

ANNUAL
REPORT
2·0·2·0



NHỰA BÌNH MINH

Overcome
STRENGTH EXPLOITATION
FLEXIBLE RESPONSE
CHALLENGES





01

VISION

02

MISSION

03

CORE VALUE



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.

PROVIDING PRODUCTS AND SERVICES TO MEET THE INCREASING DEMANDS OF THE MARKET. ENSURING HARMONIZATION OF INTERESTS OF CUSTOMERS, EMPLOYEES, SHAREHOLDERS AND THE SOCIETY.

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,**

In the year 2020, Binh Minh Plastics JSC (BMP) continued to break the highest record in both sales volume and revenues. The industry faced some challenges from COVID-19 pandemic that affected to economy for nearly the whole year. However, Vietnam GDP grew marginally around 3% (6% in construction sector). Despite having pressure from economic slowdown and fierce competition from current and new players, overcapacity situation, and market uncertainties, BMP is still maintaining the leading position in Vietnam and extending the market to other parts of ASEAN with our key strategic partners.



“BMP WILL CONTINUE
TO IMPROVE
AND KEEP HIGH
COMPETITIVENESS TO
DELIVER OUTSTANDING
PERFORMANCE ”





Besides our excellence performance amid pandemic crisis, the fiscal year 2020 was also marked by significant achievements, such as “Ho Chi Minh City Golden Brand 2020” by the Ho Chi Minh City Authority, “50 Best Vietnamese Listed Companies 2020” and “50 Leading Vietnamese Brands 2020” by Forbes Vietnam, and “Vietnam 50 Best Performing Companies” by Investment Bridge Magazine. We are committed to delivering high-quality products and services to our customers. BMP has been striving to sustain business in terms of continuously improving operational efficiency, enhancing safety standards, implementing automation systems and cultivating continuous improvement and innovative mindsets to our employees. We align and promote collaboration among BMP 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.

Vietnam in 2021 will be another challenging year for all businesses, with resurgence after COVID-19 pandemic. Vietnam will return on high growth track as pre-pandemic and bring business activities back to normal to all key members in the society

We remain optimistic about society’s ability to recover and are willing to build on the strong business momentum and foundation that has now been established as we enter another transformative year for BMP. 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, BMP will continue to improve and keep high competitiveness to deliver outstanding performance and innovate new products/services to serve and satisfy our customers.

Sincerely and thank you,

Chairman – Board of Directors

SAKCHAI PATIPARNPREECHAVUD

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ABBREVIATIONS

AGM:	Annual General Meeting of Shareholders
GMS:	General Meeting of Shareholders
BOD:	Board of Directors
BOM:	Board of Management
CB:	Control Board
BMP:	Binh Minh Plastics Joint Stock Company

Ltd.:	Limited liability
NBM:	North Binh Minh Plastics Limited Company
DPC:	Da Nang Plastic Joint Stock Company
SCIC:	State Capital Investment Corporation
HCMC:	Ho Chi Minh City
ERP:	Enterprise Resource Planning



GENERAL INFORMATION



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I. GENERAL INFORMATION



Company 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

Ticker symbol: BMP



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 m² 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.
- 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.



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.

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.

1999

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

2000

- Obtained ISO 9001 Certificate for quality management system.



**2002**

- Pure HDPE pipes and double-edge PE pipes were introduced for the first time.
- Completed expansion of warehouses and the Plant No. 2 with total area of 30,000 m².

**2004**

- On the 2nd of January, after equitization, Binh Minh Plastic Joint Stock Company officially went into operation under the name of Binh Minh 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 m².

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.

2006

2007

- On the 11th of July, the Company's shares were officially listed on the Vietnamese stock market as "BMP".
- On the 21st of December, the North Binh Minh Plastics Limited Company was inaugurated in Hung Yen, officially introducing Binh Minh Plastics brand into the northern market.

BMP PRICE MONTHLY CHART

Unit 1.000 VND





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.



MILESTONE (continued)



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 m² 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”.

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.**



MILESTONE (continued)



2015

- On the 18th 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 pipe fittings.
- 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 fittings.
- Successfully converted to the newer versions of ISO 9000 - 2015 Quality Management Systems and ISO 14000 - 015 Environmental Management Systems.



- Acceptance of ERP management system.
- Participated in the Vietnam Quality Award.
- Increased the charter capital to 818,609,380,000 VND.
- Achieved the National Gold Quality Award.

MILESTONE (continued)



2018

- Became a member company of SCG 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 with the competitive environment.
- Honored as one of the Best Companies to Work for in Asia 2019 by HR Asia magazine.





2020

The Company takes pride in the following major achievements of 2020:

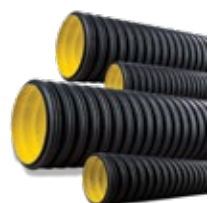
- One of the “50 Best Vietnamese Listed Companies 2020” and “50 Leading Vietnamese Brands 2020”, by Forbes Vietnam.
- One of “Vietnam 50 Best-Performing Companies “, nominated by Investment Bridge Magazine.
- One of the “Outstanding Enterprises in Ho Chi Minh City 2020”.
- The “Ho Chi Minh City Gold Brand 2020” award and the “Outstanding Industrial or Supporting Industrial Product in Ho Chi Minh City 2020” certificate, presented by Ho Chi Minh City.
- Succeeded in deploying the Supply Chain Management (SCM) model to optimize the use of resources and improve operational efficiency.

2. BUSINESSES AND MARKETS

BUSINESSES

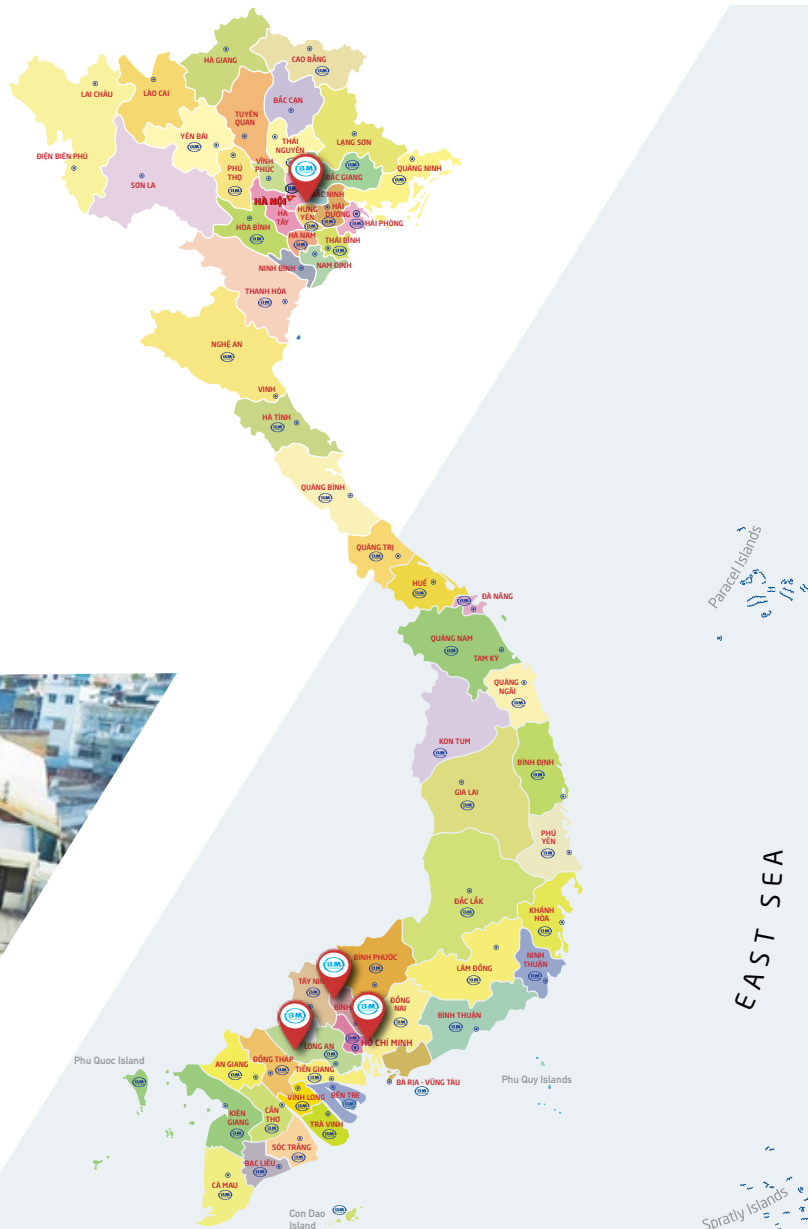
Binh Minh Plastics is a leading company in Vietnam manufacturing and trading plastic pipes and fittings for water supply and drainage, telecommunication, electricity, industrial and civil construction.





2. BUSINESSES AND MARKETS (continued)

SAIGON PLANT





MARKETS

Binh Minh Plastics has nationwide markets.

Binh Minh Plastics accounts for 43% and 28% of plastic pipe in the South and nation wide market share respectively.

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.

Distribution network

After over 44 years of establishment and development, the distribution network of BMP has been expanding. By the end of 2020, the Company has

owned nearly 1,900 distributors. As a result, products have been timely delivered to customers. Additionally, the Company has provided plastic pipes to water supply and construction businesses as well as participated in major national projects.



**NORTH BINH MINH PLASTICS
LIMITED COMPANY**



BINH DUONG PLANT



LONG AN PLANT

2. BUSINESSES AND MARKETS (continued)

PRODUCT PORTFOLIO



PVC-U 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,...).



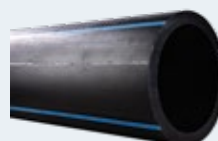
HDPE pipes and fittings

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.



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 QCVN16:2017/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.



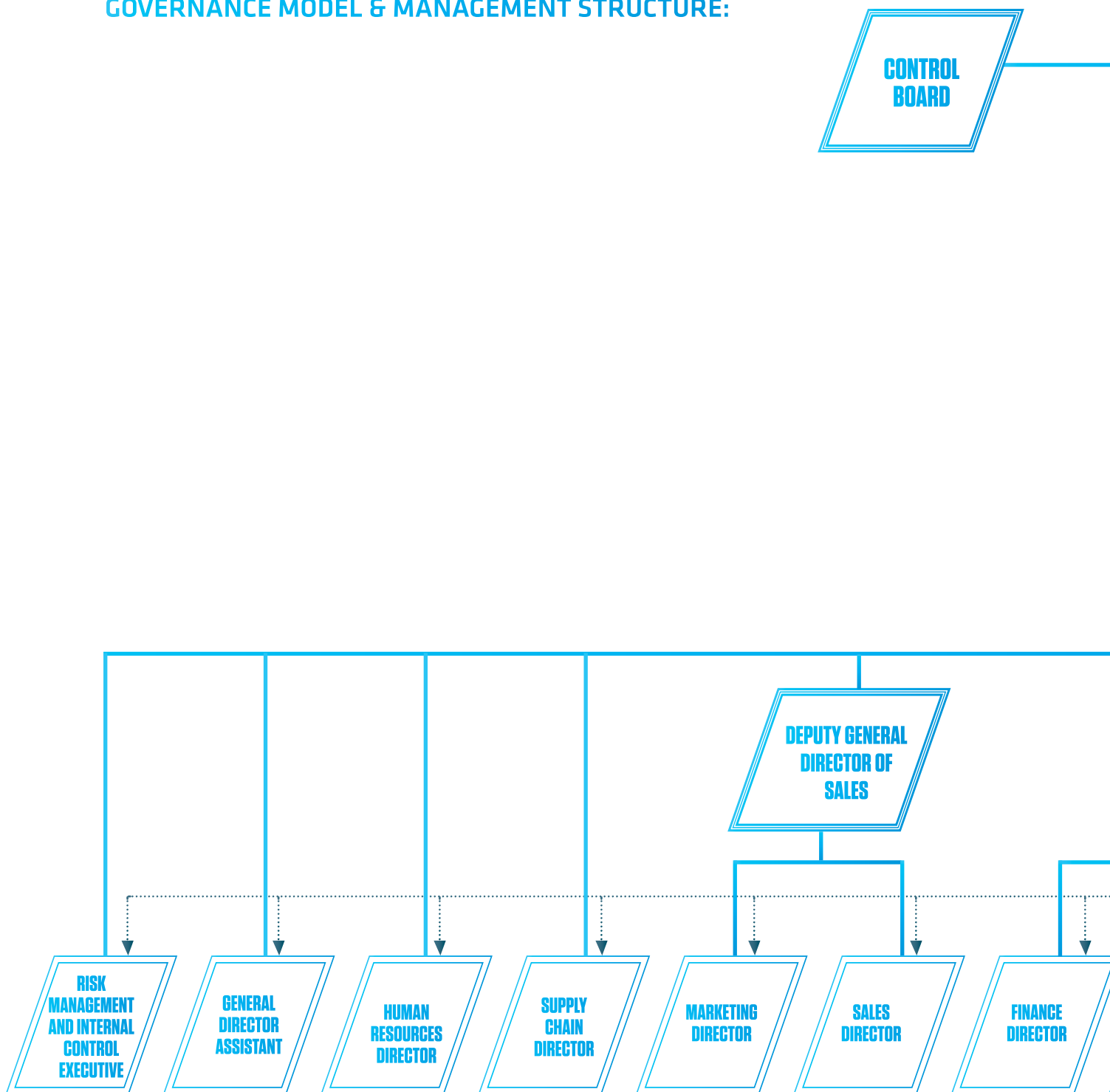
Other products

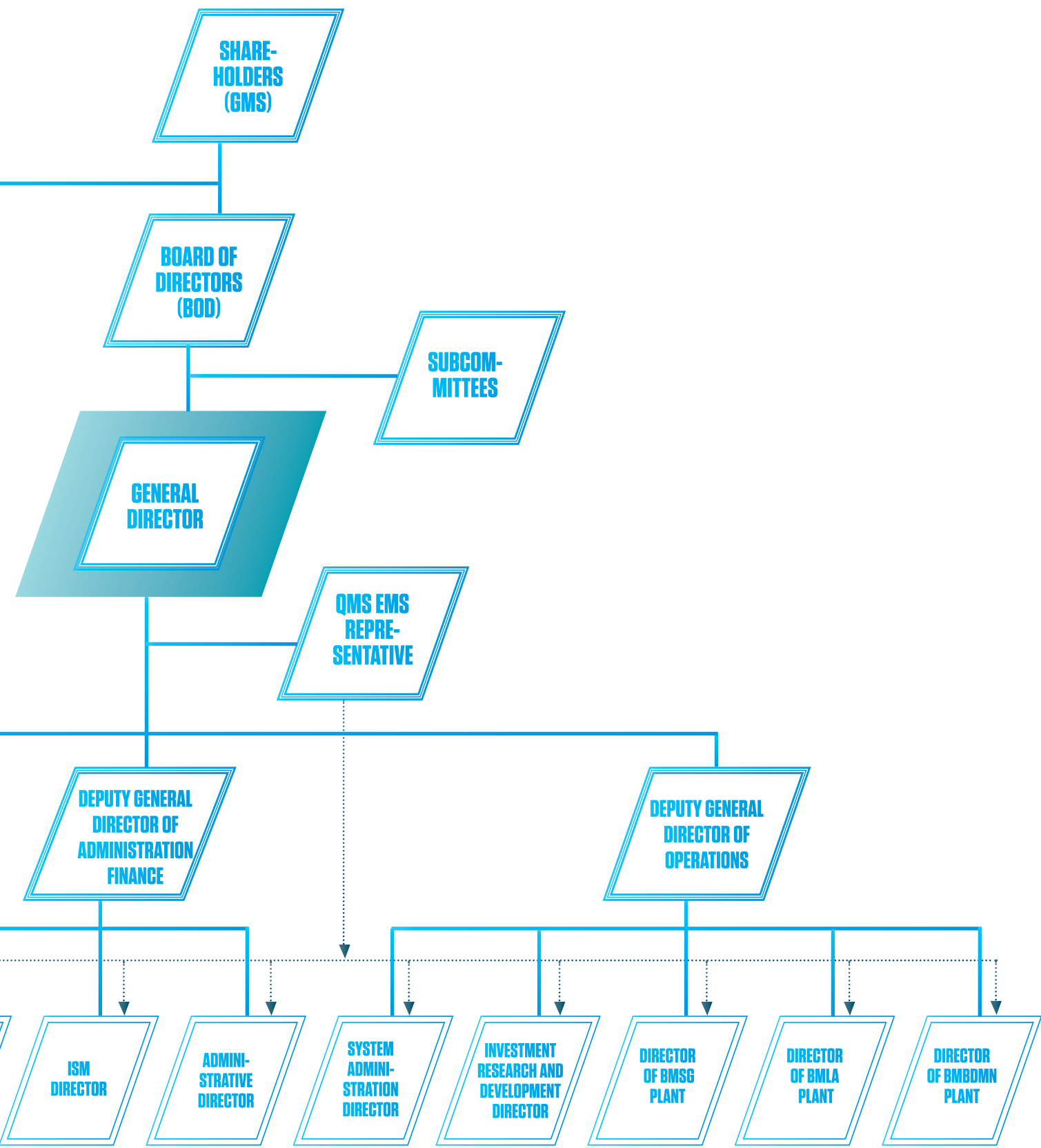
Agricultural sprayers with the capacities of 1 liter, 5 liters and 10 liters in accordance with TCVN 5931:1995 for bonsai watering or pesticide spraying. In particular, the 10-liter sprayer has been certified to conform to National Technical Regulation of QCVN 01-182:2015/BNNTNT and suitable for agricultural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



3. GOVERNANCE MODEL, ORGANIZATIONAL STRUCTURE AND MANAGEMENT TEAM

GOVERNANCE MODEL & MANAGEMENT STRUCTURE:





3. GOVERNANCE MODEL, ORGANIZATIONAL STRUCTURE AND MANAGEMENT TEAM (continued)

SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES



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

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 m² and capacity of 40,000 tons/year.

