

Traphaco 
The way of green health



UPHOLD THE TRADITION  FIRMLY STEP TO THE FUTURE

ANNUAL REPORT 2021





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



Thanks to nearly half a century of Traphaco JSC's continuous working, from a production team of the Railway Medical Service, Traphaco has now become a public company listed on the stock exchange and been developing vigorously to be the leading pharmaceutical company in Vietnam.

Starting with the eye-brightening pills, made from medicinal herbs for train drivers - those who need healthy eyes for staying up all night to drive trains serving the battlefield, Traphaco has been adhered to the mission of creating high-value pharmaceutical products for healthcare. Over the years, in harmony with the development of Vietnam's pharmaceutical industry, Traphaco is a notable enterprise, leading in the modernization of traditional medicine. Each precious medicine and remedy has been researched and developed by the Traphaco people to create convenient medicinal products in modern dosage forms, manufactured on high-tech herbal medicine lines.

Based on experience in pharmaceutical research and development, and with advice from partners and majority shareholders, the Company determines that both herbal and modern medicines play important roles for both businesses and people in need of comprehensive and diversified treatment solutions. Thereby forming Traphaco's strategic goal for the term of 2021-2025:

**MAINTAINING THE NO. 1 POSITION IN HERBAL INDUSTRY
FOCUSING ON DEVELOPMENT AND INVESTMENT OF NON-HERBAL SEGMENT**





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Traphaco 2021

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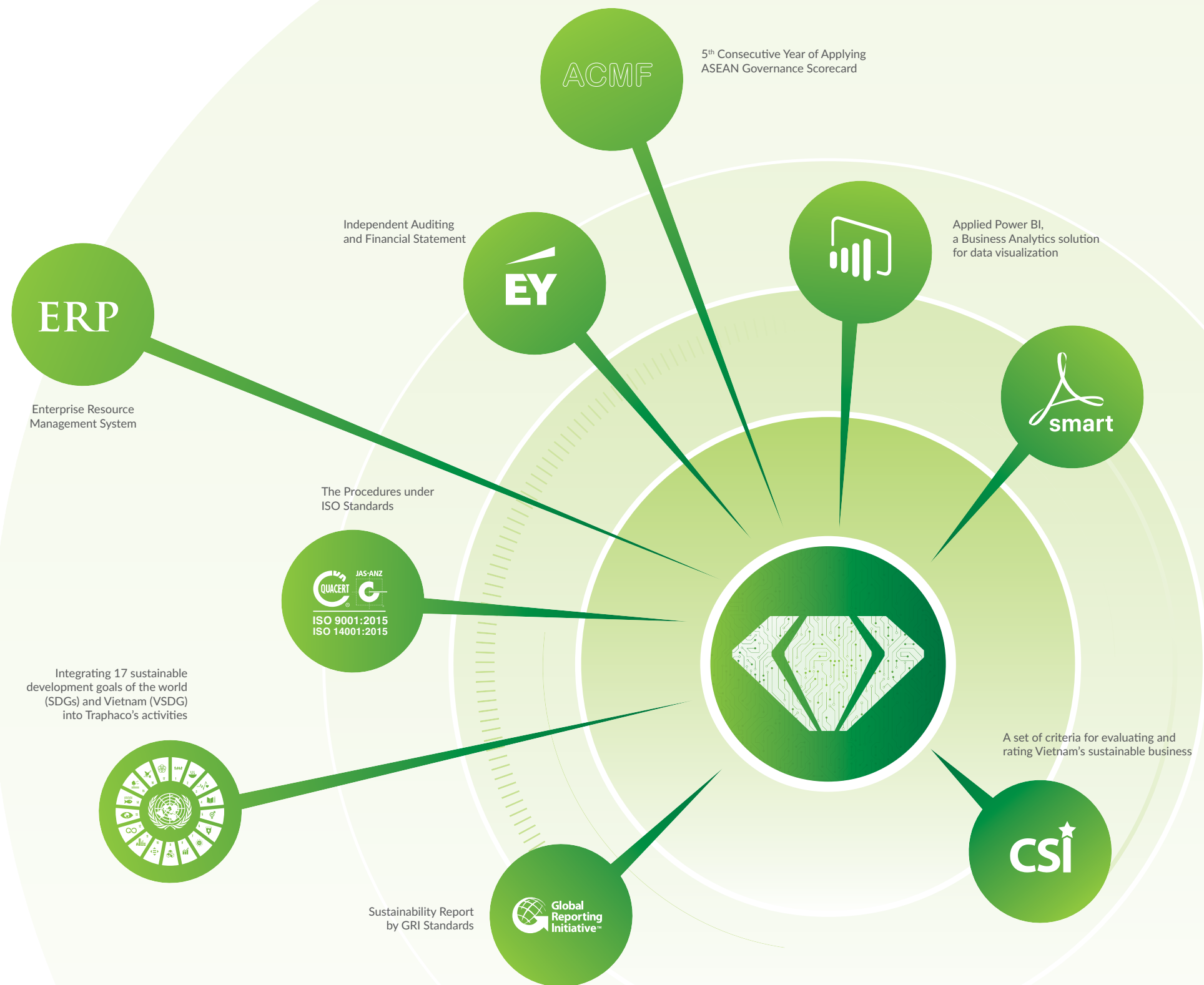
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HIGHLIGHT

ANNUAL REPORT TRAPHACO 2021

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"



TRAPHACO 2021

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UPHOLD THE TRADITION  FIRMLY STEP TO THE FUTURE



VISION, MISSION

Core values



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



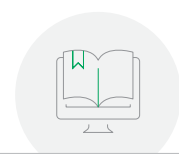
Pioneering in manufacturing
"GREEN" PRODUCT
to protect people's health.

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.





TRAPHACO

10 HIGHLIGHTS OF 2021



EMULATION FLAG AWARDED BY THE PEOPLE'S COMMITTEE OF HANOI TO TRAPHACO JSC



On July 7, 2021, the People's Committee of Hanoi issued Decision 3092/QĐ-UBND on rewarding enterprises with achievements in the Regional business sector's emulation movement in 2020. Accordingly, Traphaco JSC was awarded the "Excellent Unit of Emulation Movement" Flag for its comprehensive achievements in 2020.



THE ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM) OF TRAPHACO JSC FOR THE TERM OF 2021-2025

On March 31, 2021, the AGM of Traphaco JSC for the term of 2021-2025 was successfully held, elected the Board of Directors and Board of Supervisors for this term.

The AGM has set out the Company's development orientation for the period 2021-2025, with the Compounded Annual Growth Rate (CAGR) targets for total revenue and profit in manufactured and 3rd-party products; implementing the project of business restructuring activities, promoting technology transfer phase 2 with Daewoong.

Traphaco JSC was also honored to be in the Top 5 Best Corporate Governance Companies in 2021 - Mid-cap Group in the Ceremony of Announcement and Honoring the Winners of the Vietnam Listed Company Award (VLCA) in 2021 (December 28, 2021).



THE SECOND-CLASS LABOR MEDAL AWARDED TO TRAPHACO CNC



On October 13, 2021, Traphaco CNC was honored to be awarded the "Second-Class Labor Medal " by the President for outstanding achievements in work from 2016 to 2020, contributing to the cause of building socialism and defending the Fatherland. As the No.1 enterprise in Vietnam in the field of herbal medicine production, Traphaco CNC always fulfills its mission of manufacturing natural medicines with a green supply chain: Materials - Technology - Products - Distribution - "Creating green products to care for human health."



THE ONLY PHARMACEUTICAL ENTERPRISE IN THE TOP 10 SUSTAINABLE ENTERPRISES IN VIETNAM IN 2021

On December 9, 2021, Traphaco JSC was honored to be awarded the certificate of Top 10 Vietnamese Sustainable Enterprises CSI 2021. The program is organized by the Vietnam Business Council for Sustainable Development (VBCSD). Enterprises are assessed mainly through the CSI index (including 119 indicators: 12 sustainable development performance indicators, 22 governance indicators, 25 environmental indicators, and 60 labor and social Indicators). This year, a new feature is the emphasis on the criteria for gender equality at enterprises. This is also an opportunity for Vietnamese enterprises to get closer to international standards.



TRAPHACO JSC RANKED NO. 1 IN THE PRESTIGIOUS HERBAL PHARMACEUTICAL COMPANY IN 2021



On December 14, 2021, Vietnam Report JSC (Vietnam Report) officially announced the list, whereby Traphaco JSC was honored to be in the Top 10 Prestigious Pharmaceutical Companies and ranked No.1 in the Top 5 Prestigious Herbal Pharmaceutical Companies in 2021.

This result has confirmed the financial capacity, media credibility, and the trust of stakeholders and the community for Traphaco JSC in 2021, a year full of changes and challenges.



10 HIGHLIGHTS OF 2021 (Continued)

6

A NEW ORGANIZATIONAL MODEL AND DELEGATION OF AUTHORITY HAS BEEN ISSUED

Implementing the Resolution of the General Meeting of Shareholders on March 31, 2021 on business restructuring, on November 11, 2021, the Board of Directors agreed to issue Resolution 51/2021/NQ-HDQT on the Company's organizational model and Resolution 52/2021/NQ-HDQT on the Delegation of Authority stipulating the scope of work of BoD, BoD's subcommittees, and managers in the Management apparatus appointed by BoD.

On November 18, BoD held a communication session on the Company's Restructuring Plan and the Announcement Ceremony of the decisions on assigning and temporarily assigning tasks to key personnel at the level of Deputy CEO and Functional Director appointed by BoD.



7

IMPLEMENT "IN THE BUBBLE" PRODUCTION AND ACCOMPANY THE MINISTRY OF HEALTH IN THE "TUI THUOC AN SINH" ("SECURITY MEDICINE BAG") PROGRAM



Under the direction of the Government, in Q3/2021, Traphaco CNC and Traphaco Hung Yen quickly deployed "in the bubble" production policy to maintain production, ensured equal employment and income for workers.

As a result, in September, Traphaco JSC ensured enough stock to supply 200,000 bottles of T- B Fresh oral and throat antiseptic for the Security Medicine Bag Program to treat FO at home and in the community (Ministry of Health).

8

EMULATION FLAG AWARDED BY VIETNAM GENERAL CONFEDERATION OF LABOUR (VGCL) TO TRADE UNION OF TRAPHACO JSC

On November 27, the VGCL awarded the Emulation Flag to Traphaco JSC for outstanding achievements in the movement of good labor emulation and building a strong Trade Union in 2020.

Thanks to ensuring the best conditions for employees during the outbreak of the pandemic, maintaining production and business, the average income of Traphaco employees in 2020 increased by 20% over the same period, reaching over 20 million VND/person/month.



9

KICK-OFF MEETING OF TECHNOLOGY TRANSFER PHASE 2 BETWEEN TRAPHACO AND DAEWOONG



On August 19, 2021, Traphaco JSC and Daewoong Pharmaceutical Co., Ltd, Korea held the kick off meeting to launch the second phase of technology transfer project (via online meeting). The objective is to increase the proportion of ETC channel revenue, increase the total revenue through the diversification of Traphaco's portfolio; Increase the proportion of western medicines with high scientific strength; Increase the quantity of western medicines which has high competitive advantage for participating in tenders activity at public health facilities.

On December 9, 2021, the Company held the Commercialization Kick-off Ceremony for technology transfer products from Daewoong and Launched the first product to the market, Ursodeoxycholic Acid (UDCA).

10

TRAPHACO JSC SET A VIETNAMESE RECORD "NO. 1 PHARMACEUTICAL COMPANY IN HERBAL MEDICINE"

On March 29, 2021, Traphaco JSC held a ceremony to receive the Vietnam Record awarded by the Vietnam Record Organization (VietKings). Accordingly, Traphaco JSC set the record of "The first Pharmaceutical Company to modernize Herbal Medicine and have three best-selling Herbal Medicine product lines in Vietnam (Boganic, Hoat huyet duong nao, and Tottri)."





Typical awards

OVER THE YEARS

STATE LEVEL



Labor Hero



First-Class Labor Medal



First-Class Labor Medal for Company Union

ON SCIENTIFIC RESEARCH AND APPLICATION OF INTELLECTUAL PROPERTY SOLUTIONS



WIPO Awards



Asia Pacific International Quality Award



National Quality Golden Award

ON BRANDING



National Brand (Vietnam Value)
5th consecutive times



Top 10
Vietnam Golden Stars



Top 10 most prestigious
pharmaceutical
companies in Vietnam



Top 40 Most Valued
Vietnamese Brands by
Forbes magazine



Top 50 Vietnam
Leading Brands 2019
voted by Forbes



Top 10 Typical
Vietnamese Trademark
Product and Service



Vietnam record
"First pharmaceutical company to
modernize Herbal Medicine and
have three best-selling Herbal
Medicine product lines in Vietnam
(Boganic, Hoat huyet duong nao,
and Tottri)"

ON SOCIAL RESPONSIBILITIES



Certificate of merit
from the Prime Minister,
2020



Top 10 Typical Vietnam
Golden Star Enterprises
for Social Responsibility



Top 10
sustainable enterprises
in Vietnam (CSI)



Enterprise
for Employees



BASIC BUSINESS

Indicators in 2021

Traphaco is entering a new business cycle, with a clear business goal and strategy, which is “Maintaining the No.1 position in herbal industry - Focusing on development investment of non-herbal segment”. The Company has restructured its business activities to improve the efficiency of herbal and non-herbal medicine businesses, flexibly adapted to the Covid-19 pandemic, increased resilience and developed sustainably. It's can be said that 2021 has been a successful year in all aspects for Traphaco.

Although the road ahead still has many difficulties and challenges, Traphaco shall pay special attention to maintaining core values, all employees shall promote different types of culture: results-oriented, affirming their own capabilities, cooperating for common goals, ready to face difficulties and challenges, from which they will persevere to welcome a new ERA, accompany the development and innovation of TRAPHACO.



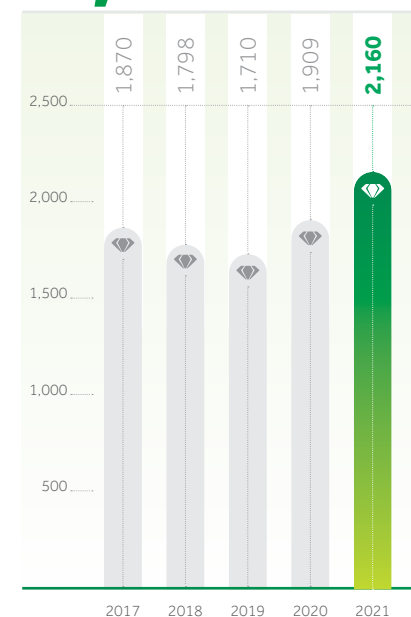
1
MAINTAINING
THE NO. 1
POSITION IN HERBAL INDUSTRY
FOCUSING ON
DEVELOPMENT
INVESTMENT OF
NON-HERBAL
SEGMENT



REVENUE FROM SALES AND SERVICES

Unit: Billion VND

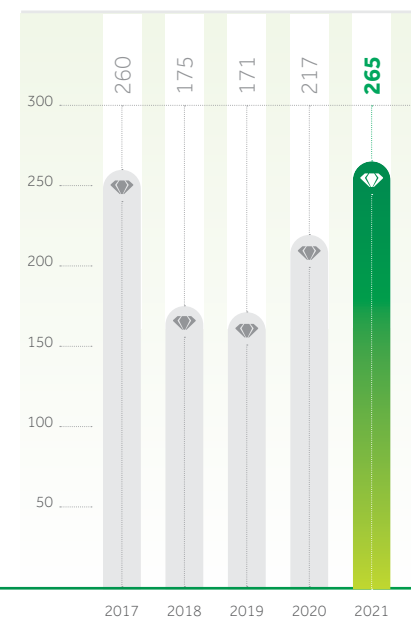
2,160



CONSOLIDATED PROFIT AFTER TAX

Unit: Billion VND

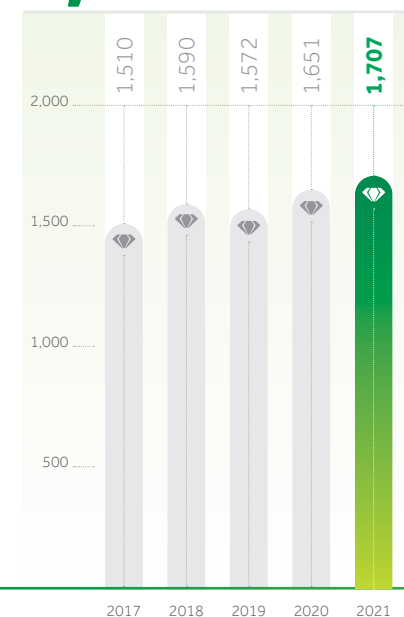
265



TOTAL ASSETS

Unit: Billion VND

1,707



70

Technology transfer products
from Daewoong partner



13,3%

Target of Compounded Revenue
Growth rate



30%

The rate of annual dividend payment
(2017-2021)



15%

Target of Compounded PBT
Growth rate



27,000+

Contracted-pharmacies
nationwide



28

Branches nationwide



Chairman's message



Mr. Chung Ji Kwang
Chairman of Traphaco JSC

At the end of 2021, The Company's growth in revenue and profit is the high level among pharmaceutical companies listed on the stock market, an impressive growth rate considering the context that 2021 is a year heavily affected by the Covid-19 pandemic.



Dear Shareholders, Investors, Customers,
Partners, and all Employees,

At the end of 2021, Traphaco completed the plan assigned by shareholders, consolidated revenue reaches more than 2,160 billion VND, an increase of 14% compared to 2020. Consolidated profit reaches 265 billion VND, exceeds 10.4% of the plan (240 billion VND) and grows 22.7% compared to 2020. The Company's growth in revenue and profit is the high level among pharmaceutical companies listed on the stock market, an impressive growth rate considering the context that 2021 is a year heavily affected by the Covid-19 pandemic, the distribution system has proven its strength, delivered in full and on time, without interruption of the supply chain, and supported by partners and customers.

Implementing the Resolution of the AGM 2021, the Board of Directors -- together with the consulting of KPMG -- successfully implemented the Business Restructuring Project, in order to realize the strategic goal of **"Maintaining the No. 1 position in herbal business, focusing development of non-herbal business"**. The new organizational model and improved and more appropriate governance method will create a resonance of resources and values, promoting Traphaco's strong development.

Regarding awards: In 2021, Traphaco continue to maintain the position of the top 10 sustainable enterprises in Vietnam, the top 10 prestigious pharmaceutical companies and the number one top 5 prestigious herbal pharmaceutical companies in 2021, setting a record of **"The first pharmaceutical company in modernizing herbal medicine and has three best-selling herbal medicine product lines in Vietnam (Boganic, Hoat huyet duong nao and Tottri)"**.

In 2021, Covid wreak havoc, people in difficulty, Traphaco is well aware of the social responsibility of a business in the pharmaceutical industry, supporting hospitals and frontline forces to fight the epidemic with 1 billion VND, supporting the frontline fighting the epidemic, donating 500 million VND to buy a Covid-19 vaccine for Hanoi city, accompanying the Ministry of Health to implement the program of Safe medicine bags, sponsoring the program of 200,000 bottles of T-B Fresh mouthwash.

Ladies and Gentlemen!

In 2022, Traphaco sets a revenue target of 2,345 billion VND, profit of 286 billion VND, continues the restructuring project to separate the herbal and non-herbal business, invests in upgrading the production lines of herbal & non-herbal products, increases the product portfolio through research & development, cooperation in technology transfer, import and distribution.

Traphaco believes that, with a tradition of half a century of development and the company's reputation, the comprehensive support of major shareholders, the resonance of the trust of shareholders, partners and customers for Traphaco over the past 50 years, along with the persistent efforts of the Company's Leadership and all employees throughout the system, the year 2022 will be the year of the 50th anniversary of the traditional day with great successes and victory, opening a period of strong development for Traphaco.

Wishing you health, peace and happiness.

Regards.

CHUNG JI KWANG
Chairman of Traphaco JSC



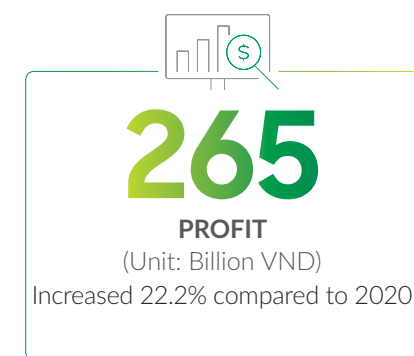
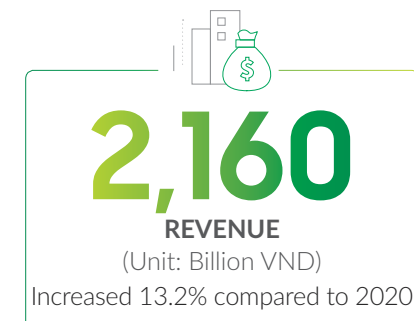
CEO's message



MR. TRAN TUC MA
CEO of Traphaco JSC

In 2021, the situation of the Covid 19 epidemic continues to be very complicated, production and business activities face many difficulties and challenges. According to the business results of pharmaceutical companies published on the stock exchange, revenue and profits were flat.

Facing that situation, Traphaco company was flexible in production and business activities and fiercely in management, adapting to the market situation, overcoming many challenges and achieving many successes.



Traphaco JSC has completed all the set targets, revenue reached more than 2,160 billion, the plan was 2,100 billion, reaching 102.8% of the plan, increased 13.2% compared to 2020, profit reached more than 265 billion, the plan was 240 billion, 10.5% higher than the plan, increased 22.2% compared to 2020. Revenue of manufactured and 3rd-party goods both achieved good growth.

The Leadership together with the consulting from KPMG, the Company completed the business restructuring plan, which includes splitting herbal vs non-herbal segment. This is a transformational step to improve competitiveness, flexibly adapt to market changes, and actualize the goals in a new development phase.

To achieve those results, Traphaco has promoted the achievements established in the previous period and implemented 6 major solutions to overcome challenges and seize new opportunities.

The Company innovates the OTC system, enhances the application of modern technology and new standards in governance, including improving the ERP (Enterprise Resource Planning) system, the BI (Business Intelligence) reporting system; optimizing the transportation system to promptly meet the demand for goods during the pandemic period.

Traphaco continues to develop the ETC market, promote hospital tender activities with western products and technology transfer products from Daewoong partner - the leading Korean pharmaceutical corporation (with a long history since 1945 in the pharmaceutical industry).

Focusing on research activities on western medicines, generic drugs and bioequivalence. Traphaco has exceeded the goals of bringing new products and technology transfer products into production and launched them to the market, and at the same time increased the number of registrations and announcements of quality products, thus, the Company expanded its portfolio of production and distribution.

Innovating in corporate governance activities, successfully implementing business restructuring to generate strong growth and development goals in the new period. Establishing budget plans, changing the way of assigning, assessing work goals, KPIs to ensure revenue and profit goals, adding value for shareholders and income of employees.

The Company launched the emulation program **“Standardization of processes”** to build, upgrade and improve working processes to help improve labor productivity and promote Traphaco Culture in the new period.



CEO'S MESSAGE (Continued)



SPONSORED THE PROGRAM WITH
200,000
bottles of **T-B FRESH** antiseptic mouthwash

In the past year, Traphaco has many activities for the community and employees:

- Traphaco supported hospitals and frontline forces to fight the epidemic with 1 billion VND.
- Traphaco supported the frontline against the epidemic, donated 500 million VND to buy the Covid-19 Vaccine for Hanoi.
- Traphaco has accompanied the Ministry of Health to implement the “Tui thuoc an sinh” (Security Medicine Bag) program. In which, Traphaco sponsored the program with 200,000 bottles of T-B Fresh antiseptic mouthwash.
- Traphaco implemented a policy to support the Company's employees who are infected or affected by the Covid-19 pandemic.

Business results increased, employees' lives has been cared for, along with activities for the community, Traphaco was honored to receive noble awards from the Party and State:

- On October 13, 2021, the Company was honored to be awarded the **“Second-Class Labor Medal”** by the President for outstanding achievements in work from 2016 to 2020 - contributing to the cause of building socialism and defending the Fatherland.
- On July 7, 2021, the People's Committee of Hanoi issued Decision 3092/QD-UBND on rewarding enterprises with achievements in the Regional business sector's emulation movement in 2020.



2,345
TARGET OF CONSOLIDATED REVENUE IN 2022
(Unit: Billion VND)

Accordingly, Traphaco was awarded the flag **“Excellent unit in emulation movement”** for its comprehensive achievements in 2020.

- CEO Tran Tuc Ma received the Certificate of Merit from the People's Committee of Hanoi according to Decision No. 3092/QD-UBND dated July 7, 2021.
- The Vietnam General Confederation of Labor awarded the Emulation Flag to Traphaco for its outstanding achievements in the emulation movement of good labor and building a strong Trade Union in 2020.
- On March 29, 2021, Traphaco JSC set the record of **“The first pharmaceutical company to modernize Herbal Medicine and have three best-selling Herbal Medicine product lines in Vietnam (Boganic, Cebraton, and Tottri)”**.
- **Traphaco is ranked No. 1 of the prestigious Herbal Medicine Company in 2020.** The ranking was officially announced by Vietnam Report JSC (Vietnam Report) on January 8, 2021. Traphaco's herbal products are always trusted by doctors and consumers thanks to their high quality and effectiveness in treating diseases, especially the clean source of medicinal herbs used by Traphaco meets all GACP-WHO standards.
- **Top 10 prestigious pharmaceutical companies in Vietnam (CSI 2021):** Held annually since 2016 under the direction of the Government, the Program on Assessment and Announcement of Sustainable Businesses in Vietnam (CSI Program) has made a strong impression and pervasiveness in the Vietnam business community. Traphaco is the only pharmaceutical enterprise honored to be in the top 10 **“Sustainable Enterprises 2021”**. The announcement ceremony was held on December 9, 2021 with the attendance of Deputy Prime Minister Vu Duc Dam.
- On December 14, 2021, Vietnam Report officially announced the list, whereby Traphaco was honored to be in the **Top 10 prestigious pharmaceutical companies** and ranked No.1 in the **Top 5 prestigious herbal medicine company in 2021.**

IT CAN BE SAID THAT THE YEAR 2021 IS A SUCCESSFUL YEAR IN ALL ASPECTS FOR TRAPHACO

Entering the year 2022, the pandemic situation continues to be complicated, with many potential difficulties and challenges. The government has a safe and flexible adaptation orientation to COVID-19 to lead a **“new normal”** life. Traphaco sets a target of consolidated revenue of 2,345 billion VND, consolidated profit after tax of 286 billion VND, continuing to promote new product research and enhance technology transfer from Daewoong partner.

In order to achieve the above goals and towards the 50th anniversary of Traphaco's establishment and development. Traphaco Party Committee and leadership launched the emulation program:



All officials, Party members and employees in Traphaco system shall together leverage the achieved results, maintain and promote traditional values to continue to develop, implement the 6 ultimate cultural principles, maintain pandemic prevention activities, maintain and stabilize production and business development, take care of jobs, income and life for employees, turn difficulties and challenges into development opportunities.

IN ORDER TO ACHIEVE THE ABOVE GOALS, TRAPHACO JSC SHALL EXECUTE SEVERAL MAIN ACTIONS:

- 1. CONTINUE THE DELPLOYMENT OF TRAPHACO CULTURE IN A NEW PERIOD**
- 2. ESTABLISH A NEW ORGANIZATIONAL MODEL**
The Company shall establish a new organizational model, refine all functions and tasks, and train human resources to meet development needs.
- 3. MANAGE EXPENSES WITH A BUDGET PLAN**
After positive results in developing a detailed budget plan for 2021, the Company continues to implement cost management by budget planning, strengthen cost management, improve efficiency, and ensure the achievement of profit targets set out.
- 4. CHANGE THE WAY OF ASSIGNING AND EVALUATING KPI**
Continue to improve the system of assigning and evaluating KPIs according to the goals of the Company after restructuring the Company. Accordingly, the evaluation is based on results, actual work efficiency, bringing value to departments and divisions in the Company. Thereby creating motivation for employees to exceed the targets, avoiding lack of effort.
- 5. PUSH THE DEVELOPMENT OF NEW PRODUCTS**
Establish Lab, Herbal R&D Department, Non-herbal R&D Department, promote new product research activities, increase registration numbers and put products into production.
Establish a technology transfer department, acquire advanced technology from Korean partner Daewoong. The Company shall push the expansion and diversify transferred products, thus reaching the goal of developing new pharmaceutical products.
- 6. DEVELOP A PLAN TO SEPARATE OTC VS ETC SALE REPRESENTATIVES**
Reform the business system, separate herbal vs non-herbal sale representatives to hit the Company's development targets in the next phase.
- 7. IMPROVE THE INFORMATION TECHNOLOGY SYSTEM**
Upgrade and develop software and information technology systems to meet development goals in the coming period.
Increase the application of information technology in business administration to improve efficiency and optimize costs.
- 8. REFINE THE WORKING PROCESSES IN THE NEW MODEL AFTER RESTRUCTURING**
Refine the working processes following the new model, promote core strengths, continue improving to enhance efficiency.

With long-term strategies, clear orientations and synchronous comprehensive plans as above, 2022 will be the 50-years anniversary of successes and victories of Traphaco, opening a new stage of strong growth for Traphaco.

TRAN TUC MA
CEO of Traphaco JSC

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OVERVIEW OF

TRAPHACO

Headquarters: 75 Yen Ninh, Ba Dinh, Hanoi

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



TRAPHACO JSC WAS ESTABLISHED
ON NOVEMBER 28, 1972

years of establishment
& development

TRAPHACO

HAS BECOME THE NO. 1
PHARMACEUTICAL BRAND IN VIETNAM



04

Subsidiaries,
affiliates



03

GPs-WHO Pharmaceutical
& Health-protection-food
manufacturing factories



05

GACP-WHO Planting/Harvesting
zones of medicinal plants



01

GMP-WHO Extract factory



28

Branches nationwide



27,000+

contracted pharmacies nationwide





THE ESTABLISHMENT

& Development history

In 2021, continue the deployment of Traphaco culture in a new period, 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. 2022 will be the 50-years anniversary of successes and victories of Traphaco, opening a new stage of strong growth for Traphaco.



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 first GMP-ASEAN pharmaceutical factory in the North, in Tay Ho, Hanoi.

