

DHG PHARMACEUTICAL JOINT STOCK COMPANY

DHG PHARMA
For a more beautiful and healthier life

INFORMATION DISCLOSURE

**RE: OFFERING CONTRIBUTED CAPITAL AT
FUJI MEDIC LIMITED LIABILITY COMPANY**

HCM City, April 2019

DISCLAIMER

This document is a part of the capital offering documents of DHG Pharmaceutical Joint Stock Company (DHG Pharma) at Fuji Medic, which is prepared by Branch of Bao Viet Securities Joint Stock Company under the consulting contract with DHG Pharma. We ensure that the analysis, valuation and selection of words in this document have been carried out in a reasonable and careful manner in accordance with the information and data sources provided by DHG Pharma and Fuji Medic. Bao Viet Securities Joint Stock Company is not responsible for the accuracy of Fuji Medic's information in this report.

This document is only for the purpose of providing reference information about Fuji Medic. Investors should contact and verify information before making investment decision.

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I. PARTIES RELATED TO THE COMPETITIVE OFFERING

1. Seller

DHG PHARMACEUTICAL JOINT STOCK COMPANY (DHG)

Address: 288 Bis, Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City.

Tel: (84-710) 389 1433 Fax: (84-710) 389 5209

Website: www.dhgpharma.com.vn

2. Issuing organization

FUJI MEDIC LIMITED LIABILITY COMPANY (FJM)

Address: No.88, A1 Street, Hung Phu 1 Residential Zone, Area 8, Hung Phu Ward, Cai Rang District, Can Tho City.

3. Consulting organization

BRANCH OF BAO VIET SECURITIES JOINT STOCK COMPANY (BVSC)

Address: 8th Floor, Building of Bao Holdings, 233 Dong Khoi, District 1, Ho Chi Minh City

Tel: (84-8) 3914 6888 Fax: (84-8) 3914 7999

Website: www.bvsc.com.vn

II. INFORMATION ABOUT THE SELLER

1. Overview:

Trading name : CÔNG TY CỔ PHẦN DƯỢC HẬU GIANG

Name in English : DHG PHARMACEUTICAL JOINT STOCK COMPANY

Abbreviation : DHG PHARMA

Head office : 288 Bis, Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City.

Tel : (84-292) 389 1433

Fax : (84-292) 389 5209

Website : www.dhgpharma.com.vn

History of establishment and development

- DHG Pharma was formerly the 2/9 Pharmaceutical SOE Factory and was founded on 02 Sept 1974 at Kenh 5 Dat Set, Khanh Lam Commune (currently known as Khanh Hoa Commune), U Minh District, Ca Mau Province.
- After 30 Apr 1975, the Civilian Medical Board of the South-West was dissolved; the 2/9 Pharmaceutical SOE was designated to be under the management of Hau Giang – Department of Health.
- In 1982, Hau Giang Pharmaceutical Integrated Factory was established based on the consolidation of three units: 2/9 Pharmaceutical SOE Factory, Secondary Level Pharmaceutical Company and the Medicinal Materials Station.
- In 1988, People’s Committee of Hau Giang province decided to merge Medical Material and Equipment Supply Company into Hau Giang Pharmaceutical Integrated Factory.
- On 02 Sept 2004, Hau Giang Pharmaceutical Integrated Factory equitized to become DHG Pharmaceutical Joint Stock Company.
- In 2005, DHG Pharmaceutical Joint Stock Company became a member of Enterprise Club with production revenue of over VND 500 billion