CHARTER CAPITAL

155

BILLION DONGS

CAPITAL CONTRIBUTION
OF BMP

100%

CHARTER CAPITAL

210

BILLION DONGS

CAPITAL CONTRIBUTION
OF BMP

26%



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



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

DA NANG PLASTIC JOINT STOCK COMPANY (DPC) ASSOCIATED COMPANIES

CHARTER CAPITAL

22,4

BILLION DONGS

CAPITAL CONTRIBUTION
OF BMP

29%

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, Da Nang 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 aiming to jointly develop the “Binh Minh Plastics” brand in the Central Vietnam and Central Highlands.

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

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

BINH MINH REAL ESTATE INVESTMENT AND TRADING JOINT STOCK COMPANY

ASSOCIATED COMPANIES

In case Plant No. 1 of BMP is 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, to which 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.

4. DEVELOPMENT ORIENTATIONS & STRATEGIES FOR 2021-2025:

DEVELOPMENT STRATEGIES FOR 2021-2025:

- ▶ Obtain the largest market share in Vietnam and at least the third-largest market share in Southeast Asia.
- ▶ Succeed in the entire supply chain through the application of 5S management model, lean manufacturing, and automation in terms of state-of-the-art technologies.
- ▶ Maintain social recognition as one of the 50 Best Workplaces in Vietnam.

MAIN OBJECTIVES UNTIL 2025:

- ▶ Sales volume: 137,000 tons.
- ▶ Market share: 30% of the Vietnamese market.
- ▶ Deploy 5S management model for all employees and departments at full force.
- ▶ Deploy 3 automation systems at factories.
- ▶ Implement staff competency management system for training, capacity building and career development programs for all employees.
- ▶ Carry out BMP's surveys on employee satisfaction periodically and strive for 95% satisfaction level.





4. DEVELOPMENT ORIENTATIONS & STRATEGIES FOR 2021-2025: (continued)

SUSTAINABLE DEVELOPMENT GOALS (IN TERMS OF ENVIRONMENT, SOCIETY AND COMMUNITY) AND MAIN PROGRAMS RELATED TO SHORT AND MEDIUM-TERM PLAN:

FOR OPERATIONS

- ▶ Strengthen measures energy and water saving, waste water treatment.
- ▶ Improve production processes, install modern equipment to increase productivity, save resources and minimize environmental pollution.
- ▶ Comply with the rules of business ethics.
- ▶ Fight against counterfeit and forgery.

THE ENVIRONMENT

- ▶ Apply the environmental management system in accordance with latest standards.
- ▶ Comply fully with provisions of the law and other environmental requirements.
- ▶ Generate an environmental monitoring and management system to evaluate environmental impacts.
- ▶ Identify and evaluate risks of environmental pollution, hence imposing measures to control pollution, as well as applying waste classification at source.
- ▶ Build personnel and processes to promptly respond to emergencies.



FOR EMPLOYEES

- ▶ Evaluate working conditions on an annual basis for timely improvements.
- ▶ Maintain and improve social welfare benefits for employees.
- ▶ Send employees to professional training courses domestically and internationally to improve their abilities, meeting the Company's development needs.
- ▶ Raise employees' awareness of energy savings and environmental preservation.

FOR COMMUNITY

- ▶ Participate actively in community activities to promote the image of a socially friendly and responsible business.
- ▶ Maintain regular charity activities such as blood donation and social support for Vietnamese Heroic Mothers and war invalids, donate day salary to social fund.
- ▶ Raise awareness and promote practical actions of employees towards social work.

5. POTENTIAL RISKS:

OPERATIONAL RISKS



The Company's management system is maintained in accordance with ISO 9001:2015 and ISO 14001:2015 standards. Besides, the Company has adopted more advanced management software such as ERP, CRM and HRM, which are gradually integrated into the existing management system. However, these integrations can cause disruption to the current operational status due to potential incompatibilities (the new schemes partially conflict with the existing system, or the existing system cannot be upgraded to match the new schemes).

ECONOMIC RISKS



Disease risk:

The COVID-19 pandemic and resulting social disruptions have caused production and business activities, especially construction projects, to be halted or delayed, which directly affect the Company's business planning.

Risk of raw material price fluctuation:

Fluctuation of raw material prices in 2020 saw the gap between peak and bottom prices doubled. This has great impacts on selling prices and selling costs, affecting the Company's market share expansion.



FINANCIAL RISKS



Exchange rate risk:

Raw materials are purchased largely from domestic suppliers rather than foreign ones, so Binh Minh Plastics is not directly affected by exchange rate risks. However, the Company still bears the risk due to the necessary import of raw materials and machinery.

Tax risk:

Difficulty in understanding and applying tax regulations in different localities causes the risk of tax violations, which may subject the Company to sanctions by tax authorities.

LEGAL AND COMPLIANCE RISKS



Compliance with the law is an essential part of corporate governance at Binh Minh Plastics. This is specified in every regulation and unanimously agreed upon throughout the Company. The system of legal documents, industry regulations and implementation instructions from the tax authorities is subject to regular change, which leads to the risk of violations if the Company is not well informed of such changes.



OPERATIONS REVIEW



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1. BUSINESS RESULTS



CONSOLIDATED BUSINESS PERFORMANCE IN 2020

NO,	ITEM	UNIT	OPERATIONAL PLAN 2020	PERFORMED		PERCENTAGE %	
				2020	2019	2020/OP	2020/2019
1	Revenue	VND billion	4,560	4,700	4,343	103	108
2	Sales volume	Ton	110,030	110,475	105,021	100	105
3	Profit before tax	VND billion	582	627	529	113	124
4	Profit after tax	VND billion	465	523	423	113	124



Considering the year-long pandemic context stifling national economic growth, the Company's production and business results were highly encouraging. This was achieved thanks to both the Company's traditional advantages, such as strong brand name, large market share, high-quality products, extensive distribution system and healthy financial situation, and its newly-built strengths in business operation through the application of advanced managerial tools such as 5S, LEAN, FI, CRM, HRM and SCM, which leads to proactiveness, efficiency and innovation: saving costs, motivating employees and satisfying customers.



2. ORGANIZATION STRUCTURE AND HUMAN RESOURCES

LIST OF SENIOR EXECUTIVES IN THE BOARD 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 Directors – General Director of BMP
- 2012 - present: Chairman of NBM.

MR. NGUYEN HOANG NGAN

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

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 the Board of Members - Director of BMP.
- 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.**

2. ORGANIZATION STRUCTURE AND HUMAN RESOURCES (continued)

LIST OF SENIOR EXECUTIVES IN THE BOARD OF MANAGEMENT:



MR. NGUYEN THANH QUAN

Deputy General Director
of Operations.

Year of birth: 1968

Qualification:

Chemical Engineer, MBA

Employment history:

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

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



MR. WISIT RECHAIPICHITGOOL

**Deputy General Director
of Finance - Administration**

Year of birth: 1961

Nationality: Thai

Educational level: Master of Science

Employment history:

- 1988: Analysis Executive of SCC Company.
- 1994: Head of Production Planning Department of SFCC Company.
- 1996: Head of Sales – Marketing Department of SFC Company.
- 1997: Head of Planning Department of TPC Company.
- 2001: Head of Sales Department of TPC Company.
- 2003: Head of Pipe Industry Sales Department of NPI Company.
- 2005: Assistant Director of 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 - Vietnam Company.
- August 2018: Deputy General Director of Finance – Administration of Binh Minh Plastics Joint Stock Company.

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

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

LIST OF SENIOR EXECUTIVES IN THE BOARD OF MANAGEMENT:



MR. HONG LE VIET

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

Employment history:

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

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



2. ORGANIZATION STRUCTURE AND HUMAN RESOURCES (continued)



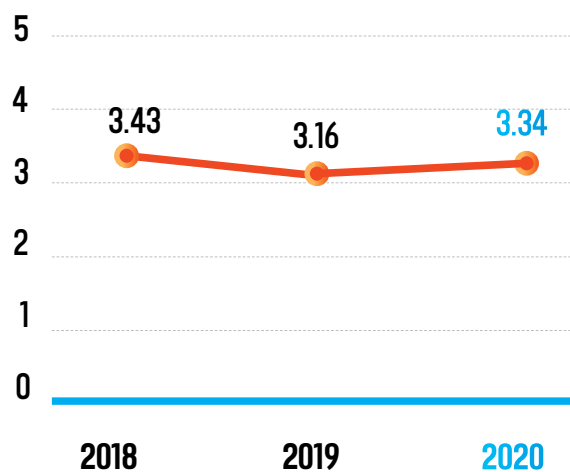
Headcount:

2019 (official) average headcount: 1,374 employees.
2020 (official) average headcount: 1,407 employees.

Labor productivity:

AVERAGE LABOR PRODUCTIVITY

Unit: billion VND/person/year



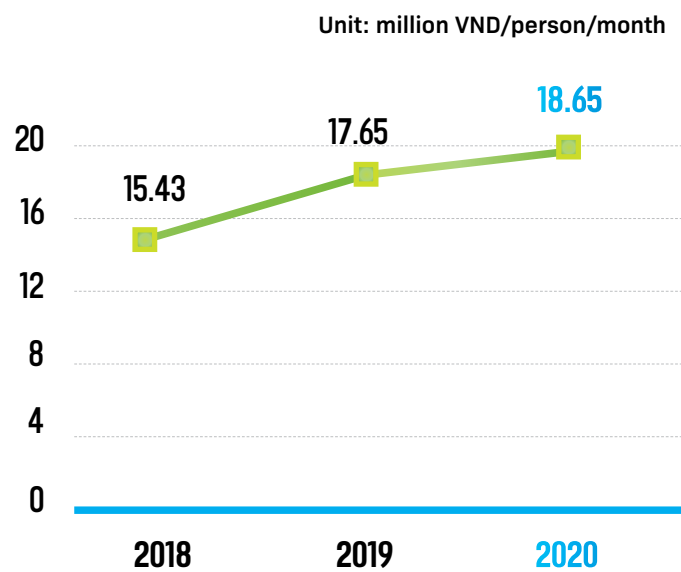
Labor productivity in 2020 increased by 6% compared to 2019. During the year, productivity was significantly improved thanks to the application of 5S and LEAN advanced management models in production. These models also contribute to improving quality and cost saving.



Average employee salary:

Although 2020 has been a difficult year, the Company maintained the full range of employees' benefits and salary growth rates in order to ensure the employees' quality of life and the Company's competitiveness in the labor market.

AVERAGE EMPLOYEE SALARY



3. INVESTMENT REVIEW

A. INVESTMENT IN MACHINERY & EQUIPMENT

In recent years, Binh Minh has been investing at all factories to operate entirely on modern European-standardized production machinery. The silo automatic feeding system put into use at the factories has helped to shorten operating time, save labor and packaging costs, and reduce material loss in production.

NO.	ITEM	UNIT	2020 PLAN	ACTUAL	
A	B	C	D	E	
				BILLION VND	%
1	MACHINERY AND EQUIPMENT Including:	billion VND	210	46	22
A	Investments brought forward from the previous year.	billion VND	44	33	75
b	Investment plan for 2020 (Including non-priority items)	billion VND	166	13	10
2	MOLDS	billion VND	28	7	25
TOTAL		billion VND	238	53	23





B. SUBSIDIARIES AND ASSOCIATES

North Binh Minh Plastics Company Limited (NBM):

NO.	ITEM	YEAR		% COMPA-RISON
		2020	2019	
1	Revenue (billion VND)	346	324	107%
2	Profit before tax (billion VND)	67	31	216%

The already-difficult Northern market became even more challenging due to the pandemic. However, in 2020, North Binh Minh still achieved positive business results with a 7% increase in revenue and doubling its profit compared to 2019. This achievement is largely thanks to low raw material prices and smart financial activities.

Da Nang Plastic Joint Stock Company (DPC):

NO.	ITEM	YEAR		% COMPA-RISON
		2020	2019	
1	Revenue (billion VND)	67	81	83%
2	Profit before tax (billion VND)	10.1	7.3	138%

In 2020, the Central market in general and Da Nang in particular were seriously affected by the pandemic due to state-imposed business restrictions and social distancing. However, Da Nang Plastics still achieved the same result as last year, which demonstrates a great effort from DPC's Board of Management.

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

Currently BMV is negotiating with shareholders to implement business termination procedures following the Resolution of the 2017 AGM.

4. FINANCIAL OVERVIEW

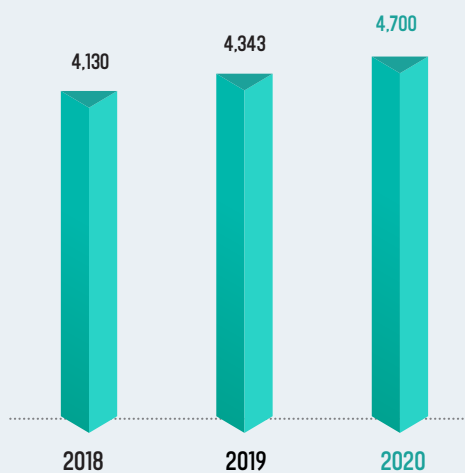
A. FINANCIAL HIGHLIGHTS:

ITEM	2018	2019	2020
Income statement (VND billion)			
Revenue (billion VND)	4,130	4,343	4,700
Net revenue	3,920	4,337	4,686
Gross profit	872	988	1,247
Operating costs	264	387	549
Net profit from operating activities	608	601	698
Net profit from financial activities	(80.4)	(73.8)	(45.6)
Net profit from other activities	0.9	0.7	2.3
Profit distributed from associates	1.1	1.5	1.7
Profit before tax (billion VND)	530	529	657
Profit after tax	428	423	523
Balance sheet (VND billion)			
Total assets (billion VND)	2812	2850	3023
Charter capital	819	819	819
Owner's equity (billion VND)	2454	2469	2472
Key financial indicators			
Gross profit margin	22.2%	22.8%	26.6%
Profit margin before tax	13.5%	12.2%	14.0%
ROS	10.9%	9.8%	11.2%
ROA	15.0%	14.9%	17.8%
ROE	17.4%	17.2%	21.2%

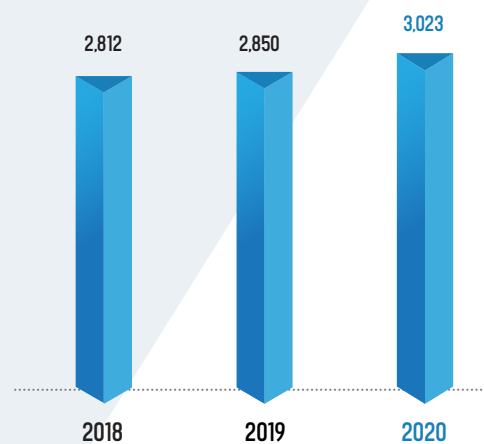


B. KEY FINANCIAL INDICATORS:

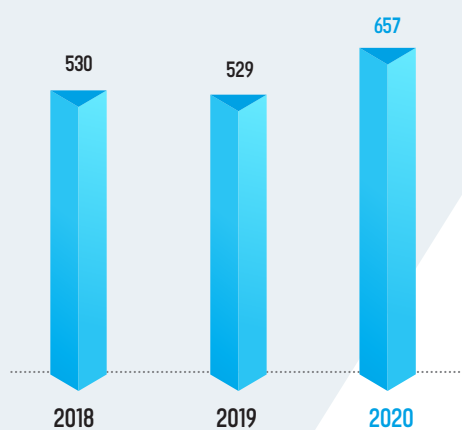
REVENUE (BILLION DONGS)



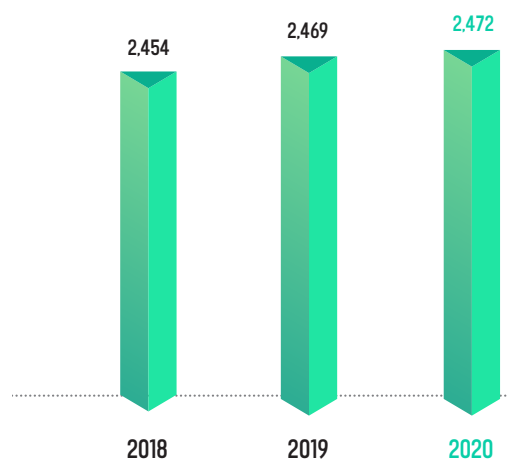
TOTAL ASSETS (BILLION DONGS)



PROFIT BEFORE TAX (BILLION DONGS)



EQUITY (BILLION DONGS)



5. SHAREHOLDER STRUCTURE, CHANGE IN OWNERS' EQUITY

A. SHARES

	31 DEC 2019	31 DEC 2020
Total number of shares and types of outstanding shares	81,860,938	81,860,938
Freely transferred shares	81,848,968	81,860,938
Preferred shares	11,970	0





B. SHAREHOLDER STRUCTURE

SHAREHOLDER STRUCTURE	31 DEC 2019		31 DEC 2020	
	HOLDING- SHARE	%	HOLDING- SHARE	%
State Shareholders	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	13,885,388	16.962%	12,928,024	15.793%
Domestic organizations	1,432,748	1.751%	1,397,841	1.708%
Foreign individuals	635,608	0.776%	918,604	1.122%
Foreign organizations	65,254,621	79.714%	65,963,896	80.580%
TOTAL	81,860,938	100.00%	81,860,938	100.00%

Information about major shareholders owning 5% or more as of December 31, 2020:

NO.	FULL NAME	TYPE OF SHARE HOLDERS		HOLDING- SHARE	%
1	KWE BETEILIGUNGEN AG	Organization	Foreign	4,283,708	5.233%
2	NAWAPLASTIC INDUSTRIES CO., LTD.	Organization	Foreign	44,525,911	54.392%

C. CHANGES IN OWNER'S EQUITY: None

D. TREASURY SHARES TRANSACTIONS: None

E. OTHER SECURITIES: None

6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS

6.1 RAW MATERIAL MANAGEMENT



a. Total amount of raw materials used in production:

In 2020, 112,971 tons of material were processed by the Company.

