

Cantho, 24th March, 2018

**REGULATION ON ELECTION, REPLACEMENT OF AN
ADDITIONAL INDEPENDENT BOARD OF DIRECTORS' MEMBER/
A SUPERVISOR TERM III (2014 – 2018) OF
DHG PHARMACEUTICAL JOINT STOCK COMPANY**

- Pursuant to the Law on Enterprises No.68/2014/QH13 dated 26 Nov 2014;
- Pursuant to the Charter of Organization and Operation of DHG Pharmaceutical JSC (DHG Pharma) issued on 07 Feb 2018,

The Annual General Meeting of Shareholders 2017 of DHG Pharma conducts the election of an additional independent Board of Directors (BOD) member/a Supervisor term III (2014 – 2018) as a replacement in accordance with the following provisions:

1. Subjects to execute voting

All shareholders owning voting shares or their proxies, who are entitled to vote (according to the list of shareholders dated 28 Feb 2018), present at the time of voting, complete the registration procedures and sign in the list of shareholders attending the meeting shall have the right to elect an additional independent BOD member and Supervisor.

2. Number of additional members of the BOD and the Board of Supervisory (BOS) are elected:

Number of additional member of the BOD and Supervisor of DHG Pharma are elected:

- 2.1. The BOD term III (2014 – 2018): 01 independent member of the BOD (corresponding to the number of dismissed member)
- 2.2. The BOS term III (2014 – 2018): 01 Supervisor (corresponding to the number of dismissed member)

3. The rights to run for election or nomination of BOD members

According to the content of Article 32 in the Charter of organization and operation of DHG Pharma on candidacy and nomination of the BOD:

- 3.1. Shareholders who are holding 5% or more of their voting shares for at least six consecutive months have the right to add up the number of voting rights of each other to nominate candidates for the BOD. A shareholder or a group of shareholders who are holding from 5% to under 10% of the total number of voting shares shall be entitled to nominate one (01) candidate; from 10% to under 30% may nominate up to two (02) candidates; from 30% to under 40% may nominate up to three (03) candidates; from 40% to under 50% shall be entitled to nominate up to four (04) candidates; from 50% to under 60% shall be entitled to nominate up

to five (05) candidates; from 60% to under 70% shall be entitled to nominate up to six (06) candidates; from 70% to under 80% shall be entitled to nominate up to seven (07) candidates and from 80% to under 90% shall be entitled to nominate up to eight (08) candidates.

- 3.2. When the number of the candidates for the BOD through nomination and candidacy fails to reach the minimum number, the incumbent BOD can introduce or nominate more candidates in accordance with this Charter and DHG PHARMA's regulation on internal governance. The introduction of candidates by the BOD must be published clearly before the General Meeting of Shareholders votes for members of the BOD.

4. Criteria and conditions to become the independent member of the BOD

- 4.1. According to the content of Article 33 in the Charter of Organization and Operation of DHG Pharma, a BOD member must meet the following criteria and conditions:

- *Having full civil act capacity and not being banned from managing an enterprise under provisions of Clause 2, Article 18 of the Enterprise Law;*
- *Qualified and experienced in business management of DHG PHARMA and not necessarily to be a shareholder of DHG PHARMA.*
- *A BOD member may concurrently be a BOD member of other companies but may not be a BOD member of more than 5 other companies from 01 Aug 2019.*

- 4.2. According to the content of Article 2 in the Charter of Organization and Operation of DHG Pharma, an independent member of the BOD must meet the following criteria and conditions:

- *Not being a current employee of DHG PHARMA or its subsidiaries; Not being a person that used to work for DHG PHARMA or its subsidiaries over the previous three (03) consecutive years;*
- *Not being a person receiving salaries, wages from DHG PHARMA, except for benefits to which BOD members are entitled in accordance with provisions;*
- *Not having a spouse, birth parent or sibling being a major shareholder of DHG PHARMA; being an Enterprise Executive of DHG PHARMA or DHG PHARMA's subsidiaries;*
- *Not directly or indirectly holding at least 1% of DHG PHARMA's voting shares;*
- *Not ever holding the position of members of the BOD, the BOS of DHG PHARMA for at least previous five (05) consecutive years.*

5. The rights to run for election or nomination of Supervisors

- 5.1. In accordance with Article 54 of the Charter of Organization and Operation of DHG Pharma on candidacy and nomination of a Supervisor:

- The shareholders have the right to include the number of votes of each person together to nominate candidates for Supervisors. The shareholder or a group of shareholders holding 5% to less than 10% of the total number of shares with voting rights shall be entitled to nominate one (01) candidate; from 10% to less

than 30% shall be entitled to nominate up to two (02) candidates; from 30% to less than 40% shall be entitled to nominate up to three (03) candidates; from 40% to less than 50% shall be entitled to nominate up to four (04) candidates; from 50% to less than 60% shall be entitled to nominate up to five (05) candidates.

- 5.2. If the number of candidates for the BOS is not enough after nomination and candidacy, the incumbent BOS may nominate more candidates or organize the nomination in accordance with the corporate governance regulation of the Company.

