

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 2014 by function

Net sales: **VND3,913 bn** (100%, grown by 15.4%)

In which:

- In-house goods: **VND3,569 bn** (91.2%, grown by 18.8%)
- Other goods: **VND344 bn** (8.8%, grown by -11%)

Export sales 2014: VND22 bn (-15% y/y), achieved 63% of the yearly plan.

Reasons for not achieving export sales plan: due to political instability in recent years of Eastern Europe and Russia, this affected the business activities of DHG's partners. Besides, the purchase order at the end of the year should have moved to 01 May 2015 under the date of Bill of Lading (the sailing date).

Sales of categories – brands:

Sales of 10 categories: In 2014, sales of 10 categories increase by 22% in sales and 10% in output y/y, accounting for 93% of total sales of DHG in-house goods.

The brand structure is relatively stable in 2014 compared to 2013. 3 categories such as antibiotic, analgesic - antipyretic and vitamins - minerals still obtained mostly proportion.

Sales of brands: 11 brands accounted for over 50% of total sales of DHG in-house goods, had the growth of 19% in sales and 8.7% y/y. Reasons help categories - brands with high growth :

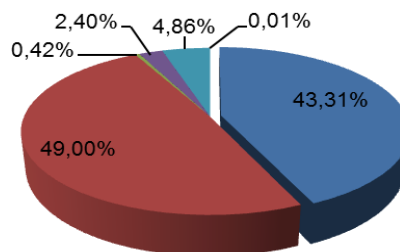
- + DHG completed Phase 1 of the project "Restructuring of professional, effective selling system" contributing for increased production and sales promotion .
- + Deploy the project "Development and exploitation of potential areas", sales on tablet.
- + Regular training for sales units of products and expertise.
- + Implement the communication strategies to consumers widely.

IR ACTIVITIES OF Q4. 2014

- Stand third in Top 5 of enterprises having the best IR activities 2014, organised by Vietstock.
- Joined the chain of Asia Invest events held by Maybank KimEng in the US on 11 May 2014.
- In 2014, IR carried out 122 meetings, contacted directly 281 investment funds and held securities.

Shareholder structure on 12 March 2015

SCIC 43,31% Staff 2,40%
 Foreign 49,00% External 4,86%
 Internal 0,42% Treasury shares 0,01%



Major: SCIC 43.31%; Franklin Templeton Investment Funds (9.44%), Portal Global Limited (7.20%)

Sales of goods trading: decreased VND42 bn (equivalent to 11%). Under the signed contract, the company transferred Eugica to the partner who bought brand distribution. However, for letting partner focus on developing the export markets, DHG continues receiving Eugica distribution from 10 Jan 2014 to 31 Dec 2017.

The goods trading helped companies efficiently exploit advantages of distribution system and increase income .

Production outputs: Production results 2014 exceeded 4.4% in output compared to the target. Total amount of production outputs was 4.8 bn units.

Sales volume: total production volumes of DHG that sold in 2014 was 4.2 bn units.

Results of 2014:

Item	2014	y/y	Performance/plan
Net sales	VND3,913 bn	15,4%	101%
Profit before tax	VND724 bn	-7,2%	Due to abnormal profit from Eugica transfer – VND122 bn in Jul 2013
Profit before tax (not including sales from financial activities and abnormal income from Eugica transfer and before Science and technology development funds)	VND687 bn	6%	100%

2014 DHG BRIEF NEWS

Awards and typical honors

- Stand fifth in Top 50 of Companies having the most effective business in Vietnam 2014 (3 consecutive years) (Investment Bridge Magazine).
- Top 50 of Best listed companies Listed Vietnam 2014 (2 consecutive years) (Forbes).
- Top 15 of Vietnamese strong brand (awarded by The Guide magazine on 15 Mar 2014).
- Top 10 of Best Annual Statement and Top 5 of Sustainable Development Report 2013.
- Vietnam High Quality Goods by consumers' vote in 19 consecutive years.
- Strong and sustainable development enterprises 2014 - awarded by Vietnam chamber of commerce and industry (VCCI).

Markets and customers

- Hold over 200 media programs directly to consumers and workshops to introduce products, scientific seminars for doctors, pharmacists, customers and consumers.
- As of 31 Dec 2014, total number of DHG customers is 25,171, having an increase of 14.4% y/y. In which, the number of members in Mutual prosperity club is 10,154, increase by 3.76% y/y.

