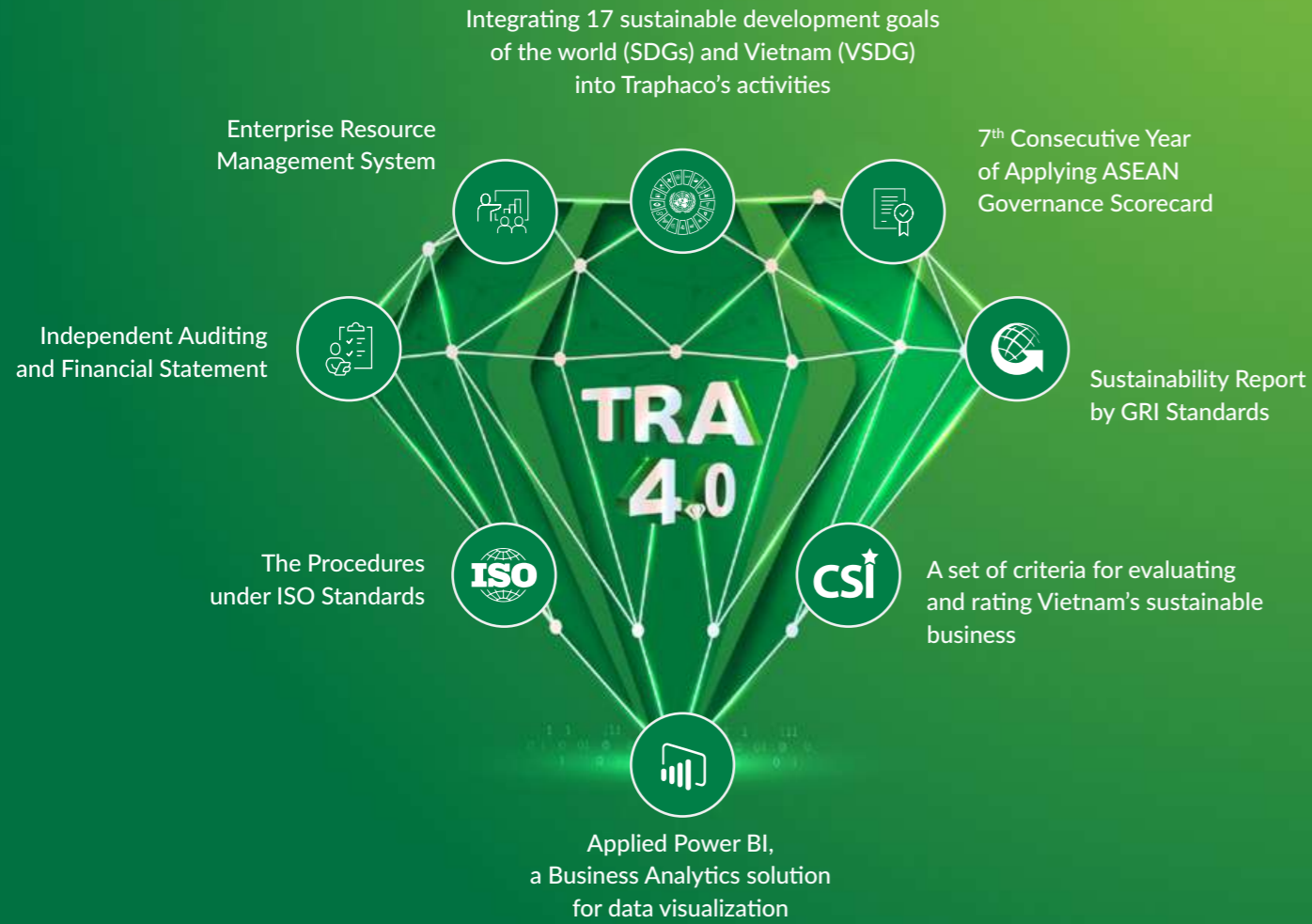


Traphaco[◆]
The way of green health



DIGITAL
TRANSFORMATION
NEW OPPORTUNITIES

ANNUAL
REPORT **2023**



Highlight

ANNUAL REPORT TRAPHACO 2023



Access the website:

www.traphaco.com.vn/ir

or scan the QR Code



Download the annual report application at



iOS: Enter the keyword "Traphaco-IR"

Android: Enter the keyword "Traphaco-IR"

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Vision, Mission Core values



VISION

Being Vietnam's No. 1 Pharmaceutical Enterprise in terms of growth of revenue-and-profit.



MISSION

Pioneering in manufacturing Green product to protect people's health.



CORE VALUES



PHARMACEUTICALS

GREEN

The pharmaceuticals are produced based on a green supply chain from clean materials to clean production technology with an environment-friendly distribution systems and services.

Highlights of 2023



1

The first pharmaceutical enterprise in Vietnam to have a GLP-WHO standard laboratory for GLP-WHO

The year 2023 marked a breakthrough in Traphaco's testing operations, characterized by a comprehensive investment in analytical equipment, including several state-of-the-art analytical equipment and the unique application of fiber optic UV technology for dissolution testing in Vietnam. On April 10th, 2023, Traphaco received certification from the Ministry of Health, becoming the first pharmaceutical enterprise in Vietnam to have an R&D testing laboratory that meets GLP-WHO standards.

2

Traphaco CNC established GACP-WHO compliant Chrysanthemum indicum L. growing area

The company deployed the chrysanthemum indicum L. growing area in Luong Tai village, Van Lam, Hung Yen, bringing Traphaco's total number of GACP-certified medicinal herbs to 6. This is the premise for Traphaco CNC to continue deploying other certified medicinal herbs that achieve GACP certification in the coming years, aiming to enhance the production of Group 1 pharmaceutical products in the Herbal Medicine - Treatment system channel.



3

Kick-off of the Digital Transformation Strategy Consulting Project until 2025

On June 2nd, 2023, Traphaco and FPT Digital held a Kick-off ceremony of the Digital Transformation Strategy Consulting Project for the entire Traphaco system. As of now, the digital transformation roadmap to 2025 and vision for 2030 have been built and approved, starting with the rapid implementation of Quickwin in 2023, such as the Base software application and E-learning.



4

Organizing the Scientific seminars series on technology transfer products for the first time

To raise awareness and enhance consulting knowledge of pharmacy customers about the technology-transferred western medicine lines from South Korea, Traphaco organized a series of specialized scientific seminars in the third and fourth quarters of 2023. In which, customers could engage in direct conversations with leading experts in cardiology, gastroenterology, and pharmaceutical testing, fostering trust and consulting skills for pharmacies.



5

Research and successful registration of first generic medicines

In 2023, Apital products (apixaban 2.5 and 5mg contents), Azenat products (atorvastatin 20mg, ezetimibe 10mg) were granted registration numbers. Traphaco became one of the first 6 companies to have a registration number for the active ingredient apixaban in Vietnam (the generic version of Eliquis by Pfizer/Bristol-Myers Squibb) and took the lead in the market when and took the lead in the market as the patent protection for the generic medicine (Atozet - MSD) has recently expired in Vietnam.



6

The Signing Ceremony of the Cooperation Program between the Vietnam Elderly Association and Traphaco Joint Stock Company in the period of 2023 - 2026 (June 12th, 2023)

On June 12th, 2023, the Signing Ceremony of the Cooperation Program between the Vietnam Elderly Association and Traphaco in the period 2023 – 2026 took place. Both parties agreed on various collaborative initiatives, including organizing training programs to enhance healthcare knowledge, as well as cultural and sports activities for the elderly nationwide.

HIGHLIGHTS OF 2023

7

The titles “Outstanding Enterprise for the Development of Vietnamese Medicinal Materials” and “Sustainable Project” awarded to GreenPlan

At the Honor Ceremony “For the development of Vietnamese medicinal herbs associated with social economic development in ethnic minority and mountainous areas” organized by the Ministry of Health, Traphaco received the title “Outstanding Enterprise for the Development of Vietnamese Medicinal Materials”.

At the same time, Traphaco’s medicinal development project (GreenPlan) was honored as ‘Sustainable Project’ at the Human Act Prize - in the category focusing on scientifically built initiatives that bring profound and long-term impacts to the community.



8

Top 25 Leading Brands 2023 for Personal & Industrial Consumer Goods

On October 17th, 2023, the Brand Conference 2023, an annual event organized by Forbes Vietnam, took place in Ho Chi Minh City. Within the framework of the conference, Forbes Vietnam held a ceremony to honor the top 25 brands in the personal and industrial consumer goods sector in 2023. Traphaco was the sole representative of the pharmaceutical industry with foreign ownership below 50% to be featured on the ranking (with a brand value equivalent to 19.8 million USD).



9

Traphaco ranks among the Top 10 sustainable Enterprises in Vietnam (CSI) - Manufacturing sector for the third consecutive year

On December 13th, 2024, Traphaco was honored as one of the Top 10 Sustainable Enterprises in the manufacturing sector. This marks the company’s 6th time achieving this title and the 3rd consecutive year. The theme of this year’s program is “Journey to Happiness,” which serves as a strong reminder to the business community about the role of enterprises.



10

Typical enterprise for employees 2023

On October 29th, 2023, at Hanoi Opera House, Traphaco Joint Stock Company was honored in the ranking of “Typical Enterprise for Employees 2023”. In 2022, Traphaco set a target for average employee income to increase by at least 5% compared to 2021, but in reality, this number has increased by 12.8%, reaching more than 20 million VND/person/month.



Typical awards over the years



State level



- Labor Hero
- 2 First-Class Labor Order
- First-Class Labor Order for Company Union

On branding



- National Brand (Vietnam Value) 6th consecutive times
- **Top 50** Vietnam Leading Brands 2019 voted by Forbes
- **Top 10** Vietnam Golden Stars
- **Top 10** most prestigious pharmaceutical companies in Vietnam
- **Top 40** most valued Vietnamese Brands voted by Forbes
- **Top 10** Trademark in Vietnam
- Vietnam record "First pharmaceutical company to modernize Herbal Medicine and have three best-selling Herbal Medicine product lines in Vietnam (Boganic, Hoat huyet duong nao, and Tottri)"

On scientific research and application of intellectual property solutions

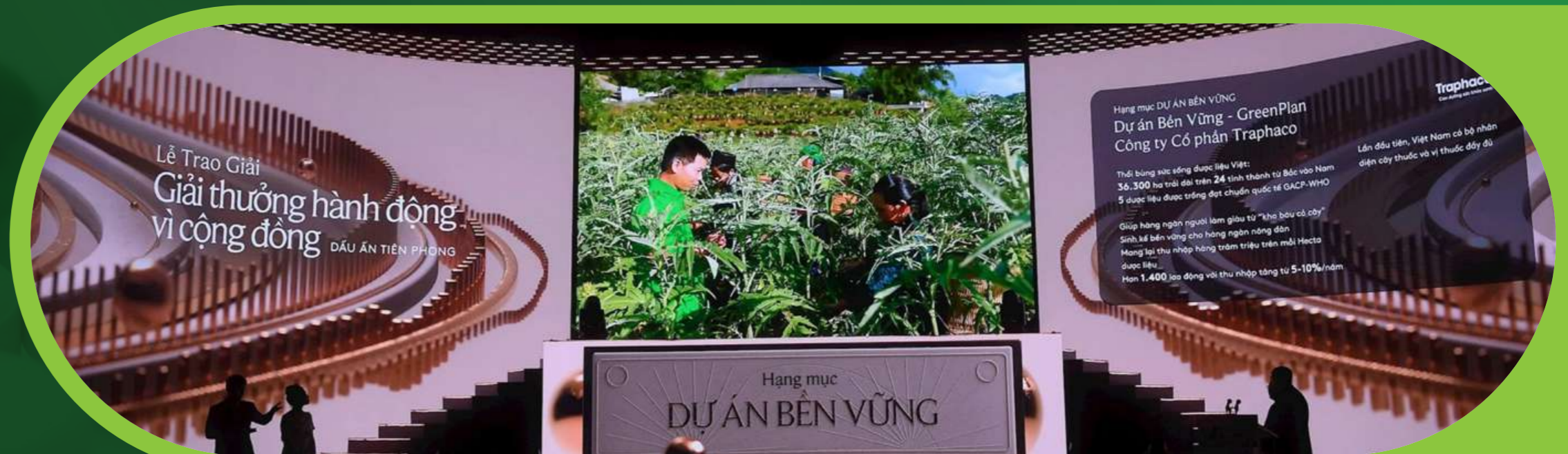


- WIPO Award
- Asia Pacific International Quality Award
- National Quality Golden Award

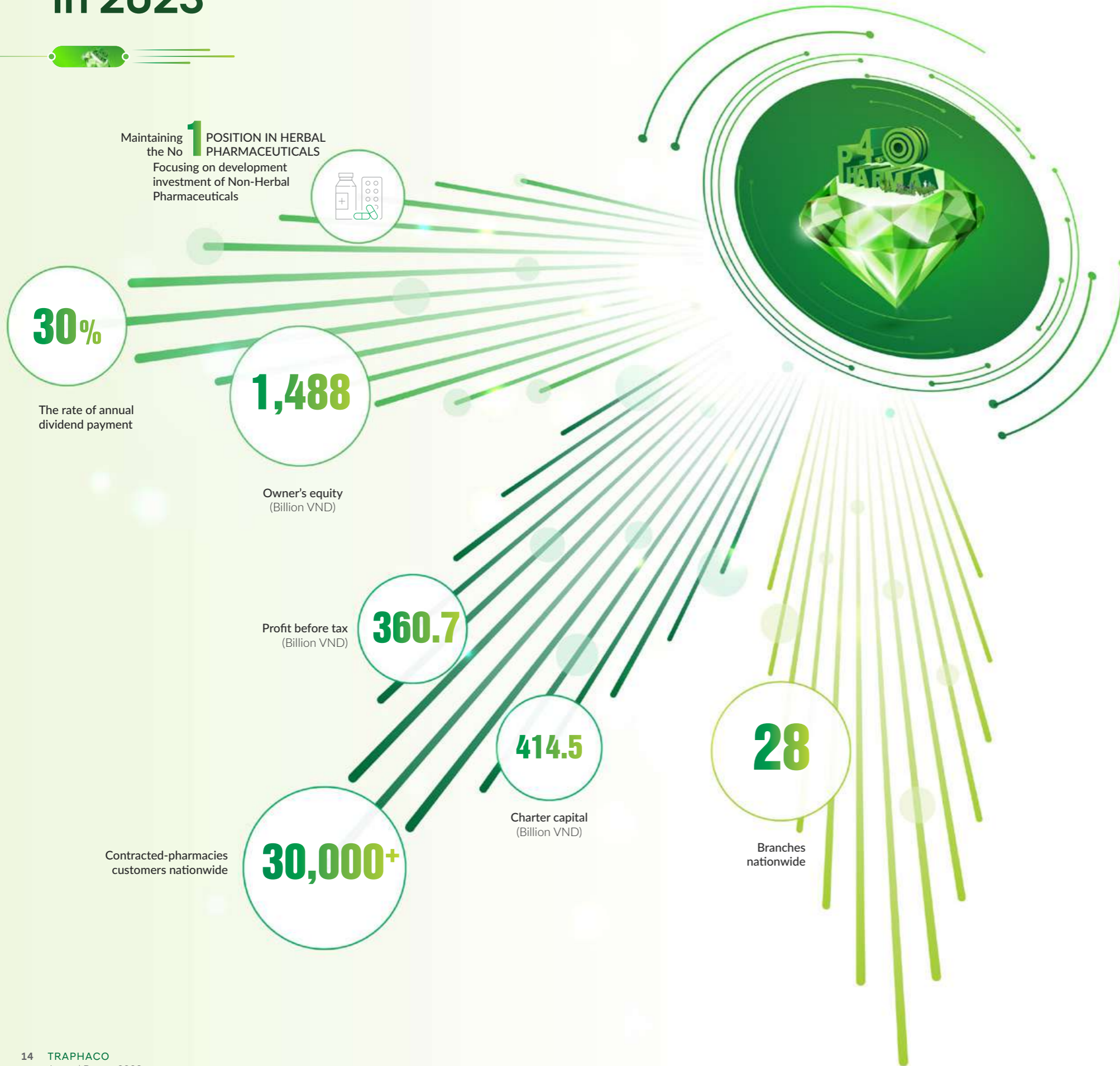
On social responsibilities



- Certificate of merit from the Prime Minister
- **Top 10** Typical Vietnam Golden Star Enterprises for Social Responsibility
- **Top 10** sustainable enterprises in Vietnam (CSI)
- Typical Enterprise for Employees
- Asia Corporate Excellence & Sustainability Awards (ACES Awards) in 2022



Basic business indicators in 2023

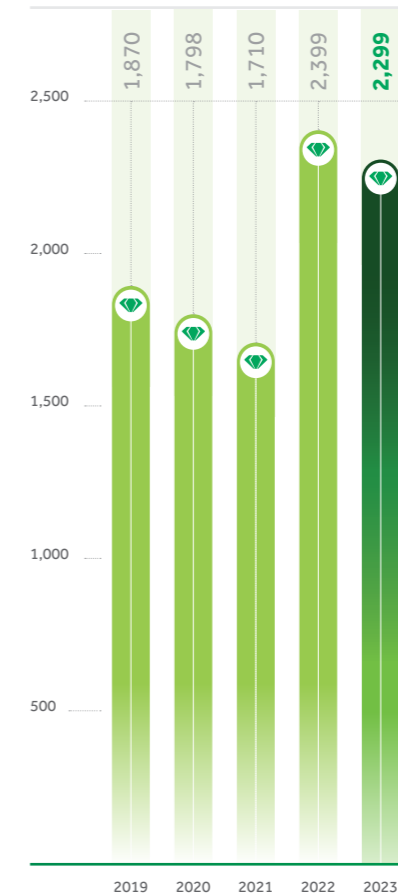


Throughout more than 50 years of building and development, Traphaco has boldly chosen and persevered with its own path when pioneering the “Herbal medicine revolution”. In order to maintain its No. 1 position in Herbal medicine, Traphaco has been at the forefront of developing clean medicinal materials with the GreenPlan project. Traphaco has innovated a collaborative model to leverage resources, capabilities, and knowledge from various parties to develop areas of clean medicinal materials meeting international GACP-WHO standards.



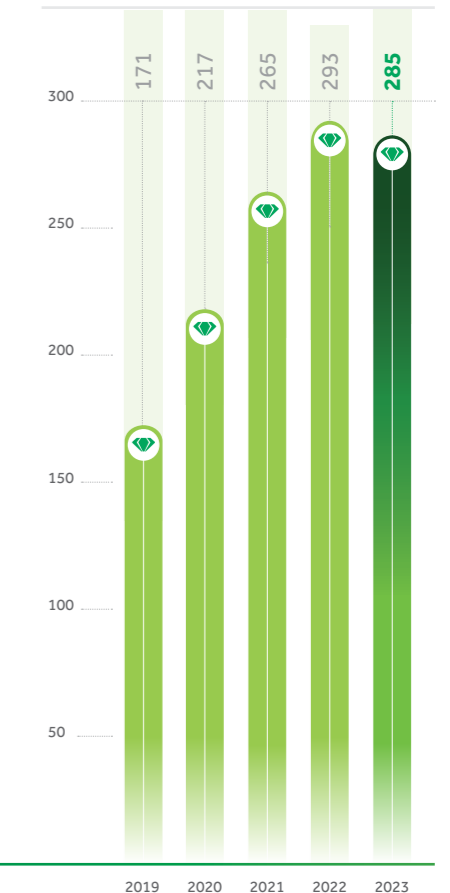
GROSS REVENUE FROM GOODS SOLD AND SERVICES RENDERED
Unit: Billion VND

2,299



CONSOLIDATED PROFIT AFTER TAX
Unit: Billion VND

285



Chairman's message

Dear Shareholders, Investors,

2023 is a year of many difficulties and challenges for the Vietnamese economy after Covid-19, characterized by slow economic growth, weakened purchasing power due to reduced income, people tended to rely more on health insurance for medical consultations and medications, limiting purchases of non-insurance medicines. Regarding business performance in 2023, Traphaco reported a revenue of 2,299 billion VND and a consolidated profit of 285 billion VND.

Overall, these results have not fully met shareholder expectations; however, we can observe positive highlights in terms of sale-marketing: revenue from the ETC channel exceeded the plan by +6%, achieving a growth of +23% compared to the same period, reaching 29 billion VND out of 216 billion VND; sales of Non-Herbal pharmaceutical products grew by +6% compared to 2022 (1,017 billion VND out of 962 billion VND); the sales department in the pharmacy chain completed revenue targets for all four product groups and exceeded the annual revenue plan by +35% (130 billion VND out of 96 billion VND); the entire business unit achieved the annual revenue plan for Products under exploitation group throughout 2023: 297 billion VND out of 290 billion VND, surpassing the plan by +6%, with a growth of +15% compared to the same period, with particularly good growth in revenue from technology-transferred products; sales of newly launched products in 2023 reached 43 billion VND out of 36 billion VND (exceeding the plan by 19%). Registration/Publication numbers surpassed the target with 234 numbers against the planned 224 numbers.

In 2023, Traphaco became the first pharmaceutical enterprise in Vietnam to have an R&D laboratory meeting GLP-WHO standards, marking a breakthrough in Traphaco's testing activities through comprehensive investment in analytical equipment, including many modern analytical equipment, applying fiber optic UV technology in the only solubility assessment in Vietnam. Traphaco also became one of the first six enterprises to have a registration number for the active ingredient apixaban in Vietnam (the generic version of Eliquis by Pfizer/Bristol-Myers Squibb) and seized the market opportunity as the patent protection for the generic medicine (Atozet – MSD) has recently expired in Vietnam.

Adhering to the development strategy in the new phase, Traphaco's Board of Directors and Board of Management are committed to implementing improvement and adjustment measures to ensure sustainable growth.

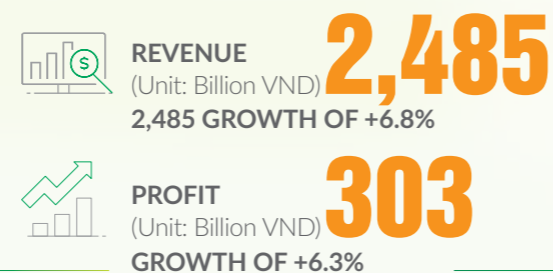
The company executed the separation of Herbal medicine and Non-Herbal medicine across all OTC sales channels, separately dividing fixed and variable cost items to concentrate resources on market development, refining the Sales Policy for 2024, addressing certain issues remaining from the 2023 Sales Policy and ensuring consistency across the system regarding performance indicators in Sales Policy.

The company deployed 5 quick-wins of digital transformation: digital office application, customer interaction portal (Zalo OA), integrated non-cash payment solution, application of Laboratory Information Management System (LIMS), online training (E-learning) has initially come into stable operation, facilitating seamless coordination among company departments, increasing productivity, and work efficiency.

In 2023, the company achieved several major awards, recognized by consumers and society: Typical Enterprise for Employees; Top 25 Leading Brands 2023 for Personal & Industrial Consumer Goods - Forbes Vietnam; The most prestigious Vietnamese oriental medicine company; Top 10 sustainable enterprises (CSI); Typical enterprise for the development of Vietnamese medicinal materials.

Dear valued shareholders,

In 2024, our goals are as follows:



The company will continue to implement activities aimed at addressing current challenges, enhancing innovation, and focusing on improving business efficiency: strengthening distribution channel operations, enhancing the Traphaco brand: sophistication, innovation after 50 years, affirming the position of Premium Herbal medicine products, communicating the development capacity of Traphaco's Western medicine, deploying multi-platform marketing campaigns: investing in personalized online channels, maintaining coverage on traditional channels (television, radio), maximizing brand value, and continuing strong digital transformation: enhancing operational management capabilities, resolving common and recurring tasks, supporting sales activities through digital tools to enhance the capacity and efficiency of the pharmaceutical sales representative, standardizing and upgrading Information Technology infrastructure, and gradually transitioning applications to the cloud system.

Dear Valued Shareholders,

In 2024, after many years of dedication to Traphaco and significant contributions to the technology transfer activities between Daewoong and Traphaco, Mr. Lee Tae Yon, a member of the BOD, and Mr. Kwon Ki Bum, a member of the BOS, will resign. We would like to express our sincere gratitude to Mr. Lee and Mr. Kwon for their substantial contributions, which have greatly enhanced Traphaco's capabilities in developing Western medicines. New members of the BOD and the BOS will be elected at this year's General Meeting of Shareholders. We wish the new members the opportunity to leverage their expertise and deep knowledge to continue contributing to Traphaco's development.

Accompanying the Government's determination to upgrade the stock market in 2025, Traphaco has consistently committed to and promoted corporate governance practices aligned with ESG standards recognized by OECD, ASEAN, ensuring transparent and accurate information disclosure in English, for the benefit of shareholders and investors. This commitment has secured Traphaco's position among the Top 50 best listed companies on the stock market for over a decade.



In addition to implementing business activities and addressing challenges while seizing opportunities, the BOD and BOM are also studying the analysis and evaluation of Traphaco's potential in the new period, aiming at bringing the company's stock to its true value, meeting the expectations of shareholders and potential investors.

I am grateful to all of you for placing your trust in Traphaco, and I am delighted to share the increasingly solid partnership between Mirae Asset and SCIC. Together, we will continue to promote innovation and the welfare of Traphaco and its employees, for the benefit of shareholders in 2024.

Wishing you all health and success. Wishing Traphaco continued sustainable development.

CHUNG JI KWANG

Chairman - Traphaco Joint Stock Company

CEO's Message

Dear Valued Customers, Shareholders, Partners and Employees,

In 2023, the economic situation underwent significant changes, with the adverse effects of Covid-19 impacting business operations. According to the General Statistics Office, the Gross Domestic Product (GDP) in 2023 increased by 5.05% compared to the previous year, failing to meet the target of 6.5%. The GDP growth rate of 5.05% was only higher than the growth rates of 2.87% and 2.55% in 2020 and 2021, respectively, during the period from 2011 to 2023. Specifically, the processing and manufacturing industry experienced the lowest growth rate of 3.62% during the period from 2011 to 2023.

Traphaco also recorded an increase in revenue from the ETC channel. However, as the proportion of revenue from the ETC channel within the company is not high (approximately 10%), it did not significantly impact the total revenue of the company. The pharmaceutical market on the OTC channel faced several difficulties due to the reduction in people's incomes and weakened purchasing power. Especially, there was a decrease in demand for supplementary products, vitamins, and supportive treatments. Pharmaceutical companies, primarily selling through the OTC channel like Traphaco, encountered numerous challenges.

“ In 2023, the healthcare sector saw some bright spots as the government eased difficulties in medicine procurement at public hospitals by issuing more transparent bidding laws, thus the shortage of medicines at hospitals was resolved. After Covid-19, hospitals reopened, people tended to visit hospitals for medical examination and treatment, utilizing medications provided through health insurance. This situation provided favorable conditions for pharmaceutical companies with a significant proportion of ETC sales.



Mr. Tran Tuc Ma
CEO of Traphaco Joint Stock Company

In that context, Traphaco has flexibly adapted, maintained and stabilized its business operations while optimizing and enhancing the company's efficiency through the following initiatives:

1.

Swiftly dividing the entire distribution network of pharmaceutical sales representative into two segments: Herbal Medicine and Non-Herbal Medicine, across all provinces nationwide. This initial step has led to stable operations and improved sales efficiency, as well as better customer care.

2.

Traphaco has intensified its investment in researching new products, particularly by strengthening research and registration for new western medicines, generic medicines, bioequivalent medicines and technology transfers from Daewoong: 3 First Generic medicines have been granted registration numbers, 9 bioequivalent medicines have been developed, and an additional 6 technology transferred products have been registered and launched into the market.

3.

Selecting FPT Corporation as the digital transformation consulting partner. With over 320 digital innovative ideas from employees, the company has evaluated and selected 16 ideas to be included in the digital transformation plan for the period 2023-2025, with an orientation to 2030. This serves as the foundation for strong development in the upcoming period.

In 2023, the company conducted 5 quick-wins to create excitement and foster a spirit of innovation across all positions in the company.



5 quick-wins deployed



1. **Digital office application:**
Providing convenience and speed in task resolution.

2. **Interactive electronic customer portal (Zalo OA):**
Directly connecting with each customer to enhance customer experience.

3. **Integration of non-cash payment solution:**
Providing convenience and reducing cash management costs.

4. **Implementation of Laboratory Information Management System (LIMS),**
this is a top modern laboratory management software globally.

5. **Online training application (E-learning):**
Enhancing skills, updating knowledge for employees, and conducting training and scientific activities with partners and customers.

Initially, 5 applications have been operating stably, creating convenience in coordination work among departments within the company, increasing productivity and work efficiency.

CEO'S MESSAGE

“ In 2023, Traphaco cooperated with a reputable partner to complete a GMP-EU feasibility assessment for Traphaco Hung Yen factory, to promote strong growth of new western medicines, bioequivalent and first generic medicines.

Throughout 2023, Traphaco has strengthened customer care activities and direct communication activities with pharmacy owners through a series of direct training visits to Traphaco Hung Yen medicine factory and conducted online training on new medical and pharmaceutical knowledge, conducting customer conferences combined with training sessions to update customers with new knowledge, thereby building reputation and increasing customer support, companionship to enhance Traphaco brand value.

With these aforementioned activities, in 2023 Traphaco achieved



REVENUE
(Unit: Billion VND)

2,299



PROFIT
(Unit: Billion VND)

285



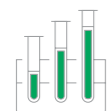
**THE TOTAL NUMBER OF REGISTRATIONS/
PUBLICATIONS EXCEEDED THE TARGET BY**
(Unit: numbers)

234/224



**THE NUMBER OF NEW
PRODUCTS LAUNCHED ON THE
MARKET**
(Unit: numbers of new products)

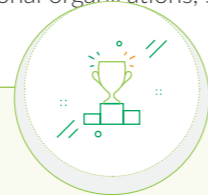
13



**DOANH SỐ
SẢN PHẨM MỚI VƯỢT**

19%
plan

The stable production and business activities, along with good care for the well-being of employees, coupled with outstanding customer service activities, earned Traphaco several prestigious awards in 2023 from both national and international organizations, such as:



TOP 5

Prestigious Oriental medicine company 2023

Traphaco was honored for the 7th time
“Typical enterprise for employees”
in 2023

Top 10 Best Places to Work in Vietnam
in 2023 - Pharmaceutical and Medical
Equipment Industry

Traphaco is among top 50
most effective business company in Vietnam
in 2023

Top 25 Leading Brands 2023 for Personal &
Industrial Consumer Goods by Forbes Vietnam

**And many other national and international
awards.**

Despite the challenges in the pharmaceutical market in 2023, the company's leadership along with its staff made concerted efforts to overcome difficulties, maintaining good business operations, enhancing resource optimization activities, reducing unnecessary costs, investing in upgrading information technology systems, implementing feasibility assessments for GMP-EU, and increasing new registrations/publications, especially for new western medicine and treatment medicines. This lays the foundation for sustainable development in the coming years.

In 2024, the economic outlook is forecasted to remain challenging and complex. Traphaco has set the following goals:

CONSOLIDATED REVENUE **2,485**
(Unit: Billion VND) **growth of 8%**

**CONSOLIDATED PROFIT
AFTER-TAX** **303**
(Unit: Billion VND) **growth of 6.3%**

With systematic investment in 2023, Traphaco confidently enters a new phase of development, a phase that requires innovation, cohesion between departments, and seizing opportunities from the market. All officers, Party members, and workers in the Traphaco system implement the 6 ultimate cultural principles, promote Traphaco traditions, demonstrate bravery, intelligence, spirit and strength, and strive to overcome difficulties, challenges; compete to develop production and business, turn risks, difficulties and challenges into development opportunities.

To achieve the goals of maintaining the number 1 position in Herbal Medicine and enhancing the development of Western medicine by 2024, Traphaco company will conduct the following main activities:

- 1.** Enhance operational efficiency, increase sales capability and Logistics distribution system
 - Review the company's operating apparatus, reduce bloat, streamline, and improve operational efficiency.
 - Separating the sales system and the Logistics system to increase specialization and productivity.
 - Deploying medicine and food supplement export activities through partners and the Amazon e-commerce system.
- 2.** Digital transformation: Continue to expand 5 Quick Wins deployed in 2023 and 8 new applications according to the 2024 plan.
 - In 2024, Traphaco will implement 8 applications: Origin tracing application; Order/invoice processing center; Pharmaceutical sales representative support application; Enterprise knowledge management system application; Payroll personnel management application; Comprehensive customer relationship management application; Standardization of IT infrastructure - Security; Information transmission management portal (API Gateway).

- 3.** Increasing investment in R&D activities to develop new high-quality products in both Western medicine and Herbal medicine.
 - Focusing on increasing research on high-quality western medicine, reviewing soon-to-expire patent medicines to develop First Generic medicines, and bioequivalent.
 - Enhancing the application of new technologies in formulation and product research.
- 4.** Strengthening technology transfer activities:
 - Collaborating with partner Deawoong to select products for export to Southeast Asian countries.
 - Promoting sales of stage 1 and 2 technology transfer products sold on the OTC system through scientific events, introducing the advantages of technology transfer products, enhancing bidding and sales activities across the system ETC.
- 5.** Enhancing Traphaco brand through Marketing activities.
 - Classy brand - high quality; Innovation – Applying new technology.
 - Affirming the position of Premium Herbal medicine products. Increasing Traphaco's Western medicine market share through marketing activities on offline and online platforms.
 - Enhancing customer care through new technology platforms.
- 6.** Enhancing cost management system with budget planning.
 - Controlling costs right from the stage of estimating, allocating budgets to departments, regularly reviewing costs to ensure the achievement of consolidated profit goals.

“ With clear directions, specific action plans and rapid implementation, the company believes that 2024 will be a year of many successes and victories, serving as the basis for Traphaco's strong development.

OVERVIEW OF
TRAPHACO



Overview of Traphaco

Traphaco Joint Stock Company was established on

28.11.1972

Over 50 years of establishment & development, Traphaco has become the NO. 1 pharmaceutical brand in Vietnam pharmaceutical industry



Headquarter:
75 Yen Ninh street, Ba Dinh, Hanoi

Office:
Hoang Liet Factory
Lane 15, Ngoc Hoi Street - Hoang Liet Ward
- Hoang Mai District - Hanoi



30,000

PHARMACY CUSTOMERS
NATIONWIDE

06

MEDICAL GROWTH/COLLECTION
AREAS THAT MEET GACP-WHO
STANDARDS

04

SUBSIDIARIES -
AFFILIATES

03

GPS-WHO PHARMACEUTICAL
& HEALTH-PROTECTION
SUPPLEMENTS
MANUFACTURING
FACTORIES

01

MEDICAL EXTRACTION
FACTORY ACHIEVED
GMP STANDARDS

The establishment and development history



Over the course of 50 years of building and development, as a pioneer in the pharmaceutical industry in Vietnam, Traphaco has identified its strategic objective for the upcoming period as **“Premium Traditional medicine – High quality Western medicine”**.



2023

2010-2022

2000-2009

1972

- 1972** • Established the production team belonging to the Railway Medical Service (the predecessor of Traphaco).
- 1993** • Established the Railway Pharmaceutical Enterprise.
- 1994** • Established the Transportation pharmaceutical and medicinal supplies Company.
- 1998** • Owned the first GMP-ASEAN pharmaceutical factory in the North, in Tay Ho, Hanoi.
- 11/1999** • The first equitized company in the pharmaceutical industry in Vietnam.
- 2000** • Annual General Meeting of founding shareholders, Traphaco became one of the pioneering pharmaceutical enterprises in equitization.
- 2002** • Established TraphacoSapa One-Member Co. Ltd.
- 2004** • Owned a GPs-WHO medicines manufacturing factory in Hoang Mai, Hanoi.
- 2006** • Established Traphaco High-Tech JSC (Traphaco CNC).
- 2008** • The Company's stock code TRA was officially traded on the Ho Chi Minh City Stock Exchange (HOSE).
- 2009** • Owned the first GPs - WHO herbal-medicine manufacturing factory in the North, in Van Lam, Hung Yen. Traphaco owns 100% of TraphacoSapa Co. Ltd.

- 2010** • Received the title of Hero of Labor.
- 2012** • Received the First-Class Labor Order.

- 2012** • Traphaco owned 58% of Daklak Pharmaceutical & Medical Supplies JSC (Bamepharm became a subsidiary of Traphaco); Traphaco owned 51% of Traphaco Hi-tech JSC (Traphaco CNC became a subsidiary of Traphaco).
- 08/2017** • Inaugurated the most modern GPs - WHO western medicine manufacturing factory in Vietnam in Van Lam, Hung Yen.
- 2019** • Received the First-Class Labor Medal for the Company's Trade Union.
- 2020** • Building Traphaco Culture in a new period: Honest, Courage, Initiative, Connect, Creative, Responsible.
- 2021** • General Meeting of Shareholders for the term 2021-2025. Launched new Board of Directors. Announced new organizational model.
- 2022** • Celebrated 50 years of Tradition Day and received First-Class Labor Order. Received the Asia Excellence and Sustainability Enterprise Award in 2022.



Business lines & business location

Business Lines

- Producing and trading pharmaceuticals, chemicals and medical supplies
- Purchasing, cultivating and processing medicine
- Preparing prescribed medication
- Consulting on pharmaceuticals and cosmetics manufacturing
- Importing and exporting medicine-manufacturing raw materials, auxiliary materials, medicines
- Manufacturing and trading chemicals (excluding chemicals banned by the State)
- Manufacturing and trading cosmetics
- Manufacturing and trading food
- Consulting on scientific services, technology transfer in the medical and pharmaceutical field
- Manufacturing and trading alcohol, beer, beverage (not including bar business)
- Importing and exporting the Company's trading products
- Retail sale of pharmaceuticals, medical supplies, perfume, cosmetics and hygiene products, food in specialized
- Retail stores by mail order or internet (except auction activities).



Business location



30,000+

CONTRACTED-PHARMACIES CUSTOMERS NATIONWIDE

28 BRANCHES NATIONWIDE



TOTAL OTC REVENUE IN 2023
(Billion VND)

2,009

TOTAL ETC REVENUE IN 2023
(Billion VND)

219



Branches

- | | | | |
|--------------------------|-----------------------|----------------------------|------------------------|
| 1. South Branch; | 8. Hai Duong Branch; | 15. Quang Ngai Branch; | 22. Dong Nai Branch; |
| 2. Central Branch; | 9. Hai Phong Branch; | 16. Khanh Hoa Branch; | 23. Binh Duong Branch; |
| 3. North Central Branch; | 10. Hung Yen Branch; | 17. Thua Thien Hue Branch; | 24. Kien Giang Branch; |
| 4. Thai Nguyen Branch; | 11. Nam Dinh Branch; | 18. Tien Giang Branch; | 25. Long An Branch; |
| 5. Yen Bai Branch; | 12. Thanh Hoa Branch; | 19. Vinh Long Branch; | 26. Binh Dinh Branch; |
| 6. Bac Giang Branch; | 13. Phu Tho Branch; | 20. Can Tho Branch; | 27. Vung Tau Branch; |
| 7. Quang Ninh Branch; | 14. Gia Lai Branch; | 21. Binh Thuan Branch; | 28. Vinh Phuc Branch. |

HOANG LIET FACTORY

Function

- Producing food and cosmetics; dosage forms of tablets, film-coated tablets, hard capsules, soft capsules, nuggets, powders, microbiological nuggets, microbiological powders, solutions, suspensions, fats, creams.
- Managing production equipment.
- Implementing initiatives to improve and rationalize production, and applying scientific and technological advances to production.