11/1999

The first equitized company in the pharmaceutical industry in Vietnam

2000

Annual General Meeting of founding shareholders, Traphaco became one of the pioneering pharmaceutical enterprises in equitization.

2002

Established TraphacoSapa Two-Member Co. Ltd.

2004

Owned a GPs-WHO drug-manufacturing factory 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 herbal-medicine manufacturing factory in the North, in Van Lam, Hung Yen. Traphaco owns 100% of TraphacoSapa Co. Ltd.

2021

2022

2021 is the beginning of the 2021-2025 term, the Board of Directors clearly shows ambition with a rather challenging growth orientation.

Traphaco defines 2021 as the year of **"Standardization of Processes"**, whereby the Company focuses on upgrading and improving inefficient working processes, promoting core strengths.

2020

Building Traphaco Culture in a new period



2019

Received the First-Class Labor Medal for the Company's Trade Union.

08/2017

Inaugurated the most modern GPs - WHO western-medicine manufacturing factory in Vietnam in Van Lam, Hung Yen.

2016

The 2016-2020 General Meeting of Shareholders, Traphaco built the Company's Strategy in the phase of 2017-2020.

2015

Starting the construction of Vietnam Pharmaceutical Factory in Vietnam with a total estimated value of VND 500 billion.

2014

Introducing the new OTC sales policy based on the principle of mutual benefit; Application of information technology in administration of the distribution system.

2012

Received the First-Class Labor Medal; Traphaco owned 58% of Daklak Pharmaceutical & Medical Supplies JSC (Bamepharm became a subsidiary of Traphaco); Traphaco owned 51% of Traphaco Hi-tech JSC (Traphaco CNC became a subsidiary of Traphaco).

2010

Received the title of Hero of Labor.



BUSINES LINES AND

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

Total OTC + ETC Revenue in 2021
(Unit: Billion VND)

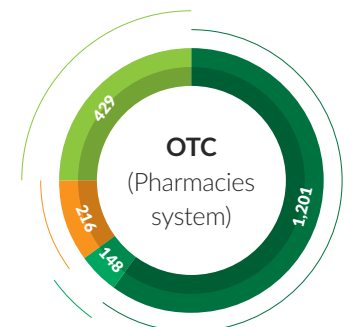
Sales Department (Northern Region) ●
North Central ●
Central ●
Southern ●



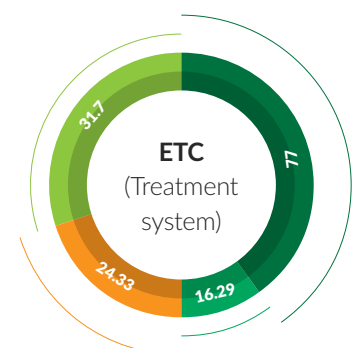
28
branches nationwide



27.000+
contracted-pharmacies nationwide



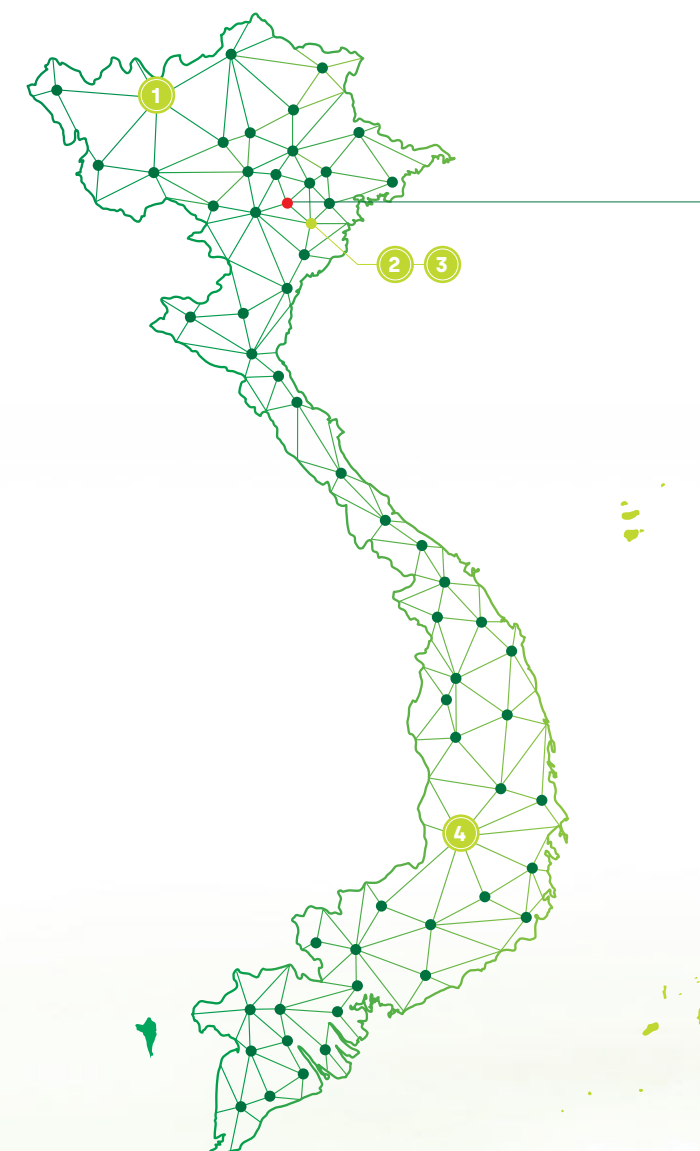
1,820
TOTAL OTC REVENUE
IN 2021
(Unit: Billion VND)



149
TOTAL ETC REVENUE
IN 2021
(Unit: Billion VND)



BUSINES LINES AND BUSINESS LOCATION (Continued)



HOANG LIET FACTORY

Function

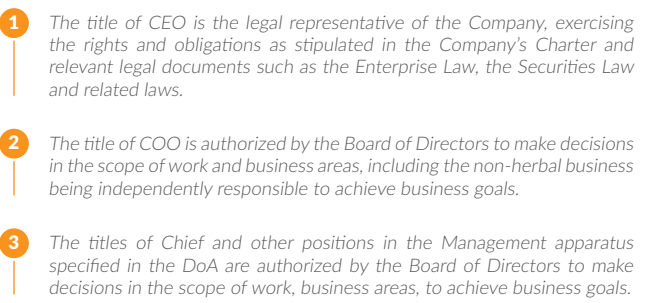
Manufacture of Cosmetics and Supplements.

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's Long Bien Distribution Center**
295 Thanh An Street, Thuong Thanh Ward,
Long Bien District, HaNoi.

SUBSIDIARIES OF TRAPHACO

- 1 **TraphacoSapa Co. Ltd.**
(100% ownership).
- 2 **Traphaco Hung Yen Co. Ltd.**
(100% ownership).
- 3 **Daklak Pharmaceutical & Medical Supplies JSC.**
(58% ownership).
- 4 **Traphaco High Technology JSC.**
(51% ownership).





SUBSIDIARIES OF

TRAPHACO



TRAPHACO SAPA CO., LTD.

Headquarter

Group 2, Phan Si Păng Ward, Sapa Town,
Lao Cai Province

Charter capital

VND **25,000,000,000**

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

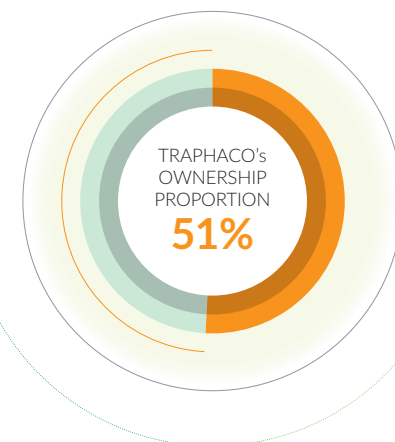
Tan Quang Commune, Van Lam District,
Hung Yen Province

Charter capital

VND **250,000,000,000**

Main functions

Manufacturing drugs, pharmaceuticals.



TRAPHACO HIGH-TECH JSC (TRAPHACO CNC)

Headquarter

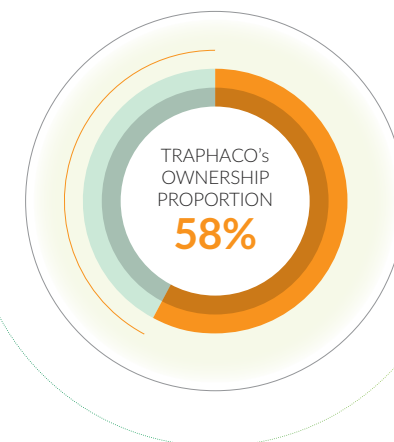
Tan Quang Commune, Van Lam District,
Hung Yen Province

Charter capital

VND **113,643,250,000**

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

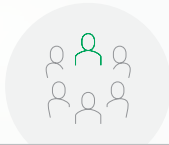
Charter capital

VND **19,415,880,000**

Main functions

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





INTRODUCTION OF

The Board of Directors



Mr. CHUNG JI KWANG

Chairman of the Board of Directors



Mr. NGUYEN ANH TUAN

Vice Chairman of the Board of Directors



Mr. TRAN TUC MA

Director

Date of birth: 21/6/1974

Nationality: Korean

Qualification:

Bachelor of Business Administration

Employment history:

2017 - present: Managing Director, New Growth Investment Dept, Mirae Asset Capital

2016 - 2017: Team Leader, Post-Merger Integration Group, Mirae Asset Securities

2005 - 2015: Team Leader, Investment Banking Division, Mirae Asset Securities

2003 - 2005: Senior Manager, Investment Banking Division, Woori Securities

2021- present: Chairman of Traphaco JSC

Positions assigned in other organizations:

Managing Director - Mirae Asset Capital.

Date of birth: 27/6/1978

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 - present: Head of No. 3 Investment Capital Management Board, now No. 3 Investment Board, SCIC.

04/2016 - present: Deputy Chairman of the Board of Directors at Traphaco JSC.

Positions assigned in other organizations:

Chairman, Vietnam National Reinsurance Corporation.

Date of birth: 17/6/1965

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.

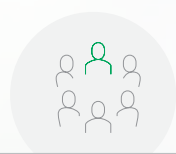
03/2011 - 03/2016: Secretary of the Party Executive Committee, Deputy Chairman of BoD, CEO at Traphaco JSC.

04/2016 - present: Secretary of Party Executive Committee, BoD member, CEO at Traphaco JSC.

Positions assigned in other organizations:

BoD Member of Traphaco High Technology JSC.

Chairman of the Board of Directors at Traphaco Hung Yen Co. Ltd.



INTRODUCTION OF THE BOARD OF DIRECTORS (Continued)



Mr. KIM DONG HYU
Director

Date of birth: 25/12/1981

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 - present: Board member of Traphaco JSC.

10/2019 - present: Executive Vice CEO at Traphaco JSC.

Positions assigned in other organizations:

No



Mr. LEE TAE YON
Director

Date of birth: 10/01/1974

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 - present: Team Leader - Daewoong Pharmaceutical Corporation

9/2019 - nay: Chief Representative - Daewoong Vietnam.

02/2020 - nay: Director - Super Delta Pte. Ltd.

Positions assigned in other organizations:

Director - Super Delta Pte. Ltd.



Mrs. DAO THUY HA
Director

Date of birth: 06/6/1975

Nationality: Vietnamese

Qualification:

Master of Pharmacist/Master of Business Administration

Employment Background:

09/1996 - 06/2001: Planning Department - Traphaco JSC.

07/2001 - 12/2004: Staff at Research & Development Department - Traphaco JSC.

01/2005 - 12/2007: Assistant to Director, Staff at Research & Development Department - Traphaco JSC.

01/2008 - 10/2018: Head of Marketing Department, Traphaco JSC.

11/2018 - 3/2021: Chief Marketing Director cum Head of Marketing Department - Traphaco JSC.

04/2021 - present: BoD member, COO - Traphaco JSC.

Positions assigned in other organizations:

No



Mr. LAI TRAN DONG
Director

Date of birth: 23/03/1984

Nationality: Vietnamese

Qualification:

Master of Banking and Finance

Employment Background:

06/2009 - 4/2011: Staff at Bank-relation Department, Headquarter - Vietcombank.

5/2011 - 10/2013: Staff at Project Finance Department, Headquarter - Vietcombank.

11/2013 - 4/2014: Deputy Head of Corporate Customer Department - Transaction Office - Vietcombank.

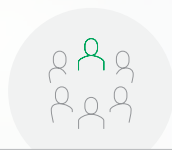
05/2014 - 06/2015: Head of Financial Investment Department - Business Investment Department.

07/2015 - 10/2017: Deputy Head of Business Investment Department - SCIC.

11/2017 - Present: Deputy Head of No. 1 Investment Board - SCIC.

Positions assigned in other organizations:

BoD member - Vietnam - Oman Investment JSC.



INTRODUCTION OF

The Board of Management



Mr. TRAN TUC MA
Chief Executive Officer



Mrs. DAO THUY HA
Chief Operating Officer



Mr. NGUYEN HUY VAN
Chief R&D and Quality Officer



Mr. NGUYEN VAN BUI
Chief OTC Sales Officer

Date of birth: 17/6/1965

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 - present: Secretary of Party Executive Committee, BoD member, CEO at Traphaco JSC.

Date of birth: 06/6/1975

Nationality: Vietnamese

Qualification: Master of Pharmacist/Master of Business Administration

Employment Background:

09/1996 - 06/2001: Planning Department - Traphaco JSC.

07/2001 - 12/2004: Staff at Research & Development Department - Traphaco JSC.

01/2005 - 12/2007: Assistant to Director, Staff at Research & Development Department - Traphaco JSC.

01/2008 - 10/2018: Head of Marketing Department, Traphaco JSC.

11/2018 - 3/2021: Chief Marketing Director cum Head of Marketing Department - Traphaco JSC.

04/2021 - present: BoD member, COO - Traphaco JSC.

Date of birth: 10/03/1967

Nationality: Vietnamese

Qualification: Master of Pharmacist

Employment Background:

06/1994 - 06/1995: Staff of Sales Division.

07/1995 - 06/1996: Deputy Head of Marketing Department.

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 of R&D, Board member, Traphaco JSC.

04/2011 - 04/2015: Deputy CEO of R&D, Traphaco JSC.

05/2015 - 12/2021: Vice Secretary of the Party Executive Committee; Deputy CEO of R&D at Traphaco JSC.

01/2022 - present: Vice Secretary of the Party Executive Committee, Chief R&D and Quality Officer, Traphaco JSC.

Date of birth: 16/10/1963

Nationality: Vietnamese

Qualification: Bachelor of Pharmacist

Employment Background:

03/1988 - 12/1996: Staff, Hai Hung Tuberculosis Hospital.

01/1997 - 12/1997: Staff, Hung Yen Social Diseases Prevention Center.

01/2001 - 12/2004: Director, Huu Nghi Pharmaceutical Co., Ltd.

12/2003 - 05/2004: Staff of R&D Department, Traphaco JSC.

06/2004 - 12/2007: Staff of Sales Department, Traphaco JSC.

01/2008 - 06/2008: Staff of Marketing Department, Traphaco JSC.

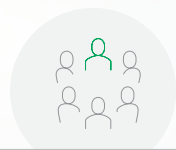
07/2008 - 04/2011: Deputy Head of Marketing Department, Traphaco JSC.

05/2011 - 07/2013: Head of Sales Department, Traphaco JSC.

08/2013 - 01/2017: Sales Director, Traphaco JSC.

02/2017 - 12/2019: Deputy CEO in charge of Sales, Traphaco JSC.

01/2020 - Nay: Chief OTC Sales Officer, Traphaco JSC.



INTRODUCTION OF THE BOARD OF MANAGEMENT (Continued)



Mr. KIM DONG HYU
Executive Vice CEO



Mr. PHAM HOANG ANH
Chief Finance & Planning Officer

Date of birth: 25/12/1981

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 - present: Board member of Traphaco JSC.

10/2019 - present: Executive Vice CEO at Traphaco JSC.

Date of birth: 05/01/1989

Nationality: Vietnamese

Qualification:

MBA in Finance, CPA (Australia) - Australian Auditor, CIMA, CGMA

Employment Background:

2011-2012: Assistant to General Director - Petroleum Materials JSC - PetroVietnam Energy Corporation - PVN

2012 - 2016: Staff at Finance Department - Mobifone Telecommunications Corporation

5/2016- 12/2020: Assistant to CEO, Traphaco JSC.

01/2021 - present: Chief Finance & Planning Officer - Traphaco JSC



INTRODUCTION OF

The Board of Supervisors



Mrs. NGUYEN THI LUONG THANH
Head of the Board of Supervisors

Date of birth: 18/4/1978

Nationality: Vietnamese

Qualification:

Master of Economic Management, Bachelor of Finance

Employment Background:

01/2001- 10/2009: General Accountant, Chief Accountant - Hoang Dao Investment JSC.

11/2009 to present: Staff, No. 3 Investment Board - SCIC.

Positions assigned in other organizations:

Supervisor, Ha Giang Mineral and Mechanical JSC



Mrs. NGUYEN THANH HOA
Supervisor

Date of birth: 10/12/1983

Nationality: Vietnamese

Qualification:

Master of Business Administration, Bachelor of Accounting, CPA

Employment Background:

2006 - 2007: Accounting Officer, BIDV.

2007 - 2012: Officer at Financial and Accounting Department, SCIC.

2012 - present: Officer at Risk Management Department, SCIC.

2016 - present: Supervisor, Traphaco JSC.

Positions assigned in other organizations:

No



Mr. KWON KI BUM
Supervisor

Date of birth: 05/07/1988

Nationality: Korean

Qualification:

Pharmacist

Employment Background:

4/2018 - present: Global Sales Team, Assistant to CEO - Daewoong Pharmaceutical Corp.

9/2016 - 3/2018: Marketing Department - Guju. Pharmaceutical Co.

4/2015 - 8/2016: Planning Department - White Lifescience Co.

Positions assigned in other organizations:

Assistant to CEO - Daewoong Pharmaceutical Group.



PRODUCTION AND BUSINESS RESULTS IN 2021 AND PLAN IN 2022



- 48 Report and analysis of the Board of Management
- 59 The major activities of the company in 2021
- 60 Financial analysis for the year 2021
- 70 Production and business plans in 2022
- 76 Report on operation activities of subsidiaries



The Board of Management



& MARKET SITUATION PRODUCTION AND BUSINESS RESULTS IN 2021

THE MARKET SITUATION

In 2021, the situation of the Covid 19 epidemic continues to be very complicated, production and business activities face many difficulties and challenges. According to the business results of pharmaceutical companies published on the stock exchange, generally, besides companies that take advantage of opportunities, grow well, there are many companies that revenue dropped and profits were flat. Facing that situation, Traphaco company was flexible in production and business activities and fiercely in management, adapting to the market situation, overcoming many challenges and achieving many successes.



PRODUCTION AND BUSINESS RESULTS IN 2021



2,160

NET REVENUE FROM SALES AND SERVICES
(Unit: billion VND)



265

CONSOLIDATED PROFIT AFTER TAX
(Unit: billion VND)

(According to the consolidated report)

No.	Indicator	Plan of 2021 (billion VND)	Results in 2021 (billion VND)	The ratio compared to the Plan (%)
1	Net revenue from sales and services	2,100	2,160	102.8%
1.1	Parent Company's Revenue	1,865	1,916,6	102.8%
	OTC revenue	1,685	1,718,6	102%
	ETC Revenue	160	142	88.75%
	Other revenue	20	56	280%
1.2	Revenue from subsidiaries	235	243,4	103.5%
2	Consolidated profit after tax	240	265	110.5%
3	Number of new products deployed to production and marketed (of which chemical drugs ≥ 4)	≥ 7 products	12 (6 chemical)	Overtarget
4	Sales of new products marketed from 2021	25	33,5	134%
5	The number of annual registration and announcement of products	150 số	164 số	Overtarget
6	Number of products to be researched annually	≥ 45 sp	78	Overtarget

- In 2021, the Company exceeded its revenue and profit targets, despite facing many difficulties due to the complicated situation of the Covid-19 epidemic.
- Revenue of 14 pharmaceutical companies listed on the stock exchange, revenue decreased by 15% compared to 2020, profit after tax increased by 1%.
- Traphaco's revenue grew by 14%, profit increased by 23% compared to 2020, among the best growth groups in the market in terms of revenue and profit.





REPORT AND ANALYSIS OF THE BOARD OF MANAGEMENT (Continued)

THE MAIN REASON FOR EXCEEDING THE REVENUE TARGET

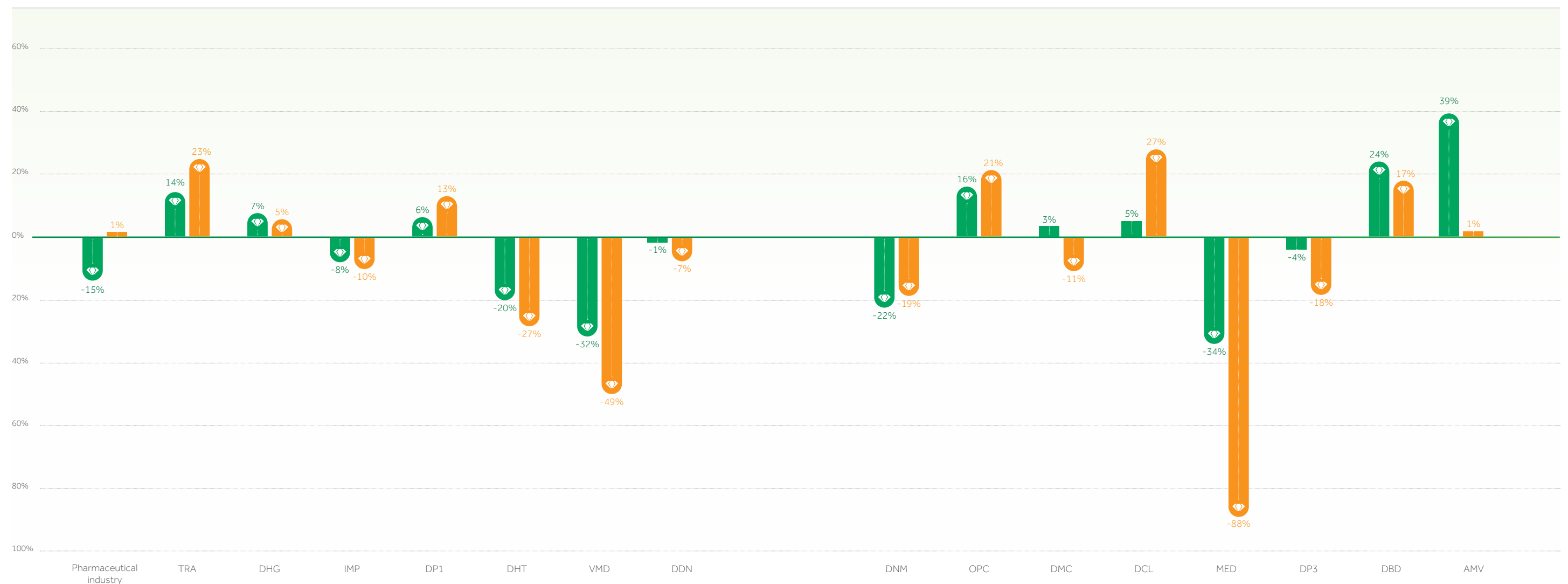
- The Board of Directors closely, support and timely direct the Board of Management to have timely solutions.
- The Sales and Marketing Divisions have closely coordinated and have many appropriate policies according to the evolution of the epidemic.
- Anticipating a complicated epidemic situation, the social distancing policy on a large scale. The Company's leadership has correctly and promptly decided to increase production and ship goods to provinces before the distance, thereby meeting enough goods for customers.
- The policy of restructuring correctly and timely for Traphaco to develop strongly and sustainably, based on the reality of ensuring the salary, welfare and business bonus regimes have created peace of mind and motivation for the company's staff to strive to complete tasks and exceed KPIs, actively participate in the emulation program launched by the company.

REASONS FOR EXCEEDING PROFIT PLAN

- The Company has strengthened the financial management by building budget plan, reducing inefficient and wasteful costs, and allocating adequate costs to promote business activities and ensure the completion of yearly profit plans.
- Sales of key products grew, with good profit margins, namely Boganic, Hoat huyet duong nao.
- Anticipating fluctuations in the market, the company was flexible in importing raw materials when there was a fluctuation in price.
- Revenue exceeded the set target.

The chart compares business results in 2021 with 2020 of several companies listed on the stock exchange:

■ Revenue growth ■ Profit growth





THE MAJOR ACTIVITIES OF THE COMPANY IN 2021

1.

Business restructuring with the goal of: Maintain the number 1 position in herbal products, focusing on investment and development of non-herbal products

Implementing Resolution 12/2021/NQ-DHDCD in March 2021, the Board of Directors established a Business Restructuring Project Committee comprise of all BoD members, led by Vice Chairman Nguyen Anh Tuan and selected the KPMG Tax and Investment Limited Company is the consultant for the Project.

Under the direction of the Restructuring Project Board, KPMG has carried out the following activities: review sales and marketing activities, design and unify Traphaco's overall and detailed organizational model, design and unify the decision-making Delegation of Authority for the main work areas of the Board of Directors, the Board of Management.

Based on the above results, in combination with the results of assessment of Traphaco's core competencies in 2020, the results of developing and implementing the process of forecasting and budget planning in early 2021, the Business Restructure Steering Committee/the Board of Directors held discussions, consulted opinions from the Board of Management, key personnel and agreed to approve and promulgate the Organization Model and Delegation of Authority, assigned tasks to key personnel at the BoD level to appoint and communicate about Restructuring Plan, establishing departments according to the Organizational Model.

The new organizational model and improved and more appropriate governance method already created a resonance of resources and values, promoting Traphaco's strong development.

2.

Continue deployment of Traphaco Culture in a new period

In 2021, the Company continues to urge and create a favorable environment to deploy Traphaco Culture in the new phase to meet the requirements in the development process.

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

3.

Manage expenses with a budget plan

Following the recommendations of KPMG, the Company developed a detailed budget plan of 2021, enhanced cost management, improved efficiency, made a large contribution to the accomplishment of the assigned yearly profit target.

4.

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 completion percentage, creating motivation for employees to exceed the targets, avoiding psychology of completion and lack of effort.



7.

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.

8.

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 Daewoo.

6.

Promote 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.

2021 is a year marking the synchronous and continuous cooperation between marketing and sales activities. As a result, sales policies and sales programs that are flexible and suitable according to the evolution of the epidemic have been positively received by the market.



5.

Change the way of managing customers

The company changed its customer management approach, focusing on quality customers (> 3 million VND), encouraging customers to increase sales, increasing the number of SKUs and increasing coverage in pharmacies.





REPORT AND ANALYSIS OF THE BOARD OF MANAGEMENT THE MAJOR ACTIVITIES OF THE COMPANY IN 2021 (Continued)

9. Technology transfer with Daewoong

In 2021, the Company receives 1012 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.



10. 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.



11. 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.

12. 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.



13. Strengthening the governance of Subsidiaries

Traphaco Hung Yen Ltd. Company

Strengthen governance, improve the utilization efficiency of the western-manufacturing plant, complete the production and business plan in 2021.

Traphaco Sapa one-member Ltd. Company

Strengthen 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 JSC

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.



REPORT AND ANALYSIS OF THE BOARD OF MANAGEMENT THE MAJOR ACTIVITIES OF THE COMPANY IN 2021 (Continued)

13. Results of activities of subsidiaries



TRAPHACO
HUNG YEN LTD.
COMPANY

Revenue reached (Bil. VND)

240

Reaching 96%
of the plan

Profit after tax reached (Bil. VND)

31

Reaching 100%
compared to the plan

- Causes of revenue achieved 96% compared to the targeted plan: Due to the restructuring of inventory between the parent company and its subsidiary to strengthen management, the purchase volume from Traphaco Hung Yen has been reduced in the last months of the year.
- However, the company still managed well, fulfilled the profit plan and other targets.
- The company is active in technology transfer activities in 2021, has put into production 3 products: UDCA 300mg; Rosuvastatin 10mg and Rosuvastatin 20mg were delivered in phase 1, continuing to receive phase 2 delivery of 12 products.



TRAPHACO
HIGH TECH JSC

Revenue reached (Bil. VND)

545

Exceeding 2.9%
compared to the year
plan and growing
10.1% compared to
2020

Profit after tax reached (Bil. VND)

43

Exceeding 6.3%
compared to the year
plan and growing
23.1% compared to
2020

- The Company maintained stable production and business activities in accordance with the orientation of the Parent Company



TRAPHACO SAPA
ONE-MEMBER LTD.
COMPANY

Revenue reached (Bil. VND)

56.7

Which was 105%
of target,

110% compared with the same period last year

Profit reached (Bil. VND)

2.63

Equal to 105%
of the plan

119% compared to the same period of 2020

- The company actively contributes to maintain the GACP-standardized material area of Traphaco.
- Successfully implemented and accepted the state-level project "Research on some health protection products from cordyceps in Sapa", bringing to market many new products: Cordyceps fruiting body/extract/capsule, Cordyceps sinensis herbal tea, etc.



DAKLAK
PHARMACEUTICALS
& MEDICAL
MATERIALS JSC

Revenue reached (Bil. VND)

294.2

exceeding 15.4% of the year plan and
growing by 18.6% over the same period

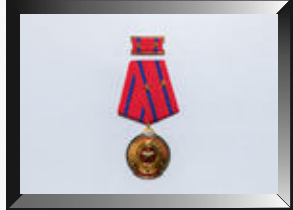
Profit after tax reached (Bil. VND)

7.99

exceeding 1% compared to the year plan and
growing by 19.3% over the same period

- Actively support the local anti-epidemic work, increasing the company's image.

14. Major awards that the company achieved in 2021



On October 13th, 2021, the company was honored to be awarded the "Second-grade Labor Order" by the President for outstanding achievements in work from 2016 to 2020, contributing to the cause of building socialism and defending the Country.



On July 7th, 2021, the City People's Committee of Hanoi issued Decision 3092/QĐ-UBND on rewarding enterprises with achievements in the business sector's emulation movement in 2020. Accordingly, the Company was awarded the "Excellent Unit of Emulation Movement" Flag for its comprehensive achievements in 2020.



