

**BOARD OF DIRECTORS' REPORT ON PERFORMANCE IN 2020 AND
PLAN FOR 2021**

**I. BOARD OF DIRECTORS' ASSESSMENT ON BUSINESS
PERFORMANCE 2020**

1. 2020 Performance and 2021 Outlook

In 2020, Vietnam's GDP recorded a growth rate of 2.91%. Although this is indeed the lowest growth rate during the past decade, Vietnam still managed to deliver one of the highest growth rates in the world. This alone reflects the gloomy global economy during a turbulent year due to the pandemic. In a year when safety comes first, 2020 marks significant changes in people's thinking, lifestyle and consumption. Travel restrictions, social distancing, preference for online shopping and entertainment services, and priority for essentials over luxuries. Businesses started shifting their attention and investments in management, marketing and sales technologies. Tech companies and e-commerce businesses have had a good year.

Although pharmaceutical is considered an essential product, the industry has also been affected significantly during the past year by disruptions in international raw material supply chain. It is a big challenge for pharmaceutical businesses to maintain continuous and stable production under material scarcity while ensuring health and safety for workers. In addition, social distancing orders also discourage people from visiting hospitals unless it is really necessary, ETC channels were almost stagnant in the second and third quarters of 2020. The market recorded a serious decline in the total spending on drugs and medical services. Only a few drugs sold well via OTC channels, mainly pain killers, fever reducers, vitamins, and minerals to boost immunity, and medical supplies such as masks and hand sanitizers.

Drug consumption finally recovered in the fourth quarter of the year. However, only pharmaceutical businesses that timely seized market opportunities with a good plan and coordination between production and storage could manage to deliver positive business results in the fourth quarter, compensating for the decline in Q2 and Q3 to achieve a decent whole-year revenue and close a turbulent year 2020.

Entering 2021, despite positive forecasts for a good year with GDP growth expected to reach over 6%, what happened at the beginning of the year still signal many social and economic volatility as the community continues their fight against increasingly complex pandemic. Vietnam's pharmaceutical industry is also faced with numerous challenges amidst price hikes and raw material scarcity, besides difficulties in import and transportation. Sales will also continue to suffer from market stagnation. Applications for new product registration, plans for certification

and recertification by foreign experts will be further delayed, exacerbating the challenges faced by the whole industry in general and Imexpharm in particular in 2021.

2. Board of Directors' assessment on business performance 2020

2.1. Assessment on operational and financial performance

Business performance and key financial ratios for 2020 are as follows:

Indicator	2020	2019	% of 2020 target	% change
Business performance (million VND)				
Total net revenue and other income	1,382,337	1,420,711	79.0%	(2.7%)
Net revenue	1,369,422	1,402,454		(2.4%)
Profit before tax & Science & Technology Development Fund	255,441	222,429		14.8%
Profit before tax	255,441	202,429	98.2%	26.2%
Profit after tax	209,697	162,387		29.1%
Assets - Capital (VND million)				
Total assets	2,096,455	1,847,174		13.5%
Charter capital	667,054	494,212		35.0%
Owners' equity	1,730,486	1,558,889		11.0%
Profitability ratios				
ROS (Profit after tax/Revenue)	15.3%	11.60%		3.7%
ROA (Net profit after tax/Average total assets)	10.6%	9.00%		1.6%
ROE (Net profit after tax/Average Owners' Equity)	12.8%	10.60%		2.2%
EPS (VND)	2,773	2,225		24.6%
Book value (VND)	26,712	24,270		10.0%

((*): In 2020, Imexpharm terminated distribution to Fund for Science & Technology Development)

Total net revenue and other income only reached 79% of the planned target for 2020.

Total net revenue and other income in 2020 reached VND 1,382.3 billion, recording a growth of minus 2.7% compared to 2019, and fulfilling 79% of the target set by the General Meeting of Shareholders. Specifically, Imexpharm's self-distributed goods played a key role with the proportion of over 93%. This was the lowest growth rate of the Company in many recent years.

After a long period of investment in EU-GMP factories, Imexpharm started to move forward into operation stage. Therefore, the Board of Directors and the Board of Management relied on the advantage of factories to set a growth target of over 23% to meet the expectations of shareholders. In addition, while preparing for the General Meeting of Shareholders expected to take place in April, the pandemic had

just started its first wave in Vietnam, with moderate impacts on the supply and demand chain. The Company run its business activities as usual as Imexpharm had signed contracts with suppliers and stockpiled raw materials for production in 6-9 months. The most conservative scenarios remained highly feasible. Therefore, the Board of Directors proposed the General Meeting of Shareholders to approve the revenue target of VND 1,750 billion for 2020.

However, given the more complicated developments of the pandemic later on, with its second wave in mid-July, the sales of the Company in second and third quarters were strongly impacted. Imexpharm's biggest goal at the time was to operate uninterrupted and ensure the safety and health of employees, especially the team of pharmacists and production workers.

At the start of the fourth quarter, the optimistic signals returned as sales grew significantly day by day. Thanks to its high adaptability, flexible arrangement in production and consumption when things did not go as planned, a focus on high-performance products, and stock availability, Imexpharm fulfilled most of its targets for 2020.

