

Traphaco 
The way of green health



ADAPTATION AND CHANGE

LIST OF
ACRONYMS

3Ps	: Position, Person, Performance
BoS	: Board of Supervisors
FS	: Financial statements
CBEI	: Consumer Brand Emotion Index
BI	: Business Intelligence
JSC	: Joint Stock Company
QA	: Quality Assurance
AGM / GAS	: Annual General Meeting of Shareholders / General Assembly of Shareholders
DMS	: Distribution Management System
ERP	: Enterprise Resource Management
ETC	: Ethical
GACP-WHO	: Good agricultural and collection practice, recommended by the World Health Organization
GMP-WHO	: Good manufacturing practice, recommended by the World Health Organization

GMP-EU	: Good manufacturing practice, according to European standards
GRI G4	: 4 th Generation Global Reporting Initiative
BoD	: Board of Directors
ICOR	: Incremental Capital Output Ratio
ISO	: International Standardization Organization
IT	: Information technology
KPI	: Key Performance Indicator
R&D	: Research and Development
OTC	: Over-the-counter
QM	: Quality Management
SCIC	: State Capital Investment Corporation
SDGs	: United Nations Sustainable Development Goals
SWOT	: Strengths - Weaknesses - Opportunities - Challenges
RBEI	: Retailer Brand Emotion Index
CEO	: Chief Executive Officer
Ltd.	: Limited
VSDGs	: Vietnam Sustainable Development Goals
WEF	: World Economic Forum
WIPO	: World Intellectual Property Organization

Adaptation
& CHANGE

CULTURE
TRAPHACO
IN A NEW PERIOD

HONEST

COURAGE

INITI-
ATIVE

CONNECT

CREATIVE

RESPON-
SIBLE

The year 2020 was the last year of the 2016-2020 period, Traphaco witnessed positive growth, thanks to the flexibility and rapid change to adapt to the impact of Covid-19 pandemic, with critical change in system administration, application of digital transformation, incorporation of new online-sale model and improvement of R&D capacity. This was also the year Traphaco began to establish a new period culture, in order to enhance the sense of responsibility and improve attitude of the Company's leadership and staffs, unify the will and strength of human resources to prepare for the coming period of business acceleration.

2021 is the starting year for the 2021-2025 term, the Company hopes to enter a new growth period with the mission of restructuring the system, creating compound growth for both herbal and generic. On the journey towards 2025, people of Traphaco shall promote the culture of Traphaco in a new period, confront all difficulties and challenges, be willing to change for the Company to continue progressing further on the path of development, bring more value to the shareholders, employees, and also the society in general.

Applied Power BI,
a Business Analytics solution
for data visualization

The Procedures under
ISO Standards

Independent Auditing
and Financial Statement

Enterprise Resource
Management System

Integrating 17 sustainable development goals
of the world (SDGs) and Vietnam (VSDG)
into Traphaco's activities

5th Consecutive Year of Applying
ASEAN Governance Scorecard

Sustainability Report
by GRI Standards

A set of criteria for evaluating and
rating Vietnam's sustainable business

HIGHLIGHT

ANNUALREPORT
TRAPHACO 2020



Access the website
www.traphaco.com.vn/ir
or scan the QR Code



Download the annual report application at



IOS: Enter the keyword
"Traphaco-IR"



Android: Enter the keyword
"Traphaco-IR"

CONTENT

Annual
Report
Traphaco
2020

- 03 Preface
- 04 Highlights of Annual Report of Traphaco 2020

TRAPHACO 2020

- 08 Vision - Mission - Core Values
- 10 Highlights of 2020
- 14 Notable awards over the years
- 16 Key business targets for 2020
- 17 Figures of the period 2016-2020
- 18 Message from the Chairwoman of Board of Directors
- 22 Message from the CEO

1. OVERVIEW OF TRAPHACO

- 28 Overview of TRAPHACO
- 30 History of establishment and development
- 32 Industry & business location
- 34 Business Governance Model at Traphaco
- 38 Subsidiaries of Traphaco
- 40 Organizational chart of the Company
- 42 Introduction of the Board of Directors
- 44 Introduction of the Board of Management
- 46 Introduction of the Board of Supervisors

2. PRODUCTION AND BUSINESS RESULTS OF 2020 AND PLAN FOR 2021

- 50 Report and evaluation of the Board of Management
- 66 Analysis of financial situation in 2020
- 74 Production and business plan for 2021
& Development orientation for the period of 2021-2025
- 80 Report on operation activities of subsidiaries

3. CORPORATE GOVERNANCE

- 100 Traphaco corporate governance structure and model
- 102 Report of the Board of Directors for the 2016-2020 period
- 111 Activities of sub-committees under the Board of Directors
- 114 Analysis of governance scorecard based on
ASEAN Corporate Governance Scorecard
- 129 Transaction and remuneration
- 131 Assessment of Corporate Governance in 2020
- 132 Report of the Board of Supervisors for the 2016-2020 period
- 140 Risk Management Report
- 146 Information on stock and Investor Relations (IR)

4. REPORT ON IMPACTS ON SOCIETY AND ENVIRONMENT

- 154 Social Activities
- 158 Improvement of Human Resources and Policies for Employees
- 170 Environmental Protection

5. THE CONSOLIDATED FINANCIAL STATEMENT

- 186 Report of the Board of Management
- 188 Report of the Independent Auditor
- 189 The consolidated balance sheet
- 191 The consolidated income statement
- 192 The consolidated cash flow
- 194 Notes on the consolidated financial statements



THE TERM 2016-2020

Courage for changes

On the journey towards 2025, people of Traphaco shall promote Traphaco culture in a new period, confront all difficulties and challenges, be willing to change for the Company to continue progressing further on the path of development, bring more value to the shareholders, employees, and also the society in general.

VISION, MISSION CORE VALUES



VISION TO 2025

Being Vietnam's No. 1 Pharmaceutical Enterprise in terms of growth of revenue-and-profit.

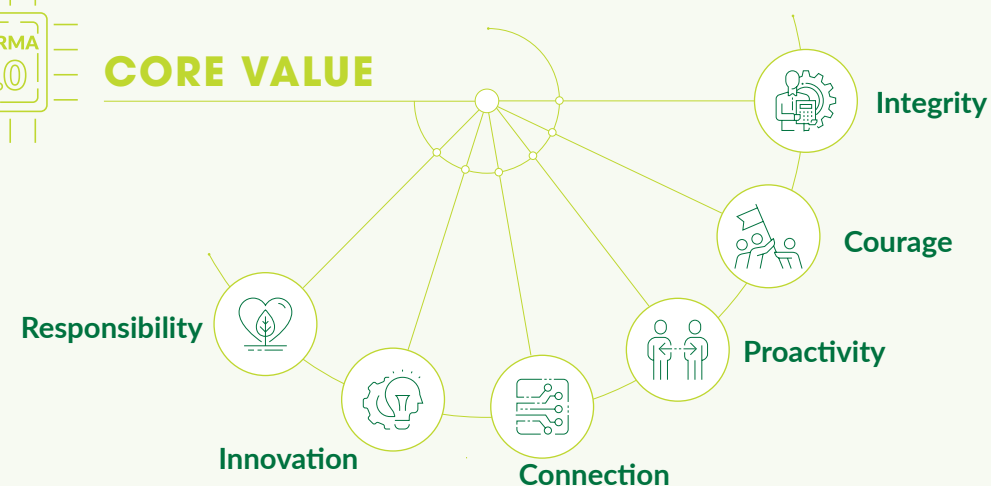


MISSION

Pioneering in manufacturing **"green" product** to protect people's health.



CORE VALUE



PHARMACEUTICALS

GREEN

The pharmaceuticals are produced based on a green supply chain from clean materials to clean production technology with an environment-friendly distribution systems and services.



HIGHLIGHTS OF 2020

1

TRAPHACO RECEIVED THE AWARD "NOTABLE ENTERPRISE FOR EMPLOYEES 2019-2020" AND CERTIFICATE OF MERIT FROM THE PRIME MINISTER

On October 2, 2020, Traphaco was honored to receive the Award "Notable Enterprise for Employees 2019-2020" and Certificate of Merit from the Prime Minister for the Company's continuous contribution for improving working condition, caring for employees' lives, and creating a healthy corporate culture environment over the years. During the impact of the Covid-19 pandemic, the Company focused on leading all employees to overcome all difficulties, maintaining and promoting production and business, ensuring salaries and bonuses for employees.



2

TRAPHACO IS HONORED FOR THE FIFTH CONSECUTIVE TIME TO ACHIEVE THE NATIONAL BRAND (VIETNAM VALUE)

On November 25, 2020, in a ceremony to announce National Brand products, Traphaco with 3 brands of BOGANIC (liver tonic), Hoat huyet duong nao (cerebral blood circulation improvement) and CEBRATON (brain tonic), surpassed more than 500 records of enterprises meeting the criteria to be honored by the Prime Minister with the title of National Brand 2020. This is also the 5 consecutive times Traphaco has been rewarded this noble title (2012, 2014, 2016, 2018).



3

TRAPHACO RECEIVED THE TITLE OF VIETNAM SUSTAINABLE ENTERPRISES 2020 (CSI 2020)

On December 10, 2020, the Vietnam Business Council for Sustainable Development - VBCSD held a ceremony to announce Sustainable Enterprises in Vietnam of the year 2020. Traphaco JSC continues to be voted Vietnam Sustainable Enterprise 2020. In the coming time, Traphaco's strong development motivation is its technological strength and the pioneering position in the trend of Pharma 4.0 - the application of 4.0 Technology in manufacturing and trading of pharmaceuticals.



4

TRAPHACO RECEIVED THE CERTIFICATE OF MERIT FROM THE MINISTER OF HEALTH

On 19/10/2020, Traphaco was honored to receive Certificate of Merit from the Minister of Health for many achievements in emulation movements for the period 2016-2020. Over the past years, in order to practically respond to the patriotic emulation movement launched by the Ministry of Health, every year Traphaco JSC has been launching emulation movements associated with the development goals of the Company, these were the factors that brought about the Company's success in production and business activities, contributing to the development of the national health sector.



5

A SERIES OF TRAININGS FOR TRAPHACO CULTURE IN THE NEW PERIOD

Right from the beginning of 2020, training activities regarding "Traphaco Culture" have been held for all Traphaco employees from management level to all staffs. With a total employee attendance of 1,043, the participants were informed to better understand Traphaco Culture in the new period. On May 13, 2020, Traphaco held a Model Communication Conference, starting a series of activities for communication of Traphaco Culture in the new period during May 2020. The heads of departments directly instructed and trained the staff, demonstrating "An example" as in 6 behaviors of the Manager.



6

RESPONDED PROMPTLY AND EFFECTIVELY TO THE COVID-19 EPIDEMIC

When Covid-19 epidemic broke out, Traphaco quickly made adjustments and changes to adapt to the actual situation. Traphaco rapidly researched and brought to market a comprehensive set of Traphaco's epidemic prevention products, established an online consultation group and home delivery support for customers. For employees, the Company implemented remote working via Internet, provided epidemic prevention products, ensuring safety for all staffs. These were proper measures, helping Traphaco to better approach and care for its customers, ensure effective epidemic prevention and economic growth.



7

GENERAL MEETING OF SHAREHOLDERS 2020

On March 26, Traphaco successfully organized the 2020 General Meeting of Shareholders (AGM) in two forms of face-to-face and online meeting. The AGM was held in accordance with provisions of law on epidemic prevention. The meeting agreed on many contents, including the Supplement of registered business lines, targets of 2020 such as Consolidated revenue of VND 2,000 billion, Consolidated profit after tax of VND 180 billion. The meeting also elected Mr. Vu Tri Thuc, Mr. Lee Tae Yon, and Mr. Chung Ji Kwang as members of the Board of Directors, Mr. Kwon Ki Bum as a member of the Board of Supervisors of Traphaco JSC for the term of 2016 - 2020.



9

LAUNCHING OF NEW PRODUCTS: BOGANIC DRINK

Developed from the famous Boganic liver tonic brand, in 2020, for the first time Traphaco launched a unique product - Boganic herbal tea, combining clean medicinal extracts of GACP-WHO standard with black tea, helping detoxifying the liver and purifying the body. At the first introduction to market, Boganic drink quickly attracted attention and received many good feedbacks from consumers, 80% of customers were satisfied with the product, high rebuying rate of 34% (according to research on quality and market test in 2020).



8

SUCCESSFUL FIRST REGISTRATION: BACH QUA (GINKGO BIBOLA) RECEIVED GACP-WHO

Thanks to the improvement of the GreenPlan Project management board in the making of dossier, approaching and providing information to the authority, with the close guidance of the Board of Management, on January 22, 2020, the Ministry of Health has an official paper recognized Ginkgo bibola to meet GACP-WHO. From this milestone, Traphaco JSC is the first and only pharmaceutical enterprise at the moment successfully registered Ginkgo bibola - a medicinal material only available overseas - to satisfy GACP-WHO in Vietnam, opening up many opportunities for Traphaco products to be included in group 1 bidding for the treatment system.



10

THE 5TH PARTY COMMITTEE MEETING OF TRAPHACO JSC, TERM 2020-2025

On June 9, 2020, the 5th Party Committee Meeting of Traphaco JSC (term 2020 - 2025) was organized. The 5th Party Committee Meeting of the Company, term 2020 - 2025, was an opportunity for the entire Party Committee to summarize and comprehensively evaluate the achieved results, recognize the shortcomings, draw lessons from them, then set out the objectives, directions, tasks and implementation solutions for the next term. "Successfully establish Traphaco culture in the new period is the key action program for the term 2020-2025. Successful implementation of emulation program is the key action program every year of the Party Committee of the Company".



NOTABLE AWARDS

OVER THE YEARS

AWARDS NOTABLE



Labor Hero
(2010)



First-Class Labor Medal
(2012)



First-Class Labor Medal
for Company Union (2019)

STATE LEVEL



WIPO Awards
(2010)



Asia Pacific International Quality Award
(2013)



National Quality Golden Award
(2012, 2015, 2018)

ON SCIENTIFIC RESEARCH AND APPLICATION OF INTELLECTUAL PROPERTY SOLUTIONS



Top 10 Vietnam Golden Stars in 2018



TOP 10 most prestigious pharmaceutical
companies in Vietnam (2016, 2020)



Top 40
Top 40 Most Valued Vietnamese Brands by
Forbes magazine (2016, 2017)



Top 50 Vietnam Leading Brands 2019
voted by Forbes



Top 10 outstanding Vietnamese brand products
(2015, 2017)

ON BRANDING

5 CONTINUOUS TIMES
(2012, 2014, 2016, 2018, 2020)

NATIONAL BRAND

VIETNAM VALUE



Certificate of merit from the Prime Minister,
2020



Top 10 Typical Vietnam Golden Star Enterprise
for Social Responsibility
(2011, 2013, 2015)



TOP Vietnam's Most Sustainable Enterprise
(Top 10 CSI) (2016, 2017)



Enterprise for Labors
(2016, 2017, 2018, 2019-2020)

ON SOCIAL RESPONSIBILITIES

BASIC BUSINESS INDICATORS IN 2020

“In 2020, Traphaco will have more products (both herbal and Western medicines) to implement the ETC channel development strategy as well as keep the distribution advantage on the OTC channel. Continue to take advantage of digital technology to best communicate to customers, optimize costs, increase labor productivity based on the application of professional KPI tools; working with responsible, creative, courageous and confident manner, actively enhance internal communication for the purpose of business development. We will all create new, faster, stronger flows in line with the trend of Pharma 4.0. On the basis of Traphaco Culture in a new period with effective management solutions.”



1,172.5

Equity
(Unit: Billion VND)

414.5

Charter capital
(Unit: Billion VND)

30%

The rate of annual dividend payment (2016-2020)

266,6

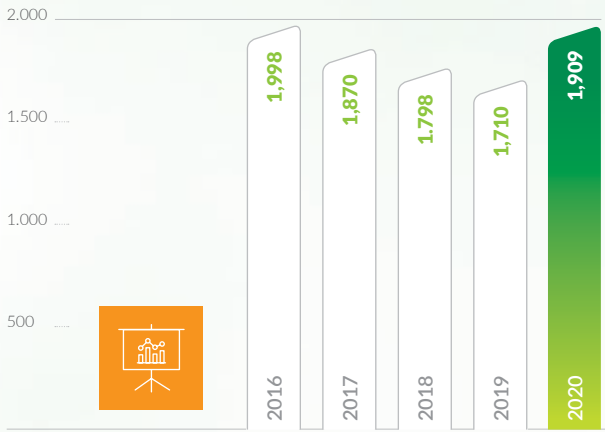
Profit before tax
(Unit: Billion VND)

27,000+

Contracted-pharmacies nationwide

DATA SERIES FOR

THE PERIOD
2016 - 2020



REVENUE FROM SALES AND SERVICES
(UNIT: BILLION VND)

1,909



CONSOLIDATED PROFIT AFTER TAX
(UNIT: BILLION VND)

216.7



TOTAL ASSETS
(UNIT: BILLION VND)

1,650.8

MESSAGES OF CHAIRWOMAN OF THE BOARD OF DIRECTORS



“ With confidence and determination to innovate in the spirit of Traphaco culture, we shall form a development strategy for the term 2021-2025 to bring Traphaco to a new level of identity and competence. ”

Dear shareholders, clients, investors, and colleagues,

We have just welcomed a beautiful spring season with all flowers blooming. Also, the spring of our hearts when Vietnam is the bright spot of the world, thanks to successful epidemic prevention and economic growth. Traphaco also bursts of happiness over a tough year: Actively prevented epidemic, actively managed the Company, actively operated our business and established new cultures. We have thought and acted together towards effectiveness, proactively overcome the "EGO" to improve ourselves, to increase the capacity to meet all requirements of the mission, to produce many products from enhancing cooperation for common goals, ready to deal with difficulties and challenges.

The consequences of the global pandemic crisis affected not only people's lives, but also paralyzed the world economy and reduced purchasing power; challenges from consecutive severe natural disasters **"flood after flood, storm after storm"** But Traphaco ended 2020 with not only achievements in revenue and profit but also the core values of Traphaco have been well maintained and developed. Revenue increased by 12%, profit after tax exceeded the plan, increased 27% over the same period in 2019. After many years, we have witnessed the success of revenue issue (thanks to the customer personalization policy). Traphaco also created a healthy working environment with 93.5% satisfied employees (surveyed by VBCWE). This result indicated the effectiveness of corporate governance, also on top of that, the power of trust has spread from the Leadership to all employees, customers, and partners of Traphaco.

It can be said that Traphaco has successfully completed its tasks in 2020 when the Company was the top of pharmaceutical companies listed on the stock exchange in terms of revenue-and-profit-growth.



2,100

(UNIT: BILLION VND)
REVENUE PLAN OF 2021



240

(UNIT: BILLION VND)
PROFIT AFTER TAX PLAN OF 2021

Ladies and Gentlemen,

The year 2021 is the first year of the 2021-2025 development strategy, the first year of the new decade. During the past 5 years, Traphaco has buckled in the challenges of natural and social environment, of the market, or the investment in new factories, the inertia of the old company culture, the growing in scale but lack of streamlining, effectiveness, the difficulty in applying advanced management tools (KPI, salary 3Ps) ... In addition, there are unpredictable difficulties brought about by the pandemic. This year, new challenges continue to occur, but we must survive and thrive. Because we inherited the essence of 48 years of tradition, we retain and develop our resources from the core values of 20 years of equitization. Traphaco is a notable public company on HOSE; corporate governance is developed towards openness and transparency, following OECD international standards.

“Traphaco is a sustainable development company that continues to develop a green value chain, participates in a green economy, and carries out the mission of "Innovation of green products for human health care"”

With the advice of KPMG (1 of 4 international auditing firms under the Big4 group), in 2021 we have development orientation for 2021-2025 as following:

- Maintaining the development of herbal medicine, promoting the development of western medicine;
- Developing ETC channel, promoting R&D activities and transferring technology, increasing product portfolio through cooperation in trading imported goods;
- Actively utilizing resources, perfecting ERP system, maximizing application of advanced management tools and 4.0 technology;
- Perfecting Traphaco culture - a fertile ground for the seed of the Company's strategy to germinate and grow into success.

Traphaco emphasizes humanity, all activities of Traphaco are concentric circles with the focus on people. Because when we have the right strategy, the ability to put plan into action, and a team fully trust in the Company's strategy, we will have a sure condition for our success.

In 2021 with the message *"Culture Actions - Process Effectiveness"*, and revenue plan of VND 2,100 billion (increase 10% and exceeding VND 2,000 billion threshold), profit after tax plan is VND 240 billion (up 11%); continuing to carry out corporate reforms and cultural practices to clearly form a portrait of Traphaco with 6 cultural characteristics; Maintaining No. 1 position in herbal medicine, promoting the revenue of western medicines; Optimizing all processes in a coherent manner and carry out the processes towards labor productivity and economic efficiency; Thoroughly applying information technology and success lessons from 2020, always keep in mind 5K motto and carry out business in the context of *"the new normal"*. We're glad that in the first 3 months of 2021, we were safe and made 25% increase in revenue over the same period, all projects were started smoothly.

With confidence and determination to innovate in the spirit of Traphaco culture, we shall form a development strategy for the term 2021-2025 to bring Traphaco to a new level of identity and competence: Traphaco Pharmaceutical Company - Pharma 4.0, management satisfied OECD international standards. With the right strategy, adequate capacity and resources for implementation, along with the trust of all the people, Traphaco will surely be successful.

On behalf of the Board of Directors, I would like to sincerely show gratitude for all the efforts of the Board of Management and employees, the trust and support of customers, partners, and investors who have always accompanied Traphaco.

Wishing us all prosperity!



Meritous doctor, Master
Vu Thi Thuan
Chairwoman of the Board of Directors



CEO'S MESSAGE

“2020 with Traphaco was a year that continues to be challenging. The COVID-19 pandemic has been complicated since the beginning of 2020, leading to the social distancing decision of the Government. The world economy in general and Vietnam in particular are under heavy pressure of decline. Accordingly, the pharmaceutical market was also negatively affected due to the decline in purchasing power of the people and the restriction of social distancing. These difficulties required Traphaco to have a consensus on goals with flexible directions and solutions to meet the market's needs, turning them into motivation to overcome difficulties.”

Mr. Tran Tuc Ma
CEO

However, on the basis of the established foundation, in 2020, the Company continues to promote 5 major solutions and anticipate new opportunities.

With the OTC system, the Company applies information technology to enhance the management of customers' data; assess the pharmacies' true selling-capacity; strengthen the role of the sale-representatives and provincial person-in-charge. Increasing Traphaco's product volume on the shelves of each customer through the application of information technology and BI analysis.

Focus on boosting ETC market. According to the Circular No. 15/2019 / TT-BYT on bidding for drugs, many Traphaco's drug products are classified into Group 1 of Eastern medicines. Circular 15 has opened up significant growth opportunities for products using medicinal GACP - the key products of Traphaco.

Boosting research and development, register the list of products deployed in production, ensure a sufficient number of products to meet market's demands. The Company uses technology to deploy products, puts products by technology transfer into production, expands the OTC and ETC product portfolio with "breakthrough", products, making good use of the extensive distribution system and strong brand of Traphaco.

Strengthening corporate governance activities, well implement cost management. Building cost limits and good governance, ensuring the completion of plans, benefits for employees, interests of shareholders and investors.

THE YEAR 2020 BUILD TRAPHACO CULTURE IN A NEW PERIOD



The Company makes strategic changes, developing new western products. The Company designs a plan to develop western medicine in the period of 2020-2025 with specific goals and measures. Orientation to gradually increase the proportion of sales of modern medicines in the total revenue structure. The Company gathers the necessary resources to continue receiving technology transfer from Daewoong to increase the product portfolio and research-production capacity.

The year 2020 is chosen as the year to

Build Traphaco Culture in a new period with the message

Honest and Brave

Take initiative to Connect

Creativity with Responsibility

Innovate to Success

to conquer new challenging goals, Traphaco people must have a new mind and a new spirit following Traphaco's cultural principles. Traphaco's culture in the new period will be a guideline to gather, connect and unify Traphaco's people regarding the will, goals, ways and attitudes in the work, so that the work of each individual and department will be a specific but coherent reflection of the common goals.

At the same time, right from the beginning of the year, the Company has proactively taken measures to cope with the epidemic situation, take advantage of market opportunities as well as ensure that the Company's activities are happening normally during the period of social distancing.

At the same time, right from the beginning of the year, the Company has proactively taken measures to cope with the epidemic situation,



BUSINESS PERFORMANCE OF 2020

CONSOLIDATED REVENUE

(UNIT: BILLION VND)

1,909

equaled to 96% of the plan, increased 12% compared to the last year.

Consolidated profit

(UNIT: BILLION VND)

216.7

exceeded 20% of the plan, increased 27% compared to the last year.

Revenue of manufactured and distributed goods both achieved good growth.

take advantage of market opportunities as well as ensure that the Company's activities are happening normally during the period of social distancing.

These positive and flexible solutions together with the Traphaco Culture in the new period increasingly instilled into the staff have brought positive results to the Company's activities.

This is an impressive result in the context of the pharmaceutical market in general, total revenue of listed pharmaceutical companies decreased, while total profit increased slightly. Traphaco is one of the pharmaceutical companies with stable high growth rate and the best in the market.

With these results, the Company has been recognized with many great awards

- Certificate of Merit from the Prime Minister for the collective "Outstanding achievements in caring for the welfare and interests of employees" according to Decision No. 1103 / QD-TTg dated July 24, 2020.
- Certificate of Merit from the Minister of Health for many achievements in emulation movements for the period 2015-2020.
- Vietnam Value for the 5th time in a row. Decision recognizing the products of Boganic liver tonic, Traphaco's Hoat huyet duong nao, Cebraton brain tonic and Traphaco brand as Vietnam Value in 2020 of the Ministry of Industry and Trade. According to Decision No. 2534-QD/BCT dated September 29, 2020.
- Certificate of Merit of the Organizing Committee for implementing the campaign to build Vietnamese corporate culture for Traphaco JSC "Having actively responded to the campaign to build Vietnamese corporate culture launched by the Prime Minister in 2016 - 2020". According to Decision No. 90/QD-BTC-248 dated November 6, 2020.
- Vietnam sustainable enterprises 2020 (CSI 2020)
- The most prestigious herbal medicine enterprise in Vietnam 2020 (awarded by Vietnam Report).

With encouraging results and motivations for sustainable growth, Traphaco enters 2021 with many ambitious goals.

2021 STANDARDIZATION OF PROCESS

Since the end of 2020, to prepare for a new phase of growth, Traphaco has hired KPMG Vietnam Co., Ltd. - a reputable consulting and auditing firm, and coordinated with its partner Daewoong Pharmaceutical Company to evaluate the core competencies then giving recommendations to improve Traphaco's competency. Accordingly, one of the most important recommendations is the need to improve working processes.

Traphaco chooses the year 2021 as the year for Standardization of Procedures with the slogan: Culture Actions - Process Effectiveness. Accordingly, the Company focuses on upgrading and improving existing ineffective working processes, promoting core strengths, continuing to promote Traphaco Culture in the new period.

MAJOR TASKS TO BE IMPLEMENTED IN 2021

- 1. Continue deployment of Traphaco Culture in a new period**
- 2. Manage expenses with a budget plan**
Thực hiện khuyến nghị của KPMG, Công ty triển khai xây dựng kế hoạch ngân sách chi tiết 2021, tăng cường quản trị chi phí cũng như nâng cao hiệu quả, đảm bảo thực hiện lợi nhuận.
- 3. Thay đổi cách giao và đánh giá mục tiêu công việc KPI**
Following the recommendations of KPMG, the Company developed a detailed budget plan of 2021, enhanced cost management as well as improved efficiency, ensuring profitability.
- 4. Change how to manage customers**
The Company changed its customer management approach, focusing on quality customers, encouraging customers to increase sales, increasing the number of SKUs and increasing coverage in pharmacies.
- 5. Enhance marketing activities**
In 2021, the Company continues to strongly promote marketing activities, including building a product management unit, assigning responsibilities and expenses to each individual product manager.
- 6. Promote imported products**
In 2021, the Company continues to strengthen the development of distribution products, enhance the increase of products by negotiating and signing contracts with foreign partners, especially Daewoong.
- 7. Technology transfer with Daewoong**
In 2021, the Company promotes the transfer of 10-15 new products from Daewoong partner, promote comprehensive cooperation with Daewoong. The Company continues to seek and expand strategic partners to receive tech transfer, diversify products, serve the strategy of developing western medicine products.
- 8. Innovate R&D process and the development of new products**
In 2021, the Company changes the process of developing new products with more and more active participation from Marketing and Sales, ensuring the development of new products in accordance with market requirements.

With the above clear directions and thorough clear solutions, the Company believes that 2021 will be a successful year for Traphaco, opening a new stage of acceleration and development.



Connecting Resources

Connecting all resources, the new image of Traphaco is built on the basis of large-scale production facilities with the Green value chain, becoming a Brand of trust when people prioritize Traphaco's products to be pharmaceuticals, health care products for their families.

1 OVERVIEW OF TRAPHACO

- 28 Overview of Traphaco
- 30 History of establishment and development
- 32 Industry & business location
- 34 Business Governance Model at Traphaco
- 38 Subsidiaries of Traphaco
- 40 Organizational chart of the Company
- 42 Introduction of the Board of Directors
- 44 Introduction of the Board of Management
- 46 Introduction of the Board of Supervisors

OVERVIEW OF TRAPHACO



Traphaco JSC
was established on November 28, 1972

48+ YEARS OF ESTABLISHMENT
& DEVELOPMENT

TRAPHACO

has become

THE NO. 1
PHARMACEUTICAL
BRAND IN VIETNAM



Headquarters:
75 Yen Ninh, Ba Dinh,
Hanoi

Office: Hoang Liet factory
Lane 15, Ngoc Hoi Road - Hoang Liet Ward - Hoang Mai District - Ha Noi



04 SUBSIDIARIES, AFFILIATES



03 PHARMACEUTICAL & HEALTH-PROTECTION-FOOD
MANUFACTURING FACTORIES MEETING GPS-WHO
STANDARD



05 PLANTING/HARVESTING ZONES OF
MEDICINAL PLANTS MEETING
GACP-WHO STANDARD



01 EXTRACT FACTORY
MEETING GMP-WHO
STANDARD



28 BRANCHES NATIONWIDE



27,000+
CONTRACTED-PHARMACIES NATIONWIDE

THE ESTABLISHMENT AND DEVELOPMENT HISTORY

“ 2020 is the last year of the term 2016-2020, also the year Traphaco chooses to build a new culture in order to improve the sense of responsibility and attitude of the Company's management team & employees, unifying the will and strength of human resources to prepare for the upcoming accelerating period. ”



2020

1972

- 1972**
Established the production team belonging to the Railway Medical Service (the predecessor of Traphaco).
- 1993**
Established the Railway Pharmaceutical Enterprise.
- 1994**
Established the Transportation pharmaceutical and medicinal supplies Company
- 1998**
Owned the 1st pharmaceutical factory meeting GMP-ASEAN in the North in Tay Ho, Hanoi.
- 11/1999**
The first equitized company in the pharmaceutical field in Vietnam
- 2000**
Annual General Meeting of founding shareholders, Traphaco became one of the pioneering pharmaceutical enterprises in equitization.
- 2002**
Establishing TraphacoSapa Two-Member Co. Ltd.
- 2004**
Owned a factory manufacturing drugs meeting GPs - WHO in Hoang Mai, Hanoi.
- 2006**
Established Traphaco High-Tech JSC (Traphaco CNC).
- 2008**
The Company's stock code TRA was officially traded on the Ho Chi Minh City Stock Exchange (HOSE).
- 2009**
Owned the first GPs - WHO certified herbal-medicine factory in the North in Van Lam, Hung Yen.
Traphaco owns 100% of TraphacoSapa Co. Ltd.

- 2010**
Received the title of Hero of Labor.
- 2012**
Received the First-Class Labor Medal;
Traphaco owns 58% of Daklak Pharmaceutical & Medical Supplies JSC (Bamepharm became a subsidiary of Traphaco);
Traphaco owns 51% of Traphaco Hi-tech JSC (Traphaco CNC becomes a subsidiary of Traphaco).
- 08/2017**
Inaugurated the most modern GPs - WHO western-medicine manufacturing factory in Vietnam in Van Lam, Hung Yen.
- 2019**
Received the First-Class Labor Medal for the Company's Trade Union.

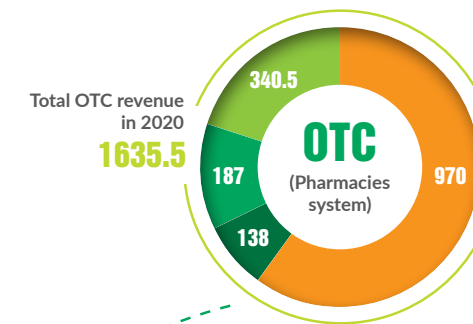
BUSINES LINES & BUSINESS LOCATION

Business lines

- Producing and trading pharmaceuticals, chemicals and medical supplies.
- Purchasing, cultivating and processing medicine.
- Preparing prescribed medication.
- Consulting on pharmaceuticals and cosmetics manufacturing.
- Importing and exporting medicine-manufacturing raw materials, auxiliary materials, medicines.
- Manufacturing and trading chemicals (excluding chemicals banned by the State).
- Manufacturing and trading cosmetics.
- Manufacturing and trading food.
- Consulting on scientific services, technology transfer in the medical and pharmaceutical field.
- Manufacturing and trading alcohol, beer, beverage (not including bar business).
- Importing and exporting the Company's trading products.
- Retail sale of pharmaceuticals, medical supplies, perfume, cosmetics and hygiene products, food in specialized.
- Retail stores by mail order or internet (except auction activities).

Business location

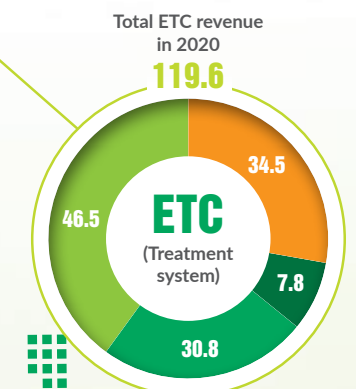
28
BRANCHES NATIONWIDE



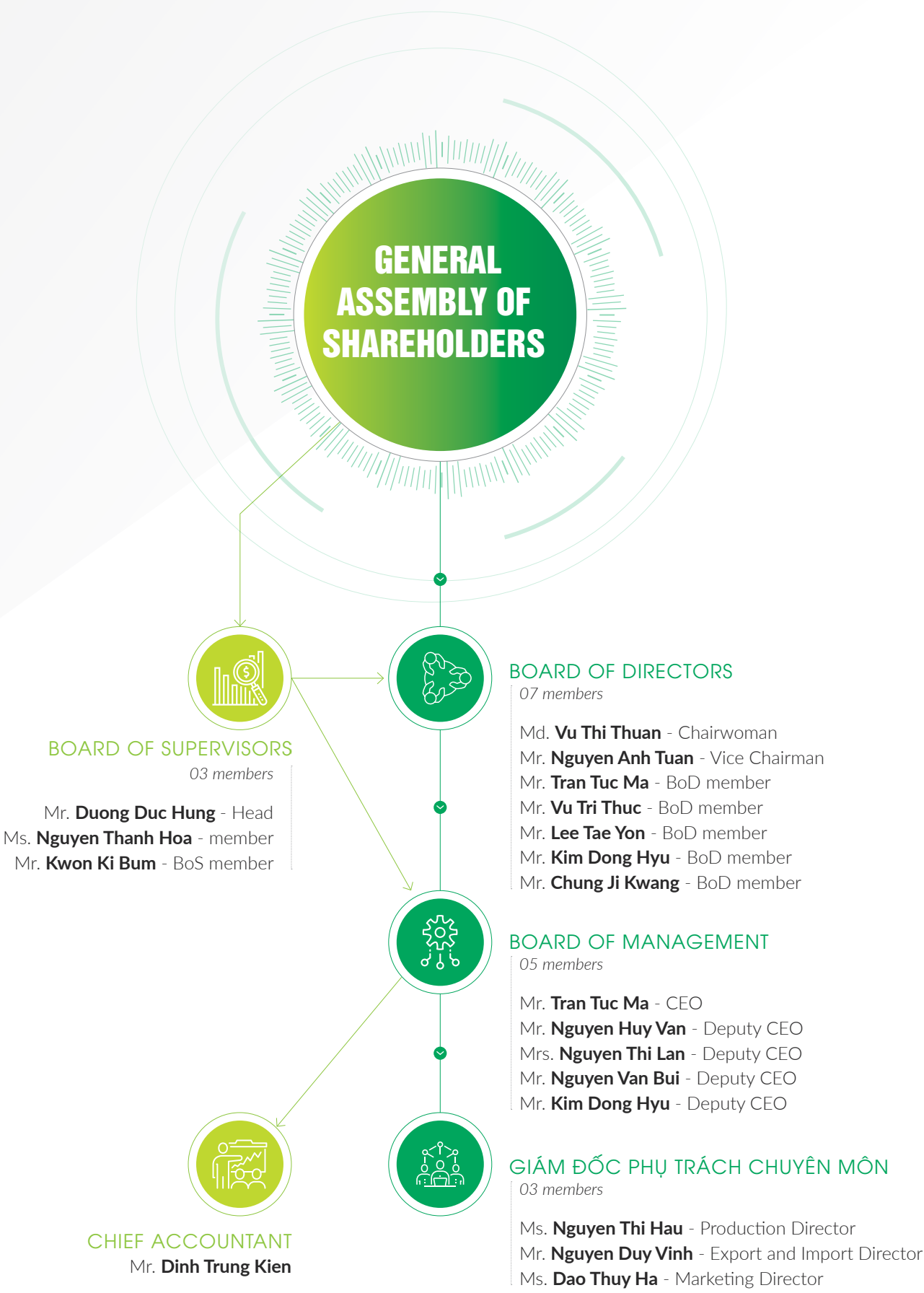
TOTAL OTCE + ETC REVENUE IN 2020
(UNIT: BILLION VND)

Sales Department (Northern Region) ●
North Central ●
Central ●
Southern ●

27,000+
CONTRACTED-PHARMACIES
NATIONWIDE



MODEL
OF CORPORATE GOVERNANCE





27,000+

CONTRACTED-PHARMACIES NATIONWIDE



28

BRANCHES NATIONWIDE



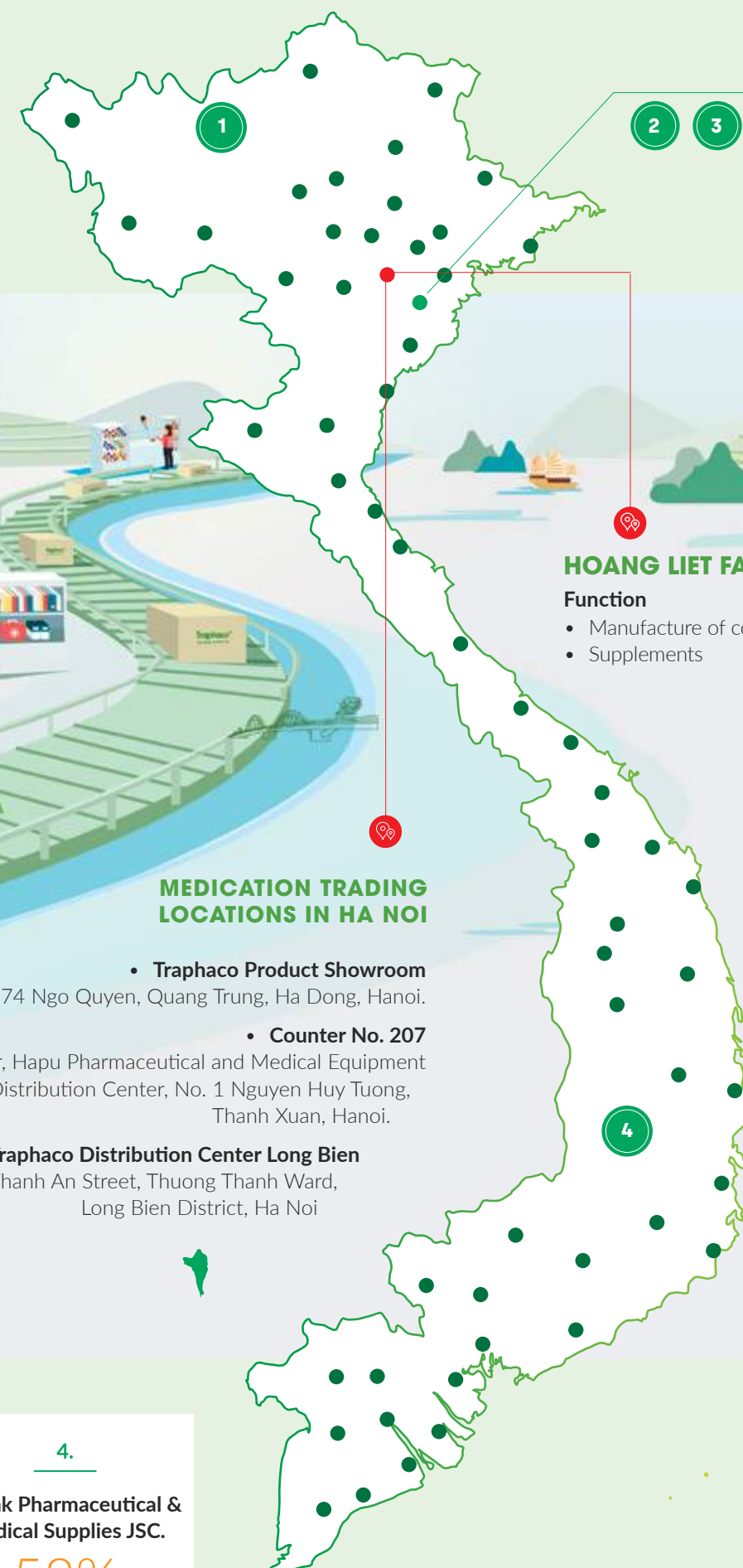
01

DISTRIBUTION SUBSIDIARY



BRANCHES

1. Thai Nguyen Branch
2. Yen Bai Branch
3. Bac Giang Branch
4. Quang Ninh Branch
5. Hai Duong Branch
6. Hai Phong Branch
7. Hung Yen Branch
8. Nam Dinh Branch
9. Thanh Hoa Branch
10. Phu Tho Branch
11. Nghe An Branch
12. Central Branch
13. Gia Lai Branch
14. Quang Ngai Branch
15. Khanh Hoa Branch
16. Thua Thien Hue Branch
17. HCMC Branch
18. Tien Giang Branch
19. Vinh Long Branch
20. Can Tho Branch
21. Binh Thuan Branch
22. Dong Nai Branch
23. Binh Duong Branch
24. Kien Giang Branch
25. Long An Branch
26. Binh Dinh Branch
27. Vung Tau Branch
28. Vinh Phuc Branch



HOANG LIET FACTORY

Function

- Manufacture of cosmetics
- Supplements

MEDICATION TRADING LOCATIONS IN HA NOI

- **Traphaco Product Showroom**
74 Ngo Quyen, Quang Trung, Ha Dong, Hanoi.
- **Counter No. 207**
2nd Floor, Hapu Pharmaceutical and Medical Equipment Distribution Center, No. 1 Nguyen Huy Tuong, Thanh Xuan, Hanoi.
- **Traphaco Distribution Center Long Bien**
295 Thanh An Street, Thuong Thanh Ward, Long Bien District, Ha Noi

SUBSIDIARIES OF TRAPHACO

1.

TraphacoSapa Co. Ltd.

100%
OWNERSHIP

2.

Traphaco Hung Yen Co. Ltd.

100%
OWNERSHIP

3.

Traphaco High Technology JSC.

51%
OWNERSHIP

4.

Daklak Pharmaceutical & Medical Supplies JSC.

58%
OWNERSHIP

SUBSIDIARIES OF TRAPHACO



TRAPHACO SAPA CO., LTD

HEADQUARTER

Group 9, Sapa Town, Sapa District, Lao Cai Province.

CHARTER CAPITAL

25,000,000,000 VND

MAIN FUNCTIONS

Toll-manufacturing raw materials, input medicine, GACP research practice of Traphaco. At the same time, it is the center for developing the medicinal plantation zones to supply raw materials for Traphaco.



TRAPHACO HUNG YEN CO., LTD.

HEADQUARTER

Tan Quang Commune, Van Lam District, Hung Yen Province

CHARTER CAPITAL

250,000,000,000 VND

MAIN FUNCTIONS

Manufacturing drugs, pharmaceuticals.



TRAPHACO HIGH-TECH JSC (TRAPHACO CNC)

HEADQUARTER

Tan Quang Commune, Van Lam District, Hung Yen Province

CHARTER CAPITAL

113,643,250,000 VND

MAIN FUNCTIONS

Toll-manufacturing products and finished products of Traphaco.



