

## REPORT OF THE BOARD OF DIRECTOR 2022

2022 is a year with many sudden changes in the global and domestic economy. In the last months of 2022, many Vietnamese enterprises, especially real estate enterprises, faced many challenges such as tightening monetary policy, increasing interest rates, and increasing exchange rates, causing consumer demand and investment to fall sharply. The real estate market was almost paralyzed.

In that context, the Board of Directors determined that the most important goal is to ensure liquidity for the business. Thanks to that, the Company implemented many solutions for investment restructuring, debt restructuring, cost reduction, etc., and has overcome such a difficult period.

### 1. ASSESSMENT OF PDR'S BUSINESS PERFORMANCE IN 2022

#### 1.1 Business results 2022

Highlighted business results:

- Total revenue	:	5,339.4 billion VND
<i>Including:</i>		
+ Revenue from sale of goods and rendering of services	:	1,504.6 billion VND
+ Revenue from transferring shares at subsidiaries	:	3,826.3 billion VND
+ Other incomes	:	8.5 billion VND
- Profit before tax	:	1,482.3 billion VND
- Profit after tax (PAT)	:	1,160.6 billion VND
- PAT attributable to shareholders of the parent	:	1,137.3 billion VND

The profit targets were equivalent to the business results in 2020, although the business results did not meet the plan approved by the General Meeting of Shareholders. The remarkable result was that the Company completed on-time and early payments for its loans and bonds during the year, and thus, reduced loan outstanding and debt-to-equity ratio.

Regarding the market, after restructuring the investment portfolio, the Company has focused on ready-to-implement and fast-selling projects, such as Cadia Quy Nhon in Binh Dinh Province, Binh Duong Tower in Binh Duong Province, and Bac Ha Thanh Project in Binh Dinh Province.

#### 1.2 Factors attributable to the Company's stability in difficult contexts

- Flexible strategy
  - + The Company recognized and accepted negative market changes, thereby restructuring the portfolio and re-evaluating the entire implementation priority of all projects. Typically, the decision to transfer Astral City to a partner to realize business efficiency and prepare financial resources for other potential projects.
  - + Analyzing and evaluating the market and the Company's resources and capabilities in the new market situation to choose the right direction and solutions, including downsizing the operational scale and extending implementation time of project with low absorption rates.
  - + Rebalancing financial resources and assets, carrying out financial and asset restructuring to ensure liquidity and maintain business activities at a reasonable level.
- Core values of corporate culture

- + Core values, such as prestige, commitment, flexibility, adaptability, and sharing success, are always the mottos in every orientation, solution, and action of the Company towards stakeholders in the difficult economy and the real estate market.
- + Communicating to employees about the challenging market, the Company's difficulties, and the Leadership's solutions to facilitate understanding, sharing, and faith in the Company.
- Well-maintained internal resources and management system
  - + Maintaining activities to improve management and administration capacity for all management levels of the Company.
  - + Making efforts to rejuvenate and diversify human resources, building perseverance, flexibility and resilience for businesses.
  - + Improving the management system, ERP system and software to improve the Company's control competence in the new situation.

## **2. ASSESSMENT OF THE BOARD OF MANAGEMENT'S ACTIVITIES**

In terms of member structure, PDR's executive board is more complete, with the CEO and 4 to 5 Vice Presidents. With this enhancement, the BOM will be able to delegate tasks with greater depth of expertise, allowing for more effective implementation of the Company's activities.

Amid the fluctuating real estate market, the BOM effectively demonstrated its role in management, making efforts to implement business strategy adjustments and measures set by the BOD, adapting to sudden market changes, and minimizing costs to the lowest possible level following the BOD's orientation and guidance.

With a spirit of unity and dedication, the BOM provided timely decisions and ensured the stable operation of the Company amidst challenging circumstances.

The BOM also maintained strict adherence to current laws and the Company's commitments to fulfilling its obligations to employees and competent state agencies.

The BOD expects the BOM to maintain and leverage its strengths, ensuring high operational efficiency and enhancing the Company's brand value in the market in the coming period.

## **3. ASSESSMENT OF THE COORDINATION BETWEEN THE BOD, BOM AND THE AC**

The BOD, BOM, and Audit Committee coordinated closely and regularly throughout the year. They all worked hard to do their jobs well, promoting efficiency and synergies toward the common goal of protecting the Company's performance in the face of unexpected developments.

