance*

## 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. At present, 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 tax increased to 3% from 1/1/2017 also makes the additional costs of business increased significantly. Due to importation plays a major role, 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 fluctuations. Understanding the trends in material supply, Tien Phong Plastic has introduced new policies to stock up materials, set up reservation funds ... to avoid the impacts of fluctuations may have on business.

Not only the price but the quality of materials are also very important to NTP. The company always selects reputable suppliers, and high standard raw materials. Safety rules in workplace are strictly followed from the first steps of the production process is one of the main reasons why NTP brand is always appreciated by consumers.

## IMPROVE PRODUCT QUALITY

In 2017, 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 u.PVC, HDPE, PP-R ... Tien Phong Plastic also promotes and sells new unique products in the market such as: HDPE 2000 pipes, PP-R 2 anti-UV pipes, 2-layer PP corrugated pipe, manhole ... All the products meet the international quality standards: ASTM F714-13, DIN 8074: 1999-08 & DIN8075: 1999-05, ISO 4427-2: 2002, ISO 1452-2: 2009, etc...

## RESEARCH AND DEVELOPMENT ACTIVITIES

Understanding the importance of research and development activities for the company, Tien Phong Plastic has implemented new management solutions, allocating resources to innovate and improve the effectiveness of R&D activities, focusing on high applicability and market demands. In 2017, the Company:

- Survey and manufacture the equipment components in accordance with new production technology of m.PVC.
- Collaborate with research partners to design and manufacture vibrator machine for the automatic printing of PP-R (which is used in anti-counterfeit laser printing technology).
- Receive new orders of welding and pasting equipments in large size.
- And a lot of other improvements.

## ANALYSIS OF BUSINESS RESULTS

In moment while facing new challenging difficulties and fierce competitions in Plastic market context, the company has actively introduce many solutions, promoting advantages, to maintain the business performance. As a result, despite the impact of the market and competitors on business activities, company still operate and exceed the positive business result.

Indicators	Unit	Performance 2017	Target 2017	Performance Target
Consolidated net revenue	VND Billion	4,430.1	4,880	90.8%
Consolidated net profit	VND Billion	492.5	455	108.2%

Consolidated net revenue in 2017 reached VND 4,430.1 billion, achieved 90.8% of the sale target. The main reason is competition from these new competitors. In 2017, consolidated profit before tax and net profit of Parent company were VND 492.5 billion and VND 391.3 billion. Despite the challenge of the market and the fluctuation of raw material price, the Company still meets profit plan.

## REVENUE

### Revenue growth period 2013 – 2017

Indicators	Unit	2013	2014	2015	2016	2017
Total Revenue	VND Billion	2,486.7	3,002.9	3,579.6	4,357.6	4,444
Net Revenue	VND Billion	2,480.7	2,997.5	3,556.1	4,354.1	4,430.1
Financial Revenue	VND Billion	4.4	2.7	1.6	2.4	2.5
Others Revenue	VND Billion	1.6	2.7	21.9	1.1	11.4

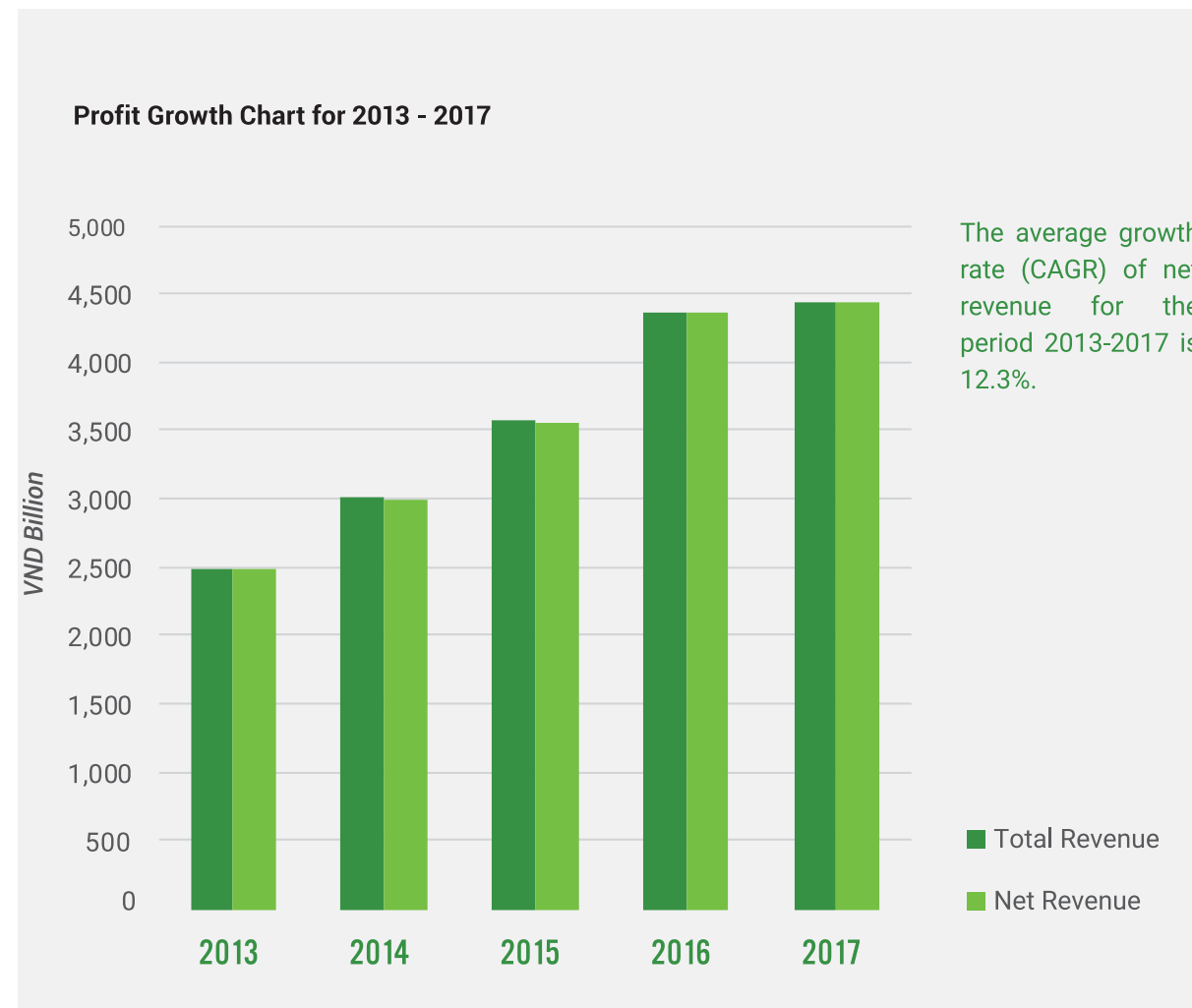


**ANALYSIS OF BUSINESS RESULTS** *(continue)*

**REVENUE**

**Revenue growth period 2013 – 2017**

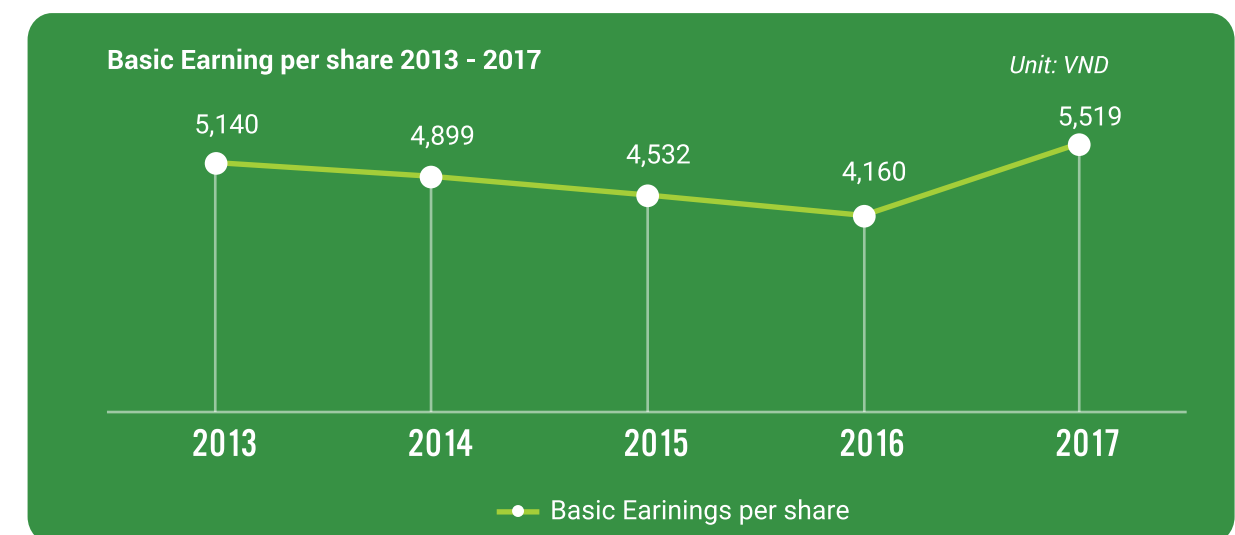
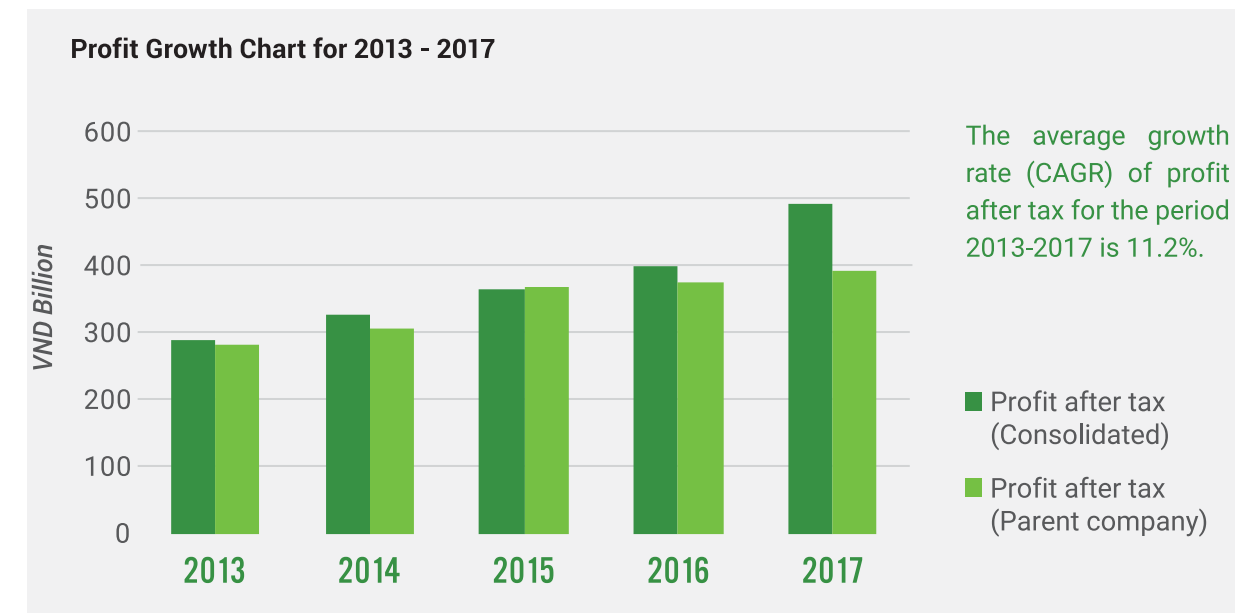
Indicators	Unit	2013	2014	2015	2016	2017
<b>Total Revenue</b>	VND Billion	2,486.7	3,002.9	3,579.6	4,357.6	4,444
<b>Net Revenue</b>	VND Billion	2,480.7	2,997.5	3,556.1	4,354.1	4,430.1
<b>Financial Revenue</b>	VND Billion	4.4	2.7	1.6	2.4	2.5
<b>Others Revenue</b>	VND Billion	1.6	2.7	21.9	1.1	11.4



**PROFIT**

**Profit from 2013 – 2017**

Indicators	Unit	2013	2014	2015	2016	2017
<b>Operating profit</b>	VND Billion	372.9	364.1	400.4	453.3	546.7
<b>Consolidated profit after tax</b>	VND Billion	289.6	325.0	366.2	397.6	492.5
<b>Parent company profit after tax</b>	VND Billion	281.5	306.4	366.6	376.2	391.3
<b>Basic Earning per share</b>	VND	5,140	4,899	5,171	5,346	5,519





## ANALYSIS OF BUSINESS RESULTS *(continue)*

### REVIEW OF REVENUE, PROFIT IN THE LAST TWO YEARS

#### Review Business Performance in 2016 – 2017

Indicators	Unit	2017	2016	Compare 2017 to 2016
Consolidated net revenue	VND Billion	4,430	4,354	101.7%
Consolidated Profit before tax	VND Billion	557	447.3	124.5%
Consolidated Profit after tax	VND Billion	492.5	425.9	115.6%
Parent Company Profit	VND Billion	391.3	376.2	104%
Basic Earning per share	VND	5,519.2	5,346.1	103.2%

Despite of many challenges in the market, with the good business strategy and reasonable sales policy from the Board of Directors, together with prestigious products such as HDPE 2000, m.PVC which are only produced in the company, the 2017 revenue increased by 1.7%, profit after tax increased by 15.6%; revenue and profit growth of the parent company increased by 4% compared to that in 2016.

### COST STRUCTURE

#### Cost Structure in 2013 – 2017

Indicators	Unit	2013	2014	2015	2016	2017
Cost of goods sold	VND Billion	1,606.5	2,071.6	2,290.3	2,784.2	2,957.5
Selling expenses	VND Billion	381.5	414.2	680.9	877.6	779.3
General and administration expenses	VND Billion	100.8	112.6	152	193.4	181.7
Financial expenses	VND Billion	24.1	37.7	51.8	55.7	76.7
Other expenses	VND Billion	2.9	4.4	10.4	7	1.18
<b>Total cost</b>	<b>VND Billion</b>	<b>2,115.7</b>	<b>2,640.5</b>	<b>3,185.4</b>	<b>3,917.9</b>	<b>3,996.38</b>

### ASSET

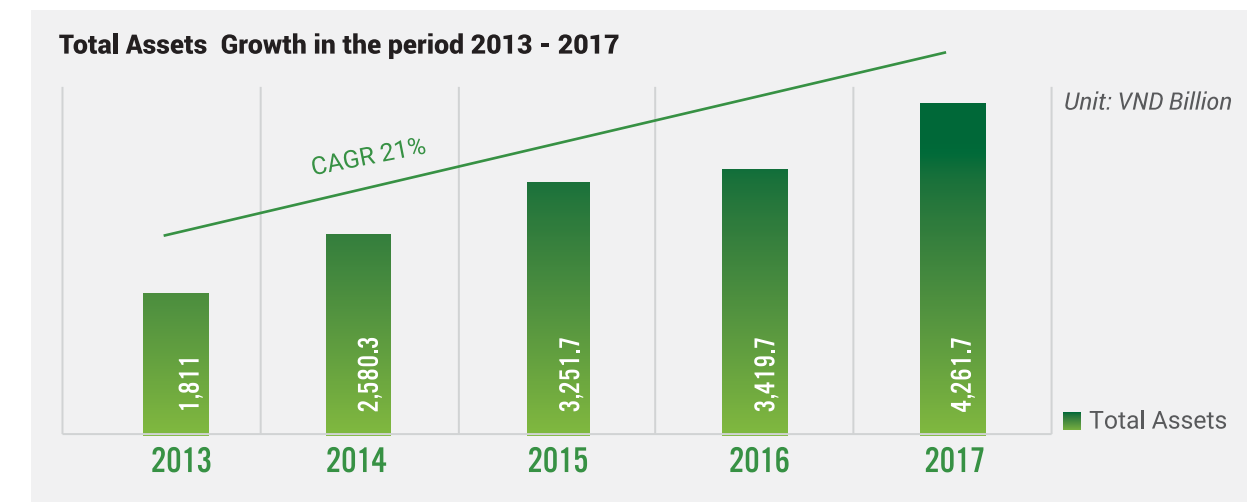
#### Asset Scale

##### Asset value in the period 2013 – 2017

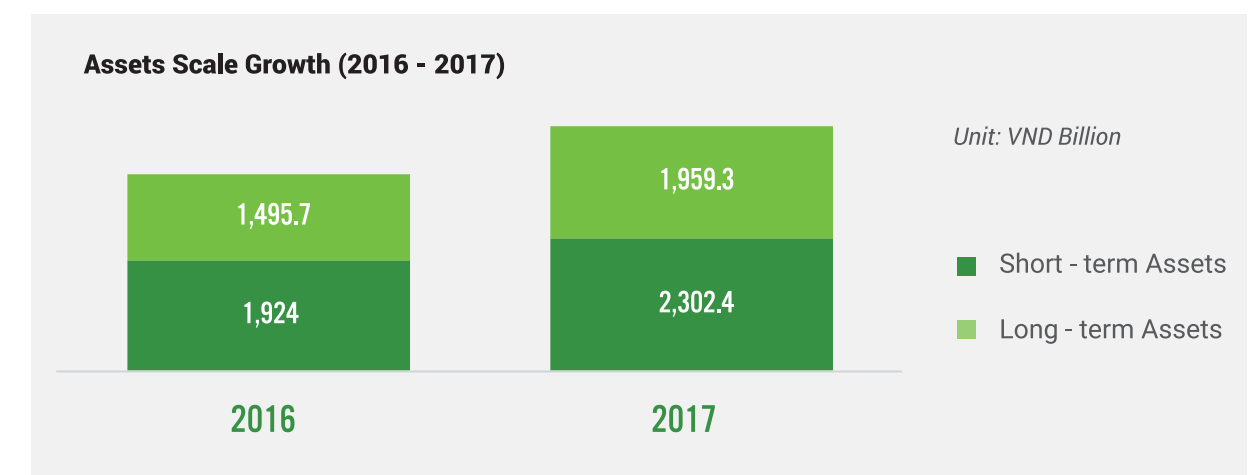
	Unit	2013	2014	2015	2016	2017
Total Asset	VND Billion	1,811	2,580.3	3,251.7	3,419.7	4,261.7

The average growth rate of total assets (CAGR) for the period 2013-2017 is 21% per year.

#### Total asset in the period 2013 – 2017



#### Asset Scale in 2016 - 2017



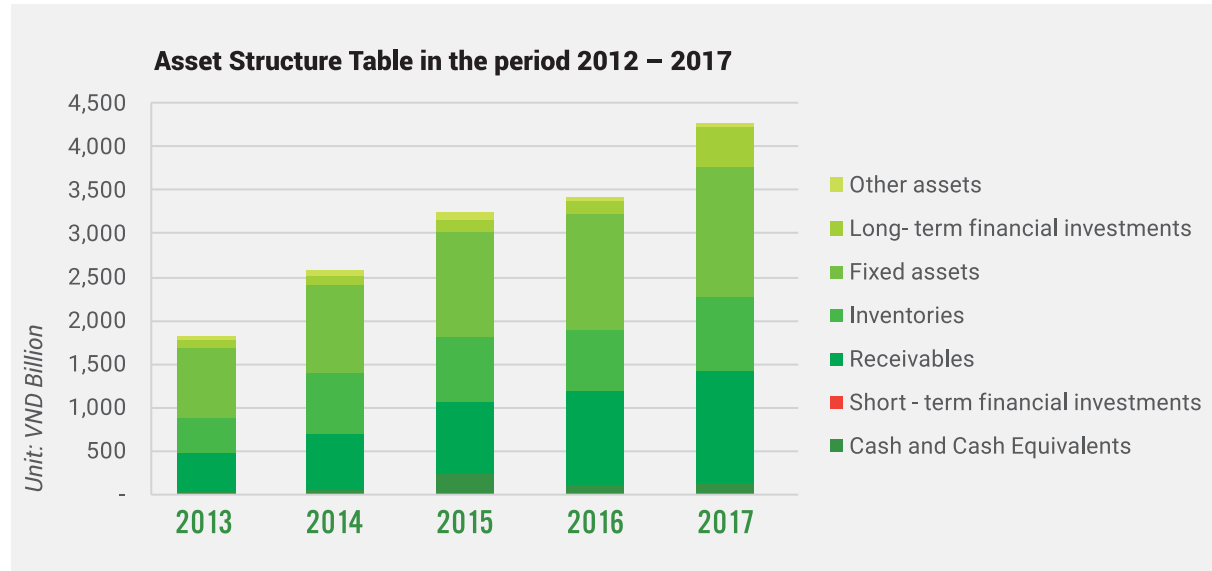
In 2017, total assets of NTP reached VND 4,261.7 billion (increased VND 842 billion as compared to 2016, equivalent to 24.6%). Of which, short-term assets increased by VND 378 billion or 19.7% with major changes in account receivables and inventories.

Long-term assets had a major change in terms of scale with an increase of VND 463.3 billion equivalent to 31%, mainly due to an additional long-term financial investments, of which were investment in Nam Dinh Water Supply Joint Stock Company and bond of Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietin Bank).



