



NHỰA BÌNH MINH®



PERFECTING IN
anagement
AFIRMING THE
Position

ANNUAL REPORT 2018

Vision

MAINTAINING THE STATUS AS A LEADING ENTERPRISE IN PLASTIC BUILDING MATERIALS INDUSTRY IN VIETNAM.

ACTIVELY IMPROVING CAPACITY FOR COMPETITION IN THE REGION AND IN THE WORLD.

Mission

PROVIDING PRODUCTS AND SERVICES TO MEET INCREASING DEMANDS OF THE MARKET.

ENSURING HARMONIZATION OF INTERESTS OF CUSTOMERS, EMPLOYEES, SHAREHOLDERS AND THE SOCIETY.

Core Value

HIGH CONSENSUS,
RESPECT OF THE PAST,
STRONG DEVELOPMENT AT THE PRESENT,
CONFIDENCE FOR THE FUTURE.





MESSAGE FROM CHAIRMAN – BOARD OF DIRECTORS

Dear Shareholders, Customers,
Partners and all Employees,

In the year 2018, the industry grew amidst of high competition from current and new players, overcapacity exceeding market demand and market uncertainties from world economic tension. Company grew from 2017 but still lower than target of 2018. This is still the mission for Board of Directors and Management team to take Binh Minh Plastics to stay strong and stay competitive in the market and become top players in Vietnam and ASEAN.

One of our highlights in 2018 was a recognition from the international community as the only Vietnamese company to receive the “World Class” award of the Global Performance Excellence Award (GPEA) 2018 voted by Asia-Pacific Quality Organization (APQO). We will maintain our commitment to performance excellence and bring in new products and services to our Vietnamese customers.

For direction going forward, Board of Directors emphasize on long term company sustainability which focusing on continuous improvement of operation and production efficiency, enhance safety standard, implement new automation system and promote collaboration between Binh Minh Plastics and leading business alliances for

product development and market expansion. These fundamental strategies will become strong foundation for company’s sustainable growth in the future.

For year 2019, Vietnam will continue to be one of the fast growing countries in ASEAN. With strong country growth, we still see opportunities in the market especially for our products that play big parts in the construction sectors. We also see opportunities in agricultural segment where water system will be adopted more and more as country develops.

Board of Directors have given below direction for the term of 2019-2023 to focus on:

- Enhancing the overall operation competitiveness to improve production, reduce costs and improve business performance.
- Developing the quality of human resources to improve work efficiency and support company growth
- Strengthening the standard of internal corporate governance towards unity and transparency
- Promoting the cooperation with strategic alliances for new product development and market expansion

I believe that with the support from Shareholders, the effort and enthusiasm of the management, executive team and all employees, Company will continue to

**PERFECTING IN MANAGEMENT -
AFFIRMING THE POSITION**

of leading company in market.

Sincerely and thank you.

Chairman – Board of Director

SAKCHAI PATIPARNPREECHAVUD



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ABBREVIATIONS

AGM :	Annual General Meeting of Shareholders
GMS :	General Meeting of Shareholders
BOD :	Board of Directors
BOM :	Board of Management.
CB :	Control Board
BMP :	Binh Minh Plastics Joint - Stock Company
Ltd. :	Limited liability
NBM :	Northern Binh Minh Plastics One Member Limited Company
DPC :	Da Nang Plastics Joint Stock Company
SCIC :	State Capital Investment Corporation
HCMC :	Hochiminh city
ERP :	Enterprise Resource Planning

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General Information

1. General information.
2. Business lines and operation areas
3. Governance model, organizational structure and management apparatus.
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1. GENERAL INFORMATION





Company's name :
**BINH MINH PLASTICS
JOINT STOCK
COMPANY**

Abbreviated name :
BM PLASCO

Business registration certificate
& Tax code:
0301464823

Charter capital :
VND 818,609,380,000

Head office's address :
240 Hau Giang street, ward 9,
district 6, HCMC

Telephone: (84-28) 39 690 973

Fax : (84-28) 39 606 814

Website :
www.binhminhplastic.com.vn

Stock code :
BMP



PROCESS OF FORMATION AND DEVELOPMENT

1977 - 1986: STABILIZATION OF PRODUCTION

In the context of economic embargo in the early 1980s, the Plant operated modestly using inventory materials retained from the former government. The Management Board decided to focus on production of technical plastic products to meet imperative needs of the society with minimum costs of materials. Products such as infusion sets, Karman cannula, plastic parts for textile industry, agricultural sprayers, and labour safety helmets for miners were introduced in this period. This is also an important start-up phase for the Company to become the first supplier of 220mm-uPVC pipe in Vietnam for water supply and drainage, electricity, telecommunications, etc.

1977

On the 16th of November, Binh Minh Plastic Partnership Plant under the Industrial Goods Corporation - Ministry of Light Industry was established by merging Vietnam Chemical Plastic Pipe Company (Kepivi) and Kieu Tinh Technology and Industry Company, focusing on production of domestic plastic products, pipes and fittings spare parts of pipes.

1986

The year saw a historical turning point of Binh Minh Plastic as it was selected by UNICEF to be the first and main supplier of uPVC pipes for the project "Rural Water Program", marking an entire change of product structure of Binh Minh Plastic to industrial and technical plastic products, paving the way for development of plastic pipe industry in Vietnam.

1987 - 1996: INVESTMENT ON SCIENCE AND TECHNOLOGY - DEVELOPMENT ORIENTATION

BMP made a critical diversion in its major field of production, moving away from household plastic appliances to focus on industrial plastics, especially plastic pipes complying with international standards. In addition, the company invested in expanding the working site of its factory in HCMC, as well as constructing the second factory well-equipped with cutting-edge, European-made machineries, covering a total area of 20,000 m² in Song Than Industrial Zone, Binh Duong province.

1990

Renamed as Binh Minh Plastic Science and Technology Enterprise, a state-owned enterprise under the Ministry of Light Industry.

Officially registered for protection of merchandise mark, trademark and logo of Binh Minh Plastic in Vietnam, a start for establishment and development of the brand.

Product distribution network of Binh Minh Plastic was established.

1994

Renamed as Binh Minh Plastic Company, a state-owned enterprise under the Ministry of Light Industry.

The first enterprise to apply Dry-Blend advanced technology to directly produce 400mm uPVC plastic pipe from compound raw materials in Vietnam.

1997 - 2006: REFORM FOR DEVELOPMENT

In the spirit of “Innovation and Development”, BMP made effective use of its own financial resources to continually invest in upgrading technical infrastructure, thus diversifying the range and improving the quality of products. This laid a concrete foundation for producing internationally-standardized plastic pipes largest in diameter in Vietnam such as PVC-U pipes 630 mm and HDPE pipes 1.200 mm, along with the trademark PE double pipes and PP-R pipes, creating more choices for customers and contributing to the economic development of Vietnam.



Inauguration of the Plant No. 2 – with total area of 20,000 m² in Binh Duong province and modern equipment from European countries - marked a development stage in terms of production scale and capacity of the Company.

2000

Received ISO 9001 Certificate for quality management system.

2002

Pure HDPE pipes and double-edge PE pipes were introduced for the first time.

Completed expansion of warehouses and the Plant No. 2 with total area of 30,000 m².



2004

On the 2nd of January, after equitization, Binh Minh Plastic Joint Stock Company officially went into operation under the name of Binh Minh Plastic Joint-Stock Company, abbreviated as BMPLASCO.

The Company invested in equipment and expanded the area of the Plant No. 2 to 50,000m².

2006

On the 11th of July, the Company's shares were officially listed on the Vietnamese stock market as BMP.



PROCESS OF FORMATION AND DEVELOPMENT (CONTINUED)

2007- PRESENT: SUSTAINABLE DEVELOPMENT

With the strategic orientation of sustainable development and balance of benefits between the company and other parties such as stockholders, customers, workers and the community, in this stage, BMP focused on expanding markets, developing human resources, synchronizing databases through automation solutions, improving labor productivity, saving raw materials, fuel and protecting the environment.



On the 21st of December, the Northern Binh Minh Plastic one member Limited Company was inaugurated in Hung Yen, officially introducing Binh Minh Plastic brand into the northern market.

The Company purchased 29% shares of Danang Plastic Joint Stock Company with the aim of developing the Binh Minh Plastic brand in the central and highland areas.

29% shares

2009

Heat-resistant PP-R pipes were officially introduced into the market.
Production of uPVC pipes with diameter up to 630 mm.

2010

The company was the first company in Vietnam successfully producing the largest HDPE pipes with diameter up to 1,200mm at BMP.

Signed a rental contract for 155,000m² of land at Vinh Loc No. 2 Industrial Park, Ben Luc, Long An for construction of Binh Minh Long An Plant.



2011

Contributed 26% of capital to Binh Minh Viet Real Estate Investment - Trading Joint Stock Company to transfer functions of the land at the Company's Head Office after the Government issued guidance on land clearance.

2012

Applied the ISO 14001 Environmental Management System.

Implemented the information technology project "Enterprise Resource Planning (ERP) - Oracle E-Business Suite".

2013

Received Certificate of Conformity for products in compliance with standards and codes of the Ministry of Construction.

Increased the chartered capital to
VND 454,784,800,000.

2015



On the 18th of November, Binh Minh Long An Plant was inaugurated.

Successfully deployed 05 ERP'S modules at the Company, its branches and subsidiaries.

2016

Began Phase II of construction of Binh Minh Long An Plant.

Increased 50% of production capacity of spare parts for pipes.

Received the National Brand Award for 5 consecutive years from 2008 to 2018.

Received the Vietnam High Quality Goods Award for 20 consecutive years from 1997 to 2016.

2017

Awarded the First Class Labor Medal (2nd).

Inaugurated the second phase of BMLA.

Successfully applied the non-heavy metal additive system in the production of PVC-U pipes and fittings.



Launched a new product line of PP-R spare parts.

Acceptance of ERP management system.

Participating in Vietnam Quality Award.

Successfully converted to newer versions of ISO 9000-2015 Quality Management System and ISO 14000-2015 Environmental Management System.

Increased charter capital
818,609,380,000 VND

2018



Became a Member Company of SCG Group (Thailand) – a leading industrial group in Southeast Asia.

Won the “World Class” of Global Performance Excellence Award (GPEA) 2018 voted by Asia Pacific Quality Organization.

2. BUSINESS LINES AND OPERATION AREAS

BUSINESS LINES

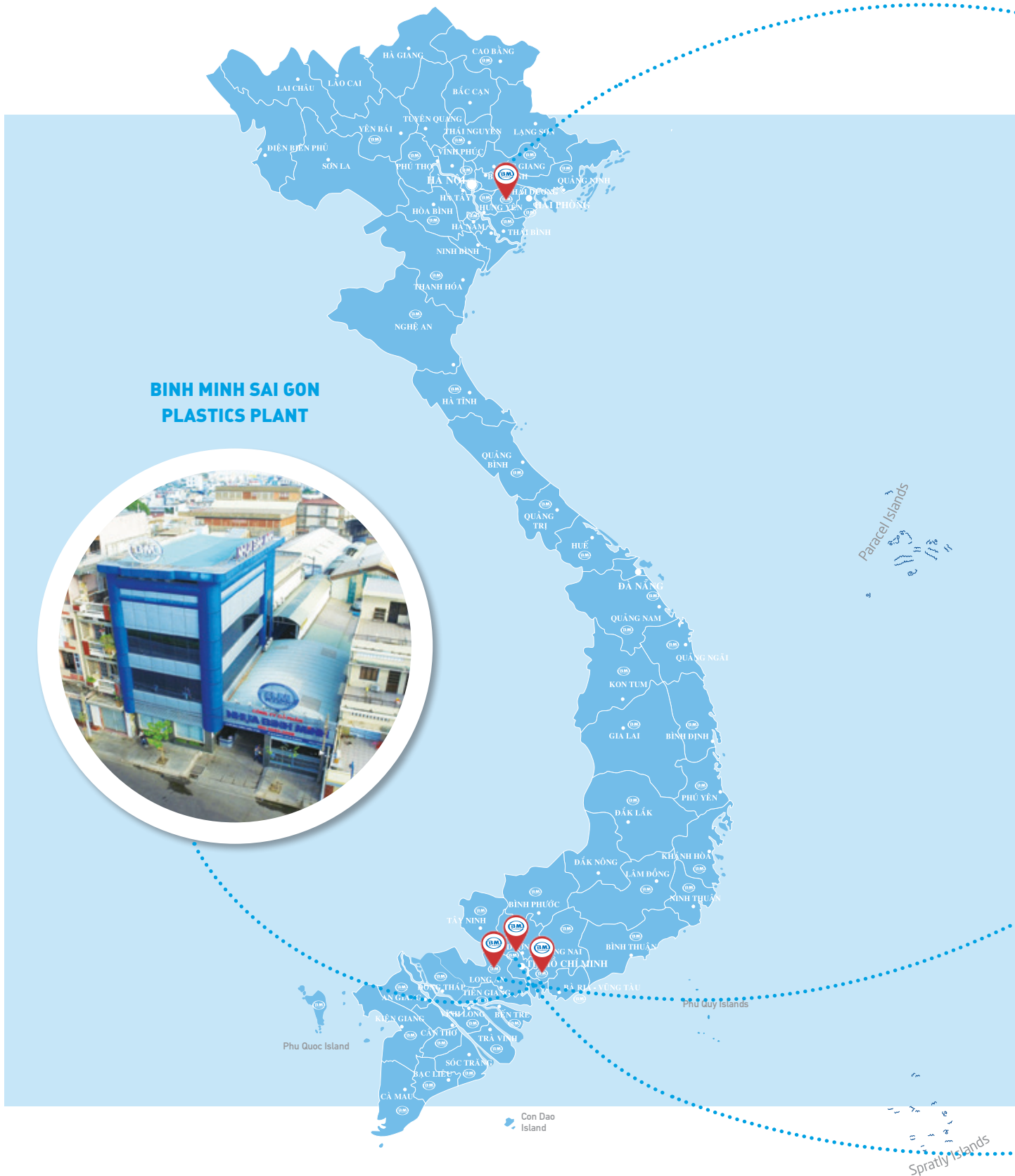
Binh Minh Plastic is a leading company in Vietnam manufacturing and trading in plastic pipes and fittings for water supply and drainage, telecommunication, electricity, industrial and civil construction.





2. BUSINESS LINES AND OPERATION AREAS (CONTINUED)

BINH MINH SAI GON PLASTICS PLANT



NORTH BINH MINH PLASTICS ONE MEMBER LIMITED COMPANY



BINH MINH LONG AN PLASTICS PLANT



BINH MINH BINH DUONG PLASTICS PLANT



BUSINESS AREAS

Binh Minh Plastic has domestic business areas nationwide.

Binh Minh Plastic accounts for 43% of plastic pipe market share in the South and 28% of the national plastic pipe market share.

Production plants:

The Company has 4 plants in HCMC, Binh Duong, Long An and Hung Yen with total capacity by 150,000 MT product/ year, meeting goods demand of the national market focusing on R&D, diversification kind and size.

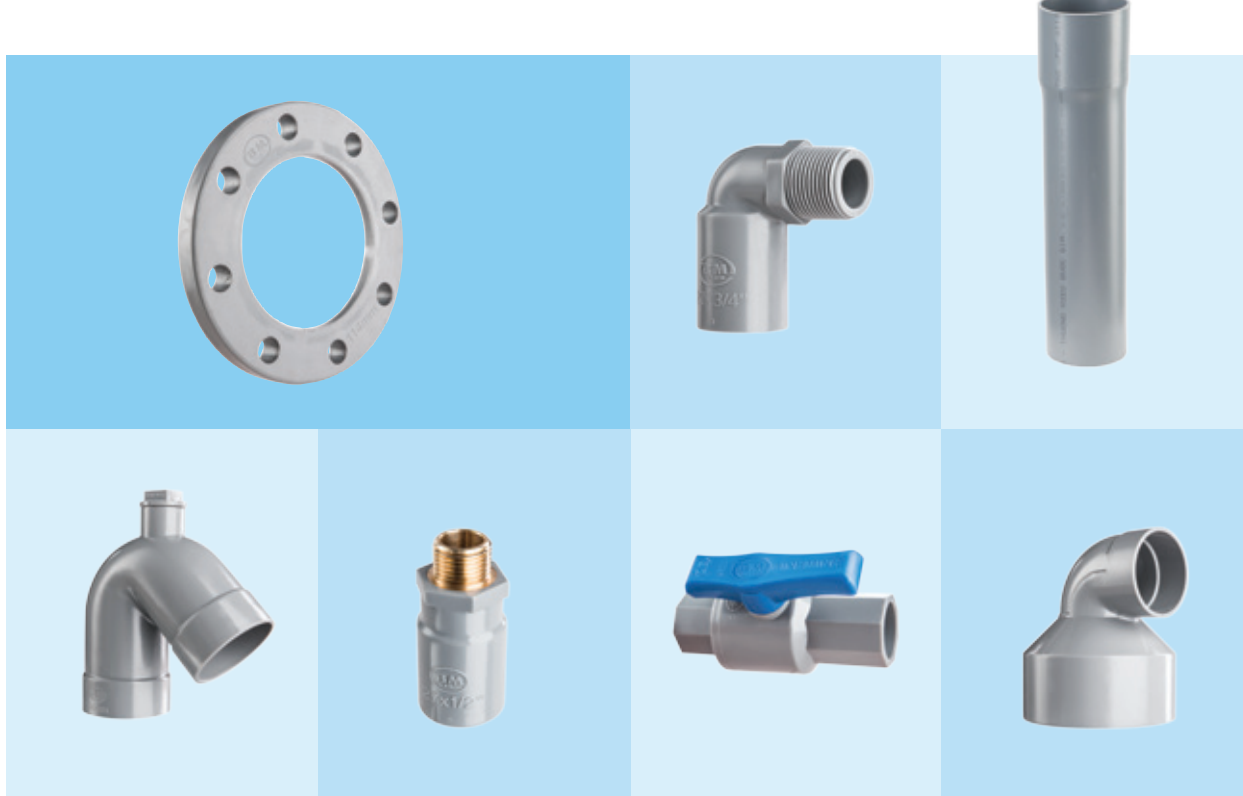
Product distribution network:

After over 42 years of establishment and development, the distribution network of BMP has been expanding. By the end of 2018, the Company has owned nearly 1,800 distributors nationwide. As a result, goods have been timely provided to customers. Additionally, the Company has provided plastic pipes to water supply and construction businesses as well as participated in major national projects.

2. BUSINESS LINES AND OPERATION AREAS (CONTINUED)

PRODUCT PORTFOLIO

UPVC PIPES AND FITTINGS



Hard PVC-U pipes and fittings with diameters from 20 mm to 630mm for water sector and underground cable in compliance with ISO 1452-2:2009 (TCVN 8491:2011) standard and the National Technical Regulation: QCVN 16:2017/BXD, specifically:

- PVC-U pipes and fittings inch and metre systems made from un-plasticized PVC.
- PVC-U pipes and fitting with CIOD system and exterior diameter compatible to pressure cast iron pipes.

These types are suitable for water systems as follows:

- Domestic water system.
- Industrial irrigation system.
- Industrial pipeline system.
- Rain-water, waste-water drainage systems, etc.

PVC-U pipes and fittings for protection of underground cable systems, specifically:

- Telecommunication underground cable system (fibre optic cable, copper cable,...).
- Electric underground cable system (electric cable,...).

HDPE PIPES AND FITTINGS



HDPE pipes and fittings with diameters from 16mm to 1,200mm made from high density polyethylene – PE100 in compliance with ISO 4427:2007 (TCVN 7305:2008), certified in compliance with QCVN16:2017/BXD, suitable for the following systems:

- Domestic water system.
- Industrial irrigation system.
- Industrial pipeline system.
- Rain-water, waste-water drainage systems, etc.

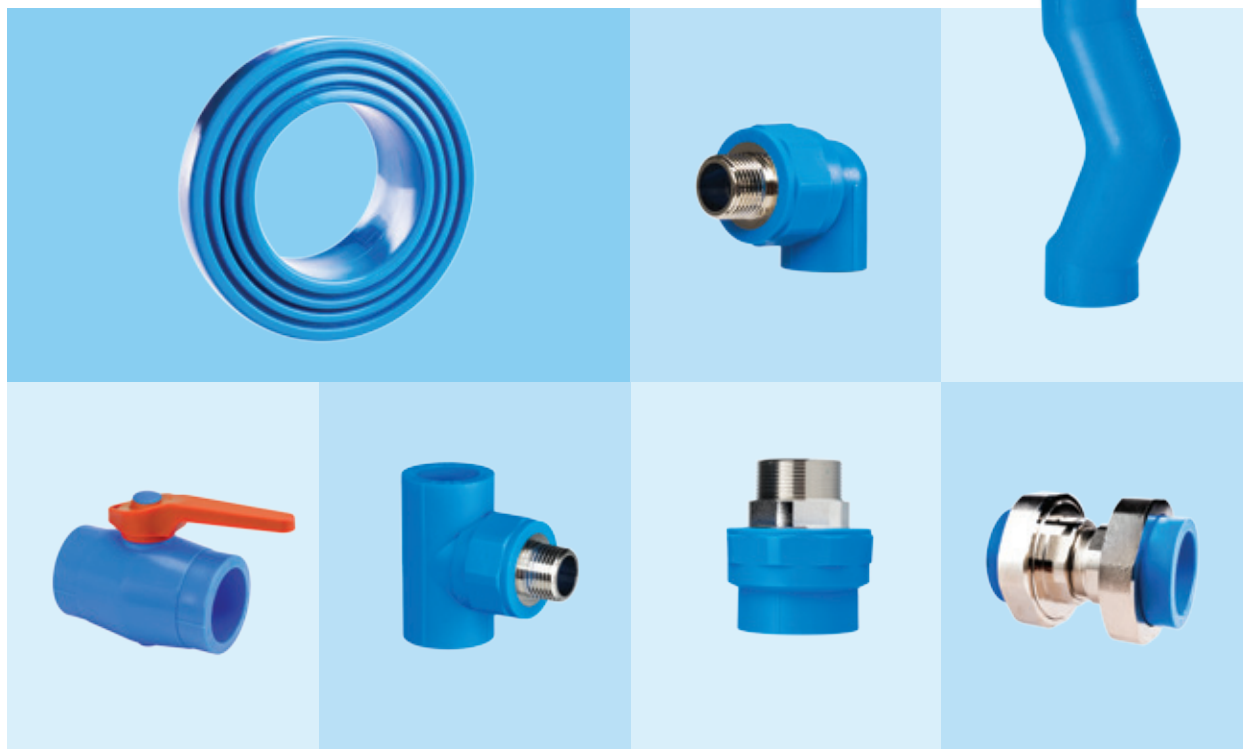
HDPE double-wall corrugated pipes and fittings with diameters from 110mm to 500mm made from high density polyethylene (HDPE), suitable for the following systems:

- Highway drainage system.
- Golf-court drainage system.
- Domestic drainage system.
- Industrial drainage and waste-water treatment system.
- Waste-water filter system.
- Underground cable protection system.

