



**DOPHARMA**

**CENTRAL PHARMACEUTICAL JOINT STOCK COMPANY NO. 2**

No. 9 Tran Thanh Tong – Hai Ba Trung – Hanoi

Fax: 04 38211815 - Tel: 024 39716279/91 - Web: <http://Dopharma.vn> ; [Dopharma.com.vn](http://Dopharma.com.vn)

## **ANNUAL REPORT**

**CENTRAL PHARMACEUTICAL JOINT STOCK COMPANY NO. 2**

**2024**

**To: State Securities Commission of Vietnam**

**Hanoi Stock Exchange**

### **I. General Information**

#### ***1. General information:***

- Transaction name: CENTRAL PHARMACEUTICAL JOINT STOCK COMPANY NO. 2
- Business Registration Certificate No.: 0100109113
- Charter capital: VND 200,000,000,000 (Two hundred billion Vietnamese Dong)
- Owner's Equity: VND 200,000,000,000 (Two hundred billion Vietnamese Dong)
- Head office address: No. 9 Tran Thanh Tong Street – Bach Dang Ward, Hai Ba Trung District, Hanoi
- Phone number: 024-39716279/91
- Fax: 04-38211815
- Email: [dopharma@dopharma.com.vn](mailto:dopharma@dopharma.com.vn)
- Website: [dopharma.vn](http://dopharma.vn) – [dopharma.com.vn](http://dopharma.com.vn)
- Stock Code: **DP2**

#### ***2. Formation and development process***

- Central Pharmaceutical Joint Stock Company No. 2, formerly known as a military pharmaceutical workshop, was established in 1947 in Viet Bac war zone. During peacetime, in November 1955, resilient military pharmaceutical soldiers from Viet Bac mountainous region, part of the former third and fourth war zones, returned to the capital. Together with allied units, they were tasked with managing Warehouse C and establishing a pharmaceutical preparation institute. This institute was responsible for producing, receiving, managing and distributing medicines and medical equipment for the entire military. Personnel from various military pharmaceutical workshops gathered here, uniting their efforts to build a production facility. By the end of 1956, the workshop was reinforced with several technically skilled and specialized personnel. In addition, with generous assistance from the Soviet Union, the workshop received new machinery to boost production, laying the groundwork for the establishment of a new pharmaceutical industrial enterprise.

- In 1959, at the request of production development, the workshop was separated from the Pharmaceutical Preparation Institute. To fulfill increasingly significant responsibilities, on November 8, 1960, the “6-1” Pharmaceutical Enterprise was officially inaugurated after 3 years of construction, overcoming difficult challenges. Central Pharmaceutical Enterprise No. 2 was established and placed under the management of the Ministry of Health.





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- The enterprise achieved many accomplishments, producing a variety of high-quality medicines that supported disease prevention and treatment for the public as well as contributing to two resistance wars against French colonialism and American imperialism.

- On September 29, 1985, Central Pharmaceutical Enterprise No. 2 was honored by the state as a Labor Hero Unit, the first in Vietnam's pharmaceutical industry. Central Pharmaceutical Enterprise No. 2 was a state-owned enterprise and a member of the Vietnam Pharmaceutical Corporation under the Ministry of Health.

- In response to the Party and State's reform requirements, pursuant to Decision No. 3699/QĐ-BYT dated October 20, 2004, issued by the Minister of Health, Central Pharmaceutical Enterprise No. 2 under the Vietnam Pharmaceutical Corporation was converted into a joint-stock company. Central Pharmaceutical Joint Stock Company No. 2 officially began operations in March 2005 under business registration license No. 0103006868, issued on March 3, 2005, by Hanoi Authority for Planning & Investment in accordance with the Enterprise Law. The registration was amended for the 16<sup>th</sup> time on March 17, 2023. The enterprise code is 0100109113.

***3. Business lines and operating areas***

- Business lines:

+ Trading in: pharmaceutical ingredients, medicinal herbs, chemicals, essential oils, western medicines, traditional medicines, cosmetics and nutritional foods.

+ Trading in: medical machinery and equipment; machinery, equipment and packaging materials used in the production of western medicines, traditional medicines, cosmetics and nutritional foods.

+ Providing scientific and technical consultancy and technology transfer services in the pharmaceutical sector.

+ Investment brokerage services, commercial brokerage and import-export agency services.

+ Acting as purchasing and selling agents; consignment of goods.

+ Wholesale of machinery, equipment and spare parts.

+ Trading in personal and household goods.

+ Leasing of machinery, equipment and personal and household items.

+ Real estate business; leasing of houses, offices, warehouses, yards, etc.

+ Manufacturing of pharmaceuticals, pharmaceutical chemicals and medicinal herbs, specifically: production of various types of medicines, pharmaceutical chemicals and medicinal herbs.

+ Production of functional foods.

+ Wholesale of food products, specifically: trading in functional foods.

- Operating areas:





