



ANNUAL REPORT 2019

Abbreviation list

Interpretation

CONTRACTOR OF THE PARTY OF THE	AND A CANADA SAN TARREST OF THE
GDP	Goods Distribution Practice
GLP	Goods Laboratory Practice
GMP	Goods Manufacturing Practice
GPP	Goods Pharmacy Practice
GSP	Goods Storage Practice
HOSE	Ho Chi Minh City Stock Exchange
ISO	International Organization For Standard
KPI	Key Performance Indicator
P/B	Price To Book Ration
P/E	Price To Earnings Ratio
ROA	Return On Asset
ROE	Return On Equity
ROS	Return On Sales
VND	Vietnam Dong
WHO	World Health Organization

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1. INTRODUCTIONS

1.1 THE JOURNEY FOR THE QUALITY OF LIFE

The message of "FOR QUALITY OF LIFE" is our direction and the commitment. DOMESCO with journey of over 30 years in REACHING OUT WITH QUALITY has provided the solution to the professionals therapists in the fields of main treatment: Antibiotics, Cardiovascular - Diabetes, digestive, analgesic and the product lines of Medicinal products manufactured by modern technology in the factory meet GMP-WHO standards.

DOMESCO's products cover all provinces and cities in the region, emerging markets and affirm the world-class quality with nearly 30 products studied as BIOLOGICAL EQUIVELANCE and CLINICAL EXAMINATION proves treatment efficacy comparable to imported products of multinational companies. With this belief, DOMESCO constantly invests in research, development and technology transfer to market products of high quality, safety and effectiveness in treatment, contributing to the community a healthy and happy life.

Affirming the quality of DOMESCO is also expressed by during more than a decade, DOMESCO continuously invested tirelessly and seriously to affirm THE EFFICIENCY OF TREATMENT OF DOMESCO EQUIVALENT TO THE INVENTION MEDICINES OF THE MULTINATIONAL COMPANIES through bioequivalence research and clinical trials.

In addition to producing pharma-chemical products, DOMESCO has also invested nearly VND 200 billion in a factory manufacturing medicines with PHARMACEUTICAL origin. DOMESCO pharmaceutical production plant is one of the very few factories in Vietnam that meets GMP-WHO standards. DOMESCO Pharmaceutical products are extracted by machines to remove impurities and retain pure active ingredients to ensure effective treatment. DOMESCO's manufacturing process of PHARMACEUTICAL products is quantitative with active ingredients to ensure a high therapeutic effect and has been verified through clinical trials to evaluate the effectiveness at major hospitals in Ho Chi Minh city and Hanoi.

VIETNAMESE MEDICINE STAR

"VIETNAMESE MEDICINE STAR" is a noble title awarded by the Ministry of Health to enterprises who have made excellent contributions to building and honoring Vietnam's medicine quality. DOMESCO is honored to be one of 16 enterprises to receive the "VIETNAMESE MEDICINE STAR" award for MANUFACTURERS and 3 PRODUCTS among 167 products for the whole country.

1.2 MESSAGE FROM CHAIRMAN



Dear Valued Shareholders.

2019 is the first year of the IV term (2019-2024), the Board of Management is honored to be assigned by the shareholders to drive the DOMESCO boat.

After a difficult and challenging year of operation due to fierce competition in the market, many new regulations and policies of the drug authorities have also created challenges in meeting requirements. However, with the right direction of the Board of Management, the responsibility and responsive adaptation of the Board of Directors, DOMESCO Company has achieved and surpassed both the net revenue and profit after tax targets assigned by the General shareholders meeting. Revenue in 2019 reached 1,468.39 billion VND, 6% over the same period, profit after tax reached 232.63 billion VND,1.9% over the same period and exceeded the plan of 2.63 billion VND.

The results achieved in 2019 once again affirmed the right direction of the Board of Managements, the flexible and effective management of the Board of Directors, the unanimity and efforts of all employees of DOMESCO Company. Especially, the trust and support of customers, partners, authorities, agencies, the trust, companion and timely support of shareholders, especially the two major shareholders, Abbott and State Capital Investment Corporation (SCIC).

Ladies and gentlemen,



Besides achievements in terms of revenue and profit, the Company also achieved other outstanding achievements:

- Human resources: The Company's labor force is constantly trained to improve professional knowledge and provided with opportunities for professional development, and the working efficiency of the labor force is constantly increasing.
- Working environment: The Company continually improves its working environment and creates the best conditions possible to provide internal clients - DOMESCO's employees with a friendly working environment, green, clean, beautiful. 2019 continues to be the second year DOMESCO has achieved the title of the best working environment in Asia voted by HR Asia Magazine.
- Product quality: DOMESCO brand with the message "For the quality of life" is recognized by the authorities, organizations and consumers as one of the leading enterprises in the pharmaceutical industry through honor awards like:
 - Top 10 prestigious Pharmaceutical Enterprises 2019;
 - National Quality Gold Award 2018;
 - 21 consecutive years (from 1999 to 2019) to receive the title of Vietnamese Goods with high quality.
- Quality management system: certified according to ISO 9001, ISO/IEC 17025, ISO 14001, ISO 45001, and ISO 13845 with production systems certified to GMP-WHO, business systems reaching GSP GDP GPP. Especially DOMESCO is one of the first Vietnam Pharmaceutical enterprises with a factory manufacturing health-protecting foods meeting to GMP standards, certified by the Ministry of Health of Vietnam
- Financial ratios in 2019 grew well such as ROS increased by 15.8%, ROE increased by 16.6%, ROA increased by 18.6 %, EPS increased by 1.69%. The charter capital has not changed, but the total assets increased by 4.5% and the equity increased by 10.9% over the same period. In 2019 DOMESCO was voted by Forbes magazine as the Top 50 Listed Companies in Vietnam.

Promoting the achievements achieved in 2019. In 2020, the Board of Management of the Company continues to implement the strategy for the IV term (2019-2024) of the Board of Management:

- Continue to promote the training and development of qualified human resources, qualifications and professional ethics to meet the development needs of the company, improve the working environment, create opportunities for career development for all employees of the Company.
- Optimize production capacity, improve product quality to make a remarkable difference. Manufacturing and trading in the spirit of improving the general environment green, clean, beautiful and friendly to the environment.

- Continue to expand business network in Vietnam and other countries in the region as well as other emerging markets.
- Develop new product lines produced by DOMESCO and cooperate with strategic partners to produce and distribute more new products, promote the strengths of the company's distribution system.

On behalf of the Board of Management, I would like to express my sincere thanks and wishes of health, happiness and success to Shareholders, Investors, Customers, Distributors, Agents, Partners and all Officers and Employees of the Company who have always been attached, accompanied with the development of DOMESCO.

We would like to express our sincere thanks to the Government Leaders, the Ministries and Agencies, especially the leaders of Dong Thap Province, Ho Chi Minh City and other Departments and Agencies, for creating favorable conditions for DOMESCO's activities.

CÔ PHẨN XUẤT NHẬP KHẨU

DOMESCO

Best regards!

CHAIRMAN OF THE BOARD OF MANAGEMENT

Le Dinh Buu Tri

2019- CHALLENGES AND OPPORTUNITIES

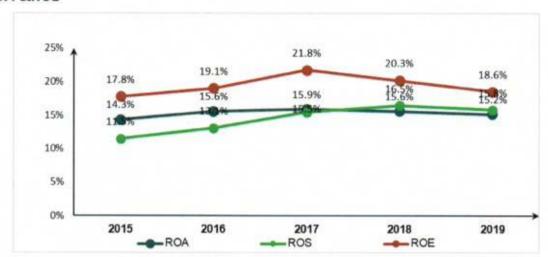
Vietnam's pharmaceutical industry 2019 had faced many difficult challenges, most of domestic pharmaceutical companies faced the cost problem due to the increase in raw material costs, fluctuating exchange rates, labor costs increase. Many macro policies and guidelines issued for all industries in the direction of strengthening the inspection and supervision of management agencies, but the guiding documents have not been issued in time, also cause difficulties for the production and business activities of pharmaceutical companies in general and DOMESCO in particular.

In 2019, DOMESCO managed both industrial challenges and investment in upgrading the production system and quality to meet international standards, leading to product prices changing. However, many specific solutions have been implemented synchronously for all departments and the serious and enthusiastic labor of all employees in the company, with the guidance of strategic shareholders, Abbott and SCIC, helped DOMESCO successfully fulfill the target of profit, and continue to lead in the earnings per share (EPS) and ROS reached 15.8%, ROE 18.6%.

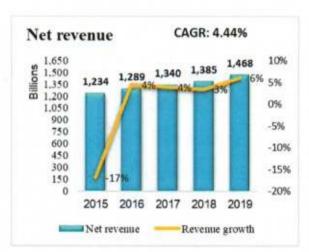
Unit: Billion Vietnamese Dona

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	2015	2016	2017	2018	2019
Business results					
Net revenue	1,234.0	1,289.3	1,339.7	1,385.1	1,468.4
Profit before tax	183.2	209.9	259.7	286.1	290.9
Profit after tax	141.6	168.6	207.7	228.8	232.6
EBITDA	216.2	239.1	288.5	314.5	311.4
Basic interest in stocks (VND/share)	5,299	4,856	5,980	6,094	6,699
Table of balance sheet					
Total asset	988.0	1,084.0	1,305.5	1,465.1	1,533.1
Current asset	720.0	842.9	1,079.2	1,231.7	1,298.5
Non- current asset	268.0	241.1	226.3	233.4	234.5
Payables	194.7	200.4	352.7	335.5	280.8
Equity	793.3	883.6	952.8	1,129.5	1,252.3
Charter capital	267.1	347.3	347.3	347.3	347.3
Key financial indicator					
ROA	14.3%	15.6%	15.9%	15.6%	15.2%
ROS	11.5%	13.1%	15.5%	16.5%	15.8%
ROE	17.8%	19.1%	21.8%	20.3%	18.6%
Equity / Total asset	80.3%	81.5%	73.0%	77.1%	81.7%
Total Liabilities/ Total asset	19.7%	18.5%	27.0%	22.9%	18.3%

ROA &ROE



Revenue and profit after Tax:





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2. STRIVE FOR EXCELLENCE, CUSTOMER-ORIENTATION

2.1 AWARD AND ACHIEVEMENT 2019

In addition to the excellent business performance in 2019, DOMESCO is honored to receive the highly prestigious award and achievement in 2019 as follows:

NATIONAL QUALITY GOLD AWARDS 2018 (PRIME MINISTER)

The National Quality Award (National Quality Award) is an annual award awarded by the Prime Minister to manufacturing and service enterprises with the best production and quality management systems in Vietnam. In May 2019, there were 75 enterprises on the list of awards, of which 22 best enterprises were awarded the National Quality Gold Cup; DOMESCO was honored to receive the National Quality Gold Cup.



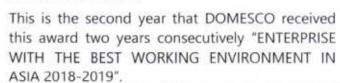
TOP 50 LISTED FIRMS IN VIETNAM 2019 (Forbes Magazine Vietnam)

DOMESCO had successfully surpassed the globally recognized standard in ranking: growth in revenue and profit, ROE, ROC, EPS growth in period 2013 - 2019, Branding, Corporate management, Revenue transparency and Sustainable growth



ENTERPRISE WITH THE BEST WORKING ENVIRONMENT IN ASIA 2019 (HR ASIA magazine)

This is one of the prestigious international awards that receive the attention of many leading enterprises and HR professionals. The program is held annually in many countries: Taiwan, Singapore, Indonesia, Malaysia, Hong Kong, Philippines by HR Asia Magazine - Asia's leading special publication for HR professionals of Business Media International.





CERTIFICATION OF "HIGH QUALITY VIETNAMESE GOODS" 21 years consecutively (1999 – 2019) (CUSTOMERS VOTED 2019)

This is the title that is chaired by HVNCLC Business Association and voted by consumers. In 2018, DOMESCO is honored to have achieved this noble title for 21 years



TITLE CUP OF THE "GOLDEN WINGS - A 10-YEAR JOURNEY" (2009-2019) "HAS EXCELLENT ACHIEVEMENTS IN PRODUCTION AND BUSINESS ACTIVITIES, CONTRIBUTING THE DEVELOPMENT OF VIETNAMESE BUSINESS COMMUNITY DEVELOPMENT

(VICC branch in Can Tho)

This is a title that recognizes the contribution of the leading business community of the Top industry to the development of wet rice areas organized by the Vietnam Chamber of Commerce and Industry in Can Tho (VCCI Can Tho).

The Mekong Delta is one of the 07 key economic regions of the country, always rated as the best management area when 2019 has five provinces in the Top 10 of the PCI index announced annually. Particularly, the average PCI score of the Mekong Delta region in 2019 continues to lead in 6 regions of the country. In order to achieve these achievements, it is necessary to have a very important contribution of the business community, entrepreneurs in the Mekong Delta area, including DOMESCO Company.



TOP 500 BEST PROFITABLE BUSINESSES IN VIETNAM 2019 (PROFIT 500)

DOMESCO is honored to have 3 consecutive years (2017-2018) to contribute to 500 of the most profitable enterprises in Vietnam. This is a certification and affirmation of DOMESCO's prestige, a comprehensive assessment of the



competitiveness of enterprises in profit and sustainable development in the context of Vietnam's current economic integration.

TOP 100 SUSTAINABLE ENTERPRISES IN VIETNAM 2019 (VCCI)

This is the third consecutive time DOMESCO has been in the top 100 sustainable enterprises in Vietnam since the award was launched. The award is selected based on the criteria of economic development, environment, social activities, policies for workers, ...



TOP 10 PRESTIGIOUS PHARMACEUTICAL ENTERPRISES 2019 (VIETNAM REPORT)

Awards are evaluated and ranked based on 3 main criteria: (1) Financial capacity; (2) Communication prestige; (3) Pharmacist survey working at pharmacies, industry experts and enterprise survey on capital scale, market, labor, revenue growth rate, profit, operation plan in 2020 ...

EMULATION FLAG HAS HAD OUTSTANDING ACHIEVEMENTS IN THE MOVEMENT "ALL PEOPLE PROTECT THE NATIONAL SECURITY 2019 (DONG THAP PROVINCE PEOPLE'S COMMITTEE)

DOMESCO has well implemented internal political security to ensure the National Security 2019



DOMESCO is one of the best firms committed to aligned Health insurance, Social Insurance provision for employees. DOMESCO is honored to receive this award from General Director of Social Insurance Department Vietnam in many years.







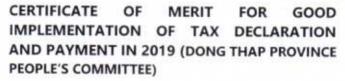
ACHIEVEMENT FOR EXCELLENT PERFORMANCE IN 2 CONSECUTIVE YEARS, HONORED OF "BEST ENTERPRISES", "BEST SMALL AND MEDIUM ENTERPRISES", "INNOVATIVE LEADERS" IN DONG THAP PROVINCE (DONG THAP PROVINCE PEOPLE'S COMMITTEE)

This achievement honored enterprises having excellent contribution and influence to the development of province and community, society



EMULATION FLAG SUCCESSFULLY COMPLETED THE TASK OF 2019 (DONG THAP PROVINCE PEOPLE'S COMMITTEE)

DOMESCO is always one of the leading enterprises in the patriotic emulation movement, contributing to the economic and social development of the province.



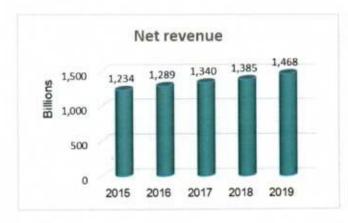
DOMESCO always well complied with the provisions of tax, customs, full budget contribution and was rewarded by the Ministry for many years.

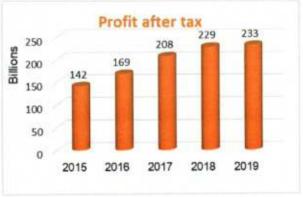


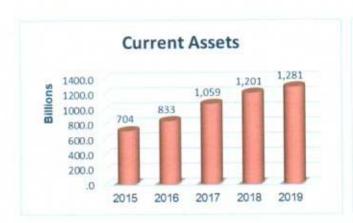


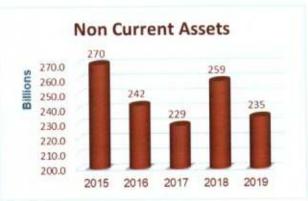
2. 2 HIGHLIGHTS 2019

٠	Total Asset 2019:	1,533	Billion VND
٠	Net revenue 2019:	1,468	Billion VND
٠	Chartered capital 2019:	347	Billion VND
٠	Profit after tax:	233	Billion VND
٠	Equity 2019:	1,252	Billion VND

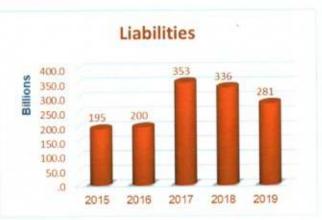












3. DOMESCO - REACH OUT WITH QUALITY

3.1 COMPANY INTRODUCTION

HISTORY OF FORMATION AND DEVELOPMENT

1980: Medical Equipment Repair Station was established

1985: Renamed into Medical Supplies Company

1987: Medical Materials Supply and Service Company

1989: DOMESCO Company

1992: The Company changed its name to Dong Thap Medical Import Export Company (DOMESCO)

1993: The Company supplemented the function of pharmaceutical production, the Company applied advanced technology to production to provide quality pharmaceuticals for the domestic market.

2000: The Company built an advanced factory system, Non-betalactam meets GMP ASEAN standards

2001: The Company is honored to receive the certificate of quality management system ISO

9001: 2000 and is a pioneer company to bring home-made drugs into the export market.

2004: Officially transformed into DOMESCO Medical Import Export Joint Stock Corporation.

2006: DOMESCO stock was officially listed on the trading floor at Ho Chi Minh City Securities Trading Center with trading code is DMC.

2010: DOMESCO is a pioneer in implementing bioequivalence assessment for products produced by the Company.

2011: DOMESCO had a strategic shareholder as the number one pharmaceutical corporation in Chile and South America. CFR International Spa - Chile has accompanied DOMESCO in developing production, researching and developing products, transferring advanced and listed production technologies with the best investor relations activities organized and surveyed by Vietstock.

2014: The Company's charter capital was increased to 1.5 times to 267,137,970,000 VND, the Company has upgraded, renovated and increased capacity for 2 Non - Betalactam factories and Cephalosporin factories. Expanding export markets, in 2014, the company exported to some new markets of South America.

2015: Strategic shareholder CFR International Spa - Chi Le has consulted in the field of manufacturing, business, supply chain management, overcoming production overload, high productivity and revenue. Income of workers was improved.

2016: The Company's charter capital was increased by 30% # VND 347,274,274,650,000. CFR International Spa - Chi Le transferred to Abbott laboratories (Chi le) Holco SPA; implemented business management through DMS One system

2017: Cooperated with strategic investor Abbott laboratories (Chi le) Holco SPA, Abbott Group has been cooperating and supporting DOMESCO to increase competitiveness by production management system according to international standards. Optimized product cost, improved manpower level of management level.

2018: DOMESCO is honored to be certified as "Sustainable Enterprise" and "Best profitable Enterprise", DOMESCO is included in the list of 27 Vietnamese enterprises honored "Enterprise has the best working environment." in Asia 2018 - Best Companies to Work for in Asia 2018".

2019: DOMESCO continually strive for excellent, customer and community- oriented. This excellent effort is awarded and reflected in consecutively received achievements of the prestigious awards in many years. Being awarded in TOP 50 listed firms in 2019 by FORBES Magazines, Top 10 prestigious Pharmaceutical company in 2019 by VN report 500. 2 consecutive years honored by HR ASIA with "Best Companies to Work for in Asia 2018-2019"

3.2 VISION - MISSION - CORE VALUES

VISION

With the pioneering aspiration together with the sustainable development and investment strategy, DOMESCO strives to become the leading pharmaceutical company in Vietnam and in the region, contributing to improving the quality of life.

"FOR THE QUALITY OF LIFE"

That is our orientation and commitment, DOMESCO Medical Import Export Joint Stock Corporation continuously strives to research and develop and produce high quality, safe and effective products in treatment, contributing to bringing the community a healthy and happy life.

MISSION

Care and improve the quality of community life:

Develop business activities associated with bringing long-term benefits to employees and social welfare.

Provide quality and reputable products that bring optimum efficiency to human health.

Contribute to improving the quality of life, thereby contribute to the protection and improvement of public health.

CORE VALUES

Take responsibility, solidarity, promote fairness and respect for commitment to build a corporate culture.

Continuous innovation is the foundation of development.

Safety in all activities is the Company's commitment to the community and society.

Comply with laws, standards, quality policies and business ethics.

3.3 BUSINESS OPERATION LOCATION:

It is proud to go to any provinces where DOMESCO products are placed on medicine shelves even in remote places in the first area of the country. DOMESCO's green shirt and song "DOMESCO PROUD", "DOMESCO BLUE LIFE" are the pride of each member of the Company to help DOMESCO team always strive to overcome all difficulties and challenges of the market, determined to protect the leading position in Vietnam Pharmaceutical industry.

EXPORT MARKET: 12 COUNTRIES IN THE WORLD EXPORT MORE THAN 120 PRODUCTS

Over 30 years of striving to expand the market has brought proud achievements with a series of numbers affirming DOMESCO's proper investment with the determination to become a Vietnamese manufacturer with a distribution system of international national standard:

- Over 350 high quality products in many major therapeutic areas
- Over 21,000 direct customers include: pharmacies, drugstores, pharmacies, pharmaceutical companies, wholesalers.
- Over 660 Hospitals, systems of clinics, medical centers and stations.
- Over 120 products are registered and exported to 12 countries in the world...
- Value chain: ISO-GPSs (GMP-GSP-GLP-GDP-GPP) has confirmed the synchronous quality of DOMESCO products from production to final customers.

