

**Appendix V**  
**ANNUAL REPORT**

*(Issued together with Circular No. 96/2020/TT-BTC dated November 16, 2020, of the Minister of Finance)*

**CENTRAL PHARMACEUTICAL  
JOINT STOCK COMPANY NO.1 –  
PHARBACO**

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence - Freedom - Happiness**

*No:02/2025/BC-PHARBACO*

*Hanoi, 10/04/2025*

**ANNUAL RPEORT 2024**

To:

- The State Securities Commission
- Hanoi Stock Exchange

**I. GENERAL INFORMATION:**

*1. Overview information*

- **Company name:** CENTRAL PHARMACEUTICAL JOINT STOCK COMPANY NO.1 – PHARBACO
- **Enterprise Registration Certificate No.:** 0100109032
- **Charter capital:** VND 1,132,999,020,000
- **Owner's invested capital:** VND 1,132,999,020,000
- **Address:** 160 Ton Duc Thang Street, Hang Bot Ward, Dong Da District, Hanoi City
- **Phone number:** (024) 3 845 4561
- **Fax:** (024) 3 823 7460
- **Website:** [www.pharbaco.com.vn](http://www.pharbaco.com.vn)
- **Stock code:** PBC
- **Formation and development:**

Central Pharmaceutical Joint Stock Company No.1 – Pharbaco (hereinafter “Pharbaco”) originated from Pharmaceutical Enterprise No.1 (1954–1993) and Central Pharmaceutical Enterprise No.1 (1993–2007) under the Vietnam Pharmaceutical Enterprise Union (now Vietnam Pharmaceutical Corporation - JSC). The previous enterprise registration certificate number was 0103018671.

The Company officially began operating as a joint stock company under Decision No. 286/QĐ-BYT dated January 25, 2007, and Decision No. 2311/QĐ-BYT dated June 27, 2007, issued by the Minister of Health, on transforming Central Pharmaceutical Enterprise No.1 into Central Pharmaceutical Joint Stock Company No.1 – Pharbaco. The Company operates under its Enterprise Registration Certificate No. 0100109032 dated July 25, 2007, with an initial charter capital of VND 49 billion.

The Company has amended its Enterprise Registration Certificate twenty times, as follows:

- 1st amendment, dated August 6, 2007
- 2nd amendment, dated August 10, 2009
- 3rd amendment, dated December 22, 2009
- 4th amendment, dated January 3, 2012
- 5th amendment, dated July 11, 2012
- 6th amendment, dated October 19, 2012

- 7th amendment, dated August 5, 2013
- 8th amendment, dated July 23, 2014
- 9th amendment, dated January 19, 2015
- 10th amendment, dated April 27, 2016
- 11th amendment, dated May 4, 2016
- 12th amendment, dated May 10, 2017
- 13th amendment, dated May 24, 2018
- 14th amendment, dated July 10, 2020
- 15th amendment, dated August 19, 2020
- 16th amendment, dated November 12, 2020
- 17th amendment, dated January 6, 2022
- 18th amendment, dated May 19, 2022
- 19th amendment, dated November 1, 2022
- 20th amendment, dated March 21, 2025
- Other events:

On November 16, 2019, the Company completed the registration procedures and was approved by the Hanoi Stock Exchange for listing its shares on the Hanoi Stock Exchange, trading on the UPCOM market.

## 2. *Business Sectors and Locations*

- Business Sectors:

Manufacture of pharmaceuticals, medicinal chemicals, and botanical products (code 2100). Specifically: manufacturing various kinds of drugs, manufacturing pharmaceutical chemicals and medicinal materials.

- Business locations:

Across provinces and cities in Vietnam and export to countries worldwide.

## 3. *Information on Governance Model, Business Organization, and Management Structure*

- Company governance model: General Meeting of Shareholders, Board of Directors (BOD), Supervisory Board, General Director.
- The General Director is the legal representative of the Company.
- Management structure



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- Select and partner with distribution partners to leverage each party's strengths, bringing products to market at optimal cost, thereby reducing financial pressure on the enterprise.
- Apply new methods in administration and operations, revise compensation policies to achieve effective management, and motivate Company staff to optimize production processes and reduce manufacturing costs, thereby strengthening competitiveness.
- Continuously improve the knowledge and working capacity of employees to meet the Company's requirements in the new phase.
- Medium- and long-term development strategy:
  - o The Company strives to complete Phase 2 of the EU-GMP-standard pharmaceutical plant project and obtain EU-GMP certification so it can begin operations. This aims to produce locally manufactured drugs that can compete with imports. In the interim—before EU-GMP certification is obtained—the Company continues production on existing modern machinery lines, supplying high-quality products for patient treatment.
  - o Continue seeking out good products for technology transfer and register for production on new production lines.

