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**REPORT**  
**ON RESULTS OF THE BOARD OF DIRECTORS' ACTIVITIES IN 2023,**  
**DIRECTIONS AND TASKS IN 2024**

*Dear valued shareholders!*

In 2023, the world economy continued to face many difficulties and challenges. Political instability in some countries such as Russia - Ukraine or in the Middle East region, the US - China trade war has negatively affected the world economic recovery process after the Covid-19 pandemic. This has a strong impact on a variety of industries, especially those related to oil prices, typically transportation, construction, real estate, construction plastics... thus also directly affects the production and business process of Tien Phong Plastic.

In that context, the Board of Directors, together with the Board of Management of the Company have had guidelines and policies that closely follow reality, proactively adapt to new situations, seek business solutions, strictly control costs and diversify raw material sources to maintain the most effective production and business activities.

The Board of Directors' performance results in 2023 are specifically shown through the following work fields:

**I. RESULTS OF THE BOARD OF DIRECTORS' ACTIVITIES IN 2023:**

**1. Main activities of the Board of Directors:**

- In 2023, the Board of Directors conducted 04 regular meetings to discuss, evaluate and provide orientations and directions for implementing the Resolution of the 2023 Annual General Meeting of Shareholders and main activities of the Company, including:
  - + Strengthened the Audit Committee.
  - + Appointed Mr. Dang Quoc Minh to continue to hold the position of Person in charge of Company administration for a 5-year term (2023-2028).
  - + Implemented the Resolution of the 2023 Annual General Meeting of Shareholders to pay the second round of 2022 cash dividends at 5% on June 9, 2023; and advance the first cash dividend in 2023 at 15% on December 20, 2023.
- The Board of Directors closely followed and monitored the Company's production and business situation, directed orientation and closely supervised the Board of Management in production and business operations, investment, finance... At the same



time, quickly provided timely and flexible solutions to help production and business activities be most effective in the context of the socio-economic situation in 2023.

- In addition, the Board of Directors also regularly participated in meetings of the Board of Directors to grasp the situation and provide quick and effective direction.

**2. Activities of independent members of the Board of Directors and Audit Committee:**

- In 2023, independent members of the Board of Directors participated in the activities of the Board of Directors, monitored, advised and provided independent opinions on issues in the Company's production and business activities. At the same time, directly oriented and managed the activities of the Audit Committee.

- In 2023, the Audit Committee has complied with the tasks specified in the Operating Regulations of the Audit Committee including:

+ Supervised the activities of the Board of Directors through meetings and the issuance of Resolutions/Decisions of the Board of Directors.

+ Supervised the implementation of Resolutions of the 2023 Annual General Meeting of Shareholders; implementation of Resolutions/Decisions of the Board of Directors issued during the year.

+ Supervised the implementation of business activities and company management and operations of the Board of Management.

+ Monitored financial activities through audited 2022 financial statements, quarterly financial reports, and 2023 semi-annual financial reports.

+ Supervised independent audit activities of the appointed independent audit department.

+ Directed and supervised the implementation of audit plans and performance results of the Internal Audit Committee.

+ Supervised compliance with the Company's internal regulations and rules, supervised risk management to ensure improved governance efficiency in the Company

+ Direct the review of transactions with related persons under the approval authority of the Board of Directors/General Meeting of Shareholders.

Through supervision activities, the Board of Directors has properly implemented the rights and obligations according to the Law, in accordance with the Resolution of the General Meeting of Shareholders and the Company's Charter. The Board of



Management has complied with its functions and tasks, actively implemented the Resolutions of the General Meeting of Shareholders and the Resolutions of the Board of Directors, and performed management and operations according to the provisions of law.

- In 2023, the Audit Committee did not receive complaints from shareholders.

### **3. Evaluate the activities of the Board of Management and subcommittees under the Board of Directors:**

#### **3.1. Activities of the Board of Management:**

With the results achieved in 2023, the Board of Directors highly appreciates the role of the Company's Executive Board in implementing the guidelines, policies and resolutions of the Board of Directors in 2023 as well as maintaining the development of production and business activities, upholding the Tien Phong Plastic brand.

