



REPORT

**ON THE BOD'S OPERATION PERFORMANCE FOR 2020 YEAR,
DIRECTIONS AND TASKS FOR 2021 YEAR**

Respectfully to our valued Shareholders!

2020 was truly a year with numerous challenges, not only Vietnam but the whole world also. Despite a series of Covid-19 outbreaks, the economy at home and abroad faced many difficulties with ups and downs. With utmost efforts in the pandemic prevention and economy development, Vietnam has made a great achievement to become one of positive – growing countries, which increased by 2.91%.

2020 year also marked the 60-year milestone of Tien Phong Plastic Joint Stock Company's establishment. In the general context, Tien Phong Plastic has also been impacted certainly due to a slowdown in real estate market and shortening portion of construction material market. In addition to a motto of **"Tien Phong Plastic – be always the pioneer"** with the evaluation of right circumstance, the Board of Directors along with Top Executives created a solid team, focusing on its wisdom and setting out directions, policies which had followed practices, endeavoring to complete 2020 Production – Business Plan successfully approved by the Annual General Meeting of Shareholders 2020.

I. 2020 OPERATION PERFORMANCE OF BOARD OF DIRECTORS:

1. Main operations of the Board of Directors:

2020 was a beginning year of new 2020-2025 tenure for the Board of Directors. During the year, the Board of Directors hold 05 periodical meetings in order to discuss, evaluate and set out directions as well as guidelines for the Company, including:

- Implementation of transition between two tenures, guaranteeing the activities of the Board of Directors performed effectively and sustainably. The Board of Directors in the new term also elected the Chairman of the BOD, Vice Chairman of the BOD, simultaneously assigned tasks to each member.
- Establishment of Internal Audit Department under the BOD, in which the Independent BOD member has also been designated as Head of Internal



Audit Department to be in line with organizational structure of the Company as approved by the Annual General Meeting of Shareholders 2020.

- Implementation of the resolution of the Annual General Meeting of Shareholders 2020, the Board of Directors has issued a decision on the cash dividend payment phase 2 for 2019 year at 10% on June 26, 2020 and the first interim cash dividend payment for 2020 year at 15% on November 27, 2020.
- In July/2020, the Company issued 19,632,330 shares successfully to existing shareholders (bonus shares at 20%), increasing the Charter Capital from VND981,638,530,000 to VND1,177,961,830,000 and listed these whole shares on Hanoi Stock Exchange (HNX).
- The Board of Directors has directed and followed closely activities of the Board of Management in production-business, investment and finance, etc. in order to adjust timely and flexibly in specific situations of 2020 year.
- The Board of Directors also oriented and kept track of organization and implementation of internal activities to celebrate the 60th anniversary of the Company establishment, while still ensuring Covid-19 pandemic prevention safely and effectively.

2. Operation of the independent BOD member and Internal Audit Department

In 2020, the Company established Internal Audit Department to be in line with the new organizational structure of the Company, and elected Mr. Dao Anh Thang – independent BOD member to be Head of Internal Audit Department,

Playing a role of Head, the independent BOD member assisted the Board of Directors in terms of internal audit, formulation of strategic vision and development plan, and refining personnel system. Under the directions of the independent BOD members, Internal Audit Department promoted a role in overseeing and controlling the Company activities independently and transparently.

3. Assessment on Operation of Board of Management and sub-committees under Board of Directors:

3.1. Activities of Board of Management:

- The Board of Management fully abides by the company directions, policies, and resolutions instructed by Board of Directors in 2020.



- The Board of Directors highly appreciated roles of Board of Management in trademark upholding and market development work.
- + Despite intensively fierce market competition and complicated Covid-19 situation, through carrying out flexible strategies, new customer attraction and appropriate discount policies, Tien Phong Plastic has remained market share, in which consolidated revenue reached at VND 4,393 billion (equivalent to 92.5% of 2019 Actual) and pre-tax profit reached at VND 505.2 billion (equivalent to 110% of 2019 Actual).
- + The Company conducted surveys most of the whole market, summarized list of distributors as a basis of supporting sale units in one system as well as boosting market development each section properly.
- + With a spirit of “Be always a pioneer”, the Company has been boldly took an initiative in direction, leading and market development for new hi-tech products with many outstanding features, namely, PE/PP double-wall corrugated pipes with diameter of 1,000 mm to be used for drainage system and PE single-wall corrugated pipes with a diameter of 200 mm to be used as conduits, u.PVC adapters certified Sekisui technology, PVC anti-noise spiral pipes with diameter of 160 mm, PE walls to be assembled for fishery. These products have been penetrated into market step by step, contributing to develop solutions to be applied for consumers. It is expected to contribute to positive revenue in the future.
- + Communication and customer gratitude activities have been organized frequently with the theme “**60 years of pioneer spirit**” and especially program “**Purchase Tien Phong Plastic, get gifts for surprise**”, which brought positive effects to customers, partners and enhanced reputation of Tien Phong Plastic trademark.
- In production, the Board of Management has successfully fulfilled the following fundamental targets, in particular:
 - + To ensure sufficient supply of goods to the market, even at times of sudden market demand. Production plan is in line with market consumption demand; reasonable materials reservation plan for stable production, contributing high economic efficiency.



+ Maintain quality control system, environment, power, control system; well performs management tools like TPM, 5S, Lean Six Sigma;

+ Research and development, innovate selective technology to ensure stable and sustainable development of the Company. Especially, performance of new product manufacture, equipment-machinery innovation and optimized installation procedure resulted in the production efficiency, productivity and quality improvement for products, and costs saving.

