



**TIEN PHONG PLASTIC**

**THE**  
*Eco-*  
**PIONEER**

**ANNUAL  
REPORT  
2021**

# 2021 Highlights

## Awards

### Vietnam Gold Star 2021



Tien Phong Plastic Joint Stock Company has passed the selection round with strict criteria and overcame 294 businesses to win the TOP 100 Vietnam Gold Star Award. This is also the second year that Tien Phong Plastic JSC has received this prestigious award.



### TOP 100 Vietnam Strong Brands 2021



2020 - 2021 is also the 5th year in a row that Tien Phong Plastic Joint Stock Company has reached the TOP 100 Vietnam Strong Brands. This is a precious recognition for the efforts that Tien Phong Plastic JSC has made to overcome the difficulties and fierceness of the pandemic, and supported the disease prevention campaigns as well as economy recovery

## CHARITY ACTIVITIES

### CAU NOI YEU THUONG Programme

In 2021, Vietnam suffered a strong outbreak of the Covid-19 epidemic, especially in the southern region, causing a heavy impact on the production and business activities. Epidemic prevention is a top priority, so all activities are delayed. But with the spirit of mutual support, Tien Phong Plastic has collaborated with the Tu Tam Volunteer group to build 20 bridges in remote areas, made it 80 in total across the country.



### Activities to support epidemic prevention

- Donated 18 large capacity air purifiers up to 10,000m<sup>3</sup>/h for use at field hospital No. 16 in Ho Chi Minh City
- Donated 02 Bennet 840 ventilators worth 1.3 billion VND for deep intervention for Children's Hospital 2
- Donating 03 billion VND to Hai Phong's Covid-19 vaccine fund, helping the city to afford more than 1 million doses of vaccine, meeting the needs of about 30% of local people.

## FINANCIAL INFORMATION

Consolidated net revenue

**4,995.4**  
Billion

Consolidated profit after tax

**467.76**  
Billion

Market capitalization

**7,067,770,980,000**  
VND



Employees (2021)

**1,300**  
People



Selling unit

**>300**



Distribution Center

**9**

## TABLE OF ABBREVIATIONS

<b>COMPANY</b>	:	Tien Phong Plastics Joint-stock Company	<b>SB</b>	:	State Budget
<b>SM</b>	:	Shareholders Meeting	<b>LTD</b>	:	Limited
<b>YU</b>	:	Youth Union	<b>COGS</b>	:	Cost Of Goods Sold
<b>BOM</b>	:	Board Of Management	<b>NR</b>	:	Net Revenue
<b>BOD</b>	:	Board Of Directors	<b>ST</b>	:	Stock Exchange
<b>O&amp;E</b>	:	Office And Employees	<b>BOS</b>	:	Board Of Supervisor
<b>SCIC</b>	:	State Capital And Investment Corporation	<b>EBITDA</b>	:	Earnings Before Interest, Tax, Depreciation And Amortization
<b>BP</b>	:	Business Production	<b>EBIT</b>	:	Earnings Before Interest And Tax,
<b>JSC</b>	:	Joint Stock Company	<b>NTP</b>	:	Tien Phong Plastics Joint-stock Company
<b>FR</b>	:	Financial Report	<b>WHO</b>	:	World Health Organization
<b>PBT</b>	:	Profit Before Tax	<b>GMS</b>	:	General Meeting of Shareholder
<b>PAT</b>	:	Profit After Tax	<b>GMS</b>	:	Research and Development

# TABLE OF CONTENT

## ANNUAL REPORT 2021

2	2021 Highlights	
4	Table of abbreviations	
<b>1</b>	<b>General Information</b>	<b>9</b>
10	Message from the Chairman of the Board of Directors	
12	General information of Tien Phong Plastic Joint Stock Company	
14	Company's history and development	
16	Company scale	
20	Main products	
<b>2</b>	<b>Company Introduction</b>	<b>22</b>
<b>A</b>	<b>SHAREHOLDERS INFORMATION</b>	<b>22</b>
<b>B</b>	<b>ORGANIZATION &amp; MANAGEMENT STRUCTURE</b>	<b>26</b>
26	Board of Directors	
29	Executive Board	
32	Audit Committee	

<b>3</b>	<b>Corporate Governance</b>	<b>36</b>
<b>4</b>	<b>Development strategy in 2022</b>	<b>92</b>
<b>5</b>	<b>Sustainable Development Report</b>	<b>94</b>
<b>6</b>	<b>Financial statements</b>	<b>97</b>
98	Statement of The Board of General Directors	
100	Independent auditors' report	
102	Consolidated balance sheet	
104	Consolidated income statement	
106	Consolidated cash flow statement	

# 1

## GENERAL INFORMATION

- 10 **Message from the Chairman of the Board of Directors**
- 12 **General information of Tien Phong Plastic Joint Stock Company**
- 14 **Company's history and development**
- 16 **Company size**
- 20 **Main products**



## THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear our valued shareholders,

**Year 2021 has brought us unprecedented economic and social challenges due to the adverse impact of COVID-19 pandemic, particularly the devastating 4th wave of outbreak wreaking havoc in Southern Vietnam. Although the proactive and drastic measures taken by the Government meant that GDP growth in 2021 would still be an estimated 2.58%, businesses and enterprises in general suffered severe setbacks.**



Under such circumstance, the Board of Directors and staff of Tien Phong Plastic Joint Stock Company, from North to South, took prudent actions with exceptional resilience and flexibility in business operations, which turned “challenges” into “opportunities”. As a result, not only did Tien Phong Plastic overcame the hurdles set by the pandemic but also attained outstanding business results and the best-in-class achievements within Vietnam's construction plastic pipes and fittings industry in 2021: 4,823.51 Billion VND net revenue, over 465 Billion VND after-tax profit, which was a 4% increase compared to 2020's. Most importantly, Tien Phong Plastic successfully protected all of its employees from COVID-19 using rigorous preventative measures, continuously updating information to raise awareness and especially administered the 3th dose of vaccination for more than 1300 employees as quickly as humanly possible. Last but not least, Tien phong Plastic participated in numerous communal activities in the fight against the pandemic and to ensure a eco-friendly and socially-responsible business and growth.

In addition to the pandemic, Tien Phong Plastic had to face ever more unpredictable fluctuations in imported material price from the beginning of 2021 till mid-October 2021. This was also the common denominator for all businesses trying to find their equilibrium among price, cost and profit when domestic supply was limited. We are proud that, for the last 10 years, Tien Phong Plastic has had contingencies to withstand the market's instability and to offer the most competitive price relative to its peers, providing maximum utility for consumers, distribution network and shareholders.

In 2021, the overarching motto of Tien Phong Plastic was “Pioneer of Eco-Friendly Growth”, which expressed the business' resolution in creating an eco-friendly and safe living space. Hence, R&D and production of new product lines reflected this maxim of ours, exemplified by PE diaphragm- a first-in-class product for intensive shrimp farming on land, ensuring export standards for livestock are met and in part spear-heading a new direction for aquaculture.

Given positive forecasts of the economy's recovery, I have great faith that Tien Phong Plastic will march into 2022 with unrivaled perseverance and continue to set new records in eco-friendly growth, to bring about sustainable development and promote social values.