2. BUSINESS LINES AND OPERATION AREAS (CONTINUED)

PRODUCT PORTFOLIO

PP-R PP-R PIPES AND FITTINGS



PP-R pipes and fittings with diameters from 20mm to 160mm made from Polypropylene Copolymer, PP-R80 in compliance with standard DIN8077:2008-9 & DIN8078:2008-09 and TCVN10097-3:2013/ISO15874-3:2013, Certified in compliance with QCNV16:2017/ BXD, suitable for the following systems:

- Industrial and domestic under-95°C hot water and cold water systems.
- Low and high temperature food liquid system.
- Floor heating system.

OTHER PRODUCTS



Agricultural sprayers with the capacities of 1 liter, 5 liters and 10 liters in accordance with TCVN 5931:1995 for bonsai watering or pesticide spraying. In particular, the 10-liter sprayer has been certified to conform to National Technical Regulation of QCVN 01-182:2015/BNNPTNT and suitable for agricultural pesticide spraying.

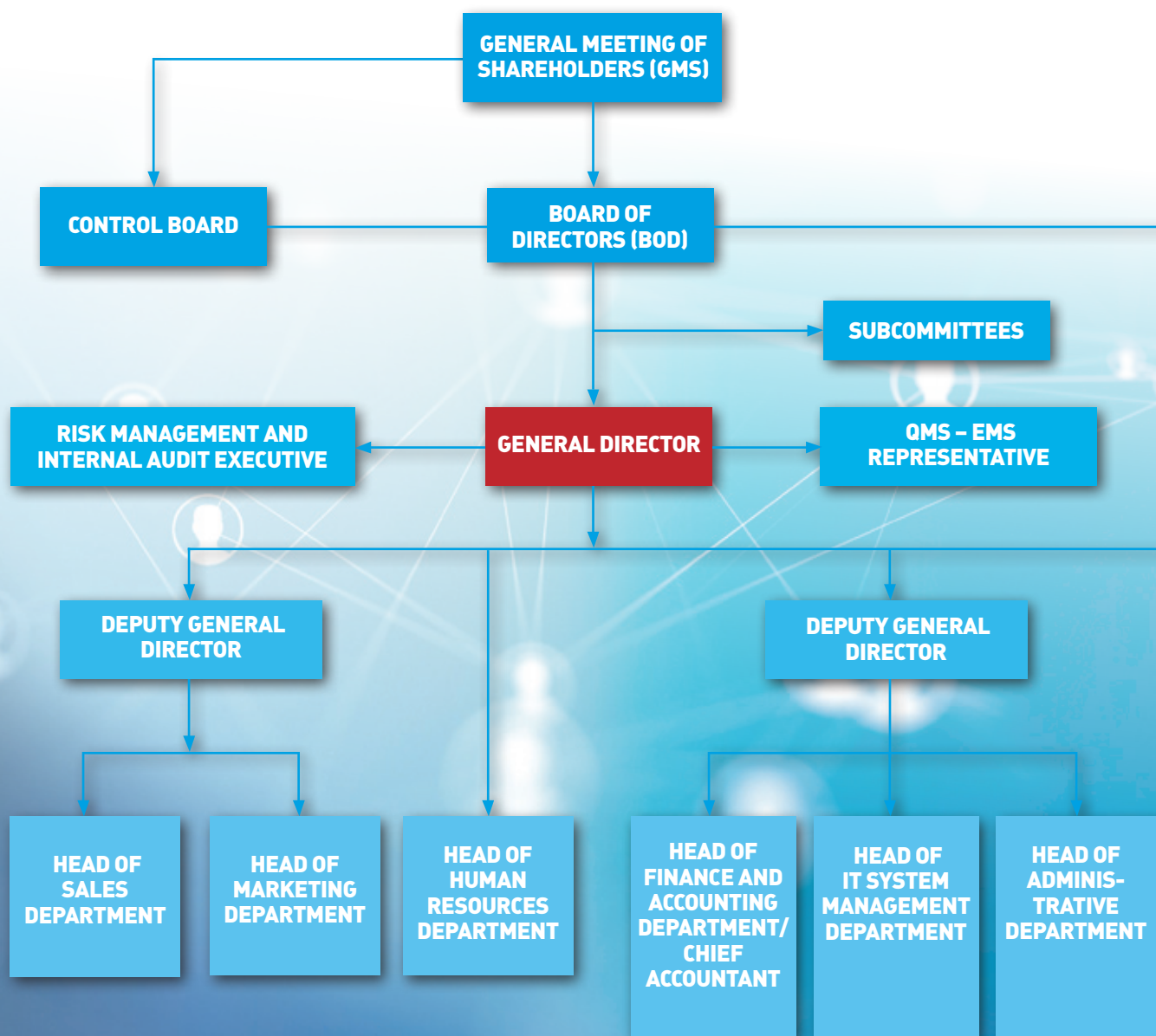
New products in 2017

124 kinds of PP-R plastic pipe fittings for hot and cold water pipes produced by Binh Minh Plastics, functionally comparable to the imported PP-R fittings currently for more competitive prices.

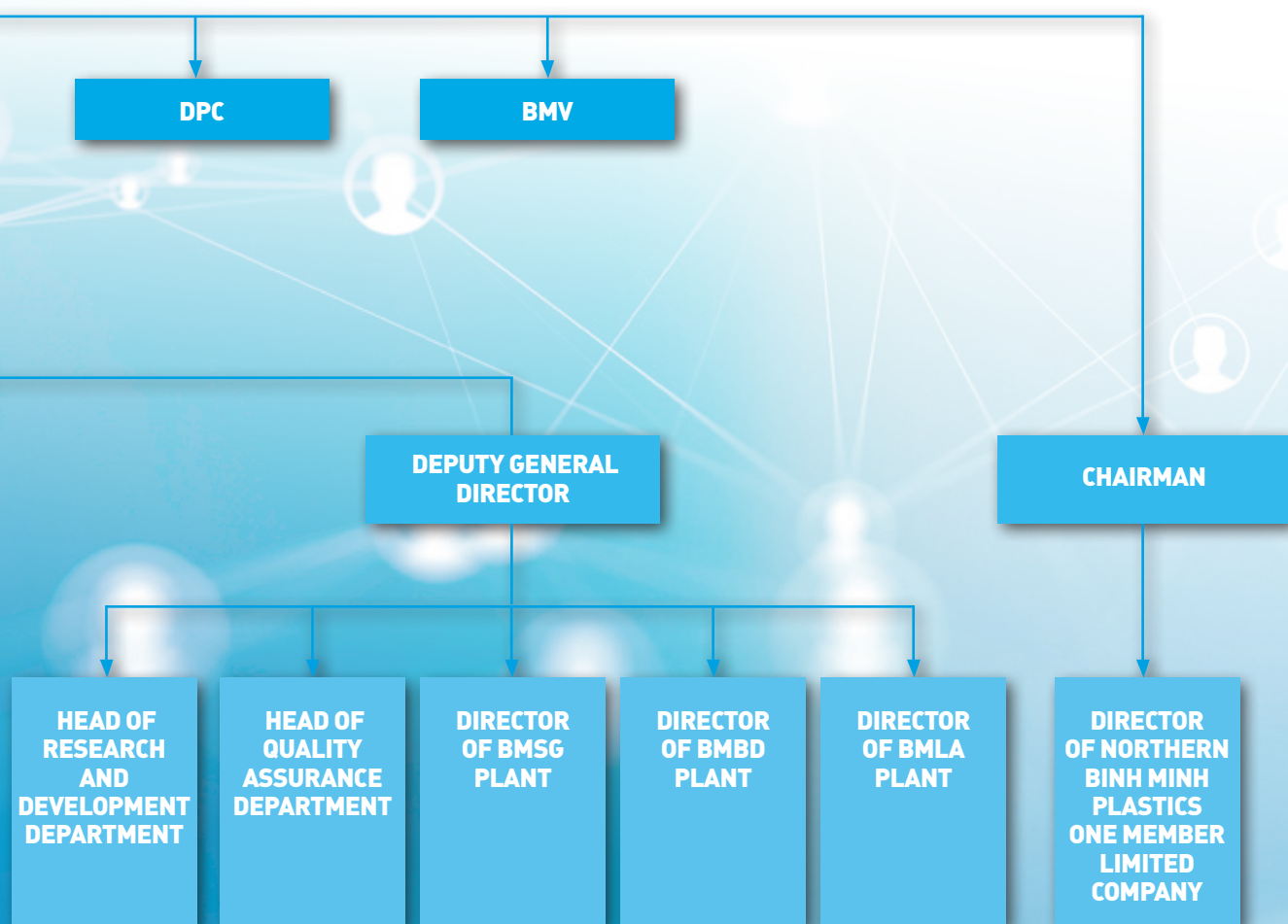
New and improved PVC-U fittings, meeting the diverse needs of the market and aiding construction activities in terms of convenience and sustainability.

- Connection Boxes.
- Changing level connections.
- External discharge Cap.
- Anti-blockage connection kit.
- Threaded plastic in dn 27x3/4.

3. GOVERNANCE MODEL, ORGANIZATIONAL STRUCTURE AND MANAGEMENT APPARATUS



GOVERNANCE MODEL & MANAGEMENT STRUCTURE:



3. GOVERNANCE MODEL, ORGANIZATIONAL STRUCTURE AND MANAGEMENT APPARATUS (CONTINUED)

SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES

**NORTHERN BINH MINH PLASTIC
ONE-MEMBER LIMITED COMPANY
(NBM)**

SUBSIDIARY COMPANY



CHARTER CAPITAL

155 BILLION DONGS

CAPITAL CONTRIBUTION OF BMP

100%

NBM was established under Business Registration Certificate No. 0504000211 on 18 September, 2006 and located at D1 road, D complex, Pho Noi A Industrial Zone, Van Lam district, Hung Yen province with 100% capital from BMP. The Company focuses on production and sales of uPVC, HDPE, PPR plastic pipes and fittings.

NBM officially went into operation on 21 December, 2007. Total current charter capital is 155 billion dong. The Company has modern equipment and newly-built workshops with total area of 40,000 m² and capacity of 40,000 tons/year.



D1 road, D complex, Pho Noi A Industrial Zone, Van Lam district, Hung Yen province.

**BINH MINH REAL ESTATE
INVESTMENT
AND TRADING JOINT STOCK COMPANY**
ASSOCIATED COMPANIES



CHARTER CAPITAL

210 BILLION
DONGS

CAPITAL CONTRIBUTION OF THE COMPANY

26%

As Plant No. 1 of BMP was relocated in accordance with the Government's directions, the Company was established with a charter capital of VND 6 billion to implement the project of land function transformation at 240 Hau Giang Street. On December 2016, Binh Minh Viet raised the investment capital to VND 210 billion, while BMP contributed VND 53,040,000,000, equivalent to the ownership ratio of 26%.

Negotiation with other shareholders on the termination of the project is still ongoing.



**No. 240 Hau Giang, Ward 9, District 6,
Hochiminh city.**

**DA NANG PLASTICS
JOINT STOCK
COMPANY (DPC)**
ASSOCIATED COMPANIES



CHARTER CAPITAL

22,4 BILLION
DONGS

CAPITAL CONTRIBUTION OF THE COMPANY

29%

Da Nang Plastic Joint Stock Company was established in 1976, equitized in 2000 and listed in 2001. Presently, DPC shares are listed on Hanoi Stock Exchange. The Company has the head office and production plant at No. 371 Tran Cao Van, Thanh Khe district, Danang city. The Company focuses on production and sales of uPVC, HDPE, PPR plastic pipes and packing papers.

In 2008, BMP purchased and held 29% of shares over the total charter capital of VND 22.4 billion and became a strategic partner of DPC with a purpose of jointly developing the Binh Minh Plastics brand in the Central Vietnam and Central Highlands.

DPC is currently a business partner in distribution of Binh Minh Plastics products to the markets of Central Vietnam and Central Highlands.

DPC is searching for a new location and preparing for the Company's relocation investment project in accordance with the planning and requirements of Da Nang City People's Committee.



**371 Tran Cao Van, Thanh Khe district,
Danang city.**

4. DEVELOPMENT ORIENTATION





THE COMPANY'S DEVELOPMENT STRATEGY FOR THE 2019 – 2023 PERIOD IS AS FOLLOWS:

- ▶ Affirming BMP's capacity and position as the Vietnamese market's leader as well as cooperating with other member companies to maintain the leading position, in terms of market share, in the ASEAN region. The average growth target shall not be lower than the overall market growth.

- ▶ In corporate governance, applying advanced management models and tools such as LEAN and 5S in combination with investing in modern technology and improving the automation level in production to establish a comprehensive supply chain.

- ▶ Paying special attention to developing a friendly and safe working environment and prioritizing employees' interests so that the Company can secure its position in the Top 50 places to work in Vietnam.



5. RISKS



LEGAL AND COMPLIANCE RISKS

Compliance with the law is an integral part of BMP's management culture. Thus, it is consistently specified in each and every regulation of the Company. Frequent changes in the legal document system, industry regulations and implementation guidelines of tax laws shall result in violation risks, in case there is lack of thorough understanding of such regulations.



MARKET RISKS

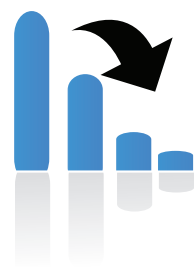
In the context of increasingly fierce competition in the construction material market, BMP faces not only difficulties in maintenance but also risks of losing its existing market share in case of inappropriate and ineffective strategies of the Company.

The annual growth pressure may force the Company to boost sales at all costs, thus posing a risk of turmoil in sales policies and loss of control over the sales system.



EXCHANGE RATE RISKS

Exchange rate risk is one of the factors that affect the costs of manufacturing companies. Since raw materials account for approximately 60%-70% of total costs by element at BMP, exchange rate fluctuations shall directly affect input costs. Even though the Company now mainly purchases raw materials from domestic suppliers, it is still affected as these suppliers' input materials are imported.



ECONOMIC ENVIRONMENT RISKS

As an increasingly open economy, Vietnam maintains a strong connection with the world economy. As a result, the global economic crisis, inflation, etc. shall quickly and directly affect the country's economy, especially the construction material industry.



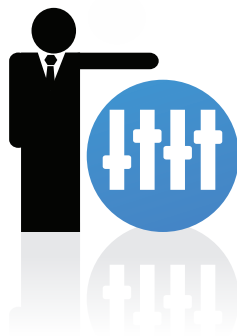
RESOURCE RISKS

Unstable exchange rates, transportation, labor and raw material costs, etc. shall affect the Company's costs, profits and production plans.



RISKS OF UNFAIR COMPETITION

The competition is increasingly fierce. Furthermore, competitors do not hesitate to seize BMP's customers and market share with numerous schemes, ranging from discount policies to defaming, rumor spreading, etc.



SUPPLIER RISKS

In Vietnam's plastics industry, raw materials imported from foreign countries account for 80% due to limited domestic supply. Even though petrochemical development projects have been implemented, the petrochemical industry of Vietnam is still young, the industry's products have not yet met the requirements in terms of quality and quantity. The domestic plastics industry's self-sufficiency in raw materials, therefore, shall not be able to improve in the near future.



RISKS OF COUNTERFEIT GOODS

The effectiveness and deterrence of legal protection against counterfeit goods are still insignificant to protect genuine manufacturers, as in the case of BMP in the past few years. As a result, the risks coming from counterfeit goods bearing BMP brand are severe and posing a serious threat to the revenue, profit and especially consumers' trust in BMP's products.





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Yearly operations

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1. PRODUCTION AND BUSINESS OPERATIONS

CONSOLIDATED BUSINESS RESULTS IN 2018

No	TARGET	UNIT	PLANNED 2018	PERFORMED		PERCENTAGE %	
				2018	2017	2018/KH	2018/2017
1	Revenue	VND billion	4,300	4,130	4,057	96	101,8
2	Consumption capacity	Ton	100,000	94,582	94,110	94,6	100,2
3	Profit before tax	VND billion	600	530	583	88,5	91,1
4	Profit after tax	VND billion	480	428	465	89,2	92

In 2018, the growth of the market's purchasing power was low, resulting in the almost unchanged sales volume at BPM. This was partially due to BMP's huge promotion program launched at the end of 2017 to celebrate the Company's 40th anniversary, which provided the market with a large volume of goods, consequently affecting the sales volume in 2018.

The 2018 raw material prices increased compared to the 2017's average. In particular, PVC powder price increased by 2.65%, while PE grain price increased by 15.8% on average.

The above events resulted in the Company's failure to meet the 2018 targets.





2. ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

LIST OF SENIOR EXECUTIVES IN THE BOARD OF MANAGEMENT:



MR. NGUYEN HOANG NGAN

**Vice Chairman of the Board
of Directors – General Director**

Year of birth: 1962

**Qualification: Mechanical Engineer,
Master of Management**

Employment history:

- 1988: Technical staff of Binh Minh Plastic Partnership Plant.
- 1992: Head of Technical Department of Binh Minh Plastic Partnership Plant.
- 1997: Vice Director of Binh Minh Plastic Company.
- 2004: Vice Chairman of the Board of Directors – BMP Deputy General Director.
- 2007 - 2010: Vice Chairman of the Board of Directors - BMP Deputy General Director; Vice Chairman of the Board of Members – BMP Director.
- 2010 – February 2012: Vice Chairman of the Board of Directors - BMP Deputy General Director; Chairman of the Board of Members of BMP.
- March 2012: Vice Chairman of the Board of Directors of BMP- BMP Deputy General Director; Chairman of the Board of Members of BMP; Chairman of the Board of Directors of DPC.
- November 2012 - 2014: Vice Chairman of the Board of Directors of BMP - General Director; Chairman of the Board of Members of NBM; Chairman of the Board of Directors of DPC.
- 2014 - 2016: Vice Chairman of the Board of Directors - General Director of BMP.
- 2017 - present: Vice Chairman of the Board of Director - General Director of BMP - Chairman of NBM.

Ownership of voting shares and other securities issued by the Company: **618.550 shares.**



MR. NGUYEN THANH HAI

Deputy General of Sales Director

Year of birth: 1971

Educational qualifications:

Mechanical Engineer, MBA

Employment history:

- 1995 - 2000: Member of Technical Department - Binh Minh Plastic Company.
- 2001 - 2002: Deputy Manager of Factory 1 - Binh Minh Plastic Company.
- 2002 - 2005: Deputy Manager of Human Resource & Administration Department - BMP.
- 2006 - 2010: Manager of Human Resources Department - BMP.
- 2011 - 2014: Member of Board of Members - Director of NBM.
- 2015 - 2016: Manager of Marketing Department - BMP.
- 2017 - present: Deputy General Sales Directors - BMP.

Ownership of voting shares and other securities issued by the Company: **21,600 shares.**

2. ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES (CONTINUED)

LIST OF SENIOR EXECUTIVES IN THE BOARD OF MANAGEMENT:



MR. NGUYEN THANH QUAN

Deputy General Technique Director

Year of birth: 1968

Qualification: Chemical Engineer, MBA

Employment history:

- 1994: Technical Staff of Binh Minh Plastic Company.
- 1997: Deputy Manager of Technical Department of Binh Minh Plastic Company.
- 2000: Supervisor of Workshop 1 of Binh Minh Plastic Company.
- 2007: Director of BMP Plant No. 1.
- 2010: Director of BMP Plant No. 2.
- 2013 - present: BMP Deputy General Technical Director.

Ownership of voting shares and other securities issued by the Company: **11.709 shares.**



MR. WISIT RECHAIPICHITGOOL

**Deputy General Director of Finance -
Administration**

Year of birth: 1961 – Nationality: Thai

Educational level: Master of Science

Employment history:

- 1988: Analysis Executive of SCC Company.
- 1994: Head of Production Planning Department of SFCC Company.
- 1996: Head of Sales – Marketing Department of SFC Company.
- 1997: Head of Planning Department of TPC Company.
- 2001: Head of Sales Department of TPC Company.
- 2003: Head of Pipe Industry Sales Department of NPI Company.
- 2005: Assistant Director of Ricken - Thai Company.
- 2006: Director of Sales – Marketing of TPC Company.
- 2010: Director of Trade of TPC Company.
- 2011: Director of Export of SCG Company.
- 2017: Assistant Chairman of SCG - Viet Nam Company.
- August 2018: Deputy General Director of Finance – Administration of Binh Minh Plastics Joint Stock Company.

Holding of voting shares and other securities issued by the Company: **None.**

2. ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES (CONTINUED)

LIST OF SENIOR EXECUTIVES IN THE BOARD OF MANAGEMENT:



MR. HONG LE VIET

Chief Accountant
Director of DPC
Year of birth: 1966
Qualification: Bachelor of Economics

Employment history:

- 1993: Staff of Finance and Accounting Division of Binh Minh Plastic Company.
- 2002: Deputy Head of Finance and Accounting Division of Binh Minh Plastic Company.
- 2007 - 2013: Deputy Head of BMP Finance and Accounting Division; Chief Accountant of NBM – Member of the Board of Members of NBM.
- 2014 - 2016: Chief Accountant cum Head of BMP Finance and Accounting Division - Member of the Board of Members of NBM.
- 2017 - present: Chief Accountant cum Head of BMP Finance and Accounting Division - Director of DPC.

Ownership of voting shares and other securities issued by the Company: **03 shares.**



Number of employees:

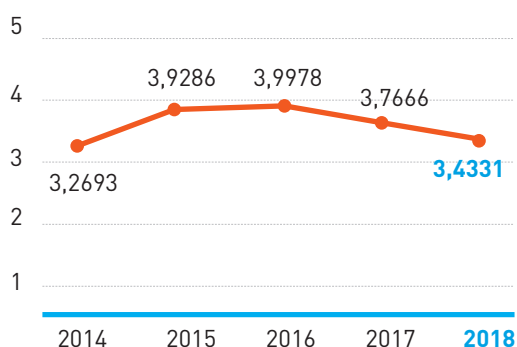
The (official) average number of employees in 2017: **1,077**.

The (official) average number of employees in 2018: **1,203**.

Labor productivity:

CHART OF LABOUR CAPACITY

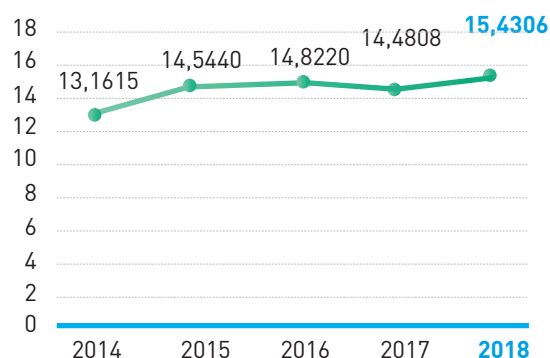
Unit: VND billion/employee/year



Employee salaries:

CHART OF AVERAGE INCOME

Unit: VND million/employee/month



In 2018, BMP launched the Human Resources Management (HRM) project with the main goal of rebuilding modern salary distribution principles and reducing dependence on seniority, in order to create better motivation for employees and enhance labor productivity, ensuring the principle that “salary shall be aligned with job position, personal capacity and work performance”. The project is being actively implemented and shall be completed and put into operation in 2019.

