

No: 27/2017/BB-DHĐCĐ

Hanoi, March 30<sup>th</sup>, 2017

**MINUTES OF MEETING**  
**2017 ANNUAL GENERAL MEETING**  
**TRAPHACO JSC**

**Name of Organization:** TRAPHACO JSC  
**Headquarters:** No. 75 Yen Ninh Street, Quan Thanh Ward, Ba Dinh District, Hanoi  
**Phone:** (84-4) 37341797 **Fax:** (84-4) 36814910  
**Business Registration Certificate No.:** 0100108656 issued by Ha Noi Department of Planning and Investment on 24/12/1999, with the 20th amendment made on 10/6/2016.  
**Time:** 8:00 AM - 12:00 PM, Mar 30, 2017  
**Venue:** Great Hall, Hoang Liet Plant, Traphaco JSC - Hoang Liet, Hoang Mai, Hanoi.  
**Chair of the AGM:** Md. Vu Thi Thuan – Chairwoman of the Board of Directors,  
**Secretariat:** Mr. Pham Thai Son  
Mr. Pham Hoang Anh

**A. PART ONE - OPENING**

**1. Opening**

On behalf of the Organizing Committee, Mrs. **Nguyen Thi Vinh Hue** guides the AGM the following procedures:

- Announce the reason for the organization of the 2017 AGM;
- Inform the meeting agenda.

**Approve the working regulation at the 2017 AGM**

Mrs. **Nguyen Thi Vinh Hue** - Representative of the Organizing Committee - reads the Working Regulation read at the 2017 AGM of Traphaco JSC

*(The agenda and working regulation at the 2017 AGM were sent to shareholders participating in the AGM).*

*The AGM agreed 100% the agenda and working regulation at the AGM.*

**2. Report on the result of shareholders' status verification**

Mrs. **Phan Thi Thuy Ha** - Head of the Committee of Shareholder's status verification - Representative of the Organizing Committee of the 2017 AGM of the Company announces the Result of status verification of shareholders and representatives of shareholders as follows:

Total number of shares with voting rights of the Company are: **34.542.383** *(Thirty-four million five hundred forty-two thousand three hundred and eighty three)* shares, equivalent to **34.542.383** *(Thirty-four million five hundred forty-two thousand three hundred and eighty three)* votes.

Total shareholders invited to attend: all shareholders named in the list of registered shareholders on the closing date - 28/02/2017, representing **34.542.383** (*Thirty-four million five hundred forty-two thousand three hundred and eighty three*) votes of the Company.

Total shareholders attend the meeting (*in person or via proxy*) are **212** shareholders, representing **32.050.183** votes, equivalents to **92,78%** of the total votes of the Company.

Under the Enterprise Law and the Company's Charter, the 2017 AGM of Traphaco JSC is eligible to be conducted.

**Introduce and invite the Presidium, Chairperson to work.**

*Presidium:*

- Md. Vu Thi Thuan – Chairwoman of the Board of Directors,
- Mr. Nguyen Anh Tuan – Vice Chairman of the Board,
- Mr. Tran Tuc Ma – CEO

*Chair of the AGM:* Md. Vu Thi Thuan – Chairwoman of the Board of Directors,

**Introduce members of the Secretariat, the Committee of Shareholder's status verification**

Md. Vu Thi Thuan – Chairwoman of the Board of Directors, introduces:

*Members of the AGM Secretariat, including:*

- (1) Mr. Pham Thai Son - Head of the Secretariat
- (2) Mr. Pham Hoang Anh - Member

*The Committee of Shareholder's status verification, including:*

- (1) Mrs. Phan Thi Thuy Ha - Head of the Committee
- (2) Mrs. Trinh Thi Tham - Member
- (3) Mrs. Nguyen Thi Hong Thuy - Member

*The AGM unanimously passed 100%.*

**B. PART TWO - CONTENTS**

**I. BoD's Report on the results of business operations in 2016 and the direction and tasks of business operations in 2017;**

- Presenter: Mr. **Tran Tuc Ma** - Position: CEO - Board Member.
- Content: Detailed Report of the Board of Directors on the results of business operations in 2016 and the direction and tasks of business operations in 2017 according to the Report sent to shareholders/representatives of shareholders attending the AGM.

