

Vietnam Azalea Fund successfully completed full divestment from Traphaco JSC

HO CHI MINH CITY, VIET NAM (11 November 2017) – Mekong Capital announced today that the Vietnam Azalea Fund (VAF) has successfully divested its 24.99% stake in Traphaco JSC at VND141,500 per share for a total consideration of more than USD64.5 million, generating a gross return multiple of 6.3x in USD on this investment.

VAF had initially acquired a 5% stake in Traphaco in 2007 through a pre-IPO investment, becoming the first foreign shareholder in the company. VAF subsequently increased its stake through several on-and-off-market transactions to establish itself as a meaningful minority investor in Traphaco. When VAF invested in Traphaco in 2007, the company was ranked amongst top-20 pharmaceuticals in Vietnam with revenue and net profit of VND533 billion and VND38 billion, respectively. During the lifecycle of its investment in Traphaco, VAF, under management by Mekong Capital, has guided the company to develop into the 2nd largest pharmaceutical company in Vietnam.

As an active and value-adding shareholder to its investee companies, VAF initially focused on supporting Traphaco to build out its distribution network by growing from 2 branches at the time VAF's investment to a current total of 24 branches. A second focus effort from VAF was to support the dramatic conversion from previously selling nearly 80% of products via wholesalers to a direct sales model reaching 26,000 retail pharmacies nationwide. In the last phase of its investment period, VAF caused a major enhancement of corporate governance by building one of the most independent and non-executive Boards of Directors among listed companies in Vietnam.

Chad Ovel, Partner at Mekong Capital said "We have truly valued the opportunity to be an active partner of Traphaco over the past 10 years. Throughout, Ms. Vu Thi Thuan, Chairwoman, and Mr. Tran Tuc Ma, CEO, have provided visionary leadership driving the company's rapid but sustainable growth. Together with the rest of the stable and loyal senior leadership team at Traphaco, they have built a company with excellent brand integrity, products of unquestionable quality and a first-class distribution system to reach consumers in all 63 provinces of Vietnam. Traphaco is now a role model for all other pharmaceutical companies in Vietnam."

About Traphaco

Traphaco is a vertically-integrated pharmaceutical company specializing in the development, marketing and distribution of Vietnamese traditional medicines.

The company is the clear leader in the Vietnamese traditional medicine sector and the second largest pharmaceutical manufacturer in Vietnam in terms of revenue and net profit. The company owns a strong brand, 2 GMP-WHO manufacturing factories and a nationwide distribution network, with 24 distribution branches.

About Vietnam Azalea Fund

Vietnam Azalea Fund was launched in June 2007 to focus on pre-IPO investments. The Fund made 7 investments including PNJ, FPT Corp, Intresco, Nam Long, Masan Consumer, Loc Troi, and Traphaco. Traphaco was the Fund's last remaining investment, and with the exit of Traphaco as mentioned above, the Fund has now fully divested from its portfolio companies.

Similar to the Mekong Enterprise Funds, the Vietnam Azalea Fund applied an intensive post-investment value creation framework called *Vision Driven Investing*, in close partnership with the companies' management teams.

For information on Mekong Capital, please visit the company's website at <http://www.mekongcapital.com>

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