THANH THANH CONG – BIEN HOA JOINT STOCK COMPANY

SOCIALIST REPUBLIC OF VIENAM

Independence – Freedom – Happniess

CÔNG TY CỔ PHẦN THÀNH THÀNH CÔNG - BIÊN HÒA

Tay Ninh, date 29 month 09 year 2021

AUDIT COMMITTEE REPORT
FOR THE FISCAL YEAR 2020 – 2021

Dear Shareholders,

Dear The entire Conference,

Base on:

- *The Law on Enterprise of Socialist Republic of Vietnam No. 59/2020/QH14 on June 17,2020;*
- *The function and duty of the Audit Committee in the Company's charter;*

On behalf of the Audit Committee, we would like to presents to the General Meeting of Shareholders the report for the fiscal year 2020-2021 and stategic planing for the fiscal year 2021-2022:

PART 1 – STATUS REPORT OF THE FISCAL YEAR 2020 – 2021

1. The remuneration, operating expense and other benefits of the Audit Committee

Unit: VND

	Implement (1)	Planning (2)	Difference (3)=(1)-(2)
The remuneration, operating expense and other benefits	900.000.000	900.000.000	0

The operating expense of the Audit Committee in the fiscal year 2020-2021, were implemented, controlled, and ensured that the costs incurred within limit issued by the General Meeting of Shareholders.

2. Summary of meetings of the Audit Committee

In the fiscal year 2020-2021, the Audit Committee had organized four meetings, and the member of the Audit Committee exchanged and unified some of the issues in the operation of the Audit Committee, and implemented the Company's internal audit activities, as follows:

Date	Number of participant	Rate	Summary of some of the main points exchanged and unified
30/11/2020	2	100%	– Orientation to complete operations according to the Enterprise Law 2020 (Effect on January 1, 2021). – Amending the Regulation on the operation of the Audit Committee according to the Enterprise Law 2020 and guidelines. – Reviewing and updating Audit Committee's action plan; Amending regulations on internal audit according to Decree 05 of the Government; Modifying major audit content for the last 6 months of the fiscal year 2020-202 based on actual requirements.
15/3/2021	2	100%	– The Audit Committee associate with the Board of Management implemented supervising ramdomly legal issues relating to Risk Management activities of Agricultural Projects in Cambodia. – Supervising implementation of the Covid-19 prevention plan. – Supervising the collection of agricultural investment debt after harvest.
11/6/2021	2	100%	– The Audit Committee is charged of supervising activities of the Investment Council and Liquidation Asset Council to manage assets, machines, equipment, and agricultural land in line with SBT's 5-year strategic goals… – Supervising settlement agricultural investment for farmers and farms. – Discussion about supervising GoLive ERP implementation (01/7/2021).

28/6/2021	2	100%	– Discussion and brainstorm about the new form of agricultural contract, updating the set of criteria and target by region to minimize the risk of the contract. – Supervising improvement of Corporate governance activities according to international practices such as the Code of Corporate Governance according to Vietnam Best Practices, the scorecards of Corporate Governance in Asia area - ASEAN SCORECARD, and the Code of Corporate Governance according to OECD end of the period. – Joining in discussion about audited reports at the end of the period with the Independent Audit, and preparing proposal appointing the Independent Audit unit for the fiscal year 2021-2022.

3. Supervising results for the operation of the Company

3.1. Business situation

The Audit Committee agree with the Report on corporate gorvernance of the Board of Director and the Final report of the Board of Management on the business operation

In the fiscal year 2020 – 2021, The Audit Committee complete annual goals assigned by the General Meeting of Shareholders despite the Company had been facing up many challenges such as the ATIGA, and the Covid -19 reignited in the early 2021:

Target (Consolidated Financial statement)	**Planning (bilion VND)**	**Implement (bilion VND)**	**%Implement /Planning**
Net revenue of business and services	14,358	14,925	104
Profit before taxes	662	784	118

3.2. Financial situation

The Audit Committee considered the Separate Financial statement and Consolidated Financial statement of the fiscal year 2020 – 2021 and discussed with the Ernst & Young Vietnam Co., Ltd about the results after auditing and proposing recommendations to make the financial statements more complete, such as:

- Agree with the assessment of the Independent Auditor on the honest of the Financial Statements
- The Financial Statements were prepared and presented in line with standards of the accounting in Vietnam; the data on the Finacial Statement at the end of the fiscal year 2020-201 reflected the value of assets that the Company existing.
- Financial ratios are all there in the benchmark and accords with the business operations and don't have financial ratios abnormal fluctuations;
- No cheating and no mistakes vital;
- The accounting strategies and accounting Estimate unchanged compared to the same period last year

4. Asessment of the transaction Related Parties

4.1. Transaction between the Company, subsidiaries, and other companies in which the Company took control of over 50 percent of charter capital who are the member of the Board of Directors, the Board of Management, and affiliated person.

