

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

DHG PHARMA
For a more beautiful and healthier life

**DOCUMENT FOR THE COMPETITIVE OFFERING
OF A PARCEL OF SHARES OWNED BY
DHG PHARMACEUTICAL JSC AT
VINH HAO SPIRULINA ALGAE CORPORATION**

Cantho, September 2020

TABLE OF CONTENTS

I. ORGANIZATIONS RELATED TO THE OFFERING	1
1. Offering organization	1
2. Organization offered for sale	1
II. INFORMATION OF THE SHARES OFFERED FOR SALE	1
III. INFORMATION OF THE OFFERING ORGANIZATION	2
1. Overview	2
2. Summary of the establishment and development.....	2
3. Core business lines:	2
4. Relationship with the organization offered for sale:	2
5. Ownership ratio:	2
IV. INFORMATION OF THE ORGANIZATION OFFERED FOR SALE	3
1. Overview of the company	3
2. Shareholder structure	3
3. List of companies related to Vinh Hao Spirulina Algae Corporation	4
4. Financial information	4
5. Investment highlights.....	8
6. Information, litigation disputes related to the company: none.....	9
7. Other information:.....	9
8. Enclosed documents:	9

I. ORGANIZATIONS RELATED TO THE OFFERING

1. Offering organization

DHG PHARMACEUTICAL JSC (DHG)

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

Tel: (84-292) 389 1433 Fax: (84-292) 389 5209

Website: www.dhgpharma.com.vn

2. Organization offered for sale

VINH HAO SPIRULINA CORPORATION (VINH HAO SPIRULINA)

Address: Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province

II. INFORMATION OF THE SHARES OFFERED FOR SALE

Name of share offered for sale:	Share of Vinh Hao Spirulina
Type of share:	Ordinary share
Par value:	VND 10,000/share
Total numbers of shares offered for sale:	376,300 shares
Starting price for the parcel of shares:	VND 3,763,000,000
Offering method:	Competitive offering
Deposit:	VND 1,200,000,000
Time of deposit:	before 3:00pm 06 October 2020
Time to submit dossiers for the competitive offering:	7:30am – 9:30am 07 October 2020
Location to receive dossiers:	DHG Pharmaceutical JSC 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Cantho City
Time to start the auction:	9:30am 07 October 2020

III. INFORMATION OF THE OFFERING ORGANIZATION

1. Overview

Transaction name	: CÔNG TY CỔ PHẦN DƯỢC HẬU GIANG
Name in English	: DHG PHARMACEUTICAL JOINT – STOCK COMPANY
Abbreviation	: DHG PHARMA
Headquarters	: 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Cantho City
Tel	: (84-292) 389 1433
Fax	: (84-292) 389 5209
Website	: www.dhgpharma.com.vn

2. Summary of the establishment and development

- DHG Pharma was formerly known as 2/9 Pharmaceutical SOE Factory and established on 2 September 1974 at Channel 5 Dat Set, Khanh Lam Commune, U Minh District, Ca Mau Province.
- 02 September 2004: Hau Giang Pharmaceutical Integrated Factory was equitized to become DHG Pharmaceutical Joint Stock Company
- 2006: DHG Pharma's stocks were listed on Ho Chi Minh City Stock Exchange (HOSE).
- 2013: Completed the construction of the new Non-Betalactam factory and DHG Printing and Packaging 1 Plant Project in Tan Phu Thanh Industrial Zone
- 2018: Foreign ownership ratio was lifted from 49% to 100% of the charter capital.
- 2019: The first year becoming a member of the Multinational Pharmaceutical Company (strategic shareholder Taisho owns 51.01% of the Company's capital).

3. Core business lines:

Manufacture and trade in pharmaceuticals, dietary supplements, and cosmeceuticals.

4. Relationship with the organization offered for sale: Affiliate

5. Ownership ratio: 31.36%

IV. INFORMATION OF THE ORGANIZATION OFFERED FOR SALE

1. Overview of the company

- Company’s name: CÔNG TY CỔ PHẦN TẢO VĨNH HẢO
- Name in English: VINH HAO SPIRULINA ALGAE CORPORATION
- Headquarters: Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province
- Business registration certificate: No.3400516059. First registration was issued on 04 Feb 2008 and issued by Department of Planning and Investment in Binh Thuan province. 2nd revision was issued on 09 Nov 2016 by Department of Planning and Investment in Binh Thuan province.
- Charter capital: VND 12,000,000,000
- Business lines:

Code	Business lines
1079	Manufacture of food n.e.c In detail: Manufacture of Spirulina, food, nutritional food, and dietary supplement
1080	Manufacture of feeds for cattle, poultry and aquatic animals
2012	Manufacture of fertilizer and nitrogen compounds
2023	Manufacture of soap, detergents, cleaning and polishing preparations In detail: Manufacture of cosmetics
4649	Wholesale of other household products (cosmetics)