Community activities

- In 2014, the Company spent VND09 bn for community activities through free medical and medicine programs, supporting poor patients, "Keeping the smiles of highland children forever" program at the northwest area.
- Guide people how to prevent and cure diseases through programs: Physicians for every home, Medical Bridge, Medical Journal, Medical Seminar.
- In 2014, blood donor club was donated by 332 participants, with 392 blood unit

Production - Research - Quality

- Reduce losses in manufacturing products to VND389 mn (2.3%) compared with 2013. Reduce wastage of 2.26% aluminum, 4.54% of PVC with a total value of effective reducing losses of VND5.2 bn.
- The new NonBeta lactam plant was officially operated on 20 Apr 2014 with a designed capacity of 04 bn units/year. Because the remaining operating time of 2014 was less than 12 months, the company registered back the start time to enjoy preferential tax policies till 2015.
- In 2014, the Company deployed to produce 09 new products in industrial scale and improve 20 production processes.
- Implement and publish clinical study results of Naturenz. This product created the link of 04 units: State - Scientific research - Manufacturers and Farmers, create economic and social benefits.
- Develop value chain from natural products:
 - + The coleus leaf project at Tri Ton An Giang received non-refundable support of VND2.6 bn from Vietnam Business Challenge Fund and Vietnam Biotrade project of nearly VND200 mn.
 - + On 08 Nov 2014, DHG Nature was recognized as a member of the Union for Ethical BioTrade for value chain of natural products of DHG Pharma.
- Maintain the re-evaluation system of pharmaceutical production lines to reach the WHO GMP standards; QC Dept. achieved ISO / IEC 17025, WHO GLP; central warehouse reached standard of GSP, also intermediate warehouses at the branches and subsidiaries achieved GDP standards. Develop GMP WHO standard for production lines of finished herbal products and certified by DAV at the end of Dec 2014.

Investment activities, projects process

Projects, portfolio have been done:

- DHG Pharmaceutical One-Member Ltd. Co. at Tan Phu Thanh Industrial Zone
 - + Approved investment value: VND676 bn (excluding VND37.4 bn detached for DHG PP1, and the remaining VND638.6 bn (before VAT) of Non Betalactam and Betalactam pharmaceutical factories. The total value of signed contracts is VND549.5 bn (before VAT: VND499.6 bn)
 - + Disbursed VND414.3 bn (before VAT: VND376.6 bn)
 - + Construction progress of Betalactam factory has been later than plan due to the influence of the Panel bidding package selection (bidding package was canceled 03 times). Expect to complete the plant construction til the end of May 2015.
- DHG PP1 factory: has been into operation in Jan 2014. The total amount of approved investment is VND94.7 bn, disbursed VND84.8 bn (including VAT).
- Transfer leasing form to allocation with land use payment at 5 positions in the Cantho city: VND34.7 bn in value, disbursed VND30.9 bn.
- Get the transfer of land use rights at District 7 - HCM city (VND5.52 bn), Thai Nguyen (VND1.1 bn) and transfer the land use rights at Binh Chanh, HCM City (VND5.32 bn), Ninh Binh (VND1 bn).
- Investment in the construction of offices at branches and subsidiaries:
 - + The work has been put into use and completed balance settlement: TVP Pharma (Tra Vinh), ST Pharma (Soc Trang), CM Pharma (Ca Mau). Total estimated budget statement is VND16 bn, total value of settlement increasing assets is VND14 bn.
 - + Works under construction: Hai Phong branch, Ba Ria Vung Tau branch (disbursed 20% of contract value).
- The project to segregate the herbal – pharmaceutical line was finished and certified GMP-WHO dated on 21 Dec 2014 by DAV: estimated VND34.87 bn (including VAT), disbursed VND34.1 bn (including VAT)
- Data center project: initially estimated VND19.7 bn, adjusted to VND13 bn (due to not setting up backup center at Tan Phu Thanh Factory), the signed contract value is VND12.9 bn (before VAT: VND11.7 bn), disbursed VND5.3 bn.
- Tablet project for sales system: estimated VND6.1 bn; signed contract value is VND4.8 bn (including VAT), disbursed VND4.8 bn.

Resolutions/Decisions of BoD in 2014

In 2014, the Board conducted 05 direct meetings and 11 meetings via the form of sending letters for comments to solve problems of functions and authorities of the Board. Issued Resolution 16 and Decision 45.

This news is made in order to provide investors with update information on trading, production, investment activities, the progress of current projects, the decisions and important 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),