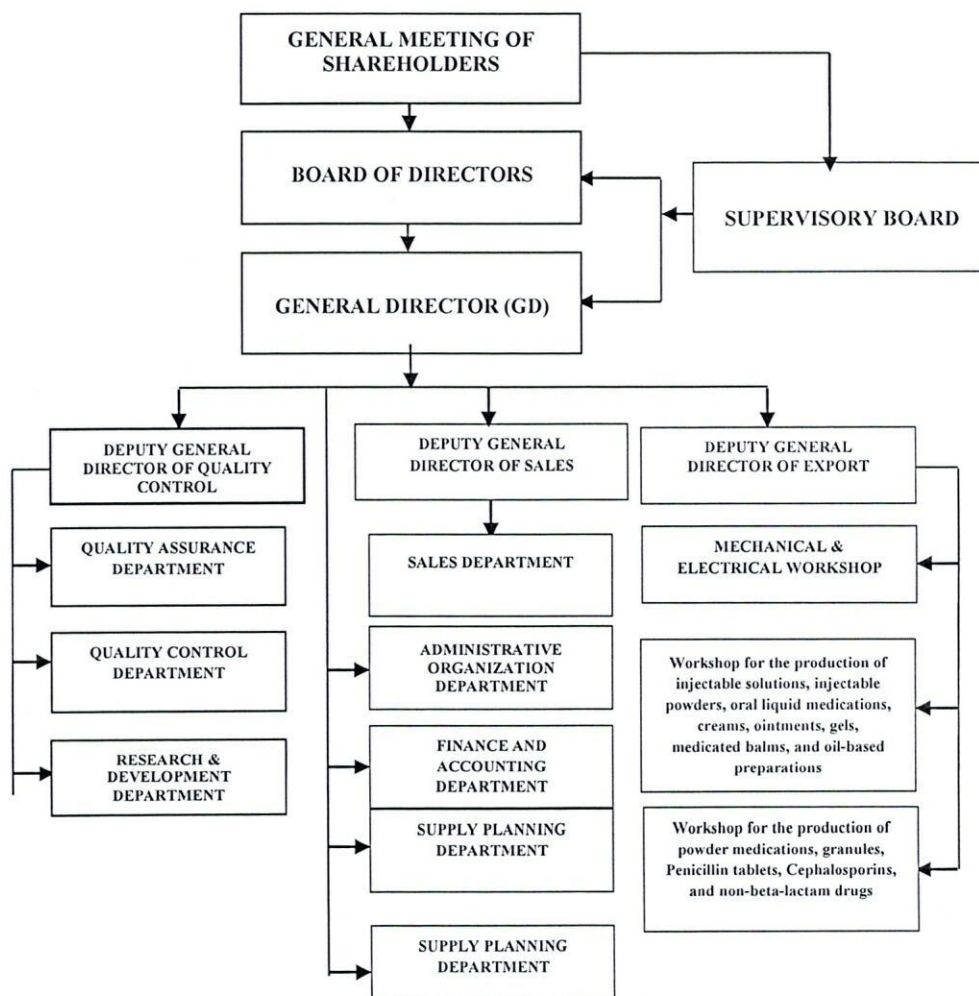
+ Within the territory of Vietnam and abroad, with main operating areas including: Hanoi, Hai Duong, Hai Phong, Nghe An, Thanh Hoa, Thai Binh, Bac Ninh, Phu Tho, Nam Dinh, Thai Nguyen, Yen Bai, Son La, etc.

#### ***4. Information about the governance model, business organization and management apparatus***

- Governance model:

+ Central Pharmaceutical Joint Stock Company No. 2 operates under the governance model of a large public company: General Meeting of Shareholders, Board of Directors, Supervisory Board, General Director (according to Point a, Clause 1, Article 137 of the Law on Enterprises 2020)

- Structure of the management apparatus:



#### **General Meeting of Shareholders:**

The General Meeting of Shareholders (GMS) consists of all shareholders with voting rights, is the highest decision-making body of the company, decides on matters under the rights and tasks prescribed by law and the Company's Charter.

#### **Board of Directors:**



The Board of Directors (BOD) is the management body of the Company, elected by the GMS of the Company, has the full right to decide on all matters related to the purposes and interests of the Company on behalf of the Company, except for matters under the jurisdiction of the GMS. The term of office of the BOD is 05 years. The number of members of the Board of Directors is 05 people.

Members of the BOD after the 2024 Annual GMS held on April 24, 2024 include the following 5 members:

1. Mr. Nguyen Tien Duc – Chairman of the BOD of the Company;
2. Mr. Le Tien Dung – Vice Chairman of the BOD of the Company;
3. Mr. Cao Quang Hung – BOD member of the Company;
4. Mr. Nguyen Thanh Tung – BOD member of the Company;
5. Mr. Cao Tien Dung – BOD member of the Company;

#### **Supervisory Board:**

The Company's Supervisory Board (SB), elected by the GMS, is an organization on behalf of shareholders to supervise the activities of the BOD and the Executive Management in managing and operating the Company. The SB is accountable to the GMS for its assigned duties. The SB consists of 03 members, with a term concurrent with that of the BOD members.

The SB is responsible for checking the truthfulness, accuracy and legality in the administration of business activities, the organization of accounting, statistics and the preparation of financial statements of the Company.

SB members after the 2024 Annual GMS held on April 24, 2024 include the following 03 members:

1. Mr. Luong Tan Hoan – Head of the SB
2. Ms. Tran Thi Thu Thuy – SB Member
3. Ms. Duong Thi Ngoc – SB Member

#### **Executive Management:**

General Director: Mr. Le Tien Dung

General Director is the executive and has the highest decision-making power on all matters related to the day-to-day operations of the company and is accountable to the BOD for the exercise of assigned powers and responsibilities.

Deputy General Director: Mr. Phan Chi Dung: assists the General Director and is responsible to the General Director for the assigned duties. He independently handles tasks authorized and assigned by the General Director in accordance with the law and the Company's Charter.

Deputy General Director: Mr. Cao Tien Dung: Assists the General Director and is responsible to the General Director for the assigned duties. He independently handles tasks authorized and assigned by the General Director in accordance with the law and the Company's Charter.

Deputy General Director: Mr. Nguyen Thanh Tung: Assists the General Director and is responsible to the General Director for the assigned duties. He independently handles tasks authorized and assigned by the General Director in accordance with the law and the Company's Charter.

Chief Accountant: Ms. Nguyen Thi Dieu Thuy: Assists the General Director and is responsible to the General Director for the assigned duties. She independently handles tasks authorized and assigned by the General Director in accordance with the law and the Company's Charter.

#### **Functional departments:**





- Administrative and Human Resources Department: Advises the BOD and the General Director on organizational and personnel matters, including company structure, recruitment, labor training, staff allocation, promotion, dismissal, rewards, disciplinary actions, labor norms, wage funds and the development of internal rules and regulations. The department also manages administrative and clerical tasks.

- Finance and Accounting Department: Advises the BOD and the General Director on financial management, accounting and statistical regimes in accordance with the Company's Charter and legal regulations.

- Supply Planning Department: Advises the BOD and the General Director on supply planning, organizes the implementation of plans, and manages inventory. The department ensures the supply of raw materials, packaging materials, tools, small equipment, mechanical and electrical supplies, and materials for infrastructure maintenance to support production and repair activities.

- Sales Department: Advises the General Director on developing business and marketing strategies for the Company's products. The Department is responsible for distributing and selling products manufactured by the Company as well as trading other types of pharmaceuticals. It collaborates with the Research and Development Department to assess the feasibility of new products during the trial sales phase. The department also monitors contracts for the sale of finished products and exports, and manages the Company's branches, pharmacies and drugstores.