Medication trading locations in Hanoi

Traphaco Product Showroom

74 Ngo Quyen, Quang Trung, Ha Dong, Hanoi.

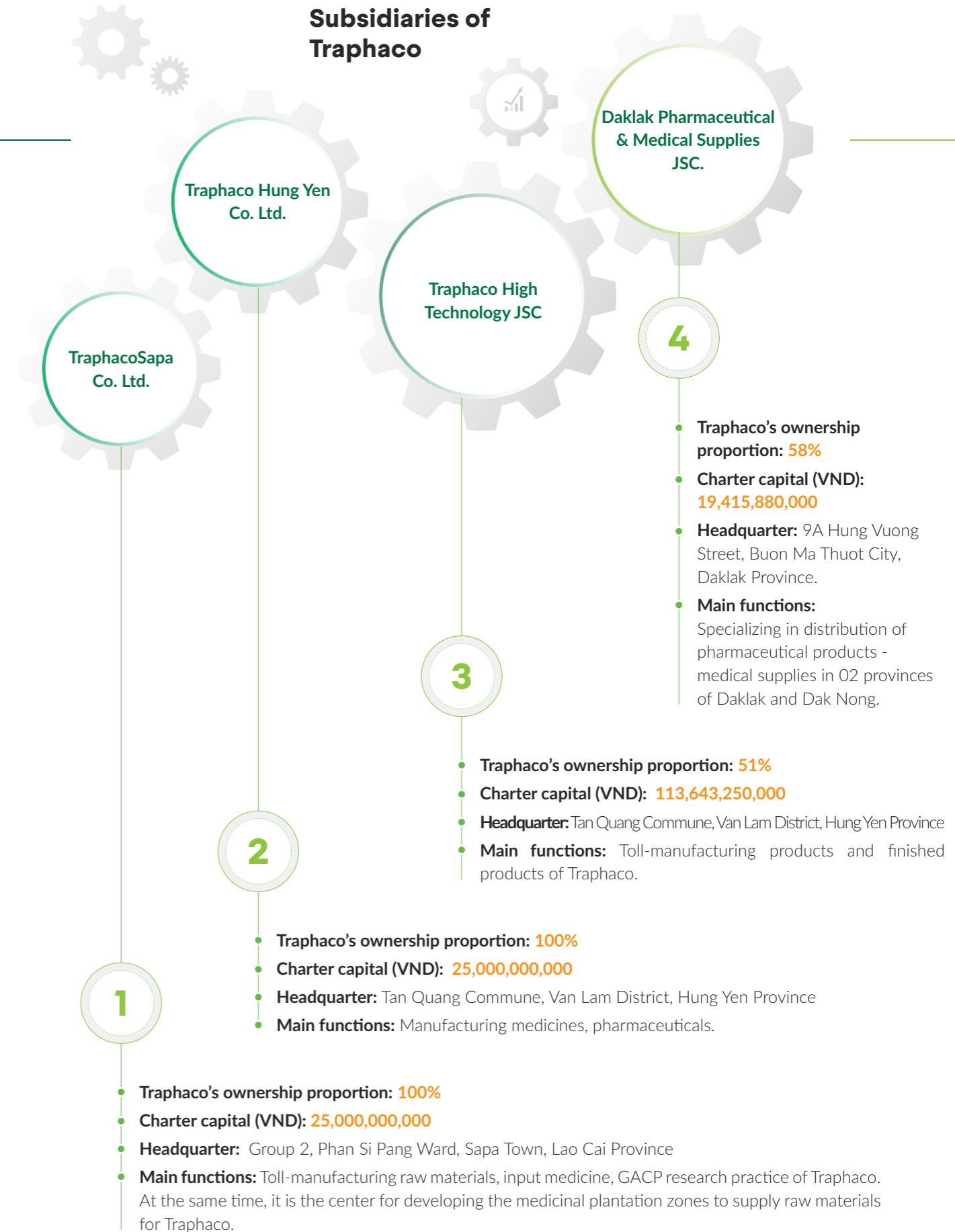
Counter No. 207

2nd Floor, Hapu Pharmaceutical and Medical Equipment Distribution Center, No. 1 Nguyen Huy Tuong, Thanh Xuan, Hanoi.

Traphaco's Long Bien Distribution Center

295 Thanh An Street, Thuong Thanh Ward, Long Bien District, HaNoi.

Subsidiaries of Traphaco



Introduction of The Board of Directors



Mr.
CHUNG JI KWANG
Chairman of
the Board of Directors

Date of birth: 21/6/1974
Nationality: Korean
Qualification:
Bachelor of Business
Administration
Employment history
03/2021 - present:
Chairman of the Board of
Directors, Traphaco JSC
03/2020-03/2021:
Member of the Board of
Directors, Traphaco JSC
2017 - present:
Managing Director -
New Growth Investment
Department, Mirae Asset
Capital Co. Ltd.
2016 - 2017:
Team Leader, Post-Merger
Integration Group, Mirae
Asset Securities
2005 - 2015:
Senior Manager, Investment
Banking Division, Mirae Asset
Securities
2003 - 2005:
Senior Manager, Investment
Banking Division, Woori
Securities
**Positions assigned in other
organizations:**
Managing Director -
New Growth Investment
Department, Mirae Asset
Capital Co. Ltd.



Mr.
NGUYEN PHU KHANH
Vice Chairman
of the Board of Directors

Date of birth: 24/09/1981
Nationality: Vietnam
Qualification:
Master of Economics
Employment history
05/2022 - present:
Vice Chairman of the Board of
Directors - Traphaco JSC
08/2006 - present:
Specialist, Deputy Head of
State Capital Investment
Corporation (SCIC)
06/2020 - 05/2022:
Chairman of the Board of
Directors, Labor and Technical
Experts Import-Export Joint
Stock Company
04/2014 - 03/2020:
Deputy General Director,
General Director, BOD
members of Trang Tien Trading
Investment Co., Ltd.
**Positions assigned in other
organizations:**
12/2022 - present:
BOD members, Vice Chairman
of the Board of Directors,
Dien Bien Trading, Tourism
and General Services Joint
Stock Company



Mr.
TRAN TUC MA
Member
of Board of Directors

Date of birth: 17/6/1965
Nationality: Vietnam
Qualification: Master of Pharmacist
Employment history
04/2016 - present: Secretary of Party Executive Committee, Member
of Board of Directors, Chief Executive Officer at Traphaco JSC.
03/2011 - 03/2016: Secretary of the Party Executive Committee,
Vice Chairman of the Board of Directors, Chief Executive Officer
at Traphaco JSC.
06/2010 - 02/2011: Secretary of Party Executive Committee,
Member of Board of Directors, Deputy CEO in charge of Sales,
Traphaco JSC.
04/2006 - 05/2010: Member of Board of Directors, Deputy CEO
in charge of Sales, Traphaco JSC.
01/2005 - 03/2006: Member of Board of Directors, Deputy
Director in charge of Sales, Traphaco JSC.
03/2003 - 12/2004: Chairman of the Board of Supervisors, Head
of Sales Department of Traphaco JSC.
11/2000 - 02/2003: Head of Sales Department, Traphaco JSC.
05/1997 - 10/2000: PDeputy Head of Quality Control
Department, Traphaco JSC.
01/1994 - 04/1997: Staff at Sales Department, Traphaco JSC.
09/1992 - 12/1993: Staff at Sales Department - Hanoi Railway
Pharmaceutical Company.
03/1990 - 8/1992: Staff at Experimental Institute - Ministry of Health.
Positions assigned in other organizations:
Chairman of the Board of Directors at Traphaco Hung Yen Co. Ltd.



Mr.
LEE TAE YON
Member
of Board of Directors

Date of birth: 10/01/1974
Nationality: Korean
Qualification:
Bachelor of Chemistry
Employment history
03/2020 - present:
BOD member - Traphaco JSC.
02/2020 - present:
Director - Super Delta Pte.
Ltd.
06/2014 - present:
Team Leader - Daewoong
Pharmaceutical Corporation.
09/2019 - 10/2021:
Chief Representative -
Daewoong Vietnam.
10/2010 - 5/2014:
Team Leader of Business
Development - Daewoong
Pharmaceutical Corporation.
11/2007 - 9/2010:
Business Development Officer
at Hanall Biopharma Co. Ltd.
01/2004 - 10/2007:
Team Leader of Business
Development - Daewoong
Pharmaceutical Corporation.
01/2001 - 12/2003:
Pharmacist - MSD Korea.
**Positions assigned in other
organizations:**
Director - Super Delta Pte.
Ltd.



Mr.
DINH QUANG HOA
Member
of Board of Directors

Date of birth: 06/08/1986
Nationality: Vietnam
Qualification:
Bachelor of Business
Administration,
Bachelor of Law
Employment history
03/2023 - present:
BOD member - Traphaco JSC.
05/2018 - present:
Chairman of the Board of
Members, Trang Tien Trading
Investment Company Limited
Liability Company
05/2008 - present:
Investment Specialist,
Executive Secretary, Deputy
Office Director, Office
Director, State Capital
Investment Corporation
**Positions assigned in other
organizations:**
Chairman of the Board of
Members, Trang Tien Trading
Investment Company Limited
Liability Company



Mrs.
DAO THUY HA
Member
of Board of Directors

Date of birth: 06/6/1975
Nationality: Vietnam
Qualification:
Master of Pharmacist,
Master of Business
Administration
Employment history
07/2022 - present:
Member of the Party Executive
Committee; Party Secretary of
the Hoang Liet Branch; BOD
member; Chief Operating
Officer, Traphaco JSC.
11/2021 - 06/2022:
Member of the Party Executive
Committee; BOD member;
Chief of Sales & Marketing
Officer, Traphaco JSC.
04/2021 - 10/2021:
Member of the Party Executive
Committee; BOD member;
Deputy CEO, Traphaco JSC.
07/2020 - 03/2021:
Member of the Party Executive
Committee; Chief Marketing
Officer and Head of Marketing
Department - Traphaco JSC.
11/2018 - 06/2020:
Chief Marketing Officer and
Head of Marketing Department
- Traphaco JSC.
01/2008 - 10/2018:
Head of Marketing Department
- Traphaco JSC.o
01/2005 - 12/2007:
Assistant to Director, Staff
at Research & Development
Department, Traphaco JSC.
07/2001 - 12/2004:
Staff at Research &
Development Department,
Traphaco JSC.
09/1996 - 06/2001:
Planning Department,
TraphacoCapital Pharmaceutical
Co. Ltd.



Mr.
KIM DONG HYU
Member
of Board of Directors

Date of birth: 25/12/1981
Nationality: Korean
Qualification:
Bachelor of Bio-Technology
Employment history
11/2021 - present:
BOD member; Executive Vice
CEO, Traphaco JSC.
10/2019 - 10/2021:
BOD member; Executive Vice
CEO, Traphaco JSC.
07/2018 - 09/2019:
BOD member, Traphaco JSC.
07/2016 - 07/2018:
Representative of Daewoong
Pharmaceuticals - Vietnam
Office
04/2015 - 06/2016:
Team Leader of Planning
- Marketing - Daewoong
Pharmaceutical Corporation
04/2013 - 03/2015:
Team Leader of Business
Development - Daewoong
Pharmaceutical Corporation
12/2008 - 03/2013:
Team Leader of Finance
and Planning - Daewoong
Pharmaceutical Corporation

Introduction of the Board of Management



Mr.
TRAN TUC MA
Chief Executive Officer

Date of birth: 17/6/1965

Nationality: Vietnam

Qualification: Master of Pharmacist

Employment history

04/2016 - present: Secretary of Party Executive Committee, Member of Board of Directors, Chief Executive Officer at Traphaco JSC.

03/2011 - 03/2016: Secretary of the Party Executive Committee, Vice Chairman of the Board of Directors, Chief Executive Officer at Traphaco JSC.

06/2010 - 02/2011: Secretary of Party Executive Committee, Member of Board of Directors, Deputy CEO in charge of Sales, Traphaco JSC.

04/2006 - 05/2010: Member of Board of Directors, Deputy CEO in charge of Sales, Traphaco JSC.

01/2005 - 03/2006: Member of Board of Directors, Deputy Director in charge of Sales, Traphaco JSC.

03/2003 - 12/2004: Chairman of the Board of Supervisors, Head of Sales Department of Traphaco JSC.

11/2000 - 02/2003: Head of Sales Department, Traphaco JSC.

05/1997 - 10/2000: Deputy Head of Quality Control Department, Traphaco JSC.

01/1994 - 04/1997: Staff at Sales Department, Traphaco JSC.

09/1992 - 12/1993: Staff at Sales Division - Hanoi Railway Pharmaceutical Company.

03/1990 - 8/1992: Staff at Experimental Institute - Ministry of Health.

Positions assigned in other organizations:

Chairman of the Board of Directors at Traphaco Hung Yen Co. Ltd.



Mrs.
DAO THUY HA
Chief Operating Officer

Date of birth: 06/6/1975

Nationality: Vietnam

Qualification:

Master of Pharmacist,
Master of Business Administration

Employment history

07/2022 - present: Member of the Party Executive Committee; Party Secretary of the Hoang Liet Branch; BOD member; Chief Operating Officer, Traphaco JSC.

11/2021 - 06/2022: Member of the Party Executive Committee; BOD member; Chief of Sales & Marketing Officer, Traphaco JSC.

04/2021 - 10/2021: Member of the Party Executive Committee; BOD member; Deputy General Director, Traphaco JSC.

07/2020 - 03/2021: Member of the Party Executive Committee; Chief Marketing Officer and Head of Marketing Department - Traphaco JSC.

11/2018 - 06/2020: Chief Marketing Officer and Head of Marketing Department - Traphaco JSC.

01/2008 - 10/2018: Head of Marketing Department - Traphaco JSC.

01/2005 - 12/2007: Assistant to Director, Staff at Research & Development Department, Traphaco JSC.

07/2001 - 12/2004: Staff at Research & Development Department, Traphaco JSC.

09/1996 - 06/2001: Planning Department, Traphaco Capital Pharmaceutical Co. Ltd.



Mr.
KIM DONG HYU
Executive Vice CEO

Date of birth: 25/12/1981

Nationality: Korean

Qualification:

Bachelor of Bio-Technology

Employment history

11/2021 - present: BOD member; Executive Vice CEO, Traphaco JSC.

10/2019 - 10/2021: BOD member; Executive Vice CEO, Traphaco JSC.

07/2018 - 09/2019: BOD member, Traphaco JSC.

07/2016 - 07/2018: Representative of Daewoong Pharmaceuticals - Vietnam Office

04/2015 - 06/2016: Team Leader of Planning - Marketing - Daewoong Pharmaceutical Corporation

04/2013 - 03/2015: Team Leader of Business Development - Daewoong Pharmaceutical Corporation

12/2008 - 03/2013: Team Leader of Finance and Planning - Daewoong Pharmaceutical Corporation



Mr.
NGUYEN HUY VAN
Chief Research & Quality Officer

Date of birth: 10/03/1967

Nationality: Vietnam

Qualification:

Doctor of Pharmacist

Employment history

01/2022 - present: Vice Secretary of the Party Executive Committee; Chief of Research & Quality Officer, Traphaco JSC.

05/2015 - 12/2021: Vice Secretary of the Party Executive Committee; Chief of Research Development Officer, Traphaco JSC.

04/2011 - 04/2015: Chief of Research Development Officer, Traphaco JSC.

04/2006 - 03/2011: BOD member; Chief of Research Development Officer, Traphaco JSC.

01/2005 - 03/2006: BOD member; Deputy Director of R&D, Traphaco JSC.

01/2000 - 12/2004: BOD member; Head of R&D Department, Traphaco JSC.

07/1996 - 12/1999: Head of R&D Department, Traphaco Pharmaceutical.

07/1995 - 06/1996: Deputy Head of Marketing Department, Traphaco Pharmaceutical.

06/1994 - 06/1995: Staff of Sales Department, Traphaco Pharmaceutical.



Mr.
NGUYEN VAN BUI
Chief OTC Sales Officer

Date of birth: 16/10/1963

Nationality: Vietnam

Qualification:

Bachelor of Pharmacist

Employment history

11/2021 - present: Chief OTC Sales Officer, Traphaco JSC.

02/2017 - 10/2021: Deputy CEO in charge of Sales, Traphaco JSC.

08/2013 - 01/2017: Sales Director, Traphaco JSC.

05/2011 - 07/2013: Head of Sales Department, Traphaco JSC.

07/2008 - 04/2011: Deputy Head of Marketing Department, Traphaco JSC.

01/2008 - 06/2008: Staff of Marketing Department, Traphaco JSC.

06/2004 - 12/2007: Staff of Sales Department, Traphaco JSC.

12/2003 - 05/2004: Staff of R&D Department, Traphaco JSC.

01/2001 - 12/2004: Director, Huu Nghi Pharmaceutical Co., Ltd.

01/1997 - 12/1997: Staff, Hung Yen Social Diseases Prevention Center

03/1988 - 12/1996: Staff, Hai Hung Tuberculosis Hospital



Mr.
PHAM HOANG ANH
Chief Finance & Planning Officer

Date of birth: 05/01/1989

Nationality: Vietnam

Qualification:

MBA in Finance, CPA (Australia) - Australian Auditor, CIMA, CGMA (UK Management Accounting)

Employment history

03/2022 - present: Chief Finance & Planning Officer, Traphaco JSC.

01/2021 - 03/2022: Director of Finance & Planning, Traphaco JSC.

5/2016 - 12/2020: Assistant of CEO, Traphaco JSC.

2012 - 2016: Staff at Finance Department - Mobifone

2011-2012: Assistant of General Director - Petroleum Materials JSC - PetroVietnam Energy Corporation - PVN

Positions assigned in other organizations:

Vice Chairman of the Board of Directors, Traphaco CNC JSC.

Introduction of the Board of Supervisors



Mrs.
NGUYEN THI LUONG THANH
Head of the Board of Supervisors

Date of birth: 18/4/1978
Nationality: Vietnam
Qualification:
Master of Economic Management,
Bachelor of Finance

Employment history

04/2021 - present:
Head of the Board of Supervisors,
Traphaco JSC.
03/2014 - 03/2021:
Member of the Board of Supervisors,
Traphaco JSC.
11/2009 - present:
Staff, No. 3 Investment Board - SCIC.
01/2001 - 10/2009:
General Accountant, Chief Accountant -
Hoang Dao Investment JSC.

Positions assigned in other organizations:

Supervisor, Ha Giang Mineral and
Mechanical JSC.



Mrs.
NGUYEN THANH HOA
Member of the Board of Supervisors

Date of birth: 10/12/1983
Nationality: Vietnam
Qualification:
Master of Business Administration,
Bachelor of Accounting, CPA certificate

Employment history

2016 - present:
Member of the Board of Supervisors,
Traphaco JSC
2012 - present:
Officer at Risk Management Department,
SCIC.
2007 - 2012:
Officer at Financial and Accounting
Department, SCIC.
2006 - 2007:
Accounting Officer, BIDV

Positions assigned in other organizations:

No.



Mr.
KWON KI BUM
Member of the Board of Supervisors

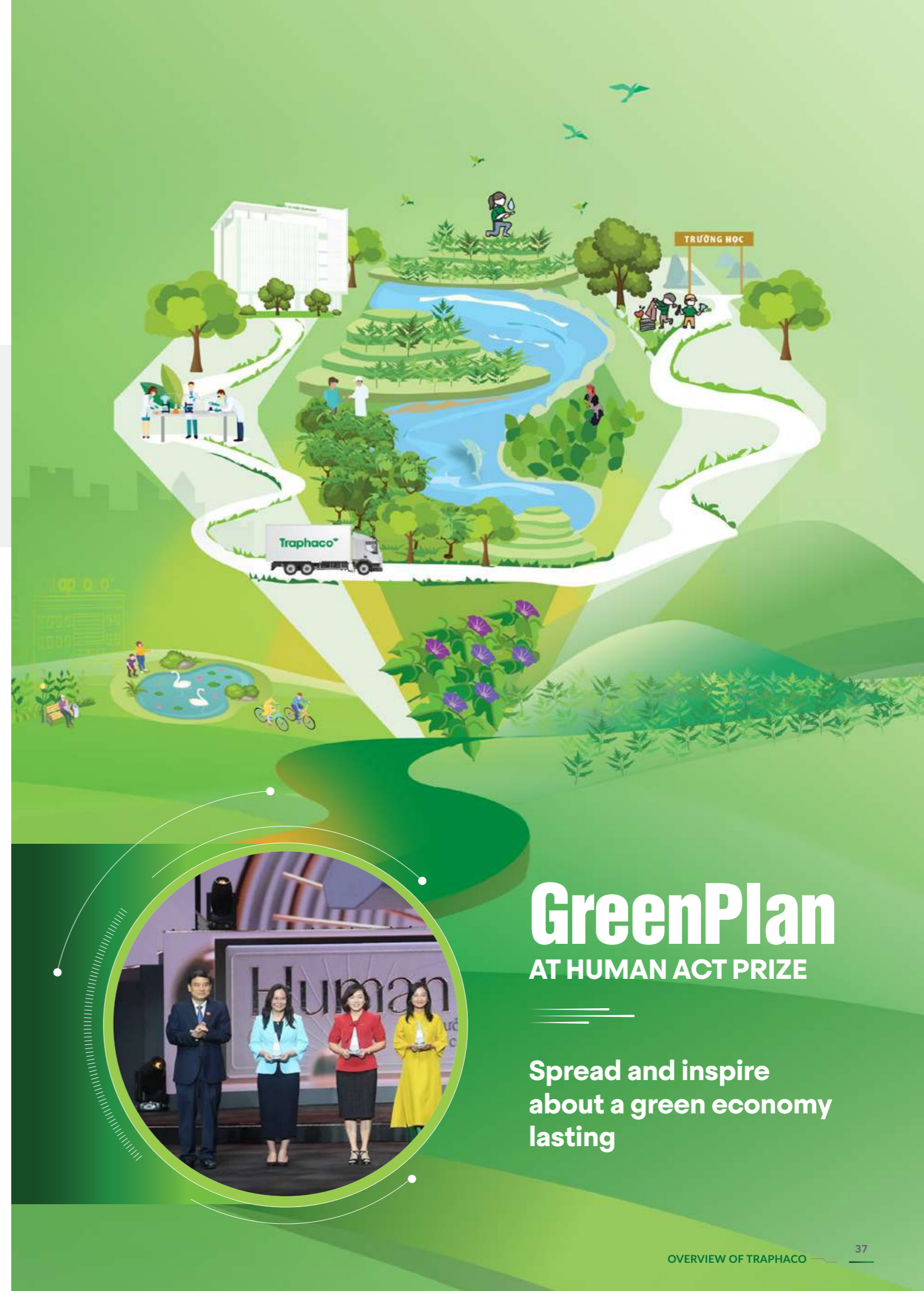
Date of birth: 05/07/1988
Nationality: Korean
Qualification:
Pharmacist

Employment history

04/2021 - present:
Member of the Board of Supervisors,
Traphaco JSC.
08/2022 - present:
Business Development Manager, Open
Innovation Department, Daweong
Pharma Corp.
04/2018 - 07/2022:
Global Sales Team, Assistant of CEO -
Daewoong Pharmaceutical Corp.
9/2016 - 3/2018:
Marketing Department - Guju.
Pharmaceutical Co.
4/2015 - 8/2016:
Planning Department - White Lifescience Co.

Positions assigned in other organizations:

08/2022 - present: BBusiness
Development Manager, Open Innovation
Department, Daweong Pharma Corp.



GreenPlan AT HUMAN ACT PRIZE

Spread and inspire
about a green economy
lasting

PRODUCTION &
BUSINESS RESULTS IN 2023
& PLAN IN 2024

Laboratory
Information
Management
System

non-cash
payment
solution

TRA
4.0

E-learning

Digital office
application

Interactive
electronic
customer
portal
Zalo OA



Report & analysis of the Board of Management



Overview of the pharmaceutical industry and business performance & activities in 2023

Overview of the pharmaceutical industry 2023



Generally, in 2023, the socio-economic situation faced many difficulties, people's income decreased. Patients tended to have medical examinations and get insurance medicines, and limited the purchase of non-insurance medicines, especially supplements. Sales channels to hospitals and clinics had many advantages after the end of the Covid epidemic.

According to the IQVIA (IMS) report on the pharmaceutical market in 2023: overall market growth is 8%; Of which, the growth in the hospital channel is 20%, the pharmacy channel is 1%; Growth in treatment medicines was 16% and non-prescription medicines decreased by 5%.



The OTC channel faced many barriers in maintaining growth because the economic recovery was still slow and could not improve in the short term. Most pharmaceutical companies doing business on the OTC channel were affected by a decline, due to reduced consumer purchasing power. Especially private enterprises dealing in food supplements.

Products with high growth during the Covid epidemic season: cough medicine and epidemic prevention medicine were no longer as favorable as in 2022 and had a tendency to decrease sharply (up to 20%).

The strong development of the chain system competed fiercely with traditional pharmacies, leading to traditional pharmacies being concerned and reducing stockpiling on shelves; prioritizing essential and therapeutic products, prioritizing high-profit products.

Production and Business Results in 2023

(According to the consolidated report)

No.	Indicator	Plan of 2023	Results in 2023	The ratio compared to the Plan	Growth compared to 2022
1	Net revenue from sales of goods and rendering of services	2,600	2,299	90%	-3%
1.1	Parent Company's Revenue	2,249	2,069	92%	-5%
	• OTC revenue	2,043	1,850.4	90.58%	-8%
	• ETC revenue	206	218.6	106%	+18%
1.2	Revenue from subsidiaries	239	196.7	82.3%	-10%
	Daklak Pharmaceutical Medical Equipment JSC.	220	178.5	81.1%	-13%
	Traphaco CNC	12	11.09	92.4%	+58%
	TraphacoSapa	7	7.1	101.4%	+1.4%
1.3	Adjustments	112	64.1	57.26%	
2	Consolidated profit (after tax)	326	285	87.42%	-3%
3	Income of employees of parent company increases compared to 2022	+5%	-16.4%		-16.4%
4	Number of new products to be produced and launched to the market (in which chemical pharmaceuticals ≥4)	12	13	+8.3%	+19%
5	Sales of new products to market from 2021	170	194.5	114%	
6	Annual registration number and ownership announcement.	224	234	104.5%	



2,299

NET REVENUE FROM SALES AND SERVICES
(Billion VND)

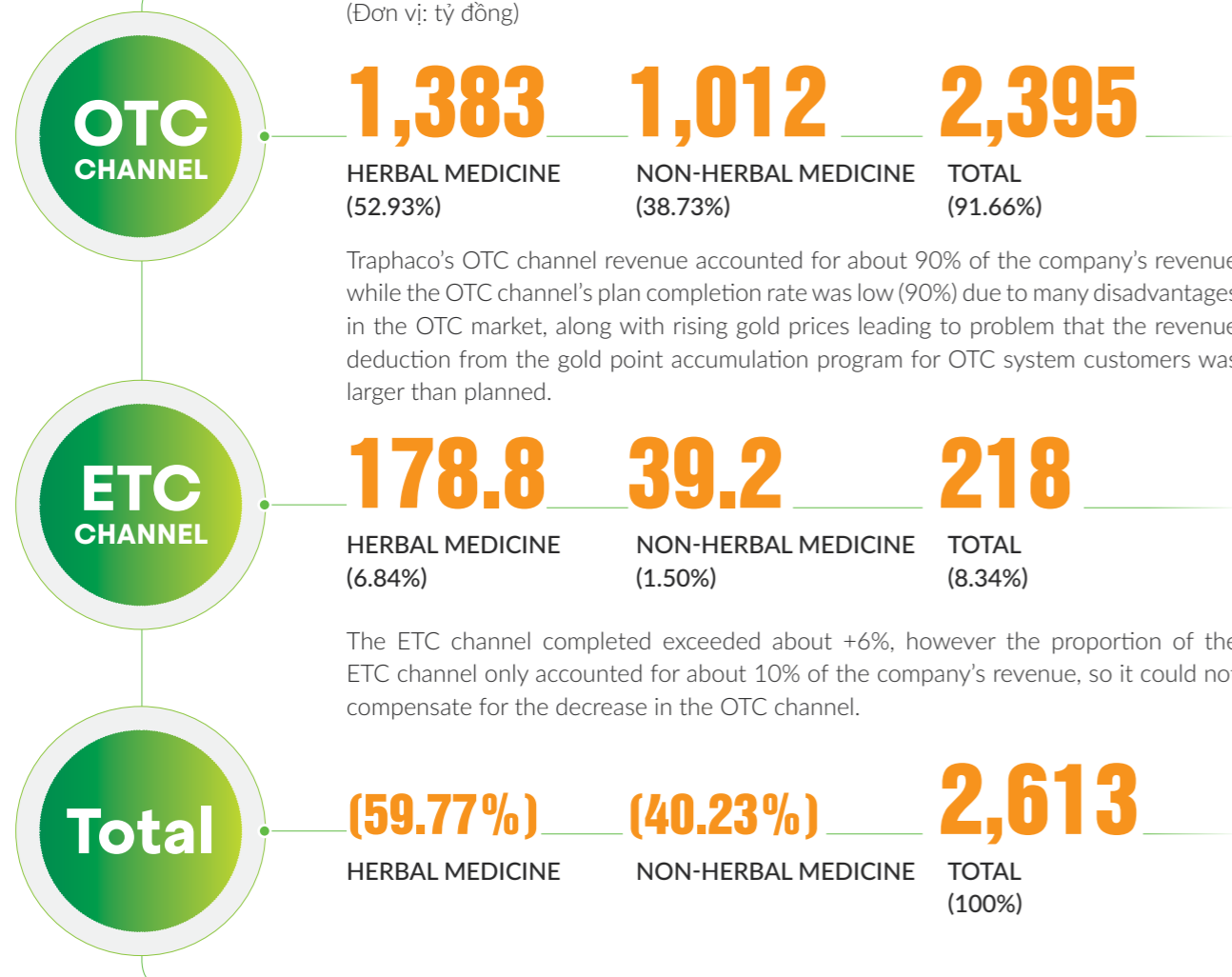
285

CONSOLIDATED PROFIT AFTER TAX
(Billion VND)

REPORT & ANALYSIS OF THE BOARD OF MANAGEMENT

Tỷ trọng doanh số các mảng

(Đơn vị: tỷ đồng)



Reasons for not achieving target revenue

- Traphaco's OTC channel revenue accounted for about 90% of the company's revenue while the OTC channel's plan completion rate was low (90%) due to many disadvantages in the OTC market, along with rising gold prices leading to problem that the revenue deduction from the gold point accumulation program for OTC system customers was larger than planned.
- ETC revenue grew by 24% over the same period, exceeding the plan by 6%, proving that the Company has made appropriate and timely changes when focusing on developing a segment with a large proportion (2/3 of the pharmaceutical market) and high growth rate. This reflects the correct direction of the Board of Directors and the strong efforts of the Executive Board.

Reasons for not achieving target profits

- The profit has not reached the set plan. However, in the general context, the economy is still difficult, the total market (OTC) is not growing. The company focuses resources to ensure the goal of maintaining revenue, maintaining market share, and maintaining customer trust to ensure long-term growth. At the same time, through strict financial management, the company reduces possible costs to ensure the profit-to-revenue ratio and increase overall efficiency.
- The company also coordinates reasonable production plans and negotiates with suppliers to maintain the cost price ratio. Currently, Traphaco is a pharmaceutical enterprise with a cost price ratio among the best in the market.

Major activities of the company in 2023

In 2023, the Board of Management implemented the Resolution of the General Meeting of Shareholders on April 14th, 2023 and the directions of the Board of Directors:



- Conduct scientific conferences combined with factory tours, inviting scientists and doctors to present at seminars. The results have been highly regarded by pharmacies owners, customers, and partners, enhancing awareness of Traphaco's western medicine products.
- Promote partnerships, including products in the priority lists of pharmacy chains such as Long Chau, Pharmacy, Trung Son, etc., recording good growth in sales at these chains.
- Carry out media and sales activities on online channels, e-commerce platforms, and with partner thuocsi.vn.
- Sales of new products launched in 2023 reached 43 billion VND against a plan of 36 billion VND (119% of the plan).
- Deploy evaluation of the Hoang Liet production plant layout to increase company operational efficiency.
- Enhance technology transfer activities: strengthen communication efforts, showcasing the therapeutic advantages of technology transferred products to over 600 major OTC customers and more than 100 ETC channel customers. Screen and select 10 technology transferred phase 3 products with Daewoong, products with distinct manufacturing techniques and competitive technological advantages in the specialty treatment medicine market. Engage in contract manufacturing with two major pharmaceutical distribution companies in Vietnam.
- Deploy the separation of Herbal medicine and Non-Herbal medicine pharmaceutical sales representative across the entire business system.
- Pilot non-cash payment implementation with OTC partners and customers, assess and adjust for deployment across the entire OTC system in the near future.
- Implement 5 quick wins according to the digital transformation plan, including: digital office application, customer interaction portal (Zalo OA), non-cash payment solution integration, laboratory and quality management information system (LIMS), and initial operation of online training application (E-learning) to facilitate job coordination among company departments, improving productivity and work efficiency.

Major awards that the company achieved in 2023



TOP 25
Leading Brands 2023
for Personal & Industrial
Consumer Goods

voted by Forbes Vietnam
Honor ceremony on 17/10/2023



Typical Enterprise for
Employees 2023
29/10/2023



Honor for the Development of Vietnamese
Medicinal Materials Award
21/12/2023



Union president
Traphaco Joint Stock Company
received the Women's Award
Vietnam in 2023
27/11/2023



TOP 10
Sustainable enterprises (CSI)
13/12/2023

Community Action Awards
11/12/2023

Human Act Prize



Financial analysis for the year 2023

Financial overview of 2019 - 2023

Indicator	Unit	2019	2020	2021	2022	2023
Business results						
Net revenue	Billion VND	1,710	1,909	2,161	2,399	2,299
Gross profit	Billion VND	940	1,031	1,147	1,343	1,245
Profit before tax	Billion VND	215	267	331	368	361
Profit after tax	Billion VND	171	217	264	294	285
The balance sheet						
Total assets	Billion VND	1,572	1,651	1,707	1,816	2,124
Short-term asset	Billion VND	888	1,010	1,094	1,226	1,530
Long-term assets	Billion VND	683	641	613	590	593
Liabilities	Billion VND	453	478	440	436	635
Equity	Billion VND	1,118	1,172	1,268	1,381	1,489
Charter capital	Billion VND	415	415	415	415	415
The cash flow statement						
Net cash flow from business operation	Billion VND	217	346	290	248	288
Net cash flow from investing activities	Billion VND	-32	-132	-198	-73	-168
Net cash flow from financial activities	Billion VND	-204	-202	-190	-209	71
Net cash flow in the period	Billion VND	-19	11	-98	-35	191
Cash and cash equivalents at the first of the period	Billion VND	316	297	309	211	176
Cash and cash equivalents at the end of the period	Billion VND	297	309	211	176	367
Basic financial indicators						
Gross profit margin	%	54.98%	54.03%	53.10%	55.98%	54.15%
Profit before tax	%	12.56%	13.97%	15.30%	15.36%	15.69%
ROS	%	9.97%	11.35%	12.24%	12.23%	12.41%
ROA	%	21.71%	13.45%	15.75%	16.66%	14.48%
ROE	%	30.52%	18.93%	21.68%	22.17%	19.88%
Stock information						
Market value as of December 31 st	VND/share	60,500	71,600	91,200	89,000	89,000
Basic earnings per share	VND/share	3,253	4,185	5,064	5,691	5,535
Dividend	VND/share	3,000	3,000	3,000	3,000	3,000

In 2023, the global economy continued to face many challenges. The strategic competition among major countries became more comprehensive and intense, with increasing political tensions. The complex developments in the Russia-Ukraine conflict and conflicts in the Middle East region negatively impacted the global economic recovery process after the Covid-19 pandemic. Although inflation has cooled down, it remains high, with many major economies maintaining tight monetary policies, high interest rates, and global trade, consumption, and investment continuing to decline, protectionist barriers and increased trade defense measures have had a significant impact on Vietnam's economy.

In the general context of 2023, the economic and social situation in Vietnam encountered many difficulties, with people's incomes decreasing. Patients tended to seek medical care and obtain insurance medicines, limiting purchases of non-insurance medicines, especially health supplements. Pharmaceutical manufacturing and trading enterprises are facing many challenges such as weak consumer demand, fluctuations in energy prices and input materials, competition among industry peers, and pressure from increasing exchange rates.

In context of the aforementioned difficulties and challenges, TRAPHACO has made relentless efforts to implement effective solutions aimed at achieving the best production and business results. Despite completing 88% of the assigned plan and falling short of the expected growth target, TRA remains confident that with customer-supported sales policies, TRA will make significant strides in the coming years.



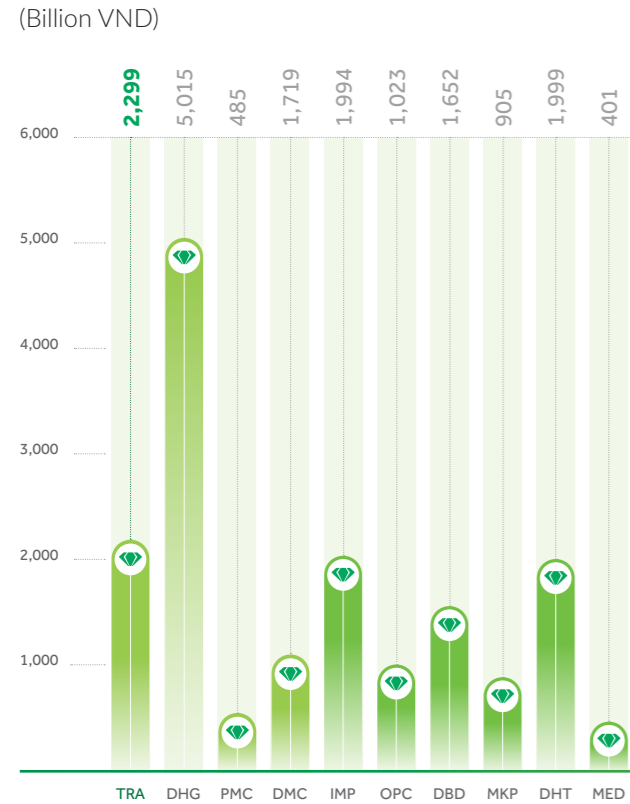
Revenue structure by product group

Revenue by product group	2021	2022	2023	Growth 2022/2021	Growth 2023/2022
OTC Revenue	1,748	2,044	2,009	17%	-2%
ETC Revenue	142	177	219	25%	24%
Herbal medicine Revenue	1,299	1,399	1,326	8%	-5%
Non-Herbal medicine Revenue	592	822	901	39%	10%

The revenue structure has undergone shifts across sales channels:

- ETC channel witnessed remarkable growth in both 2022 and 2023, with annual growth rates reaching 25% and 24% respectively with the proportion of ETC channel revenue in 2023 increased by 2% compared to the same period in 2022. Alongside efforts to strengthen sales activities to maintain and increase market share in the OTC channel, there are positive signs in the ETC channel as well when key Herbal medicine group products were sustained, and products with procurement advantages such as Boganic GACP showed significant growth. Effective utilization of procurement packages contributed to the ETC channel's robust revenue growth and the volume of SKUs sold in 2023.
- The structure of herbal and western medicine was adjusted as the company implemented the separation of Herbal medicine - Non- Herbal medicine, expanding it to 100% coverage across all OTC sales territories, focus was shifted towards premium non-herbal medicine products and disease-specific medications tailored to consumer preferences, resulting in a 10% growth in revenue for this product category compared to the same period.

Revenue of pharmaceutical companies in 2021 – 2023



	TRA	DHG	PMC	DMC	IMP	OPC	DBD	MKP	DHT	MED
Revenue in 2021	2,161	4,003	414	1,498	1,267	1,124	1,559	1,130	1,609	344
Revenue in 2022	2,399	4,676	472	1,593	1,644	1,173	1,555	1,192	1,837	401
Revenue in 2023	2,299	5,015	485	1,719	1,994	1,023	1,652	905	1,999	401
Growth 2022/2021	11.02%	16.81%	14.01%	6.31%	29.80%	4.37%	-0.22%	5.49%	14.14%	16.59%
Tăng trưởng 2023/2022	-4.16%	7.25%	2.69%	7.91%	21.29%	-12.79%	6.24%	-24.08%	8.82%	0.00%

TRA consistently ranks second in terms of revenue among compared companies and maintains a leading position in Herbal medicine products, continuing to increase sales of western medicine items in recent years. Despite not meeting growth targets, TRA still maintains a large revenue scale, exceeding the average level of compared companies by over 550 billion VND.

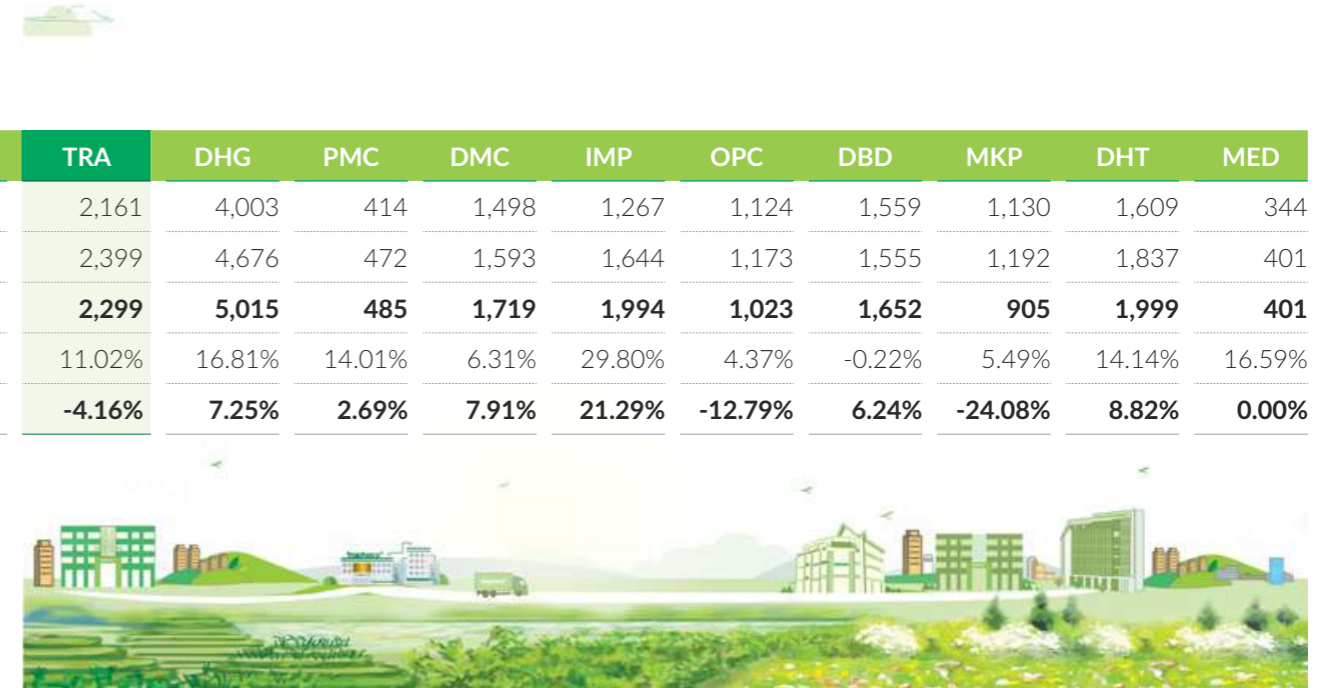
Gross profit margin of companies in the industry

	TRA	DHG	PMC	DMC	IMP	OPC	DBD	MKP
Year 2021	53,1%	47,98%	35,61%	26,80%	38,53%	39,16%	39,95%	18,56%
Year 2022	55,98%	48,28%	39,46%	28,43%	42,43%	41,38%	49,37%	29,25%
Year 2023	54,15%	46,73%	35,05%	21,65%	40,65%	42,34%	48,34%	29,55%

TRA has held the leading position in gross profit margin in recent years and reached 54.15% in 2023, 14.3% higher than the average of compared companies.

