

**MINISTRY OF HEALTH
VIETNAM PHARMACEUTICAL CORPORATION**

INITIAL PUBLIC OFFERING PROSPECTUS



VINAPHARM

Equitized Enterprise:

PARENT COMPANY – VIETNAM PHARMACEUTICAL CORPORATION

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May, 2016

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BASIC INFORMATION OF THE INITIAL PUBLIC OFFERING OF THE PARENT COMPANY - VIETNAM PHARMACEUTICAL CORPORATION

Number of offering shares:	42,557,000 shares, equal to 17.956% charter capital.
Type of shares:	Common shares
Par value:	10,000 VND/share
Starting price:	10,000 VND/share
Deposit:	10%/total value of subscribed shares at starting price
Subscriber:	Eligible individuals and institutional are stipulated in detail in “Regulation of IPO of Vietnam Pharmaceutical Corporation”
Auction organization:	Hanoi Stock Exchange
Auction time:	Stipulated in “Regulation of IPO of Vietnam Pharmaceutical Corporation”
Auction venue:	Hanoi Stock Exchange, No. 02 Phan Chu Trinh, Hoan Kiem Dist., Hanoi

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TERMINOLOGY AND ABBREVIATIONS

- The Corporation/Vinapharm : Vietnam Pharmaceutical Corporation
- JSC : Joint-stock company
- BA/BE : Bioavailability and Bioequivalence
- FS : Financial Statement
- GACP : Good Agricultural and Collection Practices
- GDP : Good Distribution Practice
- GLP : Good Laboratory Practice
- GSP : Good Storage Practice
- IPO : Initial Public Offering
- ISO : International Organization for Standardization
- NSI : National Securities Incorporated
- WTO : World Trade Organization

LEGAL BASIS

The legal basis of the Corporation's IPO:

- Law on Enterprises No. 68/2014/QH13 passed by the National Assembly of Vietnam on 26/11/2014;
- Decree No. 59/2011/ND-CP dated 07/18/2011 of the Government on the transfer of 100% state-owned enterprise to joint-stock company;
- Decree No. 189/2013/ND-CP dated 20/11/2013 of the Government amending and supplementing several articles of Decree No. 59/2011/ND-CP dated 07/18/2011 of the Government on the transfer of 100% state-owned enterprise to joint-stock company;
- Decree no.116/2015/ND-CP dated 11/11/2015 of the Government revising, supplementing certain Articles of Decree 59/2011/ND-CP dated 18/07/2011 on the transfer of 100% state-owned enterprise to joint-stock company.
- Circular No. 127/2014/TT-BTC dated 05/09/2014 of Ministry of Finance in respect of guiding how to handle financial issues and evaluate company's value when transferring 100% state-owned enterprise to joint-stock company, replaces Circular 202/2011/TT-BTC dated 20/12/2011 of Ministry of Finance;
- Circular No. 196/2011/TT-BTC dated 26/12/2011 of Ministry of Finance in respect of guiding the initial public offering and management, use of proceeds from the equitization of 100% state-owned company transformed into joint-stock company;
- Decree No. 63/2015/ND-CP dated 22/07/2015 of the Government stipulating policies toward unnecessary employees when structuring state-owned one partnership limited companies;
- Circular No. 33/2012/TT-BLDTBXH of Ministry of Labor – Invalids and Social Affairs in respect of guiding policies toward employees stipulated by Decree No. 59/2011/ND-CP dated 07/18/2011 of the Government on the transfer of 100% state-owned enterprise to joint-stock company;
- Document No. 817/QD-BLDTBXH dated 28/05/2013 in respect of correcting Circular No. 33/2012/TT-BLDTBXH;
- Circular No. 34/2013/TT-BCT of Ministry of Trade and Industry stipulating process of trading goods and relevant activities in Vietnam of foreign capital invested companies;
- Decision No. 37/2014/QD-TTg dated 18/06/2014 of the Prime Minister in respect of stipulating categories of state-owned companies;

- Decision No. 51/2014/QD-TTg dated 15/09/2014 of Prime Minister on divesting, selling shares and registering, listing on stock market of state owned enterprise;
- Document No. 752/TTg-DMDN dated 04/06/2012 of Prime Minister on approving the plan of arrangement and renewal of 100% state owned enterprise of Ministry of Health during the period 2011 – 2015;
- Document No. 2052/TTg-DMDN dated 20/10/2014 of Prime Minister on equitizing state owned enterprise of Ministry of Health;
- Decision No. 4484/QD-BYT dated 30/10/2014 of Ministry of Health on establishing the equitization steering committee of Vietnam Pharmaceutical Corporation;
- Decision No. 5042/QD-BYT dated 05/12/2014 of Ministry of Health on establishing the assistant team of the equitization steering committee of Vietnam Pharmaceutical Corporation;
- Decision No. 3717/QD-BYT dated 04/9/2015 of Ministry of Health on the equitizing enterprise value of Vietnam Pharmaceutical Corporation;
- Decision No. 2088/QD-Ttg dated 26/11/2015 of Prime Minister on approving the equitization project of the parent company - Vietnam Pharmaceutical Corporation;
- Decision No. 189/QD-BYT dated 20/01/2016 of the Minister of Ministry of Health that approved criteria for selecting strategic investors, approaches to selling shares to strategic investors, starting price when implementing equitization of the parent company – Vietnam Pharmaceutical Corporation;
- Official Dispatch no. 1403 /VPCP-DMDN of the Government Office on the expansion of the deadline for initial public offering of Vietnam Pharmaceutical Corporation dated 04/3/2016.
- Decision No. 1677/QD-BYT dated 06/05/2016 of the Minister of Ministry of Health on approving strategic investor who buys initial stock offer of the Vietnam Pharmaceutical Corporation’s equitization.

PART I: REALITY OF THE ENTERPRISES BEFORE ENQUITIZATION

I. INFORMATION OF THE ENTERPRISE BEFORE EQUITIZATION

1. Enterprise Introduction

1.1. General Information

- Company name in Vietnamese: TONG CONG TY DUOC VIET NAM
- Company name in English: VIETNAM PHARMACEUTICAL CORPORATION
- Abbreviation: VINAPHARM
- Head office: 12 Ngo Tat To, Van Mieu Ward, Dong Da District, Hanoi
- Tell: 04.3844.3151/ 04.3844.3149
- Fax: 04.3844.3665
- Email: vinapharm@vinapharm.com.vn
- Current charter capital: 1,338,544,248,430 dongs.
- Website: vinapharm.com.vn
- Logo:



1.2. Legal Basis of the Establishment

Vietnam Pharmaceutical Corporation is a State-owned business operating in the form of Holding Company under Decision No. 2335 / QD - BYT of the Minister of Health dated 30/6/2010 on the transformation of the Vietnam Pharmaceutical Corporation into a State-owned One Member Limited Company in the form of a Holding Company.

1.3. Foundation and Development

1971 - 1982 period:

Name: Pharmaceutical Corporation

The Pharmaceutical Corporation was established by merging 3 Departments under the Ministry of Health, which are Department for Pharmaceutical distribution, Herbal Materials Department, and Manufacture Department in compliance with Decision No. 169/QD-BYT dated 01/4/1971 of the Minister of Health on the establishment of Pharmaceutical Corporation.

During this period, the Pharmaceutical Corporation was an agency in charge of manufacture and doing business, which located directly under the management of the Ministry of Health. The Corporation operated under the combined accounting regime with responsibility for direct and overall organization and management of manufacture, import,

distribution, purchase or cultivation of herbs, pharmaceutical products, medical supplies and equipment in subsidiaries of the Corporation. At the same time, the Corporation was authorized to help the Ministry of Health to manage and provide guidelines for the implementation of the above-mentioned works at the local level as assigned by the Ministry.

The organizational structure of the Corporation in this period included: General Director, Deputy General Directors, functional departments. The member units included all Pharmaceutical Enterprises nationwide.

1982 - 1996 period:

Name: Union of Vietnam Pharmaceutical Factories

Pursuant to Decree No. 79-HDBT on "Ref to the establishment of the Union of Vietnam Pharmaceutical Factories under the Ministry of Health" dated 04/5/1982 of the Council of Ministers (which is now the Government), Pharmaceutical Corporation was reorganized as the Union of Vietnam Pharmaceutical Factories, operated under the Charter of the Union of State-Owned Enterprise (SOEs). Main duties and powers of the Union of Vietnam Pharmaceutical Factories include: To develop, provide guidelines, inspect, and speed up the implementation of the industrial plans schemes; to organize the allocation and cooperation in production between central and local SOEs, Public and private cooperation enterprises, the pharmaceutical cooperatives; To be responsible before the State and Ministry of Health for the Union's results of production and business.

The organizational structure of the Corporation in this period included: General Director, Deputy General Directors, functional departments. The member units included all Pharmaceutical enterprises nationwide.

1996 – 2010 period:

Name: Vietnam Pharmaceutical Corporation

Implementing the Prime Minister's policy for reorganization of the State-owned enterprises, on 30 March 1995, The Minister of Health issued Decision No. 467b / BYT - QD on the establishment of Vietnam Pharmaceutical Corporation on the basis of Union of Vietnam Pharmaceutical Factories which operated under the State Enterprise Law and the Charter of the Corporation. Ministry of Health managed the owner's capital and Vietnam Pharmaceutical Corporation's BOD was the representative.

Vietnam Pharmaceutical Corporation registered for business in following lines: To research, produce, distribute, import and export medicinal products, medicinal materials, herbal materials, chemicals, medical devices and cosmetics; To do business, manage, lease offices, stores, warehouses, factories.

The organizational structure of the Corporation in this period included: BOD, Supervisory Board, BOM, and functional departments. The member units included central Pharmaceutical enterprises and factories.

From 2010:

Name: Vietnam Pharmaceutical Corporation

Implementing the Decree No. 25/2010/ND-CP dated 19/3/2010 of the Government on transformation of SOEs into State-owned one member limited companies and organization of State-owned one member limited companies, on 30 June 2010, Ministry of Health issued

Decision No. 2335/QD-BYT on the transformation of Vietnam Pharmaceutical Corporation into State-owned one member limited company in the form of a holding company.

Vietnam Pharmaceutical Corporation has following duties and functions:

- Financial investment.
- Manufacture and doing business.
- Duties assigned by the State: To develop pharmaceutical industry, distribution of medicinal products; to be in charge of import and export, international relation, emulation and commendation works, to implement social works;

The organizational structure of the holding company includes: Members Council, Comptrollers, BOM and functional departments.

2. Business Lines

According to Operating Certification No. 0100109385 issued by Planning and Investment Department of Hanoi the first time on 27/1/2011 and the 4th on 03/8/2015, The Corporation is permitted to operate in the following industries:

No.	Industry	Code
1	Sell other goods to families Details: - Wholesale medicines - Wholesale perfume, cosmetic and hygienic substances (excluding cosmetics that harmfully affect human health)	4649
2	Produce medicine, chemical pharmaceutical and herbal pharmaceutical Detail: Companies produce medicine	2100
3	Render other services that have not yet been categorized: Details: - Companies preserve medicines; - Companies import and export medicines; - Export the company's goods; - Inspection services for medicines, cosmetic and functional foods.	8299
4	Implement other science and technology activities that have not yet been categorized. Detail: Technology transfer service	7490
5	Produce other foods that have not yet been categorized. Detail: Produce functional foods, additional substance of foods, hygienic substances for human	1079
6	Wholesale goods that have not yet been categorized. Detail: Trade chemicals (excluding prohibited chemicals)	4669
7	Produce cosmetic, soap, cleaning substance, and hygienic substances	2023

No.	Industry	Code
	(excluding cosmetics that harmfully affect human health)	
8	Retail medicine, medical tools, cosmetic and hygienic substances in stores. Detail: Types of retail medicine stores	4772
9	Invest and trade real estate, land usage or land rental rights Detail: <i>Real estate investment</i>	6810
10	Advertisement (excluding advertising cigarettes)	7310
11	Printing	1811
12	Services relevant to printing	1812
13	Training services	8532
14	Customer transportation Detail: <i>Render transportation service; render transportation for tourists by car</i>	4932
15	Transport goods by car Detail: <i>Render transportation service for goods by car</i>	4933
16	Wholesale foods Detail: <i>Wholesale functional foods</i>	4632
17	Wholesale machines and tools Detail: <i>Wholesale medical machines and tools</i>	4659
18	Produce crease paper, crease cover, packing from paper and cover	1702
19	Produce medical machines and tools, dentistry, and rehabilitation	3250

3. Main products and services

Main activities of the Corporation before the equitization include: i) Trading pharmaceuticals, functional foods, medical machinery; ii) Researching and developing pharmaceutical science and technology.

3.1. Trading pharmaceuticals, functional foods and medical machinery

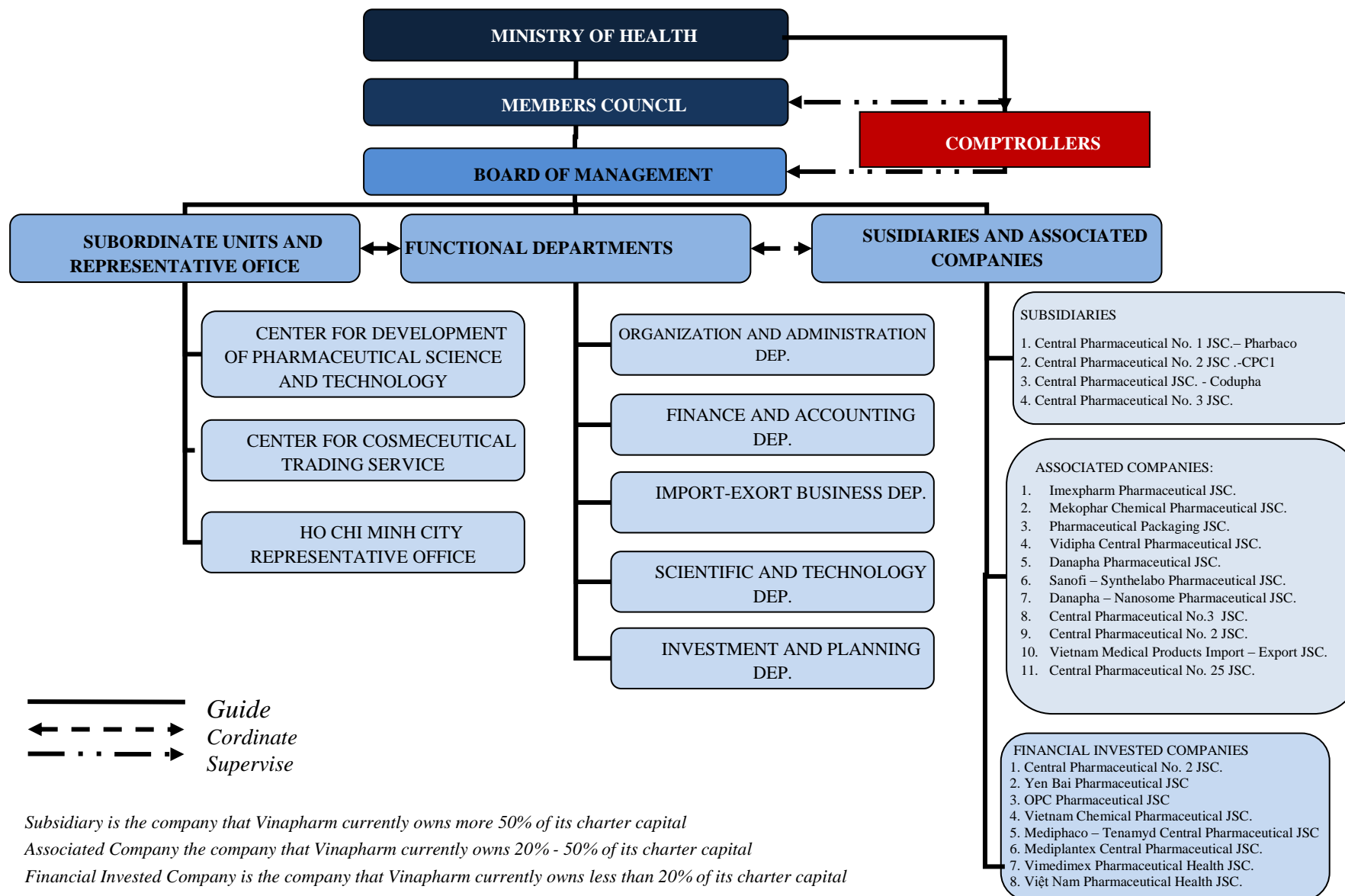
Trading activities of the Corporation are merely to import and distribute pharmaceuticals, functional foods, and medical machinery. From 2013, the Corporation put more efforts into trading activities.

3.2. Researching and developing pharmaceutical science and technology

The Corporation's Center of researching and developing pharmaceutical science and technology has finished investment phase 1. The Center has received certificate and started operation from November 2014. The Center has been implementing contracts with corporations in respect of science research and technology implementation.

4. Corporate structure of the Corporation before equitization

Chart 1: Before-equitization corporate structure



Apparatus

Following the model of a holding company, the corporate structure of the Corporation includes: Members Council, Comptrollers, BOM, functional departments, Representative Office and subsidiaries.

Members Council

Members Council of the Corporation includes the Chairman and Members assigned, discharged by the Minister of Health.

Members Council is the State's direct representative at the Corporation and is the owner's representative at the companies the whole charter capital of which are owned by the Corporation and is the representative of the contribution capital invested in other enterprises.

The Members Council shall exercise the owner's rights and perform the owner's obligations on behalf of the Corporation, take responsibility before the laws and the owner for the exercise of rights and performance of obligations in compliance with the Charter of the Corporation, Enterprise Law, and other related laws.

Supervisors

Supervisors of the Corporation are nominated and discharged by the Minister of Health.