3.4 LOGISTIC SYSTEM

Modern distribution system with international standards, online management with PERP software

Staffs are trained professionally, professionally, complete customer service to ensure proper storage conditions for each product's requirements and customer satisfaction for services provided by DOMESCO.

With the strategy of increasing coverage, warehouse systems and transportation vehicles are invested to upgrade to meet standards from the central warehouse to each branch's warehouse and to each customer. The online distribution system is monitored by camera and GPS systems to ensure compliance in distribution activities from the factory to the end users.

Training activities are focused with more than 50 training courses on products, sales skills, customer care, customer psychology trained by domestic organizations and advisory board of Abbott Strategic Shareholders.

3.5 APPLICATION OF DIGITAL TECHNOLOGY IN SALES MANAGEMENT

DMS ONE

OTIF Ontime-Infull: 99% Thanks to the Dms One Application

DOMESCO is one of the pioneering pharmaceutical enterprises to apply modern technology in sales management, the sales management system (DMS ONE) has been deployed by DOMESCO from 2016 to now 100% of sales staff and employees. DOMESCO's logistics and finance staff are equipped with tablets, which has brought a positive effect for sales management. Highlights that this system brings in 2019:

- <u>Effective order management</u>: orders are automatically processed directly to the system, helping to successfully fulfill orders > 99%.
- <u>Management of KPIs</u>: with quantified indicators on the system to help measuring the performance of employees and the entire branches on the whole distribution system.
- Easy data extraction: to analyze the strategic direction of the company.
- Enhance customer service: the integration of customer care function on the system helps the company evaluate customer satisfaction from which an appropriate approach is made.

Business Intelligent

Efficiency BP & A with Tools - BI

To serve the needs of market data analysis, DOMESCO IT Department has successfully developed and put into operation an integrated system of online "Business Intelligence" tools to help the company in the multidimensional data management timely to support the team for effective business analysis rapidly, timely and conveniently. From the collected data, system of modeling trends in the short term, quantified the level of effectiveness of each sales program, data reporting visualized and accessed with real time.

Business Management IT System

The scope of the project covers all the company's operations, from the purchasing process to payment, sales to cash collection, online production management, human resource management, and financial and public accounting and planning schemes are integrated into a common system. Since then it improves control, information management in full and in real time. From there, support the user as well as the administrations with full information, transparency, accuracy and efficiency.

The software supports administration and integration of data synchronization on 6 modules, including: human resource management system, sales, purchasing, warehousing, production, finance accounting and planning.

3.6 RAW MATERIAL OF EUROPE-AMERICA-JAPAN-CANADA STANDARD MATERIALS

For human health care and treatment products, ingredients are the most important determinant of treatment effectiveness. In addition, the process of appraising raw material suppliers also contributes to confirming the quality of input materials. DOMESCO confirms the outstanding quality and commitment "For the quality of life", respect for the health of

the people of Vietnam through the use of materials from the advanced countries such as the UK, France, USA, Switzerland, Netherlands, Spain, Italy

Medications are not just a common product, so to make sure the medication can bring to the most effective treatment, choosing an excipient is also an art. Because: excipients are the reliable guides for the drug to release and activate in the body at the right place and at the right time to ensure the drug content maintains in the body in the most appropriate way to ensure the effective maximum treatment results, help save costs for users. Excipients have many different types and have many different effects to help manufacturers manufacture products that meet treatment requirements: long-term effects for cardiovascular disease, diabetes to maintain stable drug levels in the blood to help users not have to use it many times a day, the excipients are dissolved in the intestine to avoid the taste that affects the effectiveness of the drug when passed through the stomach, colored excipients, smells, flavors for products of children's medicine becomes sweeter which makes it easier for children to accept treatment.

3.7 PRODUCTION - BUSINESS INFRASTRUCTURE





MANUFACTURNG AND OPERATION: MAIN INFRACTRUCSTURE INFORMATION



NON BETALACTAM FACTORY

<u>Location</u>: My Phu Ward, Cao Lanh City, Dong Thap province. Information

- Production of 7 dosage forms: tablets, film-coated tablets, sugar-coated tablets, hard capsules, soft capsules, effervescent tablets and packing.
- Factory meets GMP-WHO standard, construction factory in 2002.
 <u>Capacity</u>: 1,500 million units/year



CEPHALOSPORIN FACTORY

<u>Location</u>: My Phu Ward, Cao Lanh city, Dong Thap province.

Information

- Producing 4 dosage forms: tablets, filmcoated tablets, hard capsules and medicine packs.
- Factory meets GMP-WHO standard, construction of factory in 2004.

Capacity: 500 million units/year



<u>Location</u>: My Phu Ward, Cao Lanh city, Dong Thap province.

Information

- Producing 4 forms: tablets, film-coated tablets, hard capsules and medicine packs.
- Factory meets GMP-WHO standard, construction of factory in 2005.

Capacity: 500 million units/year





PHARMACEUTICAL FACTORY

<u>Location</u>: Can Lo Industrial Complex, Cao Lanh District, Dong Thap Province. Information

- Producing 4 dosage forms from medicinal herbs: tablets, film-coated tablets, hard capsules, medicine packs.
- Producing pharmaceutical products.
- GMP-WHO standard in 2011.

Capacity:

- + 500 million units/year.
- + 130 tons of pharmaceutical preparations/year.



<u>Location</u>: My Phu Ward, Cao Lanh city, Dong Thap province.

Information

- Producing 6 forms: tablets, film coated tablets, hard capsules, soft capsules, medicine packs, and other forms.
- The factory meets the standards of food safety and hygiene in 2013.
- Factory meeting GMP standard of health protection food 3/2019.

Capacity: 450 million units / year



Information

- Meet the requirements of GLP and ISO
 / IEC 17025 requirements.
- Fully invested with modern equipment, <u>Capacity</u>: Meet the testing needs of manufacturing plants, 30,000 samples per year.







RESEARCH & DEVELOPMENT CENTER (RD)

<u>Location</u>: My Phu Ward, TP. Cao Lanh, DongThap province.

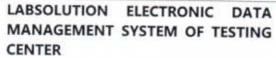
Information

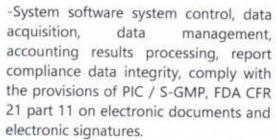
Completed and fully equipped facilities and equipment to meet the requirements of new product research and development, continuous improvement research in the Company's production activities.



<u>Location</u>: Can Lo industrial park, Cao Lanh district, Dong Thap province. <u>Information</u>

- Preserving materials and finished products for manufacturing plants.
- -Equipped with GSP standard in 2008. Capacity: 3,500 pallets.





- -Allow to connect, control and receive data from devices such as LC, GC, GCMS, FTIR, UVVis, AAS, analytical balance...
- Meets the standards of PIC / S under FDACFR 21part 11









TAN TAO WAREHOUSE

<u>Location</u>: Tan Tao Industrial Park, Ho Chi Minh City

Information

- Preserving goods for business activities
- Meet GSP standard in 2008.

Capacity: 3,500 pallets

DOMESCO HI-TECH PHARMACEUTICAL INDUSTRIAL CLUSTER AT CAN LO INDUSTRIAL PARK

Location: Can Lo industrial park, Cao Lanh district, Dong Thap province.

- Area of 111,320 m2 of land, built and used 66,683m2, area of reserve land for development investment is 44,637m2.
- On the land area, investment in technical infrastructure works was completed in 2011, including a centralized wastewater treatment plant with a capacity of 600m3 / day and night. Investment capital of technical infrastructure works is about VND 48 billion.
- Industrial park is invested according to the development investment orientation of the Company and the orientation of the State to relocate production plants into industrial zones or clusters by 2030. Location of the land of National Highway 30 and near the road leading to Cao Lanh Bridge should be convenient for traffic.



3.8 OPTIMIZATION IN PRODUCTION:

M&P's project started its deployment in late 2019 and continued in the long-term plan of

03 years. The project has a completely new and highly appreciated approach and is expected to bring about completely positive effects through three main areas of production.

Production System

Monitor operation of equipment to maximize production and reduce production losses in terms of materials, labor, operating hours of the machine and other costs in other production.

Infrastructure Management

Manage production processes according to planned objectives, focusing primarily on evaluating the efficiency of process management, system organization, design capacity and the ability to continually improve

Mindset and Conducts In Manufacturing

Change the managerial mindset in many activities such as assessments to uncover unused production capacity to optimize, plan and organize production management, update changes to meet the market in the best conditions of price and productivity.

Effective and cost-effective thinking is quantified and controlled monthly according to the plan, leading to modeling of production activities in the company's business results.

CIP Project

In 2019, continuing to implement the CIP project (optimize production costs) brings about the results of production cost savings shown in reducing the multi-billion dong cost and contributing to helping DOMESCO respond to situation of input materials increase and rising labor costs due to the compulsory insurance of Government applied in the year.

Kaizen

Innovation is the awareness of employees and management levels at DOMESCO, with the achievement of more than 600 kaizen developed annually recognized, in addition to being cost-effective, it is also time-efficient and helps the operation system is more flexible.



THE CAN COL

3.9 INFORMATION OF SHAREHOLDERS

DOMESCO MEDICAL IMPORT EXPORT JOINT STOCK CORPORATION

DOMESCO Medical Import Export Joint Stock Corporation was listed on Ho Chi Minh Stock Exchange (HOSE): in 2006

Stock Code: DMC

Independent auditor: Ernst & Young Vietnam Limited Company

Charter capital 347,274,650,000 VND

Real contributed capital of shareholders 347,274,650,000 VND

Total volume of shares issued and listed 34,727,465 shares

Number of treasuries shares 0 shares

Number of outstanding shares 34,727,465 shares

Type of shares: common Face value 10,000 VND

Market capitalization (Dec 31, 2019) 2,493,458,607,500 VND

Contact information: Investor Relations Department - Finance & Investment Division

DOMESCO Medical Import Export Joint Stock Corporation

Address: 66 Highway 30 - Phu My Ward - Cao Lanh City - Dong Thap Province - Vietnam.

Phone: (+84.277) 3.852.278 | (+84.277) 3,859,370

Email: DOMESCO@DOMESCO.com | Vpcty@DOMESCO.com

Website: www.DOMESCO.com



INFORMATION OF SHAREHOKDERS:

STATISTICS LIST OF SHAREHOLDERS

No	Shareholders	Ownership (shares)	Rate
1	Major shareholders (>5%)	30,004,267	86.40%
1.1	Domestic	12,054,467	34.71%
1.2	Foreign	17,949,800	51.69%
2	Other shareholders (<5%)	4,723,187	13,60%
2.1	Domestic		1510070
	Foreign	34,727,465	100%

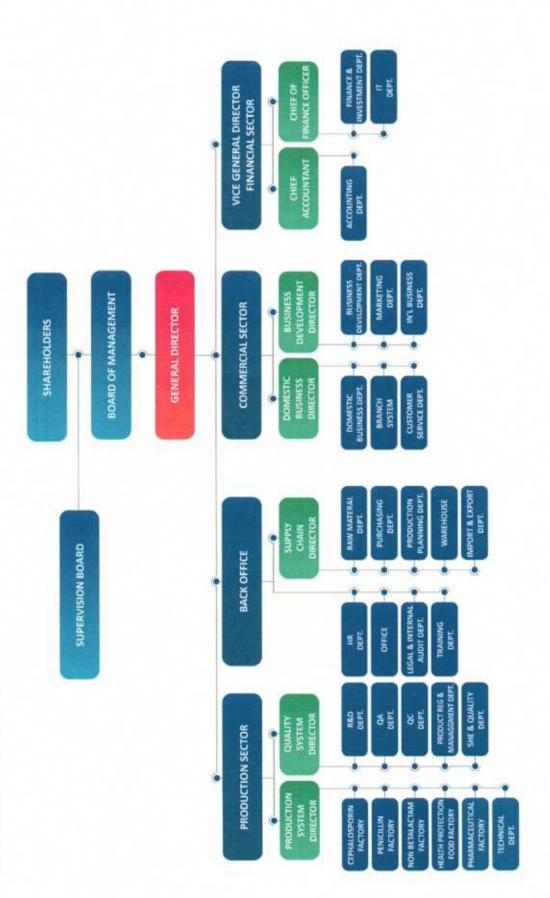
LIST OF MAJOR SHAREHOLDERS

STT	Shareholders	Country	Ownership (shares)	Rate
1	State Capital Investment and Corporation (SCIC)	Vietnam	12,054,467	34.71%
2	Abbott Laboratories (Chile) Holdco SPA	ChiLe	17,949,800	51.69%

Share value fluctuation of DOMESCO:



3.10 ORGANIZATIONAL CHART:





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3.10.1 Organizational structure 2019:

In 2019, organizational structure was unchanged. Titles of some departments were modified to be consistent and suitable with business context as follows:

- Tittle modified: SUPPLIMENTARY FOOD FACTOY → HEALTH PROTECTION FOOD FACTORY (in accordance to GMP Health Protection Food).
- Tittle modified: Domestic Business development → Business development department 2019,

3.10.2 Total employees 31/12/2019: 1.188 people (Males: 650; Females: 538)

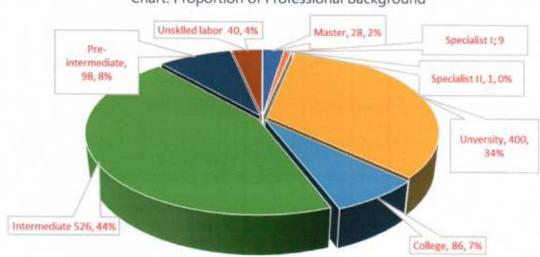


Chart: Proportion of Professional background

3.11 KEY PERSONNEL INTODUCTION:

Member of Board of Management

	Member	Title	Executive member of BOM	Non-executive member of BOM	Perman ent member
1	Mr. Le Dinh Buu Tri	Chairman of BOM		V	V
2	Ms. Luong Thi Huong Giang	Vice - chairwoman of BOM	٧		v
3	Mr. Peter Huang	Member of BOM		v	
4	Mr. Huynh Trung Chanh	Member of BOM		v	
5	Ms. Lee Yoon Kiem.	Member of BOM		v	
6	Mr. Nguyen Van Hoa	Member of BOM	V		
7	Mr. Douglas Kuo	Member of BOM		v	

EXECUTIVE BOARD

	Member	Title
1	Ms. Luong Thi Huong Giang	- General Manager
2	Mr. Nguyen Van Hoa	- Deputy General Manager
3	Ms. Pham Ngoc Tuyen	- Chief Accountant

SUPERVISION BOARD

	Member	Title
1	Mr. Nguyen Phi Thuc	- Head of Supervision board
2	Mr. Phan The Thanh	- Supervisor
3	Ms. Servane Marie Amelie Gorgiard	- Supervisor
4	Mr. Samuel Timothy Nance	- Supervisor
5	Ms. Ho Thi Thu Van	- Supervisor

MANAGEMENT MEMBER:

	Member	Title
1	Mr. Nguyen Duy Tung	Chief Financial Officer





4.VALUE ADDED - QUALITY OUTSTANDED

4.1REPORT OF THE BOARD OF MANAGEMENT

Mr. LE DINH BUU TRI - Chairman of the Board of Management

Year of birth: 1970

Nationality: Vietnamese

Qualifications:

Master's in finance and International

Trade (Leeds Metropolitan University -

UK)

Working process:

* 5/2001- 5/2006:

Legal Manager - Manulife (Vietnam)

Insurance Company

* 5/2006 - 5/2007

General Director - Manulife Fund

Management (Vietnam) Insurance

Company

* 6/2017 - Present

Director of Southern Branch - State

Capital Investment Corporation

(SCIC)

Chairman of DOMESCO Medical

* 1/2019- Present

Import Export Joint Stock Corporation



Mr. LE DINH BUU TRI Chairman of the Board of Management

Ms. LUONG THI HUONG GIANG- Vice Chairwoman of DOMESCO

Year of birth: 1967

Nationality: Vietnamese

Qualifications:

Pharmacist (Ho Chi Minh City Medicine University of Pharmacy); Master of Management (University of Bruxelle (U.B.L) - Ecole

De Commerce De Solvay - Belgium)

Working process:

* 09/1992 - 11/1997

Sale & Marketing Manager -Representative Office of

Switzerland Sandoz Consulting

* 12/1997 - 03/2004

Company

General Director - Representative

* 09/2004 - 10/2005

Office of Biochemie GmbH Austria

Deputy Chief of Representative Office - Representative Office of

* 04/2006 - 05/2006

Trade and Technology Transfer

Company/BVI

* 07/2006 - 07/2007

Deputy Head of Representative Office of Pharmascience Inc.

* 08/2007 - 4/2014

Canada

Head of Representative Office of

* 05/2014 - Present

Chemo Iberica S.A Spain



Ms. LUONG THI HUONG GIANG

Vice Chairwoman of DOMESCO

Head of Representative Office -

Sinensix & Co. Scotland

General Manager of DOMESCO

* 11/01/2013 -

Medical Joint Stock

11/01/2019

Corporation/General Manager of

DOMESCO

Member of the Board of *12/1/2019 - Present

Management - DOMESCO Medical

Import Export Joint Stock

Corporation

Vice Chairwoman of DOMESCO Medical Import Export Joint Stock

Corporation

Mr. HUYNH TRUNG CHANH - Member of the Board of Management

Year of birth: 1947 Nationality: Vietnamese

Qualifications:

Pharmacist

Working process:

* 06/1985 - 9/1989 Deputy Director - Dong Thap Medical

Supplies and Equipment Supply Company (the predecessor of

DOMESCO Company)

Director - Dong Thap Medical Import * 9/1989 - 2/2003

Export Company (DOMESCO)

* 01/2004 - 3/2011 Chairman of the Board of

> Management cum and General Manager - DOMESCO Medical

Import-Export Joint Stock Corporation

* 4/2011- 4/2014 Standing Vice Chairman cum General

Manager - DOMESCO Medical Import

Export Joint Stock Corporation

* 4/2014 - 04/2019 Member of BOM of DOMESCO

Medical Import-Export Joint Stock

(Term completed) Corporation

Mr. NGUYEN VAN HOA - Member of the Board of Management

Year of birth: 1967 Nationality: Vietnamese

Qualifications:

Bachelor of Economics majoring in accounting (Hanoi University of

Commerce)

Working process:



Mr. HUYNH TRUNG CHANH Member of the BOM

* 1992- 2006	Deputy Manager of Accounting Department - DOMESCO Medical Import Export Company
* 2006 – 2011	Chief Financial Officer - DOMESCO Medical Import Export Joint Stock Corporation
* 2011- Present	Deputy General Manager - DOMESCO Medical Import Export Joint Stock Corporation
* 2006 – 2009	Member of BOM - Term I - DOMESCO Medical Import Export Joint Stock Corporation
* 2014 – Present	Member of BOM - Term III - DOMESCO Medical Import Export Joint Stock Corporation



Mr. NGUYEN VAN HOA Member of the Board of Management

Mr. DOUGLAS KUO - Member of the Board of Management

Year of birth: 1969 Nationality: American

Qualifications: Bachelor of Business Administration

(University of California at Berkeley,

USA)

Working process:

* 2008-2010 Managing Director - 3A Pharma

Singapore Private Ltd.

* 6/2010 – Present General Director of 3A Nutrition

Company Limited (Vietnam)

* 12/2016- Present Member of BOM of DOMESCO

Medical Import-Export Joint Stock

Corporation



Mr. DOUGLAS KUO Member of the BOM

Mr. PETER HUANG - Member of the Board of Management

Year of birth: 1969 Nationality: Canadian

Qualifications: Master of Business Administration

(London Business school)

Working process:

* 2006 - 2007 Business Development Manager

(Japan) and Corporate Strategy -

Invida (Singapore)

* 2007 - 2008 Director of Boston Consulting Group

(Shanghai, China/Shanghai, China)

* 2008-2009 Vice President, Asia Pacific Division -

General and Strategic Management



Mr. PETER HUANG Member of the BOM

	Nycomed Holdings (Asia Pacific) Pte Ltd, China/Singapore (Shanghai, China)
* 2009- 2011	Chairman and Representative Director - Nycomed Korea Co., Ltd. (Seoul, Korea/Seoul, Korea)
* 2012- 07/2017	Thai President and Managing Director - Takeda Thailand Co., Ltd. (Bangkok, Thailand)
* 08/2017- 10/2019	Vice President of Abbott Laboratories Pte Ltd (Singapore)
* 1/2018- Present	Member of Board of Directors of DOMESCO Medical Import-Export Joint Stock Corporation

ent

Member of the Board of Manageme Nationality: Malaysian
Bachelor of Commerce and Administration (New Zealand)
Director of Administration and Finance CS Metal Sdn Bhd (Malaysia)
Director of Administration and Finance - Abbott Malaysia
Director of Administration and Finance - Representative office of ALSA Vietnam
Managing Director and Finance - Abbott Laboratories (Philippines)
Regional Finance Manager - Abbott Laboratories (Singapore)
Regional Chief Finance Officer - Abbott Laboratories Pte Ltd (Singapore)
Member of Board of Management of DOMESCO/BOD member of

DOMESCO



Ms. LEE YOON KIEM Member of the BOM

4.2 OVERVIEW OF VIETNAM PHARMACEUTICAL INDUSTRY 2019:

4.2.1 Positive economic growth indicators for Vietnam in 2019:

In 2019, Vietnam's GDP growth rate reached 7.02%, exceeding the National Assembly's target of 6.6-6.8% and the second consecutive year with a GDP growth rate of over 7% (Figure 1). According to the Mckinsey's report, Vietnam is the second country with a CAGR reached of 6.5% for the period of 2018-2023 compared to other Southeast Asian countries and a leading country in attracting Foreign investment FDI. (Figure 2)

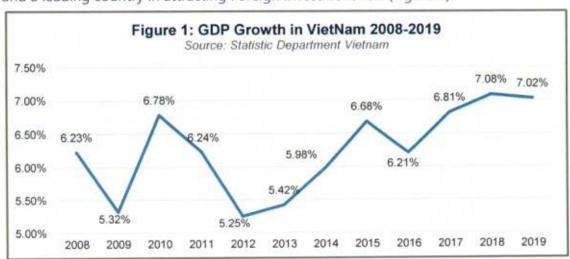


Figure 2: Macro-Economic indicator of Vietnam and other countries

		Vietnam	Philippines	Indonesia	Malaysia	Thailand
	CARG GPD growth 2018- 2023	6.5%	6.7%	5.2%	4.8%	3.5%
	Private consumption, 2018 % of total GDP	67.6%	73.8%	57.0%	57.3%	48.7%
	Middle-class growth, 2018-2023, CAGR	9.2%	6.7%	5.9%	2.8%	2.4%
	Urbanization, 2018, % of total population, CAGR	36%	47%	55%	76%	50%
Business	FDI attractiveness, 2017 Inow as % of GDP	6.3%	3.3%	2.0%	3.0%	1.8%
environment	Ease of doing business1, 2018 WB Index (0-100)	66.8	56,3	66.5	78.0	77.4

Source: Mc Kinsey& Company: Seizing the fast-growing retail opportunity in Vietnam

4.2.2 Vietnam Pharmaceutical industry prospects 2019:

In 2019, Vietnam's pharmaceutical industry grew impressively with an estimated value of 6.5 billion USD, up 10.2% compared to 2018 (according to IQVIA). In which, distribution through bidding for drugs sold to hospitals (ETC channel) accounts for about 70% of the drug market, only the remaining 30% is for retail pharmacies (OTC channel). As of July 2019, the



profitability of Vietnam's pharmaceutical industry share is 15% compared to the average profitability of 1.4% of other countries in Asia (Figure 3), proving the potential development of Vietnam's pharmaceutical industry.