In particular, BMP and NBM consumed 108,597 tons and 4,374 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 in production:**

Binh Minh Plastics products are manufactured from primary materials and only a limited amount of scrap generated during production process. The Company does not use 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 are made with 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 use according to international standards.



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. Electricity is purchased from national electricity companies.

The company does not use indirect energy sources.

b. Energy savings through efficiency initiatives

To maintain the sustainable development policy through energy-saving activities, the Company has transformed that policy into specific goals and targets to realize over the years with notable success.

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

- Raise awareness of energy-saving in all employees through professional training.
- Conduct energy audits.
- Continue the implementation of technical power-saving solutions such as installing inverters and servos for main engines of production equipment, modifying insulation for cooling containers, and monitoring water-cooling facilities of circulating tanks during production.
- Prioritize investment in production equipment using energy-saving servo technology

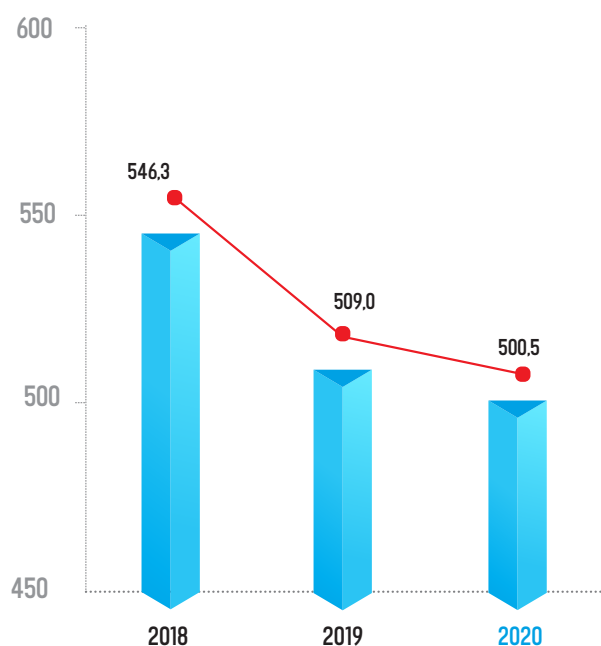
POWER CONSUMPTION IN 2020
DECREASED TO:
500.5 KW/
PER TON OF
PRODUCT, THE
LOWEST IN THE
2016-2020 PERIOD.



6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

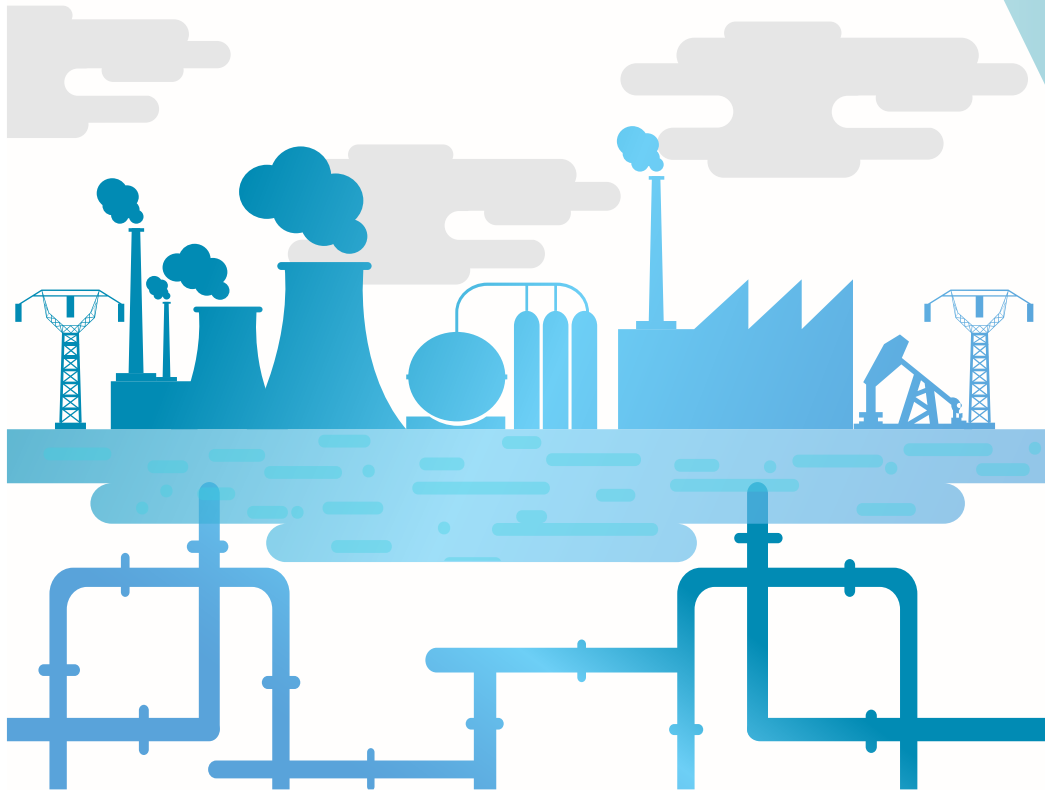
6.2 ENERGY CONSUMPTION:

These activities continuously proved to be effective in the long run. The results, compared to previous years, are as follows:



Power consumption in 2020 decreased to 500.5 kWh per ton of product, the lowest in the 2016-2020 period. Whereby:

Reduction rate of electricity consumption in 2020 compared to 2019:	1.7	%
Electricity consumption reduced in 2020 compared to 2019:	945,952	KWH
Average electricity unit price in 2020:	1,783	VND/KWH
Total saving:	1.687	Billion (VND)



c. Reports on energy-saving initiatives and their results:

In 2020, the Company recorded 07 power-saving initiatives, all of which were put into practice and contributed to the reduced electricity consumption as described above.

d. Reports on use of renewable energy sources:

Due to unique specifications of the production technology, the energy consumed is non-renewable.

However, the Company has actively sought to minimize energy consumption through innovative solutions.

6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)





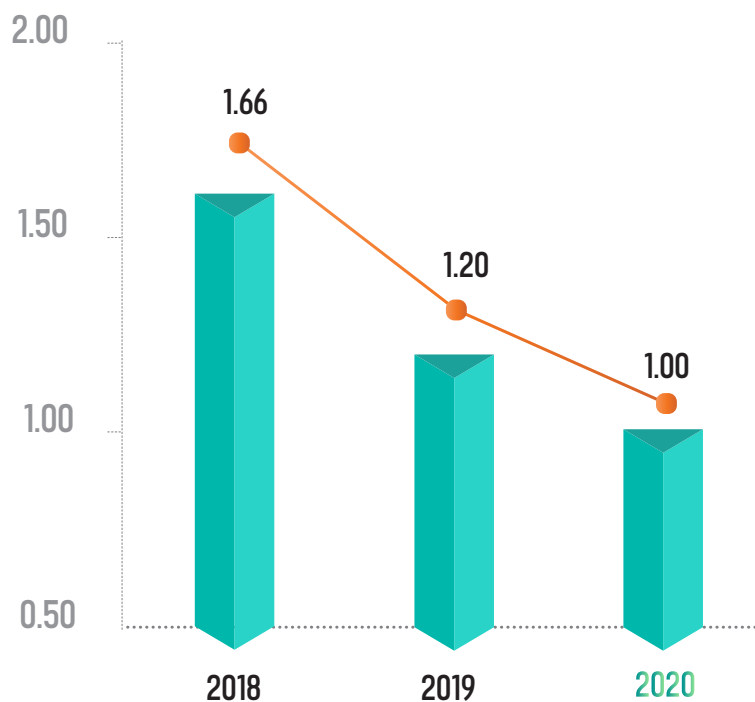
6.3. WATER CONSUMPTION

a. Water supply and water use:

For many years, the Company has only used water supplied by local companies such as Sawaco and Biwase instead of groundwater.

In addition, with the awareness that clean water is a finite resource, Binh Minh Plastics regularly implements water-saving solutions.

In 2020, as the post-installation operations of facilities stabilized, water-saving activities were applied with high efficiency and were recorded as follows:



6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

6.3. WATER CONSUMPTION

Water consumption rate in 2020 was reduced to only 1 (one) cubic meter per ton of product, which is the lowest value in the years from 2016 to 2020. Whereby:

Reduction rate of water consumption in 2020 compared to 2019	16.2	%
Reduction volume of water consumption in 2020:	21,445	m ³
Average water unit price in 2020:	18,850	VND/m ³
Total saving:	404,240,000	VND



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

Water sources are used by the Company for the following purposes

- Domestic use: Accounting for a small proportion of water consumption at the Company. All wastewater generated from domestic use is treated in accordance with the law.
- Industrial use: Accounting for the majority of water consumption at the Company. However, all water involved in this purpose is reused to minimize water consumption.



6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

6.4. COMPLIANCE WITH ENVIRONMENTAL PROTECTION REGULATIONS:

The Company pays close attention to environmental protection, improving working conditions and complying with relevant legal regulations.

The company has applied and maintained an environmental management system in accordance with ISO 14001:2015, periodically assessed and monitored by Quacert. With this management system, effective control of environmental indicators has brought many positive effects along with compliance with environmental protection regulations.

Accordingly: The measurement and monitoring of the environment and the working conditions in accordance with the law were carried out by the Company. All indicators fell within the permissible limits and the Company did not record any violations due to non-compliance with environmental regulations in 2020.

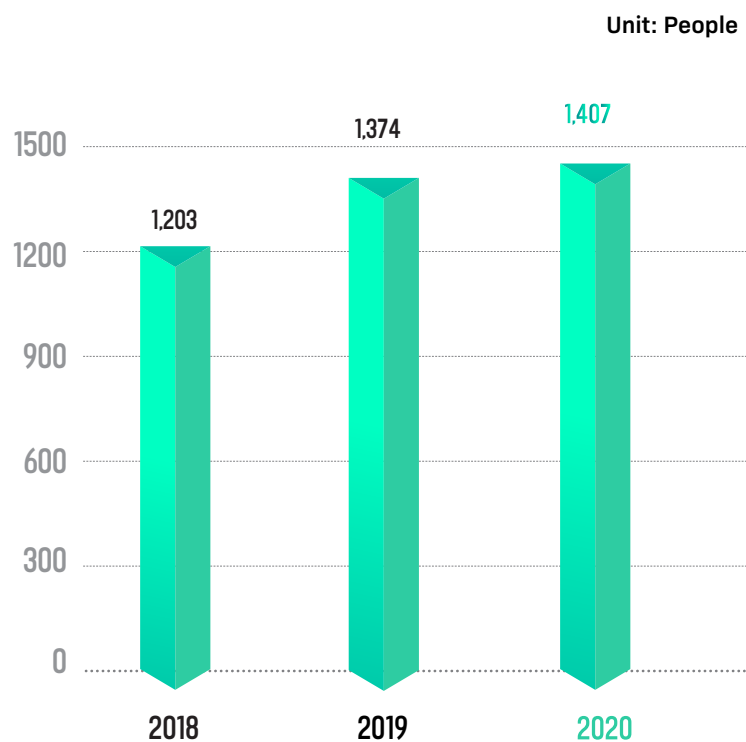




6.5. LABOR POLICIES:

a. Manpower:

MANPOWER IN 2016 – 2020



The workforce increased slightly in size as a result of the application of modern technology (robots) which improved labor distribution in production activities. In 2020, the Company thus had the lowest labor growth rate compared to previous years.



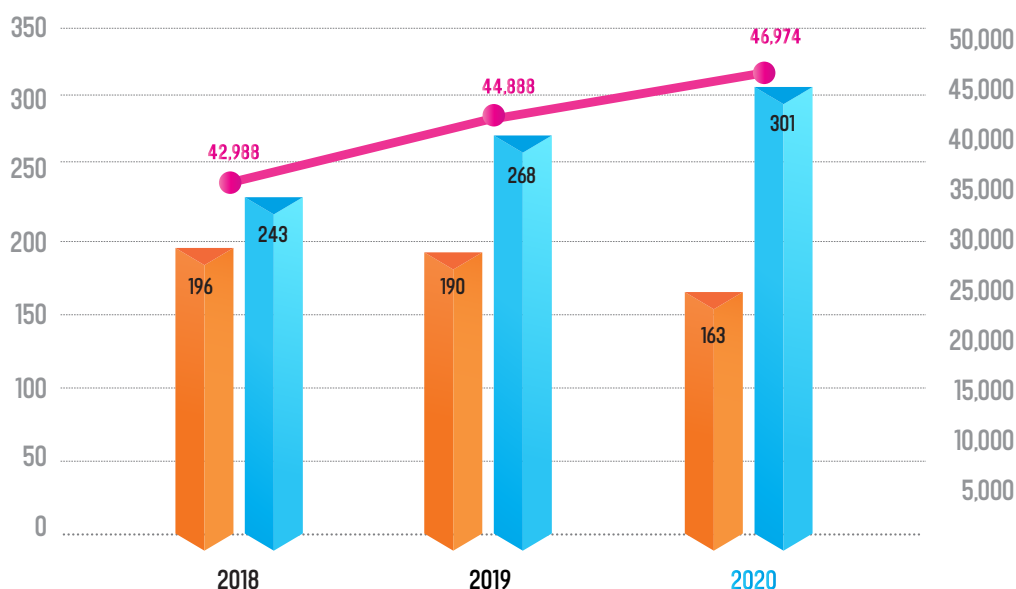
6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

6.5. LABOR POLICIES:

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

INSURANCE EXPENSES PAID BY THE COMPANY

Unit: Million (VND)



The quality of human resources is always one of the top priorities in the sustainable development plan of the Company. In order to create a safe working environment that improves the health of the workforce, the Company focuses on applying positive labor policies such as: organizing periodic and specialized health check-ups; opening the Company's cafeteria which serves food safety, nutritious meals; providing regular professional training and sufficient equipment, especially occupational safety equipment to ensure labor safety; expanding social welfare schemes to be more favorable for employees than specified by law.

In parallel with maintaining a special task force on Safety and Health that supervises labor practices on a daily basis, the Company has implemented 5S activities and set up a SHE division to organize



monthly and quarterly examinations of labor safety and sanitation. 5S activities were well promoted throughout the Company to foster a sense of responsibility, volunteering and self-awareness among employees, which has contributed to improving productivity, ensuring safety and preventing occupational hazards.

The Company regularly reviews and adjusts social welfare policies for the best interests of the employees while following relevant laws and regulations. Specifically, in 2020, the Company implemented more favorable policies for employees compared to the provisions of the law during the COVID-19 pandemic, such as better-paid leave and flexible bonuses. This has raised confidence in the workforce and kept employees with the Company for a long time.

6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

6.5. LABOR POLICIES:

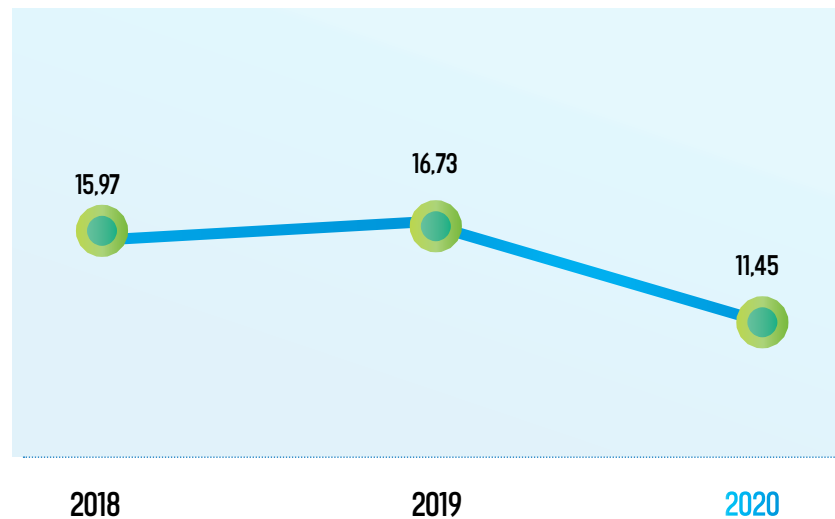




c. Training:

AVERAGE TRAINING TIME

Unit: Hour/Person



To update new knowledge and improve the quality of human resources, based on the results of assessments and surveys from the previous year, training activities are planned at the beginning of the year and adjusted for implementation throughout the year. Specialized domestic and international training sessions in productivity improvement were delivered in both online and face-to-face manners to ensure that technical staff had access to the latest innovations in business and production. However, due to the COVID-19 pandemic, social distancing regulations were applied and limited the organization of training courses to a certain extent.

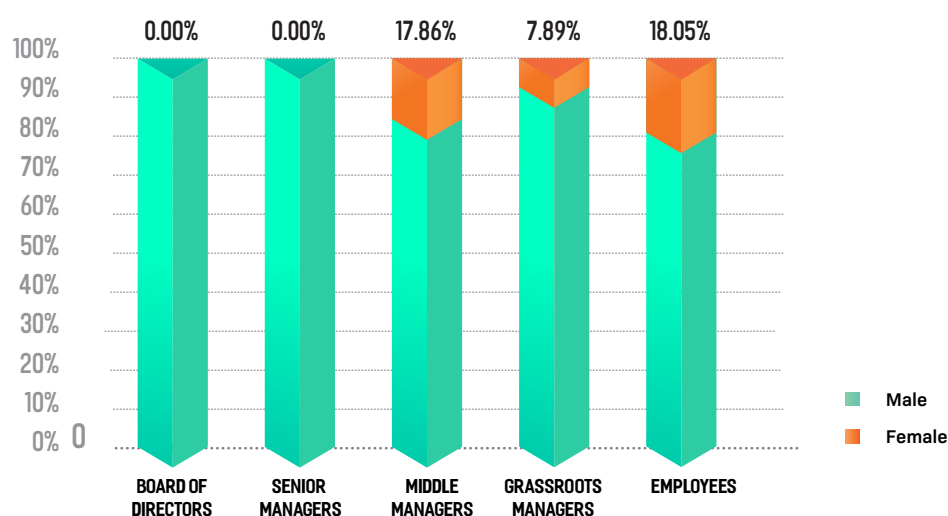
6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

6.5. LABOR POLICIES:

d. Gender equality policies:

- Gender Ratio in the Board of Directors, among Managers at all levels and Employees:

GENDER RATIO IN 2020



Over the past years, legislation on gender equality in Vietnam has drawn increasing public attention with many specific policies aimed at facilitating and enhancing women's participation in all fields.

