

## A group of five smiling people (three men and two women) in business attire are holding up whiteboards with the 5S principles. The whiteboards display the following text: 'Sort', 'Shine', 'Standardize', 'Set in order', and 'Sustain'.





## 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 THE 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.



## CHAIRMAN'S FOREWORD



**Dear our esteemed Shareholders, Customers,  
Partners and all Employees,**



**BINH MINH  
PLASTICS JSC IS  
STILL ON THE  
RIGHT TRACK TO  
MAINTAIN THE  
LEADING POSITION  
IN VIETNAM AND  
EXTEND THE  
MARKETS TO  
OTHER PARTS OF  
ASEAN.**

In the year 2019, Binh Minh Plastics JSC reached the highest record in both volume and value. The industry grew despite having fierce competition from current and new players, overcapacity exceeding demand and market uncertainties from the world's economic tension. Binh Minh Plastics JSC is still on the right track to maintain the leading position in Vietnam and extend the markets to other parts of ASEAN.

Besides our strong financial performance, the fiscal year 2019 was also marked by significant achievements, such as "The Best Vietnamese 50 Listed Companies by Forbes Vietnam" and "The Best Companies to Work for in Asia 2019 Award by HR Asia". We will maintain our commitment to deliver high-quality products and services to our customers while sustaining business in terms of continuously improving operational efficiency, enhancing safety standards, implementing automation systems, and promoting collaboration among Binh Minh Plastics JSC and the leading business alliances on product development and market expansion. These fundamental strategies will pave a solid foundation for the company's sustainable growth.

It will be another challenging year for Vietnam in 2020. With the young and energetic Vietnamese new generation and solid government supports, we hope to see the country develop seamlessly.

The Board of Directors has given below directions for the term of 2020-2024 to stay focused:

- Enhance the overall operational competitiveness, higher productivity and new product development
- Develop the organization and manpower capability to be in line with the company's growth.
- Strengthen the standards of internal corporate governance towards unity and transparency.
- Promote the cooperation with strategic alliances for new product development and market penetration with our strong distribution network.

I believe that with the support from the Shareholders, the effort and enthusiasm of the board of management, executive teams and all employees, together with the continued trust of our customers, partners and shareholders, Binh Minh Plastics JSC will continue to improve and keep high competitiveness to deliver the outstanding performance in the future.

Sincerely and thank you.

**Chairman – Board of Directors  
SAKCHAI PATIPARNPREECHAVUD**



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ABBREVIATIONS

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





# SL

SORT





**GENERAL  
INFORMATION**



**NHỰA BÌNH MINH®**

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:

240 Hau Giang Street, Ward 9, District 6, Ho Chi Minh City

Telephone: (84-28) 39 690 973

Fax : (84-28) 39 606 814

Website:

[www.binhminhplastic.com.vn](http://www.binhminhplastic.com.vn)

Stock code: BMP





## GENERAL INFORMATION



### MILESTONE

#### 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 m<sup>2</sup> at Song Than 1 Industrial Park, 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.



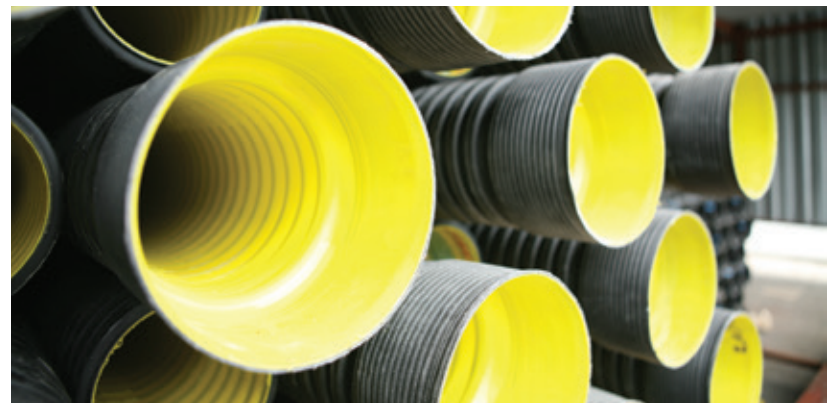
## GENERAL INFORMATION



### MILESTONE (continued)

#### 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.

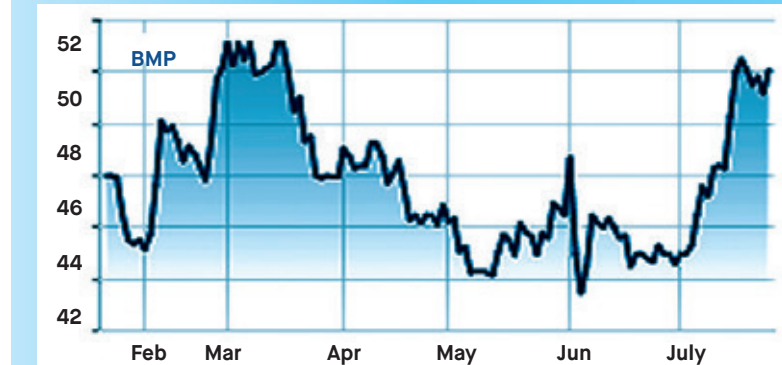


Pure HDPE pipes and double-edge PE pipes were introduced for the first time.

On the 2<sup>nd</sup> of January, after equitization, Binh Minh Plastic Joint Stock Company officially went into operation under the name of Binh Minh Plastics Joint-Stock Company, abbreviated as BM PLASCO.

The Company invested in equipment and expanded the area of the Plant No. 2 to 50,000 m<sup>2</sup>.

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



BM PLASCO | 1999



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

BM PLASCO | 2000

Obtained ISO 9001 Certificate for quality management system.

BM PLASCO | 2002

Completed expansion of warehouses and the Plant No. 2 with total area of 30,000 m<sup>2</sup>.

BM PLASCO | 2004

BM PLASCO | 2006



## GENERAL INFORMATION



### MILESTONE (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.

**2007**



On the 21<sup>st</sup> of December, the North Binh Minh Plastics Limited Company was inaugurated in Hung Yen, officially introducing Binh Minh Plastics brand into the northern market.

**2008**

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

**2009**

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

**2010**



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

Signed a land lease contract for 155,000 m<sup>2</sup> at Vinh Loc 2 Industrial Park, Ben Luc District, Long An Province for construction of 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".



## GENERAL INFORMATION



### MILESTONE (continued)



2013

Received the Certificate of Conformity for products in compliance with standards and codes of the Ministry of Construction.  
Increased the charter capital to **454,784,800,000 VND**.



2015

On the 18<sup>th</sup> of November, Long An Plant was inaugurated.  
Successfully deployed 05 ERP modules at the Company, its branches and subsidiaries.



2016

Began Phase II of construction of Long An Plant.  
Increased 50% of production capacity of spare parts for pipes.  
Participated in the 5th National Brand program continuously from 2008 to 2016.  
Achieved 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 Long An Plant.  
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 the Vietnam Quality Award.  
Successfully converted to the newer versions of ISO 9000-2015 Quality Management Systems and ISO 14000-2015 Environmental Management Systems.  
Increased charter capital **818,609,380,000 VND**  
Achieved the National Gold Quality Award.





## GENERAL INFORMATION



### MILESTONE (continued)



2018

Became a member company of SCG Group Thailand - a leading industrial group in Southeast Asia. Joining a large corporation with extensive experience and modern management technology, Binh Minh Plastics has a great chance to exchange, cooperate and improve its management of the business in Vietnam.

Received the Asia-Pacific International Quality Award.



2019

Conducted the restructuring of the Company's organization and distribution system in a more dynamic and appropriate manner to cope up with the competitive environment.

Honored as one of the Best Companies to Work for in Asia 2019 by HR Asia magazine.





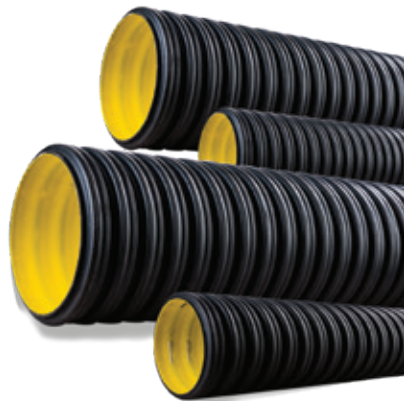
## GENERAL INFORMATION



## 2. BUSINESSES AND MARKETS

### BUSINESS

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





## GENERAL INFORMATION



## 2. BUSINESSES AND MARKETS (continued)

### MARKETS

Binh Minh Plastics has nationwide markets.

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

Through the distribution network of SCG, some products of Binh Minh Plastics have initially penetrated firmly into Southeast Asian countries.

### Production plants

The Company has 4 plants in HCMC, Binh Duong, Long An and Hung Yen with total capacity of 150,000 tons/year, meeting the needs of goods supply to the nationwide market, promoting research and development, diversifying types and sizes of products.

### Product distribution network

After over 43 years of establishment and development, the distribution network of BMP has been expanding. By the end of 2019, the Company has owned nearly 1,900 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.

### SAIGON PLANT



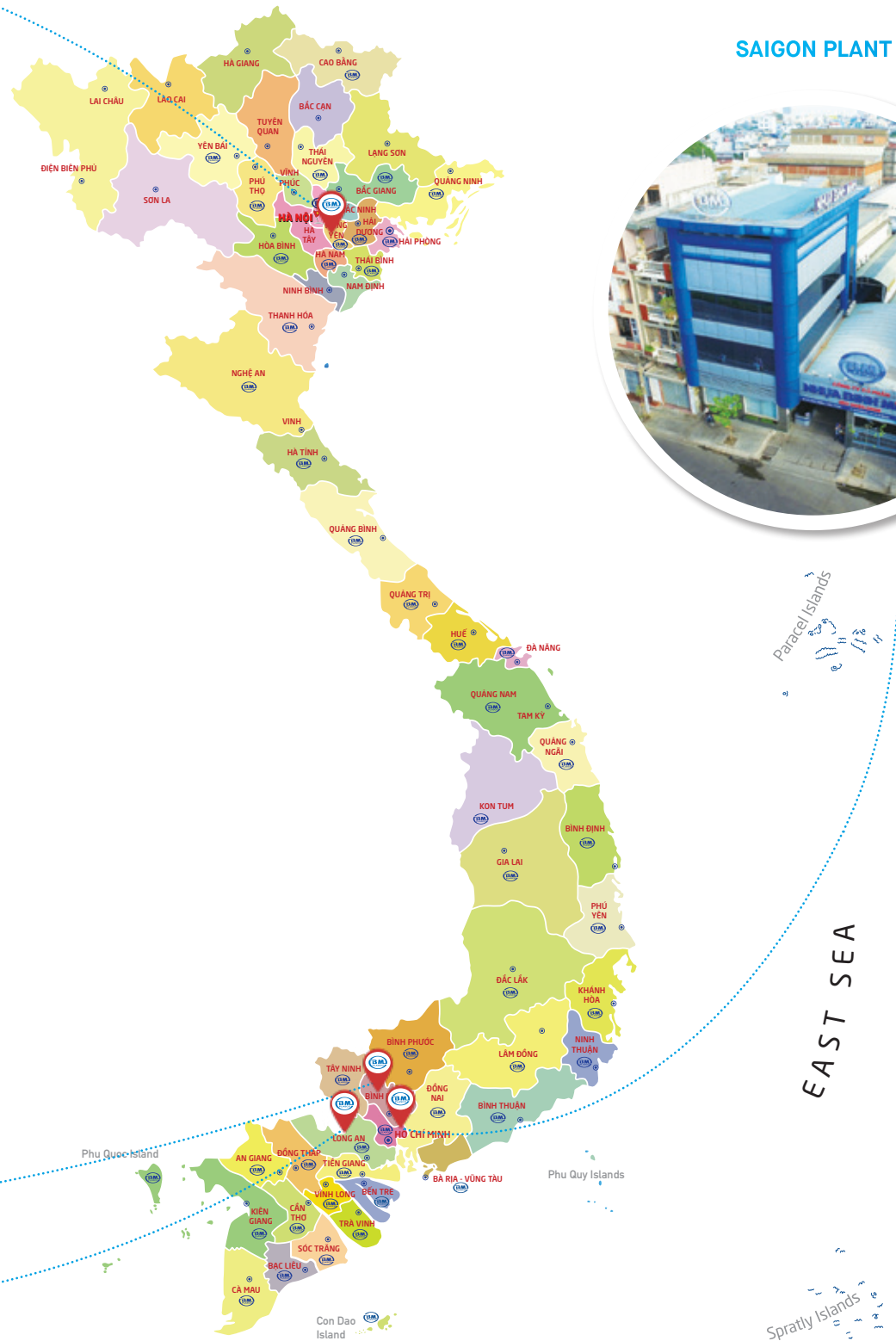
NORTH BINH MINH PLASTICS  
LIMITED COMPANY



BINH MINH BINH DUONG PLANT



BINH MINH LONG AN PLANT





## GENERAL INFORMATION



## 2. BUSINESSES AND MARKETS (continued)

### PRODUCT PORTFOLIO

#### uPVC pipes and fittings

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

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

These types are suitable for water systems as follows:

- Domestic water system.
- Irrigation and watering in agriculture sector.
- Industrial process pipe lines.
- 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,...).



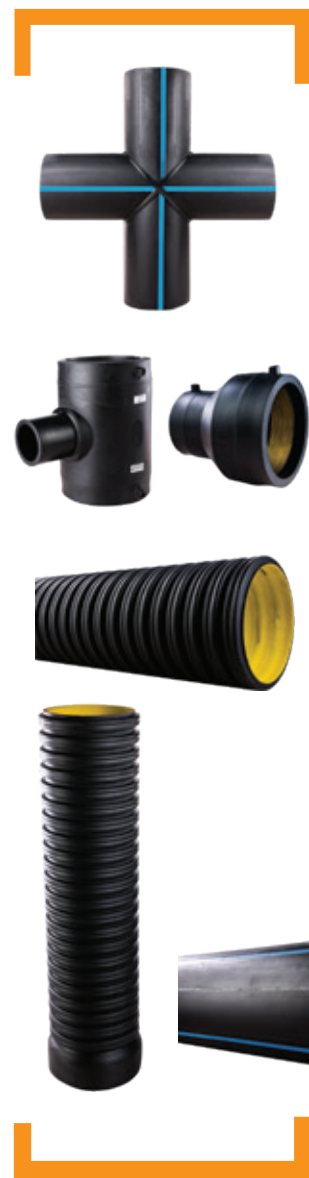
#### HDPE pipes and fittings

HDPE pipes and fittings with diameters from 16 mm to 1,200 mm 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.
- Irrigation and watering in agriculture sector.
- Industrial process pipe lines.
- Rain-water, waste-water drainage systems, etc.

HDPE double-wall corrugated pipes and fittings with diameters from 110 mm to 500 mm 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.





## GENERAL INFORMATION



## 2. BUSINESSES AND MARKETS (continued)

### PRODUCT PORTFOLIO

#### PP-R pipes and fittings

PP-R pipes and fittings with diameters from 20 mm to 160 mm made from Polypropylene Copolymer, PP-R80 in compliance with standard DIN 8077:2008-9 & DIN 8078:2008-09 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 liquid food 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.

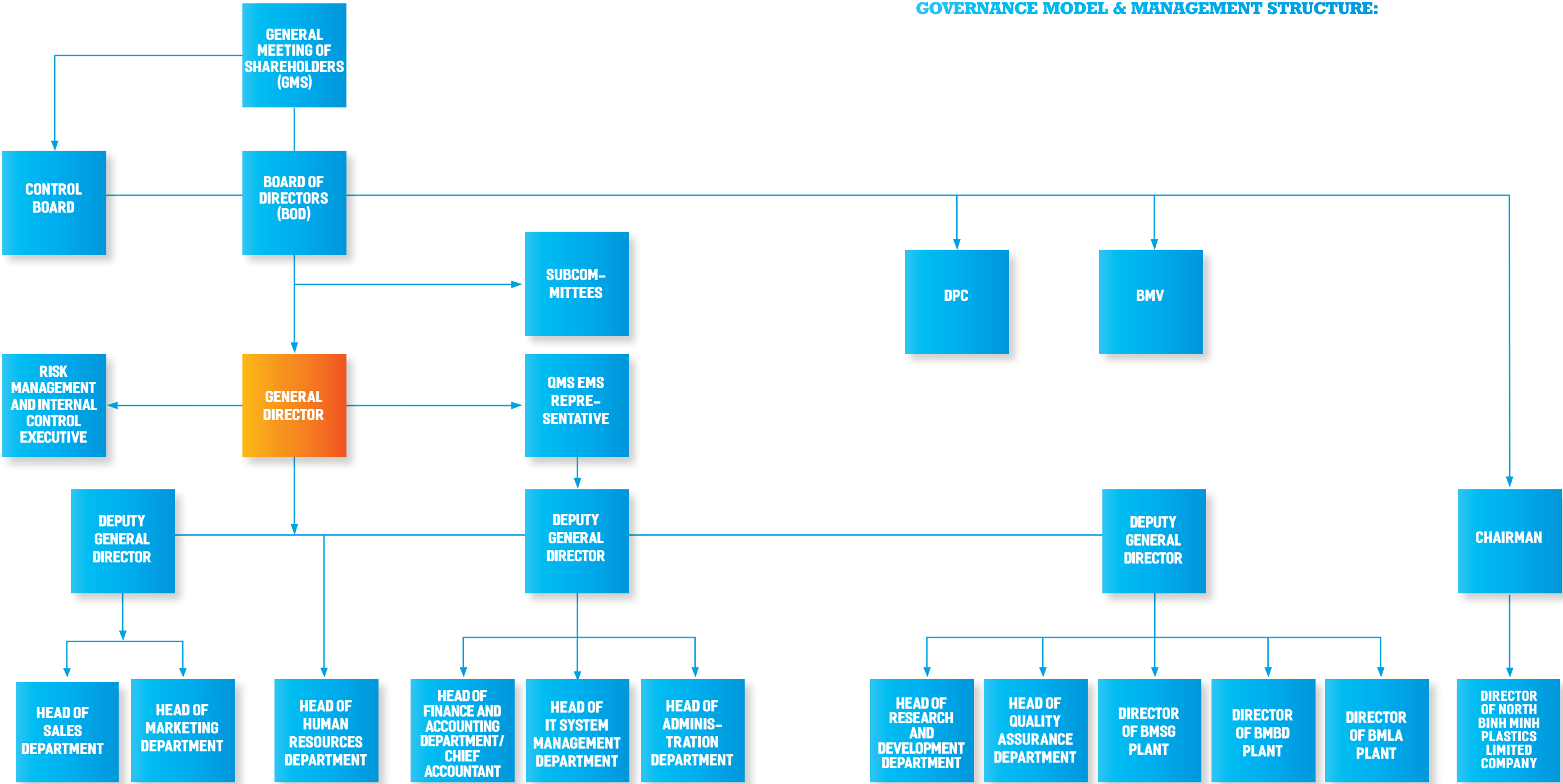




**GENERAL  
INFORMATION**



**3. GOVERNANCE MODEL, ORGANIZATIONAL  
STRUCTURE AND MANAGEMENT TEAM**





## GENERAL INFORMATION



### 3. GOVERNANCE MODEL, ORGANIZATIONAL STRUCTURE AND MANAGEMENT TEAM

(continued)

#### SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES



#### NORTH BINH MINH PLASTICS LIMITED COMPANY (NBM) SUBSIDIARY COMPANY

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 has officially begun operations since 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 m<sup>2</sup> and capacity of 40,000 tons/year.

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



CHARTER CAPITAL  
**210** BILLION  
DONGS  
CAPITAL  
CONTRIBUTION OF  
THE COMPANY  
**26%**

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

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.



CHARTER CAPITAL  
**22.4** BILLION  
DONGS  
CAPITAL  
CONTRIBUTION OF  
THE COMPANY  
**29%**

#### DA NANG PLASTIC JOINT STOCK COMPANY (DPC) ASSOCIATED COMPANIES

Da Nang Plastic Joint Stock Company was established in 1976, equitized in 2000 and listed as of 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 Danang City People's Committee.

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



## GENERAL INFORMATION



### 4. DEVELOPMENT STRATEGY FOR 2020-2024:

#### DEVELOPMENT STRATEGY FOR 2020-2024:

- ▶ Become the leading company in Vietnam and among top 3 leading companies in Southeast Asia in terms of sales volume and market share.
- ▶ Succeed in perfectly operating the entire supply chain through the application of the 5S management model, lean manufacturing, and automation using modern technology.
- ▶ Continue to be in the top 50 happiest workplaces in Vietnam.