#### 5. *Risks:*

- Fluctuations in raw material prices and changes in USD exchange rates lead to increased production costs and greater difficulty competing on price.
- Legal risks: Pharmaceutical production and business are regulated by the State under the Pharmaceutical Law and related circulars and decisions. Each change in these laws impacts the Company's operations. For example, regulations on procedures for obtaining, renewing, and maintaining product registration directly affect both the pharmaceutical industry as a whole and Pharbaco in particular.
- Procurement entities for drug bidding do not always have a specific purchasing schedule and may place orders unexpectedly or with delays, affecting the Company's supply process

## II. OPERATION IN THE YEAR

### 1. *Production and Business Activities*

Pharbaco is equipped with modern machinery and equipment meeting European standards, ensuring high-quality pharmaceuticals for consumers.

Performance vs plans:

Indicators	2023 Actual	2024		Completeness	
		Plan	Actual	Compared to 2023	Compared to 2024
Net revenue (billion VND)	1,340.03	1,420	1,065.09	79.48%	75.01%
Profit after tax (billion VND)	39.36	38	21.67	55.06%	57.03%
Dividend payout (%)	0%	3%	—	—	—

### 2. *Organizations and Personnel*

#### LIST OF THE EXECUTIVE BOARD



No	Executive Member	Date of Birth	Gender	Registered Residence	ID/CCCD No./Issue date/Place of issue	Educational Background	Title	Shares	
								Shares Owned on Behalf	Personal Shareholding
1	Mr. Tô Thành Hưng		Male			Business Administration	General Director	None	None
2	Mr. Nguyễn Văn Quang		Male			University	Deputy General Dir.	None	None
3	Ms. Hà Thị Thanh Hoa		Female			University	Deputy General Dir.	None	1,158 shares
4	Ms. Nguyễn Thị Thu Hà		Female			University	Deputy General Dir.	None	None
5	Mr. Nguyễn Đức Cảnh		Male			Bachelor of Economics	Chief Accountant	None	None

- Changes in the Executive Board: None
- Number of staff and summary of labor policies:
  - o *Total employees: 599*
  - o *Labor structure:*

No.	Qualification	Number of People	Percentage
1	University/Postgraduate	195	32.6%
2	College/Intermediate	328	54.8%
3	Vocational/Technical workers	76	12.7%

- Labor policy: Recognizing that human resources are a valuable asset and a key driver for success, the Company prioritizes workforce development.
  - o Complies with the Labor Code regarding working hours, rest periods, and employee rights.
  - o Implements competitive compensation policies to attract high-quality personnel; annual pay raises, performance bonuses, and festival/holiday bonuses to motivate employees.
  - o Frequently organizes training sessions to improve professional skills and expertise for employees.

- Pays special attention to working conditions: providing adequate personal protective equipment (PPE), ensuring occupational safety, and maintaining a clean and green work environment.

### 3. Investments and Project Implementation:

#### a) Major investments

- The Company continues to invest in building an EU-GMP-standard pharmaceutical plant to produce products meeting European standards, thereby substituting imported products.

#### b) Subsidiaries, Associate Companies (As noted above.)

### 4. Financial Situation

#### a) Financial status (unit: VND)

No.	Items	2023	2024	2024 vs. 2023 (%)
1	Total assets	3,167,193,254,444	3,167,616,373,235	100.01
2	Net revenue	1,340,032,756,386	1,065,095,345,564	79.48
3	Operating profit	51,128,333,713	30,211,254,668	59.09
4	Other profit	-1,436,482,743	-2,061,860,047	–
5	Profit before tax	49,691,850,970	28,149,394,621	56.65
6	Profit after tax	39,361,564,295	21,675,459,762	55.07

#### b) Key financial indicators:

Indicators	Unit	2024	2023
<b>1. Liquidity indicators</b>			
+ Current ratio	times	0.80	0.99
+ Quick ratio	times	0.45	0.69
<b>2. Capital structure indicators</b>			
+ Debt/Total assets	%	59.92	60.59
+ Debt/Equity	%	149.47	153.77
<b>3. Operational efficiency indicators</b>			
+ Inventory turnover	times/yr	3.76	4.03
+ Net revenue/Average total assets	times	0.34	0.44
<b>4. Profitability indicators</b>			
+ Net profit margin (After-tax/Revenue)	%	2.04	2.94
+ ROE (After-tax profit/Avg. equity)	%	1.72	3.13
+ ROA (After-tax profit/Avg. assets)	%	0.68	1.30
+ EBIT margin (Operating profit/Revenue)	%	2.84	3.82

