



CONTENTS

ANNUAL REPORT



MESSAGE

10 Message from Chairman of The Board of Directors

VISION, MISSION, STRATEGY, BUSINESS PHILOSOPHY

06 Vision, Mission, Strategy, Business philosophy

Development strategy

COMPANY OVERVIEW

16 Establishment history

18 Development history

24 Awards

28 Business sectors and operational network

S.W.O.T analysis

Organizational structure and management structure 40

58 Performance through the years

Risks factors

BUSINESS PERFORMANCE IN 2017

72 Report from the Board of Management

72 Situation of real estate market in 2017

74 Business results in 2017

84 Business results of subsidiaries

87 Implementation of project investment

102 Environmental and social impact report of the Company 104 Shareholder structure, equity change

106 Charter capital increasing situation in 2017

107 Financial activities

112 Sales operations

115 Operation of Import-Export Department

Organizational structure and human resource

Marketing activities and branding development

Shareholder and partner relations

Report from the Board of Directors

Evaluation of business performance in 2017 122

Board of Directors' activities 124

Transactions of internal shareholders, major shareholders and relevant people

132 Report from the Board of Supervisors

FINANCIAL STATEMENTS

- [4] General information
- 142 Report of management
- 143 Independent auditors' report
- 145 Consolidated balance sheet
- 148 Consolidated income statement 149 Consolidated cash flow statement

Report on untilization of capital from issuance of public shares

BUSINESS PLAN AND ORIENTATION IN 2018

162 Expectation of economy and real estate sector

163 Strategic objectives in 2018

164 Primary solutions to implement strategic targets in 2018

Business plan in 2018



VISION, MISSION, STRATEGY, BUSINESS PHILOSOPHY THUDUC HOUSE . ANNUAL REPORT 2017 6.7

VISION, MISSION, STRATEGY, BUSINESS PHILOSOPHY



- Always is one of the leading real estate investment and development companies in Vietnam.
- Create a breakthrough business development and become a powerful corporation, contributing practically to the community development.



MISSION

Provides a wide range of high quality products and services on real estate as well as other related professions to provide customers with high levels of satisfaction that meet the needs of a living happy.



BUSINESS PHILOSOPHY

"Respect business ethics with the sense of highest responsibility so that every product brings pleasure to customers and contributes to the development of society".

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Under the motto "Company's business goal is associated with social benefit", Thuduc House always does multiple practical activities to show our responsibility to the society such as funding national and regional cultural and sport activities; contributing to charity funds, poor patient sponsorship fund, community entrepreneur fund, Vu A Dinh Scholarship Fund; funding to support people in flooding areas, etc. Via such practical activities, Board of Management of Thuduc House wishes to build a nice culture trait for our officials and staffs which is spirit to try our best to do our jobs and to improve our lifestyle and our responsibility awareness to community and society at the same time.

Thuduc House always give prominence to our social responsibility awareness by committing to make continuous contribution to the development of economy and society, as well as to guarantee the quality of life for our staff and their family and guarantee the stability for our company's sustainable development.

Core goals

- » Create contribution opportunities to employees with stable life and gradually enhance a friendly, safe working environment and always support employees to facilitate personal's competence development and professional skills, ethics improvement.
- » Increase the Company's value through effective and transparent corporate governance, ensuring capital preservation and increasing company's profit, bringing shareholders higher interests.
- » Pay attention to ensure benefit and added satisfaction for customers. With the slogan "Happiness from your home", the projects of Thuduc House always step up to quality ethics and brand reputation so as to bring true values and improve quality of life for

- » Create values for the community through business development and provision of real estate products and services for common interests, sharing business results with the community, strictly complying with environmental protection requirements for a green and clean environment.
- » Pay more attention to increase of domestic and international branding, creating best products for the society, preserving cultural beauty and realizing commitments to the community.



VISION, MISSION, STRATEGY, BUSINESS PHILOSOPHY THUDUC HOUSE . ANNUAL REPORT 2017 8 . 9

DEVELOPMENT STRATEGY

STRATEGY 2022

Focus on vigorously developing key business operation which is real estate trading in the next 5 years, based on the following solutions:

Real estate business is considered a core business line, striving to increase the proportion of revenue of this industry to 60% of the total revenue. Of which, priority is given to expansion of land fund under criteria as follows: development of urban area projects in big cities nationwide; development of serviced apartment projects in central Districts of Ho Chi Minh City, creating stable cash flows for the coming years.

Aim to achieve an annual average growth rate of at least 25%, increasing asset and equity accumulation, and improving business efficiency.

Continue to consolidate human resources, especially management level, build a better relationship with local governance, banks, shareholders, customers and media agencies; build the working spirit of solidarity, creativity, and willingness-to-learn in the Company, maintain awareness to provide best products and services to customers and society.

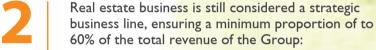
Associate and form joint ventures with domestic and international stakeholders to develop complex projects, apartments, offices, commercial space and other types of real estate depending on nature of each project to meet requirements of increasing international integration of Vietnam.

> Diversify real estate products and services to meet demands of customers and real estate market cycle.

SHORT-TERM STRATEGY

Given the current international situation, Vietnamese economy, internal conditions and existing achievements of the Company, Thuduc House's business strategy in 2018 was developed on the basis of the strategy implemented over the past 2 years with adjustments as follows:

Aim to achieve a growth rate of at least 25%/year, increasing profitability and capital accumulation.



- » Focus on finding big projects to create land fund for the next 10 years with geographical focus on two cities including Ho Chi Minh City and Ha Noi City and neighboring provinces.
- » Priority is given to segments as follows: Low-rise houses (land plots) in suburban Districts and surrounding provinces, small apartments, serviced apartments and offices for rent projects in central Districts of Ho Chi Minh City and Ha Noi City.

Continue to strengthen member companies and supporting activities to create stable cash flows and take advantage of added values generated from the projects to increase revenues and profits of Thuduc House Group.

Restructure financial system and loan structure to strongly reduce capital cost and increase resources for sustainable development.

Besides the main business activity of trading real estate and subordinate activity of import and export, the Company will expand investment in mineral resources and building materials which have strong development potential.









MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS

THUDUC HOUSE • ANNUAL REPORT 2017

MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS



THUDUC HOUSE HAD A SUCCESSFUL YEAR, COMPLETING PROFIT TARGET AND MEMBER COMPANIES ALSO ACHIEVED A GOOD GROWTH. AS FOR CORPORATE GOVERNANCE, THUDUC HOUSE HAS GRADUALLY CONSOLIDATED FINANCIAL RESOURCE, IMPROVED BUSINESS EFFICIENCY AND ASSERTED ITS BRAND NAME IN THE REAL ESTATE MARKET. THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT AND ALL EMPLOYEES HAVE ACTIVELY TAKEN DRASTIC MEASURES TO SCREEN AND REARRANGE INVESTMENT PORTFOLIO, SEEKING MORE PROJECTS AND NEW LAND FUNDS AS WELL AS REARRANGING MEMBER COMPANIES TOWARD THE DIRECTION OF SIMPLICITY BUT HIGH EFFICIENCY.

Dear shareholders, investors, partners, customers, staffs of TDH Group, member companies, valuable companions of Thuduc House.

Vietnam's economy had a strong growth momentum in 2017, attracting USD33 billion of FDI at the year end. I 16,000 new enterprises were established and over 24,000 enterprises resumed their operation last year. According to World Bank, Vietnam's GDP growth reached 6.7% and inflation was kept at a low rate thanks to effective currency policy, reduction of public debt, improvement in investment environment, enhancement in competition, etc. Therefore, the real estate market in Vietnam in general and in Ho Chi Minh City in particular will have a stable development based on the economic growth.

According to Ho Chi Minh City Real Estate Association, the real estate market in 2017 continued to recover and increase at 4.07% from 2016, contributing 0.21% in total GDP growth. Especially, the projects gaining benefits from infrastructure investment and auxiliary works will have many highlights in the coming time. Experiencing the difficult time of real estate market, the enterprises operating in real estate sector have learned many lessons for their operations. Therefore, the enterprises pay more attention to the market exploitation and provide higher quality products, more suitable to the needs and affordability of customers.

Given that prosperous situation, Thuduc House had a successful year, completing the profit target and the member companies also achieved a good growth. As for corporate governance, Thuduc House has gradually consolidated financial resource, improved business efficiency and asserted its brand name in the real estate market. The Board of Directors, the Board of Management and all employees have actively taken drastic measures to screen and rearrange investment portfolio, seeking more projects and new land funds as well as rearranging member companies toward the direction of simplicity but high efficiency. Besides consolidating and developing the key business activity which is trading real estate, the Company keeps stable development of supporting activities such as import-export, trading wholesale market of agriculture products, leasing warehouses and yards, leasing offices, etc. Supporting activities also help create a stable cash flow to prepare for long-term real estate projects.



In term of business orientation for 2018, as forecast by HoREA, the real estate market will continue to recover, grow and maintain a stable development in 2018; the market segments and real estate products will restructure more appropriately. However, also in 2018, new policies and regulations to be released such as Resolution no.08-NQ/TW dated 16 January 2017 of the Political Bureau on developing tourism into a spearhead economic sector which will orient tourism real estate market in 2018 as well as in medium term and long term; Resolution no.42/2017 of the National Assembly on pilot settlement of bad debts which will facilitate to resume real estate projects which are collaterals for bad debts; a number of announcements from the State Bank allowing credit institutions to limit loans for real estate as well as releasing new regulations on high risk assets (risk factor at 200%), including properties, etc. may directly affect the market.

MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS

THUDUC HOUSE • ANNUAL REPORT 2017

12 • 13

MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS



Therefore, business strategy of Thuduc House in 2018 is determined on the basis of the strategy in 2017 with some adjustments, to be specific:



In 2018 and subsequent years, the Company will try to look for big projects to create land funds for the following ten years. Real estate development focuses on two big cities including Ho Chi Minh City and Ha Noi City, as well as surrounding provinces.



Restructure finance and re-allocate loans to strongly reduce capital cost and increase resource for sustainable development.

Aim to achieve an average annual growth rate of at least 25% from 2016 - 2020, increasing asset and equity accumulation, and improving business efficiency.

Priority is given to segments as follows: low-rise houses (land plots) at suburban Districts and surrounding provinces, medium apartments, luxury and serviced apartments, offices for rent projects in central Districts of Ho Chi Minh City and Ha Noi City.

Besides main business activity which is trading real estate and subordinate business activity which is import and export, the Company will expand investment into mineral exploitation and building materials - the sectors with potential development.

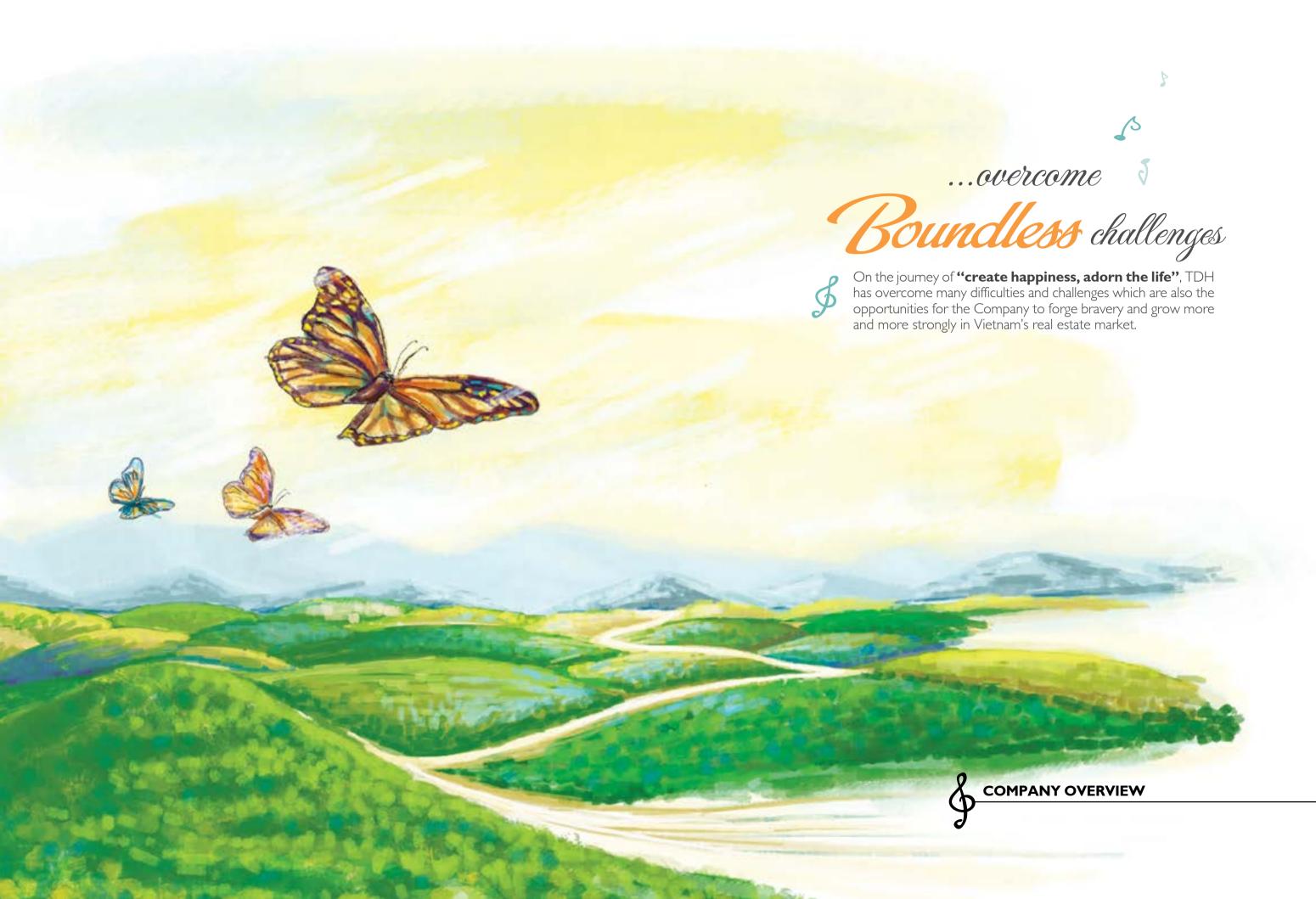
Continue to strengthen member companies and supporting activities to create stable cash flows and take advantage of added values generated from projects to increase sales and profits of Thuduc House Group.

Continue to consolidate human resources, especially management levels, build better relationship with local authorities, banks, shareholders, customers and media agencies, build spirit of solidarity and creativity in work, enhance awareness to create best products and services to the customers and society.

We hope to receive your continuous support and companion in new development journey of Thuduc House so as to go further and reach higher, implementing core goals and bringing more benefits for shareholders, employees and society.

Le Chi Hieu

Chairman



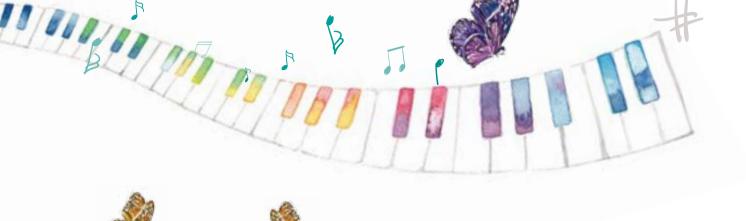
THUDUC HOUSE • ANNUAL REPORT 2017 16 • 17

ESTABLISHMENT HISTORY



GENERAL INFORMATION

Company name	CÔNG TY CỔ PHẦN PHÁT TRIỂN NHÀ THỦ ĐỨC
English name	THUDUC HOUSING DEVELOPMENT CORPORATION
Abbreviation	THUDUC HOUSE
Stock code	TDH
Stock exchange	Ho Chi Minh City Stock Exchange (HSX)
Charter capital	VND 816,349,270,000
Equity (31 December, 2017)	VND 1,835,348,726,457
License of establishment and operation No.	7987/QD-UB-CNN dated 24 November, 2000
Certificate of Business Registration	No. 0302346036 issued by the Department of Planning and Investment of Ho Chi Minh City for the first time on 15 June, 2001 and revised for the 20th time on 12 July, 2017
Head office	3 - 5 Pasteur Street, Nguyen Thai Binh Ward, District I, HCMC Tel: (028) 39 43 Fax: (028) 39 43 222
Thuduc House's real estate trading floor	3 - 5 Pasteur Street, Nguyen Thai Binh Ward, District 1, HCMC Tel: (028) 39 143 111 Fax: (028) 39 143 222
Website	www.thuduchouse.com
Email	thuduchouse@hcm.vnn.vn



ON 2 FEBRUARY 1990

Company was established under the name of Thuduc Housing Management and Development Company under Decision No. 57/QD-UB dated 02/02/1990 of HCMC People's Committee with the starting point is VND 400 million working capital allocated by the State.

5 OCTOBER1996 Company was renamed Thuduc Housing

Thuduc Housing
Development and
Industrial Park
Services Company
under Decision No. 4569/
QD - UBKT of HCMC
People's Committee.



24 NOVEMBER 2000Company was officially

transformed into

Thuduc Housing Development Corporation (Thuduc House)

with initial charter capital of VND 15 billion under Decision No. 7967/ QD-UBCNN of HCMC People's Committee.



ON 15 JUNE 2001 Company officially

received the certificate of business registration No. 4103000457 by the Department of Planning and Investment of HCMC.

ON 14 DECEMBER 2006

Thuduc House's stock (Stock code: TDH) was officially listed on the HCMC stock exchange, affirmed Thuduc House's position, development and popularity and Thuduc House's stock on the market.

THUDUC HOUSE • ANNUAL REPORT 2017

DEVELOPMENT HISTORY

HISTORY OF RAISING CHARTER CAPITAL



CHARTER CAPITAL

TIME OF ESTABLISHMENT
(15 June 2001)

5 VND BILLION

IST TIME

JULY 2005

Issuance of shares to increase equity (bonus shares) (1:1 ratio): VND 15 billion

Increasing from VND **15** billion

30 VND BILLION

2ND TIME

JUNE 2006

Issuance of shares to increase equity (1:1 ratio): VND 30 billion

Share issuance to employees: VND 10 billion

Share issuance to strategic partners: VND 30 billion

Increasing from VND 30 billion

OO VND BILLIO

3RD TIME

JULY 2006

Issuance of shares to increase equity (2:1 ratio): VND 50 billion Additional issue to shareholders (5:1): VND 20 billion Increasing from VND **100** billion

70 VND BILLION

4[™] TIME

JANUARY 2008

Dividend by share (5:1 ratio): VND 34 billion Share issuance to current shareholders: VND 17 billion Share issuance to strategic partners: VND 9 billion Increasing from VND **170** billion

230 VND BILLION

5[™] TIME

DECEMBER 2008

Dividend by share (10:1 ratio): VND 22.5 billion (500,000 treasury shares are not subject to be paid dividend)

Increasing from VND **230** billion

252.5 VND BILLION

I 2TH TIME

JULY 20 17

Issuance of shares to increase equity (15:1 ratio): VND 106.45 billion

Increasing from VND **709.88** billion

816.34 VND BILLION

I ITH TIME

JUNE 2016

Issuance of shares to increase equity (100:15 ratio): VND 92.58 billion

Increasing from VND 617.3 billion

709.88 VND BILLION

IOTH TIME

APRIL 2016

Issuance of shares to existing shareholders and other partners (2:1 ratio): charter capital increased VND 197.66 billion, capital surplus increased VND 64.6 billion

Increasing from VND **419.64** billion

6 7.3 VND BILLION

9TH TIME

FEBRUARY 2015

Issuance of shares to increase equity (10:1 ratio): VND38.14 billion

Increasing from VND 381.50 billion

4 1 9.64 VND BILLION

8TH TIME

DECEMBER 2013

Converting TDH41029 bonds for the second time in 2013: gaining VND 573.34 million

Increasing from VND 380.93 billion

38 1.50 VND BILLIO

7TH TIME

FEBRUARY 2013

Converting TDH41029 bonds first time in 2012: gaining VND 2.18 billion

Increasing from VND 378.75 billion

380.93 VND BILLION

6[™] TIME

DECEMBER 2009

Dividend by share (ratio 2:1): VND 126.25 billion

Increasing from VND **252.5** billion

378.75 VND BILLION

COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 20 • 21

DEVELOPMENT HISTORY

Shareholders Meeting decided

to establish Thuduc Housing

Developing Corporation

(formerly known as Thuduc

Housing Development and

Industrial Park Services

Company) with initial charter

capital of VND 15 billion.

MILESTONES DURING ITS GROWTH

» Launching Thuduc Agriculture Wholesale Market - one of the three key wholesale markets in HCMC.

- » Establishing Thuduc Agriculture Wholesale Market Co., Ltd.
- » Winning a tender of a 6.4 hectares land located at Binh An Ward, District 2, HCMC from Vietnam Export Import Commercial Joint Stock Bank (Eximbank) and successfully developing Binh An urban project District 2.
- » Establishing Daewon Thuduc Housing Development Corporation - the first joint venture with a foreign partner with capital contribution by land use right.
- » Ground-breaking of the Cantavil Apartment (Ist phase) - starting the product line of Cantavil Apartment.

Ground-breaking of TDH - Truong Tho Apartment - which marked the company's first foundation for the product line named TDH - Apartment invested by TDH. The project has been awarded Gold Medal by Ministry of Construction for High Quality Construction Products Vietnam 2010.



Officially listing Thuduc House share (Ticker: TDH) on the Ho Chi Minh City Stock Exchange on 14 December, 2006.

» Thuduc House's Board of Directors received a Certificate of Merit by the Prime Minister for their recognized contribution in building socialism and protecting the fatherland (period from 2003 to 2007).

- » Breaking ground on Cantavil Premier Apartment Building (2nd phase)
- » General Director Le Chi Hieu was recognized as Typical Entrepreneur of Vietnam and was awarded Thanh Giong Cup.

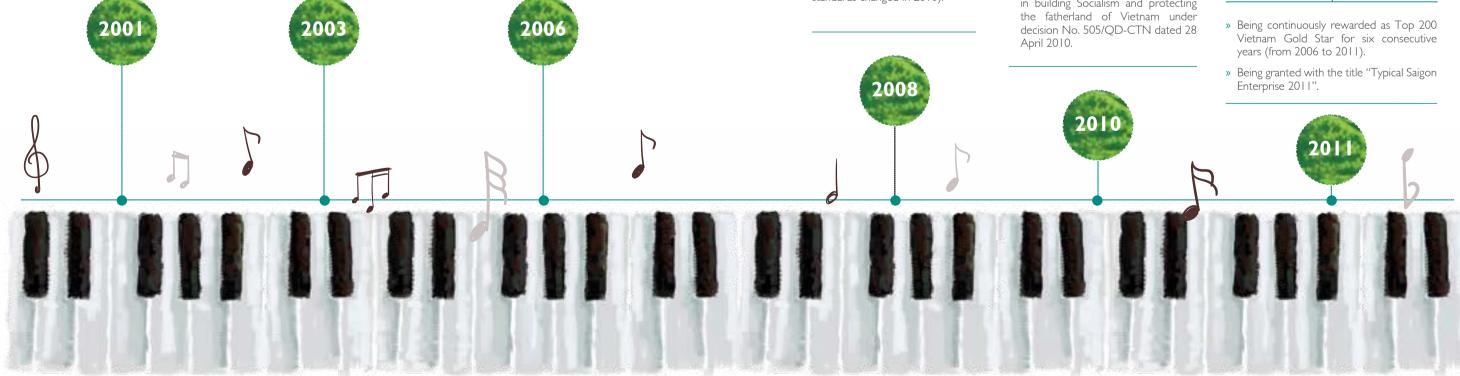


Receiving Certificate of Quality Management System Standard ISO 9001:2001 certified by Det Norske Veritas (DNV) (ISO 9001:2008 standards changed in 2010).

- » Being rewarded with the prize of Sao Vang Dat Viet (Vietnam Gold Star Award) for five consecutive years from 2006 to 2010 - given to typical Vietnamese brands and product organized by the Vietnam Youth Federation in cooperation with the Vietnam Young Entrepreneurs Association.
- » Being granted "Top 500 Biggest Enterprises in Vietnam 2010" - a title to recognize and honor enterprises which got the fastest growth in Vietnam in the past few years.
- » Being awarded "Most Admired ASEAN Enterprises 2010" (ASEAN-ABA 2010) - paving the way for the company to confidently assert and promote its brand to regional market.
- » Applying ERP SAP solution with aim to plan information and provide reports on the company's operation management.
- » Being rewarded with Gold Medal for High Quality Projects - 2010 Vietnam Construction Products for TDH -Truong Tho (certificate dated 10 November 2010).
- » Thuduc House, its General Director and several Deputy General Directors were awarded Third-class Labor Medal for outstanding accomplishments from 2006 to 2009 in building Socialism and protecting the fatherland of Vietnam under decision No. 505/QD-CTN dated 28 April 2010.

- » Organization department of VietBuild International Exhibition - Ministry of construction granted award "Viettopre gold cup" for TDH - Truong Tho apartment.
- » State Securities commission awarded Certificate of Merit for Thuduc House's achievements of winning annual report prizes in Annual Report Award for the past 5 years.
- » Received Certificate of Merit from HCMC People's Committee for completing business mission in 02 years (2010 and 2011) contributed to positive movement of Ho Chi Minh City.
- » The People's Committee of Khanh Hoa Province gave Certificate of Merit to Thuduc Housing Development Corporation for its achievement "For pupils living in our beloved Truong Sa Islands" program in 2012.
- » Vietnam Fatherland Front Committee gave Certificate of Merit to Thuduc Housing Development Corporation for its positive engagement in "For the poor" campaign in 2012.
- » Minister of Construction gave Certificate of Merit to Thuduc Housing Development Corporation for its excellent achievement in completing all tasks in 2012 work plan.





COMPANY OVERVIEW 22 • 23

DEVELOPMENT HISTORY

MILESTONES DURING ITS GROWTH (continued)

» The Prime Minister gave Certificate

of Merit to Thuduc Housing

Development Corporation for

its achievement in charitable and

social activities contributing to the

career of socialism construction and

» Prime Minister awarded Certificate

of Merit to Thuduc Housing

Development Corporation on the

achievements in the organization,

participation in the Executive

Council and sponsored Vu A Dinh

Scholarship Fund, contributing to

the construction industry building

fatherland protection.

- » HCMC People's Committee gave Certificate of Merit to Thuduc Housing Development Corporation for its contribution to "For beloved Truong Sa students" program.
- » VietNamNet online newspaper certified Thuduc Housing Development Corporation as one of 500 largest private companies in Vietnam.
- » Ministry of Education and Training gave Certificate of Merit to Thuduc Housing Development Corporation for its excellent achievement in founding and accompanying with Vu A Dinh Scholarship which aims at developing the education career for young generation in highland, remote region and region of islands in Vietnam.
- » The Prime Minister gave Certificate of Merit to Thuduc Housing Development Corporation for its achievement in charitable and social activities contributing to the career of socialism construction and fatherland protection.

- » The President of Vietnam awarded the Second-class Labor Order to Thuduc House for outstanding achievements in its works and contribution to the career of building socialism and protecting the nation.
- » The State President awarded the Second-class Labor Medal to the Chairman of the Board of Directors - General Director Le Chi Hieu for excellent achievements from 2010 to 2014, making contribution to development of socialism and national defense.
- » The Minister of Education and Training awarded Certificate of Merit to Thuduc House for its outstanding achievements in construction and companion.
- » Thuduc House won Vietnam Gold Star Award 2015 an award for the typical brands and products of Vietnam in international integration co-organized by the Central Committee of the Vietnam Youth Federation and the Central Committee of the Vietnam Young Enterprise Association.

- » President of the Socialist Republic of Vietnam awarded the Third-class Labor Medal to Mr. Nguyen Vu Bao Hoang - General Director of Thuduc Housing Development Corporation for excellent achievements in business at Thuduc Agriculture Wholesale Market in HCMC, facilitating consumption of agricultural products, implementing charity activities, making contribution to the career of Socialism Construction and Fatherland Protection.
- » Chairman of HCMC People's Committee awarded the title HCMC Typical Enterprise 2016 to Thuduc Housing Development Corporation.
- » Chairman of HCMC People's Committee awarded the Certificate of Merit to Thuduc Housing Development Corporation for excellent achievements in development the Real Estate Association in consecutive years at the 3rd congress (2016 2021).
- » The HCMC People's Committee awarded the Certificate of Merit to Thuduc Housing Development Corporation for achievements in development of the Business Fund for the Community in consecutive years, actively contributing to the emulation movement of the city at the 2nd congress (2016 - 2021).
- » Vietnam Association of Real Estate Brokers (VAREB) awarded Certificate of Merit to Thuduc Housing Development Corporation for its positive contribution to the development of VAREB.
- » Ho Chi Minh City Stock Exchange voted Thuduc Housing Development Corporation in Top 30 companies with the best Annual Report in 2017.

