

Hanoi, July 18, 2018

**REPORT ON CORPORATE GOVERNANCE**  
**First 6 months/ 2018**

To: - State Securities Committee  
- Ho Chi Minh City Stock Exchange

- Name of listed company: TRAPHACO JSC
- Headquarters address: 75 Yen Ninh, Ba Dinh, Hanoi
- Phone: 043.6830751 Fax: 043.6815097 Email: [info@traphaco.com.vn](mailto:info@traphaco.com.vn)
- Charter capital: **VND 414,536,730,000**
- Stock code: TRA

**I. Activities of the General Meeting of Shareholders**

No.	Resolution/ Decision No.	Date	Content
1	09/2018/NQ- ĐHĐCĐ	3/30/2018	<ol style="list-style-type: none"><li>1. Report of the Board of Directors in 2017 (including results of production and business activities, audited financial statements, Report of the Supervisory Board)</li><li>2. Orientations and tasks of production and business activities in 2018</li><li>3. Profit distribution, dividend payment in 2017</li><li>4. The estimated allocation of profit after tax, and the remuneration of the Board of Directors and the Supervisory Board in 2018.</li><li>5. Authorize the Board of Directors to select auditors</li><li>6. Authorize the Board of Directors to sign the Contract with Traphaco CNC, Traphaco Hung Yen</li><li>7. Report on the actual cost of construction of Vietnam Pharmaceutical Factory Project</li><li>8. Amend the Company charter under Decree 71, Circular 95;</li><li>9. Issue of Internal regulation on corporate governance.</li><li>10. Dismissal and additional election of Board member</li></ol>

**II. Activities of the Board of Directors (semi-annual report)**

**1. Information about the members of the Board of Directors (BoD):**

No.	Board Member	Position	Day becoming Board member	Number of attendance	Percentag e	Reasons for absence
1.	Vu Thi Thuan	Chairwoma n	30/3/2016	5/5	100%	

2.	Mr. Nguyen Anh Tuan	Vice Chairman	30/3/2016	5/5	100%	
3.	Mr. Nguyen Hong Hien	Member	30/3/2016	3/3	100%	new assignment; resigned 29/3/2018
4.	Mr. Tran Tuc Ma	Member	30/3/2016	5/5	100%	
5.	Mr. Chad Ryan Ovel	Member	30/3/2016	3/5	60%	major shareholders divested; resigned 16/5/2018
6.	Mr. Christopher E. Freund	Member	30/3/2016	3/5	60%	major shareholders divested; resigned 16/5/2018
7.	Mr. Marcus John Pitt	Member	30/3/2016	5/5	100%	
8.	Mr. Nguyen Quoc Huy	Member	3/30/2018	2/5	40%	new members elected 30/3/2018

## **2. Supervision by the BoD over the Executive Board**

- Supervise the implementation of business and production plans of the Company.
- Direct the Executive Board to organize the 2018 Annual General Meeting of Shareholders, the 2018 extraordinary GMS.
- Direct, supervise and assist the CEO and other managers in implementing the Resolutions of the General Meeting of Shareholders; Resolutions and decisions of the BoD (details are listed in Section 4.).
- Disclose information and submit reports according to the current regulations of the State management agencies.

## **3. Activities of the Board of Directors' subcommittees:**

### **3.1 Development & Policy Subcommittee**

- Assessment of business performance in 2017 against the 2020 strategic objectives
- Advise on the Financial Plan for 2018: investments in fixed assets, capital construction, R&D, marketing...
- Review and report major contracts of the Company to the Board of Directors,
- Establish branches in Vinh Phuc, Binh Dinh, Long An, Vung Tau,
- Advise on Amendment of the Company charter under Decree 71, Circular 95,
- Advise on Issue of the Internal regulation on Corporate governance under Circular 95,
- Advise on Plan to create a breakthrough in the South market

- Advise on GMP-EU registration for the new Plant.
- Monitor the progress of the ERP project.