On behalf of the Board of Directors, I am humble to express my gratitude for your everlasting trust, support and invaluable companionship for Tien Phong Plastic, no matter how hard the time gets. I also sincerely thank the Executive Board and all levels of management and employees for their unyielding efforts in 2021. I wish you great health, happiness and ever more success!

Sincerely thank you!

Haiphong, March 2022

ON BEHALF OF BOARD OF DIRECTORS

Chairman of the Board



Dang Quoc Dung

# General Information of Tien Phong Plastic JSC

## TIEN PHONG PLASTIC JOINT STOCK COMPANY

### Name of Company:

Tien Phong Plastic Joint Stock Company

### Stock symbol:

NTP

### Certificate of Business Registration:

No. 0200167782

(issued by Hai Phong City Department of Planning and Investment on December 30, 2004 and Amended business registration certificates.)

### Authorized capital:

VND 1.177.961.830.000

### Representative Office:

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

### Headquarter:

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

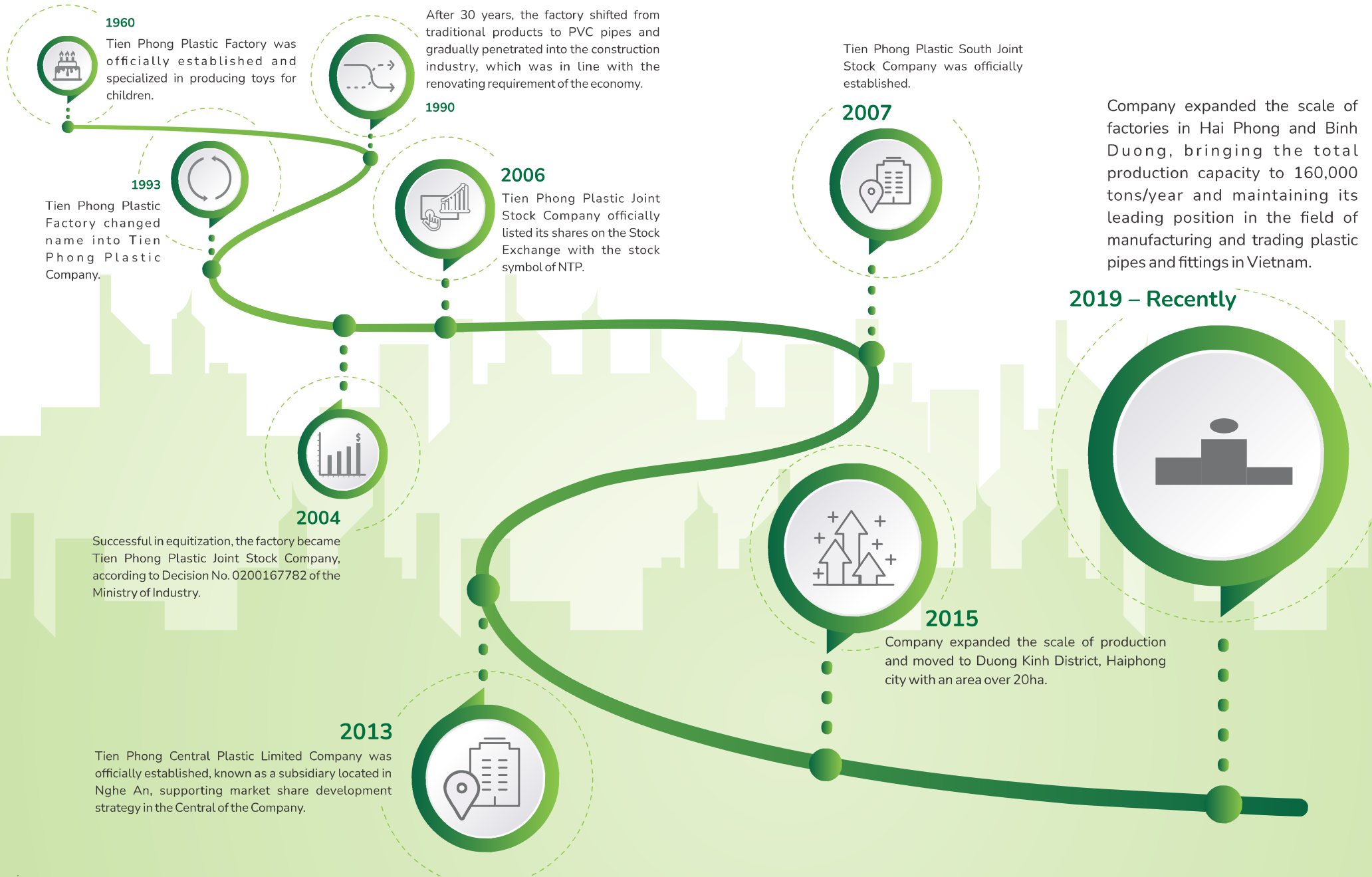
Phone number: + (84-225) 381 3979

Fax: + (84-225) 381 3989

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



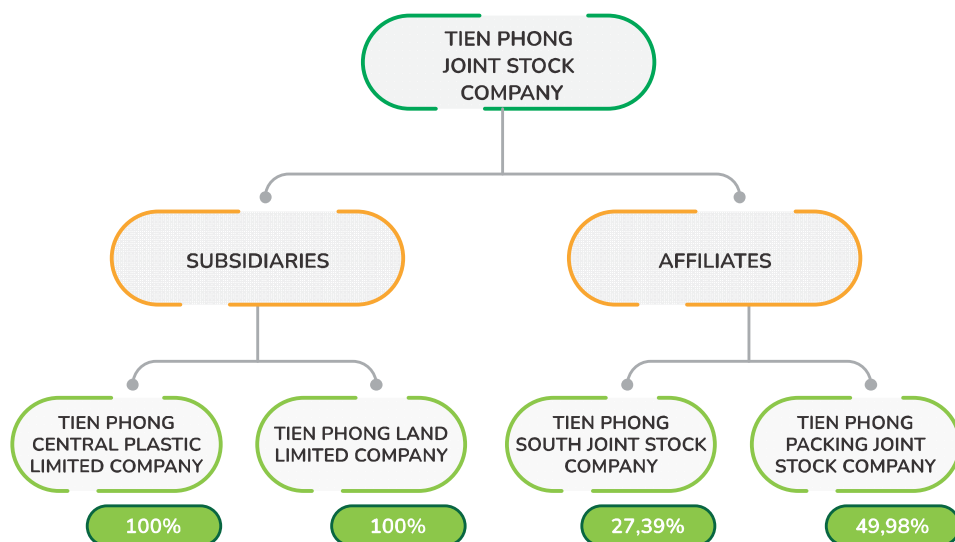
## HISTORY AND DEVELOPMENT





## COMPANY SCALE

### Company scale chart



### Subsidiaries and Affiliates

No.	Company name	Address	Charter Capital	NTP ownership rate	Main functions
1	Tien Phong Central Plastic Limited Company	Lot C, Nam Cam Industrial Zone, Nghi Loc District, Nghe An Province, Vietnam	VND 120 billion	100%	Manufacturing and trading civil and industrial plastic products
2	Tien Phong Land Limited Company	No. 2 An Da Street, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam	VND 20 billion	100%	Doing businesses in terms of real estate, land use rights and transport business, civil and industrial plastic products.
3	Tien Phong Plastic South Joint Stock Company	Dong An 2 Industrial Zone, Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam	VND 279.275 billion	27.39%	Manufacturing and trading civil and industrial plastic products
4	Tien Phong Packing Joint Stock Company	No. 2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam	VND 10 billion	49.98%	Manufacturing PP Plastic packaging, cement packaging, different types of paper, complex assemblies and other plastic products.

