

No: /2019/TTHĐQT-ĐHĐCĐ

Hanoi, Sep 12th, 2019

THE STATEMENT TO 2019 extra-GMS
Proposal of adjustment of the assigned 2019 plan

To: GENERAL ASSEMBLY OF SHAREHOLDERS

Pursuant to:

Enterprise Law No. 68/2014/QH13 by the 11th National Assembly of the Socialist Republic of Vietnam dated 26/11/2014;

The Corporate Charter of TRAPHACO JSC;

Considering the CEO's Report on the implementation of the business and production plan in 2019;

Minutes of BoD meeting 05/8/2019,

The BoD submits to the extraordinary General Meeting of Shareholders in 2019 the revised 2019 plan, specifically as follows:

I. Implementation in the first 6 months:

1. Business results in the first 6 months of 2019

no.	Key indicators	Unit	Results in 6 months	% of the year plan	Growth compared to 2018
1	Consolidated revenue (<i>without VAT</i>)	billion VND	796	37%	100%
1.1	<i>Parent Company's Revenue</i>	<i>billion VND</i>	<i>681</i>	<i>36%</i>	<i>99%</i>
	Revenue from production (by Traphaco and Subsidiaries)	billion VND	654	36%	102%
	- Revenue from distribution	billion VND	27	27%	64%
1.2	<i>Revenue from subsidiaries</i>	<i>billion VND</i>	<i>114</i>	<i>44%</i>	<i>101%</i>
2	Consolidated profit (<i>after tax</i>)	billion VND	73	36%	118%

2. Market situation:

- The OTC channels grew slowly, according to the IMS report, the first quarter of the drug channel increased by 2%, while this is the channel accounting for 92% of the Company's revenue.

- The drug procurement Circular was slowly issued compared to expectation, the effective time is at the end of 2019, so the Company can not take advantage of the ETC channel.

3. Some main activities of the Company in the first 6 months:

- The Company has developed the Implementation Plan for the Company and for each division. On the basis of the assigned plan, assign KPI and evaluate the level of completion, attach to the salary payment according to the approved plan, and KPI results.

- Establishing a Hospital Sales Division and building solutions to promote sales on ETC channel, achieving preliminary results included:

+ Focus on ETC work,

+ Standardize the product portfolio of the Company to participate in bidding, standardize bidding documents,

+ Updating new products of the Company promptly to participate in the tender,

+ Proposing product improvement to have advantages in bidding, proposing a new product portfolio for ETC sales channel,

+ Contributing ideas for regulation documents and drafts to the competent authorities to have advantages for the Company in bidding,

- The Company implemented innovative marketing methods included:

+ Developed and implemented a point-accumulation program for customers, creating positive effects in 'Increasing benefits - attaching customers': be able to choose different types and levels of gifts, Orientation for employees to sell different product groups need to be focused each month.

+ Strengthened marketing activities at the point of sale by implementing poster-pasting program at the point of sale, increasing the introduction of products.

+ Implemented integrated communication, diversified advertising channels, added new channels such as Zalo, Sms; synchronized with the point-accumulation program, identification at the point of sale.

- Changed the method to allocate and apply KPIs for the Southern and Central regions. Implemented Regulations on calculating salary for employees, delivery workers, provincial persons-in-charge attached to KPI and revenue for the whole region from January 2019.

- Issued Regulation on cost norms, established solutions to implement the norms including control solutions, assigning the responsibilities to divisions/units, throughout the Company's whole operation/activities.

- However, for import products, the Company did not continue to distribute Sandoz products, lack of key products in the import products group. Meanwhile the products cooperated with Daewoong are in the process of transferring, deploying, and not yet generating revenue. At the same time, the Company is also actively negotiating with a number of major pharmaceutical companies in the world on product distribution, diversifying the import-product portfolio of the Company.

II. Key indicators

- Based on the implementation of the first 6 months of the year, the market situation, the Board of Directors submits to the 2019 extraordinary General Meeting of Shareholders for approval the adjusted 2019 Plan as follows:

no.	Key indicators	Unit	initial Plan	adjusted Plan	Growth compared to 2018 (%)
1	Consolidated revenue (<i>without VAT</i>)	billion VND	2,160	1,850	3%
1.1	<i>Parent Company's Revenue</i>	<i>billion VND</i>	<i>1,900</i>	<i>1,620</i>	<i>3%</i>
	Revenue from production (by Traphaco and Subsidiaries):	billion VND	1,800	1,560	5%
	- Revenue from distribution	billion VND	100	60	-38%
1.2	<i>Revenue from subsidiaries</i>	<i>billion VND</i>	<i>260</i>	<i>230</i>	<i>1%</i>
2	Consolidated profit (<i>after tax</i>)	billion VND	205	170	9%

- Other contents remain unchanged according to Resolution No. 10/2019/NQ-DHDCD dated March 28th, 2019.

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

Regards.

Recipients:

- Extraordinary General Meeting of Shareholders 2019
- Members of BoD, Executive Board, BoS;
- Website TRAPHACO;
- Archive Admin.

B/O THE BOARD OF DIRECTORS

Chairwoman

(signed)

MSc. Vu Thi Thuan

