



REPORT OF THE BOARD OF DIRECTORS ON 2020 OPERATIONS

2020 is the second year PDR has implemented the New Era strategy. Continuing the set strategy, the Company aimed at accelerating the growth rate while ensuring the speed and sustainable factors. The resulting outcomes are the token of recognition that the Company has fully complied with this direction to achieve breakthroughs in terms of business performance as well as foundation reinforcement.

1. ASSESSMENT ON BUSINESS ACTIVITIES IN 2020:

1.1. Business results in 2020:

In 2020, the Vietnamese economy, in general, and the real estate market, in particular, suffered severe impacts caused by the Covid-19 pandemic. However, having a strict, clear and cohesive risk management policy as well as a flexible strategy, PDR has exceeded all targets approved by the 2020 Annual General Meeting of Shareholder.

- Net Revenue reached VND 3,911.21 billion, increased by VND 511.03 billion and 15% compared to 2019.
- Profit before tax reached VND 1,540.22 billion, increased by VND 434.91 billion and 39.3% compared to 2019.
- Profit after tax reached VND 1,220.25 billion, increased by VND 346.111 billion and 39.6% compared to 2019.

1.2. Contributors to the Company's breakthrough results:

– Clear strategy and consistent roadmap

- + PDR strictly followed the development strategy focusing on the core area of residential real estate. The company prioritized potential markets and only invested in projects with prospects of rapid implementation, positive cash flow and high efficiency.
- + In addition to increasing the growth rate in the core area of residential real estate, in 2020, PDR also made a breakthrough with the official expansion to the industrial real estate segment. The new segment was also based on the company's core capacity of project development. Furthermore, the expansion into industrial real estate was a solution to enhance the long-term sustainability of the Company, considering that the new segment was expected to bring PDR a significant and stable cash flow in the years to come.

- **A new level in Corporate Governance capacity**
 - + Speed and sustainability have become the guiding principles in every decision of the Company and have been well-adopted by the Management. The high awareness led to a great determination to invest in a consolidating governance platform and management structure. Particularly, the appointment of a new CEO in April 2020 has helped to separate the Chairman's management role and the CEO's executive role. The structure of the Board of Advisors was also implemented to enhance internal control and provide support to the BOD. Notably, the Company encouraged employee empowerment and policies on recruiting, training and upgrading the quality of the staff.
 - + Another significant effort in increasing our internal strength was promoting digital transformation. PDR has shown our determination in upgrading the digital infrastructure, implementing the ERP program and other technology applications. Such investment helped enhance not only business efficiency but also risk management.
 - + Besides the identified risks and existing responsive measures, PDR paid more attention to identify risks in human resources and corporate harmony as the company was rapidly expanding.
- **A dynamic working environment**
 - + 2020 witnessed various changes in the working environment at PDR. The office relocation brought a new style and favorable conditions for the establishment of modern infrastructure.
 - + In order to meet the current high requirements in development and prepare in-house capabilities for the future, PDR also made a big change in the policies of recruitment, training, salary, bonus and benefits. Multiple breakthrough policies in employee training and welfare have been implemented, breathing new life into the workplace.
 - + In particular, last year, PDR had gained significant improvement in both the quantity and quality of the middle-level management team, contributing to the executive capacity and flexibility in the human resource structure.
- **Strengthened and growing brand prestige**
 - + PDR has recently chosen to sell products via strategic partners instead of direct distribution. Therefore, the Company did not completely focus on brand promotion to mass customers. However, thanks to the influences of PDR's

