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**REPORT ON ACTIVITIES
OF INDEPENDENT BOARD MEMBERS IN THE AUDIT COMMITTEE IN 2024**

To: The General Meeting of Shareholders of Central Pharmaceutical CPC1.JSC

Pursuant to the Law on Enterprises No. 59/2020/QH14 dated 17 June 2020, as amended and supplemented by Law No. 03/2022/QH15 passed by the National Assembly on 11 January 2022;

Pursuant to the Charter of Central Pharmaceutical CPC1.JSC, issued on 11 April 2024.

The independent Board Member in the Audit Committee (AC) would like to report to the General Meeting of Shareholders (GMS) on the operational and supervisory results for 2024 as follows:

I. Report on the Activities of the Audit Committee in 2024**1. Composition and Structure of the Audit Committee**

On 12 June 2024, the Audit Committee was established pursuant to Resolution No. 32/NQ-HĐQT of the Board of Directors. The Audit Committee, under the Board of Directors, consists of two members, including:

No	Audit Committee Member	Position	Start date / end date as an Audit Committee member		Qualification
			Start Date	End Date	
1	Mrs. Tran Thi Kim Khanh	Independent Board Member - Chairwoman of AC	12 June 2024		Master of Business Administration
2	Mr. Nguyen Doan Liem	Board Member - AC Member	12 June 2024		Bachelor of Pharmacist

2. Operating Mechanism of the Audit Committee

The Audit Committee operates in accordance with its Operating Regulations issued by the Board of Directors, which comply with the Company's Charter and applicable laws, including the Law on Enterprises 2020, the Law on Securities 2019, Decree 155 guiding the Law on Securities, Circular 116 guiding the Law on Enterprises 2020, and Decree 155.

3. Audit Committee Meetings

No	Audit Committee Member	Meetings Attended	Attendance Rate	Voting Rate	Reason for Absence
1	Mrs. Tran Thi Kim Khanh	02	100%	100%	
2	Mr. Nguyen Doan Liem	02	100%	100%	

4. Remuneration and Operating Expenses of the Audit Committee in 2024

- Remuneration of the Audit Committee in 2024: Detailed remuneration for Audit Committee members is presented in the Board of Directors' activity report.
- Operating expenses of the Audit Committee in 2024: Comply with the internal regulations and policies of CPC1 Central Pharmaceutical CPC1.JSC.

5. Activities of the Audit Committee in 2024

In 2024, the Audit Committee carried out the following tasks:

- Evaluated and monitored the implementation of the 2024 plan, including periodic analysis of financial indicators for the first half and full year of 2024.
- Reviewed transactions with related parties, provided recommendations to the Board of Directors, and approved resolutions ensuring CPC1 Central Pharmaceutical CPC1.JSC (CPC1) complied with legal requirements.
- Reviewed the internal control and risk management system.
- Supervised the Board of Directors, Board of Management, and audit activities.
- Monitored the independent audit firm: Ernst & Young Vietnam Limited Liability Company, which was contracted to provide auditing services for CPC1 in 2024.
- Attended Board of Directors and Board of Management meetings related to control and audit activities, provided input on business operations, financial management, and regulatory improvements.

6. Evaluation of Coordination Between the Audit Committee and the Board of Directors, Board of Management, and Other Management Personnel

Throughout its supervisory activities, the Audit Committee has consistently maintained effective coordination with the Board of Directors, the Board of Management, and relevant department managers while fulfilling its oversight functions. The Board of Management has facilitated and promptly provided the necessary information to support the Audit Committee's supervisory work. Based on this, the Audit Committee has conducted analysis, compiled insights, and provided recommendations during Board of Directors meetings regarding governance and management. These efforts aim to promptly address existing issues and ensure the company's business operations achieve the highest efficiency.

7. Performance of the Audit Committee in 2024

7.1 Supervision of Financial Statements

The Audit Committee has reviewed and approved the audited 2024 Financial Statements. These statements have been prepared and presented in accordance with Vietnamese Accounting Standards (VAS) and current regulations, accurately reflecting CPC1's financial position and business performance. No material misstatements that could impact the integrity of the financial statements were identified.

Accounting policies and principles for estimating accounting figures were consistently applied, with no significant changes recorded.

The financial statements were independently audited by Ernst & Young Vietnam Limited Liability Company, which issued an unqualified opinion, and the statements were disclosed in compliance with regulations.

Summary of Financial Information as of December 31, 2024

No.	Item	Unit	2024	2023
I	Asset and Capital Structure	Million VND		

No.	Item	Unit	2024	2023
1	Total Assets	Million VND	1.263.126	1.134.741
1.1	Short-term Assets	Million VND	1.113.195	979.379
1.2	Long-term Assets	Million VND	149.931	155.362
2	Total Capital	Million VND	1.263.126	1.134.741
2.1	Liabilities	Million VND	838.683	783.246
2.2	Owner's Equity	Million VND	424.444	351.495
3	Structure			
3.1	Short-term Assets/Total Assets	%	88,1	86,3
3.2	Liabilities/Total Capital	%	66,4	69,0
3.3	Owner's Equity/Total Capital	%	33,6	31,0
II	Liquidity Ratios			
1	Current Ratio	Times	1,3	1,3
2	Quick Ration	Times	0,6	0,8
III	Profitability Ratios			
	Net Profit After Tax	Million VND	132.976	115.939
1	ROS(Net Profit Margin)	%	6,4	5,4
2	ROE (Return on Equity)	%	34,3	37,2
3	ROA (Return on Assets)	%	11,1	10,1
IV	Dividend	%	18	15

General Assessment:

- Total assets as of 31 December 2024, reached 1,263,126 million VND, an increase of 128,385 million VND (equivalent to 11.3%) compared to the same period last year. The primary reason for this growth was the significant increase in year-end inventory, which rose by 250 billion VND compared to the previous year. Meanwhile, due to a decline in revenue, accounts receivable decreased by 106.4 billion VND.

