

REPORT ON OPERATIONS OF THE AUDIT COMMITTEE IN 2021

I. INTRODUCTION OF THE AUDIT COMMITTEE

At the 2021 Annual General Meeting of Shareholders (“AGM”), PDR approved the amendment to the Company's Charter. Accordingly, at the end of the first quarter of 2021, Phat Dat Real Estate Development Corporation (“PDR/the Company”) established the Audit Committee (“AC”) under the Board of Directors (“BOD”) and issued the Regulation on organization and operation of the AC.

The BOD has appointed 03 BOD members to the Audit Committee, including:

- Mr. Tran Trong Gia Vinh – Independent Member of the BOD, as the Head of the AC.
- Ms. Tran Thi Huong – Vice Chairwoman of the BOD, as a member of the AC.
- Mr. Le Quang Phuc – Non-executive Member of the BOD, as a member of the AC.

The Audit Committee also established an affiliated department, the Internal Audit Unit (“IAU”), according to the provisions of Decree 05/2019/ND-CP to directly perform internal audit activities.

Operational principles of the AC: independence, objectivity, honesty and confidentiality.

Key responsibilities of the AC:

- a. To develop and submit to the BOD risk management policies for the Company; to propose to the BOD solutions to handle risks arising in the Company's operations.
- b. To check the Company's semi-annual and annual financial statements; to check the adequacy, effectiveness, and efficiency of the Company's internal control system; to check the compliance with the provisions of the law, the requirements of the management agency, and the internal regulations of the Company - through the management, administration, and supervision of the IAU's activities conducted in accordance with the Regulations on Internal Audit, Process and methods of Internal Audit.
- c. To report to the BOD on activities, detected issues, and related recommendations of the Audit Committee.
- d. To propose to the BOD on selecting an independent auditing company for the Company; to monitor and evaluate the independence, objectivity, and effectiveness of the independent audit.

II. THE AUDIT COMMITTEE PERFORMANCE

During the year, the Audit Committee held 5 meetings with the participation of all 3 members. The contents of the meetings are as follows:

- Review of financial statements for the first quarter of 2021 of the Company.
- Discussion on the operating plan of the AC.
- Discussion on internal audit issues.
- Discussion on the internal audit process and plan, the working mechanism of the AC and the IAU.

- Reviews of the Company's financial statements of the second quarter, mid-year, and third quarter of 2021; discussion on the internal audit plan in 2022.

Besides, members of the AC:

- Fully participated in the meetings of the BOD, timely reported the AC's activities AC, detected issues and related recommendations of the AC.

- Advised the BOD on setting strategic direction, business goals of the Company, risk management policies, and solutions to handle risks arising in the Company's operations.
- Participated in many meetings with the Board of Management ("BOM") to advise setting and evaluating the implementation of the Company's goals and operational plans in the year.
- Suggested to organize and conduct training for all levels of management, employees, and subsidiaries on risk management, internal control system, internal audit in accordance with good international practices, legal provisions, and regulations of the Company.

The AC reviewed and submitted for approval to issue:

- Internal audit regulations.
- Decision to establish the IAU under the AC.
- Flowchart of internal control and internal audit of PDR and its subsidiaries.
- Decisions on appointment of personnel to the IAU
- Internal audit process and method.

The AC directed and supervised the IAU to carry out internal audit activities in accordance with legal provisions, internal audit regulations, procedures and methods of internal audit of the Company. Some specific internal audit activities have been carried out by the IAU as follows:

- a. Identification and assessment of risks in the Company's operations and its subsidiaries as a basis for internal audit planning.
- b. Internal audit of PDRs' units, including:
 - ✓ Internal audit of financial statements of the first quarter, second quarter, mid-year and third quarter of 2021 of the Company.
 - ✓ Internal audit of procurement, bidding, contract making, acceptance and payment.
 - ✓ Internal audit of recruitment and implementation of HR policies and management.
 - ✓ Internal audit of the protection and security of the information technology system (email, data on the server, and software).
- c. Internal audit of a subsidiary (Saigon-KL Real Estate Joint Stock Company) on the control, approval and archive of documents and records with the seal of the Company.
- d. The abovementioned internal audit activities: (i) include but are not limited to checking compliance with the provisions of current laws (on tax obligations, compulsory insurance, and other financial obligations), the Company's Charter, Corporate Governance Regulations, and the Company's policies, regulations and procedures; (ii) evaluate the adequacy and effectiveness of risk management and internal control in preventing, detecting and promptly handling risks; and (iii) evaluate the implementation of the Company's business objectives.
- e. Reports on significant risks, errors and non-compliance or inefficiencies in the Company's operations.
- f. Recommendations related to the operational management process, risk management and internal control in order to improve the internal control system and corporate governance.
- g. Reports to the BOD, the AC, the BOM on issues detected in the internal audit process and recommendations.
- h. Other activities to monitor, explain/instruct, and check the results of implementation of post-audit recommendations of PDR's units and subsidiaries.