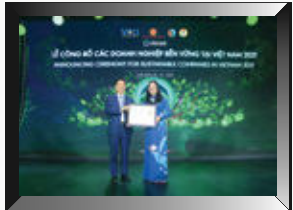
The Vietnam General Confederation of Labor awarded the Emulation Flag to Traphaco JSC for its outstanding achievements in the movement of good labor emulation and building a strong Trade Union in 2020.



On March 29th, 2021, Traphaco JSC set the record of "The first pharmaceutical company to modernize traditional medicines and have three best-selling oriental medicine product lines in Vietnam (Boganic, Hoat Huyet Duong Nao and Tottri)".



Traphaco was ranked No. 1 of the prestigious Oriental Medicine Company in 2020. The ranking was officially announced by Vietnam Report JSC (Vietnam Report) on January 8th, 2021. Traphaco's herbal products are always trusted by doctors and people thanks to their high quality and effectiveness in treating diseases, especially the clean source of medicinal herbs that Traphaco uses meets GACP-WHO standards.



Top 10 Vietnam sustainable enterprises in 2021 (CSI 2021) Held annually since 2016 under the direction of the Government, the Program on Assessment and Announcement of Sustainable Businesses in Vietnam (CSI Program) has made a strong impression and pervasiveness in the business community, Vietnamese industry. Traphaco JSC is the only pharmaceutical enterprise honored to be one of the top 10 "Sustainable Enterprises in 2021". The announcement ceremony was held on December 9th, 2021 with the attendance of Deputy Prime Minister Vu Duc Dam.



On December 14th, 2021, Vietnam Report JSC (Vietnam Report) officially announced the list, whereby Traphaco JSC was honored to be in the Top 10 prestigious pharmaceutical companies and ranked No. 1 in Top 5 prestigious oriental medicine company in 2021.



GENERAL ASSESSMENTS



ACHIEVEMENT

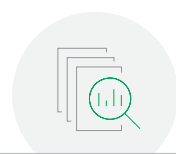
- 2021 is a successful year for Traphaco.
- In 2021, the Board of Directors has fulfilled its role well in accordance with the provisions of the law, the Charter of Traphaco JSC, closely grasped and directed the implementation of important development orientations such as restructuring business operations, business, perfecting the organizational model, promulgating the Delegation of Authority of the Board of Directors for key positions in the Management apparatus, actively supporting the Board of Management in realizing the Company's objectives.
- The Board of Management has made efforts to manage the Company's activities; Under the direction of the Board of Directors, the CEO and the Board of Management have built and directed to complete and exceed important goals, maintain and develop the values that create the foundation for the development of the Company in the upcoming time.

NOT-ACHIEVED

- Restructuring behind schedule.



**MASTERING HI-TECH
FIRMLY STEP TO THE FUTURE**



FINANCIAL ANALYSIS

For the year 2021

FINANCIAL RESULTS 2019-2020



Indicator	Unit	2019	2020	2021
Business results				
Net revenue from sales and services	Billion VND	1,710	1,909	2,161
Gross profit	Billion VND	940	1,031	1,147
Profit before tax	Billion VND	215	267	331
Profits after taxes	Billion VND	171	217	264
The balance sheet				
Total assets	Billion VND	1,572	1,651	1,707
Short-term asset:	Billion VND	888	1,010	1,094
Long-term assets:	Billion VND	683	641	613
Liabilities	Billion VND	453	478	440
Equity	Billion VND	1,118	1,172	1,268
Charter capital	Billion VND	415	415	415
The cash flow statement				
Net cash flow from business operation	Billion VND	217	346	290
Net cash flow from investing activities	Billion VND	(32)	(132)	(198)
Net cash flow from financial activities	Billion VND	(204)	(202)	(190)
Net cash flow in the period	Billion VND	(19)	11	(98)
Cash and cash equivalents at the end of the period	Billion VND	316	297	309
Cash and cash equivalents at the end of the period	Billion VND	297	309	211
Basic financial indicators				
Gross profit margin	%	54.98%	54.03%	53.10%
Profit before tax	%	12.56%	13.97%	15.30%
ROS	%	9.97%	11.35%	12.24%
ROA	%	9.71%	12.15%	14.39%
ROE	%	16.63%	20.54%	23.53%
Stock information				
Market value as of December 31st	VND/share	60,500	71,600	91,200
Basic earnings per share	VND/share	3,269	4,185	5,177
Dividend	VND/share	3,000	3,000	3,000

Turnover reached
103%
compared to the plan
and increased 13% compared
to the same period 2020

Profit after CIT
110%
compared to the plan
and increased 22% compared
to the same period 2020

In 2021, Vietnam's economy was adversely affected after being hit by the second Covid 19 wave. In particular, the epidemic that has lasted from July 2021 until now in the Southeast provinces, the Mekong River Delta and Hanoi, all the mentioned regions must implement social distancing according to the Government's directive 16 for a long period of time, which has impacted on the Vietnam's economy.

In spite of coping with many difficulties, such as supply disruptions, high transportation costs, etc., with the efforts and determination of the entire company's staffs, along with the

decisive direction and management, and firm bravery of the Board of Directors and the Board of Management, the Company has successfully accomplished the business targets for 2021 assigned by the General Meeting of Shareholder, setting a solid foundation for further development in the succeeding years.

Maintaining a positive double-digit growth rate in recent years, the Company believes that it will become a leading pharmaceutical enterprise in term of growth of revenue and profit among pharmaceutical companies in the same production and business scale.

PRODUCTION AND BUSINESS RESULTS OF 2021

No.	Content	2021
1	Sales of finished products	1,755,768,540,799
2	Net sales of goods	161,545,701,292
3	Revenue from subsidiaries	243,525,803,451
4	Cost of finished products	707,628,378,281
5	Cost of goods sold	96,883,673,976
6	COGS of products by subsidiaries	208,892,012,637
7	Financial incomes	11,306,714,363
8	Selling expenses	554,762,184,402
9	Operating expenses	266,092,792,321
10	Financial expenses	6,181,998,037
11	Profit before tax	330,710,077,611

The year of 2021 is a year the world economy has been heavily affected by the pandemic, but with the proactive and effective implementation of business measures by the Board of Directors, plus the consensus in the entire Trapaco, the Company overcame adversity to complete and exceed the assigned plan in terms of both revenue and profit targets.

Net revenue increased by 13% over the same period in 2020, in which finished products sales increased by 10%, this is also the product line that plays a major role in the total net revenue when accounting for 81% of total revenue; revenue from subsidiaries increased by 19% and revenue from imported products had the largest growth of 51.5%.

These above results have been achieved by:

- The Company's sales policy is based on the principle of mutual benefit, so customers are very supportive
- Utilization of new sources of goods, technology-transferred products etc. to meet the market's demand
- Professional sales representatives with IT support that assisted the customers to control sales profit from selling the Company's products.

With a revenue growth rate of 13% for the year of 2021, the growth rate of profit before tax reached 24%, which is quite an impressive figure when the Company has achieved a compound growth rate of 24% for two consecutive years. The profit growth rate has been much higher than the revenue growth rate thanks to the fact that the Company has done well in cost management by the implementation of budget allocation and control.



FINANCIAL ANALYSIS FOR THE YEAR 2021 (Continued)

NET REVENUE STRUCTURE FROM 2017 - 2021



No.	Revenue target	2017	2018	2019	2020	2021
1	Manufactured Goods	1,492,149,512,428	1,471,871,881,626	1,409,674,336,046	1,597,299,054,024	1,755,768,540,799
2	Consignment Goods + Imported Goods	149,970,609,704	97,441,698,040	72,558,399,846	106,641,799,303	161,545,701,292
3	Revenue from subsidiaries	228,321,734,795	229,036,086,626	228,206,732,530	204,929,158,957	243,525,803,451
Total		1,870,441,856,927	1,798,349,666,292	1,710,439,468,422	1,908,870,012,284	2,160,840,045,542

Net revenue structure in recent years has remained stable when sales of manufactured goods accounted for over 81% of total net revenue, this is also the main revenue stream that brings high profit margin to the company. Net revenue reached VND 1,755 billion, in which the main products group contributed to 53% of sales, increased 12% compared to the same period in 2020, sales of other products groups also had a good growth in 2021.

Exploitation products revenue had an impressive growth of 51% and accounted for 7% of total net revenue. Exploitation products revenue has always had a great growth in recent years when the company built a plan to develop the product group line with the superior products selection that are suitable for consumers' needs... that bring highly effective in treatment as well as increasing the company's business profits.

Subsidiaries's products sales increased by 18.8% with a value of over VND 39 billion, this is the highest growth rate in recent years when the subsidiaries implement a sales plan to adapt with the market in different epidemic periods so as not to disrupt the supply chain.



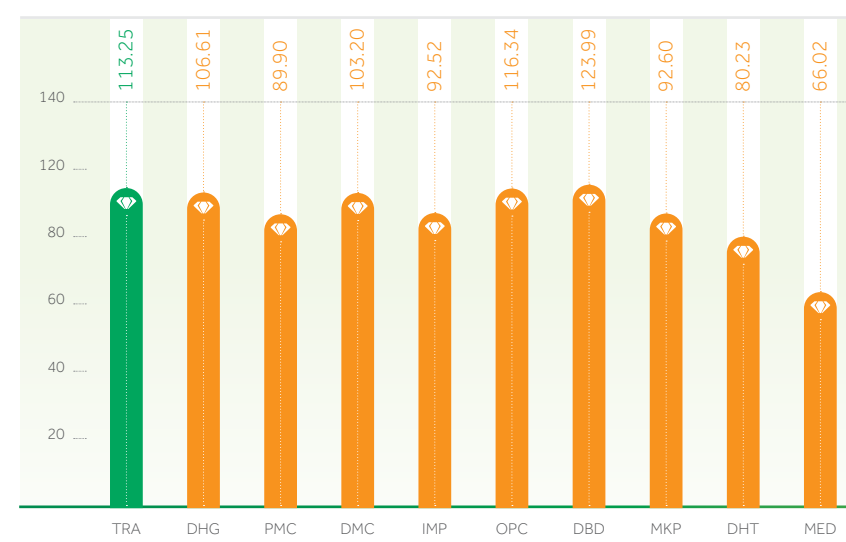
CONSOLIDATED REVENUE
(Unit: Billion VND)

2,161

REVENUE OF PHARMACEUTICAL COMPANIES IN 2020 - 2021

Growth of pharmaceutical companies in 2021/2020

Unit: %



Revenue of pharmaceutical companies	TRA	DHG	PMC	DMC	IMP	OPC	DBD	MKP	DHT	MED
Revenue in 2020	1,908	3,755	461	1,452	1,369	966	1,257	1,210	2,006	521
Revenue in 2021	2,161	4,003	414	1,498	1,267	1,124	1,559	1,120	1,609	344
2021/2020 growth	113.25%	106.61%	89.90%	103.20%	92.52%	116.34%	123.99%	92.60%	80.23%	66.02%

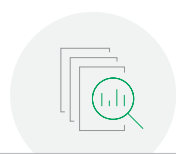
TRA achieved a revenue of 2,161 billion VND, ranked second after DHG and among the top companies with the highest revenue. Among these companies, there are 5 companies with negative growth rate and 5 companies with positive growth rate, TRA ranks 3rd in the market in terms of revenue growth rate.

With the continuous growth of revenue in recent years, TRA believes in a extensive distribution system, access to digital communication technology along with the creativity, professionalism, hardworks of sales staff and right-direction leadership, TRA will exceed the production and business plan for the term 2021-2026, and creating new, faster, stronger flows in line with the trend of Pharma 4.0.



2021/2020 GROWTH

113.25%



FINANCIAL ANALYSIS FOR THE YEAR 2021 (Continued)

PROFITABILITY RATIO OF TRA IN THE PERIOD 2017 - 2021

Revenue target	2017	2018	2019	2020	2021
Gross margin	55.64%	51.97%	54.98%	54.03%	53.10%
Of which:					
• Gross profit margin of finished goods	66.74%	60.76%	62.83%	60.50%	59.70%
• Gross profit margin of goods	12.59%	13.37%	18.84%	22.11%	40.03%
• Profit before tax	17.25%	12.02%	12.56%	13.97%	15.30%
• After-tax Profit Margin (ROS)	13.92%	9.72%	9.97%	11.35%	12.24%
• ROA	16.82%	10.08%	9.71%	12.15%	14.39%
• ROE	26.58%	17.04%	16.63%	20.54%	23.53%

TRA's profitability ratio has enjoyed a high growth in recent years, especially in 2021, the ratio profit before tax increased by 1.34% over to the same period in 2020, showing the effectiveness in corporate governance. The ROS - ROA - ROE ratios all increase sharply when respectively reaching 12.24% - 14.39% - 23.53% in 2021, in the top of companies with the highest comparability indexes in the industry, which shows the improvement of efficiency in revenue - expense management as well as optimization of resources in the use of assets and capital.

Most of the Company's product lines had high gross profit margins, in which the gross profit of finished goods has decreased slightly compared to 2020 due to the increasing price of input factors, such as aluminum film price, PVC... in 2021, gross profit of goods has the highest growth when the Company has invested and utilized product lines that are effective in treatment and have good margins for the Company.

PROFITABILITY OF COMPANIES IN THE SAME INDUSTRY IN 2019 - 2021

	TRA	DHG	PMC	DMC	IMP	OPC	DBD	MKP
2019								
ROS	9.97%	16.20%	16.01%	15.84%	11.58%	10.23%	11.27%	5.38%
ROA	9.71%	17.20%	20.15%	19.00%	10.96%	11.12%	10.52%	5.89%
ROE	16.63%	18.72%	23.54%	18.58%	10.42%	16.33%	15.25%	10.37%
2020								
ROS	11.35%	19.66%	16.19%	12.41%	15.31%	10.66%	12.85%	3.28%
ROA	12.15%	18.46%	18.35%	15.46%	12.18%	11.50%	13.43%	3.84%
ROE	20.54%	21.30%	21.43%	14.04%	12.75%	16.26%	16.91%	3.14%
2021								
ROS	12.24%	19.39%	15.52%	10.63%	14.93%	10.98%	11.79%	1.42%
ROA	14.39%	17.15%	14.61%	10.32%	8.61%	10.57%	12.29%	1.01%
ROE	23.53%	21.12%	17.09%	11.88%	10.73%	17.39%	17.31%	1.26%

TRA's profitability has grown impressively in the last several years, particularly ROE ratio increased by 3 percentage points over the same period and increased by 6.87 percentage points compared to 2019 and ranked No. 1 of the companies listed on the stock exchange. Both ROS and ROA

indexes also improved significantly in 2021, helping TRA gradually affirm its position as the top enterprise in terms of production and business efficiency.

In 2021, TRA has a positive profitability in all 3 indexes while comparable pharmaceutical companies such as DHG - PMC - DMC - IMP all have negative growth, showing the Company's flexibility to adapt in the context of the economic downturn and being deeply affected by the pandemic as well as market volatility.

PROFIT GROWTH RATE OF COMPANIES IN THE INDUSTRY

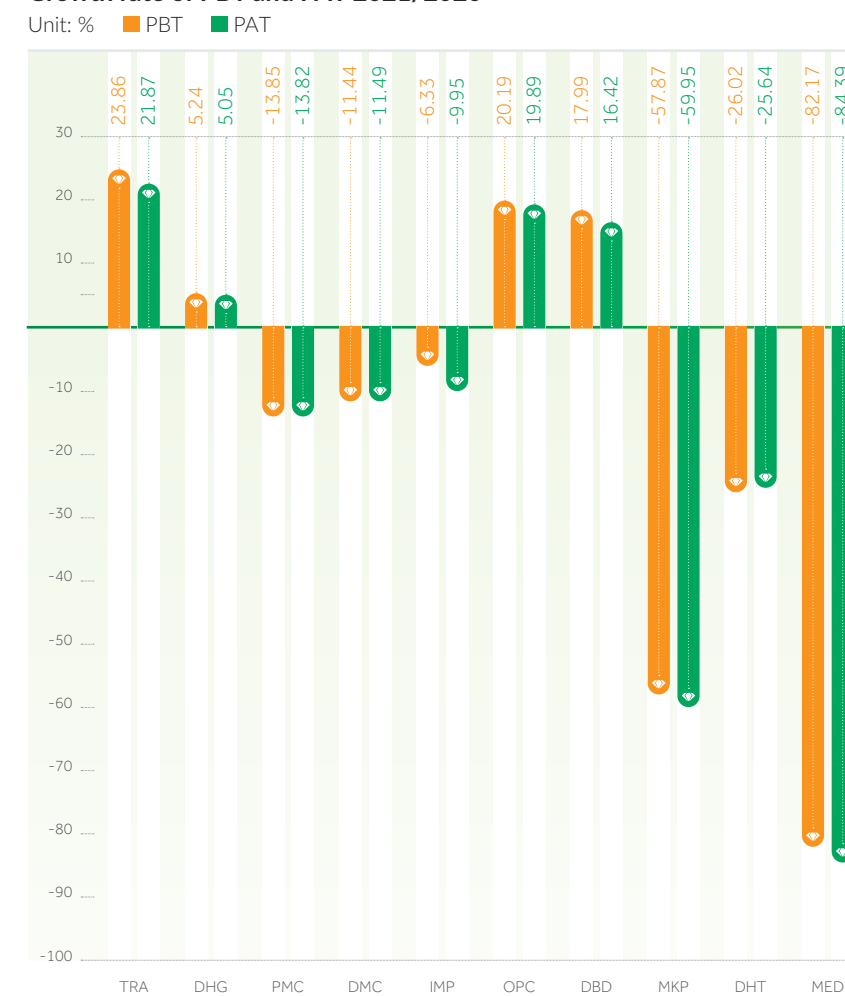
	TRA	DHG	PMC	DMC	IMP	OPC	DBD	MKP	DHT	MED
Profit before tax 2020	267	821	94	225	255	132	197	57.6	121	31
Profit before tax 2021	331	864	81	199	239	159	232	24	90	6
PBT 2021/2020	23.86%	5.24%	-13.85%	-11.44%	-6.33%	20.19%	17.99%	-57.87%	-26.02%	-82.17%
Profit after tax 2020	217	739	75	180	210	103	158	40	96	24
Profit after tax 2021	264	776	64	159	189	123	184	16	71	4
PAT 2021/2020	21.87%	5.05%	-13.82%	-11.49%	-9.95%	19.89%	16.42%	-59.95%	-25.64%	-84.39%

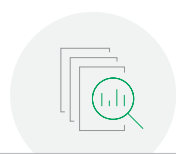
Along with the increasing rate of profitability ratios, TRA's profit growth rate has been improved significantly when both TRA's EBT and EAT respectively rose by 23.86% and 21.87%. In 2021, TRA led the market in terms of profit growth compared to pharmaceutical companies listed on the stock exchange, and improved a level over 2020.

With the profit growth rate reaching a high level, it shows that the Company has performed very well:

- Strictly controlled costs when looking for input materials with good quality and stable prices.
- Well managed operating expenses of the business.
- Improved capital flow efficiency reflecting by a 59% growth in revenue and a 47% reduction in expenses in 2021.

Growth rate of PBT and PAT 2021/2020





FINANCIAL ANALYSIS FOR THE YEAR 2021 (Continued)

ANALYSIS OF ROE OF TRA FOLLOWING DUPONT MODEL

	2017	2018	2019	2020	2021
ROE according to Dupont	25.30%	17.14%	16.57%	20.11%	22.65%
Profit after tax / net sales	13.92%	9.72%	9.97%	11.35%	12.24%
Asset turnover	1.24	1.13	1.09	1.16	1.27
Financial leverage coefficient	1.47	1.56	1.53	1.53	1.46

ROS has increased and ensured stable development in the term 2018 - 2021 when solutions for business activities have been carried out, TRA expects the ROS ratio will be high in 2022.

The efficiency of utilizing asset has increased steadily over the past years, which is a positive sign that the Company's level of exploitation and use of assets has always been efficient and improved day by day.

In 2021, the Company has actively reduced the loan balance from 78.9 billion VND to 26.8 billion VND. Accordingly, the financial leverage ratio decreased slightly from 1.53 to 1.46 and the return on equity (ROE) increased considerably by 2.55 percentage points.

OPERATION EFFICIENCY

	2017	2018	2019	2020	2021
Inventory rotation	2.60	2.58	2.19	2.45	2.76
Short-term receivables turnover	6.42	10.17	10.81	10.94	11.97
Short-term payables turnover	2.34	2.49	2.35	2.26	2.32
Average days of inventory	140.25	141.65	166.33	148.93	132.23
Average days of receivables	56.81	35.89	33.78	33.37	30.49
Average days of payables	155.80	146.42	155.40	161.67	157.29
Cash conversion cycle	41.26	31.12	44.71	20.63	5.43

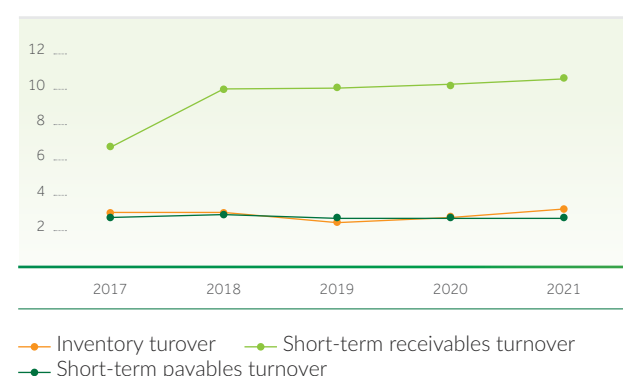
Efficiency of operation went up over the same period in 2020, in which:

The receivables turnover increased by 1 round, corresponding to the days of receivables from 33.37 days in 2020 to 30.49 days in 2021 thanks to several measures to minimize bad debts.

The inventory turnover also went up slightly because the Company had carried out solutions to adjust inventory properly to reduce the average days of inventory by 16.7 days compared to 2020.

The payable turnover ratio had been adjusted gradually to focus on immediate payment for supplier of necessary raw materials to serve the production plan.

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 INDEX OF TRA

	2017	2018	2019	2020	2021
EBIT	325,231,796,204	228,414,183,604	232,602,814,093	278,091,594,345	336,137,143,272
EBIT margin	17.39%	12.70%	13.60%	14.57%	15.56%
EBITDA = EBIT + Depreciation	362,902,123,494	300,166,119,033	295,719,135,724	357,168,541,789	420,783,270,154
EBITDA margin	19.40%	16.69%	17.29%	18.71%	19.47%

The Company's EBIT ratio had a tendency to increase steadily in the period of 2018 - 2021, with an average increase of 1 percentage point per year, showing that the Company's management efficiency in operating expenses has been excellent along with reduce of interest expenses created a premise for increasing profits . EBIT of TRA has always remained at a high level and its growth proved that the Company has been following the right direction of its core values.

Like the EBIT ratio, the Company's EBITDA ratio also has a stable growth rate in recent years, showing that EBITDA reached 19.47% in 2021 and was higher than

2017. EBITDA margin held the highest level in 5 years, showing the profitability as well as clear reflection of TRA's performance in the current period.



THE SITUATION OF CASH FLOW FROM THE COMPANY'S ACTIVITIES IN THE PERIOD OF 2016-2021

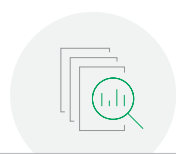
	2017	2018	2019	2020	2021
Cash flow from business operation	185,135,300,100	168,670,330,519	217,053,587,156	346,284,803,826	290,471,412,053
Cash flow from investment activities	(132,803,760,240)	(43,150,500,787)	(32,044,736,925)	(132,432,678,723)	(198,250,299,051)
Cash flow from financial activities	(95,935,394,260)	29,710,215,454	(203,672,939,329)	(202,420,422,558)	(190,218,360,587)
Cash flow in the period	(43,603,854,400)	155,230,045,186	-18,664,089,098	11,431,702,545	(97,997,245,564)
Cash and cash equivalents at the end of the period	160,903,552,066	316,133,597,252	297,466,318,638	308,893,810,924	210,880,433,884

Cash flow from business operation has always stayed positive, helping the Company's activities to carry out continuously and helping to finance other activities and investment in the Company's fixed assets. The great profit before tax in recent years and the decrease in receivables has maintained the optimal working capital for the Company's production and business activities.

Spending on capital investment in other entities increased to a deficit of 343 billion VND and loan recovery increased by

258billion VND over the same period, resulting in negative cash flow from investment activities of 198 billion VND.

In general, the cash balance did not change significantly compared to the same period in 2020 when the cash flow from financial activities remained stable with the payable dividend to shareholders maintaining 30% of the charter capital, showing the ability to coordinate cash flow for the Company's business activities was reasonable.



FINANCIAL ANALYSIS FOR THE YEAR 2021 (Continued)

STRUCTURE OF ASSETS - CAPITAL SOURCES

	2017	2018	2019	2020	2021
Asset Structure					
Fixed asset/Total assets	47.08%	42.13%	40.34%	36.13%	32.35%
Current asset/Total assets	49.40%	54.05%	56.51%	61.19%	64.08%
Capital structure					
Liabilities/Total assets	25.89%	30.36%	28.86%	28.98%	25.75%
Equity/Total assets	68.28%	64.20%	65.64%	65.38%	68.43%

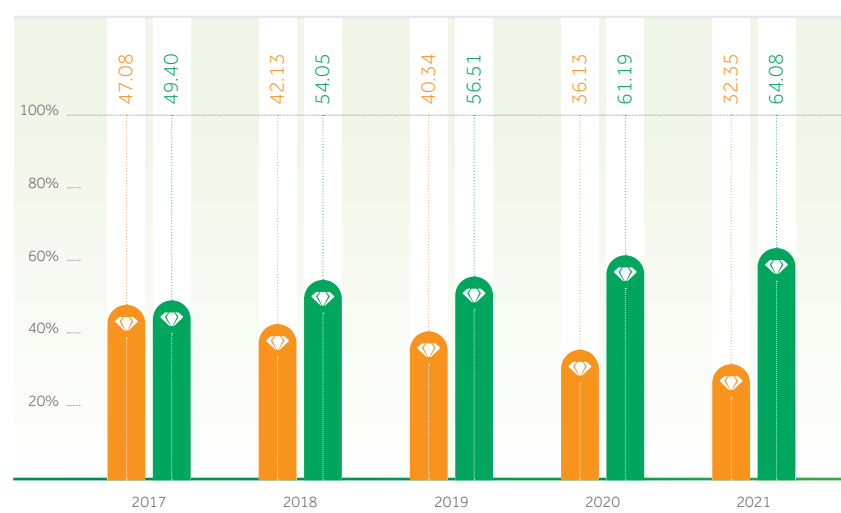
In 2021, the proportion of fixed assets over total assets was approx 32.35%. Traphaco has high fixed asset structure compared to other pharmaceutical companies in the industry, because the Company had long-term goals when making investments, establishing the first 4.0 pharmaceutical factory in Vietnam with GMP-WHO standards in the coming years.

The proportion of other current assets increased by 3% compared to 2020 making the Company's total assets increased by 3.4% compared to the beginning of 2021, the increase was mainly in short-term assets, in which working capital in the form of cash and deposits always ensured sufficient capital for the Company's production and business activities. Financial investments climbed strongly and accounted for a large proportion of total assets.

Liabilities and owner's equity over total capital witnessed a slight adjustment in 2021, in which the structure of owner's equity over total capital reached 68.43%, reflecting the Company's financial structure to be transparent and sustainable.

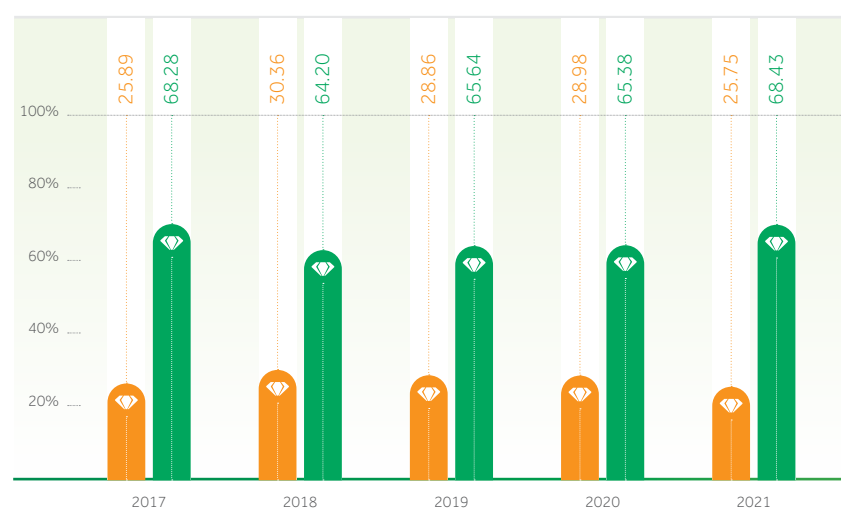
Asset Structure

Unit: % ■ Fixed assets/ Total assets ■ Working assets/ Total assets



Capital structure

Unit: % ■ Liabilities/Total Equity ■ Owner's Equity/Total Equity



PRODUCTION AND BUSINESS RESULTS OF 2020 - 2021

Indicator	2020	2021	% Net revenue 2020	% Net revenue 2021	Growth
Net revenue from sales and services	1,908,870,012,284	2,160,840,045,542	100.00%	100.00%	113.20%
Cost of goods sold	877,456,366,604	1,013,404,064,894	45.97%	46.90%	115.49%
Gross profit from sales and services	1,031,413,645,680	1,147,435,980,648	54.03%	53.10%	111.25%
Revenue from financial activities	7,117,222,669	11,306,714,363	0.37%	0.52%	158.86%
Financial expenses	11,528,502,397	6,181,998,037	0.60%	0.29%	53.62%
Interest expenses	11,442,619,337	5,427,065,661	0.60%	0.25%	47.43%
Selling expenses	507,990,576,438	554,762,184,402	26.61%	25.67%	109.21%
Operating expenses	254,351,128,124	266,092,792,321	13.32%	12.31%	104.62%
Net profit from business operation	264,660,661,390	331,705,720,251	13.86%	15.35%	125.33%
Other profit	1,988,313,618	(995,642,640)	0.10%	-0.05%	-50.07%
Profit before tax	266,648,975,008	330,710,077,611	13.97%	15.30%	124.02%
Corporate Income tax	62,579,295,769	69,951,317,807	3.28%	3.24%	111.78%
Delayed corporate income tax	(12,677,898,750)	(3,708,096,338)	-0.66%	-0.17%	29.25%
Profit after corporate income tax	216,747,577,989	264,466,856,142	11.35%	12.24%	122.02%
Profit after tax of minority shareholders	20,960,507,922	22,876,305,738	1.10%	1.06%	109.14%
Profit after tax attributable to the parent company's shareholders	195,787,070,067	241,590,550,404	10.26%	11.18%	123.39%

The year of 2021 is the year the Company completed and exceeded the planned targets in terms of revenue and profit, whereby revenue went up 13% over the same period and grew 3% compared to the plan. The Company's profit also increased by 12% over the same period and 22% compared to the plan, showing that the Company has proactively seized every opportunity of the market to respond flexibly to improve business effectiveness and competitiveness of the Traphaco brand.