### 5. Shareholder Structure and Changes in Owner's Equity

#### a) Number of the Company's shares

Shareholder Structure	Number of Shares Held	Percentage
<b>Organizational Shareholders</b>		
Vietnam Pharmaceutical Corporation - JSC	5,870,783	5.182%
Hai Ha Waterway & Roadway Transport Co., Ltd.	41,200,000	36.364%
Hai Minh Hung Construction Investment Transport LLC	13,942,066	12.305%



Phap Van Agricultural Materials JSC	20,600,000	18.182%
Dai Hai Ha Petro Single-member LLC	15,450,000	13.636%
Reliv Pharma Co., Ltd.	1,421,733	1.255%
Hung Phu Glass JSC	25,750	0.023%
Bao Viet Securities JSC	4,326	0.004%
Thien Khanh Pharmaceutical Co., Ltd.	38,625	0.034%
BioVaccine Vietnam JSC	59,930	0.053%
<b>Individual Shareholders</b>	<b>14,686,689</b>	<b>12.963%</b>

- Total outstanding shares: 113,299,902 shares (one hundred thirteen million two hundred ninety-nine thousand nine hundred and two).
- Type of outstanding shares: Common shares.
- Number of freely transferable shares: 93,299,902
- Number of restricted-transfer shares: 20,000,000

b) Shareholder structure

c) Changes in Owner's Invested Capital:

Since converting to a joint stock company, the Company has carried out six capital increases, raising charter capital from VND 49 billion to VND 1,132,999,020,000 as follows:

Round	Completion Date	Additional Charter Capital (VND)	Charter Capital after Issuance (VND)	Issuance Method
1	24/12/2011	24,500,000,000	73,500,000,000	Issuance to existing shareholders
2	04/06/2016	106,500,000,000	180,000,000,000	Private placement to strategic shareholders
3	09/03/2017	220,000,000,000	400,000,000,000	Private placement to strategic shareholders
4	22/09/2020	500,000,000,000	900,000,000,000	Private placement to strategic shareholders
5	22/12/2021	200,000,000,000	1,100,000,000,000	Private placement to strategic shareholders
6	22/08/2022	32,999,020,000	1,132,999,020,000	Share issuance for dividend payment

d) Treasury share transactions

None

e) Other securities

None

## 6. Report on the Company's Environmental and Social Impacts

### 6.1. Environmental Impact

The Company's manufacturing and business activities comply with Vietnamese requirements and standards, with the goal of meeting European standards. Annual environmental monitoring is conducted four times per year; all indicators remain within regulated limits

### 6.2. Management of Raw Materials

Because the Company's main production activity is pharmaceuticals, raw materials are almost entirely imported; there are currently no domestic manufacturers for these inputs.

### **6.3. Energy Consumption**

Energy costs are included in the Company's production costs; energy-saving efforts are a top priority. The Company utilizes a solar power system to conserve energy.

### **6.4. Water Consumption**

- Water sources:
  - At the Ton Duc Thang facility, water is supplied by the Hanoi Clean Water One-member Co., Ltd. – Dong Da Clean Water Business Unit.
  - At Facility No.2 in Thanh Xuan, Soc Son, water is supplied by Mê Linh Water Supply JSC.

### **6.5. Compliance with Environmental Protection Laws**

The Company consistently complies with environmental protection regulations.

### **6.6. Policies Related to Employees**

#### **a) Workforce size and average wages**

- Total employees: 599
- Average monthly salary: VND 12,527,000/person

#### **b) Labor policies ensuring health, safety, and benefits**

- Every employee hired under contract is enrolled in full social insurance.
- The Company strictly enforces the Labor Code regarding working hours and rest periods; for shift workers, there is at least a 12-hour break before starting the next shift.
- Annual health check-ups are organized for all employees. Training courses on occupational safety, hygiene, and fire prevention are held to prepare staff for emergency situations.
- A safety and hygiene network is in place; the Company regularly inspects conditions to ensure worker safety. If a machine, device, or work area poses a hazard, it is reported to the Safety Department and halted until it meets safety requirements.
- The Company contracts professional agencies for annual workplace environmental monitoring and immediately addresses any unsafe or unhealthy areas.

