

DHG PHARMA
For a more beautiful and healthier life

DHG Pharmaceutical Joint Stock Company - CORPORATE GOVERNANCE REPORT 2022 - Ticker symbol: DHG



DHG PHARMA
For a more beautiful and healthier life

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BREAKING
LIMITS

CORPORATE GOVERNANCE REPORT 2022

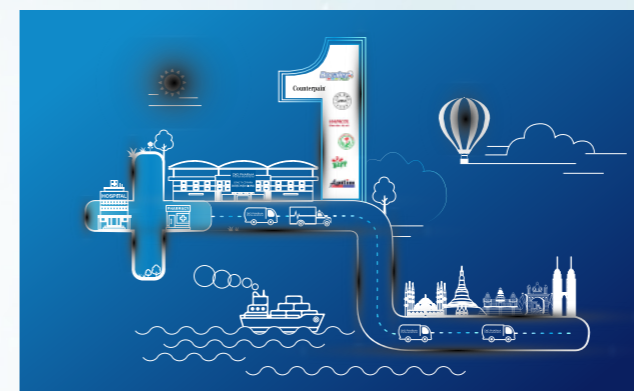


LIST OF ABBREVIATIONS

AC	Audit Committee	IQVIA	IQVIA Institute (formerly IMS Health and Quintiles)
AGM	Annual General Meeting	JSC	Joint Stock Company
BOD	Board of Directors	J-SOX	Sarbanes-Oxley Act - Japan
BOM	Board of Management	P/B	Price-to-Book ratio
DHG Pharma	DHG Pharmaceutical Joint Stock Company	P/E	Price-to-Earnings ratio
FED	Federal Reserve	QC	Quality Control
GMP	Good Manufacturing Practice	RM	Risk Management
GMS	General Meeting of Shareholders	SCIC	State Capital Investment Corporation
IA	Internal Audit	VND	Vietnamese Dong
IC	Internal Control	WHO	World Health Organization

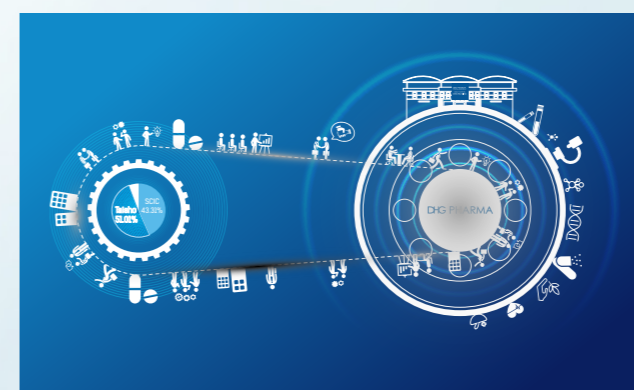
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REPORT ON PERFORMANCE IN 2022

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BOARD PROFILE



Mrs. DANG THI THU HA
 BOD Chairwoman
 Non-executive BOD member
 Member of the Audit Committee

Born in	Nationality	Professional qualifications
1973	Vietnamese	<ul style="list-style-type: none"> Master of Business Administration (MBA), Institute of Management. Bachelor of Economics in Business Administration, National Economics University. Bachelor's degree in foreign languages (English), National University, Hanoi. Practising certificate for corporate finance consultancy, State Security Commission of Vietnam

Join DHG Pharma as a BOD member

- First appointment: Jul/2017
- First re-appointment: Jun/2019
- Term's length as DHG Pharma's BOD member as of Mar/2023: 5 years 8 months
- BOD Chairwoman of DHG Pharma: since 11 Jun 2019

Positions held in other organizations

- BOD Member - Vietnam Dairy Products JSC (Vinamilk)
- Head of Investment Department 3 - State Capital Investment Corporation (SCIC)



Mr. JUN KURODA
 Non-executive BOD member
 Chairman of the Strategic Committee

Born in	Nationality	Professional qualifications
1956	Japanese	<ul style="list-style-type: none"> Master of Business Administration (MBA) Golden Gate University, USA

Join DHG Pharma as a BOD member

- First appointment: Aug/ 2016
- First re-appointment: Jun/ 2019
- Term's length as DHG Pharma's BOD member as of Mar/2023: 6 years 7 months

Positions held in other organizations

- Executive Vice President, Member of the Board - Taisho Pharmaceutical Co., Ltd. (DHG Pharma's parent company).
- President Director/ Managing Director/ Director/Council Member/BOD Member at Taisho's subsidiaries in USA, Malaysia, Singapore, Thailand, Vietnam, Indonesia, etc.



Mr. MAKI KAMIJO
 Non-executive BOD member
 Member of the Audit Committee

Born in	Nationality	Professional qualifications
1961	Japanese	<ul style="list-style-type: none"> Bachelor of Civil Engineering - Kobe University, Japan

Join DHG Pharma as a BOD member

- First appointment: Jun/2019
- Term's length as DHG Pharma's BOD member as of Mar/2023: 3 years 9 months

Positions held in other organizations

General Manager - Business Planning and Development, at International Business Headquarters – Taisho Pharmaceutical Co., Ltd. (Japan). He has over 22 years working at Taisho Group - Japan in International Business Development.

BOARD PROFILE (cont.)



Mr. TOSHIYUKI ISHII

Executive BOD Member
Member of the Strategic Committee
Member of the Nomination Committee
General Director

Born in	Nationality	Professional qualification
1966	Japanese	• Bachelor Degree of Economics – Hitotsubashi University

Join DHG Pharma as a BOD member

- First appointment: Apr/2023

Employment history

- 04/1989 – 03/1998: Manager – Mitsubishi Corporation, Japan
- 09/2001 – 06/2005: Senior Manager, Legal - Astellas Pharma Inc., Tokyo, Japan
- 07/2005 – 01/2009: Senior Legal Advisor, Legal - Astellas Pharma Europe, London, UK
- 02/2009 – 05/2012: Director, Legal - Astellas Pharma Inc., Tokyo, Japan
- 04/2012 – 05/2015: Senior Director, Corporate Communications - Astellas Pharma Inc., Tokyo, Japan
- 04/2015 – 03/2020: Executive Director, Business Development - Astellas Pharma Inc., Tokyo, Japan
- 04/2020 – 05/2020: General Manager, Business Development – Taisho Pharmaceutical Co., Ltd, Tokyo, Japan
- 06/2020 – 12/2022: President and General Manager – PT. Taisho Pharmaceutical Indonesia TBK, Jakarta
- 01/2023 – Now: General Director – DHG Pharma

Positions held in other organizations

None



Mr. DOAN DINH DUY KHUONG

Executive BOD Member
Member of the Strategic Committee
Member of the Nomination Committee
Chief Operating Officer (COO)

Born in	Nationality	Professional qualifications
1974	Vietnamese	• EMBA – UBI, Belgium

Join DHG Pharma as a BOD Member

- First appointment: Apr/2006
- First re-appointment: Apr/2010
- Second re-appointment: Apr/2014
- Third re-appointment: Jun/2019
- Term's length as DHG Pharma's BOD member as of Mar/2023: 16 years 11 months

Join DHG Pharma as a BOM Member

Having over 23 years of experience in Sales and Marketing at DHG Pharma

- Deputy General Director of DHG Pharma: May/2012 – Sep/2017
- Interim General Director of DHG Pharma: Sep/2017 – 31 Dec 2019
- Chief Operating Officer (COO) of DHG Pharma: 01 Jan 2020 – 01 Jul 2022
- Chief Operating Officer (COO) cum Distribution Director: 01 Jul 2022 - Now

Positions held in other organizations

None



Mr. DO LE HUNG

Independent BOD member
Chairman of the Audit Committee

Born in	Nationality
1969	Vietnamese

Professional qualifications

- Master of Public Administration (France) with majors in Economics, Finance, Budget, Diplomacy, Law, Human Resource Management, etc.
- Accounting Certificate - Paris Dauphine University (France)
- Certificate of Internal Control and Anti-fraud (PwC)
- Certificate of Intensive Audit Committee Program (Myanmar Institute of Directors)
- BOD Member Training Certificate (Vietnam Institute of Directors)

Join DHG Pharma as a BOD member

- First appointment: Jun/2019
- Term's length as DHG Pharma's BOD member as of Mar/2023: 3 years 9 months

Positions held in other organizations

- Independent BOD Member – Chairman of Audit Committee – Vietnam Dairy Products JSC (Vinamilk)
- Independent BOD Member – Chairman of Audit Committee - An Gia Real Estate Investment and Development JSC
- Independent BOD Member - Chairman of Audit Committee - South Logistics JSC
- Independent BOD Member - Chairman of Audit Committee – Refrigeration Electrical Engineering Corporation



Mrs. NGUYEN THI VIET THANH

Independent BOD Member
Chairwoman of the Nomination Committee

Born in	Nationality	Professional qualifications
1979	Vietnamese	• Bachelor of Economics, Hanoi Foreign Trade University

Join DHG Pharma as a BOD member

- First appointment: Apr/2021
- Term's length as DHG Pharma's BOD member as of Mar/2023: 1 year 11 months

Positions held in other organizations

Founder and Executive Director – Anphabe Joint-stock Company

BOARD PROFILE (cont.)



Mr. TOMOYUKI KAWATA

Deputy General Director in charge of Production, Supply Chain, and Technology Transfer
Supporting member of the Strategic Committee

Born in	Nationality	Professional qualifications
1966	Japanese	<ul style="list-style-type: none"> Bachelor Degree of Pharmacology - Tokyo University of Pharmacy and Life Sciences, Japan

Employment history

- 04/1990 - 09/2010: Manager of Domestic Production - Taisho Pharmaceutical Co., Ltd. Japan. (Taisho)
- 10/2010 - 03/2013: Manager of Overseas Production Management - Taisho
- 04/2013 - 03/2014: General Manager of Okayama Plant - Taisho
- 04/2014 - 09/2014: Head of Quality Control of Domestic of Production - Taisho
- 10/2014 - Now: Director of International Technical Operations - Taisho
- 10/2017 - 07/2021: Deputy General Director in charge of Production, Supply Chain, and Technology Transfer - DHG Pharma.
- 08/2021 - Now: Deputy General Director in charge of Production, Supply Chain, and Technology Transfer cum Supply Chain Director - DHG Pharma



Mrs. NGUYEN NGOC DIEP

Deputy General Director in charge of Production and Supply Chain

Born in	Nationality	Professional qualifications
1968	Vietnamese	<ul style="list-style-type: none"> Postgraduate education junior - PGJ., University of Medicine and Pharmacy, Ho Chi Minh City

Employment history

- 12/1991 - 06/1995: Employee of QC Dept. - Hau Giang Pharmaceutical Integrated Factory.
- 07/1995 - 12/1996: Deputy Manager of QC Dept. - Hau Giang Pharmaceutical Integrated Factory.
- 01/1997 - 06/1997: Deputy Manager of R&D Dept. - Hau Giang Pharmaceutical Integrated Factory.
- 06/1997 - 09/2004: Manager of QC Dept. - Hau Giang Pharmaceutical Integrated Factory.
- 09/2004 - 04/2012: Manager of QC Dept. - DHG Pharma.
- 05/2012 - 01/2019: Deputy General Director - DHG Pharma
- 01/2019 - 10/2019: Deputy General Director cum Quality Director - DHG Pharma
- 11/2019 - 07/2021: Deputy General Director cum Production Director - DHG Pharma
- 08/2021 - 08/2022: Deputy General Director - DHG Pharma
- 08/2022 - Now: Deputy General Director cum Quality Director - DHG Pharma



Mr. TRAN DUY HUNG

Marketing Director
Supporting member of the Strategic Committee

Born in	Nationality	Professional qualifications
1976	Vietnamese	<ul style="list-style-type: none"> Bachelor of Business Administration (Marketing) - University of Economics Ho Chi Minh City

Employment history

- 2006 - 2011: Brand Manager/Business Development - Mead Johnson Vietnam Co., Ltd.
- 2011 - 2012: Marketing Manager - Bel Vietnam Co., Ltd.
- 2012 - 2014: Marketing Manager - Amway Vietnam Co., Ltd.
- 2015 - 2021: Managing Director - Diep Hung Phu Co., Ltd.
- 2021 - Now: Marketing Director - DHG Pharma



Mrs. LE THI HONG NHUNG

Finance Director
Supporting member of the Strategic Committee

Born in	Nationality	Professional qualifications
1981	Vietnamese	<ul style="list-style-type: none"> EMBA - UBI (Belgium) Bachelor of General Accounting

Employment history

- 2004 - 2005: Credit officer - VietinBank Cantho
- 2006 - 06/2010: Financial and Investment Analyst - DHG Pharma
- 07/2010 - 08/2016: Head of Investor Relations Board (IR) - DHG Pharma, BOD's Secretary (from Nov 2011)
- 11/2011 - 03/2020: BOD's Secretary - DHG Pharma
- 08/2016 - 04/2017: Manager of Finance Dept. - DHG Pharma
- 05/2017 - 03/2022: Finance Director cum Finance Manager - DHG Pharma
- 03/2022 - Now: Finance Director - DHG Pharma

BOARD PROFILE (cont.)



Mrs. VU THI HUONG LAN

HR Director
Supporting member of the Nomination Committee

Born in	Nationality	Professional qualifications
1981	Vietnamese	<ul style="list-style-type: none"> Bachelor of Economics – Foreign Trade – Cantho University

Employment history

- 08/2003 – 09/2004: Sales Supervisor – Nestlé Vietnam Ltd. Co.
- 10/2004 – 01/2010: C&B Executive – Vietnam Dairy Products JSC (Vinamilk)
- 02/2010 – 01/2019: HR Manager – TH True Milk (HCMC Branch)
- 02/2020 – Now: HR Director – DHG Pharma



Mr. HO BUU HUAN

Chief Accountant

Born in	Nationality	Professional qualifications
1980	Vietnamese	<ul style="list-style-type: none"> Master of Finance - Banking (Cantho University)

Employment history

- 2003 - 2004: Accountant - Cantho Motilen Construction Materials
- 12/2004 - 2011: Banking accountant - DHG Pharma.
- 11/2011 - 10/2014: Deputy Head of Financial Management Dept. - DHG Pharma.
- 11/2014 - 07/2016: Chief Accountant of DHG Pharmaceutical One Member Limited Company
- 07/2016 - 12/2016: Person in charge of Accounting cum Manager of Accounting Dept. - DHG Pharma
- 01/2017 - Now: Chief Accountant, Manager of Accounting Dept. - DHG Pharma



REPORT OF THE BOARD OF DIRECTORS

IMPLEMENTATION PROGRESS OF THE AGM RESOLUTION 2021

No.	Resolution contents	Implementation progress
1	Business targets for 2022: <ul style="list-style-type: none"> Net sales: VND 4,220 billion Profit before tax: VND 853 billion 	Business results in 2022: <ul style="list-style-type: none"> Net sales: VND 4,676 billion, achieved 111% of the yearly target. Profit before tax: VND 1,100 billion, achieved 129% of the yearly target.
2	Profit distribution 2021: <ul style="list-style-type: none"> Dividend payment in 2021: 35% of par value Allocation to the Bonus and Welfare Fund, the BOD Remuneration Fund and the Investment and Development Fund 	Implemented. Detail as follows: <ul style="list-style-type: none"> Dividend payment in 2021: record date: 04 Apr 2022; payment date: 15 Apr 2022. Total amount of dividend payment: VND 457,611,248,500. Funds have been allocated according to the AGM resolution.
3	Selecting Deloitte Vietnam Ltd. to audit the financial statements of 2022.	The audit contract was signed with Deloitte on 16 May 2022.
4	Approval of the yearly purchase of the directors and officers liability insurance (D&O) by DHG Pharma.	Contract negotiation has been completed, D&O insurance is valid from 06 Apr 2022 to 05 Apr 2023.

MONITORING RESULTS WITH REGARDS TO THE GENERAL DIRECTOR, MANAGERS AND EXECUTIVES

Pursuant to the Company's Charter and the Internal Regulation on Corporate Governance, the BOD supervised the operations of the General Director, Managers, and Executives in carrying out production and business and implementing resolutions of the GMS and the BOD in 2022.



Monitoring method



Strategy appraisal

The BOD appraises and assesses the Company's strategy and plans and offers appropriate solutions to help the Company develop and achieve its business objectives.



Performance evaluation

The BOD evaluates the performance of the General Director, Managers, and Executives based on strategic objectives and plans. The BOD monitors the progress and evaluates the completion of the projects to ensure that the projects are implemented effectively.



Periodic report

The General Director, Managers, and Executives must report to the BOD on business operations, finance, management, and strategic orientation at the quarterly BOD meetings. The BOD will review these reports to assess the Company's performance and make appropriate decisions.



Information disclosure

Supervise, direct, and ensure that information is fully disclosed, transparent, and timely in accordance with the regulations of the Stock Exchange and the State Securities Commission. Successfully organize the AGM, and strictly implement the annual financial statements, quarterly financial statements, Annual Reports, and Sustainable Development Reports.



Risk management

The BOD assesses and manages the potential risks of the Company, including finance, human resource, legal, market, corporate governance, and other risks.



Leadership assessment

The BOD assesses the leadership ability of the General Director, Managers, and Executives, including management ability, strategic capability, and ability to interact with employees and stakeholders to ensure task completion.

Monitoring result for the General Director

The BOD highly appreciates the unwavering spirit of the BOM, especially the General Director, in overcoming difficulties and safely adapting while promoting production and business operations and strictly complying with the regulations, internal regulations, and laws.

The General Director has shown his effort and determination in achieving the business targets and tasks assigned by the GMS. With commitment and dedication to work, the General Director has led the BOM and specialized departments of the Company to achieve positive results. Specifically, the General Director has managed and utilized resources reasonably, developed new products and services to meet market demand, and improved the Company's operational efficiency.

Monitoring results for other Managers and Executives

The BOM members have excellently fulfilled their tasks, effectively leading and coordinating the specialized departments to maximize the Company's benefits, thereby maintaining consensus and trust from employees, partners, customers, and other stakeholders.

To achieve this, the BOM members deeply understood the Company's activities and created a detailed plan to achieve the goals. Simultaneously, they have created a positive working environment and encouraged staff development. In addition, the BOM members must build good relationships with partners and customers to ensure the Company is on the right track and meeting market requirements.

With the achievements, the BOM members have built strong consensus and trust from stakeholders and contributed positively to the Company's sustainable development.

REPORT OF THE BOARD OF DIRECTORS (cont.)

ORIENTATION OF THE BOD'S ACTIVITIES IN 2023



Based on the strategic development orientation of the Company in the period of 2021 - 2025, the business targets of 2023, and the actual condition of the Company, the BOD will improve the efficiency and operating methods in accordance with good domestic and regional practices, ensuring good performances of the BOD's functions, clear and transparent operating regulations as well as advantageous operation and implementation. Simultaneously, the BOD needs to intensively manage and supervise the activities of the BOM and managers in implementing the resolutions of the GMS/ BOD. The BOD will ensure all activities of the Company are effective, regulated by law and complete the business targets of 2023. In addition, the BOD shall improve its corporate governance capacity based on international practices to maximize operational efficiency and enterprise values. In addition, the BOD shall strengthen its corporate governance capacity based on international approaches to maximize operational efficiency and enterprise values.

In 2023, the BOD will implement several critical tasks to achieve these goals. The top priority is maintaining the Company's leading position in the Vietnamese pharmaceutical market. Next, the BOD will focus on implementing resolutions from the AGM in 2022 and strive to achieve the business targets for 2023. The BOD also recognizes the importance of investing in human resources to develop the necessary skills to meet the needs of an increasingly integrated economy. To achieve this, the BOD will increase efforts to train and develop the workforce, especially those identified as potential successors for critical positions within the Company. By doing so, the Company can ensure the quality of its workforce and prepare for future business needs.

Another essential task is to review the internal audit, internal control, and risk management systems to ensure compliance with current legal regulations. The BOD will prioritize transparency in financial statements and information disclosure, aiming to apply IFRS (International Financial Reporting Standards) for financial financial statements. Furthermore, the BOD will monitor the progress of building the new Betalactam factory to ensure compliance with global GMP standards. This will help the Company expand its production capacity, meet market demand, and maintain its reputation for product quality. Finally, the BOD will prioritize applying information technology to enhance the Company's operating effectiveness. By investing in technology, the Company can streamline processes and improve decision-making capabilities, allowing it to maintain competitiveness in a rapidly developing business environment.



REPORT OF THE BOARD OF MANAGEMENT

BUSINESS PERFORMANCE IN 2022

Target	2022 Budget	2022 Actual	2021 Actual	% Actual/ Budget 2022	Growth 2022/2021
Net sales	4,220	4,676	4,003	110.8%	16.8%
Profit before tax	853	1,100	864	128.9%	27.3%
Profit after tax		988	776		27.3%



Total net sales in 2022

4,676 VND billion

achieved 111% of the yearly target

↑ up 17% yoy



Profit before tax in 2022

1,100 VND billion

Achieved 129% of the yearly target

↑ up 27% yoy

Thanks to the sustainable development foundation and flexible strategies, DHG Pharma has made a spectacular breakthrough in the new normal and has archived the highest net sales and profit before tax in the Company's history. The total net sales in 2022 of DHG Pharma was closely monitored by the Board of Management, reaching VND 4,676 billion, equivalent to 111% of the yearly target, up 17% yoy. The profit before tax in 2022 reached 129% of the yearly target, up 27% yoy, equivalent to VND 1,100 billion thanks to the sales growth, increased labor productivity, investment

efficiency and good cost management. Thanks to increased production output, low inventory of raw materials and finished products, the gross profit improved significantly. The above business results help DHG Pharma continue to retain its leading position in the Vietnam Pharmaceutical Industry for 26 consecutive years in terms of sales and profit. DHG Pharma continued to present in the Top 5 pharmaceutical enterprises with the largest market share in Vietnam Pharmaceutical industry (according to IQVIA's statistics in 4Q/2022).

Rank	Rank LY	Corporation	Sales (Billion VND)	Growth	Share	EI
1	1	SANOFI	7,915	16%	4.2%	90
2	2	GSK	5,467	11%	2.9%	86
3	3	DHG	4,983	20%	2.7%	93
4	5	ASTRAZENECA	3,325	25%	1.8%	97
5	4	MSD	3,254	21%	1.7%	94

Source: IQVIA 4Q/2022

SALES AND MARKETING ACTIVITIES



Total customers

30,000 customers

In which: the total number of club members
More than **15,000** customers

Export activities recorded net sales

117 VND billion

↑ up 36% yoy

Professional, widespread and diversified distribution system and increasing frequency of interactions with pharmacies along with products meeting Japan-GMP standard are increasingly trusted by professionals and consumers.

- Domestic business recorded net sales of VND 3,910 billion, up 17% over the same period, accounting for 84% of the total consolidated net sales. A system of 34 branches in 63 provinces and cities in Vietnam, DHG Pharma products have been available in nearly 2,700 drug stores of 5 major drugstore chains, the total number of customers having transactions in the year is more than 30,000 customers, the total number of club members is more than 15,000 customers. As a result, DHG continues to promote its strengths to expand the business activities



- Export activities recorded net sales of VND 117 billion, up 36% over the same period. The Company has exported to 20 countries in Asia, Central Asia, Middle East, Europe and Americas.

REPORT OF THE BOARD OF MANAGEMENT (cont.)

SALES AND MARKETING ACTIVITIES (cont.)

The Company timely forecasted the market's consumption demand and seized the opportunity to promote marketing activities to the right customers during the treatment of Covid-19, runny nose, dengue fever, prevention of post-Covid-19, etc. The activities of promoting and raising the awareness of key products to customers and target consumers have achieved high efficiency, contributing to promoting sales activities at key areas and big cities.

- 17/20 key brands exceeded the target at the beginning of the year. 6 brands achieved their sales from VND 100 billion.
- The communication campaign of Hapacol brand with the message "Pain and fever relief for the whole family" has successfully increased the affection for the entire brand and the consideration factor for the Elderly. The campaign contributes to improving the high-end brand image of key product lines such as Hapacol.



