

STATEMENT OF ANNUAL GENERAL MEETING 2022***Re: Production and business results of 2021 and the Plan of 2022*****To: GENERAL ASSEMBLY OF SHAREHOLDERS**

The Board of Directors would like to report to the General Assembly of Shareholders of 2022 the Results of production and business in 2021 and the Plan of 2022 as follows:

PART 1: PRODUCTION AND BUSINESS RESULTS IN 2021**I. Market situation and production and business results in 2021.****1. 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.

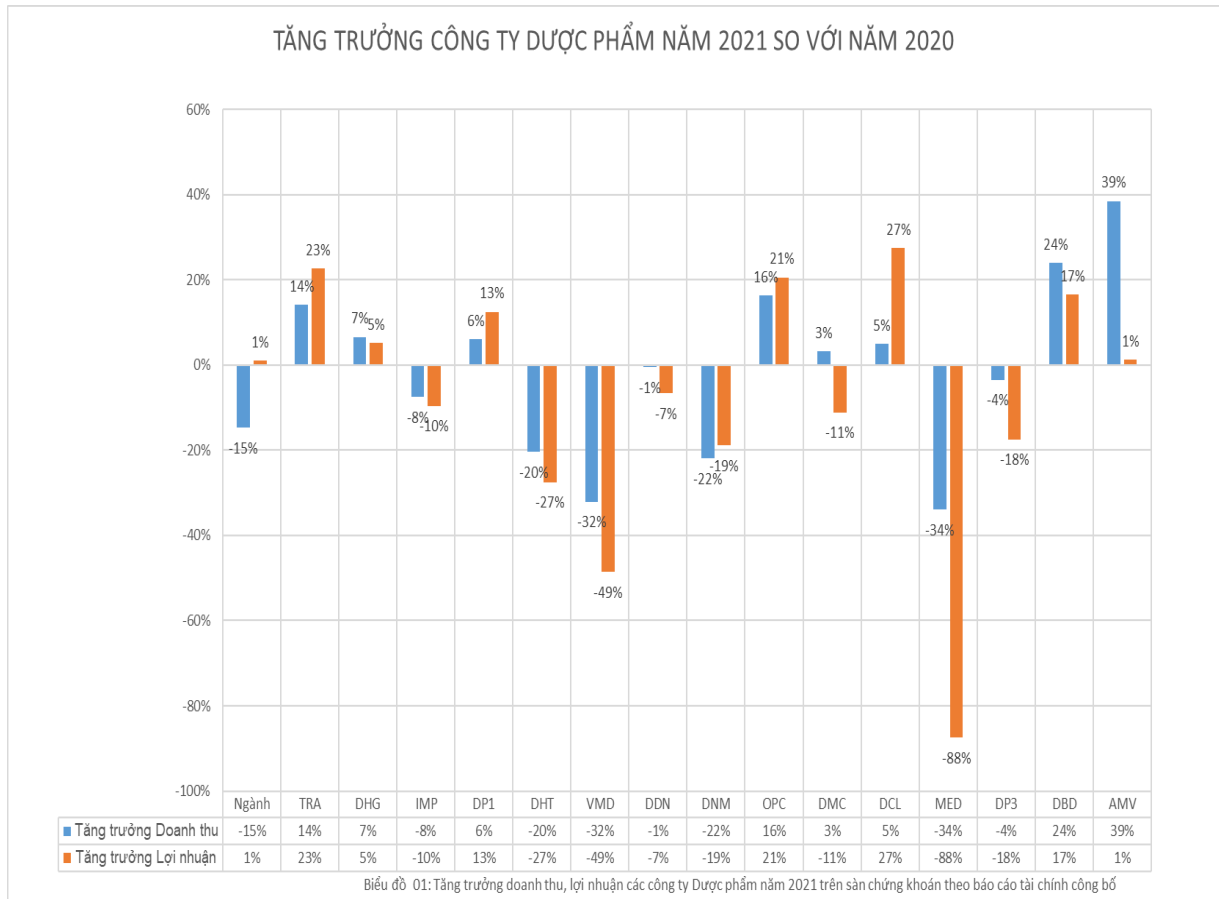
2. Production and business results of 2021:*(According to the consolidated report)*

No.	Indicator	Plan of 2021	Results in 2021	The ratio compared to the Plan
		(billion VND)	(billion VND)	%
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%

	<i>Other revenue</i>	20	56	280%
1.2	<i>Revenue from subsidiaries</i>	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 (billion VND)	25	33.5	134%
5	The number of annual registration and announcement of products	150	164	Overtarget
6	Number of products to be researched annually	≥ 45 products	78	Overtarget

- In 2021, the Company exceeded its revenue and profit targets.
- 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.
- 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:



II. 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 personnels 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.

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.

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.

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 Daewoong.

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.

Results of activities of subsidiaries:

13.1. Traphaco Hung Yen Ltd. Company:

- Revenue reached VND 240 billion, reaching 96% of the plan, profit after tax reached VND 31 billion, 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.

13.2. Traphaco High Tech JSC:

- Revenue in 2021 reached VND 545 billion, exceeding 2.9% compared to the year plan and growing 10.1% compared to 2020, profit after tax in 2021 reached VND 43 billion, 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.

13.3. Traphaco Sapa one-member Ltd. Company:

- Revenue was VND 56.7 billion, which was 105% of target, 110% compared with the same period last year. Profit reached VND 2.63 billion, equal to 105% of the plan and 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...

13.4. Daklak Pharmaceuticals & Medical Materials JSC:

- Revenue in 2021 reached 294.2 billion VND, exceeding 15.4% of the year plan and growing by 18.6% over the same period: Profit after tax in 2021 reached 7.99 billion VND, 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:

- 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 Joint Stock Company (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 Joint Stock Company (Vietnam Report) officially announced the list, whereby Traphaco Joint Stock Company was honored to be in the Top 10 prestigious pharmaceutical companies and ranked No. 1 in Top 5 prestigious oriental medicine company in 2021.
- On March 29th, 2021, Traphaco Joint Stock Company 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 Joint Stock Company (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.
- On July 7th, 2021, the City People's Committee of Hanoi issued Decision 3092/QD-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 Joint Stock Company for its outstanding achievements in the movement of good labor emulation and building a strong Trade Union in 2020.
- 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.

III. General assessments

1. 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 Joint Stock Company, closely grasped and directed the implementation of important development orientations such as restructuring business operations, 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.

2. Not-achieved

- Restructuring behind schedule.

PART 2: PRODUCTION AND BUSINESS PLANS IN 2022

I. Key indicators:

No.	Key Indicators	Unit	Plan of 2022	Goals according to the 2021 AGM
1	Net revenue from sales and services	billion VND	2,345	2,342
1.1	<i>Parent Company's Revenue</i>	billion VND	2,107	
1.2	<i>Revenue from subsidiaries</i>	billion VND	237	
2	Consolidated profit after tax	billion VND	286	276
3	Increase in the income of employees at Parent Company's compared to 2021	%	5%	
4	Number of new products deployed to production and marketed (of which pharmaceutical drugs ≥ 4)	≥ 8 products	8 products	
5	Sales of new products marketed from 2021 (billion VND)	65	65	
6	The number of annual registration and announcement of products	170	170	

- 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.

II. 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.
- 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.

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.

Respectfully submitted to the extra-GMS for consideration and approval.

Regards.

Recipients:

- 2022 AGM
- Members of BoD, BoM, BoS;
- Website TRAPHACO;
- Archive Admin.

B/O. THE BOARD OF DIRECTORS

VICE CHAIRMAN

(signed)

Nguyen Anh Tuan