#### **c) Employee training activities**

The Company frequently provides both in-house training and external programs to enhance employee skills and adopt new technologies required for the Company's growth.

### **6.7. Community Responsibility**

The Company routinely coordinates with local authorities to support impoverished families in the community and helps fund local initiatives such as camera installation for security. On holidays, the Company donates gifts and cash to disadvantaged households.

### **6.8. Report on Green Capital Market Activities per SSC Guidelines:**

None

## **III. REPORT AND ASSESSMENT BY THE BOARD OF MANAGEMENT**

At a minimum, the Board of Management's report must include:

### **1. Assessment of Production and Business Results**

In 2024, the Company registered and obtained approval for 79 new products and 315 renewed/extended product registrations, creating a broad product portfolio for the market.

However, 2024 posed numerous challenges for expanding and securing competitive product lines. Government policy changes, the expansion of centralized and provincial bidding for low-priced drugs, combined with reliance on imported raw materials (high exchange rate and high bank loan interest rates) increased cost prices and limited competitiveness.



Policy changes on drug procurement, insurance coverage, and other regulatory factors have also impacted the Company's ability to supply pharmaceuticals.

## 2. Financial Situation

### a) Asset Position

Analysis of Inventory and Accounts Receivable

**Summary of Inventory and Receivables over two years (Unit: VND)**

Indicator	2024	2023
Inventory	181,198,323,077	273,206,020,350
Accounts receivable	211,124,937,554	161,419,550,035

**Inventory Management over two years (Unit: VND)**

Indicator	2024	2023
Cost of goods sold (COGS)	855,335,074,533	1,109,245,779,220
Inventory turnover	3.76	4.03
Days of inventory on hand	97	90

**Receivables Management over two years**

Indicator	2024	2023
Receivables from customers (VND)	211,124,937,554	161,419,550,035
Prepayments to suppliers (VND)	50,768,678,408	107,225,089,554
Other receivables (VND)	5,184,498,356	16,323,949,020
Receivables turnover (times/year)	4.52	5.44
Avg. collection period (days)	81	67
Avg. collection period (months)	2.65	2.23

### b) Liabilities

Analysis of Liabilities (unit: VND)

Indicator	2024	2023
Short-term debt	976,318,468,468	924,026,415,192
Long-term debt	921,572,904,816	995,117,299,063

## 3. Improvements in Organizational Structure, Policies, and Management

The Company remains under construction of its new plant but is making every effort to maintain policies and comply with legal requirements.

## 4. Future Development Plans

The Company intends to produce high-quality Western pharmaceutical products that can compete directly with imported goods, and it also plans to expand into production and trading of traditional medicinal products.

## 5. Explanations by the Board of Management on the Auditor's Opinion (if any)

- None

## 6. Report on Environmental and Social Responsibilities

- None

## IV. ASSESSMENT BY THE BOARD OF DIRECTORS (BOD) ON THE COMPANY'S ACTIVITIES

*(Applicable to joint stock companies.)*

### 1. BOD Assessment of the Company's Performance, including Environmental and Social Responsibilities

Given the challenges of exchange rate fluctuations and changes in state policy, the BOD made

every effort to propose suitable strategies to maintain Company stability. The Company pays close attention to employee welfare and community responsibility at the local level, ensuring a safe working environment in compliance with the law.

## 2. BOD Assessment of the Board of Management

- The Board of Management has worked diligently to implement the resolutions of the General Meeting of Shareholders and the Board of Directors, largely meeting planned targets.
- The General Director has performed his duties in accordance with the law, achieving the Company's production and business objectives.
- The management team has tightly overseen the business development strategy, reorganized the Company structure, and strengthened measures for cost management and debt recovery.

## 3. BOD Plans and Orientations

- The Board of Directors has overseen and directed the Executive Board to implement resolutions approved at the 2024 Annual General Meeting of Shareholders.
- In 2024, the BOD held four meetings with full attendance to formulate timely strategies and resolutions aligned with the Company's realities.
- The BOD approved and directed the execution of the 2024 business plan in accordance with the Company's long-term strategy.
- The BOD proposed strategic directions consistent with market realities and supervised the management in fulfilling production and business objectives, ensuring stable employment.
- The BOD directed management to:
- Maintain market stability and prepare for new developments, seeking every avenue to cut costs while implementing the BOD's Resolutions.
- Continue investments in pharmaceutical production lines meeting EU-GMP standards at Facility 2, Thon Thach Loi, Thanh Xuan Commune, Soc Son District.
- Acquire additional machinery and equipment, and renovate facilities to increase plant capacity.
- Ensure the Company's manufacturing and business activities are audited and supervised by the Supervisory Board