2017

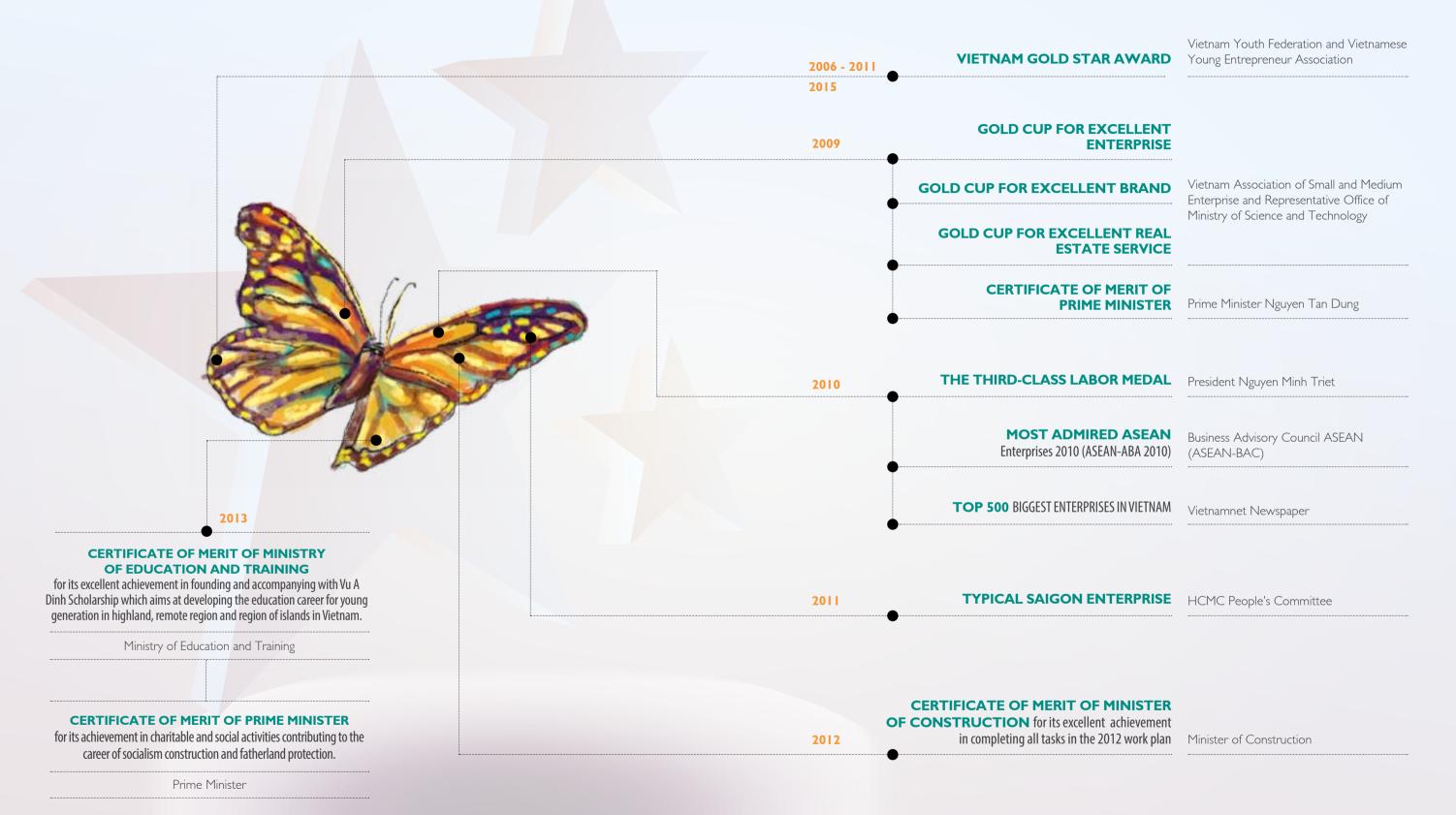


COMPANY OVERVIEW

THUDUC HOUSE • ANNUAL REPORT 2017

24 • 25

AWARDS



AWARDS

CERTIFICATE OF MERIT CERTIFICATE from the Prime Minister for the achievements in works of charity, society, contributing to the cause of building socialism and protecting the country. 2014 **CERTIFICATE OF MERIT OF PRIME MINISTER** for the achievements in activities of organization and participation in the Council of Executive and Sponsor for Vu A Dinh Scholarship Fund, contributing to the career of socialism construction and fatherland protection. CERTIFICATE OF MERIT OF HO CHI MINH CITY **YOUTH UNION** for the active contributions to the movement of learning, scientific research in consecutive years. On occasion of the 25th anniversary of the establishment of new science and technology development center (1989 - 2014) **CERTIFICATE OF MERIT FROM THE PEOPLE'S COMMITTEE** of District 3 for the outstanding achievements in the patriotic movement for the period of 2010 - 2014. THE SECOND-CLASS LABOR MEDAL for outstanding achievements in works and contribution to the career of 2015 socialism construction and fatherland protection. **CERTIFICATE OF MERIT** for outstanding achievements in founding and accompanying with Vu A Dinh scholarship fund, developing education career in mountain and island areas. **HCMC TYPICAL ENTERPRISE 2015** Mr. Nguyen Vu Bao Hoang - General Director of Thuduc Housing Development Corporation was awarded the Third-class Labor Medal for his outstanding achievements in business at Thuduc Agriculture Wholesale Market, facilitating consumption of agricultural products, implementing charity activities, contributing to the career 2017 of Socialism Construction and Fatherland Protection. 2016 **VIETNAM ASSOCIATION OF REAL ESTATE HCMC TYPICAL ENTERPRISE 2016** Thuduc Housing Development Corporation for its positive **CERTIFICATE OF MERIT** contribution to the development of VAREB.

BROKERS(VAREB) awarded Certificate of Merit to

Vietnam Association of Real Estate Brokers (VAREB)

for development of the Real Estate Association for consecutive years at the 3rd Congress (2016 - 2021).

CERTIFICATE OF MERIT IN DEVELOPMENT OF

THE BUSINESS FUND for the community for consecutive years, actively contributing to the emulation movement of the city at the 2nd Congress (2016 - 2021).

HCMC People's Committee

Prime Minister

Ho Chi Minh City Youth Union

People's Committee of District 3

Minister of Education and Training

HCMC People's Committee

State President of the Socialist

Republic of Vietnam

President of Vietnam

COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 28 • 29

BUSINESS SECTORS AND OPERATIONAL NETWORK



REAL ESTATE INVESTMENT



REAL ESTATE INVESTMENT AND BUSINESS IS THE MAIN BUSINESS OPERATION OF THUDUC HOUSE SINCE ITS ESTABLISHMENT DATE. AFTER 27 YEARS OF DEVELOPMENT, THUDUC HOUSE HAS INCREASINGLY AFFIRMED ITS REPUTATION IN REAL ESTATE MARKET.

REAL ESTATE AT HOME AND ABROAD AND CONTRIBUTED TO THE DEVELOPMENT OF REAL ESTATE MARKET IN VIETNAM IN THE CONTEXT WITH DIFFICULTIES AND CHALLENGES. AT THE END OF 2017, THUDUC HOUSE SUCCESSFULLY IMPLEMENTED MORE THAN 45 REAL ESTATE PROJECTS, INCLUDING NEW URBAN AREAS, FROM MIDDLE-TO-HIGH-CLASS APARTMENT BUILDING PROJECTS, COMMERCIAL CENTERS, PREMIUM RESORTS AND LUXURY HOTELS.

Operational network of real estate investment and trading

» Domestic investment

Thuduc House has expanded its real estate operational network nationwide including: Ho Chi Minh City, Hanoi, Hue, Nha Trang, Da Lat, Long An. In particular, the projects of Thuduc House are mainly located in District 9, Thu Duc District, District 2. Some typical projects of Thuduc House include Cantavil Premier Project (Joint Venture with Daewon corporation - South Korea), Thuduc Agriculture Product Wholesale Market, Binh An Residential Area, Phuoc Long Spring Town, TDH - Truong Tho Apartment, TDH - Phuoc Binh Apartment, Ben Luc Residential Area in Long An Phuc Thinh Duc Apartment, Centum Wealth high - grade apartment (Joint Venture with Daewon), Cantavil Hanoi (Joint Venture with Daewon, Phong Phu)...

Main products of Thuduc House are mostly medium and luxury segments. Since 2010, the Company has developed a strategy to diversify products with additional medium segments to meet changing needs

of the Vietnamese real estate market. The Company successfully launched S-home small apartments, starting with TDH - Phuoc Long apartment in District 9 in 2016. Moreover, the corporation also promotes its cooperation and joint venture with both local and international big partners namely Daewon Group - South Korea, Phong Phu Corporation, Vinatex ITC, Tocontap, Phuoc Long Investment JSC, Satraseco, etc. The expanded cooperation enables the corporation to develop projects in multiple kinds and appropriate to each project status.

Since 2016, Thuduc House has signed comprehensive cooperation contracts with FIDECO and Lien Phuong Textile & Garment Corporation to jointly develop new projects, in which, focusing on the office and apartment projects in central Districts to expand land fund and enhance competitive competence.

COMPANY OVERVIEW 30 • 31

BUSINESS SECTORS AND OPERATIONAL NETWORK



TDH - Phuoc Binh Apartment Building (Dist.9) (TDH: 100%) Land area: 2,325 m² Completed in 2010

Land area: 3,760 m²
Already commenced,
under construction of foundation

COMPANY OVERVIEW 32 • ANNUAL REPORT 2017 32 • 33

BUSINESS SECTORS AND OPERATIONAL NETWORK



Note: The list above does not include transferable projects and small-scale projects.

COMPANY OVERVIEW 34 • 35

BUSINESS SECTORS AND OPERATIONAL NETWORK

DIAGRAM OF COMPLETED, ONGOING, AND EXPECTED TO COOPERATE FOR CONSTRUCTION PROJECTS IN HCMC AND OTHER PROVINCES

IN DISTRICT 9

- I. CENTUM WEALTH PREMIUM APARTMENT BUILDING (Ongoing)
- **2. TDH PHUOC BINH APARTMENT BUILDING** (Completed)
- **3.TDH-PHUOCLONG APARTMENT BUILDING** (Completed in 2016)
- **4. TDH PHUC THINH DUC APARTMENT BUILDING** (Under construction low-rise area)
- **5. PHUOC LONG SPRING TOWN URBAN ZONE** (Under construction low-rise area)
- **6. TDH TOCONTAP RESIDENTIAL AREA** (Ongoing)

IN THU DUC DISTRICT

- **I.TDH-TRUONG THO APARTMENT BUILDING** (Completed)
- 2. TDH BINH CHIEU APARTMENT BUILDING (LOT I + LOT H) (Under design)
- **3. BINH CHIEU RESIDENTIAL AREA 4 ha** (Under construction of infrastructure)
- 5. THUDUC AGRICULTURE
 WHOLESALE MARKET (Completed in year)

IN BINH THANH DISTRICT

I. HANG XANH COMMERCIAL - SERVICE - OFFICE CENTER (Completed)

IN DISTRICT 2

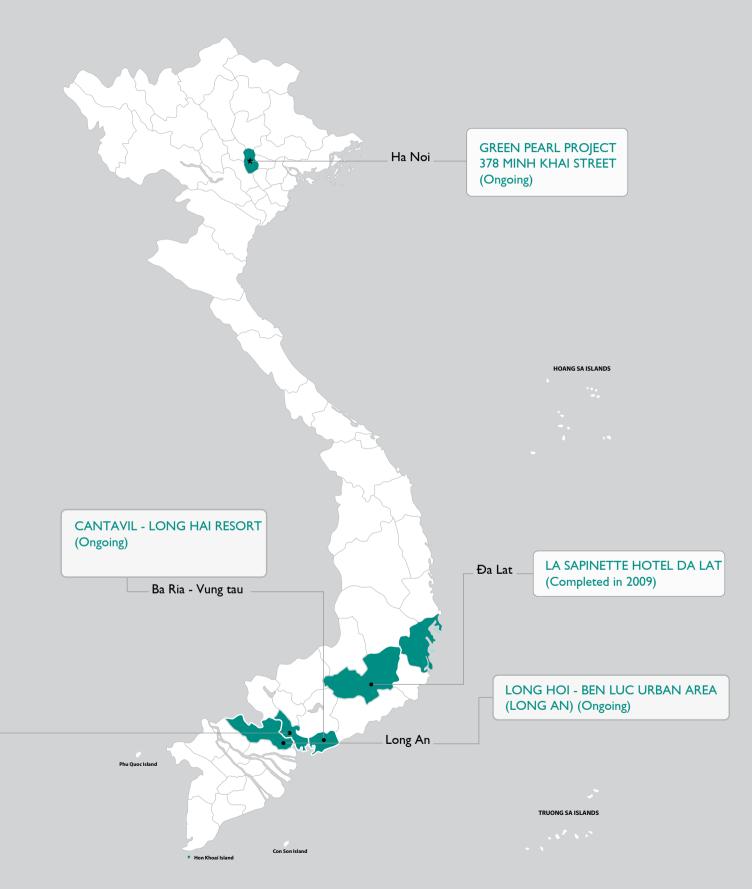
- I. CANTAVIL APARTMENT BUILDING PHASE I (Completed)
- 2. CANTAVIL PREMIER APARTMENT BUILDING (Completed)

» Foreign investment

With experience, considerable expertise and clear-headed strategy, Thuduc House brand is recognized by local and foreign partners. Especially, Thuduc House is the first Vietnamese Company to receive the real estate business license to operate in USA.

In 2009, Thuduc House established joint-venture named Thuduc House Property Ventures LLC with head office located in 985 Kendall Drive, Suite 342, San Bernardino, CA 92407, USA. Main business line of this company is to develop residential areas for sale and rent. By the end of 2017, the Company has completed the sale of all units the company has invested and dissolved the joint venture in the United States and transferred all investment capital back to the country.





COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 36 • 37

BUSINESS SECTORS AND OPERATIONAL NETWORK

INVESTMENT OF PRODUCTION - TRADE - SERVICE

With the aim to increase performance of the Company as well as bring added values, TDH spent part of capital to invest in projects and established many member companies operating in trade and services creating more diversified products and services such as Dong An Binh Pure Ice Co., Ltd; high-rise building management services of Tam Binh - Thu Duc Service Co., Ltd; security services of Hung Vuong Security Service JSC, Thuduc Agriculture Wholesale Market Co., Ltd; La Sapinette Dalat Hotel, etc...



In which, the management services in the cluster of Thuduc Agriculture Wholesale Market is business operation of contributing the highest revenue among sectors of manufacturing - commerce - services of the Company.

Currently, besides the main activity as real estate business, the Company also promoted development of more export activities of agricultural-forestry-mineral products based on the existing advantages from Thuduc Agriculture Wholesale Market and from local and foreign partners.

FINANCIAL INVESTMENT

Financial investment aimed to create balance for business cycle, land fund development and diversification of asset portfolio to reduce risk. The key financial investment activities of TDH include:

- » Capital contribution to (establishing) enterprise for the first time.
- » Capital contribution (purchase of shares) as a strategic shareholder.
- » Financial investment under form of business partnership contract for real estate projects.

Especially in financial investment, TDH always focused on large capital to invest in financial items related to development of real estate sector. Primarily investing in joint venture, associated companies to expand land fund and facilitate for development of investment activities in projects of the Company in the long term.





COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 38 • 39

S.W.O.T ANALYSIS



- » Thuduc House is an experienced company with many years in investing and trading properties in Vietnam. Its Board of Management is proficient, experienced, flexible and creative in management.
- » Thuduc House is one of the real estate enterprises which have safe finance structure, remains low debt rate in comparison with equity and keeps stable business situation in the past many years.
- » Thuduc House is a big, reputable brand name, trusted and chosen by many clients thanks to its product quality. Quality is deemed the most important factor to retain current customers and attract potential customers.
- » Professional marketing and branding activities bring high efficiency and create strong impression with community.
- » There are many strong local and international partners such as: Daewon Corporation South Korea, Satraseco, Tocontap and some other international partners from Japan, Taiwan, etc.

- » Capital Scale is still small, not yet able to meet investment needs under the development strategy of Company. It must rely on loans and joint venture, associated capitals...
- » Not yet have expanded land fund in central Districts of HCMC. The expansion is still under consideration due to too high price, currently Company has just researched and expectedly deployed first potential projects in center area.
- » Lack of human resources, especially middle and senior managers. Members of BOD and BOM still take over multi-positions.

- » The real estate market will continue to strongly develop and deeply integrate in 2017: new State policies, low interest rate, increasing capital flows inside and outside the country into the market, recovering the belief in the market, increasing M&A activities, etc.
- » Demand in accommodation and middle-class apartments are very high. This product line of the Company has competitive strengths. The Company is focusing on this segment in the future.
- » The cooperation strategy with strong partners, local and foreign associated Companies helps Thuduc House to enhance competitiveness as well as ensure financial support for project implementation in future.
- » Thuduc House successfully implemented ERP project to manage information data and provide appropriate management reports to meet the expansion plan of Group. ERP helps Thuduc House to enhance management quality, facilitate business processes in accordance with international standards, concurrently increase profit, improve competitive advantages and brand development.
- » With its available advantages from Thuduc Agriculture & Food Wholesale Market, its strategy to foster agro products export and import activity in the next coming years is expected to provide the Company with stable revenue, effective support for its real estate sector and an improvement in business results.

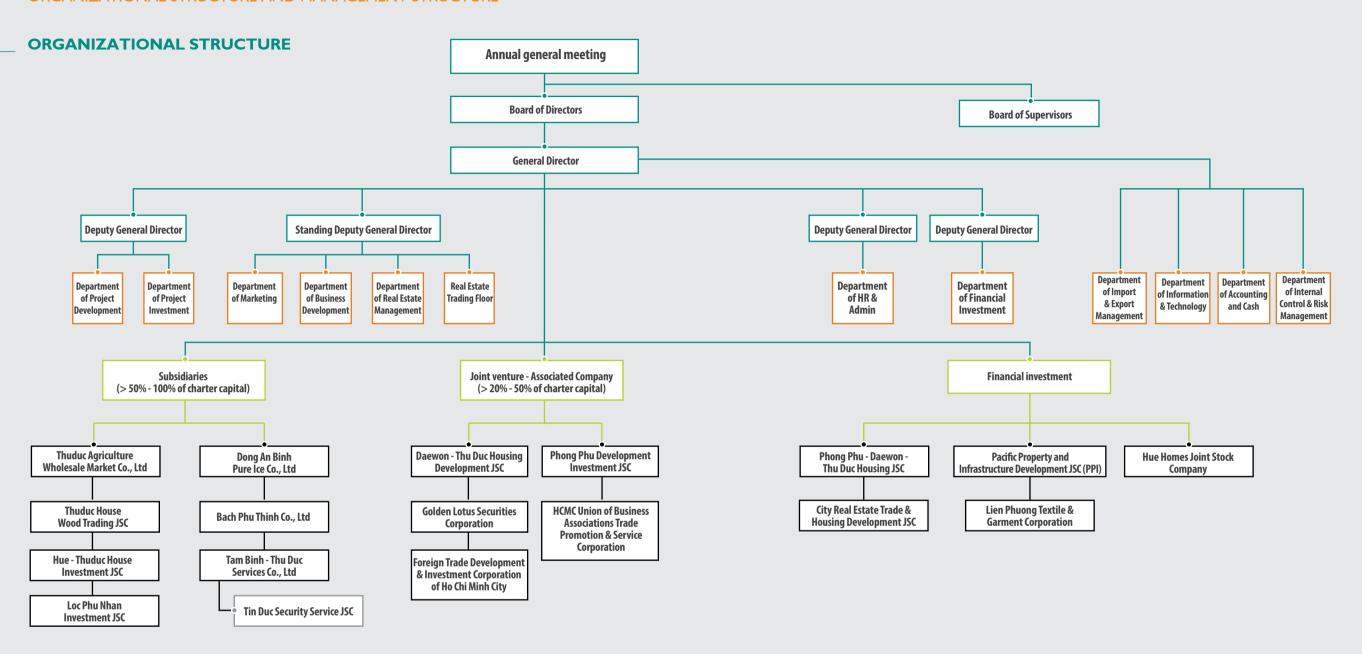
- » Legal risk in the real estate sector is still quite high. Regulations in the field of land management, construction management and planning keep many existing shortcomings; policies on land valuation, lasted legal procedure... also cause many difficulties and increase in project development costs for enterprises (especially the cost related to land).
- » In the context of global integration, many experienced foreign real estate companies with strong financial capacity have been putting significant competitive pressure on domestic companies.
- » Local real estate companies are growing more and more in quantity. More and more projects are launched in the market leading to increasingly fiercer competition.

COMPANY OVERVIEW

THUDUC HOUSE • ANNUAL REPORT 2017

40 • 41

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE



MANAGEMENT STRUCTURE

» Annual General Meeting (AGM):

The Annual General Meeting is the highest decision-making body of the Company. As of 01 March 2018, total shareholders of Thuduc House were 5,084 shareholders, of whom 48.93% are foreign shareholders and 51.07% are domestic shareholders.

» Board of Directors (BOD): The Board of Directors is the corporate management body, totally representing the Company to decide and implement the rights and obligations not under the competence of AGM. The incumbent BOD of Thuduc House consists of 04 members (one member resigned in June 2017. BOD has disclosed this information and will elected replacement member in the nearest AGM), in which 03 members are non-executive members.

- » **Board of Management (BOM):** Thuduc House's BOM members are appointed by BOD, including 01 General Director and 05 Deputy General Directors, who are responsible for implementing the decisions of BOD and AGM and carrying out business strategies related to the Company's business operation.
- » Board of Supervisors (BOS): Thuduc House's BOS consists of 03 independent non-executive members and 01 Head of the BOS who has an accounting background and works full time for the Company. The BOS is responsible for supporting shareholders in control and management of the Company.

COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 42 • 43

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE

BOARD OF DIRECTORS AND BOARD OF MANAGEMENT



Mr. LE CHI HIEU

Chairman of BOD

Year of birth: 1957

Qualification: Doctor of Business Administration Seniority: Joined the Company since 1994 (24 years)



Mr. TRAN QUANG NGHI

Vice Chairman Of BOD - Independent member of BOD

Year of birth: 1960

Qualification: Master of Business Administration; Bachelor of Science in Economics; CEO Certificate



Employment history:

- » 1980 1986: Worked at State Bank Thu Duc Branch (formerly)
- » 1986 1988: Worked at Investment & Construction Bank - Thu Duc Branch
- » 1988 1989: Head of Planning & Statistic Division Thu Duc People's Committee
- » 1989 1994: Head of Finance Planning Division Thu Duc People's Committee; Member of Thu Duc People's Council
- » 1994 2001: Director of Thuduc House Management & Development Company
- » 2001 May 2015: Chairman cum General Director of Thuduc Housing Development Corporation
- » June 2015: Chairman of BOD of Thuduc Housing Development Corporation

Positions in other organizations:

- » Chairman of the Board of Members of Bach Phu Thinh Co., Ltd
- » Chairman of BOD of Phuc Thinh Duc Investment Co., Ltd
- » Chairman of Thuduc Agriculture Wholesale Market Co., Ltd
- » Chairman of Tam Binh Thu Duc Services Co., Ltd
- » Chairman of Dong An Binh Pure Ice Co., Ltd

Employment history:

- » 1980 1995: Staff of Phong Phu Textile Company.
- » 1995 1996: Deputy Head of Sales Department of Phong Phu Textile Company
- » 1996 1997: Deputy Head of Planning Department of Phong Phu Textile Company
- » 1997 1998: Head of Planning Department of Phong Phu Textile Company
- » 1998 2001: Head of Sales Department of Phong Phu Textile Company
- » 2001 2003: Vice General Director of Phong Phu Textile Company
- » 2003 2009: General Director of Phong Phu Corporation
- » 2009 2010: Member of the Board of Members, Standing Deputy General Director of Vietnam National Textile and Garment Group
- » Chairman cum General Director of Phong Phu Corporation
- » 2010 2013: Member of the Board of Members, General Director of Vietnam National Textile and Garment Group
- » Chairman of BOD of Phong Phu Corporation
- » 2013 2014: Chairman of the Board of Members of Vietnam National Textile and Garment Group
- » Chairman of BOD of Phong Phu Corporation.
- » January 2015 up to now: Chairman of BOD of Vietnam National Textile and Garment Group
- » Chairman of BOD of Phong Phu Corporation
- » Chairman of Board of Members of Coast Phong Phu Joint Venture
 Company

Positions in other organizations:

- » Chairman of BOD of Vietnam National Textile and Garment Group
- » Chairman of the Board of Members of Coast Phong Phu Joint Venture Company
- » Chairman of BOD of Phong Phu Corporation



Mr. **NGUYEN VU BAO HOANG**

Member of BOD - General Director

Year of birth: 1976

Qualification: Doctor of Business Administration; Master of Economics Seniority: Joined the Company since 2005



Mr. LE THANH LIEM

Member of BOD

Year of birth: 1960

Qualification: Master of International Business Administration

In charge of:

» Being the Company's legal representative, representing the Company to sign economic contracts and transactions with the State management agencies, organizations and individuals on the issues related the Company's business operation

Employment history:

- » 1995 2005: Studied and worked at Sydney Australia
- » 2005 May 2010: Sales & Marketing Director Thuduc Housing Development Corporation
- » June 2010 May 2015: Deputy General Director of Thuduc Housing Development Corporation
- » From June 2015: General Director of Thuduc Housing Development Corporation
- » From March 2011 May 2015: Member of BOD cum Deputy General Director of Thuduc Housing Development Corporation
- » From June 2015: Member of BOD cum General Director of Thuduc Housing Development Corporation

Positions in other organizations:

- » Member of BOD of Pacific Property & Infrastructure Development JSC (PPI)
- » Chairman of BOD of HCMC Union of Business Association Trade Promotion & Service Corporation
- » Chairman of BOD of Thuduc House Wood Trading JSC
- » Vice Chairman of Thuduc Agriculture Wholesale Market Co., Ltd
- » Member of BOD of Petroleum Mechanical JSC
- » Member of BOD of Ben Thanh Jewelry JSC
- » Vice Chairman of BOD of Foreign Trade Development & Investment Corporation of HCMC (FIDECO)
- » Chairman of Board of Members of Thong Duc Co., Ltd
- » Vice Chairman of BOD of Daewon Thu Duc Housing Development JSC $\,$
- » Chairman of BOD of Loc Phu Nhan Investment JSC

Employment history:

- » 1982 2008: Deputy General Director of Phong Phu Corporation
- » 2008 2013: General Director of Vietnam Textile & Garment Real Estate JSC
- » 2013 2015: General Director of Phuoc Long Investment |SC
- » 2015 up to now: Vice Chairman cum General Director of Lien Phuong Textile & Garment Corp

Positions in other organizations:

- » Vice Chairman cum General Director of Lien Phuong Textile & Garment Corporation
- » Chairman of BOD cum General Director of Vietnam Wool JSC
- » Vice Chairman of Vinatex Nam Dinh City JSC
- » Member of BOD of Phong Phu Daewon Thu Duc Housing Development JSC

COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 44 • 45

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE

BOARD OF DIRECTORS AND BOARD OF MANAGEMENT (continued)



Mr. TRAN BAO TOAN

Member of the Board of Directors (Joining the Board of Directors since April 2016, resigned in June 2017)

Year of birth: 1971 Qualification: PhD in Economics



Mr. TRAN QUANG NHUONG

Standing Deputy General Director Year of birth: 1962 Qualification: Bachelor of Economics



- » May 1995 July 1999: Chairman of Risk and Return Switzerland
- » August 1998 August 2000: Portfolio Manager of Banque General du Luxembourg
- » September 2000 February 2005: Research Director, Vice Chairman of Fund Management and Portfolio Department of AKB Bank
- » February 2005 June 2006: Financial Consultant of SECO Project on supporting Vietnam
- » February 2005 September 2006: Investment Manager of Vietnam Holding
- » October 2006 June 2012: Vice Chairman of the Board of Directors of Ban Viet Fund Management Company and Member of the Board of Directors of Ban Viet Securities Joint Stock Company
- » May 2011 October 2014: General Director of Foreign Trade Development & Investment Corporation of Ho Chi Minh City
- » From July 2015: Chairman of the Board of Directors of Ho Chi Minh City Foreign Trade Development and Investment Joint Stock Company
- » From February 2016: General Director of UK Northern Ireland PAVO CAPITAL Fund Management Company

Positions in other organizations:

- » Chairman of the BOD of Foreign Trade Development & Investment Corporation of Ho Chi Minh City
- » Chairman of the BOD of DBA-RHINO JSC

In charge of:

- » Managing Project Development & Service Division; supervising and directing some subsidiaries, associates and joint ventures
- » Seniority: Joined the Company since 1991

Employment history:

- » 1981 1991: Staff of Statistic Department of Thu Duc District
- » 1991 2001: Head of Planning Department of Thuduc Housing Development & Industrial Park Company
- » 2001 March 2011: Deputy General Director of Thuduc House
- » March 2011 up to now: Standing Deputy General Director of Thuduc House

Positions in other organizations:

» General Director of Loc Phu Nhan Investment JSC



Mrs PHAM THI THANH BINH

Deputy General Director Year of birth: 1964

Qualification: Bachelor of Economics, Bachelor of Law Seniority: Joined the Company since 1993



Mr. NGUYEN KHAC SON

Deputy General Director Year of birth: 1970

Qualification: Bachelor of Business Administration Seniority: Joined the Company since 2006

In charge of:

» Managing Human Resource & Admin Division

Employment history:

- » 1985 1991: Worked at Thu Duc Import Export Manufacturing and Trading Company
- » 1991 1993: Deputy Head of Planning Department Thu Duc Import - Export Manufacturing and Trading Company
- » 1993 1994: Staff of Thuduc Housing Management & Development Company
- » 1994 1996: Deputy Head of Material Planning Department of Thuduc Housing Management & Development Company
- » 2001 April 2010: Sales Director of Thuduc House
- » April 2010 up to now: Deputy General Director of Thuduc House

In charge of:

» Directly in charge of business operation. Manage real estate exchange floors under Thuduc House or Thuduc House contributes capital; Assist General Director in relations with investors, organizations and international management funds

Employment history:

- » 1994 2001: Head of Purchasing Department of VMEP SYM Vietnam
- » 2006 May 2010: Director of Financial Investment Department of Thuduc Housing Development Corporation
- » June 2010 April 2011: Deputy General Director of Thuduc Housing Development Corporation
- » April 2011 April 2015: Member of the Board of Directors - Deputy General Director of Thuduc Housing Development Corporation
- » May 2015: Deputy General Director of Thuduc Housing Development Corporation

Positions in other organizations:

- » Member of BOD cum Deputy General Director of Daewon - Thu Duc Housing Development |SC
- » General Director of Bach Phu Thinh Co., Ltd

COMPANY OVERVIEW

THUDUC HOUSE • ANNUAL REPORT 2017

46 • 47

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE

BOARD OF DIRECTORS AND BOARD OF MANAGEMENT (continued)





Mr. NGUYEN NGOC TRUONG CHINH

Deputy General Director Year of birth: 1973

Qualification: Bachelor of Foreign Trade



In charge of:

» Directly managing financial investment, supporting General Director to work with investors, foreign organizations and financial funds

Employment history:

- » 1999 2006: Chief of OTC Department ACB Securities ISC
- » 2006 2007: Deputy General Director of Dong Duong Securities JSC
- » 2007 2009: Director of Project Division of Nguyen Kim Group; General Director of Vinatex - Nguyen Kim
- » 2009 January 2016: General Director of Golden Lotus Securities JSC
- » January 2016 up to now: Deputy General Director of Thuduc House

Positions in other organizations:

- » Member of BOD of Sen Vang Securities JSC
- » Member of BOD of Thua Thien Hue Import, Export & Investment JSC
- » Member of BOD of the City Housing Development Real Estate Business Joint Stock Company (HDReal)
- » Member of BOD of Foreign Trade Development & Investment Corporation of Ho Chi Minh City
- » Member of BOD of Khanh Phu Investment Corporation



Mr. DOAN NGOC QUANG

Deputy General Director

(Appointed in August 2016 and dismissed on 22 February, 2017)

Year of birth: 1976

Qualification: Master of Finance - Banking



Mr. LE DU DANG KHOA

Deputy General Director (Appointed in September 2017)

Year of birth: 1976

Qualification: Master of Business Administration, Civil & industrial engineer

In charge of:

» Directly in charge of project investment

Employment history:

- » From September 1998 to December 1999: Staff of Vietnamese Music Company
- » From January 2000 to April 2002: Staff of Danu Vina Company (Linh Trung Export Processing Zone)
- » From June 2002 to February 2007: Deputy Head of Research and Development Department of Nam Long Construction Co., Ltd
- » From February 2007 to April 2008: Staff of Alpha Securities JSC
- » From April 2008 to June 2010: Staff of VinaCapital Real Estate Co., Ltd
- » From April 2010 to March 2011: Deputy General Director/ Member of the Board of Directors of Binh Thanh Import - Export Production & Trade JSC (Gilimex); General Director of Gia Dinh Real Estate One-member Co., Ltd (under Gilimex)
- » From January 2011 to November 2014: Deputy General Director of Dat Viet Development JSC (under Vina Capital Group)
- » From December 2014 to January 2016: Investment Director of Dat Xanh Group
- » From February 2016 to May 2016: Deputy General Director of Foreign Trade Development & Investment Corporation of Ho Chi Minh City
- » From June 2016 up to now: General Director of Foreign Trade Development & Investment Corporation of Ho Chi Minh City

In charge of:

» Directly in charge of project investment

Employment history:

- » 1994 1999: Civil & industrial engineering— Ho Chi Minh City University of Architecture
- » 2010 2012: Master of Business Administration—Ho Chi Minh City University of Technology
- » 04/2002 08/2013: Project Manager–Deputy Director of Project Consulting and Management (2007 - 2013)
- » 08/2013 03/2015: Project Manager cum Deputy Director of Project Department - Meinhardt Vietnam (Singapore)
- » 04/2015 07/2016: Personal Assistant Chairman of BOD-General Director (in charge of Project Investment &Deployment) - Dat Xanh Group
- » 07/2016 04/2017: Deputy General Director of Project Investment & Development – LDG Group
- » 04/2017 09/2017: Deputy General Director of Project Investment & Development – Nguyen Kim Land
- » 09/2017 present: Deputy General Director of Thuduc Housing Development Corporation

COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 48 • 49

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE

BOARD OF SUPERVISORS



Ông NGUYEN HUNG LONG

Chief of BOS Year of birth: 1966

Qualification: Bachelor of Economics, Bachelor of Law



Ong THAI BANG AU

Member of BOS

Year of birth: 1957

Qualification: Bachelor Degree



Ông THAI DUY PHUONG

Member of BOS Year of birth: 1980

Qualification: Bachelor of Economics with major in Finance



Ông **QUAN MINH TUAN**

Chief Accountant Year of birth: 1963

Qualification: Bachelor of Finance and Accounting Seniority: Joined the Company since 1990 (28 years)



Employment history:

- » February 1989 December 1990: Worked at Ho Chi Minh Communist Youth Union
- » January 1991 October 1995: Worked at HCMC Department of Finance
- » October 1995 October 1999: Worked at HCMC Department of State Capital & Asset Management.
- » October 1999 2011: Worked at Division of Enterprise Finance - Department of Finance
- » 2011 December 2015: Deputy General Director - Real Estate Trade & Construction ISC No. 3

Employment history:

- » 1976 1979: Captain, Assistant of Political Department - Team 3 - Ho Chi Minh Communist Youth Union
- » 1980 1985: Student of Ho Chi Minh University
- » 1986 2002: Internship in Russia, Lecturer at Ho Chi Minh University
- » 1997 2005: Member of BOD of Long An Import - Export JSC, Specialist of Foreign Representative Office
- » 2005 up to now: Independent Financial Investor cum Member of Executive Committee of Vietnam Association for Financial Investment (VAFI)

Employment history:

- » February 2008 July 2008: Bank teller of ANZ Bank in New Zealand - ANZ Mount Roskill Branch
- » September 2008 February 2010: Specialist of Entrusted Capital Management of Ho Chi Minh City Investment Fund for Urban Development
- » March 2010 up to now: Specialist of Appraising Department, HR Management Department of Ho Chi Minh City Finance and Investment State-owned Company

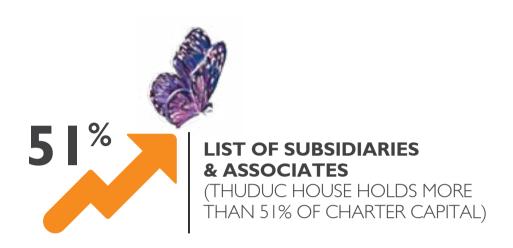
Employment history:

- » September 1981 August 1988: Chief Accountant in Construction Division of Thu Duc District
- » August 1988 June 1990: Chief Accountant in Housing Management Team of Thu Duc District
- » June 1990 February 2000: Accountant of Thuduc Housing Management & Development Company which was then renamed as Thuduc Housing Development & Industrial Park Service Company
- » February 2000 March 2006: Deputy Head of Accounting Department of Thuduc Housing Development & Industrial Park Service Company then renamed as Thuduc Housing Development Corporation
- » March 2006 up to now: Chief Accountant of Thuduc Housing Development Corporation

COMPANY OVERVIEW 50 • 51

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE

SUBSIDIARIES AND ASSOCIATES





THUDUC AGRICULTURE WHOLESALE MARKET CO., LTD.

4

CHARTER CAPITAL (VND billion)

37

Ownership rate held by TDH 100%



Headquarter: No. 141, Quarter 5, National Highway IA, Tam Binh Ward, Thu Duc District, HCMC

Business Areas: Managing, operating and trading project cluster of Thuduc Agriculture Wholesale Market.

Development Strategy: To build an modern agricultural product trade center, to establish an agricultural product auction floor, an import-export center contributing to strong promotion of commercial and service activities in HCMC and Nationwide in general.



DONG AN BINH PURE ICE CO., LTD.



CHARTER CAPITAL (VND billion)

25.1

Ownership rate held by TDH 99.60%



Headquarter: No. 4, Road No. 4, Quarter 5, Tam Binh Ward, Thu Duc District, HCMC

Business Areas: Manufacturing & processing and supplying pure ice; High quality bottled pure water; Providing advertising service.



TAM BINH - THU DUC SERVICES CO., LTD.



CHARTER CAPITAL (VND billion)



Ownership rate held by TDH

70%



Headquarter: Office Building of Thuduc Agriculture Wholesale Market - No. 141, National Highway 1A, Tam Binh Ward, Thu Duc District, HCMC

Business Areas: Providing logistics service, warehousing service and other import - export mandate services related to warehouse and consignment agents. Providing services for properties consultancy and brokerage.

COMPANY OVERVIEW 52 • SANNUAL REPORT 2017 52 • 53

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE

SUBSIDIARIES AND ASSOCIATES (continued)



THUDUC HOUSE WOOD TRADING JSC



4

CHARTER CAPITAL (VND billion)

120

Ownership rate held by TDH 58%

Headquarter: 3-5 Pasteur Street, Nguyen Thai Bình Ward, District I, HCMC

Business Areas: Trading in bamboo, timber and body wood and processed wood; Trading in agro forest materials; Trading in iron, steel and others; Brick, tile, sand, gravel trading; Construction materials and installing equipment trading; Food and agro-products trading, etc.

P



BACH PHU THINH CO., LTD



CHARTER CAPITAL (VND billion)

195

Ownership rate held by TDH 51%

Ventures Partner: South Korean Daewon Group

Headquarter: An Phu Ward, District 12, HCMC

Business Areas:

Investment, construction of high-rise apartment buildings, office buildings for rent to serve high income people and foreigners living in Vietnam.



LOCPHUNHAN

LOC PHU NHAN INVESTMENT ISC

CHARTER CAPITAL (VND billion)

114

Ownership rate held by TDH 98%



Headquarter: 3-5 Pasteur Street, Nguyen Thai Bình Ward, District I, HCMC

Business Areas: Trading real estate and house. Leasing house, warehouse and yard, and office.



COMPANY OVERVIEW 54 • 55

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE

SUBSIDIARIES AND ASSOCIATES (continued)



20-50%

LIST OF SUBSIDIARIES & JOINT VENTURES

(THUDUC HOUSEHOLDS FROM 20% TO 50% OF CHARTER CAPITAL)





DAEWON - THUDUC HOUSING DEVELOPMENT JSC

Headquarter:

No.1, Hamlet 3, An Phu New Urban Area, An Phu Ward, District 2, HCMC

Ventures Partner:

South Korean Daewon Group

2

CHARTER CAPITAL (VND billion)

323

Ownership rate held by TDH 40%

Business Areas:

Partnership in investing and building high-rise apartments and office buildings for lease aimed to serve for middle to high income people and foreigners living and working in Vietnam.



PHONG PHU DEVELOPMENT INVESTMENT JSC

P

CHARTER CAPITAL (VND billion)

200

Ownership rate held by TDH 27%

Headquarter:

11th Floor, HUD Building, 159 Dien Bien Phu Street, Ward 15, Binh Thanh District, HCMC

Business Areas:

Investing, constructing and trading infrastructures of industrial zone; leasing houses, commercial centers, operating factories & warehouse; providing investment consultancy services.



GOLDEN LOTUS SECURITIES JSC

A

CHARTER CAPITAL (VND billion)

135

Ownership rate held by TDH 22.49%

Headquarter:

3th - 4th Floor, 164 Nguyen Cong Tru Street, District 1, HCMC

Business Areas:

Operating in securities services such as: stock brokerage, custodian, securities investment consultancy, securities self-investment and financial consultancy.

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRUCTURE

SUBSIDIARIES AND ASSOCIATES (continued)



HCMC UNION OF BUSINESS ASSOCIATIONS TRADE PROMOTION AND SERVICE CORPORATION

Headquarter:

3-5 Pasteur Street, Nguyen Thai Binh Ward, District I, HCMC



CHARTER CAPITAL (VND billion)

5

Ownership rate held by TDH 31.40%

Business Areas:

Providing services of advertisement, media, trade introduction and promotion, consultancy & design for brand name identification system, printing, design, investment consultancy, marketing, etc.



FOREIGN TRADE DEVELOPMENT AND INVESTMENT CORPORATION OF HO CHI MINH CITY (FIDECO)

Headquarter:

28 Phung Khac Khoan, Dakao Ward, District I, HCMC



CHARTER CAPITAL (VND billion)

386.3

Ownership rate held by TDH 43%

Business Areas:

Investing in real estate projects and providing real estate services; financial investment and financial services; development of educational projects; industrial development in both production and resource exploitation; providing import and export services and developing foreign trade;



COMPANY OVERVIEW 58 • 59

PERFORMANCE THROUGH THE YEARS

BUSINESS RESULTS IN LAST 5 YEARS (2013 - 2017)

	Unit: VND billion								
	Indicators	2013	2014	2015	2016	2017			
ı	Net revenue	409.5	568.3	882.4	1,060.3	1,840.0			
2	Operating profit	26.7	34.3	40.9	134.1	136.8			
3	EAT (Consolidated)	19.5	27.1	45.9	108.3	130.7			
4	EAT (Parent Company)	21.7	30.5	47.1	108.3	131.0			
Growth rate									
l	Net revenue growth	104.8%	38.8%	55.3%	20.2%	73.5%			
2	Operating profit growth	17.6%	28.8%	19.2%	227.7%	2.0%			
3	EAT growth (Consolidated)	-30.4%	39.5%	69.3%	135.7%	20.7%			
4	EAT growth (Parent Company)	-34.8%	40.8%	54.3%	129.9%	21.0%			

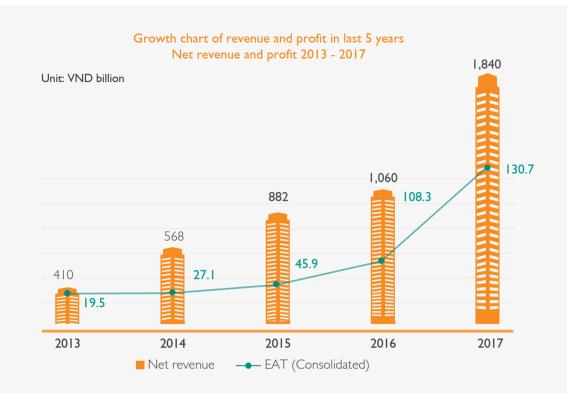
Sources: Audited Consolidated Financial Statements 2013 - 2017

TOTAL REVENUE IN LAST 5 YEARS (2013 - 2017)

Unit: VND billion

	Indicators	2013	2014	2015	2016	2017
I	Net revenue	409.5	568.3	882.4	1,060.3	1,840.0
2	Financial revenue	6.3	49.4	90.8	81.3	66.3
3	Results from other activities	4.4	14.5	7.1	4.6	16.5
	Total revenue	420.2	632.1	980.3	1,146.2	1,922.8
		Proportio	n/Total rever	ıue		
I	Net revenue/Total revenue	97.5%	89.9%	90.0%	92.5%	95.7%
2	Financial revenue/Total revenue	1.5%	7.8%	9.3%	7.1%	3.5%
3	Results from other activities/ Total Revenue	1.0%	2.3%	0.7%	0.4%	0.9%

Sources: Audited Consolidated Financial Statements 2013 - 2017



COST STRUCTURE IN LAST 5 YEARS (2013 - 2017)

Unit: VND billion

	Indicators	2013	2014	2015	2016	2017
I	Cost of goods sold	279.9	471.9	754.5	848.7	1,601.3
2	Sales expenses	5.6	9.3	10.9	7.2	3.9
3	Management expenses	51.8	65.2	95.0	88.9	110.2
4	Financial expenses	51.8	36.9	71.4	62.8	54.2
5	Other expenses	2.8	1.7	1.6	3.0	1.7
	Total expenses	391.9	585.0	933.4	1,010.5	1,771.
		Proportion/	Net revenue	,		
I	Cost of goods sold/Net revenue	68.4%	83.0%	85.5%	80.0%	87.0%
2	Sales expenses/Net revenue	1.4%	1.6%	1.2%	0.7%	0.29
3	Management expenses/Net revenue	12.7%	11.5%	10.8%	8.4%	6.0%
4	Financial expenses/Net revenue	12.7%	6.5%	8.1%	5.9%	2.99
		0.7%	0.3%	0.2%	0.3%	0.19

Sources: Audited Consolidated Financial Statements 2013 - 2017

COMPANY OVERVIEW 60 • 61

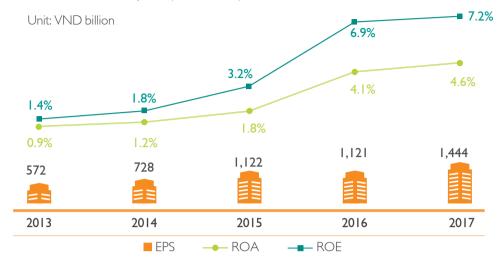
PERFORMANCE THROUGH THE YEARS

BASIC FINANCIAL INDICATORS IN LAST 5 YEARS (2013 - 2017)

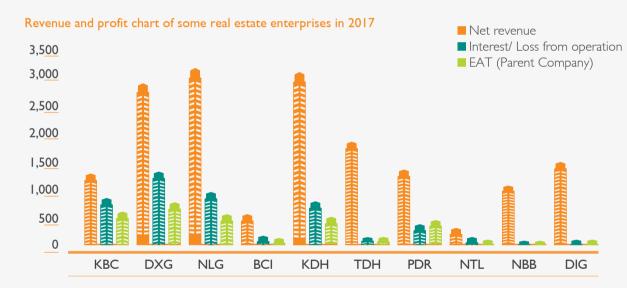
	Chỉ tiêu	2013	2014	2015	2016	2017			
1	Liquidity ratio								
	Current ratio	2.05	2.42	2.14	1.92	1.92			
	Quick ratio	1.12	1.15	1.53	1.27	1.43			
	Cash coverage ratio	0.09	0.18	0.47	0.24	0.12			
2		Capital structure and liquidity							
	Total debt/Equity	0.36	0.39	0.45	0.37	0.36			
	Long-term debt/Equity	0.14	0.17	0.20	0.11	0.08			
	Interest coverage ratio	1.44	2.04	1.88	3.41	3.96			
3		Managen	nent efficienc	у					
	Total asset turnover	0.18	0.24	0.36	0.40	0.65			
	Fixed assets turnover	2.21	2.48	4.78	11.72	19.38			
	Receivables turnover	0.93	0.97	0.96	0.92	1.49			
	Inventory turnover	0.60	0.84	1.40	1.94	3.67			
4		Profita	ability index						
	Gross profit margin	31.6%	17.0%	14.5%	20.0%	13.0%			
	Operating profit margin	6.5%	6.0%	4.6%	12.6%	7.4%			
	EBIT margin	19.1%	18.1%	11.3%	18.1%	11.7%			
	EBT margin	5.8%	9.2%	5.3%	12.8%	8.8%			
	ROS	4.8%	4.8%	5.2%	10.2%	7.1%			
	ROE	1.4%	1.8%	3.2%	6.9%	7.2%			
	ROA	0.9%	1.2%	1.8%	4.1%	4.6%			
5	EPS	572	728	1,122	1,121	1,444			
6	Book value	38,440	39,422	36,266	23,338	22,482			

Sources: Thuduc House calculated on the basis of Audited Consolidated Financial Statements 2013 - 2017

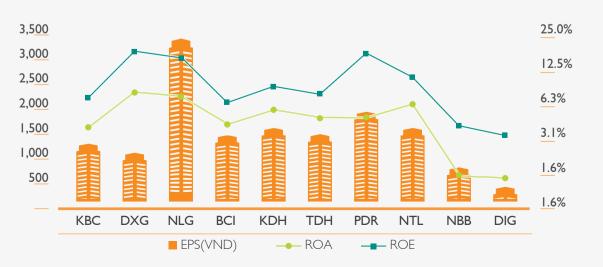
EPS, ROE, ROA chart in last 5 years (2013 - 2017)



COMPARED WITH LISTED REAL ESTATE ENTERPRISES IN 2017



EPS, ROE, ROA chart of some real estate enterprises in 2017



COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 62 • 63

RISKS FACTORS



ECONOMIC RISKS



AS PREDICTED BY SOME EXPERTS AND INTERNATIONAL ORGANIZATIONS, VIETNAM WILL CONTINUE TO ATTRACT FOREIN DIRECT INVESTMENT IN 2018. GDP GROWTH AND MANUFACTURING DEVELOPMENT OF VIETNAM WILL HIGHER THAN THE AVERAGE RATE OF ASIA. IN GENERAL, VIETNAM'S ECONOMIC PROSPECTS WILL BE VERY BRIGHT IN THE CONTEXT OF THE GLOBAL ECONOMIC RECOVERY AND THE STATE'S RENOVATION. ACCORDINGLY, THE GOVERNMENT EXPECTS TO GAIN GDP GROWTH AT 6.7%, CONTROL CPI UNDER 4%, REACH GROWTH RATE OF TOTAL EXPORT TURNOVER FROM 8% TO 10%, CONTROL DEFICIT UNDER 3% IN TOTAL EXPORT TURNOVER, REDUCE PUBLIC DEBTS, ETC.

However, Vietnam will also face challenges from the global economy and politics such as unpredictable developments after the US presidential election, US withdrawal from TPP, Brexit, increasing separation and protectionism, global climate change, and political tensions in many areas. In addition, internal issues such as economic stability pressure caused by high public debts, slow banking restructuring, non-performance debts, increasing food prices due to food scarcity caused by El Nino, inflation control pressure, etc., will affect profitability of the Company. Moreover, increasing economic integration will create high competitive pressure, requiring domestic companies to change their growth models in order to improve efficiency and competitiveness for survival and development.

Solutions to limit risk

To implement solutions to limit risks due to the impact of the economy, the Company will continue to focus on handling primary problems relating to revenue increase, controlling operation expense management and looking for capital source for the Company. Specific solutions are:

- » Continuing to promoting sales, product distribution network, enhancing performance of real-estate trading floor and synchronously executing marketing strategy, expanding PR to various objects, etc... in order to speed up sales.
- » In real estate investment: Focus on development of quick projects in priority orders as follows: land plots in suburban Districts and surrounding provinces of Ho Chi Minh City and Ha Noi City; apartments for middle-income customers. In addition, expand scale of projects on office buildings and serviced apartments in central Districts.
- » Focusing on promoting and developing importexport activity, agro and forest products trading, taking all advantages of the project cluster of Thuduc Agriculture Wholesale Market.
- » Continuing to apply the strict policy of cost control for the Company. Additionally, to enhance competitiveness, it requires a close management of capital and product price.

» Besides, focusing on seeking potential partners with high experience in project development with international standards; partners with strong source of capital and/or clear land fund (near the city center) to jointly develop potential projects as well as enlarge scale and competitive position for the Company.



COMPANY OVERVIEW 64 • 65

RISKS FACTORS

LEGAL RISKS



Top legal documents related to Thuduc House's activities are Enterprises Law, Construction Law, Securities Law, Investment Law, Housing Law in Vietnam, Corporate Income Tax Law. Accordingly, the by-laws system is still in its infancy, many provisions are frequently changed and amended and difficult to be applied. Lots of illogical regulations cause difficulties for real estate businesses, such as: the regulations on land price which is too high, the complex and cumbersome legal procedures make project schedule lasted, intangible costs increased and progress delayed, matter related to land acquisition and compensation is facing many difficulties...

However, given the roadmap of integration into WTO, Vietnam legal system must be improved in accordance with the international legal standards. As a result, the companies can run business with clearer and effective mechanism. Now, laws of rights and obligations for organizations and individuals in property ownership and real estate investment are amended and perfected to ensure transparent investment environment and clear information.

Solutions to limit risk:

» With 27-year operating in real estate sector, Thuduc House is believed to be experienced enough in identifying, analyzing and managing risks related to legal changes of market.

» Currently, the Company has a specialized department in charge of legal compliance to frequently update changes of relevant legal system and providing suggestions, recommendations and adjustments of processes and regulations of the Company accordingly.

SECTOR SPECIFIED RISKS

Continuing the recovery trend from previous year, the real estate market in Vietnam in 2018 is forecasted to strongly grow steadily and sustainably. However, the market will be more fiercely competitive and the projects will face more challenges. To be specific, with the current strong increase in supply sources of housing, the projects will meet more difficulties in product consumption because the clients have more options. The competition in the market is getting higher as customers gradually grasp the market, carefully learning about the market and stricter in making choice. In addition, real estate providers pay higher attention to researching market and customer tastes as well as enhancing quality and utilities to attract customers. Also thanks to that, the real estate market will grow in the direction of transparency together with more reasonable prices.

In addition, bad debts in real estate still hide many risks; capital issue continues to be a big challenge; land price increases double; land clearance and compensation and administrative procedures are delayed and complicated, causing to lasting project construction time and increasing project development expenses if the costs are not well controlled.

Solutions to limit risk:

» The Company focuses on improving operational structure to help well manage project management cost and expanding clean land fund towards some central Districts to increase competitive competence.

» Searching potential partners having much experience and strong financial sources to get support on technique, technology and medium-term and long-term finance to reduce pressure from loans.

» Limiting spread investment and just promoting development of projects suitable to the actual needs in the market such land-housing and middle-class apartment (S-Home) to speed up consumption and enhance competitive competence on price, quality, position, etc.

» In addition, to prepare for catching the foreign investment wave, the Company will train and enhance professionalization and foreign language skill for employees as well as choose easy payment methods and good after-sales services to create competitive advantage.

COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 66 • 67

RISKS FACTORS



EXCHANGE RATE RISKS

Although the Company has import and export activities using foreign currencies, risks caused by exchange rate fluctuations are minimized as transactions relating to foreign currencies account for a very small proportion.

Solutions to limit risk:

» When doing business, the Import and Export Department of the Company have regularly updated exchange rate fluctuations in order to timely balance payment terms and transaction prices between input and output contracts to minimize adverse impacts.

» Derivative financial tools are used in foreign exchange transactions to manage risks when forecasting exchange rate fluctuations.

INTEREST RATE RISKS

Interest rate risks of the Group mainly relate to interests of loans and borrowings due to increase of interest rates in the market. As loans of the Company are mainly used for construction and investment in long-term projects, majority of the loans are thus capitalized into original costs of these projects.

Interest rate sensitivity of the Group as of 31 December 2017: With unchanged assumptions and other variables, if the market interest rate increases or decreases 1% per year, loan costs of the Group will increase or decrease VND 6,154,830,000.

Solutions to limit risk:

1

» Currently, the proportion of debt over total capital of Thuduc House is quite low (total short-term and long-term debts account for 21.4% of total capital) and the Company is considered as one of the real estate companies with safe financial structure. The Company will continue to maintain a low debt ratio or seek a solution to reduce debt ratio in conformity with profitability to reduce pressure from loan interest expense.

2

» Restructuring finance by loan replacement (seeking banks, credit institutions or investment funds with low and stable interest rate for replacement) or mobilizing capital from other channels such as additional share issuance for capital increase, divestment from some investment portfolios, calling for investment and cooperation from big organizations inside and outside the country. Especially in 2018, the Company will convert the loans in VND into USD to reduce interest rate.

ENVIRONMENTAL RISKS

Two main businesses of the Group may be exposed to environmental risks, affecting its reputation, branding, and survival: Investment in construction projects and business activities at Thuduc Agriculture Wholesale Market. Specifically:

In project investment and development: Projects might have adverse impacts on the environment such as air pollution (soil, sand, stone, cement dust, smoke...); emission pollution; impacts on water resources caused by waste water; noise pollution... during land clearance and construction. If the Company does not manage projects well or fails to conduct proper environmental impact assessment prior to project development or fails to comply with regulations on labor safety and environmental protection, the projects might adversely damage the living environment, health, life and working spirit of employees and people living in surrounding areas and project areas. It is very difficult to overcome these damages.

COMPANY OVERVIEW THUDUC HOUSE • ANNUAL REPORT 2017 68 • 69

RISKS FACTORS

ENVIRONMENTAL RISKS (continued)



Business activities at Thuduc Agriculture Wholesale Market: Environmental risks in management of the market will have a direct impact on food safety and sanitation as this is the largest supply source of agricultural products, vegetables and fruits for the city. Violation of regulations on environmental protection not only affect water sources and the environment surrounding the market but also directly affect health and life of consumers.

If the Company does not manage environmental risks effectively, serious consequences might follow such as being responsible before the law, spending a lot of money to overcome consequences, and more importantly, seriously affecting reputation and survival of the business, especially given the fact that health issues are considered top priority.

Solutions to limit risk:

» Apply the ISO: 9001:2008 quality management system to improve management efficiency and product quality in all stages of operation.

» For real estate projects: Carry out reports on environmental impact assessment for each project; apply measures to minimize and deal with pollution as well as to ensure labor safety in construction and comply with regulations on environmental protection; develop systems for treatment of emissions, solid wastes, domestic waste water using advanced technologies for each project...; conduct environmental monitoring every 3 months and send periodical environmental reports to authorities.

» For Thuduc Agriculture Wholesale Market: All counters must comply with standards of area and daily hygiene inspection. Garbage in the market area is collected twice a day. Compliance with environmental conditions such as air, water, dust, noise are regularly monitored and timely settled upon complaints from the people or consumers, etc.

OTHER RISKS

Other risks include unprejudiced risks beyond the Company's control ability such as earthquake, storm and flood, fire, war, etc. which may affect the works such as delaying construction progress or partially or entirely destroying the works, etc. These risks rarely occur, but if occurring, they may cause a huge loss on assets and cannot be prevented.





BUSINESS PERFORMANCE IN 2017 THUDUC HOUSE . ANNUAL REPORT 2017 72 • 73

REPORT FROM THE BOARD OF MANAGEMENT

SITUATION OF REAL ESTATE MARKET IN 2017



To be specific, by October 2017, 102 luxurious apartments were offered, down 95% from the same period of 2016. High-end segment had about 5,206 new apartments launched, down 23% from the same period. In addition, there was no supply growth in mid-end and affordable segments with 12,000 mid-end apartments for sale, down 15% from 2016 and 428 affordable apartments for sale, down 29% from 2016.

The decrease in supply is considered a positive signal in the strongest decline comes from the market. This shows the market's sustainable development without property bubble risk as in previous

years. The decrease in supply of high-end and luxurious apartments also shows the enterprises' trend to developing the practical products serving the staying demand of homebuyers instead of following the trend as in previous years.