**Some basic indicators in the BoD's Report as follows:**

**1. Production and business results of 2016 (according to the consolidated statement):**

Some basic indicators of business operations in 2016:

No	Targets in Resolution	Plan of 2016	Results in 2016	The ratio compared to planned	Compared to 2015
		VND billion	VND	(%)	(%)

			<i>billion</i>		
1	Total consolidated revenue	2,100	1,998	95.14	101.23
	Traphaco's total revenue				
	<i>Manufactured goods:</i>	<i>1,500</i>	<i>1,511</i>	<i>100.73</i>	<i>112.88</i>
	<i>Consigned Export-Import goods and services, other products:</i>	<i>260</i>	<i>188</i>	<i>72.30</i>	<i>56.87</i>
	<i>Revenue from subsidiaries</i>	<i>340</i>	<i>298</i>	<i>87.65</i>	<i>98.35</i>
2	Profit after tax attributable to the parent company's shareholders	210	210.595	100.23	116.37
	Profit of Traphaco	190	208.107	109.47	115.22

*(\*) By the Plan of 2016, the expected revenue would be VND 2,100 billion. However, in October 2016, Traphaco decided to switch the type of contract with Nam Duong Company from purchase and sale to consignment, and in December 2016 the Company divested from Thai Nguyen Pharmaceutical & Medical Supplies JSC. These activities reduced the revenue of Traphaco by about VND 100 billion, without affecting its profit. The revenue (by the adjusted plan) is VND 2,000 billion. Realized sales (excluding deductions) achieved 100% revenue as in adjusted plan.*

- Vietnam Pharmaceutical Plant The realized total investment is approximately VND 477 billion, equivalent to the approved total investment. To date, VND 317 billion has been disbursed, equivalent to 70% of the value. It is expected that in 2017 the remained 30% will be disbursed. It is expected that by the end of April 2017, the Plant will be granted GMP certificate.
- The ERP system has been successfully integrated into the DMS, completing the modules of Storage, Accounting, Planning and Purchasing; and it has officially been running throughout the company since January 1st, 2017.
- The work of Southern market development has been carried out drastically.
- Switched the type of contract with Nam Duong from purchase and sale to import consignment, the liabilities reduces and the importation-related risks have been completely removed since October 2016.
- Completed the divestment from Thai Nguyen Pharmaceuticals and Medical Devices JSC, gained earnings more than VND 2.4 billion.
- BoD's activities: 12 sessions, timely directed the operation and the investment activities of the Company; steered the improvement of the system of rules and regulations in order to boost the effectiveness and efficiency of management across the Company, including the Company Charter amended under the Enterprise Law 2014 and Circular 121/TT-BTC on corporate governance; Regulation on the organization and operation of the Board of Directors, Regulation on representatives of capital at subsidiaries; Regulation on the appointment, re-appointment and dismissal of personel at managerial levels; Regulation on management of contracts and transactions with related parties. The Board reviewed, approved and submitted the Business Plan of 2017, the Sustainable Development Strategy for the period of 2017-2020 to the AGM 2017.

## 2. Direction and tasks in 2017

### Some basic indicators of business operations in 2017:

No	Key indicators	Unit	Plan	Growth
1	Consolidated revenue <i>(without VAT)</i>	billion VND	2,000	
	Sales of manufactured goods & exclusive distribution	billion VND	1,680	12%
	- Sales of exploited goods & consignment	billion VND	5	
	- Revenue from subsidiaries	billion VND	315	22%
2	Consolidated profit <i>(after tax)</i>	billion VND	242	15.2%
3	Profit of parent entity <i>(after tax)</i>	billion VND	223	
4	Number of labors increased, compared to 2016	%	04	
5	Labor's income increased, compared to 2016	%	05 -10	