Supervisors shall have the duties: to check the legitimacy, honest, prudence of the Members Council, General Director, and other managers in the implementation of the owner's rights over the management of the business; to evaluate the financial statements, reports on the manufacture and business, management evaluation reports and other performance report before submitting to the owners or related State agencies; to submit to the owner the appraisal reports, and other duties prescribed by law.

Board of Management (BOM)

BOM of Vietnam Pharmaceutical Corporation includes General Director and Deputy General Directors.

General Director shall be assigned and discharged by the Minister of Health. Deputy General Directors shall be assigned and discharged by the Members Council at the request of the General Director.

General Director is the lawful representative of the Corporation and shall manage daily activities of the Corporation according to the target and plan in compliance with the Corporation Charter and Members Council's resolutions and decisions. General Director shall take responsible before the Members Council and before the laws for his/her enforcement of assigned rights and fulfilment of assigned duties

Deputy General Directors assist the General Director in management of the Corporation under the latter's authorization. Deputy General Directors take responsibility before the General Director and before the laws for the assigned or authorized duties.

Functional departments

Organization and Administration Department shall have the function to advise and assist the Members Council and the General Director in the management of the Corporation in the areas: human resource, labors and wages, training, emulation and commendation, discipline;

to perform the administrative works, logistics, safety guard; to be in charge of secretarial work and other general works supporting the General Director's management of the Corporation.

Finance and Accounting Department shall have the function to advise and support the Members Council and the General Director in their management of the Corporation in the area of finance, accounting, statistics and pricing.

Import-Export Business Department shall have function to advise and assist the Members Council and the General Director in the development of long-term and short-term import-export business strategy, implement the strategy approved by the Members Council and General Director as well as international cooperation relating to the import-export activities.

Scientific and Technology Department shall have the function to advise and assist the Members Council and the General Director in their management of the Corporation in the following areas: scientific research of pharmaceutical technology and equipment, products plan, quality control, economic and scientific information and labor safety; pharmaceutical technology advisory and transfer, testing pharmaceutical products, cosmetics, functional foods, bioavailability and bioequivalence.

Investment and Planning Department shall have the function to advise and assist the Members Council and the General Director in their management of the Corporation in the following areas: planning in Vietnam Pharmaceutical Corporation as a holding Company, planning in subsidiaries; Financial investment (with the main business line is trading in pharmaceutical products, medical equipment and supplies, functional foods); do business, manage, lease offices, stores, warehouses, and factories.

Subsidiaries, representative offices

Center of Research and Development in Pharmaceutical Science and Technology shall have the function of scientific research and development of technology; Providing scientific and technological services; Testing pharmaceutical products (including BA/BE), foods, cosmetics; clinical pharmaceutical products trial service.

Centre of Cosmetic Pharmaceutical Trading Service shall have the function to do business, import-export, wholesale, retail and introduction of disease treatment drugs, pharmaceutical materials, herbal materials, oil extracts, cosmetics, medical equipment, laboratory chemicals, glasses, functional foods; to organize the counter making up prescriptions and delivering oriental herbal medicines as prescribed for by the regulation of the Ministry of Health. The Centre of Cosmetic Pharmaceutical Trading Service is an independent cost-accounting subsidiary of Vietnam Pharmaceutical Corporation.

Representative Office in Ho Chi Minh City is the representative of Vietnam Pharmaceutical Corporation in the South, shall assist the BOM in following up activities of member enterprises in the South.

Member enterprises: Before the equitization, the Corporation has four subsidiaries and eleven associated companies.

5. Labor Allocation Plan

At the moment of disclosure of the enterprise value on 4th September 2015, the total number of labors enumerated in the payroll of Vietnam Pharmaceutical Corporation is 101 people. The entire above-mentioned employees shall work for the Joint Stock Company.

Table 1: Reality of employees of Vietnam Pharmaceutical Corporation

No.	Criteria	Employees (person)	Percentage (%)
I	Gender-based classification		
1	Male	40	39.6%
2	Female	61	60.4%
II	Labor contract type-based classification		
1	Managers nominated by the State	4	3.96%
2	Contractual employees	97	96.04%
2.1	Indefinite contractual employees	45	44.55%
2.2	Fixed-term contractual employees	51	50.5%
2.3	Seasonal contractual employees	1	0.99%
III	Degree-based classification		
1	University degree and postgraduate	66	65.35%
2	Collage level and intermediate level	24	23.76%
3	Technical workers	3	2.97%
4	Others	8	7.92%

Source: Vietnam Pharmaceutical Corporation

6. Major Fixed Assets of the Corporation

6.1. Land currently managed and used by the parent company – Vietnam Pharmaceutical Corporation

Pursuant to Article 31 Degree 59/2011/NĐ-CP dated 18/07/2011 on transforming the 100% state owned enterprises into the joint stock companies regulates that “In case of the equitised enterprise selects the mode of land lease; this enterprise must sign a termly land lease contract based on the land legal regulation and is not requested to calculate its land advantage value on its corporate valuation. For annually paid land lease, the enterprise have to pay the land rental based on the current legal regulation do not have to add to corporate value. Thus, the asset valuation company does not calculate the right to use land and land advantage value into the Vinapharm’s corporate valuation.

Total land that the Corporation is utilizing: 9,869.2 m², where:

- Leasing land size: 9,869.2 m² (detail information shown in the below table 2)
- Ownership land: 0 m².

Table 2: Summary of land and current status

No	Location	Size (m2)	Purpose of using land	Leasing type	Legal documents	Post-equitization using plan
I Land lots in Hanoi						
1	No. 95 Lang Ha, Lang Ha Ward, Dong Da District, Ha Noi	3,279.7	<p>This is a land lot with different owners of use right over land and property attached to the land.</p> <p>There is a five-storey building (a condominium) in this land lot, that includes:</p> <ul style="list-style-type: none"> the first floor is used by the Corporation for pharmaceutical sales center (with the area of 1,100 m2). Apartments on floors from 2nd to 5th floor, including 51 apartments handed over to Hanoi Housing Development and Management Company in Oct 2006 (redbooks were issued to these apartments); and the remaining 8 apartments (with the area of 360m2) are managed by Vinapharm. 	<p>Annually paid land lease.</p> <p>The corporation is currently processing the land leasing procedures and the land lease contract shall be signed after the equitization.</p> <p>The liability to pay rental fees of parties has yet to be defined due to the mixed onership rights.</p>	<ul style="list-style-type: none"> Description of land and house use reality Land use right certificate no. 756/UB.XDCB dated 08/03/1985 Extract of map no.216 dated 6.3.1985 Construction license no. 4086.UB/XDCB ngày 31/08/1988. Official dispatch no. 4233/UBND-KT dated 23/6/2015 of Hanoi People’s Committee appriving the land use plan of Vinapharm in Hanoi area upon the equitization. 	<p>The Corporation (which is one of owners of properties attached to the land) is planning to cooperate with a counterpart (which is a Joint Operation Entity between Dat Viet Financial Investment JSC and Song Hong Commercial Construction Investment JSC) to build the Project of a Pharmaceutical Center, Offices – Apartments. The Corporation shall contribute capital by its brand and property attached to the land. At present, the counterpart is submitting Project proposal. The corporation’s benefit shall be equivalent to the area of construction work. The specific ratio shall be agreed by parties upon the approval of the Project (if any).</p>

No	Location	Size (m2)	Purpose of using land	Leasing type	Legal documents	Post-equitization using plan
			Besides, a two-storey building and many kiosks managed and used by Ha An 73 Chemical and Pharmaceutical JSC. also located in this land lot. The land use right over this two-storey building and kiosks is being disputed.			
2	No. 60B Nguyen Huy Tuong, Thanh Xuan Trung Ward, Thanh Xuan District, Ha Noi	2,670.0	<p>A construction work for services, commercial office condo Complex is to be co-operated with counterpart. The Corporation shall cooperate with the counterpart (Vinaconex PVC Construction Investment JSC) to develop the project. The Corporation shall contribute capital by its brand and property attached to the land. Some information about the Project:</p> <ul style="list-style-type: none"> • Total land area: 2,670m² includes: <ul style="list-style-type: none"> - 1,323m² of land located outside the red landmark: fifty- year 	Land lease (cash amount for changing the purpose of land use has been paid to state budget)	<ul style="list-style-type: none"> - Official dispatch no. 5039/UBND-KH&DT dated 17/6/2011 of Hanoi People's Council approving the Proposal for a construction work for services, commercial office condo Complex PVV-VINAPHRAM in 60B Nguyen Huy Tuong, Thanh Xuan, Hanoi. - Official Disspatch no. 4590/QHKT-P2 dated 28/10/2014 of Hanoi Architectural Planning Service approving the General premises and architectural project of the construction work in 60B Nguyen Huy Tuong, Thanh 	<ul style="list-style-type: none"> • The Project is estimated to be completed by the end of 2017. • Benefit: Vinapharm shall be entitled to: <ul style="list-style-type: none"> - 1st floor: the whole area excluding the staircases and common area - 2nd floor: The area of offices and 18% of parking lot - 3rd floor: thw whole area - 9th and 10th floor and other apartment floors: 18% of the allocated area plus the conversion rate (the conversion rate of 1st and 2nd floor equal 1.5 and 1.18) minus the

No	Location	Size (m2)	Purpose of using land	Leasing type	Legal documents	Post-equitization using plan
			<p>lease with one-time rental payment</p> <ul style="list-style-type: none"> - 1,31,3m2 of land located outside the red landmark: annual land lease • Total construction area (1st floor): 1,167m2 • Number of storeys/Total constructed floor area: <ul style="list-style-type: none"> - 23 storeys (including technical floors, nave, staircases) and one basement. - Total floor area: 24,200m2 - Height of construction work: 73.3m2 		<p>Xuan Trung Ward, Thanh Xuan District, Hanoi.</p> <ul style="list-style-type: none"> - Official Dispatch no. 1741/UBND-QLDT dated 31/12/2014 of Thanh Xuan People's Committee approving the project for a construction work for services, commercial office condo Complex. - Official dispatch no. 4233/UBND-KT dated 23/6/2015 of Hanoi People's Committee on the agreement upon Vinapharm's plan for using land in Hanoi area in the implementation of equitization. 	<p>area of 1st, 2nd and 3rd floors.</p> <ul style="list-style-type: none"> - Basement: 18% of the area • Because the Project was initiated when the Corporation was owned by the State, the revenue and profits earned shall be added to the State value as stipulated by laws.
3	No. 12 Ngo Tat To, Van Mieu Ward, Dong Da District, Ha Noi (Block 1)	1,863.7	<p>This building is used for Vinapharm's head-office.</p> <p>(In April 2015, Vinapharm was handed over and with this land lot by General Department of Population and Family Planning according to Official dispatch no 26/TTg-KTN</p>	<p>Annually paid lease.</p> <p>The corporation is currently processing the land lease procedures)</p>	<ul style="list-style-type: none"> - Official dispatch no. 26/TTG-KTN dated 07/01/2015 of the Prime Minister on the exchange of head-offices between Ministry of Health and Vinapharm. - Official dispatch no. 1276/BTC-QLCS dated 	<p>To be used as head-office for the Pharmaceutical Scientific and Technology Department Center.</p> <p>The land lease contract has yet to be signed with Hanoi Natural Resources and Environment Department. The procedure shall be</p>

No	Location	Size (m2)	Purpose of using land	Leasing type	Legal documents	Post-equitization using plan
			dated 07/01/2015 by Prime Minister)		<p>27/01/2015 of the MOF on the exchange of head-offices between Ministry of Health and Vinapharm..</p> <p>- Minute of property exchange dated 09/4/2015 between General Department for Population – Family Planning and Vinapharm.</p> <p>- Official dispatch no. 4233/UBND-KT dated 23/6/2015 of Hanoi People’s Committee on the agreement upon Vinapharm’s plan for using land in Hanoi area in the implementation of equitization.</p>	initiated after the equitization.
4	No. 12 Ngo Tat To, Van Mieu Ward, Dong Da District, Ha Noi (Block 2)	128.4	This building uses for Vinapharm’s head-office.	<p>Annually paid lease.</p> <p>The corporation is currently processing the land lease procedures)</p> <p>.</p>	<p>- Official dispatch no.4894/BYT-KHTC dated 09/7/2015 of the Ministry of Health on the handover of supplementary land area in 12 Ngo Tat To.</p> <p>- Minute of supplementary land handover dated 27/7/2015 between General Department for Population –</p>	

No	Location	Size (m2)	Purpose of using land	Leasing type	Legal documents	Post-equitization using plan
					<p>Family Planning and Vinapharm.</p> <p>- Official dispatch no. 4233/UBND-KT dated 23/6/2015 of Hanoi People’s Committee on the agreement upon Vinapharm’s plan for using land in Hanoi area in the implementation of equitization.</p>	
II	Blocks of land in Ho Chi Minh City					
1	No. 178 Dien Bien Phu, Ward 6, District 3, Ho Chi Minh City	1,235.7	This is an old and shabby office building which was built before 1975. The total area of constructed floor is 1,199.83m2.	Annually paid lease (from 1996 to 2046)	<p>- Land use right certificate no. 092/1a/QSDD 3581/UB dated 12/11/2002</p> <p>- Land lease contract no. 12277/HDTD-GTD dated 01/10/2002</p> <p>- Decision no. 2551/QD-BYT dated 18/7/2011 of the Ministry of Health on re-arrangement of land and house of Vinapharm’s Ho Chi Minh City Representative Office.</p>	Vinapharm is planning to invest in building and upgrading the office.

No	Location	Size (m2)	Purpose of using land	Leasing type	Legal documents	Post-equitization using plan
2	No. 126A Tran Quoc Thao, Ward 7, District 3, Ho Chi Minh City	691.7	<p>This place uses for Vinapharm's representative office in Ho Chi Minh City.</p> <p>The house is built before 1975 and is currently shabby.</p>	Annually paid lease (from 1996 to 2046)	<ul style="list-style-type: none"> - Land use right certificate no. 093/1a/QSĐĐ 3582/UB dated 12/11/2002. - Land lease contract no. 12276/HĐTD-GTD dated 01/10/2002. - Official dispatch no. 2479/UBND-TCM dated 09/5/2015 of Ho Chi Minh City People's Committee on the building at No 126A Trần Quốc Thảo, Ward 7, District 3, Ho Chi Minh City. - Official Dispatch no. 6573/BTC-QLCS dated 20/5/2015 of the Ministry of Finance on plan for re-arrangement and disposal of land and house in 126A Tran Quoc Thao, Ward 7, District 3, Ho Chi Minh City. 	The house need to be repaired and improved. It shall be used for offices of BA/BE Center and other centers in the Southern area.

Source: The Vinapharm's Corporate Valuation Report and Project Files in Vinapharm

Evaluating land utilization

During past years, the Corporation has managed and utilized land with permitted purposes and obeying laws and regulations.

6.2. Fixed assets

All fixed assets of the Corporation before equitization shall be transferred to the joint stock company as followings:

Table 3: Fixed assets of the parent company – the Vietnam Vinapharm Corporation based on the Coporate Valuation Report

Unit: VND

No	Item	Accounting Book Value on 31/12/2013			Asset Value based on Corporate Valuation Report	
		Principal	Depreciation	Remaining	Principal	Remaining
A	Using fixed assets	17,194,807,346	8,112,931,105	9,081,876,241	46,475,023,299	17,386,679,791
1	Buildings	13,323,784,711	5,546,824,087	7,776,960,624	42,616,636,119	15,671,731,305
2	Transportation vehicles	2,692,595,828	1,680,818,205	1,011,777,623	2,692,595,828	1,340,219,572
3	Management equipment and tools	1,178,426,807	885,288,813	293,137,994	1,165,791,352	374,728,914
B	Unused fixed assets	488,888,380	488,888,380	-	488,888,380	-
1	Transportation vehicles	156,477,380	156,477,380	-	156,477,380	-
2	Management equipment and tools	332,411,000	332,411,000	-	332,411,000	-
C	Fixed assets waiting to be liquidated	114,764,200	114,764,200	-	114,764,200	-
1	Management equipment and tools	114,764,200	114,764,200	-	114,764,200	-
	TOTAL	17,798,459,926	8,716,583,685	9,081,876,241	47,078,675,879	17,386,679,791

Source: Corporate Valuation File of the Corporation dated at 31/12/2013

Table 4: Changes of fixed assets of the parent company-the Vietnam Pharmaceutical Corporation between 31/12/2013 and 31/12/2015

Unit: VND

Item	Coporate valuation on 31/12/2013	Accounting Book on 31/12/2015	Difference
I. Principal	47,078,675,879	59,455,106,781	12,376,430,992
Buildings, architectutral items	42,616,636,119	39,897,779,117	(2,718,857,002)

Machineries and equipment	-	15,372,905,659	15,372,905,659
Transportation vehicles	2,849,073,208	3,884,563,100	1,035,489,892
Management equipment and tools	1,612,966,552	299,858,995	(1,313,107,557)
II. Accumulated depreciation value	29,691,996,088	30,450,546,953	758,550,865
Buildings, architectural item	26,944,904,814	25,696,713,515	(1,248,191,299)
Machineries and equipment		2,700,457,802	2,700,457,802
Transportation vehicles	1,508,853,636	1,857,023,330	348,169,694
Management equipment and tools	1,238,237,638	196,352,306	(1,041,885,332)
III. Remaining	17,386,679,791	29,004,559,918	11,617,880,127
Buildings, architectural items	15,671,731,305	14,201,065,602	(1,470,665,703)
Machineries and equipment		12,672,447,857	12,672,447,857
Transportation vehicles	1,340,219,572	2,027,539,770	687,320,198
Management equipment and tools	374,728,914	103,506,689	(271,222,225)

Source: Vinapharm's Financial Statements in 2015 and Corporate Valuation Report of the Corporation on 31/12/2013

At 31/12/2015, in comparison to the moment of corporate valuation (31/12/2013) The principal of fixed assets of the Corporation increase more than 12.3 billion dong, which is mainly due to the purchase of machineries and equipment serving the Corporation's activities. Principal of these asset is not much changed. The remaining value of fixed assets increase more than 11.6 billion dong, mainly due to the purchase of machineries and equipment. These asset values on 31/03/2013 are used for the equitization's corporate valuation.

