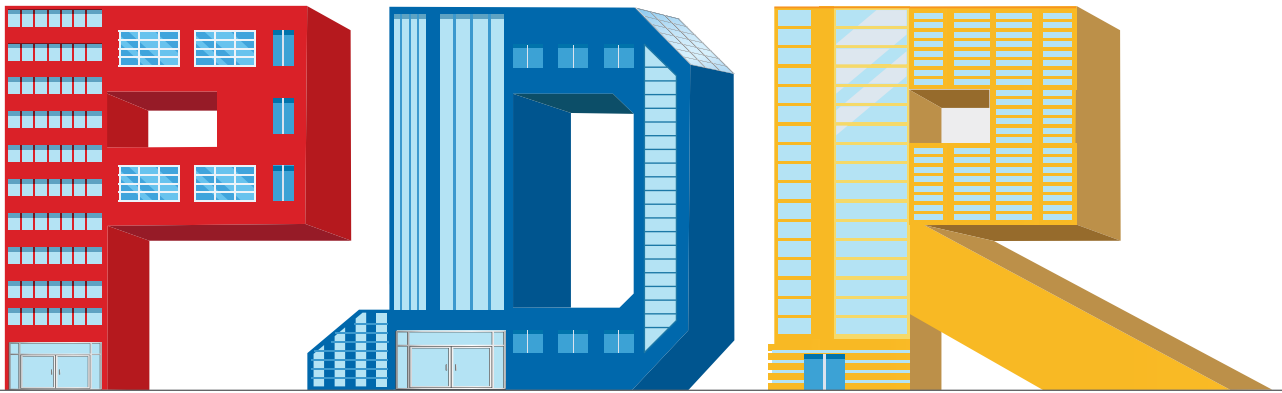




**PHATDAT**  
CORPORATION  
Real Estate Development



IMPROVE **POSITION**  
TO DEVELOP **SUSTAINABLY**

ANNUAL REPORT 2017

# IMPROVE POSITION TO DEVELOP SUSTAINABLY

## CONTENTS

Financial highlights	4	<b>TYPICAL PROJECTS</b>	
Overview introduction	6	Typical projects	76
Vision - Mission - Core values - Business philosophy	8	Project implementing capacity	84
Scope of business and operational area	10	Project investment and implementation	86
Talk with President, BOD	12		
<b>GENERAL INFORMATION</b>		<b>RENOVATING</b>	
Key milestones	20	Innovation for sustainable development	94
Highlight events	22	Risk management	96
Honorable awards	24		
Development strategy	26	<b>SUSTAINABLE DEVELOPMENT</b>	
SWOT analysis	28	Sustainable development message	102
		Ethics and principality	104
<b>ORGANIZATION AND HUMAN RESOURCES</b>		Sustainable development management	106
Corporate governance and management	30	Participation of the stakeholders	108
Overview of Board of Directors	32	Reporting practice	114
Overview of the Board of Management	34	Definition of critical issues	116
Overview of Board of Supervisors	36	Economic issues	118
Organization and human resources	38	Environmental issues	122
		Social issues	130
		Compliance with economic and social law	134
		<b>FINANCIAL STATEMENTS</b>	
<b>REPORT ON COMPANY OPERATIONS</b>		General information	138
Report and assessment of BOM	42	Report of Management	139
Evaluation of BOD on performance	54	Independent Auditors' report	140
BOD structure and activities	58	Consolidated balance sheet	142
Report of Board of Supervisors	62	Consolidated income statement	144
Transactions, remuneration, benefits of BOD, BOM and BOS	66	Consolidated cash flow statement	145
		Notes to the consolidated financial statements	147
<b>INVESTOR RELATIONS</b>			
Shareholders & partners	68		
Shareholder structure & changes of owner's equity	70		

### ABBREVIATIONS

**The Company:** Phat Dat Real Estate Development Corp  
**Phat Dat:** Phat Dat Real Estate Development Corp  
**AGM:** Annual General Meeting of Shareholders  
**BOD:** Board of Directors  
**BOM:** Board of Management  
**BOS:** Board of Supervisors  
**HCMC:** Ho Chi Minh City  
**HOSE:** Hochiminh Stock Exchange

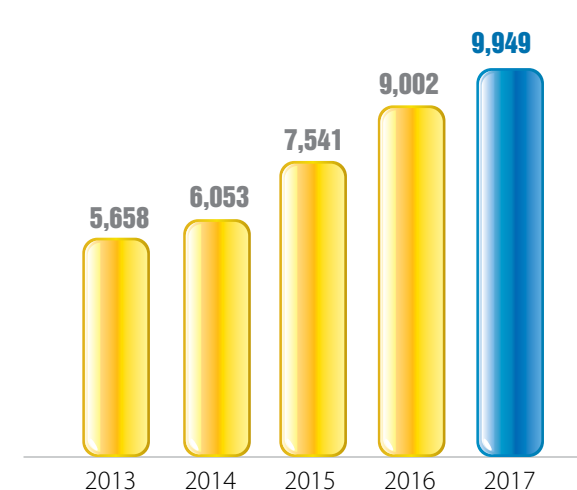


## FINANCIAL HIGHLIGHTS

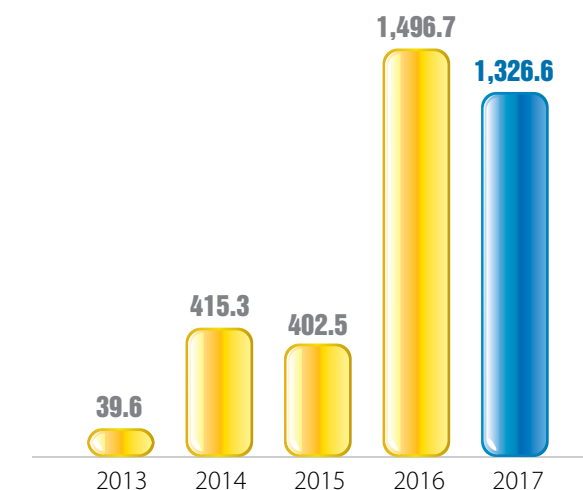
Indicators	Unit	2013	2014	2015	2016	2017
<b>Business results</b>						
Net revenue	VND Billion	39.62	415.28	402.51	1,496.67	1,326.63
Gross profit	VND Billion	27.58	78.44	146.29	403.32	519.05
Operation costs	VND Billion	27.64	24.95	43.60	97.96	159.12
Net profit from business activities	VND Billion	(0.05)	53.49	102.70	305.36	359.92
Net profit from financial activities	VND Billion	(1.48)	(1.47)	(0.67)	0.85	2.82
Net profit from other activities	VND Billion	5.40	1.52	100.78	0.15	188.45
Profits from affiliated companies	VND Billion			(2.24)	(1.93)	(0.32)
Profit before tax	VND Billion	3.86	53.54	200.57	304.43	550.87
Profit after tax	VND Billion	2.34	41.64	155.73	242.52	439.88
<b>Balance sheet</b>						
Total assets	VND Billion	5,658	6,053	7,541	9,002	9,949
Charter capital	VND Billion	1,302	1,302	2,018	2,018	2,220
Owner's equity	VND Billion	1,428	1,468	2,271	2,404	2,827
<b>Key financial indicators</b>						
Return on Total Assets (ROA)	%	0.04	0.69	2.07	2.69	4.42
Return on Equity (ROE)	%	0.16	2.84	6.86	10.09	15.56
<b>Target for a unit of stock</b>						
Number of outstanding shares at the end of the period	share	130,200,000	130,200,000	201,809,971	201,809,971	221,990,923
Earnings per share (EPS)	VND	18	279	922	1,023	1,873
Book value per share	VND	10,964	11,277	11,252	11,911	12,734
Market value at the end of the year	VND	17,200	16,100	13,300	13,100	35,700

Source: The 2013-2017 audited consolidated financial statements  
 (\*) Dividend is temporarily calculated according to the AGM's Resolution 2017

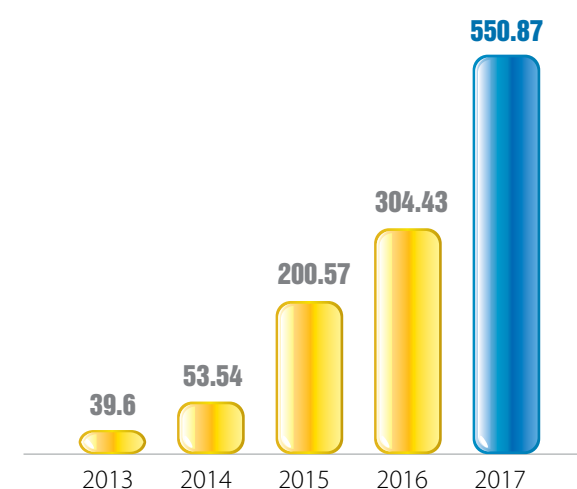
**TOTAL ASSETS**  
(VND BILLION)



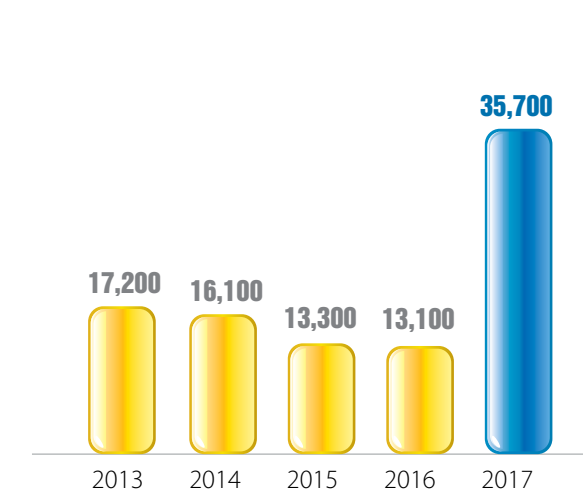
**TOTAL REVENUE**  
(VND BILLION)



**PROFIT BEFORE TAX**  
(VND BILLION)



**STOCK VALUE**  
(VND)





## OVERVIEW INTRODUCTION

### GENERAL INFORMATION

**Official name** : Công ty Cổ phần Phát triển Bất động sản Phát Đạt  
**English name** : Phat Dat Real Estate Development Corp.  
**Address** : 422 Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City  
**Tax code** : 0303493756  
**Phone/fax** : (028) 3773 2222 / (028) 3773 8908  
**Website** : www.phatdat.com.vn

### LISTING INFORMATION

**Stock code** : PDR  
**Listing date** : 30/07/2011  
**Listing address** : Ho Chi Minh City Stock Exchange - HOSE  
**Charter capital** : VND 2,219,909,230,000  
**Scope of Business** : Real estate investment, development and trading

### AUDIT FIRM

**Ernst & Young Vietnam Limited**  
**Address** : 02 Hai Trieu Street, Ben Nghe Ward, District 1, HCMC  
**Phone** : (028) 3915 7888  
**Web** : <http://www.ey.com/vn/en/home/ey-vietnam>





# VISION - MISSION - CORE VALUES BUSINESS PHILOSOPHY



## VISION

Become a leading real estate development corporation in Vietnam by owning the leading brands.



## MISSION

Create the perfect living space with unique architecture and outstanding quality to bring added value to customers, shareholders and the community.



## CORE VALUES



### CREATIVITY

Think about new things and dare to change.



### COMMITMENT

Keep promise to customers, shareholders, employees and the community.



### EQUALITY

Evaluate and behave based on facts without bias.



### RESPECT

Listen and share different opinions to grow.

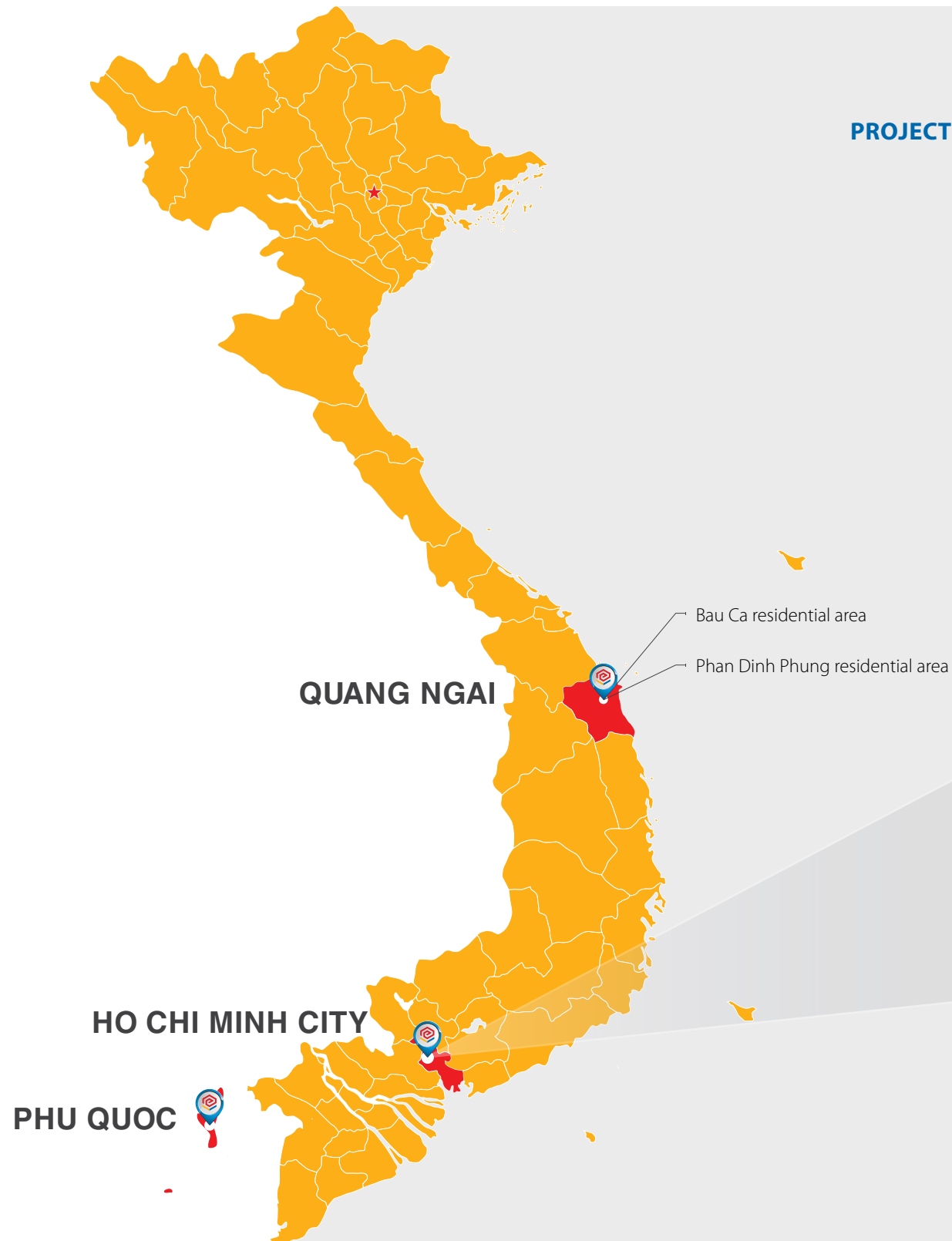


## BUSINESS PHILOSOPHY

“Visionary and Sustainable Development”.

# SCOPE OF BUSINESS AND OPERATIONAL AREA

## PROJECT MAP

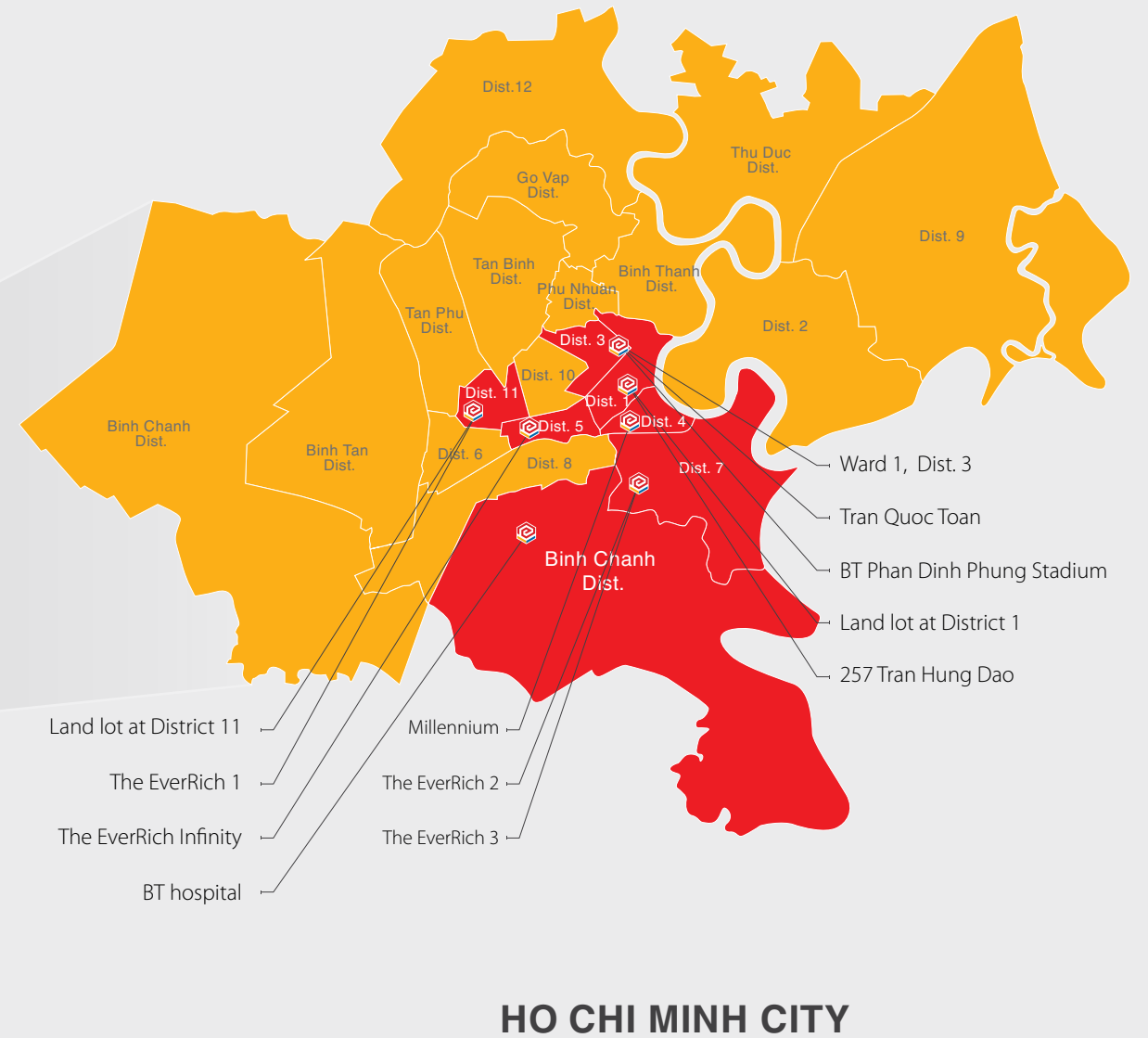


## SCOPE OF BUSINESS

Investment in real estates, hotels, luxury resorts, housings, apartments and villas...

## OPERATIONAL AREA

The Company has been developing premium real estate projects in Ho Chi Minh City, Quang Ngai and Phu Quoc.





## TALK WITH PRESIDENT, BOD

**GIVEN THE LONG-TERM AND SUSTAINABLE DEVELOPMENT STRATEGY OF “CHANGE TO LEAD AND GROW TOGETHER”, PHAT DAT COMMITS TO CHANGE & LEAD THE REAL ESTATE INDUSTRY AND TO GROW WITH CUSTOMERS, PARTNERS, SHAREHOLDERS, EMPLOYEES AND COMMUNITY. WE ENGAGE OUR SUSTAINABLE DEVELOPMENT WITH THE COUNTRY’S ECONOMY AND THE COMMUNITY SHARED BY MR. NGUYEN VAN DAT, PRESIDENT, BOD IN “TALK WITH PRESIDENT, BOD” IN 2017.**

**TOTAL REVENUE**  
**1,326**  
VND BILLION

### ***In 2017, how did the economy and real estate market affect Phat Dat’s development?***

In 2017, the economic growth remains stable. The low inflation has facilitated the short-term performances and the medium-term strategic development of all enterprises.

High credit growth, especially credit for consumption/housing with low interest rates has supported and boosted the real estate market. These factors supported Phat Dat to reduce financial expenses, increase sales of products to recover investment in projects.

### ***How was Phat Dat’s operations and development? Can you share the achievements?***

Given the advantages in macro-economy and real estate market, Phat Dat achieved stable revenue of VND 1,326 billion and an outstanding profit growth. Our profit after tax reached nearly VND 440 billion, the highest since its inception.

Phat Dat has repaid all outstanding loans and borrowings of VND 4,200 billion from Dong A Bank and bondholders. By the end of 2017, Phat Dat has no debt.

In 2017, Phat Dat has gained achievements in real estate projects. It handed over the apartment and put into operation The EverRich Infinity Building, District 5, Ho Chi Minh City, just 18 months after starting construction. It received the Best Project’s Apartments Real Estate Awards Vietnam in 2017.

Phat Dat has also been recognized by the BCI Asia Awards as the Top 10 real estate developers in Vietnam.

Phat Dat has improved its human resource quality and the working environment through innovative policies, competition and improved working environment.

Phat Dat stock has grown strongly and sustainably, from VND 11,900 (adjusted after dividend payment) as at 31<sup>st</sup> December 2016 to VND 35,700 per share as at 31<sup>st</sup> December 2017, up more than 200%.

## TALK WITH PRESIDENT, BOD (continued)

 WITH THE VISION OF “VISIONARY AND SUSTAINABLE DEVELOPMENT”, PHAT DAT UNDERSTANDS THAT A FLEXIBLE DEVELOPMENT STRATEGY, STRONG FINANCIAL RESOURCES AND QUALIFIED HUMAN RESOURCES ARE KEY FACTORS TO ENSURE THE RAPID AND SUSTAINABLE DEVELOPMENT IN VIETNAM REAL ESTATE MARKET. 

### **What are the remarkable innovations of Phat Dat in 2017? What led to such innovations?**

In 2017, Phat Dat has made many innovations, focusing on the following key issues:

- **Renovate the land development strategy:** Phat Dat has purchased clean land bank in prime locations for apartment projects. At the same time, it has actively participated in the BT (Build-Transfer) project to exchange infrastructure projects for land funds to facilitate its medium and long term development strategy.
- **Innovate financial strategy:** Push sales of products at reasonable discount to speed up money collection. Focus on cash flow management for each project. Take flexible solutions to handle the outstanding loans.
- **Renovate human resource management:** Build and deploy remarkable human resource policy, ensure highly competition in the labor market. Remain, attract and develop human resource capacity. Promote active dialogue with employees; build corporate culture and improve the working environment.

The reasons leading to the above innovations include:

- Phat Dat understands that a flexible development strategy, strong financial resources and qualified human resources are key factors to ensure the rapid and sustainable development in Vietnam real estate market.

- The innovations have enabled us to capture market opportunities, deploy and recover investment capital quickly in projects. At the same time, to prevent and mitigate financial and market risks in medium and long term. Phat Dat will strive to implement these innovations.
- The innovations have improved our competitiveness in the market and brought sustainable values to us and other stakeholders.

### **Your opinions on Phat Dat position in the Vietnamese real estate market?**

After more than 13 years of establishment and gained impressive growth in the period 2016 - 2017, Phat Dat has become a major real estate developer. We also pioneered in high-end apartment projects and new lifestyle in Vietnam real estate market.

### **Could you please share the development strategy of Phat Dat in 2018 and the following years?**

**In 2018 and the following years, Phat Dat is determined to implement the following objectives:**

- Average profit growth reaches 30% per year and remains stable for years; Owner's equity reaches minimum VND 5,000 billion.
- Phat Dat brand is among the Top 10 real estate developers. The EverRich will be among the Top 10 luxury apartment brands in Vietnam.
- Phat Dat is among the Top 100 enterprises with the best working environment in Vietnam.



MARKET VALUE  
AT 31 DECEMBER 2017

**35,700**

VND/SHARE

### **To achieve these goals, Phat Dat will implement the following:**

- Continue to renovate the land development strategy, financial strategy and personnel policy.
- Boost and deploy BT (Build-Transfer) projects, high-end apartment projects and offices for lease in Ho Chi Minh City.
- Maintain a reasonable, stable debt structure and ensure good financial ratios.
- Collaborate with real estate investors & developers who have experience and capabilities domestically and globally.
- Expand the network of partners, suppliers and distributors.
- Develop and implement the competitive human resource policy.
- Enhance brand communication and empower the brand.
- Attract institutional and individual investors on the stock market.
- Maintain sustainable relationships & communications with investors, media agencies, and other state-owned agencies.

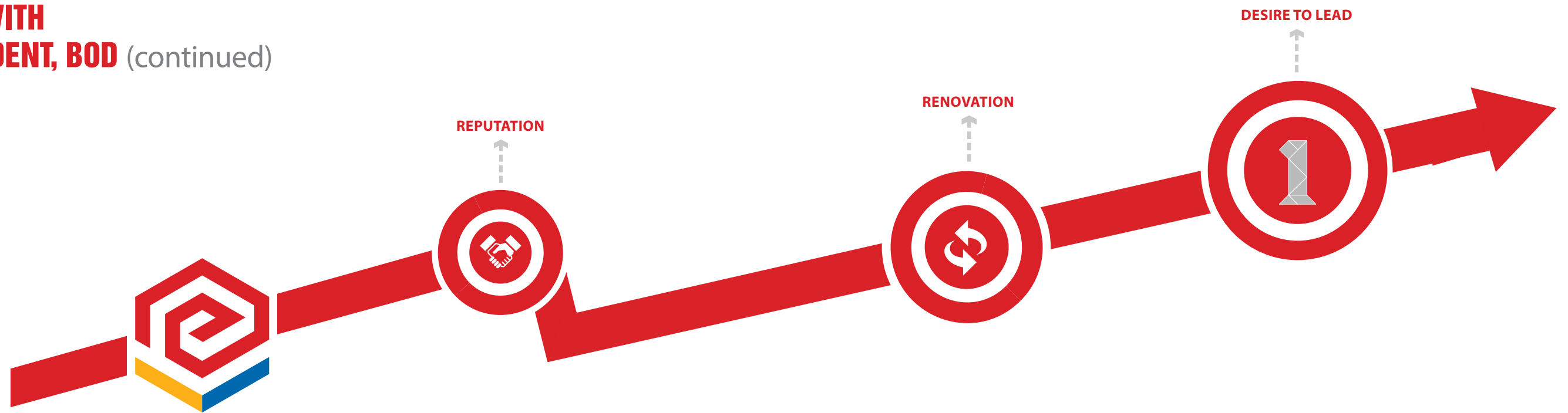
### **To successfully implement these strategies, which actions will you take?**

To implement these strategies, Phat Dat in 2017 has taken following actions:

- Board of Directors (BOD) and President, BOD will continue its leading role to renovate Phat Dat.
- Build a medium-term and long-term roadmap for project development & launch. Maintain revenue balance. Grow profit under the development and completion of projects.
- Develop medium-term and long-term financial plans. Identify roadmap for raising owner's equity, for borrowing loans and bonds from credit institutions and financial investors.
- Conduct the survey and evaluation of human resources and working environment. Develop and implement plans to maintain, increase high-quality human resources and prepare a legacy team. Improve the working environment gradually.
- Enhance marketing and branding. Promote the Phat Dat brand and The EverRich brand among target customers.
- Build and maintain the external communications system. Focus on exchanging information on business performance, Corporate Social Responsibility (CSR) and environmental responsibilities to related parties.
- Set up the external relations department. Join in the meetings with investors, media and state-owned agencies.
- Implement and follow the regulations on information announcement.
- Introduce Phat Dat capacity with investment institutions, local & global real estate developers at investment conferences, trade promotion, bilateral meetings.
- Develop criteria to select partners, suppliers, distributors. Enhance information exchange and active collaborative negotiation on the projects.



## TALK WITH PRESIDENT, BOD (continued)



  
**PROFIT AFTER TAX**  
**440**  
 VND BILLION

### **What is the biggest challenge that Phat Dat is facing? How to overcome that challenge?**

There are two major challenges:

- Fluctuations of real estate market.
- High competition for qualified human resource in the market.

To overcome these challenges, Phat Dat will:

**Diversify revenue:** Generate revenue from selling real estate products and leasing offices/apartments.

**Maintain financial security:** Increase owner's equity. Keep the debt/equity ratio at a reasonable level.

**Renovate human resource policy:** Apply competitive and differential HR policy. Build corporate culture, and improve the working environment.

### **Human resource is the key to Phat Dat's success. How to empower Phat Dat employees?**

To empower Phat Dat employees, we apply the key principle of "Strong together", as details:

- We have developed the satisfactory salary, bonus and benefit policy to our employees.
- We spend time and budget improving the working environment. We focus on developing their capacity and profession.
- At the same time, we require their working responsibilities. We expect them to learn and to change, be engaged and committed to Phat Dat's goals.

### **What makes you feel proud about Phat Dat?**

I am proud of the following:

**Reputation:** We always keep and implement our commitments to shareholders, customers, employees, partners and the community, even in the worst situation.

**Renovation:** We have constantly learnt and changed since our inception. We learn from mistakes/failures of ourselves and of others. After each difficult period, Phat Dat strived to renovate to rise stronger.

**Desire to lead:** Since the first days in the real estate market, we has determined "to become a leading Vietnamese Corporation with the renowned brand name". We were slow down during the tough period of the real estate market from 2009 to 2013, but our desire has not changed. We overcame difficulties to accelerate, to change and rise to the top.

### **Do you have any messages to your shareholders, customers, partners, employees and other stakeholders in the new fiscal year?**

2018 will continue to be a remarkable year for Phat Dat's financial success with new projects, and get ready to thrive in 2018-2020.

Phat Dat will continue its drastic change, rise to the top and grow together with shareholders, customers, partners, employees and the community.

We expect trust from shareholders & employees in the leadership & strategic directions of BOD and the management of the BOM.

We look forward to the interests, sharing and support from the stakeholders during our development journey.