#### THE COMPANY'S MAIN GOALS UNTIL 2024:

- ▶ Sales volume: 130,000 tons.
- ▶ Market share: Accounting for 30% of market share in Vietnam.
- ▶ Implement 5S management model for all employees and departments at 100% level.
- ▶ Implement staff competency management system to apply training, competency building and career development programs for 100% of employees.
- ▶ Conduct periodic employee satisfaction survey in BMP's working environment: Achieve 95% satisfaction level.





## GENERAL INFORMATION



### 4. DEVELOPMENT STRATEGY FOR 2020-2024: (continued)

#### KEY SUSTAINABLE DEVELOPMENT GOALS AND PROGRAMS RELATED TO THE COMPANY'S SHORT - AND MEDIUM-TERM PLANS:

##### For sales and production

- ▶ Strengthen energy saving, water saving and wastewater treatment measures.
- ▶ Improve the production process and installation of modern equipment to increase productivity, save materials and minimize environmental pollution.
- ▶ Comply with business ethics.
- ▶ Enhance anti-counterfeiting.

##### For employees

- ▶ Assess the working environment every year for timely improvement measures.
- ▶ Maintain and improve the quality of health and wellness activities for employees.
- ▶ Send employees to participate in training courses at home and abroad to improve their professional skills to meet the Company's development needs.
- ▶ Raise employees' awareness of energy savings and environmental conservation.

##### For the environment

- ▶ Apply environmental management system according to the latest standards.
- ▶ Fully comply with the provisions of law and other environmental requirements.
- ▶ Build a system of environmental monitoring and management to supervise and evaluate environmental impacts.
- ▶ Identify and assess the risks of environmental pollution so as to take measures to control and reduce pollution, and at the same time apply waste classification at its sources.
- ▶ Build teams and processes ready to respond to emergencies.

##### For the community

- ▶ Actively participate in community activities to build a friendly, environmentally responsible business image.
- ▶ Maintain regular charitable activities such as blood donation, support for Vietnamese Heroic Mothers, martyr's parents, heavy wounded soldiers, payday donation to hardship relief funds, etc.
- ▶ Raise employees' awareness of humanitarian and charitable activities.



GENERAL  
INFORMATION



5. RISKS AFFECTING THE COMPANY:

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.



# S2

SET IN ORDER





OPERATIONS  
REVIEW



1. BUSINESS RESULT

Since the beginning of 2019, Binh Minh Plastics has been improving its product competitiveness through trade discount programs in support of the distribution system. This solution contributes mainly to the growth of 5.2% in sales revenue and an increase of 11.2% in sales volume compared with 2018.



CONSOLIDATED BUSINESS PERFORMANCE IN 2019

No.	TARGET	UNIT	OPERA- TIONAL PLAN 2019	PERFORMED		PERCENTAGE %	
				2019	2018	2019/OP	2019/2018
1	Revenue	VND billion	4,300	4,343	4,130	101	105.2
2	Sales volume	Ton	98,500	105,020	94,500	106.6	111.1
3	Profit before tax	VND billion	540	529*	530	98	99.8
4	Profit after tax	VND billion	432	423*	428	97.9	98.8

*\*In 2019, as advised by KPMG, Binh Minh Plastics has deducted VND 21 billion (out of plan) to make provision for severance allowances for all employees, resulting in the decrease in pre-tax and after-tax profits as in the table above.*





## OPERATIONS REVIEW



## 2. ORGANIZATION 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: Deputy 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 – NBM Director.
- 2010 – February 2012: Vice Chairman of the Board of Directors – BMP Deputy General Director; Chairman of the Board of Members of NBM.
- March 2012: Vice Chairman of the Board of Directors of BMP- BMP Deputy General Director; Chairman of the Board of Members of NBM; Chairman of the Board of Directors of DPC.
- November 2012 – 2014: Vice Chairman of the Board of Directors of NBM – General Director; Chairman of the Board of Members of NBM; Chairman of the Board of Directors of DPC.
- 2014 – 2017: Vice Chairman of the Board of Director – General Director of BMP.
- 2018 – present: Vice Chairman of the Board of Director – Chairman of NBM.

Ownership of voting shares and other securities issued by the Company: **618,550 shares.**



**MR NGUYEN THANH HAI**

Deputy General Director of Sales  
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 Resources & 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 Director of Sales – BMP.

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



## OPERATIONS REVIEW



## 2. ORGANIZATION STRUCTURE AND HUMAN RESOURCES (continued)

### LIST OF SENIOR EXECUTIVES IN THE BOARD OF MANAGEMENT:



#### Employment history:

- 1994: Technical Staff of Binh Minh Plastic Company.
- 1997: Deputy Manager of Technical Department of Binh Minh Plastic Company.
- 2000: Supervisor of Workshop1 of Binh Minh Plastic Company.
- 2007: Director of BMP Plant No. 1.
- 2010: Director of BMP Plant No. 2.
- 2013 - present: Deputy General Director of Operation.

Ownership of voting shares and other securities issued by the Company: **11,709 shares.**

#### MR. NGUYEN THANH QUAN

Deputy General Director of Operation.  
Year of birth: 1968  
Qualification: Chemical Engineer, MBA



#### 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 Riken - 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: Chairman Assistant 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.**

#### MR. WISIT RECHAIPICHITGOOL

Deputy General Director of Finance – Administration  
Year of birth: 1961 – Nationality: Thai  
Educational level: Master of Science



## OPERATIONS REVIEW



## 2. ORGANIZATION STRUCTURE AND HUMAN RESOURCES *(continued)*

### LIST OF SENIOR EXECUTIVES IN THE BOARD OF MANAGEMENT:

#### 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.**



#### MR. HONG LE VIET

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





OPERATIONS  
REVIEW



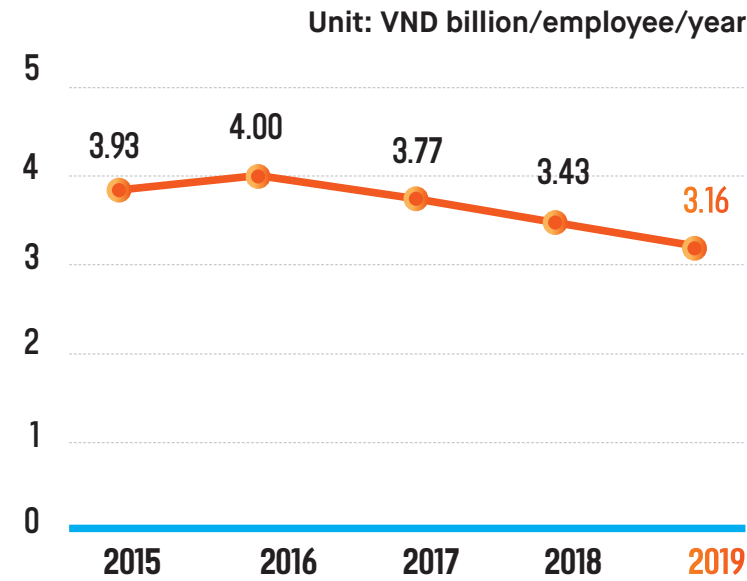
2. ORGANIZATION STRUCTURE AND HUMAN  
RESOURCES (continued)

Headcount:

Average headcount in 2018: 1,203 employees.  
Average headcount in 2019: 1,374 employees.

Labor productivity:

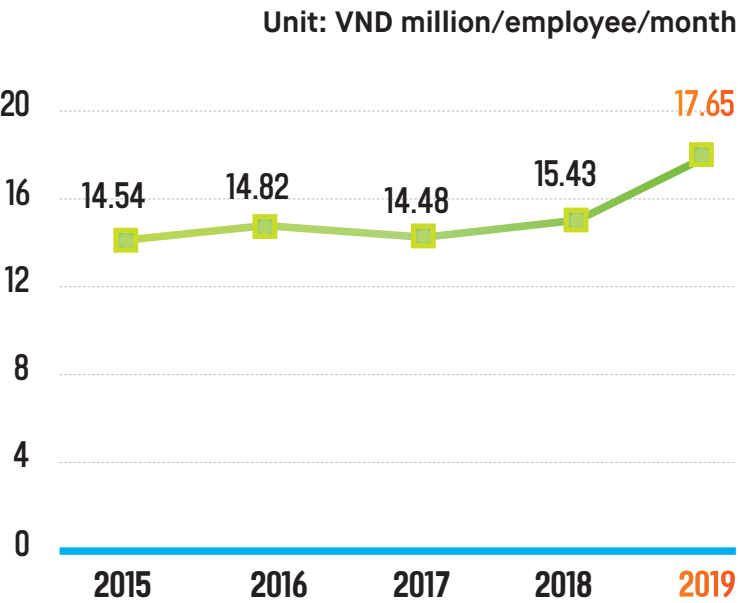
AVERAGE LABOR PRODUCTIVITY



In 2019, to increase the safety of the working environment, Binh Minh Plastics has applied robot technology in production. However, because it is only at the beginning of the experiment, labor productivity has not been high but initially reduced the workload for workers and created a modern, safe and friendly working environment.

Employee salary:

AVERAGE EMPLOYEE SALARY



The policy of attracting and retaining talents to ensure competitiveness in the labor market is always an important factor of the Company's development. Therefore, the average salary of the Company's employees has increased over the years, averagely by more than 5% per year.



**OPERATIONS  
REVIEW**



**3. INVESTMENT REVIEW**

**A. MAJOR INVESTMENTS**

After the expansion of production capacity in 2017, BMP has met the design capacity of 150,000 tons/year. However, in the context of increasingly fierce competition leading to excess supply, BMP has no plans to further expand its production capacity. Consequently, in 2019, BMP only invested in equipment with a total value of VND 236 billion.



**B. SUBSIDIARIES AND ASSOCIATED COMPANIES**

**North Binh Minh Plastics Limited Company (NBM):**

No.	TARGET	PERFORMED		PLANNED 2019	PERCENTAGE %	
		2018	2019		ACTL. 2018	ACTL. 2019
1	Revenue (VND billion)	365	306	400	83.8	76.5
2	Consumption capacity (Ton)	7,700	6,776	9,300	88	72.9
3	Profit before tax (VND billion)	44	31	24	72	130

In 2019, NBM still faced multiple difficulties when penetrating the Northern market, generating sales revenue and volume lower than plan. As a result, profit before tax slumped by 28% compared with 2018.

**Danang Plastic Joint Stock Company (DPC):**

No.	TARGET	YEARS		RATE COMPARED %
		2018	2019	
1	Revenue (VND billion)	66	81	123%
2	Profit before tax (VND billion)	2,7	7,3	270%

**Binh Minh Viet Real Estate Investment Trading Joint Stock Company (BMV):**

The Company is currently in the process of negotiating with shareholders to carry out procedures for terminating operations under the resolution of AGM 2017.



OPERATIONS  
REVIEW



4. FINANCIAL OVEVIEW

A. FINANCIAL HIGHLIGHT

ASSETS, RESOURCES

ITEMS	2018	2019	%	
			2018	2019
<b>Current assets</b>	<b>1,807</b>	<b>1,502</b>	<b>64%</b>	<b>53%</b>
Cash and cash equivalents	412	314	15%	11%
Short-term financial investments	200	376	7%	13%
Receivables	599	357	21%	13%
Inventory	567	454	20%	16%
Other current assets	28	1	1%	0%
<b>Long-term assets</b>	<b>1,006</b>	<b>1,348</b>	<b>36%</b>	<b>47%</b>
Fixed asset	871	668	31%	23%
Long-term financial investments	68	369	2%	13%
Other long-term assets	67	311	2%	11%
<b>TOTAL ASSETS</b>	<b>2,812</b>	<b>2,850</b>	<b>100%</b>	<b>100%</b>
<b>Liabilities</b>	<b>359</b>	<b>381</b>	<b>13%</b>	<b>13%</b>
Current liabilities	359	358	13%	13%
Long-term liabilities	-	23	0%	1%
<b>Owner's equity</b>	<b>2,454</b>	<b>2,469</b>	<b>87%</b>	<b>87%</b>
<b>TOTAL RESOURCES</b>	<b>2,812</b>	<b>2,850</b>	<b>100%</b>	<b>100%</b>

Source: BMP's audited financial report 2019

At the end of 2019, BMP's total assets raised by 1.3% compared with that at the beginning of the year, of which current assets slumped by VND 305 billion, accounting for 53% of total assets. In contrast, long-term assets increased by VND 343 billion, accounting for 47% of total assets. The shift from current to long-term assets was due to the Company's ability to balance



short-term and long-term cash flows to maximize the idle cash's value. In the structure of current assets in 2019, the proportion of receivables and inventories declined from the previous year that helped increase the efficiency of working capital.

The structure of equity and liabilities in total resources has not changed since the previous year. However, at the end of 2019, the total liabilities increased due to the Company made more provisions for severance allowances.



OPERATIONS  
REVIEW



4. FINANCIAL OVEVIEW (continued)

INCOME STATEMENT

ITEMS	2018 (tỷ đồng)	2019 (tỷ đồng)	% of Revenue		Growth
			2018	2019	
Revenue	4.130	4.343			5%
Deductions	210	6	5%	0%	-97%
Net revenue	3.920	4.337	95%	100%	11%
Cost of goods sold	3.048	3.349	74%	77%	10%
Gross profit	872	988	21%	23%	13%
Financial income	25	37	1%	1%	48%
Financial expenses	105	111	3%	3%	5%
Selling expense	166	270	4%	6%	63%
Administrative expenses	98	117	2%	3%	19%
Net profit from operating activities	528	527	13%	12%	0%
Other income	2	2	0%	0%	12%
Profit before tax	530	529	13%	12%	0%
Profit after tax	428	423	10%	10%	-1%

Revenue climbed by 5% but profit before tax was unchanged compared with that in the previous year due to the increase in the cost of raw materials, tools and equipment, leading to a decrease in the gross profit margin. Total selling and administrative expenses decreased by 17%, equivalent to VND 81 billion, reflecting the efforts of the Board of Management in effectively managing operating expenses.

Financial income jumped sharply, especially investment in term deposits, increasing by VND 12 billion or 48% year over year. The total value of these investments boosted from VND 200 billion to VND 922 billion as the Company well managed the cash outflow when it was due or incurred to maximize the idle cash's value.

PROFITABILITY

INDICATORS	2019	2018	2017	2016	2015
Gross profit margin	22.8%	22.2%	24.1%	32.1%	31.9%
Profit margin before tax	12.2%	13.5%	15.2%	23.7%	23.8%
Profit margin after tax	9.7%	10.9%	12.1%	19.0%	18.6%
ROA	14.9%	15.0%	16.1%	23.5%	23.8%
ROE	17.2%	17.4%	19.6%	29.1%	27.8%

Together with revenue growth, some expenses also escalated accordingly, in particular, the provision for severance allowances of VND 23 billion, which directly affected profit, making it only equal to the previous year. As a result, profit margins before and after tax decreased year over year. Return on assets (ROA) and equity (ROE) also shrank slightly from the previous year. Although profit growth is not in pace with revenue growth, this profitability reflects a great effort of the Board of Management as the market share battle is increasingly fierce among industry peers.

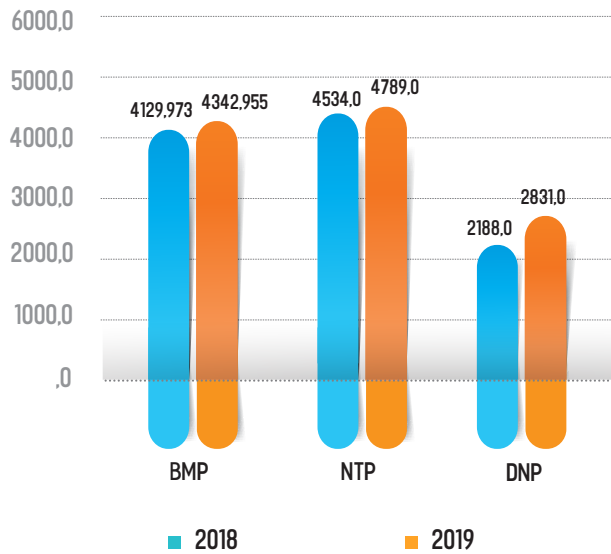


OPERATIONS  
REVIEW

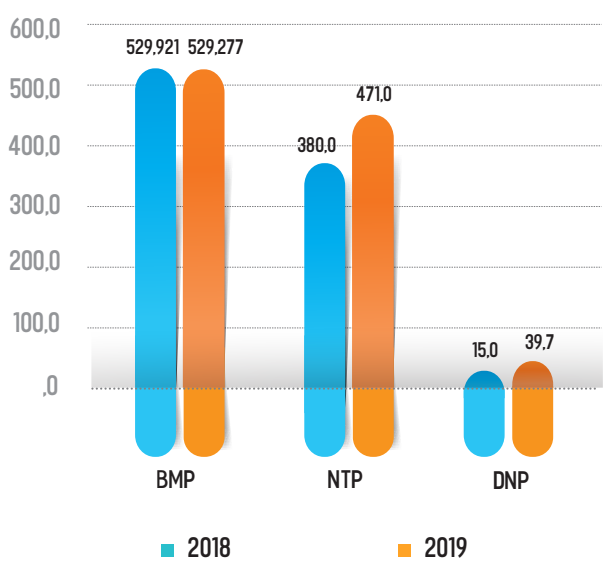


4. FINANCIAL OVEVIEW (continued)

PEERS' REVENUE IN 2018 – 2019



PEERS' PROFIT IN 2018 – 2019



In 2019, BMP still maintained its leading position in terms of profit compared with other companies in the industry. In order to achieve this, BMP's cost-effective operation and production management must be mentioned in the context of increasingly fierce competition.





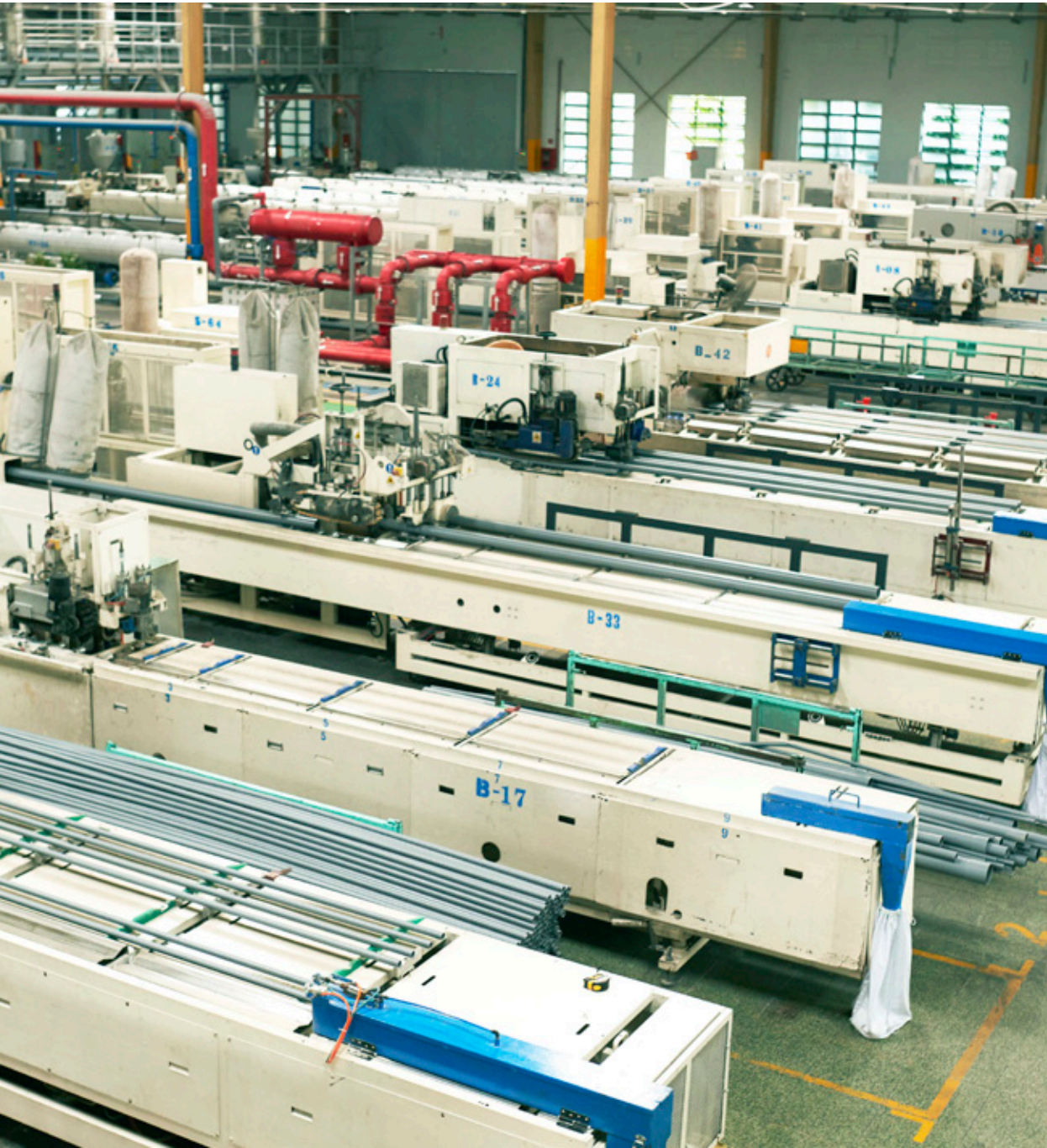
OPERATIONS  
REVIEW



4. FINANCIAL OVEVIEW (continued)

B. KEY FINANCIAL INDICATORS:

INDICATORS	2015	2016	2017	2018	2019
Business results (VND billion)					
Revenue (VND billion)	2,970	3,678	4,057	4,130	4,343
Net revenue	2,792	3,309	3,825	3,920	4,337
Gross profit	890	1,061	923	872	988
Operating expenses	222	282	260	264	387
Net profit from operating activities	668	779	663	608	601
Net profit from financial activities	(1.2)	7.5	(73.4)	(80.4)	(73.8)
Net profit from other activities	(2.0)	(2.3)	(6.9)	0.9	0.7
Profits distributed from affiliates	-	0.5	0.5	1.1	1.5
Profit before tax (VND billion)	665	784	583	530	529
Profit after tax	519	627	465	428	423
Balance sheet (VND billion)					
Total assets (VND billion)	2438	2891	2872	2812	2850
Charter capital	455	455	819	819	819
Owner's equity (VND billion)	2015	2297	2449	2454	2469
Key financial indicators					
Gross profit margin	31.9%	32.1%	24.1%	22.2%	22.8%
Profit margin before tax	23.8%	23.7%	15.2%	13.5%	12.2%
ROS	18.6%	18.9%	12.2%	10.9%	9.8%
ROA	23.8%	23.5%	16.1%	15.0%	14.9%
ROE	27.8%	29.1%	19.6%	17.4%	17.2%