However, the total revenue recorded negative growth due to the major influence from the sales discount policy. The reason was that the customer-oriented programs planned for the year could not be organized when the Company prioritized the customer safety and health. Therefore, Imexpharm transferred the unspent costs for such programs into direct discounts on invoices for customers.

Although Imexpharm was not one among pharmaceutical companies that suffered from high-level impacts of the pandemic, the efforts and solidarity of the Board of Directors and all employees in a very challenging year were undeniable.

Profit before tax reached 98% of the planned target, recording a high growth rate of over 26%

With policy adjustments to adapt to the new situation in a difficult year, the Company enforced cost-saving practices across different teams, from production, sales to offices, while reducing some of the costs for long-term brand marketing and communication activities. Thanks to this, despite the fact that our revenue only reached 79% of the target, the profit before tax was 98.2% of the plan and grew impressively at 26.2%. Profit after tax also increased by 29.1%.

This was the desirable profit growth of all listed companies in 2020, demonstrating the great success of Imexpharm to bring substantial benefits to shareholders and investors when the rate of return was greatly improved.

Improved profitability indicators compared to 2019

A series of profitability indicators all significantly improved, with ROS increase by 3.7 percentage points, ROA increase by 1.6 percentage points, and Return on equity (ROE) increase by 2.2 percentage points.

Following adjustment for 30% of shares issued for dividend and bonus payment policy in 2019 (10% share dividend and 20% bonus share), earnings per share (EPS) and book value per share (BV) in 2020 also recorded growth rates of 24.6% and 10.0%, respectively.

Total assets and Equity also recorded better growth than 2019

In 2019, Total assets and Equity only recorded slight growth but they both improved in 2020 with 13.5% and 11.0% increase, respectively.

In addition to share issuance for increasing the charter capital, Imexpharm also recorded an increase in fixed assets during the year when the Health Supplement Plant and Testing Center completed GMP audit in December 2020 and Binh Duong Hi-Tech Pharmaceutical Plant - IMP4 has also completed the installation of additional machinery and equipment for audit once experts from Europe can travel to Vietnam.

2.2. BOARD OF DIRECTORS' ASSESSMENT ON THE OPERATIONS STRATEGY

Changing strategic objectives in 2020 to optimize organic growth in response to market anomalies

In the face of difficulties and volatility of 2020 due to the pandemic, right from the end of quarter 1/2020, the Board of Directors and the Board of Management have issued the following drastic instructions:

- Strictly ensure health and safety of employees and customers with timely notices and directions from the Chief Executive Officer;
- Quickly adjust the budget for 2020: Review and reduce costs across all departments, especially cutting down on investment costs for long-term sales and marketing efficiency;
- Closely monitor fluctuations in supply, raw material prices, and exchange rates to have a suitable contingency plan, especially active ingredients for key products of EU-GMP certified factories;
- Strengthen risk management across all activities of the Company, especially risks at the sales branches;
- Actively source and select strategic investors for the Company;
- Get access to financing for pharmaceutical manufacturing, especially for the stockpiling of raw materials;
- Review all internal resources for optimization in a challenging year.
- Review remuneration and talent retention policies, especially R&D and intellectual talents.

Continuing the strategy of stable and sustainable development for long-term values in a turbulent year

2020 is the third year of implementing the strategy “**Aspiring to lead**” that the Board of Directors and the Board of Management set out with major goals for the term 2018-2022. Despite numerous difficulties, Imexpharm remains committed to the stable and sustainable development strategy that the Company has pursued for years. After over 40 years of development with peaks and valleys, Imexpharm was in a good position for breakthroughs and prosperity with key strategies well on track before being challenged by new turbulences.

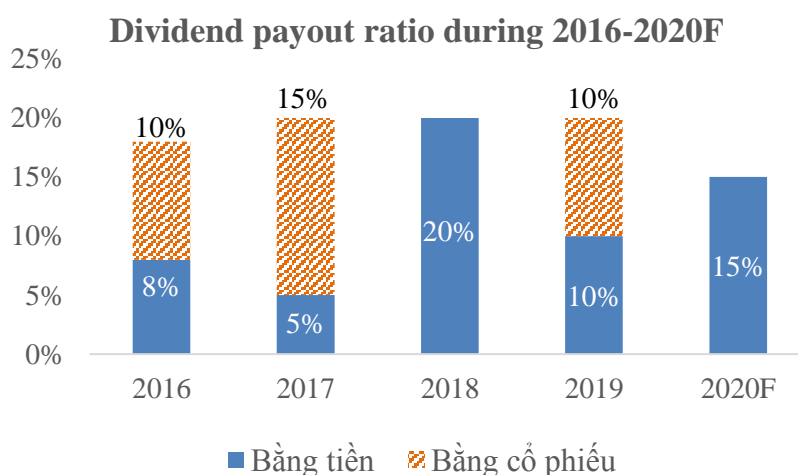
However, the Board of Directors viewed these multi-dimensional market risks as a temporary state whereby the Company will survive and optimize the internal values to create more breakthroughs in 2022.

