

**MEKOPHAR CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

**Audited financial statements
for the fiscal year ended 31 December 2023**



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THE BOARD OF DIRECTORS' REPORT

The Board of Directors of Mekophar Chemical Pharmaceutical Joint-Stock Company (briefly called "the Company") has the pleasure in presenting this report and the audited financial statements of the Company for the fiscal year ended 31 December 2023.

1. General information

Mekophar Chemical Pharmaceutical Joint-Stock Company is operating under the Business Registration Certificate No. 0302533156 on 08 February 2002, and the 21st amendment Business Registration Certificate dated 21 November 2023 issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Company at 31/12/2023 and at 01/01/2023 is VND 255,458,670,000 equivalent with 25,545,867 shares which have par value of VND 10,000/ share.

The Company's shares are officially traded on the UPCOM market - the stock exchange of unlisted public companies on the Hanoi Stock Exchange with the stock code MKP according to Decision No. 1072/QĐ-SGDHN issued by Hanoi Stock Exchange on 29 December 2017 and the first trading date was 29 January 2018.

The Company's head office is located at 297/5 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City, Vietnam.

According to Business registration certificate, the Company's business activities are:

- Producing medicine, pharmaceutical chemicals and medical substances;
- Producing other foodstuffs not yet classified in any other category;
- Producing non-alcoholic beverages and mineral water;
- Producing wooden crates for packaging;
- Short-time accommodation;
- Other uncategorized specialized wholesale;
- Retail of medication, medical equipment, cosmetic and hygiene products in specialized stores;
- Wholesale of food products;
- Wholesale of beverages;
- Wholesale of other household uncategorized appliances;
- Wholesale of other machines, equipment and spare parts;
- Commercial introduction and promotion;
- Other uncategorized financial services;
- Doing business in real-estate, land use rights of owner, users or leased land;
- Technical inspection and analysis;
- Other professional practice, science and technology;
- Agency, intermediary, auction;
- Wholesale of cloth, garments and footwear;
- Activities of hospitals, health stations;
- Other medical activities not classified in any category;
- Producing cosmetics, soap, detergent, polish and sanitary finished product.

In the year, the Company's principal activities are producing medicine, pharmaceutical chemicals and medical substances.

2. The members of the Board of Directors, the Board of General Directors and the Board of Supervisors

The members of the Board of Directors, the Board of General Directors and the Board of Supervisors in the fiscal year ended 31 December 2023 and as at the date of this report include:

The Board of Directors

Full name	Position
Mr. Le Anh Phuong	Chairman
Ms. Huynh Thi Lan	Vice Chairman
Ms. Dang Thi Kim Lan	Member
Mr. Satoshi Kawamura	Member
Mr. Dinh Xuan Han	Member
Ms. Nguyen Thi Quynh Anh	Member
Ms. Phan Thi Lan Huong	Member

THE BOARD OF DIRECTORS' REPORT

The Board of General Directors

Full name	Position
Ms. Huynh Thi Lan	General Director
Ms. Dang Thi Kim Lan	Deputy General Director
Mr. Le Anh Phuong	Deputy General Director
Ms. Phan Thi Lan Huong	Deputy General Director

The Board of Supervisors

Full name	Position
Mr. Nguyen Viet Luan	Chief Supervisor
Mr. Nguyen Ba Khoa	Member
Mr. Tran Trung Ngon	Member

Legal Representative

The Legal Representative of the Company during the fiscal year ended at 31 December 2023 and at the date of this report is:

Full name	Nationality	Position
Ms. Huynh Thi Lan	Vietnamese	General Director

3. The Company's financial position and operating results

The Company's financial position and its operating result for the fiscal year ended 31 December 2023 are reflected in the accompanying financial statements.

4. Events subsequent to the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the Notes to the Financial statements.

5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to audit the Company's financial statements for the fiscal year ended 31 December 2023.

6. Statement of the Board of General Directors' responsibility in respect of the financial statements

The Board of General Directors of the Company is responsible for preparing the financial statements which give a true and fair view of the financial position of the Company, as well as of its operation results and its cash flows for the fiscal year ended 31 December 2023. In preparing those financial statements, the Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basic unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error to preparation and presentation of the financial statements.

The Board of General Directors is responsible for ensuring that the proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the Vietnamese Accounting System. The Board of General Directors is also responsible for managing the assets of the Company and therefore has taken the appropriate measures to prevent and detect frauds and other irregularities.

The Board of General Directors confirmed that the Company has complied with the above requirements in preparing the accompanying financial statements.

THE BOARD OF DIRECTORS' REPORT

7. Approval of the financial statements

The Board of Directors hereby approves the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2023, its operation results and cash flows of the Company for the fiscal year ended 31 December 2023 in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements relating to the preparation and presentation of financial statements.

On behalf of the Board of Directors 



LE ANH PHUONG
Chairman

Ho Chi Minh City, 25 March 2024



Công ty TNHH Kiểm Toán AFC Việt Nam
AFC Vietnam Auditing Co., Ltd.

Thành viên tập đoàn PKF Quốc tế
Member firm of PKF International

No: 179/2024/BCKT-HCM.01387



INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders, the Board of Directors and the Board of General Directors
Mekophar Chemical Pharmaceutical Joint-Stock Company**

We have audited the accompanying financial statements of Mekophar Chemical Pharmaceutical Joint-Stock Company ("the Company"), prepared on 25 March 2024, as set out from page 6 to 40, which comprise the Balance sheet as at 31 December 2023, the Income statement, the Cash flow statement for the fiscal year then ended and the Notes to the Financial statements.

The Board of General Directors' responsibility

The Board of General Directors of the Company is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements to preparation and presentation of the financial statements and for such internal control as the Board of General Directors of the Company determines is necessary to enable the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An auditor involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of General Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of audit opinion.

Auditor's opinion

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of Mekophar Chemical Pharmaceutical Joint-Stock Company as at 31 December 2023, and the results of its operations and its cash flows for the fiscal year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements to the preparation and presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT *(cont.)*

Other matter

The financial statements of Mekophar Chemical Pharmaceutical Joint-Stock Company for the fiscal year ended 31 December 2022 had been audited by other auditor and audit firm. These auditors had given an unqualified audit opinion on these financial statements as at 28 March 2023.



PHẠM THỊ NGỌC LIÊN
Deputy General Director
Audit practicing registration certificate
No. 1180-2023-009-1
AFC VIETNAM AUDITING COMPANY LIMITED
Ho Chi Minh City, 25 March 2024

LE HUYNH BAO
Auditor
Audit practicing registration certificate
No. 5449-2021-009-1



BALANCE SHEET

As at 31 December 2023

ITEMS	Code	Notes	31/12/2023 VND	01/01/2023 VND
ASSETS				
A - CURRENT ASSETS	100		785,127,857,643	823,088,333,964
I. Cash and cash equivalents	110	5.1	117,228,834,235	55,550,625,200
1. Cash	111		57,228,834,235	50,550,625,200
2. Cash equivalents	112		60,000,000,000	5,000,000,000
II. Short-term financial investments	120	5.2	40,946,711,100	40,946,711,100
1. Trading securities	121		10,946,711,100	10,946,711,100
2. Provision for diminution in value of held for trading securities	122		-	-
3. Held to maturity investments	123		30,000,000,000	30,000,000,000
III. Short-term receivables	130		56,005,554,266	84,070,449,434
1. Short-term trade receivables	131	5.3	55,992,812,737	106,369,072,155
2. Short-term advances to suppliers	132	5.4	2,554,224,930	11,028,377,720
3. Short-term inter-company receivables	133		-	-
4. Receivable from construction contracts under percentage of completion method	134		-	-
5. Short-term loan receivables	135		-	-
6. Other short-term receivables	136	5.5	1,354,035,403	1,233,755,283
7. Provision for doubtful debts	137	5.6	(3,895,518,804)	(34,560,755,724)
8. Deficient assets pending resolution	139		-	-
IV. Inventories	140	5.7	569,639,956,773	634,649,315,637
1. Inventories	141		588,749,163,422	642,524,835,073
2. Provision for devaluation in inventories	149		(19,109,206,649)	(7,875,519,436)
V. Other short-term assets	150		1,306,801,269	7,871,232,593
1. Short-term prepayments	151	5.8	1,306,801,269	1,971,013,557
2. Deductible VAT	152		-	5,236,869,701
3. Other receivables from State budget	153	5.14	-	663,349,335
4. Transactions to buy, resell government bonds	154		-	-
5. Other short-term assets	155		-	-

BALANCE SHEET

As at 31 December 2023

ITEMS	Code	Notes	31/12/2023	01/01/2023
			VND	VND
B - NON-CURRENT ASSETS	200		755,898,690,398	792,015,304,341
I. Long-term receivables	210		-	-
1. Long-term trade receivables	211		-	-
2. Long-term advances to supplies	212		-	-
3. Paid-in capital in wholly-owned subsidiaries	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Long-term loan receivables	215		-	-
6. Other long-term receivables	216		-	-
7. Provision for doubtful long-term debts	219		-	-
II. Fixed assets	220		56,484,652,142	50,249,477,231
1. Tangible fixed assets	221	5.9	48,723,872,843	41,786,766,269
- Cost	222		287,107,486,945	271,112,721,337
- Accumulated depreciation	223		(238,383,614,102)	(229,325,955,068)
2. Finance leases	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	5.10	7,760,779,299	8,462,710,962
- Cost	228		13,507,253,139	13,507,253,139
- Accumulated amortization	229		(5,746,473,840)	(5,044,542,177)
III. Investment property	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Long-term assets in progress	240		-	27,258,314
1. Long-term work in progress	241		-	-
2. Construction in progress	242	5.11	-	27,258,314
V. Long-term financial investments	250	5.2	691,642,111,275	738,826,325,250
1. Investments in subsidiaries	251		900,000,000,000	900,000,000,000
2. Investment in Joint-venture and associates	252		-	-
3. Investments in other entities	253		24,068,960,000	24,068,960,000
4. Provision for diminution in value of long-term investments	254		(232,426,848,725)	(185,242,634,750)
5. Held to maturity investment	255		-	-
VI. Other non-current assets	260		7,771,926,981	2,912,243,546
1. Long-term prepayments	261	5.8	7,771,926,981	2,912,243,546
2. Deferred income tax assets	262		-	-
3. Long-term equipment, supplies and spare parts	263		-	-
4. Other non-current assets	268		-	-
TOTAL ASSETS	270		1,541,026,548,041	1,615,103,638,305