The above results are achieved due to:

- Production plans are built to meet market demand
- Good management of costs in production such as raw material norms, labor norms, depreciation...
- Reasonable product group structure when focusing on exploiting product lines with high profit margins.
- Improve the performance of manufactured products.



TRA's profitability ratio in the period 2019 - 2023

	2019	2020	2021	2022	2,023
Gross profit margin	54.98%	54.03%	53.10%	55.98%	54.15%
Of which					
Gross profit margin of finished goods	62.83%	60.50%	61.96%	63.69%	60.32%
Gross profit margin of goods	18.84%	22.11%	21.92%	38.50%	43.76%
Pre-tax profit margin	12.56%	13.97%	15.30%	15.36%	15.69%
Profit margin after tax (ROS)	9.97%	11.35%	12.24%	12.23%	12.41%
ROA	21.71%	12.15%	15.75%	16.66%	14.48%
ROE	30.52%	20.54%	21.68%	22.17%	19.88%

In recent years, most of TRA's business lines have consistently maintained the highest gross profit margins among compared pharmaceutical companies, as the company has effectively controlled input costs through advanced budget management solutions and efficient cash flows.

The profitability ratios of TRA were adjusted in 2023 as follows:

- Both pre-tax and after-tax profit margin indices in 2023 maintained a relatively good growth rate, with positive growth rates of 0.33% and 0.18% respectively, demonstrating the effectiveness of the company's management efforts in affirming its brand.
- The ROA index showed a relatively high growth rate, reaching 16.66% in 2022 and adjusted slightly downward to 14.48% in 2023.
- The ROE index decreased due to the company's failure to achieve profit targets but still remained high compared to recent years.



Profitability ratios of companies in the same industry in 2021 - 2023

	TRA	DHG	PMC	DMC	IMP	OPC	DBD	MKP
2021								
ROS	12.24%	19.39%	15.62%	10.63%	14.92%	10.97%	12.13%	1.40%
ROA	15.75%	17.13%	14.70%	10.32%	8.61%	10.31%	12.61%	1.01%
ROE	21.68%	21.09%	17.19%	11.87%	10.72%	16.97%	17.75%	1.26%
Năm 2022								
ROS	12.23%	21.14%	17.66%	12.56%	13.60%	12.15%	15.66%	3.49%
ROA	16.66%	20.20%	17.64%	11.56%	9.78%	11.46%	14.09%	2.56%
ROE	22.17%	24.45%	20.43%	14.16%	12.12%	17.62%	19.52%	3.31%
2023								
ROS	12.41%	20.97%	17.22%	10.65%	15.02%	12.14%	16.30%	2.89%
ROA	14.48%	18.71%	18.16%	9.97%	12.83%	9.75%	13.86%	1.65%
ROE	19.88%	23.00%	21.68%	12.29%	15.06%	13.94%	19.32%	2.07%

The ROS ratio has grown continuously in recent years, reaching 11.35% in 2020 and increasing 1.06 percentage points in 2023, showing that the company's profitability on net revenue is increasingly improving and approaching the top-performing companies in the pharmaceutical industry in terms of ROS.

The ROA and ROE indicators in 2023 were adjusted downward when profit after tax did not grow in line with the growth of total assets and equity.

2023 is considered a difficult year when most pharmaceutical enterprises have negative growth in all three profitability ratios, while TRA still maintains a positive growth rate (ROS), showing the company's ability to flexibly adapt in the context of economic recession with heavy influence of market fluctuations.

Profit growth rate of companies in the industry

	TRA	DHG	PMC	DMC	IMP	OPC	DBD	MKP
Profit before tax 2021	331	864	81	199	239	159	232	24
Profit before tax 2022	368	1,100	104	250	291	180	299	65
Profit before tax 2022/2021	11.40%	27.27%	28.67%	25.57%	22.03%	13.04%	28.55%	166.96%
Profit before tax 2021	264	776	65	159	189	123	189	16
Profit before tax 2022	294	988	83	200	224	142	244	42
Profit before tax 2022/2021	10.98%	27.35%	28.90%	25.58%	18.25%	15.50%	28.84%	162.86%
Profit before tax 2022	368	1,100	104	250	291	180	299	65
Profit before tax 2023	361	1,160	105	229	377	155	320	44
Profit before tax 2023/2022	-2.12%	5.48%	0.12%	-8.47%	29.47%	-13.68%	7.12%	-31.50%
Profit before tax 2022	294	988	83	200	224	142	244	42
Profit before tax 2023	285	1,051	84	183	300	122	269	26
Profit before tax 2023/2022	-2.83%	6.38%	0.20%	-8.45%	34.03%	-14.11%	10.59%	-37.22%

The pre-tax and after-tax profits of TRA are among the best-performing companies in the industry, ranking third only after DHG and IMP. TRA's pre-tax and after-tax profits are higher than the industry average, indicating that the company is managing revenue and expenses well, ensuring that its profits meet expectations and continue to make breakthroughs in the coming years despite being affected by the strong competitive factors in the industry.

Analysis of ROE of TRA following Dupont model

	2019	2020	2021	2022	2023
ROE according to Dupont	15.26%	18.49%	20.86%	21.26%	19.15%
Profit after tax / net sales	9.97%	11.35%	12.24%	12.23%	12.41%
Asset turnover	1.09	1.16	1.27	1.32	1.08
Financial leverage coefficient	1.41	1.41	1.35	1.32	1.43

The asset utilization efficiency has steadily increased in recent years and experienced a slight decrease in 2023, indicating the company's effective exploitation and utilization of assets.

The ROE ratio according to Dupont has decreased, requiring the company to implement better solutions to enhance asset utilization efficiency, capital utilization efficiency, further improve product quality ... and increase enterprise profits.

Operation efficiency

	2019	2020	2021	2022	2023
Inventory rotation	2.19	2.45	2.76	2.45	2.23
Short-term receivables turnover	10.81	10.94	11.97	12.69	10.41
Short-term payables turnover	2.35	2.26	2.32	2.41	1.97
Average days of inventory	166.33	148.93	132.23	148.98	163.91
Average days of receivables	33.78	33.37	30.49	28.76	35.07
Average days of payables	155.40	161.67	157.29	151.45	185.31
Cash conversion cycle	44.71	20.63	5.43	26.28	13.67

The efficiency indicators for operational activities all decreased compared to the same period in 2022, including:

- The turnover of receivables decreased by 2.28 cycles, corresponding to an increase from 28.76 days in 2022 to 35 days in 2023, mainly focusing on ETC receivables due to sales policies and receivables recovery from treatment facilities. OTC receivables is managed according to the sales policy with immediate payment combined with solutions to reduce bad debt and non-performing loan.
- Inventory turnover also slightly decreased as the company adjusted its inventory reasonably to timely meet the supply needs of the business units.
- The turnover of payables was adjusted reasonably as the company balanced payments to suppliers according to the signed contracts, ensuring immediate payment for necessary NPL orders to meet the company's production plan.

Balancing these factors helped the cash conversion cycle of the company achieve an impressive adjustment in 2023, reaching 13.67 days, decreased 12.61 days compared to the same period in 2022. This further affirms that the company has managed short-term assets and liabilities well to convert them into cash for business operations.

Structure of assets - Capital sources

	2019	2020	2021	2022	2023
Asset Structure					
Fixed asset/Total assets	40.34%	36.13%	32.35%	28.88%	24.56%
Current asset/Total assets	56.51%	61.19%	64.08%	67.53%	72.06%
Capital structure					
Liabilities/Total capital	28.86%	28.98%	25.75%	23.99%	29.89%
Equity/Total capital	71.14%	71.02%	74.25%	76.02%	70.11%

The structure of fixed assets/total assets tends to decrease as the company focuses on increasing current assets in its business operations. The proper shifting of asset structure helps the company efficiently utilize both fixed assets and current assets.

The structure of current assets to total assets increased by over 4% compared to 2022, primarily driven by short-term assets. Cash and deposits ensure sufficient capital for the company's business operations. Financial investments have increased significantly and account for a high proportion of the company's total assets.



Liabilities and equity over total capital have slightly adjusted in 2023, with equity over total capital structure reaching 70.11%, a decrease of 5.91%, while liabilities have increased by nearly 6 percentage points. This indicates an effective and sustainable financial restructuring.

EBIT and EBITDA Index of TRA



	2019	2020	2021	2022	2023
EBIT	232,602,814,093	278,091,594,345	336,137,143,272	369,543,851,808	364,607,755,566
EBIT margin	13.60%	14.57%	15.56%	15.40%	15.86%
EBITDA= EBIT + Depreciation	295,719,135,724	357,168,541,789	420,783,270,154	456,400,527,724	459,057,250,278
EBITDA margin	17.29%	18.71%	19.47%	19.03%	19.97%

The company's EBIT index has been continuously growing in recent years, reaching 15.86% in 2023, experienced an increase of 0.46 percentage points compared to the same period in 2022. TRA's EBIT has consistently remained at a high level with continuous growth over the years, demonstrating the company's effective management of operating costs, laying the groundwork for increasing company profits, and clearly affirming the core business direction of the enterprise.

Similar to the EBIT index, the company's EBITDA margin index in 2023 had impressive growth, increasing nearly 1 percentage point compared to 2022 and reaching 19.97%, continuing to maintain this index at a high level compared to other companies in the same industry, demonstrating that TRA's profitability as well as production and business activities in the current period are highly effective.

The average growth rate of both of these two indexes in the period from 2019 to the end of 2023 reached over 11% when the CARG of EBIT reached 11.9% and the CARG of EBITDA reached 11.6%, showing the flexible adaptation ability of the company to unpredictable developments in the economy, helping the company achieve a profit after tax/net revenue ratio of 12.5% and a slight increase compared to the same period in 2022.

Production and business results of 2021 -2023

No.		2021	2022	2023	% Net revenue 2021	% Net revenue 2022	% Net revenue 2023	Growth 2022/2021	Tăng trưởng 2023/2022
1	Net revenue from sales and services	2,160,840,045,542	2,398,917,958,769	2,299,235,459,008	100.00%	100.00%	100.00%	11.02%	-4.16%
2	Cost of goods sold	1,013,404,064,894	1,055,721,001,826	1,054,301,295,261	46.90%	44.01%	45.85%	4.18%	-0.13%
3	Gross profit from sales and services	1,147,435,980,648	1,343,196,956,943	1,244,934,163,747	53.10%	55.99%	54.15%	17.06%	-7.32%
4	Revenue from financial activities	11,306,714,363	18,356,000,665	30,944,555,428	0.52%	0.77%	1.35%	62.35%	68.58%
5	Financial expenses	6,181,998,037	2,297,136,122	4,861,545,121	0.29%	0.10%	0.21%	-62.84%	111.64%
	Interest expenses	5,427,065,661	1,087,900,956	3,940,136,811	0.25%	0.05%	0.17%	-79.95%	262.18%
6	Selling expenses	554,762,184,402	660,732,503,060	614,373,637,230	25.67%	27.54%	26.72%	19.10%	-7.02%
7	Administrative expenses	266,092,792,321	331,885,990,686	297,187,671,306	12.31%	13.83%	12.93%	24.73%	-10.45%
8	Net profit from business operation	331,705,720,251	366,637,327,740	359,455,865,518	15.35%	15.28%	15.63%	10.53%	-1.96%
9	Other profit	(995,642,640)	1,818,623,114	1,211,753,237	-0.05%	0.08%	0.05%	-282.66%	-33.37%
10	Profit before tax	330,710,077,611	368,455,950,854	360,667,618,755	15.30%	15.36%	15.69%	11.41%	-2.11%
11	Corporate Income tax	69,951,317,807	75,032,050,978	78,397,933,391	3.24%	3.13%	3.41%	7.26%	4.49%
12	Delayed corporate income tax	(3,708,096,338)	(91,577,741)	-2,999,233,240	-0.17%	0.00%	-0.13%	-97.53%	3175.07%
13	Profit after corporate income tax	264,466,856,142	293,515,477,617	285,268,918,604	12.24%	12.24%	12.41%	10.98%	-2.81%
14	Profit after tax of minority shareholders	22,876,305,738	24,370,612,958	22,020,620,815	1.06%	1.02%	0.96%	6.53%	-9.64%
15	Profit after tax attributable to the parent company's shareholders	241,590,550,404	269,144,864,659	263,248,297,789	11.18%	11.22%	11.45%	11.41%	-2.19%

The revenue results achieved in 2023 indicated that:



- Finished product revenue accounted for 79% of the company's total sales revenue and this is a product line that brings high efficiency in production and business with a gross profit margin of over 60% and is a company with the highest gross profit margin among pharmaceutical companies listed on the stock market. Finished product revenue had a growth rate of 4.2% compared to the same period in 2022, mainly due to the decrease in people's income, the OTC channel faced many barriers in maintaining growth due to slow economic recovery which has not improved in the short term.
- Revenue from selling goods had a growth rate of 52.7% compared to 2021 and a slight growth compared to the same period in 2022, showing that the company has been promoting the deployment of additional business lines and focusing on exploiting the efficiency of high quality medical treatment products to meet consumer needs.
- Revenue from subsidiaries had negative growth due to changes in medicine bidding regulations for treatment facilities.

The cost price remained stable and at a low level compared to other companies of the same scale, clearly confirming that the management of cost price at the company is effective when the production plan is built to meet the market needs with input costs, stable prices and good quality.



Revenue from financial activities grew spectacularly when the company was proactive in building a cash flow plan, meeting maximum production and business needs as well as financing investment activities at the company. With a growth rate of 62% in 2022/2021 and 68.6% growth in 2023 over the same period, it showed the efficiency of capital use at the company.

Production and business plan in 2024



In the 2024 plan, the company's Board of Directors will promote the activities of the Herbal medicine R&D department, the Non-Herbal medicine R&D department, the lab department, promote research on new products, increase the number of registrations and products in production. In addition, the company will also increase technology transfer activities, receive transfer from Korean partner Daewoong, along with diversifying transferred products to realize the goal of developing products Non-Herbal medicine.

KEY INDICATORS



CONSOLIDATED REVENUE
(Unit: billion VND)

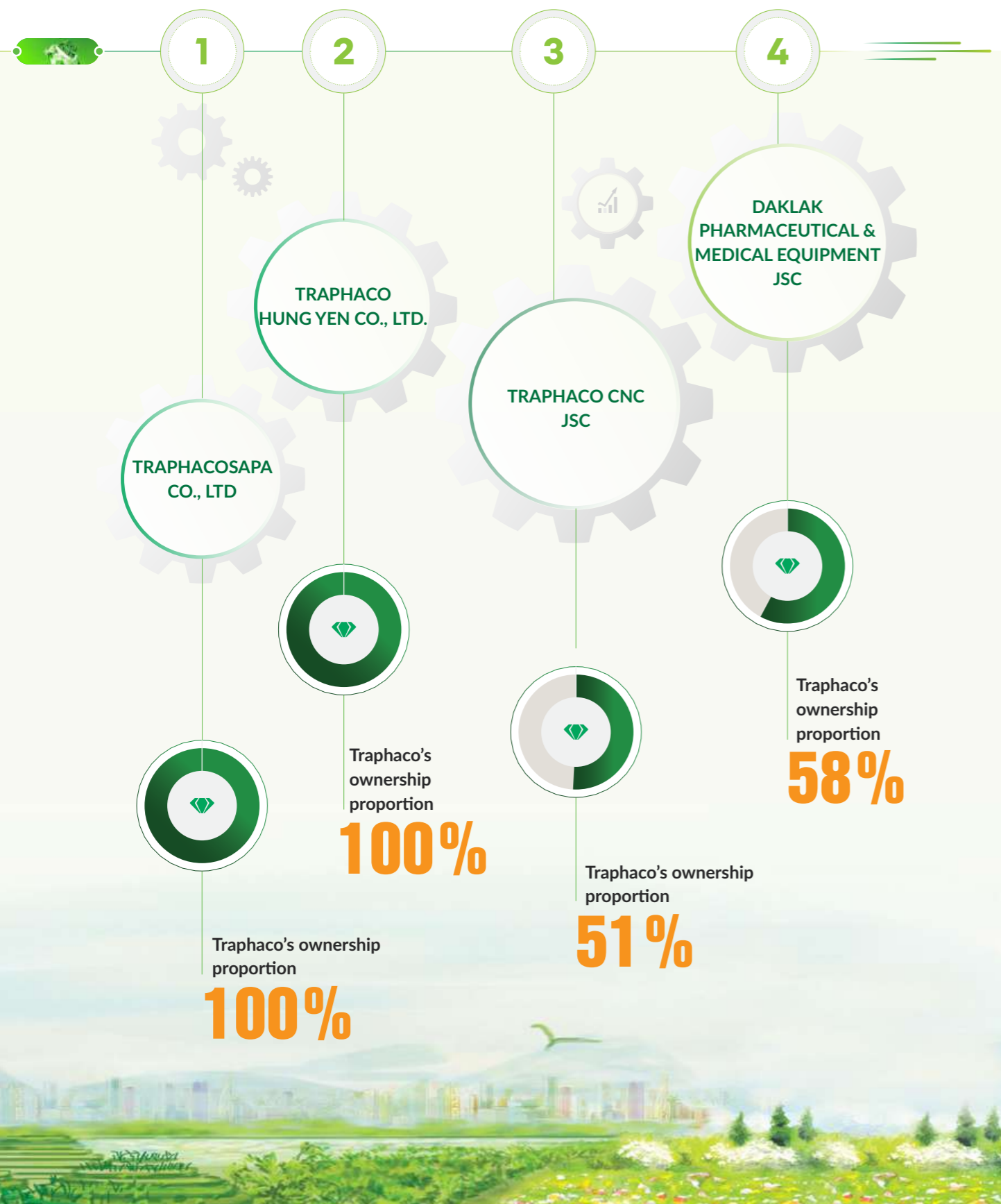
2,485

CONSOLIDATED PROFIT
AFTER TAX
(Unit: billion VND)

303



Report on operation activities of subsidiaries



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Traphacosapa CO., LTD



Mr. **DO TIEN SY**
Director

Overview introduction

TraphacoSapa One Member Company is a member company, 100% capital of Traphaco Corporation

Established on August 8, 2001 in Sa Pa district, now Sa Pa town, Lao Cai. Formerly a joint venture company between Traphaco Joint Stock Company and Lao Cai Pharmaceutical and Medical Equipment Joint Stock Company. In 2009, it transformed into TraphacoSapa One Member Company with 100% capital of Traphaco Joint Stock Company. Construction of a processing factory began in Dong Pho Moi Industrial Park, Lao Cai City in 2015, achieving GMP certification for the first time in 2018.

Charter capital: 25 billion VND

Main registered business lines

- Growing spices & medicinal plants.
- Cultivate & process herbal materials, agro-forestry products and food; Produce and sell medicines, herbal materials, food; Transfer know-how of planting, processing and producing herbal materials.
- Import and export agro-forestry products and chemicals.
- Import and export herbal and medicine materials.
- Produce and sell wine, beer, beverages and cosmetics.
- Produce, sell, import, export and consign import and export of machines and equipments.

Main types of activity include

- Managing and developing areas for growing, purchasing and processing medicinal herbs
- Distributing TRAPHACO products in Lao Cai and Lai Chau areas
- Manufacturing and trading of indigenous health care products.

Quality management systems are applied

- **GPs-WHO** Quality Management System
- **ISO 9001:2015** Quality Management System
- Management of medicinal growing areas meets **GACP-WHO** standards
- Implement the principles of the **UEBT** Global Alliance for Bioethics.

REPORT ON OPERATION ACTIVITIES
TRAPHACOSAPA CO., LTD

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During its operation, the company always complies with the strategic directions of the parent company, with the Mission **“Creating green products to care for human health”**, the company determines the vision **“By 2025 to become the company develops green herbal ingredients and indigenous products most effectively in Vietnam.”** Traphacosapa has made an important contribution to building the TRAPHACO brand.



Operating results in 2023



REPORT ON OPERATION ACTIVITIES TRAPHACOSAPA CO., LTD

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Results achieved

Indicator	Unit	2017	2018	2019	2020	2021	2022	2023
Net revenue	Billion VND	54.2	48.5	46.6	51.6	56.6	74.8	76.37
Profit before CIT	Billion VND	2.4	2.2	2.1	2.4	3.0	3.9	4.6
Profit after CIT	Billion VND	2.0	2.1	2.0	2.2	2.6	3.4	4.0
Total number of employees (As of 31 December)	Person	63	60	52	49	54	54	54
Charter capital	Billion VND	25	25	25	25	25	25	25
Profit before tax/Charter capital ratio	%	9.60%	8.80%	8.40%	9.60%	12.00%	15.60%	18.4%
Profit after tax/Charter capital ratio	%	8.00%	8.40%	8.00%	8.80%	10.40%	13.60%	16%



NET REVENUE (Unit: Billion VND)

76.37



CHARTER CAPITAL (Unit: Billion VND)

25



TOTAL NUMBER OF EMPLOYEES (As of December 31st)

54

Highlights in production and business activities in 2023

- In 2023, Traphacosapa was one of the few businesses in general and pharmaceutical businesses in particular to exceed their revenue and profit plans in difficult economic circumstances.
- Ensure enough jobs for employees, employee income increased by 11% compared to 2022
- Effectively apply software in work management, gradually deploy quick wins in the system's digital transformation roadmap, such as: Digital office, applications in corporate finance, sales management software...
- Continuously research to improve technology, increase labor capacity, save production costs, and ensure profit margins
- Actively cooperate, research, and announce new products, contributing to increasing revenue, ensuring revenue and profit plans in the difficult general conditions of the consumer market in 2023
- Strengthen sales promotion activities on digital platforms, prepare conditions to strongly deploy new product sales channels according to online and offline market trends
- Have many international connection and cooperation activities (PUM Support Fund - Netherlands, Life Fusion Group - Taiwan, Singapore University of Social Sciences - SUSS, Hekou District Working Group - China...). These activities have been contributing to opening up opportunities for cooperation in research, production, and business for the company as well as contributing to promoting the TRAPHACO brand outside the Vietnamese market.

Plan in 2024 - Operational orientation

Plan in 2024

No.	Main indicators	Unit	Plan in 2024	Compared to 2023	
				Compared to plan	Compared to Implementation
1	Total revenue	Billion VND	72.7	96.9%	95.5%
2	Average income	Million VND	15.2	98.7%	
3	Submitting national budget	Billion VND	1.45	100.0%	
4	Number of employees	Person	57		
5	Profit after corporate income tax	Billion VND	3.8	98.7%	96.2%

Key points in the operating direction for 2024

Stick to the parent company's 2024 activity theme: Digital transformation - New opportunities - New values - New successes

- Effective application of the results of the digital transformation project throughout the TRAPHACO system, roadmap to 2025 and vision to 2030
- Promote online sales platforms and digital tools to support the business of indigenous products

Promote research, research cooperation and training

- Strengthen cooperation with the Herbal Medicine research department, research facilities and other partners to create new products, spread new values to the consumer community and bring new revenue sources to the company.
- Regularly update and test to apply new production technologies to save energy, raw materials, protect the environment and improve production and business efficiency, actively contributing to building the green economy, circular economy
- Strengthen training cooperation activities with institutes and schools to spread the company's values, contributing to promoting the TRAPHACO brand

Maintain quality management systems and domestic and foreign certifications

- Evaluate GMP re-certification for the factory
- Periodically evaluate the ISO 9001-2015 system
- Maintain management of medicinal growing areas meeting GACP-WHO standards, evaluate and re-certify GACP Ampelopsis cantoniensis plants

- Implement the principles of the UEBT Global Alliance for Bioethics
- Actively participate in projects with domestic and foreign organizations, maintain certifications for the company's contributions to social activities in ethnic minority communities, and help people do business, promoting gender equality... These certifications have important value in building the TRAPHACO brand to become stronger and more sustainable.

Exploit tourism potential, improving the level of connection between production and business activities with local tourism advantages

- Exploit Lao Cai's tourism strengths in selling indigenous products
- Collaborate with local authorities to promote the image of artichoke plants in particular and herbal plants in general as an identifying mark in tourism promotion activities.
- Develop a project and prepare resources to build a center for preserving herbal culture in Sa Pa

Promote international cooperation

- Continue ongoing cooperation with foreign partners, seek new production technologies, support from international organizations...
- Look for opportunities to export products to international markets
- Promote the TRAPHACO brand in the international market.

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Traphaco High-tech JSC Traphaco CNC



Mrs. **TRINH THANH HUYEN**
Director

Traphaco High-tech JSC (referred to as Traphaco CNC) was established on June 6, 2006 and officially came into operation on January 1, 2007 to carry out the noble mission: bring green health to the community with medicinal products derived from nature.

Mrs. **TRINH THANH HUYEN** currently owns **≈ 51%** of Traphaco CNC's charter capital



Main business lines

- Producing and selling herbal medicine, materials, additives, supplement dietary, cosmetics, chemicals, pharmaceutical and medical equipment.
- The company is manufacturing and distributing products for its largest customer, Traphaco Joint Stock Company (referred to as Traphaco). From July 9, 2020 Traphaco CNC has developed a business department to develop customers and manage customer relationships outside of Traphaco.

Development orientation for 2024

"Digital transformation - New opportunities - New values - New successes", Traphaco High Technology Joint Stock Company commits to continue to be a pioneer in developing products of natural origin, ensuring Protect the health of consumers and invest in developing modern technology at the highest level, aiming for Premium Herbal medicine.



Overview introduction of the company

Based on more than 50 years of establishment and development of Traphaco JSC, Traphaco CNC has invested in modern and high-tech equipment and machines to manufacture and distribute products. The company was formed on the basis of the pharmaceutical factory project - GMP standard with a total investment of up to 130 billion VND on a total area of about 40,000 m2 in Tan Quang commune, Van Lam district, Hung Yen province.

The company applies the Quality Management System in the Pharmaceutical industry according to the standards of the World Health Organization GMP - WHO, the Quality Management System ISO 9001: 2015, the Environmental Management System ISO 14001: 2015 and 5S tool. In September 2009, Traphaco CNC was the first enterprise of manufacturing and trading pharmaceutical derived from natural herbs in Vietnam to be certified by the Drug Administration - Ministry of Health to meet GMP - WHO, GSP - WHO, GLP - WHO.

With a sustainable development perspective based on constantly improving product quality and service quality, associating business development with environmental protection, Traphaco CNC has constantly researched and developed a green value chain. from: Raw materials - Technology - Products - Services distributing and bringing to market unique products that are highly effective in treatment and safe for users. For many consecutive years, the company has always maintained its leading role in the Herbal medicine segment with two outstanding product lines in the consumer market: hepatobiliary medicines (Boganic) and neuroleptic medicines (Hoat huyet duong nao - Cebraton). In addition, the company has many

products that have a position in the market, reputable hospitals and are trusted by many customers such as: Tottri (Hemorrhoid treatment medicine), Duong Cot Hoan, Antot IQ, Jamda rubbing alcohol...

2023 experienced economic recession after the pandemic, reduced consumer demand, reduced spending on health care. The price of raw materials has increased, especially medicinal herbs have increased, some types increased by more than 200% from mid-2023. Traphaco CNC has coordinated closely with parent company Traphaco to ensure timely, quality product supply with many promotional programs that motivate consumers to buy and buy more of the company's products. Traphaco CNC's 2023 revenue stagnated, reaching VND 514.8 billion ~ 88.2% over the same period, ~ 84.1% of the year plan; The profit margin is guaranteed to meet the yearly plan (7.67% of revenue), this is the result of the efforts of each individual and department in arranging production plans, actively offering improvement initiatives to both meet all arising needs and save costs. Traphaco CNC always focuses on developing and researching new products, investing in machinery and equipment to improve product quality, protect the environment, optimize costs, increase labor productivity, and gradually digitize production and business activities so as to meet the increasing demands of the market and the requirements of the Law aiming at sustainable development. Especially in 2023, Traphaco CNC developed a chrysanthemum growing area in Hung Yen to achieve GACP certification - "Good planting and harvesting practices" is the premise for developing many other medicinal herbs to achieve GACP certification, adding value for the company's Herbal Medicine products.

Traphaco High Technology Joint Stock Company is always proud to provide consumers with products of high value in terms of quality and value of use. And commit to continue to be a pioneer in developing products of natural origin and always invest in upgrading science and technology development, while maintaining the number 1 position in Herbal medicine manufacturing enterprises in Vietnam.

REPORT ON OPERATION ACTIVITIES TRAPHACO CNC

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Results of production and business activities in 2023

Traphaco CNC has continuously researched and developed the green value chain from raw materials - technology - products, providing the market with products that are unique in formula, effective in treatment, and safe for users. With the close attention and direction of the Board of Directors in production and business activities; the determined efforts of Board of Management and the efforts and the professionalism of employees throughout the company, in 2023 Traphaco CNC has achieved the following planned targets:



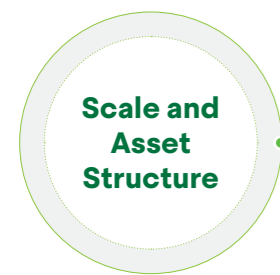
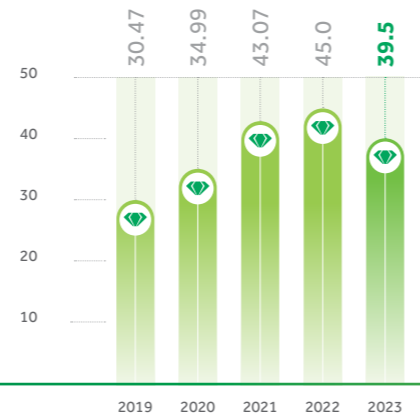
514.8

TOTAL REVENUE
(billion VND)
reaching 84% of the 2023 plan (612 billion VND), reaching 88.2% compared to the same period in 2022 (583.4 billion VND).



39.5

PROFIT AFTER TAX
(billion VND)
reaching 84% of the 2023 plan (47 billion VND), reaching 87.8% compared to the same period in 2022 (45 billion VND).



264.56

SHORT-TERM ASSETS
(billion VND)
accounting for 72.24% of total assets, an increase of 2.74% compared to 2022 (257.51 billion VND)

101.68

LONG-TERM ASSETS
(billion VND))
accounts for 27.76% of Total Assets, an increase of 6.4% compared to 2022 (95.58 billion VND).



In 2023, the company performed financial management well, enhancing corporate financial efficiency according to the company's charter and according to the provisions of the Law. Implement budget limits well: Make decisions to assign budget limits to each department in the company from the beginning of the year and implement quarterly budget control. In 2023, as the market was challenging, net revenue in 2023 only reached 84% of the plan, raw material costs increased, but the profit margin in 2023 was still guaranteed to reach 7.67% of revenue.

Other activities in 2023

- Company personnel as of December 31, 2023 decreased by 1.3% compared to December 31, 2022 (309/313 people). The average income of employees in 2023 decreases by 4.7% compared to 2022 (22.4/23.5 million VND/person/month).
- Implementation of new product production reached 10.4 billion VND, reaching 62.7% of the plan (16.6 billion VND).
- Implement product registration with 18 new registration numbers/SCB, reaching 163.6% of the 2023 plan (11 registration numbers/SCB), Traphaco CNC currently owns 76 registration numbers/SCB (20 registration numbers, 50 SCB).
- Convert manual sugar coating technology to automatic sugar coating: 100% of batches of sugar coated tablets "Hoat huyet duong nao" coated on automatic sugar coating machines meet quality standards, product quality is improved, helping to improve work environment quality (reduce dust, heat, noise), increase labor productivity.
- Maintain quality management system. Welcoming the ISO 9001:2015, 14001:2015, 13485:2016, 5S monitoring audit team, GDP re-certification achieved good results, maintaining the company's certification.
- Implementing a chrysanthemum growing area in Luong Tai village, Van Lam, Hung Yen meeting GACP

standards, helping to stabilize jobs, increase income, and increase awareness of protecting medicinal seed sources, soil, and growing environment,... for the citizen. This is the premise for Traphaco CNC to continue deploying other GACP-certified medicinal herbs in the following years to increase production of products sold on the ETC channel.

- Successfully implemented a plan to treat Polyscias fruticosa medicinal residue as fuel for the boiler. 85% of Polyscias fruticosa residue has been processed, saving nearly 1.8 billion VND in waste disposal costs, contributing to environmental protection.
- Successfully deployed accounting work on ERP software, applied digitalization, connected departments to improve speed and efficiency in budget construction and control.
- In the second quarter of 2023, the company completed its greenhouse gas inventory and was introduced to VTV1 by the Department of Climate Change, Ministry of Natural Resources and Environment to do a report on a key energy user pioneering in conducting greenhouse gas inventory, complying well with legal requirements
- Strictly comply with legal requirements, ensure safety and quality of products supplied to the market, with no violations in 2023.

Business orientation 2024

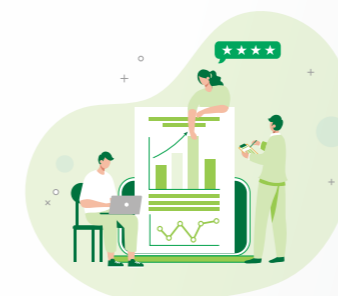
According to the Corporation's development orientation, with a vision to 2025 of being the No. 1 pharmaceutical enterprise in Vietnam in terms of revenue and profit growth, Traphaco CNC sets goals as follows:

536

TOTAL REVENUE 2024
(Billion VND)
~ 4.1% sgrowth compared to 2023, of which:
Sales revenue for the Corporation is 524 billion VND,
Sales revenue outside Traphaco is 12 billion VND.

41

PROFIT AFTER TAX
(Billion VND)
~ 3.9% growth compared to 2023.



- The Profit after tax/Charter Capital ratio in 2024 is 0.36 (The Profit after tax/Charter Capital ratio in 2023 is 0.34).
- Average income of workers in 2024: Increase \geq 5% compared to 2023.
- Deploy production of at least 10 new products in 2024 with a revenue of 16 billion VND.
- Develop GACP-compliant medicinal materials for at least 4 medicinal materials.
- Maintain GMP certification of production lines.
- Fully comply with the provisions of law. Submit budget according to regulations

Strategic orientation "Traphaco CNC maintains to be the No. 1 enterprise in Vietnam in producing medicines from medicinal materials, aiming for Premium Herbal medicine; As an important link in the journey of implementing Traphaco's mission;

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TRAPHACO HUNG YEN CO., LTD.



Mrs. **PHAM THI THANH DUYEN**
Director

“ As part of Traphaco’s development strategy to build modern, world-class production technology that is leading in Vietnam and world-class, Traphaco Hung Yen and the 4.0 smart pharmaceutical factory are invested with a total capital of nearly 500 billion VND. Factory lines are invested synchronously, with closed automatic production, high productivity, application of robot arms and many high technologies, creating good quality products.

Overview Introduction

Traphaco Hung Yen Co., Ltd was established with 100% capital contribution of Traphaco JSC on the basis of an investment project to build a western medicine factory located in Tan Quang Commune - Van Lam District - Hung Yen Province and Officially put into operation since 2017.

The company’s major line of business:

- Production and sales of medicines
- Medical equipment
- Healthy food
- Medicinal chemistry and medicinal herbs

Overview of Traphaco Hung Yen

Traphaco Hung Yen is a subsidiary of Traphaco Joint Stock Company, part of the development strategy of building Traphaco’s leading modern and world-class production technology in Vietnam, Traphaco Hung Yen and the 4.0 smart pharmaceutical factory were invested with a total capital of nearly 500 billion VND. Factory lines were invested synchronously, with closed automatic production, high productivity, application of robot arms and many high technologies, creating good quality products.

By applying advanced management systems such as: GMP-WHO, GMP-Health Protection Food, ISO 9001:2005, ISO 13485:2016, ISO 14001:2015..., after 6 years of official operation, Traphaco Hung Yen has many reputable products that are trusted by consumers. Some main products that bring major revenue to the company include: Sodium Chloride 0.9% eye and nose drops, Methorphan cough medicine, Dibetalic, T-B mouthwash, Azizi film-coated tablets...

REPORT ON OPERATION ACTIVITIES
TRAPHACO HUNG YEN CO., LTD.

- 1 2 **3** 4

Report on production and
business activities results in 2023

Business
results in
2023

Regarding total revenue:

395 billion VND

TOTAL NET REVENUE
reaching 107% of the 2023 plan

About profits:

45 billion VND

PROFIT AFTER TAX
reaching 115% of the year plan, an increase
of 18% compared to 2022. Profit after tax
ratio on net revenue is 11.4%.

Regarding average income:

In 2023, thanks to growth in both revenue and profit, the company will still ensure jobs and stable income for employees. Average income in 2023 increases by 5% compared to 2022.



Scale
and asset
structure

Total assets of the company

As of December 31, 2023

461.1 billion VND

an increase of 11% compared to 2022.

In terms of structure

Short-term assets are 223.1 billion VND, accounting for 48.4% of total assets, an increase of 47% compared to 2022. Long-term assets are 238 billion VND, accounting for 51.6% of total assets, down 9% compared to 2022.

Financial
resource

Good budget planning, ensuring enough cash flow for production and business activities. Effective compliance and control of limits during the year has helped the company ensure profits as planned.



Results the company achieved in 2023



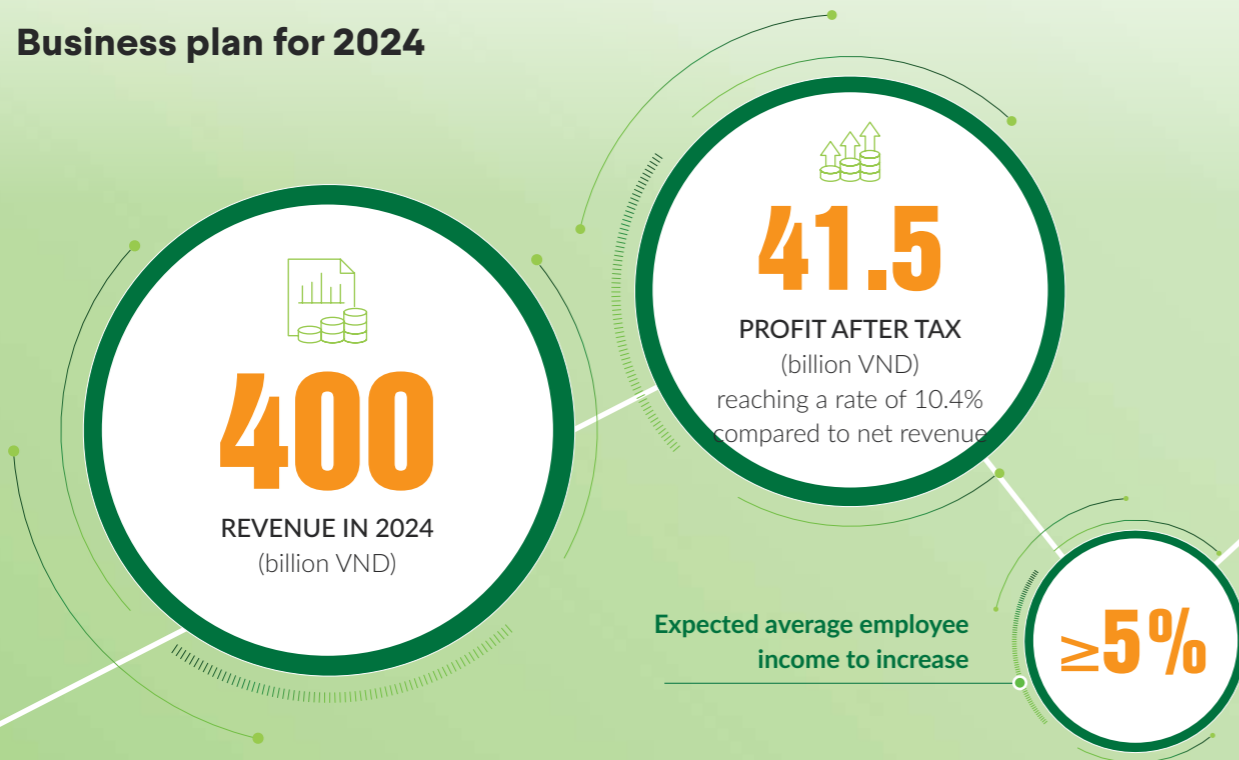
In 2023, the company exceeded all planned targets, marking an important milestone for the company's next stage of development.

Outstanding
results are as
follows:

- Ensuring 100% quality of input materials and finished products.
- Evaluation of GMP certification - Health protection food, certified on April 11, 2023.
- Reassessed GMP-WHO certification, granted certificate on August 1, 2023.
- Maintain good management systems: ISO 9001:2005, ISO 13485:2016, ISO 14001:2015
- Received handover of 07 additional QTSX from Traphaco. By the end of 2023, 47/57 products being produced at the company have been delivered.
- Improving 03 production processes contributes to improving productivity and saving costs.
- Successfully deployed 06 new products to the market, contributing 23.1 billion VND in revenue in 2023, exceeding new product revenue plan by 220%.
- Invest in more machinery and equipment to serve increased production needs: Automatic blister presses, automatic film coating machines, fluidized bed dryers, high-speed wet mixing and granulating machines, ...
- Complete the inspection of taxes and amounts payable to the budget from 2019 - 2022 according to decision No. 101/QĐ-TTT dated June 5, 2023 of the Hung Yen Provincial Inspectorate.
- Actively and effectively participate in emulation programs and digital transformation idea contests launched by the Corporation. At the same time, the company also organized an innovation program to improve management and production and attracted many participants.
- Coordinate to organize seminars on technology transfer products to help increase product recognition in the market.
- Organize a 360-degree assessment for managers and office staff.