- Became the first pharmaceutical enterprise to carry out clinical equivalent of Haginat and Klamentin powder.
- Building effective policy to attract talents, especially the policy of "4D Salary".
- In 2006, DHG Pharma's stocks were listed on HCM City Stock Exchange and the Company met WHO - GMP/ GLP/GSP standards.
- In 2007, the vision, mission and 7 core values were reconfirmed.
 - Bioequivalence of Haginat 250mg and Glumeform 500mg was successfully carried out.
 - Charter capital increased from VND 80 billion to VND 200 billion.
 - The first 2 subsidiaries as DHG Travel and SH Pharma were established.
 - ISO/IEC 17025 was transferred from version 1999 to version 2005.
- In 2008, modern and effective management tools as 10.5S and Balance Score Card were implemented.
 - 06 subsidiaries as CM Pharma, DT Pharma, HT Pharma, ST Pharma, DHG PP, DHG Nature were established.
- In 2009, the strategy - 20/80 products, customers and personnel was successfully implemented. The subsidiary - A&G Pharma was established.
- In 2010, the strategy "tripod" - shareholders, customers and employees was successfully implemented
- In 2011, the "Factory Productivity Improvement Project" and the "Project to improve performance of subsidiaries" were successfully carried out. The subsidiary - Bali Pharma was established.
- In 2012, the topic "Today's solution is tomorrow's issue" brought high efficiency to the company in cost control, risk management and policies.
- 05 distribution subsidiaries as VL Pharma, TVP Pharma, B&T Pharma, DHG PP1 and DHG Nature 1 were established.
- In 2013, new Non Betalactam Factory Project meeting GMP-WHO standard in Tan Phu Thanh Industrial Zone with a capacity of more than 04 billion product units per year was completed.
 - The new DHG Printing and Packaging 1 Plant Project of DHG PP1 in Tan Phu Thanh Industrial Zone was completed. DHG PP at

Nguyen Van Cu was dissolved in accordance with the original policy.

- In 2018, DHG Pharma was granted PIC/s - GMP (Malaysia) and GMP (Japan) certificate for the production lines of effervescent tablets, effervescent powder and tablets of Non Betalactam factory.

Core business lines:

To manufacture and sell pharmaceutical products and dietary supplements.

2. Relationship with organizations that owned the offered capital

DHG Pharma is the parent company of Fuji Medic.

3. Ownership ratio

Ownership ratio is 51% of Fuji Medic's capital.

4. Offered contributed capital ratio

Offering ratio is 100% of Fuji Medic' capital.