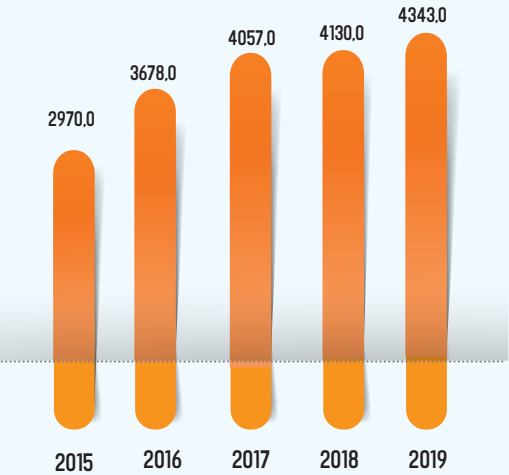


**OPERATIONS  
REVIEW**



**4. FINANCIAL OVEVIEW (continued)**

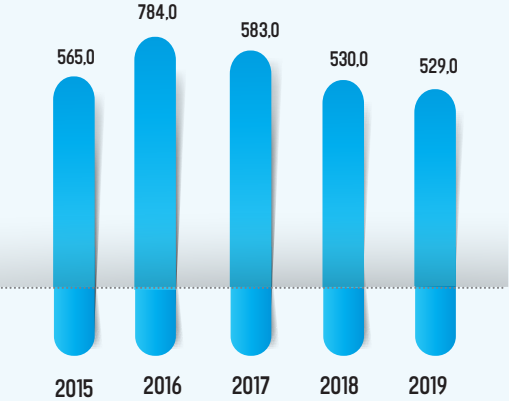
**REVENUE (BILLION DONGS)**



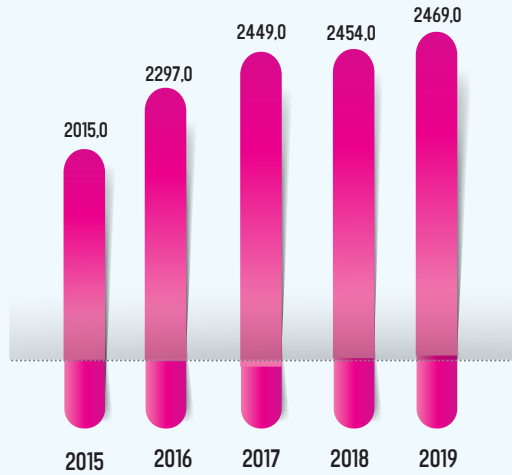
**TOTAL ASSETS (BILLION DONGS)**



**PROFIT BEFORE TAX (BILLION DONGS)**



**EQUITY (BILLION DONGS)**





OPERATIONS  
REVIEW



5. SHAREHOLDER STRUCTURE AND CHANGE  
IN OWNER’S EQUITY:

A. SHARES

	31 DEC 2018	31 DEC 2019
Total number and types of outstanding shares	81,860,938	81,860,938
Freely transferrable shares	81,848,968	81,848,968
Preferred shares	11,970	11,970

B. SHAREHOLDER STRUCTURE

SHAREHOLDER STRUCTURE	31 DEC 2018		31 DEC 2019	
	SHARE-HOLDING	%	SHARE-HOLDING	%
State Shareholder	19,983	0.024%	19,983	0.024%
Board of Directors	618,550	0.756%	618,550	0.756%
Control Board	14,040	0.017%	14,040	0.017%
Domestic individuals	15,534,784	18.977%	13,885,388	16.962%
Domestic organizations	2,722,535	3.326%	1,432,748	1.751%
Foreign individuals	510,031	0.623%	635,608	0.776%
Foreign organizations	62,441,015	76.277%	65,254,621	79.714%
TOTAL	81,860,938	100.00%	81,860,938	100.00%

Information about major shareholders owning 5% or more as of December 31, 2019:

No.	FULL NAME	TYPE OF SHAREHOLDERS		SHARE-HOLDING	%
1	FRANKLIN TEMPLETON INVESTMENT FUNDS- TEMPLETON FRONTIER MARKETS FUND	Organi- zation	Foreign	4,738,652	5.789%
2	NAWAPLASTIC INDUSTRIES CO., LTD.	Organi- zation	Foreign	44,525,911	54.392%

C. CHANGES IN OWNER’S EQUITY: None

D. TREASURY SHARES TRANSACTIONS: None

E. OTHER SECURITIES: None



## OPERATIONS REVIEW



## 6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS

### 6.1 RAW MATERIAL MANAGEMENT

#### a. Total amount of raw materials used in production:

In 2019, 110,560 tons of material were processed by the Company.

In particular, BMP and NBM consumed 105,830 tons and 4,730 tons respectively.

The main materials are PVC, HDPE, PP, etc. purchased from worldwide renowned manufacturers such as TPC Vina, AGC VN, Borouge, Sabic and Basell. These manufacturers all comply with ISO 9001 quality management standard and ISO 14001 environmental management standard.

#### b. Percentage of recycled raw materials used for production:

Binh Minh Plastics products are only manufactured from primary materials and an insignificant amount of scrap generated during the Company's production process, not using recycled materials purchased from external suppliers.

This contributes to minimizing the generation of scrap during the production process at Binh Minh Plastics.

All Binh Minh Plastics products completely use the new additive system without heavy metals, ensuring user safety and environmental friendliness.

WRAS (United Kingdom) has certified that Binh Minh Plastics pipe products are manufactured from materials suitable for drinking water and domestic water according to international standards.

**WRAS (UNITED  
KINGDOM) HAS  
CERTIFIED THAT  
BINH MINH  
PLASTICS PIPE  
PRODUCTS ARE  
MANUFACTURED  
FROM MATERIALS  
SUITABLE FOR  
DRINKING WATER  
AND DOMESTIC  
WATER ACCORDING  
TO INTERNATIONAL  
STANDARDS.**

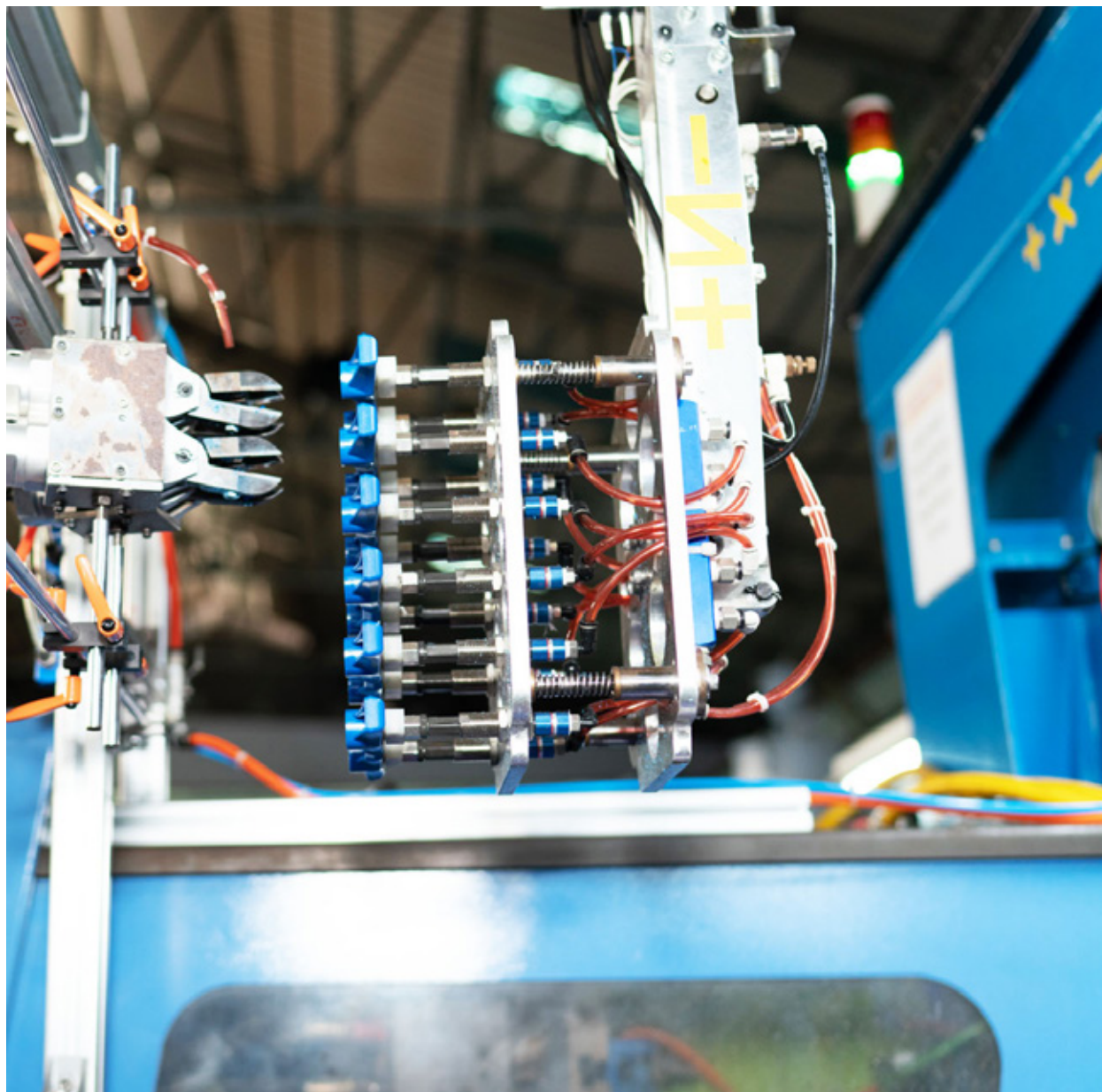




## OPERATIONS REVIEW



### 6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)



#### 6.2 ENERGY CONSUMPTION

##### a. Direct and indirect energy consumption:

Electricity is the direct source of energy used at Binh Minh Plastics for production and business activities. This power source is purchased from national electricity companies.

The Company does not use indirect energy sources.

##### b. Energy savings through energy efficiency initiatives:

Continuing to maintain the sustainable development policy through energy-saving activities, the Company has transformed that policy into specific goals and targets over the years, bringing many successes.

Accordingly, Binh Minh Plastics has carried out the following activities:

- Training awareness of energy savings for all employees.
- Conducting energy audits.
- Assessing the current situation and make implementation plans to reduce power consumption.
- Continuing to implement appropriate technical solutions to save electricity such as installing inverters and servo for main engines of production equipment.
- Prioritizing investment in production equipment using energy-saving servo technology.
- Installing insulation for cooling containers.
- Controlling water chillers of circulating tanks during production.



POWER  
CONSUMPTION IN  
2019 DECREASED TO  
**509,55**  
KWH PER TON  
OF PRODUCT  
THE LOWEST IN  
THE 2015-2019  
PERIOD.

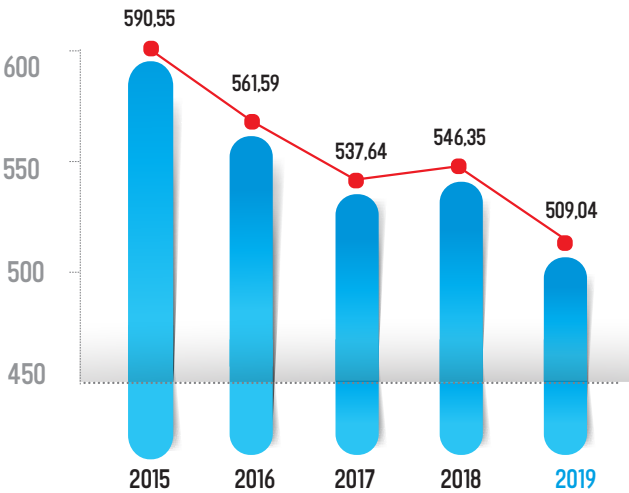


OPERATIONS  
REVIEW



6. REPORT ON ENVIRONMENTAL AND  
SOCIAL IMPACTS (continued)

In 2019, post-installation operations have stabilized, power-saving activities have begun to exert a strong effect, achieving very high efficiency compared to previous years according to the following records:



Power consumption in 2019 decreased to 509.55 kWh per ton of product, the lowest in the 2015-2019 period.

Whereby:

Reduction rate of electricity consumption in 2019 compared to 2018:	-6,8	%
Electricity consumption reduced in 2019 compared to 2018:	3,909,678	kWh
Average electricity unit price in 2019:	1,646	dong/kWh
<b>Total saving :</b>	<b>6,436</b>	<b>billion dongs</b>

c. Reports on energy saving initiatives and their results:

In 2019, energy-saving solutions continued to be implemented and remained effective.

However, the Company considered these activities normal and therefore did not record and report as initiatives.





OPERATIONS  
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6. REPORT ON ENVIRONMENTAL AND  
SOCIAL IMPACTS (continued)



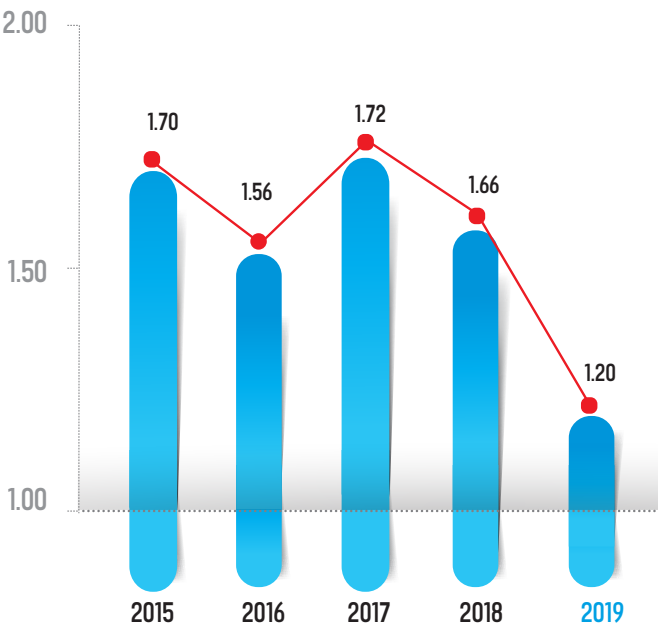
6.3 WATER CONSUMPTION:

a. Water supply and water use:

For many years, the Company only uses water supplied by local water supply companies such as Sawaco and Biwase, rather than groundwater.

In addition, with the awareness that clean water is not infinite, Binh Minh Plastics continues to implement water-saving solutions.

In 2019, the post-installation operations have stabilized, watersaving activities have also brought about high efficiency and were recorded as follows:



Water consumption in 2019 declined to 48,661 m³ per ton of product, also the lowest in the 2015-2019 period.

Whereby:

Reduction rate of water consumption in 2019 compared to 2018:	27.9	%
Water consumption reduced in 2019 compared to 2018:	48.661	m³
Average water unit price in 2019:	10,152	donng/m³
Total savings:	494,000,000	dong

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

Water sources are used by the Company for the following purposes:

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



OPERATIONS  
REVIEW



6. REPORT ON ENVIRONMENTAL AND  
SOCIAL IMPACTS (continued)

6.4 COMPLIANCE WITH ENVIRONMENTAL  
PROTECTION REGULATION:

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

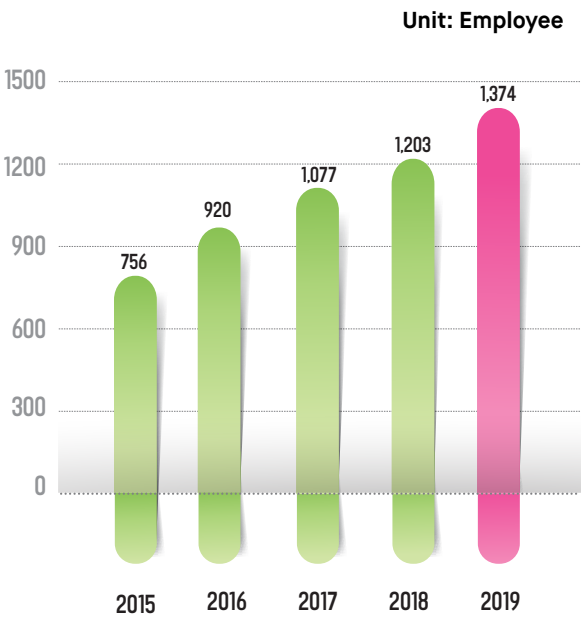
In 2019, the Company did not record any violations due to noncompliance with environmental laws and regulations.

6.5 LABOR POLICIES:

a. Employee headcount:

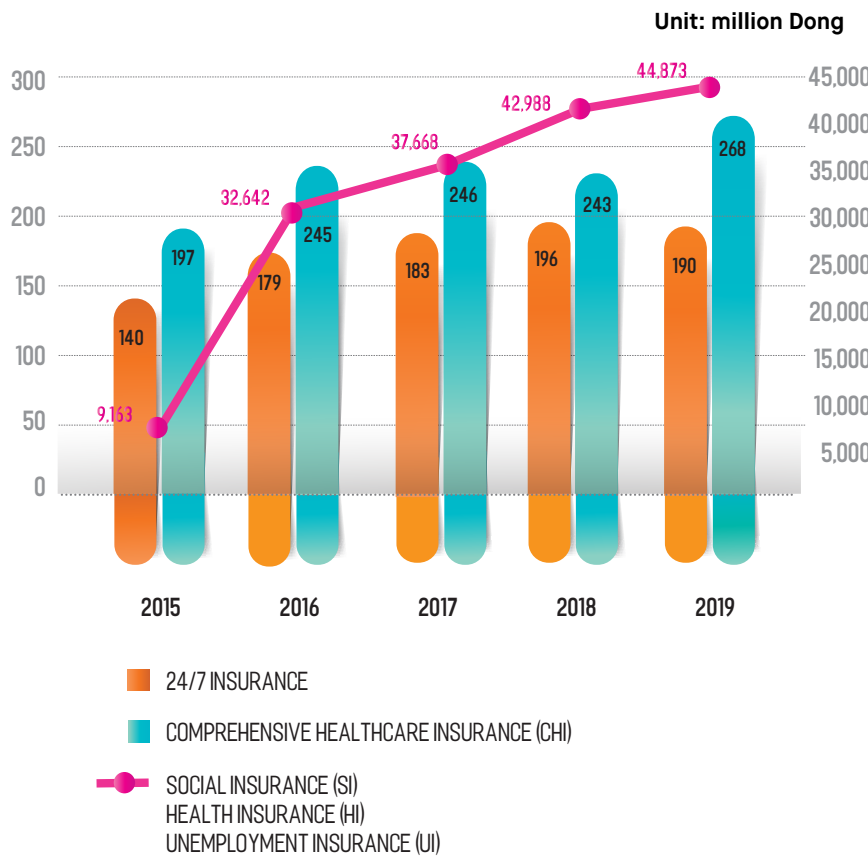
In 2019, the Company’s workforce increased by about 14% due to its investment in additional machinery and equipment as well as the deployment of advanced management models and tools such as 5S, Lean, CRM, HRM, etc. to expand production and business activities, making the most of the infrastructure at factories.