Given their roles, authorities, and responsibilities, the BOD actively engaged in leadership, direction, and close monitoring of the BOM's activities. They promptly addressed issues within the BOD's jurisdiction to create favorable conditions for the BOM's operations and management. The BOD has demonstrated strong leadership in guiding and directing adaptive and responsive strategies to the market's significant fluctuations based on timely and comprehensive assessments.

The BOM regularly monitored the business operations, financial situation, and overall performance of the Company and provided timely reports to the BOD for reference and appropriate guidance. Additionally, the BOM timely proposed recommendations and feasible solutions to the BOD.

The AC has played a vital role over the past year by establishing and improving platforms for effective internal audit activities. The AC directed the Internal Audit Unit (IAU) to timely conduct internal audits, report and recommend to the BOD on various critical issues, thereby contributing to the timely and accurate identification of risks, formulation of reasonable solutions, and monitoring of the BOM's activities. The IAU also received close coordination and favorable conditions to fulfil

its functions. Accordingly, the IAU received comprehensive information and documentation on the BOD's and BOM's governance, management, and decisions during their operations.

Through the aforementioned coordination, risk management activities within the Company have reached a new level. Awareness of risk management and the activities of defense lines was enhanced among the Company's leadership, management, and subsidiary companies.

#### **4. ORIENTATION FOR 2023**

The effective efforts to respond to changes have enabled the Company to safeguard its capabilities for early recovery and continued development when the overall market conditions improve.

Therefore, in addition to the measures taken to cope with the current situation, the Company is also preparing directions for the new landscape in 2023.

##### **- Developing core businesses and strategic product orientation**

- + Continuously strengthening the Company's existing core businesses through business reorganization and appropriate allocation of corresponding resources.
- + Assessing and restructuring the investment portfolio, selecting projects with favorable locations in markets with high consumer demand and potential for economic, social, tourism, and commercial growth. Priority is given to projects in central areas of new urban areas such as Thuan An (Binh Duong), Quy Nhon (Binh Dinh), Da Nang, and new tourism areas in Ba Ria - Vung Tau.
- + Focusing on implementing selected projects even in challenging market conditions to generate revenue for the future and stimulate growth recovery in the new phase.
- + Developing diversified products, increasing services and amenities, and capturing buyer trends based on a solid legal foundation.
- + Making investments to achieve breakthroughs in product quality, ensuring products have superior value and meet customer expectations, elevating the synchronization of planning, architectural design, construction, operations, and handover to customers.
- + Launching products to the market through direct distribution (instead of wholesale as before), with Phat Dat Realty as one distribution unit.

##### **- Managing cash flow and ensuring liquidity:**

- + Pursuing a policy of an efficient capital structure, controlling the debt ratio within a safe range, and ensuring financial autonomy.
- + Reviewing the progress of medium and long-term projects to slow down outflows for projects that have not yet generated short-term revenue, developing projects based on feasible financial plans for medium and long-term cash flow.
- + Being flexible in sales strategies with reasonable pricing, providing financial incentives for customers, and various payment methods for customers to choose from.
- + Seeking reputable foreign investors with strong financial capabilities as partners for cooperation, joint ventures, and partnerships to develop projects.

##### **- Strengthening the foundation and building capacity**

- + Focusing on strengthening the foundation, ensuring that processes and systems operate fully and effectively.
- + Optimizing management and operation activities to ensure PDR's brand and product quality, bringing satisfaction to customers, investors and shareholders.
- + Comprehensively reviewing the operations of the Company and its subsidiaries, standardizing business processes to promote all resources, increasing cash flow, and enhancing corporate value.

- + Improving the workforce's efficiency; consolidating the personnel structure corresponding to project development plans, focusing on fostering and developing succession leadership and management team.

Aside from the 2023 plan, PDR has begun to develop the next five-year plan for 2023-2028. The plan's focal points have also been determined.

- Maximizing the advantages of existing massive land banks, desirable locations, and high legality while continuing to acquire new lands that are consistent with the Company's vision and values.
- Expanding product offerings to include land plots, apartments, villas, hospitality properties, and a variety of other real estate products that match local development needs.
- Carrying out member companies' operations in accordance with approved plans, promoting revenue diversification and sustainable development.
- Making the Company a place with cultural values and a balanced set of interests for all stakeholders, including shareholders, investors, customers, suppliers, employees, and the community.
- Through an in-depth ESG strategy, increasing the value of contributions and positive influences on the overall development of the real estate industry, the socioeconomic conditions of projects' host provinces, and the life of local communities.