- Research and Development Department: Conducts research on new products (including experimental research, formulation, development of new product standards, and registration of intellectual property rights), upgrades and improves production processes for existing products, researches and innovates technology, and provides training on new technologies. The Department leads the Company's scientific activities.

- Quality Assurance Department: Advises the General Director on quality management and assurance for all Company products, overseeing the entire process from the procurement of materials and auxiliary supplies, through production, warehousing, storage, distribution and sales.

- Quality Control Department: Organizes and conducts all specialized activities related to quality control and testing of products, covering raw materials, auxiliary materials, production processes, distribution, and sales in accordance with the issued standards.

- Powder, Granule and Tablet Production Workshop: Specializes in Penicillin, Cephalosporin and non-beta-lactam medicines; Production Workshop for other medicines: injectable solutions, reconstituted injection powders, liquid oral medicines, ointments, gels, medicated balms and oil-based products.

These workshops ensure the production of products that meet quality standards and output targets as per the Company's plans. They organize production in accordance with the General Director's directives, adhering to proper procedures, meeting planned timelines, achieving quality standards, practicing cost-saving measures, and ensuring rational production processes to minimize costs. The workshops proactively identify, address, and resolve production issues in a timely manner to reduce defects and maintain product quality.

- Mechanical and Electrical (M&E) Workshop: Ensures the prompt and sufficient supply of energy for production, conducts regular maintenance and repairs of machinery and equipment and performs prompt repairs to support the Company's production activities. The Workshop also manages all technical documentation and the current status of machinery and equipment.

- The Company holds a controlling interest in Saigon Handicraft Fine Art Export Joint Stock Company, with an ownership ratio of 75% of the charter capital. Basic information about Saigon Handicraft Fine Art Export Joint Stock Company is as follows:

Abbreviated name: ARTEXPORT SAI GON JSC





Business license: 0313277698.

Address: No. 4-6 Ho Tung Mau - Nguyen Thai Binh Ward - District 1 - Ho Chi Minh City

Number of shares held in the Company: 15,000,000 shares

Corresponding ownership ratio: 75%

### **5. Development orientation**

- Key objectives of the Company:

The Company focuses on building a stable, sustainable and comprehensively developed organization. It aims to strengthen workforce development, with an emphasis on training and appointing young talent. The Company will prioritize improving corporate governance practices and actively enhancing product development in terms of both quality and quantity. In addition, it seeks to establish the DOPHARMA brand while balancing production, business operations and investments to maintain its leading position in the industry in terms of quality, technology, and commerce.

- Standardize planning activities across the entire Company.
- Effectively implement corporate governance practices, execute talent acquisition strategies efficiently, and improve recruitment, training, and employee performance evaluation systems.
- Strictly manage product quality in accordance with the WHO-GMP quality management system, while preparing to implement ISO standards. Research investment conditions to achieve PIC/S and/or GMP-EU standards.
- Efficiently execute investment activities.
- Continue resolving outstanding issues and challenges.
- Preserve the owner's equity, utilize capital effectively, and ensure sufficient funding for production, business operations, and investments.
- Ensure jobs for employees.

### **6. Risks:**

## **II. Operational performance in 2024**

### **1. Production and business activities**

– Highlight the achievements attained during the year. State significant changes or fluctuations in business strategy, revenue, profit, costs, market conditions, products, supply sources, etc.

– *Key performance indicators:*

Item	2024 actual performance	Achievement vs. Plan in 2024 (%)		2024 vs 2023 actual performance	
		2024 plan	Achievement rate (%)	Implementation 2023	Increase/Decrease (%)
1. Net Revenue	200,186,910,113	200,000,000,000	100.1%	193,220,082,087	3.6%
2. Cost of goods sold	182,437,005,741			182,923,768,418	-0.3%
3. Gross profit	17,749,904,337			10,296,313,669	72.4%



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4. Gross profit margin	8,9%			5.3%	3.6%
5. Total expenses	23,895,412,737			33,633,201,838	-29.1%
5.1. Selling expenses	3,943,260,744			4,275,030,305	-7.8%
5.2. Administrative expenses	14,716,657,419			13,534,655,637	8.7%
5.3. Financial expenses	5,235,494,574			15,823,515,896	-66.9%
6. Profit before tax	-5,554,108,995	0		-24,049,332,369	76.9%
7. Profit after tax	-5,554,108,995	0		-24,049,332,369	76.9%

**2. Organization and personnel**

– List of Executive Management:

➤ **Le Tien Dung** - Position: Vice Chairman of the BOD - General Director

- ✓ Gender: Male; Year of birth: July 29, 1966; Hometown: Ha Tay; Ethnic group: Kinh
- ✓ Citizen ID card No.: 001066003064; Date/place of issue: May 10, 2021; Place of issue: Police Department of Administrative Management for Social Order.
- ✓ Permanent residence: No. 84 Lo Duc, Hai Ba Trung, Hanoi.
- ✓ Professional qualifications: Bachelor of Pharmacy
- ✓ Working experience: From 1991 to November 2008: working at Central Pharmaceutical Joint Stock Company No. 1. From 12/2008 to 6/2020, serving as Chairman of the Board of Directors and General Director of Central Pharmaceutical Joint Stock Company No. 2. Since June 2020, serving as Vice Chairman of the BOD and General Director of Central Pharmaceutical Joint Stock Company No. 2.
- ✓ Number of shares held at the issuing organization:
- + Number of shares of individuals: 32,345 shares
- + Number of authorized shares: 1,356,650 shares
- ✓ Remuneration and other benefits: According to the Company's regulations

➤ **Mr. Cao Tien Dung** - Position: BOD member - Deputy General Director

- ✓ Gender: Male; Year of birth: February 8, 1987; Hometown: Ha Nam; Ethnic group: Kinh
- ✓ Citizen ID card No.: 035087003482; Date of issue: June 22, 2018; Place of issue: Police Department on Residence Management and National Data on Population
- ✓ Permanent residence: No. 90 Nguyen Tuan, Thanh Xuan District, Hanoi
- ✓ Professional qualifications: Engineer
- ✓ Working experience: From April 2011 to November 2014, working at Song Hong Joint Stock Company. From April 2016 to March 2018, working at Doosan Vietnam Heavy Industries Co., Ltd. From August 2019 to June 2020, working as an employee in the Electromechanical Workshop of Central Pharmaceutical Joint Stock Company No. 2. Since June 2020, serving as a BOD Member and Deputy General Director of Central Pharmaceutical Joint Stock Company No. 2.
- ✓ Number of shares held at the issuing organization:





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- + Number of shares of individuals: 0 shares
- + Number of authorized shares: 0
  - ✓ Remuneration and other benefits: According to the Company's regulations
- **Mr. Nguyen Thanh Tung** - Position: BOD member - Deputy General Director
  - ✓ Gender: Male; Year of birth: June 21, 1974; Hometown: Gia Lam, Hanoi; Ethnic group: Kinh
  - ✓ Citizen ID card No.: 001074007405; Date/place of issue: May 3, 2022 Place of issue : Police Department of Administrative Management for Social Order.
  - ✓ Permanent residence: No. 80 Van Huong Alley, Hang Bot Ward, Dong Da District, Hanoi.
  - ✓ Professional qualifications: Bachelor of Pharmacy.
  - ✓ Working experience: From 1996 to 2006, working as an employee at Central Pharmaceutical Joint Stock Company No. 1. From March 2016 to June 2020, serving as Head of the Sales Department at Central Pharmaceutical Joint Stock Company No. 2. Since June 2020, serving as a BOD Member and Deputy General Director of Central Pharmaceutical Joint Stock Company No. 2.
  - ✓ Number of shares held at the issuing organization:
  - + Number of shares of individuals: 0 shares
  - + Number of authorized shares: 0 shares
    - ✓ Remuneration and other benefits: According to the Company's regulations
- **Phan Tri Dung** - Position: Deputy General Director
  - ✓ Gender: Male; Year of birth: June 7, 1975; Hometown: Nghe An; Ethnic group: Kinh
  - ✓ Citizen ID card No.: 025075067034; Date of issue/Place of issue: November 20, 2021 Place of issue: Police Department of Administrative Management for Social Order
  - ✓ Permanent residence: No. 5, Alley 99/115 Dinh Cong Ha, Dinh Cong Ward, Hoang Mai District, Hanoi
  - ✓ Professional qualifications: Bachelor of Pharmacy
  - ✓ Working experience: From September 1998 to May 2010, working at Central Pharmaceutical Enterprise No. 1 (now Central Pharmaceutical Joint Stock Company No. 1 – Pharbaco). Since November 2011, working at Central Pharmaceutical Joint Stock Company No. 2.
  - ✓ Number of shares held at the issuing organization:
  - + Number of shares of individuals: 0
  - + Number of authorized shares: 0
    - ✓ Remuneration and other benefits: According to the Company's regulations
- **Nguyen Thi Dieu Thuy** - Position: Chief Accountant
  - ✓ Gender: Female; Year of birth: June 7, 1977; Hometown: Nghe An; Ethnic group: Kinh
  - ✓ Citizen ID card No.: 001177010118; Date of issue/ place of issue: April 25, 2021 Place of issue: Police Department of Administrative Management for Social Order
  - ✓ Permanent residence: No. 70, Group 5, Thanh Luong Ward, Hai Ba Trung District, Hanoi
  - ✓ Professional qualifications: Bachelor of Economics





✓ Working history: From March 2000 to May 2012, working at Central Pharmaceutical Enterprise No. 1 (now Central Pharmaceutical Joint Stock Company No. 1 – Pharbaco). Since August 2012, working at Central Pharmaceutical Joint Stock Company No. 2.

✓ Number of shares held at the issuing organization:

+ Number of shares of individuals: 0

+ Number of authorized shares: 0

✓ Remuneration and other benefits: According to the Company's regulations

– Changes in the Executive Management: None

– Number of officers and employees:

+ Total number of employees as of December 31, 2024: 170 people

+ Average number of employees in 2024: 172 people

+ Labor structure by category:

Classification	Quantity	Percentage (%)
Educational level	170	
- Master's degree	0	0
- University degree	68	40%
- College degree	21	12.35%
- Vocational High School	56	32.94%
- High School/Skilled worker	25	14.71%
Gender		
Female workers	118	69.41%
Male workers	52	30.59%

Average income:

(Unit: VND)

INDICATOR	2023	2024
Average income per employee/month	8,100,000	8,900,000

**\* Policies for employees**

– Working regime:

+ Working time: The company operates 8 hours per day, 5 to 6 days per week. Employees have a 30-minute lunch break and a 30-minute meal break. When necessary to meet contract or project deadlines, company staff is responsible for and voluntarily work overtime. The company has appropriate policies to ensure employees' rights in accordance with state regulations, with reasonable benefits.

+ Leave, public holidays, Tet holiday: Employees are entitled to public holidays and Tet holiday as stipulated in the Labor Code. Those who have worked for the company for 12 months or more are entitled to 12 days of annual leave. For employees with less than 12 months of service, the number of annual leave days is calculated proportionally. In addition, every 5 years of service at the company entitles an employee to one extra leave day.

+ Sick and maternity leave: The company follows regulations on salary payment during sickness and maternity, which are covered by social insurance. Maternity leave is granted according to the social





insurance regime. In addition, female employees raising a child under 12 months old are entitled to 1 hour of leave per day.

+ Working conditions: Employees work in a civilized environment. The production workshops meet GMP-WHO standards. The offices are well-ventilated, clean, and fully equipped with lighting, air conditioning, and modern working facilities. 100% of office staff work on computers connected to LAN and the internet. The company also conducts annual comprehensive health check-ups for all staff at least once a year.

– Salary Policy:

+ Salary policy: The company has established a salary policy suitable to the characteristics of its operations, ensuring that employees receive all entitlements as per state regulations. Salaries are based on employees' qualifications, capacity, and professional responsibilities. In addition to monthly basic salary, employees receive performance-based income. Salaries are paid twice a month.

+ Bonus policy: In order to encourage and motivate employees to increase productivity and contributions, the Company has a policy of periodic and ad-hoc bonuses for individuals and teams that make significant contributions to the Company's overall performance.

+ Salary increase policy: According to the applicable legal provisions of the State and the Company's regulations.

– Welfare regime:

+ Insurance and benefits: The Company deducts and contributes to social insurance, health insurance, and unemployment insurance under the legal provisions.