At the same time, the AC also:

- a. Regularly updated legal provisions related to the Company's operations and monitored the Company's compliance.

- b. Reviewed transactions and contracts between the Company and related persons under the approval authority of the BOD or the GMS.
- c. Monitored and evaluated the independence and objectivity of the audit company and the effectiveness of the audit process; discussed with the Company's independent audit company to clarify arising issues and/or risks detected during the independent audit process, and recommended solutions to handle or prevent risks.
- d. Proposed to the BOD to choose an independent auditing company for the fiscal year 2022.
- e. Reviewed the 2021 financial statements; checked the information in the 2021 annual report before submitting it to the BOD for consideration and approval.

III. INSPECTION RESULTS

1. Results of inspecting the Company's financial statements

The separate and consolidated financial statements for the year ended 31st December 2021 independently audited by Ernst & Young Vietnam Co., Ltd do not have a qualified opinion or an disclaimer of opinion.

In all material respects, the separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company as at 31 December 2021, and of the separate and consolidated results of its operations and cash flows for the year then ended, in accordance with Vietnamese Accounting Standards and the Vietnamese Enterprise Accounting System.

The AC reviewed the quarterly, semi-annual and annual financial statements for 2021; there are no material misstatements in these financial statements. The AC agrees with the independent auditor's assessment of the reviewed semi-annual financial statements and audited annual financial statements.

Some basic financial indicators in the Company's consolidated financial statements for 2021:

Indicators	Unit	31 st Dec 2021	31 st Dec 2020	Up/Down
Total assets	Million VND	20,551,879	15,617,490	4,934,389
Current assets	Million VND	15,337,063	10,929,134	4,407,929
Non-current assets	Million VND	5,214,816	4,688,355	526,461
Asset structure ratios				
Current asset/Total asset	%	74.6%	70.0%	4.6%
Non-current asset/Total asset	%	25.4%	30.0%	-4.6%
Resources (Liabilities & Owners' Equity)	Million VND	20,551,879	15,617,490	4,934,389
Liabilities	Million VND	12,407,368	10,423,212	1,984,156
Owners' equity	Million VND	8,144,511	5,194,277	2,950,234
<i>In which: non-controlling interests</i>	<i>Million VND</i>	<i>1,090,505</i>	<i>91,966</i>	<i>998,539</i>
Resource structure ratios				
Liabilities/Total resources	%	60.4%	66.7%	-6.4%
Owners' equity/Total resources	%	39.6%	33.3%	6.4%

Indicators	Unit	2021	2020	Up/Down
Profitability				
Net revenue	Million VND	3,620,224	3,911,212	(290,988)
Operating profit	Million VND	2,367,807	1,548,862	818,945
Profit after tax	Million VND	1,860,607	1,220,252	640,354
Return on Equity (ROE)	%	27.9%	25.5%	2.4%
Return on total assets (ROA)	%	10.3%	8.3%	2.0%
Profit margin	%	65.4%	39.6%	25.8%

Comments:

Although the market was severely affected by the Covid-19 pandemic in 2021, PDR achieved impressive business results in terms of revenue, profits, and good financial health because PDR has in hand its landholdings and well-prepared business plans. Highlighted achievements are as follows:

- Total assets and equity both grew well: Total assets at the end of 2021 added up over VND 4,934 billion YoY (equivalent to an increase of 40%), with a substantial rise in short-term assets. Equity increased by more than VND 2,950 billion (up 57%).
- Asset structure and capital structure shifted in a more positive direction: The proportion of short-term assets to total assets increased by 4.6%, and the ratio of liabilities to total capital decreased by 6.4% compared to that of the end of the previous year.
- Although this year's net revenue decreased by more than VND 290 billion (down 7%), profit after tax increased by more than VND 640 billion VND (up 52%) compared to the previous year.

Return on Equity (ROE) and Return on total Assets (ROA) in 2021 reached 10.3% and 27.9%, up 2% and 2.4% YoY, respectively.

Profit margin in 2021 reached 65.4%, up 25.8% compared to 2020.

