

DHG PHARMACEUTICAL JOINT STOCK COMPANY

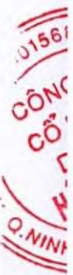
INTERIM FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 JUNE 2023

W.S.D.N: 18

DHG PHARMACEUTICAL JOINT STOCK COMPANY

INTERIM FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 JUNE 2023

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# DHG PHARMACEUTICAL JOINT STOCK COMPANY

## CORPORATE INFORMATION

**Establishment decision** No. 2405/QD-CT.UB dated 5 August 2004  
This decision was issued by the People's Committee of Can Tho City.

**Business registration Certificate** No. 5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City.

The Business registration certificate has been amended several times, and its latest amendment No. 1800156801 dated 03 January 2023 was issued by the Department of Planning and Investment of Can Tho City.

|                           |                          |  |
|---------------------------|--------------------------|--|
| <b>Board of Directors</b> | Ms. Dang Thi Thu Ha      | Chairwoman                               |
|                           | Mr. Jun Kuroda           | Member                                   |
|                           | Mr. Masashi Nakaura      | Member<br>(resigned from 19 April 2023)  |
|                           | Mr. Toshiyuki Ishii      | Member<br>(appointed from 19 April 2023) |
|                           | Mr. Maki Kamijo          | Member                                   |
|                           | Mr. Doan Dinh Duy Khuong | Member                                   |
|                           | Mr. Do Le Hung           | Member                                   |
| Ms. Nguyen Thi Viet Thanh | Member                   |  |

|                      |  |  |
|----------------------|--|--|
| <b>Management</b>    | Mr. Toshiyuki Ishii  | General Director   |
|                      | Mr. Doan Dinh Duy Khuong   | Chief Operating Officer  |
|                      | Ms. Nguyen Ngoc Diep   | Deputy General Director  |
|                      | Mr. Tomoyuki Kawata  | Deputy General Director  |
|                      | Mr. Tran Duy Hung  | Marketing Director<br>(including in Board of Management from 1 May 2023) |
|                      | Ms. Le Thi Hong Nhung  | Finance Director<br>(including in Board of Management from 1 May 2023)   |
| Ms. Vu Thi Huong Lan | Human Resources Director<br>(including in Board of Management from 1 May 2023) |  |

|                        |                     |        |
|------------------------|---------------------|--------|
| <b>Audit Committee</b> | Mr. Do Le Hung      | Head   |
|                        | Ms. Dang Thi Thu Ha | Member |
|                        | Mr. Maki Kamijo     | Member |

**Legal representative** Mr. Toshiyuki Ishii General Director

**Head office** 288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam

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## INTERIM BALANCE SHEET

| Codes | ASSETS  | Notes | As at 30.06.2023<br>VND  | As at 31.12.2022<br>VND  |
|-------|---|-------|--------------------------|--------------------------|
| 100   | <b>CURRENT ASSETS</b>                                       |       | <b>4,551,835,829,693</b> | <b>4,218,772,327,716</b> |
| 110   | Cash and cash equivalents                                   | 4     | 56,410,689,899           | 34,017,813,791           |
| 111   | Cash  |       | 56,410,689,899           | 34,017,813,791           |
| 120   | <b>Short-term financial investments</b>                     | 5     | <b>2,320,000,000,000</b> | <b>2,355,000,000,000</b> |
| 123   | Heid-to-maturity investments                                |       | 2,320,000,000,000        | 2,355,000,000,000        |
| 130   | <b>Short-term receivables</b>                               |       | <b>639,467,698,978</b>   | <b>550,503,358,957</b>   |
| 131   | Short-term trade receivables                                | 6     | 407,359,890,462          | 320,497,731,135          |
| 132   | Short-term advances to suppliers                            |       | 141,663,132,850          | 188,966,257,070          |
| 135   | Short-term loan receivables                                 | 7     | 257,622,204              | 257,622,204              |
| 136   | Other short-term receivables                                | 8     | 130,490,629,887          | 81,417,096,027           |
| 137   | Provision for short-term doubtful debts                     | 9     | (40,303,576,425)         | (40,635,347,479)         |
| 140   | <b>Inventories</b>  | 10    | <b>1,489,824,096,183</b> | <b>1,250,833,919,138</b> |
| 141   | Inventories   |       | 1,490,662,961,838        | 1,251,913,300,453        |
| 149   | Provision for devaluation of inventories                    |       | (838,865,655)            | (1,079,381,315)          |
| 150   | <b>Other short-term assets</b>                              |       | <b>46,133,344,633</b>    | <b>28,417,235,830</b>    |
| 151   | Short-term prepayments                                      | 11    | 10,318,887,467           | 12,401,507,959           |
| 152   | Value added tax deductibles                                 |       | 35,814,457,166           | 16,015,727,871           |
| 153   | Taxes and other receivables from the State budget           | 12    | -                        | -                        |
| 200   | <b>NON-CURRENT ASSETS</b>                                   |       | <b>1,172,941,767,730</b> | <b>949,414,175,129</b>   |
| 210   | <b>Long-term receivables</b>                                |       | <b>205,000,000</b>       | <b>822,061,880</b>       |
| 216   | Other long-term receivables                                 |       | 205,000,000              | 822,061,880              |
| 220   | <b>Fixed assets</b>   |       | <b>772,966,055,070</b>   | <b>787,387,089,074</b>   |
| 221   | Tangible fixed assets                                       | 13    | 589,755,966,647          | 585,574,876,927          |
| 222   | Cost  |       | 1,518,584,342,668        | 1,481,802,489,560        |
| 223   | Accumulated depreciation                                    |       | (928,828,376,021)        | (896,227,612,633)        |
| 227   | Intangible fixed assets                                     | 14    | 183,210,088,423          | 201,812,212,147          |
| 228   | Cost  |       | 233,788,626,721          | 252,779,142,186          |
| 229   | Accumulated amortization                                    |       | (50,578,538,298)         | (50,966,930,039)         |
| 230   | <b>Investment properties</b>                                | 15    | <b>31,885,195,533</b>    | <b>14,308,981,880</b>    |
| 231   | Cost  |       | 44,826,611,143           | 17,304,956,819           |
| 232   | Accumulated depreciation                                    |       | (12,941,415,610)         | (2,995,974,939)          |
| 240   | <b>Long-term assets in progress</b>                         | 16    | <b>306,203,681,187</b>   | <b>92,596,259,917</b>    |
| 242   | Construction in progress                                    |       | 306,203,681,187          | 92,596,259,917           |
| 250   | <b>Long-term financial investments</b>                      | 5     | <b>4,507,500,000</b>     | <b>3,860,000,000</b>     |
| 253   | Equity investments in other entities                        |       | 24,108,379,057           | 24,108,379,057           |
| 254   | Provision for impairment of long-term financial investments |       | (19,600,879,057)         | (20,248,379,057)         |
| 260   | <b>Other long-term assets</b>                               |       | <b>57,174,335,940</b>    | <b>50,439,782,378</b>    |
| 261   | Long-term prepayments                                       | 11    | 40,989,410,681           | 34,594,969,043           |
| 262   | Deferred tax assets   | 17    | 16,184,925,259           | 15,844,813,335           |
| 270   | <b>TOTAL ASSETS</b>   |       | <b>5,724,777,597,423</b> | <b>5,168,186,502,845</b> |

## INTERIM BALANCE SHEET (cont.)

| Codes      | RESOURCES   | Notes     | As at 30.06.2023<br>VND  | As at 31.12.2022<br>VND  |
|------------|---|-----------|--------------------------|--------------------------|
| <b>300</b> | <b>LIABILITIES</b>                                    |           | <b>1,298,206,701,336</b> | <b>876,649,599,388</b>   |
| <b>310</b> | <b>Current liabilities</b>                            |           | <b>1,231,895,851,268</b> | <b>811,536,702,268</b>   |
| 311        | Short-term trade payables                             | 18        | 301,530,267,288          | 364,379,191,011          |
| 312        | Short-term advances from customers                    |           | 24,037,917,085           | 44,183,901,316           |
| 313        | Taxes and amounts payable to the State budget         | 12        | 24,296,460,119           | 37,036,207,791           |
| 314        | Payables to employees                                 |           | 158,159,450,044          | 170,724,651,834          |
| 315        | Short-term accrued expenses                           | 19        | 15,642,985,312           | 24,364,389,787           |
| 318        | Short-term unearned revenue                           | 20        | 44,434,641,911           | 34,043,466,112           |
| 319        | Other current payables                                | 21        | 1,466,780,132            | 1,844,519,967            |
| 320        | Short-term loans                                      | 22        | 621,234,722,338          | 114,723,409,074          |
| 322        | Bonus and welfare funds                               | 23        | 41,092,627,039           | 20,236,965,376           |
| <b>330</b> | <b>Long-term liabilities</b>                          |           | <b>66,310,850,068</b>    | <b>65,112,897,120</b>    |
| 342        | Long-term provisions                                  | 24        | 61,194,837,529           | 58,827,249,515           |
| 343        | Science and technology development fund               | 25        | 5,116,012,539            | 6,285,647,605            |
| <b>400</b> | <b>EQUITY</b>   |           | <b>4,426,570,896,087</b> | <b>4,291,536,903,457</b> |
| <b>410</b> | <b>Owner's equity</b>                                 | <b>26</b> | <b>4,426,570,896,087</b> | <b>4,291,536,903,457</b> |
| 411        | Owner's contributed capital                           |           | 1,307,460,710,000        | 1,307,460,710,000        |
| 411a       | - Ordinary shares carrying voting rights              |           | 1,307,460,710,000        | 1,307,460,710,000        |
| 412        | Share premium   |           | 6,778,948,000            | 6,778,948,000            |
| 418        | Investment and development fund                       |           | 2,458,122,657,972        | 1,958,932,899,782        |
| 421        | Retained earnings                                     |           | 654,208,580,115          | 1,018,364,345,675        |
| 421a       | - Retained earnings accumulated to the prior year end |           | 29,909,699,603           | 29,909,699,603           |
| 421b       | - Retained earnings of the current period             |           | 624,298,880,512          | 988,454,646,072          |
| <b>440</b> | <b>TOTAL RESOURCES</b>                                |           | <b>5,724,777,597,423</b> | <b>5,168,186,502,845</b> |

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant



Toshiyuki Ishii  
General Director  
20 July 2023

## INTERIM INCOME STATEMENT

| Codes | Notes  | For the 3-month period ended |                          | For the 6-month period ended |                          |                          |
|-------|--|------------------------------|--------------------------|------------------------------|--------------------------|--------------------------|
|       |  | 30.06.2023<br>VND            | 30.06.2022<br>VND        | 30.06.2023<br>VND            | 30.06.2022<br>VND        |                          |
| 01    | Gross revenue from goods sold and services rendered      | 28                           | 1,283,916,759,641        | 1,245,256,053,231            | 2,667,343,380,155        | 2,426,734,497,855        |
| 02    | Deductions   | 28                           | 131,266,844,242          | 125,989,048,596              | 286,135,437,392          | 242,692,106,714          |
| 10    | <b>Net revenue from goods sold and services rendered</b> | 28                           | <b>1,152,649,915,399</b> | <b>1,119,267,004,635</b>     | <b>2,381,207,942,763</b> | <b>2,184,042,391,141</b> |
| 11    | Cost of sales  | 29                           | 590,997,547,461          | 565,552,486,270              | 1,205,410,201,407        | 1,125,694,459,335        |
| 20    | Gross profit from goods sold and services rendered       |                              | 561,652,367,938          | 553,714,518,365              | 1,175,797,741,356        | 1,058,347,931,806        |
| 21    | Financial income   | 30                           | 57,755,158,567           | 33,165,170,713               | 110,479,800,095          | 63,163,857,295           |
| 22    | Financial expenses                                       | 31                           | 20,086,310,843           | 24,084,802,639               | 39,354,918,706           | 45,980,348,991           |
| 23    | <i>In which: Interest expense</i>                        |                              | 7,068,722,002            | 5,072,398,985                | 11,535,018,457           | 7,485,532,568            |
| 25    | Selling expenses   | 32                           | 239,133,453,344          | 234,207,257,588              | 426,983,544,707          | 400,397,947,818          |
| 26    | General and administrative expenses                      | 32                           | 69,356,907,630           | 64,104,097,082               | 137,874,080,756          | 125,243,430,598          |
| 30    | <b>Operating profit</b>                                  |                              | <b>290,830,854,688</b>   | <b>264,483,531,769</b>       | <b>682,064,997,282</b>   | <b>549,890,061,694</b>   |
| 31    | Other income   | 33                           | 908,523,317              | 6,378,361,225                | 1,434,154,546            | 7,617,195,954            |
| 32    | Other expenses   | 33                           | 2,541,009,773            | 10,244,342,524               | 3,667,514,776            | 11,067,683,365           |
| 40    | Losses from other activities                             |                              | (1,632,486,456)          | (3,865,981,299)              | (2,233,360,230)          | (3,450,487,411)          |
| 50    | <b>Accounting profit before tax</b>                      |                              | <b>289,198,368,232</b>   | <b>260,617,550,470</b>       | <b>679,831,637,052</b>   | <b>546,439,574,283</b>   |
| 51    | Current corporate income tax expense                     | 35                           | 26,224,786,093           | 26,285,144,365               | 55,872,868,464           | 56,950,925,825           |
| 52    | Deferred corporate tax income                            | 35                           | (362,137,701)            | (237,484,112)                | (340,111,924)            | (381,658,377)            |
| 60    | <b>Net profit after corporate income tax</b>             |                              | <b>263,335,719,840</b>   | <b>234,569,890,217</b>       | <b>624,298,880,512</b>   | <b>489,870,306,835</b>   |
| 70    | <b>Earnings per share (VND)</b>                          | 36                           | <b>1,950</b>             | <b>1,736</b>                 | <b>4,624</b>             | <b>3,627</b>             |

Tran Ngoc Hien  
Preparer

Ho Bui Huan  
Chief Accountant

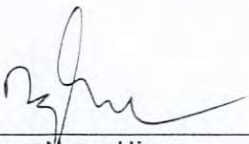


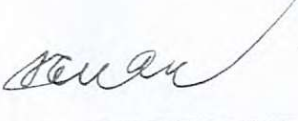
Toshiyuki Ishii  
General Director  
20 July 2023

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INTERIM CASH FLOW STATEMENT  
(Indirect method)

| Items  | Codes | Fiscal period ended      |                          |
|--|-------|--------------------------|--------------------------|
|  |       | 30.06.2023<br>VND        | 30.06.2022<br>VND        |
| <b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |       |                          |                          |
| 1. Profit before tax   | 01    | 679,831,637,052          | 546,439,574,283          |
| 2. Adjustment for:   |       |                          |                          |
| Depreciation and amortization of fixed assets and investment properties            | 02    | 42,097,178,486           | 40,552,852,756           |
| Provisions   | 03    | 1,490,613,496            | 1,827,242,719            |
| Foreign exchange losses/ (gains) arising from translating foreign currency items   | 04    | 220,234,689              | (87,143,406)             |
| Gain from investing activities   | 05    | (101,079,271,750)        | (61,991,518,071)         |
| Interest expense   | 06    | 11,535,018,457           | 7,485,532,568            |
| 3. Operating profit before movements in working capital                            | 08    | <u>634,095,410,430</u>   | <u>534,226,540,849</u>   |
| Changes in receivables   | 09    | (138,815,330,219)        | (3,925,491,974)          |
| Changes in inventories   | 10    | (238,749,661,385)        | (37,911,085,344)         |
| Changes in payables  | 11    | (105,069,468,426)        | 48,927,200,478           |
| Changes in prepaid expenses  | 12    | 2,767,303,479            | 545,916,276              |
| Interest paid  | 14    | (11,113,755,246)         | (7,345,027,319)          |
| Corporate income tax paid  | 15    | (58,752,133,186)         | (41,948,252,295)         |
| Other cash outflows  | 17    | (10,163,134,637)         | (24,611,381,063)         |
| Net cash generated by operating activities   | 20    | <u>74,199,230,810</u>    | <u>467,958,419,608</u>   |
| <b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>                                    |       |                          |                          |
| 1. Payment for purchasing, construction of fixed assets and other long-term assets | 21    | (201,593,491,965)        | (115,401,435,368)        |
| 2. Proceeds from sale, disposal of fixed assets and other long-term assets         | 22    | 489,764,545              | 2,740,454,376            |
| 3. Cash outflow for lending, buying debt instruments of other entities             | 23    | (1,260,000,000,000)      | (1,870,000,000,000)      |
| 4. Cash recovered from lending, selling debt instruments of other entities         | 24    | 1,295,000,000,000        | 1,485,000,000,000        |
| 5. Interest earned, dividends and profits received                                 | 27    | 65,435,090,813           | 64,967,203,605           |
| Net cash used in investing activities  | 30    | <u>(100,668,636,607)</u> | <u>(432,693,777,387)</u> |
| <b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |       |                          |                          |
| 1. Proceeds from borrowings  | 33    | 670,052,545,187          | 694,658,332,059          |
| 2. Repayment of borrowings   | 34    | (163,541,231,923)        | (262,391,176,993)        |
| 3. Dividends and profits paid  | 36    | (457,611,248,500)        | (457,611,248,500)        |
| Net cash generated by/ (used in) financing activities                              | 40    | <u>48,900,064,764</u>    | <u>(25,344,093,434)</u>  |
| Net increase in cash   | 50    | 22,430,658,967           | 9,920,548,787            |
| Cash and cash equivalents at the beginning of the year                             | 60    | 34,017,813,791           | 36,963,568,653           |
| Effects of changes in foreign exchange rates                                       | 61    | (37,782,859)             | 23,894,310               |
| Cash and cash equivalents at the end of the period/ year                           | 70    | <u>56,410,689,899</u>    | <u>46,908,011,750</u>    |

  
Tran Ngoc Hien  
Preparer

  
Ho Bui Huan  
Chief Accountant

  
  
Toshiyuki Ishii  
General Director  
20 July 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 JUNE 2023**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 on 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.

The largest shareholder of the Company is Taisho Pharmaceutical Co., Ltd which owned 51.01% and the State Capital Investment Corporation ("SCIC") which owned 43.31% of share capital of the Company. SCIC is controlled by 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, S.R. Vietnam.

The number of employees of the Company as at 30 June 2023 was 2,764 (as at 31 December 2022: 2,700).

**Operating industry and principal activities**

The Company's operating industry is to manufacture and sell pharmaceutical products.

The Company's principal activities are to manufacture and trade pharmaceuticals, health supplement and cosmeceuticals.

**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 financial statements**

The comparative figures on the balance sheet are the figures of the audited financial statements for the fiscal year ended 31 December 2022. The comparative figures on the income statement and cash flow statement are the figures of the audited interim financial statements for the fiscal period ended 30 June 2022.

**2 ACCOUNTING CONVENTION AND FISCAL YEAR****Accounting convention**

The 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 financial reporting.

The financial statements are prepared solely to present the financial position of the Company as at 30 June 2023, and its results of operations and cash flows for the fiscal period ended 30 June 2023. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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





**2 ACCOUNTING CONVENTION AND FISCAL YEAR (cont.)****Fiscal year**

The Company's Fiscal 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 Company in the preparation of the financial statements, are as follows:

**Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of 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 financial period. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates.

**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, highly liquid investments that are 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 Company's Board of Management has the positive intent or ability to hold to maturity.

Held-to-maturity investments include term deposits to earn periodic interest (except for term deposits presented in Note "Cash and cash equivalents") for the purpose of earning annual interest. These investments are measured at cost less provision for impairment of financial investments.

Interest income from term deposits is recognized in the income statement on accrual basis.

***Loan receivables***

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

**Equity investments in other entities**

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company 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 investments is made when there is a reliable evidence for declining in value of these investments at the balance sheet date, 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. Receivables 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 repay the debt.

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****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 labor 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.

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 income statement.

**Leases**The Company 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 Company as lessee

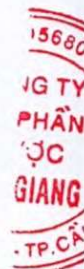
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable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

**Intangible fixed assets and amortization**

Intangible fixed assets represent 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 from 3 to 8 years.



**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Investment properties**

Investment properties are buildings, or part of buildings or infrastructure or buildings and land held by the Company 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 Company'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 land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepayment expenses.

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

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

**Provisions**

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of 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 Company 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 year of service equals to a half of an average monthly salary under the Vietnamese Labor 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 six consecutive months nearest to the date of the financial statements at the end of each fiscal year. The increase or decrease in the accrued amount shall be recorded in the income statement.

**Provision for dismantling and restoration costs**

In accordance with Circular 200/2014/TT-BTC issued by the Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company'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 period from 1 January 2015 to the time of returning the premises or land.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****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 Company 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 Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company 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 Company; 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 Company;
- (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 Company'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 year of sales of products, goods and services are recorded as deduction of revenue of that year.

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

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

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Customer loyalty programs (con.t)**

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 Company does not act as an agent of the third party, the unearned revenue is realized into the revenue of goods sold and services rendered at the time that third party provides the free or discounted goods and services to customers. If the Company acts as an agent of the third party, the Company 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. The amount payable to the third party is settlement for payable.

**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 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 profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (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 financial statements and the corresponding tax bases used in the computation of taxable profit 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 profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply during the year when the liability is settled or the asset realized. Deferred tax is charged or credited to the 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 Company 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 applied in accordance with the prevailing tax laws in Vietnam.



## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

## Dividend distribution (cont.)

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

Final dividends are declared and paid from retained earnings based on the approval of shareholders at the Annual General Meeting of Shareholders.

Appropriation of the Company's net profit after tax of 2022 was approved by shareholders at the Company's Annual General Meeting as follows:

- Dividends declared for 2022: 35% of par value
- Appropriation to the bonus and welfare fund: 3% of net profit after tax
- Operation Fund for Board of Directors, Audit Committee, Committees under the Board of Directors and the Board of Directors' secretary: VND 2,000,000,000
- Remaining net profit after tax was appropriated to the investment and development fund.

## 4 CASH AND CASH EQUIVALENTS

|                 | 30.06.2023<br>VND     | 31.12.2022<br>VND     |
|-----------------|-----------------------|-----------------------|
| Cash on hand    | 9,535,921,000         | 14,087,199,700        |
| Demand deposits | 46,874,768,899        | 19,930,614,091        |
|                 | <u>56,410,689,899</u> | <u>34,017,813,791</u> |

## 5 FINANCIAL INVESTMENTS

## (a) Short-term financial 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 reporting date.

## Held-to-maturity investments

|               | 30.06.2023        |                   | 31.12.2022        |                   |
|---------------|-------------------|-------------------|-------------------|-------------------|
|               | Cost<br>VND       | Book value<br>VND | Cost<br>VND       | Book value<br>VND |
| Term deposits | 2,320,000,000,000 | 2,320,000,000,000 | 2,355,000,000,000 | 2,355,000,000,000 |

## (b) Long-term financial investments

|   | 30.06.2023            |                         | 31.12.2022            |                         |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
|   | Cost<br>VND           | Provision<br>VND        | Cost<br>VND           | Provision<br>VND        |
| Equity investments<br>in other entities (*) | 24,108,379,057        | (19,600,879,057)        | 24,108,379,057        | (20,248,379,057)        |
|   | <u>24,108,379,057</u> | <u>(19,600,879,057)</u> | <u>24,108,379,057</u> | <u>(20,248,379,057)</u> |

## 5 FINANCIAL INVESTMENTS (cont.)

## (b) Long-term financial investments (cont.)

(\*) Equity investments in other entities:

|  | 30.06.2023<br>VND     | 31.12.2022<br>VND     |
|--|-----------------------|-----------------------|
| ATP Packaging Joint Stock Company        | 20,000,000,000        | 20,000,000,000        |
| Enlie Pharmaceutical Joint Stock Company | 4,108,379,057         | 4,108,379,057         |
|  | <u>24,108,379,057</u> | <u>24,108,379,057</u> |

The provision balance as at 30 June 2023 and 31 December 2022 represents the provision for long-term investments in the following other entities:

|  | 30.06.2023<br>VND     | 31.12.2022<br>VND     |
|--|-----------------------|-----------------------|
| ATP Packaging Joint Stock Company        | 17,400,000,000        | 17,400,000,000        |
| Enlie Pharmaceutical Joint Stock Company | 2,200,879,057         | 2,848,379,057         |
|  | <u>19,600,879,057</u> | <u>20,248,379,057</u> |

## 6 SHORT-TERM TRADE RECEIVABLES

|                           | 30.06.2023<br>VND      | 31.12.2022<br>VND      |
|---------------------------|------------------------|------------------------|
| Related parties (Note 38) | 674,730,511            | 777,311,258            |
| Third parties             | 406,685,159,951        | 319,720,419,877        |
|                           | <u>407,359,890,462</u> | <u>320,497,731,135</u> |

As at 30 June 2023 and 31 December 2022, there was no single trade receivable from third parties accounting for 10% or more of total trade receivables.

## 7 LOAN RECEIVABLES

|                                 | 30.06.2023<br>VND  | 31.12.2022<br>VND  |
|---------------------------------|--------------------|--------------------|
| Short-term loan receivables     |                    |                    |
| Loan receivables from customers | 257,622,204        | 257,622,204        |
|                                 | <u>257,622,204</u> | <u>257,622,204</u> |

## 8 OTHER SHORT-TERM RECEIVABLES

|   | 30.06.2023<br>VND      | 31.12.2022<br>VND     |
|---|------------------------|-----------------------|
| Accruals of interest income                       | 90,178,591,772         | 54,984,580,814        |
| Receivable from customers' business household tax | 7,159,353,170          | -                     |
| Receivable from employees                         | 15,128,268,424         | 15,756,494,986        |
| Other receivables                                 | 18,024,416,521         | 10,676,020,227        |
|   | <u>130,490,629,887</u> | <u>81,417,096,027</u> |

## 9 BAD DEBTS

|  | 30.06.2023     |                              |                  |
|--|----------------|------------------------------|------------------|
|  | Cost<br>VND    | Recoverable<br>amount<br>VND | Provision<br>VND |
| Total amount of receivables and loan receivables past due or not past due but impaired | 87,713,026,771 | 47,409,450,346               | (40,303,576,425) |

|  | 31.12.2022     |                              |                  |
|--|----------------|------------------------------|------------------|
|  | Cost<br>VND    | Recoverable<br>amount<br>VND | Provision<br>VND |
| Total amount of receivables and loan receivables past due or not past due but impaired | 79,342,361,904 | 38,707,014,425               | (40,635,347,479) |

As at 30 June 2023 and 31 December 2022, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

Movements in the provision for doubtful debts during the period/year were as follows:

|  | Fiscal period<br>ended<br>30.06.2023<br>VND | Fiscal period<br>ended<br>31.12.2022<br>VND |
|--|---|---|
| Opening balance                          | 40,635,347,479                              | 49,257,087,303                              |
| Reversal of provision in the period/year | (331,771,054)                               | (5,767,496,131)                             |
| Write off in the period/ year            | -   | (2,854,243,693)                             |
| Closing balance                          | 40,303,576,425                              | 40,635,347,479                              |

## 10 INVENTORIES

|                  | 30.06.2023        |                  | 31.12.2022        |                  |
|------------------|-------------------|------------------|-------------------|------------------|
|                  | Cost<br>VND       | Provision<br>VND | Cost<br>VND       | Provision<br>VND |
| Goods in transit | 110,386,787,394   | -                | 176,818,014,490   | -                |
| Raw materials    | 781,369,125,888   | -                | 665,502,268,079   | -                |
| Work in progress | 112,937,472,719   | -                | 71,622,857,577    | -                |
| Finished goods   | 433,056,490,566   | (838,865,655)    | 304,758,756,394   | (1,079,381,315)  |
| Merchandise      | 52,913,085,271    | -                | 33,211,403,913    | -                |
|                  | 1,490,662,961,838 | (838,865,655)    | 1,251,913,300,453 | (1,079,381,315)  |



## 10 INVENTORIES (cont.)

Movements in the provision for inventories during the period/year were as follows:

|  | Fiscal period<br>ended<br>30.06.2023<br>VND | Fiscal period<br>ended<br>31.12.2022<br>VND |
|--|---|---|
| Opening balance                          | 1,079,381,315                               | 1,357,913,392                               |
| Reversal of provision in the period/year | (240,515,660)                               | (278,532,077)                               |
| Closing balance                          | <u>838,865,655</u>                          | <u>1,079,381,315</u>                        |

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

As at 30 June 2023 and 31 December 2022, the Company did not have any slow moving, damaged or sub-standard inventories.

## 11 PREPAYMENTS

## Short-term prepayments

|                                       | 30.06.2023<br>VND     | 31.12.2022<br>VND     |
|---------------------------------------|-----------------------|-----------------------|
| Prepayment related to operating lease | 5,576,345,645         | 2,200,784,543         |
| Others                                | 4,742,541,822         | 10,200,723,416        |
|                                       | <u>10,318,887,467</u> | <u>12,401,507,959</u> |

Prepayments are allocated within 12 months since the time of prepayment.

## Long-term prepayments

|                    | 30.06.2023<br>VND     | 31.12.2022<br>VND     |
|--------------------|-----------------------|-----------------------|
| Tools and supplies | 11,730,991,435        | 9,960,136,919         |
| Others             | 29,258,419,246        | 24,634,832,124        |
|                    | <u>40,989,410,681</u> | <u>34,594,969,043</u> |

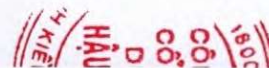
Prepayments are allocated in a period of more than 12 months since the time of prepayment.

Movements in long-term prepayments were as follows:

|                               | Fiscal period<br>ended<br>30.06.2023<br>VND | Fiscal period<br>ended<br>31.12.2022<br>VND |
|-------------------------------|---|---|
| Opening balance               | 34,594,969,043                              | 15,525,924,704                              |
| Increase in the period/year   | 18,180,973,876                              | 32,829,446,160                              |
| Allocation in the period/year | (11,786,532,238)                            | (13,760,401,821)                            |
| Closing balance               | <u>40,989,410,681</u>                       | <u>34,594,969,043</u>                       |

## 12 TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

|                                    | Opening balance       | Payable during<br>the period/year | Paid during<br>the period/year | Closing balance       |
|------------------------------------|-----------------------|-----------------------------------|--------------------------------|-----------------------|
|                                    | VND                   | VND                               | VND                            | VND                   |
| Value added tax for domestic goods | 5,041,879,162         | 31,728,740,130                    | (30,880,855,667)               | 5,889,763,625         |
| Value added tax for import goods   | -                     | 42,009,623,566                    | (42,009,623,566)               | -                     |
| Import and export duties           | -                     | 10,266,497,681                    | (10,266,497,681)               | -                     |
| Corporate income tax               | 12,678,129,908        | 55,872,868,464                    | (58,752,133,186)               | 9,798,865,186         |
| Personal income tax                | 12,069,460,922        | 31,460,127,615                    | (42,047,168,386)               | 1,482,420,151         |
| Land rental fee, land use tax      | -                     | 5,239,695,183                     | (2,765,383,687)                | 2,474,311,496         |
| Other taxes                        | 7,246,737,799         | 9,330,122,512                     | (11,925,760,650)               | 4,651,099,661         |
|                                    | <u>37,036,207,791</u> | <u>185,907,675,151</u>            | <u>(198,647,422,823)</u>       | <u>24,296,460,119</u> |
| <b>In which:</b>                   |                       |                                   |                                |                       |
| <i>Tax receivables</i>             | -                     |                                   |                                | -                     |
| <i>Tax payables</i>                | 37,036,207,791        |                                   |                                | 24,296,460,119        |



## 13 TANGIBLE FIXED ASSETS

|   | Buildings<br>and structures<br>VND | Machinery<br>and equipment<br>VND | Motor<br>vehicles<br>VND | Office<br>equipment<br>VND | Total<br>VND      |
|---|------------------------------------|-----------------------------------|--------------------------|----------------------------|-------------------|
| <b>Cost</b>   |                                    |                                   |                          |                            |                   |
| As at 01 January 2023                               | 578,613,089,225                    | 682,541,039,515                   | 139,507,907,276          | 81,140,453,544             | 1,481,802,489,560 |
| Transfer from construction in progress<br>(Note 16) | 2,743,791,939                      | 41,281,969,970                    | 1,864,465,552            | 1,221,529,818              | 47,111,757,279    |
| Transfer to investment properties<br>(Note 15)      | (8,531,138,859)                    | -                                 | -                        | -                          | (8,531,138,859)   |
| Disposals   | -                                  | -                                 | (1,713,127,130)          | -                          | (1,713,127,130)   |
| Write off   | -                                  | -                                 | -                        | (85,638,182)               | (85,638,182)      |
| As at 30 June 2023                                  | 572,825,742,305                    | 723,823,009,485                   | 139,659,245,698          | 82,276,345,180             | 1,518,584,342,668 |
| <b>Accumulated depreciation</b>                     |                                    |                                   |                          |                            |                   |
| As at 01 January 2023                               | 289,824,233,234                    | 429,607,263,118                   | 105,833,122,063          | 70,962,994,218             | 896,227,612,633   |
| Charge for the period/ year                         | 12,266,130,701                     | 23,900,242,993                    | 3,922,226,809            | 1,608,941,096              | 41,697,541,599    |
| Transfer to investment properties<br>(Note 15)      | (7,352,933,895)                    | -                                 | -                        | -                          | (7,352,933,895)   |
| Disposals   | -                                  | -                                 | (1,673,532,564)          | -                          | (1,673,532,564)   |
| Write off   | -                                  | -                                 | -                        | (70,311,752)               | (70,311,752)      |
| As at 30 June 2023                                  | 294,737,430,040                    | 453,507,506,111                   | 108,081,816,308          | 72,501,623,562             | 928,828,376,021   |
| <b>Net book value</b>                               |                                    |                                   |                          |                            |                   |
| As at 01 January 2023                               | 288,788,855,991                    | 252,933,776,397                   | 33,674,785,213           | 10,177,459,326             | 585,574,876,927   |
| As at 30 June 2023                                  | 278,088,312,265                    | 270,315,503,374                   | 31,577,429,390           | 9,774,721,618              | 589,755,966,647   |

As at 30 June 2023, the cost of tangible fixed assets included VND 381,870,937,024 (as at 31 December 2022: VND 360,830,354,698) of assets which were fully depreciated but are still in active use.

## 14 INTANGIBLE FIXED ASSETS

|  | Land use rights<br>with indefinite<br>term<br>VND | Land use rights<br>with definite term<br>VND | Computer<br>software<br>VND | Total<br>VND           |
|--|---|--|-----------------------------|------------------------|
| <b>Cost</b>                                    |   |  |                             |                        |
| As at 01 January 2023                          | 88,310,158,166                                    | 143,438,814,993                              | 21,030,169,027              | 252,779,142,186        |
| Transfer to investment<br>properties (Note 15) | (5,189,553,965)                                   | (13,800,961,500)                             | -                           | (18,990,515,465)       |
| As at 30 June 2023                             | <u>83,120,604,201</u>                             | <u>129,637,853,493</u>                       | <u>21,030,169,027</u>       | <u>233,788,626,721</u> |
| <b>Accumulated amortization</b>                |   |  |                             |                        |
| As at 01 January 2023                          | -   | 32,766,612,466                               | 18,200,317,573              | 50,966,930,039         |
| Charge for the period/year                     | -   | 1,427,505,270                                | 488,142,065                 | 1,915,647,335          |
| Transfer to investment<br>properties (Note 15) | -   | (2,304,039,076)                              | -                           | (2,304,039,076)        |
| As at 30 June 2023                             | <u>-</u>  | <u>31,890,078,660</u>                        | <u>18,688,459,638</u>       | <u>50,578,538,298</u>  |
| <b>Net book value</b>                          |   |  |                             |                        |
| As at 01 January 2023                          | <u>88,310,158,166</u>                             | <u>110,672,202,527</u>                       | <u>2,829,851,454</u>        | <u>201,812,212,147</u> |
| As at 30 June 2023                             | <u>83,120,604,201</u>                             | <u>97,747,774,833</u>                        | <u>2,341,709,389</u>        | <u>183,210,088,423</u> |

As at 30 June 2023, the cost of intangible fixed assets included VND 16,285,369,257 (as at 31 December 2022: VND 16,241,274,257) of assets which were fully amortized but are still in use.

## 15 INVESTMENT PROPERTIES

|   | Buildings and<br>land use rights<br>VND |
|---|---|
| <b>Cost</b>                                     |   |
| As at 01 January 2023                           | 17,304,956,819                          |
| Transfer from tangible fixed assets (Note 13)   | 8,531,138,859                           |
| Transfer from intangible fixed assets (Note 14) | 18,990,515,465                          |
| As at 30 June 2023                              | <u>44,826,611,143</u>                   |
| <b>Accumulated depreciation</b>                 |   |
| As at 01 January 2023                           | 2,995,974,939                           |
| Charge for the period/ year                     | 288,467,700                             |
| Transfer from tangible fixed assets (Note 13)   | 7,352,933,895                           |
| Transfer from intangible fixed assets (Note 14) | 2,304,039,076                           |
| As at 30 June 2023                              | <u>12,941,415,610</u>                   |
| <b>Net book value</b>                           |   |
| As at 01 January 2023                           | <u>14,308,981,880</u>                   |
| As at 30 June 2023                              | <u>31,885,195,533</u>                   |

As at 30 June 2023, the cost of investment properties included VND 921,497,780 (as at 31 December 2022: VND 232,067,069) of properties which were fully depreciated but are still in active use.

## 15 INVESTMENT PROPERTIES (cont.)

Fair value of the Company's investment properties was VND 109,233,000,000 which was determined according to the valuation certificate issued by South East Appraisal and Consulting Corporation Company on 05 August 2020 and the valuation certificate issued by VAS Valuation Co., Ltd on 17 January 2023. South East Appraisal and Consulting Corporation Company and VAS Valuation Co., Ltd are independent valuation companies, not related parties of the Company. These companies have a valid practicing certificate and have 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 LONG-TERM ASSETS IN PROGRESS

|   | 30.06.2023<br>VND      | 31.12.2022<br>VND     |
|---|------------------------|-----------------------|
| Construction of Gia Lai branch office   | 3,473,948,774          | 3,473,948,774         |
| Construction of IC, IA, LG office   | 1,325,656,349          | -                     |
| Other repairs and renovation  | 3,430,705,962          | 3,949,522,139         |
| Purchasing machineries  | 32,626,309,823         | 32,006,271,272        |
| REB product project   | 3,143,357,535          | 3,143,357,535         |
| CTP product project   | -                      | 202,029,350           |
| BUD product project   | -                      | 1,293,522,895         |
| LUS product project   | 4,846,830,502          | 1,722,095,670         |
| Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant | 257,356,872,242        | 46,805,512,282        |
|   | <u>306,203,681,187</u> | <u>92,596,259,917</u> |

## Movements of construction in progress in the period/year:

|   | Fiscal period<br>ended<br>30.06.2023<br>VND | Fiscal period<br>ended<br>31.12.2022<br>VND |
|---|---|---|
| Opening balance                             | 92,596,259,917                              | 69,507,677,936                              |
| Purchases                                   | 287,712,010,995                             | 150,100,167,202                             |
| Transfer to tangible fixed assets (Note 13) | (47,111,757,279)                            | (105,713,348,334)                           |
| Transfer to prepayments                     | (7,079,124,625)                             | (9,153,400,385)                             |
| Transfer to expenses in the period/year     | (19,913,707,821)                            | (12,144,836,502)                            |
| Closing balance                             | <u>306,203,681,187</u>                      | <u>92,596,259,917</u>                       |

## 17 DEFERRED TAX ASSETS

|   | 30.06.2023<br>VND     | 31.12.2022<br>VND     |
|---|-----------------------|-----------------------|
| Corporate income tax rates used for determination of value of deferred tax assets | 20%                   | 20%                   |
| Deductible temporary differences  | 80,924,626,295        | 79,224,066,675        |
| Deferred tax assets   | <u>16,184,925,259</u> | <u>15,844,813,335</u> |

The deferred tax assets mainly arise from deductible temporary differences relating to provisions and unrealized profits arising from intra-group transactions of assets acquisition between the Company and its old subsidiaries in the Company which are dissolved.

## 17 DEFERRED TAX ASSETS (con.t)

Movements of deferred tax assets in the period/year were as follows:

|   | Fiscal period<br>ended<br>30.06.2023<br>VND | Fiscal period<br>ended<br>31.12.2022<br>VND |
|---|---|---|
| Opening balance                               | 15,844,813,335                              | 17,534,939,531                              |
| Additional/ (Reversal) in deferred tax assets | 344,017,603                                 | (1,646,891,427)                             |
| Change of eliminated entry of fixed assets    | (3,905,679)                                 | (43,234,769)                                |
| Closing balance                               | <u>16,184,925,259</u>                       | <u>15,844,813,335</u>                       |

## 18 SHORT-TERM TRADE PAYABLES

|                              | 30.06.2023             |                                      | 31.12.2022             |                                      |
|------------------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|
|                              | Amount<br>VND          | Amount able to<br>be paid off<br>VND | Amount<br>VND          | Amount able to<br>be paid off<br>VND |
| Related parties<br>(Note 38) | 3,215,740,151          | 3,215,740,151                        | -                      | -                                    |
| Third parties (*)            | 298,314,527,137        | 298,314,527,137                      | 364,379,191,011        | 364,379,191,011                      |
|                              | <u>301,530,267,288</u> | <u>301,530,267,288</u>               | <u>364,379,191,011</u> | <u>364,379,191,011</u>               |

(\*) Suppliers accounting for 10% or more of total trade accounts payable balance were as follows:

|  | 30.06.2023<br>VND | 31.12.2022<br>VND |
|--|-------------------|-------------------|
| APC Pharmaceuticals and Chemical Limited | 10,782,002,438    | 64,276,216,447    |
| Nomura Trading Co., Ltd                  | 101,815,300,000   | 56,688,597,000    |

As at 30 June 2023 and 31 December 2022, there was no balance of short-term trade payables that were past due.

## 19 SHORT-TERM ACCRUED EXPENSES

|                  | 30.06.2023<br>VND     | 31.12.2022<br>VND     |
|------------------|-----------------------|-----------------------|
| Interest payable | 530,886,534           | 109,623,323           |
| Payment discount | 3,113,305,281         | 4,520,921,880         |
| Other accruals   | 11,998,793,497        | 19,733,844,584        |
|                  | <u>15,642,985,312</u> | <u>24,364,389,787</u> |

## 20 SHORT-TERM UNEARNED REVENUE

|   | 30.06.2023<br>VND     | 31.12.2022<br>VND     |
|---|-----------------------|-----------------------|
| Unearned revenue from customer loyalty programs<br>(Note 3) | <u>44,434,641,911</u> | <u>34,043,466,112</u> |

## 21 OTHER SHORT-TERM PAYABLES

|           | 30.06.2023<br>VND    | 31.12.2022<br>VND    |
|-----------|----------------------|----------------------|
| Union fee | 597,924,355          | 557,184,346          |
| Others    | 868,855,777          | 1,287,335,621        |
|           | <u>1,466,780,132</u> | <u>1,844,519,967</u> |

## 22 SHORT-TERM LOANS

|                  | 30.06.2023             |                                      | 31.12.2022             |                                      |
|------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|
|                  | Amount<br>VND          | Amount able<br>to be paid off<br>VND | Amount<br>VND          | Amount able<br>to be paid off<br>VND |
| Loans from banks | 621,234,722,338        | 621,234,722,338                      | 114,723,409,074        | 114,723,409,074                      |
|                  | <u>621,234,722,338</u> | <u>621,234,722,338</u>               | <u>114,723,409,074</u> | <u>114,723,409,074</u>               |

Movements of short-term loans during the period/year were as follows:

|                      | As at<br>01.01.2023<br>VND | Increases<br>VND         | Decreases<br>VND         | As at<br>30.06.2023<br>VND |
|----------------------|----------------------------|--------------------------|--------------------------|----------------------------|
| Loans from banks (*) | 114,723,409,074            | 1,025,415,011,142        | (518,903,697,878)        | 621,234,722,338            |
|                      | <u>114,723,409,074</u>     | <u>1,025,415,011,142</u> | <u>(518,903,697,878)</u> | <u>621,234,722,338</u>     |

(\*) These loans bear interests at the rates ranging from 0.46% to 0.58% per month (in 2022: from 0.27% to 0.58% per month).

As at 30 June 2023 and 31 December 2022, there was no short-term loan that was past due.

## 23 BONUS AND WELFARE FUNDS

The funds are established through appropriation from retained earnings upon approval of shareholders at the Company's Annual General Meetings ("AGM"). The funds are used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies and to use for Operation Fund for Board of Directors in accordance with the Company's AGM Resolution.

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

|   | Bonus and<br>welfare fund<br>VND | Welfare fund in<br>form of assets<br>VND | Operation Fund<br>for Board of<br>Directors<br>VND | Total<br>VND          |
|---|----------------------------------|--|--|-----------------------|
| Opening balance                               | 4,117,498,016                    | 8,518,827,326                            | 7,600,640,034                                      | 20,236,965,376        |
| Appropriation to the funds in the period/year | 29,653,639,382                   | -  | 2,000,000,000                                      | 31,653,639,382        |
| Depreciation of assets formed from the funds  | -                                | (634,843,082)                            | -  | (634,843,082)         |
| Utilization                                   | (9,558,483,259)                  | -  | (604,651,378)                                      | (10,163,134,637)      |
| Closing balance                               | <u>24,212,654,139</u>            | <u>7,883,984,244</u>                     | <u>8,995,988,656</u>                               | <u>41,092,627,039</u> |

## 24 LONG-TERM PROVISIONS

|  | Provision for<br>dismantling and<br>restoration cost<br>VND | Severance<br>allowance<br>VND | Total<br>VND          |
|--|---|-------------------------------|-----------------------|
| Opening balance                            | 31,302,591,613  | 27,524,657,902                | 58,827,249,515        |
| Additional provision in the<br>period/year | 1,968,845,076   | 741,555,134                   | 2,710,400,210         |
| Utilization of provisions                  | -   | (342,812,196)                 | (342,812,196)         |
| Closing balance                            | <u>33,271,436,689</u>                                       | <u>27,923,400,840</u>         | <u>61,194,837,529</u> |

## 25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No. 05/2022/TTLT-BKHCN-BTC dated 31 May 2022 issued by the Ministry of Science and Technology and Circular No. 67/2022/TT-BTC dated 7 November 2022 issued by the Ministry of Finance, enterprises are allowed to establish the science and technology development funds for research and development activities. Funds are utilized when disbursement is paid for research and development activities.

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

|  | Science and<br>technology<br>development fund<br>in form of assets<br>VND |
|--|---|
| Opening balance                              | 6,285,647,605   |
| Depreciation of assets formed from the funds | (1,169,635,066)   |
| Closing balance                              | <u>5,116,012,539</u>  |

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## 26 OWNER'S EQUITY

## Movements in owners' equity

|  | Owner's<br>contributed<br>capital<br>VND | Share premium<br>VND | Investment and<br>development fund<br>VND | Retained<br>earnings<br>VND | Total<br>VND             |
|--|--|----------------------|---|-----------------------------|--------------------------|
| Balance as at 01 January 2022                          | 1,307,460,710,000                        | 6,778,948,000        | 1,668,641,014,030                         | 807,129,425,636             | 3,790,010,097,666        |
| Net profit for the year                                | -  | -                    | -   | 988,454,646,072             | 988,454,646,072          |
| Dividends for 2021                                     | -  | -                    | -   | (457,611,248,500)           | (457,611,248,500)        |
| Fund distribution                                      | -  | -                    | 290,291,885,752                           | (290,291,885,752)           | -                        |
| Appropriation to bonus and welfare funds               | -  | -                    | -   | (23,316,591,781)            | (23,316,591,781)         |
| Appropriation to Operation Fund for Board of Directors | -  | -                    | -   | (6,000,000,000)             | (6,000,000,000)          |
| <b>Balance as at 31 December 2022</b>                  | <b>1,307,460,710,000</b>                 | <b>6,778,948,000</b> | <b>1,958,932,899,782</b>                  | <b>1,018,364,345,675</b>    | <b>4,291,536,903,457</b> |
| Net profit for the period/year                         | -  | -                    | -   | 624,298,880,512             | 624,298,880,512          |
| Dividends for 2022                                     | -  | -                    | -   | (457,611,248,500)           | (457,611,248,500)        |
| Fund distribution                                      | -  | -                    | 499,189,758,190                           | (499,189,758,190)           | -                        |
| Appropriation to bonus and welfare funds               | -  | -                    | -   | (29,653,639,382)            | (29,653,639,382)         |
| Appropriation to Operation Fund for Board of Directors | -  | -                    | -   | (2,000,000,000)             | (2,000,000,000)          |
| <b>Balance as at 30 June 2023</b>                      | <b>1,307,460,710,000</b>                 | <b>6,778,948,000</b> | <b>2,458,122,657,972</b>                  | <b>654,208,580,115</b>      | <b>4,426,570,896,087</b> |

## 26 OWNER'S EQUITY (cont.)

## Charter capital

|  | 30.06.2023       |                   | 31.12.2022       |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | 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 |
| Ordinary shares currently in circulation | 130,746,071      | 1,307,460,710,000 | 130,746,071      | 1,307,460,710,000 |

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 dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets.

## Dividends

According to Resolution of the Annual General Meeting of Shareholders No. 001/2023/NQ.ĐHĐCĐ dated 19 April 2023, the General Meeting of Shareholders of the Company approved payment of dividends from profit after tax of 2022 at 35% in cash, equivalent to VND 457,611,248,500. On 19 May 2023, the Company paid all the dividends of the year 2022.

## Fund distribution

According to Resolution of the Annual General Meeting of Shareholders No. 001/2023/NQ.ĐHĐCĐ dated 19 April 2023, the General Meeting of Shareholders of the Company approved the appropriation to bonus and welfare fund of employees from profit after tax of 2022 at the rate of 3%, equivalent to the amount of VND 29,653,639,382, and also used for the Operation Fund for Board of Directors, Audit Committee, members of other Committees under the Board of Directors, secretary of the Board of Directors with the amount of VND 2,000,000,000. The remaining profit after tax of 2022 is distributed to the Investment and Development Fund.

## 27 OFF BALANCE SHEET ITEMS

## Foreign currencies

|                            | 30.06.2023 | 31.12.2022 |
|----------------------------|------------|------------|
| United states Dollar (USD) | 229,560    | 127,152    |
| Euros (EUR)                | 2,660      | 796        |
| Yen (JPY)                  | 284,300    | 28,523     |

## Bad debts written off

|                       | 30.06.2023<br>VND | 31.12.2022<br>VND |
|-----------------------|-------------------|-------------------|
| Bad debts written off | 8,470,093,749     | 8,501,993,749     |

## 28 REVENUES

|                         | For the 3-month period ended |                          | For the 6-month period ended |                          |
|-------------------------|------------------------------|--------------------------|------------------------------|--------------------------|
|                         | 30.06.2023<br>VND            | 30.06.2022<br>VND        | 30.06.2023<br>VND            | 30.06.2022<br>VND        |
| <b>Sales</b>            |                              |                          |                              |                          |
| Sales of finished goods | 1,178,869,274,806            | 1,145,278,780,567        | 2,436,364,822,001            | 2,172,225,258,423        |
| Sales of merchandise    | 104,484,473,502              | 99,450,317,154           | 229,966,850,415              | 253,379,075,875          |
| Others                  | 563,011,333                  | 526,955,510              | 1,011,707,739                | 1,130,163,557            |
|                         | <u>1,283,916,759,641</u>     | <u>1,245,256,053,231</u> | <u>2,667,343,380,155</u>     | <u>2,426,734,497,855</u> |
| <b>Deductions</b>       |                              |                          |                              |                          |
| Sales discount          | 130,997,680,968              | 125,682,229,726          | 285,365,803,418              | 241,196,800,808          |
| Sales return            | 269,163,274                  | 306,818,870              | 769,633,974                  | 1,495,305,906            |
|                         | <u>131,266,844,242</u>       | <u>125,989,048,596</u>   | <u>286,135,437,392</u>       | <u>242,692,106,714</u>   |
| <b>Net sales</b>        | <u>1,152,649,915,399</u>     | <u>1,119,267,004,635</u> | <u>2,381,207,942,763</u>     | <u>2,184,042,391,141</u> |
| <b>In which:</b>        |                              |                          |                              |                          |
| Sales of finished goods | 1,049,805,130,494            | 1,019,746,847,091        | 2,153,568,129,526            | 1,931,487,498,553        |
| Sales of merchandise    | 102,281,773,572              | 98,993,202,034           | 226,628,105,498              | 251,424,729,031          |
| Others                  | 563,011,333                  | 526,955,510              | 1,011,707,739                | 1,130,163,557            |

Goods in transit's revenue have not been recognized as at 30 June 2023: VND 32,895,305,622 (as at 30 June 2022: VND 57,371,590,795).

## 29 COST OF SALES

|   | For the 3-month period ended |                        | For the 6-month period ended |                          |
|---|------------------------------|------------------------|------------------------------|--------------------------|
|   | 30.06.2023<br>VND            | 30.06.2022<br>VND      | 30.06.2023<br>VND            | 30.06.2022<br>VND        |
| Cost of finished goods sold                       | 500,166,041,724              | 474,671,712,166        | 998,579,747,727              | 890,655,663,879          |
| Cost of merchandise sold                          | 91,072,021,397               | 91,297,176,242         | 207,070,969,340              | 235,455,197,594          |
| Reversal provision for devaluation of inventories | (240,515,660)                | (416,402,138)          | (240,515,660)                | (416,402,138)            |
|   | <u>590,997,547,461</u>       | <u>565,552,486,270</u> | <u>1,205,410,201,407</u>     | <u>1,125,694,459,335</u> |

## 30 FINANCIAL INCOMES

|                       | For the 3-month period ended |                       | For the 6-month period ended |                       |
|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|
|                       | 30.06.2023<br>VND            | 30.06.2022<br>VND     | 30.06.2023<br>VND            | 30.06.2022<br>VND     |
| Interest income       | 54,437,550,399               | 31,850,065,363        | 100,629,101,771              | 59,429,458,395        |
| Foreign exchange gain | 3,317,608,168                | 1,315,105,350         | 9,850,698,324                | 3,734,398,900         |
|                       | <u>57,755,158,567</u>        | <u>33,165,170,713</u> | <u>110,479,800,095</u>       | <u>63,163,857,295</u> |

## 31 FINANCIAL EXPENSES

|  | For the 3-month period ended |                       | For the 6-month period ended |                       |
|--|------------------------------|-----------------------|------------------------------|-----------------------|
|  | 30.06.2023<br>VND            | 30.06.2022<br>VND     | 30.06.2023<br>VND            | 30.06.2022<br>VND     |
| Interest expenses  | 7,068,722,002                | 5,072,398,985         | 11,535,018,457               | 7,485,532,568         |
| Foreign exchange losses  | 867,784,110                  | 1,666,839,771         | 3,172,949,775                | 2,345,383,180         |
| Settlement discount  | 12,034,161,406               | 17,119,986,930        | 25,240,090,792               | 35,774,885,573        |
| Additional/ (Reversal) provision for impairment of long-term financial investments | 105,000,000                  | 214,933,628           | (647,500,000)                | 320,187,988           |
| Other financial expenses   | 10,643,325                   | 10,643,325            | 54,359,682                   | 54,359,682            |
|  | <u>20,086,310,843</u>        | <u>24,084,802,639</u> | <u>39,354,918,706</u>        | <u>45,980,348,991</u> |

## 32 SELLING EXPENSES AND GENERAL &amp; ADMINISTRATIVE EXPENSES

## Selling expenses

|                      | For the 3-month period ended |                        | For the 6-month period ended |                        |
|----------------------|------------------------------|------------------------|------------------------------|------------------------|
|                      | 30.06.2023                   | 30.06.2022             | 30.06.2023                   | 30.06.2022             |
|                      | VND                          | VND                    | VND                          | VND                    |
| Staff cost           | 126,721,025,852              | 123,194,926,214        | 240,679,023,593              | 230,606,858,576        |
| Advertising expenses | 31,742,614,245               | 36,781,989,984         | 42,627,684,624               | 46,104,971,170         |
| Others               | 80,669,813,247               | 74,230,341,390         | 143,676,836,490              | 123,686,118,072        |
|                      | <u>239,133,453,344</u>       | <u>234,207,257,588</u> | <u>426,983,544,707</u>       | <u>400,397,947,818</u> |

## General &amp; administrative expenses

|            | For the 3-month period ended |                       | For the 6-month period ended |                        |
|------------|------------------------------|-----------------------|------------------------------|------------------------|
|            | 30.06.2023                   | 30.06.2022            | 30.06.2023                   | 30.06.2022             |
|            | VND                          | VND                   | VND                          | VND                    |
| Staff cost | 50,285,942,762               | 48,103,751,869        | 97,395,710,833               | 88,208,942,421         |
| Others     | 19,070,964,868               | 16,000,345,213        | 40,478,369,923               | 37,034,488,177         |
|            | <u>69,356,907,630</u>        | <u>64,104,097,082</u> | <u>137,874,080,756</u>       | <u>125,243,430,598</u> |

## 33 OTHER INCOME AND EXPENSES

## Other income

|  | For the 3-month period ended |                      | For the 6-month period ended |                      |
|--|------------------------------|----------------------|------------------------------|----------------------|
|  | 30.06.2023                   | 30.06.2022           | 30.06.2023                   | 30.06.2022           |
|  | VND                          | VND                  | VND                          | VND                  |
| Gain from disposals of fixed assets and other long-term assets | 450,169,979                  | 1,651,545,285        | 450,169,979                  | 2,562,059,676        |
| Income from receiving support from Taisho                      | -                            | 4,215,538,818        | -                            | 4,215,538,818        |
| Income from research services                                  | 53,485,988                   | -                    | 207,457,537                  | -                    |
| Others   | 404,867,350                  | 511,277,122          | 776,527,030                  | 839,597,460          |
|  | <u>908,523,317</u>           | <u>6,378,361,225</u> | <u>1,434,154,546</u>         | <u>7,617,195,954</u> |

## Other expenses

|   | For the 3-month period ended |                       | For the 6-month period ended |                       |
|---|------------------------------|-----------------------|------------------------------|-----------------------|
|   | 30.06.2023                   | 30.06.2022            | 30.06.2023                   | 30.06.2022            |
|   | VND                          | VND                   | VND                          | VND                   |
| Depreciation expense  | 180,305,535                  | 312,300,195           | 360,611,070                  | 626,822,001           |
| Incurring expenses due to the impact of the Covid-19 pandemic | -                            | -                     | -                            | 57,333,676            |
| Supporting fee for business households                        | -                            | 9,000,000,000         | -                            | 9,000,000,000         |
| Others  | 2,360,704,238                | 932,042,329           | 3,306,903,706                | 1,383,527,688         |
|   | <u>2,541,009,773</u>         | <u>10,244,342,524</u> | <u>3,667,514,776</u>         | <u>11,067,683,365</u> |

## 34 PRODUCTION AND OPERATION COSTS BY NATURE

|                               | Fiscal period ended      |                          |
|-------------------------------|--------------------------|--------------------------|
|                               | 30.06.2023               | 30.06.2022               |
|                               | VND                      | VND                      |
| Raw materials and consumables | 1,264,207,404,169        | 1,087,561,410,238        |
| Staff cost                    | 493,025,877,268          | 463,764,003,294          |
| Depreciation and amortization | 41,736,567,416           | 39,926,030,755           |
| Out-sourced services          | 124,596,105,524          | 119,264,273,679          |
| Other expenses                | 125,967,367,966          | 104,634,760,111          |
|                               | <u>2,049,533,322,343</u> | <u>1,815,150,478,077</u> |

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## 35 CURRENT AND DEFERRED CORPORATE INCOME TAX

The current corporate income tax expense for the period/year was computed as follows:

|   | Fiscal period ended   |                       |
|---|-----------------------|-----------------------|
|   | 30.06.2023<br>VND     | 30.06.2022<br>VND     |
| Accounting profit before tax                | 679,831,637,052       | 546,439,574,283       |
| Tax calculated at a normal rate of 20%      | 135,966,327,410       | 109,287,914,857       |
| Adjustments for:                            |                       |                       |
| Expenses not deductible for tax purposes    | 2,466,251,657         | 4,997,115,100         |
| Under provision of tax in the prior year    | 324,925,359           | -                     |
| Non-taxable income                          | (2,942,258,514)       | -                     |
| Corporate income tax incentives at branches | (79,942,377,448)      | (57,334,104,132)      |
| Corporate income tax expense                | <u>55,872,868,464</u> | <u>56,950,925,825</u> |

Movements in deferred corporate tax expense/ (income) during the period/year were as follows:

|  | Fiscal period ended  |                      |
|--|----------------------|----------------------|
|  | 30.06.2023<br>VND    | 30.06.2022<br>VND    |
| Deferred corporate tax income              | (344,017,603)        | (404,861,788)        |
| Change of eliminated entry of fixed assets | 3,905,679            | 23,203,411           |
|  | <u>(340,111,924)</u> | <u>(381,658,377)</u> |

**Applicable tax rates**

Since 01 April 2018, DHG Pharmaceutical One Member Limited Company (DHG Pharma Ltd.) and DHG Packaging and Printing 1 One Member Limited Company (DHG PP1) have been merged into the Company and still have the following preferential tax rates:

- Pursuant to the investment certificate, DHG PP1 is obliged to pay corporate income tax (CIT) at the rate of 10% of taxable income from 2014 to 2028. Under terms in investment certificate granted to DHG PP1, DHG PP1 is entitled to CIT exemption from 2014 to 2017 and 50% tax reduction from 2018 to 2026.
- Pursuant to investment certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma Ltd. is obliged to pay CIT at the rate of 10% of taxable income for 15 years from the date of starting its operation. DHG Pharma Ltd. is entitled to the CIT exemption for 4 years and 50% reduction for the following 9 years commencing from the first year of having taxable income. DHG Pharma Ltd. has registered to apply the above tax incentives effective from the fiscal year 2015.

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

## 36 BASIC EARNINGS PER SHARE

Basic earnings per share are 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 period/year, excluding ordinary shares repurchased by the Company and held as treasury shares.

|  | Fiscal period ended    |                        |
|--|------------------------|------------------------|
|  | 30.06.2023             | 30.06.2022             |
|  | VND                    | VND                    |
| Net profit attributable to shareholders (VND)                                | 624,298,880,512        | 489,870,306,835        |
| The estimated amount appropriated to bonus and welfare funds (*)             | (19,728,966,415)       | (15,696,109,205)       |
|  | <u>604,569,914,097</u> | <u>474,174,197,630</u> |
| Weighted average number of ordinary shares currently in circulation (shares) | 130,746,071            | 130,746,071            |
| Basic earnings per share (VND)   | 4,624                  | 3,627                  |

(\*) According to the Resolution of the General Meeting of Shareholders No. 001/2023/NQ.ĐHĐCĐ dated 19 April 2023, the appropriation for bonus and welfare funds for the period/ the year 2023 based on planned appropriation rate for bonus and welfare funds is 3%.

The Company does not have potentially diluted ordinary shares.

## 37 COMMITMENTS

## a) Operating lease commitment

|   | Fiscal period ended |               |
|---|---------------------|---------------|
|   | 30.06.2023          | 30.06.2022    |
|   | VND                 | VND           |
| Minimum lease payment under operating leases recognized in the income statement for the period/year | 1,430,287,427       | 3,554,218,570 |

At the balance sheet date, the Company had outstanding commitments under non-cancellable operating leases as follows:

|                                      | Land lease             |                        |
|--------------------------------------|------------------------|------------------------|
|                                      | 30.06.2023             | 31.12.2022             |
|                                      | VND                    | VND                    |
| Within one year                      | 7,076,437,142          | 7,076,437,142          |
| In the first to fifth year inclusive | 28,305,748,568         | 28,305,748,568         |
| After five years                     | 111,605,124,295        | 115,162,999,634        |
|                                      | <u>146,987,310,005</u> | <u>150,545,185,344</u> |

## b) Capital commitment

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

|   | 30.06.2023             | 31.12.2022             |
|---|------------------------|------------------------|
|   | VND                    | VND                    |
| Approved but not contracted                 | 124,532,572,810        | 126,365,032,147        |
| Approved and contracted but not implemented | 185,674,118,777        | 407,802,027,692        |
|   | <u>310,206,691,587</u> | <u>534,167,059,839</u> |

## 38 TRANSACTIONS WITH RELATED PARTIES

Related partiesRelationship

|   |                             |
|---|-----------------------------|
| The State Capital Investment Corporation ("SCIC") | Major shareholder           |
| Taisho Pharmaceutical Co., Ltd                    | Major shareholder           |
| Hoe Pharmaceuticals Sdn Bhd                       | Related companies of Taisho |
| Taisho Pharmaceutical (Thailand) Co., Ltd         | Related companies of Taisho |

During the period/year, the following transactions were carried out with related parties:

|   | Fiscal period ended |                   |
|---|---------------------|-------------------|
|   | 30.06.2023<br>VND   | 30.06.2022<br>VND |
| <b>Sales of goods and provision of services</b> |                     |                   |
| Hoe Pharmaceuticals Sdn Bhd                     | 2,255,058,596       | 1,568,059,989     |
| Taisho Pharmaceutical Co., Ltd                  | 153,971,549         | -                 |
| <b>Purchases of goods and services</b>          |                     |                   |
| Hoe Pharmaceuticals Sdn Bhd                     | 363,143,218         | -                 |
| Taisho Pharmaceutical Co., Ltd                  | 10,501,531,211      | 2,258,248,093     |
| Taisho Pharmaceutical (Thailand) Co.,Ltd.       | -                   | 12,139,848        |
| <b>Promotion</b>                                |                     |                   |
| Hoe Pharmaceuticals Sdn Bhd                     | 19,199,936          | 13,784,083        |
| <b>Receive support</b>                          |                     |                   |
| Taisho Pharmaceutical Co., Ltd.                 | -                   | 4,215,538,818     |
| <b>Dividends paid</b>                           |                     |                   |
| SCIC  | 198,191,829,500     | 198,191,829,500   |
| Taisho Pharmaceutical Co.,Ltd                   | 233,439,682,000     | 233,439,682,000   |





## 38 TRANSACTIONS WITH RELATED PARTIES (cont.)

Remuneration paid to the Company's the Board of Directors and the Management during the period was as follows:

| Name                      | Title  | Fiscal period ended   |                       |
|---------------------------|--|-----------------------|-----------------------|
|                           |  | 30.06.2023            | 30.06.2022            |
|                           |  | VND                   | VND                   |
| Ms. Dang Thi Thu Ha       | Board of Directors Chairwoman  | 450,000,000           | 300,000,000           |
| Mr. Jun Kuroda            | Board of Directors Member  | 315,000,000           | 210,000,000           |
| Mr. Masashi Nakaura       | Board of Directors Member<br>(resigned from 19 April 2023)<br>cum General Director<br>(resigned from 31 December 2022) | 1,378,686,904         | 2,662,890,700         |
| Mr. Toshiyuki Ishii       | Board of Directors Member<br>(appointed from 19 April 2023)<br>cum General Director<br>(appointed from 1 January 2023) | 1,292,870,520         | -                     |
| Mr. Maki Kamijo           | Board of Directors Member  | 395,000,000           | 210,000,000           |
| Mr. Doan Dinh Duy Khuong  | Board of Directors Member<br>(cum Chief Operating Officer)   | 2,398,804,000         | 2,442,055,442         |
| Mr. Do Le Hung            | Board of Directors Member  | 405,000,000           | 405,000,000           |
| Ms. Nguyen Thi Viet Thanh | Board of Directors Member  | 345,000,000           | 315,000,000           |
| Ms. Nguyen Ngoc Diep      | Deputy General Director  | 1,606,010,836         | 1,519,489,047         |
| Mr. Tomoyuki Kawata       | Deputy General Director  | 1,580,546,836         | 1,475,195,000         |
| Mr. Tran Duy Hung         | Marketing Director<br>(including in Board of<br>Management from 1 May 2023)  | 1,605,820,798         | 1,250,118,229         |
| Ms. Le Thi Hong Nhung     | Finance Director<br>(including in Board of<br>Management from 1 May 2023)  | 781,431,250           | 694,963,812           |
| Ms. Vu Thi Huong Lan      | Human Resources Director<br>(including in Board of<br>Management from 1 May 2023)                                      | 723,909,400           | 765,938,912           |
|                           |  | <u>13,278,080,544</u> | <u>12,250,651,142</u> |

Related party balances at the balance sheet date were as follows:

|   | 30.06.2023    | 31.12.2022  |
|---|---------------|-------------|
|   | VND           | VND         |
| <b>Trade receivables</b>                  |               |             |
| Hoe Pharmaceuticals Sdn Bhd               | 674,730,511   | 777,311,258 |
| <b>Trade payables</b>                     |               |             |
| Taisho Pharmaceutical Co.,Ltd             | 3,215,740,151 | -           |
| <b>Short-term advances from customers</b> |               |             |
| Taisho Pharmaceutical Co.,Ltd             | 240,536,086   | -           |

## 39 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

## (a) Non-cash transactions affecting the cash flow statement

|  | Fiscal period ended |                 |
|--|---------------------|-----------------|
|  | 30.06.2023          | 30.06.2022      |
|  | VND                 | VND             |
| Appropriation to reserves from profit                            | 530,843,397,572     | 319,608,477,533 |
| Transfers from construction in progress to tangible fixed assets | 47,111,757,279      | 8,245,320,769   |
| Transfers from construction in progress to prepayments           | 7,079,124,625       | -               |
| Transfers from tangible fixed assets to investment properties    | 8,531,138,859       | -               |
| Transfers from intangible fixed assets to investment properties  | 18,990,515,465      | -               |
| Accrued interest payables  | 530,886,534         | 249,007,260     |
| Accrued interest income  | 90,178,591,772      | 47,832,293,146  |

## (b) Proceeds from borrowings

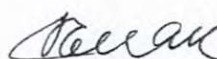
|   | Fiscal period ended |                 |
|---|---------------------|-----------------|
|   | 30.06.2023          | 30.06.2022      |
|   | VND                 | VND             |
| Proceeds from borrowings under normal contracts not over 3 months | 355,362,465,955     | 107,486,686,533 |
| Proceeds from borrowings under normal contracts over 3 months     | 670,052,545,187     | 694,658,332,059 |

## (c) Repayment of borrowings

|  | Fiscal period ended |                 |
|--|---------------------|-----------------|
|  | 30.06.2023          | 30.06.2022      |
|  | VND                 | VND             |
| Repayment of borrowings under normal contracts not over 3 months | 355,362,465,955     | 107,486,686,533 |
| Repayment of borrowings under normal contracts                   | 163,541,231,923     | 262,391,176,993 |




Tran Ngoc Hien  
Preparer



Ho Bui Huan  
Chief Accountant



  
Toshiyuki Ishii  
General Director  
20 July 2023