

No.: 002/2024/BC.ĐHĐCĐ

Cantho, 15th Mar 2024**REPORT OF THE AUDIT COMMITTEE IN 2023****Kind Attn to: THE GENERAL MEETING OF SHAREHOLDERS OF DHG PHARMA**

- Pursuant to Enterprise Law No.59/2020/QH14 dated 17 Jun 2020;
- Pursuant to the Charter of DHG Pharmaceutical Joint Stock Company (DHG Pharma) issued on 19 Apr 2021;
- Pursuant to the operational regulation and working programs of the Audit Committee,

The Audit Committee (AC) would like to report to the General Meeting of Shareholders the monitoring results and performances in 2023 as follows:

I. Organizational structure and performances of the AC**1. Participants and structure of the AC:**

The AC is under the Board of Directors (BOD) of DHG Pharma that consists of 3 members.

No.	Full name	Position	Title	Starting/ Ending date
1	Mr. Do Le Hung	Independent BOD member	AC Chairman	Start from 11 Jun 2019
2	Mrs. Dang Thi Thu Ha	BOD Chairwoman	Member	Start from 11 Jun 2019
3	Mr. Maki Kamijo	Non-Executive BOD Member	Member	Start from 11 Jun 2019

2. Operation mechanism of the AC

The AC operates under the AC's operational regulation issued by the BOD in accordance with the Company's Charter and current laws (Enterprise Law 2020, Securities Law 2019, Decree 155 guiding the Securities Law, Circular 116 guiding the Enterprise Law 2020 and Decree 155).

3. Meetings of the AC and members' participation

No.	AC members	Meeting attendance	Rate	Reasons for absence
1	Mr. Do Le Hung	6/6	100%	N/A
2	Ms. Dang Thi Thu Ha	6/6	100%	N/A
3	Mr. Maki Kamijo	6/6	100%	N/A

4. Remuneration and operating expenses of AC in 2023

- AC remuneration in 2023: The remuneration of the AC members is detailed in the report on the BOD activities. In addition to this remuneration, AC members do not receive any other benefits or remuneration.
- Operating expenses of AC in 2023: comply with the provisions and internal regulations of DHG Pharma.

5. AC's supervision activities on corporate governance

The AC supervised by directly monitoring the BOD's activities via meetings, discussions, methods of issuing the BOD's resolutions, and simultaneously supervising the BOM's performances via the compliance with the BOD's Resolutions and the decentralization mechanism between the BOD and the General Director.

AC's supervision activities are implemented in various ways through reporting channels and communication with the BOM's members, the Finance Director, Chief Accountant, Internal Audit (IA) Manager, Internal Control (IC) and Risk Management (RM) Manager, Legal Department Manager, and Independent Auditor.

AC always coordinates well with members of the BOD, BOM, and related managers within the framework of its monitoring, and AC always receives cooperation from the BOM.

AC prepares periodical or extraordinary reports to the BOD.

II. Monitoring results of AC

1. 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.

2. 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.

3. Financial statements and the accounting system:

AC noted and approved the audited financial statements FY2023. Accordingly, the financial statements FY2023 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.

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.

4. 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 2023, 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. This year, in addition to implementing J-SOX at the corporate level, Taisho sent personnel to directly assess J-SOX at the process level. The findings and recommendations from the assessment were accepted and implemented by DHG Pharma. Moreover, maintaining information exchange and monitoring Taisho's activities through functional units has promoted positive and comprehensive improvements in all aspects of operation, including investment management, cost management, debt management, etc. This approach is also being directly applied to IC, RM, and IA operations.

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.

5. 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.

Based on operational practices, compliance with the Ministry of Finance's guidelines, and common practices, the IA Handbook was issued, creating a framework, methodology, and processes for professional IA, ensuring the IA quality as expected by the Company's leaders. The annual audit plan was developed in accordance with

the principle of closely following material risks in the Company's operations. IA consulted and discussed with the BOM before planning and submitted the plan for the Audit Committee's annual approval.

By the end of 2023, IA had completed the plan on time and within expected resources. The results of the IA showed that the Company's control system was effectively designed and appropriate. The audited units and processes achieved compliance at a Good level. The majority of audit findings related to low, non-material risks.

The IA recommendations were received and implemented by the units and branches with a serious and timely corrective action plan.

6. 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.

7. Evaluation on results and quality of Independent Auditor:

The independent auditor - Deloitte audited the 2023 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.

Best regards./.

Recipients:

- Ditto;
- Archived: BOD Secretary.

**OBO. AUDIT COMMITTEE
CHAIRMAN OF AUDIT COMMITTEE**

Do Le 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.]