Manage to maintain high dividend payment to shareholders

Imexpharm always maintain a policy of high and stable dividend for shareholders of the Company. Dividends are always paid in full and on time as per regulations. Against the backdrop of hardship in 2020, payment of 2019 dividend represents a great effort of Imexpharm's Board of Directors and the Board of Management.

Dividends for 2019 as approved by the General Meeting of Shareholders include 10% of charter capital paid in cash, and shareholders receive an additional 30% of shares, including 10% share dividend and 20% bonus shares. With positive business results in 2020, good information, and Imexpharm's stable growth potential in the medium term, IMP shares are valued by investors and enjoy decent grow in the stock market, thereby significantly increasing share premium for shareholders and investors.

Specifically, the dividend/charter capital ratio over the years is as follows:



During the past year, the Board of Directors has closely supervised the deadline for paying out cash dividends while closely monitoring the issue of shares to pay share dividends and bonus shares to shareholders.

The expected dividend payout ratio for 2020 of 15%, all in cash, will be submitted to the 2021 AGM for approval and will be paid by the Company within 06 months from the date of concluding 2021 AGM.

2.3. Board of Directors' evaluation on Imexpharm's environmental and social responsibility in 2020

As a reputable pharmaceutical manufacturer that operates in line with international standards such as EU-GMP, WHO-GMP and ISO:14001, Imexpharm always focused on safety and health of consumers, workers and the community. In addition to the annual assessment of our partners against quality, environmental and social standards, in 2020, Imexpharm also successfully passed two comprehensive assessments by international strategic partners, i.e. South Korean SK Group, and

Asian Development Bank (ADB). This clearly demonstrated that Imexpharm's transparent corporate governance strategy towards sustainable development was delivered properly, for it to present itself as a highly socially and environmentally responsible company.

In 2020, the Company deducted VND 500 million from its profits to support local efforts in coping with the pandemic, and VND 150 million to support flood-hit communities in central provinces. To cherish talents, the Company managed to maintain the Nguyen Sinh Sac talent support awards in Dong Thap with an annual contribution of nearly VND 600 million, and was committed to further finance, for another five years, the Huynh Thuc Khang talent support awards in Da Nang with an annual contribution of VND 200 million.

II. THE BOARD OF DIRECTORS' OVERSIGHT OVER THE GENERAL DIRECTOR AND THE BOARD OF MANAGEMENT

Last year, the Board of Directors has duly supervised the performance of the General Director and the Board of Management in production and business activities and implementing Resolutions of the General Meeting of Shareholders and Resolutions of the Board of Directors, specifically as follows:

1. Supervision methods

- The Board of Directors supervises the General Director and the Board of Management by organizing quarterly and ad-hoc meetings of the Board of Directors based on the requests and proposals of the General Director:
- Monitoring the performance of business goals: The General Director and members of the Board of Management shall submit reports and present and provide explanations directly to the Board of Directors at regular meetings. The reports of the Board of Management shall provide a full and comprehensive analysis of the policies in the pharmaceutical industry, the overall growth of the industry, the overall performance of the Company and its divisions, progress reports of projects, and performance of production and business goals according to resolutions of the General Meeting of Shareholders and the Board of Directors.
- Monitoring transactions with related parties: The Board of Directors authorizes the Chairman of the Board of Directors and the General Director to sign a contract on transactions with the affiliated company, Agimexpharm, for shared input materials and processing. The Board of Management periodically reports to the Board of Directors on transactions with Agimexpharm, and provides updates on Agimexpharm's business performance results.
- The Board of Management shall report on outstanding issues, reasons for failure to deliver expected targets, and proposed solutions and recommendations, as well as respond to questions from the Board of Directors and the Supervisory Board.
- The Board of Directors should seriously discuss and resolves all issues related to the development strategy of the Company within its scope of authority, which are clearly stipulated in the Charter, Internal Administration Guideline, and Operating Rules of the Board of Directors, based on the requests and proposals of the General Director. The resolutions of the Board of Directors

provide the basis for the Board of Management to undertake production and business activities.

- The Board of Directors provides guidance and proposes strategies for the Board of Management to accelerate production, expand markets, R&D activities and training plans, develop policies on employee retention and succession teams, and streamline organizational structure for the Company to operate effectively.
- The Supervisory Board assists the Board of Directors in monitoring the performance of the General Director and the Board of Management in the following aspects: coordination with Internal Control to monitor compliance at Sales Branches, monitor projects' progress, manage financial and operational risks, recommend Independent Auditor, and discuss with the Independent Auditor and functional departments.
- The BOD worked closely with the Board of Management in promoting relations with shareholders, investors, partners, and employees.

Evaluation criteria of the Board of Directors to the General Director and other members of the Board of Management are centered around two main aspects:

- **Regarding the performance of production and business targets**
This criterion is evaluated based on the actual performance of: (1) the Company's overall production and business objectives approved at the AGMs; (2) the quality objectives of the Division headed by each member of the Board of Management under the BSC (Balanced Scorecard).
- **Regarding the capacity and responsibilities of the Board of Management**
The Board of Directors evaluates the capacity of the Board of Management using self-assessment and 360-degree assessment of work performance, responsibilities and leadership role model, plus evaluation against 06 core values and 06 principles of corporate culture at Imexpharm.
In addition, the Board of Directors also assesses the accountability of the Board of Management through the following criteria: due diligence, honesty, avoidance of conflicts of interest, confidentiality, and loyalty to Imexpharm.