BALANCE SHEET

As at 31 December 2023

ITEMS	Code	Notes	31/12/2023 VND	01/01/2023 VND
RESOURCES				
C - LIABILITIES	300		280,132,700,247	347,455,258,314
I. Current liabilities	310		114,649,658,837	194,494,792,404
1. Trade accounts payable	311	5.12	25,666,435,983	77,382,569,234
2. Advance from customers	312	5.13	41,086,247,272	34,278,046,782
3. Taxes and amounts payable to State budget	313	5.14	7,359,266,108	18,014,726,709
4. Payables to employees	314		18,161,281,160	19,501,264,441
5. Accrued expenses	315		-	338,318,182
6. Inter-company payables	316		-	-
7. Construction contract payables based on agreed progress billings	317		-	-
8. Unrealized revenues	318		-	-
9. Other current payables	319	5.15	11,200,626,413	28,923,161,173
10. Short-term borrowings and finance lease liabilities	320	5.16	-	8,010,240,000
11. Provision for short-term payables	321		-	-
12. Bonus and welfare funds	322	5.17	11,175,801,901	8,046,465,883
13. Price Stabilization Fund	323		-	-
14. Transactions to buy, resell government bonds	324		-	-
II. Long-term liabilities	330		165,483,041,410	152,960,465,910
1. Long-term trade payables	331		-	-
2. Long-term advance from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Long-term inter-company payables of capital	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenues	336	5.18	165,483,041,410	152,960,465,910
7. Other long-term liabilities	337		-	-
8. Long-term borrowings and finance lease obligations	338		-	-
9. Convertible bond	339		-	-
10. Preferred stock	340		-	-
11. Deferred income tax liabilities	341		-	-
12. Other long-term provisions	342		-	-
13. Scientific and technological development fund	343		-	-

BALANCE SHEET

As at 31 December 2023

ITEMS	Code	Notes	31/12/2023	01/01/2023
			VND	VND
D - EQUITY	400		1,260,893,847,794	1,267,648,379,991
I. Owner's equity	410	5.19	1,260,893,847,794	1,267,648,379,991
1. Owners' invested equity	411		255,458,670,000	255,458,670,000
- Ordinary shares with voting rights	411a		255,458,670,000	255,458,670,000
- Preference shares	411b		-	-
2. Surplus of stock capital	412		409,789,114,458	409,789,114,458
3. Convertible bonds option	413		-	-
4. Other owner's capital	414		-	-
5. Treasury shares	415		(14,487,151,158)	(14,487,151,158)
6. Assets revaluation difference	416		-	-
7. Foreign exchange difference	417		-	-
8. Investment and development funds	418		576,623,174,082	574,559,027,845
9. Enterprise reorganization support fund	419		-	-
10. Other owner's funds	420		-	-
11. Undistributed profit after tax	421		33,510,040,412	42,328,718,846
Undistributed profit after tax brought forward	421a		8,395,912,898	637,794,105
Undistributed profit after tax for the current year	421b		25,114,127,514	41,690,924,741
12. Construction capital sources	422		-	-
II. Non-business expenditure fund and other funds	430		-	-
1. Non-business expenditure fund	431		-	-
2. Non-business expenditure fund invested in fixed assets	432		-	-
TOTAL RESOURCES	440		1,541,026,548,041	1,615,103,638,305

LE THI THU HUONG
Preparer

PHAN ANH TAI
Chief Accountant

HUYNH THI LAN
General Director
Ho Chi Minh City, 25 March 2024

INCOME STATEMENT

For the fiscal year ended 31 December 2023

ITEMS	Code	Notes	2023 VND	2022 VND
1. Revenues from sale of goods and rendering of services	01		891,944,222,392	1,171,119,976,948
2. Deductions	02		92,171,392	1,096,629,754
3. Net revenue from sale of goods and rendering of services (10 = 01- 02)	10	6.1	891,852,051,000	1,170,023,347,194
4. Cost of goods sold	11	6.2	600,641,362,143	799,237,863,221
5. Gross profit from sale of goods and rendering of services (20 = 10 - 11)	20		291,210,688,857	370,785,483,973
6. Financial income	21	6.3	22,365,139,951	14,200,510,181
7. Financial expenses	22	6.4	51,228,016,063	62,405,722,716
- In which: loan interest	23		500,875,192	3,632,252,432
8. Selling expenses	25	6.5	108,463,534,736	151,249,010,926
9. General and administration expenses	26	6.6	126,828,659,552	104,499,776,710
10. Operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		27,055,618,457	66,831,483,802
11. Other income	31	6.7	18,786,223,267	361,632,452
12. Other expenses	32	6.8	2,527,510,205	2,405,772,299
13. Profit from other activities (40 = 31 - 32)	40		16,258,713,062	(2,044,139,847)
14. Accounting profit before tax (50 = 30 + 40)	50		43,314,331,519	64,787,343,955
15. Current corporate income tax expense	51	5.14	18,200,204,005	23,096,419,214
16. Deferred corporate income tax expense	52		-	-
17. Net profit after tax (60 = 50 - 51 - 52)	60		25,114,127,514	41,690,924,741

LE THI THU HUONG
Preparer

PHAN ANH TAI
Chief Accountant



HUYNH THI LAN
General Director
Ho Chi Minh City, 25 March 2024

CASH FLOW STATEMENT

(Indirect method)

For the fiscal year ended 31 December 2023

ITEMS	Code	2023 VND	2022 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Net profit before tax	01	43,314,331,519	64,787,343,955
2. Adjustments for:			
- Depreciation and amortisation	02	10,709,890,505	10,272,264,289
- Provisions	03	27,752,664,268	59,118,964,621
- Foreign exchange (gains)/losses arising from revaluation of monetary accounts	04	43,847,489	(1,063,423,973)
- Profits from investing activities	05	(22,095,392,944)	(12,441,697,745)
- Interest expense	06	500,875,192	3,632,252,432
- Other adjustments	07	-	-
3. Operating income before changes in working capital	08	60,226,216,029	124,305,703,579
- (Increase)/decrease in receivables	09	64,737,145,644	90,317,121,138
- (Increase)/decrease in inventories	10	53,775,671,651	(299,635,024,294)
- Increase/(decrease) in payables (exclude loan interest payables, CIT payables)	11	(50,783,773,776)	38,209,364,215
- (Increase)/decrease in prepaid expenses	12	(4,195,471,147)	(3,657,163,463)
- (Increase)/decrease in business securities	13	-	-
- Interest paid	14	(500,875,192)	(3,632,252,432)
- Corporate income tax paid	15	(29,906,615,134)	(8,863,627,409)
- Other cash inflow from operating activities	16	-	-
- Other cash outflow from operating activities	17	(3,063,102,693)	(3,928,153,000)
Net cash flow from operating activities	20	90,289,195,382	(66,884,031,666)
II. CASH FLOW FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(16,917,807,102)	(12,180,959,407)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	17,500,000	356,842,592
3. Cash outflow for lending, buying debt instruments of other entities	23	(55,000,000,000)	(140,782,978,631)
4. Cash recovered from lending, selling debt instruments of other entities	24	55,000,000,000	310,782,978,631
5. Investments in other entities	25	-	-
6. Cash recovered from investments in other entities	26	-	-
7. Interest earned, dividends and profits received	27	21,563,098,424	12,084,855,153
Net cash flow from investing activities	30	4,662,791,322	170,260,738,338
III. CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from issuing stocks, receiving capital from owners	31	-	-
2. Capital withdrawals, buying treasury shares	32	-	-
3. Proceeds from borrowings	33	14,880,600,000	161,936,667,600
4. Payments to settle loan principals	34	(22,890,840,000)	(227,499,627,600)
5. Payments to settle finance lease liabilities	35	-	-
6. Dividends and profits paid	36	(25,268,221,000)	(20,214,576,800)
Net cash flow from financing activities	40	(33,278,461,000)	(85,777,536,800)

CASH FLOW STATEMENT

(Indirect method)

For the fiscal year ended 31 December 2023

ITEMS	Code	2023 VND	2022 VND
NET CASH FLOWS DURING THE YEAR (50 = 20 + 30 + 40)	50	61,673,525,704	17,599,169,872
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	60	55,550,625,200	37,888,019,980
Effect of exchange rate fluctuations on cash and cash equivalents	61	4,683,331	63,435,348
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (70 = 50 + 60 + 61)	70	117,228,834,235	55,550,625,200

LE THI THU HUONG
Preparer

PHAN ANH TAI
Chief Accountant

HUYNH THI LAN
General Director
Ho Chi Minh City, 25 March 2024

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. BUSINESS HIGHLIGHTS

1.1 Structure of ownership

Mekophar Chemical Pharmaceutical Joint-Stock Company ("the Company") is operating under the Business Registration Certificate No. 0302533156 on 08 February 2002, and the 21st amendment Business Registration Certificate dated 21 November 2023 issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Company at 31/12/2023 and at 01/01/2023 is VND 255,458,670,000 equivalent with 25,545,867 shares which have par value of VND 10,000/ share.