- projects, the brand of Phat Dat has claimed a new position in the market, including Binh Dinh, Quang Ngai and recently in Binh Duong, etc.
- + The company's reputation has also soared among the real estate industry, the business community, State agencies and especially the investors. The actual results in effectiveness and operation capacity have turned PDR into an attractive cooperative partner.
- **Social responsibility fulfillment**
- + Besides maintaining the companionship with the activities and organizations for which PDR has been a long-time sponsor, the Company also extended our community service to new activities. This included emergency relief after natural disasters and community engagement activities during public holidays and Tet.
 - + While developing our projects, PDR also aimed for green approaches, increasing contributions to the society by the standards in our humanity-oriented products.
- **Outstanding business results**
- + In September 2020, the Board of Directors announced an increase in planned profit before tax for the 2019 - 2023 period, from VND 11,850 billion to VND 14,270 billion, equivalent to an increase in CAGR from 38% to 51%.
 - + Considering the depressed and unpredictable developments of the market, the adjusted profit target reflected PDR's confidence in our business results as well as future performance.
 - + With outstanding business results, PDR managed to fulfill all annual financial commitments. Notably, we made full and timely payment for the capital mobilization via bond issuance. PDR has also paid off two dividends of 2019 (in cash at the ratio of 12% in January 2020, in shares at the ratio of 13% in June 2020). We also paid the interim dividend of 2020 in shares at the ratio of 7% in November 2020.
 - + Besides the continuous growth and the right financial strategy in recent years, PDR has also accumulated great financial resources, allowing us to select and purchase a series of new projects with favorable conditions. As a result, PDR continued to expand our land bank last year, ready for projects appealing to the market.
 - + These results have contributed to PDR's attractive portfolio to investors. PDR's stock was considered one of the best stocks on HOSE last year. With the market's favor, by the beginning of February 2021, the market capitalization value of PDR officially surpassed USD 1 billion. Currently, PDR continues to receive attention from domestic and international investors, gaining various cooperation

opportunities with reputable partners while maintaining our control and advantages.

2. ASSESSMENT ON OPERATIONS OF BOARD OF MANAGEMENT

The Board of Management and the new CEO appointed in April 2020 have quickly assumed their roles and duties. In general, the Board of Management did well in taking over the existing business legacy, having a clear understanding of the strategy laid out by the Board of Directors and making great efforts to accomplish the plan. This has brought new hopes to professionalism and efficiency as PDR is moving to the next level.

The Board of Directors greatly appreciated the following outstanding achievements of the Board of Management:

- Made important changes to the executive organization and currently contributing to the development of new management methods.
- Led and managed the executive team, closely monitored and evaluated the Company's business activities.
- Promptly submitted reports, proposals, or recommendations to the Board of Directors; kept business operations on the right track following the law and set targets.
- Acknowledged the importance of human resources to promptly invest in employee development for current needs and future preparation.
- Fulfilled obligations to employees' rights and benefits, tax obligations and responsibility to the community.

3. ASSESSMENT OF COORDINATION BETWEEN BOD, BOM AND IAC

- The BOM was willing to learn and strictly followed the direction of the BOD as well as the set strategy of the Company.
- The IAC always worked hard to fulfill their duties and promptly file reports to properly identify risks, which helped the BOD to improve their monitoring capabilities.
- All parties always shared information and worked closely with each other, aiming at contributing to the overall results and the fast, efficient, and sustainable development of the Company.

4. STRATEGIC DIRECTION FOR 2021

PDR has drawn a clear strategy for the development roadmap to 2025. Accordingly, 2021 will be the third year of the New Era strategy. In terms of favorable conditions, PDR has created a strong momentum and solid foundations to ensure higher growth prospects. However, multiple in-house capabilities need to be strengthened. At the same time, the business environment is still insecure due to Covid-19 and its chain effects.

Therefore, in order to maintain the fast and sustainable direction, PDR needs to put greater effort into all aspects and avoid subjectivity and complacency during the rapid change of the socio-economic environment.

- **Efficient implementation of diversification strategy**

PDR has now diversified not only our markets and product segments but also business fields. In addition to residential real estate and industrial real estate, PDR plans to add new sectors. Market expansion and business diversification should adhere to PDR's core competencies. This strategy must also be consistent with the Company's key criteria in business development such as ensuring legality and efficiency, generating fast revenue and cash flow, minimizing the risk of resource fragmentation and lack of control.

- **Increase in product values**

The core business segment of PDR is residential real estate. Our completed projects have been recognized for their quality, aesthetic values and utilities. These criteria should be maintained and promoted. At the same time, there has been a higher demand for residential living spaces. Therefore, it is necessary to apply new thinking in project design and development to bring our products more cultural - human values, convenience and modernity.

Regarding the industrial real estate and upcoming new business fields, the added values in the product are also set as the top criterion so that PDR is consistent with our mission to contribute new values to the market and society.

- **Continuous increase in financial health**

PDR has developed and effectively implemented our financial policy with specific criteria. Highlights include: Apply a suitable sales policy; create a fast, steady cash flow and a stable revenue; manage debt collection and inventory; diversify capital mobilization channels and cooperation opportunities with reputable partners. Therefore, in 2021, we need to continue to promote this financial strategy.