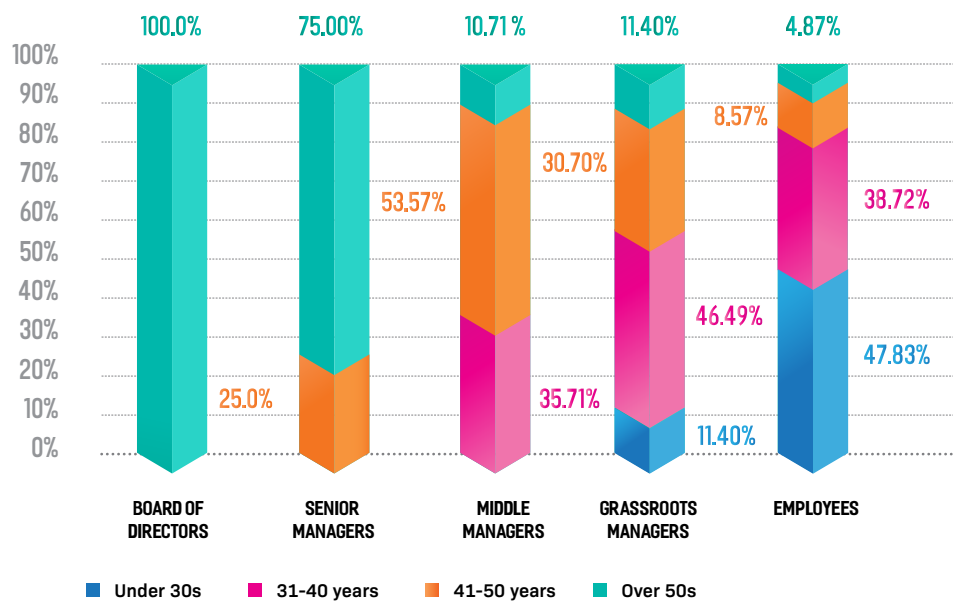
Binh Minh Plastics operates in the manufacturing sector, so the proportion of women is quite modest in the workforce in general and management in particular, but gender equality is always paid special attention by the leaders. This is demonstrated through the participation of women as middle and grassroots managers. This is an encouraging result of improving gender equality in general and empowering more women in leadership and management in particular.

In the near future, following the change in retirement age according to the 2019 Labor Code, the Company will implement clearer and stronger policies to encourage even more female employees to participate in management in order to reduce the gender gap and prepare experienced staff for higher management levels.



- Age Structure in the Board of Directors, among Managers at all levels and Employees:

AGE STRUCTURE IN 2020



The age structure in the Company is reasonable, with under-30s accounting for 47.83% of the workforce, those between 31 and 40 years 38.72% and over-50s less than 5%. This is the “golden” age structure of the workforce.

For managers, seniority is a clear trend for higher managerial levels: in grassroots management, managers aged from 31 to 40 account for 46.49%, while in middle management the proportion is 35.71%.

For senior management, most managers are over 50 years old, as the highest level of management requires the accumulation of experience, expertise and leadership. However, it is necessary to have specific measures for succession planning and rejuvenation of managerial staff.

6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

6.5. LABOR POLICIES:

Activities and policies on gender equality and support for minority groups in the Company:

Ensuring gender equality not only levels the playing field for both men and women to develop their abilities and increase productivity, but also maintains harmonious working relationships to stimulate healthy competitiveness. Thus, in human resources development and management, the Company always focuses on equal rights among all employees.

- In management, the appointment, candidacy and nomination into managerial positions are determined based on the professional capabilities and qualifications of each individual, regardless of gender, origin or other background factors.
- In recruitment and training, it is important to ensure equality in working standards, age requirements or selection of training courses for different professional titles.
- In other employee policies, men and women workers are treated equally in terms of employment, wages, bonuses, social insurance and working conditions.
- If female employees are entitled to benefits such as maternity leave and care, gifts on March 8 and October 20, free Yoga classes, etc., male employees are entitled to benefits such as paternity leave and sports club membership.



6. REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS (continued)

6.6. REPORT ON CORPORATE SOCIAL RESPONSIBILITY

2020 is a year plagued with the pandemic (COVID-19) and natural disasters (continuous storms and floods in the Central region in October & November). Many people were jeopardized into very difficult circumstances, with the serious lack of housing, health care and employment. As an enterprise with positive business results in 2020, Binh Minh Plastics was always willing to help those in need, upholding the tradition of social responsibility to take care of the community in general and disadvantaged individuals in particular. The total value of the social work the Company performed during the year reached the highest-ever level of VND 5.78 billion. Of which:

- VND 5.25 billion was direct donation by the Company.
- VND 0.53 billion was donated by the Labor Union and individual employees.

In addition to those charitable activities, the Company organized many others to support the local community surrounding its headquarters and factories, such as coordinating community security, fire protection and residential sanitation measures. Blood donation is an exemplary activity that has been well maintained for the past 17 years. In 2020, despite being affected by social distancing rules, the Company was still able to mobilize 259 volunteers to donate blood.

6.7. REPORTS RELATED TO GREEN CAPITAL MARKET ACTIVITIES UNDER THE GUIDANCE OF THE STATE SECURITIES COMMISSION: None.







REPORTS AND OBSERVATIONS OF THE BOARD OF MANAGEMENT



1. Assessment of business results	84
2. Financial situation.	92
3. Improvements on organizational structure, policy and management.	96
4. Development plans for 2021 and beyond	97
5. The board of management's explanations on auditor's opinion	99
6. Assessment of environmental impact and social responsibility	100

1. ASSESSMENT OF BUSINESS RESULTS

1.1. OVERVIEW:

ADVANTAGES:

- ▶ The purchasing power of the market has been only slightly affected by the COVID-19 pandemic.
- ▶ The Company has highly trusted products and brands, hence maintaining and growing its market share well.
- ▶ The Company has improved support activities, so the Distribution System operated more stably with less internal competition and conflict of interests.
- ▶ Despite the challenging context, the entire staff demonstrates great responsibility, solidarity and effort to collectively overcome difficulties.
- ▶ The BOM closely followed market developments and promptly proposed clear, sensible and flexible coping policies, ensuring the dual goal of pandemic control and business maintenance.
- ▶ Average raw material prices were stable at low levels in the first three quarters of the year.



CHALLENGES:

- ▶ The COVID-19 pandemic created a dangerous climate of uncertainty; pandemic relief and control measures seriously hampered investment and business activities, as well as disrupting the global supply chain.
- ▶ Competitors continued to implement year-long discounts and promotions to maintain market share, stay within business targets and “entice” the Company’s major distributors.
- ▶ Raw material prices increased steeply in the fourth quarter of 2020.

1. ASSESSMENT OF BUSINESS RESULTS (continued)

1.2. PRODUCTION AND BUSINESS RESULTS IN 2020

The Company reached the following production and business targets:

NO,	INDICATOR	UNIT	TARGET 2020	ACTUAL		%	
				2020	2019		
A	B	C	1	2	3	4=2/1	5=2/3
1	Revenue	Billions(VND)	4,560	4,700	4,343	103	108
2	Sales volume	Tons	110,030	110,574	105,021	100	105
3	Profit before tax	Billions (VND)	582	657	529	113	124
4	Profit after tax	Billions (VND)	465	523	423	113	124

2020 is considered a very difficult year for many businesses. However, considering the achievements, it is clear that the Company has given a very good business performance compared to other companies in the same industry. This exemplifies the BOM's outstanding abilities and the entire staff's amazing efforts.

1.3. ASSESSMENT OF OTHER OPERATIONAL ACTIVITIES:

1.3.1. SALES AND MARKETING

- ▶ Compared to competitors, the Company offers relatively limited discounts to distributors. However, in recent years promotional sales policies have been adjusted to benefit distributors in other ways, hence increasing their competitiveness against rival businesses and distribution systems.
- ▶ The Sales & Marketing division strengthened their monitoring, evaluation and development of the Distribution System, in which compliance with regulations was better and internal competition was controlled, thereby improving the Company's business performance, evidenced in good growth of 2020 sales volume and revenue.
- ▶ In addition to distribution system development, customer care and complaint handling activities, which are all highly appreciated by customers, the Marketing department organized many other public communication activities that proved effective.



1. ASSESSMENT OF BUSINESS RESULTS (continued)

1.3. ASSESSMENT OF OTHER OPERATIONAL ACTIVITIES:

1.3.2. SUPPORT FUNCTIONS:

- ▶ Guaranteed cash flow for business operations. Optimized idle cash to generate good financial returns.
- ▶ Monitored and recovered bad debts well. Reduced bad debts from VND 125 billion to VND 68 billion (of which VND 56 billion was fully made provision for and is in the progress of write-off or liquidation of assets for debt recovery).
- ▶ Organized Credit Councils and Projects on product pricing and identification of high value-added products.
- ▶ Cooperated with third-party companies such as KPMG and IA SCG to conduct annual audits.
- ▶ Refined ERP and BI databases regularly to meet managerial needs timely and effectively. Designed new reports according to administrative requirements.
- ▶ Conducted training on ERP data uses to support the management of all organizational levels. In particular, ERP data have been integrated into other tools such as E-Ordering, E-Invoice, CRM, SCM and HR-IT.
- ▶ Applied strict control measures to ensure safety for all employees during the COVID-19 pandemic.
- ▶ Project HRM-IT: the project has completed and can be accepted in the second quarter of 2021. Project HRM - Salary: the project is being assessed for impacts on Employees to ensure:
 - Maintenance of employees' average income that is higher than what is offered in the market to secure a competitive advantage in attracting high-quality labor.
 - Resolution to the problem of unreasonable situation due to the low income of senior and middle managers and personnel with technical not yet competitive with the market.

1.3.3. PRODUCTION TECHNOLOGY AND INVESTMENT:

- ▶ Ensured good use of existing equipment and reasonable investment in new equipment to fully meet the requirements of production output and product variety. Continued monitoring the fair distribution of equipment among the factories to balance their outputs and optimize logistics activities.
- ▶ Developed 120 new products and ordered the manufacturing of 120 new molds. Put into production 62 sets of molds and launched new products to the market.



- ▶ Completed the feeding automation project at BMBD and initiated a similar project at BMLA. Strongly promoted automation in production at BMSG, with 13 automatic robots currently active in the molding & injection machinery and an additional 50 robots to be expected by 2021.
- ▶ Controlled goods quality and performed customer counseling well.
- ▶ Maintained an efficient operation of the QEMS system. Launched project 5S and project LEAN in all factories, which received rave reviews from the consulting and supervising unit. Implemented the VILAS Laboratory Certification Project.
- ▶ Designated special task forces for occupational hygiene and safety to control conditions of working sites and ensure compliance to regulations.
- ▶ The Company continued promoting investment in technological upgrade, automation of production, product diversification, quality stabilization and improving working conditions to fully meet increasing demands of better products for the market, cut operational costs and realize the Company's goals.

1.3.4. NORTHERN BINH MINH PLASTICS (NBM)

In 2020, NBM focused on developing the Northern market with 02 main strategies:

- Producing products according to the standards appropriate to the Northern market.
- Reorganizing the distribution system as the main distribution channel.

However, the business results fell short of expectations, as both revenue and sales volume in 2020 were lower than those of 2019.

During the year, a new Director was appointed and there were many changes in personnel..

1.3.5. DA NANG PLASTICS (DPC)

- ▶ DPC has been operating as an efficient intermediary warehouse to distribute BMP's products in the Central region. Sales revenue in 2020 through DPC is about VND 213 billion.
- ▶ A factory is under construction in Lien Chieu Industrial Park for relocation purposes, expected to be completed in 2021.

1. ASSESSMENT OF BUSINESS RESULTS *(continued)*

1.3. ASSESSMENT OF OTHER OPERATIONAL ACTIVITIES:

1.3.6. PROJECTS:

- ▶ Project HRM-IT: expected to be completed in Quarter 2/2021.
- ▶ Project HRM - Salary: expected to be completed in Quarter 2/2021.
- ▶ Project LEAN: in coordination with IMT to apply more widely in factories.
- ▶ Project Supply Chain Management (SCM): in coordination with NPI to apply in the whole Company.
- ▶ Project VILAS Laboratory Certification.
- ▶ Product Pricing and High Value-Added Product Identification Project is ongoing and integrated with the SCM project for support.

1.3.7. BMP AND NPI COLLABORATION

- ▶ Exchanged information about Business, Marketing, Research & Development, Finances, Human Resources, Production, and IT activities between the two parties.
- ▶ NPI supported the organization of Planning Methods workshops under OGSM. Sent NPI experts to provide short-term support at NBM and BMP.
- ▶ Researched the market and production capacities to coordinate sales of each other's products in Southeast Asia.
- ▶ Reported data for consolidation with those of NPI and SCG.

1.3.8. THE BOARD OF MANAGEMENT

In self-assessment, the BOM believed 2020 is a year of SUCCESSFUL and EFFECTIVE management of the Company's operations, with excellent coordination of executives at all organizational levels.



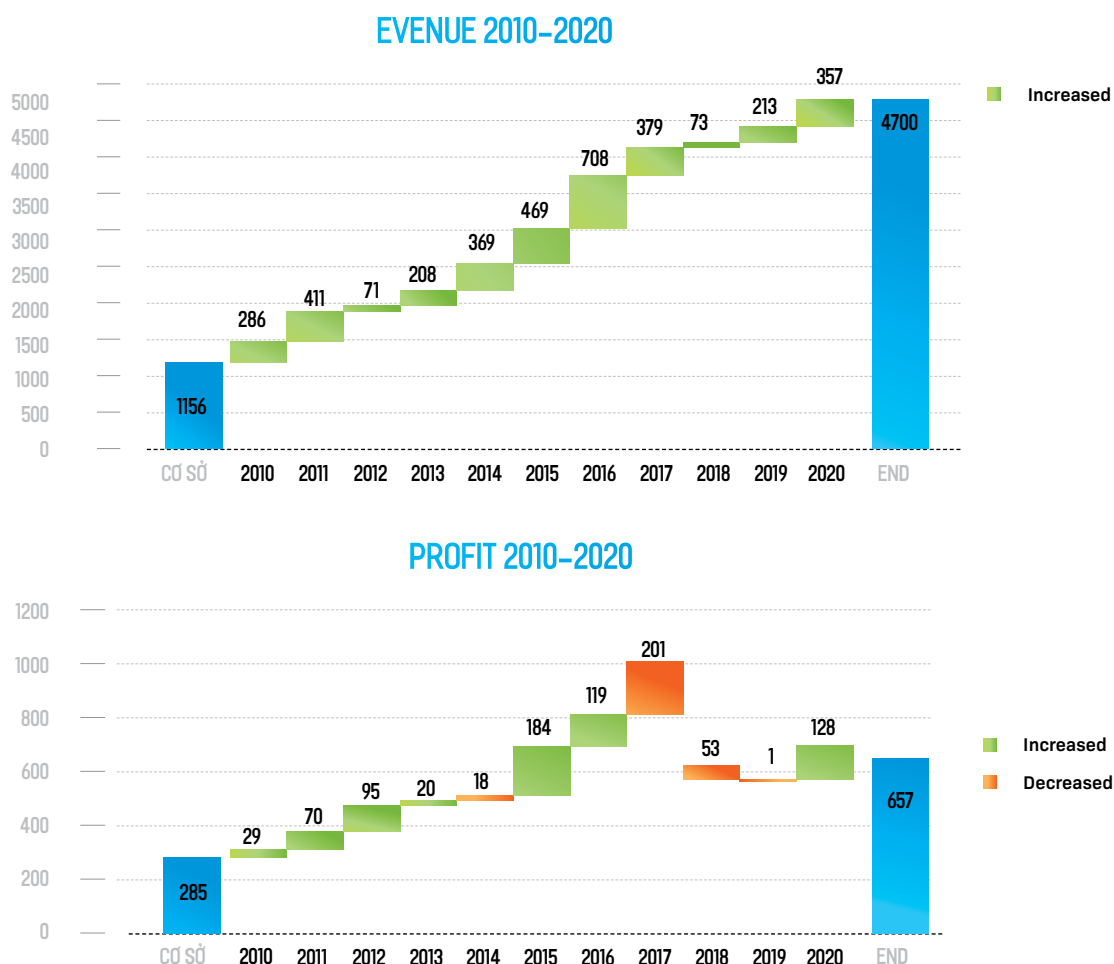
1.3.9. GENERAL ASSESSMENT OF 2020 BUSINESS RESULTS

- ▶ Revenue increased by 8%, Sales volume increased by 5%, and Profit before tax increased by 24% compared to 2019. The Company achieved EXCELLENT business results in the highly challenging year of 2020, especially when comparing with results of other big competitors. The achievement of high growth rates demonstrated the Company's outstanding efforts, and such POSITIVE factors have contributed greatly to increasing the Company's market share and affirming its leading position.
- ▶ The Company has maintained its prestige as the largest market share holder in the plastic pipes & fittings business in Vietnam, especially as the only company currently producing 100% environment-friendly and non-toxic PVC-U pipes and fittings that do not contain heavy metal components.
- ▶ Although “supply” has been exceeding “demand” and rivals always contest for bigger market shares through aggressive promotional campaigns, causing great disturbance in the market, the Company has secured a healthy competitive edge by focusing on high-quality products and services. The flexible sales policy to subsidize selling costs for distributors and increase their competitiveness has yielded positive impacts.
- ▶ The Company managed to ensure appropriate human resources for smooth operation; however, it is necessary to strengthen the management apparatus. The Company also paid close attention to the employees' benefits to foster their loyalty, dedication and better performance.