- In the context of difficult economic conditions both domestically and internationally, affecting the plastic industry market in general and Tien Phong Plastic in particular, the Board of Directors and Board of Management have been consistent in directing production and business activities.

Regarding revenue and consumption targets: not met the 2023 production and business plan due to the reduction in product prices; and the real estate market has slowed down, so the demand for construction materials in general and the plastic pipe industry in particular has decreased. Specifically, consolidated product sales revenue reached 5,084 billion VND (equal to 86.54% of the 2023 plan, reaching 90.24% of the 2022 implementation), product sales output reached 98,395 tons, (equal to 92.83% of the plan for 2023, equal to 97.36% of the implementation in 2022).

However, the Company achieved its most important expense, pre-tax profit; Accordingly, the parent company's pre-tax profit reaches 641 billion VND (reaching 119.81% compared to the plan for 2023, reaching 120.49% compared to the implementation in 2022): The main reason is the decrease in raw material prices and TPP's work of forecasting, purchasing, and storing raw materials were performed well; reduced some costs in production and business.

- Pursuing the strategic goal of human resource development, in 2023 the Company continued to focus on recruitment and training activities to develop team capacity with 57 employees recruited from management positions to workers and 140 training courses for managers and workers. At the same time, implementing programs to increase benefits for employees such as: organizing travel programs for all employees,



expressing gratitude to key officers who have made many contributions to the Company, life insurance benefits, honoring employees who have been with the Company for a long time, rewarding employees with achievements in work, additional skill allowances for good workers, foreign language allowances... create competitive advantage compared to businesses in the market.

- In production organization, the Company continued to maintain and effectively apply quality, environmental, energy management systems and well implement management tools such as TPM, 5S, Lean Six Sigma. Continued to enhance production process improvement goals, optimize formulas and mixing orders, be flexible in using equipment, and rationalize products on productivity lines that met the needs of goods for business. In 2023, 14 mixing orders were tested and put into production to improve product quality and reduce costs.

- In technical work, research and development of new products, improved the quality of current products, increased labor productivity by gradually introducing modern, synchronous equipment and new technology into the production process: In 2023, we received and perfected the technology to produce resistance-welded HDPE fittings and uPVC single flanges from Sekisui company; Successfully researched and manufactured equipment to support production and reduce labor for specific workers: Designed a weighing scale for the AMUT extrusion machine, a control system for the AG72 extrusion line, designed Design of CPVC pipe fire testing system, designed and manufactured semi-automatic PPR bagging machine,...

- In financial work, financial activities continued to be accurately controlled, provided completed and timely reporting data, serving well for executive leadership and internal management. Financial reports and tax reports were strictly implemented according to laws and national regulations. The company proactively exploited capital from many different sources with reasonable interest rates, ensuring timely service of production, business, investment, and dividend payments, avoiding bad debts and outstanding debts... In 2023, loan interest rates relative to 2022 increased from 1.5 times to 2 times. On the basis of calculating the decreasing trend of loan interest rates, closed the term deposit cycle at a reasonably high deposit interest rate consistent with capital use needs. Thereby creating an advantage in the difference between deposit and loan interest rates, reducing the company's capital mobilization costs.

- In sales work, implemented the policy of expanding and developing the distribution system, serving the Company's overall growth goals. In 2023, market staff always focused on finding sales unit with good business capabilities who meet the Company's



requirements to become sales unit. Accordingly, 08 sales units were deployed to sign new contracts in Hanoi, Hai Phong, Quang Ninh, Ha Giang, Bac Kan, and Lang Son. Products issued to 611 projects increased by 29% compared to 2022.

- Along with production and business activities, social charity work was paid attention and becomes the Company's responsibility to the community. In 2023, the Company continued to accompany people in remote areas in the "Bridge of Love" Project, and participated in many other community projects: Heart for Children, supported the "For poor people" in Hai Phong city.