Accumulate depreciation value from machineries and equipment increase more than 2.7 billion dong, at the same time principal of buildings and architectural items reduces 2.7 billion dong and their depreciation value reduce more than 1.2 billion dong; management equipment and tools reduces more than 1 billion dong which lead to a minor difference in the accumulate depreciation value.

Table 5: Summary of transportation vehicles in the parent company-the Vietnam Pharmaceutical Corporation

Unit: VND

No	Item	Quantity	Production year	Book value at 31/12/2013			Asset Value on the Corporate Valuation Report	
				Principal	Depreciation	Remaining	Principal	Remaining
1	Mitsubishi Jolie Car 8 seats, cylinder capacity of 1,997 cm ³ , assembled in Vietnam	1	2004	449,758,100	449,758,100	-	449,758,100	89,951,620
2	Toyota Corolla Altis 1.8AT, 4 seats, assembled in Vietnam	1	2009	629,491,190	355,400,234	274,090,956	629,491,190	314,745,595
3	Toyota Fortuner Car 7 seats, cylinder capacity of 2,694 cm ³ , assembled in Vietnam	1	2011	1,041,440,000	303,753,333	737,686,667	1,041,440,000	737,686,667
4	Daihatsu Truck	1	2004	154,634,629	154,634,629	-	154,634,629	30,929,926
5	Toyota Innova Car assembled in Vietnam	1	2006	417,271,909	417,271,909	-	417,271,909	166,908,764
	TOTAL			2,692,595,828	1,680,818,205	1,011,777,623	2,692,595,828	1,340,222,572

Source: Corporate Valuation File of the Corporation dated at 31/12/2013

Table 6: Management equipments and tools of the parent company-the Vietnam Pharmaceutical Corporation

Unit: VND

No	Item	Quantity	Start year	Book value at 31/12/2013			Asset Value on Coporate Valuation Report	
				Principal	Depreciation	Remaining	Principal	Remaining
	<i>Assets in financial statements</i>			496,130,057	433,259,389	62,870,668	483,494,602	114,255,114
1	Server system	1	2008	116,160,000	116,160,000	-	116,160,000	23,232,000
2	Photo machine AFICO MP 1600 LE	1	2008	31,519,621	31,519,621	-	31,519,621	6,303,924
3	Laptop (for Chairman)	1	2003	29,511,825	29,511,825	-	29,511,825	5,902,365
4	Projector	1	2003	38,929,000	38,929,000	-	38,929,000	7,785,800
5	Laptop 110413 (for Chairman)	1	2013	35,390,000	5,308,500	30,081,500	35,390,000	30,081,500
6	Internet line system	1	2004	40,801,786	40,801,786	-	40,801,786	8,160,357
7	Photo machine Fuji Xerox DC 2056 – CTC PST	1	2013	40,150,000	7,360,832	32,789,168	40,150,000	32,789,168
8	Laptop (Lenovo)	1	2011	12,635,455	12,635,455	-	-	-
9	Medicine container	1	2009	151,032,370	151,032,370	-	151,032,370	30,206,474
	<i>Assets at 138B Giang Vo waiting to handing over to Ministry of Health</i>			322,512,100	322,512,100	-	322,512,100	-
8	Mitsubishi air conditioner 48,000 BTU (Glass house)	1	2006	57,442,500	57,442,500	-	57,442,500	-

No	Item	Quantity	Start year	Book value at 31/12/2013			Asset Value on Coporate Valuation Report	
				Principal	Depreciation	Remaining	Principal	Remaining
9	Ceiling cassette system HT + ĐY (1 system consists of 2 machines)	1	2006	45,693,000	45,693,000	-	45,693,000	-
10	Advertising board of Medicine store at 138B Giang Vo	1	2005	219,376,600	219,376,600	-	219,376,600	-
	<i>Equipment received after 31/12/2013 from General Office for Population Family Planning</i>			359,784,650	129,517,324	230,267,326	359,784,650	230,267,326
11	Elevator Hyundai HIVD 700GF Inverter (H7G7-5,5H), made by Korea	1	2008	118,284,650	59,142,324	59,142,326	118,284,650	59,142,326
12	Generator Westin Power Model 4BTA3,9 (24V-3,7KW), made by China	1	2010	241,500,000	70,375,000	171,125,000	241,500,000	171,125,000
	Total			1,178,426,807	885,288,813	293,137,994	1.165.791.352	374.728.914

7. List of the Corporation's subsidiaries and associate companies

Investment in subsidiaries, associate companies bring about the biggest value to the Coporate's earnings. Before the equitization, the Coporate invested in 4 subsidiaries, 11 associated companies and 8 other invested companies. The Coporate's capital in subsidiaries and associate companies has been remained and developed; the investment value shown on the Coporate valuation report is 1,547 billions dong.

7.1. Parent company of the Corporation: None

7.2. List of the Corporation's subsidiaries

Table 7: Investment value in the Corporation's subsidiaries on 31/12/2015

Unit: VND

No,	Company Name	Address	Accounting Value of the Investment	Charter Capital of the Investment	% Ownership
1	Central Pharmaceutical No.1 JSC.– Pharbaco	160 Ton Đức Thang Street, Đông Đa, Hà Nội.	71,011,498,408	73,500,000,000	77.55%
2	Central Pharmaceutical No. 2 JSC.- CPC1	No 356A Giai Phong Road, Thanh Xuan, Hanoi	137,215,500,000	209,790,000,000	65.41%
3	Central Pharmaceutical JSC. – Codupha	334 To Hien Thanh Street, Ward 14, District 10, HCM City.	121,225,000,000	182,700,000,000	66.35%
4	Central Pharmaceutical No.3 JSC.	115 Ngo Gia Tu Street, Hai Chau, Đà Nẵng	11,375,000,000	17,500,000,000	65.00%
	Total		340,826,998,408	483,490,000,000	

Source: The Corporation's Financial And Accounting Report

7.3. List of the Corporation's Associate Companies

Table 8: Investment Value in the Corporation's Associate Companies on 31/12/2015

Unit: VND

No,	Company Name	Accounting Value of the Investment	Charter Capital of the Investment	Ownership %
1	Imexpharm Pharmaceutical JSC.	288,726,774,000	289,426,460,000	23.75%
2	Mekophar Chemical Pharmaceutical JSC.	159,977,506,239	151,234,130,000	23.33%
3	Pharmaceutical Packaging JSC.	12,200,782,402	20,000,000,000	22.5%
4	Vidipha Central Pharmaceutical JSC.	74,882,978,449	121,749,040,000	23.30%
5	Danapha Pharmaceutical JSC.	85,132,916,211	97,650,000,000	29.86%
6	Sanofi – Synthelabo Pharmaceutical JSC.	252,643,512,013	77,467,000,000	30.00%

No,	Company Name	Accounting Value of the Investment	Charter Capital of the Investment	Ownership %
7	Danapha – Nanosome Pharmaceutical JSC.	4,500,000,000	17,989,750,000	25.00%
8	Foripharmm Central Pharmaceutical No.3 JSC.	22,266,674,167	52,500,000,000	25.71%
9	Central Pharmaceutical No.2 JSC.	14,940,590,562	50,000,000,000	25.50%
10	Vietnam Medical Products Import – Export JSC.	14,390,184,874	18,000,000,000	45.83%
11	Central Pharmaceutical No. 25 JSC.	44,713,236,026	77,946,410,000	48.49%
12	Other associate companies that the Corporation owns less than 20% of its charter capital	229,543,360,956		
	Total	1,203,918,515,899		

Source: The Corporation's Financial And Accounting Report

Table 9: Other Financial Invested Companies by 31/12/2015

No	Name of the invested company	Number of shares owned by Vinapharm	Ownership Percentage %	Voting Percentage %
1	OPC Pharmaceutical JSC.	3.562.650	14,08%	14,08%
2	Vietnam Pharmaceutical Chemical JSC	166.670	9,26%	9,26%
3	Medipharco Tenamyd Central Pharmaceutical JSC	450.345	15,01%	15,01%
4	Mediplantex Central Pharmaceutical JSC	713.750	11,37%	11,37%
5	Vimedimex Pharmaceutical Health JSC	1.579.833	18,72%	18,72%
6	Vietnam Pharmaceutical Health JSC	2.000	5,26%	5,26%
7	Yên Bái Pharmaceutical Health JSC	243.220	15%	15%
8	No.2 Central Pharmaceutical JSC	1.680.000	17,68%	17,68%

Source: The Corporation's Financial And Accounting Report in 2015

8. The Corporation's Business and Financial Results During 2013 – 2015

8.1. The Corporation's Business Activities Results

a. Net Revenue and Profit Structure

Table 10: Revenue Structure of the Parent Company – Vietnam Pharmaceutical Corporation in 2013 – 2015 (including Centre of Cosmetic Pharmaceutical Trading Service 1)

No	Item	2013		2014		2015	
		Value (bil. VND)	Weight on total revenue (%)	Value (bil. VND)	Weight on total revenue (%)	Value (bil. VND)	Weight on total revenue (%)
1	Revenue from cosmetic pharmacy and health equipment	114.46	97.51	136.61	97.79	201.06	98.48
2	Revenue from other business activities	2.92	2.49	3.09	2.21	3.1	1.52
	Total	117.38	100,00	139.70	100.00	204.16	100.00

Source: Financial Statements of the parent company and of the Centre of Cosmetic Pharmaceutical Trading Service in 2013-2015

Thanks to the parent company has been implementing the directly business operation on many pharmaceutical and health equipments products, Vinapharm's net revenues from business activities has rapidly increased in 2013-2015, achieved growth rate of 19.04% in 2014 and 46.15% in 2015. Revenues from other business supporting services such as medicine management services, medicine export import, test service, functional foods sales accounted for only 2% of total revenue but has stable results over past years, contributed a remarkable profit amount for the parent company.

Table 11: Consolidated Revenue Structure of the Vietnam Pharmaceutical Corporation during 2013 – 2015

No	Item	2013		2014		2015	
		Value (bil. VND)	Weight on total revenue (%)	Value (bil. VND)	Weight on total revenue (%)	Value (bil. VND)	Weight on total revenue (%)
1	Net revenue from goods sales	7,530.80	93.75	7,476.94	92.47	6,786.17	91.94
2	Net revenue from products sales	414.72	5.16	538.22	6.66	550.93	7.46
3	Net revenue from providing service	87.21	1.09	70.69	0.87	43.70	0.59
	Total	8,032.74	100.00	8,085.85	100.00	7,380.80	100.00

Source: Consolidated Financial statements of the Corporation in 2013-2015

¹ Centre of Cosmetic Pharmaceutical Trading Service the legally dependent unit but independent accounting system with the Corporation; thus financial figures of the parent company – the Vietnam pharmaceutical Corporation in this prospectus includes the financial figures of the Centre.

Table 92: The Parent Company's Profit Structure During 2013 – 2015 (including Centre of Cosmetic Pharmaceutical Trading Service)

No.	Item	2013		2014		2015	
		Value (bil. VND)	Weight on revenue (%)	Value (bil. VND)	Weight on revenue (%)	Value (bil. VND)	Weight on revenue (%)
1.	Gross profit from trading pharmaceuticals, cosmetics, and medical equipment	8.99	7.66	10.38	7.43	6.85	3.36
2.	Gross profit from other operating activities	2.55	2.17	2.70	1.93	2.09	1.02
	Total	11.54	9.83	10.98	9.36	8.94	4.38

Source: Financial statements of the parent company in 2013-2015

Gross profit from business activities of the parent company – Vinapharm in 2014 reduced 4.85% due to cost of good sold increased 21.62% although net revenue increased 19% in comparison with the respective figures in 2013. Similarly, gross profit from business activities of the parent company – Vinapharm in 2015 reduced 18.6% due to cost of good sold increased 51.66% while net revenue increased only 46.14% in comparison with the respective figures in 2014.

Table 1: The Corporation's Consolidated Gross Profit from business activities during 2013 – 2015

No	Index	2013		2014		2015	
		Value (bil. VND)	Weight on Revenue %	Value (bil. VND)	Weight on Revenue %	Value (bil. VND)	Weight on Revenue %
1	Gross profit from goods and services	746.03	9.27	718.55	8.96	674.66	9.14

Source: Consolidated financial statements of the Corporation in 2013-2015

b. Materials

Because the Corporation's business is cosmetic pharmaceutical trading, the Coporation do not use materials in its business.

c. Operating Costs

Table 104: The Corporation's Consoliated Operating Cost Structure during 2013 – 2015 (including Centre of Cosmetic Pharmaceutical Trading Service)

No	Index	2013		2014		2015	
		Value (bil. VND)	Weight on Revenue %	Value (bil. VND)	Weight on Revenue %	Value (bil. VND)	Weight on Revenue %
1	COGS	105.85	90.18	128.73	92.15	195.22	95.62
2	Financial cost	0.22	0.19	0.36	0.22	1.98	0.97
3	Selling cost	5.92	5.04	10.36	6.28	13.26	6.49

4	Management cost	23.21	19.77	25.4	15.41	23.36	11.44
5	Total cost	135.196	115.18	164.85	114.06	233.82	114.53

Source: Financial statements of the Corporation in 2013, 2014, and 2015

Prior to 2013, the Vietnam Pharmaceutical Corporation had mainly functions on managing its branches, subsidiaries, associated companies and invested companies. The corporation expanded running business activities on pharmaceutical products, health equipments and cosmetic since 2013; thus cost of good sold and selling cost of the parent company – Vietnam Pharmaceutical Corporation in 2013 – 2015 has rapidly increased but the management cost has reduced 17.17%, 14.41% and 9.99% in 2013, 2014 and 2015 respectively.

Table 25: Consolidated Cost Structure of Vietnam Pharmaceutical Corporation in 2013-2015

No	Index	2013		2014		2015	
		Value (bil. VND)	Weight on Revenue %	Value (bil. VND)	Weight on Revenue %	Value (bil. VND)	Weight on Revenue %
1	COGS	7,294.30	90.06	7,297.35	90.25	6,606.45	89.51
2	Financial cost	150.08	1.89	123.97	1.53	165.64	2.24
3	Selling cost	344.76	4.25	354.85	4.39	361.10	4.89
4	Management cost	212.09	2.56	204.99	2.54	187.97	2.55
5	Total cost	8,001.23	98.75	7,981.16	98.71	7,321.16	99.19

Source: Consolidated financial statements of the Corporation in 2013-2015

d. Technology Standard

- Technology standard of the Center of Research and Development in Pharmaceutical Science and Technology: The Corporation's Center of Research and Development in Pharmaceutical Science and Technology has received Good Laboratory Practice (GLP) and Certificate of Incorporation, Business License. The center has sufficient equipment to analyze pharmaceutical in biological liquid: 01 solubility testing machine, 02 High Performance Liquid Chromatography (HPLC) machine (where 01 UV-detector machine and 01 fluorescent-detector machine), 01 liquid chromatography–mass spectrometry machine – LCMSMS (which is the most modern liquid chromatography machine that assure high sensitivity when analyzing pharmaceutical in biological liquid with low proportion)
- Technology standard of the services of medicine and medical materials import-export, distribution, sales: Sufficient infrastructure, standardized procedure, standardized machineries as certified for GSP (Good Storage Practices), GDP (Good Distribution Practices), and GPP (Good Pharmacy Practices).

e. Products/Services Quality Control

- Applied quality control system: the Corporation currently utilizes Quality Control System following ISO Standard 9001:2008; GLP, GSP, GDP, GPP.