EMPLOYEE HEADCOUNT IN 2015–2019



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

INSURANCE EXPENSES PAID BY THE COMPANY





## OPERATIONS REVIEW



## 6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

Health, Safety and Welfare are the policies that are always focused at Binh Minh Plastics.

- In addition to performance growth the focus on working environment and labor healthcare is always an important factor to ensure sustainable development. The Company annually conducts an assessment of the workplace environment and organizes periodic medical check-ups for all employees. Comprehensive health insurance and 24/24 accident insurance programs also apply to all staff.
- Labor safety council, labor safety committee and 5S committee at the Company's factories all work very effectively, actively contributing to improving working conditions. The Company has a labor protection plan with an annual budget of more than VND 2 billion being well-spent, bringing the best working environment to employees. The Company's fire prevention team is established at factories, regularly holding training sessions and participating in fire prevention drills with local professional fire prevention forces to ensure security, order and fire safety both within and outside the Company's premises.



**HEALTH,  
SAFETY  
AND  
WELFARE**

**ARE THE  
POLICIES  
ALWAYS  
FOCUSED AT  
BINH MINH  
PLASTICS.**



**OPERATIONS  
REVIEW**

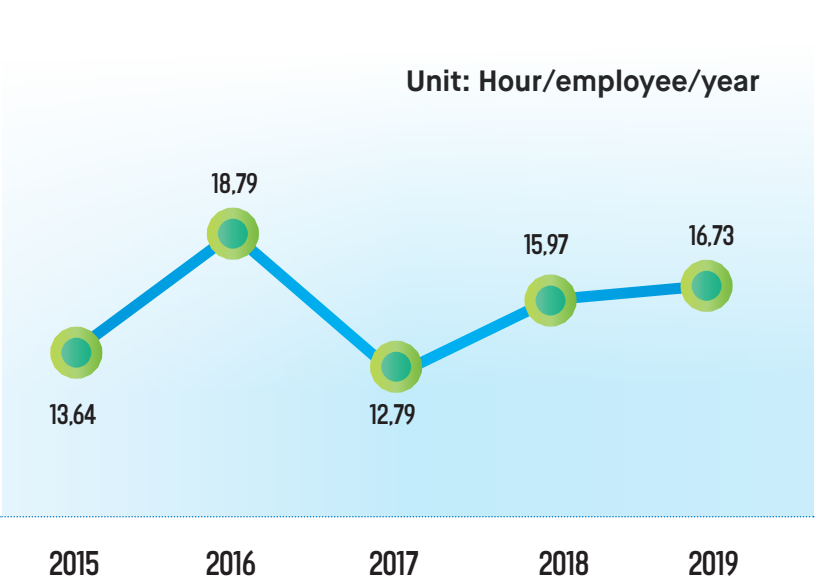


**6. REPORT ON ENVIRONMENTAL AND  
SOCIAL IMPACTS (continued)**

- Binh Minh Plastics always concentrates on taking care of the wellness of employees, ensuring jobs with higher income than other industry peers. In addition to bonuses on all major holidays, including New Year, Lunar New Year, Hung Kings' Festival, etc. and the Company's Anniversary, employees are also entitled to various benefits such as domestic and foreign outing trips, sports festivals, family festivals, women's day, etc. All welfare regimes of employees are clearly stated in the collective labor agreement and subject to regular review and revision to abide by to the law and labor market changes.

Therefore, Binh Minh Plastics was voted as one of the best workplaces in Asia by a leading personnel magazine.

**AVERAGE TRAINING TIME IN 2015-2019**





## OPERATIONS REVIEW



### 6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)



The quality of human resources plays an important role in the business activities of the Company. At the beginning of the year, based on the actual requirements of each job, the Company has built specific training plans for each position with an average budget of over a billion dong/year.

The training content is selected from high-quality training courses appropriate to the job requirements of each employee. Besides, the Company encourages and pays 100% for employees to self-train and update their workrelated expertise to improve work efficiency and personal qualifications.

- In addition to internal and external training courses, employees are also sent to training courses on advanced technology, clean materials, etc., applied worldwide in countries like Germany, Italy, Austria, etc. Most of the Company's executives have participated in courses on quality management, production and field improvement in Japan through the program of HIDA-AOTS;
- After attending the training courses, employees have maximized their capacity, boldly proposed the application of new technology to production management at the Company, bringing practical efficiency, contributing to the development of the Company.



OPERATIONS  
REVIEW



6. REPORT ON ENVIRONMENTAL AND  
SOCIAL IMPACTS (continued)

6.6 REPORTS ON CORPORATE SOCIAL  
RESPONSIBILITY

With a view to maintaining the tradition of social activities to support the local community as well as individuals in difficult situations, in 2019, the Company and employees jointly made practical and effective contributions to the community. Total contribution value was up to VND 800 million, as specified in the following activity groups:

ACTIVITY GROUPS:	AMOUNT (million dong)
Taking care of the younger generation:	213
Sharing difficulties with the community:	333
Gratitude activities:	209
Others:	45
<b>TOTAL:</b>	<b>800</b>

Not only the activities for the community that can be attributed to actual value above, the Company has also organized many exchanges with the local community where the Company has facilities, such as cultural and sports events as well as security and environmental sanitation maintenance. The humanitarian blood donation movement has continued to be maintained for the past 16 years. In 2019, 254 people volunteered to donate blood.

6.7 REPORT ON GREEN CAPITAL MARKET  
ACTIVITIES AS GUIDED BY THE STATE  
SECURITIES COMMISSION OF VIETNAM: None





# S3

SHINE





# REPORT AND ASSESSMENT OF THE BOARD OF MANAGEMENT



## 1. OVERVIEW

### 1. THE COMPANY

#### 1.1. OVERALL SITUATION:

##### ADVANTAGES:

- ▶ The market demand was still maintained.
- ▶ With the Company's products and brands being trusted by customers, the ability to maintain and grow market share was better than those of competitors.
- ▶ After restructuring, the number of distributors decreased to a third of the previous year. With the Company's strong support, the distribution network has operated more stably, and dumping issue has also subsided. Transportation policy has given the distribution system more incentives and made it more proactive.
- ▶ The price of raw materials was stable at an average level lower than in 2018.

##### CHALLENGES:

###### ▶ From state policy and business environment:

- Tightened policy on real estate business management.
- Credit tightening policy for real estate business.
- The disbursement of public investment for infrastructure projects was very low.
- Private real estate projects were not licensed.

Consumption demand was not expected to increase because real estate and construction projects had not been recovered and still affected by the above difficulties.



- ▶ Excess demand as other competitors had invested heavily in the past few years, reduced selling price to "survive" and have been enticing big distributors with greater benefits than what was offered by the Company.
- ▶ The Company's distribution network continued to be challenged by industry competition on price and discount. Loyalty and motivation have been reduced because of unfulfilled benefits.
- ▶ Product counterfeiting was still increasingly serious and sophisticated.



REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
MANAGEMENT



1. OVERVIEW (continued)

1.2. PERFORMANCE IN 2019:

No.	ITEMS	UNIT	PLAN 2019	ACTUAL		% GROWTH	
				2019	2018		
A	B	C	1	2	3	4=2/1	5=2/3
1	Revenue	VND bil	4,300	4,343	4,130	101	105.2
2	Sales volume	Ton	98,500	105,020	94,500	106.6	111.1
3	Profit before tax	VND bil	540	550	530	101.9	103.8
4	fit after tax	VND bil	432	440	428	101.9	102.8

1.3. INVESTMENT IN 2019:

No.	ITEMS	UNIT	PLAN 2019	ACTUAL	
				E	
A	B	C	D	VND bil	%
	Equipment	VND bil	253,5	236,3	93.2



1.4. OVERVIEW OF OTHER MANAGEMENT ACTIVITIES:

1.4.1. MARKETING AND SALES

- ▶ The division of Marketing and Sales has focused on taking care of, monitoring, assessing and developing the distribution network. As a result, compliance with regulations has been improved and the Company's business performance has been enhanced, as shown by the increase in sales revenue and volume.
- ▶ The adjustment of business policies with more incentives and higher flexibility for distributors has also helped improve their edges against peers. However, there is still a big gap between the Company's discount and that of competitors, thus distributors still want to increase the discount for better competition.
- ▶ Limiting direct sales to construction project customers (due to higher discounts and longer credit terms) has little effect on profitability but does reduce revenue and sales volume. In 2018, the direct selling rate is about 7.3% of revenue, in 2019 this rate is only about 2.5%. The main goal when selling to this customer group is to retain customers and support distributors to "KEEP THE MARKET SHARE", not for the profit. The transfer of these customers to the distribution network requires keeping the same discount rate, so that distributors can compete with competitors when selling products to construction projects. In 2020, if not increasing or maintaining the discount for this customer group, it is expected to reduce revenue by about VND 200 billion (# 5,000 tons), leading to a reduction in market share. The loss of project customers, at first, may not affect profits but in the long term may reduce sales, market share and eventually profits.
- ▶ The activities of developing the distribution network, providing customer care and handling complaints are highly appreciated by customers.
- ▶ Organized and participated in seminars, fairs, exhibitions and advertisements with a high communication effect.
- ▶ Improved delivery operations at warehouses to reduce delivery time.
- ▶ Continued to coordinate closely with the authorities in anti-counterfeiting activities.



**REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
MANAGEMENT**



**1. OVERVIEW (continued)**

**1.4.2. FINANCE**

- ▶ Ensured cash flow for business activities. Managed the rotation of idle cash flow to create good financial income.
- ▶ Adjusted and prepared consolidated reports in accordance with NPI/SCG templates.
- ▶ Completed the application of electronic invoice (e-Invoice).
- ▶ Worked with KPMG to conduct reviews and audits throughout the year.
- ▶ Monitored and recovered bad debts with good results achieved.
- ▶ Made reports at the Credit Committee's request.
- ▶ Continued to implement the product costing project.

**1.4.3. MANAGEMENT OF INFORMATION SYSTEMS**

- ▶ Supported the exploitation of ERP data for management activities across the Company and departments. In particular, completed the plan and integrated with ERP:
  - Online ordering (e-Ordering).
  - Electronic invoice (e-Invoice).
  - Customer relationship management (CRM).
  - Human resources management software (HRM-IT).
  - Set up new reports according to corporate governance requirements.





**REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
MANAGEMENT**



**1. OVERVIEW (continued)**



**1.4.4. HUMAN RESOURCES**

- ▶ The Company has completed the organizational restructuring project, having tested the new model for six months at the factories, conducting assessment and adjustment for the official launch. Executives at all levels have been appointed.
- ▶ HRM-IT project: expected to operate from the beginning of Quarter 3/2020.
- ▶ Conducted recruiting and training, tested the outsourced labor model.
- ▶ Built a management team to implement Supply Chain Management Project.
- ▶ About the Human Resources and Salary project (HRM): 70% completed, currently behind schedule. Because the project is to build a new salary mechanism (in 3P structure) that is completely different from the current mechanism, it is being considered very carefully about the impact on the income of each employee, as it may cause labor disturbance in the Company. The project is at the stage of designing a new salary system that:
- ▶ Maintains the average income of employees to create competitive advantages in terms of labor quality against other companies.
- ▶ Overcomes the unreasonable situation in which the income of the Company's senior and middle managers and qualified professionals is lower than the market's average (compared to the survey of Mercer, Adecco and First Alliances on salaries in Vietnam 2020).



**REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
MANAGEMENT**



**1. OVERVIEW (continued)**

**1.4.5. PRODUCTION TECHNOLOGY & INVESTMENT**

- ▶ Factories always ensure good utilization of equipment, fully meeting the requirements of production output and product categories.
- ▶ Rearranged equipment from BMBD to BMLA to balance factories' output and improve logistics activities.
- ▶ Put 209 new mold sets into production and launched 136 new products to the market.
- ▶ Implemented 93.3% of the investment plan in 2019. Acquired valve product segment.
- ▶ Completed the automation project of material supply at BMBD.
- ▶ In 2019, the Company continued to promote technology investment, equipment automation, process automation, improvements to fully meet the market's demand, cut costs and realize the Company's goals.

**1.4.6. SYSTEM MANAGEMENT & IMPROVEMENT**

- ▶ Ensured good control of product quality and provided customer consultation.
- ▶ Maintained operational efficiency of the QMS9000 & EMS14000 system.
- ▶ Completed the 5S project at all factories with high efficiency, implemented LEAN project.
- ▶ Coordinated with NPI to conduct training courses and organize the transformation of target implementation under the OGSM model.





**REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
MANAGEMENT**



**1. OVERVIEW (continued)**

**1.4.7. NORTH BINH MINH PLASTICS (NBM)**

- ▶ In 2019, NBM focused on exploiting the northern market, with sales revenue and volume growing by 32% and 29% respectively and profit reaching VND 31 billion.
- ▶ Two main solutions:
  - Making products by criteria appropriate to the northern market,
  - Reorganizing the Company's distribution system as the main distribution channel, which started to work out, though have not proven its success yet, and should be monitored and evaluated further in 2020.

**1.4.8. DANANG PLASTIC (DPC)**

- ▶ DPC is acting as a transshipment warehouse to distribute BMP's products in the Central region.
- ▶ The Company is executing a project to build a factory in Lien Chieu Industrial Zone to carry out the relocation under the decision of Da Nang city, which is expected to be completed in 2020.

**1.4.9. PROJECTS**

- ▶ Organizational Restructuring Project: completed.
- ▶ Distribution System Restructuring Project: completed.
- ▶ Project of e-Ordering and integration with ERP: completed.
- ▶ CRM "SAP C4C" Project: completed.
- ▶ e-Invoice Project: completed.





**REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
MANAGEMENT**



**1. OVERVIEW (continued)**



- ▶ 5S Project: completed.
- ▶ HRM-IT Project: expected to operate in Quarter 3/2020.
- ▶ HRM – Salary Project: in progress.
  - Module of Organization Model: completed.
  - Module of Salary System P1 (Position): completed.
  - Module of Capacity System P2 (Person): in progress.
  - Module of Performance Review Criteria System P3 (Performance): completed.
- ▶ LEAN Project: working together with IMT consultants at BMBD.
- ▶ Supply Chain Management Project: expected to begin in July 2020.

**1.4.10. BMP AND NPI COLLABORATION**

- ▶ Sending delegations to learn about each other's Business, Marketing, Research and Development, Finance, Human Resources, Manufacturing, and IT operations.
- ▶ Exchange and training in automation program.
- ▶ Exchange and training in CaZn additive program.
- ▶ Exchange and support of the 5S-LEAN project.
- ▶ Learning and sharing NPI's experience of collecting, storing and exploiting data to serve the corporate governance activities at BMP.
- ▶ NPI personnel dispatched to provide short-term support at NBM and BMP.
- ▶ Performing market studies and production capacity assessment to coordinate the sales of each other's products in the Southeast Asia market.



**REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
MANAGEMENT**



**1. OVERVIEW (continued)**

**1.4.11. ACTIVITIES OF THE BOARD OF MANAGEMENT**

The Board of Management assessed that it had been a successful and effective year of managing the Company on the basis of the BOD's internal COORNIDATION and its adherence to the following management principles:

**CAUTIOUS - PROACTIVE - PROGRESSIVE - UPRIGHT.**

**1.4.12. 2019 OUTLOOK**

- ▶ Sales revenue increased by 5.2%, sales volume jumped by 11.1%, and profit before tax went up by 3.8% compared with 2018.
- ▶ The Company's business results in 2019 as above are far better than other major competitors. Such HIGHLIGHTS have contributed greatly to increasing the Company's market share, maintaining its leading position and firm reputation in the market.
- ▶ The Company continued to affirm its position as the leading company in manufacturing plastic pipes and fittings of all kinds and especially the only company currently producing all PVC-U pipes and fittings without heavy metal components, environmentally friendly and absolutely safe for consumers.
- ▶ The business environment was becoming very challenging as supply has drastically increased and exceeded market demand. As a result, companies were competing for market share by huge discounts and promotions that caused great turmoil in the market.





**REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
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**1. OVERVIEW (continued)**



- ▶ Also, with BMP'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.
- ▶ The Company still maintains and ensures human resources for its operations, however:
  - It needs to strengthen the management team which is still quite insufficient.
  - It should accelerate the project to build an advanced and market-based salary system to retain and attract the necessary workforce for the future development of the Company.
- ▶ The successful application and stable operation of the Enterprise Resource Planning (ERP) system have helped the Company to obtain information quickly, uniformly, transparently, control accurate data and support the fast, flexible decision-making process. However, the Company should continue to expand the ERP system's scope, develop the statistical database and strengthen the capacity of data exploitation and analysis to support the development of business and financial scenarios in coping with the ever-changing business environment.

**2. FINANCIAL REVIEW**

(Please see from page 54 to page 62)

**3. IMPROVEMENTS IN ORGANIZATIONAL  
STRUCTURE, POLICIES AND MANAGEMENT**

Presented in the orientation and report of the Board of Directors and the Board of Management.



**REPORT AND  
ASSESSMENT OF  
THE BOARD OF  
MANAGEMENT**



**4. FUTURE PLAN**

**4.1.OVERVIEW:**

**ADVANTAGES**

- ▶ Given the positive growth forecast of the economy, it is expected to be favorable for the development of the market.
- ▶ The distribution network after restructuring has operated more stably.
- ▶ Elements related to corporate governance have gradually run more effectively

**CHALLENGES**

- ▶ Growth in the real estate and construction industry is forecasted to continue slowing down due to the inadequacies of state policies from 2019 that can extend to 2020 and new forecasts about common difficulties of the economy. This is evidenced by the fact that the 2019 results and 2020 plans of large real estate and construction corporations are all gloomy.
- ▶ Real estate growth is not expected to be better, even it will slow down due to tighter management policies and tightening credit policies for real estate. The real estate market situation is very unstable and shows "freezing" signs due to state policies. Real estate, construction associations and businesses are calling for help.
- ▶ The oversupply situation will continue to be the cause for competitors to compete with the policy of maintaining high discount rates and low or very low profits to "survive". This is demonstrated by massive promotion campaigns of major competitors throughout 2019 to early 2020.
- ▶ The COVID-19 pandemic continues to be an unknown factor as the severity of its adverse impact on the economy in general and the Company's business field in particular has not been fully assessed yet.





# REPORT AND ASSESSMENT OF THE BOARD OF MANAGEMENT



## 4. FUTURE DEVELOPMENT PLAN (continued)

### 4.2. BMP'S CONSOLIDATED BUSINESS PLAN IN 2020

No.	TARGE	UNIT	PLAN 2020	ACTUAL 2019	%
A	B	C	1	2	3=1/2
1	Revenue	VND billion	4,560	4,343	105
2	Sales volume	Ton	110,030	105,020	105
3	Profit before tax	VND billion	582	529	110
4	Profit after tax	VND billion	465	423	110

### 4.3. INVESTMENT PLAN IN 2020

No.	ITEM	UNIT	PLAN 2020	NOTE
A	B	C	D	E
1	Priority equipment	VND billion	175	
2	Non-priority equipment	VND billion	20	
3	TOTAL	VND billion	195	

### 4.4 MESSAGE FROM THE GENERAL DIRECTOR

- ▶ Be honest, transparent, fair for the highest goal which is the common interests of BINH MINH PLASTICS.
- ▶ Maintain the Company's stable operation and the staff's consensus, make the highest performance, harmonize the interests of stakeholders.
- ▶ Take advantage of the support of the General Meeting of Shareholders, the Board of Directors, and the Control Board. Not act only for the interest of any specific group of stakeholders.

**“EXPLOIT ADVANTAGES – TAKE CHANCES  
HARMONIZE INTERESTS”**





# S4

STANDARDIZE





## BOARD OF DIRECTORS EVALUATIONS ON BUSINESS OPERATIONS



### 1. BOARD OF DIRECTORS EVALUATION ON BUSINESS OPERATIONS

#### OWNERSHIP STRUCTURE:

Nawaplastic Industries Co. Ltd. (NPI) holds 54.39% of the Company's capital, being the largest shareholder of the Company as of today.

According to the regulation on major shareholders with a holding ratio of above 5%, the Company currently has only two other major shareholders, namely FTIF - Templeton Frontier Markets Fund (6.25%) and KWE BETEILIGUNGEN AG (5.03%).