## Business sectors and location

### Plastic construction sector

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



**09** Distribution Centers



**300**

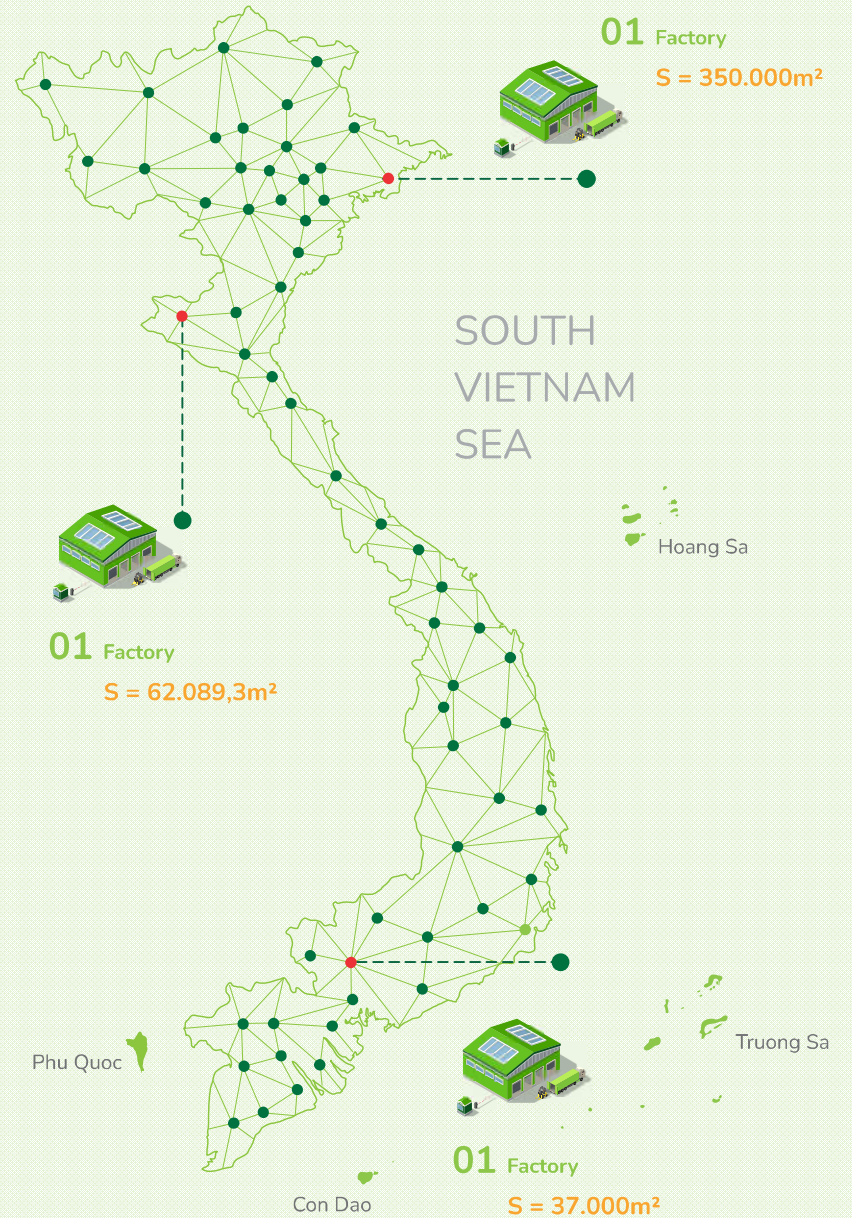
Agents

**20.000**

Points of sale

### Business area

In order to ensure timely supply, Tien Phong Plastic operates 03 factories all day and night in Haiphong city, Binh Duong province and Nghe An province. Over 60 years of adhering its brand, the Company has 09 distribution centers, more than 300 agents and nearly 20,000 points of sale nationwide.



## Main products

**OLD**

### Pipe and fittings for electrical system installation

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

**PP-R**

### PP-R pipe and fittings

Standard: DIN 8077 and DIN 8078  
Nominal diameter: From DN20 to DN250  
Nominal pressure: From PN10 to PN25  
Including: PP-R pipe and fittings and PP-R UV resistance.

**HDPE**

### HDPE pipe and fittings

Standard: ISO 4427 (TCVN 7305)  
Nominal diameter: From DN21 to DN2000  
Nominal pressure: PN6 to PN25  
Including: Pipe, compression fittings and fabricated fittings.

**uPVC  
ISO 3633**

### uPVC pipe and fittings for drainage in building

Standard: ISO 3633 (TCVN 12119)  
Nominal diameter: From DN34 to DN315  
Including: Pipe and fittings for drainage

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

Standard: ISO 1452 (TCVN 8491)  
Nominal diameter: From DN21 to DN800  
Nominal pressure: From PN4 to PN20  
Including: Pipes and fittings for water supply and for buried and above-ground drainage and sewerage under pressure.

**uPVC  
ISO 1452**

**MPVC**

### OTHER PRODUCTS

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

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

### MPVC pipe

Standard: AS/NZS 4765 (TCVN 11822)  
Nominal diameter: From DN110 to DN400  
Nominal pressure: From PN6 to Pn18

**PVC**

inner spiral pipe

### PVC inner spiral pipe

Nominal diameter : From DN110 to DN60  
Range of application: skyscraper drainage  
Cooperate product and technology transfer between Tien Phong Plastic and Sekisui (Japan)  
Including: Pipe and fittings

**PE/PP**

### PP/PE double wall corrugated pipe

Standard: ISO 21138-3 (TCVN 11821-3) và BSEN 13476-3  
Nominal diameter: From DN150 to DN1000  
Stiffness class: SN4 to Sn12

**PE**

### PE Wall (Material: HDPE)

Range of application: Assembled into ponds for aquaculture (shrimp, fish, etc.) as well as freshwater storage in drought and mangrove area.  
Required pond diameter: 17-45 (m)

**HDPE  
single**

### HDPE single wall corrugated pipe and fittings

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

**MLDD**

### uPVC Cable trunkings

Standard: BS 4678



# 2 COMPANY INTRODUCTION

## SHAREHOLDERS INFORMATION

### Information of Nhua Tien Phong shares in 2021

Stock symbol: NTP

Number of outstanding shares (As of 31/12/2021): 117,796,183 common shares

Market capitalization (As of 31/12/2021): 7,067,770,980,000 VND

#### Price of trading shares

Price of trading shares	Date	Price (VND/shares)
Closing	31/12/2021	60.000
Lowest	28/01/2021	32.400
Highest	25/11/2021	65.000
Average		46.900

#### Trading volume

Trading volume	Date	Volume (Shares)
Closing	31/12/2021	168.700
Lowest	13/7/2021	1.900
Highest	14/4/2021	3.258.807
Average		137.000

#### 2021 share price performance



In the context of positive movement of Vietnam stock market in 2021, ending transaction session as of 31/12/2021, VN-index officially increased by 12 points, hit 1,498.28 points, equivalent to an increase of 395 points (+36%) within 01 year, reaching the historical milestone of 1,500.81 points (Trading session dated November 25th, 2021)

In direct proportion to market boom, Nhua Tien Phong shares also achieved a breakthrough when prices increased by 64.4% in 2021 with share price of ended trading session 2021 at 60,000 VND/shares.

