

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

No. 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District  
Can Tho City, Vietnam

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## DHG PHARMACEUTICAL JOINT STOCK COMPANY

No. 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District  
Can Tho City, Vietnam

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### STATEMENT OF THE MANAGEMENT

The Management of DHG Pharmaceutical Joint Stock Company (the “Company”) and its subsidiary (the Company and its subsidiary are referred to as the “Group”) presents this report together with the Group’s consolidated financial statements for the year ended 31 December 2020.

### BOARD OF DIRECTORS, AUDIT COMMITTEE AND MANAGEMENT

The members of the Board of Directors, Audit Committee and Management of the Group who held office during the year and to the date of this report are as follows:

#### **Board of Directors**

Ms. Dang Thi Thu Ha	Chairwoman
Mr. Jun Kuroda	Member
Mr. Masashi Nakaura	Member
Mr. Maki Kamijo	Member
Mr. Doan Dinh Duy Khuong	Member
Mr. Phan Minh Tien	Member
Mr. Do Le Hung	Member

#### **Audit Committee**

Mr. Do Le Hung	Head of the Committee
Ms. Dang Thi Thu Ha	Member
Mr. Maki Kamijo	Member

#### **Management**

Mr. Masashi Nakaura	Chief Executive Officer
Mr. Doan Dinh Duy Khuong	Chief Operating Officer
Ms. Nguyen Ngoc Diep	Deputy General Director
Mr. Tomoyuki Kawata	Deputy General Director
Mr. Pham Chi Truc	Deputy General Director (appointed on 4 July 2020)

#### **Legal representative**

Legal representative of the Company who held office during the year and to the date of this report is Mr. Masashi Nakaura.

### MANAGEMENT’S STATEMENT OF RESPONSIBILITY

The Management is responsible for preparing the consolidated financial statements which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Management 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 principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**


No. 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District  
Can Tho City, Vietnam

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**STATEMENT OF THE MANAGEMENT (Continued)**

The Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Management confirms that the Group has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Management 



**Masashi Nakaura**

**General Director**

25 February 2021

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## INDEPENDENT AUDITORS' REPORT

**To: The shareholders  
The Board of Directors, Audit Committee and Management of  
DHG Pharmaceutical Joint Stock Company**

We have audited the accompanying consolidated financial statements of DHG Pharmaceutical Joint Stock Company (the "Company") and its subsidiary (the Company and its subsidiary are referred to as the "Group"), prepared on 25 February 2021 as set out from page 5 to page 39, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

The Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting, and for such internal control as the Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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



## INDEPENDENT AUDITORS' REPORT (Continued)

### Auditors' opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.



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**Vo Thai Hoa**  
**Audit Partner**  
Audit Practising Registration Certificate  
No. 0138-2018-001-1  
**BRANCH OF DELOITTE VIETNAM COMPANY LIMITED**  
25 February 2021  
Ho Chi Minh City, Vietnam

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**Vong My Thanh**  
**Auditor**  
Audit Practising Registration Certificate  
No. 3460-2020-001-1



## CONSOLIDATED BALANCE SHEET

As at 31 December 2020

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>3,480,799,873,619</b>	<b>3,133,924,348,700</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>73,054,473,018</b>	<b>70,328,408,693</b>
1. Cash	111		73,054,473,018	66,628,408,693
2. Cash equivalents	112		-	3,700,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>2,074,000,000,000</b>	<b>1,768,000,000,000</b>
1. Held-to-maturity investments	123		2,074,000,000,000	1,768,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>496,020,199,824</b>	<b>560,791,995,735</b>
1. Short-term trade receivables	131	6	414,158,635,702	510,101,306,774
2. Short-term advances to suppliers	132		69,081,209,633	42,468,675,491
3. Short-term loan receivables	135	12	380,542,458	434,193,523
4. Other short-term receivables	136	7	63,309,022,728	63,005,203,593
5. Provision for short-term doubtful debts	137	8	(50,909,210,697)	(55,217,383,646)
<b>IV. Inventories</b>	<b>140</b>		<b>826,585,429,976</b>	<b>725,438,891,568</b>
1. Inventories	141	9	827,650,041,659	726,529,994,856
2. Provision for devaluation of inventories	149	9	(1,064,611,683)	(1,091,103,288)
<b>V. Other short-term assets</b>	<b>150</b>		<b>11,139,770,801</b>	<b>9,365,052,704</b>
1. Short-term prepayments	151	10	4,042,674,685	2,828,340,389
2. Value added tax deductibles	152		7,078,253,656	6,536,161,194
3. Taxes and other receivables from the State budget	153	11	18,842,460	551,121

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2020

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>966,703,597,751</b>	<b>1,012,894,372,557</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>244,240,000</b>	<b>459,000,000</b>
1. Other long-term receivables	216		244,240,000	459,000,000
<b>II. Fixed assets</b>	<b>220</b>		<b>849,298,475,010</b>	<b>900,116,925,455</b>
1. Tangible fixed assets	221	13	639,214,010,669	689,664,585,904
- Cost	222		1,403,682,695,234	1,376,010,941,578
- Accumulated depreciation	223		(764,468,684,565)	(686,346,355,674)
2. Intangible assets	227	14	210,084,464,341	210,452,339,551
- Cost	228		252,779,142,186	247,918,493,964
- Accumulated amortization	229		(42,694,677,845)	(37,466,154,413)
<b>III. Investment property</b>	<b>230</b>	<b>15</b>	<b>14,999,958,848</b>	<b>15,345,447,332</b>
- Cost	231		17,304,956,819	17,304,956,819
- Accumulated depreciation	232		(2,304,997,971)	(1,959,509,487)
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>66,472,781,314</b>	<b>28,927,855,544</b>
1. Construction in progress	242	16	66,472,781,314	28,927,855,544
<b>V. Long-term financial investments</b>	<b>250</b>		<b>4,387,520,000</b>	<b>28,122,793,643</b>
1. Investments in joint-ventures, associates	252	5	-	2,929,990,852
2. Equity investments in other entities	253	5	24,282,104,800	27,908,170,200
3. Provision for impairment of long-term financial investments	254	5	(19,894,584,800)	(2,715,367,409)
<b>VI. Other long-term assets</b>	<b>260</b>		<b>31,300,622,579</b>	<b>39,922,350,583</b>
1. Long-term prepayments	261	10	15,232,901,753	27,575,362,385
2. Deferred tax assets	262	17	16,067,720,826	12,346,988,198
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>4,447,503,471,370</b>	<b>4,146,818,721,257</b>

The accompanying notes are an integral part of these consolidated financial statements



## CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2020

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>879,464,107,014</b>	<b>769,267,239,060</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>816,433,295,601</b>	<b>704,899,493,292</b>
1. Short-term trade payables	311	18	252,270,552,909	120,317,315,145
2. Short-term advances from customers	312		20,694,112,030	16,010,766,057
3. Taxes and amounts payable to the State budget	313	11	38,151,677,839	30,787,765,604
4. Payables to employees	314		155,270,500,534	132,481,915,608
5. Short-term accrued expenses	315	19	38,824,609,041	46,576,741,462
6. Short-term unearned revenue	318	20	49,532,335,735	29,295,047,003
7. Other current payables	319	21	2,383,049,307	1,907,128,227
8. Short-term loans	320	22	212,271,519,448	264,666,851,754
9. Bonus and welfare funds	322	23	47,034,938,758	62,855,962,432
<b>II. Long-term liabilities</b>	<b>330</b>		<b>63,030,811,413</b>	<b>64,367,745,768</b>
1. Long-term provisions	342	24	50,102,720,849	47,943,012,779
2. Scientific and technological development fund	343	25	12,928,090,564	16,424,732,989
<b>D. EQUITY</b>	<b>400</b>		<b>3,568,039,364,356</b>	<b>3,377,551,482,197</b>
<b>I. Owner's equity</b>	<b>410</b>		<b>3,568,039,364,356</b>	<b>3,377,551,482,197</b>
1. Owner's contributed capital	411	26	1,307,460,710,000	1,307,460,710,000
- Ordinary shares carrying voting rights	411a	26	1,307,460,710,000	1,307,460,710,000
2. Share premium	412	26	6,778,948,000	6,778,948,000
3. Investment and development fund	418	26	1,479,946,644,695	1,392,604,475,464
4. Retained earnings	421	26	769,784,599,949	665,297,795,718
- Retained earnings accumulated to the prior year end	421a		29,909,699,604	29,909,699,604
- Retained earnings of the current year	421b		739,874,900,345	635,388,096,114
5. Non-controlling interests	429	27	4,068,461,712	5,409,553,015
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>4,447,503,471,370</b>	<b>4,146,818,721,257</b>



Tran Ngoc Hien  
Preparer



Ho Buu Huan  
Chief Accountant



Masashi Nakaura  
General Director  
25 February 2021


The accompanying notes are an integral part of these consolidated financial statements


## CONSOLIDATED INCOME STATEMENT



For the year ended 31 December 2020

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		4,206,732,382,220	4,413,958,643,618
2. Deductions	02		451,113,070,896	517,204,814,394
3. <b>Net revenue from goods sold and services rendered (10=01-02)</b>	<b>10</b>	<b>30</b>	<b>3,755,619,311,324</b>	<b>3,896,753,829,224</b>
4. Cost of sales	11	31	1,944,243,042,082	2,184,461,607,643
5. <b>Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>1,811,376,269,242</b>	<b>1,712,292,221,581</b>
6. Financial income	21	33	140,432,017,346	122,487,815,915
7. Financial expenses	22	34	119,182,682,485	98,859,012,607
- In which: Interest expense	23		14,029,596,510	22,715,202,068
8. Share of net losses from joint-ventures, associates	24		(500,637,457)	(112,629,706)
9. Selling expenses	25	35	699,298,275,858	687,045,221,994
10. General and administration expenses	26	35	302,861,761,740	333,829,908,766
11. <b>Operating profit (30=20+(21-22)+24-(25+26))</b>	<b>30</b>		<b>829,964,929,048</b>	<b>714,933,264,423</b>
12. Other income	31	36	6,031,473,208	15,583,127,368
13. Other expenses	32	37	14,972,488,544	17,321,295,887
14. Losses from other activities (40=31-32)	40		(8,941,015,336)	(1,738,168,519)
15. <b>Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>821,023,913,712</b>	<b>713,195,095,904</b>
16. Current corporate income tax expense	51	38	86,210,837,298	83,855,680,646
17. Deferred corporate tax income	52	38	(3,720,732,628)	(1,924,038,290)
18. <b>Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>738,533,809,042</b>	<b>631,263,453,548</b>
<i>In which:</i>				
Profit after tax attributable to Parent Company	61		739,874,900,345	635,388,096,114
Losses after tax attributable to non-controlling shareholders	62	27	(1,341,091,303)	(4,124,642,566)
19. <b>Basic earnings per share</b>	<b>70</b>	<b>39</b>	<b>5,443</b>	<b>4,668</b>

  
Tran Ngoc Hien  
Preparer

  
Ho Bui Huan  
Chief Accountant

  
  
Masashi Nakaura  
General Director  
25 February 2021

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. <b>Profit before tax</b>	<b>01</b>	<b>821,023,913,712</b>	<b>713,195,095,904</b>
2. <b>Adjustments for:</b>			
Depreciation and amortization of fixed assets and investment properties	02	88,196,799,144	88,710,979,693
Provisions	03	17,994,453,882	26,907,747,769
Foreign exchange losses arising from translating foreign currency items	04	100,670,419	42,737,167
Gain from investing activities	05	(136,184,864,585)	(122,667,908,308)
Interest expense	06	14,029,596,510	22,715,202,068
3. <b>Operating profit before movements in working capital</b>	<b>08</b>	<b>805,160,569,082</b>	<b>728,903,854,293</b>
Changes in receivables	09	69,743,246,065	119,150,350,172
Changes in inventories	10	(101,120,046,803)	165,771,307,812
Changes in payables	11	171,398,479,009	(41,251,889,486)
Changes in prepaid expenses	12	12,429,581,311	3,463,741,092
Interest paid	14	(14,279,236,632)	(22,858,370,847)
Corporate income tax paid	15	(78,840,918,985)	(65,982,154,011)
Other cash outflows	17	(38,317,458,516)	(48,956,622,398)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>826,174,214,531</b>	<b>838,240,216,627</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(88,805,051,465)	(57,101,418,800)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	5,238,101,817	11,584,129,859
3. Cash outflow for lending and time deposits	23	(3,198,000,000,000)	(3,015,673,917,808)
4. Cash recovered from lending and time deposits	24	2,892,053,651,065	2,711,687,125,261
5. Cash recovered from investments in other entities	26	8,629,332,200	-
6. Interest, dividends and profits received	27	132,791,732,930	125,848,754,578
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(248,092,233,453)</b>	<b>(223,655,326,910)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	736,698,389,686	1,916,023,391,699
2. Repayment of borrowings	34	(789,093,721,992)	(2,209,257,867,364)
3. Dividends and profits paid	36	(522,984,284,000)	(326,865,177,500)
<b>Net cash used in financing activities</b>	<b>40</b>	<b>(575,379,616,306)</b>	<b>(620,099,653,165)</b>
<b>Net increase/(decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>2,702,364,772</b>	<b>(5,514,763,448)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>70,328,408,693</b>	<b>75,835,597,431</b>
Effects of changes in foreign exchange rates	61	23,699,553	7,574,710
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>73,054,473,018</b>	<b>70,328,408,693</b>

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT (Continued)**  
*For the year ended 31 December 2020*

Significant non-cash transactions for the year ended 31 December 2020 are presented in Note 42.




Tran Ngoc Hien  
Preparer



Ho Bui Huan  
Chief Accountant



  
Masashi Nakaura  
General Director  
25 February 2021

**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the consolidated financial statements*

**1. GENERAL INFORMATION****Structure of ownership**

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (the "Company") was equitized from Hau Giang Pharmaceutical United Factory in accordance with Decision No. 2405/QD-CT.UB dated 5 August 2004 issued by the People's Committee of Can Tho City. The Company was officially incorporated as a joint stock company under the Business Registration Certificate No. 5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

The Company's shares were listed in Ho Chi Minh Stock Exchange with DHG code in accordance with Decision No. 93/UBCK-GPNY dated 1 December 2006 issued by the State Securities Commission of Vietnam.

As at 31 December 2020, the largest shareholders of the Company are Taisho Pharmaceutical Co., Ltd. which owns 51.01% and the State Capital Investment Corporation ("SCIC") which owns 43.31% of share capital of the Company. SCIC is controlled by the Commission for the Management of State Capital at Enterprises.

The Company's head office is located at 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam.

The number of employees of the Group as at 31 December 2020 was 2,712 (as at 31 December 2019: 2,872).

**Operating industry and principal activities**

The operating industry of the Group are to manufacture and sell pharmaceutical products.

The principal activities of the Group are to manufacture and trade pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and pharmaceutical cosmetics.

**The Group's structure**

As at the balance sheet date, the Group's subsidiary and associate were as follows:

Name	Principal activities	Business Registration Certificate	Proportion of ownership interest and voting power held	
			Closing balance	Opening balance
<b>Subsidiary</b>				
Fuji Medic Limited Liability Company	Health care services	No. 1801472944 issued by the Planning and Investment Department of Can Tho City on 27 July 2016	51%	51%
<b>Associate</b>				
Vinh Hao Algae Processing Joint Stock Company	Manufacturing and trading spirulina algae	No. 4803000150 issued by the Planning and Investment Department of Binh Thuan Province on 4 February 2008	0%	31.36%

According to the Resolution of the Board of Directors No.003/2019/NQ.HĐQT dated 1 April 2019, the Board of Directors of the Company approved the plan to transfer its interest in Fuji Medic Limited Liability Company ("Fuji Medic") or to liquidate its assets for dissolution of this company. As at the date of these consolidated financial statements, the Company is liquidating the assets of Fuji Medic.

On 7 October 2020, the Group disposed all of its shares in Vinh Hao Spirulina Algae Corporation.

#### **Normal production and business cycle**

The Group's normal production and business cycle is carried out for a time period of 12 months or less.

#### **Disclosure of information comparability in the consolidated financial statements**

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2019.

### **2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

#### **Accounting convention**

The consolidated financial statements, expressed in Vietnam Dong ("VND"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

The consolidated financial statements are not intended to present the consolidated financial position, results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

#### **Financial year**

The Company's financial year begins on 1 January and ends on 31 December.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Group in the preparation of these consolidated financial statements, are as follows:

#### **Estimates**

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting requires the Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the Management's best knowledge, actual results may differ from those estimates.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Group (its subsidiary) up to 31 December each year. Control is achieved where the Group has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.



Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used in line with those used by the Group.

Intra-group transactions and balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiary are identified separately from the parent's ownership interests in them. Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiary are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### **Business combination**

Assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the consolidated profit and loss in the year of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

#### **Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associates. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized.

Where a group entity transacts with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in transit, demand deposits and short-term investments with maturity term not exceeding 3 months from the date of investment, which are highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

#### **Financial investments**

##### ***Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Management has the positive intent or ability to hold to maturity.



Held-to-maturity investments include term deposits (except for term deposits presented in Note "Cash and cash equivalents") to earn periodic interest. These investments are measured at cost less provision for impairment of financial investments. Interest income from term deposits is recognized in the consolidated income statement on accrual basis.

***Loan receivables***

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

***Equity investments in other entities***

Equity investments in other entities represent the Group's investments in ordinary shares of the entities over which the Group has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment. The provision for impairment of these investments is made when the entities made losses, except for loss that was anticipated in their business plan before the date of investment.

**Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to settle the debt.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realizable values as at the balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

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Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Buildings and structures	3 - 50
Machinery and equipment	3 - 20
Motor vehicles	3 - 20
Office equipment	3 - 10

Gain or loss resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values and is recognized in the consolidated income statement.

### **Operating leases**

#### The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

#### The Group as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

### **Intangible assets and amortization**

Intangible assets represent the value of land use rights and computer software that are stated at cost less accumulated amortization.

Definite land use rights are amortized using the straight-line method over the terms indicated in the land use right certificate. Indefinite land use rights are carried at cost and not amortized under prevailing regulations.

Computer software is amortized using the straight-line method over its useful life from 3 to 8 years.

### **Investment properties**

Investment properties are buildings, or part of buildings or infrastructure or buildings and land held by the Group to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives from 10 to 16 years.

### **Construction in progress**

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

### **Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise leasehold improvement expenses, land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepaid expenses.

Land rentals represent the prepaid land rentals. The prepaid land rentals are allocated to the consolidated income statement using the straight-line method over the lease term.

Others have been capitalized as prepayments, and are allocated to the consolidated income statement using the straight-line method in accordance with the current prevailing accounting regulations.

### **Provisions**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

### **Severance allowance payable**

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Group for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each period of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the consolidated financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

### **Provision for dismantling and restoration costs**

In accordance with Circular No. 200/2014/TT-BTC issued by Ministry of Finance, since 1 January 2015, the Group is required to provide for dismantling and restoration costs of the Group's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the year from 1 January 2015 to the time of returning the premises or land.

### **Unearned revenue**

Unearned revenue represents the fair value of goods and services provided to customers for free or at discount in the customer loyalty programs. Unearned revenue is recognized for the portion of obligation that the Group has not yet fulfilled to customers.

### Revenue recognition

Revenue from the sale of goods is recognized when all five (5) following conditions are satisfied:

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognized when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognized in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Group;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognized when the Group's right to receive payment has been established.

### Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of sales of products, goods and services are recorded as deduction of revenue of the year.

Sales deductions for the products, goods or services which are sold in the year, incurred after the balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction of revenue of the year.

### Customer loyalty programs

Revenue is recognized at total consideration received less fair value of goods and services which are provided to customers for free or at discount. Fair value amounts of goods and services provided for free or at discount are recognized as unearned revenue. If customers do not meet the required conditions stated in the customer loyalty programs at the end of the programs and hence, are not entitled to the free or discounted goods and services, the unearned revenue is realized into revenue.

When customers meet all the required conditions and the Group is the one providing the free or discounted goods and services to customers, the unearned revenue is realized into the Group's revenue at the time that obligations to customers are fulfilled, which means goods are delivered and services are rendered to customers.

When customers meet all the required conditions and obligations of providing the free or discounted goods and services to customers are carried out by a third party. If the Group does not act as an agent of the third party, the unearned revenue is realized into the Group's revenue at the time that third party provides the free or discounted goods and services to customers. If the Group acts as an agent of the third party, the Group recognizes revenue for the difference between the unearned revenue amount and the amount payable to the third party for providing such free or discounted goods and services to customers.

#### **Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognized in the consolidated income statement.

#### **Borrowing costs**

Borrowing costs are recognized in the income statement in the year when incurred unless they are capitalized in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalized even when the construction period is under 12 months.

#### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable income for the year. Taxable income differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realized. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**Dividend distribution**

The Company's net profit after tax is available for appropriation to shareholders as dividends upon approval by shareholders at the Group's Annual General Meeting.

Dividends are declared and paid from retained earnings based on the approval of shareholders at the Group's Annual General Meeting.

**Segment reporting**

A segment is a distinct business segment of the Group that provides a single product or service or a group of related products and services (product segment), or provides products and services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of others. The basic reportable segment of the Group is product segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of consolidated financial statements to understand and evaluate the operations of the Group in a comprehensive way.

**4. CASH AND CASH EQUIVALENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	9,061,709,500	11,739,260,444
Demand deposits	63,992,763,518	54,889,148,249
Cash equivalents (*)	-	3,700,000,000
	<u><b>73,054,473,018</b></u>	<u><b>70,328,408,693</b></u>

(\*) Cash equivalents represent term deposits at banks with the original maturity terms not exceeding 3 months.

**5. FINANCIAL INVESTMENTS**

**Held-to-maturity investments**

Short-term held-to maturity investments represent term deposits with the original maturity terms from more than 3 months and remaining maturity terms of less than 12 months from the balance sheet date.

As at 31 December 2020, term deposits with maturity term of over 3 months of VND 100,000,000,000 were pledged as collaterals for the short-term loans from the banks (Note 22) (as at 31 December 2019: VND 140,000,000,000).

**Investments in associate**

Movements in the investment in associate during the current year and prior year were as follows:

**Investments in associates**

	Current year	Prior year
	VND	VND
Opening balance	2,929,990,852	3,042,620,558
Share of losses	-	(272,755,733)
Recovered from investments	(3,787,450,000)	-
Adjustment for gain from prior years	-	160,126,027
Gain from disposal of investment	857,459,148	-
<b>Closing balance</b>	<b>-</b>	<b>2,929,990,852</b>

**Equity investments in other entities**

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Equity investments in other entities	24,282,104,800	(19,894,584,800)	27,908,170,200	(2,715,367,409)

Details of equity investments in other entities are as follows:

	Closing balance	Opening balance
	VND	VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Enlie Pharmaceutical JSC	4,282,104,800	4,286,800,000
TV. Pharmaceutical Joint Stock Company	-	2,575,315,200
Ninh Thuan Pharmaceutical & Medical Equipment Joint Stock Company	-	796,675,000
Tay Ninh Pharmaceutical Joint Stock Company	-	221,960,000
Cuu Long Pharmaceutical Joint Stock Company	-	27,420,000
	<b>24,282,104,800</b>	<b>27,908,170,200</b>

As at 31 December 2020 and 31 December 2019, the fair value of investment in other entities as below:

	Fair value	
	Closing balance	Opening balance
	VND	VND
ATP Packaging Joint Stock Company [1]	2,600,000,000	Not available
Enlie Pharmaceutical JSC [2]	1,787,520,000	2,282,500,000
Tra Vinh Pharmaceutical Joint Stock Company	-	3,245,721,600
Cuu Long Pharmaceutical Joint Stock Company	-	197,568,000



[1] The fair value of investment in ATP Packaging Joint Stock Company was determined by Bao Viet Securities Joint Stock Company, an independent valuation company, not a related party of the Group.

[2] The fair value of investment in Enlie Pharmaceutical JSC was determined based on the reference price in the stock market exchange.

The balance of provision as at 31 December 2020 and 31 December 2019 represents the provision for impairment of the investments as below:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
ATP Packaging Joint Stock Company	17,400,000,000	2,715,367,409
Enlie Pharmaceutical JSC	2,494,584,800	-
	<u><b>19,894,584,800</b></u>	<u><b>2,715,367,409</b></u>

**6. SHORT-TERM TRADE RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables from third parties (*)	412,581,916,558	508,481,730,242
Receivables from related parties (Note 41)	1,576,719,144	1,619,576,532
	<u><b>414,158,635,702</b></u>	<u><b>510,101,306,774</b></u>

(\*) As at 31 December 2020 and 31 December 2019, there was no single short-term trade receivables from third parties accounting for 10% or more of total trade accounts receivable.

**7. OTHER SHORT-TERM RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Accruals of interest income	40,494,673,974	39,427,941,088
Receivables from employees	18,314,170,360	20,788,864,119
Other receivables	4,500,178,394	2,788,398,386
	<u><b>63,309,022,728</b></u>	<u><b>63,005,203,593</b></u>

8. BAD DEBTS

	Closing balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>96,627,799,467</u>	<u>(50,909,210,697)</u>	<u>45,718,588,770</u>
	Opening balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>150,144,912,078</u>	<u>(55,217,383,646)</u>	<u>94,927,528,432</u>

As at 31 December 2020 and 31 December 2019, there was no single receivable accounting for 10% or more of total amount of receivables past due or not past due but impaired.

Movements in the provision for doubtful debts during current year and prior year were as follows:

	Current year VND	Prior year VND
Opening balance	55,217,383,646	34,571,714,247
Additional provision	-	20,645,669,399
Reversal of provision	(1,449,056,292)	-
Write-off	(2,859,116,657)	-
<b>Closing balance</b>	<u><b>50,909,210,697</b></u>	<u><b>55,217,383,646</b></u>

9. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	121,226,935,043	-	63,594,013,463	-
Raw materials	302,896,326,728	-	265,797,233,287	-
Work in progress	54,939,723,503	-	52,106,518,719	-
Finished goods	302,980,473,638	(1,064,611,683)	300,316,307,143	(1,091,103,288)
Merchandise	45,606,582,747	-	44,715,922,244	-
	<u><b>827,650,041,659</b></u>	<u><b>(1,064,611,683)</b></u>	<u><b>726,529,994,856</b></u>	<u><b>(1,091,103,288)</b></u>



Movements in the provision for devaluation of inventories during the current year and prior year were as follows:

	Current year VND	Prior year VND
Opening balance	1,091,103,288	814,326,232
Additional provision	-	276,777,056
Reversal in the year	(26,491,605)	-
Closing balance	<u>1,064,611,683</u>	<u>1,091,103,288</u>

The provision for devaluation of inventories was made for inventories of which costs were higher than net realizable value.

**10. PREPAYMENTS**

	Closing balance VND	Opening balance VND
<b>a. Current</b>		
- Prepayment related to operating lease	715,600,001	679,023,036
- Others	3,327,074,684	2,149,317,353
	<u>4,042,674,685</u>	<u>2,828,340,389</u>
<b>b. Non-current</b>		
- Prepaid land rental	-	10,022,421,258
- Tools and supplies	7,257,962,228	8,756,525,105
- Others	7,974,939,525	8,796,416,022
	<u>15,232,901,753</u>	<u>27,575,362,385</u>



11. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance	Payables during the year	Other payables during the year	Paid during the year	Closing balance
	VND	VND	VND	VND	VND
Value added tax for import goods	(282,282)	48,203,360,995	-	(48,221,921,173)	(18,842,460)
Import and export duties	(268,839)	7,802,569,699	-	(7,802,300,860)	-
Value added tax for domestic goods	14,664,216,055	88,553,530,653	-	(88,611,185,247)	14,606,561,461
Corporate income tax	7,239,643,570	86,210,837,298	14,096,363	(78,840,918,985)	14,623,658,246
Personal income tax	8,866,544,187	42,305,549,370	-	(42,250,635,425)	8,921,458,132
Land rental fee	17,361,792	5,661,262,666	-	(5,678,624,458)	-
Other taxes	-	1,208,166,853	-	(1,208,166,853)	-
	<b>30,787,214,483</b>	<b>279,945,277,534</b>	<b>14,096,363</b>	<b>(272,613,753,001)</b>	<b>38,132,835,379</b>

In which:

<i>Tax receivables</i>	551,121	18,842,460
<i>Tax payables</i>	30,787,765,604	38,151,677,839

12. LOAN RECEIVABLES

Loan receivables represent interest-free loans granted to customers in accordance with the refundable capital support policy of the Group. Provisions for loan receivables have been presented in Note 8.

13. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>COST</b>					
Opening balance	526,332,365,066	617,577,456,304	159,527,248,213	72,573,871,995	1,376,010,941,578
Transfer from construction in progress	2,132,079,151	37,944,974,714	2,661,605,637	410,905,226	43,149,564,728
Disposals	-	-	(12,355,832,361)	(111,010,434)	(12,466,842,795)
Revaluation (*)	-	(2,596,037,270)	(359,556,171)	(55,374,836)	(3,010,968,277)
Closing balance	<u>528,464,444,217</u>	<u>652,926,393,748</u>	<u>149,473,465,318</u>	<u>72,818,391,951</u>	<u>1,403,682,695,234</u>
<b>ACCUMULATED DEPRECIATION</b>					
Opening balance	209,983,539,467	309,301,510,864	104,320,456,725	62,740,848,618	686,346,355,674
Charge for the year	28,404,193,308	46,958,944,926	10,206,360,662	3,115,138,798	88,684,637,694
Disposals	-	-	(10,456,943,892)	(105,364,911)	(10,562,308,803)
Closing balance	<u>238,387,732,775</u>	<u>356,260,455,790</u>	<u>104,069,873,495</u>	<u>65,750,622,505</u>	<u>764,468,684,565</u>
<b>NET BOOK VALUE</b>					
Opening balance	<u>316,348,825,599</u>	<u>308,275,945,440</u>	<u>55,206,791,488</u>	<u>9,833,023,377</u>	<u>689,664,585,904</u>
Closing balance	<u>290,076,711,442</u>	<u>296,665,937,958</u>	<u>45,403,591,823</u>	<u>7,067,769,446</u>	<u>639,214,010,669</u>

(\*) Cost of tangible fixed assets decreased during the year was due to revaluation of assets of Fuji Medic Co., Ltd. ("Fuji Medic") - the subsidiary at market price in order to liquidate Fuji Medic. The minimum offering price is based on the Resolution of the Company's Board of Directors No. 025/2020/NQ.HĐQT dated 22 October 2020.

As at 31 December 2020, the cost of tangible fixed assets included VND 279,535,717,069 (as at 31 December 2019: VND 232,330,033,046) of assets which were fully depreciated but are still in use.

14. INTANGIBLE ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
<b>COST</b>				
Opening balance	89,790,627,646	141,958,345,513	16,169,520,805	247,918,493,964
Transfer from construction in progress	-	-	4,860,648,222	4,860,648,222
Reclassification	(1,476,374,480)	1,476,374,480	-	-
Closing balance	<u>88,314,253,166</u>	<u>143,434,719,993</u>	<u>21,030,169,027</u>	<u>252,779,142,186</u>
<b>ACCUMULATED DEPRECIATION</b>				
Opening balance	-	23,625,735,602	13,840,418,811	37,466,154,413
Charge for the year	-	3,145,437,814	2,083,085,618	5,228,523,432
Closing balance	-	<u>26,771,173,416</u>	<u>15,923,504,429</u>	<u>42,694,677,845</u>
<b>NET BOOK VALUE</b>				
Opening balance	<u>89,790,627,646</u>	<u>118,332,609,911</u>	<u>2,329,101,994</u>	<u>210,452,339,551</u>
Closing balance	<u>88,314,253,166</u>	<u>116,663,546,577</u>	<u>5,106,664,598</u>	<u>210,084,464,341</u>

As at 31 December 2020, the cost of intangible assets included VND 6,793,449,005 (as at 31 December 2019: VND 6,007,417,805) of assets which were fully amortized but are still in use.

15. INVESTMENT PROPERTIES

	Buildings and land use rights VND
<b>COST</b>	
Opening balance	17,304,956,819
Closing balance	<u>17,304,956,819</u>
<b>ACCUMULATED DEPRECIATION</b>	
Opening balance	1,959,509,487
Charge for the year	345,488,484
Closing balance	<u>2,304,997,971</u>
<b>NET BOOK VALUE</b>	
Opening balance	<u>15,345,447,332</u>
Closing balance	<u>14,999,958,848</u>

As at 31 December 2020, the cost of investment properties included VND 232,067,069 of assets which were fully depreciated but are still for lease (as at 31 December 2019: VND 232,067,069).

Fair value of the Company's investment properties as at 31 December 2020 was VND 38,724,445,120, which was determined by Century Valuation Joint Stock Company, an independent valuation company, not a related party of the Group. Century Valuation Joint Stock Company has a valid practicing certificate and has experience in real estate valuation. The real estate valuation in accordance with International Valuation Standards is made in reference to market prices of similar properties.

16. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Construction of Branch DHG Pharmaceutical Plant at Hau Giang province	11,893,304,222	11,773,591,495
BUD product project	1,293,522,895	1,293,522,895
Construction of Gia Lai branch office	623,948,774	623,948,774
CTP product project	202,029,350	202,029,350
Repairing package production warehouses	-	320,925,000
Expansion of DHG Pharmaceutical Plant and DHG Packaging and Printing Factory	1,778,218,986	-
REB product project	2,983,810,627	858,768,402
Renovating departments	466,766,087	1,141,681,818
GX Project	-	111,034,727
PGT Project	148,231,359	-
Other machineries	47,082,949,014	12,602,353,083
	<b>66,472,781,314</b>	<b>28,927,855,544</b>

Movement of construction in progress in the year was as follows:

	Closing balance	Opening balance
	VND	VND
Opening balance	28,927,855,544	14,087,991,804
Purchases	88,805,051,465	56,081,518,800
Transfer to tangible fixed assets (Note 13)	(43,149,564,728)	(40,747,562,248)
Transfer to intangible assets (Note 14)	(4,860,648,222)	-
Transfer to prepayments	(1,301,454,975)	(244,300,000)
Transfer to expenses	(1,948,457,770)	(249,792,812)
<b>Closing balance</b>	<b>66,472,781,314</b>	<b>28,927,855,544</b>

17. DEFERRED TAX ASSETS

The deferred tax assets mainly arise from deductible temporary differences relating to provisions and unrealized profits arising from intra-group transactions between the Company and its subsidiary in the Group when consolidating the financial statements. The corporate income tax rate used for determining deferred tax assets is 20%.

	Closing balance	Opening balance
	VND	VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deferred tax assets related to deductible temporary differences	80,338,604,130	61,734,940,990
<b>Deferred tax assets</b>	<b>16,067,720,826</b>	<b>12,346,988,198</b>

Movement of deferred tax assets in the year was as follow:

	Current year	Prior year
	VND	VND
Opening balance	12,346,988,198	10,422,949,908
Additional provision	3,875,366,641	1,946,486,540
Change in elimination entry of fixed assets	(154,634,013)	(22,448,250)
<b>Closing balance</b>	<b>16,067,720,826</b>	<b>12,346,988,198</b>

**18. SHORT-TERM TRADE PAYABLES**

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Apc Pharmaceuticals and Chemical Limited	8,440,469,074	8,440,469,074	15,665,540,764	15,665,540,764
Centrient Pharmaceuticals India Private Limited	17,768,761,000	17,768,761,000	13,322,405,000	13,322,405,000
Centrient Pharmaceuticals Netherlands B.V	53,966,749,750	53,966,749,750	-	-
Others	172,094,573,085	172,094,573,085	91,329,369,381	91,329,369,381
	<b>252,270,552,909</b>	<b>252,270,552,909</b>	<b>120,317,315,145</b>	<b>120,317,315,145</b>

As at 31 December 2020 and 31 December 2019, the Group did not have any short-term trade payables past due.

**19. SHORT-TERM ACCRUED EXPENSES**

	Closing balance	Opening balance
	VND	VND
Payment discount	8,153,790,426	6,557,465,332
Interest payable	78,311,109	327,951,231
Other accruals	30,592,507,506	39,691,324,899
	<b>38,824,609,041</b>	<b>46,576,741,462</b>

**20. SHORT-TERM UNEARNED REVENUE**

Short-term unearned revenue represents the unearned revenue for customer loyalty programs (as presented in Note 3).



21. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Union fee	548,081,634	578,813,579
Others	1,834,967,673	1,328,314,648
	<u><b>2,383,049,307</b></u>	<u><b>1,907,128,227</b></u>

22. SHORT-TERM LOANS

	<u>Opening balance</u>	<u>Increases in year</u>	<u>Decreases in year</u>	<u>Closing balance</u>
	VND	VND	VND	VND
Loans from banks	264,666,851,754	987,369,688,755	1,039,765,021,061	212,271,519,448
	<u><b>264,666,851,754</b></u>	<u><b>987,369,688,755</b></u>	<u><b>1,039,765,021,061</b></u>	<u><b>212,271,519,448</b></u>

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch	212,271,519,448	254,666,851,754
HSBC Bank (Vietnam) Ltd.	-	10,000,000,000
	<u><b>212,271,519,448</b></u>	<u><b>264,666,851,754</b></u>

As at 31 December 2020, short-term loans from banks represent the loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch with a maximum credit limit of VND 700,000,000,000. This facility can be withdrawn in Vietnam Dong and withdrawal deadline will be due on 2 June 2021. The duration for each withdrawal is maximum 6 months. These loans are secured by term deposits, as presented in Note 5.

These loans bear interests at the rates ranging from 0.28% per month to 0.47% per month (2019: from 0.4% per month to 0.72% per month).

23. BONUS AND WELFARE FUNDS

The funds are established through appropriation from retained earnings upon approval of shareholders at the Group's Annual General Meetings ("AGM"). Bonus and welfare funds of the subsidiaries are established from retained earnings upon decision from their Board of Directors. The funds are used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies and to pay bonus to the Board of Directors in accordance with the Group's AGM Resolution.

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Movements of bonus and welfare funds during the year were as follows:

	Bonus and welfare fund	Bonus fund for Board of Management	Welfare fund in form of assets	Total
	VND	VND	VND	VND
Opening balance	41,960,913,376	5,935,538,846	14,959,510,210	62,855,962,432
Appropriation to the funds (Note 26)	19,061,642,883	6,000,000,000	-	25,061,642,883
Depreciation of assets formed from the funds	-	-	(2,565,208,041)	(2,565,208,041)
Utilization	(30,732,880,950)	(7,584,577,566)	-	(38,317,458,516)
<b>Closing balance</b>	<b>30,289,675,309</b>	<b>4,350,961,280</b>	<b>12,394,302,169</b>	<b>47,034,938,758</b>

#### 24. LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost	Severance allowance	Total
	VND	VND	VND
Opening balance	19,489,521,187	28,453,491,592	47,943,012,779
Additional provision for the year	3,937,690,122	1,212,210,923	5,149,901,045
Utilization of provisions	-	(2,990,192,975)	(2,990,192,975)
<b>Closing balance</b>	<b>23,427,211,309</b>	<b>26,675,509,540</b>	<b>50,102,720,849</b>

#### 25. SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No. 12/2016/TTLT-BKHCB-BTC dated 28 June 2016, enterprises are allowed to establish the science and technology development funds for research and development activities. Funds are utilized when disbursement are paid for research and development activities.

Movements of science and technology funds during the year were as follows:

	Scientific and technological development fund in form of assets
	VND
Opening balance	16,424,732,989
Depreciation of assets formed from the fund	(3,496,642,425)
<b>Closing balance</b>	<b>12,928,090,564</b>



26. SHAREHOLDERS' EQUITY

Movement in shareholders' equity

	Share capital	Share premium	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
<b>Prior year's opening balance</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>1,270,235,596,228</b>	<b>550,252,659,422</b>	<b>3,134,727,913,650</b>
Profit for the year	-	-	-	635,388,096,114	635,388,096,114
Second and third interim dividends for 2018	-	-	-	(326,865,177,500)	(326,865,177,500)
Fund distribution	-	-	122,368,879,236	(122,368,879,236)	-
Appropriation to bonus and welfare fund	-	-	-	(65,108,903,082)	(65,108,903,082)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
<b>Current year's opening balance</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>1,392,604,475,464</b>	<b>665,297,795,718</b>	<b>3,372,141,929,182</b>
Profit for the year	-	-	-	739,874,900,345	739,874,900,345
Dividends for 2019	-	-	-	(522,984,284,000)	(522,984,284,000)
Fund distribution	-	-	87,342,169,231	(87,342,169,231)	-
Appropriation to bonus and welfare fund	-	-	-	(19,061,642,883)	(19,061,642,883)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
<b>Current year's closing balance</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>1,479,946,644,695</b>	<b>769,784,599,949</b>	<b>3,563,970,902,644</b>

**Charter capital**

According to the amended Business Registration Certificate, the Company's charter capital is VND 1,307,460,710,000. The value and number of shares of the Company are as follows:

	Closing balance		Opening balance	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
<b>Ordinary shares currently in circulation</b>	<b>130,746,071</b>	<b>1,307,460,710,000</b>	<b>130,746,071</b>	<b>1,307,460,710,000</b>

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings. Shareholders are eligible to receive dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets.

**Dividends**

According to Resolution of the Company's Annual General Meeting No. 001/2020/NQ.ĐHĐCĐ dated 29 June 2020, the shareholders of the Company have approved payment of dividends from profit after tax of 2019 at 40% in cash, equivalent to VND 522,984,284,000.

The Company paid cash dividends of 2019 for the payments at the rate of 30% of par value, equivalent to VND 392,238,213,000. On 30 July 2020, the Company paid remaining 10% of dividends with an amount of VND 130,746,071,000.

**Fund distribution**

According to the Resolution of the Company's Annual General Meeting No. 001/2020/NQ.ĐHĐCĐ dated 29 June 2020, the shareholders of the Company approved distribution of bonus, welfare fund out of profit after tax of 2019 at the rate of 3%, equivalent to VND 19,061,642,883, remuneration for the Board of Directors, the Audit Committee and members of the subcommittees under the Board of Directors, the secretary of the Board of Directors with an amount of VND 6,000,000,000. The remaining profit after tax of 2019 is appropriated to the Investment and Development Fund.

**27. NON-CONTROLLING INTERESTS**

	Current year VND	Prior year VND
Opening balance	5,409,553,015	9,534,195,581
Net loss attributable to non-controlling interests	(1,341,091,303)	(4,124,642,566)
<b>Closing balance</b>	<b>4,068,461,712</b>	<b>5,409,553,015</b>



28. OFF BALANCE SHEET ITEMS

Foreign currencies

Cash and cash equivalents included the following foreign currencies:

	<u>Closing balance</u>	<u>Opening balance</u>
United States Dollar ("USD")	517,671	276,958
Euros ("EUR")	937	32,087
Yen ("JPY")	<u>31,427</u>	<u>32,879</u>

29. SEGMENT REPORTING

The primary format, product segments, is based on the Group's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling expenses, general and administration expenses, other income or other expenses, and corporate income tax.

Product segments

In presenting information on the basis of product segments, segment revenue is disclosed for pharmaceutical products, functional foods and others.

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
<b>Net sales</b>		
Pharmaceutical products	3,090,801,474,172	3,273,464,482,830
Functional foods	484,451,854,688	422,467,004,347
Others	<u>180,365,982,464</u>	<u>200,822,342,047</u>
	<b><u>3,755,619,311,324</u></b>	<b><u>3,896,753,829,224</u></b>
<b>Cost of sales</b>		
Pharmaceutical products	(1,511,977,821,190)	(1,739,045,341,277)
Functional foods	(278,869,640,331)	(267,881,193,257)
Others	<u>(153,395,580,561)</u>	<u>(177,535,073,109)</u>
	<b><u>(1,944,243,042,082)</u></b>	<b><u>(2,184,461,607,643)</u></b>
<b>Gross profit</b>		
Pharmaceutical products	1,578,823,652,982	1,534,419,141,553
Functional foods	205,582,214,357	154,585,811,090
Others	<u>26,970,401,903</u>	<u>23,287,268,938</u>
	<b><u>1,811,376,269,242</u></b>	<b><u>1,712,292,221,581</u></b>

30. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
<b>Sales of goods and services</b>		
Sales of finished goods	3,758,696,971,798	3,788,505,284,333
Sales of merchandise	446,317,168,626	619,260,064,265
Others	1,718,241,796	6,193,295,020
	<b><u>4,206,732,382,220</u></b>	<b><u>4,413,958,643,618</u></b>
<b>Deductions</b>		
Sales discount	448,592,655,344	511,544,456,173
Sales return	2,520,415,552	5,660,358,221
	<b><u>451,113,070,896</u></b>	<b><u>517,204,814,394</u></b>
<b>Net revenue sales of goods and services</b>		
<i>In which:</i>		
Sales of finished goods	3,310,410,993,860	3,275,187,421,488
Sales of merchandise	443,490,075,668	615,373,112,716
Others	1,718,241,796	6,193,295,020
	<b><u>3,755,619,311,324</u></b>	<b><u>3,896,753,829,224</u></b>

31. COST OF GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Cost of finished goods sold	1,526,031,626,232	1,585,905,697,944
Cost of merchandise sold	418,237,570,330	594,174,991,925
Others	337,125	4,104,140,718
(Reversal)/additional provision for devaluation of inventories	(26,491,605)	276,777,056
	<b><u>1,944,243,042,082</u></b>	<b><u>2,184,461,607,643</u></b>

32. OPERATING COSTS BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	1,713,581,255,219	1,926,821,900,103
Staff cost	880,844,256,246	851,669,219,473
Depreciation and amortization	87,309,342,373	87,974,994,516
Outsourced services	192,849,007,869	195,153,522,073
Other expenses	224,007,579,948	252,294,636,498
	<b><u>3,098,591,441,655</u></b>	<b><u>3,313,914,272,663</u></b>

33. FINANCIAL INCOME

	Current year VND	Prior year VND
Dividends and profits earned	326,698,020	768,004,044
Interest income	133,531,767,796	118,241,803,871
Foreign exchange gain	5,353,956,970	3,464,877,012
Gain from disposal of investment	1,218,552,000	-
Others	1,042,560	13,130,988
	<b><u>140,432,017,346</u></b>	<b><u>122,487,815,915</u></b>

34. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Settlement discount	80,949,471,270	73,484,194,144
Interest expense	14,029,596,510	22,715,202,068
Foreign exchange losses	8,319,769,833	5,596,686,129
Provision/(reversal) for impairment of investments	15,821,120,786	(3,015,494,354)
Other financial expenses	62,724,086	78,424,620
	<b>119,182,682,485</b>	<b>98,859,012,607</b>

35. SELLING, GENERAL AND ADMINISTRATION EXPENSES

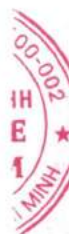
	Current year VND	Prior year VND
<b>a. Selling expenses</b>		
- Advertising expenses	119,135,895,424	115,787,256,759
- Staff cost	377,204,570,110	348,720,686,022
- Others	202,957,810,324	222,537,279,213
	<b>699,298,275,858</b>	<b>687,045,221,994</b>
<b>b. General and administration expenses</b>		
- Staff cost	221,584,281,303	232,893,323,189
- Others	81,277,480,437	100,936,585,577
	<b>302,861,761,740</b>	<b>333,829,908,766</b>

36. OTHER INCOME

	Current year VND	Prior year VND
Gain from disposals of fixed assets	3,264,091,098	7,064,948,649
Others	2,767,382,110	8,518,178,719
	<b>6,031,473,208</b>	<b>15,583,127,368</b>

37. OTHER EXPENSES

	Current year VND	Prior year VND
Losses due to fair value revaluation of liquidating assets of Fuji Medic	3,010,968,277	3,455,837,681
Severance allowances for employees	-	5,622,651,750
Write off of intangible fixed assets	-	220,936,610
Loss due to early termination of land lease contract	5,438,346,906	-
Others	6,523,173,361	8,021,869,846
	<b>14,972,488,544</b>	<b>17,321,295,887</b>



38. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Profit before tax	821,023,913,712	713,195,095,904
Tax calculated at a normal rate of 20%	164,204,782,742	142,639,019,181
<b>Adjustments for:</b>		
Non-assessable income	(65,339,604)	(153,600,809)
Non-deductible expenses	7,487,112,759	12,086,783,085
Deferred income tax asset of provision	547,384,205	1,683,527,578
Tax incentive	(85,777,993,668)	(71,504,817,230)
Adjustments for consolidation	(185,109,136)	(895,231,159)
<b>Corporate income tax expense</b>	<b>86,210,837,298</b>	<b>83,855,680,646</b>

**Applicable tax rates**

From 1 April 2018, DHG Pharmaceutical One Member Limited Company (“DHG Pharma”) and DHG Packaging and Printing 1 One Member Limited Company (“DHG Packaging and Printing 1”) were merged into the Group and still entitled to tax incentives as follows:

- Pursuant to the Investment Certificate, DHG Packaging and Printing 1 is obliged to pay corporate income tax at the rate of 10% of taxable income from 2014 to 2028. Under terms in Investment Certificate granted to DHG Packaging and Printing 1, DHG Packaging and Printing 1 is entitled to corporate income tax exemption from 2014 to 2017 and 50% reduction of corporate income tax from 2018 to 2026.

- Pursuant to Investment Certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma is entitled to corporate income tax at the rate of 10% of taxable income for 15 years from the date of starting its operation. DHG Pharma is entitled to the corporate income tax exemption for 4 years and 50% reduction for the following 9 years commencing from the first year of having taxable income. DHG Pharma has registered to the tax department of Hau Giang province to apply the above tax incentives effective from 2015.

All above tax incentives are not applicable to other income which is entitled to the normal rate of 20%.

The subsidiary is obliged to pay corporate income tax at the rate of 20% of taxable income.

Changes in deferred tax income in the current and prior year are as follows:

	Current year VND	Prior year VND
Deferred corporate tax income	3,875,366,641	1,946,486,540
Change of eliminated entries of fixed assets	(154,634,013)	(22,448,250)
	<b>3,720,732,628</b>	<b>1,924,038,290</b>



39. BASIC EARNINGS PER SHARE

a. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares.

	Current year VND	Prior year VND
Accounting profit after corporate income tax	739,874,900,345	635,388,096,114
Appropriation to fund (*)	(28,196,247,010)	(25,061,642,883)
Profit attributable to ordinary shareholders (VND)	711,678,653,335	610,326,453,231
Weighted average ordinary shares in circulation for the year (share)	130,746,071	130,746,071
<b>Basic earnings per share (VND/share)</b>	<b>5,443</b>	<b>4,668</b>

(\*) Bonus and welfare fund appropriation for the year ended 31 December 2020 is estimated based on the planned rate of appropriation of 3% in accordance with Resolution of the Company's Annual General Meeting No. 001/2020/NQ-ĐHĐCĐ dated 29 June 2020.

b. Diluted earnings per share

The Group does not have potentially diluted ordinary shares.

40. COMMITMENTS

a. Operating lease commitment

	Current year VND	Prior year VND
Minimum lease payment under operating leases recognized in the consolidated income statement for the year	5,436,028,382	5,323,267,288

At the consolidated balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Closing balance VND	Opening balance VND
Within one year	5,422,028,378	5,422,028,378
In the second to fifth year inclusive	21,688,113,512	21,688,113,512
After five years	99,224,658,019	104,737,053,537
	<b>126,334,799,909</b>	<b>131,847,195,427</b>



**b. Capital commitment**

Capital expenditure contracted for at the consolidated balance sheet date was as follows:

	Closing balance	Opening balance
	VND	VND
Approved but not contracted	67,429,673,077	1,298,265,181
Approved and contracted but not implemented	11,687,315,314	4,898,999,936
	<u>79,116,988,391</u>	<u>6,197,265,117</u>

**41. RELATED PARTY TRANSACTIONS AND BALANCES**

List of related parties with significant transactions and balances for the year:

<u>Related party</u>	<u>Relationship</u>
Vinh Hao Algae Processing Joint Stock Company	Associate (deinvested on 7 October 2020)
Taisho Pharmaceutical Co., Ltd. ("Taisho")	Major shareholder
The State Capital Investment Corporation ("SCIC")	Major shareholder
Hoe Pharmaceuticals Sdn Bhd	Taisho's related party
Taisho Pharmaceuticals (Taiwan) Co., Ltd.	Taisho's related party
Taisho Vietnam Co., Ltd.	Taisho's related party

During the year, the Group entered into the following transactions with related parties:

	Current year	Prior year
	VND	VND
<b>Sales of goods and provision of services</b>		
Taisho Pharmaceuticals (Taiwan) Co., Ltd.	3,340,734,339	-
Taisho Vietnam Co., Ltd.	3,203,751,040	-
Hoe Pharmaceuticals Sdn Bhd	-	3,356,406,686
<b>Purchases of goods and services</b>		
Vinh Hao Algae Processing Joint Stock Company	1,558,291,200	2,633,183,600
<b>Support for products development received</b>		
Taisho Pharmaceutical Co., Ltd.	-	1,026,346,453
<b>Dividends paid</b>		
SCIC	226,504,948,000	141,565,592,500
Taisho Pharmaceutical Co., Ltd.	266,788,208,000	124,870,698,000
<b>Disposal of investment in associate</b>		
Vinh Hao Algae Processing Joint Stock Company	3,787,450,000	-

The balances with related parties at the consolidated balance sheet date were as follows:

	Closing balance	Opening balance
	VND	VND
<b>Trade receivables</b>		
Taisho Vietnam Co., Ltd.	1,576,719,144	-
Hoe Pharmaceuticals Sdn Bhd	-	1,619,576,532
	<u>1,576,719,144</u>	<u>1,619,576,532</u>





Total remuneration paid to the Company's Management and Board of Directors during the year was as follows:

	Current year VND	Prior year VND
Board of Directors	3,000,000,000	6,228,309,000
Management	13,956,794,486	13,513,030,707
	<u>16,956,794,486</u>	<u>19,741,339,707</u>

42. SUPPLEMENTAL DISCLOSURES OF CONSOLIDATED CASH FLOW INFORMATION

a. Significant non-cash transactions affecting the consolidated cash flow statement:


	Current year VND	Prior year VND
Appropriation to reserves	112,403,812,114	193,477,782,318
Transfers from construction in progress to tangible fixed assets	43,149,564,728	40,747,562,248
Transfers from construction in progress to intangible assets	4,860,648,222	-
Transfers from construction in progress to prepayments	1,301,454,975	244,300,000
Accrued interest expense	78,311,109	327,951,231
Interest earned and dividends which have not been received	40,494,673,974	39,427,941,088


b. Proceeds from borrowings

	Current year VND	Prior year VND
Proceeds from borrowings under normal contracts	<u>987,369,688,755</u>	<u>1,916,023,391,699</u>

c. Repayment of borrowings

	Current year VND	Prior year VND
Repayment of borrowings under normal contracts	<u>1,039,765,021,061</u>	<u>2,209,257,867,364</u>

  
 Tran Ngoc Hien  
 Preparer

  
 Ho Bui Huan  
 Chief Accountant

  
  
 Masashi Nakaura  
 General Director  
 25 February 2021