

DHG PHARMACEUTICAL JSC

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Founded: 02/Sep/1974

Equitized: 02/Sep/2004

Listed: 21/Dec/2006

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Information to investors

Consolidated sales structure of 5 months/2014 by function:

Net sales: **VND 1,358.5 billion** (100%, growth by 9.5%)

In which:

- Self-produced goods: **VND 1,239.9 billion** (91%, growth by 14.4%)
- Trading of merchandise: **VND 49.3 billion** (3.6%, growth by -32.6%)
- Trading of materials: **VND 56.6 billion** (4.2%, growth by 86.8%)
- Tourism: **VND 4.6 billion** (0.3%, growth by 33.2%)
- Promotion goods: **VND 8.1 billion** (0.6%, growth by -83.4%)

Despite the impact of objective factors, difficult situation in bidding due to impact of Circular 01 and decreased purchasing power of consumers, DHG Pharma's net sales, in the first 5 months reached **VND 1,358.5 billion, an increase of 9.5% YoY. Self-produced goods has grown by 14.4%**, its ratio increasing back to 91.3% of total revenue compared to the ratio 85% of 2013. This is due to reduction of sales from promotion goods and distribution goods, particularly from Eugica distribution.

Factors mainly impacted DHG's sales in 2014:

1. Merchandise trading decreasing by 32.6%: According to the signed contract, from 2014 to 2017, DHG Pharma only performed processing, but not distributing the products Eugica. If excluding Eugica goods, net revenue from merchandise trading in the first 5 months of 2014 has grown by 93.3%, mainly from exclusive distribution of MSD's goods.
2. Sales from promotion goods fell from VND 49.2 billion to VND 8.1 billion, 83.4% down correspondingly. It was due to not recording sales for the promotion goods under the new rules. Total sales promotion in 2013 was recorded as VND 136 billion
3. The impact of Circular 01 has further affected the therapeutic channel, a reduction of 28% of sales YoY. To achieve the overall growth rate of self-produced goods with 14.4%, sales from the trading channel has grown 22% YoY.

According to the above analysis, in order to achieve sales target in 2014 with VND 3,880 billion, increasing VND 353 billion, about 10% of growth rate compared with year 2013; the sales-generating activities of DHG actually need to increase to VND 680 billion, equivalent to 20% because of it need to compensate for VND 327 billion, which not getting from Eugica distribution (VND 191 billion) and from promotion goods (VND 136 billion). The categories and

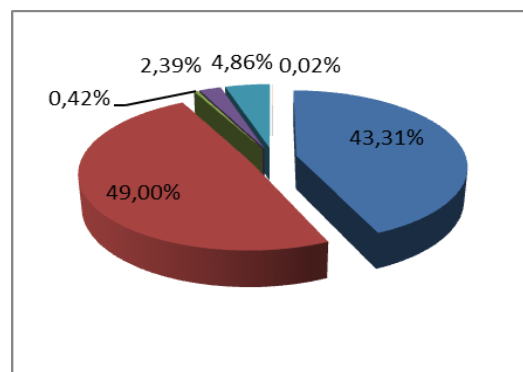
IR ACTIVITIES IN THE FIRST 5 MONTHS OF 2014

IR activities

- Carried out **55** direct meetings with **136** domestic and foreign investment funds.
- Introduced about DHG at 03 conferences: **“Vietnam Access Day 2014”** held by Viet Capital Securities (VCSC) in HCMC on 19/Mar/2014; **“Invest Asean 2014”** held by May Bank KimEng in Singapore from 1-2/Apr/2014; **“CIMB SMID Cap Corporate Day”** held by CIMB and VN Direct in Hong Kong on 23-24/Apr/2014.
- Organized meetings for major shareholders on 08/Apr/2014. Successfully organized Annual Shareholders’ Meeting 2013 of DHG Pharma (28/Apr/2014) and SH Pharma (17/Apr/2014).
- Carried out formalities for bonus share issuance with ratio 3:1
- Completed “Annual Report 2013”, “Sustainability Report 2013”, IR news No.10, information disclosure, and management of shares as stipulated.

Shareholder structure on 03/06/2014

SCIC 43.31%	Staffs 2.39%
Foreign 49%	External 4.86%
Internal 0.42%	Treasury 0.02%



brands (self-produced goods) play a key role, primarily in sales growth with an increase of 16% compared with the same period.

Export sales of the first 5 months/2014:

Export sales of the first 5 of 2014 gained VND 12.3 billion, an increase of 15% YoY and achieved 35% of year plan. At present, DHG has export markets in 12 countries including Moldova, Ukraine, Myanmar, Russia, Mongolia, Cambodia, Nigeria, Laos, Singapore, Jordan, Sri Lanka, and Romania. New markets which are developing include Afghanistan, Indonesia, Philippines, Yemen, Thailand, Ghana.

Business results

*Consolidated figures
5 months/2014*

Target	Amount	YoY	Performance/year plan
Production value	1,519	4.19%	42.03%
Net sales	1,358.5	9.53%	35.01%
Profit before tax	269	7.06%	39.24%

DHG NEWS IN BRIEF OF 5 MONTHS/2014

Forbes Magazine has recently announced that DHG Pharma (DHG) is in **Vietnam's top 50 best listed companies 2014** on both HOSE and HNX, based on the ranking criteria of leading listed companies of important industries and on their proving about competitiveness by better and stable business results in the nearest 05 years. Forbes evaluates DHG as a leading company in the pharmaceutical industry with the largest capitalized level among pharmaceutical enterprises listed on the stock market.