Operating expenses were also adjusted down when selling and administrative expenses all dropped by nearly 1 percentage point over the same period in 2020, demonstrating that the effectiveness of allocating and controlling budget in the right direction of approaching modern management standards.

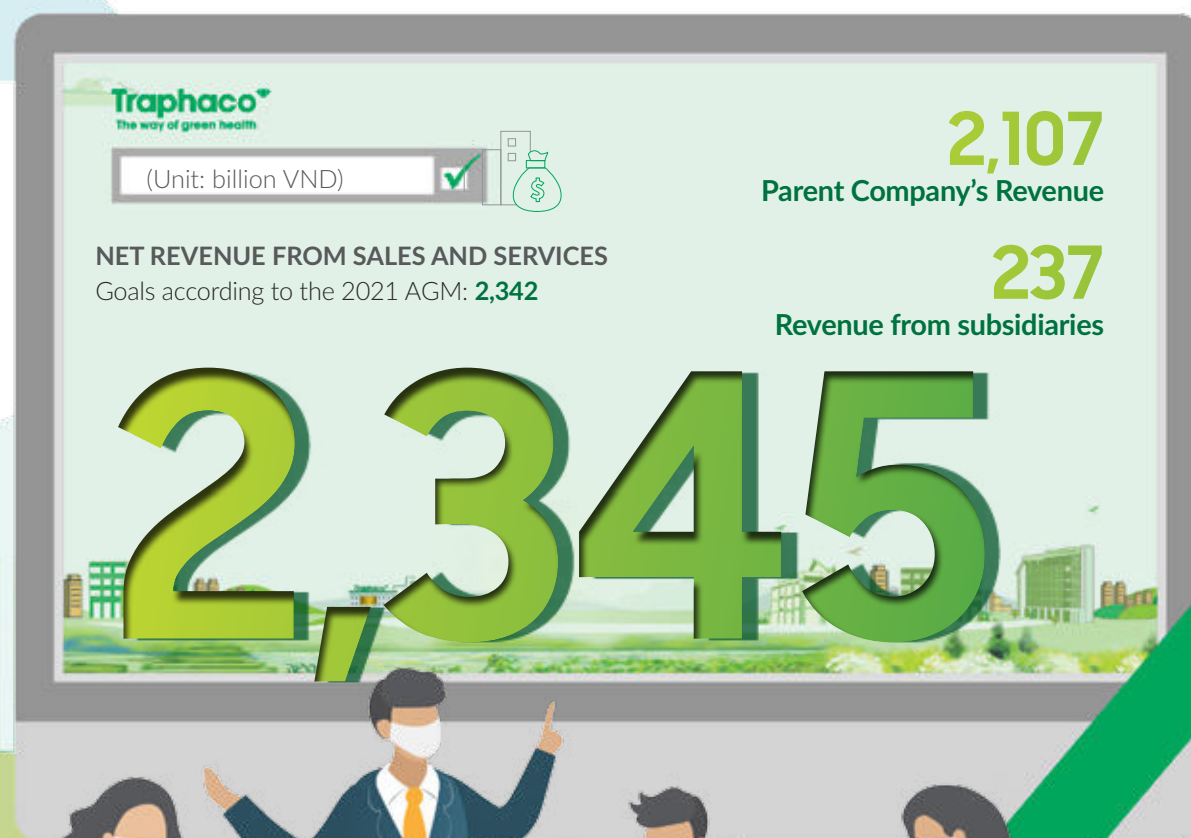
These factors helped TRA to achieve profits before tax and after tax increased by over 20% compared to the same time and completed 110.19% of the assigned plan with the value of profit after tax from 240 billion to 264.4 billion VND in 2021. This is also quite an impressive number when the Company was still adversely influenced by the covid 19 pandemic along with other factors of the economy last year.



PRODUCTION AND

Business plans in 2022

KEY INDICATORS



8

Number of new products deployed
to production and marketed
(of which pharmaceutical drugs ≥ 4)



65

Sales of new products marketed
from 2021
(Unit: billion VND)



170

The number of annual registration
and announcement of products
(Unit: registration/announcement)



Consolidated profit after tax
(billion VND)

286

Goals according to the 2021 AGM: 276



Increase in the income of employees at
Parent Company's compared to 2021

5%



KEY INDICATORS:

REVENUE, PROFIT, NUMBER OF NEW PRODUCTS PUT INTO PRODUCTION,
REGISTRATION NUMBER AND ANNUAL OWNERSHIP ANNOUNCEMENT ARE ALL SET AT
OR ABOVE THE LEVEL OF THE GENERAL MEETING FOR THE MARCH 2021 TERM.



PRODUCTION AND BUSINESS PLANS IN 2022 (Continued)

DIRECTIONS AND SOLUTIONS TO IMPLEMENT THE COMPANY'S MAIN PLAN AND ACTIVITIES IN 2022

1.

Implementing major tasks of Business Restructuring

- Completing the working process according to the new model after restructuring: The Board of Directors directed to complete the working processes under the new model, promote core strengths, continue to improve to improve work efficiency.
- Continue deploying functions and tasks according to the new organizational model: The company performs functions and tasks in accordance with the new organizational model and deploys personnel training to meet development needs.
- Separating the medical sales reps of herbal vs non-herbal: continue deploying separation of herbal vs non-herbal sale representative to meet the company's development goals in the next phase.

Restructuring start from the end of 2021, so putting the new post-restructuring model into operation along with the delegation of authority and revised task functions is a mandatory requirement, requiring the Board of Management be active and close, especially in the first 6 months of the year so that corporate governance follows advanced practices.

2.

Manage expenses with a budget plan

After positive results in developing a detailed budget plan for 2021, the company continues to implement cost management by budget planning, strengthen cost management, improve efficiency, and ensure implementation. show profit target.

3.

Continue to deploy 5 major solutions

In 2022, the Company continues to implement 5 major groups of solutions, building and strengthening growth momentum in the long term, including:

- Specify the annual plan targets into goals of Departments, Committees and Divisions.
- Improve the efficiency of the method of assigning revenue, contract and KPI to all departments in the company.
- Strengthen the development of new products, increase the number of registrations/publications.
- Focus on boosting ETC market.
- Manage cost limits and budget plans.

4.

Continue deployment of Traphaco Culture in a new period

- The Company promotes the achieved results to overcome the shortcomings and weaknesses; take advantage of the strengths to meet the requirements in the new development process.
- The Company continues focusing on the implementation of the new culture in each specific action and work, promoting the development of the Company.

5.

Change the way of assigning and evaluating KPI

Continue to improve the system of assigning and evaluating KPIs according to the goals of the company after restructuring the company. Accordingly, the assessment is based on results, actual work efficiency, based on the company's goals and orientation. Bringing value to departments and divisions in the company, thereby motivating employees to exceed targets, avoiding lack of effort and lack of effort.

6.

Promote R&D activities, develop new products

- Promoting the activities of herbal R&D Department, non-herbal R&D Department, lab, promoting new product research activities, increasing registration numbers and putting products into production
- Strengthening the activities of the technology transfer department, receiving transfer from Korean partner Daewoong. The company promotes the expansion and diversification of transferred products, thereby realizing the goal of developing non-herbal products.

7.

Upgrade, develop information technology system

- Upgrading and developing information technology software systems; deploying, developing ERP system to meet development goals in the new period.
- Increasing the application of information technology to business administration activities to improve efficiency and optimize costs.

8.

Promote imported products

In 2022, 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.

9.

Technology transfer

The Company continues to seek and expand strategic partners to receive tech transfer, diversify products, serve the strategy of developing western medicine products.

10.

Quality management

In 2022, 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 and suitable with Traphaco's realities.
- The Company continues to direct its policies towards a friendly working environment, and building and developing Traphaco's culture.





PRODUCTION AND BUSINESS PLANS IN 2022 DIRECTIONS AND SOLUTIONS TO IMPLEMENT THE COMPANY'S MAIN PLAN AND ACTIVITIES IN 2022 (Continued)

12.

Strengthening the governance of Subsidiaries



Traphaco Hung Yen Ltd. Company

Implemented to change the corporate governance model from the company president/Director to the Board of members/Board of Directors according to the Resolution issued by the Board of Directors, enhancing governance efficiency, and improving the efficiency of plant exploitation, manufacture of pharmaceutical drugs. Promote the production of technology transfer products, new products, maximize the efficiency of the factory, complete the production and business plan in 2022.



Traphaco Sapa one-member Ltd. Company

Strengthen 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 2022 targets of revenue, profit, contribute to the value chain of Traphaco.



Traphaco CNC JSC

Through the Representative of capital, strengthen the governance, ensure the operation in the direction of the parent company; achieve the targets of 2022 plan on revenue, profit & dividend; contribute to the value chain of Traphaco.



Daklak Pharmaceuticals & Medical Materials JSC

Arrange and arrange personnel for the new term in line with development goals. 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 2022 plan on revenue, profit & dividend; contribute to the value chain of Traphaco.

13.

Continuing to pay attention to improving and developing Traphaco's brand, focusing on public and investor relations.

14.

Develop a plan for the headquarter, factory and warehouse in Hoang Liet land to be relocated according to the city's planning.

UPHOLD THE TRADITION FIRMLY STEP TO THE FUTURE



IN 2022, THE EPIDEMIC SITUATION WILL CONTINUE TO BE COMPLICATED, AFFECTING THE ECONOMY IN GENERAL AND THE PHARMACEUTICAL INDUSTRY IN PARTICULAR. BUT TRAPHACO WILL PROMOTE THE RESULTS ACHIEVED IN 2021 AND PREVIOUS YEARS. ALONG WITH THE CONSENSUS AND DETERMINATION OF THE STAFF, THE LEADERSHIP COMMITTED TO COMPLETE THE TARGETS ASSIGNED BY THE AGM, SET ACHIEVEMENTS TOWARDS THE 50TH ANNIVERSARY OF TRAPHACO'S TRADITIONAL DAY, NOVEMBER 28, 1972 - NOVEMBER 28, 2022.



Subsidiaries

1

TRAPHACO SAPA CO., LTD.

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 healthcare products as directed by the parent company. Traphacosapa has been contributing to the development of TRAPHACO's brand.

In 2021, adhere to Traphaco's strategic development orientation; Traphacosapa Company has fulfilled 100% of the year plan with the profit reached 103% of the year plan. Revenue compared to 2020 increased 10%, profit increased 19%. To achieve the above results, the Company has applied the following measures:

- Adhere to the quality goals established at the beginning of the year, focusing on directing production, sales, quality management of goods, building a professional personnel team, investing and upgrading machinery and equipment to improve productivity.
- Maintain the application of the GPs-WHO Quality Management System.
- Maintain the application of the ISO 9001 Quality Management System: 2015
- Manage medicinal plantations that met GACP-WHO standards.
- Implement the principles of the Global Union for Ethical Biology UEBT.



Ownership
of Traphaco JSC.

100%



Total revenue
(Unit: Billion VND)

57



Profit
(Unit: Billion VND)

2.6

OVERVIEW INTRODUCTION



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 medicinal materials manufacturing company in Lao Cai province. Traphacosapa is always proud to be a subsidiary of Traphaco JSC with the mission to create green products for taking care of human health.

Business lines

- 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 equipments.



REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)



Revenue and Profit



TOTAL REVENUE
Unit: billion VND

57



PROFIT
Unit: billion VND

2.6



Quality system

- Perform the quality management system in compliance with ISO 9001:2015 and GPs standards.
- Adhered to Ethical BioTrade (EBT) guidelines; proud to be the only Vietnamese member of the Union for Ethical Biotrade (UEBT).
- Re-evaluated and obtained the certificate of maintaining the satisfaction of "Good manufacturing practice for drugs and medicinal ingredients according to the standards of the World Health Organization (GMP-WHO), and good storage practice for drugs (GSP)."
- Re-evaluated and achieved ISO 9001:2015 maintenance certification.
- Re-evaluated and obtained GACP-WHO certification for the ampelopsis cantoniensis harvesting areas.
- Controlled artichoke growing and harvesting areas, growing areas and medicinal herbs harvesting areas 100% compliance with GACP-WHO standards.



Employee

- Average income increased at least 5% compared to 2020.
- No complaint from staffs about issues related to workers' rights and legal regulations.



Client

- Ensured 100% of orders are delivered as committed.



Environment

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

SCIENTIFIC RESEARCH

Completed the acceptance test of the State-level project "Improving the production process of some healthcare protection products from Cordyceps militaris in Sapa district, Lao Cai province.

No DA.CT-592.23.2018



SIGNIFICANT HERBAL MATERIALS



Artichoke leaves



Ampelopsis cantoniensis



Glinus oppositifolius



Cordyceps militaris

OUTSTANDING PRODUCTS

Spraying-drying artichoke extract

Glinus oppositifolius products from spraying-drying process

Condensed paste of Ampelopsis cantoniensis

Sapa soft Artichoke extract

Ginseng Artichoke soft paste

Cordyceps capsules

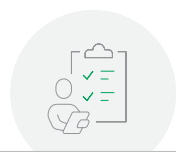
Chocolate detox

Soft paste of Ampelopsis cantoniensis

Cyanophyta Tea

Ampelopsis cantoniensis Tea





REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)

TYPICAL 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 example

- 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/QĐ-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 REWARD

2018

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

No. 2894/QĐ.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/QĐ.UBND dated 02/10/2018, "Having outstanding achievements in building cultural environment in enterprises outside of the state sector in 2018."

Decision No. 1921/QĐ.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/QĐMTTQ-BTT dated May 13, 2019, "Excellent performance in 10 years of implementing the 'Buy Vietnamese' campaign.



2020

Asean Enterprise Award

(Awarded by Deputy Prime Minister Trung Hoa Binh)

Inclusive Business Award 2020- ABA 2020 - awarded to enterprises for the impact of inclusive business creating jobs and increasing income for low-income people.



2021

Merit canvas from Chairman of Lao Cai Provincial People's Committee

The Chairman of Lao Cai Provincial People's Committee gifted a merit canvas on the occasion of 20 years of establishment of the company.

Science and technology innovation contest

01 first prize: Research of production goods from Sa Pa cordyceps militaris

01 third prize: Research on improving production process of spraying-drying artichokes extract.

Vietnam General Confederation of Labor

Certificate of Merit for Mr. **Do Tien Sy** for the program of 75,000 initiatives in production and business.

Lao Cai Provincial Labor Confederation

Certificate of Merit for Mr. **Do Tien Sy**, Mr. **Le Quan** for scientific and technical innovation in Lao Cai province.

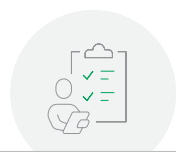
Certificate of Merit for Ms. **Luong Thu Huong** on the occasion of 30 years of re-establishing Lao Cai province and 70 years of establishment of Lao Cai Provincial Labor Confederation.

Comprehensive Certificate of Merit for the Trade Union of Traphacosapa One member limited liability company in 2021.

Chairman of Lao Cai Provincial People's Committee

Certificate of Merit for Mr. **Le Quan**, Mr. **Nguyen Phu Tri** for the 7th time on the scientific and technical creativity of Lao Cai province.





REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)

PRODUCTION AND BUSINESS RESULTS OF 2021

Indicator	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net revenue from sales and services	Bil. VND	28.5	36.5	43.5	50.3	54.2	48.5	46.6	51.6	57.4
Profit before CIT	Bil. VND	1.53	1.6	1.74	1.44	2.4	2.2	2.1	2,382	3,030
Profit after corporate income tax	Bil. VND	1.43	1.5	1.51	1.25	2.0	2.1	2.0	2,208	2,632
Total number of employees (As of 31 December)	Persons	35	38	48	61	63	55	52	53	54
Charter capital	Bil. VND	6.7	6.7	16.8	16.8	25.0	25.0	25.0	25	25
Profit before tax/Charter capital ratio	%	22,8	23,8	10,3	8,6	9,6	8,8	8,4	9,5	12
Profit after CIT/Chater capital ratio	%	21,3	22,3	9,0	7,4	8,0	8,4	8,0	8,8	10,5

The company's achieved improvements in 2021

- Completed 100% of the revenue and profit plan
- Completed the state-level project on Cordyceps.
- Employees' income increased 10% compared to 2020
- Succesfully controlled quality of goods, no returned products
- Applied software in operation management.

DEVELOPMENT ORIENTATION FOR 2022

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

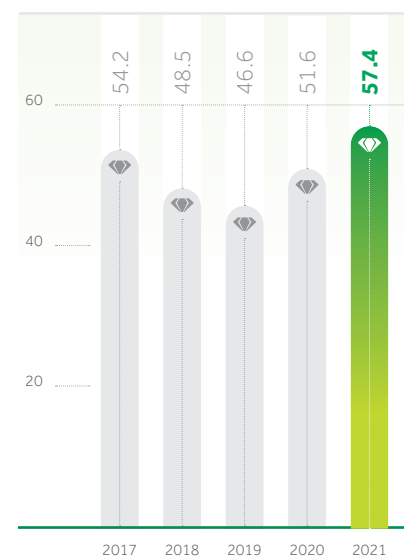
1. Focus on implementing activities following the message from the Parent Company: Uphold the tradition - firmly step to the future.
2. Optimize production processes to improve product efficiency and product quality.
3. Strengthen cost control, reduce costs in the production and business processes.
4. Promote local products sales through online sales channels to meet the revenue targets of 2022, bring at least one local product into the parent company's sale system:
 - Create new products for Science and technology project on Cordyceps sinesis, promote sales communication.
 - Develop effective communication plans for indigenous products, particularly typical agricultural products (OCOPs - One Commune One product) that have been certified.
5. Strengthen coordination with the TRA sales team to achieve sales targets for 2022.

TOTAL REVENUE

Unit: billion VND

57.4

reaching 100% of the plan,
increased 10% compared to 2020



SCALE AND ASSET STRUCTURE

Unit: billion VND

Total assets
44

Charter capital
25

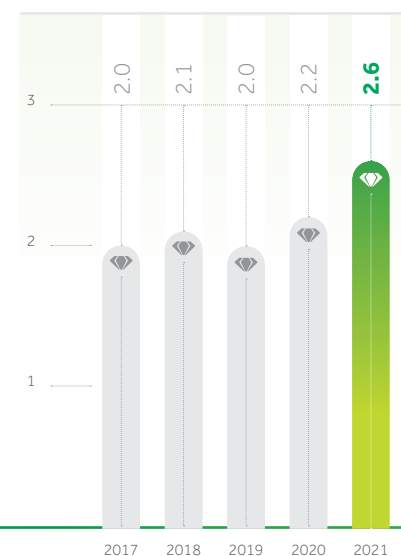


AFTER-TAX PROFIT

Unit: billion VND

2,632

exceeding 0.5%
compared to 2021 target.



Traphacosapa
has set a target
for 2022

61.3

TOTAL REVENUE
(Unit: Billion VND)

3,023

PROFIT AFTER TAX
(Unit: Billion VND)



REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)

2

TRAPHACO HUNG YEN CO., LTD.

Mrs. 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 major line of business: Manufacturing drugs, pharmaceutical chemistry, medicinal materials.

OVERVIEW OF TRAPHACO HUNG YEN

The Company was invested in and built based on the Factory for manufacturing western medicines - GMP- WHO standard project, which had total capital of nearly 500 billion VND and covered an area of over 46,000 m2, including five 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...



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.



Ownership
of Traphaco JSC.

REPORT ON PRODUCTION AND BUSINESS RESULTS 2021

100%

Business results in 2021



TOTAL NET REVENUE

Unit: billion VND

240

96% of plan for 2021



PROFIT

Unit: billion VND

31

100% of the plan.
Profit after tax/Net revenue
was 12.9%.



SCALE AND ASSET STRUCTURE

Unit: billion VND

As of December 31, 2021,
the Company's total assets were

404.6

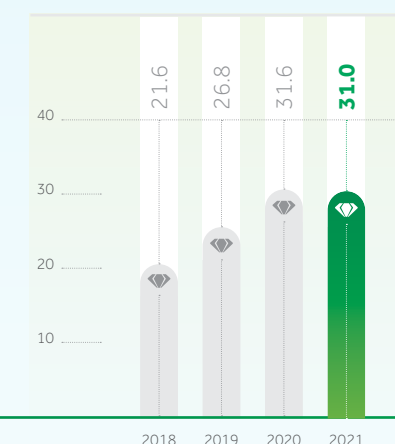
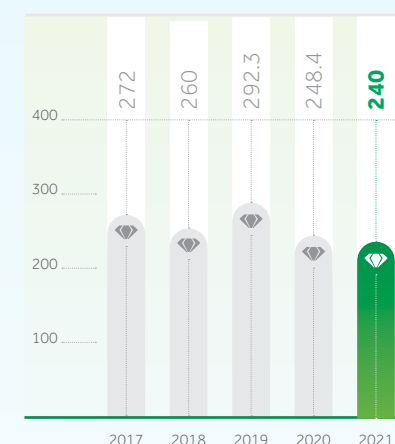
down 3% compared to 2020

100.8

accounting for 24.9%
of total assets, increased 12%
compared to 2020.

303.7

accounted for 75.1% of total assets,
decreased 8% compared to 2019.



Average income: The year 2021 continues to be the second year in a row that the global economy in general, Traphaco Co Ltd in particular had been severely impacted by the Covid-19 pandemic. Regardless, the Company continued to ensure that all employees receive full salary and benefits, as required by law and the leadership's commitment. Employees' average income still maintained an increase of 3% compared to 2020.



REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)

FINANCIAL RESOURCE

Good budget planning, ensured enough cash flow for production and business activities. Maintained the expense-limit control during the year to ensure profit as planned.



Achievements of the company in 2021

- Received technology-transfer and put into production 06 new products.
- Finalize the 3P compensation plan to be implemented in 2022.
- Completed the inspection of taxes and state budget payments from 2017 to 2020 conducted by the Tax Inspector of Hung Yen province, with the conclusion that the Company complied with state regulations.
- Successfully defended GMP, GLP, GSP certifications issued by the Drug Administration of Vietnam.
- Successfully defended ISO 9001 - 2015 and 14001 - 2015 certificates issued by the Directorate for Standards, Metrology and Quality - Vietnam Certification Center (Quacert).
- Maintained the 5S Concept certification issued by the Vietnam Productivity Institute.
- Standardized and implemented 4 manuals and 24 processes training, ensuring a seamless and consistent implementation throughout the company
- Fully implemented epidemic prevention measures at the workplace, arranged personnel to meet production needs during the period of isolation, and ensured income and welfare regimes for employees throughout the Company.

DEVELOPMENT ORIENTATION 2022



Production and business plan of 2022



Revenue in 2022
(Billion VND)

311



After-tax profit
equals to over

8.4%

of net revenue

- Expected average income of employee will increase in average: 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: 05 products
- Continue to receive technology-transfer of 7 products from Deawoong according to plan.
- Well maintain quality management system that meets GPs
- Develop metrics and evaluation criteria for each employee.



Solutions

- 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.
- Workshops arrange adequate personnel, develop plans to boost production line efficiency.
- Departments set work goals and evaluate them periodically
- Continue to implement Traphaco culture in the new period with the message of the year: **"Uphold the tradition – Firmly step to the future"**



REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)

3

DAKLAK PHARMACEUTICAL & MEDICAL EQUIPMENT JSC

Mr. PHAN THANH TRINH
General Director

In the context of complicated developments of the COVID-19 pandemic, as an enterprise operating in the medical field, Dak Lak Pharmaceutical - Medical Supplies JSC (Bamepharm) has made great efforts in business activities, while also sharing difficulties, accompanying the local region in disease prevention and control.

The year 2021 would likely be one of the most difficult periods for the country, as it faced the fourth wave of COVID-19 pandemic, which would have significant impact on socio-economic development as well as the operation of the unit. However, thanks to flexible business strategies, Bamepharm continued to receive significant investment and business cooperation from regional and national partners, as well as customers' trust and support. Particularly, in response to the message of 2021 - The year of process standardization, with the motto of being ready for innovation, even

though the business environment had certain changes due to the impact of the epidemic, Bamepharm continued to operate smoothly and efficiently. The establishment of standardized working processes with clear regulations on the tasks of each individual and department in the process of implementation had met the requirements in the "new normal" state. Thereby, the majority of the unit's business targets were reached and exceeded.

More importantly, despite the general economic difficulties brought on by the pandemic, Bamepharm always strives to ensure a stable and increased income for its employees with an average salary of 8.5 million VND/person/month. . With the appropriate salary and benefits regime, Bamepharm's staff, employees, and workers are able to focus entirely on their work and continue to contribute to the company's growth in accordance with the motto "Honest, proactive, creative, responsible, connected, brave";



Ownership
of Traphaco JSC.

58%

Total revenue
/Plan

116%

Revenue from Traphaco's
products/Plan

110%

fulfill the mission of the entire system in the supply of drugs, medical supplies, chemicals, biological products to best serve the healthcare-disease treatment for residents in the province and the region.

As part of its purpose to serve, Bamepharm is constantly engaged in social work. The company has cooperated with the Association of Young Physicians of Dak Lak province to organize medical examinations and distribute medicines to people in remote and isolated areas, as well as accompany and support the province's health sector, the front lines against the epidemic, and many others practical and meaningful activities. Furthermore, Bamepharm contributed to stabilize market prices for masks and other medical supplies for epidemic prevention and control, reducing people's panic and anxiety about the epidemic. During the recent outbreak of the epidemic, Bamepharm staffs not only provided medical supplies and critical necessities worth hundreds of millions of dong for the front lines against the epidemic, but they also participated in community screening and participated in community screening and COVID-19 immunization for residents of Buon Ma Thuot City; participating in the research implementation team of the pilot program for controlled treatment of COVID-19 in Dak Nong province... These are the unit's efforts to develop production and business while also displaying corporate social responsibility by assisting the community overcoming the epidemic "storm".

GENERAL INTRODUCTION

Daklak Pharmaceutical & Medical Supplies JSC (BAMEPHARM)
Tên viết tắt: **Bamepharm**

Dak Lak Pharmaceutical & Medical Supplies JSC. (Bamepharm), 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 ACTIVITIES

- 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.





REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)

PRODUCTION AND BUSINESS RESULTS OF 2021

Business results in 2021

In 2021, Bamepharm kept being the top enterprise in terms of distribution channel in Dak Lak and Dak Nong with more than 800 loyal usual clients.

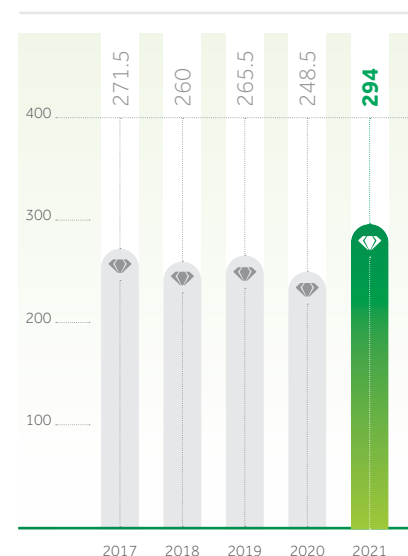


TOTAL REVENUE

Unit: billion VND

294

Achieved 116% of the plan

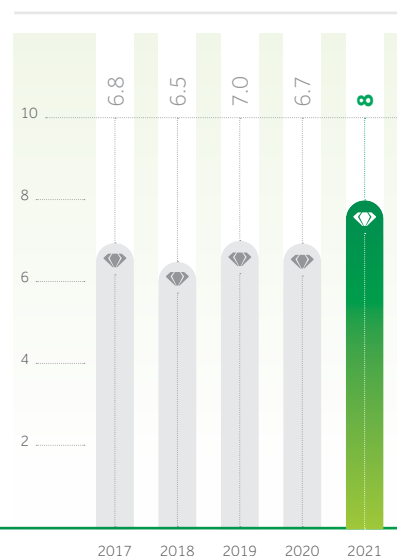


PROFIT

Unit: billion VND

8

Increase 19.3% compared to the same period



SCALE AND ASSET STRUCTURE

Unit: billion VND

Total assets of the Company

98.8

As of December 31, 2021
Increased 1.1% compared to the same period

Equity

66.4

Increased 9.8% compared to 2020,
As of December 31, 2020

Revenue from Traphaco's product achieved 110% of the plan, Revenue from toll-manufactured products increased 10.5% compared with the same period..

FINANCIAL RESOURCE

In 2021, the Company continued to well-control finance management, increased finance efficiency, collected debts in time and had no extra expense.



The company's achieved improvements in 2021

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



Achievements

- Awarded a flag by the People's Committee of Dak Lak Province to the unit leading the emulation movement in 2021.

DEVELOPMENT ORIENTATION FOR 2022

Total revenue
(billion VND)

274

(In which: Traphaco's products account for: 54 billion VND)

7.5

After-tax profit
(billion VND)

Dividend **17%**

7.4

Employee income
(million/person/month)

Promote OTC market:
Manage **1,000**

clients with revenue more than VND 1 million/month

THE IMPLEMENTATION MEASURES

- Develop 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.



REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)

4

TRAPHACO CNC JSC

Mrs. 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.

Main business lines:

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

The Company is producing and distributing its products for an exclusive client which is Traphaco JSC. From 09/07/2020 Traphaco CNC has developed a business department. Currently, the business department performs the product research and development function; customer development and customer relationship management outside of Traphaco

Development orientation for 2022:

With the goal of upholding the tradition, firmly stepping to the future, 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.



Ownership
of Traphaco JSC.

51%



Total revenue in 2021
(Unit: billion VND)

545



Profit after tax in 2021
(Unit: billion VND)

43

OVERVIEW OF TRAPHACO CNC

Based on more than 49 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 130 billion VND 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), Duong Cot Hoan (Bone supplement), ... Especially in 2021, many

new high-selling product lines will be developed such as Xuyen Tam Lien, Seacan Plus, Methorphan Bee,...