+ Trade Union and Youth Union: The Company consistently facilitates the Trade Union and Youth Union for effective operation. Annually, employees are entitled to vacation and wellness trips, as well as opportunities for sightseeing. In addition, the Company has policies to encourage and reward the academic achievements of employees' children, such as providing gifts on Children's Day (June 1), Mid-Autumn Festival, and for children of employees who achieve high academic results.

– Training Policy

+ The Company places special emphasis on training and development in professional skills and political education. Employees regularly participate in training courses organized at the Company, in provinces and cities within Vietnam and abroad.

+ In the coming years, the Company will continue to implement various plans to enhance the professional qualifications and skills of its employees.

### ***3. Investment and Project implementation situation***

\* Project implementation situation:

The Board of Directors closely monitors and oversees investment activities. The progress of investment projects is detailed as follows:

Investment:

Joint Venture Project to leverage land use advantages at No. 9 Tran Thanh Tong:

The Company continues to implement the project with the previously contracted partner, making full use of all advantages and maximizing relationships to facilitate the Company's operations.

However, due to the Ministry of Defense's request to the Prime Minister to use the land at No. 9 Tran Thanh Tong for the expansion of a funeral home, the project has been delayed. As a result, the



Company has not yet been able to hand over the premises to the joint venture. The partner is actively working with relevant authorities to preserve the advantages for the joint venture.

Joint Venture Project to leverage land use advantages at No. 43 Vinh Tuy:

Currently, the Company has partnered with a collaborator to construct a headquarters and warehouse to support its business operations. The land has been temporarily handed over to the partner for management and preservation.

Subsidiaries and associated companies: (None).

#### 4. Financial situation

##### a) Financial situation

Unit: VND

Indicator	2023	2024	% Increase or decrease
Total asset value	451,384,848,306	442,633,346,857	-1.94 %
Net revenue	193,220,082,087	200,186,910,113	3.61 %
Operating profit	-23,282,341,441	-6,106,059,881	73.77 %
Other profit	-766,990,928	551,950,886	171.96 %
Profit before tax	-24,049,332,369	-5,554,108,995	76.91 %
Profit after tax	-24,049,332,369	-5,554,108,995	76.91 %
Dividend payout ratio	0	0	

##### b) Key financial indicators

Indicator	2023	2024	Notes
1. Liquidity ratios			
+ Current ratio: Current assets/Current liabilities	0.45	0.48	
+ Quick ratio: (Current assets – inventory)/ Current liabilities	0.28	0.30	
2. Capital structure ratios			
+ Debt/Total assets ratio	0.80	0.81	
+ Debt/Owner's equity ratio	1.82	1.80	
3. Operating efficiency ratios			
Inventory turnover:			
+ Cost of goods sold/ Average inventory	4.31	3.83	
+ Net revenue/Total assets	0.42	0.45	
4. Profitability ratios			
+ Profit after tax/Net revenue ratio	- 0.12	- 0.027	
+ Profit after tax/Owner's equity ratio	- 0.12	- 0.027	
+ Profit after tax/ Total assets ratio	- 0.05	- 0.012	
+ Operating profit/Net revenue ratio	- 0.12	- 0.030	

#### 5/ Shareholder structure, change in owner's equity

a) Shares: 20,000,000 shares

– Freely transferable shares: 20,000,000 shares

b) Shareholder structure:

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No.	Category	Number of shareholders	Number of shares	Value (VND)	Ownership ratio (%)
I	Domestic	379	20,000,000	200,000,000,000	
1	Individual	373	1,083,350	10,833,500,000	5.42
2	Organization	6	18,916,650	189,165,500,000	94.58
II	Foreign	-	-	-	-
1	Individual	-	-	-	-
2	Organization	-	-	-	-
	Total:		20,000,000	200,000,000,000	100

c) Changes in the owner's equity: None.

d) Treasury share transactions: None.

e) Other securities: None.

**III. Report and Evaluation by the Executive Management****1. Evaluation of production and business performance**

– The Executive Management has mobilized all available resources to ensure smooth operation of the new factory, despite numerous challenges, particularly in market and financial aspects:

- Business performance in 2024:**

✓ *Key indicators:*

Indicator	2024 actual performance
Total Revenue	VND 200,432,039,681
Net sales	VND 200,186,910,113
Profit after tax	VND - 5,554,108,995

✓ *Operational activities:***Production and business activities of the Company in 2024:**

a. Revenue: Net revenue in 2024 reached: VND 200.19 billion, reaching 100.1% of the plan, up 3.6% compared to 2023.

In 2024, the Company directly participated in bidding for pharmaceutical supply at 6 central hospitals, 17 provincial hospitals and other levels.

Revenue from co-produced and distributed products and contract manufacturing reached VND 154.78 billion (accounting for approximately 77.3% of total revenue).

The Company's direct sales: through both bidding and over-the-counter (OTC): amounted to VND 45.41 billion (about 22.7% of total revenue).

## b. Production output by production lines in 2024:

No.	Production line	Production output		2024
		2023	2024	Compared to 2023
1	Non-Beta-Lactam line	108,571,454	124,296,391	114.50%
2	Penicillin line	18,373,221	12,356,120	67.20%
3	Cephalosporin line	14,621,169	10,496,337	71.80%





4	Injectable solution line	1,622,970	4,547,555	280%
5	Syrup line	386,076	374,654	97%
6	Soft capsule line	1,669,800	1,873,050	112.20%
7	Injectable powder line	115,380	206,900	179.30%
8	Cream & Ointment line	794,369	995,966	125.40%
9	Liniment line	7,170	0	0%

**C. Employee working hours:**

In 2024, the Non-Beta-Lactam Tablet, Beta-Lactam Tablet, Cephalosporin Tablet and Penicillin Tablet workshops had sufficient workload throughout the year.

The Injectable Solution and Injectable Powder workshops occasionally experienced shortages of work and had to assist other departments and workshops.

Quality management, R&D and production management were prioritized, with 100% of products released meeting quality requirements. Most products met or exceeded economic and technical standards. Throughout the year, the Company received no violations regarding quality from any state quality inspection levels (according to reports, approximately 50 samples were taken for inspection at both central and local levels).