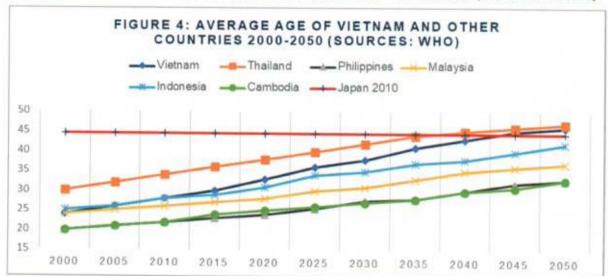
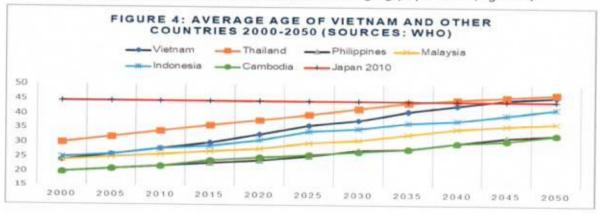
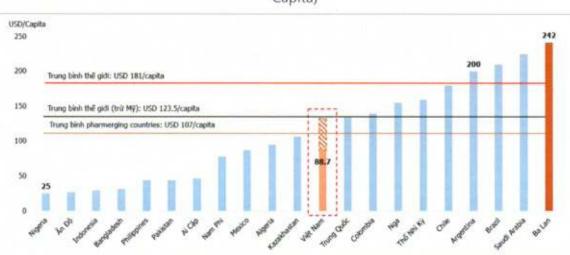


Figure 3: Valuation of Pharmaceutical industries in Vietnam and other countries (YTD Oct 07th 2019)

Increasing incomes, aging population and increasing people's interest in health care are the factors that make Vietnam's pharmaceutical industry attractive. With a population of 96 million in 2019, young population structure (> 94% of the population under 65), however, tends to age and the percentage of people over 40 by 2030 reaches 28.6%. (Figure 4). Therefore, spending on pharmaceuticals is expected to increase with CAGR of 8.86% for 2018-2028. Thanks to pharmaceutical spending is still low compared to the region, reaching USD 88.7/person (equivalent to 2/3 of the global average) by 2022 and lower than the average of the Pharmerging countries, creating motivation for sustainable development of Vietnam pharmaceutical industry in the context of an aging population (Figure 5).





<u>Figure 5</u>: Drug average spending per capita 2022 of Merging- Pharma Countries (USD per Capita)

Source: WHO, Harvard Medical Magazine, MAS Research

According to the Ministry of Health data, the proportion of people who need regular medical care (over 40 years) by 2030, 2040 and 2050 will reach 28.6%, 39% and 48.2% of the total population, respectively. Thereby, the spending on Pharmaceuticals/GDP will reach 8% by 2040 to meet the people's healthcare needs. At the same time, the direct positive impact on total pharmaceutical spending, with the industry's perpetual growth rate, is expected to reach 2% -2.5%.

4.2.3 Challenges of Vietnam's pharmaceutical industry:

Price fluctuation of input materials:

The sharp increase in raw material prices reduced 1% - 4% of the industry's gross profit margin in the period of 2017 - 2019. The increase in raw material prices from 10% - 30% mainly came from the environmental tightening policy of China. China, meanwhile, China is the supplier of almost all intermediary materials to produce materials of the World.

Meanwhile, the domestic supply of raw materials is not feasible in the context that domestic pharmaceutical companies are unable to produce raw materials and excipients with equivalent price and quality (Table 1). Therefore, pharmaceutical manufacturing companies are still under great pressure on input material prices.

Table 1. Price fluctuation of major groups of raw materials

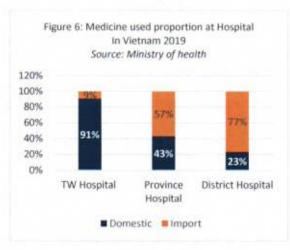
API	Treatment	12/2017	12/2018	% yoy
Captopril	Hypertension	USD 54	USD 69	+27.8%
Cefuroxime Axetil	Anti-biotics	USD 89	USD 99	+11.2%
Amoxicillin	Anti-biotics	USD 23	USD 30	+30.4%
Spiramycin	Anti-infection	USD 143	USD 165	+15.4%
Sulbactam Pivixil	Anti-infection	USD 118	USD 146	+23.7%
Berberine Hydrochloride	Gas	USD 79	USD 99	+25.2%
Vitamin E-Acetate	Demarlogica	USD 20.2	USD 44.5	+120%
Calcium Citrate	Musculoskeletal Pain	USD 2	USD 3.5	+84%
Azithromycin Dehydrate	Demarlogica	USD 90	USD 113	+24%
Metformin Hydrochloride	Diabetes	USD 2.7	USD 3	+10%

Source: Statistic Department, Tuoitre news, Mirae Asset Vietnam Research

Fierce competition on ETC, OTC:

Currently, bidding is divided into 3 levels: national centralized bidding, local bidding and bidding at each hospital and contract performing time from one to two; a few drugs are self-administered by hospitals. The value of using domestically produced drugs at central hospitals is 9.35%, at the provincial level is 57.03% and at the district level is 76.62% (Source: Results of the implementation of the Project "Vietnamese people use Vietnamese medicine on July 18, 2019 of the Ministry of Health). Each bid group has only one selected product and the deciding factor is mostly price. In Vietnam, there are more than 200 domestic manufacturing enterprises, so the ETC market is very fierce competition, the price of the next year's package is lower than the price of the previous year's package.

According to IMS statistics, the price increase gradually slowed from 2015 to 2021, but the factor causing the slow increase is mainly due to the decrease in the price of hospital bidding channels for domestic products.





At the beginning of 2019, the sudden increase in raw material prices made it difficult for enterprises that had won national-level centralized bids to meet demand as the increase in input prices led to higher cost prices than winning prices. The trend of businesses moving to the OTC market has increased the level of competition compared to the past.

Some importing countries have raised import standards with stricter requirements such as the Philippines, Myanmar... leading to a sharp decrease in export sales to this market.

4.2.4 Vietnam pharmaceutical industry trends:

Figure 8: Trend of Pharmaceutical industry activities



Source: Vietnam Report, Vietnambiz

NHA

OTC net-work expansion: Direct distribute through OTC channels:

Although sales of ETC channel are dominant, enterprises are gradually shifting from ETC channel to OTC channel due to the regulation of Circular 15/2019/TT-BYT giving priority to drugs manufactured in factories with EU-GMP standards and PIC/s. The change of bidding policy has fundamentally changed the bidding ability of domestic pharmaceutical companies. Developing OTC channel will help businesses consolidate their position, ensure competitiveness in the market and are not much affected by policies and regulations of the health sector.

Development of pharmaceutical retail chains

The pharmaceutical retail industry is being held by individual pharmacies, which have more than 57,000 pharmacies nationwide. The cooperation and development of GPP drugstore chain will be the trend of the future. However, the expansion of store chain models will face many difficulties and challenges due to fragmented markets, consumer habits and especially create price competition with small drug stores, with low investment costs.

Application of information technology in expanding online pharmaceutical market

According to IBM research 2018, Vietnam's pharmaceutical industry only meets 52.5% of the pharmaceutical needs of domestic consumers. The online pharmaceutical business market has great potential to develop and create opportunities for online pharmaceutical businesses to develop a model of online consultancy and sales.

M&A in the pharmaceutical industry will continue to be active

The pharmaceutical industry has high growth potential, while many businesses are in the process of restructuring and divesting state capital, along with priority policies, supporting domestic products, which has attracted the attention of many investors, especially foreign investors. According to experts in the pharmaceutical industry, the M&A trend in the pharmaceutical industry promises to continue to be more exciting in the future. The implementation of M&A contributes to help Vietnamese businesses not only improve their corporate governance skills but also expand their market share, look for opportunities in new areas, develop distribution networks ...

Development of products of natural origin, functional foods and cosmetic pharmaceuticals

Along with the income growth trend of majority of urban population, awareness of increasing health, appearance, products with natural sources, functional foods (TPCN) and pharmaceuticals are expected. It is expected that these products will continue to grow and will soon account for a large proportion of Vietnam's Pharmaceutical sales in the next 5-10 years. Similar to developed countries, these products will account for 50-60% of the total market. OTC

4.3 EVALUATION OF THE RESULTS OF THE BOARD OF MAANAGEMENT IN 2019

4.3.1. Optimizing Shareholders' Benefits

Resolution No. 01/NQ-DHCĐ-DMC dated April 29, 2019 of the Annual General Meeting of Shareholders approved a dividend of 25% in cash in 2018, and the company has paid dividends for shareholders on September 26, 2019 (25% in cash, equivalent to VND 2,500/share).

Content	Date of list closing	Dividend payment date	Ratio
Dividend payment for 2018	09/10/2018	9/26/2019	25% in cash (2,500 dong/share)

The dividend ratio as planned in 2019 is 25% of the charter capital expected to be submitted to the General Meeting of Shareholders on April 29, 2019 and will be paid according to the resolution of the General Meeting of Shareholders.

4.3.2 Evaluation of Performance

4.3.2.a Results on implementation of the Resolution of the 2019 Annual General Meeting of Shareholders

The net revenue target is 100.03% and the after-tax profit target reaches 101.15% compared to the plan.

The dividend payment for 2019 is 25% in cash.

Profit distribution in 2019 according to the resolution of the Annual General Meeting of Shareholders signed an audit contract on June 5, 2019 with Ernst & Young Vietnam Co., Ltd. to independently audit the 2019 financial statements.

Profit distribution in 2019 according to the resolution of the annual general meeting of shareholders on April 24, 2020.

4.3.2.b Building Product Strategy:

Through Franchise Production and Technology Transfer from Leading Pharmaceutical Companies from America, Canada

In the pharmaceutical manufacturing industry, the continuous development of a product portfolio is extremely important to ensure business operations and continuous growth. In addition to ensuring competitiveness, the development of new products and time to market are also important in the Pharmaceutical market, with nearly 200 companies producing generic products. DOMESCO has researched and developed cooperation with Research Institutes and Universities to develop new products. In addition, technology transfer and franchised production from the world's leading pharmaceutical companies to develop new and special product lines with nearly 30 products will be the foundation for DOMESCO to maintain its leading position.

4.3.2.c Improving the Quality of Human Resources - Building a Professional Working Environment

Focusing on Developing Human Resources - Attracting Talents; Building a safe working environment, ensuring health for workers and the community.

Human resource development is one of the main strategies and a vital goal of the Enterprise. The human element contributes to the success of the Enterprise. Through this goal, the Company has increasingly focused on improving the quality of human resources, developing policies to attract and develop talents, train professional competencies thanks to the support and cooperation of the strategic partner, ABBOTT. At the same time, the environment and the health of employees are always concerned and implemented by the Occupational Health Safety System according to ISO 45001:2019.

4.3.2.d Promote The Brand Development Of The Company

DOMESCO brand with the message "FOR QUALITY OF LIFE" - recognized by the market as one of the leading enterprises in the pharmaceutical industry. The company has won many prestigious awards such as: "Top 10 Prestigious Pharmaceutical Enterprises 2019", continuously winning the title of "Top 100 sustainable enterprises in Vietnam" from 2016 to 2019, "Golden Quality Supplier 2019", "Vietnam Golden Star Award 2019", 21 consecutive years (from 1999 to 2019) received the title of "High-quality Vietnamese goods".

4.3.2.e Activities of Sub-Committees

DEVELOPMENT POLICY SUBCOMMITTEE

- Develop business plans in 2019.
- Market research, propose solutions to develop business activities at home and abroad.
- Evaluate, analyze and determine the effectiveness of investment projects, advise on appropriate short, medium and long-term investment strategies.
- Advise the policies on finance, currency, risk factors related to the financial activities of the company.
- * Coordinate with experts of Abbott Group to train key human resources, improve performance throughout the company.

Result:

Completing the business plan, the profit increased by 1.69% over the same period, profit/net revenue (ROS) reached 15.84% in the context of increasing input costs.

HUMAN RESOURCES SUB COMMITTEE AND COMPENSATION AND BENEFIT SUBCOMMITTEE

- Development and training of human resources.
- Training inheritance team.

- Staffing; building KPI system throughout the company.
- Appoint, re-appoint, decentralize, assign responsibilities of managers to ensure effective management mechanism, consistent with the actual operation of the company.
- Check the implementation of labor policies, labor contracts, health insurance, social insurance and unemployment insurance regimes and other benefits for employees as prescribed.
- Optimize the salary bonus policy for employees to stimulate work efficiency, revise and promulgate bonuses for sales staff to increase employees' motivation and dedication.
- Develop a roadmap to increase employees' income.
- Build benefit policies and welfare regimes for employees.
- Build talented staff and appropriate training for the development.
- Develop KPI reward program and consult the Emulation and Discipline Council of the company on the system of reviewing titles inside and outside the company.

Result:

Improving the quality of human resources in production, business, optimizing the regulation on employee salaries and bonuses to stimulate work efficiency, encourage employees to jointly contribute to the development of the company, social welfare policies.

INTERNAL AUDIT SUBCOMMITTEE

- Inspecting and supervising the compliance with laws, resolutions of the General Meeting of Shareholders, the Board of Management for the activities of the Board of Directors, the managing divisions and related departments.
- Checking the organization of the 2019 Annual General Meeting of Shareholders.
- Auditing sales activities into the hospital bidding channel; auditing activities of purchasing goods and services for regular activities of the Company; auditing of liquidation of assets without use.
- Supporting the improvement of the corporate governance system through legal consultancy and operational risk control consultancy.
- Auditing financial planning and financial statements in accordance with current accounting standards and in accordance with Vietnamese laws.

Result:

Ensure DOMESCO's activities fully comply with the provisions of law, improve the quality of the corporate governance system in 2019.

4.3 REPORT TO BOARD OF SUPERVISORY

SUPERVISORY BOARD



4.3.1. MEMBER OF SUPERVISORY BOARD

Mr. NGUYEN PHI THUC- Head of Supervisory Board

Year of birth: 1979 Nationality: Vietnamese

Qualifications Bachelor of Economics - major in

corporate finance (Ho Chi Minh City

University of Economics)

Working process:

* 2001 - 2009 Working at DOMESCO Medical Import and Export Joint Stock Company from

and Export Joint Stock Company from 2001 to now, in turn, held the position of specialist of the Quality Assurance

Department, an accountant and a

specialist of Internal Control

Department.

* 2009 - Present Head of Supervisory Board Term II

and Term III DOMESCO Medical

Import Export Joint Stock Corporation



Mr. NGUYEN PHI THUC Head of Supervisory Board

Mr. PHAN THE THANH - Member of the Supervisory Board

Year of birth: 1983 Nationality: Vietnamese

Qualifications Master of Economics (Academy of

Finance)

Working process:

* 2005-2009 Appraisal Specialist - Appraisal

Committee, Vietnam Bank for

Investment and Development Bank

* 2009 - Present Expert - State Capital Investment

Corporation

* 2014 - Present Member of Supervisory Board of

DOMESCO Medical Import Export

Joint Stock Corporation



Mr. PHAN THE THANH Member of the Supervisory Board

Ms. HO THI THU VAN – Member of the Supervisory Board

Year of birth: 1971 Nationality: Vietnamese

Qualifications Master of Business administration

Working process:

* 1993 – 1995 Financial Controller Assistant - Thiess

Contractors International Pty., Ltd

* 1995 – 1997 Financial manager Assistant-

Representative Office SKF Singapore

* 1997 – 2001 in Ho Chi Minh City



Ms. HO THI THU VAN

* 2001 – Present Finance Manager- Representative office Abbott Laboratories S.A in Ho
Chi Minh City

* 04/2019- Present Member of Supervisory Board of DOMESCO Medical Import Export Joint Stock Corporation

Member of the Supervisory Board

Board

DOMESCO Medical Import Export

Mr. SAMUEL TIMOTHY NANCE - Member of the Supervisory Board

Year of birth: 1978	Nationality: American	
Qualifications	Master's in accounting (U.S.A)	
Working process:		
* 8/2002 – 2/2008	Audit Manager, Deloitte (U.S.A)	
* 2/2008 - 11/2010	Senior International Financial Auditor, Abbott (U.S.A)	
* 11/ 2010 – 5/2014	Finance Controller, Abbott Nutrition (Philippines)	Mr. SAMUEL TIMOTHY
* 5/ 2014 – Present	Finance Controller, Abbott Nutrition (Vietnam)	NANCE Member of the Supervisory Board
* 12/2016- Present	Member of the Supervisory Board of DOMESCO Medical Import Export Joint Stock Company	

Ms. SERVANE GORGIARD - Member of the Supervisory Board

Year of birth: 1982	Nationality: French
Qualifications	Master's in international financial Analysis (University of Lille 2, France) Working process
Working process:	
* 2008-2012	Analyst - Jaccar Equity Research Company
* 2012-2014	Southeast Asia CFO - CFR Pharmaceuticals Company;
* 2015- 2017	Financial Manager, Special Projects - Abbott EPD
* 2017- 2018	Commercial Financial Controller - Abbott EPD
* 2018- Present	Head of Supply Chain - Abbott EPD Member of Supervisory Board of
* 2014- Present	DOMESCO Medical Import Export Joint Stock Corporation



Ms. SERVANE GORGIARD Member of the Supervisory Board

4.3.2 Activities of the Supervisory Board and controllers

- Coordinate with Legal & Internal Audit Department to periodically check activities of 12/12 branches, focusing on the following main contents:
 - (i) Check business results of branches; management of legal and administrative records of the branch; assess the rationality and effectiveness in the work of personnel management and operational cost management issues at the branch;
 - (ii) Check the implementation of sales process, collection process, debt management process and risk assessment for each debt;
 - (iii) Check the implementation of cash management procedures at the branch, cash transfer operations to the company's account;
 - (iv) Check the management of goods in the warehouse at the branch; coordination process between professional staff accountant warehouse staff in the process of goods rotation;
 - (v) Examine the implementation of other contents related to the operation of the branch.
- Inspect investment activities, purchase equipment, purchase spare parts, supplies, tools, tools and stationery for the company's production and business activities according to current law and regulations of the company;
- Coordinate with Accounting Department to check invoices and documents to ensure the legality, reasonableness and validity in accordance with applicable laws, accounting standards and the Code of Business Compliance and Ethics.
- Coordinate with the Accounting Department to review and provide documents related to finance and accounting in service of tax authorities' inspection, inspection period from fiscal year 2014 to 2018;
- Coordinate the Board of Directors and Executive Board to successfully organize the Annual General Meeting of Shareholders in 2019 on April 29, 2019;
- Perform other specialized inspection activities.

4.3.3 Evaluation of Production Control and Quality Control Committee

In 2019, the Board of Supervisors has fully performed the functions and duties of the Board of Supervisors in accordance with the current laws, the Company's Charter and Regulations on corporate governance in checking and supervising activities in administration and operation to the Company's business activities, including the following activities:

- +Setting the Working plan of the Supervisory Board, quarterly, the Supervisory Board reviews the implementation results of the business and financial targets approved by the General Meeting of Shareholders.
- + Evaluating the legality and rationality of the figures shown on the quarterly, 6-month and annual financial statements before submitting them to the Board of Management, the

General Meeting of Shareholders.

- + Fully participating in quarterly meetings of the Board of Management, weekly and monthly briefings of the Board of Directors and managers.
- + Checking the legality, reasonableness, honesty and the degree of caution in the management of the Production Business Investment Finance activities of the Board of Management, Board of Directors, and the managers.
- + The Board of Supervisors has held a meeting once a quarter, recommending and proposing the Board of Management and the Board of Directors solutions to improve the efficiency of governance and risk control (if any) and operation plan for the next meeting.