2. FINANCIAL SITUATION

B. MAIN FINANCIAL INDICATORS:



Reflecting on the past decade, Binh Minh Plastics had its sales revenue increased over four-fold, from VND 1,156 billion to VND 4,700 billion, and its profit increased nearly 2.3 times, from VND 285 billion to VND 657 billion by the end of 2020. This achievement is thanks to the best efforts of the Board of Management who always prioritize the customers and meet their growing demands by focusing on research, development and diversification of products, adherence to core values and improvement of after-sales services. Binh Minh Plastics

gradually gained crucial market shares from competitors to become the leading enterprise, the most effective business in the construction materials industry.

2020 has been a turbulent year for the whole world and Vietnam in particular due to impacts of the COVID-19 pandemic. However, thanks to advantages from low raw material prices and consistent support from customers, Binh Minh Plastics not only overcame the difficulties but also overperformed the targets.



Profitability

INDICATOR	DESCRIPTION	2018	2019	2020
Net profit/net revenue (1)	Net profit margin	10.9%	9.7%	11.2%
Net revenue/average total assets (2)	Asset turnover ratio	1.4	1.53	1.60
Average total assets/average shareholder's equity (3)	Financial leverage ratio	1.2	1.15	1.19
ROA = (1)*(2)	Return on assets	15.0%	14.9%	17.8%
ROE = ROA* (3)	Return on equity	17.4%	17.2%	21.2%

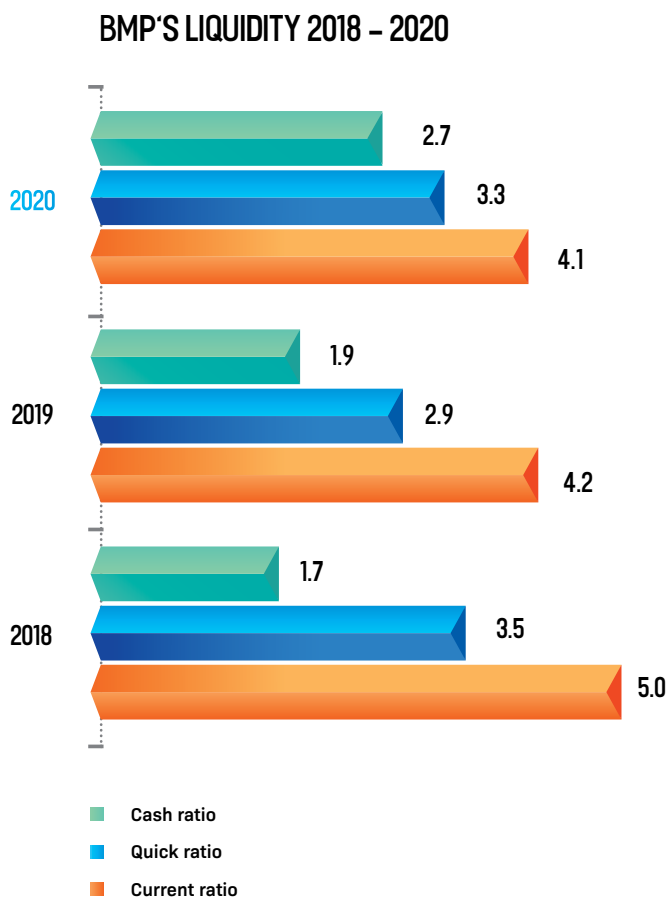
Source: BMP's audited consolidated financial statements for 2016-2020



In 2020, both profitability ratios (ROA and ROE) were improved, mainly due to a 1.5% increase in net profit margin. As a result, BMP has exceeded the sales and profit targets assigned by the AGM. As costs of goods sold decreased, net profit increased by 24% to VND 523 billion and the 2020 return on equity (ROE) reached 21.2%, up 4% compared to 2019.

2. FINANCIAL SITUATION (continued)

B. MAIN FINANCIAL INDICATORS:



Solvency

The highlight of BMP's liquidity in 2020 is the cash ratio of 2.7, which means each unit of short-term debt at the end of 2020 is backed by 2.7 units of cash, the most liquid asset to ensure the fulfillment of payment obligations. Therefore, BMP can secure the payment of short-term debts through selling short-term assets with almost no liquidity risk.

This advantage has allowed BMP to not only enjoy interest from bank deposits but also make good use of various payment incentives in purchases of high-quality raw materials, goods and services from suppliers.

Although unable to compete with industry peers in terms of huge discounts, Binh



Minh Plastics has established a distinct competitive edge through applying advanced management processes to provide superior environment-friendly products and customer-friendly services, better meeting the needs of the market, harmonizing the interests of shareholders and employees and maximizing business value.

3. IMPROVEMENTS ON ORGANIZATIONAL STRUCTURE, POLICY AND MANAGEMENT:

- ▶ The Company continued adjusting the salary structure to align with industry regulations and to attract high-quality human resources for future development needs.
- ▶ The Enterprise Resourcing Planning (ERP) system helped the Company obtain fast, consistent, transparent information, accurately control data and conduct quick, flexible decision-making. The Company continued expanding the scope of the ERP system, supplementing databases and strengthening the capacity of data mining and analysis to support smart planning in all sectors (production, finance and sales) in response to the rapidly changing business environment.
- ▶ Improved internal management efficiency through tools such as ERP, BI, E-ordering, E-invoice, CRM, SCM, 5S, OPI, LEAN and SHE.
- ▶ Monitored strictly all COVID-19 control measures throughout the Company, ensuring safety for all employees.
- ▶ Fostered a culture of innovation, promoting technical innovations and professional improvements that led to cost-effective practices throughout the Company.





4. DEVELOPMENT PLANS FOR 2021 AND BEYOND:

4.1 OVERVIEW:

ADVANTAGES:

- ▶ Forecasts remain optimistic that Vietnam's economy is likely to grow between 6% and 7% in 2021.

CHALLENGES:

- ▶ The COVID-19 pandemic remains an uncertainty whose impacts can't be fully evaluated. If it continues, it will affect economic growth and reduce demand for consumption.

▶ RAW MATERIALS:

- High prices: the current PVC powder price is 1.9 times higher than the average price in 2020 and 2.8 times higher than the lowest price in 2020.
- Forecasts of raw materials prices lose credibility very quickly due to sweeping overpricing cycles globally and regionally.
- Supply is limited due to high prices and severely disrupted supply chains.

4.2 BMG'S CONSOLIDATED BUSINESS PLAN IN 2021

NO.	INDICATOR	UNIT	TARGET 2021/ACTUAL 2020		%
			2021	2020	
A	B	C	1	2	3=1/2
1	Revenue	Billion (VND)	5,200	4,700	111
2	Sales volume	Ton	115,000	110,574	104
3	Profit before tax	Billion (VND)	657	657	100
4	Profit after tax	Billion (VND)	523	523	100

4.3 INVESTMENT PLAN IN 2021

NO.	ITEM	UNIT	TARGET 2021	NOTE
A	B	C	D	E
1	PRIORITY EQUIPMENT	Billion (VND)	268	Including 5% redundancy

4. DEVELOPMENT PLANS FOR 2021 AND BEYOND: (continued)





4.4 MESSAGE OF THE GENERAL DIRECTOR

The theme of the Company's 2019 Annual Report was

“PROACTIVELY ADAPTING - HOLDING THE LEAD”

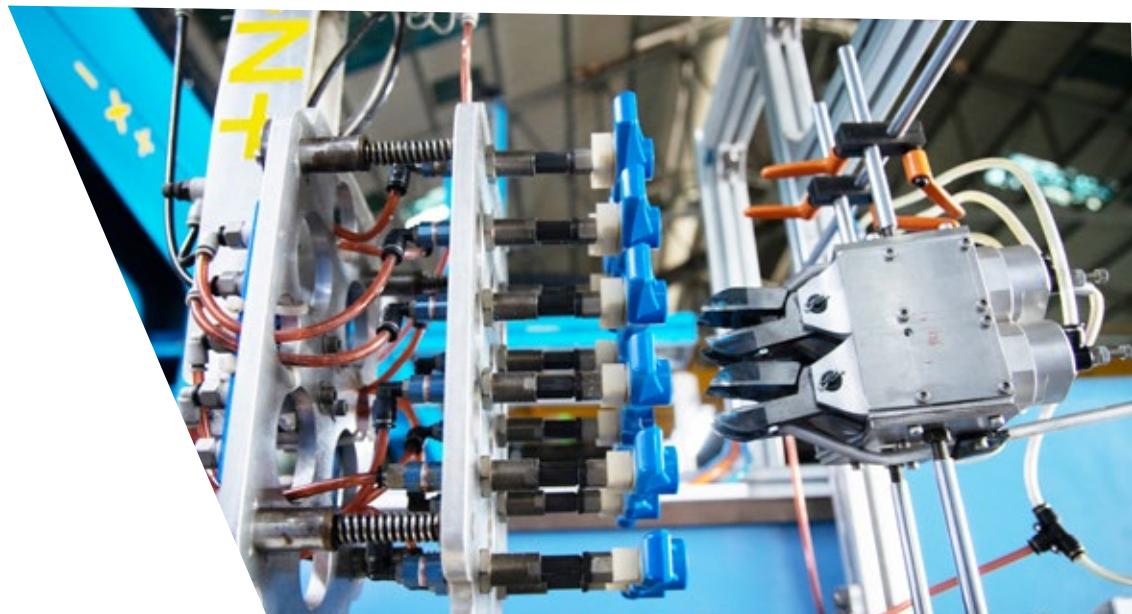
The Company is proud to announce that it has successfully accomplished both major goals despite various unforeseen challenges of epidemics, disasters and conflicts of 2019. The 2020 business results affirm that the Company managed to “HOLD THE LEAD”, and this is thanks to the solidarity of all employees in their efforts to achieve the dual goal of SAFETY in pandemic control and EFFECTIVENESS in production and business operation.

The Board of Management is determined to adhere to the governance principles of Honesty, Transparency and Justice for the greatest mission of BINH MINH PLASTICS' development. The Company has maintained its stable operation and staff unity, working with the highest efficiency to harmonize the interests of all stakeholders. The Board of Management has also garnered the total support of the Annual General Meeting, the Board of Directors and the Control Board to continue to

“STRENGTH EXPLOITATION - FLEXIBLE RESPONSE - OVERCOME CHALLENGES”

as stated in the theme of the annual report this year.

5. THE BOARD OF MANAGEMENT'S EXPLANATION FOR AUDITOR'S OPINION: None.



6. ASSESSMENT OF ENVIRONMENTAL IMPACT AND SOCIAL RESPONSIBILITY

A. ASSESSMENT OF ENVIRONMENTAL IMPACTS

Applying the environmental management system in compliance with ISO 14001:2015, the Company closely controlled environmental indicators to improve the working conditions of employees and meet legal requirements. Remarks:

Waste: All types of waste are classified at source by the Company, which makes it easy for management and transportation to specialized, state-licensed waste treatment companies. In 2020, production activities at the Company (including BMP and NBM) generated 142 tons of hazardous waste, all of which were handed over to specialized waste treatment companies.

Wastewater: 100% of the water used in production activities at the Company is reused. The only source of wastewater is domestic consumption by employees. This kind of wastewater is well treated by factories and member units before being discharged into local sewage systems.



Exhaust gases: Production activities at the Company do not emit harmful gases, hence not affecting the ecological environment and working conditions.

Dust: The Company invested in specialized equipment to limit dust emissions, which has proved highly effective. Results of environmental tests are much lower than threshold levels specified in current legal regulations.

6. ASSESSMENT OF ENVIRONMENTAL IMPACT AND SOCIAL RESPONSIBILITY *(continued)*

B. ASSESSMENT OF EMPLOYEES' WELFARE:

A sustainable business is one with great resilience and social responsibility. Therefore, social responsibility related to employees is considered an important factor in the Company's development strategy.





The Company strictly complies with provisions of the law relating to employees such as:

- ▶ **Regarding employment:** Only recruiting workers aged 18 and over, without any discrimination based on gender, race, religion or region.
- ▶ **Regarding benefits:** The Company has a transparent policy on salaries, bonuses and perks, which is constantly updated to keep up with market demands as well as ensuring employees' quality of life.
- ▶ Employees' legal rights and interests are always respected, demonstrated through the construction of the Democracy Regulation, Collective Labor Agreement, Anti-sexual harassment Regulation and other official papers.
- ▶ **Health - Safety - Work environment:**
 - Organizing a medical department to take care of employees' health, strictly ensuring sufficient working hours and rest hours according to regulations, regularly assessing environmental impacts on employees' health.
 - Developing internal rules and providing regular training on standardized working processes to ensure occupational safety and sanitation.
 - Optimizing management with information technology; organizing social events and team-building activities such as Company anniversaries, writing contests, sports festivals and outing trips.

6. ASSESSMENT OF ENVIRONMENTAL IMPACT AND SOCIAL RESPONSIBILITY (continued)

C. ASSESSMENT OF SOCIAL RESPONSIBILITY TO THE LOCAL COMMUNITY:

In 2020, Binh Minh Plastic Joint Stock Company demonstrated clearly and effectively a strong sense of social responsibility to local communities. The contributions are remarkable not only in quantity, proven in the value of donations to social causes, but also in quality, evident in the careful considerations on the what, the whom, the where and when to take actions that are most appropriate in specific real-life situations. The Company's social activities during the year attracted the support of all employees and encouraged a sense of pride in working at Binh Minh Plastics.

Furthermore, although these social activities were not originally intended for branding purposes, in reality they contributed positively to Binh Minh Plastics' public image and business performances in 2020. In other words, a well-deserved reward for a socially responsible enterprise.







BOARD OF DIRECTORS EVALUATIONS ON BUSINESS OPERATIONS



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1. THE BOARD OF DIRECTORS' ASSESSMENT OF BUSINESS OPERATION



OWNERSHIP STRUCTURE:

Nawaplastic Industries Co. Ltd. (NPI) holds 54.39% of the Company's equity and is currently its largest shareholder. In addition, institutional investor KWE Beteiligungen AG holds 5,233%.

BUSINESS PERFORMANCE:

- Compared to 2019, the main indicators are positive, such as revenues reaching 4,700 billion (+8%), sales volume 110,754 tons (+5%), and profit before tax VND 657 billion (+24%). These results all exceed the 2020 targets assigned by the General Meeting of Shareholders (GMS).
- To promote shareholders' interests, the Company made an interim dividend payment of VND 396 billion for 2020, equivalent to about 76% of profit after tax and 48% of charter capital.
- With the above results, 2020 is considered a successful year for the Company amid the challenging COVID-19 pandemic context where most enterprises in the industry experienced significant decreases in sales volume and revenue. Comparing the 2020 results with those of major competitors, the BOD highly appreciates the outstanding business performance and proudly affirms that the Company maintains its leading position and has had excellent growth in market share.



2. THE BOARD OF DIRECTORS' SELF-ASSESSMENT

- The BOD stably maintains operations in compliance with the Company's Charter. Due to impacts of the COVID-19 epidemic, the 2020 General Meeting of Shareholders was organized in June 2020. The BOD held 07 regular BOD meetings. Those were virtual meetings, yet fully in compliance with the Company's Charter.
- The BOD regularly updated on the Company's operations through periodic reports of the General Director, complied with the principles of corporate governance and performed well all the duties specified by the 2020 AGM's Resolution.
- The BOD regularly interacted with the Control Board and promptly responded to suggestions by the General Director for the Company's development.
- The BOD actively supported the collaboration between NPI and BMP to create opportunities for sharing experiences, improving governance capacity, unifying data systems and networking for future endeavors.
- Activities of Sub-committees: The BOD maintained the operations of supporting Sub-committees, including Investor Relations Sub-committee, Development Strategy Sub-committee, Human Resources - Policy - Remuneration Sub-committee, and Risk Management and Internal Control Sub-committees. Due to limited working conditions for their leaders, the Sub-committees was not really effective yet in advisory role as expected.
- The BOD was fully committed to the general development orientation of the Company, which involves prioritizing quality as the central factor and maintaining the leading position of the Company in the industry. The BOD also determined the strategic direction of balancing between growth in market share and profit and benefits of Shareholders, Customers and Employees.
- In particular, the BOD decided to focus on improving employee satisfaction and safety with better remuneration, better working environment and active retention of high-quality human resources in the Company.
- The BOD carefully considered the activities of a subsidiary, Northern Binh Minh Plastics (NBM), and an associate, Da Nang Plastics, with a view to improving operational efficiency in the Northern and Central Vietnamese markets.

3. INDEPENDENT BOD MEMBERS' ASSESSMENT

- The BOD has been operating stably and effectively. All members are responsible for the Company's operations, as they actively follow, monitor and critique how effectively the Company has been running. The BOD remains critical yet always ready to show support for the General Director's proposals in order to facilitate the development of the Company.
- The business performance in 2020, compared to those of industry peers, are remarkable, demonstrating the BOM's great capacity and all employees' amazing efforts. The BOD has duly recognized the responsibility and dedication of all employees, which contributed massively to the exceptional achievements of 2020, and fully met the requirements outlined by the GMS and BOD for the year.
- The independent members highly appreciate the BOD's active support regarding employees' interests in the Company. As the Company has been operating with high efficiency, the independent members advise the BOD to continue supporting the improvement of remuneration policies to match the Companies' growing size and reputation. Specifically, the BOD should ensure the average income of employees is higher than what is currently offered in the market in order to retain and recruit high-quality personnel for sustainable development.
- The role of the independent BOD member is respected and assigned to lead the Human Resources Policy-Remuneration Sub-committee, so the member offers a different perspective to that of the BOD in this aspect to provide critical suggestions.