DAKLAK PHARMACEUTICAL - MEDICAL SUPPLIES JSC (BAMEPHARM)

HEADQUARTER

9A Hung Vuong Street, Buon Ma Thuot City, Daklak Province

CHARTER CAPITAL

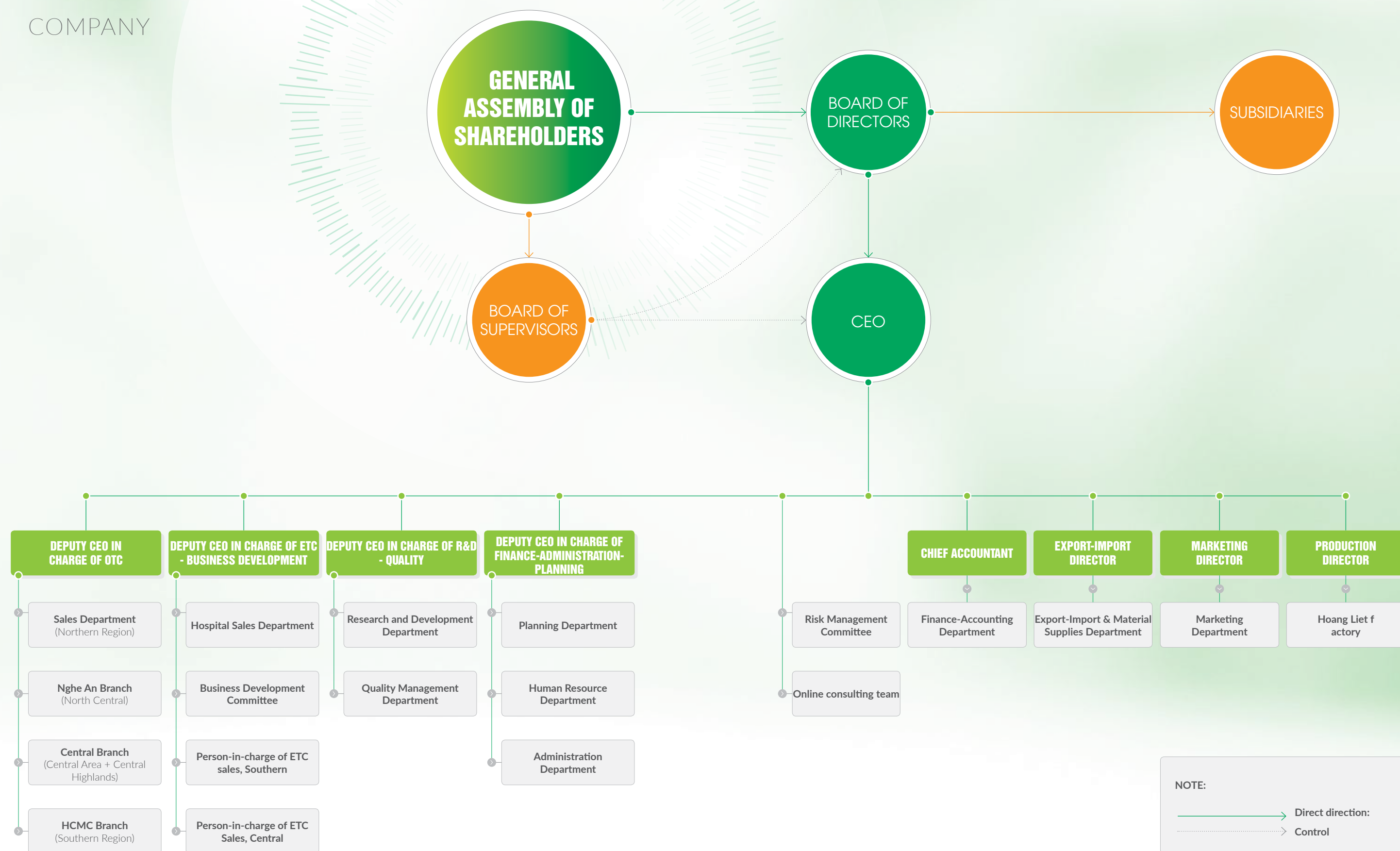
19,415,880,000 VND

MAIN FUNCTIONS

Specializing in distribution of pharmaceutical products - medical supplies in 02 provinces of Daklak and Dak Nong.



ORGANIZATION CHART OF THE COMPANY



INTRODUCTION OF THE BOARD OF DIRECTORS

Md. VU THI THUAN
Chairwoman of the Board
of Directors



Date of birth:
1/25/1956

Nationality:
Vietnamese

Qualification:
Master of Pharmacist

Employment Background

01/1980 - 01/1982: Technical Staff, the Railway Medicine-manufacturing Workshop.
01/1982 - 04/1989: Sub-Workshop Forewoman, Deputy Head of the Railway Medicine-manufacturing Workshop.
05/1989 - 10/1993: Deputy Director, Chairwoman of the Trade Union, the Railway Medicine Factory.
10/1993 - 01/2000: Deputy Director, Chairwoman of the Trade Union, the Transportation Pharmaceutical and Medical Supplies Company, under Ministry of Transportation.
01/2000 - 03/2003: Chief Executive Officer, Deputy Chairwoman of the Board of Directors, the Transportation Pharmaceutical and Medical Supplies Company, under Ministry of Transportation (Traphaco JSC).
04/2003 - 05/2010: Secretary of the Party Executive Committee, Chairwoman of the Board of Directors, CEO at Traphaco JSC.
05/2010 - 04/2011: Chairwoman of the Board of Directors, CEO at Traphaco JSC.
04/2011 to present: Chairwoman of the Board of Directors at Traphaco JSC.

Positions assigned at other organizations

BoD Member of Traphaco High Technology JSC.

Mr. NGUYEN ANH TUAN
Vice Chairman of the Board
of Directors



Date of birth:
6/27/1978

Nationality:
Vietnamese

Qualification: Bachelor of External Economics,
Master of International Business Law

Employment Background

08/2006 - 08/2015: Deputy Administration Manager at SCIC.
09/2015 to present: Head of No. 3 Investment Capital Management Board, now No. 3 Investment Board, SCIC.
04/2016 to present: Deputy Chairman of the Board of Directors at Traphaco JSC.

Positions assigned at other organizations

Chairman, Vietnam National Reinsurance Corporation.
Chairman, Vietnam National Fisheries Corporation.

Mr. TRAN TUC MA
Director



Date of birth:
6/17/1965

Nationality:
Vietnamese

Qualification:
Master of Pharmacist

Employment Background

03/1990 - 8/1992: Staff at Experimental Institute - Ministry of Health.
09/1992 - 12/1993: Staff at Sales Division - Hanoi Railway Pharmaceutical Company.
01/1994 - 04/1997: Staff at Sales Department, Traphaco JSC.
05/1997 - 10/2000: Deputy Head of Quality Control Department, Traphaco JSC.
11/2000 - 02/2003: Head of Sales Department, Traphaco JSC.
03/2003 - 12/2004: Chairman of the Board of Supervisors, Sales Manager of Traphaco JSC.
01/2005 - 03/2006: Member of Board of Directors, Deputy Director in charge of Sales, Traphaco JSC.
04/2006 - 05/2010: Board member, Deputy CEO in charge of Sales, Traphaco JSC.
05/2010 - 03/2011: Secretary of Party Executive Committee, Member of Board of Directors, Deputy CEO in charge of Sales, Traphaco JSC.
03/2011 - 03/2016: Secretary of the Party Executive Committee, Deputy Chairman of BoD, CEO at Traphaco JSC.
04/2016 to present: Secretary of Party Executive Committee, BoD member, CEO at Traphaco JSC.

Positions assigned at other organizations

BoD Member of Traphaco High Technology JSC.
Chairman of the Board of Directors at Traphaco Hung Yen Co. Ltd.

Mr. KIM DONG HYU
Director



Date of birth:
12/25/1981

Nationality:
Korean

Qualification:
Bachelor of Bio-technology

Employment Background

12/2008 - 03/2013: Team Leader of Finance and Planning - Daewoong Pharmaceutical Corporation.
04/2013 - 03/2015: Team Leader of Business Development - Daewoong Pharmaceutical Corporation.
04/2015 - 06/2016: Team Leader of Planning - Marketing - Daewoong Pharmaceutical Corporation.
07/2016 - 07/2018: Representative of Daewoong Pharmaceuticals - Vietnam Office
07/2018 to present: Board member of Traphaco JSC
10/2019 to present: Deputy CEO in charge of ETC & Business Development at Traphaco JSC.

Positions assigned at other organizations: No.

Mr. VU TRI THUC
Director



Date of birth:
5/25/1976

Nationality:
Vietnamese

Qualification: Bachelor of Economics, Master of
Business Administration

Employment Background

2/1999-8/1999: Student of Reporters and Editors Class, Year 22; General Editorial Division, Economic News Department of Vietnam News Agency.
9/1999-8/2004: Assistant auditor; Auditor of Vietnam Auditing Company (member of Deloitte auditing firm)
9/2004 - 3/2007: Deputy Head of Auditing Department of Vietnam Auditing Company (member of Deloitte auditing firm)
4/2007-4/2008: Expert, Finance Committee, SCIC
5/2008- 4/2011: Deputy Head of Finance Committee (second assignment at VOI from 1/2009 to 4/2011) SCIC
1/2009 - 4/2011: Deputy Director cum Chief Accountant of Vietnam Investment Joint Stock Company - O Man (VOI)
5/2011- 8/2013: Deputy Head of Finance - Accounting Committee, SCIC
6/2011 - 9/2017: Member of the Members' Council (concurrently) Trang Tien Trading Investment Co., Ltd.
05/2013 - 4/2017: Member of Board of Supervisors (concurrently) Vietnam Dairy Products JSC
4/2016 - 7/2019: Member of the Board of Directors (concurrently) Ha Giang Minerals Joint Stock Company
2016 - present: Head of Board of Supervisors (concurrently) TV Tower Investment JSC
8/2013 - 7/11/2019: Head of Finance - Accounting Committee, SCIC
8/11/2019 - present: Chief Accountant - Head of Finance and Accounting Committee

Positions assigned at other organizations: Chief Accountant - Head of Finance and Accounting Committee, SCIC

Mr. LEE TAE YON
Director



Date of birth:
1/10/1974

Nationality:
Korean

Qualification:
Bachelor of Chemistry

Employment Background

01/2001 - 12/2003: Pharmacist - MSD Korea
01/2004 - 10/2007: Team Leader of Business Development - Daewoong Pharmaceutical Corporation.
11/2007 - 9/2010: Business Development Officer at Hanall Biopharma Co. Ltd.
10/2010 - 5/2014: Team Leader of Business Development - Daewoong Pharmaceutical Corporation.
6/2014 to present: Team Leader - Daewoong Pharmaceutical Corporation
9/2019 to present: Chief Representative - Daewoong Vietnam
02/2020 to present: Director - Super Delta Pte. Ltd.

Positions assigned at other organizations

Director - Super Delta Pte. Ltd. and Chief Representative of Daewoong Vietnam.

Mr. CHUNG JI KWANG
Director



Date of birth:
6/21/1974

Nationality:
Korean

Qualification:
Master of Business Administration

Employment Background

2003 - 2005: Head of Department - Investment Banking Department, Woori Securities Company
2005 - 2015: Head of Department - Investment Banking Department, Mirae Asset Securities Company
2016 - 2017 Team Leader - Post M&A Consolidation Team, Mirae Asset Securities Company
2017 to present: Head of Department - New Growth Investment Department, Mirae Asset Capital

Positions assigned at other organizations: Director, Mirae Asset Capital

INTRODUCTION OF THE EXECUTIV BOARD

Mr. TRAN TUC MA
CEO



Date of birth:
6/17/1965

Nationality:
Vietnamese

Qualification:
Master of Pharmacist

Employment Background

03/1990 - 8/1992: Staff at Experimental Institute - Ministry of Health.
09/1992 - 12/1993: Staff at Sales Division - Hanoi Railway Pharmaceutical Company.
01/1994 - 04/1997: Staff at Sales Department, Traphaco JSC.
05/1997 - 10/2000: Deputy Head of Quality Control Department, Traphaco JSC.
11/2000 - 02/2003: Head of Sales Department, Traphaco JSC.
03/2003 - 12/2004: Chairman of the Board of Supervisors, Sales Manager of Traphaco JSC.
01/2005 - 03/2006: Member of Board of Directors, Deputy Director in charge of Sales, Traphaco JSC.
05/2010 - 03/2011: Secretary of Party Executive Committee, Member of Board of Directors, Deputy CEO in charge of Sales, Traphaco JSC.
03/2011 - 03/2016: Secretary of the Party Executive Committee, Deputy Chairman of BoD, CEO at Traphaco JSC.
04/2016 to present: Secretary of Party Executive Committee, BoD member, CEO at Traphaco JSC.

Mr. NGUYEN VAN BUI
Deputy CEO



Date of birth:
10/16/1963

Nationality:
Vietnamese

Qualification:
Bachelor of Pharmacist

Employment Background

03/1988 - 12/1996: Bachelor of Pharmacy, Hai Hung Tuberculosis Hospital.
01/1997 - 12/1997: Bachelor of Pharmacist, Hung Yen Social Diseases Prevention Center
01/2001 - 12/2004: Director, Huu Nghi Pharmaceutical Co., Ltd.
12/2003 - 05/2004: Staff of R&D Division, Traphaco JSC.
06/2004 - 12/2007: Staff of Sales Department, Traphaco JSC.
01/2008 - 06/2008: Staff of Marketing Department, Traphaco JSC.
07/2008 - 04/2011: Deputy Head of Marketing Department, Traphaco JSC.
05/2011 - 07/2013: Head of Sales Department, Traphaco JSC.
08/2013 - 01/2017: Sales Director
02/2017 - 12/2019: Deputy CEO in charge of Sales, Traphaco JSC.
1/2020 to present: Deputy CEO in charge of OTC, Traphaco JSC.

Ms. NGUYEN THI LAN
Deputy CEO



Date of birth:
1/8/1967

Nationality:
Vietnamese

Qualification:
Bachelor of Pharmacist

Employment Background

01/1993 - 01/1994: Forewoman of Salve Sub-Workshop, Railway Pharmacy Company (RAPHACO).
02/1994 - 11/2001: Forewoman of the Pill Sub-Workshop, Staff of the Technical Department, Forewoman of the Western medicine Sub-Workshop, Deputy Head of Planning - Sales Department, the Transportation Pharmaceutical and Medical Materials Company (Traphaco).
11/2001 - 03/2011: Head of Planning - Supply - Sales Department, Head of Planning Department, Traphaco JSC.
04/2011 - 03/2014: Board member, Head of Planning Department, Traphaco JSC.
09/2014 to present: Deputy CEO, Traphaco JSC.

Mr. KIM DONG HYU
Deputy CEO



Date of birth:
12/25/1981

Nationality:
Korean

Qualification:
Bachelor of Bio-technology

Employment Background

12/2008 - 03/2013: Team Leader of Finance and Planning - Daewoong Pharmaceutical Corporation.
04/2013 - 03/2015: Team Leader of Business Development - Daewoong Pharmaceutical Corporation.
04/2015 - 06/2016: Team Leader of Planning - Marketing - Daewoong Pharmaceutical Corporation.
07/2016 - 7/2018: Representative of Daewoong Pharmaceuticals - Vietnam Office
7/2018 to present: Board member of Traphaco JSC
10/2019 to present: Deputy CEO in charge of ETC & Business Development at Traphaco JSC.

Mr. NGUYEN HUY VAN
Deputy CEO



Date of birth:
3/10/1967

Nationality:
Vietnamese

Qualification:
Master of Pharmacist

Employment Background

01/06/1994 - 30/06/1995: Staff of Sales Division.
01/07/1995 - 09/07/1996: Deputy Head of Marketing Department.
10/07/1996 - 12/1999: Head of R&D Department.
01/2000 - 12/2004: Head of R&D Department, Board member, Traphaco JSC.
01/2005 - 03/2006: Deputy Director of R&D, Board member, Traphaco JSC.
04/2006 - 03/2011: Deputy CEO, Board member, Traphaco JSC.
04/2011 - 04/2015: Deputy CEO, Traphaco JSC.
05/2015 to present: Vice Secretary of the Party Executive Committee; Deputy CEO at Traphaco JSC.

Mr. DINH TRUNG KIEN
Chief accountant



Year of birth:
1973

Nationality:
Vietnamese

Qualification: Bachelor of Economics, Master of Business Administration

Employment Background

12/1994 - 01/2005: Staff of Finance and Accounting Division of Traphaco JSC.
01/2005 - 12/2007: Deputy Head of Finance and Accounting Division of Traphaco JSC.
01/2008 to present: January 2008-now Chief accountant, Head of Finance and Accounting Division of Traphaco JSC.

INTRODUCTION OF THE BOARD OF SUPERVISORS

Mr. DUONG DUC HUNG —
Head of the Board of Supervisors



Date of birth:
16/12/1980

Nationality:
Vietnamese

Qualification:
Master of Business Administration

Employment Background

4/2003 - 3/2013: Receivables monitoring accountant, Sales Division of Traphaco JSC.
4/2013 - 8/2013: Accountant, Financial and Accounting Division of Traphaco JSC.
8/2013 - 3/2016: Head of Risk Management Committee of Traphaco JSC.
4/2016 to present: Head of Risk Management Committee of Traphaco JSC. Head of the Board of Supervisors.

Ms. NGUYEN THANH HOA —
Member of Board of Supervisors



Date of birth:
12/10/1983

Nationality:
Vietnamese

Qualification: Bachelor of Accounting, Master of Business Administration

Employment Background

6/2006 - 8/2006: Accounting Officer at Vietnam Airlines Corporation - Labor Export Center
10/2006 - 5/2007: Accounting Officer at Bank for Investment and Development of Vietnam - BIDV Hanoi Branch.
6/2007 - 6/2012: Officer at Financial and Accounting Department, State Capital Investment Corporation.
6/2012 - 4/2016: Officer at Risk Management Department, State Capital Investment Corporation.
4/2016 to present: Member of Board of Supervisors of Traphaco JSC.

Mr. KWON KI BUM —
Member of Board of Supervisors



Date of birth:
7/5/1988

Nationality:
Korean

Qualification:
Pharmacist

Employment Background

4/2015 - 8/2016: Planning Department - White Lifescience Company
9/2016 - 3/2018: Marketing Department - Guju. Pharmaceutical Co
4/2018 to present: Global Sales Team, Assistant to CEO - Daewoong Pharmaceutical Corporation.

Positions assigned at other organizations

Assistant to CEO - Daewoong Pharmaceutical Group.



GOING THROUGH 2020 WITH MANY CHALLENGES, TRAPHACO JSC ACHIEVED GOOD GROWTH, THANKS TO ITS FLEXIBILITY AND QUICK TURNAROUND TO ADAPT TO THE IMPACTS OF THE COVID-19 PANDEMIC. THIS IS ALSO THE YEAR TRAPHACO CHOSE TO BUILD A NEW CULTURE.



Production and Business results in 2020 and Plan for 2021

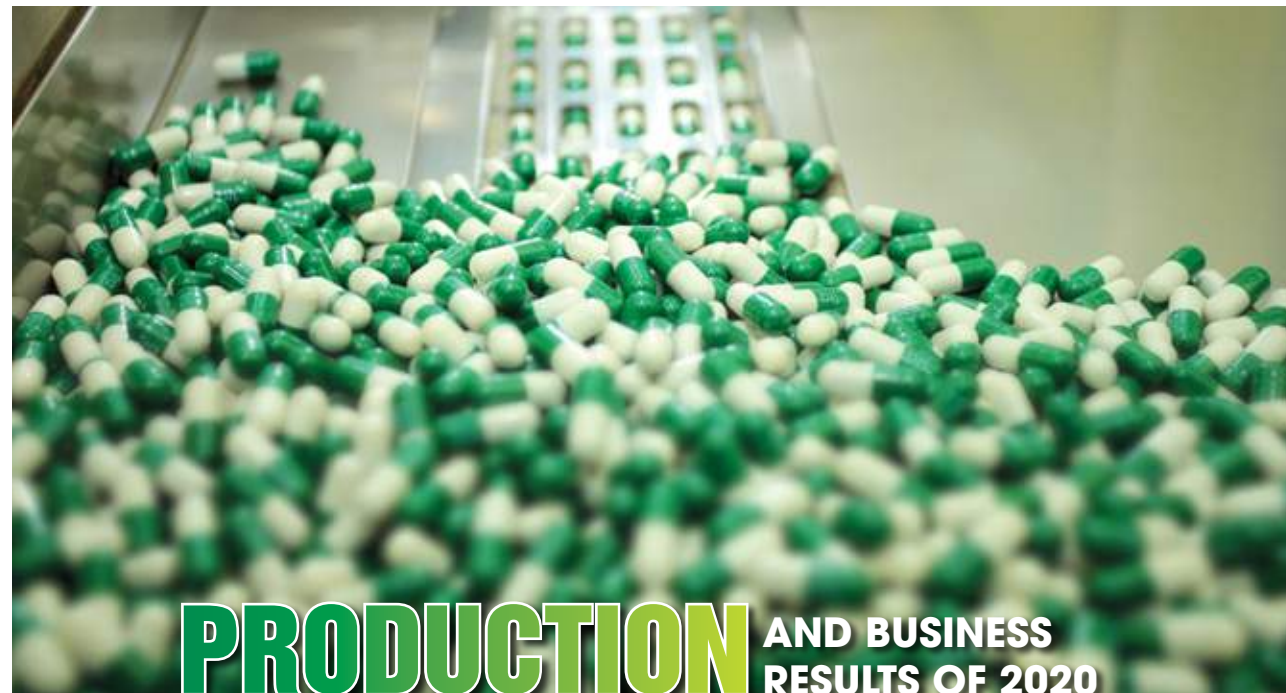
- 50 Report and evaluation of the Board of Management
- 66 Analysis of financial situation in 2020
- 74 Business production plan in 2021 and development orientation for the period of 2021-2025
- 80 Report on operation activities of subsidiaries



Active
adaptation

In 2020, the world is volatile due to the impact of pandemic, Traphaco people with a new cultural spirit have actively changed to adapt to online working and promptly meet the urgent needs of the market and create new values of Traphaco.

REPORT & ASSESSMENT BY THE BOARD OF MANAGEMENT



Production and business results of 2020: (According to the consolidated report)

No.	Sales	Plan 2020 (billion vnd)	Actual 2020 (billion vnd)	The ratio compared to plan (%)	The ratio compared to 2019 (%)
1	Net revenue from sales and services	2,000	1,908	95%	112%
1.1	Manufactured goods:	1,630	1,597	98%	113%
1.2	Consigned Export-Import goods and services, other products:	120	106	88%	145%
1.3	Revenue from subsidiaries	250	205	82%	90%
2	Consolidated profit after tax	180	216,7	120%	127%

The main reason for failing to meet the revenue target:

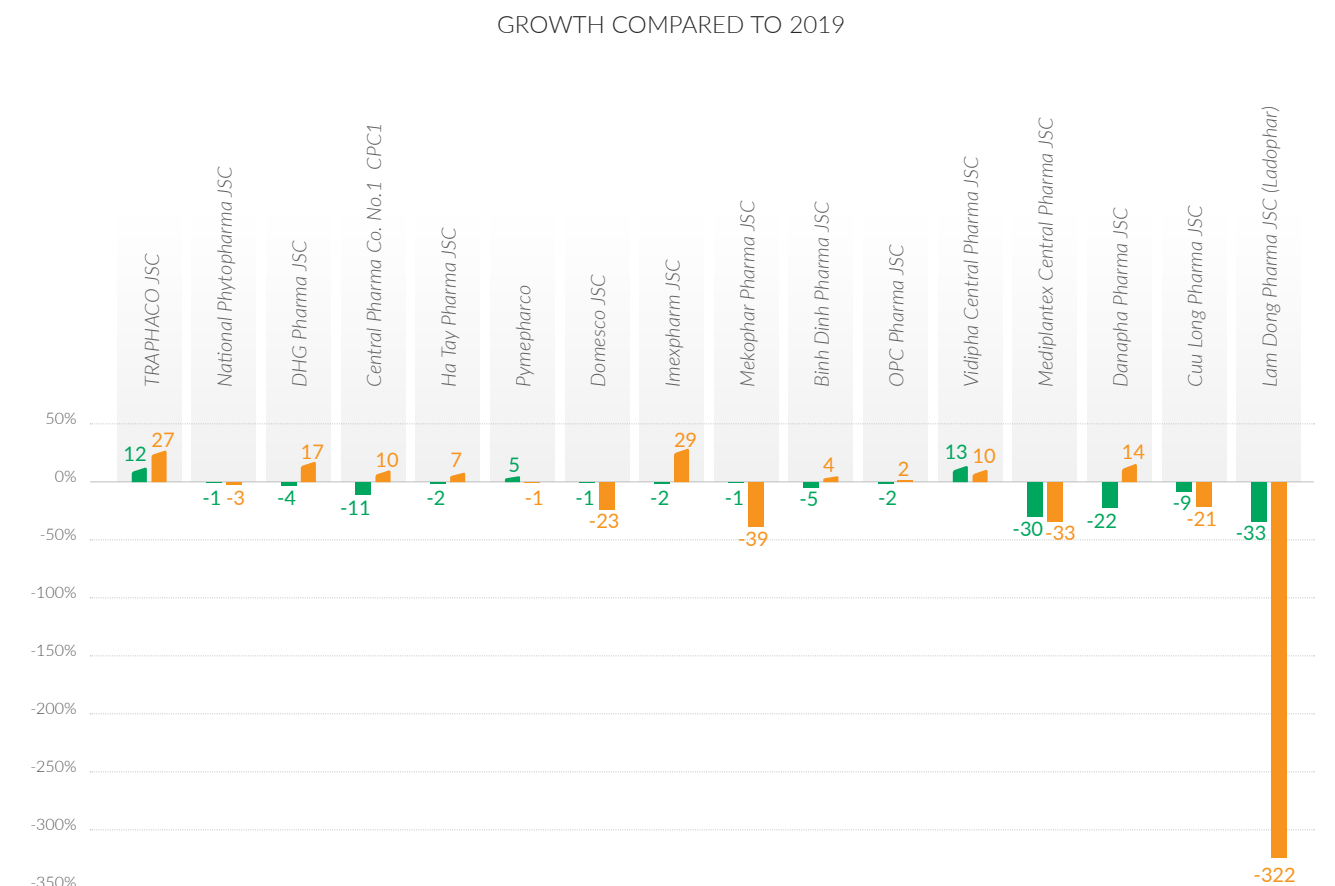
- The COVID-19 epidemic was complicated, leading to a social-distancing policy that strongly affected the economy in general and the pharmaceutical market in particular. In particular, the ETC market declined due to limited visits to medical facilities and plans to delay bidding. Generally, in 2020, the pharmaceutical market grew by 2% in profit and declined 3% in revenue. Although the revenue did not meet the plan, the Company still achieved the growth rate of 12%.
- The subsidiaries focus on selling the parent company's products, thus affecting the consolidated revenue from the subsidiaries.

Reasons for exceeding profit plan

- In 2020, the Company has strengthened its cost management, reduced inefficient and wasteful expenses to ensure the completion of the yearly-targeted profit plan.
- The Company focuses on flagship products, with good margins.
- The Company negotiates with suppliers to proactively reduce input prices.

Comparison of business results in 2020 with the market:

Revenue (%) Profit (%)



THE MAJOR ACTIVITIES OF THE COMPANY IN 2020

1

Proactively respond to the COVID-19 epidemic

The COVID-19 epidemic has been complicated since the beginning of 2020, leading to the application of social distancing policy across the country and stagnation in trade/exchange/travel between Vietnam and the world. The economy was also heavily affected by disease and falling purchasing power.



The Company has proactively taken measures to cope with the epidemic situation, take advantage of market opportunities as well as ensure that the Company's activities are happening normally during the period of social distancing, including:

- Supporting staff with epidemic-preventing products and supplies, especially the sales team, who regularly carry out communication activities with customers.
- Quickly introduce new products according to market requirements such as antiseptic hand sanitizer, carry out marketing of epidemic prevention products to take advantage of market opportunities.
- Negotiate with suppliers to avoid interrupting supply of raw materials to ensure production.
- Establish an online consulting group to increase access to customers through online channels, increase consumer awareness of the Company's products.
- Arranging the Company's activities in accordance with the regulations on social distance, ensuring normal business and production activities.

2

Build and apply Traphaco Culture in a new period

The Company conducted a comprehensive assessment of capacity and discovered internal weaknesses, affecting the sustainable development of the Company. Building a new Traphaco Culture to overcome the aforementioned shortcomings and weaknesses and to take advantage of the strengths of the brand, reputation and strong foundation in herbal medicine, as well as market opportunities is necessary.

The Company implemented building Traphaco Culture in a new stage to meet the requirements of the new development process.

The Company carried out the communication instinctively to each employee, ensuring the implementation of the new culture in each specific action and work, promoting the development of the Company.



3

Enhance marketing innovation activities

The Company implements sales promotion programs based on personalization of customers, assessment of customers' actual sales capabilities, integrated into point-accumulating programs, and sales support.

The Company strengthens its advertising campaigns on the media, promotes brand recognition, and product awareness for consumers.

The Company enhances marketing through online channels, catches up with new trends, increases access to consumers.



4

Implement the generic-development orientation

- According to the content approved by the shareholders' meeting in 2020 on generic development. The Company increases investment in the development of generic products, gradually increasing the proportion of generic revenue.
- Western medicine revenue increased by 7% compared to 2019, currently revenue from western medicine contributes 28% of total revenue of the parent company. The company aims for a proportion of western medicines to reach 40% of total parent company's revenue by 2025.
- In September 2020, to prepare for a new stage of development, the Company hired KPMG consultants to evaluate core competencies, including finance, organizational structure.... At the same time, the Company coordinates with its partner Daewoong, evaluating the capabilities of research, production, and special registration for generic.



5

Hire KPMG consultants and coordinate with Daewoong partners to evaluate the Company's core competencies

- The report of the independent consultant KPMG and partner Daewoong pointed out what needs to be improved at the Company and made recommendations to improve the core competencies to meet the requirements of the development stage 2021-2025.
- The Company has developed a capacity building plan as recommended by KPMG and Daewoong and implemented from the end of 2020.

6

Implement cost norms

- From Q2/2020, the Company has set the cost norms for key operating expenses, specifically as follows:
- The process of developing and implementing cost norms helps identifying and eliminating wasted and ineffective costs; at the same time applying measures to manage the implementation of the assigned norms.
- In order to meet the requirement of reducing input material prices, the Company renegotiated with suppliers, changing regulations on supplier selection to reduce input prices.
- The cost norms have shown positive initial results, reducing the costs, helping to ensure consolidated profit targets.



7

Dividend

- Paying 10% of the dividend in 2019 according to the Resolution of the General Meeting of Shareholders No. 10/2019/NQ-DHDCD dated March 28, 2019 in the second quarter of 2020. Dividend payout ratio for 2019 was 30%.
- In implementing the Resolution No. 14/2020/NQ-DHDCD dated March 26th 2020, Traphaco advanced the dividend of 20% in January 2021.



8

Income and interests of employees

- The average income of employees increased over 10% compared to 2019, a good level compared to the market.
- The Company ensures appropriate benefits for employees, encourages employees to work dutifully and contribute to the Company.

9

Technology transfer

- In 2020, the Company concluded to negotiate to commercialize 07 products transferred from Daewoong. The Company has submitted product registration files, expected to have registration numbers in Q2/2021. The products are expected to be distributed to the market from Q4-2021.
- In 2020, the continuation of phase 2 transfer is halted due to the epidemic, and the transfer is expected to resume and accelerate in 2021.
- This is a new and positive direction to diversify the Company's product portfolio, especially modern medicine, strengthening and enhancing technology capacity, promoting Traphaco's distribution strengths.



10

Importing and Distributing

- In 2020, the Company actively negotiates with partners, major pharmaceutical companies in the world to bring imported products into the distribution system, diversifying the Company's product portfolio.
- In 2020, the Company has initially cooperated in distributing products of Euvipharm with good results.
- It is expected that revenue from imported distribution goods will grow from 2021 and have a breakthrough in the period of 2021-2025, increase the sales proportion to 11% in 2025.



11

Quality Control & Production management

- The handover of the production process in Traphaco Hung Yen and other companies met the requirements.
- Registration work: Ensure the continuous validity of registration numbers/publication numbers to best serve production and sale activities, even if there is a lot of changes in the contents of the register due to new regulations.
- Scientific research projects (clinical - bio-equivalent) are behind schedule, need to actively exchange and speed up research progress.



12

R&D and the development of new products

- 8 new products are deployed on schedule, meeting the market demand and ordering.
- Revenue from new products reached VND 19 billion in 2020.

13

Activities of subsidiaries



Traphaco Hung Yen

Revenue reached
248 billion VND
93% of the plan

Profit after tax reached
31 billion VND
achieved as the plan

- The company stably operates the system of newly invested equipment, increases output to reduce depreciation costs on products.



Traphaco High Tech JSC

Revenue reached
496 billion VND
102% of the plan

Profit reached
34.6 billion VND

- The company maintained stable production and business activities in accordance with the orientation of the parent company.



Traphaco Sapa Co., Ltd.

Revenue reached
51 billion VND

Profit reached
2.2 billion VND
100% of the plan

- The company actively contributes to maintain the GACP-standardized material area of Traphaco.



Daklak Pharmaceutical & Medical Equipment JSC

Revenue reached
246 billion VND
85% of the plan

Profit reached
6.7 billion VND
96% of the plan

- The company successfully organized the 2020 Annual General Meeting of Shareholders, maintained stable production and business activities in accordance with the orientation of the parent company.

14

Major awards that the Company achieved in 2020



Certificate of Merit from the Prime Minister for the collective
"Outstanding achievements in caring for the welfare and interests of employees"
according to Decision No. 1103/QĐ-TTg dated July 24, 2020



Certificate of Merit from the Minister of Health
for many achievements in emulation movements for the period 2015-2020



Vietnam Value for the 5th time in a row.
Decision recognizing the products of Boganic liver tonic, Traphaco's Hoat huyet duong nao, Cebraton brain tonic and Traphaco brand as
Vietnam Value in 2020
of the Ministry of Industry and Trade. According to Decision No. 2534-QĐ/BCT dated September 29, 2020



Certificate of Merit of the Organizing Committee for implementing the campaign to build Vietnamese corporate culture for Traphaco JSC
"Having actively responded to the campaign to build Vietnamese corporate culture launched by the Prime Minister in 2016 - 2020".
According to Decision No. 90/QĐ-BTC-248 dated November 6, 2020



Vietnam sustainable enterprises 2020 (CSI 2020)



The most prestigious herbal medicine enterprise in Vietnam 2020
(awarded by Vietnam Report)

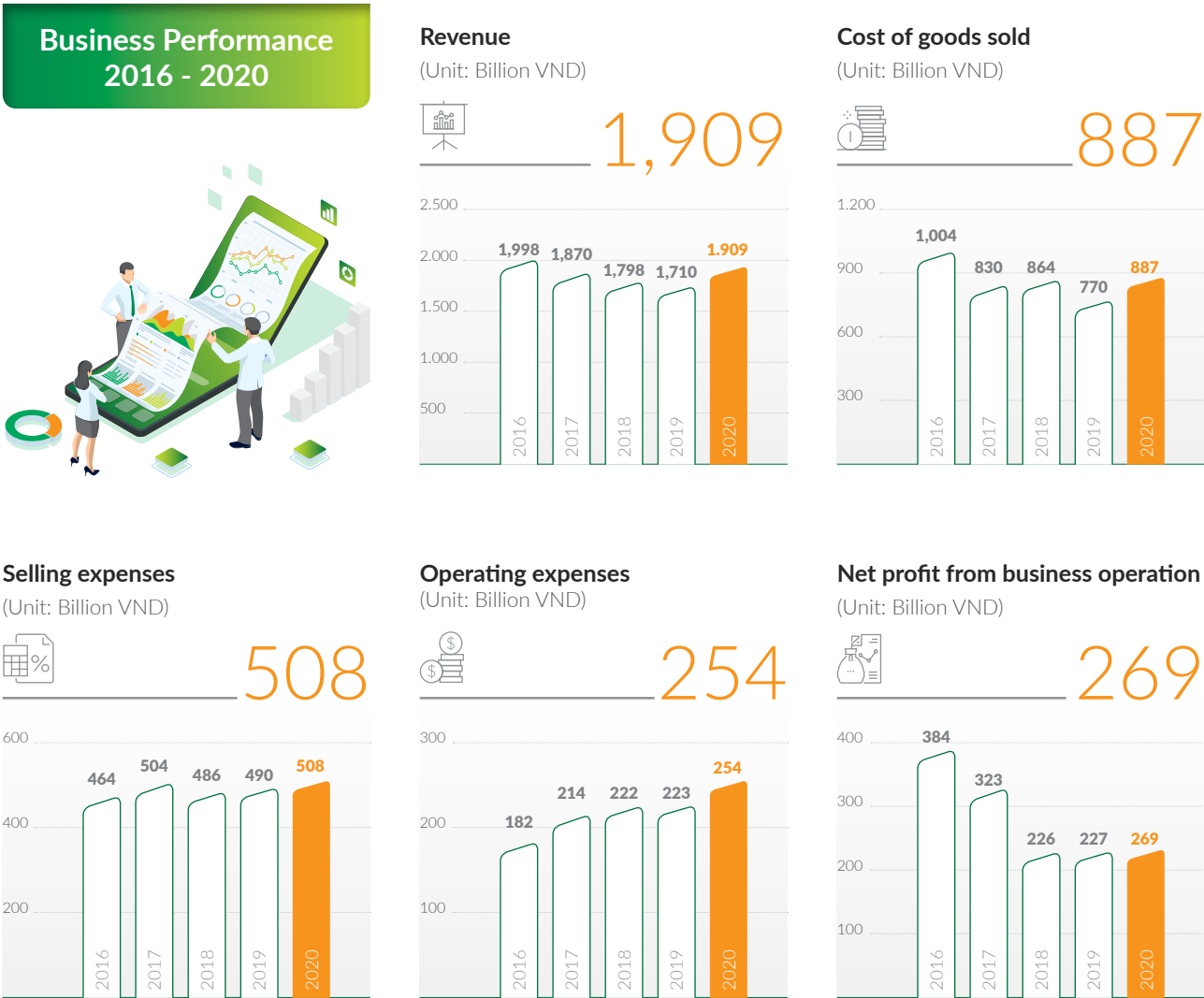
GENERAL ASSESSMENTS



-  The year 2020 was full of work and pressure for Traphaco. The Company has made every effort to complete the target of consolidated profit. Although the revenue is not completed, the growth of 12% year-on-year is one of the best growing pharmaceutical companies in the industry.
-  In 2020, although the Board of Directors had certain changes in personnel, it successfully completed several roles according to the provisions of law, the Charter of Traphaco JSC, and actively supported the Executive Board to achieve the objectives of the Company..
-  The Board of Management made efforts in steering the Company in the right direction. The CEO has built and directed the implement of major tasks, achieved important goals, maintained and upheld fundamental values of the Company's development in the future.

EVALUATION OF BUSINESS PERFORMANCE FOR
THE PERIOD 2016-2020

FINANCIAL RESULTS

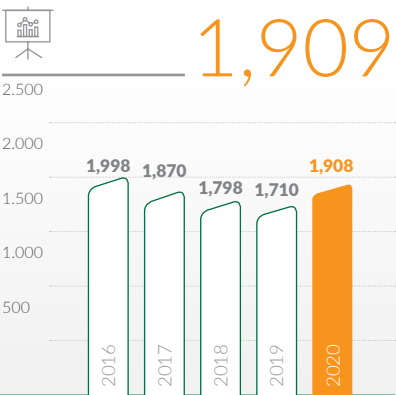


Targets (Unit: Billion VND)	2016	2017	2018	2019	2020
Revenue	1,998	1,870	1,798	1,710	1,909
Cost of goods sold	1,004	830	864	770	877
Selling expenses	464	504	486	490	508
Operating expenses	182	214	222	223	254
Net profit from business operation	348	323	226	227	269

Financial results
2016 - 2020

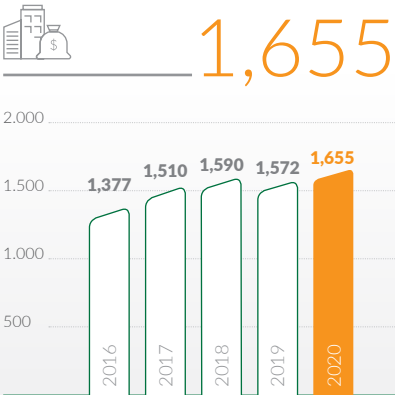
REVENUE

(Unit: Billion VND)



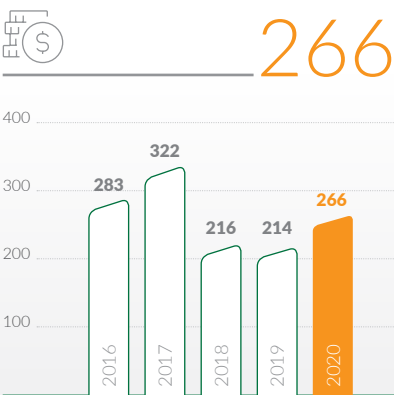
Total assets

(Unit: Billion VND)



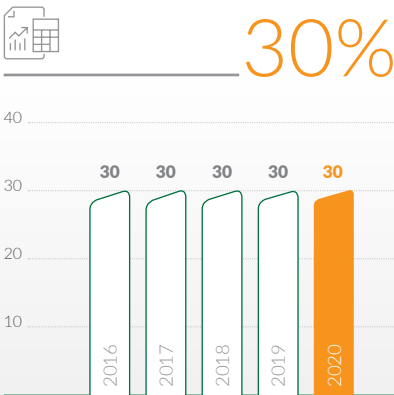
Profit before tax

(Unit: Billion VND)



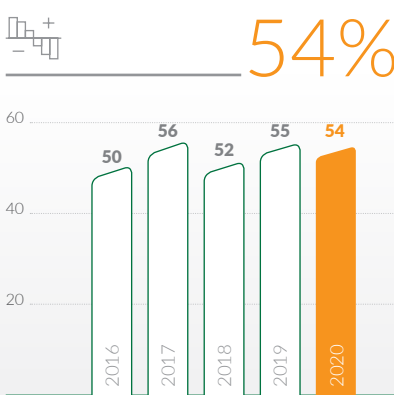
Dividend rate

(%)



Gross profit rate

(%)



Targets (Unit: Billion VND)	2016	2017	2018	2019	2020
Revenue	1,998	1,870	1,798	1,710	1,909
Total assets	1,377	1,510	1,590	1,572	1,655
Profit before tax	283	322	216	214	266
Dividend rate (%)	30%	30%	30%	30%	30%
Gross profit rate (%)	50%	56%	52%	55%	54%



- Revenue in 2017 decreased compared to 2016 due to the divestment of the Company at Thai Nguyen Pharmaceutical & Medical JSC, thus making consolidated revenue decreased.
- Revenue in the period of 2018-2019 decreased compared to 2017 because the Company made an adjustment to the dairy product business cooperation contract with Nam Duong Company, thereby only recorded consignment service fees incurred, reducing revenue. At the same time, due to large depreciation, financial, and operating costs incurred at Traphaco Hung Yen Co., Ltd., the Company reduced sales support costs, advertising costs to ensure profit, thus making sales decreased.

- Profits in 2016, 2017 and 2020 grew well over the same period. Profit decreased in the period of 2018-2019 due to the commissioning of the new factory at Traphaco Hung Yen Co., Ltd., resulting in depreciation costs (VND 50 billion/year) and financial expenses (VND 45 billion/year) and first phase operating costs (VND 35 billion/year).
- By 2020, revenue and profit have recovered compared to 2017 and returned to growth momentum because the Company has focused on boosting sales of key products and western medicine, strengthening cost management, and applying advanced governance measures following new standards, increasing the operating capacity at Traphaco Hung Yen Factory.
- Dividends for the period 2016-2020 have been maintained at the rate of 30%. Because of two increases of charter capital by bonus shares (40% in 2016 and 20% in 2017), in fact the value of dividends paid has increased 1.7 times compared to the previous period.



MAIN RESULTS FOR THE PERIOD 2016-2020

1 Bring the Vietnam Pharmaceutical Factory into operation



- ▶ Vietnam Pharmaceutical Factory is a big project, an important step in Traphaco's Sustainable Development Strategy for the period 2017-2020. The project has a total investment of nearly VND 500 billion, with modern equipment and a production line meeting international standard.
- ▶ The construction of the Pharmaceutical Factory officially started on May 09th, 2015. After nearly 2 years of construction, to the beginning of the third quarter of 2017, the factory officially went into commercial operation.
- ▶ This is a significant achievement of the whole company when completing a large project with many strict technical and technological requirements in such a short time (2 years).
- ▶ At the same time, in order to ensure the transparency and benefit of the shareholders, the Company has contracted Deloitte Vietnam Co., Ltd. to review and audit the Project. The review was completed and detailly reported at the AGM 2018.

2 Fully implementing the contents of the Resolution of the General Meeting of Shareholders for the period 2016-2020, ensuring shareholders' interests

- ▶ The Company fully implemented the contents of the Resolution of the General Meeting of Shareholders for the term and the year, including maintaining a 30% dividend policy from 2016 to 2020, implementing bonus shares to increase charter capital in 2017.
- ▶ The Company supports the large shareholders to divest their capital in 2017 and supports the new shareholders to quickly access the Company's activities.
- ▶ The Company provides full information and performs shareholder management in accordance with the law.

3 Strengthen and improve the efficiency of governance



- ▶ The Company has constantly implemented innovations to enhance and improve the efficiency of governance.
- ▶ The Company has developed the Implementation Plan for the Company and for each department. On the basis of the agreed plan, assigned KPI and evaluated the degree of completion, linked to the salary payment according to the approved plan, and KPI results.
- ▶ The Company Implemented the Sustainable Development Strategy for the period of 2017-2020.
- ▶ Establishment of Hospital Sales Department & development of ETC Channel Development Strategy.
- ▶ Change the method of allocating and applying KPI to calculate the salary for the Sales bloc.
- ▶ From Q2/2019, the Company has set the norms for key operating expenses. The process of developing and implementing cost norms helps identifying and eliminating wasted and ineffective costs; at the same time applying measures to manage the implementation of the assigned norms.

4 Build premises for the development phase of 2021-2025



- 1 The Company builds Traphaco Culture in a new period, an important foundation to change employees' working attitudes and behaviors; create motivation and belief towards the common goal.
- 2 The Company promotes cooperation activities to quickly improve the R&D capacity, production capacity in which technology transfer is determined as a spearhead of focus. The Company has signed a technology transfer agreement with Daewoong Pharma.
- 3 The Company strengthened cooperation with foreign partners, imported and distributed quality products, quickly increased its product portfolio to meet market demands.
- 4 Since 2020, the Company has made important changes to set up and apply Traphaco culture in the new period. To carry out recommendations from KPMG, the Company creates Process to develop and monitor the implementation of the Financial Budget Plan, change the Process for Research and Development of new Products, Process for Product Portfolio Management, Process for warehouse management and inventory limit, Process for Procurement including purchase of goods and outsourcing services, Process for Recruitment, Process for Training; establish premises for development in the period of 2021-2025.