3. PROJECT INVESTMENT AND IMPLEMENTATION

MAJOR INVESTMENTS

Based on actual production and business conditions, the Company proactively balanced investments during the year. In 2018, the investment items worth VND 109 billion, which mainly focused on supplementing auxiliary equipment, modernizing warehousing infrastructures and constructing a central material supply system for plants, were completed. Some ongoing investment items have been forwarded to the 2019 investment plans.



SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES

Northern Binh Minh Plastics One Member Limited Company (NBM):

No	TARGET	PERFORMED		PLANNED 2018	PERCENTAGE %	
		2017	2018		TH 2017	TH 2018
1	Revenue (VND billion)	369	373	350	101.1 %	106.5 %
2	Consumption capacity (Ton)	8,675	8,449	7,800	97.4 %	108.3 %
3	Profit before tax (VND billion)	56.6	43.7	42	77.2 %	104.0 %

Even though NBM's sales revenue, sales volume and profits before tax reached and exceeded the 2018 targets, however, the NBM's Northern market share did not meet expectations, even when the product line completely suitable to the Northern civil market has been launched since the end of 2017. The reason was due to high competition in the Northern market and the decrease in construction projects in 2018, as compared to 2017.

In 2018, NBM focused on improving the Company's management capacity, supplementing product categories suitable to the market and reinforcing business activities through increasing sales staff and developing the distribution system with an orientation to expand the retail market share.

Da Nang Plastic Joint Stock Company (DPC):

No	TARGET	YEARS		RATE COMPARED 2017 (%)
		2017	2018	
1	Revenue (VND billion)	63.8	65.6	102.8%
2	Profit before tax (VND billion)	5.0	2.7	53.6%

Binh Minh Viet Real Estate Investment - Trading Joint Stock Company

This company is in the process of negotiating with its shareholders to complete procedures for dissolution according to the Resolution of AGM 2017.



4. FINANCIAL SITUATION

FINANCIAL SITUATION

TARGET	UNIT	2017	2018
Business results			
Revenue	VND billion	4,057	4,130
Net revenue	VND billion	3,825	3,920
Gross profit	VND billion	923	872
Operation costs	VND billion	260	264
Net profit from business activities	VND billion	663	608
Net profit from financing activities	VND billion	(73.4)	(80.4)
Net profit from other activities	VND billion	(6.9)	0.9
Profits are distributed from associated companies	VND billion	0.5	1.1
Profit before tax	VND billion	583	530
Profit after tax	VND billion	465	428
Accounting balance sheet			
Total assets	VND billion	2,872	2,812
Charter capital	VND billion	819	819
Equity	VND billion	2,449	2,454
Key financial indicators			
Return on total assets (ROA)	%	16.1%	15.0%
Return on equity (ROE)	%	19.6%	17.4%

Target for a unit of stock

The figures have not been retrospectively adjusted for 36,382,458 bonus shares issued in 2017 and the bonus and welfare approved by the Resolution of the General Meeting of Shareholders throughout the years.

TARGET	UNIT	2017	2018
Number of outstanding shares	Share	81,860,938	81,860,938
Basic earnings per share	VND	5,109	5,224
Book value per share	VND	29,918	29,973
Dividend	VND	4,000	1,500(*)
Market price at the end of the year	VND	85,600	52,600

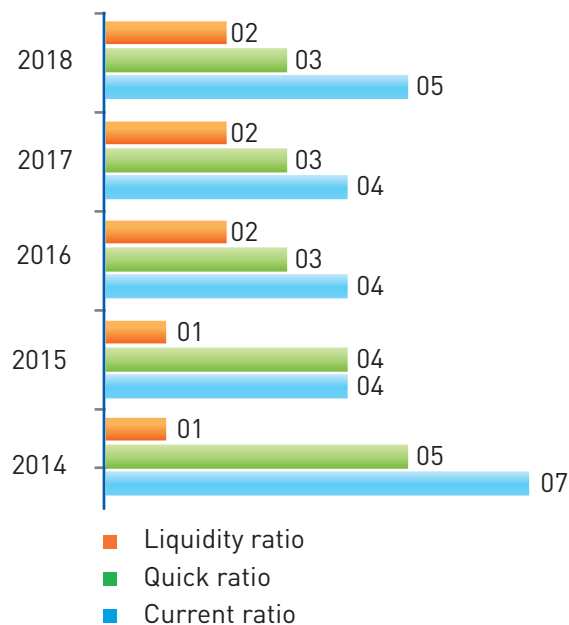
(*) Interim dividend payment in 2018

KEY FINANCIAL INDICATORS

Solvency

In recent years, BMP's liquidity has always been high and relatively stable. At the end of 2018, each dong of short-term debt was guaranteed by five dong of short-term assets, ensuring payment capacity. With this liquidity's advantage, BMP took advantage to purchase raw materials and goods from suppliers at preferential prices, resulting in input cost reduction and business profits improvement.

LIQUIDITY OF BMP DURING 2014 - 2018



Operational performance

TARGET	UNIT	2017	2018
Average collection period	Day	39	37
Inventory turnover	Time	6.8	6.4
Average payment period	Day	19	18
Total asset turnover	Time	1.3	1.4
Fixed asset turnover	Time	4.9	4.3

With the application of reasonable policies to attract cash flow from customers to reduce bad debt risks, the average collection period at the end of 2018 was 37 days, which was faster than in previous years.

The average payment period has been kept relatively stable over the years since the financial capacity always meets the payment demand, thus allowing the Company to purchase input materials at advantageous prices and save costs.

The inventory turnover did not experience huge changes and remained stable over the years.



4. FINANCIAL SITUATION (CONTINUED)

Profitability analysis

TARGET	DESCRIPTION	2017	2018
Net profit/Net revenue (1)	Net profit margin	12.1%	10.9%
Net revenue/Total average assets (2)	Asset turnover	1.33	1.38
Total average assets/Equity average (3)	Financial leverage ratios	1.21	1.16
ROA = (1)*(2)	Return on assets	16.1%	15.0%
ROE = ROA* (3)	Return on equity	19.6%	17.4%



In 2018, the revenue increased by 1.8% compared to 2017 but only reached 96.05% of the plan. The profit before tax was 90.90% compared to 2017 but only reached 88.32% of the plan. However, the efforts of BMP were undeniable and deserved to be appreciated.

With the entry of many competitors in both Southern and Northern markets along with the “huge discount” strategy, the competition in the plastic pipe market was extremely fierce. Thus, the industry profits were certain to decrease. Nevertheless, BMP has not yet lost its leading position and still maintained effective production and business activities compared to the industry. Above all, BMP shall always try its best to constantly improve and apply modern management processes to corporate governance in order to better meet customer needs, harmonize interests between shareholders and employees and maximize its value.

Property situation and Liabilities situation:

TARGET	UNIT	2017	2018
Total assets	VND billion	2,872	2,812
- Short-term assets	VND billion	1,815	1,807
- Long-term assets	VND billion	1,057	1,006
Account payable	VND billion	423	359
- Short-term liabilities	VND billion	423	359
- Long-term liabilities	VND billion	0	0
Owner's equity	VND billion	2,449	2,454

Short-term and long-term asset structure

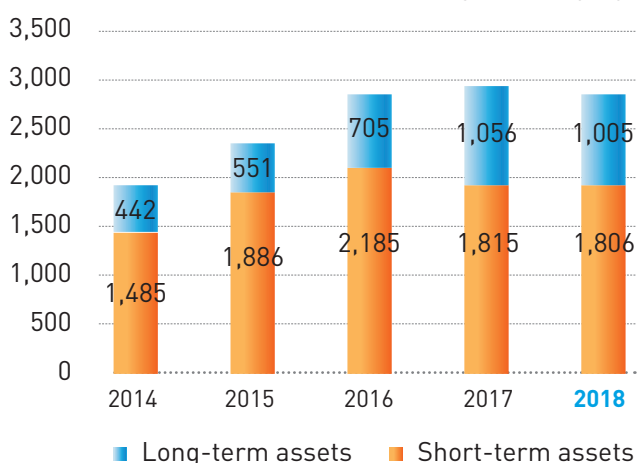
In 2018, short-term assets accounted for 64% of total assets, while long-term assets accounted for 26% of total assets, the same as in 2017.

Capital structure

Owners' equity always accounted for a major proportion in the capital structure. Most assets were entirely financed by owners' equity and liabilities only accounted for a small proportion, which allowed the Company to maintain self-sufficiency in its activities without external financing. This reflected BMP's firm and healthy financial structure.

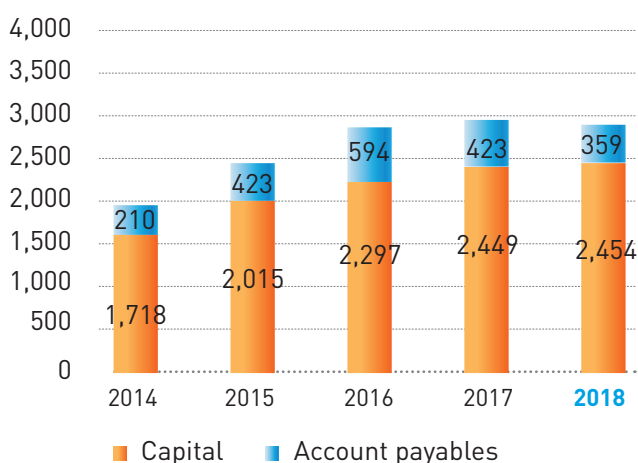
ASSET STRUCTURE

Unit: VND billion



CAPITAL STRUCTURE

Unit: VND billion



5.SHAREHOLDER STRUCTURE AND CHANGES IN OWNERS' EQUITY

a. Shares

	31 st DEC 2017	31 st DEC 2018
Total of shares and outstanding shares	81,860,938	81,860,938
Freely transferrable shares	81,848,968	81,848,960
Preferred shares	11,970	11,970

b. Shareholder structure

SHAREHOLDER STRUCTURE	TIME OF 31 st DEC 2017		TIME OF 31 st DEC 2018	
	HOLDING OF SHARES	PERCENTAGE %	HOLDING OF SHARES	PERCENTAGE %
State shareholder	24,159,906	29.513%	19,983	0.024%
Board of Directors	2,137,836	2.612%	618,550	0.756%
Control Board	242,091	0.296%	14,040	0.017%
Domestic individuals	17,264,931	21.091%	15,534,784	18.977%
Domestic organizations	3,252,688	3.973%	2,722,535	3.326%
Foreign individuals	505,865	0.618%	510,031	0.623%
Foreign organizations	34,297,621	41.897%	62,441,015	76.277%
TOTAL	81,860,938	100.00%	81,860,938	100.00%

Information on major shareholders holding 5% of shares or more on December 31, 2018

No.	FULL NAME	TYPE OF SHAREHOLDER		HOLDING OF SHARES	RATIO
1	TEMPLETON FRONTIER MARKETS FUND	Organization	Foreign	6,617,012	8.08%
2	THE NAWAPLASTIC INDUSTRIES (SARABURI) CO., LTD.	Organization	Foreign	44,525,911	54.39%
TOTAL				51,142,923	62.47%

c. Changes in owners' equity: None.

d. Treasury stock transaction: None.

e. Other securities: None.



6. REPORT RELATED TO IMPACT ON ENVIRONMENT AND SOCIETY



RAW MATERIAL MANAGEMENT

a. Total amount of raw materials used to produce and pack the organization's main products and services during the year.

In 2018, the total amount of raw materials used was 99,560 tons. In particular, BMP used 95,859 tons and NBM used 3,701 tons.

The main raw materials used include PVC, HDPE, PP, etc. purchased from well-known manufacturers all over the world such as TPC Vina, AGC VN, Borouge, Sabic and Basell. These raw material manufacturers comply with the ISO 9001 quality management and the ISO 14001 environmental management.

b. Reports on the percentage of recycled materials used to produce the organization's main products and services

Binh Minh Plastics products are only made from high-quality materials and an insignificant amount of waste materials generated during the production process, not using recycled materials purchased from external suppliers. This minimizes waste materials during production at BMP.

In 2018, all Binh Minh Plastics products pioneered to use a completely new additives system without heavy metals to ensure consumer health and environmental friendliness. WRASS Organization (UK) has certified that: **Binh Minh Plastics pipe products are manufactured from materials suitable for drinking and domestic water in conformity with international standards.**

ENERGY CONSUMPTION

a. Direct and indirect energy consumption:

BMP uses electricity as the direct energy source in production and business activities. The electricity is purchased from national electricity companies.

The Company does not use indirect energy sources.

b. Energy savings through energy efficiency initiatives:

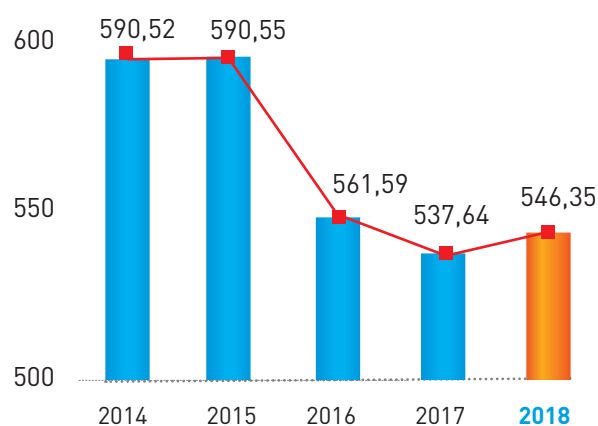
One of BMP's top concerns in sustainable development policy is energy saving. The Company's management has transformed such concerns into environmental goals and targets over the years, which has brought about many benefits.

Accordingly, BMP has carried out following activities:

- Training all employees on energy saving awareness.
- Auditing energy.
- Reassessing the current situation and establishing implementation plans to reduce electricity consumption.
- Continuing to implement appropriate technical solutions to save electricity, such as installing inverters and servo for main engines of production equipment.

- Prioritizing investments in production equipment using power-saving servo technology.
- Controlling water chillers of circulating tanks during production.
- The implementation process was periodically recorded, analyzed and compared and the results achieved in five years (2013 - 2018) were as follows:

**ELECTRICITY CONSUMPTION RATE GRAPH
(KWH/Ton)**



6. REPORT RELATED TO IMPACT ON ENVIRONMENT AND SOCIETY (CONTINUED)



Electricity consumption tended to decrease in the 2015 - 2017 period.

In 2018, the Company continued to implement plans on relocation and reorganization of production equipment among plants and expansion of plastic pipe production at Binh Minh Long An Plant. These activities generated many post-installation production products, thus consumed a significant amount of electricity. As a result, electricity consumption on finished products increased compared to previous years. However, thanks to the

effective implementation of energy reduction, the electricity consumption rate only increased by 1.6%, as compared to 2017.

c. Reports on energy saving initiatives; reports on the results of such initiatives:

In 2018, energy-saving solutions such as Installing inverters and servo for main engines of production equipment and Controlling water chillers of circulating tanks were implemented and brought about high saving efficiency.

WATER CONSUMPTION

a. Water supply and usage:

For many years, the Company only uses water supplied from local water supply companies such as Sawaco and Biwase, not groundwater.

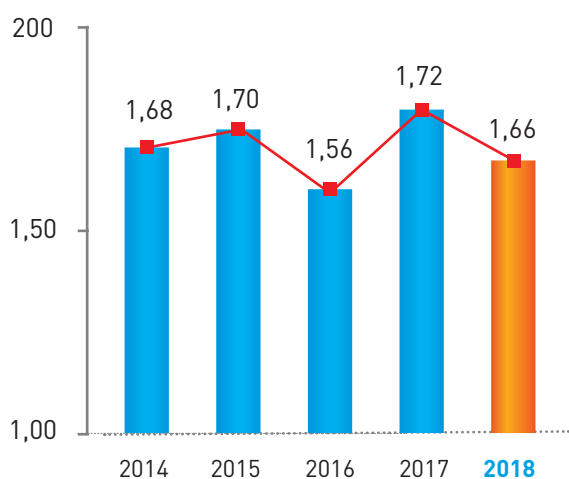
Besides, with the full awareness that clean water source is not infinite, BMP has soon implemented saving solutions and brought about the efficiency as follows:

Production capacity in 2018 increased more than 6.1% while water consumption in 2018 increased by 2.3% compared to the same period of 2017.

Compared to 2017, the water consumption rate in 2018 saw:

- A reduction of 3.6%.
- Equivalent to a reduction of 6,040 M³.

WATER CONSUMPTION RATE GRAPH
(M³/Ton)



**AN APPROXIMATE AMOUNT OF
VND 72,500,000
HAS BEEN SAVED**

(AVERAGE WATER UNIT PRICE IN 2018:
VND 11,997/M³)



b. Percentage and total volume of recycled and reused water:

Water sources are used for the following purposes:

- Domestic purpose: Accounting for a small proportion of total water consumption at the Company. All waste water generated from such activity is treated in accordance with the law.
- Production purpose: Accounting for a large proportion of total water consumption at the Company. All water used for production purpose is circulated for reuse to minimize water consumption.

6. REPORT RELATED IMPACT ON ENVIRONMENT AND SOCIETY (CONTINUED)

ENVIRONMENTAL PROTECTION REGULATION COMPLIANCE :

The Company constantly demonstrates interests in compliance with environmental protection regulations.

In 2018, the Company did not record any violations due to non-compliance with environmental laws and regulations.

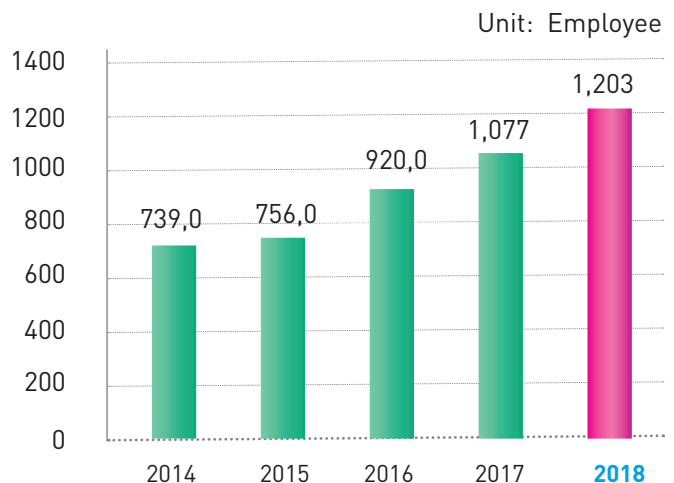


LABOR POLICIES:

a. Number of employees and average salaries:

In 2018, the official average labor force of BMP increased by 126 people.

PERSONNEL CHART FROM 2017-2018



b. Labor policy to ensure health, safety and welfare of employees:

The Company constantly demonstrates interests in labor protection, working environment improvement and labor healthcare. The Company annually conducts measurement and assessment on the workplace environment and regularly organizes both general and specialized medical examination for all employees to timely diagnose potential risks of diseases and propose treatments.

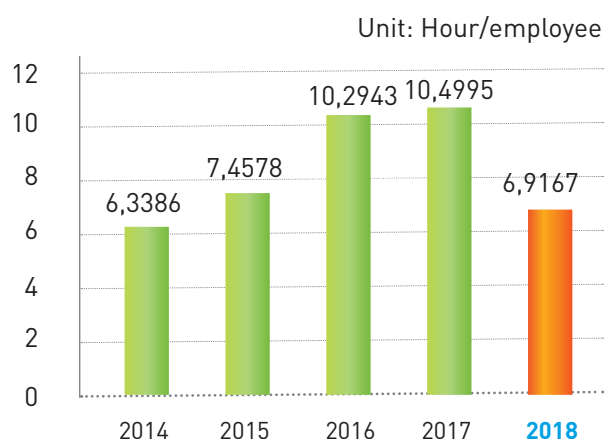
Security, fire prevention, green – clean – beautiful working environment and food safety and hygiene are paid due attention. For many years, the Company has not recorded any serious labor accident, fire and explosive accident or food poisoning case.

Apart from complying with the law on social insurance, health insurance and unemployment insurance for all employees, the Company also purchases accident insurance, comprehensive health insurance and voluntary retirement insurance to enhance employee welfare. The Company regularly organizes resort trip and annual sports event as well as offers support to employees with difficulties in personal life such as house repair and purchase of transportation vehicles.

c. Employee training:

- Number of average annual training hours by employee and employee classification.
- Since the Company considers human resources as a valuable capital, it has established training regulations for employees. Employees are encouraged to study in areas related to their work, such as improving professional qualifications, IT literacy and foreign languages while being paid in accordance with the training plan. Besides domestic training, employees are allowed to participate in overseas training courses to have an opportunity to develop their personal career path.

**CHART OF TRAINING
DURATION OVER YEARS**



6. REPORT RELATED IMPACT ON ENVIRONMENT AND SOCIETY (CONTINUED)

REPORTS ON RESPONSIBILITY TO THE COMMUNITY



With a view to maintaining the tradition of social activities to support the local community as well as individuals in difficult personal situations, in 2018, the Company and employees jointly made practical and effective contributions to the community. Total contribution value was up to VND 1,261,600,000, as specified in the following activity group:

ACTIVITY GROUP:	CONTRIBUTION (VND)
Support to the youth	689,920,000
Support to people with special circumstances in the community	315,080,000
Gratitude activities	31,600,000
Other activities	225,000,000
TOTAL:	1,261,600,000

In addition to community activities that could be attributed to actual value above, the Company has also organized many exchanges with the local community at the bases of Company's plants, such as cultural exchanges, sports exchanges as well as security and environmental sanitation maintenance. Humanitarian blood donation movements to save human have been maintained during the past 15 years. In 2018, 189 volunteers were encouraged to donate blood.

REPORTS ON GREEN CAPITAL MARKET ACTIVITIES AS GUIDED BY THE STATE SECURITY COMMISSION OF VIETNAM : None.





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Report **AND assessment** **OF THE BOARD OF MANAGEMENT**

1. Assessment of production and business results.
2. Financial situation.
3. Organizational structure, policy and management reforms.
4. Future development plans.
5. Board of Management's explanation of audit opinions.
6. Environmental and social responsibility reports.