In a context of a difficult 2021 due to the 4th outbreak of the Covid-19 pandemic, the Government applied social distancing measures: Supply chain disruption, Movement restriction, Cost of pandemic prevention (3 on-site, testing,...). By organizing and operating effectively, Traphaco CNC met 100% of the assigned production and business targets and was honored to be awarded the "Second-class Labor Medal" by the President on October 13, 2021.

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.





REPORT ON OPERATION ACTIVITIES OF SUBSIDIARIES (Continued)

PRODUCTION AND BUSINESS RESULTS OF 2021

In 2021, affected by the Covid-19 epidemic, particularly the 4th outbreak, the Government applied social distancing measures in early July 2021, with Hanoi City implementing Directive 16 /CT-TTg from July 19, 2021 to September 20, 2021, and Traphaco CNC working "3 on-site" from July 24 to October 17, 2021. Facing difficulty due to the disrupted supply chain, but Traphaco CNC actively followed the timely direction from the General Director to maximize production and stockpile of goods and materials to ensure market supply. The Covid-19 pandemic raised consumers awareness of the importance of health care, resulting in increased demand for health care, with a particular focus on natural products. This gave the company the opportunity to develop natural medicinal products, which was an advantage of the business in Traphaco's green value chain. 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 2021, Traphaco CNC has completed the following targets:

Business results in 2021

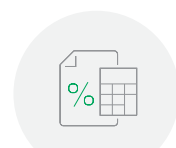
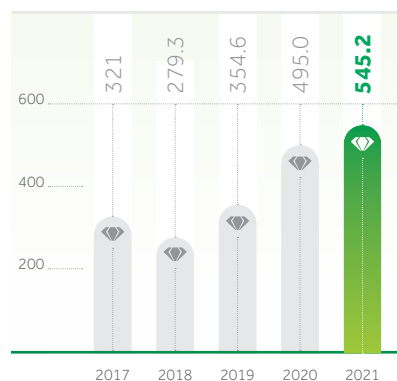


TOTAL REVENUE

Unit: billion VND

545.2

exceeding 2.9% compared to the year plan and growing by 10.1% over the same period

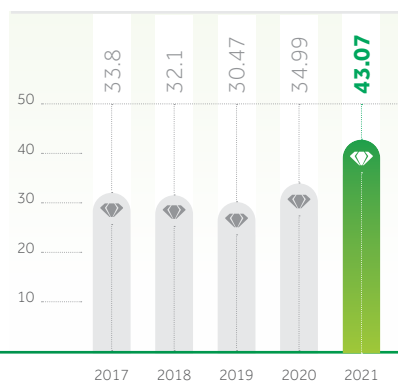


PROFIT AFTER TAX

Unit: billion VND

43.07

an increase of 6.3% compared to the plan of 2021 (40.5 billion VND), compared to 2019 increased 14.8% (2020/35 billion VND).



SCALE AND ASSET STRUCTURE

Unit: billion VND

Short-term assets

185.68

accounted for about 66.65% of total assets, ≈ 103.58 % compared to 2020 (179.25 billion VND).

Long-term assets

92.93

accounted for about 33.35% of total assets, ≈ 93.43% compared to 2020 (99.46 billion VND).



FINANCIAL RESOURCE

In 2021, 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.



The company's achieved improvements in 2021

- In 2021 Arranging production reasonably, reducing waste, increasing labor productivity of production sector by 7.6% compared to 2020.
- The company's personnel as of December 31, 2021 decreased by 2.4% compared to the same period last year (322/330 people). Labor productivity by revenue/person/month in 2021 increased by 12.9% compared to 2020 (141.1/125 million VND/person/month). Employees' average income in 2021 was 10.3% higher than in 2020 (20.4/18.5 million VND/person/month)
- Production of 14 new products reached 20.1 billion VND, exceeding 67.3% of the income goal for new product (12 billion VND).
- Successful defended GPs certification audits.
- Registered new product for 10 registration numbers/publication numbers. Traphaco CNC presently owned 40 registration numbers/publication numbers (19 drugs, 21 health supplements and cosmetics).
- Strictly complied with the provisions of the law, ensuring the safety and quality of products supplied to the market, with no violations in 2021.

DEVELOPMENT ORIENTATION FOR 2022

According to the development orientation of the parent Company, vision to 2025, **to be Vietnam's No. 1 Pharmaceutical Enterprise in terms of revenue-and-profit growth and follow the Traphaco culture in the new period.**

Total revenue 2022

568

BILLION VND

in which: Revenue from sales to the parent Company is 556 billion VND, revenue from new products made by Business Development Division is 12 billion VND.

Average income of employee in 2021

INCREASING ≥

5%

compared to 2020

After-tax profit

43

BILLION VND

Strategic orientation **"to maintain its position as the leading herbal 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

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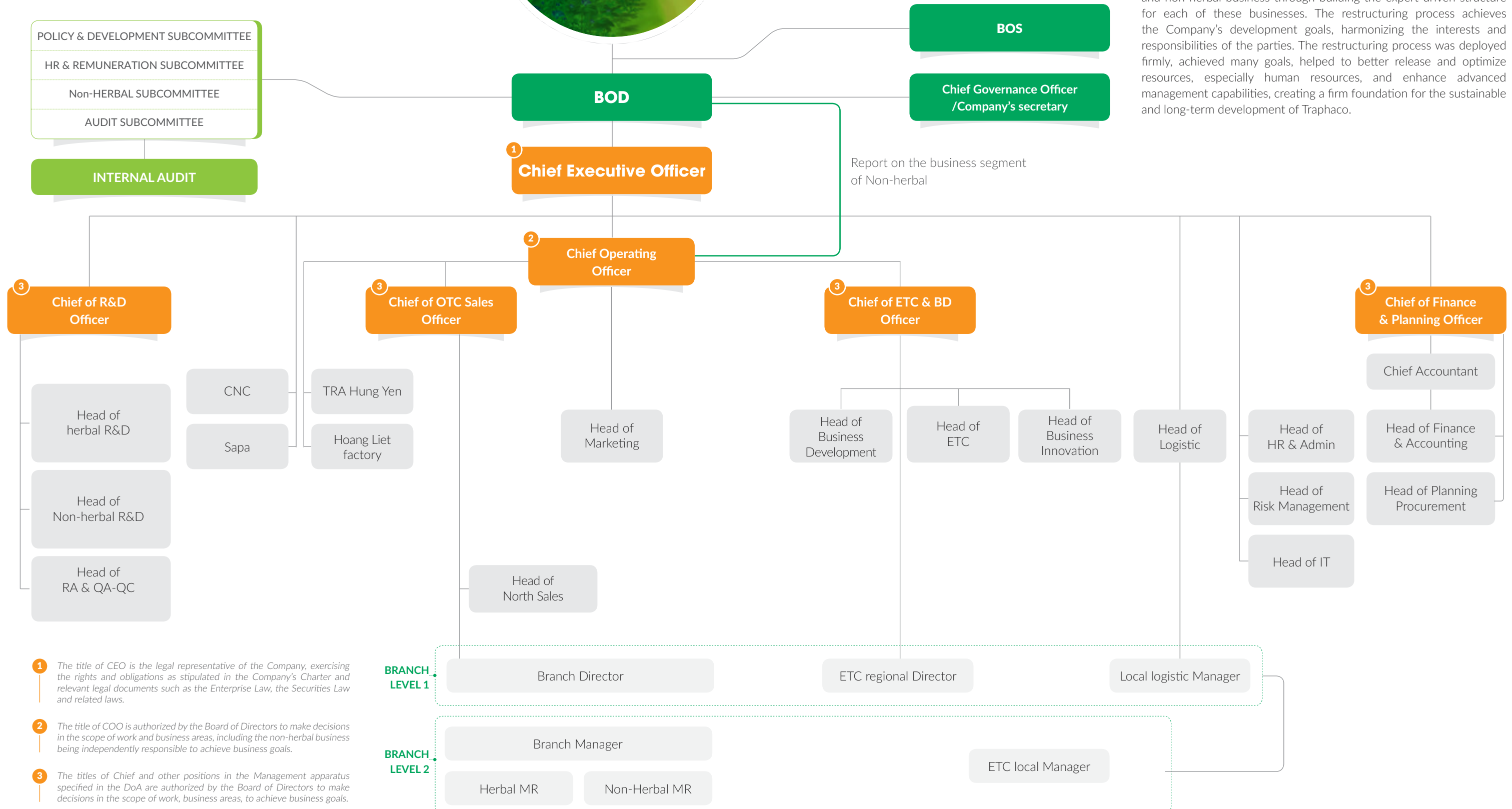
MODEL AND STRUCTURE OF

Governance of Traphaco



On 11/11/2021, the Company's new organizational model was approved by the Board of Directors by Resolution 51/2021/NQ-HĐQT.

Implement Resolution No. 12/2021/NQ-ĐHĐCD of the General Meeting of Shareholders dated March 31, 2021 on restructuring business operations, with clear business goals and strategies, which is “Maintaining the No. 1 position in herbal industry - focusing on development and investment of non-herbal segment”, the Company restructured to improve the efficiency and productivity of the herbal and non-herbal business through building the expert-driven structure for each of these businesses. The restructuring process achieves the Company's development goals, harmonizing the interests and responsibilities of the parties. The restructuring process was deployed firmly, achieved many goals, helped to better release and optimize resources, especially human resources, and enhance advanced management capabilities, creating a firm foundation for the sustainable and long-term development of Traphaco.





ACTIVITIES OF

The Board of Directors

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2021



THE IMPLEMENTATION RESULTS OF 2021 AGM'S RESOLUTION



The Company has achieved consolidated revenue in 2021 of VND 2,176 billion, reaching 103.6% of the 2021 plan, increasing by 14% compared to 2020; consolidated profit after tax is VND 265 billion, exceeding 10.4% of the plan in 2021, increasing by 22.7% compared to 2020. The average income of employees of the parent company in 2021 increases by 17% compared to 2020.



The Company has selected KPMG Tax and Consulting Co., Ltd. as the consultant for the Business Restructuring Project, promulgated the macro organizational model in November 2021, and the micro organizational model in January 2022, departments and units operate under the new organizational model from January 2022.



The Company has completed setting up funds as regulated; ensured the state budget contribution in accordance with the law.



The Company (already completed) paid the dividend of 2020 in January and May 2021.



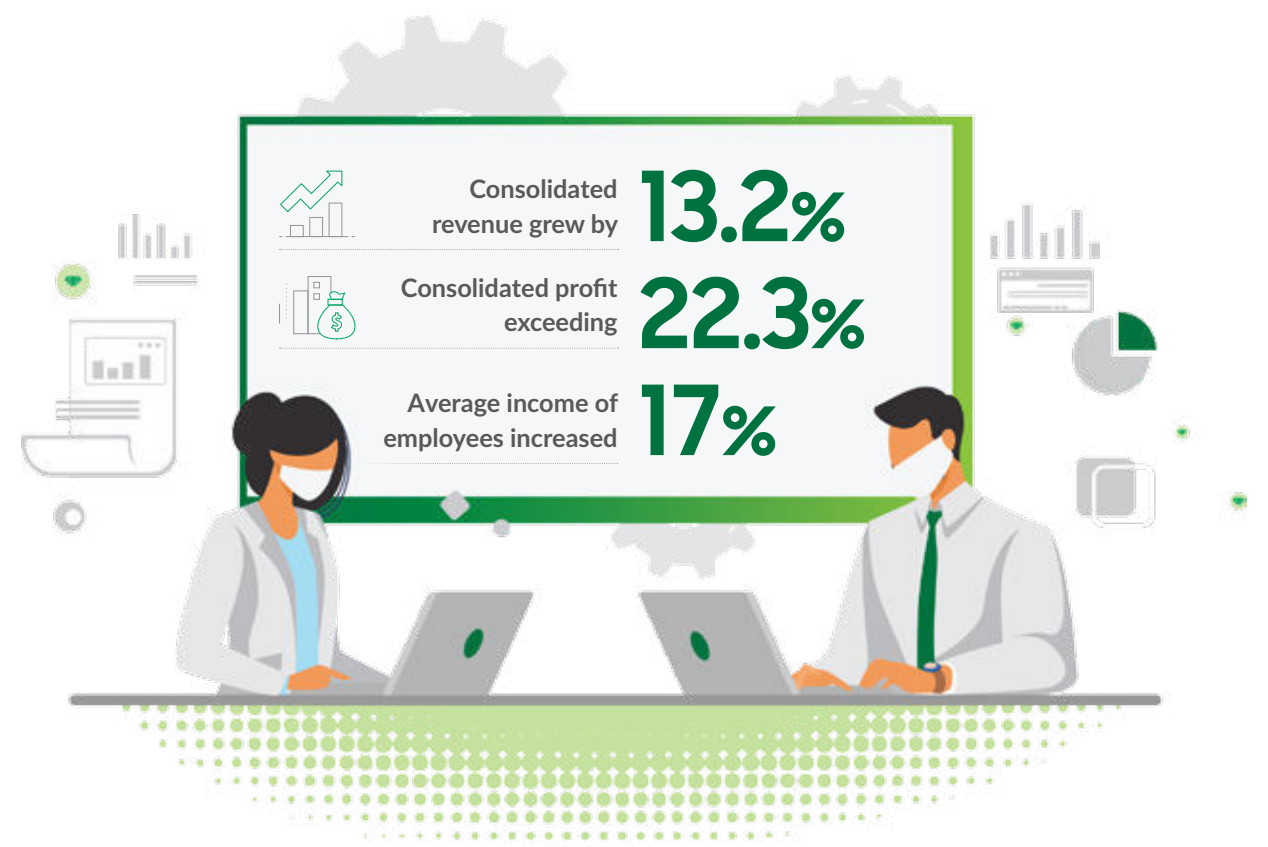
The Company has paid remuneration of 2021 to the members of BoD and BoS as approved by the AGM.



The contracts between Traphaco and Traphaco High-Tech Company and Traphaco Hung Yen Company Limited (contract with related parties, with great value) has been signed and implemented under the Resolution of the General Meeting.



The Company has selected Ernst & Young Vietnam as the auditor for 2021 financial statements.



ACHIEVED TARGETS

- Consolidated revenue grew by 14% compared to 2020, which is an impressive growth rate considering that 2021 is a year heavily affected by the Covid-19 pandemic, the distribution system has proven its advantage, full and timely delivery, no broken supply chain, supported by customers. Consolidated profit reached 265 billion, exceeding 10.4% of the plan (240 billion), an increase of 22.7% compared to 2020. Parent company profit reached 206 billion, exceeding 10.75% of the plan (186 billion), an increase of 27.24% compared to 2020 due to the Company actively making and implementing business plans, annual budgets, managing spending norms, negotiating with suppliers to get reasonable input prices and focusing on key products with good profit margins. The growth in revenue and profit of the Company is high among pharmaceutical companies listed on the stock market.
- Average income of employees increased by 17% compared to 2021.
- Successfully implement the Business Restructuring Project. The new organizational model and improved and more appropriate governance method will create a resonance of resources and values, promote Traphaco to develop strongly.
- Research new products (self-manufactured products) that are abundant and exceed the target; The number of registrations/publication exceeded the target, the revenue of new products exceeded the plan. The Green Plan project creates GACP medicinal herbs, traceable to the origin, without breaking the value chain because of the epidemic.
- Technology transfer products with new ways of doing things have made good progress, completed and submitted registration documents quickly.

UNFULFILLED TARGETS

- ETC revenue achieved 88% of the plan (142/160 billion). The reason is due to the lockdown and isolation policies because of the Covid-19 epidemic and the impact of the epidemic: purchasing power decreased, people did not go to hospitals, hospitals stopped bidding plans.



ACTIVITIES OF THE BOARD OF DIRECTORS (Continued)

OVERVIEW OF MEETINGS AND RESOLUTIONS OF THE BOD

- In 2021, the Board of Directors conducted 17 meetings, 6 in person and 11 in writing, issued 47 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.	BoD member	Position	The starting date of BoD membership	Number of BoD meetings attended	Attendance rate	Reasons for absence
1.	Mr. Chung Ji Kwang	Chairman	31/3/2021	17/17	100%	
2.	Mr. Nguyen Anh Tuan	Vice Chairman	31/3/2021	17/17	100%	
3.	Mr. Tran Tuc Ma	Member/ CEO	31/3/2021	17/17	100%	
4.	Mrs. Dao Thuy Ha	Member	31/3/2021	16/16	100%	
5.	Mr. Kim Dong Hyu	Member	31/3/2021	17/17	100%	
6.	Mr. Lai Tran Dong	Member	31/3/2021	16/16	100%	
7.	Mr. Lee Tae Yon	Member	31/3/2021	17/17	100%	
8.	Mrs. Vu Thi Thuan	Chairwoman	30/3/2016	1/1	100%	Dismissed 31/3/2021
9.	Mr. Vu Tri Thuc	Member	26/3/2020	1/1	100%	Dismissed 31/3/2021

BoD's Resolutions issued in 2021



No.	Resolution/ Decision No.	Date	Content	Approval rate
1	01/QĐ-HĐQT	12/01/2021	Establish the Internal Audit Committee	100%
2	02/QĐ-HĐQT	25/01/2021	Appoint Director of Planning & Budgeting	100%
3	04//NQ-HĐQT	06/02/2021	Convene the Annual General Meeting of Shareholders in 2021	100%
4	05/NQ-HĐQT	04/3/2021	Change the name of the branch of Traphaco JSC in Nghe An	100%
5	06/NQ-HĐQT	04/3/2021	Change the name of the branch of Traphaco JSC (Code: 0100108656-013)	100%
6	13/NQ-HĐQT	07/4/2021	Elect Mr. Chung Ji Kwang to hold the position of Chairman of the Board of Directors of the Company for the term 2021 – 2025	100%
7	14/NQ-HĐQT	07/4/2021	Elect Mr. Nguyen Anh Tuan to hold the position of Vice Chairman of the Board of Directors of the Company for the term 2021 – 2025	100%

No.	Resolution/ Decision No.	Date	Content	Approval rate
8	15/QĐ-HĐQT	07/4/2021	Appoint Mr. Tran Tuc Ma to hold the position of Chief Executive Officer of the Company for the term 2021 – 2025	100%
9	16/QĐ-HĐQT	07/4/2021	Appoint Ms. Dao Thuy Ha to hold the position of Chief Operating Officer of the Company for the term 2021 – 2025	100%
10	17/QĐ-HĐQT	07/4/2021	Appoint Mr. Pham Thai Son as Chief Governance Officer cum Company Secretary for the term 2021 – 2025	100%
11	18/QĐ-HĐQT	12/4/2021	Establish the Business Restructuring Steering Committee	100%
12	19/QĐ-HĐQT	12/4/2021	Establish the Human Resources and Remuneration Committee	100%
13	20/QĐ-HĐQT	12/4/2021	Establish the Development Policy Committee	100%
14	21/QĐ-HĐQT	12/4/2021	Establish the Audit Committee	100%
15	23/QĐ-HĐQT	12/4/2021	Establish the Non-herbal Committee	100%
16	24/QĐ-HĐQT	20/4/2021	Approval of the 2021 Budget Plan	100%
17	26/NQ-HĐQT	04/5/2021	Select a consultant for the Project of Business Restructuring	100%
18	27/NQ-HĐQT	04/5/2021	Pay the remaining 10% dividend of 2020	100%
19	28/NQ-HĐQT	04/5/2021	Get shareholders' opinions in writing	100%
20	29/NQ-HĐQT	20/5/2021	Select an audit firm for the 2021 Financial Statements	100%
21	31/QĐ-HĐQT	17/6/2021	Amount and coefficient of salary of Ms. Dao Thuy Ha	100%
22	32/QĐ-HĐQT	17/6/2021	Amount and coefficient of salary of Mr. Pham Hoang Anh	100%
23	33/QĐ-HĐQT	17/6/2021	Amount and coefficient of salary of Mr. Pham Thai Son	100%
24	35/QĐ-HĐQT	24/6/2021	Promulgate the operation regulation of the Board of Directors	100%
25	36/QĐ-HĐQT	24/6/2021	Promulgate the internal regulation on corporate governance	100%
26	37/QĐ-HĐQT	24/6/2021	Develop solutions for reorganization and capacity building of Traphaco Hung Yen Co., Ltd.	100%
27	40/QĐ-HĐQT	24/6/2021	Allot salary expenses in 2021	100%
28	45/NQ-HĐQT	07/7/2021	Assign KPIs quarter 3 to CEO	100%
29	46/NQ-HĐQT	27/8/2021	Assign additional KPIs quarter 3 to CEO	100%
30	48/NQ-HĐQT	05/10/2021	Assign KPIs quarter 4 to CEO	100%
31	49/NQ-HĐQT	29/10/2021	Assign tasks to Ms. Nguyen Thi Hau	100%
32	51/NQ-HĐQT	11/11/2021	The Organization Chart of Traphaco JSC	100%
33	52/NQ-HĐQT	11/11/2021	Delegation of Authority	100%
34	54/QĐ-HĐQT	16/11/2021	Temporarily assign tasks to Mr. Kim Dong Hyu	100%



ACTIVITIES OF THE BOARD OF DIRECTORS (Continued)

No.	Resolution/ Decision No.	Date	Content	Approval rate
35	55/QĐ-HĐQT	16/11/2021	Temporarily assign tasks to Mr. Pham Hoang Anh	100%
36	56/QĐ-HĐQT	16/11/2021	Temporarily assign tasks to Mr. Nguyen Huy Van	100%
37	57/QĐ-HĐQT	16/11/2021	Assign tasks to Ms. Dao Thuy Ha	100%
38	58/QĐ-HĐQT	16/11/2021	Temporarily assign tasks to Mr. Nguyen Van Bui	100%
39	59/NQ-HĐQT	28/11/2021	Main targets of the 2022 Plan	100%
40	60/QĐ-HĐQT	15/12/2021	Dismissal of title of Deputy CEO – Ms. Nguyen Thi Lan	100%
41	61/QĐ-HĐQT	20/12/2021	Promulgate the Internal Audit Regulation	100%
42	62/NQ-HĐQT	24/12/2021	Dividend advance for the year 2021	100%
43	63/QĐ-HĐQT	31/12/2021	temporarily assign the Plan of 2022	100%
44	64/QĐ-HĐQT	31/12/2021	approval of the 2022 Budget Plan	100%
45	65/QĐ-HĐQT	31/12/2021	ratio of salary expenses in 2022	100%
46	66/NQ-HĐQT	31/12/2021	assign KPIs quarter 1/2022 to CEO	100%
47	68/NQ-HĐQT	31/12/2021	establish departments according to the Organization structure	100%

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 in order to implement the Company's production and business plans, promptly solve arising problems under the authority of the Board of Directors in order to create favorable conditions for the Board of Management.
- Monitor and direct the stabilization of production, business and other activities of the Company during the period of social distancing and lockdown due to the Covid-19 pandemic.
- Supervise, direct and ensure that information is disclosed fully, transparently and promptly in accordance with the regulations of the Stock Exchange and the State Securities Commission.
- Direct the Board of Management to organize the Annual General Meeting of Shareholders in 2021, the meeting to collect shareholders' opinions in writing in June 2021, strictly implement the regime of financial statements for 2021, quarterly financial statements and Annual report for 2021.
- Direct the Board of Management to implement the "Business Restructure" project.
- Visit the pharmaceutical market and the distribution system of the Company and attending important meetings of the Board of Management.
- Visit and grasp the situation of subsidiaries.

THE 2022 OPERATING ORIENTATION OF THE BoD



THE YEAR 2022 IS THE YEAR WITH THE THEME
“PROMOTING TRADITION - FIRMLY STEPPING INTO THE FUTURE”
 THE BOARD OF DIRECTORS ORIENTS KEY TASKS IN 2022 AS FOLLOWS:

1. Completing working processes according to the new model, promoting core strengths, continuing to improve to increase work efficiency, perfecting the sales system, implementing separation of herbal vs non-herbal business for meeting the development goals in the next phase of the Company.
2. Cost management by budget plan: after positive results in developing detailed budget plan for 2021, the Company continues to implement cost management by budget plan, strengthen management costs, while allocating resources effectively, supporting business activities, and ensuring the realization of set profit targets.
3. Strengthening the governance of subsidiaries, improving operational efficiency, adding value to Trophaco's sustainable ecosystem.
4. “Maintaining the No. 1 position in herbal industry, focusing on investment and development of non-herbal segment” via research, import and technology transfer for the Company to develop strongly and sustainably.
5. Continue to deploy 5 large groups of solutions, Continue to implement Trophaco Culture in the new period.





ACTIVITIES OF

BoD's Subcommittees



BUSINESS RESTRUCTURING STEERING COMMITTEE

Activities of the Committee in 2021

- Lead the building of Traphaco's Organizational Chart
- Lead the building of the Delegation of Authority of Traphaco's Board of Management.
- Lead the development of Traphaco's 'Detailed functions, tasks, organizational structure'.



HUMAN RESOURCES AND REMUNERATION SUBCOMMITTEE

Members

Mr. **Chung Ji Kwang** (Chairman - Head of Subcommittee).
Mr. **Nguyen Anh Tuan** (Vice Chairman - permanent member).
Mr. **Pham Hoang Anh** (Chief Finance & Planning Officer -assistant member).

Activities of the SubCommittee in 2021

- Lead the drafting of the Operation Regulation of the Board of Directors,
- Lead the drafting of internal regulations on corporate governance,
- Lead the drafting of Regulations on appointment, re-appointment, rotation, transfer, dismissal of managers,
- Consulting on senior personnel of the Company and its member companies and departments in the system.

Orientation for 2022

- Propose and advise the Board of Directors on the Company's salary, bonus and remuneration policy in 2022.
- Propose personnel, complete the governance model of the Company's subsidiaries in 2022.



DEVELOPMENT & POLICY SUBCOMMITTEE

Members

Mr. **Nguyen Anh Tuan** (Vice Chairman - Head of Subcommittee).
Mr. **Tran Tuc Ma** (CEO - member).
Mrs. **Dao Thuy Ha** (COO - member).
Mr. **Kim Dong Hyu** (Executive Vice CEO - member).
Mr. **Lai Tran Dong** (Director - member).
Mr. **Lee Tae Yon** (Director - member).

Activities of the SubCommittee in 2021

- Consulting on the 2021 Budget Plan: CAPEX, R&D, marketing...,
- Consulting on the 2022 Plan, 2022 Budget Plan: sales plan for OTC, ETC, 3rd-party goods, R&D plan, investment plan, salary unit price, Internal audit plan,
- Consulting on the development orientation for the period of 2021 - 2025.

Orientation for 2022

- Focus on solutions to complete the plan in 2022.
- Review the results of the first 6 months of 2022 and adjust some measures to implement the 2022 plan, if necessary.



AUDIT SUBCOMMITTEE

Members

Mr. **Lai Tran Dong** (Director - Head of Subcommittee).
Mr. **Chung Ji Kwang** (Chairman - member).
Mr. **Lee Tae Yon** (Director - member).
Mr. **Pham Hoang Anh** (Chief Finance & Planning Officer - assistant member).

Activities of the SubCommittee in 2021

- Work with the audit firm and the Board of Supervisors on issues related to the financial statements in 2020,
- Evaluate the financial statements for Q1, Q2, Q3 2021,
- Lead the drafting of the Regulations of Internal Audit,
- Develop standards, positions and search for personnel for internal audit activities,
- Cooperate with the Board of Supervisors, consult on the selection of an audit firm for the financial statements in 2021.

Orientation for 2022

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



ACTIVITIES OF BoD'S SUBCOMMITTEES (Continued)



NON-HERBAL SUBCOMMITTEE

Members

Mrs. **Dao Thuy Ha** (COO - Head of Subcommittee).
Mr. **Lee Tae Yon** (Director - member).
Mr. **Kim Dong Hyu** (Executive Vice CEO - member).
Mr. **Pham Hoang Anh** (Chief Finance & Planning Officer -assistant member).

Activities of the SubCommittee in 2021

- Lead the cooperation activities in 2nd phase of technology transfer with Daewoong,
- Appraise and propose solutions to improve the efficiency of Hung Yen western pharmaceutical factory,
- Propose the Restructure of Hoang Liet factory.

Orientation for 2022

- Lead the technology transfer cooperation activities with Daewoong,
- Pre-feasibility assessment to build a factory meeting GMP-EU standards for Hung Yen Factory
- Transform management models, restructure, and improve operational efficiency of factories.



ANALYSIS OF GOVERNANCE SCORECARD BASED ON

Asean corporate governance scorecard

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

LEVEL 1

Code	Criteria	Current situation until 2021	General assessments
PHẦN 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...
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.



ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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

Code	Criteria	Current situation until 2021	General assessments
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 21 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.
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.

Code	Criteria	Current situation until 2021	General assessments
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.
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 (10 days before the AGM), and also posted on the Company's website (the link attached in the invitation letter).



ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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

Code	Criteria	Current situation until 2021	General assessments
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?	☑	This activity is conducted by the Audit Committee under the Board of Directors.
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.
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.	☑	Traphaco is following this practice well.

Code	Criteria	Current situation until 2021	General assessments
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 (Continued)

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Code	Criteria	Current situation until 2021	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.	☑	Traphaco issued this Regulation.
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.	☑	

Code	Criteria	Current situation until 2021	General assessments
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.
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.	☑	Traphaco specifically disclosed this information in the Chapter on corporate governance, the Annual report.
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.



ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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

Code	Criteria	Current situation until 2021	General assessments
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.
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).

Code	Criteria	Current situation until 2021	General assessments
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.
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 6 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?	☑	Traphaco is following this practice well.
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?	☑	Traphaco is following this practice well.
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 6 members, including 01 independent member of the Board of Directors.



ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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

Code	Criteria	Current situation until 2021	General assessments
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?	☒	Head of the Audit Committee is BoD's non-executive member.
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.
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 2021, Traphaco's Board of Directors held 06 direct 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.

Code	Criteria	Current situation until 2021	General assessments
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.
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.



ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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Code	Criteria	Current situation until 2021	General assessments
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 classifies risks, presents the main risk management methods and discloses them in the annual report since 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 met this criterion.
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.