Business orientation in 2024

Business plan for 2024



Solutions

- 1 • Actively coordinate to build reasonable monthly and quarterly plans.
- 2 • Strengthen internal training, inspection and supervision.
- 3 • Continue to improve processes for better work quality.
- 4 • Departments develop work goals and periodically evaluate them.
- 5 • Actively implement digital transformation to increase productivity and efficiency at work.



Carry out properly and fully all obligations to the state and comply with the law.



Maintain good management systems:

GMP

(Medicine, Health protection food)

ISO

(9001, 14001, 13485)

5S



Actively participate in local and Corporation-organized activities.



1

3

4

4

Daklak Pharmaceutical & Medical Equipment JSC

Bamepharm



Mr. PHAN THANH TRINH
CEO

“ Bamepharm will vigorously cultivate a customer-centric service culture, always respecting customers and leveraging predictive capabilities to satisfy their reasonable needs with good products and effective treatments... Bamepharm will intensify its campaign to spread its positive values with the motto “Every Bamepharm member is a brand ambassador,” continuing to actively participate in social activities and volunteer work. With the message “Focusing on connection - Paving the way for success,” Bamepharm believes it will create its own distinct path - the “Bamepharm Way” - through bold thinking, daring actions, and breaking limits and conventions to achieve remarkable feats. The “Bamepharm Way” is not a new formula but a synthesis of all factors, from strategy, business methods to cultural values, spirit, style, and identity of Bamepharm over its 48 years of establishment and development. We believe that with such ambition and determination, Bamepharm will achieve even greater accomplishments in 2024.

Amid the general economic difficulties, Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company also faced certain challenges. However, with the principles of unity, discipline, flexible resilience, innovation, timeliness, effectiveness..., especially by harnessing the leadership of the party organization and mass organizations within the unit, the business activities of Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company in 2023 still achieved significant results.

Equitized from a state-owned enterprise with 48 years of establishment and development, Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company has the main function and task of trading in medicines, medical equipment and supplies. Serving the health of ethnic people in the two provinces of Dak Lak and Dak Nong. The grassroots cell of Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company is directly under the Party Committee of Dak Lak province's agencies and enterprises, with 32 party members. Faced with the difficulties of the market in recent years, party committees and party cells always uphold their pioneering role, regularly following and closely directing to come up with proactive solutions, operating accurately and promptly, suitable for the new situation, contributing to resolving difficulties and challenges and taking advantage of all opportunities for development.

In particular, Party cell levels always affirm the position of mass organizations such as Trade Unions, Youth Unions... playing a very important role in the political system of the enterprise. This is also a force with great power in organizing the implementation of business tasks, political tasks and maintaining security and order in the unit. Therefore, the party cell level regularly monitors, closely follows, and promptly disseminates the Party's guidelines, the State's policies and laws, and the company's planned tasks and targets to mass organizations. At the same time, create conditions for these organizations to participate in activities according to their tasks and functions, and encourage the workforce to contribute to implementing annual targets and plans.

To maximize the strength of each organization in the overall operations of the enterprise, Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company regularly gathers organizations and unions, creating working relationships between levels and organizations. Committee - Board of Directors - Board of General Directors to participate in discussions based on the principle of democratic centralism about planning targets and corporate activities, exploiting measures and finding effective solutions to execute the plan. At the same time, create conditions for mass organizations to promote their initiative in performing functions and tasks. Thanks to that, the spirit of solidarity and consensus has been maintained among the Party Committee, officials, party members, and workers; Building working relationships between Party Committees, Party Cells, the Board of Directors and mass organizations. In the leadership and direction of the Party Committee, the Party Committee always ensures the principle of democratic centralism and well implements the self-criticism and criticism regime within the Party. Promoting the powerful role of mass organizations to promote the spirit of creative labor and thrifty practices. Respect and promote the democratic rights of workers through the activities of mass organizations, paying attention to the legal and legitimate interests of workers. This is the basis for party organizations and unions in enterprises to promote their leadership role and unite workers to effectively carry out business tasks.



Overview Introduction

Daklak Pharmaceutical & Medical Equipment JSC
Acronym: Bamepharm

Dak Lak Pharmaceutical & Medical Equipment JSC. (Bamepharm), with a distribution channel of more than 800 GPP certified outlets which fully covered Dak Lak and Dak Nong from urban to rural and remote areas. Bamepharm used to be a State-owned company. The company is considered the key enterprise of Dak Lak in terms of business and has actively supported local health service in diseases prevention and social welfare.

Current activities: Mainly distributing and selling specialized products (agent) for both domestic and foreign manufacturers.

Business sectors:

- Producing medicines to treat human diseases, nutritional food products, medicines derived from medicinal herbs.
- Trading in medicines, pharmaceuticals, vaccines-biological products, chemicals of all kinds and nutritional food products.
- Planting medicinal plants, processing medicinal herbs
- Exporting and importing of medicines, pharmaceutical materials and medical equipment.
- Affordable accommodation services, commercial activities and services.
- Buying and selling optical equipment, medical equipment, dental equipment, hospital equipment.
- Repair and maintenance services for specialized medical equipment and machinery.

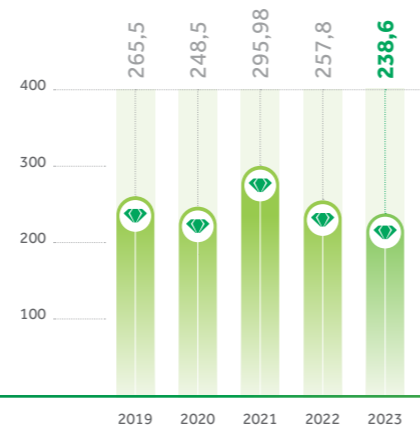
REPORT ON OPERATION ACTIVITIES
DAKLAK PHARMACEUTICAL & MEDICAL EQUIPMENT JSC

1 2 3 4

Report on business performance 2023

Business results in 2023

In 2023, Bamepharm continued to maintain its position as a leading enterprise in distribution systems in Dak Lak and Dak Nong Provinces with more than 800 regular customers.



Total revenue

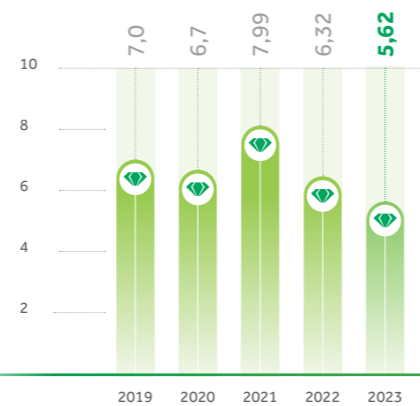
238.6

(Billion VND)
ACHIEVED 85.2% OF PLAN
Traphaco product revenue reached 97% of the plan, up 6.8% over the same period. Imported processed products reached 100% of the plan, equivalent to the same period.

Profit

5.62

PROFIT AFTER TAX (Billion VND)
reached 85.4% of the plan.



Scale and Asset structure

69,2

EQUITY (Billion VND)
as of December 31, 2023, increased 1.64% compared to 2022.

Financial resource

In 2023, the Company continued to perform well in financial management, enhancing corporate financial efficiency; Perform well in debt collection tasks; No interest costs arise.

Progress the company achieved in 2023

- Stabilize and develop the retail system;
- Continue to improve the overall enterprise management system (ERP).

Business orientation 2024

Total revenue (Billion VND)	PROFIT AFTER TAX (Billion VND)	Dividend (%)	Workers' income (Million/person/month)
255	6.00	17%	7.5

Deploy at least 1 new product under the company's brand.

Solutions

For market operations

- Maintain traditional customers, expand customers outside the system.
- Develop revenue of key products.
- Improve quality serving.
- Ensure customers receive benefits from sales policies.
- Identify branded products, expand markets and develop targeted products.

For human resources activities

- Arrange and deploy human resources to effectively exploit labor productivity.

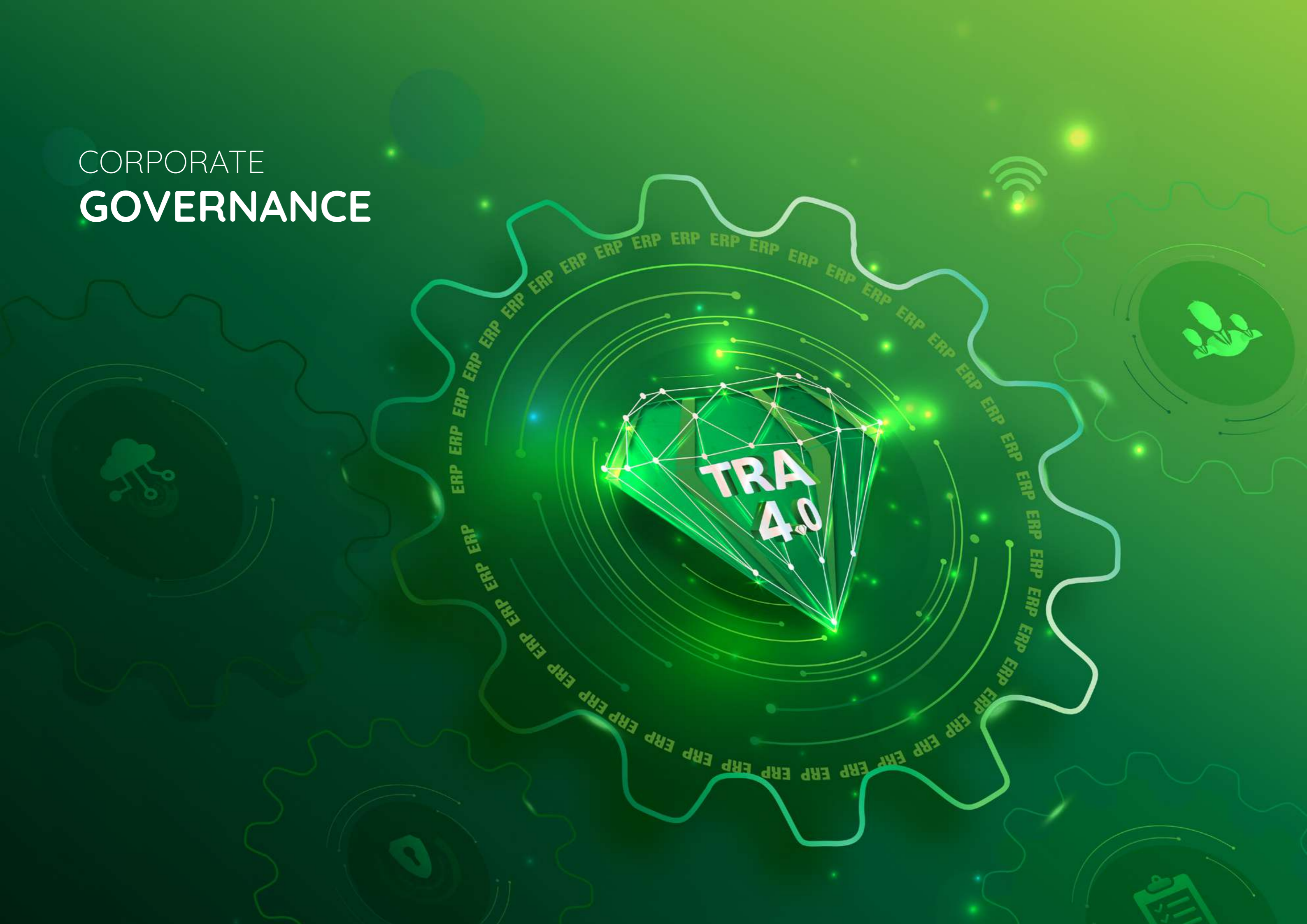
For financial activities

- Implement credit policies to promptly support business activities.
- Propose financial solutions to manage operations to ensure reasonable use of costs.
- Use capital safely and effectively, ensuring profits.

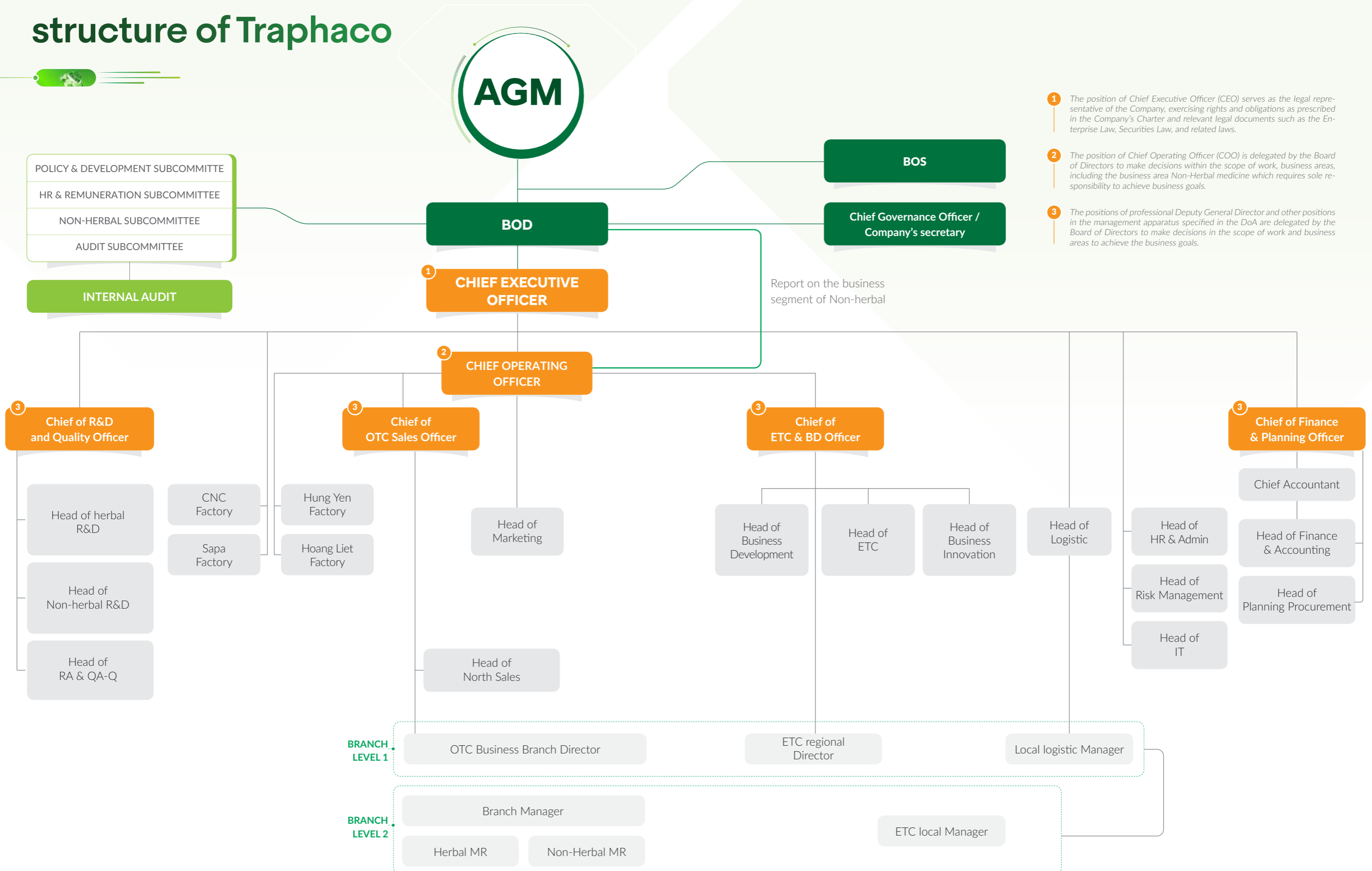
For professional activities

- Improve the quality of GPs activities.
- Ensure goods are delivered to customers in the correct batch and expiry date according to regulations.

CORPORATE
GOVERNANCE



Model and Governance structure of Traphaco



1 The position of Chief Executive Officer (CEO) serves as the legal representative of the Company, exercising rights and obligations as prescribed in the Company's Charter and relevant legal documents such as the Enterprise Law, Securities Law, and related laws.

2 The position of Chief Operating Officer (COO) is delegated by the Board of Directors to make decisions within the scope of work, business areas, including the business area Non-Herbal medicine which requires sole responsibility to achieve business goals.

3 The positions of professional Deputy General Director and other positions in the management apparatus specified in the DoA are delegated by the Board of Directors to make decisions in the scope of work and business areas to achieve the business goals.

Activities of the Board of Directors



In 2023, the Board of Directors focused on working according to the functions, tasks, and powers of the collective, individual members, and compliance with the Enterprise Law, Securities Law, Company Charter, and current laws. Board meetings were organized and conducted in accordance with the internal regulations on corporate governance. Meeting minutes, resolutions, decisions of the Board of Directors were based on the consensus of members and kept according to regulations.

Activities of the Board of Directors in 2023

In 2023, the Board of Directors conducted a total of 19 meetings (04 in person, 15 in writing), issued 30 resolutions, decisions to address issues within the functions, authority of the Board of Directors. Board

meetings all invited key personnel to attend for exchange, discussion, and high consensus in strategic planning, business direction, guidance of the Board of Directors towards the Board of Management.

Meeting attendance rate

No.	BOD Member	Number of BOD meetings attended	Attendance rate
1.	Mr. Chung Ji Kwang	19/19	100%
2.	Mr. Nguyen Phu Khanh	19/19	100%
3.	Mr. Tran Tuc Ma	19/19	100%
4.	Mrs. Dao Thuy Ha	19/19	100%
5.	Mr. Kim Dong Hyu	19/19	100%
6.	Mr. Lee Tae Yon	19/19	100%
7.	Mr. Đinh Quang Hoa (appointed on April 14, 2023)	11/11	100%
8.	Mr. Nguyen Anh Tuan (resigned on April 14, 2023)	8/8	100%

Resolutions issued by the Board of Directors in 2023

The Board of Directors approved 30 resolutions, decisions on the following issues:



No.	Resolution/ Decision No.	Date	Content
1.	02/NQ-HDQT	02/02/2023	Deliver KPIs for the first quarter of 2023 to the Board of Management
2.	03/NQ-HDQT	02/02/2023	Approve audit report No. 6 of 2022
3.	04/NQ-HDQT	17/02/2023	Plan to organize the 2023 Annual General Meeting of Shareholders
4.	05/QĐ-HDQT	17/02/2023	Send officials on business trips to Korea
5.	06/NQ-HDQT	17/02/2023	Internal audit plan for 2023
6.	07/NQ-HDQT	28/02/2023	Approve the 2023 credit limit plan at banks
7.	08/NQ-HDQT	28/02/2023	Traphaco's risk appetite statement in 2023
8.	09/NQ-HDQT	08/03/2023	Establish a new management structure at Traphaco Hung Yen Co., Ltd
9.	10/QĐ-HDQT	08/03/2023	Send officials on business trips to Korea
10.	11/NQ-HDQT	30/03/2023	Direct the Traphaco's capital representative at Traphaco CNC
11.	12/NQ-HDQT	30/03/2023	Direct the Traphaco's capital representative at Daklak Pharmaceutical
12.	13/NQ-HDQT	11/04/2023	Additional content of the 2023 Annual General Meeting of Shareholders
13.	16/NQ-HDQT	28/04/2023	Deliver KPIs for the second quarter of 2023 to the Board of General Directors
14.	17/NQ-HDQT	08/05/2023	Approve adjustments to the 2023 credit limit plan at banks
15.	18/QĐ-HDQT	12/05/2023	Send officials on business trips to China
16.	19/QĐ-HDQT	15/05/2023	Send officials on business trips to China

ACTIVITIES OF THE BOARD OF DIRECTORS

No.	Resolution/ Decision No.	Date	Content
17.	20/NQ-HDQT	19/05/2023	Pay the remaining 10% dividend in 2022
18.	21/QĐ-HDQT	22/05/2023	Send officials on business trips to China
19.	22/QĐ-HDQT	30/05/2023	Approve audit report No. 1 of 2023
20.	23/QĐ-HDQT	30/05/2023	Approve the 2023 Budget Plan
21.	24/QĐ-HDQT	30/05/2023	Contracted salary costs for 2023
22.	26/NQ-HDQT	24/07/2023	Change the personnel of the assisting subcommittees of the Board of Directors for the 2021-2025 term
23.	27/NQ-HDQT	04/08/2023	Deliver KPIs for the third quarter of 2023 to the Board of Management
24.	28/QĐ-HDQT	22/08/2023	Send officials on business trips to the US
25.	29/QĐ-HDQT	14/09/2023	Approve audit report No. 3 of 2023
26.	30/QĐ-HDQT	09/11/2023	Send officials on business trips to Korea
27.	31/NQ-HDQT	21/08/2023	Deliver KPIs for the fourth quarter of 2023 to the Board of General Directors
28.	34/NQ-HDQT	31/10/2023	Approval of the investment plan to expand the capsule production line of Traphaco High Technology Joint Stock Company
29.	32/QĐ-HDQT	04/12/2023	Approve audit report No. 4 of 2023
30.	33/NQ-HDQT	15/12/2023	Advance dividend in 2023, 1 st time



Activities of BOD's Sub-Committees

1

Development & Policy Subcommittee

- Advise on the 2023 Budget Plan: fixed asset investment, capital construction, R&D, marketing...
- Evaluate production and business results in the first 6 months of the year, direct the Plan for the last 6 months of 2023,
- Advise on Production and Business Plan for 2024,
- Supervise, orient, and consult with the Board of Directors on projects: digital transformation, non-cash payments, factory expansion, production lines at subsidiaries...
- Review the Development Strategy in the new situation,
- Work with the Board of Management on Revenue Plan and separation of Herbal medicine vs Non-Herbal medicine, Budget Plan and Investment Plan for 2023, 2024 to advise the Board of Directors.

2

Human Resources and Remuneration Subcommittee

- Review and advise the Board of Directors to assign quarterly KPIs to the Board of Management,
- Propose personnel and salary for personnel appointed by the Board of Directors,
- Orient and supervise the development of training programs, formulating the Company's salary, bonus and remuneration policies,
- Consult about senior personnel of the Company and its member companies and departments in the system,
- Advise the Board of Directors on the orientation of amending the Regulation on salary and bonus.

3

Audit Subcommittee

- Work with the audit firm and the Board of Supervisors on issues related to the financial statements in 2022, 6 months of 2023,
- Cooperate with the Board of Supervisors, consult on the selection of an audit firm for the financial statements in 2023,
- Direct the Internal Audit Committee to implement the audit plan as approved by the Board of Directors.

Internal audit activities

- Check the implementation of audit recommendations
- Carry out audit events as planned:

No.	Name of the audit	Time
1	Sales process and implementation of OTC business sector	6/3 – 6/4/2023
2	Production costs at Traphaco Sapa Co., Ltd	15 – 19/5/2023
3	Business activities of exploiting products	3 – 19/7/2023
4	Customer service and management process and implementation at the OTC business sector	17/8 – 17/9/2023
5	Delegation of Authority, organizational model and implementation situation	25/10 – 17/11/2023

4

Non-Herbal Subcommittee

- Preside over phase 2 technology transfer cooperation activities with Daewoong,
- Evaluate and propose solutions to improve the performance of Hung Yen western medicine factory,
- Supervise, orient, and consult with the Board of Directors of the project: separation of pharmaceutical sales representatives.

Remuneration of BOD

The total remuneration of the Board of Directors approved by the General Meeting of Shareholders 2022 is: 4,200,000,000 VND

Transactions between the Company and its affiliated persons or between the Company and its major shareholders, internal persons and affiliated persons

No.	Name of organization/ individual	Relationship with the Company	NSH No.*, Date of issue, Place of issue	Content, quantity, total value of transaction
1.	State Capital and Investment Corporation (SCIC)	Major shareholder	0101992921, issued on August 1, 2006	Second dividend payment in 2022: 14,786 billion VND
2.	MAGBI Fund Limited	Major shareholder	ERC No.: 2565995, issued on August 11, 2017 in Hong Kong	Second dividend payment in 2022: 10,361 billion VND
3.	Super Delta Pte. Ltd	Major shareholder	201722666G, issued on August 10, 2017 in Singapore	Second dividend payment in 2022: 6,267 billion VND
4.	Traphaco CNC	Subsidiary	0900255402, issued on June 21, 2006 in Hung Yen	<ul style="list-style-type: none"> Sales: 206 billion VND Purchase of goods and services: 503.7 billion VND Dividends received: 14.5 billion VND
5.	Traphaco Hung Yen Co., Ltd	Subsidiary	0900540872, issued on March 23, 2010 in Hung Yen	<ul style="list-style-type: none"> Sales: 150.5 billion VND Purchase of goods and services: 403 billion VND
6.	Traphaco Sapa Co. Ltd	Subsidiary	5300203747, issued on June 24, 2009 in Lao Cai	<ul style="list-style-type: none"> Sales: 22.6 billion VND Purchase of goods and services: 46.3 billion VND
7.	Daklak Pharmaceutical - Medical Equipment JSC	Subsidiary	6000449389, Issued on January 1, 2004 in Dak Lak	<ul style="list-style-type: none"> Sales: 55.6 billion VND Dividends received: 1.9 billion VND
8.	Sao Mai Pharmaceutical JSC	Related party of insider	1000282691, cấp ngày 26/11/2001	Bán hàng: 87,5 tỷ đồng
9.	Daewoong Phacmaceutials Co., Ltd	Related party of insider		Purchase of goods and services: 21.7 billion VND
10.	Ecoland My Hung Green One Member Company Limited	Related party of insider	0601041667, issued on September 17, 2014	Purchase of goods and services: 3,823 billion VND
11.	SC Dreamline Co., Ltd	Related party of insider	0108540025, issued on December 7, 2018 in Hanoi	Service rental: 191.4 million VND

Activities of BOD's independent member and the independent member's evaluation of the activities of the Board of Directors

1

BOD's independent member attends all BOD's meetings

- BOD's independent member is also the Chairman of the Human Resources and Remuneration Subcommittee: consulting and deciding on senior personnel of the Company, its subsidiary companies and departments in the system.
- Work closely with the Board of Directors on issues related to corporate governance.
- Contribute frankly and objectively to the decisions of the Board of Directors to improve the quality of governance decisions.

2

BOD's independent member closely follows the activities of the Board of Management and the Company's business activities, enhancing transparency and fairness in governance activities.

3

Evaluation of the activities of the Board of Directors

- The Board of Directors complies with the Enterprise Law, Securities Law, Company Charter and current laws. Board of Directors meetings are organized and conducted in accordance with the provisions of the Internal Regulations on Corporate Governance.
- The Board of Directors fully acknowledged the contributions of independent members of the Board of Directors.
- The Board of Directors has made changes to improve the quality of management decisions based on these contributions.

Results of supervision for the General Director, managers and executives of the Company

- Attend all meetings of the Board of Directors and contribute opinions on issues within the functions and duties of the Board of Supervisors
- Supervise the Board of Directors and Board of General Directors in implementing the Resolution of the General Meeting of Shareholders; Resolutions and Decisions of the Board of Directors: review contracts/transactions with related persons
- Verify 2022 financial statements and 2023 quarterly financial reports
- Recommendation to select an auditing company for the 2023 financial statements
- Supervise information disclosure and submit reports according to current regulations of state management agencies.

Assessment of Corporate Governance in 2023



-  In 2023, the Company holds an Annual General Meeting of Shareholders in April 2023 to approve and decide on issues within the jurisdiction of the General Meeting. The Company's General Meeting of Shareholders was held legally and validly, ensuring compliance with the provisions of the Enterprise Law on order and procedures.
-  Shareholders are treated fairly and have their legal rights protected. The company pays dividends in 2022 and advances dividends in 2023 according to the Congress Resolution; Payment order, procedures and time comply with Article 132 of the Enterprise Law.
-  The Board of Directors fully complies with responsibilities and obligations according to the provisions of the Enterprise Law and the Company's Charter, treats all shareholders equally and respects the interests of those with interests related to the company. Board members perform their duties honestly and carefully for the best interests of shareholders and the company. Members of the Board of Directors, Supervisors, General Director and managers have publicly disclosed related.
-  The assisting subcommittees of the Board of Directors actively work, advising the Board of Directors on restructuring, separation of Herbal medicine – Non-Herbal medicine, business plans, budget plans, ETC channel development, and technology transfer. The Internal Audit Committee carries out audits according to plan, improving the Company's management quality.
-  The Company fully, accurately and promptly discloses periodic and unusual information on production and business activities, finances and corporate governance.

Report of The Board of Supervisors



Member and Structure of the Board of Supervisors

No.	BOD Member	Title	Number of shares	Notes
1.	Nguyen Thi Luong Thanh	Head	0	Elected to the new term on March 31, 2021
2.	Nguyen Thanh Hoa	Member	0	Elected to the new term on March 31, 2021
3.	Kwon Ki Bum	Member	0	Elected to the new term on March 31, 2021 Resigned on July 20, 2023

Meetings of the Board of Supervisors

In 2023, the Board of Supervisors organized 04 regular meetings and fully attended meetings of the Board of Directors ("BOD") of Traphaco Joint Stock Company (Traphaco). The main meetings of the Board of Supervisors are as follows:

Meeting	Participants	Main contents
Session 1: February 2023	3/3	<ul style="list-style-type: none"> Analyze and evaluate contracts and transactions with related parties in 2023, submit to the Shareholders' Meeting. Review and evaluate the compliance with the law of resolutions of the General Meeting of Shareholders and the Board of Directors, and the implementation of KPIs of the Board of Management.
Session 2: April 2023	3/3	<ul style="list-style-type: none"> Assign tasks to Board of Supervisors members. Review and evaluate legal compliance with resolutions of the General Meeting of Shareholders and the Board of Directors
Session 3: August 2023	2/2	<ul style="list-style-type: none"> Verify the 2023 semi-annual financial report.
Session 4: December 2023	2/2	<ul style="list-style-type: none"> Evaluation of the 2024 Plan.

Results of monitoring the implementation of the 2023 shareholder meeting resolution

- The company has achieved consolidated revenue in 2023 of 2,330 billion VND, reaching 90% of the 2023 plan; Consolidated profit after tax is 285 billion VND, reaching 87.4% of the 2023 plan.
- The number of new products reached 13 new products. Sales of new products launched to the market from 2021 reached 194.5 billion VND (114% of the plan).
- The total number of registration/ownership announcements is 234 numbers.
- The company has completed the appropriation of funds according to regulations, ensuring payment to the state budget according to law.
- The company has completed paying 2022 dividends in November 2022 and June 2023.
- The company has paid 2023 remuneration to members of the Board of Directors and Board of Supervisors according to regulations and norms approved by the General Meeting of Shareholders.
- The contract between Traphaco and Traphaco High Technology Company and Traphaco Hung Yen Co., Ltd (contract with related parties, of great value) was signed and implemented according to the meeting Resolution.
- The company has selected Ernst & Young Vietnam Co., Ltd. as the auditor for the 2023 financial statements.

13
NEW PRODUCTS

234
REGISTRATION/OWNERSHIP ANNOUNCEMENT NUMBERS



The result of monitoring on the Board of Directors, Board of Management

“ The Board of Directors has 7 members. In 2023, the Board of Directors held 13 meetings, 4 in person and 9 written meetings, in accordance with the provisions of the Company Charter. The Board of Supervisors assessed that the activities of the Board of Directors during the year were in accordance with the law, the Company’s Charter and the Company’s corporate governance regulations, according to the orientation of advanced management standards; The Board of Directors directs and supervises the implementation of development strategies, closely following the Company’s activities with efficiency and high sense of responsibility.



Members of the Board of Directors attended all Board of Directors meetings and actively participated in advising the Board of Management on implementing the Company’s major solutions: separating the entire Herbal and Non-Herbal medicines business activities, ETC channel development policies, solutions to improve the performance of Traphaco Hung Yen western medicine factory, etc.

Subcommittees under the Board of Directors organized meetings in accordance with the operating regulations of the Board of Directors, advise the Board of Directors on budget, financial planning, technology transfer, improving factory operations, internal audit...

In 2023, the Board of General Directors has recognized, evaluated, forecasted, and had direction and synchronization in planning, production, goods rotation and sales, meeting market requirements with flexible sales and marketing policies.

The Board of Directors and the Board of Management reported and disclosed information fully in accordance with current regulations of the law.

The Supervisory Board agreed with the Report of the Board of Directors submitted to the 2023 Annual General Meeting of Shareholders.

The results of monitoring the operations and finances of the Company

The Company's consolidated business results



Key indicators:

No.	Indicators	Plan of 2023	Results in 2023	The ratio compared to planned	Growth compared to 2022
1	Net revenue from sales and services	2,600	2,299	88%	-4%
1.1	Revenue from parent company	2,249	2,069	92%	-5%
	- OTC revenue	2,043	1,850	90.58%	-8%
	- ETC Revenue	206	218.6	106%	+24%
1.2	Revenue added from subsidiaries	239	196.7	82.3%	-10%
1.3	Adjustments	112	64.21	57.26%	
2	Consolidated profit (after tax)	326	285	87.42%	-3%
3	The parent company's employees' income increases compared to 2022	+5%	-16.4%		-16.4%
4	Number of new products launched into production and market	12	13	+8.3%	+18%
5	Sales of new products launched in the market from 2021	170	194.5	114%	



General assessment

- The general context of the socio-economic situation in 2023 faced many difficulties, people's income declined, and the demand for medicine decreased, especially for the tonic line, meanwhile, Traphaco's main products is an over-the-counter Herbal medicine, leading to the Company's business results not meeting the set plan. Despite great efforts to implement many different solutions in 2023, the Company's total consolidated revenue only reached 88% of the plan, down 4% over the same period, profit after tax reached 87.4% of the plan and decreased by 3% over the same period.
- In 2023, the Company's revenue deductions (including point accumulation activities, gold exchange...) increased by 76% compared to plan due to the increase in gold prices in the market, which greatly affected the actual results of current revenue and profit of the Company in 2023.
- ETC revenue grew by 23% over the same period, exceeding the plan by 6%, proving that the Company has made appropriate and timely changes when focusing on developing a segment with a large proportion in the pharmaceutical market with high growth rate. This reflects the correct direction of the Board of Directors and the strong efforts of the Board of Management.
- For OTC channel: The company continued to deploy the separation of Herbal medicine - Non-Herbal medicine in 100% of areas, improving the efficiency of exploiting the sale of Non-Herbal medicine on the OTC channel.
- In 2023, the Company has built its own sales policy with the Long Chau, Pharmacy, and An Khang pharmacy chains, promoting chain revenue to exceed 35%, growing 60% compared to 2022.

Appraisal of 2023 financial statements

Our Board of Supervisors has reviewed, verified and agreed with the Company's Consolidated Financial Statements and Separate Financial Statements for 2023 that have been audited by Ernst & Young Vietnam Company Limited. The financial statements ending December 31, 2023, the six-month and quarterly financial statements in 2023 represent honestly and reasonably in all major aspects, about the financial situation, production and business results, cash flow of the Company.

The Company has complied with the requirements of accounting standards, accounting regimes as well as current financial, accounting and tax management regulations in organizing financial and accounting work and performing accounting. The Financial Reports in 2023 were prepared accurately and on time.



Evaluation on the coordination of the Board of Supervisors, the Board of Directors, the Board of Management and shareholders

The Board of Directors and the Board of Management have close cooperation, facilitating the Board of Supervisors to fulfill the assigned tasks, providing sufficient information on the situation of production and business activities and the financial position of the Company, minutes of meeting of the Board of Directors and other information upon request.

The Board of Supervisors, the Board of Directors and the Board of Management closely cooperate to promptly solve the problems in the process of inspection and examination by the Board of Supervisors.

Periodically, at meetings of the Board of Directors and thematic meetings of the Board of Management, the Internal Audit Committee, the Board of Supervisors have made recommendations to the Board of Directors and the Board of Management on issues related to risk assessment in management activities, improving compliance with internal regulations and legal regulations... The recommendations of the Board of Supervisors are basically recognized and implemented.

In 2023, there is no request from the General Assembly of Shareholders, shareholder group or individual shareholder under Clause 2, Article 115 of the Law on Enterprises to the Board of Supervisors on the examination of single specific issue in management, operations of the Company.

Recommendations

The Board of Supervisors recommends the following points for the Company in 2024:

- 
Continuously improve the quality of making and analyzing reports for corporate governance.
- 
The Company focuses on improving risk management in the entire system, improving governance at subsidiaries and branches.
- 
The Company seeks solutions to maintain and promote the market's strengths in the Herbal segment in the context of a rapidly changing business environment, sales policies change flexibly according to the actual market situation and still ensure mutual benefits between consumers, customers and the Company.
- 
Focus on improving the quality of western medicine, diversifying products according to the actual needs of hospital medicines to participate in high-group medicine bidding.
- 
The company continues to coordinate with partners to deploy technical support activities to produce new products effectively.



Analysis of governance scorecard based on Asean corporate governance scorecard

☑ : Applied good practice ☑ : applied not-fully good practice ☑ : not applied good practice

LEVEL 1

Code	Criteria	Current situation until 2023	General assessments
PHẦN A. Rights of shareholders			
A.1 Basic shareholder rights			
A.1.1	The Company pay dividends within 30 days after being declared.	☑	Traphaco is following this practice well. It is shown in Page...
A.2 Right to participate in decisions concerning fundamental corporate changes			
Shareholders have the right to participate in:			
A.2.1	Amendment of the Company's charter.	☑	Traphaco collects opinions of shareholders on the amendment of its charter at the General Meeting of Shareholders and put the amendment content of the Company's regulations into the meeting agenda whenever they belong to the authority (approval) of the General Assembly of Shareholders.
A.2.2	Vote for the additional issuance of shares	☑	Traphaco collects shareholders' opinions in writing or submit to the General Meeting of Shareholders for approving the plan of additional issuance of shares.
A.2.3	The transfer all or most of the Company's assets which results in the sale of the Company.	☑	This situation has never happened in Traphaco.
A.3 Right to participate effectively in and vote in the General Meeting of Shareholders and should be informed of the rules, including voting procedures.			
A.3.1	Do shareholders have the opportunity to give their opinions according to the meeting agenda such as approve the remuneration or any increases in remuneration for non-executive Board member(s)?	☑	Traphaco is following this practice well.
A.3.2	Does the Company provide non-controlling shareholders a right to nominate candidates for the Board of Directors?	☑	Traphaco is following this practice well. Regulations on the nomination/self-nomination of candidates for the Board of Directors/ Board of Supervisors are announced on the Company's website before the General Meeting of Shareholders and approved before the election.

Code	Criteria	Current situation until 2023	General assessments
A.3.3	Does the Company allow shareholders to elect each board member?	☑	Traphaco is following this practice well.
A.3.4	Does the Company disclose the voting procedure before the carry-out of the meeting?	☑	Traphaco is following this practice well. Nomination and voting procedures are announced on the website 21 days before the date of the General Meeting of Shareholders.
A.3.5	Do the minutes of the most recent AGM record that shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	☑	Minutes of the General Meeting of Shareholders recorded the discussion of shareholders. Since the 2017 meeting, the GMS minute noted the details of questions and answers.
A.3.6	Does the Company disclose the voting result including approving, dissenting, and abstaining votes for each agenda item for the most recent AGM?	☑	Traphaco has indicated the results of voting for each content of the draft of the latest meeting.
A.3.7	Does the Company disclose the list of board members who attended the most recent AGM?	☑	Traphaco has listed the Board members in the minutes of the General Meeting of Shareholders.
A.3.8	Does the Company disclose that all board members and the CEO/Executive director (if he is not a board member) attended the most recent AGM?	☑	Traphaco has well implemented these points for many years and the senior leaders of the Company, such as the Chairwoman, the CEO,... always attend the meetings.
A.3.9	Does the Company allow absentee voting?	☑	The Company allows absentee voting through a legally authorized representative in accordance with the Company's regulations.
A.3.10	Did the Company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM.	☑	The Company uses the form of voting based on voted ballots of shareholders for all resolutions at the most recent General Meeting of Shareholders, not by show of hand.
A.3.11	Does the Company disclose that it has appointed an independent party (scrutineers, inspectors) to count and/or validate the votes at the AGM?	☑	Traphaco has well implemented this practice from the General Meeting of Shareholders for the term 2016-2020.
A.3.12	Does the Company publicly announce the results of voting on all resolutions on the next working day of the nearest General Meeting of Shareholders?	☑	Traphaco always complies with the announcement of the Resolution and minutes of the meeting, reports of vote-counting within 24 hours as prescribed.
A.3.13	Does the Company provide at least 21 days' notice for all AGMs and EGMs?	☑	Traphaco is following this practice well.
A.3.14	Does the Company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	☑	The AGM documents of Traphaco have provided sufficient information and background on issues submitted to the AGM for approval.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria	Current situation until 2023	General assessments
A.3.15	Do shareholders have the opportunity to contribute (discuss) on the agenda of the General Meeting of Shareholders.	☑	Traphaco is following this practice well.
A.4	Market for corporate control should be allowed to function in an efficient and transparent manner.		
A.4.1	In the case of mergers, acquisition and/or take overs requiring the approval of the shareholders, does the board members of the offeree company appoint an independent party to evaluate the fairness of transaction price.	☑	This situation has never happened in Traphaco.
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.		
A.5.1	Does the Company publicly disclose its policies/practices to encourage shareholders to engage with the Company beyond AGM?	☑	Traphaco has disclosed this content in detail in its annual report (specifically in the part of shareholder relations, policies on encouraging shareholders to exercise their rights, enabling shareholders to vote and cast ballot on important issues).