1. ASSESSMENT OF PRODUCTION AND BUSINESS RESULTS



- In 2018, the Company achieved consolidated revenue of VND 4,130 billion, although the revenue increased by 1.8% compared to 2017 but failed to reach the growth target. Lower-than-expected market demand and oversupply led to 2018 business results of most businesses in the industry did not reach the expected growth. In fact, the business results of many companies even fell sharply as compared to the plan.
- Profit before tax reached VND 530 billion and accounted for only 91% compared to the same period, mainly due to the increase in raw material prices compared to the average prices of the same period. Consequently, the Company did not reach the revenue target. Besides, in 2018, the Company still conducted periodical Customer conferences to strengthen customer services as rival companies were “enticing” the Company’s distribution system through high discount policies.
- Although the Company’s business performance did not meet the year’s targets, it still achieved better results and efficiency in comparison with other competitors in the industry. The Board of Management assessed that the Company still maintained its leading position and solid reputation in the market.

Developments and shortcomings of the Company:

- The Company has developed and issued new regulations to restructure the distribution system, in order to enhance competitiveness with competitors and limit unfair competition within the internal distribution system of the Company. The long-term business strategy has been reviewed and developed with the purpose of sustainable development. Business activities are in urgent need to be transformed into a more proactive business method to improve the ability to fulfill annual and long-term business goals.



- The business environment has become extremely challenging as supply capacity drastically increased and exceeded market demand due to intensive investment in production in recent years, thus resulting in a serious imbalance in supply and demand. As a result, companies competed for market share by huge discount and promotion, which caused great market turmoil and reduced overall business efficiency of the industry.
- In 2018, the Company continued to promote investment in technology, equipment and process automation, product diversification and quality stability as well as conduct continuous improvement to fully meet market demand, reduce costs and realize the Company's objectives.
- The Company continued to affirm its position as a leading company in manufacturing plastic pipes and fittings and as the only company currently producing all PVC-U pipes and fittings without heavy metal components, environmentally friendly and absolutely safe for consumers.
- However, with the Company's high quality product strategy, the consequent high selling price was considered a major challenge for the Company as competitors were taking advantage of low price or high discount policies.
- Successful application and stable operation of the ERP system allowed the Company to retain rapid, consistent and transparent information, accurately control data and make quick and flexible decisions. The Company needs to continue to expand the scope of ERP system, supplement statistical data system and enhance data exploitation and analysis capacity to support the development of appropriate business and financial scenarios in accordance with highly changeable business conditions and environments.

1. ASSESSMENT OF PRODUCTION AND BUSINESS RESULTS (CONTINUED)



- The Company continued to reinforce investments in the upgrade and regular maintenance of machinery and equipment system to improve production capacity. The Company enhanced the inspection and supervision of activities at production units with special attention to quality control, process improvement, production norms, cost control and safety and hygiene labor conditions. The Company continued to reorganize machinery and equipment among plants to reasonably organize commercial logistics activities and reduce internal transportation costs. The Company launched 5S so that production and commercial logistics were given the most scientific, neat and convenient working site to operate.
- Based on actual production and business performance, the Company proactively balanced investments during the year. In 2018, the investment items worth VND 109 billion, which mainly focused on supplementing auxiliary equipment, modernizing warehousing infrastructures and constructing a central material supply system for plants, were completed. Some ongoing investment items have been forwarded to the 2019 investment plans.

- The Company's organizational model was restructured on the basis of adding and rationalizing functional parts suitable to the scale and development needs of the Company in the long term.
- The ongoing HRM project was to restructure the entire remuneration system in accordance with the principle that salary, bonus and remuneration shall be aligned with job position, personal capacity and work efficiency (KPI) to fix shortcomings of the previous remuneration structure and policy.
- The Company managed to successfully maintain the workforce, even in the challenging labor market, and promoted training to enhance employees' skills to meet production requirements. The Company paid employees in accordance with the law, with its average salary being higher than the market's average. Comprehensive remuneration and benefits provided employees with security and ensured their long-term loyalty to the Company.
- However, incomplete organizational restructuring has significantly affected the consolidation of the currently insufficient management personnel. Besides, the development of a highly competitive remuneration system by advanced standards and methods was still slow. As a result, the 2018 workforce could not meet the present demand and future development needs.
- One of the major challenges of the executive and management team is that under the fierce competition and the need to expand production, employee income should be ensured as higher than the market's average.



2. FINANCIAL SITUATION

As of December 31, 2018, BMP's total assets reached VND 2,812 billion, which was slightly lower than in 2017. In BMP's capital structure, owners' equity always accounted for a high proportion over the years, which was the foundation for the Company's sustainable and long-term development strategy.



3. ORGANIZATIONAL STRUCTURE, POLICY AND MANAGEMENT REFORMS

Presented in the General Director's report.



4. FUTURE DEVELOPMENT PLANS

Presented in the BOD's orientation report.



5. BOARD OF MANAGEMENT'S EXPLANATION TO AUDIT OPINIONS

None.







6. ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORTS



a. Assessment on environmental indicators:

The Company continued to apply and maintain the ISO 14001:2015 environmental management system periodically assessed, monitored and certified by Quacert.

With this management system in place, environmental indicator control activities brought about many benefits besides compliance with the environmental protection law, such as:

- Electricity consumption control: The Company conducted energy auditing in accordance with the law to maintain effective electricity consumption. The Company also executed electricity saving solutions to reduce electricity consumption



- Water consumption control: With a sense of environmental resources protection, the Company has completely terminated groundwater usage for many years. The entire amount of water during production was reused. In addition, the Company also executed water saving solutions with initial effects attained.
- Wastes, emissions, etc.: The Company controlled and handled emissions in accordance with reports and assessment on environmental impact filed to local authorities. Relevant environmental indicators were periodically tested by independent inspectors to ensure emission control and compliance with applicable legal requirements.

b. Assessment on employees' issues:

In 2018, despite BMP's slight increase in output and revenue, the Company still promoted official and stable labor contract signing. Besides, the 2018 data on the average income of employees demonstrated a significant increase. This fact proved that the Company exerted enormous efforts to attract and ensure a stable workforce. Given the difficult situation of 2018, this clearly showed BMP's strategy of increasing competitiveness to attract a qualified workforce to prepare for the upcoming period.

Related to the competitive strategy to attract qualified workforce, solutions to welfare regime for employees such as health care, health reinforcement and working environment improvement were maintained and promoted.

Despite its higher position than other industry peers, BMP was facing temporary average labor productivity decrease compared to 2017. In the upcoming years, the Company needs to maintain labor productivity enhancement to allow employees to increase their income.

c. Assessment on corporate responsibility to the local community:

BMP's management and employees were deeply concerned with the corporate responsibility to the community. BMP was considering more proactive and sustainable solutions with specific and long-term action plans in the strategy of corporate responsibility to the community.





NHỰA BÌNH MINH®

Assessment **ON THE BOARD OF DIRECTORS ON** **business** **operation** **OF THE COMPANY**

1. Assessment of the Board of Directors on business operation of the Company.
2. Assessment of the Board of Directors on the operation of the Board of Directors.
3. Assessment of Independent Directors.
4. BOD's Assessment on Board of management.
5. Orientation on Vision and Strategy.

1. ASSESSMENT OF THE BOARD OF DIRECTORS ON BUSINESS OPERATION OF THE COMPANY



Owner structure:

The biggest change in 2018 was that the State Capital Investment Corporation (SCIC) sold the state capital in the Company to the foreign investor Nawaplastic Industries Co., Ltd. (NPI). Since the Annual General Meeting of Shareholders (AGM) in 2018, NPI continued to purchase more shares and held 54.39% of the Company's capital. As a result, NPI became a controlling shareholder and the Company became a member company of NPI.

Company activities:

- In 2018, the Company achieved consolidated revenue of VND 4,130 billion, which increased by 1.8% compared to 2017 but failed to reach the growth target. Lower-than-expected market demand and oversupply led to 2018 business results of most companies in the industry did not reach the expected growth. In fact, the business results of many companies even fell sharply from their plans.
- Profit before tax reached VND 530 billion and accounted for only 91% of that of the previous year, mainly due to the increase in raw material prices. Consequently, the Company did not reach the revenue target. Besides, in 2018, the Company also held regular customer conferences to strengthen customer care as rival companies were enticing the Company's distribution system through high discount policies.
- Although the Company's business performance did not meet the year's targets, it still achieved better results and efficiency than other competitors in the industry. The BOD assessed that the Company still maintained its leading position and solid reputation in the market.



2. ASSESSMENT OF THE BOARD OF DIRECTORS ON THE OPERATION OF THE BOARD OF DIRECTORS



- There are major changes in the BOD as three out of five members are representatives of NPI - the major shareholder and one independent director. There are two executive directors who are the General Director and Deputy General Director of Finance, joining the BOM as recommended by NPI and appointed by the BOD.
- As four out of five members of the 2018 - 2023 BOD, of which three members are foreigners and one is independent director, joined the BOD for the first time, the BOD needed more time for its members to approach and understand the Company's situation, especially the applicable regulations, to reach consensus in all decisions.
- The BOD strictly complied and fully performed tasks in accordance with the Resolution of the AGM 2018 and supervised the BOM to ensure appropriate and timely implementation of shareholders' requests, such as dividend payment, the BOD's organization and assignment, the BOD's regular meetings, frequent interaction with the Control Board and communication with investors.
- The BOD received opinions and proposals from the General Director and questioned to clarify and timely meet the needs of workforce development, business policy changes, investment expansion and labor policies to create the best motivation for the Company's development.
- As the foreign and independent BOD members are also senior executives in other companies, meeting arrangement and information exchange faced limitations. Some assignments needed to be accelerated so as not to affect the general activities of the Company.



- In the past year, the BOD focused on directing the Company's 2019 – 2023 development strategy and conducting many cooperations between NPI and BMP to promote experience sharing, management capacity enhancement and cooperation for development.
- After the AGM 2018, Subcommittees were established immediately, of which BOD members were assigned to take charge. The BOD maintained the operation of the Subcommittees. However, due to working conditions of the Heads of Subcommittees, the performance of Subcommittees was not highly effective. The Investor Relations Subcommittee maintained quarterly meetings with shareholders and investors to make information disclosure and record shareholders' opinions in a timely manner.
- After the AGM 2018, the BOD specifically assigned tasks to its members. In 2018, a new person in charge of corporate governance cum Secretary was appointed to assist the BOD in work organization and information exchange.
- The BOD maintained consistency with the general development orientation of the Company that considered quality as a central factor and maintained a leading position in the industry. In addition, the BOD focused on labor satisfaction and safety enhancement along with gradual policy and objective development to create a better working environment.
- The BOD is considering some issues related to the strategy and performance of member companies and affiliates.

3. ASSESSMENT OF INDEPENDENT DIRECTORS.

- Even though the BOD has just started working together for the first year in its term, its members have demonstrated responsibility to the Company. Members actively understood, debated and criticized the General Director's activities and proposals for the Company's development.
- The BOM and employees have demonstrated responsibility and exerted tremendous efforts to execute the 2018 business goals and requirements set out by the GMS and BOD during the year.
- The role of the independent director was respected. Furthermore, the independent director was assigned to lead the Human Resources – Policy – Remuneration Subcommittee in order to have an independent role in the BOD's activities as well as the capacity to comment on issues related to this particular aspect.
- Within the Company's effective operation, the BOD's independent director paid special attention to develop salary, bonus and welfare policies suitable to the Company's scale and market salary rate, in order to maintain and develop the qualified workforce for the sustainable and long-term development goals of the Company.

4. BOD'S ASSESSMENT ON BOARD OF MANAGEMENT.

- The BOM has created a solidarity relationship among all employees, promoted individual professional capacity and maintained a collective working spirit in production and business activities.
- The BOM and mass organizations have helped to stabilize the morale of executives and employees in the new situation of the major shareholder transfer. The BOM also welcomed new employees from NPI to participate in the Company's management.
- The BOM has been very flexible, closely following the market developments and business environment changes, in order to timely adopt appropriate measures and achieve the Company's business objectives.
- The BOM actively launched major projects with long-term influence on management capacity enhancement including the restructuring of the distribution, human resources and salary system (HRM), customer relationship management (CRM), logistics and productivity improvement (LOIT), workplace management optimization (LEAN-5S), online order transactions (E-ordering) and ERP system capacity enhancement.
- Under limited conditions, the BOM has made great efforts to ensure the best completion of the Company's business plans while conducting an overwhelming amount of work related to the consolidation of reporting systems and the gradual, harmonious and appropriate application of NPI and SCG's management principles and models.





- The BOM needs to continue to accelerate the completion of organizational restructuring activities, management personnel appointment, job position, job description and capacity standard system establishment as well as reasonable and thorough decentralization and authorization.

5. ORIENTATION ON VISION AND STRATEGY.

- Affirming the Company's capacity and position as Vietnam's market leader as well as cooperating with other member companies to maintain the leading position in terms of market share in the

ASEAN region. The average growth target shall not be lower than the overall market growth.

- In corporate governance, applying advanced models and management tools such as LEAN and 5S in combination with investing in modern technology and improving the automation level in production to establish a comprehensive supply chain.
- Paying special attention to developing a friendly and safe internal working environment and prioritizing employees' benefits so that the Company can secure its position in the Top 50 places to work in Vietnam.



OPI

CRM

E-ORDERING

ERP

**DATA
WAREHOUSE**

HRM



NHỰA BÌNH MINH®

Corporate

GOVERNANCE

1. The Board of Directors.
2. Control Board.
3. Transactions, remuneration and benefits of the Board of Directors, Board of Management and Control Board.

1. THE BOARD OF DIRECTORS

MEMBERS AND ORGANIZATIONAL STRUCTURE OF THE BOARD OF DIRECTORS

Before April 20, 2018, the 2013 – 2018 Board of Directors consisted of five members:

No	NAME	POSITION	PERSONAL HOLDING OF VOTING SHARES	HOLDING OF VOTING SHARES
01	Mr. Le Quang Doanh	Chairman	1,062,252	1.298%
02	Mr. Nguyen Hoang Ngan	Vice Chairman	618,550	0.756%
03	Ms. Nguyen Thi Kim Yen	Member	457,034	0.558%
04	Ms. Nguyen Thi Thu Ha	Member	0	0
05	Mr. Apichai Chareonsuk	Member	0	0



Since April 20, 2018, the following four BOD members' terms have terminated:

A portrait of Mr. Le Quang Doanh, a middle-aged man with glasses, wearing a blue suit and tie, standing with his arms crossed. The background is a light blue graphic with white icons of people and a network of lines.

MR. LE QUANG DOANH


**Chairman of the Board of Directors
(Non-executive member)
Year of birth: 1952
Qualification: Mechanical Engineer**

Employment history:

- Prior to 1979: Team leader of the Production Department of Hai Phong Enamel Iron and Aluminium Wares.
- 1979: Workshop Deputy Supervisor of Binh Minh Plastic Partnership Plant.
- 1987: Vice Director of Binh Minh Plastic Partnership Plant.
- 1996: Director of Binh Minh Plastic Company.
- 2004 – November 2012: Chairman of the Board of Directors – BMP General Director.
- 2013 - April 20, 2018: Chairman of the BOD of BMP. Head of Human Resources – Policy – Remuneration Subcommittee.

Ownership of voting shares and other securities issued by the Company: **1,062,252 shares.**

1. THE BOARD OF DIRECTORS (CONTINUED)



MS. NGUYEN THI KIM YEN

Member of the Board of Directors (Non-executive member)
Chairwoman of NBM
Year of birth: 1960
Qualification: Bachelor of Industrial Economics,
Bachelor of Business Administration

Employment history:

- 1981: Statistics staff of Binh Minh Plastic Partnership Plant.
- 1988: Deputy Head of Planning, Supply and Consumption Department of Binh Minh Plastic Company.
- 1998: Head of Sales Department of Binh Minh Plastic Company.
- 2004-2005: Member of the Board of Directors - Head of BMP Sales Department.
- 2006 – 2016: Member of the Board of Directors - Deputy General Director.
- 2017 - 2018: Member of the Board of Directors BMP; Chairwoman of NBM; Head of the Subcommittee on Shareholder Relation.

Ownership of voting shares and other securities issued by the Company: **457,034 shares.**

A portrait of Ms. Dang Thi Thu Ha, a woman with short dark hair, wearing a dark blue blazer over a light pink shirt. She is standing with her arms crossed, smiling. The background is a light blue graphic with white circular icons representing people and a network of lines.

MS. DANG THI THU HA

Member of the Board of Directors (Non-executive member)
Year of birth: 1973
Qualification: Bachelor of Economics, Bachelor of Foreign Languages, Master of Business Administration

Employment history:

- 1995 - 2000: Hanoi Knitting Company.
- 2000 - 2007: Mizuho Hanoi Bank.
- 2007 - 2008: Trang An Securities Joint Stock Company.
- 2008 - present: The State Capital Investment Corporation -SCIC.
- 7 March, 2016 - 2018: Member of the Board of Directors BMP (non-executive member).

Ownership of voting shares and other securities issued by the Company: **None.**

1. THE BOARD OF DIRECTORS (CONTINUED)



MR. APICHAJ CHAREONSUK

Member of the Board of Directors (Non-executive member)
Year of birth: 1966
Nationality: Thai
Educational qualifications: Bachelor of Chemistry, Master of Petrochemical Technology


Employment history:

- 1999 Production Manager of Thai MMA Co., Ltd.
- 2005 Director of Manufacturing Technology of Thai Polyethylene Co., Ltd.
- 2005 Head of LLDPE Manufacturing Division, Thai Polyethylene Co., Ltd.
- 2007 Deputy General Director of Grand Siam Composite Co., Ltd.
- 2011 General Director of Thai Polyethylene Co., Ltd.
- 2017 to present: General Director of Thai Plastic and Chemicals PCL
- From 06/6/2017 to 2018: Member of Board of Directors - BMP

Ownership of voting shares and other securities issued by the company: **None.**

From April 20, 2018, the 2018 – 2023 Board of Directors consists of five members:

No	NAME	POSITION	PERSONAL HOLDING OF VOTING SHARES	HOLDING OF VOTING SHARES
01	Mr. Sakchai Patiparnpreechavud	Chairman	0	0
02	Mr. Nguyen Hoang Ngan	Vice Chairman	618,550	0.756%
03	Mr. Wisit Rechaipichitgool	Member	0	0
04	Mr. Sumphan Luveeraphan	Member	0	0
05	Mr. Phan Khac Long	Independent Member	0	0



MR. SAKCHAI PATIPARNPREECHAVUD

**Chairman of the 2018 - 2023 BOD
(Non-executive member)**
Year of birth: 1967
Educational level: Master of Business Administration

Employment history:

- 2005: Managing Director of Petrochemical – Iran Company.
- 2009: Managing Director of SCG Plastics Ltd. – Thailand.
- 2015: Managing Director of SCG Chemicals Co., Ltd. – Thailand.
- 2017: Vice Chairman of the Polyolefin & Vinyl of SCG – Thailand.
- April 20, 2018: Chairman of the BOD of Binh Minh Plastics Joint Stock Company.

1. THE BOARD OF DIRECTORS (CONTINUED)



MR. NGUYEN HOANG NGAN

**Vice Chairman of the BOD – Head of Investor
Relations Subcommittee – General Director**

**(details in the Board of Management introduction,
page 34)**

A portrait of Mr. Wisit Rechaipichitgool, a middle-aged man with glasses, wearing a light pink shirt and a red and white striped tie. He is positioned on the left side of a blue banner. The background of the banner features a network diagram with white circles and lines on a light blue background. To the right of the portrait, the text "MR. WISIT RECHAIPICHITGOOL" is written in bold blue capital letters. Below this, in a solid blue box, his titles are listed in white text.

MR. WISIT RECHAIPICHITGOOL

**BOD Member – Head of Development Strategy
Subcommittee – Deputy General Director
of Finance – Administration**

**(details in the Board of Management introduction,
page 37)**

1. THE BOARD OF DIRECTORS (CONTINUED)



MR. SUMPHAN LUVEERAPHAN

Member of the 2018 – 2023 BOD (Non-executive member)
Head of Risk Management and Internal Control Subcommittee
Year of birth: 1963
Educational level: Chemical Engineer

Employment history:

- 2011: Director of Trade of TPC Public Co., Ltd. – Thailand.
- 2012: Managing Director of TPC Paste Resin Co., Ltd. – Thailand.
- 2013: Deputy Managing General Director of Nawaplastic (Saraburi) Co., Ltd.
- 2016: Managing General Director of Nawaplastic (Saraburi) Co., Ltd.
- April 20, 2018: BOD Member of Binh Minh Plastics Joint Stock Company.

A portrait of Mr. Phan Khac Long, a middle-aged man with glasses, wearing a dark suit, white shirt, and patterned tie. He is smiling and looking towards the camera. The background of the portrait is a light blue network diagram with white icons of people and clouds.

MR. PHAN KHAC LONG

Independent Director of the 2018 – 2023 BOD
Head of Human Resources – Policy – Remuneration Subcommittee
Year of birth: 1961
Educational level: Mechanical Engineer

Employment history:

- 1983: Engineer of Transportation Mechanical 2 Associated Enterprise.
- 1990: Owner of Dai Viet Phat Private Company.
- 1996: Director of Phan Vu Production & Construction Co., Ltd.
- 2001: Chairman of the Board of Directors cum General Director of Phan Vu Investment Joint Stock Company.
- 2013: BOD Member of Japan Pile Corporation – Japan.
- 2015: BOD Member of Asia Pile Holding Corporation (Listed on Tokyo Stock Exchange).
- 2018: Chairman of the Board of Directors of Phan Vu Investment Joint Stock Company.
- April 20, 2018: BOD Independent Director of Binh Minh Plastics Joint Stock Company.

1. THE BOARD OF DIRECTORS (CONTINUED)

SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS.