## V. CORPORATE GOVERNANCE

### 1. Board of Directors:

No.	BOD Member	Title (independent or non-executive)	Shares (No./%)	Managerial Position at Other Companies
1	Mr. Vũ Hồng Khoa	Chairman of the BOD	None	- Director – Le Vu Production Business Trading & Service Co., Ltd. Director – Dai Duong Thai Binh Maritime Transport Co., Ltd.
2	Mr. Tô Thành Hưng	BOD Member	None	–
3	Ms. Lưu Quỳnh Mai	BOD Member	None	Deputy Head of Administration – Vietnam Pharmaceutical Corporation - JSC



4	Ms. Nguyễn Thị Thu Hà	BOD Member	0 shares	–
5	Mr. Nguyễn Đình Tuấn	BOD Member	None	Chairman – Vietnam Industrial Infrastructure Investment JSC
6	Mr. Nguyễn Huy Thanh	BOD Member	257 shares (0.00023%)	Dismissed on 29/05/2024

**a) Sub-committees under the BOD**

- None

**b) BOD Activities**

In 2024, the BOD convened four meetings with full participation, producing timely resolutions and strategies aligned with the Company's growth

Meeting	Date	Content Approved
1	14/03/2024	- Appointment of the Company Secretary
2	04/04/2024	- Extension of the deadline for convening the 2024 Annual General Meeting of Shareholders
3	06/05/2024	- Approval of meeting date and venue for the 2024 Annual General Meeting of Shareholders; Approval of agenda items for 2024 AGM
4	09/05/2024	Acceptance of Mr. Nguyễn Huy Thanh's resignation (BOD member), subject to AGM approval; Approval of additional documents for 2024 AGM on: + Dismissing 1 BOD member + Electing 1 new BOD member

**2. Supervisory Board**

**a) Members and Composition**

The Supervisory Board comprises three members:

- **Ms. Khổng Thị Hương Lan** – Chief Supervisor (Bachelor of Economics), holding 463 shares
- **Ms. Tăng Thị Diệu Linh** – Supervisor (Master of Pharmacy), holding 695 shares
- **Ms. Phùng Thị Nga** – Supervisor (Bachelor of Pharmacy), holding 772 shares

**b) Activities of the Supervisory Board**

Throughout 2024, the Supervisory Board regularly reviewed production and business operations via documentation, records, and direct participation in BOD and management meetings.

- Monitored implementation of the General Meeting's resolutions, BOD resolutions, and management activities.
- Monitored the 2024 financial statements.
- Oversaw production operations and product quality.
- Coordinated with the BOD and Executive Board.

The Supervisory Board did not receive any complaints, denunciations, or inquiries from employees or shareholders.

**3. Transactions, Remuneration, and Benefits of the BOD, Board of Management, and Supervisory Board**

**a) Salaries, bonuses, remuneration, and benefits**

- BOD remuneration: VND 10,000,000/person/month
- Supervisory Board remuneration: VND 4,000,000/person/month

- Total remuneration for the BOD and Supervisory Board in 2024: VND 684,000.000
- Total salaries of the Executive Board: VND 2,212,000,000

Those who work directly at the Company receive compensation according to Company-wide salary regulations.

b) **Insider share transactions:** None

c) **Contracts or transactions with insiders:** None

d) **Assessment of compliance with corporate governance regulations:**

The Company complies with legal requirements. However, it still faces difficulties and primarily uses part-time positions rather than dedicated staff for certain mandated functions.

## VI. FINANCIAL STATEMENTS

### 1. Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the Company's financial position as of December 31, 2024, as well as the results of its operations and its cash flows for the fiscal year then ended, in accordance with Vietnamese accounting standards and the relevant legal provisions on financial statement preparation and presentation.

### 2. Audited Financial Statements

Pharbaco's 2024 consolidated financial statements have been duly audited, disclosed in compliance with regulations, and posted on the Company's official website: [www.pharbaco.com.vn](http://www.pharbaco.com.vn)

#### **Recipients:**

- As above
- Company archives (HR & Administration).

#### CONFIRMATION BY THE COMPANY'S LEGAL REPRESENTATIVE

(Signature, full name, official seal)



**TỔNG GIÁM ĐỐC**  
*Lê Thành Hưng*