Mid-end segment continues to lead the market while the consumption of the high-end and luxurious segments decreases rapidly, the mid-end and affordable segments continues to lead the market in terms of absorbance percentage. Accordingly, total sale volume in the market of high-end segment was only about 473 units, down 58% from the same period. High-end segment consists of 5,390 units, down 25%. Meanwhile, there were about 23,561 apartments in the mid-end and affordable segments sold out in 2017, accounting for 56% of total consumption of the market. Accordingly, average 84 units were sold out in total 100 units opened for sale. To be specific, there were about 13,170 apartments of mid-end segment, up 25% from 2016 and 4,595 apartments of affordable segment, up 6.5% which were successfully offered for sale. This figure is expected to continue rising in 2018, reaching 70% when the absorption of the market is very good.

According to CBRE in 2017, there are about 22,000 new apartments opened for sale in 2017, down 22.9% from the same period. In which, the supply of high-end and luxurious apartments.



BUSINESS PERFORMANCE IN 2017 THUDUC HOUSE • ANNUAL REPORT 2017 74 • 75

REPORT FROM THE BOARD OF MANAGEMENT

BUSINESS RESULTS IN 2017

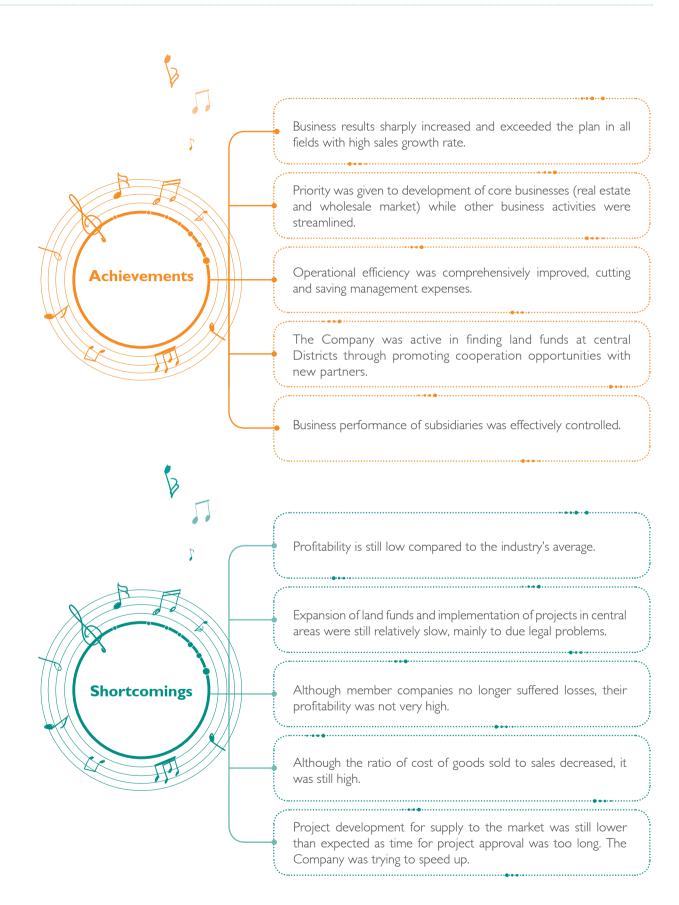
Assessing business performance in 2017



THE YEAR 2017 CONTINUED TO MARK THE OUTSTANDING GROWTH OF THUDUC HOUSE WITH TOTAL REVENUES NEARLY VND **2,000** BILLION.

With the strategy focusing on restructuring activities in order to expand core business activities supported by activities in other areas, the BOM of Thuduc House gained a lot of achievements in 2017 thanks to reform efforts implemented in order to improve the image of Thuduc House. Many new projects were open for sales during the year with high consumption rate. Cooperation with major partners was improved significantly to develop potential land funds in central Districts. Priority was given to finding new projects, looking for long-term funding from domestic and foreign investors, restructuring weak business sectors, etc. These measures helped the Company achieve high growth rate, exceeding the annual targeted plan.





BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

76 • 77

REPORT FROM THE BOARD OF MANAGEMENT

BUSINESS RESULTS IN 2017 (continued)

Assessing business performance in 2017 (continued)

CONSOLIDATED BUSINESS RESULTS IN 2017

Unit: VND million

No.	Indicators	Plan in 2017	Achieved in 2017	Achieved in 2016	Achieved/ plan (%) 2017	% increase/ decrease compared to 2016
I	Total revenue	1,357,951	1,922,826	1,146,200	141.60%	+67.8%
2	Total cost	1,210,911	1,771,271	1,010,501	146.28%	+75.3%
3	Interest/Loss of joint ventures and associates	0	9,533	121	-	-
4	Profit before tax	147,041	161,087	135,821	109.55%	+18.6%
5	Profit after tax	119,122	130,685	108,294	109.71%	+20.7%
6	Profit after tax of shareholders of the Parent Company	119,122	131,000	108,276	109.97%	+21.0%
7	Dividend yield ratio	59.6%	59.6%	47.87%	100.00%	+11.73%
8	EPS (VND)	1,400	1,444	1,121	103.14%	+ 28.8%

Source: Audited Consolidated Financial Statements



Total revenue

.67.8%

compared to plan

1

Profit after tax (VND billion)

130.7

20.7% compared to 2016

In 2017, total revenues of Thuduc House Group continue to fast grow, exceeding 67.8% of the plan. This growth mainly comes from two key business activities which are trading real estates and import and export of agricultural products and electronic components. To be specific, net revenue from sales and services increased by 73.5% (up nearly VND780 billion), while total financial income and other revenue decreased by VND3 billion compared with the same period. This outcome is resulted from the leadership's successful implementation of restructuring measures, focusing on and pushing main business activities in accordance with the planned strategy.

Profit after tax of the Group in 2017 reached VND130.7 billion (in which, profit after tax of shareholders of Parent company was VND131 billion), increasing by 21% from 2016, exceeding 10% of the plan. By the end of 2017, EPS of the Company reached VND1,444/share, increasing by 30% from 2016. Good business performance helps ensure dividend payment at 10% in cash and 15% in bonus share for shareholders in 2017 but still extracting a part of profit for reinvestment in the coming year (retained earnings after dividend payment is 40.4%).

Revenue

NET REVENUE STRUCTURE BY BUSINESS AREAS IN 2017

Unit: VND million

No.	Indicators	2016	2017	Change (in value)	Increase/ Decrease (%)
1	Net revenue of sales & service	1,060,296	1,840,018	779,722	+73.5%
2	Revenue from financial activities	81,301	66,344	(14,957)	-18.4%
3	Other income	4,603	16,464	11,860	+257.7%
4	Total revenue	1,146,200	1,922,826	776,625	67.8%

Source: Audited Consolidated Financial Statements

In 2017, net profit from sales and services strongly increased. Thanks to strong growth of real estate trading, wholesale market and import-export activities, total revenues of Thuduc House Group in 2017 hit the record at VND 1,923 billion (exceeding the plan by 41.6%) and strongly increased by VND776 billion, up 67.8% from 2016. This is also the 3rd consecutive year the Company exceeded the revenue target since the recovery of real estate market in 2014. In which, revenue from main business activity reached more than VND1,840 billion (accounting for more than 96% of total revenues). To be specific:

» Net revenue from business activities increased by 73.5% (equivalent to VND 779.7 billion), mainly due to rapid increase of real estate businesses and trading in Thuduc Agriculture Wholesale Market and import-export of agricultural products and electronic components.

Revenue from real estate trading gained a good growth thanks to:

Inventory projects were completely sold out (TDH - Truong Tho apartment, TDH - Phuoc Binh apartment, Long Hoi land plots, Phuoc Long Spring Town land plots...);

New projects offered for sales in 2016 which were recorded into revenues include:TDH - Phuoc Long apartment (S-home) (handed over to customers); Binh Chieu residential area project and land plots of Tocontap residential area project;

Revenue from contract of construction and installation and income from properties for lease (8th floor of Cantavil – nearly VND10 billion/year, housing area of wholesale market, Hang Xanh Office, etc.) continued to develop stably.

Net revenue from trading Thu Duc agricultural product wholesale market in 2017 gained high growth, exceeding the planed target and recording more than VND296 billion into revenue, increasing by 50% thanks to the increase in leasing price of kiosks (the average increase rate of the previous year was 15%). Notably, net revenue from import-export business also gained a good growth since the Company expanded business to import and export of electronic components besides the traditional commodities, bringing large values.

» Financial income in 2017 decreased slightly. The reason is that, in the year, the Company divested from some investments, so dividends and profits decreased.

BUSINESS PERFORMANCE IN 2017 78 • 79

REPORT FROM THE BOARD OF MANAGEMENT

BUSINESS RESULTS IN 2017 (continued)

Assessing business performance in 2017 (continued)

Costs

COST STRUCTURE IN 2017

Unit: VND billion

No.	Indicators	2016	2016 2017		Proportion compared to net revenue	
				(+/- %)	2016	2017
I	Cost of goods sold	848.7	1,601.3	+88.7%	80.0%	87.0%
2	Sales expenses	7.2	3.9	-45.1%	0.7%	0.2%
3	Administrative overhead	88.9	110.2	+24.0%	8.4%	6.0%
4	Financial expenses	62.8	54.2	-13.7%	5.9%	2.9%
5	Other expenses	3.0	1.7	-43.7%	0.3%	0.1%
	Total costs	1,010.5	1,771.3	+75.3%		

Source: Audited Consolidated Financial Statements

P

Net revenue of sales & service (VND billion)

1,840

up **73.5%** from 2016

In 2017, total cost increased by 75.3% from previous year, in which cost of goods sold gained the strongest growth rose by 88.7%, mainly from selling expenses, financial expenses and other expenses. are down. Cost effective management has improved significantly over the years, most of the operating expenses have dropped significantly and are holding very low proportion compared to previous years. However, cost of goods sold in this year increased, causing the COGS / net sales ratio has increased from 80% to 87%, the main reason is that the business activities of export and import growth exceeded. The proportion of COGS was higher than that of the whole group. In the next year, management will continue to reduce this ratio to an average of 70% -80%.

Financial expenses in 2017 dropped by 13.7%, equivalent to VND8.6 billion mainly due to the decrease in interest expenses and provisions for securities investment.

During the year, thanks to continuous review and strict control of operating expenses and restructuring finance, the Company continued to reduce and maintain low ratio of operating expenses on net revenues. At present, ratio of selling expenses on net revenue is 0.2%; administrative overheads is 6% and financial cost is 2.9%.

Analysis of financial indicators

No.	Indicators	2013	2014	2015	2016	2017	
1	Liquidity ratio						
	Current ratio	2.05	2.42	2.14	1.90	1.92	
	Quick ratio	1.12	1.15	1.53	1.27	1.43	
2		Capital	structure/ass	set			
	Total liabilities/Total liabilities and owner's equity	0.36	0.39	0.45	0.37	0.36	
	Long-term liabilities/Total liabilities and owner's equity	0.14	0.17	0.20	0.11	0.08	
	Interest coverage ratio (EBIT/loan interest)	1.44	2.04	1.88	3.41	3.96	
3	Operational capacity						
	Total asset turnover	0.18	0.24	0.36	0.40	0.65	
	Fixed asset turnover	2.21	2.48	4.78	11.72	19.38	
	Receivable turnover	0.93	0.97	0.96	0.92	1.49	
	Inventory turnover	0.60	0.84	1.40	1.94	3.67	
4		Pr	ofitability				
	Gross profit margin	31.6%	17.0%	14.5%	20.0%	13.0%	
	Operating profit margin	6.5%	6.0%	4.6%	12.6%	7.4%	
	ROS (Net profit margin)	4.8%	4.8%	5.2%	10.2%	7.1%	
	ROA	0.9%	1.2%	1.8%	4.1%	4.6%	
	ROE	1.4%	1.8%	3.2%	6.9%	7.2%	
5	EPS	572	728	1,122	1,121	1,444	
6	Book value	38,440	39,422	36,266	23,338	22,482	

BUSINESS PERFORMANCE IN 2017 THUDUC HOUSE . ANNUAL REPORT 2017 80 . 81

REPORT FROM THE BOARD OF MANAGEMENT

BUSINESS RESULTS IN 2017 (continued)

Assessing business performance in 2017 (continued)

Analysis of financial indicators

Liquidity ratios

Although short-term and guick interest coverage ratios in 2017 declined, the ratios remained high and safe at 1.92 and 1.43 respectively. The Company was fully capable of paying due debts.

Operational capacity

In 2017, operating capacity of the Company was rapidly enhanced as most of performance indicators were improved. Noticeably, rapid sales of goods speeded up inventory turnover to 3.67 times, reaching the highest level in the last 5 years. In addition, high revenue growth rate, asset restructuring, and streamlining of the structure also improved asset utilization in general and fixed asset utilization in particular. In general, operational capacity and asset utilization have been improved over years in the last 5 years.

PROFITABILITY INDEX Gross profit margin in 2017 reached 13% (decreasing by 7% from 2016), mainly due to the increase in cost of goods sold since the Company quickly increases revenue from supporting business activities besides real estate trading, and gross profit of these activities is low, leading to the increase in average cost of all business activities. This also led to net profit margin in this year only at 7.4% (down 5.2%) from the same period.



ROS in 2017 reached 7.1% (down 3% from 2016) mainly due to the increase in cost of goods sold.

Particularly, Return on Assets (ROA) and Return on Equity (ROE) in 2017 increased slightly thanks to the improvement in profit after tax and asset efficiency.

CONCLUSION

BUSINESS RESULTS OF THUDUC HOUSE GROUP IN 2017 SHOWED A FAST AND IMPRESSIVE GROWTH. TOTAL REVENUES MADE A DOUBLE INCREASE, REACHING NEARLY VND2,000 BILLION. NET PROFIT AFTER TAX REACHED VND130 BILLION, INCREASING BY 21% AND EXCEEDING 10% OF THE PLAN. IN WHICH, MORE THAN 77% OF PROFIT MAINLY CAME FROM BUSINESS ACTIVITIES, HELPING EPS INCREASE FROM VND1,121 TO VND1,444 (UP NEARLY 30%).

Analysis of asset and capital structure

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017

Unit: VND million

Cash and company of the company of the cumber of the cumbe						
A SHORT-1 I Cash and c 2 Short-term 3 Receivables 4 Inventory 5 Other curr B LONG-T I Long-term 2 Fixed asset 3 Investment 4 Long-term		2016	2017	to the beginning of the year		
A SHORT-1 I Cash and c 2 Short-term 3 Receivables 4 Inventory 5 Other curr B LONG-T I Long-term 2 Fixed asset 3 Investment 4 Long-term				Value	Rate %	
Cash and company of the company of the cumber of the cumbe						
2 Short-term 3 Receivables 4 Inventory 5 Other cum B LONG-TI 1 Long-term 2 Fixed asset 3 Investment 4 Long-term	TERM ASSETS	1,395,359	1,565,797	170,438	12.2%	
3 Receivables 4 Inventory 5 Other cum B LONG-TI 1 Long-term 2 Fixed asset 3 Investment 4 Long-term	ash equivalents	172,087	95,961	(76,126)	-44.2%	
4 Inventory 5 Other curr B LONG-TI 1 Long-term 2 Fixed asset 3 Investment 4 Long-term	financial investments	59,967	29,819	(30,148)	-50.3%	
5 Other current B LONG-TI 1 Long-term 2 Fixed asset: 3 Investment 4 Long-term	5	690,574	972,607	282,033	40.8%	
B LONG-TI 1 Long-term 2 Fixed asset 3 Investment 4 Long-term	Inventory		401,837	(69,310)	-14.7%	
 Long-term Fixed asset Investment Long-term 	5 Other current assets		65,573	63,989	4,039.7%	
2 Fixed asset3 Investment4 Long-term	ERM ASSETS	1,405,267	1,307,518	(97,749)	-7.0%	
3 Investment 4 Long-term	receivables	482,200	324,212	(157,988)	-32.8%	
4 Long-term	5	89,619	100,231	10,612	11.8%	
	property	64,590	61,308	(3,282)	-5.1%	
5 Other long	financial investments	753,055	800,158	47,103	6.3%	
	-term assets	15,397	21,245	5,848	38.0%	
6 Commercia	al advantage	406	364	(42)	-10.3%	
Total assets		2,800,626	2,873,315	72,689	2.6%	
A LIABILIT	IE	1,029,674	1,037,967	8,293	0.8%	
l Current liab	pilities	727,722	814,639	86,917	11.9%	
2 Long-term	liabilities	301,952	223,328	(78,624)	-26.0%	
B OWNERS	S' EQUITY	1,770,950	1,835,349	64,399	3.6%	
l Paid-in capi	tal	709,884	816,349	106,465	15.0%	
6 Minority int	erest	104,486	l 32,077	27,591	26.4%	
Total liabilities	and owners'equity	2,800,624	2,873,316	72,692	2.6%	

Source: Audited Consolidated Financial Statements

BUSINESS PERFORMANCE IN 2017 82 • 83

REPORT FROM THE BOARD OF MANAGEMENT

BUSINESS RESULTS IN 2017 (continued)

Assessing business performance in 2017 (continued)

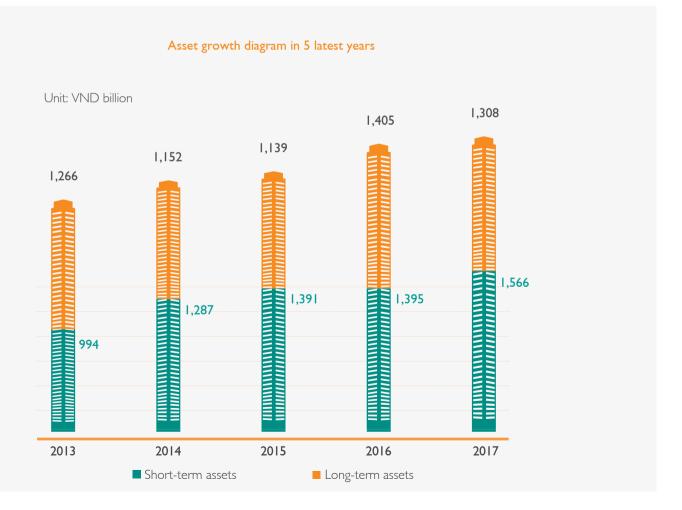
Analysis of asset and capital structure (continued)

Asset structure

As of 31 December 2017, total assets of Thuduc House Group reached VND 2,873 billion, increased by 2.6% (equivalent to VND 72.7 billion) compared to 2016 mainly thanks to rapid growth of long-term assets. At present, current assets reaches VND1,565 billion (up 12%) and occupies 54.5% of total assets and long-term assets decrease by 7%, valued at VND1,307 billion, making up 45.5% of total assets.

Current assets show the increase mainly in short-term receivables which are mainly the receivables according to payment progress of new projects. Particularly, long-term assets decrease since the Company pushes capital recovery from project business corporation contracts.

In general, in 2017, asset structure trended to change and allocate more flexibly, increasing current assets. The quality of assets was quite good; there were no bad assets and bad debts accounted for a very little amount. The provision for short-term bad debts has been made at VND6 billion.



Capital structure

In general, capital structure of the Group showed no many changes compared to the same period. As of 31 December 2017, total payable was VND1,037 billion, not much different from 2016 and only accounted for 36.1% of total assets and liabilities. The main reason was decreasing long-term loans and increasing short-term loans. At present, total short-term and long-term loans of the Group only occupy 21.4% of total assets and liabilities. Owner's equity at the end of 2017 reached VND1,835 billion, increasing by VND64.4 billion (up 3.6%), making up 63.9% of total assets and liabilities. The main reason was increasing undistributed profit after tax and increasing chartered capital from bonus share issuance.

The current capital structure is safe, ensuring stable long-term capital for the Company to develop new project in the new growth cycle, reducing pressure on interest rate risks. However, excessive use of equity will increase the cost of equity, creating pressure on profitability and dividend payment in the future, and thus affecting the ROE.



BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

84 • 85

REPORT FROM THE BOARD OF MANAGEMENT

BUSINESS RESULTS OF SUBSIDIARIES

Significant changes in the list of subsidiaries and associates in 2017



Subsidiaries: Number of subsidiaries of Thuduc House was increased from 06 to 07 companies.

Due to increasing in proportion of capital contribution in Bach Phu Thinh Co., Ltd from July, 2017.



Associated companies: Number of associated companies of Thuduc House is 06 companies (no change compared to 2016).

Business results of subsidiaries

Summary table of business results of subsidiaries as of 31 December 2017

Unit: VND million

		Total revenue			Profit after tax		
No.	Indicators	2017	Increase/ decrease compared to 2016 (%)	Rate of performance plan	2017	Increase/ decrease compared to 2016 (%)	Rate of perfomance 2017 plan
I	Thuduc Agriculture Wholesale Market Co., Ltd	263.98	30.4%	117.1%	48.27	97.8%	188.3%
2	Tam Binh Thu Duc Service Co., Ltd	5.78	20.4%	98.1%	(0.02)	-103.6%	-3.0%
3	Dong An Binh Pure Ice Co., Ltd	6.36	-1.0%	97.8%	0.58	-6.0%	121.7%
4	Hue Thuduc House Investment JSC	0.00	-52.3%		(0.05)	-83.8%	
5	Thuduc House Wood Trading	185.25	152.3%	231.6%	0.81	21.5%	101.8%
6	Bach Phu Thinh Co., Ltd	1.21	57.5%		(0.64)	-456.7%	
7	Loc Phu Nhan Investment JSC						

Source: Audited financial statements for the fiscal year ended 2017 of subsidiaries

IMPLEMENTING THE STRATEGY SET OUT IN 2017, THUDUC HOUSE CONTINUED TO SPEED UP MONITORING, REVIEW AND IMPROVEMENT OF ACTIVITIES OF MEMBER COMPANIES AS WELL AS TO RESTRUCTURE ITS ORGANIZATIONAL STRUCTURE IN ORDER TO IMPROVE OPERATIONAL EFFICIENCY, OVERCOMING LOSSES AND ENSURING PROFITABILITY. BUSINESS RESULTS OF MEMBER COMPANIES ARE AS FOLLOWS:



Thuduc Agriculture Wholesale Market Co., Ltd



The business operation of Thuduc Agriculture Wholesale Market Co., Ltd. in 2017 remained stable growth and exceeded the plan, helping this Company keep its position as the most efficient subsidiary of Thuduc House Group in the past years. To be specific:

- » Total revenues of Market Company in 2017 reached VND263.98 billion, increasing by 18.28% compared to the plan for 2017 and increasing by 30.35% compared to that of 2016 (equivalent to increasing by VND61.46 billion). The activities contributing to the increase of Market Company's revenues include leasing land, loading and unloading goods, selling agricultural products and trading market. In which, revenue from selling agricultural products increased considerably because the Company imported Cherry fruit to sell in local market. In addition, since July 2017, the Company has improved additional income by expanding land for lease.
- » Profit after tax of 2017 valued at VND48.26 billion, increasing by 98.06% from 2016 (equivalent to increasing by VND23.89 billion), exceeding the plan for 2017 by 88.26% (equal to VND22.63 billion). In general, Market Company had a good business result in 2017, equal to 1.98 times higher than that of 2016.



Tam binh - Thu duc Services co., Itd.



- » Total revenues of Tam Binh Thu Duc Services Co., Ltd. in 2017 reached VND5.78 billion, increasing by 20.44% from 2016 (equal to VND980.78 billion), only completing 98.1% of the plan. In general, the sources of revenues of Tam Binh in 2017 increased as compared to the previous year. However, the Company's total revenues did not complete the annual plan since the revenues from loading & unloading and electrical charging services decreased as compared to the previous year.
- » Profit after tax in 2017 recorded a loss of VND15.57 billion, decreasing by 113.03% from 2016. The Company entirely did not complete the annual plan.
- » The main reason for this loss, while revenues increase, is that cost of goods sold in 2017 increased by 39.78% from 2016 and was higher than the plan due to allocation of suspended expenses of the previous years.





LOCPHUNHAN

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

86 • 87

REPORT FROM THE BOARD OF MANAGEMENT

BUSINESS RESULTS OF SUBSIDIARIES (continued)

Business results of subsidiaries (continued)



» In 2017, total revenues of Dong An Binh Pure Ice Co., Ltd. reached VND6.36 billion, decreasing by 2.21% compared to the plan of 2017 and slightly decreasing by 0.95% from 2016 (equivalent to VND61 million), mainly due to the decrease in revenues from services, to be specific, electricity charging (down 20.88%) and land leasing (down 21.83%) – the partner terminated leasing contract.



» The decrease in revenues from container electricity charging service and leasing land has led to decrease in profit after tax of 2017 by 6.04% from 2016 (equivalent to VND37.18 billion) although the revenues was higher than the planed target by 197.88 million (increasing by 51.99%).

» In general, two main business activities of the Company which are trading pure ice and trading pure water have created revenue growth, but this amount was not remarkable (by 10% - 15 % from 2016). Therefore, to compensate the decrease in revenue from container electricity charging and land leasing, the Company plans to increase revenue from two main business activities.

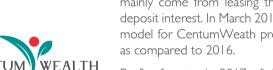


Thuduc House Wood Trading JSC gained an outstanding growth in revenue in 2017 with total revenues of VND185.25 billion, up 152.3% from 2016 (by VND111.84 billion), exceeding the plan for 2017 by 131.56%. In which, revenue from sales and services in 2017 valued at VND184.95 billion, increasing by 153% from 2016 and exceeding the plan for 2017 by 31.19%. Revenues of the current mainly come from selling rubber latex (VND184.43 billion) and services (VND526.84 million).



» Profit after tax in 2017 amounted to VND814.89 million, increasing by 27.6% from 2016 (equivalent to VND176.41 million), exceeding the plan for 2017 by 1.86%. In 2017, owner's equity increased VND3.6 billion from VND6.83 billion to VND10.43 billion thanks to the capital granted by Thuduc House to serve business operation.





- » Total revenues of Bach Phu Thinh in 2017 recorded at VND1.21 billion, increasing by 58.23% (equivalent to VND446.48 million) from 2016. The revenues in 2017 mainly come from leasing the land area of 11,582 m² and financial income from deposit interest. In March 2017, the Company recovered the land to construct house model for CentumWeath project, therefore, the revenue of land leasing decreased as compared to 2016.
- » Profit after tax in 2017 of this Company recorded a loss of VND642.57 million, decreasing by 410.84% from 2016 (since new project has not been deployed to create revenue).
- » At present, the Company is in the progress of constructing foundation of Centum Wealth project. In 2018, the Company will continue to deploy other construction items, leading to increasing costs to serve the project while there is no revenue created. Therefore, the Company will suffer from a loss in a short period until the project is completed and opened for sale to record revenue.

IMPLEMENTATION OF PROJECT INVESTMENT

Investment in big projects in 2017

Unit: VND million

		,	Unit: VND million
No.	ltem	Payment in 2017	Note
A	PROJECT INVESTMENT	135,555	
	TDH - Phuoc Long Apartment Building District 9 (*)	5,449	 Construct body and complete TDH - Phuoc Long Apartment Building Install CCTV system Construct and complete outside
2	TDH Tocontap (*)	21,805	Construct infrastructures of TDH - ToconTap Residential Area
3	Binh Chieu Residential Area 4 ha (*)	91,313	Payment of land use fees, construction of technical infrastructure
4	Long Hoi Urban Zone (*)	16,987	Land clearance and compensation
5	Others	1,021	
В	PAYMENT IN FINANCIAL INVESTMENT	35,376	
7	Thuduc house wood trading jsc	3,600	Contribute capital
8	Loc phu nhan investment jsc	200	Contribute capital
9	Bach Phu Thinh Co., Ltd	29,070	Contribute capital
10	Lien Phuong Textile & Garment Corporation	2,506	Buy shares
	TOTAL	170,931	

^{(*):} Projects partly funded by capital from issuance of additional shares (April 2016) and partly from use of equity and loans.