On the other hand, 2021 poses a higher mission in enhancing financial accumulation ability to ensure better stability and prepare the needed resources for faster, stronger and bigger growth in the upcoming time.

– **Expansion of landholdings**

A continuous expansion in the land bank is needed to meet the demands of both residential and industrial real estate as well as new industries. Expansion options should follow the criteria about location, local readiness, legality, and rapid implementation.

– **Enrichment of corporate culture**

PDR aims to build a professional business with a family vibe. To accomplish this mission, PDR needs clear definitions of criteria, qualities and how to effectively inspire our employees.

The harmonious cooperation between current staff and newcomers should be guaranteed by solutions related to corporate culture and not be limited to recruitment, training, and remuneration policies.

– **Increased efficiency in community – social activities**

The implementation of social responsibility needs more in-depth actions to contribute higher values to the society. On the other hand, PDR needs our unique activities to create new values for the community and leave our own imprint.

5. OPERATIONAL STRUCTURE OF THE BOD

5.1. Board’s structure

In 2020, the BOD carried out operations in accordance with the Company’s Charter and the Regulations on Corporate Governance with nine members, including three independent members. At present, the BOD’s structure ensures the balance among members’ expertise in laws, finance, securities as well as a balance among the executive, non-executive, and independent members.

No.	Members	Title	Independent member	Executive member	Non-executive member	Rate of shares owned
01	Nguyen Van Dat	Chairman		x		61,16%
02	Tran Thi Huong	Vice Chairwoman			x	0,20%

No.	Members	Title	Independent member	Executive member	Non-executive member	Rate of shares owned
03	Nguyen Tan Danh	Vice Chairman			x	0,45%
04	Bui Quang Anh Vu	Member cum CEO		X		0,12%
05	Le Quang Phuc	Member			x	0,11%
06	Doan Viet Dai Tu	Non-executive member			x	0,16%
07	Khuong Van Muoi	Independent Member	x			0,00%
08	Tran Trong Gia Vinh	Independent Member	x			0,00018 %
09	Le Minh Dung	Independent Member	x			0,00%

5.2. Change in the number of Board Members

In April 2020, the Company made a change in the Board structure, which include the appointment of 01 Board Member for the office term 2020-2023, ensuring the proper proportion of the executive, non-executive, and independent members as stipulated in the Company's Charter and the Internal Regulations on Corporate Governance.

6. The Board operations

In 2020, the BOD regularly implemented the monitor, supervision, assessment and control of the Company's operations and the BOM managing activities. The BOD accomplished the set business plan and refined the governance activities in accordance with the Company's Regulations on Governance. Besides, the BOD has always collaborated and supported the BOM in matters related to managing activities and business operations of the Company as follows:

- Strictly complying with current laws related to CG and disclosing information about the business operation to shareholders, authorities, and stakeholders transparently, precisely, and timely.
- Effectively supervising the BOM’s managing and executing activities; ensuring all activities carried out in a stable, secure, and legal manner.
- Preparing the organizing of the 2020 Annual General Meeting of Shareholders, and the 2020 Extraordinary GMS by collecting written opinion
- Reviewing and approving 2020 business plan
- Supervising and periodically assessing the implementation of the 2020 business plan.
- Supervising the interim dividend payment to Shareholders per Resolution mane by the AGM
- Increasing the supervision of risk prevention and ensuring the Company’s compliance with Laws.
- Increasing the supervision of media and information disclosure to ensure the transparency and accuracy in a timely manner.

6.1. Board Meetings and Resolutions in 2020

In 2019, the BOD has regularly organized period and extraordinary meetings in order to promptly give directions and guidelines for business activities based on Resolutions of the 2020 AGM.

Members of the BOD attended 30 meetings and approved the Minutes/Resolutions related to the Company’s operation which were published within the year.