- The ratio of short-term assets to total assets as of December 31, 2024, was 88.1%, an increase of 1.8% compared to the previous year.

- The ratio of liabilities to total capital as of 31 December 2024, stood at 66.4%, a decrease of 2.6% compared to the previous year.

- Liquidity ratios: The current ratio remained stable at 1.3 times in both 2024 and 2023. The quick ratio in 2024 was 0.6 times, 0.2 times lower than in 2023 (0.8 times), due

to a lower cash and cash equivalent balance at the end of 2024 compared to the previous year.

- Profitability: CPC1's net profit has steadily increased over the years. In 2024, net profit after tax reached 132,976 million VND, an increase of 17 billion VND (14.7%) compared to 2023.

7.2 Transactions with Related Parties

Transactions with related parties were strictly monitored and complied with legal regulations, the Company's Charter, and internal policies on related-party transaction control. No conflicts of interest were identified in these transactions.

7.3 Internal Control System and Risk Management

In 2024, the Board of Directors established the Internal Audit Department to coordinate with the Internal Audit Division of the parent company, Vietnam Pharmaceutical Corporation – JSC, to meet the following requirements: ensuring operational efficiency and safety; safeguarding, managing, and utilizing assets and resources securely and effectively; ensuring the accuracy, adequacy, and timeliness of financial and management information systems; and ensuring business activities comply with laws, regulations, and internal policies and procedures.

The Internal Audit Division of the parent company has developed a specialized audit plan for CPC1 in 2024, focusing on cash flow management while adhering to key operational risk principles. The internal audit team consulted with the Board of Management before drafting the plan and with CPC1's Audit Committee before approving it.

The recommendations provided by the Internal Audit team have been acknowledged and implemented by the Board of Management in a serious and timely manner.

The company has been maintaining risk management and internal control through established policies and procedures. These regulations and processes have played a crucial role in enhancing internal control effectiveness and risk management.

In 2024, the Legal Department was established and became operational, providing legal support to various units, regularly monitoring and updating legal regulations related to corporate governance and pharmaceutical business operations. Additionally, it collaborates with relevant departments to assess legal risks, from policy factors to specific applications within the company, and provides recommendations to ensure CPC1's compliance with legal regulations.

7.4 Oversight Activities of the Audit Committee on the Board of Directors, Board of Management, and Audit

The Audit Committee conducts oversight through the following methods:

Directly monitoring the activities of the Board of Directors during meetings, discussions, and actively participating in decision-making on matters within the Board's authority.

Supervising the Board of Management's operations by ensuring compliance with and execution of the Board of Directors' Resolutions, in accordance with the delegation of authority among the Board of Directors, the Chairman of the Board, and the General Director. The committee engages in direct discussions with the General Director and reviews reports to stay informed about the company's business operations.

Board of Directors' Performance Results: In 2024, the Board of Directors held four in-person meetings and conducted 17 rounds of written consultations with its members. As a result, the Board issued 27 Resolutions and 06 Decisions concerning its responsibilities in directing, managing, and overseeing the company's operations.

The Board of Directors has systematically organized, directed, and planned business activities to safeguard and grow shareholders' capital contributions while ensuring the company's best interests.

Board of Management's Performance Results: In 2024, despite ongoing challenges and difficulties, the Board of Management implemented solutions to effectively execute the Resolutions of the Board of Directors and the General Meeting of Shareholders, ensuring business efficiency. Additionally, the Board introduced a new software system to establish a foundation for future growth.

The Board of Management's operations adhered to current legal regulations and the company's internal policies.

Internal Audit Performance Results: In 2024, the Internal Audit Division of the parent company successfully completed its audit plan at CPC1. The company plans to recruit a full team for the Internal Audit Department and issue internal audit regulations to develop an implementation plan for 2025.

Independent Audit Service Performance Results: Ernst & Young Vietnam Co., Ltd. fully fulfilled its obligations under the audit contract signed with CPC1, ensuring the reliability, accuracy, and quality of the audited financial statements. The firm adhered to the required audit timelines, coordinated in responding to and providing information as requested by the Audit Committee, complied with professional regulations, and maintained independence and objectivity in its audit opinions.

II. Audit Committee's Plan for 2025

Based on the Audit Committee's duties as stipulated in the Company's Charter and Operating Regulations, the committee has developed the following activity plan for 2025:

- Monitor and assess the implementation of the 2025 plan; evaluate and analyze financial indicators on a semi-annual and annual basis.

- Oversee the implementation of the risk management system and the operations of the Internal Audit Department.

- Review transactions with related parties that fall under the approval authority of the Board of Directors or the General Meeting of Shareholders; propose the Board of Directors' approval of related-party transactions for 2025.

- Submit to the General Meeting of Shareholders the proposal for selecting the independent audit firm for 2025; monitor and assess the independence, objectivity, and effectiveness of the independent audit process.

- Evaluate the coordination between the Audit Committee and the activities of the Board of Directors, the Board of Management, and other key management personnel.

- Ensure compliance with legal regulations, regulatory requirements, and the company's internal policies.

The above is the assessment report by the Independent Member of the Board of Directors on the Audit Committee's performance in 2024 and its activity plan for 2025.

Sincerely,

Recipients:

- As above;
- Board of Directors;
- Archives: VT, Secretary.

**INDEPENDENT BOARD MEMBER
CHAIRWOMAN OF THE AUDIT COMMITTEE**

Tran Thi Kim Khanh