BUSINESS PERFORMANCE IN 2017 THUDUC HOUSE . ANNUAL REPORT 2017 88 • 89

REPORT FROM THE BOARD OF MANAGEMENT

IMPLEMENTATION OF PROJECT INVESTMENT (continued)

Project progress and total disbursement as of 31 December, 2017 (April 2016 Issuance)

5 April, 2016 was the last day for offering shares to existing shareholders to mobilize funding for 5 projects of Thuduc House in 2016 under Certificate of Registration of public share offering of the State Securities Commission No. 114/GCN-UBCK on 31 December, 2015 and Decision No. 300/QD-UBCK on 28 March, 2016 on approval of extension of certificate of registration of public share offering. Specifically:

Name of share:	Thuduc Housing Development Corporation
Type of stock:	common stock
Face value of shares:	VND 10,000
Offering price:	VND 12,500 (issued to existing shareholders)
Number of shares issued:	19,765,363 shares
Total net mobilized capital:	VND 246,759,560,265
Offer Period:	from 21/01/2016 to 05/04/2016

Detailed capital utilization plan:

Unit: VND million

	1			Unit: VND million
No.	Name of project	Rate of TDH	Expected disbursements	Purpose of using capital
I	Binh Chieu Residential Area Project (Phase 2)	100%	50,000,000,000 (Expected disbursement in the second quarter of 2016)	In which: + VND 30 billion in land use fees + VND 20 billion in infrastructure construction
2	Commercial Centre and Residential Area Project at Phuoc Long B Ward, District 9, HCMC	66.9%	50,000,000,000 (Expected disbursement in the second quarter of 2016)	In which: + VND 40 billion in land use fees. + VND 10 billion into the design of apartment and commercial buildings; Complete phase 2 of power system.
3	Residential Area Project at the centre of Ben Luc Town (Phase 2)	65%	50,000,000,000 (Expected disbursement in the second quarter of 2016)	In which: + VND 15 billion in land use fees. + VND 35 billion in infrastructure construction.
4	TDH – Tocontap Residential Area Project	65%	50,000,000,000 (Expected disbursement in the second quarter of 2016)	In which: + VND 40 billion in land use fees. + VND 10 billion in infrastructure construction.
5	TDH Phuoc Long Apartment Project	100%	46,759,560,265 (Expected disbursement in the second quarter of 2016)	In which: + VND 10 billion in land use fees. + The rest is for apartment building.
	TOTAL		246,759,560,265	

Project progress and total disbursement as of 31 December, 2017

As of 31 December, 2017, according to the Report on utilization of capital from issuance of public shares audited by Vietnam Auditing and Accounting Financial Consulting Services Co. Ltd., (AASCN) (Please see the Appendix at the end of this annual report) Thuduc House has disbursed a total amount of VND 238.89 billion, equal to 96.8% of the total mobilized capital. Specifically:

No.	Name of project	The total amount of disbursement	The remaining amount	Reasons for project delay compared to the plan
I	Binh Chieu Residential Area Project (Phase 2)	The total amount of disbursement: VND 50,000,000,000 including: + VND 30 billion in land use fees + VND 20 billion in infrastructure construction	-	
2	Commercial Centre and Residential Area Project at Phuoc Long B Ward, District 9, HCMC	The total amount of disbursement: VND 50 billion + VND 40 billion in land use fees. + VND 10 billion into the design of apartment and commercial area; Complete phase 2 of power system	-	
3	Residential Area Project at the centre of Ben Luc Town (Phase 2)	The total amount of disbursement: VND 42,130,841,706 billion + VND 15 billion in land use fees + VND 27.12 billion in infrastructure construction	VND 7.87 billion apartment building	As compensation agreements with last households are not reached, there is a delay in calculation of land
4	TDH - Tocontap Residential Area Project	Payment: VND 50 billion, including: + VND 40 billion in land use fees. + VND 10 billion in infrastructure construction.	-	
5	TDH - Phuoc Long Apartment (S-home)	The total amount of disbursement: VND 46,759,560,265, including: + VND 10 billion in land use fees + VND 36.76 billion apartment building	-	
	TOTAL	238,890,401,971 VND	7,869,158,294 VND	

Please see the next parts for progress of these projects

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

90 • 91

REPORT FROM THE BOARD OF MANAGEMENT

IMPLEMENTATION OF PROJECT INVESTMENT (continued)

Situation of domestic project investment

PROJECTS USING CAPITAL MOBILIZED FROM SHARE ISSUANCE IN APRIL 2016



BINH CHIEU

RESIDENTIAL AREA PROJECT

Phase 2 - TDH: 100%

Location	: Ngo Chi Quoc Street, Binh Chieu Ward, Thu Duc District
Owner	: Thuduc Housing Development Corporation
Implementation partners	 Design consultant: Eastern Science and Technology Services and Construction Joint Stock Company Project management consultant: Sao Viet Environmental Construction Ltd. Construction supervision consultant: National General Construction Consulting JSC Main contractor: Phuc Thinh Duc Co., Ltd.
Land area	: 39,441.9 m ²
Total investment capital	: VND 595 billion
Planning target:	: Construction density of the whole area \leq 35%, land use coefficient \leq 1.3, number of floors: \leq 5)
Scale	: 145 townhouses with garden area of 14,553.3 m ²
Legal procedures	: Decision on land allocation, Decision on project investment approval, Decision on land use fees at market prices, Decision on approval of 1/500 scale project planning, House sampling design are approved by the Department of Construction.
Progress by end of 2017	: Make settlement and conduct financial obligations to the State, hand over infrastructures for State management as regulated, prepare application form for 145 certificates of land use right, ownership of houses and assets attached to the land for the Company, hand over land to customers for construction according to the Company's regulations.
Tentative progress in 2018	: Determination of land clearance compensation for deduction of land use fees to the state budget, guiding customers on building houses according to approved plan and completion of procedures for issuance of certificates for customers upon meeting requirements.



COMMERCIAL CENTRE AND RESIDENTIAL

AREA PROJECT AT

PHUOC LONG B WARD, DISTRICT 9, HCMC

TDH: 66.9%

Location	:	18 Tang Nhon Phu, Phuoc Long B Ward, District 9
Owner	:	Lien Phuong Textile & Garment Corporation
Implementation partners	•	 » Design consultant: Eastern Science and Technology Services and Construction Joint Stock Company. » Project supervision consultant: National General Construction Consulting JSC » Main contractor: Phong Duc Co., Ltd.
Land area	:	37,140 m ²
Total investment capital	:	VND 1,000 billion
Planning target	:	Construction density of the whole area: \leq 39%, land use ratio of the whole area \leq 3; 95 abutting houses and gardens with total area of 11,578.4 m², land for apartment construction with total area of 8,969.7 m²; commercial centre with total area of 1,778 m²; construction height of the whole area : \leq 14;
Legal procedures	:	Decision on land allocation, Decision on approval of 1/500 scale project planning, Decision on project investment approval, Decision on land use fees at market prices to be paid to the state budget
Progress by end of 2017	:	Already completed financial obligations to the State, complete infrastructures, grant certificates of land use right, ownership of houses and assets attached to the land for the Company with 95 townhouses, 01 apartment building and 01 commercial center, especially granting 44/95 certificates of land use right, ownership of houses and assets attached to the land for customers, make settlement for contractors of infrastructures, transfer apartment building to the partner, and guide customers for construction as regulated.
Tentative progress in 2018	:	Handing over infrastructure to the Government for management as required, construction of waste water treatment station for abutting houses, issuance of Certificate of land use right, ownership of houses and assets attached to the land for customers upon meeting requirement, constructing commercial center, handing over kindergarten to the State for management as regulated, guiding customers for construction as regulated.

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

92 • 93

REPORT FROM THE BOARD OF MANAGEMENT

IMPLEMENTATION OF PROJECT INVESTMENT (continued)

Situation of domestic project investment

PROJECTS USING CAPITAL MOBILIZED FROM SHARE ISSUANCE IN APRIL 2016 (continued)



RESIDENTIAL AREA PROJECT AT THE CENTRE OF

BEN LUC TOWN

Phase 2 - TDH: 65%

Location	:	Ben Luc Town, Long An Province
Owner	:	Pacific Infrastructure Project Development & Investment Corporation
Implementation partners	:	» Design consultant: Mien Tay Construction Design Consultant Company Limited.» Main contractor: Phong Duc Co., Ltd.
Land area	:	Area I: 15.25 ha, area II: 5.1 ha
Total investment capital	:	VND 315 billion
Planning target	:	 » Area I (15.25ha): Abutting lands with total area of 63,013 m² for 424 land plots, 01 commercial and service centre with total area of 2,756 m² and kindergarten with total area of 3,916 m² » Area II (5.1ha): Abutting lands with total area of 13,262 m² for 142 land plots with floor number ≤5, land for education: 03 kindergartens, primary school and secondary school.
Legal procedures	•	 Area I (15.25ha): Completion of decision on land allocation, approval of 1/500 scale project planning, issuance of Certificate of land use right for the Company for area of which land clearance has been completed, completion of infrastructure construction. Area II (5.1ha): Waiting for approval of revised 1/500 scale project planning.
Progress by end of 2017	•	 » Area I (15.25ha): Infrastructure construction » Area II (5.1ha): Waiting for approval of revised 1/500 scale project planning
Tentative progress in 2018	:	 » Area I (15.25ha): Continue to complete infrastructure construction » Area II (5.1ha): Continue to make compensation for land, design and construct infrastructures.



TDH TOCONTAPRESIDENTIAL AREA PROJECT

TDH: 65%

Location	: 127 Tang Nhon Phu, Phuoc Long B Ward, District 9
Owner	: Tocontap Saigon JSC
Implementation partners	 Design consultant: Eastern Science and Technology Services and Construction Joint Stock Company. Project management consultant: Sao Viet Environment Co., Ltd Construction supervision consultant: Nation General Construction Consulting JSC Main contractor: Phuc Thinh Duc Co., Ltd.
Land area:	: 17,184.1m²
Total investment capital	: VND 480 billion
Planning target	: (Construction density of the whole area : ≤ 38.1%, land use ratio of the whole area ≤ 2.28; 40 abutting houses and gardens with total area of 4,690.3 m2, land for apartment construction with total area of 3,760 m2; floor height of the whole area :≤15, total floor space of the whole area: 37,604 m2), of which land use ratio of apartments ≤ 5.5 for household purposes: 5, commercial purposes: 0.5, 01 block, 14 floors with total floor space of 22,914.3 m2 including basement as follows: » 225 apartments with total area for sales: 14,753.8 m² » Area of commercial centre: 415.5 m²
Legal procedures	: Completion of Decision on land allocation, Decision on approval of 1/500 scale planning, Decision on approval of land use fees at market prices, Decision on project investment approval, written approval on infrastructure design, abutting house samples by competent authorities.
Progress by end of 2017	: Grant certificates of land use right, ownership of houses and assets attached to the land for the Company for 39/40 townhouses and 01 apartment building. Already made settlement to the contractors of infrastructures, adjust project investment approval, guild customer to construct townhouse according to the approved model, deploy design – apply for construction and construct apartment building, make procedures to transfer the apartment building to Thuduc House, and guide customers to construct houses. Hand over land to customers for construction.
Tentative progress in 2018	: Hand over infrastructures for relevant authorities for management as regulated, complete application document for transferring the apartment building from TOCONTAP to Thuduc House for construction. Continue to guide the customers to construct houses

according to model and grant certificates of land use right, ownership of houses and

assets attached to the land for customers meeting the conditions.

BUSINESS PERFORMANCE IN 2017 94 • 95

REPORT FROM THE BOARD OF MANAGEMENT

IMPLEMENTATION OF PROJECT INVESTMENT (continued)

Situation of domestic project investment

PROJECTS USING CAPITAL MOBILIZED FROM SHARE ISSUANCE IN APRIL 2016 (continued)



TDH - PHUOC LONG - S HOME

APARTMENT

TDH: 100%

Location	:	Phuoc Long B Ward, District 9
Owner	:	Thuduc Housing Development Corporation
Implementation partners	•	 » Design consultant: TAT & Associates D'Architectura Co., Ltd. » Project management consultant: National General Construction Consulting JSC » Construction supervision consultant: APAVE - Asia Pacific » Main contractor: Saigon Engineering Construction Investment Corporation.
Land area	:	$3,573 \text{ m}^2$
Total investment capital	:	VND 192 billion
Planning target:	:	construction density: 37%, land use ratio: 5, 01 block, number of floor: 14
Gross floor area (GFA)	:	18,853 m ²
Scale	:	 » 168 apartments, total area for sales: 10,879.2 m² » Area of commercial centre: 373 m²
Legal procedures	:	Completion of Decision on land allocation, Decision on approval of revised 1/500 scale planning, Decision on project investment approval.
Progress by end of 2017	•	Make final settlement with contractors and hand over apartment to customers for their staying.
Tentative progress in 2018	:	Issuance of Certificate of land use right, ownership of houses and assets attached to the land for customers upon meeting requirements.

OTHER ONGOING PROJECTS

in 2018



LUXURY APARTMENT

CENTUM WEALTH

District 9 – HCMC- TDH: 51%

Location	:	Hiep Phu Ward, District 9
Owner	:	Bach Phu Thinh Co., Ltd
Implementation partners	:	Design consultant: CDCo Construction Investment Design Consultancy Corporation
Land area	:	11,582 m ²
Total investment capital	:	USD 50 million
Planning target:	:	(Construction density: 35%, land use ratio: 4.8 for household purposes: 4.57, commercial - public service purposes: 0.23, number of block: 01, number of floor: 20)
Gross floor area (GFA)	:	66,050.8 m ²
Scale	•	529 units with total area for sales: 37,281.5 m², of which: » 491 apartments, total area for sales: 31,774.4 m² » 10 shop houses, total area for sales: 1,480.2 m² » 18 duplex houses, total area for sales: 2,737.2 m² » 10 garden houses, total area for sales: 1,289.7 m² » Area of commercial centre: 2,097.4 m²
Legal procedures	:	Completion of Decision on land allocation, approval of 1/500 scale lay-out.
Progress by end of 2017	•	Already completed construction permit application, complete test pile and temporary house for the project. Under construction of working piles (CMQ) and sales after completing foundation.
Tentative progress	:	Construct basement, body, M&E and completion

BUSINESS PERFORMANCE IN 2017 96 • 97

REPORT FROM THE BOARD OF MANAGEMENT

IMPLEMENTATION OF PROJECT INVESTMENT (continued)

Situation of domestic project investment

OTHER ONGOING PROJECTS (continued)



TDH – RIVERVIEW

APARTMENT BUILDING

Thu Duc District – HCMC – TDH: 100%

Location	:	Binh Chieu Ward, Thu Duc District
Owner	:	Thuduc Housing Development Corporation
Implementation partners	:	Design consultant: STOA Co., Ltd.
Land area	:	3,754.5 m ²
Total investment capital	:	VND 162 billion
Planning target:	:	(Base construction density: \leq 50%, tower construction density: \leq 30%, land use ratio: \leq 5, number of block: 01, number of floor: 16)
Gross floor area (GFA)	:	19,857.07 m ²
Scale	:	16 apartments, total area for sales:12,946.85 m ²
Legal procedures	:	Completion of Certificate of land use right for the Company, Decision on project investment approval.
Progress by end of 2017	:	Already completed basic design, developing technical design and applying for construction permit, developing construction drawing and cost estimates, and conducting static test.
Tentative progress in 2018	•	Competed technical design and applied for construction permit from DOC, completed construction drawing and cost estimates for construction.



APARTMENT

TDH PHUC THINH DUC

Thu Duc District – HCMC – TDH: 5%

Location	: 146/2 Nam Hoa Street, Phuoc Long A Ward, District 9, HCMC
Owner	: Phuc Thinh Duc Co., Ltd
Implementation partners	: Design consultant: MAI - ARCHI Co., Ltd.
Land area	: 13,609.5 m ²
Total investment capital	: VND 912 billion
Planning target:	: (Base construction density: 50%, tower construction density: 35%, land use ratio: 5.8, of which for household purposes: 5.3; public service purposes: 0.5, number of block: 02, number of floor: 18)
Gross floor area (GFA)	: 86,271 m ²
Scale	: $*$ 935 units (926 apartments + 9 shop houses), total area for sales: 57,333.7 m ² $*$ Area of commercial centre: 437 m ²
Legal procedures	: On-going legal procedures for handing over the project from Lien Phuong Textile & Garment Corporation to Phuc Thinh Duc Investment Co., Ltd.
Progress by end of 2017	 : » Getting approval from the Steering Center of the Urban Flood Control Program Ho Chi Minh City on drainage connection in official letter no.1108/TTCN-QLTN dated 19 July 2016. » Getting approval from Thu Thiem Power Company on power supply and connection in official letter no.3582/PCTTH-KTAT dated 21 July 2016. » Adjusting total number of population from 1,753 people to 2,000 people in line with the official letter no.377/UBND-QLDT dated 16 February 2017 of People's Committee of District 9. » Already submitted document for project policy approval
Tentative progress in 2018	 » Applying for reissuance of land use right certificate » Applying for approval on policy and acceptance of project investor » Making basic design

BUSINESS PERFORMANCE IN 2017 98 • 99 THUDUC HOUSE . ANNUAL REPORT 2017

REPORT FROM THE BOARD OF MANAGEMENT

IMPLEMENTATION OF PROJECT INVESTMENT (continued)

Situation of domestic project investment

OTHER ONGOING PROJECTS (continued)



GREEN PEARL HANOI

COMPLEX PROJECT

TDH: 18.39%

Location	: 378 Nguyen Thi Minh Khai Street, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi City
Owner	: Phong Phu - Daewon - Thu Duc Housing Development JSC
Implementation partners	 » Design consultant: Concept design: KYTA Co., Ltd; Construction drawing design: Vietnam National Construction Consultants Corporation (VNCC) » Construction supervision consultant: CONICO., JSC
Land area	: 28,736.2 m ²
Total investment capital	: VND 2,396 billion
Planning target:	: » Area I: Construction of a complex of office, supermarket, garage, apartment, and kindergarten with scale as follows: Land plot area: 10,334 m²; construction density: 46.66%; work height: 21 floors (02-floor basement); land use ratio: 7.05 » Area II and Area III: Construction of low-rise houses: land plot area: 12,928.5m²; construction density: 36.66%; work height: 3 floors; land use ratio: 1.09
Scale	: Apartments: 504 units (total area: 46,221 m2) Shop houses (1st and 2nd Floor): 21 units (total area: 3,444.23 m2) Commercial area (supermarket, kindergarten, food court, kiosk): » Supermarket: 01 supermarket with total area: 718.59 m² » Kindergarten: 628.29 m² » Food court: 189.00 m² » Kiosk: 54.00 m² » Commercial area: 484.00 m² Office (3rd Floor): 1,639.82 m2 Low-rise houses: 61 low-rise houses (total area for sales: 7,355 m2)
Legal procedures	: Waiting for high-rise building certificate



2017

Progress by end of: Infrastructures: already completed all works according to the acceptance minutes. The remained works will be constructed when the high-rise building is completed. Low-rise building:

- » Already completed rough construction: 50/61 lots.
- » The remained lots: 11/61 lots due to design change.
- » Already issued land use right certificates for low-rise homebuyers: 17/57 households.

Apartment building:

» Already completed working bored piles, and 2 basements

Tentative progress in 2018

: Low-rise building:

- » The remained rough construction: | | /6 | lots due to design change.
- » Already issued land use right certificates for customers.

Apartment building:

- » Rough construction: top-off in October 2018.
- » Completed walls and begin ME works.

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

100 • 101

REPORT FROM THE BOARD OF MANAGEMENT

IMPLEMENTATION OF PROJECT INVESTMENT (continued)

Situation of domestic project investment

OTHER ONGOING PROJECTS (continued)



CANTAVIL - LONG HAI RESORT PROJECT

TDH: 40%

Location	: Long Hai Town, Long Dien Ward, Ba Ria - Vung Tau Province
Owner	: Daewon - Thu Duc Housing Development JSC
Implementation partners	: Design consultant: FINKO - IDA Co., Ltd
Land area	: 4.5 ha
Total investment capital	: USD 20 million
Planning target	: Construction density of the whole area not exceeding 25%, maximum height of 5 floors
Gross floor area (GFA):	: 28,248m² including areas as follows: hotel apartments (154 condotels); villas (47 units), auxiliary services
Legal procedures	: Certificate of investment extended, 1/500 scale planning approved
Tentative progress in 2018	: Continue to construct the project » Competed master plan and design plan » Construct house model » Prepare for infrastructure construction

Investment situation of project in the United States (already Dissolved and withdrawn capital)

PROJECT INFORMATION

Form of investment	: Joint venture with a company in US	5A
Company established in USA	: THUDUC HOUSE PROPERTY VE	INTURES LLC
Investment Certificate	: No. 219/BKH-ĐTRNN - Issued on	10 February 2009
Address	: 985 Kendall Drive, Suite 342, San B	ernardino, CA 92407, USA
Tel : 909 496 8449	Fax : 909 586 949	Email: ngtn@msn.com
Total investment capital of projects abroad	: USD 6,000,000 (six million US 102,000,000,000 (one hundred a Contributed capital to present is US	and two billion Vietnam Dong).
Thuduc House's investment	: USD 3,000,000 (three million US D 51,000,000,000 (fifty one billion Vie	Pollar), equivalent to VND

BUSINESS RESULTS

- » In 2016, acknowledging foreign exchange policy risks under the government of the newly elected president of the United States, the BOD decided to liquidate all four of last houses in the United States, liquidate and dissolve joint venture company to recover capital.
- » Financial statements for fiscal year ended 2016 of THUDUC HOUSE PROPERTY VENTURES LLC recorded a loss of USD302,938.18 mainly due to quickly selling the last four houses to recover capital. The Company also remitted USD2,700,414.32 to Vietnam. Although the business operation suffered from a loss, the Company gained VND59.2 billion compared to the capital of VND 55.2 billion thanks to difference in foreign exchange rate.
- » In general, in 7 years since establishment, the joint venture has created profit over the years. In 2016, due to the political fluctuation in the USA, the Company had to liquidate assets, leading to a loss out of expectation. However, thanks to difference in foreign exchange rate, the Company gained profit and, most importantly, the Company preserved its capital and remitted to Vietnam.
- » At present, the Company has completed all procedures to finalize taxes and dissolve the joint venture company in the USA (obtained certificate of dissolution of California). Already submitted report on dissolution and request for termination of the validity of foreign investment certificate at Foreign Investment Agency of the Ministry of Planning and Investment. Foreign Investment Agency is processing the dossier and compares figures with the State Bank of Vietnam.

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

102 • 103

REPORT FROM THE BOARD OF MANAGEMENT

ENVIRONMENTAL AND SOCIAL IMPACT REPORT OF THE COMPANY





Compliance with the laws on environmental protection

- » Number of times for violating provisions of the laws » Most of works invested by the Company are and regulations on environmental protection: zero large-scale construction works. During bidding for
- » Acknowledging that construction works might affect the environment and the community, the Company has issued guidelines and regulations to effectively prevent environmental impacts during construction.
- » In all bidding documents, requirements on environment protection and maintaining clean and green environment are strictly complied with by the Company with an aim to develop a "green" environment and a healthy and civilized community. All projects are approved by the Department of Environment and Natural Resources in terms of environmental impact reporting. Domestic waste water treatment systems with standard capacity are developed and all domestic waste water are discharged to the common sewerage system at project areas.
- » Most of works invested by the Company are large-scale construction works. During bidding for construction contractors, the Company always requires application of measures to prevent labor accidents for workers and the community, ensuring ultimate safety throughout construction process. In addition, the Company also implements environmental quality control measures, monitoring and controlling air, water, dust and noise conditions to ensure compliance with standards, implementing safe solutions, and actively dealing with complaints of local people or the public if any.
- » Number of fines for violating provisions of the laws and regulations on environmental protection: zero



Solutions and activities are implemented to ensure compliance with the law on environmental protection

Real estate business:

- » Implement measures to mitigate and deal with pollution during the construction phase; ensure compliance with environmental standards dust, noise, vibration, emissions, waste water, solid wastes and sludge; develop a common drainage system to prevent flooding in the surrounding area. Specifically:
- » Waste water: Separate the rain water and waste water drainage systems. Domestic waste water is collected and treated in accordance with QCVN 14:2008/BTNMT before being discharged into the environment.
- » Emissions: Concentration of pollutants in emissions must comply with the national technical regulation QCVN 19:2009/BTNMT, QCVN 20:2009/BTNMT. Air pollutants released into the environment must comply with the national technical regulation QCVN 05:2013/BTNMT.
- » Waste management: Comply with Decree 59/2007/ ND-CP and Circular No. 12/2011/TTBTNMT. Domestic solid wastes and hazardous wastes are classified, stored, collected and transported in accordance with regulations.
- » Noise: Fully apply technical and management measures to minimize noise and vibration from construction activities affecting the surrounding environment in accordance with QCVN 26:2010/BTNMT.
- » Strictly comply with current regulations on drilling, exploitation and use of underground water and filling of unused wells.
- » Regularly implement environmental monitoring programs for total waste volume and specific pollution parameters of waste water, emissions, domestic solid wastes and hazardous wastes every three months; monitor quality of surrounding air and water every six months and send reports to the Department of Natural Resources and Environment for inspection and monitoring.

Trading in Thuduc Agriculture Wholesale Market:

- » Recently, the Company has successfully implemented the quality management system according to ISO 9001:2008 standards and has been granted ISO 9001:2008 certificate by DNV (Det Norske Veritas). The ISO 9001:2008 certificate will contribute to improve management efficiency and governance, improving confidence of customers in quality of products and services of Thuduc Agromarket.
- » All counters under management of the Company meet requirements on standard area and are checked to ensure hygiene and sanitation. During transportation, loading and unloading of goods, merchants are given specific and clear instructions on maintaining hygiene and sanitation of their counters in particular and the whole area in general.
- » In addition, the Company also implements environmental quality control measures, monitoring and controlling air, water, dust and noise conditions to ensure compliance with standards, implementing safe solutions, and actively dealing with complaints of local people or the public if any.
- » Acknowledging that market operation might have adverse impacts on the environment and the community, the Company has issued guidelines and regulations on effective prevention of impacts on the environment in operation of the market.



BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

104 • 105

REPORT FROM THE BOARD OF MANAGEMENT

SHAREHOLDER STRUCTURE, EQUITY CHANGE

According to the latest list of shareholders on 01 March 2018.

Share

Total number of shares: 81,634,927 shares, of which:

» Number of ordinary shares: 81,634,927 shares

» Number of preferred shares: 0 share

» Number of unrestricted shares: 81,634,927 shares

» Number of restricted shares: 0 share

Total number of outstanding shares: 81,634,927 shares

Total number of treasury shares: 0 share

Shareholders structure

	DOMES	STIC	IC FOREIGN		TOTAL	
	Quantity	Rate (%)	Quantity	Rate (%)	Quantity	Rate (%)
Number of shares	41,687,729	51.07%	39,947,198	48.93%	81,634,927	100.00%
Individuals	34,425,518	42.17%	1,633,163	2.00%	36,058,681	44.17%
Institutions	7,262,211	8.90%	38,314,035	46.93%	45,576,246	55.83%
Number of Shareholders	4,751	93.45%	333	6.55%	5,084	100.00%
Individuals	4,682	92.09%	283	5.57%	4,965	97.66%
Institutions	69	1.36%	50	0.98%	119	2.34%

Detailed shareholder structure statistics

No.	Object	Number of shares	Rate (%)
I	State shareholder	4,896,688	6.00%
II	Internal shareholder	4,840,700	5.93%
I	Board of Director	3,530,484	4.32%
	Of which - Foreign organizations	-	-
	- Domestic	3,530,484	4.32%
2	Board of Management	1,153,255	1.41%
3	Board of Supervisors	76,550	0.09%
4	Chief Accountant	80,411	0.10%
III	Treasury shares	-	-
IV	Labor union	-	-

No.	Object	Number of shares	Rate (%)
٧	Major shareholders (>5%) (*)	18,613,855	22.8%
	Of which - Foreign organizations	13,717,167	16.8%
	- Domestic	4,896,688	6.00%
VI	Shareholder is a professional investor who owns <5%	24,855,870	30.45%
	Of which - Foreign organizations	24,370,823	29.85%
	- Domestic	485,047	0.59%
VII	Other shareholders	33,324,502	40.82%
	TOTAL	81,634,927	100.00%

^{(*):} Major shareholders also included the number of shares of the State shareholders.

List of state shareholders, major shareholders, founding shareholders

No.	Name	Address	Number of shares	Rate (%)
A.	State Shareholder			
I	Ho Chi Minh City Finance and Investment State-owned Company	33-39 Pasteur, District 1, HCMC	4,896,688	6.00%
	Total A		4,896,688	6.00%
В.	Major Shareholder			
I	KWE BETEILIGUNGEN AG	1901 Me Linh Point, 2 Ngo Duc Ke, District I, HCMC, Vietnam	8,200,000	10.04%
2	VIETNAM EQUITY HOLDING	12/F TMS Building, 172 Hai Ba Trung, , District I, HCMC	5,517,167	6.76%
3	Ho Chi Minh City Finance and Investment State-owned Company	33-39 Pasteur, District 1, HCMC	4,896,688	6.00%
	Total B		18,613,855	22.8%
C.	Founding Shareholders			
I	Pham Dinh Khang	-	-	-
2	Nguyen Huu Tam	2/191 Quarter I, Linh Chieu Ward, Thu Duc District, HCMC	11,656	0.01%
3	Nguyen Thi Kim Loan	-	_	_
4	Ho Chi Minh City Finance and Investment State-owned Company	33-39 Pasteur, District 1, HCMC	4,896,688	6.00%
	Total C		4,908,344	6.01%
	Total		18,625,511	22.81%

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

106 • 107

REPORT FROM THE BOARD OF MANAGEMENT

SHAREHOLDER STRUCTURE, EQUITY CHANGE (continued)

List of internal shareholders

No.	Name	Title	Number of shares	Percentage
I	Le Chi Hieu	Chairman	1,088,234	7.33%
2	Tran Quang Nghi	Vice Chairman	968,719	1.19%
3	Nguyen Vu Bao Hoang	Member cum General Director	1,473,529	1.81%
4	Le Thanh Liem	BOD member	2	0.00%
5	Tran Bao Toan (resigned from June 2017)	BOD member	1,473,529	1.81%
6	Tran Quang Nhuong	Deputy General Director	17,298	0.02%
7	Pham Thi Thanh Binh	Deputy General Director	10,910	0.01%
8	Nguyen Khac Son	Deputy General Director	67,047	0.08%
9	Nguyen Ngoc Truong Chinh	Deputy General Director - Authorized person to disclose information	1,058,000	1.30%
10	Nguyen Hung Long	Head of Board of Supervisors	32,004	0.04%
11	Thai Bang Au	BOS member	44,546	0.05%
12	Thai Duy Phuong	BOS member	_	-
13	Quan Minh Tuan	Chief Accountant	80,411	0.10%
	TOTAL		4,840,700	5.93%

Charter capital increasing situation in 2017

Issuance of shares from equity (15%)

Completion of issuance of bonus shares to existing shareholders to increase charter capital from VND 709 to 816 billion. Specifically:

- » Charter capital before issuance: VND 709,883,810,000
- » Closing date for shareholder list: 30 May, 2017
- » Issuance ratio: 15% (each shareholder owning 100 shares received 15 additional shares)
- » Total number of issued shares: 10,646,546 shares
- » Official transaction date: 30 June, 2017
- » Charter capital after issuance: VND 816,349,270,000

Completion of procedures for changing the business registration certificate, depository registration at VSD, changing the listing on HOSE, issuance of sufficient shares to shareholders whose depository registration was not yet completed.