PART B. Equitable treatment of shareholders

B.1	Shares and voting rights		
B.1.1	Each common stock of the company has one vote.	☑	Traphaco is following this practice well.
B.1.2	Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of shares?	☑	Traphaco has publicized that "the Company has only one type of common stock" in the notice of closing list, financial statements and annual reports.
B.2	Notice of AGM		
B.2.1	Each resolution in the most recent AGM only relate to one content of the draft resolution, i.e., there is no bundling of several contents in the same resolution.	☑	Depending on the actual situation, the important nature of the contents of the meeting, there is a flexibility in recording voting issues in the minutes and resolutions of AGM.
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version.	☑	Since 2017, all materials for the General Meeting of Shareholders have been fully translated into English.
The notice of the General Meeting of Shareholders contains the following issues:			
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorship other listed companies) in seeking election/re-election included?	☑	Traphaco publicized the CV of candidates.

☑ : Applied good practice ☐ : applied not-fully good practice ☒ : not applied good practice

Code	Criteria	Current situation until 2023	General assessments
B.2.4	Are the auditors seeking appointment/ re-appointment clearly identified?	☑	Traphaco well implemented this practice by submitting the proposal letter to the General Meeting of Shareholders for approving the list of independent audit companies.
B.2.5	Is the authorization letter to attend the General Meeting of Shareholders easily provided?	☑	Traphaco is following this practice well. the authorization letter to attend the General Meeting of Shareholders is attached with the invitation letter (10 days before the AGM), and also posted on the Company's website (the link attached in the invitation letter).
B.3	Insider trading and abusive self-dealing should be prohibited		
B.3.1	Does the company have policy to prohibit Board members and employees to benefit from information which is not disclosed outside?	☑	Traphaco is following this practice well. there are regulations on contract management, trading between Traphaco JSC with related persons, and other regulations.
B.3.2	Are the directors/commissioners required to report their dealings in company shares within 3 business days?	☑	Traphaco has implemented this criterion in accordance with Circular 155/2015/TT-BTC
B.4	Related party transactions by directors and key executives.		
B.4.1	Does the Company have a policy to require Board members to disclose relevant interests in transactions and any conflict of interest with the Company?	☑	Traphaco has this content specified in the Company's Charter and Internal Regulations on corporate governance.
B.4.2	Does the Company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?	☑	This activity is conducted by the Audit Committee under the Board of Directors.
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflict?	☑	It is stipulated in the financial regulation.
B.4.4	Does the Company have a policy on loans for its members, which prohibits this activity or ensures that loans are made on a commercially reasonable market rate?	☑	Traphaco is following this practice well.
B.5	Protecting minority shareholders from abusive actions		
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	☑	Traphaco is following this practice well.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria	Current situation until 2023	General assessments
B.5.2	In the event that a shareholder's approval is required for related party transactions, the vote for approval must be voted on by the unrelated shareholders.	☑	Traphaco is following this practice well.
PART C. Role of stakeholders			
C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected.			
Does the company disclose a policy and practices that:			
C.1.1	Disclose a policy and practices to address customers' welfare.	☑	Traphaco disclosed policies in its annual report and sustainable development report.
C.1.2	Disclose a policy and practices that address supplier/contractor selection practice procedures?	☑	Since 2017, Traphaco has disclosed policies and practices, proceedings and procedures for selecting suppliers in its sustainable development report.
C.1.3	Disclose a policy and practices that address the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	☑	Traphaco disclosed policies in its annual report and sustainable development report.
C.1.4	Disclose a policy and practices that address the company's efforts to interact with the communities in which they operate.	☑	Traphaco disclosed policies in its sustainable development report.
C.1.5	Disclose a policy and practices that address the company's anti-corruption programs and procedures.	☑	Traphaco has issued regulations on financial management, clearly defining the decision authority on assets, money, etc. of the Company.
C.1.6	Disclose a policy and practices that address how creditors' rights are safeguarded?	☑	Since 2014, Traphaco has applied a new sales policy; cash-on-delivery (COD), resulting in a solid financial foundation, short / long-term debt is small. The payment and compensation of obligations to creditors shall comply with the provisions of law.
C.1.7	The company has a separate report / section that discusses its efforts on environment / economy and social issues.	☑	Traphaco disclosed these policies in its annual report and sustainable development report.
C.2 Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.			
C.2.1	Does the Company provide contact detail via the company's website or Annual report which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights?	☑	Traphaco has identified the focal point and investor relation contact in the Company's Annual Report and on its website.

☑ : Applied good practice ☑ : applied not-fully good practice ☑ : not applied good practice

Code	Criteria	Current situation until 2023	General assessments
C.3 Performance-enhancing mechanisms for employee's participation should be permitted to develop.			
C.3.1	The company explicitly disclose the health, safety, and welfare policy for its employees.	☑	Traphaco explicitly disclosed these policies in its annual report and sustainable development report.
C.3.2	The Company have training and development programs for its employees.	☑	Traphaco has performed well and fully stated in the Sustainable Development Report.
C.3.3	The company has a reward/ compensation policy that accounts for the performance of the company beyond short – term financial measures.	☑	Traphaco fully disclosed this policy in its annual report and sustainable development report
C.4 Stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the Board of Directors and their rights should not be compromised for doing this.			
C.4.1	The company has a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behavior.	☑	Traphaco issued this Regulation.
C.4.2	The company has a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation.	☑	Traphaco issued this Regulation.
PART D. Disclosure and transparency			
D.1 Transparent ownership structure			
D.1.1	The information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more.	☑	Traphaco is following this practice well.
D.1.2	Disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders.	☑	Traphaco specifically disclosed this information in its annual report.
D.1.3	The company disclose the direct and indirect (deemed) shareholdings of directors (commissioners).	☑	
D.1.4	Disclose the direct and indirect (deemed) shareholdings of senior management.	☑	
D.1.5	Disclose detailed information on parent company, subsidiaries, associates, joint ventures.	☑	

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria	Current situation until 2023	General assessments
D.2 Quality of Annual Report			
D.2.1	Corporate objectives	☑	Traphaco specifically disclosed this information in its annual report.
D.2.2	Financial performance indicators	☑	
D.2.3	Non-financial performance indicators	☑	
D.2.4	Dividend policy	☑	
D.2.5	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners.	☑	
D.2.6	Attendance details of each director/commissioner in all director/commissioner meetings held during the year.	☑	
D.2.7	Total remuneration of each member of the board of directors/commissioners.	☑	
Corporate Governance Confirmation Statement			
D.2.8	The Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue.	☑	Traphaco specifically disclosed this information in its annual report.
D.3. Disclosure of related party transactions (RPT)			
D.3.1	The company disclose its policy covering the review and approval of material/significant RPTs.	☑	Traphaco has this content specified in the Company's Charter; concretize by regulations on management of contracts, transactions between Traphaco JSC and its related parties.
D.3.2	The company disclose the name, relationship, nature and value for each material/significant RPT.	☑	Traphaco specifically disclosed this information in the Chapter on corporate governance, the Annual report.
D.4 Directors and commissioners' dealings in shares of the company			
D.4.1	The company disclose trading in the company's shares by insiders.	☑	Traphaco specifically disclosed this information in the Chapter on corporate governance, the Annual report.
D.5 External auditor and Auditor Report			
Where the same audit firm provides both audit and non-audit services			
D.5.1	Disclose audit fees.	☒	Traphaco did not disclose this information.
D.5.2	Disclose non-audit fees.	☒	
D.6 Medium of communications			
Does the company use the following modes of communication?			
D.6.1	Quarterly reporting.	☑	Traphaco fully published.

☑ : Applied good practice ☒ : applied not-fully good practice ☒ : not applied good practice

Code	Criteria	Current situation until 2023	General assessments
D.6.2	Company website.	☑	Traphaco has fully updated its website in Vietnamese and English.
D.6.3	Analyst's briefing	☑	Traphaco has linked the news articles on the business performance of the Company semi-annually, annually, stock trends analysis ... on the Company's website.
D.6.4	Media briefings /press conferences.	☑	Traphaco has promoted its business information widely and regularly on the mass media.
D.7 Timely filing/release of annual/ financial reports			
D.7.1	The audited annual financial report / statement is released within 120 days from the financial year end.	☑	Traphaco strictly adheres to this regulation.
D.7.2	The annual report is released within 120 days from the financial year end.	☑	Traphaco fully published this content.
D.7.3	The true and fairness/fair representation of the annual financial statement/reports is affirmed by the board of directors/commissioners and/or the relevant officers of the company.	☑	Traphaco fully published this content.
D.8 The company has a website to publish up-to-date information on the following:			
D.8.1	Financial statements/reports (latest quarterly).	☑	Adequate information is provided and regularly updated.
D.8.2	Materials provided in briefings to analysts and media.	☑	
D.8.3	Downloadable annual report	☑	
D.8.4	Notice of AGM and/or EGM.	☑	
D.8.5	Minutes of AGM and/or EGM.	☑	
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association) is downloadable.	☑	
D.9 Investor Relations			
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	☑	Traphaco fully disclosed this information on its annual report, its sustainable development reports and its website.

PART E. RESPONSIBILITIES OF THE BOARD

E.1 Board duties and responsibilities

The responsibilities of the Board and the corporate governance statute are clearly specified

E.1.1	Disclose the company's corporate governance policy, board charter.	☑	They are disclosed on Traphaco's official website.
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	☑	These decisions are publicly available as required by law.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria	Current situation until 2023	General assessments
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	☑	Traphaco fully disclosed those contents in its Annual Report, Corporate Governance Regulations and Charter.
E.1.4	Does the company have an updated vision and mission statement?	☑	Traphaco fully published these contents in its Annual Report.
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	☑	The Board of Directors directs the development/ closely monitor the implementation and specify strategic goals.
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	☑	The Board of Directors considers, supervises and monitors the implementation of the Company's strategy in meetings, between meeting sessions, and have a specific procedure. The Board of Directors has a Development and Policy Sub-Committee, and the Board of Management has a Strategy Implementation Committee (headed by the CEO - Board member cum Head of the Committee).
E.2	Board structure		
	Code of conduct/ethics		
E.2.1	Are the details of the code of ethics or conduct disclosed?	☑	Traphaco has built Traphaco culture in a new period, with 6 ultimate culture principles for Traphacoers. The Code of Ethics, incorporating the contents in the Cultural Handbook was issued in the first quarter of 2020.
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	☑	
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	☑	
	Board structure		
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	☑	Since 10/2020, Traphaco's BoD has 01 independent member out of 07 Board members.
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/ commissioners?	☑	Traphaco is in compliance with the Charter with the term of the Board of Directors not exceeding 5 years.
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	☑	It has not concretized into regulations by Traphaco, but is well-applied.
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	☑	Traphaco well applies this principle. The Board of Directors of Traphaco has only one executive member, who is the CEO - serving on 2 Boards of subsidiaries (not listed outside the group).

☑ : Applied good practice ☑ : applied not-fully good practice ☑ : not applied good practice

Code	Criteria	Current situation until 2023	General assessments
	Human resources committee		
E.2.8	Does the company have a Nominating Committee?	☑	Traphaco has a human resources and remuneration committees.
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/commissioners?	☑	The Human Resources and Remuneration Committee has 6 members, including 01 independent member of the Board of Directors.
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	☑	Traphaco is following this practice well.
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	☑	Traphaco is following this practice well.
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	☑	Traphaco is following this practice well.
E.2.13	Does the company have a Remuneration Committee?	☑	Traphaco has a human resources and remuneration committees.
E.2.14	Is the Remuneration Committee comprised of a majority of independent directors/commissioners?	☑	The Human Resources and Remuneration Committee has 6 members, including 01 independent member of the Board of Directors.
E.2.15	Is the head of the Remuneration committee an independent Board member?	☑	
E.2.16	Does the company disclose the regulation of operation/ governance structure/charter of the Remuneration Committee?	☑	Traphaco is following this practice well.
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and if so, did the Remuneration Committee meet at least twice during the year?	☑	
	The Audit Sub-committee		
E.2.18	Does the company have an Audit committee?	☑	Traphaco is following this practice well.
E.2.19	Is Audit Committee comprised of all non-executive Board members?	☑	Audit Committee comprised of all non-executive Board members.
E.2.20	Is the head of the Audit committee an independent Board member?	☑	Head of the Audit Committee is BoD's non-executive member.
E.2.21	Does the company disclose the regulation of operation/ governance structure/charter of the Audit Committee?	☑	Traphaco is following this practice well.
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	☑	Members of the Audit committee specialize in accounting but they are not independent Board members.
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	☑	The Audit committee has separate meetings and meetings with independent auditors.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria	Current situation until 2023	General assessments
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	<input checked="" type="checkbox"/>	This is stipulated in the regulations and operation rules of the Board of Directors.
E.3	Board processes		
	Board meetings and attendance		
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	<input checked="" type="checkbox"/>	The agenda for the next year meetings of Board of Directors is scheduled and raised tentative contents at the last meeting of the current year.
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	<input checked="" type="checkbox"/>	In 2022, Traphaco's Board of Directors held 06 direct meetings, and all members attended.
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	<input checked="" type="checkbox"/>	Traphaco strictly adheres to this regulation.
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	<input checked="" type="checkbox"/>	This is stipulated in the regulations and operation rules of the Board of Directors.
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	<input checked="" type="checkbox"/>	Traphaco strictly adheres to this regulation.
	Access to information		
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	<input checked="" type="checkbox"/>	This content is included in the Traphaco Regulations and is well implemented.
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	<input checked="" type="checkbox"/>	It is clearly provided in the Company's charter.
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	<input checked="" type="checkbox"/>	The Company's secretary is full-time officer, trained in accounting, fully understands legal regulations on industry, business law, securities law ...
	Appointment and re-election of Board members		
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	<input checked="" type="checkbox"/>	The criteria for selecting members of the Board of Directors are specified in the Regulations on the nomination self-nomination of candidates for the Board of Directors and announced on the Company's website before the meeting.
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	<input checked="" type="checkbox"/>	Traphaco has introduced the process of electing new Board members in the Regulations to nominate and self-nominate members of the Board of Directors and announce on the Company's website before the meeting.
E.3.11	Are all directors/commissioners subject to reelection every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years each?	<input checked="" type="checkbox"/>	The term of Traphaco's Board members is 5 years.

: Applied good practice : applied not-fully good practice : not applied good practice

Code	Criteria	Current situation until 2023	General assessments
	Remuneration matters		
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long-term incentives and performance measures) for its executive directors and CEO?	<input checked="" type="checkbox"/>	Traphaco published this content in its Annual Report.
E.3.13	Is there disclosure of the fee structure for nonexecutive directors/commissioners?	<input checked="" type="checkbox"/>	
E.3.14	Does the shareholder or the Board of Directors approve the remuneration of the executive board member and / or senior management.	<input checked="" type="checkbox"/>	Remuneration of the Board members is approved by the General Assembly of Shareholders.
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executive with long-term interests of the company, such as claw back provision and deferred bonuses?	<input type="checkbox"/>	Traphaco has not developed this policy.
	Internal audit		
E.3.16	Does the company have a separate internal audit function?	<input checked="" type="checkbox"/>	
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	<input checked="" type="checkbox"/>	Traphaco did establish the Internal Audit Committee in January 2022.
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	<input checked="" type="checkbox"/>	
	Risk monitoring		
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	<input checked="" type="checkbox"/>	Traphaco had a risk management system and published in the annual report since 2017.
E.3.20	Does the Annual Report/Annual CG Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	<input checked="" type="checkbox"/>	Traphaco is following this practice well.
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	<input checked="" type="checkbox"/>	Traphaco classifies risks, presents the main risk management methods and discloses them in the annual report since 2016.
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	<input type="checkbox"/>	The Annual Reports have not clarified this statement.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria	Current situation until 2023	General assessments
E.4 People on the Board			
Chairperson			
E.4.1	Do different persons assume the roles of chairman and CEO?	<input checked="" type="checkbox"/>	Traphaco has met this criterion from 2011 to the present.
E.4.2	Is the chairman an independent director/commissioner?	<input checked="" type="checkbox"/>	Traphaco met this criterion.
E.4.4	Are the role and responsibilities of the chairman disclosed?	<input checked="" type="checkbox"/>	Traphaco has regulated the role and responsibilities of the Chairman of the Board of Directors in the Charter of the Company, the Regulation on the structure and operation of the Board of Directors.
Lead independent director			
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	<input checked="" type="checkbox"/>	
Skills and competencies			
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	<input checked="" type="checkbox"/>	
E.5 Board performance			
Development of Board members			
E.5.1	Does the company have orientation programs for new directors/commissioners?	<input checked="" type="checkbox"/>	New Board members can meet, work with all divisions, units to understand the business activities of the Company; approach the board meeting documents to grasp the development direction of the Company.
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programs?	<input checked="" type="checkbox"/>	In 2017, Traphaco held corporate management courses for Board members and Company leaders. Every year, members of the Board of Directors and senior leaders of the Company still attend training courses on corporate governance.
Appointment and Performance of CEO/Executive Board			
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	<input checked="" type="checkbox"/>	Traphaco has the regulation on appointing leaders and managers.
E.5.4	Do members of the BoD conduct annual performance assessments for the CEO/Key Management?	<input checked="" type="checkbox"/>	It is specified in the regulation on the organization and operation of the BoD, and is carried out twice a year.
Performance Assessment of the Board			
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	<input checked="" type="checkbox"/>	The Company summarizes and evaluates the performance of the Board of Directors annually, and discloses in its annual report.

: Applied good practice : applied not-fully good practice : not applied good practice

Code	Criteria	Current situation until 2023	General assessments
Evaluation of Board members			
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	<input checked="" type="checkbox"/>	Traphaco has not followed this practice.
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	<input checked="" type="checkbox"/>	

LEVEL 2

Code	Criteria	Current situation until 2023	General assessments
Bonus items			
(B)A. Rights of shareholders			
(B)A.1 The right to participate effectively and vote in the General Meeting of Shareholders is announced in the regulations, including the voting procedure taking place in the General Meeting of Shareholders.			
(B)A.1.1	Does the company allow the use of secure electronic voting in absentia at the shareholders' meeting?	<input checked="" type="checkbox"/>	Traphaco has not implemented this practice.
(B)B. Equal treatment of shareholders			
(B)B.1.1	Does the company issue a notice of the General Meeting of Shareholders (with detailed agenda and explanatory notice), as notified to the Exchange, at least 28 days before the meeting date.	<input checked="" type="checkbox"/>	At present, the notice is 20 days prior to the final registration date (i.e. 28 days before the General meeting of shareholders).
(B)C. Roles of stakeholders			
(B)C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected.			
(B)C.1.1	Does the company adopt an internationally recognized reporting framework for sustainability (i.e. GRI, Integrated Reporting, SASB)?	<input checked="" type="checkbox"/>	Traphaco's sustainability report is developed based on the GRI criteria.
(B)D. Disclosure and transparency			
(B)D.1 Quality of annual report			
(B)D.1.1	Are the audited annual financial report / statement released within 60 days from the financial year end?	<input checked="" type="checkbox"/>	Traphaco releases the annual financial reports in accordance with the regulation on information disclosure of the State Securities Commission, specifically not more than 90 days since the end of fiscal year.

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria	Current situation until 2023	General assessments
(B)D.1.2	Does the company disclose details of remuneration of the CEO?	<input checked="" type="checkbox"/>	Traphaco disclosed the detailed remuneration of the CEO in its Annual Report, since 2016.
(B)E. Responsibilities of the Board			
(B)E.1 Competencies and diversity of the Board			
(B)E.1.1	Does the company have at least one female independent director/commissioner?	<input checked="" type="checkbox"/>	Traphaco has one male independent board member.
(B)E.1.2	Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?	<input checked="" type="checkbox"/>	Traphaco has achieved EDGE certification on gender equality, applied to all levels of personnel of the Company. However, the Board level is more difficult because the supply of high-level human resources in the pharmaceutical industry in the Vietnamese market is not much.
(B)E.2 Board structure			
(B)E.2.1	Does the Nominating Committee comprise entirely of independent directors/commissioners?	<input checked="" type="checkbox"/>	The Human resources Committee has 6 members: 01 is an independent member.
(B)E.2.2	Does the Nominating Committee conduct the process of developing criteria for the quality of Board members in accordance with the Company's strategic orientation.	<input checked="" type="checkbox"/>	In fact, the Board members are selected, developed according to the quality criteria in accordance with the strategic orientation of the Company, for each specific time. However, it has not been stipulated in a set of criteria and throughout applied.
(B)E.3 Appointment and re-election of Board members			
(B)E.3.1	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners?	<input checked="" type="checkbox"/>	The Company use these ways when looking for candidates for the board members.
(B)E.4 Structure and composition of the BoD			
(B)E.4.1	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners?	<input checked="" type="checkbox"/>	Traphaco' BoD has 01 independent members out of 07 Board members.
(B)E.5 Risk management			

: Applied good practice : applied not-fully good practice : not applied good practice

Code	Criteria	Current situation until 2023	General assessments
(B)E.5.1	Does the board describe its governance process around IT issues including disruption, cyber security, disaster recovery, to ensure that all key risks are identified, managed and reported to the board?	<input checked="" type="checkbox"/>	Traphaco has a Risk Management Committee in charge of these issues to regularly monitor and supervise, control risks and report to the BoDs upon requested.
(B)E.6 Performance of the Board			
(B)E.6.1	Does the company have a separate level Risk Committee?	<input checked="" type="checkbox"/>	Currently, the Risk Management Committee under the authorization of the Board of Management
PENALTY QUESTION			
(P)A. Rights of shareholders			
(P)A.1 Basic rights of shareholders			
(P)A.1.1	Does the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	<input checked="" type="checkbox"/>	All shareholders are treated equally to repurchase shares
(P)A.2 Shareholders, including institutional shareholders, should be consulted on issues related to the fundamental rights of shareholders as set out in this Corporate Governance Code, except for the exception to prevent abuse.			
(P)A.2.1	Is there evidence of barriers that prevent shareholders from communication or consulting with other shareholders?	<input checked="" type="checkbox"/>	There is no proof.
(P)A.3 The right to participate effectively and vote in the General Meeting of Shareholders and be informed about the regulations, including the voting procedure takes place in the General Assembly of Shareholders.			
(P)A.3.1	Does the company include additional content and are not notified in advance on the agenda to notice AGM/EGM.	<input checked="" type="checkbox"/>	Traphaco organized the AGM in accordance with the provisions of the Enterprise Law and related guiding documents, not violating this content.
(P)A.3.2	Did the Chairman of the Board, Audit Committee Chairman, and CEO attend the most recent AGM?	<input checked="" type="checkbox"/>	All Board members attend the most recent AGM.
(P)A.4 Capital structure and agreements allow some shareholders to hold control not corresponding to the proportion of shares they own must be publicly disclosed.			
The company fails to disclose the existence of:			
(P)A.4.1	Shareholder agreement.	<input checked="" type="checkbox"/>	Traphaco has not these privileges/constraints.
(P)A.4.2	Voting limit.	<input checked="" type="checkbox"/>	
(P)A.4.3	Share of multiple voting rights.	<input checked="" type="checkbox"/>	

ANALYSIS OF GOVERNANCE SCORECARD BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria	Current situation until 2023	General assessments
(P)A.5	Capital structure and agreements allow some shareholders to hold control not corresponding to the proportion of shares they own must be publicly disclosed.		
(P)A.5.1	Do pyramid-owned structures and/ or cross-ownership structures exist?	☑	Traphaco does not have this ownership structure, the Shareholders have equal rights and are treated equally.
(P)B.	Equal treatment of shareholders		
(P)B.1	Insider trading and abusive self-dealing should be prohibited		
(P)B.1.1	Has there been any conviction of insider trading involving members of the Board of Directors, Executive Board and employees in the past three years?	☑	There are no violations, transaction information of insiders and related persons were disclosed in accordance with regulations.
(P)B.2	Protecting minority shareholders from abusive action		
(P)B.2.1	Are there any cases of non-compliance with the laws, rules and regulations related to significant or crucial party transactions in the past three years?	☑	None.
(P)B.2.2	Were there any RPTs that can be classified as financial assistance (i.e. not conducted at arm's length) to entities other than wholly-owned subsidiary companies?	☑	None.
(P)C.	Roles of stakeholders		
(P)C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
(P)C.1.1	Are there any violations of any laws pertaining to labor / employment / consumer / bankruptcy / trade / competition or environmental?	☑	None.
(P)C.2	When stakeholders participate in the corporate governance process, they must have access to relevant, adequate and reliable information in a timely and regular basis.		
(P)C.2.1	Does the company have any penalty imposed by the regulator for failure to disclose information within the requisite time for material events?	☑	None.
(P)D.	Disclosure and transparency		
(P)D.1	Penalties of regulatory authorities related to financial statements		
(P)D.1.1	Does the company receive "exclusion opinion" in the independent audit report?	☑	No.
(P)D.1.2	Does the company receive "negative opinion" in the independent audit report?	☑	No.

☑ : Applied good practice ☐ : applied not-fully good practice ❌ : not applied good practice

Code	Criteria	Current situation until 2023	General assessments
(P)D.1.3	Does the company receive "refusal to provide opinions" in the independent audit report?	☑	No.
(P)D.1.4	Did the Company revise its financial report in the past year for a reason other than changes in accounting policies.	☑	No.
(P)E.	Responsibilities of the Board		
(P)E.1	Compliance with current regulations, rules and regulations on listing		
(P)E.1.1	Is there evidence that the company did not comply with the rules and regulations on listing in the past year in addition to disclosure requirements.	☑	There is no proof.
(P)E.1.2	Are there cases in which non-executive Board members have resigned and raised any concerns regarding governance.	☑	There is no case.
(P)E.2	Board structure		
(P)E.2.1	Does the Company have any independent directors/commissioners who have served for more than nine years or two terms of five years each (whichever is higher) in the same capacity?	☑	None.
(P)E.2.2	Does the company not specify who is an independent member of the BoD.	☑	The Company clearly identifies 01 independent board members.
(P)E.2.3	Does the company have any independent directors/non-executive/commissioners who serve on a total of more than five boards of publicly-listed companies?	☑	None.
(P)E.3	Independent audit		
(P)E.3.1	(In the past two years) Are there any members of the board of directors or senior executives who were former employees or partners of the current external auditor.	☑	No.
(P)E.4	Structure and composition of the Board		
(P)E.4.1	Has the Chairman been the company CEO in the last three years?	☑	No.
(P)E.4.2	Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	☑	No.

Report of Risk Management in 2023



In 2023, the global economy was complicated, economic recession and high inflation still occurred in many countries; energy security, food security and climate change are greatly affecting commodity price markets; along with that, prolonged political tensions and tightened monetary policies in other countries have also brought significant consequences to the global and domestic economies. In that context, risk management at Traphaco continued to be focused, many working processes were built, completed and issued to apply throughout the company system. Efforts in risk identification and risk control have been an effective tool to help Traphaco proactively respond to challenges, as well as take advantage of opportunities to pursue growth and sustainable development goals.



1

Strategic risk management



In 2023, following the achievement of being in the Top 5 prestigious Vietnamese oriental pharmaceutical companies & the successful separation in some pioneering areas in 2022, the Company continued to carry out the separation of Herbal and non- Herbal pharmaceuticals for all remaining areas, creating new and sustainable development momentum in the strategy “Maintaining the No. 1 position in Herbal Medicine - Focusing on investment and development of Non-Herbal Medicine”. The new strategy was implemented through many solutions: Strengthening distribution channel operations capacity, Improving production capacity in Non-Herbal pharmaceutical sectors, Enhancing the brand, Digital transformation by digitizing the supply chain, Transferring technology. To achieve that goal, Traphaco has invested heavily in in-depth scientific research, invested in modern analytical equipment, invested in upgrading lines for the Herbal medicine factory at Traphaco CNC, and assessed the feasibility of investing in GMP-EU at Traphaco Hung Yen and continuing to promote technology transfer activities.

The highlight of 2023 was signing a phase 3 technology transfer contract with Daewoong and cooperating with domestic and foreign experts to launch new products, marking a turning point in the development strategy of new high-end pharmaceutical segment products; participating in the 2023 Asian Pharmaceutical Conference and have professional reports on medicinal materials that attract a lot of international attention and interest.

Along with that, the message “Speed and digitalization, connection for success” has improved the Company’s management capacity and competitiveness through flexible business solutions, integrating digital transformation in production and business activities. In 2023, Traphaco continued to maintain its position as a leading enterprise in the Herbal Pharmaceuticals segment in particular and Pharmaceuticals Segment in general.

2

Legal risk management



Legislation is an important tool in protecting the rights of businesses, helping managers and businesses operate in a safe legal corridor.

In 2023, legal risk management activities will continue to be maintained and promoted by the Legal department, widely covering the Company’s production and business activities, while promoting its role and position according to their functions and tasks. To prevent legal risks and help business leaders promptly grasp legal regulations to apply those policies to the business’s production and business process, Traphaco’s Legal department has implemented the following operations:

- Update and disseminate changes in legal documents and evaluate the impact of legal documents on Traphaco’s business activities.
- The work of commenting on draft legal documents was promoted in 2023, increasing in quantity, frequency and quality, gradually removing regulations that hinder the Company’s operations. Many of Traphaco’s contributions were consulted, recognized and absorbed by the Editorial Board to develop legal documents, gradually removing regulations that hinder the Company’s operations.
- Control legal disputes through reviewing contracts/transactions before signing and providing legal advice on cases that are complex or have a major impact on the Company’s operations.
- In addition, in 2023, the Legal department developed contract templates to increase productivity, work efficiency, and minimize legal risks in the system.

3

Financial risk management



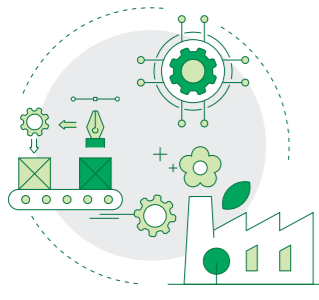
Financial risk management is an important process in Traphaco's business and investment, helping the company evaluate and manage financial risks effectively. With the goal of maintaining a high gross profit margin, Traphaco has implemented many solutions to: well control the gross profit margin of the Company's key products, optimize operating costs and digitally transform payment solutions into non-cash payment.

The company continued to maintain cost control through annual budget planning, to minimize risks in financial operations and achieve the highest profit. Cost limits were built and calculated appropriately, the process of building and implementing cost limits would help identify and eliminate unreasonable and ineffective costs, while still ensuring efficiency and proactiveness in the Company's production and business activities.



4

Operational risk management



Regarding the general context of 2023, the socio-economic situation faced many difficulties, fluctuations in energy prices, input materials or risks from the supply chain, increasing costs was no longer be the hottest issues like year 2022 and gave way to the story of slow growth of the economy, people's income decreased, patients tended to have medical examinations and get insurance medicines, limited the purchase of non-insurance medicines. On the other hand, the pharmacy chain system has been growing strongly, competing fiercely with traditional pharmacies. Most pharmaceutical companies doing business on the OTC channel were affected by a decline in revenue due to reduced consumer purchasing power.

In that context, the separation of the entire pharmacy representative system in the direction of private Herbal medicine and Non-Herbal medicine in all provinces nationwide has initially come into stable operation, improving sales efficiency. In 2023, the Company also increased direct communication activities with pharmacy owners through a series of direct training, visiting Traphaco Hung Yen medicine factory and conducting online training on medical knowledge, pharmacy, organizing customer conferences combined with training and updating new knowledge for customers. Thereby, building reputation and increasing customer support and companionship, contributing to increasing Traphaco brand value.

In addition to solutions to boost revenue for traditional pharmacies, Traphaco also expanded distribution channels to the pharmacy chain system, e-commerce channels and ETC sales channels. Traphaco has specific sales policies for the chain system, signing contracts directly with qualified e-commerce platforms (thuocsi.vn and vimedimex). In particular, ETC channel sales revenue has exceeded the yearly plan.

For input raw materials, goods, and services: The Company has proactively organized supplier selection evaluation councils in an open and transparent manner to select qualified suppliers to provide the Company with quality products, reasonable prices, save input costs and increase profits for the Company. Regarding the source of medicinal materials, the Company has proactively developed a plan for medicinal growing areas that achieve GACP standards to meet the Company's demand for high medicinal herb production.

2023 is the year Traphaco started implementing digital transformation projects. Digital transformation is the process of changing mindset, changing organizational models, changing methods, work processes, culture... to create new value for the Company and for employees. Digital transformation is also the key to optimizing profits. Currently, Traphaco has completed a survey of the current status and assessed the level of digital maturity at the Company, determined a digital transformation strategy & built digital initiatives to complete goals. Digital initiatives were deployed quickly in 2023, impacting many audiences and immediately bringing value to Traphaco in the value chain from supply - production - distribution, in business processes and interactions among inter-department/subsidiary companies, contributing to improving labor productivity and effective cost management.

Traphaco increased the productivity and efficiency of the Logistics chain through real-time management: tracking at all times the transportation journey from warehouse to consumer, while controlling risks along that journey, helping to improve the management ability of businesses. Connecting departments related to transportation operations, connecting suppliers to a 24/7 online network and improving the way of purchasing and managing freight contributed to increasing the productivity of logistics activities. In addition, logistics costs were also optimized thanks to analytical data on the system to provide an effective roadmap and control costs according to reality.

During the implementation process, the Company accelerated the progress of material estimation to quickly meet the material needs for production, increasing the speed of building material norms thanks to the application of information technology systems. Synchronize & manage materials list. Reduce data entry time & errors during compilation. Minimize risks in material planning, quickly respond to material needs for production, and increase labor productivity.

There was a close connection between Herbal and Non-Herbal Pharmaceutical R&D departments, Marketing department, ETC department, and OTC Business department in screening new product ideas to select for research, registration, and publication according to Company orientation. Accelerating the pace of deployment has helped Traphaco take advantage of market opportunities. In addition, Traphaco also proactively cooperated and connected with experts to conduct research and successfully applied optimization of medicinal extracts into production, increased efficiency and developed products from medicinal materials.

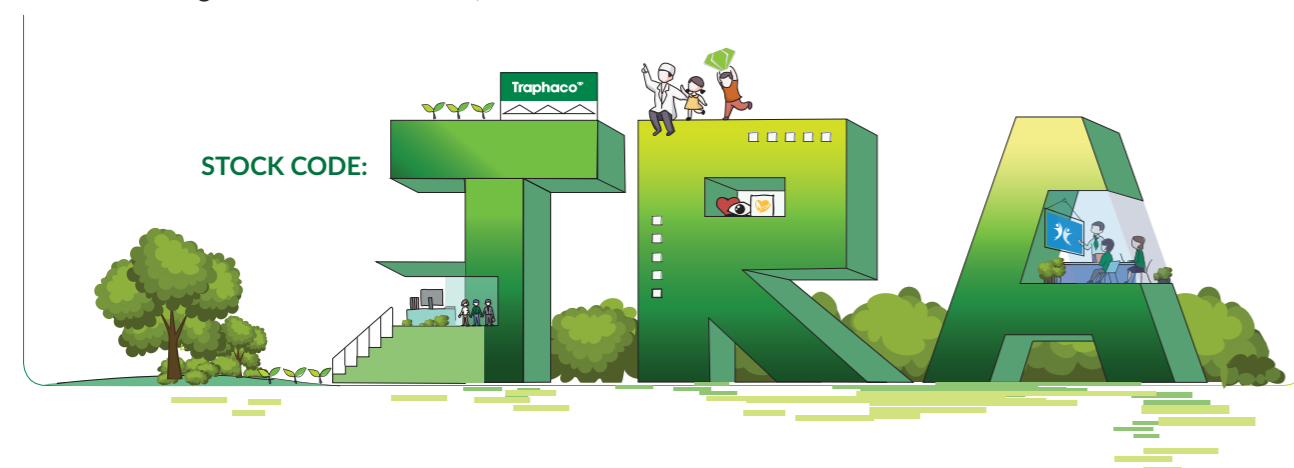


In 2023, Traphaco has succeeded in building the Traphaco brand image in the new era as a high-class brand, affirming its position as No. 1 Premium Herbal Medicine, with the capacity to develop Western medicine. Successfully implementing digital transformation goals that helps create new opportunities, revenue and value for users, customers and partners.

Stock information & Investor relations (IR)

Information on TRA stock

As of the last registration date March 10, 2023



Type of stock:
Common stock

414.53

CHARTER CAPITAL
(Billion VND)

4,000

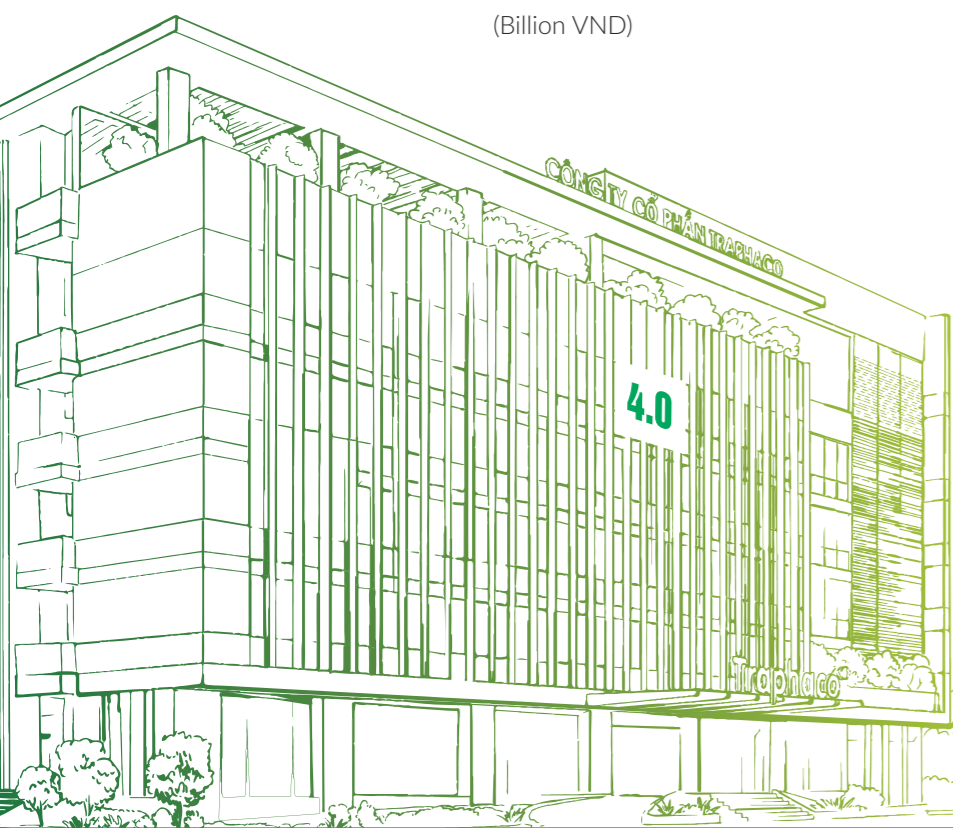
MARKET CAPITALIZATION
(Billion VND)

41,453,673

NUMBER OF LISTED STOCK
(Shares)

41,450,540

NUMBER OF STOCKS ON CIRCULATION
(Shares)



Shareholders Structure

Shareholders	Proportion	Shareholders	Proportion
Foreign organizations	45.94%	Foreign Individuals	0.20%
Domestic organizations	36.58%	Domestic Individuals	17.28%
State shareholders		Special shareholders	
		Treasury stock	0.01

List of major shareholders holding more than 5% of the Company's share capital

No.	Name of Organization	Business Registration Number	Address	Share volume	Ownership percentage
1	State Capital Investment Corporation	0101992921	No. 117 Tran Duy Hung, Cau Giay, Hanoi	14,786,512	35.67%
2	MAGBI Fund Limited	ERC No.: 2565995	UNIT 810, 8/F STAR HSE 3 SALISBURY RD TST KLN HONG KONG	10,361,385	25.00%
3	Super Delta Pte. Ltd.	201722666G	10 Anson Road, # 23-14P, International Plaza, Singapore (079903)	6,267,289	15.12%

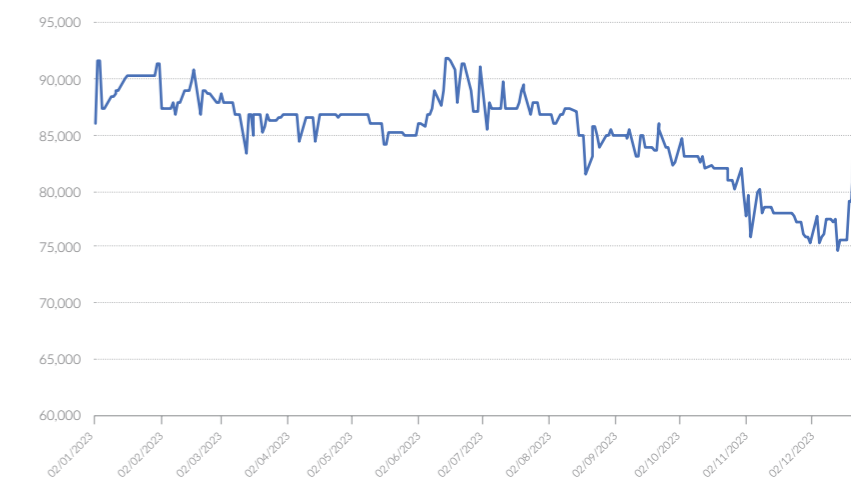
Price trend of TRA share in 2023

Trading price movements of TRA shares from January 1, 2023 to December 29, 2023

(calculated based on adjusted closing price)

Traphaco (TRA) stock price in 2023 did not fluctuate much, with the lowest trading price reaching 74,710 VND, the highest trading price reaching 91,800 VND, with a difference of 17,090 VND. Just like in 2022, in 2023, TRA still paid dividends to shareholders at an average rate of 30%/year. During the year, the Company completed dividend payment for 2022 with a total payment of 3,000 VND/share.

