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*Hai Phong, March 29<sup>th</sup>, 2023*

**REPORT OF INDEPENDENT MEMBERS OF THE BOARD OF  
DIRECTORS IN THE AUDIT COMMITTEE**  
**AT ANNUAL GENERAL MEETING OF SHAREHOLDERS IN 2023**

Independent member of the Board of Directors – Chairman of the Audit Committee (“AC”), Tien Phong Plastic Joint Stock Company, would like to report to the General Meeting of Shareholders the following contents:

**I. ACTIVITIES OF AUDITING COMMITTEE**

**1. Members and structure of the Audit Committee during the term**

Audit Committee is under the Board of Directors (“BOD”) of Tien Phong Plastic Joint Stock Company, including 2 members, 01 Chairman of the Audit Committee who is an independent member of the Board of Directors and 01 member who is a member of the Board of Directors not managing. All members of the Audit Committee meet the standards prescribed by law, the Company's charter and the Audit Committee's regulations. The personnel structure of the Audit Committee in 2022 is as follows:

<b>Full name</b>	<b>Date of starting to be a member of the Audit Committee</b>	<b>Job title</b>
Dao Anh Thang	14/04/2021	- Chairman of the Audit Committee - Independent member of the Board of Directors
Nguyen Viet Phuong	14/04/2021	- Member of the Audit Committee - Member of the Board of Directors

**2. Activities of the Audit Committee**

In 2022, the Audit Committee had four meetings with the content of approving the appraisal results of the 2021 financial statements, the audited 2022 semi-annual financial statements, reviewing the internal audit plan, and assessing the operation of the internal audit, risk management in 2022 and other supervisory tasks as required.

In 2022, the Audit Committee performed a supervisory role on the following issues:

- Monitor compliance with the Company's Charter, current regulations of law in the management and administration of production and business activities of the Company.
- Supervise the implementation of the resolutions of the General Meeting of Shareholders and the resolutions of the Board of Directors in 2022.
- Monitor the implementation and completion of the Company's annual plan
- Review the quarterly/semi-annual/annual financial statements and assess the impact of the key issues mentioned in the independent auditor's audit report.
- Direct and supervise the activities of the Internal Audit Committee, give opinions to improve the effectiveness of the internal control and risk management system.
- Propose to choose an independent auditing company; Monitor and evaluate the independence and objectivity of the audit firm and the effectiveness of the audit process.

With the role of reviewing and supervising financial activities and independent audit activities, analyzing potential risks in the Company's business and financial activities, the Audit Committee promptly analyzed and proposed solutions for issues arising in the course of operation to the Board of Directors within the scope of authority specified in the Company's Charter.

### **3. Remuneration, operating expenses and other benefits**

Remuneration, operating expenses and other benefits of the Audit Committee and each member of the Audit Committee comply with the provisions of the Enterprise Law and the Company's Charter. Further details have been presented in the Consolidated Financial Statements for 2022.

## **II. REPORT OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS IN THE AUDIT COMMITTEE**

### **1. Monitoring results of the Board of Directors, Board of Management**

#### **1.1. Activities of the Board of Directors**

In 2022, the Board of Directors operated in accordance with the provisions of the law, the charter, overcome difficulties and challenges and contributed to the completion of the plan assigned by the General Meeting of Shareholders. Specifically:

- The Board of Directors has issued Resolutions and Decisions to implement the plans approved by the General Meeting of Shareholders. Resolutions and Decisions of the Board of Directors are issued in accordance with the authority, in accordance with the order and procedures in accordance with the Enterprise Law and the Company's Charter, in accordance with business practices, meeting the requirements of governance and as well as general development strategy of the Company.
- The Board of Directors has planned and directed the implementation of company administration, production and business strategy, investment strategy, human resource development... in a careful, serious and drastic way in strict compliance with regulations stipulated in the Company's Charter, promptly resolved arising problems, brought high operational efficiency, and maintained the Company's position in the industry.

- In every quarter, the Board of Directors holds meetings to evaluate and update the business situation, financial situation, corporate culture, etc., thereby discussing and making appropriate decisions.
- The Board of Directors regularly supervises, directs and coordinates closely with the General Director and the Board of Management to find solutions and remove difficulties in business activities and management.

## **1.2. Activities of the Board of Management**

The Board of Management has organized and operated business activities in accordance with the Resolutions and Decisions from the Board of Directors and complied with the provisions of the Company's Charter and Regulations.

The Board of Management has promoted sales activities, maintained and developed market share in the industry through practical and timely solutions such as developing the sales team, promulgating appropriate sales policies, standardizing branding, advertising communication, finding new markets. In terms of production organization, the Executive Board always strives to improve processes, rationalize production, and manage costs.

Along with accomplishing business goals, the Board of Management always focuses on research and development of new products in order to diversify products to improve competitiveness in the market.

In addition, the Board of Management also directed to perfect and improve the internal management system, build and develop human resources, ensure jobs, ensure employee health and safety, and conduct business with high responsibility with stakeholders.

Under the direction and supervision of the Board of Directors, the Board of Management has completed the revenue and profit targets assigned by the General Meeting of Shareholders in 2022, maintaining the Tien Phong Plastic brand.

## **2. Monitoring results for the Company's financial statements, operations, and financial position**

KPMG Vietnam Co., Ltd. is the selected auditor to audit the Consolidated Financial Statements and Separate Financial Statements of the Company. During the audit of the financial statements, KPMG Vietnam Co., Ltd. ensures independence, objectivity, and compliance with professional regulations when giving audit opinions.