# P

## IONEERING

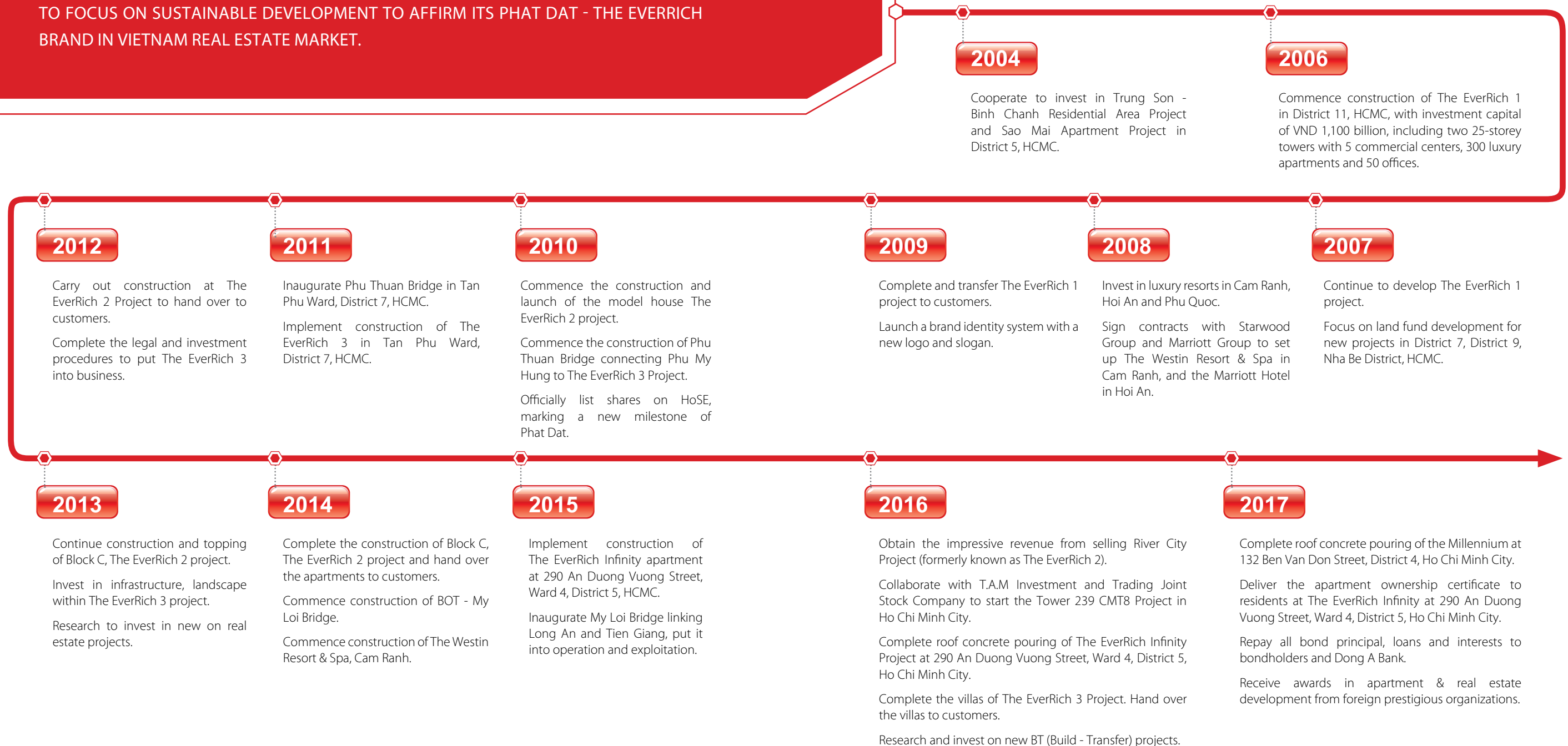
GIVEN ITS PIONEERING SPIRIT AND DETERMINATION, PHAT DAT HAS FIRMLY PROGRESSED TO AFFIRM ITS POSITION AS A LEADING REAL ESTATE DEVELOPER IN VIETNAM.





## KEY MILESTONES

AFTER 13 YEARS OF SUSTAINABLE AND EFFICIENT OPERATION, PHAT DAT CONTINUES TO FOCUS ON SUSTAINABLE DEVELOPMENT TO AFFIRM ITS PHAT DAT - THE EVERRICH BRAND IN VIETNAM REAL ESTATE MARKET.





## HIGHLIGHT EVENTS



### ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS 2017

On 22<sup>nd</sup> March 2017, Phat Dat successfully organized the AGM 2017. In the meeting, the Board of Shareholders reviewed the activities & achievements of Phat Dat in 2016, and set the business strategy in 2017.



### THE EVERRICH INFINITY THANKSGIVING DINNER

On 26<sup>th</sup> August 2017, Phat Dat successfully organized the Thanksgiving Dinner for The EverRich Infinity Project customers & partners to celebrate their trust toward Project.



### TEAM BUILDING TO CELEBRATE THE 13<sup>TH</sup> ANNIVERSARY OF PHAT DAT GROUP

From 7<sup>th</sup> September 2017 to 10<sup>th</sup> September 2017, Phat Dat held a Team Building in Thailand to cheer up accomplishments and to review the disadvantages in 2016. The event was also set to associate Phat Dat employees with the 2017 strategy **"Change to lead, grow together"** approved by the BOD.



### TOPPING THE MILLENNIUM PROJECT

On 23<sup>rd</sup> November 2017, Phat Dat and Coteccons General Contractor held the Millennium Project Topping Ceremony. Millennium is one of the high-end real estate projects that owns a prime location in the heart of Ho Chi Minh City invested by Phat Dat. The project is timely topped and prove Phat Dat capability in the high-end real estate segment.



### HANDOVER CEREMONY OF "CERTIFICATE OF OWNERSHIP OF LAND AND PROPERTY LINKED TO LAND" OF THE EVERRICH INFINITY

On 30<sup>th</sup> December 2017, Phat Dat successfully held the handover ceremony of the "Certificate of Ownership of Land and Property Linked to Land" for The EverRich Infinity residents. The handover confirms the project development capacity and the commitment of Phat Dat to customers. The EverRich Infinity is the first and possibly only project in Vietnam to hand over the red books within two years from the project commence.



### "WINTER DREAMS" TO SUPPORT "DREAM OF THUY" CHARITY FUND

On 20<sup>th</sup> December 2017 to 24<sup>th</sup> December 2017, Phat Dat participated in the "Winter Dreams" 2017 to fund chemotherapy pediatric patients whom in the last stage of cancer all over Vietnam. The program has collected VND 1,002,727,011 with 115 wishes been made. 2017 marks a year of Phat Dat continuous efforts to carry out charity programs, practical social activities, to help needy people.



## HONORABLE AWARDS

### TOP 10 REAL ESTATE DEVELOPERS IN VIETNAM



It is the most prestigious architecture & construction award in the Asia to recognize the valuable architecture projects to encourage a responsible architecture industry. The award recognizes Phat Dat's prestige, capability and effort to bring authentic living space to customers and to join hands to build the architecture industry in Vietnam.

### BEST VIETNAMESE BRAND AWARD IN 2017

Phat Dat was selected in the Top Brands in real estate investment & construction for prestigious Vietnam construction enterprises who build Vietnamese consumption culture.

### CERTIFICATE OF THE BEST FINANCIAL INDICATOR ENTERPRISE IN 2017

The Certificate is in the Enterprise Qualification Program by the Vietnam Chamber of Commerce and Industry (VCCI), the Vietnam Business Forum magazine (VCA) in association with Vietnam Business Research and Enterprise Development (Vietnam Economic Science Association) and the Association of Accounting and Auditing Vietnam.



### VIETNAM PROPERTY AWARDS 2017

In 2017, Phat Dat received prestigious awards for high-end real estate projects, including:

- The EverRich Infinity Project won the Best Luxury Apartment project award.
- The EverRich Infinity Project won the Runner-up in the Most Beautiful Architecture Apartment category.
- Millennium Project won the Best Retail Project; the Runner-up for Best Luxury Apartment project.

# DEVELOPMENT STRATEGY



## VISION OF CORPORATION



**TO BECOME THE LEADING REAL ESTATE DEVELOPER IN VIETNAM BY OWNING THE LEADING BRAND NAMES, CREATING THE PERFECT LIVING SPACE WITH UNIQUE ARCHITECTURE AND OUTSTANDING QUALITY TO BRING ADDED VALUE TO CUSTOMERS, SHAREHOLDERS AND THE COMMUNITY.**



## OBJECTIVES TO THE COMMUNITY, SOCIETY

Interested in Corporate Social Responsibility (CSR) activities to jointly build a happy society.

Carry out meaningful charity activities to build humane Phat Dat.



## MEDIUM-TERM AND LONG-TERM DEVELOPMENT STRATEGIES

### Land fund development strategy

Focus on developing clean lands at center location with small & medium scales, by merging & acquiring and developing the BT (Build-Transfer) projects to deploy & operate the real estate projects in the shortest time.

List of projects	Phat Dat Land Fund (hectares)
<b>CURRENT LAND FUND</b>	<b>169.3</b>
River City (The EverRich 2) - Dist. 7, HCMC	11.2
The EverRich 3 - Dist. 7, HCMC	9.9
The EverRich Infinity - 290 An Duong Vuong St., HCMC	0.8
Bau Ca - Quang Ngai City	7.7
Phuoc Kieng - Nha Be, HCMC	0.9
Phu Quoc, Kien Giang	138.8
<b>LAND FROM BT PROJECT SWAP</b>	<b>27.2</b>
257 Tran Hung Dao St., HCMC	0.2
Land lot at District 1, HCMC	0.1
Land lot at District 11, HCMC	3.0
The land belonging to Ba Sang Isle Ecological Area, District 9, HCMC	23.9
<b>COOPERATED LAND</b>	<b>41.2</b>
Millennium - 132 Ben Van Don St., Dist 4, HCMC	0.7
Phu Quoc Resort, Phu Quoc, Kien Giang	40.6
<b>TOTAL</b>	<b>237.7</b>

### Business strategy

Develop housing projects in the medium-level and high-level segment. Develop the BT projects to serve the community such as the infrastructure projects, hospitals, sport fitness center... Combine with public service areas in housing projects to improve the life quality, create value for customers, shareholders, and the community. Develop housing projects from the existing clean land funds, the land funds swapped from BT projects and the clean & high efficient transferred land funds. Develop real estate rental to 2020 with the current capital of the Company to create stable cash flow & profit.

### Financial strategy

Reduce loans, increase owner's equity, restructure finance to invest in major projects by Phat Dat's equity.



# SWOT ANALYSIS

## STRENGTHS

- The leaders have extensive experience in real estate investment, construction and trading.
- Middle managers are young, proficient, and creative.
- Human resource policy is competitive.
- The management system has been developed, operated, controlled and improved effectively.
- There are potential lands in the prime locations in Ho Chi Minh City, Nha Trang, Quang Ngai, Phu Quoc...
- Phat Dat manages capital sources flexibly and effectively with the reasonable structure. As a result, major banks are willing to finance their projects. Phat Dat also finds easy to mobilize capital from investors, partners and customers.
- The EverRich is well-known in high-end real estate market.
- Brand identity system is complete.

## WEAKNESSES

- The management team has not met the fast development requirement of the Company.
- Meanwhile, the new-comers find difficult to integrate with the corporate culture.
- The middle managers have not flexibly applied the management documents.
- Low awareness of Phat Dat brand.

## SOLUTIONS

- Improve working environment and HR policy (to become one of the 100 best working environment companies in Vietnam in the period 2018-2019), renovate recruitment policy to attract new talents.
- Mentor and support young & potential management team on management experience and skills.
- Organize periodical training sessions/seminars to raise the awareness & capacity of middle managers in applying & improving the management documents.
- Enhance communications to increase the awareness of Phat Dat and The EverRich.

## OPPORTUNITIES

- Economic policies in 2016 - 2018 aim to promote the development of real estate and infrastructure.
- The real estate market is in an advantageous stage.
- Real estate products valued less than VND 2.5 billion continue to increase. Lands in the sub-urban and new residential urban areas are still favored.
- The income of people is increasing.
- The demand for housing/apartments is still huge.

## THREATS

- Economic growth remains unstable and unsustainable.
- It takes long time to implement legal procedures for real estate projects due to complicated regulations and lack of coordination of state management agencies.
- Competitors have good project management capabilities, financial strength and large-scale operations.
- Competitors invest more in branding & marketing for projects.
- Social media has a great influence on the community.
- Clients are increasingly intelligent and have a higher demand for real estate products & services associated with the process of forming and operating real estate.



# CORPORATE GOVERNANCE AND MANAGEMENT

## CORPORATE GOVERNANCE

In 2017, the Company has upgraded the management system according to international standards. Systemized the regulations & procedures and the executive documents. Upgraded the information technology to apply the administrative software and optimize performance.

## ESTABLISH NEW DEPARTMENTS

The Company has restructured, established new departments to meet the development demand. New Boards have been set up to meet BT development strategies such as BT Project Management Board, Board of Land Compensation and Clearance, Legal Compliance Department. The Company now consists of the following divisions and departments managed by the CEO:

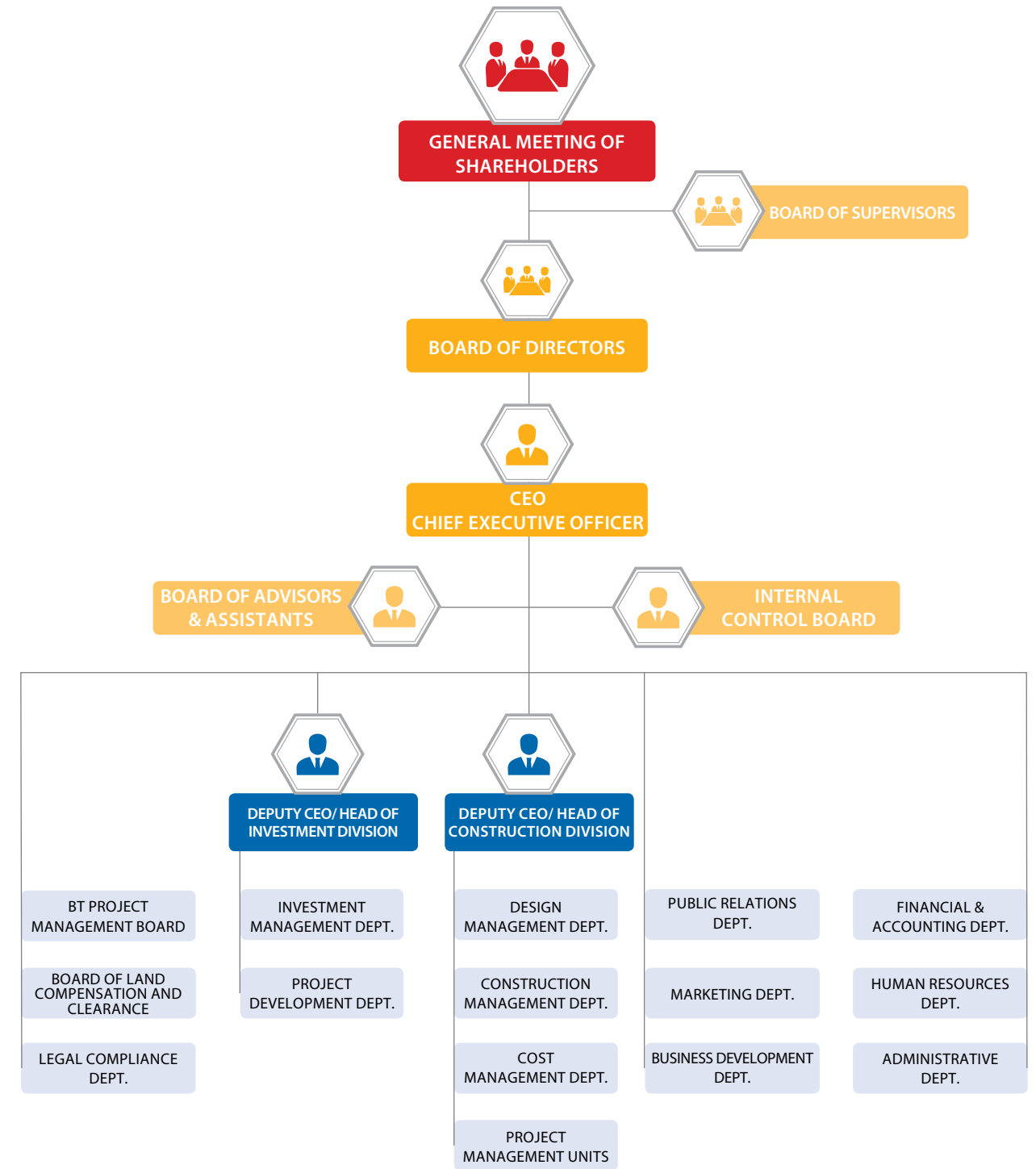
- **Investment Division** includes: Project Development Department and Investment Management Department.
- **Construction Division** includes: Design Management, Construction Management, Cost Management and Project Management Unit (PMU).
- **Functional Department** includes: Public Relations, Business Development, Marketing, Finance & Accounting, Human Resources and Administration.

## SUBSIDIARY - ASSOCIATED COMPANIES

Unit: VND

Associated No.	Company	Tax code	Address	Charter capital	Capital contribution	Business areas
1	Phu Hung Real Estate Investment Co., Ltd	0313558191	30 Nguyen Thi Dieu, Ward 6, Dist. 3, HCMC	100,000,000,000		Business, consulting and real estate brokerage
2	Dien Gia Khang Company Limited	0313294703	271/7B An Duong Vuong, Ward 3, Dist. 5, HCMC	360,000,000,000	176,000,000,000	Business, consulting and real estate brokerage
3	Dien Gia Khanh Company Limited	0313428366	271/7B An Duong Vuong, Ward 3, Dist. 5, HCMC	170,000,000,000	75,000,000,000	Business, consulting and real estate brokerage
4	Phat Dat Anh Duong Real Estate JSC	0309096681	357-359 An Duong Vuong, Ward 3, Dist. 5, HCMC	330,000,000,000	45,000,000,000	Business, consulting and real estate brokerage

## ORGANIZATIONAL CHART



## OVERVIEW OF BOARD OF DIRECTORS



**Mr. NGUYEN VAN DAT**

*President, BOD cum CEO*

*Year of birth: 1970*

*Qualifications: Business administration*

Being a founding shareholder and President, BOD and CEO since 2004

### Overview

- » 1988 - 1996: Import and export business in Ho Chi Minh City
- » 1996 - 2008: President, BOD and CEO of Tan Viet Phat Trading Co., Ltd
- » 2002 - 2007: President, BOD of New International Trading Co., Ltd
- » 2003 - 2005: President, BOD of Dai Phat Thinh Trading Co., Ltd
- » 2004 to present: Founding shareholder of Phat Dat Real Estate Development JSC; Legal representative; President, BOD and CEO

### Other positions

- » President, Board of Member of Phat Dat Group Co., Ltd.



**Ms. TRAN THI HUONG**

*Vice President, BOD cum CEO's Advisor*

*Year of birth: 1961*

*Qualifications: Bachelor of Economics - Specialization in finance and accounting*

### Overview

- » 1985 - 1995: Chief Accounting Officer of Long An Textile Company - Long An Province
- » 1995 - 1998: Executive of the Department of Capital and Asset Management at Long An Province
- » 1998 - 2000: Executive of Finance and Pricing Department of Long An Province
- » 2000 - Feb 2006: Chief Financial Officer & Chief Accounting Officer of Thai Tuan Textile and Garment Company
- » 2006 - 2009: Chief Financial Officer & Chief Accounting Officer of Phat Dat Real Estate Development JSC
- » 2009 - 2012: Member of BOD - Deputy CEO/ Head of Account & Finance Division of Phat Dat Real Estate Development JSC
- » 2013 to present: Vice President, BOD - CEO's Advisor of Phat Dat Real Estate Development Corp.

### Other positions

- » President, BOD of Vinh Hoi Investment and Development Joint Stock Company
- » President, Board of Members of Phu Hung Real Estate Investment Limited Company
- » CEO of Green City Service JSC.



**Mr. NGUYEN TAN DANH**

*Vice President, BOD cum CEO's Advisor*

*Year of birth: 1990*

*Qualifications: Bachelor of Business administration, Finance and Marketing*

### Overview

- » Worked at Catalyst SF, one of American leading marketing companies
- » Worked as Research Executive & Market Analyst at Openasia Investment Fund and Viet Capital Securities
- » 2014 - 2015: Investment Analyst at Phat Dat Real Estate Development Corp.
- » September 2015 to March 2016: Deputy CEO/ Head of Business Division of Phat Dat Real Estate Development Corp.
- » March 2016 - August 2016: Member of BOD - Deputy CEO/ Head of Business Division of Phat Dat Real Estate Development Corp.
- » August 2016 to present: Vice President, BOD - CEO's Advisor of Phat Dat Real Estate Development Corp.

### Other positions

- » President, BOD of Elements Investment and Development JSC.
- » President, BOD of Phu My Hung Investment JSC



**Mr. LE QUANG PHUC**

*Member of BOD cum CEO's Advisor*

*Year of birth: 1966*

*Qualifications: Master of Business administration, Civil building Engineering*

### Overview

- » 1996 - 1999: Deputy Director of CIEN JSC 586
- » 2000 - 2003: Deputy Director of CIENCO 507 JSC
- » 2004: Deputy CEO of CIENCO 5
- » 2005 - 2006: Member of BOD, CEO of PACE Institute of Management
- » 2007 to present: President, BOD of BDSC Management & Consultancy JSC
- » 2008 to present: Non-executive Member of BOD of Phat Dat Real Estate Development Corp.
- » 2014 - 2016: CEO of CIENCO5 LAND.

### Other positions

- » President, BOD of BDSC Management & Consultancy JSC
- » President, Board of Members of Le & Partners Limited Company
- » President, BOD of Green City Service JSC
- » President, BOD of Song Dien Real Estate Investment Development JSC
- » Vice President, BOD of Tay Ho Investment & Construction JSC
- » Member of BOD of Phu Nhuan Jewelry Company
- » Member of BOS of Saigon Transportation Service Corporation



**Mr. DOAN VIET DAI TU**

*Member of BOD*

*Year of birth: 1963*

*Qualifications: Master of Business administration, Trade and Finance*

### Overview

- » 1985 - 1995: Working at companies abroad
- » 1995 - 1998: Executive Director of Openasia S.A. (Lazard Asia Investment Bank) in Vietnam
- » 1998 - 2011: Chairman and Member of Openasia S.A. (France)
- » 2000 to present: Chairman and Member of Openasia Limited (Hong Kong)
- » 2008 to present: Member of BOD of Phat Dat Real Estate Development Corp.

### Other positions

- » Chairman of VINACONNECT Limited Company
- » President, Board of Member of Vien Ba Co., Ltd
- » President, Board of Member of Tam Son Cruise Co., Ltd
- » President, Board of Member of Asia Cruise Co., Ltd
- » Member, Board of Member of Gras Savoye Insurance Brokers Willis Vietnam Limited



**Mr. NGUYEN THANH TAN**

*Member of BOD*

*Year of birth: 1975*

*Qualifications: Master of Business administration*

### Overview


- » 1998 - 2005: Chief Marketing Officer of Thai Tuan Group
- » 2005 - 2007: Co-founder and Executive Director of BrainMark VietNam Consulting
- » 2008 - 2012: Chief Marketing Officer/Acting Deputy CEO/ Head of Business Division of Phat Dat Real Estate Development JSC
- » April 2013 to present: Member of BOD of Phat Dat Real Estate Development Corp.

### Other positions

- » President, BOD of BMG International JSC
- » President, BOD of BrainMark Business Development JSC



## OVERVIEW OF THE BOARD OF MANAGEMENT


**PHAT DAT BOM**  
 CONSISTS OF 03 MEMBERS IN  
 2017. MR. NGUYEN VAN DAT  
 IS PRESIDENT, BOD CUM CEO,  
 MR. PHAM TRONG HOA  
 IS DEPUTY CEO/ HEAD OF  
 CONSTRUCTION DIVISION  
 AND MR. BUI QUANG ANH  
 VU IS DEPUTY CEO/ HEAD OF  
 INVESTMENT DIVISION.



**Mr. NGUYEN VAN DAT**

*President, BOD cum CEO*

*Year of birth: 1970*

*Qualifications: Business administration*

Being a founding shareholder and President, BOD and CEO since 2004

### Overview

- » 1988 – 1996: Import and export business in Ho Chi Minh City
- » 1996 – 2008: President, BOD and CEO of Tan Viet Phat Trading Co., Ltd
- » 2002 – 2007: President, BOD of New International Trading Co., Ltd
- » 2003 – 2005: President, BOD of Dai Phat Thinh Trading Co., Ltd
- » 2004 to present: Founding shareholder of Phat Dat Real Estate Development Corp.; Legal representative; President, BOD and CEO

### Other positions

- » President, Board of Members of Phat Dat Group Co., Ltd.



**Mr. BUI QUANG ANH VU**

*Deputy CEO/ Head of Investment Division*

*Year of birth: 1975*

*Qualifications: Master of Business administration*

### Overview

- » 1999 – 2003: Project Finance Management – Vietnam National Aviation Company
- » 2003 – 2007: Chief Financial Officer of Hoang Hac Company
- » 2007 – 2010: Director of Investment Banking – Thanh Cong Securities Company
- » 2011 – 2014: Chief Finance Officer (CFO) – Phuong Phat Company
- » 2014 – 2015: Chief Investment Officer (CIO) – Phat Dat Real Estate Development Corp.
- » 2016 to present: Deputy CEO/ Head of Investment Division of Phat Dat Real Estate Development Corp.

### Other positions

- » Director of Phat Dat Investment One Member Limited Liability Company



**Mr. PHAM TRONG HOA**

*Deputy CEO/ Head of Construction Division*

*Year of birth: 1973*

*Qualifications: Master of engineering*

### Overview

- » 1995 – 2000: Lecturer at Hanoi University of Civil Engineering
- » 2000 – 2004: Deputy Director of Vietnam Construction Investment & Consultancy JSC
- » 2004 – 2005: Deputy Technical Director of FICO Real Estate Company
- » 2005 – 2008: Director of FICO Real Estate Company
- » 2008 – 2009: CEO of Nam Viet Real Estate JSC
- » 2009 – 2010: Standing Deputy CEO of Saigonvina Corporation
- » 2010 to present: Deputy CEO/ Head of Construction Division of Phat Dat Real Estate Development Corp.

## OVERVIEW OF BOARD OF SUPERVISORS

**THE BOARD OF SUPERVISORS (BOS) WAS NOMINATED & ELECTED BY THE GENERAL MEETING OF SHAREHOLDERS IN ACCORDANCE WITH THE COMPANY'S CHARTER, MANAGEMENT REGULATIONS AND THE CURRENT LAW. THE BOS HAS 5- YEAR TERM (2013 - 2017) WITH 3 MEMBERS.**



**Mr. PHAN TON NGOC TIEN**

*Chief Supervisor  
Year of birth: 1966  
Qualifications: Bachelor of Economics - University of Economics Ho Chi Minh City*



**Ms. NGUYEN AI LINH**

*Member of BOS  
Year of birth: 1982  
Qualifications: Bachelor of Foreign Languages - Open University of Ho Chi Minh City, business accounting & tax declaration - University of Economics Ho Chi Minh City*



**Ms. VO THI MINH HANG**

*Member of BOS  
Year of birth: 1991  
Qualifications: Bachelor of Accountancy - University of Economics Ho Chi Minh City*

### Overview

- » 1993 - 2005: Vice Accountant of Proximex Company, responsible for Accounting of Proximex in Ho Chi Minh City
- » 2005 to present: General Accountant; Chief Accounting Officer; Chief Supervisor of Phat Dat Real Estate Development Corp.

### Overview

- » 2005 - 2007: Project Management Secretary at AIC Building Management Consulting Company
- » 2007 to present: Project Secretary, Head of Reception & Documentation Department, Deputy Administrative Manager, Supervisor at Phat Dat Real Estate Development Corp.

### Overview

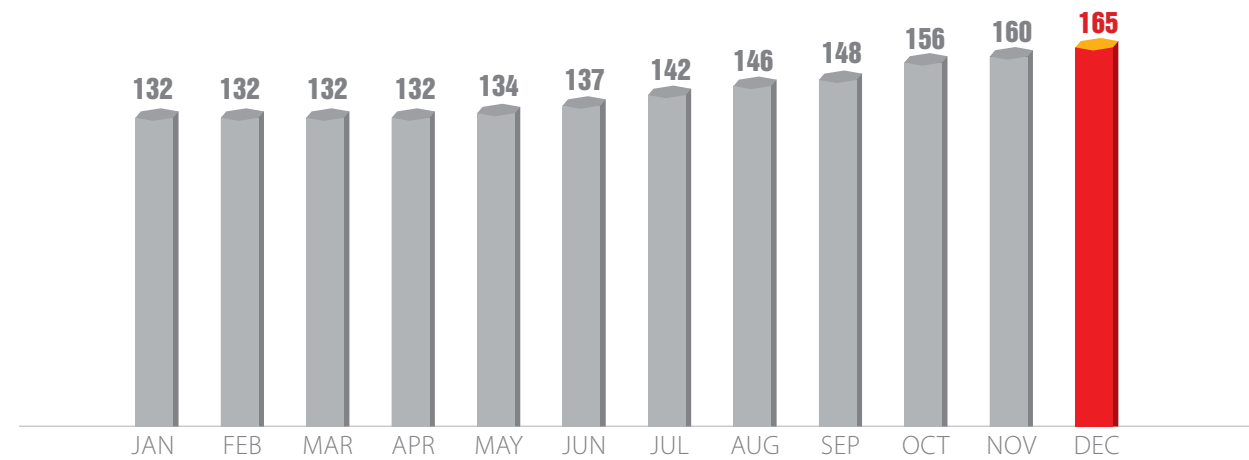
- » 2013 to present: General Accountant at Truong Nguyen Real Estate Joint Stock Company (predecessor of Elements Investment & Development Company)
- » 2015 to present: Chief Accounting Officer of Elements Investment & Development Company and Supervisor of Phat Dat Real Estate Development Corp.





