

REPORT OF BOARD OF SUPERVISION OF 2014

Kind attn.: SHAREHOLDERS' MEETING OF DHG PHARMACEUTICAL JSC.

- *Based on the Enterprise Law No. 60/2005/QH11 dated 29/11/2005;*
- *Based on the Charter of Organization and Operation of DHG Pharmaceutical Joint-Stock Company (DHG Pharma);*
- *Based on the Resolution of Annual Shareholders' Meeting 2013 of DHG Pharmaceutical Joint-Stock Company dated 28 April 2014;*
- *Based on the operating regulations and working programs in 2014 of Board of Supervision*

Board of Supervision (BOS) of DHG Pharma respectfully reports to the Meeting on the inspection and supervision tasks of DHG Pharma in 2014 to increase governance efficiency at DHG Pharma as follows:

1. BOS meetings

- In 2014, BOS held 4 meetings with full participation of members to summarize result of works done during the period and make plans for the next period and wrote reports to the Board of Directors (BOD).
- In addition, BOS has fully participated in the meetings of BOD to acknowledge situation of business and investment and made suggestions, gave recommendations to the BOD, the Board of Management (BOM) in the scope of its responsibilities and powers.

2. BOS activities

BOS has developed programs and activities in 2014 including: supervision of operations and financial condition of the Company, supervision of activities of the Board of Directors and Executive Board, with particular emphasis on financial management objectives and risk control, namely:

- Check and monitor the implementation of Resolution of ASM 2013 and its results to BOD and BOM.
- Coordinate with the independent auditor to examine 1H financial statement and 2014 financial statement to assess the transparency and reasonableness of financial data in accordance with standards, accounting regulations and current financial policies.

At the same time, duly noting and implementing advices of the independent auditor in order to improve the efficiency of the financial management of the Company. Before and after each audit, BOS had meetings with the auditor about focused contents need to be audited and evaluate the auditing results.

- Review and make suggestions regulations on financial management and procurement processes in the Company, along with checking the compliance of procedures and regulations.
- Coordinate with the independent auditor to audit the new plant project, monitoring the compliance of procurement processes and financial management.
- Coordinate with the functional units of the Company to conduct the inspection of activities of subordinate units such as branches, subsidiaries, to strengthen the management of the Company to these units. Through inspection, BOS did not detect essential misstatements affecting the interests of the Company.

2. Assess on business performance and financial status of the Company.

In the context of the overall difficult business, the results of operations and business of DHG Pharma remains positive, achieving targets set by the 2013 AMS, namely:

- Consolidated net sales of 2014 reached VND3,912.5 billion, increased by 15.4% compared with 2013, reaching 101% of the plan.
- Consolidated profit before tax of 2014 reached VND722 billion, decreased by 7.6% y/y. If excluding financial income and extraordinary income from Eugica transfer in 2013, profit before tax of 2014 reaching VND687.2 billion, exceeding 0.17% of the plan (VND686 billion)
- Proportion of current assets/current payables is 2.13 times. Liabilities/equity was 0.52 times. The financial situation of the Company was completely healthy.
- Customer receivables as of 31/12/2014 was VND761 billion, accounting for 19.4% of net revenue 2014 of the Company and increased by 47.7% y/y.
- BOS has reviewed the 1H financial statement, 2014 financial statement, consistent with the results of production and business activities in 2014 and the targets in the financial statements. The report showed fully, clearly and reflected financial position of the Company.
- In 2014, the company strictly abides by the provisions of the law and the Enterprise charter. BOS did not find unusual anything in production and finance of the Company.

3. Monitoring the activities of BOD, BOM and management system of the Company

- BOD held meetings periodically under the provisions of the Charter and operating regulations of BOD. BOS evaluated BOD's performance of 2014 in accordance with regulations of law and the Company, responded promptly to requests of business

and operations activities of the Company during the year.