#### Authorized capital raising process

No.	Issued Object	Increased capital (Billion VND)	New total contributed capital (Billion VND)	Number	Date of Issue
1	Founding shareholder		90,0	No. 0200167782	First issuance on 30/12/2004
2	Bonus shares for existing shareholders	54,5	144,5	23/2006/GCNCP-TTLK	07/12/2006
3	Bonus shares for existing shareholders	72,23	216,7	23/2006/GCNCP-TTLK-1	16/07/2007
4	Bonus shares for existing shareholders	216,7	433,4	23/2006/GCNCP-VSD-2	13/04/2011
5	Bonus shares for existing shareholders	130	563,4	23/2006/GCNCP-VSD-3	03/07/2014
6	Bonus shares for existing shareholders	56,3	619,7	23/2006/GCNCP-VSD-4	15/07/2015
7	Bonus shares for existing shareholders	123,9	743,7	23/2006/GCNCP-VSD-5	17/06/2016
8	Bonus shares for existing shareholders	148,7	892,4	23/2006/GCNCP-VSD-6	03/07/2017
9	Bonus shares for existing shareholders	89,2	981,6	23/2006/GCNCP-VSD-7	21/11/2019
10	Bonus shares for existing shareholders	196,3	1.177,9	23/2006/GCNCP-VSD-8	23/07/2020

### Shareholder structure as of 31/12/2021

No.	List	Number of shares	Ratio (%)	Number of shareholders	Structure of shareholders	
					Entity	Individual
1	State shareholders	43,707,754	37.1	01	01	
2	Major shareholders	40,840,172	34.7	04	02	02
3	Trade Union	1,967,400	1.67	01	01	
4	Treasury shares	0	0	0		
5	Other shareholders	31,280,857	26.5	2,446	36	2,110
6	Total	117,796,183	100	2,452	40	2,412
In which:						
- Domestic				2,350	19	2,331
- Foreign				102	21	81

### Major shareholder structure as of 31/12/2021:

No.	Name of shareholder	Number of owned shares	Owning proportion (%)
1	State Capital and Investment Corporation	43,707,754	37.1
2	Sekisui Chemical Co., Ltd	17,669,580	15
3	Tien Phong Plastic South Joint Stock Company	6,680,609	5.67
4	Mr. Dang Quoc Dung	8,096,335	6.87
5	Ms. Le Thi Thuy Hai	8,393,648	7.125

<b>Total of shares</b>	<b>117,796,183</b>
Type of outstanding shares: common shares	117,796,183
Number of freely transferred shares	117,796,183
Number of restricted shares	0

### Number of shares owned by Members of the Board of Directors as of 31/12/2021:

No.	Name	Position	Number of shares	Ownership (%)
<b>THE BOARD OF DIRECTORS</b>				
1	Dang Quoc Dung	Chairman of the BOD	8,096,335	6.87
2	Noboru Kobayashi	Vice Chairman of the BOD	0	0
3	Chu Van Phuong	BOD Member	0	0
4	Tran Ngoc Bao	BOD Member	264,000	0.224
5	Nguyen Viet Phuong	BOD Member	0	0
6	Dao Anh Thang	BOD Member	161,990	0.138
<b>THE BOARD OF MANAGEMENT</b>				
1	Chu Van Phuong	General Director	0	0
2	Nguyen Van Thuc	Deputy General Director	4,075	0
3	Ngo Thi Thu Thuy	Deputy General Director	452	0
4	Tran Nhat Ninh	Deputy General Director	8,614	0
5	Tran Ngoc Bao	Chief Accountant	264,000	0.224



## ORGANIZATION AND MANAGEMENT STRUCTURE

### THE BOARD OF DIRECTORS



**Mr. Dang Quoc Dung**  
Chairman of the BOD

Born: 1968

**Professional qualification:** Bachelor Economics (Vietnam Commerce University)

**Working process:**

2002 - 2005: Director of Huong Minh Limited Company

2007 - now: Chairman of BOD of Tien Phong Plastic South Joint Stock Company

2007 - 2017: Member of the BOD of Tien Phong Plastic Joint Stock Company.

2018 - April/2019: Vice Chairman of Tien Phong Plastic Joint Stock Company.

April/2019 - now: Chairman of Tien Phong Plastic Joint Stock Company.



**Mr. Chu Van Phuong**  
BOD Member  
General Director

Born: 1972

**Professional Qualification:** Master Business Administration (National Economics University).

**Working Process:**

2007-2012: Held different positions such as Deputy Manager of Sales Department, Head of Sales Department of Tien Phong Plastic JSC.

2012-2018: Deputy General Director of Sales of Tien Phong Plastic JSC.

4/2018 - now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company.

2019 - now: General Director of Tien Phong Plastic Joint Stock Company.



**Mr. Noboru Kobayashi**  
Vice Chairman of the BOD

Nationality: Japanese

Born: 1966

**Professional qualification:** Chemical Engineering.

**Working process:**

2017 - now: General Director of SEKISUI Vietnam Co., Ltd.

2017 - April/2019: Member of the Board of Director of Tien Phong Plastic Joint Stock Company.

April/2019 - now: Vice Chairman of Tien Phong Plastic Joint Stock Company.

Member of the Board of Directors of Tien Phong South Plastic JSC.



**Mr. Tran Ngoc Bao**  
BOD Member  
cum Chief Accountant

Born: 1976

**Professional Qualification:** Bachelor of Economics (Academy of Finance) and Certified CPA Auditor

**Working process:**

2000 - 2009: Director of Hai Phong Branch - Deloitte Vietnam Co., Ltd.

2010: Chief Accountant of Vung Tau Branch - Petroleum Machinery and Spare Parts Company.

2010 - 2012: Head of Supervisory Board of Tien Phong Plastic JSC.

2012 - now: Chief Accountant of Tien Phong Plastic JSC.

4/2018 - now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company.

## THE BOARD OF DIRECTORS



**Mr. Nguyen Viet Phuong**  
BOD Member

Born: 1979

**Professional Qualification:** Master of Business Administration (National Economics University).

**Working process:**

2004 – 2000: Executive of Appraisal Department, Central Development Assistance Fund.

2005 - 2007: Deputy Manager of Administration and Secretariat Department, Central Development Assistance Fund.

2007 - 2008: Head of Foreign Capital Management, No. 1 Trading Department of Vietnam Development Bank.

2009 - 2015: Deputy Manager of Export Credit Department of Head Office of Vietnam Development Bank

2020 - now: Deputy Manager of No. 3 Investment Department of State Capital and Investment Corporation

Vice Chairman of the BOD of Ha Giang mechanics and minerals Joint Stock Company

BOD member of Tien Phong Plastic Joint Stock Company



**Mr. Dao Anh Thang**  
Independent BOD Member  
cum Head of Audit Committee

Born: 1991

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

**Working process:**

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

## EXECUTIVE BOARD



**Mr. Chu Van Phuong**  
BOD Member  
General Director

Born: 1972

**Professional Qualification:** Master Business Administration (National Economics University).

**Working Process:**

2007-2012: Held different positions such as Deputy Manager of Sales Department, Head of Sales Department of Tien Phong Plastic JSC.