### **3.2. Activities of the Internal Audit Committee**

- The Internal Audit Committee developed an operating plan for the year to ensure inspection and evaluation of regulatory compliance results and provide timely recommendations to help make operating activities reasonable, valid and effective. At the same time, reports from the Internal Audit Committee also contributed to information transparency as a basis for advising and advising the Board of Directors.

In 2023, under the direction and supervision of the Audit Committee, the Internal Audit Committee carried out the following tasks:

- Reviewed regulations on internal audit activities.
- Audited the Company's 2022 financial statements
- Audited the 2022 financial statements and operations of Central Tien Phong Plastic Co., Ltd.
- Audited the Company's 2023 semi-annual financial statements.
- Audited the activities of the Market Development Department, Customer Service Department and Marketing Department
- Accounted for PVC factory operations.
- Audited the activities of the Internal Affairs Division (Company Office and Human Resource and Strategy Department).

### **4. Report on transactions between the company, subsidiaries, and companies controlled by the TPP of 50% or more of the Charter capital with members of the Board of Directors and related people of the Board of Directors:**

*As of December 31, 2023, the Company had transactions with related parties as follows:*



<b>Related party</b>	<b>Type of transaction</b>	<b>Value (million dong)</b>
Southern Tien Phong Plastic Joint Stock Company	TPP purchased goods	247.815
	TPP sold goods	152.920
	Other	6.109
Sekisui Vietnam Company Limited	TPP purchased goods	210.107
	TPP sold goods	33.145
Tien Phong Packaging Joint Stock Company	TPP purchased goods	30.472
Tien Phong Equipment Technology Joint Stock Company	TPP purchased goods	55.504
	TPP sold goods	80

*The subsidiary (Central Region Tien Phong Plastic Co., Ltd. – Central Region TPP) had transactions with the following related parties:*

<b>Related parties</b>	<b>Types of transaction</b>	<b>Value (million dong)</b>
Southern Tien Phong Plastic Joint Stock Company	Central Region TPP sold goods	220
Tien Phong Packaging Joint Stock Company	Central Region TPP purchased goods	1.428

## **II. DIRECTION OF THE BOARD OF DIRECTORS' OPERATION IN 2024:**

Based on the actual market situation, development trends, as well as factors affecting the Company's production and business, with the policy of promoting market activities, the Board of Directors focuses on directing and closely monitors the Company's production and business activities, striving to maintain Tien Phong Plastic's market in 2024, with a planned consolidated product sales revenue of 5,400 billion VND, pre-tax profit of 555 billion VND.

To complete the above basic targets, the Company's Board of Directors orients operations as well as directs a number of basic solutions as follows:

- Be consistent with business strategies to maximize competitive advantage, flexibly apply policies to maintain and develop market share, sales and maximize satisfaction of customers and partners' needs.





- Improve corporate governance, update and comply with legal regulations on businesses and securities to ensure objectivity, transparency, respect for the legitimate rights and interests of shareholders, towards applying good governance practices, contributing to upgrading Vietnam's stock market.

- Complete the work of building Tien Phong Plastic's strategy with a vision to 2050.

- Deploy the digitalization of the management system and apply technology and digital transformation in production and business activities to improve overall efficiency.

- Enhance competitiveness through improving and optimizing products while expanding product diversity and perfecting new product production technologies that have been received. Continue to apply models and advanced management tools combined with investment in modern production technology, mastering new technologies, applying automation to production.

- Focus on training and developing human resources, building a human resources force for the Company, improving the quality of market staff, improving the working environment for employees, promoting employee engagement programs.

- Continue to pay attention and maintain social charity activities, demonstrating the business's responsibility to the community.

***Ladies and gentlemen!***

Promoting the results achieved in 2023, the Board of Directors will focus on directing strategic solutions while doing a good job of supervising the Company's production and business activities in 2024, bringing the highest benefits to Tien Phong Plastic shareholders, ensuring jobs and life for the Company's employees and the Company's stable and sustainable development. On behalf of the Presidium, we wish the General Meeting great success.

Yours sincerely!

**O.B.O THE BOARD OF MANAGEMENT  
CHAIRMAN**

**ĐẶNG QUỐC DŨNG**