Closing price movements after TRA's adjustment in 2023 (VND/share)





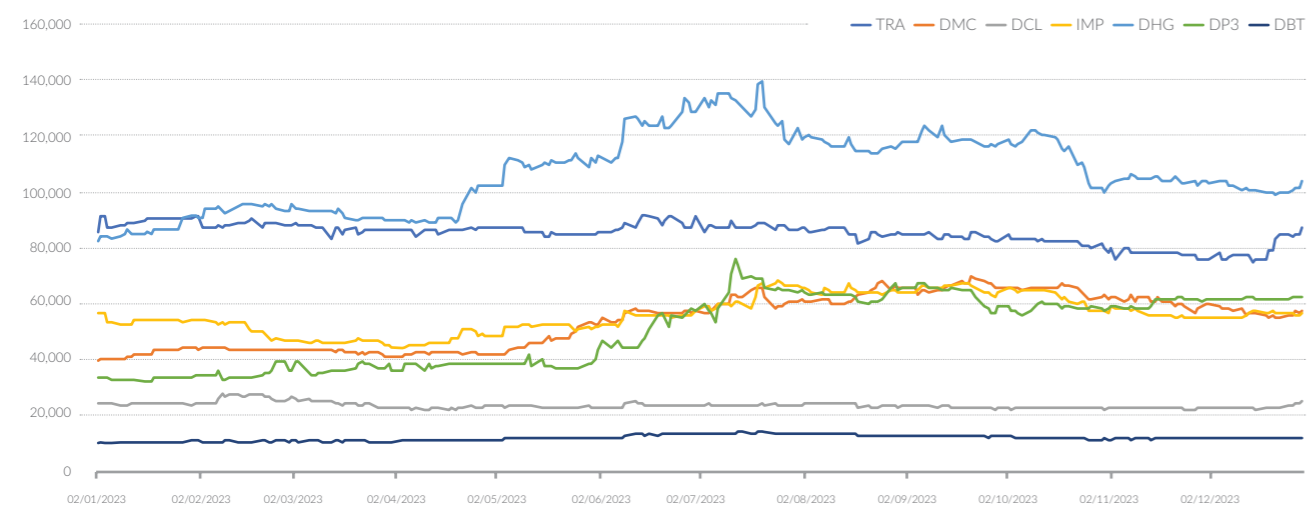
Compare trading price movements of TRA shares with pharmaceutical stocks in 2023

Some pharmaceutical stocks in 2023 had better trading movements than those of the VN-Index in the past year.

Comparison table of stock price fluctuations at the end of the year compared to the same period of TRA and pharmaceutical stocks in 2023

Date	TRA	DMC	DCL	IMP	DHG	DP3	DBT
1/1/2023	85.95	39.62	24.50	56.51	82.29	33.25	10.20
29/12/2023	86.91	57.50	25.50	56.60	104.00	62.79	12.20
Difference	0.96	17.87	0.50	0.10	21.71	29.53	1.97
% Difference	1%	45%	2%	0%	26%	89%	19%

Compare TRA's trading price developments with pharmaceutical stocks in 2022 (VND/Share)



Compare the developments of TRA and VN-INDEX from December 31, 2022 to December 30, 2023

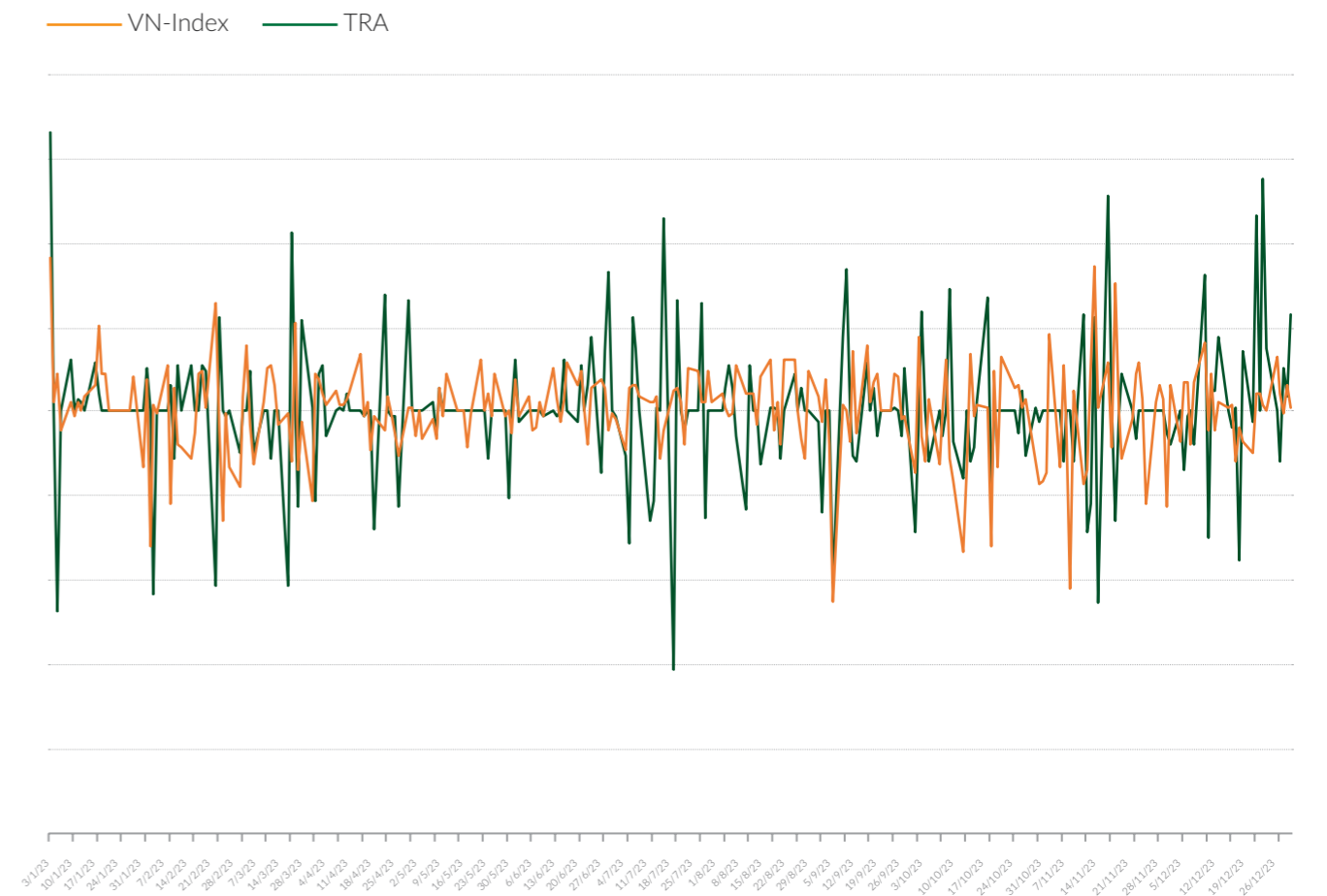
According to SSI Securities Company, the stock market performed quite well in 2023, the VN-Index increased by 12.2% over the same period, after a sharp decrease in 2022. The main driving force helping the market achieve good performance in 2023 were the Government's proactive and timely support policies in efforts to remove difficulties in the real estate market and corporate bond market, while reducing interest rates to create good motivation to increase consumer trust. These included four reductions in operating interest rates, a 2% reduction in VAT and new measures to support the credit market.

The VN-Index once reached 1,245.5 points (recovering 36.6% from the bottom in November 2022), but ended the year by returning to 1,129.9 points (26.1% lower than peak in April 2022).

TRA stocks as well as pharmaceutical stocks have the characteristics of a "defensive" stock group, with few strong fluctuations. In 2022, TRA shares increase +3% over the same period (while VN-Index has a sharp decrease of -32%), and in 2023, TRA shares end the year at 86,910 VND on December 29, 2023, up 1% over the same period.

Date	1/1/2023	29/12/2023	Change	% Change
TRA (VND/CP)	85.950	86.910	0.96	1.11%
VN-INDEX	1007.09	1129.93	122.84	12.20%

So sánh biến động giá cổ phiếu TRA với VN-INDEX năm 2022





Transaction statistics

91,800

HIGHEST TRA SHARE PRICE ON JUNE 14TH, 2023 (VND/ SHARE)

74,710

LOWEST TRA SHARE PRICE ON DECEMBER 14TH, 2023 (VND/ SHARE)

0.960

PRICE VOLATILITY DURING THE YEAR (+1,11%) (VND)

2,746

AVERAGE DAILY TRANSACTIONS (share)

Share price	Date	Price
Price closed at the end of the year	29/12/2023	86,900 VND/share
Highest share price	15/06/2023	91,800 VND/share
Lowest share price	14/12/2023	74.710 VND/share
Longest consecutive price increase: 4 consecutive days	14-22/12/2023	
Price volatility during the year		0.960 VND (+1,11%)
Trading volume at the end of the year	29/12/2023	34.600 shares
Highest	19/07/2023	35.800 CP
Lowest		100 shares
Average daily trading volume		2745.769 shares
Earnings per share		6.350 VND/share



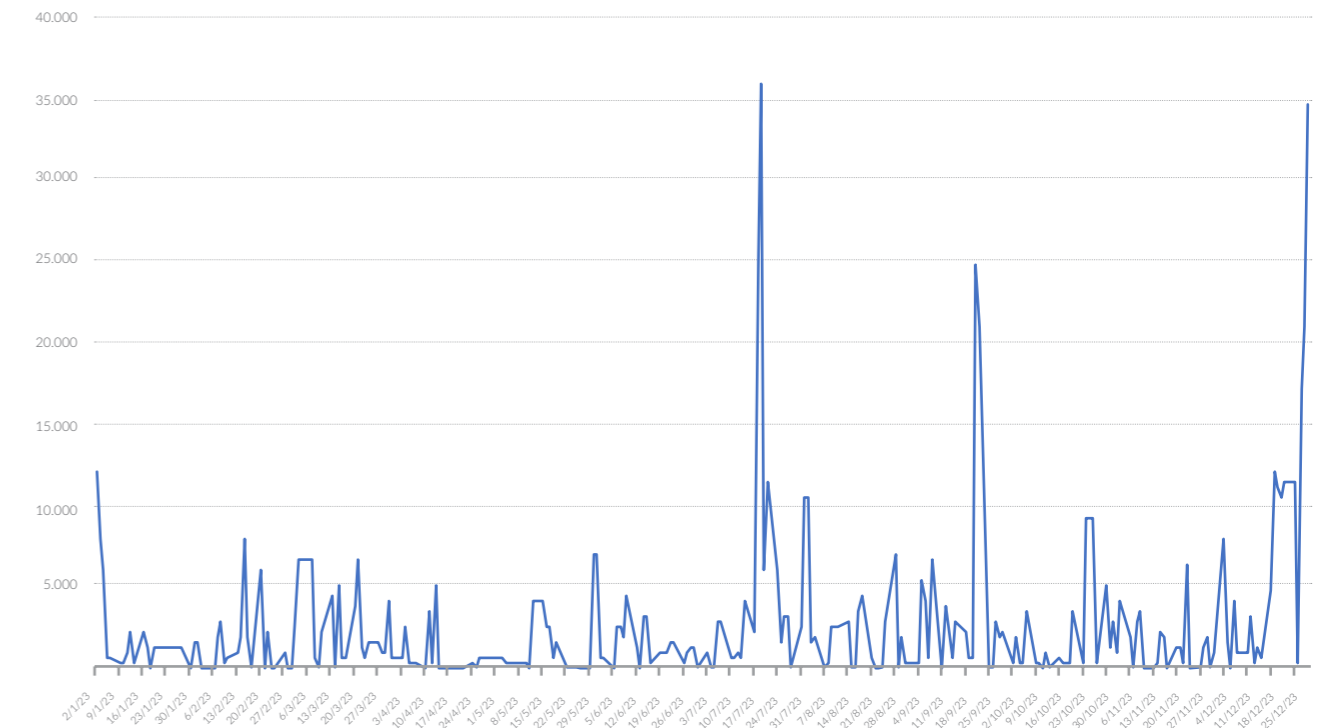
TRA shares traded the most in the period July and December 2023. In particular, the average trading volume in July 2023 is 5,304 shares/session, in December 2023 is 9,380 shares/session.



It can be seen that TRA shares as well as pharmaceutical stocks do not have high liquidity. Pharmaceutical stocks are usually not much affected by factors affecting the general market (macro, policies, interest rates, etc.) and are very “favored” by foreign investors. These are highly safe stocks when organizations participate with the main purpose of long-term holding, so trading movements are often less exciting than other industry groups.

Trading volume & value of TRA shares (1/1/2023 đến 29/12/2023)

TRA's average monthly trading volume in 2023 (Share/Session)



HIGHEST TOTAL TRANSACTION VALUE ON JULY 19, 2023 WITH TRADING VOLUME REACHING

35,800

SHARES

TRA's largest trading session was in July 2023 with trading volume on July 19, 2023 reaching 35,800 shares.

SUSTAINABLE
DEVELOPMENT



Overview of the report



Traphaco's approach to sustainability issues derives from the business's long-term economic growth goals combined with social development and environmental protection goals, thereby contributing to general development of the community. This report records the important activities of Traphaco and its member units (hereinafter referred to as "Traphaco") related to sustainability issues in 2023.

Scope of report: TRAPHACO Company

Reporting period: January 1, 2023 - December 31, 2023

Standards applied: Traphaco develops its own Sustainable Development Report in accordance with "Suitable" guidelines - Core plan of GRI Standards.



CONTACT

To send questions and recommendations related to sustainable development activities of Traphaco as well as the content of the Report, please contact us as below:

Mrs. DAO THUY HA

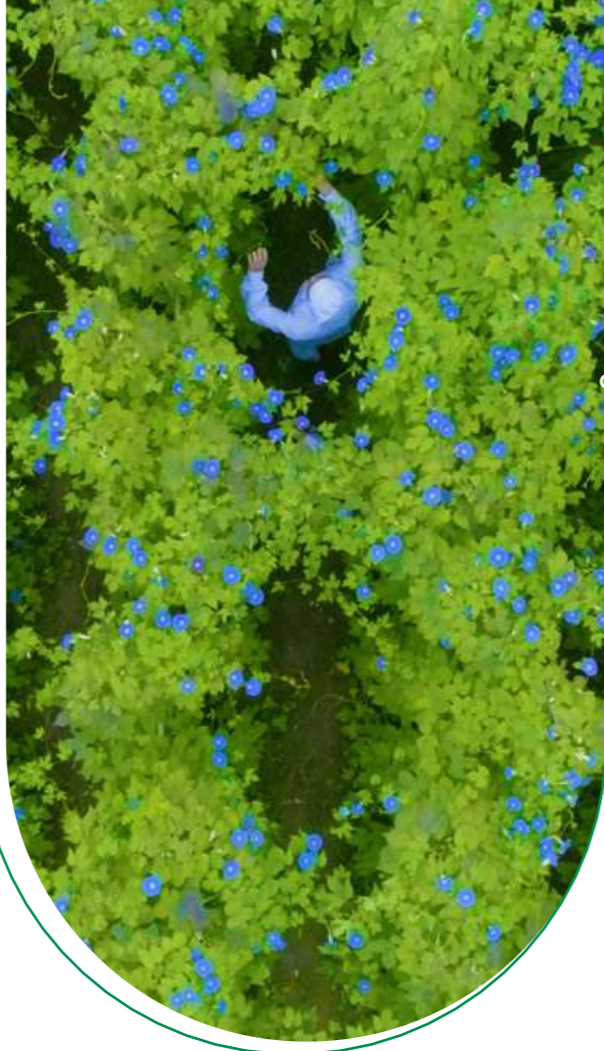
*BOD Member,
Chief Operating Officer*

Address:

Lane 15, Ngoc Hoi Road, Hoang Mai District, Ha Noi

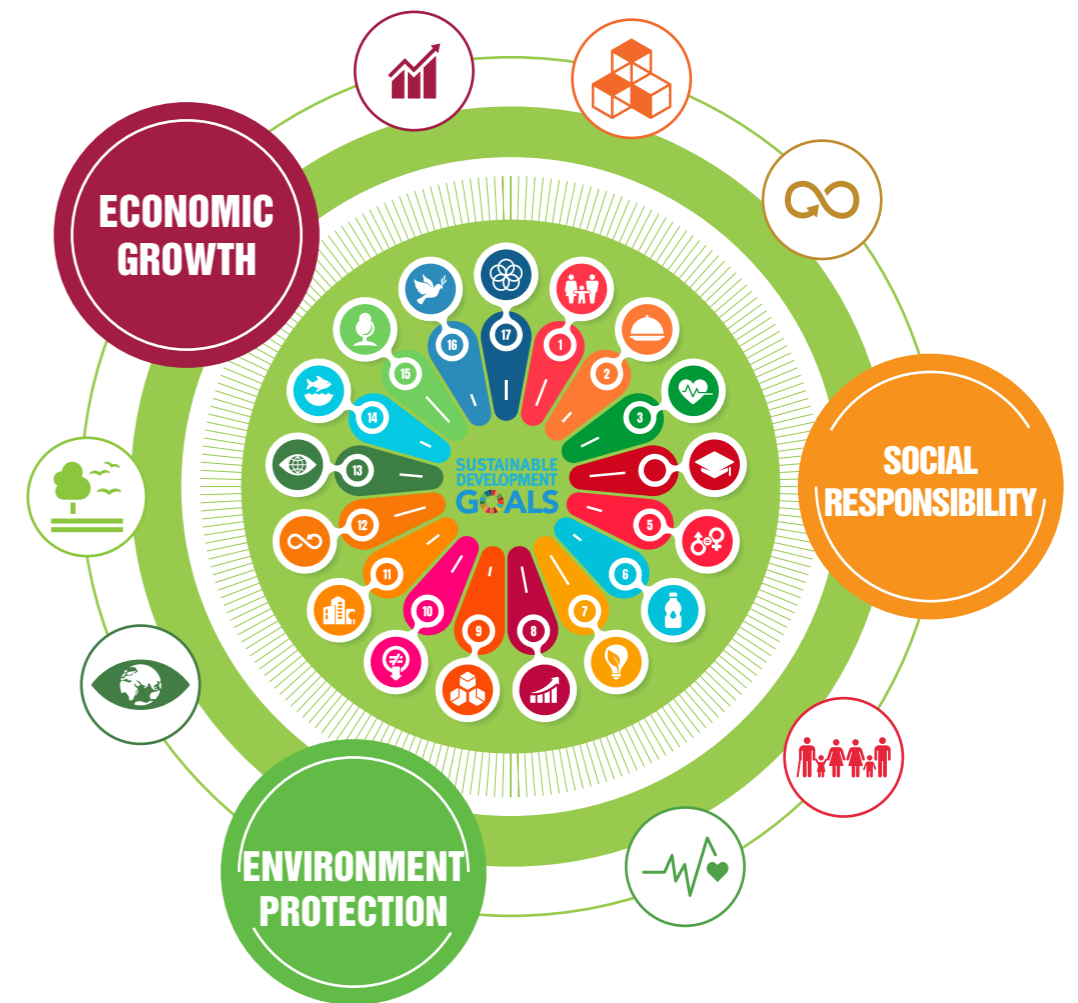
E-mail: hadt@traphaco.com.vn

Your feedbacks will help Traphaco making appropriate decisions to carry out the vision toward 2025 becoming the number one pharmaceutical enterprise in Vietnam in terms of growth rate and profit; and to ensure the mission in Pioneering the innovation of Green Pharmaceutical products for healthcare.



Sustainable development model of Traphaco

Traphaco consistently integrates economic growth with environmental protection and social responsibility - **Three factors that play a fundamental role in the long-term success of Traphaco**



The communication process with stakeholders helps us understand that besides economic growth, ensuring the benefits of society, community and environmental preservation are equally important for the sustainable development of Traphaco.

Strategic orientation Sustainable development

The Summit of the High-Level Political Forum (HLPF) on Sustainable Development in 2017 took place in July 2017 with the theme

“Eradicating poverty and promoting prosperity in a changing world”

The categories of goals which have been discussed and concerned for the next phase include:



- SDG 1.** Eliminate poverty in all of its forms everywhere.
- SDG 2.** Eliminate hunger, achieve food security and improve nutrition and promote sustainable agriculture.
- SDG 3.** Ensure a healthy living condition and improve well-being for all ages.
- SDG 5.** Achieve gender equality and empower all women and girls.
- SDG 9.** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- SDG 14.** Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
- SDG 17.** Strengthen the means of implementation and revitalize the global partnership for sustainable development (always reviewed annually).

Also according to Vietnam's Voluntary National Evaluation Report (VNR) presented by Deputy Minister of Ministry of Planning and Investment Nguyen The Phuong in HLPF 2018, the notable achievements are GDP growth and Reduction of Poverty (SDG1). Health Insurance (SDG 3), Management of Environment and Natural Resources have also been improved (SDG 15).



Based on the specific content of 17 United Nations Sustainable Development Goals (SDG), also referring to the goals of Vietnam (VSDG) and issues considered at the High-Level Political Forum in 2017, as a business enterprise in the field of pharmaceutical production and trading, Traphaco selected and integrated the following objectives in the orientation of the Enterprise Sustainable Development Strategy for the period 2021-2025:



Efficient and sustainable growth



<p>8 VIỆC LÀM ĐÁNG HOÀNG & TĂNG TRƯỞNG KINH TẾ</p>	<p>12 TIÊU DÙNG & SẢN XUẤT CÓ TRÁCH NHIỆM</p>	<p>9 CÔNG NGHIỆP, ĐỔI MỚI & CƠ SỞ HẠ TẦNG</p>
<p>OBJECTIVE 1 (SD8) Promoting sustainable, effective and long-term economic growth; creating jobs and increasing productivity for everyone</p> <p>OBJECTIVE 2 (SD12) Ensuring responsible consumption and production</p> <p>OBJECTIVE 3 (SD9) Building up solid infrastructure, promoting open and sustainable industrialization and encouraging innovation</p>		



Optimizing the capacity and effectiveness of corporate governance and the Green Value Chain. Improving business efficiency by expanding business scale and boosting productivity to increase Traphaco's value, making it the leading Green brand in Vietnam.

Investing in research and development activities, especially in timehonoured Vietnam's tradition of medicinal herbs, using high quality local medicinal herbs to create modern products to serve domestic demand and overseas market.

Enhancing operational efficiency through investing in technology that meets the highest standards of the Vietnamese pharmaceutical industry to increase the efficiency of resource use, and applying more clean and environmentally friendly technologies; Modern Management System based on integrated information technology platform.

Building a working environment among the best in Vietnam; Ensuring salary, bonus and welfare regimes for employees, create work motivation and encourage creativity.

Contribute to the general development of society



<p>1 XÓA NGHÈO</p>	<p>3 CUỘC SỐNG KHỎE MẠNH</p>
<p>OBJECTIVE 4 (SD1) Eliminating poverty in all forms, in all places</p> <p>OBJECTIVE 5 (SD3) Ensuring a healthy living condition and improving well-being for all ages</p>	

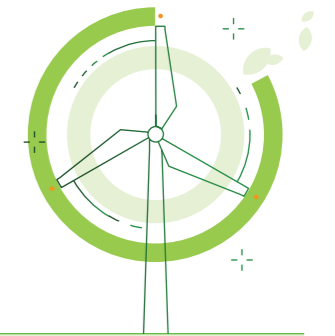


Pioneering in responding to the campaign of Vietnamese people prioritizing use of: using Vietnamese raw materials and Vietnamese know-how for health care.

Transferring techniques and monitor cultivation and development of medicinal herbs in localities to help increase income and stabilize the life of ethnic people and farmers.

Contributing to the community's access to medicine through continuous innovation to improve product quality, labor productivity, optimize costs, and create medicinal products that meet society's needs

Join hands to protect the environment



<p>13 HÀNH ĐỘNG ỨNG PHÓ VỚI BIẾN ĐỔI KHÍ HẬU</p>
<p>OBJECTIVE 6 (SD13) Taking action to Respond to climate change</p>



Ensuring the preservation of ecosystems, biodiversity, desertification, rehabilitation of degraded lands and soils

Greening bare land and bare hills with medicinal growing areas meeting GACP - WHO standards

Minimizing activities that generate waste and environmental pollution, contributing to improving the environment and human health.

Using energy efficiently through reasonable and conscious use of energy and natural resources

Action plan for 2023

Traphaco
Con đường sức khỏe xanh



Efficient and sustainable growth

1. Promote sustainable, effective and long-term economic growth; create jobs and increase productivity
2. Optimize the capacity and effectiveness of corporate governance and the Green Value Chain.
3. Improve business efficiency by expanding business scale and boosting productivity to increase Traphaco's value, making it the leading Green brand in Vietnam.
4. Invest in research and development. Implement the strategy for developing diversified concentric products based on key products. Focus on developing western medicine and technology transfer activities.
5. Optimize costs in all business activities, by: Allocating norms, assigning responsibilities and control by the norms.



Contribute to the general development of society

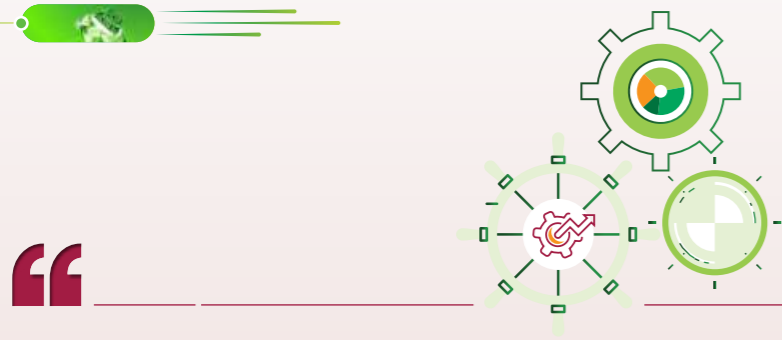
1. Join hands with the community to prevent epidemics during the year. Comply with State regulations. Contribute and support health care activities for patients and people nationwide.
2. Enhance operational efficiency through investing in technology that meets the highest standards of the Vietnamese pharmaceutical industry to increase the efficiency of resource use, and apply more clean and environmentally friendly technologies; Modern Management System based on integrated information technology platform.
3. Build a working environment among the best in Vietnam; Ensure salary, bonus and welfare regimes for employees, create work motivation and encourage creativity.
4. Ensure responsible consumption and production. Enhance customer value and product quality
5. Pioneer in responding to the campaign for Vietnamese people to prioritize: using Vietnamese raw materials and Vietnamese knowledge to serve health care
6. Instruct and transfer techniques for growing and developing medicinal herbs in localities to help increase income and stabilize the lives of ethnic people and farmers in medicinal growing areas.
7. Ensure a healthy living condition and improving well-being for all ages

Join hands to protect the environment

1. Take urgent action to respond to climate change: Making the Carbon Footprint Report of the parent company and member companies
2. Green bare land and bare hills with medicinal growing areas meeting GACP - WHO standards
3. Minimize activities that generate waste and environmental pollution, contributing to improving the environment and human health.
4. Use energy efficiently through reasonable and conscious use of energy and natural resources
5. Protect, regenerate and encourage sustainable use of terrestrial ecosystems, sustainable management of forest resources, combat desertification, soil erosion and loss of biodiversity.



Economic growth



As a typical example of sustainable development in Vietnam, Traphaco always aims to develop a green economy with 3 goals: High economic efficiency associated with social responsibility and environmental protection.

Production And Business Activities

Continuing the journey of 50 years of construction and development, 2023 marked many transformations of Traphaco towards the goal of becoming the No. 1 pharmaceutical brand in Vietnam's pharmaceutical industry. The Business System Restructuring Project continued to be implemented and completed, applying the new Organizational Model and Delegation of Authority, planning the Business and Marketing, Research and Development (R&D), and Finance - Planning segments and supporting departments.

In 2023, Vietnamese pharmaceutical enterprises faced many difficulties such as slow economic growth; weak consumer demand; fluctuations in energy and input materials prices; competition between businesses in the same industry; and pressure from rising exchange rates. In the above challenging context, thanks to flexible adaptation, proactive resources, and stable production and business activities, Traphaco Joint Stock Company continued to maintain high revenue and profit index.

With stable production and business performance results, good care for workers' lives, along with outstanding customer care activities, Traphaco Company has been awarded many valuable awards by domestic and foreign organizations such as: being honored for the 7th time as "Typical Enterprise for Employees" in 2023; Top 10 Best Places to Work in Vietnam in 2023 - Pharmaceutical, Medical Equipment Industry; 50 most effective business companies in Vietnam in 2023; Top 25 leading personal and industrial consumer goods brands by Forbes Vietnam.

The targets of registration number, new product development and other targets were all completed and exceeded the set plan.

In 2023, Traphaco maintained a dividend of 30% equivalent to 123 billion VND, which was considered high compared to the pharmaceutical market on average.



CONSOLIDATED REVENUE IN 2023
(Unit: Billion VND)

2,299



CONTRIBUTION TO THE STATE BUDGET
(Unit: Billion VND)

99,03



PAYMENT OF DIVIDENDS TO SHAREHOLDERS
(Unit: Billion VND)

123

● Contribute to the state budget ● Payment of dividends to shareholders



PROFIT AFTER TAX IN 2023
(Unit: Billion VND)

285



Social investment



Enhancing human resources and policies for employees



LABOR FORCE

TOTAL NUMBER OF TRAPHACO EMPLOYEES AS OF 31/12/2023 (people)

1,021

REGARDING QUALIFICATIONS, THE WORKFORCE WITH UNIVERSITY AND POSTGRADUATE DEGREES ACCOUNTS FOR

42%

WITH AN INCREASINGLY HIGH-QUALITY WORKFORCE, IT HAS WELL MET TRAPHACO'S BUSINESS AND SUSTAINABLE DEVELOPMENT REQUIREMENTS.



As of December 31st, 2023, the total number of employees is 1021 people, including 831 officers, employees and 190 collaborators, an increase of 10.3% compared to 2022. The proportion of male workers accounts for 63.7% and the proportion of female workers account for 36.3%. The age structure of middle-aged people (from 30 to 50 years old) with solid professional qualifications and extensive practical experience accounts for 74.1%, the young workforce under 30 years old accounts for 16.4%, and the older workforce accounts for 9.5%. People over 50 years old, with rich experience and long-term loyalty to Traphaco account for 9.5%.

In 2023, Traphaco's turnover rate was 2.6% of the Company's total employees, focusing mainly on male employees aged 30-50 years old, accounting for 79% of the total number of employees quitting their jobs.

Labor structure of the entire Company in 2023

Indicators	Number of employees	Number of collaborators	Percentage
Nationality			
Vietnam	830	190	99.9%
Korea	1		0.1%
Structure by ethnicity			
Kinh	1,004		98.3%
Ethnic minorities	16		1.6%
Korean	01		0.1%
Gender			
Male	500	150	63.7%
Female	331	40	36.3%
Age range			
Under 30	100	67	16.4%
30 to 50	643	114	74.1%
Above 50	88	9	9.5%
Education level			
Post-Graduate	48		4.7%
Bachelor	329	52	37.3%
Other	454	138	58%
Sector			
Sales	602	190	77.6%
Manufacturing	20		2.0%
Office	209		20.4%



Structure of Job-termination in 2023

Indicators		Age range			Gender	
		<30	30-50	>50	Male	Female
The number of employees terminated labor contract, other	Amount	4	15	0	15	4
	Rate %	21%	79%	0	79%	21%
Retirement	Amount			3	2	1
	Rate %			100	67%	33%

EDUCATION AND TRAINING



Training activities at the company are carried out fairly without discrimination by gender or type of employee, with the aim of improving the efficiency of human resource use while increasing job adaptation at workplace in the future.

In 2023, accompanying with enterprise digital transformation activities in the period 2023 - 2025, internal training/communication activities through E - learning continued to be implemented and gradually replaced traditional training forms, E-learning training was deployed on a large scale to labor groups in the Company from the Sales Division to the Office Division.

Training results in 2023

No.	Contents	Unit	Performed
1	Contents	1,000 VND	1,699,865
	Training costs	1,000 VND	1,671
2	Training costs/person/year	Number of people	5,766
	Number of people trained	Number of people	6
3	Number of training sessions/person/year	course	66

Analysis by Training content:

1	Company on-boarding training for newly recruited employees	Number of people	22
2	Mandatory compliance training (3 courses)	Number of people	158
		1,000 VND	76.175
3	Management skills training (6 courses)	Number of people	67
		1,000 VND	132.408
	• Soft and professional skills training (50 courses)	Number of people	5.519
4	• Attend workshops, conferences, listen to topical seminars, Support advanced training (7 courses)	1,000 VND	1.491.282



Training contents were implemented in 2023:

1. On-boarding training for new employees.
2. Mandatory compliance training to meet regulations and content on: Fire Prevention & Control, OSH (by target groups), GDP/GSP
3. Training on newly issued working processes and revised working processes in 2023 for relevant subjects.
4. Training/communication on:
 - Digital transformation at Traphaco throughout the system;
 - Communication: "6 Ultimate Cultural Principles" and "6 Behaviors of Traphaco managers" through digital documents.
5. Training knowledge and skills for OTC business sector:
 - Provide product knowledge training, sales programs and customer consulting to the Sales Department and the Public Relations Team monthly through offline/online forms implemented by the Marketing Department.
 - Training on "Developing successful sales skills" for OTC business sector.
6. Other professional training courses were also implemented such as:
 - Enterprise risk management and compliance control.
 - Corporate governance, people management, KPI, financial and business analysis.
 - Online bidding.
 - Digital Marketing.
 - Extracting, preparing, and building high standards of medicinal materials.
 - Quality control expertise.
 - Non-cash payment solution.
 - Attend professional/professional training courses on: Labor law, regulations in medicine bidding, medicine registration, medicine import, tax, "Professions about the 2023 National Quality Award", ..

APPRECIATE THE VALUE CONTRIBUTION OF EMPLOYEES



Welfare policy

- Average income reached 26.6 million VND/person/month, down 15% compared to 2022.
- In the context of economic recession, the market's purchasing power decreased, directly affecting the production and business situation of many occupations in society, labor income decreased, and unemployment rate increased. In 2023, Traphaco created 90 more jobs for employees, Traphaco's average income of 26.6 million VND/person/month, although down 15% compared to 2022, was still a good income in the market and in the pharmaceutical industry.
- Each year, the Company periodically rewards outstanding individuals with 5 million VND/person, and offers a study tour abroad to outstanding individuals; and extraordinary rewards for groups/individuals who make positive contributions, or have innovative initiatives that contribute to the Company's production and business activities.
- Welfare regimes for employees are always guaranteed and maintained over the years: On-site toxic compensation; Gasoline and phone allowances; Heat prevention measures; Special care regime for female officers; Vacation benefits; Spending on holiday and New Year bonuses for employees; Giving gifts to officials who are children of war invalids and martyrs; Organizing gift giving for children on the occasion of International Children's Day June 1 and Mid-Autumn Festival; Maintain recognition and rewards organization for employees' children with good academic achievements,...
- In 2023: The Company's standard salary increased by 10% so as to increase monthly salaries and social insurance contributions for employees, creating a stable psychology and peace of mind for employees.
- Implement current labor law regulations, organize dialogues with employees, as well as organize annual employee conferences, along with internal surveys to find out their thoughts and aspirations, as well as sharing Traphaco's business orientation and performance results, aligning and harmonizing personal goals and motivations with the overall goals of the organization.
- Every year, the Company organizes periodic health checks for all employees. Strengthen health care and health protection knowledge, especially for female workers, and knowledge about disease prevention.



Performance management system and pay and reward based on performance

The performance management system continues to be applied and increasingly improved to improve efficiency in practice. Since its implementation, this system has helped align Traphaco's goals to each department and employee level, contributing to improving business efficiency by equipping every individual in the organization with resources and tools to help clearly identify Traphaco's expectations, creating conditions for individuals to operate effectively, develop all their abilities and potentials, and contribute to Traphaco's success.

Maintain good implementation of the "Deliver and evaluate work performance according to KPI" process. Every month, assign and evaluate the work efficiency of departments and individuals as a basis for salary and bonus payments. This policy ensures that employees are paid consistently, transparently, and in accordance with the nature of their work, work efficiency and efforts, creating motivation for employees.

Maintain a bonus regime for completing the plan associated with each individual's work completion results to promote and motivate employees.



Performance-based pay policy

After 6 years of implementing the 3P salary system (pay based on position, personal ability and performance), employees are increasingly aware of their own roles and responsibilities in the organization, have goals in improving personal capacity and work efficiency. Good and efficient employees will receive an appropriate salary for their work.

Every year, the Company organizes salary increase review for employees based on each individual's ability and work efficiency, employees feel appreciated and recognized for their progress, which creates motivation at work and increases long-term commitment to the Company.

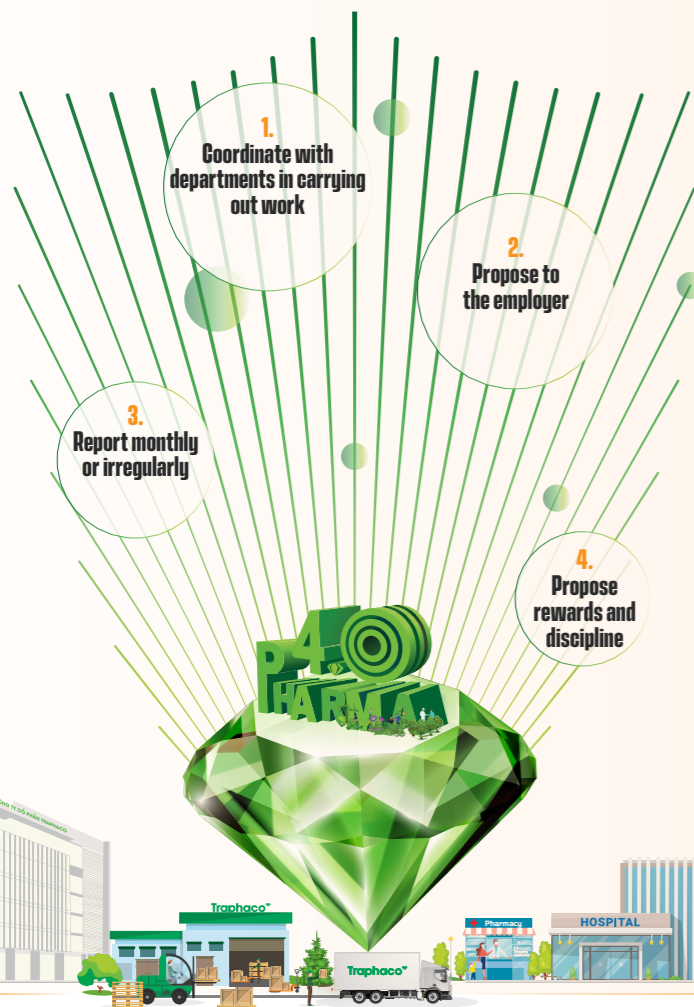
Maintain the implementation of fixed salaries based on effective salaries for job positions that directly bring revenue to the Company with the aim of further promoting sales activities, motivating employees to work enthusiastically and contribute their efforts for the development of the Company.



OCCUPATIONAL HEALTH & SAFETY

- Traphaco applies GRI Standard guidelines on issues related to occupational safety and health
- Worker representatives in official joint Occupational Health and Safety committees between management and employees.
- The Company manages occupational safety and health through the Safety Committee, safety staff network and fire prevention and emergency response team.
- The Safety committee is a bridge between employers and employees in occupational safety and health.
- The Company deploys the OHSAS 18001 system (Occupational Health and Safety Assessment Series) to manage occupational health and safety.

Functions of The Safety Committee



Advise and assist employers in organizing, inspecting and supervising the implementation of occupational safety and hygiene activities, food safety and hygiene, fire and explosion prevention and floods control in the company.

1 • Coordinate with departments in carrying out work

- Develop internal rules, regulations, processes, and measures to ensure labor safety and hygiene (OSH), food hygiene and safety (FHS), fire and explosion prevention (FEP), within the company.
- Manage and monitor the registration and inspection of machines, equipment, materials and substances with strict requirements on labor safety.
- Develop annual OSH, FHS, FEP plans and supervise the implementation of the plans; assess risks and develop emergency response plans.
- Organize and carry out propaganda activities and disseminate regulations on OSH, FHS, FEP, storm and flood prevention of the State and the company to all employees.
- Organize training on OSH, FHS, FEP for employees.
- Check OSH, FEP periodically at least once a month in production departments; check the working environment, OSH at the company kitchen at least twice a month.
- Monitor injuries and illnesses arising from work; propose to employer's measures to manage and care for labor health.
- Organize emergency response: plans, prepare forces, vehicles, finances and be ready to perform tasks when emergencies occur in the company or locally when required.
- Organize actual inspections of rules implementation, regulations and proper application of 5S practice tools throughout the company.

2 • Propose to the employer

- Participate in checking compliance with regulations on OSH, FHS, and FEP according to current laws.
- Measures to overcome shortcomings in OSH, FHS, FEP, storm and flood prevention.