2. Assessment on the Company's achievements of 2021 business plan

Indicators	Unit	Achievement	Target	% completed
Net revenue	Billion VND	3,620	4,700	77.0%
Profit before tax (PAT)	Billion VND	2,344	2,335	100.4%
PAT attributable to shareholders of the parent	Billion VND	1,865	1,868	99.8%

In 2021, the Company's net revenue (excluding revenue from transferring part or all of The EverRich 2 project and the rest of The EverRich 3 reached VND 3,620 billion, equaling 77% of the year plan. The Company has exceeded the target profit before tax with VND 2,344 billion, or 100.4% of the given target. PAT attributable to shareholders of the parent company reached VND 1,865 billion, or 99.8% of the plan.

3. Results of inspecting legal compliance, transactions with related people under the approval authority of the BOD or the GMS.

- The Company has fully fulfilled its financial obligations to the State, employees and other requirements in accordance with the provisions of law.
- No significant non-compliance with laws, regulatory requirements and internal regulations of the Company was detected.
- There were no cases of non-compliance with transactions and contracts between the Company and related persons under the approval authority of the BOD or the GMS as regulated.

4. Results of inspecting the adequacy, effectiveness and efficiency of the Company's internal control and risk management systems

- The Company's management document system was built in consistence with the laws and requirements and principles of the Company's governance; The system was disseminated to all employees to master and implement.
- Activities taking place throughout the Company were controlled at all levels according to regulations, guidelines/requests of the leadership. In which: (1) Internal Control Department performed the second line of defense through financial control, compliance control and monitoring of operations (particularly focusing on contract control and cost control), (2) The Company also implemented risk

management measures and paid special attention to implementing information technology risk management solutions.

- c. Through periodic assessments, the IAU performed risk-oriented internal audits and made recommendations to improve the management process and risk management activities of the Company.

5. Results of monitoring the IAU

The IAU has fully and adequately performed its responsibilities and authorities, conformed with the basic principles, standards, and principles of professional ethics of internal audit according to provisions of laws, internal audit regulations, processes, and methods of the Company.

6. Results of monitoring and evaluating the independence and objectivity of the audit company and the effectiveness of the audit process

The audit company performed the work independently and objectively, complied with legal requirements on independence, and completed the audit reports on time.

7. Results of examining information in the 2021 Annual Report

The 2021 annual report has been fully, accurately and appropriately presented by the Company in accordance with current regulations.

IV. RECOMMENDATIONS OF THE AUDIT COMMITTEE

1. Recommendations to the BOD:

The BOD should orient and establish mechanisms for, allocate resources and budgets to, direct and supervise the following areas:

- a. Consolidating and improving the effectiveness of the internal control systems of PDR and Phat Dat Group.
- b. Strengthening the quantity, quality and capacity of human resources, especially senior and middle management personnel.
- c. Raising awareness amongst staff in building corporate culture and risk management.
- d. Refining the risk control process of PDR and Phat Dat Group.
- e. Managing the capital representatives of PDR in subsidiaries; controlling affiliates of PDR.

2. Recommendations to the BOM:

- a. Improving and completing the existing management document system (structure, regulations, processes, etc.) in accordance with:
 - Changes in organizational structure, decentralization of management and administration of the Company resulting from changes in strategic goals and organizational scale.
 - Risk management requirements when applying the 3-line defense model.
 - Application of enterprise management software system.
- b. Organizing periodic and continuous communication about business goals, Company culture, risk management and management documentation system for the management team and all employees of the Company.
- c. Continuing the implementation and control of risk management activities for the Company according to the following principles:
 - Specialized departments/divisions establish and maintain appropriate procedures to manage their activities and handle risks detected during operation.
 - Internal Control Department establishes a risk management framework and implements it for the Company based on the risk management strategy and risk appetite of the Company; synchronizes effective risk management processes of defense lines; monitors and evaluates the

compliance of specialized departments/departments; then assesses the effectiveness of risk control and gives improvement consultation.

V. OPERATIONAL ORIENTATIONS OF THE AC IN 2022

1. Fully performing the responsibilities and authorities of the AC in accordance with the provisions of law, the Charter, and operation regulations of the AC.
2. Supervising the BOM's implementation of the recommendations and proposals made by the AC/the IAU.
3. Directing and supervising the IAU to carry out risk-oriented internal audits for the Company and its subsidiaries according to 2022's internal audit plan approved by the BOD and ad hoc internal audit at the request of the BOD.

HCMC, 5th March 2022

**ON BEHALF OF THE AUDIT COMMITTEE
HEAD OF THE AUDIT COMMITTEE**

(Signed and stamped)

TRAN TRONG GIA VINH