Code	Criteria	Current situation until 2021	General assessments
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?	☑	
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?	☑	
E.5 Board performance			
Development of Board members			
E.5.1	Does the company have orientation programs for new directors/commissioners?	☑	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. Every year, members of the Board of Directors and senior leaders of the Company still attend training courses on corporate governance.
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 BoD, 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?	☑	Traphaco has not followed this practice.
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?	☑	



ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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

LEVEL 2

Code	Criteria	Current situation until 2021	General assessments
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	Does the company adopt an internationally recognized reporting framework for sustainability (i.e. GRI, Integrated Reporting, SASB)?	☑	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.

Code	Criteria	Current situation until 2021	General assessments
(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.
(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.
(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.



ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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

Code	Criteria	Current situation until 2021	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?	☑	Traphaco does not have this ownership structure, the Shareholders have equal rights and are treated equally.
(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?	☑	None.
(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.

Code	Criteria	Current situation until 2021	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

& Remuneration

REMUNERATION OF BOD, BOS

The total remuneration of the Board of Directors and Board of Supervisors approved by the General Meeting of Shareholders 2021, as follows:

- Remuneration for Board of Directors: VND 3,500,000,000.
- Remuneration for Board of Supervisors: VND 600,000,000..

Remuneration to members of Board of Directors in 2021 (unit: VND)

No.	Name	Title	Appointment/ Retirement time	Remuneration
1	Chung Ji Kwang	Chairman	31/3/2021	0
2	Nguyen Anh Tuan	Vice Chairman	31/3/2021	12.5%
3	Tran Tuc Ma	member – CEO	31/3/2021	9.6%
4	Dao Thuy Ha	member – COO	31/3/2021	12.8%
5	Kim Dong Hyu	member – Executive Vice ECO	31/3/2021	33%
6	Lai Tran Dong	member	31/3/2021	9.8%
7	Lee Tae Yon	member	31/3/2021	9.6%
8	Vu Thi Thuan		Dismissed 31/3/2021	8.6%
9	Vu Tri Thuc		Dismissed 31/3/2021	2.8%

Remuneration to members of Board of Supervisors in 2021 (unit: VND)

No.	Name	Title	Appointment/ Retirement time	Remuneration
1	Nguyen Thi Luong Thanh	Head	31/3/2021	24%
2	Nguyen Thanh Hoa	Supervisor	31/3/2021	20%
3	Kwon Ki Bum	Supervisor	31/3/2021	20%
4	Duong Duc Hung			7.5%

TRANSACTIONS BETWEEN THE COMPANY AND RELATED PERSONS OF THE COMPANY; OR BETWEEN THE COMPANY AND LARGE SHAREHOLDERS, INSIDERS, RELATED PERSONS OF INSIDERS: None.

STOCK TRANSACTIONS OF INTERNAL SHAREHOLDERS AND RELATED PERSONS: None.

TRANSACTION OF TREASURY SHARES: None.

1.

STATE CAPITAL INVESTMENT CORPORATION

Relationship with the Company	: Major shareholder
ID/Business registration number, Issued date, Place of issue	: 0101992921 issued on 01/8/2006
Head office address / Contact address	: 23 rd floor, Charmvit building, 117 Tran Duy Hung, Trung Hoa, Cau Giay, Hanoi
Time of transaction	: 2021
Number of Resolutions/Decisions of the General Meeting of Shareholders/BoD... approved:	No. 12/2021/NQ-DHĐCĐ dated 31/03/2021.
Content, quantity, total transaction value	: Dividend payout, 2020 44.359 billion VND

2.

MAGBI FUND LIMITED

Relationship with the Company	: Major shareholder
ID/Business registration number, Issued date, Place of issue	: ERC No.: 2565995, issued on 11/8/2017 in Hong Kong
Head office address / Contact address	: Unit 810, 8/F Star HSE 3 Salisbury Rd TST KLN Hongkong
Time of transaction	: 2021
Number of Resolutions/Decisions of the General Meeting of Shareholders/BoD... approved:	No. 12/2021/NQ-DHĐCĐ dated 31/03/2021
Content, quantity, total transaction value	: Dividend payout, 2020 31.084 billion VND

3.

SUPER DELTA PTE. LTD

Relationship with the Company	: Major shareholder
ID/Business registration number, Issued date, Place of issue	: 201722666G, issued on 10/8/2017 in Singapore
Head office address / Contact address	: 10 Anson road, 23-14P International Plaza, Singapore (079903)
Time of transaction	: 2021
Number of Resolutions/Decisions of the General Meeting of Shareholders/BoD... approved:	No. 12/2021/NQ-DHĐCĐ dated 31/03/2021
Content, quantity, total transaction value	: Dividend payout, 2020 18,8 billion VND

4.

TRAPHACO CNC

Relationship with the Company	: Subsidiaries
ID/Business registration number, Issued date, Place of issue	: 0900255402, issued on 21/06/2006 in Hung Yen
Head office address / Contact address	: Tan Quang Commune, Van Lam District, Hung Yen Province
Time of transaction	: 2021
Number of Resolutions/Decisions of the General Meeting of Shareholders/BoD... approved:	No. 12/2021/NQ-DHĐCĐ dated 31/03/2021
Content, quantity, total transaction value	Sales: 244.4 billion VND Purchase of goods and services: 541.2 billion VND Profit return: 21 billion VND Dividend: 14.4 billion VND

5.

TRAPHACO HƯNG YÊN CO., LTD.

Relationship with the Company	: Subsidiaries
ID/Business registration number, Issued date, Place of issue	: 0900540872, issued on 23/3/2010 in Hung Yen
Head office address / Contact address	: Tan Quang Commune, Van Lam District, Hung Yen Province
Time of transaction	: 2021
Number of Resolutions/Decisions of the General Meeting of Shareholders/BoD... approved:	No. 12/2021/NQ-DHĐCĐ dated 31/03/2021
Content, quantity, total transaction value	Sales: 38.1 billion VND Purchase of goods and services: 240.2 billion VND Profit return: 31 billion VND



TRANSACTION (Continued)

6. TRAPHACO SAPA LTD.

Relationship with the Company	: Subsidiaries
ID/Business registration number, Issued date, Place of issue	: 5300203747, issued on 24/06/2009 in Lao Cai
Head office address / Contact address	: Group 9, Sapa Town, Sapa District, Lao Cai Province.
Time of transaction	: 2021
Number of Resolutions/Decisions of the General Meeting of Shareholders/BoD... approved: BoD meeting minutes on 20/04/2021	
	Sales: 20.3 billion VND
Content, quantity, total transaction value	: Purchase of goods and services: 31.8 billion VND
	Profit return: 2.6 billion VND

7. DAKLAK PHARMACEUTICAL - MEDICAL SUPPLIES JSC

Relationship with the Company	: Subsidiaries
ID/Business registration number, Issued date, Place of issue	: 6000449389, issued on 01/01/2004 in Dak Lak
Head office address / Contact address	: 9A Hùng Vương, Tu An Ward, Buon Ma Thuot city, Dak Lak Province
Time of transaction	: 2021
Number of Resolutions/Decisions of the General Meeting of Shareholders/BoD... approved: BoD meeting minutes on 20/04/2021	
	Sales: 45.7 billion VND
Content, quantity, total transaction value	: Profit return: 3.6 billion VND
	Dividend: 0.565 billion VND

8. SAO MAI PHARMACEUTICAL JSC

Relationship with the Company	: related organization of insider
ID/Business registration number, Issued date, Place of issue	: 1000282691 issued on 24/10/2009
Head office address / Contact address	: House number 577, Ly Thai To street, Quang Trung ward, Thai Binh city, Thai Binh province
Time of transaction	: 2021
Number of Resolutions/Decisions of the General Meeting of Shareholders/BoD... approved: BoD meeting minutes on 20/04/2021	
Content, quantity, total transaction value	: Sales: 73.9 billion VND

9. MY HUNG XANH ECOLAND COMPANY

Relationship with the Company	: related organization of insider
ID/Business registration number, Issued date, Place of issue	: 0601041667, issued on 17/9/2014
Head office address / Contact address	: Team 1 in Dong Lac village, Nghia Lac, Nghia Hung, Nam Dinh
Time of transaction	: Năm 2021
Content, quantity, total transaction value	: Purchase of goods and services: 6.1 billion VND

10. SC DREAMLINE VIỆT NAM CO., LTD.

Relationship with the Company	: related organization of insider
ID/Business registration number, Issued date, Place of issue	: 0108540025 issued on 07/12/2018 at Hanoi
Head office address / Contact address	: house number 8, block A, lane 109, Truong Chinh, Phuong Liet, Thanh Xuan, Hanoi
Time of transaction	: 2021
Content, quantity, total transaction value	: Hire service: 273 million VND



ASSESSMENT OF

Corporate governance in 2021



- In 2021, the Company held the Annual General Assembly of Shareholders in Mar 2021 and General Assembly by written document 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.

- Shareholders are treated fairly and protected by their legal rights. The Company paid dividend for the year 2020 according to the Resolution of the AGM; The order, procedures and time for payment complied with Article 132 of the Law on Enterprise.

- The Company has issued the Operational Regulations of the Board of Directors and the Board of Supervisors, as well as the internal regulations on corporate governance, ensuring compliance with the guiding documents of the Law on Enterprises and the Law on Securities. The company operates efficiently and has good governance.

- In 2021, for the new term, the General Meeting of Shareholders elected a new Board of Directors

and Board of Supervisors. The Annual General Meeting of Shareholders in March 2021 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. New members of the Board of Directors meet the criteria and conditions prescribed in the Law on Enterprise and the Company Charter.

- 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.

- The Company fully, accurately and promptly discloses periodic and extraordinary information on the situation of production, business, finance and corporate governance.



REPORT OF

The Board of Supervisors



MEMBER AND STRUCTURE OF THE BOARD OF SUPERVISORS

No.	Member	Title	Number of shares	Notes
1	Nguyen Thi Luong Thanh	Head	0	Elected to the new term on March 31, 2021
2	Nguyen Thanh Hoa	Commissioner	0	Elected to the new term on March 31, 2021
3	Kwon Ki Bum	Commissioner	0	Elected to the new term on March 31, 2021
4	Duong Duc Hung		0	Dismissed on March 31, 2021

MEETINGS OF THE BOARD OF SUPERVISORS

In 2021, Board of Supervisors Board held 04 regular meetings and attended all meetings of the Board of Directors. The main sessions of BoS are as follows:

Meeting	Participants	Content
Session 1: Feb 2021	3/3	Analyzing and evaluating contracts, transactions with related parties in 2021, submitting to the AGM. Review and evaluate the compliance with the law, resolutions of the General Meeting of Shareholders and the Board of Directors, and the implementation of KPIs by the Board of Management.
Session 2: April 2021	3/3	Assign tasks to BoS members. Review and assess the compliance with the law, resolutions of the General Meeting of Shareholders and the Board of Directors
Session 3: August 2021	3/3	Assess and verify the semi-annual financial statements for 2021.
Session 4: Dec 2021	3/3	Evaluate the 2022 Plan.

THE RESULTS OF MONITORING THE IMPLEMENTATION OF 2021 AGM'S RESOLUTION

1. The Company has achieved consolidated revenue in 2021 of VND 2,160 billion, reaching 102.8% of the 2021 plan, increasing by 13.2% compared to 2020; consolidated profit after tax is VND 265 billion, exceeding 10.4% of the plan in 2021, increasing by 22% compared to 2020. The average income of employees of the parent company in 2021 increases by 17% compared to 2020.
2. The Company has selected KPMG Tax and Consulting Co., Ltd. as the consultant for the Business Restructuring Project, promulgated the macro organizational model in November 2021, and the micro organizational model in January 2022.
3. The Company has completed setting up funds as regulated; ensured the state budget contribution in accordance with the law.
4. The Company (already completed) paid the dividend of 2020 in January and May 2021.
5. The Company has paid remuneration of 2021 to the members of BoD and BoS as approved by the AGM.
6. The contracts between Traphaco and Traphaco High-Tech Company and Traphaco Hung Yen Company Limited (contract with related parties, with great value) has been signed and implemented under the Resolution of the General Meeting.
7. The Company has selected Ernst & Young Vietnam as the auditor for 2021 financial statements.

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

The Board of Directors have 7 members; In 2021, the Board of Directors held 17 meetings, 6 in-persons and 11 by written documents, according to the Company's Charter. The Board of Supervisors assess the year-round performance of the BoD as in line with legal regulations, the Company's Charter and the Regulations on corporate governance of the Company, towards the direction of advanced governance norms by OECD; following all activities, strategic development of the Company with effectiveness and high responsibility.

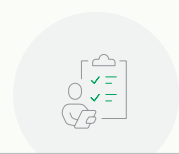
Board members attended all the Board meetings and actively participated in consulting the Board of Management to implement the Company's major solutions: assign KPIs according to strategic objectives, implement the business restructuring project, promulgate the delegation of authority, test the separation of herbal vs non-herbal activities, etc.

The sub-committees under the Board of Directors organize meetings in accordance with the Board of Directors' operation regulations, advise the Board of Directors on the budget of the financial plan, technology-transfer, innovation for improvement of factories' operation, internal regulations of the Company...

In 2021, the Board of Management proactively and actively in directing and operating, flexibly adapting to the situation of isolation and lockdown because of the Covid epidemic, bringing production and business results that exceed the plan.

The Board of Directors, the Board of Management made reports and information disclosures as prescribed by law.

Board of Supervisors agreed with the report of the Board of Directors submitted to the 2022 AGM.



REPORT OF THE BOARD OF SUPERVISORS (Continued)

THE RESULTS OF MONITORING THE OPERATIONS AND FINANCES OF THE COMPANY THE COMPANY'S CONSOLIDATED BUSINESS RESULTS



2,160
NET REVENUE
FROM SALES AND SERVICES
(Unit: billion VND)



331
NET PROFIT
FROM BUSINESS OPERATION
(Unit: billion VND)

Targets in Resolution	Plan of 2021 (billion VND)	Results in 2021 (billion VND)	The ratio compared to planned (%)	Compared to 2020 (%)
1 Net revenue from sales and services	2,100	2,160	102.8	113.2
Manufactured goods	1,695	1,755	103.5	109.9
Consigned Export-Import goods and services, other products	155	161.5	104.1	150
Revenue from subsidiaries	210	243.4	115.9	118.8
2 Net profit from business operation		331.7		
Consolidated profit (after tax)	240	265	110.4	122.2
3 Average income of employees	23.4 VND million	26.1 VND million	111.5	17.04
4 Contribution to the state budget	VND 111,506,818,757			

ACHIEVED TARGETS



265
CONSOLIDATED PROFIT
(Unit: billion VND)
exceeding 10.4% of the plan



206
PARENT COMPANY PROFIT
(Unit: billion VND)
exceeding 10.75% of the plan

1.

Consolidated revenue grew by 13.2% compared to 2020, which is an impressive growth rate considering that 2021 is a year heavily affected by the Covid-19 pandemic, the distribution system has proven its advantage, full and timely delivery, no broken supply chain, supported by customers. Consolidated profit reached 265 billion, exceeding 10.4% of the plan (240 billion), an increase of 22.3% compared to 2020. Parent company profit reached 206 billion, exceeding 10.75% of the plan (186 billion), an increase of 27.24% compared to 2020 due to the Company actively making and implementing business plans, annual budgets, managing spending norms, negotiating with suppliers to get reasonable input prices and focusing on key products with good profit margins. The growth in revenue and profit of the Company is high among pharmaceutical companies listed on the stock market.

2.

Average income of employees increased by 17% compared to 2021.

3.

Implement the experimental steps of the Business Restructuring Project with the expectation that a new organizational model and improved and more appropriate governance method will create a resonance of resources and values, promote Traphaco to develop strongly.

4.

Research new products (self-produced products) that are abundant and exceed the target; The number of registrations/publication exceeded the target, the revenue of new products exceeded the plan. The Green Plan project creates GACP medicinal herbs, traceable to the origin, without breaking the value chain because of the epidemic.

5.

Technology transfer products with new ways of doing things have made good progress, completed and submitted registration documents quickly.

UNFULFILLED TARGETS

1.

ETC revenue achieved 88.75% of the plan (142/160 billion). The reason is due to the lockdown and isolation policies because of the Covid-19 epidemic and the impact of the epidemic: purchasing power decreased, people did not go to hospitals, hospitals stopped bidding plans.





The Board of Supervisors has reviewed, verified and agreed with the 2021 consolidated financial statements and separate financial statements of the Company audited by Ernst & Young Việt Nam. The financial statements ended on Dec 31, 2021, the biannually and quarterly financial statements were clear and reasonable in all major aspects, including the financial status, business results and cash flows of the Company.

The Company has complied with the requirements of accounting standards, accounting regulations and current rules of financial, accounting and taxation management. The 2021 financial statements are promptly and correctly prepared.

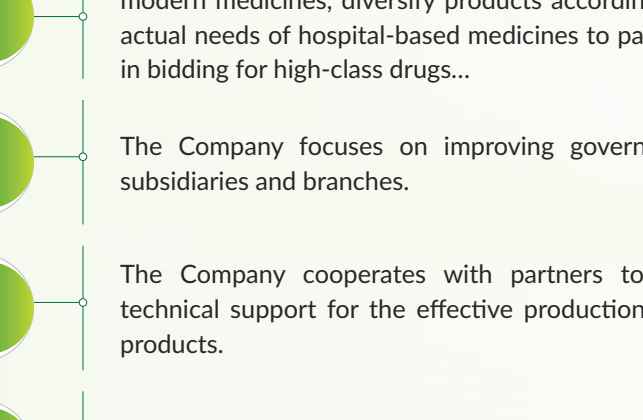
The Board of Directors and the Board of Management have close cooperation, facilitating the Board of Supervisors to fulfill the assigned tasks, providing sufficient information on the situation of production and business activities and the financial position of the Company, minutes of meeting of the Board of Directors and other information upon request.

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.

The Board of Supervisors, the Board of Directors and the Board of Management closely cooperate to promptly solve the problems in the process of inspection and examination by the Board of Supervisors.

The Board of Supervisors recommends the following points for 2022:



- 
- The infographic consists of a vertical timeline on the left side, marked by a thin green line with four circular nodes. Each node is a green circle with a white border and a white number inside. To the right of each node is a corresponding text block. The background is a light green gradient.
1. The Company finds solutions to improve the quality of modern medicines, diversify products according to the actual needs of hospital-based medicines to participate in bidding for high-class drugs...
 2. The Company focuses on improving governance at subsidiaries and branches.
 3. The Company cooperates with partners to deploy technical support for the effective production of new products.
 4. Evaluate the effectiveness of testing the organizational model and decentralization to perfect it accordingly.



Risk management report



RISK MANAGEMENT

STRATEGIC

LEGAL

FINANCIAL

ACTIVITIES UNDER THE IMPACT OF COVID 19

**COMPANY
RESTRUCTURING**

Risk management has always been considered a tool to help the company control the accomplishment of its objectives through a systematic approach to risks in order to identify, control, prevent and minimize losses and risks, as well as develop measures to turn risks into opportunities.

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. In 2021, Traphaco continued to maintain the initiative in response to changes and impacts of the Covid pandemic, transforming adverse effects into opportunities for development.



RISK MANAGEMENT REPORT (Continued)



STRATEGIC RISK MANAGEMENT

In 2021, Traphaco continued to focus on promoting modern corporate governance, standardizing a more professional working process. The company has modified how KPI are assigned and evaluated. Accordingly, the assessment was based on the actual completion results, motivating employees to exceed their targets, avoiding completion mindset and lack of effort. The annual targets are dissected and concretized to each department, each month. KPIs are assigned to not just employees but also members of the Executive Board. The evaluation and review of job completion results are carried out regularly, monthly. These modifications are intended to maintain strong growth momentum in the face of a generally challenging business environment.



In 2021, the company declared Risk Appetite for the first time. Risk appetite was the maximum value of the broad-based risk that the Company's management would be willing to take in order to achieve the company's strategic goals. The declaration of risk appetite was to assist the Executive Board in making decisions, ensuring that divisions devote the appropriate resources to risks management.



LEGAL RISK MANAGEMENT

The Legal Department continues to maintain legal risk management, the operation has gradually become professional, covering a wide range of the Company's activities, affirming and promoting its role and position in accordance with its functions and tasks, and assisting in the reduction of the Company's legal risks (with the main tasks being legal advice, reviewing contracts, updating and evaluating legal documents, giving comments on draft legal documents).

The process of commenting on the draft legal document was accelerated, removing troublesome regulations and obstacles to the Company's operations one by one. The legal department organizes consultations and submits written comments or direct comments on regulations affecting and related to the Company's operations to the Drug Administration, Administrative Procedures Control Agency – Government Office, Pharmaceutical Association, VCCI... The list of company-wide legal documents is updated and posted on the intranet for reference departments to implement.



FINANCIAL RISK MANAGEMENT

2021 was the first year that Traphaco implements cost management using a budget plan. The purpose of developing a budget plan was to ensure that the budget should be created in accordance with the company's production and business activities. Managed cost through budgeting to ensure that cost targets should be assessed and to track performance on a regular basis to take timely action.

Traphaco continued to manage cash flow risk effectively: 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. In comparison to 2020, the company's loan interest expenditure dropped sharply, while the administrative expenses stayed unchanged.



RISK MANAGEMENT ACTIVITIES UNDER THE IMPACT OF COVID-19 PANDEMIC

The risks should be identified based on the annual target implementation plan of the departments and all high-severity risks should be periodically monitored for the progress in implementing the risk treatment plan.

The negative impact from the 4th outbreak of the Covid-19 pandemic and unexpected complicated developments, had a significant impact on pharmaceutical businesses even though pharmaceutical products were one of the essential commodity groups during the Covid pandemic: Drug sales from the hospital channel dropped significantly because patients are limiting their visits to the hospital for treatment. Meanwhile, drugstores lose sales when the "stay where you are" social distancing restriction were applied. More severely, many supply chains were broken. Pharmaceutical companies must also limit inter-provincial movement, even if the manufacturing plant and company headquarters were in different provinces, and had to maintain "3 on-site" production model.

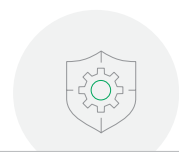
The company predicted several business scenarios and made forecasts for the possibility that

supply chains would be disrupted, production and distribution might be disrupted if areas and factories were to be blocked in case of infection... Traphaco's Board of Directors swiftly directed the production line to boost capacity, increase product output and quickly transport to branches, provinces and cities for storage, accepting an increase in inventory. Simultaneously, set up timely "3 on-site" production model for Traphaco Hung Yen and Traphaco CNC factories. Thanks to those initiative and drastic action, when the outbreak peaked in the third quarter, the provinces and cities had ready goods in stock to distribute and supply to pharmacies throughout the province.

Furthermore, a strong distribution system helped the continuous replenishment of goods to the general warehouse as well as branch warehouses right from the end of the second quarter of 2021, ensuring sufficient goods and timely supply to pharmacies and agents even amid social distancing. This was possible thanks to Traphaco's strong application of technology and digitization in the organization and implementation of the distribution system. Traphaco's nationwide distribution network of 28,000 pharmacies has been integrated into the DMS system, managed by unified software and distributed to each pharmacist. As a result, the Company could forecast the extent to which sales would be affected by areas, the level of inventory in each location, in order to propose a plan for moving goods to high-demand areas without leaving empty shelves.

Customers' support programs (particularly personalizing customer behavior to promote sales) have been built with a focus on pandemic situation, price stability, and the deployment of numerous promotions and giveaways; Marketing tools were designed to meet the online sales scenario, assisting pharmacists in being proactive in their work.

Overcoming the effects of the Covid pandemic, turning challenges into opportunities for development, Traphaco has maintained its business activities to continue to grow strongly. Summarizing 2021, the company completed all the set goals, with consolidated revenue and profit exceeding the expectation.



RISK MANAGEMENT REPORT (Continued)



RISK MANAGEMENT FOR COMPANY RESTRUCTURING



In 2021, the company also developed and implemented a restructuring plan. The company restructured to improve efficiency and productivity of its herbal vs non-herbal pharmaceutical businesses by building an expert-oriented structure for each business segment: Maintaining the herbal segment while promoting the non-herbal segment, expanding ETC channel penetration while maintaining OTC channel market share.

The opportunity for Traphaco is that, in addition to the herbal segment, which currently leads the market, the western medicine segment with well-invested resources will have the potential to break through in the market, including the OTC channel, which Traphaco has a long advantage in, and the ETC channel, which still has a lot of potential for expansion. Especially when the trend of drug usage through ETC channel is increasing strongly following the Government's orientation.

Besides opportunities, there are also risks a customers' response to changes in business structure; restructuring causes changes in personnel and departmental structure, which may disrupt the working process which has been performed consistently; R&D time for non-herbal products may take longer than expected...

In order to take advantage of the opportunity to strongly promote the company's growth momentum, Traphaco has taken actions to promote positive impacts and control negative impacts/risks affecting the expected objectives and results.

By determining the importance of restructuring, a Board of Business Restructuring Project was established. In addition to reallocating corporate resources to two main business pillars, Traphaco has accelerated the technology transfer process with its Korean partner Daewoong and developed new products to soon bring to the market. With the support of Daewoong Pharma, Traphaco was able to build a portfolio of western medicine, transfer technologies and reduce the time for the R&D of new products. Traphaco has the advantage of a modern, large-capacity pharmaceutical factory, and has strong resources to promote self-manufactured pharmaceutical products and at the same time takes

on the technology transfer of many new products. On the other hand, TRA's strength is its distribution system and experience in distributing OTC products that will be promoted when the company diversifies its product portfolio.

Traphaco defines 2021 as the year of "Standardization of Processes", the Company accordingly focuses on upgrading and improving inefficient working processes, promoting core strengths, and developing a plan for the standardization of processes which follows up the company's restructuring plan. The new process is closely tied to the interests and responsibilities of each employee in each department, and at the same time, promotes the efficiency of teamwork and coordination among departments to achieve the best results.

The company also carried out communication for the Restructuring Plan: showing the reasons and the necessity of Restructuring in terms of governance for the company to better develop, especially sharing about restructuring of functional divisions in accordance with the Traphaco's value chain: those are Sales & Marketing, Research & Development, Finance & Planning, and support departments.

The restructuring is inevitable, suitable for the new situation, changes for the Company to better develop. The new organizational model and improved and more appropriate governance method will create a resonance of resources and values, promoting Traphaco's strong development.



STOCK INFORMATION

& Investor relations (IR)

STOCK INFORMATION ON TRA

Stock Code: TRA
Charter capital:
VND 414.53 billion
Number of listed stock:
41,453,673 shares
Type of stock: **Common**
Number of stocks on circulation:
41,450,540 shares
Market capitalization:
VND 4,000 billion

SHAREHOLDER STRUCTURE

Shareholder	Ratio %
Foreign organizations	43.71
Domestic organizations	37.82
State shareholders	35.67
Foreign individuals	0.19
Domestic individuals	18.28
Special shareholders	75.79
Treasury stock	0.01

OWNERSHIP STRUCTURE

List of major 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	ERC No.: 2565995	UNIT 810, 8/F STAR HSE 3 SALISBURY RD TST KLN HONG KONG	10,361,385	25.00%
3	Super Delta Pte. Ltd.	201722666G	10 Anson Road, # 23-14P, International Plaza, Singapore (079903)	6,267,289	15.12%

Source: List of shareholders as of March 1, 2022 of Traphaco JSC




STOCK INFORMATION AND INVESTOR RELATIONS (IR) (Continued)

PRICE TREND OF TRA SHARE IN 2021

SHARE PRICE MOVEMENTS OF TRA SHARE FROM 01-JAN-21 TO 31-DEC-21 (CALCULATED ACCORDING TO ADJUSTED CLOSING PRICES)

PRICE OF TRAPHACO'S SHARE (TRA) IN 2021 SHOWN SOME FLUCTUATION

Closing price bottomed out at  and soared at

VND **60,120** VND **98,880**

The difference was 38,760 VND equivalent to 64.48%.

In 2021, the price of TRA shares had movements quite "in sync" with the general market with the general trend of increasing prices. However, during the period of strict social distancing in the third quarter of 2021 when the fourth outbreak of the epidemic broke out across the country, TRA share went against the market and broke out strongly thanks to positive business results and increases in the demands for the stockpile of medicine. Accordingly, TRA share price dramatically increased by 28.78%, from 69,500 VND/share (01-Jun-21) to 89,500 VND share (30-Sep-21). After that period, TRA share price increased slightly, in line with the general trend of the stock market.

Same as 2020, in 2021, 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 2020 with a payout of 1,000 VND/share and an advance payment of 2021 with a payout of 2,000 VND/share.

COMPARE TRANSACTION PRICE MOVEMENTS OF TRA SHARES WITH PHARMACEUTICAL SHARES IN 2021

In 2021, pharmaceutical shares generally had quite similar trading movements with fluctuations of VN-Index in the first half of the year and rebounded strongly during the period of national social distancing in the third quarter of 2021.