The Company effectively implemented product introduction activities to doctors and focused on bidding Japan-GMP products. As a result, Hospital channel's net sales increased by 33% over the same period and accounted for about 13% of domestic sales.

The sales staff is professionally trained and improved. At the same time, they closely follow annual business targets and strictly implement daily/weekly/monthly work plans to help DHG Pharma's products increasingly reach each customer across the country.

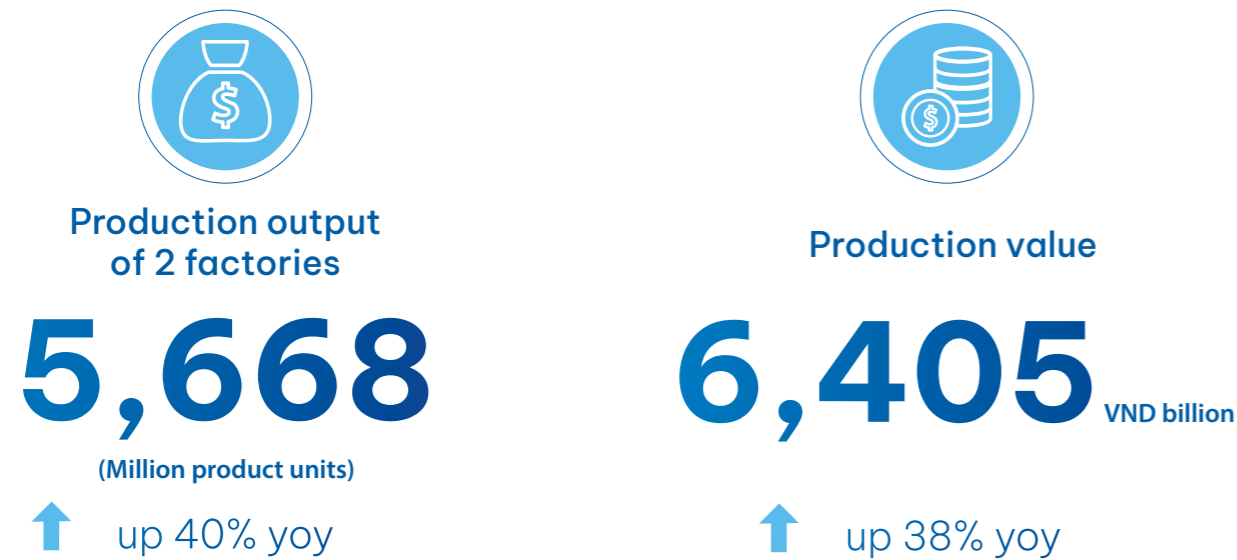
Debt limit is set appropriately and timely for each customer, branches and the Head Office monitor and urge the collection of money to help customers not lose their benefits and limit risks. As a result, sales were implemented more effectively, while debts were well managed, and overdue debts decreased sharply.



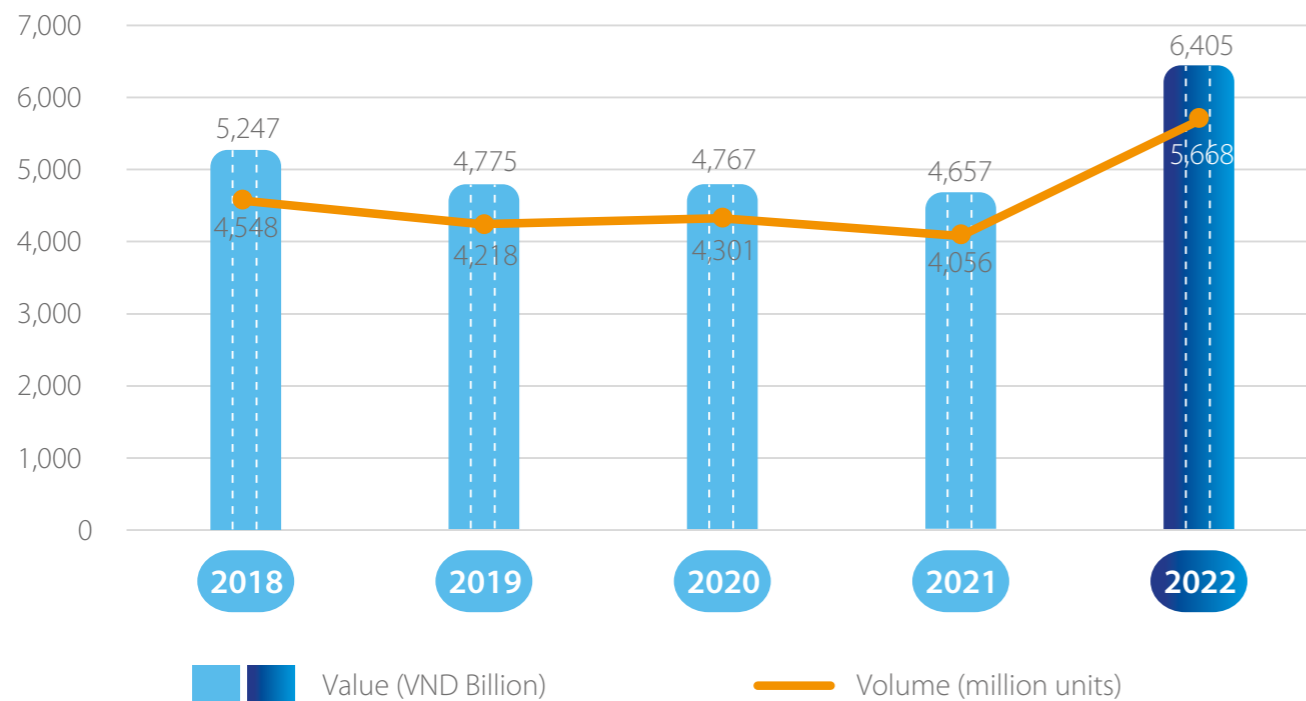
REPORT OF THE BOARD OF MANAGEMENT (cont.)

PRODUCTION, QUALITY, RESEARCH AND SUPPLY CHAIN

The total production output of the two factories in 2022 reached 5,668 million product units, up 40% yoy. Production value reached VND 6,405 billion, up 38% yoy. The production demand increased sharply in 2022, but the Production sector made efforts to stabilize the supply of goods with the best quality.



PRODUCTION OUTPUT AND VALUE FROM 2018 TO 2022



The Company currently has 02 pharmaceutical production factories

Pharmaceutical factory in Can Tho

Pharmaceutical factory in Can Tho has a designed capacity of 2.5 billion product units, mainly producing pharmaceutical chemicals, herbal medicines and health foods.

Pharmaceutical factory in Hau Giang

Pharmaceutical factory in Hau Giang includes:

- Non-Betalactam factory has a designed capacity of 4 billion product units. In 2022, the actual capacity reached 3.8 billion product units to meet the increasing demand of the market.
- Betalactam factory has a designed capacity of 1 billion product units. DHG Pharma is implementing a project to build a new Betalactam factory meeting Japan/EU-GMP standards under the investment project to expand the Pharmaceutical Factory and DHG Packaging Printing Factory.
- The packaging printing factory produces its own packaging, fully supplying for DHG internal demand and external trading.



DHG Pharma has obtained Japan-GMP certification for tablets, film-coated tablets, effervescent tablets, and effervescent granule. The skills of production staff are gradually improved to adapt to global GMP standards.

The Company continues to maintain to meet domestic standards:

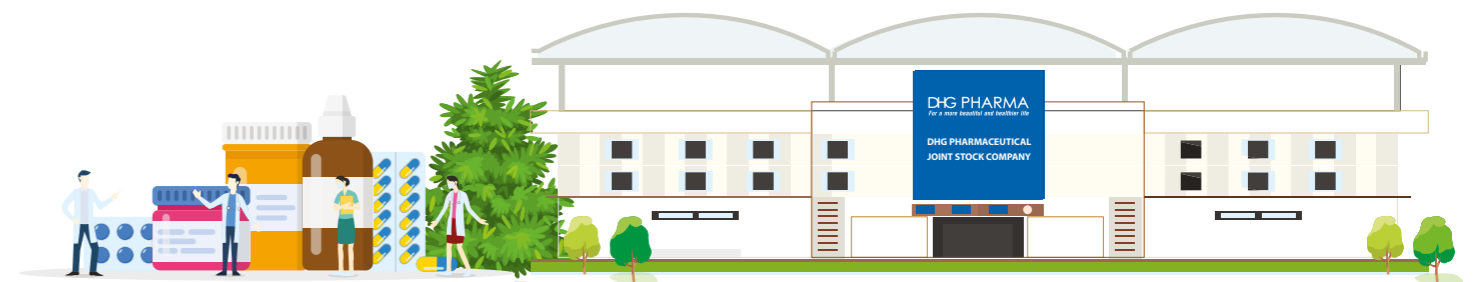
- Department of Food Safety and Hygiene issued a certificate to maintain GMP Food for health protection.
- The Betalactam factory is certified to maintain WHO-GMP by the Drug Administration of Vietnam.
- The Quality Control Department completed the re-evaluation and obtained ISO/IEC: 17025 certification.
- The Non-Betalactam factory has received the WHO-GMP re-evaluation and was certified by the Drug Administration on 18 Jan 2023.

Technology transfer projects with Japanese partners, Taisho's subsidiaries, DHG's product transfer projects, etc. were implemented as planned.

5 new products have been produced, 16 new products have been granted domestic visa numbers, 23 products have been granted export visa numbers. As of 31 Dec 2022, the total number of products achieved bioequivalence: 48 products, up 5 products compared to the previous year.

The new finished product warehouse at the pharmaceutical factory in Hau Giang was completed in Nov 2022, helping to increase the warehouse capacity and meet the needs of goods storage.

Raw materials trading achieved 107% of the year plan. VND 7.9 billion has been reduced for the loss of raw materials, finished products, aluminum - PVC packaging.



REPORT OF THE BOARD OF MANAGEMENT (cont.)

ACTIVITIES OF HUMAN RESOURCES, INFORMATION TECHNOLOGY AND INTERNAL CONTROL



DHG Pharma continues to ensure jobs and income for the Company's employees. Employees are guaranteed health care policies; good welfare works; remuneration and care regimes for employees and their relatives as approved by the Annual Labor Conference. Improved recruitment mechanism helps to provide enough human resources when needed. Regulations/processes related to Human Resources and Labor Regulations are standardized and updated. The Conflict of Interests (COI) policy was implemented and the structure of the salary, bonus and welfare system was restructured so that DHG Pharma would become more and more complete and aim to become an international standard company.

Operating procedures are always reviewed/ updated/ supplemented/ adjusted/ constructed. The criteria and parameters to measure risks in the business process are continuously updated. In particular, sales activities are always focused to help prevent potential risks that may lead to damages to the Company, continuing to improve productivity and operational efficiency.

FINANCE AND INVESTMENT ACTIVITIES

The management capacity and internal control have been modernized and improved through the following projects



Funding into specialized spending accounts, non-cash payment, electronic receipts, electronic invoices, centralized payment at the Head Office, and centralized procurement.

Investment in machinery and equipment to improve production capacity



In 2022, the system of regulations/processes related to investment, procurement, construction, maintenance and repair will be completed and supplemented to help the management more and more closely. In fact, DHG Pharma has implemented many projects such as purchasing machinery, equipment and supplies for production, office, and management; Procurement of equipment and means of transport and renovating, upgrading and building new buildings, structures, etc. according to regulations of the Company. Projects planned at the beginning of the year and before being implemented, they were fully analyzed and evaluated in many different aspects. In addition, resources and cash outflows were in the most effective way, yet still ensured that projects were implemented in a timely manner, meeting the needs of the Company and the market. These machines and equipment were invested with modern technology, high capacity from reputable suppliers in the international market according to the strategy of improving GMP standards.

Investment and expansion of Pharmaceutical Factory and DHG Packaging Printing Factory _ phase 1



- **Investment location:** Lot B2 - B3, Tan Phu Thanh Industrial Zone - Phase 1, Tan Phu Thanh Commune, Chau Thanh A District - Hau Giang Province.
- **Investment purpose:** (1) Standardizing several production lines to meet global GMP Standard so as to satisfy business targets, (2) The project is invested on the new land to ensure the global GMP standard of the Betalactam factory, without affecting the high standard of the current Non-Beta Lactam factory.
- **Construction investment scale:** Construction scale in Phase 1 - about 02 hectares, Capacity scale - 680 million product units/year.
- **Investment value:** The approved investment value is VND 627 billion. Site clearance has been completed and construction has been started since Nov 2022. The plant is expected to be completed and put into operation in 2024.

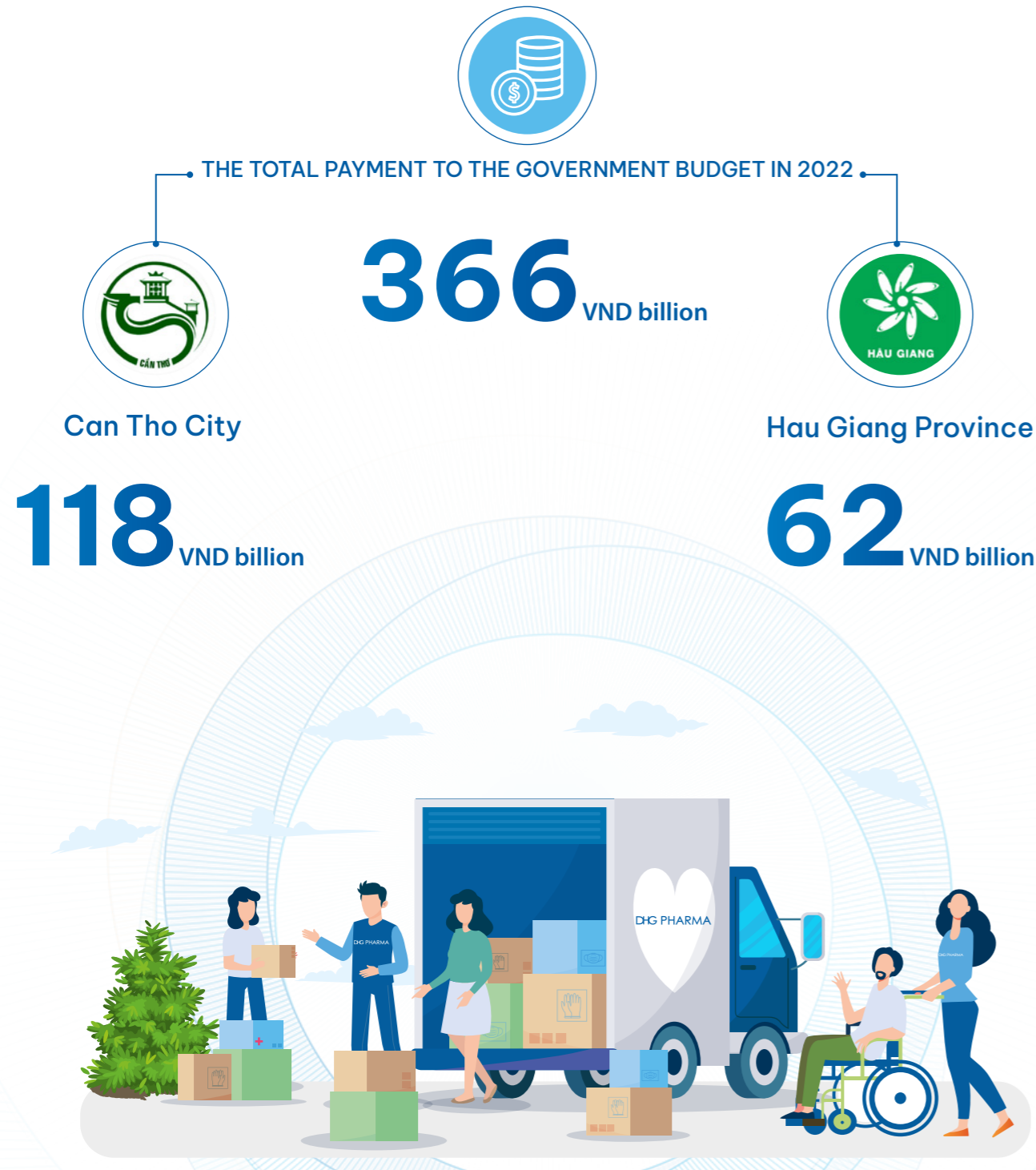


REPORT OF THE BOARD OF MANAGEMENT (cont.)

OTHER ACTIVITIES

DHG Pharma contributes billions of dong to the government budget and many social and community activities.

The total payment to the government budget in 2022 is VND 366 billion. In which, payment to the Cantho government's budget is VND 118 billion and to Hau Giang province is VND 62 billion.



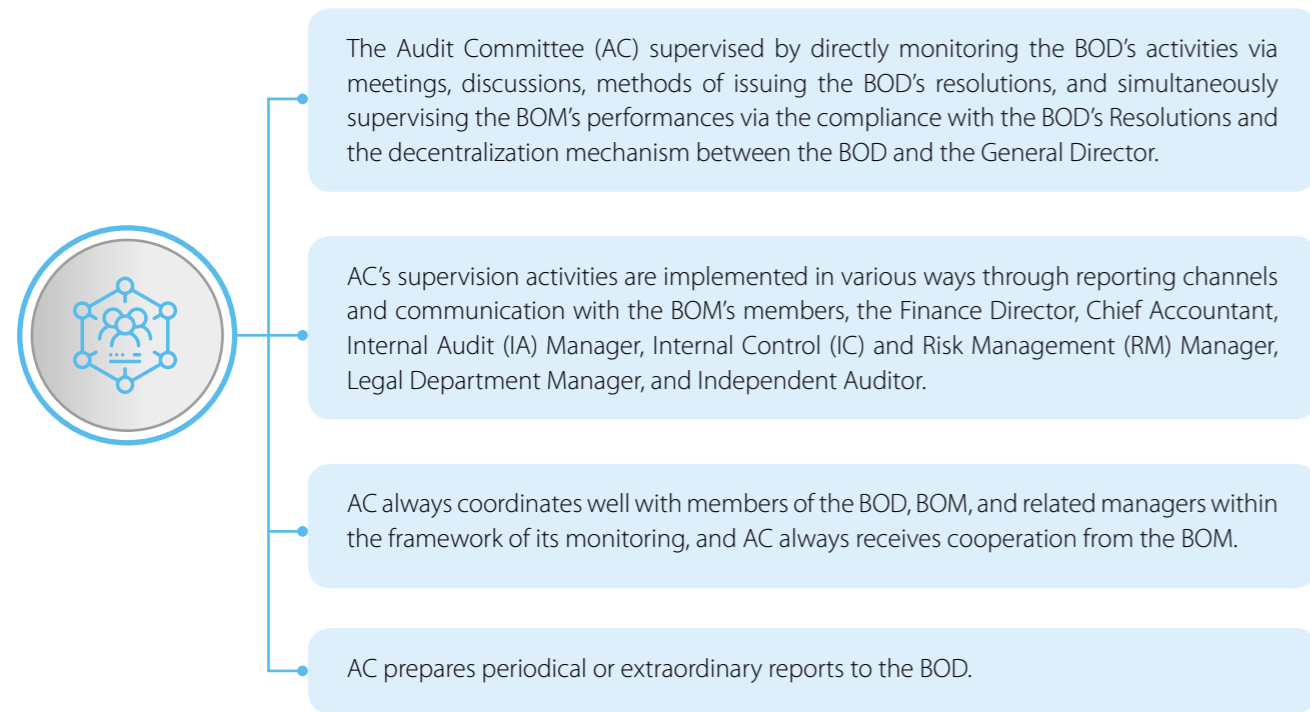
For the community, the brand DHG – Healthy for Love continues to become a symbol of humanity. DHG Pharma carried out community health care activities to overcome the Covid-19 pandemic and social security activities across the country including:

- (1) Community initiatives to restart annual activities after the Covid-19 pandemic in Can Tho and Hau Giang;
- (2) Supporting for the health sector in provinces and cities in providing free medical exams and medications in the context of overloaded medical supplies in hospitals, contributing to initial health care for local residents;
- (3) Providing support and caring for the health of citizens in Central provinces devastated by natural disasters and floods;
- (4) Additional activities such as accompanying 30,000 pharmacies to promote community health, care for orphans, care for Vietnamese heroic mothers, and support staff health.



REPORT OF THE AUDIT COMMITTEE

AC'S SUPERVISION ACTIVITIES ON CORPORATE GOVERNANCE



MONITORING RESULTS OF AC

Implementation situation of the BOD Resolutions

- All critical issues were discussed openly and democratically in the BOD meetings. At the BOD meetings, the General Director, and key managers in charge of professional fields were invited to report, discuss, etc. Therefore, the issues were evaluated, discussed thoroughly and carefully to reach a unified decision before issuing the Resolutions.
- The BOM always closely followed and strictly implemented the issued BOD Resolutions.
- The Company Secretariat Team performed well in monitoring, urging the implementation, and reporting on the implementation of the BOD Resolutions.



Financial statements and the accounting system

Implementation of the AC Resolutions

AC's Resolutions after promulgation were sent to the BOM and related persons for implementation. Monitoring results showed that the recommendations and requirements of the AC mentioned in the Resolutions were implemented strictly, fully, and timely.

- AC noted and approved the audited financial statements FY2022. Accordingly, the financial statements FY2022 were prepared and presented in accordance with the Vietnam Accounting Standards (VAS) and applicable law. They truthfully reflected the financial situation and production and business of DHG. Additionally, no material misstatement that could affect the truthfulness of the financial statements were found.
- The monitoring process did not detect unusual fluctuations in material items of assets and business results. Accounting policies and the principles of determining accounting estimates were applied consistently, and no material changes were recognized.
- Transactions with related parties were strictly controlled and complied with the provisions of the law and the Charter, the Company's regulations on control of related party transactions.

IC and RM System

- The Company has been maintaining an effective RM and IC framework, including the issued policy and procedures of RM and IC. The applied processes and regulations have actively contributed to improving the effectiveness of IC and RM.
- The Company has implemented and updated the Company-wide Risk List, that is considered a common basis for all departments and units to organize effective risk management and internal control. Thereby, RM reports are prepared periodically or irregularly depending on the arising risk level.
- In 2022, the Company also implemented a comprehensive assessment on the IC system in accordance with J-SOX standard (Sarbanes-Oxley Act - Japan) requested and supported by the parent company - Taisho Group.
- The Company has set up a monitoring apparatus and mechanism for professional ethics compliance, fraud prevention, including the operation of the Compliance Monitoring Council and a hotline to receive information and denounce violations. Professional compliance monitoring has had a deterrent effect, preventing misconduct at all levels of leaders and employees.
- AC assesses that RM activities and improvement of the IC system are implemented seriously and effectively, so that it can timely identify, evaluate appropriately, and take appropriate action to deal with risks.

REPORT OF THE AUDIT COMMITTEE (cont.)

Internal Audit

- IA plays an essential position and role in the corporate governance system. It has been designed, organized, and implemented in accordance with provisions of law. AC always monitors to ensure quality and effective internal audit activities.
- IA Department completed the assigned audit task in 2022 as approved in the annual IA plan.
- AC recommends that the Company should perfect the IA management personnel apparatus soon so that it can meet higher audit requirements of the BOM.

Law compliance

DHG Pharma owns a specialized legal apparatus to support legal issues for departments, monitor and regularly update legal provisions in corporate management and pharmaceutical business. Simultaneously, Legal Department also assesses legal risks from policy factors to specific applications at the Company, enabling them to ensure that DHG Pharma fully complies with law provisions.

Evaluation on results and quality of Independent Auditor

The independent auditor - Deloitte audited the 2022 financial statements and has successfully completed the task, fully fulfilled the obligations under the audit contract signed with DHG Pharma, and met the expectations of the Audit Committee on key criteria such as ensuring the reliability, truthfulness and quality of the audited financial statements; complying with the prescribed audit time limit; complying with professional regulations and ensuring independence and objectivity when giving audit opinions.