6. Criteria and conditions to become a supervisor

- 6.1. *Having full civil act capacity and not being prohibited from establishing and managing enterprises under the provisions of this Law;*
- 6.2. *Not being a spouse, birth father, adoptive father, birth mother, adoptive mother, birth child, adoptive child or sibling of members of the Board of Directors, the General Director and Executives Managers;*
- 6.3. *Not holding managerial positions at DHG PHARMA; Not necessarily being a shareholder or employee of DHG PHARMA; and*
- 6.4. Shall not be in the following cases:
- *Working in accounting and finance departments of DHG PHARMA;*
 - *Being a member or an employee of the independent audit firm audited for financial statements of DHG PHARMA over previous 03 consecutive years.*

7. Method of election

- 7.1. The election for the BOD member and Supervisor is conducted by the method of secret ballot using cumulative voting.
- 7.2. Each shareholder is entitled to receive 01 vote for the BOD and 01 vote for the Supervisor with name, code of the shareholder, number of shares owned and total votes for the BOD/Supervisor. Accordingly, the total number of votes corresponding to the total number of shares held (including ownership and authorized) multiplied by the number of elected members of the BOD/Supervisor.
- 7.3. The total number of votes are filled on each vote as follows:
- Total number of votes for the BOD = Number of shares x 1.*
- Total number of votes for the Supervisor = Number of shares x 1.*
- 7.4. When conducting the election, Shareholder/Shareholder's representative may choose one of the two following methods to elect an independent BOD member and a Supervisor:
- *Electing by marking: mark (X) only in the "Number of votes" column. Accordingly, the number of votes for the independent BOD member/Supervisor is chosen as the total number of votes of the shareholders are accumulated for the candidates of member of the BOD/Supervisor they trust.*

- *Vote by writing the number of votes: Write directly the number of votes for the candidate of your choice. The total number of votes for a candidate of the shareholder does not exceed the total votes of such shareholder.*

Note:

- *Shareholders only choose one out of two methods to elect an independent BOD member and a Supervisor. If the shareholders perform both methods at the same time, the votes are considered invalid.*
- *In case shareholders/shareholders' representative(s) want to modify the votes due to mistakes, shareholders are required to cross out the number of votes that were written incorrectly and write the new number of votes next to the crossed out and sign. Unpermitted to erase or smear.*

7.5. Invalid votes are

- Votes which are not issued by the Organizing Board, and are not stamped by DHG Pharma.
- Votes which are erased or added name of the person who is not on the list of candidates approved by the General Meeting of Shareholders before the election.
- Votes which the total number of voting rights for the candidate greater than the total number of voting rights already inscribed on the ballot.
- Shareholders simultaneously use both methods of voting (method of marking and method of writing the number on the election card).
- Votes which are not signed by the person exercising the right to vote.
- Votes which are left blank, do not vote for any candidate.

8. Vote Counting Committee, supervision of the execution of voting and vote counting:

8.1. The supervision committee is responsible for supervising the process of delivering the ballots, voting and vote counting.

8.2. The Vote Counting Committee is responsible for guiding the regulation on the election, delivering election ballots, checking and supervising the voting, counting the ballots, making minutes and declaring the vote counting result at the Meeting and submitting the minutes to the Chairman of the Meeting later on.

- A technical team from the Company convened by the Organizing Board shall support the Vote Counting Committee.

8.3. Procedures of voting and vote-checking:

- The Vote Counting Committee shall check the ballot box in front of all shareholders attending the Meeting.
- The voting shall begin upon the order of the Chairman and shall end once the last shareholder put his/her ballot into the box.

- The Voting Counting Committee shall be responsible for aggregating the voting result and made in minutes of the vote-counting. The minutes of the vote-counting shall be signed by members of Voting Counting Committee to confirm the accuracy, transparency and in concordance with the principles and procedure of counting the votes. The head of the Vote Counting Committee shall declare the minutes of the vote-counting at the Meeting.

9. Principles for selection of an elected member

- 9.1. The selection of an elected member shall be determined based on the number of votes calculated from high to low, starting from the candidates winning the highest number of votes until a sufficient number of 01 (one) independent BOD member and 01 (one) Supervisor are obtained.

In case two (02) or more candidates obtain the same number of votes for the positions, these candidates will be re-elected in a poll among them in accordance with the above principle.

10. Claims on the election and vote checking

- The head of the Vote Counting Committee shall explain the shareholder's concerns (if any) on behalf of the Vote Counting Committee at the Meeting.
- The Chairman of the AGM shall resolve complaints about the election and the election result of the additional independent BOD member and Supervisor at the Meeting.
- All complaints and their resolution shall be recorded in the minutes of the meeting.

11. Execution provision

This Regulation shall be effective from the date the AGM 2017 passed this regulation and shall be the legal basis for the election of additional independent BOD member and supervisor at the AGM 2017 of DHG Pharma.

**ON BEHALF OF THE ORGANIZING BOARD
HEAD**

Nguyen Chi Thanh

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