- Quality Control Team (Science and Technology Department): The team in charge of inspecting and periodical appraising internal activities of the Corporation to ensure that the quality control system is preserved and improved promptly in order to best serve Corporation's activities, The Team also receives complaints from customers to have prompt remedies.

f. Marketing Activities

Prior to 2013, the Corporation's trading activities had been at the beginning so that marketing activities had not been emphasized, From 2013 on, the Corporation has been boosting trading activities and improving marketing activities such as advertisement, public relation, promotion, exhibitions domestically and internationally in order to link Vinapharm brand with the Corporation's products and services; step by step make Vinapharm become one of the most successful brand in Vietnam pharmaceutical industry.

g. Trademark, Registered Invention and Patent

N	Trademark	Registered no,	Certificated Year	Renewed Year	Note
1	Cao sao vang	819019	2003	2013	International
2	Cao sao vang	49760	2003	2012	Domestic
3	Royal award	190762	2012	-	Domestic
4	Nature light	190763	2012	-	Domestic
5	Easygoing	190764	2012	-	Domestic
6	Effectway	190765	2012	-	Domestic
7	Vitamin one	200023	2013	-	Domestic
8	Sleep one	200024	2013	-	Domestic
9	Iqbest	200025	2013	-	Domestic
10	Logo + vinapharm	206104	2013	-	Domestic
11	Maxgrow	208397	2013	-	Domestic
12	Thiapanto	240106	2015	-	Domestic

Source: Vietnam Pharmaceutical Corporation

h. Major Contracts that have been implementing or have been signed

No	Contract no,	Value (VND)	Signed date	Product/contract's content	Counterpart	Implementation time
1	Study science and conduct technology	480,000,000	05/11/2014	Rifampicin	Minh Tien Pharmaceutical Limited Co.	2014
2	Study science and conduct technology	350,000,000	28/11/2014	Piracetam	Central Pharmaceutical No. 2 JSC.	2014
3	Study science and conduct technology	300,000,000	28/11/2014	Metformin	Danapha	2014
4	Study science and conduct technology	550,000,000	22/12/2014	Clindamicin	Central Pharmaceutical No. 2 JSC.	2014
5	Study science and conduct technology	430,000,000	22/12/2014	Pantoprazole	Central Pharmaceutical No. 2 JSC.	2014
6	Study science and conduct technology	350,000,000	24/12/2014	Metformin	Hau Giang Pharmaceutical Company	2014
7	037/2014/VNP-TV	1,043,580,000	29/12/2014	SANBECLAN EKSI	Thien Vu Company	2014
8	04/2015/VNP-VNDIALYSIS	4,863,150,000	02/02/2015	Hesorin (Heparin Sodium 25,000 IU/5ml)	VN kidney dialysis machine JSC,	2015
9	07/2015/VNP-VA	5,259,907,600	10/3/2015	Cerebrolysin	Viet Ao Company	2015
10	Study science and conduct technology	450,000,000	19/3/2015	Azithromycin	Phu Thai Pharmaceutical Commerical JSC,	2015
11	Study science and conduct technology	460,000,000	24/4/2015	Amlodipin	Synmedic	2015
12	25/2015/VNP-VA	6,541,016,000	28/5/2015	Cerebrolysin	Viet Ao Company	2015
13	Study science and conduct technology	415,000,000	30/6/2015	Cefixime 200 mg	Truong Thinh Pharmaceutical Commercial Limited Co,	2015

No	Contract no,	Value (VND)	Signed date	Product/ contract's content	Counterpart	Implementation time
14	Study science and technology conduct	415,000,000	30/6/2015	Cefuroxime 500 mg	Truong Thinh Pharmaceutical Commercial Limited Co,	2015
15	Study science and technology conduct	410,000,000	30/6/2015	Clarithromycin 250mg	T&T Equipment JSC	2015
16	Study science and technology conduct	410,000,000	30/6/2015	Clarithromycin 500mg	Tran Thang Pharmaceutical Commercial Limited Co,	2015
17	32/2015/VNP-HC	10,478,400,000	03/7/2015	Cefoxitine Gerda 1G	Cuong Huy Company	2015
18	24/2015/VNP-VA	4,769,277,600	17/7/2015	Cerebrolysin	Viet Ao Company	2015
19	26/2015/VNP-VA	5,375,537,000	19/7/2015	Cerebrolysin	Viet Ao Company	2015
20	27/2015/VNP-VA	5,375,537,000	24/7/2015	Cerebrolysin	Viet Ao Company	2015
21	51/2015/VNP-HC	10,800,000,000	29/9/2015	Cefoxitine 1G	Cuong Huy Company	2015
22	52/2015/VNP-HC	7,852,500,000	29/9/2015	Cefoxitine 2G	Cuong Huy Company	2015
23	Study science and technology conduct	440,000,000	08/9/2015	Rifampicin 300 mg	Mekophar	2015
24	Study science and technology conduct	438,200,000	29/10/2015	Lamivudine 100mg	Savipharm	2015

8.2. Financial Status and Business Results

Table 16: Financial Status and Business Results of the Parent Company – Vietnam Pharmaceutical Corporation during 2013 – 2015 (including Centre of Cosmetic Pharmaceutical Trading Service)

Item	Unit	2013	2014	2015
1. Total Assets	Bil. VND	1,485.82	2,497.04	2,727.17
2. Accounting value of state-owned capital	Bil. VND	1,419.77	2,471.15	2,673.50
3. Short-term debt	Bil. VND	0	0	0
Where, out of date debt		0	0	0
4. Long-term debt	Bil. VND	0	0	0

Item	Unit	2013	2014	2015
Where, out of date debt		0	0	0
5. Out of date receivable	Bil. VND	0.19	0.19	0
6. Total employee	Bil. VND	107	108	102
7. Fund of salary	Bil. VND	11,064	12,253	12,478.76
8. Average monthly salary per person	VND	8,617	9,454	10,195
9. Total revenue	Bil. VND	218.10	307.40	375.92
10. Total expenses	Bil. VND	136.44	166.35	233.82
11. Profit from business activities	Bil. VND	79.64	141.76	140.14
12. Profit before tax	Bil. VND	81.65	141.04	140.60
13. Net profit	Bil. VND	80.71	136.07	129.03
14. Net profit/State-owned capital ratio	%	5.68	5.50	4.83

Source: Financial Statements of the parent company in 2013-2015

Table 17: Consolidated Financial Status and Business Results of Vietnam Pharmaceutical Corporation during 2013 – 2015

Item	Unit	2013	2014	2015
1. Total asset	Bil. VND	5,127.59	6,635.63	6,785.21
2. Short term debt	Bil. VND	2,883.23	3,183.28	3,182.36
3. Long term debt	Bil. VND	153.42	144.64	84.43
4. Total revenue	Bil. VND	8,181.15	8,346.88	7,626.16
5. Total cost	Bil. VND	7,965.22	8,037.27	7,325.12
6. Net profit from business activities	Bil. VND	150.57	404.14	363.31
7. Profit before tax	Bil. VND	324.87	411.07	375.35
8. Net profit	Bil. VND	295.95	384.61	350.02
9. Net profit of the parent company shareholder	Bil. VND	291.95	377.07	346.52

Source: Consolidated financial statements of the Corporation in 2013-2015

8.3. Factors Affecting the Corporation's Business Activities During 2013 - 2015

Factors affecting the Corporation's business activities in the period of 2013 – 2015 include internal factors (strengths and weaknesses of the Corporation) and external factors (opportunities and threats),

Strengths	Weaknesses
<p>1. The Corporation:</p> <p>Have strong financial status that support investing in projects and directing subsidiaries' activities,</p> <p>2. The Corporation and subsidiaries:</p> <ul style="list-style-type: none"> • Have many member companies, including top companies in pharmaceutical industry, • Many subsidiaries have GMP factories which consist of some factories have been invested intensively in technology and production standard, • Have talent and experienced technical experts, • Many subsidiaries have strong financial status, reasonable development strategy, and good distribution network, 	<p>1. The Corporation:</p> <ul style="list-style-type: none"> • Lack of experience in direct business, • Lack of experience in implementing big projects that support all subsidiaries, • The Corporation's ability to unite and direct subsidiaries is not so good, • Have low contribution to policy making activities of Ministry of Health and the Government, <p>2. The Corporation and subsidiaries:</p> <ul style="list-style-type: none"> • Many subsidiaries have not yet prepared qualified next generation managers, • Overlapping products, high internal competitiveness, • Labor in research and technology field has not yet met the industry's requirement, • Producer and Distributor do not have a solid connection, • Have not yet had a strong distribution network to attract companies in pharmaceutical industry,
Opportunities	Threats
<ul style="list-style-type: none"> • Integration facilitates companies to access application of science and techniques, material resources in order to boost business activities, • Vietnam's medicine market has grown up recent years, • Due to more and more complicated diseases, demand for medicine and healthcare has been increasing, 	<ul style="list-style-type: none"> • Domestic economy has faced difficulties from the decrease of oil price and the increase of foreign exchange, • Conducting and managing projects, especially projects in foreign countries, is complex and difficult, • The increase in number and capacity of companies independent to the

<ul style="list-style-type: none"> • Policy of resident medical insurance has been implemented widely, • Be the unique state-owned corporation in pharmaceutical industry, the Corporation receives attention and support of the Government and Ministry of Health, • Project “Vietnamese prefer Vietnamese medicine” has been passed by the minister of Ministry of Health, which bring opportunities for the Corporation and subsidiaries to improve production ability and revenue, 	<p>Corporation results in intensive competitiveness,</p> <ul style="list-style-type: none"> • Residents and doctors have tendency to use import medicines, Import medicines are used more frequently in treatment than domestic medicines, • Financial ability and experience of multinational pharmaceutical companies in Vietnam are outstanding, Products of multinational pharmaceutical companies and foreign companies cover almost domestic market and account for over 50% total value of medicine usage, • The establishment of ASEAN+6 area in the near future will increase threats toward Vietnam pharmaceutical companies,
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9. Position of the Corporation in Pharmaceutical Industry

9.1. Position of the Corporation in Pharmaceutical Industry

At the present, the major activities of the Corporation is to invest in pharmaceutical affiliates, including biggest firms in domestic pharmaceutical industry. Many of the Corporation’s affiliates have strong financial capacity, wide distribution network and high technology GMP factories.

At present, Vietnam Pharmaceutical Corporation is one of only 3 entities nationwide permitted by Ministry of Health to conduct BE research. The Corporation’s study capacity is about 20 researches per year.

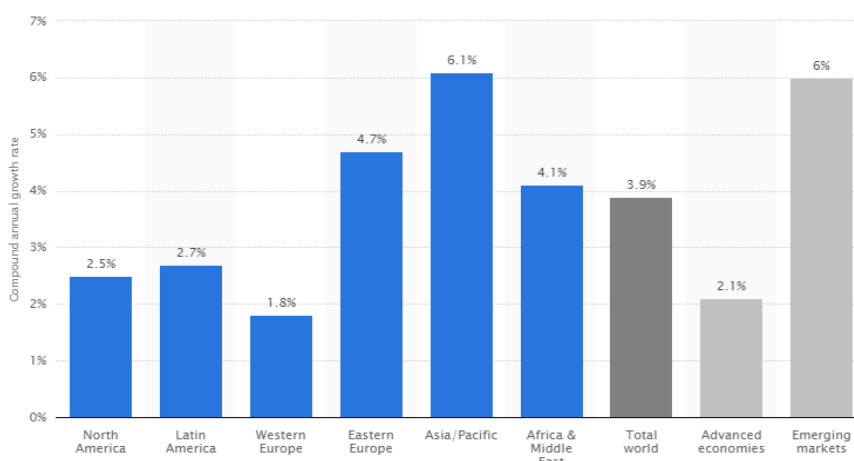
In addition, the Corporation is the organization conducting missions of Ministry of Health to provide medicines in emergency cases (disasters, widespread diseases).

In the period of 2015 – 2020, the Corporation intends to invest in essential projects of pharmaceutical industry such as research and development in pharmaceutical science and technology, developing herbal pharmaceutical areas, producing pharmaceutical materials, health care... The Corporation will gradually make Vinapharm become one of the most successful brands in Vietnam in pharmaceutical sector and relevance.

9.2. Pharmaceutical Industry Prospect

9.2.1. Global Pharmaceutical Industry

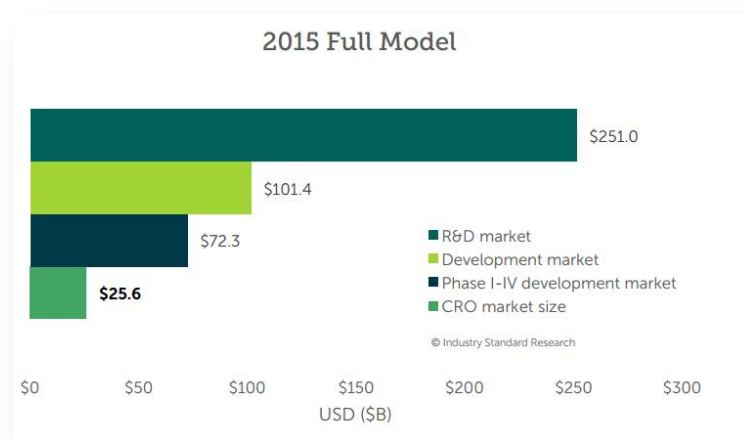
According to WHO, average growth rate of the global pharmaceutical industry is 3.1%, Statista Company’s forecast of Compound Annual Growth Rate (CAGR) until 2016 of pharmaceutical industry in regions is illustrated in the below figure, Asia Pacific region has the highest growth rate of about 6.1%, whereas emerging market has the growth rate of 6%.



Source: Statista Company 2015

In the period of 2014 – 2018, as measured by Evaluate Pharma, global medicine expenditure will reach USD 900 billion in 2018. Revenue of prescription medicine will reach USD 1,000 billion; revenue of biologicals will account for 52% in Top 100 prescription medicines and OTC, and will account for 27% of the global market in 2020.

Global Research and Development field (R&D) in 2015 forecast by Industry Standard Research Company includes: Research and Development USD 251 billion, Market development USD 101.4 billion, Research Phase I-IV USD 72.3 billion, and Clinical research USD 25.6 billion, Technavio Company projects Compound Annual Growth Rate (CAGR) of clinical research will be 8.1% in the period of 2014 – 2019.



Source: Industry Standard Research Company

Expense of pharmaceutical research and development is very high, According to Deloitte and Thomson Reuters' examination, at the end of 2013 expense of creating one new medicine is USD 1.3 billion. Producers, therefore, have tendency to move clinical research phase to developing countries.

9.2.2. The Vietnam Pharmaceutical Industry

The Vietnam pharmaceutical industry currently stands at level 3 on the scale of WHO, In addition, on the five-level scale of UNIDO, Vietnam's pharmaceutical industry is at level 3, meaning 'domestic pharmaceutical industry produce almost medicine from import materials'.

Pharmaceutical industry has not been well organized, only produced generic medicine (which are , lost special medicine segment to foreign companies.

According to IMS's health statistics, Vietnam is one of the countries that use the highest amount of generics medicine, especially in hospitals in general and state-owned hospitals in particular.

Project 'Vietnamese people prefer Vietnamese medicine' has been passed by the minister of Ministry of Health, which facilitates medicine producers to improve capability and revenue, per capital medicine expenditure in Vietnam in 2015 was USD 37.97. In IMS's perspective, Vietnam is categorized into Group 2 of Level 3 (per capital medicine expenditure below USD 85). The group contains 9 countries which are Vietnam, South Africa, Algeria, Thailand, Indonesia, Egypt, Pakistan, Nigeria and Ukraine.

Regarding law and regulation, Pharmaceutical Law (amended) has been approved by the National Assembly and shall come into effect from 1 July 2017. Activities in pharmaceutical industry will be considerably affected as soon as the law is imposed.

a. Clinical Research and Bioequivalence

Clinical research is one phase in the process of research and development (R&D) of one new medicine. Legal environment is not stable, and expense of inventing new medicine is relatively very high in comparison with size of Vietnam companies (Expense for one research approximately equals to Vietnam's medicine expenditure in 2014). Thus, Vietnam only can conduct clinical research (Contract Research Organizer – CRO) in Vietnam. At the moment, there is no organization or company in Vietnam rendering clinical research. The two foreign companies implementing the service, Quintiles Vietnam Limited Company and FHI, are facing difficulties because the service has not been regulated in Vietnam's law and regulation.

As stipulated in Circular 08/2010/TT-BYT in respect of guiding filing reports of bioequivalence and bioavailability, Ministry of Health requires evaluating bioequivalence of 12 substances and special producing medicines (targetted release medicine, sustained release medicine). As stated in the process of matching regulation among ASEAN countries, number of active ingredients required to be evaluated BA/BE will increase to around 30 by 2020.

According to national pharmaceutical industry strategy, there is 40% generic medicines (domestic producing and import) that have had registration number has been evaluated BA/BE by 2020.

Currently, Vietnam has approximately 3000 generic medicines that has registration number, including 2000 domestic producing medicines. However, there is only 3 entities nationwide permitted by Ministry of Health to conduct BE research, including Vietnam Pharmaceutical Corporation with the capacity of 20 researches/year, BE research capacity of

the other two entities (National Institute of Drug Quality Control, Institute of Drug Quality Control in Ho Chi Minh City) is 80 researches/year.

From now to 2020, number of companies conducting BA/BE research will not increase a lot because BA/BE research requires a long time to train employees and specific regulations of BA/BE research have not yet been released (tentatively released in the period of 2017 – 2018 after imposition of Adjusted Pharmaceutical Law). From now to 2020, research supply may not meet the requirement of pharmaceutical industry. Therefore, expanding investment and improving the capacity of BA/BE research of the Corporation are very important and potential.

b. Dispensing Research

Currently, all production companies have department of product research and development, Some companies have implemented successfully strategy of product research and development, Some other companies, however, only implement simple dispensing and have not yet had specific strategies due to lack of necessary infrastructure and lack of qualified employees. Licensing activities have happened in Vietnam, but only at small size.

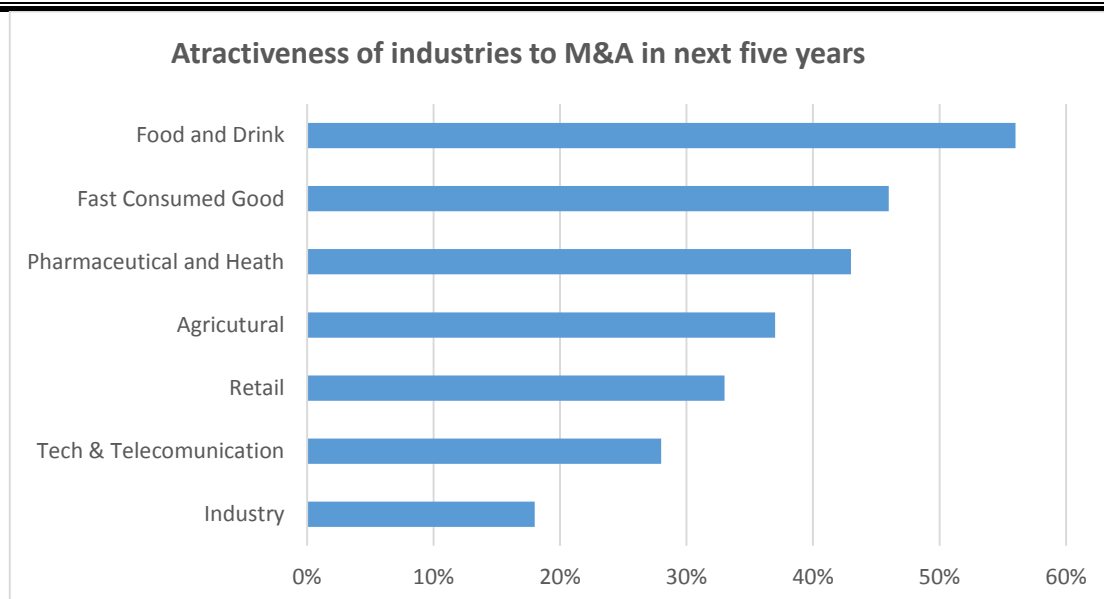
c. Production

The Vietnam domestic production scale accounts for 77% on quantity but only 35% on value. The production industry focus on medicine category that have low value and simple formula. The domestic product's market share has slowly increased and been difficult to achieved the government goal of 80% in 2020.

