

PERFORMANCE REPORT AND ASSESSMENT FOR 2020

THE SUPERVISORY BOARD OF IMEXPHARM CORPORATION REPORT AT THE GENERAL MEETING OF SHAREHOLDERS

Reporting period: The financial year ended 31/12/2020

Cao Lanh City, 24 April 2021

Valued Shareholders,

In accordance with

- Articles on rights and obligations of the Supervisory Board provided in the Enterprise Law No. 68/2014/QH13 dated 26 November 2014;
- Articles on rights and obligations of the Supervisory Board provided in the Charter of Imexpharm Corporation (“Company”) dated 30 May 2020; and
- The Charter of the Supervisory Board of Imexpharm Corporation dated 26 October 2018;

We, the Supervisory Board of Imexpharm Corporation, supervised operations of the Company in the financial year ended 31/12/2020. Specific contents of the Report include:

KEY ACTIVITIES OF THE SUPERVISORY BOARD IN 2020

Activity	Date
Supervising the implementation of the Resolutions adopted in AGM 2019	
Supervising financial statements of the year ended 31/12/2020	
Meeting with the Board of Directors - 1st Quarter 2020	24/4/2020
Meeting with the Board of Directors - 2nd Quarter 2020	11/8/2020
Meeting with the Board of Directors - 3rd Quarter 2020	26/10/2020
Meeting with the Board of Directors - 4th Quarter 2020	25/2/2021
Participation in internal control sessions of the Company	2020
Discussing with Internal Audit of the Company	2020

Through strategic supervision activities, operations control and auditing financial statements, the Supervisory Board hereby submits this report to the General Meeting of Shareholders with detailed contents as follows:

PERFORMANCE OF THE RESOLUTIONS BY THE GENERAL MEETING OF SHAREHOLDERS 2019

The Board of Directors and Board of Management of the Company fully implemented the Resolutions by the General Meeting of Shareholders 2019 and complied with legal regulations and the Company Charter in the management activities.

In term of distributing profits of the fiscal year 2019, cash dividends at 10% of share par value, share dividends at a ratio of 100:10, and bonus share at a ratio of 100:20 were paid to shareholders on the ex-dividend date of 14 July 2020; full distributions to the Investment and Development Fund and Fund for Bonus and Welfare were duly made.

Regarding business performance in 2020, the company reached 79% of the total revenue target and 98.2% of the profit before tax target.

	Planned	Achieved	Completed
Total revenue (VND billion)	1,750.0	1,382.3	79%
Profit before tax (VND billion)	260.0	255.4	98.2%

Regarding the selection of auditor, the Board of Directors and Supervisory Board selected PwC Vietnam Ltd. Co. to audit Interim financial statements and financial statements for 2020.

BALANCE SHEET

We supervised financial situations of the Company and reviewed the auditor's report. We agree with the independent auditor's notes on figures of assets as of 12/31/2020. We took into consideration the in-term changes of assets, liabilities and capital with the following remarkable points:

	Audited value	Ratio	Change	Comments
Unit: VND million	31/12/2020	%	%	
CURRENT ASSETS	981,975	46.8%	25.9%	
Cash and cash equivalents	85,269	4.1%	13.6%	<ul style="list-style-type: none"> - If term deposits at banks were recorded in the value of investment held to maturity date, the cash and cash equivalents of the Company at the end of 2020 were VND 145.6 billion, higher than 2019 (VND 76.5 billion). - The increase in cash and cash equivalents can be attributed to the disbursement of new short-term loans to finance working capital. Another reason is the recovery of