2. Conclusion

Through the mechanism of supervision, accountability and periodical reporting on a regular and ad-hoc basis, the BOD assesses that the General Director and the Board of Management have efficiently fulfilled the assigned rights and tasks in accordance with applicable Laws, the Charter of the Company, Resolutions of the General Meeting of Shareholders and BOD.

In 2020, given the market uncertainties due to disruptions to the supply and demand chains, seriously impacting Vietnam's pharmaceutical industry, the General Director and the Board of Management proposed many decisive and timely important policies in operating Imexpharm, that uphold the spirit of solidarity and the sense of belonging among employees in difficult times. For this, Imexpharm could maintain business continuity, protect the health and safety for our employees, customers, partners, the community while achieving a high profit growth of over 26% in 2020 even if its revenue only reached 79% of the target set by the General Meeting of Shareholders. This is an encouraging and proud result for a historic year of 2020, which, coupled with readiness of resources and a solid ground, would

further drive Imexpharm growth steadily in 2021 before moving forward strongly in 2022.

The Supplement Factory and the Testing Center were awarded the GMP certificate and about to go into operation, with a total new investment capital as of the end of 2020 of VND 73.12 billion (excluding the value of existing machinery and equipment to be transferred to the factory).

The hi-tech plant in Binh Duong (IMP4), for which the total investment as of the end of 2020 was VND 475.51 billion, was certified WHO-GMP by the end of 2019. Currently, the progress of EU-GMP approval was delayed due to the pandemic-related restrictions that made it impossible for experts from Europe to enter Vietnam. The Board of Directors would closely supervise activities and coordinate with the Board of Management to adopt feasible solutions to accelerate the approval process for the IMP4 plant before it can be put into operation by the end of 2021 or early 2022.

III. ACTIVITIES OF THE GENERAL MEETING OF SHAREHOLDERS IN 2020

1. Activities of the General Meeting of Shareholders

Due to the social distancing, the General Meeting of Shareholders of Imexpharm was suspended and could not be held before April 30, 2020. Imexpharm's Annual General Meeting was held on May 30, 2020. All necessary procedures were fully performed in accordance with applicable regulations and guidelines in the best interests of shareholders and according the following schedule:

No.	Event	Date	Note:
1	Date of issuing BOD Resolution on finalizing the list of shareholders to be convened for 2020 AGM	17/04/2020	21 days before the RSVP deadline
2	Date of announcing the RSVP deadline and submission of application to VSD	24/04/2020	14 days before the RSVP deadline
3	Ex-dividend date	07/05/2020	
4	Record date	08/05/2020	
5	Date of receiving the list of shareholders	12/05/2020	
6	Date of Invitation and Agenda, Power of Attorney	13/05/2020	01 day from the date of receiving the list of shareholders; 17 days before the AGM
7	Date of releasing the AGM document on www.imexpharm.com	13/05/2020	17 days before the AGM

The Resolution of 2020 AGM was strongly supported by all shareholders attending the meeting. Resolutions and minutes of the AGM were published and reported within 24 hours as per regulation.

Details of the Resolution of 2020 AGM are as follows:

No.	Resolution No./ Decision	Date of issuance	Item
1	28/NQ-ĐHĐCĐ-IMEX	30/05/2020	Approved 14 issues under the authority of the General Meeting of Shareholders

2. Information disclosure

Imexpharm's disclosure policy complies with the Company's Information Disclosure Regulation issued by the BoD, and is consistent with corporate governance policy. Imexpharm adheres to information disclosure guidelines described below: transparency, standardization, and timeliness.

The Board Chairman is also authorized to disclose information at Imexpharm to help enhance transparency and standardization of information disclosure. In addition, Imexpharm also has an IR Department to assist Persons Authorized to Disclose Information in developing information disclosure regulations, while supporting Imexpharm's information disclosure in accordance with regulations.

The monthly IR newsletters that update Imexpharm's activities are always timely communicated with shareholders and investors. Last year, IR Department also hosted many online meetings with shareholders, investors and quickly responded through emails to the investors' inquiries.

3. Board of Directors

3.1. Members of the Board of Directors

In 2020, the Board of Directors (BOD) of Imexpharm Company operates under the Charter of the Company, Internal Administration Guideline approved by the General Meeting of Shareholders in 2020, and the Operating Rules of the BOD. The BOD comprises of 07 (seven) members, 03 (three) of whom are non-executive members. This helped to ensure objectiveness in decision making of the BOD.