III. INFORMATION ABOUT THE OFFERED ORGANIZATION

1. Introduction of the Company

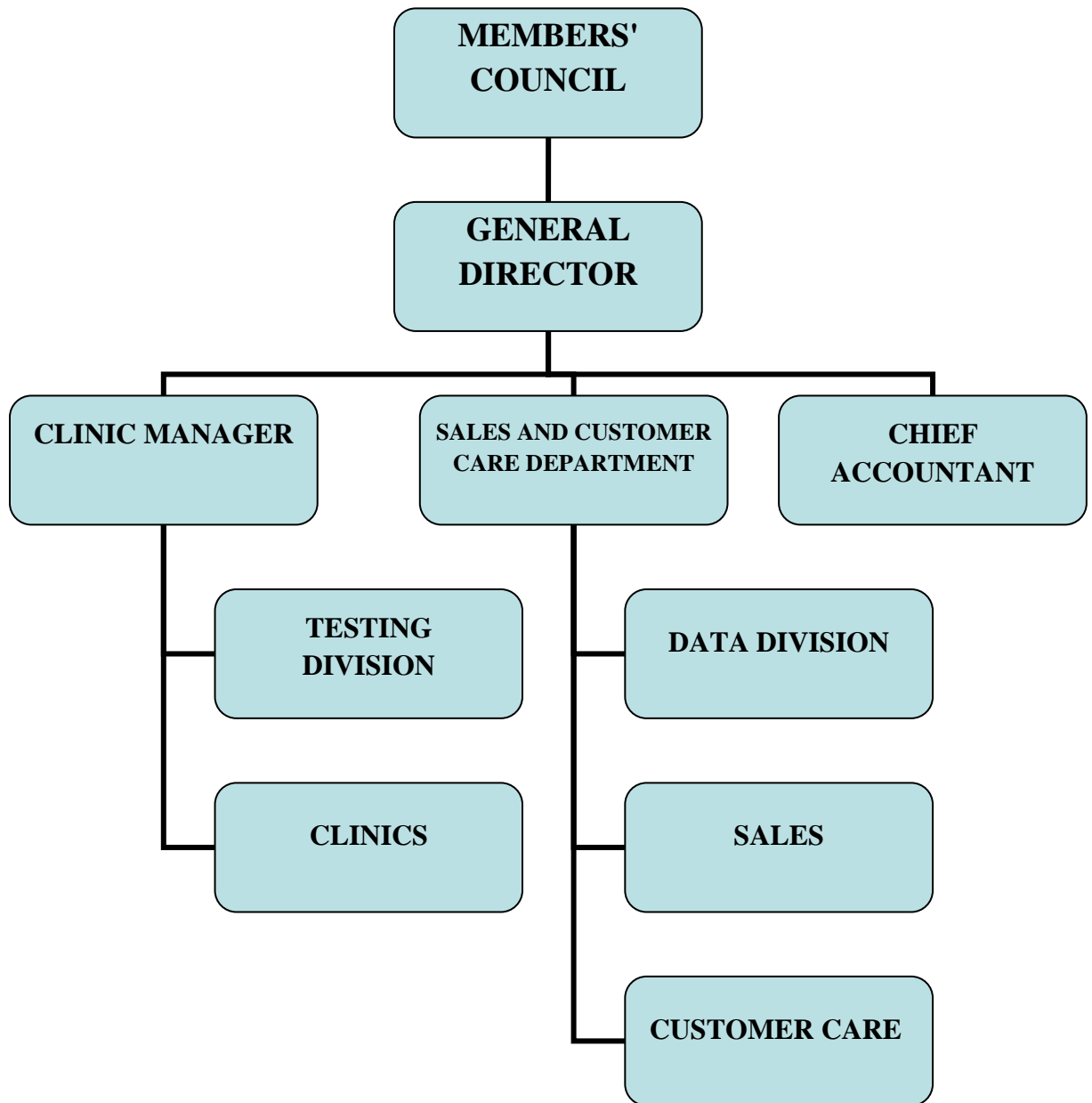
- Name of the Company: CÔNG TY TNHH FUJI MEDIC.
- Name in English: FUJI MEDIC LIMITED LIABILITY COMPANY
- Head office: No.88, A1 Street, Hung Phu 1 Residential Zone, Area 8, Hung Phu Ward, Cai Rang District, Can Tho City.
- Business Registration Certificate: No. 1801472944, 1st time registration on 27 July 2016 by the Department of Planning and Investment of Can Tho City, 2nd revision on 06 Dec 2017 by Department of Planning and Investment of Can Tho City.
- Charter capital: VND 26,946,000,000.
- Business lines:

No.	Name of business line	Code of business line
1	Activities of polyclinics, specialty and dental clinics. In details: Polyclinics	8620 (Main)

2. Organizational structure of the Company

The management and administration apparatus include the Board of Management and functional departments as follows:

Organizational structure



Sources: Fuji Medic LLC.

3. Structure of capital contributors:

As at 31 Dec 2018, the structure of capital contributors of Fuji Medic LLC. is as follows:

Figures in: VND.

No.	Name of members	Value of contributed capital	Ratio (%)
1	DHG Pharmaceutical JSC	13,742,460,000	51%
2	Nomura Trading Co., Ltd	8,084,386,800	30%
3	Japan Medical Laboratory Co., Ltd	5,119,733,220	19%
	Total	26,946,580,020	100%

Source: 2018 Audited Financial Statements of FJM

Note: The charter capital has been recorded in the financial statements equivalent to VND 26,946,580,020, which is different from the charter capital in Vietnam dong on the Investment Registration Certificate due to being converted at the actual exchange rate at the time of capital contribution.

