

REPORT OF THE BOARD OF SUPERVISORS FOR THE TERM 2016-2020

To: GENERAL ASSEMBLY OF SHAREHOLDERS

- Pursuant to the Law on Enterprises No. 59/2020/QH14 dated Jun 17th, 2020;
- Pursuant to the Corporate Charter of Traphaco JSC;
- Pursuant to the Resolutions of the Annual General Meeting of Shareholders (GAS) in the term 2016-2020 of Traphaco Joint Stock Company;
- Pursuant to the Regulation on operation and working program of the Board of Supervisors;

The Board of Supervisors reports to the General Assembly of Shareholders the results of the inspection and supervision of the activities of Traphaco Joint Stock Company as follows:

I. MEETINGS OF THE BOARD OF SUPERVISORS

- During the term, the Board of Supervisors held quarterly meetings with all the participants to summarize the results of the work done in the period, plan for the next period and write recommendations reports to the Board of Directors (BoD).
- The Board of Supervisors has participated in all the meetings of the Board of Directors to grasp the business performance, governance, investment, and give opinions, make recommendations to the Board of Directors, the Board of Management (BoM) of the Company in its jurisdiction.

II. ACTIVITIES OF THE BOARD OF SUPERVISORS

- The Board of Supervisors has checked and supervised the compliance with the Law on Enterprises, the Charter of Traphaco Joint Stock Company in the management and operation of the Company's business and production activities.
- The Board of Supervisors has participated in all the meetings of the Board of Directors to grasp the business performance, investment situation and give

opinions, make recommendations to the Board of Directors, the Board of Managements of the Company within the scope of responsibility and powers.

- Monitoring and supervising the implementation of resolutions in meetings of the Board of Directors during the term.
- Verifying the 6-month and annual financial statements to evaluate the truthfulness and reasonableness of financial data, in accordance with current accounting standards, regimes and financial policies. At the same time, coordinating with the independent auditor to consider the impact of material accounting errors and auditing on the financial statements, supervising the implementation of recommendations made by the independent auditing company.
- Participated in coordinating with the audit unit on the scope and content of auditing the 6-month and annual financial statements of the Parent Company and consolidated financial statements, and at the same time reviewing the opinions of the auditor through the Management Letter.
- In the fiscal year 2020, Coordinate with the Risk Management Committee to:
 - (i) Building functions, duties, organizational structure, personnel for internal audit activities, internal audit regulations;
 - (ii) Controlling costs in 2020 according to cost norms, controlling input materials prices, thereby contributing to optimizing costs for the Company;
 - (iii) Surveying and evaluating key selling ability of customers;
 - (iv) Synthesizing company-wide risk identification and risk-controlling planning;
 - (v) Evaluate the implementation of Processes and contracts arising of Traphaco CNC (with suppliers of raw materials, repair of factories, equipment, transportation of staff);
 - (vi) Conduct an assessment of the selection of suppliers of materials and services, thereby giving recommendations to reduce costs for the Company;
 - (vii) Update legal documents related to corporate governance.
- During the term, the Board of Supervisors did not receive any written complaints from shareholders about the business operations of the Company.

Reviews:

- Members of the Board of Supervisors always show the spirit of independence, objectivity and respect for the law in supervising all activities of the Company.
- Members of the Board of Supervisors always make every effort to follow the functions and duties of the Board, closely follow the Company's operations in the

course of implementing the tasks, propose solutions and contribute to ensuring the safety, efficiency and compliance of the company's operations.

- The members of the Board of Supervisors coordinate with the Board of Directors, the Board of Management, functional departments and relevant individuals in the process of doing work, organizing regular meetings (quarterly, yearly) to conduct supervision activities of the Board.

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

- The Board of Directors for the term 2016-2020 has 07 members. In November 2017, Vietnam Azalea Fund Limited and Vietnam Holding Ltd. divested, and replaced by Magbi Fund Limited and Super Delta Pte. Ltd. Over the years, 07 members of the Board of Directors resigned and were newly added.
- The Board of Directors held regular, extraordinary meetings, consulted in writing, fully attended the meeting, in accordance with the company's charter and the Board of Directors' Regulations. The Board of Directors has reviewed the business results during the period, as well as evaluated the effectiveness of investments and discussed business strategies in accordance with the annual resolution approved by the General Meeting of Shareholders of the Company.
- Resolutions and Decisions of the Board of Directors related to the Company's operations were issued in the correct order, with full legal basis as prescribed and in accordance with the Resolution of the General Meeting of Shareholders on yearly operating the production and business activities of the Company.
- The Board of Directors supervises the activities of the Board of Management in implementing the Resolution of the General Meeting of Shareholders and coordinates with the Board of Management in directing and operating the production and business activities of the Company to try to fulfill the targets approved in the resolution of the General Meeting of Shareholders for the term 2016-2020.

IV. EVALUATION ON THE COORDINATION OF THE BOARD OF SUPERVISORS

THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT

- 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.