- Implement the Sustainable Development Strategy for the period of 2017-2020.
- Put the Vietnam Pharmaceutical Plant into commercial operation in Q3/2017, the estimated revenue of VND 100 billion.
- Develop Southern market, the estimated revenue of VND 400 billion.
- Establish 04 new branches in Thai Nguyen, Yen Bai, Kien Giang and Thua Thien Hue.
- Develop 8 new products to be launched to the market.
- Direct the operation of subsidiaries so that they are closely linked to the parent company's strategy, continue to develop and contribute to the common values of Traphaco

Details on the Statement sent to shareholders/representatives of shareholders attending the AGM.

## II. Approve the Sustainable Development Strategy for the period of 2017-2020

- Presenter: Md. Vu Thi Thuan - Position: Chairwoman of the Board of Directors
- Content: The Sustainable Development Strategy for the period of 2017-2020 was built by the Company with the consultation from the Institute of Economics and International Trade - Foreign Trade University in Hanoi (iEIT) with the main content as follows:
  - **Mission:** Pioneering in manufacturing "green" medicine to protect people's health.
  - **Vision 2020:** By 2020, Traphaco will rank No. 1 among Vietnamese pharmaceutical companies in terms of growth of revenue and profit and market capitalization. Become the leading Green brand in Vietnam.
  - **Core values:** *Pioneer - Creativity - Responsibility - Identity*
  - General goals to 2020 Technology as the most advanced in Vietnam's pharmaceutical industry. Modern Management System based on information-integrated platform. Traphaco-ers are happy, satisfy with life and work, Traphaco's workplace is one of the best working environment in Vietnam.
  - Market capitalization: VND 10,000 billion. Total revenue: VND 4,000 billion. Total profit: VND 500 billion.

Details on the Statement sent to shareholders/representatives of shareholders attending the AGM.

### III. Approve the audited financial statements in 2016

– Presenter: Mr. Nguyen Anh Tuan - Position: Vice Chairman

– Content:

The 2016 financial report was audited by Ernst & Young Vietnam according to regulations and standards and has been published by TRAPHACO JSC's BoD, and posted on the Website:

- (1) The report of the auditors;
- (2) The Balance sheet as at 31/12/2016;
- (3) The Report on the production and business results of 2016;
- (4) The Report on the cash flow;
- (5) The interpretation of the financial statements.

### Basic indicators of the 2016 audited financial statements (consolidated)

No	Indicator	Amount (VND)
1	Total assets	1,377,453,921,670
2	Equity <i>Specifically:</i>	1,014,763,303,374
2.1	<i>Paid-in capital</i>	345,455,160,000
2.2	<i>Capital surplus</i>	153,747,160,000
2.3	<i>Funds and retained earnings</i>	428,262,659,458
3	Gross sales	2,005,540,489,832
4	Cost of goods sold	1,003,653,137,637
5	Cost of sales	464,180,865,225
6	Operating expenses	182,075,800,088
7	Profit from affiliates	72,279,483
8	Profit before tax	283,179,370,619
9	Profit after tax	228,226,092,980
10	Profit after tax attributable to the parent company's shareholders	210,595,706,839

Details on the Statement sent to shareholders/representatives of shareholders attending the AGM.

### IV. The plan for distribution of after-tax profit in 2016

- Presenter: Mr. Nguyen Anh Tuan - Position: Vice Chairman.
- According to the 2016 audited financial statements of TRAPHACO JSC, the profit after tax in 2016 is VND 210,595,706,839 (according to the consolidated statement), which will be distributed as follows:

Indicator	Ratio	Amount (VND)
Consolidated profit after tax (minus minority interest) for distribution		210,595,706,839
Bonus and welfare fund	8%	16,847,656,546

Dividend payout, 2016	30% of face value (cash)	<b>103,627,149,000</b> (Advance 20%: <b>69,084,766,000</b> on 10/01/2017)
Executive reward		<b>2,000,000,000</b>
Investment and Development Reserve	50% of the residual profit	<b>44,060,450,647</b>
Retained earnings	50% of the residual profit	<b>44,060,450,647</b>
Remuneration of the Board of Directors	as planned	<b>3,500,000,000</b>
Remuneration of the Supervisory Board	as planned	<b>600,000,000</b>

*(\*) Remuneration of the Board of Directors and the Supervisory Board shall be included in the operating expenses.*

Details on the Statement sent to shareholders/representatives of shareholders attending the AGM.