No.	SUBCOMMITTEE	MEMBER	POSITION
1	HUMAN RESOURCES – POLICY – REMUNERATION	Mr. Phan Khac Long	BOD Independent Director Head of the Subcommittee
		Ms. Nguyen Ngoc Linh	In charge of Human Resources Department Deputy Head
		Mr. Bui Quang Khoi	Director of BMLA Plant Member of the Subcommittee
		Ms. Nguyen Chuc Quynh	Legal staff Member of the Subcommittee
		Mr. Pham Hai Dang	Warehouse-keeper of BMBD Member of the Subcommittee
2	INVESTOR RELATIONS	Mr. Nguyen Hoang Ngan	Vice Chairman of BOD/General Director Head of the Subcommittee
		Mr. Bong Hoa Viet	BOD Secretary/Head of Administrative Department - Deputy Head
		Mr. Phung Huu Luan	Deputy Head of Finance and Accounting Department Member of the Subcommittee
		Ms. Vy Thi Hong Loan	Deputy Head of Sales Department Member of the Subcommittee
		Mr. Nguyen Viet Anh	Deputy Head of Research and Development Department Member of the Subcommittee
3	DEVELOPMENT STRATEGY	Mr. Wisit Rechaipichitgool	BOD Member/Deputy General Director of Finance - Administration Head of the Subcommittee
		Mr. Nguyen Thanh Quan	Deputy General Director of Technology Deputy Head of the Subcommittee
		Mr. Nguyen Thanh Hai	Deputy General Director of Sales Member of the Subcommittee
		Mr. Hong Le Viet	Head of Finance and Accounting Department Member of the Subcommittee
		Mr. Pham Hoang Anh	Head of Research and Development Department Member of the Subcommittee
4	RISK MANAGEMENT AND INTERNAL CONTROL	Mr. Sumphan Luveeraphan	BOD Member Head of the Subcommittee
		Ms. Nguyen Luu Thuy Minh	Member of Control Board Deputy Head of the Subcommittee
		Mr. Le Anh Huy	Head of Quality Assurance Department Member of the Subcommittee
		Mr. Bui Van Hieu	Deputy Head of IT System Management Department Member of the Subcommittee
		Mr. Nguyen Tuan Van	Investment and Construction staff Member of the Subcommittee



1. THE BOARD OF DIRECTORS (CONTINUED)

ACTIVITIES OF THE BOARD OF DIRECTORS:

From January 1, 2018 to December 31, 2018, there were six BOD meetings in total, including two meetings of the former BOD and four meetings of the present BOD. Members' participation was as follows:

No.	FULL NAME	NUMBER OF PARTICIPATED MEETINGS	PERCENTAGE OF MEETING PARTICIPATION	REASON FOR ABSENCE
01	Mr. Le Quang Doanh	2/2	100%	
02	Ms. Nguyen Thi Kim Yen	2/2	100%	
03	Ms. Nguyen Thi Thu Ha	1/2	50%	Busy with other business activities
04	Mr. Apichai Chareonsuk	1/2	50%	Busy with other business activities
05	Mr. Sakchai Patiparnpreechavud	4/4	100%	
06	Mr. Nguyen Hoang Ngan	6/6	100%	
07	Mr. Wisit Rechaipichitgool	4/4	100%	
08	Mr. Sumphan Luveeraphan	4/4	100%	
09	Mr. Phan Khac Long	4/4	100%	

Through the above BOD meetings, the following Resolutions and Decisions were issued:

No.	RESOLUTION NO.	DATE	CONTENTS
01	01/NQ-BM/HDQT/2018	02/01/2018	Reappointment of Mr. Hong Le Viet as Chief Accountant
02	02/NQ-BM/HDQT/2018	02/01/2018	Reappointment of Mr. Nguyen Thanh Hai as Deputy General Director of Sales
03	03/NQ-BM/HDQT/2018	23/04/2018	Payment of 2017 remaining dividends
04	04/NQ-BM/HDQT/2018	01/08/2018	Approval of the appointment of Mr. Wisit as Deputy General Director of Finance - Administration

No.	RESOLUTION NO.	DATE	CONTENTS
01	01/QĐ-BM/HĐQT/2018)	02/01/201	Reappointment of Mr. Hong Le Viet as Chief Accountant
02	02/QĐ-BM/HĐQT/2018)	02/01/2018	Reappointment of Mr. Nguyen Thanh Hai as Deputy General Director of Sales
03	03/QĐ-BM/HĐQT/2018)	25/05/2018	Appointment of Mr. Bong Hoa Viet as BOD Secretary
04	04/QĐ-BM/HĐQT/2018)	01/06/2018	Demotion of Ms. Nguyen Thi Kim Yen from Chairwoman of NBM
05	05/QĐ-BM/HĐQT/2018)	01/06/2018	Appointment of Mr. Nguyen Hoang Ngan as Chairman of NBM
06	06/QĐ-BM/HĐQT/2018)	01/08/2018	Appointment of Ms. Nguyen Thi Phuong Nga as Person in charge of Corporate Governance
07	07/QĐ-BM/HĐQT/2018)	01/08/2018	Appointment of Mr. Wisit as Deputy General Director
08	08/QĐ-BM/HĐQT/2018)	08/08/2018	Issuance of the amended Company's Charter adopted by the GMS on April 20, 2018
09	09/QĐ-BM/HĐQT/2018)	08/08/2018	Establishment of Development Strategy Subcommittee
10	10/QĐ-BM/HĐQT/2018)	08/08/2018	Establishment of Investor Relations Subcommittee
11	11/QĐ-BM/HĐQT/2018)	08/08/2018	Establishment of Risk Management & Internal Control Subcommittee
12	12/QĐ-BM/HĐQT/2018)	08/08/2018	Establishment of Human Resources – Policy – Remuneration Subcommittee
13	13/QĐ-BM/HĐQT/2018)	17/08/2018	Issuance of Internal Regulation on Corporate Governance

1. THE BOARD OF DIRECTORS (CONTINUED)

ACTIVITIES OF THE BOD'S INDEPENDENT DIRECTOR

Since the beginning of the new term, the BOD's independent director has fully participated in all BOD meetings. As a person directly in charge of Human Resources – Policy – Remuneration Subcommittee under the BOD, the BOD's independent director has contributed many opinions in proposing the establishment and personnel appointment of other Subcommittees as well as the BOD's supporting units, such as BOD Secretary and Person in charge of Corporate Governance. Besides, when the Board of Management implemented the new human resources project to restructure the organization and revise the calculation method for employee salary and bonus, the BOD's independent director has provided critical comments, clarification, explanation and consultation to the BOD so that the BOD could better understand the nature and purpose of the project.

List of members of the Board of Directors with certificates of corporate governance training. List of members of the Board of Directors participating in corporate governance programs during the year

All BOD members hold qualifications on business administration and have more than 10 years of experience in corporate governance. Since 2018 is the first year of the current BOD's term, BOD members could not arrange time to participate in corporate governance training programs. However, the BOD's supporting units - the BOD Secretary and the Person in charge of Corporate Governance have been appointed to participate in two HOSE's training sessions during the year.

2. CONTROL BOARD

MEMBERS AND ORGANIZATIONAL STRUCTURE OF THE CONTROL BOARD

Before April 20, 2018, the 2013 - 2018 Control Board consisted of three members as follows:

NO.	FULL NAME	POSITION	HOLDING OF VOTING SHARES	NOTE
1	Ms. Nguyen Thi Phuong Nga	Head of the Control Board	228,051	Working at the Company
2	Ms. Nguyen Luu Thuy Minh	Member of the Control Board	14,040	Working at the Company
3	Ms. Nguyen Thi Tham	Member of the Control Board	0	Working at SCIC

A portrait of Ms. Nguyen Thi Phuong Nga, a woman with short dark hair, wearing a dark blazer over a light-colored collared shirt. She is standing with her hands clasped in front of her. The background is a light blue graphic with white circular icons representing people and networks.

MS. NGUYEN THI PHUONG NGA

Head of the Control Board
Year of birth: 1963
Qualification: Bachelor of Economics

Employment history:

- 1982: Staff of the Supply and Consumption Department of Binh Minh Plastic Partnership Plant.
- 1999: Deputy Manager of the Sales Department of Binh Minh Plastic Company.
- 2004: Member of the Control Board - Deputy Manager of Sales Department of Binh Minh Plastic Company.
- 2008: Head of the Control Board - Deputy Manager of BMP Sales Department.
- 2010 - 2013: Head of the Control Board - Manager of BMP Marketing Department.
- 2013 - 2018: Head of the Control Board - Manager of BMP Sales Department.

2. CONTROL BOARD (CONTINUED)



MS. NGUYEN LUU THUY MINH

Member
Year of birth: 1983
Qualification: Bachelor of Accounting,
Master of Finance

Employment history:

- 2006: Staff of BMP Finance-Accounting Department.
- 2013 - present: Member of the Control Board
 – Member of the Subcommittee on Risk Management and Internal Control.

A portrait of a woman with short black hair, wearing a dark blazer over a light blue striped shirt. She is smiling and holding a tablet. The background is a light blue gradient with faint white icons of people and circles connected by lines.

MS. NGUYEN THI THAM

Member
Year of birth: 1985
Qualification: Bachelor of Economics

Employment history:

- 2007: Auditor - Ernst & Young Vietnam Limited Company.
- 2010 - 2013: Staff of SCIC Risk Management Department.
- 2013 - 2018: Member of the Control Board - Staff of SCIC Risk Management Department.

2. CONTROL BOARD (CONTINUED)

From April 20, 2018, the new Control Board consists of three members:

NO.	FULL NAME	POSITION	HOLDING OF VOTING SHARES	NOTE
01	Mr. Nguyen Thanh Thuan	Head of the Control Board	0	
02	Ms. Nguyen Luu Thùy Minh	Member of the Control Board	14,040	Working at the Company
03	Mr. Praween Wirotpan	Member of the Control Board	0	Working at SCG Vietnam



MR. NGUYEN THANH THUAN

Head of the 2018 - 2023 Control Board
Year of birth: 1987
Educational level: Master of Economics

Employment history:

- 2009: Credit Officer – Corporate Customer Department – Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank).
- 2012: Deputy Head of Corporate Customer Department – Branch 3 Ho Chi Minh City – Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank).
- 2015: Head of Corporate Customer Department – Branch 3 Ho Chi Minh City - Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank).
- 2016: Head of Credit Support Department – Branch 3 Ho Chi Minh City - Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank).
- 2018: Head of Finance Department – An Gia Real Estate Investment and Development Joint Stock Company.
- April 20, 2018: Head of the Control Board – Binh Minh Plastics Joint Stock Company.



MS. NGUYEN LUU THUY MINH

Member
Year of birth: 1983
Qualification: Bachelor of Accounting,
Master of Finance

(details in the Control Board introduction, page 94)

2. CONTROL BOARD (CONTINUED)



MS. PRAWEEN WIROTPAN

Member of the 2018 – 2023 Control Board

Year of birth: 1968

Educational level: Master of Finance and Accounting

Employment history:

- 1991: Auditor of Siam Cement Public Co., Ltd. – Thailand.
- 1998: Head of Administrative Department of Cementhai Plastic & Product Co., Ltd. – Thailand.
- 2000: Director of Accounting and Procurement of TPC Vina Plastic & Chemical Co., Ltd. – Thailand.
- 2002: Head of Human Resources Department of Thai Plastic & Chemicals Public Co., Ltd. – Thailand.
- 2006: Director of Accounting and Procurement of TPC Vina Plastic & Chemical Co., Ltd.
- 2015: General Director of SCG Vietnam.
- April 20, 2018: Member of the Control Board of Binh Minh Plastics Joint Stock Company.

ACTIVITIES OF THE CONTROL BOARD

NO.	MEMBER	POSITION	DATE OF BECOMING THE CONTROL BOARD'S MEMBER	NUMBER OF PARTICIPATED MEETINGS	PERCENTAGE OF MEETING PARTICIPATION
1	Mr. Nguyen Thanh Thuan	Head	20/4/2018	4/4	100%
2	Mr. Praween Wirotpan	Member	20/4/2018	4/4	100%
3	Ms. Nguyen Luu Thuy Minh	Member	25/4/2013	4/4	100%

In 2018, the Control Board organized one meeting per quarter, thus resulting in four meetings in total, to monitor the compliance with the Enterprise Law, the Company's Charter and the GMS's Resolution in the course of business activities. The main contents were as follows:

NO.	DATE	NUMBER OF PARTICIPATED MEMBERS	MAIN CONTENTS
1.	20/4/2018	3/3	<ul style="list-style-type: none"> • Appointment of Head of the Control Board • Work assignment
2.	15/5/2018	3/3	<ul style="list-style-type: none"> • Review and assessment on business results of Quarter I/2018 • Review of financial statements of Quarter I/2018 • Development of the Control Board's operation plan in 2018 • Review of some major customers' receivables
3.	14/8/2018	3/3	<ul style="list-style-type: none"> • Review and assessment on business results of Quarter II/2018 • Review of financial statements of Quarter II/2018 • Review of investments for the first six months of 2018 • Review of implementation of GMS's Resolutions • Review of cash fund management • Review of the purchase of fire insurance at plants
4.	11/12/2018	3/3	<ul style="list-style-type: none"> • Review and assessment on business results of Quarter III/2018 • Review of financial statements of Quarter III/2018 • Review of investments for the first nine months of 2018 • Review of implementation of GMS's Resolutions • Control Board's recommendations on working capital management

Apart from meetings and direct working sessions, the Control Board made frequent contact and exchanges of information to work on practical solutions in order to complete its assignments and enhance its performance results.

Besides, the Control Board participated in BOD meetings to timely update on production and business activities. In BOD meetings, the Control Board commented on various issues related to debt management, inventory and banking services, among others.

2. CONTROL BOARD (CONTINUED)



Monitoring of the implementation of the GMS's Resolutions in 2018:

- The BOD and the BOM have fully implemented the contents approved by the GMS's Resolutions in 2018.
- Due to some objective reasons, the revenue and profit in 2018 did not reach the year's targets. In particular, revenue reached 96% of the plan and profit reached 88.5% of the plan.

Monitoring of the BOD, BOM and shareholders:

- The Control Board did not record any unusual activities of the BOD and BOM members.
 - * The BOD complied with the law and the Company's Charter in the direction and supervision of production and business activities.

* The BOM has proactively proposed solutions to achieve business objectives and offered recommendations to the BOD on issues under the BOD's authority..

- During the year, the 2018 – 2023 BOD held 06 meetings, issued 03 Resolutions and 11 Decisions in accordance with the Company's Charter, closely following the actual situation and timely solving Company's problems.
- Four subcommittees of the BOD were maintained, consulting the BOD and the BOM on practical issues of production and business activities.

Coordination between the Control Board, BOD and BOM:

- The Control Board recognized the coordination between the BOD and the BOM. Information on the Company's plans and implementation of plans were frequently updated.



- The Control Board's meetings were thoughtfully organized by the BOM and documents that needed to be inspected by the Control Board were fully and promptly submitted. As a result, the supervision of the Control Board was appropriately supported.

Financial statement verification and other activities:

- The independent auditor of the 2018 financial statements was Nam Viet Auditing and Accounting Financial Consulting Services Co., Ltd. (AASCN), one of the five audit firms approved by the AGM 2018. After reviewing the audited financial statements, the Control Board agreed with the data and conclusions of the independent auditor.
- The Company has strictly complied with current regulations on information disclosure on the stock market.

The Control Board's operation plan in 2019:

In 2019, with the aim of enhancing its role in the monitoring and examination of the compliance and transparency in the Company's production and business activities, the Control Board shall promote its activities and focus more on the following issues:

- Supervision of the compliance with the Company's Charter and Resolutions of the GMS and the BOD.
- Supervision of management and administration activities of the BOD and the BOM.
- Verification of the integrity and transparency of the Company's quarterly and annual financial statements.
- Provision of professional opinions to the BOD and the BOM to improve the efficiency of capital and asset usage.

3. TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND CONTROL BOARD

SALARY, BONUS, REMUNERATION AND BENEFITS AT THE COMPANY

The remaining remuneration and bonus in 2017 for the members of the 2013 - 2018 BOD, paid in 2018:

FULL NAME	POSITION	SALARY _EMPLOYEES	BONUS_ EMPLOYEES	REMUNERATION/ OTHERS_BOD
Le Quang Doanh	Former Chairman of the BOD	0	0	1,665,619,000
Nguyen Hoang Ngan	Vice Chairman of the BOD – General Director	0	0	1,168,733,000
Nguyen Thi Kim Yen	Former BOD member	0	0	1,003,772,000
Apichai Chareonsuk	Former BOD member	0	0	636,886,000
Dang Thi Thu Ha	Former BOD member	0	0	636,886,000

Advance salary, bonus and remuneration in 2018 for members of the 2018 – 2023 BOD, paid in 2018:

FULL NAME	POSITION	SALARY _EMPLOYEES	BONUS_ EMPLOYEES	REMUNERATION/ OTHERS_BOD
Sakchai Patiparnpreechawud	Chairman of the BOD	0	0	377,560,976
Nguyễn Hoàng Ngan	Vice Chairman of the BOD – General Director	1,970,084,500	340,964,600	294,292,683
Sumphan Luveeraphan	BOD member	0	0	226,536,585
Phan Khac Long	BOD member	0	0	226,536,585
Wisit Rechaipichitgool	BOD member	0	0	226,536,585

Remaining remuneration and bonus in 2017 for members of the 2013 – 2018 Control Board, paid in 2018:

FULL NAME	POSITION	SALARY _EMPLOYEES	BONUS_ EMPLOYEES	REMUNERATION/ OTHERS_BOD
Nguyen Thi Phuong Nga	Former Head of Control Board	0	0	474,696,000
Nguyen Luu Thuy Minh	Control Board Member	0	0	409,816,000
Nguyen Thi Tham	Former Control Board Member	0	0	306,878,000

Advance salary, bonus and remuneration in 2018 for members of the 2018 – 2023 Control Board, paid in 2018:

FULL NAME	POSITION	SALARY _EMPLOYEES	BONUS_ EMPLOYEES	REMUNERATION/ OTHERS_BOD
Nguyen Thanh Thuan	Head of Control Board	0	0	175,909,090
Nguyen Luu Thuy Minh	Control Board Member	325,198,067	59,184,101	105,545,455
Praween Wirotpan	Control Board Member	0	0	105,545,455

TOTAL INCOME BEFORE TAX	PERSONAL INCOME TAX	TOTAL INCOME AFTER TAX
1,665,619,000	425,467,000	1,240,152,000
1,168,733,000	299,027,000	869,706,000
1,003,772,000	256,821,000	746,951,000
636,886,000	127,377,000	509,509,000
636,886,000	0	636,886,000

TOTAL INCOME BEFORE TAX	PERSONAL INCOME TAX	TOTAL INCOME AFTER TAX
377,560,976	75,512,195	302,048,781
2,575,341,783	827,887,181	1,747,454,602
226,536,585	45,307,317	181,229,268
226,536,585	22,653,659	203,882,926
226,536,585	63,767,805	162,768,780

TOTAL INCOME BEFORE TAX	PERSONAL INCOME TAX	TOTAL INCOME AFTER TAX
474,696,000	103,592,400	371,103,600
409,816,000	89,433,700	320,382,300
306,878,000	0	306,878,000

TOTAL INCOME BEFORE TAX	PERSONAL INCOME TAX	TOTAL INCOME AFTER TAX
175,909,090	17,590,909	158,318,181
489,927,623	76,935,467	412,992,156
105,545,455	10,554,546	94,990,909



3. TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND CONTROL BOARD (CONTINUED)

SALARY, BONUS, REMUNERATION AND BENEFITS AT THE COMPANY

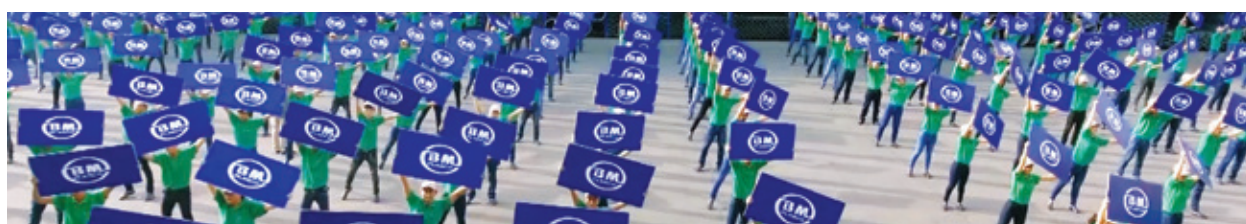
Salary and bonus for other senior BOM members, implemented in 2018:

FULL NAME	POSITION	SALARY _EMPLOYEES	BONUS_ EMPLOYEES	REMUNERATION/ OTHERS_BOD
Nguyen Thanh Quan	Deputy General Manager	1,462,890,518	309,011,889	10,000,000
Nguyen Thanh Hai	Deputy General Manager	1,383,699,245	236,296,390	10,000,000
Hong Le Viet	Chief accountant	1,320,600,143	236,296,390	10,000,000

SHARE TRANSACTIONS OF INTERNAL SHAREHOLDERS:

Share transactions of individuals

FULL NAME	POSITION	HOLDING OF SHARES BEFORE TRANSACTION	TRANSACTION		HOLDING OF SHARES AFTER THE TRANSACTION	OWN- ERSHIP RATIO
			BUY	SELL		
Le Quang Doanh	Former Chairman of the BOD	1,062,252			1,062,252	1.298%
Nguyen Thi Kim Yen	Former BOD Member	457,034	1000		458,034	0.558%
Apichai Chareonsuk	Former BOD Member	0			0	0
Dang Thi Thu Ha	Former BOD Member	0			0	0
Sakchai Patiparnpreechavud	Chairman of the BOD	0			0	0
Nguyen Hoang Ngan	Vice Chairman of the BOD/General Director	618,550			618,550	0.756%
Wisit Rechaipichitgool	BOD Member	0			0	0
Sumphan Luveeraphan	BOD Member	0			0	0
Phan Khac Long	Independent Director	0			0	0
Nguyen Thi Phuong Nga	Former Head of Control Board	228,051			228,051	0.279%
Nguyen Thi Tham	Former Control Board Member	0			0	0
Nguyen Luu Thuy Minh	Control Board Member	14,040			14,040	0.017%
Praween Wirotpan	Control Board Member	0			0	0
TOTAL		2,537,081	1,000	0	2,538,081	3.093%



TOTAL INCOME BEFORE TAX	PERSONAL INCOME TAX	TOTAL INCOME AFTER TAX
1,781,902,407	409,909,476	1,371,992,931
1,629,995,635	378,835,685	1,251,159,950
1,566,896,533	348,101,790	1,218,794,743



Transactions of shareholders holding 5% of shares or more

ORGANIZATION	HOLDING OF SHARES BEFORE TRANSACTION	TRANSACTION		HOLDING OF SHARES AFTER THE TRANSACTION	OWNERSHIP RATIO AFTER THE TRANSACTION
		BUY	SELL		
State Capital Investment Corporation SCIC	24,159,906		24,139,923	19,983	0.02%
Nawaplastic Industries (Saraburi) Co., Ltd.	16,702,288	27,823,623		44,525,911	54.39%
Templeton Frontier Markets Fund	7,251,332		634,320	6,617,012	8.08%
TOTAL	48,113,526			51,162,906	62.49%

CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDERS AND RELATED PARTIES: None.

IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS:

Achievements:

- Strict compliance with periodic and extraordinary information disclosure. In 2018, there was no reminder of HOSE on this issue.
- Implementation of procedures to organize the AGM 2018 in accordance with regulations.
- The BOD and Control Board regularly and strictly conducted meetings in accordance with operating regulations to assess performance results of the period and develop operation plan for the next period. In such meetings, timely and appropriate decisions were made in accordance with corporate governance principles.
- Subcommittees of the BOD were formed and put into operation. In fact, they have provided contribution, proposal and consultation to the BOD.

Limitations:

The 2018 – 2023 BOD consists of five members with one independent director. Such structure did not meet the requirement that at least one-third of BOD members shall be independent directors. In 2019, the Company shall actively seek independent candidates with experience in business, management and law to propose to the GMS for consideration and appointment.