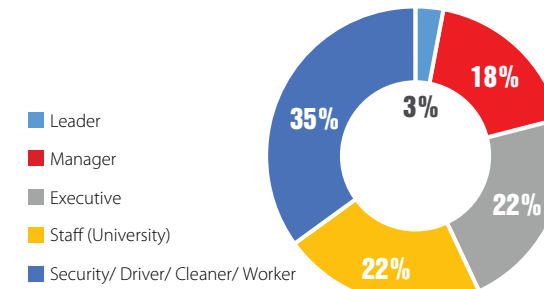
# ORGANIZATION AND HUMAN RESOURCES

## NUMBER OF EMPLOYEES

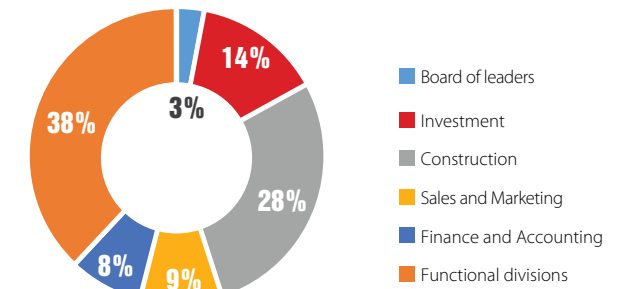


Total number of employees as of 31 December 2017

## HUMAN RESOURCES STRUCTURE BY MANAGEMENT LEVEL



## HUMAN RESOURCES STRUCTURE BY FUNCTION



## INCREASE/DECREASE IN PERSONNEL IN 2017 AND CAUSE

The number of employees in 2017 increased by 25% (from 132 to 165 people) compared to the end of 2016 to meet the need for a series of key projects and strengthen management. Human resources increase mainly at management level, high-level executives in

the Construction, Investment & Business Management Divisions. The HR structure has a positive change. The middle managers account for 18% and the executives account for 22% of the total labor force, thus ensuring high quality and efficiency in operation.

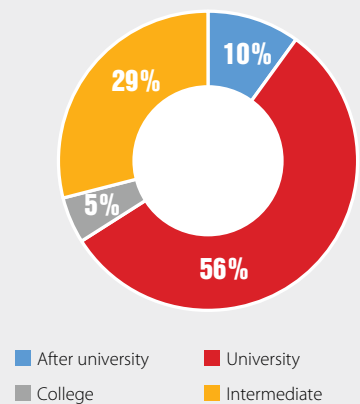
## HR POLICIES & CHANGES IN 2017

Views on HR policies and changes in 2017

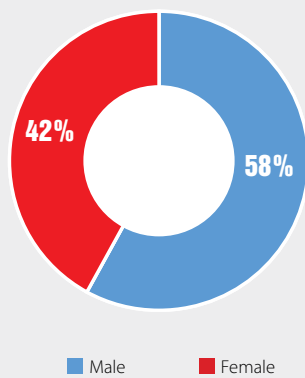
- » With the vision of "Visionary and Sustainable Development," Phat Dat understands that a flexible development strategy, strong financial resources and qualified human resources are key factors to ensure the rapid and sustainable development in Vietnam real estate market.
- » The renovation in HR policies will facilitate Phat Dat to retain its current staff, attract more talents, promote the development of occupational skills and improve the income and living conditions of employees. Those lead to the commitment of employees to the medium and long-term development goals of Phat Dat.



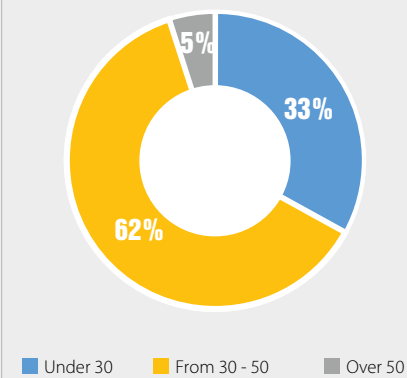
## HUMAN RESOURCES STRUCTURE BY QUALIFICATION



## HUMAN RESOURCES STRUCTURE BY GENDER



## HUMAN RESOURCES STRUCTURE BY AGE





## ORGANIZATION AND HUMAN RESOURCES (continued)



**PHAT DAT HAS DEVELOPED AND IMPLEMENTED A NUMBER OF BREAKTHROUGH & COMPETITIVE HR POLICIES TO RETAIN, ATTRACT AND DEVELOP QUALIFIED HUMAN RESOURCES.**



### Implementation

- » In 2017, Phat Dat has developed and implemented a number of breakthrough & competitive HR policies to retain, attract and develop qualified human resources. It enhances dialogues with employees, building corporate culture and improving working environment.
- » Phat Dat has improved salary and welfare policy for employees.
- » It shares the Bonus Fund to employees in Tet before paying dividend to shareholders.
- » It offers high compensation to employees who work well and make excellent contributions. It applies the fair KPIs assessment with many criteria.

**PHAT DAT WILL CONTINUE TO ADJUST HR STRATEGIES TO ATTRACT MORE TALENTS TO BECOME THE TOP 100 COMPANIES HAVE THE BEST WORKING ENVIRONMENT IN VIETNAM IN THE COMING YEARS.**



- » The leaders always share and create peace of mind for staff. In addition, Phat Dat has launched policies to connect and build solidarity among workers.

### Results

- » In 2017, the average salary increased by 28.8% compared to 2016, reaching an average of VND 23.5 million per month; Especially, the average management salary reached VND 40.5 million per month.
- » Employees are rewarded on the Company's Anniversary, Tet and other holidays.
- » Reward the laborers' children, visiting the sick workers, apply periodical health examination.
- » Purchase health insurance for managers and overall accident insurance for all employees.
- » Employees are entitled to get more leaves, overseas trips, study combined travel tours; Buy apartments at preferential rates; Get long-term employee bonus... all based on their working positions.
- » Organize Team Building for employees in Thailand.
- » Build a friendly corporate culture that all employees and leaders are encouraged to have breakfast every Monday. Hire chefs to lunch for all employees working in the Company offices. Organize the trips for employees.
- » The total welfare expenses in 2017 for employees is more than VND 3.9 billion, excluding the benefits from President, BOD reserved for long-term employees.


**BECOME THE TOP 100**  
Companies with the best working environment in Vietnam

- » Phat Dat will continue to adjust HR strategies to attract more talents to become the Top 100 companies have the best working environment in Vietnam in the coming years.



## REPORT AND ASSESSMENT OF BOM




 GIVEN THE FLUCTUATIONS OF THE ECONOMY AND THE REAL ESTATE MARKET, THE BOM HAS STRIVED TO ACCOMPLISH THE COMPANY'S OBJECTIVES, FOCUSING ON LEGAL PROCEDURES, INVESTMENT AND SALES OF THE PROJECTS. PARTICULARLY, IT SPEEDED UP THE CONSTRUCTION OF THE EVERRICH INFINITY PROJECT AND HANDED OVER THE APARTMENTS. IT IS EXPECTED TO HAND OVER THE HOUSE CERTIFICATES TO CUSTOMERS BY DECEMBER 2017. IN ADDITION, THE COMPANY ALSO SUCCESSFULLY HELD THE ROOFING CEREMONY OF THE MILLENNIUM PROJECT IN NOVEMBER 2017. IN 2017, PHAT DAT ACHIEVED FOLLOWING RESULTS:



### THE EVERRICH INFINITY PROJECT

SOLD OUT APPROXIMATELY **97%**

Apartment products and project office apartments



### MILLENNIUM PROJECT

(132 BEN VAN DON)

SOLD OUT APPROXIMATELY **85%**

of the project



Phat Dat has been entrusted by the authorities to research and propose new potential projects, and public-private partnership projects, thanks to its successful implementation of projects in Ho Chi Minh City. Therefore, the Company has opportunities to own clean land fund to facilitate the sustainable development.



## REPORT AND ASSESSMENT OF BOM (continued)

### Phat Dat business results in 2017

Unit: VND Billion

Indicators	2017	2016	Increase/Decrease (%) yoy
Total revenue, other income	1,524.46	1,500.54	1.6%
Total cost	973.27	1,194.18	-18.5%
Profit/Loss from associates	(0.32)	(1.93)	-83.3%
Profit before tax	550.87	304.43	81.0%
Profit after tax	439.88	242.52	81.4%
Profit after tax of shareholders of parent company	439.88	242.52	81.4%
EPS (VND)	1,873	1,023	71.0%

The Company's business remains stable and slightly grows in 2017. Phat Dat reputation has been strongly built via The EverRich products, especially The EverRich Infinity apartment/office project at 290 An Duong Vuong Street, Ward 4, District 5, Ho Chi Minh City. The Company's revenue mainly comes from this project and other real estate projects. Specifically, net income of sales and services accounted for 87% of total income. Financial income and other income accounted for 13%. Profit before tax in 2017 reached VND 550.9 billion, a sharp increase of 81.0% over 2016, completing 105% of the profit plan. Such increase improved significantly in the profitability ratios and leveraged EPS from VND 1,023 to VND 1,873. The Company is growing after recovering from the real estate market crisis in 2011.

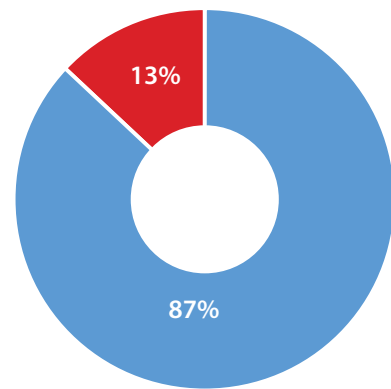
Business results in 2017 proved the smooth financial and project management. The BOM focused on the quality and the high aesthetic of The EverRich products. The Board applied the cost-saving construction, management and sales reasonably and effectively. Cost increase is much lower than revenue growth. It well controlled the cash flow from the project to maximize the loan use efficiency. Reasonable interest rate generated the financial leverage to achieve high profitability. At the same time, the appropriate investment brought remarkable profit for Phat Dat in 2016 and facilitated a solid growth in 2017.





## REPORT AND ASSESSMENT OF BOM (continued)

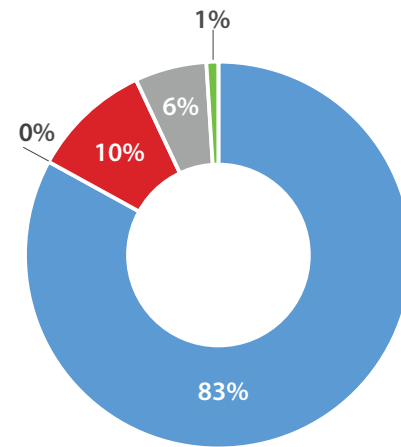
### Revenue



■ Sales and service delivery  
■ Financial and other income

Revenue from sales of apartments, real estate products and services accounted for 87%. In 2017, the Company has liquidated the Investment Cooperation Contract for Project Implementation at 239 Cach Mang Thang Tam Street, District 3, Ho Chi Minh City with T.A.M Trading and Service Joint Stock Company. The project earned VND 180 billion. This income is recognized in other income of the Company, accounting for nearly 13% of total income.

### Cost structure



■ Cost of goods sold ■ Corporate management expenses  
■ Financial expenses ■ Other costs  
■ Cost of sales

In 2017, total cost was down 18.5% yoy while total sales increased slightly compared to FY2016, leading to a high profit margin of 33.16%. The increase came from the fact that the Company transferred the entire right to develop the project at No. 239 Cach Mang Thang Tam Street, District 3 to T.A.M Company, leading to a sudden increase in other income.

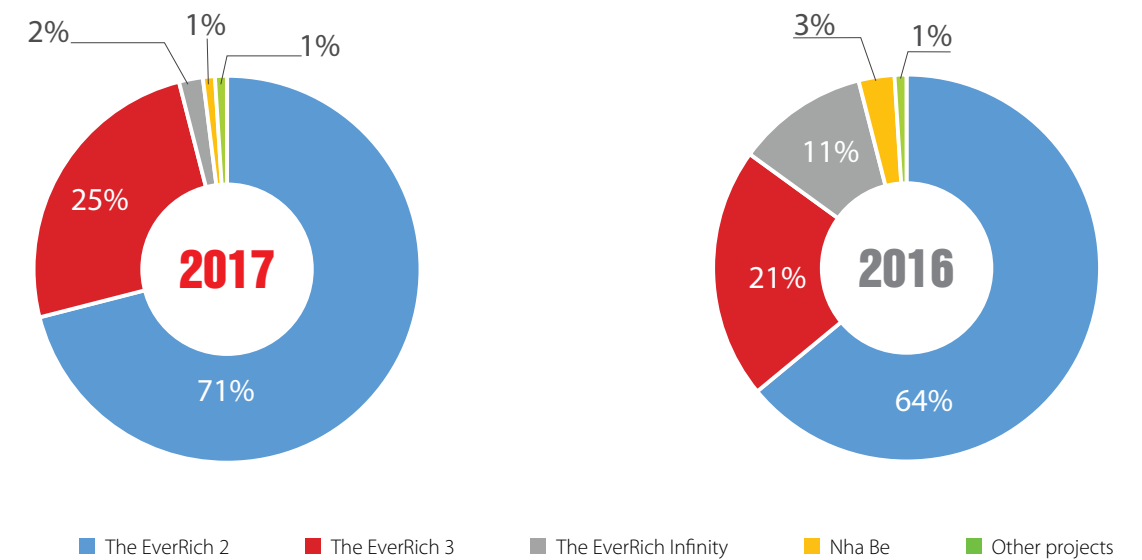
In 2017, management costs on total revenue was 3.8%, higher than 2016 (2.8%) due to pressure on basic wage increases and the increase in number of personnel. Cost of goods sold/total revenue was 6.6%, or 3% higher than 2016, as the Company promoted sales in 2017 for The EverRich Infinity project. In general, the Company has good control of management and sales expenses. It also applies capital quick return policy, thus reducing capitalization to remain the appropriate proportion of costs.

### Cost

Unit: VND Billion

Indicators	2017	2016	Increase/Decrease (%) yoy
Cost of goods sold	807.58	1,093.34	-26.1%
Financial expenses	0.88	2.38	-63.1%
Cost of sales	101.15	55.47	82.3%
Corporate management expenses	57.97	42.49	36.4%
Other costs	5.69	0.50	
<b>TOTAL COST</b>	<b>973.27</b>	<b>1,194.18</b>	<b>-18.5%</b>

### Inventory



The inventory of The EverRich Infinity project dropped sharply as Phat Dat has strongly promoted sales in 2017 to generate the revenue from The EverRich Infinity. Inventories of The EverRich 2 and The EverRich 3 projects are almost unchanged as in 2017, as the Company halted the two projects and developed a plan to transfer projects to the partners.

## REPORT AND ASSESSMENT OF BOM (continued)

### Analysis of financial indicators

Indicators	Unit	2015	2016	2017
<b>Liquidity indicators</b>				
The current ratio	Times	4.40	4.83	7.27
Quick payment ratio	Times	0.46	0.44	1.64
<b>Criteria on capital structure</b>				
Debt ratio/Total assets	Times	0.70	0.73	0.72
Long-term debt ratio/Total assets	Times	0.50	0.55	0.61
<b>Operational indicators</b>				
Working capital turnover	Times	0.24	0.20	0.17
Inventory turnover	Times	0.04	0.16	0.12
Receivable turnover	Times	0.69	1.75	0.68
<b>Profitability indicators</b>				
Profit after tax/Net revenue	%	38.69	16.20	33.16
Profit after tax/Average owner's equity	%	8.33	10.38	16.82
Profit after tax/Average total assets	%	2.29	2.93	4.64
Profit from operating activities/Net revenue	%	25.51	20.40	27.13

### Liquidity indicators

The current ratio and quick payment ratio remain high and safe to ensure the solvency of debts.

- In 2017, the current ratio is 1.6%, or 370% yoy.
- In 2017, the quick ratio is 7.3%, or 150% yoy.

The safe liquidity ratios proved Phat Dat's capability to keep the stable liquidity structure to keep commitments with suppliers and investors.

### Operational indicators

Operational indicators have grown remarkably. The flexible sales policies and reputable brand have positively impacted the receivable turnover.

### Profitability indicators

The profitability indicators have accelerated thanks to the remarkable revenue growth in the past two years and the good control of the cost.

The profit indicators doubled yoy and profitability indicators hit the highest since 2013.

Gross profit margin in 2017 reached more than 39% and rose more than 45% yoy. The profit before tax margin is 42% and rose 104% yoy.

The internal resources have significantly and positively contributed to the above achievement, apart from the positive factors from the market. Phat Dat has made good use of the market opportunities, investing effectively, investing timely and controlling well the cost of management & sales. The quick capital return policy has reduced capitalization expenses and maintain appropriate proportion of expenses and cost of goods sold. All are attributed to the transparent financial planning and investment policy of the BOM and efforts of competent staff.



### Business situation of the projects

The EverRich Infinity: 97% of project sold out.

Millennium (132 Ben Van Don): 85% of project sold out.

Phat Dat Company has gained trust of the authorities to research and propose new and potential projects and the public-private partnership (PPP) projects thanks to its the experience in successfully implementing various projects in Ho Chi Minh City and provinces. As a result, the Company has more clean land fund that brings the sustainable development of the Company.

## REPORT AND ASSESSMENT OF BOM (continued)

### FINANCIAL REPORT

**THE SHARP BUSINESS GROWTH IN 2017 HAS TRIGGERED THE MOMENTUM GROWTH OF PHAT DAT. THIS ALSO PROVES THE GREAT DEVELOPMENT OF PHAT DAT TO AFFIRM ITS POSITION IN THE REAL ESTATE MARKET IN THE FUTURE.**

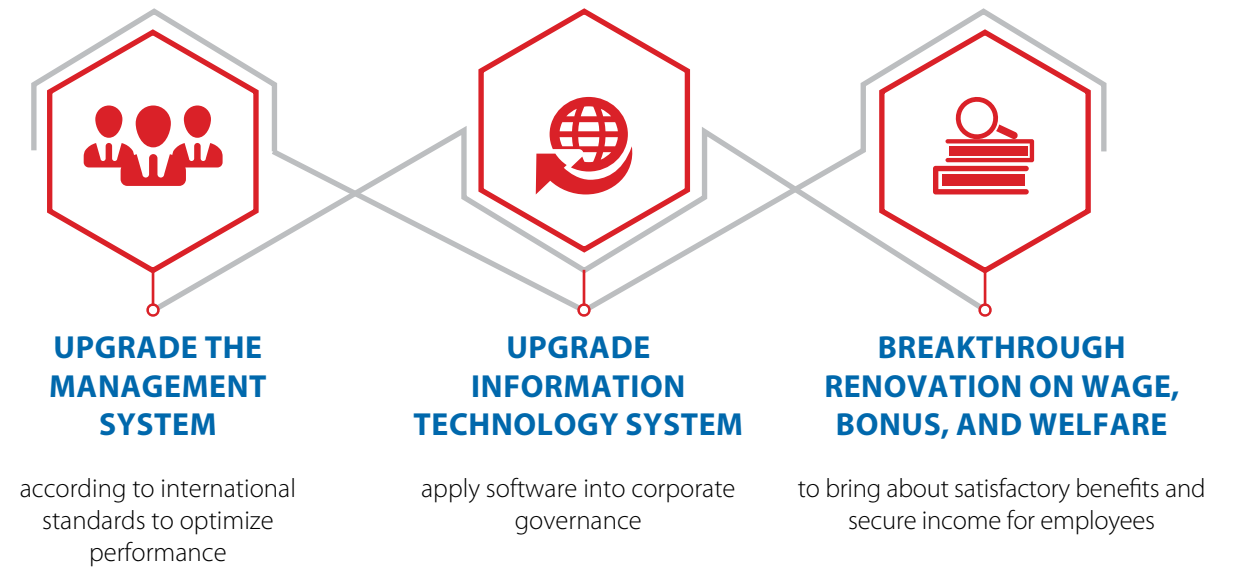
Phat Dat's profitability indicators have improved dramatically:

- The net profit after tax is 33.2%, or up 200% yoy.
- ROE (Return on Equity) reached 15.6%, or up 150% yoy.
- ROA (Return on Assets) reached 4.4%, or up 160% yoy.

The impressive improvement of profitability indicators is attributed to the rational utilization and allocation of resources, the effective use of financial resources to reduce expenses and product costs, thus improving competition of Phat Dat in the market.



### IMPROVEMENTS IN THE ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT IN 2017



In 2017, the Company has upgraded the Management system in accordance with international standards to optimize the performance. Given the direction of the BOM and the efforts of the Divisions/Departments, the management system has remarkably progressed, contributing to the overall success of 2017. The Company has decentralized with clear management authorization. The operating regulations, procedures and documents are streamlined and improved to facilitate the operation.

The Company has upgraded the IT system and software application to increase operational efficiency. IT upgrading has been implemented Phase 1 in 2017 and will continue Phase 2 in 2018. The completed system will significantly contribute to the management and operational efficiency.

The Company has restructured to specialize Divisions/Departments in 2017 to meet the investment development and project expansion. It set up two new divisions to invest & develop of PPP projects, namely the BT Project Management Board and the Board of Land Compensation and Clearance.

In 2017, the Company has made breakthrough changes in the policy of salary, bonus and welfare to bring satisfactory benefits for employees. The Company has been adequately funding activities to enhance working environment improvement, promoting the capacity and occupation of employees to win their long-term trust, commitment and dedication with the Company.



## REPORT AND ASSESSMENT OF BOM (continued)



### BUSINESS PLAN IN 2018 AND THE FOLLOWING YEARS

Based on the general perception of the macro-economy and the real estate market, the BOM has set objectives and Business Plan in 2018 as follows:

The River City project (The EverRich 2): Completed legal procedures to co-invest with partners or to transfer the projects.

The EverRich 3 project: Completed the legal procedures to transfer the project.

The EverRich Infinity project: Signed an exclusive distribution agreement with a business partner for the commercial area of the project, completing sales in the 1Q 2018.

The Millennium project (132 Ben Van Don): Expected to hand over houses to customers by June 2018. Continue to cooperate with

partners to trade the remaining products of the project. Expected to sell all products prior to 4Q 2018.

Bau Ca – Quang Ngai project: Sold out 100% of the 337 project land.

Phuoc Kieng – Nha Be project: Completed transfer of remaining land use rights to partners.

Implemented BT projects such as Phan Dinh Phung Sports Center, Orthopedic Trauma Hospital... and set up business investment strategy for swap land funds from BT projects.

### EVALUATION REPORT ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Deeply aware of CSR, Phat Dat also pays attention to project design quality and construction to improve the service quality for customers.

Phat Dat requests the consultancy companies to pay attention to the landscape and public facilities from design phase. The Company's projects avoid the design mistakes such as the cold pool is put on the high floors, badly effecting the residents. The EverRich Infinity has warm pool to make residents comfortable.

The green space is maximized to give residents the feeling of harmony with nature. Other facilities such as gym, children's playground, BBQ area are carefully prepared to create the best apartment products to customers.

The Company's projects ensure "green, clean, beautiful" to create a fresh and civilized living environment and to contribute to the urban development.

Company invites the major and prestigious contractors to participate in construction to create the best products for customers.

The increasing number of projects and products and the enlarging scale of the project have brought jobs to employees of construction & consultancy companies, thus contributing to the growth of the national economy.

The luxury apartments have greatly contributed to address the demand for housing and living environment of the community. Phat Dat is proud to contribute to the sustainable economic, environmental & social development.



## EVALUATION OF BOD ON PERFORMANCE



PHAT DAT SUCCEEDED IN SALES, PROJECT DEVELOPMENT, FINANCE AND HUMAN RESOURCES IN 2017. PARTICULARLY, SALES RECORDED A REMARKABLE GROWTH AND LAY A SOLID FOUNDATION FOR PHAT DAT TO CHANGE, SEIZE BUSINESS OPPORTUNITIES, RISE TO THE TOP AND DEVELOP SUSTAINABLY IN THE COMING TIME.



### BUSINESS RESULTS IN 2017

In 2017, Phat Dat grew in revenue and profit. Specifically:

Indicators	Unit	2014	2015	2016	2017	Increase/Decrease compared to 2016	
						Value	Ratio
Net revenue	VND billion	415.3	402.5	1,496.7	1,326.6	-170.0	-11%
Profit before tax	VND billion	53.5	200.6	304.4	550.9	246.4	81%
Profit after tax	VND billion	41.6	155.7	242.5	439.9	197.4	81%
Earnings per share (EPS)	VND/share	279.0	922.0	1,023.0	1,873.0	850.0	83%

### THE REMARKABLE RESULTS ARE ATTRIBUTED TO THE FOLLOWING FACTORS:

- Change the real estate project development strategy, from large-scale to medium-scale projects.
- Manage cash flow under the projects. Ensure sufficient capital.
- Quick sales with consistent sales policies and effective distribution networks.
- Complete the products to transfer to customers on time.



### THE ACHIEVEMENTS

- Reach and exceed the financial targets assigned by the AGM, especially the profit target. Pay all debts and interest to banks and bondholders by the end of 2017.
- The structure of assets/liabilities and quality of receivables/liabilities have been significantly improved to reduce the financial and market risks.
- Succeed in developing and implementing HR policies. Improve management systems and ensure legal compliance of labor management system.
- The quality of human resources has remarkably improved, although it has not met the Company's fast and wide growth.
- Enhance capacity of land development, project development, construction management and marketing to compete with leading enterprises in real estate market.
- Care and maintain activities to ensure and enhance the social and environmental responsibility of the Company; Especially in the process of land clearance and project construction in densely populated areas.
- Participate in community activities. Maintain charitable activities to support the poor and needy individuals.
- The BOD and the BOM have completely abided by the Law, Company's charter and regulations, the AGM resolutions and opinions & policies in implementing the strategy, plans and policies.

## EVALUATION OF BOD ON PERFORMANCE (continued)



### SUPERVISION OF THE BOD ON THE BOM'S PERFORMANCE

The BOD has supervised the activities of the BOM through the following three main methods:

- Receive and respond the BOM periodic reports.
- Participate in discussions and meetings with the BOM on operations.
- Monitor, inspect and evaluate the implementation of the AGM resolutions and BOD decisions.

### EVALUATION OF THE BOD ON THE BOM'S PERFORMANCE

The BOD highly appreciates the efforts and results of the BOM in managing and implementing the Business Plan 2017. The BOM has considered, proposed, discussed and directed the implementation of the plans closely and timely to ensure the quality of work. Major achievements of the BOM in 2017 include:

- The Board has proposed flexible, timely and effective plans to implement the AGM's resolutions of BOD's decisions.
- Drastically direct the implementation of the legal procedures of the projects and sales of the products.
- Effectively implement the new and differential policies of the BOD, to create the determination and unanimity of the employees in implementing the business plan; Significantly attract new human resources from the labor market; Effectively improve the working environment through internal communications, building corporate culture and monthly dialogues with employees.
- Propose and negotiate effectively with banks to restructure capital and improve the financial capacity of the Company; Greatly succeed in repaying loans and interests for DongA Bank and bondholders.
- Strengthen partnerships with competent state agencies in implementation of projects.
- Actively contact with investors, securities companies; Initially develop and implement the effective communications strategy with investors.

**THE BOD DEFINED THAT PHAT DAT'S DEVELOPMENT IN 2018 WILL BE BASED ON STRATEGIC INNOVATIONS, COMPETITIVE STRENGTH AND CUSTOMER CREDIBILITY. THE COMPANY WILL DEVELOP AND PAY CLOSE ATTENTION TO THE STRATEGY OF DEVELOPING LAND FUND, FINANCIAL STRATEGY, EXPANDING THE NETWORK OF PARTNERS, ENHANCING BRAND COMMUNICATION, IMPROVING FINANCIAL CAPACITY AND QUALITY OF HUMAN RESOURCES. ALL IS IN LINE WITH THE SUSTAINABLE DEVELOPMENT OF THE COMPANY.**

### STRATEGIC PLANS AND DIRECTIONS OF THE BOD IN 2018

#### Development strategy

- Continue to implement the Company's strategies and plans in the period 2016-2020; especially land development strategy and financial strategy.
- To complete the legal procedures for BT projects, housing development projects. To ensure quick, safe and effective construction; Complete the investment under business plan.

#### Expanding the network of partners

- Partner with competent investment & development organizations to simultaneously deploy BT projects and real estate projects in Ho Chi Minh City.
- Expand the network of partners, suppliers and distributors to actively take part in all stages of project development.

#### Enhance brand communication

- Strengthen marketing activities, brand communication, increasing awareness and brand strength of Phat Dat and The EverRich.
- Enhance relations with investors, media agencies, state management agencies, banks and partners; Provide timely and accurate information on business

activities, social and environmental responsibility of the Company.

- Comply with all responsibilities & obligations as prescribed by law.

#### Improve financial capacity

- Implement plans & measures to improve the owner's equity, maintain financial indicators superior to competitors.
- Attract more institutional & individual investors with strong financial capability.

#### Improve the quality of human resources

- Continue to develop differential human resource policies to maintain high quality human resources and develop a strong team of successors and strongly attract talents.
- Prepare the qualified management team and specialists to meet the development & expansion demand.
- Significantly improve the working environment and become one of the best working environment enterprises in Vietnam.



## BOD STRUCTURE AND ACTIVITIES



### MEMBERS AND STRUCTURE OF BOD

In 2017, the BOD has operated in accordance with the Company's Charter and internal regulations. The BOD consists of 06 members. The BOD structure ensures the balance among members who have the skills, knowledge and experience in law, finance and securities. It is also balanced among executive members, non-members and independent members. Below is the BOD member list and the percentage of voting shares of BOD members who represent or own:

Name	Member of BOD			% Shareholding percentage
	Independent	Non-Executive	Executive	
Nguyen Van Dat			√	61.16%
Tran Thi Huong			√	0.06%
Nguyen Tan Danh		√		
Le Quang Phuc		√		0.02%
Doan Viet Dai Tu		√		0.27%
Nguyen Thanh Tan	√	√		0.01%

### The number of BOD positions that each Member of BOD holds at other companies

No.	Member of BOD	Related companies	Positions in related companies
1	Nguyen Van Dat	Phat Dat Group Co., Ltd	President, Board of Member
2	Tran Thi Huong	Vinh Hoi Investment and Development Joint Stock Company	President, BOD
		Phu Hung Real Estate Investment Limited Company	President, Board of Member
		Green City Service Joint Stock Company	CEO - Chief Executive Officer
		BDSC Management Consulting Joint Stock Company	President, BOD
3	Le Quang Phuc	Green City Service Joint Stock Company	President, BOD
		Song Dien Real Estate Development and Investment Joint Stock Company	President, BOD
		Phu Nhuan Jewelry Company	Member of BOD
		Tay Ho Investment and Construction Joint Stock Company	Vice President, BOD
		Sai Gon Transportation Service Joint Stock Company	Member of BOS
		Le & Partners One-Member Limited Company	President, Board of Member
4	Doan Viet Dai Tu	VINACONNECT One-Member Limited Company	Chairman of the Company
		Vien Ba Limited Company	President, Board of Member
		Tam Son Yachts Limited Company	President, Board of Member
		Asia Yacht Limited Company	President, Board of Member
5	Nguyen Thanh Tan	Gras Savoye Willis Vietnam Limited Insurance Brokers Company	Member, Board of Member
		BMG International Joint Stock Company	President, BOD
		BrainMark Business Development Joint Stock Company	President, BOD
6	Nguyen Tan Danh	Elements Investment and Development Joint Stock Company	President, BOD
		Phu My Hung Investment Joint Stock Company	President, BOD

## BOD STRUCTURE AND ACTIVITIES (continued)

### CHANGES OF BOD MEMBERS

No changes are recorded in BOD structure in 2017

### KEY ACTIVITIES OF THE BOD

In 2017, the BOD regularly monitored the Company's operation and management. Discussed with the BOM on important issues in management and operations of the Company. Specifically:

- Review and approve the Business Plan 2017.
- Monitor, supervise, and periodically evaluate the implementation of the Business Plan 2017 and the activities of the BOM.