The domestic medicine production in 2013-2015 has been estimated at USD 1.3 billion, USD 1.39 and USD 1.65 billion respectively; including USD 150 million of medicine export in 2015.

Many domestic pharmaceutical manufactures have a trend on enhancing their factories into international standard such as PIC/S-GMP, EU-GMP to produce high quality generic medicines in order to increase their abilities to win the ETC channel bids and to expand export market. Medicine outsource and franchise are the shortest and most efficient path to Vietnamese pharmaceutical enterprises on learning know-how from and catching up international pharmaceutical firms.

A research by KMPG in Vietnam market showed that the pharmaceutical industry is one of the five industries that are attractive to M &A activities in coming five years.



According to Business Monitor International (BMI), the average growth rate of pharmaceutical industry in Vietnam in 2015-2018 period is estimated to be 16%/year, with the revenue of 3.5-5 billion USD in 2015.

According to the General Department of Vietnam Customs, in 2015 the import of pharmaceutical products reached 2.3 billion USD, increases 14% in comparison to 2014. Notably, in the first two months of 2016, import of pharmaceutical products of the whole country reaches 375 million USD, increases 47% in comparison to the same period of the last year.

In reality, the imported pharmaceutical products overwhelms domestic ones. According to the figured issued by the Ministry of Health, imported drugs comprise about 60% of the total amount consumed in Vietnam. The major pharmaceutical import markets are European countries such as France, Germany, England, Italy, and other 2 other big markets including US and India.

Ministry of Health reveals that pharmaceutical production enterprises located mainly in two big cities including Ho Chi Minh City (50%) and hanoi (30%) and the remaining 20% are enterprises located in An Giang, Can Tho, Nam Dinh, Phu Yen ...

The fact that Vietnam entered TPP also have active impacts on the pharmaceutical industry. The major elements influence pharmaceutical industry include competitive level, taxes and intellectual property regulations in the use of generics. Besides, domestic pharmaceutical enterprises also have oppotunities to expand their business and strengthern technology transfer.

d. Distribution

At the end of 2015, distribution system of Vietnam's pharmaceutical industry is as follow:

Number of GSP export	174
Number of GSP storage	3

Number of GDP wholesales	1,700
Number of Retail sales	42,196
Where:	
• <i>GPP medicine store</i>	9,196
• <i>GPP hospital medicine store</i>	482
• <i>Medicine counter</i>	9,780
• <i>Retail sale agent</i>	14,871
• <i>Local medical cabinet</i>	7,166

Source: DAV

Major companies providing storage/logistic services include Diethelm (Switzerland), Zuellig Pharma (Singapore), Hoang Duc Pharmaceutical & Medical Supplies Co, (Vietnam), Center Pharmaceutical Company No.1, Mega Product (Thailand), Center Pharmaceutical Company No.2.

As stated in IMS's inspection, prices of popular original medicines and state-protected medicines in Vietnam stand at one of the lowest levels among ASEAN countries (at almost treatment areas). Unfortunately, distribution system with a lot of intermediaries increases selling price to Vietnamese customers. The issue can be improved by facilitating professional distributors' activities in domestic market.

Export and import, and distribution segments currently have intensive competitiveness, As regulated in the new Reverse Auction Law, there are national and provincial reverse auctions, Reverse auction in large size needs companies that have strong financial capability to distribute medicines in one province or in the whole country.

The market is splitted whereas import generic medicines from Asia countries accounts for a major proportion.

e. Supporting Industries

Chemical pharmaceutical and packing:

- **Material, excipient:** Materials and excipients for production of domestic producer are mostly imported. Import resources are usually available but the prices are very high. In addition, import companies must tolerate risk of foreign exchange rate volatility.
- **Herbal pharmaceutical:** Even though the Government had policies supporting development and quality control of herbal pharmaceutical, at the present, the planning of developing herbal pharmaceutical areas has not officially implemented. There is few number of herbal pharmaceuticals meeting GACP standard. Besides, Vietnam has not yet had herbal pharmaceutical processing factory that satisfying GMP.
- **Packing:** As regulated by Ministry of Health, packing level 1 (packing covers directly medicines) must be produced by GMP manufacturers (Circular 14/2012/TT-BYT dated 31/08/2012 regulating standards 'Good pharmaceutical packing manufacturing

practice' and guidances). Vietnam currently only has 01 GMP pharmaceutical packing factory that accounts for few percent of domestic companies' demand. Almost level-1 packings are imported. Investment a GMP pharmaceutical packing factory only requires medium capital and normal qualification of employees.

Machines and technology:

Vietnamese companies could produce, assemble some machines used in pharmaceutical industry. There is currently no statistics regarding production capacity of these companies.

Human resources

According to statistics of Drug Administration of Vietnam, as of 31/12/2010 the country had 15,150 graduate- and postgraduate- university pharmacists (excluding human resources from training centers authorized by Ministry of Health). Current number of pharmacists has not yet met the demand of pharmaceutical companies. It is difficult to hire employees having pharmacist qualification or above, especially in provinces outside 3 big cities: Hanoi, Ho Chi Minh City and Danang.

9.3. Evaluating the Match of the Corporation's Development Strategy with the Industry's Strategy, Government Policies and Global Trend

Until 2020, the Corporation will focus on five sectors: i) Research and development science and technology (consisting of research BA/BE); ii) Render marketing and selling services; iii) Warehouse service and logistics; iv) Produce medicines with high technology, and v) Producing and distributing materials, herbal pharmaceuticals, pharmaceutical packages. The Corporation's investment direction in projects in pharmaceutical industry matches National strategy of developing Vietnam pharmaceutical until 2020 and vision to 2030 of the government. In addition, it supports exploration of potentials to develop pharmaceutical production in Vietnam.

The Corporation's investment direction into herbal pharmaceutical areas and extracting herbal pharmaceuticals matches the global trend towards natural pharmaceutical products which have less side effects on patients and do not harm environment.

II. CORPORATE VALUATION FOR EQUITIZATION

According to:

- The file of valuing corporate of Vietnam Pharmaceutical Corporation issued by AASC Auditing Firm Co. Ltd,
- The record of valuing corporate base on NAV method of Vietnam Pharmaceutical Corporation dated 31/12/2013,
- Decision No, 3717/QĐ-BYT dated 04/09/2015 of Ministry of Health on approving the corporate value for equitization of Parent company - Vietnam Pharmaceutical Corporation,
- Official dispatch no, 1403 /VPCP-DMDN date 04/3/2016 on extension of the deadline for IPO of Vietnam Pharmaceutical Corporation,

Valuation results of the Corporation's total corporate value and the Corporation's state owned capital on 31 December 2013 as follows:

- **The Vietnam Pharmaceutical Corporation's total corporate value is VND 2,435,524,053,633**
- **The Vietnam Pharmaceutical Corporation's state owned capital is VND 2,370,828,792,281**

Table 118: Results of the Vietnam Pharmaceutical Corporation's Corporate Valuation
Unit: VND

No,	ITEM	ACCOUNTING DATA	REVALUATION DATA			DIFFERENCE
			Vinapharm - parent company	Centre for Cosmetic and Pharmaceutical Trading Service	Add (4)	
A	ASSETS IN USE (I+II+III+IV)	1,526,011,157,825	2,411,597,639,995	23,926,413,638	2,435,524,053,633	909,512,895,808
I	Fixed assets and long term investments	703,815,286,289	1,578,733,486,805	607,962,442	1,579,341,449,247	875,526,162,958
1	<i>Fixed assets</i>	21,812,953,806	29,889,715,192	228,042,164	30,117,757,356	8,304,803,550
a,	Tangible fixed assets	9,081,876,241	17,158,637,627	228,042,164	17,386,679,791	8,304,803,550
-	<i>Historical cost</i>	17,194,807,346	45,752,084,391	722,938,908	46,475,023,299	29,280,215,953
-	<i>Accumulate depreciation</i>	(8,112,931,105)	(28,593,446,764)	(494,896,744)	(29,088,343,508)	(20,975,412,403)
b	Construction in progress	12,731,077,565	12,731,077,565	-	12,731,077,565	-
2	<i>Long term financial investments</i>	680,327,578,438	1,547,437,113,397	-	1,547,437,113,397	867,109,534,959
a.	<i>Long term prepaid expenses</i>	1,389,426,385	1,406,658,216	94,592,618	1,501,250,834	111,824,449
b.	<i>Other long term investment</i>	285,327,660	-	285,327,660	285,327,660	-
3	<i>Other long term assets</i>	1,674,754,045	1,406,658,216	379,920,278	1,786,578,494	111,824,449
II	Short term assets	822,195,871,536	798,584,584,932	23,318,451,196	821,903,036,128	(292,835,408)
1	<i>Cash and equivalents</i>	366,944,690,226	365,577,708,098	1,366,983,935	366,944,692,033	1,807
a.	<i>Cash</i>	761,377,087	698,359,194	63,019,700	761,378,894	1,807
b.	<i>Bank account</i>	5,183,313,139	3,879,348,904	1,303,964,235	5,183,313,139	-
c.	<i>Cash equivalents</i>	361,000,000,000	361,000,000,000	-	361,000,000,000	-
2	<i>Short term financial investments</i>	400,000,000,000	400,000,000,000	-	400,000,000,000	-
3	<i>Receivable (excluded internal receivable)</i>	42,571,783,096	31,226,814,125	11,052,313,756	42,279,127,881	(292,655,215)
4	<i>Inventory</i>	9,016,993,424	39,797,545	8,977,013,879	9,016,811,424	(182,000)
5	<i>Other short term assets</i>	3,662,404,790	1,740,265,164	1,922,139,626	3,662,404,790	-
III	Goodwill	-	34,279,568,258	-	34,279,568,258	34,279,568,258
IV	Properties	-	-	-	-	-
B	UNUSED ASSETS	=	=	=	=	=
I	Fixed assets	-	-	-	-	-
-	Historical cost	488,888,380	332,411,000	156,477,380	488,888,380	-
-	Accumulate depreciation	(488,888,380)	(332,411,000)	(156,477,380)	(488,888,380)	-

C	ASSETS WAITING FOR LIQUIDATION	=	=	=	=	=
I	Fixed assets	-	-	-	-	-
-	Historical cost	114,764,200	114,764,200	-	114,764,200	-
-	Accumulate depreciation	(114,764,200)	(114,764,200)	-	(114,764,200)	-
	TOTAL ASSETS (A+B+C), Include:	1,526,011,157,825	2,411,597,639,995	23,926,413,638	2,435,524,053,633	909,512,895,808
	TOTAL ACTUAL ASSETS (section A)	1,526,011,157,825	2,411,597,639,995	23,926,413,638	2,435,524,053,633	909,512,895,808
	Remaining of property handovered from the General Department of Population and Family Planning after 31/12/2013	6,839,042,956	9,718,395,084	-	9,718,395,084	2,879,352,128
	Bonus shares value in 2014	44,870,920,000	175,430,159,217	-	175,430,159,217	130,559,239,217
D	LIABILITIES					
D1	Debt and payable	64,694,476,448	54,785,805,895	9,909,455,457	64,695,261,352	784,904
D2	Internal liabilities between Vinapharm and Centre for Cosmetic and Pharmaceutical Trading Service		(11,519,476,489)	11,519,476,489	-	-
	VALUE OF STATE OWNED CAPITAL (A-(D1+D2))	1,461,316,681,377	2,368,331,310,589	2,497,481,692	2,370,828,792,281	909,512,110,904

Source: Corporate Valuation File of the Corporation dated 31/12/2013

Note:

Detail results for revaluation of the Corporation's state owned capital:

- the Corporation state owned capital (accounting book value): VND 1,461,316,681,377
- the Corporation's actual state owned capital (revaluated value): VND 2,370,828,792,281
- Difference (increased change): VND 909,512,110,904

The above value includes the value of properties handovered by the General Department for Population - Family Planing and the value of bonus shares in 2014 before the point of time of 06/01/2015 when the corporate valuation was conducted in details:

- According to the Official Dispatch no, 1276/BTC-QLCS of the Ministry of Finance dated 27/1/2015 guiding the exchange of head-offices of the Ministry of Health and Vietnam Pharmaceutical Corporation. Vietnam Pharmaceutical Corporation is handovered with the land, house, construction work, and properties attached to the land in 12 Ngo Tat To Street. The Corporation's capital is increased VND 6,839,042,956; equivalent to the remaining value of the property followed in the accounting book of the General Department

for Population – Family Planning. The revaluation of asset handover is VND 9,718,395,084 accumulated into the corporate valuation on 31/12/2013.

- Bonus shares received in 2014 before the valuation of corporate (06/0102015) are modified in the financial figures at 31/12/2013 as basis for corporate valuation included:

No,	Name of the Investment	Quantity of Shares received in 2014	Increased Value in 2014 (VND)	Revaluation (VND)
1	Imexpharm JSC,	2,291,482	22,914,820,000	96,242,244,000
2	OPC Pharmaceutical JSC,	1,187,550	11,875,500,000	26,662,917,706
3	Mekophar Chemistry – Pharmaceutical JSC,	588,060	5,880,600,000	6,804,322,511
4	National Phytopharma No, 2 JSC,	420,000	4,200,000,000	45,720,675,000

Source: Corporate Valuation of the Corporation at 31/12/2013

When revaluating the corporation's assets, the corporation's state owned capital value increased VND 909,512,110,904 mainly resulted from the fixed asset increase of VND 8,304,803,550 and the long term investment value increase of VND 867,109,534,959. The corporation's commercial advantage value of VND 34.279.568.258 is also an increase to the Vietnam Pharmaceutical corporation's state owned capital value.

Issues need to be handled after equitization

The Corporation continues to check and confirm receivables, payables following regulations, and adjust differences (if any) before officially transfer to joint-stock company.

Pursuant to the dispatch no. 1276/BTC-QLCS dated 27/01/2015 signed by Ministry of Finance on guiding the exchange the office buildings between the Misitry of Health and the Vietnam Pharmaceutical Corporation:

- The Vietnam Pharmaceutical Corporation is handed all originally fixed assets including buildings, construction workshop and other assets on land area located at 12 Ngo Tat To Street, Dong Da District, Ha Noi from General Department of Popultion and Planning.

- The Vietnam Pharmaceutical Corporation is permitted to record on accounting book the state owned capital of the remained asset value of VND 6,839,042,956 (this figure on General Department of Popultion and Planning's accounting book), the asset's revaluation of VND 9,718,395,084 and the increase of VND 2,879,352,128 on 31 December 2013.

- The Vietnam Pharmaceutical Corporation handed the building and assets at address no. 138B Giang Vo Street, Ba Dinh District, Ha Noi over Ministry of Health and did not have to revaluate these buidling and assets as guided on the dispatch no 9006/BTC/TCDN dated 02/07/2015 of the Ministry of Finance.

The Corporation's long term financial investment is recorded on basis of the latest financial statements of the Corporation's subsidies, associated companies and other invested companies. The corporation must revualate the long term financial investments on the date the Corporation officially transforms into a join stock company as regulated on point a, term 4, article 10, circular 127/2014/TT-BTC by the Ministry of Finance.

Production and business results during the date of corporate valuation and the date of transforming the corporation into a join stock company shall be adjusted based on the state owned company's currently financial regulations.

The Corporation continues to work with authorities in order to finish legal process relevant to assets and land usage rights.

The Corporation transfers to Vietnam Asset Management Company (VAMC) the following items: receivables that was not computed when evaluating company's value; nonperforming receivables that has been written off by provisions during 5 consecutive years before equitization of the Corporation and 3 subsidiaries: Center pharmaceutical company No. 1, Center pharmaceutical company No. 2, and Center pharmaceutical company No. 3.

PART II: EQUITIZATION PLAN

I. THE POST-EQUITIZATION CORPORATION

1. The Corporation Information

- Company name in Vietnamese: TONG CONG TY DUOC VIET NAM – CONG TY CO PHAN
- Company name in English: VIETNAM PHARMACEUTICAL CORPORATION JOINT STOCK COMPANY
- Trading name: Vietnam Pharmaceutical Corporation
- Abbreviation: Vinapharm
- Headquarter: No. 12 Ngo Tat To Street, Van Mieu Ward, Dong Da Dist., Hanoi
- Tel,: 04.3844.3151/ 04.3844.3149
- Fax: 04.3844.3665
- Email: vinapharm@vinapharm.com.vn
- Website: vinapharm.com.vn
- Logo:



2. Legal Form

After the equitization, Vietnam Pharmaceutical Corporation – Joint Stock Company shall operate in the form of a joint stock company and regulated by the Enterprise Law and other related legal documents.

3. Rights and Obligations of the Corporation

3.1. Rights

- To inherit the legitimate rights and benefits of Vietnam Pharmaceutical Corporation,
- To have autonomy in magement of production and business,
- To have rights over financial management.

3.2. Obligations

- The Corporation inherits obligatios of Vietnam Pharmaceutical Corporation,
- To have obligations in mangement of production and business as prvided for by the Charter of Joint Stock Company and other law provisions.