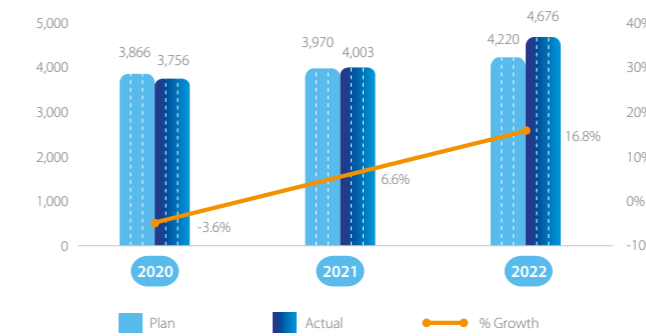


FINANCIAL STATEMENT ANALYSIS

BUSINESS RESULTS

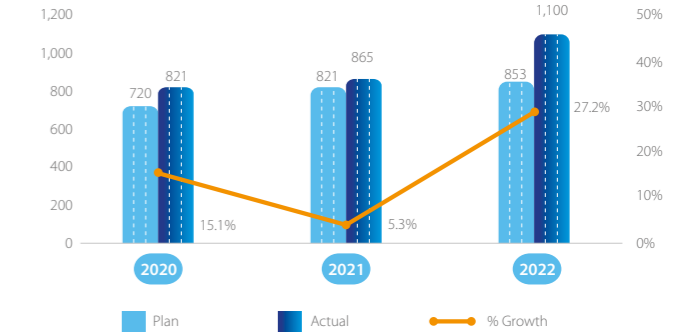
NET SALES

Unit: VND billion

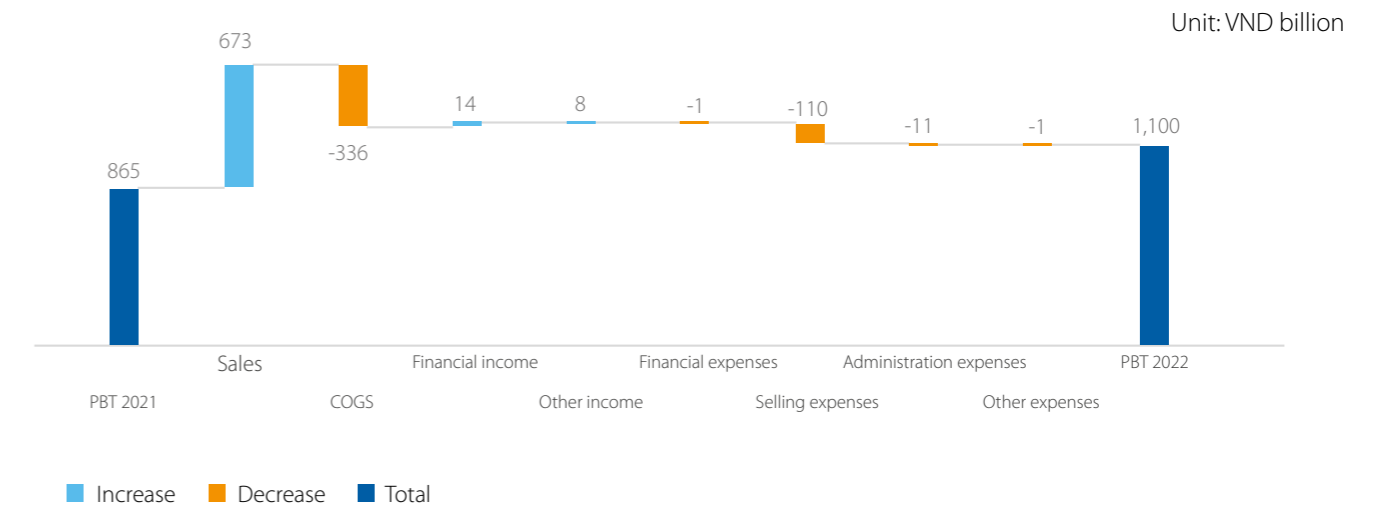


PROFIT BEFORE TAX

Unit: VND billion



PROFIT BEFORE TAX IN 2021 AND 2022



Source: Audited financial statements of DHG Pharma

The year 2022 witnessed a strong recovery in healthcare spending, in which one cannot fail to mention the significant consumption demand for medicine. The Covid-19 pandemic has been under control, but many new and potentially dangerous variants can cause an outbreak at anytime. People have increased demands for preventive and post-Covid-19 treatment medications. In addition, diseases like influenza and dengue fever demonstrated unusual signs, causing the need for medicine to increase. DHG Pharma entered a phase of flexible safety adaptation while simultaneously ramping up

production to meet the market's medicine demand quickly. By closely following the targets assigned by the General Meeting of Shareholders, DHG Pharma has successfully completed 110.8% of the net sales plan and 128.9% of the pre-tax profit plan. Profit after tax reached VND 988 billion, up 27.3% over the same period. This is the highest profit level during the Company's operation, demonstrating the dedication and responsibility in the work of the staff, the Executive Board, and the Board of Directors, contributing to helping the Company maintain its leading position in the Vietnamese pharmaceutical market.

FINANCIAL STATEMENT ANALYSIS (cont.)

NET SALES



Source: Audited financial statements of DHG Pharma

Domestic goods played a crucial role in net sales growth, with a contribution value of VND 562 billion. Domestic net sales in 2022 reached VND 3,910 billion, up 16.8% over the same period. This is the highest growth rate in the same period in the last five years. The compound annual growth rate (CAGR) of domestic goods in 2018 - 2022 reached 6.7%, higher than the average growth rate of 4.8% of total net sales.

By category

In 2022, antibiotics, analgesic - antipyretic are still the two fundamental categories with the most substantial growth with a CAGR of 23%, followed by the respiratory category with a growth rate of 21%. The reason for the development of these three categories is the increase in demand for preventative, post-Covid-19 treatment medicine, and flu medicine. DHG Pharma had well forecasted, stocked raw materials, and deployed large-scale production of products in the antibiotic, analgesic - antipyretic categories while other businesses struggled to find the production source. In addition, categories, namely cardiovascular-diabetes, and gastrointestinal-hepatobiliary, have good growth potential due to the inevitable trend of modern disease treatment. The main factors driving the growth of these two categories are the contribution of new products, products meeting Japan-GMP standards, and the increase in winning bids.

By brand

Hapacol continued to be the most significant contributor to the development of DHG Pharma, with a considerable growth rate of up to 19%. Hapacol brand is known for its analgesic-antipyretic product line, which is produced in many different dosage forms and diverse content to help meet the needs of many customers. In 2022, the Hapacol brand was favored due to increased consumption demand in preventing and treating diseases such as Covid-19, colds, flu, dengue fever, etc. The main products in the Hapacol brand include Hapacol 650, Hapacol Effervescent, Hapacol 250, and Hapacol 150. These products are all highly appreciated for their effectiveness and safety by several consumers. Hapacol's communication campaign in 2022 with the message "Reducing pain and fever for the whole family" made a positive impression on customers while helping to increase sales. This shows that Hapacol has launched a very successful communication strategy and continues to strengthen its market position. The following Hapacol brands are Klamentin, Apitim, Zaromax, and Bocalex brands. Five brands in the Top 20 of DHG Pharma's brands with the best growth include Bipp, Zaromax, Haginir, Aticef, and Haginat.

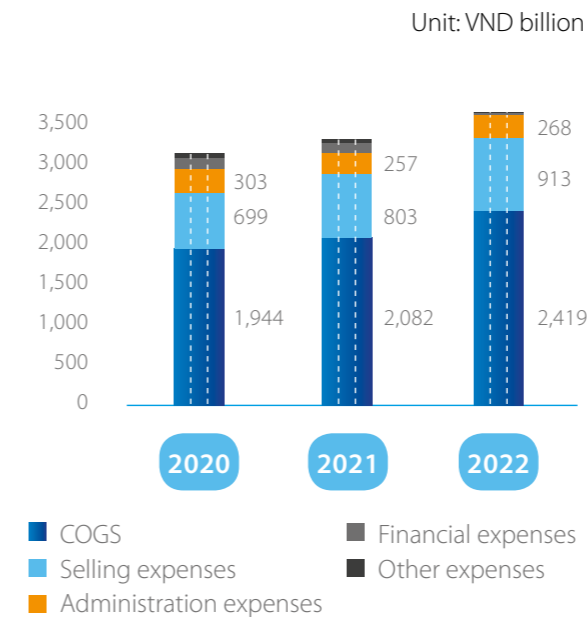
By channel

With the advantage of a deep, wide, and nationwide distribution system, Pharmacy Channel continues to play a vital role in DHG Pharma's business strategy. As a result, both channels had strong growth over the same period, in which the Pharmacy Channel contributed 77% of the total increase of VND 562 billion in domestic sales.

Exports recorded a remarkable growth with an increase of 35.7%, equivalent to a rise in the value of VND 31 billion. Export sales increased mainly in Afghanistan, Cambodia, Malaysia, Turkey, Moldova, and Indonesia. Other goods include processing, raw material trading, promotional goods, OEM business, and other goods. Sales from other goods

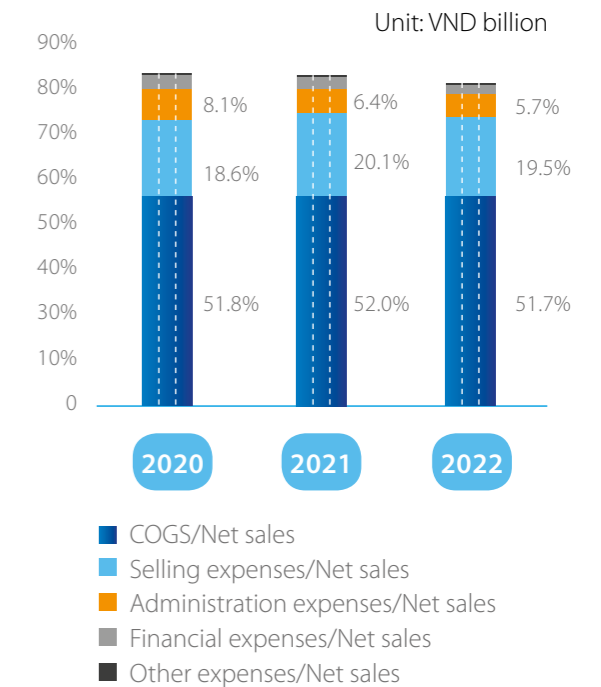
reached VND 649 billion, up 14.0% over the previous year. The most significant contribution to this growth is outsourcing activities, as this is a product line to support the treatment of respiratory diseases. As a result, the demand increases, so the partners increase processing orders for DHG Pharma.

COST STRUCTURE



From 2020 to 2022, costs of goods sold accounted for the highest proportion of total expenses and accounted for about 52% of DHG Pharma's total sales. However, the cost of goods sold to the total sales structure of DHG Pharma was the lowest compared to other pharmaceutical manufacturers. In 2022, despite facing many difficulties, such as the Russia-Ukraine war, the shutdown of the Chinese economy during the Covid-19 pandemic, and the Federal Reserve's (FED) interest rate hike, DHG Pharma still had the advantage of scale and on-time raw materials storage, which helped DHG Pharma minimize the impact of scarce raw material supply, the sales sudden increase in raw material prices and fluctuations in the USD/VND exchange rate. This is the most advantageous point of DHG Pharma compared to other pharmaceutical manufacturers.

Selling expenses accounted for an average rate of over 19% of total sales. This cost is relatively high compared to listed companies in the same industry. As a result, selling expenses to total sales in 2022 decreased compared to 2021. However, the absolute number increased by VND 110 billion mainly due to the increase in costs for sales staff and due to the increase in bonuses based on sales; the seminars and events were held again when the pandemic was under control, and transportation costs rose due to increased fuel prices.



Source: Audited financial statements of DHG Pharma

Administration expenses fluctuated over the years. In absolute numbers, administration expenses in 2021 decreased by 15.1% and increased by 4.3% in 2022. However, administration expenses to total sales gradually reduced from 8.1% in 2020 to 5.7% in 2022. In 2022, the salary and bonus costs for staff of the back-office sector were relatively stable based on the Key Performance Indicator (KPI), and the Company refunded provisions for bad debts and allowance for job loss.

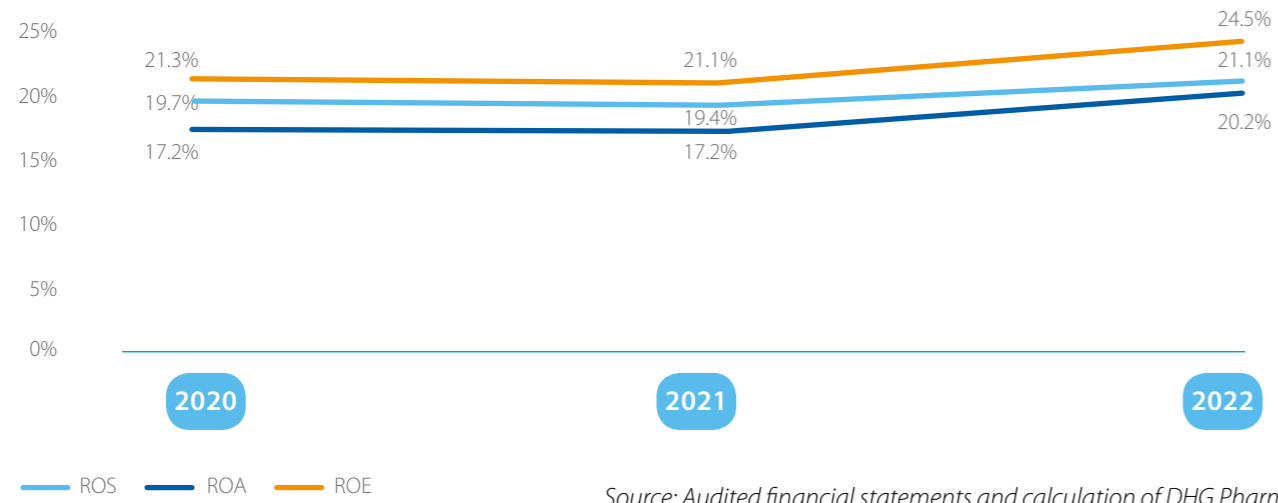
Financial expenses had a decreasing proportion of total sales between 2020 to 2022 at the rate of 3.2% - 2.5% - 2.2%. However, financial expenses in 2022 still increased by VND 2 billion due to an increase in the loss of exchange rate difference of nearly VND 9 billion despite a decrease in payment discount over the same period.

Other costs accounted for a tiny proportion of the cost structure, less than 1%. In 2022, DHG Pharma did not record a loss on liquidation of fixed assets but increased by more than VND 9 billion from individual business household tax.



FINANCIAL STATEMENT ANALYSIS (cont.)

PROFITABILITY RATIO

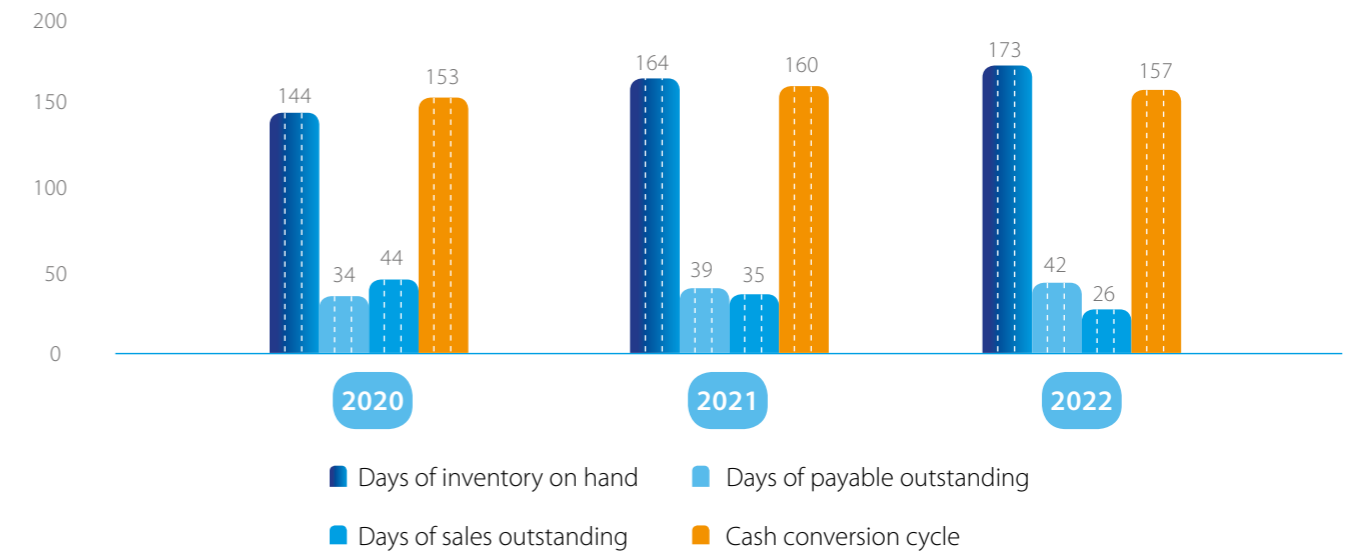


Source: Audited financial statements and calculation of DHG Pharma

Profitability ratios have all improved significantly in 2022. The improvement in profit margin from 2020 to 2022 helps DHG Pharma rank number one among listed pharmaceutical companies in the same industry, consolidating its leading position in production and business efficiency. Details are as follows:



OPERATIONAL PERFORMANCE

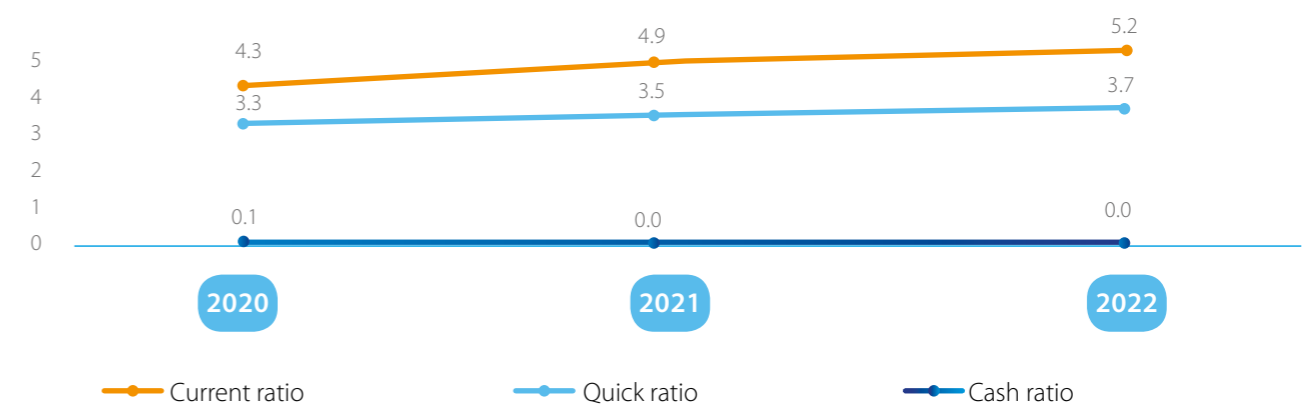


Source: Audited financial statements and calculation of DHG Pharma

The cash conversion cycle in 2022 reached 157 days, down 3 days from the previous year. In which, the average number of days in inventory increased by 9 days due to increased demand for the storage of finished products and raw materials. High inventory of finished products is due to large batch production to reduce costs and save production costs, while simultaneously meeting the demand for goods across the country and maintaining market share. Raw material inventory is high as the Company

purchases in larger quantities to get better prices and reserves more raw materials to minimize risks from price fluctuations and foreign exchange rates. The average number of days of receivables decreased by 9 days when debt collection efficiency improved, and bad debts were thoroughly handled to help increase cash income from sales activities. The average number of days of payables fluctuates over 40 days, mainly payments for raw materials and goods.

PAYMENT CAPABILITY

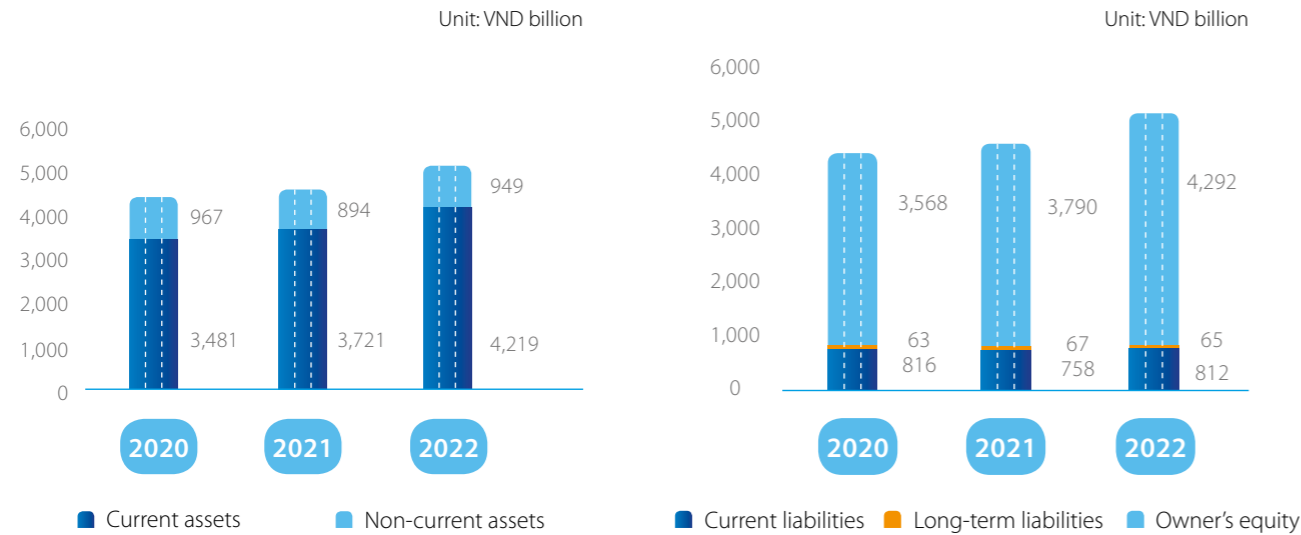


Source: Audited financial statements and calculation of DHG Pharma

On average, DHG Pharma has its short-term and quick solvency at 5 times and 3 times higher than the required capability. These ratios are high and safe, which reflects the Company's strong ability to pay bills for good debt. The cash ratio is low as the Company utilizes idle money for termed deposits. The cash and cash equivalents are kept at a sufficient level to ensure production and business activities.

FINANCIAL STATEMENT ANALYSIS (cont.)

ASSETS – CAPITAL STRUCTURE



Source: Audited financial statements and calculation of DHG Pharma

ASSETS

As of 31 Dec 2022, the total assets of DHG Pharma increased from VND 4,615 billion to VND 5,168 billion, up 12% over the same period.

In terms of scale, short-term assets increased by VND 498 billion, up 13.4% over the previous year. Short-term financial investments during the year (mainly deposits under 12 months) increased sharply by VND 245 billion, up 11.6% over the same period last year. Deposit interest rates continued to rise significantly and stayed high to increase deposits, control inflation, prepare for interest rate increases from the Fed, and lessen the pressure on exchange rates. This is a safe and effective investment channel for the Company's idle money. Inventory value at the end of 2022 increased by VND 178 billion, up 16.6% compared to the previous year. The Company reserves more materials from the end of 2021, and this trend will continue to be maintained through 2022 to cope with the global logistics situation that is often congested by the effects of war and blockade in China. In addition, short-term receivables increased by VND 62 billion due to increased short-term advances to suppliers to maintain reasonable prices. However, short-term trade receivables were only VND 320 billion, down 12% over the same period. Provision for short-term doubtful debts changed from VND 49 billion to VND 40 billion, indicating the effectiveness of measures to control, manage, and collect debts timely and closely to each locality which helps the Company avoid long-term appropriation and adverse effects on the Company's performance and profitability. Other items, including cash, cash equivalents, and other short-term assets, fluctuated in a negligible manner. Long-term assets only increased by 6% over the same period, lower than the growth rate of short-term assets.