- Make decisions on issues under the authority of the BOD.
- Prepare to hold the AGM 2017.
- Strengthen the risk prevention and compliance with the Company's regulations at the Departments.

In 2017, the Board held 13 meetings to approve quarterly business results, monitor the market, review strategic plans for the next quarters and approve other issues under its authority.

BOD members attending the BOD meetings in 2017:

#### BOD meetings

Name	Position	No. of BOD's meetings	% attendance	Reason for not attending
<b>Nguyen Van Dat</b>	President, BOD	13/13	100%	
<b>Tran Thi Huong</b>	Vice President, BOD	13/13	100%	
<b>Nguyen Tan Danh</b>	Vice President, BOD	13/13	100%	
<b>Le Quang Phuc</b>	Member of BOD	13/13	100%	
<b>Doan Viet Dai Tu</b>	Member of BOD	11/13	85%	Working abroad
<b>Nguyen Thanh Tan</b>	Member of BOD	13/13	100%	

### SUBCOMMITTEES OF THE BOD

Phat Dat BOD does not set up subcommittees belonging to the BOD.

The BOD members are assigned by the Board to cover important sectors such as strategy, finance, human resources, and branding. The Board assigns specific tasks to each member in accordance with the regulations of the BOD and the Company. The Board calls for meetings to discuss, evaluate, direct and supervise functional departments timely, completely and correctly. Should there are issues at functional apartments that need to be added or changed, the Board will adjust to get along with the specific situation.

### The content approved at the BOD meetings in 2017

Date	Resolution No.	Description
21/01/2017	01/2017/QĐ-HĐQT	Plan to organize the AGM 2017.
07/03/2017	02/2017/QĐ-HĐQT	Approve 2016 business results, business plan in 2017 and deployment of the AGM 2017.
24/03/2017	03/2017/QĐ-HĐQT	Decide the remuneration of BOD and BOS members in 2017.
11/04/2017	05/2017/QĐ-HĐQT	Approve to transfer partly the project of residential area in Tan Phu Ward, District 7, Ho Chi Minh City.
19/04/2017	06/2017/QĐ-HĐQT	Implement the plan to issue shares to pay dividends to existing shareholders.
19/04/2017	07/2017/QĐ-HĐQT	Approve share issuance documents to pay dividends to existing shareholders.
03/05/2017	08/2017/QĐ-HĐQT	Dismiss the Deputy CEO/ Head of Business Division of Mr. Nguyen Tan Danh.
26/06/2017	09/2017/QĐ-HĐQT	Adjust Business Plan for 2017.
27/06/2017	11/2017/QĐ-HĐQT	Assign the Chief Accounting Officer.
03/07/2017	12/2017/QĐ-HĐQT	Adjust remuneration of BOS in 2017.
28/08/2017	13/2017/QĐ-HĐQT	Participate in property auctions.
23/10/2017	14/2017/QĐ-HĐQT	Approve to sign the contract of Building management service with related party.
27/10/2017	15/2017/QĐ-HĐQT	Bid security.
24/11/2017	16/2017/QĐ-HĐQT	Approve transferring partly or whole the high rise apartment project in Phu Thuan Ward (The EverRich 2 Project) and Tan Phu Ward (The EverRich 3 Project), District 7, Ho Chi Minh City to pay for bonds and loans of Phat Dat Real Estate Development Joint Stock Company and related companies & individuals in DongA Commercial Joint Stock Bank.
18/12/2017	17/2017/QĐ-HĐQT	Change the contracting form with The EverRich 2 and The EverRich 3.
26/12/2017	18/2017/QĐ-HĐQT	Approve to mortgage The EverRich 2 and The EverRich 3 for Techcombank.

## REPORT OF BOARD OF SUPERVISORS

### ACTIVITIES OF THE BOS

IN 2017, THE BOS IMPLEMENTED THEIR RIGHTS AND OBLIGATIONS IN ACCORDANCE WITH THE LAW ON ENTERPRISES, THE CHARTER AND THE COMPANY'S INTERNAL REGULATIONS. THE BOS HAS IMPLEMENTED THE OPERATIONAL PLANS, INCLUDING: SUPERVISING THE PERFORMANCE OF THE BOD AND THE BOM IN MANAGING THE COMPANY, MONITORING THE PERFORMANCE AND FINANCIAL CAPACITY OF THE COMPANY.

- Supervise the implementation of the AGM Resolutions in 2017.
- To supervise the financial obligations of the Company to the State and employees in compliance with the law, including tax obligations, social insurance, health insurance and other financial obligations.
- Collaborate with independent auditors to verify the semi-annual and annual financial statements to evaluate the truthfulness and appropriateness of the financial data in accordance with current accounting regulations and standards. The BOS agrees with the review of the independent auditors on the Company's financial and operating situation in the reporting period.
- Evaluate the completeness, legality and truthfulness of the business reports, the semi-annual and annual financial reports and the report on the management of the BOD.
- Check compliance with the Corporate Governance Code and the Laws.
- Monitor the information disclosure in accordance with regulations. Ensure information transparency to protect the rights and interests of shareholders.

### SUPERVISORY RESULTS TOWARD BOD AND BOM MEMBERS

- BOD & BOM members have strictly complied with their rights and obligations in accordance with the Law on Enterprises and the Charter of the Company.
- The BOD performs well their role and authority in planning the development strategy of the Company. The Board has issued resolutions and decisions related to the Company's investment and business activities. The decisions were issued orderly within their authority and comply with the AGM resolution.

### RESULT OF MONITORING THE OPERATION AND FINANCE

- The Company's activities are in line with the business scope described in the registration certificate, complying with the Management Regulations, the Charter and the Law; in accordance with the AGM Resolution in 2017 and the BOD's decisions.
- Phat Dat has fulfilled its tax obligations to the State; Fully paying social insurance, health insurance and unemployment insurance for employees in accordance with the law; Paying periodic salary and bonus for laborers with time and amount agreed in labor contracts.
- The Company has fully paid the remuneration to the BOD and the BOS.
- The Company's quarterly and annual financial statements have been prepared promptly and fully in accordance with the enterprise accounting system, the current standards and regulations of the Vietnamese Accounting System.

- Release report and information in accordance with the Law.
- The BOS has periodically and irregularly assessed the compliance of the management document system; controlling all activities of the Company in implementing objectives and plans; supervising the financial situation and proposing solutions to improve operations and manage risks for the Company.
- The BOS agrees with the performance report of BOD, BOM and the audited financial statement in 2017.
- The BOS highly appreciates the efforts of the BOM in implementing business & investment activities of the Company. The BOM has responded quickly and promptly with the changes of the real estate market. With the results in 2017, Phat Dat has proved its position as one of the effective enterprises to develop sustainably.
- The financial indicators in 2017 presented fully and clearly the financial status of the Company.

### COORDINATION BETWEEN THE BOS, BOD AND BOM

In 2017, the BOD and the BOM supported the BOS to provide sufficient information on the business and finance the Company.

The BOS is invited to attend all meetings of the BOD and BOM, whereby the Board has timely grasped the strategy, objectives and business investment plan of the Company. Since then, BOS is able to contribute comments and perform its tasks assigned by the AGM.

During the year, the BOS held 3 meetings with the full participation of members of the Board to implement the work plan and evaluate the implementation of the supervisory tasks.

The BOS, the BOD and the BOM work closely to solve obstacles in the inspection and supervision.

### FEEDBACK AND RECOMMENDATIONS OF THE BOS

In 2017, the business results have reached and exceeded the targets thanks to the positive fluctuations of the economy and the real estate market. To maintain the growth for the coming years, the BOS recommends the BOD and the BOM to:

- Enhance controlling the construction and management costs. Promote selling products by timely changing sales policies in line with the market; Regularly evaluate and select a strong, reputable brokerage firm to sell products for the Company.
- Improve the internal control regulations & procedures; Enhance the role of the internal control in supervising compliance with the financial management system; Control the performances of the internal departments and the invested companies.



## REPORT OF BOARD OF SUPERVISORS (continued)

### REMUNERATION, OPERATING EXPENSES AND OTHER BENEFITS OF BOS

Unit: VND

Name	Position	Total remuneration in 2017	Bonuses of 2016, received in 2017	Total income in 2017
Phan Ton Ngoc Tien	Chief Supervisor	68,000,000	20,000,000	88,000,000
Vo Thi Minh Hang	Member	45,000,000	10,000,000	55,000,000
Nguyen Ai Linh	Member	45,000,000	10,000,000	55,000,000
		<b>158,000,000</b>	<b>40,000,000</b>	<b>198,000,000</b>

### SELF-ASSESSMENT REPORT ON THE PERFORMANCE OF THE BOS AND ITS MEMBERS

In 2017, BOS members implemented their rights and obligations in accordance with the Law on Enterprises, the Company's Charter, internal regulations and the assignment of Chief Supervisor. Specifically:

#### Mr. Phan Ton Ngoc Tien – Chief Supervisor

- Chaired the meetings of the BOS (development, implementation of working programs/plans, performance evaluation of the BOS).
- Asked the BOD, BOM to provide relevant information to review, combine and report.
- Regularly update the relevant legal documents for the Company's compliance check.
- Collaborate with BOS members to implement the programs/plans and report of the BOS in 2017.
- The Chief Supervisor fulfilled rights and duties of the BOS.

#### Ms. Nguyen Ai Linh – Member

Performed duties as assigned by the Chief Supervisor. Specifically:

- Called for meetings and be secretary of the BOS meetings.
- Participated in supervising the Company's implementation of the AGM Resolutions in 2017; in supervising the Company's fulfillment of financial obligations to the State and employees; in checking compliance with Corporate Regulations and the Laws; in verifying the report of the Company's performance in 2017 by BOD and BOM; and perform other duties assigned by the Chief Supervisor
- Be proactive, active in the workplace. Work closely with BOS member and complete the tasks assigned in 2017.



**THE BOS FINDS ITSELF TO FULFILL ITS OBLIGATIONS IN ACCORDANCE WITH THE LAW ON ENTERPRISES, THE COMPANY'S CHARTER AND INTERNAL REGULATIONS; WELL COORDINATE WITH THE BOD, BOM WITHOUT AFFECTING OR INTERRUPTING THE COMPANY'S ACTIVITIES.**



#### Ms. Vo Thi Minh Hang – Member

Performed duties as assigned by the Chief Supervisor. Specifically:

- Participating in monitoring information disclosure in accordance with the Laws; in supervising the Company's fulfillment of the financial obligations of the Company to the State and employees; in verifying the performance report of BOD and BOM; Coordinate with the independent auditor to verify the Company's semi-annual and full-annual financial reports, and perform other duties assigned by the Chief Supervisor.
- Be proactive, active in the work. Work closely with BOS members and complete the tasks assigned in 2017.

### DIRECTION OF BOS IN 2018

In 2018, BOS will continue to inspect and supervise in accordance with the rights and obligations stipulated in the Law on Enterprises, the Company's Charter and the internal regulations.

Specifically:

- Supervise the activities of the BOD and BOM in accordance with the Law on Enterprises, the Charter and the internal management regulations of the Company, the AGM Resolutions the BOD's Decisions.
- Periodically verify the quarterly and annual financial reports before publishing to comply with the Law; Coordinate with the independent auditors to audit the semi-annual and annual financial statements.
- Regularly and irregularly check (upon the request of shareholders) the reasonableness, legality and truthfulness in the management and administration of the Company.
- Closely cooperate with the BOD, BOM to improve the effectiveness of internal control; Continuously review and point out the shortcomings in the processes, regulations and activities of the Company.
- Improve the coordination process to enhance the efficiency of inspection and supervision of BOS.

## TRANSACTIONS, REMUNERATION, BENEFITS OF BOD, BOM AND BOS

### REMUNERATION

In 2017, Phat Dat recorded the transactions, remuneration, benefits of the BOD, BOM and BOS as follows:

Unit: VND

No.	Name	Position	Remuneration and bonuses of BOD & BOS	Salaries and bonuses of the BOM	Total
1	Nguyen Van Dat	President, BOD cum CEO	370,000,000	4,313,777,000	4,683,777,000
2	Tran Thi Huong	Vice President, BOD cum CEO's Advisor	320,000,000	2,598,727,000	2,918,727,000
3	Nguyen Tan Danh	Vice President, BOD cum CEO's Advisor	280,000,000	1,554,569,220	1,834,569,220
4	Le Quang Phuc	Member of BOD cum CEO's Advisor	280,000,000	-	280,000,000
5	Doan Viet Dai Tu	Member of BOD	280,000,000	-	280,000,000
6	Nguyen Thanh Tan	Member of BOD	280,000,000	-	280,000,000
7	Phan Ton Ngoc Tien	Chief Supervisor	88,000,000	-	88,000,000
8	Vo Thi Minh Hang	Member of BOS	55,000,000	-	55,000,000
9	Nguyen Ai Linh	Member of BOS	55,000,000	-	55,000,000
10	Phan Huy Han	Secretary	100,000,000	-	100,000,000
11	Pham Trong Hoa	Deputy CEO		2,134,254,000	2,134,254,000
12	Bui Quang Anh Vu	Deputy CEO		2,052,395,000	2,052,395,000
13	Vu Quynh Hoa	Chief Accounting Officer		582,616,667	582,616,667
<b>TOTAL</b>			<b>2,108,000,000</b>	<b>13,236,338,887</b>	<b>15,344,338,887</b>

### TRANSACTIONS WITH INTERNAL SHAREHOLDERS

In 2017, Phat Dat recorded the transactions, remuneration, benefits of the BOD, BOM and BOS as follows:

Unit: VND

No.	Name	Position	Number of shares (closed on 17/02/2017)	Number of shares (closed on 01/03/2018)	Ownership ratio
1	Nguyen Van Dat	President, BOD cum CEO	123,417,825	135,759,607	61.16%
2	Tran Thi Huong	Vice President, BOD cum CEO's Advisor	120,000	132,000	0.06%
3	Nguyen Tan Danh	Vice President, BOD cum CEO's Advisor	-	-	0.00%
4	Le Quang Phuc	Member of BOD cum CEO's Advisor	50,000	55,000	0.02%
5	Doan Viet Dai Tu	Member of BOD	1,000,060	601,000	0.27%
6	Nguyen Thanh Tan	Member of BOD	20,000	22,000	0.01%
7	Phan Ton Ngoc Tien	Chief Supervisor	105	115	0.00%
8	Vo Thi Minh Hang	Member of BOS	10,000	11,000	0.00%
9	Nguyen Ai Linh	Member of BOS	60,000	60,000	0.03%
10	Phan Huy Han	Secretary	50,000	55,000	0.02%
11	Pham Trong Hoa	Deputy CEO	10,000	11,000	0.00%
12	Bui Quang Anh Vu	Deputy CEO	10,000	11,000	0.00%
13	Vu Quynh Hoa	Chief Accounting Officer	-	-	0.00%
<b>TOTAL</b>			<b>124,747,990</b>	<b>136,717,722</b>	<b>61.59%</b>

## SHAREHOLDERS & PARTNERS

 PHAT DAT WISHES TO BUILD MUTUALLY BENEFICIAL RELATIONSHIPS WITH SHAREHOLDERS AND PARTNERS, TO PROVIDE INFORMATION TRANSPARENTLY. 



### SHAREHOLDERS

Phat Dat ensures the honesty, transparency and consistency in providing information, answering questions from shareholders and investors.

Ensure all shareholders are treated equally, whether small or major shareholders, local or global organizations/ individuals.

Commit to provide shareholders and investors with timely and accurate information on business activities and current projects of Phat Dat via website [www.phatdat.com.vn](http://www.phatdat.com.vn).

Update investor's materials, newsletters and financial reports at Shareholders Section on website.

Send information on performance and finance to the Hochiminh City Stock Exchange (HOSE) and the State Securities Commission (SSC) in accordance with regulations.



### PARTNERS

In 2017, Phat Dat held quarterly meetings to update information and exchange business with partners.

Collaborate with securities companies to arrange trips for investors to visit the projects. Hold meetings to contact investment funds from Europe, Singapore... In the meetings, Phat Dat introduced the Company's formation and development process, ongoing projects, investment strategies to demonstrate capabilities of Phat Dat in the real estate market.

Present for investors the potential projects and land funds, so that they can foresee the real value and future growth. Phat Dat affirms to bring high and stable efficiency for investors.

Regularly participate in investment seminars organized by reputable financial institutions and Securities Companies, where the Company has contacted, presented and answered the questions of the major local and global investment funds.



## SHAREHOLDER STRUCTURE & CHANGES OF OWNER'S EQUITY

### STOCK INFORMATION

Total number of shares	: 221,990,923 shares	Number of freely transferred shares	: 221,990,923 shares
Par value	: 10,000 VND per share	Number of restrictedly transferred shares	: 0 shares
Total value of shares	: VND 2,219,909,230,000	The Company has no securities trading overseas	
Type of outstanding shares	: 221,990,923 shares		

### SHAREHOLDER STRUCTURE

Based on the latest shareholder list closed on 1<sup>st</sup> Mar 2018  
Unit: VND

Category	Domestic shareholders		Foreign shareholders		Total	
	Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
<b>Number of shares</b>	<b>218,398,205</b>	<b>98.38%</b>	<b>3,592,718</b>	<b>1.62%</b>	<b>221,990,923</b>	<b>100.00%</b>
Individuals	218,306,286	98.34%	338,983	0.15%	218,645,269	98.49%
Organizations	91,919	0.04%	3,253,735	1.47%	3,345,654	1.51%
<b>Number of shareholders</b>	<b>1,363</b>	<b>97.36%</b>	<b>37</b>	<b>2.64%</b>	<b>1,400</b>	<b>100.00%</b>
Individuals	1,341	95.79%	25	1.79%	1,366	97.57%
Organizations	22	1.57%	12	0.86%	34	2.43%

### DETAILED SHAREHOLDER STRUCTURE STATISTICS

No.	Shareholders	Amount	Ownership (%)
<b>I</b>	<b>The State shareholders</b>		
<b>II</b>	<b>Internal shareholders</b>		
1	The Board of Directors	136,569,607	61.52%
	In which:		
	Foreign		
	Domestic	136,569,607	61.52%
2	The Board of Management	135,781,607	61.17%
3	The Board of Supervisors	71,115	0.03%
4	Chief Accounting Officer	-	-
<b>III</b>	<b>Treasury shares</b>	-	-
<b>IV</b>	<b>Union</b>	-	-
<b>V</b>	<b>Major shareholders (&gt;5%)</b>		
	In which:		
	Foreign		
	Domestic	135,759,607	61.16%



## SHAREHOLDER STRUCTURE & CHANGES OF OWNER'S EQUITY (continued)

### LIST OF INTERNAL SHAREHOLDERS

No.	Name	Position	Number of shares				Closing balance (01/03/2018)	Ownership	
			Opening balance (17/02/2017)	Increase		Total			Sold
			Bought	Dividend					
1	<b>Nguyen Van Dat</b>	President, BOD cum CEO	123,417,825	-	12,341,782	12,341,782	-	135,759,607	61.16%
2	<b>Tran Thi Huong</b>	Vice President, BOD cum CEO's Advisor	120,000	-	12,000	12,000	-	132,000	0.06%
3	<b>Nguyen Tan Danh</b>	Vice President, BOD cum CEO's Advisor	-	-	-	-	-	-	0.00%
4	<b>Le Quang Phuc</b>	Member of BOD cum CEO's Advisor	50,000	-	5,000	5,000	-	55,000	0.02%
5	<b>Doan Viet Dai Tu</b>	Member of BOD	1,000,060	375,000	66,000	441,000	840,060	601,000	0.27%
6	<b>Nguyen Thanh Tan</b>	Member of BOD	20,000	-	2,000	2,000	-	22,000	0.01%
7	<b>Phan Ton Ngoc Tien</b>	Chief Supervisor	105	-	10	10	-	115	0.00%
8	<b>Vo Thi Minh Hang</b>	Member of BOS	10,000	-	1,000	1,000	-	11,000	0.00%
9	<b>Nguyen Ai Linh</b>	Member of BOS	60,000	-	6,000	6,000	6,000	60,000	0.03%
10	<b>Phan Huy Han</b>	Secretary	50,000	-	5,000	5,000	-	55,000	0.02%
11	<b>Pham Trong Hoa</b>	Deputy CEO	10,000	-	1,000	1,000	-	11,000	0.00%
12	<b>Bui Quang Anh Vu</b>	Deputy CEO	10,000	-	1,000	1,000	-	11,000	0.00%
13	<b>Vu Quynh Hoa</b>	Chief Accounting Officer	-	-	-	-	-	-	0.00%
			<b>124,747,990</b>	<b>375,000</b>	<b>12,440,792</b>	<b>12,815,792</b>	<b>846,060</b>	<b>136,717,722</b>	<b>61.59%</b>

### CHANGE OF OWNER'S EQUITY

In 2017, Phat Dat Real Estate Development Joint Stock Company has distributed share dividends to shareholders under the Decision No. 07/2017/QĐ-HĐQT dated 19 April 2017 with the total value of VND 201,809,520,000 equivalent to 20,180,952 shares, to raise total shares from 201,809,971 in 2016 to 221,990,923 in 2017.

### TRANSACTIONS IN TREASURY SHARES

There are no treasury share transactions in 2017.



# D ISTINCT

BEING CREATIVE AND SUPPORTED BY POWERFUL PARTNERS, PHAT DAT HAS BUILT THE SYMBOLS OF A MODERN AND HIGH-CLASS LIFESTYLE GIVEN THE DIFFERENCE IN ARCHITECTURE AND INFRASTRUCTURE.





## TYPICAL PROJECTS



### RIVER CITY (THE EVERRICH 2)

<b>Location</b>	: District 7, HCMC
<b>Area</b>	: 11.2 hectares
<b>Product</b>	: 4,800 apartments; 23,515 m <sup>2</sup> commerce and services
<b>Award</b>	: Award of Asian Urban Perspective

River City locates at one of the most favorable sites in South Saigon. It creates a peaceful and quiet living space in the center of Saigon South, where has 1 kilometers of Saigon River with view to Thu Thiem New Urban Area.

The project owns 99 in-house classy facilities such as artificial islands, water and light squares, central walkway, two-storey waterfalls inside the apartment building. These facilities differentiate River City from other apartment buildings and please all resident everyday.



## TYPICAL PROJECTS (continued)

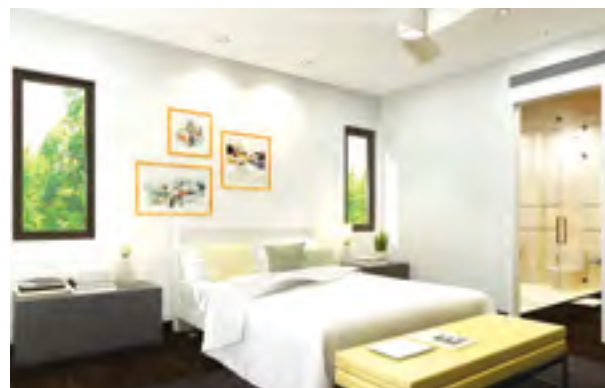


### THE EVERRICH 3

<b>Location</b>	: District 7, HCMC
<b>Area</b>	: 9.9 hectares
<b>Product</b>	: 2,246 apartments; 1,536 office apartments; 12,500 m <sup>2</sup> commerce and services.

Located in front of Phu Thuan Street, Tan Phu Ward, District 7, facing Phu My Hung international financial & commercial area, which is known as the paradise of modern life. The project is surrounded by famous shopping malls, entertainment centers, qualified schools...

The project brings a green and modern living space in harmony with nature. Each apartment is reasonably designed to receive the wind and light by Archetype - the world leading design company. The project was built by Cotecons to bring to successful customers the superior quality.

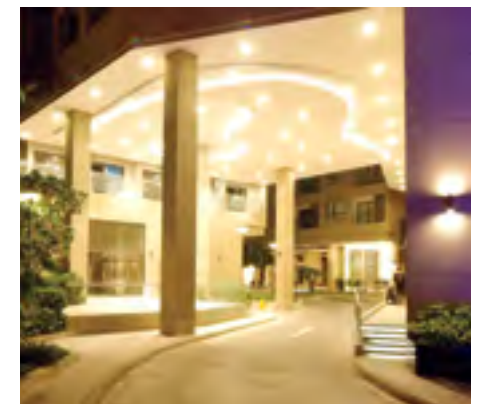


### THE EVERRICH INFINITY

<b>Location</b>	: District 5, HCMC
<b>Area</b>	: 8,050 m <sup>2</sup>
<b>Product</b>	: 439 apartments; 325 offices and 1,271 m <sup>2</sup> commerce and services
<b>Award</b>	: Best high end condo development

The project is designed as a closed compound model as a resort. The EverRich Infinity brings peace and tranquility that is not easy to find in the crowded Saigon center. The entrance is covered by the green trees. The campus is covered by climbing trusses and the murmuring waterfall... Here, the apartment owners can find peace of mind to enjoy the colors of beautiful life and shelter away from the crowded city.

Living in luxury apartments, The EverRich Infinity, residents can enjoy classy services such as restaurants, cafes, gyms, amusement arcades, relaxing spa, supermarkets... Specially, they can immerse in warm swimming pool and enjoy the city view from above. All are ready to serve the diverse needs of successful owners for the delicate living style.





## TYPICAL PROJECTS (continued)



### MILLENNIUM

<b>Location</b>	: District 4, HCMC
<b>Area</b>	: 7,328 m <sup>2</sup>
<b>Product</b>	: 653 apartments; 387 offices and 17 shophouses
<b>Award</b>	: 1. Best high end condo development at Viet Nam Property Awards 2. Best retail development at BCI Asia Top 10

Located in front of Ben Van Don Street, District 4, the project has 4 sides facing with river and city view. It is recognized as the best-located project among the luxury apartments in the center of Ho Chi Minh City. It has the unlimited view towards Thu Thiem Urban Area and the nearby districts.

The apartments are designed modern and stylish to suit with young customers. The apartments have cool space to receive light. Furniture and equipment are imported from foreign countries.



## TYPICAL PROJECTS (continued)



### BAU CA QUANG NGAI

**Location** : Le Hong Phong ward and Tran Hung Dao ward, Quang Ngai

**Area** : 77,136 m<sup>2</sup>

**Product** : 377 villas

Invest in an urban residential area under the modern master plan, typically in Le Hong Phong and Tran Hung Dao Wards with comprehensive infrastructure, contributing to the urban renewal and city beauty in Quang Ngai City in line with the approved detailed plan.



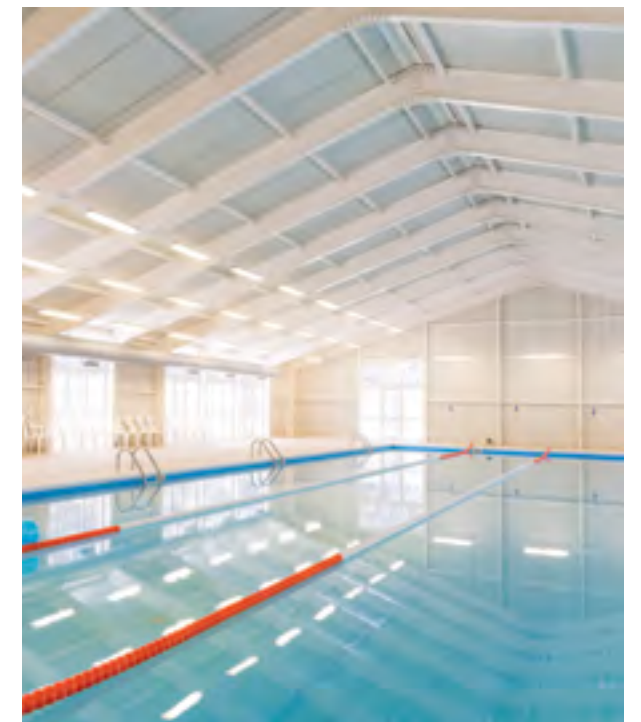
### THE BT PROJECT OF PHAN DINH PHUNG SPORTS CENTER

**Location** : District 3, HCMC

**Area** : 1.4 hectares

**Total investment** : is estimated at about VND 1,953 billion (including interest)

Invest in a sport center with modern scale and international standard to host major tournaments such as SEA Games 2021.





## PROJECT IMPLEMENTING CAPACITY



### EXPERIENCE IN INVESTING AND DEVELOPING LUXURY REAL ESTATE PROJECTS IN HO CHI MINH CITY

With 13 years of history, Phat Dat has continuously developed and successfully established its position as one of the leading real estate developers in Vietnam. Phat Dat has implemented luxury apartment projects and BT projects. Currently, the Company continues to invest in real estate projects in Ho Chi Minh City, Quang Ngai and Phu Quoc provinces.

### LARGE CLEAN LAND FUND

By implementing the large BT projects in Ho Chi Minh City, Phat Dat has obtained the sufficient land fund with favorable location in city center. The fund land is ready to serve the sustainable development of Phat Dat in the coming years and to affirm Phat Dat brand in Vietnam real estate market.

### STRONG FINANCE

Given strong finance and the trust from large local and global investment funds, Phat Dat is one of the few real estate companies to strategically minimize the bank loans.

### CLOSELY COLLABORATE WITH PRESTIGIOUS AND MAJOR PARTNERS

To quickly provide the best products to customers, Phat Dat has been cooperating with major partners such as Coteccons, An Gia, Techcombank...



# PROJECT INVESTMENT AND IMPLEMENTATION

## IMPLEMENTED PROJECTS



### River City (The EverRich 2)

**Legal status** : Implement legal procedures to define financial obligations and issue Land Use Certificates.

**Construction progress** : Block C and Office Block are completed and put into use. Block A, D, L have completed pile foundation and Block B has been built to the 12<sup>th</sup> floor.



### The EverRich 3

**Legal status** : Implement legal procedures to define financial obligations and issue Land Use Certificates.

**Construction progress** : Completed the basement of Block A. Completed 90% of technical infrastructure. Currently completing legal procedures to transfer the project.



### The EverRich Infinity

**Legal status** : Issue books for customers (handed over 98 certificates to customers).

**Construction progress** : Handed over the house to customers in November 2016. Completed the project acceptance and put the project into use from 2017.