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Financial

STATEMENT REPORT

1. Auditing opinions.
2. Financial statements are checked.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Binh Minh Plastics Joint Stock Company (the “Company”) represents this report together with the consolidated financial statements of the company for the year ended 31 December 2018.

General

Binh Minh Plastics Joint Stock Company was established under Decision No. 209/2003/QĐ-BCN dated on December 4th, 2003 by the Ministry of Industry, transforming State enterprises into a joint stock company.

The Company’s business license – No. 4103002023 – was issued on January 2nd, 2004. The sixth amendment on the business license – No. 0301464823 – was issued by the Planning and Investment Department of Ho Chi Minh City dated August 22nd, 2017.

The Company’s key business activities are in the manufacturing and trading of civil and industrial, products made of plastic and rubber; designing, manufacturing, trading plastic moulds for the casting industry; producing and trading machinery, materials, sanitation for the construction industry; interior decoration; consultancy and execution of water drainage, yards, and warehouses; appraisal, analysis and testing for the chemical industry; trading in import and export materials, chemicals, machinery for the plastic industry, mechanical industry and construction industry; water supply and drainage; and laboratory equipment.

The Company’s head office is located at 240 Hau Giang, Ward 9, District 6, Ho Chi Minh City.

Events since the Balance sheet date

There have been no significant events occurring after the balance sheet date, which would require adjustment or disclosures to be made in the consolidated financial statements.

The member of the Board of Management, the Board of Directors and the Board of Supervisors during the period and as at the date of this report are:

The Board of Management:

Mr. Le Quang Doanh	Chairman	Until 20 April 2018
Mr. Sakchai Patiparnpreechavud	Chairman	From 24 April 2018
Mr. Nguyen Hoang Ngan	Vice Chairman	
Ms. Nguyen Thi Kim Yen	Member	Until 20 April 2018
Mr. Sumpham Luveeraphan	Member	From 20 April 2018
Mr. Wisit Rechaipichitgool	Member	From 20 April 2018
Mr. Phan Khac Long	Member	From 20 April 2018

The Board of Directors and Chief Accountant:

Mr. Nguyen Hoang Ngan	General Director	
Mr. Nguyen Thanh Quan	Vice - General Director	
Mr. Nguyen Thanh Hai	Vice - General Director	
Mr. Wisit Rechaipichitgool	Vice - General Director	From 01 August 2018
Mr. Hong Le Viet	Chief Accountant	

The Board of Supervisors:

Ms. Nguyen Thi Phuong Nga	Chief of the Board	Until 20 April 2018
Mr. Nguyen Thanh Thuan	Chief of the Board	From 24 April 2018

Ms. Nguyen Luu Thuy Minh	Member	
Ms. Nguyen Thi Tham	Member	Until 20 April 2018
Mr. Praween Wirotpan	Member	From 20 April 2018

Auditor

Nam Viet Auditing and Accounting Financial Consulting Services Company Limited (AASCN) has audited the consolidated financial statements.

Statement of the Board of Directors' responsibility in respect of the consolidated financial statements

The Board of Directors is responsible for the consolidated financial statements of each financial year which give a true and fair view of the state of affairs of the Company, consolidated income statement and consolidated cash flows for the year. In preparing those consolidated financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent ;
- Prepare the financial statements on the basis of compliance with accounting standards and system and other related regulations ;
- Prepare the financial statements on going concern basis unless it is inappropriate to presume that the Company will continue in business
- Establish and implement an effective internal control system to minimize the risk of material misstatement, whether due to fraud or error, in the preparation or presentation of the consolidated financial statements.

The Board of Director is responsible for ensuring that proper accounting records are kept which disclosed, with reasonable accuracy at any time, the consolidated financial position of Company and to ensure that the accounting records comply with the registered accounting system. It is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors of the Company have approved the consolidated financial statements attached as pages 112 to 148 and confirm that the consolidated financial statements for the fiscal year ended 31 December 2018 prepared by us, give a true and fair view of the financial position as at 31 December 2018, consolidated income statement and consolidated cash flows in the year 2018 of Company accordance with the Vietnamese Accounting System and comply with relevant statutory

On behalf of the Board of Directors



Nguyen Hoang Ngan
General Director

Ho Chi Minh City, 25 March 2019

INDEPENDENT AUDITOR'S REPORT

No.: 100/BCKT/TC

**To: Shareholders, The Board of Management and
The Board of Directors Binh Minh Plastics Joint Stock Company**

We have audited the accompanying consolidated financial statements of Binh Minh Plastics Joint Stock Company and its subsidiary prepared on 25 March 2019, as set out on pages from 112 to 148, which comprises the consolidated balance sheet as at 31 December 2018, the consolidated income statement, consolidated cash flow statement and Notes to the consolidated financial statements for the year then ended.

Responsibilities of the Board of Directors

The company's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese accounting standards and system, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, the consolidated financial position of Binh Minh Plastics Joint Stock Company and its subsidiary as at 31 December 2018, and of their consolidated results of its operations and their consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for the enterprises and the relevant statutory requirements applicable to consolidated financial reporting.

Nam Viet Accounting and Auditing Financial Consulting Service Co., Ltd. (AASCN)

Director



Nguyen Minh Tien

Certificate Number of Registered Auditor:
0547-2018-152-1

Auditor

Bui Thi Nhu Le

Certificate Number of Registered Auditor:
2855-2014-152-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	31/12/2018	01/01/2018 (*)
A . CURRENT ASSETS	100		1.806.688.352.687	1.766.146.665.966
I. Cash and cash equivalents	110	V.1	412.303.012.109	445.325.555.042
1. Cash	111		412.303.012.109	445.325.555.042
2. Cash equivalents	112		-	-
II. Short-term investments	120		200.000.000.000	450.000.000.000
1. Trading securities	121		-	-
2. Provision for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123	V.2	200.000.000.000	450.000.000.000
III. Short-term accounts receivable	130		599.424.414.290	460.388.459.618
1. Short-term trade receivables	131	V.3	444.215.156.684	348.405.029.399
2. Short-term advances to suppliers	132	V.4	145.289.551.105	93.480.282.783
3. Short-term internal receivables	133		-	-
4. Receivables based on agreed progress of construction contract	134		-	-
5. Receivables short-term lend	135		-	-
6. Other short-term receivables	136	V.5	90.819.418.722	84.894.654.306
7. Provisions for short-term doubtful debts	137	V.6	(81.389.891.303)	(66.881.685.952)
8. Shortage of assets awaiting for resolution	139	V.7	490.179.082	490.179.082
IV. Inventories	140	V.8	567.338.833.213	384.705.882.686
1. Inventories	141		567.338.833.213	384.705.882.686
2. Provision for devaluation of inventories	149		-	-
V. Other current assets	150		27.622.093.075	25.726.768.620
1. Short-term prepaid expenses	151	V.12	9.552.020.735	3.907.456.874
2. Value added tax deductibles	152		17.186.802.176	19.904.696.261
3. Taxes and other receivables from State budget	153	V.16	883.270.164	1.914.615.485
4. Government bond sell and buy transaction	154		-	-
5. Other current assets	155		-	-
B. LONG - TERM ASSETS	200		1.005.510.236.574	1.056.977.318.066
I. Long-term receivables	210		-	-
1. Long-term trade receivables	211		-	-
2. Long-term advances to suppliers	212		-	-
3. Business capital in dependent units	213		-	-
4. Long-term internal receivables	214		-	-
5. Receivables long-term lend	215		-	-
6. Other long-term receivables	216		-	-
7. Provisions for long-term doubtful debts	219		-	-

Unit: VND

ASSETS	Codes	Notes	31/12/2018	01/01/2018 (*)
II. Fixed assets	220		857.157.562.988	934.706.927.841
1. Tangible fixed assets	221	V.09	598.291.802.461	677.513.071.107
- Cost	222		1.549.747.724.415	1.474.192.790.354
- Accumulated depreciation	223		(951.455.921.954)	(796.679.719.247)
2. Financial leasing fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.10	258.865.760.527	257.193.856.734
- Cost	228		298.190.374.843	286.549.368.746
- Accumulated depreciation	229		(39.324.614.316)	(29.355.512.012)
III. Investment properties	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Long-term assets in progress	240		13.366.617.816	10.285.864.322
1. Long-term work in progress	241		-	-
2. Long-term construction in progress	242	V.11	13.366.617.816	10.285.864.322
V. Long-term financial investments	250	V.2	67.831.379.352	67.018.922.495
1. Investments in joint-ventures, associates	252		65.831.379.352	64.824.972.095
2. Equity investments in other entities	253		4.000.000.000	4.193.950.400
3. Provision for devaluation of long-term investments	254		(2.000.000.000)	(2.000.000.000)
4. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		67.154.676.418	44.965.603.408
1. Long-term prepaid expenses	261	V.12	6.476.732.462	-
2. Deferred income tax assets	262	V.19	14.744.187.959	27.350.170.997
3. Equipment and spare parts	263		45.933.755.997	17.615.432.411
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		2.812.198.589.261	2.823.123.984.032

CONSOLIDATED BALANCE SHEET (cont.)

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	31/12/2018	01/01/2018 (*)
C. LIABILITIES	300		358.546.067.527	423.168.399.861
I. Current liabilities	310		358.546.067.527	423.168.399.861
1. Short-term supplier payables	311	V.14	132.012.665.283	170.886.882.020
2. Short-term advance from customers	312	V.15	16.431.809.415	63.406.706.003
3. Taxes and other payables to the State Budget	313	V.16	16.290.042.206	19.982.898.964
4. Payables to employees	314		52.599.952.841	57.623.329.068
5. Short-term accrued expenses	315	V.17	48.200.455.338	16.531.617.930
6. Short-term internal payables	316		-	-
7. Payables based on agreed progress of construction contract	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.18	3.004.596.594	3.709.450.534
10. Short-term Loans and Finance leases liabilities	320	V.13	58.625.187.000	61.312.187.000
11. Short-term Provision for payables	321		-	-
12. Bonus and welfare fund	322		31.381.358.850	29.715.328.342
13. Price stabilization fund	323		-	-
14. Government bonds sell and buy back transaction	324		-	-
II. Long-term liabilities	330		-	-
1. Long-term supplier payables	331		-	-
2. Long-term advance from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Internal payables relating to trading capital	334		-	-
5. Long-term internal payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other long-term payables	337		-	-
8. Long-term loans and finance leases liabilities	338		-	-
9. Exchange-traded bond	339		-	-
10. Preferred stocks	340		-	-
11. Deferred income tax payable	341		-	-
12. Long-term provision for payables	342		-	-
13. Science and technology development fund	343		-	-
D. EQUITY	400		2.453.652.521.734	2.399.955.584.171
I. Owner's Equity	410	V.20	2.453.652.521.734	2.399.955.584.171
1. Owner contributions	411		818.609.380.000	818.609.380.000
- Ordinary stocks	411a		818.609.380.000	818.609.380.000
- Preferred stocks	411b		-	-
2. Other capitals	412		1.592.782.700	1.592.782.700
3. Convertible bonds option	413		-	-
4. Other equity's resources	414		-	-
5. Treasury stocks	415		-	-
6. Differentials from revaluation of assets	416		-	-
7. Differentials from exchange rates	417		-	-
8. Investment and development fund	418		1.279.666.344.571	1.188.884.608.976

Unit: VND

ASSETS	Codes	Notes	31/12/2018	01/01/2018 (*)
9. Reorganization fund	419		-	-
10. Other funds belonging to owners' equity	420		44.983.552.000	44.983.552.000
11. Profit after tax retained	421		308.800.462.463	345.885.260.495
- Retained earnings accumulated by the end of the previous period	421a		3.981.681.900	3.981.681.900
- Retained earnings of current period	421b		304.818.780.563	341.903.578.595
12. Construction capital sources	422		-	-
13. Non controlling interest	429		-	-
II. Other capital and funds	430		-	-
1. Non- productive expenses sources	431		-	-
2. Fixed assets formation expenses sources	432		-	-
TOTAL RESOURCE	440		2.812.198.589.261	2.823.123.984.032

(*) The balance at 01/01/2018 has been adjusted retroactively in accordance with the Resolution Meeting of Shareholders Annual General Meeting 2018 dated 20 April 2018 (see also the explanation VII.9).

Prepared by



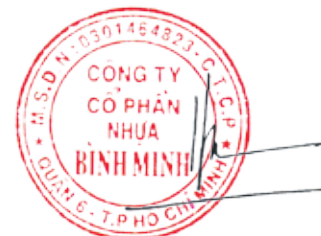
Phung Huu Luân

Chief Accountant



Hong Le Viet

General Director



Nguyen Hoang Ngan

CONSOLIDATED INCOME STATEMENT

Year 2018

Unit: VND

Item	Codes	Notes	Current year	Previous year
1. Revenue from sale of goods and rendering of services	01	VI.1	4.129.972.734.326	4.056.607.554.239
2. Deductible items	02	VI.2	210.335.296.270	231.948.886.761
3. Net revenue from sale of goods and rendering of services	10	VI.3	3.919.637.438.056	3.824.658.667.478
4. Cost of goods sold	11	VI.4	3.047.590.783.016	2.901.883.582.006
5. Gross profit from sale of goods and rendering of services	20		872.046.655.040	922.775.085.472
6. Financial income	21	VI.5	25.106.601.101	24.481.735.279
7. Financial expenses	22	VI.6	105.484.986.226	97.838.321.698
<i>In which: Interest expense</i>	23		292.427.536	1.262.423.915
8. Profit from joint venture and associates	24		1.071.407.257	453.163.264
9. Selling expenses	25	VI.7	165.853.774.242	135.639.589.779
10. Administrative expenses	26	VI.7	97.832.603.890	124.418.207.374
11. Net profit from operating activities	30		529.053.299.040	589.813.865.164
12. Other income	31	VI.8	1.132.541.226	565.797.993
13. Other expense	32	VI.9	265.181.817	7.422.962.507
14. Other profit	40		867.359.409	(6.857.164.514)
15. Total profit before tax	50		529.920.658.449	582.956.700.650
16. Current corporate income tax expenses	51	VI.10	89.704.487.848	144.928.431.175
17. Deferred corporate income tax expenses	52	VI.11	12.605.983.039	(26.666.716.120)
18. Profit after tax	60		427.610.187.562	464.694.985.595
<i>18.1 Owners of the parent</i>	61		427.610.187.562	464.694.985.595
<i>18.2 Minority interest</i>	62		-	-
19. Basic earnings per Share	70	VI.12	5.224	5.109
20. Diluted earnings per share	71	VI.12	5.224	5.109

Prepared by



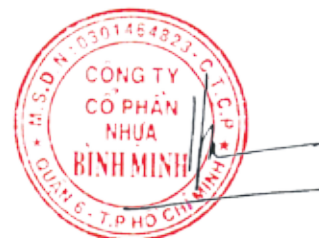
Phung Huu Luân

Chief Accountant



Hong Le Viet

General Director



Nguyen Hoang Ngan

Ho Chi Minh City, 25 March 2019



CONSOLIDATED CASH FLOWS STATEMENT

Year 2018

Unit: VND

Item	Codes	Current year	Previous year
I. Cash flows from operating activities			
1. Profit before tax	01	529.920.658.449	582.956.700.650
2. Adjustments for			
- Depreciation	02	172.420.049.029	98.883.259.060
- Provisions	03	14.508.205.351	25.195.679.462
- Gains/losses from unrealised foreign Exchange	04	(158.281.796)	10.466.558
- Gains/losses from investing activities	05	(23.845.520.047)	(24.610.482.589)
- Interest expenses	06	292.427.536	1.262.423.915
- Other adjustments	07	-	-
3. Profit from operating activities before changes in working capital	08	693.137.538.522	683.698.047.056
- Increase/Decrease in receivables	09	(144.260.944.443)	213.619.237.746
- Increase/Decrease in inventory	10	(210.951.274.113)	79.279.380.519
- Increase/Decrease in payables (excluding interest payables, enterprise income tax payables)	11	(67.651.915.490)	27.506.319.828
- Increase/Decrease in prepaid expenses	12	(12.121.296.323)	(24.221.208)
- Interest paid	14	(574.652.945)	(4.716.298.317)
- Enterprise income tax paid	15	(89.846.096.924)	(179.979.225.604)
- Other receipts from operating activities	16	-	-
- Other expenses on operating activities	17	(44.803.467.492)	(77.788.720.601)
Net cash flows from operating activities	20	122.927.890.792	741.594.519.419
II. Cash flow from investing activities			
1. Purchase of fixed assets and other long-term assets	21	(97.991.754.472)	(416.011.183.223)
2. Proceeds from disposals of fixed assets and other long-term assets	22	336.818.182	9.090.909
3. Loans to other entities and purchase of debt instruments of other entities	23	-	-
4. Repayment from borrowers and proceeds from sales of debt instruments of other entities	24	250.000.000.000	40.000.000.000
5. Investments in other entities	25	-	-
6. Investment returns from other entities	26	437.499.733	-
7. Interest, dividends and profit received	27	22.799.473.036	24.144.618.474
Net cash flows from investing activities	30	175.582.036.479	(351.857.473.840)

Ho Chi Minh City, 25 March 2019

Unit: VND

Item	Codes	Current year	Previous year
III. Cash flows from financing activities			
1. Receipts from stocks issuing and capital contribution from equity owners	31	-	-
2. Fund returned to equity owners, issued stock redemption	32	-	-
3. Long-term and short-term borrowings received	33	270.187.000	2.565.000.000
4. Loan repayment	34	(4.517.187.000)	(47.245.000.000)
5. Finance lease principle paid	35	-	-
6. Dividends, profit paid to equity owners	36	(327.443.752.000)	(304.705.327.000)
<i>Net cash flows from financing activities</i>	<i>40</i>	<i>(331.690.752.000)</i>	<i>(349.385.327.000)</i>
Net cash flows within the period	50	(33.180.824.729)	40.351.718.579
Cash and cash equivalents at the beginning of year	60	445.325.555.042	404.984.303.020
Impact of foreign exchange fluctuation	61	158.281.796	(10.466.558)
Cash and cash equivalents at the end of year	70	412.303.012.109	445.325.555.042

Prepared by



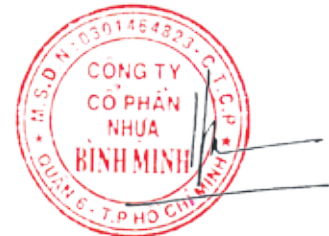
Phung Huu Luân

Chief Accountant



Hong Le Viet

General Director



Nguyen Hoang Ngan

Ho Chi Minh City, 25 March 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2018

1. BACKGROUND

1. Structure of ownership

Binh Minh Plastics Joint Stock Company was established under Decision No. 209/2003/QĐ-BCN dated on December 4th, 2003 by the Ministry of Industry, transforming State enterprises into a joint stock company.

The Company's business license – No. 4103002023 – was issued on January 2nd, 2004. The sixth amendment on the business license – No. 0301464823 – was issued by the Planning and Investment Department of Ho Chi Minh City dated August 22nd, 2017.

The Company's head office is located at 240 Hau Giang, Ward 9, District 6, Ho Chi Minh City

2. Business sector

The business sector is production and trade.

3. Business activities

The Company's key business activities are in the manufacturing and trading of civil and industrial, products made of plastic and rubber; designing, manufacturing, trading plastic moulds for the casting industry; producing and trading machinery, materials, sanitation for the construction industry; interior decoration; consultancy and execution of water drainage, yards, and warehouses; appraisal, analysis and testing for the chemical industry; trading in import and export materials, chemicals, machinery for the plastic industry, mechanical industry and construction industry; water supply and drainage; and laboratory equipment.

4. Operating period

The normal operating period: 12 months.

5. Business Structure

As at 31 December 2018, the Company has the following branches:

Name	Address
Binh Minh Plastics Joint Stock Company Branch - Binh Minh Binh Duong Plastic Branch	No. 7, Street No. 2, Song Than 1 Industrial Zone, Di An Town, Binh Duong Province
Binh Minh Plastics Joint Stock Company Branch – Binh Minh Long An Plastic Branch	Lot C1-6 to C1-30, Vinh Loc 2 Industrial Zone, Vinh Loc 2 Road, Voi La Hamlet, Long Hiep Commune, Ben Luc District, Long An Province

As at 31 December 2018, the Company has the following consolidated subsidiaries:

Company name	Address	Business scope	Rate	Voting power
Northern Binh Minh Plastic One Member Limited Company	Road D1, Zone D, Pho Noi A Industrial Zone, Van Lam District, Hung Yen Province	Civil and industrial products made of plastic and rubber	100%	100%

As at 31 December 2018 the Company had associates incorporated under the equity method as follows:

Company name	Address	Business scope	Rate	Voting power
Da Nang Plastic Joint Stock Company	371 Tran Cao Van, Thanh Khe Dist., Da Nang City	Manufacturing business import and export of products, raw materials and equipment for plastic industry.	29,05%	29,05%
Binh Minh Viet Trading Investment Real Estate Joint Stock Company	240 Hau Giang, Ward 9, District 6, Ho Chi Minh City	Real estate business. Trading in materials, equipment and other installations in construction	26%	26%

6. Declaration on the information comparative ability in the Consolidated Financial statement

In the year there were no changes in accounting policies compared to the previous year, there was no effect on the comparability of the information in the consolidated financial statements.

II. ACCOUNTING PERIOD AND ACCOUNTING MONETARY UNIT

1. Accounting period

Annual accounting period commences from 01st January and ends on 31st December.

2. Accounting monetary unit

The currency unit on the financial statements is Vietnam dong (VND)

III. ACCOUNTING SYSTEM AND ACCOUNTING STANDARD

1. Accounting system

The Company applies the Vietnamese Enterprise Accounting System issued in accordance with the Circular No.200/2014/TT-BTC dated 22/12/2014, Circular No.202/2014/TT-BTC guiding the preparation and presentation of consolidated financial statements dated 22/12/2014 and Circular No.53/2017/TT-BTC dated 21 March, 2017 amending and supplementing Circular No.200/2014/ TT-BTC issued by the Ministry of Finance.

2. Announcement on compliance with Vietnamese accounting standard and accounting system

The Company applies Vietnamese Accounting Standards and supplement documents issued by the State. Financial statements are prepared in accordance with regulations of each standard and supplement documents as well as with current accounting system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

IV. ACCOUNTING POLICY

1. Basic of consolidation financial statements

Subsidiaries

Subsidiary is entities controlled by the parent company. The control exists when the parent company has power to govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. Financial statements of subsidiary are consolidated in the consolidated financial statement from the date that control commences until the date that control ceases.

Joint ventures and associates

Associate company is a entitle in which the Company has significant influence, but no control over the financial and operating policies. Associated is accounted for using the equity method.