- On May 2014, CEO organized a **visit series to subsidiaries' customers** (Mekong 1 and 2) to get market feedback.
- The project of **regional warehouse** system investment is being considered location (purchase or lease); Northern warehouse is decided to be constructed in Hai Duong province.
- The project of "**Restructuring of professional, effective sales system**" is deployed from the beginning of March 2014. This is a major change in DHG's sales system in 2014 towards a more professional model.
- Deployment of **Personal Digital Assistant (PDA)** has been completed to all branches and subsidiaries in May 2014.
- The project of **exclusive distribution of MSD goods** continues to be conducted to increase sales, to exploit advantages of distribution system.
- The project of "**effective management of operating cost**" with EY consulting company continues to be conducted in sales system.
- The **brands, catogeries** continue to be implemented their communications activities, product introduction seminars, customer meetings, consulting ... to introduce products and to support sales force.
- **The new factory NonBetalactam** at Tan Phu Thanh Industrial Zone began its operations (including 39 products) from 20 April 2014. Productivity coefficient of manufacturing workers at the new plant is satisfactory.
- **Manufacturing output** of the first 5 months of year 2014 reached 1.94 billion units of product. The output has grown by 17.04% compared with the first 5 months of year 2013.
- Procedure of **bonus shares insurance at 3:1 ratio** has been completed. The additionally new shares are being registrated depository and listing, expected to be traded on 07/Feb/2014. After issuing the bonus shares permitted to be traded, DHG will conduct procedures to close the list of dividend payment for phase 2/2013 (the last phase of 2013) with 15% of par value.
- Procedure of ESOP 2011 (250,000 shares) release was been completed on 16/Jun/2014.



DHG Pharma is honored **to be the 5th in Vietnam's 50 performing companies 2014** held by Journal of Investment Bridge and was awarded a medal for being the ranks during 3 consecutive years. Ranking criteria are based on revenue growth, 3-year average profit on Return On Equity (ROE) and Return On Capital (ROC).

DHG Pharma continues being in **Top 42 highly qualified Vietnamese goods enterprises during 18 consecutive years** announced by Enterprise Association of Vietnamese High-Quality Goods and being one of 17 units receiving Certificate of Merit of innovatively, creatively highly qualified Vietnamese goods enterprise awarded by the Ministry of Science and Industry.

At the 124th anniversary celebrations of Uncle Ho and 60 years of the Dienbienphu victory, DHG launched a collection "We defended China Sea sovereignty" with **over 01 billion**.

BOD's Decisions/Resolutions has been issued

The first 5 months of year 2014, the Board of Directors (BOD) has conducted 2 regular meetings and 6 extraordinary meetings by email to discuss and adopt the following major contents:

- Approving of documents, time, place, and program of the Annual Shareholders' Meeting 2013.
- Approving of dissolution DHG 1 Nature One-Member Limited Company at Tan Phu Thanh industrial zone by not enough sales and profit to exploit preferential tax policy (This is a subsidiary entirely owned by DHG Pharma, not operating).
- Approving of construction of herbal processing line (GMP WHO standard) of DHG Nature One-member Limited Company (DHG Nature) at Nguyen Van Cu, Can Tho city.
- Electing BOD's Chairman and Vice Chairman, appointing CEO, Deputy CEO, BOD's secretary, and subcommittees directly under BOD for the Term 2014 – 2018.
- Approving of the Operating regulations of DHG Pharma's BOD, content which BOD authorizes CEO DHG Pharma, Operating regulations of subsidiaries' Board of members, decentralization matrix, jurisdiction at the Parent company and its whole owned subsidiaries.
- Agreeing with Board of Supervision to chose PricewaterhouseCoopers Vietnam Ltd. (PwC) as an independent audit company for financial statement 2014 of DHG Pharmaceutical Joint-stock company and its subsidiaries.

Investment activities, project progress

The remaining disbursement up to 31/Dec/2013 for projects of the previous Term as planned was 348.8 billion dong.

From 01/Jan/2014 to 31/May/2014, a sum of 126.7 billion dong was disbursed, including 14.7 billion dong for DHG PP1 (accumulating 58.3/94.7 billion dong), 111 billion dong for the new plant (accumulating 387/676 billion dong and 63.6 billion dong for land)

The new plant is in progress, including:

- Works of Betalactam factory and warehouse are expected to be completed on Dec 2014;
- Construction of infrastructure on an area of 1.6 hectares (this premises is handed over in the 2nd phase), construction of items: leveling, internal road, fences bordering the people,... are expected to be completed at the end of Q2/2014.
- Constructing embankments and fences along Ba Lang river, with estimating worth of 25 billion dong.

Beta
New
plant
on
20/Jun



Investment plan for year 2014 which was approved at the Annual Shareholders' Meeting 2013 was 434 billion dong. The year 2014 is expected to be 357.5 billion dong, the year 2015 will be 76.5 billion dong, namely:

(1) Construction of houses for the branches, buying back State lands and houses in form of transfer of land with use levies; (2) investment in merger and acquisition of 72.86% ASV Pharma Vietnam; (3) the system of regional warehouses; (4) Herbal progressing line complying GMP WHO standard; (5) Candy production line; (6) Data Center; (7) Storehouse for excipients and raw materials at General warehouse; (8) Separating herbal line from pharmaceutical line at Nguyen Van Cu; (9) Investing and equipping product development research; (10) Investment in transport; (11) Project of personal digital assistant (PDA) for sales system; (12) Repairing and maintaining the plant at Nguyen Van Cu; (13) Planning at 288Bis Nguyen Van Cu.

This bulletin is made in order to provide investors with update information on trading, production, investment activities, the progress of current projects, the decisions and strategies of Board of Directors, Board of Management of DHG Pharmaceutical Joint-Stock Company (DHG).

Beside, DHG's IR Board would like to share its activities with investors in order to reaffirm the role of investors in DHG's "tripod" strategy (shareholders – customers – employees).