				ETC IMP and OTC's receivables at year-end.
Short-term financial investments	63,608	3.0%	1126.2%	<ul style="list-style-type: none"> - The value of trading securities remained unchanged compared to 2019. - Provision for diminution in short-term trading securities increased to VND 3.2 billion compared to VND 2.8 billion at the end of 2019, due to additional provisions for MKP shares. In our opinion, such distribution of provision for devaluation was sufficient and in accordance with existing regulations.
Short-term receivables	398,091	19.0%	20.7%	
+ Trade receivables	334,634	16.0%	31.6%	<ul style="list-style-type: none"> - The proportion of trade receivables for therapeutic product lines and the market product lines was 76.5% and 47.8% respectively (2019: 52.2%-47.8%). - Proportion of overdue receivables (overdue from 1 month to over 3 years) accounted for 37.6% of total trade receivables, higher than the level of the most recent 3 years (2017-19: 23.1%, 17.5% and 23.4%). - Out of overdue receivables (VND 125.8 billion), therapeutic product lines account for 87.5%, equivalent to VND 110.1 billion (2019: VND 21.1 billion) and the rest was overdue receivables for the market product lines, accounting for 12.5%, equivalent to VND 15.8 billion (2019: VND 38.4 billion) The above fluctuations mainly stem from the

				<p>Company's boosted sales into the therapeutic product lines in the 4th quarter via Imexpharm's distribution system and ETC partners.</p> <ul style="list-style-type: none"> - Currently, the ratio of overdue receivables over 3 months of the therapeutic product line is 24.7%, down from 2018-19 (38.2% and 31.2%, respectively). However, the absolute value is much higher, VND 27.2 billion compared to VND 6.6 billion at the end of 2020. Normally revenues from the therapeutic product line have the payment term of over 3 months with low risk of bad debt. However, the Company needs to monitor closely such ratios and ask to settle these debts to minimize the risk of bad debts. - As for the market product line, the ratio of overdue debts over 3 months accounted for 52.2% of the total, up from 2019 (33.5%). However, debts overdue for over 3 months is lower, at VND 8.3 billion, compared to VND 12.9 billion in 2019. - The additional provision for overdue receivables in 2020 somewhat reflects debt collection risks and the needs for more stringent management from the Company.
+ Advanced payments to suppliers	41,594	2.0%	-26.0%	- Includes VND 11.9 billion for asset acquisition, VND 27.1 billion for

				pharmacovigilance, VND 2.4 billion for promotional goods, and other miscellaneous expenses.
+ Provision for short-term receivables which are difficult to collect	(16.646)	-0.8%	15.3%	<ul style="list-style-type: none"> - Within the year, the Company made additional provision of VND 2.2 billion for overdue receivables. - Out of VND 14.4 billion of doubtful receivables for which provisions were set up at the end of 2019, the Company has collected VND 4 billion. Bad debts in 2020 totaled VND 11.6 billion, the company has recovered and handled VND 6.6 billion. Total bad debts as of 31 December 2020 were VND 17.7 billion. Among these, VND 13.3 billion were transferred to authorities for settlement (in which judgment enforcement agencies handled VND 2.3 billion, the court handled VND 3.2 billion, and the police is handling VND 7.8 billion); VND 2.6 billion were written off. - As for arising bad debts in 2020, the Company applied its financial management regulations to settle such bad debts, while took legal actions in some cases to recover the debts.
Inventories	424,237	20.2%	21.1%	- Inventories increased mainly due to (i) the Company' stored materials for production (accounting for 63.7% of the total inventories) went up by 31.2% compared to 2019 based on predictions that material prices could increase, and

				<p>(ii) finished products (accounting for 27.9% of the total inventories) increased slightly by 2.3% compared to 2019 as after delivering products to partners, the Company produced goods by order and reserved certain amount before expiry of registration.</p> <ul style="list-style-type: none"> - Therefore, the average days of inventories increased to 171 days in 2020 from 140 days in 2019. - We would like to recommend that the company should stringently manage inventory at branches, sales departments should take measures to boost revenue of products in stock to mitigate the risk of slow inventory flow, which could adversely affect product quality and force opening provision for devaluation of stocks.
Other short-term assets	10,770	0.5%	-44.4%	- This is mainly thanks to the VAT refund of about VND 9.6 billion in the form of output and input VAT deductibles during the year.
NON-CURRENT ASSETS	1,114,480	53.2%	4.4%	
Fixed assets	1,025,710	48.9%	6.0%	
Tangible fixed assets	426,700	20.4%	5.1%	- During the year, the Company invested in a number of tangible fixed assets of VND 73.1 billion, including VND 14.6 billion of buildings and structures (VND 6.4 billion for Binh Duong Branch, VND 3.8 billion for wastewater treatment plant, VND 1.9 billion for walls, VND 2.5