The consolidated financial statements include the expenses and income of the Company in the unit receiving investment accounted by the equity method, after this unit has made adjustments of accounting policies in accordance with the accounting policies of the Company, from the date commencing significant influence or joint control until the end of significant influence or joint control. If the company's share of losses exceeds the Company's investment in the unit receiving investment accounted by the equity method, the record amount of the investment (including all long-term investments) is reduced to nil and cease the recognition of losses, unless the Company has an obligation to perform or has made payments on behalf of the investees.

Transactions eliminated on consolidation

The internal balance and all unrealized income and expenses arising from internal transactions are eliminated when making the consolidated financial statements. Unrealized profit arising from internal transactions with equity accounted investees are eliminated investments against the extent of the company's interest in the investees. Unrealized losses resulting from internal transactions are eliminated unless costs are unrecoverable.

2. The exchange rate applied in the accounting

The foreign currency transactions during the year are converted into Vietnam dong with the real exchange rate at transactions date. The effective exchange rate when revalued of monetary items denominated in foreign currencies at the time of financial statements: To the items classified as the assets applied purchasing exchange rate; To the cash in banks is foreign currency applied the purchasing exchange rate of commercial banks where the Company open accounts in foreign currencies; To the items classified as the liability applied the selling exchange rate of commercial banks where the Company often transaction.

All of exchange differences arose and the differences of revalued the monetary items denominated in foreign currencies were accounted in the income statement.

3. Principles to determine cash and cash equivalents

These amounts include cash, cash in bank, cash in transit.

Cash equivalents are short term investments (for a period not exceeding 3 months) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value from the date of purchase to the date of financial statements.

4. Recognition of financial investment

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including bank term deposits held to maturity to earn periodic interest.

Held-to-maturity investments are recognized on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognized in the income statement on an accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts. The provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Securities investment at the balance sheet date, if:

- Having maturity not over than 3 months from the date of acquisition are recognized as “cash equivalents”
- Having maturity less than 1 year/1 operating cycle are recognized as short-term assets

5. Principles of accounting receivables

Receivables are presented in the financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The bad debt provision represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administrative expense in the report.

Receivables are classified as Short-term and Long-term on the balance sheet based on the remaining maturity of receivables as at the balance sheet date.

The receivables of customer, prepaid supplier, and other receivables at the time of report, if:

- If the term of receivables is lower 01 year or 01 operating period classified to be short-term.
- If the term of receivables is upper 01 year or 01 operating period classified to be long-term

6. Principle of evaluating inventories

Inventories are stated at original cost. The cost of inventories should comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventory at the year-end is calculated by weighted average method.

The Company applies the perpetual method to record inventory.

Provisions for inventory obsolescence made at the end of the year are made in accordance with the current accounting regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

7. Recording principle of tangible and intangible fixed assets

Fixed assets are stated at the original cost. During the using time, fixed assets are recorded at cost, accumulated depreciation and net book value.

Depreciation is provided on a straight-line basis. Annual rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

	Curren year	Previous year
- Buildings, structures	05 – 10 years	05 – 10 years
- Machine, equipments	05 – 08 years	05 – 08 years
- Transportation equipments	06 – 08 years	06 – 08 years
- Office equipment and furniture	03 – 05 years	03 – 05 years
- Land use rights	41 – 50 years	41 – 50 years

The cost of a fixed asset and its depreciation period are determined in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance guiding the regime of management, use and depreciation.

Fixed assets are leased land use rights prior to the effective date of the 2003 Land Law granted land use right certificates by competent authorities. The land use right is amortized on a straight-line basis over the term of the land lease.

8. Construction in progress

Construction in progress represents the directly costs of construction including the costs of expense in accordance with the Company's accounting policy on assets under construction in progress, equipment installed for production, rental and management purposes as well as expenses related to the repair of fixed assets being performed. The assets is initially recognized at cosst and not depreciated.

9. Recognition and allocation of prepaid expenses

Prepaid expenses only related to present fiscal year are recognized as short-term prepaid expenses and are recorded into operating costs.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on nature of those expenses to select a reasonable method and allocated factors. Prepaid expenses are allocated partly into operating on the straight-line basis.

10. Principles of accounting payables, loans and other payables

The supplier payables, internal payables, other payables and loans at the time of report, if:

- If the term of payables is lower 01 year or 01 operating period classified to be short-term.
- If the term of payables is upper 01 year or 01 operating period classified to be long-term

Redundant assets resolution is classified to be short-term

Deferred income tax payable is classified to be long-term

11. Recognition of accrued expenses

Expenses not yet occurred may be charged in advance into production and operating costs in order to ensure when these expenses arise, they do not make material influence on production and operating costs on the basis of suitability between revenue and cost. When these expenses arise, if there is any difference with the amount charged, accountants additionally record or make decrease to cost equivalent to the difference.

12. Principles of recognition of owner's equity

Owner's investment capital is record base on the owner's real contributed capital.

Investment and development funds are set aside for the purpose of expanding the business or investing in the Company.

Premium reserve is recorded by the difference (over/under) between the selling price and the par value of treasury stocks when stocks are firstly or additionally issued or reissued.

Undistributed earnings is the profit of business operations after deduction (-) regulated items due to applying a change in accounting retrospectively or to make a retrospective restatement to correct materiality in previous year

13. Principles of recording revenue

Revenue from sale of goods

Revenue from sale of goods should be recognized when all the following conditions have been satisfied:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer;
- The Company retains neither continuing managerial involvement as a neither owner nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- The economic benefits associated with the transaction of goods sold have flown or will flow to the Company;
- The costs incurred or to be incurred in respect of the transaction of goods sold can be measured reliably.

Financial income

Income from interest, royalties and dividends and other financial income earned by the Company should be recognized when these two conditions are satisfied:

- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The amount of the income can be measured reliably.

Dividend income is recognized in the period in which the dividends are declared by the investee entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

14. Principles of recording revenue deductible items

The adjusted amounts deducted in sales, providing services in the period, including: Trade discounts, sales allowances and sales returns, not including taxes have been deducted in revenue as output VAT payable under the direct method

The adjusted revenue is done as follows:

Trade discounts, sales returns and allowances incurred in the same period of consumption of products, goods and services are adjusted a decrease in revenue in the incurring period;

In case products, goods and services are sold from the previous periods, until the next period are incurred trade discounts, sales returns and allowances, enterprises record a decrease in revenue under the principles:

- + If the products, goods or services are sold from the previous period, until the next period must be discounted, discounted to trade, returned but are incurred prior to the issuance of financial statements, accountants consider this as an adjustment event occurring after the date of balance sheet and record a decrease in revenue, on the financial statements of the reporting period (the previous period)
- + In case products, goods and services must be discounted to trade, returned after the release of financial statements, enterprises record a decrease in revenue of incurring period (the next period).

15. Principles of recording cost of goods sold

Cost of goods sold is used to record cost of goods, products, services which are sold during the period.

The provision against devaluation of goods in stock is included in cost price of goods sold on the basis of the inventory and the difference between the net realizable value lower than the cost price of inventories. In determining the amount of discounted inventory that needs setting up provisions, accountants must eliminate the inventory volume that has been signed consumption contracts (net value that may be earned is not less than book value), but not yet delivered to the customer if there is certainty evidence that customers shall not abandon the contract performance.

16. Principles of recording financial expenses

The items of financial expense include:

- Expenses or losses related to financial investments.
- Borrow and loan expenses.
- Losses from unrealized foreign exchange
- Provision for securities trading devaluation

Recording the above items is base on the arising total which isn't deducted with financial activities revenues

17. Principles of recording selling expenses, administrative expenses

Principles of recording selling expenses

Selling expenses is used to record expenses actually incurred in process of selling products, goods, providing services, including publicity expenses, demonstration expenses, advertising expenses, sale commission, warranty charges of goods and products (excluding construction activity), maintenance charges, cost of packing, transportation,...

Principles of recording administrative expenses

Administrative expenses is used to record overhead costs of business including salary expenses of business' administrative staffs (salary, wages, subsidies,...); social insurance, medical insurance, labor union expenses, unemployment insurance of administrative staff, expenses of office materials, labor instruments, depreciation of fixed assets used for administration, lease rent, licence tax, provision for bad debts, outsourced services (electricity, water, telephone, fax, assets warranty, fire and explosive accidents,...) other cash expenses (expenses of entertainment...)

18. Principles and method of recording current income tax expense and deferred income tax expense

Current income tax expense is calculated basing on taxable profit and income tax rate applied in the current year.

Deferred income tax expense is calculated basing on deductible temporary differences, taxable temporary differences and income tax rate.

19. Earnings per share

Basic earnings per share is calculated by dividing the net profit after corporate income tax (after appropriation of bonus and welfare fund) attributable to ordinary equity holders of the company for the average number of shares weighted average number of ordinary shares outstanding during the year.

20. Segment reporting

Segment reporting consist of business segment and geographical segment

A business segment is a distinguishable component that is engaged in providing an individual products or services and that has its own risks and returns which are different from those of other business segments.

A geographical segment is a distinguishable component that is engaged in providing products or services in a particular economic environment and that has its own risks and returns which are different from those of components operating in other economic environments.

21. Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus that are directly attributable to the acquisition of the financial assets.

Financial assets of the Company comprise cash and cash equivalents, short-term deposits, trade and other receivables, and investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost minus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Company comprise payable to suppliers, other payables and borrowings.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Reassessment after initial recognition

At present, there are no regulations on revaluation of financial instruments after initial recognition.

22. Related party

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

In considering the relationship of related parties, one should also consider the nature, not only the legal form of the relationship.

V. ADDITIONAL INFORMATION TO ITEMS IN CONSOLIDATED BALANCE SHEET

1. Cash and cash equivalents

	31/12/2018 VND	01/01/2018 VND
Cash on hand	998.364.485	1.679.744.081
Cash in bank without maturity	411.304.647.624	443.645.810.961
Total	412.303.012.109	445.325.555.042

2. The financial investments

Unit: VND

Short term	31/12/2018	
	Cost	Carrying amount
Held-to-maturity investments		
Short-term	200.000.000.000	200.000.000.000
- Time deposits	200.000.000.000	200.000.000.000
Total	200.000.000.000	200.000.000.000

Long term	01/01/2018	
	Carrying amount	% of equity owned
<i>i) Investment in joint ventures, associates</i>		
Da Nang Plastic Joint Stock Company	11.784.972.095	29,05%
Binh Minh Viet Trading Investment Real Estate JSC	53.040.000.000	25,26%
Total	64.824.972.095	

Note: The voting rights of the company in the associate company correspond to the capital contribution of these companies.

	01/01/2018			
	Number of shares	Cost VND	Provision VND	Fair value VND
<i>ii) Equity investments in other entities</i>				
Long Hau Joint Stock Company	17.317	193.950.400	-	294.389.000
Tan Tien Plastic Joint Stock Company (par value of 100.000 VND)	20.000	4.000.000.000	(2.000.000.000)	2.000.000.000
Total	4.000.000.000	(2.000.000.000)	(2.000.000.000)	2.294.389.000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

3. Trade receivables

	31/12/2018 VND	01/01/2018 VND
<i>Short-term trade receivables</i>		
Construction Joint Stock Company No. 5	154.551.147.451	93.680.866.334
Thep Moi Co., Ltd	59.496.035.002	65.907.614.897
Phuong Hoang Co.,Ltd	43.346.655.605	38.494.225.344
Duc Tuong Group Joint Stock Company	45.329.768.084	12.483.158.127
Others	141.491.550.542	137.839.164.697
Total	444.215.156.684	348.405.029.399

Trade receivables from related party: **None**

4. Advances to suppliers

	31/12/2018 VND	01/01/2018 VND
<i>Short-term advances to suppliers</i>		
Eplas Co.,Ltd	19.631.495.246	-
Azo Limited	54.397.235.200	-
R.E.E Electric Appliances Joint Stock Company	287.760.000	8.206.532.400
Kraussmaffe Technologies GMBH	20.098.048.000	20.420.934.200
Rollepaal BV	-	12.801.120.070
Promixon S.R.L	8.668.037.371	15.111.176.032
Others	42.206.975.288	36.940.520.081
Total	145.289.551.105	93.480.282.783

Advances to suppliers from related party: **None**

5. Other receivables

	31/12/2018 VND	01/01/2018 VND
<i>Short-term</i>		
Advances to staff	1.026.432.010	1.028.812.595
Short-term deposits, mortgages	87.453.021.500	82.773.060.804
Other receivables (*)	2.339.965.212	1.092.780.907
<i>Social insurance and health insurance receivables</i>	<i>1.092.134.101</i>	<i>936.279.907</i>
<i>Others</i>	<i>1.247.831.111</i>	<i>156.501.000</i>
Total	90.819.418.722	84.894.654.306

Other receivables from related party: **None**

(*) Other receivables at 01/01/2018 has been adjusted retroactively in accordance with the Resolution Meeting of Shareholders Annual General Meeting 2018 dated 20 April 2018 (see also the explanation VII.9).

6. Bad debt

Unit: VND

	31/12/2018			01/01/2018		
	Cost	Recoverable amount	Provision	Cost	Recoverable amount	Provision
Total amount of receivables overdue or not yet overdue but appeared to be irrecoverable	111.598.684.944	30.208.793.641	(81.389.891.303)	223.940.248.269	157.058.562.317	(66.881.685.952)
Total	111.598.684.944	30.208.793.641	(81.389.891.303)	223.940.248.269	157.058.562.317	(66.881.685.952)

Include:

	31/12/2018 VND	01/01/2018 VND
<i>Provisions for short-term doubtful debts</i>		
Duc Thanh Plastic Trading Co., Ltd	(34.844.128.351)	(34.844.128.351)
Thanh Tuyet Private Enterprise	(20.992.959.002)	(20.666.596.596)
Construction Joint Stock Company No. 5	(3.345.787.005)	(4.436.986.683)
Thep Moi Co., Ltd	(17.332.582.165)	(1.539.702.691)
Others	(4.874.434.780)	(5.394.271.631)
Total	(81.389.891.303)	(66.881.685.952)

7. Shortage of assets awaiting for resolution

	31/12/2018 VND	01/01/2018 VND
Inventory	490.179.082	490.179.082
Total	490.179.082	490.179.082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

8. Inventory

Unit: VND

	31/12/2018		01/01/2018	
	Cost	Provision	Cost	Provision
Purchased goods in transit	1.217.992.487	-	5.032.741.820	-
Raw materials	205.973.018.683	-	140.484.955.983	-
Tools, supplies	15.443.004.390	-	14.380.069.882	-
Work in process	69.718.987.952	-	82.123.339.186	-
Finished goods inventory	218.945.816.218	-	97.921.137.041	-
Merchandise inventory	56.040.013.483	-	44.763.638.774	-
Total	567.338.833.213	-	384.705.882.686	-

9. Increase, decrease in tangible fixed assets

Unit: VND

	Buildings, structures	Machinery, equipments	Transportation facilities	Office equipment	Total
Original cost					
Beginning balance	499.939.420.046	934.608.691.291	31.864.694.187	7.779.984.830	1.474.192.790.354
Increase	2.084.976.047	76.935.838.834	4.249.180.000	-	83.269.994.881
- Purchase	-	76.935.838.834	4.249.180.000	-	81.185.018.834
- Transfer from construction in progress	2.084.976.047	-	-	-	2.084.976.047
Decrease	-	7.073.260.725	641.800.095	-	7.715.060.820
- Liquidating, disposing	-	7.073.260.725	641.800.095	-	7.715.060.820
Ending balance	502.024.396.093	1.004.471.269.400	35.472.074.092	7.779.984.830	1.549.747.724.415
Accumulated depreciation					
Beginning balance	123.534.823.410	646.587.855.766	21.445.138.722	5.111.901.349	796.679.719.247
Increase	69.501.863.431	89.230.599.050	3.391.497.979	326.986.265	162.450.946.725
- Depreciation within period	69.501.863.431	89.230.599.050	3.391.497.979	326.986.265	162.450.946.725
Decrease	-	7.032.943.923	641.800.095	-	7.674.744.018
- Liquidating, disposing	-	7.032.943.923	641.800.095	-	7.674.744.018
Ending balance	193.036.686.841	728.785.510.893	24.194.836.606	5.438.887.614	951.455.921.954
Net book value					
Beginning	376.404.596.636	288.020.835.525	10.419.555.465	2.668.083.481	677.513.071.107
Ending	308.987.709.252	275.685.758.507	11.277.237.486	2.341.097.216	598.291.802.461

As at 31 December 2018, the cost of the Company's tangible fixed assets which had been fully depreciated but are still in use: **564.900.206.878 VND**.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

10. Increase and decrease in intangible fixed assets

Unit: VND

	Land use rights	Software	Total
<i>Original cost</i>			
Beginning balance	275.650.873.946	10.898.494.800	286.549.368.746
Increase	-	11.641.006.097	11.641.006.097
- Purchase	-	11.641.006.097	11.641.006.097
Decrease	-	-	-
Ending balance	275.650.873.946	22.539.500.897	298.190.374.843
<i>Accumulated depreciation</i>			
Beginning balance	28.986.887.851	368.624.161	29.355.512.012
Depreciation within period	5.237.475.402	4.731.626.902	9.969.102.304
Decrease	-	-	-
Ending balance	34.224.363.253	5.100.251.063	39.324.614.316
<i>Net book value</i>			
Beginning	246.663.986.095	10.529.870.639	257.193.856.734
Ending	241.426.510.693	17.439.249.834	258.865.760.527

As at 31 December 2018, the cost of the Company's intangible fixed assets which had been fully depreciated but are still in use: **424.913.800 VND**.

11. Long-term construction in progress

Unit: VND

	Beginning	Increase	Transfer to fixed assets	Ending
Purchase fixed assets	536.177.265	1.614.236.512	1.688.481.071	461.932.706
Construction in progress	9.749.687.057	12.904.685.110	9.749.687.057	12.904.685.110
- Cost of deploying IT consulting and software licensing Oracle	9.749.687.057	262.500.000	9.749.687.057	262.500.000
- Water supply system and compressed air	-	8.580.526.510	-	8.580.526.510
- PVC-U powder feeding system	-	4.043.476.782	-	4.043.476.782
- Others	-	18.181.818	-	18.181.818
Total	10.285.864.322	14.518.921.622	11.438.168.128	13.366.617.816

12. Prepaid expenses

	31/12/2018 VND	01/01/2018 VND
<i>a) Short-term</i>	9.552.020.735	3.907.456.874
Other expenses	9.552.020.735	3.907.456.874
<i>b) Long-term</i>	6.476.732.462	-
Waiting mold cost allocation	6.476.732.462	-
Total	16.028.753.197	3.907.456.874

13. Loans and Finance leases liabilities

Unit: VND

	31/12/2018		Incurred within period		01/01/2018	
	Value	Ability to repay	Increase	Decrease	Value	Ability to repay
<i>Short term loans</i>						
Binh Minh Viet Trading Investment Real Estate JSC	54.600.000.000	54.600.000.000	1.560.000.000	-	53.040.000.000	53.040.000.000
Others (*)	4.025.187.000	4.025.187.000	270.187.000	4.517.187.000	8.272.187.000	8.272.187.000
Total	58.625.187.000	58.625.187.000	1.830.187.000	4.517.187.000	61.312.187.000	61.312.187.000

(*) The money that customers pay in advance to guarantee themselves of a purchase by deferment according to the statute control of customer debts. Company must pay interest for this deposit according to the prevailing interest rate on deposits of Joint Stock Commercial Bank of industry and Trade of Vietnam at the same time plus its 10 percentages.

Short term loans from related party

Binh Minh Viet Trading Investment Real Estate JSC	54.600.000.000	54.600.000.000	-	-	53.040.000.000	53.040.000.000
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14. Supplier payables

Unit: VND

	31/12/2018		01/01/2018	
	Value	Ability to repay	Value	Ability to repay
<i>Short-term supplier payables</i>				
TPC Vina Plastic & Chemical Corp., Ltd	67.840.388.000	67.840.388.000	47.733.576.000	47.733.576.000
AGC Chemicals Vietnam Co., Ltd.	27.163.840.000	27.163.840.000	25.009.600.000	25.009.600.000
Others	37.008.437.283	37.008.437.283	98.143.706.020	98.143.706.020
Total	132.012.665.283	132.012.665.283	170.886.882.020	170.886.882.020
<i>Short-term supplier payables from related party</i>				
Da Nang Plastic Joint Stock Company	-	-	4.190.489.619	4.190.489.619
TPC Vina Plastic & Chemical Corp., Ltd	67.840.388.000	67.840.388.000	47.733.576.000	47.733.576.000
Total	67.840.388.000	67.840.388.000	51.924.065.619	51.924.065.619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

15. Advance from customers

	31/12/2018 VND	01/01/2018 VND
<i>Short-term advance from customers</i>		
Lan Thanh Co., Ltd	6.658.537.177	16.026.071.958
Truong Minh Hai Co., Ltd	2.131.345.721	13.157.023.670
To Minh Liem Co., Ltd	2.888.517.596	20.881.330.280
Hoan Tuan Thanh Co., Ltd	1.801.026.728	-
Bui Xuan Duong Private Enterprise	1.712.417.431	2.846.276.898
Others	1.239.964.762	10.496.003.197
Total	16.431.809.415	63.406.706.003

16. Taxes and other payables to the State Budget | Taxes and other receivables from State Budget

	01/01/2018		In year		31/12/2018	
	Receivables from State Budget	Payables to the State Budget	Payable	Paid	Receivables from State Budget	Payables to the State Budget
Output VAT	1.914.615.485	1.489.833.000	73.579.369.279	70.938.646.072	-	2.215.940.722
VAT of import goods	-	-	64.898.437.265	64.898.437.265	-	-
Import and export taxes	-	-	3.715.504.935	3.715.504.935	-	-
Business income tax	-	14.042.675.225	89.704.487.848	89.846.096.924	-	13.901.066.149
Personal income tax	-	1.811.560.330	15.790.596.681	18.312.391.840	883.270.164	173.035.335
Environmental protection tax and other kind of tax	-	-	1.922.705.012	1.922.705.012	-	-
Other fees and charge	-	2.638.830.409	215.770.722	2.854.601.131	-	-
Total	1.914.615.485	19.982.898.964	249.826.871.742	252.488.383.179	883.270.164	16.290.042.206

Unit: VND

17. Accrued expenses

	31/12/2018 VND	01/01/2018 VND
<i>Short-term</i>		
Sale incentives for distributors	45.236.921.043	13.440.858.226
Interest expense	388.534.295	670.759.704
Remuneration of the Board of Management, Board of Supervisors	2.365.000.000	2.210.000.000
Others	210.000.000	210.000.000
Total	48.200.455.338	16.531.617.930

18. Other payables

	31/12/2018 VND	01/01/2018 VND
<i>a) Short-term</i>	3.004.596.594	3.709.450.534
Redundant assets resolution	393.273.928	393.273.928
Trade union fee	267.159.820	1.087.643.886
Dividends payable	350.414.300	350.414.300
Deposits and guarantee deposits	1.553.030.450	1.140.000.000
Others	440.718.096	738.118.420
<i>b) Long-term</i>	-	-
Total	3.004.596.594	3.709.450.534

Number is unlikely to pay: **None**

Other payables from related party: **None**

19. Deferred income tax assets

	31/12/2018 VND	01/01/2018 VND
Deferred tax assets related to the deductible temporary differences	15.231.037.730	28.232.506.040
The amount of Deferred tax assets recorded from the previous year	(486.849.771)	(882.335.043)
Deferred income tax assets	14.744.187.959	27.350.170.997

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

Unit: VND

	Owner contributions	Other capitals	Investment and development fund (*)	Other funds belonging to owners' equity	Profit after tax retained	Total
Beginning balance in previous year	454.784.800.000	1.592.782.700	1.206.459.073.861	44.983.552.000	540.429.205.015	2.248.249.413.576
- Profit in the year					464.694.985.595	464.694.985.595
- Distribution of profit in the year 2016					(536.447.523.115)	(536.447.523.115)
+ Dividends paid in cash					(90.956.960.000)	(90.956.960.000)
+ Draw to Investment and Development fund			346.250.115.115		(346.250.115.115)	-
+ Draw to bonus and welfare fund					(56.466.403.000)	(56.466.403.000)
+ Deduction for Special Bonus Fund for Employees, Board of Management and Supervisory Board					(36.500.000.000)	
+ Bonus to The Board of Management and Supervisory Board					(6.274.045.000)	(6.274.045.000)
- Issuance of bonus shares	363.824.580.000		(363.824.580.000)			
- First dividend payment in 2017					(122.791.407.000)	
Ending balance in previous year	818.609.380.000	1.592.782.700	1.188.884.608.976	44.983.552.000	345.885.260.496	2.399.955.584.172
Beginning balance in current year	818.609.380.000	1.592.782.700	1.188.884.608.976	44.983.552.000	345.885.260.495	2.399.955.584.171
- Profit in the year					427.610.187.562	427.610.187.562
- Distribution of profit in the year 2017					(341.903.578.595)	(341.903.578.595)
+ Dividends paid in cash					(204.652.345.000)	(204.652.345.000)
+ Draw to Investment and Development fund			90.781.735.595		(90.781.735.595)	-
+ Draw to bonus and welfare fund					(41.822.548.000)	(41.822.548.000)
+ Bonus to The Board of Management and Supervisory Board					(4.646.950.000)	(4.646.950.000)
- First dividend payment in 2018 (**)					(122.791.407.000)	
Ending balance in current year	818.609.380.000	1.592.782.700	1.279.666.344.571	44.983.552.000	308.800.462.463	2.453.652.521.734

(*) Investment and development fund at 01/01/2018 has been adjusted retroactively in accordance with the Resolution Meeting of Shareholders Annual General Meeting 2018 dated 20 April 2018 (see also the explanation VII.9).