**4. Profit (loss) of the Company in 2024:**

Loss: VND 5,554 billion

Although this year's revenue increased by 103.56% compared to the previous year, it has not yet reached the break-even point (approximately VND 19 billion/month), resulting in a negative (-) profit figure. The negative (-) profit figure is attributed to the following two indicators:

- Depreciation in 2024: VND 22,036 billion. Depreciation in 2023: VND 22.2 billion
- Loan interest in 2024: VND 5,235 billion. Loan interest in 2023: VND 15.6 billion

(The lower loan interest in 2024 was due to the Company being exempted from penalty interest on overdue interest, amounting to about VND 10 billion).

As a result, in 2024, the Company did not incur a loss in production and business activities

Currently, the Company's working capital primarily comes from:

- Revenue from sales
- Savings mobilized from employees

The factory is still in the phase of restructuring its product portfolio, incurring high research costs, and lacks capital for market development investments, including both the distribution system and strategic products. Currently, product registration costs are high, and the Company mainly relies on business partners, which requires profit sharing. However, this allows the Company to leverage the partners' distribution capabilities (distribution network, financial resources and expertise) and maximize the factory's production capacity.

In 2024, the Company was granted 17 product registration numbers and commenced production of 11 new products. Collaboration between the R&D Department and the production workshops was prioritized to facilitate product launches and address production issues, with most production issues being resolved promptly.

Quality control efforts fulfilled the assigned tasks, with quality and timelines generally meeting the Company's requirements.





The Quality Assurance efforts were strong but still fell short of the Company's expectations and did not fully meet the requirements from regulatory authorities. There is a need for enhanced internal and external training.

M&E work meets the needs of production.

The basic construction needs to make specific plans and carry out implementation to ensure the maintenance of the factory to keep up with the requirements of State management agencies.

The planning work has basically met the requirements. However, warehouse management needs to further improve its capabilities and should implement an effective inventory alert system.

Supply still needs to be innovated to meet the company's increasing requirements, especially the need to apply new technology (4.0).

The financial work faces many difficulties regarding capital sources. The current capital is insufficient to meet the needs for both working capital and fixed capital. There is no bank borrowing limit for working capital due to a lack of collateral, and the fixed capital, including principal and interest repayments to the Vietnam Development Bank (VDB), is inadequate. The Finance and Accounting Department has made great efforts to secure funding for the company's operations, but there have still been unavoidable moments of helplessness, leading to failures in meeting business demands (both cooperative and independent) in terms of quantity and timing.

Organizational and administrative work basically met requirements in terms of human resources, labor, salaries, and social insurance. However, activities related to maintaining internal discipline, occupational hygiene, labor productivity surveys, as well as implementation and monitoring remain limited.

The Company focuses on improving the quality of its workforce and developing policies to attract talent, with plans and actions to enhance both on-site and external training.

Regarding organization and personnel:

- + Average number of employees in the year: 172 people;
- + In 2024, we recruited 06 new employees, including 03 university and postgraduate-level staff and 03 intermediate/college-level staff.
- + 01 appointment was made at the department/workshop/team level.
- + Retirement procedures were processed for 02 employees, and 09 employment contracts were terminated.
- + As of December 31, 2024, the Company had 170 employees, including: 68 with university or postgraduate qualifications, 77 with intermediate or college qualifications, 12 skilled workers and 13 unskilled workers.

The average income of employees was VND 8.89 million/person/month. All required social, health, and unemployment insurance policies were fully implemented.

Regarding investment activities:



**Joint Venture Project to Leverage Land Use Advantages at No. 9 Tran Thanh Tong:**

The Company continues to implement the project with the previously contracted partner, making full use of all advantages and maximizing relationships to facilitate its operations.

However, due to the Ministry of Defense's request to the Prime Minister to use the land at No. 9 Tran Thanh Tong for the expansion of a funeral home, the project has been delayed. As a result, the Company has not yet handed over the premises to the joint venture. The partner is actively working with relevant authorities to preserve the advantages for the joint venture.

**Joint Venture Project to Leverage Land Use Advantages at No. 43 Vinh Tuy:**

Currently, the Company has sought a partner to collaborate on constructing a headquarters and warehouse to support its business operations or to continue the project when a plan that maximizes benefits for the Company is available. In the meantime, the land has been temporarily handed over to the partner for management and preservation.

**Regarding occupational safety:**

The Company always places great emphasis on occupational health and safety, fire and explosion prevention, environmental protection, and improving working conditions. One officer is always assigned to monitor occupational safety, and government regulations in this area are strictly complied with on schedule.

**Regarding mass organization activities:**

Mass organization work received due attention. The Company effectively carried out activities related to the Party, trade union, and youth union organizations.

Fully aware of both opportunities and challenges in 2024, the Company developed business and production targets aligned with actual conditions, specifically as follows:

Revenue: VND 210 billion, Profit: Non-negative.

***Synchronous solutions to implement the 2025 plan***

Ensure timely, accurate, and quality delivery of products under business cooperation agreements. Coordinate closely with partners to align production and implementation plans, and monitor progress to guarantee revenue from this sales channel.

Increase direct bidding sales. Achieve at least 80% of the product supply for wholesale, retail, and wholesale partner channels. Conduct surveys and proceed with expanding direct distribution channels through measures such as opening agencies, branches, or establishing a new trading company dedicated to distributing company-produced medicines. This entity could also explore external finished products to increase the direct distribution ratio of company-produced goods, targeting 70% of the company's products to be sold directly.

Rationally and legally control the company's revenue and expenses in compliance with Accounting and Tax Laws, optimizing cost savings. Conduct audits of financial statements semi-annually and at year-end. Ensure prompt collection of receivables as per contract terms, preventing overdue debts. Maximize capital mobilization from employees to supplement working capital. Arrange financial resources appropriately to ensure sufficient funds for purchasing raw materials in line with production plans.

It is proposed that the BOD have a solution for working capital to achieve the above goals, the company is currently mobilizing capital at higher-than-market costs.

Strengthen product development, identify and designate strategic products for the company, and significantly invest in research and development (R&D). Innovate the company's product structure for both sales and partnerships, focusing on high-profit and high-revenue products. Aim to submit 15 new





registration dossiers, renew or re-register 12 dossiers, complete the process for 5 products eligible for bioequivalence testing and send samples for human trials, and review and innovate the development and rollout of new products.