2012-2018: Deputy General Director of Sales of Tien Phong Plastic JSC.

4/2018 – now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company.

2019 - now: General Director of Tien Phong Plastic Joint Stock Company.



**Mr. Nguyen Van Thuc**  
Deputy General Director  
of Internal Affairs

Born: 1969

**Professional Qualification:** Bachelor of Economics (National Economics University).

**Working process:**

2005-2015: Held different positions of Tien Phong Plastic JSC such as Deputy Manager of Labor Organization, Manager of Labor Organization Division, and Head of Labor Organization Department.

2015 - now: Deputy General Director of Internal Affairs of Tien Phong Plastic JSC.

## EXECUTIVE BOARD



### Ms. Ngo Thi Thu Thuy

Deputy General Director of Production

Born: 1970

**Professional Qualification:** Chemical Engineering Engineer, Business engineering (Hanoi University of Technology).

**Working process:**

2004-2014: Held different positions of Tien Phong Plastic JSC such as Deputy Manager, Head of Production Techniques and Quality Management.

2014 - now: Deputy General Director of Production of Tien Phong Plastic JSC.



### Mr. Tran Nhat Ninh

Deputy General Director of Technique

Born: 1971

**Professional Qualification:** Mechanical Engineer, Business engineering, (Hanoi University of Technology).

**Working process:**

2005-2014: Held different positions of Tien Phong Plastic JSC such as Deputy Manager of the factory, Deputy Head of Research and Design and Head of Research and Design.

2014 - now: Deputy General Director of Engineering of Tien Phong Plastic JSC.



### Mr. Tran Ngoc Bao

BOD Member cum Chief Accountant

Born: 1976

**Professional Qualification:** Bachelor of Economics (Academy of Finance) and Certified CPA Auditor

**Working process:**

2000 - 2009: Director of Hai Phong Branch - Deloitte Vietnam Co., Ltd.

2010: Chief Accountant of Vung Tau Branch - Petroleum Machinery and Spare Parts Company.

2010 - 2012: Head of Supervisory Board of Tien Phong Plastic JSC.

2012 - now: Chief Accountant of Tien Phong Plastic JSC.

4/2018 - now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company.



## AUDIT COMMITTEE



Born: 1991

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

**Working process:**

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

**Mr. Dao Anh Thang**

Independent BOD Member  
cum Head of Audit Committee



Born: 1979

**Professional Qualification:** Master of Business Administration (National Economics University).

**Working process:**

2004 – 2000: Executive of Appraisal Department, Central Development Assistance Fund.

2005 - 2007: Deputy Manager of Administration and Secretariat Department, Central Development Assistance Fund.

2007 - 2008: Head of Foreign Capital Management, No. 1 Trading Department of Vietnam Development Bank.

2009 - 2015: Deputy Manager of Export Credit Department of Head Office of Vietnam Development Bank

2020 - now: Deputy Manager of No. 3 Investment Department of State Capital and Investment Corporation

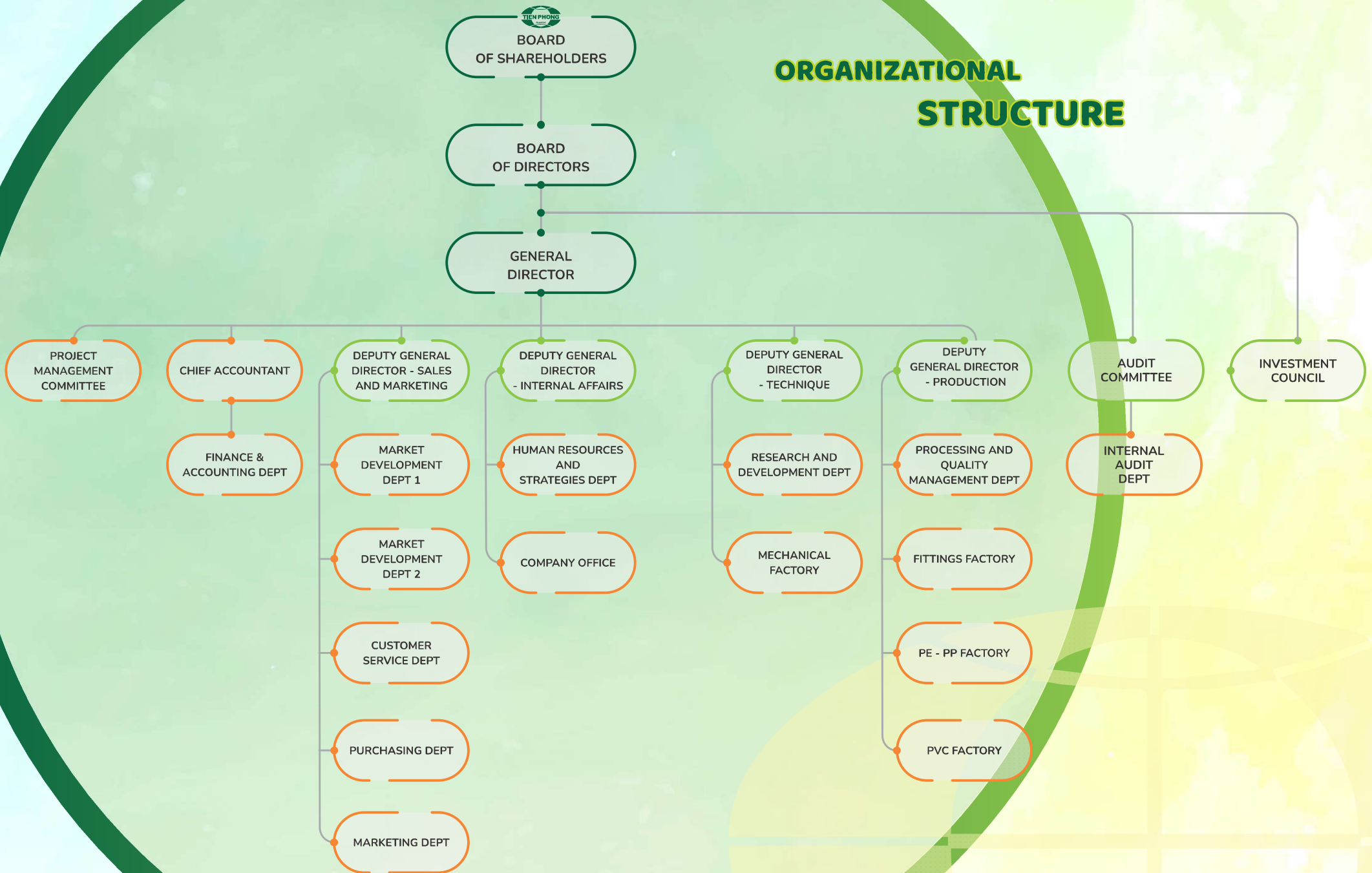
Vice Chairman of the BOD of Ha Giang mechanics and minerals Joint Stock Company

BOD member of Tien Phong Plastic Joint Stock Company

**Mr. Nguyen Viet Phuong**

BOD Member

# ORGANIZATIONAL STRUCTURE



# 3 CORPORATE GOVERNANCE

## 1. Plastic industry market overview in 2021

### 1.1. Plastic market in 2021

#### A Global plastic industry

According to GLOBE NEWSWIRE forecast, the global plastic market size is forecasted to reach \$ 616.82 billion by 2028, at the Compounded Annual Growth rate (CAGR) of 5.0%. The skyrocketing demand for personal protective equipment such as masks and gloves amid COVID-19 will emerge as a key growth driver for this market.  
Global competitive landscape:

##### > Big companies are focusing on new product development

With the aim of broadening their business horizons, key players in the market are focusing on developing innovative products and solutions. These innovations help to create a niche in the plastics industry and step by step promote sustainability in this industry, which will drive the plastic market further growth.