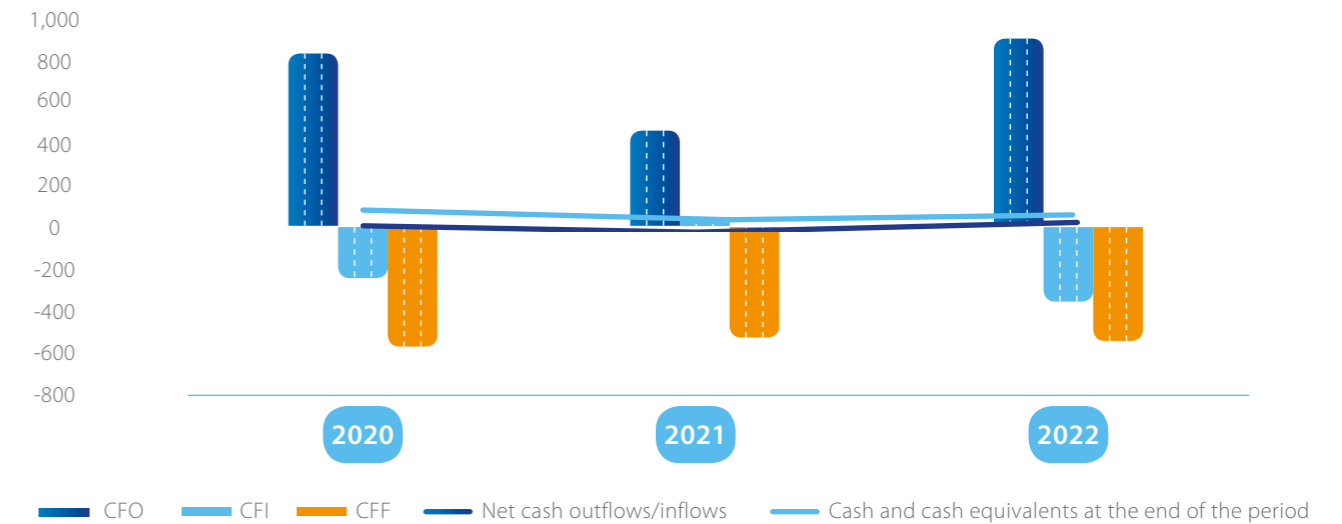
The Company has completed the construction of the office building/sub-project of DHG Pharma's branch in Hau Giang and continues to implement the investment project to expand the Pharmaceutical factory and DHG Packaging Printing Factory. As such, long-term unfinished assets increased by VND 23.1 billion. Simultaneously, the investment items of fixed assets have not been carried out according to the schedule, affecting the timeline for pre-acceptance work and putting some investment items into use. This leads to the fact that the new historical cost of the assets did not increase at the same level as the depreciation expense for the period.

In terms of structure, there is a clear tendency to increase short-term assets and decrease long-term assets. Short-term assets accounted for the majority of total assets, with a proportion of 81.6% in 2022. The proportion of inventory increased to 24.2% in 2022 to ensure sufficient goods to serve sales demand in the current situation when the supply chain has many complex fluctuations. Receivables were maintained at a good level of 10.7% to limit capital misappropriation. Cash and cash equivalents accounted for less than 1%, but in return, short-term financial investments accounted for 45.6%, helping to increase capital efficiency. For long-term assets, the proportion of long-term assets in total assets decreased to only 18.4% in 2022. However, this is a temporary trend as the Company started investing in investment projects to expand the Pharmaceutical factory and DHG Packaging Printing Factory.

CAPITAL RESOURCES

With abundant capital, the proportion of equity over total capital as of 31 Dec 2022 remained high, accounting for 83%. In addition, owner's equity increased by 13.2% year-over-year, reaching VND 4,292 billion thanks to the significant undistributed earnings after tax retained from 2021. For liabilities, the ratio of liabilities to total resources and debt to equity continuously decreased over the years and remained low. These show that the Company's capital is mainly financed by equity; thus the Company does not face any risks in debt repayment.

CASH FLOW



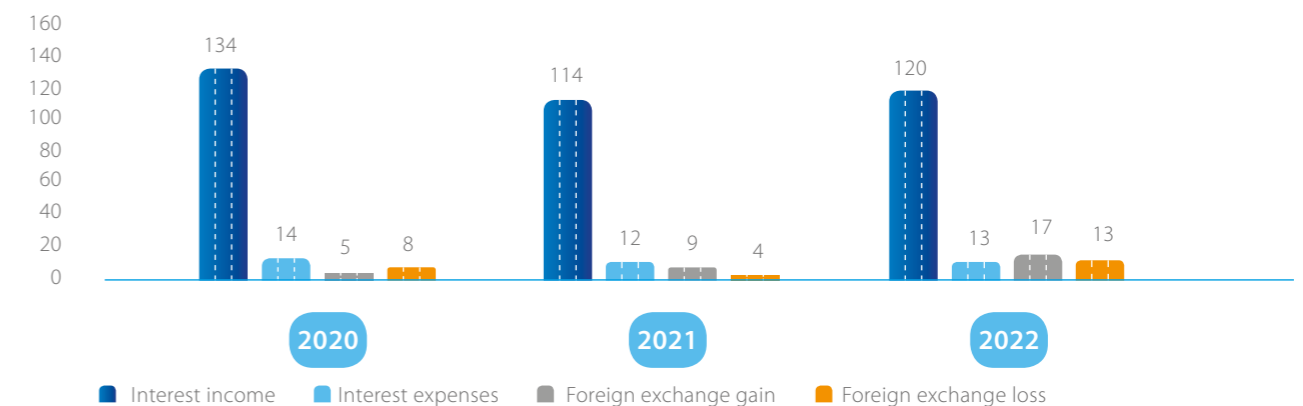
Source: Audited financial statements and calculation of DHG Pharma

Note: CFO: Cash flow from operating activities; CFF: Cash flow from financing activities; CFI: Cash flow from investing activities

Cash flow from manufacturing and business activities at the end of the year increased strongly compared to the same period last year, up from VND 453.4 billion to VND 901.3 billion. Also, inventories at the end of 2021 remained very high due to the need to reserve raw materials and goods. In 2022, the reserve demand was still ongoing but less stressful than during the pandemic, so the cash flow for inventory decreased from VND 246.3 billion to VND 177.9 billion. Some accounts payable to sellers are not yet due, which is the principal cause for the increase in payables. Profit before tax reached a high level, along with increased payables, and reasonably stocked inventories, contributing to maintaining

optimal working capital for manufacturing and business activities. Besides, spending on procurement, construction of fixed assets, and other long-term assets increased the deficit to VND 234 billion, making cash flow from investing activities grow to VND 353.7 billion. For financing activities, the dividend payment was reduced to VND 457.6 billion but DHG Pharma increased the cash flow to pay the principal, so the net cash flow from financing activities increased the deficit from VND 527.9 billion to VND 550.3 billion. The cash balance was virtually unchanged year-over-year since net cash flows for the period between the three operations were close to zero.

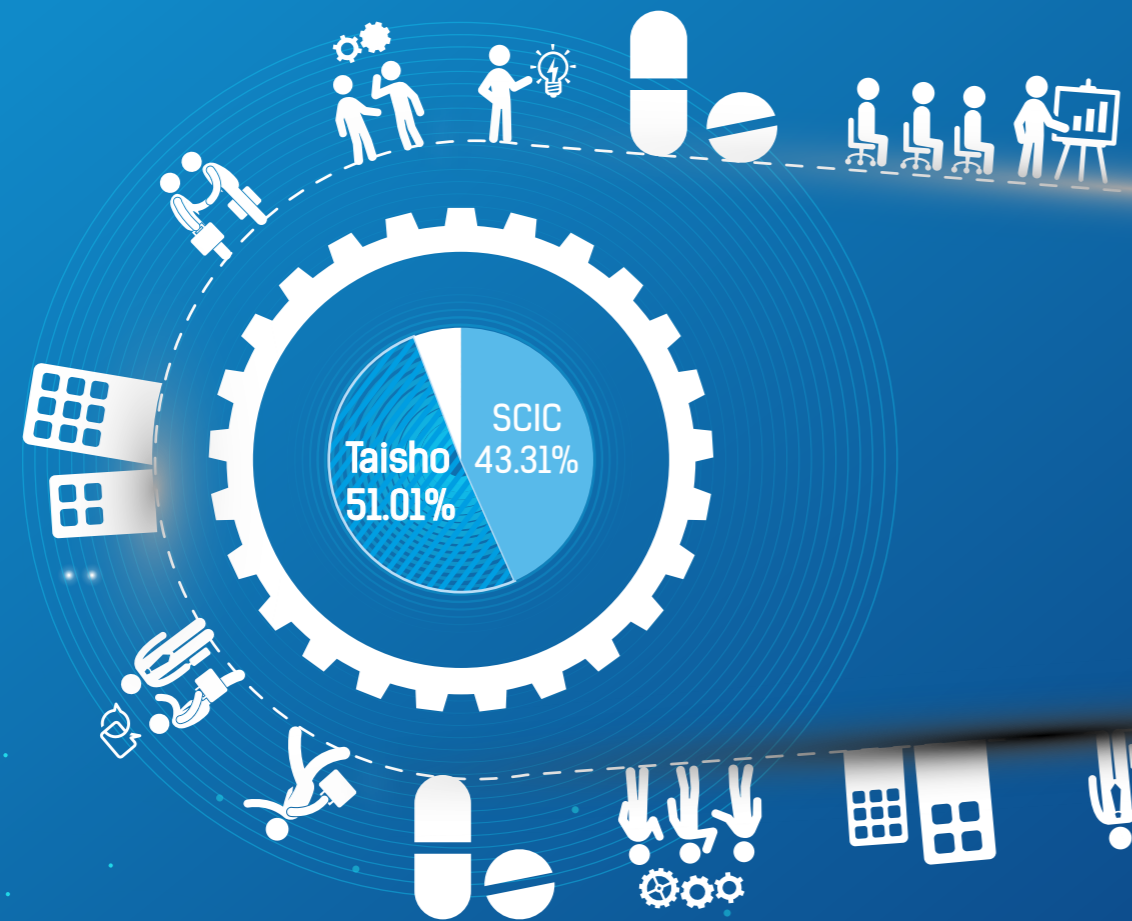
ASSESSMENT OF IMPACTS OF CURRENCY RATE DIFFERENCE AND LOANS



Source: Audited financial statements and calculation of DHG Pharma

With a ratio of over 80%, equity is the primary source of capital for the manufacturing and business activities of the Company. Also, the total deposit amount was VND 2,355 billion as of 31 Dec 2022. Profit from bank deposits (interest income - interest expenses) in 2022 reached VND 108 billion, up 5.4% compared to 2021, thanks to increased interest rates. This income also accounts for 10% of the Company's total profit before tax.

More than 80% of the value of raw materials purchased in the period was made through imports and payments in foreign currencies. Therefore, the Company was partly affected by the exchange rate differences. In this situation, the Company always proactively takes action to hedge against exchange and interest rate risks via buy/sell/spot contracts, forex forward contracts, etc.



CORPORATE GOVERNANCE REPORT

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SHARE INFORMATION AND SHAREHOLDER STRUCTURE

SHARE INFORMATION



Share name

SHARE OF DHG PHARMACEUTICAL JSC



Ticker symbol

DHG



Share exchange

HOCHIMINH STOCK EXCHANGE

Charter capital

VND 1,307,460,710,000

Par value

VND 10,000 (Ten thousand dong)

Type of share

Ordinary share

Number of listed and outstanding shares

130,746,071 SHARES

Number of treasury shares

NONE



SHARE INFORMATION AND SHAREHOLDER STRUCTURE (cont.)

Fluctuation of DHG share in 2022 (*)

No.	Indicators	Unit	Value
1	Share price	VND	84,900
2	Market capitalization	VND billion	11,100
3	From 04 Jan 2022 to 30 Dec 2022		
	Highest price	VND	123,000
	Lowest price	VND	79,900
	Average trading volume	shares/day	19,892
	Average trading value	VND billion/day	2.02
4	Foreign ownership limit (FOL)	%	100%
	Ownership rate of foreign shareholders	%	54.23%
5	EPS	VND	7,318
6	P/B	Time	2.6
7	P/E	Time	11.6

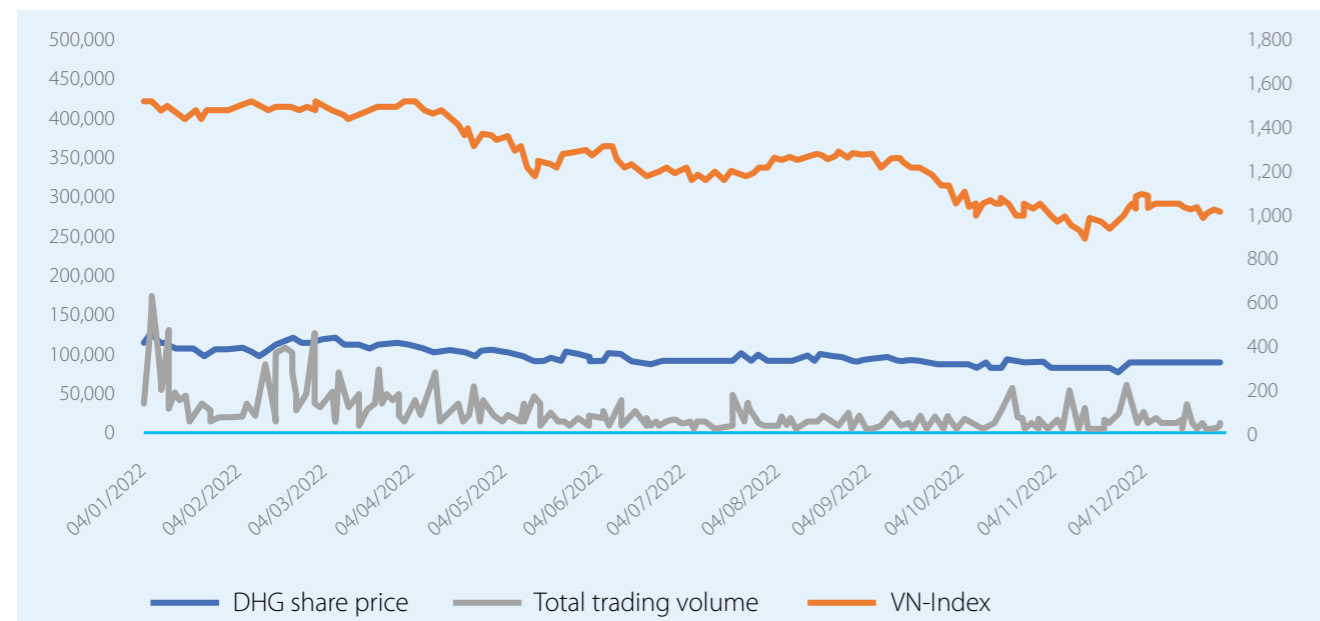
(*) Share prices and related information finalized on 31 Dec 2022
 Source: website <https://vietstock.vn/> and calculation of DHG Pharma

2022 was a year of significant fluctuations in the Vietnamese stock market as the VN-Index closed at 1,007 points, down 32.8% from the end of 2021, and was among the hardest-hit stock markets in the world in 2022. The market downturn was attributed to various factors, such as the impact of the Russia-Ukraine conflict,

the FED's continuous interest rate hikes, adverse effects from financial market misconduct, tightening monetary policies, and rising interest rates and exchange rates and so on. On the stock market, DHG shares traded at VND 84,900/share on 30 Dec 2022, down nearly 25% from the end of 2021.

Total trading volume and price of DHG share from 04 Jan 2022 to 30 Dec 2022

Unit: Total trading volume (shares); Share price (VND); VN-Index (points)



Source: website <https://vietstock.vn/>

TREASURY SHARES TRANSACTIONS

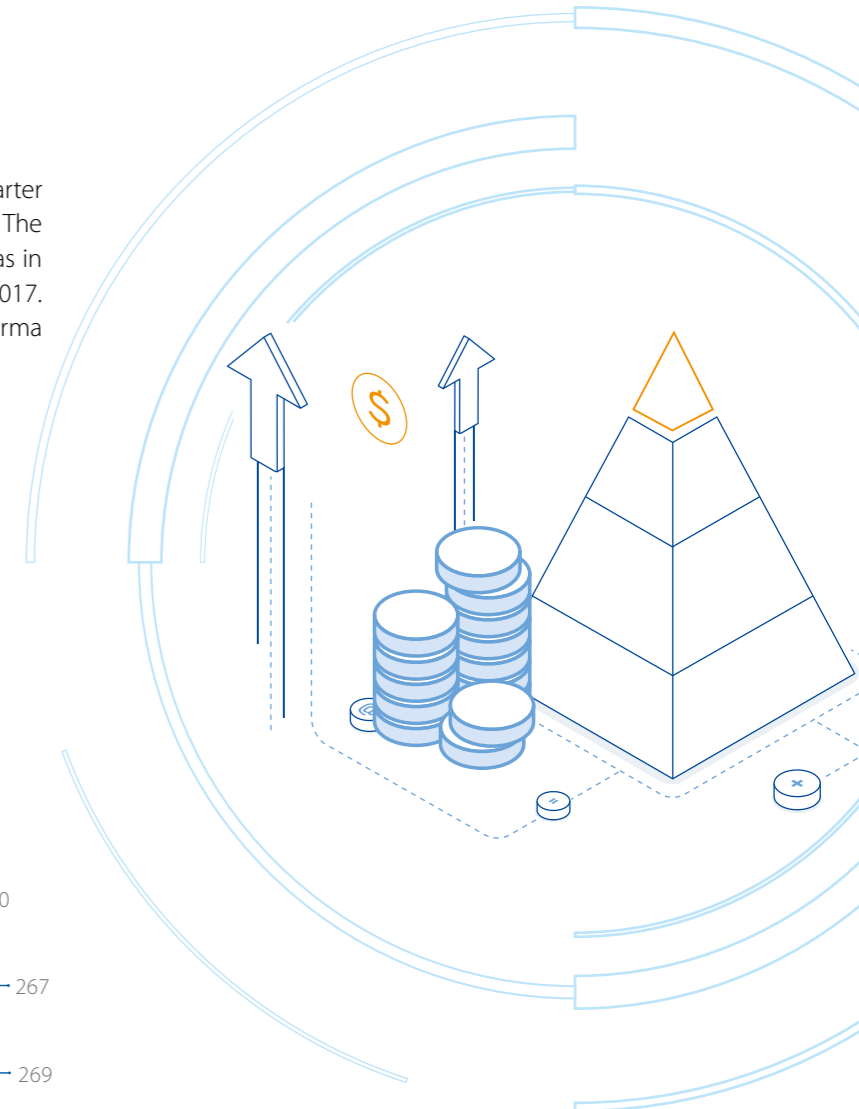
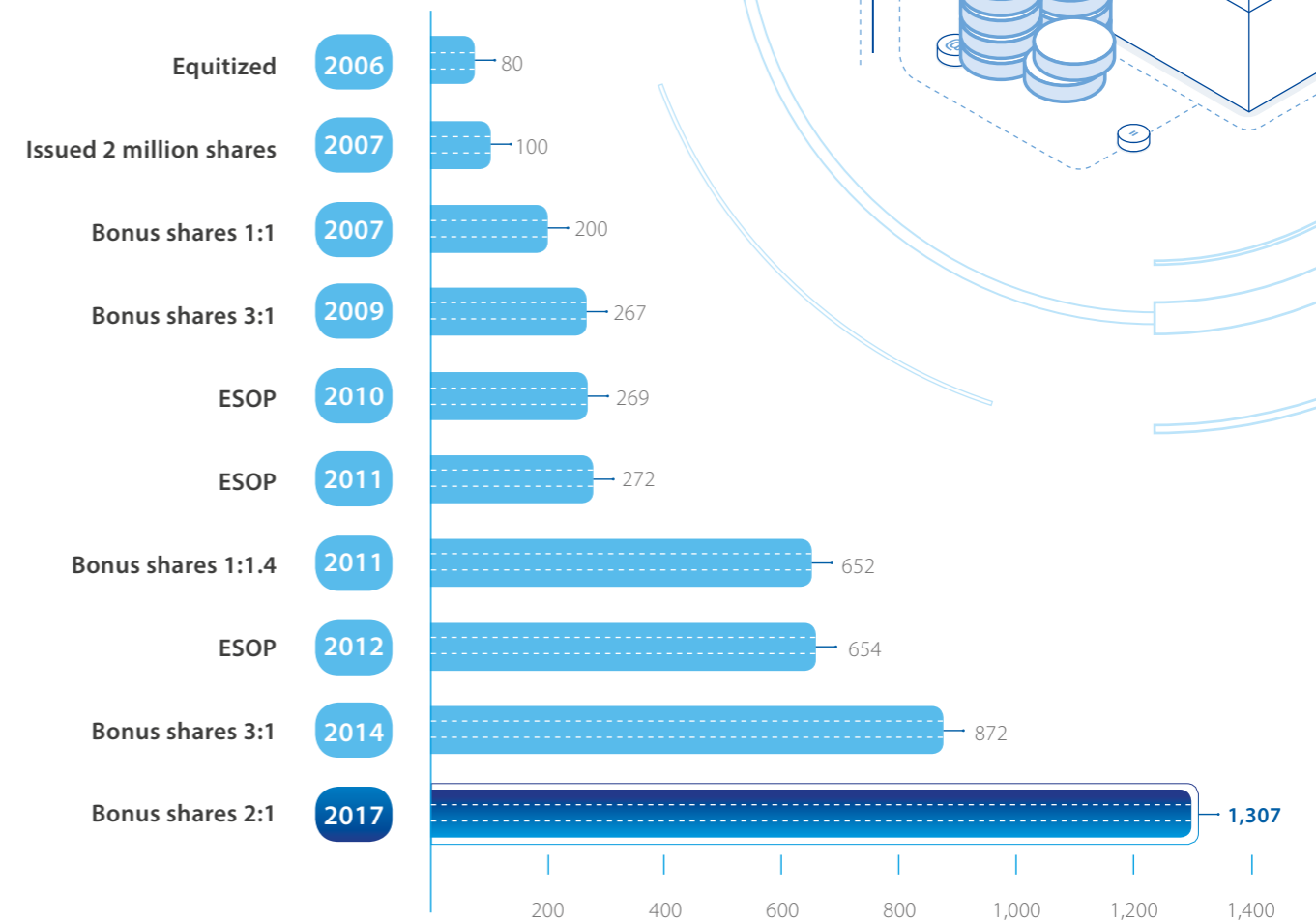
In 2022, DHG Pharma did not make any treasury share transaction. At present, the number of treasury shares that the Company is holding is 0 share.

CHANGES IN OWNER'S CONTRIBUTED CAPITAL

Since equitization, the Company has increased its charter capital 9 times from VND 80 billion to VND 1,307 billion. The latest time DHG Pharma increased its charter capital was in the form of issuing bonus shares at a ratio of 2:1 in 2017. Since then, the owner's contributed capital at DHG Pharma has not changed.