Propose a survey to renovate the penicillin production line to meet conditions for producing low-humidity products like Clavulanic acid, thereby expanding the company's product portfolio.

Strengthen company-wide quality management, with particular focus on production lines and warehouses. Develop, revise, and supplement economic-technical norms, compile, update, and issue batch records and standard operating procedures. Conduct regular internal inspections, provide periodic and advanced GMP training, plan and execute drug disposal per regulations, review quality assurance processes, and implement and monitor GMP compliance professionally.

Plan for developing procurement strategies, imports: raw materials, packaging, supplies in prompt and proactive manner for production planning, ensuring adequate provision of new equipment, replacement parts, consumables, maintenance materials, etc. for departments upon approval from the Board of General Directors, conducting comprehensive supplier evaluations according to GMP regulations, ensuring stable quality and pricing of supplies for production following the principles of correct, sufficient, timely, and synchronized delivery, preventing monopolies, developing inventory management plans, strengthening warehouse management, and reducing energy costs associated with warehousing operations.

Production workshop: Increase wages and labor productivity, reduce incidents, defects, and errors, provide supplementary training for machine operators, and conduct regular training and retraining for workers.

Quality control: Maintain strict implementation of laboratory practices according to GLP, use chemicals and solvents economically, effectively, and safely for health, ensure all samples undergo testing with reliable results delivered promptly to support production.

Labor organization: Advise and implement wage increases and labor productivity improvements, ensure occupational safety and health, environmental protection, fire prevention, equipment safety certification, handle company administrative tasks such as shareholders' meetings, conferences, celebrations, etc., and organize periodic health examinations for workers.

M&E Department: Ensure energy supply for production, develops and implements maintenance plans for equipment and auxiliary systems on schedule and resolves unexpected breakdowns in the shortest possible time to maintain production schedules.

Coordinate with the Board of Directors to reasonably resolve debt issues: Vietnam Development Bank, land tax debt at 9 Tran Thanh Tong... Request cooperation with funds or financial institutions to resolve the aforementioned debts.

Business Cooperation Agreement No. 10/2017/NM-DTW2-VH between 3 Companies (Central Pharmaceutical Joint Stock Company No. 2, Viet Hien Development Co., Ltd. and Nhat Minh Production Co., Ltd.) and the previously signed Contract Appendices have not been implemented, severely affecting the business performance of Central Pharmaceutical JSC No. 2, therefore requesting the General Meeting of Shareholders to permit the liquidation of Business Cooperation Agreement No. 10/2017/NM-DTW2-VH and its previously attached Contract Appendices. Simultaneously, request permission to sign a Cooperation Agreement between Central Pharmaceutical JSC No. 2 and Nhat Minh Production Co., Ltd. regarding the Project at 15 The Giao, Hai Ba Trung, Hanoi.

#### **IV. BOD's evaluation of the Company's activities**

The Board of Directors of the Company, following the 2024 Annual General Meeting of Shareholders, consists of 5 members:

1. Mr. Nguyen Tien Duc – Chairman of the BOD of the Company;





2. Mr. Le Tien Dung – Vice Chairman of the BOD of the Company;
3. Mr. Cao Quang Hung – BOD member of the Company;
4. Mr. Nguyen Thanh Tung – BOD member of the Company;
5. Mr. Cao Tien Dung – BOD member of the Company;

***A/- Report on the Activities of the Company's BOD in 2024:***

Perform the functions, tasks and powers of the BOD in accordance with the Charter of Organization and Operation of the Company, the operation regulations of the BOD. The BOD of Central Pharmaceutical Joint Stock Company No. 2 would like to report on the results of leadership and direction of the Company's BOD in 2024 as follows:

**1. Organization, implementation and supervision:**

In 2024, the BOD held 04 meetings, issued 04 Resolutions to serve the Company's production and business tasks, investment and governance.

The documents issued by the BOD are issued in a prompt manner and based on the principle of democratic centralization, lawfulness and correct decisions on the Company's business strategy.

The Board of Directors regularly monitored, inspected, and directed the General Director and other management personnel in implementing the Board's documents and resolutions. As a result, all documents and resolutions of the Board were executed seriously and effectively by the General Director and the Executive Management.

The supervisory activities of the BOD are also approved through annual audits.

- All BOD meetings invited the Company's SB to participate.
- The BOD of the Company directed and completed the following key tasks:
- Assign specific responsibilities to each BOD member of the Company in each field.
- The BOD of the Company regularly evaluated the Company's operation, production and business situation, the implementation of the Company's Charter of Organization and Operation and the Resolution of the GMS, thereby taking prompt directive measures accordingly.

**2. Direction of the Company's operations:**

- The BOD directed and approved the production and business plan of the General Director in line with the resolutions of the 2024 General Meeting of Shareholders. On a monthly and quarterly basis, the Board reviewed and assessed the implementation of tasks, production, business, and investment plans, thereby proactively issuing appropriate and timely directives and adjustments.

**3. Production and business activities of the Company in 2024**

. Revenue: Net revenue in 2024 reached: VND 200.19 billion, achieving 100.1% of the plan and increasing by 3.6% compared to 2023.

In 2024, the Company directly participated in bidding for pharmaceutical supply at 6 central hospitals, 17 provincial hospitals and other levels.

Revenue value from Production - Distribution cooperative products and revenue from processed goods: VND 154.78 billion (Equal to nearly 77.3% of total revenue).

The company's direct revenue in 2024: through bidding and over-the-counter (OTC): VND 45.41 billion. (Equal to nearly 22.7% of total revenue).

**4. Evaluation:**

In 2024, the Board of Directors fulfilled the responsibilities entrusted by the General Meeting of





Shareholders (though the profit target was not achieved).

This outcome was primarily due to the collective unity and wisdom of each BOD member, the diligent efforts of the Executive Management and the entire workforce of the Company.

The BOD of the company also always received valuable feedback from shareholders, particularly from major shareholders, as well as guidance from leadership and the support of the Vietnam Pharmaceutical Corporation.