4.3.4 Operation Monitoring Inspection

Coordinate with Legal Department & Internal Auditing Department to check the operation of 11/11 branches, focusing on the following contents: The keeping of administrative - Legal records of the branch, the reasonableness, efficiency in public HR management. Sales process, collection process, debt management process and risk assessment for each debt. Process of cash management at the branch, money transferred to the company. Business Process - Accounting - Warehouse and other related content. The checking of branches' operations is carried out periodically once a year at each branch.

Inspect investment activities, purchasing equipment for the Company's production activities, ensure compliance with legal regulations and effectiveness, competition, fairness and transparency in bidding; supervise the monitoring of contract performance, acceptance and payment in accordance with the signed contract. Check and review the prices of the purchase of spare parts, materials, tools, stationery... to ensure to meet the demand for use with the most reasonable cost.

Participate in controlling invoices, documents that ensure the legitimacy, reasonableness and validity in accordance with applicable laws, accounting standards and the Code of Business Compliance and Ethics.

4.3.5 Evaluation of the Supervisory Board

Results of Business Monitoring in 2019

The company has completed the after-tax profit target approved by the General Meeting of Shareholders, the target of net revenue achieved expectations and grew more than 6% over the same period in 2018.

Evaluation of Financial Statements Preparation and Auditing 2019

DOMESCO 2019's financial statements were audited by Ernst & Young Vietnam Co., Ltd. The Supervisory Board reviewed the 2019 Financial Statements and agreed with the criteria in the Financial Statements. The financial statements are prepared in an honest manner, reflecting the financial and operational situation of the Company, in full compliance with the current accounting standards and regulations in Vietnam. Financial statements are

published timely and in accordance with regulations to shareholders and investors.

Evaluation of Activities of the Board of Management, Board of Directors, Managers

The Board of Management consists of 07 members, members of the Board of Management attending the meeting in full or authorized to attend, meeting the minimum number of attending members as prescribed, periodically meeting every quarter or unexpectedly in order to timely direct production and business activities of the Company; contents of each issue are discussed and agreed upon by the Board of Management before approval, based on consensus.

The Supervisory Board attended all the meetings of the Board of Management, the resolutions of the Board of Management provided fully and timely for the Supervisory Board. The content and procedures for issuing resolutions of the Board of Management comply with the laws, regulations, management regulations and the actual situation of the company.

Through the inspection and supervision process, the Board of Supervisors found that Board of Management, the Board of Directors, and the management staff fully comply with the current laws and regulations of the company during the performance of their duties. The Supervisory Board did not detect any cases of law violations in the direction, administration and implementation of assigned tasks.

<u>Evaluation of coordination between the Board of Management, the Board of Supervisors and Board of Directors</u>

The Board of Management, the Board of Directors, and the managers have created favorable conditions for the Board of Supervisors to fully implement the duties of the Board of Supervisors in the inspection and supervision of the company's activities. including the provision of information on production and business activities and financial status of the company, information related to the inspection and supervision required by the Supervisory Board ...

The Supervisory Board is invited to attend all meetings of the Board of Management, Board of Directors, and the management staff according to the functions and duties of the Supervisory Board. Information, meeting documents, minutes and resolutions of the Board of Management are provided fully and promptly to the Board of Supervisors. The Board of Management, the Board of Supervisors, and the Board of Directors closely coordinated to promptly solve the difficulties and problems in the direction and administration of the Board of Management, the Board of Directors as well as problems arising during the inspection and supervision process of Supervisory Board; The recommendations and proposals of the Supervisory Board are recorded and implemented by the Board of Management, Board of Directors, and the managers.

4.4 THE EXECUTIVE BOARD REPORT 2019

EXECUTIVE BOARD

Ms. LUONG THI HUONG GIANG- General Manager

Year of birth: 1967 Nationality: Vietnamese

Qualifications

Pharmacist (Ho Chi Minh City University of Medicine and

Pharmacy). Master of Management (University of Bruxelle - Belgium)

Mission

- Build vision, mission, core values, long-term goals.
- Develop the general development strategy of the Company.
- Orient the departments to build goals and targets to ensure the achievement of common goals.
- Manage and operate general activities of the whole Company.
- Orient the departments to build the system of processes and regulations and Ensure the management system is updated and operated effectively.
- Build operation control system for the Company.
- Orient to build corporate culture foundation.
- Monitor construction progress, business production and activities and new product options on factories.
- Perform other rights and duties as prescribed by law, the company's Charter and the Board's decisions.



Ms. LUONG THI HUONG GIANG General Manager

Mr. NGUYEN VAN HOA - Deputy General Manager

Year of birth: 1967

Qualifications:

Mission

Nationality: Vietnamese

Bachelor of economics majoring in accounting (Hanoi University Commerce)

- General management of all activities of the Finance Accounting Division.

- Analyze and develop long-term, medium-term and short-term financial strategies.

- Supervise the implementation of strategic objectives of the Finance -Accounting Division.

- Manage cash flow and general budget plans of the Company.

- Build a strict control system of revenue and expenditure accordance with regulations.

 Supervise the process of implementing the Resolutions and Decisions of the Board Management.

- In charge of public relations and information disclosure.

- Supervise the implementation and effective control of marketing and communication activities of the Company.

- Cooperation and foreign relations with financial investment units to bring effective financial resources for the Company.

- Perform other rights and duties as prescribed by law, the company's Charter and the decisions of Board of Management.



Mr. NGUYEN VAN HOA Deputy General Manager

Mrs. PHAM NGOC TUYEN - Chief accountant

Year of birth: 1967 Qualifications:

Nationality: Vietnamese Bachelor of economics majoring in accounting

Mission:

- Advising leaders in financial management and revenue and expenditure management.
- Develop relevant processes, regulations and regulations on managing revenues and expenditures in accordance with the State's regulations applicable in the Company.
- Assist affiliates to implement the sales policy issued by the Company.
- Closely monitor the debt situation of customers.
- Closely monitor the costs related to the cost of products.
- Supervise the implementation of tax obligations in accordance with State regulations
- Manage the procurement of fixed assets of the Company
- Supervise the implementation of reporting and accounting books according to the regulations of the Ministry of Finance

Working process:

* 1990 - 1993

Working at Dong Thap Medical Import-Export Joint Stock Company Deputy Manager of Accounting Department of Dong Thap Medical

* 1993 - 2000

Import-Export Joint Stock Company
Head of internal audit department
of Dong Thap Medical Import-

* 2000 - 2003

Export Joint Stock Company Chief Accountant of DOMESCO Medical Import-Export Joint Stock

* 1/2004 - Present

Corporation



Mrs. PHAM NGOC TUYEN
Chief accountant



MONITORING APPROACH:

Based on the company's charter and the Regulation on Management, the Board of Management has carried out the inspection and supervision of the Board of Directors through regular meetings, through guidelines, policies and strategies in writing... to implement the plan objectives of the 2019 Annual General Meeting of Shareholders approved.

In addition, through the support activities of the subcommittees, the subcommittee for strategy formulation, compensation and benefit subcommittee, internal audit subcommittee effectively supported the business development strategy, activities of financial management, risk management and especially increasing compliance with the new Code of Conduct and Ethics were issued early in 2019 and implemented throughout the system.

IMPLEMENTATION OF THE STRATEGY

Business Activities

Strategic product development: developing customer care programs, implementing sponsorship and gifts for customers. Product display at Pharmed and Healthcare Vietnam 2019 Exhibition, Golden Crane Wings Awards 2019.

New product development: according to the company's plan 2019.

Promote the Company's brand through the implementation of the program "DOMESCO people use DOMESCO goods"; Participating in Voting National Awards and prestigious Vietnamese brands; continue sponsoring Pharmaceutical bicycle team - DOMESCO Dong Thap; Dong Thap CALYTOS participated in 5 prizes in the first 6 months.

Organize customer conferences for OTC channel customers and seminars, conferences at hospitals where the company won the bid.

Production activities:

Table 02: Production capacity of factories (Million Units)

Factory	tory Plan 2019		Actual	Compare	
		Actual 2019	2018	Plan	YoY
Total	1,945.52	1,485.33	1,774.30	76.35%	83.71%
- Nonbetalactam	1,204.88	944.12	1,147.51	78.36%	82.28%
- Penicillin	342.28	310.67	297.63	90.76%	104.38%
- Cephalosporin	176.40	78.18	153.37	44.32%	50.98%
- Health protection food	185.82	126.32	142.94	67.98%	88.37%
- Pharmaceutical	36.12	26.03	32.83	72.07%	79.28%

The total production output of the factories in 2019 is: 1,485.33 million units, reaching 76.35% of the plan; reaching 83.71% over the same period. The decline in production due

to high inventories at the end of 2018 was due to the need to produce standby stocks for some products out of registration, losing ETC channel, especially Cephalospotrin factory. In addition, the strict control of inventories from the Finance and Accounting Division also reduced the inventory.

The main solutions have been implemented in the period

- Ensuring continuous supply of products for business; Arrange appropriate production plans at each stage of each factory. Optimizing labor productivity and maximizing equipment capacity through activities: planning to deploy continuous production of multiple lots on the same product, reducing the time for cleaning and changing items and time. equipment calibration time, shortening preparation time for equipment assembly thanks to "standard manipulation", improvements to standardize grain size, humidity and standardize stamping stages, reduce downtime through the arrangement of personnel to replace during breaks
- Receiving investment in upgrading machinery and equipment: the new GKF1505 cyst machine, box bundling machine, seal sticking machine and commissioning and putting into operation.
- Maintaining good implementation of GMP, 5S, DMS ... streamlining production, planning monthly cross-checking and scoring between teams. Correcting errors as advised by experts of Abbott.
- Streamlining personnel and training employees to operate more machines to flexibly arrange production plans in the line and prevent replacement of machine operation when needed; to shorten time, increase labor productivity; training on GMP, anti-waste seminars for staff of teams;
- Optimizing product packaging such as changing packaging specifications, package sizes, and latitudes for many products to reduce the number of boxes used and even the number of boxes in the carton for easy control and cost reduction...; Improving the process to shorten production time of some products; increasing lots...
- Developing and standardizing operations during the production process to improve labor productivity and product quality as advised by Abbott experts.
- Deploying production of new products; Deployed to produce 10 functional food products for ABBOTT
- Coordinating with IT department to receive, train and complete updating ERP software information to put into use.

Research activities, registration and product management

 <u>Research</u>: R&D has deployed production and marketed 12 new products; set new product testing standards for 10 products. In addition, the process of appraising procedures, document evaluation, testing activities, stability assessment has been well implemented, rebuilding organization and production management of the new registration, amendment registration, revision registration documents.

- <u>Product registration</u>: there are 49 products that have been granted registration numbers and Announcements; Maintain the validity of registration numbers: 61 products; Completed registration documents: 224 records (reaching 149% of the plan).
- <u>Bioequivalence testing</u>: Products reached bioequivalent testing in 2019: 01 product, 2 products being finalized.

Operation quality management system

- Reasonably arrange the work of checking samples in accordance with the production plan, ensuring the number of samples to return the results within the prescribed time.
- Completing the SOP controlling the system as suggested by the delegation of Abbott experts; develop control parameters in batch records to serve product quality review.
- The Health Food Factory has been certified GMP 25/04/2019.
- The quality system is recertified ISO/IEC 17025: 2017, ISO 9001: 2015, and the quality management system is fully upgrading the system according to GMP-PICS standards by the end of 2019.
- Update standards for raw materials and finished products with registration numbers put into production: 31 standards.
- Installed and used new equipment to replace old ones: IR (using Labsolution software) central database management for QA.

Complete the plan of assessing the skills of the inspectors with 3 tests: loss of weight due to drying, qualifying by infrared spectroscopy, impurities by thin layer chromatography. All participating testers met the requirements.

 For safety - health - environment & quality (EHS) activities: highly appreciated by the expert team, most of them meet 100% domestic standards and 99% according to Abbott international standards. In addition, the company's EHS is highly appreciated through periodic reviews and risk assessments; risk identification; raise awareness for employees and the community.

Financial Activity

- As a result, in 2019, the Company has strived to exceed the target profit after tax by 1.69% in the difficult market situation due to rising raw material costs. Thanks to the support of the internal audit subcommittee, reducing the risk of bad debts arising, the financial indicators grew well, although revenue did not reach as expected.

Human Resource Management

- The company has built a resource development training plan with a variety of programs

to provide specific knowledge and work skills for specific workers. The company has trained 124 times of training courses taught by domestic and oversea lecturers, mainly enhancing professional skills, soft skills training for both business and production. In addition, Abbott Pharmaceutical Group has been sending many delegations of experts in the field of pharmaceuticals to train and support solutions to optimize production and business based on practical conditions of the company, check the performance results after completing 100% excellent training.

 With good results of human resource training and development - Creating a good working environment to promote internal resources and creative emulation. In 2019, DOMESCO continues to be honored as "Enterprise with the best working environment in Asia 2019" organized and certified by HR ASIA Magazine.

4.4.1 Report on business results in 2019

Table 01: Revenue performance 2019 (Unit: Billion VND)

	Items	Actual 2018	Plan 2019	Actual 2019	Actual vs Plan	Growth 2019/2018
Net re	evenue	1,385.09	1,468.00	1,468.39	100.03%	106.01%
-	Manufactured	1,159.55	1,384.67	1,101.31	79.54%	94.98%
-	Trade	225.53	83.33	367.09	440.51%	162.76%

Source: Financial statements 2019

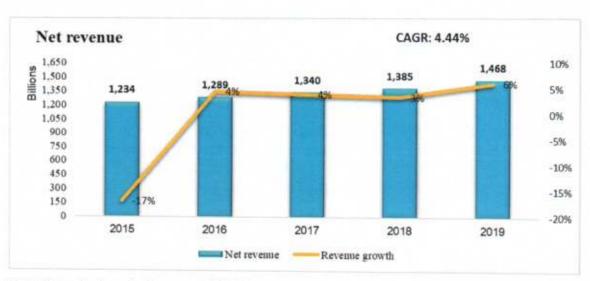
Net sales in 2019 reached the set plan and increased by 6.01% over the same period in 2018.

In 2019, affected by the overall situation of the domestic pharmaceutical market, as well as difficulties in the management of costs, however, take advantage of opportunities as well as the appropriate strategy. The company has successfully completed the revenue plan as well as the profit plan. Profit after tax reached 232.6 billion, exceeding 1.15% of the plan and 1.7% over the same period last year.

16.6% 1,600 1.468 1,468 16.5% 1,400 16.4% 1,200 16,2% 1,000 16.0% 800 15 8% 15,8% 600 15.6% 400 230 233 229 15,4% 200 15.2% Act 2019 Plan 2019 % PAT/ Net revenue Net Revenue Profit after tax

Chart 01: Revenue and profit after tax in 2019

Chart 02: Revenue from 2015 to 2019



4.4.2 Financial analysis report 2019

Table 03: Performance results in 2019 (Unit: VND billion)

No.	Items	Plan	Actual	Actual	Comp	ared
	Kems	2019	2019	2018	Plan	YoY
1	Net revenue	1,468.000	1,468.390	1,385.088	100.03%	106.01%
2	Cost of goods sold	943.308	975.657	896.096	103.43%	108.88%
	% Cost of goods/Net revenue	64.26%	66.44%	64.70%	2.19%	1.75%
3	Gross profit	524.692	492.734	488.993	93.91%	100.77%
	% Gross profit/ Net Revenue	35.74%	33.56%	35.30%	-2.19%	-1.75%
4	Financial income	20.190	20.007	21.072	99.09%	94.94%
	% Financial income/Net revenue	1.38%	1.36%	1.52%	-0.01%	-0.16%
5	Financial expenses	8.605	1.353	2.523	15.73%	53.63%
	% Financial expenses/Net revenue	0.59%	0.09%	0.18%	-0.49%	-0.09%
6	Cost of sales	148.798	145.892	138.615	98.05%	105.25%
7	Enterprise management cost	101.286	79.895	86.455	78.88%	92.41%

No.	Items	Plan Actual	Plan Actual	Actual	Compared	
INO.	items	2019	2019	2018	Plan	YoY
	% Cost of sales + Enterprise management cost/Net revenue	17.04%	15.38%	16.25%	-1.66%	-0.87%
8	Net profit from operating activities	286.193	285.601	282.473	99.79%	101.11%
9	Profit before tax	287.500	290.916	286.090	101.19%	101.69%
10	Profit after tax	230.000	232.635	228.772	101.15%	101.69%
	% Profit after tax/Net revenue	15.67%	15.84%	16.52%	0.18%	-0.67%

Source: Financial statements 2019

The cost/net revenue ratio did not meet the expectation of the plan, increasing by 2.19% and increasing by 1.75% compared to 2018. Accordingly, gross profit also decreased at the corresponding rate, the main reasons are due to:

- + Revenue structure is not as planned.
- + The increase in the price of input materials in production: the price of imported raw materials of some products increased sharply, packaging types increased by more than 5%, etc., resulting in increased product costs.
- + Difficulties from the market on both OTC and ETC channels, resulting in production plans that have not reached the plan, making the cost of goods not reach the optimization level.
- + Investment in upgrading equipment in production, QA and QC leads to an increase in the use of capital and product cost.
- + Increasing salaries and related insurances for employees cause increase labor costs.
- + Energy price increases over the same period

Regarding cost structure: the ratio of selling expenses and administration expenses to net revenue decreased from 16.25% to 15.38% in 2019 ((# 0.87%), mostly reduction in administrative expenses (down 7.59%) because the company applied the reduction policy has reduced the cost. In addition, the reduction of personnel (65 people) due to increased productivity and the reduction of support personnel also contributed to reducing costs.

The result of fulfilling the after-tax profit achieved the plan in 2019 reached 232.6 billion, exceeding 1.15% compared to the plan and up 1.69% over the same period last year. The ratio of profit after tax to net revenue reached 15.84%, exceeding 0.18% of the plan and decreasing by 0.67% over the same period.

Last year, with many fluctuations in input material prices and other costs, the drastic

measures of the Board of Directors and the efforts of all employees contributed to DOMESCO fulfilling its Revenue plan and profit. 4.4.3 Key Financial Indicators

4.4.3 Key Financial Indicators

Liquidity

Table 06: Liquidity ratio 2015-2019

Items	Units	2015	2016	2017	2018	2019
Current ratio	Times	3.7	4.2	3.1	3.7	4.6
Quick ratio	Times	2.3	2.6	2.4	2.9	3.8

The ratio of payments over the years from 2015 to 2109 has always maintained a good level in financial management, ensuring the solvency of the company's debts.

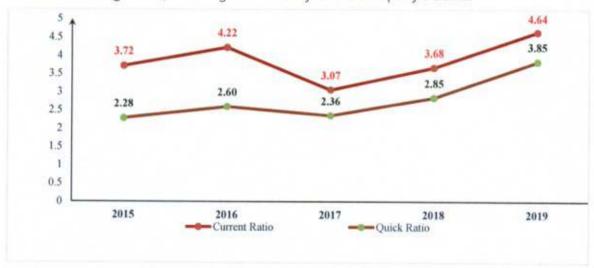


Chart 03: Chart showing solvency for the period 2015-2019

Asset structure: (Billion VND)

Table 04: Asset structure 2015-2019

Table 04. Asset structure 2013-2019							
Items	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019		
Total asset	988.0	1,084.0	1,305.5	1,465.1	1,533.1		
Current asset	720.0	842.9	1,079.2	1,231.7	1,298.5		
Non-Current asset	268.0	241.1	226.3	233.4	234.5		

Source: Audited Financial Report 2015-2019

DMC's total assets increased by 4.6% compared to the beginning of the year, of which short-term assets increased by 66.8 billion VND or equivalent to 5.4%, accounting for 84.7%.



Chart 04: Chart of asset structure over the years 2015-2019

Capital Structure

Table 05: Capital Structure 2015-2019 (Unit: Billion VND)

Items	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019
Total liability	194.7	200.4	352.7	335.5	280.8
Equity	793.3	883.6	952.8	1,129.5	1,252.3
Chartered	267.1	347.3	347.3	347.3	347.3
Capital					

Source: Audited Financial report 2015-2019

The ratio of liabilities accounted for less than 30 percent of the total capital from 2015-2019. In 2019, the ratio of liabilities accounted for 18% of the total capital. As of December 31, 2019, DOMESCO's equity increased from 77.1% to 81.7%, helping DMC's capital structure to be stable, with many resources to implement investment projects on product development for export business in the future. Besides, the debt ratio decreased from 22.9% to 18.3% at the end of 2019.

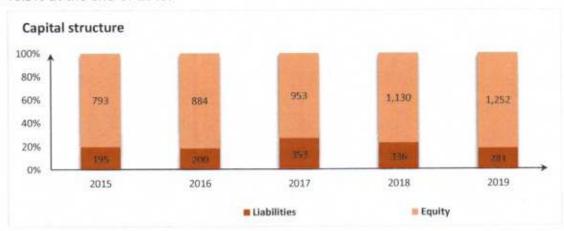


Chart 05: Capital structure chart over the years 2015-2019



Profitability Ratio:

Table 07: Profitability ratio 2015-2019

Items	Unit	2015	2016	2017	2018	2019
ROS	%	11.5%	13.1%	15.5%	16.5%	15.8%
ROE	%	17.8%	19.1%	21.8%	20.3%	18.6%
ROA	%	14.3%	15.6%	15.9%	15.6%	15.2%

In 2019, the company still maintains profitability of over 15%, to achieve this, DOMESCO's effective cost management and operation management. ROE and ROA fluctuated differently but generally decreased compared to 2018, due to the revenue growth rate was not commensurate with the expectation of the asset investment process.