GENERAL ASSESSMENTS

1.

In the period of 2016 - 2020, the Company has achieved many positive results, which is the premise for the new development period 2021-2025. However, in the period of 2018-2019, after putting Traphaco Hung Yen Factory into commercial operation in 2017, the Company incurs major costs including depreciation cost of VND 50 billion/year, financial expenses VND 45 billion/year, operating costs VND 35 billion/year, this makes the Company have to cut sales support costs, reducing revenue in the 2018-2019 period and profit is also deeply affected. However, the Company has adjusted and restored revenue and profit from 2020.

2.

Although the Board of Directors had certain changes in personnel, it successfully completed several roles according to the provisions of law, the Charter of Traphaco JSC, and actively supported the Executive Board to achieve the objectives of the Company.

3.

The Board of Management has made great efforts to manage the Company's activities to achieve many goals. The CEO has built and directed the implement of major tasks, achieved important goals, maintained and upheld fundamental values of the Company's development in the future..

FINANCIAL ANALYSIS FOR THE YEAR 2020

In 2020, the world economy has been strongly affected by Covid-19 pandemic which happened since the end of 2019 until now, affecting all countries in the world, and the situation is still complicated. The global economy fell into a serious recession, Vietnam economy has also been significantly affected by the Covid-19 pandemic.

Despite the difficult economic context, with the determination and continuous efforts of the whole company, each member of the Company "excellently performs" the duties of each individual, these factors generated the efficiency in the chain of activities which contributed significantly to the completion of the profit plan in 2020.

PRODUCTION AND BUSINESS RESULTS OF 2020

(Unit: VND)

No.	Content	2020
1	Sales of finished products	1,597,299,054,024
2	Net sales of goods	106,641,799,303
3	Revenue from subsidiaries	204,929,158,957
4	Cost of finished products	630,530,183,197
5	Cost of goods sold	69,604,143,089
6	COGS of products by subsidiaries	177,322,040,318
7	Selling expenses	507,990,576,438
8	Operating expenses	254,351,128,124
9	Financial expenses	11,528,502,397
10	Profit before tax	266,648,975,008

Net revenue reached

96%
of the plan

Profit after tax reached

120%
of the plan

Despite many difficulties caused by the Covid 19 pandemic, such as input prices increased significantly, scarcity of supply, and limited distribution of goods ... the Company's revenue in 2020 was at a high growth level which is quite impressive and reached 11.92% over the same period in 2019, mainly focusing on finished goods, increased 13.3% and all products increased 54% while revenue from

subsidiary decreased 10.2% over the same period. Consolidated net revenue was merely 95.7% of the plan assigned by the General Meeting of Shareholders at the beginning of the year, but with good expenses management, improved business performance, profit after tax of the Company exceeded 27% over the same period in 2019, and exceeded 20.4% of the assigned plan.

With the results of production and business activities achieved in 2020, the Company gradually affirms the position of the leading enterprise in terms of revenue-and-profit-growth compared to other companies in the same industry listed on the stock exchange, creating a position and momentum for the development of the following years in accordance with the direction of the Company's Board of Directors.

NET REVENUE STRUCTURE FROM 2017-2020

(Unit: VND)

No.	Revenue target	2017	2018	2019	2020
1	Manufactured Goods	1,492,149,512,428	1,471,871,881,626	1,409,674,336,046	1,597,299,054,024
2	Consignment Goods + Imported Goods	149,970,609,704	97,441,698,040	72,558,399,846	106,641,799,303
3	Revenue from subsidiaries	228,321,734,795	229,036,086,626	228,206,732,530	204,929,158,957
Total		1,870,441,856,927	1,798,349,666,292	1,710,439,468,422	1,908,870,012,284

Net Sales of finished products

(Unit: billion VND)

1,597

Up by 13.3% over the same period

2020 is the year with the highest revenue growth rate in recent years, while the previous years often have negative growth.

Revenue of finished products also have an impressive growth when reaching VND 1,597 billion and an increase of 13.3% over the same period, which shows that the Company's sales policy has been customer-oriented and has been well received by customers. The highest revenue growth was concentrated in the key products and these were also products with the highest gross profit margin among the Company's manufactured products. Revenue from manufactured products was the product line that accounts for the largest proportion of 83.8% in the Company's revenue structure, demonstrating the sustainable development of pharmaceutical enterprises in the field of manufacturing herbal medicines and western medicines with high quality for health care and health protection.

In addition to the growth in manufactured goods, imported goods also witnessed a growth of over 54% compared to the same period in 2019. The above results have been achieved because the Company effectively utilized a large distribution chain spanning 63 provinces and cities as well as building a process of selecting products for import which would meet the criteria of consumption rate as well as business efficiency.

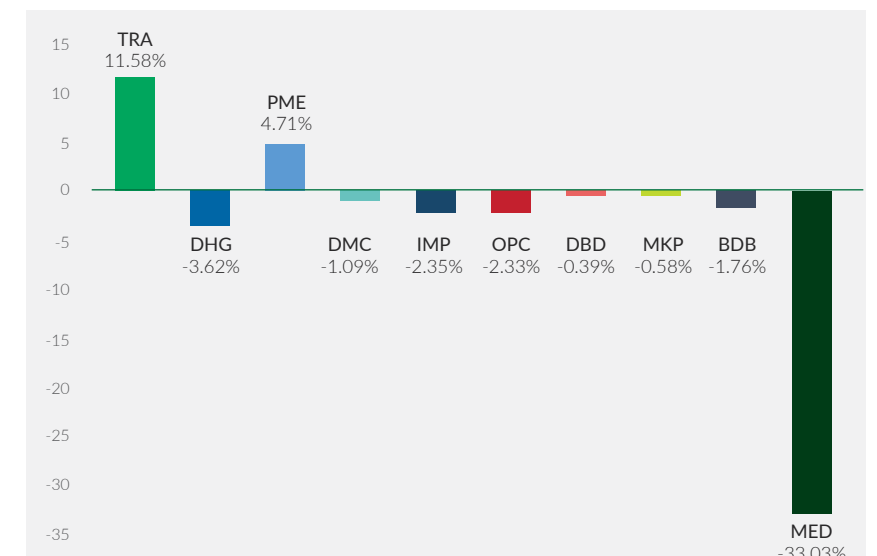
REVENUE OF PHARMACEUTICAL COMPANIES IN 2019 - 2020

(Unit: billion VND)

	TRA	DHG	PME	DMC	IMP	OPC	DBD	MKP	DHT	MED
Revenue in 2019	1,710	3,896	1,847	1,468	1,402	989	1,262	1,217	2,042	778
Revenue in 2020	1,908	3,755	1,934	1,452	1,369	966	1,265	1,210	2,006	521
2020/2019 growth	11.58%	-3.62%	4.71%	-1.09%	-2.35%	-2.33%	-0.39%	-0.58%	-1.76%	-33.03%

Growth of pharmaceutical companies in 2019 - 2020

Compared to the pharmaceutical companies listed on the stock exchange, Traphaco ranked first in revenue growth and increased 11.58% over the same period in 2019, this is quite an impressive growth when 2020 was the year the world economy has been heavily affected by the Covid-19 pandemic, most pharmaceutical companies experienced negative growth, of which only TRA had double digit growth.



REVENUE OF WESTERN MEDICINE - HERBAL MEDICINE

There was a large difference in the structure of western and herbal medicines, herbal medicine accounted for 68.12% while that of western medicines was 21.64%.

Herbal medicine is a strong product line of Traphaco and contributes 78% to the Company's total gross profit. This is a product line that the Company can actively source raw materials with cultivation areas meeting GACP standards.

Sales of western medicines decreased over the same period due to the impact of economic fluctuations in 2020, the Company has also analyzed and evaluated the growth rate of this product line and set a target of 15% growth for the following years to narrow the gap between the Company's western and herbal medicine lines.



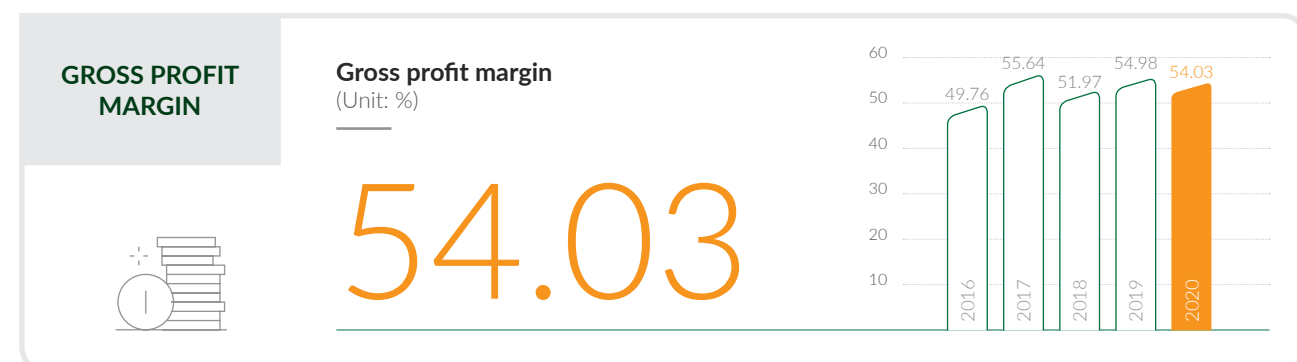
PROFITABILITY OF TRA IN THE PERIOD 2016 -2020

TRA's profitability ratio tends to increase in 2020, showing the efficiency in financial management and cost management of the Company. However, the gross profit margin decreases slightly compared to 2019 due to the influence of sales policy, so trade discounts for customers are directly deducted from revenue.

The ratio of profit before tax and profit after tax increase by 1.41% and 1.38% respectively over the same period in 2019, clearly showing that profit margin growth is quite equal and not affected or big impacted from CIT.

The ROA and ROE ratios in 2020 compared to 2019 also have an impressive increase of 2.48% and 3.91%, which are positive signs that the Company uses assets and capital sources more and more efficiently, and optimize the Company's current resources.

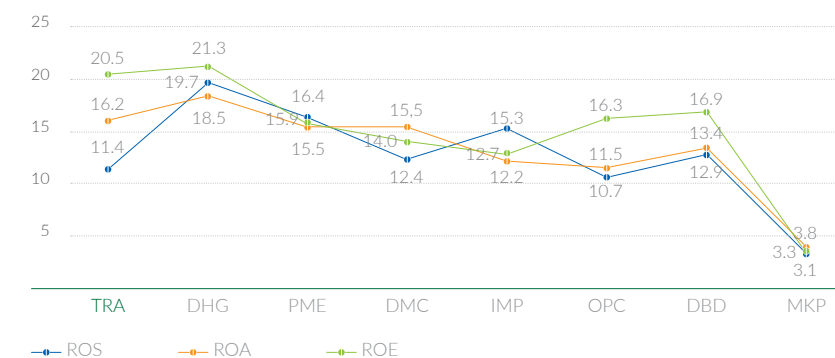
	2016	2017	2018	2019	2,020
Gross profit margin	49.76%	55.64%	51.97%	54.98%	54.03%
In which					
Gross profit margin of finished products	63.43%	66.74%	60.76%	62.83%	60.50%
Gross profit margin of goods	7.81%	12.59%	13.37%	18.84%	22.11%
Gross profit margin of tools, equipment	93.62%	74.09%	80.41%	86.33%	82.55%
Ratio of Profit before tax	14.17%	17.25%	12.02%	12.56%	13.97%
Ratio of Profit after tax (ROS)	11.42%	13.92%	9.72%	9.97%	11.35%
ROA	20.86%	21.37%	13.60%	13.67%	16.15%
ROE	25.21%	26.58%	17.04%	16.63%	20.54%



PROFITABILITY RATIOS OF COMPANIES IN THE SAME INDUSTRY IN 2019 - 2020

	TRA	DHG	PME	DMC	IMP	OPC	DBD	MKP
2019								
ROS	9.97%	16.20%	17.38%	15.84%	11.58%	10.23%	11.27%	5.38%
ROA	13.67%	17.20%	17.46%	19.00%	10.96%	11.12%	10.52%	5.89%
ROE	16.63%	18.72%	16.42%	18.58%	10.42%	16.33%	15.25%	10.37%
2020								
ROS	11.35%	19.66%	16.39%	12.41%	15.31%	10.66%	12.85%	3.28%
ROA	16.15%	18.46%	15.52%	15.46%	12.18%	11.50%	13.43%	3.84%
ROE	20.54%	21.30%	15.85%	14.04%	12.75%	16.26%	16.91%	3.14%

The profitability ratio of TRA compared to pharmaceutical companies listed on the stock exchange is in the group of companies with high profitability ratios and higher than the industry average, all of which have annual growth rates. This shows that the Company is managing assets and capital effectively, outperforming the pharmaceutical industry average as well as the Company's previous years.



PROFIT GROWTH RATE OF COMPANIES IN THE INDUSTRY

	TRA	DHG	PME	DMC	IMP	OPC	DBB	MKP	DHT	MED
Profit before tax 2019 (Bil. VND)	215	713	402	291	202	131.1	174	86.5	113	45
Profit before tax 2020 (Bil. VND)	267	821	398	225	255	132.49	197	57.6	121	31
Profit before tax 2020/2019	24.2%	15.1%	-1.0%	-22.7%	26.2%	1.1%	13.2%	-33.4%	7.1%	-31.1%
Profit after tax 2019 (Bil. VND)	171	631	321	233	162	101.2	142.2	65.4	90	36
Profit after tax 2020 (Bil. VND)	217	739	317	180	210	102.9	162.6	39.6	96	24
Profit after tax 2020/2019	26.9%	17.1%	-1.2%	-22.7%	29.6%	1.7%	14.3%	-39.4%	6.7%	-33.3%

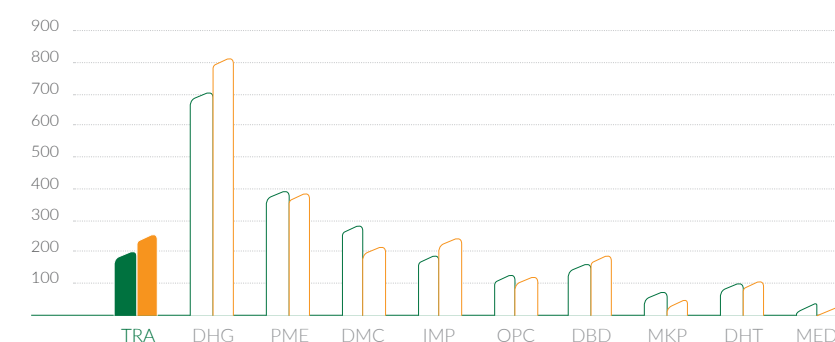
The growth rate of profit before tax and profit after tax ranked second among pharmaceutical companies listed on the stock exchange with the growth rate of profit before tax and profit after tax compared to the same period in 2019 at 24.2% and 26.9% respectively.

The profit growth rate is 2.3 times higher than the revenue growth rate, proving the advantage in the management of the Company's production and business plans when:

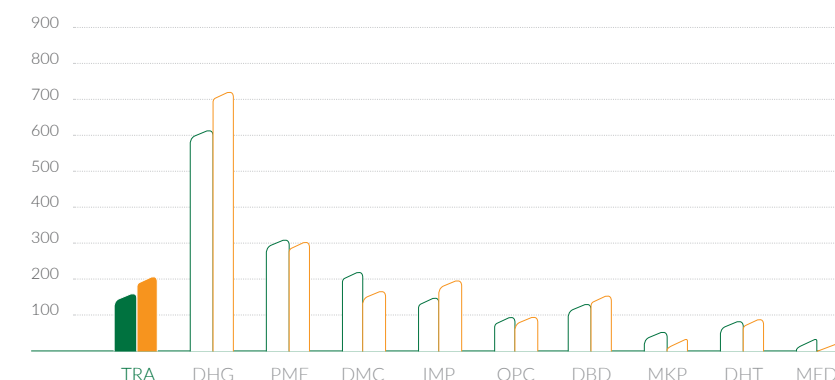
- Actively adjust the product structure to focus on selling high-margin products
- Good management of expenses through the Company's budget plan.

2019 2020

Profit before tax of companies in the same industry in 2019-2020



Profit after tax of companies in the same industry in 2019-2020



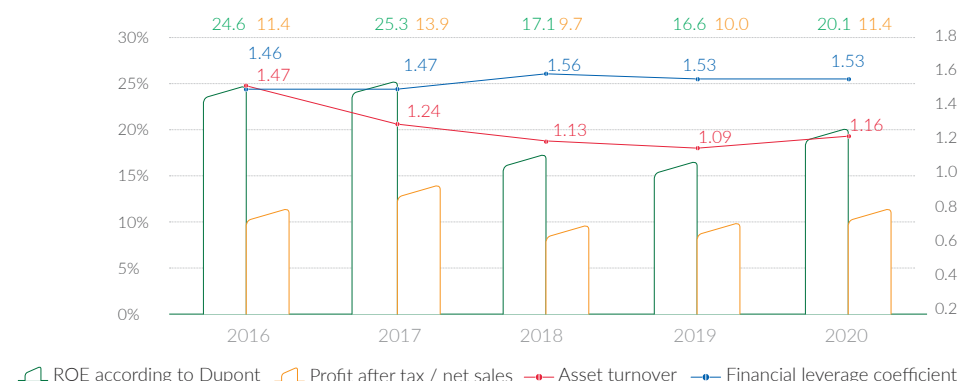
ANALYSIS OF ROE OF TRA FOLLOWING DUPONT MODEL

ROE index according to the Dupont model had a fairly sustainable growth and ensured the stable development of the business, although it was significantly affected by environmental factors and the industry when:



Analysis of ROE of TRA following Dupont model

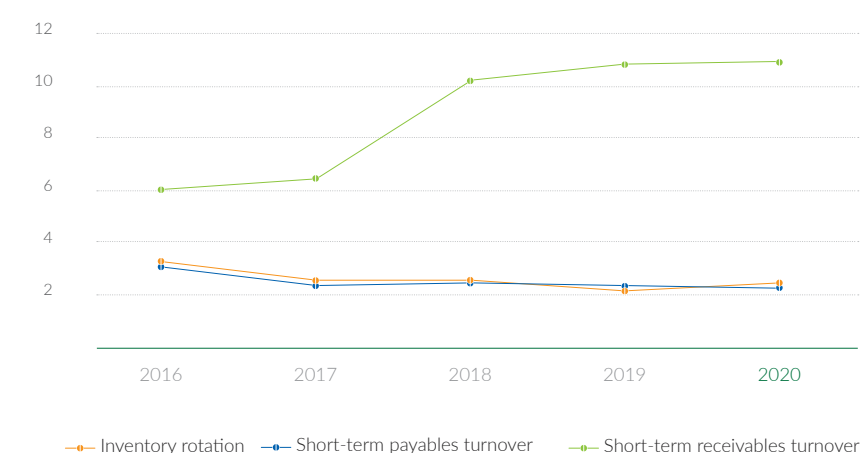
	2016	2017	2018	2019	2020
ROE according to Dupont	24.6%	25.3%	17.1%	16.6%	20.1%
Profit after tax / net sales	11.4%	13.9%	9.7%	10.0%	11.4%
Asset turnover	1.47	1.24	1.13	1.09	1.16
Financial leverage coefficient	1.46	1.47	1.56	1.53	1.53



OPERATION EFFECTIVENESS

	2016	2017	2018	2019	2020
Inventory rotation	3.3	2.6	2.6	2.2	2.5
Short-term receivables turnover	6.0	6.4	10.2	10.8	10.9
Short-term payables turnover	3.1	2.3	2.5	2.3	2.3
Average days of inventory	112.2	140.2	141.7	166.3	148.9
Average days of receivables	60.6	56.8	35.9	33.8	33.4
Average days of payables	119.4	155.8	146.4	155.4	161.7
Cash conversion cycle	53.4	41.3	31.1	44.7	20.6

Receivables and payables turnover remained stable while inventory turnover increased in 2020, showing that the Company had carried out solutions to adjust inventory properly to reduce the average days of inventory by 17.4 days compared to 2019. These factors have helped the Company's cash conversion cycle at its best in the last 5 years, showing that the Company has effectively managed its short-term assets and liabilities to generate liquid capital for the Company.



EBIT and EBITDA ratios have also grown significantly in recent years, especially with relatively high growth in 2020, showing profitability as well as a clear reflection of TRA's performance, and maintained positive and stable growth in recent years.

	2018	2019	2020
EBIT	228,414,183,604	232,602,814,093	278,091,594,345
EBIT margin	12.70%	13.60%	14.57%
EBITDA= EBIT + Depreciation	300,166,119,033	295,719,135,724	357,168,541,789
EBITDA margin	16.69%	17.29%	18.71%

THE SITUATION OF CASH FLOW FROM THE COMPANY'S ACTIVITIES IN THE PERIOD 2016 - 2020

(Unit: VND)

	2016	2017	2018	2019	2020
Cash flow from business operation	182,558,848,648	185,135,300,100	168,670,330,519	217,053,587,156	346,284,803,826
Cash flow from investment activities	(239,095,356,643)	(132,803,760,240)	(43,150,500,787)	(32,044,736,925)	(132,432,678,723)
Cash flow from financial activities	(84,053,853,592)	(95,935,394,260)	29,710,215,454	(203,672,939,329)	(202,420,422,558)
Cash flow in the period	(140,590,361,587)	(43,603,854,400)	155,230,045,186	-18,664,089,098	11,431,702,545
Cash and cash equivalents at the end of the period	204,507,406,466	160,903,552,066	316,133,597,252	297,466,318,638	308,893,810,924

Net cash flow from operating activities increased by 60% compared to 2019 and achieved high growth in the last 5 years, this result was achieved because the Company has strengthened its measures for management of inventory, receivables, and payables to help the Company maintain a reasonable working capital for the Company's production and business activities, to avoid capital stagnation in assets which are not easy to liquidized. Cash flow from financial activities remained stable compared to 2019 because the Company actively reduced the balance of mid-term bank loans before the due date. Besides, the cash balance did not change significantly compared to the same period of net cash flows in 2019, showing that the cash flow management of the Company has been done well.

STRUCTURE OF ASSETS - CAPITAL SOURCES

(Unit: %)

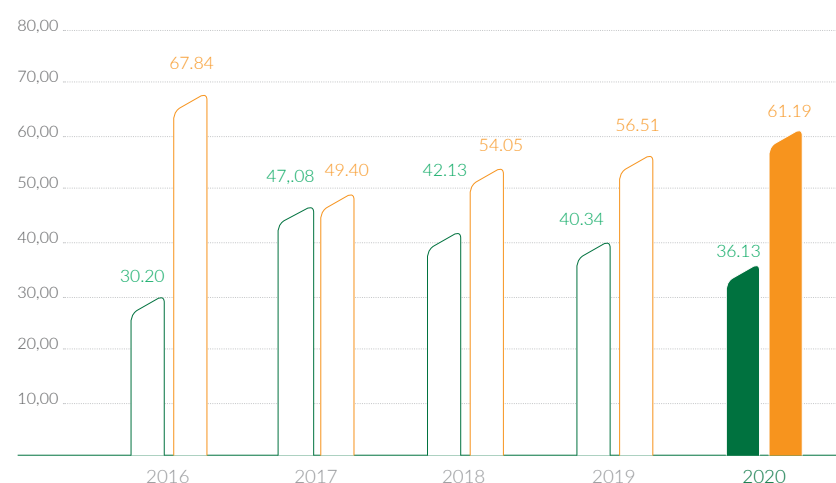
	2016	2017	2018	2019	2020
Asset Structure					
Fixed asset/Total assets	30.20	47.08	42.13	40.34	36.13
Current asset/Total assets	67.84	49.40	54.05	56.51	61.19
Capital structure					
Liabilities/Total assets	25.25	25.89	30.36	28.86	28.98
Equity/Total assets	68.44	68.28	64.20	65.64	65.38

In recent years, the proportion of fixed assets over total assets is approx. 40%. Traphaco has high fixed asset structure compared to other pharmaceutical companies in the industry, because the Company had long-term goals when making investments, establishing the first 4.0 pharmaceutical factory in Vietnam with modern technology transfer line and the pharmaceutical extracting factory with GMP standard in Sapa - Lao Cai medicinal plant area.

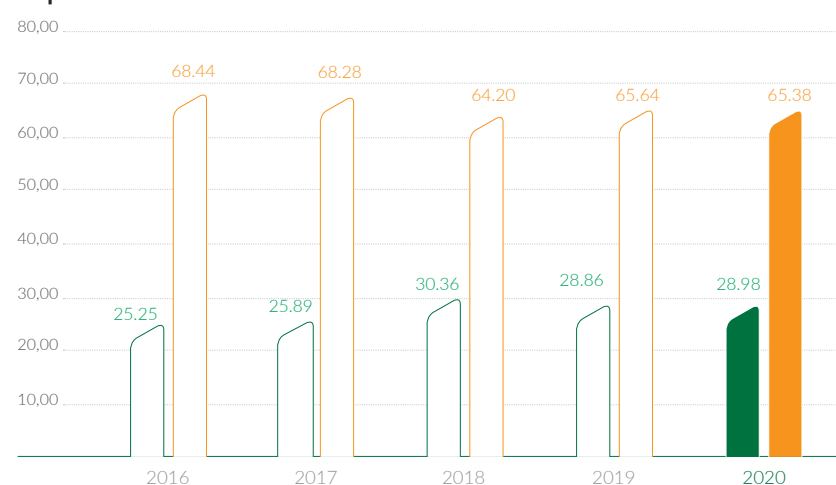
Proportion of other current assets over total assets of 2020 increased compared to 2019, while receivables and other short-term assets were kept at a stable level, showing that the Company's sales policy - cash collection policy has been improved and the management of receivables in recent years has been done properly, no bad debts arising.

Liabilities and owner's equity over total capital decreased slightly compared to the same period in 2019, in which the structure of owner's equity over total capital reached 65.64%, indicating that the Company's financial structure has been transparent and sustainable.

Asset Structure



Capital structure



STRUCTURE OF ASSETS - CAPITAL SOURCES

(Unit: billion VND)

No.	Indicator	2019	2020	% Net revenue 2019	% Net revenue 2020	Growth
1	Net revenue from sales and services	1,710.44	1,908.87	100.0%	100.0%	111.6%
2	Cost of goods sold	770.01	877.46	45.0%	46.0%	114.0%
3	Gross profit from sales and services	940.43	1,031.41	55.0%	54.0%	109.7%
4	Financial incomes	4.77	7.12	0.3%	0.4%	149.1%
5	Financial expenses	17.81	11.53	1.0%	0.6%	64.7%
	Interest expenses	17.76	11.44	1.0%	0.6%	64.4%
6	Selling expenses	489.64	507.99	28.6%	26.6%	103.7%
7	Operating expenses	222.95	254.35	13.0%	13.3%	114.1%
8	Net profit from business operation	214.81	264.66	12.6%	13.9%	123.2%
9	Other profit	31.403	1.99	0.0%	0.1%	6331.6%
10	Profit before tax	214.84	266.65	12.6%	14.0%	124.1%
11	Corporate Income tax	42.43	62.58	2.5%	3.3%	147.5%
12	Delayed corporate income tax	1.81	(12.68)	0.1%	-0.7%	-699.3%
13	Profit after tax	170.59	216.75	10.0%	11.4%	127.1%
14	Minority interest	17.16	20.96	1.0%	1.1%	122.1%
15	Profit after tax attributable to the parent company's shareholders	153.43	195.79	9.0%	10.3%	127.6%

Revenue growth of 11.6% mainly focused on sales of manufactured goods, which increased by 13.3%, equivalent to an increase of nearly VND 188 billion in value and accounted for 83.3% of the Company's total net revenue. This is the product line that brings high profit to the Company with a gross profit of 60.5% and contributes up to 72% of the Company's total gross profit.

Total selling and administrative expenses decreased by 2.1% compared to 2019 or VND 40 billion, showing that the management of expenses of the Board of Management in 2020 is really effective.

The Company's profit has grown quite high, profit after tax growth of 27% compared to 2019 with an increase of VND 46.1 billion, this is the largest profit growth in recent years and ranked first in terms of profit growth compared to companies in the same industry listed on the stock exchange.

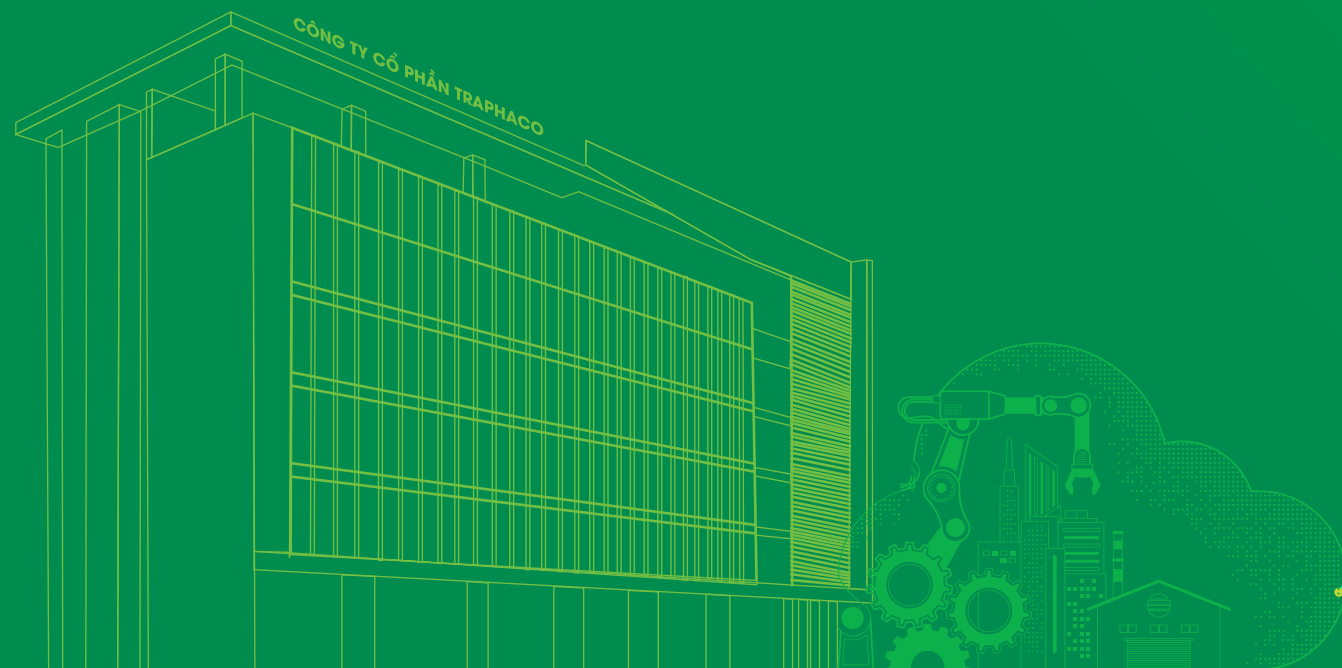
& GROWTH ORIENTATION FOR 2021-2025

MAJOR INDICATORS

CONSOLIDATED REVENUE
(WITHOUT VAT)

2,100

BILLION VND
10% GROWTH COMPARED TO 2020



ETC Revenue
(Unit: billion VND)

160

19% growth
compared to 2020

Parent Company's Revenue
(Unit: billion VND)

1,865

9.5% growth compared to 2020

OTC Revenue
(Unit: billion VND)

1,685

9.3% growth compared to 2020

Other revenue
(Unit: billion VND)

20

Revenue from
subsidiaries
(Unit: billion VND)

235

15% growth compared to 2020

Consolidated profit after tax
(Unit: billion VND)

240

11% growth compared to 2020

5% Increase in the income of
employees at parent company
compared to 2020

2021 ACTION PLANS

1

Continue deployment of Traphaco Culture in a new period

- ▷ The Company conducted a comprehensive assessment of capacity and discovered internal weaknesses, affecting the sustainable development of the Company. Build a new Traphaco Culture to overcome the aforementioned shortcomings and weaknesses and to take advantage of the strengths of the brand, reputation and strong foundation in herbal medicine, as well as market opportunities is necessary.
- ▷ The Company implemented building Traphaco Culture in a new stage to meet the requirements of the new development process.
- ▷ The Company carried out the communication instinctively to each employee, ensuring the implementation of the new culture in each specific action and work, promoting the development of the Company.

2

Manage expenses with a budget plan

- ▷ Following the recommendations of KPMG, the Company developed a detailed budget plan of 2021, enhanced cost management as well as improved efficiency, ensuring profitability.

3

Change the way of assigning and evaluating KPI

- ▷ The Company makes a change in the way of assigning and evaluating work goals to departments. Accordingly, the assessment is based on the actual completion results, creating motivation for employees to exceed the targets, avoiding psychology of completion and lack of effort.

4

Change how to manage customers

- ▷ The Company changed its customer management approach, focusing on quality customers, encouraging customers to increase sales, increasing the number of SKUs and increasing coverage in pharmacies.

5

Enhance marketing activities

- ▷ In 2021, the Company continues to strongly promote marketing activities, including building a product management unit, assigning responsibilities and expenses to each individual product manager.
- ▷ Strengthen advertising activities, reaching customers through the media, online channels, online channels.

6

Development of western medicines

- ▷ The Company has implemented a strategic shift focusing on developing western medicines with specific goals and synchronous solutions in the period of 2021-2025.

7

Promote imported products

- ▷ In 2021, the Company continues to strengthen the development of distribution products, enhance the increase of products by negotiating and signing contracts with foreign partners, especially Daewoong.

8

Technology transfer with Daewoong

- ▷ In 2021, the Company receives 10-15 new products from Daewoong partner, promote comprehensive cooperation with Daewoong.
- ▷ The Company continues to seek and expand strategic partners to receive tech transfer, diversify products, serve the strategy of developing western medicine products.

9

Innovate R&D process and the development of new products

- ▷ In 2021, the Company changes the process of developing new products with more and more active participation from Marketing and Sales, ensuring the development of new products in accordance with market requirements.

10

Quality management

- ▷ In 2021, the Company will continue to sustain the existing policies on quality control to secure the awarded quality certificates on production standards and to provide quality products for the market.

11

HR management

- ▷ The Company will continue to sustain the policy of human resources development, including the welfare policy, the training policy, and other policies and regimes prescribed by the State.
- ▷ The Company continues to direct its policies towards a friendly working environment, and building and developing Traphaco's culture.

12

Strengthening the governance of Subsidiaries

- ▷ **Traphaco Hung Yen one-member Ltd:** Strengthen governance, improve the utilization efficiency of the western-manufacturing plant, complete the production and business plan in 2021.
- ▷ **TRAPHACOSAPA CO., LTD.:** The governance, push up the exploitation of the investment project in Lao Cai, effectively uphold the GMP-WHO certification, maintain the development of plantation areas, improve the quality of input materials for Traphaco's production activities, reach 2021 targets of revenue, profit, contribute to the value chain of Traphaco.
- ▷ **Traphaco CNC:** Through the Representative of capital, strengthen the governance, ensure the operation in the direction of the parent company; achieve the targets of 2021 plan on revenue, profit & dividend; contribute to the value chain of Traphaco.
- ▷ **Daklak Pharmaceuticals & Medical Materials JSC :** Through the Representative, strengthen the governance, ensure the operation in accordance with the direction of the parent company; improve the performance, achieve the targets of 2021 plan on revenue, profit & dividend; contribute to the value chain of Traphaco.

DEVELOPMENT ORIENTATION FOR THE TERM 2021-2025



REVENUE AND GROSS PROFIT MARGIN

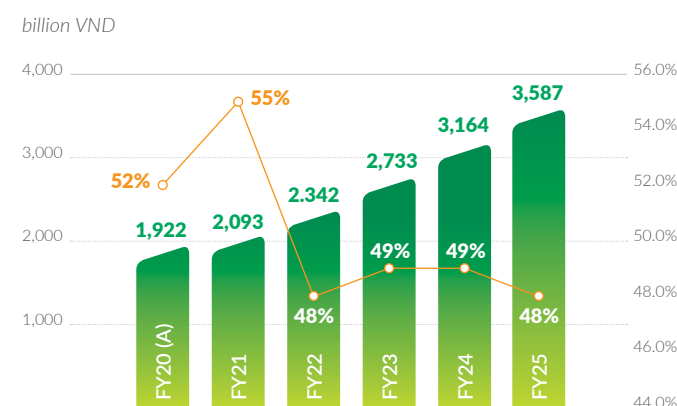


Revenue in 2021
(Unit: billion VND)

2,093

Revenue in 2025
(Unit: billion VND)

3,587



PROFIT AFTER TAX 2021-2025

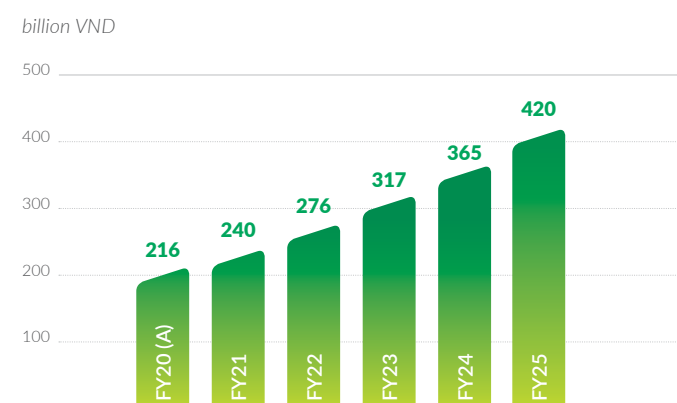


Profit in 2021
(Unit: billion VND)

240

Profit in 2025
(Unit: billion VND)

420



Revenue growth rate of the whole Company is planned to grow with a compound growth rate of 13.3%.



While revenue is targeted for rapid growth, the gross profit target is also expected to have corresponding growth, to be kept at 48%.



Profit before tax grows at a compound rate of 15%, showing the goal of rapidly enhancing operational efficiency, increasing technology utilization and optimizing all resources.



Products structure is also expected to witness a change, with an increase rate of imported products. By 2025, the plan shows that the proportion of imported products to be 11.7%



The growth rate of the manufactured products remains at a high rate, about 11.9% compound growth rate in 5 years, equivalent to about 1.8 times compared to 2020.



The growth rate of each product line is expected to generate a new motivation for the Company with a compound growth rate of 53.1%, equivalent to 8.4 times of this products line revenue in 2020.

REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES

TRAPHACOSAPA CO., LTD.

Ownership of Traphaco JSC

100%



Mr. Do Tien Sy
Director

“As an important link in the Green Value Chain of Traphaco, TraphacoSapa researches and develops areas of herbal materials, ensures the stability of quantity and quality, manufactures local health products as directed by the parent company. Traphacosapa has been significantly contributing to the dissemination of the green medicinal plant area of Traphaco JSC.”

OVERVIEWINTRODUCTION

TraphacoSapa Co. Ltd. was established in August 07, 2001. It used to be a joint venture between Traphaco JSC., and Lao Cai Pharmaceutical & Medical Supplies JSC. In 2009, this company was changed into Traphaco Sapa One-member Co. Ltd., which was 100% funded by Traphaco JSC. Currently, Traphacosapa is the only company producing drugs and medicinal ingredients in Lao Cai province. Traphacosapa is always proud to be a subsidiary of Traphaco JSC and its mission is to create green products to take care of human health.

BUSINESS ACTIVITIES

- Growing spices & medicinal plants.
- Cultivate & process herbal materials, agro-forestry products and food; Produce and sell medicines, herbal materials, food; Transfer know-how of planting, processing and producing herbal materials.
- Import and export agro-forestry products and chemicals.
- Import and export herbal and drug materials.
- Produce and sell wine, beer, beverages and cosmetics.
- Produce, sell, import, export and consign import and export of machines and equipment.

2020 will be the year for establishing Traphaco Culture in a new period. Stick to the goals of the 6 ultimate cultural principles. Traphacosapa has completed 103% of the year plan, profit reached 100% of the year plan. Revenue growth compared to 2019 was 11%, profit increased by 8%. To achieve the above results, the company has applied the following measures:

- Communication of Traphaco culture in the new period via many forms: organize general training, facilitate communication at briefings, make internal newsletter of company's activities with 2 issues/month.
- Maintain the implementation of factory procedures to meet GMP-WHO standards
- Maintain the implementation of ISO 9001 -2015 procedures
- Manage medicinal plantations that meet GACP-WHO standards.

QUALITY POLICY

Revenue and Profit



Total revenue
in 2020
(Unit: Billion VND)

53.7



Profit in
2020
(Unit: Billion VND)

2.060

Quality system

- Perform the quality management system in compliance with ISO 9001: 2015, GMP-WHO, GMP-health protection products standards.
- Adhere to Ethical BioTrade (EBT) guidelines; proud to be the only Vietnamese member of the Union for Ethical Biotrade (UEBT).
- Complete the dossier for re-certification of "Good Manufacturing Practice following World Health Organization (GMP-WHO) standards".
- Recertify GACP-WHO for the Sapa Artichoke growing area.
- Control artichoke growing and harvesting areas, growing areas and medicinal herbs harvesting areas 100% compliance with GACP-WHO standards.
- Reduce the rate of returned goods ≤ 0.5% of sales.

Employee

- Average income of employee increases at least 5% compared to 2020.
- 100% employees are satisfied with the company's policies.
- No complaint from staffs about issues related to workers' rights and legal regulations.

Environment

- Comply with the provisions of the law, there is no violation that has to be sanctioned.
- Comply with regulations relating to biodiversity conservation, sustainable development and equal sharing of benefits among stakeholders, compliance with the Convention on Biological Diversity.

NOTABLE ACHIEVEMENTS

EMULATION TITLES



2018 Outstanding Individual title

Mr. Do Tien Sy is one of 60 individuals, together with the Vice Chairman of Lao Cai province, to report at the Presidential Palace

2020 Title of Typical advanced model

- Certification for Mr. Do Tien Sy - Director of the company to be an advanced example in the patriotic emulation movement of Lao Cai province in the 2016-2020 period. Decision No. 3504/QD-UBND dated October 14, 2020.
- Elected to join the delegation of 12 Lao Cai province delegates to attend the 10th national patriotic emulation congress, on 9/12/2020.

FORMS OF AWARD



2018 Certificate of Merit from Chairman of Lao Cai Provincial People's Committee

- No. 2894/QD.UBND dated 18/9/2018, for "Excellent achievements in the special emulation to celebrate the 60th anniversary of Uncle Ho's visit to Lao Cai and 70 years of Uncle Ho's appeal for patriotic emulation."
- Certificate of Merit No. 3066/QD.UBND dated 02/10/2018, "Having outstanding achievements in building cultural environment in enterprises outside of the state sector in 2018."
- Decision No. 1921/QD.UBND dated 27/6/2018 regarding "Excellent achievements in implementing Resolution No.26-NQ/TW of the Central Executive Committee on agriculture, farmers and rural areas."

Ministry of Health, Vietnam

Certificate of GMP - WHO for pharmaceuticals, medicinal herbs, dietary supplements

2019 Vietnam Fatherland Front Committee of Lao Cai province

Certificate of Merit No. 412 QDMTTQ-BTT dated May 13, 2019, "Excellent performance in 10 years of implementing the 'Buy Vietnamese' campaign."

2020 Asean Enterprise Award

Inclusive Business Award 2020- ABA 2020 - The Deputy Prime Minister Truong Hoa Binh awarded for the impact of inclusive business creating jobs and increasing income for low-income people.

SCIENCETIFIC RESEARCH



Participated in the State-level project "Completing the manufacturing process of some health protection products from Dong trung ha thao (Cordyceps militaris) in Sapa district, Lao Cai province, signed a contract with the Ministry of Science and Technology in October 2018, Completing the State-level Acceptance Test Project to support science and technology enterprises, cultivating and developing products from Cordyceps in Sa Pa, code DA.CT-592.23.2018. Revenue from Cordyceps products is VND 640 million, accounted for 20%/total revenue of local products group.