4. Post-Equitization Business Lines

The business lines of the Corporation shall include:

a. Main business lines:

- Manufacture, do business, import-export pharmaceuticals, herbal pharmaceutical, vaccines, medical bios, cosmetics, pharmaceutical starting materials, excipients, herbal materials; chemicals, laboratory and testing chemicals, pharmaceutical packaging; medical machineries and equipment, machineries and equipment serving the production of pharmaceutical products; consumable materials for hospitals, pharmaceutical products preservation service.
- BA/BE studies; clinical and pre-clinical testing service; testing pharmaceutical products, cosmetics, and functional foods.

b. Business lines relating to the main business lines

- Manufacture, do business, import-export of foods, functional foods, food additives, hygiene products, disinfectants for human use, eye glasses;
- Scientific research and technology transfer in medical and pharmaceutical area;
- Medical service;
- Nursing, forwarding and freight; information technology; medical and pharmaceutical human resource training.

c. Others

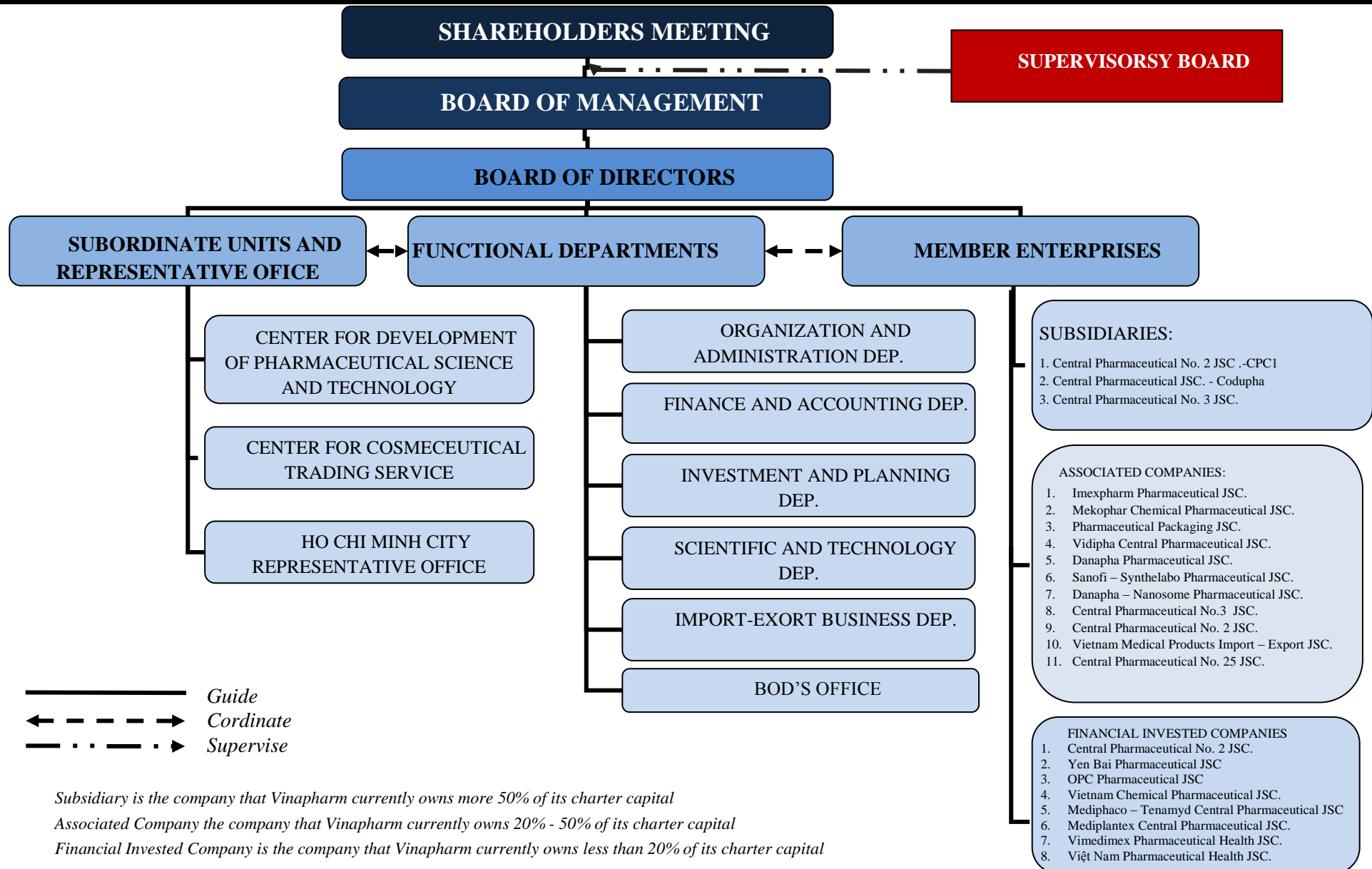
- Printing service, advertising, fairs, exhibitions, events and seminar organization; real estate trading;
- Other business lines which are not forbidden by the laws.

5. Corporate Structure of the Corporation after Equitization

After the equitization, Vietnam Pharmaceutical Corporation – Joint Stock Company shall have the apparatus of a joint stock company, which includes the General Shareholders Meeting, Board of Directors, Supervisory Board, Board of Management, functional departments, subordinate units, and member enterprises (including subsidiaries, associated companies). Corporate structure of Vietnam Pharmaceutical Corporation – Joint Stock Company is as follows:

Chart 2: Post-equitization corporate structure chart

See the chart on next page



General Shareholders Meeting

General Shareholders Meeting include all shareholders with voting rights, is the highest decision-making unit of the Corporation.

Board of Directors (BOD)

BOD is the unit governing the Corporation with the full authority to decide, exercise the Corporation's rights and fulfill the Corporation's obligations which are not falling under the authority of the General Shareholders Meetings.

Number of the BOD's members of the Corporation shall be between 5 and 11 members which are elected by the General Shareholders Meeting.

Board of Supervisors

Board of Supervisors shall have functions and duties as provided for by the laws and the Charter of the Corporation.

Number of members of Board of Supervisors of the Corporation shall be between 3 and 5 members which are elected by the General Shareholders Meeting.

Board of Management (BOM)

General Director executes daily business of the Corporation, is subjected to the supervision of the BOD and takes responsibility before BOD and before the laws for the exercise of assigned rights and fulfilment of assigned duties, Deputy General Directors assist the General Director to execute the Corporation.

Number of the members of BOM shall be decided by the BOD.

Functional Departments

Organization and Administration Department shall have the function to advise and assist the Members Council and the General Director in the management of the Corporation in the areas: human resource, labors and wages, training, emulation and commendation, discipline, regulations observation; to perform documents filings, administrative works, internal political security, property safety guard and logistics.

Finance and Accounting Department shall have the function to advise and assist the BOD and the General Director in the area of finance and accounting in compliance with the existing regime: Making financial plan and balance the financial resource to ensure the capital for production and business of the Corporation.

Import-Export Business Department shall have function to advise and assist the BOD and the General Director in the development of long-term and short-term import-export business strategies, implement the import-export business strategies and promotion strategies of the Corporation.

Science and Technology Department shall have the function to advise and assist the BOD and the General Director in their management of the Corporation in the following areas: scientific and technological research, renewal of equipment and supplies, technology transfer

in pharmaceutical industry; develop new products, propose the improvement of productivity and products quality control; ensure the labor quality and safety; intellectual property; Information technology, communications, and exhibitions.

Investment and Planning Department shall have the function to advise and assist the BOD and the General Director in their management of the Corporation in the following areas: planning (including the planning in Vietnam Pharmaceutical Corporation and in member units); Financial investment (in the main business line which is trading in pharmaceutical products, medical equipment and supplies, functional foods); investment in construction: factories, office buildings, commercial centers; Manage, lease offices, stores, warehouses, and factories.

Office of the BOD has the function to assist the BOD in the following area: to convene the General Meeting of Shareholders, Board of Directors, taking minutes of the meeting; to support the BOD's members in exercise their assigned rights and fulfillment of their assigned obligations; to support the BOD in applying and implementing the principles of governance of the Corporation; to support the Corporation in shareholders relationship building and protecting shareholders' legitimate rights and interests; to support the Corporation in complying with the obligation to disclose information, publicize information and administrative procedures.

Subsidiaries, Representative Offices

Center of Research and Development in Pharmaceutical Science and Technology shall have the function of scientific research and development of technology; providing scientific and technological services; Testing pharmaceutical products (including BA/BE evaluation), foods, cosmetics; clinical pharmaceutical products trial service.

Centre of Cosmetic Trading Service shall have the function to do business, import-export, wholesale, retail and introduction of disease treatment drugs, pharmaceutical materials, herbal materials, oil extracts, cosmetics, medical equipment, laboratory chemicals, glasses, functional foods; to organize the counter making up prescriptions and delivering oriental herbal medicines as prescribed for by the regulations of the Ministry of Health.

Representative Office in Ho Chi Minh City is the representative of Vietnam Pharmaceutical Corporation in the South, shall assist the BOD and BOM in following up activities of member enterprises in the South.

Member enterprises: After the equitization, the Corporation has 03 subsidiaries and 20 associated companies.

The Corporation shall continue to reduce the percentage of its contribution capital in member enterprises according to the Proposal for restructure approved by the Ministry of Health.

6. Development Strategy of the Corporation in 2015 - 2020

6.1. Vision, Mission and Goal

a. Vision

Until 2020, the Corporation will operate in the structure of a joint-stock company, and invest in 5 major business fields: i) Research and development of science and technology (including BA/BE research); ii) Render services of marketing and supporting sale; iii) Storage and logistics services; iv) Invest in high-technology medicine production; and v) Produce and sell materials, herbal pharmaceutical, and pharmaceutical packing.

b. Mission

- For the community: Implement missions assigned by Ministry of Health in order to sustain production and supply of medicines and medical machines for purpose of protecting residents' health.
- For the market: Commit to provide the highest quality products and services with high technology in order to improve community's health, Being reliable partner with relevant entities in pharmaceutical industry.
- For subsidiaries and joint ventures: Promote cooperation, development together; Commit to be a companion and a proactive shareholder of the companies.

c. Goal

Manage and allocate efficiently the Corporation's capital; Invest in pharmaceutical projects which are suitable to Vietnam's potentials in order to maximum shareholders' wealth, improve employees' income, and contribute value to the community.

6.2. Investment Activities of the Corporation

a. Investment Activities

In the period of 2016 – 2020, the Corporation continues to manage investment in pharmaceutical subsidiaries and carry out solutions to cooperate efficiently among the Corporation and all subsidiaries. In addition, the Corporation will develop projects in pharmaceutical industry matching national development strategy of Vietnam pharmaceutical industry for the period until 2020 and vision until 2030 of the Government; focusing on potential areas of Vietnam such as BA/BE research, herbal pharmaceutical development, and high-technology medicine production.

Projects in the period of 2016 – 2020:

i. Center of Research and development in pharmaceutical science and technology

Product research and development (R&D) in general and clinical research and BA/BE research in particular have not yet met requirements of pharmaceutical industry. Currently, there is no organization or company of Vietnam that conduct clinical research services. Besides, there are just three entities permitted by Ministry of Health to conduct BA/BE research, which are Vietnam Pharmaceutical Corporation, National institute of drug quality control, and Institute of drug quality control of Ho Chi Minh City. Because of BA/BE research project requires intensive capital investment and a long period for training technique experts, the project of 'Center of Research and development in pharmaceutical science and technology' is very necessary.

After finishing construction and starting operation, the project will satisfy the industry's requirement of research and development in science and technology, implement process of

research BA/BE in medicine registration, follow regional and international integration process, contribute to improving quality of domestic medicines.

ii. Healthcare clinic

When testing new medicines on people in BA/BE and clinical research, it is essential to own a healthcare clinic. Besides, the project matches equitization policies regarding healthcare services giving increasing demand from residents. The Corporation plans to build a healthcare clinic for the following purposes: (1) Check, cure, and care for patients, (2) Contribute to improve market share of domestic medical producer in general and subsidiaries of the Corporation in particular, (3) Facilitate activities of Center of Research and development in pharmaceutical science and technology.

iii. Herbal pharmaceutical area and herbal pharmaceutical extraction factory

According to the goal of the Project “Overall planning of herbal pharmaceutical development until 2020 and vision to 2030”, almost Vietnamese people will use herbal pharmaceutical for health care purposes. Demand for herbal pharmaceutical is increasing, and more and more companies are involved in making products containing herbal pharmaceutical. Meanwhile, amount of herbal pharmaceutical in Vietnam is dramatically decreasing due to extremely exploiting and lack of preservation and planting, In Vietnam, there is no direction in exploiting herbal pharmaceutical, which causes spontaneous exploiting, unstable harvests, and volatile prices. Herbal pharmaceutical from domestic sources only fulfills 10 – 20% of domestic demand; the other consuming amount has been imported from China with unsustainable quality.

The Corporation intends to develop huge herbal pharmaceutical area (approximately 30,000 ha) meeting GACP standard and 01 herbal pharmaceutical processing factory meeting GMP standard.

The GACP herbal pharmaceutical area and the GMP herbal pharmaceutical processing factory will produce material from standardized nature sources, create standardized production chain (from planting, harvesting, producing materials, dispensing) in order to make high and sustainable quality products.

In addition, the Project will support preserving and developing important herbal pharmaceutical genes, develop national brand herbal pharmaceutical products, and create a large amount of jobs.

iv. Medicine material factory

According to Decision No, 68/QĐ-TTg dated 10/01/2014 of Prime Minister permitted “National strategy of Vietnam’s pharmaceutical industry development until 2020 and vision to 2030”, the target until 2020 is that domestic production fulfills 20% of medicine material demand. At the moment, domestic production meets only 10% material demand, Various materials (capsule, chemical pharmaceutical...) and excipients consumed by domestic producers are mainly imported, Although there are sufficient import sources, domestic producers tolerate high prices and volatility of foreign exchange rate.

The medicine material factory has potential clients which are the Corporation’s subsidiaries. In addition, the Corporation will have the strategy to develop market share

towards other pharmaceutical producers nationwide. Therefore, investment in the medicine material factory is such a potential project.

The project would provide domestic producers a sufficient amount of medicine materials, which follows the goal of developing pharmaceutical industry stated by the Decision of the Prime Minister. Also, the project would create a large quantity of job vacancies.

v. Specialist medicine factory

Size of domestic producing medicines accounts for 77% of quantity, but only accounts for 35% of total value of consumed medicines. Domestic production focuses on aging, low value and simple medicines. Market share of domestic producing medicines is increasing very slowly, and it might not reach the target 80% in 2020 of the government. Currently in Vietnam, medicine producers often produce generic products. Production of specialist medicines is still below consuming needs of local people.

At the result, the Corporation will invest in a GMP (PIC/S-GMP, EU-GMP) medicine producing factory in order to cooperate with parties to transfer technology, produce original medicines under franchise, medicines in copyright period and specialist medicines (such as medicines for diabetic, cancer, heart disease patients, etc).

The project would increase supply of specialist medicines, decrease the monopoly of foreign producers, shorten needed time to assess new medicines, reduce cost of goods sold, meet treatment demand of people with reasonable prices, follow the program “Vietnamese people prefer to use medicines produced in Vietnam”.

vi. Pharmaceutical packaging factory

In Vietnam, there is currently only 01 pharmaceutical packaging factory meeting GMP standard. This factory has just provided a small portion of domestic production. Almost level 1 packaging must be imported. The Corporation, thus, immediately conducts the project to exploit domestic market,

Besides creating a large amount of job, the project would satisfy domestic demand of GMP packaging, step by step replace import packaging, obey the process of applying packaging standard of Ministry of Health into producing medicines (especially packaging directly cover medicines), and maintain the stability of medicines.

vii. Storage and logistics services

The Corporation and subsidiaries lack a pharmaceutical distribution system that meets quality standards and gather member companies. The project, therefore, is essential for the sustainable development of the Corporation and subsidiaries. In addition, the project would help to supply medicines to people timely, provide medicines to national and local auction programs, and provide medicines in emergency circumstances such as calamity, spread of disease...

b. Plan for Post Equilization Investment

Table 19: Plan for Post Equitization Investment

No	Project	Investment capital (bil. VND)	Time horizon (Year)	Payback period (Year)	NPV (bil, VND)	IRR (%)	Payment to state budget (bil. VND)
1	Center of Research and development in pharmaceutical science and technology	100	30	9	46.0	13.9	119.0
2	Healthcare clinic	100	30	8	24.4	12.8	99.0
3	Herbal pharmaceutical area and herbal pharmaceutical extraction factory	1000	50	11	100.8	10.7	1,876.8
4	Pharmaceutical extracting factory	400	30	9	58.5	11.7	364.8
5	Medicine material factory	400	30	7	142.0	15.0	365.0
6	Specialist medicine factory	400	30	8	74.3	12.5	216.0
7	Pharmaceutical packaging factory	300	30	6	342.0	21.5	609.0
8	Storage and logistics system	225	30	7	129.0	15.9	148.0
9	Trade activities	75	Infinitely	-	-	-	-
	Total	3,000			917.1		3,797.6

c. Financial Figures during 2016 - 2020
Table 20: Financial Figures during 2016 - 2020
Unit: Billion VND

Item	Year				
	2016	2017	2018	2019	2020
1. Revenue					
Income from financial investments (dividends)	70	70	70	70	70
Revenue from office leasing and real estate business	-	27.9	31.2	23.4	23.4
Revenue from business cooperation	30	20	10	-	-
Revenue from BA/BE research	8	12	14	16	16
Revenue from trade activities	150	200	250	300	350
Revenue from new projects	-	-	-	800	1,100
Total revenue	258	329.9	375.2	1,209.4	1,559.4
2. Total costs	150.5	202.8	254.5	1,168.2	1,494.5

Item	Year				
	2016	2017	2018	2019	2020
3. Profit					
Profit from financial investments (dividends)	70	70	70	70	70
Profit from office leasing and real estate business	-	26.1	25.7	15.4	15.4
Profit from business cooperation	30	20	10	-	-
Profit from BA/BE research	-	1	2.5	4	4
Profit from trade activities	7.5	10	12.5	15	17.5
Profit from new projects	-	-	-	(63.2)	(42.0)
Total before-tax profit	107.5	127.1	120.7	41.2	64.9
Total after-tax profit	100.0	115.7	110.6	41.2	64.9
4. Dividend ratio	3%	4%	3%	2%	2%
5. Chartered capital	2,370	2,370	2,370	2,370	2,370
6. Number of employees	105	110	110	110	110
7. Total salary per annum	11,970	12,936	13,200	13,398	13,596
8. Average salary per month	9,500	9,800	10,000	10,150	10,300

Notes for financial figures 2016 - 2020:

During the first 3 years after equitization from 2016 to 2018, the Corporation directs its resources into new projects so that income from financial investments will lower. The projects will be at the inception, therefore, their profit contribution into the Corporation's total profit will be moderate.