4. THE BOARD OF DIRECTORS' ASSESSMENT OF THE BOARD OF MANAGEMENT

- The BOM has fostered a strong sense of solidarity throughout the Company, promoting individual abilities along with teamwork spirit in every activity.
- The BOM has been very effective and flexible, closely following market developments to promptly adopt appropriate measures in response to changes in the business environment, thus conditioning the exceptional achievement of all major targets in 2020.
- In addition to maintaining production and business, the BOM has actively implemented major projects which will have long-term influences on the Company's development and contribute to improving the Company's governance capacity.

5. THE BOARD OF DIRECTORS' ORIENTATION ON VISION AND DEVELOPMENT STRATEGY

- Affirming the Company's capacity and leading position in the Vietnamese market, allowing flexibility in policies to improve business performance. Prioritizing the development of market share and collaboration with other companies in the SCG group to keep the leading position in ASEAN.
- Enhancing the overall competitiveness through up-leveling the administration ability, applying the advanced management models, tools and investing the modern technologies. Laying the foundation for an advanced "digitalized" management structure.
- Accelerating the development of new products and expansion of markets. Continuing adjustment to the Distribution System based on a proactive business model to increase the levels of initiative when planning and implementing market development activities, assigning tasks or planning for the Distribution System's growth.
- Increasing the extent of automation in production, promoting cost-saving innovations. Creating a comprehensive Supply Chain Management Model (SCM) compatible with the current business model in BMP to optimize resources, boost business efficiency and improve the Company's management.
- Focusing on the development of human resources quality, building a safe, friendly working environment and enhancing benefits for employees. Improving remuneration policies and other HR initiatives to retain and recruit high-quality personnel for both operation and management.







CORPORATE GOVERNANCE



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1. THE BOARD OF DIRECTORS

A. MEMBERS AND ORGANIZATIONAL STRUCTURE OF THE BOARD OF DIRECTORS



No.	FULL NAME	POSITION	HOLDING OF VOTING SHARES	HOLDING PERCENTAGE
1	Mr. Sakchai Patiparnpreechavud	Chairman	0	0
2	Mr. Nguyen Hoang Ngan	Vice Chairman	618,550	0.756%
3	Mr. Wisit Rechaipichitgool	Member	0	0
4	Mr. Poramate Larnroongroj	Member	0	0
5	Mr. Phan Khac Long	Independent Member	0	0

**MR. SAKCHAI PATIPARNPREECHAVUD**

Chairman of the BOD
(Non-executive member)

Year of birth: 1967

Qualification: Master of Business Administration.

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.

1. THE BOARD OF DIRECTORS *(continued)*

A. MEMBERS AND ORGANIZATIONAL STRUCTURE OF THE BOARD OF DIRECTORS



MR. NGUYEN HOANG NGAN

(details in the Board of Management introduction)

Vice Chairman of the
Board of Directors –
General Director



MR. WISIT RECHAIPICHITGOOL

(details in the Board of Management introduction)

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

1. THE BOARD OF DIRECTORS (continued)

A. MEMBERS AND ORGANIZATIONAL STRUCTURE OF THE BOARD OF DIRECTORS



MR. PORAMATE LARNROONGROJ

Member of the BOD
(non-executive member),
Year of birth: 1963
Qualification: Master of Industry

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. 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.

1. THE BOARD OF DIRECTORS (continued)

B. SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS

No.	SUBCOMMITTEE	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
		Ms. Nguyen Thi Chuc Quynh	Legal Officer Committee Member
		Mr. Pham Hai Dang	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
		Mr. Phung Huu Luan	Deputy Director of Accounting and Finance Committee Member
		Ms. Vy Thi 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



C. ACTIVITIES OF THE BOARD OF DIRECTORS:

From January 1, 2020 to December 31, 2020, 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	7/7	100%	
2	Mr. Nguyen Hoang Ngan	7/7	100%	
3	Mr. Wisit Rechaipichitgool	7/7	100%	
4	Mr. Poramate Larnroongroj	7/7	100%	
5	Mr. Phan Khac Long	6/7	86%	Busy mission

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

NO.	RESOLUTION NO.	DATE	CONTENT
1	01/NQ-BM/HĐQT/2020	25 February 2020	Authorization of General Director to sign credit and collateral contracts
2	02/NQ-BM/HĐQT/2020	25 February 2020	2019 bonuses for employees, Board of Directors and Control Board
3	03/NQ-BM/HĐQT/2020	26 March 2020	New bonus schemes for employees from 2020
4	04/NQ-BM/HĐQT/2020	15 April 2020	Second interim payment of 2019 dividends
5	05/NQ-BM/HĐQT/2020	08 May 2020	Finalizing registration date for AGM 2020 attendance
6	06/NQ-BM/HĐQT/2020	24 July 2020	Finalizing registration date for third payment of 2019 dividends
7	07/NQ-BM/HĐQT/2020	14 September 2020	First interim payment of 2020 dividends
8	08/NQ-BM/HĐQT/2020	16 November 2020	Reappointing Mr. Nguyen Hoang Ngan as General Director
9	09/NQ-BM/HĐQT/2020	16 November 2020	Re-appointing Mr. Nguyen Thanh Quan as Deputy General Director

NO.	RESOLUTION NO.	DATE	CONTENT
1	01/QĐ/HĐQT/2020	24 July 2020	Applying revised salary coefficients for employees from 01 Jan 2020
2	02/QĐ/HĐQT/2020	16 November 2020	Reappointing Mr. Nguyen Hoang Ngan as General Director
3	02/QĐ/HĐQT/2020	16 November 2020	Re-appointing Mr. Nguyen Thanh Quan as Deputy General Director

1. THE BOARD OF DIRECTORS (continued)

D. ACTIVITIES OF INDEPENDENT BOD MEMBERS:

The independent member of the BOD has participated in 6/7 of the BOD meeting. 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 for senior executive positions in the Company.

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 2020, the BOD members have not yet arranged time to participate in training programs on corporate governance. However, the Company's secretary and the person in charge of corporate governance have participated in the DPC 7 training course at VIOD Institute.





2. CONTROL BOARD

A. MEMBERS AND STRUCTURE OF THE CONTROL BOARD:

NO.	FULL NAME	TITLE	OWNERSHIP OF VOTING SHARES	ATTENDANCE IN THE CONTROL BOARD'S MEETINGS	ATTEN DANCE RATE	NOTE
1	Mr. Nguyen Thanh Thuan	Head of the Control Board	0	4/4	100%	Inde- pendent member
2	Mr. Praween Wirotpan	Member of the Control Board	0	4/4	100%	From SCG
3	Ms. Nguyen Luu Thuy Minh	Member of the Control Board	14.040	4/4	100%	Employ- ees' rep- resenta- tive



2. CONTROL BOARD (continued)

A. MEMBERS AND STRUCTURE OF THE CONTROL BOARD:



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.

**MR. PRAWEEN WIROTPAN****Member of the Control Board****Year of birth: 1968****Qualification: Master of Finance and Accounting.****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.

2. CONTROL BOARD (continued)

A. MEMBERS AND STRUCTURE OF THE CONTROL BOARD:



MS. NGUYEN LUU THUY MINH

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

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.



B. THE CONTROL BOARD'S ACTIVITIES

The Control Board's activities:

In 2020, due to impacts of the COVID-19 pandemic, the Control Board was able to organize only 02 in-person meetings at the Company's office to monitor the financial situation, business activities and internal processes/regulations and to inspect the compliance with the Law on Enterprises, the Company Charter and the AGM resolutions. Specific contents are as follows:

NO.	DATE	NUMBER OF PARTICIPANTS	MAIN CONTENT
1	24 June 2020	3/3	<ul style="list-style-type: none"> • Reviewing business results in 2019 and Quarter 1/2020 • Reviewing financial statements of 2019 and Quarter 1/2020 • Reviewing SCG IA's recommendations and the Company's explanations for remediation/prevention.
2	30 September 2020	3/3	<ul style="list-style-type: none"> • Reviewing and updating business results for the first eight months of 2020. • Reviewing financial statements of Quarter 2/2020. • Reviewing investment progress in the first eight months of 2020. • Updating and commenting on SCG IA's recommendations and the Company's explanations • Reviewing and commenting on KPMG's recommendations regarding the mid-2020 financial report.

In addition, the Control Board attended all meetings of the Board of Directors in order to update on production and business activities and to provide comments on finance and accounting issues

2. CONTROL BOARD (continued)

B. ACTIVITIES OF THE CONTROL BOARD

Supervisory results of the Control Board:

Monitoring the implementation of 2020 AGM resolutions:

- ◆ The BOD and the BOM have fully implemented the contents approved in the Resolution of the 2020 AGM.
- ◆ The Company achieved very good business results in the difficult year of 2020, with revenue increasing by 3% and profit by 13% compared to the initial targets.

Supervising activities of the BOD, the BOM and shareholders:

- ◆ The Control Board recorded no unusual activities of any 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. In 2020, the BOD increased the number of meetings to follow the fast-changing situation and promptly resolve arising issues of the Company.
- + The BOM proactively and flexibly set out new business policies to improve the Company's competitiveness. The Control Board highly appreciates the BOM's successful efforts in cost control, debt monitoring and collection and idle cash management, thereby improving the Company's business efficiency.
- ◆ In 2020, the BOD held 07 meetings, issued 09 Resolutions and 03 Decisions in accordance with the Company's Charter, followed closely the actual situation and promptly solved the Company's arising issues.
- ◆ 04 Sub-committees under the BOD have improved in effectiveness, thereby providing useful advice to the BOD and the BOM on practical issues of the production and business activities.



Coordination among 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 supported by the BOM; all documents to be checked were fully provided to the Control Board in a timely manner, which supported supervisory activities well.

Reviewing financial statements and other activities

- ◆ After reviewing the audit report, the Control Board agreed with the data and conclusions of the auditor KPMG.
- ◆ The Company has strictly complied with current regulations on information disclosure on the stock market.
- ◆ The Company implemented pandemic control measures well, ensuring safety for production and business activities.

The Control Board's 2021 plan:

In 2021, the Control Board will strengthen supervisory activities to ensure compliance and transparency in the Company's production and business activities, specifically:

- ◆ Supervising compliance with the Company's Charter and Resolutions of the AGM and BOD.
- ◆ Supervising the BOD's and BOM's management and administration activities.
- ◆ Verifying the accuracy and transparency of the Company's quarterly and annual financial statements.
- ◆ Reviewing and revising internal processes/regulations.
- ◆ Providing consultancy to the BOD and the BOM to improve business performance.

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

A. REMUNERATION AND OTHER BENEFITS

NO,	FULL NAME	TITLE	INCOME AFTER TAX
1	Sakchai Patiparnpreechawud	BOD Chairman	1,878,343,159
2	Nguyen Hoang Ngan	BOD Vice-Chairman - General Director	3,284,268,219
3	Sumphan Luveeraphan	BOD Member	141,955,320
4	Phan Khac Long	BOD Independent Member	1,276,881,632
5	Wisit Rechaipichitgool	BOD Member	2,545,504,687
6	Poramate Larnroongroj	BOD Member	993,050,574
7	Bong Hoa Viet	BOD Secretary - Assistant to General Director	1,349,124,605
Total (BOD)			9,590,785,037
1	Nguyen Thanh Thuan	Head of Control Board	912,490,773
2	Praween Wirotpan	Member of Control Board	547,494,464
3	Nguyen Luu Thuy Minh	Member of Control Board - Risk management & internal audit specialist	868,367,285
Total (Control Board)			868,367,285
1	Nguyen Thanh Quan	Deputy General Director	1,732,795,290
2	Nguyen Thanh Hai	Deputy General Director	1,640,238,024
3	Hong Le Viet	Chief accountant	1,057,341,767
Other bonuses			4,430,375,081
TOTAL			14,889,527,403



3. 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
Phan Khac 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	0	665.899	0.8%



Transactions of shareholders holding 5% or more:

ORGANIZATION	HOLDING OF SHARES BE- FORE TRANSACTION	TRANSACTION		SHARE- HOLDING AFTER TRANSACTION	HOLDING RATIO
		BUY	SELL		
Nawaplastic Industries Co., Ltd.	44,525,911			44,525,911	54.39%
Franklin Templeton Investment Funds- Templeton Frontier Markets Fund	4,738,652		1,509,180	3,229,472	3.95%
KWE Beteiligungen AG	3,795,118	488,590		4,283,708	5.23%
TOTAL	53,059,681			52,309,091	63.57%



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

C. IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS:

Achievements:

- ◆ Strictly complied with regulations on periodic and extraordinary information disclosure.
- ◆ Despite impacts of the COVID-19 pandemic, the Company flexibly adjusted the procedures and organized the 2020 AGM in accordance with regulations.
- ◆ The BOD and Control Board regularly conducted meetings in accordance with the Company's regulations to assess performance results of the period and make plans for the next period. In such meetings, timely and appropriate decisions were made in accordance with corporate governance principles.
- ◆ The BOD's Sub-committees stabilized their operation, providing ideas, suggestions and consultation to the BOD.
- ◆ Timely updated and studied the revised Corporate Governance regulations under the 2020 Enterprises Law and the 2019 Securities Law.

Limitations:

- ◆ In 2020, there were still cases of delayed release of unusual information, which were warned by HOSE.
- ◆ The BOD for the 2018-2023 term is comprised of five members, of which only one is an independent member. This does not meet the requirement that at least a third of the BOD members are independent members. However, in 2021, following Decree 155/2020/ND-CP effective from December 31, 2020, for a public company with 3 to 5 members in the BOD, a minimum of one independent member available is required. As such, this limitation will automatically be corrected in 2021.



ENVIRONMENT - SOCIAL - GOVERNANCE (ESG) REPORT

See section III.6 Reports on environmental and social impacts (page 100) and section V. Corporate governance (page 114).







THE CONSOLIDATED FINANCIAL STATEMENTS



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BINH MINH PLASTICS JOINT STOCK COMPANY

CORPORATE INFORMATION

Business 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
Mr. Wisit Rechaipichitgool	Member
Mr. Phan Khac Long	Member

Board of Supervision

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

Legal Representative

Mr. Nguyen Hoang Ngan	Vice Chairman cum
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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”) presents 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 2020.

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 144 to 192 give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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, 25 March 2021

INDEPENDENT AUDITOR'S REPORT

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 2020, 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 25 March 2021, as set out on pages 144 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 2020 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.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 20-01-00328/1*2-21-2



Nelson Rodriguez Casihan

Practicing Auditor Registration
Certificate No. 2225-2018-007-1

Deputy General Director

Truong Vinh Phuc

Practicing Auditor Registration
Certificate No. 1901-2018-007-1

Ho Chi Minh City, 25 March 2021

BINH MINH PLASTICS JOINT STOCK COMPANY AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET

as at 31 December 2020

ASSETS	Code	Note	31/12/2020 VND	1/1/2020 VND
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		2,128,869,195,093	1,501,804,754,804
Cash and cash equivalents	110	4	195,737,830,491	313,509,353,245
Cash	111		75,737,830,491	97,509,353,245
Cash equivalents	112		120,000,000,000	216,000,000,000
Short-term financial investments	120		1,210,000,000,000	376,000,000,000
Held-to-maturity investments	123	5(a)	1,210,000,000,000	376,000,000,000
Accounts receivable – short-term	130		322,587,526,693	357,163,197,528
Accounts receivable from customers	131	6	256,066,747,734	342,499,031,251
Prepayments to suppliers	132	7	70,107,251,275	36,071,031,131
Loans receivable	135	8	10,000,000,000	30,000,000,000
Other short-term receivables	136	9	53,226,197,857	4 0,155,872,112
Allowance for doubtful debts	137	10	(67,302,849,255)	(92,052,916,048)
Shortage of assets awaiting resolution	139		490,179,082	490,179,082
Inventories	140	11	396,479,953,684	453,880,133,640
Inventories	141		397,946,476,726	456,353,482,895
Allowance for inventories	149		(1,466,523,042)	(2,473,349,255)
Other current assets	150		4,063,884,225	1,252,070,391
Short-term prepaid expenses	151	15(a)	4,063,884,225	1,252,070,391

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



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	31/12/2020 VND	1/1/2020 VND
Long-term assets (200 = 220 + 240 + 250 + 260)	200		893,876,360,089	1,348,102,393,552
Fixed assets	220		497,828,944,252	640,140,613,074
Tangible fixed assets	221	12	486,576,464,056	621,044,534,979
Cost	222		1,809,855,508,408	1,745,318,766,445
Accumulated depreciation	223		(1,323,279,044,352)	(1,124,274,231,466)
Intangible fixed assets	227	13	11,252,480,196	19,096,078,095
Cost	228		35,913,685,828	35,106,157,647
Accumulated amortisation	229		(24,661,205,632)	(16,010,079,552)
Long-term work in progress	240		14,553,656,580	27,925,505,552
Construction in progress	242	14	14,553,656,580	27,925,505,552
Long-term financial investments	250		70,026,350,993	368,743,742,917
Investments in associates	252	5(b)	68,026,350,993	66,743,742,917
Equity investments in other entities	253	5(c)	4,000,000,000	4,000,000,000
Allowance for diminution in the value of long-term financial investments	254	5(c)	(2,000,000,000)	(2,000,000,000)
Held-to-maturity investments	255	5(a)	-	300,000,000,000
Other long-term assets	260		311,467,408,264	311,292,532,009
Long-term prepaid expenses	261	15(b)	281,130,520,682	263,745,627,665
Deferred tax assets	262	16	11,697,166,303	17,881,620,364
Long-term tools, supplies and spare parts	263	17	18,639,721,279	29,665,283,980
TOTAL ASSETS (270 = 100 + 200)	270		3,022,745,555,182	2,849,907,148,356

BINH MINH PLASTICS JOINT STOCK COMPANY AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET

as at 31 December 2020 (continued)