SIGNIFICANT HERBAL MATERIALS



Artichoke leaves



Ampelopsis cantoniensis



Glinus oppositifolius

OUTSTANDING PRODUCTS

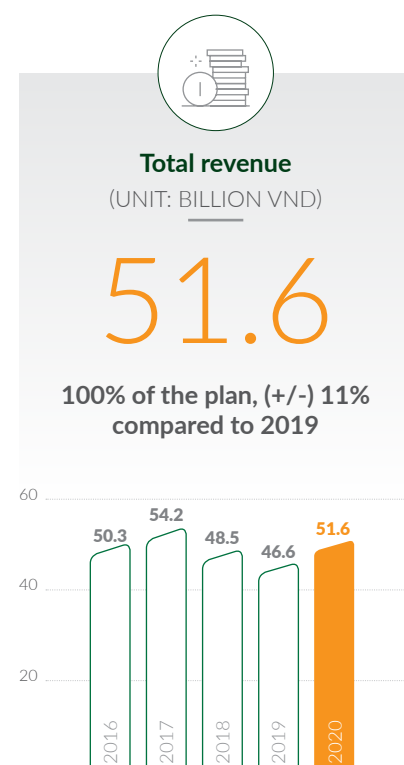
Spraying-drying Artichoke extract	Glinus oppositifolius products from spraying-drying process	Sapa soft Artichoke extract	Ginseng Artichoke soft paste
chocolate detox	Soft paste of Ampelopsis cantoniensis	Cyanophyta tea	Ampelopsis cantoniensis tea



PRODUCTION AND BUSINESS RESULTS OF 2020

Business results in 2020

Indicator	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net sales	VND bil.	21.4	28.5	36.5	43.5	50.3	54.2	48.5	46.6	51.6
Profit before tax	VND bil.	0.75	1.53	1.6	1.74	1.44	2.4	2.2	2.1	2,382
Profit after tax from business operation	VND bil.	0.71	1.43	1.5	1.51	1.25	2.0	2.1	2.0	2,208
Total number of employees (As of December 31)	People	33	35	38	48	61	63	55	52	53
Charter capital	VND bil.	3.35	6.7	6.7	16.8	16.8	25.0	25.0	25.0	25
Profit before tax/ Charter capital	%	22.3	22.8	23.8	10.3	8.6	9.6	8.8	8.4	9.5
Net income/ Charter capital	%	21.1	21.3	22.3	9.0	7.4	8.0	8.4	8.0	8.8



The company's achieved improvements in 2020

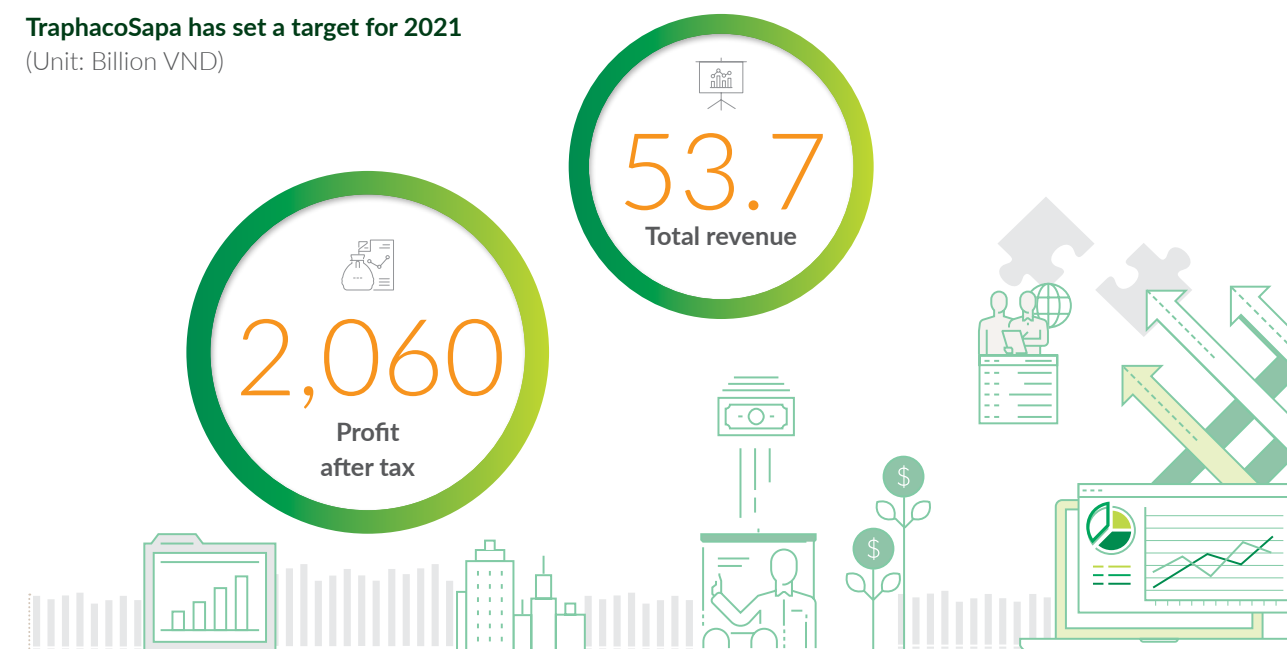
- Completed 100% of the revenue and profit plan.
- Completed the state-level project on Cordyceps.
- Communicated effectively to all staff members about the cultural principles of Traphaco in the new period.
- Employees' income increased 16% compared to 2019.

DEVELOPMENT ORIENTATION FOR 2021

In order to achieve these targets, the company will focus on the following measures:

- Focus on implementing activities following the message from the parent company: Culture Actions - Process Effectiveness.
- Optimize production processes to improve product efficiency and product quality.
- Strengthen cost control, reduce costs in the production and business processes.
- Promote the sales of local products via online sales channels to achieve the revenue target of 2021:
 - Launch a product series from the research on Cordyceps.
 - Develop communication plans for indigenous products, especially notable agricultural products one commune one product (OCOP) which has been certificated for good effects.
- Strengthen coordination with the TRA sales team to achieve sales targets for 2021.

TraphacoSapa has set a target for 2021
(Unit: Billion VND)



TRAPHACO HUNG YEN CO., LTD.

Ownership of Traphaco JSC

100%

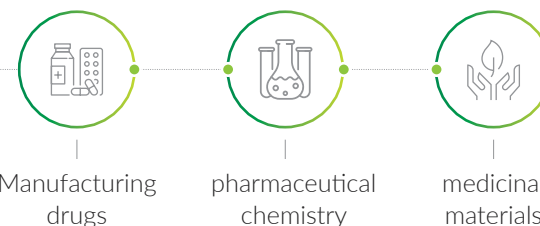


Ms. Pham Thi Thanh Duyen
Director

GENERAL INTRODUCTION

Traphaco Hung Yen Co., Ltd was established with 100% capital contribution of Traphaco JSC on the basis of an investment project to build a western medicine factory located in Tan Quang Commune - Van Lam District - Hung Yen Province and Officially put into operation since 2017.

The company's main
line of business:



“With the advantage of a new, modern production line and high level of workers, the company always focuses on expanding cooperation with foreign partners to receive and transfer more branded new pharmaceutical products with brand and quality.”

OVERVIEW OF TRAPHACO HUNG YEN

The company is invested and built on an area of 46,000 m2, including 5 main production lines: Eye drops, nose drops, Solution for internal use, Solution for external use, Tablets, Ointments- cream.

As a member of Traphaco JSC, the company focuses on investing in smart and modern technology machinery, in line with the 4.0 technology trend to fulfill the common mission: "Innovating green product to protect people's health".

Currently, the company is effectively exploiting all 5 production lines, annually bringing to the market prestigious, quality and highly competitive products such as: NaCl eye drops, Samaca eye nutrition, Dibetalic topical, Methorphan tablet, Stilux...

REPORT ON PRODUCTION AND BUSINESS RESULTS 2020

Business results in 2020

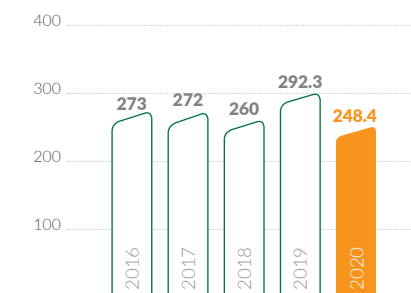
TOTAL REVENUE



Total net revenue
(Unit: Billion VND)

248.4

92.68% of plan for 2020



This year, the company continued to maintain the production of products that are certified with tax incentives for science and technology development. Revenue of these products reached 30.1% of the total revenue in 2020.

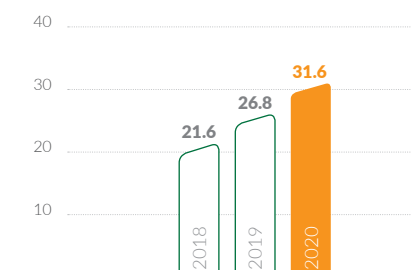
PROFIT



Profit after tax
(Unit: Billion VND)

31.6

equal to 90.28% of the yearly plan and slightly increased compared to 2019.



Profit after tax/Net revenue was 12.72%. CIT exemption under Decree 13/2019/ND-CP in 2020 reached VND 2.2 billion, an increase of VND 400 million compared to 2019.

AVERAGE INCOME

Overcoming the influence of the economy and the Covid pandemic, the average income of the company in 2020 has been guaranteed and increased by 3% compared to 2019.

Scale and asset structure:

As of 31/12/2020, the total
assets of the company
(Unit: Billion VND)

419

decreased 6.5% compared to 2019 (VND 29.1 billion).

In terms of structure,
short-term assets
(Unit: Billion VND)

90.1

accounting for 21.5% of total assets, increased 7.7% compared to 2019.

Long-term assets
(Unit: Billion VND)

328.9

accounted for 78.5% of total assets, decreased 8.26% compared to 2019.

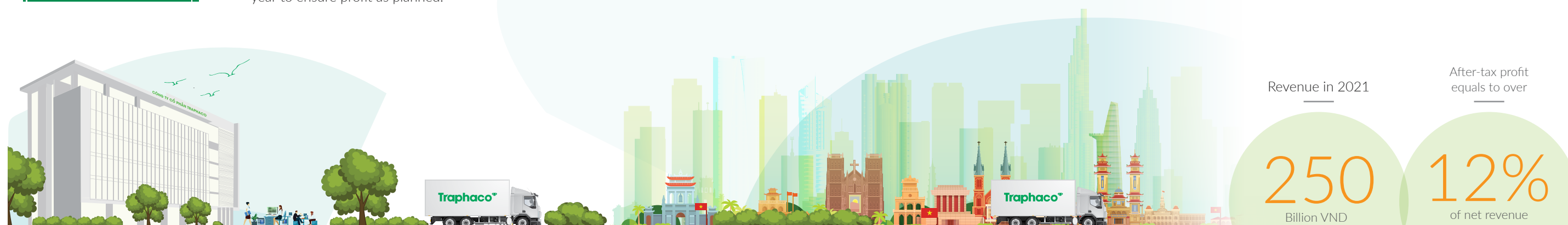


Financial resource

Good budget planning, ensured adequate cash flow for production and business activities, reduced medium and long-term loan principal compared to the plan of VND 30 billion. Maintained the expense-limit control during the year to ensure profit as planned.

DEVELOPMENT ORIENTATION FOR 2021

Business plan of 2021



Achievements of the company in 2020

- Received technology-transfer and put into production 03 new products.
- Put into use the ointment-cream automatic canning machine to increase productivity and synchronize all the productions lines.
- The tax department of Hung Yen province issued a document on land rental exemption for 3 years from 2020, the amount of VND 1.2 billion.
- Get a written approval from the Department of Finance of Hung Yen to offset the compensation for land clearance with the annual land rental, the amount: VND 13.3 billion.
- Maintained GMP, GLP, GSP certifications issued by the Drug Administration of Vietnam.
- Maintained ISO 9001-2015 and 14001-2015 certification.
- Get acceptance and put into use the ERP management system phase 2.

- Expected average income of employee will increase: 1-5%.
- Fully and properly fulfill all obligations to the State, comply with the law.
- Establish and control the monthly expense-limit of departments, optimize the operating expenses of the company.
- Deployment of new products: 04 products.
- Continue to receive technology-transfer of 7 products from Deawoong according to plan.
- Well maintain quality management system that meets GPs.
- Deploy 3Ps salary, effectively apply internal processes in the company.

Solutions

- Focus on promoting scientific and technological products to take advantage of a science and technology enterprise, consider increasing sales volume for prescription products of this group.
- Speed up the production of Syrup products, well coordinate with the Research and Development department to develop new products.
- Take good control of expenses during the year.
- Coordinate with the sales department of Traphaco JSC to adopt policies to promote sales of western pharmaceutical products.
- Continue to implement Traphaco culture in the new period and review all procedures to effectively standardize all of them.

DAKLAK PHARMACEUTICAL & MEDICAL EQUIPMENT JSC (BAMEPHARM)

Ownership of Traphaco JSC

58%



Ông Phan Thành Trình
Tổng Giám đốc

ACCOMPANY THE LOCAL COMMUNITY TO OVERCOME THE "EPIDEMICS STORM"

“ In 2020, the Covid-19 pandemic and the raging Diphtheria epidemic had a direct impact, adversely affected all aspects of social life. As a business operating in the pharmaceutical field, Medical Supplies, Bamepharm has made a great deal of efforts to develop business and corporate social responsibility to accompany the local community to overcome the "epidemics storm".

It can be said that the year 2020 is one of the most special periods for Bamepharm, requiring strategy, calculation and consideration to ensure the completion of "dual tasks" for both business development, and pandemic prevention as the Prime Minister called for. Because "from the outside" point of view, the pandemic situation is often an "opportunity" for businesses in the field of Pharmaceutical and Medical Materials. However, the Leadership of Bamepharm had specific strategies to ensure the mission of developing production and business in a harmonious way, and created conditions to promote activities that demonstrate corporate social responsibility in order to accompany the local community to overcome the "epidemics storm".

In order to be with the local community in coping with the Covid-19 pandemic, especially in the "hottest" pandemic phase, in addition to medical masks and hand sanitizer, the company has directed its units to actively forecast demand and ensure adequate supply of antiseptic chemicals for patient rooms, classrooms ... Along with that, Bamepharm organized 6 free medical masks giveaway-points for people in the area with a total number of 300,000 masks. Although the number of free masks giveaway in the early days of the pandemic outbreak only met a small part of people's need, but by doing this activity, Bamepharm has contributed to stabilizing the price of masks on the market, as well as reduced people's confusion and anxiety about the pandemic.

It is forecasted that the Covid-19 pandemic in the country and the world would continue to develop complicatedly, requiring businesses, especially those with specific characteristics such as Bamepharm, to make more efforts. But regardless of the circumstances, Bamepharm will always be consistent with the "Mission of serving society" that it has long been pursuing. Thank you, Shareholders, Customers, and Colleagues for always supporting Bamepharm.

GENERAL INTRODUCTION

Daklak Pharmaceutical & Medical Supplies JSC (BAMEPHARM)
Abbreviations: **Bamepharm**

COOPERATE

SHARE

COMMIT AND FULFILL THE COMMITMENTS

Dak Lak Pharmaceutical & Medical Supplies JSC., with a distribution channel of more than 800 GPP certified outlets which fully covered Dak Lak and Dak Nong from urban to rural and remote areas.

Bamepharm used to be a State-owned company. The company is considered the key enterprise of Dak Lak in terms of business and has actively supported local health service in diseases prevention and social welfare.

Current activities: Mainly distributing and selling specialized products (agent) for both domestic and foreign manufacturers.

BUSINESS LINES



Producing drugs to treat human diseases, nutritional food products, drugs derived from medicinal herbs.



Trading in drugs, pharmaceuticals, vaccines-biological products, chemicals of all kinds and nutritional food products.



Planting medicinal plants, processing medicinal herbs.



Exporting and importing of drugs, pharmaceutical materials and medical equipment.



Affordable accommodation services, commercial activities and services.



Buying and selling optical equipment, medical equipment, dental equipment, hospital equipment.

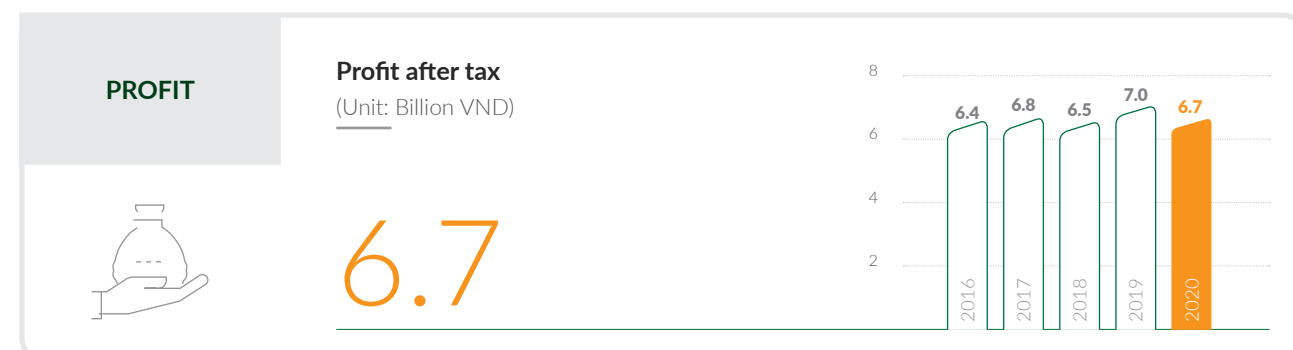
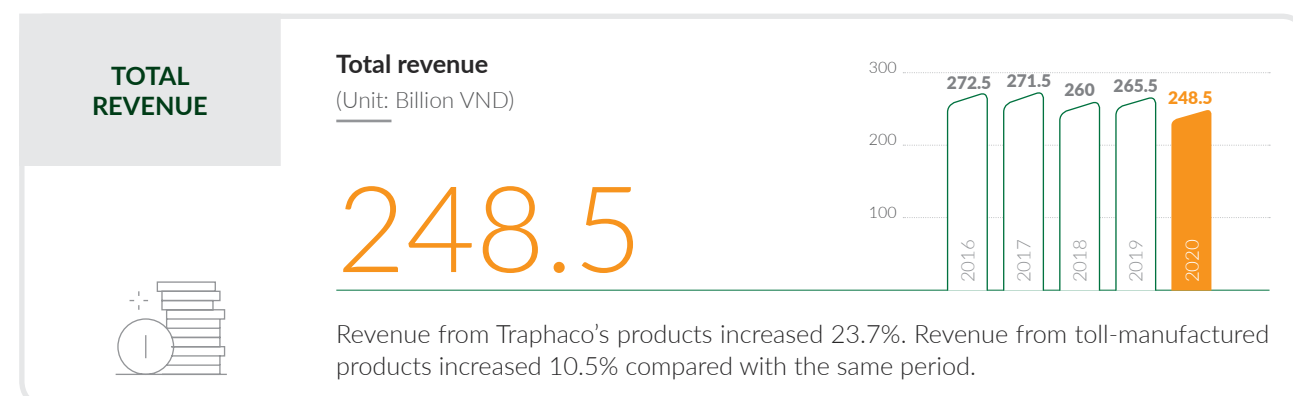


Repair and maintenance services for specialized medical equipment and machinery.

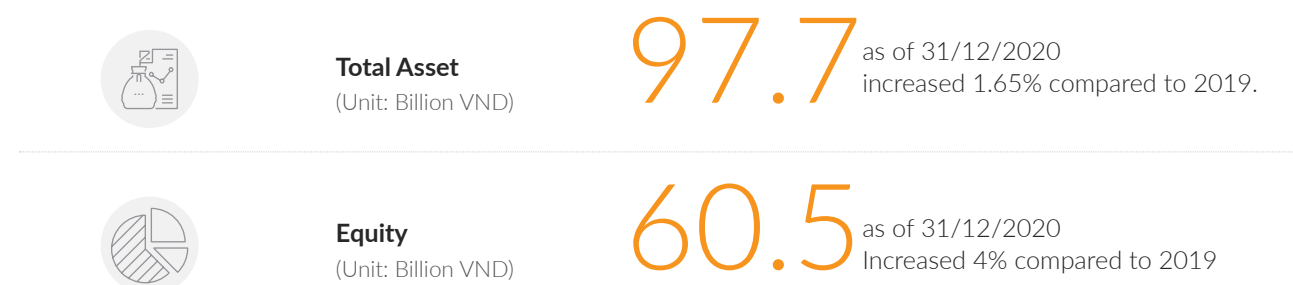
PRODUCTION AND BUSINESS RESULTS OF 2020

Business results in 2020

In 2020, Bamepharm kept being the top enterprise in terms of distribution channel in Dak Lak and Dak Nong with more than 800 loyal usual clients.



Scale and asset structure



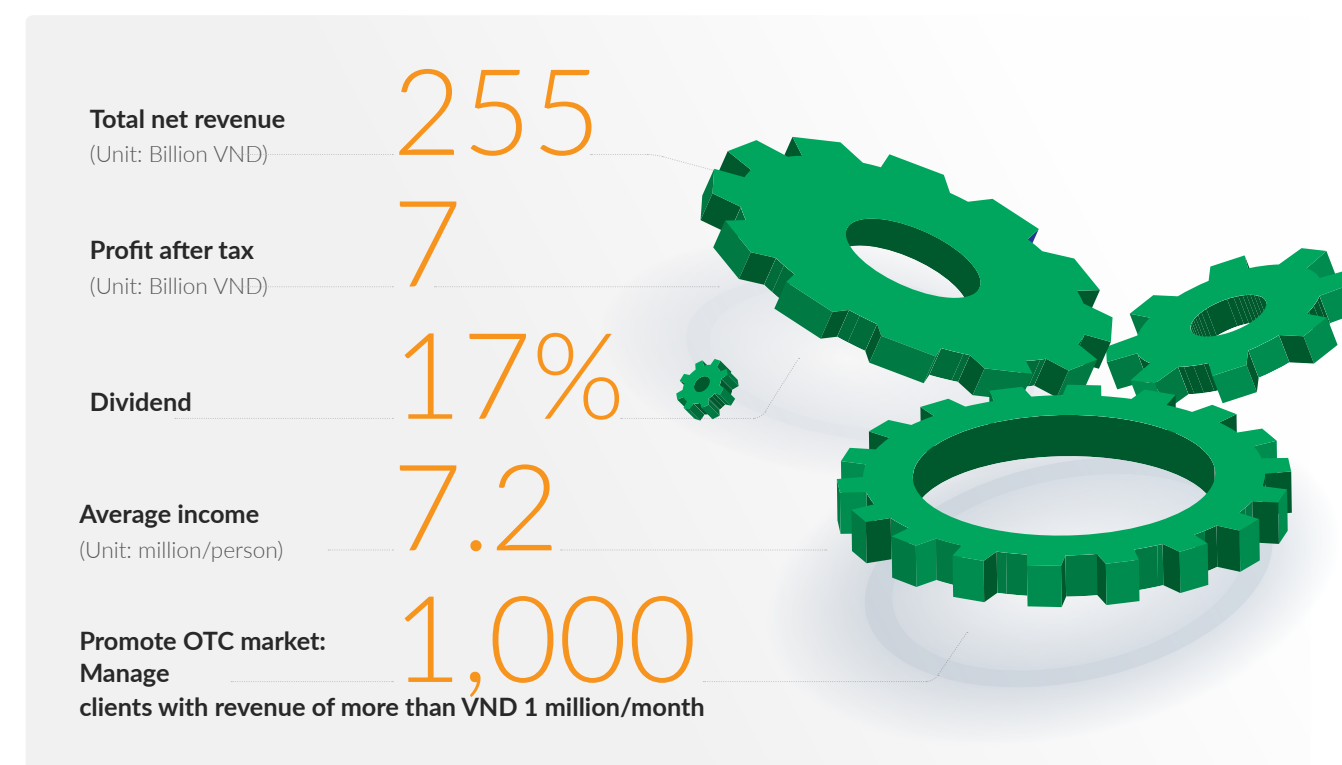
Financial resource

In 2020, the company continued to well-control finance management, increase finance efficiency, collected debts in time and had no extra expense.

The company's achieved improvements in 2020

- Enhanced competition capacity in the market; Stabilized and boosted retail sale;
- Successful application of an enterprise management system (ERP).

DEVELOPMENT ORIENTATION FOR 2021



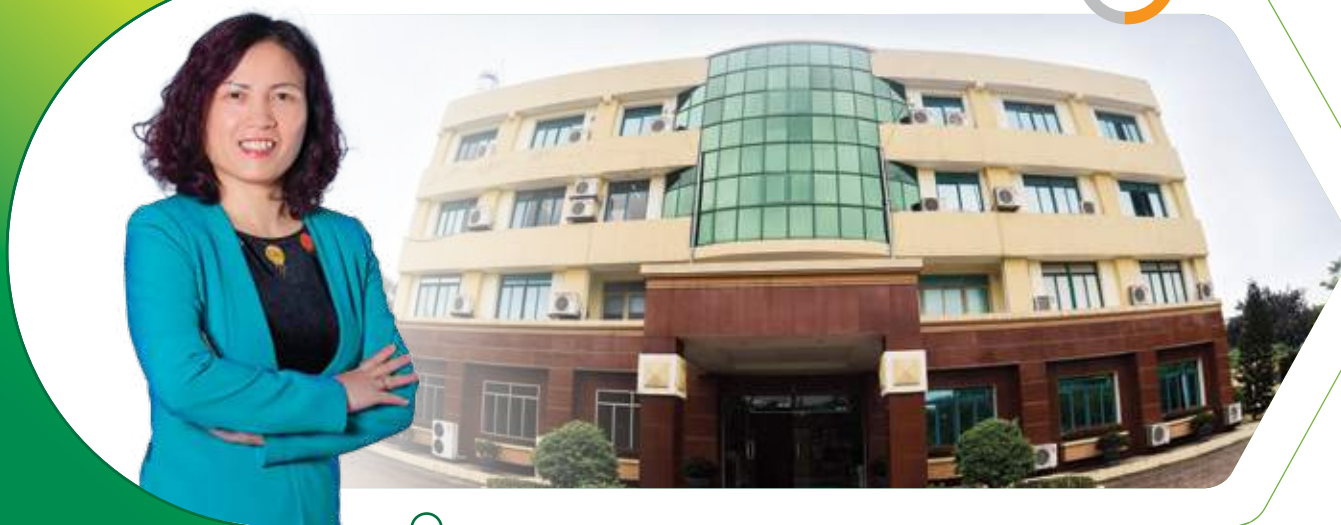
Solutions

- Identify Traphaco's products as key items to optimize the advantage of the distribution channel via pharmacies. Speed up the growth rate of revenue by selecting key products of prestigious companies.
- Build up professional distribution channel, increase service quality, pay attention to in-time delivering of products in full quantity within 30 hours and clients service.
- Increase the market share of Hospitals and Clinics channels;
- Localize and boost Bamepharm brand;
- Build professional sales representatives.

TRAPHACO HIGH-TECHNOLOGY JSC

Ownership of Traphaco JSC.

51%



Ms. **Nguyen Thi Lan**
Director

“Traphaco High-tech JSC (referred to as Traphaco CNC) was established on June 6, 2006 and officially came into operation on January 1, 2007 to carry out the noble mission: bring green health to the community with medicinal products derived from nature.”

The company is producing and distributing its products for an exclusive client which is Traphaco JSC. From July 9, 2020 Traphaco CNC develops a sales department to perform functions of sales, research and develop products to increase revenue: Toll-manufacturing, bidding drugs and actively distributing products that are inefficiently distributed or are not accepted for distribution by Traphaco.

Development orientation for 2021: With the goal of improving quality and accompanying consumers, Traphaco CNC is committed to continuing to be a pioneer in the direction of developing products of natural origin, ensuring health for consumers and invest in the development of modern technology at the highest level.



Main business lines:
Producing and selling herbal medicine, materials, additives, supplement dietary, cosmetics, chemicals, pharmaceutical and medical equipment.

OVERVIEW OF TRAPHACO CNC

Based on more than 48 years of establishment and development of Traphaco JSC, Traphaco CNC has invested in modern and high-tech equipment and machines to manufacture and distribute products. The company was formed on the basis of the pharmaceutical factory project - GMP standard with a total investment of up to VND 130 billion on a total area of about 40,000 m² in Tan Quang commune, Van Lam district, Hung Yen province.



The company applies the Quality Management System in the Pharmaceutical industry according to the standards of the World Health Organization GMP - WHO, the Quality Management System ISO 9001: 2015, the Environmental Management System ISO 14001: 2015 and 5S tool. In September 2009, Traphaco CNC was the first enterprise of manufacturing and trading pharmaceutical derived from natural herbs in Vietnam to be certified by the Drug Administration - Ministry of Health to meet GMP - WHO, GSP - WHO, GLP - WHO.

With a view of sustainable development based on constantly improving product quality, service quality, linking business development with environmental protection and implementing Traphaco culture in the new period, Traphaco CNC has not stopped research and develop green value chains from: Materials - Technology - Products - Services distribute and market unique products with high treatment efficiency and safety for users. For many years, the company has always maintained its performance with the leading role in the field of herbal medicine with 2 outstanding products in the consumer market: hepatobiliary drugs (Boganic) and neuroleptic drugs (Hoat huyet duong nao - Cebraton). In addition, the company has many products that are well-positioned in the market, reputable and trusted by many customers such as: Tottri (Hemorrhoids medicine), Bright eyes, Slaska, Slaska New, dry hand sanitizer, Dry hand gel...

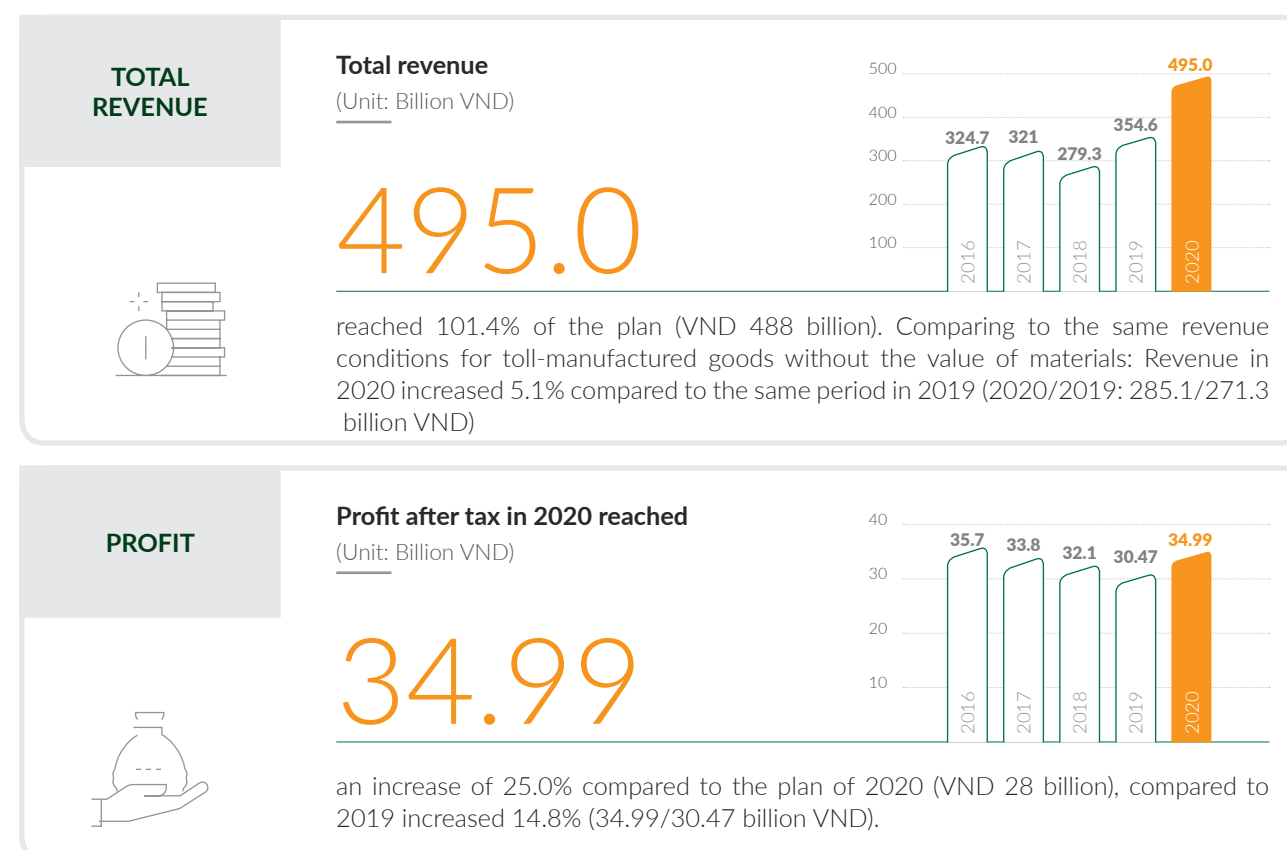
Traphaco CNC is always proud to provide consumers with products of high value in terms of quality as well as use value. And commits to continue to be a pioneer in the development of products of natural origin and always invest in upgrading for scientific and technological development, while maintaining the No. 1 position in manufacturing of herbal medicine in Vietnam.

PRODUCTION AND BUSINESS RESULTS OF 2020

In 2020, under the influence of the Covid-19 pandemic, there are many difficulties in the supply of raw materials, the impact of the epidemic economic downturn, affecting production and investment, and technological innovation. Having been proactive in the supply of medicinal herbs, the company was less affected by pandemics and consumers' interest in health issues has been increasing, especially natural products. Those are opportunities for the company to develop natural medicinal products which has been the strength in the green value chain of Traphaco. In addition, the fierce competition with imported medicine, large pharmaceutical enterprises are also focusing on upgrading factories in 2020, the regulators require increasingly strict standards of input materials and product quality, those are challenges for businesses.

Traphaco CNC has continuously researched and developed the green value chain from raw materials - technology - products, provided the market unique products in terms of formula, effective treatment, and safety for users; took the community's interests as the central point for all activities and the ability to compete well with imported products in order to affirm the quality and demonstrate the pioneering spirit, showing confidence towards the goal of becoming a number 1 pharmaceutical enterprise in Vietnam. With the attention and close direction of the Board of Directors in production and business activities; the determination of the Board of Management together with the efforts and professionalism of the employees of the whole company, by 2020, Traphaco CNC has completed the following targets:

Business results in 2020



Financial resource

In 2020, the company performed finance management very well, strengthened corporate financial efficiency following the company's charter and legal regulations, collected debts and received Traphaco's payment in time, ensured all payments for clients and internal spending to be settled on due date as planned and committed.

Scale and asset structure



Short-term asset
(Unit: Billion VND)

179.3

accounted for about 64.3% of total assets, ≈ 89.6% compared to 2019 (VND 200.2 billion).



Long-term assets
(Unit: Billion VND)

99.4

accounted for about 35.7% of total assets, ≈ 124.4% compared to 2019 (VND 79.9 billion).

The company's achieved improvements in 2020

- In 2020 Arranging production reasonably, reducing waste, increasing labor productivity of production sector by 11.7% compared to 2019.
- Deployed new products reached VND 19.9 billion (Hand wash liquid VND 13.7 billion; Slaska new VND 4.9 billion; Tabofina VND 1.2 billion; Trafresh VND 0.08 billion; herbal medicine VND 0.05 billion).
- Successfully defended the assessment and certification of eligibility for chemical-cosmetic production; Certificate of expanding the scope of Chemical - cosmetic line, quality management system and environmental management system following ISO 9001: 2015, 14001:2015; Successfully defended GMP Traditional medicine; Successful protected Good practice in drug distribution - GDP.
- Strictly complied with the requirements of the law on labor and tax. Completed welcoming the provincial tax inspection team to conduct the tax inspection in 2018-2019 with the conclusion that no additional payments to the budget would arise.

DEVELOPMENT ORIENTATION FOR 2021



According to the development orientation of the parent company, vision to 2025

ENTERPRISE PHARMACEUTICAL NO. 1 VIETNAM'S

in terms of revenue-and-profit growth and follow the Traphaco culture in the new period.

Traphaco CNC sets the targets as follows:



Total revenue in 2021
(Unit: Billion VND)

530

in which: Revenue from sales to the parent company is VND 505 billion, revenue from new products made by Business Development Division is VND 25 billion.



Profit after tax
(Unit: Billion VND)

40.5

Average income of employee at least compared to 2020.

increases ≥ 5%

Strategic orientation "to maintain its position as the leading oriental medicine manufacturer in Vietnam, make the products not only to be for the domestic market but also to be received in the international market.



CORPORATE GOVERNANCE

- 100 Traphaco corporate governance structure and model
- 102 Report of the Board of Directors for the 2016-2020 period
- 111 Activities of sub-committees under the Board of Directors
- 114 Management scorecard analysis based on Corporate Governance Scorecard by ASEAN Region
- 129 Transaction and remuneration
- 131 Assessment of Corporate Governance in 2020
- 132 Report of the Board of Supervisors for the 2016-2020 period
- 140 Risk Management Report
- 146 Information on stock and Investor Relations (IR)

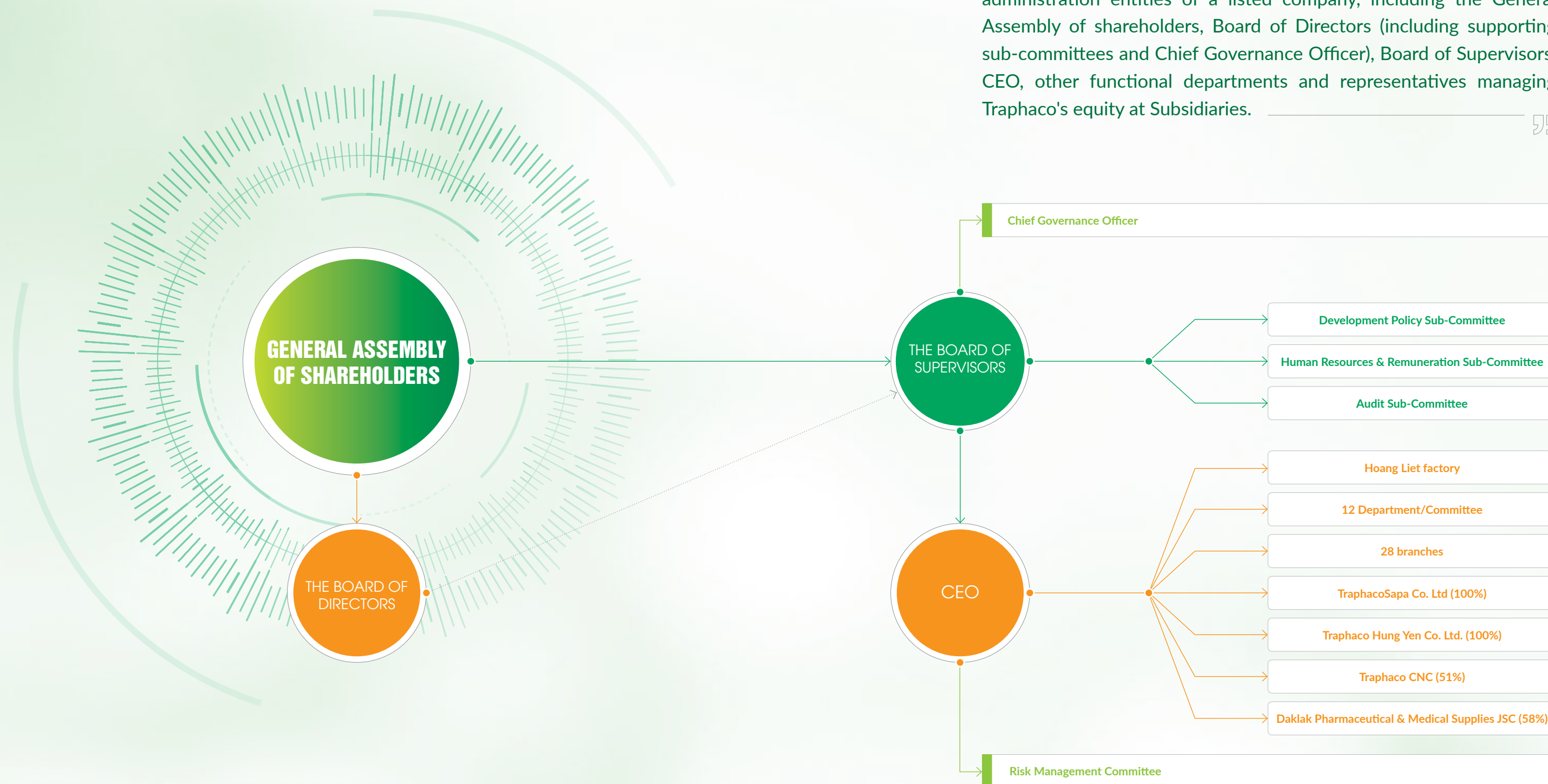
Innovating
Endless

With the mission of “*Innovating Green Products for Human Health*”, Traphaco launched the breakthrough product of Boganic Herbal Tea, an important step for Traphaco to bravely step out of the comfort zone by developing a new innovative, differentiated product to meet untapped market needs.



GOVERNANCE AT TRAPHACO

“ Traphaco’s governance model is based on the best international practices and standards which ensure the presence of all needed administration entities of a listed company, including the General Assembly of shareholders, Board of Directors (including supporting sub-committees and Chief Governance Officer), Board of Supervisors, CEO, other functional departments and representatives managing Traphaco's equity at Subsidiaries. ”



OF THE BOARD OF DIRECTORS THE TERM 2016-2020

HIGHLIGHTS

TRAPHACO¹
IS VIETNAM'S NO. 1 HERBAL MEDICINE ENTERPRISE



CONTINUOUS/MANY TIMES IN THE LIST OF

Top 50

of Best listed
company in Vietnam

Top 10

most prestigious
pharmaceutical
companies in
Vietnam

Vietnam Value

National Quality Gold Award,
National Brand

Company's main product

BOGANIC in the
Top 10 Typical
Vietnamese Trademark Product.



Completing the construction of the Smart Pharmaceutical Factory

The factory is built on an area of 46,288 m² with a total investment of nearly 500 billion VND, capacity of 1.2 billion product units per year. The inauguration ceremony of the factory was voted by the Science and Technology Journalists Club as one of the 10 most outstanding science and technology events in 2017. The operation and production at the factory met the criteria in Decree 13/2019/ND-CP and Traphaco Hung Yen Co., Ltd. was honored to be certified "Science and Technology Enterprise". Currently, the factory is the unit that directly receive technology transfer between Traphaco and Daewoong Pharmaceutical Company, Korea: aims at the growth target of Traphaco and the globalization goal of Daewoong.



Traphaco is recognized as a sustainable enterprise

In the coming time, Traphaco's strong development motivation is its technological strength and the pioneering position in the trend of Pharma 4.0 - the application of 4.0 Technology in manufacturing and trading of pharmaceuticals.



The Company's Charter capital increased 1.7 times

From VND 246 billion in March 2016 to VND 414 billion at the end of 2020.



Newly appointed 01 Deputy CEO in charge of ETC channel (Mr. Kim Dong Hyu, September 2019), established Hospital Sales Department, appointed 02 ETC directors in Central and South: boost hospital sales.

Established 8 new branches

Thai Nguyen, Yen Bai, Hue, Kien Giang, Vinh Phuc, Binh Dinh, Long An, Vung Tau, ensure the quantity of goods, the quality of the goods and the appropriate delivery time.

Comprehensive assessment of Traphaco's core competencies

Focus on promoting western medicines, creating newsustainable development foundations.



PERSONNEL OF THE BOARD OF DIRECTORS IN THE TERM 2016 - 2020

During the term, the Board of Directors has the following changes:

No.	Name	Appoint/Resign
1.	Mr. Nguyen Hong Hien	BoD member, resigned 29/3/2018
2.	Mr. Nguyen Quoc Huy	BoD member, appointed 30/3/2018, resigned 23/3/2020.
3.	Mr. Christopher E. Freund	BoD member, resigned 16/5/2018
4.	Mr. Chad Ryan Ovel	BoD member, resigned 16/5/2018
5.	Mr. Lee Choong Hwan	BoD member, appointed 05/7/2018, resigned 23/3/2020.
6.	Mr. Kim Dong Hyu	BoD member, appointed 05/7/2018
7.	Mr. Marcus John Pitt	BoD member, resigned 09/6/2019
8.	Mr. Ji Chang Won	BoD member, appointed 26/9/2019, resigned 10/3/2020.
9.	Mr. Vu Tri Thuc	BoD member, appointed 26/3/2020
10.	Mr. Chung Ji Kwang	BoD member, appointed 26/3/2020
11.	Mr. Lee Tae Yon	BoD member, appointed 26/3/2020

Personnel of the Board of Directors as of December 31, 2020 are as follows:

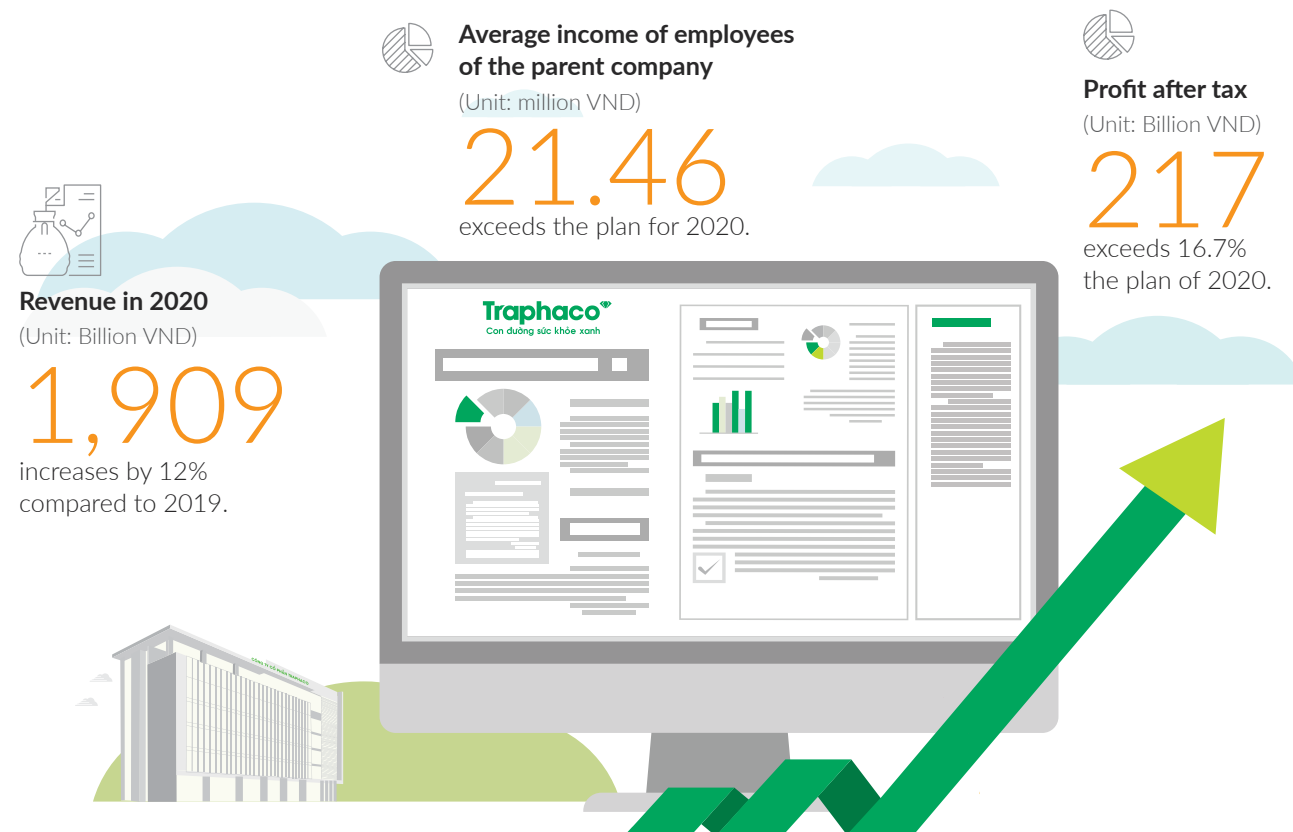
No.	Name	Position	BoD member	Rate of ownership of voting shares at Traphaco	Position held as BoD member at another organization
1.	Md. Vu Thi Thuan	Chairwoman	Non-executive	1.14% (personally owned: 471,254 shares)	BoD member Traphaco CNC.
2.	Mr. Nguyen Anh Tuan	Vice Chairman	Non-executive	12.50% (state representative: 5,181,709 shares)	Chairman Vietnam National Reinsurance Corporation Chairman Seaprodex
3.	Mr. Trần Túc Mã	BoD member - CEO	Executive	14.83% (of which: state representative: 4,423,094 shares. Personally owned: 1,724,456 shares)	Chairman Traphaco Hung Yen BoD member Traphaco CNC
4.	Mr. Vu Tri Thuc	BoD member	Non-executive	0.00%	n/a
5.	Mr. Chung Ji Kwang	BoD member	Non-executive	0.00%	n/a
6.	Mr. Lee Tae Yon	BoD member	Non-executive	15.12% (representative of Super Delta)	n/a
7.	Mr. Kim Dong Hyu	BoD member - D. CEO	Executive	0.00%	n/a

ACTIVITIES OF BOARD OF DIRECTORS IN 2020

Results of the implementation of the Resolutions of the 2020 AGM



- In 2020, the Company's revenue is at VND 1,909 billion (equals to 96% of 2020 targeted number, increases 12% compared to 2019); profit after tax is at VND 217 billion (increases 16.7% of 2020 targeted number, increases 23.5% compared to 2019). The average income of employees of the parent company in 2020 is VND 21.5 million, exceeds the plan in 2020 (VND 17,9 million, 114.4%), increases 20% compared to 2019.
- The Company has completed allocation of profit after tax to funds as regulated; ensured the state budget contribution in accordance with the law.
- The Company (already completed) paid the second dividend of 2019 in July 2020, advanced 20% of the first dividend in 2020 in cash in January 2021 and expected to pay 10% of the second dividend in cash in Q2/2021.
- In 2020, the Company has paid remuneration to the members of BoD and BoS as approved by the AGM.
- The contracts between Traphaco and Traphaco High-Tech JSC and Traphaco Hung Yen Co. Ltd. (contract with related parties, with great value) has been signed and implemented under the Resolution of the General Meeting of Shareholders.
- The Company has selected Deloitte Vietnam Co. Ltd. as the auditor for 2020 financial statements.
- The Company has added and updated business lines in April 2020.