4. Report on the business results in the 2 recent years

Figures in: VND

No.	Indicator	31 Dec 2016	31 Dec 2017	31 Dec2018	% +/-
1	Total assets	32,380,803,000	23,740,499,297	19,905,138,490	-16.2%
2	Net revenue	-	2,073,661,500	3,993,012,240	92.6%
3	Net operating profit	27,803,980	(3,482,136,796)	(3,946,909,902)	N/A
4	Other profits	-	(69,716,469)	(13,121,728)	N/A
5	Profit before tax	27,803,980	(3,551,853,265)	(3,960,031,630)	N/A
6	Profit after tax	22,243,184	(3,551,853,265)	(3,960,031,630)	N/A

Source: FJM's audited financial statements in 2017, 2018

Fuji Medic Co., Ltd has officially come into operation since 2017. The net revenue reached VND 3,993,012,240 in 2018, up 92.6% compared to 2017. The number of customers in 2018 reached 5,368 people, including Companies in Can Tho, Vinh Long and banks in the Mekong Delta.

5. Key financial indicators

Indicators	Figures in	2016	2017	2018
1. Liquidity ratios				
+ Current ratio: Current assets/ Current liabilities	Time	3.64	34.39	16.58
+ Quick ratio: (Current assets - Inventories)/Current liabilities	Time	3.63	33.81	16.07
2. Capital structure ratios				
+ Debt to Total assets ratio	%	16.71%	1.36%	2.25%
+ Debt to Owner's equity ratio	%	20.07%	1.38%	2.30%
3. Operational capacity ratios				
+ Inventory turnover: COGS/Average inventories	Turn	0.00	28.13	27.60
+ Net revenue/Total assets	Turn	0.00	0.09	0.20
4. Profitability ratios				
+ Return on Sales (ROS)	%	N/A	-171.28%	-99.17%
+ Return on Equity (ROE)	%	0.14%	-14.10%	-18.47%
+ Return on Assets (ROA)	%	0.11%	-12.66%	-18.15%
+ Net operating profit/Net revenue	%	N/A	-167.92%	-98.85%

Source: FJM's audited financial statements in 2017, 2018

6. Profit plan for 2019

No.	Indicators	Figures in	2018	2019	2020	2021	2022	2023
1	Revenue	VND million	3,993	8,000	12,000	14,000	16,000	18,000
2	Growth	(%)	193%	200%	150%	116%	114%	112%
3	Customer	person	5,368	10,000	14,000	16,000	18,000	20,000
4	Growth	(%)	243%	186%	140%	1146%	112%	111%
5	Financial income		411	400	500	600	700	800
6	Total expenses	VND million	8,364	9,495	11,384	12,152	12,868	13,590
7	Net profit	VND million	-3,960	-1,095	1,116	2,448	3,832	5,210

Sources: Fuji Medic LLC.

7. Financial information

- Balance sheet:

Figures in: VND

CATEGORIES	2016	2017	2018	Feb/2019
ASSETS				
A. CURRENT ASSETS	19,689,377,358	11,127,555,254	7,413,704,460	7,329,270,306
I. Cash and cash equivalents	19,459,693,494	8,179,571,532	1,302,712,443	669,183,999
1. Cash	19,459,693,494	6,179,571,532	797,411,074	669,183,999
2. Cash equivalents	-	2,000,000,000	505,301,369	-
II. Short-term financial investments	-	2,500,000,000	5,500,000,000	5,000,000,000

CATEGORIES	2016	2017	2018	Feb/2019
1. Held-to-maturity investments	-	2,500,000,000	5,500,000,000	5,000,000,000
III. Short-term receivables	206,137,500	65,989,000	211,545,786	73,574,801
1. Trade receivables	-	-	3,100,000	-
2. Advances to suppliers	197,137,500	53,900,000	9,097,000	5,550,000
3. Short-term intercompany receivables	-	-	-	-
4. Receivables according to the progress of construction contracts	-	-	-	-
5. Short-term loan receivables	-	-	-	-
6. Other receivables	9,000,000	12,089,000	199,348,786	68,024,801
7. Provision for short-term doubtful debts (*)	-	-	-	-
8. Shortage of assets awaiting resolution	-	-	-	-
IV. Inventories	23,546,364	189,662,430	228,927,894	1,028,087,949
1. Inventories	23,546,364	215,001,289	228,927,894	1,028,087,949
2. Provision for devaluation of inventories (*)	-	(25,338,859)	-	-
V. Other current assets	-	192,332,292	188,518,337	558,423,557
1. Short-term prepayments	-	192,332,292	188,518,337	558,423,557
2. Value added tax deductibles	-	-	-	-
3. Taxes and other receivables from the State budget	-	-	-	-