Report on changes in treasury shares

As of 31 December, 2017, number of treasury shares of Thuduc House was zero. In 2017, the Company did not buy or sell any treasury shares.

Other shares

The Company did not issue any other type of shares.

FINANCIAL ACTIVITIES

Financial Portfolio of Thuduc House (As of 31 December 2017)

		Numl	per of holding :	Increase/decrease compared to investment capital		
No.	Name of issuing organization	From 1/1/2017	To 31/12/2017	Increase / Decrease	Increase / Decrease value (VND billion)	Profitability (+/- %)
ı	LISTED SHARES	19,278,007	19,278,007	-	-24.5	-5.16%
I	PVI	109,350	109,350	-	- 5.1	- 59.28%
2	SC5	156,942	156,942	-	- 6.2	- 60.95%
3	PPI (*)	2,400,000	2,400,000	-	-19.2	- 79.04%
4	FDC	16,611,715	16,611,715	_	6.0	1.39%
II	UNLISTED SHARES	7,206,227	3,040,009	-4,166,218		
I	Orient Commercial Bank (*)	4,166,218	-	-4,166,218	+16.0	50%
2	Thua Thien Hue Import Export And Investment JSC	306,000	306,000	-	-	-
3	City Housing Development Real Estate Joint Stock Company	320,000	320,000	-	-	-
4	Hue Homes Construction and Development Joint Stock Company	200,000	200,000	-	-	-
5	Khanh Phu Investment JSC	200,000	200,000	_	-	-
6	Lien Phuong Textile & Garment Corporation - LPTEX	2,014,009	2,014,009	-	-	-

As of 31 December 2017, four listed stock codes i.e. PVI, SC5, PPI, and FDC had total market value of VND451 billion, decreasing by 5.16% from the original value, equivalent to a decrease of VND24.5 billion. Particularly, PPI stock is at the record-low price due to financial difficulties and bad business situation. At present, PPI stock is trading at VND2,120 per share. TDH is suffering a loss of VND19.2 billion in this investment (the provision for this investment has been made).

As for the unlisted shares, OCB shares were sold in a short period of time, earning a profit of more than 50%, bringing VND48 billion to the Company (profit is VND16.1 billion).

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

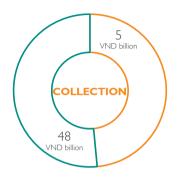
108 • 109

REPORT FROM THE BOARD OF MANAGEMENT

FINANCIAL ACTIVITIES (continued)

Change in investment in joint ventures, long-term financial investment in the period

Capital transfer



		1,		Profitability ratio
1 (DCB	VND 48 billion	VND 16.1 billion	50%
2 T	TEN THINH	VND 51 billion	VND 3 billion	6.25%
TOTAL	_	VND 99 billion	VND 19.1 billion	23.75%

OCB

Capital investment activities

There is no financial investment during the year.

Dividends received during the year

No.	Share	Rate	Plan 2017	Actually received 2017	Implementation rate
1	Cash dividend		4,147,217,500	3,622,697,500	87.35%
I	SC5	20%	313,884,000	3 3,884,000	100.0%
2	PVI	12%	131,220,000	218,700,000	166.7%
3	ОСВ	5%	2,083,109,000	2,083,109,000	100%
4	Unimex Hue	20%	612,000,000		-100%
5	Lien Phuong	5%	1,007,004,500	1,007,004,500	100%
П	Stock dividend				
	-	-	-	-	-

TIEN THINH

In 2017, cash dividend received was VND3.6 billion, reaching 87.35% of the plan as only Unimex Hue had no dividend payment policy in 2017. There were no dividends received in forms of shares or bonus shares.



Report on payment of principal and interests of convertible bonds

After TDH41029 convertible bonds became mature in November 2013, although the Company widely declared and sent notices to bond holders (for the 3rd time) informing procedures for receiving due principal and interest payment, many bond holders did not complete procedures to receive the payment.

Progress of principal payment as of 31 December, 2017:

- » Principal paid in 2017: VND 49,700,000
- » Cumulative principal paid: VND 196,415,000,000 (96.8%)
- » Payable principal: VND 6,394,800,000 (3.2%)
- » Number of unpaid bond holders: 601 people

Report on payment of cash dividends

In 2017, the Company completed payment of cash dividends for the 2nd issuance in 2016 (10%) on 5 May 2017 with total paid dividends of VND 70,988,381,000.

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE ANNUAL REPORT 2017

IIO III

REPORT FROM THE BOARD OF MANAGEMENT

FINANCIAL ACTIVITIES (continued)

Change in investment in joint ventures, long-term financial investment in the period

Situation of loan - loan payment in 2017

No.	Bank	Note	Beginning balance as of 01 January 2017	Repayment of principal	Borrowings during the period	Ending balance as of 31 December 2017
ı	VietinBank - HCMC Branch	Long-term	255,634,081,037	47,075,406,183	-	208,558,674,854
2	VietinBank - HCMC Branch	Short-term	21,656,397,622	106,266,979,446	210,508,014,188	125,897,432,364
3	VPBank - HCMC Branch	Long-term	145,560,000,000	128,210,000,000	-	17,350,000,000
4	TPBank - Hung Vuong Branch	Long-term	5,600,000,000	1,400,000,000	-	4,200,000,000
5	TPBank - Hung Vuong Branch	Short-term	93,818,774,087	141,921,426,231	173,347,934,154	125,245,282,010
6	HDBank - Gia Dinh Branch	Long-term	-	5,083,333,333	61,000,000,000	55,916,666,667
7	HDBank - Gia Dinh Branch	Short-term	-	-	25,495,002,692	25,495,002,692
8	VietinBank - East Saigon Branch	Short-term	23,189,759,837	35,427,387,253	29,655,848,484	17,418,221,068
9	Phong Phu - Daewon - Thu Duc Housing Development JSC	Short-term	25,000,000,000	4,598,250,000	-	20,401,750,000
10	Daewon - Thu Duc Housing Development JSC	Short-term	-	19,000,000,000	34,000,000,000	15,000,000,000
11	Bach Phu Thinh Co., Ltd	Short-term	-	-	15,000,000,000	15,000,000,000
12	VietinBank - HCMC Branch	Long-term	255,634,081,037	47,075,406,183	-	208,558,674,854
13	VietinBank - HCMC Branch	Short-term	21,656,397,622	106,266,979,446	210,508,014,188	125,897,432,364
	TOTAL		570,459,012,583	488,982,782,446	549,006,799,518	630,483,029,655

BUSINESS PERFORMANCE IN 2017 THUDUC HOUSE . ANNUAL REPORT 2017 112 • 113

REPORT FROM THE BOARD OF MANAGEMENT

SALES OPERATIONS

IN 2017, THE COMPANY GAINED VND361.183,702,940 FROM SELLING PRODUCTS OF THE ABOVE-MENTIONED PROJECTS THROUGH DIRECT SALES, TDH REAL ESTATE FLOOR, BROKERAGE, ETC. (REACHING 110% OF THE TARGET OF 2017, AT VND329,251,560,652, WHICH IS 20% HIGHER THAN TARGET OF 2016).

Overview of sales activities

According to CBRE in 2017, there are about 22,000 new apartments opened for sale in 2017, down 22.9% from the same period. In which, the strongest decline comes from the supply of high-end and luxurious apartments. To be specific, by October 2017, 102 luxurious apartments were offered, down 95% from the same period of 2016. High-end segment had about 5,206 new apartments launched, down 23% from the same period. In addition, there was no supply growth in mid-end and affordable segments with 12,000 mid-end apartments for sale, down 15% from 2016 and 428 affordable apartments for sale, down 29% from Sales team and distribution system 2016.

The decrease in supply is considered a positive signal in the market. This shows the market's sustainable development without property bubble risk as in previous years. The decrease in supply of high-end and luxurious apartments also shows the enterprises' trend to developing the practical products serving the staying demand of homebuyers instead of following the trend as in previous years.

Sales activity of Thuduc House mainly focus on the projects i.e. TDH - Phuoc Long, Tocontap Residential

In 2017, the Company gained VND361,183,702,940 from selling products of the above-mentioned projects through direct sales, TDH real estate floor, brokerage (reaching 110% of the target of 2017, at VND329,251,560,652, which is 20% higher than target of 2016).



The real estate in 2017 recovered strongly. First of all, the Company paid high attention to human factor, changing mindset and productivity of employees, requesting employees to have motivation and positive working attitude, working with specific plan and target, enhancing solidarity and working under pressure, especially in sales. The Company also improves the employees' knowledge in market, selling skills, English

Accordingly, the sale staffs should perform all duties from providing consulting service to clients, signing, Area, Binh Chieu 2 Residential Area, Long Hoi City, etc. tracking and performing contracts, following up debts, etc. until handing over ownership certificate to clients. Besides, the Company always keeps a team of professional staffs working in trading floors to be responsible for consultancy and direct sales.

> The distribution network of Thuduc House was mainly located in Ho Chi Minh city area, including real estate trading floors of Thuduc House and associated floors such as EximLand, Ban Viet Land, Bland...



Policies for clients

Thuduc House always keeps its commitment to clients in respects of handing over products on schedule and ensuring product quality. Besides, the Company also offers customer care services with high efficiency such as giving free legal advice to clients, establishing a hotline to answer complaints and questions from clients, guiding and supporting loans for product purchasing via linked banks, operating and managing carefully residential areas after handing over to clients, coordinating with Marketing Department to implement the program to show the gratitude to customers on Mid-Autumn Festival, Lunar New Year, Family's Day,

In the past year, the Company continued to maintain flexible selling policy, which was implemented in 2016, for inventories and new products, suitable to the need of customers to increase benefits for customers, to be specific:

» Flexible sales policies on inventory projects such as TDH - Truong Tho & TDH - Phuoc Binh were warmly welcome by customers, for example, customers only had to pay 60% of the total value to move in the houses, the remaining 40% payment would be made in the following 24 months, or a discount of 15% was applied to customers paying 100% of the total value at once and the inventories have been strongly reduced.

- » As TDH Phuoc Long project applied a discount of 2.5% for payment of 70% at once, it was very attractive to customers during project implementation.
- » Tocontap Residential Area has complete infrastructures and applies fast payment policy, accordingly when customers pay 100% of contract value, they will get 6% of discount. Thanks to that, the project attracts much attention from customers and has been sold out right after opening for sale.
- » Binh Chieu 2 Residential Area has complete infrastructure has complete infrastructures and applies fast payment policy, accordingly when customers pay 100% of contract value, they will get 5% of discount. Thanks to that, 83% of the products have been sold out after opening for sale.



BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

114 • 115

REPORT FROM THE BOARD OF MANAGEMENT

SALES OPERATIONS (continued)

Project inventory

Project inventory as of 31 December 2017

No.	Project	Total number of apartment / block	Already sold	Accumulat- ed sold	In stock	Inventory rate
A	Land plot					
I	Binh An	205	0	205	0	0%
2	Tam Binh	267	0	267	0	0%
3	Binh Chieu Residential	470	I	470	0	0%
4	Binh Chieu Residential	145		120	25	17,2%
5	Long Hoi City	247	112	234	13	0%
6	Tocontap Residential	28	19	28	0	0%
7	Phuoc Long Spring Town (Phase 1)	38	0	38	0	0%
8	Phuoc Long Spring Town (Phase 2)	57	3	57	0	0%
В	Apartment Building					
I	TDH - Truong Tho	262	12	259	03	1,1%
2	TDH - Phuoc Binh	86	4	84	02	2,3%
3	TDH - Phuoc Long	171	54	171	0	0%
	TOTAL	1,976			43	

OPERATION OF IMPORT-EXPORT DEPARTMENT

In order to diversify and improve operational efficiency for increasing revenue growth based on available advantages of Thuduc Agriculture Wholesale Market and other associated partners, Thuduc House established the Import and Export Board in 2012. After 5 years of operation, the Board expanded activities in many markets with reputable customers. Implementing the Resolution of the General Meeting of Shareholders on 14 April, 2016, the BOD and the BOM of Thuduc Housing Development Corporation (TDH) signed cooperation contracts with some strong potential partners and customers in order to increase revenues for the Company; Accordingly, on 21 April, 2016 TDH Group and EPCO Co., Ltd. Signed a business cooperation contract in import and export of agricultural products (fruits, nutritious nuts...). Although the cooperation has just been implemented for 2 years, it is very effective.

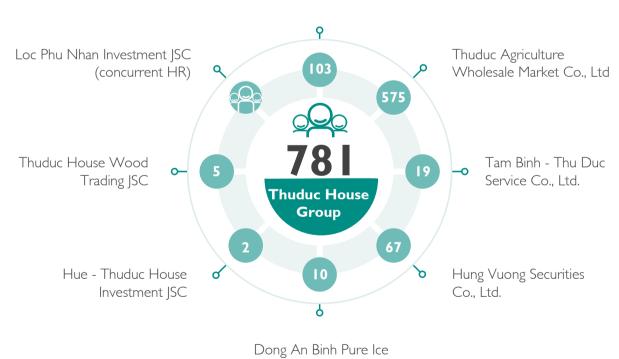
» For further information on activities of the Import and Export Board, please visit http://imex.thuduchouse.vnn.

ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCE

Statistics of personnel

The total number of personnel of Thuduc House Group as of 1 January 2018 was 781 persons, in which:

Thuduc House



Co., Ltd.

BUSINESS PERFORMANCE IN 2017 THUDUC HOUSE . ANNUAL REPORT 2017 116 . 117

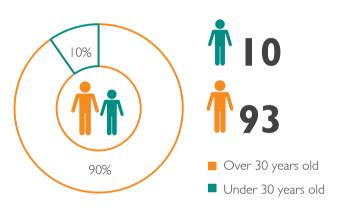
REPORT FROM THE BOARD OF MANAGEMENT

ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCE (continued)

In total of 103 employees of Thuduc House, there were 60 males and 43 females:



Classification by age



Classification by qualification	Quantity	Rate
Postgraduate	12	11%
University	61	59%
Vocational college		11%
Primary	13	13%
Other labors	6	6%

Labor policy

Number of employees, average salary for employees

- » Total number of employees: 103 persons
- » Average income of employees: VND 19,463,099 person/month

Labor policies on ensuring health, safety and benefits of employees

- » Social insurance policy: The Company covers social insurance policy for 100% of employees. Thuduc House has been consecutively honored for its good implementation of social insurance policy from 1997 up to now by HCMC Social Insurance Department.
- » Welfare policy: Thuduc House always takes a good care of its employees and protects the rights of employees. Besides always encouraging their staffs to study and improve their thoughts, ethics, lifestyle, behavior, qualification, etc., the Company's leaders combines with many unions to develop helpful policies for employees such as periodical health examination, visiting sick employees and their families, congratulating and presenting gifts to employees on special occasions of birthdays, holidays, International Children's Day and International Women's Day as well as giving notebooks and scholarships to the children of employees at the beginning of new school year. Allowances for male employees when their wives give birth, allowances for male employees on the Father's Day (all male employees) and for employees who used to join the army on the Vietnamese People's Army Day on 22nd December, allowances for employees getting married, allowances for children of employees on International Children's Day on 1st June and during the Mid-Autumn Festival, giving notebooks for children of employees on the occasion of starting of a new school year, awarding children of employees with excellent academic results at the end of each school year...

To diversify the spiritual life of employees, Thuduc House often holds events such as family day, employee festival, sport tournament, etc. for employees and their families to promote their capability and talents as well as participates in musical programs held by the companies with same operating sectors or the partners. Trade Union also cooperates with BOM to organize movements called "clean and beautiful office", "learning and working as President Ho Chi Minh", "obeying traffic safety rules", etc.

Moreover, the Company well implements the works of supporting and helping each other, supporting flood victims and poor people, and financing the learning promotion funds, the Red Cross, and Vu A Dinh scholarship fund. The Company also encourages and supports the employees to participate in cultural and sport activities launched by the departments.

Training

Human resources training and development are very crucial activities of every company. At Thuduc House, the human resources training and development activities are regularly and continuously maintained. The plan of training and developing the human resources has been made and implemented every year. Every In 2017, based on the training plan and program, many year, the company will consolidate the results, evaluate the training activities by the actual performance results of employees who got the training.

Training forms in the Company include:

- » Training in-site: Applied to:
 - Newly recruited person: Training contents include the common rules and policies of the Company and guidance on professional and expertise.
- Person who changes position: Training contents include professional guidance and regulations in new position.
- During work, the more experienced will share and exchange experience with the less experienced. This work is carried out regularly in every position.
- » Internal Training: Training and coaching skills of work are regular training activities of the Company, the training programs mainly focus on training on rules, regulations, procedures, new products and sale skills... for relevant professional body of the Company.
- » Outside training: Based on needs of job, employees will be selected to attend in outside courses on: Leadership skills, management skills, teamwork skills, marketing skills, sales skills... or the Company will invite experts with high qualifications, prestigious

reputation to teach employees at the Company such as contract drafting skills, negotiation skills, communication culture with customers, studying laws, new regulations...

employees of TDH were encouraged and facilitated to participate in the short term or long-term training courses related to their professional area and expertise such as: project management, financial management, human resources management, internal control, IT, Marketing, Sales... for sales activities, in addition to knowledge of governance, the Company also facilitates employee to regularly attend additional courses on feng shui knowledge, valuation, business culture... to make better marketing tasks, sales, enhance skills of communication and convincing customers at the highest level. The total cost of training in 2017 was VND 100.000,000.

In particular, following the instructions of SSC on organization of training courses to grant certificate of corporate governance for managers of public companies, the Company held registration of a course on Corporate governance for members of the BOD, BOS and the BOM. In addition to improving quality of corporate governance in public JSC, contributing to enhancing operational efficiency, enhance transparency of market, the course also provides knowledge and skills in corporate governance in accordance with the legal provisions of Vietnam and international standards for members of BOD.

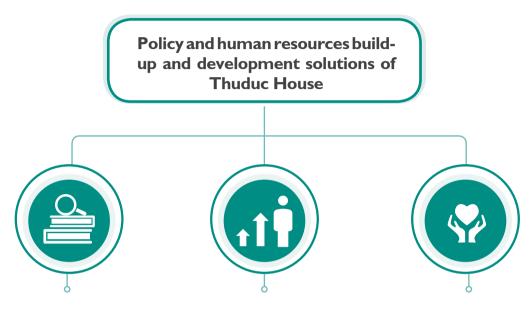
BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

II8 • II9

REPORT FROM THE BOARD OF MANAGEMENT

ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCE (continued)



Improving and applying human resources management methods:

- » Building system of job descriptions for each job.
- » Implementing effective performance assessment regularly and have appropriate adjustments.

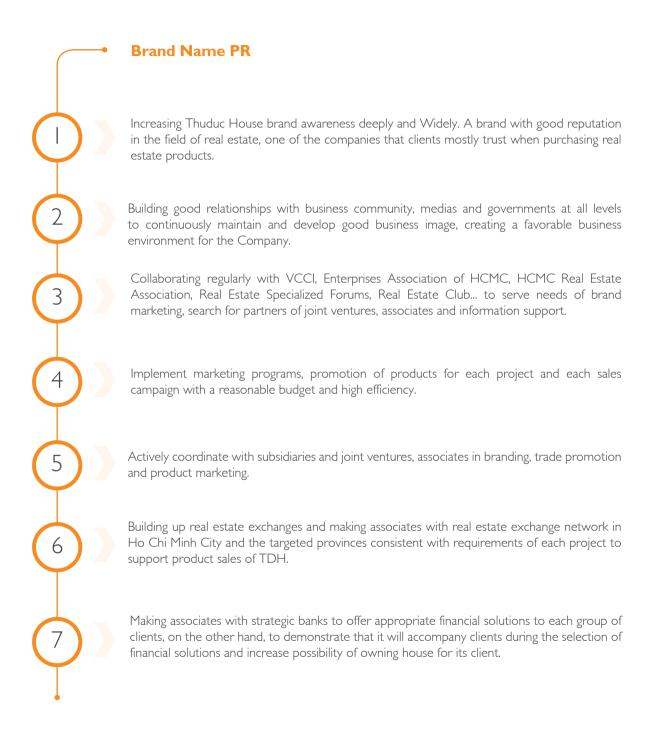
Develop leaders team on the basis of young and active professionals:

- » Implement assessment and planning officers at all levels, additional initiative to strengthen leadership staff as needed.
- » Appoint talented people, appropriate to the location management and staff arranged true forte, the capacity of each person.

Take care of living conditions of officials and employees:

- » Develop and implement welfare schemes such as comprehensive health care, professional training mode, mode of travel accommodation, gifts for holidays, events, scholarship for kids and gifts for children of employees... to improve life and health of employees, keep talents and motivate, encourage employees to stick with the Company.
- » Organize business activities in order to create a dynamic working environment and build a culture of solidarity, towards work efficiency.

MARKETING ACTIVITIES AND BRANDING DEVELOPMENT



BUSINESS PERFORMANCE IN 2017 THUDUC HOUSE . ANNUAL REPORT 2017 120 - 121

REPORT FROM THE BOARD OF MANAGEMENT

MARKETING ACTIVITIES AND BRANDING DEVELOPMENT (continued)

Charity and community activities

- » Besides business operations, the Company pays high attention to social and charity activities to develop brand image, especially the national prestigious brand and creating a beautiful impression in the community.
- » The Company always builds and promotes enterprise culture with the motto "Business objectives are associated with social objectives". The Company » The Company also paid attention to customer also has had practical activities to show its sense of responsibility to the society such as contributing to Vu A Dinh scholarship fund for poor students in mountain area, flood victim supporting fund, "For the poor" fund of Vietnam Fatherland Front Committee, etc. Continuing the message "Happiness from your house", Thuduc House has supported and cooperated the program "Parenting skills" broadcast on every Friday in HCMC Voice since 2014 to 2018. This is a program to share and get advice from experts about parenting skills, partly supporting and answering the inquiries of the parents.
- » In addition, Thuduc House focuses on training a team of young intellectuals, supporting in educational programs and innovative research contests, giving scholarship for poor students with good academic achievements or good achievements in scientific research to encourage them to strive further in their studies and help them have opportunities to conquer the peak of knowledge. Some of those programs are "Eureka Prize for Scientific Research", Youth's TV program of HCMC Youth Union, etc.

Product Marketing

- » Marketing strategies are based on competitiveness, focusing on 3 factors: Building brand, improving the Company's image; researching market to offer professional products and customer care services; and positioning products for each specific project and improving competitiveness to have competitive options.
- » Thuduc House speed up market research activities and professional marketing, so as to set up an optimal database, advising management team in directing the development strategy and creating products at reasonable prices to meet customers' demand at various periods.

- » Advertising company products on popular marketing channels such as websites, newspaper, Search Engine Optimization (SEO)... In parallel, we regularly hold events to introduce products to target customers. The above activities have represented our sales efficiency and promoted the Company's prestige.
- care and after-sales services applied for current and potential customers. The inquiries and claims from customers are promptly and sufficiently responded. We understand that good customer care will help to promote our brand value and building brand sustainably.
- » In general, marketing activities are updated frequently to catch up new trends, setting up internal dialogue channels and dialogue channels with partners and customers effectively. Marketing activities aim at the dedication, humanism and creativeness. However, the Company also considers to save budget for marketing and optimize efficiency of each marketing campaign.



SHAREHOLDER AND PARTNER RELATIONS

Relationship with shareholders

In order to ensure best interests of shareholders, Thuduc House has always paid attention to ensure information transparency through regularly updating important news, reports, information which might have substantial impacts on benefits of shareholders on the Company's website and sending comprehensive reports to competent authorities such as SSC, HOSE, VSD, etc., in order to facilitate easy and timely access to accurate information by shareholders.

In addition, the Company has a specialized department for investor relation to be willing to receive and respond the investors' questions on the issues related to the Company's activities via phone, email investorrelation@ thuduchouse.com or answer & question section on the Company's website.

Domestic and foreign partners

During the year, the International Relation Department organized meetings with major shareholders, securities companies (45 securities companies), domestic and foreign investment funds (25 funds) to answer inquiries on its business operations and financial situation as well as to update new business strategies for investors interested in TDH shares on the listing floor.

During these meetings, the Company also presented slides on its potential projects, mainly focusing on ongoing S-home projects, land plot projects to find potential partners for project capital contribution.

INFORMATION TECHNOLOGY (IT)

Keeping a stable and safe network has partly contributed to better serve the works of employees, ensuring smooth working process. The system is always connected and the data is always available, helping provide information, implement transactions with clients, aggregate data and make reports to the managers quickly, effectively and promptly for making necessary decisions.

During the year, the information on website is also regularly updated to partly contribute to brand promotion and product introduction to the clients as well as to provide information to the shareholders and the investors sufficiently and timely. Moreover, the Company ensures information disclosure as regulated.

In addition, the information about the Company's typical activities, projects, products, and client supporting programs are continuously updated on the website of each project and the Company's social network. This is a very effective and economic advertising channel of the Company for product introduction and marketing events for many years.



The Company's BOM always cares for studying and applying specialized management software in the Company's operations to enhance performance BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

I22 • 123

REPORT FROM THE BOARD OF DIRECTORS

P

THE BOARD OF DIRECTORS OF THUDUC HOUSE COMMITS TO ENHANCE RESPONSIBILITIES TO THE COMPANY AND THE SHAREHOLDERS BY ALWAYS ENSURING PUBLICITY, TRANSPARENCY, TIMELY INFORMATION, AND ACCURACY IN ALL ACTIVITIES

The BOD consisted of five members (temporary absence of 01 member due to resign, the Association Copper will elect additional shareholder meeting held in April 2018), including one executive member and one independent member. Whether implementing their tasks as executive members or part-time members, all members of the BOD tried their best in development of overall strategic orientations and long-term business strategies, monitoring and guiding operation of the BOM in order to achieve the highest investment efficiency and the increasing development of Thuduc House trademark.

EVALUATION OF BUSINESS PERFORMANCE IN 2017

Performance against plan

Given the development momentum of Vietnam's economy in general and real estate market in particular, Thuduc House's BOM has had a successful year in running the Company's business. In 2017, the Company harvested impressive business results. This was the 3rd consecutive year the Company exceeded business plan and also the 1st year the Group gained revenue of nearly VND2,000 billion. This is the strong momentum for the Company's growth in the coming time. High business efficiency, right restructuring and sale volume more than expectation are the main reasons for the Company's exceeding the plan. To be specific:

Unit: VND million

ITEMS	Plan in 2017	Achievement in 2017	Achievement in 2016	Achievement in 2017/ plan in 2017	Increase/ decrease compared to 2016
Total revenue (*)	1,357,951	1,922,826	1,146,200	141.6%	+67.8%
Profit before tax	147,041	161,087	135,821	109.6%	+18.6%
Consolidated profit after tax	119,122	l 30,685	108,294	109.7%	+20.7%
Profit after tax attributable to the shareholders of Parent Company	119,122	131,000	108,276	110.0%	+21.0%

^(*) Total revenue includes Net revenue from operating activities + Financial income + Other income

Total consolidated revenues of 2017 increased by 67.8%, reaching VND1,923 billion, exceeding 40% of the plan thanks to the right selection of project segment to open for sale (01 S-home project and 02 land lot projects) to gain high sale volume and the increase in export activities. Consolidated profit after tax increased by 21%, reaching nearly VND131 billion, helping EPS of Thuduc House increase from VND1,121 to VND1,444 (up nearly 30%). However, profitability and ROE of the Company were not compatible with its capital size and still relatively modest compared to the average levels in the industry. In the coming time, the Board of Management should spend more efforts to create better profits for the Group, especially improvement of business performance, financial efficiency, and effective control of large-scale projects implemented in the year.



Measures for implementation of the business strategy

The BOM successfully implemented strategies set by the BOD at the beginning of the year, resulting in outstanding growth rate, and completely resolving problems of restructuring strategies. Specifically, the BOM carried out activities as follows:

- » Consolidate professional sales team, research and apply modern sale software, positively perform multiple measures to accelerate consumption of inventories. As results, 100% of projects opened for sale in 2016 has been sold out in the current year, the inventories of the old projects almost are sold out, only remaining 1.3% at the end of the year.
- » Strengthen import and export activities, meet local and international partners to promote wholesale, business cooperation and agricultural product import & export, expand to export electronic components to gain high revenue for the Group.
- » Promote to search for new land fund and new projects in line with the strategy of BOD, establish project investment and development unit to be responsible for looking for land fund, analyzing and selecting the projects which are suitable to the BOD's

- strategy, giving priority to the projects with clean and convenient land fund, being ready for construction to open for sale. Besides, accelerating legal progress of ongoing projects to start construction soon.
- » Allocating and balancing capital resources and cash flows for liquidity:
 - Promote debt recovery, asset restructuring heading to liquidation of assets without high efficiency, quickly remit the capital from the USA and continue to strictly control costs.
 - Plan, study preliminary options for other longterm capital sources: studying to convert the loans in VND into USD to decrease loan interest, meet the investment funds to call for cooperation in large-scale projects, study solutions to issue long-term bonds, etc.
- » Boost internal cost control to restructure the management apparatus, support and rectify subsidiaries, aiming to the goal that there is no subsidiary that has to suffer the loss to contribute to the Group's profit.

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

124 • 125

REPORT FROM THE BOARD OF DIRECTORS

BOARD OF DIRECTORS' ACTIVITIES

Corporate Governance

To strengthen principles and rules on corporate governance after listing shares on the stock market, the company has issued and adjusted internal governance regulations to be suitable to the actual situation, including:



The above-mentioned documents along with the Company's Charter has created strictly legal framework and adjusted the Company's activities as well as stakeholders in order to ensure performance efficiency and transparency, meeting the need of investors.

Change of BOD members

Mr. Tran Bao Toan - BOD member resigned

Resignation date: June 2017

Meetings and meeting agendas of the BOD

In 2017, the BOD held 30 meetings. All meetings complied with regulations on calling meetings and composition of participants.