**V. The profit distribution plan for 2017; Remuneration of the Board of Directors, Supervisory Board in 2017**

- Presenter: Mr. **Nguyen Anh Tuan** - Position: Vice Chairman.
- The expected plan of the distribution of 2017 profit after tax will be as follows:

<b>Indicator</b>	<b>Ratio</b>
Staff bonus and welfare fund	<b>8%</b> the Parent Company's Profit after tax
Dividend payout, 2017	<b>30%</b> of face value in cash
Investment and Development Reserve	the residual
Retained earnings	
Remuneration of the Board of Directors	<b>3,500,000,000</b>
Remuneration of the Supervisory Board	<b>600,000,000</b>

*(\*) Remuneration of the Board of Directors and the Supervisory Board shall be included in the operating expenses*

Details on the Statement sent to shareholders/representatives of shareholders attending the AGM.

**VI. The share split in 2017**

- Presenter: Mr. **Nguyen Anh Tuan** - Position: Vice Chairman.
- Content: Offer bonus shares to the existing shareholders at the ratio of 10:2, expected to be implemented in Q2/2017, taken from the following sources: (i) capital surplus, (ii) investment and development reserve and (iii) retained earnings.

Details on the Statement sent to shareholders/representatives of shareholders attending the AGM.

## **VII. The Supervisory Board's 2016 Report**

- Presenter: Mr. **Duong Duc Hung** - Position: Chairman of the Supervisory Board:
- Content: Details in the Report of the Supervisory Board sent to shareholders/representatives of shareholders attending the AGM.

## **VIII. Approve the selection of an audit firm for the financial year of 2017**

- Presenter: Mr. **Duong Duc Hung** - Position: Chairman of the Supervisory Board.
- Content: Shareholders' General Meeting authorized the Board of Directors to select an auditing company of the Big4, that receive the approval of the State Commission of Securities, and suit the Company in terms of requirements and size, to audit the annual financial statements and reviewing the quarterly financial statements (if necessary at the request of the State management agencies).

Details on the Statement sent to shareholders/representatives of shareholders attending the AGM.

## **IX. Approve the contract signing with Traphaco CNC**

- Presenter: Mr. **Tran Tuc Ma** - Position: CEO - Board Member.
- Content: Assign the Board of Directors to, in 2017, actively consider and approve the contracts signed between Traphaco and Traphaco CNC, in the spirit of ensuring Traphaco's benefits. The CEO, bases on BoD' approval, sign and implement the signed contracts with Traphaco CNC.

Details on the Statement sent to shareholders/representatives of shareholders attending the AGM.

## **C. PART THREE – DISCUSSION**

The AGM listens to comments regarding the business results in 2016, and other comments and suggestions from the shareholders, details as follows:

- Traphaco CNC will convene its AGM and elect a new Board of Directors for the new term. Given that Traphaco CNC plays a very important role in the value chain of Traphaco, what steps have the Company taken to protect the interests of Traphaco and Traphaco's shareholders? The plan on personnel arrangement for the next-term Board of Traphaco CNC?
- The foundation to set the targets of the Strategy? The balance among the targets of the Strategy? More clarification regarding the measures to successfully implement the Strategy.
- The products and the competitive advantages of the new Plant?
- Regarding the distribution system, the Company has been ranked number 1 in the pharmaceutical industry, what are the advantages of Traphaco's distribution system over Hau Giang Pharmaceutical?
- The plan for developing new products and investing in R&D?
- The activities of marketing and the work of Southern market development?