(**) According to Resolution No. 05 / NQ-BM / HDQT dated 22/11/2018 of the Board of Directors, the cash advance of the first phase in 2018 is 15% / Chartered Capital (1.500 VND per share)

20. Owner's Equity

a) Bảng đối chiếu biến động của vốn chủ sở hữu

b) Details of Owner contributions

	31/12/2018 VND	%	01/01/2017 VND	%
Capital contributed by the State	199.830.000	0,02%	241.599.060.000	29,51%
Capital contributed by others	818.409.550.000	99,98%	577.010.320.000	70,49%
Total	818.609.380.000	100,00%	818.609.380.000	100,00%

c) Capital transactions with owners and distribution of dividends, profits

	Current year VND	Previous year VND
Owner contributions		
At the beginning of year	818.609.380.000	454.784.800.000
Increase in the period	-	363.824.580.000
Decrease in the period	-	-
At the ending of the period	818.609.380.000	818.609.380.000
Dividends, division of profits	(327.443.752.000)	(213.748.367.000)
<i>Include:</i>		
+ Dividends paid in cash	(327.443.752.000)	(213.748.367.000)

d) Shares

	31/12/2018 Shares	01/01/2018 Shares
Authorised shares capital	81.860.938	81.860.938
Issued shares capital	81.860.938	81.860.938
- Ordinary shares	81.860.938	81.860.938
Treasury shares	-	-
Outstanding shares in circulation	81.860.938	81.860.938
- Ordinary shares	81.860.938	81.860.938

Par value of 10.000 VND

21. Off Balance sheet

Assorted foreign currency	31/12/2018	01/01/2018
+ USD	373.570,66	289.273,32
+ EUR	31.395,37	17.445,37
+ JPY	42.000,00	42.000,00
+ SGD	4.970,00	2.450,00
+ THB	206.250,00	13.500,00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

VI. ADDITIONAL INFORMATION TO ITEMS IN CONSOLIDATED INCOME STATEMENT

	Current year VND	Previous year VND
1. Revenue from sale of goods and rendering of services	4.129.972.734.326	4.056.607.554.239
Include:		
Sales of finished goods	3.845.371.519.195	3.805.089.967.778
Sales of merchandise and materials	284.542.757.860	251.369.000.802
Sales of services	58.457.271	148.585.659
2. Revenue deductible items	210.335.296.270	231.948.886.761
Include:		
Sales discounts	200.878.835.829	230.782.768.044
Sales returns	9.456.460.441	1.166.118.717
3. Net revenue from sale of goods and rendering of services	3.919.637.438.056	3.824.658.667.478
Include:		
Net sales of finished goods	3.655.458.981.395	3.581.638.039.636
Net sales of merchandise and materials	264.119.999.390	242.872.042.183
Net sales of services	58.457.271	148.585.659

4. Cost of goods sold

	Current year VND	Previous year VND
Cost of finished goods sold	2.787.230.414.143	2.653.141.369.744
Cost of merchandise and materials sold	260.392.333.273	248.742.212.262
Total	3.047.622.747.416	2.901.883.582.006

5. Financial income

	Current year VND	Previous year VND
Interest income	23.784.513.577	24.144.618.474
Dividends, profits earned	74.548.500	-
Foreign exchange gains	1.003.989.691	337.116.805
Interest from foreign currency	243.549.333	-
Total	25.106.601.101	24.481.735.279

6. Financial expenses

	Current year VND	Previous year VND
Interest expense	292.427.536	974.875.274
Foreign exchange losses	849.618.000	556.071.153
Payment discount for distributors	104.342.940.690	96.307.375.271
Total	105.484.986.226	97.838.321.698

7. Selling expenses and administrative expenses

	Current year VND	Previous year VND
a) Selling expenses		
Labour cost	18.281.890.642	16.528.815.827
Materials cost	20.209.974.750	25.038.383.659
Depreciation expenses	2.103.281.642	1.840.066.132
Expenses from external services	111.186.490.885	81.723.585.392
Other expenses in cash	14.072.136.323	10.508.738.769
Total	165.853.774.242	135.639.589.779
b) Administrative expenses		
Labour cost	25.637.279.855	24.405.000.709
Materials cost	8.021.644.465	17.520.614.122
Depreciation expenses	5.668.776.178	1.927.174.367
Taxes, charges and fees	460.138.826	772.018.336
Provision expenses	14.508.205.351	27.138.780.213
Expenses from external services	15.472.263.858	28.768.472.813
Other expenses in cash	28.064.295.357	23.886.146.814
Total	97.832.603.890	124.418.207.374

8. Other income

	Current year VND	Previous year VND
Proceeds from disposals of fixed assets	296.501.380	12.700.851
Others	836.039.846	553.097.142
Total	1.132.541.226	565.797.993

9. Other expenses

	Current year VND	Previous year VND
Fine about violations of administrative tax	226.830.722	7.093.669.763
Others	38.351.095	329.292.744
Total	265.181.817	7.422.962.507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

10. Current corporate income tax expense

- **The parent company:** Income tax payable is 20% of taxable income.
- **The subsidiary:** Income tax is 15% during the 12 years since the project started manufacturing activities and business in the next year to apply under the current regulations.
 - The company is exempt from income tax for 03 years from the taxable income and 50% of the tax payable in the next 07 years..
 - 2009 was the first financial year the Company has taxable income.

Tax settlement of the Company will be controlled by the tax agency. By applying the laws and regulations on taxes for many different types of transactions which can be explained in several ways, the tax presented on the consolidated financial statements can be changed by decision of the tax agency.

	Current year VND	Previous year VND
Current income tax expenses	89.704.487.848	144.928.431.175

11. Deferred income tax expense

	Current year VND	Previous year VND
Deferred income tax expense arising from return of assets in income tax delayed	25.938.071.752	590.276.878
Deferred income tax expense arising from the differences of temporary deductibles	(13.332.088.713)	(27.256.992.998)
Total	12.605.983.039	(26.666.716.120)

12. Earnings per share

	Current year VND	Previous year VND
Accounting profit after corporate income tax	427.610.187.562	464.694.985.595
Adjustments to determine net profit attributable to shareholders	-	(46.469.498.000)
- Increase	-	-
- Decrease	-	(46.469.498.000)
+ Bonus and welfare (*)	-	(41.822.548.000)
+ Bonus to The Board of Management and Supervisory Board (*)	-	(4.646.950.000)
Net profit attributable to shareholders	427.610.187.562	418.225.487.595
Weighted average number of ordinary shares in issue	81.860.938	81.860.938
Basic earnings per share (**)	5.224	5.109
Diluted earnings per share	5.224	5.109

(*) The Company has no basis to recognize the estimate Bonus and Welfare fund, Bonus to The Board of Management and Supervisory Board from the profit for the year 2018.

(**) The target of basic earnings per share and declining interest on stocks last year was adjusted retroactively for deductions for bonus and welfare fund and rewarded to the Board of Management and the Supervisory Board according to the Resolution of the Annual General Meeting 2018 on April 20, 2018.

The Corporation has not the common diluted shares during the year 2018 and up to the financial statement date.

13. Productions costs by nature

	Current year VND	Previous year VND
Raw materials	2.509.795.981.475	2.184.893.056.209
Labour	268.423.598.109	247.704.244.558
Depreciation expenses	172.420.049.029	98.883.259.060
Out-sourced services	210.888.013.797	195.238.264.460
Other monetary expenses	71.257.717.239	72.570.608.304
Total	3.232.785.359.649	2.799.289.432.591

VII. OTHER INFORMATION

1. Events since the Balance sheet date

There have been no significant events occurring after the balance sheet date, which would require adjustment or disclosures to be made in the consolidated financial statements.

2. Related party disclosures

The key management members and related individuals include: Members of the Management, General Directors and the Supervisory Board.

For the year ended 31 December 2018, the income of the key management members is as follows:

	Current year VND	Previous year VND
Salary, Remuneration	16.917.733.541	16.703.072.175

During operation, there are a number of transactions between the Corporation with related parties as follows:

Related parties	Relation	Transactions	Amounts (VND)
Da Nang Plastic Joint Stock Company	Associates company	Get the service	5.626.546.057
TPC Vina Plastic & Chemical Corp., Ltd	Group companies	Buying materials	933.204.240.000

As at 31/12/2018, amounts not yet due to related parties are included in Note V.14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

3. Segment report**Segment report according to business area**

The main business operation of the Company is to produce and trade civil and industrial products of plastic and rubber, thus there is no presentation of segment report according to business area.

Segment report according to geographical area

The Company only operates in geographical area of Vietnam.

4. Fair value of assets and payable financial liabilities

	Carrying amount		Fair value	
	31/12/2018 VND	01/01/2018 VND	31/12/2018 VND	01/01/2018 VND
Financial assets				
Cash and cash equivalents	412.303.012.109	445.325.555.042	412.303.012.109	445.325.555.042
Held-to-maturity investments	200.000.000.000	450.000.000.000	200.000.000.000	450.000.000.000
Trade and other receivables	536.282.406.517	433.456.184.705	536.282.406.517	433.456.184.705
Financial assets available for sale	2.000.000.000	2.193.950.400	2.000.000.000	2.294.389.000
Total	1.150.585.418.626	1.330.975.690.147	1.150.585.418.626	1.331.076.128.747
Financial liabilities				
Loans and debts	58.625.187.000	61.312.187.000	58.625.187.000	61.312.187.000
Payable to suppliers and other payable	134.356.828.129	173.115.414.740	134.356.828.129	173.115.414.740
Accrued expenses	48.200.455.338	16.531.617.930	48.200.455.338	16.531.617.930
Total	241.182.470.467	250.959.219.670	241.182.470.467	250.959.219.670

Fair value of financial assets and liabilities of the company are reflected at the values which the financial instruments can be converted in a current transaction among parties having enough knowledge and expecting to involve in the transaction.

The company has used the following methods and assumptions to determine the fair value of financial assets and financial liabilities:

Fair value of cash and cash equivalents, accounts receivable from customers, accounts payable to suppliers and other short-term accounts payable (ave deducted the provision for an estimate that is unrecoverable) are equal to their book values since these financial instruments have short terms.

The fair value of the loans is estimated by discounting the cashflow at the interest rate applicable to the outstanding loans and maturities. The fair value of these financial liabilities is equal to the book value as the effect of the discount is negligible.

5. Collateral

The Company does not have any collateral for mortgage to another unit on 31 December 2017 and on 31 December 2018.

The company holds the collateral of other units such as certificates of house ownership and land use rights on 31 December 2017 and on 31 December 2018 with a written valuation respectively 152.702.000.000 VND and 137.581.600.000 VND to ensure the purchase of goods not paid immediately prior to import goods.

6. Credit risk

Credit risk is the risk that partners will not perform its obligations under the provisions of a financial instrument or customer contract, leading to financial losses. The Company has credit risk from its business activities (mainly for customer accounts receivable) and from its own financial operations, including bank deposits and other financial instruments.

Account receivable

The management of customer credit risk based on Company policies, procedures and process control of the Company relating to the management of customers credit risk.

Customer receivables which are unpaid are regularly monitored. The analysis of the ability to be made redundant at the reporting date on the basis of each large customer. On this basis, Company does not have risk of credit concentration.

Bank deposits

Most bank deposits of Company shall be deposited at the prestigious banks in Vietnam. The Company found that concentrations of credit risk for bank deposits are low.

7. Liquidity risk

Liquidity risk is the risk that Company has difficulty in complete the financial obligations due to lack of capital. Liquidity risk of the Company arises mainly due to mismatch in the maturities of financial assets and financial liabilities.

Company manage liquidity risk through maintaining the ratio of cash and cash equivalents at the level that Board of Directors thought its sufficient to provide financial support for the business of Company and to minimize impact of changing cash flows.

Information maturities of financial liabilities of the Company based on the value without discounting payments under the contract as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

Thông tin thời hạn đáo hạn của nợ phải trả tài chính của Công ty dựa trên các giá trị thanh toán chưa chiết khấu theo hợp đồng như sau:

Unit: VND

	Under 01 year	From 01 year to 05 years	Total
31/12/2018	241.182.470.467	-	241.182.470.467
Loans and depts	58.625.187.000	-	58.625.187.000
Trade payable	132.012.665.283	-	132.012.665.283
Other payable	2.344.162.846	-	2.344.162.846
Accrued expenses	48.200.455.338	-	48.200.455.338
01/01/2018	250.959.219.670	-	250.959.219.670
Loans and depts	61.312.187.000	-	61.312.187.000
Trade payable	170.886.882.020	-	170.886.882.020
Other payable	2.228.532.720	-	2.228.532.720
Accrued expenses	16.531.617.930	-	16.531.617.930

The Directors believe that the risk level for payments to financial liabilities is low. The company can settle their current portion of depts from operating cash flow and the gain from financial liabilities on due dates.

8. Market risk

Market risk is the risk that the fair value or cash flow in the future of a financial instrument will fluctuate due to change in market prices. Market risk includes foreign current risk, interest rate risk and other price risk.

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate with changes in the exchange rate.

The Company does not have foreign currency risk by buying and selling goods and services is done primarily by currency is Vietnam Dong.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes of market interest rates. The risk of changes in market interest rates of the Company primarily related to short-term deposits and loans.

The Company manages interest rate risk by closely monitoring market conditions relevant, by that Company will determine the appropriate interest rate policy for risk limited purpose Company.

The Company does not perform a sensitivity analysis for interest rate risk because interest rate changes at the reporting date is not significant.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate according to changes in external market prices of interest rate changes and exchange rate.

The shares hold by the Company may be affected by the risks of future value of the investment shares. The Company manages stock price risk by setting investment limits and diversifying investment portfolio.

9. Comparative figures

The comparative figures are figures on the consolidated financial statements of the fiscal year ended 31 December 2017 were audited by Nam Viet Auditing and Accounting Financial Consulting Services Company Limited (AASCN).

These data are adjusted retroactively by Resolution Meeting of Shareholders Annual General Meeting 2018 dated 20 April 2018:

Unit: VND

Consolidated balance sheet	At as 31/12/2017 (After restated)	At as 31/12/2017 (Before restated)	Difference
Other short-term receivables	84.771.615.803	133.895.812.890	(49.124.197.087)
Investment and development fund	1.034.639.316.596	1.083.763.513.683	(49.124.197.087)

This is the CIT in 2009 and 2010, the Company determines tax exemption and reduction for first-time listed companies. The Company has accounted for this tax exemption and reduction in the Development Investment Fund as guided in Official Letter No. 499 TC / TCDN dated 16 January 2002 of the Ministry of Finance. However, in 2013, after the tax inspection, the company was charged with tax exemption due to not being exempted under Decision No. 889 / QD-TCT dated 23 June 2014 of the General Department of Taxation, Decision 3317 / QD-CT-XP dated 03 July 2014 and Decision No. 6060 / QD-CTTTP of the Tax Department of Ho Chi Minh City. The company has paid and has temporarily accounted in other receivable items that are not accounted for in CIT expenses to continue the complaint, but the complaint process did not produce the desired result. As a result, the Company has adjusted retrospectively to the undistributed profit for the period incurred, but the above-said profits have accounted for the development investment fund for the period. Therefore, the resolution of the General Assembly of Shareholders 2018 dated 20 April 2018 has agreed to accounting the tax arrears paid above the reduced to the Development Investment Fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Year 2018

Data on consolidated income statement and basic earnings, diluted earnings per share in 2017 are re-presented due to deduction for bonus and welfare fund and bonus for The Board of Management and Supervisory Board according to the Resolution of the General Meeting Annual shareholder in 2018 on April 20, 2018 is as follows:

Consolidated income statement and basic earnings, diluted earnings per share	Year 2017 (After adjustment)	Year 2017 (Before adjustment)	Difference
Net profit attributable to shareholders	418.225.487.595	464.694.985.595	(46.469.498.000)
Weighted average number of ordinary shares in issue	81.860.938	81.860.938	-
Basic earnings per Share	5.109	5.677	(568)
Diluted earnings per share	5.109	5.677	(568)

10. Information on continuous operation

During operation for the year 2018, there have been no activities or significant events occurring which have generated significant impact to the ability of continuous operation of the Company. Therefore, the consolidated financial statements of the Company still prepare to continue as going concern.

Prepared by



Phung Huu Luân

Chief Accountant



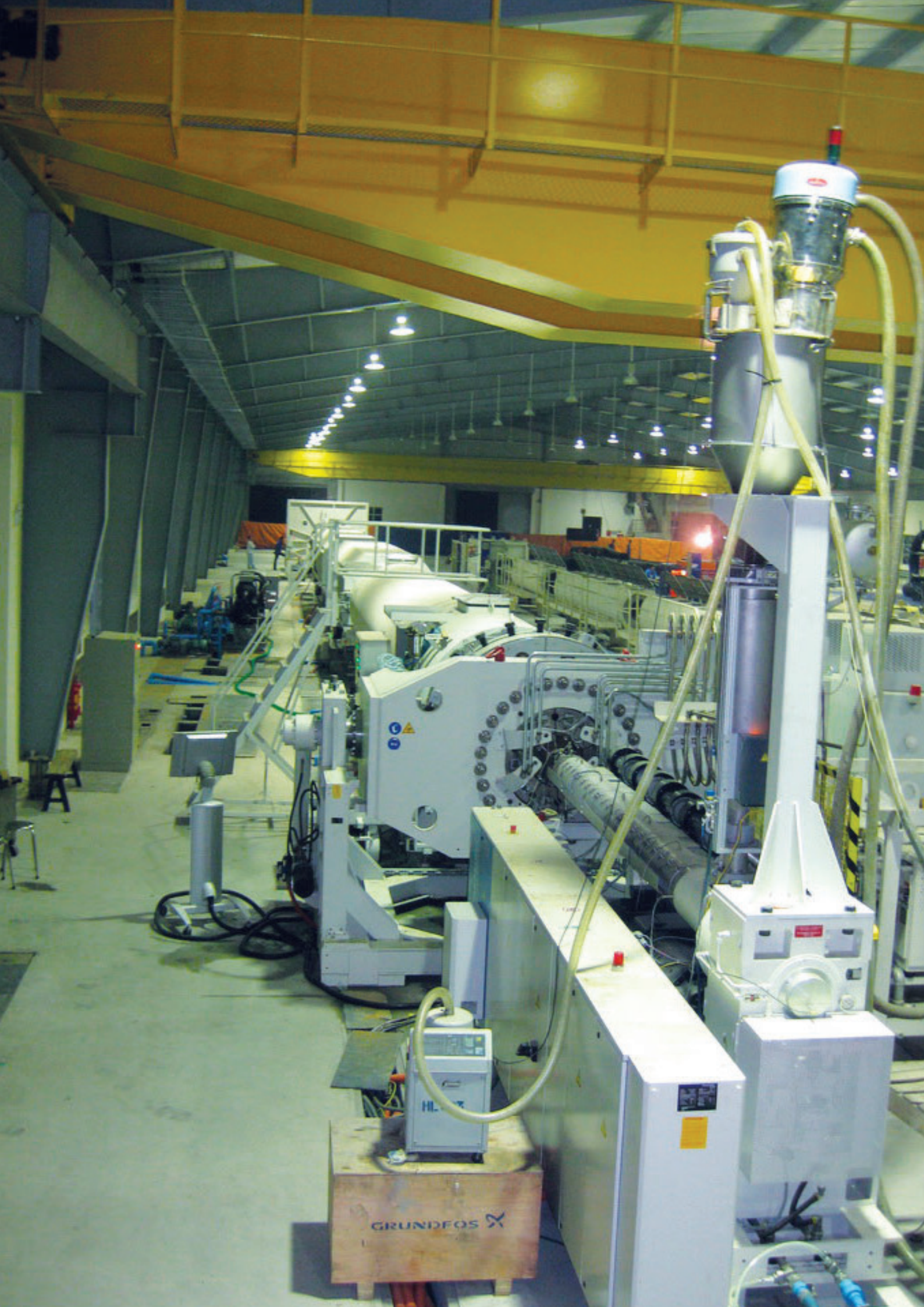
Hong Le Viet

General Director



Nguyen Hoang Ngan

Ho Chi Minh City, 25 March 2019



GRUNDFOS