#### THE COMPANY'S PERFORMANCE

(for more details please see the BOM's report and assessment):

- ▶ Sales revenue increased by 5.2% against 2018 and 1% compared with the 2019 plan. Sales volume jumped by 11.1% from 2018 and 6.6% compared with the 2019 plan. This is a high growth rate, reflecting the Company's efforts in difficult market conditions and showing a market share growth.
- ▶ Profit before tax increased by 3.8% year over year and 1.9% compared with the 2019 plan assigned by the AGM. However, due to the provision of severance allowances for employees (according to SCG's requirement for all member companies) of VND 21 billion, the profit after tax of the year was also reduced accordingly.
- ▶ With the business results as above, it could be concluded that the Company has performed very well in 2019. Compared with the 2019 results of the industry, the BOD assessed that the Company still significantly outperformed its competitors in terms of business results and efficiency, continue to maintain a leading position and a solid reputation in the market.





## BOARD OF DIRECTORS EVALUATIONS ON BUSINESS OPERATIONS



### 2. BOARD OF DIRECTIONS EVALUATION ON THE BOARD OF DIRECTORS ACTIVITIES

- ▶ The BOD has maintained stable operations and strictly complied with the Company's Charter. In 2019, the AGM 2019 and five BOD meetings were successfully held with 100% of members attending. In 2019, there was no share buying/selling transaction by individual members of the BOD.
- ▶ Although there are three members who are foreigners and one independent member, the BOD still fully understands the Company's situation through regular reports of the General Director for understanding and consensus in joint decisions.
- ▶ The BOD has strictly complied with and fully performed the work according to the AGM 2019's Resolution, supervising the BOM to properly and timely realize the benefits of shareholders such as dividends, regular communication and information disclosure to investors and shareholders.
- ▶ The BOD has regularly interacted with the Control Board, noting reasonable comments of the Control Board on corporate governance and making adjustments to improve it.
- ▶ 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 growth.





## BOARD OF DIRECTORS EVALUATIONS ON BUSINESS OPERATIONS



### 2. BOARD OF DIRECTIONS EVALUATION ON THE BOARD OF DIRECTORS ACTIVITIES (continued)

- ▶ As 3/5 BOD members live abroad, do not work at the Company, and are also senior executives in other companies, there are limitations in meeting arrangement and information exchange. However, not letting it affect the Company's operation, the BOD has also set up a reasonable working and authorization mechanism to ensure work done on schedule. Also, the person in charge of corporate governance cum Secretary of the BOD has been appointed.
- ▶ In the past year, the BOD has focused on the orientation and supervision of the Company's operations, and at the same time implemented many collaboration activities between NPI and BMP to create opportunities for sharing experiences, improving management capacity, unifying data systems and management reports and cooperating for development.

#### ▶ Activities of Committees:

- Investor Relations Committee: Held quarterly meetings with shareholders and investors. Regularly reported, exchanged and provided information on the Company's activities as required.
- Development Strategy Committee: Updated medium-term plan (MTP) for the 2020-2025 period.
- Human Resources - Policy - Remuneration Committee: Monitored the implementation of the ongoing project on salary restructuring and human resource management.
- Risk Management and Internal Control Committee: Appointed a new Committee Head. Conducted the IA SCG group's internal audits and supervised the implementation of recommendations of KPMG Vietnam auditors.

The BOD has maintained the operations of Committees but due to the working conditions of the Committee heads, the Committees have not really performed as expected.



- ▶ The BOD is still consistent with the Company's general development orientation, taking quality as the core element, maintaining the Company's leading position in the industry. The BOD also determines that the strategic direction should harmonize the targets of market share growth and profitability and the interests of Shareholders, Customers and Employees.
- ▶ In addition, the BOD has determined to focus on improving the satisfaction and safety of employees, gradually developing policies and goals to create a better working environment at the Company.
- ▶ As for the member company North Binh Minh Plastics (NBM), the BOD has determined a priority to improve its operational efficiency in the northern market.

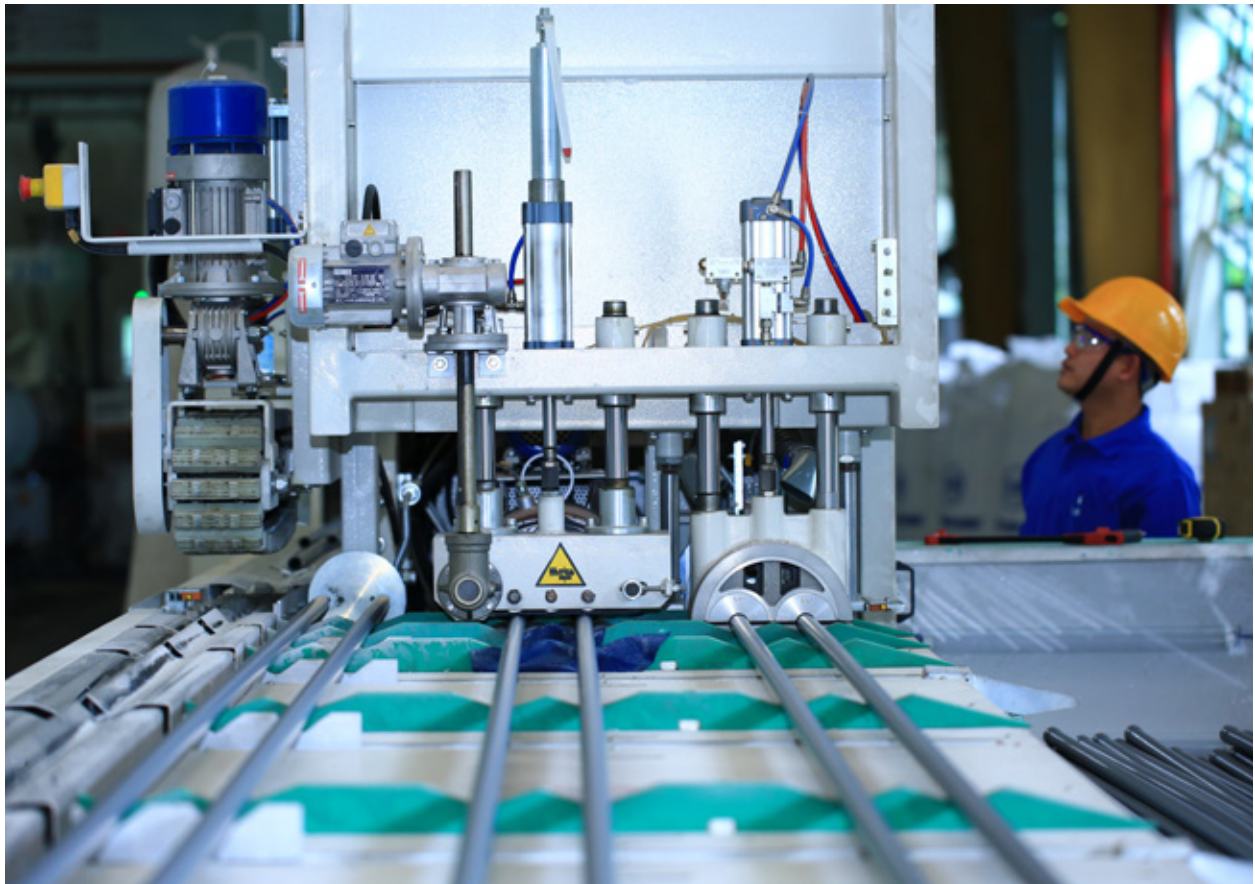


**BOARD OF  
DIRECTORS  
EVALUATIONS  
ON BUSINESS  
OPERATIONS**



**3. ASSESSMENT OF THE BOD'S INDEPENDENT MEMBER**

- ▶ Its members have demonstrated great responsibility to the Company's operation and development, actively examining, debating and criticizing the General Director's activities as well as thoroughly reviewing his proposals before approval.
- ▶ The Company achieved good business results in 2019. The Board of Management and the entire staff were responsible and showed great efforts to well fulfill the year's business goals and fully meet the requirements of the AGM and the BOD.
- ▶ The independent member's role is respected and he has been assigned to lead the Human Resources – Policy – Remuneration Committee to keep an independent voice in the BOD's activities and to give comments on issues related to such particular aspects.
- ▶ The independent member of the BOD highly appreciates the BOD's support and interest in the benefits and wellness of employees. In the context that the Company is operating effectively, it is recommended that the BOD should continue to support the development of salary, bonus and remuneration policies in accordance with the Company's scale and the labor market, in order to maintain and develop a competent workforce for the Company's long-term and sustainable development goals.



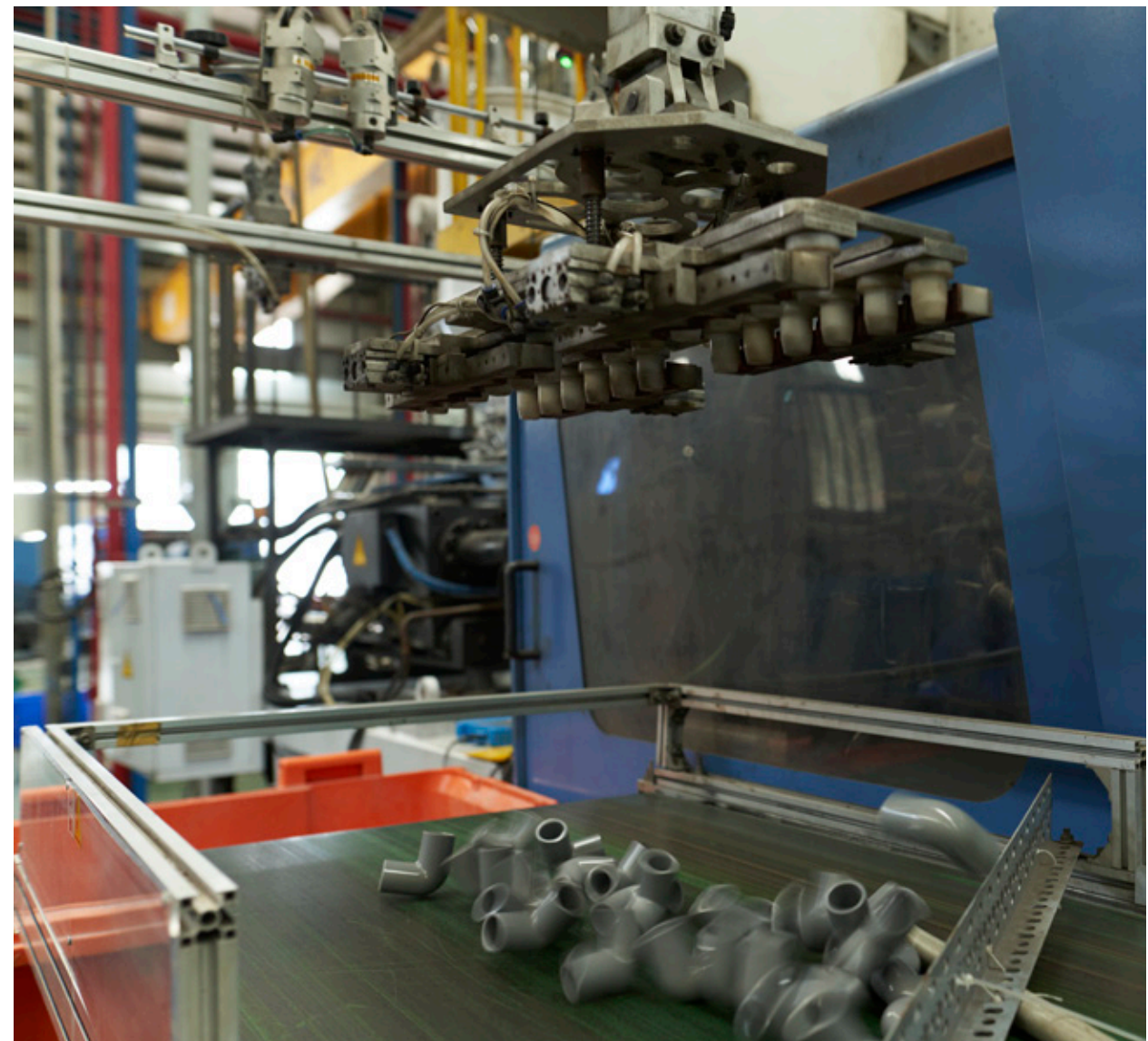


**BOARD OF  
DIRECTORS  
EVALUATIONS  
ON BUSINESS  
OPERATIONS**



**4. THE BOD'S ASSESSMENT ON THE BOM**

- ▶ The Board of Management has created a sense of solidarity throughout the Company, strengthening the morale of executives and employees, promoting the professional competence of each individual and maintaining the teamwork spirit in the Company's activities, thereby achieving good business results in 2019.
- ▶ The Board of Management has been very flexible, closely following the market developments and business environment changes, in order to timely adopt appropriate measures to achieve the Company's business objectives.
- ▶ The Board of Management has made every effort to ensure the best fulfillment of the business plan and, at the same time, to implement a large amount of work related to the consolidation of reporting systems, gradually adapting to the principles and governance models of NPI and SCG.
- ▶ In addition to maintaining production and business activities, the Board of Management has actively implemented large projects that have a long-term influence on the improvement of management capabilities such as Organizational Restructuring, Salary System Restructuring (HRM-Salary), Computerization of Human Resource Management (HRMIT), Customer Relationship Management (CRM), Online Sales (E-ordering), Productivity and Logistics Improvement ( LOIT), On-site management optimization (LEAN-5S) and ERP system capacity enhancement.
- ▶ However, the Board of Management should continue to accelerate the implementation of the salary restructuring project to serve as a basis for improving the staff capacity, ensuring the equity in salary and bonus policies for employees and motivating the management staff.





**BOARD OF  
DIRECTORS  
EVALUATIONS  
ON BUSINESS  
OPERATIONS**



**5. ORIENTATION ON VISION AND STRATEGY.**

- ▶ Enhancing the overall competitiveness through cost-saving initiatives and flexible policies to improve business results.
- ▶ 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.
- ▶ Promoting cooperation with strategic partners to develop new products and expand markets.
- ▶ Improving the standards of corporate governance towards unity and transparency. Applying advanced management models and tools combined with investment and application of modern technologies, raising the level of automation in production to gradually formulate and comprehensively apply the Supply Chain Management Model in corporate governance activities.
- ▶ Focusing on developing the quality of human resources to improve work performance and ensure the Company's longterm development. Paying special attention to building a friendly, safe working environment and prioritizing benefits for employees to secure the Company's position among the 50 best workplaces in Vietnam.





# \$5

## SUSTAIN





CORPORATE  
GOVERNANCE



1. BOARD OF DIRECTORS

A. MEMBERS AND STRUCTURE OF THE BOARD OF  
DIRECTORS

No.	FULL NAME	POSITION	HOLDING OF VOTING SHARES	HOLDING PERCENTAGE
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. Poramate Larnroongroj (replacing Mr. Sumphan Luveerraphan)	Member	0	0
05	Mr. Phan Khac Long	Independent Member	0	0
06	Mr. Sumphan Luveerraphan (resigned on April 19, 2019)	Member	0	0



Employment history:

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

MR. SAKCHAI PATIPARNPREECHAVUD

Chairman of the BOD  
(Non-executive member)  
Year of birth: 1967  
Qualification: Master of Business  
Administration.



**CORPORATE  
GOVERNANCE**



**1. BOARD OF DIRECTORS (continued)**



**MR. NGUYEN HOANG NGAN**

Vice Chairman of the Board  
of Directors – General Director  
Year of birth: 1962  
Qualification:  
Mechanical Engineer,  
Master of Management

*(details in the Board of  
Management introduction,  
page 44)*



**MR. WISIT RECHAI PICHITGOOL**

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

*(details in the Board of  
Management introduction,  
page 47)*



**CORPORATE  
GOVERNANCE**



**1. BOARD OF DIRECTORS (continued)**



**MR. PORAMATE LARNROONGROJ**

Year of birth: 1963  
Qualification: Master of Industry

Member of the BOD  
(non-executive member),  
elected by the AGM on April 19,  
2019 to replace Mr. SUMPHAN  
LUVVEERAPHAN who had resigned.

**Employment history:**

- 2004: Head of Planning - Procurement of Thai CRT Co., Ltd.
- 2005: Managing Director of Siam Forestry Co., Ltd.
- 2008: Managing Director of Thai Cane Paper Public Co., Ltd.
- 2010: Managing Director of Thai Container Group Co., Ltd.
- 2018-present: Managing Director of Nawaplastic Industries Co., Ltd.



**MR. SUMPHAN LUVVEERAPHAN**

Year of birth: 1963  
Qualifications: Chemical Engineer

Member of the BOD  
(non-executive member),  
resigned.

**Employment history:**

- 2011: Director of Commerce of TPC Public Co. Ltd. - Thailand.
- 2012: Managing Director of TPC Paste Resin Co. Ltd - Thailand.
- 2013: Deputy Managing Director of Nawa Plastic (Sarabury) Co. Ltd.
- 2016: CEO of Nawa Plastic (Sarabury) Co. Ltd.
- April 20, 2018: BOD Member of Binh Minh Plastics Joint Stock Company.



CORPORATE  
GOVERNANCE



1. BOARD OF DIRECTORS (continued)



MR. PHAN KHAC LONG

Independent member of the BOD  
Year of birth: 1961  
Qualifications: Mechanical  
Engineer.

Employment history:

- 1983: Engineer of Transportation Mechanical Associated Enterprise No. 2.
- 1990: Owner of Dai Viet Phat Private Enterprise.
- 1996: Director of Phan Vu Manufacturing & Construction Co., Ltd.
- 2001: Chairman of the BOD cum General Director of Phan Vu Investment Joint Stock Company.
- 2013: Member of the BOD of Japan Pile Corporation - Japan.
- 2015: Member of the BOD of Asia Pile Holding Corporation (listed on Tokyo Stock Exchange).
- 2018: Chairman of the BOD of Phan Vu Investment Joint Stock Company.
- April 20, 2018: Member of the BOD of Binh Minh Plastics Joint Stock Company.

B. SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS.

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





1. BOARD OF DIRECTORS (continued)

C. ACTIVITIES OF THE BOARD OF DIRECTORS:

From January 1, 2019 to December 31, 2019, there were 5 BOD meetings in total with members' attendance as follows:

No.	FULL NAME	NUMBER OF BOD MEETINGS ATTENDED	MEETING ATTENDANCE RATE	REASON FOR ABSENCE
1	Mr. Sakchai Patiparnpreechavud	5/5	100%	
2	Mr. Nguyen Hoang Ngan	5/5	100%	
3	Mr. Wisit Rechaipichitgool	5/5	100%	
4	Mr. Poramate Larnroongroj	5/5	100%	
5	Mr. Phan Khac Long	5/5	100%	

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

No.	RESOLUTION NO.	DATE	CONTENT
01	01/NQ-BM/HĐQT/2019	April 19, 2019	Payment of 2018 remaining dividends.
02	02/NQ-BM/HĐQT/2019	April 19, 2019	Authorization of Mr. Nguyen Hoang Ngan to sign credit and collateral contracts.
03	03/NQ-BM/HĐQT/2019	November 18, 2019	Interim dividend payment for 2019.

No.	RESOLUTION NO.	DATE	CONTENT
01	01/QĐ-BM/HĐQT/2018)	January 24, 2019	Appointing the Person in charge of Corporate Governance.
02	02/QĐ-BM/HĐQT/2018)	April 19, 2019	Appointing Head of Risk Management and Internal Control Committee.
03	03/QĐ-BM/HĐQT/2018)	April 19, 2019	Salary coefficient of 2019,
04	04/QĐ-BM/HĐQT/2018)	April 19, 2019	Assigning General Director to distribute 2018 remuneration and bonus to the BOD and CB.

D. ACTIVITIES OF INDEPENDENT BOD MEMBERS:

The independent member of the BOD has participated in all of the BOD meetings. With the role of Head of Human Resources - Policy - Remuneration Committee under the BOD, he has contributed many objective ideas in proposing the selection and appointment of personnel in other committees as well as supporting positions for the BOD, such as the person in charge of Corporate Governance.

In addition, for the corporate restructuring program executed by the Board of Management, the BOD independent member has contributed many comments, clarifications and explanations for the BOD to better understand the project's nature and the purpose and the salary and income distribution mechanism.

E. LIST OF BOD MEMBERS WITH CORPORATE GOVERNANCE TRAINING CERTIFICATES. LIST OF BOD MEMBERS WHO HAVE PARTICIPATED IN CORPORATE GOVERNANCE PROGRAMS DURING THE YEAR.