2. Shareholder structure

Shareholder	Capital contributed	
	VND	%
DHG Pharmaceutial JSC	3,763,000,000	31.36%
Mr. Nguyen Trung Nghia	1,550,000,000	12.92%
Trade Union of DHG Pharmaceutial JSC	1,400,000,000	11.67%
Mr. Nguyen Huu Khoi	690,000,000	5.75%
Ms. Nguyen Hoang To Nga	600,000,000	5.00%
46 other shareholders	3,997,000,000	33.31%
TOTAL	12,000,000,000	100%

(Source: List of Vinh Hao Spirulina’s shareholders recorded on 06 Jul 2020)

3. List of companies related to Vinh Hao Spirulina Algae Corporation

- Parent company: none
- List of subsidiaries and affiliates: none
- List of controlling or dominant companies: none

4. Financial information

- Balance sheet

Unit: VND

Items	2017	2018	2019	As at 30 Jun 2020
ASSETS				
A. CURRENT ASSETS	4,753,299,194	5,024,745,682	5,375,895,571	5,401,956,057
I. Cash and cash equivalents	195,133,632	188,684,435	225,571,205	250,932,278
1. Cash	195,133,632	188,684,435	225,571,205	250,932,278
2. Cash equivalents	-	-	-	-
II. Short-term financial investments	3,400,000,000	3,200,000,000	4,400,000,000	4,400,000,000
1. Held-to-maturity investments	3,400,000,000	3,200,000,000	4,400,000,000	4,400,000,000
III. Short-term receivables	92,760,562	102,455,383	155,994,268	229,020,419
1. Account receivables from customers	16,736,399	11,531,399	16,693,899	37,443,899
2. Advances to suppliers	-	17,500,000	20,000,000	-
3. Short-term loan receivables	-	-	-	-
4. Other short-term receivables	85,338,562	79,555,383	125,431,768	197,707,919
5. Provision for short-term doubtful debts	(9,314,399)	(6,131,399)	(6,131,399)	(6,131,399)
IV. Inventories	1,065,405,000	1,533,605,864	594,330,098	522,003,360
1. Inventories	3,524,230,221	3,898,844,578	1,916,266,313	1,738,798,004
2. Provision for devaluation of inventories	(2,458,825,221)	(2,365,238,714)	(1,321,936,215)	(1,216,794,644)
V. Other current assets	-	-	-	-
1. Short-term prepayments	-	-	-	-

Items	2017	2018	2019	As at 30 Jun 2020
2. Taxes and other receivables from the State budget	-	-	-	-
3. Other current assets	-	-	-	-
B. NON-CURRENT ASSETS	4,185,540,930	3,318,137,142	2,761,793,921	2,526,051,712
I. Long-term receivables	-	-	-	-
1. Long-term receivables from customers	-	-	-	-
2. Advances to suppliers	-	-	-	-
3. Working capital provided to sub-units	-	-	-	-
4. Long-term internal receivables	-	-	-	-
5. Other long-term receivables	-	-	-	-
6. Provision for long-term doubtful debts	-	-	-	-
II. Fixed assets	4,185,540,930	3,318,137,142	2,761,793,921	2,526,051,712
1. Tangible fixed assets	4,185,540,930	3,318,137,142	2,761,793,921	2,526,051,712
- Cost	12,849,831,207	12,849,831,207	13,057,700,102	13,116,880,102
- Accumulated depreciation	(8,664,290,277)	(9,531,694,065)	(10,295,906,181)	(10,590,828,390)
2. Fixed assets of finance leasing	-	-	-	-
- Cost	-	-	-	-
- Accumulated depreciation	-	-	-	-
3. Intangible fixed assets	-	-	-	-
- Cost	-	-	-	-
- Accumulated amortization	-	-	-	-
III. Investment property	-	-	-	-
- Cost	-	-	-	-
- Accumulated depreciation	-	-	-	-

Items	2017	2018	2019	As at 30 Jun 2020
IV. Long-term financial investments	-	-	-	-
1. Investment in subsidiaries	-	-	-	-
2. Investment in joint ventures and associates	-	-	-	-
3. Other long-term investments	-	-	-	-
4. Provision for devaluation of long-term financial investments	-	-	-	-
5. Held-to-maturity investments	-	-	-	-
V. Other non-current assets	-	-	-	-
1. Long-term prepayments	-	-	-	-
TOTAL ASSETS	8,938,840,124	8,342,882,824	8,137,689,492	7,928,007,769
RESOURCES				
A. LIABILITIES	210,925,452	210,048,307	538,651,418	238,126,066
I. Current liabilities	210,925,452	210,048,307	538,651,418	238,126,066
1. Short-term trade payables	-	-	273,140,005	62,363,017
2. Advances from customers	-	250,000	-	2,403,001
3. Taxes and amounts payable to the State budget	-	-	-	-
4. Payables to employees	152,274,708	150,947,377	182,692,500	115,010,300
5. Short-term accrued expenses	57,664,302	57,864,488	81,832,471	57,363,306
6. Short-term unearned revenue	-	-	-	-
7. Other current payables	-	-	-	-
8. Bonus and welfare funds	986,442	986,442	986,442	986,442
B. EQUITY	8,727,914,672	8,132,834,517	7,599,038,074	7,689,881,703
1. Owner's equity	12,000,000,000	12,000,000,000	12,000,000,000	12,000,000,000