No.	Resolution No.	Date of issuance	Contents
			First Quarter of 2017
I	95	7/2/2017	MOM of BOD on closing right to attend Annual General Meeting of Shareholders for fiscal year ended 2016 and closing right to payment in advance for dividend of 2016 in cash.
2	138	17/2/2017	Resolution of BOD on terminating the investment in Office Building at No.87A-91A Ham Nghi, District 1, HCMC.
3	152	20/2/2017	MOM on increasing credit line at Vietbank from VND25.900.000.000 to VND125.900.000.000.
4	166	22/02/2017	MON on approving the resignation of Mr. Doan Ngoc Quang from the position of Deputy General Director of project investment.
5	174	22/02/2017	MOM on approving the policy that Thuduc Housing Development Corporation attends in bidding and business cooperation of the project of Hoa Lan Residential Area, Thuan Giao Ward, Thuan An Town, Binh Duong Province.
6	280	3/14/2017	MOM on approving the policy that Thuduc Housing Development Corporation receives a part of apartment building corresponding with the contributed capital of TOCONTAP in the project of residential area in Phuoc Long Ward, District 9.
7	380	30/03/2017	MOM on supplementing collaterals at TPBank.

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

126 • 127

REPORT FROM THE BOARD OF DIRECTORS

BOARD OF DIRECTORS' ACTIVITIES (continued)

		9	Second Quarter of 2017		
8	441	11/4/2017	MOM of BOD on the matters related to AGM 2017.		
9	462	13/04/2017	Resolution of BOD on changing payment date of dividend of 2016 (10% in cash).		
10	501	20/04/2017	MOM of Annual General Meeting of Shareholders for fiscal year ended 2017.		
	621	05/04/2017	Resolution of BOD on issuing shares to increase share capital from owner's equity (15%).		
12	669	15/05/2017	Resolution of BOD on approval of deadline for final registratio of share issuance to increase share capital from equity (15%).		
13	810	09/06/2017	MOM on selecting independent auditor for fiscal year ended 2017.		
14	928	19/06/2017	MOM on approving the resignation of Mr. Tran Bao Toan.		
Third Quarter of 2017					
15	1128	11/07/2017	MOM on approving the policy that Thuduc Housing Development Corporation transfers TDH - Binh Chieu I under the project of Binh Chieu Residential Area, Thu Duc District.		
16	1129	11/07/2017	MOM on contributing capital to establish Loc Phu Nhan Investment JSC.		
17	1176	17/07/2017	MOM on approving the policy of getting loan from HDBank.		
18	1179	17/07/2017	MOM on approving the policy that Thuduc Agriculture Wholesale Market Co., Ltd. makes investment into Thao Duoc Xanh Investment JSC.		
19	1244	25/07/2017	MOM on approving the policy that Thuduc Housing Development Corporation stops investment into La Sapinette Hue project.		
20	1299	01/08/2017	MOM on getting loan at Vietinbank - Saigon East.		
21	1310	03/08/2017	MOM on divestment from OCB		
22	1374	15/08/2017	MOM on increasing contributed capital at Bach Phu Thinh Co., Ltd.		
23	1403	21/08/2017	MOM on getting loan at HDBank.		

	Four Quarter of 2017				
24	1678	05/10/2017	MOM on approving Mr. Chu Duy Thanh Dung's resignation from the position of capital representation and join BOD of Bach Phu Thinh Co., Ltd.		
25	1686	09/10/2017	MOM on appointing Deputy General Director of project development		
26	1690	09/10/2017	MOM on stopping investment and dissolving joint venture company in the USA.		
27	1691	09/10/2017	MOM on stopping investment and dissolving joint venture company in the USA.		
28	1743	18/10/2017	MOM on approving Mr. Nguyen Khac Son's resignation from the position of capital representation and joining BOD of Khanh Phu Investment JSC. Mr. Nguyen Vu Bao Hoang's resignation from the position of capital representation at Hue Home Construction JSC.		
29	1764	23/10/2017	MOM on converting collaterals at Vietinbank.		
30	1813	06/11/2017	MOM on getting loan at TPBank and authorizing representative.		

BOD's supervision on BOM

All governance and administration activities of the Company are under the close direction and supervision of BOD. The information provision and report to BOD members are done regularly and fully. To be specific:

- » General Director regularly reports to BOD on the situation of finance, investment and business of the Company. Based on that, BOD can closely supervise and timely make corrective action to the BOM's activities, especially in the activities of organization, management, administration, capital preservation and project implementation.
- » All unusual problems arisen related to the Company's activities are immediately reported to BOD by BOM to handle the situation and timely give direction when necessary.

BUSINESS PERFORMANCE IN 2017 THUDUC HOUSE . ANNUAL REPORT 2017 128 - 129

REPORT FROM THE BOARD OF DIRECTORS

BOARD OF DIRECTORS' ACTIVITIES (continued)

BOD's supervision on BOM (continued)

Change of BOD member

- + New appointment according to work requirement:
- Mr. Le Du Dang Khoa Deputy General Director in charge of project investment and development. Resigned from September 2017.
- + Resign according to expectation:
- Mr. Doan Ngoc Quang Deputy General Director in charge of project investment. Resigned from February 2017.



Evaluation on BOM's activities

BOD highly appreciates the efforts of General Director Annually, the BOS have organized regular meetings and BOM in effectively implementing the Resolutions and provided advice at meetings of the BOD. Main of BOD and timely reporting and adjusting the implementation process in compliance with the actual situation and the requirements of BOD.

In addition, the Company has consolidated and built an effective operational structure in line with new mechanism and in conformity with new development » Appraising annual financial statements of the stage.

Activities of subcommittees of the Board of Directors

Under the current organizational structure, Thuduc House has just set up an office to assist the BOD (but did not set up subcommittees under the BOD). The office of the BOD has monitored the organization, preparing minutes of meetings of the BOD, the BOS and the General Meeting of Shareholders, providing financial statistics, copies of minutes of meetings of the BOD and other information to members of the BOD and the BOS as required.

Activities of the BOS

tasks of the BOS were as follows:

- » Monitoring rationality and legality in management and administration of business activities, accounting records and financial statements of the Company.
- Company; monitoring specific issues relating to management and administration of the Company's operations and making reports to the General Meeting of Shareholders.
- » At meetings of the BOD, members of the BOS expressed opinions and made recommendations on improvement of organization, management, business of the Company; assessing quality of management and operation of member units established or cofounded by the Company to advise the BOD and the BOM when necessary.

Following regulations on corporate governance, the Head of BOS has worked as full-time employee at the Company.

List of internal shareholders, share ownership and remuneration

At the latest time of closing list (01 March 2018)

No.	Name	Title	Number of shares	Percent- age (%)	Remuneration, salary, bonus before PIT
l	Le Chi Hieu	Chairman	1,088,234	7.33%	2,684,359,000
2	Tran Quang Nghi	Vice Chairman	968,719	1.19%	394,000,000
3	Nguyen Vu Bao Hoang	BOD member cum General Director	1,473,529	1.81%	1,948,683,000
4	Le Thanh Liem	BOD member	2	0.00%	270,000,000
5	Tran Bao Toan (resigned from June 2017)	BOD member	0	0	210,000,000
6	Tran Quang Nhuong	Standing Deputy General Director	17,298	0.02%	1,324,694,000
7	Pham Thi Thanh Binh	Deputy General Director	10,910	0.01%	1,172,077,000
8	Nguyen Khac Son (1)	Deputy General Director	67,047	0.08%	0
9	Nguyen Ngoc Truong Chinh	Deputy General Director - disclosing information	1,058,000	1.30%	1,133,138,000
10	Le Du Dang Khoa (2)	Deputy General Director	0	0%	255,517,159
	Doan Ngoc Quang (3)	Deputy General Director	0	0%	
12	Nguyen Hung Long	Head of BOS	32,004	0.04%	1,021,167,273
13	Thai Bang Au	BOS member	44,546	0.05%	216,000,000
14	Thai Duy Phuong	BOS member	-	-	216,000,000
15	Quan Minh Tuan	Chief Accountant	80,411	0.10%	1,184,571,909
	TOTAL			5.93%	12,030,207,341

⁽¹⁾ Mr. Nguyen Khac Son receives salary and main income at the entity he is in charge.

⁽²⁾ Mr. Le Du Dang Khoa was appointed as Deputy General Director in charge of project investment and development from 10 September 2017.

⁽³⁾ Mr. Doan Ngoc Quang was appointed as Deputy General Director in charge of investment from 01 August 2016 to 22 February 2017

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

130 • 131

REPORT FROM THE BOARD OF DIRECTORS

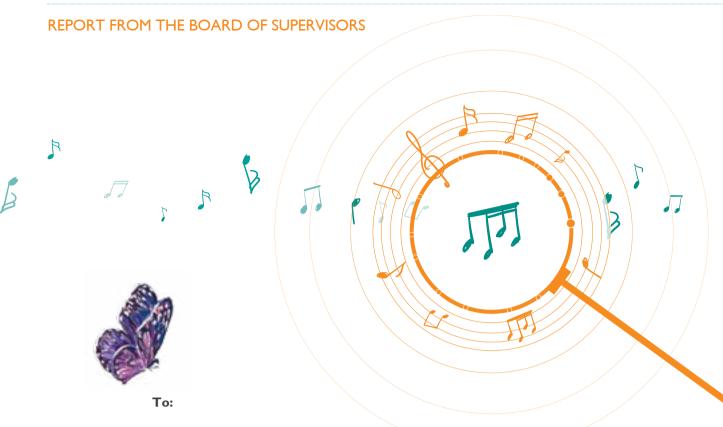
TRANSACTIONS OF INTERNAL SHAREHOLDERS, MAJOR SHAREHOLDERS AND RELEVANT PEOPLE

No.	Name	Relationship with internal/major shareholder	Number of shares at the beginning (1 March 2017)		Number of shares at the end (01 March 2018)		Reasons of increase/decrease (purchasing, selling, converting,
			Number of shares	Rate (%)	Number of shares	Rate (%)	bonus, etc.)
ı	TRANSACTIONS OF INTERN	IAL SHAREHOLDERS AND RELEVANT PEOPLE					
I	Le Chi Hieu	Chairman	946,291	1.33%	1,088,234	7.33%	- receive bonus 15%
2	Tran Quang Nghi	Vice Chairman	842,365	1.19%	968,719	1.19%	- receive bonus 15%
3	Nguyen Vu Bao Hoang	BOD member cum General Director	1,281,330	1.80%	1,473,529	1.81%	- receive bonus 15%
4	Le Thanh Liem	BOD member	67,576	0.10%	2	0%	- receive bonus 5%: 10,136 share - Selling volume: 77,710 shares
5	Tran Quang Nhuong	Deputy General Director	15,042	0.02%	17,298	0.02%	- receive bonus 15%
6	Pham Thi Thanh Binh	Deputy General Director	9,487	0.01%	10,910	0.01%	- receive bonus 15%
7	Nguyen Khac Son	Deputy General Director	27,128	0.04%	67,047	0.08%	- receive bonus 15% - Buying shares
8	Nguyen Ngoc Truong Chinh	Deputy General Director	920,000	1.30%	1,058,000	1.30%	- receive bonus 15%
9	Nguyen Hung Long	Head of BOS	27,830	0.04%	32,004	0.04%	- receive bonus 15%
10	Thai Bang Au	BOS member	38,736	0.05%	44,546	0.05%	- receive bonus 15%
11	FIDECO Joint Stock Company	Organizations relating to internal members - G.D. Nguyen Vu Bao Hoang	1,142,480	1.609%	0	0%	- Selling volume
12	DBA-RHINO Joint Stock Company	Organizations relating to internal members - BOD member Tran Bao Toan	1,900,005	2.677%	5	%	- Selling volume
13	Lien Phuong Textile & Garment Corporation - LPTEX	Organizations relating to internal members - BOD member Le Thanh Liem	888,058	1.088%			- Bonus 15%
14	Le Chi Hong Hanh	Chairman's young sister	16,280	0.02%	0	%	- receive bonus 15% - Selling volume
15	Pham Thi Xuan Lan	Chairman's wife	343,507	0.48%	454,322	0.55%	- receive bonus 15% - Buying shares
П	MAJOR SHAREHOLDERS						
l	Finance and Investment State-Owned Company	Major shareholders	4,257,990	6.00%	4,896,688	6.00%	- receive bonus 15%
2	KWE BETEILIGUNGEN AG	Major shareholders	6,381,896	8.99%	8,200,000	10.04%	- receive bonus 15% - Buying shares
3	VIETNAM EQUITY HOLDING	Major shareholders	2,846,250	4.01%	5,517,167	6.76%	- receive bonus 15% - Buying shares

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

I32 • 133



The Annual General Meeting of Shareholders of the fiscal year of 2017 of Thuduc Housing Development Corporation.

- » Pursuant to the Law on Enterprises No. 68/2014/QH13 dated 26 November, 2014
- » Based on functions, tasks and powers of the BOS stipulated in the Charter of Thuduc Housing Development Corporation.
- » Based on the 2017 Separate Financial Statements of the Parent Company dated 22 March, 2018 and the consolidated financial statements for 2017 dated 21 March, 2018 audited by Pricewaterhouse Coopers Vietnam Limited.
- » Based on the practical operation of the Company in 2017.

BOS hereby would like to report the AGM of fiscal year 2017 on the operation of BOS and the verification result of financial statements for fiscal year ended 2017 of Thuduc Housing Development Corporation as follows:



ACTIVITIES OF THE BOS IN 2017

- » Checking and supervising the management and use of assets and working capital of the Company by checking and reviewing financial statements quarterly, in 6 months, and annually.
- » Examining the fairness, legality, faith and prudence in the preparation of financial statements and statistics.
- » Regularly supervising the issuance and implementation of resolutions and decisions of BOD and BOM. Supervising the implementation of the Resolution adopted by AGM.
- » BOS held quarterly and extraordinary meetings when arising urgent matters require agreement and opinion of BOD and BOM.
- » Attending the meetings of BOD and BOM in accordance with the Company's Charter or invitation letters.

SUPERVISE THE ACTIVITIES OF BOD IN IMPLEMENTING RESOLATIONS OF AGM AND ISSUING RESOLUTIONS AND DECISIONS FOR BOM'S IMPLEMENTATION

In 2017, BOD well implemented functions, rights and obligations, to be specific:

I/ Successfully organizing the Annual General Meeting of Shareholders for the fiscal year of 2016 on 20 April, 2017 at the GEM Convention Centre (No. 8 Nguyen Binh Khiem, Da Kao Ward, District 1, HCMC).

2/ Making dividend payment of 10% of charter capital to shareholders in accordance with the Resolution of the Annual General Meeting of Shareholders for the fiscal year of 2016.

3/ Issuing shares to increase share capital by 15% of charter capital, source of capital guaranteed from the source of "Share premium".

4/ Human resources: BOD has approved resignation of two persons:

- » Mr. Tran Bao Toan resigned from the position of member of BOD of from 19 June 2017.
- » Mr. Doan Ngoc Quang resigned from the position of Deputy General Director in charge of investment from 22 February 2017.

BOD has approved the appointment of Deputy General Director

- » Appointing Mr. Le Du Dang Khoa as Deputy General Director in charge of project investment and development from 09 October 2017.
- 5/ Approving the selection of independent auditor for fiscal year 2017 as follows:
- » Ernst & Young Vietnam Ltd. (EY Vietnam) conducted audit for Parent company and the Group.
- » Subsidiaries of Thuduc House were audited by Auditing and Accounting Financial Consultancy Services Co., Ltd. (AASCN).

6/ Issuing resolutions and decisions to ensure the Company's business efficiency during the year.

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

134 • 135

REPORT FROM THE BOARD OF SUPERVISORS

BOM'S SUPERVISION ON BUSINESS OPERATIONS

- » Organize and operate management apparatus to ensure good business operations.
- » Run the Company's business in compliance with legal regulations and strictly implement the Company's Charter, comply with the resolution of AGM on 20 April 2017 and implement the resolutions and decisions of BOD.
- » Coordination among BOS, BOD and BOM is very good, the communication during the Company's operation is also quickly, timely and clearly.

APPRAISAL OF 2017 FINANCIAL STATEMENTS

BOS has reviewed and agreed with the consolidated financial statements for the fiscal year ended 2017 and financial statement for the fiscal year ended 2017 of Parent company which were prepared by the Board of Management and audited by Ernst & Young Vietnam Limited (EY Vietnam).

Report of BOS on the results of financial review is as follows:

Consolidated Balance Sheet as of 31 December, 2017

Unit: VND

	A ASSETS	31/12/2017	01/01/2017
100	CURRENT ASSETS	1,565,797,595,455	1,395,358,629,522
110	Cash and cash equivalents	95,960,508,174	172,086,700,765
120	Short-term financial investments	29,819,393,900	59,966,863,400
130	Current receivables	972,607,385,879	690,574,472,430
140	Inventory	401,836,964,349	471,146,542,949
150	Other current assets	65,573,343,153	1,584,049,978
200	LONG-TERM ASSETS	1,307,518,113,716	1,405,266,005,603
210	Long-term receivables	324,212,478,328	482,199,872,784
220	Fixed assets	94,115,217,110	83,503,497,008
230	Investment property	61,307,660,520	64,589,640,744
240	Long-term assets in process	6,115,689,142	6,115,689,142
250	Long-term financial investments	800,157,807,721	753,055,225,816
260	Other long-term assets	21,609,260,895	15,802,080,109
270	TOTAL ASSETS	2,873,315,709,171	2,800,624,635,125

В	LIABILITIES AND OWNER'S EQUITY	31/12/2017	01/01/2017
300	Liabilities	1,037,966,982,714	1,029,674,292,954
310	Current liabilities	814,639,151,419	727,721,968,300
330	Long-term liabilities	223,327,831,295	301,952,324,654
400	OWNER'S EQUITY	1,835,348,726,457	1,770,950,342,171
410	Owner's equity	1,835,348,726,457	1,770,950,342,171
411	Paid-in capital	816,349,270,000	709,883,810,000
412	Share premium	245,984,454,963	352,449,914,963
418	Development investment fund	487,791,240,058	484,239,185,063
421	Undistributed profit after tax	153,146,444,465	119,891,416,582
421a	- Accumulated undistributed profit after tax at the end of previous period	22,146,247,084	17,115,101,828
421b	- Undistributed profit after tax of the current period	131,000,197,381	102,776,314,754
429	Interests of minority shareholders	132,077,316,971	104,486,015,563
440	TOTAL LIABILITIES AND OWNER'S EQUIT	2,873,315,709,171	2,800,624,635,125

Comments

- » Preparation of financial statements of the Company complied with provisions of the Law on Accounting, Vietnamese Accounting Standards, and relevant regulations on preparation and presentation of financial statements.
- » Tax finalization and deduction of provisions for devaluation of financial investments, and reentering provisions complied with tax laws and other regulations on tax finalization issued by the Ministry of Finance and the General Department of Taxation.

Total assets and total capital

- » Total assets and total capital of the Company as of 31 December, 2017 were VND **2,873,316** million, compared to the beginning of the reporting period reaching 102.59 %. Specifically:
- » Ending balance of current assets to beginning balance of current assets: 112.21%;
- » Ending balance of long-term assets to beginning balance of long-term assets: 93.04%;
- » Ending balance of liabilities to beginning balance of liabilities: 100.80%:
- » Ending balance of owner's equity to beginning balance of owner's equity: 103.64%.

BUSINESS PERFORMANCE IN 2017

THUDUC HOUSE • ANNUAL REPORT 2017

136 • 137

REPORT FROM THE BOARD OF SUPERVISORS

Income statements of 2017

Consolidated income statements

Unit: VND million

ltems	AGM resolution 2017	Achieved in 2017	Achieved 2017 compared to Achieved in 2016	Achieved 2017 compared to AGM resolution (%)
Total revenues	1,357,951	1,922,825	167.76 %	141.60 %
Total profit before tax	158,040	161,087	118.60 %	101.93 %
Profit after tax	130,121	131,000	120.97%	100.67 %

Income statements of the Parent Company

Unit: VND million

ltems	AGM resolution 2017	Achieved in 2017	Achieved 2017 compared to Achieved in 2016	Achieved 2017 compared to AGM resolution (%)
Total revenues	1,055,382	1,485,731	169.69 %	140.78 %
Total profit before tax	122,596	116,382	114.46 %	94.93 %
Profit after tax	102,006	97,677	118.12 %	95.76 %



TOTAL REVENUES OF PARENT COMPANY

169.69%

COMPARED TO 2016

AND REACHED 140.78% OF THE ANNUAL PLAN

In general, the business situation is going smoothly, the Board of Management is actively creating the supply for the future.

Total revenues of Parent company reached 169.69% compared to 2016 and reached 140.78% of the annual plan since the Company pushed commodity trading and import export activities in 2017 to increase revenues from VND 266,814 million in 2016 to VND 880,889 million in 2017, up 330.15%.

The real estate in HCMC in particular and in the country in general showed a good development in 2017. Revenues from real estate trading of Parent company reached 103.34% compared to 2016 and accounted for 29.74% of total revenues in 2017.

Although total revenues in 2017 reached 169.69% compared to 2016, total profit gained 114.46% compared to 2016, completing 94.93% of the annual plan assigned by AGM because Return on Sales (ROS) of commodity trading and import export activities was low.

CONCLUSIONS AND RECOMMENDATIONS

In 2017, the BOS did not observe any extraordinary signs in business activities of the Company. All activities of the Company complied with the Law on Enterprises, Law on Securities, the Charter of the Company, relevant regulations, resolutions of the General Assembly of Shareholders, and resolutions of the BOD.

Business results and accounting data were carefully checked to ensure accuracy and legality of data recording.

The BOS would like to make recommendations to the BOD and the BOM as follows:

Maintain and enhance performance of BOM and staff. Well practise internal regulations and discipline in the Company.

Above is the report on operation and supervision of the Board of Supervisors in 2017 for approval by Annual General Meeting.





INFORMATION ABOUT AUDITING FIRM

Company name: ERNST & YOUNG Vietnam Co., Ltd.

Bitexco Financial Tower, 28th floor, 2 Hai Trieu Street, District I, HCMC

Tel: (84-28) 3824 5252 **Fax:** (84-28) 8324 5250 **Website:** http://www.ey.com

Operation capacity

» Ernst & Young, also known as EY, is one of BIG FOUR besides Deloitte, PwC and KPMG. Ernst & Young provides audit, tax and tax consulting services, corporate consulting and financial transaction consulting. Ernst & Young has more than 152,000 employees working in more than 140 offices worldwide.

Information about auditors

- » Consolidated financial statements:
 Mr. Hang Nhat Quang (auditor certificate no. 1772-2018-004-1)
- » Financial statement of Thuduc House:
 Dinh Minh Tuan (auditor certificate no. 3203-2015-004-1)

THUDUC HOUSING DEVELOPMENT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

CONTENTS

GENERAL INFORMATION	141
REPORT OF MANAGEMENT	142
INDEPENDENT AUDITORS' REPORT	143 - 144
CONSOLIDATED BALANCE SHEET	145 - 147
CONSOLIDATED INCOME STATEMENT	148
CONSOLIDATED CASH FLOW STATEMENT	149 - 150
REPORT ON UTILIZATION OF CAPITAL FROM ISSUANCE OF PUBLIC SHARES	151 - 158

THE COMPANY

Thu Duc Housing Development Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103000457 issued by the Department of Planning and Investment of Ho Chi Minh City on 15 June 2001, and the subsequent amended BRCs and Enterprise Registration Certificates ("ERCs"). The latest amended ERC of the Company is the 20th ERC dated 12 July 2017 issued by the Department of Planning and Investment of Ho Chi Minh City.

The Company's shares are listed on the Ho Chi Minh Stock Exchange with trading code as TDH in accordance with the License No. 83/UBCK-GPNY issued by the State Securities Commission on 23 November 2006.

The current principal activities of the Company are to trade real estate, land use rights of land owners, land users or land tenants, provide housing construction services, provide real estate brokering services and trade goods.

The Company's registered head office is located at No. 3 - 5 Pasteur, Nguyen Thai Binh Ward, District 1, 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:

Mr Le Chi Hieu Chairman
Mr Tran Quang Nghi Vice chairman
Mr Nguyen Vu Bao Hoang Member
Mr Le Thanh Liem Member

Mr Tran Bao Toan Member resigned on 19 June 2017

BOARD OF SUPERVISION

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

Mr Nguyen Hung Long Head
Mr Thai Bang Au Member
Mr Thai Duy Phuong Member

MANAGEMENT

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

Mr Nguyen Vu Bao Hoang General Director

Mr Tran Quang Nhuong Standing Deputy General Director

Ms Pham Thi Thanh BinhDeputy General DirectorMr Nguyen Khac SonDeputy General DirectorMr Nguyen Ngoc Truong ChinhDeputy General Director

Mr Le Du Dang Khoa Deputy General Director appointed on 9 October 2017

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Nguyen Vu Bao Hoang.

AUDITORS

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

B01-DN/HN Reference: 61121099/19406723-HN

Management of Thu Duc Housing Development Corporation ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries ("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 which give a true and fair view of the consolidated financial position of the Company and of the consolidated results of its operations 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 its 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 Vu Bao Hoang

General Director Ho Chi Minh City, Viet Nam 22 March 2018

TO: THE SHAREHOLDERS OF THU DUC HOUSING DEVELOPMENT CORPORATION

We have audited the accompanying consolidated financial statements of Thu Duc Housing Development Corporation ("the Company") and its subsidiaries ("the Group") as prepared on 22 March 2018 and set out on pages 145 to 158, which comprise the consolidated balance sheet as at 31 December 2017, 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 these 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 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.

INDEPENDENT AUDITORS' REPORT (continued)

CONSOLIDATED BALANCE SHEET

as at 31 December 2017

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.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another audit firm which expressed an unmodified opinion on those consolidated financial statements on 22 March 2017.