List of BOD members in 2020:

No.	Full Name	Position	Member of BOD	IMP share holding ratio		Date of appointment/Dissal
				% represented	% ownership	
1	Mr. Nguyen Quoc Dinh	Chairman of BOD	Executive	11.016 (*)	1.05	- Appointed on 29 July 2001 - Starting date in the position of BOD Chairman: 5/17/2013

No.	Full Name	Position	Member of BOD	IMP share holding ratio		Date of appointment/Dissal
				% represented	% ownership	
2	Ms. Tran Thi Dao	Deputy Chair of the BOD	Executive	0	1.19	- Appointed as BOD Chairman on 29 July 2001 - Starting date in the position of BOD Vice Chairman: 5/17/2013
3	Ms. Han Thi Khanh Vinh	Member of BOD	Non-executive	11.016 (*)	0	Date of appointment: 4/28/2018
4	Mr. Ngo Minh Tuan	Member of BOD	Executive	0	0.37	Date of appointment: 3/30/2015
5	Mr. Le Van Nha Phuong	Member of BOD	Executive	0	0.19	Date of appointment: 4/28/2018
6	Mr. Tran Anh Tuan	Member of BOD	Non-executive	0	0.10	Date of appointment: 4/10/2009
7	Mr. Truong Minh Hung	Member of BOD	Non-executive	0	0	Date of appointment: 30/5/2020

(*) Ratio of the capital representative of Vietnam Pharmaceutical Corporation, the major shareholder holding 22.032% of Imexpharm's charter capital as at 31 December 2017.

3.2. Changes of BOD members during the year

In 2020, the member structure of the Board of Directors of Imexpharm Pharmaceutical Joint Stock Company had some changes as follows:

- Mr. Vo Huu Tuan was no longer a member of the Board of Directors of the Company since May 18, 2020 after his death.
- The General Meeting of Shareholders approved the dismissal of Mr. Huynh Van Nhung as a member of the Board of Directors from May 30, 2020 based on his letter of resignation; also, selected Mr. Truong Minh Hung to replace Mr. Huynh Van Nhung as a BOD member.

3.3. BOD Chairman is not concurrently serve as the General Director

At Imexpharm, the Chairman of the Board of Directors is the executive member but not concurrently the General Director. The clear assignment of roles and responsibilities for the BOD Chairman and the General Director aims to ensure the division of decision making powers and enhance accountability of the BOD.

3.4. Activities of the BOD in 2020

Quarterly meeting of the BOD

The BOD of Imexpharm maintained quarterly meetings in order to summarize and assess business and production operations in each quarter, discussed the orientations and plan for the subsequent quarter and make timely decisions to manage the Company. BOD meetings are regularly held in compliance with the requirements on the quorum and quality.

In 2020, the BOD held 04 (four) periodical meetings in offline and online formats. Organization of meetings of the BOD was carried out in accordance the Company Charter, Internal Regulation and the Regulation on operation of the BOD. Meeting invitations must be sent at least 10 days in advance. Documents, reports, and votes for the meeting must be sent to members at least 5 days in advance. Members of the BOD duly attended the meetings and performed voting, with details as follows:

No.	Member	Number of BOD meetings attended	Attendance rate	Reason for absence
1	Mr. Nguyen Quoc Dinh	4	100%	
2	Ms. Tran Thi Dao	4	100%	
3	Mr. Tran Anh Tuan	4	100%	
4	Mr. Ngo Minh Tuan	4	100%	
5	Ms. Han Thi Khanh Vinh	3	75%	Business travel
6	Mr. Le Van Nha Phuong	4	100%	
7	Mr. Truong Minh Hung	2	50%	Appointed on 30 May 2020
8	Mr. Huynh Van Nhung	2	50%	Dismissed on 30 May 2020
9	Mr. Vo Huu Tuan	1	25%	Passed away

BOD meetings always had the attendance of the Head of Supervisory Board. In each meeting, the Supervisory Board put forth questions to the General Director and Deputy Directors regarding significant matters involving business and production operations of Imexpharm, risks in financial management, production and sales of the Corporation. BOD meetings in 2020 concentrated on solving and approving pivotal matters as follows:

- Operations and Financial Performance in 2019;
- Operations and Financial Performance in 2020 to report to the AGM;
- Salary and bonus rates follow the Collective Labor Agreement and Regulation on sales bonuses for 2020;

- Quarterly reports on investment progress for implementation of projects: (1) Binh Duong Hi-Tech Pharmaceutical Plant (IMP4); (2) Supplement Factory and Testing Center;
- Authorized the General Director to obtain credit lines at commercial banks in 2020 in the form of unsecured loans, with a total credit line of VND 300 billion;
- Authorized the General Director to receive a credit loan from the Asian Development Bank - ADB;
- Settled some bad debts;
- Approved the list of shareholders to hold the General Meeting of Shareholders in 2020; Meeting agenda and documents submitted to the General Meeting of Shareholders;
- Regular follow-up on the implementation of the business and production Plan in 2020 as per the Resolution of the General Meeting of Shareholders;
- Issued shares under the employee stock option plan (ESOP - key employees) according to the resolution of the General Meeting of Shareholders in 2020;
- Decided to establish 03 sub-committees under the Board of Directors and personnel assignment of the subcommittees;

Providing directions and making important decisions within the BOD's competence based on proposal of the General Director

In addition to the four scheduled meetings mentioned above, in 2020, Imexpharm Pharmaceutical JSC's Board of Directors also had 10 extraordinary meetings via email, specifically:

1. On 16 January 2020, to consult the Board of Directors via email on the distribution rate to the Fund for Science and Technology Development in 2019 of VND 20 billion;
2. On April 8, 2020, the Board of Directors were consulted via email to approve postponement of the meeting of the 2020 General Meeting of Shareholders due to the social distancing requirements;
3. On 17 April 2020, the Board of Directors were consulted via email regarding the following issues:
 - Annulled the final list of shareholders published on the last registration date, i.e March 18, 2020 to exercise the right to attend the 2020 General Meeting of Shareholders;
 - Canceled the 2020 Annual General Meeting of Shareholders scheduled to be held on April 17, 2020;
 - Expected time to hold the General Meeting of Shareholders in 2020: 30/5/2020
 - Tentative last registration date: 8/5/2020
 - Tentative venue: Dong Thap Provincial Labor Culture House - No. 181 Ngo Thi Nham Street, Ward 1, Cao Lanh City, Dong Thap Province.
4. On April 29, 2020, the Board of Directors were consulted via email as a follow-up of the Proposal on amendments and supplements to the Charter of the Company to be submitted at the meeting of the General Meeting of Shareholders 2020;

5. On May 11, 2020, the Board of Directors were consulted via email regarding the following issues:
 - Approved the letter of resignation of a member of the Board of Directors, Mr. Huynh Van Nhung;
 - Approved the nomination of Mr. Truong Minh Hung as a member of the Board of Directors to be discussed at the General Meeting of Shareholders 2020 to replace the resigned member.
6. On June 02, 2020, the Board of Directors were consulted via email regarding the following issues:
 - Approved the implementation of profit distribution and performed the procedures to pay cash and share dividends in 2019 to shareholders, according to the Resolution of the General Meeting of Shareholders dated May 30, 2020;
 - Approved the procedures to issue additional shares to increase the charter capital in 2020, register for additional securities depository with the Depository Center, and list additional shares to be issued on the Ho Chi Minh City Stock Exchange.
 - Approved the list of shareholders following the approval for share issuance of the State Securities Commission
7. On 09 June 2020, the Board of Directors were consulted via email regarding the following issues:
 - Selected PwC (Vietnam) Company Limited to audit Interim financial statements and financial statements for 2020;
 - Authorized the General Director to sign the audit contract for 2020 with PwC (Vietnam) Company Limited.
8. On June 24, 2020, the Board of Directors were consulted via email to approve the final registration date to finalize the list of shareholders for dividend payout in 2019, issuance of shares to pay dividends and issuance of bonus shares to increase Charter Capital.
9. On July 16, 2020, the Board of Directors were consulted via email to approve the amendment of the Operating Rules of the BOD.
10. On October 5, 2020, the Board of Directors were consulted via email to remove from the list of employees entitled to ESOP shares a number of individuals, and add key officers who have outstanding performance to the same list.

Invited members include:

Mr. Nguyen Duc Tuan - Head of the Supervisory Board: In 2020, Mr. Nguyen Duc Tuan fully attended and voiced opinions on all of BOD meetings.

Resolutions and Decisions issued by the BOD in 2020

In 2020, the BOD adopted in total 17 significant Resolutions for the Board of Management to implement. The Minutes, Resolutions and Decisions of the BOD are highly agreed among the Board members and in line with due diligence principle and current governance regulations. These are important bases and orientations for the

Board of Management to effectively and strictly perform production and business tasks in compliance with the BOD's regulations on accountability and power.

All resolutions of the Board of Directors were fully disclosed within 24 hours as per regulations.

3.5. Activities of Committees under the Board of Directors

The General Meeting of Shareholders on May 30, 2020 approved the establishment of 03 committees under the Board of Directors, including: (1) Internal Audit and Risk Management Committee; (2) Strategy Committee; (3) Human Resource and Remuneration Committee; at the same time making adjustments to the organizational structure of Imexpharm.

In August 2020, the Board of Directors of the Company issued a decision to appoint personnel for the Board of Directors' committees, as follows:

No.	Personnel	Position
I	Strategy Committee	
1	Ms. Tran Thi Dao	Head
2	Mr. Nguyen Quoc Dinh	Member
3	Mr. Truong Minh Hung	Member
4	Mr. Huynh Van Nhung	Member
5	Mr. Ngo Minh Tuan	Member
6	Mr. Le Van Nha Phuong	Member
II	Human Resource and Remuneration Committee	
1	Mr. Tran Anh Tuan	Head
2	Ms. Tran Thi Dao	Member
3	Mr. Nguyen Quoc Dinh	Member
4	Mr. Ngo Minh Tuan	Member
III	Internal Audit and Risk Management Committee	
1	Mr. Nguyen Quoc Dinh	Head
2	Ms. Han Thi Khanh Vinh	Member
3	Mr. Le Van Nha Phuong	Member
4	Mr. Ngo Minh Tuan	Member

3.6. Activities of non-executive Board members

Imexpharm's Board of Directors is diverse in terms of professional experience and expertise, but often reach consensus in all decisions. Non-executive members always maintained high independence and had separate meetings and discussions about the governance of Imexpharm. In the past year, members actively contributed to the activities of the BOD.