### Millennium (132 Ben Van Don)

**Legal status** : Continued the project development with associated partners. The project was confirmed eligible for sale from February 2017.

**Construction progress** : Topped the project in November 2017. Completed the procedures for acceptance of the project.

### Phu Quoc Resort (40.6 hectares)

**Legal status** : Adjust the boundary, land area of the project (40.62 hectares), complete legal procedures for military lands at the project.

### Phuoc Kieng - Nha Be

**Legal status** : Completed the transfer of 98.5% of land use rights against the plan.

### Bau Ca - Quang Ngai

**Legal status** : Completed more than 80% of clearance compensation of the whole project. Coordinating with other agencies to carry out the procedures for determining the financial obligations of the project land. Set up the procedures for land allocation; Set up the procedure for dividing slots for sale.

### The BT project of Phan Dinh Phung Sports Center

**Legal status** : People's Committee of Ho Chi Minh City approved the project developer.

**Construction progress** : Completed liquidation, relocation, dismantlement and construction of piles.

**Construction progress** : Complete the legal procedures to implement project construction, installation and infrastructure investment.



## PROJECT INVESTMENT AND IMPLEMENTATION (continued)

### PROPOSAL PROJECTS

- BT hospital project, Binh Chanh District (about VND 2,000 billion)
- 3 BT projects investing in infrastructure development (about VND 21,600 billion)
- Tran Quoc Toan Project, District 3 (VND 650 billion)
- Ward 1 project, District 3, Ho Chi Minh City

### THE PROJECTS IN 2018



#### River City (The EverRich 2)

**Legal status** : Complete the calculation of project land use fees. Implement project investment procedures with partners.

TOTAL ESTIMATED INVESTMENT IN 2018

**427**

VND BILLION



#### The EverRich 3

**Legal status** : Complete the calculation of project land use fees. Implement project transfer procedures for partners.

TOTAL ESTIMATED INVESTMENT IN 2018

**302**

VND BILLION



#### The EverRich Infinity

**Legal status** : Issue books for customers.

TOTAL ESTIMATED INVESTMENT IN 2018

**26**

VND BILLION



#### Millennium (132 Ben Van Don)

**Legal status** : Complete the issuance of the project numbers and books for customers.

**Construction progress** : Expected to complete the project and hand over books to customers from June 2018.

TOTAL ESTIMATED INVESTMENT IN 2018

**705**

VND BILLION



## PROJECT INVESTMENT AND IMPLEMENTATION (continued)



### Bau Ca – Quang Ngai

**Legal status** : Complete the land clearance compensation, financial obligations on land, land allocation and approval for dividing land slots.

**Construction progress** : Complete the construction of the project infrastructure in the 2Q 2018.

**TOTAL ESTIMATED INVESTMENT IN 2018**  
**172**  
 VND BILLION

*(Of which: site clearance compensation; financial obligations on land after deducting site clearance compensation are approximately VND 105 billion. Infrastructure implementation cost is approximately VND 62 billion. Project development costs and others are VND 5 billion)*



### 257 Tran Hung Dao, District 1

**Legal status** : Approved by the People's Committee of Ho Chi Minh City for reciprocating capital with investment in the BT project of Phan Dinh Phung Sports Center.

**Construction progress** : Currently designing and expected to start construction in 2019.

**TOTAL ESTIMATED INVESTMENT IN 2018**  
**24**  
 VND BILLION

### The BT project of Phan Dinh Phung Sports Center, District 3

**Legal status** : Complete signing the BT project contract.

**Construction progress** : Construct large piles and start the project construction in 2Q 2018.

**TOTAL ESTIMATED INVESTMENT IN 2018**  
**540**  
 VND BILLION

### Industrial cluster, Ham Ninh residential area and handicraft village, Phu Quoc Island

**Legal status** : The project was approved the investment policy. Phat Dat is currently carrying out procedures to be approved 1/500 project.

**TOTAL ESTIMATED INVESTMENT IN 2018**  
**530**  
 VND BILLION

### The BT project of internal technical infrastructure of Co Dai area, District 9

**Legal status** : Complete the project design & construction. Expected to complete in 2018.

**TOTAL ESTIMATED INVESTMENT IN 2018**  
**794**  
 VND BILLION

### Phu Quoc Resort (40.6 hectares)

**Legal status** : Complete the boundary adjustment and issuance of land allocation decision.

**TOTAL ESTIMATED INVESTMENT IN 2018**  
**8.5**  
 VND BILLION

### Hiep Phuoc, Nha Be

**Legal status** : Complete procedures for land lease and construction & exploitation.

### Phuoc Kieng - Nha Be

**Legal status** : Complete transferring land use rights of the project (about 0.1 hectares).



# R ENOVATING

PHAT DAT PLANS THE OVERALL RENOVATION TO PROMOTE ITS INTERNAL RESOURCES TO REACH THE NEW TOPS, AIMING AT THE TOP 10 VIETNAM REAL ESTATE DEVELOPERS.





## INNOVATION FOR SUSTAINABLE DEVELOPMENT

**PHAT DAT HAS GRADUALLY AFFIRMED ITS POSITION IN THE REAL ESTATE MARKET FOR 13 YEARS. IT HAS ALSO RENOVATED ITS GOALS AND STRATEGIES TO KEEP PACE WITH THE MARKET. IN 2017, PHAT DAT HAS IMPLEMENTED INNOVATIVE STRATEGIES ON LAND FUND, FINANCE, HUMAN RESOURCES AND PARTNER NETWORK, TO ACCOMPLISH ITS MISSION OF PROVIDING CUSTOMERS AND SOCIETY WITH VALUABLE WORKS.**



### PHAT DAT'S INNOVATIVE STRATEGY

#### Land fund development strategy

Land fund is an important factor for sustainable development. Phat Dat has developed land fund via M&A, BT projects to swap infrastructure for land. It has been successfully implementing BT projects such as My Loi Bridge Construction, Phan Dinh Phung Sport Center, Orthopedic Trauma Hospital, Thu Thiem 4 Bridge, ICD Port, Ring Road 2 and 3, Co Dai Village, ...

#### Financial Strategy

In 2017, Phat Dat has successfully restructured its owner's equity, loans; reduced its debt/equity ratio; managed its cash flow on the projects and focused on its cash flow/liquidity; attract more institutional and individual investors on the stock market. At the end of 2017, its EPS reached VND 1,873 per share. Since then, it enhanced financial capacity and owner's equity to minimize financial risks and market risks. At the same time, to attract more investors to increase opportunities to raise capital for business expansion.

#### Human resources strategy

Human resources is the key element for development. Phat Dat has developed and implemented competitive human resources policies to attract talents; Developing young and capable middle managers. It also strengthens internal communications, build corporate culture, and improve its working environment to become one of the 100 best working environment companies in Vietnam.

#### Strategy to expand the partner network

Phat Dat has continuously implemented a strategy of expanding its network of banking partners and suppliers to prepare for next phases. In 2017, Phat Dat has established investment cooperation with Techcombank, Coteccons, Rita Vo, Sen Vang, Dat Moi, etc. to prepare for projects that are and will be implemented in the future.

### RESULTS

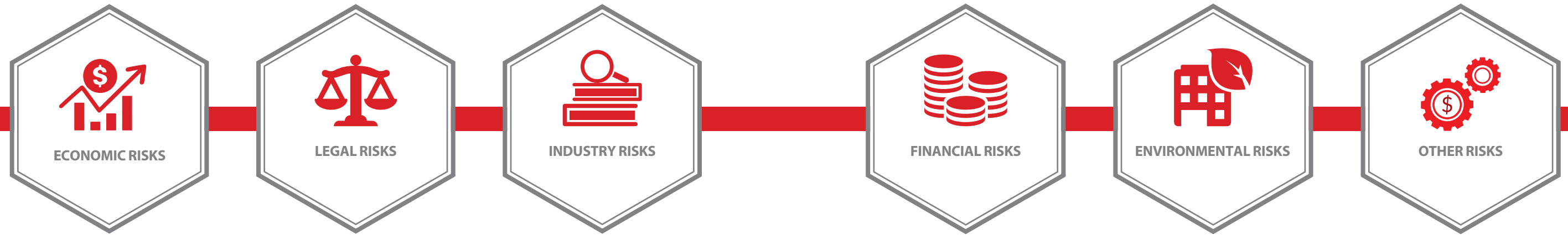
Phat Dat has become a BT project investor to swap construction works for infrastructure, raising land fund to 329 hectares in favorable locations in District 1, 2, 3, 9 and Thu Duc in Ho Chi Minh City. The existing large land fund is a solid advantage for Phat Dat to successfully implement projects in the future, creating sustainable revenue and profit for the Company.

In terms of finance, Phat Dat has increased its owner's equity over the years, sharply reducing bank loans, bondholders, increasing profits and ROE. The Company's market capitalization increased sharply to become the Top 10 largest capitalization real estate companies on Vietnam stock market by the end of 2017. The PDR shares have attracted the interest and participation of investors in the stock market.

In addition, the increase of time and budget for HR activities and internal communication has improved the quality and quantity of employees to make an overall successful year 2017.

Phat Dat has learnt lessons to continue innovation & development of the Company with clear strategies and consistency with the objectives, persistence and flexibility in implementing the plans. The achievements have proved the effective performance of Phat Dat, including the right strategic direction of the BOD, the BOM, especially the leadership of President, BOD cum CEO, the co-operation from the employees, partners and state agencies during the innovation.

# RISK MANAGEMENT



## ECONOMIC RISKS AND SOLUTIONS

Vietnam’s economy gained remarkable achievements in 2017. GDP growth was 6.81%, higher than the target of 6.7% and expected to grow by 6.7% - 7% in 2018. Inflation in 2017 increased by 3.53% compared to 2016. The macroeconomy continues to be firmly established, and the business environment improves.

Despite the advantageous economy, the real estate market still remains risks. To limit risks from the economy, Phat Dat has implemented the following measures:

- Concentrate on the implementation of Build-Transfer (BT) contracts, swap the infrastructure for lands in the city center to develop new projects.
- Continue to seek clean land in prime locations adjacent to the Ho Chi Minh City center to develop apartment projects with an average area of 60 - 75 m<sup>2</sup> with full legal documents.
- Focus on sales. Implement sales policies comprehensively and flexibly in combination with marketing & advertising to expand the market, reach more target customers.
- Strictly manage expenses of operation, investment and construction; Offer solutions to manage investment capital and product cost.

## LEGAL RISKS AND SOLUTIONS

Vietnam legal system has changed in line with the economic growth, yet still being improved. Hence, existing laws and regulations may still be adjusted in the near future, and businesses need time to adapt to these changes.

One of the major risks faced by real estate firms is an inadequate and overlapping legal corridor, lack of information etc... that lead to complicated investment procedures, troublesome land allocation that not associated with the right of enterprises and owners; Difficult compensation for site clearance, or the site planning need many steps for approval... Current real estate law still has the shortcomings that need to improve. The changes in the legal system and macro policies will certainly affect the investment plan and business of enterprises.

To minimize legal risks, Phat Dat has:

- Set up a dedicated internal Legal Compliance Department with a team of experienced lawyers; Use services from professional law firms to ensure that all activities comply with the law and timely make appropriate adjustments in accordance with the changes in policies and laws.



## RISK MANAGEMENT (continued)

### INDUSTRY RISKS AND SOLUTIONS

It is foreseen that Vietnam real estate market in 2018 will remain stable, yet contains challenges in supply-demand, investment land, bank loans and the implementation of regulations on depositing and banks' guarantee for customers...

The market will also witness more competition among domestic investors and foreign investors. Remittance from overseas Vietnamese into the real estate market has increased.

The risk of land clearance such as the length of clearance, delay of the project... results in increasing costs and reducing profits. To deal with the difficulties, Phat Dat has:

- Looked for solutions to develop new projects.
- Improved products and scope of business.
- Stopped investing unplannedly. Promote projects to meet the actual needs of the market to speed up sales, price competition, quality and location.
- Looked for potential, experienced and financially capable partners to support construction, medium and long-term finance to reduce interest rate pressures.
- Improved the management system. Streamlined and improved HR structure to manage the cost, quality and progress of the projects.
- Looked for clean land with full legal documents and scale of less than 10,000 m<sup>2</sup> to develop luxury apartments with an average of 60 – 75 m<sup>2</sup>. Developed projects in downtown districts to increase competitiveness.

### FINANCIAL RISKS AND SOLUTIONS

In 2017, the State Bank of Vietnam (SBV) decided to reduce interest VND lending rates applied for credit institutions/ foreign bank branches toward borrowers to meet the demand in certain sectors and industries. Reduced interest rates have positively impacted the real estate. The market recovered and inventories plummeted; successful transaction volume grew impressively. However, despite the reduced lending interest rate, the real estate companies also face difficulties to assess bank loans as the number of real estate investors has soared, according to financial experts.

In 2017, Phat Dat mainly face with risks from interest, that is primarily capitalized into inventories which were invested from high-interest loans years ago.

To limit risks, Phat Dat has:

- Regularly restructured finance through raising capital from other channels such as issuing additional shares, divesting the ineffective projects; or calling for investment from large local and global organizations...
- Looked for small and medium projects to push sales to recover capital quickly. Minimized the borrowings of credit institutions.

### ENVIRONMENTAL RISKS AND SOLUTIONS

There are risks of air & noise pollution during project implementation. The Company has implemented measures to minimize the environmental impact:

- Fully implement evaluation report of environmental impacts for each project; Apply measures to reduce, treat pollution and ensure labor safety throughout the construction.
- Build a system for gas waste treatment, domestic wastewater with advanced technologies for each project.
- Focus on green living space.

### OTHER RISKS AND SOLUTIONS

Other force major risks such as disasters, floods, fires, wars, etc... may delay construction or cause damage to part or whole works. These risks are rare but when they occur, the damage is large and difficult to prevent. To mitigate these risks, Phat Dat has:

- Strictly complied with regulations on fire and explosion prevention... in accordance with the Law.
- Bought insurance for all assets including housing and work equipment (computers, office equipment, etc.) against fire and explosion risks.
- Bought property insurance for all properties in Phat Dat's buildings.





# SUSTAINABLE DEVELOPMENT

PHAT DAT DEFINES HUMAN LIFE VALUES AS THE CENTER FOR ITS DEVELOPMENT STRATEGY. PHAT DAT FOCUSES ON SOCIO, ECONOMIC AND ENVIRONMENTAL DEVELOPMENT TOWARDS SUSTAINABLE DEVELOPMENT IN FUTURE.





## SUSTAINABLE DEVELOPMENT MESSAGE

**IN 2008, PHAT DAT DEFINED ITS BUSINESS STRATEGY OF “VISIONARY AND SUSTAINABLE DEVELOPMENT” AFTER BECOMING A PUBLIC COMPANY. PHAT DAT IS AWARE OF THE LONG-TERM DEVELOPMENT TO BE ASSOCIATED WITH JOB CREATION, INFRASTRUCTURE BUILDING FOR THE COMMUNITY AND CONTRIBUTION TO THE ECONOMIC DEVELOPMENT. THAT DEVELOPMENT IS NOT CONTRADICTORY WITH THE INCREASINGLY ADVANCED STANDARDS OF SUSTAINABLE ENVIRONMENT AND CIVILIZED SOCIETY. SINCE THEN, SUSTAINABLE DEVELOPMENT HAS BECOME AN ATTENTION OF PHAT DAT.**

*Dear Shareholders,  
Customers, Partners and  
all Employees,*

In 2017, Phat Dat continued to bring products to customers and communities, maintaining revenue and profit growth, creating more jobs in Ho Chi Minh City, and actively contributing to local budgets and promote the city development. Employees in Phat Dat have received higher salaries and benefits which surpass the real estate industry average. Importantly, they earned the long-term employment and income.

Phat Dat has maintained and ensured the quality of products, offering customers and community benefits. It has also created green, clean and comfortable living environment to build a civilized community. Post-sales services and building management services have been implemented consistently to ensure the long-term responsibility of Phat Dat toward their products and community, thus effectively solving the problems during product delivery and the living environment formation in the projects.

In 2017, Phat Dat continued to use corporate welfare funds to support the poor and needy people. Supports from Phat Dat have enabled them to solve and overcome difficulties in their lives, building their trust toward the community values.



In the coming years, Phat Dat continues to pursue “sustainable development”. It will develop and implement new policies and activities to bring more values and contributions for the economy, environment and society in the areas where Phat Dat is developing and developing real estate and infrastructure projects. Through these contributions, Phat Dat wishes to become an enterprise that succeeds in both business and CSR to please its clients, partners, employees and the community.

Phat Dat commits to pursue the sustainable development, to create more value for the Company, stakeholders, thus actively contributing to the society prosperity, given the consolidation of all leaders and employees.

Best regards!

**Nguyen Van Dat**

## ETHICS AND PRINCIPALITY



**THROUGH MORE THAN 13 YEARS OF FORMATION AND DEVELOPMENT BASED ON CORE VALUES OF CREATIVITY, COMMITMENT, JUSTICE, AND RESPECT, PHAT DAT HAS DEVELOPED AND ADOPTED THE CODE OF CONDUCT NAMEDLY “PHAT DAT-ERS” IN ITS ACTIVITIES. THESE ARE THE PRINCIPLES AND STANDARDS FOR ALL MEMBERS TO BEHAVE IN ACCORDANCE WITH COMPANY CULTURE.**



The Code includes the following contents:

### BEING “PHAT DAT-ERS” MEANS:

- Must fully understand and commit with the Mission, Vision, Core Values, Legal Compliance with State Law & internal policies and regulations.
- Willing to participate in activities and contributions to build the Company. Strive to the fullest to ensure work quality timely. Actively contribute to the long-term development of Phat Dat.
- Dedicated at work. Put the interests of the Company on the top. Not badly influence the Company for personal interests.
- Dare to think, dare to do, say and work, accept changes. Willing to learn and progress.
- Must be fair in making choices in related works to bring the highest benefit to the Company.
- Discuss openly, rationally and respectfully.

- Being honest and moral in relationships, not receiving gifts valued more than VND 100,000 VND in any forms.
- Commit to information confidentiality, responsible for protecting and preserving common assets of the Company.
- Ensure information confidentiality of reporters' identity. Prohibit retaliation against feedback from the parties involved; At the same time, highly appreciate all feedbacks from partners, suppliers and customers. Phat Dat set up a specialized department to receive and respond feedback from stakeholders timely. Ensure that feedbacks and comments are received and handled timely in compliance with Phat Dat standards and Vietnamese legal regulations.

### FOR EMPLOYEES

- Phat Dat considers HR a key factor in the development, to become one of the best working environment companies in Vietnam. Phat Dat builds and implements attractive welfare policy, treatment policies to create a friendly, comfortable, united and competitive working environment for employees.
- Phat Dat always maintains stable high income, if possible, and to ensure transparency, compliance with the labor market and business performance of the Company. The salary, bonus, remuneration and reward policies are applied clearly, fairly and worthily for employees.
- Phat Dat opposes all forms of forced labor, pledges to ensure maximum benefits to workers under Vietnamese law, international practices, and the actual capabilities of Phat Dat.
- Phat Dat is honest, respectful of the different values of each individual in all situations. Willing to listen, share, keep commitments with employees to maximize collective strength.

### FOR PARTNERS AND CUSTOMERS

- Customer satisfaction is one of the factors defining the Company's values; Encourage protecting the customers' interests; Respect and keep the commitments with customers.
- Strictly comply with the law to ensure the harmonized interests of the related parties on the mutual benefit, thus actively promoting relations with related parties.

### FOR SOCIAL COMMUNITY

- Phat Dat maximizes its efforts to minimize negative impacts on the environment and the community during its project investment and development. Phat Dat's projects have been developed to jointly build the modern urban Vietnam, contributing to the green - clean and beautiful environment, improving the life quality for the community.
- Commit to sustainable development with all responsibilities and ethics; appreciate performance and value in a sustainable relationship with good development in the environment, community and society.
- Care and carry out charitable, social and community activities. Focus on quality for these activities, to support the community sincerely and helpfully.



# SUSTAINABLE DEVELOPMENT MANAGEMENT

## SUSTAINABLE DEVELOPMENT MANAGEMENT MODEL

Sustainable development management is the key factor for the effective growth and sustainable development of the Company. The BOD proposes the principles & orientations for sustainable development, directing and monitoring the CEO and departments to implement. President, BOD leads Strategic Committee to support the BOD to build strategy for sustainable development. The CEO conveyed the sustainable development principles & orientations of the BOD into the policies & regulations in management. He also implements, monitors and evaluates the implementation through the meetings and compliance checks. The Internal Control assists the CEO in monitoring, evaluating and proposing ideas in directing the departments to comply with policies and regulations.

## REWARD FOR LEADERS AND STAFF IN SUSTAINABLE DEVELOPMENT

The BOD will reward employees based on their performance, contributions, commitment and engagement with the sustainable development direction of the Company. In 2017, the BOD rewarded 2-month salary for employees' commitment with the development goals & results of Phat Dat.



**3.875** VND BILLION

TOTAL VALUE FOR SOCIAL ACTIVITIES IN 2017

# PARTICIPATION OF THE STAKEHOLDERS

## THE PROCESS OF IDENTIFYING STAKEHOLDERS

Phat Dat identifies the stakeholders by:

- Analyzing activities in the value chain of real estate projects and BT projects.
- Assessing the stakeholders through expert methodology in combination with available data.
- Proposing the list of organizations & individuals involved in the value chain. Focusing on organizations & individuals who have worked and partnered with the Company and other experienced and competent organizations & individuals in each activity.
- Identifying the stakeholder list in each activity and sort them by priority.

## IDENTIFYING STAKEHOLDERS

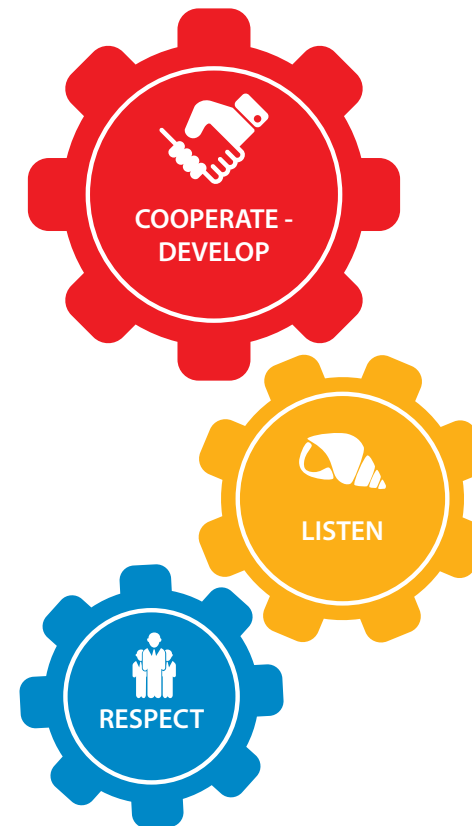
List stakeholder groups who are affected by Phat Dat's activities, and influencing on the sustainable development of Phat Dat. Then identify the key stakeholders based on their interaction level with Phat Dat.



The list of stakeholders is defined as follows:

- Customers: who directly use of Phat Dat's products.
- Partners: who provide services and solutions in project development, who are construction contractors, materials & equipment suppliers..
- Shareholders & investors: who legally own partially or wholly shares and have rights & obligations associated with Phat Dat's performance.
- Employees: who contribute to Phat Dat's production force.
- Community: who is formed based on personal & collective relationships.
- Government: who are legal authorities or state management agencies involved in the assessment and regulation.
- Competitors: who have the same segment of customers, same products, same prices and similar competitive advantages on same market segment of Phat Dat.
- Press agencies: who publish news.

## CONSULTATION FROM STAKEHOLDERS. CONCERNS OF STAKEHOLDERS, AND FEEDBACKS FROM PHAT DAT



- Being transparent in operations and relationships, Phat Dat has actively partnered with stakeholders based on **"Respect - Listen - Cooperate - Develop"** to bring long-term prosperity for all. Phat Dat bases on stakeholders' opinions to identify useful solutions for the sustainable development. Comments from stakeholders has been received and handled timely, publicly and reasonably.
- Comments from stakeholders have been received by the field managers & relevant departments; and subsequently analyzed and processed by relevant departments. These comments are then forwarded to the BOM/BOD via reports, discussions and meetings. The comments which are not handled shall be re-sent to the relevant parties for further discussion. Appropriate comments are considered by the persons in charge and are changed into the instructions and solutions for implementation after that. A lot of comments have contributed to changing the Company's plan, reducing the cost, and enhancing legal compliance.



## PARTICIPATION OF THE STAKEHOLDERS (continued)

### STAKEHOLDERS APPROACH

#### 1 CUSTOMERS

##### Approach

- » Receiving information and issues directly through face-to-face meetings or receiving information via social channels, email info@phatdat.com.vn
- » Meeting with customers through sales events, customer gratitude program, customer conference...
- » Sending information related to products and business policies directly to customers in writing.

##### Main concerns of the stakeholders

- » Good price
- » Quality and service
- » The level of customer satisfaction
- » Efficiency, the way employees work
- » Product liability
- » Sales policy
- » Post-sales policy

##### Phat Dat's response

- » Strictly enforce the law in domestic and foreign markets; Reasonable and competitive pricing, ensuring harmony between consumer interests and corporate interests; etc.
- » Commit to the highest quality and service provided to customers.
- » Every employee must listen to customers and meet their requirements.
- » Express gratitude to customers at customer conferences, promotions, attractive after-sales policies.
- » Set up mechanism to handle complaints from customers.

#### 2 PARTNERS

##### Approach

- » Meet and exchange directly through meetings, receive and solve inquiries by email, telephone, fax, etc.
- » Participate in activities related to cooperation, development, and project investment, sustainable development with society and community.
- » Recognize feedbacks and solve issues quickly.

##### Main concerns of the stakeholders

- » Business results
- » Cooperation ability & attitude
- » Respect the interests of the parties
- » Collaborative effect
- » Safety, health and the environment
- » Information security

##### Phat Dat's response

- » Select suppliers fairly based on records of quality, technical ability, experience in the past...
- » Do not disclose vendor confidential information to their competitors.
- » Talk directly, promote positive, limit negative to build long-term bilateral relations, to benefit all parties.

#### 3 SHAREHOLDERS AND INVESTORS

##### Approach

- » Meet monthly, quarterly and on-demand.
- » Receive and handle inquiries via email, telephone, fax...
- » Holding shareholders' meetings, regular and extraordinary meetings.
- » Publish detailed financial statements on mass media in accordance with the SSC and HOSE.
- » Attend annual construction workshops, forums, fairs to share information.

##### Main concerns of the stakeholders

- » Business results of the Company
- » Operational situation and performance results
- » Development strategy
- » Risk management
- » Transparent information
- » Information security

##### Phat Dat's response

- » Regularly organize public meetings and conferences to help investors have a more comprehensive view of the Group's operations and development strategies in the next stages such as: Making the periodical bulletin, holding annual and extraordinary meetings; customers' conference; meeting domestic and foreign investors...
- » The information disclosure must be fair, to ensure equal investment opportunities for all investors.
- » Not disclose information of investors, shareholders without permission or without the request of the law.

#### 4 EMPLOYEES

##### Approach

- » Surveying, listening, receiving opinions of employees on the working environment, policy of welfare, salary, culture... directly and indirectly.
- » Organize monthly dialogue with employees.
- » Organize events, activities, team building on the occasions of anniversary, holidays, Tet ....

##### Main concerns of the stakeholders

- » Company treatment policy
- » Promotion opportunities
- » Labor safety
- » Working environment
- » Co-worker relationship
- » Manager-worker relationship

##### Phat Dat's response

- » The Company has improved the compensation and welfare policy for employees every year
- » Policy to retain talents
- » Training and career development programs for employees
- » Introduce a Code of Conduct to build a strong corporate culture.
- » Regularly organize internal activities to create a cohesive, healthy working environment for employees.
- » Governance on the basis of respect for the employees includes respect for the employees' decisions, wishes, aspirations, freedoms and other legal rights.

## PARTICIPATION OF THE STAKEHOLDERS (continued)

### STAKEHOLDERS APPROACH



#### COMMUNITY

##### Approach

- » Participate in community activities of organizations and authorities.
- » Provide performance information of enterprises through formal communication to the community.

##### Main concerns of the stakeholders

- » Jobbing
- » Contribute to the community
- » Affection, responsibility for the community
- » The direct and indirect impact of the Company on the environment during the operation

##### Phat Dat's response

- » Commit to prioritize environment over the development. Minimize the impact on the environment during the deployment and operation of large scale projects.
- » Commit to work with all conscience and responsibility to protect the environment and create growth for society, the country.
- » Continue to promote charitable activities and sponsors to build community.



#### GOVERNMENT

##### Approach

- » Attend seminars, conferences in real estate, construction, architecture organized by the ministries.
- » Actively participate in the activities of architectural, construction and project development associations.
- » Publish information and tax reports according to current regulations

##### Main concerns of the stakeholders

- » Legal compliance of the Company
- » Difficulties encountered by the Company in the implementation of policies and regulations.
- » The general trend of the market and industry trends.
- » Market trend and industry trend
- » Carry out investment and business responsibly with customers, society and the environment.

##### Phat Dat's response

- » Absolutely comply with the regulations of the Vietnam laws of on economy, society and environment.
- » To fulfill the obligation to pay the state budget.



#### COMPETITORS

##### Approach

- » Meet and share with competitors through meetings of construction associations, investor meetings held by HOSE.
- » Maintain personal relationships between Phat Dat leaders and competitors' leaders.
- » Compile information about competitors from mainstream media.

##### Main concerns of the stakeholders

- » Code of Conduct with competitors
- » Healthy competition
- » Compliance with anti-trust and anti-competition law

##### Phat Dat's response

- » Get along with competitors with all goodwill and constantly learn from their successes.
- » Do not defame or sabotage competitors, while respecting their successes and interests on the rule of "The best is the winner".
- » Commit to fairly compete. Neither collusion nor activities that affect market prices. Not receive information that may be confidential about competitors.
- » Flexibly response to the fierce competition. Be consistent with the principle of honesty. Prioritize quality, reputation and brand. Respect and abide by antitrust law, competition law, ensure healthy, free and open competition.



#### COMMUNICATION AGENCIES

##### Approach

- » Submit press release. Hold press conference.
- » Interviews with news agencies on the mass media.
- » Regularly update important information on Company website, social networks.
- » Implement television programs and announcing information on mainstream newspapers about the upcoming highlights.

##### Main concerns of the stakeholders

- » Business results
- » Development strategy of the Company
- » Accuracy of information
- » Active in providing information

##### Phat Dat's response

- » Build good relations with the media, press and television agencies on the principle of equality, transparency and legal compliance.
- » Provide information of accuracy, clarity, completeness and objectivity to help the press to have accurate information about the Company's operation.
- » Calmly deal with communication issues with a pragmatic attitude. Be clever and ready with objections and allegations.



## REPORTING PRACTICE

**SUSTAINABLE DEVELOPMENT IS AN INTEGRAL PART OF THE COMPANY'S BUSINESS STRATEGY. IN 2017, THE SUSTAINABLE DEVELOPMENT REPORT IS INTEGRATED IN PHAT DAT ANNUAL REPORT TO ASSESS THE POSITIVE & NEGATIVE IMPACTS OF THE COMPANY ON THE SUSTAINABLE DEVELOPMENT PUBLICLY, FAIRLY AND REASONABLY. THUS PROVIDING THE STRATEGIES AND ACTION PLAN FOR PHAT DAT SUSTAINABLE DEVELOPMENT IN THE NEXT PHASE.**



### STANDARD OF REPORT

The report is prepared in accordance with the GRI Standard - the latest version International Standard on sustainable development, which is now applied globally. The critical issues are identified based on a combination of stakeholders' interest and their impact on Phat Dat. We also refer to the State Securities Commission's Guide to Environmental and Social Information Disclosures, IFC and Circular 155/2015/TT-BTC to report easily, standardly, transparently and efficiently.

### SCOPE OF REPORT

The report is made in Vietnam on real estate investment and business.

**This report is prepared for the scope of:**

**Phat Dat Real Estate Development Joint Stock Company, including Head Office and 03 branches, as follows:**

- Phat Dat Real Estate Development Joint Stock Company – Head office.
- Phat Dat Real Estate Development Joint Stock Company – Quang Ngai branch.
- Phat Dat Real Estate Development Joint Stock Company – Phu Thuan branch.
- Phat Dat Real Estate Development Joint Stock Company – District 5 branch.
- Phat Dat Investment Limited Company is a subsidiary of Phat Dat (Phat Dat holds 100% of capital).

### REPORTING PERIOD


The information in the report is updated for fiscal year 2017, starting 1<sup>st</sup> January 2017 and ending 31<sup>st</sup> December 2017. Starting in 2017, Phat Dat will carry out annual sustainable development reports and publish them together.




### CONTACT INFO


We are looking forward to receiving comments from stakeholders on issues related to the reports. Please send your valuable contribution to:

 **Phat Dat Real Estate Development Corporation**

 **Address:** 422 Dao Tri Str, Quarter 1, Phu Thuan ward, District 7, HCMC

 **Website:** www.phatdat.com.vn

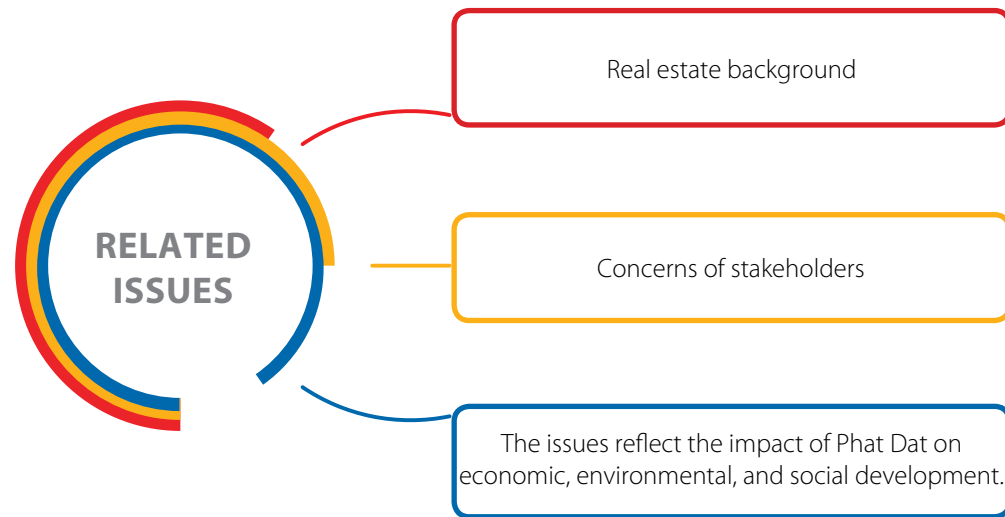
 **Tel:** (028) 3773 2222

 **Fax:** (028) 3773 8908

# DEFINITION OF CRITICAL ISSUES

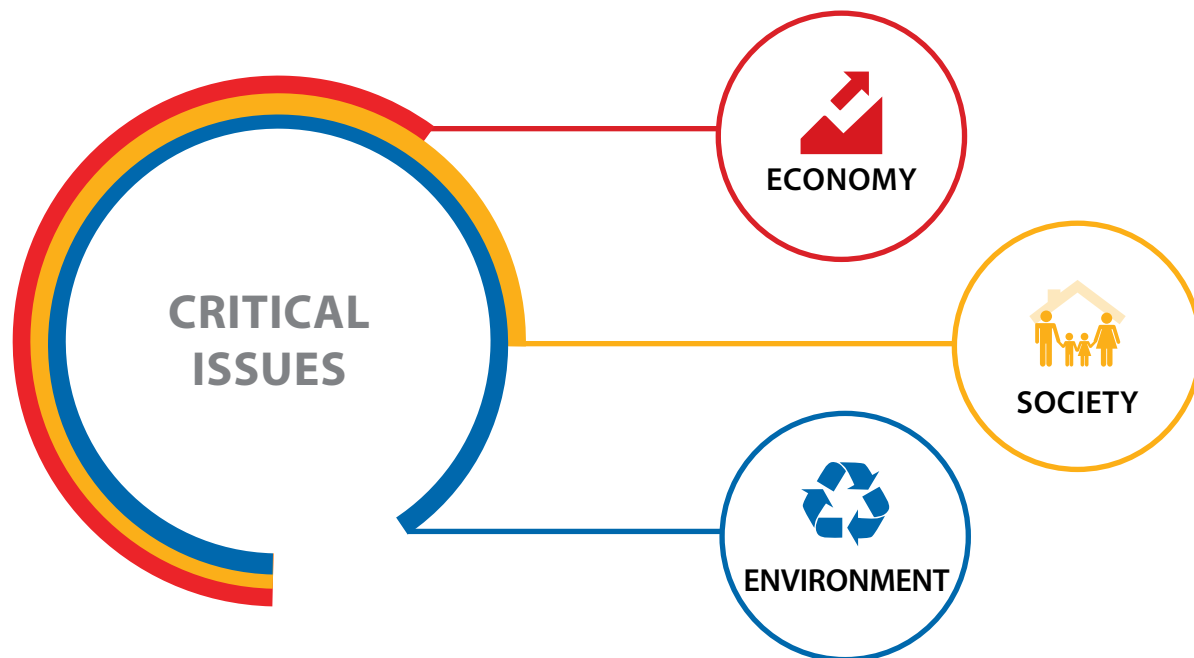
## IDENTIFY RELATED ISSUES




Phat Dat identifies the related sectors based on:



## IDENTIFY CRITICAL ISSUES

Phat Dat gives a critical assessment of the relevant issues to identify the following critical issues:



Indicator	Critical issues	Crucial levels of all stakeholders	Crucial levels of Phat Dat
 <b>Economy</b>	Economic performance	9	9
	Corporate governance towards sustainability	9	9
	Market development	7	7
	Diversify and improve products/services quality	9	9
	Local economic development	7	7
 <b>Society</b>	Job	8	8
	Occupational health and safety	9	9
	Training and developing	7	9
	Diversity and equality	7	7
	Relationship between managers and employees	8	9
	No child labor and forced labor	9	9
	Anti-corruption	8	8
	Anti-unfair competition	8	8
	Responsibility to local communities	8	8
	Responsibility for the products	9	9
 <b>Environment</b>	Respect the interests of stakeholders	8	8
	Working environment	8	8
	Efficient use of water and energy	8	8
	Mitigation measures affect the environment	7	7
	Use environmentally friendly materials	7	7



## ECONOMIC ISSUES

### ECONOMIC PERFORMANCE

Indicators of economic performance of Phat Dat in 2017 are shown in the table below:

No.	Indicators	Revenue
<b>I.</b>	<b>Direct economic value created</b>	<b>1,524,459,000,000</b>
1	Sales revenue from projects	1,322,265,000,000
2	Millennium Project Management consultancy revenue	12,000,000,000
3	Revenue from investment cooperation of 239 CMT8 project	180,000,000,000
4	Revenue from financial activities and other services	10,194,000,000
<b>II.</b>	<b>Economic distribution value</b>	<b>1,084,580,000,000</b>
1	Operation costs	925,013,000,000
2	Expenses for employee salaries and wages	43,894,000,000
3	Payments to the capital provider	639,000,000
4	Contributions to the State budget	110,988,000,000
5	Investment costs for the community	4,046,000,000
<b>III.</b>	<b>Economic value not distributed</b>	<b>439,879,000,000</b>

The direct economic value generated by revenue in 2017 is VND 1,524.46 billion, of which the sales of The EverRich Infinity valued to VND 1,457 billion.

The remaining value of 2016 is VND 54.147 billion, generating the total for Phat Dat at VND 492.578 billion, including undistributed economic value in 2017.

### PRESENCE IN THE MARKET

#### The ratio of starting salaries by gender compared to the regional minimum wage

The average starting salary of male employees in 2017 is VND 18,500,000, or 462% higher than the minimum salary of the region (VND 4,012,000).

The average starting salary for female employees in 2017 is VND 13,000,000, which is 325% higher than the regional minimum wage (VND 4,012,000).

### ANTI-CORRUPTION

#### 1

#### Identify risks associated with corruption

Through the assessment, Phat Dat identified the key risks associated with corruption in the following activities:

- » Land clearance and compensation for land and houses.
- » Bidding to select service providers and construction contractors.
- » Managing contractors in providing services and construction.
- » Distribution of the Company's products to customers.

From this assessment, Phat Dat can identify the risk of corruption occurring within the Company and related to the Company, thus improving its policies and procedures to prevent corruption.

#### 2

#### Communication and training on anti-corruption policies and procedures

At regular monthly meetings, Phat Dat reminds workers about bribery and corruption. In Phat Dat, 100% of employees were informed about the Company's regulations regarding bribery and corruption. This communication helps build awareness and capacity for staff in anti-corruption.

*Phat Dat has provisions related to bribery and the penalties are clearly stated in the contracts with business partners.*

*Thanks to the above activities, no corruption cases are detected in 2017.*

## ECONOMIC ISSUES (continued)



### ANTI-COMPETITIVE BEHAVIOR

Phat Dat commits to compete fairly based on product quality and price, without defamation or bad news about competitors or competitors' products.

Phat Dat carefully monitors its competitors' marketing & communications to immediately detect unfair competitive behavior from competitors (if any).

### RESPONSIBILITY FOR THE PRODUCTS

To ensure the absolute benefit of customers, Phat Dat pay attention to quality inspection from starting to delivering the project. Product quality checking of Phat Dat is summarized through 04 steps as follows:

- 1 Check input quality**
  - » Check construction drawings.
  - » Check and control all materials used.
  - » Deploy product model.
- 2 Quality control during construction**
  - » Approve the construction method.
  - » Supervise quality during construction.
  - » Check, test and accept each construction work.
  - » Control quality through author supervision and quality control of agencies such as Fire Prevention and Fighting Agency, Construction Inspectorate, Testing Unit. . .
- 3 Check the finished product quality**
  - » Check and test intermittent with/without load for all systems.
  - » Invite the State management agencies to inspect, take over and give license for use.
  - » Invite customers to check the real products compared with product sample (if any).
- 4 Hand over the products**
  - » Set up a commission for inspection and acceptance of product quality, including the investor, the Management Board, the consultant and the contractor to check the product quality before handing it over to the customers.
  - » Invite customers to receive the products directly at the field. Note the customers' opinion on the shortcomings and fix (if any).



## ENVIRONMENTAL ISSUES



### GREEN SOLUTION FOR ENVIRONMENT

PHAT DAT MANAGES THE BUILDINGS' OPERATION TO ENSURE LIFE QUALITY, THUS PROTECTING THE GREEN AND CLEAN ENVIRONMENT. THE BUILDING MANAGEMENT BOARD WAS FORMED EARLY TO MANAGE THE ACTIVITIES SUCH AS SECURITY, MAINTENANCE, TECHNIQUE, OPERATION AND MANAGEMENT. THE BOARD ALSO MONITORS THE CRITICAL ISSUES SUCH AS: REGULARLY RUNNING THE WASTEWATER TREATMENT PLANT; MANAGING THE COLLECTION AND CONTRACTS WITH WASTE COLLECTION UNITS; MANAGING THE AMBIENT AIR ENVIRONMENT, AND APPLIES CHANGES IN CONSTRUCTION TECHNOLOGY AND MATERIALS, THUS CREATING THE PERFECT LIVING SPACE FOR THE PEOPLE AND COMMUNITY, SO AS TO BUILD A GREEN, SAFE AND SUSTAINABLE ENVIRONMENT FOR FUTURE GENERATIONS.



## ENVIRONMENTAL ISSUES (continued)



PHAT DAT FOCUSES ON MODERN TECHNOLOGICAL APPLICATION IN THE CONSTRUCTION OF HIGH-CLASS APARTMENT BUILDINGS UNDER THE BRAND “THE EVERRICH”. IT ALSO APPLIES ENERGY-SAVING AND ENVIRONMENTALLY-FRIENDLY BUILDING MATERIALS TO ENSURE THE HEALTH OF THE USERS, TO INCREASE THE LIFE OF THE WORKS AND TO CONTRIBUTE TO THE IMPROVEMENT OF ENVIRONMENTAL SUSTAINABILITY.



### ENVIRONMENT IMPACTS DURING THE PROJECT OPERATION

#### Indicators and needs of water

- The planning area is located in Ho Chi Minh City.
- Coefficient of unregulated water consumption  $K_{day} = 1.2$ .
- Demand for water for the project will be calculated in accordance with Vietnam Construction Standards QCXDVN 01: 2008/BXD, as follows:
  - » Water supply for public areas & services: 10% of domestic water supply.
  - » Water for washing & parking floor: 0.5 liters/m<sup>2</sup>/day.
  - » Water for plants & flower gardens: 3 liters/m<sup>2</sup>/day.
  - » Water for swimming: 10% of pool volume.
  - » Water for backup & leakage: 10% of total water.
- » The demand for water supply for residents: 200 liters/person/day.

- In reality, given the current status of population, customs and habits of Vietnam and the status quo in the apartments under operation, there are 4 people in 2-bedroom apartment, and 2 people in 1-bedroom apartment. Hence, the forecast of water supply in operation will be as follows:

Data sheet: Estimated maximum water volume of 1 project

No.	PURPOSE OF USING WATER	STANDARD	UNIT	SCALE	VOLUME (M <sup>3</sup> /DAY)
1	Water supply for apartment: 653 apartments x 4 people/apartment	200	liters/person/day	2,612 people	522.4
2	Water supply for office: 404 offices x 2 people/office	200	liters/person/day	1,616 people	323.2
3	Water supply for commercial & services	-	-	10% of domestic water supply	84.6
4	Water for plants	3	liters/m <sup>2</sup> /day	2,000	6.0
5	Water for washing road	0.5	liters/m <sup>2</sup> /day	1,651.3	0.83
6	Water for swimming pool	(The amount of water added to the swimming pool is equal to 10% of the pool volume)			48.7
7	Water for backup	10% of total water use			98.6
<b>Total</b>					<b>1,084.3</b>





## ENVIRONMENTAL ISSUES (continued)

Phat Dat determines that when the project is put into operation, it will cause some impacts on the environment. The sources related to waste and not related to waste are summarized as follows:

### THE ENVIRONMENTAL IMPACT WHEN THE PROJECT IS PUT INTO OPERATION

OPERATION	SOURCE OF INFLUENCE	INFLUENCED OBJECTS	SCOPE OF INFLUENCE			RECOVERY
			SPACE	TIME		
Activities of residents in the building and operation of commercial and service areas	Cooking of each family	Air quality from burning liquid petroleum (LPG) for cooking.	Within the apartment	During the life of the project	High	
	Domestic wastewater	Sanitation and drainage of the area	In the project and the surrounding area	During the life of the project	Medium	
	Solid waste	Quality of air environment Scene in the area Earth environment	Garbage focus area	During the life of the project	Medium	
	Vehicles (motorbikes, cars)	Quality of air environment. Transportation of the area	Basement area, area around the project	During the life of the project	High	
	Air-conditioning system	Heat pollution	In the project area	During the life of the project	High	
Operation of backup generator	Generator	Quality of air environment Noise and vibration	Basement area, area around the project	During the life of the project, interrupted and discontinuous	High	
Operation of sewage systems and wastewater treatment plants	Drainage and waste water treatment system	Quality of air environment Drainage area	In the project area	During the life of the project	Medium	
Incident	Explosion	Assets in the project The human's life	In the project and the surrounding area	During the life of the project	Medium	
	Incinerator of wastewater treatment plant	Drainage area Quality of wastewater after treatment Flooding and sanitation	In the project and the surrounding area	During the life of the project	Medium	

### ENVIRONMENTAL IMPACTS RELATED TO WASTES DURING THE OPERATION OF THE BUILDING

- Impacts caused by emissions from cooking of apartments

POLLUTANT	LOAD OF POLLUTION (kg/month)		LOAD OF POLLUTION (kg/day)	
	LPG butane	LPG propane	LPG butane	LPG propane
NO <sub>x</sub>	31.41	33.50	1.05	1.12
CO	4.36	4.34	0.15	0.14
CO <sub>2</sub>	30,708.48	29,559.00	1,023.62	985.30
TOC	1.22	1.18	0.04	0.04

#### Load of pollutants from the households' cooking

- » **Notes:** Pollution load (kg/month) = Pollution factor (kg/1000l) x amount of gas used (liter/month).
- » **Comment:** CO<sub>2</sub> is the pollutant created with the largest load when LPG is burned. Load from remaining pollutant such as NO<sub>x</sub>, CO and TOC is low. The amount of pollutants generated by LPG burning is much lower than that of conventional fuels in cooking such as firewood, coal and oil. Therefore, LPG is considered a clean fuel in cooking.
- Impact from waste water
- » Domestic waste water
- » Rainwater flows
- Impact from solid waste
- » Domestic solid waste
- » Hazardous waste
- Impact from heat pollution from the air conditioning system
- Impacts arising from the activities of internal traffic in the building area, such as pollution of motorbike, car, etc...

POLLUTANT	DAILY AVERAGE POLLUTANT LOAD (G/DAY)	AVERAGE CONCENTRATION (MG/M <sup>3</sup> )	ENVIRONMENTAL BACKGROUND CONCENTRATION (MG/M <sup>3</sup> )	CALCULATED CONCENTRATION (MG/M <sup>3</sup> )	QCVN (MG/M <sup>3</sup> )
NO <sub>x</sub>	9.92	0.56	81.0	81.56	200 (*)
CO	198.35	11.28	5,000.0	5,011.28	30,000 (*)
THC	19.53	1.11	-	1.11	1,500 (**)
NH <sub>3</sub>	2.79	0.16	-	0.16	200 (**)

#### Concentration of pollutants in exhaust gases arising from the operation of vehicles in the project area.

- » **Notes:**
- (\*) QCVN 05:2013/BTNMT: National technical regulation on ambient air quality.

(\*\*) QCVN 06:2009/BTNMT: National technical regulation on some hazardous substances in ambient air.

The concentrations of pollutants caused by vehicles entering and leaving the project area are within the permitted

standard of QCVN 05:2013/BTNMT and QCVN 06:2009/BTNMT for air quality. The impact of emissions from vehicles is negligible due to wind to dilute the traffic emission.

The emissions of these vehicles only arise at the time the vehicles move into and out of the project area. Vehicles do not operate while parking in the designated area; leading to no emission effecting the surrounding environment.

## ENVIRONMENTAL ISSUES (continued)



### GREEN TECHNOLOGY SOLUTION FOR THE PROJECT

Phat Dat technical departments has encouraged the design consulting units to propose green technology solutions and new construction materials. As a result:

- Phat Dat's works are designed to apply the heat insulation calculation method of wall covering and glass to meet national standards for energy saving construction QCVN09/2013-BXD.
- The design of E low-emission glass door solution reduces the heat transfer from outside to minimize the amount of ultraviolet and infrared light passing through, but does not reduce the amount of light transmitted, thereby saving electricity and the cost of using air conditioners for residents.
- Design hot water system with solar energy, bringing economic efficiency and contribute to environmental protection.
- Design and implementation of Westin Cam Ranh, The EverRich Infinity, Millennium projects are complying with the EDGE Green Architecture Standards of IFC - World Bank. All criteria under the responsibility of the Company have been fulfilled. Currently the design department is building guidances for customers to install energy & water saving appliances.
- The wastewater treatment system is planned to be installed in the deep basement with wide and clear space. Therefore, the risk of spreading smells is not high, does not affect the environment and the population around the project.

### NEW MATERIAL SOLUTIONS TO PROTECT ENVIRONMENT

In construction, Phat Dat has strategically partnered with reputable construction contractors, such as Cotecons. Phat Dat's technical department has been constantly researching construction materials and technologies, thus applying change selectively and effectively according to the word trend with the desire to create sustainable and safe quality works for residents to protect green environment. Specifically:

- Gradually replacing traditional bricks which increase air pollutant emissions by light bricks, unbaked bricks to ensure the structural strength and environmental protection.
- Using artificial flooring made of recycled wood, sawdust to replace natural wood. Artificial wood has good features, less warp, water resistance, abrasion resistance, aesthetic and cost-effective. Some types of bamboo flooring with durability, light weight and rapid regeneration, environmentally friendly are also installed in a number of projects.
- Putting LED lamps to reply fluorescent and compact lamps to ensure the true and natural lighting for users. Despite the higher initial investment in LED system, its use saves considerable electricity, costs, and reduce environmental impact.
- Use energy-saving lifts.

### ENVIRONMENTAL COMPLIANCE

With a sense of environmental protection and sustainability, in 2017 Phat Dat has implemented measures to contribute to environmental protection as mentioned above. The Company strictly adheres to the environmental law and does not violate any regulations on environmental protection.





## SOCIAL ISSUES



Phat Dat determines human resource as one of the key factors for sustainable development. Therefore, the Company has set up and implemented an innovative HR strategy; train and develop quality human resources to create an attractive and friendly working environment between management and workers. The Code of Conduct "Phat Dat-ers" has been developed based on civilized behaviors in compliance with the Company's regulations and the law.

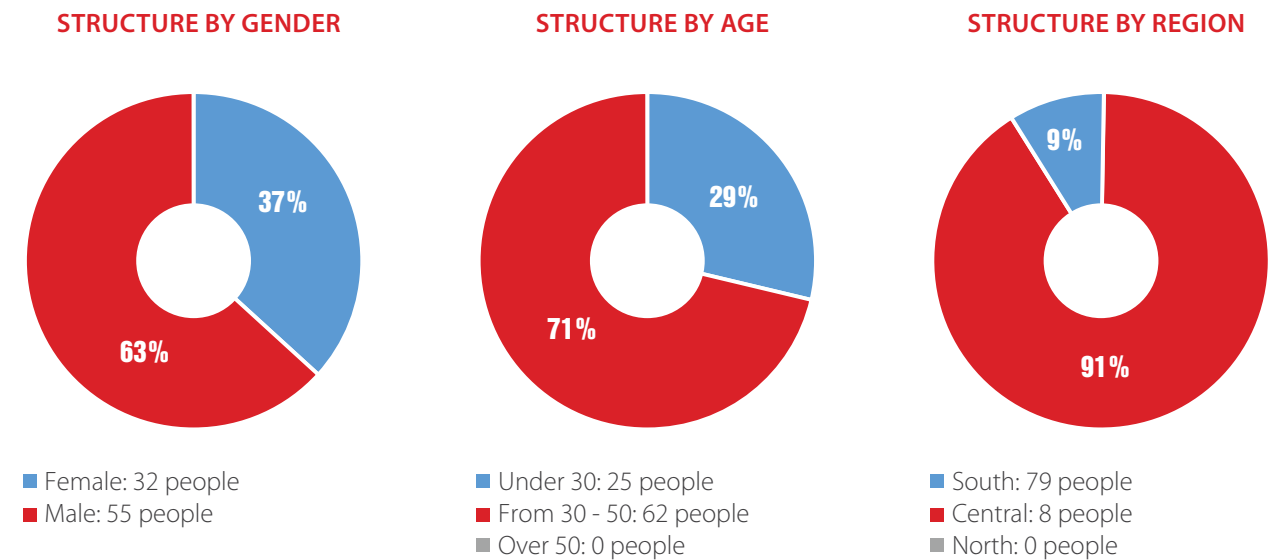
Defining that "Individual builds collective and collective builds the Company", Phat Dat appreciates each individual regardless of their location, age, gender, religion, etc. All people have equal rights and are clearly assigned responsibilities to entitle benefits from the performance results. All are trained to develop careers along with the sustainable development of Phat Dat.

### JOB

#### THE NUMBER OF NEW EMPLOYEES AND JOB RETRENCHMENT

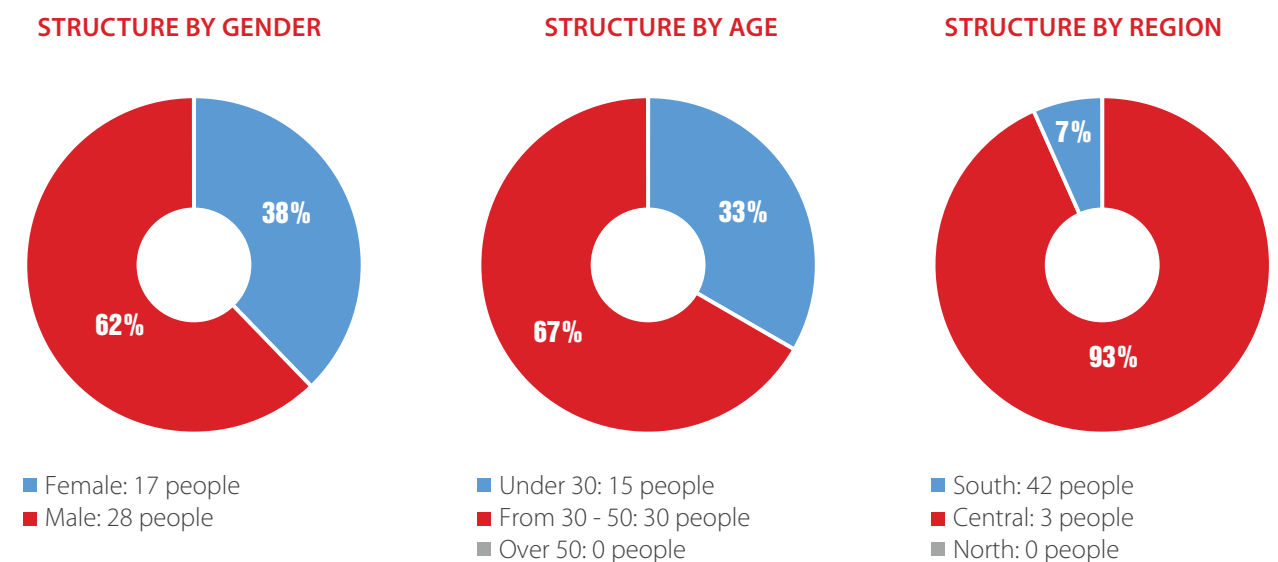
Total number and percentage of new hires in 2017, by age (under 30, 30-50 and over 50), by gender and region (North, Central and South); Total number and percentage of retrenchment in 2017, by age, by gender and by region.

#### NEW RECRUITMENT: 87 PEOPLE, OF WHICH



Total number and percentage of new employees in 2017

#### RESIGNATION: 45 INCLUDING 16 NEW RECRUITS IN 2017



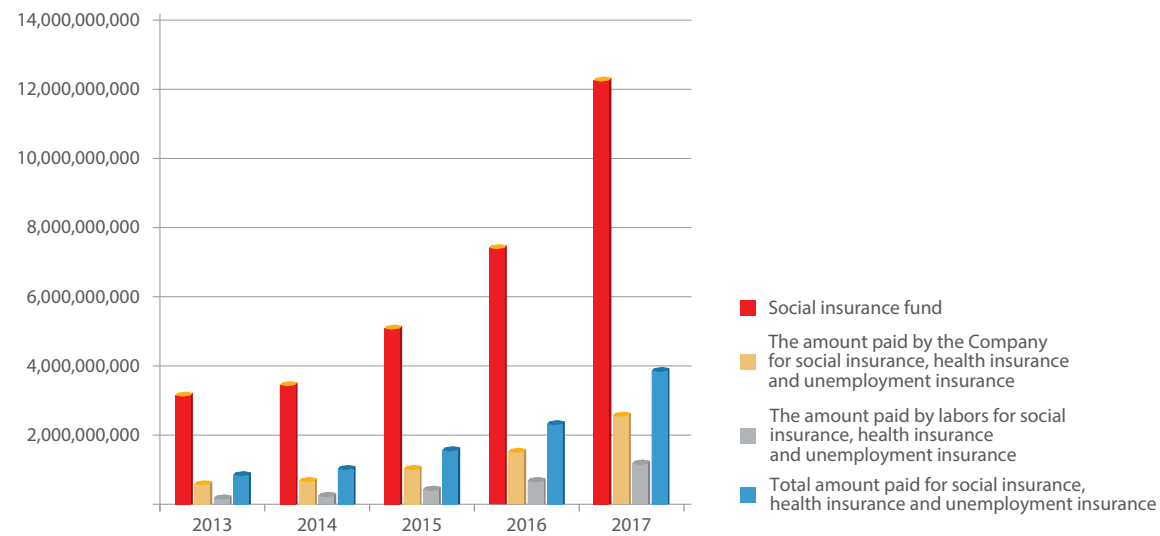
Total number and percentage of employees resigned in 2017

Ratio of resignation on new hires rate is  $16/87 = 18\%$ . Job retrenchment rate:  $45/165 = 27\%$

## SOCIAL ISSUES (continued)

### WELFARE FOR FULL TIME EMPLOYEES

Phat Dat has policy of compensation, insurance, health care, maternity leave, stock ownership and other benefits. The Company has provided health insurance for managers and combined accident insurance for all employees, as shown in the chart below:



Welfare for full-time employees

### MATERNITY LEAVE

CONTENT	NUMBER OF EMPLOYEES (people)	RATIO (%)
Total number of employees entitled to maternity leave	5	
Total number of employees who took maternity leave	5	
Total number of employees returning to work after termination of maternity leave	1	Unable to calculate the ratio as the employees are under
Total number of employees retained 12 months after returning to work		maternity leave in 2017

- Return Rate: 100%
- Retained Rate: 100%

### OCCUPATIONAL HEALTH AND SAFETY

**PHAT DAT UNDERSTANDS, APPRECIATES AND REGULATES THE WELL-PAID BENEFITS FOR EACH INDIVIDUAL WHO CONTRIBUTE TO THE DEVELOPMENT OF THE COMPANY. IT ALSO ENSURES LABOR SAFETY RIGHTS AND CONDITIONS, OCCUPATIONAL SAFETY AND HEALTH FOR THE EMPLOYEES.**

#### APPLY LABOR SAFETY

The Company regularly propagates food hygiene and labor safety to minimize the risk of serious illness and create a safe working environment. Therefore, in 2017, occupational disease was not reported to workers in Phat Dat.

It also focused on education and training. Competent employees train newcomers to ensure the inheritance and promotion of the Company's strengths.

#### DIVERSITY AND EQUAL OPPORTUNITY

The Company encourages and creates equal opportunities for employees to train and develop their career advancement. In reality, many young talents have been trained and promoted to managers.

#### THE DIVERSITY OF MANAGERS AND STAFF

Percentage of individuals in the management level of the Company by gender and age: See Reports in "Organization and Human resources" Section on page 39.

#### NO DISCRIMINATION

Phat Dat commit does not discriminate on race, color, gender, religion, political opinion, national origin or social background.

In 2017, there was no discrimination in Phat Dat.

#### CHILD LABOR AND FORCED LABOR

The Company does not employ child labor and forced labor.

#### LOCAL COMMUNITY

In 2017, Phat Dat contributed VND 3,857,390,000 to support the social welfare, study encouragement funds, pro-poor funds and other charitable activities.



## COMPLIANCE WITH ECONOMIC AND SOCIAL LAW



<p>② 2 cases</p>	<p><b>Criteria</b> Total monetary value of the considerable penalties</p>
<p>⊗ None</p>	<p><b>Criteria</b> Total non-monetary penalties</p>
<p>⊗ None</p>	<p><b>Criteria</b> The cases are made through dispute resolutions</p>

### IN 2017, PHAT DAT COMPANY WAS FINED TWO CASES

First Case - Tax Inspection: In 2017, the inspection team of the Tax Department of Ho Chi Minh City has checked the financial statement of 2016 in the Company. After the inspection, some expenses were excluded such as pre-deducted expenses, some invoices of the partners have escaped and some bills of more VND 20 million which were paid in cash. The Company had to pay an additional tax amount of VND 382,044,972.

Second Case - Construction Inspectorate: In 2017, the Inspectorate of the Ministry of Construction inspected the implementation of the planning, quality management, compliance of housing and real estate business of the Company. As a result, the Company was administratively fined of VND 347,500,000.

### OTHERS

In 2017, the Company did not incur any incidents related to corruption or conflict of interest. The Company absolutely does not use forced labor, child labor and always abides by the laws on salary, social insurance, health insurance and other employee-based compensation.



# TRANSCENDING

PHAT DAT ACHIEVED OUTSTANDING RESULTS IN 2017 GIVEN ITS REPUTABLE PROJECTS IN SOUTHERN REGION. THE SPECIFIC INVESTMENT PLAN AND CLEAN LAND FUND ARE DEEMED THE ADVANTAGES FOR PHAT DAT GROWTH IN THE NEXT YEARS, TO BRING ITS BRAND POSITION TO A NEW LEVEL.





## GENERAL INFORMATION

### THE COMPANY

Phat Dat Real Estate Development Corp ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002655 issued by the Department of Planning and Investment of Ho Chi Minh City on 13 September 2004, which was amended to BRC No. 0303493756 on 27 August 2009. The latest amended BRC of the Company is the 24<sup>th</sup> dated 7 June 2017.

The Company's shares were listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 1207/SGDHCM-NY issued by the Ho Chi Minh Stock Exchange on 9 July 2010.

The current principal activities of the Company are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management.

The Company's registered head office is located at No. 422 Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

<b>Mr. Nguyen Van Dat</b>	Chairman
<b>Ms. Tran Thi Huong</b>	Member
<b>Mr. Le Quang Phuc</b>	Member
<b>Mr. Doan Viet Dai Tu</b>	Member
<b>Mr. Nguyen Tan Danh</b>	Member
<b>Mr. Nguyen Thanh Tan</b>	Member

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

<b>Mr. Phan Ton Ngoc Tien</b>	Head
<b>Ms. Nguyen Ai Linh</b>	Member
<b>Ms. Vo Thi Minh Hang</b>	Member

### MANAGEMENT

Members of the Management during the year and at the date of this report are:

<b>Mr. Nguyen Van Dat</b>	General Director
<b>Mr. Pham Trong Hoa</b>	Deputy General Director
<b>Mr. Bui Quang Anh Vu</b>	Deputy General Director
<b>Mr. Nguyen Tan Danh</b>	Deputy General Director

resigned on 3 May 2017

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and as the date of this report is Mr Nguyen Van Dat.

### AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

## REPORT OF MANAGEMENT

Management of Phat Dat Real Estate Development Corp ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2017.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of the Group of each financial year which give a true and fair view of the consolidated financial position of the Group, and of the consolidated results of its operation and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- » select suitable accounting policies and then apply them consistently;
- » make judgements and estimates that are reasonable and prudent;
- » state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- » prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:

**Nguyen Van Dat**  
General Director

Ho Chi Minh City, Vietnam  
9 March 2018

Reference: 60822566/19356218-HN

**INDEPENDENT AUDITORS' REPORT****TO: THE SHAREHOLDERS OF PHAT DAT REAL ESTATE DEVELOPMENT CORP**

We have audited the accompanying consolidated financial statements of Phat Dat Real Estate Development Corp ("the Company") and its subsidiary ("the Group") as prepared on 9 March 2018 and set out on pages 142 to 175, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

**MANAGEMENT'S RESPONSIBILITY**

The Company's management is responsible for the preparation and fair presentation of the Group's consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Group's consolidated financial statements are free from material misstatement.

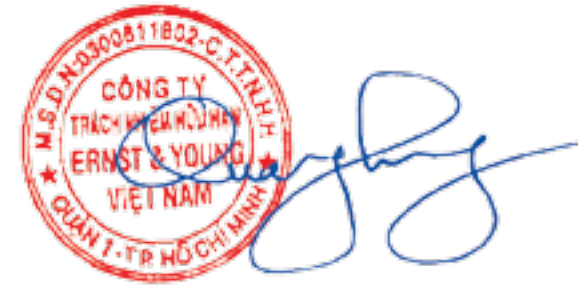
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Reference: 60822566/19356218-HN

**INDEPENDENT AUDITORS' REPORT (CONTINUED)****OPINION**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

**ERNST & YOUNG VIETNAM LIMITED**

**Hang Nhat Quang**  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1772-2018-004-1

Ho Chi Minh City, Vietnam  
9 March 2018

**Dinh Minh Tuan**  
Auditor  
Audit Practicing Registration Certificate  
No. 3203-2015-004-01



**CONSOLIDATED BALANCE SHEET**

as at 31 December 2017

B01 - DN/HN

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>7,860,010,625,298</b>	<b>8,100,624,916,393</b>
110	I. Cash	4	144,054,693,984	149,428,415,321
111	1. Cash		144,054,693,984	149,428,415,321
<b>130</b>	<b>II. Current accounts receivable</b>		<b>1,578,903,070,849</b>	<b>590,825,286,269</b>
131	1. Short-term trade receivables	5	236,287,708,511	412,465,279,126
132	2. Short-term advances to suppliers	6	690,230,052,651	170,687,145,859
136	3. Other short-term receivables	7	656,526,367,981	11,558,656,578
137	4. Provision for doubtful short-term receivables	5	(4,141,058,294)	(3,885,795,294)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>6,089,786,830,966</b>	<b>7,356,019,345,496</b>
141	1. Inventories		6,089,786,830,966	7,356,019,345,496
<b>150</b>	<b>IV. Other current assets</b>		<b>47,266,029,499</b>	<b>4,351,869,307</b>
151	1. Short-term prepaid expenses		2,355,117,576	2,563,360,239
152	2. Value-added tax deductible	18	35,849,517,006	40,000
153	3. Tax and other receivables from the State	18	9,061,394,917	1,788,469,068
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>2,088,844,517,292</b>	<b>901,725,127,368</b>
210	I. Long-term receivables		1,459,408,639,650	282,233,384,900
211	1. Long-term trade receivables	5	159,372,177,750	21,693,633,000
216	2. Other long-term receivables	7	1,300,036,461,900	260,539,751,900
<b>220</b>	<b>II. Fixed assets</b>		<b>8,058,761,804</b>	<b>6,620,584,999</b>
221	1. Tangible fixed assets	9	2,760,319,809	2,294,923,234
222	Cost		8,527,551,925	7,517,162,925
223	Accumulated depreciation		(5,767,232,116)	(5,222,239,691)
227	2. Intangible assets	10	5,298,441,995	4,325,661,765
228	Cost		7,028,037,476	5,778,037,476
229	Accumulated amortisation		(1,729,595,481)	(1,452,375,711)
<b>230</b>	<b>III. Investment properties</b>	<b>11</b>	<b>187,656,326,218</b>	<b>189,226,845,262</b>
231	1. Cost		189,664,270,272	189,664,270,272
232	2. Accumulated depreciation		(2,007,944,054)	(437,425,010)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>66,911,660,005</b>	<b>61,122,822,743</b>
242	1. Construction in progress	12	66,911,660,005	61,122,822,743
<b>250</b>	<b>V. Long-term investments</b>		<b>345,228,665,217</b>	<b>345,550,287,768</b>
252	1. Investments in associates	13	293,748,665,217	294,070,287,768
253	1. Investment in another entity	14	51,480,000,000	51,480,000,000
<b>260</b>	<b>VI. Other long-term assets</b>		<b>21,580,464,398</b>	<b>16,971,201,696</b>
261	1. Long-term prepaid expenses	15	21,067,019,225	15,740,681,776
262	1. Deferred tax assets	29.3	513,445,173	1,230,519,920
<b>270</b>	<b>TOTAL ASSETS</b>		<b>9,948,855,142,590</b>	<b>9,002,350,043,761</b>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**

as at 31 December 2017

B01 - DN/HN

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>7,121,973,655,093</b>	<b>6,598,553,026,310</b>
310	I. Current liabilities		1,080,841,341,631	1,678,061,815,990
311	1. Short-term trade payables	16	100,187,824,622	97,009,228,555
312	2. Short-term advances from customers	17	701,189,815,134	616,586,623,102
313	3. Statutory obligations	18	44,356,017,704	52,316,569,712
314	4. Payables to employees		3,703,172,029	2,310,167,000
315	5. Short-term accrued expenses	19	100,108,893,586	445,223,814,189
319	6. Other short-term payables	20	71,095,134,376	21,574,500,158
320	7. Short-term loans	21	47,196,419,134	434,359,131,796
322	8. Bonus and welfare fund		13,004,065,046	8,681,781,478
<b>330</b>	<b>II. Non-current liabilities</b>		<b>6,041,132,313,462</b>	<b>4,920,491,210,320</b>
333	1. Long-term accrued expenses	19	-	1,834,689,406,876
337	2. Other long-term liabilities	20	6,041,132,313,462	278,513,801,294
338	3. Long-term loans	21	-	2,807,288,002,150
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>2,826,881,487,497</b>	<b>2,403,797,017,451</b>
410	I. Capital	22.1	2,826,881,487,497	2,403,797,017,451
411	1. Share capital		2,219,909,230,000	2,018,099,710,000
411a	- Shares with voting rights		2,219,909,230,000	2,018,099,710,000
412	2. Share premium		11,680,300,000	11,680,300,000
418	3. Investment and development fund		102,713,584,076	85,413,584,076
421	4. Undistributed earnings		492,578,373,421	288,603,423,375
421a	- Undistributed earnings up to prior year-end		54,146,503,375	46,959,953,094
421b	- Undistributed earnings of current year		438,431,870,046	241,643,470,281
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>9,948,855,142,590</b>	<b>9,002,350,043,761</b>

Vo Van Giap  
Preparer

Vu Quynh Hoa  
Chief Accountant

Nguyen Van Dat  
General Director

9 March 2018

**CONSOLIDATED INCOME STATEMENT**

for the year ended 31 December 2017

B02 - DN/HN

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	23	1,542,032,394,877	1,523,980,005,444
02	2. Deductions	23	(215,406,237,704)	(27,314,421,600)
10	3. Net revenue from sale of goods and rendering of services	23	1,326,626,157,173	1,496,665,583,844
11	4. Costs of goods sold and services rendered	24	(807,580,163,076)	(1,093,340,694,560)
20	5. Gross profit from sale of goods and rendering of services		519,045,994,097	403,324,889,284
21	6. Finance income	25	3,695,423,725	3,223,990,284
22	7. Finance expenses		(878,810,109)	(2,378,387,948)
23	<i>In which: interest expense</i>		(638,810,109)	(1,995,666,333)
24	8. Share of loss of an associate		(321,622,551)	(1,929,712,232)
25	9. Selling expenses	26	(101,154,109,064)	(55,473,117,992)
26	10. General and administrative expenses	26	(57,970,821,539)	(42,488,317,898)
30	11. Operating profit		362,416,054,559	304,279,343,498
31	12. Other income	28	194,137,535,123	646,192,514
32	13. Other expenses		(5,686,153,216)	(495,502,796)
40	14. Other profit		188,451,381,907	150,689,718
50	15. Accounting profit before tax		550,867,436,466	304,430,033,216
51	16. Current corporate income tax expense	29.1	(110,270,491,673)	(63,140,960,397)
52	17. Deferred tax (expense) income	29.3	(717,074,747)	1,230,519,920
60	18. Net profit after tax		439,879,870,046	242,519,592,739
61	19. Net profit after tax attributable to shareholders of the parent		439,879,870,046	242,519,592,739
70	20. Basic earnings per share	22.3	1,873	1,023
71	21. Diluted earnings per share	22.3	1,873	1,023



**Vo Van Giap**  
Preparer



**Vu Quynh Hoa**  
Chief Accountant




**Nguyen Van Dat**  
General Director

9 March 2018

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 December 2017

B03 - DN/HN

VND

Code	ITEMS	Notes	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	Accounting profit before tax		550,867,436,466	304,430,033,216
<i>Adjustments for:</i>				
02	Depreciation of fixed assets and investment properties	9, 10, 11	2,392,731,239	604,007,934
03	Provisions		255,263,000	2,721,553,965
05	Profits from investing activities	25	(3,679,904,844)	(168,687,362)
06	Interest expense		638,810,109	1,995,666,333
08	Operating profit before changes in working capital		550,474,335,970	309,582,574,086
09	(Increase) decrease in receivables		(1,335,377,357,404)	1,250,944,827,152
10	Increase in inventories		(222,203,288,906)	(1,644,851,379,116)
11	Increase (decrease) in payables		5,957,052,238,083	(61,385,359,002)
12	(Increase) decrease in prepaid expenses		(5,118,094,786)	4,001,860,543
14	Interest paid		(1,561,581,403,647)	(4,787,661,668)
15	Corporate income tax paid		(118,810,894,203)	(43,191,393,410)
17	Other cash outflows for operating activities		(10,077,716,432)	(4,177,904,459)
20	Net cash flows from (used in) operating activities		3,254,357,818,675	(193,864,435,874)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	Purchase and construction of fixed assets		(4,945,421,449)	(79,997,479,035)
27	Interest received		3,679,904,844	168,687,362
30	Net cash flows used in investing activities		(1,265,516,605)	(79,828,791,673)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
33	Drawdown of borrowings		-	613,720,352,150
34	Repayment of borrowings		(3,258,349,398,407)	(121,552,883,338)
36	Dividend paid		(116,625,000)	(100,617,585,500)
40	Net cash flows (used in) from financing activities		(3,258,466,023,407)	391,549,883,312



**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

for the year ended 31 December 2017

B03 - DN/HN

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash		(5,373,721,337)	117,856,655,765
60	Cash at beginning of year		149,428,415,321	31,571,759,556
70	Cash at end of year	4	144,054,693,984	149,428,415,321

**Vo Van Giap**

Preparer

9 March 2018

**Vu Quynh Hoa**

Chief Accountant

**Nguyen Van Dat**

General Director

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

as at and for the year ended 31 December 2017

B09 - DN/HN

**1. CORPORATE INFORMATION**

Phat Dat Real Estate Development Corp (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103002655 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 13 September 2004, which was amended to BRC No. 0303493756 on 27 August 2009. The latest amended BRC of the Company is the 24<sup>th</sup> dated 7 June 2017.

The Company’s shares were listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 1207/SGDHCM-NY issued by the Ho Chi Minh Stock Exchange on 9 July 2010.

The current principal activities of the Company are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management.

The Company’s registered head office is located at No. 422 Dao Tri, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam.

The number of the Group’s employees as at 31 December 2017 was 170 (31 December 2016: 133).

**Corporate structure**

As at the balance sheet date, the Group included the Company and a subsidiary, which is Phat Dat Investment Limited Company (“Phat Dat Investment”). The financial statements of Phat Dat Investment for the year ended 31 December 2017 were consolidated into the consolidated financial statements of the Company and its subsidiary (“the Group”).

Phat Dat Investment is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313241765 issued by the DPI of Ho Chi Minh City on 11 May 2015 and the subsequent amended BRC. The registered head office of Phat Dat Investment is located at No. 422 Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam. The principal activities of Phat Dat Investment are to trade in real estate properties, leased land use rights of owners, users or lessee.

As at the balance sheet date, the Company owned 100% shares of Phat Dat Investment.

**2. BASIS OF PREPARATION****2.1 Accounting standards and system**

The consolidated financial statements of the Group, expressed in Vietnam dong (“VND”), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- » Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- » Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- » Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- » Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- » Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**2. BASIS OF PREPARATION (CONTINUED)****2.1 Accounting standards and system (continued)**

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and the consolidated results of operations and the consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

**2.2 Applied accounting documentation system**

The Group's applied accounting documentation system is the General Ledger system.

**2.3 Fiscal year**

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

**2.4 Accounting currency**

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

**2.5 Basis of consolidation**

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2017.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The consolidated financial statements of the Company and its subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Impact of change in the ownership interest of subsidiary, without a loss of control, is recorded to the account of undistributed earnings.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****3.1 Cash**

Cash comprises cash on hand and cash in banks.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.2 Inventories**

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost includes:

- » Freehold and leasehold rights for land;
- » Amounts paid to contractors for construction; and
- » Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the balance sheet date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory property recognised in the consolidated income statement is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

**3.3 Receivables**

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administration expense in the consolidated income statement.

**3.4 Fixed assets**

Tangible fixed assets and intangible assets are stated at cost less accumulated depreciation/amortisation.

The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets while expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

**3.5 Depreciation and amortisation**

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Machinery and equipment	3 – 7 years
Motor vehicles	3 – 6 years
Computer software	3 years



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.6 Investment properties**

Investment properties comprise land use rights, buildings or part of a building or both and infrastructure held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services; administration purposes or sale in the ordinary course of business.

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortisation.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Depreciation of investment properties is calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	25 – 45 years
Land use rights	49 years

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

**3.7 Construction in progress**

Construction in progress represents fixed assets under construction and is stated at historical cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operation.

**3.8 Borrowing costs**

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds, and are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

**3.9 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.10 Investments***Investments in associates*

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting year and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

**3.11 Payables and accruals**

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

**3.12 Earnings per share**

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary shareholders (after the allocation to bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year, where applicable.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**3.13 Appropriation of net profits**

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors ("BOD") and subject to approval by shareholders at the annual general meeting.

*Investment and development fund*

This fund is set aside for use in the Group's expansion of its operation or in-depth investments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.13 Appropriation of net profits (continued)***Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits and presented as a liability on the consolidated balance sheet.

*Dividends*

Final dividends proposed by the Company's BOD are classified as a allocation of undistributed earnings within the equity section on the balance sheet, until they have been approved by the Company's shareholders at the Annual General Meeting. At that time, they are recognized as a liability in the consolidated balance sheet.

**3.14 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of apartments*

For apartments sold after completion of construction, the revenue and associated costs are recognised when the significant risks and rewards of ownership of the apartments have passed to the buyers, usually upon the handing over of the apartments, or upon the expiring of the Notice of Handover, which is usually 7 days from the due date that was informed on the hand-over notice.

*Sale of residential plots and related infrastructure*

Revenue from the sale of residential plots and related infrastructures are recorded at the total consideration received when residential plots and related infrastructures are transferred to the customers.

*Rental income*

Rental income receivable under operating leases is recognized on a straight-line basis over the term of the lease, except for contingent rental income which is recognized when it arises.

*Rendering of services*

Revenues are recognised upon the services had been provided and completed.

*Interest income*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

**3.15 Taxation***Current income tax*

Current income tax assets and liabilities for the current and previous years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.15 Taxation (continued)***Current income tax (continued)*

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

*Deferred tax*

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

**3.16 Related parties**

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.17 Segment information**

A segment is considered as an independent department of the Group which involve in the process of providing products or rendering services (business segment), or providing products or rendering services in a specific economic environment (geographical segment). These departments are responsible for risk and gain benefit separately from other department.

The Group's principal activities are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is constructing or the locations where the Group is operating. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

**4. CASH**

VND

	Ending balance	Beginning balance
Cash on hand	87,679,956	74,343,136
Cash in banks	143,967,014,028	149,354,072,185
<b>TOTAL</b>	<b>144,054,693,984</b>	<b>149,428,415,321</b>

**5. TRADE RECEIVABLES**

VND

	Ending balance	Beginning balance
<b>Short-term</b>	<b>236,287,708,511</b>	<b>412,465,279,126</b>
T.A.M Service Trading Investment Joint Stock Company ("T.A.M")	60,000,000,000	185,000,000,000
Toan Tam Management Service Corporation	48,744,884,500	66,160,800,000
Xuan Thanh Real Estate Company Limited	37,899,663,000	-
Vinh Hoi Investment and Development Joint Stock Company	26,400,000,000	13,200,000,000
Others	63,243,161,011	148,104,479,126
<b>Long-term</b>	<b>159,372,177,750</b>	<b>21,693,633,000</b>
T.A.M	117,000,000,000	-
Toan Tam Management Service Corporation	42,372,177,750	-
Minh Hoang Real Estate Business Joint Stock Company ("Minh Hoang")	-	12,243,333,000
Mr Nguyen Huu Loc	-	9,450,300,000
<b>TOTAL</b>	<b>395,659,886,261</b>	<b>434,158,912,126</b>
Provision for doubtful short-term receivables	(4,141,058,294)	(3,885,795,294)
<b>NET</b>	<b>391,518,827,967</b>	<b>430,273,116,832</b>
<i>In which:</i>		
Due from other customers	213,466,746,390	414,217,842,255
Due from related parties (Note 30)	178,052,081,577	16,055,274,577

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**5. TRADE RECEIVABLES (CONTINUED)**

Movements of provision for doubtful short-term receivables are as follows:

VND

	Current year	Previous year
At beginning of year	3,885,795,294	1,164,241,329
Add: Provision made during the year	255,493,000	2,721,553,965
Less: Reversal of provision during the year	(230,000)	-
At end of year	4,141,058,294	3,885,795,294

**6. SHORT-TERM ADVANCES TO SUPPLIERS**

VND

	Ending balance	Beginning balance
Tan Hoang Real Estate Corporation (*)	223,000,000,000	-
Tam Binh Real Estate Corporation (*)	200,000,000,000	-
Land Clearance and Compensation Corporation	174,340,420,229	158,031,883,438
Toan Thuan Phat Construction - Trading - Service Co., Ltd,	68,237,428,763	-
Others	24,652,203,659	12,655,262,421
<b>TOTAL</b>	<b>690,230,052,651</b>	<b>170,687,145,859</b>

(\*) These are advances relating to the investment and cooperation in the construction of the ICD Port of Transshipment located at Long Binh Ward, District 9, Ho Chi Minh City, Vietnam.

**7. OTHER RECEIVABLES**

VND

	Ending balance	Beginning balance
<b>Short-term</b>	<b>656,526,367,981</b>	<b>11,558,656,578</b>
Phu Hung Real Estate Investment Company Limited ("Phu Hung") (i)	517,908,385,303	-
T.A.M	90,000,000,000	-
Others	48,617,982,678	11,558,656,578
<b>Long-term</b>	<b>1,300,036,461,900</b>	<b>260,539,751,900</b>
Minh Hoang (ii)	500,000,000,000	-
Phu Quoc Doan Anh Duong Corporation ("Doan Anh Duong") (iii)	476,000,000,000	-
Truong Phat Loc Shipping Joint Stock Company ("Truong Phat Loc") (iv)	126,400,000,000	125,000,000,000
T.A.M (v)	100,939,751,900	100,939,751,900
Phat Dat Quang Ngai Hotel and Resort Corporation	18,000,000,000	34,600,000,000
Others	78,696,710,000	-
<b>TOTAL</b>	<b>1,956,562,829,881</b>	<b>272,098,408,478</b>
<i>In which</i>		
Due from other customers	1,121,314,692,678	147,012,009,168
Due from related parties (Note 30)	835,248,137,203	125,086,399,310

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**7. OTHER RECEIVABLES (CONTINUED)**

- (i) This is the advance payment of the Group for Phu Hung to settle the selling contract of apartments of the formerly River City project relating to the Business Cooperation Contract ("BCC") dated 26 April 2016 between the Group and Phu Hung and Agreement to terminate the BCC dated 10 April 2017 (Note 8).
- (ii) On 8 December 2017, the Group entered into BCC No. 01/2017/HĐHTKD/MH-PĐ totalling VND 628,822,606,040 with Minh Hoang regarding the development of commercial floors and officetel of Millennium project located at No. 132, Ben Van Don Street, Ward 6, District 4, Ho Chi Minh City, Vietnam ("Millennium Project"). According to the BCC, the Group contributed the amount of VND 500,000,000,000 and will receive the actual profit after tax arising from the project in accordance with the proportion of financial contributions of the parties.
- (iii) On 18 December 2017, the Group entered into Investment Cooperation Contract ("ICC") No. 01/2017/HĐHTĐT/DAD-PĐ totalling VND 1,727,000,000,000 with Doan Anh Duong in relation to the construction, exploitation and development of Vung Bau Ecotourism Project located at Cua Can Commune, Phu Quoc District, Kien Giang Province, Vietnam. In accordance with the ICC:
- The actual profit after tax arising from the project will be divided according to the proportion of financial contributions of the parties.
  - Doan Anh Duong makes a commitment to pay the Group a portion of its annual profit of 20% on the Group's share in the project.

As at the balance sheet date, the outstanding balance of this ICC was VND 476,000,000,000.

- (iv) On 8 December 2015, the Group signed a 3-year ICC totalling VND 883,000,000,000 with Truong Phat Loc related to Millennium project. According to ICC, the Group has fully contributed capital amounting to VND 125,000,000,000 and will receive the actual profit but not less than the initial investment from this project.
- (v) On 2 June 2016, the Group entered into a 3-year ICC and appendix with T.A.M in relation to the development of a project located at No. 239, Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam. According to the ICC, the Group contributed the amount of VND 100,939,751,900 and will receive the actual interest arising from the project. On 25 December 2017, the two parties decided to liquidate the contract before the maturity date. Accordingly, the Group will transfer all rights to develop this project to T.A.M and then the Group will recover the initial capital contribution and agreed interest amounting to VND 180,000,000,000.

**8. INVENTORIES**

VND

	Ending balance	Beginning balance
Real estate properties (*)	6,089,306,979,559	7,355,602,811,224
Merchandise goods	479,851,407	416,534,272
<b>TOTAL</b>	<b>6,089,786,830,966</b>	<b>7,356,019,345,496</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**8. INVENTORIES (CONTINUED)**

- (\*) Real estate properties mainly include compensation and land clearance costs to acquire the land use rights, and construction costs and capitalised interest, incurred for the following on-going real estate projects:

	Ending balance	Beginning balance
The EverRich 2 Project (i)	4,290,528,718,898	4,699,218,783,894
The EverRich 3 Project (ii)	1,545,661,117,204	1,583,700,770,086
The EverRich Infinity (iii)	143,905,122,710	800,270,676,987
Nha Be Project (iv)	42,375,766,621	225,501,716,621
Others	66,836,254,126	46,910,863,636
<b>TOTAL</b>	<b>6,089,306,979,559</b>	<b>7,355,602,811,224</b>

The land use rights and assets attached to the land to be formed in future of The EverRich 2 and The EverRich 3 projects were pledged to Vietnam Technological and Commercial Joint Stock Bank as security collateral for the Group's certain investors to guarantee for their bank loans related to the implementation of the ICCs (Note 20).

The interest incurred during the year of VND 253,791,707,190 from loans and borrowings obtained for the purpose of financing the land compensation costs, land clearance costs, designing, construction, consultation and supervision of the Group's ongoing projects was capitalised (2016: VND 707,457,961,891).

Details of the Group's on-going real estate projects as at the consolidated balance sheet date are as follows:

*(i) The EverRich 2 Project (formerly River City Project)*

This project is located at No. 442, Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam. The ending balance mainly includes cost of land compensation, capitalised interest and construction costs. The foundation level of this project including four blocks A, B, C and D have been completed, while the foundation level of blocks L is under construction.

On 26 April 2016, the Group signed the BCCs with parties including CRE & AGI Consulting JSC ("CRE & AGI") and Phu Hung relating to the co-operation agreement for construction and business management of The EverRich 2 project. However, on 10 April 2017, the Group signed the Termination Agreements of these BCCs. Accordingly, the parties have agreed to terminate the BCCs and are in the process of discussion to exercise the rights and obligations of each party. As a result, financial obligations, if any, of the Group have not been recognized by the management as at the balance sheet date (Note 31.2 and 32).

On 24 November 2017 and 26 December 2017, the Board of Directors issued the Decisions No. 16/2017/QĐ-HĐQT and No. 17/2017/QĐ-HĐQT relating to the investment and transferring a part or whole of The EverRich 2 project. Accordingly, the Group entered into ICC with other party regarding the development of this project (Note 20). Currently, the Group is performing the investment in order to fulfil the Government's requirements for transferring the project. The Group will transfer this project when the legal conditions of the project are met.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**8. INVENTORIES (CONTINUED)***(ii) The EverRich 3 Project*

This project is located at Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam. The ending balance includes costs of land compensation, design, and infrastructure construction. On 24 November 2017 and 26 December 2017, the BOD of the Group issued the Decisions No. 16/2017/QĐ-HĐQT and No. 17/2017/QĐ-HĐQT relating to the investment and transferring whole of The EverRich 3 project (including the apartment block, excluding 15,000 m<sup>2</sup> of low-rise housing area). Accordingly, the Group entered into the ICC with other party regarding the development of this project (Note 20). Currently, the Group is performing the investment in order to fulfil the Government's requirements for transferring the project. The Group will transfer this project when the legal conditions of the project are met.

*(iii) The EverRich Infinity Project*

This project is located at No. 290, An Duong Vuong Street, Ward 4, District 5, Ho Chi Minh City, Vietnam. The ending balance mainly includes costs to acquire project, designation cost, construction cost and capitalised interest. As at the balance sheet date, this project had been completed and number of apartments that the customer bought had been handing over followed by the sale contracts.

*(iv) Nha Be Project*

This project is located at Phuoc Kien Commune, Nha Be District, Ho Chi Minh City, Vietnam. The ending balance mainly includes land compensation cost.

**9. TANGIBLE FIXED ASSETS**

VND

	<b>Machinery and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost:</b>			
Beginning balance	2,290,743,387	5,226,419,538	7,517,162,925
New purchase	1,010,389,000	-	1,010,389,000
Ending balance	3,301,132,387	5,226,419,538	8,527,551,925
<i>In which:</i>			
<i>Fully depreciated</i>	2,135,834,294	2,966,637,720	5,102,472,014
<b>Accumulated depreciation:</b>			
Beginning balance	(2,208,379,745)	(3,013,859,946)	(5,222,239,691)
Depreciation for the year	(79,702,721)	(465,289,704)	(544,992,425)
Ending balance	(2,288,082,466)	(3,479,149,650)	(5,767,232,116)
<b>Net carrying amount:</b>			
Beginning balance	82,363,642	2,212,559,592	2,294,923,234
Ending balance	1,013,049,921	1,747,269,888	2,760,319,809

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**10. INTANGIBLE ASSETS**

VND

	<b>Land use right (*)</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost:</b>			
Beginning balance	5,059,556,440	718,481,036	5,778,037,476
New purchase	-	1,250,000,000	1,250,000,000
Ending balance	5,059,556,440	1,968,481,036	7,028,037,476
<i>In which:</i>			
<i>Fully amortised</i>	-	718,481,036	718,481,036
<b>Accumulated amortisation:</b>			
Beginning balance	(733,894,675)	(718,481,036)	(1,452,375,711)
Amortisation for the year	(103,608,660)	(173,611,110)	(277,219,770)
Ending balance	(837,503,335)	(892,092,146)	(1,729,595,481)
<b>Net carrying amount:</b>			
Beginning balance	4,325,661,765	-	4,325,661,765
Ending balance	4,222,053,105	1,076,388,890	5,298,441,995

(\*) Definite life land use right ("LUR") of VND 5,059,556,440 located at Tran Phu Ward, Quang Ngai City, Quang Ngai Province, Vietnam. This LUR period will end in 2058.

**11. INVESTMENT PROPERTIES**

VND

	<b>Land use rights</b>	<b>Building and structures</b>	<b>Total</b>
<b>Cost:</b>			
Beginning and ending balances	120,446,972,991	69,217,297,281	189,664,270,272
<b>Accumulated amortisation:</b>			
Beginning balance	-	(437,425,010)	(437,425,010)
Amortisation for the year	-	(1,570,519,044)	(1,570,519,044)
Ending balance	-	(2,007,944,054)	(2,007,944,054)
<b>Net carrying amount:</b>			
Beginning balance	120,446,972,991	68,779,872,271	189,226,845,262
Ending balance	120,446,972,991	67,209,353,227	187,656,326,218

The Group's land use rights consist of the following:

- (i) indefinite life LUR of VND 113,140,000,000 located at No. 131, Nguyen Trai Street, Ward 2, District 5, Ho Chi Minh City, Vietnam; and
- (ii) indefinite life LUR of VND 7,306,972,991 representing the basement B1 and B2 of The EverRich 1 project is located at No. 968, 3 February Street, District 11, Ho Chi Minh City, Vietnam.

The fair values of the investment properties were not formally assessed and determined as at 31 December 2017. However, given the current occupancy rate of these properties and market price of surrounding land, it is management's assessment that these properties' market values are higher than their carrying value as at the balance sheet date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**12. CONSTRUCTION IN PROGRESS**

	VND	
	Ending balance	Beginning balance
Phu Quoc Five-Star Hotel & Resort	53,732,479,734	53,402,479,734
Others	13,179,180,271	7,720,343,009
<b>TOTAL</b>	<b>66,911,660,005</b>	<b>61,122,822,743</b>

The interest incurred during the year of VND 3,103,804,813 from loans and borrowing for the purpose of financing Group's projects was capitalised (2016: VND 3,110,491,567).

**13. INVESTMENTS IN ASSOCIATES**

	Ending balance		Beginning balance	
	% ownership	Amount VND	% ownership	Amount VND
Dien Gia Khang Real Estate Co., Ltd. ("Dien Gia Khang") (i)	49,00	176,000,000,000	49,00	176,000,000,000
Dien Gia Khanh Real Estate Co., Ltd. ("Dien Gia Khanh") (ii)	49,00	75,000,000,000	49,00	75,000,000,000
Phat Dat Anh Duong Real Estate Development Corporation ("Phat Dat Anh Duong") (iii)	48,00	45,000,000,000	48,00	45,000,000,000
Phu Hung (iv)	49,90	(2,251,334,783)	49,90	(1,929,712,232)
<b>TOTAL</b>		<b>293,748,665,217</b>		<b>294,070,287,768</b>

(i) Dien Gia Khang is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313294703 issued by the DPI of Ho Chi Minh City on 9 June 2015. The registered office of Dien Gia Khang is located at No. 271/7B, An Duong Vuong Street, Ward 3, District 5, Ho Chi Minh City, Vietnam. The principal activities of Dien Gia Khang are to trade real estate properties.

(ii) Dien Gia Khanh is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313428266 issued by the DPI of Ho Chi Minh City on 7 September 2015. The registered office of Dien Gia Khanh is located at No. 271/7B, An Duong Vuong Street, Ward 3, District 5, Ho Chi Minh City, Vietnam. The principal activities of Dien Gia Khanh are to trade real estate properties.

(iii) Phat Dat Anh Duong is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4103013747 issued by the DPI of Ho Chi Minh City on 20 June 2009. The registered office of Phat Dat Anh Duong is located at No. 357-359, An Duong Vuong Street, Ward 3, District 5, Ho Chi Minh City, Vietnam. The principal activities of Phat Dat Anh Duong are to trade real estate properties.

(iv) Phu Hung is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313558191 issued by the DPI of Ho Chi Minh City on 1 December 2015. The registered office of Phu Hung is located at No. 30, Nguyen Thi Dieu Street, Ward 6, District 3, Ho Chi Minh City, Vietnam. The principal activities of Phu Hung are to trade real estate properties. As at the balance sheet date, the Group has yet contributed the capital to Phu Hung.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**14. INVESTMENT IN ANOTHER ENTITY**

The ending balance represents the investment in My Loi Bridge Investment Corporation ("MLC") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 1201465247 issued by the DPI of Tien Giang Province on 28 February 2014, and as amended. The current principal activities of MLC are invest in constructing, exploiting and trading in infrastructure under the form of Build-Operate-Transfer (BOT) contract. At the balance sheet date, the Group owns 19.8% of MLC.

**15. LONG-TERM PREPAID EXPENSES**

	VND	
	Ending balance	Beginning balance
Management fee of apartments	11,711,809,547	-
Advertising fee	4,871,306,448	286,785,006
Commission fee	3,801,263,949	14,495,820,399
Others	682,639,281	958,076,371
<b>TOTAL</b>	<b>21,067,019,225</b>	<b>15,740,681,776</b>

**16. SHORT-TERM TRADE PAYABLES**

	VND	
	Ending balance	Beginning balance
Coteccons Construction Joint Stock Company	86,545,894,373	1,271,436,250
Toan Thuan Phat Construction Trading and Service Co., Ltd.	-	73,167,379,721
Others	13,641,930,249	22,570,412,584
<b>TOTAL</b>	<b>100,187,824,622</b>	<b>97,009,228,555</b>

**17. SHORT-TERM ADVANCES FROM CUSTOMERS**

	VND	
	Ending balance	Beginning balance
Advances from third parties	701,189,815,134	566,586,623,102
<i>Big Gain Investment Company Limited ("Big Gain") (*)</i>	595,141,256,792	-
<i>Others</i>	106,048,558,342	566,586,623,102
Advances from related parties (Note 30)	-	50,000,000,000
<b>TOTAL</b>	<b>701,189,815,134</b>	<b>616,586,623,102</b>

(\*) As at the balance sheet date, this balance represents the advance from Big Gain for the purchasing of 196 apartments of Block C of The EverRich 2 project.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**18. STATUTORY OBLIGATIONS**

VND

	Beginning balance	Increase	Decrease	Ending balance
<b>Payables</b>				
Corporate income tax	43,563,733,166	110,270,491,673	(111,537,968,354)	42,296,256,485
Personal income tax	5,123,812,400	6,702,535,743	(9,783,825,747)	2,042,522,396
Value-added tax	3,400,146,492	127,166,521,919	(130,549,429,588)	17,238,823
Other taxes	228,877,654	420,336,639	(649,214,293)	-
<b>TOTAL</b>	<b>52,316,569,712</b>	<b>244,559,885,974</b>	<b>(252,520,437,982)</b>	<b>44,356,017,704</b>
<b>Receivables</b>				
Value-added tax	40,000	35,849,477,006	-	35,849,517,006
Corporate income tax	1,788,469,068	21,799,162,381	(14,526,236,532)	9,061,394,917
<b>TOTAL</b>	<b>1,788,509,068</b>	<b>57,648,639,387</b>	<b>(14,526,236,532)</b>	<b>44,910,911,923</b>

**19. ACCRUED EXPENSES**

VND

	Ending balance	Beginning balance
<b>Short-term</b>	<b>100,108,893,586</b>	<b>445,223,814,189</b>
Construction costs	70,297,902,207	26,390,723,463
Commission fee	20,297,566,999	2,997,284,563
Interest expense	6,214,296,380	409,023,483,884
Others	3,299,128,000	6,812,322,279
<b>Long-term</b>	<b>-</b>	<b>1,834,689,406,876</b>
Interest expense	-	1,834,689,406,876
<b>TOTAL</b>	<b>100,108,893,586</b>	<b>2,279,913,221,065</b>

**20. OTHER PAYABLES**

VND

	Ending balance	Beginning balance
<b>Short-term</b>	<b>71,095,134,376</b>	<b>21,574,500,158</b>
Maintenance fees received in advance and deposits for projects	52,960,495,310	18,794,751,245
Due to a related party (Note 30)	14,490,455,153	-
Others	3,644,183,913	2,779,748,913
<b>Long-term</b>	<b>6,041,132,313,462</b>	<b>278,513,801,294</b>
Payable for ICCs (i) (ii)	6,027,000,000,000	-
Deposits from customers	14,132,313,462	8,513,801,294
Payable BCC	-	270,000,000,000
<b>TOTAL</b>	<b>6,112,227,447,838</b>	<b>300,088,301,452</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**20. OTHER PAYABLES (CONTINUED)**

- (i) On 26 December 2017, the Group has entered into a 5-year ICC No. 01/HĐHTĐT-E2/2017 with Big Gain relating to the development of a part of The EverRich 2 project located at No. 422, Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam. According to the ICC:
- Big Gain has the obligation to settle the costs incurred by the Group to cooperate the project.
  - The parties may receive the profits from the project in accordance with the proportion of financial contributions of the parties.
  - After the land use right certificate for the project is granted for the Group, Big Gain has the option to purchase and the Group has the option to sell 99% of the Group's interest in the ICC. This is equivalent to 99% of the agreed value of the Group in this ICC, plus a surplus that will be agreed upon by the parties.
  - When the legal conditions of the project are met, the Group has the right to assign this project to another partner provided that it fully reimburses the Big Gain the contributed plus interest. The amount of interest shall be agreed upon by the parties.

As at the balance sheet date, the Group received the amount of VND 4,002,000,000,000 from Big Gain in relation to this ICC.

- (ii) On 26 December 2017, the Group has entered into a 5 years ICC 01/HĐHTĐT-E3/2017 with Dynamic Innovation Co., Ltd. ("Dynamic") relating to the development of apartment block of The EverRich 3 Project located at Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam. According to the ICC:
- Dynamic has the obligation to settle the costs incurred by the Group for the cooperated project.
  - The parties may receive the profits from the project in accordance with the proportion of financial contributions of the parties.
  - After the land use right certificate for the project is granted for the Group, Dynamic has the option to purchase and the Group has the option to sell 99% of the Group's interest in the ICC at the price equivalent to 99% of the agreed contributed value of the Group in this ICC, plus a surplus that will be agreed upon by the parties.
  - When the legal conditions of the project are met, the Group has the right to assign this project to another partner provided that it fully reimburses the Dynamic contribution amount plus interest. The amount of interest shall be agreed upon by the parties.

As at the balance sheet date, the Group received the amount of VND 2,025,000,000,000 from Dynamic in relation to this ICC.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**21. LOANS**

	Beginning balance	Increase	Decrease	Ending balance
<b>Short-term loans</b>	434,359,131,796	-	(387,162,712,662)	47,196,419,134
Loans from a company (*)	47,775,085,539	-	(578,666,405)	47,196,419,134
Current portion of long-term bank loans	386,584,046,257	-	(386,584,046,257)	-
<b>Long-term loans</b>	2,807,288,002,150	64,477,350,000	(2,871,765,352,150)	-
Issued bonds	2,051,922,650,000	64,477,350,000	(2,116,400,000,000)	-
Loans from individuals	155,600,000,000	-	(155,600,000,000)	-
Long-term loans from banks	599,765,352,150	-	(599,765,352,150)	-
<b>TOTAL</b>	<b>3,241,647,133,946</b>	<b>64,477,350,000</b>	<b>(3,258,928,064,812)</b>	<b>47,196,419,134</b>
<i>In which</i>				
Long-term loan from related parties (Note 30)	5,300,000,000	-	(5,300,000,000)	-

(\*) This is a loan obtained from a company to finance the development of the Group's projects. The loan bears an interest rate of 6% per annum and has no fixed term of repayment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**22. OWNERS' EQUITY****22.1 Increase and decrease in owners' equity**

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total
<b>Previous year</b>					
Beginning balance	2,018,099,710,000	11,680,300,000	76,113,584,076	164,926,416,136	2,270,820,010,212
Net profit for the year	-	-	-	242,519,592,739	242,519,592,739
Appropriation of funds	-	-	9,300,000,000	(17,100,000,000)	(7,800,000,000)
Dividends declared	-	-	-	(100,617,585,500)	(100,617,585,500)
BOD's allowance	-	-	-	(1,125,000,000)	(1,125,000,000)
Ending balance	2,018,099,710,000	11,680,300,000	85,413,584,076	288,603,423,375	2,403,797,017,451
<b>Current year</b>					
Beginning balance	2,018,099,710,000	11,680,300,000	85,413,584,076	288,603,423,375	2,403,797,017,451
Net profit for the year	-	-	-	439,879,870,046	439,879,870,046
Appropriation of funds	-	-	17,300,000,000	(31,700,000,000)	(14,400,000,000)
Dividends share (*)	201,809,520,000	-	-	(201,809,520,000)	-
Dividends declared	-	-	-	(287,400,000)	(287,400,000)
BOD's allowance	-	-	-	(2,108,000,000)	(2,108,000,000)
Ending balance	2,219,909,230,000	11,680,300,000	102,713,584,076	492,578,373,421	2,826,881,487,497

(\*) On 24 May 2017, the Company issued 20,180,952 ordinary shares to pay dividend at the price of VND 10,000 per share amounting to VND 201,809,520,000 according to the Resolution of Shareholders No. 01/ĐHĐCD-NQ.2017 dated 22 March 2017 and Decision No. 07/2017/QĐ-HĐQT dated 19 April 2017. On 7 June 2017, the Company received the 24<sup>th</sup> amended BRC issued by the DPI of Ho Chi Minh City, expressing the increase in the Company's charter capital to VND 2,219,909,230,000 from the said issuance.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**22. OWNERS' EQUITY (CONTINUED)****22.2 Ordinary shares**

	Ending balance Shares	Beginning balance Shares
Shares authorised to be issued	221,990,923	201,809,971
Shares issued and fully paid	221,990,923	201,809,971
<i>Ordinary shares</i>	<i>221,990,923</i>	<i>201,809,971</i>

Par value of outstanding share: VND 10,000 (2016: VND 10,000).

**22.3 Earnings per share**

Basic earnings per share is calculated by dividing net profit after tax for the year (after adjusting for the bonus and welfare fund and Board of Director's allowance) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	Current year	Previous year
Net profit attributable to ordinary equity holders of the Group	439,879,870,046	242,519,592,739
<i>Less: BOD's allowance</i>	<i>(2,108,000,000)</i>	<i>(1,125,000,000)</i>
Bonus and welfare fund (*)	(21,993,993,502)	(14,400,000,000)
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	415,777,876,544	226,994,592,739
Weighted average number of ordinary shares for the year (shares) (**)	221,990,923	221,990,923
<b>Basic earnings per share (VND) (par value: VND 10,000 per share)</b>	<b>1,873</b>	<b>1,023</b>
<b>Diluted earnings per share (VND)</b>	<b>1,873</b>	<b>1,023</b>

(\*) Profit used to compute previous year's earnings per share as presented in the financial statements for the year ended 31 December 2016 was restated to reflect the actual allocation to bonus and welfare fund from previous year's undistributed earnings following the Resolution No. 01/ĐHĐCĐ-NQ.2017 of Shareholders at Annual General Meeting dated 22 March 2017.

Profit used to compute current year's earnings per share was adjusted for the provisional allocation to bonus and welfare fund from current year's undistributed earnings following the plan as approved in the said Resolution of the Shareholders Meeting.

(\*\*) The weighted average number of ordinary shares for the year ended 31 December 2016 has been retrospectively adjusted for dividend shares issued and increase in capital from undistributed earnings in 2017.

There have been no dilutive potential ordinary shares during the year and up to the date of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**22. OWNERS' EQUITY (CONTINUED)****22.4 Dividends**

	Current year	Previous year
<b>Dividends declared and paid during the year</b>		
Dividends declared during the year	201,809,520,000	100,617,585,500
Dividends paid during the year	-	100,617,585,500
Shares issued to pay dividends	201,809,520,000	-

**23. REVENUES FROM SALE OF GOODS AND RENDERING OF SERVICES**

	Current year	Previous year
<b>Gross revenues</b>	<b>1,542,032,394,877</b>	<b>1,523,980,005,444</b>
<i>Of which:</i>		
<i>Sale of apartments</i>	<i>1,458,081,614,417</i>	<i>1,295,682,001,190</i>
<i>Sale of real estate properties</i>	<i>57,046,019,669</i>	<i>205,876,194,454</i>
<i>Revenue from rendering of services</i>	<i>26,904,760,791</i>	<i>22,421,809,800</i>
<b>Deductions:</b>	<b>(215,406,237,704)</b>	<b>(27,314,421,600)</b>
<i>Sales returns</i>	<i>(205,717,795,286)</i>	<i>(27,314,421,600)</i>
<i>Sales deduction</i>	<i>(9,688,442,418)</i>	-
<b>NET REVENUES</b>	<b>1,326,626,157,173</b>	<b>1,496,665,583,844</b>
<i>In which:</i>		
<i>Sale of apartments</i>	<i>1,302,369,759,342</i>	<i>1,295,682,001,190</i>
<i>Sale of real estate properties</i>	<i>(1,528,362,960)</i>	<i>178,561,772,854</i>
<i>Revenue from rendering of services</i>	<i>25,784,760,791</i>	<i>22,421,809,800</i>
<i>In which:</i>		
<i>Sale to other customers</i>	<i>1,339,991,381,288</i>	<i>1,494,745,583,844</i>
<i>Sale to a related party (Note 30)</i>	<i>(13,365,224,115)</i>	<i>1,920,000,000</i>

**24. COSTS OF GOODS SOLD AND SERVICES RENDERED**

	Current year	Previous year
Costs of apartments sold	799,660,414,749	969,455,192,095
Costs of real estate properties sold	4,795,613,069	122,642,636,995
Costs of services rendered	3,124,135,258	1,242,865,470
<b>TOTAL</b>	<b>807,580,163,076</b>	<b>1,093,340,694,560</b>

**25. FINANCE INCOME**

	Current year	Previous year
Interest income	3,679,904,844	168,687,362
Others	15,518,881	3,055,302,922
<b>TOTAL</b>	<b>3,695,423,725</b>	<b>3,223,990,284</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	Current year	Previous year
<b>Selling expenses</b>	<b>101,154,109,064</b>	<b>55,473,117,992</b>
Commission expenses	79,671,870,745	30,001,981,542
Supporting interest	8,601,168,387	8,440,533,603
Customer meeting	5,045,812,260	-
Advertising expenses	3,406,575,637	14,146,240,525
Salary expenses	2,752,214,966	2,061,487,300
Others	1,676,467,069	822,875,022
<b>General and administrative expenses</b>	<b>57,970,821,539</b>	<b>42,488,317,898</b>
Salary expenses	37,931,276,693	25,288,366,397
External services	10,511,801,857	7,476,860,621
Depreciation and amortisation expenses	2,392,731,239	604,007,934
Others	7,135,011,750	9,119,082,946
<b>TOTAL</b>	<b>159,124,930,603</b>	<b>97,961,435,890</b>

**27. OPERATING COSTS**

	VND	
	Current year	Previous year
Expenses for external services	107,237,228,886	60,698,506,572
Labour expenses	40,676,709,167	27,357,650,697
Depreciation and amortisation expenses (Note 9, 10 and 11)	2,392,731,239	604,007,934
Others	8,818,261,311	9,301,270,687
<b>TOTAL</b>	<b>159,124,930,603</b>	<b>97,961,435,890</b>

**28. OTHER INCOME**

	VND	
	Current year	Previous year
Profit sharing from ICC (*)	180,000,000,000	-
Others	14,137,535,123	646,192,514
<b>TOTAL</b>	<b>194,137,535,123</b>	<b>646,192,514</b>

(\*) This is the profit arising from the ICC with T.A.M on project located at No. 239, Cach Mang Thang 8 Street, Ward 4, District 3, Ho Chi Minh City, Vietnam. On 25 December 2017, the two parties decided to liquidate the contract before the maturity date. Accordingly, the Group will transfer all rights to develop this project to T.A.M and then the Group will recover the initial capital contribution and agreed interest amounting to VND 180,000,000,000.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**29. CORPORATE INCOME TAX**

The CIT rate applicable to the Company and its subsidiary is 20% of taxable profits.

The tax returns filed by the Company and its subsidiary are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

**29.1 CIT expenses**

	VND	
	Current year	Previous year
Estimated CIT during the year	109,756,961,359	62,160,620,921
Adjustment for under accrual of CIT from prior years	513,530,314	980,339,476
Current CIT expense	110,270,491,673	63,140,960,397
Deferred CIT expense (income)	717,074,747	(1,230,519,920)
<b>TOTAL</b>	<b>110,987,566,420</b>	<b>61,910,440,477</b>

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
Accounting profit before tax	550,867,436,466	304,430,033,216
At CIT rate of 20% applicable to companies in the Group	110,162,138,780	60,935,782,151
<i>Adjustments to increase:</i>		
Adjustment for under accrual of CIT from prior years (*)	513,530,314	980,339,476
Non-deductible expenses	1,134,716,883	486,278,893
Loss from associate	64,324,510	-
<i>Adjustments to decrease:</i>		
Gains on disposal of a subsidiary	-	(163,297,124)
Gains on decrease in ownership in associates	-	(61,637,109)
Advertising expenses	(887,144,067)	(267,025,810)
<b>CIT expense</b>	<b>110,987,566,420</b>	<b>61,910,440,477</b>

(\*) This is the adjusted CIT expenses according to the Decision No. 3723/QD-CT-XP dated 4 August 2017 issued by Head of Tax Department of Ho Chi Minh City.

**29.2 Current tax**

The current CIT payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the accounting profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**29. CORPORATE INCOME TAX (CONTINUED)****29.3 Deferred tax**

The following are major deferred tax assets recognized by the Group, and the movements thereon during the current and previous years:

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Advertising expenses	513,445,173	1,230,519,920	(717,074,747)	1,230,519,920
Deferred tax assets	513,445,173	1,230,519,920		
Deferred tax (expense) income			(717,074,747)	1,230,519,920

VND

**30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related party transactions include all transactions undertaken with other individuals and companies to which the Group is related, either through the investor, investee relationship or because they share a common investor and thus are considered to be a part of the same corporate company.

The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Amounts due to and from related parties at the balance sheet date are unsecured and non-interest bearing.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)**

Significant transactions with related parties during the year were as follows:

Related parties	Relationship	Transactions	VND	
			Current year	Previous year
Mr Nguyen Van Dat	General Director	Borrowing	460,077,012,570	100,282,600,000
		Payment of borrowing	445,586,557,417	100,282,600,000
		Advances	305,586,711,215	159,383,270,600
		Collection of advances	305,586,711,215	159,383,270,600
Phu Hung	Associate	Advance to liquid the selling contract of The EverRich 2 project	1,548,908,385,303	-
		Collection of advance to liquid the selling contract of The EverRich 2 project	1,031,000,000,000	-
		Refund of advance for purchase of apartments	327,891,614,697	-
		Advance for purchase of apartments	201,991,823,310	-
		Borrowing	10,000,000,000	-
		Payment of borrowing	10,000,000,000	-
		Utility expense	317,159,579	327,034,672
Truong Phat Loc	Related company	Sales return	13,687,396,843	-
		Office rental	1,156,000,000	1,920,000,000
		Deduction of revenue from rendering of services	1,120,000,000	-
		Others	286,172,728	284,815,224
BDSC Management Consulting Corporation	Related company	Consulting services	1,222,250,000	-
T.A.M (*)	Related company	Interest from sharing of ICC	180,000,000,000	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)**

Amounts due to and due from related parties as at the balance sheet date were as follows:

		VND	
<b>Related parties</b>	<b>Relationship</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Short-term trade receivables</b>			
T.A.M	Related company	60,000,000,000	-
Truong Phat Loc	Related company	1,052,081,577	3,101,267,777
	Sale of apartments	-	12,954,006,800
		<b>61,052,081,577</b>	<b>16,055,274,577</b>
<b>Long-term trade receivable</b>			
T.A.M	Related company	117,000,000,000	-
<b>Other short-term receivables</b>			
Phu Hung	Associate	517,908,385,303	-
	Utility expenses	-	86,399,310
T.A.M	Related company	90,000,000,000	-
	Interest from sharing of ICC	<b>607,908,385,303</b>	<b>86,399,310</b>
<b>Other long-term receivables</b>			
Truong Phat Loc	Related company	126,400,000,000	125,000,000,000
T.A.M	Related company	100,939,751,900	-
		<b>227,339,751,900</b>	<b>125,000,000,000</b>
<b>Short-term advance from customer</b>			
Phu Hung	Associate	-	50,000,000,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)**

Amounts due to and due from related parties as at the balance sheet date were as follows: (continued)

		VND	
<b>Related parties</b>	<b>Relationship</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Other short-term payable</b>			
Mr Nguyen Van Dat	General Director	14,490,455,153	-
<b>Long-term loans</b>			
Mr Bui Quang Anh Vu	Related party	-	1,900,000,000
Mr Vo Minh Han	Related party	-	1,700,000,000
Ms Tran Thi Hoai An	Related party	-	1,700,000,000
		-	<b>5,300,000,000</b>

(\*) T.A.M is a related party with the Group from the year ended 31 December 2017.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)**

Remuneration to members of the BOD and Management during the year was as follows:

	VND	
	Current year	Previous year
<i>BOD</i>		
Allowance and bonus	1,448,000,000	1,125,000,000
<i>Management</i>		
Salaries and bonus	8,472,000,000	6,210,108,000
<b>TOTAL</b>	<b>9,920,000,000</b>	<b>7,335,108,000</b>

**31. COMMITMENTS****31.1 Investment commitments**

Details of commitments were as follows:

		VND	
	Relationship	Ending balance	Beginning balance
Construction commitments		103,551,925,451	309,805,821,087
Capital contribution commitments		249,158,084,832	172,000,000,000
<i>Phat Dat Anh Duong</i>	<i>Associate</i>	<i>113,400,000,000</i>	<i>113,400,000,000</i>
<i>Phu Hung</i>	<i>Associate</i>	<i>100,000,000,000</i>	<i>49,900,000,000</i>
<i>Doan Anh Duong</i>		<i>24,000,000,000</i>	-
<i>Dien Gia Khanh</i>	<i>Associate</i>	<i>8,300,000,000</i>	<i>8,300,000,000</i>
<i>Minh Hoang</i>		<i>3,058,084,832</i>	-
<i>Dien Gia Khang</i>	<i>Associate</i>	<i>400,000,000</i>	<i>400,000,000</i>
<b>TOTAL</b>		<b>352,710,010,283</b>	<b>481,805,821,087</b>

**31.2 Other commitment**

As disclosed in Note 8, the Group has committed to perform its financial obligations to Phu Hung under the BCCs Termination Agreements. At the date of the consolidated financial statements, the Group and Phu Hung are in the process of negotiating to determine the value of the financial obligations arising from the signed BCC. When these liabilities are determined, the parties will liquidate the BCC. As a result, the Company's management has not recognized any liabilities that may arise as at the balance sheet date. However, this obligation will be contributed by parties of BCC when incurred (Note 20).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

as at and for the year ended 31 December 2017

B09 - DN/HN

**32. EVENTS AFTER THE BALANCE SHEET DATE**

On 8 February 2018, the Group signed the Termination Agreement of BCC No. 01/BBTL/PDR-CRE&AGI with CRE & AGI relating to the agreement to liquidate the formerly signed BCC (Note 8). Accordingly, the Group had the obligation to reimburse all expenses relating to the liquidation of this BCC amounting to VND 350,000,000,000. However, this amount will be contributed by parties of the BCC (Note 20).

Except for the above event, there has been no significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements of the Group.

**Vo Van Giap**  
Preparer

**Vu Quynh Hoa**  
Chief Accountant

**Nguyen Van Dat**  
General Director

9 March 2018



**PHAT DAT REAL ESTATE DEVELOPMENT CORPORATION**

Address: 422 Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, HCMC

Phone: (028) 3773 2222 - Fax: (028) 3773 8908

Website: [www.phatdat.com.vn](http://www.phatdat.com.vn)