Timeline for increasing the charter capital

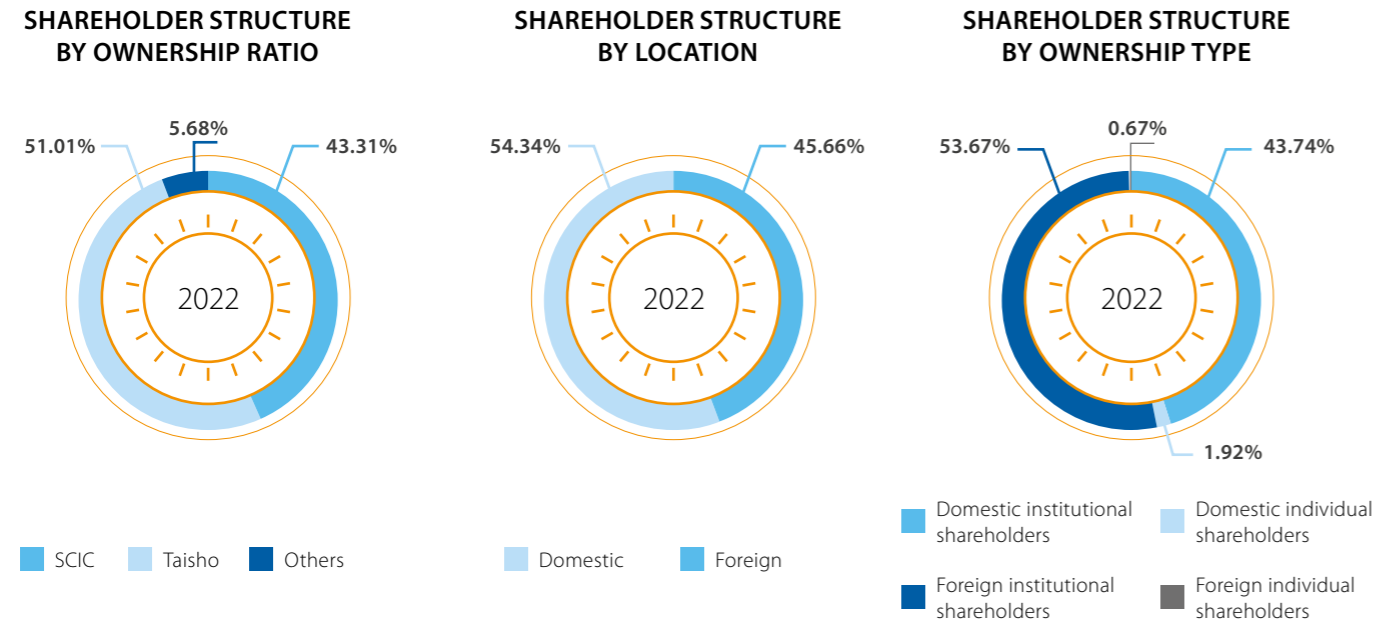
Unit: VND billion



SHARE INFORMATION AND SHAREHOLDER STRUCTURE (cont.)

SHAREHOLDER STRUCTURE

According to the list of shareholders on 17 Mar 2023, DHG Pharma's shareholder structure is as follows:



Shareholder structure by type of shares

Subject	Restricted shares	Transferable shares	Total	Ownership ratio (%)
Internal persons	-	56,702	56,702	0.04%
The Company's Union	-	538,147	538,147	0.41%
Other shareholders	9	130,151,213	130,151,222	99.55%
- Domestic	9	59,103,514	59,103,523	45.20%
- Individual	-	2,458,862	2,458,862	1.88%
- Organization	9	56,644,652	56,644,661	43.32%
- Foreign	-	71,047,699	71,047,699	54.34%
- Individual	-	872,867	872,867	0.67%
- Organization	-	70,174,832	70,174,832	53.67%
TOTAL	9	130,746,062	130,746,071	100.00%

Note: The restricted shares are 9 shares of SME Securities Corporation due to temporary suspension of clearing activities.

Shareholder structure by type of shareholders

No.	Subject	Number of shares	Ownership ratio (%)	Number of shareholders	Shareholder structure	
					Organization	Individual
1	States shareholders (SCIC)	56,626,237	43.31%	1	1	-
2	Major shareholders	66,697,052	51.01%	1	1	-
	- Domestic	-	-	-	-	-
	- Foreign	66,697,052	51.01%	1	1	-
3	The Company's Union	538,147	0.41%	1	1	-
4	Treasury shares	-	-	-	-	-
5	Other shareholders	6,884,635	5.27%	3,443	81	3,362
	- Domestic	2,533,988	1.94%	2,916	29	2,887
	- Foreign	4,350,647	3.33%	527	52	475
	TOTAL	130,746,071	100.00%	3,446	84	3,362
	In which: - Domestic	59,698,372	45.66%	2,918	31	2,887
	- Foreign	71,047,699	54.34%	528	53	475

Transactions on DHG share of internal persons and related persons

Reporting period: 17 Mar 2023

No.	Transaction executor	Relationship with internal person	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reasons for increase, decrease (purchase, sale, switch, reward, etc)
			Number of shares	%	Number of shares	%	
INTERNAL PERSONS							
1	Le Thi Hong Nhung	Finance Director	3,426	0.00%	49,426	0.04%	Purchase and sales of shares
2	Vo Van Kim Y	Technical Director	65	0.00%	0	0	Sales of shares
RELATED PERSON							
3	Le Thi Hong Gam	Related person of Ms. Le Thi Hong Nhung	-	-	11,600	0.01%	Purchase and sales of shares



SHARE INFORMATION AND SHAREHOLDER STRUCTURE (cont.)

DHG Share ownership of internal persons (**)

(**) Number of shares owned according to the list of shareholders on 17 Mar 2023

No.	Full name	Title	Number of shares held		Total shares held	Owner -ship ratio
			Representative ownership	Personal ownership		
I. BOD MEMBERS TERM IV (2019 – 2023)						
1	Dang Thi Thu Ha	BOD Chairwoman Member of the Audit Committee	34,000,000 (SCIC's capital representative)	-	34,000,000	26.00%
2	Doan Dinh Duy Khuong	BOD member Chief Operating Officer (COO) Authorized person to disclose information Distribution Director	22,626,237 (SCIC's capital representative)	7	22,626,244	17.31%
3	Jun Kuroda	BOD member	-	-	-	-
4	Masashi Nakaura	BOD member Former General Director (CEO)	-	-	-	-
5	Maki Kamijo	BOD member Member of the Audit Committee	-	-	-	-
6	Do Le Hung	Independent Board Member Chairman of the Audit Committee	-	-	-	-
7	Nguyen Thi Viet Thanh	Independent Board Member	-	-	-	-

Transactions between the Company and its related persons; or between the Company and its major shareholders, internal persons and related persons of internal persons

No.	Name of organization/ individual	Relationship with the Company	NSH No.*	Date of issue	Place of issue	Address	Time of transactions with the Company	Resolution No. or Decision No. approved by AGM/ BOD (if any, specifying date of issue)	Content of transaction	Total value of transaction	Note
1	The State Capital Investment Corporation ("SCIC")	Major shareholder	0101992921	13 May 2019	Department of Planning and Investment of Hanoi	No. 117 Tran Duy Hung Street, Trung Hoa Ward, Cau Giay District, Hanoi City, Vietnam	FY 2022	Resolution No. 001/2022/NQ.ĐHĐCĐ dated 18 Mar 2022	Dividends in 2021 paid	198,191,829,500	
2	Taisho Pharmaceutical Co., Ltd. ("Taisho")	Parent company	0133 - 01-006867		Japan	1-24-3 Chome, Takada, Toshima-ku, Tokyo, Japan	FY 2022	Resolution No. 001/2022/NQ.ĐHĐCĐ dated 18 Mar 2022	Dividends in 2021 paid	233,439,682,000	
							FY 2022	Resolution No. 007/2021/NQ.HĐQT dated 30 July 2021	Purchases of goods and services	5,683,220,744	
							FY 2022	- Resolution No. 007/2021/NQ.HĐQT dated 30 July 2021 - Decision No. 010/2022/QĐ.HĐQT dated 10 May 2022	Support raw materials and goods	4,217,453,993	
3	Taisho Vietnam Co., Ltd.	Taisho's subsidiary	4200381102			3A Ton Duc Thang St., Ben Nghe Ward, Dist. 1, HCM City, Vietnam	FY 2022	Resolution No. 007/2021/NQ.HĐQT dated 30 July 2021	Purchases of goods and services	676,792,760	
4	Hoe Pharmaceuticals Sdn.Bhd	Taisho's subsidiary	C089593900			B-3A-07, Dataran 32, No.2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia	FY 2022		Sales of goods and provision of services	4,103,559,364	
							FY 2022	Resolution No. 007/2021/NQ.HĐQT dated 30 July 2021	Techno-logy transfer and product develop-ment	1,280,950,000	
									Present	29,298,309	
5	Taisho Pharmaceutical (Thailand) Co., Ltd.	Taisho's subsidiary	0105564080041			1126/2 Vanit Building II, 34th floor, Room 3401,3404 New Petchburi Roaad, Makkasan, Ratchathewi, Bangkok 10110	FY 2022	Resolution No. 007/2021/NQ.HĐQT dated 30 July 2021	Purchases of goods and services	12,139,848	

No.	Full name	Title	Number of shares held		Total shares held	Owner -ship ratio
			Representative ownership	Personal ownership		
II. INTERNAL PERSONS						
1	Toshiyuki Ishii	General Director (CEO)	-	-	-	-
2	Doan Dinh Duy Khuong	BOD member Chief Operating Officer (COO) Authorized person to disclose information Distribution Director	22,626,237 (SCIC's capital representative)	7	22,626,244	17.31%
3	Nguyen Ngoc Diep	Deputy General Director cum Quality Director	-	3,180	3,180	0.00%
4	Tomoyuki Kawata	Deputy General Director cum Supply Chain Director	-	-	-	-
5	Le Thi Hong Nhung	Finance Director	-	49,426	49,426	0.04%
6	Tran Duy Hung	Marketing Director	-	-	-	-
7	Nguyen Ngoc Chuong	Production Director	-	-	-	-
8	Vu Thi Huong Lan	HR Director	-	2,800	2,800	0.00%
9	Vo Van Kim Y	Technical Director	-	-	-	-
10	Ho Buu Huan	Chief Accountant	-	929	929	0.00%
11	Tran Thi Nhung Gam	BOD Secretary, Person in charge of corporate governance	-	360	360	0.00%

Note: NSH* No.: ID card No./Passport No. (As for individuals) or Business Registration Certificate No., License on operations or equivalent legal documents (As for organizations).

PERFORMANCES OF THE BOD

MEMBERS AND STRUCTURE OF THE BOD



The AGM, which was held on 11 Jun 2019, approved the number of BOD members term IV (2019 – 2023) to be 07 members. In which: The number of Independent Board Members is 02 members. The BOD member structure term IV (2019 – 2023) has ensured the balance between executive members, non-executive members, and independent members in accordance with the provisions of the Company's Charter, the Internal Regulation on Corporate Governance. Specifically, Article 32 of DHG Pharma's Charter on organization and operation stipulated that: (i) At least one-third (1/3) of the Board of Directors' members are non-executive members

and (ii)... Having at least 02 independent board members if DHG PHARMA has from 06 to 08 members of the Board of Directors. In addition, the Company clearly separates the positions of the BOD Chair position and the General Director position as a way to distinguish between the supervisory and executive roles, avoid conflicts of interests that may arise and minimize centralized power as well as ensures necessary independence in the decision-making process. 07/07 members of the BOD may concurrently be members of the BOD of other companies, yet they must not be BOD's members in more than five (05) other companies.

No.	BOD members	Independent Board member	Non-executive BOD member	Executive BOD member
1	Ms. Dang Thi Thu Ha		X	
2	Mr. Jun Kuroda		X	
3	Mr. Masashi Nakaura (*)		X	
4	Mr. Doan Dinh Duy Khuong			X
5	Mr. Maki Kamijo		X	
6	Mr. Do Le Hung	X		
7	Ms. Nguyen Thi Viet Thanh	X		

(*) As at 31 Dec 2022, Mr. Masashi Nakaura ceased to hold the position of General Director (CEO) due to retirement according to the regime. Since that time, Mr. Masashi Nakaura shall become a non-executive BOD member.

PERFORMANCES OF THE BOD IN 2022



In 2022, the BOD conducted 11 meetings, issued 11 Resolutions and 26 Decisions to solve issues under the functions and authorities of the BOD. In which, there were 03 face to face meetings and 08 meetings via email.

The BOM was invited to all of the BOD meetings in order to discuss and generate unanimity in the BOD's strategies, business directions over the BOM.

No.	BOD members	Title	The date becoming/ ceasing to be the BOD/ Independent member		Meeting attendance	Rate
			Date of appointment	Date of dismissal		
1	Ms. Dang Thi Thu Ha	BOD Chairwoman Non-executive BOD Member	28 Jul 2017		11/11	100%
2	Mr. Jun Kuroda	Non-executive BOD Member	15 Aug 2016		11/11	100%
3	Mr. Masashi Nakaura	Non-executive BOD Member Former General Director (CEO) (*)	11 Jun 2019		11/11	100%
4	Mr. Maki Kamijo	Non-executive BOD Member	11 Jun 2019		11/11	100%
5	Mr. Doan Dinh Duy Khuong	Executive BOD Member Chief Operating Officer (COO) cum Distribution Director	29 Apr 2010		11/11	100%
6	Mr. Do Le Hung	Independent Board Member	11 Jun 2019		11/11	100%
7	Ms. Nguyen Thi Viet Thanh	Independent Board Member	19 Apr 2021		11/11	100%

(*) As at 31 Dec 2022, Mr. Masashi Nakaura ceased to hold the position of General Director (CEO) due to retirement according to the regime. Since that time, Mr. Masashi Nakaura shall become a non-executive BOD member.



PERFORMANCES OF THE BOD (cont.)

The BOD Resolutions in 2022

No.	Resolution No.	Date	Contents	Approval rate
1	001/2022/NQ.HĐQT	10 Jan 2022	Approving the business plan 2022 submitted to the AGM 2021.	100%
2	002/2022/NQ.HĐQT	25 Jan 2022	Approval of the BOD Secretary report; Report of the BOM on the production and business results in 2021 and 1Q/2022 plan; Report of the Nomination Committee; Report of the Audit Committee. Approving the preparation for the AGM 2021.	100%
3	003/2022/NQ.HĐQT	25 Feb 2022	Approval of the set of AGM 2021 materials and other contents within the BOD's authorities.	100%
4	004/2022/NQ.HĐQT	15 Mar 2022	Approving contents related to the "Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant Project".	100%
5	005/2022/NQ.HĐQT	18 Mar 2022	Implementing the Resolution of the AGM 2021. Considering the business results in 2Ms.2022.	100%
6	006/2022/NQ.HĐQT	10 May 2022	Approval of periodical reports 1Q/2022: The BOD Secretary report; Report of the BOM; Report of the Nomination Committee and other contents within the BOD's authorities.	100%
7	007/2022/NQ.HĐQT	23 Jun 2022	Appointment and relinquishment of the following positions: <ul style="list-style-type: none"> Ms. Huynh Thi Kim Tui - Removal as Distribution Director from 01 Jul 2022. Mr. Doan Dinh Duy Khuong - Concurrently holds the Distribution Director position from 01 Jul 2022. Ms. Ngo Thi Phuong Loan - Removal as Quality Management (QM) Director position from 01 Sep 2022. Ms. Nguyen Ngoc Diep - Concurrently holds the QM Director position from 01 Aug 2022. 	100%
8	008/2022/NQ.HĐQT	21 Jul 2022	Approval of the BOD Secretary report; Report of the BOM on the production and business result in 1H/2022; Report of the Nomination Committee and other contents within the BOD's authorities. Approving the removal of Ms. Duong Kim Loan from the position of BOD Secretary cum Person in charge of corporate governance from 26 Jul 2022. Appointing Ms. Tran Thi Nhung Gam as the BOD Secretary cum Person in charge of corporate governance from 26 Jul 2022.	100%
9	009/2022/NQ.HĐQT	19 Oct 2022	Approval of the BOD Secretary report; Report of the BOM on the production and business result in 3Q/2022 and 4Q/2022 plan; Report of the Nomination Committee and the Audit Committee. Other contents within the BOD's authorities.	100%
10	010/2022/NQ.HĐQT	02 Dec 2022	Appointment/Reappointment of the following positions from 01 Jan 2023 to 31 Dec 2025: <ul style="list-style-type: none"> Mr. Toshiyuki Ishii - Appointment as General Director (CEO), Legal Representative. Mr. Doan Dinh Duy Khuong - Reappointment as Chief Operating Officer (COO). Mr. Tomoyuki Kawata - Reappointment as Deputy General Director in charge of Production - Supply Chain and Technology Transfer. Reappointment of Ms. Nguyen Ngoc Diep as Deputy General Director in charge of Production and Supply Chain from 01 Jan 2023 to 31 Dec 2024.	100%
11	011/2022/NQ.HĐQT	05 Dec 2022	Approving the business plan 2023 submitted to the AGM. Approval of budget limit and credit limit in 2023.	100%

During the business operation in 2022, DHG Pharma's BOD held periodic and extraordinary meetings in order to promptly discuss issues falling under the BOD authorities, to develop development strategies, business and production plans, dividend payment policies, appointment and dismissal decisions for Executives/ Managers as well as other important issues of the Company. Information on the production and business situation, activities of the Committees, etc. were timely and accurately updated by the BOM and the BOD

Secretary before the meetings. The approved contents are usually unanimously agreed by the BOD members before implementation. All BOD members strictly abide by the provisions of the Company's Charter, Internal Regulation on Corporate Governance and applicable law. 100% of BOD members clearly performed their roles and made positive contributions to the development of the Company. When there are issues related to conflict of interest, the BOD members would not vote on issues that they have benefits or conflicts in.

Performances of the Independent Board Members



In 2022, the composition of DHG Pharma's BOD members was 2/7 members, who satisfied the criteria of Independent Board Members. Independent Board Members fully attended BOD meetings, made comments and independently voted on issues and decisions within the BOD's authorities. In addition, independent BOD members also participated in the activities of Committees under the BOD's assignments.



Mr. DO LE HUNG

Independent Board Member, Chairman of the Audit Committee



Ms. NGUYEN THI VIET THANH

Independent Board Member, Chairwoman of the Nomination Committee

With knowledge and experience in the fields of corporate governance, internal audit, internal control, risk management and control, he has contributed to improving the internal audit, internal control and risk management systems at DHG Pharma, while ensuring financial and accounting information disclosed in an accurate and transparent manner.


With her knowledge and experience in the field of human resources, she assisted DHG Pharma in finding candidates to strengthen the personnel of DHG Pharma. Researching, appraising and evaluating the issues proposed by the General Director on personnel issues, labor management and salary and bonus policies of the Company. At the same time, she advises the BOD in planning, promoting and evaluating the implementation of the Company's human resource development strategy and plan.

PERFORMANCES OF THE COMMITTEES UNDER THE BOD

STRATEGIC COMMITTEE

PERSONNEL STRUCTURE

4 MEMBERS	TITLE
Mr. Jun Kuroda	Chairman
Mr. Masashi Nakaura	Member
Mr. Doan Dinh Duy Khuong	Member
Mr. Shoji Yasuda	Member



RESPONSIBILITIES

- Developing long-term development strategies for production, business and investment.
- Determining annual, mid-term development and production plans based on the objectives and strategies approved by the GMS. Developing basic performance targets of DHG Pharma.
- Developing annual dividend rates and proposals to the BOD for making decisions on temporary dividend rates.
- Evaluating the long-term effectiveness of the Company's activities.

MEETINGS IN 2022

No.	MEETING TIME
1	10 May 2022
2	21 Jul 2022
3	19 Oct 2022
4	27 Feb 2023

PERFORMANCES IN 2022

- Developed strategic development of production and business in 2022.
- Developed plans, strategic goals, medium-term business targets until 2023.
- Advised the BOD on dividends in 2022 and the plan to pay dividends in 2023.
- Consulted the BOD on short, medium and long-term investment projects under the BOD's authority.

OPERATIONAL ORIENTATION IN 2023




Shall implement, perform and complete business plan in 2023 assigned by the GMS.	Shall build the development strategy, goals and mid-term business plan of the Company.
Shall consult, advise on short, medium and long-term investment under the BOD's authority.	Shall advise the BOD on annual and medium-term dividends.

AUDIT COMMITTEE

PERSONNEL STRUCTURE

3 MEMBERS	TITLE
Mr. Do Le Hung	Chairman
Ms. Dang Thi Thu Ha	Member
Mr. Maki Kamijo	Member



RESPONSIBILITIES

- Inspecting the suitability, effectiveness and efficiency of IC and RM procedure.
- Inspecting and confirming quality, reliability of economic, finance and accounting information.
- Proposing to select an independent audit company, audit fee, nature and scope of work, etc.
- Managing, supervising internal audit activities in terms of functions. Reviewing internal audit reports.
- Inspecting compliance with operating principles, management, and legal compliance.

MEETINGS IN 2022

No.	MEETING TIME	DISCUSSION CONTENT
1	18 Jan 2022	Approval of reports related to finance, accounting, legal, IT, IC and RM, IA in 4Q/2021. Plan of IC and RM, IA in 2022. Evaluation of results and quality of the independent auditor in 2021.
2	26 Apr 2022	Agreement on audit scope and fees FY2022 with Deloitte Vietnam. Approval of reports related to finance, accounting, legal, IT, IC and RM, IA in 1Q/2022.
3	19 Jul 2022	Approval of reports related to finance, accounting, legal, IT, IC and RM, IA in 2Q/2022. Monitoring the progress of project to transfer financial statements to IFRS standards. Making recommendations related to IC and RM, IA.
4	17 Oct 2022	Approval of reports related to finance, accounting, legal, IT, IC and RM, IA in 3Q/2022. Making recommendations related to IC and RM, Legal, IT. Proposing to strengthen IA personnel.

OPERATIONAL ORIENTATION IN 2023



Shall propose to select an independent auditor for financial statements FY2023.	Shall continue to supervise financial statements and IC & RM, IA system.
Shall monitor compliance with laws and internal regulation.	Shall participate in building the Company's development strategy, especially completing IA, IC and RM systems.

PERFORMANCES OF THE COMMITTEES UNDER THE BOD (cont.)

NOMINATION COMMITTEE

PERSONNEL STRUCTURE

3 MEMBERS	TITLE
Ms. Nguyen Thi Viet Thanh	Chairwoman
Mr. Masashi Nakaura	Member
Mr. Doan Dinh Duy Khuong	Member



RESPONSIBILITIES

- Proposing criteria and appointment procedures as well as proposing appointments and dismissals of BOD members and managerial staff under the appointment authorities of the BOD. Developing orders and procedures for nomination and candidacy of BOD members. Developing regulations to determine the independence of non-executive BOD members. Proposing the BOD to select and appoint the General Director.
- Developing processes assessing the BOD's performances such as the effectiveness of the BOD and the contribution of each member.
- Developing and proposing human resource development plans.
- Proposing remuneration policies, and other benefits for members of the BOD, the BOD's Committees and the BOM.
- Monitoring operational evaluation of DHG Pharma's managerial apparatus.
- Executing other tasks assigned by the BOD in relation to the personnel policy of DHG Pharma.

MEETINGS IN 2022

No.	MEETING TIME
1	14 Apr 2022
2	21 Jul 2022
3	19 Oct 2022
4	27 Feb 2023

PERFORMANCES IN 2022

Proposed and advised the BOD to develop human resources; appointment/ dismissal of senior managerial staff, policies of salary, bonus and remuneration of the Company in 2022.

OPERATIONAL ORIENTATION IN 2023



Shall develop the training programs in 2023.	Shall propose and consult the BOD on the salary, bonus and remuneration policy of the Company.
Shall continue to perfect human resources and senior managerial staff development of the Company.	Shall build the development strategy of the Company, especially the development strategy of human resources and senior managerial staff of the Company.