CATEGORIES	2016	2017	2018	Feb/2019
4. Other current assets	-	-	-	-
B. NON-CURRENT ASSETS	12,691,425,642	12,612,944,043	12,473,434,030	12,202,472,316
I. Long-term receivables	-	60,000,000	60,000,000	60,000,000
1. Long-term trade receivables	-	-	-	-
2. Working capital at subordinates	-	-	-	-
3. Long-term intercompany receivables	-	-	-	-
4. Other long-term receivables	-	60,000,000	60,000,000	60,000,000
5. Provision for long-term doubtful debts (*)	-	-	-	-
II. Fixed assets	2,100,000,000	12,464,841,351	12,277,433,139	12,031,077,281
1. Tangible fixed assets	2,100,000,000	12,188,202,661	12,028,645,489	11,786,931,471
- Cost	2,100,000,000	13,265,700,000	14,502,841,000	14,502,841,000
- Accumulated depreciation(*)	-	(1,077,497,339)	(2,474,195,511)	(2,715,909,529)
2. Fixed assets of finance leasing	-	-	-	-
- Cost	-	-	-	-
- Accumulated depreciation(*)	-	-	-	-
3. Intangible fixed assets	-	276,638,690	248,787,650	244,145,810
- Cost	-	278,510,400	278,510,400	278,510,400
- Accumulated amortisation(*)	-	(1,871,710)	(29,722,750)	(34,364,590)
4. Construction in progress	-	-	-	-

CATEGORIES	2016	2017	2018	Feb/2019
III. Investment properties	-	-	-	-
IV. Long-term assets in progress	10,591,425,642	-	-	-
1. Long-term work in progress	-	-	-	-
2. Construction in progress	10,591,425,642	-	-	-
V. Long-term financial investments	-	-	-	-
VI. Other long-term assets	-	88,102,692	136,000,891	111,395,035
1. Long-term prepayments	-	88,102,692	136,000,891	111,395,035
2. Deferred tax assets	-	-	-	-
3. Other long-term assets	-	-	-	-
TOTAL ASSETS	32,380,803,000	23,740,499,297	19,905,138,490	19,531,742,622
RESOURCES				
A. LIABILITIES	5,411,979,796	323,529,358	448,200,181	429,289,457
I. Current liabilities	5,411,979,796	323,529,358	448,200,181	429,289,457
1. Short-term loans and liabilities	-	-	-	-
2. Trade payables	5,326,800,000	33,672,500	210,077,569	132,500,421
3. Advances from customers	-	-	-	-
4. Taxes and amounts payable to the State budget	5,710,796	11,830,000	12,309,612	17,141,536
5. Payables to employees	31,800,000	270,526,858	125,700,000	186,347,500
6. Accrued expenses	40,000,000	-	59,400,000	85,800,000