- In terms of remuneration and human resources, what roles have the Subcommittee on Human Resources Remuneration and Compensation taken?
- The plan of bonus shares to employees in 2018?
- Details about the issuing plan of bonus shares in 2017?
- Plan on M&A activities?
- The guidelines of SCIC on its equity in Traphaco?
- And other issues.

The Presidium reply to the comments and questions from the shareholders and take into consideration the feedbacks from shareholders regarding the administration, management and financial operations of the Company.

- **Mr. Nguyen Anh Tuan – Deputy Chairman of the Board:**
  - To secure the interests of shareholders and of Traphaco, the Board intended to increase the percentage of ownership in Traphaco CNC, and contracted reputable consulting companies. However, after considering every factor and in order to ensure the interests of the shareholders of Traphaco, the Board decided to temporarily put the project on hold to wait for a more appropriate time. Traphaco CNC plays a very important role in the value chain of Traphaco; however, given that Traphaco serves as the largest and only client for Traphaco CNC, the Board has made serious consideration bearing in mind the interest of Traphaco and its shareholders.
  - Regarding the personnel arrangement for the Board of the 2017-2021 term of Traphaco CNC, the Board of Directors met and decided based on the set principles, taking into account the past legacy and the future development. Traphaco Board appreciated the role of Md. Vu Thi Thuan – Chairwoman of the Company, who have remarkably reputation and influences in the industry, in that Md. Thuan, the founder of Traphaco CNC, has been relentlessly contributing her efforts and proving her values over the past years. However, the structure of the Board of Traphaco CNC will be decided by the AGM of Traphaco CNC for the 2017-2021 term.
  - The plan to issue bonus shares: Bonus shares will be issued to the existing shareholders at the ratio of 10:2. According to the road map, tentative for 2018 and 2020, the Company will also issue bonus shares to increase the charter capital. This year issue (2017), thanks to a good performance of production and sales in 2016, and aims to increase the rights of shareholders.
  - On the M&A plans: Traphaco plans to expand the branch network, develop the value chain of Traphaco, and build the internal capacity, so no plans for M&A have been come up with.
  - On the issue of increasing room for foreign shareholders: The Company will consider the issue on the principle of protecting the interests of shareholders, analyzing all the pros and cons; currently, the Board has no plan.

15



- Regarding SCIC's percentage of ownership in Traphaco: Traphaco is a well-performing company that SCIC has given its high priority in investment and long-term ownership following the decision of the Government; therefore, the SCIC has no plan to divest from the Company.
- **Mr. Tran Tuc Ma** – CEO, Board member:
- Regarding the grounds to formulate the Strategy, a detailed analysis of the internal-external elements, opportunities, challenges, strengths - weaknesses of the Company has already been carried out. The details of the Strategy have been developed specifically and carefully for each year, with highly specific objectives for each phase. The Company has also developed a set of overall solutions with the fact that the feasibility of each target has been taken into serious consideration. The Company will establish the Strategy Deployment Team with the CEO as Head, in order to make the Strategy 2017-2020 a success. As long as the Strategy is successfully implemented, the shareholders and the employees will enjoy the increasing sense of security for their interests are guaranteed.
  - Regarding the new Plant, generics will serve as major products based on the existing products. After gaining GPs standards, the Plant will apply for the certificate of GMP-PICS. The products of the Plant are directed to the ETC channel including those covered by the health insurance. In addition, the Company is conducting necessary procedures to apply for tax exemption; the Plant meets several requirements on tax exemption, but it is necessary to wait for the official conclusion of the State agencies.
  - On the distribution system, according to the report, the number of pharmacies served by Hau Giang Pharmaceutical is slightly higher than that of Traphaco. However, Traphaco has taken a good control of the sales prices of pharmacies. This is the most important strength that helps Traphaco remains active in the distribution system.
  - The revenue ratio of traditional medicine/generics is around 70% - 30%. In 2017, there are some adjustments in the sales policy in that no direct discounts will be conducted but deductions on the next-term invoices; the margins of manufacturing goods have changed slightly but are equivalent to 2016.
  - Regarding the development of new products, the Company will introduce 8 new products to the market with clear criteria and plans and will conduct analyses for every single product. However, the Company will make announcements on the issue at an appropriate time.
  - Regarding marketing activities and the work of Southern market development: The marketing activities taken will depend on the plan to deploy each product; in other words, an appropriate measure will be selected for each product. For the Southern market, the Company will leverage the successful experience in developing the Northern market to build the Southern one, applying modern technology to manage sales activities.
  - About the bonus shares to employees in 2018: This issue will be decided by the 2018 AGM. The Board of Directors and the Executive Board always tries their best to ensure the benefits for the employees and the shareholders. The Board notes the opinions of shareholders and will consider them at an appropriate time.