The Company's shares are officially traded on the UPCOM market - the stock exchange of unlisted public companies on the Hanoi Stock Exchange with the stock code MKP according to Decision No. 1072/QĐ.-SGDHN issued by Hanoi Stock Exchange on 29 December 2017 and the first trading date was 29 January 2018.

The Company's head office is located at 297/5 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City, Vietnam.

The Company has the following affiliated units:

No.	Name	Address
1	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	B26-B28-TT17 Van Quan - Yen Phuc New Urban Area, Phuc La Ward, Ha Dong District, Hanoi, Vietnam
2	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company at Danang City	410 Nguyen Tri Phuong Street, Hoang Hoa Tham Ward, Hai Chau District, Danang City, Vietnam
3	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	17A Cach Mang Thang Tam Street, An Thoi Ward, Binh Thuy District, Cantho City, Vietnam
4	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company – Medicine Store 1	D9-10, 143/1 To Hien Thanh Street, Ward 15, District 10, Ho Chi Minh City, Vietnam
5	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	No.1, Alley 69, Yen Xuan Street, Quan Bau Ward, Vinh City, Nghe An Province, Vietnam
6	Representative office of Mekophar Chemical Pharmaceutical Joint-Stock Company at Hanoi	BT-2D (16B-3) - 16, Mo Lao New Urban Area, Mo Lao Ward, Ha Dong District, Hanoi, Vietnam

1.2 Scope of operating activities

The Company operates in the field of production, trading, rendering services.

1.3 Line of business

According to Business registration certificate, the Company's business activities are:

- Producing medicine, pharmaceutical chemicals and medical substances;
- Producing other foodstuffs not yet classified in any other category;
- Producing non-alcoholic beverages and mineral water;
- Producing wooden crates for packaging;
- Short-time accommodation;
- Other uncategorized specialized wholesale;
- Retail of medication, medical equipment, cosmetic, hygiene products in specialized stores;
- Wholesale of food products;
- Wholesale of beverages;
- Wholesale of other household uncategorized appliances;

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

- Wholesale of other machines, equipment and spare parts;
- Commercial introduction and promotion;
- Other uncategorized financial services;
- Doing business in real-estate, land use rights of owner, users or leased land;
- Technical inspection and analysis;
- Other professional practice, science and technology;
- Agency, intermediary, auction;
- Wholesale of cloth, garments and footwear;
- Activities of hospitals, health stations;
- Other medical activities not classified in any category;
- Producing cosmetics, soap, detergent, polish and sanitary finished product.

In the year, the Company's principal activities are producing medicine, pharmaceutical chemicals and medical substances.

1.4 Normal business cycle

Business cycle of the Company is not exceeding 12 months.

1.5 Declaration on the comparability of information on the financial statements

The figures presented in the financial statements for the fiscal year ended 31 December 2023 are comparable to the corresponding figures of the previous year.

1.6 Employees

As at 31 December 2023, the total number of employees of the Company was 661 (31 December 2022: 667 persons).

2. ACCOUNTING YEAR AND ACCOUNTING CURRENCY

2.1 Fiscal year

The fiscal year of the Company is from January 01 to December 31 annually.

2.2 Accounting currency

The Company maintains its accounting records in Vietnamese dong (VND) due to the collect and spending are made primarily by currency VND.

3. ACCOUNTING STANDARDS AND REGULATIONS APPLICATION

3.1 Accounting Standards and regulations application

The Company's financial statements are prepared and presented in accordance with Vietnamese Accounting System issued Circular No. 200/2014/TT-BTC on 22 December 2014, the Circular No. 53/2016/TT-BTC on 21 March 2016 issued by the Ministry of Finance guiding the preparation and presentation methods of the financial statements and Vietnam Accounting Standards.

The Company has applied the Vietnamese Accounting Standards, Accounting System according to Circular No. 200/2014/TT-BTC, Circular No. 53/2016/TT-BTC and other circulars guiding the implementation of accounting standards issued by the Ministry of Finance in Vietnam in relating to the preparation and presentation of financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

3.2 Comply with the Vietnamese Accounting Standards and Vietnamese Accounting System

The Board of General Directors is ensure that complied with the Vietnamese Accounting Standards, Vietnamese Accounting System according to Circular No. 200/2014/TT-BTC, Circular No. 53/2016/TT-BTC and as well as the guiding implementation of Vietnamese Accounting Standards issued by the Ministry of Finance in relating to the preparation and presentation of financial.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation of the financial statements

The financial statements are prepared on the accrual basis (except for information relating to cash flows).

4.2 Foreign currency transactions

In the year, transactions in currencies other than VND during the fiscal year have been translated into VND at exchange rates ruling at the date of the transaction. At the end of the fiscal year, cash in banks, monetary items denominated in foreign currencies are classified as other assets that are converted into VND according to the transfer buying foreign exchange rate of bank prevailing on this date; monetary items denominated in foreign currencies are classified as liabilities that are converted into VND at the selling foreign exchange rate of bank prevailing on this date.

Foreign exchange differences arising during the year from transactions in foreign currencies are recognized in the financial income or expenses. Exchange differences arising from revaluation of monetary items denominated in foreign currencies as at the end of fiscal year after offsetting between increase and decrease difference is recognized in the financial income or expenses.

4.3 Cash and cash equivalents

Cash comprises cash on hand, cash in banks (demand deposits) and cash in transit. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value at the report date.

4.4 Financial investments

Trading securities

Trading securities include stocks and bonds listed on the stock market; securities and other financial instruments held for trading purposes (including securities bought and sold for profit with a maturity of more than 12 months).

Trading securities are recorded at cost, including: Purchase price plus purchase costs (if any) such as brokerage expense, transaction expense, information provision, taxes, and banking fees. The original price of trading securities is determined according to the fair value of the payments at the time of the transaction. Trading securities are recorded at the time when investors have ownership, specifically: Listed securities are recognized at the time of order matching (T+0) and unlisted securities are recorded at the time of official ownership in accordance with the law.

Provision for devaluation in value of trading securities is made for possible loss in value when there is firm evidence of the market value of those securities held by the Company for trading purposes at the time of preparation of the financial statements.

Held-to-maturity investments

Investments are classified as held to maturity when the Company has the intention and ability to hold to maturity. Investments held to maturity include: bank deposits with a term (including treasury bills, promissory notes), bonds, the preferred shares which issued compulsory acquisition at a certain point in the future and loans held to maturity for the purpose of collecting interest periodically and other held to maturity investments.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Investments held to maturity are initially recognized at cost including purchase price and the expenses related to the purchase of investments. After initial recognition, these investments are stated at recoverable value. Interest income from investments held to maturity after the acquisition date is recognized in the Income statement on an accrual basis. Rates enjoyed before the holding is deducted from the cost of acquisition.

When there is strong evidence suggesting that part or all of the investments may not be recoverable and the damage can be measured reliably, the loss is recorded in financial expenses in the year and reduced directly to investment value.

When an investment is liquidated, the difference between the net disposal proceeds and the carrying amount is recognized as income or expense.

Investments in subsidiaries

Investment in a subsidiary is recognized when the Company holds more than 50% of the voting rights and has the right to govern financial and operating policies to obtain economic benefits from the activities of that company. When the Company no longer holds control of a subsidiary, it records a decrease in investment in the subsidiary.

Investments in subsidiaries are initially recorded at cost, and thereafter are not adjusted for changes in the investors' share of the investee's net assets. The cost include the purchase price and costs directly related to the investment. In case of investments in non-monetary assets, the cost of the investment is recorded at the fair value of non-monetary assets at the time they occur.

Provision for loss of investment in subsidiaries are made when the enterprise receiving the contributed capital suffers a loss leading to the possibility of the Company losing capital or when the value of investments in the subsidiary are depreciated in value. The basis for making provision for investment loss is the financial statement of the investee company.

Investments in other entities

Investments in other entities are investments in equity instruments of another entity but the Company does not have control, joint control or significant influence over the investee.

These investments are initially recognized at cost, which includes the purchase price or capital contribution plus any directly attributable costs of the investment. The Board of Management reviews these investments to recognize any provision at the end of the accounting period.

Provisions for loss of investments in equity instruments of other entities are made as follows:

- For an investment in listed shares or the fair value of the investment is reliably determined, the provision is based on the market value of the shares.
- For investments whose fair value cannot be determined at the time of preparing financial statements, provision is made based on the investee's loss with an allowance equal to the difference between the actual contributed capital of the investee and the investor multiplied by the Company's capital contribution ratio compared to the total actual contributed capital of the parties in the other entity.

Increase or decrease in provision for diminution in value of investments in other entities have recorded at the end of the fiscal year, and is recognized in the financial expense.

4.5 Receivables

Trade and other receivables are stated at cost less provision for doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The classifications of receivables are trade receivables and other receivables, which complied with the following principles:

- Trade receivables reflect the nature of the receivables arising from commercial transactions with purchase - sale between the Company and an independent purchaser.
- Other receivables reflect the nature of the receivables arising from non-commercial transactions, and not to be related to the purchase – sale transactions.