- The management and operation activities of production and business of the Company are strictly supervised by the Board of Directors, the Board of Management regularly reports to the Board of Directors to promptly give directions when necessary.
- 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.
- Within the scope of its powers and responsibilities, the Board of Supervisors assessed that the Board of Management over the years has functioned properly with its functions and duties; in accordance with the regulations and in accordance with the Law on Enterprises and the Charter of the Company, promptly implementing the Decisions and Resolutions of the Board of Directors and the General Assembly of Shareholders without any violation that greatly affects the performance of the Company.

V. APPRAISAL OF FINANCIAL STATEMENTS

1. Financial statements preparation and audit

- The Company's financial statements are prepared in accordance with the current Vietnamese accounting standards and regulations. The financial statements for the 2016-2020 term are audited by one of the Big 4 companies that have been approved by the State Securities Commission to audit listed companies.
- The Board of Supervisors has reviewed the 6-month/year financial statements consistent with the business results over the years in the term. According to the audit conclusion, the Company's financial statements has reflected honestly, reasonably, fully, clearly, in accordance with Accounting standards.

2. Production and business results

The results of the implementation of the main production and business targets for the 2016-2020 term according to the Financial Statements are as follows:

Indicator	Unit	2016	2017	2018	2019	2020
Net revenue from sales and services	billion VND	1,998	1,870	1,798	1,710	1,909
Profit before tax	billion VND	283	322	216	214	266

Profit after taxes	billion VND	228	260	174	170	216.7
Liabilities	billion VND	362	390	482	453	482
Equity	billion VND	1,013	1,117	1,106	1,116	1,171
Charter capital (beginning of the period)	billion VND	246	345	414	414	414
Dividend Payment	%	30	30	30	30	30

The Company's equity in the 2016-2020 term increased 1.15 times, from 1,013 billion VND to 1,171 billion VND at the end of 2020.

The Company's charter capital in the 2016-2020 term increased 1.7 times, from 246 billion VND to 414 billion VND at the end of 2020.

Dividend: the company maintains a dividend payout ratio of 30%, in cash throughout the term; Through two times of share split to increase charter capital, shareholders' cash dividend has also increased 1.7 times.

VI. IMPLEMENT THE RESOLUTIONS OF AGM

1. Distribution of profits

The Company has appropriated funds according to the annual profit distribution plan according to the Resolution of the Annual General Meeting of Shareholders over the years in the term.

2. Remuneration

In the term of 2016-2020, the Board of Supervisors has received remuneration according to the Resolution of the General Meeting of Shareholders over the years, specifically as follows:

No.	Name	Title	Age at appointment time: Tenure	Quarterly remuneration

1	Duong Duc Hung	Chairman	appointed 30/3/2016	78,000,000
2	Nguyen Thanh Hoa	Commissioner	appointed 30/3/2016	30,000,000
3	Kwon Ki Bum	Commissioner	appointed 26/3/2020	30,000,000
4	Do Thi Khanh Van	Commissioner	appointed 30/3/2016 Resigned 16/5/2018	30,000,000
5	Tran Thi Ly	Commissioner	appointed 05/7/2018 Resigned 26/3/2020	30,000,000
6	Company's Secretary			12,000,000

3. Regarding the Independent Auditor

The Board of Directors has coordinated with the Board of Supervisors to choose one of the Big 4 companies to be the independent auditor of the annual financial statements in the 2016-2020 term of Traphaco Joint Stock Company and its subsidiaries.

4. Amendment, Supplement to the Charter, the Internal regulation on Corporate governance

The Company has made amending and supplementing the company's charter, internal regulations on corporate governance in accordance with the provisions of the Law on Enterprises 2014 and Decree 71/2017/ND-CP on corporate governance applicable to public company.

At this meeting, the Company will submit to the General Meeting of Shareholders to approve the revised Charter, in accordance with the provisions of the Enterprise Law 2020 and the Securities Law 2019. The revised internal regulations of corporate governance according to the new Charter (after being approved by the 2021 Annual General Meeting) and according to Decree 155/2020/ND-CP and Circular 116/2020/TT-BTC will be reported to the General Meeting of Shareholders at the nearest meeting.

VII. PROPOSALS

- The Board of Directors and the Board of Management pay attention to optimizing the management of suppliers, avoiding supply chain disruption in the unpredictable situation of Covid-19 epidemic.
- Develop and continue to improve and standardize the system of processes and regulations as a basis for effective management, assessment and risk control.
- Suggest that the Board of Directors, the Board of Management evaluate the performance of the Company compared to the strategic framework for the 2016-2020 period approved by the General Meeting of Shareholders, and at the same

time develop a strategy for the next period based on the recommendations of KPMG consulting unit and consulting report of Daewoong aim to achieve the high standard according to advanced standards on corporate governance, promote and implement more effectively with the areas of ETC, western medicine, traditional medicine

The performance of the Board of Supervisors for the term of 2016-2020 includes the efforts of each member and also thanks to the trust, support and facilitation of the Board of Directors, the Board of Management, and departments in Traphaco Joint Stock Company. On behalf of the Board of Supervisors in the term of 2016-2020, I would like to sincerely thank the trust and facilitation of the General Assembly of Shareholders, the Board of Directors, and the Board of Management during the past term for helping the Board of Supervisors to complete its work well.

Faithfully./.

**B.O BOARD OF SUPERVISORS
CHAIRMAN**

(signed)

Mr. Duong Duc Hung