				<p>billion for others), VND 50.8 billion for machinery and equipment (including major machinery such as M&E system worth VND 21.3 billion, capsule filling machine worth VND 3.8 billion for the dietary supplement Plant, VND 5.8 billion for the rotary tablet press, 33 stations in the Non-Betalactam Plant, VND 2.4 billion for drug tester machine in IMP3 Plant, VND 2 billion for the microbiological tester in IMP4 Plant, 1.3 billion for water purification system, and VND 14.2 billion for other); VND 1.2 billion for office equipment and supplies; and VND 6.5 billion for means of transport and transmission.</p>
Intangible fixed assets	76,563	3.7%	7.7%	<p>- Among these, the value of land use rights increased by VND 8.14 billion, including VND 5 billion from the land use right of Binh Duong Branch and VND 3.14 billion for the land use right of Chau Thanh District.</p>
Long-term work in progress	522,447	24.9%	6.6%	<p>- Work in progress includes machinery for the hi-tech pharmaceutical Plant - VND 415.1 billion, Binh Duong Hi-tech pharmaceutical plant - VND 68.5 billion, Dong Thap pharmaceutical plant - VND 31.7 billion, and land rental of Branch 1 in Ho Chi Minh City - VND 1.5 billion (remaining time is 34 years).</p>

Long-term financial investments	51,669	2.5%	0.0%	
Other long-term assets	37,051	1.8%	-19.6%	- The decrease is mainly due to the Company's allocating VND 6.3 billion to obtain EU-GM certification for hi-tech antibiotic production lines into operating expenses in 2020. The corresponding remaining balance is VND 10.6 billion.
TOTAL ASSETS	2,096,455	100.0%	13.5%	
LIABILITIES	365,969	17.5%	26.9%	
Current liabilities	346,932	16.5%	32.2%	
Short-term borrowings and liabilities	130,928	6.2%	248.4%	- Including short-term loans of VND 17.2 billion from BIDV - Dong Thap Branch (interest rate 3.8% p.a.), VND 86.2 billion from Shinhan Bank - North Saigon Branch (interest rate 5.5% p.a.), and VND 27.5 billion for Vietcombank - Dong Thap Branch (interest rate 4.7% p.a.).
Short-term trade payable	59,704	2.8%	-34.3%	- Including VND 16.7 billion for acquiring assets, VND 43 billion for purchasing raw materials and promotional goods.
Deferred short-term revenue	27,361	1.3%	27.7%	- This is the advance payment to buy drugs from partners to participate in biddings for therapeutic product line.
Short-term payables	52,282	2.5%	8.2%	- Short-term payables increased mainly from the increase in royalty rates of Sandoz and pms, research and

				development costs at the end of 2020 for the whole the Sales Team, etc.
Non-current liabilities	19,037	0.9%	-26.3%	
Long-term borrowings and liabilities	-	-	-	
Science & Technology Development Fund	19,037	0.9%	-24.7%	<ul style="list-style-type: none"> - In 2020, the Company used VND 6.2 billion from the Science and Technology Development Fund for items such as: VND 3.5 billion for bioequivalence testing and VND 87 million for acquiring assets, etc. - It is expected that in 2021 the Company will continue to use the Science and Technology Development Fund for new Plant investment projects, and no additional distribution will be made to the Science and Technology Development Fund from profits before tax generated in 2021.
OWNERS' EQUITY	1,730,486	82.5%	11.0%	
Owners' equity	1,730,486	82.5%	11.0%	
Paid-in capital	667,054	31.8%	35.0%	- Owner's equity in the year increased after the payment of share dividend at a ratio of 100:10 and bonus share at a ratio of 100:20.
Share premium	507,368	24.2%	-15.6%	
Investment and development fund	348,765	16.6%	14.9%	
Retained earnings	205,237	9.8%	30.1%	
TOTAL LIABILITIES AND OWNERS' EQUITY	2,096,455	100.0%	13.5%	- The debt-to-equity ratio was 17.5% - 82.5% in the resources structure (2019:

				these proportions were 15.6% and 84.4%, respectively).
KEY INDICATORS				- The current ratio and quick ratio decreased slightly compared to 2019 as the Company increased short-term loans to finance working capital needs and added other short-term liabilities.
Quick ratio (x)	1.6			- 2019: 1.6
Current ratio (x)	2.8			- 2019: 3.0
Average days of trade receivables	77			- 2019: 60 days
Average days of inventories	171			- 2019: 140 days
Financial investments/Total assets (%)	0.37%			- 2019: 0.42%
Provision for devaluation/Total value of investments	44.7%			- 2019: 39.2%

BUSINESS REPORT

We agree upon audited figures of business results in 2020 and hereby make several notes as follows:

	Audited value	Change	Comments
Unit: VND million	2020	%	
Net revenue	1,369,422	-2.4%	- Imexpharm's net revenues decreased slightly in 2020, in which revenue from manufacturing Imexpharm branded products remained almost unchanged at VND 1,331 billion, contributing 93.7% of total revenue (2019: 92.4%) whereas franchise categories decreased by 26.2%, accounting for 5.2% of the total revenue (2019: 6.8%).

		<ul style="list-style-type: none"> - Among these, revenues from Imexpharm’s self-distributed goods decreased by 7.9% while sales via ETC channels increased by 22.6%, just enough to compensate for the aforesaid decline in Imexpharm's channels. - In continuing the recovery momentum in 2016-2019, the revenue from therapeutic product lines of Imexpharm’s branded products increased by 20.1% in 2020 (2019: + 115.8%), the market product lines decreased by 10.5% (2019: 0.8%). As a result, the contribution to turnover between therapeutic product lines and the market product lines was 59.3% - 40.7%, respectively compared to 66.2% -33.8% in 2019. - The revenue from the intensive therapeutic product lines was positive thanks to the contribution of injection products Cephalosporins and Penicillin, specialty medical products with bioequivalence testing advantage and the development of private health care. Similar to 2019, sales of therapeutic product lines via partners continue to increase sharply, accounting for 79.38% of the total therapeutic line revenues (2019: 76.1%). - According to the Board of Management, in the year, the Company continued to focus on quality management of revenue and debt from the market product lines, including shortened terms of payment from 105 days in 2016 to 75 days (applicable as of 01 January 2017), further down to 45 days as of 01 July 2018, and only 30 days as of 01 July 2019. In addition, partners must make a deposit when placing orders for goods sold via the partner channels, thereby reducing the risk of delayed debt recovery.
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			- Revenues from franchises fell sharply due to shortage of raw materials.
Cost of goods sold	822,376	-6.0%	
Gross profit	547,046	3.6%	- The Company's gross profit margin increased to 39.9% compared to 37.6% in 2019 as Imexpharm branded drugs account for a higher share in revenues, thereby improving the gross profit margin.
Income from financial activities	9,606	-4.8%	- During the year, the Company received VND 4.5 billion of dividends from investments (2019: VND 4.1 billion), and VND 2.3 billion from interest on term deposits, almost the same as 2019.
Financial expenses	19,620	4.9%	- Financial expenses increased since (i) interest expenses increased to VND 5.4 billion compared to VND 3.7 billion in 2019, and (ii) other financial expenses of VND 864 million on loans from ADB. Meanwhile, discount for payment was VND 12.2 billion, slightly down from VND 13.8 billion at the end of 2019.
<i>Interest expenses</i>	5,408	45.1%	
Selling expenses	213,143	-5.3%	- The decrease in selling expenses was mainly attributable to a reduction of 6.3% in staff costs (thanks to performance-based salary for sales force) while other expenses did not change significantly compared to 2019. - The company has made targeted investment in programs to sell and promote key brands such as: Claminat Day, Bactamox Club, Imexfamily, etc.
General and administrative expenses	71,348	-28.5%	- Excluding the impacts of not allocating to the Science and Technology Development Fund in