Achievements:

- Consolidated revenue grows by 12% compared to 2019, which is an encouraging growth rate. Consolidated profit for reaches VND 210 billion, exceeds 17% of the plan and grows 23% compared to 2019. The parent company's profit is VND 157 billion, exceeds 19% of the plan (VND 132 billion), increases 33% compared to 2019; on the grounds that the Company has actively controlled limits since the beginning of the year, negotiated with suppliers to reduce input prices and focusing on key products with good profit margins. The growth rate in revenue and profit of the Company is the highest among pharmaceutical companies listed on stock market.
- Average income increases by 20% compared to 2019 (21.5/17.9 million VND/person/month).
- Successfully organized the communication series of Traphaco culture in the new period.
- New products are produced on schedule, revenue reaches VND 55 billion.

Unfulfilled targets:

- Revenue target: achieves 96% of the plan (1,909/2,000 billion VND), milk revenue achieved 46% of the plan (23/50 billion VND), ETC revenue achieved 61% of the plan (134/220 billion VND). The reason is that when planning, there was no outbreak of Covid-19 disease, not taking into account the impact of the epidemic: purchasing power decreased, social distancing, people did not go to hospitals, hospitals stopped bidding plans, new regulations on bidding were slow to be applied.
- Technology transfer products are not on schedule, also due to the Covid-19 epidemic, commercial flights are banned, Korean experts cannot go to Vietnam.

Overview of meetings and Resolutions of the BoD

- In 2020, the Board of Directors conducted 06 meetings, issued 13 resolutions and decisions to resolve issues within the functions and authority of the Board of Directors.
- All the meetings of the Board of Directors presented by the Board of Supervisors to attend to exchange, discuss and create a high consensus in strategies, business directions, direction of the Board of Directors for the Board of Management.

Meeting attendance rate

No	Director	Position	The starting date of BoD membership	Number of BoD meetings attended	Meeting attendance rate	Reasons for absence
1.	Vu Thi Thuan	Chairwoman	30/3/2016	6/6	100%	
2.	Nguyen Anh Tuan	Vice Chairman	30/3/2016	6/6	100%	
3.	Tran Tuc Ma	Member/ CEO	30/3/2016	6/6	100%	
4.	Vu Tri Thuc	Member	26/3/2020	5/5	100%	
5.	Chung Ji Kwang	Member	26/3/2020	5/5	100%	
6.	Lee Tae Yon	Member	26/3/2020	5/5	100%	
7.	Kim Dong Hyu	Member	05/7/2018	6/6	100%	
8.	Nguyen Quoc Huy	Member	30/3/2018	1/1	100%	Resigned 23/3/2020
9.	Ji Chang Won	Member	26/9/2019	1/1	100%	Resigned 10/3/2020
10.	Lee Choong Hwan	Member	05/7/2018	1/1	100%	Resigned 23/3/2020

BoD's Resolutions issued in 2020

The Board approved 13 decisions on the following issues:

- On Governance of Management: 09 decisions;
- On Governance of HR: 02 decisions;
- On Governance of Shareholders (for shareholders' benefits): 02 decisions.

No	Resolution / Decision No.	Date	Content
1.	NQ 001/HĐQT	20/02/2020	Pass: <ul style="list-style-type: none"> CEO's report; Assessment of the BoM activities; Developing western medicine, 2020-2025; Assigning the KPIs of Q1/2020; Solutions to ensure business activities in Covid-19 epidemic; Bank credit limit; Hire Ernst & Young for training on enhancing risk management capacity; Organizing plan of the 2020 AGM.
2.	03/QĐ-HĐQT	21/02/2020	Assign the production and business plan in 2020.
3.	04/QĐ-HĐQT	21/02/2020	Assign the 2020 Plan for Traphaco Hung Yen Co., Ltd.
4.	05/QĐ-HĐQT	21/02/2020	Assign the 2020 Plan for TraphacoSapa Co., Ltd.
5.	07/QĐ-HĐQT	21/02/2020	Assign the Investment Plan in 2020.
6.	08/QĐ-HĐQT	21/02/2020	Assign the flat salary expense in 2020.

No	Resolution / Decision No.	Date	Content
7.	NQ 002/HĐQT	26/03/2020	<ul style="list-style-type: none"> • Pass CEO's report; • Deploy the 2020 AGM's Resolutions: division of profit after tax in 2019; adding and updating business registration lines; amendment of the charter; • Assign duties and remuneration of the BoD; • Assign the KPIs of Q2/2020.
8.	NQ 003/HĐQT	28/05/2020	Pass: <ul style="list-style-type: none"> • CEO's report; • Deploy Communication of Traphaco Culture in a new phase; • Contents of the AGM of subsidiaries Traphaco CNC, Bamepharm; • Direction for Traphaco's organizational structure. Consider: <ul style="list-style-type: none"> • Perfecting leadership at branches; • Planning for senior and middle-level leaders for the period 2021-2025 (to implement at the right time).
9.	15/NQ-HĐQT	28/05/2020	Selection of the auditing firm for the financial statements in 2020.
10.	16/NQ-HĐQT	28/05/2020	Payment of the remaining 10% dividend of 2019.
11.	18/NQ-HĐQT	06/07/2020	Selection of the auditing firm for the financial statements in 2020.
12.	19/QĐ-HĐQT	13/07/2020	Conduct a thorough assessment of the Company's core competencies.
13.	NQ 004/HĐQT	10/08/2020	Pass: <ul style="list-style-type: none"> • CEO's report; • Implementation results of the AGM Resolution; • Business results in the first 6 months of 2020. Assign KPIs Q3/2020. Consider: <ul style="list-style-type: none"> • Business policy on OTC and ETC channels; • The situation of product development; • TraphacoSapa situation on tax and land lease.
14.	NQ 005/HĐQT	06/11/2020	Pass: <ul style="list-style-type: none"> • CEO's report; • First 9-month business result in 2020; • Assign the KPIs of Q4/2020; • Report on results of KPMG and Daewoong core competency assessment. Consider: <ul style="list-style-type: none"> • Action plan after the assessment; • The production and business plan for the year 2021; • Internal audit regulations.
15.	21/QĐ-HĐQT	17/12/2020	Approve the advertising contractor selection in 2021
16.	NQ 006/HĐQT	28/12/2020	Pass: <ul style="list-style-type: none"> • CEO's report; • Production and business result of Q4, whole year 2020; • The main targets of the production and business plan in 2021; • The Investment Plan in 2021; • The Innovation plan; • Establishment Choice for an Internal Audit Committee; • CEO's candidates for election to the Director position of Traphaco CNC. Consider: <ul style="list-style-type: none"> • Business effectiveness of Boganic tea after 8 months of implementation; • The development situation of Budget plan and financial forecast for 2021.
17.	22/QĐ-HĐQT	28/12/2020	Appoint the Southern Hospital Sales Director.
18.	23/QĐ-HĐQT	28/12/2020	Appoint the Central Hospital Sales Director.
19.	24/QĐ-HĐQT	28/12/2020	Advance of Dividend, 1 st time, the year of 2020.

THE BOARD OF DIRECTORS SUPERVISES, DIRECTS THE CEO AND MANAGERS TO OPERATE THE COMPANY'S BUSINESS



The Board of Directors always monitors and directs the activities of the Board of Management, promptly resolves arising issues within the authority of the Board of Directors to create favorable conditions for the operation of the Board of Management.

1

In the context of the Covid-19 epidemic, general challenges / difficulties of the industry, fierce competition, the Board of Management has been implementing most of its tasks in accordance with the spirit of the resolutions of the General Meeting of Shareholders and the resolutions of the Board of Directors.

2

Successfully organizing the 2020 Annual General Meeting of Shareholders on March 26, 2020, strictly implementing the regime of Financial Reporting for 2020, Quarterly Financial Statements and Annual Report 2020.

3

To supervise, direct and ensure that information is fully, transparently and promptly disclosed in accordance with the regulations of the Stock Exchange and the State Securities Commission.

4

Investigate the pharmaceutical market and distribution system of the Company; Attend important meetings of the Board of Management.

5

Visit and grasp the status of subsidiaries.

6

THE 2021 OPERATING ORIENTATION OF THE BOD



THE YEAR 2021 IS THE
YEAR WITH THE THEME
**STANDARDIZING
THE PROCESS**

& THE MESSAGE OF THE YEAR IS
**CULTURE IMPLEMENTATION -
PROCESS EFFECTIVENESS**

The Board of Directors orientates key tasks in 2021 as follows:

1. Continue to apply "Traphaco culture in a new phase", so that the new cultural spirit, the six ultimate cultural principles, truly permeate every Traphaco person.
2. Standardize working procedures, internal regulations at Traphaco to ensure efficient use of resources.
3. Complete the internal audit work for the whole company.
4. Maintain the development of traditional medicine, focus on promoting western medicine through research, import and technology transfer for the Company to develop strongly and sustainably.

ACTIVITIES OF SUB-COMMITTEES UNDER THE BOARD OF DIRECTORS

DEVELOPMENT AND POLICY SUB-COMMITTEE



Its main functions contain

- Propose and advise the BoD on development strategies, objectives and solutions to implement the short term and long-term strategy for production, business and investment;
- Propose and advise the BoD on the long-term and short-term development strategies of subsidiaries to ensure that the plan is in line with the Company's overall strategy and objectives;
- Propose and help the Board of Directors to approve: annual financial plan, short-term and long-term financial plans, plan for buying and selling shares of other companies, joint ventures and strategic cooperation.

Composition of the Sub-Committee

Mr. Tran Tuc Ma
CEO, Head of Sub-Committee

Mr. Nguyen Anh Tuan
Vice Chairman

Mr. Chung Ji Kwang
BoD independent member

Mr. Lee Tae Yon
BoD member

Mr. Kim Dong Hyu
BoD member, Deputy CEO

Mr. Pham Hoang Anh
Assistant to CEO - Assistant
Member

Activities of the Sub-Committee in 2020

- Assess the business performance in 2019 compared to the 2020 strategic objectives;
- Evaluate the business results every quarter, 6 months, whole year compared to the 2020 plan;
- Advise on the Financial Plan for 2020: investments in fixed assets, capital construction, R&D, marketing...;
- Supervise, urge negotiation and implementation of technical assistance contracts with Daewoong;
- Develop and implement the Western Drug Development Plan;
- Advise on adding business registration lines;
- Take a lead in conducting the comprehensive assessment of the Company's core competencies;
- Take a lead in reviewing the results of KPMG's consultation on the 2021 business plan, the 5-year plan 2021-2025 and developing the 2021 budget plan.

Operational orientation for 2021

- Focus on solutions to fulfill the plan of 2021;
- Review the results of the first 6 months of 2021 and adjust some measures to implement the 2021 plan, if necessary.
- Consider the development of the 2021 plan and the contents of adjusting the Development Strategy for 2021-2025.



HUMAN RESOURCES AND REMUNERATION SUB-COMMITTEE

Its main functions contain

- Propose for the scale and personnel of the management apparatus in the Company;
- Advise to the BoD on the appointment and dismissal of management officers and their salaries;
- Review and advise to the BoD on the long-term human resources development plan; headhunt and foster management officers;
- Propose regulations, salary budgets and related effective regulations for the Company.

Composition of the Sub-Committee

Mr. Chung Ji Kwang
*BoD Independent member -
Head of Sub-Committee*

Mr. Nguyen Anh Tuan
Vice Chairman

Md. Vu Thi Thuan
BoD Chairwoman

Mr. Vu Tri Thuc
BoD member

Mr. Tran Tuc Ma
CEO

Mr. Kim Dong Hyu
BoD member, D. CEO

Activities of the Sub-Committee in 2020

- Evaluate the Board of Management, management officers at all echelons in 2019, 2020;
- Advise on senior personnel of the Company and its subsidiaries and departments in the system;
- Advise on the application of 3Ps on salary payment.

Operational orientation for 2021

- Propose and advise the BoD on the Company's salary, bonus and remuneration policy in 2021;
- Participate in the formulation of the Company's development strategy for the period of 2021-2025, especially the strategy of developing human resources and senior management officers of the Company.



AUDIT SUB-COMMITTEE

Its main functions contain

- Select an independent auditor, evaluate the independence of the independent auditor and apply criteria to consolidated financial report of subsidiaries and affiliates;
- Review the effectiveness of the Company's risk management, its compliance with the law, the Company Charter, corporate governance regulations and internal management regulations...

Composition of the Sub-Committee

Mr. Vu Tri Thuc
BoD member, Head of Sub-Committee

Mr. Chung Ji Kwang
BoD independent member

Md. Vu Thi Thuan
BoD Chairwoman

Mr. Lee Tae Yon
BoD member

Activities of the Sub-Committee in 2020

- Evaluate of the audited financial statements for 2019, the reviewed semi-annual financial statements for 2020;
- Work with subsidiaries on the plan to complete sales, profit in 2020;
- Work with new branches to deploy regional sales;
- Work with the audit firm and the Board of Supervisors on financial related issues and related parties;
- Direct and supervise the development of functions, tasks, regulations on internal audit activities.

Operational orientation for 2021

- Strengthen the review of current outstanding issues and direct the implementation of remedial measures to ensure that the audit is carried out fully and as planned;
- Direct and supervise the Internal Audit Committee of the Company.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

☑ : Applied good practice ☐ : applied not-fully good practice ☒ : not applied good practice

Code	Criteria	Current situation until 2019	General assessments
LEVEL 1			
PART A. Rights of shareholders:			
A.1	Basic shareholder rights		
A.1.1	The Company pay dividends within 30 days after being declared.	☑	Traphaco is following this practice well. It is shown in Page 137
A.2	Right to participate in decisions concerning fundamental corporate changes		
	Shareholders have the right to participate in:		
A.2.1	Amendment of the Company's charter.	☑	Traphaco collects opinions of shareholders on the amendment of its charter at the General Meeting of Shareholders and put the amendment content of the Company's regulations into the meeting agenda whenever they belong to the authority (approval) of the General Assembly of Shareholders.
A.2.2	Vote for the additional issuance of shares	☑	Traphaco collects shareholders' opinions in writing or submit to the General Meeting of Shareholders for approving the plan of additional issuance of shares.
A.2.3	The transfer all or most of the Company's assets which results in the sale of the Company.	☑	This situation has never happened in Traphaco.
A.3	Right to participate effectively in and vote in the General Meeting of Shareholders and should be informed of the rules, including voting procedures.		
A.3.1	Do shareholders have the opportunity to give their opinions according to the meeting agenda such as approve the remuneration or any increases in remuneration for non-executive Board member(s)?	☑	Traphaco is following this practice well.
A.3.2	Does the Company provide non-controlling shareholders a right to nominate candidates for the Board of Directors?	☑	Traphaco is following this practice well. Regulations on the nomination/self-nomination of candidates for the Board of Directors/Board of Supervisors are announced on the Company's website before the General Meeting of Shareholders and approved before the election.
A.3.3	Does the Company allow shareholders to elect each board member?	☑	Traphaco is following this practice well.
A.3.4	Does the Company disclose the voting procedure before the carry-out of the meeting?	☑	Traphaco is following this practice well. Nomination and voting procedures are announced on the website 10 days before the date of the General Meeting of Shareholders.
A.3.5	Do the minutes of the most recent AGM record that shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	☑	Minutes of the General Meeting of Shareholders recorded the discussion of shareholders. Since the 2017 meeting, the GMS minute noted the details of questions and answers.

Code	Criteria	Current situation until 2019	General assessments
A.3.6	Does the Company disclose the voting result including approving, dissenting, and abstaining votes for each agenda item for the most recent AGM?	☑	Traphaco has indicated the results of voting for each content of the draft of the latest meeting.
A.3.7	Does the Company disclose the list of board members who attended the most recent AGM?	☑	Traphaco has listed the Board members in the minutes of the General Meeting of Shareholders.
A.3.8	Does the Company disclose that all board members and the CEO/Executive director (if he is not a board member) attended the most recent AGM?	☑	Traphaco has well implemented these points for many years and the senior leaders of the Company, such as the Chairwoman, the CEO,... always attend the meetings.
A.3.9	Does the Company allow absentee voting?	☑	The Company allows absentee voting through a legally authorized representative in accordance with the Company's regulations.
A.3.10	Did the Company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM.	☑	The Company uses the form of voting based on voted ballots of shareholders for all resolutions at the most recent General Meeting of Shareholders, not by show of hand.
A.3.11	Does the Company disclose that it has appointed an independent party (scrutineers, inspectors) to count and/or validate the votes at the AGM?	☑	Traphaco has well implemented this practice from the General Meeting of Shareholders for the term 2016-2020.
A.3.12	Does the Company publicly announce the results of voting on all resolutions on the next working day of the nearest General Meeting of Shareholders?	☑	Traphaco always complies with the announcement of the Resolution and minutes of the meeting, reports of vote-counting within 24 hours as prescribed.
A.3.13	Does the Company provide at least 21 days' notice for all AGMs and EGMs?	☑	Traphaco is following this practice well.
A.3.14	Does the Company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	☑	The AGM documents of Traphaco have provided sufficient information and background on issues submitted to the AGM for approval.
A.3.15	Do shareholders have the opportunity to contribute (discuss) on the agenda of the General Meeting of Shareholders.	☑	Traphaco is following this practice well.
A.4	Market for corporate control should be allowed to function in an efficient and transparent manner.		
A.4.1	In the case of mergers, acquisition and/or take overs requiring the approval of the shareholders, does the board members of the offeree company appoint an independent party to evaluate the fairness of transaction price.	☑	This situation has never happened in Traphaco.
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.		
A.5.1	Does the Company publicly disclose its policies/practices to encourage shareholders to engage with the Company beyond AGM?	☑	Traphaco has disclosed this content in detail in its annual report (specifically in the part of shareholder relations, policies on encouraging shareholders to exercise their rights, enabling shareholders to vote and cast ballot on important issues).
PART B. Equitable treatment of shareholders			
B.1	Shares and voting rights		
B.1.1	Each common stock of the company has one vote.	☑	Traphaco is following this practice well.
B.1.2	Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of shares?	☑	Traphaco has publicized that "the Company has only one type of common stock" in the notice of closing list, financial statements and annual reports.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

☑ : Applied good practice ☐ : applied not-fully good practice ❌ : not applied good practice

Code	Criteria	Current situation until 2019	General assessments
B.2	Notice of AGM		
B.2.1	Each resolution in the most recent AGM only relate to one content of the draft resolution, i.e., there is no bundling of several contents in the same resolution.	☑	Depending on the actual situation, the important nature of the contents of the meeting, there is a flexibility in recording voting issues in the minutes and resolutions of AGM.
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version.	☑	Since 2017, all materials for the General Meeting of Shareholders have been fully translated into English
	The notice of the General Meeting of Shareholders contains the following issues:		
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorship other listed companies) in seeking election/re-election included?	☑	Traphaco publicized the CV of candidates
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	☑	Traphaco well implemented this practice by submitting the proposal letter to the General Meeting of Shareholders for approving the list of independent audit companies.
B.2.5	Is the authorization letter to attend the General Meeting of Shareholders easily provided?	☑	Traphaco is following this practice well. the authorization letter to attend the General Meeting of Shareholders is attached with the invitation letter, and also posted on the Company's website (the link attached in the invitation letter).
B.3	Insider trading and abusive self-dealing should be prohibited		
B.3.1	Does the company have policy to prohibit Board members and employees to benefit from information which is not disclosed outside?	☑	Traphaco is following this practice well. there are regulations on contract management, trading between Traphaco JSC with related persons, and other regulations.
B.3.2	Are the directors/commissioners required to report their dealings in company shares within 3 business days?	☑	Traphaco has implemented this criterion in accordance with Circular 155/2015/TT-BTC
B.4	Related party transactions by directors and key executives.		
B.4.1	Does the Company have a policy to require Board members to disclose relevant interests in transactions and any conflict of interest with the Company?	☑	Traphaco has this content specified in the Company's Charter and Internal Regulations on corporate governance.
B.4.2	Does the Company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?	☐	Traphaco operates according to the model in Clause a), Section 1, Article 134 of the Law on Enterprises. This activity is conducted by the Board of Supervisors.
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflict?	☑	It is stipulated in the financial regulation.
B.4.4	Does the Company have a policy on loans for its members, which prohibits this activity or ensures that loans are made on a commercially reasonable market rate?	☑	Traphaco is following this practice well.

Code	Criteria	Current situation until 2019	General assessments
B.5	Protecting minority shareholders from abusive actions		
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	☑	Traphaco is following this practice well.
B.5.2	In the event that a shareholder's approval is required for related party transactions, the vote for approval must be voted on by the unrelated shareholders.	☑	
PART C. Role of stakeholders			
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
	Does the company disclose a policy and practices that:		
C.1.1	Disclose a policy and practices to address customers' welfare.	☑	Traphaco disclosed policies in its annual report and sustainable development report.
C.1.2	Disclose a policy and practices that address supplier/contractor selection practice procedures?	☑	Since 2017, Traphaco has disclosed policies and practices, proceedings and procedures for selecting suppliers in its sustainable development report.
C.1.3	Disclose a policy and practices that address the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	☑	Traphaco disclosed policies in its annual report and sustainable development report.
C.1.4	Disclose a policy and practices that address the company's efforts to interact with the communities in which they operate.	☑	Traphaco disclosed policies in its sustainable development report.
C.1.5	Disclose a policy and practices that address the company's anti-corruption programs and procedures.	☑	Traphaco has issued regulations on financial management, clearly defining the decision authority on assets, money, etc. of the Company.
C.1.6	Disclose a policy and practices that address how creditors' rights are safeguarded?	☐	Since 2014, Traphaco has applied a new sales policy: cash-on-delivery (COD), resulting in a solid financial foundation, short / long-term debt is small. The payment and compensation of obligations to creditors shall comply with the provisions of law.
C.1.7	The company has a separate report / section that discusses its efforts on environment / economy and social issues.	☑	Traphaco disclosed these policies in its annual report and sustainable development report.
C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.		
C.2.1	Does the Company provide contact detail via the company's website or Annual report which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights?	☑	Traphaco has identified the focal point and investor relation contact in the Company's Annual Report and on its website.
C.3	Performance-enhancing mechanisms for employee's participation should be permitted to develop.		
C.3.1	The company explicitly disclose the health, safety, and welfare policy for its employees.	☑	Traphaco explicitly disclosed these policies in its annual report and sustainable development report.
C.3.2	The Company have training and development programs for its employees.	☑	Traphaco has performed well and fully stated in the Sustainable Development Report.
C.3.3	The company has a reward/ compensation policy that accounts for the performance of the company beyond short - term financial measures.	☑	Traphaco fully disclosed this policy in its annual report and sustainable development report

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

☑ : Applied good practice ☐ : applied not-fully good practice ✗ : not applied good practice

Code	Criteria	Current situation until 2019	General assessments
C.4	Stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the Board of Directors and their rights should not be compromised for doing this.		
C.4.1	The company has a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behavior.	☑	Traphaco issued this Regulation.
C.4.2	The company has a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation.	☑	
PART D. Disclosure and transparency			
D.1	Transparent ownership structure		
D.1.1	The information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more.	☑	Traphaco is following this practice well.
D.1.2	Disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders.	☑	Traphaco specifically disclosed this information in its annual report.
D.1.3	The company disclose the direct and indirect (deemed) shareholdings of directors (commissioners).	☑	
D.1.4	Disclose the direct and indirect (deemed) shareholdings of senior management.	☑	
D.1.5	Disclose detailed information on parent company, subsidiaries, associates, joint ventures.	☑	
D.2	Quality of Annual Report		
D.2.1	Corporate objectives	☑	Traphaco specifically disclosed this information in its annual report.
D.2.2	Financial performance indicators	☑	
D.2.3	Non-financial performance indicators	☑	
D.2.4	Dividend policy	☑	
D.2.5	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners.	☑	
D.2.6	Attendance details of each director/ commissioner in all director/commissioner meetings held during the year.	☑	
D.2.7	Total remuneration of each member of the board of directors/commissioners.	☑	
Corporate Governance Confirmation Statement			
D.2.8	The Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue.	☑	Traphaco specifically disclosed this information in its annual report.

Code	Criteria	Current situation until 2019	General assessments
D.3.	Disclosure of related party transactions (RPT)		
D.3.1	The company disclose its policy covering the review and approval of material/significant RPTs.	☑	Traphaco has this content specified in the Company's Charter; concretize by regulations on management of contracts, transactions between Traphaco JSC and its related parties.
D.3.2	The company disclose the name, relationship, nature and value for each material/significant RPT.	☑	
D.4	Directors and commissioners' dealings in shares of the company		
D.4.1	The company disclose trading in the company's shares by insiders.	☑	Traphaco specifically disclosed this information in the Chapter on corporate governance, the Annual report.
D.5	External auditor and Auditor Report		
Where the same audit firm provides both audit and non-audit services			
D.5.1	Disclose audit fees.	✗	Traphaco did not disclose this information.
D.5.2	Disclose non-audit fees.	✗	
D.6	Medium of communications		
Does the company use the following modes of communication?			
D.6.1	Quarterly reporting.	☑	Traphaco fully published.
D.6.2	Company website.	☑	Traphaco has fully updated its website in Vietnamese and English.
D.6.3	Analyst's briefing	☑	Traphaco has linked the news articles on the business performance of the Company semi-annually, annually, stock trends analysis ... on the Company's website.
D.6.4	Media briefings /press conferences.	☑	Traphaco has promoted its business information widely and regularly on the mass media.
D.7	Timely filing/release of annual/ financial reports		
D.7.1	The audited annual financial report / statement is released within 120 days from the financial year end.	☑	Traphaco strictly adheres to this regulation.
D.7.2	The annual report is released within 120 days from the financial year end.	☑	Traphaco fully published this content.
D.7.3	The true and fairness/fair representation of the annual financial statement/reports is affirmed by the board of directors/commissioners and/ or the relevant officers of the company.	☑	Traphaco fully published this content.
D.8	The company has a website to publish up-to-date information on the following:		
D.8.1	Financial statements/reports (latest quarterly).	☑	Adequate information is provided and regularly updated.
D.8.2	Materials provided in briefings to analysts and media.	☑	
D.8.3	Downloadable annual report	☑	
D.8.4	Notice of AGM and/or EGM.	☑	
D.8.5	Minutes of AGM and/or EGM.	☑	
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association) is downloadable.	☑	
D.9	Investor Relations		
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	☑	Traphaco fully disclosed this information on its annual report, its sustainable development reports and its website.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN
CORPORATE GOVERNANCE SCORECARD

✔ : Applied good practice ⚡ : applied not-fully good practice ✖ : not applied good practice

Code	Criteria	Current situation until 2019	General assessments
PART E. RESPONSIBILITIES OF THE BOARD			
E.1	Board duties and responsibilities		
	The responsibilities of the Board and the corporate governance statute are clearly specified		
E.1.1	Disclose the company's corporate governance policy, board charter.	✔	They are disclosed on Traphaco's official website.
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	✔	These decisions are publicly available as required by law.
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	✔	Traphaco fully disclosed those contents in its Annual Report, Corporate Governance Regulations and Charter.
E.1.4	Does the company have an updated vision and mission statement?	✔	Traphaco fully published these contents in its Annual Report.
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	✔	The Board of Directors directs the development/ closely monitor the implementation and specify strategic goals.
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	✔	The Board of Directors considers, supervises and monitors the implementation of the Company's strategy in meetings, between meeting sessions, and have a specific procedure. The Board of Directors has a Development and Policy Sub-Committee, and the Board of Management has a Strategy Implementation Committee (headed by the CEO - Board member cum Head of the Committee).
E.2	Board structure		
	Code of conduct/ethics		
E.2.1	Are the details of the code of ethics or conduct disclosed?	✔	Traphaco has built Traphaco culture in a new period, with 6 ultimate culture principles for Traphacoers. The Code of Ethics, incorporating the contents in the Cultural Handbook was issued in the first quarter of 2020.
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	✔	
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	✔	
	Board structure		
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/ commissioners?	⚡	Since 10/2020, Traphaco's BoD has 01 independent member out of 07 Board members.
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/ commissioners?	✔	Traphaco is in compliance with the Charter with the term of the Board of Directors not exceeding 5 years.

Code	Criteria	Current situation until 2019	General assessments
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	✔	It has not concretized into regulations by Traphaco, but is well-applied.
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	✔	Traphaco well applies this principle. The Board of Directors of Traphaco has only one executive member, who is the CEO - serving on 2 Boards of subsidiaries (not listed outside the group).
	Human resources committee		
E.2.8	Does the company have a Nominating Committee?	✔	Traphaco has a human resources and remuneration committees.
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/ commissioners?	⚡	The Human Resources and Remuneration Committee has 4 members, including 01 independent member of the Board of Directors.
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	✔	Traphaco is following this practice well.
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	✔	
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	✔	
E.2.13	Does the company have a Remuneration Committee?	✔	Traphaco has a human resources and remuneration committees.
E.2.14	Is the Remuneration Committee comprised of a majority of independent directors/ commissioners?	⚡	The Human Resources and Remuneration Committee has 4 members, including 01 independent member of the Board of Directors.
E.2.15	Is the head of the Remuneration committee an independent Board member?	✔	Traphaco is following this practice well.
E.2.16	Does the company disclose the regulation of operation/ governance structure/charter of the Remuneration Committee?	✔	
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and if so, did the Remuneration Committee meet at least twice during the year?	✔	
	The Audit Sub-committee		
E.2.18	Does the company have an Audit committee?	✔	Traphaco is following this practice well.
E.2.19	Is Audit Committee comprised of all non-executive Board members?	✔	Audit Committee comprised of all non-executive Board members.
E.2.20	Is the head of the Audit committee an independent Board member?	✖	The Chairwoman of the Audit Committee is the Board Chairwoman.
E.2.21	Does the company disclose the regulation of operation/ governance structure/charter of the Audit Committee?	✔	Traphaco is following this practice well.
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	✔	Members of the Audit committee specialize in accounting but they are not independent Board members.
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	✔	The Audit committee has separate meetings and meetings with independent auditors.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN
CORPORATE GOVERNANCE SCORECARD

☑ : Applied good practice ☐ : applied not-fully good practice ☒ : not applied good practice

Code	Criteria	Current situation until 2019	General assessments
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	☑	This is stipulated in the regulations and operation rules of the Board of Directors.
E.3	Board processes		
	Board meetings and attendance		
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	☑	The agenda for the next year meetings of Board of Directors is scheduled and raised tentative contents at the last meeting of the current year.
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	☑	In 2020, Traphaco's Board of Directors held 06 meetings, and all members attended.
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	☑	Traphaco strictly adheres to this regulation.
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	☑	This is stipulated in the regulations and operation rules of the Board of Directors.
E.3.5	Did the non-executive directors/ commissioners of the company meet separately at least once during the year without any executives present?	☑	Traphaco strictly adheres to this regulation.
	Access to information		
E.3.6	Are board papers for board of directors/ commissioners meetings provided to the board at least five business days in advance of the board meeting?	☑	This content is included in the Traphaco Regulations and is well implemented.
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	☑	It is clearly provided in the Company's charter.
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	☑	The Company's secretary is full-time officer, trained in accounting, fully understands legal regulations on industry, business law, securities law ...
	Appointment and re-election of Board members		
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	☑	The criteria for selecting members of the Board of Directors are specified in the Regulations on the nomination self-nomination of candidates for the Board of Directors and announced on the Company's website before the meeting.
E.3.10	Did the company describe the process followed in appointing new directors/ commissioners?	☑	Traphaco has introduced the process of electing new Board members in the Regulations to nominate and self-nominate members of the Board of Directors and announce on the Company's website before the meeting.
E.3.11	Are all directors/commissioners subject to reelection every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years each?	☑	The term of Traphaco's Board members is 5 years.

Code	Criteria	Current situation until 2019	General assessments
	Remuneration matters		
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long-term incentives and performance measures) for its executive directors and CEO?	☑	Traphaco published this content in its Annual Report.
E.3.13	Is there disclosure of the fee structure for nonexecutive directors/commissioners?	☑	
E.3.14	Does the shareholder or the Board of Directors approve the remuneration of the executive board member and / or senior management.	☑	Remuneration of the Board members is approved by the General Assembly of Shareholders.
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executive with long-term interests of the company, such as claw back provision and deferred bonuses?	☒	Traphaco has not developed this policy.
	Internal audit		
E.3.16	Does the company have a separate internal audit function?	☐	Traphaco did establish the Internal Audit Committee in January 2021.
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	☐	
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	☐	
	Risk monitoring		
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	☑	Traphaco had a risk management system and published in the annual report since 2017.
E.3.20	Does the Annual Report/Annual CG Report disclose that the board of directors/ commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	☑	Traphaco is following this practice well.
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	☑	Traphaco đã phân loại các rủi ro, đưa ra cách thức quản lý các rủi ro chủ yếu và công bố từ BCTN 2016.
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	☒	The Annual Reports have not clarified this statement.
E.4	People on the Board		
	Chairperson		
E.4.1	Do different persons assume the roles of chairman and CEO?	☑	Traphaco has met this criterion from 2011 to the present.
E.4.2	Is the chairman an independent director/ commissioner?	☒	Traphaco has not met this criterion.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

☑ : Applied good practice ☐ : applied not-fully good practice ☒ : not applied good practice

Code	Criteria	Current situation until 2019	General assessments
E.4.4	Are the role and responsibilities of the chairman disclosed?	☑	Traphaco has regulated the role and responsibilities of the Chairman of the Board of Directors in the Charter of the Company, the Regulation on the structure and operation of the Board of Directors.
	Lead independent director		
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	☐	Traphaco has not made this practice due to the limited number of members of the BoD.
	Skills and competencies		
E.4.6	Does at least one non-executive director/ commissioner have prior working experience in the major sector that the company is operating in?	☑	The Company has 01 members of the Board of Directors with experience in the field of pharmacy in which the Company is operating (Chairwoman of the Board is Master of Pharmacy with more than 40 years' experience).
E.5	Board performance		
	Development of Board members		
E.5.1	Does the company have orientation programs for new directors/commissioners?	☑	The Company has orientation program for new Board members. New Board members can meet, work with all divisions, units to understand the business activities of the Company; approach the board meeting documents to grasp the development direction of the Company.
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programs?	☑	In 2017, Traphaco held corporate management courses for Board members and Company leaders.
	Appointment and Performance of CEO/Executive Board		
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	☑	Traphaco has the regulation on appointing leaders and managers.
E.5.4	Do members of the BoD conduct annual performance assessments for the CEO/Key Management?	☑	It is specified in the regulation on the organization and operation of the BoDs, and is carried out twice a year.
	Performance Assessment of the Board		
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	☑	The Company summarizes and evaluates the performance of the Board of Directors annually, and discloses in its annual report.
	Evaluation of Board members		
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	☒	
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	☒	

Code	Criteria	Current situation until 2020	General assessments
LEVEL 2			
BONUS ITEMS			
(B)A.	Rights of shareholders		
(B)A.1	The right to participate effectively and vote in the General Meeting of Shareholders is announced in the regulations, including the voting procedure taking place in the General Meeting of Shareholders.		
(B)A.1.1	Does the company allow the use of secure electronic voting in absentia at the shareholders' meeting?	☒	Traphaco has not implemented this practice.
(B)B.	Equal treatment of shareholders		
(B)B.1.1	Does the company issue a notice of the General Meeting of Shareholders (with detailed agenda and explanatory notice), as notified to the Exchange, at least 28 days before the meeting date.	☑	At present, the notice is 20 days prior to the final registration date (i.e. 28 days before the General meeting of shareholders).
(B)C.	Roles of stakeholders		
(B)C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
(B)C.1.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.	☑	Traphaco's sustainability report is developed based on the GRI criteria.
(B)D.	Disclosure and transparency		
(B)D.1	Quality of annual report		
(B)D.1.1	Are the audited annual financial report / statement released within 60 days from the financial year end?	☐	Traphaco releases the annual financial reports in accordance with the regulation on information disclosure of the State Securities Commission, specifically not more than 90 days since the end of fiscal year.
(B)D.1.2	Does the company disclose details of remuneration of the CEO?	☑	Traphaco disclosed the detailed remuneration of the CEO in its Annual Report, since 2016.
(B)E.	Responsibilities of the Board		
(B)E.1	Competencies and diversity of the Board		
(B)E.1.1	Does the company have at least one female independent director/commissioner?	☒	Traphaco has one male independent board member.
(B)E.1.2	Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?	☐	Traphaco has achieved EDGE certification on gender equality, applied to all levels of personnel of the Company. However, the Board level is more difficult because the supply of high-level human resources in the pharmaceutical industry in the Vietnamese market is not much.
(B)E.2	Board structure		
(B)E.2.1	Does the Nominating Committee comprise entirely of independent directors/ commissioners?	☒	The Human resources Committee has 6 members: 01 is an independent member, 03 is non-executive member and CEO, Deputy CEO.
(B)E.2.2	Does the Nominating Committee conduct the process of developing criteria for the quality of Board members in accordance with the Company's strategic orientation.	☐	In fact, the Board members are selected, developed according to the quality criteria in accordance with the strategic orientation of the Company, for each specific time. However, it has not been stipulated in a set of criteria and throughout applied.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

☑ : Applied good practice ☐ : applied not-fully good practice ☒ : not applied good practice

Code	Criteria	Current situation until 2020	General assessments
(B)E.3	Appointment and re-election of Board members		
(B)E.3.1	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners?	☑	The Company use these ways when looking for candidates for the board members.
(B)E.4	Structure and composition of the BoD		
(B)E.4.1	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners?	☐	Traphaco' BoD has 01 independent members out of 07 Board members.
(B)E.5	Risk management		
(B)E.5.1	Does the board describe its governance process around IT issues including disruption, cyber security, disaster recovery, to ensure that all key risks are identified, managed and reported to the board?	☑	Traphaco has a Risk Management Committee in charge of these issues to regularly monitor and supervise, control risks and report to the BoDs upon requested.
(B)E.6	Performance of the Board		
(B)E.6.1	Does the company have a separate level Risk Committee?	☒	Currently, the Risk Management Committee under the authorization of the Board of Management
PENALTY QUESTION			
(P)A.	Rights of shareholders		
(P)A.1	Basic rights of shareholders		
(P)A.1.1	Does the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	☑	All shareholders are treated equally to repurchase shares
(P)A.2	Shareholders, including institutional shareholders, should be consulted on issues related to the fundamental rights of shareholders as set out in this Corporate Governance Code, except for the exception to prevent abuse.		
(P)A.2.1	Is there evidence of barriers that prevent shareholders from communication or consulting with other shareholders?	☑	There is no proof.
(P)A.3	The right to participate effectively and vote in the General Meeting of Shareholders and be informed about the regulations, including the voting procedure takes place in the General Assembly of Shareholders.		
(P)A.3.1	Does the company include additional content and are not notified in advance on the agenda to notice AGM/EGM.	☑	Traphaco organized the AGM in accordance with the provisions of the Enterprise Law and related guiding documents, not violating this content.
(P)A.3.2	Did the Chairman of the Board, Audit Committee Chairman, and CEO attend the most recent AGM?	☑	All Board members attend the most recent AGM.

Code	Criteria	Current situation until 2020	General assessments
(P)A.4	Capital structure and agreements allow some shareholders to hold control not corresponding to the proportion of shares they own must be publicly disclosed.		
	The company fails to disclose the existence of:		
(P)A.4.1	Shareholder agreement.	☑	Traphaco has not these privileges/constraints.
(P)A.4.2	Voting limit.	☑	
(P)A.4.3	Share of multiple voting rights.	☑	
(P)A.5	Capital structure and agreements allow some shareholders to hold control not corresponding to the proportion of shares they own must be publicly disclosed.		
(P)A.5.1	Do pyramid-owned structures and/ or cross-ownership structures exist?	☑	Is a pyramid ownership structure and/ or cross holding structure apparent?
(P)B.	Equal treatment of shareholders		
(P)B.1	Insider trading and abusive self-dealing should be prohibited		
(P)B.1.1	Has there been any conviction of insider trading involving members of the Board of Directors, Executive Board and employees in the past three years?	☑	There are no violations, transaction information of insiders and related persons were disclosed in accordance with regulations.
(P)B.2	Protecting minority shareholders from abusive action		
(P)B.2.1	Are there any cases of non-compliance with the laws, rules and regulations related to significant or crucial party transactions in the past three years?	☑	None.
(P)B.2.2	Were there any RPTs that can be classified as financial assistance (i.e. not conducted at arm's length) to entities other than wholly-owned subsidiary companies?	☑	
(P)C.	Roles of stakeholders		
(P)C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
(P)C.1.1	Are there any violations of any laws pertaining to labor / employment / consumer / bankruptcy / trade / competition or environmental?	☑	None.
(P)C.2	When stakeholders participate in the corporate governance process, they must have access to relevant, adequate and reliable information in a timely and regular basis.		
(P)C.2.1	Does the company have any penalty imposed by the regulator for failure to disclose information within the requisite time for material events?	☑	None.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

☑ : Applied good practice ☐ : applied not-fully good practice ☒ : not applied good practice

Code	Criteria	Current situation until 2020	General assessments
(P)D.	Disclosure and transparency		
(P)D.1	Penalties of regulatory authorities related to financial statements		
(P)D.1.1	Does the company receive "exclusion opinion" in the independent audit report?	☑	No.
(P)D.1.2	Does the company receive "negative opinion" in the independent audit report?	☑	No.
(P)D.1.3	Does the company receive "refusal to provide opinions" in the independent audit report?	☑	No.
(P)D.1.4	Did the Company revise its financial report in the past year for a reason other than changes in accounting policies.	☑	No.
(P)E.	Responsibilities of the Board		
(P)E.1	Compliance with current regulations, rules and regulations on listing		
(P)E.1.1	Is there evidence that the company did not comply with the rules and regulations on listing in the past year in addition to disclosure requirements.	☑	There is no proof.
(P)E.1.2	Are there cases in which non-executive Board members have resigned and raised any concerns regarding governance.	☑	There is no case.
(P)E.2	Board structure		
(P)E.2.1	Does the Company have any independent directors/commissioners who have served for more than nine years or two terms of five years each (whichever is higher) in the same capacity?	☑	None.
(P)E.2.2	Does the company not specify who is an independent member of the BoD.	☑	The Company clearly identifies 01 independent board members.
(P)E.2.3	Does the company have any independent directors/non-executive/commissioners who serve on a total of more than five boards of publicly-listed companies?	☑	None.
(P)E.3	Independent audit		
(P)E.3.1	(In the past two years) Are there any members of the board of directors or senior executives who were former employees or partners of the current external auditor.	☑	No.
(P)E.4	Structure and composition of the Board		
(P)E.4.1	Has the Chairman been the company CEO in the last three years?	☑	No.
(P)E.4.2	Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	☑	No.

TRANSACTION AND REMUNERATION

REMUNERATION OF THE BOARD OF DIRECTORS, THE BOARD OF SUPERVISORS

- The total remuneration for members of the Board of Directors and members of the Board of Supervisors of Traphaco approved by the General Meeting of Shareholders for the term 2016-2020 is as follows:
- Remuneration for members of the Board of Directors: 3,500,000,000 VND.
- Remuneration for members of Supervisory Board: 600,000,000 VND.