### **3.2 Remuneration & Human Resources Sub-Committee**

- Evaluation of the Executive Board, managerial personnels at all echelons in 2017,
- Advise on senior leadership of subsidiary, chief marketing officer, head of branches.
- Advise on the application of 3Ps on salary payment

### **3.3 Audit Sub-committee**

- Assess the audited financial statements in 2017,
- Work with subsidiaries on the plan to complete sales, profit in 2018.
- Work with new branches to deploy regional sales.

## **4. Resolutions/Decisions of the Board of Directors (*semi-annual report*)**

In the first 6 months of 2018, the Board of Directors conducted five meetings to resolve issues related to the function and authority of the Board.

<b>No</b>	<b>Resolution/ Decision No.</b>	<b>Date</b>	<b>Content</b>
1.	01/QĐ	1/10/2018	Approval of bidding documents (bidding package: Admin office plus Warehouse, Traphaco Joint Stock Company - Da Nang Branch)
2.	02/QĐ	2/5/2018	Approval of the selection of construction contractor for the Central Branch
3.	04/QĐ	2/5/2018	Resolution on the organization of 2018 AGM
4.	06/QĐ	3/20/2018	Assignment of the Investment Plan for 2018
5.	07/QĐ	3/29/2018	Dismiss the position of Board Member and add content to the agenda of the Annual General Meeting of Shareholders in 2018
6.	09/QĐ	3/30/2018	Resolution of the 2018 AGM
7.	10/QĐ	3/30/2018	Appointment of the Company's Person-in-charge of Corporate Governance, cum Secretary to the Board of Directors (Mr. Pham Thai Son)
8.	11/QĐ	4/5/2018	Approval of bidding documents (bidding package: Admin office plus Warehouse, Traphaco Joint Stock Company - Hung Yen Branch)
9.	12/QĐ	4/9/2018	Dispatch a delegation to Korea
10.	13/QĐ	4/10/2018	Establish Vinh Phuc branch of Traphaco JSC
11.	14/QĐ	4/10/2018	Establish Binh Dinh branch of Traphaco JSC
12.	15/QĐ	4/10/2018	Establish Vung Tau branch of Traphaco JSC

13.	16/QĐ	4/10/2018	Appoint the director of Vung Tau branch of Traphaco JSC (Mr. Ha Van Truong)
14.	17/QĐ	4/24/2018	Establish Long An branch of Traphaco JSC
15.	18/QĐ	5/2/2018	Approval of the selection of construction contractor for Hung Yen Branch
16.	20/QĐ	5/25/2018	Acceptance of the letters of resignation from members of BoD, BoS; organization of 2018 extraordinary General Meeting of Shareholders and pay the remaining 10% dividend of 2017
17.	21/QĐ	5/25/2018	Selection of the auditing firm for the financial statements in 2018
18.	22/QĐ	5/25/2018	Approval of CEO's proposed personnel for the appointment of the Director of Traphaco Hung Yen Co., Ltd
19.	23/QĐ	5/25/2018	Appoint the director of Thua Thien Hue Branch of Traphaco JSC (Mr. Nguyen Van Luyen)

### III. Activities of the Board of Supervisors (*semi-annual report*)

#### 1. Information about members of Board of Supervisors

No.	Member	Position	Day becoming BoS member	Number of attendance	Percentage	Reasons for absence
1.	Mr. Duong Duc Hung	Chairman	3/30/2016	4/4	100%	
2.	Ms. Nguyen Thanh Hoa	Member	30/3/2016	4/4	100%	
3.	Ms. Do Thi Khanh Van	Member	30/3/2016	4/4	100%	resigned from 5/16/2018

#### 2. Surveillance activities of the Board of Supervisors toward the Board of Directors, Executive Board, and shareholders

- Attend all the BoD meetings and provide opinions on issues that fall within the mandate of the BoS.
- Supervise the implementation of business and production plans of the Company: review import-export taxes and company's imports; evaluation of inputs.
- Supervise the Board of Directors, Executive Board in implementing the Resolution of the AGM; Resolutions and Decisions of the Board: review transactions/contracts with related parties,
- Supervise the disclosure of information and submit reports in accordance with the current regulations of the State management agencies.