Items	2017	2018	2019	As at 30 Jun 2020
2. Investment and Development Fund	913,822,467	913,822,467	913,822,467	913,822,467
3. Retained earnings	(4,185,907,795)	(4,780,987,950)	(5,314,784,393)	(5,223,940,764)
4. Retained earnings accumulated to the prior year end	(2,557,417,957)	(4,185,907,795)	(4,780,987,950)	(5,314,784,393)
5. Retained earnings of the current period	(1,628,489,838)	(595,080,155)	(533,796,443)	90,843,629
TOTAL RESOURCES	8,938,840,124	8,342,882,824	8,137,689,492	7,928,007,769

(Source: Financial statements of Vinh Hao Spirulina Algae Corporation)

– Income statement:

Unit: VND

Items	2017	2018	2019	From 01 Jan 2020 to 30 Jun 2020
1. Gross revenue from goods sold	3,277,347,600	1,786,154,300	4,014,176,100	1,796,594,700
2. Deductions	7,835,000	11,525,000	60,262,500	-
3. Net revenue from goods sold	3,269,512,600	1,774,629,300	3,953,913,600	1,796,594,700
4. Cost of sales	4,042,570,034	1,442,811,667	3,513,979,354	1,262,754,952
5. Gross profit	(773,057,434)	331,817,633	439,934,246	533,839,748
6. Financial income	179,442,018	218,090,447	262,418,416	154,344,074
7. Financial expenses	27,710,000	11,969,000	19,000,000	-
In which: Interest expense	-	-	-	-
8. Selling expenses	89,924,908	121,964,350	170,921,120	44,507,488
9. General & administrative expenses	912,222,714	728,686,629	843,811,185	459,981,877
10. Operating profit	(1,623,473,038)	(312,711,899)	(331,379,643)	183,694,457
11. Other income	-	-	-	-
12. Other expenses	5,016,800	282,368,256	202,416,800	92,850,828
13. Profit from other activities	(5,016,800)	(282,368,256)	(202,416,800)	(92,850,828)
14. Accounting profit before tax	(1,628,489,838)	(595,080,155)	(533,796,443)	90,843,629
15.1 Current corporate income tax expenses	-	-	-	-
15.2 Net profit after corporate income tax	(1,628,489,838)	(595,080,155)	(533,796,443)	90,843,629
16. Basic earnings per share	(1,357)	(496)	(445)	-

(Source: Financial statements of Vinh Hao Spirulina Algae Corporation)

5. Investment highlights

Vinh Hao Spirulina Algae Corporation was established and operated in the field of Spirulina production since 2008, so it has many advantages:

- According to analysis results of Center of Analytical Services Experimentation of HCMC in 2013, Vinh Hao Spirulina mineral algae contains over 62% of protein, rich in vitamins and minerals. The protein composition of algae contains over 17 amino acids, especially over 8 essential amino acids that the body cannot synthesize.
- Thanks to favorable natural conditions, Vinh Hao Spirulina Algae grows and provides very good quality products. In particular, their nutritional content was analyzed similarly with that of Spirulina in the US and Japan.
- Vinh Hao Spirulina Algae brand has been known by many customers inside and outside Binh Thuan province.

During the production and business process, products of Vinh Hao Spirulina Algae has gained many recognitions:

- Vinh Hao Spirulina Algae's products were certified by the British Standards Institute (BSI) in Vietnam for Cultivation and Collection (Algae) in accordance with the World Health Organization standard referred to as the GACP-WHO 2003 standard.
- It is a typical product of Binh Thuan province.
- Vinh Hao Spirulina Algae's products were announced compliance with food safety regulations by the Ministry of Health - Department of Food Safety No.3148/2013/ATTP-XNCB.
- Vinh Hao Spirulina Algae's products were certified Establishment eligible for food safety by the Ministry of Health - Department of Food Safety No.92/2013/ATTP-CNĐK.

Current difficulties of Vinh Hao Spirulina Algae:

- Currently, Vinh Hao Spirulina Algae has not yet established a professional sales team to develop external business.
- Vinh Hao Spirulina Algae faces difficulties when expending its production due to the lack of RO mineral water resources for algae farming.

6. Information, litigation disputes related to the company: none

7. Other information:

- DHG Pharma and Vinh Hao Spirulina Algae signed a contract and contract appendix for the supply of algae raw materials until 31 December 2022.

8. Enclosed documents:

- Charter of Vinh Hao Spirulina Algae
- 2018 and 2019 audited financial statement of Vinh Hao Spirulina Algae
- 1H/2020 financial statement of Vinh Hao Spirulina Algae

[NOTICE: This Convocation Notice is a translation of the Vietnamese language original for convenience purpose only, and in the event of any discrepancy, the Vietnamese language original shall prevail.]