Members of the BOD not only stood accountable for periodical analysis of macroeconomic and financial climate but also provided up-to-date news of the pharmaceutical industry and precious advice on development strategy, markets, products, partners and M&A strategy consulting for the Board of Management. Moreover, members also proactively supported in relations with shareholders, investors and the share issuance strategy for increasing the charter capital. Last but not

least, they also advised on matters involving high-ranking personnel, salary and bonus, and the ESOP Regulation of the Company.

3.7. Remuneration and operating expenses of the Board of Directors, Supervisory Board in 2020

Remuneration, operational expenses and bonus of the BOD and SB in 2020

At the Annual General Meeting 2020, remuneration and bonus for the BOD and SB for achieving business goals of 2020 was approved, specifically:

- Remuneration and expenses for the BOD and SB: ratio of 2% of Profit before tax and distribution for Fund for Science & Technology Development and before actual paid expenses for the BOD and SB.
- Bonus for the BOD and SB when the Company completes the profit plan: 1% of the net profit after tax; the bonus for achieving higher than the planned profit target is 5% of the excess profit compared to the planned target.

Table of remuneration and bonus in 2020 for the BOD and SB is as follows (Unit: VND)

Indicator	Remuneration, expenses and bonuses for the BOD and SB:		% change
	2020	2019	
Opening balance	2,387,698,987	1,123,582,636	112.5%
Deduction approved at the General Meeting of Shareholders	6,958,410,919	6,064,671,907	14.7%
Actual expenses (before personal income tax)	4,955,555,556	4,800,555,556	3.2%
Closing balance	4,390,554,350	2,387,698,987	83.9%

Remuneration, expenses and bonuses distributed to the BOD and SB in 2020 were VND6.96 billion, or a yoy increase of 14.7%; the actual expenditures in the year were VND4.96 billion, up by 3.2% yoy.

(For details of pay, benefits and remuneration of each member of the Board of Directors, the Board of Management, and the Supervisory Board, refer to the 2020 Annual Report/Sustainable Governance/Transactions, income, remuneration and other benefits of the Board of Directors, Board of Management, Supervisory Board)

Other benefits for BOD and SB members

Apart from the aforementioned operating expenses and bonus fund to be approved annually by the General Meeting of Shareholders, members of the BOD and SB had no other benefits. Except the BOD Chairman cum Deputy Financial Director, and Deputy Chair cum General Director, other members were entitled to no provision of private cars.

3.8. Transactions between the Company and related persons of the Company, or transactions between the Company and major shareholders, internal persons and related persons thereof

The company has enforced a policy of restricting transactions with insiders and persons related to the insiders, major shareholders and persons related to the Company, and no such transaction incurred in the year.

In 2020, Imexpharm had transactions with its associate, Agimexpharm Pharmaceutical Joint Stock Company. Imexpharm currently holds 32.99% of shares at Agimexpharm. These transactions were performed under the contract of production, processing and sale of packaging materials between Imexpharm and Agimexpharm, approved by the Board of Directors and signed by Mr. Nguyen Quoc Dinh, Chairman of the Board of Directors, and Ms. Tran Thi Dao, Vice Chairman - General Director.

Details are as follows:

Indicator (VND)	Closing balance	Opening balance	Growth
Receivables	6,269,886,601	4,413,140,080	42.1%
Payables	2,906,289,227	-	
	Accumulated 2020	Accumulated 2019	
Sales	14,477,942,751	47,779,108,798	(69.7)%
Purchase	19,720,990,051	16,520,642,190	19.4%

Sales transactions with Agimexpharm in 2020 decreased sharply over the previous year, due to reduction in Imexpharm's sharing of raw materials with the associates.

Purchases from Agimexpharm increased by 19.4%, essentially transfer of finished products to the Company after processing, so the receivables at the end of 2020 also increased by 42%. The company also regularly monitors and supervises the production and quality assurance of outsourced products in this associate.

IV. ACHIEVEMENTS AND LIMITATIONS IN GOVERNANCE IN 2020

1. Major achievements in corporate governance 2020

Successful establishment of new strategic partnership

In 2020, SK Group became a strategic partner of Imexpharm after a long period of appraisal. This partnership was expected to open up new potentials for Imexpharm in its long-term development strategies with the support of a strategic partner.

Access to new finances

Imexpharm was well-known to investors for its financial wellness, with only small amount of debt used in production and business activities. Successful access to the USD 8 million loan from the Asian Development Bank (ADB) demonstrated Imexpharm's opportunities to gain access to finances in both short and long term thanks to its positive business performance and transparency in both financial and non-financial aspects, after going through a rigorous appraisal rounds of ADB.

Establishment of Committees under the Board of Directors

The General Meeting of Shareholders in 2020 approved the establishment of 03 committees under the Board of Directors: Strategy Committee; Human Resource

and Remuneration Committee; Internal Audit and Risk Management Committee. The Board of Directors also issued decisions on personnel assignment for the committees. The Board of Directors committees shall work actively to support the activities of the Board of Directors, thereby enhancing professionalism in corporate governance and delivering the advanced corporate governance model.