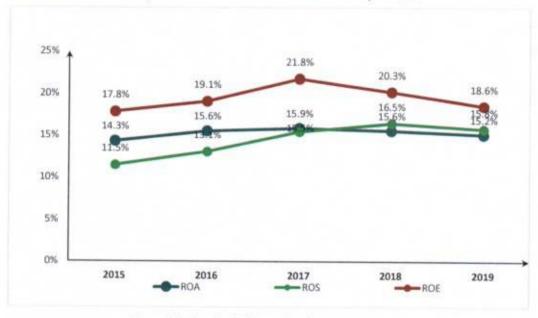


Chart 06: Profitability ratio from 2015-2019

5. STRATEGIC VISION - LEADING THE SUCCESS



5.1 THE MAJOR INDICATORS - FINANCIAL PLANNING 2020

(Unit: Billion VND)

Revenue	Actual 2019	Actual 2020	Growth
Net Revenue	1,468.4	1,430.0	-2.6%
Profit after tax	232.6	232.8	0.1%
ROS	15.8%	16.3%	0.4%





5.2 DEVELOPMENT STRATEGIES 2020

Consolidate market share, develop and expand distribution channels

- + Developing sales and customer care policies that apply to each type of customers and the most stable sales program.
- + Building programs focused to customers who sign contracts and follow the contract schedule.
- + Opening new customers with sales programs to increase coverage with appropriate gifts.
- + Developing clinics, clinic and prescription channels.
- + Organizing Pharmacy Meeting programs with the purpose of creating relationships between branches and customers, building trust for customers, creating favorable conditions for branches to take care of customers.

Consolidating sales staff:

- + Rearranging sales team. The managers often work with each employee to guide, train...
- + Maintaining training courses for sales staff to improve professional knowledge and product knowledge. Improve communication/sales skills. Exchange of mutual experience

learning.

- + Managers monitor, closely monitor and urge the sales team to follow the DMS-one sales route, make full customer visits and have successful orders.
- + Building and developing a strong ETC team

Product development:

- + Develop a key portfolio for each channel: the list needs to focus on bidding, the list is mainly deployed on OTC channel.
- + Set clear goals for each product, each moment, each customer group.
- + Develop the list of clinic service channels in the hospital

Marketing activities:

- + Coordinate with Sales Department and branches to carry out the following activities:
 - 1. Sponsorship for pharmacies;
 - 2. Pharmacy meeting;
 - 3. Sponsor and participate in conferences at hospitals and associations nationwide
 - 4. Perform marketing tasks in accordance with the company's strategic direction
- + Brand promotion: on the sales channels as planned and continuing to sponsor Pharmacy cycling team DOMESCO Dong Thap



6. TRANSPARENT MANAGEMENT - PRESTIGE ENHANCING

CORPORATE GOVERNANCE REPORT

PERSON IN CHARGE OF CORPORATE GOVERNANCE

Mr. Nguyen Duy Tung - Chief Financial Officer

Year of birth: 1969

Nationality: Vietnamese

Qualifications:

Qualifications: Bachelor of Economics majoring in accounting (Ho Chi Minh

City University of Economics)

Bachelor of Laws (Ho Chi Minh City

University of Law)

Mission of the company administrator

- Advise the Board of Management in organizing the General Meeting of Shareholders in accordance with regulations and related works between the company and shareholders.
- Prepare meetings of the Board of Management, Supervisory Board and General Meeting of Shareholders at the request of the Board of Management or Supervisory Board;
- Advise on procedures for meetings.
- Attend meetings.
- Consult on procedures for making resolutions of the Board of Management in accordance with the law
- Provide financial information, copies of minutes of the Board of Management meeting and other information for members of the Board of Management and Supervisory Board.
- Supervise and report to the Board of Management on the information announcement of the company.
- Secure information in accordance with the law and the company's Charter.



Mr. Nguyen Duy Tung Chief Financial Officer

Other rights and obligations in accordance with the law and the company's Charter.

Missions of Chief Financial Officer

- Chief Manage and directing general activities of the Finance Investment and Information Technology department.
 - Plan the financial strategy of the Company.
 - Develop financial plans and procurement investment plans for the entire company.
 - Monitor the implementation of reasonable and valid financial allocations to ensure the operational budget of the company.
 - Manage the organization of bidding for procurement of equipment, materials, construction works...
 - Look for partners for investors to bring about strategic business results.
 - Monitor the implementation of the Company's human resource development goals.
 - Monitor the implementation of the strategic objectives of production and quality management systems.
 - Monitor the goals of sustainable development, energy saving and environmental protection.

Working process:

* 1992 – 1999

Staff - APM Manager - Saigon ship

* 1999 - 2001

Chief Financial Officer of ANDIKA

	Vietnam
* 2001 – 2007	Head of Accounting Department, ERP Project Manager and Handset
* 2007 - 8/2014 * 09/2014 - 02/2015	Manager at Mobile Telecom Center Vice Director of REE Securities Company, Deputy Director of Power & Water Development Project, Investment Director of RNG Fund Management Company - Ree and Gemadept, Deputy Director of REE Electric Company under Refrigeration Electrical Engineering Joint Stock Company REE
* 02/2015 - 06/2017	Assistant General Manager Manager of Financial Management
* 06/2017 - Present	Department and Assistant to General Director Chief Financial Officer and assistant General Director of DOMESCO Medical Import Export Joint Stock Corporation

6.1 SUMMARIZE THE MEETINGS AND RESOLUTIONS OF THE BOARD OF MANAGEMENT IN 2019

In 2019, the Board of Management held 04 direct meetings and 03 written Resolutions of the Board of Management to discuss, decide the direction and measures to carry out activities related to production, business, and investment in accordance with the Company's current regulations, policies and regulations and the law.

Meeting Attendance rate

No	Members of BOM	Title	Numbers of Meetings attended by BOM	Attendance rate	Note
1	Mr. Le Dinh Buu Tri	Chairman	4/4	100%	
2	Ms. Luong Thi Huong Giang	Vice Chairwoman	4/4	100%	
3	Mr. Huynh Trung Chanh	Member	1/1	100%	Term completed
4	Mr. Nguyen Van Hoa	Member	4/4	100%	
5	Mr. Douglas Kuo	Member	4/4 (2 meeting attended by assigned representative)	100%	



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6	Mr. Peter Huang	Member	4/4	100%	
7	Ms. Lee Yoon Kiem	Member	4/4	100%	



BOARD OF MANAGEMENT RESOLUTION

Number Number Resolution Resolution		Number Resolution	
01 /NQ-HĐQT	08/3/2019	Approve the 2019 Credit Limit.	
02/NQ-HĐQT	08/3/2019	- Plan targets 2019	
03 /NQ-HĐQT	08/3/2019	-Time and venue for the Annual General Meeting of Shareholders 2019	
04 /NQ-HĐQT	08/3/2019	 Approve the operation reports 2018. Financial plan 2019. Report on implementation of the BOM Resolution until December 31, 2018 	
05 /NQ-HĐQT	01/4/2019	- Approve the organizational structure chart of the Company	
06 /NQ-HĐQT	10/4/2019	 Approve the support regime to Pharmacist Huynh Trung Chanh Former General Director of the Company. 	
07 /NQ-HĐQT	29/4/2019	- Total salary fund in 2019	
08 /NQ-HĐQT	20/5/2019	- Agree to dissolve Ca Mau Branch of the company	
09 /NQ-HĐQT	15/8/2019	- Terminate the business location of the wholesale drug store 24 at 168 Ngoc Khanh, Giang Vo ward, Ba Dinh district, Hanoi City belongs to DOMESCO Medical Import Export Joint Stock Corporation - Hanoi branch	

Number Number Resolution Resolution		Number Resolution	
10 /NQ-HĐQT	15/8/2019	-The Board of Management approved the documents submitted to the Annual General Meeting of Shareholders in 2019	
11 /NQ-HĐQT	15/8/2019	- Assign titles in the Board of Management for the IV term (2019-2024)	
12 /NQ-HĐQT	15/8/2019	 -Select Ernst & Young Vietnam Co., Ltd. to provide audit services for fiscal year 2019 of DOMESCO Medical Import Export Joint Stock Corporation. 	
13		 Distribution of remuneration for the Board of Management - Supervisory Board, subcommittees under the Board of Management. 	
14 /NQ-HĐQT	29/11/201 9	The list of shareholders exercising the right to receive dividends in 2018 is as follows:	

PERCENTAGE OF STOCK OWNERSHIP OF INTERNAL PEOPLE

No	Name of entity/individual	Title	Number of shares owned at the end of the period	Share ownership ratio
	Le Dinh Buu Tri	Chairman of BOM	0	
1	Representing SCIC's capital at DOMESCO		7,835,404	22.56%
2	Luong Thi Huong Giang	Vice-chairwoman cum Deputy General Manager	0	
3	Huynh Trung Chanh	Member of BOM	0	0.00%
4	Nguyen Van Hoa	Member of BOM cum Deputy General Manager	0	0.00%
	Representing SCIC's capital at DOMESCO)	3771	12.15%
5	Peter Huang	Member of BOM	0	
6	Lee Yoon Kiem	Member of BOM	0	
7	Douglas Kuo	Member of BOM	0	
8	Nguyen Phi Thuc	Head of Supervisory Board	27	0.00%
9	Phan The Thanh	Supervisor	0	
10	Servane Marie Amelie Gorgiard	Supervisor	0	
11	Yap Khin Choy	Supervisor	0	
12	Samuel Timothy Nance	Supervisor	0	
13	Pham Ngoc Tuyen	Chief Accountant	34,234	0.10%
14	Nguyen Duy Tung	CFO currently be in charge of corporate	0	

governance

TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOARD OF MANAGEMENT, SUPERVISORY BOARD, AND BOARD OF DIRECTORS

No	BOARD OF MANAGEMENT	TITLE	TOTAL	NOTE
1	Le Dinh Buu Tri	Chairman of BOM	264,000,000	
2	Luong Thi Huong Giang	Vice-chairwoman of BOM	490,000,000	
3	Huynh Trung Chanh	Member of BOM	194,000,000	
- 4	Nguyen Van Hoa	Member of BOM	392,000,000	
5	Douglas Kuo	Member of BOM	242,000,000	
6	Peter Huang	Member of BOM	242,000,000	
7	Lee Yoon Kiem	Member of BOM	242,000,000	

No	SUPERVISORY BOARD	TITLE	TOTAL	NOTE	
1	Nguyen Phi Thuc	Head of board	310,000,000		
2	Phan The Thanh	Supervisor	120,000,000		
3	Servane Gorgiard	Supervisor	150,000,000		
4	Samuel Timothy Nance	Supervisor	150,000,000	Donated DOMESCO's charity Fund	for
5	Yap Khin Choy	Supervisor	40,000,000		
6	Ho Thi Thu Van	Supervisor	40,000,000		
	Total		2,876,000,000		

6.2 CORPORATE GOVERNANCE REPORT IN 2019

6.2.1 Information Disclosure

In 2019, the Company made timely, accurate and compliant information disclosure. The published content is always posted in English - Vietnamese bilingual on the company's website for easy access of information to foreign investor.

The 6-month and annual management reports are also bilingual in English and Vietnamese, detailing the decisions of the General Meeting of Shareholders, the activities of the Board of Management, the transactions of internal shareholders and related persons, list of internal people and related people.

In addition to the disclosed information, the Company's website is always updated with the

content of DOMESCO's activities for shareholders, customers and partners to access information.

Conducting the Annual General Meeting of Shareholders in 2019

Content	Annual General Meeting of Shareholders 2019	
Announcing the closing date of the list of Shareholders Meeting	3 March 2019	
The closing date of the list of 2019 annual shareholder meetings	2 April 2019	
Date of sending the meeting invitations to all shareholders by registered mail method; also posted on the company's website	10 April 2019	
Conference day	29 April 2019	
Share of shareholders attending the meeting	86.78%	
Date of publication of the Meeting minutes and resolutions	29 April 2019	

The meeting also had the participation of the Representative of the Independent Auditing Company, announcing the audited financial statements of the company in 2018.

Shareholders and their authorized representatives who come after the opening of the General Meeting of Shareholders are still registered and vote immediately after registration,

At the meeting, the Chairman answered questions and provided sufficient information at the request of shareholders. Shareholders discuss and vote on each issue in the agenda of the meeting, the voting is conducted by secret ballot, voting results are announced before the closing of the meeting. The minutes of the General Meeting of Shareholders are recorded accurately, fully and promptly, and are published together with the Resolution of the meeting for HOSE, SSC, the Company's website within 24 hours after the General Meeting of Shareholders.

6.2.2 Risk management report

Establishing Internal Audit Procedures and Risk Management

The Company has developed a Quality Policy, a Code of Compliance and a Code of Conduct and Business Ethics, internal regulations, corporate culture on the basis of compliance with laws and regulations in accordance with the practice as well as the development orientation of the company, as a guideline for all activities and development of the Company.

On that basis, the Company has issued SOP procedures, regulations, guidelines and working procedures to serve as a basis for implementation, specifically as follows:

About business

Provisions on purchasing raw materials for production and business needs, processes for assessing raw material suppliers, processes for trade promotion, regulations on sales, regulations on product inventory, regulations on organization and operations of affiliates ...

About Finance and Accounting

Financial management regulations... regulations on sales, regulations on inventory, Processes of debt management, delivery, collection, payment of sales expenses, process of transferring money via Bank.

Provisions on debt collation and control.

About Investment

Process of purchasing goods and services; Process of implementing construction investment projects; Maintenance process of works, factories ...

ORGANIZATION OF INTERNAL AUDIT SYSTEM AND RISK MANAGEMENT

DOMESCO Internal Audit System Built and Organized Through 03 Protection Levels

Direct control

Based on laws and regulations, processes, regulations, guidelines, internal SOPs, KPIs issued, individuals and departments are responsible for implementing and evaluating the performance of assigned tasks. Head of the department is directly responsible for controlling the implementation process to ensure that the activities of the division fully comply with the laws and regulations of internal processes at the Company.

Activity control

The legal and internal audit department conduct regular, periodic, irregular inspections, thematic inspections and/or control the operational process of individuals and departments in the company to ensure that the compliance at the Company's Compliance Section is also involved in the inspection and supervision of activities arising in the business and accounting process, ensuring the Compliance Rules and Code of Conduct and business ethics are fully and effectively implemented in practice.

Supervise the internal audit subcommittee

Internal audit subcommittee supervises all activities at the Company within the scope of its assigned functions and advises the Board of Management to conduct audits on production, business, and investment and finance activities of the Company, Helping the Board of Management to have an objective detailed assessment of all activities as well as the risks that are likely to affect the implementation of the goals at the company and from there the Board of Management will make suitable policies.

Identify Risks At Company

On the basis of identifying, analyzing and assessing the level of risk impacts, the company

has proactively proposed solutions to prevent and minimize the negative impacts of possible risks.

Legal Policy Risks

Content

- The inconsistency in the content of the implementing documents causes difficulties in the application implementation.
- Unclear text content is easy to confuse and difficult to apply.
- Failure to timely update legal documents, not understanding the law will lead to the risk of complaints, lawsuits, and damages due to non-compliance with the law.
- Risk of policy changes and administrative procedures

Target

"Live and work according to the law" and ensure the principle of balance, harmony of legal rights and interests of the Company, shareholders and partners.

Solution

- -Regularly updating legal documents, documents guiding the implementation of specialized management agencies and deploying them to relevant individuals and departments; Conduct training and guidance in the form of direct, online or other appropriate means.
- Update, revise internal regulations, ensure compliance with current laws and real situation.
- Ensure the legality of contracts, transactions, agreements signed between the company and customers.
- Dispatches, notices and documents before being sent to the competent state agency and their cooperation must be reviewed and checked for their suitability and rationality (according to the scope authorized).
- The operations and operations arising in production and business activities are fully consulted by the Legal and Internal Audit Department at the request of the departments.

Market risk

Content

The distribution of sales channels at health facilities with patient beds faces many obstacles due to:

+ The winning bid price is low because the Ministry of Health's Circular 11/2016 on bidding for drugs prioritizes the selection of contractors with low prices that have not focused on product quality. Through each year, the winning bid for drugs at these medical units is getting lower and lower.

- + The state management agency has expanded the national and regional centralized bidding, so the winning bid price has been falling sharply while the price of raw materials has skyrocketed due to tightening environmental management policies in exporting countries. In addition to the product quality policy, the investment in compliance with the new requirements on pharmaceutical management does not coincide with the price of drugs.
- + According to Decree 54/2017 of the Government guiding the implementation of the Bidding Law, private health facilities and hospital pharmacies are purchased at low winning bid prices.
- + The rate of using imported drugs from developed countries at central hospitals is high, making it difficult for domestic enterprises to supply bids. The ratio of supply to the number of winning contracts under the contract is low.

The market share of OTC pharmacies is increasingly competed fiercely due to the fact that many companies are not successful in bidding for OTC market development.

With the development of society and the better quality of life of the people, the needs and consumption habits of customers have markedly changed. Trends in using high-tech products, food products, health-protecting foods, environmentally friendly products are prioritized for use and widely applied information technology in trading activities of goods and payments between customers and the company.

Target

Complete the revenue and profit targets approved by the General Meeting of Shareholders, the Board of Management.

Solution

- Restructure the product portfolio in the direction of focusing on developing high economic values, special products, promoting DOMESCO's strengths.
- Improve packaging designs, invest in equipment, quality of raw materials, and enhance product value to meet customer needs and market weaknesses.
- -Set up a sales strategy into a reasonable bidding channel, criteria for product value and profit are top priority.
- Application of information technology to all production and business activities of the company. The connection and exchange of information in the industrial age between the Parties - the Company - Customers and between departments throughout the company is maintained and developed.
- Focus on training to improve the quality of human resources in sales activities, product research and development, corporate governance... to meet the requirements of company development as well as the successors.

 Improve sales activities in the direction of meeting customer requirements within the framework of law compliance and flexible application of sales policies, internal regulations of the company.

Production risks

Content

- Research and Development play a role in developing new finished drug products, meeting product registration application requirements; biotechnology research, research of raw materials and finished products derived from medicinal materials; formulating and evaluating production processes, participating in the implementation of GMP-WHO at drug plants, developing original production documents; formulating and implementing plans for researching new products, improving processes and receiving new processes and technologies; conducting research, promotion and monitoring of bioavailability (BA) and bioequivalence (BE) of the Company's products. This R&D process is very important for production and business activities because it affects the plan for new product development, product innovation, and bioequivalence product research plan to create advantages in competition for units, projects launch new products in line with the company's commercial plan.
- Regulations on issuing registration numbers for pharmaceutical products and functional foods are increasingly tight, but it still takes a lot of time, costs, and efforts due to inadequate administrative procedures leading to many impacts to production and business activities of the company.
- Risks of input materials for production; Because the main raw materials of Vietnam's pharmaceutical industry have to be imported from abroad, mainly from China and India, China's environmental policy has caused many of its raw material manufacturing factories to operate in a limited manner, causing scarcity and instability of supplies, a sharp increase in raw material prices of some key products of the company.
- Risks of fire and explosion, environmental pollution, labor accidents cause interrupting production activities of the company.

Target

Production activities must meet the market demand, business requirements and improve labor productivity. Ensure continuity in production activities.

Solution

- Research and product development: Actively update the requirements, change product quality standards, market trends in research and development of new products, improve product quality.
- Update, carefully understand the law on the approval and issuance of new registration numbers, extend the product registration number, make the registration file in accordance



with the law, limit the modification of the application according to the opinion of the competent authority, meeting the progress according to the proposed plan.

- Diversify suppliers to be proactive in raw materials, regardless of one or several companies capable of dominating the supply, affecting production plans and selling prices of the company's products.
- Implement many solutions to improve the operating capacity of factories: focus on producing products of high value and profit, invest in modern technology equipment, increase the size of product lots, and maintenance of factory machines and equipment are carried out regularly and continuously.
- Always keep vigilance and raise awareness of each employee in the work of fire prevention and fighting, and labor safety, from the unit, all fire prevention and fighting teams are established and regularly trained and updated on occupational safety. Completely comply with the regulations on waste discharge as well as raising the awareness of environmental protection of each employee.
- Along with the support of the major shareholder ABBOTT on production management to implement solutions to improve the PICs-compliant medicine manufacturing factory, the health-protective food production factory up to GMP standards according to Government's new regulations.

Financial risk

Content

- More than 80% of raw materials for production depend on imports so exchange rate fluctuations have a direct impact on business performance.
- The price of raw materials imported from China and India increases beyond control, resulting in an increase in product prices, which strongly affects the output price of the product.
- Pressure of input costs increases (raw materials, fuels, packages, salaries, insurance costs are calculated on the basis of minimum wages) but the selling price of output products is subject to strict control and management of the competent state agencies, not being updated in time with the increase of the inputs, leading to the serious impact on business performance, this financial risk is a source of other risks.
- The competition between domestic enterprises and foreign companies creates a "war" on sales programs and policies, putting pressure on ensuring financial indicators according to the approved plan. Although the quality is similar or higher than that of imported drugs, with the psychology of favoring goods and foreign drugs leading to the competitiveness of Vietnamese products can only come from drug prices this is a risk that is assessed at a high level leading to smaller and smaller gross profit margins.
- The state budget overspending on the social insurance fund, which affects the payment

progress of the insured health care clients, is slow, resulting in an increase in the capital turnover of the company.

Target

Improve business efficiency and achieve financial targets approved by the General Meeting of Shareholders, Board of Management.

Solution

- -Planning expenses for all activities of the company on a monthly, quarterly and yearly basis and closely monitoring revenues and expenses incurred in order to balance operating budget and proactively manage capital serving production and business needs.
- Actively updating and forecasting foreign currency exchange rate fluctuations, limiting expenses incurred due to exchange rate differences.
- Raw material prices; conducting competitive bids in large quantities to have good prices to meet the production and business needs of the Company; negotiate import plans and payment times to gain certain competitive advantages.
- Develop limits and debt terms applicable to each customer group, periodically check the debt recovery of the pharmacists, limit the provision for doubtful debts and bad debts. Balance customer debt policies with the risk of bad debts so as not to generate bad debts while ensuring stable sales.