PERSONNEL CHANGES IN TERMS OF MANAGERIAL TITLES APPOINTED BY THE BOD IN 2022

No.	Full name	Title before change	Current title	Reason for change	Basis
1	Ms. Huynh Thi Kim Tuoi	Distribution Director	Nil	Retirement according to regulation	BOD Resolution No.007/2022/NQ.HĐQT dated 23 Jun 2022
2	Mr. Doan Dinh Duy Khuong	Chief Operating Officer	Chief Operating Officer cum Distribution Director	Temporarily holding the concurrent position until a suitable candidate is selected	BOD Resolution No.007/2022/NQ.HĐQT dated 23 Jun 2022
		Chief Operating Officer cum Distribution Director	Chief Operating Officer cum Distribution Director	Re-appointing as Chief Operating Officer from 01 Jan 2023 to 31 Dec 2025	BOD Resolution No.010/2022/NQ.HĐQT dated 02 Dec 2022
3	Ms. Ngo Thi Phuong Loan	Quality Management Director	Nil	Retirement according to regulation	BOD Resolution No.007/2022/NQ.HĐQT dated 23 Jun 2022
4	Ms. Nguyen Ngoc Diep	Deputy General Director in charge of Production and Supply Chain	Deputy General Director in charge of Production and Supply Chain cum Quality Director	Temporarily holding the concurrent position until a suitable candidate is selected	BOD Resolution No.007/2022/NQ.HĐQT dated 23 Jun 2022
		Deputy General Director in charge of Production and Supply Chain cum Quality Director	Deputy General Director in charge of Production and Supply Chain cum Quality Director	Re-appointing as Deputy General Director from 01 Jan 2023 to 31 Dec 2024	BOD Resolution No.010/2022/NQ.HĐQT dated 02 Dec 2022
5	Ms. Duong Kim Loan	BOD Secretary, person in charge of corporate governance	Nil	Submitted resignation letter	BOD Resolution No.008/2022/NQ.HĐQT dated 21 Jul 2022
6	Ms. Tran Thi Nhung Gam	Acting Manager of Finance Department	Acting Manager of Finance Department cum BOD Secretary, person in charge of corporate governance	New recruitment to fill up the BOD Secretary, person in charge of corporate governance position	BOD Resolution No.008/2022/NQ.HĐQT dated 21 Jul 2022
7	Mr. Masashi Nakaura	BOD Member General Director, Legal representative	BOD Member	Retirement according to the regime	BOD Resolution No.010/2022/NQ.HĐQT dated 02 Dec 2022
8	Mr. Toshiyuki Ishii	Nil	General Director, Legal representative	New recruitment to fill up the General Director, Legal representative position from 01 Jan 2023 to 31 Dec 2025	BOD Resolution No.010/2022/NQ.HĐQT dated 02 Dec 2022
9	Mr. Tomoyuki Kawata	Deputy General Director in charge of Production - Supply Chain and Technology Transfer cum Supply Chain Director	Deputy General Director in charge of Production - Supply Chain and Technology Transfer cum Supply Chain Director	Re-appointing as Deputy General Director from 01 Jan 2023 to 31 Dec 2025	BOD Resolution No.010/2022/NQ.HĐQT dated 02 Dec 2022

REMUNERATIONS, BONUSES AND BENEFITS OF THE BOD AND BOM IN 2022

RECEIPT AND EXPENDITURE OF THE BOD OPERATION FUND IN 2022

No.	Target	Amount
1	Balance at the beginning of the year (01 Jan 2022)	2,077,076,964
2	Allocation from the profit after tax (PAT) 2021 in line with the AGM Resolution	6,000,000,000
3	Total expenses:	476,436,930
3.1	Public relationship	93,636,000
3.2	Others	382,800,930
4	Balance as of 31 Dec 2022	7,600,640,034
5	Appropriation plan from the PAT in 2022 (projected)	2,000,000,000
6	Balance after profit distribution in 2022 (projected)	9,600,640,034

* Note: Remuneration and bonuses for the BOD and Secretariat Team in 2022 recorded in the Company's expenses were VND 4,669,000,000.

BOD Operation Fund in 2023

The BOD submits the AGM for approving the BOD Operation Fund in 2023 to be VND 7 billion. In which, VND 5 billion shall be recognized in the Company's expense and VND 2 billion shall be appropriated from the profit after tax 2023.

Detailed distribution to each member of the BOD, BOM and Audit Committee

No.	Name	Title	Amount
I. The Board of Directors			
1	Dang Thi Thu Ha	BOD Chairwoman	700,000,000
2	Jun Kuroda	BOD Member Chairman of the Strategic Committee	490,000,000
3	Masashi Nakaura	BOD Member Former General Director	734,146,000
4	Maki Kamijo	BOD Member	490,000,000
5	Doan Dinh Duy Khuong	BOD Member Chief Operating Officer cum Distribution Director	595,000,000
6	Do Le Hung	Independent Board Member Chairman of the Audit Committee	765,000,000
7	Nguyen Thi Viet Thanh	Independent Board Member Chairwoman of the Nomination Committee	595,000,000



No.	Name	Title	Amount
II. The Board of Management			
1	Masashi Nakaura	BOD Member Former General Director	4,695,259,676
2	Doan Dinh Duy Khuong	BOD Member Chief Operating Officer cum Distribution Director	4,080,582,978
3	Tomoyuki Kawata	Deputy General Director in charge of Production, Supply Chain and Technical Transfer cum Supply Chain Director Supporting member of the Strategic Committee	2,860,483,376
4	Nguyen Ngoc Diep	Deputy General Director in charge of Production and Supply Chain cum QM Director	2,949,130,423
III. Audit Committee			
1.	Do Le Hung	Chairman of the Audit Committee	Details are in Section 1. In addition to this remuneration, the members of the Audit Committee do not receive any other benefits or remuneration.
2.	Dang Thi Thu Ha	Member of the Audit Committee	
3.	Maki Kamijo	Member of the Audit Committee	

EVALUATION ON THE CORPORATE GOVERNANCE

ASEAN CORPORATE GOVERNANCE SCORECARD

Excellent corporate governance plays a crucial role in improving business performance and risk management quality, contributing to the improvement of the transparency, corporate value, creating trusts for investors, favorable conditions for accessing capital markets, which promotes the long-term sustainable development.

DHG Pharma has actively followed both domestic and international good practices/rules such as Asean Corporate Governance Scorecard, Corporate Governance Code for public companies in Vietnam, OECD's Corporate Governance Principles, Decree No.155/2020/NĐ/CP dated 31 Dec 2020 replace Decree No.71/2017/ND-CP dated 06 Jun 2017, Circular No.95/2017/TT-BTC dated 22 Sep 2017 of the Ministry of Finance, etc.



For the Asean Corporate Governance scorecard, DHG Pharma got

160/184

criteria for meeting 100% of the practice (equivalent to 87.0%)

1 N/A indicator (not apply for DHG Pharma)

23 criteria that have not been implemented fully and haven't been implemented

The criteria to be evaluated are as follows:

Section	Contents	Recommendation	Response	Ratio
A	Rights of shareholders	30	28	93%
B	Equitable treatment of shareholders	19	18	95%
C	Role of stakeholders	16	15	94%
D	Disclosure and transparency	38	37	97%
E	Board responsibility	81	63	78%
Total		184	161	88%



A RIGHTS OF SHAREHOLDERS

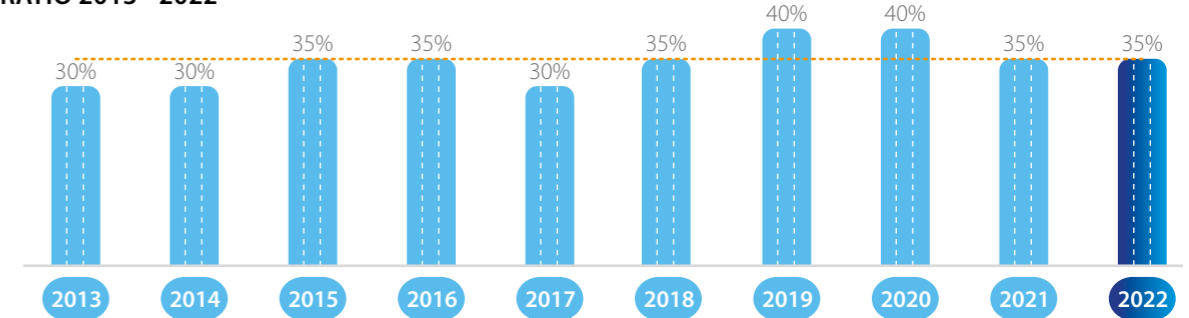
Source of information: Charter/Internal regulation on corporate governance/GMS documents.

Criteria that DHG Pharma has met: 28/30 criteria.

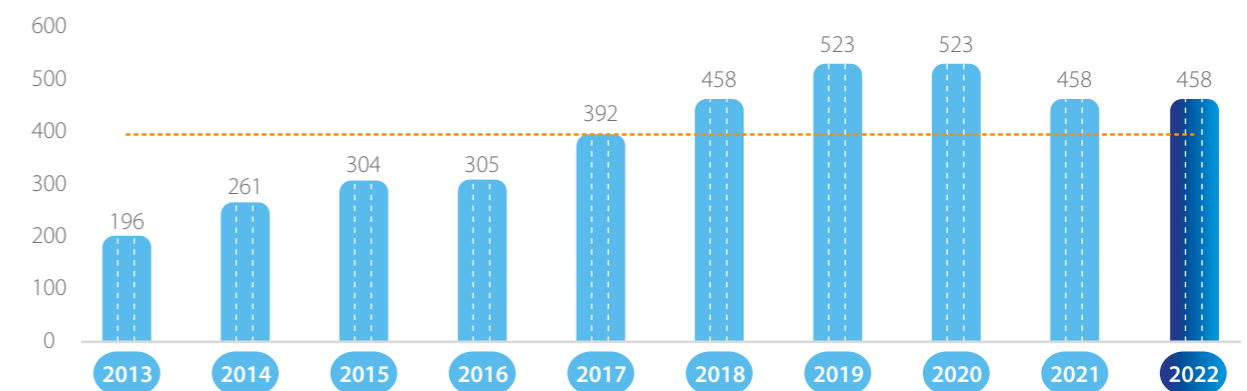
EVALUATION GROUNDS

A.1 Basic Shareholder Rights

DIVIDEND RATIO 2013 - 2022



DIVIDEND VALUE 2013 - 2022



- DHG Pharma always fully pays dividends to shareholders within 30 days after the resolution of the BOD/GMS is passed. In the period from 2013 to 2022, DHG Pharma has consistently maintained a high cash dividend payout ratio with an average rate of 35% per year. The average dividend value is nearly VND 400 billion per year and tends to increase in recent years.
- Dividends for the fiscal year 2021: The Company has paid cash dividends at the rate of 35%/par value, announced on 18 Mar 2022, the record date was 04 Apr 2022, payment date was 15 Apr 2022.
- Dividend of the fiscal year 2022: The BOD plans to submit to the GMS (Apr 2023) the dividend at 3,500 VND/share.
- Information on dividends is announced by the Company within 24 hours from the date of the resolution of the BOD/GMS. The Company will consider disclosing the dividend policy on the Company's website.

EVALUATION ON THE CORPORATE GOVERNANCE (cont.)

A.2 Right to participate in decisions concerning fundamental corporate changes

Article 18 of the Company's Charter has detailed right of shareholder. At the AGM 2021 on 18 Mar 2022. In 2022, the Company did not have any amendments or supplements to the Company's Charter.

A.3 Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules

In 2022, DHG Pharma held the AGM on 18 Mar 2022. The procedures for organizing the AGM have been implemented by the Company in accordance with the law to ensure maximum rights and benefits for shareholders.



On 26 Jan 2022

DHG Pharma published information on the record date of the list to attend the 2021 AGM on the Company's website. In which: the record date is 15 Feb 2022 (DHG Pharma disclosed information 20 days before the record date).


On 25 Feb 2022


The AGM notice was sent by secured method to the shareholders named in the list of shareholders provided by Vietnam Securities Depository Ho Chi Minh City Branch (21 days before the opening of the meeting).


On 25 Feb 2022


All AGM documents were posted on the website of DHG Pharma in Vietnamese and English (21 days before the opening date of the Meeting).

At the Meeting, shareholders voted on issues according to each item of the reports/statements by "voting ballot" under each voting opinion (for/against/abstain). The resolution approved by the GMS is as follows:

- 

Approving the BOD's report on the Company's performance in 2021; Performance and remuneration of the BOD in 2021; Report on the performance of Independent Board Members in the Audit Committee in 2021; Audited consolidated financial statements FY 2021; Business plan for 2022.
- 

Report on the profit distribution 2021, the profit distribution plan 2022 and BOD Operation Fund in 2022.
- 

Authorizing the BOD/ Audit Committee to select one out of four auditors to audit the financial statements 2022 of DHG Pharma.
- 

Approving the yearly purchase of the directors and officers liability insurance (D&O) by DHG Pharma. The BOD is authorized to carry out the procedures to yearly purchase the directors and officers liability insurance on the basis of compliance with the Company's regulations and current laws.

In addition, all members of the BOD and Committees under the BOD and the BOM attend the AGM. The Company also invited the independent auditor's representative to attend the Meeting. After twenty-four (24) hours from closing, the Meeting Minutes, Vote Counting Minutes and AGM's Resolution were posted on DHG Pharma's website in both Vietnamese and English for domestic and foreign shareholders to update information.

A.4 Markets for corporate control

In the period of 2019 - 2022, there is no cases at DHG Pharma.

A.5 The exercise of ownership rights by all shareholders

Refer to Section D, Asean Corporate Governance Scorecard.

EVALUATION ON THE CORPORATE GOVERNANCE (cont.)

B EQUITABLE TREATMENT OF SHAREHOLDERS

Source of information: Charter/Internal regulation on corporate governance/GMS documents/ Regulation on controlling transactions of related parties and related members.

Criteria that DHG Pharma has met: 18/19 criteria.



EVALUATION GROUNDS

B.1 Shares and voting rights

Voting form is distributed to shareholders or proxy in the GMS. Shareholder/proxy will mark (X) or mark (√) in each decision: "Approve", "Against", "Abstain" with confirmation signature in the voting form.

B.2 Notice of AGM

Refer to section A.3, Asean Corporate Governance Scorecard.

B.3 Insider trading and abusive self-dealing should be prohibited

Content related to Related Party Transactions is disclosed in the "Related-party transactions and balances" in Item 41 in the explanation of the audited financial statements FY2022 and pages 46-47 of the Corporate Governance Report FY2022.

B.4 Related party transactions (RPTs) by directors and key executives

The Audit Committee coordinates with Internal Control and Risk Management department to build and issue Regulation on controlling transaction between related parties and members. The BOD member participates in the BOD meetings but has no voting right on matters, transactions in which that member has conflicts of interest.



B.5 Protecting minority shareholders from abusive actions

Stock trading of internal persons and related persons:

Internal persons and related persons must report to the State Securities Commission, the Stock Exchange and disclose information of such transactions as prescribed by the law when trading shares having projected value from VND 50 million/day or from VND 200 million/month (at par value) to avoid using inside information to buy/sell securities as follows:

- At least 03 working days before the transaction date, internal persons and related persons must disclose information.
- After completing the transaction, internal persons and related persons must disclose information within 05 working days.

Contracts or transactions of internal shareholders:

The Regulation on corporate governance and the Company's Charter clearly prescribed "The responsibility to be honest and avoid conflicts of interests" at Article 50 of the 24th version of DHG Pharma's charter:

- Members of the BOD, members of the committees under the BOD, the General Director and Enterprise Executives must publish the related interests in compliance with regulations of the Law on Enterprises and other relevant laws.
- Members of the BOD, members of the committees under the BOD, the General Directors and other Enterprise Executives have the obligation to inform the BOD of the transactions between DHG Pharma, subsidiaries of DHG Pharma and companies with fifty percent (50%) or more of charter capital controlled by DHG Pharma with the above members or their related persons in compliance with provisions of law. DHG Pharma must publish information about the transactions of the above-mentioned persons which have been approved by the General Meeting of Shareholders or the BOD in accordance with the Securities Law on information disclosure.
- Members of the BOD are not allowed to cast votes on the transactions that are beneficial for themselves or their related persons in compliance with the Law on Enterprises and the Company's Charter.
- Members of the BOD, members of committees under the BOD, the General Director, the Enterprise Executives and the related persons to the above members shall not use information that is not permitted for publication of DHG Pharma or disclosure to other people to carry out the relevant transactions.

Transactions with related parties:

Transactions with Subsidiaries, Associates and dividend payments are presented in the "Related-party transactions and balances" in Item 41 in the explanation of the audited financial statements FY2022 and pages 46-47 of the Corporate Governance Report FY2022. Besides the above transactions, there were no arising transactions with related persons in 2022.

The Company issued the regulation on transactions with related parties in order to identify those who are related parties, control these transactions, and ensure the legitimate interests and interests of DHG Pharma and shareholders.



EVALUATION ON THE CORPORATE GOVERNANCE (cont.)

C ROLE OF STAKEHOLDERS

Source of information: Annual Report/Sustainable Development Report /Regulations on centralized information receiving channel/ Company's website/Collective labor agreement/Democratic regulation/Regulation on dialogue at workplace.

Criteria that DHG Pharma has met: 15/16 criteria.



EVALUATION GROUNDS

C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected

Code of conduct and stakeholder engagement are detailed in the Annual Report and Sustainable Development Report.

C.2 Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights

Related stakeholders have the right to raise concerns and/or complaints for possible violation of their rights based on uploaded information on the Company's website, Annual Report and Sustainable Development Report.

C.3 Mechanisms for employee participation should be permitted to develop

Policies on health, safety, welfare and rewards, training and development programs for employees are detailed in the Annual Report and the Sustainable Development Report.

C.4 Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this



Collective Labor Agreements were signed at the Annual Employee Conference in order to ensure rights and interests of employees as well as employers. Since 01 Oct 2019, DHG Pharma has implemented a centralized information reception channel for its employees. The Company is committed to protecting the sender's information.

D DISCLOSURE AND TRANSPARENCY

DHG Pharma always updates the Company's business performance and strategies to shareholders and investors at face-to-face meetings, conference calls, emails, etc. Investor Relations Team is willing to answer questions as well as receive feedback from shareholders and investors.

Source of information: Annual report/Corporate governance report/Financial statements.

Criteria that DHG Pharma has met: 37/38 criteria.

EVALUATION GROUNDS

The Company continued to achieve high rankings in the 2022 Listed Company Awards with the following achievements: First Prize for Best Corporate Governance (Midcap group) and Crystal Achievement Award for 15 consecutive years of winning awards. In addition, DHG Pharma also ranked in the Top 3 Listed Companies in Vietnam in the Asean Corporate Governance Scorecard (ACGS) organized by the Philippine Institute of Corporate Directors to enhance the reputation of companies in Asean and attract more big investors worldwide. Furthermore, DHG Pharma was honored in the Top 100 "Vietnam's Most Sustainable Enterprises 2022", reflecting the Company's efforts to contribute to sustainable development programs in Vietnam.

Information disclosed in bilingual must be accurate, complete and clear and must be disclosed within the prescribed time limit on the websites of DHG Pharma, the State Securities Commission and the Ho Chi Minh City Stock Exchange, aiming to meet higher international standards so that domestic and foreign investors can access timely and consistent information. All shareholders and investors have the right to access the information DHG Pharma announced on the Company's website by following the link: <https://www.dhgpharma.com.vn/en/>

The contents of information disclosure in 2022 comprise of:

- The Annual Report and the Sustainability Development Report provide an overall picture of business operations, major changes, and development strategies in the short/medium/long term.
- Notice, meeting documents, minutes/resolutions of the GMS.
- Report on corporate governance every 6 months/year providing full information about the GMS, BOD members, meetings and transactions with related parties.
- Quarterly financial statements, reviewed semi-annual financial statements, pre-audited and post-audited financial statements to help shareholders grasp the Company's latest business results.

The financial statements are also reviewed by the Audit Committee before being issued to ensure the truthfulness of the financial statements.

- Other extraordinary information disclosures such as appointment/dismissal of members of the BOM, Functional Directors, signing audit contract of annual financial statements, etc.
- In 2022, DHG Pharma conducted about 30 disclosures within the prescribed time limit and has not been reminded or violated on information disclosure.
- DHG Pharma organized face-to-face meetings in parallel with conference calls, email exchanges, etc. to regularly update operations, business results, and strategies of the Company to shareholders and investors.
- Trading shares of internal persons and related persons: Refer to Section B.5, Asean Corporate Governance Scorecard.

Being aware of the role of investor relations as an essential part of corporate governance, DHG Pharma will continue to promote information sharing channels, increase professionalism and enhance DHG Pharma's reputation on the stock market, aiming for sustainable development and creating long-term values for shareholders and investors. This is also the vision that runs through all the strategies.

Contact information on the investor relations:

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EVALUATION ON THE CORPORATE GOVERNANCE (cont.)

E BOARD RESPONSIBILITY



Source of information: Charter/Internal regulation on corporate governance/Annual Report/Corporate Governance Report/Company's website.

Criteria that DHG Pharma has met: 63/81 criteria.

EVALUATION GROUNDS

E.1 Board Members Duties and Responsibilities

Board Members Duties and Responsibilities are detailed in Charter, Internal Regulation on Corporate Governance. These have been uploaded on the Company's website in Vietnamese and English at:

Vietnamese link:
<https://www.dhgpharma.com.vn/vi/quan-he-co-dong/dieu-le-cong-ty>
<https://www.dhgpharma.com.vn/vi/quan-he-co-dong/2013-10-19-14-03-18/quy-cha-na-i-ba-va-qua-n-tra-ca-ng-ty>

English link:
<https://www.dhgpharma.com.vn/files/DHG-Charter-of-organization-and-operation.pdf>
<https://www.dhgpharma.com.vn/en/investor-relations/2013-11-07-14-59-19/regulations-on-corporate-governance>



E.2 Board Structure

Operational model, structure, role, responsibility and remuneration of BOD members are stated in the Company's Charter and Corporate Governance Regulation: Refer to Principle 1, Code of Corporate Governance for Public Companies in Vietnam.

E.3 Board Processes

Meetings and attendance of the BOD - Access to information

In 2022, the BOD held 11 meetings, and all BOD members attended all meetings. In 2022, the Company adapted to the new situation, so face-to-face BOD meetings were regularly held. Meeting materials were sent to BOD members at least 5 working days before the meeting date, and all meeting materials were prepared in bilingual. All BOD members actively contributed to the Company's activities, including participating in discussions and providing recommendations and solutions.

Company's Secretary

The BOD has appointed Ms. Tran Thi Nhung Gam as the BOD Secretary who concurrently is in charge of the corporate governance. At the same time, the BOD Secretariat has been established including Ms. La Thi Minh Thu, Ms. Dang Quynh Giao, and Ms. Nguyen Thi Ngoc Chau. In 2022, the BOD Secretariat successfully completed the task of advising and counseling the BOD ensure their compliance with the Company's Charter, Internal Regulation on Corporate Governance, business ethics and related legal issues, prevent any potential conflicts of interest that may arise, and update the Company's information and prepare for the BOD meetings.

Appointment and re-election of BOD members

The term of BOD members at DHG Pharma is 5 years. The current BOD structure consists of 7 members. Independent BOD members: 2/7 members, Non-executive BOD members: 3/7 members, Executive BOD members: 2/7 members with the titles of General Director (CEO) and Chief Operating Officer (COO) (*). The number of non-executive and female BOD members is 2/7 members. With the help of the Nomination Committee, the BOD selected and nominated BOD candidates for shareholders to vote as stipulated in Article 33 of the Company's Charter.

(* As at 31 Dec 2022, Mr. Masashi Nakaura ceased to hold the position of General Director (CEO) due to retirement according to the regime. Since that time, the BOD structure will change as follows: Non-executive BOD members: 4/7 members, Executive BOD members: 1/7 members with the title of Chief Operating Officer (COO).

Remuneration

The Nomination Committee will propose the remuneration paid to each BOD member to the BOD for approval based on the roles, duties, performance of each member and the Company's results in the year. The annual BOD remuneration will be approved by the Company's AGM. The total annual remuneration of all BOD members usually accounts for about 0.5% - 1% of the Company's profit after tax. Remuneration and bonuses of the BOD, the BOM: Refer to the BOD Report of the AGM documents 2022.

Internal Audit - Risk Monitor

Refer to Principle 7, Code of Corporate Governance for Public Companies in Vietnam.

EVALUATION ON THE CORPORATE GOVERNANCE (cont.)

E.4 Board Personnel

The titles of Chairwoman and General Director are separated in order to balance the power, increase responsibility and independent decision making of BOD and BOM. The Company has 2/7 Independent BOD members and 3/7 non-executive BOD members. (*)

(*) As at 31 Dec 2022, Mr. Masashi Nakaura ceased to hold the position of General Director (CEO) due to retirement according to the regime. Since that time, the Company has 2/7 Independent BOD members and 4/7 Non-executive BOD members.

E.5 Board Performance

Annual performances of the BOD/General Director were shown periodic meetings and in the Annual Reports. However, the orientation program for new BOD members was unclear.