## 5. COMPOSITION OF THE BOD

PDR's Board of Directors has operated according to the provisions of the Company's Charter, CG Regulations and Regulations on Board operation. At the beginning of 2022, the Board of Directors comprised 09 members, including 03 independent members. Currently, PDR's Board composition ensures a balanced combination of skills, expertise and experience in design, construction, laws, finance, securities, real estate, as well as a balance between executive, non-executive and independent directors.

No.	BOD member	Title	Independent	Executive	Non-executive	Ownership
01	Nguyen Van Dat	Chairman		X		42.95%
02	Tran Thi Huong	Vice Chairwoman			X	0.40%
03	Nguyen Tan Danh	Vice Chairman			X	0.51%
04	Bui Quang Anh Vu	Board Member cum CEO		X		3.16%
05	Le Quang Phuc	Non-executive Board members			X	0.32%
06	Doan Viet Dai Tu	Non-executive Board members			X	0.27%
07	Khuong Van Muoi	Independent Board members	X			0.00%
08	Tran Trong Gia Vinh	Independent Board members	X			0.00%
09	Le Minh Dung	Independent Board members	X			0.00%

## 6. OPERATIONS OF THE BOD

In 2022, the BOD closely followed the Company's operations and the management of the BOM. Thereby, the BOD discussed with the BOM on important issues in management as well as business activities, specifically as follows:

- Complying to current legal provisions related to CG, as well as full and timely disclosure of business operations to shareholders, State agencies and related parties on the basis of transparency, accuracy and timeliness.
- Performing well the supervision of the BOM's management and administration, ensuring that the Company's activities are stable, safe, and in compliance with legal provisions;
- Considering and approving the 2022 business plan.
- Monitoring and evaluating the implementation of the 2022 business plan on a regular basis.
- Preparing to hold the EGM in February 2022 in the form of collecting written opinions and the 2022 AGM.
- Supervising the payment of stock dividends to shareholders in accordance with the Resolution of the 2022 AGM.
- Strengthening supervision of risk management and general compliance in the Company

### 6.1 Meetings and Resolutions of the BOD in the year

In 2022, the BOD regularly held scheduled and non-scheduled meetings to promptly provide orientations and directions for business operations of the Company following the Resolution of the 2022 Annual General Meeting of Shareholders.

The BOD members attended 32 meetings and decided to approve the Minutes/Resolutions related to the Company's operations issued during the year.

For details of the meetings, please see Appendix No. 01 on the last page of this Report or the Annual Report 2022 posted on PDR's website: <https://www.phatdat.com.vn/en/annual-reports/>

### 6.2 Committees under the BOD: the Audit Committee (AC)

- Activities of the AC:

The Audit Committee independently and objectively inspects and assesses: the accuracy of the Company's quarterly, semi-annual and annual financial statements; the Company's compliance with the laws; the effectiveness and efficiency of the Company's policies, regulations and procedures; the implementation of the Company's strategic goals, operational goals, as well as regular plans and business results; the proposal of recommendations to address issues and improve internal control and corporate governance for better risk prevention, detection and solutions; other tasks in accordance with the Audit Committee Regulations in order to improve the Company's business efficiency

- Member of the Audit Committee

No.	Member	Position	Membership start date	Qualification
01	Mr. Tran Trong Gia Vinh	Head	March 31, 2021	Master of Economics
02	Ms. Tran Thi Huong	Member	March 31, 2021	Bachelor of Economics
03	Mr. Le Quang Phuc	Member	March 31, 2021	Master of Business Administration

- Meetings of the AC:

No.	Member	Number of meetings attended	Attendance rate	Voting rate	Reason for absence
01	Mr. Tran Trong Gia Vinh	05/05	100%	100%	
02	Ms. Tran Thi Huong	05/05	100%	100%	
03	Mr. Le Quang Phuc	05/05	100%	100%	