##### > Impact of the Covid-19 pandemic

Personal protective equipment products are mostly made from plastic because the material is easy to use for mass production. The coronavirus pandemic has led to an unprecedented spike in demand from the healthcare industry as frontline workers are constantly in contact with COVID patients and need adequate protection.  
According to the World Health Organization (WHO), every month about 89 million medical masks and 76 million disposable gloves are needed to fight the virus. In March 2020, WHO urged companies to increase their production capacity by 40%. As a result, the pandemic is creating lucrative opportunities for the industry.

##### > Risk to the environment

The widespread and widespread use of plastic products globally has increased the problem of pollution and is expected to increase over the next few decades. According to a model developed by researchers from the University of Leeds, University of Oxford, SYSTEMIQ and The Pew Charity Trusts, more than 1.3 billion tonnes of waste will be dumped into the oceans and on land between 2016 and 2040. Currently, research shows that about 30 million tons of plastic are dumped on land, 50 million tons are burned, and 11 million tons will end up in the ocean. Furthermore, burning it is said to lead to a serious increase in air pollution.

##### > The prospect of bioplastics

Bioplastics are a sustainable alternative to petroleum-based plastics and derived from renewable raw materials. The potential to reduce carbon dioxide emissions is 30-70%. Compared with conventional petroleum plastics, bioplastics require 65% less energy to produce. The use of bioplastics in various applications has increased greatly due to its advanced properties. In recent years, bioplastics have dominated the plastics market thanks in part to regulatory support in many countries.

#### B Overview of Vietnam's plastic industry

According to Motor Intelligence's assessment, the Vietnamese plastic market is assessed at more than 7 million tons by 2020 and is expected to achieve a compound annual growth rate of over 10% during the forecast period 2021-2026.

Up to now, this industry has more than 4,000 enterprises, of which more than 99% are private enterprises, concentrated mainly in the South region (accounting for over 80% of the country's plastic enterprises) because this is where plastic packaging products are consumed the most in many processing industrial zones.

##### > Extrusion technology remains the core of production.

In Vietnam, extrusion technology is used to manufacture products such as PVC, PE pipes, aluminum and plastic pipes, fibers, PVC doors, frames, roofing and wall coverings. The extrusion molding process has low production costs and fast set-up time, so it is mainly used in construction activities and the production of PVC, HDPE, PPR pipes, profile bars, etc.

According to the plastic industry development plan to 2020, the plastic industry will be restructured in the direction of reducing the proportion of packaging plastic and consumer plastic and increasing the proportion of construction and engineering plastic segments. Vietnam's construction plastic segment accounts for about a quarter of the total plastic industry. The development of construction and real estate sectors is driving the demand for construction plastics market. Competition in the field of construction plastics is becoming increasingly fierce. Although domestic plastic enterprises still dominate due to their huge size, market share and strong brand value, their market share is likely to decrease if they do not adapt to the increasing competition.

##### > Raw material prices are getting higher and higher

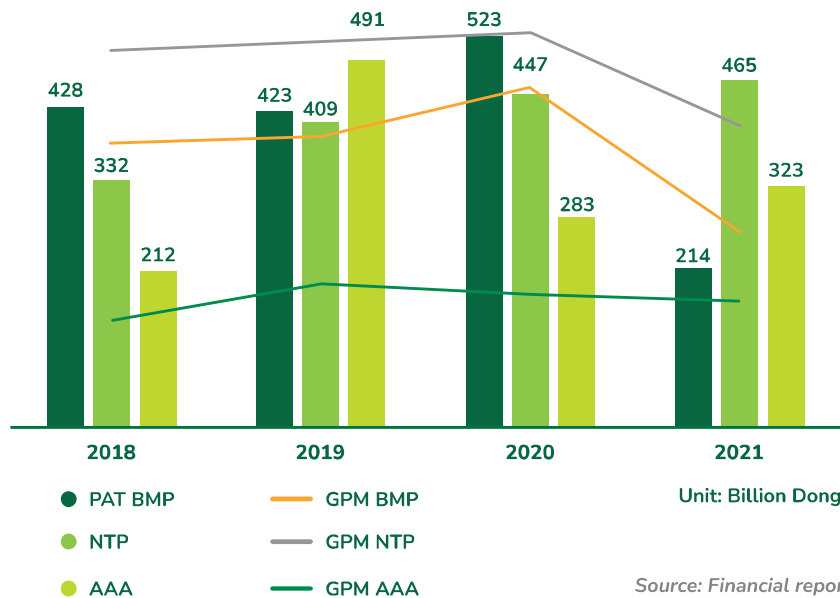
According to data reported in 2020, the supply of PP plastic materials (used to produce industrial and household plastic products) in Vietnam is 850,000 tons/year (if running at full design capacity) from three factories, including Binh Son Refining and Petrochemical Company Limited (150 thousand tons/year), Nghi Son Refining and Petrochemical Company (400 thousand tons/year) and Hyosung Vietnam Co., Ltd (300,000 tons/year).

A representative of the Vietnam Plastics Association said that the Covid-19 epidemic is a big challenge for plastic enterprises because of its small scale, limited technology level and weak resilience. For many years, the plastic industry has always been in a state of trade deficit, with export turnover much lower than import turnover. Vietnam's plastic industry is only self-sufficient about 15-35% of raw materials depending on the type of product, the rest has to import materials from China, Korea, Japan and the ASEAN region...

➤ **The price of plastic resin increases sharply with the price of oil**

According to data from the global financial portal Investing, the price of PE resin has increased by 10.4% in the past 3 months (from December 9, 2021 to March 8, 2022). Similarly, the price of PP resin on March 8, 2022 increased by more than 10% compared to December 6, 2021. Plastic beads are made from petroleum products, typically PP and PE. Therefore, fluctuations in oil prices have directly affected the price of plastic resins. Plastic beads account for about 60-70% of the cost structure of plastic manufacturing enterprises, so the current high price of plastic resins sharply increases input costs of enterprises in the industry. In fact, in 2021, the price of input materials increased sharply, with an increase of 1.6 times a year, at many times reaching the highest increase in history, which greatly affected the business performance.

➤ **Profit margin and plastic group profit chart 2018-2021**



Specifically, the gross profit margin of Tien Phong Teenage Plastic Joint Stock Company (code NTP) last year dropped sharply from 31% to 24%. However, the Company maintained a slight increase in net profit of 4% compared to the level in 2020 thanks to the reduction of financial expenses, selling and administrative expenses. With An Phat Xanh Plastic Joint Stock Company (code AAA), gross profit margin decreased from 10.46% to 9.9%.

**Prospects of Vietnam's plastic industry**

According to experts, Vietnam's plastic industry is benefiting from the need to shift investment and business from multinational corporations. Because at present, the plastic industry is one of the main suppliers of technical and supporting products, up to 60%, for industrial production fields.