**ANALYSIS OF BUSINESS RESULTS** *(continue)*

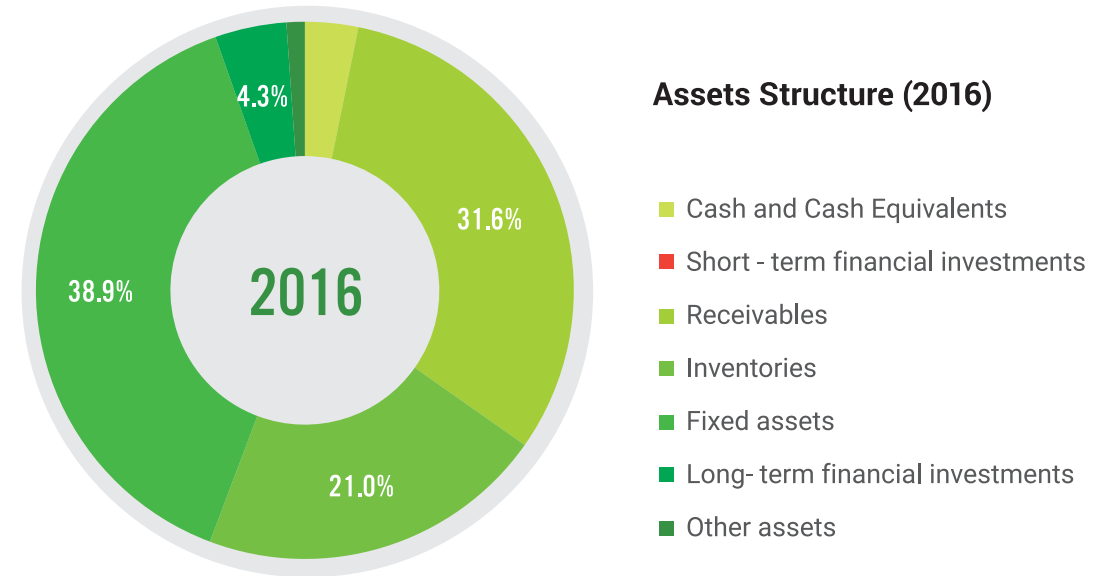
**Asset Structure over the years**



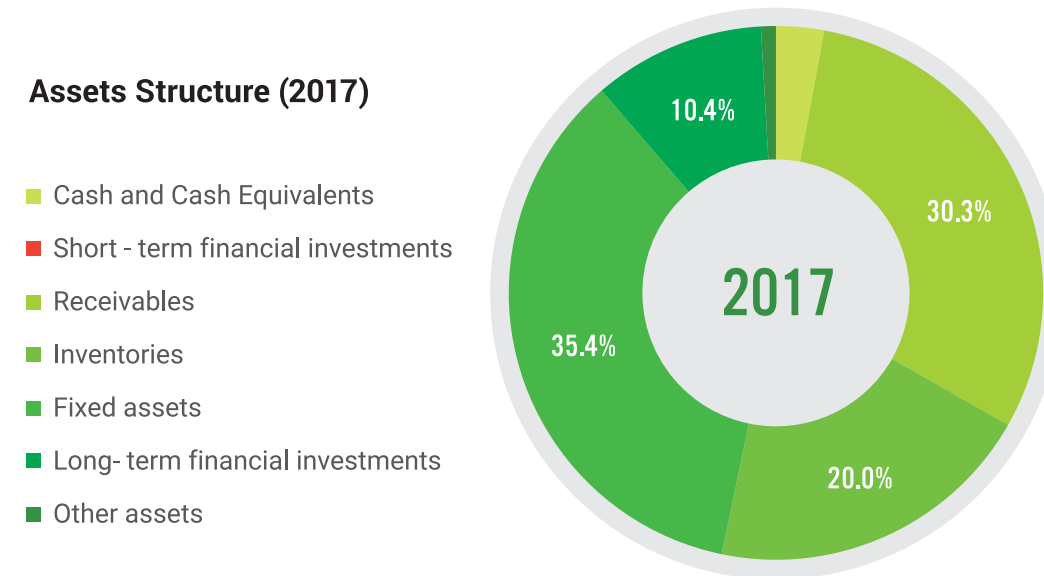
**Asset Structure Table in 2016 - 2017**

Indicators	Unit	2016	2017	% Increase/Decrease
Cash and cash equivalents	VND Billion	109.9	124.5	13.3%
Short-term financial investment	VND Billion	-	-	-
Receivables	VND Billion	1,080.2	1,293.2	19.7%
Inventories	VND Billion	716.9	853	19%
Fixed Assets	VND Billion	1,330.2	1,507.2	13.3%
Long-term financial investment	VND Billion	146	444	204.1%
Other assets	VND Billion	36.5	39.9	9.3%
<b>Total assets</b>	<b>VND Billion</b>	<b>3,419.7</b>	<b>4,261.7</b>	<b>24.6%</b>

**The asset structure comparison over the last two years**



**Assets Structure (2017)**



Assets in 2017 reached over VND 4,261.7 billion, increased 24.6% than 2016. This change was mainly due to an increase in inventories (+ 19.7%), fixed assets (+ 13.3%) and Long-term financial investments (+ 204.1%). The asset structure tends to remain stable, with account receivables, inventories and fixed assets accounting major proportion.

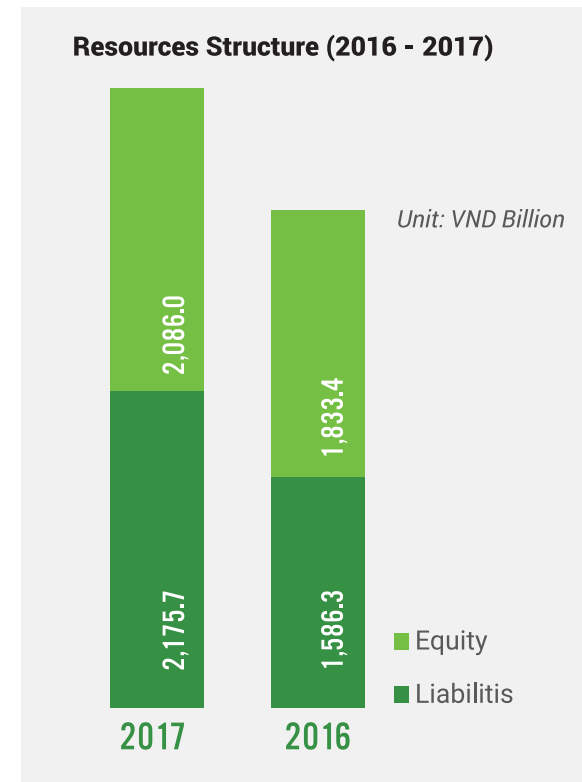


**ANALYSIS OF BUSINESS RESULTS (continue)**

**RESOURCES**

**The Resources Scale**

*The Resources growth in 2016 – 2017*



Total resources increased by VND 842 billion mainly due to an increase in liabilities. By the end of 2017, current liabilities was added with VND 589,44 billion (37.2%) mostly in short-term and long-term debt.

Equity in 2017 was VND 2,086 billion, up VND 252.57 billion (equivalent to 13.8%) than to 2016. In which, the Charter capital increased by VND 20 billion from the issuance of bonus shares is 892.4 billion; development & investment funds and other capital increased by VND 9.68 billion (equivalent to 1.3%); retained earnings increased by VND 94.16 billion (25.7%).

The capital structure of enterprises in 2016 - 2017 has changed with the proportion of liabilities (51.1%) more than equity (48.9%). Compared with 2016, the structure has shifted to more debt than equity when liabilities in 2016 only accounted for 46.4% and equity accounted for 53.6%.

**The resources structure**

*Resources structure in the period 2013-2017*



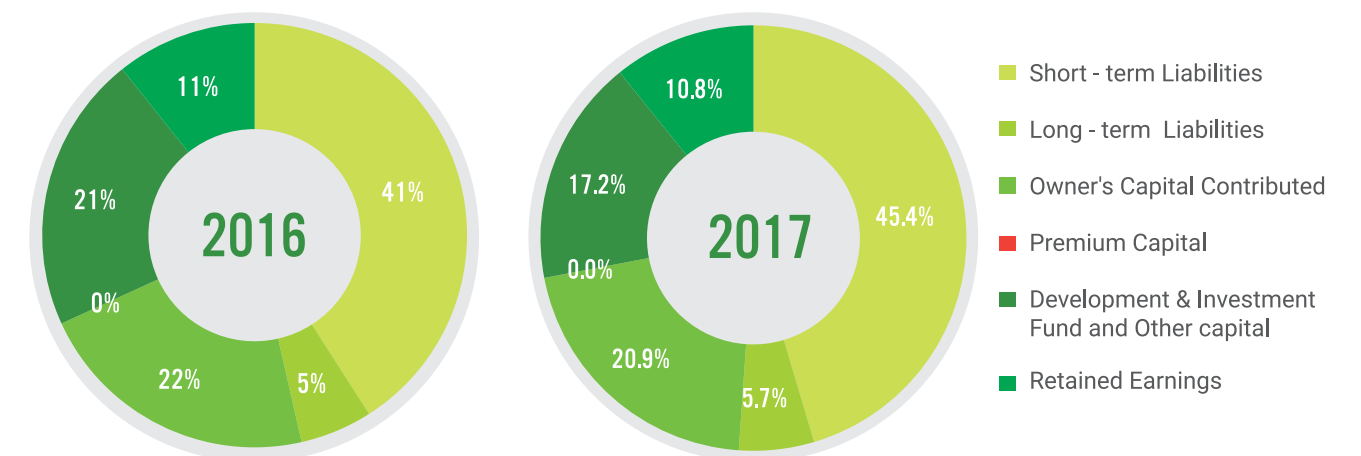
**Resources structure**

*Resources structure table in 2016 – 2017*

Indicators	Unit	2016	2017	% Increase/Decrease
Short – term liabilities	VND Billion	1,399	1,932.7	38.1%
Long – term liabilities	VND Billion	187.3	243	29.7%
Chater Capital	VND Billion	743.7	892.4	20.0%
Premium capital	VND Billion	-	-	-
Development & Investment Fund and Other Capital	VND Billion	723.2	732.9	1.3%
Retained earnings	VND Billion	366.6	460.7	25.7%
<b>Total Resources</b>	<b>VND Billion</b>	<b>3,419.71</b>	<b>4,261.72</b>	<b>24.6%</b>

*The resources structure comparison over the last two years*

**Resources Structure**



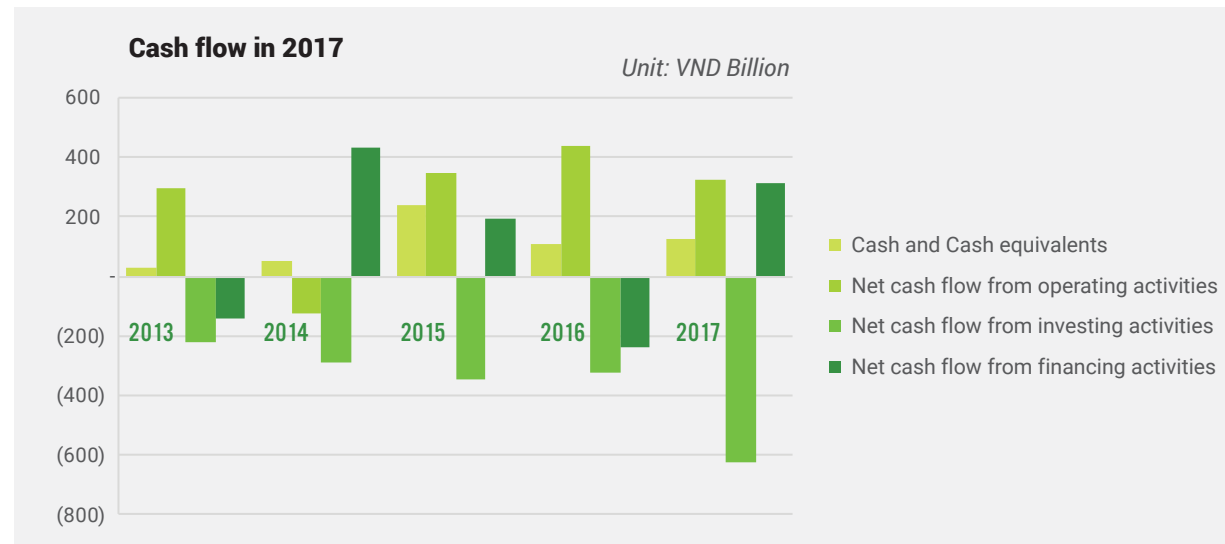
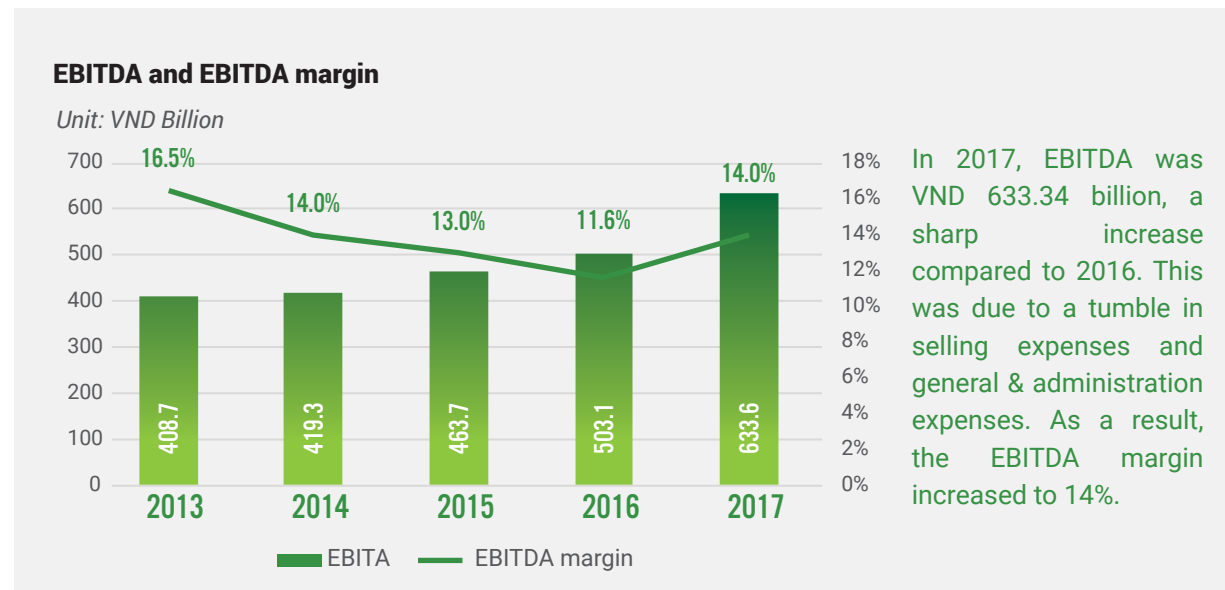
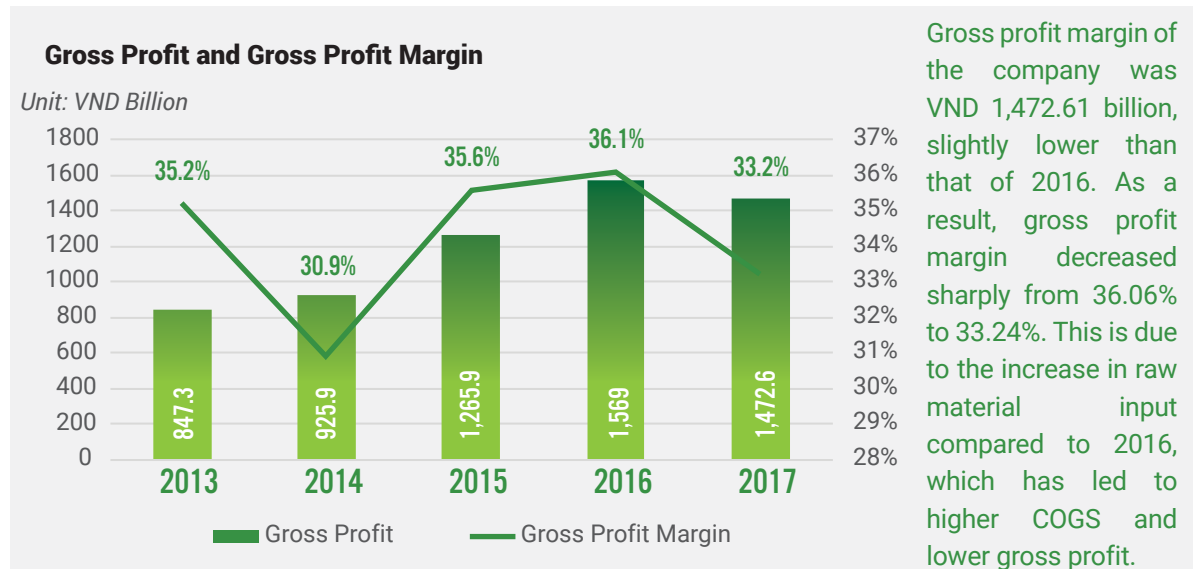
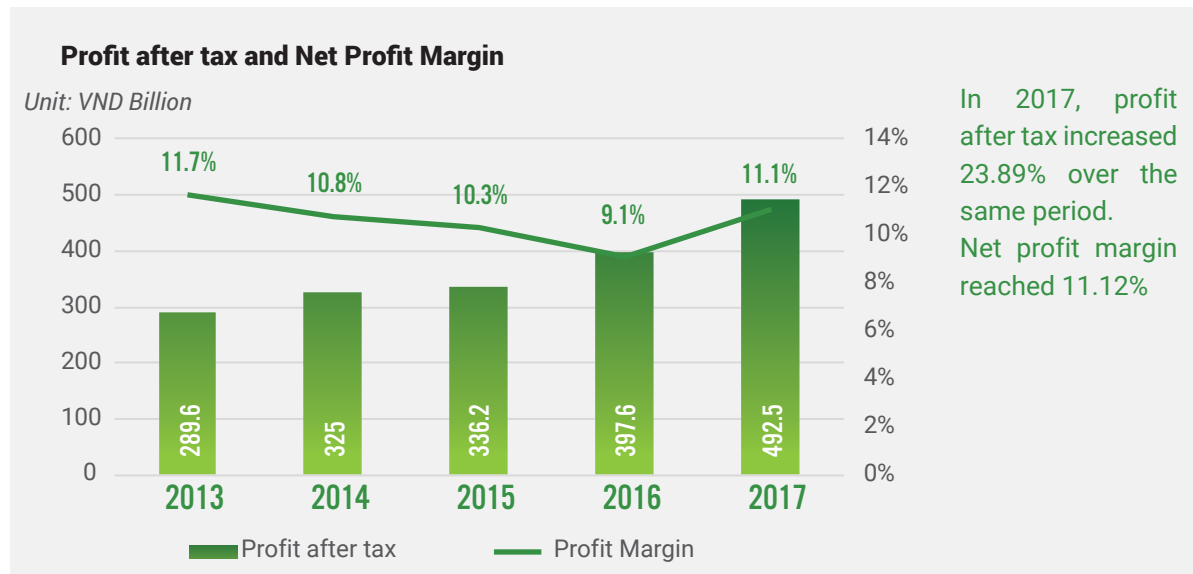
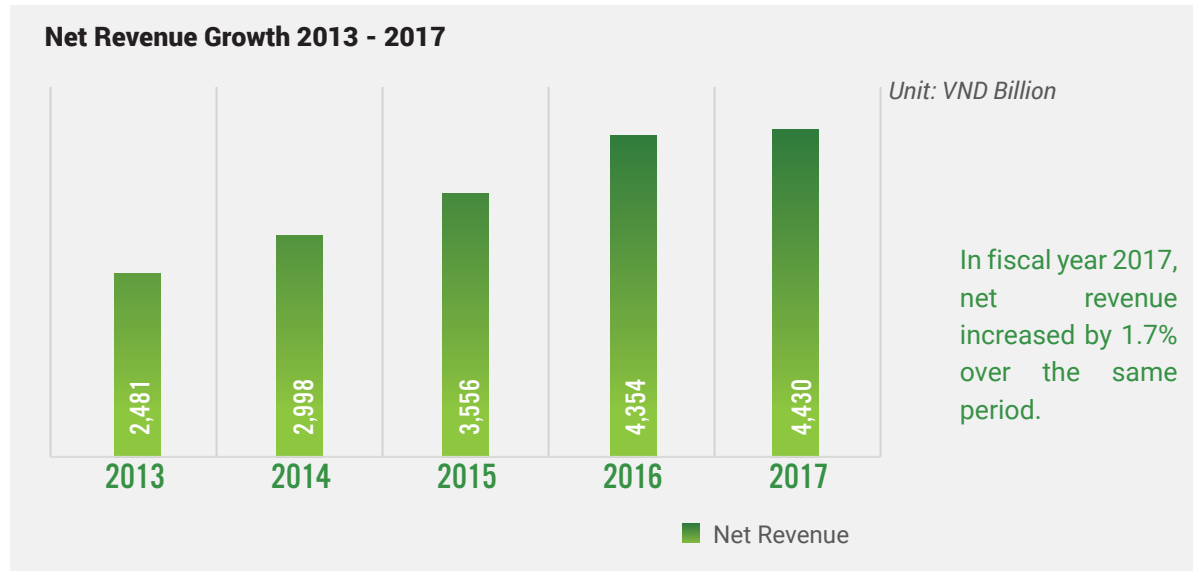
In 2017, the proportion of short-term debt in the resources structure increased from 40.9% in 2016 to 45.4% due to the increase in short-term loans (75.3%) and payables (14% of short-term debt). Along with the shift in resources structure, long-term debt tends to increase in 2017 due to the increase in loans and long-term financial liabilities.

The proportion of retained earnings accounted for 22.1% of equity as the result of the effective business operations and re-investment policy to support capital resources to business activities of Tien Phong Plastic.



**ANALYSIS OF BUSINESS RESULTS** (continue)

**BUSINESS PERFORMANCE**



Indicators	Unit	2016	2017	% Increase/Decrease
Cash and cash equivalents	VND Billion	110	124.5	13.18%
Net cash flow from operating activities	VND Billion	435.1	323.2	(25.72%)
Net cash flow from investing activities	VND Billion	(325.7)	(623.6)	(91.46%)
Net cash flow from financing activities	VND Billion	(239.7)	315	231.41%

In 2017, cash flow from financing activities has improved from VND (239.65) billion to VND 314.95 billion. Cash flow from investing activities was VND (623.6) billion because the company completed some projects and continued investing in building factories, machinery and equipment for production and business activities.