7. SUSTAINABLE DEVELOPMENT

7.1 GENERAL INFORMATION ABOUT SUSTAINABLE DEVELOPMENT

General Information About Sustainable Development Report

Reports on Sustainable Development of DMC is built according to the Set of Business Sustainable Indicators Index of VCCI and Vietnam Business Council for Sustainable Development (CSI). Focus areas including Strategic Management - Economy - Environment - Labor & Social Affairs.

The Report also addresses key relevant parties in the company's development strategy including: shareholders - investors, partners - distributors, suppliers, management agencies, customers, Local Community and Workers.

Reporting Period: January 1, 2019 To December 31, 2019 Report Period: Yearly

Scope and Limit of Report: Report Made In The Scope Of Operation Of The DOMESCO Medical Import Export Joint Stock Corporation On The Territory Of Vietnam On Manufacturing, Trading Pharmaceutical - Food... Including Factories In Dong Thap And Branches

Set of indicators (of VCCI) Sustainable Enterprises

Sustainable Development Report Conveys the Message "For the Quality of Life" to the Community Through Responsible Production, Occupational Health Safety, Workers, People's Health Care, Environmental Protection For Community.

Sustainable efforts for economic development (DOMESCO)

GRI 201 - Economic performance: DOMESCO believes that the economic efficiency of an enterprise has a direct impact not only on business continuity but also on employees' living standards. DOMESCO empowers employees from the local community, so they can improve the economic life of their families. In addition, economic efficiency becomes important for potential investors because it shows how DOMESCO develops in terms of revenue and profit, thus creating confidence for potential investors if they want to invest in us

From that, we realize that the impacts are all coming from the indicators: revenue, costs, dividends, taxes, social investments Businesses always focus on monitoring these indicators to promptly capture the performance of the business and devise appropriate business plans.

We control the indices through a strict management system. The information is updated and notified to the management (weekly/monthly/quarterly) in meetings (internal/whole enterprise...).

GRI 202 - Market presence: In addition to the values created by businesses and contributing to the national economy, DOMESCO is also aware of its strong impacts on the local economy, in particular, are the localities where we operate the business, through salaries paid to employees and recruiting management from that local source. The payment of a regulated salary/higher than the region's minimum wage helps to improve people's living

standards, social security, creates income equality between men and women, and helps to create build a sustainable and competitive business brand in the market. In addition, the recruitment of local managers also contributes to building an image of businesses associated with the locality, creating sources of human resources and helping businesses to understand the local requirements.

GRI 204 - Procurement practices: DOMESCO has a policy of selecting suppliers and raw materials, especially from domestic suppliers.

Vietnam's pharmaceutical industry is heavily dependent on raw materials and packages imported from abroad, in which the proportion of imported raw materials and raw materials is about 90%, making many businesses vulnerable to fluctuations in exchange rates and supplies and prices due to environmental impacts. For packaging, promotion materials, advertising ... DOMESCO selected domestic suppliers to ensure the quality of goods.

With a large scale, DOMESCO can easily find and negotiate with domestic and foreign suppliers.

We manage our procurement through the Procurement of goods and services, construction and installation No. 05/QT-TC&DT/DMC dated May 10, 2019 and The procedure of

purchasing assets to maintain the normal operations of the company.

Policy	The procedure of procurement of goods, services, construction and installation No. 05/QT-TC&DT/DMC on May 10, 2019 and the Procedure of asset procurement to maintain the company's regular operation.
Commitment	The purchase of goods, services, construction and installation is reasonable and effective to ensure the regular operation of the company
Objectives/targets	Regulating the implementation of procurement of goods, services and construction to maintain regular operations at DOMESCO including making proposals, approving proposals, procuring and paying throughout the company system, as departments and branches are involved in coordinating in the procurement process, improving efficiency and work progress at the units. All procurement activities must ensure the rationality, efficiency and be reviewed by competent persons, and comply with the provisions of law.
Responsibility	All departments and divisions have needs of procurement
Power	Legal & Internal audit Department, Purchasing Department, Accounting & Investment Department, Sales Department, Material Department are the relevant departments to purchasing.

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Mechanism of receiving and resolving complaints	Follow the standard procedure of the company
Specific programs, actions, projects and initiatives of the year	According to the approved annual plan

An overview of corporate governance practices in 2019

Evaluation mechanism	Result	Adjust or suggest adjustments
According to the evaluation and internal audit of the Legal & Internal Audit Department	Good	No

7.2 SUSTAINABLE DEVELOPMENT ORIENTATIONS AND STRATEGIES CORPORATE STRATEGY MANAGEMENT AND ECONOMIC GROWTH

Focus on the main areas of production and trading of products directly manufactured by the company.

Sustainable growth targets revenue and profit.

Focus on research and development and accelerate the product to market to ensure the competitiveness of businesses to ensure the growth of revenue and profitability of the business.

Produce high-quality, safe and effective products for treatment, contributing to the community's healthy and happy life.

Promote technical innovation, apply solutions to improve labor efficiency, upgrade production systems and quality, apply advanced production techniques and combat waste to reduce capital costs.

Training to improve the management capacity and professional qualifications of technical staff to meet the needs of development and integration.

Continually improve the working environment and enable employees to participate directly in the management process of the business to increase understanding and engagement with the company.

Support startup projects and train succession forces.

ENVIRONMENTAL PROTECTION

Development of the Company goes hand in hand with environmental protection, saving energy and reusing energy, optimizing the use of machinery and equipment, applying clean technology and prioritizing the use of items friendly to the environment.

Completely complying with regulations on occupational safety and sanitation, upgrading EHS standards at the company according to international standards of advanced countries.

Using energy efficiently at all departments, factories and branches through behavioral change and scientific and technical applications.

Complying with environmental impact assessment (EIA) periodically and closely monitoring post-EIA work to take timely measures and minimize negative impacts on the environment.

Training to raise awareness and increase awareness of environmental protection for employees and encourage awareness raising in family and social activities

Step by step apply and deploy solutions to create a green, clean, beautiful and safe working environment throughout the company system.

Issue safety, health, environmental improvement journals and organize many related activities to enrich the understanding and diversify training.

LABOR & SOCIETY

Focusing on the quality of health care and disease prevention programs for workers.

Share, care about colleagues and consciously participate in social activities, share awareness through social work, contribute to local activities.

Promote the application of information technology in management to reduce pressure and improve productivity for employees.

Constantly improving workers' incomes, increasing state budget contributions and participating in local social security processes

COMMUNITY RESPONSIBILITY

POSITIVE PARTICIPATION IN CHARITY SOCIAL ACTIVITIES, SHARING WITH COMMUNITY

With the spirit of solidarity, DOMESSCO's employees JOINTLY contributed "Gratitude" Fund, "Natural disaster prevention" Fund, mobilized the campaign of raising piggy to support difficulties for laborers.

Organizing humanitarian blood donation regularly "DOMESCO drop of love blood - 7th time". Coordinating to organize medical examination and provision of free medicine for poor and near-poor households in the province and other localities. Awarding 2000 health insurance cards to near-poor households in the province.

Financing culture - sports activities of the province with 1.6 billion VND. Visiting and giving gifts to provincial social protection centers, schools for children with disabilities; Sponsorship of provincial humanitarian clinics

Contribute to Nguyen Sinh Sac Study Encouragement fund, award scholarship, give spring gifts, medicine support to the provincial humanitarian clinic, take care of families with

meritorious services to the Revolution, visit and give gifts at Provincial social protection center, sports sponsorship, Donation to Trade Union fund, Gratitude Fund, Disaster Prevention Fund with total cost of nearly VND 1 billion.

7.3 SUSTAINABLE DEVELOPMENT INDICATORS

Administer areas related to sustainable development, development strategy of enterprise related to sustainable development. Publication of information on enterprises

DISCLOSURE OF ENTERPRISE'S INFORMATION

Risk management - Opportunity management is also an activity that DOMESCO leaders pay great attention to and implement thoroughly and regularly. The Company establishes and implements a risk management policy - an opportunity full of steps: identifying, evaluating, measuring, managing, monitoring and reporting to business leaders on solutions to risks – opportunity. Risk- opportunity management contents are promptly deployed to all departments to ensure that the monitoring and control of risks are closely controlled, and opportunities are exploited within each department.

Every year DOMESCO carries out the sustainability report according to the standards of international organizations and always ensures the independence of these reports. The Company also publishes and disseminates the content of sustainability reports on the Company's website and in the media. Through the Company's website, DOMESCO, economic, environmental and social issues are fully informed to shareholders, investors, customers and relevant parties. In addition, the Company regularly organizes conferences and seminars related to sustainable development issues as well as periodically or extraordinarily organizing dialogues with relevant parties on these issues.

MANAGEMENT OF FIELDS RELATED TO SUSTAINABLE DEVELOPMENT

To achieve the goal of sustainable development, DOMESCO plans to develop the company along with environmental and social work. With the motto "Live and work in compliance with the law", DOMESCO strictly complies to policies and regulations related to economic, environmental and social issues. DOMESCO has always been regarded as a typical enterprise by local management agencies, typical of pioneering and compliance, contributing significantly to economic development, environmental protection and social security in locality.

The Company proactively identifies the relevant parties in economic, environmental and social issues, on that basis, discusses and consults with the relevant parties about their interest in sustainable development issues and apply feasible ideas into practical actions that apply effectively in the enterprise. The relevant parties include: customers, suppliers, shareholders and investors, workers, state management agencies, industry associations and local communities.

Identifying from the beginning that integrated management system is a framework, a solid foundation for the sustainable development of enterprises, DOMESCO soon implemented



the application of quality management system, environmental management system, safety and occupational health management system, GPs standards into the operation process. The Company has always updated the application of standards according to the current advanced version, and actively implemented international standards in production and business to optimize all activities of the Company.

Risk-opportunity management is also an activity that DOMESCO's leadership cares about and fully implements in this field, the Company establishes and implements a risk-opportunity management policy including the steps: identifying, evaluating, measuring, managing, monitoring and reporting on key risks- opportunities of all activities. Timely risk-management content is delivered to all departments in a timely manner to ensure that the monitoring and control of risks are closely controlled and opportunities are exploited in each job position.

ASSOCIATE WITH RELATED PARTIES

RELATED PARTIES	APPROACH	TOPICS AND TITLES	DOMESCO RESPONSE	THE VALUES BRING
Customer	Workshops, conferences, se minar, company product fairs, customer conferences, drug information referrals	Product quality, utility and compliance to treatment, benefits of the product, risks of improper use, economy of using good quality drugs at reasonable prices to save family's budget family and society,	Ensuring the quality of the products according to the registered standards during the circulation and resolving all questions and problems arising in the process of distribution and use related to customers	Ensure the brand value of the Company. Maintain the belief of the treatment team and customers about the quality and service attitude Contribute to the growth of revenue and profit of the company Bring stable jobs and income for workers and contribute to the state budget
Shareholder s and investors	Organize the Annual General Meeting of Shareholders, Publish periodically and extraordinarily information on the Website and the mass media in accordance with the regulations of	Transparency of information, financial indicators, company performance, corporate governance system, company development orientation,	Organize the General Meeting of Shareholders, Publish transparent and timely information on all reports and information in Vietnamese and English in accordance with the law.	Having the trust and support of shareholders and investors, especially the two largest strategic shareholders of the company, Abbott and State Capital Investment Corporation. SCIC. Honors and awards from industry agencies

	the listed company. Receiv e and respond to emails and meet face- to-face, respond to investors' inquiries upon request	conflicts of interest	Paying dividends on time as stipulated. Ensure the legal rights of all shareholders	and organizations Trade mark DOMESCO is The brand is highly appreciated by investors and securities companies. Many large foreign investment funds want to join and become a major shareholder when they have the opportunity
Supplier	Transparency in transactions Competition, fairness Quality assurance of goods and services provided	Payment Method long- term cooperation.	Organize the open bidding on the media according to the bidding rules. Regulating the capacity of suppliers to limit risks during contract performance Dialogue and review of winning bidder to confirm the actual capacity before the official contract signing	Ensuring the quality and efficiency of investment projects. The company was honored in the list of 100 quality and prestigious suppliers
Employees	Annual employees' conferences, 1:1 meeting with key managers and employees, trade unions, party committees and youth unions to ensure employees' rights. There is a portal to directly contact the Board of	Remuneration, working environment, responsibilities and benefits, promotion opportunities, training opportunities Development orientation of the company	Comply with labor regulations, ensuring the rights of employees. Improve working environment, issue salary policies for production, support and business divisions.	Average income is over 10 million/person/month There are also other benefits. Employees are encouraged to develop themselves in a career-oriented way and through in-house training and out-of-company training programs. In the past two years, only two cases have required explanation for the working environment

	Directors and the information receiving section			and were explained to employees to understand government and company regulations.
State manageme nt agencies	Periodic, irregular inspection reports of functional agencies. Visits by government leaders and leaders, local aut horities and regulatory bodies are Ministry of Health, Department of Drug Administration, Food Safety Administration, Department of Health and other departments.	Support, coordinate and orient the sustainable development company to contribute to the state budget. Create jobs for employees Comply with the regulations of the governing industry and regulations of the law Contribute to the security and order and social welfare issues of the provincial and the central areas	Comply with laws and regulations of the state, fulfill tax obligations to the state, contribute opinions on industry development, as well as local economic development. Proact ively propose solutions and support agencies in the province.	Merit of the Minister of Finance on the work done well the declaration Emulation flag made outstanding achievements in the movement of the entire people to protect security of the country by Ministry of Public Security The typical enterprise of Dong Thap province.
Industry association	Meetings, seminars, comments on draft documents Many noble titles of the Government and Departments to honor DOMESCO	Positive contribution, information sharing.	Actively participating in activities of associations, departments,	Industry awards, one of the leading pharmaceutical enterprises in Vietnam
Local community	Meetings Through local mass organizations	Share, join hands to contribute to building the community	Actively participating in community activities, medical examination and treatment, delivering health insurance	[PROMOTE AND ADDRESS OF THE PROMOTE ADDRESS OF THE PROMOTE AND ADDRESS OF THE PROMOTE ADD

Identifying from the beginning that integrated management system is a framework, a solid foundation for the sustainable development of enterprises, DOMESCO soon implemented the application of quality management system, environmental management system, occupational health and safety management system, GPs standards into operation process. The Company has always updated the application of standards according to the current advanced version, and actively implemented international standards in production and business to optimize all activities of the Company.

Risk management - Opportunity management is also an activity that DOMESCO leaders pay great attention to and implement thoroughly and regularly. The Company establishes and implements a risk - opportunity management policy including full of steps: identifying, evaluating, measuring, managing, monitoring and reporting to business leaders on solutions to risks – opportunities. Risk – opportunity management contents are promptly deployed to all departments to ensure the close control of risks and exploitation of opportunities in each department.

Ensure satisfaction of consumers

The acquisition of feedbacks from consumers and customers about product prices, quality, designs, services, promotions... in the business process is maintained by the whole company and performed well.

Feedbacks and suggestions from consumers and customers are recorded and solved promptly to ensure customer's satisfaction and trust.

11 branches regularly carry out periodical surveys to get customers' opinions about products and services of the Company. Based on the results of this survey, the Company acquires and constantly improves and enhances the quality of products and services to meet consumer tastes. Most customers are very satisfied with the service and appreciate the quality of DOMESCO products.

Changes in the characteristics of products/services are promptly and clearly communicated to consumers and customers.

Answering customers' information via hotline is maintained well and transparently.

Complying with the ethics in all activities of production and business

The motto "Living and working in accordance with the law", DOMESCO issued Codes, Rules and regulations in the operation and deployment on the action which takes place in DOMESCO. Core values include:

- <u>Compliance</u>: DOMESCO is committed to complying with all Vietnamese laws and applying other laws and regulations to DOMESCO's situation.
- <u>Transparency</u>: DOMESCO makes transparency in every action, in the process of production and business, in communication culture.... in order to raise the value of DOMESCO brand.
- <u>Ethics</u>: DOMESCO maintains and promotes the moral values by acting honestly, with integrity and treats the equity in all activities of daily work. Maintaining honesty, integrity and fairness is upholding the highest ethical values of DOMESCO staff, contributing to maintaining and increasing the sustainability of DOMESCO.

This policy is made available to everyone in the company. For years there have been no cases of corruption and bribery related to the company being detected and dealt with.

7.3.2 Labor - society

100% Employee is contracted by labor contract

Number of Employees Fostering and Improving Skill Levels:

- + Internal training: 61 training courses 4,339 people
- + Training to invite lecturers: 31 training courses 4,416 people
- + External training: 32 training courses 70 people
- + Number of trained staff: 8,500 attendees
- + Number of trained managers: 325 turns of participation

The Company complies with the provisions on employment of enterprises, 100% of employees are signed labor contracts and fully paid insurance in accordance with the law. Wages and insurance premiums are paid on time to ensure the legitimate rights and interests of employees. Regulations on probation and termination of labor contracts, severance allowances... in accordance with the law.

Preferential policies for female employees are always paid attention and provide in-kind visits when female employees are hospitalized during pregnancy, provide allowances for female employees in giving birth, support female employees to raise children postpartum, support female employees in production, International Women's Day bonus 8/3, and Vietnam Women's Day 20/10 bonus.

Every year, the company registers labor regulations with local labor management agencies. Collective labor agreements are built in accordance with the prescribed law, have specific content about wages and are better for employees than the provisions of law. The company always strictly observes the collective labor agreement. Periodically, the company organizes a dialogue with employees under the grassroots democracy regulations to listen to the aspirations of workers and employees in order to have a better adjustment for employees.

The Board of Directors always promotes the learning environment in the enterprise in the following ways: building plans, specific training content for each object; encourage all subjects to study and raise their levels; organize internal and external training courses; funding support for workers going to school if they wish, monitoring, evaluating, recording training results of worker...

Providing health care and welfare for employees

THE COMPANY FULLY IMPLEMENTS THE REGIME OF ENSURING THE SECURITY OF LIFE FOR EMPLOYEES UNDER THE COLLECTIVE LABOR AGREEMENT AND THE PROVISIONS OF THE LAW THROUGH PRACTICAL ACTIVITIES.

- + Perform periodical health exams in 2019 for 1,701 turns of people.
- + Equip uniforms, raincoats, helmets, birthday gifts for employees.
- + Organize physical training and sports activities and the Lunar New Year Festival of the Lunar New Year 2019; organize thematic activities for female employees on the occasion of International Women's Day 8/3. Organizing football festival, golden bell festival to celebrate the 29th anniversary of DOMESCO brand.
- + Implementing bonus regimes for employees to celebrate Vietnam's Doctor's Day 27/2; on the occasion of the founding anniversary of the Company's brand on May 19; on New Year & Lunar New Year.
- + Organizing sightseeing and tourism tours for 854 Employees with good achievements. Support for organizing Team building for the departments (02 times per year).
- + Taking care of children who are the employees of the Company such as organizing fun and giving gifts on the occasion of National Children's Day 1/6, Mid-Autumn Festival; supporting tuition at the beginning of the school year for I4 children; Commending 311 students for good academic achievements and 17 students admitted to universities....
- + Promptly visit and support the difficult circumstances of illness, pleasure.
- +Support for female employees when giving birth legally is 33 cases. Support female employees to work directly in production.
- + Give Tet gifts to employees of the company and retired employees of the company; Visiting and giving gifts to relatives and employees on the occasion of War Invalids listed on July 27 and International Day of the Elderly October 1
- + Mobilizing the movement to raise piggy banks, supporting 18 disadvantaged laborers. Support unexpected difficulties for 06 cases on the occasion of workers' month. Support the construction and repair of houses "DOMESCO shelters".
- + Pig slaughter program to support difficult people.
- + Contest Golden Bell.

- + Exchange mini football.
- + Arts competition.
- + Delicious food contest on November 20.

ASSURANCE ON SAFETY & HEALTH FOR WORKERS

DOMESCO Medical Import Export Joint Stock Corporation always respects the life and happiness of people. With the motto "Health is the most precious capital", DOMESCO sees itself as responsible to do everything to provide people with high quality medicinal products and to live in a clean environment, ensuring the Environment - Occupational Safety & Health for the Employees of the Company and community.

The company is very interested in OSH, cooperated with the Trade Union Executive Board to set up the Council of occupational safety and health including 09 members. In particular, the General Director of the company is the Chairman of the Council, the President of the union is the Vice Chairman of the OSH Council.

In order to strengthen inspection and supervision of occupational safety at the workplace, the company has established a safety and hygiene network with 58 members spread across factories and departments. Based on the provisions of the Law on Occupational Safety and Health, the company has built the operating regulations of the safety hygiene officers and that is the basis for evaluating operational efficiency.

The company has an annual OSH plan. The OSH plan is prepared based on the tasks, production directions, the previous year's OSH plan, the outstanding shortcomings in OSH, recommendations of employees, opinions of trade unions, recommendations of the inspection team.

Every 6 months and every year, the OSH Council shall organize the inspection of the situation of OSH performance in production teams and workshops to assess the overall situation in the OSH division of the unit. OSH inspection is also carried out weekly, monthly, by all workers operating machinery and equipment with labor safety (OSH) cards, and recommendations of workers are recorded fully to report to the Company's leaders. The Board of Directors of the Company always resolves - promptly responds to the recommendations and requirements of employees to ensure OSH for production. The good observance of OSH regulations is always strictly followed by employees. Therefore, there have been no incidents or occupational accidents during recent years.