In the context of the Covid-19 epidemic, Vietnam officially became the 5th largest export market of plastic products to the US market. In the first 6 months of 2021, export turnover grew strongly, reaching 108.2 million USD, increased by 29.5% over the same period in 2020 and opening opportunities for Vietnam's plastic products on the world market; affirming the important position of plastic manufacturing industry in the overall industrial production field in general.

However, in the context of globalization, Vietnam's plastic industry has been facing many challenges which are low production capacity compared to many countries in the region and the world, the high proportion of imported mold materials, as well as the lack of skilled labor force. In addition, Vietnam's plastic industry still deals with many restrictions on input policies. In the 2nd Draft "Plan for development of Vietnam's plastic industry to 2020, vision to 2025", the representative of the Institute for Industry and Trade Policy and Strategy said that the development goal of Vietnam's plastic industry is to become into a strong economic sector with a high and sustainable growth rate.



# S.W.O.T Analysis

Strong production capacity: From 1990 until now, Tien Phong Plastic has established a production and business ecosystem covering whole country, particularly building a remarkable impression in consumer's sub-conscious, which is proud to be a pioneer of plastic pipe in Vietnam.

In 2020 and in 2021, like other businesses, Tien Phong Plastic is reeling in the "Covid-19" storm. The 3rd & 4th outbreaks in 2021, in the South, especially Ho Chi Minh had to implement strict blockades and prolonged social distance. This has caused negative impacts on businesses, especially small and medium-cap companies. According to the General Statistics Office, in 2021, an average of nearly 10,000 businesses withdraw from the market every month; 16.7 thousand enterprises completed dissolution procedures and 48.1 thousand enterprises ceased operation. Particularly for the plastic industry market, due to its complete dependence on imported raw materials, the fluctuation of the world market price of raw materials (PVC powder sometimes reaches 1,800 USD/ton) has brought a problem. It is difficult for businesses to balance between operating costs and selling prices.

In order to maintain the position, brand and growth momentum of Tien Phong Plastic in the face of storms and challenges, Tien Phong Plastic has pondered and chosen solutions aimed at protecting the interests of shareholders, the safety for the distribution system and especially the stability for the lives of more than 1,300 employees from North to South. Thanks to tight control of costs in production and business activities, a decrease in loan interest rates during this period, and timely improvisation when predicting the price increase of raw materials, Tien Phong Plastic continued to maintain its position with pre-tax profit exceeding the plan by 21% and revenue growing by 11% compared to 2020.

In 2021, Tien Phong Plastic had a year of successful operations in the context of increased competition pressure on the market as well as struggled business and productive situation, raging pandemic, which fluctuating the economy, with a total revenues of VND 4.823,5 billion, equivalent to 97.339,4 tons of production and profit exceeding the objectives of VND 507 million, 5,27% higher than 2019.

In particular, the Company strived to achieve all the production objectives with high performance such as saving in material, electricity, water, waste rate, OEE index and numbers of customer complaints, etc. Thus, Tien Phong Plastic always guarantees to provide products as soon as possible along with safety production. The quality control systems including ISO 9001, ISO 14001, ISO 45001, ISO 50001, TPM, 5S and Lean are continuously maintained and strictly implemented within Company.

Tien Phong Plastic has also released several latest products leading the trend in terms of plastic pipe industry while handling reasonable capital assets, increased mobilization cost of capital and periodically updated financial status for BOD to consult timely and efficiently orientation beside policies. The enterprise has operated 03 factories all day and night in Hai Phong city, Nghe An province and Binh Duong province with total production capacity over 190,000 tons per year and just finished the latest factory located next to the first one in Binh Duong by the end of 2019. Particularly, within 2020, the supply potential in the south would be raised to 60,000 tons per year. Regarding new factory in Hai Phong, the Board of Management is also planning to expand production capacity in short-term period with the aim of promptly responding to the new market segment which was successful in 2020. Furthermore, the target of extending the market in all areas within country is able to achieve as well as fulfill the potential development in consumer demand, due to the expectation that capacity could be enlarged by 30% at the moment the expanding factory is completed.

There's no denying that Tien Phong Plastic became the pioneer in terms of plastic pipe manufacturing along with international standards and qualified outcomes. These results are likely related to technology investment which continuously launch numerous products firstly produced in Vietnam, increasing value for customers. In particular, the Company has not only paid attention to procedure, management approach of imported machinery, production lines and technology but also strives to research and offer new products suitable to domestic market. Furthermore, the corporate governance has remained stable with unchanged business strategy due to the fact the major shares of Tien Phong Plastic are held by local citizens. The Company also guarantees organizational cohesion and stability so as to reserve the Company capital and time to achieve the common goals.

**Wide distribution:** The company focuses on building a wide distribution network including: 09 distribution centers, 300 agents and nearly 20,000 points of sale nationwide. This elucidates an immense advantage to broaden the customer network of the business on a regular basis. In addition, Tien Phong Plastic has shown its ambition and opportunities to expand through the major market share in the North and developing production in all three regions of the North, Central and South; the cooperation with Sekisui Group as well as large corporations within country.



- > **Tien Phong Plastic Market:** It has focused mostly in the North which accounted for 60% and about 30% of the domestic share. The ability to export products to the world is widening with several bilateral and multilateral accords among Vietnam, other countries and territories worldwide.
- > **Brand recognition in Northern market.** Tien Phong Plastic is known as an influential brand in terms of construction plastic pipe in North, which elucidated by its price policy that approximately 10% higher than the overall (14% for uPVC pipe) compared with other companies while maintaining an overwhelming market share in the North (58%). Nevertheless, in the context of fierce pricing rivalry, to remain this price policy, the company has thoroughly concentrated on improving after-sales service, supporting official agents as well as unceasing innovative products. Tien Phong Plastic chooses compete on product quality instead of price. The quality of projects along with products are certified by using the brand, which is evaluated as the right orientation for sustainable development.
- > **There is no significant gap in the listed price of leading firms in the market including Tien Phong Plastic, Binh Minh Plastic and Hoa Sen** which approximate 10% of civil pipe and 15% of construction pipe on average.
- > **Tax benefit:** Nghe An factory entitled to a preference in corporate income tax policy (in which 0% from 2014 to 2017, 10% from 2018 to 2028, 10% for following years). It is assessed as an advantage to substantially save expenses.



## B Weakness and threat

**Market and profit pressure:** Demand growth for NTP has slowed down recently due to pressure of new competitors. After the rapid growth during 2014-2016 period thanks to real estate and construction boom, it has now stagnated in 2019, 2020. There have been minor improvements in 2021 but it has stagnated in 2020 due to the fluctuating economy and pandemic.

Binh Minh Plastic (BMP) which is the largest competitor of Tien Phong Plastic, dominating over 50% of the southerner market and representing over 28% of national market share besides other suppliers such as Hoa Sen, Tan A Dai Thanh, etc. Although leading in the North, the Company just ranked third after Binh Minh and Hoa Sen Plastic in the South because the brand recognition in this region is inferior.

Related to plastic pipe market, competition is concentrated primarily in the civil sector. The new rivals for the including Hoa Sen or Tan A Dai Thanh are focused on uPVC and PPR pipe and have competed with other big companies as Tien Phong or Binh Minh Plastic through the discount policy for agents. The construction sector namely HDPE is less affordable than the civil segment, which is primarily consumed by direct sales for projects and high investment cost for production lines.