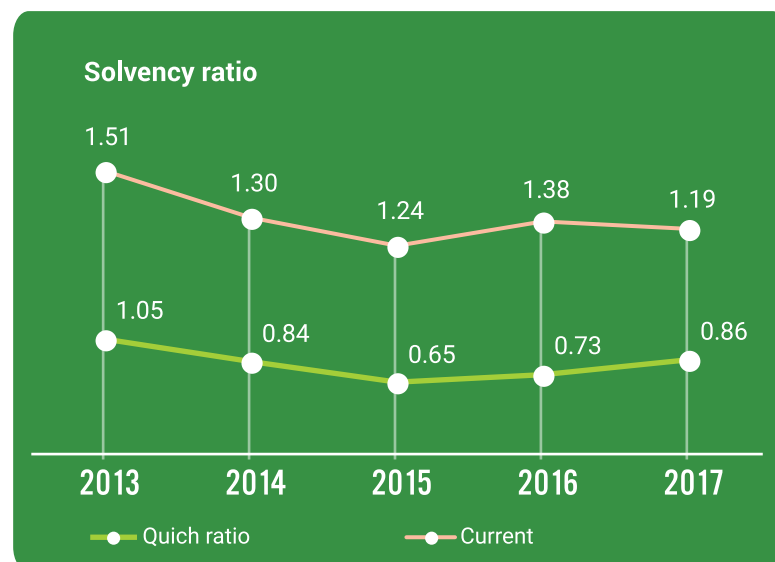
## ANALYSIS OF BUSINESS RESULTS (continue)

### ANALYSIS OF ECONOMIC INDICATORS

#### Solvency indicators

Assessment of solvency in the period 2013 – 2017

Indicators	Unit	2013	2014	2015	2016	2017
Quick ratio	Times	1.05	0.84	0.65	0.73	0.86
The current payment ratio	Times	1.51	1.30	1.24	1.38	1.19



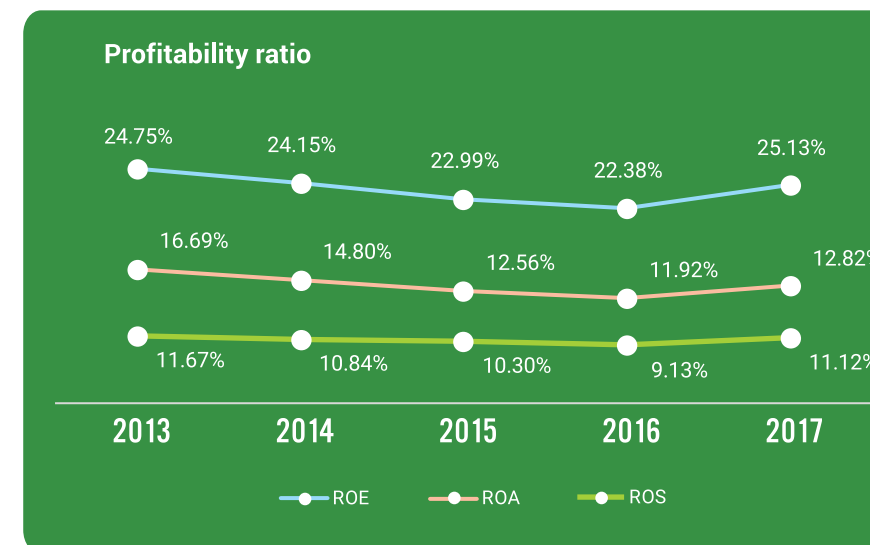
Current ratio of 2017 was only 0.74 times < 1 and slightly down from 0.86 in 2016. This is notable as the Company utilized its assets for the business operation through working capital.

The short-term payment ratio of 2017 also fell from 1.38 in 2016 to 1.19 times as the amount of cash and cash equivalents from trading and investment increased only 13% while short-term liabilities increased to 38%, causing the ability to pay down.

#### Profitability indicators

Profitability in the period 2013 – 2017

Indicators	Unit	2013	2014	2015	2016	2017
ROS ( Return on the sales)	%	11.67%	10.84%	10.30%	9.13%	11.12%
ROA ( Return on the assets)	%	16.69%	14.80%	12.56%	11.92%	12.82%
ROE ( Return on the equity)	%	24.75%	24.15%	22.99%	22.38%	25.13%



Two important indicators, ROA (Return on Assets) and ROE (Return on Equity) were all well performed. By 2017, ROA was 12.82% and ROE was 25.13%. In the same year, NTP has optimized our assets to improve business efficiency, hence maximizing shareholder value.

Profitability ratio in 2016 – 2017

Indicators	Unit	2016	2017	% Increase/Decrease
<b>Return on assets</b>				
Net profit margin	%	9.13	11.12	21.8%
Total assets turnover	Times	1.31	1.15	(11.6%)
Return on assets	%	11.92	12.82	7.6%
<b>Return on equity</b>				
Net profit margin	%	9.13	11.12	21.8%
Total assets turnover	Times	1.31	1.15	(11.6%)
Asset/Equity Ratio	%	1.87	2.04	9.5%
Return on equity	%	22.38	25.13	12.3%

*Return on assets ratio:*

ROA of Tien Phong Plastic in 2017 increased to 12.82%, reflecting the good impact from company's new competitive strategy, through increase loans (reduced asset efficiency). At the same time, implementing price changes to increase sales, profits (increase net margin).

*Return on equity ratio:*

In the fiscal year 2017, with a leverage strategy (asset/equity ratios rising of 9.1% over 2016), ROE continued to grow at a rate of 12.3%. This proves that the company has used the capital effectively to exploit its competitive advantage, expanding its scale to develop strongly in the hard competition conditions of the market.



## STOCK PRICE MOVEMENT

### Statistics of the trading transactions

Stock price trading	Date	Price
Closing price at the end of the year	29/12/2017	70,000 VND/Share
Highest transaction price	30/11/2017	90,000 VND/Share
Lowest transaction price	16/06/2017	59,500 VND/Share
Price fluctuations in the year		7,573 VND (+12,14%)
Volume at the end of the year	29/12/2017	136,669
The highest	29/11/2017	269,986
The lowest	10/07/2017	0
Average daily trade		30,084.7

### Volatility of NTP Stock price in 2017

Chart of closing price of NTP shares from 01/01/2017 to 31/12/2017



(Source: HNX, www.vndirect.com.vn)

The price of NTP in 2017 fluctuated with the lowest closing price of VND 59,500/share, the highest price was VND 90,000/share, the difference was VND 30,500/share, equivalent to 51.26%.

Comparative Chart of NTP and VN-INDEX from 01/01/2017 to 31/12/2017



(Source: HNX, www.vndirect.com.vn)

In the period from January to March of the first quarter of 2017, NTP's stock price fluctuated in the opposite direction with the rising trend of VN Index. In the second quarter, from the end of March, the stock price tended to increase gradually after the good business performance results in 2016, along with the after tax profit in the first quarter of 2017 increased 12% over the same period. This was the beginning of up trend until the end of the year.

In the third quarter, the market had very positive signals on trading transactions as the largest volume of transactions increased +20% as compared with the early time of the year. The sharp increase of net profit in Q.2 had helped the share price rise sharply, forming the basis for a new growth period that began in the second half of 2017.

In the fourth quarter, the stock price peaked by the end November as Japanese investor Sekisui Chemical purchased 13.4 million shares of NTP, equivalent to 15%, from divestment of Thai shareholders, the Nawaplastic Industries (Saraburi). At the end of the year, NTP had a sharp decline as SCIC announced it would postpone the sale of shares at NTP. The stock price would enter the short-term accumulation period to break through in 2018

Chart of trading volume and price of NTP shares (01/01/2017 to 31/12/2017)



(Source: HNX, www.vndirect.com.vn)

Most active trading transaction of NTP stock is in the fourth quarter, with a total number of transactions of 3,905,125 shares. The most traded day was November 29, 2017 with 269,986 shares with a total trading value of over VND 23 billion.



**INVESTMENT**

NTP has always carefully considered, adjusted and optimized the efficiency of invested projects to the business targets and financial health of the company. In particular, NTP has strengthened activities in market research and conducted comprehensive Project Feasibility Reports of the parent company and its subsidiaries.

In 2017, the company continues to invest in subsidiaries, with the implementation of the following projects:

Projects	Status
<b>Commercial complex, Office for lease and High class apartment at 2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam.</b>	NTP is applying for adjustment of local planning of the height of the floor in accordance with the regulations of the State. Construction is expected to start in 2018.
<b>Establishment of plastic factory 1</b>	The entire site has been built
<b>Establishment of plastic factory 2</b>	Currently carrying out clearance.
<b>Establishment of plastic factory 3</b>	Requesting state agency for approval.
<b>Tien Phong Packaging Joint Stock Company Project</b>	Tien Phong Plastic was approved to carry out the project moving the plant of Tien Phong Packaging Joint Stock Company to new location at Phu Dung, Anh Dung Ward, Duong Kinh District, Hai Phong City on total area of 70,000 m <sup>2</sup> .  Currently, all land clearance and border fences have been completed.
<b>Bridge Love Project</b>	With the aim to support disadvantaged students in the northern mountainous provinces for better learning conditions. Tien Phong Plastic has implemented the charity project of building 60 bridges in least developed areas named "Bridge Love" for 5 years.  A bridge in Pa Khoang Ward, Dien Bien district, Dien Bien province has been completed. The second bridge at Na Va - Na Ru, Tam Kim commune, Nguyen Binh district, Cao Bang province is expected to inaugurate and put into use in March, 2018..

In addition, in 2017, NTP invested in equipment and machinery for production and business. The company also encouraged employees to conduct scientific research and utilize technology applied in modern equipment.



**INTRODUCTION**

The world changes every day. The downside of a market economy is an increase in environmental impacts, social imbalances, and negatively influence on the operations of the business. Unforeseen pressures related to the environment and society such as food shortages, clean water, energy security, the ability to exploit natural resources, climate change, ageing population has become a significant concern for the business.

As a leading company in the Plastic market, Tien Phong Plastic is clearly aware of the effects on the economy, environment and society. We strive to be not only an economic leader but also an active pioneer in environmental protection, ensuring safety and development of the community. As a business providing products for thousands of large projects in Vietnam, we understand that a business can only achieve sustainable success when sharing the same goal with economic growth, social development and environmental protection.

**ECONOMIC IMPACT**

In our mission, economic development has always been the main objective, directly contributing benefit to shareholders, income for employees and other economic values to the community. We aim at sustainable development in many aspects: Investment growth for production and services; increase the scale and quality of business activities; promote technological advances, stimulate labor motivation ...

In the past years, Tien Phong Plastic Joint Stock Company has been continuously developing its business, maintaining high and stable growth, supporting the development of related production fields, thereby bringing significant contribution to the economy. According to the business results report in 2017, Tien Phong Plastic has recorded profit of over VND 492.5 billion, exceeding expectation by 8.02%, contributing to the tax budget more than VND 330 billion.

Good business results also contribute to the local community economy. Economic development obligations are now linked to social responsibility, especially in the current context where the development of the business will depend strongly on the support of the community, including: local residents, local labors, markets, government agencies, etc.

The Company must maintain good relationships by providing higher economic value and material life for the society.



## ENVIRONMENTAL IMPACT

Nowadays, the relationship between nature conservation and natural resource use is not just a concern of countries or international organizations (UNDP, UNESCO, WHO, FAO, ICSU etc) but also the target and strategy in the sustainable development of enterprises. Tien Phong Plastic has been closely coordinating in exploring the nature of the environment, thus providing a way to take account of environmental factors. In addition, the requirements for resource saving, friendly and responsibly with environment, emission reduction and pollution limitation make the Company's operations always be in a tangible relationship. We are committed to environmental issues, ensuring compliance with international law and standards.

In line with the core values of its operations, Tien Phong Plastic has organized activities to raise awareness among its staffs, assist companies affiliations in implementing responsible production programs and increasing the community's interest in the environmental issues. The company is now applying ISO 14001: 2015 on environmental management that has been recognized around the world in order to innovate the management system and improve the environmental performance. Following the policy commitments and our capacity, the Company will reduce emissions, wastewater and wastes to the level prescribed. Together with that, the Company has launched the implementation of 5S: "Sort, Set in order, Sweeping, Standardize and Sustain" requires all staffs in factories to comply with creating an economical, efficient and clean working place. Through that, NTP has established a comprehensive production system, raised the awareness of all employees and participated in activities that have positive impacts on the environment.

In 2017, we established many investment projects, expanded the market, targeted and selected investment projects, and production activities that not only bring profit but also balance with environmental protection, community contributions, sharing the economic values with other parties. The experience of hot growth in highly polluting industries such as iron and steel, cement, plating, dyeing ... made China pay a heavy price for intense pollution remains a hard learnt lesson for NTP. Therefore, the Company is always cautious in selecting and monitoring projects, ? attract investments at all costs.

## SOCIAL IMPACT

Tien Phong Plastic profoundly understands that, engaging two goals: social development and environmental protection in the Company's operations, has positively impacts on the growth which is a two-way interaction and benefits for all parties. Therefore, we believe the strategy of sustainable development that NTP is pursuing will help the company continue to succeed and reach a higher level in the future.

Recognizing these requirements, as well as evaluating the importance and benefits of compliance with social development and environment protection, Tien Phong Plastic has actively implement stakeholder requirements and company standards, that the needs such as attractive salary income, human rights, safety working conditions, opportunities for promotion and development are met. The interaction between employees and community through The Annual Union Congress contributes to maintain the balance of interests between all parties. In addition, the company also organizes many activities for its employees such as: Miss Tien Phong Plastic Competition, Internal Art Performance Festival, the 8th Sport Festival of the City ... to entertain employees and build a friendly working environment.

Charity and community programs are also included in NTP's annual plan to carry out social responsibility and shares company's values with the community. With the aim of supporting the disadvantaged students in the mountainous provinces in the North with better learning conditions, NTP launches a project to build 60 charity bridges "Bridge Love" in the course of 05 years In 2017, the company has completed 1 bridge at Pa Khoang - Dien Bien and began construction of a bridge which is being built in Tam Kim, Cao Bang province (expected to be completed in March 2018). Moreover, the company often organizes charity events such as Gifting houses for families under preferential treatment policy (July 2017); Building houses for the poor (June, 2017), honoring the heroes who fought and perished for Vietnam's independence...

The company also focuses on developing human resources and protecting the interests of its employees. Understanding human resources is key factor deciding the success of NTP's businesses, the company always strives hard to attract, maintain, develop and improve the quality of its talents. We focus on building highly qualified groups, especially creating and developing a team of excellent specialists in a number of key areas; encourage creative initiative and enthusiasm of employees; promote an attractive, professional and friendly working environment. In addition, Tien Phong always secures the problem of labor, income, welfare, discrimination, anti-abuse, responsibility to the community, responsibility for the product etc. which has gradually become the indispensable criteria of investment and global cooperation.



04

# Reach for Integration

1. Plastic industry market overview in 2017
2. S.W.O.T analysis
3. Development Strategies in 2015-2020 period
4. Business Plan in 2018





# PLASTIC INDUSTRY MARKET

## *Overview in 2017*

### THE WORLD

Plastic is a popular material used to replace glass, metal, wood, leather, fabric... to produce many widgets that are widely used in life such as raincoat, water pip, etc ... and industrial products due to many advantages such as durability, light weight, colorful ... Plastic products are used in all fields of life including plastic packaging products, building materials plastic products, household plastic products and high-tech plastic products.

Plastic Industry has been one of the world's most stable growth sectors for the last 50 years. By 2015, the growth rate of the world plastic industry will be over 9% per year and continue to increase in the coming years. With this positive growth, plastic production is forecasted to double in the next 20 years and quadruple by 2050.

The main output of the plastic industry is packaging, building materials and manufacturing industry. The increase of capita income, the middle-class population as well as the rate of urbanization contribute to the rise in demands for construction, housing and consumption. With these characteristics combined with the large population size in developing economies, Asia will be the main drive for the global plastic industry in the near future. In the global construction structure, Asia continues to account for the largest share, with an Asian share of only 31% in 2005 and is projected to account for 46% of global construction investment by 2020. In Asia, investment costs for construction in 2012-2020 in China, India and South-east Asia will be a key drive for the construction material plastic industry.

### VIET NAM

In 2010 - 2015, Plastic industry was one of the highest growth industries in Vietnam with an annual increase of 16% - 18% a year (just behind telecommunications and textiles). There were products in plastic industry with growth rate close to 100% annually. Domestic plastic production grew at a compound annual growth rate of 11% in the period 2009-2016. In the first three months of 2017, production was estimated at over 1.79 million tons, an increase of 7.9% over the same period last year. That growth came from a large and new market with great potential because the Vietnamese plastic industry is largely untouched compared to the rest of the world.

The output of construction material plastic industry depends on construction demand and the real estate industry cycle. The real estate market is forecasted to peak in 2018, after which it will slow down, causing construction plastic producers to face some long-term risks. However, the outlook for Vietnam plastic industry in the coming years is still good as plastic consumption per capita is forecasted to increase to 45 kg. By 2020, the real estate market's predicted recovery and trend of FDI inflows into Vietnam will boost the demands for plastic.

At the present, Vietnam's plastic industry is importing materials from abroad, accounting for more than 80% of the demand for plastic materials due to the inability to produce domestically. Domestic plastic enterprises are less active in their production due to imported materials are often affected by fluctuations in prices of fossil fuels such as oil, natural gas or coal.

Domestic plastic industry is facing fierce competition from foreign challengers, who constantly expand their grabs to seize the market. In addition, plastic products all have high similarity, the choice of customers varied from domestic and imported products are the reasons why the position of the domestic business to targeted customers is relatively low.

However, with the size and potential of the consumer market as well as infrastructure, Vietnam's plastic industry is still attractive to foreign investors with technology, large amounts of capital and strong investment activities. This poses many challenges for domestic plastic enterprises in the face of increased competition in the home market and may be acquired in the future.



# S.W.O.T ANALYSIS

## STRENGTH

### HUGE PRODUCTION CAPACITY AND STRATEGY TO EXPAND MARKET SHARE

Owning 3 factories with annual production capacity of 120,000 tons per year, in 2017 NTP has manufactured more than 86,000 tons of plastic products, achieving a capacity of 72% of the existing production capacity. NTP currently holds more than 60% of the northern plastic pipe market share and accounts for 30% of the national market share. In the past, NTP has gradually implemented the strategy of expanding its market share in the Central and South of Vietnam with the new factory in Nghe An. Specifically, in 2017, the consumption in the Central reached over 8,000 tons. Reasonable and effective sales policies also help NTP maintain and expand its market share compared to its competitors.

### HIGH QUALITY PRODUCTS, MEET VARIOUS NEEDS

The company's products always meet the requirements of the market, especially for the water supply and drainage sector in industry, agriculture, fishery, transportation, oil and gas, real estate. The current product range is very diverse, including: u.PVC pipe and u.PVC fittings, PPR pipes and PPR fittings, HDPE pipes and HDPE fittings, pipe and spare parts ... Tien Phong Plastic is also the pioneer in producing new series of products with outstanding features such as MPVC tube with light weight, high water permeability and high impact resistance, the PP-R double-layer UV protection ... and especially HDPE DN 2000 pipes with the largest diameter in Vietnam and Asia. In addition, the company also launched the product manhole which is produced in cooperation with strategic shareholder Sekisui. This product has been used in many developed countries due to the superiority of concrete masonry: cheap, easy to install, fast construction, durable materials, especially plastic composite cap resistant to crack and minimize the odor of wastewater outside the environment.

## WEAKNESSES

### OVERSEAS SUPPLY OF RAW MATERIALS

One of the biggest weaknesses of NTP is the dependence of plastic resins imported from abroad. With raw material prices accounting for 80% of COGS, plastic resin prices and foreign exchange rates will greatly affect NTP's earnings.

### PLAN TO EXPAND MARKET SHARE SLOWLY AND INEFFECTIVELY

In the Southern market, Binh Minh Plastic Joint Stock Company has taken the upper hand while NTP's mid-market expansion has been a major challenge as BMP acquired DPC and directly competed in the central market with NTP. Moreover, the market in the North is being threatened by new competitors in the industry such as Hoa Sen, Tan A Dai Thanh ... so the plan to expand the market of the company has not changed much.

## OPPORTUNITY

### EXPORT GROWTH IS EXPECTED TO BE HIGH

In the time to come, many bilateral and multilateral FTAs have been signed (the Vietnam-EU Free Trade Agreement (EVFTA), the RCEP Comprehensive Economic Partnership Agreement, etc.). NTP's export markets, such as the EU, Japan, the United States, and South Korea, are expected to grow strongly and be the driving force for the development of the Plastic industry in general and construction plastic in particular.

### BENEFIT FROM PREFERENTIAL TAX POLICY

The new factory in Nghe An is in the period of tax exemption and reduction. The factory will be entitled to a reduction of corporate income tax at the rate of 0% from 2014-2017, a tax rate of 5% for 10 years from 2018-2028 and a tax rate of 10% in subsequent years. This is an advantage for the company to save significant expenses.

## CHALLENGE

### RISK OF MARKET SHARE AND PROFITABILITY

With new competitors such as Hoa Sen Group (HSG), Tan A Dai Thanh and competitors from Europe as well as in the region (especially Thailand) when Vietnam will conclude bilateral and multilateral trade agreements, the risk of losing market share together with the gradual reduction of profit margin is very high.