- The AC's oversight of the BOD, the BOM and shareholders:
  - + Inspecting units, departments, and affiliates for compliance with current laws, the Company's Charter, and the Corporate Governance Regulations, including but not limited to tax obligations, mandatory insurance, and other financial obligations.
  - + Inspecting units, departments, and affiliates for compliance with the Company's policies, regulations, and procedures; evaluating the suitability and effectiveness of the Company's internal control system in preventing, detecting, and handling risks.
  - + Reviewing and assessing the Company's and subsidiaries' quarterly, semi-annual, and annual financial statements.
  - + Communicating with the Company's and subsidiaries' independent auditor to clarify arising issues and/or risks identified during the semi-annual and annual independent audits in order to propose risk management solutions.
  - + Assessing the achievement of the Company's business targets.
  - + Making recommendations to address issues, improve internal control, and improve corporate governance.
  - + Monitoring and evaluating the results of units, departments, affiliates, and subsidiaries implementing post-audit recommendations.
  - + Reporting to the Board of Directors on the Internal Audit Unit's activities, issues, and recommendations.
- Coordination between the AC and the BOD, BOM and other management personnel:
  - + Strengthening the BOM's supervision of compliance with current laws, the Company's Charter, GMS' Resolutions, BOD's Decisions, and other internal regulations, processes, and procedures; inspecting and supervising the results of implementing the BOM's objectives, plans, and tasks.
  - + Conducting periodic audits in accordance with the annual audit plan approved by the BOD, as well as irregular audits (at the BOD's request); at the same time, coordinate with the BOD, the BOM, and other units within the Company to improve and enhance the Company's internal control.
  - + Regularly inspecting and supervising the activities of units within the Company and providing recommendations to improve the Company's management processes and risk management processes.
- Other activities of the AC (if any):
  - + Conducting internal audits at Subsidiaries.

### **6.3. Activities of independent Board members and results of their evaluation of the BOD's activities**

- Please refer to the Report of Independent Members of the Board of Directors.

### **6.4 Remuneration, operating expenses and other benefits of the Board of Directors**

- Please refer to the Consolidated Financial Statements 2022 (page 50).

### **6.5. Transactions with related parties**

- Please refer to the Consolidated Financial Statements 2022 (page 47 to page 52).

## **6.6 Corporate governance training**

Training courses on corporate governance which members of the BOD, Supervisory Board, the CEO, other managers and company secretary was involved in accordance with regulations on corporate governance: Decree No. 71/2017/ND-CP of the Government dated 6th June 2017, guiding on corporate governance of public companies, effective from 1st August 2017, has dismissed the regulations on participating in trainings on corporate governance for these groups. However, Mr. Le Quang Phuc - Member of the Board of Directors attended a training course on corporate governance in 2016. The remaining members also carried out self-improvement and additional knowledge on corporate governance following best practices and applicable laws.

*HCMC, April 25, 2023*

**ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRMAN OF THE BOARD OF DIRECTORS**

**NGUYEN VAN DAT**

# APPENDIX 01

## BOD RESOLUTIONS ISSUED IN 2022

No.	Resolution No.	Date	Content
01	01/2022/QD-HDQT	January 25, 2022	Approval of contracts/transactions between the Company and related parties in 2022.
02	02/2022/QD-HDQT	January 25, 2022	Approval of the policy to transfer part of the project of Zone 4 at Nhon Hoi eco-tourism urban area.
03	03/2022/QD-HDQT	January 28, 2022	Resignation from a Deputy General Director.
04	04/2022/QD-HDQT	January 28, 2022	Finalization of the shareholder list in preparation for the 2022 AGM.
05	05/2022/QD-HDQT	February 28, 2022	Organization of the 2022 AGM.
06	06/2022/QD-HDQT	March 13, 2022	Approval of the business plan for the project of commercial-service zone, tourist apartments, resort villas and high-class hotels in Phuoc Hai town, Dat Do district, Ba Ria - Vung Tau province.
07	07/2022/QD-HDQT	March 13, 2022	Approval and implementation of convertible foreign loans.
08	08A/2022/QD-HDQT	March 22, 2022	Approval of the plan for the first bond issuance in 2022.
09	08B/2022/QD-HDQT	March 22, 2022	Approval of transactions between the Company and related parties.
10	09/2022/QD-HDQT	March 28, 2022	Approval of credit/loan/guarantee and the use of assets as collateral at Joint Stock Commercial Bank for Foreign Trade of Vietnam – Tan Dinh Branch.
11	10/2022/QD-HDQT	March 28, 2022	Approval of the 2021 stock dividend plan and issuance documentation.
12	11/2022/QD-HDQT	April 8, 2022	Appointment of the Deputy General Director of Design.
13	12/2022/QD-HDQT	April 27, 2022	Approval of transactions between the Company and related parties.
14	13/2022/QD-HDQT	April 29, 2022	Resignation of the Chief Accountant.
15	14/2022/QD-HDQT	April 29, 2022	Appointment of the new Finance Director cum Chief Accountant.
16	15/2022/QD-HDQT	May 04, 2022	Approval of additional stock issuance to pay for 2021 dividends and increase charter capital; approval to amend the Company's charter.



No.	Resolution No.	Date	Content
17	16/2022/QD-HDQT	May 19, 2022	Approval of borrowing and the use of assets as collateral for borrowing at Mirae Asset Finance Company Limited (Vietnam).
18	17/2022/QD-HDQT	June 15, 2022	Approval to buy more shares from existing shareholders of Saigon - KL Realty Corporation.
19	18/2022/QD-HDQT	June 22, 2022	Approval of policies at subsidiaries.
20	19/2022/QD-HDQT	June 22, 2022	Approval to receive and transfer 89% of the Company's shares to own the project 197 Dien Bien Phu - Binh Thanh - Ho Chi Minh City.
21	20/2022/QD-HDQT	June 22, 2022	Approval to transfer shares at Saigon - KL Realty Corporation.
22	21/2022/QD-HDQT	June 25, 2022	Appointment of a Vice President.
23	22/2022/QD-HDQT	June 25, 2022	Change in the position of Vice President of Investment.
24	23/2022/QD-HDQT	June 25, 2022	Change in the position of Vice President of Construction.
25	24/2022/QD-HDQT	June 25, 2022	Change in the position of Vice President of Design.
26	25/2022/QD-HDQT	June 29, 2022	Approval to use mortgaged/collateralized assets for the bank to secure the loan obligations of third parties.
27	26/2022/QD-HDQT	July 11, 2022	Approval of the resignation letter of the independent member of the Board of Directors.
28	27/2022/QD-HDQT	July 18, 2022	Approval to buy more shares for existing shareholders of Ben Thanh - Long Hai Joint Stock Company.
29	28/2022/QD-HDQT	July 25, 2022	Amendment and supplementation of the regulations on the issuance of shares under the selection program for employees in 2021 and the change of the authorized representative to manage the contributed capital in associate enterprises.
30	29/2022/QD-HDQT	July 26, 2022	Approval of the plan to build the Company's headquarters, the plan to borrow capital and mortgage collateral at the Joint Stock Commercial Bank for Industry and Trade of Vietnam - District 11 Branch of Ho Chi Minh City.
31	30/2022/QD-HDQT	August 22, 2022	Approval of the grassroots trade union's plan to repurchase shares issued under the employee stock ownership plan (ESOP) in 2021.
32	31/2022/QD-HDQT	August 22, 2022	Adjustment of the schedule of the high-rise residential project in Phu Thuan ward, District 7, HCMC.
33	32/2022/QD-HDQT	August 31, 2022	Resignation of the Finance Director cum Chief Accountant.

No.	Resolution No.	Date	Content
34	33/2022/QD-HDQT	August 31, 2022	Appointment of the new Chief Accountant.
35	34/2022/QD-HDQT	August 31, 2022	Resignation of a Vice President.
36	35/2022/QD-HDQT	August 31, 2022	Appointment of a Vice President.
37	36/2022/QD-HDQT	August 31, 2022	Appointment of a Vice President.
38	37/2022/QD-HDQT	September 12, 2022	Adjustment of information related to the housing project in Tan Phu Ward, District 7, Ho Chi Minh City.
39	38/2022/QD-HDQT	September 13, 2022	Approval of the plan to purchase 32,000,000 shares (representing 100% of charter capital) of Hoa Binh Real Estate Joint Stock Company, and the plan to borrow and pledge collateral at the Vietnam Joint Stock Commercial Bank for Industry and Trade, Branch No. 11 of Ho Chi Minh City.
40	39/2022/QD-HDQT	October 26, 2022	Approval to use subsidiary assets to secure bank loans and to guarantee third-party debt repayment obligations.
41	40/2022/QD-HDQT	November 03, 2022	Identification of the Company's management personnel.
42	41/2022/QD-HDQT	November 07, 2022	Approval to use subsidiary assets to supplement collateral for bank loans or to guarantee third-party debt repayment obligations.
43	42/2022/QD-HDQT	November 07, 2022	Approval to use subsidiary assets to supplement collateral for third-party debt repayment obligations.
44	43/2022/QD-HDQT	November 14, 2022	Approval to use related-party assets to guarantee the Company's obligations.
45	44/2022/QD-HDQT	November 17, 2022	Approval to use related-party assets to guarantee the Company's obligations.
46	45/2022/QD-HDQT	November 24, 2022	Approval of shares transfer at Hoa Binh Real Estate Joint Stock Company.
47	46/2022/QD-HDQT	December 02, 2022	Adjustment of the high-rise residential project in Phu Thuan ward, District 7, HCMC.
48	47/2022/QD-HDQT	December 30, 2022	Resignation of the Deputy General Director.