RESOURCES	Code	Note	31/12/2020 VND	1/1/2020 VND
LIABILITIES (300 = 310 + 330)	300		551,220,912,521	380,623,569,705
CURRENT LIABILITIES	310		527,728,036,413	357,538,491,866
Accounts payable to suppliers	311	18	150,288,522,992	110,054,807,786
Advances from customers	312	19	26,729,785,320	21,296,618,543
Taxes payable to State Treasury	313	20	38,265,789,302	29,584,830,743
Payables to employees	314		45,517,309,181	55,828,170,644
Accrued expenses	315	21	192,506,802,772	59,176,530,049
Other payables – short-term	319	22	8,163,547,746	4,235,773,078
Short-term borrowings	320	23	55,310,000,000	55,770,000,000
Bonus and welfare fund	322	24	10,946,279,100	21,591,761,023
Long-term liabilities	330		23,492,876,108	23,085,077,839
Provisions – long-term	342	25	23,492,876,108	23,085,077,839
EQUITY (400 = 410)	400		2,471,524,642,661	2,469,283,578,651
Owners' equity	410	26	2,471,524,642,661	2,469,283,578,651
Share capital	411	27	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		1,157,256,738,050	1,341,071,761,133
Other equity funds	420		44,983,552,000	44,983,552,000
Retained profits	421		449,082,189,911	263,026,102,818
- Retained profits brought forward	421a		3,981,681,901	3,981,681,901
- Retained profit the current year	421b		445,100,508,010	259,044,420,917
TOTAL RESOURCES (440 = 300 + 400)	440		3,022,745,555,182	2,849,907,148,356

25 March 2021

Prepared by:



Phung Huu Luan
Deputy Accounting Director



Hong Le Viet
Chief Accountant

Approved by:



Nguyen Hoang Ngan
General Director

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



BINH MINH PLASTICS JOINT STOCK COMPANY AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED31st December 2020

Form B 01 – DN/HN

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

	Code	Note	2020 VND	2019 VND
Revenue from sales of goods and provision of services	01	31	4,700,439,808,827	4,342,954,953,524
Revenue deductions	02	31	14,799,482,422	5,615,542,906
Net revenue from sales of goods and provision of services (10 = 01 - 02)	10	31	4,685,640,326,405	4,337,339,410,618
Cost of goods sold and services provided	11	32	3,438,658,560,035	3,349,334,639,351
Gross profit (20 = 10 - 11)	20		1,246,981,766,370	988,004,771,267
Financial income	21	33	78,259,660,907	37,121,319,638
Financial expenses	22	34	123,875,152,159	110,971,229,562
<i>In which: Interest expense</i>	23		50,844,435	125,174,350
Share of profit in associates	24	5(b)	1,672,608,076	1,497,363,565
Selling expenses	25	35	485,053,580,341	270,352,326,675
General and administration expenses	26	36	63,737,864,888	116,704,322,723
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		654,247,437,965	528,595,575,510
Other income	31		2,407,627,504	973,387,096
Other expenses	32		115,030,214	291,490,058
Result of other activities (40 = 31 - 32)	40		2,292,597,290	681,897,038
Accounting profit before tax (50 = 30 + 40)	50		656,540,035,255	529,277,472,548
Income tax expense – current	51	38	127,770,009,264	109,648,608,036
Income tax expense/(benefit) - deferred	52	38	6,184,454,061	(3,137,432,405)
Net profit after tax (60 = 50 - 51 - 52)	60		522,585,571,930	422,766,296,917
Earnings per share				
Basic earnings per share	70	39	6,384	5,164

25 March 2021

Prepared by:

Phung Huu Luan
Deputy Accounting Director

Approved by:

Hong Le Viet
Chief Accountant



Nguyen Hoang Ngan
General Director

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

BINH MINH PLASTICS JOINT STOCK COMPANY AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR

31st December 2020 (Indirect method)

	Code	2020 VND	2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	656,540,035,255	529,277,472,548
Adjustments for			
Depreciation and amortisation	02	208,499,822,335	187,572,488,824
Allowances and provisions	03	(24,344,145,777)	36,221,451,839
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(106,552,568)	10,703,926
Profits from investing activities	05	(80,017,185,703)	(37,868,576,528)
Interest expense	06	50,844,435	125,174,350
Operating profit before changes in working capital	08	760,622,817,977	715,338,714,959
Change in receivables and other assets	09	108,167,504,843	284,887,410,283
Change in inventories	10	69,432,568,870	127,253,822,335
Change in payables and other liabilities	11	175,120,962,736	8,170,189,954
Change in prepaid expenses	12	(20,196,706,851)	(17,028,787,957)
		1,093,147,147,575	1,118,621,349,574
Interest paid	14	(171,664,569)	(388,775,511)
Corporate income tax paid	15	(121,475,125,396)	(105,917,987,663)
Other payments for operating activities	17	(52,922,111,923)	(48,550,616,827)
Net cash flows from operating activities	20	918,578,245,687	963,763,969,573

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



Form B 03- DN/HN

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

	Code	2020 VND	2019 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(96,053,114,754)	(208,549,626,766)
Proceeds from disposals of fixed assets	22	668,095,202	375,036,366
Payments for term deposits at banks	23	(1,810,000,000,000)	(1,366,000,000,000)
Payments for granting loans	23	(10,000,000,000)	(30,000,000,000)
Receipts from term deposits at banks and collecting loans	24	1,306,000,000,000	890,000,000,000
Receipts of interest and dividends	27	51,456,576,463	22,857,073,889
Net cash flows from investing activities	30	(557,928,443,089)	(691,317,516,511)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	220,000,000	980,000,000
Payments to settle loan principals	34	(680,000,000)	(3,835,187,000)
Payments of dividends	36	(478,067,877,920)	(368,374,221,000)
Net cash flows from financing activities	40	(478,527,877,920)	(371,229,408,000)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(117,878,075,322)	(98,782,954,938)
Cash and cash equivalents at the beginning of the year	60	313,509,353,245	412,303,012,109
Effect of exchange rate fluctuations	61	106,552,568	(10,703,926)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	195,737,830,491	313,509,353,245

25 March 2021

Prepared by:

Phung Huu Luan
Deputy Accounting Director

Approved by:

Hong Le Viet
Chief Accountant



Nguyen Hoang Ngan
General Director

BINH MINH PLASTICS JOINT STOCK COMPANY AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31st December 2020

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 Plastics 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 2020 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.

(d) Group structure

As at 31 December 2020 and 1 January 2020, 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 City, 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.

**Form B 09 – DN/HN**

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

As at 31 December 2020 and 1 January 2020, the Company had 1 subsidiary and 2 associates as follows:

No.	Subsidiary	Principal activities	Address	Percentage of equity owned and voting rights	
				31/12/2020	1/1/2020
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%

No.	Associates	Principal activities	Address	Percentage of equity owned and voting rights	
				31/12/2020	1/1/2020
1	Danang Plastics Joint Stock Company	Manufacturing and trading, import and export plastic products, materials and equipment.	371 Tran Cao Van, Thanh Khe District, Da Nang City, Vietnam.	29.05%	29.05%
2	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%	26%

All subsidiary and associates are incorporated in Vietnam.

As at 31 December 2020, the Group had 1,409 employees (1/1/2020: 1,388 employees).

BINH MINH PLASTICS JOINT STOCK COMPANY AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31st December 2020 (continued)

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.

(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 loses 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.

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(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 or joint control commences until the date that significant influence or joint control 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 associates.

(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 associates.

(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 and its subsidiary 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31st December 2020 (continued)

(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 diminution in value.

(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 investments 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%

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For overdue debts, the Board of Management of the Company and its subsidiary also assess 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 Board of Management of the Company and its subsidiary after giving consideration to the recovery of these debts.

(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.

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31st December 2020 (continued)

(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 Group 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 ranging 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, not qualified for recognition as fixed assets under Circular 45. 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

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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 par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(ii) Share premium

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

(n) Bonus and welfare fund

Bonus and welfare 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 at Annual General Meeting of Shareholders. These funds are established for the purpose of supplementing share capital in the future.

(p) Taxation

Income 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 year.

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.

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(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, over the term of the lease.

(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.

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(u) Segment reporting

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.

(w) Comparative information

Comparative information in these consolidated financial statements is presented as corresponding figures. Under this method, comparative information for the prior year is included as an integral part of the current year financial statements and is intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these consolidated financial statements is not intended to present the Group's consolidated financial position, results of operations or cash flows for the prior year.

4, CASH AND CASH EQUIVALENTS

	31/12/2020 VND	1/1/2020 VND
Cash on hand	586,146,585	380,784,813
Cash in banks	75,151,683,906	97,128,568,432
Cash equivalents	120,000,000,000	216,000,000,000
	195,737,830,491	313,509,353,245

As at 31 December 2020, cash equivalents represent term deposits at banks with original term to maturity of not more than three months and earn annual interest rates ranging from 3% to 4.3% (1/1/2020: 5% to 5.5%).

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31st December 2020 (continued)

5. INVESTMENTS

(a) Held-to-maturity investments

	Annual interest rate
Held-to-maturity investments – short-term	6.2% - 9%
• Term deposits with original term to maturity of more than 3 months to 12 months	
Held-to-maturity investments – long-term	
• Term deposits with original term to maturity of more than 12 months	

(b) Investments in associates

	31/12/2020					
	Quantity shares	% equity owned	% of voting rights	Cost VND	PCumulative share of profit	Carrying amount VND
Equity investments in:						
• Danang Plastics Joint Stock Company	650,000	29,05%	29,05%	8,125,000,000	5,301,350,993	13,426,350,993
• Binh Minh Viet Real Estate Investment and Trading Joint Stock Company	5,460,000	26%	26%	54,600,000,000	-	54,600,000,000
				62,725,000,000	5,301,350,993	68,026,350,993

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

	2020 VND	2019 VND
Opening balance	66,743,742,917	65,831,379,352
Share of profit in associates	1,672,608,076	1,497,363,565
Dividend received from associates	(390,000,000)	(585,000,000)
Closing balance	68,026,350,993	66,743,742,917



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31/12/2020		1/1/2020		
Cost VND	Fair value VND	Annual interest rate	Cost VND	Fair value VND
1,210,000,000,000	1,210,000,000,000	7% – 9%	376,000,000,00	376,000,000,00
-	-	10%	300,000,000,000	-

01/01/2019						
Quantity shares	% equity owned	% of voting rights	Cost VND	PCumulative share of profit	Carrying amount VND	
650,000	29.05%	29.05%	8,125,000,000	4,018,742,917	12,143,742,917	
5,460,000	26%	26%	54,600,000,000	-	54,600,000,000	
			62,725,000,000	4,018,742,917	66,743,742,917	

(c) Equity investments in other entities

	As at 31/12/2020 and 1/1/2020				
	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 dated 16 September 2002 issued by the Department of Planning and Investment of Ho Chi Minh City and changed for the 13th time 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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31st December 2020 (continued)

6. ACCOUNTS RECEIVABLE FROM CUSTOMERS – SHORT-TERM

Accounts receivable from customers detailed by significant customer

	31/12/2020 VND	1/1/2020 VND
Duc Tuong Group Joint Stock Company	97,147,720,675	68,396,872,041
Phuong Hoang Trading Manufacturing Co., Ltd	32,605,841,390	61,572,688,678
Thep Moi Co., Ltd	9,180,981,436	23,667,461,200
Construction Joint Stock Company No. 5	-	46,896,846,297
Other customers	117,132,204,233	141,965,163,035
	256,066,747,734	342,499,031,251

7. PREPAYMENTS TO SUPPLIERS

	31/12/2020 VND	1/1/2020 VND
Eplas Company Limited	35,039,747,073	7,722,995,662
Bong Sen Plastic Chemical Technology Co., Ltd	10,624,748,472	4,274,633,177
Seatecco Trading and Service Joint Stock Company	-	4,092,304,590
Itochu J373 Company	-	3,817,618,200
Other suppliers	24,442,755,730	16,163,479,502
	70,107,251,275	36,071,031,131

8. LOANS RECEIVABLE – SHORT-TERM

	Term	Annual interest rate	31/12/2020 VND	1/1/2020 VND
Loans to Danang Plastics Joint Stock Company – an associate	12 months	6.5%	10,000,000,000	30,000,000,000

These loans are unsecured.



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9. OTHER SHORT-TERM RECEIVABLES

	31/12/2020 VND	1/1/2020 VND
Short-term deposits	10,768,331,720	23,157,802,888
Interest receivables from deposits at banks	41,469,559,373	13,955,254,807
Advances to employees	842,500,000	945,407,915
Interest receivables from short-term loans to Danang Plastics Joint Stock Company – an associate	-	857,753,426
Others	145,806,764	1,239,653,076
	53,226,197,857	40,155,872,112



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31st December 2020 (continued)

10. ALLOWANCE FOR DOUBTFUL DEBTS

		31/12/2020	
	Overdue days	Cost VND	Allowance VND
Overdue debts			
Construction Joint Stock Company No. 5	From over 6 months to 1 year	-	-
Thep Moi Co., Ltd	From over 1 year to 2 years	9,180,981,436	(6,333,117,353)
Other customers	From over 1 year to 3 years	6,049,621,460	(5,132,644,549)
Other customers	From over 6 months to 1 year	-	-
Thanh Tuyet Private Enterprise	Over 5 years	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)
		71,067,690,249	(67,302,849,255)

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

	2020 VND	2019 VND
Opening balance	92,052,916,048	81,389,891,303
Allowance made during the year	24,257,770,054	10,663,024,745
Allowance reversed during the year	(48,002,887,887)	-
Allowance utilised during the year	(1,004,948,960)	-
Closing balance	67,302,849,255	92,052,916,048



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Recoverable amount VND	1/1/2020			
	Overdue days	Cost VND	Allowance VND	Recoverable amount VND
-	From over 6 months to 1 year	37,760,374,115	(18,331,645,349)	19,428,728,766
2,847,864,083	From over 1 year to 2 years	17,749,857,309	(8,884,262,195)	8,865,595,114
916,976,911	From over 1 year to 3 years	9,003,498,247	(6,570,251,787)	2,433,246,460
-	From over 6 months to 1 year	8,098,897,880	(2,429,669,364)	5,669,228,516
-	Over 5 years	20,992,959,002	(20,992,959,002)	-
-	Over 5 years	34,844,128,351	(34,844,128,351)	-
3,764,840,994		128,449,714,904	(92,052,916,048)	36,396,798,856



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31st December 2020 (continued)

11. INVENTORIES

	31/12/2020		1/1/2020	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	24,960,367,300	-	4,396,173,600	-
Raw materials	130,743,004,526	-	176,382,294,221	-
Tools and supplies	1,977,309,190	-	2,446,198,848	-
Work in progress	31,516,172,427	-	39,851,351,176	-
Finished goods	179,417,020,007	(704,980,176)	181,930,274,533	(1,649,256,123)
Merchandise inventories	29,332,603,276	761,542,866)	51,347,190,517	(824,093,132)
	397,946,476,726	(1,466,523,042)	456,353,482,895	(2,473,349,255)

Included in inventories at 31 December 2020 was VND3,262 million of finished goods and VND7,709 million of merchandise inventories (1/1/2020: VND7,797 million of finished goods and VND6,437 million of merchandise inventories) carried at net realisable value.

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

	2020 VND	2019 VND
Opening balance	2,473,349,255	-
Allowance made during the year	-	2,473,349,255
Allowance reversed during the year	(1,006,826,213)	-
Closing balance	1,466,523,042	2,473,349,255



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31st December 2020 (continued)

12. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND
Cost			
Opening balance	505,085,601,651	1,195,692,848,392	36,716,695,208
Additions	2,861,337,842	9,341,137,482	2,514,754,545
Transfer from construction in progress	-	46,761,537,448	-
Disposals	-	(484,545,027)	(375,755,000)
Closing balance	507,946,939,493	1,251,310,978,295	38,855,694,753
Accumulated depreciation			
Opening balance	262,163,368,612	829,171,797,188	27,485,411,386
Charge for the year	69,377,806,263	126,488,321,058	3,503,252,694
Disposals	-	(437,899,849)	(375,755,000)
Closing balance	331,541,174,875	955,222,218,397	30,612,909,080
Net book value			
Opening balance	242,922,233,039	366,521,051,204	9,231,283,822
Closing balance	176,405,764,618	296,088,759,898	8,242,785,673

Included in tangible fixed assets were assets costing VND682,915 million which were fully depreciated as at 31 December 2020 (1/1/2020: VND610,068 million), but which are still in active use.

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Office equipment VND	Total VND
7,823,621,194	1,745,318,766,445
3,948,503,193	18,665,733,062
-	46,761,537,448
(30,228,520)	(890,528,547)
11,741,895,867	1,809,855,508,408
5,453,654,280	1,124,274,231,466
479,316,240	199,848,696,255
(30,228,520)	(843,883,369)
5,902,742,000	1,323,279,044,352
2,369,966,914	621,044,534,979
5,839,153,867	486,576,464,056



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13. INTANGIBLE FIXED ASSETS

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	9,570,664,750	25,535,492,897	35,106,157,647
Additions	-	95,210,000	95,210,000
Transfer from construction in progress	-	712,318,181	712,318,181
Closing balance	9,570,664,750	26,343,021,078	35,913,685,828
Accumulated amortisation			
Opening balance	3,205,300,125	12,804,779,427	16,010,079,552
Charge for the year	100,208,780	8,550,917,300	8,651,126,080
Reclassification	319,133,036	(319,133,036)	-
Closing balance	3,624,641,941	21,036,563,691	24,661,205,632
Net book value			
Opening balance	6,365,364,625	12,730,713,470	19,096,078,095
Closing balance	5,946,022,809	5,306,457,387	11,252,480,196

Included in intangible fixed assets were assets costing VND10,898 million which were fully depreciated as at 31 December 2020 (1/1/2020: VND425 million), but which are still in active use.