Besides, the transaction relates to the payment of remuneration, salary, and other benefits approved by the General Meeting of Shareholders, and under the authority of the Board of Directors. And other regulations of the Company have been recorded in the fiscal year 2020-2021.

4.2. The transaction between the Company and Company in which the members of the Board of Directors, the Board of Management who were founder members or manager during nearly 03 (three) years before the transaction time.

Associations which have signec contracts with are all belonging to the lists of objects that have been approved by the General Meeting of Shareholders in the FY 2019 - 2020 general shareholders meeting . And the transactions are mostly served for the business, financial activities, and don't have any transactions abnormal fluctuations or violated regulations of the Company and regulatory laws.

5. Asessment result of the Internal audit system and risk management of the company.

5.1. Asessment of the Internal audit system

- **Supervisory environment:**

- The Board of Directors and Board of Management always uphold compliance for all of the staff.

The Board of Management usually consults and exchanges with the Audit Committee to enhance an effective controlled environment of each unit. The supervisory environment of the company in the fiscal years 2020-2021 keeps on the transition very positive from cognitive to attitudes and actions of the staff.

- The Audit Committee and internal audit are operated independently and separated from the operating of the Company; Professional ethics is a quality that all staff of the internal audit are asked to ensure a sense of objectivity and are not governed by benefit or conflicts of interest in the line of duty.
- In the fiscal year 2020-2021, the Board of Directors and Board of Management have actively directed to complete the Sub-law document system that relating to activities of the agriculture industry base on the local law system. Which make a few adjustments and closer with best practices in Corporate governance.
- Responsibility and authority on every single member of the Board of Directors and Board of Management was updated and approved according to the field and limit approval. In other to ensure transparency and do not have overlap mandates to responsibility.
- Human resources policies: Care about developing and strengthening, staff. In other to attract quality human resources and create motivation to work and increase labor productivity.

Risk assessment:

- The company strengthened of assessment and risk of management, actively recognizing risks, building the regulation risk of management, the process of assessment, and risk analytics. And then build strategies to minimize the damaging of risk on business activities. The Board of Management has considered possible changes in external and internal context of the company; Suggesting forecasts in line with risk of management.
- Tasks had been assigned and specialized among Business Units, among staff in each BU by developing management system such as regulation, process system, working assignment. Ensure to minimize the risk of dishonesty and mistake in working.
- Always ensure the rule without concurrent position holding is maintained.
  - No concurrent position holding in protecting assets with Accounting;
  - No concurrent position holding in approving of economic professional within doing that professional transaction.
  - No concurrent position holding between Management and enter the record in the accounting records
- The arising professionals have implemented and approved, and do the right thing base on the

decentralization system and general regulation such as Business strategy; Procurement regulation; Financial regulation..

Information and communication systems:

- Information and communication systems are established and maintained during in two way: top – bottom and bottom – top to update information, data, and report to the Management of the Company. Besides, ensure all staff is received the necessary information and reach the message of the company management.

Supervisory system:

- The Board of Management has continuously implemented supervision during business operations, collecting information from customers or staff who is directly operate the processes or regulations of the company in other to make assessment the effectiveness of the checkpoint. In other to give directions to improve the checkpoint and control system of the company.
- The Audit Committee were in time to make recommendations and request to overcome mistake in operation as well as counseling the Board of Directors and Board of Management in fulfilling the internal supervising system of the Company through the examination and control.