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recognised as general and administrative expense in the Income statement

4.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined as follows:

- Materials, goods: comprising all costs of purchase and related expenses directly incurred in bringing the inventories to their present location and condition.
- Finished goods: comprising costs of raw materials, direct labor and general production costs directly related to the production process.
- Work-in-process: including raw materials expenses, direct labor and production expenses.

Net realisable value means the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Company applies the perpetual inventory method of accounting for inventories and the cost is determined on the weighted average method.

Provision for decline of inventories is made for each inventory with the cost greater than the net realisable value. Increase or decrease in the balance of provision for decline of inventories should be set aside at the fiscal year end and is recognized in cost of goods sold.

4.7 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Prepaid expenses of the Company include:

Repairing expenses, tools and equipment

Tools and equipment's has been put into use are amortised to expense under the straight-line method to amortise time not exceeding 3 years.

4.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The historical cost of tangible fixed assets include all the expenses that the Company incurs to get fixed assets by the time the asset is put into a state ready for use. Costs incurred after initial recognition is only recorded as increase in cost of fixed assets if these costs are sure to increase economic benefits in the future by using this assets. The costs incurred are not satisfied conditions are recognized as an expense in the period.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

When selling or liquidating assets, their cost and accumulated depreciation of the assets are written off in the financial statements and any gain or loss which are arising from disposal are recorded in the income statement.

Depreciation of tangible fixed assets which is calculated under the straight-line depreciation method with useful time of the asset is estimated as follows:

	Years
Building and structure	05 – 25
Machinery and equipment	05 – 10
Transportation	05 – 10
Office equipment	03 – 05

4.9 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation.

The historical cost of intangible fixed assets include all the expenses that the Company incurs to get fixed assets by the time the asset is put into a state ready for use. Costs related to intangible assets incurred after initial recognition are recognized as expenses in the period, unless these costs are associated with an intangible asset and increase economic benefits from these assets.

When assets are sold or retired, their cost and accumulated depreciation are removed from the balance sheet and any gain or losses resulting from their disposal are recognized in other income or other expense.

The Company's intangible fixed assets include:

Copyright of stem cells usage

All the actual costs that the Company spent related directly to copyright of stem cells usage. The copyright of stem cells usage of the Company is amortised in 3 years.

Land use rights

Land use rights are all the actual costs that the Company spent related directly to the land use, includes: money spent to have the right to use land, compensation and site clearance expense, leveling, registration fee,... The land use right of the Company is recorded according to cost base and is not amortised.

Computer software

The expenses of purchasing computer software, which is not a part associated with the relevant hardware, will be capitalised. The initial cost of computer software includes all the expenses paid until the date the software is put into use. Computer software is amortised according to straight-line method in 2 - 5 years.

4.10 Construction in progress

Construction in progress presents costs that are directly related (including related interest expenses in accordance with the Company's accounting policy) to assets under construction, machinery and equipment being installed for production, leasing and management purposes as well as costs related to the repair of fixed assets in progress. These assets are stated at cost and are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.11 Accounts payables and accrued expenses

Accounts payable and accrued payable are recognized for amounts to be paid in the future, which are related to the goods and services received. Accrued payables are recorded based on reasonable estimates of the amounts payable.

The classification of liabilities is trade payable, accrued expenses and other payables are in accordance with the following principles:

- Trade payables reflects the payables occurring from the commercial transactions with purchase of goods, services, property and the seller, which is an independent unit with the Company.
- Accrued payables reflect the amounts payable for goods and services received from the seller or has provided to the buyer but not paid due to no or insufficient billing records, accounting records and payable to employees on sabbatical salary, production costs that must be accrued.
- Other payables reflect the payables from non-commercial payables and not relate to the purchase – sale transactions.

4.12 Salary

Salary expenses are determined based on salary, wage and allowances as stated in agreed-upon labor contracts.

4.13 Salary deduction

Social insurance is deducted base on salary under labor contract at a cost of 17.5% and deducted from employees' salaries 8%.

Health insurance is deducted base on salary under labor contract at a cost of 3% and deducted from employees' salaries 1.5%.

Unemployment insurance is deducted base on salary under labor contract at a cost of 1% and deducted from employees' salaries 1%

Trade unions fees deducted on salaries to the cost of 2%.

4.14 Unrealized revenue

Unrealized revenue is an advance revenue mainly consisting of prepayments from customers for one or more accounting periods for asset leasing.

The Company recognizes unrealized revenue in proportion to the obligations that the Company will have to perform in the future. When the revenue recognition conditions are met, unrealized revenue is recognized in the income statement for the period corresponding to the portion that satisfies the revenue recognition condition.

4.15 Owners' equity

Contributed capital of the owner

Capital is recorded according to the amount actually invested by shareholders.

Surplus of stock capital

Surplus of stock capital are recognized at the difference between the issued price and face value of shares when first released, the release added, the difference between the price reissued and the book value of treasury shares and structures the capital of the convertible bond at maturity. Direct expenses related to the issuance of additional shares and treasury shares reissued are reduced Surplus of stock capital.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Treasury shares

When repurchasing shares issued by the Company, the payment including transaction-related expenses is recognized as treasury shares and recorded as a deduction in equity. When re-issuing, the difference between the re-issuance price and the book price of treasury shares is recorded in the item "Equity surplus".

Funds

Funds are set up and used in accordance with the Company's Charter.

4.16 Profit distribution

Profit after corporate income tax is distributed to shareholders after the deduction of funds under the Charter of the Company and the provisions of the law which were approved by the General Meeting of Shareholders.

The distribution of profits to shareholders is considered non-monetary assets and liabilities in net undistributed profit may affect cash flow and ability to pay dividends as profit from revaluation of assets contributed as capital and interest due to the revaluation of monetary items, the financial instruments and non-monetary items other.

Dividends are recognized as liabilities when approved by the General Meeting of Shareholders.

4.17 Revenues

Revenues from sales of goods

Revenues from sales shall be recognized if it simultaneously meets the following five (5) conditions:

- (a) The Company has transferred the majority of risks and benefits associated with the right to own the products or goods to the buyer;
- (b) The Company no longer holds the right to manage the goods as the goods' owner, or the right to control the goods;
- (c) Revenues from sales has been determined with relative certainty. When the contract states that the buyer is entitled to return the purchased products and goods under specific conditions, the Company can only recognize revenue when those specific conditions no longer exist and the buyer is not entitled to return the product ((except for return in the form of exchange for other goods or services);
- (d) The Company has gained or will gain economic benefits from the good sale transaction;
- (e) It is possible to determine the costs related to the goods sale transaction.

Property rental revenue

Property rental revenue is recognized on the principle of allocating the rental amount received in advance in accordance with the rental period

Revenues from rendering services

The revenue of transaction related to the provision of services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. The result of this transaction can be measured reliably when satisfy all four conditions:

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

- (a) Revenue can be measured reliably. When the contract states that the buyer is entitled to return the purchased service under specific conditions, the Company can only recognize revenue when those specific conditions no longer exist and the buyer is not entitled to return the rendering service;
- (b) It is possible to obtain economic benefits from the service provision transaction;
- (c) The work volume finished on the date of making the accounting balance sheet can be determined;
- (d) The costs incurred from the service provision transaction and the costs of its completion can be determined.

Interest

Interest is recognized on an accrual basis, are determined on the balance of cash in bank and the actual interest rate for each period.

Distributed dividends and profits

Dividends and distributed profits are recognized when the Company is entitled to receive dividends or profits from capital contributions. Dividends received in shares are only tracked for the number of additional shares, not the value of shares received.

4.18 Loan expenses

Loan expenses are loan interest and other costs incurred in direct relation to loans of an enterprise.

Loan expenses are recognised as financial expense for the period except where Loan expenses directly related to the construction investment or production of uncompleted assets shall be accounted into the value of such assets (capitalized). The capitalization of Loan expenses shall terminate when the major activities necessary to prepare the uncompleted asset for its intended use or sale are completed.

4.19 Operating lease

A lease is considered an operating lease when the lessor retains most of the benefits and bears the risk of ownership of the asset. Operating lease expenses are recognized in the income statement over the lease term on a straight-line basis over the leasing term.

4.20 Corporate income tax

Corporate income tax expenses for the year comprises only current income tax.

Current income tax

Current income tax is the tax amount is calculated on taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between accounting and tax, non-deductible expenses as well as adjusted income are not taxed and losses be transferred.

Tax settlement of the Company will be assessed by the Tax Department. Due to the application of laws and regulations on taxes for different incurred transactions which can be explained in many different ways, tax payable presented in the financial statements can be immediately changed according to the decision of the tax authorities.

4.21 Segment reporting

A business segment is a distinguishable component that is engaged in providing a product or service and that has its own risks and returns which are different from those of other business segments.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

A geographical segment a distinguishable component that is engaged in providing a product or services in a particular economic environment and that has its own risks and returns which are different from of segment operating in other economic environment.

4.22 Financial instrument

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets of the Company include cash and cash equivalents, customer receivables and other receivables.

At the time of initial recognition, financial assets are determined at cost plus any costs directly transaction of such financial assets.

Financial liabilities

The classification of financial liabilities depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition. Financial liabilities of the Company include payable to suppliers, accrued expenses and other payables.

At the time of initial recognition, except for financial liabilities related to financial leasing and convertible bonds are recorded at cost allocation, other financial liabilities are determined at cost plus costs directly transaction of such financial liabilities.

Amortized cost is determined by the value of the initial recognition of financial liabilities minus principal repayments, plus or minus the cumulative amortization of interest calculated at the actual interest rate method of the difference between the value initially recognized and the maturity value, minus deductions (directly or through the use of a provision) by reducing the value or by irrevocable.

The real interest method is a method of calculating the amortized cost of one or a Company of financial liabilities and amortizing the interest income or interest expense in the relevant period. Real interest rate is the interest rate discounting the cash flows estimated to be paid or received in future during the expected lifetime of the financial instrument or a shorter, if necessary, return to the current book value net financial liabilities.

Owner's equity instruments

Owner's equity instruments are contracts that prove benefits remaining about asset of Company after deducting all of its obligation.

Offsetting of financial instruments

The financial assets and financial liabilities are offset and the net amount is presented on the balance sheet, and if only:

- The Company has the legal right to offset the values were recognized, and
- It intends to pay on a net basis or recognized assets and paid liabilities at the same time.

4.23 Related parties

The parties are related if having the ability to control or significant influence across the decision making of financial policies and operations. Parties are also considered to be related if they are subjected to common control or common significant influences.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The following individuals/ companies are considered as related parties:

Individuals / Company	Location	Relationship
Mekophar Company Limited	Vietnam	Subsidiary
An Sinh Hospital Joint Stock Company	Vietnam	Other related party
Orchids Trading Service Travel Company Limited	Vietnam	Other related party
Nipro Pharma Corporation	Japan	Shareholder
Vietnam Pharmaceutical Corporation	Vietnam	Shareholder
The Board of Directors, the Board of Supervisors, the General Directors		Key members

5. ADDITIONAL INFORMATION TO ITEMS IN THE BALANCE SHEET

5.1 Cash and cash equivalents

	31/12/2023	01/01/2023
	VND	VND
Cash on hand – VND	6,152,806,614	4,472,136,654
Cash in bank – VND	50,328,847,647	45,864,235,062
Cash in bank – USD	724,208,409	192,494,812
Cash in bank – EUR	22,971,565	21,758,672
Cash equivalents (*)	60,000,000,000	5,000,000,000
	117,228,834,235	55,550,625,200

Detail of balance of cash in bank by foreign currency as at 31 December 2023, as follows:

	Foreign currency	Equivalent VND
Cash in bank		
- USD	30,075.10	724,208,409
- EUR	871.12	22,971,565

(**) Cash equivalents are deposits with a term of no more than 3 months deposited at commercial banks with interest rates according to each deposit contracts.

5.2 Financial investments

Financial investments of the Company include trading securities, held-to-maturity investments and investments in other entities, detail is as follows

5.2.1 Trading securities

	31/12/2023			01/01/2023		
	Cost	Provision	Fair value	Cost	Provision	Fair value
	VND	VND	VND	VND	VND	VND
Stock						
Vidipha Central Pharmaceutical JSC (a)	4,070,000,000	-	7,020,000,000	4,070,000,000	-	6,750,000,000
OPC Pharmaceutical JSC (a)	241,461,100	-	1,109,424,000	241,461,100	-	1,271,215,000
Pharmaceutical Packaging JSC	6,635,250,000	-	(*)	6,635,250,000	-	(*)
	10,946,711,100	-		10,946,711,100	-	

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

- (a) The fair value of trading securities is determined according to the closing prices on 29 December 2023 and 30 December 2022 of the Ho Chi Minh Stock Exchange.
- (*) At 31 December 2023 and 01 January 2023, the Company has not determined the fair value of these investments to disclose in the Notes to the financial statements, because there is no listed price on the market and Vietnamese accounting standards, the Vietnamese enterprise accounting regime. There is currently no guidance on how to calculate fair value and use valuation techniques. The fair value of these investments may differ from the carrying amount.

5.2.2 Held-to-maturity investments

	31/12/2023		01/01/2023	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
Short-term				
Term deposit	30,000,000,000	30,000,000,000	30,000,000,000	30,000,000,000
	<u>30,000,000,000</u>	<u>30,000,000,000</u>	<u>30,000,000,000</u>	<u>30,000,000,000</u>

Balance at 31 December 2023 are deposits with a term of 6 months deposited at commercial banks with interest rates according to each deposit contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.2.3 Investments in other entities

	31/12/2023				01/01/2023			
	Ownership and voting %	Cost VND	Provision VND	Fair value VND	Ownership and voting %	Cost VND	Provision VND	Fair value VND
Investments in subsidiaries								
Mekophar Company Limited (a)	100.00	900,000,000,000	(232,426,848,725)	(*)	100.00	900,000,000,000	(185,242,634,750)	(*)
Investments in other entities								
An Sinh Hospital Joint Stock Company (b)	18.34	18,518,960,000	-	(*)	18.34	18,518,960,000	-	(*)
Orchids Trading Service Travel Company Limited (c)	15.00	5,550,000,000	-	(*)	15.00	5,550,000,000	-	(*)
		924,068,960,000	(232,426,848,725)			924,068,960,000	(185,242,634,750)	

- (a) Mekophar Company Limited was established in Vietnam, operating under Investment Certificate No. 413041000084 dated 26 January 2015 issued by the Management Board of High-Tech Park and the Business Registration Certificate No. 0313141915 dated 26 January 2015, the 7th amendment certificate dated 05 June 2019 issued by the Department of Planning and Investment of Ho Chi Minh City. Mekophar Company Limited's Charter capital is VND 900,000,000,000. Mekophar Company Limited's principal activities are producing medicine, pharmaceutical chemicals and medical substance.
- (b) An Sinh Hospital Joint Stock Company was established in Vietnam, operating under Business Registration Certificate No. 0302774433 dated 25 November 2002, the 18th amendment certificate dated 05 July 2022 issued by the Department of Planning and Investment of Ho Chi Minh City. An Sinh Hospital Joint Stock Company's Charter capital is VND 134,400,000,000. An Sinh Hospital Joint Stock Company's principal activities are operations of hospitals and clinics.
- (c) Orchids Trading Service Travel Company Limited was established in Vietnam, operating under Business Registration Certificate No. 0312680625 dated 10 March 2014 issued by the Department of Planning and Investment of Ho Chi Minh City. Orchids Trading Service Travel Company Limited's Charter capital is VND 37,000,000,000. Orchids Trading Service Travel Company Limited's principal activities are short-term accommodation, restaurants and mobile catering services.
- (*) At 31 December 2023 and 01 January 2023, the Company has not determined the fair value of these investments to disclose in the Notes to the financial statements, because there is no listed price on the market and Vietnamese accounting standards, the Vietnamese enterprise accounting regime. There is currently no guidance on how to calculate fair value and use valuation techniques. The fair value of these investments may differ from the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.3 Short-term accounts receivables

	31/12/2023	01/01/2023
	VND	VND
Trade receivables – related parties		
An Sinh Hospital Joint Stock Company	210,985,793	2,514,420,519
Orchids Trading Service Travel Company Limited	-	871,200,000
Mekophar Company Limited	547,301	-
Trade receivables – other parties		
Mekophar Chemical Pharmaceutical Joint Stock Company (Hanoi Branch)	11,641,001,248	12,473,840,317
Tan Tao Industrial Zone Branch (Zuellig)	9,385,514,766	9,385,514,766
Neros Pharmaceuticals Ltd	-	31,720,275,160
Mekophar Chemical Pharmaceutical Joint Stock Company (Cantho Branch)	2,802,017,163	4,837,539,621
Other customers	31,952,746,466	44,566,281,772
	<u>55,992,812,737</u>	<u>106,369,072,155</u>

The Company has mortgaged the right of receivable collection for short-term bank loans (see Notes 5.16).

5.4 Short-term advances to suppliers

	31/12/2023	01/01/2023
	VND	VND
Advances to related parties		
Vietnam Pharmaceutical Corporation	335,160,000	399,000,000
Advances to other suppliers		
Kim Linh Phat Corporation Joint Stock Company	1,064,250,000	1,064,250,000
Dai Viet Investment Development Construction Joint Stock Company	-	957,000,000
Song Toan Trading and Electrical Mechanical Construction Company Limited	-	387,097,920
Dai Co Viet Education Development and Training Company Limited	-	330,000,000
Other suppliers	1,154,814,930	7,891,029,800
	<u>2,554,224,930</u>	<u>11,028,377,720</u>

5.5 Other short-term receivables

	31/12/2023		01/01/2023	
	Amount VND	Provision VND	Amount VND	Provision VND
Receivables – other parties				
Deposit interest	514,794,520	-	-	-
Remuneration for non-management members of the Board of Directors	408,000,000	-	408,000,000	-
Arbitration fee	-	-	398,174,000	-
Insurance receivables	421,240,883	-	417,581,283	-
Other receivables	10,000,000	-	10,000,000	-
	<u>1,354,035,403</u>	<u>-</u>	<u>1,233,755,283</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.6 Bad debts

	31/12/2023			01/01/2023		
	Cost VND	Recoverable amount VND	Provision VND	Cost VND	Recoverable amount VND	Provision VND
Trade receivables						
Neros Pharmaceuticals Ltd.	-	-	-	31,720,275,160	-	(31,720,275,160)
Tan Tao Industrial Zone Branch (Zuellig)	9,385,514,766	5,631,308,860	(3,754,205,906)	9,385,514,766	6,611,973,132	(2,773,541,634)
Other customers	66,938,930	-	(66,938,930)	66,938,930	-	(66,938,930)
Advances to suppliers						
Other suppliers	74,991,797	617,829	(74,373,968)	74,991,797	74,991,797	-
	9,527,445,493	5,631,926,689	(3,895,518,804)	41,247,720,653	6,686,964,929	(34,560,755,724)

5.7 Inventories

	31/12/2023		01/01/2023	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	435,682,390,538	-	485,621,274,594	-
Tools	1,465,256,317	-	1,870,295,658	-
Work-in-process	51,745,847,212	-	55,200,011,755	-
Finished goods	99,855,669,355	(19,109,206,649)	99,832,445,114	(7,875,519,436)
Goods	-	-	807,952	-
	588,749,163,422	(19,109,206,649)	642,524,835,073	(7,875,519,436)

The Company has mortgaged its inventories for short-term bank loans (see Note 5.16).