CATEGORIES	2016	2017	2018	Feb/2019
7. Intercompany payables		-	-	-
8. Payable according to the progress of construction contracts		-	-	-
9. Other short-term payables	7,669,000	7,500,000	40,713,000	7,500,000
10. Short-term provisions		-	-	-
11. Bonus and welfare funds	-	-	-	-
II. Long-term liabilities	-	-	-	-
B. EQUITY	26,968,823,204	23,416,969,939	19,456,938,309	19,102,453,165
I. Owner's equity	26,968,823,204	23,416,969,939	19,456,938,309	19,102,453,165
1. Paid-in capital	26,946,580,020	26,946,580,020	26,946,580,020	26,946,580,020
2. Share premium	-	-	-	-
3. Other capital	-	-	-	-
4. Treasury shares (*)	-	-	-	-
5. Differences upon asset revaluation	-	-	-	-
6. Exchange rate differences	-	-	-	-
7. Investment and development fund	-	-	-	-
8. Financial reserve funds	-	-	-	-
9. Other equity funds	-	-	-	-
10. Retained earnings	22,243,184	(3,529,610,081)	(7,489,641,711)	(7,844,126,855)
11. Construction investment fund	-	-	-	-

CATEGORIES	2016	2017	2018	Feb/2019
12. Enterprise reorganization assistance fund	-	-	-	-
II. Funding sources and other funds	-	-	-	-
C. NON-CONTROLLING INTERESTS	-	-	-	-
TOTAL RESOURCES	32,380,803,000	23,740,499,297	19,905,138,490	19,531,742,622

Source: Audited financial statements in 2017, 2018 and financial statements in Feb/2019 of Fuji Medic

– Income statement:

Figures in: VND

CATEGORIES	2016	2017	2018	Feb/2019
1. Revenue	-	2,073,661,500	3,993,012,240	-
2. Deductions	-	-	-	-
3. Net revenue	-	2,073,661,500	3,993,012,240	-
4. COGS	-	2,998,524,648	5,777,023,852	-
5. Gross profit	-	(924,863,148)	(1,784,011,612)	-
6. Financial income	292,466,327	237,865,050	405,605,413	11,665,544
7. Financial expenses	-	120,843,807	-	27,884
In which: Interest expense	-	-	-	-
8. Selling expenses	-	131,554,762	328,681,442	42,397,500
9. General and administration expenses	264,662,347	2,542,740,129	2,239,822,261	133,003,413

CATEGORIES	2016	2017	2018	Feb/2019
10. Net operating profit	27,803,980	(3,482,136,796)	(3,946,909,902)	(163,763,253)
11. Other income	-	58,430,668	-	-
12. Other expenses	-	128,147,137	13,121,728	-
13. Other profits	-	(69,716,469)	(13,121,728)	-
14. Profit/(loss) sharing from investment in associates	-	-	-	-
15. Net accounting profit before tax	27,803,980	(3,551,853,265)	(3,960,031,630)	(163,763,253)
16.1. Current corporate income tax expense	(5,560,796)	-	-	-
16.2. Deferred corporate tax expense	-	-	-	-
17. Net profit after corporate income tax	22,243,184	(3,551,853,265)	(3,960,031,630)	(163,763,253)

Source: Audited financial statements in 2017, 2018 and financial statements in Feb/2019 of Fuji Medic

8. Investment spotlights

- Fuji Medic Co., Ltd. was established and operated in the field of polyclinics, specialty and dentistry since 2016 to meet the demands in Can Tho City and Mekong Delta provinces.
- Fuji Medic has a modern system of machinery and equipment and a team of highly qualified medical professional doctors.
- Fuji Medic owns a specialized mobile examination vehicle licensed by the specialized management agency, so it has high mobility.
- Fuji Medic brand is more and more popular inside and outside Can Tho city.

9. Information and litigation disputes related to the Company

None

IV. INFORMATION ABOUT THE COMPETITIVE OFFERING

1	Seller	:	DHG Pharmaceutical JSC
2	Offered organization	:	Fuji Medic Limited Company
3	Offering consultancy	:	Branch of Baoviet Securities JSC (BVSC)
6	Type of ownership	:	Parent company – Subsidiary
7	DHG’s capital	:	51% of charter capital
8	Offering capital	:	100% of the charter capital (Including the capital contribution of the other two members)
10	Initial price	:	VND 20,880,000,000
11	Offering method	:	Competitive offering (The bidder who offered the highest price will buy and own 100% equity at Fuji Medic)