CRITERIA THAT HAVE NOT IMPLEMENTED, HAVE NOT IMPLEMENTED FULLY

No.	Questions contents	Response levels at DHG Pharma	
A.3.9	Does the company allow voting in absentia?		The Internal regulation on corporate governance include remote voting form, however, DHG Pharma has not met necessary criteria for implementation. The Company shall consider the implementation of this form at the next general meetings.
(B) A.1.1	Does the company practice secure electronic voting in absentia at the general meetings of shareholders?	Have not implemented	
(B) B.1.1	Does the company issue a notice of AGM (detailed report and explanation notice), as notices sent to HOSE at least 28 days prior to the date of the meeting?	Have not implemented fully	Notice of AGM is disclosed 21 days prior to the date of the meeting.
C.1.6	Does the Company disclose on how creditors' rights are safeguarded?	Have not implemented	DHG Pharma has not yet had policies to protect the interests of creditors and will consider supplementing.
D.5.1	Are the audit and non-audit fees disclosed?	Have not implemented	The Company disclosed information on auditing contracts with auditors but the Company has not disclosed audit fees. The Company hires Big Four company (EY) to advise in developing Internal control system, advice tax services, etc. When hiring, DHG Pharma always considers carefully factors to avoid potential conflicts of interest.
(B) E.1.2	Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?	Have not implemented	DHG Pharma has not satisfied this criterion.
E.2.1	Are the details of the code of ethics or conduct disclosed?	Have not implemented fully	The Company's website clearly explains in details the meaning of 07 core values in terms of code of ethics and conduct with related parties. At the same time, the Company has a handbook known as "Cultural identity of DHG Pharma". The Company will consider posting "Cultural identity of DHG Pharma" on the Company's website.
(B) E.2.1	Is the Nomination Committee comprise entirely of independent directors/commissioners?	Have not implemented	Nomination Committee consists of 3 BOD members. In which, Independent BOD member accounts for only 1/3 of the members.
(B) E.2.2	Does the Nomination Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?	Have not implemented	DHG Pharma has not satisfied this criterion.

No.	Questions contents	Response levels at DHG Pharma	
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	Have not implemented fully	Independent BOD members are 2/7 members.
E.2.9	Is the Nominating Committee comprised of a majority of independent directors?	Have not implemented	The Nomination Committee consists of 3 BOD members. In particular, independent BOD member is 1/3 members.
E.2.14	Is the Remuneration Committee comprised of a majority of independent directors?	Have not implemented	
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	Have not implemented fully	The Charter, Internal regulation on corporate governance and operational regulation of Committee specifically regulated these contents. But the Company hasn't disclosed the Committee's Charter on the website.
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company, such as claw back provision and deferred bonuses?	Have not implemented	The Company will consider supplementing this benchmark in the coming years.
(B) E.4.1	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners for a company with independent chairman?	Have not implemented fully	Non-executive BOD members account for more than 50% of the BOD members at the Company, but the BOD Chairwoman is not an independent member.
E.4.2	Is the chairman an independent director/commissioner	Have not implemented	The Chairwoman is a non-executive BOD member.
E.5.1	Does the company have orientation programs for new directors?	Have not implemented fully	Annual performances of the BOD/General Director were shown in the Annual Reports. However, the orientation program for new BOD members was unclear.
E.5.2	Does the company have a policy that encourages directors to attend on-going or continuous professional education programs?	Have not implemented fully	The Company has policies to encourage the BOD to participate in training programs in charge by the Nomination Committee.
E.5.3	Does the company disclose the process on how the board of directors plans for the succession of the CEO/Managing Director/President and key management?	Have not implemented fully	DHG Pharma has established a successor team, however, this team has not been publicly disclosed.
E.5.4	Does the board of directors conduct an annual performance assessment of the CEO/Board Chairman?	Have not implemented fully	Annual Reports stated an assessment on the performance of General Director. An assessment on the performance of the BOD Chairwoman has not been stated.
E.5.5	Did the company conduct an annual performance assessment of the board of directors and disclose the criteria and process followed for the assessment?	Have not implemented fully	An assessment was conducted but not detailed in Annual Reports.
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	Have not implemented	The Company reviews the BOD activities. An assessment for each BOD member has not been conducted.
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	Have not implemented fully	An assessment was conducted but not detailed in Annual Reports.

EVALUATION ON THE CORPORATE GOVERNANCE (cont.)

CORPORATE GOVERNANCE PRINCIPLES FOR PUBLIC COMPANIES IN VIETNAM

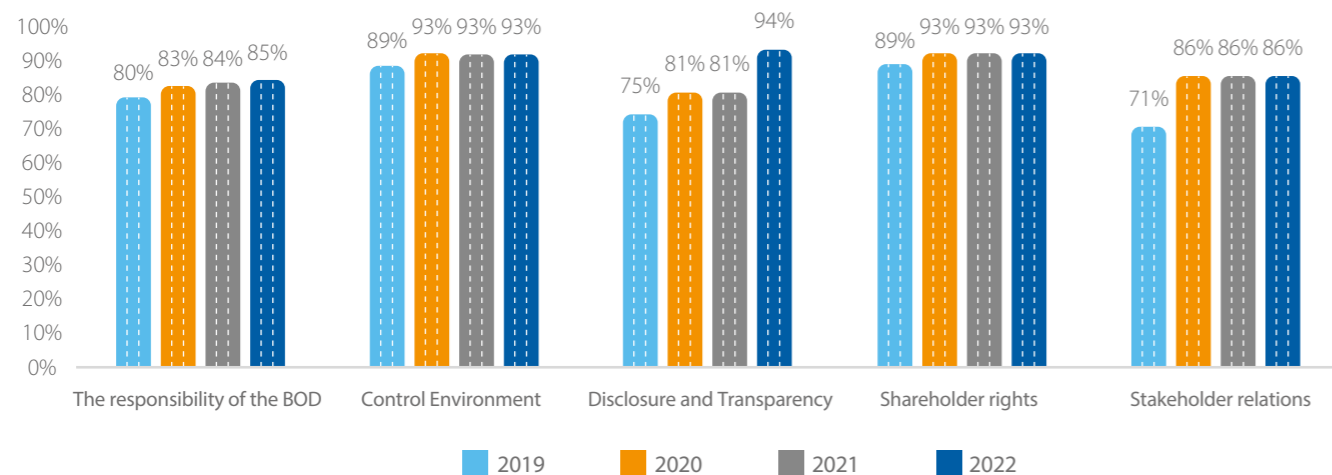


DHG Pharma not only achieved high scores in the Asean Corporate Governance Scorecard but also met the Corporate Governance Principles for public companies in Vietnam.

The details of evaluation result according to Vietnamese Corporate Governance Code are as follow:

Section	Contents	Recommendation	Response	Ratio
1	The responsibility of the BOD	94	80	85%
2	Control Environment	27	25	93%
3	Disclosure and Transparency	16	15	94%
4	Shareholder rights	28	26	93%
5	Stakeholder relations	7	6	86%
TOTAL		172	152	88%

Compliance according to Vietnam corporate governance code of best practices FY 2019 - 2022



NO.	EVALUATION BASIS	RATE
1	ESTABLISHING CLEAR ROLES, RESPONSIBILITIES AND COMMITMENT OF THE BOARD	
	Information source: Charter, Internal Regulation on Corporate Governance, Company's website, DHG's Cultural identity, Operational regulation of the BOD, Annual report	
	DHG Pharma has specified the rights, duties, operating principles of the BOD and other contents related to the BOD in the Charter/ Internal Regulation on Corporate Governance/Operational regulation of the BOD. As a result, the BOD has closely implemented/supervised the following items: <ul style="list-style-type: none"> Developing long-term/mid-term/annual development plan, annual budget; Making decision on external investment plans and evaluating the efficiency; Issuing/updating internal regulations and clearly defining the functions/powers/ responsibilities of the units and individuals related to investment and financial activities. Monitoring the compliance of the accounting/financial/legal/information disclosure system with the consultation of the Audit Committee. Developing strategic targets associated with environmental and social activities. Monitoring the implementation of the Code of Business Conduct and Ethics, and managing potential conflicts of interest through the Regulation on controlling transactions with related parties and related members/DHG Pharma Cultural Identity. Recruiting, monitoring succession plans and offering appropriate remuneration for key management positions with the consultation of the Nomination Committee. 	10/10
1.1		
	The BOD members of DHG Pharma must commit to performing their duties honestly, faithfully, carefully and in the best interest of the Company, not allowing to exploit business opportunities that may benefit DHG Pharma for their personal purposes, not allowing to use information obtained thanks to their positions for personal gain or for the benefits of other organizations or individuals. Each BOD member is responsible for attending all the Company's BOD meetings in a year. In 2022, the BOD has conducted 11 meetings, issued 11 Resolutions and 26 Decisions that address issues within the functions and authority of the BOD. Simultaneously, BOD members will receive the meeting documents sent by the BOD Secretary at least five (05) working days before the meeting. Currently, the BOD's members who are foreigners have not got certificates of corporate governance awarded by the State Securities Commission, but they all have expertise and experience in corporate governance.	9/9
1.2		
	DHG Pharma has well performed in accordance with these recommendations. The BOD has a central position in the corporate governance system, playing an important role in supervising. Internal regulation on corporate governance is regularly updated based on best practices and applicable regulations.	5/5
1.3		
	Quarterly, the Nomination Committee reports to the BOD about recruitment and supervision of succession plans for key management positions to satisfy the demands and the development scale of the Company.	4/4
1.4		

EVALUATION ON THE CORPORATE GOVERNANCE (cont.)



NO.	EVALUATION BASIS	RATE
2 ESTABLISHING A COMPETENT AND PROFESSIONAL BOARD		
Information source: Charter, Internal Regulation on Corporate Governance, GMS materials, Operational regulation of the BOD, Annual report, Corporate governance report		
	Refer to section E.3, Asean Corporate Governance Scorecard	
	Criteria have not met:	
2.1	<ul style="list-style-type: none"> Charter/Internal regulation on corporate governance stipulates that shareholder holding at least 5% has the right to nominate/self-nominate position in the BOD. However, there are no regulations for the shareholder holding less than 5% to nominate candidate. The BOD will consider supplementing this content. A skills matrix for the BOD has not been issued. This matrix will have a description of the roles and competencies required for the appointment, include factors such as independence, diversity, age, gender, future planning, integrity, skills, expertise, experience, knowledge of the Company's business operations and business lines; and the willingness to contribute time and effort to fulfill the responsibilities of the BOD in the context of current structure and requirement of the BOD and Committees under the BOD. 	6/8
2.2	Non-executive BOD members at DHG Pharma account for over 2/3 of the BOD and the Company clearly specifies the standards of Non-executive BOD members to ensure an appropriate control and balance mechanism for the Board structure.	3/3
2.3	Refer to section E.3, Asean Corporate Governance Scorecard	4/4
2.4	The review of the performance effectiveness of the BOD/General Director is implemented annually. However, the orientation programs for new BOD members are not clearly illustrated, which will be considered for improvement in the near future.	4/5
3. ENSURING EFFECTIVE BOARD LEADERSHIP AND INDEPENDENCE		
Information source: Charter, Internal Regulation on Corporate Governance, GMS resolution, BOD report submitted to the GMS, BOD resolutions		
3.1	The BOD members perform their duties based on knowledge/expertise in an objective manner and are not affected by any personal relationship. No BOD members who act as consultants or advisers are paid by the Company.	3/3
3.2	The ratio of independent BOD members is currently 2/7, including Mr. Do Le Hung and Ms. Nguyen Thi Viet Thanh. Although this number of independent BOD members has not reached the ratio of at least one-third (1/3) as required, the number of independent BOD members has complied with the provisions of the Charter and the internal regulation on corporate governance of DHG Pharma: "Having at least 02 independent BOD members if DHG PHARMA has from 06 to 08 BOD members".	2/3
3.3	Mr. Do Le Hung is an independent BOD member who concurrently functions as the Chairman of the Audit Committee. He has expertise and experience in finance, accounting and independence, to ensure effective discussion at meetings.	4/4

NO.	EVALUATION BASIS	RATE
3.4	Charter and Internal Regulation on Corporate Governance stipulate criteria of an independent BOD member are: "not ever holding the position of members of the BOD, the Board of Supervisory of the Company for at least previous five (05) consecutive years, unless being appointed continuously for 02 consecutive terms". Currently, 02 independent BOD members at DHG Pharma have just joined the BOD for a period not exceeding 05 years. Simultaneously, these two independent members also function as Chairs of the Nomination Committee and Audit Committee.	2/2
3.5	The BOD Chairwoman does not concurrently hold the General Director position. However, the BOD Chairwoman is not yet an independent BOD member. DHG Pharma has not appointed a "lead member" among the independent BOD members, to lead the BOD in case the remaining BOD members have conflicts of interest.	1/4
4. ESTABLISHING BOARD COMMITTEES		
Information source: Charter, Internal Regulation on Corporate Governance, Audit Committee Charter, Annual Reports, BOD Operational regulation		
4.1	The Audit Committee consists of 3 BOD members. In which, the Chairman of this Committee is an independent BOD member, who has expertise and experience in finance, accounting, and the remaining 2 members are Non-executive BOD members. The roles and responsibilities of the Audit Committee are specified in the Charter, Internal Regulation on Corporate Governance, Audit Committee Charter. In particular, the Audit Committee will be responsible for sectors including financial statements, IA, independent auditor, IC & RM, compliance, and reporting responsibility.	4/4
4.2	The Audit Committee is responsible for matters related to: (1) Financial Statements; (2) IA functions; (3) Independent Audit service; (4) IC and RM; (5) Compliance matters. With the above responsibilities, the Audit Committee concurrently holds the position of the Risk Management Committee. The Audit Committee has met 3 out of 4 criteria. Operational regulation of the Audit Committee has been issued but not yet announced on the Company's website.	3/4
4.3	The Nomination Committee consists of 3 BOD members. In which, the Chairwoman of this Committee is an independent BOD member and the remaining 2 members are Executive BOD members. The roles and responsibilities of the Nomination Committee are specified in the Charter/Internal regulation on corporate governance/BOD Operational Regulation, but not yet issued as a separate regulation. <i>(* As at 31 Dec 2022, Mr. Masashi Nakaura ceased to hold the position of General Director (CEO) due to retirement according to the regime. Since that time, the Nomination Committee structure will change as follows: The Chairwoman of the Committee is an independent BOD member, one member is a Non-executive BOD member, and one member is an Executive BOD member.</i>	2/3
5 ENSURING EFFECTIVE PERFORMANCE FOR BOARD		
Information source: Annual reports		
5.1	The BOD conducts an annual self-assessment of its performance and Committees. Concerning the evaluation of each member's activities and hiring external consultants/advisors to evaluate this aspect will be considered for implementation by the BOD at suitable time.	2/4
5.2	The Company will consider supplementing a system of criteria and processes to determine the work performance of the BOD, each BOD member, and its Committees.	0/3
5.3	Refer to Section E.3, Asean Corporate Governance Scorecard	3/3

EVALUATION ON THE CORPORATE GOVERNANCE (cont.)



NO.	EVALUATION BASIS	RATE
6. ESTABLISHING AND MAINTAINING AN ETHICAL CORPORATE CULTURE		
Information source: Charter, Internal Regulation on Corporate Governance, BOD Operational regulation, DHG's cultural identity		
6.1	DHG Pharma has issued "DHG Pharma Cultural Identity" to establish a business culture with high standards in the Company, which is disseminated to all members of the BOD, the BOM and its employees. DHG Pharma will also consider disclosing "DHG Pharma Cultural Identity" on its website.	3/3
6.2	The Audit Committee/The BOD ensures proper implementation and monitors the Company's compliance with rules of business ethics as well as the internal policies.	3/3
6.3	The BOD and the BOM always act ethically, honestly, and with integrity in all relationships and act as the focal points, responsible for governing the corporate, building long-term strategies, and ensuring sustainable values for the company's stakeholders. At the same time, the BOD and the BOM have always complied with all laws, regulations, standards, and internal regulations at DHG Pharma.	3/3
7. ESTABLISHING A SOUND RISK MANAGEMENT AND CONTROL ENVIRONMENT		
Information source: Charter, Audit Committee's reports, Annual report, DHG's cultural identity, Company's regulation, process of selecting an independent auditor		
7.1	<p>The BOD ensures the integration of strategy, risk and control, and oversee the effectiveness of Company's IC system in details as follows:</p> <ul style="list-style-type: none"> Strategies: Quarterly/yearly, the Strategic Committee submits to the BOD for approval of the short, medium, long-term strategic plans and all the updates and adjustments (if any). Risk & effectiveness monitoring of the IC system: Quarterly, the IC and RM Dept. and Legal Dept. report to the Audit Committee on the situation and performance of IC and RM, compliance at DHG Pharma. The Audit Committee, in turn, then reports to the BOD for supervision. Others: Since 2019, the BOM has implemented a centralized information reception channel applied throughout the whole system of DHG Pharma. This channel provides a mechanism that allows violations to be reported and promptly handled. 	6/6
7.2	<p>The BOD has established an IA function to ensure the effectiveness of its IC systems, RM framework and corporate governance, including: (1) The Audit Committee under the BOD (presented in Principle 4), (2) The IA Dept.</p> <p>The IA Dept. is established in accordance with current regulations and internationally recognized standards of the IA Institute (IIA). The IA Dept. under the authority and reports directly to the Audit Committee on the functions, expertise and under the General Director on administration. IA Manager is appointed by the Audit Committee.</p> <p>The Audit Committee receives the results of annual risk assessment, IA reports, results of the completion plan and quality assessment of the IA Dept., updating high-risk audit issues, recommendations of the IA Dept. and providing necessary guidance.</p>	4/4

NO.	EVALUATION BASIS	RATE
7.3	The BOD has established the IC and RM Dept as the second line of defense with all the necessary positions and powers. Quarterly, the IA Deputy Manager directly reports to the Audit Committee. At the same time, Manager of the Legal Dept. advises on the compliance situation, quarterly reports or in accordance with each specific incurring case.	3/3
7.4	<p>Quarterly, the Strategic Committee and the Audit Committee report to the BOD on the implementation of the Company's strategies and key risks. Risk appetite and RM framework are established with acceptable levels of risk corresponding to each strategy of the Company.</p> <p>The remuneration of the BOM is appropriate with the annual business situation to ensure the sustainable benefits of shareholders. In the construction of the compensation framework, the Company often hires consultants to ensure the harmony of interests of both the shareholders and employees.</p>	6/6
7.5	Cyber security risks are among top 10 risks that DHG Pharma is concerned with. Quarterly, the Audit Committee reports to the BOD about the Company's main risks, (including cyber security risks) and the BOM will review and discuss to ensure that the Company will be safely protected from these cyber security risks. Information confidentiality has also been clearly specified in DHG Pharma Cultural Identity and the Company's rules. Given that an independent cybersecurity specialist has not been appointed in the Company, DHG Pharma is considering this appointment in the near future.	3/4
7.6	<p>Article 18 of the Company's Charter stipulates that "the selection of independent auditor" must be approved by the GMS. The responsibility of the AC in selecting the auditing company is specified in Article 41 of the Company's Charter. The Audit Committee has issued Selecting independent auditor process.</p> <p>Every 6 months/annually, the Audit Committee will have a meeting with the Independent Auditor before issuing reviewed/audited financial statements. Within the meeting, the Audit Committee will consider all issues related to financial statements as well as recommendations from the Independent Auditor.</p> <p>The independent auditor for DHG Pharma's fiscal year 2022 is Deloitte Vietnam Co., Ltd. - one of the Big Four Companies in auditing field. DHG Pharma has published its contract signing with independent auditors but has not disclosed the audit service fees and non-audit service fees.</p>	3/4
8. DISCLOSURE AND TRANSPARENCY		
Information source: Charter, Information Disclosure Process, Corporate governance report, Annual report, Sustainable Development Report, Company's website, GMS's materials		
8.1	<p>The BOM established IR Team which plays an important role in information disclosure activities. This team helps to ensure that the public disclosure of information is accurate, timely and in compliance with applicable laws and regulations. The Audit Committee is the unit that supervises the disclosure of financial and non-financial reports.</p> <p>Simultaneously, DHG Pharma has issued the Information Disclosure Process. Time to announce/report the stock transactions of internal persons and related persons of the Company: Refer to Section B.5, Asean Corporate Governance Scorecard.</p>	6/6
8.2	Refer to Section D, Asean Corporate Governance Scorecard	3/3
8.3	The BOD is committed to ensuring the disclosure of non-financial information, including reports on environmental and social issues.	3/4
8.4	Remuneration and bonuses of the BOD and the BOM are disclosed in the BOD Report under the document set of the AGM 2022.	3/3

EVALUATION ON THE CORPORATE GOVERNANCE (cont.)



NO.	EVALUATION BASIS	RATE
9. ESTABLISHING A FRAMEWORK FOR EFFECTIVE EXERCISE OF SHAREHOLDER RIGHTS		
Information source: Charter, Internal Regulation on Corporate Governance, Company's website, Corporate governance report, Annual report, Financial statements, GMS materials, Information Disclosure Process, Regulation on transactions with related parties		
9.1	Basic rights of shareholders include: (1) The right to secure ownership registration, (2) The right to transfer shares, (3) The right to access company information in a timely and regular manner, (4) The right to participate, speak and vote at the GMS, (5) The right to vote and dismiss members of the BOD, (6) The right to receive dividend from the company's profit. Report on corporate governance, annual reports and financial statements all disclosed that shareholders own more than 5% of the total shares of DHG Pharma	5/5
9.2	Refer to Section A.3, Asean Corporate Governance Scorecard	10/10
9.3	Refer to Section A.1, Asean Corporate Governance Scorecard	4/4
9.4	To ensure equitable treatment of all shareholders, the rights and obligations of shareholders are clearly and transparently stated in the Company's Charter and Internal Regulation on Corporate Governance. The Company's Charter, Internal Regulation on Corporate Governance, Annual Reports, Quarterly Financial Statements and Information Disclosures in accordance with Circular 96/2020/TT-BTC are all published on the website of the State Securities Commission, HoChiMinh Stock Exchange, and the Company's website so that all shareholders can access the information quickly and accurately. Some provisions of the Company's Charter to protect minority shareholders: Clause 3, Article 15 of the Company's Charter stipulates that a shareholder or a group of shareholders holding five percent (5%) of ordinary shares or more shall have the following rights: <ul style="list-style-type: none"> To nominate members to the BOD. To request the BOD to convene the AGM. To inspect and receive a copy or an extract of the list of shareholders entitled to attend and vote at the AGM. To examine, extract the minutes, resolutions and decisions of the Board of Directors, interim and annual financial statements, reports of the Audit Committee, contracts and transactions subject to approval by the Board of Directors and other documents, except documents relevant to the Company's trade secrets; To propose inclusion of issues in the agenda of the General Meeting of Shareholders. The proposal must be made in writing and sent to the Company at least 03 working days before the opening date. The proposal shall specify the shareholder's name, quantity of each type of shares being held by the shareholder and the proposed issues; To request the BOD to inspect each particular issue related to the management and operation of DHG PHARMA whenever necessary. Other rights as prescribed by law and the Company's Charter. 	3/4
9.5	Refer to Section B.3, Asean Corporate Governance Scorecard	4/5

NO.	EVALUATION BASIS	RATE
10. BUILDING EFFECTIVE STAKEHOLDER ENGAGEMENT		
Information source: 7 core values of DHG Pharma, DHG's cultural identity, Annual report, Sustainable Development report, Regulation on transactions with related parties		
10.1	The BOD is committed to considering and respecting the interests of all related stakeholders as well as stakeholders affected by the Company's activities. Currently, the BOD has not yet issued process for identifying related stakeholders such as employee, debtor, customers, local community, supplier and other important Non-governmental organizations. These points are specified in the Cultural identity of DHG Pharma/ 7 core values and annually evaluated in the Sustainable Development report. During the year, the Company did not detect any transactions with conflicts of interest. Policies regarding anti-inflation and anti-corruption are also strictly enforced by the Company.	4/5
10.2	During the year, the BOM continued to maintain the centralized communication channel to receive and process comments, feedback and complaints of individuals and communities related to the Company's activities. The data are sent directly to the General Director, and this communication channel is supervised by the Internal Audit Department of the Audit Committee.	2/2



EVALUATION ON THE CORPORATE GOVERNANCE (cont.)