+ Financial work are closely under control that provided data timely and sufficiently for reporting and serving the management, internal governance. Financial statements and tax reports are prepared in accordance with law regulation and State regulation. The Company has actively exploited capital from various sources with affordable interests in order to meet the demand of production-business, investment, dividend payment, and avoid bad debt, doubtful debt...

+ Human resources development has been continuously paid attention. The Company applies the new recruitment methodology to attract high-end personnel; always organizes the training courses to enhance knowledges, skills, builds up and finalizes key performance indicator to each the Company staff. Welfare mechanism for employees has been performed transparently through surveys and labor norm formulation for each factories.

2020 year also marked the determination of personnel innovation with a spirit of creating favorable conditions to qualified personnel via self-nomination, evaluation and appointment of officers.

Together with production-business activities, the Company also pays attention and deploys social charity, representing the Company's responsibilities to community. In 2020, the program "**Bridge Love**" reached 60 bridges nationwide, contributing stable lives nearly 10,000 households at mountainous areas. Besides, the Company coordinated with Deloitte Audit Co., Ltd to co-found "**Blue Kite Foundation**", aiming to help ethnic children with tough circumstance and support, give better treatment in caring patients at Vietnam National Children's Hospital.

In addition, the Company supported Middle people influenced timely by flood in terms of health system at local areas in Covid-19 prevention.



3.2. Activities of Human Resources Sub-Committee:

- During 2020, Human Resources Sub-Committee discharged its duties in regards of strengthen the leadership and management apparatus of the Company:

- + Appointment of Person-in-charge of the Company;
- + Dissolution of Sales Department; Establishment of Sales Department No. 1 and Sales Department No. 2;
- + Dissolution of Internal Control Division and Risk Management Department, Establishment of Internal Audit Department under the Board of Directors;
- + Strengthen Project Management Department, which has been operated under the direction of General Director.
- + Establishment of Customer Supporting Team under Technology and Quality Department.
- + Implementation of Key officer assessment in 2020.

4. Report on transactions between entities, subsidiaries, and companies which NTP holds its control rights over 50% of Charter Capital to members of the Board of Directors and related persons of such members:

As of December 31st, 2020, the Company performed transactions to stakeholders as follows:

Stakeholder	Type of transaction	Amount (VND)
Tien Phong Plastic South Joint Stock Company	NTP purchased	177,391,756,829
	NTP sold	186,502,858,748
	Others	3,400,000.,000
Sekisui Vietnam Co., Ltd	NTP purchased	165,322,032,105
	NTP sold	3,333,073.129
Tien Phong Packaging JSC	NTP purchased	19,110,958,344
Tien Phong Equipment JSC	NTP purchased	50,645,564,270
	NTP sold	32,920,000



Subsidiaries (Tien Phong Plastic Central Co., Ltd – Central NTP) has transactions with stakeholders as follows:

Stakeholder	Type of transaction	Amount (VND)
Sekisui Vietnam Co., Ltd	Central NTP purchased	105,587,900,000

II. OPERATION ORIENTATION OF THE BOARD OF DIRECTORS FOR 2021 YEAR:

Based on actual market situation, development trend, and factors affecting production – business activities, with marketing promotion policy, the Board of Directors directs and closely controls over production – business activities of the Company, making great effort to keep up the growth rate of the Company in 2021, namely, plan on revenue of VND4,800 billion and pre-tax profit of VND432 billion.

In order for the completion of the given targets, the Board of Directors orients and instructs the below solutions:

- Stick to the competitive situation, grasp the flexible development trends of the market to carry out flexible marketing policy with an aim to motivate product distribution system as well as customers of NTP. To carry out multi-solution on Communication – Marketing in order to compete with big plastic corporations of strong potential in finance, technology who are competing and penetrating into plastic pipes industry.

- Actively invest in technology renovation, strengthen production capacity, meeting market growing demand; promote the application of innovations, improvements in production and selling price reduction.

- Continuously optimize the internal governance to improve personnel capacity, creating the driving force for employees.

- Strengthen the research and launch new products in line with demands, payment abilities of customers; strengthen technical consults to investors and designing units, enhancing penetration possibility of NTP products into projects, especially pay attention to projects for aquaculture and infrastructure projects.

- Perform massive solutions on cost saving, especially on affecting factors of efficiency of production – business.



- Regarding corporate governance: focus on the following significant issues:
 - + Continuously refine the organizational model of the Company, concentrate on enhancing active capacity of factories in using labor sources to implement production plan effectively.
 - + Focus on training and fostering knowledge for employees, especially training in Strategies, Marketing, Sales area and tools to create good effects in communication. At the same time, it is recommended to develop and train mid-level managers, as well as senior succession of the company.
 - + Regarding investors: provide sufficient, timely and transparent information, making NTP worthy the trust of interested investors; commit investors's capital preservation and growth, ensuring benefits for investors.
- Continue social work, contributing to the community, like “Bridge Love” project which is to support disadvantaged students in the northern mountainous provinces to have better learning conditions. “Blue Kite Foundation” is to bring a brighter future for children.

Dear our valued shareholders!

Bring into play achievements in 2020, the Board of Directors will concentrate on carrying out strategic solutions as well as overseeing the production - business activities of the Company in 2021, bringing out the highest benefits to the entire NTP shareholders and staff, stable and sustainable development of the Company. On behalf of the Presidium, we wish the General Meeting good success.

Sincerely thanks!

**OBO. BOARD OF DIRECTORS
CHAIRMAN**

DANG QUOC DUNG