Details on these meetings, Shareholders/Investors are kindly advised to examine in appendix 1 of this report or in the 2020 Annual Report published on the Company’s website at: <https://www.phatdat.com.vn/en/annual-reports/>

6.2. Committees under the BOD: The Auditing Committee (formerly known as the Internal Auditing Committee at the time of the 2020 report)

– Members of the Auditing Committee

No.	Members of the Auditing Committee	Title	Commencement date/Removal date as members	Qualification

			of the Audit Committee	
01	Ms. Nguyen Thi Thu Nguyet	Head of the IAC	Appointed on 18 th June 2019	Master of Economics
02	Mr. Vo Hoang Tu	Member of the IAC	Appointed on 18 th June 2019	Bachelor of Economics
03	Mr. To Minh Tai	Member of the IAC	Appointed on 18 th June 2019	Bachelor of Economics

– ***Meetings of the Auditing Committee:***

No.	Member of the Auditing Committee	Number of participated meetings	Attending rate	Voting rate	Reason to be absent
01	Ms. Nguyen Thi Thu Nguyet	03/03	100%	100%	
02	Mr. Vo Hoang Tu	03/03	100%	100%	
03	Mr. To Minh Tai	03/03	100%	100%	

– ***Supervising activities of the Auditing Committee on the BOD, BOM and Shareholders:***

- + Audited entities in the Company in terms of compliance with the provisions of current law, the Company's Charter and Regulations on Corporate Governance, including but not limited to auditing the compliance with the laws on tax obligations, compulsory insurance, and other financial obligations.
- + Audited entities in the Company in terms of compliance with Company's policies, regulations, and processes; reviewed the compatibility and effectiveness of the Company's internal control system in the prevention, detection and timely treatment of risks.
- + Audited and evaluated quarterly, semi-annual and annual financial statements of the Company and its subsidiaries.
- + Discussed with the Company and/or its subsidiaries' independent auditors to clarify relevant issues and/or risks detected during periodic and extraordinary independent audits to recommend solutions to handle or prevent risks.
- + Evaluated the implementation of the Company's business goals.
- + Recommended measures to correct and remedy mistakes; improve the internal control system; improve corporate governance function.

- + Followed up and inspected the implementation by entities in the Company and its subsidiaries of post-audit recommendations.
- + Report to the BOD on activities, issues and the IAC's recommendations.
- ***Collaboration between the Auditing Committee and the BOD, the BOM and others managers:***
 - + Increasing the supervision on the BOM operations in accordance with the laws, Company's Charter, Resolutions of the AGM, Resolutions of the BOD, other regulations, rules and procedures on internal governance of the Company; auditing and monitoring the implementation of plans, targets, and mission set for the BOM.
 - + Carrying periodic audits as in the yearly auditing plan approved by the BOD as well as irregular audits (as requested by the BOD); coordinating with the BOD, the BOM, and other entities of the Company to improve and enhance the internal control activities of the Company;
 - + Regularly inspecting and supervising the activities of the entities of the Company and proposing recommendations to improve the Company's management and risk management process.

6.3. Trainings on Corporate Governance (CG)

The trainings on CG that Board members, IAC members, the CEO, and other managers, secretaries has participated complied with the Decree No. 71/2017/ND-CP dated 6th June 2017 guiding on corporate governance of public companies effective from 1st August 2017, which removed the requirement to attend CG training courses

At present, Mr. Le Quang Phuc - one member of the BOD has completed his CG's official training course in 2016. The other members shall learn and acquire knowledge on CG themselves by best practice and by Laws.

HCMC, 5th March 2021

ON BEHALF OF THE BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD OF DIRECTORS

(signed)

NGUYEN VAN DAT

APPENDIX 01
2020 RESOLUTIONS

No.	Resolution/Decision's Number	Date	Content
01	01/2020/QĐ-HĐQT	06/02/2020	Finalization of Shareholder list to organize the 2020 Annual General Meeting of Shareholders.
02	02/2020/QĐ-HĐQT	26/02/2020	Preparations on organizing the 2020 Annual General Meeting of Shareholders.
03	03A/2020/QĐ-HĐQT	10/03/2020	Approval of the guidelines of buying products of Subsidiaries and collateral as guarantee at banks to secure loan obligations and bond issuance obligations
04	03B/2020/QĐ-HĐQT	10/03/2020	Approval of the guidelines on the construction of the new Headquarter and collateral as guarantee at banks to secure loan obligations.
05	04/2020/QĐ-HĐQT	27/04/2020	Approval of the 2020 Remuneration policy of the BOD, expenses for the Committee under the BOD and the 2019 bonus distribution plan
06	05A/2020/QĐ-HĐQT	27/04/2020	Resignation as CEO
07	05B/2020/QĐ-HĐQT	27/04/2020	Resignation as Deputy General Manager
08	05C/2020/QĐ-HĐQT	27/04/2020	Appointment of the CEO
09	05D/2020/QĐ-HĐQT	27/04/2020	Resignation as Deputy General Manager in Construction to serve as Executive Advisor in Contraction
10	06A/2020/QĐ-HĐQT	27/04/2020	Approval of the Issuance plan to pay dividend in shares to current Shareholders.
11	06B/2020/QĐ-HĐQT	27/04/2020	Approval of the Share-issuance Documentation to pay dividend to current shareholders.
12	07/2020/QĐ-HĐQT	29/04/2020	Approval of collaterals as guarantee at banks to secure loans obligation with a third party.
13	08/2020/QĐ-HĐQT	13/05/2020	Approval of loans and collateral as guarantee at VietinBank – Branch 11 HCMC