Binh Minh Plastic (BMP) is still a strong rival in the past, still dominates the southern Plastic market. BMP has been involving in the market share of the North and will be a strong threat to NTP even though its plant in this area has not been effective. Acquisition at Da Nang Plastic Joint Stock Company is also a potential hazard that directly competes with the central market of NTP.

With ambition to achieve the profit margins such as NTP and BMP, HSG has jumped into plastic pipe construction in recent years. Although not yet well-known in the market but with the availability of production capacity along with strong distribution channels throughout the country, the discount policy for agents at high level helps HSG's competitiveness at The North market increased significantly. Not only HSG, Phuc Ha's Dekko plastic pipe product is also worthy of attention in the future. With effective marketing strategies, this brand has become increasingly appeal to consumers. This has a direct impact on the sales volume of Tien Phong Plastic.

### RISK OF FLUCTUATION OF RAW MATERIAL PRICE

With the price of raw materials accounting for about 80% of COGS, the price of plastic resin affects the profitability of NTP. Domestic enterprises selling plastic resin in Vietnam such as Phu My or TPC-Vinina only provide about 20% of domestic demand and sometimes the cost is higher than imported materials. NTP is heavily dependent on imported plastic resins, which is strongly affected by exchange rate.



# DEVELOPMENT STRATEGIES

*in 2015 – 2020 period*

## DEVELOPMENT ORIENTATION AND STRATEGY UNTIL 2020

With the aim of bringing the Tien Phong Plastic brand to become the leading brand in the field of manufacturing and trading plastic pipe products in Vietnam and South East Asia in 2020, the Board of Management made the sustainable development stage in each period from short to medium term to long term in order to increase value chain linked in production and business activities with many specific objectives:

### ORGANIZATION AND MANAGEMENT OBJECTIVE

Focus on developing highly qualified human resources and governance experiences;

Build corporate culture and promote core values: Prestige through each action - Quality on each product Companion and share with partners - Responsibility to the community;

Improve and promote the effective use of advanced management systems on the basis of enhancing the application of information technology in production and business management.

### PRODUCTION DEVELOPMENT OBJECTIVE

Keep 3 factories operates efficiently, safely and stably;

Optimize the production line, maintaining the life of the equipment in each period;

Diversification of product with high applicability while implementing advanced scientific approach to minimize environmental pollution;

Develop training, commissioning, and quality control services for similar factories;

Research and develop solutions to improve the production efficiency and save fuels in productivity.

### STRATEGIC BUSINESS OBJECTIVE

Continue to maintain, occupy and lead market share in key sectors and constantly seek new markets;

Promote the expansion of consumer markets for new product lines. At the same time, further penetrate into potential markets in Southeast Asia such as Laos, Thailand and other neighboring countries;

Establish effective distribution channels and expand in most regions across the country. Develop and apply information technology in the management and distribution channel in order to optimize the business efficiency and promptly supply the products to customers;

Business development in the direction of participating in the closed value chain model from "Materials - Production - Distribution" to ensure the brand prestige of the company and bring the best benefits to customers.

### FINANCIAL STRATEGY OBJECTIVE

Develop advanced, modern and effective financial management system;

Apply and maximize the efficiency of the ERP system in order to serve the processing, reporting on corporate financial management;

Improve the management ability and application of information technology to strictly control financial risks, ensuring the financial criteria are safe;

Preserve and improve the efficiency of capital use.

### HUMAN RESOURCE STRATEGY OBJECTIVE

Develop human resources over the years, not only increase the quantity to meet the requirements of work but also actively train, improve the capacity, professional skills and skills of employees. Special attention should be paid to internal training activities in order to encourage the self-reliance, creative spirit and mutual support between staffs, while saving budget for other strategic plans;

Continue to improve the corporate culture in accordance with each specific stage, enhance the prestige and image of the Company. Apply incentive policies that encourage high quality employees to dedicate and commit long term to the Company.

### RESEARCH AND DEVELOPMENT (R&D) OBJECTIVE

Invest in researching and cooperating with leading training institutes, universities and scientists in Vietnam and abroad to produce quality products that meet market demands and environmentally friendly.

### STRATEGIC OBJECTIVE OF INVESTMENT COOPERATION

Cooperative strategies are implemented in a variety of ways and multilaterally to promote sustainable development, to form value chains to improve efficiency and application of the product;

Introduce new projects to produce diversified products, expand investment scale of the factories efficiency in technology equipment, warehousing, logistic ... ;

Attract new cooperation opportunities, capital contribution with partners for new projects

Attract new investment opportunities, contributing capital, joint venture, associating to carry out the potential plastic pipe projects in Vietnam and abroad in accordance with the development plan of Tien Phong Plastic.

### STRATEGIC OBJECTIVE OF COMMUNITY RELATIONS

Build a brand image friendly to the community, become a supportive business to the daily life of the people over 60 years;

Social security compliance, promoting business operations with the benefits of the community at heart, with the goal to become leader in environmental protection & community development.



# BUSINESS PLAN *In 2018*

In the past year 2017, the company achieved certain achievements and results. However, there are still many pending issues need to be resolved in 2018, especially the development of the company must be sustainable, the living and working conditions of employees must be better.

Therefore, the Board of Directors proposes the business plan in 2018 with the following basic criteria:

Main Indicators	Unit	Target of 2018	Growth
Total Revenue	VND billion	4,800	108%
Sales Output	Tons	95,604.2	107.1%
Profit before tax	VND billion	487	107%
Contribution to State Budget	VND billion	334.5	101.3%
Income per person/month	VND million	9.0	100%

In order to achieve the targets for 2018, the Company will need to take the following measures:

## ABOUT BUSINESS

Organize and capture market information and consumer's details. Strengthen the forecasting activities, market research and market analysis of plastic industry in the world and in the region;

Actively survey market capacity to identify which market areas need to promote, support, to increase market share for the company;

Be more active in communicating and promoting products and brands in a regular and extensive ways, creating a good impression as well as capturing consumers' attention on the Company's products;

Promote after - sales policies, resolve complaints of customers quickly and thoughtful to ensure the prestige of the Company.

## ABOUT FINANCIAL

Strict management of finance, control of cash flow, sources of capital increase the return of capital to bring optimal economic efficiency;

Prioritize capital for business, perform well the financial supervision function, strengthen the internal control.

## TECHNICAL & TECHNOLOGY

Actively research and apply advanced management models to operate the Company in a sustainable manner, widely and thoroughly apply Lean production model;

Promote research and development to constantly improve the product's quality, design, price in accordance with customers' likings;

Continuously improve the organizational process to optimize the business operation, from the planning stage to the production stage. Continuing to reduce, eliminate overlapping management, unclear responsibilities;

Closely monitor the consumption of raw materials, auxiliary materials and chemicals, to avoid wasting raw materials during production;

Actively research the solutions to further improve the quality of products of the Company, to meet the increasing demands of the market;

Implement consistent and effective measures to improve production, including management, technique and technology to continuously improve productivity;



## REGARDING THE IMPROVEMENT OF THE EMPLOYEE'S WORK LIFE

Continuously improve the material and spiritual life of staffs of the company, to encourage employees productivity. The company also commits to follow the policies of the State regarding workers;

Organize more internal training courses, combining internal training guidelines to save costs, as well as exchange of experience of the Company's work in a systematic and effective way;

Corporate culture maintenance should be done along with improving labor productivity, as it complements one another positively. Apart from wages and incomes, working environment is the most important criterial for employees and managers to work and make long term commitment to the company.

## ABOUT ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY:

Maintain stable business performance on the principle of compliance with the regulations on environmental protection prescribed by law;

Applying Occupational Health and Safety Assessment Series (OHSAS) to ensuring employee's wellbeings;

Develop a labor protection plan and measures for occupational safety and health, improving working conditions, actively preventing occupational accidents and diseases. Strictly enforce the fire prevention policies in the company.



05

# *Sustainable connection*

1. Corporate governance
2. Company culture
3. Shareholder structure and changes of equity
4. Investor Relations
5. Activities of General Meeting of Shareholders
6. Activities of the BOM
7. Activities of Subcommittees under BOM
8. Activities of the BOS
9. Transactions, remuneration and other benefits for the BOM, BOD, and BOS
10. Risk management





## CORPORATE GOVERNANCE

In 2017, Tien Phong Plastic concentrated on strengthening its internal strength, maintaining and developing the corporate governance system. The company has made some adjustments in its corporate model to increase its effectiveness:

### ADJUSTED THE ORGANIZATIONAL STRUCTURE

Towards a streamlined and efficient management model, the company has renamed and merged a number of divisions. The current organizational structure, is applied lean management model according to Lean Six Sigma to eliminate waste and inappropriate in the process of operation, shorten production time and efficiently provide products, services to customers. Besides, the Company continuously hold training classes, coaching for managers to challenge their mindset and gradually improve their performance.

### COMPLY WITH THE LAWS OF VIETNAM ON INTERNAL MANAGEMENT

Recognizing the importance of the institutional system in managing an effective legal operations, Tien Phong Plastic has focused on improving the governance system. The Company concentrated on consolidating the organizational structure and internal governance regulations such as the Company's Charter, Corporate Governance Regulations, Disclosure Regulations, Coordination Regulations of the BOD, BOM and BOS etc. As one of the leading companies in Vietnam plastic industry, Tien Phong Plastic always strictly adheres to corporate governance frameworks in accordance with the Enterprise 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 law of Vietnam, which is a combination of international and regional practices in corporate governance, Tien Phong Plastic is also under process of building and commencing internal regulations to create a unified and consistent management model to control and supervise the company's operations.

### COMPLIANCE WITH LAWS, ENSURING THE INTERESTS OF SHAREHOLDERS AND EMPLOYEES

Tien Phong Plastic fulfills its obligations to pay taxes to the state budget, fully pay social insurance, health insurance and unemployment insurance for employees in accordance with the law. The company has also promoted the personal development through the, training campaigns for staff development as well as salary adjustment budget. The company regularly evaluates and classifies staff through the process of performing tasks, then creating a training program in the country and abroad to meet the assigned tasks. Our reasonable compensation schemes based on employees' dedication are researched and implemented to attract people to working for the company.

In 2017, the Company adhered to the interests of shareholders in paying dividends, issuing shares to existing shareholders, disclosed and provided appropriate information promptly, especially on the big transactions that affect the company.

## COMPANY CULTURE

In 2017, NTP has made a strong effort in developing the NTP's culture on the basis of core values: "Reputation on each action - Quality on each product – Companion and share with partner - Responsibility to the community". With these cultural beauties, Tien Phong Plastic continues to make an effective contribution to social welfare, implementing the business philosophy and commitment "Sustainable enterprise development along with the protection of the environment and social responsibility."

### ACTING ON CORE VALUES

Tien Phong Plastic always produces the best quality products and the best service, in order to keep the trust of customers, partners and colleagues; and complied our commitment to the community. This creates the prestige culture of a leading business in Vietnam.

### MAKE THE CULTURE OF TIEN PHONG PLASTIC

In the year 2017, with the cooperation of mass organizations such as the Company Union, the Youth Union, NTP's culture has been spread widely, instilled in each employee and reflected in many outstanding activities.

The company has promoted the corporate culture to employees by integrating various forms such as internal newsletters, websites, contests, seminars, corporate songs etc. In addition, Tien Phong Plastic always adheres to our brand identity system including main colors, company logo to make the unified identification in every field, bring our own characteristics.





## COMPANY CULTURE *(Continue)*

### BUILD AND PROMOTE WORKING CULTURE AND INTERNAL BEHAVIOR

Employees of Tien Phong Plastic have to comply with the policy of the company. The company elevates professional attitude, effectiveness, creativity and prompt but thoughtful actions in working. Our slogans are: "Always ask yourself what you have done for the company today"; "Your working time is also the property of the Company". The Company also has reviewed and re-normalized policies, procedures and working instructions for the purpose of optimization job performance.

NTP encourages employees to have many inventions, innovations and improvement in production, administrative procedures, paperwork's; eliminating the process of writing unnecessary documents, hence deploying the working process via email, meeting online...

Officers and staffs always aware of saving and anti-wasting resources in daily activities;

The Company maintains the 5S Standard: " Sort, Set in order, Sweeping, Standardize and Sustain";

Employees have basically implemented the standard of internal working conducts, helped each other to overcome difficulties not only in working life but also in daily life. The company has organized many activities such as: Football tournament, Miss Tien Phong 2017 Contest, Organizing children to visit historical relics, Traditional Art show etc not only helped improve employees' emotional life but also increased the solidarity with company.

### THE SPIRIT OF SHARING WITH THE COMMUNITY

Tien Phong always pays attention to the effective implementation of social security and encourages responsibility and gratitude of sharing benefits advantages among customers, employees, and social community. Every year, the company supports and contributes to the community through financial supports in building houses for poor people; providing aids to education programs, health care, public infrastructure, and investment for future generations. Total aids for community activities in 2017 was VND 192 billion.

With the close attention and direction of the Board of Directors, the Board of Management and the enthusiastic and supports of all employees, Tien Phong Plastic gained certain achievements in implementing NTP's culture

he activities of NTP have been step by step, gradually showing professionalism and efficiency. Employee awareness is enhanced and practiced in the working style, enhanced skills to solve working problems more effectively and professionally;

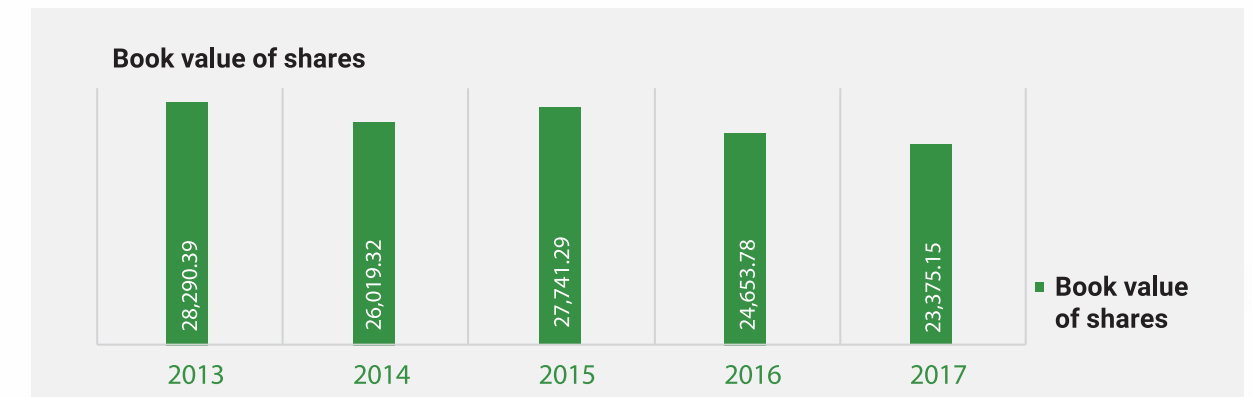
NTP's leaders always realize that it is necessary to have the succession of many generations of employees ahead of time, and to transform a deep cultural consciousness in every action and work of our people. Our culture will be kept and developed to contribute to the sustainable growth of NTP.

## SHAREHOLDER STRUCTURE

### *and Change of Equity*

#### BOOK VALUE

Indicator	Unit	2013	2014	2015	2016	2017
Book value of share (VND)	VND	28,290.39	26,019.32	27,741.29	24,653.78	23,375.15



#### SHAREHOLDER STRUCTURE TO 31/12/2017

Indicators	Number of shares	Proportion %	Number of shareholders	Structure of shareholders	
				Institution	Individual
State shareholder	33,111,936	37.1	01	01	
Founding shareholders / FDI shareholders					
Major shareholders	30,932,633	34.6	04	02	02
Union Committee	0	0			
Treasury shares	0	0			
Other shareholders	25,195,733	28.3	1,492	55	1,437



## SHAREHOLDER STRUCTURE TO 31/12/2017 (Continue)

Indicators	Number of shares	Proportion %	Number of shareholders		
			Number of shareholders	Institution	Individual
<b>Total</b>	89,240,302	100	58		
<b>Include:</b>					
<i>Domestic</i>			1,396	23	1,373
<i>Foreign</i>			101	35	66

## STRUCTURE OF BIG SHAREHOLDERS

Name of shareholders	Number of shares	Proportion (%)
State Capital and Investment Corporation (SCIC)	33,111,936	37.1
Sekisui Chemical Co., Ltd	13,386,046	15
Southern Tien phong Plastic Joint Stock Company	5,054,174	5.66
Dang Quoc Dung	6,133,588	6.87
Le Thi Thuy Hai	6,358,825	7.125
<b>Total of shares</b>	<b>89,240,302</b>	
<b>Types of shares in circulation: Common shares</b>	89,240,302	
<b>Number of shares transferred freely</b>	89,240,302	
<b>Number of shares restricted to transfer</b>	0	

## SHARES OWNED BY MEMBERS OF THE BOARD OF MANAGEMENT

Name	Title	Number of shares by the end of fiscal period	Shares holding ratio by the end of fiscal period
<b>BOARD OF MANAGEMENT</b>			
<b>Tran Ba Phuc</b>	Chairman	484,780	0.543%
<b>Nguyen Chi Thanh</b>	Vice Chairman	0	0
<b>Nguyen Quoc Truong</b>	Member of Board of Directors cum	471,776	0.529
<b>Noboru Kobayashi</b>	General Director	0	0
<b>Dang Quoc Dung</b>	Member	6,133,588	6.87
<b>BOARD OF DIRECTORS</b>			
<b>Nguyen Trung Kien</b>	Vice General Director	1,175,912	1.32
<b>Nguyen Van Thuc</b>	Vice General Director	3,088	0
<b>Chu Van Phuong</b>	Vice General Director	383,236	0.429
<b>Ngo Thi Thuy Thuy</b>	Vice General Director	343	0
<b>Tran Nhat Ninh</b>	Vice General Director	5,163	0
<b>Tran Ngoc Bao</b>	Chief Accountant	200,000	0.224
<b>BOARD OF SUPERVISORS</b>			
<b>Vu Thi Minh Nhat</b>	Chief of Board of Supervisors	0	0
<b>Nguyen Thi Quynh Huong</b>	Member	411	0



## TRANSACTIONS OF INSIDERS AND RELATED PARTIES

The person performing the transaction	Relationship with the insiders	Number of shares held at beginning		Number of shares held at ending		Reason for increase or decrease
		Number of shares	Proportion (%)	Number of shares	Proportion (%)	
<b>Dang Quoc Dung</b>	Member of the BOM	1,933,588	2.17	6,133,588	6.87	<i>Purchased from 18/7/2017 to 26/07/2017 to increase ownership</i>
<b>Nguyen Trung Kien</b>	Deputy General Director	972,912	1.09	1,175,912	1.32	<i>Purchased from 25/09/2017 to 27/09/2017 to increase the ownership</i>
<b>Tran Ba Phuc</b>	Chairman of the BOM	74,780	0.08	484,780	0.543	<i>Purchased from 25/09/2017 to 09/10/2017 to increase the ownership</i>
<b>Nguyen Quoc Truong</b>	Member of the BOM, General Director	61,776	0.07	471,776	0.529	<i>Purchased from 25/09/2017 to 09/10/2017 to increase the ownership</i>
<b>Chu Van Phuong</b>	Deputy General Director	8,236	0.01	383,236	0.429	<i>Purchased from 25/09/2017 to 20/10/2017 to increase the ownership</i>
<b>Tran Ngoc Bao</b>	Chief Accountant	0	0	200,000	0.224	<i>Purchased from 25/10/2017 to 02/11/2017 to increase the ownership</i>
<b>Tienphong Plastic South Joint Stock Company</b>	Related persons of the insiders	3,704,174	4.15	5,054,174	5.66	<i>Purchased from 28/09/2017 to 20/10/2017 to increase the ownership</i>
<b>Nguyen Thi Thanh Xuan</b>	Related persons of the insiders	64,530	0.072	124,530	0.39	<i>Purchased from 28/09/2017 to 20/10/2017 to increase the ownership</i>
<b>Sekisui Chemical Co.,Ltd</b>	Related persons of the insiders	0	0	13,386,046	15.00	<i>Purchased on 18/10/2017 to increase the ownership</i>

## INVESTOR RELATIONS

By doing an active investor relations towards the international standards, Tien Phong Plastic has been building a completed transparency in business, open in disclosing information. Investor relations is a new field and associated with public enterprises, especially listed companies. Tien Phong Plastic officially listed and traded shares with ticker NTP on HNX while its IR department at NTP officially was also established in the same time. NTP's IR has been praised by many securities firms and investors. With that in mind, the IR department ensures that the 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 opportunities 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 listing business in disclosing information." With the desire to integrate into the world market, Tien Phong Plastic continues to adjust drastically and builds up IR activities in accordance with international standards.