			<p>2020, the general and administrative expenses were only reduced by 10.5%.</p> <ul style="list-style-type: none"> - The decrease in general and administrative expenses was mainly attributed to (i) a decrease of 6.0% in payroll expenses, (ii) 11.0% decrease in outsourced service expenses, and (iii) a 26.1% decrease in other expenses. - In contrast, the provision for doubtful receivables increased from VND 2.3 billion to VND 2.8 billion at the end of 2020.
Profit from business operations	252,540	29.9%	
Other incomes/expenses	2,901	-63.7%	- Other profits mainly came from the liquidation of assets, which earned VND 2.96 billion.
Profit before tax and after allocation to the Science & Technology Development Fund	255,441	26.2%	- Driven by the strong recovery of the therapeutic product lines (through selling to ETC partners), improved profit margins of product portfolio (by stockpiling raw materials at reasonable costs), operating expenses control policies and other profits, the Company's pre-tax and after-tax profit margins continued to improve remarkably in 2020. In particular, the ratio of profit after tax to revenues reached a record high of 15.3%.
Current Corporate income tax	45,744	14.2%	
Profit after tax	209,697	29.1%	
KEY INDICATORS			
Gross profit/Revenue	39.9%		2019: 37.6%

Profit from operations/Revenue	18.4%		2019: 13.9%
Profit before tax/Revenue	18.7%		2019: 14.4%
Profit after tax/Revenue	15.3%		2019: 11.6%
Profit after tax/Total assets (ROA)	10,6%		2019: 9.0%
Profit after tax/Total capital (ROE)	12,8%		2019: 10.6%
Sales expenses/Revenue	15.6%		2019: 16.1%
Costs of management/Revenue	5.2%		2019: 7.1%

CASH FLOW STATEMENT

We agree upon audited figures of the Cash flow statement in 2020 and hereby make some notes as follows:

	Audited value	Audited value	Comments
Unit: VND million	2020	2019	
Cash flow from operating activities			
(Increase)/Decrease in receivables	(60,836)	(64,062)	
(Increase)/Decrease in inventories	(75,247)	(25,446)	
Increase/(Decrease) in payables	(49,526)	6,750	
Net cash flows generated by operating activities	73,153	66,590	<ul style="list-style-type: none"> - Stockpiling of raw materials negatively affected inventory turnover. However, despite the Company's more stringent debt management and shorter accounts receivable turnover, selling activities in Quarter IV in both market and therapeutic channels led to increased accounts receivable turnover at the end of the year. - Net cash flows from operating activities increased by 9.9% to a positive level of VND 73.2 billion thanks to a sharp

			increase in profit after tax in 2020 compared to 2019.
Cash flows from investing activities			
Acquisition and construction of fixed assets and other non-current assets	(89,684)	(131,125)	
Net cash flows from investing activities	(136,476)	(120,623)	- The company continues to disburse investments in new factory projects and upgrading of existing plants.
Cash flows from financing activities			
Proceeds from share issue and owners' contributed capital	29,632	-	- Increase from the issuance of ESOP shares.
Loan proceeds minus principal repayments	93,348	37,579	- Increase from the difference between new loans and repayment of due principals.
Dividends and profit paid to owners	(49,387)	(98,803)	
Net cash flows from financing activities	73,592	(61,363)	
Net cash flows in the period	10,270	(115,396)	
Cash and cash equivalents at the beginning of the year	75,036	190,437	
Cash and cash equivalents at the end of the year	85,269	75,036	- If term deposits are also included, the company's cash balance at the end of 2020 is VND 145.6 billion, up from VND 76.5 billion in 2019. - This cash reserve accounts for 6.9% of the total assets (2019: 4.9%).