One of the major reasons for a serious decline in the Company's revenue was the growth in competition during the past and also 2021 in particular. The maintain of market share in a fierce rivalry has been a highlight, but it also makes it harder for the company to achieve its objective of expanding market share.

**There are also two factors that affect NTP's business performance:** the possibility of input material prices fluctuation and the exchange rate. The company has double risks with it due to the 100% importing of plastic resins (accounted for 70% of raw materials cost) and payments are mostly in USD, EUR. In 2021, in conjunction with stable prices of plastic resin, Tien Phong Plastics has a strong supply policy for raw materials which does not have a huge impact on profit.

### 1.3. Sales Plan in 2022

☞ In 2021, NTP has achieved positive results and overcome all obstacles in the period of fluctuated economic due to Covid19 pandemic. Nevertheless, there are rooms for improvement and problems to be solved in 2022, especially when growth must be sustainable and workforce's standard of living must be raised.

Hence, 2021 Sales plan aims for these following targets: ☞

Indicators	Unit	Implemented in 2021	2022 Plan	Growth
Consolidated revenue	VND Billion	4,823.51	5,175	93.2%
Output	Ton	94,120	100,000	92,27%
Pre-tax profit of Parent Company	VND Billion	551	465	85%

To achieve these targets, certain measures have to be employed in 2022:

#### Business:

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

#### Finance:

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

#### Technology:

- Appoint teams to control quality of product and tech support at factories to increase work efficiency.
- Follow sales plan closely and apply known solutions to arising problems based on appropriate market and period.
- R&D new solutions that enhances the quality of NTP's products to meet increasing demand.
- Improve quality of existing products; raise productivity by implementing automation and machinery into production line.
- Invest on new machines and equipments, moulds, materials, techniques to produce new products and maintain leadership in Vietnam plastic industry.
- Finalize designs and logos that promote and allow easy brand recognition
- Apply new techniques in manufacturing activity to guard against fakes and imitates.
- Control costs and overheads to maximize investment efficiency.
- R&D new solutions that enhances the quality of NTP's products to meet increasing demand.
- Renovate current line of products to improve quality, design and adjust price to meet demand from consumer.
- Deploy in sync and effectively measures to improve administration, technology and expertise, which help increase productivity.
- Constantly improve and modify systems, processes, organization and production to optimise company's operation efficiency, from planning to actual production. Minimize and limit cross-function and undefined responsibility, professionalize all stages from input to output.

### Employees' living standards:

- Continue to maintain discipline and raise the awareness of compliance with internal labor regulations of all employees.
- Continuously improve material and spiritual life of employees to encourage their devotion to work, carry out all labour policies required by law.
- Insist on building a unique company culture since it not only goes along with better productivity but also promote workforce's loyalty and encourage them to stay in long-term.
- Always evaluate and re-evaluate employees' competence to assign work and promote correctly, as well as making sure salary level is appropriate.
- Continue trainings in management, business knowledge and expertise for the next generation of officers
- Review rules and regulation to ensure compliance as a Limited Company.

### Environment and work safety:

- Maintain production based on regulation on environmental protection by law.
- Devise plans for work safety and labour protection as well and keeping hygiene. Improve work condition and prevent accidents and occupational hazards/diseases. Ensure strict adherence to fire safety regulation.
- Provide sufficient healthcare for employees

## 2. Reports of the Board of Directors

### 2.1

#### Principal activities of the BOD:

33 **The Board of Directors regularly monitors the production and business situation. Directing, orienting and closely monitoring the Executive Board in production, business, investment, financial operations... At the same time, quickly providing timely and flexible oriented solutions to help production activities achieve the highest efficiency in the specific conditions of 2021.** 33

- During 2021, the Board of Directors held 04 period meetings in order to discuss, assess and propose orientations and direct principal activities of the Company, including:

+ Establish Audit Committee under the Board of Directors, ensuring the organization structure of the Company in compliance with Law on Enterprises 2020.

+ In order to implement the Resolution of the Annual General Meeting of Shareholders 2021, the Board of Directors issued Decision on cash dividend payment 2020 phase 2 with ratio at 10% on 28/5/2021; and cash dividend payment 2021 phase 1 in advance with ratio at 15% on November 24th, 2021.

+ Appoint Mr. Chu Van Phuong to be General Director of the Company, term of appointment is 03 years (2022-2024)

- The Board of Directors directs and oversees closely activities of the Board of Management in all aspects of production-business area, investment work, finance work, etc. in order to give timely and flexible adjustments in the context of specific condition in 2021.

- The Board of Directors also oriented, oversaw the organization work, ensuring the implementation and timely supplementation of policies for labors who have been affected by Covid-19.





Resolutions /Decisions of the BOD of the BOD issued in 2021

No.	Resolution/ Decision	Date of issue	Content	Adoption ratio
1	01/QĐ-HĐQT	13/01/2021	Decision of the Board of Directors on appointment of Deputy Head of Internal Audit Department	100%
2	07/QĐ-HĐQT	26/01/2021	Decision of the Board of Directors on establishment of the 2021 Annual General Meeting of Shareholders' Organization Committee	100%
3	11/QĐ-HĐQT	03/02/2021	Decision of the Board of Directors on establishment of Implementation Division of 2020 Annual Report	100%
4	14/QĐ-HĐQT	14/04/2021	Decision of the Board of Directors on establishment of Audit Committee	100%
5	15/QĐ-HĐQT	14/04/2021	Decision of the Board of Directors on promulgation of operating regulation of Audit Committee.	100%
6	16/QĐ-HĐQT	14/04/2021	Decision of the Board of Directors on task assignment for Audit Committee.	100%
7	21/NQ-HĐQT	20/4/2021	Resolution of the Board of Directors on the second cash dividend payment 2020	100%
8	23/QĐ-HĐQT	24/4/2021	Quyết định của HĐQT về việc cử người đại diện phần vốn của CTCP Nhựa TNTP tại CTCP Công nghệ thiết bị Tiên Phong	100%
9	27/QĐ-HĐQT	13/5/2021	Decision of the Board of Directors on appointment of representative for NTP's capital at Tien Phong technology and equipment Joint Stock Company.	100%

No.	Resolution/ Decision	Date of issue	Content	Adoption ratio
10	28/QĐ-HĐQT	01/6/2021	Decision of the Board of Directors on promulgation of Officer management being applied to members of the Board of Management	100%
11	29/QĐ-HĐQT	21/6/2021	Decision on establishment of Assistance Division for the BOD chairman	100%
12	33/QĐ-HĐQT	05/7/2021	Decision of the Board of Directors on promulgation of Amended Charter of Tien Phong Central Plastic Co., Ltd	100%
13	36/QĐ-HĐQT	08/7/2021	Decision of the Board of Directors on removal of regulation on management apparatus organization of Tien Phong Central Co., Ltd and relationship with Tien Phong Plastic JSC.	100%
14	44/NQ-HĐQT	21/10/2021	Resolution of the Board of Directors on the first cash dividend payment 2021 in advance	100%
15	50/QĐ-HĐQT	10/11/2021	Decision of the Board of Directors on the first cash dividend payment 2021 in advance	100%
16	53/QĐ-HĐQT	22/11/2021	Decision of the Board of Directors on promulgation of Regulation on Finance management of Tien Phong Plastic Joint Stock Company	100%
17	60/QĐ-HĐQT	29/12/2021	Decision of the Board of Directors on appointment of General Director	83,3%