## ACTIVITIES OF

# General Meeting Shareholders

In 2017, the company has held 02 Annual General Meetings of Shareholders to ask opinions under the authority of the AGM. The order and procedures are fully implemented in accordance with the current regulations to ensure the maximum benefits for shareholders. The BOM has approved the following details:

Resolution	Date	Content
<b>36/NQ-ĐHĐCĐ TN-2017/NTP</b>	15/04/2017	<p>The Annual General Meeting of Shareholders approved the following contents:</p> <ul style="list-style-type: none"> <li>• Report of the Board of Directors on operation of the Company in 2016 and direction of operation in 2017; Operation Report 2016 and Operation Direction 2017 of the Board of Supervisors; Report on production and business results in 2016; Audited Financial Statements for 2016.</li> <li>• The profit using plan in 2016 and the expected dividend in 2017;</li> <li>• Business operating plan in 2017;</li> <li>• Investment plan in 2017;</li> <li>• Remuneration budget for the BOM, BOS in 2017;</li> <li>• Authorizing the Board of Directors to select the Auditing company in 2017;</li> <li>• Plan to issue shares to increase owners' capital.</li> <li>• The policy to raise ownership ratio of foreign investors in Tien Phong Plastic Joint Stock Company and authorize the Board of Management to carry out the related work.</li> </ul>

Resolution	Date	Content
<b>115/NQ-ĐHĐC ĐBT-2017/NTP</b>	30/11/2017	<p>The Extraordinary General Meeting of Shareholders approved the following contents:</p> <ul style="list-style-type: none"> <li>• Not approved the ownership ratio of foreign investors in the company: Not increase the ownership ratio of foreign investors in the company to 100%; Not subject to adjustment of two conditional business lines in order to increase the percentage of ownership of foreign investors to 100%;</li> <li>• Approved the dismissal of members of the Board of Management and the Board of Supervisors for approval;</li> <li>• Approved the investment in water supply and sewerage companies, the list of companies that supply raw materials and equipment, the list of companies that implement the items of the Commercial complex, Office for lease and High class apartment at 2 An Da according to the roadmap approved by the People's Committee of Hai Phong city, within the investment budget approved by the Annual General Meeting;</li> <li>• Election of Mr. Noboru Kobayashi to the Board of Directors of Tien Phong Plastic Company for the term of 2015-2020.</li> </ul>



## ACTIVITIES OF *The Board of Management*

Membership information and attendance ratio of the Board of Management (Term of office 2015-2020) to 31/12/2017:

Members of BOM	Position	Date of starting / no longer a member of BOM	Number of BOM meetings attended	Proportion of BOM meetings	Reason for not attending
<b>Tran Ba Phuc</b>	Chairman		3	100%	
<b>Nguyen Chi Thanh</b>	Vice Chairman		3	100%	
<b>Nguyen Quoc Truong</b>	Member		3	100%	
<b>Sakchai Patiparn-preechavud</b>	Member	Date of starting no longer be a member of BOM: 16/10/2017	3	100%	
<b>Dang Quoc Dung</b>	Member		3	100%	
<b>Noboru Kobayashi</b>	Member	Date of starting being a member of BOM: 30/11/2017	0	0%	

In 2017, the BOM held 3 Board meetings. Minutes and resolutions of meeting are sent to all members of BOM and BOS. Meetings of the BOM invited the Board of Supervisors and the Board of Directors to participate to discuss and create a great agreement in the strategies, business direction, direction of the Board of Management for the Board of Directors.

Date	Participants	Contents
<b>30/03/2017</b>	BOD members, BOM members and Chief of BOS	<ol style="list-style-type: none"> <li>1. Report on business results in 2016, plan of 2017 of Tien Phong Plastic Joint Stock Company (Parent company) and (Subsidiary), (Associated Company).</li> <li>2. Report on the financial condition and implementation of investment in 2016 of the parent company</li> <li>3. Report on investment plan of the parent company</li> <li>4. Report the situation of capital withdrawal at SMP Joint Venture Company</li> <li>5. Preparing for the Annual General Meeting of Shareholders</li> </ol>
<b>23/06/2017</b>	Members of BOM, Members of BOD and Chief of BOS	<ol style="list-style-type: none"> <li>1. Report on business operating results in the first six months of 2017, direction of the last 6 months of 2017 of Tien Phong Plastic Joint Stock Company (parent company) and Central Tien Phong Plastic Company Limited (Subsidiary), Tien Phong Plastic South Joint Stock Company (Associated Company).</li> <li>2. Financial report for the first 6 months of 2017;</li> <li>3. Report on the market of plastic industry in 06 months 2017, expected in 2017;</li> <li>4. Report on the implementation of investment projects (equipment and capital construction)</li> <li>5. To consider and give opinions on raising the ownership ratio of foreign investors in the Company, on the issue of divestment of capital and issuance of shares to strategic shareholders to increase the charter capital of Tienphong Plastic South Joint Stock Company</li> </ol>



## ACTIVITIES OF *The Board of Management* (Continue)

Date	Participants	Contents
16/10/2017	Members of BOM, Members of BOD and Chief of BOS	<ol style="list-style-type: none"> <li>1. Report on business operating results of the first, second and third quarters of 2017; forecast of fourth quarter and the whole year of TienPhong Plastic Joint Stock Company (parent company) and Central Tien Phong Plastic Company Limited (Subsidiary), Tien Phong Plastic South Joint Stock Company (Associate Company).</li> <li>2. Report on financial and investment condition until the end of Quarter 3 2017</li> <li>3. Report on capital withdrawal at SMP Plastic Joint Venture</li> <li>4. Consider and agree on the first dividend payment in 2017 (15%) and organize the Extraordinary General Meeting of Shareholders to decide on related issues.</li> </ol>

In 2017, the BOM issued some resolutions with the following contents:

Resolution/ Decision	Date	Contents
38/ QĐ - HĐQT	21/04/2017	Decision of the BOM on the implementation of the plan to issue shares to increase capital from owners' equity
48/ NQ - HĐQT	13/06/2017	Resolution of the Board of Directors on listing additional 14,872,995 shares on Hanoi Stock Exchange
49/ QĐ - HĐQT	13/06/2017	BOM's decision on dividend payment in cash for 2 years 2016 (10%)
101/ NQ - HĐQT	18/10/2017	Resolution of the BOM on the advance payment of cash dividend in 2017 (phase 1) and the Extraordinary Meeting of Shareholders
105/ QĐ - HĐQT	19//10/2017	BOM decision on the appointment of company secretary

## ACTIVITIES OF THE SUBCOMMITTEES *Under the Board of Management*

### ACTIVITIES OF THE PROJECT MANAGEMENT BOARD (PMB)

#### ABOUT THE COMMERCIAL COMPLEX, OFFICE FOR LEASE AND HIGH CLASS APARTMENT AT NO. 2 AN DA:

The Project Management Board has hired the consultancy contractor to complete the basic design with the adjustment of height of the Complex as compared to the height approved in the original plan. However, if the adjustment compared with the scale 1/500 planning map happens, the selection of investors for the commercial complex will need to be held through the form of auction for land use rights in accordance with the land laws. This is not possible therefore the BOD decided to submit to the City People's Committee to keep the height of 25 floors and continued to deploy the project. We estimate that when the project enters the construction phase, the BOD will propose the adjustment plan to the local Government for the height adjustment of the floor in accordance with the State regulations. By November 2017, the consultancy contractor has completed the application.

#### REGARDING TO THE PROJECT TO BUILD A FACTORY FOR PLASTIC PRODUCTS PRODUCTION IN PHASE 3 AND MOVED THE FACTORY TIEN PHONG PACKAGING COMPANY FROM 2 AN DA TO THE NEW SITE AT PHU DUNG - ANH DUNG WARD, DUONG KINH DISTRICT:

In 2017, the PMB has implemented the project as the City has agreed to to implement the project on an area of 70,000 sqm.

#### REGARDING TO TIEN PHONG PACKAGING PROJECT

Regarding the investment procedures, the PMB has worked with government departments who has allowed Tien Phong Package. The Project now is at construction level with fencing has been completed.

#### BRIDGE LOVE PROJECT:

With the aim of supporting disadvantaged students in the Northern mountainous provinces with better studying conditions while enhancing the Company's marketing and branding activities, Tien Phong Plastic has built 60 charity bridge "Bridge of Love" in 05 years.

PMB has coordinated with other partners in the bridge completion in Pa Khoang commune, Dien Bien district, Dien Bien province. The second bridge at Na Va - Na Ru, Tam Kim commune, Nguyen Binh district, Cao Bang province (expected to inaugurate in March, 2018).

### ACTIVITIES OF THE PERSONNEL COMMITTEE

In the year 2017, the Human Resources Committee has actively advised the Board of Management to carry out some tasks related to the improvement of leadership and management of the Company.

### ACTIVITIES OF THE RISK MANAGEMENT COMMITTEE

In the year 2017, the Risk Management Committee has conducted 03 meetings, thereby assessing the potential risks and offering preventive measures related in division of financial investment, fire prevention, human resources, business... and reporting to the Board of Directors.



# ACTIVITIES OF *The Board of Supervisors*

## BOARD OF SUPERVISORS MEMBERS (BOS)

BOS members	Title	Start date / no longer a BOS member	Numbers of BOS meetings attended	Proportion of BOS meetings attended	Reason for not attending BOS
<b>Vu Thi Minh Nhat</b>	Chief of BOS		4	100%	
<b>Nguyen Thi Quynh Huong</b>	Member		4	100%	
<b>Pravveen Wirotpan</b>	Member	No longer be a member since 16/10/2017	4	100%	

## ACTIVITIES OF THE BOS

During the year, the Supervisory Board has implemented its activities in accordance with the rights and duties set out in the Law on Enterprises and the Charter of the Company.

The Board of Supervisors has worked out the program and assigned tasks to each member to conduct inspection and control of issues, specifically:

- Considered the appropriateness of the decisions of the Board of Management and the Board of Directors in managing and ensuring compliance with the Law and the Charter of the Company;
- Attended meetings of the Board of Management; Reviewing and examining documents issued by the Board of Directors during the management of the Company to ensure that the Company's orientations and guidelines for operating the Company comply with laws and regulations, and the policy of the Shareholders' General Meeting;
- Monitored the compliance with the charter and resolutions of the General Meetings of Shareholders;
- Monitored the timely disclosure of information and verification of the truthfulness of the information disclosed to shareholders of the Company;
- Assessed the investment status of the Company in the projects and companies. Proceeded reviews of quarter, semi-annual and annual financial reports of invested companies to supervise and raise the efficiency of the use of capital;
- Updated the law and submitted recommendations to the Board of Management, Board of Directors to amend the company regulations in order to comply with the provisions of law.

## REPORT OF THE BOARD OF SUPERVISORS

### SUPERVISED COMPLIANCE WITH LAWS, REGULATIONS AND RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS

Throughout the inspection and supervision process, the Board of Supervisors assessed the production and business activities of the Company in accordance with the provisions of the law of Vietnam, the Charter of the company and the regulations of the company stock listed in Hanoi Stock Exchange (HNX). Resolutions of the General Meeting of Shareholders in 2017 were successfully implemented as follows:

- In term of the profit distribution in 2016: In the fourth quarter of 2017, the Company has paid dividends in 2017 for shareholders at the rate of 15%.
- In terms of business results in 2017: revenue of Tien Phong Plastic reached VND 4,330.1 billion, equivalent to 90.8% of the plan approved by the General Meeting of Shareholders, increasing 101.7% compared to 2016. After-tax profit in 2017 reached VND 492.5 billion, reaching 108.2% of the plan, up 123.9% over 2016.
- In term of Company's investment activities: At present, the Company maintains its control percentage at its subsidiaries. In the coming time, the company plans to invest in water supply and drainage companies, companies supplying raw materials and implement the items of the project Commercial complex, office for rent and apartment building at 2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong City according to the roadmap approved by the People's Committee of Hai Phong City, within the investment limit approved by the Shareholders' General Meeting Annual review.
- In term of Capital raising: In 2017, the Company has increased chartered capital from undistributed profit from over VND 743 billion to over VND 892 billion.
- The members of the Board of Management: The Company has implemented the dismissal seat of the BOM for Mr. Sakchai Patiparnpreechavud since 16/10/2017, along with dimission of the BOS for Mr. Praween Wirotpan since 16/10/2017. The board of directors also had a new member, Mr. Noboru Kobayashi, for the term of 2015-2020.
- Regarding the remuneration for the Board of Management: In 2017, the Company made total compensation packages more than VND 10 billion to the members of the BOM, more than VND 14 billion for the members of the BOD and more than VND 1 billion for members of the BOS.
- Disclosure of information: the Company complied with the obligation to disclose information under the provisions of Circular 155/2015/TT-BTC of the Ministry of finance and the regulation of information disclosure of Hanoi Stock Exchange (HNX) on information disclosure.

### RESULTS OF MONITORING OF THE BOARD OF DIRECTORS:

The BOD directly managed the business activities according to the functions and duties stipulated in the Charter of the Company. Based on the Resolutions of the General Meeting of Shareholders and the Board of Management, based on the business situation of the Company, the Board of Directors has performed the following tasks:

- Steered meetings of production and business activities according to the business norms assigned by the BOM;
- Held meetings on strategy, development orientation, production and business plans and directed the management activities within the competence of the BOM;
- Worked on other issues within the authority of the BOM;
- In 2017, the Board of Supervisors found no abnormal signs in the management and operation of the BOD and management positions of the Company.



## VERIFICATION OF FINANCIAL STATEMENTS FOR 2017

### THE PREPARATION AND AUDIT ACTIVITIES OF FINANCIAL STATEMENTS

The financial statements of the Company for the year 2017 are prepared in accordance with the Vietnamese Accounting Standards and System.

- The 2017 financial statements are audited by Deloitte Vietnam Limited, which is authorized by the State Securities Commission.
- The BOS has reviewed the 6-month financial report, and the result is consistent with the result of business operations in 2017. The report is complete and clear, reflecting the financial truth of the Company.

Indicators	Unit	Achieved in 2016	Plan in 2017	Achieved in 2017	Actual/Planned in 2017	Actual of 2017/Actual 2016
Net Sales	Billion VND	4,354	4,880	4,430.1	91%	101.7%
Profit after Tax	Billion VND	397.6	455	492.5	108.2%	123.9%

Based on the above table: By 2017, the company's profit after tax exceeded the expectation by 8.2%.

### FINANCIAL REPORT OF THE COMPANY AS OF 31/12/2017

Indicators	UNIT	2016	2017
<b>1. Solvency Ratio</b>			
Short-term payment ratio	Times	1.38	1.18
Quick ratio	Times	0.86	0.74
<b>2. Ratio on capital structure</b>			
Debt / Total assets ratio	%	46	51
Debt / Equity ratio	%	87	104
<b>3. Performance Ratio</b>			
Inventory turnover	Times	3.82	3.77
Net Sales / Total Assets		1.93	2.17
<b>4. Profitability Ratio</b>			
Profit after Tax / Net revenue ratio	%	9.13	11.12
Profit after tax / Owner's equity ratio	%	22.38	25.13
Profit after tax / Total assets ratio	%	11.92	12.82
Earnings per share	VND	4,160	5,519

## ROLES OF THE BOS ON THE ACTIVITIES OF BOM, BOD AND OTHER MANAGERS

The assignments for BOS will be delivered to the BOS at the same time as they are delivered for the members of BOM and BOD;

The BOM and the BOD must provide full support for the BOS such as to welcome BOS to their meetings and to provide BOS access the company's records and documents so that the Board of Supervisors can fulfill their duty;

When the Supervisory Board delivers the report to the General Meeting of Shareholders, the reports are also sent to the BOM and BOD.

## CORPORATE GOVERNANCE TRAINING

In the year 2017, the Company's managers were sent to participate in corporate governance programs as follows:

- Workshop on Best Practice of Corporate Governance for State Owned Enterprises and the launch of SCIC's Corporate Governance Publications held by SCIC in March 2017;
- Internal Business Control Program organized by Chamber of Commerce and Industry of Vietnam (VCCI) in April 2017;
- Signing ceremony of cooperation agreement between Hanoi Stock Exchange and CPA Australia; Workshop on "Problems come from incompetent Corporate Governance - Role of Subcommittee on Internal Auditing" by Hanoi Stock Exchange in cooperation with Ho Chi Minh Stock Exchange and CPA Australia co-hosted in May 2017;
- Workshop on "G4 Sustainable Information Disclosures" organized by Hanoi Stock Exchange in August 2017;
- Training Conference in 2017 for Stock Registering & Issuing Firms at VSD held by Vietnam Securities Depository Center in September 2017;
- Workshop on the dissemination of Decree No. 71/2017 / ND-CP on public administration for public companies held by the State Securities Commission in November 2017.

## ACTIVITIES OF BOS IN 2018

The Board of Supervisors will continue to carry out inspection and supervision duty according to the functions and tasks as stipulated in the State Laws on Enterprises and the Charter of the Company;

Closely coordinate with the Board of Management and Board of Directors in developing and implementing resolutions of the General Meeting of Shareholders and the Board of Directors, to ensure compliance with the law and to meet the business objectives;

Coordinate with Independent Auditors (3rd Party) in auditing the financial statements and supervising the implementation of the contents of the independent auditing and proposals;

Coordinate with the Compliance Department and Internal Control Department to inspect and petition impediments in the procedures, regulations and business activities of the Company. Monitoring compliance with procedures and regulations;

Supervise the implementation of new investment projects.



## TRANSACTIONS, REMUNERATION AND OTHER BENEFITS FOR THE BOM, BOD, AND BOS

Name	Title	2016	2017
<b>Board of Magament</b>			
<b>Tran Ba Phuc</b>	Chairman	2,756,458,000	3,348,990,100
<b>Nguyen Chi Thanh</b>	Vice Chairman	117,000,000	166,000,000
<b>Nguyen Quoc Truong</b>	Member	2,717,981,000	3,261,854,300
<b>Sakchai Patiparn preechavud</b>	Member	669,000,000	447,000,000
<b>Dang Quoc Dung</b>	Member	2,351,690,000	2,833,712,300
<b>Board of Directors</b>			
<b>Nguyen Quoc Truong</b>	General Director	2,717,981,000	3,261,854,300
<b>Nguyen Trung Kien</b>	Debuty General Director	1,749,248,000	2,067,875,673
<b>Chu Van Phuong</b>	Debuty General Director	1,860,828,000	2,521,879,000
<b>Tran Nhat Ninh</b>	Debuty General Director	1,458,000,000	1,458,392,000
<b>Ngo Thi Thu Thuy</b>	Debuty General Director	1,557,000,000	1,557,546,000
<b>Nguyen Van Thuc</b>	Debuty General Director	1,443,000,000	1,443,109,308
<b>Tran Ngoc Bao</b>	Chief Accountant	2,025,662,200	2,132,276,000
<b>Board of Supervisors</b>			
<b>Vu Minh Nhat</b>	Chief of BOS	801,000,000	916,322,275
<b>Praween Wirotpan</b>	Member	311,000,000	183,000,000
<b>Nguyen Thi Quynh Huong</b>	Member	47,000,000	53,000,000

## RISK MANAGEMENT REPORT

### RISK OF ECONOMIC CRISIS

Economic risk is a type of systemic risk that impacts the market, as well as businesses on that market. The global economic crisis can affect the demands for plastic products and thus may affect the ability of the business to sell.

By specific measures, the company always monitor the general economic situation of the world economy and the whole industry, regularly held strategic meetings to update annual business trends, technology; Develop strategies, forecast and implement breakthrough plans. In order to mitigate this risk, Tien Phong Plastic has made great efforts to diversify its customers and build up a loyal customer base, build a prestigious brand of quality products and services, and strictly control costs. Ensure the ability to sell in the economic crisis.

### COMPETITIVE RISK

Trends in plastic pipe consumption and prospects for the development of the plastic industry in Vietnam lead to greater 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 scientific management system. The company is also constantly researching for new better quality products, and serving more customer bases.

Tien Phong Plastic Company is steadily expanding its product ranges, improving market share of its products through flexible market policies, attracting market interests; strengthening the marketing, customer care, participation in bidding for key projects ... For instance, NTP has made many changes in the discount policy to suit the region, local stores, distributors... in order to keep the good relationship, and to monitor the information of competitors to have appropriate measures. As a result, the market share of NTP still holds top position in the region and especially in the North of Vietnam. With a business model focused on modern facilities, advanced technology, skilled staff, professional and modern management system, NTP believes that it will remain competitive in providing high quality products with competitive prices.



## OPERATIONAL RISK

### RISK OF PRODUCTION SAFETY

The plastic pipe production are closely related to the operation of machinery, fire protection, and 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 goal and most importantly affect the safety of the collective staff, employees as well as the environment.

In addition to machinery & buildings being regularly inspected, maintained and repaired every year, the company ensures safety of production and business operations by strictly complying with the regulations on work safety - labor protection - fire prevention and protection as well as environmental protection. Safety inspection is scheduled regularly, in combination with the dissemination, propagation of safe technical measures. Company's Fire Department is well equipped and always have proactive prevention plans for bad situations.

### RISKS OF NEW PRODUCT DEVELOPMENT

Facing the competitive pressure from other manufacturers in the same industry, Tien Phong Plastic always try to innovate and develop new products, in order to meet diverse needs of the market. In 2017, the company has researched and improved: HDPE 2000 pipes with a diameter of 2000mm, it is the largest size in Southeast Asia; MPVC plastic pipes are more resistant to collision than ordinary PVC pipes; Double-layer PP plastic pipe with increased hardness; Double-layers HDPE ribbed pipe ... For any new products introduced to the market, Tien Phong Plastic always take seriously measures, starting from market research, product research, raw materials, cost, production.... to distribution strategy and product preparation. Not only focusing on the distribution channel, Tien Phong Plastic is also committed to creating a breakthrough by focusing on the production of important and specialized items to meet the needs of customers. The launching of products to the public are introduced in seminars with the participation of scientists, business owners, domestic and foreign customers.

### THE RISK OF EXPERIENCED AND SKILLED LABOR

To take the initiative in risk management of labor, the company continues to focus on training and staff's development, especially the new employee. High quality human resource recruiting and training focuses not only on professional skills but also on key positions, such as risk management training for the CEO ... In addition, the company staff is also regularly sent to participate in training programs related to corporate governance.

The Board of Management and the Board of Directors always take the initiative to create an open environment for the generation of young leaders to learn, develop, promote the creativity, new ideas. This not only improves the dedication of every employee, but also builds a friendly and open-minded corporate image and culture that aligns with the common goal.