In the period of 2019 – 2020, the projects would have just completed construction period and begun operating, so that they would only generate revenue but no profit. As a consequence, the Corporation's profit would go down, and dividend ratio would decrease from 3% to 2%.

From 2021 on, operation of the projects would become stable and make profit increasingly. Therefore, revenue and profit of the Corporation would grow sustainability, and dividend ratio would be improved.

Major Assumptions:

a, Income from financial investments (dividend) is estimated as VND 70 billion (average dividend income of the last 02 years 2013 and 2014).

b, Revenue and profit from real estate business: After completion of the equitization, the Corporation will have detail plans to the 178 Dien Bien Phu project and the 60B Nguyen Huy Tuong project:

- The project in 178 Dien Bien Phu street is estimated to be finished and operate from 2017 on with revenue of VND 5.4 billion/year, profit of VND 3.6 billion/year (approved by Board of Directors),

- 60B Nguyen Huy Tuong project is estimated to be finished and operate from 2018 on,
+ 2017: Receive 60% selling value of 1,500 m2 apartment (VND 25 million/m2), estimated profit of VND 22.5 billion.

+ 2018: Finish construction; receive the remaining 40% selling value of 1,500 m2 apartment, estimated profit of VND 15 billion; and rent 60% of 1,500 m2 leasing office area (leasing price VND 12 million/m2/year), estimated profit of VND 7 billion.

+ From 2019 on: Lease 100% of 1,500 m2 leasing office area with leasing price of VND 12 million/m2/year, estimated profit of VND 12 billion.

- Revenue from business cooperation:

During three years 2016 – 2018, the value of business cooperation would be VND 500 billion, VND 335 billion and VND 165 billion respectively. With rate of return on revenue of 6%, forecast profits would be VND 30 billion, VND 20 billion and VND 10 billion respectively.

- Revenue from BA/BE research: during the period of 2017 – 2020, number of contracts would be 20, 30, 35, 40 with average contract value of VND 400 million, Forecasted profits then would be VND 1 billion, VND 2,5 billion, VND 4 billion, and VND 4 billion respectively.

- Total revenue from new projects:

+ Do not have revenue during the first 3 years;

+ The first year after construction completeness, forecast revenue would be VND 800 billion, forecast loss would be VND 63.2 billion.

+ The second year after construction completeness, forecast revenue would be VND 1,100 billion, forecast loss would be VND 42 billion.

- Trade activities:

+ Revenue in 2016 would be VND 150 billion; growth of revenue each year until 2020 would be VND 50 billion annually.

+ Rate of return on revenue: 5%

6.3. Responsibilities and Solutions

a. Main Responsibilities

- Manage state capital at the Corporation and subsidiaries: Preserve and increase state capital;
- Study and implement projects in Development Strategy of the period 2015 – 2020;
- Invest and operate the Corporation's office projects and lands;
- Cooperate with parties to take advantage of capital, office areas;
- Improve quality and competence; conduct and expand BA/BE service;
- Develop trade business, expand market, OTC and ETC market, develop distribution system of the Corporation and subsidiaries.

b. Solutions

Human resources:

- Build a set of standards for each position following the goal of the Corporation and subsidiaries, and obeying regulations and laws;
- Hire candidates who have knowledge and competence, and commit to work for the Corporation in long term;
- Build and conduct regulations on bonus, penalty as well as individual development plan with detail and clear contents (including representatives), which encourage employees to strive for the goals of the Corporation, the goals of their division, and their own goals.
- Build the policy encouraging self-study, Invest in training programs in respect of knowledge and skills of each individual in order to build up personnel which satisfy changes of market during the Corporation's development.

Products and Markets:

- Look for, evaluate opportunities to cooperate with parties in pharmaceutical industry;
- Develop clients in Vietnam and overseas with high quality services, reasonable expenses, step by step establish brand name of the Corporation;
- Continue trade activities, expand products, markets, distribution, promote the Corporation's brand name.

Traded products:

- + Materials and medicines;
- + Materials and functional foods;
- + Medical equipment and tools,

Financial solutions:

- Efficient Capital budgeting to satisfy capital requirements for the Corporation's operational and investment activities, and raise capital for expanding plans,
- Improve the financial status of the Corporation to be more stable and balanced; and invest borrowing capitals into most efficient projects,
- Invest in projects that utilize personnel capability, and bring fast-growth earnings, Investment activities will be towards companies and projects that matching the Corporation's strategy and having high profit potentials,
- Push up checking and evaluating in respect of finance and accounting toward business units of the Corporation.

6.4. Conducting Strategy

a. Board of Directors

- Direct implementation of the Corporation's strategy,
- Annually supervise, evaluate the overall result of strategy implementation.

b. General Director

- Based on approved strategy, make medium and long term plans, place execution into each unit of the Corporation,

- Supervise, evaluate the results of each target annually, and make reports to Board of Directors.

c. Deputy Directors

Implement and supervise permitted assignments.

d. Departments, Centers, Branches, Representative Offices

- Responsible for making plan and implementing assignments appropriate to their functions,
- Evaluate target achievements annually and make reports to assigned Deputy Directors, General Director.

6.5. Adjusting strategy

In implementation process, if necessary, Board of Directors consider to adjust contents of Development Strategy in order to match the reality.

7. Chartered capital and capital structure

7.1. Measuring the chartered capital

Based on the Corporation's valuation report at 31/12/2013, the Corporation's value and value of state capital in the Corporation are as follow:

- **The Corporation's value is VND 2,435,524,053,633** (*VND two thousand four hundred and thirty five billions, five hundred and twenty four millions, fifty three thousands, six hundred and thirty three*).
- **Value of the Corporation's state owned capital is VND 2,370,828,792,281** (*VND thousand three hundred and seventy billions, eight hundred and twenty eight millions, seven hundred and ninety two thousands, two hundred and eighty one*).

Including **Corporate Supporting and Arranging Fund's value is VND 482,603,976,922** (*VND four hundred and eighty two billions, six hundred and three millions, nine hundred and seventy six thousands, nine hundred and twenty two*).

The Corporation's capital requirements contain working capital requirement and investment capital requirement after equitization in order to implement Development Strategy by 2020.

7.2. Chartered Capital

The Corporation's Chartered Capital:

- Chartered Capital: VND 2,370,000,000,000 (*VND two thousand three hundred and seventy billion*)
- Number of shares: 237,000,000 shares
- Type of share: Common share
- Face value: VND 10,000 per share

7.3. Chartered Capital Structure

Table 21: Chartered Capital Structure after Equitization

No,	Shareholder	Ownership (%)	No, of Shares	Value (VND)
1	State shareholder	65.00	154,050,000	1,540,500,000,000
2	Employees (2.1 + 2.2)	0.0435	103,000	1,030,000,000
2.1	Discounted stocks (60% of lowest selling price to strategic investors)	0.0404	95,700	957,000,000
2.2	Registered stocks based on the commitment of number of working years (2,2,1 + 2,2,2)	0.00308	7,300	73,000,000
2.2.1	<i>Purchase based on regulation at Point a, Part 2, Article 48 Decree 59/2011/ND-CP (200 shares/1 commitment year to every employee)</i>	0.00034	800	8,000,000
2.2.2	<i>Purchase based on regulation at Point a, Part 2, Article 48 Decree 59/2011/ND-CP (500 shares/1 commitment year to employees those have high professional and position)</i>	0.00274	6,500	65,000,000
3	Shares offered to strategic investors	17.00	40,290,000	402,900,000,000
4	Shares auctioned to domestic investors	17.956	42,557,000	425,570,000,000
	Total	100	237,000,000	2,370,000,000,000

Foreign investors are not entitled to the IPO of the Corporation (Based on the regulation at Circle 34/2013/TT-BCT of Ministry of Industry and Trade regarding process of trading activities and relevance of companies having foreign capital in Vietnam, companies having foreign capital are not entitled to distribute medicines based on the regulation at Part 2, Article 2, Pharmaceutical Law No, 34/2005/QH11, including substances or mixtures for human in order to prevent, treat and diagnose diseases or adjust physiological functions including ending medicines, pharmaceutical materials, vaccines, medical biologicals, except for functional foods. Thus, foreign investors are not entitled to participate in the IPO of the Corporation).

8. Plan for Listing/Registering Shares on Stock Exchanges

After equitization, the Corporation will register as a public company in the State Securities Commission, register its shares to Vietnam Securities Depository, and plan to listing shares on the stock exchange; as regulated on clause 17, article 1 Degree no. 60/2015/NĐ-CP dated 26/06/2015 on changing and adding article 56 Degree 58/2012/NĐ-CP dated 20/07/2012.

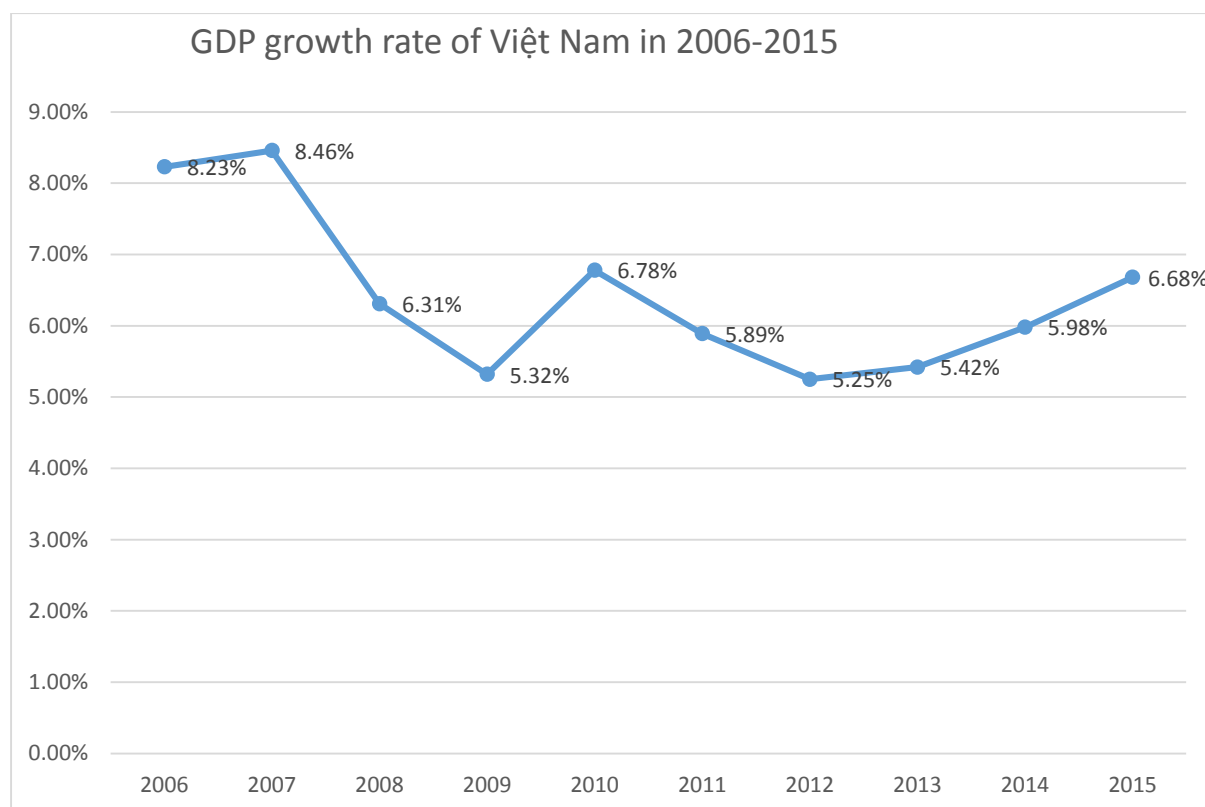
II. RISK FACTORS

1. Economic Risks

All enterprise will be affected by the macro economic variable, include: economic growth, inflation, interest rate, exchange rate.

Economic growth

Growth Rate of GDP during 2006 – 2014

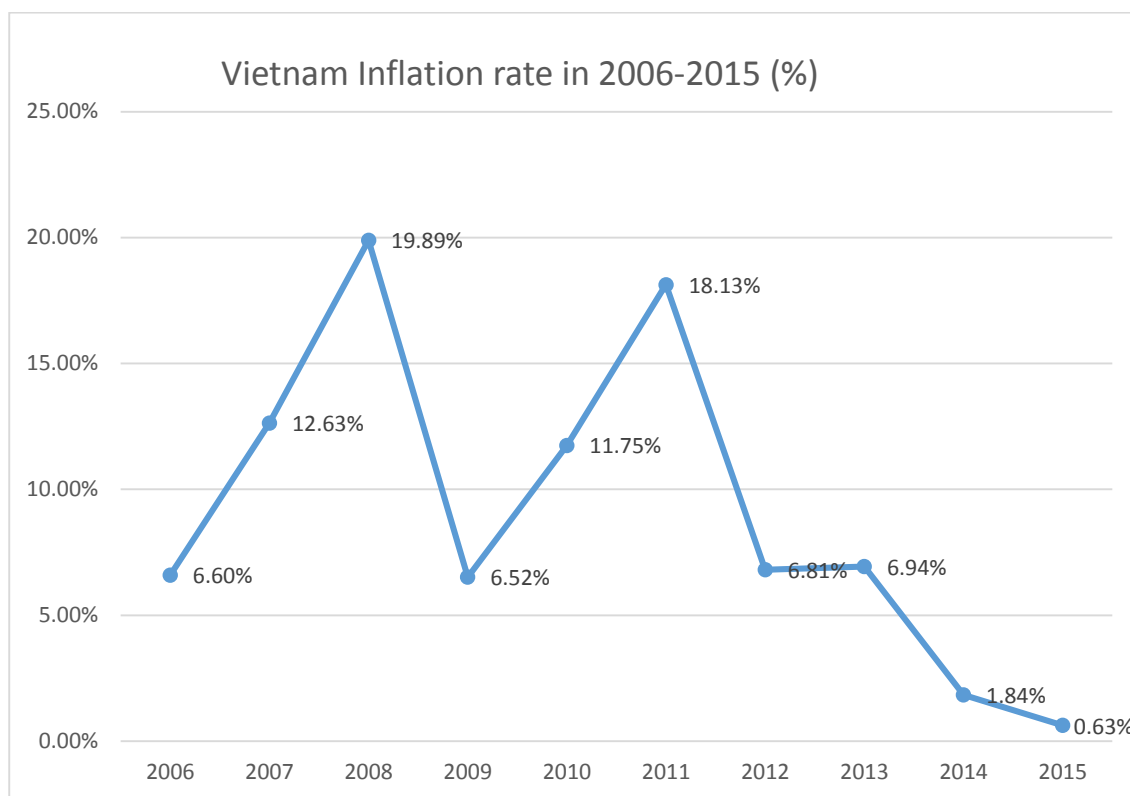


Source: General Statistic Office

Economic growth is the most important factor. It depends on the growth of production and demand. As a necessary product, pharmaceutical industry is highly stable and less affected by the fluctuation of economic growth than other industry.

GDP growth of Vietnam fell to low level and highly fluctuated during period 2008 – 2012, because of the financial crisis in US, the public debt crisis in Europe and the crash of local real estate market. In 2013 and 2014, Vietnam's GDP remained at low level but more sustainability thank to the effective measures of curbing inflation and restructuring commercial bank's bad debt. In 2015, GDP growth was 6.68% and this number is estimated to be 6,7% in 2016. Along with the steady growth of GDP and corporates in general, Vinapharm's business activities will be better.

Inflation



Source: GSO

The inflation rate has important influence to business operations of the corporate and consumer spending, Higher inflation would reduce spending capacity and force consumers to cut unnecessary expenses. Spending decreases resulting in revenues and profit of corporate also decreased.

Vietnam inflation rate in the period 2007-2011 highly fluctuated. In particular, the inflation rate in 2008 and 2011 were at very high rate, 19.89% and 18.13% respectively. Thank to the synchronization solution of Government and State Bank, inflation rate in period 2012-2014 was stable at low level, basic average inflation rate in 2015 increase 2.05% in comparison to the last year. A stable inflation rate gives confident to consumers to increase spending on goods and services and also pharmaceutical products.

A stable inflation environment is favorable to business activities of Vinapharm and it causes the Vinapharm's shares more attractive.

Interest rate

Interest rate risk is the risk related to fluctuation in lending rate of commercial bank and financial company, directly affects borrowing cost of corporation, 1-year deposit rate in 2015 is at low level of 6-7% has created conditions for banks lending at average rate of 10%/year. Low level of lending rate provides significant support to corporate, especially to the high leverage companies. Low interest rate also reduces the cost of capital of investors,

In general, interest rate factor affects both businesses and investors. The current low interest rate condition is a positive impact to the IPO of Vinapharm.

Exchange rate

The exchange rate has a great influence on the import and export company, In pharmaceutical industry, Vietnam still has to import medicines and raw materials for production. Thus, the exchange rate fluctuation will have a big impact to cost of sales and the net profit of Vinapharm and subsidiaries.