Every year, the Company organizes inviting external OSH experts to propagate, disseminate and train on labor safety, labor hygiene, fire and explosion prevention, first aid for managers and all employees in the company. All employees who perform jobs with strict requirements on occupational safety are trained and issued certificate by functional units hired by the company. For newly recruited employees, apart from general training on OSH – Fire and explosion prevention and fighting, when assigned to work at machine location, they will be trained intensively on occupational safety of that machine and equipment. These in-depth

training materials have been instructed by the Department of Labor, War Invalids and Social Affairs and the provincial Labor Confederation.

Fully participating in training classes on Fire prevention and fighting work and movements - competitions on FPF organized by the Department of Fire Prevention and Fighting Police Department of the Provincial Police Department.

7.3.3 Environment and environmental protection:

Associated with the Environmental Goals:

To improve business efficiency, reduce costs, and enhance brand reputation in the market, DOMESCO always identifies growing in production – business activities must be attached to protecting the environment. DOMESCO is committed to implementing and complying with the law, preserving the environment, contributing to improving the quality of community life.

The environmental goals defined by DOMESCO include: Energy; Country; Emissions, wastewater and waste. We manage our environmental issues through an integrated management policy, up- to- date information systems to the Board of Directors regularly through periodic reports and reports to local authorities, ensure environmental compliance.

Besides, the application of Abbott's EHS standards, DOMESCO sets targets for reducing emissions, wastewater, waste gas... through KPIs and tracked, monitored and reported on a monthly basis

Motto "Live and Work By Law", DOMESCO Comply with All Environmental Laws. Environmental Administrative Procedures For All Business Production Projects Fully and Strictly Implemented

TOP *

Policy

Company policy settings: "High quality - High efficiency is a vital objective of DOMESCO" This policy is directed by General Director with the meaning QUALITY - EFFICIENCY must be put on the top. The whole officials and workers in the company must comply with their duties seriously and constantly make innovative in operation as follows:

- Improve management to enhance productivity quality and competitiveness.
- Improve product quality by developing innovative advanced technology and high-quality human resources.
- Minimize factors detrimental to the environment, factors affecting safety, occupational health and safety for employees - community to obtain the long-term goal to minimize injuries to employees, reducing environmental emissions, and reducing resource use in all operational aspects.

	 Comprehensive fee reduction in all activities with awareness and practical actions in each job: from the supply, production and business stages to the efficient and rational use of infrastructure, the efficient use of potential resources, energy and protection of environment. Enhancing DOMESCO brand by core values and specific cultural identities within the framework of law and business ethics. Compliance complies with the Procedure for identifying and implementing compliance obligations AT019 Regulations on Monitoring, Measurement, Analysis and Evaluation of AT012/QD
Commitment	Commit to comply with national laws.
Objectives / targets	Reduce energy consumption and reduce the need to use energy, use energy efficiently, towards sustainable development
Responsibility	The General Director is the highest person responsible
Power	All departments throughout the company complies with this policy
Mechanism of receiving and resolving complaints	According to SOP process, regulations.
Specific programs, actions, projects and initiatives of the year	Follow the description below

Energy:

DOMESCO has significant electrical power demand during the manufacturing process. Besides, the company also uses other resources such as FO oil, gasoline... although the amount is insignificant compared to the electricity consumption, it is still one of the factors that have quite a serious impact on the environment.

To help in reducing the negative impact of excessive energy use. We set the goal: "Reduce energy consumption and reduce the need to use energy, use energy efficiently, towards sustainable development." Through encouraging innovation initiatives, regulations to monitor and control the amount of power consumed, encourage employees to save energy, and taking into account the use of solar sources, DOMESCO has successfully reduced electricity consumption and planed the use of renewable energy sources for production and business.

We manage our energy usage through integrated management policy, up-to-date information system to our Board of Directors regularly through periodic reports and conduct

Policy	Energy saving is the goal set out in the DOMESCO Integrated Management Policy: - Minimize the elements detrimental to the environment factors affecting safety, occupational health and safety for workers - community to obtain the long-term goal to minimize injury to employees, reduce emissions to the environment, and reduce resource use in all operational aspects. - Reduce overall cost of all operations by awareness practical actions in each of job: from supply manufacturing, business to rational use of infrastructure efficient use of resources, energy and environmental protection. Processes related to energy management include: - Electrical safety regulation AT031/QD
	 Regulations on the use of electricity CĐ005/QD Propagating energy saving through EHS newsletters, periodic notices.
Commitment	Commit to comply with national laws.
Objectives/targets	Reduce energy consumption and reduce the need to use energy, use energy efficiently, towards sustainable development
Responsibility	The General Director is the highest person responsible Head of Technical Department and Director of Department of Safety, Health Environment & Quality are responsible for energy management
Power	Human resources support and financial resources including Finance Investment Department, Technical Department and Health Environment & Quality
Mechanism of receiving and resolving complaints	3
Specific programs, actions, projects and	THE RESIDENCE OF THE PROPERTY

initiatives of the year

Overview of energy management methods of the company in 2019

Energy consumption	Unit	2017	2018	2019
Production output	Million of product units/year	1,736	1,774	1,485
Power consumption	KJ/year	20,592,000,000	22,140,000,000	19,404,000,000
FO oil consumption	KJ/ year	124,938	147,095	539,430
Use intensity	KJ/ million of product units	11,861,823	12,480,353	13,067.,030

Target:

Reduce energy consumption and reduce the need to use energy, use energy efficiently, towards sustainable development.

In order to reduce energy consumption compared to 2017, from 2018 to 2019, DOMESCO

has applied many innovative initiatives to help save energy and use energy efficiently:

KZ number	Kaizen's name	Before the improvement	After improvement	Effective to bring
KZ 01- 2018	Adjusted operation at the Can Lo wastewater treatment plant to reduce electricity consumption by more than 1,000 KW/month while ensuring quality and processing flow as prescribed.	Data of May 2018 - Electricity:	1. Data of June 2018 - Electricity: 6,084 KWh Data of June 2018 - Flow discharge: 2,178 m³/month - A = 0.31 KWh / m³ 2. Data of July 2018: - Electricity: 6,016 KWh - Flow: 1545 m³/month - A = 0.40 KWh / m³ 3. Data of August 2018: - Electricity: 5,778 KWh - Flow: 2,092 m³/month - A = 0.18 KWh / m³	1. Electricity consumption Electricity consumption decreases on average over 1,000 KW / month 2. The wastewater flow to the factory in months is completely treated; 3. The quality of wastewater reaches QCVN 40: 2011/BTNMT

gas

will

- Going through a Ø 21 - Just open the valve,

gas pipeline for the SBR | automatically supply

KZ 80- 2018	SBR tanks to mix chemicals saves about 103.5 kw/month under operating conditions with low pollution levels today.	for chemical mixing tanks.	locking valve to supply gas to the chemical mixing tank Air compressor will be reserved.	phases. No need for air compressors. - Saving electricity on
KZ 05-	Improved design of pneumatic pipelines for	- Using 40 hp air compressor (30 kw/h)	- Using 5 hp air compressor (3.75 kw/h)	- Reducing 35 hp power consumption corresponding to a reduction of 26.25

Utilizing air

from blowers

2018

water lines to

consumption

26.25

reduce power

by

supply

-Using

supply

air

compressor to pipe connected to the the

kw/h

	kw/h.			
KZ 45- 2019	Making use of Domitazol sugar pot as a Malva star pot, reducing 1 gas tank/4 production lots and reducing star time to 2 hours/1 lot	lot consumes 1.5 gas cylinders Time for a batch of 75 minutes in total (including the time to heat up	cylinders. - Time for a batch of 65 minutes in total (including the time to heat up to heat and malva stars as prescribed by 120 °C/ batch) - After the copy, put the malva in the next cooling pot to be designed more seamlessly and aesthetically. Continuous operation, avoid moving several times during the	batches of malva powder (lot 01- 041119) using 5 gas cylinders → reducing 1 gas cylinder / 04 lots. - 1 batch of malva powder 12 batches, 1 batch reduces 120 minutes, equivalent to 0.25 labor. - Continuous

With many solutions and initiatives to reduce power consumption, DOMESCO has been very successful in reducing electricity consumption in 2019:

Items	Unit	2017	2018	2019
Electricity consumption after tax	VND / year	10,305,752,094	11.420.602.106	9,323,930,491

Some typical programs to save electricity:

In the year 2019, the company is very interested in the use of energy saving and efficiency

(SDNLTK&HQ). Therefore, in the process of designing and operating, the Company has implemented many solutions to save energy and reduce production costs such as:

- In addition to the total galvanometer at the substation, the Company also installs meters for each production workshop and general areas such as lighting, offices, warehouses ... to monitor and evaluate the efficiency of electricity use of workshop, area by day.
- Switching from fluorescent lamps to using LEDs at warehouses and factories, the use efficiency is similar but significantly reducing electricity usage;
- · Install intelligent touch lamps at locations such as toilets, stairwells, etc.
- Installation of inverters for energy-consuming appliances and machines such as HVAC systems in factories and air blowers of wastewater treatment systems, etc.
- · Streamlining equipment operating time to enjoy electricity price differences.
- The factory is clean, good working environment, strict control of products, people as well as energy used to produce the highest efficiency.
- Replacing old air compressors with new air compressors with built-in inverters helps reduce wasted electricity during idle time.
- Regularly issuing notices on saving electricity and water to all workers, regulations on switching on and off time for air conditioning in parts are also clearly specified in SOP CDĐ005/QD "Regulations on using electricity", promptly report to management on the situation of consumption to the weekly management level through monthly meetings by report on monitoring and measurement EHS according to SOP AT012/QD "Regulations on monitoring measurement, analysis and evaluation".

We have a department and a dedicated specialist in charge of energy issues for the whole Company, which regularly checks and evaluates to provide radical solutions to reduce energy consumption.

GRI 303 - Water and wastewater

Is one of the limited resources. In the context of increasing business and production scale, DOMESCO's water demand is increasing. We realize our dependency on water is not small, so we always try to control and save water, recycle water circulation as well as ensure the quality of waste output in the hope of limiting the negative impact on the environment for themselves caused.

We manage our water and wastewater issues through an integrated management system through SOPs, water management and usage manuals, periodic reports to specialized agencies, and updated information to the Board of Directors regularly through annual internal monitoring reports and monthly internal KPI EHS reports.

Policy

Effective water and wastewater management is the goal set out in the DOMESCO Integrated Management Policy:

 Minimize the elements detrimental to the environment, factors affecting safety, occupational health and safety for workers community to obtain the long-term goal to minimize injury to

	employees, reduce environmental emission, and reduce resource use in all operational aspects.
	- Reduce overall cost of all operations by awareness, practical actions in each of job: from supply, manufacturing, business to rational use of infrastructure, efficient use of resources energy and environmental protection. Procedures for water management include: - Regulation on Water use and wastewater discharge AT010/QD - Groundwater Monitoring Process AT004 - Sampling process & quality assessment of wastewater after
	treatment AT013 Propagate saving water through EHS newsletters and periodic notices
Commitment	Commitment to comply with national laws on the management and use of water, compliance with environmental protection related to wastewater.
Objectives/targets	Managing water resources to ensure quality and quantity, meeting production needs. Reduce water consumption, use water efficiently, towards sustainable development
Responsibility	The General Director is the highest person responsible Director of Environment Heath Safety and Quality Department is responsible for water and wastewater management
Power	Human resources support and financial resources including Finance Investment Department, Technical Department and EHS & Quality Department.
Mechanism of receiving and resolving complaints	According to SOP process, regulations.
Specific programs, actions, projects and initiatives of the year	Follow the description below

An overview of corporate governance methods for water and wastewater in 2019

E	valuation m	nechanism	Result	Adjust or suggest adjustments
Make	periodic	environmental	Good	No
monito	ring reports	every 06 months	GOOG	ANY

Water used:

Water is an extremely valuable but never-ending resource, a very important element in human life and an essential element in the production and operation of any business.

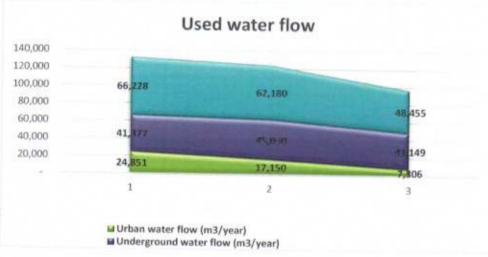
At DOMESCO, in order to ensure sustainable development and maintain continuous production and business activities, DOMESCO determines the water resource management

to ensure quality and quantity, meeting the needs of production as well as living of employees are a prerequisite.

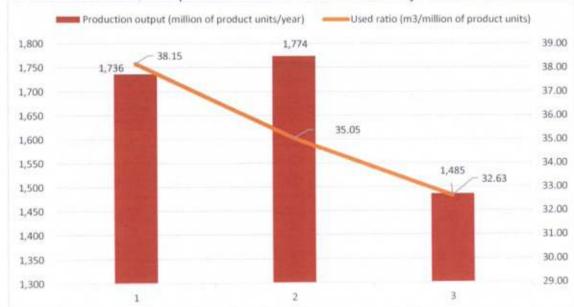
Water source at DOMESCO uses water source of Dong Thap Water Supply and Urban Environment Joint Stock Company (used for cleaning, outside activities) and underground water (treated into deionized water and pure RO for production)

Content	Unit	2017	2018	2019
Production output	Million of product units/year	1,736	1,774	1,485
Urban water flow	m³/year	24,851	17,150	7,306
Underground water flow	m³/year	41,377	45,030	41,149
Total used water	m³/year	66,228	62,180	48,455
Used ratio	m ³ / million of product units	38.14	35.05	32.62

We understand the problem and well manage the use of water sources, so the total amount of water used, groundwater, and water flow in the water supply have decreased significantly year by year.







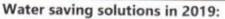
The rate of water use/total production has decreased over the years:

Innovations - saving water in 2019:

To realize the goal of reducing water consumption, DOMESCO has actively implemented water saving solutions in production activities at the unit. These initiatives have been recognized by the Science and Technology Council, in order to motivate, encourage and promote employees' creative ideas in the spirit of Kaizen warriors, contributing to reducing costs and improving efficiency in business performance in the company.

KZ number	Kaizen's name	Before the improvement	After improvement	Effective to bring
KZ 38- 2018	Recovering condensed water of AHU for Chiller Penicillin cooling tower solution by automatic suction mechanism saves about 400m3 of ionized water/year	Condensed water of AHU is discarded.	Condensate water is recovered and reused for cooling towers for chillers to save Ion water from entering the tower	Saving water into the system according to the data displayed on the meter accumulated for 1 year is: 400m3 / year Ensure electrical safety during use because there is no use of electrical equipment to install.
KZ 46-17	Installation of parallel switch for gas supply in case of power outage or power outage during holidays or	-When the power goes off or the electricity is turned off on holidays or at night, the	goes out or the power is turned off, the guard will notify the Director of AT-	

KZ number	Kaizen's name	Before the improvement	After improvement	Effective to bring
	at night without on- duty staff, reducing 2 hours of restarting time at Can Lo wastewater treatment plant	security guard calls the department head. After that, the head of the department directly enters or assigns employees to start the machine, which takes about 2 hours (very inconvenient in the middle of the night) for employees to come home from the company and operate the machine.	buttons, wait 10 seconds for the air blower to work and confirm with the Director of AT-SK-	time of operators in late night situations; - Microbiology works well leading to a stable wastewater treatmen efficiency.





All underground water exploitation works are monitored daily and licensed according to regulations, the monitoring data are reported periodically according to the provisions of the license.

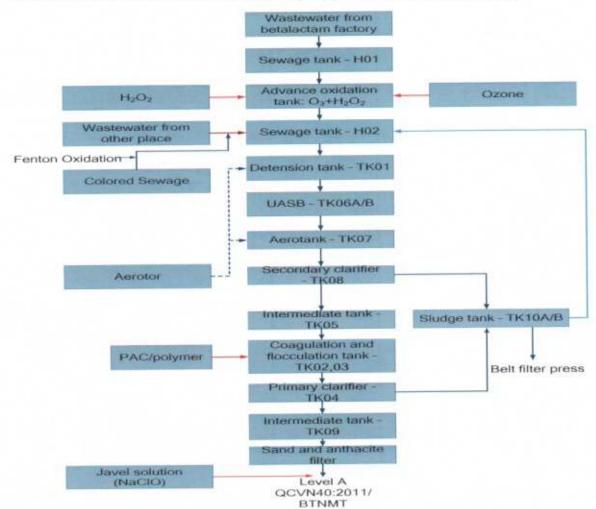
Saving in use of water resources that we always aim to achieve, the Company always raises awareness of water use through propaganda messages, warning labels and savings requirements at all taps in the Company, the implementation of the Behavior based safety report (BBS) encourages reporting of all water leakage incidents, encourages innovation and deserves reward for all employees.

No.	Improvement measures	Note
1	Reuse treated water to water plants	
2	Reuse treated water to wash the sludge press conveyor	
3	Reuse RO water after using the toilet, mixing chemicals for wastewater treatment	

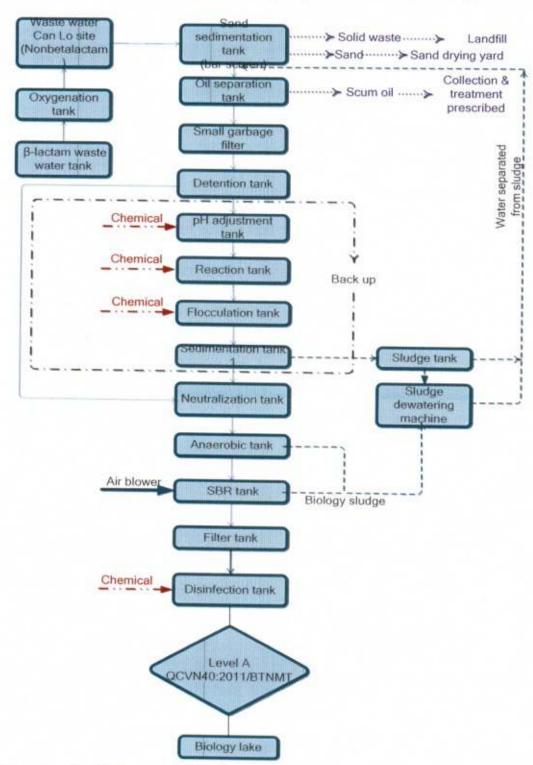
- 4 Condensate recovery of chillers supplied to chillers or exhaust treatment towers
- 5 Collect rainwater supplied for firefighting tank
- 6 Put 1-liter bottle in the toilet to reduce the volume of water when flushing
- 7 Increase lot size to reduce water consumption

At the same time, the management of wasted water discharge at DOMESCO is also strictly managed. Rainwater and roof water are not only reused, but the remaining water has its own collection path and drains into the river through the city's public sewers. All domestic and production wasted water is collected to wastewater treatment systems, treated according to QCVN 40:2011/BTNMT source A before being discharged into receiving sources with the following process:

♣ Wastewater treatment outline with capacity of 100 m³/ day and night



♣ Wastewater treatment outline with capacity of 600 m³/ day and night



The treatment method being applied is physical, chemical and biological.

♣ Quality of wastewater after treatment at the head office

			QCVN		Sampling tin	ne	
No.	Indicators	Unit	40:2011 / BTNMT (level A)	02/11/201	01/11/201 8	16/11/2019	Remar k
1	рН		6-9	8,06	7,86	8,06	OK
2	BOD ₅	(mg/l)	30	15	20	23	OK
3	COD	(mg/l)	75	21	28	38 (RDL=40)	OK
4	Amoniac (calculated by NH ₄)	(mg/l)	5	1,06	0,45	0,20	OK
5	Nitơ total	(mg/l)	20	< 1,91 (MDL=1,91)	3,47	5,32	OK
6	Phosphorus, total (P total)	(mg/l)	4	0,18	0,54	0,18	OK
7	Excessive Chlorine	(mg/l)	1	0,25	0,07	0,09 (RDL=0,13)	OK
8	TSS	(mg/l)	50	< 4 (MDL=4)	< 4 (RDL=4)	12 (RDL=15)	OK
9	Mineral oil	(mg/l)	5	< 1 (MDL=0,1)	KPH (RDL=0,2)	KPH (RDL=0,8)	OK
10	Total phenol	(mg/l)	0,1	0,008	0,027	< 0,0020	OK
11	Total cyanide	(mg/l)	0,07	0,007	0,016	0,0054	OK
12	Coliform	MPN/10 0ml	3.000	43	23	230	OK
13	Arsen	(mg/l)	0,05		-	0,0020 (RDL=0,0030)	OK
14	Lead	(mg/l)	0,1	-	-	0,0017	OK
15	Cadimi	(mg/l)	0,05	-	-	0,00050	OK
16	Mercury	(mg/l)	0,005	-		0,00008	OK

Note:

- RDL: limited reporting of methods
- MDL: limit detection of the method
- KPH: not detected

Quality of wastewater after treatment at Can Lo industrial cluster

No.	Indicators	Unit	QCVN 40:2011/ BTNMT (level A)	02/11/2017	08/11/2018	16/11/2019	Remark
1	рН		6-9	8,25	7,47	8,38	ОК
2	BOD ₅	(mg/l)	30	8	14	14	ОК
3	COD	(mg/l)	75	13	20	20 (RDL=40)	ОК
4	Amoniac (calculated by NH ₄)	(mg/l)	5	1,29	0,84	0,22	OK
5	Nito total	(mg/l)	20	< 1,91 (MDL=1,91)	4,20	4,54	OK
6	Phosphorus, total (P _{total})	(mg/l)	4	0,31	0,14	0,21	OK
7	Excessive Chlorine	(mg/l)	1	0,05 (RDL=0,17)	0,14 (RDL=0,24)	KPH (RDL=0,13)	OK
8	TSS	(mg/l)	50	< 4 (MDL=4)	KPH (RDL=8)	< 5 (MDL=5)	OK
9	Total phenol	(mg/l)	0,1	0,005	0,026	< 0,0020	OK
10	Coliform	MPN/100 ml	3.000	35	KPH (RDL=4)	230	ОК
11	Arsen	(mg/l)	0,05		*	0,0017 (RDL=0,0030)	ОК
12	Lead	(mg/l)	0,1	-21		0,0013	OK
13	Cadimi	(mg/l)	0,05		-	0,00034	OK
14	Mercury	(mg/l)	0,005	12.00	-	0,00007	ОК

Note:

- RDL: limited reporting of methods
- MDL: limit detection of the method
- - KPH: not detected
- The wastewater treatment systems are operated 24/24 hours a day, the operating parameters are updated in the wastewater treatment logbook (the log- book shows the parameters as prescribed as stored. Waste discharge, chemicals used, power consumption and parameters related to output wastewater quality such as pH, BOD, COD etc...). Every month and quarterly, the Center for Natural Resources and Environment Monitoring of Dong Thap Department of Natural Resources and Environment will come to take samples to check the prescribed criteria.