## FINANCIAL RISK

### PAYMENT RISK

In order to prevent and minimize liquidity risk, NTP has developed and applied measures and methods to prevent and respond to liquidity risk through strict cash flow management and maintenance of liquidity. Cash and deposits are reasonable, arranging short-term and long-term credit agreements from the bank, arranging other financial sources to ensure that the loan will be repaid after NTP completes 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 are prepared and reported to the Board by the relevant departments.

## CREDIT RISK

In 2017 and 2018, Tien Phong Plastic shall formulate debt policies for each group of customers based on their financial status, security assets and transaction prestige of each group and recommendations they have... in order to determine appropriate credit limits. Monthly, the Board of Directors review the debt limits. The sales department is responsible for recovering the debt on time. The Internal Control Department supervises, and reports to the Board of Directors on the situation of receivable debts daily. The Finance Department prepares and reports weekly cash flow plans to the Board of Directors for business management measures, ensuring no overdue payments occurred.

## MARKET RISK

### Exchange rate risk:

With the demand for business capital, the Company incurred loans in foreign currencies, thus causing many risks related to solvency, exchange rate ... In addition, with the uncertainty of world economy & politic and monetary policies of the US will exert pressure on the VND / USD exchange rate, requiring the Tien Phong Plastic to continue to focus on the following:

Regularly update, forecast the exchange-rate fluctuations through the relationship with banks, perform the L/C contract 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 for business;

### Interest rate risk:

Interest rate risk is the risk associated with the interest expense incurred on borrowings and liabilities of the Company at market interest rates. The Company's loans are mainly used to finance the construction and investment of long-term capital for projects.

Interest rate risk management solution:

In 2018, 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 restructuring through debt reversal (find banks, credit institutions or investment funds with low and stable interest rates to replace) or mobilize capital from other channels such as: Raising capital, withdrawing capital from some investment portfolios, calling for investment cooperation from large organizations at home and abroad.

### Price risk:

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

However, thanks to the policy of diversifying suppliers and customer lists as well as the contracts of material purchase with semi-finished products, NTP can maintain the profit margin between the selling price and finished product of plastic resin.

Tien Phong always closely monitors developments of the market and has timely solutions 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 ... to reduce production costs, to keep output price at a stable level, and to maintain competitive advantage for the company in the situation in which raw materials market has many complicated developments.



## LEGAL RISKS

The legal system and guidelines on taxes and insurance are regularly changed, which have an impact on the business results and development orientation of the company. The risk of litigation, disputes, compensation can occur if the Company is not up to date with the new regulations. NTP has established departments for monitoring, updating and adjusting with these changes in regulations so its business will quickly adapt when new laws are in effect.

Staff from related departments are to participate in training courses on policy updates and dissemination.

Organizing the system to update the law changes implemented in accordance with the law.

Hire legal consultants to advise the BOM on issues related to the State's policies as well as related to the Company's activities.

## RISKS RELATED TO ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Sustainable development of enterprises must be share a close relationship environmental protection. As a reputable 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 one of the key factors when making investment decisions.

In order to minimize environmental impacts, the Company has undertaken research to improve the production process, to invest in equipment, machinery lines and waste water treatment systems. In addition, the Company has signed environmental commitments, issued the Environmental Handbook, applied management guidelines, using the most advanced standards on product design and use of less polluting raw materials in the production process to minimize the negative impact on the surrounding environment.



06

## *Spread love around*

1. Significance of Sustainable Development Report
2. Introduction of the report
3. Content
4. Method of determining the content of the report
5. Contact
6. Related Parties
7. Outline directions for Sustainable Development Report
8. Assessment of Sustainable Development Report and Plans for the next fiscal year
9. Ensuring stable financial growth





# SIGNIFICANCE OF SUSTAINABLE *Development Report*

Sustainable Development Report is a tool to measure, record and publicize the company's goals and responsibilities towards sustainable development. A company's contribution to the environment and society has drawn increasing concern because it is only when the company ensures the sustainable development of the environment and society that the company can make profit grow.

Sustainability reports play an important role to the Company's internal and external stakeholders. With publicity, transparency, reliability in reporting and efforts in specific activities aimed at sustainable development, the Company strengthens the trust of stakeholders, raises prestige and the trademarks of the Company.

At present, the publication of the Sustainable Development Report is becoming an international practice. It not only helps companies strengthen relationships with stakeholders, investors and the community but also helps companies enhance business risk management, improve their adaptability and competitiveness in the market.

# INTRODUCTION *of the report*

## Overview

The Sustainable Development Report of Tien Phong Plastic in 2017 was completed to publish the Company's environmental, social and economic impacts. Sustainable development has increasingly become the major change that companies, markets and society are willing to achieve.

## Reporting scope

This report is for the active business of Tien Phong Plastic, its subsidiaries and associates. Information is updated for fiscal year 2017 starting January 1, 2017 and ending December 31, 2017.

### SUBSIDIARIES:

Central Tien Phong Plastic Company Limited

Tien Phong Land Company Limited

### AFFILIATED COMPANIES:

Tien Phong – SMP Plastic Joint Venture Company Limited

Tien Phong Packaging Joint Stock Company

Tien Phong South Plastic Joint Stock Company



## CONTENT *of the report*

The main content presented in the Sustainable Development Report 2017 includes:

- ◆ ECONOMIC GROWTH
- ◆ ENVIRONMENT PROTECTION
- ◆ PERFECT PRODUCTS
- ◆ RESOURCES
- ◆ FOR THE COMMUNITY'S BENEFITS



## METHOD OF DETERMINING *the content of the report*

The report is prepared in accordance with the guidelines for the preparation of the annual report of the Viet Nam Annual Report Award (ARA), the standard of the G4 Global Reporting Initiative (GRI) IFC (International Finance Corporation) and Circular 155/2015/TT-BTC of the Ministry of Finance on information disclosure on the stock market

## CONTACT *information*

Tien Phong Plastic always ensures full transparency and commitment to the community. We look forward to receiving your sincere comments. For inquiries, please contact:

### TIEN PHONG PLASTIC JOINT STOCK COMPANY

**Head Office:** 2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam

**Factory Address:** 222 Mac Dang Doanh, Hung Dao District, Duong Kinh District, Hai Phong City, Viet Nam.

**Phone Number:** + (84 225) 3813979

**Fax:** + (84 225) 3813989

**Website:** [www.nhuatienphong.vn](http://www.nhuatienphong.vn)



# STAKEHOLDERS

Tien Phong Plastic always maintains relations, receives and processes information for timely solutions, harmonious interests of the parties.

## IDENTIFY STAKEHOLDERS

Stakeholders based on Tien Phong Plastic's assessment may be individuals or organizations that directly or indirectly influence the Company and, conversely are affected by the Company. Tien Phong Plastic's identified stakeholders include:

1. Shareholders and investors
2. Customers
3. Employees
4. Suppliers and partners
5. Regulatory Authority
6. Local community
7. Credit institutions
8. Competitors

## EVALUATE THE LEVEL OF STAKEHOLDERS



## STAKEHOLDER CONSULTATION

Tien Phong Plastic uses flexible approaches and feedback for different audiences. This ensures that the Company can reasonably allocate resources as well as meet the expectations of stakeholders and maintain the sustainable development of the Company.

Stakeholders	Method
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>• Extraordinary and Annual General Meeting of Shareholders,</li> <li>• Company Website</li> <li>• Conferences, seminars, live meetings</li> <li>• Other electronic information channels</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer service center and 24/7 hotline</li> <li>• Consulting staff in direct contact with customers</li> <li>• Organize customer conference</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Reporting system and performance evaluation criteria</li> <li>• Through the trade union</li> <li>• Publications</li> <li>• Training programs, internal consultancy</li> </ul>
<b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>• Meet and talk directly through forums, conferences</li> <li>• Public information disclosure</li> <li>• Survey and evaluation to evaluate opportunities for cooperation</li> </ul>
<b>Regulatory Authority</b>	<ul style="list-style-type: none"> <li>• Participation in conferences, workshops organized by the Government, Ministries / Departments</li> <li>• Disclosure of information according to regulations</li> <li>• Inspections by the authorities</li> </ul>
<b>Local community</b>	<ul style="list-style-type: none"> <li>• The survey aims to assess and acquire opinions from local communities</li> <li>• Media</li> </ul>
<b>Credit institutions</b>	<ul style="list-style-type: none"> <li>• Credit rating of the business</li> <li>• Through periodic credit reports</li> </ul>
<b>Competitors</b>	<ul style="list-style-type: none"> <li>• Regularly update the market situation</li> <li>• Plastic workshop</li> </ul>



# STAKEHOLDERS (continue)

## CONSIDER THE BENEFITS AND EXPECTATIONS

Related Parties	Concerns	Action
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Effective use of investment capital                             <ul style="list-style-type: none"> <li>- <i>Transparency, protect the interests of shareholders</i></li> <li>- <i>Market value of the stock and the value of the business</i></li> <li>- <i>Management ability of the Company</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Use capital effectively to improve technology, facilities, production cycles, as well as seek new investment opportunities.</li> <li>Make full, accurate, timely, public disclosure</li> <li>Ensure business efficiency for a high share price</li> <li>Improve management model, risk management system, internal control, compliance monitoring.</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Trademark of the Company</li> <li>Quality products, ability to meet diverse needs, competitive prices</li> <li>Wide distribution system, easy to distribute transportation</li> <li>Improved customer service</li> </ul>	<ul style="list-style-type: none"> <li>Strong investment in research and product development</li> <li>Improve technology, catch up with the trend, strictly control the quality of products</li> <li>Expand the production premise, improve the distribution system</li> <li>Combine internal training and strict control of the interaction process with customers</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Compensation, promotion, reward</li> <li>A dynamic, safe, friendly working environment</li> <li>Training to improve professional skills and work ethic</li> </ul>	<ul style="list-style-type: none"> <li>Establish a union, sign collective labor agreements, and provide guidance and counseling to help workers understand their rights and obligations.</li> <li>Apply internal recruitment, internal evaluations, clear promotions</li> <li>Periodically evaluate the quality of machinery and equipment, environmental quality in combination with dissemination of safe working conditions for laborers.</li> <li>Organise activities to improve the material and spiritual life of the workforce, improve solidarity, build up the company culture</li> <li>Build up internal training system as well as enable staff to participate in training programs to improve their expertise.</li> </ul>

Related Parties	Concerns	Action
<b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>Strict implementation of the contract with transparency and cooperativeness</li> <li>Criteria for supply units for environmental and social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Develop a fair, tight and transparent exchange of goods</li> <li>Cooperate to monitor the progress and ensure compliance with provisions in the contract</li> <li>Prioritize suppliers who comply with the requirements of law, progress, environmental protection and social benefits.</li> </ul>
<b>Regulatory Authority</b>	<ul style="list-style-type: none"> <li>Compliance with the law</li> <li>Support and implementation of the State's policies</li> <li>Obligation to pay tax</li> <li>Environmental and social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Comply with the law, regularly update the current legal documents related to the operation of the company.</li> <li>Completely fulfill the tax obligation for the State annually</li> <li>Proactively support and implement policies issued by the State</li> <li>Actively participate in activities launched by state agencies to support the community and society</li> <li>Hold corporate activities towards sustainable development</li> </ul>
<b>Local community</b>	<ul style="list-style-type: none"> <li>Employment opportunities to develop the local economy</li> <li>Environmental Protection</li> <li>Activities contributing to community interests</li> </ul>	<ul style="list-style-type: none"> <li>Create employment opportunities, improve income for local communities</li> <li>Strictly follow environmental regulations, especially in localities where the factory is based</li> <li>Implement many community support activities: providing scholarships for poor students, supporting flood victims, building and repairing local infrastructure.</li> </ul>
<b>Credit institutions</b>	<ul style="list-style-type: none"> <li>Business performance</li> <li>Ability to repay debt periodically</li> </ul>	<ul style="list-style-type: none"> <li>Make periodic repayment reports</li> <li>Ensure business efficiency and ability to pay debts</li> </ul>
<b>Competitors</b>	<ul style="list-style-type: none"> <li>Ability to win over the market share of NTP</li> <li>Discount policies</li> <li>Turnover and business results</li> <li>Technology and new products</li> </ul>	<ul style="list-style-type: none"> <li>Establish a flexible, various sales policy, expand sales agents to maintain market share</li> <li>Ensure business efficiency</li> <li>Upgrade production technologies, actively research and create new products</li> </ul>



# GUIDANCE ON MAKING *a sustainable development report*

## SELECT KEY ISSUES

Identify key issues in the relationship with stakeholders

Criteria	Content
<b>Economy</b>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Shopping practices</li> <li>• Indirect economic impact</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Water source</li> <li>• Disposal</li> </ul>
<b>Product liability</b>	<ul style="list-style-type: none"> <li>• Safety and health of customers</li> <li>• Transparent product information</li> <li>• Responsible communications and marketing</li> <li>• Complaints handling mechanism</li> </ul>
<b>Labor and employment</b>	<ul style="list-style-type: none"> <li>• Job generation</li> <li>• Occupational health and safety</li> <li>• Education and training</li> <li>• Diverse and equal opportunities</li> </ul>
<b>Human rights</b>	<ul style="list-style-type: none"> <li>• No discrimination</li> <li>• No child labor</li> <li>• No forced labor</li> <li>• Local workers' rights to be protected</li> <li>• The right to join trade unions and bargain collectively</li> <li>• Local community development</li> <li>• Anti-corruption</li> <li>• Anti-unfair competition</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>• Local communities development</li> <li>• Anti-corruption</li> <li>• Anti-unfair competition</li> </ul>

## ANALYZE THE IMPACT OF THE ISSUES ON STAKEHOLDERS AND TIEN PHONG PLASTIC

Determining priority level of key issues



### REVIEWING AND EVALUATING:

Tien Phong Plastic reviews all contents of the 2017 Sustainable Development Report after its publication and receiving feedback from stakeholders in preparation for the identification of key issues for the next reporting period. Any comments or questions can be sent directly on the company website: [www.nhuatienphong.vn](http://www.nhuatienphong.vn) or refer to the "Contact Information" section in the report.



# ASSESSMENT THE EFFECTIVENESS OF SUSTAINABLE DEVELOPMENT AND UPDATE NEW ISSUES

## *for the coming fiscal year*

### ECONOMIC GROWTH

#### OVERVIEW

In 2017, Tien Phong Plastic has been the pioneer in the Plastic industry with a net revenue of VND 4,430.1 billion up nearly 2% than 2016 with a pretax profit of VND 556,96 billion, increasing 24,5% compared to 2016.

The Company tried to maintain and expand its business by implementing dynamic sales policies, improving product and service quality. Therefore, Tien Phong Plastic has built up good relationship with customers, gained prestige and attracted more customers.

#### INDIRECT ECONOMIC IMPACT

##### Fulfillment of tax liability

Throughout its operations, Tien Phong Plastic has always been aware of and assumed liabilities for all tax obligations. The company understands that strictly obeying the tax law is the foundation to build prestige with government agencies as well as create a sustainable brand in the market. Well-fulfilled tax obligations of the company are recognized by the customs authorities, tax authorities, local authorities, partners and the public.

Table of tax obligations:

Indicator	Unit	Performance 2016	Performance 2017	Plan 2018	Execution rate plan (%)
Tax Paid	Billion	308.6	330.0	334.5	101.3

Source: Tien Phong Plastic Joint Stock Company

#### International integration

Tien Phong Plastic has always been a potential partner of foreign investors. In 2017, the company signed strategic cooperation with Sekisui Chemical Company (Japan). Accordingly, Sekisui Chemical becomes the strategic shareholder of Southern Tien Phong Plastic (owns 25% stake in this firm). This will be the foundation for the plant of Tien Phong Plastic in the South to acquire high technology from Japan in producing and marketing the most advanced and unique products that have never been manufactured in Vietnam. In addition, NTP also cooperated with IPLEX partners to export products to New Zealand and transfer technology production of M.PVC tube.

#### Local economic development

For 60 years in operation, Tien Phong Plastic has made great contribution to the development of the local economy, helping reduce the unemployment rate.

The company has enjoyed high growth, maximized its production capacity, contributed significantly to the overall growth rate of the locality. On average, each year, the Company contributes significantly to the budget revenue and job creation not only in Hai Phong but also in many other provinces in the South, Central, North where the company has branches. With three factories in Hai Phong, Nghe An, Binh Duong, the Company has provided stable jobs for more than 1,410 employees and has helped alleviate poverty and support additional income for people who need to earn a living.

### PROTECTING THE ENVIRONMENT

Saving energy is one of the practical solutions to contribute to environmental protection. The management of the company continued to request saving energy, fight against waste, effective use of equipment, water, electricity and resources; particularly apply the certification of 5S practice in the office and factory. As a result, the units have basically met the technical standards issued by the company.

In 2017, the company has participated in many activities for environmental protection such as: Participating in the model of "Clean resources" in the program "Corporates and Social responsibility" which broadcast on Vietnam Television Channel VTV1; Participating in the International Exhibition of Technology, Energy Conservation and Environmental Protection in Hai Phong in 2017.

#### ENERGY

##### Summary of energy consumption in the period 2015-2017

Tien Phong Plastic is always aware that energy saving is one of the solutions to minimize the cost of production, thereby bringing more profit to the Company. Furthermore, monitoring the use of energy and natural resources will contribute to mitigating negative impacts on the environment.



**PROTECTING THE ENVIRONMENT** *(continue)*

Table of energy consumption in the period of 2015 - 2017:

Criteria	Unit	2015	2016	2017
<b>Electrical Power</b>	kWh	30,428,028	34,940,808	36,391,419
<b>Gas</b>	Kg	8,004	12,456	13,272
<b>DO oil</b>	Liter	47,000	55,707	51,375
<b>Total energy consumption</b>	MJ	111,773,971	128,583,165	133,677,773
<b>Total weight</b>	Ton	70.904	86.000	87.253
<b>Average energy consumption per ton of product</b>	MJ/ton	1,576,412.77	1,495,153.08	1,532,070.79

Source: Tien Phong Plastic Joint Stock Company

In 2017, the company has implemented some energy saving activities as follows:

- Cooperate closely with Hai Phong Electricity Company, Ngo Quyen Electricity Company and Duong Kinh Electricity Company in the inspection and operation of the power supply system in the power plants to ensure stable supply of electricity.
- Manage operation safely and efficiently exploit the 22KV transmission line from Kien An 110KV station to the company, ensuring regular supply of electricity for production.
- Manage operation safely and efficiently exploit 04 power stations in An Da and 06 power stations in Duong Kinh.
- Develop a maintenance plan and monitor the implementation of electrical equipment within the company.
- Revise and issue electricity usage norms for the whole company
- Carry out energy audit in the company.

**SOLUTIONS TO CONTROL ENERGY CONSUMPTION**

Tien Phong Plastic focuses on developing norms for the use of energy sources. All offices and factories of the Company apply and report the periodical use of energy. In addition, the internal communication is also carried out regularly to raise staff's awareness of environmental protection. Specific groups of solutions are as follows

- Controlling energy sources: Develop consumption norms and monitor implementation.
- Economical and efficient use: Minimize consumption and improve energy efficiency. The company builds and rigorously monitors its efficiency, through the maximum automation production process.
- Internal communication: To raise awareness of saving and promote a reasonable use of energy sources in the whole company
- Some energy efficiency and saving solutions

Purpose	Scope of application	Specific content
<b>Power saving</b>	Office	<ul style="list-style-type: none"> <li>• Use of more economical lighting equipment (compact fluorescents, fluorescent lamps, etc.) to replace low-efficiency lighting systems (incandescent lamps ...)</li> <li>• Periodic maintenance of electric equipment in the office</li> <li>• Keep air conditioning at 24-27 Celsius degrees, turn off all air conditioners after work.</li> <li>• Proper window layout to take advantage of sunlight, limit the influence of solar radiation.</li> <li>• Apply remote control system for electric system, water supply, security, fire prevention and fighting</li> </ul>
<b>Saving fuel, saving electricity</b>	Production factories	<ul style="list-style-type: none"> <li>• Improve, upgrade the machinery, invest in modern technology</li> <li>• Use higher efficiency fuel</li> </ul>

Tien Phong Plastic always encourages innovative and creative ideas within the company to save energy and improve production efficiency. This is also the traditional culture of the company since its foundation.



## PROTECTING THE ENVIRONMENT *(continue)*

### WATER SOURCE

Protecting water resources is an urgent task in the context of increasing pollution and depleting amount of clean water. So, Tien Phong Plastic understands that its use of water can greatly affect the lives of people in the surrounding areas

Table of Water consumption in the period 2015-2017

Indicator	Unit	2015	2016	2017
Volume of water used	m <sup>3</sup>	79,884	82,548	81,129

Source: Tien Phong Plastic Joint Stock Company

In 2017, the company reduced its water use to 81,129 m<sup>3</sup>, decreasing 1.75%. This is a positive result of the company demonstrating the efforts towards sustainable development.