The Audit Committee agreed with the opinion and audit results of the independent auditing company - KPMG Vietnam Co., Ltd. with the following contents on the Consolidated and Separate Report: *“The financial statements give a true and fair view, in all key aspects of the financial position of the Company as at 31 December 2022, the results of operations and cash flows of the Company for the year then ended, in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System for Enterprises and relevant legal regulations related to the preparation and presentation of financial statements”*.

Based on the audited financial statements, the business results in 2022 of the Company are as follows:

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Criteria	Plan of the General Meeting of Shareholders in 2022	Completion in 2022	Percentage of completion compared to plan
Product sales revenue	5.175	5.615	109%
Profit before tax (Separate report)	465	532	114%

In 2022, the Company achieved both revenue and profit targets. Specifically, sales of products on the consolidated report reached 109% of the plan, the pre-tax profit in 2022 (on the separate report) reached 114% of the plan. The company also strengthened cost control, specifically according to the consolidated report, the ratio of cost price / net revenue in 2022 decreased slightly compared to 2021, the ratio of administrative expenses / net revenue in 2022 was equivalent to this target in 2021, the ratio of selling expenses / net revenue in 2022 increased from 9% to 11% compared to 2021, because in 2022 the company started to redeploy conference/conference activities. Customer recommendations/advertising activities... postponed due to the impact of the Covid pandemic in previous years.

Regarding the situation of receivables, the debt balance as of December 31, 2022 increased by 9.6% compared to the balance at December 31, 2021 (equivalent to VND 76 billion), proportional to the increase in revenue. In which, the receivables receivable from Southern TNTP Plastic Joint Stock Company was noted that the previous year was paid according to the committed schedule, accordingly, the balance of this object's receivables as of December 31, 2022 decreased by 26% compared to the previous year. with the balance as of December 31, 2021 (equivalent to VND 132 billion).

The average collection period in 2022 decreased compared to 2021 (from 62 days to 53 days) combined with the collection period in 2021 also decreased compared to 2020, showing the positive in debt collection of the company.

As of December 31, 2022, the debt/total asset ratio of the Company was 44%, a slight decrease compared to 45% as of December 31, 2021. That shows that the company continued to use financial leverage to increase profits for shareholders.

The ROA and ROE in 2022 will remain at the same level as in 2021.

From the above indicators, it shows that the financial situation, profitability of the Company is stable, effective use of capital and assets.

### 3. Review of transactions between the company and related parties

In 2022, the Company made announcements of stock transactions of members of the Board of Directors, General Director, other executives of the Company and related people to the authorities in accordance with current regulations.

The Company's transactions with the above related companies during the year 2022 are detailed in Note 34 – Major transactions with related parties in the Company's separate financial statements.

Transactions with these companies have been submitted to the Board of Directors for consideration for the approval of the principle contracts of the above companies. Also according to this decision, the Board of Management of the Company is assigned the task of implementing economic contracts with the above related companies; annually at the end of the fiscal year, the Board of Management is responsible for reporting to the Board of Directors on the implementation of the principle contracts with these companies.

#### **4. Results of the assessment of the internal control and risk management system**

The Company's system of risk management and internal control is established and maintained in all activities in the company through specific regulations on functions and operational tasks of the division/department/factory, cross-checking mechanism, monitoring mechanism, and reporting mechanism at all levels.

The system of internal regulations and processes has been gradually improved and regularly supplemented and adjusted in accordance with legal regulations and the Company's development strategy. Regulations provide specific decentralization and authorization, clearly defining responsibilities and powers of each individual/unit, as a basis for building effective control points and limiting risks.

#### **5. Assess the coordination between the Audit Committee and the Board of Directors, General Director and shareholders**

The Board of Directors, the Board of Management of the Company promptly provided information and documents on the management, administration and business activities of the Company at the request of the Audit Committee, supported and facilitated the Audit Committee to carry out the tasks of its function.

The Audit Committee directly participated in the meetings of the Board of Directors, the Board of Management, and contributed opinions on issues related to the management and production and business activities of the Company. The opinions and recommendations of the Audit Committee were received by the Board of Directors and the Board of Management and given timely direction.

In 2022, the Audit Committee did not receive recommendations or inspection requests from shareholders.

#### **6. Recommendations of the Audit Committee/Independent member of the Board of Directors**

Continue to review, supplement, amend and perfect the system of internal governance, management and administration documents, operating procedures of

divisions/departments in order to standardize operations and improve the efficiency of the internal control, risk management system, legal compliance.

Complete the construction of labor quota at the Mechanical Factory.

Complete and develop the staff at Market Development Department 1&2 in sufficient quantity and quality assurance to improve service quality and take care of sales units/distribution channels.

Focus on exploiting key public investment projects across the country to boost sales in 2023 when real estate projects show signs of stagnation and slow development.

Strengthen marketing activities to promote the consumption of new products such as double-layer HDPE/PP corrugated pipes, uPVC pipes and fittings according to 3633 standard

Strengthen the control of collecting debts. For bad debts that have been set aside, the Board of Management continues to direct relevant departments to coordinate with the Central Committee to urge and collect debts.

The above is the report of the Audit Committee to submit to the General Meeting of Shareholders for consideration and approval.

**CHAIRMAN OF THE  
AUDITING COMMITTEE  
INDEPENDENT MEMBER OF  
THE BOARD OF DIRECTORS**

**DAO ANH THANG**