- BOD has issued several resolutions and decisions relating to the operations of the Company within the responsibility and jurisdiction of BOD. Resolutions and Decisions of the BOD were issued in the correct order and competence and appropriate with legal basis in accordance with regulations of law and the Company.
- BOS recorded nothing unusual in the operation of BOD and BOM members, as well as management departments of the company.
- BOD and BOM have driven business development properly, with a high sense of responsibility to meet expectations of shareholders, employees and bring benefits to customers.
- In 2014, enterprises in the field of business field were still met difficulties due to slow economic recovery. CEO and Executive Board have made efforts to manage activities of production and business of the Company and complete important targets: turnover, profits, and dividends ... according to the plan approved by the General Meeting of shareholders.
- Made reports, disclose information on the regulations.
- BOS agreed with the BOD's report in 2014 to submit AGM 2014.

4. Evaluating coordination of activities among BOS and BOD, BOM

- In 2014, BOS was created favorable conditions by BOD and BOM in provision of sufficient information on production and business activities and financial position of the Company.
- BOS are invited to attend all meetings of the BOD, consulted by functions and duties of the BOS.
- BOM gave conditions for employee arrangement and information provision during task performance of BOS at departments, branches or subsidiaries.
- BOS, BOD and BOM coordinate closely to promptly solve obstacles in the process of inspection and control of the BOS.
- Periodically, the BOS has written reports and proposals submitted to BOD and BOM. The recommendations of the BOS are recorded and implemented.

5. Remuneration of the BOS

In 2014, BOS received remuneration in accordance with ASM 2013's Resolution and Resolution No. 007/2014/NQ.HDQT dated 27/05/2014 of BOD. Specific amount of remuneration was detailed in the BOD's report to submit the ASM.

6. Implementation of the ASM 2013's Resolution

- The Company has completed the business target of 2014.

- The Company has implemented appropriation of funds according to profit distribution plan, remuneration and bonus in 2013 under ASM 2013's Resolution.
- Selecting Pricewaterhouse Coopers Vietnam Ltd. (PwC) to audit financial statements of the Company in 2014.
- The company has implemented the plan of share issuance to increase share capital from equity with a ratio of 3: 1.

7. Some recommendations of BOS

Based on its monitoring activities and to maintain a growth rate in accordance with the business plan 2014-2018 for submitting the ASM 2014, BOS has some suggestions as follows:

- Suggest BOD and BOM to continue strengthening supervision of selling task, promoting and collecting debts to improve business performance of the Company.
- Closely monitor activities of production, business, financial management of the subsidiaries of the Company.
- Current sales force with over 1,200 employees, it is necessary to strengthen monitoring of implementation of the selling regulations of the Company.
- Establish an inventory level, warehouse management processes according to advanced standards to ensure optimum supply of goods on the market, on the other hand to increase capital cycle for cost reduction.
- Develop and improve systems of processes and regulations as a basis for management, evaluation of efficacy and risk control.
- Deploy construction of Betalactam factory on schedule. Maintain supervision of construction, quality assurance of the project.
- Strengthen the role of internal control division in financial management, monitoring compliance procedures and regulations of the Company.
- Implement comprehensively and deploy absolutely BFO management software system to improve efficacy of management and prevent and reduce risks.

8. Course of actions of the BOS in 2015

- BOS will continue to perform inspection and monitoring by its functions and duties stipulated in the Law on Enterprise and the Company Charter.
- Supervise the BOD and BOM in implementation of Resolution of the ASM 2014.
- Coordinate with the independent auditor in auditing the financial statements and building works at Tan Phu Thanh plant.
- Implement appraisal task of business financial statements and report on evaluation of management task of the BOD to submit the ASM 2015.
- Continue reviewing and proposing shortcomings in procedures and regulations of the company. Monitoring compliance with the procedures and regulations.

- Appraise the investment projects of the Company prior to deployment.
- Review and reconsider implementation of the plant project at Tan Phu Thanh IZ

Above is the report of the Board of Supervision in 2014. We hope to receive suggestions from the General Meeting of Shareholders to help us perform our tasks in the coming years.

Sincerely,

Received places:

- Saved as above
- Saved at BOD's secretary, BOS, AT.

On behalf of BOARD OF SUPERVISION

HEAD OF BOARD

(Signed)

Tran Quoc Hung