

STATEMENT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2018

(Re: Selection of the independent auditor in 2019)

Kind Attn to: GENERAL MEETING OF SHAREHOLDERS OF DHG PHARMA

- Pursuant to Enterprise Law No.68/2014/QH13 dated 26 Nov 2014 and guidances on the implementation of the Enterprise Law;
- Pursuant to the Charter of Organization and Operation of DHG Pharmaceutical Joint Stock Company (DHG Pharma) approved by the Annual General Meeting of Shareholders (AGM) on 28 Mar 2018, issued on 06 Aug 2018;
- Pursuant to the list of audit firms approved by the State Securities Commission to audit for the listed organizations;
- To enhance business performance, financial transparency, risk control and to create value to stakeholders,

The Board of Supervisory (BOS) of DHG Pharma respectfully submits to the AGM 2018 on the selection of the independent auditor to audit the financial statements FY2019 of the Company as follows:

1. Selection criteria of the independent auditor

- Approved by the State Securities Commission (SSC) to audit listed companies on Vietnam Securities Market in 2019;
- Being an auditing and consulting firm with prestige and experience in the industry, understand the law of Vietnam and meet the requirements of DHG Pharma on the audit scope and progress;
- The employees who directly provide services for DHG Pharma have capacity, qualifications and a strong sense of responsibility;
- Auditing combines consulting about accounting system, internal audit, tax accounting;
- Audit fees are reasonable (issuance of interim financial statements and financial statements for FY 2019 in writing to all audited and consolidated companies) in line with audit quality based on the Quotations of audit fees and scope of the audit.
- Interim financial statements and financial statements for FY2019 are aligned from VAS standards to IFRS standards.

- Giving opinions on accounting data provided by DHG Pharma as the request of Taisho (quarter/year).
- Proposed units are international auditing firms of Big 4 operating in Vietnam (KPMG, Pricewaterhouse Coopers, Ernst & Young and Deloitte). However, since Ernst & Young (E&Y) has currently provided consulting service for DHG Pharma (it is not allowed to audit in accordance with regulations), the BOS proposes to select one of three units:
 - + KPMG Vietnam Limited Company
 - + PricewaterhouseCoopers Vietnam Limited Company (PwC)
 - + Deloitte Vietnam Company Ltd.

2. DHG Pharma's independent auditor of 2019 financial statements submitted to the AGM

- KPMG Vietnam Branch has sent a letter refusing to offer the quotation as KPMG has currently advised for Taisho Pharmaceutical Co., Ltd. (The parent company has hold 51.01% of DHG Pharma's shares since 17 May 2019).
- Pursuant to the Evaluation Minutes of the auditors provided independent audit package for FY 2019 on 17 May 2019 and additional Minutes on 20 May 2019, the evaluation team included the BOS, a representative of Legal Department and a representative of Internal Control Department. The BOS respectfully submits to the AGM:
- To approve the selection of Deloitte Vietnam Company Ltd. as the auditor of the 2019 financial statements of DHG Pharma. The BOD is assigned to authorize the General Director to negotiate implementation terms and necessary procedures to audit and review the financial statements of DHG Pharma in 2019.

Respectfully submits to the AGM for consideration and approval.

Best regards./.

Recipients:

- *As Kind Attn;*
- *Archived: BOD Secretary.*

**ON BEHALF OF THE BOS
HEAD**

Tran Quoc Hung

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