Top 50 Best Vietnamese Listed Companies selected by Forbes

In 2020, with its efforts in production and business activities, Imexpharm was honored to receive different awards and certificates of merit from prestigious organizations, including recognition by Forbes Magazine to be in the Top 50 Best Vietnamese Listed Companies.

In addition, Imexpharm was also honored to be named in the Top 500 Largest Enterprises of Vietnam - hosted by Nhịp cầu đầu tư Business Review; Top 100 Vietnam Sustainable Enterprises - hosted by Business Council for Sustainable Development -VCCI; and Top 5 Best Annual Reports Awards for Medium-sized capitalization category - voted by Stock Exchange.

2. Limitations and solutions

In addition to the results achieved in 2020, the Board of Directors also acknowledges limitations in the current structure of the Board of Directors. According to current regulations, Imexpharm's Board of Directors fails to meet one condition for listed companies, i.e. having at least one-third of the total number of members as independent members.

Imexpharm's current Board of Directors still maintain the independence and balance between the ratio of executive and non-executive members. Current members are making valuable and effective contributions to the Company's operations. However, according to current regulations, no members of Imexpharm Board of Directors meets the criteria to be independent members. This is also a challenging regulation for the majority of listed companies; once the rights and responsibilities of BOD independent members are not specified in detail, there will be potential risks for both the business and the members assigned for such position. Imexpharm is also trying to find the right person to be added as an independent Board member for the Company's General Meeting of Shareholders. In addition, the Company shall purchase liability insurance for members of the Board of Directors in order to prevent risks.

V. OBJECTIVES AND PLAN OF THE BOD IN 2021

As the fourth year in the 2018-2022 term to implement the strategies under the motto "*Aspiring to lead*", the Board of Directors and the Board of Management have set out many challenging goals for Imexpharm to be one of the industry-leading pharmaceutical companies in Vietnam.

However, there remain difficulties and turbulences for Vietnam's socio-economic situation in 2021. The pharmaceutical industry will face shortage of raw materials for production, while the level of public spending on medicine and medical services would also decrease as social distancing might be enforced again.

1. Business goals

The Board of Directors has agreed with the Board of Management on the goals for 2021 as follows:

No.	Indicator	2020	2021 target	Growth
1	Total revenue and income	1,382.3	1,530.0	10.7%
2	Profit before tax	255.4	290.0	13.5%

Total revenue and income in 2021 is expected to reach VND1,530 billion, up by 23.2%; Profit before tax and contribution to the Fund for Science & Technology Development will reach VND290 billion at a growth rate of 13.5% compared to 2020. This growth target is higher than the average growth forecast for the pharmaceutical industry in 2021.

In addition, the Board of Directors will closely monitor the approval as well as product registration for the IMP4 Plant in 2021.

2. Corporate governance objectives

For another year that presents unfavorable conditions, the Board of Directors will further act cautiously and responsibly, promote its guidance and supportive role in working with the Board of Management to deliver business strategies in line with the new situation in 2021.

In addition, in 2021, the Board of Directors will improve policies on corporate governance in accordance with newly issued regulations and guidelines. Specifically, the Board of Directors will propose the General Meeting of Shareholders 2021 to approve the amendments to the Charter of the Company and the Internal Administration Guideline according to the Law on Enterprises 2020; and issued a new Operating Rules of the Board of Directors, the Operating Rules of the Supervisory Board, the Operating Rules of the Internal Audit and Risk Management Committee, in line with the template regulations at Circular 116/2020/TT-BTC dated December 31, 2020 by the Minister of Finance guiding a number of articles on corporate governance at public companies, Decree No. 155/2020/ND-CP dated December 31, 2020 by the Government detailing the implementation of a number of articles of the Law on Securities. Then, the Board of Directors will approve the amendments to the Imexpharm Regulations on information disclosure on the stock market.

In addition, members of the Board of Directors, Board of Management, and the Company Secretary will also actively attend training courses and seminars to be updated with good corporate governance practices for application of lesson learned at Imexpharm.

3. Environmental and social objectives

For the sustainable development goals, the Board of Directors will join the Board of Management in activities that promote effective application of Industry 4.0 technology, minimize environmental impacts and enhance operational efficiency. While leveraging features of SAP-ERP and distribution management software (DMS), Imexpharm also deployed its E-Office - BASE to reduce the need for printing among the Board of Directors and employees and keep track of the progress of those working remotely at home due to the pandemic.

In addition, the Board of Directors will encourage the Board of Management to take actions needed to minimize the environmental impact of product sales, conferences and guest reception, in addition to introduction of environmental and social criteria in supplier evaluation.

At the same time, Imexpharm is committed to maintaining and promoting investment for communities, via student/talent financial support funds, support to local communities in the fight against the pandemic, support for local startups, and improved access to health care for disadvantaged people.

In particular, the Corporation will continue to ensure occupational safety and health, long-term employment and career development for its employees while harmonizing the interests of stakeholders.

Above is the business performance report for 2020 and the operation plan for 2021 of the Board of Directors of Imexpharm Pharmaceutical Joint Stock Company. On behalf of the Board of Directors, I would like to express my sincere thanks to our valued shareholders, investors, customers, partners, and employees who always trust, support and accompany Imexpharm, now and in the future.

Sincerely,

**ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN**