



MEKOPHAR

**CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

AUDITED FINANCIAL STATEMENTS
For the fiscal year ended December 31, 2021



AUDITED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

**MEKOPHAR CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

AISC

Auditing and Informatic Services Company Limited

CONTENT

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	Page
1. REPORT OF THE BOARD OF MANAGEMENT	01 - 03
2. INDEPENDENNT AUDITOR'S REPORT	04
3. BALANCE SHEET	05 - 08
4. INCOME STATEMENT	09
5. CASH FLOW SATEMENT	10 - 11
6. NOTES TO THE FINANCIAL STATEMENTS	12 - 45

REPORT OF THE BOARD OF MANAGEMENT

For the fiscal year ended December 31, 2021

The Board of Management has the honor of submitting this report and the audited financial statements for the fiscal year ended December 31, 2021.

1. Business highlights:

Establishment:

The Company operates under Business registration certificate, which business code is 0302533156 dated February 08, 2002 issued by the Department of Planning and Investment of Ho Chi Minh City, Business registration No. 4103000833, the twentyth amended certificate dated July 15, 2021 on the change of charter capital, increase chartered capital to VND 255,458,670,000 (The chartered capital as of December 31, 2021: VND 255,458,670,000).

Structure of ownership: Large public joint stock company.

Principal activities of company:

The Company's principal activities: Producing, trading medicine; Trading perfume; Trading cosmetics and other cleaning products; Trading medical tools; Maintaining and testing medicine; Retailing medicine; Producing packing used in pharmaceutical industry (plastic bottle, paper box, carton box); Producing technological food (except for producing and processing fresh food); Trading functional food; processing food; Producing cosmetics (not manufacturing chemicals, soap, and detergent at the head office); Trading real estates, leasing apartment, office; Trading garments; Producing bottled pure water; Trading beverages; Trading medical machinery and equipment; Trading other chemicals (except for chemicals used in agriculture); Trading plastics in primary form; Investment consultancy (except for accounting, finance, law); Consultancy on technology transfer; Commercial introduction and promotion; Acting as brokerage agent (except for real estates).

English name: Mekophar Chemical Pharmaceutical Joint Stock Company.

Short name: Mekophar.

Security code: MKP - Listed on UPCOM.

Head office: No. 297/5 Ly Thuong Kiet Str., Dist. 11, HCMC.

The Company's branches are located at:

- Hanoi branch: B26-B28-TT17 Van Quan new residential - Yen Phuc, Phuc La Ward, Ha Dong Dist., Ha Noi.
- Nghe An Branch: No. 79 Ho Huu Nhan, Vinh Tan Ward, Vinh City, Nghe An Province.
- Da Nang branch: No. 410 Nguyen Tri Phuong, Hai Chau District, Da Nang City.
- Can Tho branch: No.17A Cach Mang Thang Tam Str., Binh Thuy Dist., Can Tho City.

2. Financial position and results of operation:

The Company's financial position and results of operation in the year are presented in the attached financial statements.

3. Board of Management, Control Board, Board of General Directors and Chief Accountant:

The Board of Management, Control Board, Board of General Directors and Chief Accountant holding office in the year and at the reporting date include:

REPORT OF THE BOARD OF MANAGEMENT

For the fiscal year ended December 31, 2021

Board of Management:

Mr.	Le Anh Phuong	Chairman
Mrs.	Huynh Thi Lan	Vice Chairman
Mrs.	Dang Thi Kim Lan	Member
Mr.	Satoshi Kamamura	Member
Mr.	Dinh Xuan Han	Member
Mrs.	Nguyen Thi Quynh Anh	Member
Mrs.	Phan Thi Lan Huong	Member

Board of Supervisors

Mr.	Nguyen Viet Luan	Chairman
Mr.	Nguyen Ba Khoa	Member
Mr.	Tran Trung Ngon	Member

Board of General Directors and Chief Accountant:

Mrs.	Huynh Thi Lan	General Director	
Mrs.	Dang Thi Kim Lan	Deputy General Director	
Mr.	Le Anh Phuong	Deputy General Director	
Mrs.	Phan Thi Lan Huong	Deputy General Director	
Mr.	Phan Anh Tai	Chief Accountant	Appointed on June 01, 2021
Mrs.	Le Thi Thuy Hang	Chief Accountant	Resigned on June 01, 2021

Legal representatives of the Company in the year and to the reporting date are:

Ms. Huynh Thi Lan - General Director is the legal representative of the Company.

4. Auditor

Auditing and Informatic Services Limited Company (AISC) has been appointed as an independent auditor for the fiscal year ended December 31, 2021.

Statement of the Responsibility of the Board of Management and Board of General Directors in respect of the

5. Financial Statements

The Board of General Directors of the Company are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Company as of December 31, 2021 as well as its results of operation and cash flows for the year then ended. In order to prepare these financial statements, the Board of General Directors have considered and complied with the following matters:

- Selected the appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- The financial statements of the Company are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

REPORT OF THE BOARD OF MANAGEMENT

For the fiscal year ended December 31, 2021

The Board of Management and Board of General Directors are responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements are prepared in compliance with the registered accounting policies stated in the Notes to the Financial Statements. The Board of General Directors are also responsible for safeguarding the assets of the Company and thus taking reasonable steps for the prevention and detection of fraud and other irregularities.

6. Approval of the Financial Statements

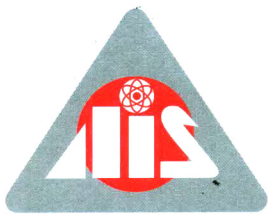
The Board of Management and Board of General Directors are responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements are prepared in compliance with the registered accounting policies stated in the Notes to the Financial Statements. The Board of General Directors are also responsible for safeguarding the assets of the Company and thus taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are prepared in compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System.

HCMC, March 28, 2022
For and behalf of the Board of Management


EN. Le Anh Phuong

Chairman



No: A0621310-R/AISC-DN4

CÔNG TY TNHH KIỂM TOÁN VÀ DỊCH VỤ TIN HỌC TP. HCM

Auditing And Informatic Services Company Limited

Head Office: 389A Dien Bien Phu Str., Ward 4, Dist.3, Ho Chi Minh City

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Email: info@aisc.com.vn

Website: www.aisc.com.vn

INDEPENDENT AUDITOR'S REPORT

SHAREHOLDERS, BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS

MEKOPHAR CHEMICAL PHARMACEUTICAL JOINT-STOCK COMPANY

To:

We have audited the financial statements of **Mekophar Chemical Pharmaceutical Joint-Stock Company** consisting of Balance Sheet as at December 31, 2021, Income Statement, Cash Flows Statement for the year then ended and Notes to the Financial Statements as set out on page 05 to page 45, which were prepared on March 28, 2022.

Responsibility of the Board of General Directors

The Board of General Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, Accounting System and prevailing regulations applicable to the preparation and presentation of the financial statements and also for the internal control that the Board of General Directors considers necessary for the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

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

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

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

Auditor's opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of **Mekophar Chemical Pharmaceutical Joint-Stock Company** as at December 31, 2021 as well as the results of its operation and its cash flows for the year then ended. The financial statements are prepared in compliance with the prevailing Vietnamese Accounting Standards, Vietnamese Accounting System and other statutory requirements relevant to the preparation and presentation of the financial statements.

HCMC, March 28, 2022

PP GENERAL DIRECTOR

DEPUTY GENERAL DIRECTOR

KIỂM TOÁN VÀ
DỊCH VỤ TIN HỌC
THÀNH PHỐ
HỒ CHÍ MINH

Huỳnh Tiểu Phụng

Certificate of Audit Practice Registration

No: 1269-2018-005-1

Issued by the Ministry of Finance

AUDITOR

Vo Thi Xuan Quynh

Vo Thi Xuan Quynh

Certificate of Audit Practice Registration

No.: 4274-2018-005-1

Issued by the Ministry of Finance

BALANCE SHEET

As at December 31, 2021

Unit: VND

ASSETS	Code	Notes	Dec. 31, 2021	Jan. 01, 2021
A. CURRENT ASSETS	100		779,070,384,041	598,350,171,407
I. Cash and cash equivalents	110	V.1	37,888,019,980	115,495,794,568
1. Cash	111		37,888,019,980	35,495,794,568
2. Cash equivalents	112		-	80,000,000,000
II. Short-term financial investments	120	V.2	210,946,711,100	130,946,711,100
1. Trading securities	121		10,946,711,100	10,946,711,100
2. Provision for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123		200,000,000,000	120,000,000,000
III. Short-term Accounts receivable	130		181,091,774,043	113,787,081,895
1. Trade accounts receivable	131	V.3a	117,722,551,128	118,967,496,884
2. Prepayments to suppliers	132	V.4a	90,935,404,487	12,970,609,206
3. Intercompany receivables	133		-	-
4. Construction contract-in-progress receivables	134		-	-
5. Receivables from short-term loans	135		-	-
6. Other receivables	136	V.5	1,081,945,793	1,063,767,293
7. Provision for doubtful debts	137	V.3	(28,648,127,365)	(19,214,791,488)
8. Shortage of assets awaiting resolution	139		-	-
IV. Inventories	140	V.6	342,889,810,779	237,221,270,849
1. Inventories	141		342,889,810,779	237,221,270,849
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		6,254,068,139	899,312,995
1. Short-term prepayments	151	V.10a	978,399,740	514,514,582
2. Deductible VAT	152		3,012,893,032	-
3. Taxes and other receivables from the State Budget	153	V.13b	2,262,775,367	384,798,413
4. Repurchase and sale of Government's bonds	154		-	-
5. Other current assets	155		-	-

BALANCE SHEET

As at December 31, 2021

Unit: VND

ASSETS	Code	Notes	Dec. 31, 2021	Jan. 01, 2021
B. LONG-TERM ASSETS	200		832,772,876,403	878,232,913,788
I. Long-term receivables	210		-	-
1. Long-term trade receivables	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital from sub-units	213		-	-
4. Long-term intercompany receivables	214		-	-
5. Receivables from long-term loans	215		-	-
6. Other long-term receivables	216		-	-
7. Provision for doubtful long-term receivables	219		-	-
II. Fixed assets	220		48,361,610,846	47,210,974,280
1. Tangible fixed assets	221	V.8	39,147,349,484	37,245,162,518
- Cost	222		261,920,329,279	253,310,256,161
- Accumulated depreciation	223		(222,772,979,795)	(216,065,093,643)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	9,214,261,362	9,965,811,762
- Cost	228		13,507,253,139	13,507,253,139
- Accumulated amortization	229		(4,292,991,777)	(3,541,441,377)
III. Investment Properties	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Non-current assets in progress	240	V.7	6,429,581	-
1. Works in progress	241		-	-
2. Capital construction in progress	242		6,429,581	-
V. Long-term investments	250	V.2	784,157,142,076	829,936,280,410
1. Investments in subsidiaries	251		900,000,000,000	900,000,000,000
2. Investments in associates, joint-ventures	252		-	-
3. Investments in equity of other entities	253		24,068,960,000	24,068,960,000
4. Provision for decline in the value of long-term investments	254		(139,911,817,924)	(94,132,679,590)
5. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		247,693,900	1,085,659,098
1. Long-term prepaid expenses	261	V.10b	247,693,900	1,085,659,098
2. Deferred income tax assets	262		-	-
3. Equipment, materials, spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,611,843,260,444	1,476,583,085,195

BALANCE SHEET

As at December 31, 2021

Unit: VND

RESOURCES	Code	Notes	Dec. 31, 2021	Jan. 01, 2021
C. LIABILITIES	300		362,790,781,406	214,539,820,461
I. Current liabilities	310		226,882,156,257	99,123,121,730
1. Short-term trade payables	311	V.11	74,549,802,773	37,124,937,757
2. Advances from customers	312	V.12	21,664,650,147	15,424,961,644
3. Taxes and other payables to the State Budget	313	V.13a	4,536,255,841	4,098,767,999
4. Payables to employees	314		14,320,541,248	16,450,438,581
5. Short-term accrued expenses	315	V.14	332,454,545	329,772,727
6. Short-term intercompany payables	316		-	-
7. Construction contract-in-progress payables	317		-	-
8. Short-term unrealized revenue	318		-	-
9. Other short-term payables	319	V.16	28,811,079,808	17,645,188,162
10. Short-term borrowings and financial lease liabilities	320	V.17	73,573,200,000	-
11. Provision for short-term payables	321		-	-
12. Bonus and welfare fund	322		9,094,171,895	8,049,054,860
13. Price stabilization fund	323		-	-
14. Repurchase and sale of Government's bond	324		-	-
II. Long-term liabilities	330		135,908,625,149	115,416,698,731
1. Long-term trade payables	331		-	-
2. Long-term Advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables for operating capital received	334		-	-
5. Long-term intercompany payables	335		-	-
6. Long-term unrealized revenue	336	V.15	135,908,625,149	115,416,698,731
7. Other long-term payables	337		-	-
8. Long-term borrowings and financial lease liabilities	338		-	-
9. Convertible bond	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liabilities	341		-	-
12. Provision for long-term liabilities	342		-	-
13. Fund for science and technology development	343		-	-

BALANCE SHEET

As at December 31, 2021

Unit: VND

RESOURCES	Code	Notes	Dec. 31, 2021	Jan. 01, 2021
D. OWNERS' EQUITY	400		1,249,052,479,038	1,262,043,264,734
I. Owners' equity	410	V.18	1,249,052,479,038	1,262,043,264,734
1. Owners' capital	411		255,458,670,000	232,490,000,000
- Ordinary shares with voting rights	411a		255,458,670,000	232,490,000,000
- Preferred shares	411b		-	-
2. Share premium	412		409,789,114,458	409,789,114,458
3. Bond conversion option	413		-	-
4. Owners' other capital	414		-	-
5. Treasury shares	415		(14,487,151,158)	(14,487,151,158)
6. Difference upon assets revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418		573,322,804,351	570,571,691,667
9. Fund for support of arrangement of enterprises	419		-	-
10. Other funds	420		-	-
11. Undistributed earnings	421		24,969,041,387	63,679,609,767
- Undistributed earnings accumulated to the end of prior year	421a		9,108,247,716	24,000,000,000
- Undistributed earnings in this year	421b		15,860,793,671	39,679,609,767
12. Investment reserve for basic construction	422		-	-
II. Budget sources and other funds	430		-	-
1. Budget sources	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL RESOURCES	440		1,611,843,260,444	1,476,583,085,195

HCMC, March 28, 2022

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT GENERAL DIRECTOR



Phan Anh Tai




Huynh Thi Lan


INCOME STATEMENT

For the fiscal year ended December 31, 2021

Unit: VND

ITEMS	Code	Notes	Year 2021	Year 2020
1. Sales	01	VI.1	1,120,883,238,545	1,207,389,071,411
2. Less sales deductions	02	VI.2	465,796,999	731,604,576
3. Net sales	10	VI.3	1,120,417,441,546	1,206,657,466,835
4. Cost of sales	11	VI.4	888,574,039,849	938,762,072,748
5. Gross profit (20 = 10 - 11)	20		231,843,401,697	267,895,394,087
6. Financial income	21	VI.5	8,861,948,768	11,620,412,434
7. Financial expenses	22	VI.6	48,192,971,017	45,622,685,107
<i>In which: loan interest expenses</i>	23		389,574,736	-
8. Selling expenses	25	VI.7a	77,515,666,866	81,373,320,427
9. General & administration expenses	26	VI.7b	97,952,806,725	92,861,623,731
10. Operating profit (30 = 20 + (21 - 22) - (25 + 26))	30		17,043,905,857	59,658,177,256
11. Other income	31	VI.8	7,391,793,891	1,431,373,068
12. Other expenses	32	VI.9	166,738,535	3,416,562,772
13. Other profit (40 = 31 - 32)	40		7,225,055,356	(1,985,189,704)
14. Net accounting profit before tax (50 = 30 + 40)	50		24,268,961,213	57,672,987,552
15. Corporate income tax - current	51	VI.11	8,408,167,542	17,993,377,785
16. Corporate income tax - deferred	52		-	-
17. Net profit after corporate income tax (60 = 50 - 51 - 52)	60		15,860,793,671	39,679,609,767

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Phan Anh Tai

HCMC, March 28, 2022

GENERAL DIRECTOR



Huynh Thi Lan

CASH FLOW STATEMENT

(Under indirect method)

For the fiscal year ended December 31, 2021

Unit: VND

ITEMS	Code	Note	Year 2021	Year 2020
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit before tax	01		24,268,961,213	57,672,987,552
2. Adjustments for :				
- Depreciation of fixed assets and investment properties	02	V.8&9	10,032,521,412	10,861,497,655
- Provisions	03	VI.6&7	55,212,474,211	47,619,097,852
- Gain/losses from foreign exchange differences upon revaluation of monetary assets denominated in foreign currencies	04		101,302,616	56,214,936
- Gains/losses from investing activities	05		(8,668,770,173)	(11,587,509,763)
- Interest expense	06	VI.6	389,574,736	-
- Other adjustments	07		-	-
3. Profit from operating activities before changes in working capital	08		81,336,064,015	104,622,288,232
- Increase (-)/ decrease (+) in receivables	09		(81,628,898,011)	34,887,638,942
- Increase (-)/ decrease (+) in inventories	10		(105,668,539,930)	9,360,266,308
- Increase (+)/ decrease (-) in payables (Other than payables, income tax)	11		73,293,814,008	43,812,556,791
- Increase (-)/ decrease (+) in prepaid expenses	12		374,080,040	1,268,701,364
- Increase (-)/ decrease (+) in trading securities	13		-	-
- Interest paid	14		(389,574,736)	-
- Corporate income tax paid	15	V.13a	(8,142,284,681)	(16,090,701,541)
- Other receipts from operating activities	16		-	-
- Other payments on operating activities	17		(4,865,108,332)	(15,677,243,002)
Net cash inflows/(outflows) from operating activities	20		(45,690,447,627)	162,183,507,094
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchases of fixed assets and other long-term assets	21		(11,189,587,559)	(6,667,743,735)
2. Proceeds from disposals of fixed assets and other long-term assets	22	VI.9	69,090,909	1,750,479,462
3. Loans granted, purchases of debt instruments of other entities	23		(396,710,010,859)	(195,000,000,000)
4. Collection of loans, proceeds from sales of debt instruments of other entities	24		316,710,010,859	130,000,000,000
5. Investments in other entities	25		-	-
6. Proceeds from divestment in other entities	26		-	-
7. Dividends and interest received	27	VI.5	8,599,679,264	11,551,146,127
Net cash inflows/(outflows) from investing activities	30		(82,520,817,386)	(58,366,118,146)

CASH FLOW STATEMENT

(Under indirect method)

For the fiscal year ended December 31, 2021

Unit: VND

ITEMS	Code	Note	Year 2021	Year 2020
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issue of shares and capital contribution	31		-	-
2. Payments for shares returns and repurchases	32		-	-
3. Proceeds from borrowings	33	VII.1	115,962,661,000	-
4. Repayments of borrowings	34	VII.2	(42,389,461,000)	-
5. Payments for finance lease liabilities	35		-	-
6. Dividends paid	36	V.18a	(22,971,354,000)	(34,457,031,000)
Net cash inflows/(outflows) from financing activities	40		50,601,846,000	(34,457,031,000)
Net cash inflows/(outflows) (50 = 20+ 30 + 40)	50		(77,609,419,013)	69,360,357,948
Cash and cash equivalents at the beginning of the year	60		115,495,794,568	46,134,023,783
Effect of foreign exchange differences	61		1,644,425	1,412,837
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70	V.1	<u>37,888,019,980</u>	<u>115,495,794,568</u>

HCMC, March 28, 2022

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT GENERAL DIRECTOR



Phan Anh Tai




Huynh Thi Lan

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND*

I. BUSINESS HIGHLIGHTS**1. Establishment**

The Company operates under Business registration certificate, which business code is 0302533156 dated February 08, 2002 issued by the Department of Planning and Investment of Ho Chi Minh City, Business registration No. 4103000833, the twentyth amended certificate dated July 15, 2021 on the change of charter capital, increase chartered capital to VND 255,458,670,000 (The chartered capital as of December 31, 2021: VND 255,458,670,000).

English name: Mekophar Chemical Pharmaceutical Joint Stock Company.

Short name: Mekophar.

Security code: MKP - Listed on UPCOM.

Head office: No. 297/5 Ly Thuong Kiet Str., Dist. 11, HCMC.

The Company's branches are located at:

- Hanoi branch: B26-B28-TT17 Van Quan new residential - Yen Phuc, Phuc La Ward, Ha Dong Dist., Ha Noi.
- Nghe An Branch: No. 79 Ho Huu Nhan, Vinh Tan Ward, Vinh City, Nghe An Province.
- Da Nang branch: No. 410 Nguyen Tri Phuong, Hai Chau District, Da Nang City.
- Can Tho branch: No.17A Cach Mang Thang Tam Str., Binh Thuy Dist., Can Tho City.

Structure of ownership: Large public joint stock company

2. Business sector: Production, trading.

3. Principal activities

The Company's principal activities: Producing, trading medicine; Trading perfume; ; Trading cosmetics and other cleaning products; Trading medical tools; Maintaining and testing medicine; Retailing medicine; Producing packing used in pharmaceutical industry (plastic bottle, paper box, carton box); Producing technological food (except for producing and processing fresh food); Trading functional food; processing food; Producing cosmetics (not manufacturing chemicals, soap, and detergent at the head office); Trading real estates, leasing apartment, office; Trading garments; Producing bottled pure water; Trading beverages; Trading medical machinery and equipment; Trading other chemicals (except for chemicals used in agriculture); Trading plastics in primary form; Investment consultancy (except for accounting, finance, law); Consultancy on technology transfer; Commercial introduction and promotion; Acting as brokerage agent (except for real estates).

4. Normal operating cycle.

Normal operating cycle of the Company lasts 12 months of the normal fiscal year beginning from January 01 and ending on December 31.

5. Operations in the fiscal year affecting the financial statements: Not applicable.

6. Total employees to Dec. 31, 2021: 674 persons (Dec. 31, 2020: 717 persons).

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

7. Enterprise Structure

7.1. List of subsidiaries

As at December 31, 2021 the Company has one (01) directly owned company as follows:

Company's name & address	Principal activities	Percentage of shareholding	Percentage of owning	Percentage of voting right
Mekophar Co., Ltd. Head office: Lot I-9-5, D2 Street, High-Tech Park, Long Thanh My Ward, District 9, HCMC.	Producing biological products, medicine, cosmetics, functioning food and original cell.	100%	100%	100%

7.2. List of affiliated unit having no legal status and dependent cost-accounting

Name of branches and address:

- Hanoi branch: B26-B28-TT17 Van Quan new residential - Yen Phuc, Phuc La Ward, Ha Dong Dist., Ha Noi.
- Nghe An Branch: No. 79 Ho Huu Nhan, Vinh Tan Ward, Vinh City, Nghe An Province.
- Da Nang branch: No. 410 Nguyen Tri Phuong, Hai Chau District, Da Nang City.
- Can Tho branch: No.17A Cach Mang Thang Tam Str., Binh Thuy Dist., Can Tho City.

8. Disclosure on comparability of information in the Financial Statements

The selection of figures and information need to be presented in the financial statements has been implemented on the principles of comparability among corresponding accounting periods.

II. ACCOUNTING PERIOD AND REPORTING CURRENCY**1. Fiscal year**

The fiscal year is begun on January 01 and ended December 31 annually.

2. Reporting currency

Vietnam Dong (VND) is used as a currency unit for accounting records.

III. ADOPTION OF ACCOUNTING STANDARDS AND POLICIES**1. Applicable Accounting System**

The Company applies Vietnamese Corporate Accounting System issued by the Vietnam Ministry of Finance in accordance with the guidance of Circular No. 200/2014/TT-BTC dated December 22, 2014 and others replacement Circular.

2. Disclosure of compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System

We conducted our accounting, preparation and presentation of the financial statements in accordance with Vietnamese Accounting Standards and other relevant statutory regulations. The financial statements give a true and fair view of the state of affairs of the Company and the results of its operations as well as its cash flows.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND*

The selection of figures and information presented in the notes to the financial statements is complied with the material principles in Vietnamese Accounting Standard No.21 - Presentation of the financial statements.

IV. APPLICABLE ACCOUNTING POLICIES**1. Foreign exchange rate applicable in accounting**

The Company has translated foreign currencies into Vietnam Dong at the actual rate and book rate.

Principles for determining the actual rate

All transactions denominated in foreign currencies which arise during the period (trading foreign currencies, capital contribution or receipt of contributed capital, recording receivables and payables, purchasing assets or costs immediately paid by foreign currencies) are converted at the actual exchange rates ruling as of the transaction dates.

Closing balance of monetary items (cash, cash equivalents, payables and receivables, except for prepayments to suppliers, prepayments from customers, pre-paid expenses, deposits and unearned revenue) denominated in foreign currencies should be revaluated at the actual rate ruling as of the balance sheet date.

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as assets will be the buying rate of Vietcombank. The buying rate as at December 31, 2021: VND/USD 22,640; VND/EUR 25,391.

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as payables will be the selling rate stated by Vietcombank. The exchange rate as at December 31, 2021: VND/USD 22,920 ; VND/EUR 26,546.

Foreign exchange differences, which arise from foreign currency transactions during the period/year, shall be included in the income statement. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included in the income statement.

Principle for determining book rate

When recovering receivables, deposits or payments for payables in foreign currencies, the Company uses specific identification book rate.

When making payment by foreign currencies, the Company uses moving weighted average rate.

2. Principles for recording cash and cash equivalents

Cash includes cash on hand, demand deposit and cash in transit.

Cash equivalents comprise term deposits and other short-term investments with an original maturity of three months or less, highly liquid, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND*

3. Principles for accounting financial investments**Principles of accounting for trading securities**

Trading securities include shares and bonds listed on the stock exchange; Other securities and financial instruments held for trading purposes (including securities with maturity over 12 months of purchase and sale for profit).

Trading securities are recorded at cost, including: Purchase price plus (+) acquisition costs (if any), such as brokerage fees, transaction fees, information, taxes, fees and bank fees. . The original cost of trading securities is determined at the fair value of the consideration at the time of the transaction. The timing of recognition of trading securities is the time when the investor has ownership rights, specifically as follows:

- Listed securities are recognized at the time of order matching (T + 0);
- Unlisted securities are recognized at the time of ownership in accordance with law.

Provision for diminution in value of trading securities is made for the amount of loss that may occur when there is firm evidence that the market value of the securities held by the Company for business purposes is impaired. Down from book value. Provision is made based on the market value of the securities at the time of the financial statements.

Principles for accounting held-to-maturity investments

Held-to-maturity investments include term deposits, bonds and other held-to-maturity investments.

The held-to-maturity investments are initially recorded at the original cost including buying price and costs attributable to the acquisition of the investments. After initial recognition, if the provision for doubtful debts has not been made as statutorily required, these investments are revaluated at the recoverable value. When firm evidence shows that a portion or the whole investments may be unrecoverable, the loss will be recorded in financial expenses in the year and recorded in decrease of the investment's value.

Principles for recording financial investments in Subsidiary, Associates

Investments in subsidiaries are recognized when the Company holds more than 50% of the voting rights and has the power to govern the financial and operating policies so as to obtain benefits from its activities. . When the Company no longer holds control over the subsidiary, the investment in the subsidiary is recorded as a decrease.

Investments in associates are recognized when the Company holds between 20% and less than 50% of the voting rights of the investees, which enables them to exercise significant influence in financial and operating policy decisions. in these companies.

Investments in subsidiaries and associates are initially recognized at cost, and thereafter are not adjusted for changes in the investors' share of the investee's net assets. . The original price includes the purchase price and costs directly related to the investment. In case of investment with non-monetary assets, the cost of the investment is recognized at the fair value of the non-monetary asset at the time of arising.

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

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

Principles for recording equity investments in other entities

Equity investment in other entities represents the Company's investment in other entities' equity instruments. However, the Company does not hold any control or joint control right and exercise significant influences over the investees either.

The investments are stated at original cost including purchase price and costs directly attributable to the investment. In case of non-monetary assets investment, the investment fee should be recorded at the fair value of the non-monetary assets at the date of occurrence.

Regarding the investments the Company holds in a long time (not trading securities) and no significant influences are exercised on the investees, provision for loss will be made as follows:

- + If an investment in listed shares or the fair value of the investment is determined reliably, the allowance shall be made according to the market values of the shares.
- + If it is impossible to determine the investments' fair value at the reporting date, the provision will be made on the basis the loss that investee suffers. Basis for making provision for loss of investments is the investee's financial statements.

4. Principles for recording trade receivables and other receivables:

Principle for recording receivables: At original cost less provision for doubtful debts.

The classifying of the receivables as trade receivables, inter-company receivables and other receivables depends on the nature of the transaction or relationship between the company and debtor.

Method of making provision for doubtful debts: Provision for doubtful debts is estimated for the loss value of the receivables, other held-to-maturity investments similar to doubtful debts that are overdue and undue, but are likely to become possibly irrecoverable due to insolvency of debtors who go bankruptcy, making procedures for dissolution, go missing or run away....

5. Principles for recording inventories:

Principles adopted in recording inventory: Inventories are stated at original cost less (-) the provision for the decline in value of obsolete and deteriorated inventories.

Original costs are determined as follows:

- The original cost of materials, merchandises consists of costs of purchase, costs of transportation and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods: costs of materials, direct labor and manufacturing overheads which are allocated on the basis of unit price of labor cost for each finished good.
- Work in progress: costs of raw materials, labor and other directly costs for producing inventories incurred in the duration of building works in progress.

Method of calculating inventories' value: Weighted average method.

Method of accounting for the inventories: Perpetual method.

Method of making provision for decline in value of inventories: Provision for decline in value of inventories is made when the net realisable value of inventories is lower than their original cost. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses. Provision for decline in value of inventories is the difference between the cost of inventories greater than their net realisable value. Provision for decline in value of inventories is made for each inventory with the cost greater than the net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

6. Principles for recording fixed assets:

6.1 Principles for recording tangible fixed assets:

Tangible fixed assets are stated at original cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises all expenditures of bringing the asset to its working condition and location for its intended use. The expenditures incurred after the initial cost are capitalised as an additional cost of tangible fixed assets when they have resulted in an increase in the future economic benefits expected to be obtained from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the year.

When the assets are sold or disposed, their original costs and the accumulated depreciation which have been written off and any gain or loss from disposal of assets are recorded in the income or expense in the year.

Determination of original costs of tangible fixed assets:

Tangible fixed assets purchased

The original cost of purchased tangible fixed assets shall consist of the actual purchase price (less (-) trade discounts or reduction), taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when the assets are put into operation such as fees for installation and trial operation of fixed assets; specialists and other direct costs.

The original cost of a tangible fixed asset formed from capital construction under the mode of tendering shall be the finalisation price of the construction project, other relevant fees plus (+) registration fee (if any).

Fixed assets which are buildings, structures attached to land use right, the value of land use right is computed separately and recorded as intangible fixed assets.

6.2 Principles for recording intangible fixed assets:

Intangible fixed assets are stated at cost less accumulated amortization. The original cost of a intangible fixed asset comprises all costs of owning the asset to the date it is put into operation as expected.

Determine the original cost in each case:

Purchase of separate intangible fixed assets

The original cost of purchased intangible fixed assets shall consist of the actual purchase price payable less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation. The land use rights which are purchased together with buildings, structures will be determined separately and recorded as intangible fixed assets.

If an intangible fixed asset is formed from the exchange involving payment accompanied with vouchers related to the capital ownership of the establishment, its original cost is the reasonable value of vouchers issued in relation to capital ownership.

Land use right

The original cost of an intangible fixed asset which is the land use right shall be the payment made to obtain the lawful land use right plus (+) compensatory payments for clearance of site, expenses for levelling the ground, registration

Computer software

Computer software is all expenses that the Company has spent up to the time of putting the software into use.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***6.3 Method of depreciating and amortizing fixed assets**

Depreciation is charged to write off the cost of fixed assets on a straight line basis over their estimated useful lives. Useful life means the duration in which the tangible fixed assets produce their effect on production and business.

The estimated useful life for assets is as follows:

<i>Buildings and structures</i>	<i>5 - 25 years</i>
<i>Machinery and equipment</i>	<i>3 - 12 years</i>
<i>Transportation and facilities</i>	<i>5 - 8 years</i>
<i>Office equipment</i>	<i>4 - 10 years</i>
<i>Right to use original cells</i>	<i>3 years</i>
<i>Indefinite land use rights are stated at the initial cost and does not amortized.</i>	

7. Principles for recording construction in progress:

Construction in progress is stated at original cost. These are all necessary costs for purchasing fixed assets.

These costs are capitalised as an additional cost of asset when the works have been completed. After the works have been finalized, the asset will be handed over and put into use.

8. Principles for recording liabilities

Liabilities are recorded at original cost and not lower than the payment obligation.

Liabilities shall be classified into trade payables, inter-company payables and other payables depending on the nature of transactions and relationship between the Company and debtors.

Liabilities must be kept records in detail according to payment schedule, creditor, type of original currency (including revaluation of liabilities payable which satisfying the definition of monetary assets denominated in foreign currencies) and other factors according to requirements of the enterprise.

At the reporting date, if it is evident that there is an unavoidable loss, an amount payable shall be recorded according to cautious rules.

9. Principles for recording provision liabilities:

Provisions are recognized when the following conditions are satisfied: the Company has a present (legal or constructive) obligations as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Value of provision liability being recorded: The value which is estimated to be the most reasonable for settling the present obligation at the balance sheet date.

Provision for payables includes the expenditures for doing scientific research. The provision value depends on the Company's operating results of each year.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND*

10. Principles for recoding unearned revenue

Unrealized revenue is the amount the customers prepaid for one or several accounting periods

Unearned revenue include amounts of customers paid in advance for one or many accounting periods for the revenue in correspondence with the value of goods, services.

Method of allocating unearned revenue is on the principle of conformity with obligations that the Company will perform in next one or several accounting periods.

11. Principles for recording owner's Equity**Principles for recording owner's Equity**

The owners' equity is the amount that is contributed by members and supplemented from the profit after tax. The owners' equity will be recorded at the actual contributed capital by cash or assets in the early establishment period or additional mobilization to expand operation.

Principles for recording share premium

Share premium is the difference between the cost over and above the nominal value of the first issued or additionally issued share and the differences (increase or decrease) of the actual receiving amount against the repurchase price when treasury share is reissued. In case where shares are repurchased to cancel immediately at the purchase date, shares' value recorded decrease the business capital source at purchase date is the actual repurchase price and the business resource should be written down according to the par value and share premium of the repurchased shares.

Principles for recognising undistributed profit:

The undistributed profit is recorded at the profit (loss) from the Company's result of operation after deducting the current year corporate income tax and the adjusted items due to the retroactive application of changes in accounting policy and adjustments for material misstatement of the previous year.

The distributing of profit is based on the charter of the Company approved by the annual shareholder meeting.

12. Principles for recording treasury shares

The owners' equity instruments acquired by the Company (treasury share) are recorded at original cost and deducted into the owners' equity. The Company does not record gain (loss) when purchasing, selling, issuing or cancelling its equity instruments.

13. Principles for recording revenues and other income**Revenue from goods sold**

Revenue from the sale of good should be recognised when all the five (5) following conditions have been satisfied: 1) The enterprise has transferred to buyer the significant risks and rewards of ownership of the goods; 2) The enterprise retains neither continuing managerial involvement as an owner nor effective control over the goods sold; 3) The amount of revenue can be measured reliably; When the contract specifies that buyers are entitled to return products, goods they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return products, goods (except for changing to other goods, services) 4) The economic benefits associated with the transaction has flown or will flow to the enterprise; 5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***Revenue from service rendered**

Revenue from services rendered is recorded when the result of the supply of services is determined reliably. In case where the services are rendered in several periods, the revenue will be recorded by the part of completed works at the balance sheet. Revenue from services rendered is determined when the following four conditions have been satisfied: 1. The revenue is determined firmly; When the contract specifies that buyers are entitled to return the service they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return service; 2. The economic benefits associated with the transaction has flowed or will flow from the supply of the provided service; 3. Part of completed works can be determined at the balance sheet date; 4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the contract's results can not be determined firmly, the revenue will be recorded at the recoverable level of expenses recorded.

Principles and method of recording revenue from asset lease

Revenue from asset lease is recorded on the principle of allocating advanced lease amount in conformity with lease term.

Principles for recording financial income

Financial incomes include interests, royalties, distributed dividends and profits and income from other financing activities (sale and purchase of securities, liquidation of capital in joint-ventures, investment in associates, subsidiaries, other investments; Foreign exchange gains).

Income arising from interests, royalties, distributed dividends and profits of the enterprises shall be recognized if they simultaneously satisfy the two (2) conditions below 1. It is possible to obtain economic benefits from the concerned transactions; 2. Income is determined with relative certainty.

- Interests recognized on the basis of the actual time and interest rates in each period;
- Distributed dividends and profits shall be recognized when shareholders are entitled to receive dividends or the capital-contributing parties are entitled to receive profits from the capital contribution.

When an amount which has been recorded as an income becomes irrecoverable, such irrecoverable or uncertainly recoverable amount must be accounted as expense incurred in the period, but not recorded as income decrease.

14. Principles and method of recording cost of goods sold

Cost of goods sold are the cost of products, goods, services; expenses related to production and other expenses recorded in the cost of goods sold or recorded a decrease in the cost of goods sold in reporting period. The cost of goods sold is recorded at the date the transaction incurs or likely to incur in the future regardless payment has been made or not. The cost of goods sold and revenue shall be recorded simultaneously on conformity principles. Expenses exceeding normal consumption level are recorded immediately to the cost of goods sold on prudent principle.

15. Principles and method of recording financial expenses

Financial expenses include expenses or loss related to the financial investment, borrowing cost and capital borrowing, contribution in joint-venture, associate, provision for devaluation of financial investment, loss from sale of foreign currencies, loss from foreign exchange loss and other financial expenses.

Financial expenses are recorded in details by their content and determined reliably when there are sufficient evidences on these expenses.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND*

16. Principles and methods of recording current taxes and deferred taxes

Corporate income tax includes current corporate income tax and deferred corporate income tax incurred in the year and set basis for determining operating result after tax in current fiscal year.

Current tax: is the tax payable on the taxable income and tax rate enacted in current year in accordance with the law on corporate income tax.

The tax amounts payable to the State budget will be finalized with the tax office. Differences between the tax amounts payable specified in the book and the tax amounts under finalization will be adjusted when the tax finalization has been issued by the tax office.

Tax policies the Company should comply with are as follows:

The Company pays tax at 20%.

The Company has been finalized by the Tax Department for the fiscal year ended 2020.

17. Principles for recording earnings per share

Basic earnings per share is calculated by dividing net income available to common shareholders before appropriating to Bonus and Welfare Fund by the weighted-average number of common shares outstanding during the period.

Diluted EPS is calculated by dividing net income available to common shareholders (after adjusting dividends of preferred convertible shares) by the weighted-average number of common share outstanding and the weighted-average number to be issued in case where all dilutive potential common are converted into common shares.

According to Circular 200/2014/TT-BTC, the financial statements do not present earnings per share item in which will be presented in the consolidated financial statements of the company.

18. Financial instruments:**Initial recognition****Financial assets**

According to Circular No. 210/2009/TT-BTC dated November 06, 2009 (Circular No. 210), financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial assets which are stated at fair value through the Income Statement, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company decides to classify these assets at the date of initial recognition.

At the date of initial recognition, the financial assets are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial assets.

Financial assets of the Company comprise cash, short-term deposits, trade accounts receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

Financial liabilities

According to Circular 210, financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial liabilities which are stated at fair value through the Income Statement, financial liabilities determined on amortised cost basis. The Company decides to classify these liabilities at the date of initial recognition.

At the date of initial recognition, the financial liabilities are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial liabilities.

Financial liabilities of the Company comprise trade payables, other payables.

Re-measurements after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the report on financial position if, and only if, there is a currently enforceable legal right to offset the financial assets against financial liabilities or vice-versa and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously.

19. Related parties

Related parties include: Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

20. Principles for presenting assets, revenue and operating results by segment

A reportable segment includes business segment or a geographical segment.

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET

1. Cash and cash equivalents		Dec. 31, 2021	Jan. 01, 2021
Cash	Original Currency	37,888,019,980	35,495,794,568
Cash on hand		4,000,775,348	1,805,567,270
Demand deposits		33,887,244,632	33,690,227,298
VND		32,868,607,689	32,778,611,292
USD	\$ 43,993.33	996,008,991	886,416,746
EUR	€ 891.18	22,627,951	25,199,260
Cash equivalents		-	80,000,000,000
Deposits with less than 3 months term		-	80,000,000,000
Total		37,888,019,980	115,495,794,568

2. Financial investments (for more details see page 39 to 41)

3. Trade receivables	Dec. 31, 2021		Jan. 01, 2021	
	Amount	Provision	Amount	Provision
a. Short-term	117,722,551,128	(28,648,127,365)	118,967,496,884	(19,214,791,488)
Local customers	86,002,275,968	-	88,731,326,081	-
<i>Coduphar Pharmaceutical J.S.C</i>	62,893,960	-	490,969,715	-
<i>Ha Noi branch of Mekophar J.S.C</i>	19,618,816,663	-	26,267,885,446	-
<i>Can Tho branch of Mekophar J.S.C</i>	8,101,129,850	-	6,052,470,527	-
<i>An Sinh Hospital Branch of Zuellig at Tan Tao Park</i>	171,770,850	-	399,986,609	-
<i>Others customers</i>	9,007,175,403	-	11,509,601,018	-
Foreign customers	49,040,489,242	-	44,010,412,766	-
Foreign customers	31,720,275,160	(28,648,127,365)	30,236,170,803	(19,214,791,488)
<i>Neros Pharmaceuticals Ltd.</i>	31,720,275,160	(28,648,127,365)	29,400,057,660	(19,214,791,488)
<i>Danson-Bg Eood</i>	-	-	836,113,143	-
Total	117,722,551,128	(28,648,127,365)	118,967,496,884	(19,214,791,488)
b. Related party				
<i>An Sinh Hospital</i>	171,770,850	-	399,986,609	-
Total	171,770,850	-	399,986,609	-
c. Bad debt (see page 42)				

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

4. Prepayments to suppliers	Dec. 31, 2021		Jan. 01, 2021	
	Amount	Provision	Amount	Provision
a. Short-term	90,935,404,487	-	12,970,609,206	-
Local suppliers	29,508,922,962	-	11,980,363,156	-
Branch of Zuellig VN	26,246,559,982	-	9,441,249,351	-
Dai Viet JSC	957,000,000	-	957,000,000	-
Vietnam Pharmaceutical Corporation	399,000,000	-	399,000,000	-
Hau Giang Pharmaceutical Joint Stock Company	1,018,500,000	-	-	-
Other customers	887,862,980	-	1,183,113,805	-
Foreign suppliers	61,426,481,525	-	990,246,050	-
Basell Asia Pacific Ltd.	-	-	739,586,400	-
Ipca laboratories	1,128,960,000	-	-	-
Optimus Drugs Private Lim	55,802,400,000	-	-	-
Sky Softgel Co.,ltd	1,244,485,080	-	-	-
Nipro Pharma Corporation	616,172,700	-	-	-
Syntegon Packaging Techno	1,845,529,925	-	-	-
Other customers	788,933,820	-	250,659,650	-
Total	90,935,404,487	-	12,970,609,206	-
b. Related party				
Vietnam Pharmaceutical Corporation	399,000,000	-	399,000,000	-
Nipro Pharma Corporation	616,172,700	-	-	-
Total	1,015,172,700	-	399,000,000	-
5. Other receivables				
	Dec. 31, 2021		Jan. 01, 2021	
	Amount	Provision	Amount	Provision
Short-term	1,081,945,793	-	1,063,767,293	-
Other receivables	1,081,945,793	-	1,063,767,293	-
Health, social insurance, trade union fee	418,654,133	-	435,575,633	-
Remuneration for the members of the Board of Management not holding direct management	408,000,000	-	378,000,000	-
Other receivables	255,291,660	-	250,191,660	-
Total	1,081,945,793	-	1,063,767,293	-

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

6. Inventories	Dec. 31, 2021		Jan. 01, 2021	
	Original cost	Provision	Original cost	Provision
Raw materials	240,741,735,700	-	150,388,920,590	-
Tools & supplies	1,599,576,599	-	1,563,978,185	-
Works in progress	33,680,007,460	-	18,355,220,048	-
Finished goods	66,868,297,302	-	66,912,958,308	-
Merchandise inventory	193,718	-	193,718	-
Total	342,889,810,779	-	237,221,270,849	-

- Value of inactive, deteriorated inventories which are not possibly consumed at the year end: None.

- Causes and resolutions for inactive, deteriorated inventories;

+ *Circumstances or events that led to the addition or reversal of provision for decline in value of inventories: For testing process inventory, items related to drugs which company manage under the expiry date. If the inventory items have expired, the company will cancel the standard implementation of the Department of Health. Therefore, there is not inventory damaged, outdated, lost of quality. The company have no provision for decline in value of inventories.*

- The carrying amount of inventories pledged as security for liabilities: None.

7. Long-term assets in progress	Dec. 31, 2021		Jan. 01, 2021	
	Amount	Provision	Amount	Provision
Works in progress	6,429,581	-	-	-
Cost of purchasing unfinished machinery	6,429,581	-	-	-
Total	6,429,581	-	-	-

8. Tangible fixed assets (for more details see page 43)

9. Intangible fixed assets

	Land use rights	Patents, copyrights	Total
Original cost			
Opening balance	7,438,152,000	6,069,101,139	13,507,253,139
Closing balance	7,438,152,000	6,069,101,139	13,507,253,139
Accumulated amortization			
Opening balance	-	3,541,441,377	3,541,441,377
Charge for the year	-	751,550,400	751,550,400
Closing balance	-	4,292,991,777	4,292,991,777
Net book value			
As at the beginning of the year	7,438,152,000	2,527,659,762	9,965,811,762
As at the end of the year	7,438,152,000	1,776,109,362	9,214,261,362

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

* Land use rights at 17A CMT8, Can Tho city; No.410 Nguyen Tri Phuong, Da Nang city; B26-B28-TT17 Van Quan new residential - Yen Phuc, Ha Noi city.

* Ending carrying value of intangible fixed assets pledged/mortgaged as loan security: None.

* Ending original costs of intangible fixed assets—fully depreciated but still in use: VND 2,708,299,139.

* Commitments on tangible fixed assets acquisitions, sales of large value in the future: None.

* Other changes in intangible fixed assets: None.

* Notes on figures and other explanations: None.

10. Prepaid expenses	Dec. 31, 2021	Jan. 01, 2021
a. Short-term prepaid expenses	978,399,740	514,514,582
Office leasing fee	66,000,000	23,190,882
Fire & Explosion insurance	270,500,000	270,500,000
Repair of fixed assets, spare parts	641,899,740	220,823,700
b. Long-term prepaid expenses	247,693,900	1,085,659,098
Repair of fixed assets, spare parts	247,693,900	1,085,659,098
Total	1,226,093,640	1,600,173,680

11. Trade payables	Dec. 31, 2021		Jan. 01, 2021	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
Short-term	74,549,802,773	74,549,802,773	37,124,937,757	37,124,937,757
Local suppliers	55,577,801,194	55,577,801,194	29,826,141,757	29,826,141,757
<i>Phytopharma VN (PHYTO)</i>	34,479,125,359	34,479,125,359	8,107,837,059	8,107,837,059
<i>Sang Pharma Co., Ltd.</i>	-	-	6,278,907,736	6,278,907,736
<i>Van Hung Co., Ltd.</i>	1,052,019,804	1,052,019,804	1,563,772,991	1,563,772,991
<i>Other suppliers</i>	20,046,656,031	20,046,656,031	13,875,623,971	13,875,623,971
Foreign suppliers	18,972,001,579	18,972,001,579	7,298,796,000	7,298,796,000
<i>Lando Pharmaceutical Pte</i>	1,002,721,579	1,002,721,579	-	-
<i>KHS Synchemical Corp.</i>	17,419,200,000	17,419,200,000	7,201,293,000	7,201,293,000
<i>Other suppliers</i>	550,080,000	550,080,000	97,503,000	97,503,000
Total	74,549,802,773	74,549,802,773	37,124,937,757	37,124,937,757

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

12. Prepayments from customers	Dec. 31, 2021	Jan. 01, 2021
Short-term	21,664,650,147	15,424,961,644
Local customers	16,817,539,521	15,311,491,027
<i>Original cell bank</i>	13,674,735,001	13,114,345,106
<i>DP&TTB YTE Pharma Co., LTD</i>	1,125,932,797	-
<i>Samedco J.S.C</i>	455,032,673	1,248,603,000
<i>Other customers</i>	1,561,839,050	948,542,921
Foreign customers	4,847,110,626	113,470,617
<i>Saba Trade Ltd</i>	2,962,686,776	-
<i>Health Care Solution LLC</i>	1,521,452,293	62,689,350
<i>Other customers</i>	362,971,557	50,781,267
Total	21,664,650,147	15,424,961,644

13. Taxes and payables to the State Budget

	Jan. 01, 2021	Paid amount	Payable amount	Dec. 31, 2021
a. Payables				
V.A.T payables	1,037,504,633	63,182,329,575	62,144,824,942	-
VAT of import goods	163,518,818	16,330,853,654	17,539,963,268	1,372,628,432
Corporate income tax	2,897,744,548	8,142,284,681	8,408,167,542	3,163,627,409
Foreign Contractor tax	-	327,800,653	327,800,653	-
Land and housing taxes	-	9,732,725,134	9,732,725,134	-
Other taxes	-	717,050,100	717,050,100	-
Total	4,098,767,999	98,433,043,797	98,870,531,639	4,536,255,841
b. Receivables				
VAT of import goods	163,518,818	17,539,963,268	16,330,853,654	1,372,628,432
Import – Export duties	576,000	4,756,134,943	3,866,564,008	890,146,935
Overpaid PIT	220,703,595	2,765,695,004	2,986,398,599	-
Total	384,798,413	25,061,793,215	23,183,816,261	2,262,775,367

14. Accrued expenses	Dec. 31, 2021	Jan. 01, 2021
Short-term	332,454,545	329,772,727
Expenses of security and cleaning services	332,454,545	324,272,727
Other accrued expenses	-	5,500,000
Total	332,454,545	329,772,727

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

15. Unrealized revenue	Dec. 31, 2021	Jan. 01, 2021
Long-term		
Unrealized revenue of MekoStem	134,316,325,149	111,422,110,828
Unrealized revenue from finished goods	1,592,300,000	3,994,587,903
Total	135,908,625,149	115,416,698,731
16. Other payables		
	Dec. 31, 2021	Jan. 01, 2021
Short-term		
Social insurance, health insurance, trade union & Communist party fee	177,629,675	185,538,029
Board of Management	344,555,555	344,555,555
Other payables	28,288,894,578	17,115,094,578
<i>Project 45 Vo Thi Sau</i>	-	6,800,000,000
<i>Corporate income tax (XN 24)</i>	91,299,513	91,299,513
<i>Soviet's antibiotic</i>	118,181,818	118,181,818
<i>Happy House Investment J.S.C</i>	10,000,000,000	10,000,000,000
<i>Med Tech An An J.S.C (*)</i>	17,765,000,000	-
<i>Other payables</i>	314,413,247	105,613,247
Total	28,811,079,808	17,645,188,162

(*) The money received from the business cooperation contract for the implementation of the project of producing drugs to treat covid under the business cooperation contract No. 24/21TKKT dated November 16, 2021.

17. Loans and finance lease debt	Dec. 31, 2021		Jan. 01, 2021	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
Short-term loans	73,573,200,000	73,573,200,000	-	-
J.S.C Bank for Investment and Development VN	73,573,200,000	73,573,200,000	-	-
#USD	\$ 3,210,000.00	\$ 3,210,000.00	-	-
Total	73,573,200,000	73,573,200,000	-	-

Explanation of bank loans:

Loans from J.S.C Bank for Investment and Development of Vietnam include the following loan contracts:

No.	Loan term	Interest	Balance	Form guaranteed
01/2021/93551/HDTG	30/06/2021- 30/06/2022	3.50%	\$ 3,210,000.00	Unsecured loans

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

18. Owners' equity

a. Comparison schedule for changes in Owner's Equity (for more details see page 44)

b. Details of owners' shareholding	% of shareholding	Dec. 31, 2021	Jan. 01, 2021
Shareholding by the State	18.23%	46,574,350,000	42,304,320,000
Shareholding by other investors	81.77%	208,884,320,000	190,185,680,000
Share premium		409,789,114,458	409,789,114,458
Treasury share		(14,487,151,158)	(14,487,151,158)
Total	100.00%	650,760,633,300	627,791,963,300

* Number of treasury shares: 277.646 equivalent to VND 14.487.151.158.

c. Capital transactions with owners and distribution of dividend

	Year 2021	Year 2020
Owners' equity	255,458,670,000	232,490,000,000
At the beginning of the year	232,490,000,000	232,490,000,000
Increase in the year	22,968,670,000	-
At the end of the year	255,458,670,000	232,490,000,000
Dividends paid	45,940,024,000	34,457,031,000

d. Dividends

Dividends declared after the balance sheet date

Dividends on ordinary shares

Year 2021	Year 2020
Unpublished	Cash payment 10% and share payment 10%

Unrecognised accumulated dividends of preference shares

-	-
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e. Shares

	Dec. 31, 2021	Jan. 01, 2021
Number of shares registered to be issued	25,545,867	23,249,000
Number of shares sold out to the public	25,545,867	23,249,000
Ordinary share	25,545,867	23,249,000
Number of shares repurchased	277,646	277,646
Ordinary share	277,646	277,646
Number of existing shares in issue	25,268,221	22,971,354
Ordinary share	25,268,221	22,971,354
Par value: VND/share.	10,000	10,000

f. Funds

	Dec. 31, 2021	Jan. 01, 2021
Investment and development fund	573,322,804,351	570,571,691,667
Total	573,322,804,351	570,571,691,667

* Purpose of appropriating and using funds

Investment and development fund is established from the profit after tax of the enterprise and used for expanding the operating scale or investing further in the enterprise .

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

19. Off balance sheet items

Foreign currencies

	Dec. 31, 2021		Jan. 01, 2021	
	Original amount	Converted to VND	Original amount	Converted to VND
USD	43,993.33	996,008,991	38,481.30	886,416,746
EUR	891.18	22,627,951	902.10	25,199,260
Total		1,018,636,942		911,616,006

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

	Year 2021	Year 2020
1. Sales		
a. Revenue		
Revenue from finished goods sold	573,937,016,764	570,391,826,106
Revenue from merchandises sold	472,427,098,414	561,145,201,179
Revenue from services of original cells bank	62,260,102,979	59,221,054,139
Revenue from sale of materials	3,890,660,094	8,071,205,332
Revenue from office lease	8,368,360,294	8,559,784,655
Total	1,120,883,238,545	1,207,389,071,411
b. Revenue from related party	Year 2021	Year 2020
An Sinh Hospital	9,145,931,989	9,451,011,200
Mekophar Co., Ltd.	159,193,554	128,404,705
Total	9,305,125,543	9,579,415,905
2. Sales deductions	Year 2021	Year 2020
Sales returns	465,796,999	730,126,481
Discount	-	1,478,095
Total	465,796,999	731,604,576
3. Net sales	Year 2021	Year 2020
Net revenue from finished goods sold	573,486,516,776	569,689,113,099
Net revenue from merchandises sold	472,411,801,403	561,116,309,610
Net revenue from services of original cells bank	62,260,102,979	59,221,054,139
Net revenue from sale of materials	3,890,660,094	8,071,205,332
Net revenue from office lease	8,368,360,294	8,559,784,655
Total	1,120,417,441,546	1,206,657,466,835
4. Cost of sales	Year 2021	Year 2020
Cost of finished goods sold	397,946,988,416	354,715,209,996
Cost of merchandises sold	470,261,463,382	558,465,068,550
Cost of service of original cells bank	18,677,571,963	18,290,362,181
Cost of materials, services rendered	1,688,016,088	7,291,432,021
Total	888,574,039,849	938,762,072,748

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

	Year 2021	Year 2020
5. Financial Revenue		
Interest income from deposits	8,142,429,764	5,110,700,627
Dividends, profit paid	457,249,500	6,440,445,500
<i>An Sinh Hospital</i>	-	5,162,240,000
<i>Vidipha Central Pharmaceutical JSC</i>	180,000,000	504,000,000
<i>Pharmaceutical Packaging JSC</i>	238,887,500	716,662,500
<i>OPC Pharmaceutical JSC</i>	38,362,000	57,543,000
Realised foreign exchange gains	262,269,504	69,266,307
Total	8,861,948,768	11,620,412,434
6. Financial Expense		
Loan interest expenses	389,574,736	-
Realised foreign exchange losses	1,922,955,331	881,080,579
Unrealised foreign exchange losses	101,302,616	56,214,936
Provision/reversal of trading securities and investment losses	45,779,138,334	44,685,389,592
Total	48,192,971,017	45,622,685,107
7. Selling expenses and General and administration expenses		
a. Selling expenses		
Salaries	24,906,028,051	26,792,318,830
Depreciation	518,263,644	349,334,587
Services bought from outsiders	18,115,445,707	18,848,848,640
Marketing expenses	25,269,318,311	25,783,591,113
Transportation expenses	8,490,880,753	9,381,692,857
Other sundry expenses by cash	215,730,400	217,534,400
Total	77,515,666,866	81,373,320,427
b. General and administration expenses		
Salaries	43,579,833,384	45,650,979,096
Materials and packaging	9,421,446,678	9,539,910,541
Depreciation	3,733,623,194	3,920,082,824
Taxes, fees and duties	10,403,842,866	7,877,991,304
Provision for doubtful debt	9,433,335,877	2,933,708,260
Services bought from outsiders	1,671,975,637	3,769,279,823
Other sundry expenses by cash	19,708,749,089	19,169,671,883
Total	97,952,806,725	92,861,623,731
8. Other income		
Disposal and sale of fixed assets (*)	69,090,909	36,363,636
Handling redundant inventory	522,702,982	1,049,957,081
Income from transferring Vo Thi Sau project	6,800,000,000	-
Other income	-	345,052,351
Total	7,391,793,891	1,431,373,068

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

	Year 2021	Year 2020
9. Other expenses		
Administrative fines	122,372,402	195,314,113
Other expenses (Treatment to deficient amount upon the counting)	44,366,133	3,221,248,659
Total	166,738,535	3,416,562,772
(*) Notes on disposal, sale of fixed assets	Year 2021	Year 2020
Disposal, sale of fixed assets	69,090,909	1,750,479,462
Net book value of fixed assets and disposal, sale of fixed assets	-	1,714,115,826
Gain/(loss) from disposal, sale of fixed assets	69,090,909	36,363,636
10. Costs of production and doing business by factors	Year 2021	Year 2020
Raw materials	372,543,923,101	315,022,910,381
Labour cost	116,858,406,223	119,363,700,578
Depreciation and amortization	10,032,521,412	10,861,497,655
Services bought	43,821,829,961	46,341,783,798
Other sundry cash expense	69,832,376,912	60,608,178,505
Total	613,089,057,609	552,198,070,917
11. Current corporate income tax	Year 2021	Year 2020
1. Total accounting profit before tax	24,268,961,213	57,672,987,552
2. Adjustments to increase (decrease) accounting profit to determine taxable income:	16,549,175,834	31,815,735,187
Adjustment to increase	23,810,156,906	38,258,272,654
+ Undeductible expenses	23,808,069,759	38,254,985,751
+ Loss from foreign exchange differences in cash and receivables	2,087,147	3,286,903
Adjustment to decrease	(7,260,981,072)	(6,442,537,467)
+ Received dividend interest	(457,249,500)	(6,440,445,500)
+ Reversal of provision for the projects	(6,800,000,000)	-
+ Gain from foreign exchange differences on cash and receivables	(3,731,572)	(2,091,967)
3. Total taxable income (1+2)	40,818,137,047	89,488,722,739
4. Tax rate	20%	20%
5. Current corporate income tax	8,163,627,409	17,897,744,548
6. Adjustments of corporate income tax of prior years to that of current year	244,540,133	95,633,237
7. Total current corporate income tax	8,408,167,542	17,993,377,785

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***12. Objectives and financial risks management policies**

Major risks of financial instruments include market risk, credit risk and liquidity risk.

The Board of General Directors considers the application of management policies for the above risks as follows:

12.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in market prices. There are three market risks: interest rate risk, foreign exchange risk and other price risks, for example risk of stock price. Financial instruments affected by the market risks include: borrowings and liabilities, deposits, available-for-sale investments.

The following sensibility analysis relates to the financial position of the Company as at December 31, 2021 and December 31, 2020.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

When calculating the sensibility analysis, the Board of General Directors assumes that the sensibility of available-for-sale liability in the balance sheet and related items in the income statement is affected by changes in the assumption of corresponding market risks. This analysis is based on the financial assets and liabilities that the Company held as at December 31, 2021 and December 31, 2020.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market prices. Market risks due to change in interest rate of the Company mainly relate to: borrowings and liabilities, cash and short-term deposits.

The Company manages the interest rate risk by analyzing the competition status in the market in order to apply the interest rate that brings benefits to the Company and still in the limit of its risk management.

Sensibility to interest rate

The sensibility of (borrowings and liabilities, cash and short-term deposits) of the Company to changes that may occur at reasonable level in the interest rate is illustrated as follows.

Assuming that other variables remain constant, the fluctuation in the interest rate of (borrowings) with floating interest rate makes impact on the Company's profit before tax as follows:

	<i>Increase/Decrease of basic points</i>	<i>Influences on profit before tax</i>
Current year		
VND	+100	2,378,880,200
VND	-100	(2,378,880,200)
Prior year		
VND	+100	4,709,915,891
VND	-100	(4,709,915,891)

Increase/decrease of basic points being used to analyze the sensibility to the interest rate is assumed on the basis of observable conditions of current market. These conditions show that the fluctuation is insignificantly greater than prior periods.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND****Foreign exchange risk***

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in exchange rate. The Company bears risks due to changes in the exchange rate of the currencies other than VND related directly to the Company's business.

The Company manages foreign exchange risk by considering current and expected market status when it outlines plans for future transactions in foreign currencies. The Company does not use any derivative instruments to prevent foreign exchange risks.

Sensibility to foreign currencies

The sensibility of borrowings and liabilities, cash, cash in bank and short-term deposits of the Company to changes that may occur at reasonable level in the foreign currencies is illustrated as follows:

Assuming that other variables remain constant, the following table shows the sensibility of the Company's profit before tax (due to the changes in the fair value of assets and liabilities) to changes that may occur at reasonable level of the exchange rate of USD. Risks due to changes in the exchange rates of other foreign currencies of the Company are insignificant.

	<i>Changes in exchange rate USD</i>	<i>Influences on profit before tax</i>
Current year	+ 1%	137,669,105
	-1%	(137,669,105)
Prior year	+ 1%	238,489,908
	-1%	(238,489,908)

Stock price risk

Listed and unlisted stocks held by the Company are affected by market risks resulted from the uncertainty of future value of investment stock. The Company manages risks of stock price by setting up investment limit. The Company's Board of Management considers and approves decisions on stock investment.

At the reporting date, the fair value of investments in listed stock of the Company is VND 14,716,403,200 (December 31, 2020: VND 13,410,519,500).

12.2 Credit risk

Credit risk is the risk due to the uncertainty in a counterparty's ability to meet its obligations causing the financial loss. The Company bears credit risks from production and doing business activities (mainly trade receivables) and from its financial activities including deposits, foreign exchange transactions and other financial instruments.

Trade receivables

The Company minimizes the credit risk by only doing business with entities who have good financial capacity and closely keeping track of the liabilities to speed up the recovery of debts. On the basis of this method and receivables related to different customers, the credit risk does not concentrate on a certain customer.

Deposit

The Company mainly maintains deposits in big and prestigious banks in Vietnam. The Company realized that the concentration level of credit exposure to deposits is low.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

The Board of General Directors of the Company has assessed that most financial assets are not overdue and impaired since these financial assets relate to prestigious customers who have good liquidity capacity except for overdue and/or impaired debts presented as follows:

Trade receivables	Not overdue		Overdue	
	Not impaired	Impaired	Not impaired	Impaired
December 31, 2021				
Under 90 days	86,002,275,968	-	-	-
91-180 days	-	-	-	-
>181 days	-	-	-	31,720,275,160
Total net value	86,002,275,968	-	-	31,720,275,160
Provision for devaluation				(28,648,127,365)
Net value	86,002,275,968	-	-	3,072,147,795
December 31, 2020				
Under 90 days	89,567,439,224	-	-	-
91-180 days	-	-	-	-
>181 days	-	-	4,757,509,902	24,642,547,758
Total net value	89,567,439,224	-	4,757,509,902	24,642,547,758
Provision for devaluation				(19,214,791,488)
Net value	89,567,439,224	-	4,757,509,902	5,427,756,270

12.3 Liquidity risk

Liquidity risk is the risk that arises from the difficulty in fulfilling financial obligations due to lack of capital. The liquidity risk of the Company mainly arises from difference of maturity of the financial assets and liabilities.

The Company supervises liquidity risk by maintaining an amount of cash, cash equivalents and borrowings from banks at the level that the Board of General Directors considers as sufficient to satisfy the Company's activities and minimize influences of changes in cash flows.

The following table summarizes liquidity deadline of the Company's financial liabilities on the basis of estimated payments in accordance with contract which are not discounted:

December 31, 2021	Under 1 year	From 1-5 years	Over 5 years	Total
Loans and Debts	73,573,200,000	-	-	73,573,200,000
Trade payables	74,549,802,773	-	-	74,549,802,773
Other short-term payables	28,097,454,545	-	-	28,097,454,545
Total	176,220,457,318	-	-	176,220,457,318
December 31, 2020				
Trade payables	37,124,937,757	-	-	37,124,937,757
Other short-term payables	10,329,772,727	-	-	10,329,772,727
Total	47,454,710,484	-	-	47,454,710,484

The Company believes that liquidity risk is low. The Company is able to access capital sources and controls net cash flow from operating activities so as to settle due debts.

Secured assets

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND*

The Company does not hold any secured assets of the third party as at December 31, 2021 and December 31, 2020.

13. Financial assets and liabilities (for more details see page 45)

The fair value of financial assets and financial liabilities is stated at the value that the financial instruments are convertible in present transaction among partners, except for compulsory sale or disposal.

The Company uses the following methods and assumptions to estimate the fair value:

The fair value of cash on hand and short-term deposits, trade receivables, trade payables and other short-term liabilities is equivalent to the book value of these items because these instruments are in short-term.

The fair value of securities and listed financial liabilities is determined at market value.

As to unlisted securities investments but under regular transactions, the fair value is the average price provided by three independent securities company at the fiscal year end.

The fair value of securities and financial investments whose fair value can not be firmly determined since there exists no high-liquid market for securities, financial investments will be stated at book value.

Except for the above-mentioned items, the fair value of financial assets and financial liabilities has not been valued and determined officially as at December 31, 2021 and December 31, 2020. However, the Board of General Directors has assessed that the fair value of financial assets and liabilities is not significantly different from the book value at the fiscal year end.

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

1. Borrowing amount actually collected during the year	Year 2021	Year 2020
- Proceeds from ordinary escrow borrowing	115,962,661,000	-
2. Amount actually paid for loan principal during the year	Year 2021	Year 2020
- The principal repayment of the loan under a regular escrow	(42,389,461,000)	-

VIII. OTHER INFORMATION**1. Subsequent events**

There are no significant events since the year end that need to be adjusted or noted in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***2. Contingent liabilities, commitments and other information**

There are no contingent liabilities, commitments occurred since the fiscal year ended that need to be adjusted or noted in the financial statements.

3. Related party transactions

Key transactions and balances with related parties:

Related parties	Relationship	Transactions	Movement	Amount
Mekophar Co., Ltd.	Subsidiary	Sales of goods	Opening balance	-
			Payment in the year	175,035,659
			Purchase of the year	175,035,659
			Closing balance	-
An Sinh Hospital	Related party	Sales of goods	Opening balance	399,986,609
			Payment in the year	10,194,471,398
			Purchase of the year	9,966,255,639
			Closing balance	171,770,850
Nipro Pharma Corporation	Major shareholder	Prepayment	Opening balance	-
			Payment	616,172,700
			Closing balance	616,172,700
Vietnam Pharmaceutical Corporation	Major shareholder	Prepayment	Opening balance	399,000,000
			Closing balance	399,000,000

Income of the Board of Management and Board of General Directors

Name	Position	Transactions	Movement	Amount
Le Anh Phuong	Chairman	Salary, Bonus	Paid in the year	1,139,420,446
Huynh Thi Lan	Vice Chairman/ General Director	Salary, Bonus	Paid in the year	1,664,404,580
Dang Thi Kim Lan	Member	Salary, Bonus	Paid in the year	975,119,035
Phan Thi Lan Huong	Member	Salary, Bonus	Paid in the year	1,473,658,357
Satoshi Kawamura	Member	Salary, Bonus	Paid in the year	129,600,000
Nguyen Thi Quynh Anh	Member	Salary, Bonus	Paid in the year	790,502,868
Dinh Xuan Han	Member	Salary, Bonus	Paid in the year	132,200,000

4. Presentation of segment asset, revenue and operating result

The Board of General Directors of the Company defines that the issuing managerial decisions of the Company mainly bases on types of products, services that the Company provides, not on the geographical region where the Company provides its products, services. Therefore, the major report is by business sector.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

4.1 Major segment reporting: by business sector

a. Segment report by business sector in the fiscal year 2021:

Items	Net revenue	Cost of goods sold	Lãi gộp
Finished goods	573,486,516,776	397,946,988,416	175,539,528,360
Merchandise	472,411,801,403	470,261,463,382	2,150,338,021
Original cells bank	62,260,102,979	18,677,571,963	43,582,531,016
Materials	3,890,660,094	1,688,016,088	2,202,644,006
Premise lease	8,368,360,294	-	8,368,360,294
Total	1,120,417,441,546	888,574,039,849	231,843,401,697

b. Segment report by business sector in the fiscal year 2020:

Items	Net revenue	Cost of goods sold	Gross profit
Finished goods	569,689,113,099	354,715,209,996	214,973,903,103
Merchandise	561,116,309,610	558,465,068,550	2,651,241,060
Original cells bank	59,221,054,139	18,290,362,181	40,930,691,958
Materials	8,071,205,332	7,291,432,021	779,773,311
Premise lease	8,559,784,655	-	8,559,784,655
Total	1,206,657,466,835	938,762,072,748	267,895,394,087

4.2 Minor segment reporting: by geographical region

The Company's branches operate in the same place, so there are no differences of operations in geographical region and thus there is no segment report either.

5. Information on going-concern operation: The Company will continue its operation in the future.

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Phan Anh Tai

HCMC, March 28, 2022

GENERAL DIRECTOR



Huynh Thi Lan

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***V.2. Financial investments****a. Trading securities**

	Dec. 31, 2021			Jan. 01, 2021		
	Original value	Provision	Fair value	Original value	Provision	Fair value
Total value of equity securities	10,946,711,100	-	14,716,403,200	10,946,711,100	-	13,410,519,500
Vidipha Central Pharmaceutical JSC (*)	4,070,000,000	-	6,984,000,000	4,070,000,000	-	5,634,000,000
OPC Pharmaceutical JSC (*)	241,461,100	-	1,097,153,200	241,461,100	-	1,141,269,500
Pharmaceutical Packaging JSC (*)	6,635,250,000	-	6,635,250,000	6,635,250,000	-	6,635,250,000
Total	10,946,711,100	-	14,716,403,200	10,946,711,100	-	13,410,519,500

b. Held-to-maturity investments

	Dec. 31, 2021		Jan. 01, 2021	
	Original value	Book value	Original value	Book value
Short-term	200,000,000,000	200,000,000,000	120,000,000,000	120,000,000,000
- Term deposit for more than 03 months	200,000,000,000	200,000,000,000	110,000,000,000	110,000,000,000
- Bonds of Hung Loc Phat Real Estate Investment J.S.C (**)	-	-	10,000,000,000	10,000,000,000
Total	200,000,000,000	200,000,000,000	120,000,000,000	120,000,000,000

(**) Investments in bonds of Hung Loc Phat Real Estate Investment Joint Stock Company with a term of 18 months from June 01, 2020 with a commitment to redeem after 6 months, fixed interest rate 12%/year, interest payment every 06 months which is guaranteed by Bao Viet Securities Company. Paid off this year

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***V.2. Financial investments (Cont.)****c. Equity investments in other entities**

	Dec. 31, 2021			Jan. 01, 2021		
	Original value	Provision	Fair value	Original value	Provision	Fair value
Investment in subsidiaries	900,000,000,000	(139,911,817,924)	760,088,182,076	900,000,000,000	(94,132,679,590)	805,867,320,410
Mekophar Co., Ltd.	900,000,000,000	(139,911,817,924)	760,088,182,076	900,000,000,000	(94,132,679,590)	805,867,320,410
Other long-term investments	24,068,960,000	-	24,068,960,000	24,068,960,000	-	24,068,960,000
An Sinh Hospital - Percentage of contribution: 18,34%	18,518,960,000	-	18,518,960,000	18,518,960,000	-	18,518,960,000
Orchids Co., Ltd. - Percentage of contribution: 15%	5,550,000,000	-	5,550,000,000	5,550,000,000	-	5,550,000,000
Total	924,068,960,000	(139,911,817,924)	784,157,142,076	924,068,960,000	(94,132,679,590)	829,936,280,410

Operating status of subsidiaries and material transactions with related parties:**Status of subsidiary - Mekophar Co., Ltd:**

According to Investment Certificate No. 413041000084 dated January 26, 2015 issued by the Management Board of High-Tech Park and the Business registration certificate No. 0313141915 dated January 26, 2015, the seventh amendment certificate dated June 05, 2019 issued by the Department of Planning and Investment of HCMC, Mekophar Chemical Pharmaceutical Joint-Stock Company registers to invest in Mekophar Co., Ltd. with the amount of VND 900,000,000,000, equivalent to 100% of the chartered capital. As at December 31, 2019, the Company invested VND 900,000,000,000. In the year 2021, the subsidiary losses VND 45,779,138,334, the accumulation losses as at December 31, 2021 is VND 139,911,817,924. Mekophar Chemical Pharmaceutical J.S.C accounted the provision for this investment.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

Unit: VND

Status of other investments:

Notes on other investments - An Sinh Hospital:

According to Investment Certificate No. 0302774433 dated November 25, 2002 issued by the Department of Planning and Investment, the Company registers to invest in An Sinh Hospital with the amount of VND 14,900,000,000, equivalent to 22% of the chartered capital. As at December 31, 2021, the Company invested VND 18,518,960,000, equivalent to 18,34% of the chartered capital. The business operation of the An Sinh Hospital is stabilizing throughout the operating years.

Notes on other investments - Orchids Co., Ltd.:

The company contributes capital to Orchids Company Limited with the amount of VND 5,550,000,000, accounting for 15% of equity. Orchids Co., Ltd. has just begun to operate its normal business and still in the period of planning loss.

(*) Fair value as at December 31, 2021 for all the investments

The fair value of the investment in Vidipha Central Pharmaceutical JSC, OPC Pharmaceutical J.S.C is determined using the price stated in the HOSE stock market and the amount of stocks which the Company is currently holding as at the year end. The fair value of Pharmaceutical Packaging JSC has not been recalculated officially as at December 31, 2021 and December 31, 2020 due to the fact that these Company has not been listed in any stock exchange market. However, this Company pays dividends over the years, so the Board of General Directors has temporarily recognized the fair value at the cost of the investment.

The fair value of other investments in the Subsidiary has not been recalculated officially as at December 31, 2021 and December 31, 2020 due to the fact that these Company has not been listed in any stock exchange market so that there is no reliable reference. However, the Board of General Directors has agreed to temperately accounted the fair value using the original value of these investments minus (-) the Provision for decline in the value of the investments and added the note on the operation shorted of these investments.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***3.c Bad debt**

	Dec. 31, 2021			Jan. 01, 2021		
	Original cost	Recoverable value	Debt object	Original cost	Recoverable value	Debt object
- Total value receivables, loans that are past due or not yet overdue but difficult to recover	31,720,275,160	3,072,147,795		29,400,057,660	10,185,266,172	
<i>Neros Pharmaceuticals Ltd</i>	<i>31,720,275,160</i>	<i>3,072,147,795</i>	<i>Receivables overdue 90 days</i>	<i>29,400,057,660</i>	<i>10,185,266,172</i>	<i>Receivables overdue 90 days</i>

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***V.8. Tangible fixed assets**

Items	Buildings & Structures	Machinery & Equipment	Transportation & Facilities	Others	Total
Original cost					
Opening balance	53,610,571,336	133,171,194,977	15,817,595,587	50,710,894,261	253,310,256,161
<i>New purchases</i>	-	<i>10,193,357,069</i>	-	<i>989,800,909</i>	11,183,157,978
<i>Disposal, sale</i>	-	<i>(2,107,473,450)</i>	<i>(410,087,600)</i>	<i>(55,523,810)</i>	(2,573,084,860)
Closing balance	53,610,571,336	141,257,078,596	15,407,507,987	51,645,171,360	261,920,329,279
Accumulated depreciation					
Opening balance	40,099,556,819	115,719,911,798	13,759,911,128	46,485,713,898	216,065,093,643
<i>Charge for the year</i>	<i>1,857,327,660</i>	<i>5,381,384,913</i>	<i>575,320,860</i>	<i>1,466,937,579</i>	9,280,971,012
<i>Disposal, sale</i>	-	<i>(2,107,473,450)</i>	<i>(410,087,600)</i>	<i>(55,523,810)</i>	(2,573,084,860)
Closing balance	41,956,884,479	118,993,823,261	13,925,144,388	47,897,127,667	222,772,979,795
Net book value					
As at beginning of the year	13,511,014,517	17,451,283,179	2,057,684,459	4,225,180,363	37,245,162,518
As at the end of the year	11,653,686,857	22,263,255,335	1,482,363,599	3,748,043,693	39,147,349,484

* Ending net book value of tangible fixed assets pledged/mortgaged as loan security: None.

* Ending original costs of tangible fixed assets—fully depreciated but still in use: VND 144,285,124,197

* Ending original costs of tangible fixed assets—waiting to be disposed: None.

* Commitments on tangible fixed assets acquisitions, sales of large value : None.

* Other changes in tangible fixed assets: None.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***V.18. Owners' Equity****a. Comparison schedule for changes in Owner's Equity :**

Items	Paid-in capital	Share premium	Treasury share	Investment and Development Fund	Undistributed earnings	Total
Prior year opening balance	232,490,000,000	409,789,114,458	(14,487,151,158)	546,407,678,417	89,470,493,610	1,263,670,135,327
Profit of year 2020	-	-	-	-	39,679,609,767	39,679,609,767
Appropriation to the Board of Management expenses fund of 2019	-	-	-	-	(336,000,000)	(336,000,000)
Appropriation to funds from profit of 2019	-	-	-	24,164,013,250	(24,164,013,250)	-
Dividends paid to shareholders in 2019	-	-	-	-	(34,457,031,000)	(34,457,031,000)
Appropriation to bonus and welfare fund of 2019	-	-	-	-	(6,513,449,360)	(6,513,449,360)
Prior year closing balance	232,490,000,000	409,789,114,458	(14,487,151,158)	570,571,691,667	63,679,609,767	1,262,043,264,734
Current year opening balance	232,490,000,000	409,789,114,458	(14,487,151,158)	570,571,691,667	63,679,609,767	1,262,043,264,734
Profit of year 2021	-	-	-	-	15,860,793,671	15,860,793,671
Capital increase due to dividend payment in 2020 in shares	22,968,670,000	-	-	-	(22,968,670,000)	-
Appropriation to the Board of Management expenses fund of 2020	-	-	-	-	(378,000,000)	(378,000,000)
Appropriation to funds from profit of 2020	-	-	-	2,751,112,684	(2,751,112,684)	-
Dividends paid to shareholders in 2020	-	-	-	-	(22,971,354,000)	(22,971,354,000)
Appropriation to bonus and welfare fund of 2020	-	-	-	-	(5,502,225,367)	(5,502,225,367)
Current year closing balance	255,458,670,000	409,789,114,458	(14,487,151,158)	573,322,804,351	24,969,041,387	1,249,052,479,038

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2021**Unit: VND***VI.13. Financial assets and financial liabilities:**

The following table specifies book value and fair value of the financial instruments presented in the financial statements.

	Book value				Fair value	
	Dec. 31, 2021		Dec 31, 2020		Dec. 31, 2021	31/12/2020
	Amount	Provision	Amount	Dự phòng	Amount	Amount
Financial asests						
- Held-to-maturity investments	200,000,000,000	-	120,000,000,000	-	200,000,000,000	120,000,000,000
- Available-for-sale financial assets	10,946,711,100	-	10,946,711,100	-	14,716,403,200	13,410,519,500
- Trade receivables	117,722,551,128	(28,648,127,365)	118,967,496,884	(19,214,791,488)	89,074,423,763	99,752,705,396
- Cash and cash equivalents	37,888,019,980	-	115,495,794,568	-	37,888,019,980	115,495,794,568
TOTAL	366,557,282,208	(28,648,127,365)	365,410,002,552	(19,214,791,488)	341,678,846,943	348,659,019,464
Financial liabilities						
- Loans and Debts	73,573,200,000	-	-	-	73,573,200,000	-
- Trade payables	74,549,802,773	-	37,124,937,757	-	74,549,802,773	37,124,937,757
- Other payables	27,765,000,000	-	10,000,000,000	-	27,765,000,000	10,000,000,000
- Other financial liabilities	332,454,545	-	329,772,727	-	332,454,545	329,772,727
TOTAL	176,220,457,318	-	47,454,710,484	-	176,220,457,318	47,454,710,484