## **B - ORIENTATION AND TASKS FOR 2025.**

2025 is forecasted to present many favorable opportunities but also numerous difficulties and challenges. The Board of Directors has determined the following orientations and tasks:

- Revenue: VND 210 billion
- Profit: non-negative, striving to be profitable.
- The BOD has a specific plan to proactively find and cooperate with reputable financial institutions and strategic investors to settle debts with Vietnam Development Bank (VDB).
- Constantly improve the effectiveness and efficiency of the BOD on the basis of strict compliance with the provisions of law and the Company's Charter, ensure optimal conditions and leverage the capabilities of the management team and continue to improve internal documentation systems.
- The BOD will further strengthens supervision, especially in-depth supervision according to each specific theme.
- The BOD will direct and closely monitor production costs and reduce product costs, while prioritizing quality stability and product cost rationalization. Regularly inspect the BOD in the implementation of resolutions and decisions of the BOD.
- Lead the company toward sustainable development through directing and supervising the activities of the Executive Management, ensuring the achievement of targets set and approved by the GMS.
- Effectively fulfill the BOD's corporate governance responsibilities by closely monitoring operations, providing timely guidance and making appropriate adjustments based on specific circumstances to support the General Director in steering activities for 2025 and setting directions for subsequent years.
- Set strategic development direction for the company by approving the General Director's proposed development plans.
- Directly manage and direct the investment work.
- Perform management functions in accordance with the scope of powers and tasks of the BOD in accordance with the Law on Enterprises and the Company's Charter.

## **V/ Corporate governance**

### **1. BOD members**

1. Mr. Nguyen Tien Duc – Chairman of the BOD of the Company;
2. Mr. Le Tien Dung – Vice Chairman of the BOD of the Company;
3. Mr. Cao Quang Hung – BOD member of the Company;
4. Mr. Cao Tien Dung – BOD member of the Company;
5. Mr. Nguyen Thanh Tung – BOD member of the Company;





In 2024, the BOD held 4 meetings to address the requirements of production, business, and investment activities and issued 4 resolutions to support the Company's corporate governance efforts.

The documents issued by the BOD were released in a timely manner, adhering to the principles of democratic centralism and legal compliance, ensuring sound decisions for the Company's business strategy.

## **2. Supervisory Board:**

1. Mr. Luong Tan Hoan - Head of the SB
2. Ms. Tran Thi Thu Thuy - SB member
3. Ms. Duong Thi Ngoc - SB member

In 2024, the SB held 02 meetings:

- Participate in meetings of the BOD and give opinions within its scope and authority.

The SB conducted inspection of the activities and compliance with legal regulations and the Company's Charter by the Board of Directors and the Executive Management in managing and operating the Company.

It inspected and supervised the implementation of the Company's business plan according to the Resolution of the 2024 Annual GMS.

It reviewed and verified quarterly financial statements, audited financial statements, accounting records, and other Company documents to assess the accuracy and reasonableness of the financial data reported for 2024.

## **3. Transactions, remuneration and benefits of the Board of Directors, Executive Management and Supervisory Board:**

a. Salary, bonuses, remuneration, and other benefits (Salary, bonuses, remuneration, other benefits, and expenses for each BOD member, SB members, General Director and managers. The value of these remunerations, benefits, and expenses must be disclosed in detail for each person, clearly stating the specific amounts. Non-material benefits or benefits that cannot yet be/cannot be quantified in monetary terms need to be listed and fully explained:

Unit: VND

No.	Full name	Title	Remuneration	Income	Notes
1	Mr. Nguyen Tien Duc	Chairman of the BOD		402,652,763	
2	Mr. Le Tien Dung	Vice Chairman of the BOD	12,000,000	636,949,775	
3	Mr. Cao Quang Hung	BOD member	12,000,000		
4	Mr. Cao Tien Dung	BOD member	12,000,000	373,411,136	
5	Mr. Nguyen Thanh Tung	BOD member	12,000,000	369,303,408	
7	Mr. Luong Tan Hoan	Head of the SB	12,000,000		
8	Ms. Tran Thi Thu Thuy	SB members	8,400,000		
9	Ms. Duong Thi Ngoc	SB members	8,400,000		
12	Mr. Phan Tri Dung	Deputy General Director		348,004,317	
13	Ms. Nguyen Thi Dieu Thuy	Chief Accountant		364,478,408	
14	Mr. Tran Duc Thao	Assistant to the Chairman of the BOD		191,280,000	

## **VI. Financial Statements**

### **1. Audit opinion:**





**DOPHARMA**

**CENTRAL PHARMACEUTICAL JOINT STOCK COMPANY NO. 2**

No. 9 Tran Thanh Tong – Hai Ba Trung – Hanoi

Fax: 04 38211815 - Tel: 024 39716279/91 - Web: <http://Dopharma.vn> ; [Dopharma.com.vn](http://Dopharma.com.vn)

Our responsibility is to express an opinion on the financial statements based on the results of the audit conducted in accordance with Vietnamese Auditing Standards. However, due to the issues described in the section "Basis for Disclaimer of Opinion," we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

**- Basis for Disclaimer of Opinion:**

*In the audit report on the financial statements for the fiscal year ended December 31, 2023, we issued a disclaimer of opinion because the Company recorded an increase in other income from a support amount received under the Memorandum of Agreement on the transfer of shares in Binh An Developed Investment Joint Stock Company to Dat Viet Financial Investment Joint Stock Company. This amount, valued at VND 99,600,000,000, was used to determine the business results for the years from 2010 to 2016. As of the issuance date of this report, the Company has not provided us with the documents and records related to the completion of the share transfer procedures mentioned above. Therefore, we are unable to assess the impact of this matter on the financial statements for the fiscal years ended December 31, 2024, and December 31, 2023 of the Company.*

*We have not been provided with the financial statements for the fiscal years ended December 31, 2024, and December 31, 2023, of Binh An Developed Investment Joint Stock Company to serve as a basis for evaluating the provision for investment losses (if any). Therefore, we are unable to assess the impact of this issue on the financial statements for the fiscal years ended December 31, 2024, and December 31, 2023 of the Company.*

**- Disclaimer of Opinion:** Due to the significance of the issues outlined in the "Basis for Disclaimer of Opinion" section, we were unable to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Consequently, we do not express an opinion on the attached financial statements.

***Audited financial statements (Submitted).***

**Recipients:**

- State Securities Commission of Vietnam
- Hanoi Stock Exchange
- Archived at the Company

Hanoi, April 9, 2025

Confirmation of the Company's legal representative

**CHAIRMAN OF THE BOD**



**Nguyễn Tien Duc**