ERNST & YOUNG VIETNAM LIMITED



Hang Nhat Quang

THUDUC HOUSE

Deputy General Director Audit Practicing Registration Certificate No. 1772-2018-004-1 Ho Chi Minh City, Vietnam 22 March 2018



Dinh Minh Tuan

Audit Practicing Registration Certificate No. 3203-2015-004-1

					VND
Code	AS	SETS	Thuyết minh	Số cuối năm	Số đầu năm
100	A.	SHORT-TERM ASSETS		1,565,797,595,455	1,395,358,629,522
110	l.	Cash and cash equivalents	4	95,960,508,174	172,086,700,765
111		1. Cash		65,770,480,305	156,384,448,876
112		2. Cash equivalents		30,190,027,869	15,702,251,889
120	II.	Short-term investments		29,819,393,900	59,966,863,400
121		1. Held-for-trading securities	5.1	54,837,220,507	86,705,020,507
122		Provision for diminution in value of held-for- trading securities	5.2	(30,517,826,607)	(30,738,157,107)
123		3. Held-to-maturity investments	5.3	5,500,000,000	4,000,000,000
130	III.	Short-term accounts receivable		972,607,385,879	690,574,472,430
131		Short-term trade receivables	6.1	321,089,305,748	181,767,392,754
132		2. Short-term advances to suppliers	6.2	49,539,180,495	11,688,217,897
135		3. Short-term loan receivables	6.3	330,908,804,934	311,468,747,992
136		4. Other short-term receivables	6.4	277,131,999,589	187,771,260,784
137		5. Provision for doubtful debts	6.2, 6.4	(6,061,904,887)	(2,121,146,997)
140	IV.	Inventories	7	401,836,964,349	471,146,542,949
141	•	1. Inventories	-	401,836,964,349	471,146,542,949
150	٧.	Other current assets		65,573,343,153	1,584,049,978
151		Short-term prepaid expenses	13	561,498,586	648,316,632
152		2. VAT deductible		60,101,532,996	919,898,572
153		Tax and other receivables from the State		4,910,311,571	15,834,774

144 • 145

B01-DN/HN

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2017 B01-DN/HN

VND

Code	AS	SETS	Notes	Ending balance	Beginning balance
200	В.	LONG -TERM ASSETS		1,307,518,113,716	1,405,266,005,603
210	I.	Long-term receivables		324,212,478,328	482,199,872,784
211		1. Long-term trade receivables	6.1	677,762,000	2,983,626,267
215		2. Long-term loan receivables	6.3	14,900,000,000	14,900,000,000
216		3. Other long-term receivables	6.4	308,634,716,328	464,316,246,517
220	II.	Fixed assets		94,115,217,110	83,503,497,008
221		1. Investment properties	8	30,530,584,413	19,784,313,807
222		Historical cost		60,721,878,765	47,139,640,767
223		Accumulated depreciation		(30,191,294,352)	(27,355,326,960)
227		2. Intangible fixed assets	9	63,584,632,697	63,719,183,201
228		Historical cost		77,986,953,241	77,986,953,241
229		Accumulated amortisation		(14,402,320,544)	(14,267,770,040)
230	III.	Investment properties	10	61,307,660,520	64,589,640,744
231		1. Historical cost		76,862,428,986	76,862,428,986
232		2. Accumulated depreciation		(15,554,768,466)	(12,272,788,242)
240	IV.	Long-term assets in progress		6,115,689,142	6,115,689,142
242		1. Construction in progress	11	6,115,689,142	6,115,689,142
250	V.	Long-term investments	12	800,157,807,721	753,055,225,816
252		Investments in associates and jointly controlled entities		694,122,425,301	649,526,156,996
253		2. Investment in other entities		106,275,372,220	103,769,058,620
254		3. Provision for long-term investments		(239,989,800)	(239,989,800)
260	VI.	Other long-term assets		21,609,260,895	15,802,080,109
261		1. Long-term prepaid expenses	13	21,245,288,056	15,396,510,374
269		2. Goodwill	14	363,972,839	405,569,735
270	TO	TAL ASSETS		2,873,315,709,171	2,800,624,635,125

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2017 B01-DN/HN

VND

Code	RE	SOURCES	Notes	Ending balance	Beginning balance
300	C.	LIABILITIES		1,037,966,982,714	1,029,674,292,954
310	I.	Current liabilities		814,639,151,419	727,721,968,300
311		1. Short-term trade payables	15	99,565,454,611	111,651,116,290
312		2. Short-term advances from customers	16	74,508,015,442	27,330,912,612
313		3. Statutory obligations	17	6,875,438,134	13,655,876,123
314		4. Payables to employees		15,383,558,676	14,413,250,375
315		5. Short-term accrued expenses	18	12,878,880,906	16,986,044,695
318		6. Short-term unearned revenues		184,625,000	-
319		7. Other short-term payables	19	154,522,242,075	222,385,888,755
320		8. Short-term loans	20	432,820,869,466	312,711,523,546
322		9. Bonus and welfare fund		17,900,067,109	8,587,355,904
330	II.	Non-current liabilities		223,327,831,295	301,952,324,654
332		1. Long-term advances from customers		-	3,538,080,000
337		2. Other long-term liabilities	19	36,316,511,930	35,584,957,930
338		3. Long-term loans	20	182,662,160,189	257,747,489,037
341		4. Deferred tax liabilities	27.3	3,479,056,884	4,210,741,645
342		5. Long-term provisions		870,102,292	871,056,042
400	D.	OWNERS' EQUITY		1,835,348,726,457	1,770,950,342,171
410	I.	Owners' equity		1,835,348,726,457	1,770,950,342,171
411		1. Share capital	21.1	816,349,270,000	709,883,810,000
411a		✓ Shares with voting rights		816,349,270,000	709,883,810,000
412		2. Share premium	21.1	245,984,454,963	352,449,914,963
418		3. Investment and development fund	21.1	487,791,240,058	484,239,185,063
421		4. Undistributed earnings	21.1	153,146,444,465	119,891,416,582
421a		✓ Undistributed earnings up to the end of prior year		22,146,247,084	17,115,101,828
421b		✓ Undistributed earnings of current year		131,000,197,381	102,776,314,754
429	_	5. Non-controlling interests		132,077,316,971	104,486,015,563
440		TAL LIABILITIES AND /NERS' EQUITY		2,873,315,709,171	2,800,624,635,125

Le Ngoc Chau

Quan Minh Tuan Preparer Chief Accountant

Nguyen Vu Bao Hoang General Director

22 March 2018

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017

B02-DN/HN

VND

Code	ITE	MS	Notes	Current year	Previous year
01	1.	Revenue from sale of goods and rendering of services	22.1	1,842,578,062,545	1,061,089,508,146
02	2.	Deductions	22.1	2,560,003,796	793,969,656
10	3.	Net revenue from sale of goods and rendering of services	22.1	1,840,018,058,749	1,060,295,538,490
11	4.	Cost of goods sold and services rendered	23	1,601,292,542,337	848,682,398,202
20	5.	Gross profit from sale of goods and rendering of services		238,725,516,412	211,613,140,288
21	6.	Finance income	22.2	66,344,051,209	81,301,391,092
22	7.	Finance expenses	24	54,153,810,264	62,784,917,915
23		In which: Interest expense		54,374,140,764	56,389,081,493
24	8.	Share of profit of associates and joint-ventures	12.1	9,532,703,424	121,733,801
25	9.	Selling expenses		3,934,813,166	7,162,008,990
26	10.	General and administrative expenses	25	110,219,465,211	88,904,402,653
30	11.	Operating profit		146,294,182,404	134,184,935,623
31	12.	Other income	26	16,463,606,785	4,603,202,150
32	13.	Other expenses	26	1,670,787,951	2,967,532,126
40	14.	Other profit	26	14,792,818,834	1,635,670,024
50	15.	Accounting profit before tax		161,087,001,238	135,820,605,647
51	16.	Current corporate income tax expense	27.1	31,133,351,462	25,711,988,415
52	17.	Deferred income tax benefit (expense)	27.3	731,684,761	(1,815,047,421)
60	18.	Net profit after tax		130,685,334,537	108,293,569,811
61	19.	Net profit after tax attributable to shareholders of the parent		131,000,197,381	108,276,314,754
62	20.	Net (loss) profit after tax attributable to non-controlling interests		(314,862,844)	17,255,057
70	21.	Basic earnings per share	21.5	1,444	1,121
71	22.	Diluted earnings per share	21.5	1,444	1,121

Now - White

Quan Minh TuanChief Accountant

Nguyen Vu Bao Hoang General Director

22 March 2018

Le Ngoc Chau

Preparer

B03-DN/HN

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		161,087,001,238	135,820,605,647
	Adjustments for:			
02	Depreciation, amortisation and amortization of goodwill	8, 9, 10, 14	8,824,091,741	10,233,359,468
03	Provisions		3,719,473,640	6,394,186,422
05	Profits from investing activities		(76,090,178,455)	(74,990,674,720)
06	Interest expense	24	54,374,140,764	56,389,081,493
08	Operating profit before changes in working capital		151,914,528,928	133,846,558,310
09	Increase in receivables		(160,921,542,338)	(99,765,478,528)
10	Decrease in inventories		69,309,578,600	140,740,790,839
11	(Decrease) increase in payables		(43,341,070,517)	76,335,824,117
12	(Increase) decrease in prepaid expenses		(5,761,959,636)	8,019,316,776
13	Decrease in held-for-trading securities		31,867,800,000	
14	Interest paid		(53,970,610,239)	(56,626,785,413)
15	Corporate income tax paid	17	(33,507,211,476)	(27,632,933,058)
16	Other cash inflows from operating activities		-	1,682,603,545
17	Other cash outflows for operating activities		(13,887,984,798)	(18,410,882,505
20	Net cash flows (used in) from operating activities		(58,298,471,476)	158,189,014,083
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(19,692,571,187)	(5,800,607,165)
22	Proceeds from disposals of fixed assets		3,799,853,111	31,818,182
23	Loans to other entities		(54,829,711,113)	(317,694,142,556)
24	Collections from borrowers		33,889,654,171	318,559,717,237
25	Payments for investments in other entities		(38,506,313,600)	(434,353,515,970)
26	Proceeds from sale of investments in other entities		936,435,119	101,727,061,487
27	Dividends and interest received		54,637,169,560	25,231,486,422
30	Net cash flows used in investing activities		(19,765,483,939)	(312,298,182,363)

CONSOLIDATED CASH FLOW STATEMENT (continued) for the year ended 31 December 2017

B03-DN/HN

VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares	-	27,930,000,000	246,759,560,265
33	Borrowings received	20	534,006,799,518	233,847,095,498
34	Borrowings repaid	20	(488,982,782,446)	(407,697,631,797)
36	Dividends paid		(71,016,254,248)	(51,847,407,499)
40	Net cash flows from financing activities		1,937,762,824	21,061,616,467
50	Net decrease in cash for the year	-	(76,126,192,591)	(133,047,551,813)
60	Cash and cash equivalents at beginning of year	-	172,086,700,765	305,134,252,578
70	Cash and cash equivalents at end of year	4	95,960,508,174	172,086,700,765

Quan Minh Tuan Chief Accountant

Nguyen Vu Bao Hoang General Director

22 March 2018

Preparer

Le Ngoc Chau



Thuduc Housing Development Corporation

REPORT ON UTILIZATION OF CAPITAL FROM ISSUANCE OF PUBLIC SHARES

For the audited reporting period from 1 January 2017 to 31 December 2017

REPORT OF THE GENERAL DIRECTOR	152
INDEPENDENT AUDITOR' S REPORT	154 - 155
REPORT ON UTILIZATION OF CAPITAL	156 - 157
NOTES TO THE REPORT ON UTILIZATION OF CAPITAL	158

150 . 151

REPORT OF THE GENERAL DIRECTOR

The Board of Management of Thuduc House (hereinafter referred to as "the Company") presented its report together with the report on actual use of capital from the stock offering as of 31 December 2017 according to public offering certificate no.114/GCN-UBCK dated 31 December 2015 of the State Securities Commission and Decision no.300/QD-UBCK dated 28 March 2016 on approving the extension of the Company's public offering certificate.

OVERVIEW

Thuduc Housing Development Corporation with international transaction name as Thuduc Housing Development Corporation or Thuduc Housing in brief was changed from a state-owned enterprise, namely Thuduc Housing Development and Industrial Zone Services Company, into a Corporation under Decision No. 7967/QD-UB CNN on 24 November, 2000 of Ho Chi Minh City People's Committee.

The Company operates under the Certificate of Business Registration of Corporation No. 0302346036 (changed from No. 4103000457), first registration on 15 June, 2001 and the Certificate revised for the 20th time on 12 July, 2017 issued by Ho Chi Minh City Department of Planning and Investment.

Head office: 03-05 Pasteur, Nguyen Thai Binh Ward, District 1, HCMC.

MAIN BUSINESS ACTIVITIES

Housing management and sales; Construction of housing works, other public and civil works; Production of bricks, tiles, patterned tiles (no production at the head office); Design of housing and civil works for construction of the Company; Project owner for construction and trading in infrastructure of industrial zones and Linh Xuan residential area, electric systems, water supply and drainage systems; Land clearance; Interior and exterior decoration; Investment in construction and trading in infrastructure of industrial zones and residential areas; Trading in goods transport by car; Production and assembly of prefabricated house frames, steel shelves, steel structures, steel bridge beams, beams, braces, towers (no production at the head office); Trading in construction equipment, interior and exterior decoration goods, construction materials, iron, steel, stone, sand and gravel; Gasoline, oil, viscous agent; Sport club activities: tennis courts, swimming pools, football, volleyball, table tennis, basketball, badminton; Hospitality services (no business at the head office); Sales and processing of agricultural products and foodstuff (no processing of fresh food and in compliance with Decision No.64/2009/QD-UBND on 31 July, 2009 and Decision No.79/2009/QD-UBND on 17 October, 2009 of the Ho Chi Minh City People's Committee); Warehouse rental; Trading in goods transport by car; Services: customs clearance, loading and unloading of goods, packaging (except pesticides); Model design; Package printing (except printing of coated metal and printing on fabric, yarn, textile, garment, knitting); Organizing fairs, conferences, seminars and trade exhibitions; Goods on consignment agent; housing business; House, warehouse, office rental; Real estate business; Real estate valuation services, real estate trading services, real estate consultancy services, real estate auction services, real estate advertising services, real estate management services.

THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT IN THE REPORTING PERIOD AND BY THE REPORTING DATE:

Board of Directors

Mr. **Le Chi Hieu** Chairman

Mr. **Tran Quang Nghi** Vice Chairman

Mr. **Nguyen Vu Bao Hoang** Member

Mr. **Le Thanh Liem** Member

Mr. **Tran Bao Toan** Member (to 19 June, 2017)

Board of Management

Mr. **Nguyen Vu Bao Hoang** General Director

Mr. **Tran Quang Nhuong** Standing Deputy General Director

Ms. **Pham Thi Thanh Binh** Deputy General Director

Mr. **Nguyen Khac Son** Deputy General Director

Mr. **Pham Dinh Khang** Deputy General Director

Mr. **Nguyen Ngoc Truong Chinh** Deputy General Director (since 6 October , 2017)

AUDITOR

Nam Viet Auditing and Accounting Financial Consulting Services Co., Ltd. (AASCN) has audited the Report on utilization of capital from issuance of public shares in compliance with the Certificate of registration of public share issuance issued by the State Security Commission No. 114/GCN-UBCK on 31 December, 2015 and Decision No. 300/QD-UBCK on 28 March, 2016 on approval of extension of certificate of registration of public share issuance for the reporting period from 20 April, 2016 to 31 December, 2016.

DECLARATION OF RESPONSIBILITIES OF THE GENERAL DIRECTOR ON THE REPORT ON UTILIZATION OF CAPITAL FROM ISSUANCE OF PUBLIC SHARES

The Board of General Directors is responsible for preparing a report on utilization of capital from issuance of public shares in compliance with the Certificate of registration of public share issuance issued by the State Security Commission No. 114/GCN-UBCK on 31 December, 2015 and Decision No. 300/QD-UBCK on 28 March, 2016 on approval of extension of certificate of registration of public share issuance for the reporting period from 1 January, 2017 to 31 December, 2017 in an honest and logical manner in compliance with Vietnamese accounting standards and relevant regulations.



General Director

HCMC, 5 February, 2018

152 . 153

INDEPENDENT AUDITOR'S REPORT

Số∙ 29-2/KT\/

INDEPENDENT AUDITOR'S REPORT (continued)

Số: 29-2/KT\

On the Report on utilization of capital mobilized from 1 January, 2017 to 31 December, 2017 from issuance of public shares in compliance with the Certificate of registration of public share issuance issued by the State Security Commission No. 114/GCN-UBCK on 31 December, 2015 and Decision No. 300/QD-UBCK on 28 March, 2016 on approval of extension of certificate of registration of public share issuance of Thuduc Housing Development Corporation.

RESPECTFULLY ADDRESSED TO: THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT OF THUDUC HOUSING DEVELOPMENT CORPORATION

We have audited the Report on utilization of capital mobilized as of 31 December, 2017 from issuance of public shares in compliance with the Certificate of registration of public share issuance issued by the State Securities Commission No. 114/GCN-UBCK on 31 December, 2015 and Decision No. 300/QD-UBCK on 28 March, 2016 on approval of extension of certificate of registration of public share issuance of Thuduc Housing Development Corporation (the "Company") and the Notes to the Report on utilization of capital mobilized from 20 April, 2016 to 31 December, 2016 (the "Report on capital utilization") made on 5 February, 2018 and presented from Page 156 to Page 158 as attached.

RESPONSIBILITIES OF THE GENERAL DIRECTOR

The Board of General Directors is responsible for preparing and presenting a report on utilization of capital from issuance of public shares to increase charter capital of the Company in compliance with Vietnamese accounting standards, business accounting regimes and relevant regulations and for internal control necessary for preparation and presentation of such report without any material error caused by fraud or omission.

RESPONSIBILITIES OF THE AUDITOR

We are responsible for giving opinions on the Report on capital utilization based on audit results. We have audited the Report in compliance with Vietnamese accounting standards. We are required to comply with ethical standards and code of conduct, planning and performing the audit to inspect whether there is any material error in the Report on capital utilization of the Company or not.

Audit works include completion of procedures to collect audit evidences on statistics and notes to the Report on capital utilization. Audit procedures are selected at the discretion of the Auditor including risk assessment of material errors in financial statements caused by fraud or omission. While conducting risk assessment, the Auditor has reviewed the Company's internal control relating to preparation and presentation of the Report on capital utilization in an honest and logical manner in order to develop appropriate audit procedures in line with the practical situation without giving opinions on efficiency of the Company's internal control. Audit works also include assessment of relevance of applicable accounting policies and rationality of accounting estimates of the Management Board as well as presentation of the overall report on capital utilization.

It is believed that audit evidences are fully and properly collected for our opinions.

OPINIONS OF THE AUDITOR

In our opinions, the Report on utilization of capital mobilized from 1 January, 2017 to 31 December, 2017 has honestly and logically reflected material aspects of utilization of capital mobilized from issuance of public shares in compliance with the Certificate of registration of public share issuance issued by the State Security Commission No. 114/GCN-UBCK on 31 December, 2015 and Decision No. 300/QD-UBCK on 28 March, 2016 on approval of extension of certificate of registration of public share issuance of Thuduc Housing Development Corporation in line with capital purposes of issuance of public shares.

RESTRICTION ON RECIPIENTS OF THE AUDIT REPORT

The audited report on capital utilization is only used for reporting to the State Securities Commission, the Vietnam Securities Depository - Ho Chi Minh City Branch and Ho Chi Minh City Stock Exchange relating to issuance of additional public shares of Thuduc Housing Development Corporation but not for any other purposes or issuance to other parties.

NAM VIET AUDITING AND ACCOUNTING FINANCIAL CONSULTING SERVICES CO., LTD. (AASCN)

Chairman of the Board of Members

THUCK SHIM BUVEN TO DICH VU TU VAN THE TAIL CHINH BE TUAN TO NAM VIET TO HOCK TO THE TO THE TOTAL TO THE TOTA

Nguyen Thi Lan

Chairman of the Board of Members Certificate of audit practice registration No.: 0167-2018-152-1

HCMC, 7 February, 2018

Auditor

Nguyen Anh Tuan

Auditor

Certificate of audit practice registration

No.: 2837-2014-152-1

REPORT ON UTILIZATION OF CAPITAL

REPORT ON UTILIZATION OF CAPITAL (continued)

Actual capital collected from the share offering in accordance with the public offering certificate no.114/GCN-UBCK dated 31 December 2015 of the State Securities Commission and Decision no.300/QD-UBCK dated 28 March 2016 on approving the extension of the Company's public offering certificate.

I. NAME OF ISSUER: Thuduc Housing Development Corporation

Address: 3-5 Pasteur, Nguyen Thai Binh, District 1, HCMC

Telephone: 028. 39 143 111 - **Fax:** 028. 39 143 222

II. SHARES TO BE ISSUED:

1. Name of shares: shares of Thuduc Housing Development Corporation

2. Type of shares: ordinary shares

3. Par value: VND 10.000

4. Issuance price: VND 12,500

(Issuance to existing shareholders)

5. Number of issued shares: VND 19,765,363

6. Total mobilized capital: VND 246,759,560,265

7. Date of issuance: 21 January, 2016

8. Date of issuance ending: 05 April, 2016

III. DETAILED REPORT ON UTILIZATION OF MOBILIZED CAPITAL

Under the plan on issuance of additional shares to existing shareholders of Thuduc Housing Development Corporation in compliance with the Certificate of registration of public share issuance issued by the State Securities Commission No. 114/GCN-UBCK on 31 December, 2015 and Decision No. 300/QD-UBCK on 28 March, 2016 on approval of extension of certificate of registration of public share issuance, purposes of issuance of the shares are to mobilize additional capital for projects.

As of 31 December, 2017, VND238,890,401,971 from the share issuance was used by the Company. Specifically:

No.	Project name	Plan of using capital from the offering	Plan of using capital from the offering	Total amount disbursed as of 31 December 2017
1	Binh Chieu Project, Phase 2	50,000,000,000	18,011,586,598	50,000,000,000
2	Commercial Centre and Residential Area Project at Phuoc Long B Ward, District 9, HCMC	50,000,000,000		50,000,000,000
3	Residential Area Project at the centre of Ben Luc Town, Phase 2 (*)	50,000,000,000	24,883,547,866	42,130,841,706
4	TDH - Tocontap Residential Area Project	50,000,000,000		50,000,000,000
5	TDH - Phuoc Long Apartment Project	46,759,560,265	9,559,836,060	46,759,560,265
	TOTAL	246,759,560,265	52,454,970,524	238,890,401,971

(*) It is expected that the remaining budget of the Residential Area Project at the centre of Ben Luc Town, Phase 2 will be completely disbursed in 2018.

10/

Duong Van TrungPrepared by

HCMC, 5 February, 2018

Quan Minh TuanChief Accountant

Nguyen Vu Bao Hoang General Director

NOTES TO THE REPORT ON UTILIZATION OF CAPITAL

Report on utilization of capital mobilized from issuance of public shares in compliance with the Certificate of registration of public share issuance issued by the State Securities Commission No. 114/GCN-UBCK on 31 December, 2015 and Decision No. 300/QD-UBCK on 28 March, 2016 on approval of extension of certificate of registration of public share issuance.

1. KEY ACCOUNTING POLICIES

Report on utilization of capital mobilized from issuance of public shares is presented in Vietnamese dongs ("VND") and based on the Report of the General Director of Thuduc Housing Development Corporation.

Accordingly, the Report on utilization of capital and Notes to the Report are attached and are not used by any ineligible party in compliance with accounting principles and practice in Vietnam.

The report on utilization of capital is only used for reporting to the State Securities Commission, the Vietnam Securities Depository - Ho Chi Minh City Branch and Ho Chi Minh City Stock Exchange relating to issuance of additional public shares of Thuduc Housing Development Corporation but not for any other purposes or issuance to other parties.

2. EVENTS AFTER THE BALANCE SHEET DATE FOR REPORTING ON CHARTER CAPITAL FLUCTUATIONS

No material event after the reporting date requires revisions or additional notes.

-\/

Duong Van TrungPrepared by

HCMC, 5 February, 2018

CÓ PHÁN
PHÁT TRIÉMNIA
THỦ ĐỰC

Quan Minh TuanChief Accountant

Nguyen Vu Bao Hoang General Director





BUSINESS PLAN AND ORIENTATION IN 2018

THUDUC HOUSE • ANNUAL REPORT 2017

162 • 163

EXPECTATION OF ECONOMY AND REAL ESTATE SECTOR



IN 2018, THE REAL ESTATE MARKET WILL CONTINUE TO DEVELOP IN A STABLE AND SUSTAINABLE MANNER. Economic condition has been improved with stable and sustainable GDP and CPI growth rates. Foreign direct investment (FDI) in real estate still accounts for a high proportion of total FDI. Actual demands for houses of the people remains high. Credit granting to real estate has been effectively regulated with significantly decreasing bad debts. Infrastructure and basic services have been properly developed. Policies and laws on real estate are also improved by the Government, creating a legal framework for development of the real estate market and for the Government in signing and joining bilateral and multilateral treaties. However, there are a number of potential threats such as political conditions, impacts of exchange rate fluctuation and environmental factors, concerns over excess supply. In 2018, the real estate market will continue to develop in a stable and sustainable manner.

STRATEGIC OBJECTIVES IN 2018



In 2018, main objectives of the Board of Management are to make every effort to drive the Company up; improving profitability and performance in line with its potential growth. In 2018, the Company will focus on two core areas including real estate and trade - import and export activities. Specific objectives are as follows:



» In which, real estate development still accounts for a large proportion (60% or more) of the entire structure of the Group, focusing on medium and luxury land plots, offices and serviced apartments for sales or for rent.



» Trade - import and export activities: Continue to promote trading in and export of agricultural products, minerals (sand, rocks) based on available source of goods and customers, extending to other types of goods whenever there is business opportunity. Consequently, priority is given to capital preservation, financial safety, business performance, effective management of potential risks, and maximizing investment capital of partners.



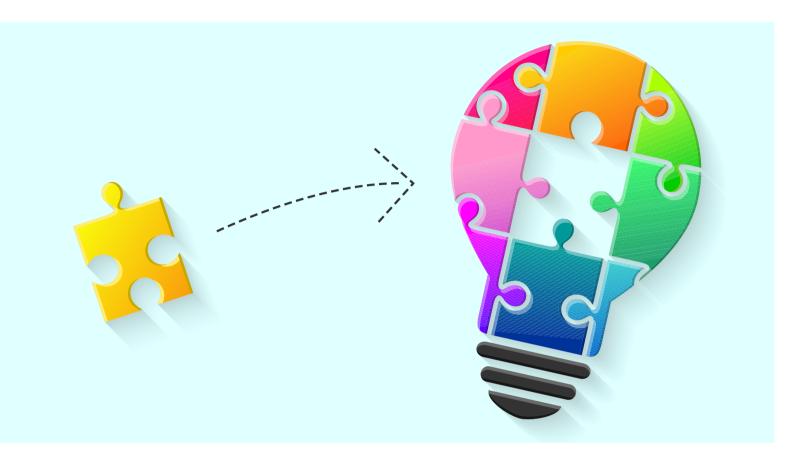
» Service activities and subsidiaries:
Continue to strengthen and enhance competitiveness, increasing labor productivity to meet requirements of assigned tasks. Feasible solutions to overcome difficulties should be applied to companies with low efficiency or losses.

BUSINESS PLAN AND ORIENTATION IN 2018

THUDUC HOUSE • ANNUAL REPORT 2017

If 64 • 165

PRIMARY SOLUTIONS TO IMPLEMENT STRATEGIC TARGETS IN 2018





IN ORDER TO
ACHIEVE THE
ABOVE-MENTIONED
OBJECTIVES, IT IS
IMPORTANT TO
APPLY VARIOUS
SOLUTIONS AND
COMBINE DIVERSIFIED
RESOURCES OF
THE COMPANY TO
REACH THE GROWTH
TARGET.

REAL ESTATE BUSINESS

- » Finding land funds for the next 5-10 years through association, auction and direct compensation for implementation of large-scale urban projects in the suburban areas and surrounding provinces of Ho Chi Minh city and Hanoi. For office and serviced apartment segments, priority is given to projects in central Districts such as District I, 2, 3. Focusing on investment in S-home apartment projects with rapid consumption: TDH Riverview Apartment Building, Tocontap Apartment; land plots in Binh Chieu 2 area.
- » Enhancing exploitation and finding partners or tenants for premises and commercial centers in the inventory apartments and office space as well as newly invested projects in 2017.
- » Effectively managing projects in compliance with the law, increasing competitiveness through strict management; reducing investment capital and product price, improving relations with customers, and ensuring service quality.

- » Further improving efficiency of the real estate trading floor, extensively implementing marketing and PR campaigns to different type of subjects through effective but less costly methods for new projects.
- » Focusing on solving problems relating to land use fees, legal procedures, compensation for land clearance of existing projects. At the same time, speeding up completion of legal procedures to promptly implement projects and open for sales in order to meet the planed turnover target.
- » Improving capacity in project management and work management in accordance with international practices.



TRADE - IMPORT AND EXPORT

- » Actively finding potential partners to sign long-term contracts for some products including fruits, rubber, electronic components, cashew nut...
- » Effectively dealing with debts of customers, ensuring capital safety, and avoid losses.



OTHER SOLUTIONS

- » Further reviewing and strengthening business of member companies to improve their efficiency, finding opportunities for transfer or withdrawal of ineffective financial investments and joint ventures.
- » Maintaining strict management, cost control, risk management, debt management, and internal control. Smoothly implementing ISO, ERP, quality control programs.
- » Human resources of different departments should be improved, aiming to strengthen internal unity, productivity, quality, and professional qualification as well as to increase disciplinary awareness and sense of responsibility, etc., for effectively working at the Company; enhancing internal training courses to support each other; increasing exchange of internal information and effective use of shared resources.
- » Maintaining a secure financial structure, generating cash flows, and preparing strong capital to implement the business development strategy in the coming year:
 - » Restructuring loans with lower interest rates.
 - » Enhancing efficiency of capital management.
 - » Using additional financial measures from issuance of shares, finding investors for divestment of all or part of some projects, member companies, and joint ventures.
 - » Mobilizing more funding for development of potential projects by calling for investment cooperation from national and foreign professional organizations; issuing corporate bonds, researching establishment of real estate trusts upon meeting legal requirements, and raising funds from other sources when necessary such as from foreign investment funds.

BUSINESS PLAN AND ORIENTATION IN 2018

THUDUC HOUSE • ANNUAL REPORT 2017

IG6 • 167

BUSINESS PLAN IN 2018

BASED ON MACROECONOMIC FACTORS OF THE ECONOMY AND INTERNAL ABILITY OF THE COMPANY, THUDUC HOUSE HAS DEVELOPED A BUSINESS PLAN FOR 2018 AS FOLLOWS:

BUSINESS PLAN IN 2018

Consolidated plan targets in 2018

IJ	ni	it٠	V	N	D

ITEMS	GROUP ACHIEVED IN 2017	GROUP'S PLAN IN 2018	Increase / decrease compared to 2017
Total revenue	1,922,825,716,743	2,276,616,489,501	18.40%
Operating revenue	1,840,018,058,749	2,141,556,305,501	16.39%
2. Financial revenue	66,344,051,209	130,560,184,000	96.79%
3. Others income	16,463,606,785	4,500,000,000	-72.67%
Total cost	1,771,271,418,929	2,116,547,356,335	19.49%
Profit before tax	161,087,001,238	169,069,133,166	4.96%
Corporate income tax	30,401,666,701	17,852,209,263	-41.28%
Profit after tax	130,685,334,537	151,216,923,903	15.71%

Plan targets of Parent company in 2018

ITEMS	GROUP ACHIEVED IN 2017	PLAN IN 2018	Increase /decrease compared to 2017
Total revenue	1,485,731,744,018	1,786,823,972,228	20.27%
Operating revenue	1,388,050,231,619	1,652,103,788,228	19.02%
2. Financial revenue	82,082,933,194	130,220,184,000	58.64%
3. Others income	15,598,579,205	4,500,000,000	-71.15%
Total cost	1,369,349,714,530	1,653,777,191,915	20.77%
Profit before tax	116,382,029,488	133,046,780,313	14.32%
Corporate income tax	18,704,851,421	12,502,579,263	-33.16%
Profit after tax	97,677,178,067	120,544,201,050	23.41%

PLAN FOR INVESTMENT PROJECT OVER THE YEAR 2018

	Unit: VND million
INVESTMENT PROJECT	1,715,400
TDH - Truong Tho Apartment Building	400
TDH - Phuoc Binh Apartment Building	5,000
TDH - Phuoc Long Apartment Building	5,000
TDH - Riverview Apartment Building	90,000
Binh Chieu Residential Area Project phase 2 (4 ha)	6,000
Hiep Binh Chanh Residential Area Project 10.3 ha (preparing investment procedure, land clearance and compensation)	7,000
TDH - Tocontap Residential Area Project	102,000
Estimated expenditure for land fund	1,000, 000 - 1,500,000
INVESTMENT JOINT VENTURE - AFFILIATE CAPITAL CONTRIBUTION	120,400
BEN LUC LONG AN RESIDENTIAL AREAS (PPI cooperation) (Increase the rate of cooperation to complete investment in technical infrastructure and complete compensation zone I)	20,000
Phuoc Long Spring Town 3.7 ha	5,400
Mineral exploitation investment project	95,000
TOTAL	1,835,800



THUDUC HOUSING DEVELOPMENT CORPORATION

3 - 5 Pasteur Str., Nguyen Thai Binh Ward, Dist. I, HCMC Tel: (028) 39 143 111 Fax: (028) 39 143 222

Email: tdh@thuduchouse.com

www.thuduchouse.com