5.8 Short-term, long-term prepaid expenses

5.8.1 Short-term prepaid expenses

	31/12/2023 VND	01/01/2023 VND
Office rental	72,000,000	72,000,000
Fire insurance expense	670,694,827	711,758,498
Major repair of fixed assets, machinery spare parts	564,106,442	1,187,255,059
	1,306,801,269	1,971,013,557

5.8.2 Long-term prepaid expenses

	31/12/2023 VND	01/01/2023 VND
Major repair of fixed assets, machinery spare parts	7,771,926,981	2,912,243,546
	7,771,926,981	2,912,243,546

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.9 Increase, decrease of tangible fixed assets

	Building and structure VND	Machinery and equipment VND	Transportation VND	Office equipment VND	Total VND
HISTORICAL COST					
As at 01/01/2023	53,610,571,336	149,056,265,440	15,619,817,019	52,826,067,542	271,112,721,337
Purchase in year	160,000,000	12,884,385,416	-	3,900,680,000	16,945,065,416
Liquidation	-	(875,299,808)	-	(75,000,000)	(950,299,808)
As at 31/12/2023	53,770,571,336	161,065,351,048	15,619,817,019	56,651,747,542	287,107,486,945
ACCUMULATED DEPRECIATION					
As at 01/01/2023	43,807,172,649	123,144,601,314	13,615,707,408	48,758,473,697	229,325,955,068
Depreciation in year	1,775,457,190	5,865,868,723	688,074,796	1,678,558,133	10,007,958,842
Liquidation	-	(875,299,808)	-	(75,000,000)	(950,299,808)
As at 31/12/2023	45,582,629,839	128,135,170,229	14,303,782,204	50,362,031,830	238,383,614,102
NET BOOK VALUE					
As at 01/01/2023	9,803,398,687	25,911,664,126	2,004,109,611	4,067,593,845	41,786,766,269
As at 31/12/2023	8,187,941,497	32,930,180,819	1,316,034,815	6,289,715,712	48,723,872,843

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2023 are VND 186,466,366,481 (as at 31 December 2022: VND 164,202,994,642).

5.10 Increase, decrease of intangible fixed assets

	Land use right VND	Copyright, computer software VND	Total VND
HISTORICAL COST			
As at 01/01/2023	7,438,152,000	6,069,101,139	13,507,253,139
As at 31/12/2023	7,438,152,000	6,069,101,139	13,507,253,139
ACCUMULATED DEPRECIATION			
As at 01/01/2023	-	5,044,542,177	5,044,542,177
Depreciation in year	-	701,931,663	701,931,663
As at 31/12/2023	-	5,746,473,840	5,746,473,840
NET BOOK VALUE			
As at 01/01/2023	7,438,152,000	1,024,558,962	8,462,710,962
As at 31/12/2023	7,438,152,000	322,627,299	7,760,779,299

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2023 are VND 3,303,724,139 (as at 31 December 2022: VND 2,708,299,139).

5.11 Construction in progress

	01/01/2023 VND	Increase in period VND	Decrease in period VND	31/12/2023 VND
Pelletizing machine	2,209,557	6,531,567	(8,741,124)	-
Blister press machine	25,048,757	-	(25,048,757)	-
Packing machine	-	16,795,457	(16,795,457)	-
	27,258,314	23,327,024	(50,585,338)	-

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.12 Trade accounts payable

	31/12/2023		01/01/2023	
	Amount VND	Payment capability VND	Amount VND	Payment capability VND
Payables - other parties				
KHS Synchemica Corp	2,954,820,000	2,954,820,000	18,580,590,000	18,580,590,000
Hiep Luc Pharmaceutical Joint Stock Company	400,327,200	400,327,200	3,203,739,000	3,203,739,000
SUHEUNG Vietnam Company Limited	2,513,376,000	2,513,376,000	6,271,128,000	6,271,128,000
Branch of Nhat Tien Trading and Manufacture Company Limited	877,796,867	877,796,867	2,194,134,169	2,194,134,169
Other suppliers	18,920,115,916	18,920,115,916	47,132,978,065	47,132,978,065
	25,666,435,983	25,666,435,983	77,382,569,234	77,382,569,234

5.13 Short-term advance from customers

	31/12/2023 VND	01/01/2023 VND
Advances from other customers		
Stem cell bank	14,829,525,790	10,018,116,401
T.N.T Pharmaceutical and Medical Equipment Joint Stock Company	18,616,700,492	21,728,048,605
Other customers	7,640,020,990	2,531,881,776
	41,086,247,272	34,278,046,782

5.14 Taxes and (receivables), payables to State budget

	01/01/2023		Transaction in year		31/12/2023
	Payables VND	Receivables VND	Payables VND	Paid/ Deductibles VND	Payables VND
VAT on domestic goods	-	-	46,426,317,307	(44,757,059,284)	1,669,258,023
VAT on import goods	618,307,495	(618,307,495)	13,761,121,287	(13,761,121,287)	-
Import tax	-	(45,041,840)	2,828,050,760	(2,783,008,920)	-
Corporate income tax	17,396,419,214	-	18,200,204,005	(29,906,615,134)	5,690,008,085
Personal income tax	-	-	4,010,173,446	(4,010,173,446)	-
Housing tax, land rental	-	-	25,894,649,073	(25,894,649,073)	-
License tax	-	-	5,000,000	(5,000,000)	-
	18,014,726,709	(663,349,335)	111,125,515,878	(121,117,627,144)	7,359,266,108

Value-added tax

The Company declares value-added tax by deduction method. VAT rates for domestic goods are non-taxable, 5%, 8% and 10%.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Corporate income tax

Corporate income tax ("CIT") payable in year is estimated as follows:

	2023 VND	2022 VND
Accounting profit before tax	43,314,331,519	64,787,343,955
Adjusted in accounting profit to determine taxable profit:		
Increase adjustments	59,612,753,318	56,992,044,965
Decrease adjustments	(4,899,886)	(63,435,348)
Assessable income	102,922,184,951	121,715,953,572
Non-taxable income	(19,472,144,527)	(6,233,857,500)
Taxable income	83,450,040,424	115,482,096,072
CIT rate	20%	20%
CIT payable	16,690,008,085	23,096,419,214
Adjustment of CIT from previous years	1,510,195,920	-
Current CIT expenses	18,200,204,005	23,096,419,214

The Company is obliged to pay tax at the normal rate of 20% of taxable income.

Other taxes

The Company declares and pays other taxes in accordance to current regulations.

5.15 Other short-term payables

	31/12/2023 VND	01/01/2023 VND
Other payables - other individual, organization		
Trade union, social insurance, Party fees	149,776,280	149,311,040
Board of Directors remuneration	344,555,555	344,555,555
Corporate income tax (Factory 24)	91,299,513	91,299,513
Soviet Union Antibiotic	118,181,818	118,181,818
Happy House Investment Joint Stock Company (*)	10,000,000,000	10,000,000,000
Med Tech An An Joint Stock Company (**)	-	17,765,000,000
Other payables	496,813,247	454,813,247
	11,200,626,413	28,923,161,173

(*) Payment according to the progress of cooperation with Happy House Company to implement a social housing project under the Investment Cooperation Contract No. 01/2018/HDHT dated 08 August 2018.

(**) Payment received from An An Med Tech Joint Stock Company (AAMT Group) through Mekophar's MB bank account, according to credit notes dated 15 November 2021, 24 November 2021, 25 November 2021 with the description "AAMT Group transfers payment to OPTIMUS". According to the Decision of the Ho Chi Minh City People's Court No. 1212/2023/QD-PQTT dated 19 July 2023, the Company has handled the debt and related arbitration fees according to the Decision of the General Director of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.16 Short-term loans and finance lease liabilities

	31/12/2023		01/01/2023	
	Amount VND	Payment capability VND	Amount VND	Payment capability VND
Short-term loans and finance lease liabilities				
- other individual, organizations				
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Saigon Branch (*)	-	-	8,010,240,000	8,010,240,000
	-	-	8,010,240,000	8,010,240,000

(*) Short-term loan of Joint Stock Commercial Bank for Foreign Trade of Vietnam – Saigon Branch under Credit Agreement No. 0259/SGB.KHDN/LD22 dated 29 August 2022. The loan limit is VND 51,000,000,000. Purpose of the loan is to supplement working capital for production and business activities, except for investing in fixed assets. The loan term for each debt is up to 06 months from the next day of loan disbursement for each loan covenant. The loan interest rate is determined at the time of loan disbursement according to the bank's loan interest rate notice recorded on each loan covenant.

The loan is secured by:

- The Company's inventories according to Inventory mortgage contract No. 0117/SGN.KHDN/TC21 dated 30 July 2021 signed between the bank and the Company.
- The Company's right of receivable collection and/or property right arising from trading contracts according to Property right mortgage contract No. 0118/SGN.KHDN/TC21 dated 30 July 2021 signed between the bank and the Company.