All of the Company's BOD members have obtained training certificates in Business Administration and have over 10 years of experience in corporate governance. In 2019, the BOD members have not yet arranged time to participate in training programs on corporate governance. However, supporting positions of the BOD - the BOD Secretary and the Person in charge of Corporate Governance, have been sent to attend two HOSE training sessions during the year.



CORPORATE  
GOVERNANCE



2. CONTROL BOARD

A. MEMBERS AND STRUCTURE OF  
THE CONTROL BOARD:

No.	FULL NAME	POSITION	HOLDING OF VOTING SHARES	NOTE
01	Mr. Nguyen Thanh Thuan	Head of the Control Board	0	
02	Ms. Nguyen Luu Thuy 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 Control Board  
Year of birth: 1987  
Qualification: Master of Economics.

Employment history:

- 2009: Credit officer of Corporate Customer Department - Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank).
- 2012: Deputy Head of Corporate Customer Department - Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank), Ho Chi Minh City Branch No. 3.
- 2015: Head of Corporate Customer Department - Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank), Ho Chi Minh City Branch No. 3.
- 2016: Head of Credit Support Department - Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) Ho Chi Minh City Branch No. 3.
- 2018: Head of Financial Department - An Gia Real Estate Investment and Development Joint Stock Company.
- April 20, 2018: Head of Control Board - Binh Minh Plastics Joint Stock Company.



## CORPORATE GOVERNANCE



### 2. CONTROL BOARD (continued)

#### A. MBERS AND STRUCTURE OF THE CONTROL BOARD:



##### Employment history:

- 2006: Staff of BMP's Finance and Accounting Department.
- 2013 to present: Member of the Control Board, Member of Risk Management and Internal Control Committee.

#### MS. NGUYEN LUU THUY MINH

Member of the Control Board  
Year of birth: 1983  
Qualifications: Bachelor of Accounting, Master of Finance.



##### Employment history:

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

#### MR. PRAWEEN WIROTPAN

Member of the Control Board  
Year of birth: 1968  
Qualification: Master of Finance and Accounting.



CORPORATE  
GOVERNANCE



2. CONTROL BOARD (continued)

B. ACTIVITIES OF THE CONTROL BOARD



1. INFORMATION ABOUT MEMBERS OF THE CONTROL BOARD:

No.	FULL NAME	POSITION	DATE OF JOINING THE CONTROL BOARD	NUMBER OF MEETINGS ATTENDED	MEETING ATTENDANCE RATE
1	Mr. Nguyen Thanh Thuan	Head	April 20, 2018	4/4	100%
2	Mr. Praween Wirotpan	Member	April 20, 2018	4/4	100%
3	Ms. Nguyen Luu Thuy Minh	Member	April 20, 2018	4/4	100%

2. ACTIVITIES OF THE CONTROL BOARD:

In 2019, the Control Board held 4 quarterly meetings to inspect and supervise the compliance with the provisions of the Enterprise Law, the Company's Charter and the AGM's resolutions in the course of business activities, with specific contents as follows:

No.	DATE	NUMBER OF MEMBERS ATTENDING	KEY CONTENT
1	29/1/2019	3/3	<ul style="list-style-type: none"><li>Reviewing and assessing business results of 2018.</li><li>Reviewing the financial statements of 2018.</li><li>Assessing the implementation of the AGM's Resolutions.</li><li>Reviewing the status of fire insurance purchase.</li><li>Review and recommendations of the Control Board regarding control of cash on hand and the deposit for opening import L/C.</li></ul>
2	21/5/2019	3/3	<ul style="list-style-type: none"><li>Reviewing and assessing the business results of Quarter 1/2019.</li><li>Reviewing the financial statements of Quarter 1/2019.</li><li>Reviewing the implementation of the Control Board's recommendations to the Board of Management on working capital management.</li><li>Performance review of each member of the Control Board in 2018.</li></ul>
3	16/9/2019	3/3	<ul style="list-style-type: none"><li>Reviewing and assessing the business results of Quarter 2/2019.</li><li>Reviewing the financial statements of Quarter 2/2019.</li><li>Reviewing the implementation of the recommendations of the Control Board to the Board of Management on working capital management.</li><li>Reviewing procurement and payment procedures.</li></ul>
4	09/12/2019	3/3	<ul style="list-style-type: none"><li>Reviewing and assessing the business results of Quarter 3/2019.</li><li>Reviewing the financial statements of Quarter 3/2019.</li><li>Reviewing the implementation of the Control Board's recommendations to the Board of Management on working capital management.</li></ul>



## CORPORATE GOVERNANCE



### 2. CONTROL BOARD (continued)

In addition to meetings and in-person working, the Control Board also regularly communicates, exchanges information and sets out specific, practical solutions in order to continuously improve its performance.

In addition, the Control Board also participated in meetings on finance and accounting and meetings of the BOD in order to be timely updated on the Company's business situation. During the meetings with the BOD, the Control Board commented on the contents related to working capital management, provision making and securities-related issues.

#### Supervision on the implementation of the AGM 2019's Resolution

- The Board of Directors and the Board of Management have fully implemented the contents approved by the AGM 2019's Resolution.
- Although sales revenue and volume both exceeded the plan, due to the KPMG's advice on making a provision for severance allowances of all employees of VND 21 billion, the profit only reached 98% of the plan.

#### Supervision on the BOD, the BOM and shareholders

- The Control Board did not notice anything unusual in the 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 BOD held five meetings, issued three Resolutions and four Decisions in accordance with the Company's Charter, followed closely the actual situation and promptly solved the Company's arising issues.
- 04 Committees under the BOD were maintained, advising the BOD and the BOM on practical issues of the production and business activities.

#### Coordination between the Control Board, the BOD and the 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.

#### Review of financial statements and other activities

- The auditor of the financial statements for 2019 was KPMG Vietnam Co., Ltd., replacing Nam Viet Auditing and Accounting Consulting Services Co., Ltd that had been auditing the Company's financial statements in the previous years. After reviewing the audit report, the Control Board agreed with the data and conclusions of KPMG's auditors.
- The Company has strictly complied with the current regulations on information disclosure on the stock market.

SEVERANCE  
ALLOWANCES OF ALL  
EMPLOYEES OF  
**VND 21  
BILLION,**  
THE PROFIT ONLY  
REACHED  
**98%**  
OF THE PLAN.



# CORPORATE GOVERNANCE



## 3. THE CONTROL BOARD'S OPERATION PLAN FOR 2020

In 2020, with the goal of promoting the role of monitoring, checking compliance and transparency in production and business activities of the Company, the Control Board is expected to continue to promote operations, focusing more on the following issues:

- Supervision of the compliance with the Company's Charter and Resolutions of the AGM and 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.
- Review internal processes according to the new organizational chart.
- Consulting the BOD and the BOM to improve the efficiency of the use of capital and assets.





## CORPORATE GOVERNANCE



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

#### A. REMUNERATION AND BONUS AT THE COMPANY

FULL NAME	POSITION	SALARY _EMPLOYEES	BONUS_ EMPLOYEES	OTHERS	TOTAL	PERSONAL INCOME TAX	REMAINING
Le Quang Doanh	BOD	0	0	541,138,794	541,138,794	54,113,880	487,024,914
Nguyen Hoang Ngan	BOD	2,240,760,289	350,464,465	1,274,346,686	3,865,571,440	1,167,054,824	2,698,516,616
Nguyen Thi Kim Yen	BOD	0	0	327,083,277	327,083,277	32,708,328	294,374,949
Apichai Chareonsuk	BOD	0	0	321,083,277	321,083,277	64,216,655	256,866,622
Sakchai Patiparnpreechawud	BOD	0	0	1,270,356,468	1,270,356,468	254,071,294	1,016,285,174
Sumphan Luveeraphan	BOD	0	0	668,985,617	668,985,617	133,797,123	535,188,494
Phan Khac Long	BOD	0	0	766,213,881	766,213,881	76,621,388	689,592,493
Wisit Rechaipichitgool	BOD	1,243,269,156	131,132,869	766,213,881	2,140,615,906	575,390,206	1,565,225,700
Poramate Larnroongroj	BOB Commissioner	0	0	97,228,264	97,228,264	19,445,653	77,782,611
Bui Quang Khoi	BOB Secretary	975,406,693	158,166,009	222,123,069	1,355,695,771	293,489,528	1,062,206,243
Bong Hoa Viet	BOB Secretary	808,887,962	133,210,817	340,025,509	1,282,124,288	297,218,674	984,905,614
<b>Total (BOD)</b>		<b>5,268,324,100</b>	<b>772,974,160</b>	<b>6,594,798,723</b>	<b>12,636,096,983</b>	<b>2,968,127,553</b>	<b>9,667,969,430</b>
Nguyen Thi Phuong Nga	Control Board	268,084,475	79,406,339	380,741,943	728,232,757	106,675,780	621,556,977
Nguyen Luu Thuy Minh	Control Board	254,835,771	41,768,955	477,787,273	774,391,999	165,771,835	608,620,164
Nguyen Thanh Thuan	Control Board	0	0	544,683,810	544,683,810	54,468,381	490,215,429
Praween Wirotpan	Control Board	0	0	326,810,286	326,810,286	32,681,029	294,129,257
<b>Total (Control Board)</b>		<b>522,920,246</b>	<b>121,175,294</b>	<b>1,730,023,312</b>	<b>2,374,118,852</b>	<b>359,597,025</b>	<b>2,014,521,827</b>
Nguyen Thanh Quan	Deputy General Manager	1,700,158,834	316,845,218	10,000,000	2,027,004,052	502,752,606	1,524,251,446
Nguyen Thanh Hai	Deputy General Manager	1,517,941,306	241,734,263	0	1,759,675,569	427,672,515	1,332,003,054
Hong Le Viet	Chief accountant	1,493,513,103	241,934,263	10,000,000	1,745,447,366	413,774,975	1,331,672,391
<b>Total (Others)</b>		<b>4,711,613,243</b>	<b>800,513,744</b>	<b>20,000,000</b>	<b>5,532,126,987</b>	<b>1,344,200,096</b>	<b>4,187,926,891</b>
<b>TOTAL</b>		<b>10,502,857,589</b>	<b>1,694,663,198</b>	<b>8,344,822,035</b>	<b>20,542,342,822</b>	<b>4,671,924,674</b>	<b>15,870,418,148</b>





CORPORATE  
GOVERNANCE



4. TRANSACTIONS, REMUNERATION, AND  
BENEFITS OF THE BOARD OF DIRECTORS,  
THE BOARD OF MANAGEMENT AND THE  
CONTROL BOARD (continued)

B. SHARE TRANSACTIONS OF INTERNAL SHAREHOLDERS

SHARE TRANSACTIONS OF INDIVIDUALS

FULL NAME	POSITION	SHARE- HOLDING BEFORE TRANSACTION	TRANSACTION		SHARE- HOLDING AFTER TRANSACTION	HOLDING RATIO
			BUY	SELL		
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 - Deputy General Manager	0			0	0
Poramate Larnroongroj	BOD Member	0			0	0
Sumphan Luveeraphan	BOD Member	0			0	0
Phan Khắc Long	Independent Director	0			0	0
Nguyen Thanh Thuan	Head of 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
Nguyen Thanh Quan	Deputy General Manager	11,709			11,709	0.014%
Nguyen Thanh Hai	Deputy General Manager	21,600			21,600	0.26%
Hong Le Viet	Chief accountant	03			03	0.00%
TOTAL		665,899	0		665,899	0.8%

TRANSACTIONS OF SHAREHOLDERS HOLDING 5% OR MORE

ORGANIZATION	HOLDING OF SHARES BEFORE TRANSACTION	TRANSACTION		HOLDING OF SHARES AFTER TRANSACTION	TỶ LỆ SỞ HỮU SAU GD
		BUY	SELL		
Nawaplastic Industries Co., Ltd.	44,525,911			44,525,911	54.3 9%
Franklin Templeton Investment Funds - Templeton Frontier Markets Fund	7,251,332		1,237,930	6,013,402	7.35%
TOTAL	51,777,243			50,539,313	61.74%



## CORPORATE GOVERNANCE



#### 4. TRANSACTIONS, REMUNERATION, AND BENEFITS OF THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT AND THE CONTROL BOARD (continued)

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

#### **D. IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS:**

##### **Achievements:**

- Strictly complied with the regulations on periodic and extraordinary information disclosure. In 2019, there was no reminder of HOSE on this issue.
- Carried out the procedures and steps for organizing the AGM 2019 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 an operation plan for the next period. In such meetings, timely and appropriate decisions were made in accordance with corporate governance principles.
- The committees of the BOD have stabilized their operations, providing ideas, suggestions and consultation to the Board.

##### **Limitations:**

Currently, the BOD for the 2018-2023 term elected by the AGM consists of 5 members, of which only one is independent member. Such structure does not meet the requirement that at least one-third of BOD members shall be independent directors. In 2019, after a BOD member resigned, the AGM actively sought and appointed another candidate to replace that member's position with the recommendation from the major shareholder Nawaplastic Industries. In order to avoid excessive changes in the BOD personnel in 2019 that may affect corporate governance, the Company has temporarily accepted the current Board member structure. The appointment of another independent member to the BOD will be further considered in the near future.





# FINANCIAL STATEMENTS





BINH MINH PLASTICS JOINT STOCK COMPANY

CORPORATE INFORMATION

Business/Enterprise  
Registration Certificate No.

4103002023 2 January 2004

The Company’s Business Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 0301464823 dated 22 August 2017. The initial Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr. Sakchai Patiparnpreechavud Chairman  
Mr. Nguyen Hoang Ngan Vice Chairman  
Mr. Poramate Larnroongroj Member  
(from 20 April 2019)  
Mr. Sumpham Luveeraphan Member  
(until 8 April 2019)

Board of Supervision

Mr. Wisit Rechaipichitgool Member  
Mr. Phan Khac Long Member  
Mr. Nguyen Thanh Thuan Head of Board of Supervision  
Ms. Nguyen Luu Thuy Minh Member  
Mr. Praween Wirotpan Member

Board of Management

Mr. Nguyen Hoang Ngan General Director  
Mr. Nguyen Thanh Quan Deputy General Director  
Mr. Nguyen Thanh Hai Deputy General Director  
Mr. Wisit Rechaipichitgool Deputy General Director  
Mr. Hong Le Viet Chief Accountant  
Mr. Nguyen Hoang Ngan Vice Chairman cum  
General Director

Legal Representative

Registered Office

240 Hau Giang  
Ward 9, District 6  
Ho Chi Minh City  
Vietnam

Auditor

KPMG Limited  
Vietnam

BINH MINH PLASTICS JOINT STOCK COMPANY AND ITS SUBSIDIARY

STATEMENT OF THE BOARD OF DIRECTORS  
AND BOARD OF MANAGEMENT

The Board of Directors and Board of Management of Binh Minh Plastics Joint Stock Company ("the Company") present this statement and the accompanying consolidated financial statements of the Company and its subsidiary (collectively referred to as "the Group") for the year ended 31 December 2019.

The Company's Board of Directors and Board of Management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Company's Board of Directors and Board of Management:

- (a) the consolidated financial statements set out on pages 5 to 51 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Company's Board of Directors and Board of Management have, on the date of this statement, authorised these accompanying consolidated financial statements for issue.

On behalf of the Board of Management



Nguyen Hoang Ngan  
General Director

On behalf of the Board of Directors



Sakchai Patiparnpreechavud  
Chairman

Ho Chi Minh City, 27 March 2020



INDEPENDENT AUDITOR’S REPORT

Mẫu B 01 – DN/HN

(Ban hành theo Thông tư số 202/2014/TT-BTC  
ngày 22 tháng 12 năm 2014 của Bộ Tài chính)

To the Shareholders  
Binh Minh Plastics Joint Stock Company

We have audited the accompanying consolidated financial statements of Binh Minh Plastics Joint Stock Company (“the Company”) and its subsidiary (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors and Board of Management on 27 March 2020, as set out on pages 156 to 192.

Management’s Responsibility

The Company’s Board of Directors and Board of Management are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors and Board of Management determine is necessary to enable the preparation of consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks 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 Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company’s Board of Directors and Board of Management, as well as evaluating the overall presentation of the 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, of the consolidated financial position of Binh Minh Plastics Joint Stock Company and its subsidiary as at 31 December 2019 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another firm of auditors whose report dated 25 March 2019 expressed an unqualified opinion on those statements.

KPMG Limited’s Branch in Ho Chi Minh City  
Vietnam  
Audit Report No.: 19-01-00264/2\*2-20-2



Nelson Rodriguez Casihan  
Practicing Auditor Registration  
Certificate No. 2225-2018-007-1  
Deputy General Director

Trương Vinh Phúc  
Practicing Auditor Registration  
Certificate No. 1901-2018-007-1

Ho Chi Minh City, 27 March 2020



# CONSOLIDATED BALANCE SHEET

as at 31 December 2019

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

ASSETS	Code	Note	31/12/2019 VND	01/01/2019 VND
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>1,501,804,754,804</b>	<b>1,806,688,352,687</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>313,509,353,245</b>	<b>412,303,012,109</b>
Cash	111		97,509,353,245	412,303,012,109
Cash equivalents	112		216,000,000,000	-
<b>Short-term financial investments</b>	<b>120</b>		<b>376,000,000,000</b>	<b>200,000,000,000</b>
Held-to-maturity investments	123	5(a)	376,000,000,000	200,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>357,163,197,528</b>	<b>5A99,424,414,290</b>
Accounts receivable from customers	131	6	342,499,031,251	444,215,156,684
Prepayments to suppliers	132	7	36,071,031,131	145,289,551,105
Loans receivable	135	8	30,000,000,000	-
Other short-term receivables	136	9	40,155,872,112	90,819,418,722
Allowance for doubtful debts	137	10	(92,052,916,048)	(81,389,891,303)
Shortage of assets awaiting resolution	139		490,179,082	490,179,082
<b>Inventories</b>	<b>140</b>	<b>11</b>	<b>453,880,133,640</b>	<b>567,338,833,213</b>
Inventories	141		456,353,482,895	567,338,833,213
Allowance for inventories	149		(2,473,349,255)	-
<b>Other current assets</b>	<b>150</b>		<b>1,252,070,391</b>	<b>27,622,093,075</b>
Short-term prepaid expenses	151	15(a)	1,252,070,391	9,552,020,735
Deductible value added tax	152	20(b)	-	17,186,802,176
Taxes receivable from State Treasury	153	20(b)	-	883,270,164

The accompanying notes are an integral part of these consolidated financial statements

	Code	Note	31/12/2019 VND	01/01/2019 VND
<b>Long-term assets</b> <b>(200 = 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>1,348,102,393,552</b>	<b>1,005,510,236,574</b>
<b>Fixed assets</b>	<b>220</b>		<b>640,140,613,074</b>	<b>857,157,562,988</b>
Tangible fixed assets	221	12	621,044,534,979	598,291,802,461
- Cost	222		1,745,318,766,445	1,549,747,724,415
- Accumulated depreciation	223		(1,124,274,231,466)	(951,455,921,954)
Intangible assets	227	13	19,096,078,095	258,865,760,527
- Cost	228		35,106,157,647	298,190,374,843
- Accumulated amortisation	229		(16,010,079,552)	(39,324,614,316)
<b>Long-term work in progress</b>	<b>240</b>		<b>27,925,505,552</b>	<b>13,366,617,816</b>
Construction in progress	242	14	27,925,505,552	13,366,617,816
<b>Long-term financial investments</b>	<b>250</b>		<b>368,743,742,917</b>	<b>67,831,379,352</b>
Investments in associates	252	5(b)	66,743,742,917	65,831,379,352
Equity investments in other entities	253	5(c)	4,000,000,000	4,000,000,000
Allowance for diminution in the	254	5(c)	(2,000,000,000)	(2,000,000,000)
Held-to-maturity investments	255	5(a)	300,000,000,000	-
<b>Other long-term assets</b>	<b>260</b>		<b>311,292,532,009</b>	<b>67,154,676,418</b>
Long-term prepaid expenses	261	15(b)	263,745,627,665	6,476,732,462
Deferred tax assets	262	16	17,881,620,364	14,744,187,959
Long-term tools, supplies and spare parts	263	17	29,665,283,980	45,933,755,997
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,849,907,148,356</b>	<b>2,812,198,589,261</b>

The accompanying notes are an integral part of these consolidated financial statements



CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2019

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

RESOURCES	Code	Note	31/12/2019 VND	01/01/2019 VND
LIABILITIES	300		380,623,569,705	358,546,067,527
Current liabilities	310		357,538,491,866	358,546,067,527
Accounts payable to suppliers	311	18	110,054,807,786	132,012,665,283
Advances from customers	312	19	21,296,618,543	16,431,809,415
Taxes payable to State Treasury	313	20(a)	29,584,830,743	16,290,042,206
Payables to employees	314		55,828,170,644	52,599,952,841
Accrued expenses	315	21	59,176,530,049	48,200,455,338
Other payables – short-term	319		4,235,773,078	3,004,596,594
Short-term borrowings	320	22	55,770,000,000	58,625,187,000
Bonus and welfare fund	322	23	21,591,761,023	31,381,358,850
Long-term liabilities	330		23,085,077,839	
Provisions – long-term	342	24	23,085,077,839	
EQUITY (400 = 410)	400	25	2,469,283,578,651	2,453,652,521,734
Owners' equity	410	26	2,469,283,578,651	2,453,652,521,734
Share capital	411	26	818,609,380,000	818,609,380,000
- Ordinary shares with voting rights	411a		818,609,380,000	818,609,380,000
Share premium	412		1,592,782,700	1,592,782,700
Investment and development fund	418		1,341,071,761,133	1,279,666,344,571
Other equity funds	420		44,983,552,000	44,983,552,000
Retained profits	421		263,026,102,818	308,800,462,463
- Retained profits brought forward	421a		3,981,681,901	3,981,681,900
- Retained profit for the current year	421b		259,044,420,917	304,818,780,563
TOTAL RESOURCES (440 = 300 + 400)	440		2,849,907,148,356	2,812,198,589,261

27 March 2020

Prepared by:

Approved by:



Phung Huu Luan  
Accountant

Hong Le Viet  
Chief Accountant

Nguyen Hoang Ngan  
General Director

The accompanying notes are an integral part of these consolidated financial statements





CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2019

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND	2018 VND
Revenue from sales of goods and provision of services	01	30	4,342,954,953,524	4,129,972,734,326
Revenue deductions	02	30	5,615,542,906	210,335,296,270
Net revenue from sales of goods and provision of services (10 = 01 - 02)	10	30	4,337,339,410,618	3,919,637,438,056
Cost of goods sold and services provided	11	31	3,349,334,639,351	3,047,590,783,016
Gross profit (20 = 10 - 11)	20		988,004,771,267	872,046,655,040
Financial income	21	32	37,121,319,638	25,106,601,101
Financial expenses	22	33	110,971,229,562	105,484,986,226
In which: Interest expense	23		125,174,350	292,427,536
Share of profit in associates	24	5(b)	1,497,363,565	1,071,407,257
Selling expenses	25	34	270,352,326,675	165,853,774,242
General and administration expenses	26	35	116,704,322,723	97,832,603,890
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		528,595,575,510	529,053,299,040
Other income	31		973,387,096	1,132,541,226
Other expenses	32		291,490,058	265,181,817
Result of other activities (40 = 31 - 32)	40		681,897,038	867,359,409
Accounting profit before tax (50 = 30 + 40)	50		529,277,472,548	529,920,658,449
Income tax expense – current	51	37	109,648,608,036	89,704,487,848
Income tax (benefit)/expense-deferred	52	37	(3,137,432,405)	12,605,983,039
Net profit after tax (60 = 50 - 51 - 52)	60		422,766,296,917	427,610,187,562
Earnings per share				
Basic earnings per share	70	38	5,164	5,224

27 March 2020

Prepared by:

Approved by:



Phung Huu Luan  
Accountant

Hong Le Viet  
Chief Accountant

Nguyen Hoang Ngan  
General Director

The accompanying notes are an integral part of these consolidated financial statements





# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019 (Indirect method)

	Code	2019 VND	2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Accounting profit before tax	01	529,277,472,548	529,920,658,449
<b>Adjustments for</b>			
Depreciation	02	187,572,488,824	172,420,049,029
Allowances and provisions	03	36,221,451,839	14,508,205,351
Exchange losses/(gains) arising from r evaluation of monetary items denominated in foreign currencies	04	10,703,926	(158,281,796)
Profits from investing activities	05	(37,868,576,528)	(23,845,520,047)
Interest expense	06	125,174,350	292,427,536
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>715,338,714,959</b>	<b>693,137,538,522</b>
Change in receivables and other assets	09	284,887,410,283	(144,260,944,443)
Change in inventories	10	127,253,822,335	(210,951,274,113)
Change in payables and other liabilities	11	8,170,189,954	(67,651,915,490)
Change in prepaid expenses	12	(17,028,787,957)	(12,121,296,323)
		<b>1,118,621,349,574</b>	<b>258,152,108,153</b>
Interest paid	14	(388,775,511)	(574,652,945)
Corporate income tax paid	15	(105,917,987,663)	(89,846,096,924)
Other payments for operating activities	17	(48,550,616,827)	(44,803,467,492)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>963,763,969,573</b>	<b>122,927,890,792</b>

The accompanying notes are an integral part of these consolidated financial statements

(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	2019 VND	2018 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(208,549,626,766)	(97,991,754,472)
Proceeds from disposals of fixed assets	22	375,036,366	336,818,182
Payments for term deposits at banks	23	(476,000,000,000)	-
Payments for granting loans	23	(30,000,000,000)	-
Receipts from term deposits at banks	24	-	250,000,000,000
Collections on investments in other entities	26	-	437,499,733
Receipts of interest and dividends	27	22,857,073,889	22,799,473,036
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(691,317,516,511)</b>	<b>175,582,036,479</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	980,000,000	270,187,000
Payments to settle loan principals	34	(3,835,187,000)	(4,517,187,000)
Payments of dividends	36	(368,374,221,000)	(327,443,752,000)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(371,229,408,000)</b>	<b>(331,690,752,000)</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>(98,782,954,938)</b>	<b>(33,180,824,729)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>412,303,012,109</b>	<b>445,325,555,042</b>
<b>Effect of exchange rate fluctuations</b>	<b>61</b>	<b>(10,703,926)</b>	<b>158,281,796</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>313,509,353,245</b>	<b>412,303,012,109</b>

27 March 2020

Prepared by:

Approved by:



Phung Huu Luan  
Accountant



Hong Le Viet  
Chief Accountant

Nguyen Hoang Ngan  
General Director

The accompanying notes are an integral part of these consolidated financial statements



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. REPORTING ENTITY

(a) Ownership structure

Binh Minh Plastic Joint Stock Company (“the Company”) was converted from a State-owned Enterprise into a Joint Stock Company in accordance with Decision No. 209/2003/QĐ-BCN dated 4 December 2003 of the Ministry of Industry.

The Company’s shares have been officially traded on the Vietnam stock exchange since 11 July 2006 with the code of BMP.

The consolidated financial statements of the Company for the year ended 31 December 2019 comprise the Company and its subsidiary (collectively referred to as “the Group”) and the Group’s interest in associates.

(b) Principal activities

The principal activities of the Company are to manufacture and trade civil and industrial products from plastics and rubber; design, manufacture and trade molds for plastic and casting industry; manufacture and trade machinery and equipment, supplies and sanitary equipment for construction and interior decoration industry; consult and execute water supply and drainage works, yards and services of chemical inspection, analysis and testing; trade, import and export raw materials, chemicals, supplies, machinery and equipment for plastic, engineering, construction, water supply and drainage and laboratory equipment.

(c) Normal operating cycle

The normal operating cycle of the Group is generally within 12 months.

(c) Group structure

As at 31 December 2019 and 1 January 2019, the Company had 2 dependent branches as follows:

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

As at 31 December 2019 and 1 January 2019, the Group had 1 subsidiary and 2 associates as follows:

No.	Subsidiary	Principal activities	Address	Percentage of equity owned and voting rights	
				31/12/2019	01/01/2019
1	Northern Binh Minh Plastics One Member Limited Company	Manufacturing and trading civil and industrial products from plastics and rubber.	Street D1, Zone D, Pho Noi A Industrial Zone, Van Lam District, Hung Yen Province, Vietnam.	100%	100%

Associates	Principal activities	Address	Percentage of equity owned and voting rights	
			31/12/2019	01/01/2019
Danang Plastics Joint Stock Company	Manufacturing and trading, import and export plastic products, materials and equipment	Street D1, Zone D, Pho Noi A Industrial Zone, Van Lam District, Hung Yen Province, Vietnam.	29.05%	29.05%
Binh Minh Viet Real Estate Investment and Trading Joint Stock Company	Trading real estate, trading materials and other installation equipment in construction.	240 Hau Giang, Ward 9, District 6, Ho Chi Minh City, Vietnam	26%	126%

All subsidiary and associates are incorporated in Vietnam.

As at 31 December 2019, the Group had 1,388 employees (1/1/2019: 1,391 employees).

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group are from 1 January to 31 December.

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for financial statements presentation purpose.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements..

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are consolidated in the consolidated financial statements from the date that control commences until the date that control ceases.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

(ii) Non-controlling interests

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(iv) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group’s share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group transactions, balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the investee.

(vi) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Under the acquisition method, the assets and liabilities of the acquiree are consolidated using their fair values. Cost of business combination consists of the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, and transaction costs. Goodwill represents the excess of the cost of business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in the consolidated statement of income.

(b) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions.

All foreign exchange differences are recorded in the consolidated statement of income

(c) Cash and cash equivalents

Cash comprises cash on hand and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company’s Board of Management have the intention and ability to hold until maturity. Held-to-maturity investments comprise term deposits at banks and loans receivable held-to-maturity. These investments are stated at cost less allowance for doubtful debts.

(ii) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) Accounts receivable

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

Allowance for doubtful debts are made based on the overdue status of receivables or expected losses on undue debts which may occur when an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased.

Allowance for doubtful debts based on overdue status are made as follows:

Overdue status	Allowance rate
From over 6 months to less than 1 year	30%
From 1 to less than 2 years	50%
From 2 to less than 3 years	70%
From 3 years and above	100%

For overdue debts, the Company’s Board of Management also assessed the expected recovery of these debts to determine the allowance level.

Allowance for doubtful debts based on the expected losses of undue debts is determined by the Company’s Board of Management after giving consideration to the recovery of these debts.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets..

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- buildings and structures 5 – 10 years
- machinery and equipment 3 – 8 years
- motor vehicles 6 – 8 years
- office equipment 3 – 8 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise those granted by the State for which land use payments are collected.

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its lease price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation is computed on a straight-line basis over a period ranging from 45 to 50 years.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 7 years.

(i) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No.

45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets ("Circular 45"), and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of lease from 41 to 50 years.

(ii) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business, therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(iii) Overhaul expenditure

Overhaul expenditure represents repair expenses of factories and machinery, which are stated at their cost and amortised on a straight-line basis over 3 years.

(k) Accounts payable to suppliers and other payables

Accounts payable to suppliers and other payables are stated at their cost..

(l) Provisions

A provision is recognised if, as a result of a past event, the Group have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee's compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

(m) Share capital

(i) Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognised as a deduction from share premium.

(ii) Share premium

The difference between the issuance price and the par value is recorded in share premium under equity.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

## (n) Bonus and welfare fund

This fund is established annually by appropriating from retained profits as approved by shareholders at Annual General Meeting of Shareholders. This fund is used to pay bonus and welfare to the Group's employees.

## (o) Equity funds

### (i) Investment and development fund

Investment and development fund is established annually by appropriating from retained profits at the rate approved by the shareholders at Annual General Meeting of Shareholders. This fund is established for the purpose of future business expansion.

### (ii) Other equity funds

Other equity funds are appropriated from retained profits in accordance with the resolution of shareholders. These funds are established for the purpose of supplementing share capital in the future.

## (p) Taxation

TIncome tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## (q) Revenue and other income

### (i) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

### (ii) Services rendered

Revenue from services rendered is recognised in the consolidated statement of income when the services are rendered to customers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

### (iii) Interest income

Interest income is recognised in the consolidated statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

## (iv) Dividend income

Dividend income is recognised when the right to receive dividend is established. Share dividends are not recognised as income. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

## (r) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

## (s) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

## (t) Earnings per share

The Group presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare fund for the accounting period) of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

## (u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Board of Management assessed that the Group only operates in one main business segment, which is manufacturing and trading civil and industrial products from plastics and rubber, and in one main geographical segment, which is Vietnam.

## (v) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

## 4. CASH AND CASH EQUIVALENTS

	31/12/2019 VND	01/01/2019 VND
Cash on hand	380,784,813	998,364,485
Cash in banks	97,128,568,432	411,304,647,624
Cash equivalents	216,000,000,000	-
	<b>313,509,353,245</b>	<b>412,303,012,109</b>

As at 31 December 2019, cash equivalents represent term deposits at banks with original terms to maturity of not more than three months or less and earn annual interest rates ranging from 5% to 5.5%.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

## 5. INVESTMENTS

### (a) Held-to-maturity investments

	31/12/2019			01/01/2019		
	Annual interest rate	Cost VND	Fair value VND	Annual interest rate	Cost VND	Fair value VND
Held-to-maturity investments – short-term						
• Term deposits with original term to maturity of more than 3 months to 12 months	7% - 9%	376,000,000,000	(*)	5% - 6%	200,000,000,000	(*)
Held-to-maturity investments – long-term						
• Term deposits with original term to maturity of more than 12 months	10%	300,000,000,000	(*)	-	-	-

### (b) Investments in associates

	31/12/2020						01/01/2019					
	Quantity shares	% of equity owned	% of voting rights	Cost VND	Cumulative share of profit/ (loss)	Carrying amount VND	Quantity shares	% of equity owned	% of voting rights	Cost VND	Cumulative share of profit/ (loss)	Carrying amount VND
Equity investments in:												
Danang Plastics Joint Stock Company	650,000	29.05%	29.05%	8,125,000,000	4,018,742,917	12,143,742,917	650,000	29.05%	29.05%	8,125,000,000	3,106,379,352	11,231,379,352
Binh Minh Viet Real Estate Investment and Trading Joint Stock Company	5,460,000	26%	26%	54,600,000,000	-	54,600,000,000	5,460,000	26%	26%	54,600,000,000	-	54,600,000,000
				<b>62,725,000,000</b>	<b>4,018,742,917</b>	<b>66,743,742,917</b>				<b>62,725,000,000</b>	<b>3,106,379,352</b>	<b>65,831,379,352</b>

Movements of the carrying amount of investments in associates during the year were as follows:

	2019 VND	2018 VND
Opening balance	65,831,379,352	64,824,792,095
Share of profit/(loss) in associates	1,497,363,565	1,071,407,257
Dividend received from associates	(585,000,000)	(1,625,000,000)
Capital contribution during the year	-	1,560,180,000
<b>Closing balance</b>	<b>66,743,742,917</b>	<b>65,831,379,352</b>

### (c) Equity investments in other entities

	31/12/2019 and 01/01/2019				
	Quantity shares	% of equity owned and voting rights	Cost VND	Allowance for diminution in value VND	Fair value
Tan Tien Plastics Joint Stock Company (i)	20,000	3%	4,000,000,000	(2,000,000,000)	(*)

(i) Tan Tien Plastics Joint Stock Company is a joint stock company established under the Business Registration Certificate No. 0302706634 issued by the Department of Planning and Investment of Ho Chi Minh City and changed for the 13th times on 8 April 2013. The principal activities are to produce and trade consumer products from plastics, engineering plastics, plastic plating, high quality and large-sized plastic products for technical businesses and investment projects.

(\*) At the reporting date, fair value of these investments was not available.



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6. ACCOUNTS RECEIVABLE FROM CUSTOMERS – SHORT-TERM

	31/12/2019 VND	01/01/2019 VND
Accounts receivable from customers detailed by significant customer		
Duc Tuong Group Joint Stock Company	68,396,872,041	45,329,768,084
Phuong Hoang Trading Manufacturing Co., Ltd	61,572,688,678	43,346,655,605
Construction Joint Stock Company No. 5	46,896,846,297	154,551,147,451
Thep Moi Co., Ltd	23,667,461,200	59,496,035,002
Other customers	141,965,163,035	141,491,550,542
	342,499,031,251	444,215,156,684

7. PREPAYMENTS TO SUPPLIERS

	31/12/2019 VND	01/01/2019 VND
Eplas Company Limited	7,722,995,662	19,631,495,246
Seatecco Trading and Service Joint Stock Company	4,092,304,590	-
Bong Sen Plastic Chemical Technology Co., Ltd	4,274,633,177	-
Itochu J373 Company	3,817,618,200	-
Azo Company Limited	-	54,397,235,200
R.E.E Electric Appliances Joint Stock Company	-	287,760,000
Kraussmeffei Technologies GMBH	-	20,098,048,000
Promixon S.R.L	-	8,668,037,371
Other suppliers	16,163,479,502	42,206,975,288
	36,071,031,131	145,289,551,105

8. LOANS RECEIVABLE

	Term	Annual interest rate	31/12/2019 VND	01/01/2019 VND
Loans to Danang Plastics Joint Stock Company – an associate	12 months	7.5%	30,000,000,000	-

These loans are unsecured.

9. OTHER SHORT-TERM RECEIVABLES

	31/12/2019 VND	01/01/2019 VND
Short-term deposits	23,157,802,888	87,453,021,500
Interest receivables from deposits at banks	13,955,254,807	1,059,589,041
Advances to employees	945,407,915	1,026,432,010
Interest receivables from short-term loans to Danang Plastics Joint Stock Company – an associate	857,753,426	-
Others	1,239,653,076	1,280,376,171
	40,155,872,112	90,819,418,722





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## 10. ALLOWANCE FOR DOUBTFUL DEBTS

	31/12/2019				01/01/2019			
	Overdue days	Cost VND	Allowance VND	Recoverable amount VND	Overdue days	Cost VND	Allowance VND	Recoverable amount VND
<b>Overdue debts</b>								
Construction Joint Stock Company No. 5	From over 6 months to 1 year	37,760,374,115	(18,331,645,349)	19,428,728,766	Từ trên 6 tháng đến 1 năm	11,152,623,350	(3,345,787,005)	7,806,836,345
Thep Moi Co., Ltd	From over 1 year to 2 years	17,749,857,309	(8,884,262,195)	8,865,595,114	Từ trên 1 năm đến 2 năm	38,945,988,972	(17,332,582,165)	21,613,406,807
Others	From over 1 year to 3 years	9,003,498,247	(6,570,251,787)	2,433,246,460	Từ trên 1 năm đến 3 năm	5,243,909,843	(4,748,712,137)	495,197,706
Others	From over 6 months to 1 year	8,098,897,880	(2,429,669,364)	5,669,228,516	Từ trên 6 tháng đến 1 năm	419,075,426	(125,722,643)	293,352,783
Thanh Tuyet Private Enterprise	Over 5 years	20,992,959,002	(20,992,959,002)	-	Trên 5 năm	20,992,959,002	(20,992,959,002)	-
Duc Thanh Plastic Trading Company Limited	Over 5 years	34,844,128,351	(34,844,128,351)	-	Trên 5 năm	34,844,128,351	(34,844,128,351)	-
		<b>128,449,714,904</b>	<b>(92,052,916,048)</b>	<b>36,396,798,856</b>		<b>111,598,684,944</b>	<b>(81,389,891,303)</b>	<b>30,208,793,641</b>

Movements of allowance for doubtful debts during the year were as follows:

	2019 VND	2018 VND
Opening balance	81,389,891,303	66,881,685,952
Allowance made during the year	10,663,024,745	14,508,205,351
<b>Closing balance</b>	<b>92,052,916,048</b>	<b>81,389,891,303</b>

## 11. INVENTORIES

	31/12/2019		01/01/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	4,396,173,600	-	1,217,992,487	-
Raw materials	176,382,294,221	-	205,973,018,683	-
Tools and supplies	2,446,198,848	-	15,443,004,390	-
Work in progress	39,851,351,176	-	69,718,987,952	-
Finished goods	181,930,274,533	(1,649,256,123)	218,945,816,218	-
Merchandise inventories	51,347,190,517	(824,093,132)	56,040,013,483	-
	<b>456,353,482,895</b>	<b>(2,473,349,255)</b>	<b>567,338,833,213</b>	<b>-</b>

Included in inventories at 31 December 2019 was VND7,797 million of finished goods and VND6,437 million of merchandise inventories (1/1/2019: nil) carried at net realisable value.