PLAN FOR IMPROVING THE QUALITY OF CORPORATE GOVERNANCE

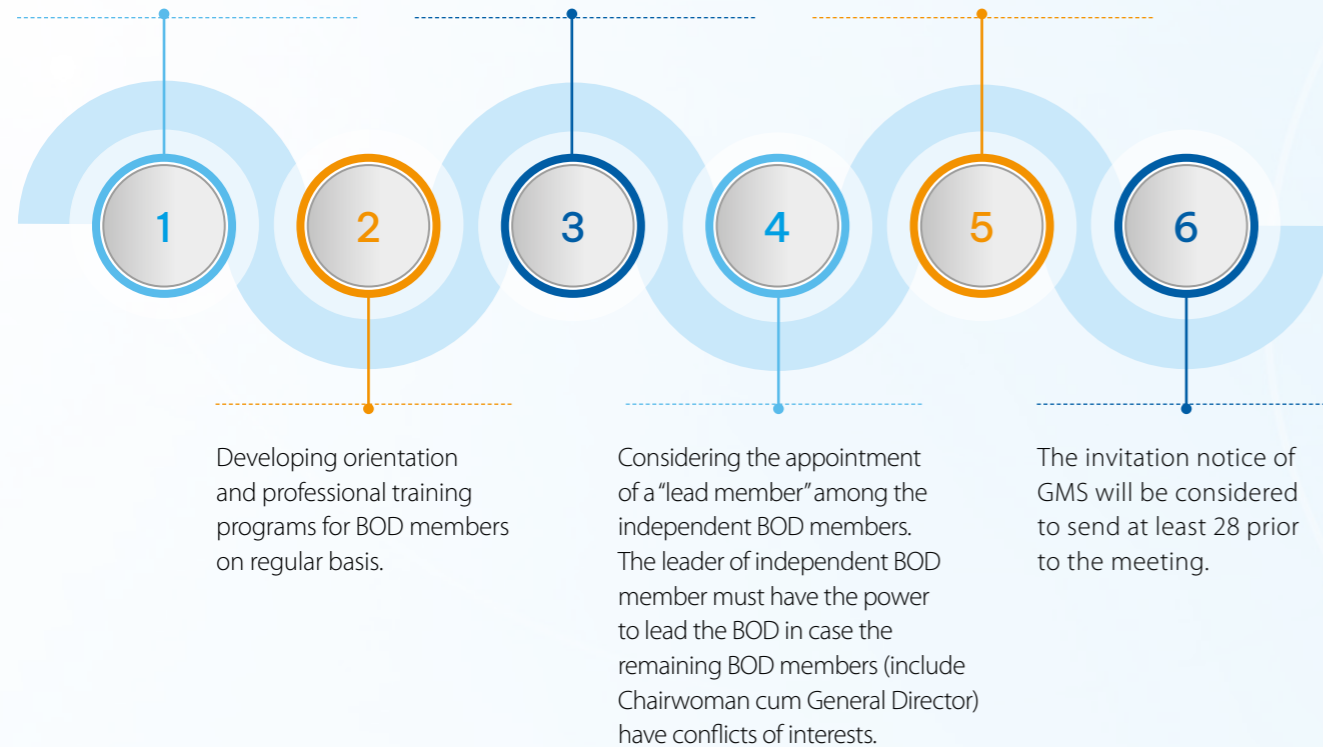
As the result of the assessment of the implementation of corporate governance based on ASEAN Corporate Governance Scorecard, DHG Pharma has set a number of focal goals that need to be implemented and completed in 2023 to further improve the quality of governance. The objectives that should be implemented are specified as follows:



Developing skills matrix has not been issued as the BOD describe roles and qualification needed for nomination, include factors such as independence, diversity, age gender, future planning, integrity, skills, expertise, experience, knowledge of the business and business lines of the Company.

Conducting periodic assessment of performance of each BOD member and Committee under the BOD.

Continuing to disclose on the Company's website information such as (1) Operational Regulation of the Committees, (2) Cultural identity of DHG Pharma, (3) Regulation on controlling transaction between related parties and members, (4) Dividend policy and other contents (if any).

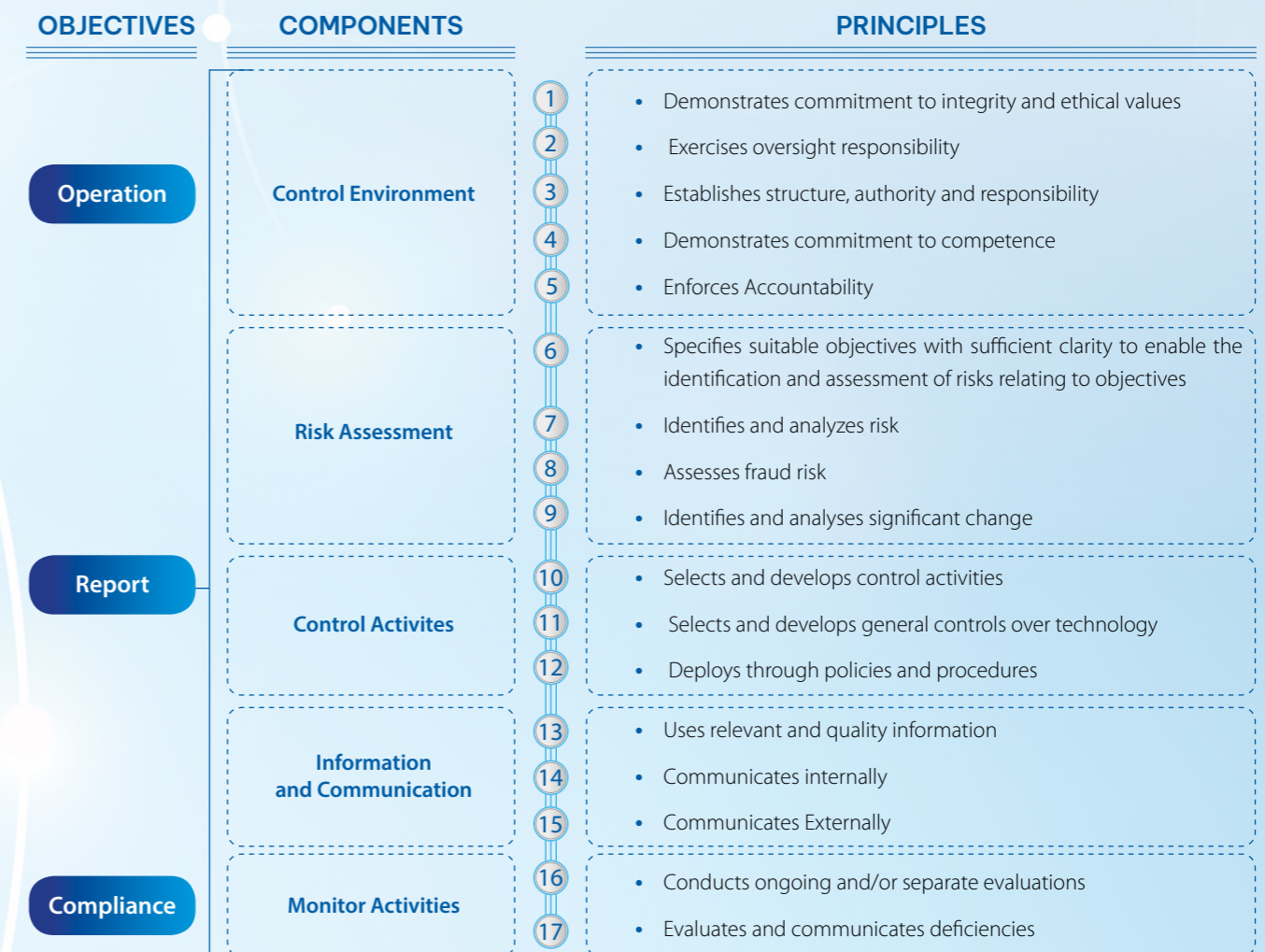


PERFORMANCES OF THE INTERNAL CONTROL AND RISK MANAGEMENT IN 2022

INTERNAL CONTROL

DHG Pharma focuses on the role of the Internal Control System, continuously operating the business in harmony between the operational objectives of revenue and profit, the report objectives of a reliable financial report, and the compliance objective for honest and ethical business aims.

At DHG Pharma, Internal Control is not an independent unit or function but rather a system that inextricably links to operations and business from the organizational level down to the individual units. The Internal Control System is structured in a unified and holistic manner. DHG Pharma uses the Internal Control Platform of Committee of Sponsoring Organizations of the Treadway Commission (COSO), which consists of 5 components and 17 principles that serve three goals:



PERFORMANCES OF THE INTERNAL CONTROL AND RISK MANAGEMENT IN 2022 (cont.)

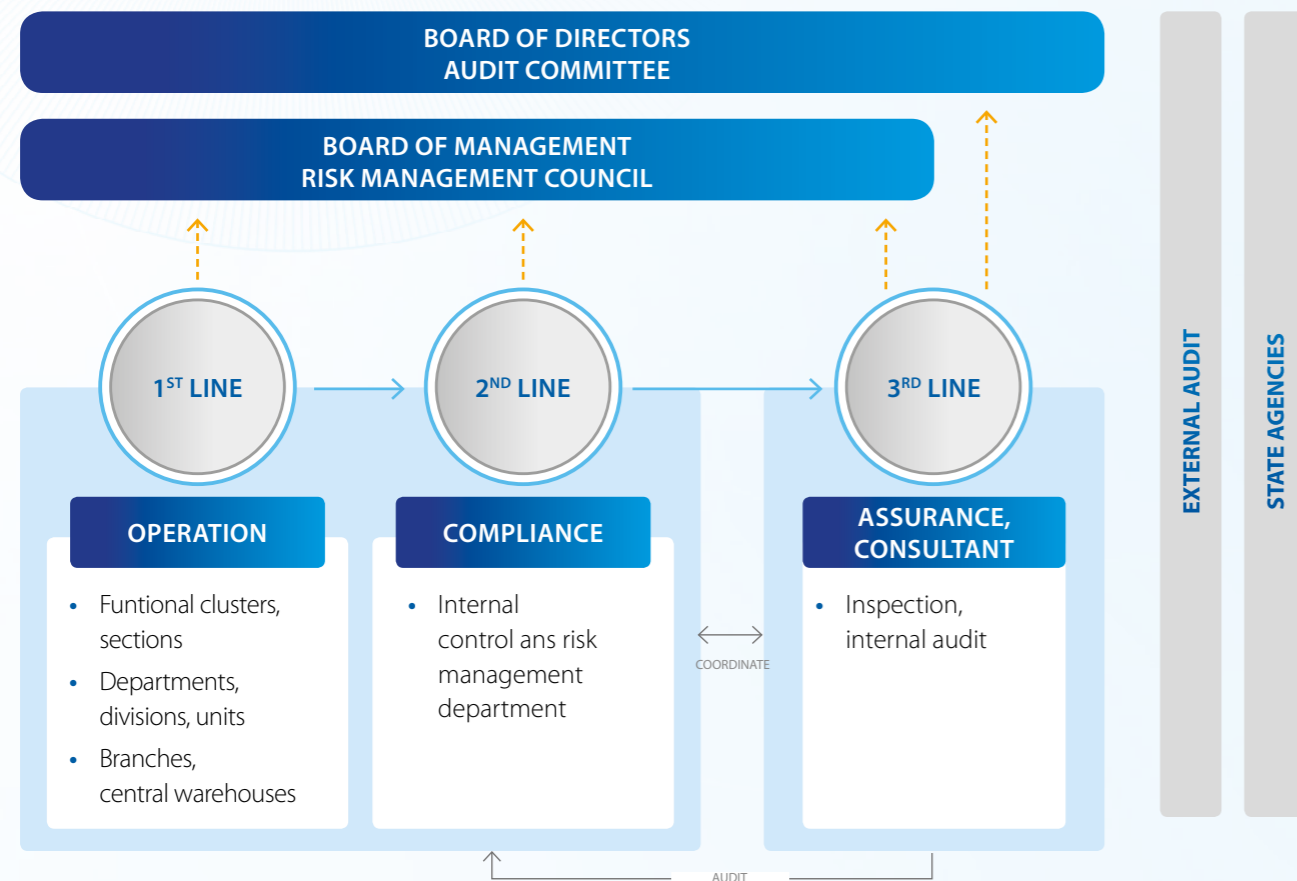


A three-line defense model is established and implemented to ensure the Company's operation to achieve its objectives based on a strong and controlled governance structure to operationalize these principles. Control is not a separate function in this model; it exists widely but separately. All operations necessitate some level of control, and as such, the first line of defense should include all specialized task units in charge of operation and self-control.

The compliance function and the main task of the internal control system are assigned to a specialized unit, the Internal Control & Risk Management Department, as the second line of defense. Internal Audit is in charge of implementing the third line, which is responsible for assurance and consulting. The lines of defense are directed by the Board of Management and overseen by the Audit Committee under the Board of Directors, with interaction with stakeholders. DHG Pharma strives for a strict internal control system that includes control, integrated operation, and independent assurance.

In addition to its existing internal controls, DHG Pharma is also on its way to becoming a global company. Along with its inner strength, seriousness, and determination to establish and operate the internal control system, DHG Pharma is gradually harmonizing and connecting control standards under international practices with the support of the Taisho Group.

DHG Pharma recognizes that a system that is not constantly evaluated and tested will quickly become outdated. In 2022, and in previous years, DHG Pharma has undergone internal evaluations and implemented standards based on good practices and JSOX internal control standards from Japan with the support of Taisho. The evaluation process requires DHG Pharma to review, identify and improve its systems constantly.



In terms of system operation, in the spirit of both construction and operation combined with inspection and supervision, in 2022, DHG Pharma has implemented the following:

- 1 Management, construction, and updating of the internal document system to ensure meeting job requirements, completing operational objectives, complying with regulations, and reporting. The promulgation of the Control Regulation has standardized the roles, functions, and responsibilities of the control system at DHG Pharma. New issuance, review, and adjustment of all internal documents under management are permitted to adapt and change timely to environmental changes in the workplace, related legal regulations, and good practices.
- 2 Strengthening control capabilities through technology via the DMS project allows sales, delivery, and payment operations to be automated, controlled, and monitored in real-time.
- 3 Conducting regular system assessments by the Internal Control and Risk Management Department and Risk Management, in coordination with Taisho, through J-SOX evaluations to identify and continuously improve the internal control system step-by-step at DHG Pharma.
- 4 Comparing and contrasting actual implementation with policies and procedures that have been issued and actual operations to assess compliance and effectiveness of regulations through field inspection.
- 5 Developing a separate and explicit compliance training program according to effective programs from the parent company, Taisho.
- 6 Supporting the Board of Management to enforce the Whistleblowing Policy to record feedback, investigate, and confirm reported and denounced information via the General Director's mailbox, thereby enhancing self-awareness and cross-monitoring in the system, gradually contributing to improving operational capacity and efficiency.

PERFORMANCES OF THE INTERNAL CONTROL AND RISK MANAGEMENT IN 2022 (cont.)

INTERNAL CONTROL ACTION PLAN FOR 2023



Intending to continuously improve the internal control system to support the Board of Management in enhancing its ability to achieve operational and strategic objectives, DHG Pharma has developed the following action plans for 2023:

- 1
- 2
- 3
- 4
- 5

Internal Control framework: For goals of guaranteeing and enhancing the control capacity of the system, DHG Pharma will continue to establish, standardize, review, and adjust regulations to ensure that controls are compatible with operations, the environment, legal requirements, and best practices. Additionally, DHG Pharma will focus on developing and improving automated controls through technology and establishing control standards based on best practices.

Maintaining monitoring activities through ongoing and separate evaluations. Focusing resources on developing control tools through the JSOX program evaluation activities from Taisho's Internal Control Department. Prioritizing field assessments to gather feedback and observations to avoid ineffective or inadequate regulations.

Continuing to communicate and cultivate a compliance culture by implementing compliance training programs consisting of basic and advanced levels. Compliance culture development aims to focus on awareness and voluntary compliance. In-depth and wide-ranging training will be conducted, with attention to developing training programs tailored to specific target groups, universal applicability, and practicality.

Participating in computerization projects to monitor and support the efficient and precise construction of control designs that are tailored to DHG Pharma's operating characteristics and an increasingly changing business environment.

Continuing to monitor anti-corruption and conflict of interest prevention activities, control transactions with related parties, support the General Director in managing Whistleblower Policy, propose specific measures to handle related issues, and protect DHG Pharma's values.

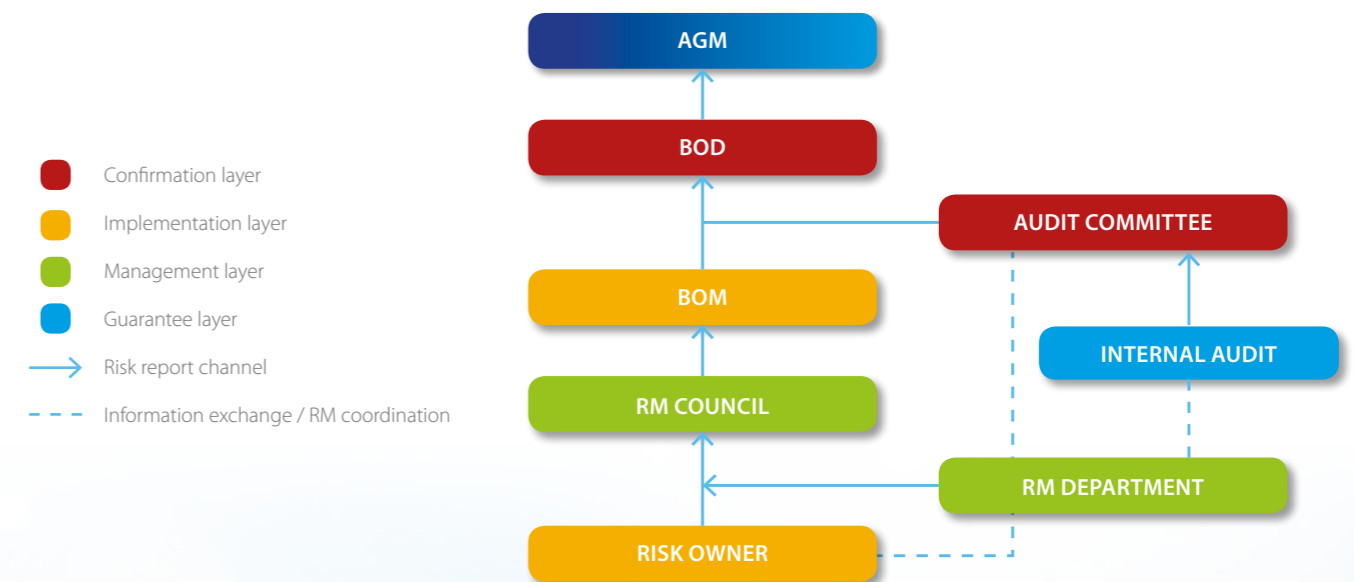
RISK MANAGEMENT

The year 2022 ends with a positive recovery of the economy after the pandemic, but global challenges such as inflation, supply chain disruptions, and so on have significantly affected the operations of businesses. In this context, risk management continues to be emphasized as an effective tool for DHG Pharma to proactively cope with challenges and seize opportunities to pursue sustainable growth and development goals.

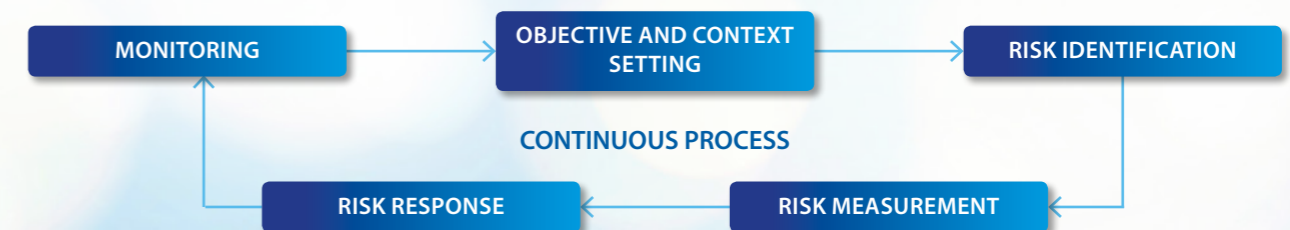
DHG Pharma's risk management structure is still maintained with four layers: identification, execution, management, and assurance.



RISK MANAGEMENT STRUCTURE OF THE COMPANY



The Company's risk management process is integrated into its operations regularly and continuously, helping the Company's leaders to make timely and flexible decisions to ensure that the set plans and objectives are achieved.



Quarterly or when important events affect the Company's operations/strategy, the Company will review and update its list of significant risks in all operational aspects. From there, the Company identifies high-risk areas and implements timely and comprehensive response plans.

PERFORMANCES OF THE INTERNAL CONTROL AND RISK MANAGEMENT IN 2022 (cont.)

CRITICAL RISK MANAGEMENT



1.

INTERRUPTION OF MATERIALS FOR PRODUCTION

Risk description

Not promptly and sufficiently supply raw materials for production at reasonable costs.

Risk trend

The global supply chain is currently subject to many fluctuations due to geopolitical events, in addition to China continuing to maintain its zero Covid policy which the world supply chain may be at risk of interruptions at factories and key shipping hubs in China. Therefore, an important measure is to diversify suppliers, be proactive in the purchasing process and develop diverse channels and sources of raw materials.



4.

INFORMATION SECURITY

Risk description

Risk of system interruption and loss of important information to the outside

Risk trend

Digital transformation positively impacts company operations, but it also has potential risks to information security. Therefore, two core solutions implemented throughout the operation process are strengthening the implementation of solutions to improve data and information security controls and continuous communication and training to enhance user knowledge.



2.

PRODUCT QUALITY ASSURANCE

Risk description

Products when reaching the final consumer do not guarantee quality.

Risk trend

Product quality is always the Company's top priority. Therefore, in addition to continuing to ensure stable product quality, the Company is also gradually improving and enhancing product quality, conducting risk assessments before applying new technologies or carrying out changes that may affect product quality.



3.

COMPETITIVE PRESSURE IN THE DOMESTIC MARKET

Risk description

Not promptly prepare and handle competitive pressures from companies in the same industry in the market.

Risk trend

The risk trend is increasing as pharmaceutical companies invest significantly in upgrading quality standards and competing on product prices. The primary solution is to diversify and differentiate products while strengthening the deployment of quality standards for factories.



5.

COMPLIANCE WITH HSE REGULATIONS

Risk description

Failure to promptly detect and prevent violations of HSE regulations (Health, Safety, Environment).

Risk trend

Health, safety, and environmental risks always carry unexpected factors. Therefore, the Company always maintains regular training and testing for the implementation and compliance of HSE: regular HSE training and practice, fire prevention and rescue training, environmental monitoring, an inspection of the operation and efficiency of environmental treatment equipment, and ensuring compliance with environmental regulations and production standards.



6.

FLUCTUATIONS IN EXCHANGE RATE & INTEREST RATE

Risk description

Exchange rates & interest rates negatively fluctuate for business activities.

Risk trend

The Covid-19 pandemic has left many potential repercussions, with risks related to global economic recession and currency markets. However, by managing import and export plans tightly in terms of implementation deadlines and payment terms, as well as managing foreign currency demand and security measures for foreign currency payments, and regularly updating and forecasting exchange rate fluctuations to balance need and adjust plans accordingly, the Company has been able to control and stabilize this risk.



PERFORMANCES OF THE INTERNAL CONTROL AND RISK MANAGEMENT IN 2022 (cont.)



RISK MANAGEMENT PLAN FOR 2023

To increasingly bring risk management activities with high applicability into daily work and become an essential part of pursuing the Company's strategic objectives, creating conditions for the risk management system to reach a new level of maturity, the risk management plan for 2023 is oriented as follows:



The Corporate Governance Report 2022 of DHG Pharma shall be printed in limited quantities to protect the environment. If you are concerned, please kindly visit the website to view the electronic version of the Corporate Governance Report 2022:
www.dhgpharma.com.vn



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