3 • Report monthly or irregularly when detecting violations of OSH, FHS, FEP, and the risk of OSH and FHS shortcomings.

4 • Propose rewards and discipline for collectives and individuals in implementing OSH, FHS, FEP, storm and flood prevention.

SOCIAL INVESTMENT

Ensuring labor safety and occupational hygiene is one of the rights of workers. In 2023, the company conducted training and disseminated knowledge about occupational safety and health:

- Ensure workers receive enough training time and content:

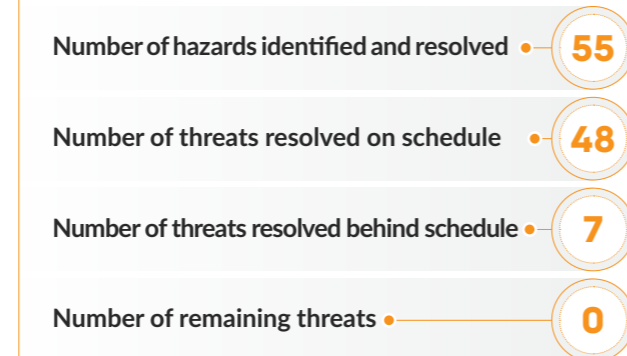


In June 2023, the Company issued QT20 - Labor safety, hygiene, environment and fire prevention.

The safety department conducted a comprehensive inspection of the factory once a month to actively find hazards and improve safe working conditions. The company encouraged and rewarded workers who actively contribute to reducing hazards and pointing out dangerous and harmful factors. This activity has become a monthly routine and created a unique safety culture for Traphaco.



- Provide full information about dangers and harmful factors at work to employees by identifying dangerous and harmful factors and disseminating identification signs to employees working at the following positions: Operating tablet presses, Labor safety, Chemical safety - Handling chemical spills.
- Operate Ethylene Oxide, Operate Laser engraving printers, at warehouse locations...
- Training on fire prevention and escape skills for staff.



Inspection in 2023

No.	Contents	Amount	Equipment name and quantity
1	Inspection of equipments with strict requirements on safety	27	Elevators (03 Units) Forklifts (04 units) Steamer, 2-shell pot (4 pieces) Refrigeration system-Trane 516000 BTU-Chiler (2) Compressed air cylinders (03 units) Water pressure tank (2) Gas piping system for kitchens and research(2) Kitchen gas detector, research (3) Measuring ground resistance Around the factory (4)
2	Differential pressure meter, manometer, thermometer, hygrometer, electronic scale, wastewater meter	275	Auxiliary system Factory Quality check Research Logistics warehouse & warehouse planning



Injury type, injury rate, occupational diseases, lost workdays, absenteeism, and number of work-related deaths

Type of injury,
injury rate:
0

- In 2023, no cases of injury or death was recorded during the work process of employees and construction contractors at the company.
- Contractors were informed of regulations on occupational safety and health.

Occupational
disease rate:
0

- No cases of occupational diseases were detected during the periodic health examination in 2023.

Lost day
rate:
0

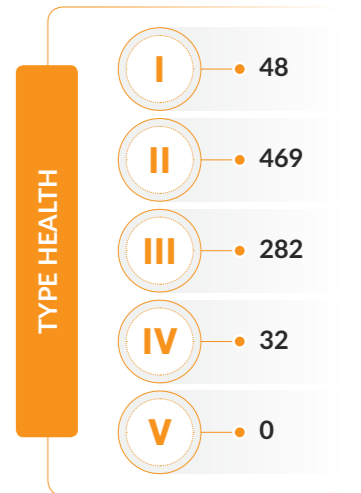
- This is the actual workday the victim has not worked since the date of the accident (not including scheduled days off: vacation, holidays, weekends).
- Lost work days do not include the day the incident occurred.

- Safety-related indicators are all positive, which confirms the positive trend in employee morale and productivity. Safety goes hand in hand with quality and company strategy.

Monitoring and measuring the working environment

198
MONITORING
INDICATORS & CRITERIA
MEET STANDARDS

- The company always ensures that employees work in an environment with good conditions and health.
- Results of monitoring the working environment two times in 2023: No indicators exceeded the allowed threshold and the monitoring results were notified to all employees.



SOCIAL INVESTMENT

Results of measuring and checking the working environment in 2023

No.	Tested and measured criteria	Total samples	Number of samples qualified Work hygiene criteria	Number of samples unqualified Work hygiene criteria
1	Temperature	11	11	0
2	Humidity	11	11	0
3	Air movement speed	11	11	0
4	Heat radiation	11	11	0
5	Poisonous gas	11	11	0
6	Frequency band	99	99	0
7	Total Suspended Particles	11	11	0
8	Respiratory dust	11	11	0
9	CO ₂	11	11	0
10	Psychophysiological and ergonomic factors	11	11	0

According to the results of working environment testing, noise fluctuated between 45.9-83.7 dBA, lower than the allowed standard of 85dBA (QCVN24:2016/BYT National Technical Regulation on noise-noise-levels exposure allowed at the workplace).

Microclimate conditions at the measurement locations were all within allowable limits (QCVN26:2016/BYT National technical regulations on microclimate - allowable values for microclimate at the workplace).

Management measures

To ensure that noise shall always be lower than allowed standards and to ensure the health of workers working at the factory and not affect the surrounding environment, the company has introduced measures to reduce noise and vibration as follows:

- Maintain and replace sound absorbers and anti-vibration components on HVAC system pipes.
- Check monthly for worn-out and lubricated or replaced components.
- Equip labor protection equipment for locations with noise higher than 80 dB.

Control of microclimate conditions is through air conditioning systems for offices and HVAC (Heating, Ventilation, and Air Conditioning) with production lines.

- **Operational technology of the system:** When the system operates to take air from the outside environment around the plant, the gas flows through the pipeline into the processing system (AHUs) including 3 levels of pre-filter - intermediate - fine filter; is a circulatory system, meaning that when additional air is taken for processing and then supplied to the production room, an equivalent amount of air is taken from the production room back into the pipeline to pass through the filters and be taken out by the exhaust steam system

For locations with chemical vapors, the company ensures that the HOOD cabinet system operates well and that workers are equipped with full personal protective equipment: shoes, safety glasses and masks/respirators.

- **Principles of operation:** The fans of the hood draws poison air generated during the experiments and push it into the air processing tower. At the tower, this air is sprayed with solution (diluted NaOH) moving in the opposite direction to absorb, neutralize the toxic gas. Then the air is absorbed into activated charcoal before being discharged into the external environment.

Complaint

In 2023, there was no complaint from employees throughout the Traphaco system.



TOPIC

Health and safety

have been mentioned in the formal agreement with the trade union

The employer and the representative of employees jointly sign a collective labor agreement, which clearly states the following provisions on OSH:

- 1 • Employers are responsible for fully equipping labor protection equipment to ensure labor safety, labor hygiene and improving working conditions for employees: Every year, people who directly involved in production are issued two sets of blu clothes, hats, masks, slippers, soap, gloves... depending on the characteristics of each type of work.
- 2 • Means of dispensing labor protection must ensure quality standards and proper specifications suitable for users.
- 3 • Employers must regularly have plans to prevent labor accidents and occupational diseases for employees, check and measure toxic factors, have a ventilation system equipped with anti-heat fans and workplace safety regulations.
- 4 • Employers must periodically inspect and repair machinery, equipment, factories, and warehouses according to labor safety and hygiene standards.
- 5 • Employees are fully instructed and must comply with regulations on labor safety, labor hygiene and the Company's labor regulations.
- 6 • **Employees must:**
 - Make maximum use of labor protection equipment according to job requirements.
 - Have the obligation to maintain personal protective equipment, use and maintain machinery and equipment safely, and keep the workplace clean.
 - Strictly implement fire prevention and fighting regulations and actively participate in rescue and recovery when unfortunate incidents occur.
- 7 • When recruiting and arranging labor, employers must base on the health standards prescribed for each type of job, organize training, guidance, and notify employees about the regulations, safe working measures, hygiene and possible accidents that need to be avoided in each employee's work.
- 8 • Employees must have a health check upon recruitment and the Company organizes a periodic health check once a year.
- 9 • Equip employees with 1 helmet/person/2 years.
- 10 • Equip employees with 1 raincoat/person/year.

Social activities



Pioneering and persistently pursuing the goal of sustainable development, over the years, Traphaco has made several impressive marks in implementing social responsibility and environmental protection requirements. Facing many difficulties and challenges of the pharmaceutical industry in particular and the economy in general in 2023, Traphaco Joint Stock Company still maintained community development activities, sharing with society common difficulties, contribute to improving people’s living conditions.



Continuing to accompany ethnic minority communities in cultivating medicinal materials

Through deploying projects of growing clean medicinal materials, Traphaco has created jobs and sustainably alleviated poverty of ethnic minority communities in many localities (Lao Cai, Nam Dinh, Hoa Binh, etc.)

As households have stable incomes and their material and spiritual lives are reinforced, it contributes to reducing the use of child labor in remote areas, creating conditions for children to attend school and receive better care.

Accompanying the professional community

2023 was a year of positive exchanges between Traphaco and the community of pharmacy pharmacists nationwide. Meetings, seminars, and conferences were carried out regularly, flexibly, and diversely as the glue that binds customers to the Company.

- Notably, the series of 6 scientific seminars on technology transfer products with a new organizational form: professional consultation, updated treatment of some cardiovascular, hepatobiliary, and stomach diseases, experience participating Factory office in Hung Yen.
- Integrating into the trend of digital transformation, 11 online scientific sessions on Zoom and YouTube for pharmacies nationwide were organized by Traphaco, reaching 900-1200 participants and followers per session.
- Since June, the Company continued to implement a series of customer appreciation conferences with 12 conferences held, welcoming more than 3,000 loyal pharmacy customers to attend. The content of the programs revolved around outstanding issues in the pharmaceutical industry, competition between traditional pharmacies and chain pharmacies, rapidly developing online sales systems were matters of great concern. Together with leading industry experts in strategy, management and business operations, the Company’s Board of Management, participating pharmacy customers exchanged, shared and discussed core values and methods about improving competitiveness in the medicine retail market during this period, with an aim to retain customers and achieve sustainable growth.



As a pioneering pharmaceutical company that splited its business system into 2 segments: Herbal medicine - Non-Herbal medicine, Traphaco hoped that through the series of seminars, pharmacy customers would understand, trust and accompany the company in this new strategy.

The separation is inevitable, in line with the current development trend and fierce competition of the pharmaceutical industry. It brings value and benefits to both the company and Traphaco’s customers, such as the concept of “mutual benefits”, “win-win” that Traphaco has been consistent with for many years.

SOCIAL INVESTMENT

Comprehensive coordination program with the Central Vietnam Association of the Elderly

On the occasion of the 82nd anniversary of the traditional day of the Vietnamese elderly and the 28th anniversary of the establishment of the Vietnam Association of the Elderly, on June 12, 2023, Traphaco and the Central Vietnam Association of the Elderly officially signed a Conclusion of the coordination program for the period 2023 - 2026.

Throughout the year, there was a series of seminars, training and professional development as well as policies, laws and security systems for the elderly in many localities across the country. At each event, Traphaco was always present with hundreds of sponsored gifts and a lot of useful knowledge and information on medicine use and family health care sent to delegates.

Another outstanding activity was a series of events responding to the 2023 Action Month for the Elderly in Vietnam with the theme "Elderly people are fully promoted and cared for", starting with the Elderly Singing Festival in Northern provinces and cities area. Traphaco accompanied and awarded sponsorship gifts with a total value of 450 million VND.

The company committed to work with the Central Association to develop a plan that implement activities to ensure consistency among relevant agencies; arrange staff, ensure resource conditions to organize effective and practical coordination activities with the elderly.

With a tradition of 50 years of construction and development, Traphaco has always been a pioneer in social work, community development, and taking care of disadvantaged groups. Traphaco has more than 20 years of experience (since 1999) organizing health care consulting activities, dispensing medicine and free Healthy Living Magazine for millions of members of the Elderly and Women's Association organizations, Pensioners' Associations, Veterans' Associations, Red Cross... at all levels from commune - district to provincial and city levels nationwide; especially in rural and remote areas where people still lack information and medical care.



Spread the message on World Hepatitis Day 2023

Traphaco always accompanies the Vietnam Hepatobiliary Association to organize the annual National Hepatobiliary Conference on World Hepatitis Day, July 28 every year, with the aim of raising awareness of viral hepatitis, which can cause serious hepatitis and liver cancer, updated with new information in the prevention and treatment of hepatobiliary conditions.

On the occasion of World Hepatitis Day 2023, Traphaco also participated in giving gifts to hepatitis patients in difficult circumstances and policy beneficiaries at the Central Tropical Diseases Hospital. This is an activity in Traphaco's social responsibility work, with the desire to spread the message "proactively take care of the liver before it's too late".



TRAPHACO ORGANIZED THE PROGRAM "ZERO VND MARKET" FOR NEARLY

1,000 CHILDREN IN DIFFICULT CIRCUMSTANCES

Traphaco accompanied the Vietnam Children's Fund

On September 23, 2023, on the occasion of the 2023 Mid-Autumn Festival, Traphaco Joint Stock Company was honored to accompany the Vietnam Children's Fund in coordination with the Group of female delegates of the 15th Vietnamese National Assembly, Provincial Party Committee, People's Council, The People's Committee and the National Assembly Delegation of Yen Bai province organized the program "Zero VND Market" for nearly 1,000 children in difficult circumstances in Mu Cang Chai district and Van Chan district, Yen Bai province. This is the second year the program has been implemented; previously, Traphaco also accompanied the "Zero VND Market" which was held very successfully in Van Ho district, Son La province. Within the framework of the program, the Company has supported medicines, supplements and health care products for children.

December 16, 2023 marked the 17th time Traphaco has accompanied the "Spring for Children" program, with the desire to create conditions for poor children, children in disadvantaged areas, and children with special circumstances to have better living conditions, to integrate and develop. Participating from the first years, each year, Traphaco Joint Stock Company sponsors the program in the form of gifts worth 200 million VND. The 17th year program had the theme "Flying into the Future", organized by the Vietnam Children's Fund in coordination with relevant units.

TRAPHACO HAS ACCOMPANIED THE "SPRING FOR CHILDREN" PROGRAM IN THE FORM OF GIFTS WORTH

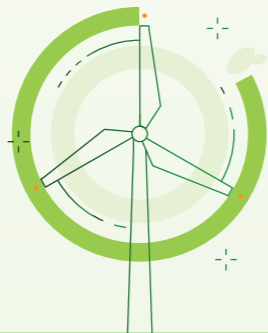
200 MILLION VND

Environmental protection

Management approach



As a pharmaceutical enterprise, Traphaco is aware that the manufacture and trading of medicines – chemical & beauty products – dietary supplement have an impact on the environment.



Therefore, for internal activities, we focus on controlling the consumption of fuel, raw materials in production and waste treatment at Traphaco's plants – ensuring that the environmental standards are met; minimize the use of non-renewable energy and natural resources, thereby contributing to the reduction of greenhouse gas emissions.

In 2023, thanks to the effectiveness of environmental management systems, Traphaco had no cases of violations of environmental laws and regulations.

Xác định khía cạnh môi trường trên chuỗi cung ứng



Identification of environmental aspect on the supply chain



All activities in the supply chain of Traphaco Joint Stock Company have environmental aspects identified, especially meaningful environmental aspects. Therefore setting goals, targets and establishing an environmental management program.



Environmental aspects in the supply chain:

- Solid waste, household waste, hazardous waste
- Natural resources, waste water
- Air pollution, dust, noise....

For each aspect, there are management measures to limit the impact on the environment:

- Vehicles have to be eligibly registered for entry into service before being in use
- Orders are arranged for delivery on an appropriate route to save fuel consumption, reduce emissions to the environment
- Prioritize the choice of packaging materials that can be recycled/environmentally friendly materials
- Classify normal and hazardous waste at the waste source
- Equipment maintenance/Equipment of noise-canceling earplugs...

The environmental impact associated with each environmental aspect is assessed on two sides:

1 • Likelihood of adverse effects

Frequency of occurrence shall be assessed over the duration of the incident.

Frequency of occurrence	Article 1	Article 2	Article 3	Article 4
Time period	May occur one time in more than a year	Occurs every quarter to year	Occurs weekly to monthly	Occurs from day to week

2 • Consequences of adverse effects can be happened to the environment

	Pollution Level (S)			
	Article 1	Article 2	Article 3	Article 4
Level of impact	Very small and not significant	Local	Local and in the Company	Company and outside
Impact range	Below the acceptable threshold	~ to 1 time	1 to 1.5 times	≥ 1.5 times
Contamination concentration vs. environmental standards	Utilize clean energy (wind - sunlight)	Utilize soil, water ... types of renewable resources	Non-renewable resources such as coal, oil and natural gas... Limited resources	Utilize, exploit and pollute the resources
Utilization of natural resources	No	Not satisfactory comment	Complain	Complain
Complaints from related parties	No	Risk of violation	Signs of violations	Violation
Violation of laws and other requirements	Controlled	Can be controlled internal	Hard to be controlled internally	Uncontrollable
Control ability				

Use of sustainable materials

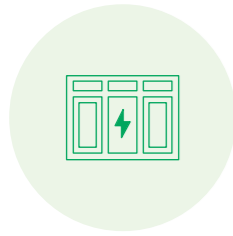
Traphaco JSC continues to maintain "Competitive selection standard for suppliers" which clearly shows that the Company encourages suppliers to apply environmental and safety management system, ensuring the suppliers go on the same path of sustainable development for the community.

Certification of Management System	Level	Bonus point
Based on the management system certification that NCU has	• GMP PIC/S, GMP EU, GACP	• +0.5
	• GMP WHO, GMP KHÁC	• +0.3
	• ISO9001, ISO14001, OHSAS, ISO22000, HACCP, GDP, GSP	• +0.1

PL 63/02
BH/SD: 09/01/17

Efficient use of water resources and energy consumption

Use of nonrenewable energy sources



The Company used gas and DO oil for two main purposes: cooking, making testing products and running generators in unexpected event of electrical failure or notification of power outage from the regulator.

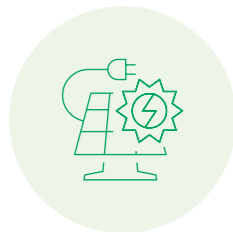
- Total gas consumption in 2023 (kg)**

4,248

- Gas for cooking: 2,853kg
- Gas for researching products: 1,395 kg

- Total amount of DO oil running to serve the power generator: ~ 120 litre**

Consumption of raw materials from renewable sources



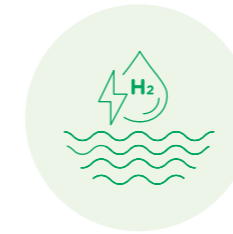
- Total electricity cost in 2023: 2,451,302,004 VND
- The Company mainly used electricity for production and daily living activities, total power consumption in 2023: 1,097,129 KW of which:
 - Electricity for production: 765,908 KW
 - Electricity for office: 331,221 KW
- Compared to 2022, electricity costs increase by ~ 11% (2022 costs: 2,207,311,840 VND)

- Maintain measures to reduce energy consumption:**

- Propagate saving electricity and water when using it to employees through training and posters.
- Limit air conditioning temperature on hot days.
- Use LED bulbs instead of Compact bulbs.
- Install sensors and light bulbs to illuminate hallways and stairs of the office block
- Minimize production work at peak time.
- Use an inverter to automatically turn on and off the HVAC system.
- Regulations on time, turn-on time, minimum outdoor temperature, entering and exiting closed air-conditioned rooms... for each department, each employee.

It can be seen that the issue of efficient use of resources and energy is always of special concern to Traphaco in the Company's sustainable development orientation.

Use water resources effectively



Amount of water input by source

- Total amount of water used (m³)

7,928

- The data are updated from meter readings directly measuring the water flow of the supplier.
- Water supply unit: Hanoi Water Limited Company.
- Water standards provided by the unit meet QCVN02/2009/BYT National Technical Regulations on domestic water quality.
- Every month the company requires the water supplier to provide water monitoring results. Twice a year, the company evaluates water quality on internal pipes.

Table of results of monitoring domestic water quality

No.	Parameter	Test method	Unit	23.689/127/NS/1146	QCVN 01-1:2018/BYT Allowable limit
1	Coliform	TCVN 6187-1:2019 (ISO 9308-1:2014) (E)	CFU/100 mL	0	3
2	E.coli or Heat-resistant Coliform	TCVN 6187-1:2019 (ISO 9308-1:2014) (E)	CFU/100 mL	0	1
3	Arsenic (As)	SMEWW 3113B:2017	mg/L	<0,0016	0,01(a)
4	Free residual chlorine	TCVN 6225-2:2012	mg/L	<0,03	0,2 ÷ 1(b)
5	Turbidity	TCVN 6184:1996	NTU	0,52	2
6	Color	TCVN 6185:2015	TCU	5,0	15
7	Taste	Phương pháp cảm quan	-	Tasteless, scentless	Tasteless, scentless
8	pH	TCVN 6492:2011 (ISO 10523:2008)	-	7,65	6 ÷ 8,5
9	Ammonium (NH ₃ and NH ₄ ⁺ calculated as N)	TCVN 6179-1:1996 (ISO 7150-1:1984 (E))	mg/L	<0,03	0,3
10	Pecmanganat index	TCVN 6186:1996 (ISO 8467:1993(E))	mg/L	<0,9(c)	2
11	Chloride (Cl ⁻)	TCVN 6194:1996	mg/L	21,0	250
12	Hardness, calculated as CaCO ₃	TCVN 6224:1996	mg/L	118	300
13	Fluoride (F)	SMEWW 4500-F.B&C:2017	mg/L	0,11	1,5
14	Iron (Ferrum) (Fe)	SMEWW 3111B:2017	mg/L	<0,063	0,3

(Source: Working environment monitoring and analysis station on May 16, 2023)

Water consumption decreased by 2.4 % (compared to 2022: 8,131 m³)

The company continues to maintain current measures to reduce water consumption

- Circulate water from the RO system to cool the equipment
- Optimize cleaning processes for: washing bottles, cleaning equipment and factories with standard operating procedures.
- Continuous production to reduce machine cleaning times, reduce water energy consumption, and reduce sanitary waste water sources.
- Use treated waste water that meets standards to serve the purpose of watering plants and cleaning the campus.
- Use administrative measures: posting posters to save water resources, giving instructions in areas where water is often used,
- Remind about turning off, opening, using for the right purpose and educate on savings in internal training programs.

Effective emission control

Emissions from generators: only use generators in unexpected cases such as power failure. The Company plans to proactively schedule production as soon as there is a notice of power failure.

Exhaust emissions from vehicles entering and leaving the plants (vehicles of employees and vehicles transporting raw materials and finished products) shall be minimized and controlled by the following measures:

- Spray water onto roads in dry days.
- Disseminate and sign the regulations on safety and environment with all contractors/suppliers when entering the company.

Avoid using the means of transport expired the time of circulation and the vehicle which are too old. All trucks must be periodically inspected by the Vietnam Register on Environmental Safety to be allowed to operate and are regularly maintained.



Results of emission monitoring in 2023

Source No. 1: Exhaust gas generated from toxic gas Hood 1
 Source No. 2: Exhaust gas generated from toxic gas Hood 2
 Source No. 3: Exhaust gas generated from toxic gas Hood 3
 Nguồn số 4: Exhaust gas generated from toxic gas Hood 4
 Nguồn số 5: Exhaust gas generated from toxic gas Hood 5
 Nguồn số 6: Exhaust gas generated from toxic gas Hood 6
 Nguồn số 7: Exhaust gas generated from toxic gas Hood 7

QCTĐHN
01:2014/
BTNMT

No.	Parameter	Test method	Unit	Lần 1	Lần 2	Lần 3	TB	Cmax ⁽¹⁾
1	Flow	US EPA Method 02	Nm ³ /h	996	-	-	-	-
2	Total Suspended Particles	US EPA Method 05	mg/Nm ³	0.38	-	-	-	100
3	Ammonia and ammonium compounds	JIS K 0099:2004	mg/Nm ³	<0.28	-	-	-	30
4	Sulfur dioxide, SO ₂	SOP - 3.26	mg/Nm ³	<2.62	<2.62	<2.62	<2.62	250
5	Hydrochloric acid, HCl	US EPA Method 26	mg/Nm ³	<0.3	-	-	-	30
6	Hydrogen sulfide, H ₂ S	JIS K 0108:2010	mg/Nm ³	<0.05	-	-	-	4.5
7	Carbon oxide, CO	SOP - 3.26	mg/Nm ³	<1.14	<1.14	<1.14	<1.14	600
8	Nitrogen oxide, NO _x (calculated as NO ₂)	SOP - 3.26	mg/Nm ³	<0.19	<0.19	<0.19	<0.19	510

(Source: Working environment monitoring and analysis station, November 24, 2023)

APPENDIX

Safety, Health and Environmental REQUIREMENTS FOR CONTRACTORS WORKING AT TRAPHACO JSC

1. The contractor must comply with regulations on occupational safety and environment.
2. The Contractor must ensure that employees working at the Company are competent, aware of and shall comply with the Company's regulations.
3. The contractor must take full responsibility before law for labor safety and environmental issues arising from the construction process.
4. The Contractor must assign a person responsible for occupational safety and sanitation and this person must be present during the construction period to supervise the construction area.
5. Contractors must organize professional and technical training for workers and employees who perform jobs subject to strict labor safety requirements and must have safety cards (or equivalent papers) and provide Traphaco JSC upon request.
6. Before starting the construction, the Contractor must devise a construction plan or perform a work safety analysis and be accepted by the management department.
7. All staffs and employees of the contractor working at Traphaco JSC must: Fully understand regulations of Traphaco JSC.
8. During the construction process, wear labor protection equipment suitable for each specific job.
9. Do not arbitrarily take photos and interfere with the system of equipment, machinery, ... without permission of the management department.
10. If any equipment on the list is subject to strict registration, it must be tested and provided with inspection documents before being brought into Traphaco JSC. For supportive or hand-held devices (saws, grinders, welders, safety belts, scaffolds, etc.), the contractor must ensure safety before use.
11. Dangerous, flammable and explosive objects: Chemicals, gasoline, oil, ... when brought into the company must be declared to the company at the security.
12. If there is an accident, injury, incident (regardless of whether it is heavy or light) about safety - environment, the contractor is responsible for reporting to Traphaco's employees and responsible people for assistance and direction to handle: Failure to report will be handled on a case by case basis.
13. Wishing to be a long-term partner, Traphaco JSC encourages contractors to buy accident insurance for all their employees when working at Traphaco JSC.
14. Wishing to be a long-term partner, Traphaco JSC encourages contractors to buy accident insurance for all their employees when working at Traphaco JSC.

This annex is made into copies. Enclosed with contract no.:

Waste water and waste control

Waste water



The Company has procedures and staffs to monitor and operate daily wastewater treatment system, to check the quality of wastewater after treatment and to take measures to improve in time. Have a daily log for system operation.

- **Waste water treatment system:**

- » The wastewater collection and treatment system is built using biotechnology, with a design capacity of 30 m³/day and night.

- **Discharge mode:** Continuous

- **Discharge method:** Self-flow

- **Wastewater receiving source:** Treated wastewater is discharged into the general drainage system of the area in Hoang Liet Ward, Hoang Mai District, Hanoi.

- **Standards applied to wastewater:**

- » **QCTĐHN 02:2014/BTNMT:** Technical regulations on Industrial wastewater in Hanoi capital;

- » **QCVN 14:2008/BTNMT:** National technical standards for domestic waste water, the company hires an independent unit to regularly test the quality of waste water every 3 months. The samples of treated waste water at the final discharge point of the system before being released into the environment, taken at various times throughout the year, meet the waste water standards specified in the discharge permit.



Results of wastewater sample analysis at the end point of discharge into the environment

No.	Parameter	Test method	Unit	23.2057/127/ NT/2874	QCTĐHN 02:2014/ BTNMT	QCVN 14:2008/ BTNMT
					(B)*	
1	Temperature	SMEWW 2550B:2017	°C	22,6	40	-
2	Color	TCVN 6185:2015	Pt/Co	17,0	150	-
3	pH	TCVN 6492:2011	-	6,98	5,5 ÷ 9	5 ÷ 9
4	BOD5 (20°C)	TCVN 6001-1:2008	mg/L	4,0	50	50
5	COD	SMEWW 5220C:2017	mg/L	31,0	150	-
6	Floating solids	TCVN 6625:2000	mg/L	9	100	100
7	Total dissolved solids	SOP - 1.14	mg/L	285	-	1.000
8	Phosphate (PO ⁴³⁻) (calculated as P)	TCVN 6202:2008	mg/L	0,10	-	20
9	Total cyanide	SMEWW 4500-CN-C&E:2017	mg/L	<0,0023	-	10
10	Total phenol	SMEWW 5530B&D:2017	mg/L	<0,01	0,5	-
11	Sulfide	TCVN 6637:2000	mg/L	<0,022	0,1	-
12	Ammonium (calculated as N)	TCVN 6179-1:1996	mg/L	0,42	0,5	4
13	Nitrate (NO ³⁻) (calculated as N)	US EPA Method 352.1	mg/L	3,50	10	10
14	Animal and vegetable fats and oils	SMEWW 5520B&F:2017	mg/L	<0,3	-	50
15	Total Nitrogen	TCVN 6638:2000	mg/L	<9,0(a)	40	-
16	Total phosphorus (calculated as P)	TCVN 6202:2008	mg/L	0,16	6	-
17	Chloride	TCVN 6194-3:1996	mg/L	94,0	1.000	-
18	Residual chlorine	TCVN 6225-2:2012	mg/L	<0,03	2	-
19	Coliform	TCVN 6187-2:1996	MPN /100mL	1.100	5.000	5.000
20	Total surfactants	SMEWW 5540B&C:2017	mg/L	<0,02	-	10

(Source: Working environment monitoring and analysis station, November 24, 2023)

ENVIRONMENTAL PROTECTION

Waste and hazardous waste

No.	Waste name	Weight (kg)	Processing Method	Processing Unit
1	Domestic waste	84,000	Burning	Thanh Tri Urban environment JSC in Thanh Tri District, Hanoi.
2	Raw materials and finished medicines products destroyed	23,990	Burning	Hoa Binh Industrial Waste Treatment and Recycling Joint Stock Company
3	Hazardous waste	622	Cleaning, burning, burying.	Bac Son Urban and Industrial Environment Joint Stock Company



Measures for waste management and recycling:

- Classify at source, disseminate and implement waste classification regulations in each division or unit.
- Place collection bins at places that are convenient for identification, storage.
- Carry out regular transportation of waste and recycle waste according to the Company's regulations.
- Recycling waste contract signed with Hoa Binh Industrial Waste Treatment and Recycling Joint Stock Company.
- Domestic waste contract signed with Urban environment company in Thanh Tri District, Hanoi.



Measures to manage hazardous waste:

- The company has made a report to the Hanoi Department of Natural Resources and Environment and was granted Environmental License No. 102/GPMT-UBND on July 5th, 2023.
- Regularly collect, classify, and store waste in separate containers, with hazardous waste codes identified according to the provisions of Circular 36/2015/TT-BTNMT.
- Regulations and instructions are disseminated to all employees in the company.
- The storage area has a roof, walls, locked doors and appropriate warning signs according to TCVN 6707:2009.
- Assign the specialized department to perform the task of monitoring and managing hazardous waste according to procedures.
- Contractors working in the company are informed and comply with the company's waste management procedures.

Minimize environmental incidents

Preventing, responding to and overcoming environmental incidents (SCMT) is an important regulation stipulated in Section 3, Chapter X of the 2014 Law on Environmental Protection and many other provisions such as regulations on environmental protection planning.

The company's safe committee has identified the risks of causing environmental incidents in production and business stages: Waste water spills, chemical spills, microbial leaks, floods.....

For each specific situation, there are different prevention plans, which are specifically specified in the "Emergency Response Procedures" which clearly identify a number of emergency situations.

SOP on responding to waste water spills

SOP Guidance on handling chemical spills and microbial leaks

Flood and storm prevention

Compliance with environmental regulations

- The company complies with environmental laws and follows the instructions of environmental management agencies.
- Maintain updates and evaluate the impact of legal documents on the company's system.
- Systematize relevant legal documents to be continuously updated on the company's intranet and notify the impact of the documents to relevant departments.

In 2023, the Company had no environmental incidents.



FINANCIAL
STATEMENTS



GENERAL INFORMATION

THE COMPANY

Traphaco Joint Stock Company (“the Company”) is a joint stock company and was transformed from a state-owned enterprise to a joint stock company under Decision No. 2566/1999/QĐ-BGTVT dated 27 September 1999 of the Ministry of Transport and the 1st Business Registration Certificate No. 058437 issued by Hanoi Department of Planning and Investment dated 24 December 1999. The Company also received Enterprise Registration Certificate for a joint stock company No. 0100108656 issued by Hanoi Department of Planning and Investment on 10 August 2011 (15th amendment) and other subsequent amendments with the latest being the 24th amendment dated 21 April 2023.

The current principal activities of the Company during the year are to produce and trade pharmaceutical products, chemicals, medical supplies and equipment.

The Company's head office is located at 75 Yen Ninh street, Quan Thanh ward, Ba Dinh district, Hanoi, Vietnam and 28 dependent branches at provinces and cities of Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Chung Ji Kwang	Chairman	
Mr. Nguyen Phu Khanh	Vice Chairman	
Mr. Tran Tuc Ma	Member	
Mr. Kim Dong Hyu	Member	
Mr. Lee Tae Yon	Member	
Ms. Dao Thuy Ha	Member	
Mr. Dinh Quang Hoa	Member	Appointed on 14 April 2023
Mr. Nguyen Anh Tuan	Member	Resigned on 14 April 2023

MANAGEMENT

Members of the management during the year and at the date of this report are:

Mr. Tran Tuc Ma	General Director
Mr. Nguyen Huy Van	Deputy General Director
Mr. Nguyen Van Bui	Deputy General Director
Mr. Kim Dong Hyu	Deputy General Director
Ms. Dao Thuy Ha	Deputy General Director
Mr. Pham Hoang Anh	Deputy General Director

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms. Nguyen Thi Luong Thanh	Head
Ms. Nguyen Thanh Hoa	Member
Mr. Kwon Ki Bum	Member

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Tran Tuc Ma, General Director.

AUDITOR

The auditor of the Company is Ernst & Young Vietnam Limited – Hanoi Branch.

REPORT OF MANAGEMENT

Management of Traphaco Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries, which have been approved by the Company's Board of Directors, for the year ended 31 December 2023.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Company and its subsidiaries and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and its subsidiaries will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and its subsidiaries and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2023 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

For and on behalf of Management:



Tran Tuc Ma
General Director
Hanoi, Vietnam
19 March 2024



INDEPENDENT AUDITORS' REPORT

Reference: 11755210/66923221-HN

To: The Shareholders of Traphaco Joint Stock Company

We have audited the accompanying consolidated financial statements of Traphaco Joint Stock Company ("the Company") and its subsidiaries, as prepared on 19 March 2024 and set out on pages 170 to 199, which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Company and its subsidiaries as at 31 December 2023, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited – Hanoi Branch



Trinh Xuan Hoa
Deputy General Director
Audit Practising Registration
Certificate No. 0754-2023-004-1
Hanoi, Vietnam
19 March 2024

Le Minh Tung
Auditor
Audit Practising Registration
Certificate No. 4656-2023-004-1

CONSOLIDATED BALANCE SHEET

as at 31 December 2023

B 01-DN/HN

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,530,494,506,578	1,226,498,650,955
110	I. Cash and cash equivalents	4	367,084,837,901	176,029,928,335
111	1. Cash		203,716,577,181	81,089,668,730
112	2. Cash equivalents		163,368,260,720	94,940,259,605
120	II. Short-term investments	5	415,028,664,105	324,334,741,053
121	1. Held-for-trading securities		10,000,000,000	10,000,000,000
123	2. Held-to-maturity investments		405,028,664,105	314,334,741,053
130	III. Current accounts receivables		238,916,189,457	202,976,186,174
131	1. Short-term trade receivables	6.1	216,114,816,916	186,177,113,721
132	2. Short-term advances to suppliers	6.2	11,345,934,935	12,205,964,555
136	3. Other short-term receivables	7	21,821,058,894	13,369,088,762
137	4. Provision for doubtful debts	8	(10,365,621,288)	(8,775,980,864)
140	IV. Inventories	10	467,898,029,137	479,008,495,760
141	1. Inventories		469,754,083,717	480,793,925,847
149	2. Provision for obsolete inventories		(1,856,054,580)	(1,785,430,087)
150	V. Other current assets		41,566,785,978	44,149,299,633
151	1. Short-term prepaid expenses	14	2,693,810,347	1,223,476,914
152	2. Value-added tax deductible		38,757,186,637	42,900,681,316
153	3. Tax and other receivables from the State		115,788,994	25,141,403
200	B. NON-CURRENT ASSETS		593,406,137,631	589,766,376,294
210	I. Long-term receivables		-	3,841,248
216	1. Other long-term receivables		-	3,841,248
220	II. Fixed assets		507,865,033,506	516,884,259,585
221	1. Tangible fixed assets	11	449,041,431,210	457,253,646,310
222	Cost		1,133,750,579,093	1,056,394,176,527
223	Accumulated depreciation		(684,709,147,883)	(599,140,530,217)
227	2. Intangible fixed assets	12	58,823,602,296	59,630,613,275
228	Cost		76,552,486,979	73,561,398,929
229	Accumulated amortisation		(17,728,884,683)	(13,930,785,654)
240	III. Long-term assets in progress		13,865,037,272	7,616,595,894
242	1. Construction in progress	13	13,865,037,272	7,616,595,894
250	IV. Long-term investments		500,000,000	500,000,000
253	1. Investment in other entities		500,000,000	500,000,000
260	V. Other long-term assets		71,176,066,853	64,761,679,567
261	1. Long-term prepaid expenses	14	46,896,633,830	43,457,730,810
262	2. Deferred tax assets	29.3	24,146,227,490	21,146,994,250
263	3. Long-term tools, supplies and spare parts		133,205,533	156,954,507
270	TOTAL ASSETS		2,123,900,644,209	1,816,265,027,249

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		634,845,857,194	435,706,116,007
310	I. Current liabilities		634,845,857,194	435,706,116,007
311	1. Short-term trade payables	15	144,122,184,789	185,881,891,691
312	2. Short-term advances from customers		327,677,726	95,998,291
313	3. Statutory obligations	16	35,511,095,956	16,273,282,982
314	4. Payables to employees		69,511,570,033	76,559,837,142
315	5. Short-term accrued expenses	17	60,338,293,038	51,581,138,229
318	6. Short-term unearned revenues	18	58,835,626,000	47,304,600,804
319	7. Other short-term payables	19	90,996,218,573	9,007,284,087
320	8. Short-term loans	20	167,967,756,063	40,000,000,000
322	9. Bonus and welfare fund	21	7,235,435,016	9,002,082,781
400	D. OWNERS' EQUITY		1,489,054,787,015	1,380,558,911,242
410	I. Capital	22	1,488,569,986,500	1,379,940,204,719
411	1. Issued share capital		414,536,730,000	414,536,730,000
411a	- Shares with voting rights		414,536,730,000	414,536,730,000
412	2. Share premium		133,021,732,000	133,021,732,000
414	3. Other owners' capital		9,652,783,012	9,652,783,012
415	4. Treasury shares		(3,593,000)	(3,593,000)
418	5. Investment and development fund		541,187,024,570	474,794,697,022
421	6. Undistributed earnings		280,444,924,214	242,481,762,771
421a	- Undistributed earnings by the end of prior year		133,906,495,216	89,499,437,798
421b	- Undistributed earnings of current year		146,538,428,998	152,982,324,973
429	7. Non-controlling interests		109,730,385,704	105,456,092,914
430	II. Other funds		484,800,515	618,706,523
432	1. Fund for fixed assets in use		484,800,515	618,706,523
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,123,900,644,209	1,816,265,027,249

Preparer
Nguyen Thi Ngoc Thuy

Chief Accountant
Dinh Trung Kien



General Director
Tran Tuc Ma

19 March 2024

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2023

B 02-DN/HN

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	24.1	2,302,413,360,021	2,408,434,865,422
02	2. Deductions	24.1	(3,177,901,012)	(9,516,906,653)
10	3. Net revenue from sale of goods and rendering of services	24.1	2,299,235,459,009	2,398,917,958,769
11	4. Cost of goods sold and services rendered	25	(1,054,301,295,262)	(1,055,721,001,826)
20	5. Gross profit from sale of goods and rendering of services		1,244,934,163,747	1,343,196,956,943
21	6. Finance income	24.2	30,944,555,428	18,356,000,665
22	7. Finance expenses	26	(4,861,545,121)	(2,297,136,122)
23	- In which: Interest expense		(3,940,136,811)	(1,087,900,956)
25	8. Selling expenses	27	(614,373,637,230)	(660,732,503,060)
26	9. General and administrative expenses	27	(297,187,671,306)	(331,885,990,686)
30	10. Operating profit		359,455,865,518	366,637,327,740
31	11. Other income		1,975,143,313	1,987,993,918
32	12. Other expenses		(763,390,076)	(169,370,804)
40	13. Other profit		1,211,753,237	1,818,623,114
50	14. Accounting profit before tax		360,667,618,755	368,455,950,854
51	15. Current corporate income tax expense	29.1	(78,397,933,391)	(75,032,050,978)
52	16. Deferred tax income	29.3	2,999,233,240	91,577,741
60	17. Net profit after tax		285,268,918,604	293,515,477,617
61	18. Net profit after tax attributable to shareholders of the parent		263,248,297,789	241,590,550,404
62	19. Net profit after tax attributable to non-controlling interests		22,020,620,815	269,144,864,659
70	20. Basic earnings per share	31	5,535	5,674
71	21. Diluted earnings per share	31	5,535	5,674

Preparer
Nguyen Thi Ngoc Thuy

Chief Accountant
Dinh Trung Kien



General Director
Tran Tuc Ma

19 March 2024

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2023

B 03-DN/HN

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Accounting profit before tax		360,667,618,755	368,455,950,854
Adjustments for:				
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets (including allocation of prepaid land rental fee)		94,498,870,704	86,856,675,916
03	Provisions		3,561,298,960	4,779,339,480
04	Foreign exchange losses/(gains) arising from revaluation of monetary accounts denominated in foreign currency		477,597,048	(167,876,617)
05	Profits from investing activities		(30,271,808,364)	(17,353,207,078)
06	Interest expenses	26	3,940,136,811	1,087,900,956
08	Operating profit before changes in working capital		432,873,713,914	443,658,783,511
09	Increase in receivables		(26,134,189,118)	(32,383,485,038)
10	Decrease/(increase) in inventories		9,278,161,017	(98,339,423,991)
11	(Decrease)/increase in payables		(21,635,452,435)	74,659,121,403
12	Increase in prepaid expenses		(5,092,518,453)	(3,201,462,452)
13	Increase in held-for-trading securities		-	(10,000,000,000)
14	Interest paid		(3,849,242,813)	(1,042,354,745)
15	Corporate income tax paid	16	(58,755,485,549)	(81,027,226,240)
17	Other cash outflows for operating activities		(38,710,249,867)	(44,667,165,300)
20	Net cash flows from operating activities		287,974,736,696	247,656,787,148
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase, construction of fixed assets and other long-term assets		(100,529,642,315)	(58,698,315,415)
22	Proceeds from disposals of fixed assets and other long-term assets		354,471,381	996,787,963
23	Loans to other entities and payments for purchase of debt instruments of other entities		(569,637,403,839)	(305,145,693,213)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		478,943,480,787	275,935,952,431
27	Interest and dividends received		22,479,781,442	13,524,940,476
30	Net cash flows used in investing activities		(168,389,312,544)	(73,386,327,758)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
33	Drawdown of borrowings		217,967,756,063	60,000,000,000
34	Repayment of borrowings		(90,000,000,000)	(46,856,929,160)
36	Dividends paid to shareholders of the parent and non-controlling interests		(56,543,606,750)	(222,216,327,016)
40	Net cash flows from/(used in) financing activities		71,424,149,313	(209,073,256,176)
50	Net increase/(decrease) in cash for the year		191,009,573,465	(34,802,796,786)
60	Cash and cash equivalents at the beginning of the year	4	176,029,928,335	210,880,433,884
61	Impact of exchange rate fluctuation		45,336,101	(47,708,763)
70	Cash and cash equivalents at the end of the year	4	367,084,837,901	176,029,928,335

Preparer
Nguyen Thi Ngoc Thuy

Chief Accountant
Dinh Trung Kien



General Director
Tran Tuc Ma

19 March 2024

1. CORPORATE INFORMATION

Traphaco Joint Stock Company (“the Company”) is a joint stock company and was transformed from a state-owned enterprise to a joint stock company under Decision No. 2566/1999/QĐ-BGTVT dated 27 September 1999 of the Ministry of Transport and the 1st Business Registration Certificate No. 058437 issued by Hanoi Department of Planning and Investment dated 24 December 1999. The Company also received Enterprise Registration Certificate for a joint stock company No. 0100108656 issued by Hanoi Department of Planning and Investment on 10 August 2011 (15th amendment) and other subsequent amendments with the latest being the 24th amendment dated 21 April 2023.