ENVIRONMENT PROTECTION AND CAPITAL CONSTRUCTION PROJECTS IN 2020

- Environment control:

	Activities performed during the year
Head office in Dong Thap and IMP 1 Plant,	- In 2020, the Company completed the environmental protection project certified by the Center for Environmental and Natural

Pharmaceutical Material Manufacturing Plant and Testing center	<p>Resources Monitoring with regard to the wastewater and exhaust category of the pharmaceutical manufacturing plant, adding a dietary supplement manufacturing plant and increasing its capacity from 1.5 billion products/year to 1.65 billion products/year.</p> <ul style="list-style-type: none"> - The Center for Environmental and Natural Resources Monitoring took samples of treated wastewater and exhaust gas at Dong Thap Plant for certification work. - The Company signed a contract with Tien Phat Environmental Production and Trading Co., Ltd. to collect, transport and treat hazardous waste. - The Center for Disease Control of Dong Thap Province conducted observation of working environment in Dong Thap Plant.
Vinh Loc Hi-tech Antibiotics Plant (IMP 2)	<ul style="list-style-type: none"> - The Company signed a contract with Green Earth Environmental Technology JSC. to collect and treat waste.
Cephalosporins plant in Binh Duong (IMP 3)	<ul style="list-style-type: none"> - Quality Assurance and Testing Center 3 took samples to analyze a number of nitrogen indicators. - The Company signed a contract with Sen Vang Environmental Co., Ltd. to treat hazardous waste. - The Company signed a contract with the Vietnam Fumigation JSC. in Ho Chi Minh City to tackle insect issues.
Hi-tech plant in Binh Duong (IMP 4)	<ul style="list-style-type: none"> - Nam Viet Trading Service and Environmental Audit Co., Ltd. took samples, measured, and analyzed the environmental monitoring indicators. - The Company signed a contract with Sen Vang Environmental Co., Ltd. to treat hazardous waste. - The Company signed a contract with the Vietnam Fumigation JSC. in Ho Chi Minh City to tackle insect issues outside the Plant.

- Vinh Loc Hi-tech Antibiotics Plant (IMP 2):

IMP 2 Plant came into operation and generated revenue for the overall business results in 2020. By the end of December 2020, the Company had disbursed VND 196.5 billion for the project (98.54% of the total investment value), the outstanding amount to be disbursed is VND 2.9 billion.

- The hi-tech plant in Binh Duong (IMP 4):

The Plant has been granted with GMP-WHO certification by the Ministry of Health for 4 production lines on September 27, 2019, preparing for EU-GMP approval.

However, the EU-GMP certification progress continued to suffer from Covid-19 pandemic and associated travel restrictions, as experts were unable to come to Vietnam for factory audit. This had to be rescheduled to 2021 but there is no specific timeline for completing the audit and then certification.

According to the latest plan, IMP will submit an application for certification in the fourth quarter, after reviewing the application for 105 days (3 months), the Ministry of Health of Portugal will schedule the audit, as early as the beginning of the second quarter 2021. However, the recurrence of Covid-19 in Europe could cause unexpected delays in the audit.

By the end of December 2020, the Company had disbursed VND 490 billion for the project (93.69% of the total investment value), the outstanding amount to be disbursed is VND 33.2 billion.

- **Pharmaceutical Manufacturing Plant & Testing Center Project:**

The dietary supplement Plant has passed GMP assessment of health supplement in the audit period on 11 and 12 October 2020. Then, IMP implemented corrective action/preventive actions (CAPAs) recommended by the Food Safety Administration and was certified in October 2020.

It is expected that the Plant will start manufacturing immediately upon obtaining the GMP Certification for eligible products, including 3 re-declared products and 5 new products added to GMP application. In the second quarter of 2021, the Plant may be reviewed for GMP certification in terms of pharmaceutical ingredients; therefore, certification documents must be further prepared.

By the end of December 2019, the Company had disbursed VND 67.1 billion for the project (83.35% of the total investment value), the outstanding amount to be disbursed is VND 13.4 billion.