Closing price movement after TRA's adjustment in 2021

(VND/share)

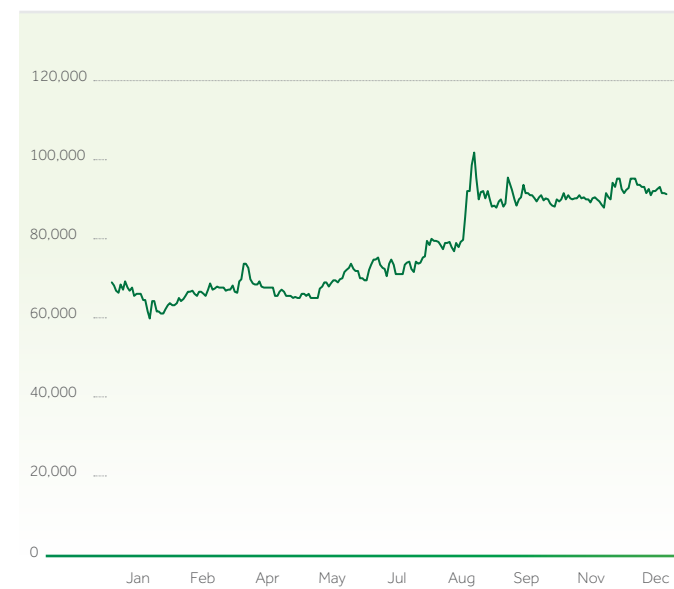
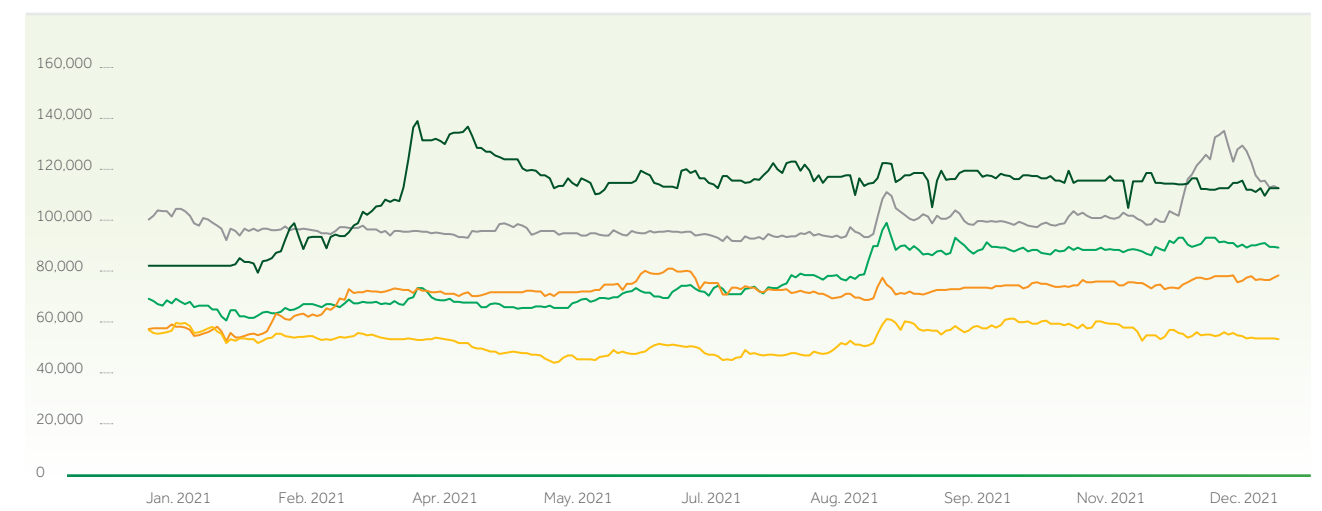


Table comparing the price movements of shares at the end of the year compared to the beginning of the year of TRA and pharmaceutical shares in 2021

Date	TRA	IMP	DP3	DHG	DMC	DBT	DCL
01-Jan-21	68,660	56,720	81,950	100,050	56,100	13,270	25,500
31-Dec-21	89,190	77,800	113,100	113,000	52,500	15,900	39,800
Difference	20,530	21,080	31,150	12,480	-3,600	2,630	14,300
% Difference	29.92%	37.18%	12.42%	-6.42%	19.79%	56.08%	37.89%

Compare transaction price movements of TRA shares with pharmaceutical shares in 2021

(VND/share) — TRA — IMP — DHG — DMC — DP3



COMPARE PRICE TREND OF TRA WITH THAT OF VN-INDEX FROM 02/01/2020 TO 31/12/2020

Phase 1 (from 01-Jan-21 to 05-Jul-21): The fact that many businesses reported a sharp increase in their profit in the first half of the year thanks to the low comparative base of 2020, along with many optimistic prospects of growth, helped the VN-Index quickly increase by 27.8% and reached the milestone of 1,420 points within only 6 months.

Phase 2 (from 06-Jul-21 to 06-Oct-21): Because of the significant impact of the fourth Covid-19 outbreak across the country, especially in the South, VN-Index dropped 31.81% to close to the price range at the beginning of the year when it bottomed out at 1,220 points on July 19th, 2021. After that, the market only slightly recovered and was almost levelled off at 1,300 points for the next 3 months.

Phase 3 (from 07-Oct-21 to 31-Dec-21): Along with the ability to successfully control the disease and the large-scale vaccination campaign that had significantly reduced the number of hospital admissions and deaths, and the reopening of economic activities, Vietnam's stock market quickly recovered in the remaining 3 months of 2021 with a growth rate of nearly 22.3% since the latest bottom in July. By the end of 2021, VN-Index closed at 1,490 points, which increased by 34.15% compared to the beginning of the year.



STOCK INFORMATION AND INVESTOR RELATIONS (IR) (Continued)

The movement of TRA share price was also very positive compared to the general market when it reached VND 92,900 on December 31, 2021 and increased by 30.8% compared to the beginning of 2021.

TRA shares as well as pharmaceutical shares are considered “defensive” shares, so they are preferred by investors during the outbreak and prolongation of the epidemic. In 2021, the price increase of TRA share at the end of the year compared to the beginning of the year also outperformed the general index when the share price of TRA at the end of the year increased 29.92% compared to the beginning of the year while the VN-Index had an increase respectively 34.15%.

LIST OF TRANSACTIONS

TRA shares were traded the most from February to March 2021 and from August to October 2021. In which, average trading volume in 09/2021 was 23,775 shares/session, in February 2021 it was 23,575 shares/session, in September 2021 it was 19,830 shares/session.

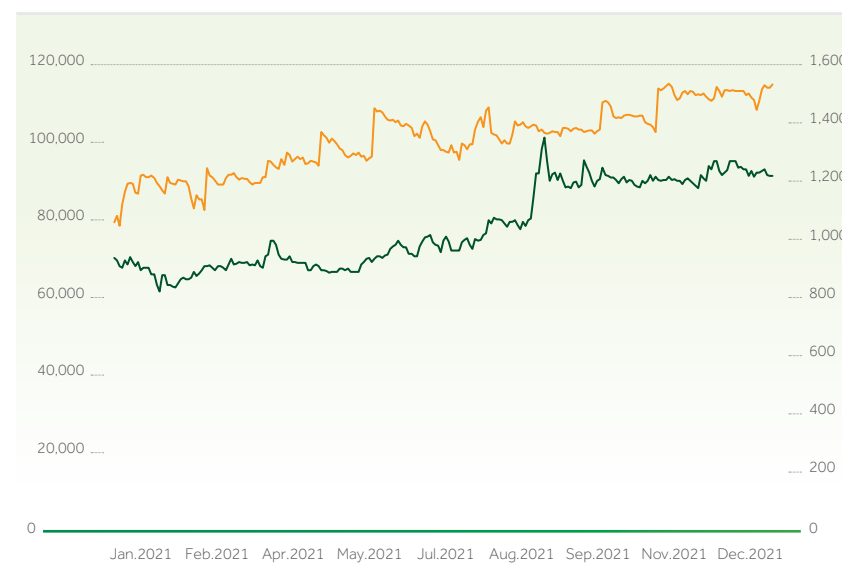
It can be seen that TRA share as well as pharmaceutical shares had low liquidity because pharmaceutical shares are often “defensive” and very “favored” by foreign investors. These are shares of “investment” nature when organizations participate for long-term holding purposes, so the trading movements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

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

Date	1-Jan	31-Dec	Change	% Change
TRA (VND/share)	68,660	89,190	20,530	29.92%
VN-INDEX	1117.61	1498.35	137.20	34.15%

Compare price trend of TRA with that of VN-index in 2021

— TRA — VN-INDEX

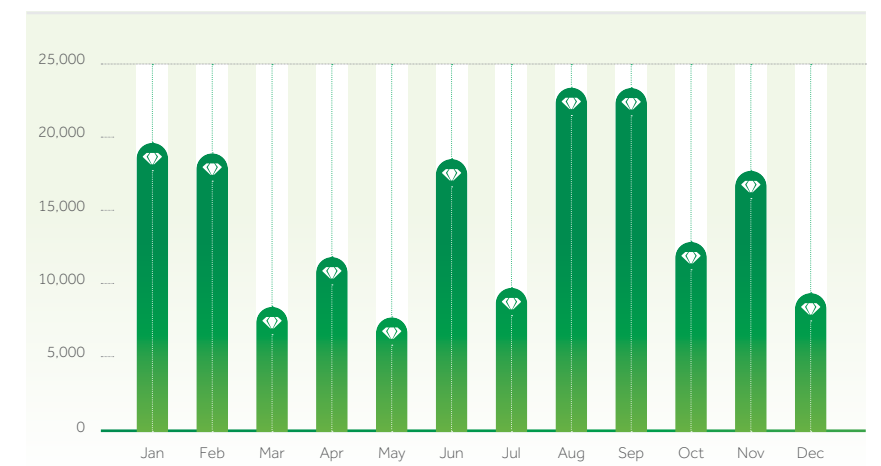


Share price	Date	Price
Price closed at the end of the year	31-Dec-21	89,200 VND/share
Highest share price	31-Aug-21	98,880 VND/share
Lowest share price	28-Jan-21	60,120 VND/share
Price volatility in 2020		38,760 VND (+64,48%)
Trading volume at the end of the year	31-Dec-21	5,100 shares
Highest	31-Aug-21	124,100 shares
Lowest	22-Jul-21	390 shares
Average daily trading volume		15,192 shares

GRAPH OF TRADING VOLUME AND PRICE OF TRA SHARE (FROM 02-JAN-21 TO 31/12/2021)



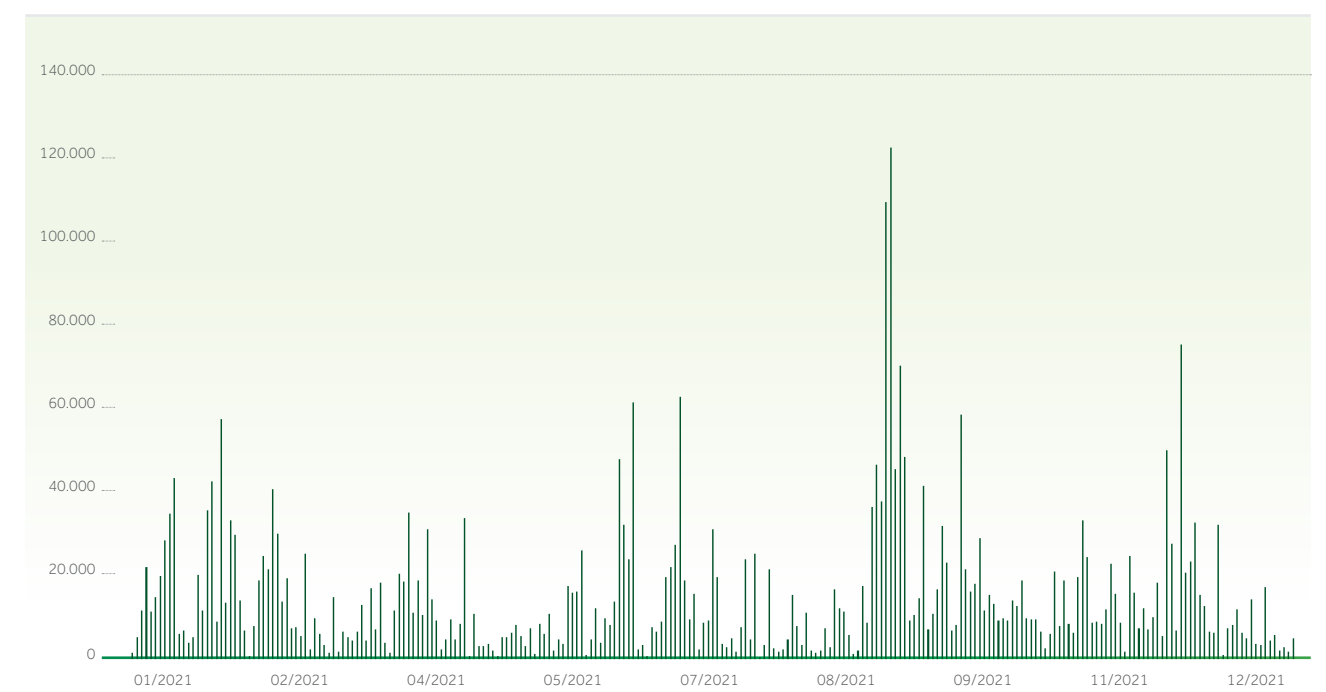
TRA average monthly trading volume in 2021 (shares/session)



The session with the highest volume of TRA fell in February 2021 with the trading volume on 31-Aug-21 reaching 124,100 shares, the trading value of this session was 12.28 billion VND.

In 2021, there are a number of put-through transactions of TRA share on 27-Jul-21 with the volume of put-through: 501,554 shareholders.

TRA trading volume 2021 (stocks)





INVESTOR RELATIONS (IR)

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 96/2020/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 meeting of shareholders, asking for shareholders' opinions in writing, meeting online;

- Annual report and Report on Sustainable development;
- Investment promotion conference; working with investment funds;
- Information disclosure channel of the Stock Exchange and State Security Commission of Vietnam;
- Website, Fanpage, 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 for improving the quality of investor relations, contributing to building the corporate governance system following international standards.

Investor Relations (IR) activities implemented in 2021 to improve transparency and reliability of information.

Improve the reliability of the data

- Prepared Financial Reports in accordance with Vietnamese Accounting Standards (VAS), orientated/ prepared for conversion to Financial Reports in

accordance with IFRS.

- Review the semi-annual financial statements and auditing the annual financial statements.

Disclosure and transparency of information

- Disclosure of information in pursuant to Circular No. 96/2020/TT-BTC, voluntary registration of disclosure of information in English, all resolutions and decisions of the Board of Directors should be published bilingually to ensure equal rights of shareholders in terms of information access.

- Timely disclosure of information is considered crucial and may affect investors' interests: explaining fluctuations in revenues, quarterly profit, etc.
- 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 performing all 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 has always been focused on by Traphaco to ensure shareholders would be 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 procedures 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.

DEVELOPMENT ORIENTATION 2022

In 2022, Traphaco's investor relations will focus on the following activities:



Promote meeting and understanding the needs of investors, thereby looking for effective cooperation opportunities with investors in Vietnam and around the world.



Re-structure the specialized interface for shareholders and investors on the website and Traphaco IR application towards a more friendly and accessible direction;



Continue to publish information in English - Vietnamese for documents posted on Traphaco's website and send to the Stock Exchange.

5

SUSTAINABLE DEVELOPMENT REPORT

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OVERVIEW

Of the report

Traphaco's approach to sustainability issues is closely connected with the long-term objective of economic growth, social development and environmental protection, hence making valuable contribution to the community development. This report documented important activities of Traphaco and Traphaco member units (hereinafter referred to as "Traphaco") related to sustainability issues in 2021.



Your feedbacks will help Traphaco making appropriate decisions to carry out the vision toward 2025 becoming the number one pharmaceutical enterprise in Vietnam in terms of growth rate and profit; and to ensure the mission in Pioneering the innovation of Green Pharmaceutical products for healthcare.



TRAPHACO

Sustainable development model



THREE FACTORS THAT PLAY A FUNDAMENTAL ROLE IN THE LONG-TERM SUCCESS OF TRAPHACO

The communication process with stakeholders helps us understand that besides economic growth, ensuring the benefits of society, community and environmental preservation are equally important for the sustainable development of Traphaco.



STRATEGIC ORIENTATION

For sustainable development

The Summit of the High-Level Political Forum (HLPF) on Sustainable Development in 2017 took place in July 2017 with the theme “**Eradicating poverty and promoting prosperity in a changing world**”. The categories of goals which have been discussed and concerned for the next phase include:



SDG 1.
Eliminate poverty in all of its forms everywhere.



SDG 2.
Eliminate hunger, achieve food security and improve nutrition and promote sustainable agriculture.



SDG 3.
Ensure a healthy living condition and improve well-being for all ages.



SDG 5.
Achieve gender equality and empower all women and girls.



SDG 9.
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



SDG 14.
Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

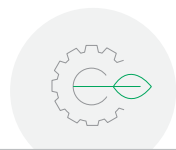


SDG 17.
Strengthen the means of implementation and revitalize the global partnership for sustainable development (always reviewed annually).

Also according to Vietnam's Voluntary National Evaluation Report (VNR) presented by Deputy Minister of Ministry of Planning and Investment Nguyen The Phuong in HLPF 2018, the notable achievements are GDP growth and Reduction of Poverty (SDG1). Health Insurance (SDG 3), Management of Environment and Natural Resources have also been improved (SDG 15).

Based on the specific content of 17 United Nations Sustainable Development Goals (SDG), also referring to the goals of Vietnam (VSDG) and issues considered at the High-Level Political Forum in 2017, as a business enterprise in the field of pharmaceutical production and trading, Traphaco selected and integrated the following objectives in the orientation of the Enterprise Sustainable Development Strategy for the period 2021-2025:





STRATEGIC ORIENTATION FOR SUSTAINABLE DEVELOPMENT (Continued)



EFFICIENT AND SUSTAINABLE GROWTH



OBJECTIVE 1 (SD8)
Promoting sustainable, effective
and long-term economic growth;
Creating jobs and increasing productivity
for everyone



OBJECTIVE 2 (SD12)
Ensuring responsible consumption
and production



OBJECTIVE 3 (SD9)
Building up solid infrastructure, promoting
open and sustainable industrialization and
encouraging innovation

Optimizing the capacity and effectiveness of corporate governance and the Green Value Chain. Improve business efficiency by expanding business scale and boosting productivity to increase Traphaco's value, making it the leading Green Trademark in Vietnam.

Investing in research and development activities, especially in time-honoured Vietnam's tradition of medicinal herbs, using high quality local medicinal herbs to create modern products to serve domestic demand and overseas market.

Increasing efficiency through investment in the cutting-edge technology of Vietnam's pharmaceutical industry, maximising the efficiency of resource use, and application of clean and environment-friendly technologies.

Building modern management system based on IT-integrated technology. Establishing the best working environment; ensuring the salary, remuneration, welfare for employees, creating motivation and encouraging creativity.



CONTRIBUTION TO GENERAL DEVELOPMENT OF THE SOCIETY



OBJECTIVE 4 (SD1)
Eliminating poverty in all forms,
in all places

Pioneering in responding to the campaign of Vietnamese people prioritizing use of: Using Vietnamese raw materials and Vietnamese know-how for health care;

Transferring techniques and monitor cultivation and development of medicinal herbs in localities to help increase income and stabilize the life of ethnic people and farmers.

Making medicines more accessible to communities through continuous innovation to improve product quality, labor productivity, costs optimization, and medicines creation to meet the demands of the society.



OBJECTIVE 5 (SD3)
Ensuring a healthy living condition
and improving well-being for all ages

CHUNG TAY BẢO VỆ MÔI TRƯỜNG



OBJECTIVE 6 (SD13)
Taking action to Respond
to Climate Change

Ensuring the preservation of ecosystems, biodiversity, desertification, rehabilitation of degraded lands and soils.

Reforestation vacant, bare hills by cultivating medicinal herbs in GACP - WHO standards.

Minimizing activities that generate waste and pollute the environment, contributing to the improvement of natural environment and human health.

Consuming energy efficiently through the reasonable usage of energy resources and natural resources.



ACTION PLAN

For 2021



EFFICIENT AND SUSTAINABLE GROWTH

1. Promote sustainable, effective and long-term economic growth; Create jobs and increase productivity.
2. Optimizing the capacity and effectiveness of corporate governance and the Green Value Chain.
3. Improve business efficiency by expanding business scale and boosting productivity to increase Traphaco's value, making it the leading Green Trademark in Vietnam.
4. Invest in research and development. Implement the strategy for developing diversified concentric products based on key products. Focus on developing western medicines and technology transfer activities.
5. Optimize costs in all business activities, by: Allocating norms, assigning responsibilities and control by the norms.



CONTRIBUTION TO GENERAL DEVELOPMENT OF THE SOCIETY

1. Join hands with the community to prevent covid-19 pandemic. Complying with the State's regulations Contributing and supporting health care activities for patients and people nationwide.
2. Increasing efficiency through investment in the cutting-edge technology of Vietnam's pharmaceutical industry, maximising the efficiency of resource use, and application of clean and environment-friendly technologies.
3. Building modern management system based on IT-integrated technology. Establishing the best working environment; ensuring the salary, remuneration, welfare for employees, creating motivation and encouraging creativity.
4. Ensuring responsible consumption and production. Enhancing value for customers and product quality.
5. Pioneering in responding to the campaign of Vietnamese people prioritizing use of: Using Vietnamese raw materials and Vietnamese know-how for health care.
5. Transferring techniques and monitor cultivation and development of medicinal herbs in localities to help increase income and stabilize the life of ethnic people and farmers.
7. Ensuring a healthy living condition and improving well-being for all ages.



JOINTLY PROTECT THE ENVIRONMENT

1. Take urgent action to respond to climate change: Making the Carbon Footprint Report of the parent company and member companies.
2. Reforesting vacant, bare hills by cultivating medicinal herbs in GACP - WHO standards.
3. Minimizing activities that generate waste and pollute the environment, contributing to the improvement of natural environment and human health.
4. Consuming energy efficiently through the reasonable usage of energy resources and natural resources.
5. Protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably manage forests, combating desertification to stop and reverse land degradation and stop biodiversity loss.



Economic GROWTH



As a typical example of sustainable development in Vietnam, Traphaco always aims to develop a green economy with 3 goals: **High economic efficiency associated with social responsibility and environmental protection.**

In the midst of the complicated pandemic, many businesses in all industries were struggling and pharmaceuticals segment was no exception, however, Traphaco became a prominent highlight of the healthcare industry in general and the pharmaceutical industry in particular.

In the situation of social distancing, the efficiency of the 4.0 technology factory has been clearly shown because all the production stages were fully automated and closed; the quality and output were guaranteed to be optimized. Provided enough goods for business purposes and timely supplying them for the purpose of supporting disease prevention.



PRODUCTION AND BUSINESS ACTIVITIES



2,170

REVENUE

(Unit: Billion VND)

14% higher compared to 2020



265

NET INCOME AFTER TAX

(Unit: Billion VND)

25% higher than that of 2020

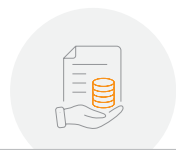


>10%

Employees' income increases
over 10% compared to 2020

- **Adapting flexibly** to the epidemic situation: Properly implemented the “3 on-site” model, actively conducted manufacturing; Ensured working conditions for employees, registered for vaccination, provided material support and epidemic prevention products; Reaching customers through online channels, set up promotional programs adapting to the pandemic.
- Deploying Pharmaceutical **Technology Transfer Phase 2** with Daewoong Corporation (Korea); exporting the first shipment to the market in December 2021.

- Implemented the project “**Standardization of processes**” - review, standardize, and systematize internal processes in the enterprise.
- Continued to implement **Traphaco Culture in the new period**, bring the new Culture into the system through launching the Annual Emulation Program.
- **Restructured** the business system towards the goal of “Sustain and maintain the **No. 1 position in herbal industry - focus on the investment and development of non-herbal segment**”.
- For Traphaco, double-digit growth was the fruit of a sustainable development strategy pursued for many years. The complicated situation of the COVID-19 epidemic has shown that Traphaco's vision was right when it has bravely deployed Enterprise Digital Transformation early.
- In the period of 2015-2017, while it was the No. 1 pharmaceutical company in herbal medicine, Traphaco put all its efforts to build a 4.0 smart modern pharmaceutical factory. In the situation of social distancing, the efficiency of the 4.0 technology factory has been clearly shown because all the production stages were fully automated and closed; the quality and output were guaranteed to be optimized. Provided enough goods for business purposes and timely supplying them for the purpose of supporting disease prevention.



ECONOMIC GROWTH PRODUCTION AND BUSINESS ACTIVITIES (Continued)

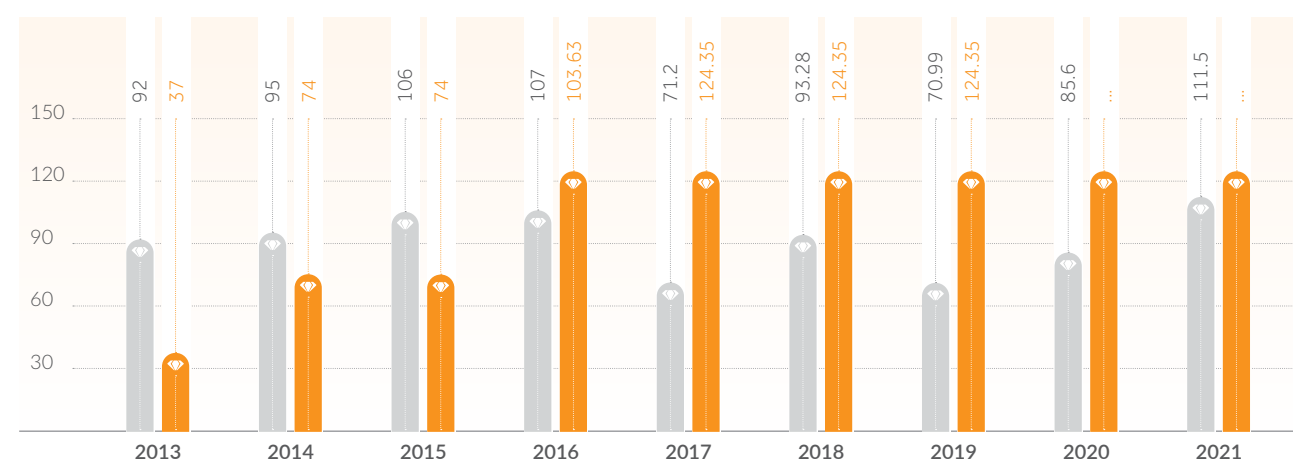
With high automation & closed characteristics, factories could implement the “3 on-site” model proactively, safely, for a long period of time. In particular, thanks to these characteristics, Traphaco can focus more on epidemic prevention products - a product group with demand increased sharply.



- In addition to increasing safe, self-produced goods, Traphaco also had a solution to “resolve” the risk of medicine supply chain disruption in the situation of difficult transportation and travel during the pandemic, through Traphaco’s distribution chain with the scale of 28 branches, managing more than 27.000 drugstores nationwide.
- Since 2014, Traphaco has pioneered the application of Distribution System Management (DMS) technology and collected information about the market and customers. After more than 7 years of implementation, that large database has allowed Traphaco to forecast the extent to which sales would be affected, the level of inventory at each place so that Traphaco could plan to move goods to different areas with high demand, not letting the drug shelf go empty.
- However, according to the company’s management board, at this stage, profit priority is not a prerequisite. Ensuring safe epidemic prevention and social responsibility for employees, customers and the community shall be the top tasks of the company.

INDIRECT ECONOMIC CONTRIBUTIONS

Unit: Billion VND ● Contribution to the State budget ● Payment of dividends to shareholders



In 2021, Traphaco maintained the dividend rate of 30% which was high compared to the average rate of the pharmaceutical market.



SOCIAL INVESTMENT



ENHANCING HUMAN RESOURCES AND POLICIES FOR EMPLOYEES

LABOR FORCE

By 31/12/2020, the total number of employees was 752, and 103 collaborators, down 0.5% compared to 2020 (due to labor-streamlining and according to individual aspirations of employees). The percentage of male labor accounted for 62% and the percentage of female labor accounted for 38%. The number of middle-aged workers (from 30 to 50 years old) with solid professional and actual experience accounted for 78%, 13.6% are young workers under 30, and over 50 workers who are very experienced and has been with Traphaco a long time accounted for 8.4%.

In 2021, Traphaco’s turnover rate was 3.6%, in which that of male employee was higher than that of female. Over 50-year-olds tended to have the highest job retention rate (7.4%), while the resignation rate of employees under 30 years old was 22.2% and employees in the age range of 30-50 showed the highest leaving rate, 70.4%.



Total number of Traphaco employees as of 31-Dec-21

752

staffs and 103 collaborators



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

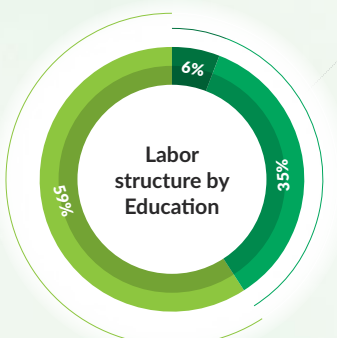
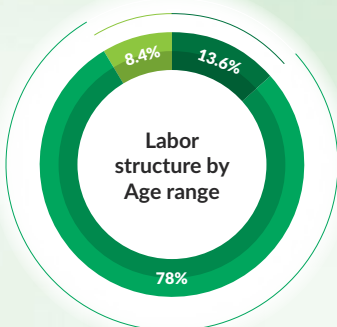
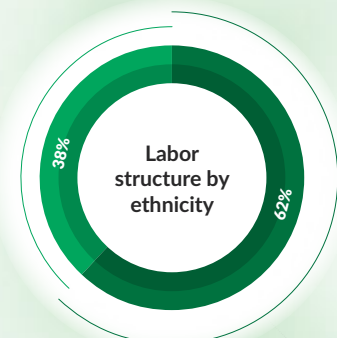


In terms of qualifications, the number of employees who has a college or postgraduate degree accounted for

41%



SOCIAL INVESTMENT (Continued)



Labor structure in 2021 by indicators	Number of employees	Percentage over total Traphaco staffs
Nationality		
Vietnamese	751	99.87%
Foreign	1	0.13%
Structure by ethnicity		
Kinh	738	98.1%
Ethnic minorities	13	1.72%
Korean	01	0.18%
Gender		
Male	463	62%
Female	289	38%
Age range		
Under 30	102	13.6%
30-50	585	78%
Over 50	65	8.4%
Education		
Post-Graduate	46	6%
Graduate	234	35%
Other	442	59%
Sector		
Sales	579	77%
Manufacturing	20	2.7%
Office	153	20.3%

STRUCTURE OF JOB-TERMINATION IN 2021

		Age range			Gender	
		<30	30-50	>50	Male	Female
The number of employees terminated labor contract, other	Amount	6	19	2	19	8
	Percentage	22,2	70,4	7,4	70,4	29,6
Labor rotation	Amount		1	2	1	2
	Percentage		33	67	33	67
Retirement	Amount			1	1	
	Percentage			100	100	

EDUCATION AND TRAINING

Training activities at Traphaco JSC: There was no discrimination based on gender or type of labor, training has been performed fairly to meet the assigned job requirements.