Details of arising short-term loans and finance lease liabilities in the year are as follows:

	01/01/2023 VND	Increase in year VND	Paid in year VND	31/12/2023 VND
Short-term bank loans	8,010,240,000	14,880,600,000	(22,890,840,000)	-
	8,010,240,000	14,880,600,000	(22,890,840,000)	-

5.17 Bonus and welfare funds

	01/01/2023 VND	Increase in year VND	Paid in year VND	31/12/2023 VND
Bonus fund	2,208,835,210	3,096,219,355	(2,593,000,000)	2,712,054,565
Welfare fund	5,837,630,673	3,096,219,356	(470,102,693)	8,463,747,336
	8,046,465,883	6,192,438,711	(3,063,102,693)	11,175,801,901

5.18 Long-term unrealized revenue

	31/12/2023 VND	01/01/2023 VND
MekoStem unrealized revenue	165,483,041,410	152,750,724,956
Finished goods unrealized revenue	-	209,740,954
	165,483,041,410	152,960,465,910

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.19 Owner's equity

5.19.1 Owner's equity movements

	Owners' invested capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Retained earnings VND	Total VND
As at 01/01/2022	255.458.670.000	409.789.114.458	(14.487.151.158)	573.322.804.351	24.969.041.387	1.249.052.479.038
Profit in year	-	-	-	-	41.690.924.741	41.690.924.741
Deduction for Investment and development fund	-	-	-	1.236.223.494	(1.236.223.494)	-
Deduction for Bonus and welfare funds	-	-	-	-	(2.472.446.988)	(2.472.446.988)
Dividends distribution	-	-	-	-	(20.214.576.800)	(20.214.576.800)
Remuneration for the Board of Directors	-	-	-	-	(408.000.000)	(408.000.000)
As at 31/12/2022	255.458.670.000	409.789.114.458	(14.487.151.158)	574.559.027.845	42.328.718.846	1.267.648.379.991
As at 01/01/2023	255.458.670.000	409.789.114.458	(14.487.151.158)	574.559.027.845	42.328.718.846	1.267.648.379.991
Profit in year	-	-	-	-	25.114.127.514	25.114.127.514
Deduction for Investment and development fund	-	-	-	2.064.146.237	(2.064.146.237)	-
Deduction for Bonus and welfare funds	-	-	-	-	(6.192.438.711)	(6.192.438.711)
Dividends distribution	-	-	-	-	(25.268.221.000)	(25.268.221.000)
Remuneration for the Board of Directors	-	-	-	-	(408.000.000)	(408.000.000)
As at 31/12/2023	255.458.670.000	409.789.114.458	(14.487.151.158)	576.623.174.082	33.510.040.412	1.260.893.847.794

5.19.2 Detail of owner's invested equity

According to the Company's the Business Registration Certificate (amended), Charter capital of the Company is VND 255,458,670,000. As at 31 December 2023, the Company's Charter capital was fully contributed as follows:

	31/12/2023			01/01/2023		
	Shares	Value VND	Rate %	Shares	Value VND	Rate %
Vietnam Pharmaceutical Corporation	4,657,435	46,574,350,000	18.23	4,657,435	46,574,350,000	18.23
Nipro Pharma Corporation	3,913,140	39,131,400,000	15.32	3,913,140	39,131,400,000	15.32
Other shareholders	16,975,292	169,752,920,000	66.45	16,975,292	169,752,920,000	66.45
	25,545,867	255,458,670,000	100.00	25,545,867	255,458,670,000	100.00

5.19.3 Shares

	31/12/2023 Share	01/01/2023 Share
Number of issued registered shares	25,545,867	25,545,867
Number of shares sold to the public	25,545,867	25,545,867
<i>Common shares</i>	25,545,867	25,545,867
<i>Preferred shares</i>	-	-
Number of repurchased shares	277,646	277,646
<i>Common shares</i>	277,646	277,646
<i>Preferred shares</i>	-	-
Number of shares in circulation	25,268,221	25,268,221
<i>Common shares</i>	25,268,221	25,268,221
<i>Preferred shares</i>	-	-

Par value of shares in circulation: VND 10,000/ share.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.19.4 Profit distribution

In the year, the Company distributed dividends from profit after tax according to the Resolution of the Annual General Meeting of Shareholders No. 25/NQ-HĐQT dated 27 April 2023 with a 10% par value.

In addition, the Company distributed profit of 2022 according to the Resolution of the Annual General Meeting of Shareholders No. 25/NQ-HĐQT dated 27 April 2023 as follows:

	VND
- Deduct 8% from retained earnings of 2022 for Investment and development fund	2,064,146,237
- Deduct 16% from retained earnings of 2022 for Bonus and welfare funds	6,192,438,711

5.20 Off-balance sheet items

Foreign currency

	31/12/2023	01/01/2023
	Foreign currency	Foreign currency
US Dollar (USD)	30,075.10	8,222.76
Euro (EUR)	871.12	880.26

6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

6.1 Revenues from sale of goods and rendering of services

6.1.1 Net revenues

	2023	2022
	VND	VND
Revenue from sale of goods	27,815,236	83,936,050,661
Revenue from sale of finished goods	814,421,367,737	1,011,588,309,235
Revenue from sale of materials	2,752,313,723	3,375,496,066
Revenue from rental	9,864,000,000	12,787,999,999
Revenue from stem cell bank service	64,878,725,696	59,432,120,987
Sale deductions:		
- Sales returns	(92,171,392)	(1,096,629,754)
Net revenue	891,852,051,000	1,170,023,347,194

6.1.2 Sales of goods and rendering of services to related parties

Transaction of sales of goods and rendering of services to related parties are follows:

	2023	2022
	VND	VND
An Sinh Hospital Joint Stock Company	10,963,304,290	11,812,881,128
Orchids Trading Service Travel Company Limited	1,584,000,000	3,168,000,000
Mekophar Company Limited	5,904,914	98,835,297
	12,553,209,204	15,079,716,425

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

6.2	Cost of sales	2023 VND	2022 VND
	Cost of goods sold	26,413,616	83,822,750,981
	Cost of finished goods sold	566,235,351,039	688,423,487,887
	Cost of materials sold	554,579,683	98,421,397
	Cost of stem cell bank service	22,591,330,592	19,017,683,520
	Provision/ (Reverse) for devaluation of inventories	11,233,687,213	7,875,519,436
		<u>600,641,362,143</u>	<u>799,237,863,221</u>
6.3	Financial income	2023 VND	2022 VND
	Interest from deposit	2,605,748,417	5,850,997,653
	Dividends, distributed profit	19,472,144,527	6,233,857,500
	Foreign exchange gain	287,240,352	1,052,231,055
	Foreign exchange gain due to the revaluation of monetary items denominated in foreign currencies	-	1,063,423,973
	Other financial income	6,655	-
		<u>22,365,139,951</u>	<u>14,200,510,181</u>
6.4	Financial expenses	2023 VND	2022 VND
	Loans interest expense	500,875,192	3,632,252,432
	Foreign exchange loss	3,499,079,407	13,442,653,458
	Foreign exchange loss due to the revaluation of monetary items denominated in foreign currencies	43,847,489	-
	Provision for investment in other entities	47,184,213,975	45,330,816,826
		<u>51,228,016,063</u>	<u>62,405,722,716</u>
6.5	Selling expenses	2023 VND	2022 VND
	Labor expenses	30,894,328,123	28,819,467,338
	Depreciation expenses	594,732,152	533,715,290
	Marketing expenses	43,021,569,180	77,958,713,188
	Transportation expenses	8,032,055,174	11,152,603,034
	Service expense	25,629,355,387	32,528,060,236
	Other selling expenses	291,494,720	256,451,840
		<u>108,463,534,736</u>	<u>151,249,010,926</u>

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

6.6 General and administration expenses

	2023 VND	2022 VND
Labor expenses	50,661,016,885	55,529,394,625
Tools and equipment expenses	8,906,630,535	6,480,817,729
Depreciation expenses	3,761,414,148	3,653,123,777
Tax and fees	26,625,954,452	18,789,628,201
Provision expenses	1,055,038,240	5,912,628,359
Service expenses	6,867,750,043	1,962,583,079
Other general and administration expenses	28,950,855,249	12,171,600,940
	<u>126,828,659,552</u>	<u>104,499,776,710</u>

6.7 Other incomes

	2023 VND	2022 VND
Gain from disposal of fixed assets	17,500,000	356,842,592
Debt handle	17,765,000,000	-
Income from stock count	993,722,845	4,789,860
Other income	10,000,422	-
	<u>18,786,223,267</u>	<u>361,632,452</u>

6.8 Other expenses

	2023 VND	2022 VND
Penalties for breach of purchasing contract	-	2,265,920,000
Administrative fines	398,174,000	-
Expenses from stock count	93,002,703	-
Other expenses	2,036,333,502	139,852,299
	<u>2,527,510,205</u>	<u>2,405,772,299</u>

6.9 Basic earnings per share

The Company did not calculate this item on the separate financial statements as according to Vietnam Accounting Standard No. 30 "Earnings per share", in case the Company must make the separate financial statements and consolidated financial statements, only to present the information about earnings per share under the provisions of this standard on the Consolidated financial statements.

6.10 Production and business costs by element

	2023 VND	2022 VND
Material expenses	521,992,485,285	693,209,381,131
Labor expenses	134,618,607,688	141,027,119,375
Depreciation expenses	10,709,890,505	10,272,264,289
External service expenses	58,643,006,714	63,494,598,591
Other expenses	103,124,392,801	119,095,997,409
	<u>829,088,382,993</u>	<u>1,027,099,360,795</u>

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

7. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CASH FLOW STATEMENT

7.1 Proceeds from borrowings

	2023 VND	2022 VND
Proceeds from borrowings from loan agreement	<u>14,880,600,000</u>	<u>161,936,667,600</u>

7.2 Repayment of borrowings

	2023 VND	2022 VND
Repayment of borrowings from loan agreement	<u>22,890,840,000</u>	<u>227,499,627,600</u>

8. FINANCIAL INSTRUMENTS

The Company has financial assets such as customer receivables and other receivables, cash and short-term deposits that occur directly from the operations of the Company. Financial liabilities of the Company mainly include loans, payables to suppliers and other payables. The main purpose of these financial liabilities is to mobilize financial resources to serve the activities of the Company.