- Mr. **Marcus John Pitt** – Board member,
  - The Subcommittee on Human Resources Remuneration and Compensation has taken the role in supporting the Executive Board in hiring consulting firms on the issue of 3Ps remuneration and in the recruitment process in order to retain talents and recruit new human resources of high quality. It is expected that the 3Ps project will be tested in Q4/2017 and officially put into effect in Q1/2018.
  
- Md. **Vu Thi Thuan** - Chairwoman: generalize the contributing comments from the shareholders regarding:
  - R&D: Increasing investment in R&D as well as development of raw material areas to improve the production of clean pharmaceuticals for Traphaco, as this is the strength and uniqueness of Traphaco, to improve the competitiveness for Traphaco.
  - Promoting trade promotion, launching new products to contribute significantly to Traphaco's revenue growth.

#### D. PART THREE: VOTING

The AGM votes and approves the Reports in 2016 as follows:

Affirmative		Negative		No opinion	
<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>
32.050.183	100%	0	0%	0	0%

The AGM votes and approves the direction and tasks of business operations in 2017 as follows:

Affirmative		Negative		No opinion	
<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>
32.050.183	100%	0	0%	0	0%

The AGM votes and approves the Sustainable Development Strategy for the period of 2017-2020 as follows:

Affirmative		Negative		No opinion	
<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>
32.050.183	100%	0	0%	0	0%

The AGM votes and approves the distribution of profit after-tax in 2016 as follows:

Affirmative		Negative		No opinion	
<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>
32.050.183	100%	0	0%	0	0%

The AGM votes and approves the share split plan in 2017 as follows:

Affirmative		Negative		No opinion	
<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>
32.050.183	100%	0	0%	0	0%

The AGM votes and approves the estimated distribution of profit after-tax for 2017; Remuneration of the Board of Directors, Supervisory Board in 2017 as follows:

Affirmative		Negative		No opinion	
<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>
32.050.183	100%	0	0%	0	0%

The AGM votes and approves the selection of an audit firm for the financial year of 2017 as follows:

Affirmative		Negative		No opinion	
<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>
31.840.183	99,34%	210.000	0,66%	0	0%

The AGM votes and approves the contract signing with Traphaco CNC as follows:

Affirmative		Negative		No opinion	
<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>	<i>Votes</i>	<i>Ratio</i>
30.292.254	100%	0	0%	0	0%

#### **E. PART FOUR: APPROVE MINUTES AND RESOLUTIONS OF THE AGM**

Mr. **Pham Thai Son** - Head of the Secretariat read the Minutes of the General Meeting of Shareholders and the draft Resolutions of the 2017 AGM.

The AGM votes and unanimously approves the full text of Resolutions of the 2017 AGM with the approval rate of 100% total votes of shareholders attending the AGM.

This Minutes is noted at 12h40 PM, March 30, 2017.

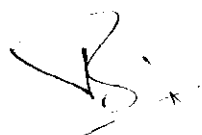
The AGM ends 12h40 the same day.

#### **B/O. GENERAL ASSEMBLY of SHAREHOLDERS**

**CHAIRWOMAN**  
**CHAIRWOMAN of BoD**

**SECRETARY**

*(signed)*



*(signed)*

**MSc. Vu Thi Thuan**

**MSc. Pham Thai Son    MSc. Pham Hoang Anh**