	Wast	ewater vol	ume '	Method of processing	Output effluent quality	Wastewater is	
Place of discharge	2017	2018	2019			reused by another organization 2017	
Headquarters	iquarters 13.454 1		11,000	Physical	Headquarters	13.454	
Can Lo IC	19,721	20,798	20,542	chemistry, biology	Can Lo IC	19,721	

GRI 305 - Emissions

In the context of strong climate change, mankind is facing the risks coming from the effect of greenhouse gases, melting ice, rising sea levels... The relevant parties are asking businesses to explain its responsibilities in these matters. DOMESCO is a pharmaceutical manufacturing enterprise, so the responsibility for creating the greenhouse effect is most evident through the emission issue. We strictly control emissions to ensure an environmentally and community-friendly production process.

We manage our emissions through an integrated management system through SOPs, water management and usage manuals, periodic reports to specialized agencies, updates to The Board of Directors regularly approves annual monitoring reports and internal KPI EHS reports.

Policy	Effective emission management is the goal set out in the DOMESCO Integrated Management Policy: - Minimize the elements detrimental to the environment, factors affecting safety, occupational health and safety for workers - community to obtain the long-term goal to minimize injury to employees, reduce environmental emission, and reduce resource use in all operational aspects. Comprehensive fee reduction in all activities with awareness and practical actions in each job: from the supply, production, and business stages to the efficient and rational use of infrastructure, the efficient use of resources, energy and environmental
	protection. Process and regulations for managing emissions include: - Decision on Waste Control AT007/QD
Commitment	Process and regulations for managing emissions include:
Commitment Objectives/targets	Process and regulations for managing emissions include: - Decision on Waste Control AT007/QD Commitment to comply with national laws on emissions
	Process and regulations for managing emissions include: - Decision on Waste Control AT007/QD Commitment to comply with national laws on emissions management.

	Finance Investment Department, Technical Department and EHS & Quality Department
Mechanism of receiving and resolving complaints	According to SOP process, regulations.
Specific programs, actions, projects and initiatives of the year	Follow the description below

An overview of corporate governance methods for water and wastewater in 2019

	valuation m	nechanism	Result	Adjust or suggest adjustments	
Make	periodic	environmental		Parties 1	
monito	monitoring reports every 06 months		Good	No	

Management of emissions of DOMESCO

During operation and production, DOMESCO always complies with environmental regulations according to ISO 14001:2015.

Pollution prevention and environmental protection measures are always actively implemented by DOMESCO based on compliance with current legal documents, and applying Abbott's EHS standard in operation, combined with the guidance of Local regulatory authority.

In addition to strict management of wastewater treatment, strict control of emission sources is also placed on top of DOMESCO. Weekly, monthly, the responsible management will report the situation through briefings and occupational safety measurement and monitoring reports in accordance with the Company's regulations.

DOMESCO's greenhouse gas emissions are dominated by electricity, oil and transportation vehicles. Emissions from manufacturing plants and ambient air are also regularly monitored.

Name of power source	Unit	2018	2019	
Electricity	Tons of CO 2	5,000	4,393	
Gasoline	Tons of CO 2	29.39	20.80	
DO oil	Tons of CO 2	192.89	195.92	

Emissions from factories containing traces of betalactam, emissions from testing areas at the headquarters and exhaust from boilers at Can Lo IC are treated thoroughly before being discharged into the external environment.

To do that well, DOMESCO contracts with the Center for Natural Resources and Environment



Monitoring of Dong Thap Department of Natural Resources and Environment to take quarterly samples for timely analysis in order to timely guide the adjustment of operation parameters of works. Environmental protection is more appropriate. The analysis results show that 100% of the indicators are below the allowed level.

Emission monitoring results over the years:

Ambient air in the wastewater treatment area at the head office

			QCVN 26:2010/BT	9	Sampling time		Remark
No.	Indicato rs	Unit	NMT and QCVN 05:2013/BT NMT	02/11/2017	01/11/2018	08/11/201 9	
1	Flying dust	mg/m³	0,3	0,06	0,08	0,11	ОК
2	Noise level	dBA	70	62,7	67,2	62,9	ОК
3	со	mg/m ³	30	6,78 (RDL=7,90)	3,65 (RDL=7,90)	4,16 (RDL=7,95)	ОК
4	SO ₂	mg/m ³	0,35	0,084	0,076	0,069	ок
5	NO ₂	mg/m³	0,2	0,017 (RDL=0,022)	0,021 (RDL=0,022)	0,046	ОК
6	H₂S	mg/m³	0,042	0,017 (RDL=0,03)	0,018 (RDL=0,030)	0,11 (RDL=0,02 8)	ОК
7	NH ₃	mg/m³	0,2	0,022 (RDL=0,046)	0,019 (RDL=0,046)	<0,015 (MDL=0,0 15)	ОК

Air in emissions treatment tower of testing area at the head office

No.	Indicators	Unit	Compare with QCVN		Sampling ti	me	Remar k
140.	No. malcators	19:2	19:2009/BTNM T (Column B)	2017	01/11/2018	08/11/2019	
1	CO	mg/m ³	1.000	64	32	30	ок
2	SO ₂	mg/m³	850	-	28	16	ОК
3	Nox	mg/m³	500	-	29	32	ОК
4	HCI	mg/m ³	50	-	0,0016	KPH	ОК

Ambient air at Can Lo industrial cluster:

Location 1:

No	Indicators U	QCVN 26:2010/BTN			Remark		
٠	Indicators	Unit	MT and QCVN 05:2013/BTN MT	02/11/201 7	08/11/2018	08/11/20 19	
1	Flying dust	mg/m	0,3	0,06	0,08	0,11	ОК
2	Noise level	dBA	70	65,4	57,8	55,3	ОК
3	СО	mg/m	30	6,54 (RDL=7,90)	6,15 (RDL=7,90)	3,82 (RDL=7,9 5)	ОК
4	SO ₂	mg/m	0,35	0,088	0,080	0,068	ОК
5	NO ₂	mg/m	0,2	0,023	0,020 (RDL=0,022)	0,039	ОК

Location 2:

No.	Indicators		QCVN 26:2010/BTN		Sampling time		Remar k
		Unit	MT and QCVN 05:2013/BTN MT	02/11/2017	08/11/2018	08/11/2019	
1	Flying dust	mg/m	0,3	0,08	0,09	0,11	ОК
2	Noise level	dBA	70	68,3	62,5	57,6	ок
3	СО	mg/m	30	5,79 (RDL=7,90)	5,84 (RDL=7,90)	3,94 (RDL=7,95)	ок
4	SO ₂	mg/m	0,35	0,097	0,076	0,065	ОК
5	NO ₂	mg/m	0,2	0,021 (RDL=0,022)	0,025	0,042	ок

Boiler waste gas:

		Unit	QCVN		Sampling tir	ne	Remark
No.	Indicators		19:2009 column B	02/11/201 7	08/11/201 8	08/11/2019	
1	Total dust	mg/m3	200	42	48	75	ОК
2	CO	mg/m3	1000	302	173	145	ок
3	NOX	mg/m3	1000	45	43	36	ок
4	SO2	mg/m3	500	118	131	81	ок

GRI 306 - Waste

As a form of contribution to nature conservation, DOMESCO has set a "zero waste landfill" policy to minimize the amount of waste that must be landfilled.

We manage our waste through an integrated management system through SOPs, water management and usage manuals, periodic reports to specialized agencies, updates to the Board of Directors regularly approves the annual monitoring reports annually internal KPI FHS reports

HS reports.	
Policy	Effective waste management is the goal set forth in DOMESCO's Integrated Management Policy: - Minimize the elements detrimental to the environment, factors affecting safety, occupational health and safety for workers - community to obtain long-term goal to minimize injury to employees, reduce environmental emissions, and reduce resource use in all operational aspects. - Reduce overall cost of all operations by awareness, practical actions in each of job: from supply, manufacturing, business to rational use of infrastructure, efficient use of resources, energy and environmental protection. Comprehensive fee reduction in all activities with awareness and practical actions in each job: from the supply, production, and business stages to the efficient and rational use of infrastructure, the efficient use of resources, energy and environmental protection. Process and regulations for managing emissions include: - Decision on Waste Control AT007/QD - QT Hazardous waste management AT018
Commitment	Commit to comply with national laws on waste management
Objectives/targets	Reduce the amount of waste to be buried, towards sustainable development
Responsibility	The General Director is the highest person responsible Director of Department Environment Health Safety is responsible for waste management
Power	Human resources support and financial resources including Finance Investment Department, Technical Department and EHS & Quality Department
Mechanism of receiving and	According to SOP process, regulations.

resolving complaints
Specific programs,
actions, projects and
initiatives of the year

Follow the description below

Overall evaluation relating to methods of administration of waste in 2019 now

Evaluation mechanism		Result	Adjust or suggest adjustments	
Make	periodic	environmental	Cood	
monitoring reports every 06 months		Good	No	

Classification of waste DOMESCO

Waste in the company will be classified into 4 categories as follows:

- 1. Organic waste is easy-to-decompose garbage and can be recycled for use in fertilizing and feeding animals.
- 2. Inorganic wastes are wastes which cannot be used anymore and cannot be recycled but can only be treated by bringing them to garbage burial sites.
- 3. Recycled/reused waste is a kind of inorganic garbage which is difficult to decompose but can be recycled/reused for human use.
- 4. Hazardous wastes (HWs) are wastes containing substances or compounds that have one of the properties causing direct harm (inflammable, explosive, poisoning, corrosive, contagious and hazardous properties), or substance interactions with other substances that are harmful to the environment and human health.

These waste sources are monitored by DOMESCO for classification at source, so as to have appropriate treatment directions:

- Inorganic waste will contract with Dong Thap Water Supply, Sewerage and Environment Co., Ltd to collect and treat and bury at the landfill every day.
- Herbal residues will be composted as fertilizer for plants in the IC
- The waste to sell will be sold to recycling or reuse units within the Company.
- Hazardous waste: this is a source that has a great impact on the environment, so in order to minimize this type of waste, DOMESCO always complies with the treatment according to the regulations as classified by Circular 36/2015/TT- BTNMT, contract with Siam City Cement (Vietnam) Co., Ltd. to transport and handle, the treatment is cotreatment in a cement kiln in Hon Chong.

♣ The amount of waste generated annually

Type of waste	Unit	2017	2018	2019
Hazardous waste	Kg	13,422	20,644	15,258
Waste is not hazardous	Kg	69,033	62,166	57,677



Hazardous waste in 2018 increased more than in 2017 due to the amount of sludge from wastewater treatment process being put into hazardous waste treatment and in 2019 than that in 2018 due to the sludge from wastewater treatment process. The company studied the volume reduction by taking advantage of the heat from the air-conditioned units to dry before processing, bringing a very high efficiency of about 80% reduction in volume.

No.	No. Waste name	Status exists	HW code	Weig	ight (kg / year)		
				2017	2018	2019	
1.	Waste powder	Solid	03 05 09	6577.2	6504.9	6203.1	
2.	Activated carbon used	Solid	03 05 07	1,256	1,212	1150	
3.	Waste contagious	Solid	13 01 01	0	first	0	
4.	Used plastic beads	Solid	12 06 01	118.5	60 157.8	573.5 340	
5.	Waste oil / lubricant	Liquid	17 02 04	20	217.8	62	
6.	Waste toner cartridge	Solid	08 02 04	29.5	34	68.6	

No. Waste name	Waste name	aste name Status exists		Weight (kg / year)		
				2017	2018	2019
7.	Sorbents, filtering materials, rags, waste cloth	Solid	18 02 01	706.9	842.3	849.5
8.	Chemical waste	Liquid	19 05 02	485.2	533	673
9.	Rigid packaging with other materials (composite)	Solid	18 01 04	1,476,2	1,920	2.042
10.	Sludge from wastewater treatment process	Solid	03 05 08	2.437	8.634	2.454
11.	Waste plastic packaging	Solid	18 01 03	118.4	193.5	333.1
12.	Ni-Cd battery	Solid	19 06 02	3.27	5.7	9
13.	Waste soft packaging	Solid	18 01 01	152.5	2	6
14.	Exhaust fluorescent lamp	Solid	16 01 06	58.3	53.7	201.5

Environmental protection costs

Place	Unit	2017	2018	2019
All the people in company	Million VND	1,617	1,812	2,524

The cost of environmental protection of DOMESCO next year is always higher than the previous year, this cost includes treatment of hazardous and non-hazardous waste, however, much focus on investing in upgrading new and modern equipment. More for the operation of environmental protection works according to Abbott standards.

Solutions to minimize the impact of waste:

The company records, evaluates opportunities for waste reduction and takes actions to reduce waste flows through:

- + Reduce the source used to reduce waste (the most priority);
- + Reuse (find opportunities to use materials that have served its purpose for other purposes that are appropriate, legal and feasible;

- + Recycling;
- + Composting;
- + Incineration and recovery of energy;
- + Self-treatment to reduce hazardous waste.

Implementing innovation initiatives to minimize the impact of waste on the environment:

KZ number	Kaizen's name			
KZ 68-2018	Reusing medicinal waste to compost helps to reduce the cost of fertilizer - the care for trees in the industrial cluster by 50% and reduces the cost of treating medicinal waste by 100%			
KZ 61-2018	Using biodegradable plastic bags instead of non-degradable HD foam wrap, reducing costs by 41.46%			
KZ 18-2018	Research and develop a Gradient program that simultaneously identifies 05 active ingredients produced at the Penicillin factory by high-performance liquid chromatography in the control of Betalactam contamination meeting GMP-WHO requirements.			
KZ 44-2018	Recovering reused R22 refrigerant gas to save VND 6,552,000/year			
KZ 11-2019	Utilizing the heat source of the air conditioner to dry waste sludge from the wastewater treatment system, to reduce 80% of the volume, equivalent to reducing the treatment cost by more than VND 7,000,000/month.			

GRI 307, 419 - Environmental, Economic, and Social Compliance

Compliance with the Environmental, Economic and Social laws express the basic responsibility of an enterprise for its impacts. DOMESCO always ensures the highest level of compliance. That helps us assert our management capacity, limit remedy obligations, create strengths for business records.

We govern our Compliance with a system of internal governance by SOP, regulations, regulatory reports to the authorities, updated information to the Board of Directors regularly through meet week, month, quarter and year.

Policy	In order for all officials and workers to be creative in serving customers' satisfaction, minimize the impact on the environment and occupational health and safety; The company set the policy: "High quality - High efficiency is the vital goal of DOMESCO", this policy is directed by the General Director to
	implement with the meaning of QUALITY - EFFICIENCY must put on top. All officials and employees in the Company must

Commitment Objectives / targets Responsibility	perform their duties as well as be seriously creative in the following activities: Improving management to improve productivity - quality and competitiveness. Improve product quality by developing innovative advanced technology and high-quality human resources. Minimize factors detrimental to the environment, factors affecting safety, occupational health and safety for employees community to obtain the long-term goal to minimize injuries to employees, reducing environmental emissions, and reducing resource use in all operational aspects. Comprehensive fee reduction in all activities with awareness and practical actions in each job: from the supply, production, and business stages to the efficient and rational use of infrastructure, the efficient use of resources, energy and environmental protection. Enhancing DOMESCO brand by core values and specific cultural identities within the framework of law and business ethics. Commit to comply with national laws There are no complaints about Environment, Economy, Society towards sustainable development The General Director is the highest person responsible Director of Environment Health Safety & Quality is responsible for managing environmental compliance
	Head of Legal & Internal Audit Department is responsible for managing the social and economic compliance
Power	All sections in the company
Mechanism of	According to SOP process, regulations.
receiving and resolving complaints	

Overall assessment of management practices for compliance activities on the environment, economy and society of the enterprise in 2019

Evaluation mechanism	Result	Adjust or suggest adjustments
Make periodic environmental monitoring reports every 06 months	Good	No

In 2019, we will not detect any violations of the law from the economic, environmental and social aspects. We will and will continue to make every effort to control our compliance to build a responsible and reputable corporate image.

ENVIRONMENTAL PROTECTION ACTIVITIES - OCCUPATIONAL SAFETY - LABOR SAFETY - FIRE EXPLOSION PREVENTION AND FIGHTING IN THE COMPANY



There is a separate functional department in charge of environmental protection EHS.

Maintaining the post-environmental impact assessment report in the operation process for all areas, ensuring that all areas with environmental impacts are strictly in compliance with environmental laws; maintain assessment activities in compliance with legal requirements and other requirements on the environment - occupational health and safety.

Invest fully in equipment to handle and respond to environmental incidents. The incident handling and response plans are regularly reviewed, updated, trained and rehearsed to ensure the best handling and response to incidents.

Create good relationships with surrounding people, mobilize people to join hands to protect the environment; maintaining periodic reviews of surrounding people about the environment in order to promptly overcome them, ensuring not polluting the surrounding environment.

Implementing production safely - effectively - economically. Regularly monitor and remind to warn against fire safety in electricity-welding-lathing activities...

Strictly monitor the application of safety standards such as requiring work permits for jobs with high safety requirements, hazardous energy control, requirements for working in confined spaces, working on high altitudes, spill prevention, safe vehicle operation, waste disposal supplier assessment, underground storage tank management, machine protection program, contractor management...

Regularly sharing newsletters about Environmental protection - Occupational health and safety - Occupational safety - Fire and explosion prevention and fighting to all sections of the company to propagate and raise the awareness of employees on environmental protection, labor safety...

Continuing to develop and rehearse plans for combating spills of chemicals and hazardous substances; maintain the rehearsal of the unexpected fire prevention plan in order to create a timely response for all employees to handle the fire incidents in response to the fire incidents.

Protection and use of national resources:

- -The company uses efficiently, reasonably, economically and in accordance with the land planning assigned and managed by the State, without wasting land resources.
- -The exploitation of underground water for production and business is monitored and supervised daily. All projects are licensed to exploit and discharge properly. The monitoring and discharging data are made public through annual reports for people and agencies to monitor in accordance with the Law on Environmental Protection. Every year, the inspection and supervision agencies confirm that DOMESCO complies with environmental laws and regulations.

Responsibility for products on the market

THE COMPANY IS VERY INTERESTED IN PRODUCT QUALITY ON THE MARKET, ALWAYS WISHES CONSUMERS AND CUSTOMERS USE PRODUCTS WITH HIGHEST QUALITY

Process of Pharmaceutical Alert

Comply with the receipt and reporting of adverse drug reactions produced or imported by the company. Update and disseminate to the branches harmful reactions informed from state management agencies, foreign countries and customers. In order to monitor the safety of the drug during the circulation, aim to ensure the safe and rational use of the drug.

-Process of product recall.

To ensure the thorough and effective recovery of low standard/substandard products.

-The process of checking and handling returned items

To ensure all returned goods are accurately, quickly and properly inspected.

- Process in solving claims and customer satisfaction assessment.

In order to promptly detect errors in services to customers, propose improvement measures to satisfy customer requirements and at the same time show customers that the company really cares about customer care and find the optimal way to improve customer service.



8. BASE FOR REACHING OUT

FINANCIAL REPORT

The financial statements for 2019 have been audited in accordance with Vietnamese accounting standards, corporate accounting regimes and related laws and are attached in the annex of the 2019 Annual Report.

INDEPENDENT AUDIT UNIT

- · Company Name: Ernst & Young Vietnam Limited Company
- · Address: 28th Floor, Bitexco Financial Building, No. 2 Hai Trieu, District 1, Tp. Ho Chi Minh.
- Phone: (+ 84-28) 83824 5252 Fax: (+ 84-28) 83824 5250
- · Website: www.ey.com

INDEPENDENT AUDIT OPINIONS

According to the auditor's report No. 61197154/21094038 dated March 25, 2018 of Ernst & Young Vietnam Co., Ltd.: "In our opinion, the financial statements have reflected honestly and reasonably, in all respects. The Company's financial position as at 31 December 2019, as well as its operating results and cash flows for the year ended, are in accordance with Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System and the legal provisions related to the preparation and presentation of financial statements."

FINANCIAL REPORT

Full information of 2019 Financial Statements, Shareholders and Investors can visit the following websites:

Vietnamese: https://DOMESCO.com/pdf/dmc-bctc-kiemtoan-2019 en 1585563312.pdf

English: https://DOMESCO.com/pdf/dmc-financial-statement-audited-2019 en 1585563312.pdf

CONGTY

XUAT NHAP KHÂU

DOMESCO

Cao Lanh City, April 18, 2020

GENERAL MANAGER

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Luong Thi Huong Giang