Remuneration amount for members of the Board of Directors in 2020 (Unit: VND)

No.	Name	Position	Date of appointment/resign	Amount (quarterly)
1	Md. Vu Thi Thuan	Chairwoman	30/3/2016	300,000,000
2	Mr. Tran Tuc Ma	BoD member - CEO	30/3/2016	83,375,000
3	Mr. Nguyen Anh Tuan	Vice Chairman	30/3/2016	102,500,000
4	Mr. Vu Tri Thuc	BoD member	26/3/2020	99,000,000
5	Mr. Chung Ji Kwang	BoD member	26/3/2020	0
6	Mr. Lee Tae Yon	BoD member	26/3/2020	80,000,000
7	Mr. Kim Dong Hyu	BoD member - D. CEO	05/7/2018	183,500,000
8	Mr. Nguyen Quoc Huy	BoD member	appoint 30/3/2019 resign 23/3/2020	70,000,000
9	Mr. Ji Chang Won	BoD member	appoint 26/9/2019 resign 10/3/2020	70,000,000
10	Mr. Lee Choong Hwan	BoD member	appoint 05/7/2018 resign 23/3/2020	70,000,000
11	BoD Secretary		10/2016	18,875,000

Remuneration amount for members of the Board of Supervisors in 2020 (Unit: VND)

No.	Name	Position	Date of appointment/resign	Amount (quarterly)
1	Duong Duc Hung	Head	30/3/2016	78,000,000
2	Nguyen Thanh Hoa	Member	30/3/2016	30,000,000
3	Kwon Ki Bum	Member	26/3/2020	30,000,000
4	Tran Thi Ly	Member	appoint 05/7/2018 resign 26/3/2020	30,000,000
5	BoD Secretary			12,000,000

Transactions between the Company and related persons of the Company; or between the Company and large shareholders, insiders, related persons of insiders: None

Trading in shares of internal shareholders and related persons:

No.	Transact person	Relationship with insider	No. of shares (beginning of the period)		No. of shares (end of the period)		Reasons increase/decrease (buy, sell, convert, bonus...)
			No. of shares	Ratio	No. of shares	Ratio	
1	Tran Tuc Ma	CEO	1,272,308	3.07%	1,724,456	4.16%	Increase ownership ratio

Trading in treasury shares: None

Transactions with related parties:

Important transactions between Traphaco JSC and related parties in 2020, include:

No.	Related parties	Transactions	Amount (VND)
I. FOUNDERS			
1.	State Capital Investment Corporation	Dividend for 2019 (2nd time)	14,786,512,000
II. LARGE SHAREHOLDERS			
2.	Magbi Fun Limited	Dividend for 2019 (2nd time)	10,361,385,000
3.	Super Delta Pte. Ltd	Dividend for 2019 (2nd time)	6,267,289,000
III. SUBSIDIARIES			
1.	TraphacoSapa	Returned profit	2.2 billion
2.	Traphaco CNC	Returned profit	17.8 billion
		Dividend	11.6 billion
3.	Bamepharm	Returned profit	3.9 billion
		Dividend	1.9 billion
4.	Traphaco Hung Yen	Returned profit	31.6 billion

Transactions between the Company and related persons of the Company; or between the Company and large shareholders, insiders, related persons of insiders:

Selling of goods	12-month periods end on 31/12/2020 (VND)	12-month periods ends on 31/12/2019 (VND)
Traphaco CNC JSC		183,723,880,799
Traphaco Hung Yen Co. Ltd.		117,493,822,374
TraphacoSapa Co. Ltd.		17,668,647,385
Bamepharm JSC		34,102,216,139
Sao Mai Pharma JSC		56,186,023,062

Purchasing of goods, services	12-month periods end on 31/12/2020 (VND)	12-month periods ends on 31/12/2019 (VND)
Traphaco CNC JSC		354,558,521,013
Traphaco Hung Yen Co. Ltd.		292,269,442,500
TraphacoSapa Co. Ltd.		24,073,159,090

ASSESSMENT OF CORPORATE GOVERNANCE IN 2020



1. In 2020, the Company held the General Assembly of Shareholders 01 time to approve and decide the issues within its authority. The General Meeting of Shareholders of the Company is organized legally and validly, ensuring compliance with the provisions of the Law on Enterprise regarding the order and procedures.
2. Shareholders are treated fairly and protected by their legal rights. The Company paid dividend for the year 2019 according to the Resolution of the AGM; The order, procedures and time for payment complied with Article 132 of the Law on Enterprise.
3. The Company issued the Information Disclosure Regulation in accordance with Decree 71/2017/ND-CP.
4. In 2020, the Board of Directors has 03 member resigned. The Annual General Meeting of Shareholders in March 2020 has appointed (assigned tasks) for new members of the Board of Directors. The election and nomination of members of the Board of Directors complies with the provisions of the Law on Enterprise and Decree 71.
5. New members of the Board of Directors meet the criteria and conditions prescribed in the Law on Enterprise and the Company Charter.
6. The Board of Directors fully complies with the obligations and duties of the Law on Enterprises and the Company Charter, treats all shareholders equally and respects the interests of people with interests related to the Company. Members of the Board of Directors perform their duties honestly, prudently in the best interests of Shareholders and the Company. Members of the Board of Directors, Supervisors, CEO and management officers have publicly disclosed relevant benefits, reported to the Board of Directors and the Board of Supervisors.
7. The Company fully, accurately and promptly discloses periodic and extraordinary information on the situation of production, business, finance and corporate governance.

OF THE BOARD OF SUPERVISORS TERM 2016 - 2020

“The Board of Supervisors reports to the General Assembly of Shareholders the results of the inspection and supervision of the activities of Traphaco JSC as follows:



MEETINGS OF THE BOARD OF SUPERVISORS

During the term, the Board of Supervisors held quarterly meetings with all the participants to summarize the results of the work done in the period, plan for the next period and write recommendations reports to the Board of Directors (BoD).

The Board of Supervisors has participated in all the meetings of the Board of Directors to grasp the business performance, governance, investment, and give opinions, make recommendations to the Board of Directors, the Board of Management (BoM) of the Company in its jurisdiction.

ACTIVITIES OF THE BOARD OF SUPERVISORS

The Board of Supervisors has checked and supervised the compliance with the Law on Enterprises, the Charter of Traphaco JSC in the management and operation of the Company's business and production activities.

The Board of Supervisors has participated in all the meetings of the Board of Directors to grasp the business performance, investment situation and give opinions, make recommendations to the Board of Directors, the Board of Managements of the Company within the scope of responsibility and powers.

Monitoring and supervising the implementation of resolutions in meetings of the Board of Directors during the term.

Verifying the 6-month and annual financial statements to evaluate the truthfulness and reasonableness of financial data, in accordance with current accounting standards, regimes and financial policies. At the same time, coordinating with the independent auditor to consider the impact of material accounting errors and auditing on the financial statements, supervising the implementation of recommendations made by the independent auditing company.

Participated in coordinating with the audit unit on the scope and content of auditing the 6-month and annual financial statements of the parent company and consolidated financial statements, and at the same time reviewing the opinions of the auditor through the Management Letter.

In the fiscal year 2020, Coordinate with the Risk Management Committee to:

- i Building functions, duties, organizational structure, personnel for internal audit activities, internal audit regulations;
- ii Controlling costs in 2020 according to cost norms, controlling input materials prices, thereby contributing to optimizing costs for the Company;
- iii Surveying and evaluating key selling ability of customers;
- iv Synthesizing company-wide risk identification and risk-controlling planning;
- v Evaluate the implementation of Processes and contracts arising of Traphaco CNC (with suppliers of raw materials, repair of factories, equipment, transportation of staff);
- vi Conduct an assessment of the selection of suppliers of materials and services, thereby giving recommendations to reduce costs for the Company;
- vii Update legal documents related to corporate governance.

During the term, the Board of Supervisors did not receive any written complaints from shareholders about the business operations of the Company.

Reviews:

-  Members of the Board of Supervisors always show the spirit of independence, objectivity and respect for the law in supervising all activities of the Company.
-  Members of the Board of Supervisors always make every effort to follow the functions and duties of the Board, closely follow the Company's operations in the course of implementing the tasks, propose solutions and contribute to ensuring the safety, efficiency and compliance of the Company's operations.
-  The members of the Board of Supervisors coordinate with the Board of Directors, the Board of Management, functional departments and relevant individuals in the process of doing work, organizing regular meetings (quarterly, yearly) to conduct supervision activities of the Board.

THE RESULT OF MONITORING ON THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT

-  The Board of Directors for the term 2016-2020 has 07 members. In November 2017, Vietnam Azalea Fund Limited and Vietnam Holding Ltd. divested, and replaced by Magbi Fund Limited and Super Delta Pte. Ltd. Over the years, 07 members of the Board of Directors resigned and were newly added.
-  The Board of Directors held regular, extraordinary meetings, consulted in writing, fully attended the meeting, in accordance with the Company's Charter and the Board of Directors' Regulations. The Board of Directors has reviewed the business results during the period, as well as evaluated the effectiveness of investments and discussed business strategies in accordance with the annual resolution approved by the General Meeting of Shareholders of the Company.
-  Resolutions and Decisions of the Board of Directors related to the Company's operations were issued in the correct order, with full legal basis as prescribed and in accordance with the Resolution of the General Meeting of Shareholders on yearly operating the production and business activities of the Company.
-  The Board of Directors supervises the activities of the Board of Management in implementing the Resolution of the General Meeting of Shareholders and coordinates with the Board of Management in directing and operating the production and business activities of the Company to try to fulfill the targets approved in the resolution of the General Meeting of Shareholders for the term 2016-2020.

EVALUATION ON THE COORDINATION OF THE BOARD OF SUPERVISORS, THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT

-  The Board of Directors and the Board of Management have close cooperation, facilitating the Board of Supervisors to fulfill the assigned tasks, providing sufficient information on the situation of production and business activities and the financial position of the Company, minutes of meeting of the Board of Directors and other information upon request.
-  The management and operation activities of production and business of the Company are strictly supervised by the Board of Directors, the Board of Management regularly reports to the Board of Directors to promptly give directions when necessary.
-  Periodically, the Board of Supervisors has reported and submitted written proposals to the Board of Directors and the Board of Management. The recommendations by the Board of Supervisors are all noted and implemented.
-  Within the scope of its powers and responsibilities, the Board of Supervisors assessed that the Board of Management over the years has functioned properly with its functions and duties; in accordance with the regulations and in accordance with the Law on Enterprises and the Company's Charter, promptly implementing the Decisions and Resolutions of the Board of Directors and the General Assembly of Shareholders without any violation that greatly affects the performance of the Company.

APPRAISAL OF FINANCIAL STATEMENTS

Financial statements preparation and audit

-  The Company's financial statements are prepared in accordance with the current Vietnamese accounting standards and regulations. The financial statements for the 2016-2020 term are audited by one of the Big 4 companies that have been approved by the State Securities Commission to audit listed companies.
-  The Board of Supervisors has reviewed the 6-month/year financial statements consistent with the business results over the years in the term. According to the audit conclusion, the Company's financial statements has reflected honestly, reasonably, fully, clearly, in accordance with Accounting standards.

Production and business results

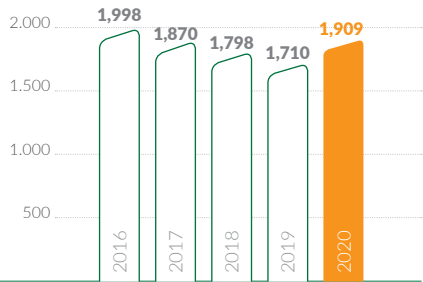
The results of the implementation of the main production and business targets for the 2016-2020 term according to the Financial Statements are as follows:

NET REVENUE FROM
SALES AND SERVICES

(Unit: billion VND)



1,909



PROFIT
BEFORE TAX

(Unit: billion VND)



266

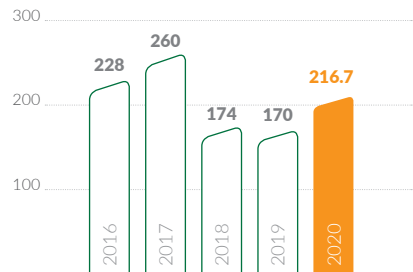


PROFIT
AFTER TAXES

(Unit: billion VND)



216.7

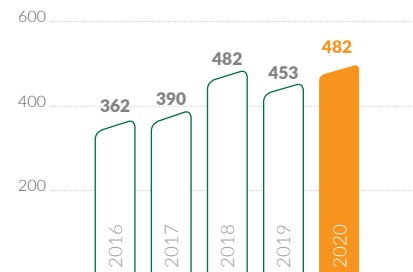


LIABILITIES

(Unit: billion VND)



482

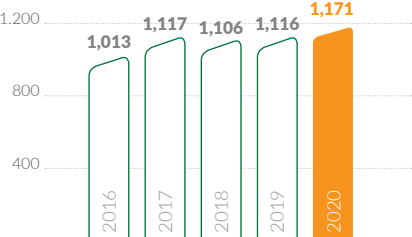


EQUITY

(Unit: billion VND)



1,171

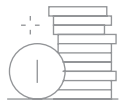


The Company's equity in the 2016-2020 term increased 1.15 times, from 1,013 billion VND to 1,171 billion VND at the end of 2020.

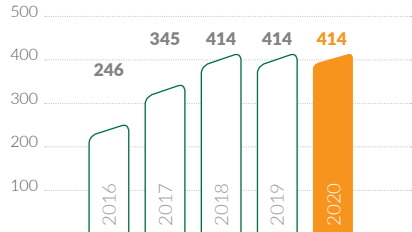
CHARTER
CAPITAL

(beginning of the period)

(Unit: billion VND)



414



The Company's charter capital in the 2016-2020 term increased 1.7 times, from 246 billion VND to 414 billion VND at the end of 2020.

DIVIDEND
PAYMENT

(Unit: %)



30



Dividend: The Company maintains a dividend payout ratio of 30%, in cash throughout the term; Through two times of share split to increase charter capital, shareholders' cash dividend has also increased 1.7 times.

IMPLEMENT THE RESOLUTIONS OF AGM



Distribution of profits

The Company has appropriated funds according to the annual profit distribution plan according to the Resolution of the Annual General Meeting of Shareholders over the years in the term.



Remuneration

In the term of 2016-2020, the Board of Supervisors has received remuneration according to the Resolution of the General Meeting of Shareholders over the years, specifically as follows:

No.	Name	Title	Date of appointment/resign	Amount (quarterly)
1	Duong Duc Hung	Head	appointed 30/3/2016	78,000,000
2	Nguyen Thanh Hoa	Member	appointed 30/3/2016	30,000,000
3	Kwon Ki Bum	Member	appointed 26/3/2020	30,000,000
4	Do Thi Khanh Van	Member	appointed 30/3/2016 resigned 16/5/2018	30,000,000
5	Tran Thi Ly	Member	appointed 05/7/2018 resigned 26/3/2020	30,000,000
6	BoD Secretary			12,000,000



Regarding the Independent Auditor

The Board of Directors has coordinated with the Board of Supervisors to choose one of the Big 4 companies to be the independent auditor of the annual financial statements in the 2016-2020 term of Traphaco JSC and its subsidiaries.



Amendment, Supplement to the Charter, the Internal regulation on Corporate governance

The Company has made amending and supplementing the Company's Charter, internal regulations on corporate governance in accordance with the provisions of the Law on Enterprises 2014 and Decree 71/2017/ND-CP on corporate governance applicable to public company.

At this meeting, the Company will submit to the General Meeting of Shareholders to approve the revised Charter, in accordance with the provisions of the Enterprise Law 2020 and the Securities Law 2019. The revised internal regulations of corporate governance according to the new Charter (after being approved by the 2021 Annual General Meeting) and according to Decree 155/2020/ND-CP and Circular 116/2020/TT-BTC will be reported to the General Meeting of Shareholders at the nearest meeting.



PROPOSALS



The Board of Directors and the Board of Management pay attention to optimizing the management of suppliers, avoiding supply chain disruption in the unpredictable situation of Covid-19 epidemic.



Develop and continue to improve and standardize the system of processes and regulations as a basis for effective management, assessment and risk control.



Suggest that the Board of Directors, the Board of Management evaluate the performance of the Company compared to the strategic framework for the 2016-2020 period approved by the General Meeting of Shareholders, and at the same time develop a strategy for the next period based on the recommendations of KPMG consulting unit and consulting report of Daewoong aim to achieve the high standard according to advanced standards on corporate governance, promote and implement more effectively with the areas of ETC, western medicine, traditional medicine,...

“ The performance of the Board of Supervisors for the term of 2016-2020 includes the efforts of each member and also thanks to the trust, support and facilitation of the Board of Directors, the Board of Management, and departments in Traphaco JSC. On behalf of the Board of Supervisors in the term of 2016-2020, I would like to sincerely thank the trust and facilitation of the General Assembly of Shareholders, the Board of Directors, and the Board of Management during the past term for helping the Board of Supervisors to complete its work well. ”

REPORT ON RISK MANAGEMENT



“ Since the beginning of 2020, the Covid-19 pandemic happening globally has been and will continue to have an impact on the business operations of enterprises in general and Traphaco in particular. In addition to negative impacts such as reduced demand for products and services and broken supply of input materials, Covid-19 also has positive effects such as reshaping the business model of the Company.



Vietnam faces the opportunity to early recover its economy, develop and catch investment waves. The Covid-19 pandemic is the most obvious test for businesses: Enterprises with professional management (especially in risk management) are more likely to stand firm and overcome difficult times with less damage than businesses that lack a foundation for corporate governance.





STRATEGIC RISK MANAGEMENT

“ In 2020, risk management gradually changed, closely coordinated and aligned with the Company's common strategic goals. Traphaco has collaborated with the consultant to organize a training course to improve risk management capacity for middle-level managers, create a premise for the improvement of policies and mechanisms for risk monitoring and control to update risk information in a timely manner, and assist Company Leaders in making the right strategic decisions. ”



Strategy 2020 with 46 company-level targets, 158 department-level targets translated into detailed KPIs for department. Applied KPI results in combination with 3Ps salary to the lump sum system: In addition to focusing on revenue, the Business Bloc also focused on customer criteria, coverage, and SKU, creating a premise for sustainable business development.

The strategic objectives are followed, monitored and periodically evaluated regarding implementation status, and flexibly adjusted to the unpredictable changes of the pandemic situation.

In the business conditions of 2020, facing many difficulties in the context of the Covid-19 pandemic affecting production and business activities of pharmaceutical enterprises in general, many enterprises decline their profits or even report losses. Traphaco's maintained revenue and profit growth indicated a very positive business result, reflecting the effectiveness of good strategic risk management, helping the Company develop in the right direction, appropriately allocating resources to achieve these goals.



LEGAL RISK MANAGEMENT



“ Legal risks often have a wide scope and the extent of damage caused by legal risks is difficult to determine because when legal risks occur, enterprises will have to suffer legal sanctions, and which fine to be applied shall be determined by the regulator. Therefore, the extent of damage caused by legal risks is often not immediately determined and it is difficult for enterprises to self-assess. ”



The legal department has the role of ensuring that all activities of the Company shall operate in accordance with the law. In addition, the Company maintains an annual contract with a law firm to give advice on legal issues of the business.

Legal functions with main tasks (including legal advice, reviewing contracts, updating and evaluating legal documents, commenting on draft legal documents, ...) are increasingly showing the importance, efficiency and influence throughout the system, and incorporated deeply into almost all activities of the Company. Legal consulting activity has been strong from management level to departments/divisions of the Company and its subsidiaries. Thus, it minimizes all legal risks and protects the legitimate rights and interests of the Company



FINANCIAL RISK MANAGEMENT

“ With good cash flow and maintaining a good financial structure with decreasing short-term and long-term loans, the debt ratio as well as interest expenses will continue to decrease in the coming time. This helps Traphaco reduce financial risks due to less reliance on debt. On the other hand, the Company reinvests necessary items without risking the financial structure as well as bearing a lot of interest burden. ”



Assign cost-optimal limits for all tasks, control and manage expenses according to limits. According to the report of KPMG (Q4/2020) on the financial indicators of the listed pharmaceutical companies, the COGS and EBITDA of Traphaco are at the best compared to other companies.

Good management of cash flow risks. The Company is now fully proactive in working capital without depending on short-term debt thanks to a steady surplus of operating cash flow over the years.



OPERATIONAL RISK MANAGEMENT

Risk of disruption of input sources due to fluctuations in input prices under the influence of Covid-19.

Many pharmaceutical enterprises have to deal with a shortage of raw materials for production when the supply depends mainly on imports, which has been interrupted, affecting long-term production and business activities.

- The Company has closely watched market movements before the Lunar New Year, when there were signs of issues with the supply sources, the Company has proactively increased reserves of raw materials for a long enough time to maintain production.
- As soon as the COVID-19 pandemic broke out, the Company actively negotiated with suppliers to ensure uninterrupted supply of raw materials and made a plan to change and supplement materials 2020 to stabilize supply sources, meet legal requirements and meet input material price reduction criteria.
- The Company proactively sources raw materials following GACP standards to help businesses proactively produce and develop raw materials in the pharmaceutical sector in Vietnam.
- Continued to control input prices to ensure fulfillment of the goal "Managing cost of materials".



Market risks

Risk in research and development of new products

- Development of concentric products: Make innovations of ingredient formulas and dosage forms in order to diversify products to meet the needs of different consumer groups. With the main product Boganic, TRA has added new product lines such as: Boganic herbal tea in bottled form, Boganic Kid for children, high-end Boganic Premium.
- Promote cooperation and technology transfer with Daewoong, expanding the portfolio of western medicines through strengthening cooperation with multinational pharmaceutical companies.
- Coordinate with IT unit to control input and output online, reduce paperwork, speed up decision making. Deploy product traceability applications from herbal materials to finished products - iCheck.

- The first 6 months of 2020 has been difficult for the economy in general and for the pharmaceutical industry in particular. The COVID-19 pandemic had a serious impact on the population. People's income decreased, purchasing power decreased, especially in the period of social distancing. People gave priority to purchasing pandemic prevention products and essential goods. As a result, most of pharmaceutical companies' revenue declined during this time.

- Took advantage of the opportunity in Quarter 1 to strengthen the group of pandemic prevention products, quickly set up an online consulting team to support consumers, enhance communication activities and contact with customers through online channels. These flexible and synchronous measures have helped the Company achieve good growth in Q1, both in revenue and profit.

- Implemented marketing flexibly and adapt to changing environmental conditions: Point accumulation program - Innovating "Personalize customers", creating mutual benefit between customers and the Company, which has been successfully applied with blockbuster products, increased 31%, reached 120% of the plan. Focusing on promoting key products, controlling costs, minimizing excess costs, but ensuring policies for employees. Thereby, maintaining growth in terms of revenue-and-profit.

- Promotion of hospital sales: Despite being significantly affected by pandemic due to social distancing, hospital limiting patients, unable to exploit the winning bids, the ETC segment of Traphaco has been increasingly strengthened in terms of personnel, procedures, along with appropriate policies to exploit well the products of Group 1 of the herbal medicine bidding package and western medicine products.

Thanks to the consistency with Sustainable Development Strategy, promoting the existing core values, Traphaco quickly responded to the pandemic's challenges, and has always been a reputable pharmaceutical brand that has been recognized by Consumers and Customers.



STOCK INFORMATION AND INVESTOR RELATIONS (IR)

STOCK INFORMATION ON TRA (as of 02/03/2021)

Stock Code	TRA
Charter capital	414.53 billion VND
Number of listed stocks	41,453,673 shares
Type of stock	Common
Number of stocks on circulation	41,450,540 shares
Market capitalization:	2,860 billion VND



SHAREHOLDER STRUCTURE (as of 07/01/ 2019)

Shareholder	Ratio %
Foreign organizations	42.29
Domestic organizations	36.60
State shareholders	35.67
Foreign individuals	0.19
Domestic individuals	20.92
Special shareholders	75.79
Treasury stock	0.01

OWNERSHIP STRUCTURE

List of large shareholders holding more than 5% of the Company's share capital

No.	Name of Organization:	Business Registration Number	Address	Share volume	Ownership percentage (%)
1	State Capital Investment Corporation	0101992921	No. 117 Tran Duy Hung, Cau Giay, Hanoi	14,786,512	35.67
2	MAGBI Fund Limited	CB2132	UNIT 810, 8/F STAR HSE 3 SALISBURY RD TST KLN HONG KONG	10,361,385	25.00
3	Super Delta Pte. Ltd.	CB2320	10 Anson Road, # 23-14P, International Plaza, Singapore (079903)	6,267,289	15.12

(Source: List of shareholders as of February 26, 2020 of Traphaco Joint Stock Company)



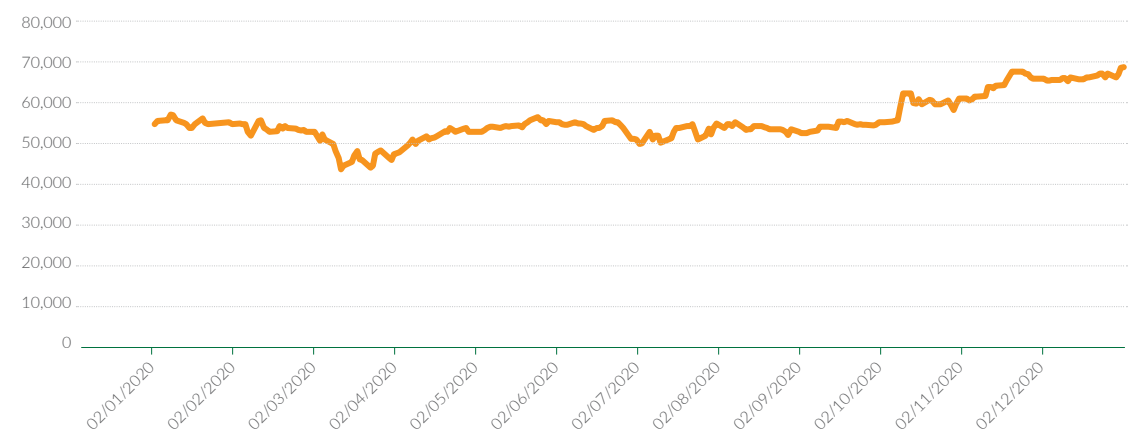
PRICE TREND OF TRA STOCK IN 2020

Stock price movements of TRA shares from January 2, 2020 to December 31, 2020 (calculated according to adjusted closing prices)

Price of Traphaco's stock (TRA) in 2020 shown some fluctuation. Closing price bottomed out at 44,000 VND and soared at VND 69,600. The difference was 25,600 VND equivalent to 58.18%.

In 2020, the price of TRA shares had movements quite "in sync" with the general market with the general trend of increasing prices. Not to be outside the general "trajectory" of the Vietnam stock market, TRA stock price movements were divided into 2 phases: the adjustment period at the beginning of the year which was influenced by the Covid-19 pandemic and a period of strong recovery in the remaining 9 months of the previous year thanks to the ability of the Government to well control Covid-19 pandemic. Accordingly, TRA share price decreased from 55,400 VND/share (January 2, 2020) to 44,000 VND share (March 12, 2020), down 20.58%. Stock price after hitting bottom on 12/03/2020 began to strongly recover, reaching the highest level of 69,600 VND/share (31/12/2020) up 58.18%.

Closing price movement after TRA's adjustment in 2020 (VND/share)



Same as 2019, in 2020, TRA still paid dividends to shareholders at an average rate of 30% per year. During the year, the Company has completed payment of the remaining dividends of 2019 with a payout of 1,000 VND/share and an advance payment of 2020 with a payout of 2,000 VND/share.

Compare transaction price movements of TRA shares with pharmaceutical stocks in 2020

In general, pharmaceutical stocks in 2020 had quite the same transactions movement with changes of the VN-Index. Most of the price movements of stocks in the industry are divided into 2 phases: adjusted at the beginning of the year and recovered for the rest of the year, with the main trend of the year being positive price increases, except for DMC and DCL,...

Table comparing the price movements of shares at the end of the year compared to the beginning of the year of TRA and pharmaceutical stocks in 2020

Date	TRA	IMP	DP3	DHG	DMC	DBT	DCL
31/12/2020	69,600	56,300	86,800	104,000	59,300	12,300	25,200
02/01/2020	55,400	36,450	63,200	88,200	69,100	10,750	27,900
Difference	14,200	19,850	23,600	15,800	-9,800	1,550	-2,700
% Difference	25.63%	54.46%	37.34%	17.91%	-14.18%	14.42%	-9.68%

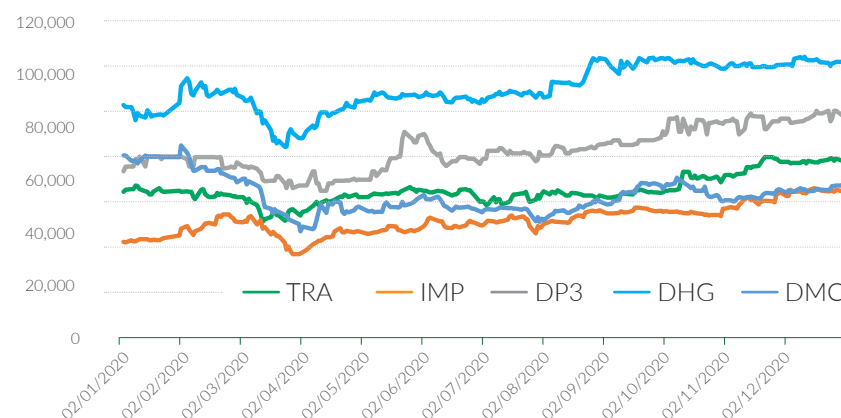
Compare TRA's stock price movement with pharmaceutical stocks in 2020 (VND/share)



By the end of 2020, VN-Index closed at

1,103.87

up 14.19% compared to the beginning of the year.



Compare price trend of TRA with that of VN-index from 02/01/2020 to 31/12/2020

2020 is a year of turmoil for Vietnam's stock market in particular and the world stock market in general, influenced by the Covid-19 pandemic. The general trend of Vietnam's stock market in the past year is increasing with times of decline and recovery with 2 main periods:

- Phase 1 (from January 2, 2020 to March 24, 2020): Due to the influence of the Covid-19 pandemic, the VN-Index fell 31.81% to its lowest level in three years when it hit the bottom of 659.21 points on March 24, 2020.
- Phase 2 (from March 25, 2020 to December 31, 2020): With the ability to successfully control the pandemic, Vietnam's stock market has recovered rapidly in the remaining nine months of 2020 with a growth rate of nearly 67.5% from the bottom. This is a spectacular recovery. Vietnam's stock market also set a record for two consecutive months (in September and October) when having the strongest growth in the world. By the end of 2020, VN-Index closed at 1,103.87 points, up 14.19% compared to the beginning of the year.

TRA's stock price movement was similar to that of VN-Index when it dropped 20.58% from 55,400 VND/share to the lowest price of the year of 44,000 VND/share (March 12, 2020) and then recovered to the highest of the year at 69,600 VND on December 31, 2020 when it increased 58.18%.

TRA stock as well as pharmaceutical stocks are considered "defensive" stocks when their stock price drop is lower than the drop of the VN-Index due to the negative effects of the pandemic. In 2020, the price increase of TRA stock at the end of the year compared to the beginning of the year also outperformed the general index when the stock price of TRA at the end of the year increased 25.63% compared to the beginning of the year while the VN-Index had an increase respectively 14.19%.

Table comparing the price movements of shares at the end of the year compared to the beginning of the year of TRA and pharmaceutical stocks in 2020

Date	02/01/2020	31/12/2020	Change	% Change
TRA (VND/share)	55,400	69,600	14,200	25.63%
VN-INDEX	966.67	1,103.87	137.20	14.19%

List of transactions

Stock price	Date	Price
Price closed at the end of the year	31/12/2020	69,600 VND/share
Highest stock price	31/12/2020	69,600 VND/share
Lowest stock price	12/03/2020	44,000 VND/share
Price volatility in 2020		25,600 VND (+58.18%)
Trading volume at the end of the year	31/12/2020	6,250 shares
Highest	03/02/2020	71,790 shares
Lowest	02/03/2020	10 shares
Average daily trading volume		7,219 shares

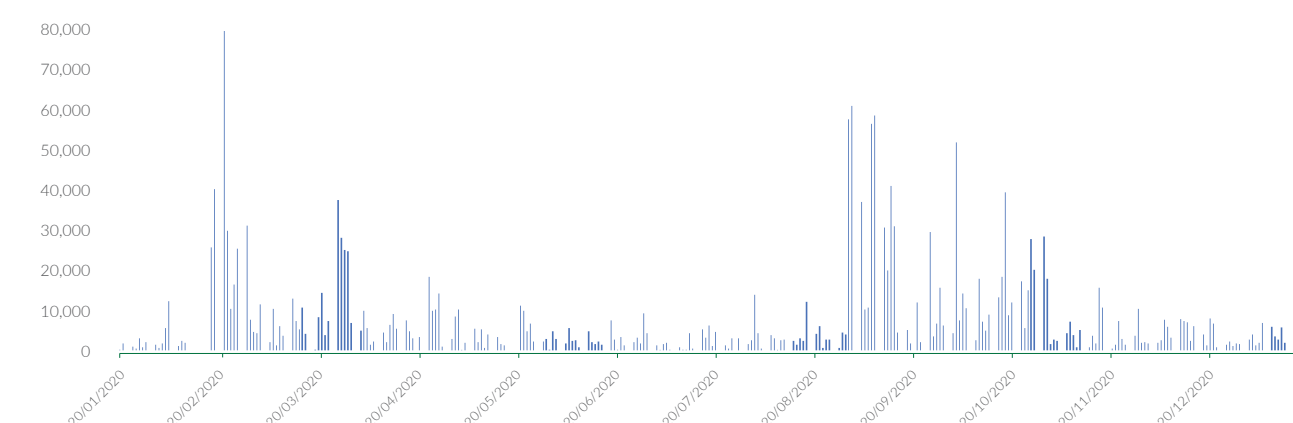
Graph of trading volume and price of TRA stock (from 02/01/2020 to 31/12/2020)

TRA stocks were traded the most from February to March 2020 and from August to October 2020. In which, average trading volume in 08/2020 was 19,215 shares/session, in February 2020 it was 12,786 shares/session, in September 2020 it was 11,905 shares/session.

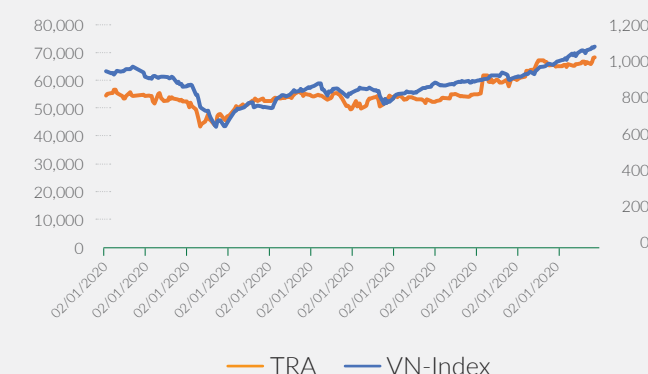
It can be seen that TRA stock as well as pharmaceutical stocks had low liquidity because pharmaceutical stocks are often "defensive" and very "favored" by foreign investors. These are stocks of "investment" nature when organizations participate for long-term holding purposes, so the trading movements are often somewhat bleak compared to other groups of industries.

The session with the highest volume of TRA fell in February 2020 with the trading volume on February 3, 2020 reaching 71,790 shares, the trading value of this session was VND 3.98 billion.

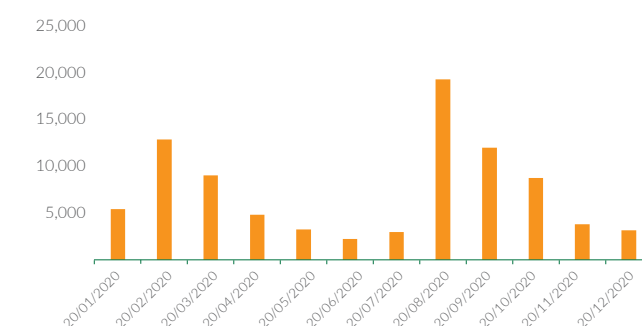
TRA trading volume 2020 (stocks)



Comparison of stock price movements of TRA with VN-Index in 2020



TRA average monthly trading volume in 2020 (shares/session)



In 2020, there are a number of put-through transactions of TRA stock on September 9, 2020 with the volume of put-through: reached 452,148 shares, on 19/10/2020 it was 81,928 shares and at the end of 31/12/2020, it was 501,504 shares.



INVESTOR RELATIONS

PROMOTE INFORMATION TRANSPARENCY, IMPROVE RELIABILITY OF INFORMATION PROVIDED TO THE MARKET

Protecting the rights and interests of shareholders and investors is one of the core issues that Traphaco integrates into corporate governance. As a listed company with nearly 2,000 shareholders, Traphaco always steer shareholder relations activities towards protecting and fully exercising shareholder rights, complying with legal regulations, and ensuring transparent information disclosure and equal treatment of shareholders.

Diversify channels to provide information to shareholders and investors

Information is the foundation of all investment decisions, Traphaco always strives to diversify and improve the quality of information channels to facilitate shareholders and investors full access to information promptly regarding strategic orientation, business results, corporate governance situation...

In addition to the disclosure of information in accordance with Circular 155/2015/TT-BTC, Traphaco also proactively discloses information considered crucial that may affect investors' interests; Proactively disclose information regarding production and business activities, major events of the Company so that investors can promptly grasp information related to Traphaco's operations.

- Annual General Assembly of Shareholders;
- Annual report and Report on Sustainable development;
- Investment promotion conference;
- Information disclosure channel of the Stock Exchange and State Security Commission of Vietnam;
- Website, Fan page, Applications, mass media.

Traphaco has invested in developing investor relations software on Mobile apps. With this software, investors can easily access and look up information about Traphaco, promptly update and analyze information on business activities and governance at Traphaco and its subsidiaries. It can be said that this is an effort of Traphaco in improving the quality of investor relations, contributing to building the corporate governance system following to international standards.

Investor Relations (IR) activities implemented in 2020 to improve transparency and reliability of information

Improve the reliability of the data

- Prepare financial statements following to Vietnamese Accounting Standards (VAS).
- Review the semi-annual financial statements and auditing the annual financial statements.

Disclosure and transparency of information

- Disclosure of information following Article 23, Circular 155/2015/TT-BTC
- Timely disclosure of information that is considered crucial and may affect investors' interests
- Regularly update the section exclusively for shareholders on the website in English and Vietnamese

Promote dialogue with investors

- Promote meeting and understanding information needs of investors
- Answer the issues that investors are interested in.
- By fully meeting the key elements of information disclosure and implementing effective shareholder relations policies, holding the leading position in the herbal medicine market in Vietnam, Traphaco continued to be voted in TOP 50 best listed companies (Forbes 50).

Promote dialogue with investors

- Promote meeting and understanding information needs of investors;
- Answers the issues that investors are concerned about;
- By fully meeting the key elements of information disclosure and implementing effective shareholder relations policies, holding the leading position in the herbal medicine market in Vietnam, Traphaco continued to be voted in TOP 50 best listed companies (Forbes 50).

Protect shareholders' interests and ensure equality between shareholders

The implementation of shareholder protection policies and ensuring equality between major shareholders and minority shareholders is always focused on by Traphaco to ensure shareholders are provided with equal information, including information regarding the time and rate of dividend payment, issuances, invitations to annual and extraordinary General Assembly of Shareholders, and to create conditions for shareholders to exercise their voting rights....

Standardize the procedure for organizing the General Meeting of Shareholders in accordance with current regulations and international practices

On the basis of complying with applicable laws and applying current international corporate governance best practices such as the ASEAN Corporate Governance Scorecard, Corporate Governance Principles of OECD and IFC, Traphaco continues to standardize the procedures regarding processes to convene and vote at the General Meeting of Shareholders, publish the meeting invitations, at the same time publish all meeting documents as prescribed by law on the website 21 days before the meeting and instruct Shareholders to access the documents as the basis for discussion and voting at the Meeting. In addition, Traphaco always encourages shareholders to be more aware of their rights including the right to vote, the right to receive dividends, the right to nominate people to the Board of Directors, Board of Supervisors, the right to approve annual financial statements and the right to access information about Traphaco's operations.

Maintain a policy of regular cash dividends over the years

Traphaco understands that one of the most important rights of shareholders is the right to receive dividends. Through a policy of regular cash dividends since listing, Traphaco would like to ensure periodic dividends and ensure stable income for shareholders.



OPERATIONAL ORIENTATION FOR 2021

“ In 2021, Traphaco develops a plan to improve efficiency and professionalize investor relations activities, focusing on the following activities: ”

- 1 Promote meeting and understanding the needs of investors, thereby looking for effective cooperation opportunities with investors in Vietnam and around the world.
- 2 Re-structure the specialized interface for shareholders and investors on the website and Traphaco IR application towards a more friendly and accessible direction.
- 3 Continue to publish information in English - Vietnamese for documents posted on Traphaco's website and send to the Stock Exchange.

Responsibility Sustainable

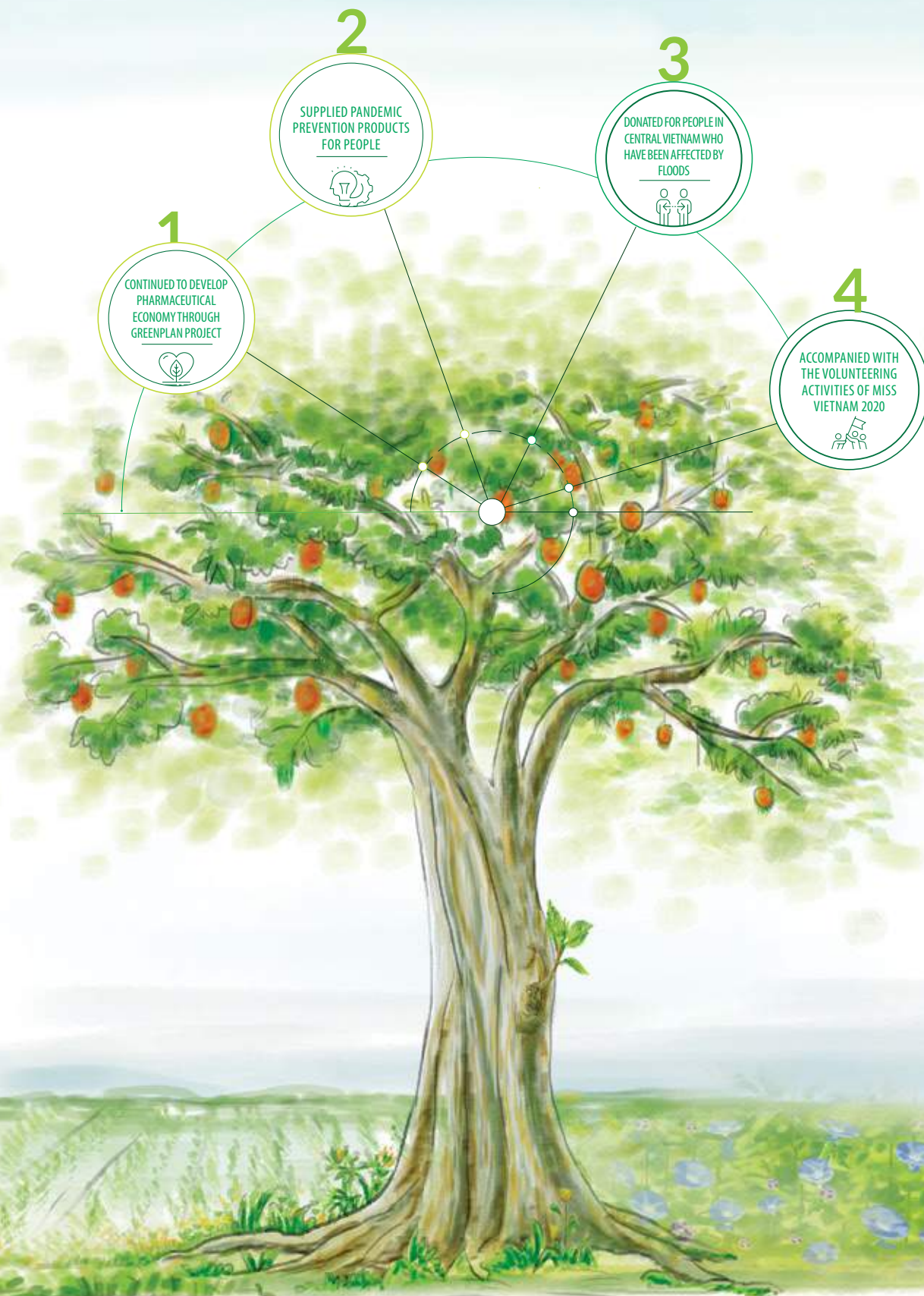
As a typical example of Sustainable Development in Vietnam, Traphaco always aims to develop a green economy with 3 goals "Economic efficiency associated with social responsibility and environmental protection" which is realized by Green value chain: From standardized raw materials to international standards - Smart pharmaceutical production technology - Extensive distribution system - High quality, efficient and safe products.



REPORT ON IMPACTS ON SOCIETY AND ENVIRONMENT

- 154 Social Activities
- 158 Improve Human Resources and Policies for Employees
- 170 Environmental Protection

ACTIVITIES SOCIAL



“ Traphaco is known to be the leading and persistent company for many years fulfilling social responsibilities, environmental protection requirements and sustainable development.

In 2020, although facing many challenges from pandemic and natural disasters, Traphaco still maintained its social development activities to share the burden of society's common difficulties and improve living conditions of the people.”

1 CONTINUE TO DEVELOP PHARMACEUTICAL ECONOMY THROUGH GREENPLAN PROJECT

THE HHDN AND BOGANIC GROUPS INCREASED

31%

In addition to maintaining the source of medicinal materials to ensure quality and production, Traphaco's GreenPlan project continued to create stable jobs for farmers in growing areas, particularly in Sapa - Lao Cai, Nam Dinh, Phu Tho, Phu Yen, etc.

In 2020, revenue from medicinal products recorded good growth (such as HHDN and Boganic with 31% growth), which ensured the purchase of medicinal herbs for farmers, especially when the pandemic disrupted their other sources of income.

2 SUPPLYING PANDEMIC PREVENTION PRODUCTS FOR PEOPLE

When the pandemic broke out, in order to ensure that people have enough pandemic prevention products, Traphaco maximized the capacity of the factory and made plan for material. The Company has confirmed to not increase product prices, especially pandemic prevention products. In addition, the Company also supported the cost of transporting, hiring external cars to supply goods to people. Pandemic prevention products are mainly bottles, glass tubes, bulky and fragile, the profits might not be enough to cover the support costs. In addition, the Company also issued its own policy, supporting organizations, agencies, medical centers, and hospitals to buy in bulk in February - the peak month of the pandemic.

To serve the increasing demand for online shopping and consulting services, Traphaco has launched traphacoshop.com e-commerce website since April 2020.

3 DONATION FOR PEOPLE IN CENTRAL VIETNAM WHO HAVE BEEN AFFECTED BY FLOODS

At the end of October, when the Molave storm No. 9 landed, causing great damage to the central provinces, Traphaco quickly issued the notice "Supporting workers and people in the Central region affected by floods and rains", which demonstrated the tradition of solidarity and humanity in implementing social responsibility of Traphaco.



According to the announcement, all customers, employees and people of the 6 most severely affected provinces, Ha Tinh, Quang Binh, Quang Tri, Quang Nam, Thua Thien-Hue and Quang Ngai, will be supported with cash and pharmaceutical or milk products of the Company. The total budget was estimated at VND 3 billion. The CEO directed the branches in these 6 provinces to quickly make a list of support-needed and send it to the Company. By the beginning of November, the Traphaco relief team led by the Deputy CEO brought relief goods, funds and the hearts of the Company's employees to the Central region, directly visiting, encouraging and donating gifts for employees, customers and people where the storm and flood just passed.

4 ACCOMPANIED WITH THE VOLUNTEERING ACTIVITIES OF MISS VIETNAM 2020

After the coronation, Top 3 Miss Vietnam 2020 visited, encouraged and presented gifts to patients, wounded and sick soldiers at 175 Military Hospital (HCMC). During the two-year incumbent term, Top 3 Miss Vietnam would participate and accompany many activities to spread love and compassion in the community. In this volunteer journey, Boganic herbal tea (Traphaco) was honored to accompany and to be gifts for the patients.



NHỮNG MIỀN XANH

IMPROVEMENT OF HUMAN RESOURCES

AND POLICIES FOR EMPLOYEES

LABOR FORCE



Total number of Traphaco employees as of
December 31, 2020

741

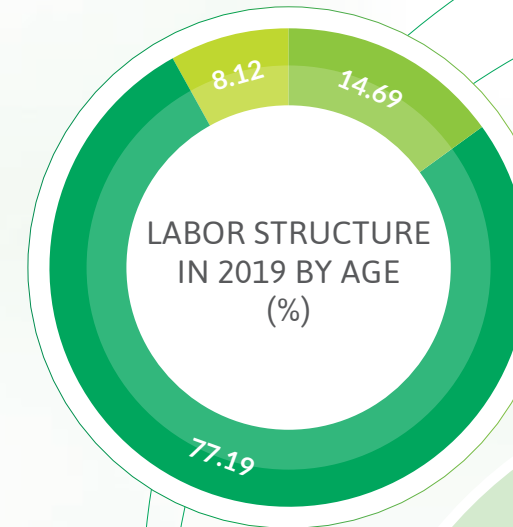
STAFFS AND 118 COLLABORATORS



With an increasingly qualified
workforce, Traphaco has met
its business and sustainable
development requirements.

In terms of qualifications, the number of employees
who has a college or postgraduate degree accounted
for

41 %



- Under 30
- 30-50
- Over 50

LABOR FORCE

By 31/12/2020, the total number of employees was 741, and 118 collaborators, down 7.1% compared to 2019 (due to labor-streamlining and according to individual aspirations of employees). The percentage of male labor accounted for 61.4% and the percentage of female labor accounted for 38.6%. The number of middle-aged workers (from 30 to 50 years old) with solid professional and actual experience accounted for 76%, 16.2% are young workers under 30, and over 50 workers who are very experienced and has been with Traphaco a long time accounted for 7.8%.

In 2020, Traphaco's turnover rate is 5.2%, in which that of male employee is higher than that of female. Over 50-year-olds tend to have the highest job retention rate (3%), while the leaving rate of employees under 30 years old is 20% and those who are from 30-50 years of age show the highest leaving rate, 77%.



- Post-Graduate
- Graduated
- Other





Labor structure in 2020 by criteria (%)

Labor structure 2019 Criteria	Amount staffs	Percentage of total Traphaco staffs Traphaco
Nationality		
Vietnamese	728	99.87%
Foreign	1	0.13%

Gender		
Male	439	60%
Female	289	40%

Education		
Post-Graduate	40	5%
Graduate	252	35%
Other	436	60%

Structure by ethnicity		
Kinh	715	98.21%
Ethnic minorities	13	1.79%

Age		
Under 30	107	14.69%
30-50	562	77.19%
Over 50	59	8.12%

Sector		
Sales	531	72.93%
Manufacturing	23	3.17%
Office	174	23.90%

Structure of Quitting-labor 2020

		Age			Gender	
		<30	30-50	>50	Male	Female
The number of employees terminated labor contract, other	Amount	10	33	1	30	14
	Percentage %	1.37	4.53	0.13	6.83	4.84
Labor rotation	Amount	0	1	0	1	0
	Percentage %		0.13		0.22	
Retirement	Amount	0	0	17	8	9
	Percentage %	0	0	2.3	1.82	2.76



DURING 48 YEARS OF CONSTRUCTION AND DEVELOPMENT, TRAPHACO UNDERSTANDS THAT

HUMAN IS THE KEY FACTOR WHICH, DETERMINES THE SUCCESS OF THE COMPANY

PAYING ATTENTION TO THE LIVING OF STAFFS AND EMPLOYEES IS ALSO CARING AND PRESERVING THE COMPANY’S PRICELESS ASSETS.



With the goal to 2021 “Traphaco people are happy, satisfied in life and work. Traphaco is listed in the best working environment list in Vietnam”, Traphaco employees are always guaranteed with their material incomes and mental gains, a good working environment, receiving respects and plenty of thriving opportunities.



EDUCATION AND TRAINING

Training activities at Traphaco JSC: There is no gender discrimination or type of labor that is performed unfairly to meet the assigned job requirements.

Training results in 2020

No.	Content	Unit	2018	% compare to actual results
1	Total cost of training	VND 1,000	2,211,311	
	Training cost/person/year	VND 1,000	2,390,61	
2	Total number of people x session trained	Number of turns	4,363	
	Training cost/person/year	Number of turns	4.72	
3	Total hours of training	Hours	25,566	
	Average hours of training/person/year	Hours	26.8	
4	Number of training courses	Courses	60	
5	Average satisfaction level/ total training courses completed	%	99.69%	
I Analysis by training content				
1	Compliance, mandatory training (4 courses)	Number of turns	148	3.39
		VND 1,000	63,850	2.89
2	Management skills (5 courses)	Number of turns	8	0.18
		VND 1,000	196,628	8.89
3	Soft skills and professional skills (44 courses)	Number of turns	4,053	92.89
		VND 1,000	1,940,941	87.77
4	Attending workshops, conferences, listening to seminars,... Support advanced training (7 courses)	Number of turns	154	3.53
		VND 1,000	9,892	0.45
II Analysis by personnel groups				
1	Training for Managers	Number of turns	609	13.96
		VND 1,000	366,562	16.58
2	Training for Sales staffs	Number of turns	2,857	65.49
		VND 1,000	1,328,612	60.08
3	Training for Office Staff	Number of turns	853	19.55
		VND 1,000	493,747	22.33
4	Training for Production Staff	Number of turns	44	1.00
		VND 1,000	22,390	1.01

The year 2020 was affected by the Covid-19 pandemic, so it was necessary to minimize the organization of trainings with lots of people. Therefore, Traphaco had:



Checked post-training results for system-wide courses that have been done online through application software.



Organized online training and especially online training courses (via zoom) on product knowledge and monthly sales policy for the sales bloc.

Therefore, the training courses were effectively implemented, followed the plans and met job requirements.



SINCERELY APPRECIATE THE CONTRIBUTIONS OF THE EMPLOYEES

In 2020, Traphaco still ensured good remuneration and welfare, and that was also a recognition for the efforts of employees.

Expenditure on bonus and welfare funds in 2020

14.9 billion VND

The year of 2020 marks the 7-year milestone implementing the program to vote for Top 20 outstanding individuals. Outstanding individuals are praised at the Company's Traditional Day Celebration (system-wide livestream) and rewarded a domestic study-tour.



Welfare policy

Income, bonus and welfare for workers were secured. Compensation for on-site poisoning; Gasoline, telephone support; Special support scheme for female staff; Vacation; Bonuses for holidays; Gifts for employees who are children of war invalids and martyrs; Gifts for children on the occasion of Mid-Autumn Festival, 01/6; Maintaining the commendation ceremony for the children and employees who have academic achievements ...

Implement the current labor regulations, make communication activities through annual employee conferences, trade unions, internal surveys to understand the aspirations, as well as to share the business direction, results of Traphaco activities, to align and harmonize the goals and motives individuals with the common goals of the organization.

Strengthen knowledge on health protection and care, especially for female workers and knowledge about Covid-19 prevention.

Effective work management systems and remuneration by performance

Effective management systems continue to be applied and increasingly improved to enhance efficiency in practice. Since its inception, this system has been helping to align Traphaco's goals to each division and staff, contributing to improve business efficiency by equipping every individual in organizing capacity and tools to clearly identify Traphaco's expectations, enabling individuals to operate effectively, to leverage their abilities and potential and to contribute to the success of Traphaco.

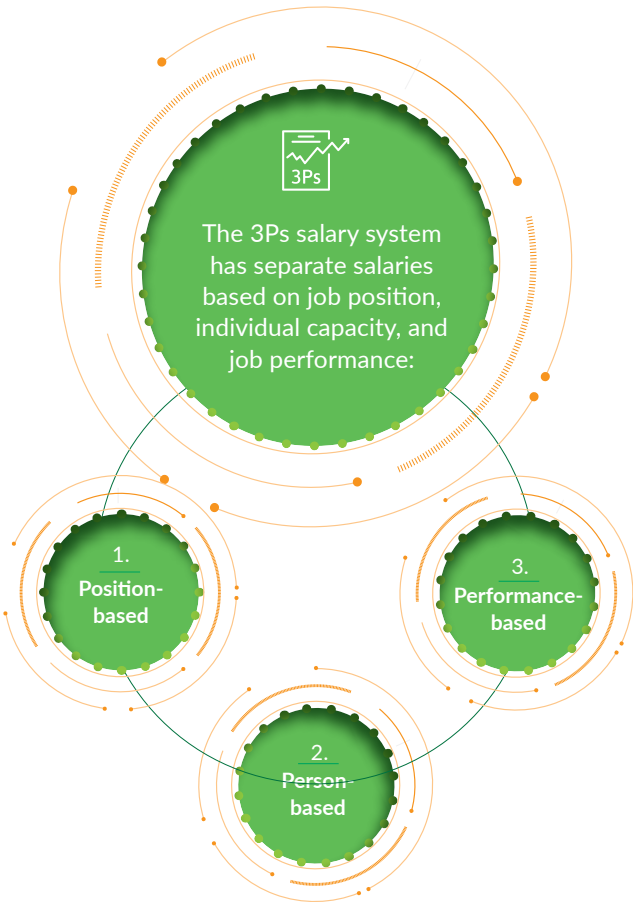
Maintain well the implementation of the "Assigning tasks and performance evaluation according to KPI". Monthly, assign and evaluate the efficiency of work of divisions and individuals as a basis for payment of wages and bonuses. This policy ensures that employees are paid consistently, transparently and in a manner consistent with the nature of their work, work efficiency and effort, motivating them to work.

Payroll policy by effectiveness

- In addition to the salary paid to employees in the year, including basic salary and salary based on work performance or contract salary, Traphaco also applies other remuneration policies to employees such as reward for completion of production plan Quarterly, bonus the occasion of the establishment of Traphaco, Tet holidays; toxic compensation, petrol, telephone, working allowance, uniforms, meals, social insurance, health insurance, etc. In
- The deployment of 3Ps salary has received positive support from employees. During the year, the Appendix of Salary Regulation has been supplemented, specifically: Appendix 01: Determine the value of the Job Position, convert the total score to the coefficient pi; Appendix 02: Salary coefficients based on position; Appendix 05: Additional payment for concurrent with other tasks; Appendix 06: Instructions for determining the coefficient kbp, ki; Supplement to Appendix 08: Criteria for rating Branch/Area of Business/ Distribution Center/Province; Adjusting the job position, salary ratio, P1 + P2 salary and insurance premium for 247 employees and collaborators. Well implemented regulations on social insurance contributions, social insurance premium should not be lower than the regional minimum wage x 1.07.
- Employees are well aware of their roles and responsibilities in enhancing personal capability, work efficiency and have a development plan suitable to the capability framework of the position they undertake.
- The payment of wages, ensuring suitability and competitiveness in the market.
- Overcoming the drawbacks of old salary system, relatively flat, there was not much differences among job positions. There is a clear distinction between the salary of the job position, especially the most complicated job position compared to the simple job 32.74 times (the old salary system was 28 times).
- Specialist positions; leader; managers, salary levels are increased more in line with market salaries (technical experts are paid higher than support specialists while the old salary system was the opposite), this is a necessary task to motivate high quality workers.

particular, in 2020, after 02 years of application, Traphaco has improved the New payroll regulations by 3Ps. Advantages of applying 3Ps salary:

- The payment of wages and bonuses under 3Ps will be an advanced compensation system, ensuring fairness, competition and transparency, creating motivation for employees.



In 2020, Traphaco's employees were entitled to a full 12 months' salary, in addition enjoy bonuses, 04-month salary support for effective performance and 01-month salary of 3Ps. Average income reached VND 21.46 million/person/month, increased 20.2% compared to 2019.

Assessing the capability of employees: Basis of salary calculation P2

In 2020, the capacity of management staffs had been assessed through the survey for shortcomings that need to be overcome, a total of 73 management officers had received 2,244 comments (on average, each management officer received 30 comments, ideas from superior manager, peer colleagues and direct staff under their management). After receiving comments, 73 management officers had planned action after the comments (on average, 2 plans for each) and had a report on the implementation of the Action Plan, of which 53% of the action plans were self-assessed by the management officers to be good improvement (improvement $\geq 80\%$); 41% of management officers rated themselves rather improved (50 to $<80\%$).

The year of 2020 marked the 7-year milestone implementing the program to vote for Top 20 best employees. Best employees, in 2020, conducted 02 capacity evaluations for the Office + Production and Sales bloc:

Evaluation methods: Online evaluation, the employee must answer the questionnaire related to the position assumed and the Evaluator (Direct Manager) evaluates through the evaluation questionnaire for Employees, specifically:

- The evaluated employee answers questions related to the required capacity of each job position (30 questions for each position) - weight 2
- The Evaluator (Head of Department or an authorized person) evaluates each employee's capacity through the survey.



THE FIRST EVALUATION

Evaluated 146 office and production workers in 09/2020

Capacity Assessment results achieved:

- From **100 đến 107%**:
23 employees (15.8%) met the requirements
- From **90 đến < 100%**:
68 employees (46.6%) met the requirements
- From **80 đến < 90%**:
39 employees (26.7%)
- From **53 đến <80%**:
16 employees (11%)

THE SECOND EVALUATION

Capacity Assessment results achieved

Capacity Assessment results achieved:

- From **100 đến 111%**:
47 employees (14%) met the requirements
- From **90 đến < 100%**:
117 employees (35%) met the requirements
- From **80 đến < 90%**:
128 employees (38%) met the requirements
- From **53 đến <80%**:
42 employees (13%) met the requirements
- **01 Staff**
had the result of 47.11%

Significance of evaluating managerial competency

- Evaluate the capacity of each job position according to the shortened capabilities.
- To be a basis for employees to improve themselves;
- Make a basis for development of training plans to improve employees to do their jobs better.
- To be a basis to consider increasing the capacity factor for employees





With the goal to 2020 “Traphaco people are happy, satisfied in life and work. Traphaco is listed in the best working environment list in Vietnam”, Traphaco employees are always guaranteed with their material incomes and spiritual gains, a good working environment, receiving respects and plenty of thriving opportunities.

Along with the development of the organization, Traphaco understands that “Employees” always play an important role in helping Traphaco realize the organization’s vision, mission and strategy in the new period.

With the desire to listen to thoughts and aspirations from employees, also an opportunity to improve human resource policies to bring great experiences for employees at Traphaco, Traphaco’s Human Resources Department has cooperated with VBCWE Co. Ltd. to conduct employee satisfaction survey in 2020.

The survey program was implemented from December 21-23, 2020 to all Traphaco’s employees.

The content of the survey included over 60 assessment questions of employees on 5 main contents:



Survey results in 2020 are as follows:

Criteria	Total satisfaction score
Orientation - Strategy of the Company	97.3 %
Job & development opportunity	92%
Working conditions	96.7%
Salary, bonus and benefits	89.8%
Colleagues at Traphaco	94.9%
Direct management at Traphaco	87.6%
Total	93.5%/100%

The results of employee satisfaction survey at Traphaco 2020 showed that Traphaco has been an employee-oriented organization, always doing its best to build an equal, happy, safe and civilized working environment, as well as a strong corporate culture.

In general, the survey results showed some highlights of Traphaco as follows:

- Satisfaction at all levels of employees was quite similar with the satisfaction of 4.0/5.0 or above. This indicated that the efforts to build a working environment, corporate culture as well as progressive personnel policies have created satisfaction for all levels of employees in the organization;
- Satisfaction level increased with working age as well as the seniority at the Company. This showed the high cohesion in the organization.

ENVIRONMENTAL PROTECTION

METHOD OF GOVERNANCE

“As a pharmaceutical enterprise, Traphaco is aware that the production and trading of medicines - chemical & beauty products - dietary supplement have an impact on the environment.”

Therefore, for internal activities, we focus on controlling the consumption of fuel, raw materials in production and waste treatment at Traphaco’s plants - ensuring that the environmental standards are met; Minimize the use of non-renewable energy and natural resources, thereby contributing to the reduction of greenhouse gas emissions.

In 2020, thanks to the effectiveness of environmental management systems, Traphaco has no cases of violations of environmental laws and regulations.

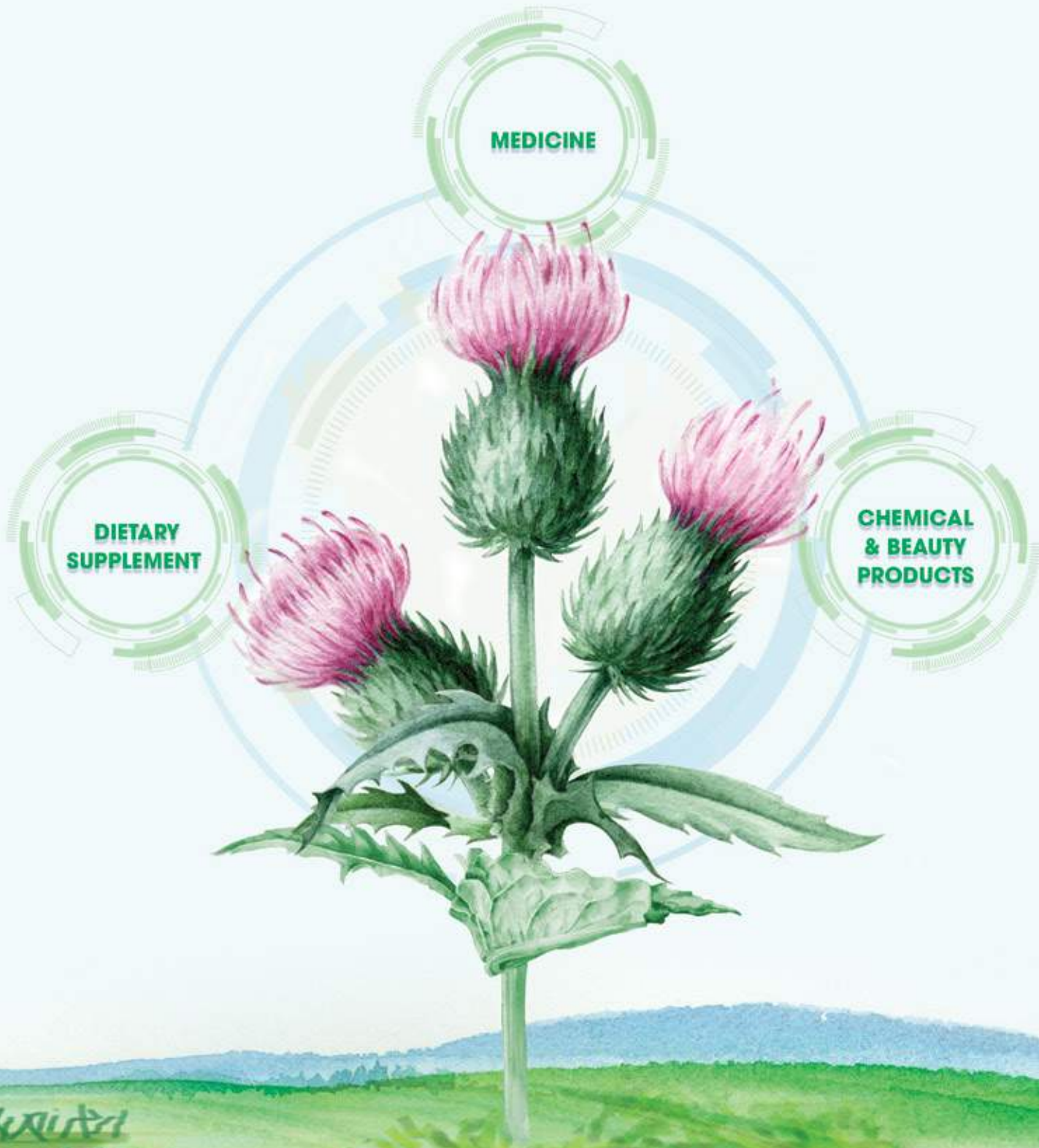
Capacity Assessment results achieved

THE PATH OF

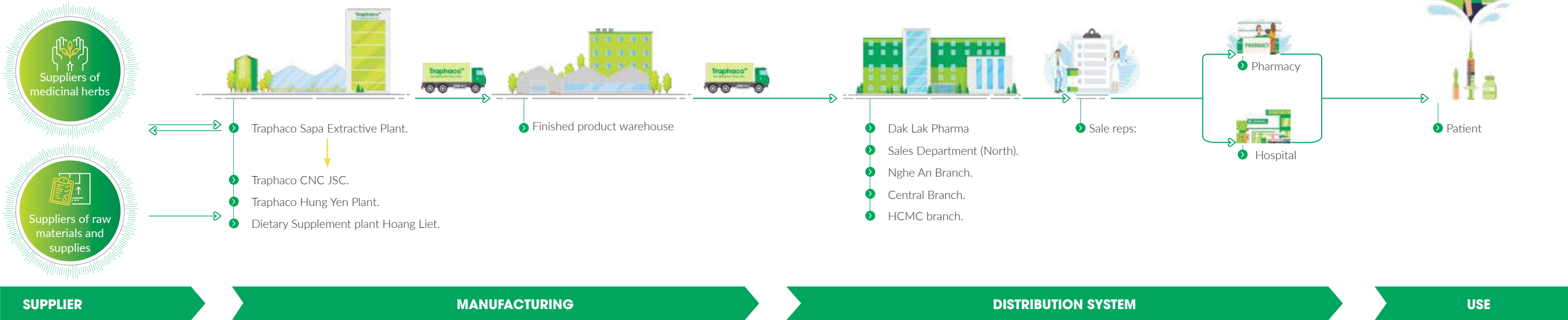
GREEN

HEALTH

Traphaco periodically conducts an evaluation with the Quacert unit regarding Environmental Management System Certification, the Company considers the following issues: the involvement of leadership and staffs in environmental management, environmental aspects, meaningful environmental aspects, follow and compliance with legal requirements, control of energy use, water and waste control, environmental cost savings initiatives, potential environmental incidents, etc., to help employees better understand and create an environment-friendly organization by themselves.



IDENTIFICATION OF ENVIRONMENTAL ASPECT IN SUPPLY CHAIN



“All of activities on the supply chain of Traphaco JSC are analyzed for environmental aspects, to identify the significant environmental aspects. From that, determine objectives and indicators to set up the environmental management program. Environmental aspects of the supply chain: Solid wastes, domestic wastes, hazardous wastes, natural resources, waste water, air pollution, dust, noise,...”

With respect to each aspect, management measures aim to limit the impact on the environment:

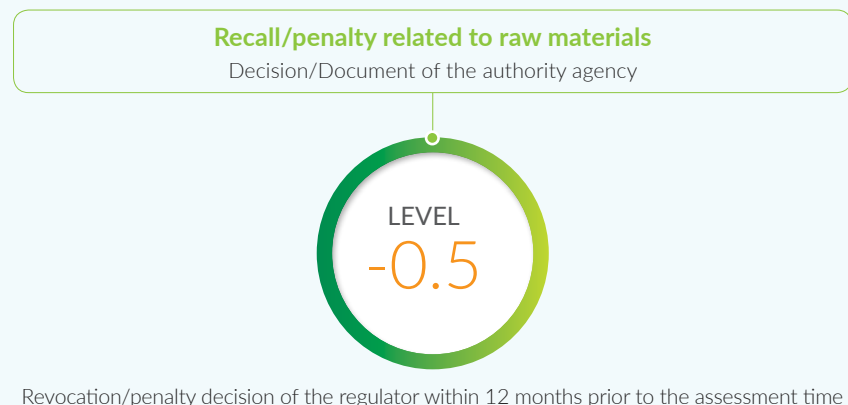
- Vehicles have to be eligibly registered for entry into service before running on roads.
- Orders are arranged for delivery on an appropriate route to save fuel consumption, reduce emissions to the environment.
- Packaging materials are selected with a priority be given to environment-friendly and recyclable
- Conventional and hazardous waste are classified at source.
- Equipment maintenance/Equipped with noise muffler.

The environmental impact associated with each environmental aspect is assessed on two sides:

1 Potential for adverse effects Frequency of occurrence is evaluated over the time of the incident				
Frequency of occurrence	Article 1	Article 2	Article 3	Article 4
time period	May occur one time in more than a year	Occurs every quarter to year	Occurs weekly to monthly	Occurs from day to week
2 Consequences of adverse effects can be caused to the environment				
Level of impact	Pollution Level (S)			
	Article 1	Article 2	Article 3	Article 4
Impact range	Very small and not significant	Local	Local and in the Company	Company and outside
Contamination concentration vs. environmental standards	Below the acceptable threshold	~ to 1 time	1 to 1.5 times	≥ 1.5 times
Use of natural resources	Utilize clean energy (wind - sunlight)	Utilize soil, water,... types of renewable resources	Non-renewable resources such as coal, oil and natural gas... Limited resources	Utilize, exploit and pollute the resources
Complaints from related parties	No	Not satisfactory comment	Complain	Complain
Violation of laws and other requirements	No	Risk of violation	Signs of violations	Violation
Control ability	Controlled	Can be controlled internally	Hard to be controlled internally	Uncontrollable

USE SUSTAINABLE MATERIALS

“Traphaco JSC continues to maintain “Standard of competitive selection of suppliers” which clearly shows that the Company encourages suppliers to apply environmental and safety management system, ensuring the suppliers go on the same path of sustainable development for the community.



USE OF WATER RESOURCES AND ENERGY SAVING - EFFECTIVELY

Use non-renewable energy sources

The Company uses gas and DO oil for two main purposes: cooking, and making testing products and running generators in unexpected case of electrical failure or notification of power outage from the regulator.

Total gas consumption in 2020: 3,027 kg

- Gas for cooking: 2,352 kg
- Gas for researching products: 675 kg

Total amount of DO oil for generator: ~ 120 liters.

Consumption of raw materials from renewable sources

Total electricity cost in 2020: VND 1,938,900,888

The Company mainly uses electricity for production and daily living activities, total power consumption in 2019 987.680 KW, of which:

- For manufacturing: 788,108 KW
- For office: 199,572 KW

Compared to 2019, the Company's electricity consumption is down by ~6.5% (2019: VND 2,073,455,000)

Maintain measures to reduce energy consumption

- Disseminates electricity and water saving to employees by training, posters.
- Limit the temperature of air conditioning on hot days.
- Use LED bulb to replace Compact bulb.
- Install sensors, sensory lamps to illuminate areas of corridors and office stairs.
- Minimize production at peak hours.
- Use inverter to automatically turn on/off for HVAC system.
- Have regulations about time, turn on duration, minimum outdoor temperature, closed-door when enter air-conditioning room... for each division, each staff.

“We can see that the issue of efficient use of resources and energy has always been paid special attention aligning with Traphaco's sustainable development orientation.



EFFECTIVE USE OF WATER RESOURCES

Input water by source

Total water usage: 10,730 m³

Data are updated directly from the supplier's water meter.

Water supplier: Hanoi Clean Water Co. Ltd.

Water provided by the supplier are met QCVN02/2009/ BYT of National Technical Regulation on domestic water quality.

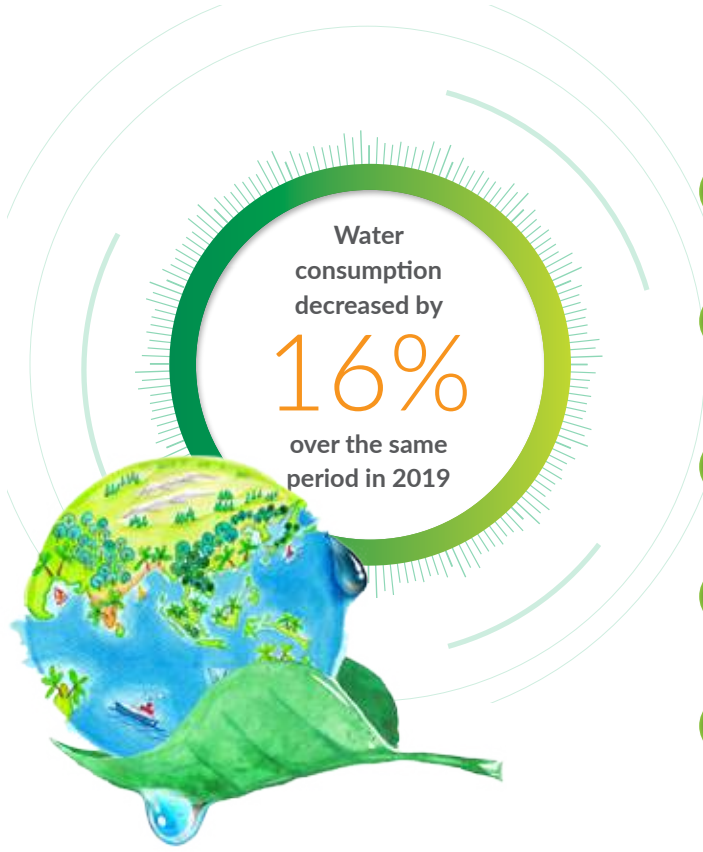
Every month the Company requests the water supplier to provide the results of water supply monitoring. Twice a year, the Company evaluates the water quality in internal pipelines.



Results of water quality monitoring in the Company's pipelines

No.	Criteria	Methods	Unit	20,561/127/1135	QCVN 02:2009/BYT
1	Color	TCVN 6185:2015	TCU	2	15
2	Taste	Observing methods	-	No strange scent or taste	No strange scent or taste
3	Turbidity	TCVN 6184:2008	NTU	0.51	5
4	Residual chlorine	TCVN 6225-3:2011	mg/L	<0.03	0.3 - 0.5
5	pH	TCVN 6492:2011	-	7.51	6 - 8.5
6	Ammonium content	TCVN 6179-1:1996	mg/L	<0.006	3
7	Total Iron content (Fe ²⁺⁺ Fe ³⁺)	SMEWW 3113B:2012	mg/L	<0.002	0.5
8	Pecmanganat index	TCVN 6186:1996	mg/L	0.80	4
9	Hardness calculated by CaCO ₃	TCVN 6224:1996	mg/L	122	350
10	Chloride content	TCVN 6194:1996	mg/L	18.0	300
11	Fluoride content (1)	TCVN 6494-1:2011	mg/l	<0.10	1.5
12	Total arsenic content	SMEWW 3113B:2012	mg/L	<0.0016	0.01
13	Total coliform	TCVN 8775:2011	Bacteria /100mL	0	50
14	E. Coli or Coliform heat-resistant	TCVN 6187-1:2009	Bacteria /100mL	0	0

Source: Station for monitoring and analyzing working environment in November 2020



The Company continues to maintain current water consumption reduction measures

- 1 Utilize water from the RO system to cool the equipment
- 2 Optimize hygiene processes for: washing bottles, sanitizing equipment, cleaning plants with standard operating procedures.
- 3 Continuous production to reduce the number of times for machines cleaning, reduce the energy consumption of water, reduce waste water.
- 4 Use wastewater after standard treatment for irrigation and campus sanitation.
- 5 Use of administrative measures: sticking water-saving posters, instruction in frequently-use water areas,
- 6 Remind people of keeping the equipment on and off for the right purpose and educate energy saving in internal trainings.

EFFECTIVE EMISSION-CONTROL

Emissions from generators: only use generators in unexpected cases such as power failure. The Company plans to proactively schedule production as soon as there is a notice of power failure.

Exhaust emissions from vehicles entering and leaving the plants (vehicles of employees and vehicles transporting raw materials and finished products) shall be minimized and controlled by the following measures:

- Spray water onto roads in dry days.
- Disseminate and sign the regulations on safety and environment with all contractors/suppliers when entering the Company.

Avoid using the means of transport beyond the time of circulation and the vehicle which is too old. All trucks must be periodically inspected by the Vietnam Register on Environmental Safety to be allowed to operate and are regularly maintained.



Results of emission monitoring in 2020

QCVN 19:2009/ BTNMT								
No.	Criteria	Methods	Unit	1 st	2 nd	3 rd	Average	concentration C*
Exhaust system HOOD 1 cabinet								
1	Ammonia and ammonium compounds (1)	IS 11255 (part 6):1999	mg/Nm³	<5.2	<5.2	<5.2	<5.2	50
2	Carbon oxit, CO	TCVN 7242:2003	mg/Nm³	<30.0	<30.0	<30.0	<30.0	1,000
3	Axit clohydric, HCl	TCVN 7244:2003	mg/Nm³	<1.00	<1.00	<1.00	<1.00	50
4	Hydro sunphua, H ₂ S ⁽¹⁾	IS 11255 (part 4):2006	mg/Nm³	<2.0	<2.0	<2.0	<2.0	7.5
5	Sulfur dioxide, SO ₂	TCVN 6750:2000	mg/Nm³	<6.00	<6.00	<6.00	<6.00	500
6	Nitrous oxide, NO _x (calculated in NO ₂)	TCVN 7172:2002	mg/Nm³	<5.00	<5.00	<5.00	<5.00	850
Exhaust system HOOD 2 cabinet								
1	Ammonia and ammonium compounds (1)	IS 11255 (part 6):1999	mg/Nm³	<5.2	<5.2	<5.2	<5.2	50
2	Carbon oxit, CO	TCVN 7242:2003	mg/Nm³	<30.0	<30.0	<30.0	<30.0	1,000
3	Axit clohydric, HCl	TCVN 7244:2003	mg/Nm³	<1.00	<1.00	<1.00	<1.00	50
4	Hydro sunphua, H ₂ S ⁽¹⁾	IS 11255 (part 4):2006	mg/Nm³	<2.0	<2.0	<2.0	<2.0	7.5
5	Sulfur dioxide, SO ₂	TCVN 6750:2000	mg/Nm³	<6.00	<6.00	<6.00	<6.00	500

Source: Station for monitoring and analyzing working environment in November 2020

APPENDIX

Safety, health and environmental requirements for contractors
working at Traphaco JSC

1. The contractor must comply with regulations on occupational safety and environment.
2. The contractor must ensure that employees working at the Company are competent, aware of and shall comply with the Company's regulations.
3. The contractor must take full responsibility before law for labor safety and environmental issues arising from the construction process.
4. The contractor must assign a person responsible for occupational safety and sanitation and this person must be present during the construction period to supervise the construction area.
5. Contractors must organize professional and technical training for workers and employees who perform jobs subject to strict labor safety requirements and must have safety cards (or equivalent papers) and provide Traphaco JSC upon request.
6. Before starting the construction, the Contractor must devise a construction plan or perform a work safety analysis and be accepted by the management department.
7. All staffs and employees of the contractor working at Traphaco JSC must: Fully understand regulations of Traphaco JSC.
8. During the construction process, wear labor protection equipment suitable for each specific job.
9. Do not arbitrarily take photos and interfere with the system of equipment, machinery,... without permission of the management department.
10. If any equipment on the list is subject to strict registration, it must be tested and provided with inspection documents before being brought into Traphaco JSC. For supportive or hand-held devices (saws, grinders, welders, safety belts, scaffolds, etc.), the contractor must ensure safety before use.
11. Dangerous, flammable and explosive objects: Chemicals, gasoline, oil, ... when brought into the Company must be declared to the Company at the security.
12. If there is an accident, injury, incident (regardless of whether it is heavy or light) about safety - environment, the contractor is responsible for reporting to Traphaco's employees and responsible people for assistance and direction to handle: Failure to report will be handled on a case by case basis.
13. Wishing to be a long-term partner, Traphaco JSC encourages contractors to buy accident insurance for all their employees when working at Traphaco JSC.
14. During the course of work, if Traphaco JSC detects any violation of the contractor, depending on the seriousness of the violation, there will be sanctions ranging from warning to temporary of full suspension of construction, the contractor must bear all the costs arising from this incident.

This annex is made into copies.
Enclosed with contract no:

WASTEWATER AND WASTE CONTROL

Industrial wastewater

“The Company has procedures and appoints staffs to monitor and operate daily wastewater treatment system, to check the quality of wastewater after treatment and to take measures to improve in time. Have a daily log for system operation.

The technology of wastewater treatment system

- Industrial wastewater collection and treatment system is built based on biotechnology, designed capacity of 30 m³/day and night.
- The daily-life wastewater collection and treatment system applies the technology of mobile microfiltration, designed capacity of 50 m³/day and night.

Discharge modes: Continuity.

Discharge method: Self-flowing.

Wastewater receiving sources: Wastewater after treatment is discharged into the common drainage system of Hoang Liet Ward, Hoang Mai District, Hanoi.

Criteria applicable to wastewater: QCVN 40: 2011/BTNMT (National Technical Regulation on Industrial Wastewater) and QCVN 14: 2008/ BTNMT.

The Company has an independent unit to periodically check the quality of wastewater every 06 months. The wastewater after treatment at the final discharge point of the system before being discharged into the environment at all times of the year meets the standards of wastewater according to the criteria in discharge permit.

Table: Analysis results of wastewater at the final point of discharge before being discharged into the environment, 2020

No.	Criteria	Methods	Unit	20.561/127/ NT/1134	QCTĐHN 02:2014/ BTNMT	QCVN 14:2008/ BTNMT
					(B)*	
1	Temperature	SMEWW 2550B:2012	°C	30.4	40	-
2	Color	TCVN 6185:2015	Pt/Co	13	150	-
3	pH	TCVN 6492:2011	-	7.90	5.5 ÷ 9	5 ÷ 9
4	BOD5 (20°C)	TCVN 6001-1:2008	mg/L	<1.0	50	50
5	COD	SMEWW 5220C:2012	mg/L	13.1	150	-
6	Floating solids	TCVN 6625:2000	mg/L	19	100	100
7	Total dissolved solids	SOP-TDS	mg/L	270	1.200	1.000
8	Animal and vegetable fats and oils (1)	TCVN 5070:1995	mg/L	<0.30	24	20
9	Phosphate (PO ⁴³⁻) (in P) (1)	TCVN 6202:2008	mg/L	0.170	12	10
10	Total phenol (1)	TCVN 6216:1996	mg/L	<0.003	0.5	-
11	Total cyanide (1)	SMEWW 4500-CN-C&E:2012	mg/L	0.006	0.1	-
12	Sulfur	TCVN 6637:2000	mg/L	<0.022	0.5	4
13	Ammonium (calculated by N)	TCVN 6179-1:1996	mg/L	<0.06	10	10
14	Nitrate (NO ³⁻) (calculated by N) (1)	TCVN 6494-1:2011	mg/L	0.20	60	50
15	Total Nitrogen (1)	SMEWW 4500-N.C:2012	mg/L	7.15	40	-
16	Total phosphorus (in P)	TCVN 6202:2008	mg/L	0.23	6	-
17	Chloride	TCVN 6194:1996	mg/L	35.0	1.000a	-
18	Residual chlorine	TCVN 6225-3:2011	mg/L	<0.17	2	-
19	Coliform	TCVN 6187-2:1996	Bacteria/ 100mL	4.300	5.000	5.000
20	Total surfactants (1)	TCVN 6622-1:2000	g/L	<0.50	12	10

Source: Station for monitoring and analyzing working environment in November 2020



Waste and hazardous waste

No.	Waste name	Weight (kg)	Method of processing	Unit
1	Solid waste	4,800	Burning	Hoang Mai Investment-Building Project Management Unit
2	Scrap: Carton packaging, materials	1,995	Recycling	Tien Dung Investment Co. Ltd.
3	Hazardous waste	445	Clean, incinerate, bury.	Urenco10 Urban and Industrial Environment JSC, transports and treats hazardous waste annually

Measures for waste management and recycling:

- Classify at source, disseminate and implement waste classification regulations in each division or unit.
- Place collection bins at places that are convenient for identification, storage.
- Carry out regular transportation of waste and recycle waste according to the Company's regulations.
- Recycling contract has been signed with Tien Dung Investment Co. Ltd.
- Domestic waste has been signed with Hoang Mai Investment-Building Project Management Unit.

Measures to manage hazardous waste:

- The Company has made the report and registration of the hazardous waste source with the Department of Natural Resources and Environment of Hanoi and was granted the register of hazardous waste source owner, hazardous waste code: 01.000054.T
- Regularly collect, classify and store wastes in separate tanks, with HW label in strict compliance with the provisions of Circular No. 36/2015/TT-BTNMT.
- Regulations and instructions are disseminated to all employees in the Company.
- Storage houses have shelves, walls, lock doors and have a warning sign in accordance with TCVN 6707:2009.
- Assign the specialized unit to perform the task of monitoring and managing hazardous wastes.
- The contractors entering the workplace are disseminated and complied with the Company's waste management procedures.

MAXIMUM ENVIRONMENTAL INCIDENTS

PREVENTION

RESPONSE & REMEDY

Environmental incident is an important regulation defined in Section 3, Chapter X of the Environment Protection Law 2014 and many other provisions such as regulations on environmental protection planning.

The Company safety committee has identified the risks of causing environmental incidents in the production and business stages: Waste water, chemical spill, microbiological leakage, flood,...

For each specific situation, there are different prevention options, which are specified in the "Emergency response procedure" which clearly identifies a number of emergency situations.



COMPLIANCE

WITH ENVIRONMENTAL REGULATIONS

The Company complies and does not violate environmental legislation and follow the guidance of the environmental management agency.

Maintain updating and evaluating the influence of legal documents on the Company's system.

Systemize relevant legal documents that are constantly updated on the Company's internal network and inform the influence of the documents to related divisions.



PROFIT AFTER
TAX
217
VND BILLION

EQUITY
1,172
VND BILLION

PROFIT BEFORE
TAX
267
VND BILLION

TOTAL REVENUE
1,908
VND BILLION



THE CONSOLIDATED FINANCIAL STATEMENT

- 186 Report of the Board of Management
- 188 Report of the Independent Auditor
- 189 The consolidated balance sheet
- 191 The consolidated income statement
- 192 The consolidated cash flow
- 194 Notes on the consolidated financial statements

TOTAL ASSETS
1,650
VND BILLION

Integrity
for development

Building a culture of Traphaco in a new period is essential to increase confidence and prepare for a long-term vision. Integrity is a ruler to measure all activities and the highest value that underpins the long-term development and prosperity of the Company.



STATEMENT OF THE EXECUTIVE BOARD

The Executive Board of Traphaco Joint Stock Company (the “Company”) presents this report together with the Company's consolidated financial statements for the year ended 31 December 2020.

THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND BOARD OF SUPERVISION

The members of the Board of Directors, Executive Board and Board of Supervision of the Company who held office during the year and to the date of this report are as follows:

Board of Directors

Ms. Vu Thi Thuan	Chairwoman
Mr. Nguyen Anh Tuan	Vice Chairman
Mr. Tran Tuc Ma	Member
Mr. Kim Dong Hyu	Member
Mr. Vu Tri Thuc	Member (appointed on 26 March 2020)
Mr. Lee Tae Yon	Member (appointed on 26 March 2020)
Mr. Chung Ji Kwang	Member (appointed on 26 March 2020)
Mr. Nguyen Quoc Huy	Member (resigned on 26 March 2020)
Mr. Lee Choong Hwan	Member (resigned on 26 March 2020)
Mr. Ji Chang Won	Member (resigned on 26 March 2020)

Executive Board

Mr. Tran Tuc Ma	Chief Executive Officer
Mr. Nguyen Huy Van	Executive Officer
Ms. Nguyen Thi Lan	Executive Officer
Mr. Nguyen Van Bui	Executive Officer
Mr. Kim Dong Hyu	Executive Officer

Board of Supervision

Mr. Duong Duc Hung	Head of Board of Supervision
Ms. Nguyen Thanh Hoa	Member
Mr. Kwon Ki Bum	Member (appointed on 26 March 2020)
Ms. Tran Thi Ly	Member (resigned on 26 March 2020)

THE EXECUTIVE BOARD'S STATEMENT OF RESPONSIBILITY

The Executive Board of the Company is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Executive Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Executive Board is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Executive Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Executive Board confirms that the Company has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Executive Board,



Tran Tuc Ma
Chief Executive Officer
05 March 2021

To: The shareholders
The Board of Directors and Executive Board of
Traphaco Joint Stock Company

We have audited the accompanying consolidated financial statements of Traphaco Joint Stock Company (the “Company”), prepared on 05 March 2021 as set out from page 189 to page 215, which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Executive Board's Responsibility for the Consolidated Financial Statements

The Executive Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting and for such internal control as the Executive Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.



Dang Chi Dung
Deputy General Director
Audit Practising Registration Certificate
No. 0030-2018-001-1

Do Trung Kien
Auditor
Audit Practising Registration Certificate
No. 0030-2018-001-1

Deloitte.

DELOITTE VIETNAM COMPANY LIMITED

05 March 2021
Hanoi, S.R. Vietnam

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,010,170,000,951	888,025,065,162
I. Cash and cash equivalents	110	4	308,893,810,924	297,466,318,638
1. Cash	111		163,893,810,924	207,466,318,638
2. Cash equivalents	112		145,000,000,000	90,000,000,000
II. Short-term financial investments	120		107,494,269,891	14,500,000,000
1. Held-to-maturity investments	123	5	107,494,269,891	14,500,000,000
III. Short-term receivables	130		185,987,872,054	163,014,157,863
1. Short-term trade receivables	131	6	164,674,314,902	138,089,031,947
2. Short-term advances to suppliers	132	7	17,705,878,321	18,255,858,091
3. Other short-term receivables	136	8	10,578,447,190	12,690,697,953
4. Provision for short-term doubtful debts	137	9	(6,970,768,359)	(6,021,430,128)
IV. Inventories	140	10	351,803,505,794	364,250,561,407
1. Inventories	141		354,149,880,456	365,620,223,427
2. Provision for devaluation of inventories	149		(2,346,374,662)	(1,369,662,020)
V. Other short-term assets	150		55,990,542,288	48,794,027,254
1. Short-term prepayments	151	11	1,509,695,995	3,403,818,611
2. Value added tax deductibles	152		41,261,058,377	42,121,696,818
3. Taxes and other receivables from	153	19	13,219,787,916	3,268,511,825
B. NON-CURRENT ASSETS	200		640,655,589,981	683,486,922,926
I. Fixed assets	220		588,565,778,286	619,527,444,271
1. Tangible fixed assets	221	12	534,114,047,091	567,041,810,467
- Cost	222		1,001,740,588,289	960,887,228,076
- Accumulated depreciation	223		(467,626,541,198)	(393,845,417,609)
2. Intangible assets	227	13	54,451,731,195	52,485,633,804
- Cost	228		62,823,886,429	59,465,654,975
- Accumulated amortisation	229		(8,372,155,234)	(6,980,021,171)
II. Long-term assets in progress	240		7,941,130,776	14,423,333,008
1. Construction in progress	242	14	7,941,130,776	14,423,333,008
III. Long-term financial investments	250		500,000,000	500,000,000
Equity investments in other entities	253	15	500,000,000	500,000,000
IV. Other long-term assets	260		43,648,680,919	49,036,145,647
1. Long-term prepayments	261	11	23,744,630,024	39,195,773,272
2. Deferred tax assets	262	16	17,347,320,171	4,669,421,421
3. Long-term reserved spare parts	263		206,298,472	-
4. Goodwill	269	17	2,350,432,252	5,170,950,954
TOTAL ASSETS (270=100+200)	270		1,650,825,590,932	1,571,511,988,088

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2020

B 01-DN/HN

Unit: VND				
RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		478,376,329,432	453,482,230,205
I. Current liabilities	310		433,820,800,272	343,492,701,045
1. Short-term trade payables	311	18	144,624,067,095	102,706,696,269
2. Short-term advances from customers	312		322,002,917	167,908,888
3. Taxes and amounts payable to the State budget	313	19	28,860,010,718	24,596,541,925
4. Payables to employees	314		51,962,508,508	42,337,824,517
5. Short-term accrued expenses	315	20	53,538,014,410	27,352,408,849
6. Short-term unearned revenue	318	21	26,361,695,568	20,480,269,378
7. Other current payables	319	22	89,057,881,868	88,508,937,169
8. Short-term loans and obligations under finance leases	320	23	34,434,000,000	34,434,000,000
9. Bonus and welfare funds	322		4,660,619,188	2,908,114,050
II. Long-term liabilities	330		44,555,529,160	109,989,529,160
1. Long-term loans and obligations under finance leases	338	24	44,555,529,160	109,989,529,160
D. EQUITY	400		1,172,449,261,500	1,118,029,757,883
I. Owners' equity	410	25	1,171,159,703,077	1,116,169,959,036
1. Owners' contributed capital	411		414,536,730,000	414,536,730,000
- Ordinary shares carrying voting rights	411a		414,536,730,000	414,536,730,000
2. Share premium	412		133,021,732,000	133,021,732,000
3. Other owner's capital	414		9,652,783,012	9,652,783,012
4. Treasury shares	415		(3,593,000)	(3,593,000)
5. Investment and development fund	418		389,305,345,240	377,188,672,853
6. Retained earnings	421		131,469,156,763	95,211,969,791
- Retained earnings accumulated to the prior year end	421a		40,919,432,839	42,591,709,898
- Retained earnings of the current year	421b		90,549,723,924	52,620,259,893
7. Non-controlling interests	429		93,177,549,062	86,561,664,380
II. Other resources and funds	430		1,289,558,423	1,859,798,847
1. Subsidised funds	431		403,039,884	839,374,300
2. Funds for fixed assets acquisition	432		886,518,539	1,020,424,547
TOTAL RESOURCES (440=300+400)	440		1,650,825,590,932	1,571,511,988,088


Nguyen Thi Ngoc Thuy
Preparer


Dinh Trung Kien
Chief Accountant



Tran Tuc Ma
Chief Executive Officer
05 March 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

B 02-DN/HN

Unit: VND				
ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	28	1,914,335,576,570	1,716,062,237,858
2. Deductions	02	28	5,465,564,286	5,622,769,436
3. Net revenue from goods sold and services rendered (10=01-02)	10	28	1,908,870,012,284	1,710,439,468,422
4. Cost of sales	11	29	877,456,366,604	770,011,246,983
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,031,413,645,680	940,428,221,439
6. Financial income	21	31	7,117,222,669	4,773,654,144
7. Financial expenses	22	32	11,528,502,397	17,805,246,529
- In which: Interest expense	23		11,442,619,337	17,764,076,691
8. Selling expenses	25	33	507,990,576,438	489,643,762,133
9. General and administration expenses	26	33	254,351,128,124	222,945,532,474
10. Operating profit (30=20+(21-22)-(25+26))	30		264,660,661,390	214,807,334,447
11. Other income	31		2,443,912,620	2,495,861,511
12. Other expenses	32		455,599,002	2,464,458,556
13. Profit from other activities (40=31-32)	40		1,988,313,618	31,402,955
14. Accounting profit before tax (50=30+40)	50		266,648,975,008	214,838,737,402
15. Current corporate income tax expense	51	34	62,579,295,769	42,433,441,791
16. Deferred corporate tax (income)/expense	52	34	(12,677,898,750)	1,813,069,107
17. Net profit after corporate income tax (60=50-51-52)	60		216,747,577,989	170,592,226,504
In which:				
Profit after tax attributable to the Holding Company	61		195,787,070,067	153,427,254,762
Profit after tax attributable to non-controlling interests	62		20,960,507,922	17,164,971,742
18. Basic earnings per share	70	35	4,185	3,253


Nguyen Thi Ngoc Thuy
Preparer


Dinh Trung Kien
Chief Accountant



Tran Tuc Ma
Chief Executive Officer
05 March 2021

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

B 03-DN/HN

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	266,648,975,008	214,838,737,402
2. Adjustments for:			
Depreciation and amortisation of fixed assets and goodwill	02	81,763,560,138	82,099,343,496
Provisions	03	1,926,050,873	1,176,789,555
Foreign exchange gain arising from translating foreign currency items	04	(97,597,355)	(9,270,781)
Gain from investing activities	05	(6,033,645,812)	(3,504,445,175)
Interest expense	06	11,442,619,337	17,764,076,691
3. Operating profit before movements in working capital	08	355,649,962,189	312,365,231,188
Change in receivables	09	(14,405,895,645)	(20,896,847,443)
Change in inventories	10	11,264,044,499	(25,404,876,287)
Change in payables (excluding accrued loan interest and corporate income tax payable)	11	77,836,348,903	29,840,731,289
Change in prepaid expenses	12	4,146,018,864	6,170,088,090
Interest paid	14	(11,550,860,864)	(17,908,686,932)
Corporate income tax paid	15	(53,557,731,092)	(45,746,821,997)
Other cash inflows	16	730,807,880	2,130,000,000
Other cash outflows	17	(23,827,890,908)	(23,495,230,752)
Net cash generated by operating activities	20	346,284,803,826	217,053,587,156
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(44,124,870,857)	(31,921,925,665)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	102,900,000	492,145,912
3. Cash outflow for lending, buying debt instruments of other entities	23	(118,494,269,891)	(10,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	25,500,000,000	4,900,000,000
5. Interest earned, dividends and profits received	27	4,583,562,025	4,485,042,828
Net cash used in investing activities	30	(132,432,678,723)	(32,044,736,925)

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	-	1,023,239,617
2. Repayment of borrowings	34	(65,434,000,000)	(63,502,286,388)
3. Dividends and profits paid	36	(136,986,422,558)	(141,193,892,558)
Net cash (used in) financing activities	40	(202,420,422,558)	(203,672,939,329)
Net increase/(decrease) in cash (50=20+30+40)	50	11,431,702,545	(18,664,089,098)
Cash and cash equivalents at the beginning of the year	60	297,466,318,638	316,133,597,252
Effects of changes in foreign exchange rates	61	(4,210,259)	(3,189,516)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	308,893,810,924	297,466,318,638

Nguyen Thi Ngoc Thuy
Preparer

Dinh Trung Kien
Chief Accountant



Tran Tuc Ma
Chief Executive Officer

05 March 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements
B 09-DN/HN

1. GENERAL INFORMATION

Structure of ownership

Traphaco Joint Stock Company (the “Company”) is a joint stock company which was transformed from a State-owned enterprise into a Joint Stock Company under Decision No. 2566/1999/QĐ-BGTVT dated 27 September 1999 issued by the Minister of Transport and the Enterprise Registration Certificate No. 058437 issued by the Hanoi Authority for Planning and Investment for the first time on 24 December 1999, and the amended Enterprise and Tax Code Registration Certificate No. 0100108656 with the latest (23rd) amendment granted by the Hanoi Authority for Planning and Investment on 06 April 2020.

The Company's head office is located at No. 75 Yen Ninh street, Quan Thanh ward, Ba Dinh district, Ha Noi, Viet Nam.

The Company's shares are listed on the Ho Chi Minh City Stock Exchange since November 2008 under the trading code TRA.

The number of employees as at 31 December 2020 was 1.437 (31 December 2019: 1.438).

Operating industry and principal activities

Operating activities of the Company and its subsidiaries are production and trade of food and cosmetics; export and import of pharmaceutical materials and products; consultancy on manufacture of medicines and cosmetics; dispensing prescription drugs; production and trade of medicines, chemical and medical supplies and equipment; production and trade of alcohol, beer, soft drinks (not including bar operating); advisory services on medical technology transfer; purchasing, planting, processing pharmaceutical materials; retail of drugs, medical devices, cosmetics, sanitary products, food products in specialized stores; retail sale via mail order houses or via internet.

The principal activities of the Company and its subsidiaries are production and trade of pharmaceutical products, chemicals, medical supplies and equipment.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

As at 31 December 2020, the Company has 28 dependent units which are branches in 28 provinces, cities and 4 subsidiaries. Details of the Company's subsidiaries are as follows:

No.	Company name	Proportion of ownership interest (%)	Proportion of voting power held (%)	Head office's address	Principal activities
1	TraphacoSapa One Member Company Limited	100%	100%	Group 9, Sapa town, Sapa district, Lao Cai province	Planting herbs, processing pharmaceutical materials, agriculture and forestry products; Producing and trading medicine, pharmaceutical materials and food.
2	Traphaco Hi-tech Joint Stock Company	51%	51%	Tan Quang commune, Van Lam district, Hung Yen	Producing oriental medicine.
3	Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company	58%	58%	No. 9A Hung Vuong Street, Tu An ward, Buon Ma Thuot city, Dak Lak province	Producing and trading pharmaceutical products, nutritional foods; Exporting and importing medicines, pharmaceutical materials.
4	Traphaco Hung Yen Company Limited	100%	100%	Tan Quang commune, Van Lam district, Hung Yen	Producing western medicine.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2019.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting..

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Company's financial year begins on 01 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting requires the Executive Board to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Executive Board's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests’ share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is amortised on the straight-line basis over its estimated period of benefit of 10 years.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Held-to-maturity investments

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

Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Company’s investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment (if any). Provisions for impairment of investments in subsidiaries are made when there is reliable evidence for declining in value of these investments at the balance sheet date.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue and when the debtor is may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Inventories are recorded using the perpetual inventory method.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Buildings and structures	05 - 40
Machinery and equipment	02 - 15
Motor vehicles and transmission equipment	03 - 10
Office equipment	02 - 12
Others	05 - 20

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

Intangible assets and amortisation

Intangible assets represent land use rights and computer software those are stated at cost less accumulated amortisation.

Land use rights comprise the indefinite land use rights and the prepayment for the land lease contracts which are effective before the effective date of Land Law 2003, has paid rental for the entire lease term and for which, land use right certificates have been issued. Indefinite land use rights are not amortised.

Definite land use rights and computer software are amortised using the straight-line method over their estimated useful life, as follows:

	Years
Definite land use rights	30 - 50
Computer software	02 - 06

Leasing

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company’s accounting policy, including construction cost, equipment cost, other directly attributable cost. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including compensation and site clearance expense, tools and supplies issued for consumption, overhauling expenses of fixed assets and other types of prepayments, which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments and are allocated to the consolidated income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Accruals

Accrued expenses comprise discounts payable, remuneration of collaborators, pharmacist submissions and other accrued expenses, which are recognized based on reasonable estimates of the amount payable for the merchandise, services received from the seller or provided to the buyer during the year but not actually paid at the year end.

Revenue recognition

Revenue from the sale of goods

- Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:
- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
 - (b) the Company retains neither continuing managerial involvement to the degree usually associated with; ownership nor effective control over the goods sold;
 - (c) the amount of revenue can be measured reliably;
 - (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
 - (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering services

- Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:
- (a) the amount of revenue can be measured reliably;
 - (b) it is probable that the economic benefits associated with the transaction will flow to the Company;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

B 09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from rendering services (Continued)

- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	14,045,764,556	29,048,375,664
Demand deposits	149,807,980,868	178,073,178,174
Cash in transit	40,065,500	344,764,800
Cash equivalents (i)	145,000,000,000	90,000,000,000
	308,893,810,924	297,466,318,638

(i) Cash equivalents as at 31 December 2020 represent deposits in VND with original terms not exceeding 3 months, earning interest at the rate from 3.2% to 3.6% per annum (as at 31 December 2019: 5% per annum).

5. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investments as at 31 December 2020 represent bank deposits in VND with original term of more than 3 months and remaining term not exceeding 12 months, earning interest at the rates from 3.3% to 7.2% per annum (as at 31 December 2019: 5.3% - 8.1% per annum).

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
Nam Duong Investment Joint Stock Company	37,218,681,480	17,607,461,193
Lam Dong Pharmaceutical Joint Stock Company	5,134,457,450	5,262,353,991
Dak Nong Province General Hospital	4,263,803,752	2,302,510,942
Bac Ninh Pharmaceutical Joint Stock Company	3,466,087,340	4,599,021,521
Dak R'Lap District Medical Center	3,293,111,864	1,721,921,877
Life Care Vietnam Company Limited	2,237,372,158	3,333,447,647
Others	109,060,800,858	103,262,314,776
	164,674,314,902	138,089,031,947

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
Thanh Cong Investment - Construction Joint Stock Company	5,345,149,409	-
Ms. Tran Thi Tam	3,385,000,000	3,385,000,000
Chengdu Justgood Industry & IMP-EXP Trade Co., Ltd	1,352,732,400	348,450,000
Lien Vinh Trading Company Limited.	-	2,026,000,000
Others	7,622,996,512	12,496,408,091
	17,705,878,321	18,255,858,091

8. 8. SHORT-TERM OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
Advances to employees	4,933,178,813	6,760,875,079
Short-term deposits	2,951,445,458	2,116,186,670
Deposit interest receivable	1,864,143,958	333,561,643
Others	829,678,961	3,480,074,561
	10,578,447,190	12,690,697,953

9. BAD DEBTS

	Closing balance VND			Opening balance VND		
	Cost	Recoverable amounts	Provision	Cost	Recoverable amounts	Provision
- Mr. Nguyen Tuong Lam	2,336,744,473	-	2,336,744,473	2,336,744,473	-	2,336,744,473
- Traditional Medicine Hospital of Binh Phuoc Province	850,022,001	693,896,001	156,126,000	991,197,000	991,197,000	-
- Mr. Bui Trung Dung	698,838,980	-	698,838,980	698,838,980	-	698,838,980
- Khanh Son Health Center	-	-	-	757,078,788	-	757,078,788
- Others	12,663,428,565	8,884,369,659	3,779,058,906	2,305,491,826	76,723,939	2,228,767,887
	16,549,034,019	9,578,265,660	6,970,768,359	7,089,351,067	1,067,920,939	6,021,430,128

The recoverable amount of the bad debts is determined at cost less provision.

10. 10.INVENTORIES

	Closing balance VND		Opening balance VND	
	Cost	Provision	Cost	Provision
Goods in transit	3,429,383,014	-	2,223,210,830	-
Raw materials	118,470,173,690	2,303,078,919	165,874,226,455	1,351,322,415
Tools and supplies	185,978,811	-	478,397,330	-
Work in progress	34,755,358,477	-	25,244,344,049	-
Finished goods	129,069,478,163	39,457,298	123,413,202,559	10,897,996
Merchandise	67,956,155,067	3,838,445	48,386,842,204	7,441,609
Goods on consignment	283,353,234	-	-	-
	354,149,880,456	2,346,374,662	365,620,223,427	1,369,662,020

During the year, the Company and its subsidiaries made provision for devaluation of inventories with an amount of VND 1,118,767,272 (2019: VND 142,054,630) due to inventories being slow-moving, damaged or expired.

During the year, the Company reversed VND 142,054,630 (2019: VND 1,455,012,029) of provision that had been made in the previous year due to disposal and destruction of slow-moving, expired or damaged inventories.

11. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Current		
Overhauling expenses of fixed assets	357,846,739	1,917,912,878
Tools and supplies issued for consumption	161,516,289	382,503,713
Other short-term prepaid expenses	990,332,967	1,103,402,020
	1,509,695,995	3,403,818,611
b. Non-current		
Compensation and site clearance expense	12,263,346,460	25,279,310,307
Overhauling expenses of fixed assets	6,281,153,365	5,280,991,126
Tools and supplies issued for consumption	3,877,285,852	2,309,673,178
Pre-operation training expense	-	1,760,551,467
Other short-term prepaid expenses	1,322,844,347	4,565,247,194
	23,744,630,024	39,195,773,272

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles and transmission equipment VND	Management tools and equipment VND	Others VND	Total VND
COST						
Opening balance	343,073,315,357	520,259,824,130	73,287,857,812	18,750,028,827	5,516,201,950	960,887,228,076
Addition during the year	7,796,364,407	34,506,554,446	1,871,987,563	578,000,000	-	44,752,906,416
Disposals	(115,394,900)	(1,865,958,279)	(633,299,909)	(1,277,509,115)	(7,384,000)	(3,899,546,203)
Reclasification	482,923,112	(482,923,112)	-	-	-	-
Closing balance	351,237,207,976	552,417,497,185	74,526,545,466	18,050,519,712	5,508,817,950	1,001,740,588,289
ACCUMULATED DEPRECIATION						
Opening balance	117,811,370,763	210,704,899,712	47,470,205,744	13,620,511,229	4,238,430,161	393,845,417,609
Charge for the year	21,626,768,398	47,916,086,358	6,487,057,830	1,335,255,360	246,874,531	77,612,042,477
Disposals	(115,394,900)	(1,801,327,238)	(633,299,909)	(1,273,512,841)	(7,384,000)	(3,830,918,888)
Reclasification	641,135,284	121,769,548	(8,897,675)	-	(754,007,157)	-
Closing balance	139,963,879,545	256,941,428,380	53,315,065,990	13,682,253,748	3,723,913,535	467,626,541,198
NET BOOK VALUE						
Opening balance	225,261,944,594	309,554,924,418	25,817,652,068	5,129,517,598	1,277,771,789	567,041,810,467
Closing balance	211,273,328,431	295,476,068,805	21,211,479,476	4,368,265,964	1,784,904,415	534,114,047,091

The cost of the Company's fixed assets as at 31 December 2020 includes VND 172,790,728,762 (31 December 2019: VND 144,652,132,255) of assets which have been fully depreciated but are still in use.

As noted further in Note 24, the Company has pledged its building and machinery, which has the carrying value of VND 155,442,779,568 as at 31 December 2020 (31 December 2019: VND 177,959,980,061), to secure banking facilities granted to the Company.

13. 13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Total VND
COST			
Opening balance	49,632,073,505	9,833,581,470	59,465,654,975
Additions	1,543,419,024	1,993,000,000	3,536,419,024
Disposals	-	(178,187,570)	(178,187,570)
Closing balance	51,175,492,529	11,648,393,900	62,823,886,429
ACCUMULATED AMORTISATION			
Opening balance	1,991,041,658	4,988,979,513	6,980,021,171
Charge for the year	164,282,577	1,300,622,390	1,464,904,967
Disposals	-	(72,770,904)	(72,770,904)
Closing balance	2,155,324,235	6,216,830,999	8,372,155,234
NET BOOK VALUE			
Opening balance	47,641,031,847	4,844,601,957	52,485,633,804
Closing balance	49,020,168,294	5,431,562,901	54,451,731,195

14. 14. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
ERP software project	3,346,580,250	680,000,000
Office building in Can Tho	2,352,727,272	2,352,727,272
Machinery and equipment	1,657,430,000	3,433,435,950
Office building in Gia Lai	-	5,194,752,092
Other constructions	584,393,254	2,762,417,694
	7,941,130,776	14,423,333,008

15. 15. EQUITY INVESTMENTS IN OTHER ENTITIES

Investment in other entities shows the amount of Dak Lak Pharmaceutical - Medical Equipment Joint Stock Company (a subsidiary of the Company) invested in the Tay Nguyen Eye Hospital Company Limited with the amount of VND 500,000,000, corresponding to 5% of ownership rate.

The Company has not assessed fair value of this investment as at the balance sheet date since there is no comprehensive guidance of relevant prevailing regulations on determination of fair value of these financial investments.

16. 16. DEFERRED TAX ASSETS

As at 31 December 2020, deferred tax assets reflect deferred tax assets related to the deductible temporary differences (including unpaid accruals, unearned revenue corresponding to unused accumulated reward points earned by customers and unrealized profits in inventories was eliminated when consolidation) and is determined at the corporate income tax rate from 10% to 20%.

17. 17. GOODWILL

	Goodwill for TraphacoSapa One Member Company Ltd. VND	Goodwill for Traphaco Hi-tech Joint Stock Company VND	Total VND
COST			
Opening balance	1,467,939,358	28,205,187,022	29,673,126,380
Closing balance	1,467,939,358	28,205,187,022	29,673,126,380
ACCUMULATED DEPRECIATION			
Opening balance	1,467,939,358	23,034,236,068	24,502,175,426
Charge for the year	-	2,820,518,702	2,820,518,702
Closing balance	1,467,939,358	25,854,754,770	27,322,694,128
NET BOOK VALUE			
Opening balance	-	5,170,950,954	5,170,950,954
Closing balance	-	2,350,432,252	2,350,432,252

18. 18. TRADE PAYABLES

	Closing balance VND		Opening balance VND	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
Namum CNC Co, Ltd	35,397,988,425	35,397,988,425	17,160,011,305	17,160,011,305
Daewoong Pharmaceuticals Co., Ltd	8,701,100,919	8,701,100,919	-	-
Agricultural Printing and Packing	3,357,387,622	3,357,387,622	5,394,441,454	5,394,441,454
Vimedimex Binh Duong Company Limited	2,905,344,441	2,905,344,441	3,776,231,109	3,776,231,109
Others	94,262,245,688	94,262,245,688	76,376,012,401	76,376,012,401
	144,624,067,095	144,624,067,095	102,706,696,269	102,706,696,269
Trade payables to related parties (Details presented in Note 36)	8,701,100,919	8,701,100,919	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

B 09-DN/HN

19. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payable/ adjustment during the year VND	Paid/ offset during the year VND	Closing balance VND
a. Receivables				
Output value added tax	55,084,583	55,084,583	-	-
Import, export duties	568,791,325	568,791,325	-	-
Corporate income tax	2,624,095,001	2,624,095,001	-	-
Land housing tax, land rental charges (i)	-	-	13,199,247,000	13,199,247,000
Other taxes	20,540,916	-	-	20,540,916
	3,268,511,825	3,247,970,909	13,199,247,000	13,219,787,916
b. Payables				
Output value added tax	4,366,958,458	48,358,530,514	49,999,343,603	2,726,145,369
Value added tax on imports	-	7,107,067,395	7,107,067,395	-
Import, export duties	-	930,846,479	930,846,479	-
Corporate income tax	16,703,240,462	60,097,179,070	53,557,731,092	23,242,688,440
Personal income tax	3,526,118,045	13,076,656,800	13,712,843,376	2,889,931,469
Other taxes	224,960	3,248,498,801	3,247,478,321	1,245,440
	24,596,541,925	132,818,779,059	128,555,310,266	28,860,010,718

(i) Land housing tax, land rental receivable is the amount of compensation, support for site clearance arising at Traphaco Hung Yen Company Limited (a subsidiary of the Company) that will be offset against the future land rent in accordance with Official Letter No. 1214/STC-GCS&DN dated 03 November 2020 of the Department of Finance of Hung Yen province and Official Letter No. 11/XN-CCTKV dated 25 December 2020 of the local tax department of My Hao - Van Lam.

20. ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Discounts payable	33,680,917,669	15,344,335,246
Allowance for collaborators and pharmacists	15,608,095,708	8,950,950,439
Accruals for interests expenses	114,000,000	222,241,527
Other accruals	4,135,001,033	2,834,881,637
	53,538,014,410	27,352,408,849

21. SHORT-TERM UNEARNED REVENUE

Short-term unearned revenue reflects the revenue corresponding to the accumulated reward points which customers earned by purchasing the Company's products according to the Company's sales policy but not yet redeemed for products and gifts at the end of the financial year.

22. OTHER PAYABLES

	Closing balance VND	Opening balance VND
Dividends payable to shareholders	84,998,092,978	85,108,875,478
Trade union fee and compulsory insurance	846,240,644	543,574,162
Remuneration of the Board of Directors	302,192,180	374,192,150
Other payables	2,911,356,066	2,482,295,379
	89,057,881,868	88,508,937,169
Dividends payable to related parties (Details presented in Note 36)	62,830,372,000	62,830,372,000

23. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance VND		In the year VND		Closing balance VND	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
Current portion of long-term loans (Note 24)	34,434,000,000	34,434,000,000	34,434,000,000	34,434,000,000	34,434,000,000	34,434,000,000
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch	2,014,000,000	2,014,000,000	2,014,000,000	2,014,000,000	2,014,000,000	2,014,000,000
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch	31,920,000,000	31,920,000,000	31,920,000,000	31,920,000,000	31,920,000,000	31,920,000,000
- Hung Yen Environmental Protection Fund	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
	34,434,000,000	34,434,000,000	34,434,000,000	34,434,000,000	34,434,000,000	34,434,000,000

24. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance VND		In the year VND		Closing balance VND	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch (i)	7,726,600,000	7,726,600,000	-	3,014,000,000	4,712,600,000	4,712,600,000
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch (ii)	135,196,929,160	135,196,929,160	-	61,920,000,000	73,276,929,160	73,276,929,160
- Hung Yen Environmental Protection Fund (iii)	1,500,000,000	1,500,000,000	-	500,000,000	1,000,000,000	1,000,000,000
	144,423,529,160	144,423,529,160	-	65,434,000,000	78,989,529,160	78,989,529,160

In which:

- Amount due for settlement within	34,434,000,000	34,434,000,000
- Amount due for settlement after 12 months	109,989,529,160	44,555,529,160

- (i) Represents loans under Credit Contract No. 01/2015-HDTDDA/NHCT170-Traphacosapa dated 26 October 2015 signed between TraphacoSapa Company Limited (a subsidiary of the Company) and Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch. The credit limit is VND 12,000,000,000; the loans are used to pay for expenses of project investment in processing plant, for trading activities of medicine, pharmaceuticals and functional foods in Dong Pho Moi Industrial Zone. The loan term is 84 months since the first disbursement date. The loans bear floating interest rate; loan interest is payable monthly. The principal is payable in 25 instalments every 3 months; grace period is 9 months from the first disbursement date. TraphacoSapa Company Limited used buldings and structures, machines and equipment as collateral for this loan.
- (ii) Represents loans under Loan Agreement No. 350/2017-HDCVDADT/NHCT124-TRAPHACO HUNG YEN dated 31 August 2017 signed between Traphaco Hung Yen Co., Ltd. (a subsidiary of the Company) and Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch. The credit limit is VND 250,000,000,000, which is used to pay for legal project investment costs of Vietnam Pharmaceutical Factory. The loan term is 84 months from the date following the first disbursement date. The loans bear floating interest rate; loan interest is payable monthly. The principal is pay in 24 instalments every 3 months; grace period is 12 months from the date following the first disbursement date. The loan's collateral includes all machinery and equipment of the Vietnam Pharmaceutical Manufacturing Plant Project, including but not limited to, the following: Production lines for tablets, liquid medicine - syrup, eye- nose drops; properties attached to land formed from the Project; guarantee of Traphaco JSC for at least VND 250 billion of borrowing amount during the loan outstanding.

- (iii) Represents loans under Credit Contract No. 01/2017/HDTD/QBVM-TRAPHACO dated 07 August 2017 signed between Traphaco Hung Yen Co., Ltd. (a subsidiary of the Company) and the Hung Yen Environmental Protection Fund. The loan amount is VND 2,000,000,000, which is used to purchase equipment for the waste-water treatment plant of the Vietnam Pharmaceutical Factory. Loan term is 5 years from the date of signing the contract. The loans bear fixed interest rate of 3.6% per annum and interest is payable quarterly. The principal is payable once per year in 4 years; the grace period is 01 year from the date of signing the contract. The loan is secured by the bank guarantee.

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
Within one year	34,434,000,000	34,434,000,000
In the second year	35,118,600,000	35,434,000,000
From third year to fifth year	9,436,929,160	74,555,529,160
	78,989,529,160	144,423,529,160
Less: Amount due for settlement within 12 months (show under current liabilities)	34,434,000,000	34,434,000,000
Amount due for settlement after 12 months	44,555,529,160	109,989,529,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

B 09-DN/HN

25. OWNERS' EQUITY

Movement in owners' equity:

	Owners' contributed capital VND	Share premium VND	Other owners' capital VND	Treasury shares VND	Investment and development fund VND	Retained earnings VND	Non - controlling interests VND	Total VND
Prior year's opening balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	366,638,254,471	95,763,019,441	86,450,773,911	1,106,059,699,835
Profit in the year	-	-	-	-	-	15,342,254,762	17,164,971,742	170,592,226,504
Dividends declared from profit of 2018	-	-	-	-	-	(41,450,540,000)	(3,191,853,664)	(44,642,393,664)
Distributions to investment and development fund from profit of 2018	-	-	-	-	10,550,418,382	(10,550,418,382)	-	-
Distributions to bonus and welfare funds from profit of 2018	-	-	-	-	-	(1,222,416,604)	(502,353,842)	(1,724,770,446)
Distributions to bonus and welfare funds from profit of 2019	-	-	-	-	-	(17,905,917,599)	(1,228,760,445)	(19,134,678,044)
Advances of dividends from profit of 2019	-	-	-	-	-	(82,901,080,000)	(12,118,362,394)	(95,019,442,394)
Other adjustments	-	-	-	-	-	52,068,173	(12,750,928)	39,317,245
Current year's opening balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	377,188,672,853	95,211,969,791	86,561,664,380	1,116,169,959,036
Profit in the year	-	-	-	-	-	195,787,070,067	20,960,507,922	216,747,577,989
Dividends declared from profit of 2019 (i)	-	-	-	-	-	(41,450,540,000)	(405,657,664)	(41,856,197,664)
Distributions to investment and development fund from profit of 2019 (i)	-	-	-	-	12,116,672,387	(12,116,672,387)	-	-
Distributions to bonus and welfare funds from profit of 2019 (i)	-	-	-	-	-	(703,260,265)	(448,158,468)	(1,151,418,733)
Distributions to bonus and welfare funds from profit of 2020 (ii)	-	-	-	-	-	(22,336,266,069)	(1,372,445,611)	(23,708,711,680)
Advances of dividends from profit of 2020 (iii)	-	-	-	-	-	(82,901,080,000)	(12,118,362,394)	(95,019,442,394)
Other adjustments	-	-	-	-	-	(22,064,374)	897	(22,063,477)
Current year's closing balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	389,305,345,240	131,469,156,763	93,177,549,062	1,171,159,703,077

- (i)

The Company and its subsidiaries paid dividends and distributed profits in 2019 according to the resolutions of the General Meeting of Shareholders and the Resolution of the Board of Directors.
- (ii)

During the year, the Company and its subsidiaries temporarily made distributions to the bonus and welfare fund from 2020 profit according to the plan approved by the Resolution of the General Meeting of Shareholders at the beginning of the year.
- (iii)

During the year, the resolutions of Board of Directors of the Company and its subsidiaries approved the payment of interim dividends from 2020 profit based on dividend payout plan approved by Resolution of the General Meeting of Shareholders at the beginning of the year.

Shares

	Closing balance	Opening balance
Number of shares issued to the public	41,453,673	41,453,673
Ordinary shares	41,453,673	41,453,673
Number of treasury shares	(3,133)	(3,133)
Ordinary shares	(3,133)	(3,133)
Number of outstanding shares in circulation	41,450,540	41,450,540
Ordinary shares	41,450,540	41,450,540
An ordinary share has par value of VND 10,000.		

Charter capital

According to the Company's 23rd amended Enterprise Registration Certificate issued by the Hanoi Authority for Planning and Investment on 06 April 2020, the Company's charter capital is VND 414,536,730,000. As at 31 December 2020, the charter capital has been fully contributed by the shareholders with ownership structure as follows:

	Closing balance			Opening balance		
	Number of shares	Ordinary shares	%	Number of shares	Ordinary shares	%
State Capital and Investment Corporation	14,786,512	147,865,120,000	35.67%	14,786,512	147,865,120,000	35.67%
Magbi Fund Limited	10,361,385	103,613,850,000	25.00%	10,361,385	103,613,850,000	25.00%
Super Delta Pte.Ltd	6,267,289	62,672,890,000	15.12%	6,267,289	62,672,890,000	15.12%
Other shareholders	10,035,354	100,353,540,000	24.20%	10,035,354	100,353,540,000	24.20%
Treasury shares	3,133	31,330,000	0.01%	3,133	31,330,000	0.01%
	41,453,673	414,536,730,000	100%	41,453,673	414,536,730,000	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

B 09-DN/HN

26. OFF BALANCE SHEET ITEMS

At the end of financial year, the Company had outstanding commitments under non-cancelable operating leases, which fall due as follows:

	Current year VND	Prior year VND
Within one year	4,651,605,601	4,692,893,760
In the second to fifth year inclusive	12,571,725,721	13,617,530,073
After five years	31,064,039,288	19,394,900,369
	48,287,370,610	37,705,324,202

Operating lease commitments represent the amount payable for land and office and other leases for the purpose of corporate production and business activities under the signed operating lease contracts.

	Closing balance	Opening balance
Foreign currencies		
United States Dollar (USD)	176,996,93	13,127,60
Bad debts written off		
Bad debts written off (VND)	4,686,410,816	2,560,552,240

27. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

During the year, the main operating activities of the Company and its subsidiaries are manufacturing and trading pharmaceuticals and related products, hence, the Company does not prepare the business segment report. Revenue and cost of sales are disclosed in Note 28 and Note 29.

Geographical segments

The business activities of the Company and its subsidiaries are conducted in the territory of Vietnam; therefore, the Company does not present geographical segment report.

28. REVENUE

	Current year VND	Prior year VND
Sales of merchandise and services	1,914,335,576,570	1,716,062,237,858
In which:		
Sales of finished goods	1,596,251,626,123	1,409,231,597,120
Sales of merchandises	316,690,525,414	302,588,990,735
Revenue from services rendered	1,393,425,033	4,241,650,003
Deductions	(5,465,564,286)	(5,622,769,436)
Sales return	(5,465,564,286)	(5,622,769,436)
Net revenue from goods sold and services rendered	1,908,870,012,284	1,710,439,468,422

29. COST OF SALES

	Current year VND	Prior year VND
Cost of finished goods sold	630,530,183,197	523,864,974,578
Cost of merchandise sold	246,682,966,260	245,566,589,108
Cost of services rendered	243,217,147	579,683,297
	877,456,366,604	770,011,246,983

30. PRODUCTION COST BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	487,856,650,398	396,076,106,221
Labour	412,359,130,062	378,555,089,168
Depreciation, amortisation of fixed assets and amortized of goodwill	81,763,560,138	82,099,343,496
Out-sourced services	160,803,673,111	153,206,505,492
Other expenses	265,499,381,229	233,601,241,179
	1,408,282,394,938	1,243,538,285,556

31. FINANCIAL INCOME

	Current year VND	Prior year VND
Interest income	5,864,144,340	3,963,125,017
Dividend income	250,000,000	200,000,000
Foreign exchange gain	319,252,801	43,538,571
Others	683,825,528	566,990,556
	7,117,222,669	4,773,654,144

32. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expenses	11,442,619,337	17,764,076,691
Other financial expenses	85,883,060	41,169,838
	11,528,502,397	17,805,246,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

B 09-DN/HN

33. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
General and administration expenses arising in the year		
Labour costs	129,275,894,380	113,434,723,884
Expenses for external services	26,319,946,884	28,594,672,475
Depreciation, amortisation of fixed assets and amortized of goodwill	23,894,988,135	22,299,707,062
Others	74,860,298,725	58,616,429,053
	254,351,128,124	222,945,532,474
Selling expenses arising in the year		
Labour costs	159,019,008,494	132,648,559,700
Advertising expenses	102,181,398,139	79,650,321,226
Support costs according to sales policy	76,392,610,885	61,647,833,098
Allowance for freelancers	56,565,714,689	71,719,419,301
Depreciation and amortisation	8,247,946,106	8,355,050,119
Other selling expenses	105,583,898,125	135,622,578,689
	507,990,576,438	489,643,762,133

34. CORPORATE INCOME TAX EXPENSE

Current corporate income tax expenses incurred by the companies are as follows:

	Current year VND	Prior year VND
Traphaco Joint Stock Company (i)	50,092,055,335	33,532,359,434
Traphaco Hung Yen Company Ltd. (ii)	5,470,248,733	4,591,057,229
Traphaco Hi-tech Joint Stock Company (iii)	5,209,306,438	2,556,452,542
Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company (i)	1,632,722,262	1,670,003,085
TraphacoSapa One Member Company Ltd. (iv)	174,963,001	83,569,501
	62,579,295,769	42,433,441,791

- (i) The corporate income tax of these companies are subject to the normal tax rate of 20%.
- (ii) The corporate income tax rate of Traphaco Hung Yen Company Limited is 20% of taxable income for common business activities. The subsidiary is exempted from corporate income tax for four years and is entitled to a 50% reduction of tax payable for the next nine years for income from scientific and technological activities according to Decree No. 13/2019/ND-CP dated 01 February 2019 regarding science and technology enterprises, the subsidiary enjoy the tax exemption for the second time in 2020.
- (iii) The corporate income tax rate of Traphaco Hi-tech Joint Stock Company is 10% on income from medicine production which meets GMP standards within 15 years from 2007. The company is exempted from corporate income tax for 4 years from 2007 to the end of 2010 and is entitled to a 50% reduction of corporate income tax for 9 years from 2011 to the end of 2019. Other business activities are subject to the normal tax rate 20%

- (iv) According to Official Dispatch No. 3087/CT-THNVDT dated 23 July 2018 from Lao Cai Department of Taxation, TraphacoSapa One Member Company Limited is exempted from corporate income tax on profits generated by the Dong Pharmaceutical Plant Project for a period of 4 years from 2017 to the end of 2020 and is entitled to a 50% reduction of payable tax for 9 years from 2021 to the end of 2029. Other business activities are subject to the normal tax rate 20%.

35. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2020 is based on the profit attributable to ordinary equity holders of the Holding Company and the weighted average number of ordinary shares as follows:

	Current year	Prior year (Restated)
Profit in the year attributable to ordinary shareholders of the Holding Company (VND)	195,787,070,067	153,427,254,762
- Distributions to bonus and welfare funds from the profits of the Holding Company and its subsidiaries (i)	(22,336,266,069)	(18,609,177,864)
Earnings for the purpose of calculating basic earnings per share (VND)	173,450,803,998	134,818,076,898
Average ordinary shares in circulation for the year (shares)	41,450,540	41,450,540
Basic earnings per share (VND)	4,185	3,253

- (i) The Company and its subsidiaries have temporarily made distributions to the bonus and welfare fund from 2020 profit based on plan approved by the Resolution of the General Meeting of Shareholders at the beginning of the year. This distributions to bonus and welfare fund might be subject to change under the approval of the General Meeting of Shareholders in 2021. Thus, the earnings for calculating basic earnings per share and basic earnings per share for 2020 might be changed accordingly.

At the same time, the Company redetermined the amount of bonus and welfare fund for the year ended 31 December 2019 as approved by the General Meeting of Shareholders of the Holding Company and its subsidiaries. In detail, the basic earnings per share for the year ended 31 December 2019 is presented as below:

	Prior year	
	Reported	Restated
Profit in the year attributable to ordinary shareholders of the Holding Company (VND)	153,427,254,762	153,427,254,762
- Distributions to bonus and welfare funds from the profits of the Holding Company and its subsidiaries (VND)	(17,905,917,599)	(18,609,177,864)
Earnings for the purpose of calculating basic earnings per share (VND)	135,521,337,163	134,818,076,898
Average ordinary shares in circulation for the year (shares)	41,450,540	41,450,540
Basic earnings per share (VND)	3,269	3,253

36. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances for the year:

Related parties	Relationship
State Capital and Investment Corporation	Major shareholder (i)
Magbi Fund Limited	Major shareholder (i)
Super Delta Pte.Ltd	Major shareholder (i)
Daewoong Pharmaceuticals Co., Ltd	Company related to members of the Board of Directors

- (i) Shareholders hold 5% or more of the voting shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

B 09-DN/HN

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

During the year, the Company entered into the following significant transactions with its related parties:

	Current year VND	Prior year VND
Purchases	27,402,005,588	-
Daewoong Pharmaceuticals Co., Ltd	27,402,005,588	-
Dividends paid	94,245,558,000	94,245,558,000
State Capital and Investment Corporation	44,359,536,000	44,359,536,000
Magbi Fund Limited	31,084,155,000	31,084,155,000
Super Delta Pte.Ltd	18,801,867,000	18,801,867,000

Significant related party balances as at the balance sheet date were as follows:

	Closing balance VND	Opening balance VND
Short-term trade payables	8,701,100,919	-
Daewoong Pharmaceuticals Co., Ltd	8,701,100,919	-
Dividends payable	62,830,372,000	62,830,372,000
State Capital and Investment Corporation	29,573,024,000	29,573,024,000
Magbi Fund Limited	20,722,770,000	20,722,770,000
Super Delta Pte.Ltd	12,534,578,000	12,534,578,000

Board of Directors and Executive Board's remuneration during the year:

	Current period VND	Prior period VND
Board of Directors	2,622,800,000	2,661,000,000
Ms. Vu Thi Thuan (Chairwomen)	1,507,500,000	1,309,000,000
Mr. Nguyen Anh Tuan (represent of SCIC)	438,300,000	472,000,000
Mr. Vu Tri Thuc (appointed on 26 March 2020, represent of SCIC)	297,000,000	-
Mr. Lee Tae Yon (appointed on 26 March 2020)	240,000,000	-
Mr. Lee Chong Hwan (resigned on 26 March 2020)	70,000,000	290,000,000
Mr. Nguyen Quoc Huy (resigned on 26 March 2020, represent of SCIC)	70,000,000	300,000,000
Mr. Marcus John Pitt (resigned on 06 August 2019)	-	290,000,000
Executive Board	8,730,951,198	5,784,679,070
Mr. Tran Tuc Ma (member of Board of Directors, Chief Executive Officer)	2,980,899,141	2,479,641,130
Mr. Nguyen Huy Van	1,115,879,328	914,427,502
Ms. Nguyen Thi Lan	1,164,244,074	947,025,093
Mr. Nguyen Van Bui	1,158,688,865	952,033,927
Mr. Kim Dong Hyu (member of Board of Directors, appointed for Executive Officer on 01 October 2019)	2,311,239,790	491,551,418

37. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 7,606,551,113 (2019: VND 3,824,725,529), representing an addition in fixed assets during the year that has not yet been paid for. Consequently, changes in payables have been adjusted by the same amount.

Cash outflows for purchases of fixed assets and construction in progress during the year include an amount of VND 7,534,576,800 (2019: VND 554,222,000), representing advances to suppliers to purchase fixed assets and construction in progress. Consequently, changes in receivables have been adjusted by the same amount.

38. OTHER EVENT

Currently, the Covid-19 pandemic is still spreading in Vietnam and many countries around the world, creating many challenges for economic sectors. The Company has assessed the overall impact of the pandemic on its operations and took all possible measures to limit the negative impact of the pandemic on its employees and activities. The Company is continuing observing disease developments so that they can respond proactively, promptly and appropriately.

Nguyen Thi Ngoc Thuy
Preparer

Dinh Trung Kien
Chief Accountant



Tran Tuc Ma
Chief Executive Officer

05 March 2021



TRAPHACO JOINT STOCK COMPANY

🏠 | 75 Yen Ninh, Quan Thanh Ward
Ba Dinh District, Ha Noi, Vietnam

☎ | (+84.24) 3734 1797

🖨 | (+84.24) 3681 5097

🌐 | www.traphaco.com.vn



SCAN TO VIEW
ONLINE VERSION