Training results in 2021:

No.	Content	Unit	Plan	Actualized	% actual results
1	Total cost of training:	VND 1000	3,600,000	639,834	
	Training cost/person/year	VND 1000		748	
2	Total number of people x session trained	Number of turns	4,500	3,601	
	Training cost/person/year	Number of turns		4	
3	Training course	Course		62	
Analysis by training content:					
1	Compliance, mandatory training (11 courses)	Number of turns	200	283	7.86
		VND 1000	150,000	89,375	13.97
2	Management skills (9 courses)	Number of turns	200	318	8.83
		VND 1000	1,000,000	140,098	21.89
3	Soft skills and professional skills (39 courses)	Number of turns	4,000	2,893	80.34
		VND 1000	2,330,000	410,361	64.14
4	Attending workshops, conferences, listening to seminars,...	Number of turns	100	107	2.97
	Support advanced training (3 courses)				
		VND 1000	100,000		

Because of the complicated development of the Covid pandemic, the company applied the online working/distance break mode, outside training centers did not organize to receive students for a long time. In order to adapt to the actual situation, the company had optimized the online and offline forms of training, as results in 2021 the company has been implementing:

- Full compulsory training courses as required by regulations
- A training series of working culture following procedures
- Employees have been trained for newly issued procedures
- Training on product knowledge, sales programs, and customer consulting for the Sales department and the Online Consulting team has been carried out monthly through online forms.
- 'In addition, the company also conducted other professional training courses for employees such as: Internal audit, Management skills, especially courses related to Pharmaceutical Technology, Quality Management, Quality Control, etc. Therefore, the training courses were effectively implemented, followed the plans and met job requirements.



SINCERELY APPRECIATE THE CONTRIBUTIONS OF THE EMPLOYEES



In 2021, Traphaco faced many difficulties due to the impact of the Covid-19 pandemic, but the salary, bonus, and welfare regulations still grew significantly, employee's income increased by 20% compared to 2020, at the same time it was also a recognition for the staff's efforts and contribution due to the exceeding completion of the plan in 2021.



21.8

**Budget for welfare and benefit
of employees in 2021**
(Unit: billion VND)

The year of 2021 marked the 8-year milestone implementing the program to vote for Top 20 outstanding employees. Outstanding individuals shall be praised at the Company's Traditional Day Celebration (system-wide livestream) and rewarded a study-tour within the country.



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 ...

In 2021, with the complicated situation of the Covid-19 pandemic, with a people-centered view, Traphaco had policies to support sales and customer contact to help and motivate employees when working at the front lines of high risk of Covid-19 infection. In case an employee would be infected with Covid, in addition to taking a break as regulated, the Company shall support cash in the purpose of sharing and reducing difficulties with the employees.

The company raised the level of social insurance contributions to ensure that employees receive higher support when facing risks of illness, maternity, unemployment, etc., and reduce difficulties, ensure income and a stable life at the end of labor age.



Implemented current labor regulations, carried out 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.

Strengthened knowledge on health protection and care, especially for female workers and knowledge about Covid-19 prevention. Organized periodic Covid test to detect Covid cases early, prevented and limited the spread of disease in order to stabilize the mood of employees during working time at the company.

EFFECTIVE WORK MANAGEMENT SYSTEMS AND REMUNERATION BY PERFORMANCE

Promulgate regulations on the total remuneration system with the aim of attracting potential human resources and retaining experienced staff. On the other hand, employees shall feel joyful, happy and passionate about their job when they work in an environment with clarity and transparency in how wages and benefits are paid.

Effective management systems continued 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.



SOCIAL INVESTMENT - SINCERELY APPRECIATE THE CONTRIBUTIONS OF THE EMPLOYEES (Continued)

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 particular, in 2021, after 03 years of applicaiton, Traphaco has improved the New payroll regulations by 3Ps. Advantages of applying 3Ps salary:

1. The payment of wages and bonuses under 3Ps will be an advanced compensation system, ensuring fairness, competition and transparency, creating motivation for employees.
2. The 3Ps salary system has separate salaries based on job position, individual capacity, and job performance:

1. Position-based	2. LPerson-based	3. Performance-based
3. The deployment of 3Ps salary has received positive support from employees. In the year of 2021, the company amended and supplemented the Appendix to Salary Regulation, in which the average salary has been increased from VND 4,775,000 to VND 5,000,000 and the proportion of 3Ps salary components was changed to increase the rates of 3Ps salary and fixed salary to calculate social insurance for employees.
4. Employees were well aware of their roles and responsibilities in improving personal capability, work efficiency and have a development plan suitable to the capability framework of the position they undertake.
5. The payment of wages, ensuring suitability and competitiveness in the market.
6. 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).
7. 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.
8. In 2021, Traphaco's employees were entitled to a full 12 months' salary, besides they got quarterly bonuses, 02-month salary support for effective performance and 02-month salary of 3Ps. Average income reached VND 27.5 million/person/month, increased 20% compared to 2020.



OCCUPATIONAL HEALTH SAFETY



- Traphaco follows the GRI G4 guidelines on occupational safety and health issues.
- There are workers' representatives in official Occupational Health and Safety Committees between Management Boards and Workers.
- The Company manages the occupational safety and health through the Safety Committee, and the network of staffs in charge of safety issue and the Fire Safety and Emergency Response Team.
- The Safety Committee is a bridge between employers and employees in occupational safety and health.
- The Company applies OHSAS 18001 (Occupational Health and Safety Assessment Series) to manage occupational health and safety.

FUNCTIONS AND DUTIES OF THE SAFETY COMMITTEE

To advise and assist the employer in organizing the implementation, inspection and supervision of occupational safety and health, food hygiene and safety, fire and explosion prevention and flood prevention and response in the Company.

- | 1. | 2. | 3. | 4. |
|--|-------------------------|--|--|
| Coordinate with other divisions in carrying out the work | Propose to the employer | Monthly or ad-hoc reports on violations of OSH, FHS, FEP; OSH risks. | Make recommendations on rewards and disciplines regarding collectives and/or individuals in implementing OSH, FHS, FEP |



SOCIAL INVESTMENT OCCUPATIONAL HEALTH AND SAFETY (Continued)



1. Coordinate with other divisions in carrying out the work

- Develop regulations, procedures, and measures to ensure occupational safety and health (OSH), food hygiene and safety (FHS), fire and explosion prevention (FEP), in the Company.
- Manage the monitoring of the registration and inspection of machines, equipments, supplies and substances subject to strict labor safety requirements.
- Develop annual plans of OSH, FHS, FEP, and urge and supervise the implementation of these plans; evaluate risks and develop emergency plans.
- Organize activities of communication and dissemination of regulations on OSH, FHS, FEP, storm and flood prevention from the State and the Company to all employees.
- Provide trainings on OSH, FHS to employees.
- Conduct inspections on OSH, FEP at least once a month at the production units; Check the working environment, food safety in the kitchen of the Company at least twice a month.
- Monitor the situation of work-related injuries and illnesses; Propose measures to the employer to manage and take care of employees' health.
- Organize emergency response: Response plans, preparation of forces, facilities, finance and willingness to perform tasks when emergencies occur within the Company or locality when required.
- Organize the actual inspection of the implementation of internal rules, regulations and application of 5S good practice tools of the whole Company.

2. Propose to the employer

- Participate in inspecting the compliance with OSH, FHS, FEP according to the current provisions of law.
- Propose measures to overcome shortcomings of OSH, FHS, FEP, flood prevention.

3. Monthly or ad-hoc reports on violations of OSH, FHS, FEP; OSH risks

4.

Make recommendations on rewards and disciplines regarding collectives and/or individuals in implementing OSH, FHS, FEP



Ensure occupational safety and health is one of the rights of employees. In 2019 the Company conducted trainings and disseminations of knowledge on occupational safety and health:

- Ensure employees receive sufficient training duration and contents:
Group 6: 04 training hours | Group 5: 56 training hours
Group 4: 08 training hours | Group 3: 12 training hours
Group 2: 24 training hours | Group 1: 08 training hours
- Fully provided information on the work-related hazards and harmful factors to the employees by identifying hazards, disseminating the identification indicator table to the employees working at the following positions: Operating tablet presses, Labor safety, Chemical safety - Handling chemical spills;
- Ethylene oxide operation, laser printer etching operation, warehouse locations ...;
- Provided training on fire prevention and firefighting skills to employees.



The number of procedures issued and amended in 2018 regarding occupational safety and health:

- Number of procedures issued and revised: 02.

Occupational Safety and Health Risk Assessment:

- Number of job positions first and periodically assessed for risk: 06.

Number of hazards detected: 71.

The Safety Committee conducts a monthly inspection of the whole plant to actively identify hazards and improve safe working conditions. The Company encourages and commends employees for their positive contributions to reduce risks and identifying dangerous and harmful factors.

- Number of hazards identified and resolved: 55
- Number of hazards to be resolved on schedule: 48
- Number of hazards resolved with slow progress: 7
- Number of remaining hazards: 0
- This activity is regularly by month and creates a characteristic culture of Traphaco.
- Inspections in 2021

No.	Content	Amount	Equipment name and quantity
1	Inspection of equipments with strict requirements on safety	18	<ul style="list-style-type: none">• Elevator (05 units)• Forklifts (04 units)• Autoclave, 2-shell boiler, steam generator, compressed air container (06 units)• HVAC system (03 system)
2	Industrial gas system	2	<ul style="list-style-type: none">• Gas system of the canteen• Gas system of the Research and Development division
3	Gas Detector	3	<ul style="list-style-type: none">• Research and Development area and the canteen
4	Grounding resistance	4	<ul style="list-style-type: none">• Around the plant
5	Differential pressure gauge and pressure gauge	132	<ul style="list-style-type: none">• Ancillary system• The factory• Quality Inspection Division• Research Division



SOCIAL INVESTMENT OCCUPATIONAL HEALTH AND SAFETY (Continued)

TYPE OF INJURY, INJURY RATE, OCCUPATIONAL DISEASE, LOST WORK DAY, ABSENCE AND NUMBER OF WORK-RELATED DEATHS



Positive safety-related indicators affirm positive trends in employee morale and productivity. Safety is associated with the quality and strategy of the Company.



Type of injury, injury rate: 0

- In 2021, no detection of injuries or deaths occurred to employees and contractors working at the Company.
- Total number of contractor's employees receiving information on occupational safety and occupational health.

Occupational disease rate: 0

- No case of occupational diseases were detected during the periodic health examination in 2021

Type I health	Type II health	Type III health	Type IV health	Type V health
101	482	248	33	01

Lost working-day rate: 0

- This rate shows the actual working-day of the casualty who has not worked since the day of the accident (excluding scheduled holidays vacation, holiday, weekend).
- Lost working-day does not include the date of the incident.

MONITORING AND MEASURING THE WORKING ENVIRONMENT



330

Monitoring criteria & Qualified criteria

- The Company always makes sure the employees work in good working conditions with minimal health risks.
- Two evaluation results of the working environment in 2021: No indicator was over standard and the results were reported to all employees.

Labor environment testing and monitoring result 2021

No.	Tested and measured criteria	Total samples	Number of samples qualified Work hygiene criteria	Number of samples unqualified Work hygiene criteria
1	Temperature	22	22	0
2	Humidity	22	22	0
3	Wind speed	22	22	0
4	Equivalent noise	22	22	0
5	Noise frequency band (63)	22	22	0
6	Noise frequency band (125)	22	22	0
7	Noise frequency band (250)	22	22	0
8	Noise frequency band (500)	22	22	0
9	Noise frequency band (1000)	22	22	0
10	Noise frequency band (2000)	22	22	0
11	Noise frequency band (4000)	22	22	0
12	Noise frequency band (8000)	22	22	0
13	Total dust	22	22	0
14	Respiratory dust	22	22	0
15	CO ₂	22	22	0

According to the results of the labor environment test, the noise fluctuates in the range of 55 -72.8 dB, lower than the permitted standard of 85dB (QCVN24: 2016/BYT National technical regulation on noise - noise exposure level allowed at work).

Microclimate conditions at the measurement locations were all within the permitted limits (QCVN26: 2016/BYT National technical regulation on microclimate - the permissible microclimate in the workplace).

Management measures

To ensure the noise shall always be lower than the permitted standard and to ensure the health of workers in the factory and no effect to the surrounding environment, the Company has introduced some measures to reduce noise and vibration as following:

- Maintained and replaced the noise absorbers, and the anti-vibration on HVAC pipe systems.
- Checked for worn-out parts and lubricated or replaced parts monthly.
- Provided labor protection for positions with noise higher than 80 dB.

The control of microclimate conditions is managed through the HVAC system (Heating, Ventilation, and Air Conditioning) to the production lines.

- The technology of the system:** When the system is taking air from the surrounding environment, the air follows the pipeline entering the treatment system (AHUs), which consists of three levels of pre-filtering – intermediate – refining; it is a circulating system, which adds air to the treatment and delivers to the production room. The same amount of air is then taken from the production room back to the pipeline through filters and will be taken out by the exhaust system.

For locations with chemical vapors, the Company ensures that hood systems work well and workers are provided with adequate personal protective equipment: Shoes, safety goggles and masks/respirators.

- Principles of operation:** The fans of the hood draws poison air generated during the experiments and push it into the air processing tower. At the tower, this air is sprayed with solution (diluted NaOH) moving in the opposite direction to absorb, neutralize the toxic gas. Then the air is absorbed into activated charcoal before being discharged into the external environment.

COMPLAINT

In 2021, there were no complaints of employees in the entire Traphaco system.



TOPIC

HEALTH AND SAFETY HAS BEEN MENTIONED IN THE OFFICIAL AGREEMENT WITH THE TRADE UNION

The employer and the representative of employees jointly enter into an agreement, stating the provisions on OSH as follows:



1.

The employer is responsible for equipping the employees with protection equipment and improving the working conditions. Each year, those who are directly involved in the production process are given 2 sets of blouses, caps, masks, slippers, soap, gloves, etc., depending on the characteristics of each type of work.

2.

The protection equipment given to employees must be of a quality standard and suitable to the users.

3.

The employer must regularly prepares prevention plans for labor accidents and occupational diseases, examine and measure hazardous elements, and establish ventilation systems equipped with heat fans and internal work safety regulations.

4.

The employer must periodically inspect and repair machines, equipment, workshops and warehouses according to the labor safety and labor hygiene standards.

5.

Employees must be instructed fully and must comply with the regulations on labor safety, occupational health and labor regulations of the Company.

Employees must:

6.

- Make maximum use of labor protection equipment according to work requirements.
- Be responsible for maintaining personal protective equipment; safely operate and maintain machinery and hygiene at work.
- Strictly follow regulations on fire prevention and fighting and actively participate in overcoming the consequences of unfortunate events.

7.

When recruiting and arranging labor, the employer must base on the health standards prescribed for each type of work; provide adequate training and instructions and inform the employees about the regulations and measures on work safety, hygiene and accident precautions in the work of each employee.

8.

Employees must have their health checked when recruited and the Company will hold a medical examination once a year.

9.

The employer will equip helmet for workers: 01 unit/person/2 years.

10.

The employer will equip rain coats for workers: 01 unit/person/01 year.



SOCIAL ACTIVITIES

Traphaco is known to be the leading and persistent company for many years fulfilling social responsibilities, environmental protection requirements and sustainable development. In 2021, 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.



FOR ETHNIC MINORITIES GROWING MEDICINAL HERBS

Through deploying projects of growing clean medicinal herbs, Traphaco has created jobs and sustainably alleviated poverty of ethnic minority communities in many localities (Lao Cai, Nam Dinh, Hoa Binh, etc.).

In the period of 2020-2021, the revenue from medicinal products saw good growth (such as HHDN - Cebraton and Boganic with double-digit growth rate), which ensured the purchase of medicinal herbs for farmers, especially when the pandemic disrupted their other sources of income.

FOR PHARMACIES

Donated epidemic prevention products to

12,000

pharmacies in the South and Central regions



In the third quarter, understanding the difficult situation of many drugstore customers in the South and Central region, Traphaco's management board directed the implementation of a gifting program for 8,000 Southern pharmacies and 4,000 Central pharmacies signed a contract with Traphaco, each pharmacy received the product of TB Fresh disinfectant sanitizer (worth about VND 1 billion). At the same time, the company sent words of encouragement and sympathy to pharmaceutical clients in these two areas.



SOCIAL INVESTMENT SOCIAL ACTIVITIES (Continued)

FOR THE COMMUNITY

Traphaco had practical activities to join hands to prevent and overcome the impact caused by Covid-19. In 2021, the Company supported the Covid-19 Vaccine Fund and T-B Fresh for the Safe Medicine Bag Program (Ministry of Health).

DONATED VND **500** BILLION
TO THE PURCHASE OF COVID-19 VACCINE FOR
THE COMMUNITY THROUGH THE VIETNAM
FATHERLAND FRONT COMMITTEE - HANOI CITY.

The representative of Traphaco JSC, Mr. **Nguyen Anh Tuan**
Vice Chairman of the Board of Directors said:

as a pharmaceutical enterprise, Traphaco JSC has always been consistent with its mission of taking care of people's health. Traphaco also actively registered to vaccinate all employees of the company. This was the responsibility of businesses located in the city, and hope that the business community shall unanimously support so that Hanoi city shall soon achieve community immunity for a united development.

ACCOMPANYING THE SAFE MEDICINE **FO** TREATMENT BAG PROGRAM - SUPPORTING AT HOME

In the Program on Controlled Treatment of Covid-19 Cases at Home and in the Community in Ho Chi Minh City launched by the Department of Health, the solution to provide safe medicine bags has been implemented. Traphaco's TB Fresh throat sanitizer has been included in this Safe Medicine Bag.

Traphaco proactively provided
200,000 bottles of medicine

(equivalent to VND 5 billion) and transported to Ho Chi Minh City to promptly support the program (while still ensuring the production for sales). Throughout the time of implementing the medicine bag program, the number of severe cases has decreased remarkably and the health status of many people with FO condition has improved.



DONATED EPIDEMIC
PREVENTION PRODUCTS TO
HOSPITALS IN THE NORTH AND
HO CHI MINH CITY WITH A TOTAL
VALUE OF MORE THAN

300
MILLION VND

SUPPORTED THE VOLUNTARY GROUP OF HANOI UNIVERSITY OF PHARMACY TO AID PEOPLE IN THE SOUTH

At the end of August 2021, Traphaco gave the voluntary group of staff and students of Hanoi University of Pharmacy who participated in the fight against COVID-19 in Ho Chi Minh City 65 gifts (worth VND 130 million), contributing to the preparation of essential equipment and necessities for the group.



FOR THE FRONT LINE FIGHTING THE PANDEMIC

In 2021, Traphaco conducted many activities to support doctors in epidemic hotspots, such as:

TRAPHACO COORDINATED TO IMPLEMENT THE PROJECT “MANUFACTURING THE HEAT-RESISTANT COVID-19 TEST CHAMBER”

By referencing the testing room in other countries, the implementation team called and contacted many places to consider the feasibility in Vietnam, by which the design and construction plan were made. In summary, 15 test chambers were given to CDC Hanoi, Bac Giang, Bac Ninh, and Thai Binh.

Equipped with air conditioners, ventilation fans, disinfection lights, sound transceivers, etc., the mobile test chamber deployed by Traphaco and the project team should help medical staff to avoid heat and high temperature when they were wearing protective equipment and especially minimize the risk of infection when coming into contact with a large number of people taking samples for testing.



Environmental — PROTECTION

MANAGEMENT APPROACH

As a pharmaceutical enterprise, Traphaco is aware that the manufacture 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 2021, thanks to the effectiveness of environmental management systems, Traphaco has no cases of violations of environmental laws and regulations.

MEDICINES

CHEMICAL
& BEAUTY
PRODUCTS

DIETARY
SUPPLEMENT

WITH THE COMMITMENT OF

GREEN

HEALTH PATH

Traphaco periodically conducts an evaluation with the Quacert unit regarding Environmental Management System Certification, the Company considers the following issues: the involvement of leaders 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 a environment-friendly organization by themselves.



IDENTIFICATION OF ENVIRONMENTAL ASPECT ON THE SUPPLY CHAIN





ENVIRONMENTAL PROTECTION (Continued)

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....

For 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

Likelihood of adverse effects

Frequency of occurrence shall be assessed over the duration 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 happened to the environment

Level of impact

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

Utilization 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 OF SUSTAINABLE MATERIALS

Traphaco JSC continues to maintain "Competitive selection standard for 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.

Certification of Management System

Pursuant to the certification of management system that supplier has

LEVEL
+0.5

GMP PIC/S,
GMP EU, GACP

LEVEL
+0.3

GMP WHO,
GMP KHÁC

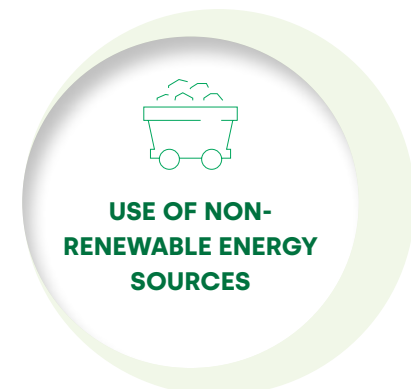
LEVEL
+0.1

ISO9001, ISO14001, OHSAS
ISO22000, HACCP, GDP, GSP



ENVIRONMENTAL PROTECTION (Continued)

USE OF WATER RESOURCES AND ENERGY SAVING - EFFECTIVELY



USE OF 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 event of electrical failure or notification of power outage from the regulator.

Total gas consumption in 2021 (kg)

3,220

of which:

- Gas for cooking: 2,500 kg
- Gas for researching products: 720 kg



CONSUMPTION OF RAW MATERIALS FROM RENEWABLE SOURCES

Total electricity cost in 2021 (VND)

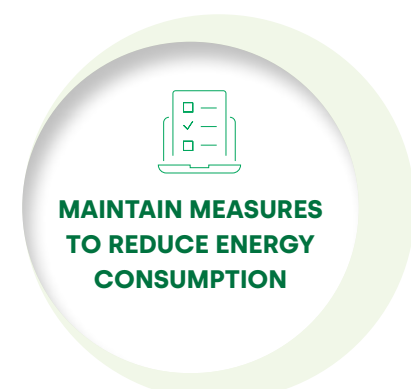
2,388,396,032

The Company mainly uses electricity for production and daily living activities, total power consumption in 2021 (KW)

1,102,240

of which:

- For manufacturing: 860,512 KW
- For office: 241,728 KW



MAINTAIN MEASURES TO REDUCE ENERGY CONSUMPTION

- Disseminate 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

26.9%

Water consumption decreased over the same period in 2020

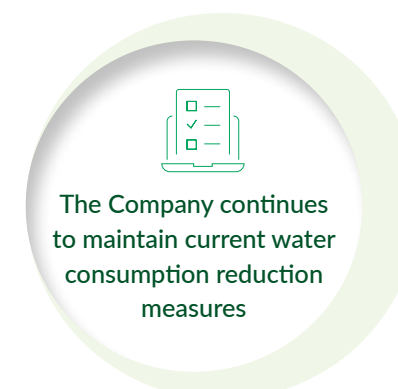
Input water by source:

- Total water usage: 8,453 m³
- Data are updated directly from the supplier's water meter.
- Water supplier: Hanoi Clean Water Company Limited.
- Water provided by the supplier satisfied 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	21.2051/127/NSH/2751	QCVN 01-1:2018/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	0.24	2
4	Residual chlorine	TCVN 6225-3:2011	mg/L	<0.03	0.2 ÷ 1(b)
5	pH	TCVN 6492:2011	-	8.06	6 ÷ 8.5
6	Ammonium content	TCVN 6179-1:1996	mg/L	<0.020	0.3
7	Total Iron content (Fe ₂₊ +Fe ₃₊)	SMEWW 3113B:2012	mg/L	<0.002	0.3
8	Pecmanganat index	TCVN 6186:1996	mg/L	0.50	2
9	Hardness calculated by CaCO ₃	TCVN 6224:1996	mg/L	130	300
10	Chloride content	TCVN 6194:1996	mg/L	14.0	250(c)
11	Fluoride content (1)	NIFC.03.M.22	mg/L	KPH (LOD: 0.08 mg/L)	1.5
12	Total arsenic content	SMEWW 3113B:2012	mg/L	<0.0016	0.01(a)
13	Total coliform	TCVN 8775:2011	Bacteria/100mL	0	3
14	E.Coli or heat-resistant Coliform	TCVN 6187-1:2009	Bacteria/100mL	0	1

(Source: Station for monitoring and analysing working environment in November 2021)



The Company continues to maintain current water consumption reduction measures

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



ENVIRONMENTAL PROTECTION (Continued)

EFFICIENT 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 expired the time of circulation and the vehicle which are 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 2021

No.	Criteria	Methods	Unit	1 st	2 nd	3 rd	Average	QCVN 19:2009/ BTNMT (C* concentration)
Exhaust system HOOD 1 cabinet								
1	Ammonia and ammonium compounds ⁽¹⁾	IS 11255 (part 6):1999	mg/Nm ³	<0,84 ^(a)	<0,28	<0,84 ^(a)	<0,84 ^(a)	50
2	Carbon oxide, CO	TCVN 7242:2003	mg/Nm ³	<1,14	<1,14	<1,14	<1,14	1.000
3	Hydrochloric acid, HCl	TCVN 7244:2003	mg/Nm ³	<2,62	<2,62	<2,62	<2,62	50
4	Hydro sunphua, H ₂ S ⁽¹⁾	IS 11255 (part 4):2006	mg/Nm ³	3,8	1,9	2,9	2,9	7,5
5	Sulfur dioxide, SO ₂	TCVN 6750:2000	mg/Nm ³	<0,05	<0,05	<0,05	<0,05	500
6	Nitrous oxide, NOx (caculated in NO ₂)	TCVN 7172:2002	mg/Nm ³	<0,19	<0,19	<0,19	<0,19	850
Exhaust system HOOD 2 cabinet								
1	Ammonia and ammonium compounds ⁽¹⁾	JIS K 0099:2004	mg/Nm ³	<0,84 ^(a)	<0,84 ^(a)	<0,84 ^(a)	<0,84 ^(a)	50
2	Carbon oxide, CO	TCVN 7242:2003	mg/Nm ³	<1,14	<1,14	<1,14	<1,14	1.000
3	Hydrochloric acid, HCl	TCVN 7244:2003	mg/Nm ³	<2,62	<2,62	<2,62	<2,62	500
4	Hydro sunphua, H ₂ S ⁽¹⁾	IS 11255 (part 4):2006	mg/Nm ³	4,5	1,7	1,9	2,7	50
5	Sulfur dioxide, SO ₂	TCVN 6750:2000	mg/Nm ³	<0,05	<0,05	<0,05	<0,05	7,5
6	Nitrous oxide, NOx (caculated in NO ₂)	TCVN 7172:2002	mg/Nm ³	<0,19	<0,19	<0,19	<0,19	850

(Source: Station for monitoring and analysing working environment 26 November 2021)

APPENDIX

SAFETY, HEALTH AND ENVIRONMENTAL REQUIREMENTS FOR CONTRACTORS WORKING AT TRAPHACO JSC

1. The contractor must comply with regulations on occupational safety and environment. ... without permission of the management department.
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.:*



WASTE WATER AND WASTE CONTROL

WASTE WATER

The Company has procedures and 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.

Waste water treatment system:

- Industrial wastewater collection and treatment system is built based on biotechnology, designed capacity of 30 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 03 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.



Analysis results of wastewater at the final point of discharge before being discharged into the environment, 2021



No.	Criteria	Methods	Unit	20.561/127/ NT/1134	QCTĐHN 02:2014/ BTNMT	QCVN 14:2008/ BTNMT
					(B)*	
1	Temperature	SMEWW 2550B:2012	°C	25.8	40	-
2	Color	TCVN 6185:2015	Pt/Co	17.0	150	-
3	pH	TCVN 6492:2011	-	7.30	5.5 ÷ 9	5 ÷ 9
4	BOD ₅ (20°C)	TCVN 6001-1:2008	mg/L	<3.0(a)	50	50
5	COD	SMEWW 5220C:2012	mg/L	14.0	150	-
6	Floating solids	TCVN 6625:2000	mg/L	12	100	100
7	Total dissolved solids	SOP-TDS	mg/L	125	1,200	1,000
8	Animal and vegetable fats and oils ⁽¹⁾	TCVN 5070:1995	mg/L	<0.3	24	20
9	Phosphate (PO ₄ ³⁻) (calculated by P) ⁽¹⁾	TCVN 6202:2008	mg/L	1.35	12	10
10	Total phenol ⁽¹⁾	TCVN 6216:1996	mg/L	<0.01	0.5	-
11	Total cyanide ⁽¹⁾	SMEWW 4500-CN- C&E:2012	mg/L	<0.0023	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	<0.15(a)	10	10
14	Nitrate (NO ₃ ⁻) (calculated by N) ⁽¹⁾	TCVN 6494-1:2011	mg/L	20.6	60	50
15	Total Nitrogen ⁽¹⁾	SMEWW 4500- N.C:2012	mg/L	<9.0(a)	40	-
16	Total phosphorus (calculated by P)	TCVN 6202:2008	mg/L	1.38	6	-
17	Chloride	TCVN 6194:1996	mg/L	35.0	1,000a	-
18	Residual chlorine	TCVN 6225-3:2011	mg/L	<0.03	2	-
19	Coliform	TCVN 6187-2:1996	Bacteria/ 100mL	930	5,000	5,000
20	Total surfactants ⁽¹⁾	TCVN 6622-1:2000	g/L	0.12	12	10

(Source: Station for monitoring and analysing working environment 26 November 2021)



ENVIRONMENTAL PROTECTION WASTE WATER AND WASTE CONTROL (Continued)



WASTE AND HAZARDOUS WASTE

No.	Waste name	Weight (kg)	Processing Method	Processing Unit
1	Solid waste	84,000	Burning	Urban Environment Company in Thanh Tri District, City. Ha Noi
2	Scrap: Carton packaging, materials	5,385	Recycling	Tien Dung Investment Co. Ltd.
3	Hazardous waste	518	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 contract signed with urban environment company Thanh Tri district, City. Ha Noi.



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 for 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 taskforce to perform the task of monitoring and managing hazardous wastes.
- The contractors entering the workplace are disseminated and shall comply with the Company's waste management procedures.



MINIMIZE ENVIRONMENTAL INCIDENCE

Environmental incident prevention and response 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.

SOP

ON RESPONSES
IN THE CASE OF
SEWAGE SPILLS

SOP

GUIDELINE FOR
DEALING WITH
CHEMICAL SPILLS AND
MICROBIAL LEAKS



STORM AND FLOOD
PREVENTION

In 2021, the Company has no environmental incidents.

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.



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