OVERALL ASSESSMENT OF COORDINATION BETWEEN THE SUPERVISORY BOARD, THE BOARD OF DIRECTORS, AND THE BOARD OF MANAGEMENT; AND INDEPENDENT AUDIT PERFORMANCE IN THE FINANCIAL YEAR 2020

During the term of 2020, the Supervisory Board has monitored the activities of the Board of Directors and the General Director in managing and operating the company through the following specific tasks:

- Attending quarterly and annual meetings of the Board of Directors with updated financial, accounting, production - quality control, procurement - import/export, sales - marketing, and legal reports. The Supervisory Board has discussed with members of the Board of Directors and the Board of Management to identify problems in the operation process and suggested specific recommendations.
- Evaluate quarterly, semi-annual and annual financial statements of the Company to ensure transparency and integrity of the data provided to shareholders and investors.
- Inspecting the implementation of the Annual General Meeting's Resolution on business plan, investments, distribution of profits, dividends, appropriation and use of funds in the Company.

- Working with the Internal Audit Committee on periodic audit and control results recorded at the business units and monitoring the implementation of remedial measures.
- Contribute ideas in the process of drafting and adopting the Regulations on Financial Management - Accounting Decentralization at sales branches.
- Attending the Sales and Marketing Meeting to deploy the business plan in Q2-2020 and propose recommendations for sales improvement.

The Board of Directors and General Director created good conditions for the Supervisory Board to fulfill its rights and powers as set forth in the Charter of the Supervisory Board. The Supervisory Board could access significant information and documents as well as worked with relevant members of the Board of Directors, General Director and high-ranking officers in order to complete quarterly and yearly supervisory reports. The recommendations of the control reports are published at BOD meetings and are followed up in practice.

In regard to independent auditor, the Supervisory Board proposed the Board of Directors and Board of Management to select PwC Vietnam Co., Ltd. to audit the Company's 2020 financial statements. The Supervisory Board assessed the independent audit plan and performance is aligned with the signed independent audit contract in terms of the scope of service, material audit points, audit methods, etc. whereby quality assurance, independence, avoidance of conflict of interest, and ethical compliance of independent audit are strictly observed.

REPORT ON REMUNERATION OF THE SUPERVISORY BOARD (BEFORE TAX) IN 2020:

Full Name	Position	Remuneration
Nguyen Duc Tuan	Head of SB	320,000,000
Le Thi Kim Chung	Member	220,000,000
Do Thi Thanh Thuy	Member	220,000,000

RECOMMENDATIONS:

Recommendations for the Board of Management

- Strictly and synchronously implement product and market solutions via sales branches and domestic partners to achieve the pre-tax profit target while complying with the debt management targets, thereby reducing bad debt risks, especially for partner ETC channels.
- The Sales Department needs to evaluate the effectiveness of promotion programs developed and closely control the implementation process.

- Efforts should continue to review and update the management criteria in the Regulations on Decentralization of Finance - Accounting management at the sales branches in line with the actual developments.
- Continue to review and evaluate the effectiveness of material stockpiling in the context of unpredictable fluctuations in actual demands, which are conditional on the pandemic control situation. In addition, based on the business plan of 2021 to build a reasonable raw material inventory, reduce the risk of overstocking or the needs to finance working capital with new loans.
- Continue to evaluate and supplement qualified raw material suppliers to diversify raw material sources and develop drug portfolio of EU-certified factories.
- Stringently manage the investment progress in the hi-tech Plant in Binh Duong (IMP 4) to commission the two plants as scheduled and up to expectations.
- Follow up on the elaboration of detailed instructions on the application of international financial reporting standards (IFRS) by the Ministry of Finance in 2021 to develop a roadmap and allocate human resources for applying IFRS in the voluntary adoption period 2022-2025.
- The Board of Directors and Board of Management should continue to restructure the equity portfolio where appropriate time, retaining joint venture investments to promote production linkages and market development, thereby channeling capital for production and business activities.

These are some observations of the Supervisory Board that we would like to report to valued shareholders and investors. We look forward to receiving sincere feedback from you to perform better.

I wish the Meeting all success. Sincerely.

Nguyen Duc Tuan

Le Thi Kim Chung

Do Thi Thanh Thuy