### Effective water resources management:

The effective use of water is not only about how clean water is used, but also the process of recycling and treating wastewater in line with environmental standards. Here are solutions for effective water resources management

*Saving and using efficiently: Develop usage norms as well as measures to improve water use efficiency.*

*Water Treatment: Build wastewater treatment and reuse systems for other purposes*

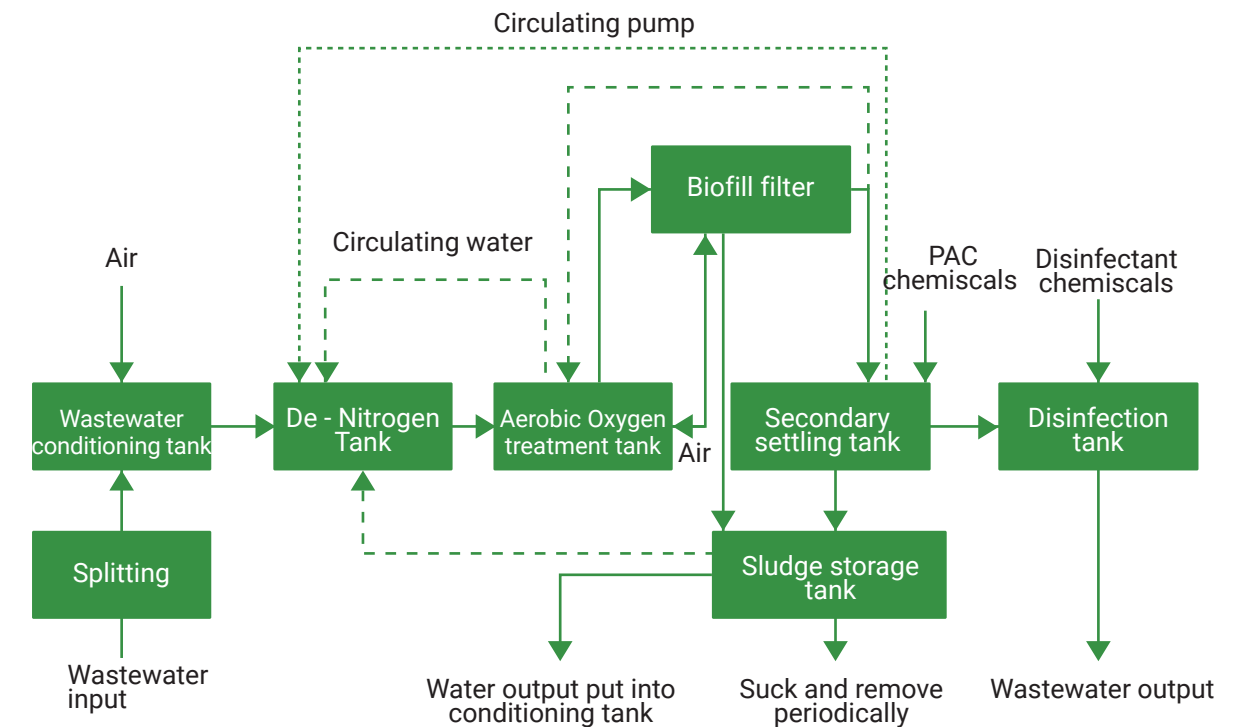
*Internal communication: To raise awareness of saving and promote a reasonable use of energy sources in the whole company*

### EMISSIONS

As the main production line of Tien Phong Plastic is construction plastic, the company generates a considerable amount of waste, including solid waste, waste gas and waste water... Tien Phong Plastic always strictly follows the regulations on environmental protection, the law of Vietnam as well as international standards.

### Situation of wastewater treatment

The wastewater treatment system with the capacity of 130m<sup>3</sup>/day and night as follows:



Source: Tien Phong Plastic Joint Stock Company

### Water management and treatment solutions in Tien Phong Plastic

- Build a diagram of wastewater treatment system;
- Evaluate wastewater quality after treatment at factories;
- Promote the model of water resource reuse;
- Communicate to raising awareness, develop database and guidances.

### Effective emission orientation

- Emission Limits: Reduce emissions into the environment by a variety of technical measures.
- Recycle and reuse: Use emitters for other stages of production or apply technology and technological solutions to collect valuable components from waste.
- Emission sources: Apply technological solutions, techniques to mitigate the negative impact on the environment.
- Internal communication: Raise awareness of minimizing waste

### Waste treatment solutions in Tien Phong Plastic

- Design waste gas treatment at factories
- Summarize and evaluate the results of air quality monitoring at factories
- Plant trees around factories, offices
- Ensure transportation within and outside the company, regularly check safety and environmental hygiene
- Economically use air conditioning equipment in the office, refrigeration system for production to minimize emissions
- Ensure effective ventilation system
- Solid waste treatment solutions in Tien Phong Plastic**
- Classification of solid waste and sanitation in the factory area, regular office
- Reuse as well as economical use of stationery, paper, packaging ...



## PERFECT PRODUCT

The production policy of Tien Phong Plastic is to put quality first, ensure the benefits of customers when using products of the Company. Therefore, Tien Phong Plastic always invests in production lines and modern machinery of the leading companies in Europe and Japan. The system always ensures high accuracy, the uniformity of materials, high productivity and the best quality products.

The BOM also strictly guides the construction and maintenance of a quality management system. Tien Phong's products achieve the international standards. All mechanical, physical, chemical, industrial hygiene... meets the targets. Nearly 60 years of formation and development, the company has always been one of the leading plastic manufacturing and trading enterprises in the country. Currently, the company is applying comprehensive quality management system and achieving quality management standards according to ISO 9001: 2008 and ISO 14001 : 2015

List of company product certifications:

Products	Quality standards
PE ribbed pipe	TCVN 11821 (ISO 21138).
PVC – M Pipe	TCVN 11822:2017/AS/NZS 4765:2007
Conduit pipes used for electrical installation systems, slippery type	BS 6099:2.2:1982
PP-R heat Resistant Plastic Tube	DIN 8077:2008-09 & DIN 8078:2008-09
Polyethylene (PE) pipe fittings, ready-made parts for water supply	TCVN 7305-3:2008/ISO 4427-3:2007
Group 1 Polyethylene (PE) pipes for water supply PE80 and PE 100	AS/NZS 4130:2009
Polyethylene (PE) pipes for PE4710 and PE4608 water supply	ASTM F714-13
Polyethylene pipes (PE) for PE80; PE100	DIN 8074:1999-08 & DIN 8075:1999-08
Polyethylene pipes (PE) for PE80; PE100	ISO 4427-2:2007
Polyvinyl Chloride Plastic Non-Plastic Pipe (PVC-U)	ISO 1452-2:2009
U.PVC pipes and fittings	QCVN 16-4:2011/BXD
Environmental management system for PVC products	ISO MT 14001

The company's products always achieve quality standards and are safe for users with high investment in design, production, testing and the using process. The thoroughness in each stage of the production process is not only reflected in the product quality but also the reliable and engaging partners throughout the years.

Due to strict production and requirements in each product, Tien Phong Plastic has maintained its market share of over 60% in the North, 30% nationwide.

## PROCESS OF QUALITY INSPECTION

To make perfect products, Tien Phong Plastic actively develops the standard framework for checking requirements, testing instruments, inspection standards and forms for recording test results of each type of product. The products of the company undergo thorough inspection stages by production workers, workshop supervisors, the principal inspectors of the workshops and the staff of the Quality Control Department. With a clear hierarchy, assignments and detailed quantitative requirements, the production processes is strictly controlled to minimize the risks associated with product quality.

### Quality control system of Tien Phong Plastic Joint Stock Company

Department	Inspection regulations
<b>Production worker</b>	Follow work instructions Check the product in the production process according to the working instructions Be responsible for controlling the quality of products
<b>Working shift checker of the factory</b>	Check the quality of products at the factory and the assemblage place Be responsible for controlling the quality of products at the factory
<b>Factory administration</b>	Check the quality of products after work-shift inspection with the "Waiting for inspection" tag Be responsible for controlling the quality of products produced at the factory
<b>Quality management Department</b>	Check the quality of products after the administration inspection with "checked by factory" tag Be Responsible for controlling the quality of the stored products in the company.



## PERFECT PRODUCT *(continue)*

After the product has been completed, the company has examined and retrieved the test results from the technical testing department in the external testing room, according to the form of the test unit, the saved test records in the technical section of the technology include: the influence of materials on water quality, the strength of industrial frequency voltage, insulation, heat resistance, fire resistance through detailed criteria... Throughout the rigorous testing process, the best products under the brand Tien Phong Plastic have been brought to users, reaching out to remote areas to bring value and share benefits with community.

## INTELLECTUAL PROPERTY AND BRAND PROTECTION

Tien Phong is a leading plastic brand in Vietnam. For many years, the name Tien Phong has become familiar with customers - a brand with high quality products, diverse styles, the good after-sales service and reliable warranty. Aware of the importance of maintaining and developing the brand, winning trust and loyalty of customers, the BOM and all Tien Phong Plastic workers always strive to maintain the company's status as the leader in the plastic industry in Vietnam and gradually build up its brand position in the international arena.

Apart from branding, in 2017, the company took actions in detecting counterfeit products, typically the case of producing and trading fake/pirated Tien Phong Plastic products at warehouse 7, Trieu Xuyen village and in Phu Long village, Long Xuyen commune, Phuc Tho district, Hanoi discovered by the professional staff of Tien Phong Plastic and Police Department Hanoi Public Security Department in October 2017. With the aim to be a transparent business, Tien Phong Plastic pioneers in the protection of intellectual property rights and trademark, ensuring to bring the best products to customers.

## TRANSPARENT INFORMATION

Information on the packaging and the printed products of Tien Phong Plastic ensures compliance with the law and provides adequate and accurate information for customers. Information includes:

### Company information (logo, brand, production address, ...)

#### Product's name

#### Materials

#### Specifications of the product

#### Product use and recommendations

This information is not only for the purpose of providing information to customers but also for the Company to control the quality through tracing the source of the product when getting customer complaints. In addition, when there is a change in product information or new products are introduced, Tien Phong Plastic delivers information directly to consumers, aiming for safety and transparency in relation to people.

### Notice is sent to all customers and related parties in a consistent manner in all channels

### Customers and related parties are aware of changes in the Company's products.

## CULTIVATE RESOURCES

Human resources are motivators for Tien Phong Plastic to continue sustainable growth. In order to ensure success, Tien Phong Plastic's leaders always learn and research to improve the working environment, strengthen staff performance and management system. At the same time, employees' performances are always evaluated objectively and fairly through a reasonable remuneration assessment policy.

### LABOR FORCE OVERVIEW:

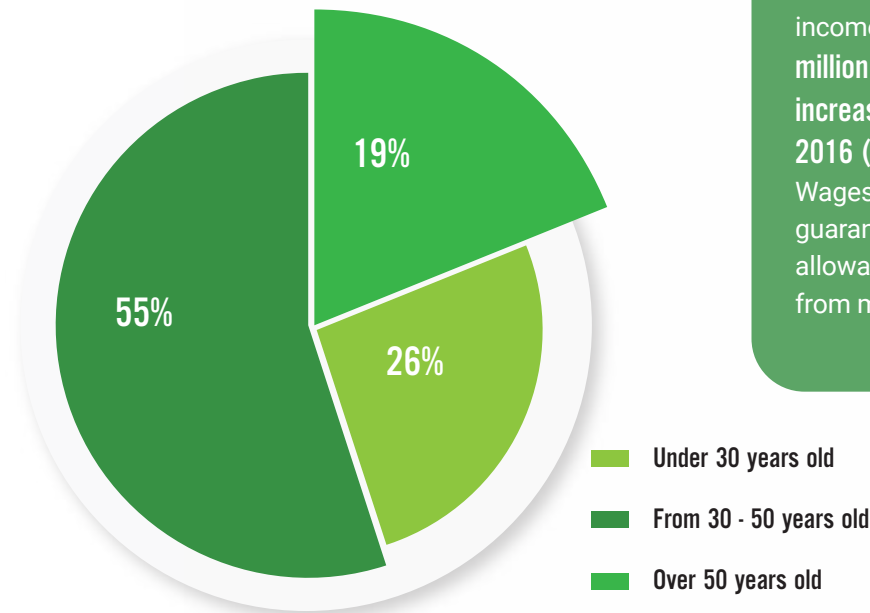
Table of Labor Statistics by Sex / Position /Age/Geographic Area in 2017

Criteria	2017	
	Number (People)	Percentage (%)
<b>Age Group</b>		
Under 30 years old	366	26%
From 30 – 50 years old	776	55%
Over 50 years old	268	19%
<b>Sex</b>		
Male	946	67%
Female	464	33%
<b>Geographical area</b>		
Northern	1,199	85%
The Central of Viet Nam	211	15%
<b>Hierarchy</b>		
High rank manager	12	0.9%
Middle rank Manager	48	3.4%
Employee	1,350	95.7%
<b>Academic level</b>		
Doctorate	20	1.5%
Graduate	473	33.5%
Others	917	65%
<b>Contract term</b>		
Over 3 years	1,128	80%
From 1 to 3 years	282	20%
Under 1 year	0	0



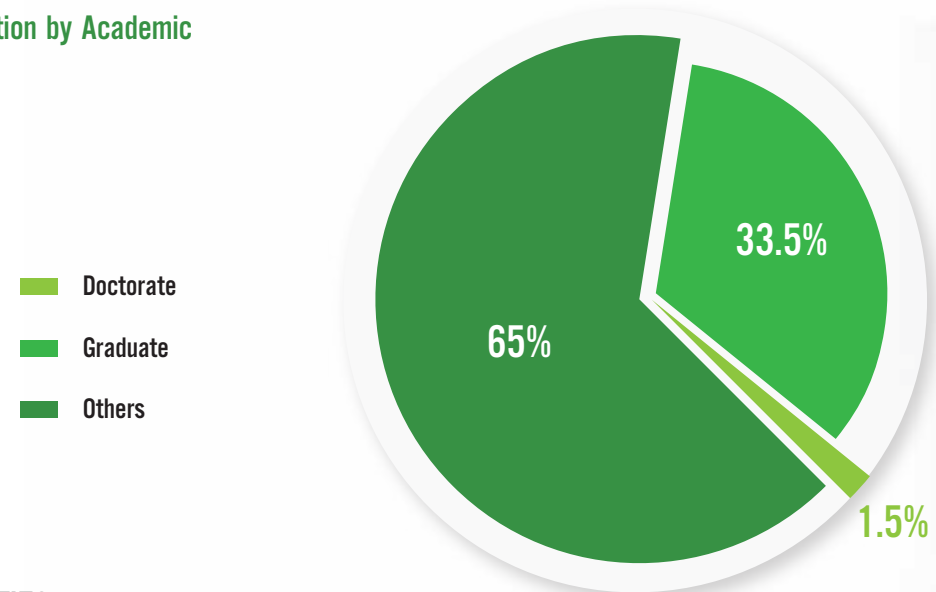
**CULTIVATE RESOURCES** *(continue)*

**Labor distribution by age**



In the year 2017, the average income of workers is 8.5 million VND / person / month, increasing 6.25% compared to 2016 (8 million VND / person). Wages and incentives are guaranteed, and health care allowances help keep workers from mental stress.

**Labor distribution by Academic**



**UNION ACTIVITIES**

In 2017, the Company organized the XXXII Trade Union Congress with the goal of ensuring jobs and raising incomes for laborers.

The Trade Union currently has 10 unions department, 08 trade unions. The Trade Union activities always receive the concern form BOM and local government.

In 2017, the employment of workers is stable, 100% of employees are provided with paid Social insurance, Health insurance. The Trade Union has cooperated with the Board of Management to ensure the

health and safety of workers. According to the annual routine, the Trade Union of the company proposes to board of directors to organize trips for employees twice a year, improving the spiritual life of laborers through cultural and art activities; provide sports and physical training at least once a year; conduct medical examination and treatment regularly. In the year, the union has cooperated with the professional organizations in organizing for workers directly engaged in production, and approving the salary increase for officials and employees. Hundreds of employees have been given training and other professional development opportunities, so that they can apply them in production and business practices of the Company.

The Trade Union Executive Committee has set up the working regulations of the Committee, the regulation of working relations between the Executive Committee of the Trade Union of the Company and the Board of Management, the General Director, building democratic regulations in enterprises, made A Council for Mediation and solving problems in some units regarding wages and bonuses, the management of supplies, raw materials and properties. In 2017, there were not any cases of labor disputes in the company. The good labor movement and promotion of technical innovations initiated by the Trade Union of the Company have been maintained and developed steadily. Over the past five years, the Company has had 892 initiatives; the total value of rewards was nearly VND 3.6 billion. The Trade Union has built a company library and coordinated with the City Library to timely update books, newspapers and documents to meet the needs of studying and improving the knowledge, professional skills and entertainment of the employees at the company.



## CULTIVATE RESOURCES *(continue)*

### OCCUPATIONAL HEALTH AND SAFETY

In addition to the company's growth, employees' life and health has been closely looked after and constantly improved. Tien Phong Plastic always makes effort to bring maximum care to its employees. The working environment of the company is safe to help employees maximize their capacity and improve work efficiency.

#### About ensuring labor safety

The labor protection equipment is fully allocated to laborers. The safety of working equipment, industrial hygiene, fire and explosion prevention at all units in the company are periodically inspected. Tien Phong Plastic has set up safety teams to inspect and supervise the implementation of food hygiene and safety, fire and explosion prevention, provision of first aid and organize occupational safety and health training for workers. The company also selects hygiene food that do not smell or adversely affect users' health.

The company applied the ISO 14001: 2015 Environmental Management System standard for employees to avoid tube noise while maintaining compliance with the 5S standard daily: "Sort, Set in order, Sweeping, Standardize and Sustain"

#### About the health care:

In 2017 the company fully paid Social insurance, Health insurance, unemployment insurance for employees. The company organizes on-the-spot health examination and treatment on a regular basis, examines occupational diseases for employees working in hazardous environment, organizes nursing care on site as well as offer staff quality health care in Sam Son - Thanh Hoa. Moreover, the company also has a policy to support the cost of medical examination for relatives of employees.

With that, the company upgraded the facilities: the kitchen ensures safety and hygiene as well as provides adequate nutrition for staff; the sport facility provides employees with the opportunity to practice, improve their health and release stress; health care facility has with all necessary equipment, promptly responds to unexpected situations ... The scheme for employees working the third shift and exposed to toxic environment, drinking water and summer soup are also offered by the company. The company always maintains collective kitchen to serve meals for employees.

The Company also has priority policies for female workers: full implementation of maternity policies, free counseling and testing related to gynecological diseases for effective prevention.





## CULTIVATE RESOURCES *(continue)*

### RECRUITMENT

Tien Phong Plastic highly values the importance of recruitment and implements it with transparency. The company also organized internship programs that attract many students at leading universities in Vietnam to have a chance to experience in the working environment through the field trip program. As a result, in 2017, the total number of employees has increased 58 people and reached 1,410.

In order to improve the quality of the staff, the company also sent staff to attend training courses to enhance their expertise at prestigious training institutions. In 2017, considerable changes such as new appointments and transfers were made for better work performance in each position to adapt to new development stages of the company.

### EDUCATION AND TRAINING

Human resource quality is a prerequisite for development and integration. Tien Phong Plastic is aware of this trend, and always focuses on building high quality human resources, in the context of increasingly fierce competition. Workers at the Company regularly receive training on their professional skills. Every semester, evaluation on employee's work efficiency is carried out, serving as the basis for rewarding, raising salary, promotion to senior positions. As a result, the employees have the conditions to develop their capacity in accordance with the requirements and culture of Tien Phong Plastic.

### HUMAN RIGHTS

Freedom and human equality are essential in all activities of Tien Phong Plastic. The company always applies policies to ensure fair treatment of employees, with the aim of building a solid unity for the success of the company.



### No discrimination

Equal treatment to all employees helps create a friendly working environment, enabling staff to develop their capacity as well as ensuring their long-term commitment to the Company. Fairness is always focused Tien Phong and presence in all activities, in particular:

All laborers who have signed official labor contracts are entitled to participate in the Collective Agreement and the Trade Union

Workers' compensation is defined and evaluated clearly

All workers are encouraged to contribute, share ideas and work together.

All employees have the same opportunities in training, capacity development and promotion.

Participation in Union and Collective Tien Phong Plastic always ensures the legitimate rights and interests of workers. Tien Phong Plastic expects all employees to participate and develop core values so that the Company is not only a working place, but also a home for everyone.

### Building united and strong cultural identity

For nearly 60 years of establishment and development, the unique precious cultural traits have been inherited and developed by Tien Phong Plastic, thus motivates the Company to overcome all difficulties and continue to be the leading company in the plastic industry.

Respect: We respect colleagues, partners and customers. We listen to all feedbacks, and commit to taking proper actions to maintain the balance in relationships.

Responsibility: We frankly admit the mistakes and take responsibility to compensate for them. Also, we do not cover our wrongdoings. Each employee should ensure his / her own responsibility for himself, his colleagues and the entire Company.

Cooperation - sharing: The spirit of solidarity is always a key factor. If each member is dissatisfied, the company will not head in the same direction towards the common goal. Sharing is a way for all individuals to connect with co-workers and partners. Openness, frankness and effort together help Tien Phong Plastic go further, keep up the pioneering position.

Innovation - Innovation: In the age of integration, each individual in the Company must be aware of his/ her responsibility to strive and contribute to the success of the company. Each change should be regarded as an opportunity for personal development. Tien Phong Plastic always encourages and facilitates each individual to share and apply innovative ideas.

### SOME COMMITMENTS OF NTP

**NO child labor:** Tien Phong plastic absolutely does not use child labor policy in production and business activities of the company.

**No forced labor:** Tien Phong Plastic always develops and applies policies to ensure fairness, no worker maltreatment and abuse. There has never been a case of forced, discriminatory or forced labor

**Rights of local people:** The company currently owns factories: in Hai Phong, Nghe An, and Binh Duong,; in addition, the company with the large distribution systems throughout Vietnam, always ensures Vietnamese local workers account for a large proportion of workforce.



## TOWARDS THE COMMUNITY

A part from thriving to achieve economic goals, Tien Phong Plastic always cares about community life and joins hands to help alleviate poverty.

With a strong sense of success, along with social responsibility, in the past few years, besides developing business and production activities, the Company has actively cooperated with mass organizations and unions to organize and participate in many community-oriented practical social programs.

### COMMUNITY ACTIVITIES OF TIEN PHONG PLASTIC IN 2017

#### Education - health - public infrastructure



**December/2017**

Tien Phong Plastic Joint Stock Company started construction of Bridge No 2 - Na Va - Na Du in Tam Kim Commune, Hung Nguyen District, Cao Bang Province. The company has awarded 20 scholarships to poor pupils in Tam Kim Primary School.

**November/2017**

Inauguration of the Bridge No. 1 in the project "Bridge Love" in Pa Khoang commune, Dien Bien district, Dien Bien province where Tien Phong Plastic also awarded 535 gifts to the pupils in the kindergarten and primary school No. 1 in Kho Khoang.



**October/2017**

Tien Phong Plastic sponsored the construction of a residential bridge acrossing Chanh Duong River in Chanh Chu Village, Thang Thuy Commune, Vinh Bao District, Hai Phong.

#### Shared difficulties with the community – Expressing gratitude to fallen heroes, veterans, military and their families

**September/2017**

NTP cooperated with Military Command of Ngo Quyen District, Hai Phong and local authorities to hold the inauguration ceremony, handing over houses of gratitude to Mr. Dinh Van Hung's family in 3/4 Hai Phong. The three-floor house has an area of 20m2 with a total construction cost of 300 million VND. In particular, Tien Phong Plastic Joint Stock Company supported 70 million VND; the rest was contributed by neighbors and other organizations.



**June/2017**

Tien Phong Plastic Joint Stock Company sponsored VND 30,000,000 to build a red cross house for Nguyen Dac Vang's family in Village 5, Lien Khe commune, Thuy Nguyen district, Hai Phong city.



Thời g



**September/2017**

Tien Phong Plastic in cooperation with the program "The Seven Wishes" presented a package of medical treatment to the family of Mr. Thach Lam Thanh (Ho Chi Minh)

**2017**

Tien Phong Plastic Joint Stock Company sponsored VND 30,000,000 to build a red cross house for Nguyen Dac Vang's family in Village 5, Lien Khe commune, Thuy Nguyen district, Hai Phong city.



#### Invested for the future of the younger generation



**December/2017**

Organized field trips and offered practical experiences for more than 300 pupils of 12th grade and teachers of Ngo Quyen High School - Hai Phong.

**December/2017**

Tien Phong Plastic took part in the City-level Science-Technology Competition for high school students from 2017 to 2018 and presented 26 gift certificates to students with excellent academic results.



**October/2017**

Tien Phong Plastic sponsored the football tournament of the VIII th Congress of Sport - Hai Phong newspapers - Tien Phong Plastic

**September/2017**

Tien Phong Plastic welcomes and organizes the visit and introduces the company to teachers of Hanoi University of Technology.



**June/2017**

Tien Phong Plastic is the main sponsor in cooperation with the Vietnam Football Federation (VFF) organizing the "International Football Championship U15 - Tien Phong Plastic Cup 2017".



TOWARDS THE COMMUNITY *(continue)*

## ORGANIZED ACTIVITIES FOR STAFF

Time	Typical Events	Activities
November /2017	Union of Tien Phong Plastic Joint – Stock Company organized the third public performance festival in 2017.	This is not only a meaningful activity for Tien Phong plastic workers but also for the community. With the spirit: "All the teams are winners, winning themselves, winning the beauty of popular art," the success of the program enriches the life of staff, helps them overcome the challenges, to achieve production and business target and build the image of a company which shares love, spreads happiness and contributes to the community.
October /2017	Tien Phong Plastic organized a trip to celebrate the Vietnamese Women's Day on October 20	The company held a 2-day 1-night tour in Quan Lan, Quang Ninh for all women female staff and workers on the occasion of 20/10- Vietnamese Women Day. The trip was attended by the Trade Union president and 240 female employees of the company. Many meaningful activities are organized on this trip to build unity and help them relax after stressful working days.
June - August /2017	Tien Phong Plastic Joint Stock Company organized the contest "Miss Tien Phong 2017 - Tien Phong Tien Tien 2017"	In order to look for representatives of brand Tien Phong Plastic, ensure sustainable development of corporate culture and strengthen the relationship between enterprises and partners, partners; Tien Phong Plastic Joint Stock Company held the contest "Miss Tien Phong 2017" contest on a national scale with the total value of cash prize of up to nearly 400 million VND including 100,000,000 VND for the winner.
July – August /2017	Summer tourism for Tien Phong Plastic' Staff	This is the annual activity that the Company organizes for all employees to create opportunities for employees to rest, visit, tourism.
June/2017	Company organizing picnic activities for children of Tien Phong Plastic employees	After the Company held a periodic conference to recognize and reward the achievement of the children's employees on June 20, 1977, the Board of Management, Trade Union and Youth Union continued to organize picnic trips in the North East of Hai Phong City for Tien Phong workers' children. This activity shows confidence in future generations, expressing the aspirations for a strong and sustainable.
May/2017	Trade Union of Tien Phong Plastic Joint Stock Company organizes mini football tournament	From May 11-19, 2017, in Hai Phong, the Trade Union of Plastic Joint Stock Company organized a mini football tournament to celebrate the Workers' Day and commemorate the 57th anniversary of the founding of the company (19/5/1960-19/5/2017). This is one of the regular physical activities of Tien Phong Joint Stock Company an important event, held annually.
May/2017	Nursing care trip to health	In May/2017, NTP successfully organized a nursing and rehabilitation trip in Sam Son, Thanh Hoa for 20 staffs of the Company.

# SUSTAINABLE DEVELOPMENT

## *and Planning in the future*

## SUSTAINABLE DEVELOPMENT GOALS FOR 2018-2020

Tien Phong Plastic is well known for its pioneering role in declaring and implementing Sustainable Development Strategies. Identifying the key values of sustainable development, Tien Phong Plastic has developed a concrete plan to define these objectives.

Tien Phong Plastic understands that in order to ensure effective development, a strong governance structure needs to be developed by issuing internal regulations to clarify the roles and responsibilities of the related parties.

Target	Solution	Deployment Program
<b>For the Sustainable economic growth and high efficiency</b>	<p>Attract foreign investment capital and transfer technology, improve product quality;</p> <p>Complete the closed value chain in the plastic industry, especially the investment in the active production of raw materials</p> <p>Improve our reputation, strengthen our brand</p> <p>Look for new investment opportunities</p> <p>Do business responsibly, Contribute to the local economy, creating jobs in where the company is operating.</p>	<p>Strengthen cooperation with partners, such as Sekisui Chemical (Japan). It will be the opportunity to import high technology from Japan in producing and marketing high-technology products.</p> <p>Seek new opportunities through positive reviews from the development prospects of the Plastic sector</p> <p>Tien Phong Plastic is one of SCIC's divestment company groups. SCIC's divestment will help Tien Phong Plastic stock increase liquidity in the market and in the long term attract more potential investors.</p> <p>Expanding business premises: factories, agents, transportation, warehouses</p>
<b>For a green and beautiful environment</b>	<p>Research and application of scientific and technological advances apart from environmental protection of production</p> <p>Carry out evaluations and selection of suppliers that comply well with social responsibility and environmental protection</p> <p>Promote internal education, use energy, raw materials wisely to save energy</p>	<p>Apply international standards for environmental protection throughout the production process, organize a rigorous monitoring system, periodically evaluate the quality of the environment</p> <p>Encourage the use of recycled products, ideas for energy savings</p>
<b>For the common development of society</b>	<p>Improve working environment and income for employees, ensuring long-term commitment</p> <p>Support community development</p>	<p>Ensure transparency in recruiting, promotion and wage payment</p> <p>Investment in training activities to develop the quality of human resources, infrastructure and welfare activities for employees</p> <p>Periodically allocate funds to community activities: support education, disaster recovery, poverty reduction.</p>



## SUSTAINABLE DEVELOPMENT MANAGEMENT MODEL

Department	Roles and responsibilities
<b>Board of Management</b>	Set up goals and orientations Capacity assessment Monitor and direct implementation
<b>Board of Director</b>	Deploy, monitor and report the progress of sustainable development activities to the Board Specify objectives into plans for each department Direct and supervise the implementation process Report periodically to the Board
<b>Member companies</b>	Carry out sustainable development activities at the unit and report to the Board of Director Implement a sustainable development plan Coordinate and support implementation at other units
<b>Board of Supervisor</b>	Monitor the implementation process independently and propose improvements Report periodically and irregularly issues arising during the implementation

In order to manage risks well in the process of achieving sustainable development objectives, Tien Phong Plastic always strictly adheres to domestic and international regulations on corporate administration. The company also develops risk management procedures to detect and prevent negative impacts that may occur during the implementation of this sustainable development plan.

### RISK MANAGEMENT

The Company actively identifies a number of key risks in its operations, thereby developing risk mitigation options to optimize the management, production and environmental protection processes.

Factor	Content	Precautions
<b>Climate change and environmental pollution</b>	Floods, waterlogging and saline intrusion Lack of clean water, new diseases with increasing danger level Loss of natural resources, biodiversity	Applying science and technology in the process of production, waste treatment and recycling Promoting internal training and propaganda in raising awareness of environmental protection, using energy saving .

Factor	Content	Precautions
<b>Human Resources</b>	The labor capacity of the labor force in comparison with the common ground of the region is not high Employees have no long-term awareness in sustainable development Increasingly diverse employment opportunities makes it possible for employees to resign from the company	Apply reasonable recruitment policy to attract highly motivated workers Strengthen internal professional training, capacity assessment, as well as counseling and support for timely response to staff. The incentive scheme is clear and positive; maintain activities to improve the material and spiritual life of the labor force
<b>Market</b>	The price of raw materials (especially oil) is unpredictable Risk of decreasing market share and competitive pressure Import materials account for a large proportion, therefore, there is a large risk of exchange rate as well as payment	Proactively research and develop technology to self-supply part of input materials Plan to store and purchase materials, select reputable suppliers Actively monitor market developments to have strategies to adjust timely
<b>Compliance and laws</b>	Change of legal documents, sector guidelines The process of integration of the country when participate in international agreements and be a members of international organizations Tien Phong Plastic increasingly expand the international cooperation	Always update and adjust the Company's operations in accordance with Vietnamese and international laws Carefully review and evaluate all terms and conditions before signing contracts and agreements, especially multinational ones. Participate in Training course to improve the professional qualifications of employees, sponsor forecellent employees to study abroad



07

# *Financial statements*

01. Report of the Board of Directors
02. Independent audited report.
03. Consolidated balance sheet.
04. Consolidated income statement
05. Consolidated cash flows 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 2017.

### 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. Tran Ba Phuc	Chairman
Mr. Nguyen Chi Thanh	Vice Chairman
Mr. Nguyen Quoc Truong	Member
Mr. Sakchai Patiparnpreechavud	Member (resigned on 16 November 2017)
Mr. Noboru Kobayashi	Member (appointed on 30 November 2017)
Mr. Dang Quoc Dung	Member

#### BOARD OF GENERAL DIRECTORS

Mr. Nguyen Quoc Truong	General Director
Mr. Nguyen Trung Kien	Deputy General Director
Mr. Chu Van Phuong	Deputy General Director
Mr. Tran Nhat Ninh	Deputy General Director
Ms. Ngo Thi Thu Thuy	Deputy General Director
Mr. Nguyen Van Thuc	Deputy General Director
Mr. Tran Ngoc Bao	Chief Accountant

### 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 financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to 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,



**NGUYEN QUOC TRUONG**

General Director

Hai Phong, 06 March 2018



# INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Tien Phong Plastic Joint Stock Company (the "Company"), prepared on 06 March 2018 as set out from page 144 to page 149, which comprise the consolidated balance sheet as at 31 December 2017, 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 01 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 financial position of the Company as at 31 December 2017, and its consolidated financial results and 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.



**PHAM HOAI NAM**  
**Deputy General Director**

Audit Practising Registration Certificate  
 No 0042-2018-001-1

For and on behalf of

**DELOITTE VIET NAM LIMITED COMPANY**

06 March 2018

Ha Noi, S.R. Vietnam

**HOANG LAN HUONG**  
**Auditor**

Audit Practising Registration Certificate  
 No 0898-2018-001-1



# SEPARATE FINANCIAL STATEMENTS BALANCE SHEET

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>2,302,419,973,083</b>	<b>1,924,007,771,544</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>124,508,048,251</b>	<b>109,949,992,376</b>
1. Cash	111		97,508,048,251	88,949,992,376
2. Cash equivalents	112		27,000,000,000	21,000,000,000
<b>II. Short – term receivables</b>	<b>130</b>		<b>1,293,192,424,218</b>	<b>1,080,153,772,818</b>
1. Short – term trade receivables	131	5	1,132,041,703,224	1,012,918,825,967
2. Short – term advances to suppliers	132		155,682,083,418	65,907,296,301
3. Short – term loan receivables	135		15,461,572,866	15,461,572,866
4. Other short – term receivables	136	6	9,395,005,268	5,551,580,750
5. Provision for short – term doubtful debts	137	7	(19,387,940,558)	(19,685,502,066)
<b>III. Inventories</b>	<b>140</b>	<b>8</b>	<b>852,974,374,152</b>	<b>716,906,126,429</b>
1. Inventories	141		864,581,501,453	722,255,123,221
2. Provision for devaluation of inventories	149		(11,607,127,301)	(5,348,996,792)
<b>IV. Other short – term assets</b>	<b>150</b>		<b>31,745,126,462</b>	<b>16,997,879,921</b>
1. Short – term prepayment	151	9	15,801,529,236	16,160,138,276
2. Value added tax deductibles	152		10,483,221,352	277,779,703
3. Taxes and other receivables from the State budget	153	10	5,460,375,874	559,961,942
<b>B. NON – CURRENT ASSETS</b>	<b>200</b>		<b>1,959,300,911,318</b>	<b>1,495,699,724,641</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>1,315,384,055,673</b>	<b>1,115,091,896,123</b>
1. Tangible fixed assets	221	11	1,276,794,538,059	1,072,128,458,290
- Cost	222		2,242,192,412,106	1,825,251,911,690
- Accumulated depreciation	223		(965,397,874,047)	(753,123,453,400)
2. Intangible assets	227	12	38,589,517,614	42,963,437,833
- Cost	228		49,435,906,053	49,371,495,144
- Accumulated depreciation	229		(10,846,388,439)	(6,408,057,311)

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>II. Long – term assets in progress</b>	<b>240</b>		<b>191,781,018,464</b>	<b>215,146,899,641</b>
1. Construction on progress	242	13	191,781,018,464	215,146,899,641
<b>III. Long – term financial investments</b>	<b>250</b>		<b>443,992,756,732</b>	<b>145,804,241,369</b>
1. Investment in subsidiaries	252	14	241,895,688,132	145,804,241,369
2. Investments in joint ventures, associates	253	14	203,432,068,600	1,500,000,000
3. Provision for impairment of long – term financial investments	254		(1,335,000,000)	(1,335,000,000)
<b>IV. Other long – term assets</b>	<b>260</b>		<b>8,143,080,449</b>	<b>19,491,687,508</b>
1. Long – term prepayments	261	9	8,143,080,449	19,491,687,508
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>4,261,720,884,401</b>	<b>3,419,707,496,185</b>

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>2,175,715,167,768</b>	<b>1,586,272,393,428</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,932,727,830,711</b>	<b>1,399,002,982,324</b>
1. Short – term trade payables	311	15	269,939,060,091	147,852,073,973
2. Short – term advances from customers	312		1,836,473,847	1,724,145,838
3. Taxes and amounts payable to the State budget	313	10	9,310,580,274	46,552,914,696
4. Payable to employees	314		47,647,861,600	65,275,007,414
5. Short – term accrued expense	315	16	113,505,433,496	105,454,849,655
6. Other current payables	319	17	16,695,865,731	37,325,508,642
7. Short – term loans and obligations under finance lease	320	18	1,455,610,252,041	994,091,869,202
8. Bonus and welfare funds	322		18,182,303,631	26,612,904
<b>II. Long – term liabilities</b>	<b>330</b>		<b>242,987,337,057</b>	<b>187,269,411,104</b>
1. Long – term loans and obligations under finance leases	338	19	237,987,337,057	174,269,411,104
2. Scientific and technological development fund	343		5,000,000,000	13,000,000,000



## SEPARATE FINANCIAL STATEMENTS BALANCE SHEET

As at 31 December 2017 (continue)

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>D. EQUITY</b>	<b>400</b>		<b>2,086,005,716,633</b>	<b>1,833,435,102,757</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>20</b>	<b>2,085,365,716,633</b>	<b>1,832,795,102,757</b>
1. Owners' contributed capital	411		892,403,020,000	743,673,070,000
2. Investment and development fund	418		732,244,784,945	722,568,011,805
3. Retained earnings	421		460,717,911,688	366,554,020,952
- Retained earnings accumulated to the prior year end	421a		46,600,157,126	46,595,497,222
- Retained earnings of the current year	421b		414,117,754,562	319,958,523,730
<b>II. Other resources and funds</b>	<b>430</b>		<b>640,000,000</b>	<b>640,000,000</b>
1. Subsidised fund	431		640,000,000	640,000,000
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>4,261,720,884,401</b>	<b>3,419,707,496,185</b>



**LUU THI MAI**

Prepared  
06 March 2018



**TRAN NGOC BAO**  
Chief Accountant



**NGUYEN QUOC TRUONG**  
General Director

## INCOME STATEMENT

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Notes	Curent year	Prior year
<b>1. Gross revenue from goods sold</b>	<b>01</b>	<b>22</b>	<b>4,443,654,817</b>	<b>4,365,542,818,334</b>
2. Deductions	02	22	13,522,817,199	11,379,763,317
<b>3. Net revenue from goods sold (10=01-02)</b>	<b>10</b>	<b>22</b>	<b>4,430,131,549,618</b>	<b>4,354,163,055,017</b>
4. Cost of sales	11	23	2,957,522,656,826	2,784,214,064,693
<b>5. Gross profit from goods sold (20=10-11)</b>	<b>20</b>		<b>1,472,608,892,792</b>	<b>1,569,948,990,324</b>
6. Financial income	21		2,464,646,492	2,389,306,989
7. Financial expenses	22	25	76,655,094,764	55,727,234,061
In which: Interest expenses			75,894,178,185	54,808,958,942
8. Share of the net profit of joint ventures, associates	24		109,389,221,763	7,616,268,824
9. Selling expenses	25	26	779,346,980,968	877,567,271,991
10. General and administration expense	26	26	181,748,344,124	193,387,465,095
<b>11. Operating profit (30=20+(21-22)+24-(25+26))</b>	<b>30</b>		<b>546,712,341,191</b>	<b>453,272,594,990</b>
12. Other income	31		11,454,484,100	1,069,776,637
13. Other expenses	32		1,181,508,000	7,006,070,515
<b>14. Profit/(loss) from other activities (40=31-32)</b>	<b>40</b>		<b>10,272,976,100</b>	<b>(5,936,293,878)</b>
<b>15. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>556,985,317,291</b>	<b>447,336,301,112</b>
16. Current corporate income tax expense	51	27	64,450,029,482	49,762,725,006
<b>17. Net profit after corporate income tax (60=50-51)</b>	<b>60</b>		<b>492,535,287,809</b>	<b>397,573,576,106</b>
18. Basic earnings per share	70	29	5,519	4,160



**LUU THI MAI**

Prepared  
06 March 2018



**TRAN NGOC BAO**  
Chief Accountant



**NGUYEN QUOC TRUONG**  
General Director



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	01	556,985,317,291	447,336,301,112
<b>2. Adjustments for:</b>			
Depreciation and amortization of fixed assets	02	222,093,231,056	204,079,917,231
Provisions	03	5,960,569,001	1,915,626,262
(Gain) from investing activities	05	(111,489,852,210)	(8,165,732,077)
Interest expense	06	75,894,178,185	54,808,958,942
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>749,443,443,323</b>	<b>699,975,071,470</b>
Changes in receivables	09	(168,139,628,290)	(277,055,790,394)
Changes in inventories	10	(142,326,378,232)	24,395,927,234
Changes in payables (excluding accrued loans interest and corporate income tax payable)	11	41,526,193,295	39,784,568,881
Changes in prepaid expense	12	11,707,216,099	55,759,189,312
Interest paid	14	(76,304,371,907)	(28,262,646,814)
Corporate income tax paid	15	(78,432,006,949)	(59,973,138,593)
Other cash outflows	17	(14,281,223,205)	(19,508,472,125)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>323,193,244,134</b>	<b>435,114,708,971</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition and construction of fixed assets and other long – term assets	21	(429,065,691,705)	(327,575,230,553)
Proceeds from sale, disposal of fixed assets and other long – term assets	22	18,181,8180	61,132,800
Cash outflow for lending, buying debt instruments of other entities	23	(150,000,000,000)	-
Cash recovered from lending, selling debt instruments of other entities	24	-	100,000,000
Investments in other entities	25	(46,784,068,600)	-
Interest earned, dividends and profits received	27	2,247,516,085	1,761,182,233
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(623,584,062,402)</b>	<b>(325,652,915,520)</b>

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	3,299,502,292,014	2,625,226,308,867
2. Repayment of borrowings	34	(2,776,325,657,870)	(2,598,395,653,051)
3. Dividend paid	36	(208,227,760,001)	(266,483,698,000)
<b>Net cash generated by/(used in) financing activities</b>	<b>40</b>	<b>314,948,874,143</b>	<b>(239,653,042,184)</b>
<b>Net increase/(decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>14,558,055,875</b>	<b>(130,191,248,733)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>109,949,992,376</b>	<b>240,141,241,109</b>
<b>Cash and cash equivalents at the end of the year (70=50+60)</b>	<b>70</b>	<b>124,508,048,251</b>	<b>109,949,992,376</b>



**LUU THI MAI**  
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06 March 2018



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