Movements of allowance for inventories during the year were as follows:

	2019 VND
Opening balance	-
Allowance made during the year	2,473,349,255
<b>Closing balance</b>	<b>2,473,349,255</b>



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## 12. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
Opening balance	502,024,396,093	1,004,471,269,400	35,472,074,092	7,779,984,830	1,549,747,724,415
Additions	3,061,205,558	179,737,247,265	1,547,135,000	43,636,364	184,389,224,187
Transfer from construction in progress	-	15,139,796,109	-	-	15,139,796,109
Disposals	-	(3,655,464,382)	(302,513,884)	-	(3,957,978,266)
<b>Closing balance</b>	<b>505,085,601,651</b>	<b>1,195,692,848,392</b>	<b>36,716,695,208</b>	<b>7,823,621,194</b>	<b>1,745,318,766,445</b>
<b>Accumulated depreciation</b>					
Opening balance	193,036,686,841	728,785,510,893	24,194,836,606	5,438,887,614	951,455,921,954
Charge for the year	69,126,681,771	104,012,434,193	3,593,088,664	14,766,666	176,746,971,294
Disposals	-	(3,626,147,898)	(302,513,884)	-	(3,928,661,782)
<b>Closing balance</b>	<b>262,163,368,612</b>	<b>829,171,797,188</b>	<b>27,485,411,386</b>	<b>5,453,654,280</b>	<b>1,124,274,231,466</b>
<b>Net book value</b>					
Opening balance	308,987,709,252	275,685,758,507	11,277,237,486	2,341,097,216	598,291,802,461
<b>Closing balance</b>	<b>242,922,233,039</b>	<b>366,521,051,204</b>	<b>9,231,283,822</b>	<b>2,369,966,914</b>	<b>621,044,534,979</b>

Included in tangible fixed assets were assets costing VND610,068 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND564,900 million), but which are still in active use.

## 13. INTANGIBLE FIXED ASSETS

	Land use rights VND	Software VND	Total VND
<b>Cost</b>			
Opening balance	275,650,873,946	22,539,500,897	298,190,374,843
Transfers from construction in progress	-	2,995,992,000	2,995,992,000
Transfer to long-term prepaid expenses	(266,080,209,196)	-	(266,080,209,196)
<b>Closing balance</b>	<b>9,570,664,750</b>	<b>25,535,492,897</b>	<b>35,106,157,647</b>
<b>Accumulated amortisation</b>			
Opening balance	34,224,363,253	5,100,251,063	39,324,614,316
Charge for the year	3,120,989,166	7,704,528,364	10,825,517,530
Transfer to long-term prepaid expenses	(34,140,052,294)	-	(34,140,052,294)
<b>Closing balance</b>	<b>3,205,300,125</b>	<b>12,804,779,427</b>	<b>16,010,079,552</b>
<b>Net book value</b>			
Opening balance	241,426,510,693	17,439,249,834	258,865,760,527
<b>Closing balance</b>	<b>6,365,364,625</b>	<b>12,730,713,470</b>	<b>19,096,078,095</b>

Included in intangible fixed assets were assets costing VND425 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND425 million), but which are still in active use.



## 14. CONSTRUCTION IN PROGRESS

	2019 VND
Opening balance	13,366,617,816
Additions	32,694,675,845
Transfer to tangible fixed assets	(15,139,796,109)
Transfer to intangible fixed assets	(2,995,992,000)
<b>Closing balance</b>	<b>27,925,505,552</b>

Major constructions in progress were as follows:

	31/12/2019 VND	01/01/2019 VND
Machinery and equipment	26,101,229,177	12,859,733,493
Software	1,824,276,375	506,884,323
	<b>27,925,505,552</b>	<b>13,366,617,816</b>



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## 15. PREPAID EXPENSES

### (a) Short-term prepaid expenses

	31/12/2019 VND	01/01/2019 VND
Tools and instruments	1,136,861,000	5,708,761,417
Other short-term prepaid expenses	115,209,391	3,843,259,318
	<b>1,252,070,391</b>	<b>9,552,020,735</b>

### (b) Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Overhaul expenditure VND	Total VND
Opening balance	-	6,476,732,462	-	6,476,732,462
Additions	-	8,824,857,531	963,640,000	9,788,497,531
Transfer from short-term prepaid expenses	-	20,603,924,951	18,057,609,593	38,661,534,544
Transfer from intangible fixed assets	231,940,156,902	-	-	231,940,156,902
Amortisation for the year	(2,435,619,275)	(15,389,798,940)	(5,295,875,559)	(23,121,293,774)
<b>Closing balance</b>	<b>229,504,537,627</b>	<b>20,515,716,004</b>	<b>13,725,374,034</b>	<b>263,745,627,665</b>

## 16. DEFERRED TAX ASSETS

	Tax	31/12/2019 VND	01/01/2019 VND
Allowance for doubtful debts	20%	-	1,368,825,670
Accruals and provisions	20%	17,881,620,364	13,375,362,289
		<b>17,881,620,364</b>	<b>14,744,187,959</b>

## 17. LONG-TERM TOOLS, SUPPLIES AND SPARE PARTS

Long-term tools, supplies and spare parts are related to tools, supplies and spare parts not qualified for recognition as fixed assets used for production and business activities of the Group. Cost of long-term tools, supplies and spare parts when being used are recorded in production and business costs.

## 18. ACCOUNTS PAYABLE TO SUPPLIERS – SHORT-TERM

### (a) Accounts payable to suppliers detailed by significant supplier

	Cost and amount within payment capacity	
	31/12/2019 VND	01/01/2019 VND
TPC Vina Plastic and Chemical Corporation Ltd.	60,379,132,000	67,840,388,000
AGC Chemicals Vietnam Co., Ltd.	32,292,480,000	27,163,840,000
Other suppliers	17,383,195,786	37,008,437,283
	<b>110,054,807,786</b>	<b>132,012,665,283</b>

### (b) Accounts payable to suppliers who are related parties

	Cost and amount within payment capacity	
	31/12/2019 VND	01/01/2019 VND
<i>Other related companies</i>		
TPC Vina Plastic and Chemical Corporation Ltd.	60,379,132,000	67,840,388,000

The trade related amounts due to other related companies were unsecured, interest free and are payable within 15 days from invoice date.

## 19. ADVANCES FROM CUSTOMERS

	31/12/2019 VND	01/01/2019 VND
To Minh Liem Trading - Service Co., Ltd	3,915,956,754	2,888,517,596
Tuong Van Production and Trading Joint Stock Company	3,190,826,258	-
Lan Thanh Construction - Production - Trading & Services Co., Ltd	2,396,950,968	6,658,537,177
Truong Minh Hai Co., Ltd	2,066,342,234	2,131,345,721
Hoan Tuan Thanh Construction and Trading Production Company Limited	1,380,514,216	1,801,026,728
Bui Xuan Duong Private Enterprise	-	1,712,417,431
Others	8,346,028,113	1,239,964,762
	<b>21,296,618,543</b>	<b>16,431,809,415</b>



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## 20. TAXES PAYABLE TO/RECEIVABLE FROM STATE TREASURY

### (a) Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	Net-off VND	Transfer from taxes receivable VND	31/12/2019 VND
Value added tax	2,215,940,722	1,492,578,085,713	(130,825,040,121)	(1,363,427,968,416)	8,536,355,869	9,077,373,767
Import-export tax	-	17,845,301	(17,845,301)	-	-	-
Corporate income tax	13,901,066,149	109,648,608,036	(105,917,987,663)	-	-	17,631,686,522
Personal income tax	173,035,335	24,193,562,278	(20,607,556,995)	-	(883,270,164)	2,875,770,454
Other taxes	-	4,092,508,500	(4,092,508,500)	-	-	-
	<b>16,290,042,206</b>	<b>1,630,530,609,828</b>	<b>(261,460,938,580)</b>	<b>(1,363,427,968,416)</b>	<b>7,653,085,705</b>	<b>29,584,830,743</b>

### (b) Taxes receivable from State Treasury

	1/1/2019 VND	Incurred VND	Net-off VND	Transfer to taxes payable VND	31/12/2019 VND
Value added tax	17,186,802,176	1,337,704,810,371	(1,363,427,968,416)	8,536,355,869	-
Personal income tax	883,270,164	-	-	(883,270,164)	-
	<b>18,070,072,340</b>	<b>1,337,704,810,371</b>	<b>(1,363,427,968,416)</b>	<b>7,653,085,705</b>	<b>-</b>

## 21. ACCRUED EXPENSES

	31/12/2019 VND	01/01/2019 VND
Payment discounts	10,294,771,539	45,236,921,043
Selling expenses of the distribution network	35,224,781,131	-
Interest expense	124,933,134	388,534,295
Remuneration for the Board of Directors and Board of Supervision	2,365,000,000	2,365,000,000
Gift expenses	7,074,420,791	-
Transportation costs	1,995,480,454	-
Other expenses	2,097,143,000	210,000,000
	<b>59,176,530,049</b>	<b>48,200,455,338</b>





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22. SHORT-TERM BORROWINGS

	01/01/2019 VND		Movements during the year		31/12/2019 VND	
	Carrying amount VND	Amount within repayment capacity VND	Increase VND	(Decrease) VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	58,625,187,000	58,625,187,000	980,000,000	(3,835,187,000)	55,770,000,000	55,770,000,000

Terms and conditions of outstanding short-term borrowings were as follows:

	Currency	Annual interest rate	31/12/2019 VND	01/01/2019 VND
Loans from:				
Binh Minh Viet Real Estate Investment and Trading Joint Stock Company – an associate (i)	VND	0%	54,600,000,000	54,600,000,000
Others (ii)	VND	7.15%	1,170,000,000	4,025,187,000
			55,770,000,000	58,625,187,000

(i) This loan has original term of 12 months and is unsecured.

(ii) This balance represents deposits received from customers for fulfilment of sales contracts signed between the Group and customers.

23. BONUS AND WELFARE FUND

Movements of bonus and welfare fund during the year were as follows:

	2019 VND	2018 VND
Opening balance	31,381,358,850	29,715,328,342
Appropriation during the year (Note 25)	34,484,917,000	41,822,548,000
Utilisation during the year	(44,274,514,827)	(40,156,517,492)
Closing balance	21,591,761,023	31,381,358,850

24. LONG-TERM PROVISIONS

Long-term provisions represent the balance of provision for severance allowance made during the year.

25. CHANGES IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Investment and development fund VND	Other equity funds VND	Retained profits VND	Total VND
Balance as at 1 January 2018	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
Net profit for the year	-	-	-	-	427,610,187,562	427,610,187,562
Dividends of 2017	-	-	-	-	(204,652,345,000)	(204,652,345,000)
Appropriation to investment and development fund	-	-	90,781,735,595	-	(90,781,735,595)	-
Appropriation to bonus and welfare fund	-	-	-	-	(41,822,548,000)	(41,822,548,000)
Bonus for the Board of Directors and Board of Supervision	-	-	-	-	(4,646,950,000)	(4,646,950,000)
Interim dividends of 2018 (Note 27)	-	-	-	-	(122,791,407,000)	(122,791,407,000)
Balance as at 1 January 2019	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
Net profit for the year	-	-	-	-	422,766,296,917	422,766,296,917
Dividends of 2018 (Note 27)	-	-	-	-	(204,652,345,000)	(204,652,345,000)
Appropriation to investment and development fund	-	-	61,405,416,562	-	(61,405,416,562)	-
Appropriation to bonus and welfare fund	-	-	-	-	(34,484,917,000)	(34,484,917,000)
Bonus for the Board of Directors and Board of Supervision	-	-	-	-	(4,276,102,000)	(4,276,102,000)
Interim dividends of 2019 (Note 27)	-	-	-	-	(163,721,876,000)	(163,721,876,000)
Balance as at 31 December 2019	818,609,380,000	1,592,782,700	1,341,071,761,133	44,983,552,000	263,026,102,818	2,469,283,578,651



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## 26. SHARE CAPITAL

The Company's authorised and issued share capital are:

	31/12/2019		01/01/2019	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	81,860,938	818,609,380,000	81,860,938	818,609,380,000
<b>Shares in circulation</b>				
Ordinary shares	81,860,938	818,609,380,000	81,860,938	818,609,380,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared by the Company from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. For repurchased shares, all rights above shall be withheld until they are reissued.

There was no movements in share capital during the year.  
Details of shareholders at the reporting date were as follows:

	As at 31/12/2019		As at 01/01/2019	
	Share capital VND	%	Share capital VND	%
The Nawaplastic Industries (Saraburi) Co., Ltd,	445,259,110,000	54.4%	445,259,110,000	54.4%
Other shareholders	373,350,270,000	45.6%	373,350,270,000	45.6%
	<b>818,609,380,000</b>	<b>100%</b>	<b>818,609,380,000</b>	<b>100%</b>

The parent company, The Nawaplastic Industries (Saraburi) Co., Ltd, is incorporated in Thailand.

## 27. DIVIDENDS

The Annual General Meeting of Shareholders of the Company on 19 April 2019 resolved to distribute dividends of 2018 amounting to VND327,443 million, equivalent to VND4,000 per share.

According to Resolution No.3/NQ-BM/HĐQT dated 18 November 2019, the Board of Directors resolved to advance the first interim dividend of 2019 in cash amounting to 20% share capital (VND2,000/share), equivalent to VND163,722 million.

## 28. INVESTMENT AND DEVELOPMENT FUND

In 2019, the investment and development fund was appropriated at 13.4% of profit after tax of 2018 in accordance with the resolution of Annual General Meeting of Shareholders (2018: 19.5% profit after tax of 2017).

## 29. OFF BALANCE SHEET ITEMS

### (a) Foreign currencies

	31/12/2019		01/01/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	42,395	977,881,277	375,134	8,684,320,433
EUR	-	-	31,396	825,387,332
JPY	-	-	42,000	8,796,480
SGD	-	-	4,970	83,983,060
THB	141,480	102,236,278	206,250	136,632,375
		<b>1,080,117,555</b>		<b>9,739,119,680</b>

### (b) Capital expenditure commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/12/2019 VND	01/01/2019 VND
Approved and contracted	50,241,722,108	8,580,526,510

## 30. REVENUE FROM SALES OF GOODS AND PROVISION OF SERVICES

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised of:

	2019 VND	2018 VND
Total revenue		
- Sales of finished goods	4,191,533,082,404	3,845,371,519,195
- Sales of supplies and merchandise goods	151,404,610,210	284,542,757,860
- Transportation service	17,260,910	58,457,271
	<b>4,342,954,953,524</b>	<b>4,129,972,734,326</b>
Less revenue deductions		
- Sales discounts	(3,257,396,998)	(200,878,835,829)
- Sales returns	(2,358,145,908)	(9,456,460,441)
	(5,615,542,906)	(210,335,296,270)
<b>Net revenue</b>	<b>4,337,339,410,618</b>	<b>3,919,637,438,056</b>



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## 31. COST OF GOODS SOLD AND SERVICES PROVIDED

	2019 VND	2018 VND
Total cost of sales:		
- Finished goods sold	3,196,762,664,403	2,787,198,449,743
- Supplies and merchandise goods sold	150,098,625,693	260,392,333,273
- Allowance for inventories	2,473,349,255	-
	<b>3,349,334,639,351</b>	<b>3,047,590,783,016</b>

## 32. FINANCIAL INCOME

	2019 VND	2018 VND
Interest income from bank deposits and loans	36,025,493,081	23,784,513,577
Dividends and profits distribution	-	74,548,500
Foreign exchange gains	1,095,826,557	1,003,989,691
Other financial income	-	243,549,333
	<b>37,121,319,638</b>	<b>25,106,601,101</b>

## 33. FINANCIAL EXPENSES

	2019 VND	2018 VND
Interest expense	125,174,350	292,427,536
Foreign exchange losses	1,122,860,720	849,618,000
Payment discounts	109,723,194,492	104,342,940,690
	<b>110,971,229,562</b>	<b>105,484,986,226</b>

## 34. SELLING EXPENSES

	2019 VND	2018 VND
Staff costs	23,031,603,175	18,281,890,642
Costs of materials, packaging	6,047,247,260	20,209,974,750
Depreciation	2,673,901,886	2,103,281,642
Selling expenses of the distribution network	143,804,820,266	-
Transportation costs	48,089,342,544	71,990,063,190
Sales conference expenses	3,212,670,072	31,501,129,555
Advertising and promotion expenses	5,588,710,471	2,094,453,864
Outside service expenses	7,545,862,139	5,600,844,276
Others	30,358,168,862	14,072,136,323
	<b>270,352,326,675</b>	<b>165,853,774,242</b>

## 35. GENERAL AND ADMINISTRATION EXPENSES

	2019 VND	2018 VND
Staff costs	52,734,382,348	25,637,279,855
Costs of management materials	6,463,238,742	8,021,644,465
Depreciation	7,514,100,884	5,668,776,178
Taxes, charges and fees	379,810,802	460,138,826
Allowance for doubtful debts	10,663,024,745	14,508,205,351
Outside service expenses	13,208,399,428	15,472,263,858
Others	25,741,365,774	28,064,295,357
	<b>116,704,322,723</b>	<b>97,832,603,890</b>

## 36. PRODUCTION AND BUSINESS COSTS BY ELEMENT

	2019 VND	2018 VND
Raw material costs included in production costs and cost of merchandise goods	2,731,917,703,196	2,509,795,981,475
Labour costs and staff costs	335,702,823,040	268,423,598,109
Depreciation and amortisation	187,572,488,824	172,420,049,029
Outside services	193,202,808,912	210,888,013,797
Other expenses	226,223,269,770	71,257,717,239



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## 37. INCOME TAX

### (a) Recognised in the consolidated statement of income

	2019 VND	2018 VND
<b>Current tax expense</b>		
Current year	109,648,608,036	89,704,487,848
<b>Deferred tax (benefit)/expense</b>		
Origination and reversal of temporary differences	(3,137,432,405)	12,605,983,039
<b>Income tax expense</b>	<b>106,511,175,631</b>	<b>102,310,470,887</b>

### (b) Reconciliation of effective tax rate

	2019 VND	2018 VND
<b>Accounting profit before tax</b>	<b>529,277,472,548</b>	<b>529,920,658,449</b>
Tax at the Company's tax rate	105,855,494,510	105,984,131,690
Non-deductible expenses	955,153,834	1,391,154,963
Non-taxable income	(299,472,713)	(229,191,151)
Tax incentives	-	(2,901,374,769)
Effect of different tax rates applied to the subsidiary	-	(1,934,249,846)
	<b>106,511,175,631</b>	<b>102,310,470,887</b>

### (c) Applicable tax rates

The Company has an obligation to pay the government income tax at the rate of 20% of taxable profits.

Northern Binh Minh Plastics One Member Limited Company – the subsidiary: Under the terms of its Investment Certificate, the subsidiary has an obligation to pay the income tax at the rate of 15% of taxable profits for the first 12 years starting from the first year of operation (from 2007 to 2018) and 20% for the succeeding years for manufacturing plastic pipes and fittings of uPVC, PE, PP. The current tax regulations allow the subsidiary to be exempt from income tax for 3 years starting from the first year it generates a taxable profit (from 2009 to 2011) and entitled to a 50% reduction in income tax for the 7 succeeding years (from 2012 to 2018). All the above tax exemption and reduction are not applicable to other income, which is taxed at a rate of 20%.

## 38. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2019 was based on the profit attributable to ordinary shareholders after deducting amount appropriated to bonus and welfare fund and a weighted average number of ordinary shares outstanding for the year, calculated as follows:

#### (i) Net profit attributable to ordinary shareholders

	2019 VND	2018 VND
Net profit for the year	422,766,296,917	427,610,187,562
Appropriation to bonus and welfare fund (*)	-	-
Net profit attributable to ordinary shareholders	422,766,296,917	427,610,187,562

(\*) At the date of these consolidated financial statements, the Group cannot estimate reliably the amount appropriated to bonus and welfare fund from the profit after tax of 2019. If the Group makes appropriation to the bonus and welfare fund, net profit attributable to ordinary shareholders and basic earnings per share for the year ended 31 December 2019 will decrease.

#### (ii) Weighted average number of ordinary shares

	2019 Shares	2018 Shares
Weighted average number of ordinary shares for the year	81,860,938	81,860,938

#### (iii) Lãi cơ bản trên cổ phiếu

	2019 VND	2018 VND
Lãi cơ bản trên cổ phiếu	5,164	5,224

### (b) Diluted earnings per share

As at 31 December 2019 and 2018, the Company did not have potential ordinary shares, therefore the presentation of diluted earnings per share is not applicable.



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39. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	Transaction value	
	2019 VND	2018 VND
<b>Danang Plastics Joint Stock Company– Associate</b>		
Sales of goods	14,265,229,500	-
Warehouse rental fee	7,883,180,520	5,626,546,057
Loan granted	30,000,000,000	-
Interest income	857,753,426	-
<b>TPC Vina Plastic and Chemical Corporation Ltd. – Other related party</b>		
Purchase of raw materials	1,069,660,000,000	933,204,240,000
<b>Members of the Board of Directors and Board of Management</b>		
Salary, bonus and allowance	18,168,223,970	12,916,480,986
<b>Members of the Board of Supervision</b>		
Remuneration	2,374,118,852	2,374,118,852

40. CORRESPONDING FIGURES

Corresponding figures as at 1 January 2019 were carried forward from the figures presented in the Group’s consolidated financial statements as at and for the year ended 31 December 2018.

27 March 2020

Prepared by:

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