The current principal activities of the Company during the year are to produce and trade pharmaceutical products, chemicals, medical supplies and equipment.

The Company’s normal course of business cycle is 12 months which starts on 1 January and ends on 31 December.

The Company’s head office is located at 75 Yen Ninh street, Quan Thanh ward, Ba Dinh district, Hanoi, Vietnam and 28 dependent branches at provinces and cities of Vietnam.

The number of the Company and its subsidiaries’ employees as at 31 December 2023 is 1,481 (31 December 2022: 1,476).

Corporate structure

As at 31 December 2023, the Company has 4 subsidiaries (As at 31 December 2022: 4 subsidiaries) with detail information is as follow:

No.	Name	Equity interest	Voting rights	Head office’s address	Principal activities
1	Traphaco Hung Yen Co., Ltd. (“Traphaco Hung Yen”)	100%	100%	Tan Quang commune, Van Lam district, Hung Yen province	Produce new medicine.
2	TraphacoSapa One Member Co., Ltd. (“Traphaco Sapa”)	100%	100%	Group 2, Phan Si Pang ward, Sapa town, Lao Cai province	Plant, process pharmaceutical materials, agriculture and forestry products; and Produce and trade pharmaceutical products.
3	Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company (“Dak Lak Pharmaceutical”)	58.23%	58.23%	No. 9A Hung Vuong street, Tu An ward, Buon Ma Thuot city, Dak Lak province	Produce and trade pharmaceutical products, nutritional foods; and Import and export pharmaceutical products and medical equipment.
4	Traphaco Hi-tech Joint Stock Company (“Traphaco Hi-tech”)	50.97%	50.97%	Tan Quang commune, Van Lam district, Hung Yen province	Produce oriental medicine.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The consolidated financial statements of the Company and its subsidiaries expressed in Vietnam dong (“VND”), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnamese accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Company and its subsidiaries applied accounting documentation system is the computer-based system.

2.3 Fiscal year

The Company and its subsidiaries’ fiscal year applicable for the preparation of the consolidated financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the accounting currency of the Company and its subsidiaries.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2023.

Subsidiaries are fully consolidated from the date of acquisition/incorporation, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders’ equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

3. TSUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are measured at their historical costs. The cost of inventories comprises costs of purchase, costs of conversion (including raw materials, direct labor cost, other directly related cost, manufacturing general overheads allocated based on the normal operating capacity) incurred in bringing the inventories to their present location and condition.

Net realisable value (“NRV”) represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale. In case the net realizable value is lower than the original price, it must be calculated according to the net realizable value.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, tools and equipment and merchandise	-	Cost of purchase on a weighted average basis.
Work-in process	-	Cost of direct materials.
Finished goods	-	Cost of finished goods on a weighted average basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Inventories (continued)

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company and its subsidiaries, based on appropriate evidence of impairment available at the consolidated balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement. When inventories are expired, obsolescence, damage or become useless, the difference between the provision previously made and the historical cost of inventories are included in the consolidated income statement.

3.3 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the consolidated balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement. When bad debts are determined as unrecoverable and accountant writes off those bad debts, the differences between the provision for doubtful receivables previously made and historical cost of receivables are included in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.5 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Land use rights

Land use rights comprise the indefinite land use rights and for which, land use right certificates have been issued. These land use rights are recorded as intangible fixed assets according to Circular No.45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets ("Circular 45").

3.6 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Company and its subsidiaries are the lessees

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

Where the Company and its subsidiaries are the lessors

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

3.7 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	3 - 35 years
Office equipment	2 - 12 years
Means of transportation	3 - 10 years
Machinery and equipment	5 - 15 years
Others	5 - 20 years
Indefinite land use rights	Non-amortisation
Definite land use rights	32 years
Computer software	3 - 6 years

3.8 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred.

3.9 Prepaid expenses

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

3.10 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Company and its subsidiaries' interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over an estimated useful life of ten (10) years on a straight-line basis. The Company conducts periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

3.11 Investments

Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

Provision for diminution in value of investments

Provision of the investments is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date. Increases or decreases in the provision balance are recorded as finance expense in the consolidated income statement.

3.12 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company and its subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Foreign currency transactions

Transactions in currencies other than the Company and its subsidiaries' reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the consolidated balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company and its subsidiaries conduct transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company and its subsidiaries conduct transactions regularly.

All foreign exchange differences incurred during the year are taken to the consolidated income statement.

3.14 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, re-issue or cancellation of the Company and its subsidiaries' own equity instruments.

3.15 Appropriation of net profits

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval by the general shareholders, and after making appropriation to reserve funds in accordance with the Charter of the Company and its subsidiaries and Vietnam's regulatory requirements.

The Company and its subsidiaries maintain the following reserve funds which are appropriated from the Company and its subsidiaries' net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

- Investment and development fund

This fund is set aside for use in the Company and its subsidiaries' expansion of their operation or of in-depth investment.

- Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

3.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and its subsidiaries and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. Stage of completion is measured by reference to client workload confirmation.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

Dividends

Income is recognised when the Company and its subsidiaries' entitlement as an investor to receive the dividends is established.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiaries to set off current tax assets against current tax liabilities and when the Company and its subsidiaries intend to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount in consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiaries to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- either the same taxable entity; or
- when the Company and its subsidiaries intend either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 Segment information

The Company and its subsidiaries' principal activities are to manufacture and trade pharmaceutical products. In addition, these activities are entirely taking place within Vietnam. Therefore, the Company and its subsidiaries' risks and returns are not impacted by the Company and its subsidiaries' products that the Company and its subsidiaries are manufacturing or the locations where the Company and its subsidiaries are trading. As a result, the management of the Company is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

3.19 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit/(loss) after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.20 Related parties

Parties are considered to be related parties of the Company and its subsidiaries if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and its subsidiaries and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.

4. CASH AND CASH EQUIVALENTS

	Currency: VND	
	Ending balance	Beginning balance
Cash on hand	24,791,219,613	14,636,648,499
Cash at banks	178,925,357,568	65,045,034,284
Cash in transit	-	1,407,985,947
Term deposits (*)	163,368,260,720	94,940,259,605
TOTAL	367,084,837,901	176,029,928,335

(*) These represent VND bank deposits with original terms of less than 3 months and earn interest at rates ranging from 3.85% to 6.0% per annum (31 December 2022: from 3.8% to 6.0% per annum).

5. SHORT-TERM INVESTMENTS

	Currency: VND	
	Ending balance	Beginning balance
Term deposits (*)	405,028,664,105	314,334,741,053
Fund certificates (**)	10,000,000,000	10,000,000,000
TOTAL	415,028,664,105	324,334,741,053

(*) These represent VND deposits at commercial banks. As at 31 December 2023, these deposits have terms of from 4 to less than 12 months and earn interest at rates ranging from 3.5% to 9% per annum (31 December 2022: from 3.8% to 7.8% per annum).

Certain term deposits amounting to VND 80 billion have been used as collaterals for bank loans as presented in Note 20.

(**) This represents an investment in fund certificates of Mirae Asset Vietnam Flexible Fixed Income Fund.

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

	Currency: VND	
	Ending balance	Beginning balance
Trade receivables from other parties	211,220,201,329	183,676,380,234
Trade receivables from related parties (Note 30)	4,894,615,587	2,500,733,487
TOTAL	216,114,816,916	186,177,113,721
Provision for doubtful receivables	(10,365,621,288)	(8,775,980,864)

6.2 Short-term advances to suppliers

	Currency: VND	
	Ending balance	Beginning balance
Shininghwa Viet Nam Company Limited	2,511,000,000	-
Other suppliers	2,047,770,000	2,357,520,000
TOTAL	11,345,934,935	12,205,964,555

7. OTHER SHORT-TERM RECEIVABLES

	Currency: VND			
	Ending balance		Beginning balance	
	Balance	Provision	Balance	Provision
Advances to employees	1,689,037,946	-	2,588,742,342	-
Interest receivables	13,765,665,584	-	6,311,295,375	-
Deposits	278,358,000	-	1,336,804,864	-
Sales support from suppliers	3,474,000,000	-	3,008,994,600	-
Other receivables	2,613,997,364	-	123,251,581	-
TOTAL	21,821,058,894	-	13,369,088,762	-
In which:				
Other short-term receivables from related parties (Note 30)	2,160,000,000	-	2,940,692,277	-
Other short-term receivables	19,661,058,894	-	10,428,396,485	-

8. PROVISION FOR DOUBTFUL SHORT-TERM RECEIVABLES

	Currency: VND	
	Current year	Previous year
Beginning balance	8,775,980,864	5,782,071,471
Add: Provision made during the year	1,705,244,380	2,993,909,393
Less: Utilization during the year	(115,603,956)	-
Ending balance	10,365,621,288	8,775,980,864

9. BAD DEBTS

	Currency: VND			
	Ending balance		Beginning balance	
	At cost	Recoverable amount (*)	At cost	Recoverable amount (*)
Overdue receivables which are considered to be doubtful	21,910,987,033	11,545,365,745	19,960,643,701	11,184,662,837
TOTAL	21,910,987,033	11,545,365,745	19,960,643,701	11,184,662,837

(*) The Company and its subsidiaries determine the recoverable amount of doubtful debts at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

10. INVENTORIES

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Raw materials	164,841,489,207	(1,241,999,701)	156,367,701,201	(1,474,912,444)
Finished goods	152,620,948,503	(229,543,080)	150,758,871,337	(141,631,914)
Merchandise	67,113,322,617	(384,511,799)	87,616,237,108	(168,885,729)
Work in process	62,252,781,282	-	74,467,500,937	-
Goods in transit	22,570,585,725	-	11,055,430,836	-
Tools and supplies	354,956,383	-	528,184,428	-
TOTAL	469,754,083,717	(1,856,054,580)	480,793,925,847	(1,785,430,087)

Movements of provision for obsolete inventories:

	Currency: VND	
	Current year	Previous year
Beginning balance	1,785,430,087	1,731,692,300
Add: Provision made during the year	1,856,054,580	1,785,430,087
Less: Utilisation and reversal of provision during the year	(1,785,430,087)	(1,731,692,300)
Ending balance	1,856,054,580	1,785,430,087

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11. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
Currency: VND						
Cost:						
Beginning balance	357,947,686,770	580,644,032,779	92,891,911,191	20,072,497,717	4,838,048,070	1,056,394,176,527
- New purchase	3,109,251,081	42,462,400,251	11,864,580,902	2,323,312,181	-	59,759,544,415
- Transfer from construction in progress	2,407,609,167	20,018,081,669	-	270,760,000	-	22,696,450,836
- Reclassification	1,124,565,273	888,313,682	(472,070,110)	453,807,060	(1,994,615,905)	-
- Disposal	-	(1,758,658,441)	(2,996,567,373)	(344,366,871)	-	(5,099,592,685)
Ending balance	364,589,112,291	642,254,169,940	37,665,098,820	22,776,010,087	2,843,432,165	1,133,750,579,093
<i>In which:</i>						
Fully depreciated	34,285,321,170	88,489,764,686	28,722,443,603	7,562,279,152	2,003,886,500	170,006,350,328
Accumulated depreciation:						
Beginning balance	180,138,771,641	332,969,948,868	68,837,446,190	12,376,043,796	4,818,319,722	599,140,530,217
- Depreciation for the year	21,424,195,939	57,436,393,262	8,549,723,113	2,305,306,893	935,776,476	90,651,395,683
- Reclassification	1,374,693,518	2,815,627,375	(1,435,864,395)	312,563,183	(3,067,019,681)	-
- Disposal	-	(1,758,658,441)	(2,996,567,373)	(327,552,203)	-	(5,082,778,017)
Ending balance	202,937,661,098	391,463,311,064	72,954,737,535	14,666,361,669	2,687,076,517	684,709,147,883
Net carrying amount:						
Beginning balance	177,808,915,129	247,674,083,911	24,054,465,001	7,696,453,921	19,728,348	457,253,646,310
Ending balance	161,651,451,193	250,790,858,876	28,333,117,075	8,109,648,418	156,355,648	449,041,431,210

12. INTANGIBLE FIXED ASSETS

	Indefinite land use right	Definite land use right	Computer software	Total
Currency: VND				
Cost:				
Beginning balance	45,687,172,520	5,488,320,009	22,385,906,400	73,561,398,929
- New purchase	-	-	2,991,088,050	2,991,088,050
Ending balance	45,687,172,520	5,488,320,009	25,376,994,450	76,552,486,979
<i>In which:</i>				
Fully amortised	-	-	5,942,818,900	5,942,818,900
Accumulated depreciation:				
Beginning balance	-	2,483,889,395	11,446,896,259	13,930,785,654
- Amortisation for the year	-	164,282,580	3,633,816,449	3,798,099,029
Ending balance	-	2,648,171,975	15,080,712,708	17,728,884,683
Net carrying amount:				
Beginning balance	45,687,172,520	3,004,430,614	10,939,010,141	59,630,613,275
Ending balance	45,687,172,520	2,840,148,034	10,296,281,742	58,823,602,296

13. CONSTRUCTION IN PROGRESS

	Ending balance	Beginning balance
Currency: VND		
Land use right at Hung Yen branch	3,385,000,000	3,385,000,000
Can Tho Office project	2,352,727,272	2,352,727,272
Others	8,127,310,000	1,878,868,622
TOTAL	13,865,037,272	7,616,595,894

14. LONG-TERM PREPAID EXPENSES

	Ending balance	Beginning balance
Currency: VND		
Land clearance and compensation costs	25,326,599,782	26,260,063,683
Renovation and maintenance expenses	11,041,273,896	10,943,562,816
Tools and supplies	9,103,575,296	5,748,385,178
Others	1,425,184,856	505,719,133
TOTAL	46,896,633,830	43,457,730,810

15. SHORT-TERM TRADE PAYABLES

	Ending balance		Beginning balance	
	Amount	Payable amount	Amount	Payable amount
Trade payables to other parties	121,219,138,780	121,219,138,780	156,063,995,997	156,063,995,997
Trade payables to related parties (Note 30)	22,903,046,009	22,903,046,009	29,817,895,694	29,817,895,694
TOTAL	144,122,184,789	144,122,184,789	185,881,891,691	185,881,891,691

Currency: VND

16. STATUTORY OBLIGATIONS

	Beginning balance	Payable in the year	Payment made during the year	Ending balance
	Value added tax	315,672,078	60,442,983,512	(60,413,506,863)
Corporate income tax (Note 29)	11,558,819,211	78,397,933,391	(58,755,485,549)	31,201,267,053
Personal income tax	4,373,014,119	32,535,213,888	(32,945,707,191)	3,962,520,816
Other taxes	25,777,574	3,421,240,275	(3,444,858,489)	2,159,360
TOTAL	16,273,282,982	174,797,371,066	(155,559,558,092)	35,511,095,956

Currency: VND

17. SHORT-TERM ACCRUED EXPENSES

	Ending balance	Beginning balance
	Sale discounts payable to customers	29,016,073,727
Remuneration for sale collaborators and representatives	19,997,031,875	19,781,812,910
Other accruals	11,325,187,436	3,346,765,570
TOTAL	60,338,293,038	51,581,138,229

Currency: VND

18. SHORT-TERM UNEARNED REVENUE

	Ending balance	Beginning balance
	Unearned revenue from customer loyalty program	58,835,626,000
TOTAL	58,835,626,000	47,304,600,804

Currency: VND

19. OTHER SHORT-TERM PAYABLES

	Ending balance	Beginning balance
	Dividend payables	84,756,943,478
Social, health and unemployment insurances and trade union fee	965,738,375	975,701,192
Other payables	5,273,536,720	5,747,376,917
TOTAL	90,996,218,573	9,007,284,087

Currency: VND

20. SHORT-TERM LOANS

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term loans from bank	40,000,000,000	40,000,000,000	453,439,670,154	(325,471,914,091)	167,967,756,063	167,967,756,063
TOTAL	40,000,000,000	40,000,000,000	453,439,670,154	(325,471,914,091)	167,967,756,063	167,967,756,063

Currency: VND

Details of the short-term loans from banks are as follows:

Bank	Ending balance (VND)	Principal and interest repayment term	Interest rate (%/year)	Description of collateral
Vietnam Bank for Agriculture and Rural Development - Hanoi branch	80,000,000,000	Term of 3 months and will be matured on 6 March 2024. Interest is payable on a monthly basis.	3.5%	Term deposit contracts in the bank amounted to 80,000,000,000 VND.
Shinhan Bank Company Limited	37,643,251,179	Term of from 3 to 5 months with the final installment on 14 May 2024. Interest is payable on a monthly basis.	2.0 - 3.0%	Unsecured.
Military Commercial Joint Stock Bank - Hoang Quoc Viet branch	34,829,852,724	Term of 6 months and will be matured on 15 June 2024. Interest is payable on a monthly basis.	3.0%	Unsecured.
The Joint Stock Commercial Bank for Investment and Development of Vietnam - Ngoc Khanh branch	15,494,652,160	Term of 73 days and will be matured on 9 February 2024. Interest is payable on a monthly basis.	3.8%	Unsecured.
TOTAL	167,967,756,063			

21. BONUS AND WELFARE FUND

	Currency: VND	
	Current year	Previous year
Beginning balance	9,002,082,781	12,775,136,065
Add: Appropriation in the year (Note 22)	36,943,602,102	40,894,112,016
Less: Utilisation in the year	(38,710,249,867)	(44,667,165,300)
Ending balance	7,235,435,016	9,002,082,781

Currency: VND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2023 and for the year then ended

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22. OWNERS' EQUITY

22.1 Increase and decrease in owners' equity

	Issued share capital	Share premium	Other owners' capital	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interests	Total
For the year ended 31 December 2022:								
Beginning balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	421,434,926,882	188,788,662,765	99,341,702,604	1,266,772,944,263
- Profit for the year	-	-	-	-	-	269,144,864,659	24,370,612,958	293,515,477,617
- Dividends declared from the Company's profit of 2021	-	-	-	-	-	(41,450,540,000)	-	(41,450,540,000)
- Dividends declared from subsidiaries' profit of 2021	-	-	-	-	-	-	(4,165,401,600)	(4,165,401,600)
- Appropriation of investment and development fund from the profit of 2021	-	-	-	-	53,152,175,686	(53,152,175,686)	-	-
- Appropriation of bonus and welfare fund from the profit of 2021	-	-	-	-	-	(4,686,509,281)	(959,747,539)	(5,646,256,820)
- Provisional dividend from profit of 2022	-	-	-	-	-	(82,900,974,602)	(11,144,783,398)	(94,045,758,000)
- Provisional appropriation of bonus and welfare fund from the profit of 2022	-	-	-	-	-	(33,261,565,084)	(1,986,290,111)	(35,247,855,195)
- Other increase	-	-	-	-	207,594,454	-	-	207,594,454
Ending balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	474,794,697,022	242,481,762,771	105,456,092,914	1,379,940,204,719

Currency: VND

22. OWNERS' EQUITY (continued)

22.1 Increase and decrease in owners' equity (continued)

	Issued share capital	Share premium	Other owners' capital	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interests	Total
For the year ended 31 December 2023:								
Beginning balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	474,794,697,022	242,481,762,771	105,456,092,914	1,379,940,204,719
- Profit for the year	-	-	-	-	-	263,248,297,789	22,020,620,815	285,268,918,604
- Dividends declared from the Company's profit of 2022 (*)	-	-	-	-	-	(41,450,540,000)	-	(41,450,540,000)
- Dividends declared from subsidiaries' profit of 2022	-	-	-	-	-	-	(4,165,401,600)	(4,165,401,600)
- Appropriation of investment and development fund from the profit of 2022 (*)	-	-	-	-	66,392,327,548	(66,392,327,548)	-	-
- Appropriation of bonus and welfare fund from subsidiaries' profit of 2022	-	-	-	-	-	(698,564,886)	(501,435,114)	(1,200,000,000)
- Provisional dividend from the profit of 2023 (**)	-	-	-	-	-	(82,901,080,000)	(11,144,678,000)	(94,045,758,000)
- Provisional appropriation of bonus and welfare fund from the Company and its subsidiaries' profit of 2023 (*)	-	-	-	-	-	(33,808,788,791)	(1,934,813,311)	(35,743,602,102)
- Other decrease	-	-	-	-	-	(33,835,121)	-	(33,835,121)
Ending balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	541,187,024,570	280,444,924,214	109,730,385,704	1,488,569,986,500

Currency: VND

(*) The Company made appropriation for funds and declared cash dividends from the profit after tax of 2022 in accordance with the Resolution of the Annual General Meeting of Shareholders ("Resolution No. 15"). According to this Resolution, dividends from profits for the year ended 31 December 2022 is 124,351,620,000 VND, in which 82,901,080,000 VND was declared as provisional dividend and accounted for in 2022, and the remaining was declared and paid in 2023.

(**) The Company and its subsidiaries have also made provisional appropriation of Bonus and Welfare fund from profit after tax of 2023 according to the 2023's profit distribution plan as approved by the Annual General Meetings of Shareholders.

(***) The Company and its subsidiaries have also declared provisional dividend from profit after tax of 2023 in accordance with the Resolutions of the Annual General Meetings of Shareholders of the Company and its subsidiaries.

22. OWNERS' EQUITY (continued)

22.2 Details of owners' equity

	Ending balance		Beginning balance	
	Number of shares	Amount (VND)	Number of shares	Amount (VND)
State Capital and Investment Corporation	14,786,512	147,865,120,000	14,786,512	147,865,120,000
Magbi Fund Limited	10,361,385	103,613,850,000	10,361,385	103,613,850,000
Super Delta Pte. Ltd.	6,267,289	62,672,890,000	6,267,289	62,672,890,000
Access S.A., SICAV-SIF-ASIA TOP PICKS	2,074,000	20,726,836,500	-	-
Other shareholders	7,961,354	79,626,703,500	10,035,354	100,353,540,000
Treasury shares	3,133	31,330,000	3,133	31,330,000
TOTAL	41,453,673	414,536,730,000	41,453,673	414,536,730,000
				100%

Percentage (%)

Percentage (%)

22.3 Shares

	Ending balance	Beginning balance
Authorized shares	41,453,673	41,453,673
Issued shares	41,453,673	41,453,673
Ordinary shares	41,453,673	41,453,673
Treasury shares	(3,133)	(3,133)
Ordinary shares	(3,133)	(3,133)
Shares in circulation	41,450,540	41,450,540
Ordinary shares	41,450,540	41,450,540

Par value of outstanding shares: VND 10,000/share (31 December 2022: VND 10,000/share). The Company's shares are listed on the Ho Chi Minh City Stock Exchange with the stock code of TRA.

22.4 Dividends

	Current year	Previous year
Dividends declared and paid during the year		
<i>Dividends on ordinary shares</i>		
Cash dividend for 2021 (2nd announcement): VND 1,000 per share	-	41,450,540,000
Cash dividend for 2022 (1st announcement): VND 2,000 per share	-	82,901,080,000
Cash dividend for 2022 (2nd announcement): VND 1,000 per share	41,450,540,000	-
Cash dividend for 2023 (1st announcement): VND 2,000 per share	82,901,080,000	-
Dividends declared after the date of reporting year and not yet recognised as liability as at 31 December	-	-

Currency: VND

22.5 Capital transactions with owners and distribution of dividends and profits

	Current year	Previous year
Contributed capital		
Beginning balance and ending balance	414,536,730,000	414,536,730,000
Dividends declared	124,351,620,000	124,351,620,000
Dividends paid	41,973,118,000	206,931,573,000

Currency: VND

23. OFF BALANCE SHEET ITEMS

ITEMS	Ending balance	Beginning balance
1. Foreign Currency:		
- US Dollar (USD)	9,868	3,255
2. Bad debts written-off (VND)	9,500,253,738	9,500,253,738

24. REVENUE

24.1 Revenue from sale of goods and rendering of services

	Current year	Previous year
Gross revenue	2,302,413,360,021	2,408,434,865,422
<i>In which:</i>		
Sale of finished goods	1,811,080,310,645	1,894,812,278,272
Sale of merchandise	490,714,289,376	512,657,930,345
Rendering of services	618,760,000	964,656,805
Less	(3,177,901,012)	(9,516,906,653)
Sales return	(3,177,901,012)	(9,516,906,653)
Net revenue	2,299,235,459,009	2,398,917,958,769
<i>In which:</i>		
Net sales to others	2,211,769,957,638	2,311,065,678,002
Net sales to related parties (Note 30)	87,465,501,371	87,852,280,767

Currency: VND

24. REVENUE (continued)

24.2 Finance income

	Currency: VND	
	Current year	Previous year
Interest income	29,734,151,651	16,880,952,312
Dividend income	200,000,000	150,000,000
Foreign exchange gains	673,809,565	864,275,902
Others	336,594,212	460,772,451
TOTAL	30,944,555,428	18,356,000,665

25. COST OF GOODS SOLD AND SERVICES RENDERED

	Currency: VND	
	Current year	Previous year
Cost of finished goods sold	718,005,635,209	686,016,686,043
Cost of merchandise sold	335,986,060,053	369,704,315,783
Cost of other services	309,600,000	-
TOTAL	1,054,301,295,262	1,055,721,001,826

26. FINANCE EXPENSES

	Currency: VND	
	Current year	Previous year
Interest expenses	3,940,136,811	1,087,900,956
Foreign exchange losses	528,165,128	969,507,606
Others	393,243,182	239,727,560
TOTAL	4,861,545,121	2,297,136,122

27. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	Currency: VND	
	Current year	Previous year
Selling expenses incurred during the year		
Labour costs	185,148,290,812	213,630,170,803
Advertising expenses	168,272,582,788	173,758,019,370
Allowance for sale collaborators	78,932,496,529	92,860,637,228
Sales discounts	79,872,355,411	64,495,729,228
Depreciation and amortisation	10,092,326,343	9,221,074,873
Others	92,055,585,347	106,766,871,558
	614,373,637,230	660,732,503,060
General and administrative expenses incurred during the year		
Labour costs	156,256,068,411	177,347,527,652
Expenses for external services	61,232,219,953	67,030,508,470
Depreciation and amortisation	27,326,491,775	23,918,063,129
Allowance for doubtful debts	1,028,302,498	3,301,909,393
Others	51,344,588,669	60,287,982,042
	297,187,671,306	331,885,990,686
TOTAL	911,561,308,536	992,618,493,746

28. PRODUCTION AND OPERATING COSTS

	Currency: VND	
	Current year	Previous year
Raw materials	518,711,060,796	537,528,599,656
Labour costs	412,710,063,914	473,522,820,150
Depreciation and amortization (including allocation of prepaid land rental)	94,498,870,704	86,856,675,916
Expenses for external services	350,994,361,544	350,818,346,858
Others	242,609,544,298	276,839,118,567
TOTAL	1,619,523,901,256	1,725,565,561,147

29. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") applicable to the Company and its subsidiaries is 20% of taxable income, except for following subsidiaries:

- The CIT rate applicable to Traphaco Hung Yen from its principal business activity is 20% of taxable income. This subsidiary is entitled to an exemption from CIT for 4 years from 2019 to 2022 and a 50% CIT reduction for the following 9 years for income from scientific and technological activities in the case of meeting with requirements under Decree No. 13/2019/NĐ-CP dated 1 February 2019 ("Decree No.13") on science and technology enterprises. In the year 2022 and 2023, this company was not qualified as a science and technology enterprises according to Decree No.13 and thus, the CIT rate applicable for these years is 20%.
- In accordance with Official Letter No. 3087/CT-THNVDT dated 23 July 2018 of the Taxation Department of Lao Cai province, Traphaco Sapa is entitled to an exemption from CIT for income from Dong Pho Moi pharmaceutical factory project for 4 years (from 2017 to 2020) and a 50% CIT reduction for the following 9 years (from 2021 to 2029). The CIT rate applicable to income from other activities is 20% taxable income.

The tax returns filed by the Company and its subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

29.1 CIT expenses

	Currency: VND	
	Current year	Previous year
Current tax expenses	77,206,921,017	75,032,050,978
Adjustment of under-accrued CIT in prior years	(2,999,233,240)	(91,577,741)
Deferred tax income	1,191,012,374	-
TOTAL	75,398,700,151	74,940,473,237

29. CORPORATE INCOME TAX (continued)

29.1 CIT expenses (continued)

The reconciliation between CIT expenses and the accounting profit multiplied by CIT rate is presented below:

	Currency: VND	
	Current year	Previous year
Accounting profit before tax	360,667,618,755	368,455,950,854
CIT expenses at rates applicable to the Company and its subsidiaries	72,143,525,736	71,775,879,605
<i>Adjustments:</i>		
Non-deductible expenses	2,048,598,963	3,121,559,859
Remuneration to non-executive members of the Board of Directors	372,600,000	342,960,000
Tax collection in arrears and adjustment for under accruals of CIT in prior years	1,191,012,374	-
Nontaxable income	(40,000,000)	(30,000,000)
CIT exemption and incentives	(317,036,922)	(269,926,227)
CIT expenses	75,398,700,151	74,940,473,237

29.2 Current tax

The current tax payable is based on taxable income for the current year. The taxable income of the Company and its subsidiaries for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company and its subsidiaries' liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.

29.3 Deferred tax

The following are the deferred tax assets recognised by the Company and its subsidiaries, and the movements thereon, during the current year and previous year:

	Currency: VND			
	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Unearned revenue from customer loyalty program	7,640,707,324	5,295,222,285	2,345,485,039	1,936,205,921
Sales discounts	5,750,031,304	5,952,203,750	152,059,354	(87,818,209)
Allowance for sale collaborators and representatives not yet paid	3,999,406,375	3,602,130,782	43,043,793	(817,773,286)
Provision for inventory	18,225,884	18,225,884	-	(113,865,126)
Unrealised profit	6,737,856,603	6,279,211,549	458,645,054	(825,171,559)
	24,146,227,490	21,146,994,250		
Net deferred tax income credited to consolidated income statement			2,999,233,240	91,577,741

30. TRANSACTIONS WITH RELATED PARTIES

List of related parties that have a controlling relationship or have significant influence and/or have significant transactions with the Company during the year is as follows:

No	Related parties	Relationship
1	State Capital and Investment Corporation	Major shareholder
2	Magbi Fund Limited	Major shareholder
3	Super Delta Pte. Ltd.	Major shareholder
4	Daewoong Pharmaceuticals Co., Ltd.	Entity related to a member of Board of Directors (Mr. Lee Tae Yon)
5	Sao Mai Joint Stock Company	Entity related to a member of Board of Directors (Ms. Dao Thuy Ha)

Members of the Board of Directors ("BoD"), the Management, and the Board of Supervision ("BoS") of the Company during the year and at the date of this report are as follows:

No.	Related parties	Position, relationship
1	Mr. Chung Ji Kwang	Chairman
2	Mr. Nguyen Phu Khanh	Vice Chairman
3	Mr. Nguyen Anh Tuan	Member of Board of Directors ("BoD") (Resigned on 14 April 2023)
4	Mr. Tran Tuc Ma	Member of BoD cum General Director
5	Mr. Kim Dong Hyu	Member of BoD cum Deputy General Director
6	Mr. Lee Tae Yon	Member of BoD
7	Ms. Dao Thuy Ha	Member of BoD cum Deputy General Director
8	Mr. Dinh Quang Hoa	Member of BoD (Appointed on 14 April 2023)
9	Mr. Nguyen Huy Van	Deputy General Director
10	Mr. Nguyen Van Bui	Deputy General Director
11	Mr. Pham Hoang Anh	Deputy General Director
12	Ms. Nguyen Thi Luong Thanh	Head of Board of Supervision ("BoS")
13	Ms. Nguyen Thanh Hoa	Member of BoS
14	Mr. Kwon Ki Bum	Member of BoS
15	Mr. Dinh Trung Kien	Chief Accountant

30. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions of the Company and its subsidiaries with related parties during the current year and previous year were as follows:

Currency: VND				
Related parties	Relationship	Transactions	Current year	Previous year
Daewoong Pharmaceuticals Co., Ltd.	Entity related to a member of Board of Directors	Purchase of goods and services	29,810,329,863	58,147,524,329
		Promotion fee	7,938,045,650	11,501,074,537
Sao Mai JSC	Entity related to a member of Board of Directors	Sale of goods	87,465,501,371	87,852,280,767
State Capital and Investment Corporation	Major shareholder	Dividend declared	44,359,536,000	44,359,536,000
		Dividend paid	29,573,024,000	73,932,560,000
Magbi Fund Limited	Major shareholder	Dividend declared	31,084,155,000	31,084,155,000
		Dividend paid	20,722,770,000	51,806,925,000
Super Delta Pte. Ltd.	Major shareholder	Dividend declared	18,801,867,000	18,801,867,000
		Dividend paid	12,534,578,000	31,336,445,000

Terms and conditions of transactions with related parties

The sales and purchases of goods from related parties are made based on the contractual agreement.

Outstanding balances at 31 December 2023 are unsecured, interest free and will be settled in cash. For the year ended 31 December 2023, the Company and its subsidiaries have not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2022: VND 0). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Amounts due to and due from related parties at the consolidated balance sheet date were as follows:

Currency: VND				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade receivables (Note 6.1)				
Sao Mai JSC	Entity related to a member of Board of Directors	Sale of goods	4,894,615,587	2,500,733,487
TOTAL			4,894,615,587	2,500,733,487
Short-term other receivables (Note 7)				
Daewoong Pharmaceuticals Co., Ltd.	Entity related to a member of Board of Directors	Sale support receivable	2,160,000,000	2,940,692,277
TOTAL			2,160,000,000	2,940,692,277
Short-term trade payables (Note 15)				
Daewoong Pharmaceuticals Co., Ltd.	Entity related to a member of Board of Directors	Purchase of goods and services	22,903,046,009	29,817,895,694
TOTAL			22,903,046,009	29,817,895,694

Transactions with other related parties

Remuneration to members of the Board of Directors ("BoD"), Board of Supervision ("BoS") and the Management during the year:

Currency: VND			
Name	Position	Income (*)	
		Current year	Previous year
Board of Directors and management			
Mr. Nguyen Phu Khanh	Vice Chairman	542,400,000	406,800,000
Mr. Nguyen Anh Tuan	Member of BoD (Up to 14 April 2023)	103,200,000	445,200,000
Mr. Lee Tae Yon	Member of BoD	487,800,000	412,800,000
Mr. Dinh Quang Hoa	Member of BoD (From 14 April 2023)	309,600,000	-
Mr. Lai Tran Dong	Member of BoD (Up to 31 March 2022)	-	103,200,000
Mr. Tran Tuc Ma	General Director cum Member of BoD	5,015,490,805	5,406,459,996
Ms. Dao Thuy Ha	Deputy General Director cum Member of BoD	3,064,205,667	3,095,028,474
Mr. Kim Dong Hyu	Deputy General Director cum Member of BoD	3,780,696,516	3,898,559,735
Mr. Nguyen Huy Van	Deputy General Director	1,983,081,147	2,085,694,766
Mr. Nguyen Van Bui	Deputy General Director	1,877,529,408	2,036,194,035
Mr. Pham Hoang Anh	Deputy General Director	2,115,928,477	1,996,428,273
Mr. Dinh Trung Kien	Chief Accountant	1,272,854,365	1,457,264,851
Board of Supervision			
Ms. Nguyen Thi Luong Thanh	Head of BoS	168,000,000	168,000,000
Ms. Nguyen Thanh Hoa	Member of BoS	144,000,000	144,000,000
Mr. Kwon Ki Bum	Member of BoS	82,000,000	194,000,000
TOTAL		20,946,786,385	21,849,630,130

(*) Including salary, allowance and bonus.

31. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Currency: VND	
	Current year	Previous year (Restated)
Net profit after tax attributable to ordinary shareholders	263,248,297,789	269,144,864,659
Adjustment due to appropriation to bonus and welfare fund	(33,808,788,791)	(33,960,129,970)
Net profit after tax attributable to ordinary shareholders for basic earnings (*)	229,439,508,998	235,184,734,689
Weighted average number of ordinary shares for basic earnings per share	41,450,540	41,450,540
Weighted average number of ordinary shares adjusted for the effect of dilution	41,450,540	41,450,540
Earnings per share		
- Basic earnings per share	5,535	5,674
- Diluted earnings per share	5,535	5,674

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

(*) Net profit used to compute earnings per share for the year ended 31 December 2022 was restated following the actual allocation to Bonus and welfare funds from retained earnings in accordance with the Resolutions of the Annual General Meetings of Shareholders of the Company and its subsidiaries.

Net profit used to compute earnings per share for the year ended 31 December 2023 is also adjusted for the provisional distribution to Bonus and welfare funds from the current year's profits based on the 2023's profit distribution plan as approved by the Annual General Meetings of Shareholders according to the Resolution No 15/2023/NQ-ĐHĐCĐ dated 14 April 2023 of the Company and other provisional appropriation of bonus and welfare funds at subsidiaries.

32. COMMITMENTS

Operating lease commitment

The Company and its subsidiaries lease assets under operating lease arrangements. The minimum lease commitment as at the balance sheet dates under the operating lease agreements are as follows:

	Currency: VND	
	Ending balance	Beginning balance
Less than 1 year	5,216,933,166	4,600,577,946
From 1 - 5 years	14,630,250,455	12,261,381,160
More than 5 years	26,895,363,366	28,039,190,111
TOTAL	46,742,546,987	44,901,149,217

33. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Company and its subsidiaries.



Preparer
Nguyen Thi Ngoc Thuy



Chief Accountant
Dinh Trung Kien





General Director
Tran Tuc Ma


19 March 2024


Traphaco

The way of green health

TRAPHACO JOINT STOCK COMPANY

 | 75 Yen Ninh, Quan Thanh Ward
Ba Dinh District, Ha Noi, Vietn am

 | (+84 24) 3734 1797

 | (+84 24) 3681 5097

 | www.traphaco.com.vn