The Company has market risk, credit risk and liquidity risk.

Operational risk management is indispensable operations for the entire operations of the Company. The Company has developed control system to ensure balance between the extent reasonable costs incurred when risk and risk management costs. The Company has not implemented measures to prevent this risk due to lack of a market to purchase financial instruments.

The Board of General Directors considered and uniformly applies policies to manage each of these risks are summarized below:

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk has four types of risk: interest rate risk, currency risk, goods price risk and other price risk, such as equity price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Market risk for changes in interest rates of the Company primarily relating to cash, short term deposits, and loans of the Company.

The Company managing interest rate risk by analyzing the competitive situation in the market to acquire beneficial interest for the purposes of the Company and remain within the limits of their risk management.

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in exchange rates. The Company bears the risk of changes in exchange rates, which are directly related to the business operations of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Stock price risk

The shares held by the Company are affected by market risks arising from uncertainty about the future value of the investment shares. The company manages stock price risk by setting investment limits. The Board of General Directors also reviews and approves investment decisions in shares. The Company considers the share price risk to be negligible.

ii. Credit risk

Credit risk is the risk that one party of a financial instrument or contract not performing its obligations, resulting in financial losses. The Company has credit risk from its operating activities (primarily for trade receivables account), and from its financial activities, including bank deposits and other financial instruments.

Trade receivables

The Company regularly monitors the receivables, which is not yet collected. For big customers, the Company considered the decline in the credit quality of each customer at the reporting date. The Company seeks the way to remained the tight control of the receivables and arranging credit control staff to minimize credit risk. On this basis and the trade receivables of the Company related to many different customers, credit risk is not significantly concentrated in a certain customer.

Cash in bank

The Company mainly maintains deposit balances at banks, which is well known in Vietnam. Credit risk of the deposit balances at banks is managed by the treasury department of the Company under the policies of the Company. The maximum credit risk of the Company for the items on the balance sheet at the end of the financial year is the value book as presented in Note 5.1. The Company found that the level of concentration of credit risk on bank deposits is low.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in implementing their financial obligations due to lack of funds. Liquidity risk of the Company mainly arising from financial assets and financial liabilities with maturity mismatches.

The Company minimizes the liquidity risk by maintaining an amount of cash and cash equivalents and bank loans at a level that the General Director supposes it is sufficient to meet the Company's operations and minimize the risks due to the volatility of cash flows.

The table below summarizes the maturity of the financial liabilities of the Company based on expected payments on undiscounted basic contracts:

	Less than 1 year	From 1 to 5	Total
	VND	years	VND
		VND	VND
As at 31/12/2023			
Trade payables	25,666,435,983	-	25,666,435,983
Other payables	10,706,294,578	-	10,706,294,578
	36,372,730,561	-	36,372,730,561
As at 01/01/2023			
Trade payables	77,382,569,234	-	77,382,569,234
Accrued expenses	338,318,182	-	338,318,182
Other payables	28,429,294,578	-	28,429,294,578
Loans and finance liabilities	8,010,240,000	-	8,010,240,000
	114,160,421,994	-	114,160,421,994

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The Company considered that the level of concentration risk to the repayment is low. The Company has sufficient access to the necessary capital.

Security assets

The Company does not hold the security assets of third parties as at 31 December 2023 and 01 January 2023.

iv. Fair value

(1) Compare fair value and book value

	Book value		Fair value (*)	
	31/12/2023 VND	01/01/2023 VND	31/12/2023 VND	01/01/2023 VND
Financial assets				
Held-to-maturity investments	30,000,000,000	30,000,000,000	30,000,000,000	30,000,000,000
Trade receivables	55,781,279,643	102,983,451,636	51,960,134,807	68,422,695,912
Receivables from related parties	211,533,094	3,385,620,519	211,533,094	3,385,620,519
Other receivables	10,000,000	408,174,000	10,000,000	408,174,000
Financial assets available for sale				
Short-term financial investments	10,946,711,100	10,946,711,100	10,946,711,100	10,946,711,100
Long-term financial investments	24,068,960,000	24,068,960,000	24,068,960,000	24,068,960,000
Cash and cash equivalents	117,228,834,235	55,550,625,200	117,228,834,235	55,550,625,200
	238,247,318,072	227,343,542,455	234,426,173,236	192,782,786,731
Financial liabilities				
Financial liabilities are determined according to the distribution value				
Trade payables	25,666,435,983	77,382,569,234	25,666,435,983	77,382,569,234
Accrued expenses	-	338,318,182	-	338,318,182
Other payables	10,706,294,578	28,429,294,578	10,706,294,578	28,429,294,578
Loans and finance liabilities	-	8,010,240,000	-	8,010,240,000
	36,372,730,561	114,160,421,994	36,372,730,561	114,160,421,994

(*) The Company has not revaluated its financial assets and financial liabilities at their fair values as at 31 December 2023 and 01 January 2023. However, the Board of General Directors believe that the fair value of these financial assets and liabilities is not significantly different from their carrying amounts as at the balance sheet date.

(2) Basis of determining fair value

Accounts receivable and other receivables

The fair value of accounts receivables and other receivables, excluding accounts receivable and payable under the scheduled progress of construction contracts, is estimated based on the present value of cash flows future, discounted at market interest rates at the report date. The fair value of these instruments is determined only intended disclosures.

Non-derivative financial liabilities

The fair value determined only intended disclosures, is calculated by discounting the value of loans and its interest by market interest at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

9. OTHER INFORMATIONS

9.1 Transactions and balances with related parties

The related parties with the Company include key members of management, the individuals involved with key members and other related parties.

9.1.1 Transactions and balances with key members, the individuals involved with key members

Remuneration paid to key managers during the year was as follow:

	2023 VND	2022 VND
Salary and bonus		
Mr. Le Anh Phuong	1,614,952,658	1,182,545,398
Ms. Huynh Thi Lan	2,462,129,620	1,671,512,837
Ms. Dang Thi Kim Lan	1,523,600,279	1,078,394,149
Ms. Phan Thi Lan Huong	2,113,082,897	1,467,080,035
Mr. Satoshi Kawamura	144,000,000	129,600,000
Ms. Nguyen Thi Quynh Anh	922,292,615	765,616,674
Mr. Dinh Xuan Han	148,000,000	134,100,000
	<u>8,928,058,069</u>	<u>6,428,849,093</u>

9.1.2 Transactions and balances with other related parties

Significant transactions with related parties in year are as follows:

Related parties	Transaction	2023 VND	2022 VND
Mekophar Company Limited			
	Sales and services rendered	5,904,914	98,835,297
Nipro Pharma Corporation			
	Purchasing goods	-	616,172,700
An Sinh Hospital Joint Stock Company			
	Sales and services rendered	10,963,304,290	11,812,881,128
	Dividend received	18,559,475,527	5,531,344,000
Orchids Trading Service Travel Company Limited			
	Sales and services rendered	1,584,000,000	3,168,000,000

Balance with related parties are as follows:

	31/12/2023 VND	01/01/2023 VND
Mekophar Company Limited		
	Trade receivables	547,301
An Sinh Hospital Joint Stock Company		
	Trade receivables	210,985,793
Orchids Trading Service Travel Company Limited		
	Trade receivables	-
		871,200,000

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Vietnam Pharmaceutical Corporation

Advances to suppliers 335,160,000 399,000,000

9.2 Segment information

9.2.1 Segment information by operating activities

Segment income statement operating activities for the fiscal year ended 31 December 2023:

Items	Net revenue VND	Cost VND	Gross profit VND
Goods	27,815,236	26,413,616	1,401,620
Finished goods	814,329,196,345	577,469,038,252	236,860,158,093
Materials	2,752,313,723	554,579,683	2,197,734,040
Rental	9,864,000,000	-	9,864,000,000
Stem cell bank service	64,878,725,696	22,591,330,592	42,287,395,104
	<u>891,852,051,000</u>	<u>600,641,362,143</u>	<u>291,210,688,857</u>

Segment income statement operating activities for the fiscal year ended 31 December 2022:

Items	Net revenue VND	Cost VND	Gross profit VND
Goods	83,902,476,791	83,822,750,981	79,725,810
Finished goods	1,010,525,342,529	696,299,007,323	314,226,335,206
Materials	3,375,406,888	98,421,397	3,276,985,491
Rental	12,787,999,999	-	12,787,999,999
Stem cell bank service	59,432,120,987	19,017,683,520	40,414,437,467
	<u>1,170,023,347,194</u>	<u>799,237,863,221</u>	<u>370,785,483,973</u>

9.2.2 Segment information by geographical area

The Company does not present segment information by geographical area, because all activities take place in the only geographical area, which is Vietnam.

9.3 Events subsequent to the balance sheet date

There have been no significant events occurring after the balance sheet date (31 December 2023) to the date of this report, which would require adjustments or disclosures to be made in the financial statements.



LE THI THU HUONG
Preparer



PHAN ANH TAI
Chief Accountant



HUYNH THI LAN
General Director

Ho Chi Minh City, 25 March 2024