In the period 2012 – 2014, thanks to the regulation of the exchange rate trading band and the measures to closely manage the foreign currency trade, the exchange rate had remained stable. However, in May 2015 due to the devaluation 4.4% of the China yuan and subsequently currency devaluation of the Malaysia and Thailand, Vietnam State Bank had to increase the exchange rate of 1% and loosen trading band from 1% to 3% in order to defend the export and trading deficit. This increasing exchange rate would impact to the Vinapharm's operation.

2. Legal risks

After equitization, the Corporation transforms to a joint stock company and operates under Enterprise Law and Securities Law. On other hand, operating in pharmaceutical industry means that Vinapharm is governed by specific law including the Pharmaceutical Law, Commercial Law, Competition Law, Intellectual Property Law... Vietnam legislation's system is in the process of completion, so every change in policy and law has impact on the business of Vinapharm and subsidiaries.

3. Specific risks

Competition risk

Currently, there are about 2000 pharmaceutical corporations in Vietnam, approximately 130 of these have GMP-certificate production line, Vinapharm competes with not only local pharmaceutical firms but also foreign firms, especially in the context that Vietnam is becoming fully integrated into the regional and international economic communities. Highly competition in this industry impact on the attractiveness of the offering shares.

Material price risk

Nearly 90% of material inputs is imported, most of them is from China and India. Fluctuation of material price affects significantly to the production cost of Vinapharm and subsidiaries. Thus, this factor is negative impact on the offering.

4. Risk of offer tranche

The IPO of Vinapharm has the favorable factors such as GDP growth stable, low inflation, low interest rates, but also the risk factors affecting the offering as exchange rate fluctuations, the uncompleted legal system, stiff competition and fluctuations in raw material prices, fluctuations in the stocks market. Therefore, there is a risk of investors not buying the whole amount of shares offered by Vinapharm.

5. Other risks

Other risks such as natural disasters, wars, fire are force majeure if incurred may bring about damages to the property, people as well as the general activities of the Corporation.

These risks to some extent have direct or indirect impacts on business activities of the Corporation.

III. STOCK ISSUING METHOD AND PAYMENT

1. Stock Issuing Method

1.1. For Employee

a. Purpose

Purpose of the offering to employee is to pursuant the State policy – connecting employee and corporate, appreciating their contribution and motivating to long term working commitment.

b. Volume

Number of share offered to employee based on Incentive Scheme: 103,000 shares, equal to 0.0435% charter capital after equitization, Include:

*** Shares offer to employees benefiting from the Years of service Incentive Scheme:**

Price for employee in this case equal to 60% of the lowest successful price applicable to strategic investors, stipulated in Clause 1 Article 48 Decree No. 59/2011/NĐ-CP dated 18/07/2011.

- Total number of employees at 04/9/2015: 101 people
- Total number of employees benefit from Incentive Scheme: 96 people,
- Total number of employees subscribe for incentive price share: 96 people
- Total number of working years: 957 people
- Total number of shares offered at incentive price: 95,700 shares
- Time of offering shares to employees: After selling shares to strategic investors

*** Shares offer to employees based on long term working commitment is stipulated on Clause 2 Article 48 Decree No, 59/2011/NĐ-CP**

- Employees in the regular list at the time of disclosing value of equitizing corporation, is necessary to corporation and have long term working commitment at least 3 years (from the first registration of joint stock company) will be eligible to buy 200 shares per 1-year commitment but not exceed 2000 shares per employee.
- Experts and qualified professionals working in corporation are eligible to buy 500 shares per 1-year commitment but not exceed 5000 shares per employee. Equitized corporation considering its specific industry and business builds criteria to identify the experts and qualified professionals which are approved by the General meeting of employees before equitization.
- Criteria to identify the experts and qualified professionals which are approved by the extraordinary General meeting of employees before equitization:

- ✓ Conditions: no more than age of 57 for male and no more than age of 52 for female,
- ✓ Standards: graduated or above
- Total number of employees in the list dated 04/9/2015 transferred to joint stock company are 101, 99 of these are eligible to buy shares under long term working commitment,
- Total number of employees registered buying shares at level 200 shares per 1-year commitment is 1 employee. Number of shares registered under this condition: 800 shares,
- Total number of employees registered buying shares at level 500 shares per 1-year commitment is 2 employees. Number of shares registered under this condition: 6,500 shares.
- Share price: the lowest successful price applicable to strategic investors according to Clause 2b Article 48 Decree No. 59/2011/NĐ-CP dated 18/07/2011 of Government on transferring 100% state owned enterprise to joint stock company,
- Time of offering shares to employee: After selling shares to strategic investors,
- These offering shares under this condition will not be traded during commitment time.

1.2. For Strategic Investors

a. Purpose

Vinapharm operates in the model of parent company – subsidiaries. At the time of disclosing corporate value, Vinapharm has 5 subsidiaries and 18 associated companies operating in the field of production, distribution, import and export pharmaceutical products in Vietnam.

After equitization, Vinapharm continues investing in pharmaceutical industry and related industry. Thus, Vinapharm chooses strategic investor based on financial ability, long term commitment and can support Vinapharm on the following fields:

- Enhancing corporate governance and effectiveness of management,
- Enhancing financial ability
- Building and implementing development strategy and investment portfolio of Vinapharm,
- Expanding and developing market and products.

b. Criteria for Strategic Investors

1. Foreign Investor are ineligible,
2. Company has minimum 10 operation years,
3. Company operating in pharmaceutical industry or investing in the industry (manufacturing and trading medicines, medical materials, pharmaceuticals, medical devices and health care) or operating in financial sector,
4. Company's financial ability must demonstrate as followed:

- + Has minimum charter capital of VND 800 billion,
 - + Its owners equity on 31 December 2014 is greater than the above charter capital,
 - + Operating profitably in 2012, 2013 and 2014,
5. Submitting a written commitment to buy all number of shares offered to the strategic investor,
 6. The purchased shares won't be transferred in 5 years from the day that the Corporation would receive Certificate of Business registration in form of joint stock company by the Investment and Planning Department and starts operating under Enterprise Law,
 7. Submitting a written commitment to pay long term interest with the Corporation to support Vinapharm on enhancing corporate governance method, management, technology and market.
 8. Priority Criteria:
 - + Investors have competence and written commitment to support Vinapharm on building and implementing strategy, improving plant development, new products, hospitals, clinics to complete the value chain in pharmaceutical industry.
 - + Having commitment not to implement transactions that can lead to conflicts of interest or create monopoly or unfair competition with Vinapharm, Vinapharm's customer and other investors.

Notes: According to the provisions on Circular No, 34/2013/TT-BCT of Ministry of Industry, corporations contain foreign investment capital not allow to distribute drug items prescribed in Pharmaceutical Law, Moreover, due to the shares offered to strategic investors account for only 17% charter capital of Vinapharm, strategic investors have to commit to purchase all offered shares, to ensure that strategic investors take a seat on BOD, thereby support Vinapharm on business activities.

c. List of Strategic Investor

Implementing Decision No. 2088/QD-TTg dated 26/11/2015 of the Prime Minister approving the Plan for equitization of Parent Company - Vietnam Pharmaceutical Corporation; Decision No. 189/QD-BYT dated 20/01/2016 of the Minister of Ministry of Health that approved criteria for selecting strategic investors, approaches to selling shares to strategic investors, starting price when implementing equitization of the parent company – Vietnam Pharmaceutical Corporation; on 25/01/2016, Vietnam Pharmaceutical Corporation published the public information for invitation of strategic investors in the website of Corporation, and in 03 newspapers (Nhandan Newspaper, Hanoi News, and Investment Newspaper), each for consecutive issues, The deadline for application is 16:00 of 16/02/2016, Vietnam Pharmaceutical Corporation then received only one registered application from Viet Phuong Investment Group Joint Stock Company before 16:00 on 16 February 2016.

Pursuant to Circular No. 196/2011/TT-BTC dated 26/12/2011 of the Ministry of Finance guiding the initial shares offering and management, use of money collected from equitization of 100% state owned enterprises which are transferred to joint stock companies, Decision No. 189/QD-BYT dated 20/01/2016 of the Minister of Ministry of Health that approved criteria for selecting strategic investors, approaches to selling shares to strategic investors, starting price when implementing equitization of the parent company – Vietnam

Pharmaceutical Corporation, because there is only one Strategic investor registered, the offering method is *direct negotiation before the IPO*.

The equitizing steering committee initiated the negotiation on the price for selling shares to Strategic investor as stipulated.

Minister of Health's Decision No. 1677/QD-BYT on 06 May 2016 approved the Viet Phuong Investment Group joint stock company as the strategic investor permitted to buy 40,290,000 shares of the Vietnam Pharmaceutical Corporation's IPO at price of 10,000 dong per share.

Brief information of the share offering contract to the strategic investor as followed:

- Name of strategic investor: Viet Phuong Investment Group joint stock company
- Its address: 22 Tong Duy Tan, Hang Bong Ward, Hoan Kiem District, Hanoi
- Its business registration number: 0100237852
- Its charter capital was VND 856,000,000,000 on 31/12/2014 and VND 1,400,000,000,000 on 20/7/2015.
- Its owners equity on 31/12/2014 was VND 860,967,297,250.
- Volume of shares offered to Strategic investor: 40,290,000 shares (equivalent to 17% of the Charter capital of Vietnam Pharmaceutical Corporation– Joint Stock Company)
- Type of shares: common shares
- Par value: VND 10,000 per share
- Total value accoring to par value: VND 402,900,000,000 (VND four hundred and two billition nine hundred million.)
- Price: VND 10,000 per share
- Total amount: 402,900,000,000 dongs (VND four hundred and two billition nine hundred million)
- Restriction on transfer of shares: The shares shall not be transfered within at least 05 years as from the date of issuance of the first Business Registration Certificate of Vietnam Pharmaceutical Corporation – Joint Stock Company as stipulate by the Enterprise Law.

1.3. For Public Auction

The public auction shall be organized by Hanoi Stock Exchange as followed:

- Number of shares for public auction: 42,557,000 shares, equal to 17.95654% charter capital
- Subscribers: domestic institutional and individual investors, Foreign investors are not allowed to participate this offering (According to the provisions of Circular No. 34/2013/TT-BTC of the Ministry of Industry and Trade on announcing the roadmap for implementing commodity trading activities and related activities of enterprises with foreign investment capital in Vietnam, enterprises with foreign investment capital don't have right to distribute the drug items prescribed in Clause 2, Article 2, Pharmacy Law No. 34/2005/QH11, include the substance or mixture of substances used for the purpose of disease prevention and cure, diagnose or adjust the body physiological functions including finished drugs, drug materials, vaccines, medical biologicals, except functional

foods. Thus auction participants to purchase shares of Vinapharm do not include foreign private and institutional investors).

Starting price

Based on Decision No. 189/QĐ-BYT dated 20/01/2016 of the Minister of the Ministry of Health, starting price for public auction is VND 10,000 per share.

Time of the IPO auction

Time of the auction would be on June 2016

Auction organization

According to provisions on Article 7 Circular No. 196/2011/TT-BTC dated 26/12/2011, all auction shares (42,557,000 shares) will be organized at Hanoi Stock Exchange – No 2 Phan Chu Trinh, Hoan Kiem, Hanoi.

2. Payment Method and Payment Term

- **For public auction shares:** pursuant to the “Regulation of public auction shares of Vinapharm” issued by Hanoi Stock Exchange
- **For employees:** pursuant to provisions provided by Equitization Steering Committee of Vinapharm
- **For strategic investors:** pursuant to provisions provided by Equitization Steering Committee of Vinapharm

3. Plan for Dealing with Unsold Shares

Dealing with unsold shares is regulated on Article 40 Degree 59/2011/NĐ-CP dated 18/07/2011 of the Government on the dealing with unsold shares when transforming the 100% state owned enterprise into a joint stock company.

4. In case the auction fails

In case the auction fail, Vinapharm will comply with the provisions of Clause 3 of Article 8 of Circular No. 196/2011/TT - BTC dated 26/12/2011 of the Ministry of Finance.

IV. PLAN TO USE CASH AMOUNT COLLECTED VIA EQUITIZATION

1. Expense for equitization

According to Decision No. 3097/QĐ-BYT dated 27/7/2015 of Ministry of Health on approving estimated expense for equitization of Vinapharm, estimated expense is bellow:

Table 22: Total estimated expenses for equitization

Unit: VND

No,	Contents	Amount	%
I	Direct expense at Vinapharm	692,000,000	44.23
1	Expense for meeting of declaring the equitization program	12,000,000	0.77
2	Expense for evaluation, asset inventorying and classifying, liabilities comparison	20,000,000	1.28

No,	Contents	Amount	%
3	Expense for the meeting of employee to deploy equitization	16,000,000	1.02
4	Expense for IPO	410,000,000	26.21
5	Expense for first General Meeting of Shareholder	160,000,000	10.23
6	Expense for equitization settlement	30,000,000	1.92
7	Expense for the meeting of transferring State owned company to Join stock company	44,000,000	2.81
II	Expense for advisory	470,000,000	30.04
III	Compensation of SEC and Assistant team	352,500,000	22.53
IV	Other expenses	50,000,000	3.20
	Total	1,564,500,000	100.00

2. Cash amount would be collected via equitization

Due to the offering has not taken place, cash amount collected from the IPO are estimated based on the starting price, details are as follows:

Table 23: Estimated cash amount would be collected via equitization

Unit: VND

No,	Contents	Amount
1	Value of the Corporation's state owned capital	2,370,828,792,281
2	Cash amount plans would be collected via equitization	829,117,200,000
2,1	Issuance of shares to officers and employees	
2,1,1	<i>Issuance based on the Incentive Scheme (60% lowest successful price applicable to strategic investors)</i>	<i>574,200,000</i>
2,1,2	<i>Issuance based on long term working commitment (equal to lowest successful price applicable to strategic investors)</i>	<i>73,000,000</i>
2,2	Issuance of shares to initial public investor	425,570,000,000
2,3	Issuance of shares to strategic investors	402,900,000,000
3	Plan to sell shares to employees, strategic investors, and other investors via auction in par value	829,500,000,000
3,1	Selling shares to employees in par value	
3,1,1	<i>Selling at discounted price based on working period</i>	<i>957,000,000</i>
3,1,2	<i>Selling at discounted price based on long-term working commitment</i>	<i>73,000,000</i>

No,	Contents	Amount
3,2	Selling shares in auction in par value	425,570,000,000
3,3	Selling shares to strategic investors in par value	402,900,000,000
4	State owned capital amount would be held at the Corporation after equitization	1,540,500,000,000
5	Estimated expenses for equitization	1,564,500,000
6	Expense for unemployed worker	0
7	Net amount after deducting expenses and other amounts (1+2-3-4-5-6)	828,381,492,281

The management and utilizing of cash amount from equitization is deployed according to Section III, Circular No. 196/2011/TT-BTC dated 26/12/2011 of Ministry of Finance.

PART III: AUTHORITY RESPONSIBLE FOR THE PROSPECTUS

1. Equitization Steering Committee of Vinapharm

Mr. Pham Le Tuan	Director of Committee	Deputy Ministry of Healthy
Mr. Nguyen Quy Son	Deputy Director	Chairman of Vinapharm
Mr. Tran Viet Hung	Member	Deputy Director of Officer Assignment, BOH
Mr. Le Thanh Cong	Member	Deputy Director of Financial Planning, BOH
Mr. Nguyen Duc Son	Member	General Director of Vinapharm
Mr. Nguyen Tat Dat	Member	Deputy Director General of Drug Administration, Ministry of Health
Ms. Quach Thi Thu	Member	Deputy Chief of Operations 4, Corporate Finance Department, Ministry of Finance

2. Issuing Organization – Vinapharm

Mr. Nguyen Quy Son	Chairman of the Vietnam Pharmaceutical Corporation
Mr. Nguyen Duc Son	Chief Executive Officer, the Vietnam Pharmaceutical Corporation
Ms. Nguyen Thi Hang	Chief Accountant, the Vietnam Pharmaceutical Corporation

We take full responsibility for ensuring that the information and data provided in this disclosure is consistent with the fact for investors to assess the assets, operations, financial condition, results and prospects of Vinapharm.

3. Advisory Organization – National Securities Incorporated (NSI)

Mr. Nguyen Hai Duong	Chairman of National Securities Incorporated
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This prospectus is a part of registered IPO files constructed by NSI based on the advisory contract with Vinapharm.

We ensure that the construction and the selection of words in this Prospectus have been made that are reasonable and prudent based on the information and data provided by Vinapharm. We ensure that the steps taken and the content of the information comply with the order required under the provisions of the law, but does not intend to guarantee the value of the securities.

PART IV: SUMMARY

This prospectus' purpose is to help investors to assess assets, financial status, results and business prospect of Vinapharm, before taking part in the auction.

This Prospectus is constructed based on the information and data provided by Vinapharm, the approved equitization plan by Prime Minister, ensuring the openness and transparency, protecting the legal right of investors.

We hope the investors will carefully go through this publication and the “Regulation of share auction of Vinapharm” issued by Hanoi Stock Exchange before deciding to purchase the Vinapharm shares.

Our best regards,

Hanoi, 24 May 2016

ON BEHALF OF EQUITIZATION STEERING COMMITTEE
VIETNAM PHARMACEUTICAL CORPORATION
DEPUTY DIRECTOR OF THE COMMITTEE



NGUYEN QUY SON

ON BHALF OF EQUITIZING CORPORATION
VIETNAM PHARMACEUTICAL CORPORATION

CHIEF EXECUTIVE OFFICER

CHIEF ACCOUNTANT



NGUYEN DUC SON

A blue ink signature, appearing to be "Nam", written in a cursive style.

NGUYEN THI HANG

ON BEHALF OF ADVISORY ORGANIZATION
NATIONAL SECURITIES INCORPORATED

CHAIRMAN



NGUYEN HAI DUONG