14. CONSTRUCTION IN PROGRESS

	2020 VND	2019 VND
Opening balance	27,925,505,552	13,366,617,816
Additions	34,102,006,657	32,694,675,845
Transfer to tangible fixed assets	(46,761,537,448)	(15,139,796,109)
Transfer to intangible fixed assets	(712,318,181)	(2,995,992,000)
Closing balance	14,553,656,580	27,925,505,552

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Major constructions in progress were as follows:

	31/12/2020 VND	1/1/2020 VND
Machinery and equipment	12,189,172,268	26,101,229,177
Software	2,364,484,312	1,824,276,375
	14,553,656,580	27,925,505,552

15. PREPAID EXPENSES**(a) Short-term prepaid expenses**

	31/12/2020 VND	1/1/2020 VND
Tools and instruments	3,530,129,515	1,136,861,000
Others	533,754,710	115,209,391
	4,063,884,225	1,252,070,391



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(b) Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Overhaul expenditure VND	Total VND
Opening balance	229,504,537,627	20,515,716,004	13,725,374,034	263,745,627,665
Additions	-	51,546,316,033	2,598,528,076	54,144,844,109
Transfer to short-term prepaid expenses	-	(23,700,001)	-	(23,700,001)
Amortisation for the year	(7,074,446,288)	(22,953,871,928)	(6,707,932,875)	(36,736,251,091)
Closing balance	222,430,091,339	49,084,460,108	9,615,969,235	281,130,520,682

16. DEFERRED TAX ASSETS

	Tax rate	31/12/2020 VND	1/1/2020 VND
Accruals and provisions	20%	11,697,166,303	17,881,620,364

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 for the year.



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18. ACCOUNTS PAYABLE TO SUPPLIERS – SHORT-TERM

(a) Accounts payable to suppliers detailed by significant supplier

	Cost and amount within payment capacity	
	31/12/2020 VND	1/1/2020 VND
TPC Vina Plastic and Chemical Corporation Ltd.	56,271,072,000	60,379,132,000
AGC Chemicals Vietnam Co., Ltd.	33,517,440,000	32,292,480,000
Hoa Thinh Production and Service Trading Company Limited	2,253,460,000	-
Other suppliers	58,246,550,992	17,383,195,786
	150,288,522,992	110,054,807,786

(b) Accounts payable to suppliers who are related parties

	Cost and amount within payment capacity	
	31/12/2020 VND	1/1/2020 VND
<i>Other related companies</i>		
TPC Vina Plastic and Chemical Corporation Ltd.	56,271,072,000	60,379,132,000
SCG Performance Chemicals Company Limited	3,816,548,280	-
Da Nang Plastic Joint Stock Company	1,265,833,177	574,745,777
SCG Plastics Company Limited	455,241,870	-

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19. ADVANCES FROM CUSTOMERS

	31/12/2020 VND	1/1/2020 VND
Lan Thanh Construction - Production - Trading & Services Co., Ltd	8,171,673,824	2,396,950,968
To Minh Liem Trading - Service Co., Ltd	1,156,484,509	3,915,956,754
Tuong Van Production and Trading Joint Stock Company	7,322,929,855	3,190,826,258
Hoan Tuan Thanh Construction and Trading Production Company Limited	340,393,945	1,380,514,216
Truong Minh Hai Co., Ltd	2,723,550,441	2,066,342,234
Other customers	7,014,752,746	8,346,028,113
	26,729,785,320	21,296,618,543

20. TAXES PAYABLE TO STATE TREASURY

	1/1/2019 VND	Incurred VND
Value added tax	9,077,373,767	670,232,067,511
Import-export tax	-	2,468,000,722
Corporate income tax	17,631,686,522	127,770,009,264
Personal income tax	2,875,770,454	23,871,864,735
Other taxes	-	1,454,487,898
	29,584,830,743	825,796,430,130



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21. ACCRUED EXPENSES

	31/12/2020 VND	1/1/2020 VND
Payment discounts	15,070,908,274	10,294,771,539
Selling expenses for the distribution network	126,755,131,591	35,224,781,131
Interest expense	4,113,000	124,933,134
Remunerations for the Board of Directors and Board of Supervision	-	2,365,000,000
Bonus for employees	46,904,000,000	-
Gift expenses	-	7,074,420,791
Transportation costs	-	1,995,480,454
Other expenses	3,634,315,907	2,097,143,000
	192,506,802,772	59,176,530,049

Paid VND	Net-off VND	31/12/2020 VND
(189,118,320,532)	(478,555,057,346)	11,636,063,399
(2,468,000,722)	-	-
(121,475,125,396)	-	23,926,570,391
(24,044,479,677)	-	2,703,155,512
(1,454,487,898)	-	-
(338,560,414,225)	(478,555,057,346)	38,265,789,302

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22. OTHER PAYABLES – SHORT-TERM

	31/12/2020 VND	1/1/2020 VND
Surplus assets awaiting resolution	393,273,928	393,273,928
Trade union fee	279,425,180	272,721,320
Dividends payable	350,414,300	350,414,300
Short-term deposits and collaterals received	913,233,670	1,173,030,450
Others	6,227,200,668	2,046,333,080
	8,163,547,746	4,235,773,078

23. SHORT-TERM BORROWINGS

	1/1/2020		Movements during the year	
	Carrying amount VND	Amount within repayment capacity VND	Increase VND	(Decrease) VND
Short-term borrowings	55,770,000,000	55,770,000,000	220,000,000	(680,000,000)

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

	Cur- rency	Annual interest rate	31/12/2020 VND	1/1/2020 VND
Borrowings 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
Other customers (ii)	VND	7.15%	710,000,000	1,170,000,000
			55,310,000,000	55,770,000,000

(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.

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24. BONUS AND WELFARE FUND

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

	2020 VND	2019 VND
Opening balance	21,591,761,023	31,381,358,850
Appropriation during the year (Note 26)	38,048,967,000	34,484,917,000
Utilisation during the year	(48,694,448,923)	(44,274,514,827)
Closing balance	10,946,279,100	21,591,761,023

31/12/2020	
Carrying amount VND	Amount within repayment capacity VND
55,310,000,000	55,310,000,000

25. PROVISIONS – LONG-TERM

Long-term provisions represent the balance of provision for severance allowance made for the employees eligible for this severance allowance of the Group.



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26. CHANGES IN OWNERS' EQUITY

	Share capital VND	Share premium VND
Balance at 1 January 2019	818,609,380,000	1,592,782,700
Net profit for the year	-	-
Dividends of 2018 (Note 28)	-	-
Appropriation to investment and development fund	-	-
Appropriation to bonus and welfare fund	-	-
Bonus for the Board of Directors and Board of Supervision	-	-
Interim dividends of 2019 (Note 28)	-	-
Balance at 1 January 2020	818,609,380,000	1,592,782,700
Net profit for the year	-	-
Dividends of 2019 (Note 28)	-	-
Supplement retained profits from investment and development fund (Note 29)	-	-
Appropriation to bonus and welfare fund	-	-
Bonus for the Board of Directors and Board of Supervision	-	-
Interim dividends of 2020 (Note 28)	-	-
Balance at 31 December 2020	818,609,380,000	1,592,782,700



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Investment and development fund VND	Other equity funds VND	Retained profits VND	Total VND
1,279,666,344,571	44,983,552,000	308,800,462,463	2,453,652,521,734
-	-	422,766,296,917	422,766,296,917
-	-	(204,652,345,000)	(204,652,345,000)
61,405,416,562	-	(61,405,416,562)	-
-	-	(34,484,917,000)	(34,484,917,000)
-	-	(4,276,102,000)	(4,276,102,000)
-	-	(163,721,876,000)	(163,721,876,000)
1,341,071,761,133	44,983,552,000	263,026,102,818	2,469,283,578,651
-	-	522,585,571,930	522,585,571,930
-	-	(245,582,814,000)	(245,582,814,000)
(183,815,023,083)	-	183,815,023,083	-
-	-	(38,048,967,000)	(38,048,967,000)
-	-	(4,227,663,000)	(4,227,663,000)
-	-	(232,485,063,920)	(232,485,063,920)
1,157,256,738,050	44,983,552,000	449,082,189,911	2,471,524,642,661

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31st December 2020 (continued)

27. SHARE CAPITAL

The Company's authorised and issued share capital are:

	31/12/2020		1/1/2020	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	81,860,938	818,609,380,000	81,860,938	818,609,380,000
Shares in circulation				
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 movement in share capital during the year.

Details of shareholders at the reporting date were as follows:

	As at 31/12/2020		As at 1/1/2020	
	Share capital VND	% equity owned	Share capital VND	% equity owned
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%
	818,609,380,000	100%	818,609,380,000	100%

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

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28. DIVIDENDS

The General Meeting of Shareholders of the Company on 24 June 2020 resolved to distribute dividends amounting to VND409,305 million from profit after tax of 2019 in cash, equivalent to 50% of charter capital, in which the interim dividends amounting to VND163,722 million were paid in 2019.

According to Resolution No. 07/NQ-BM/HDQT dated 14 September 2020, the Board of Directors resolved to advance the first interim dividend of 2020 in cash amounting to 50% budget profit after tax of 2020, VND2,840/share, equivalent to total interim dividends amounting to VND232,485 million.

29. INVESTMENT AND DEVELOPMENT FUND

In 2020, according to the Resolution of the Annual General Meeting of Shareholders dated 24 June 2020, investment and development fund was appropriated an amount of VND28,815,023,083 to supplement the retained profits for the purpose of distributing profits of 2019. In addition, according to Decision No.373/QD-NBM/CTCT dated 21 September 2020, the Chairman of the subsidiary decided to transfer an amount of VND155,000,000,000 from investment and development fund of the subsidiary to supplement the retained profits (2019: investment and development fund was appropriated at 6% of retained profits of 2018).

30. OFF BALANCE SHEET ITEMS**(a) Foreign currencies**

	31/12/2020		1/1/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	31,446	725,217,018	42,395	977,881,277
THB	93,920	72,600,160	141,480	102,236,278
		797,817,178		9,739,119,680

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30. OFF BALANCE SHEET ITEMS (continued)

(b) Bad debts written off

	Reason for writing off	Written off in year	2020 VND
General Import and Export Production, Trading Company Limited	Uncollectible	2020	335,312,516
Waco Water & Environment Joint Stock Company	Uncollectible	2020	262,537,866
Construction Construction Joint Stock Company 1	Uncollectible	2020	236,787,870
Dai Loi Joint Stock Company	Uncollectible	2020	86,542,838
Construction Joint Stock Company No.12 Thang Long	Uncollectible	2020	68,751,160
LM Electricity and Water Company	Uncollectible	2020	15,016,710
			1,004,948,960

(c) 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:

	31/12/2020 VND	1/1/2020 VND
Approved and contracted	14,631,295,262	50,241,722,108



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31. 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:

	2020 VND	2019 VND
Total revenue		
• Sales of finished goods	4,484,458,023,220	4,191,533,082,404
• Sales of supplies and merchandise goods	215,971,208,789	151,404,610,210
• Transportation service	10,576,818	17,260,910
	4,700,439,808,827	4,342,954,953,524
Less revenue deductions		
• Sales discounts	(8,149,146,965)	(3,257,396,998)
• Sales returns	(6,650,335,457)	(2,358,145,908)
	(14,799,482,422)	(5,615,542,906)
Net revenue	4,685,640,326,405	4,337,339,410,618

32. COST OF GOODS SOLD AND SERVICES PROVIDED

	2020 VND	2019 VND
Total cost of sales:		
• Finished goods sold	3,226,463,529,433	3,196,762,664,403
• Supplies and merchandise goods sold	213,196,690,264	150,098,625,693
• Transportation service provided	5,166,551	-
• Allowance for inventories	(1,006,826,213)	2,473,349,255
	3,438,658,560,035	3,349,334,639,351

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33. FINANCIAL INCOME

	2020 VND	2019 VND
Interest income from bank deposits and loans	77,723,127,603	36,025,493,081
Foreign exchange gains	515,783,387	1,095,826,557
Other financial income	20,749,917	-
	78,259,660,907	37,121,319,638

34. FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expense	50,844,435	125,174,350
Foreign exchange losses	76,912,293	1,122,860,720
Payment discounts	123,740,754,798	109,723,194,492
Other	6,640,633	-
	123,875,152,159	110,971,229,562

35. SELLING EXPENSES

	2020 VND	2019 VND
Staff costs	47,824,492,806	23,031,603,175
Costs of materials, packaging	15,667,630,657	6,047,247,260
Depreciation expense	3,598,153,086	2,673,901,886
Selling expenses for the distribution network	318,046,303,365	143,804,820,266
Transportation costs	32,626,855,684	48,089,342,544
Sales conference expenses	27,706,225,249	3,212,670,072
Advertising and promotion expenses	7,851,123,690	5,588,710,471
Outside service expenses	4,016,453,788	7,545,862,139
Others	27,716,342,016	30,358,168,862
	485,053,580,341	270,352,326,675



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36. GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	26,509,225,525	52,734,382,348
Costs of management materials	4,536,723,108	6,463,238,742
Depreciation expense	7,334,803,963	7,514,100,884
Taxes, charges and fees	7,403,072,617	379,810,802
Allowance for doubtful debts	(23,745,117,833)	10,663,024,745
Outside service expenses	16,188,549,050	13,208,399,428
Others	25,510,608,458	25,741,365,774
	63,737,864,888	116,704,322,723

37. PRODUCTION AND BUSINESS COSTS BY ELEMENT

	2020 VND	2019 VND
Raw material costs included in production costs and cost of merchandise goods	2,830,236,704,128	2,731,917,703,196
Labour costs and staff costs	336,238,028,968	335,702,823,040
Depreciation and amortisation	208,499,822,335	187,572,488,824
Outside services	209,372,167,158	193,202,808,912
Other expenses	404,866,206,799	226,223,269,770

38. INCOME TAX

(a) Recognised in the consolidated statement of income

	2020 VND	2019 VND
Current tax expense		
Current year	127,770,009,264	109,648,608,036
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	6,184,454,061	(3,137,432,405)
Income tax expense	133,954,463,325	106,511,175,631

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(b) Reconciliation of effective tax rate

	2020 VND	2019 VND
Accounting profit before tax	656,540,035,255	529,277,472,548
Tax at the Company's tax rate	131,308,007,051	105,855,494,510
Non-deductible expenses	2,980,977,889	955,153,833
Non-taxable income	(334,521,615)	(299,472,712)
	133,954,463,325	106,511,175,631

(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 the usual income tax rate 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 the usual income tax of 20%.



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39. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share 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

	2020 VND	2019 VND
Net profit for the year	522,585,571,930	422,766,296,917
Appropriation to bonus and welfare fund (*)	-	-
Net profit attributable to ordinary shareholders	522,585,571,930	422,766,296,917

(*) According to the Resolution of the Board of Directors dated 26 March 2020, the employee's bonus for 2020 shall be recorded as an expense before corporate income tax instead of being appropriated from profit after tax as the treatment in the years prior to 2020. Accordingly, the amount appropriated to bonus and welfare fund from profit after tax for the year ended 31 December 2020 was nil.

(ii) Weighted average number of ordinary shares

	2020 Shares	2019 Shares
Weighted average number of ordinary shares for the year	81,860,938	81,860,938

(iii) Basic earnings per share

	2020 VND	2019 VND
Basic earnings per share	6,384	5,164

(b) Diluted earnings per share

As at 31 December 2020 and 2019, the Company did not have potential ordinary shares, therefore the presentation of diluted earnings per share is not applicable.

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40. 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	
	2020 VND	2019 VND
Associates		
Danang Plastics Joint Stock Company		
Sales of goods	50,869,040	14,265,229,500
Commission expense	6,674,644,151	6,792,271,429
Warehouse rental cost	1,090,909,091	1,090,909,091
Loan granted	10,000,000,000	30,000,000,000
Loan collected	30,000,000,000	-
Transportation cost	3,180,770,000	-
Interest income	1,602,965,754	857,753,426
Other related companies		
TPC Vina Plastic and Chemical Corporation Ltd.		
Purchase of materials	978,756,200,000	1,069,660,000,000
SCG Performance Chemicals Co., Ltd		
Purchase of materials	39,673,450,880	4,460,278,310
SCG Plastics Company Limited		
Purchase of materials	13,077,612,760	3,664,032,244
Nawa Intertech Company Limited		
Purchase of materials	-	6,626,857,580
Purchase of fixed assets	1,499,074,882	-
Nawaplastic Industries Co., Ltd		
Sales of finished goods and merchandises	1,411,275,874	-
Alcamax Vietnam Packaging Production Company Limited		
Purchase of materials	540,741,500	494,654,280

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	Transaction value	
	2020 VND	2019 VND
Salary, bonus and allowance for Members of the Board of Directors, Board of Management and Board of Supervision		
Members of the Board of Directors		
Mr. Sakchai Patiparnpreechawud	2,347,928,948	1,270,356,468
Mr. Nguyen Hoang Ngan	4,757,067,753	3,865,571,440
Mr. Wisit Rechaipichitgool	3,615,118,903	2,140,615,906
Mr. Poramate Larnroongroj	1,241,313,218	97,228,264
Mr. Phan Khac Long	1,418,757,369	766,213,881



BINH MINH PLASTICS JOINT STOCK COMPANY AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31st December 2020 (continued)

40. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

	Transaction value	
	2020 VND	2019 VND
Other members of the Board of Management		
Salary, bonus and allowance	5,889,677,348	5,532,126,987
Members of the Board of Supervision		
Remuneration	2,698,550,257	1,645,886,095

41. COMPARATIVE INFORMATION

Comparative information as at 1 January 2020 was derived from the balances and amounts reported in the Group's consolidated financial statements as at and for the year ended 31 December 2019.

25 March 2021

Prepared by:



Phung Huu Luan
Deputy Accounting Director

Approved by:




Hong Le Viet
Chief Accountant



Nguyen Hoang Ngan
General Director

OUTSTANDING ACTIVITIES AND EVENTS OF THE YEAR





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Product-picking robot BINH MINH'S BEE designed and installed by the Company as part of the AUTOMATION program.