No.	Resolution/Decision's Number	Date	Content
14	09/2020/QĐ-HĐQT	01/06/2020	Approval of the First Dividend payment plan in 2020.
15	10/2020/QĐ-HĐQT	17/06/2020	Approval of the 2 nd Bond-issuance plan for 2020
16	11/2020/QĐ-HĐQT	18/06/2020	Approval of the policy of receiving the transfer of contributed capital.
17	12/2020/QĐ-HĐQT	19/06/2020	Approval of the collateral/pledge at banks to secure loan obligations and guarantee payment of bonds of Phat Dat and/or a third party.
18	13/2020/QĐ-HĐQT	24/06/2020	Approval of the exchange of collateral to ensure the obligations of Phat Dat at Orient Commercial Joint Stock Bank – Ben Thanh Branch.
19	14/2020/QĐ-HĐQT	24/06/2020	Approval of the 3 rd Bond-issuance plan for 2020
20	15/2020/QĐ-HĐQT	22/07/2020	Approval of the guideline on the consent for implementation of transactions related to the Company's project bids.
21	16/2020/QĐ-HĐQT	07/08/2020	Approval of the investment to implement Bac Ha Thanh Residences in combination with urban gentrification at Phuoc Thuan Commune, Tuy Phuoc Ward, Binh Dinh Province.
22	17/2020/QĐ-HĐQT	13/08/2020	Approval of the capital contribution to establish a subsidiary.
23	18/2020/QĐ-HĐQT	21/08/2020	Approval of the implementation of the First Dividend Payment plan and the Share-issuance Documentation to pay the first dividend to shareholders.
24	19/2020/QĐ-HĐQT	07/09/2020	Finalization of the Shareholder list to collect written opinion
25	20/2020/QĐ-HĐQT	21/09/2020	Adjustment of the business plan and targeted profit before tax from 2019-2023
26	21/2020/QĐ-HĐQT	14/10/2020	Approval of the guideline on receiving the transfer of contributed capital

No.	Resolution/Decision's Number	Date	Content
27	22/2020/QĐ-HĐQT	14/10/2020	Capital contribution to establish a subsidiary and appoint an authorized representative to manage contributed capital
28	23/2020/QĐ-HĐQT	19/10/2020	Approval of the implementation of the First Dividend Payment plan and the Share-issuance Documentation to pay the first interim dividend to shareholders.
29	24/2020/QĐ-HĐQT	26/11/2020	Taking out loan and using assets as collateral guarantee at Orient Commercial Joint Stock Bank – Ben Thanh Branch.
30	25/2020/QĐ-HĐQT	30/11/2020	Rescheduling the progress of Bau Ca Residences in combination with urban gentrification in Quang Ngai City, Quang Ngai Province.
31	26/2020/QĐ-HĐQT	01/12/2020	Resignation as Financial Director to serve as the Deputy General Director in Finance
32	27/2020/QĐ-HĐQT	02/12/2020	Finalization of the Shareholder list to collect written opinion
33	28/2020/QĐ-HĐQT	02/12/2020	Change of capital contribution form in a member company
34	29/2020/QĐ-HĐQT	09/12/2020	Refusal to contribute capital at a member company
35	30/2020/QĐ-HĐQT	09/12/2020	Approval of the guideline to buy shares of a subsidiary
36	31/2020/QĐ-HĐQT	30/12/2020	Approval of the investment to implement Bo Bac Residences in combination with urban gentrification in Tinh An Commune, Quang Ngai City, Quang Ngai Province.