5.2. Assessment of risk management.

- The second half of the fiscal year 2019-2020, the Corporate governance model was completed with 3 (three) lines of the defensive glands according to COSO standard and it is running effectively.
- The Audit Committee realizes that the Company is maintaining a framework for risk management and have a credible internal control system.
- The Company continuously completed the control mechanisms that were implemented in the early of the fiscal years 2020-2021 such as: ERP system (Go-live on July, 1st,2021), implemented the control permissions on the Company's systems, completed FRM & CRM... - integrated into one systems.
- Update and add the vital risk category, edit the risk category in line with the regulation that has approved of risk management. In addition, the Company continuously maintained and completed the quality of self-assessment activities through the Unit in charge of the risk management department.
- The quality management system is maintained and supervised frequently to ensure reliability, including product quality, food safety, energy and environment, safety and health, the capacity of the QHSE department, social responsibility...

- Impoving risk management report was completing and no arising vital risk in the period. The Covid-19 risk is closely controlled and used effectively measures not only for business activities but also for the safety and health of entire staff.
- The news of risk management is issued periodical and unexpected that be seen as to be an effective tool to communicate and upgrade senses about risk management for the whole company and other units.
- Managing legal and legal risk is effectively implemented and supported to defense the Company's legitimate interests.
- The Company is continuously implementing to complete risk management system in which not only focus on the upgrade target but also focus on researching a suitable risk management tool that can integrate into with ERP systems to support the management process for the whole company, other units, farms, and investment projects.

6. The result assessment to the Board of Directors and Board of Management.

6.1. The Board of Directors' operation :

- The Audit Committee recorded the Board of Directors' operation governance that complies with the current legal regulation, charter, resolution of the general meeting of shareholders, organization regulations, and the Board of Directors' operation.
- The operation governance is implemented and follows up the targets and orientation approved by the General Meeting of shareholders to implementation the detailed mission.
- The members of the Board of Directors got the professional capacity and always ensure benefits for the Company and shareholders.
- In the period, due to pandamic the Board of Directors could not accomplish the capital increase like the resolution of the General Meeting of shareholders *(Resolution No. 14 14/2020/NQ–DHDCD about approving private placement of shares*).

6.2. CEO and the Board of Management's operation

- CEO and Deputy CEO have been opreating within right of function and mission and in line with the leagal regulation and regulation of the internal operation governance.
- The Resolution and Decision of the Board of Directors are implemented in time by the Board of Management. Management and direction have the necessary dynamic and careful.
- Fulfill implemented the duty with the government and policy for the entire staff.
- CEO assigned and specialized to each member of the Board of Management, and every member have understood detailed tasks about their department in charge. So that, most actionplan are

completed as well as reaching the overal assigned mission.

7. The result assessment co-ordination betweeen the Audit Committee, the Board of Directors, the Board of Management, and shareholders.

7.1. Co-ordination betweeen the Audit Committee, the Board of Directors, the Board of Management:

- The Audit Committee coordinates closely with the Board of Directors and the Board of Management on implementing the function and mission of the supervising and internal audit.
- The Board of Directors and Board of Management have created the favorable conditions for the Audit committee to implement all function and mission, and provided full of information and documents that related to the Company's activities.
- The Audit Committee is actively taking part in the progress meetings and extraordinary meetings of the Board of Directors or Board of Management.
- Within the supervising plan in the fiscal year 2020-2021, the Audit Committee has checked and coordinated with all function of the company for on reviewing and controlling the business activities.

7.2. Co-ordination between the Audit Committee and shareholders

- The Audit Committee always keeps the state of receiving, proceeding, and responding to all share holders' requests according to the Legal Regulation and the company charter that related to the responsibility of reviewing and supervising of the Board of Directors, the Board of Management, or other activities of the Company when have required.

PART 2 – STRATEGIC PLANNING FOR THE FISCAL YEAR 2021 – 2022

1. Target:

- Ensuring the internal control system and risk management effectively.
- Supports the improvement of governance focused on risk management.
- Maintain a comprehensive control framework.
- Ensuring the presence of policies and risk management processes.
- Supervising the integrity of the accounting report system and financial.
- Supervising of the disclosure to financial results and non-financial reporting information
- Assessment of the policies and estimates important accounting.

2. Solutions:

- Focusing on risks and have risk control solutions at each level.

- Improving consulting capacity to complete regulations, policies and procedures (design and operation).
- Supervising and auditing the risk in the plan to ensure the risks are screened and managed.
- Resources focus on high-risk processes, allocated based on the results of the previous period's audits.
- Building additional control procedures to ensure enhanced supervising efficiency.

OBO.THE AUDIT COMMITTEE

Chairman of the Audit Committee

HOANG MANH TIEN