#### 3. The coordination among the Board of Supervisors with the Board of Directors, Board of Management, and different managers: Operate under

the Regulation on the organization and operation of the BoS and other relevant regulations.

#### 4. **Other activities of the Board of Supervisors**

- Evaluate and propose the independent auditor (Big4) to review the financial statements for 2018,
- Exchanges with the auditor, Board of Directors about the results of the audited financial statements in 2017.
- Update legal documents related to corporate governance.

#### IV. **Training on corporate governance**

Members of the Board of Directors, Supervisory Board members, the CEO, other managers and Secretary of the Company attended the corporate governance training in accordance with corporate governance regulations (February 2017).

#### V. **List of affiliated persons of the public company as specified in clause 34, Article 6 of the Securities Law (semi-annual report) and transactions of affiliated persons of the Company with the Company**

1. List of affiliated persons of the Company: add to the list of related persons 01 additionally elected BoD member, withdraw from the list 03 resigned BoD members and 01 resigned BoS member. Details are in *Appendix 01* attached.
2. Transactions between the company and the affiliated persons or between the company and major shareholders, internal persons and related person of internal person: **None**.
3. Transaction between internal person of listed company and company's subsidiaries, or the company in which listed company takes controlling power: **None**.
4. Transactions between the company and other objects
  - 4.1. Transactions between the company and the company that members of Board of Director, members of the Supervisory Board, CEO has been a founding member or members of Board of Director, CEO in three (03) years (calculated at the time of reporting):

In the first 6 months of 2018, the following transactions were carried out with related parties:

## Sales

	The 6-month period ends on 6/30/2018	The 6-month period ends on 6/30/2017
	VND	VND
<b>- Traphaco CNC</b> Mr. Tran Tuc Ma - Board member, Traphaco CEO cum Traphaco CNC's Board member	901,695,600	11,811,340,440
<b>- Traphaco Hung Yen</b> Mr. Tran Tuc Ma - Board member, Traphaco CEO cum Chairman of Traphaco Hung Yen	58,846,452,949	0

## Purchase of goods and services

	The 6-month period ends on 6/30/2018	The 6-month period ends on 6/30/2017
	VND	VND
<b>- Traphaco CNC</b> Mr. Tran Tuc Ma - Board member, Traphaco CEO cum Traphaco CNC's Board member	144,184,036,182	98,156,636,909
<b>Traphaco Hung Yen</b> Mr. Tran Tuc Ma - Board member, Traphaco CEO cum Chairman of Traphaco Hung Yen	149,228,376,280	0

## Total assets

	The 6-month period ends on 6/30/2018	The 6-month period ends on 6/30/2017
	VND	VND
<b>Traphaco Hung Yen</b> Mr. Tran Tuc Ma - Board member, Traphaco CEO cum Chairman of Traphaco Hung Yen	0	0

4.2. Transactions between the company and the company that related person of members of Board of Director, members of the Supervisory Board, CEO as a member of Board of Director, CEO: **None**.

4.3. Other transactions of the company (if any) may be beneficial material or immaterial for members of Board of Director, members of the Supervisory Board, CEO: **None**.

**VI. Transactions of internal persons and related person of internal person**  
(*semi-annual report*)

1. List of internal persons and their affiliated persons: Details are in *Appendix 02* attached.
2. Transactions of internal persons and affiliated persons on shares of the listed company:

No.	Transaction executor	Relationship with internal person	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reasons for increase, decrease (purchase, sale, switch, reward...)
			Number of shares	Percentage	Number of shares	Percentage	
1	MSc. Vu Thi Thuan	Chairwoman	464,644	1.12%	471,254	1.14%	Increase ownership percentage

**VII. Other significant issues: None./.** 

**Recipients:**

- as above;
- Archive: Admin, BoD.

**Chairwoman**

(*signed*)

**MSc. Vu Thi Thuan**