



**HAI PHAT INVEST**



# HPX SETS SAIL TO THE OCEAN

**ANNUAL REPORT 2018**



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04 *Chairman's Message*

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*In 2019, Hai Phat has been following an **AMBITIOUS BUSINESS PLAN**, which aims to reach a total revenue of nearly VND 4,300 billion (increasing 30% compared to 2018) and profit after tax of VND 720 billion (increasing 60% compared to 2018).*

”

**452** VND Billion  
AFTER-TAX PROFIT IN 2018

**Dear Ladies and Gentlemen,**

2018 was an impressive and successful year of the Vietnam economy. This year was the most “prosperous” one over the past decade. According to Department of Statistic’s number, the gross domestic products in 2018 increased 7.08% compared to last year, which is the highest growth from 2008.

The year 2018 marks a 10-year journey since the recession of the real estate market and 5 years since the market started to rebound. With monetary policies expected to remain neutral for a growth support, FDI inflows of hundreds of millions of US dollars are ready to pour into the Vietnam’s real estate market, the real-estate market is forecasted to continue growing, especially the hospitality real-estate and industrial real-estate segments.

Remarking Hai Phat’s 15 - year journey. Our proud achievement is that we successfully listed 150 million HPX stocks on HOSE and completely increased our charter capital from VND 1,500 billion to VND 2,000 billion.

In terms of business activities, in 2018, we implemented some key projects such as: Roman Plaza, The Vesta, Phu Luong New Urban Area, Thuan An Central Lake, etc. A part of these projects has been handed over to clients in 2018 and the rest will be finished and delivered in 2019.

In 2018, the net revenue of Hai Phat Invest increased by 87% to VND 2,019 billion, the profit after tax increased by 40% to over VND 452 billion, achieving 100.5% of the approved plan.

In 2019, Hai Phat has continually been following an **CHALLENGE BUSINESS PLAN** which targets to the total revenue of nearly VND 4,300 billion (up 30% from the business plan of 2018) and the profit after tax of VND 720 billion (increased by 60% compared to the year of 2018).

In 2019, Hai Phat Invest aims to put more effort to expand our business scale, financial and administration capacity and business productivity. Besides the projects on progress such as: The Vesta, Roman Plaza, etc. In 2019, HPX will focus on developing many projects in Binh Thuan, Can Tho, Nha Trang, Da Nang, etc.

Hai Phat Invest will continue to build up our human resource as well as corporate governance toward the leading position and sustainable growth. Meanwhile, we are on our way to complete the risk management system and increase investment in the information technology foundation to fulfill our business activities requirement.

I would like to thank the shareholders for your trust and accompany, the partners for your close and effective cooperation, the members of the Management Board and all the staff for your contribution to **HAI PHAT INVEST'S SUCCESS**. It is definitely that we will have a great year ahead.

**Sincerely,**

**The Chairman**

**Do Quy Hai**

## VISION - MISSION - CORE VALUE



### VISION

Hai Phat expects to become a leading and prestigious real estate enterprise in Vietnam, building trust for customers.



### MISSION

For Customers: Continuous efforts to bring high – standard products and services with sustainable and out-standing quality in order to enhance the quality of the life for customers.

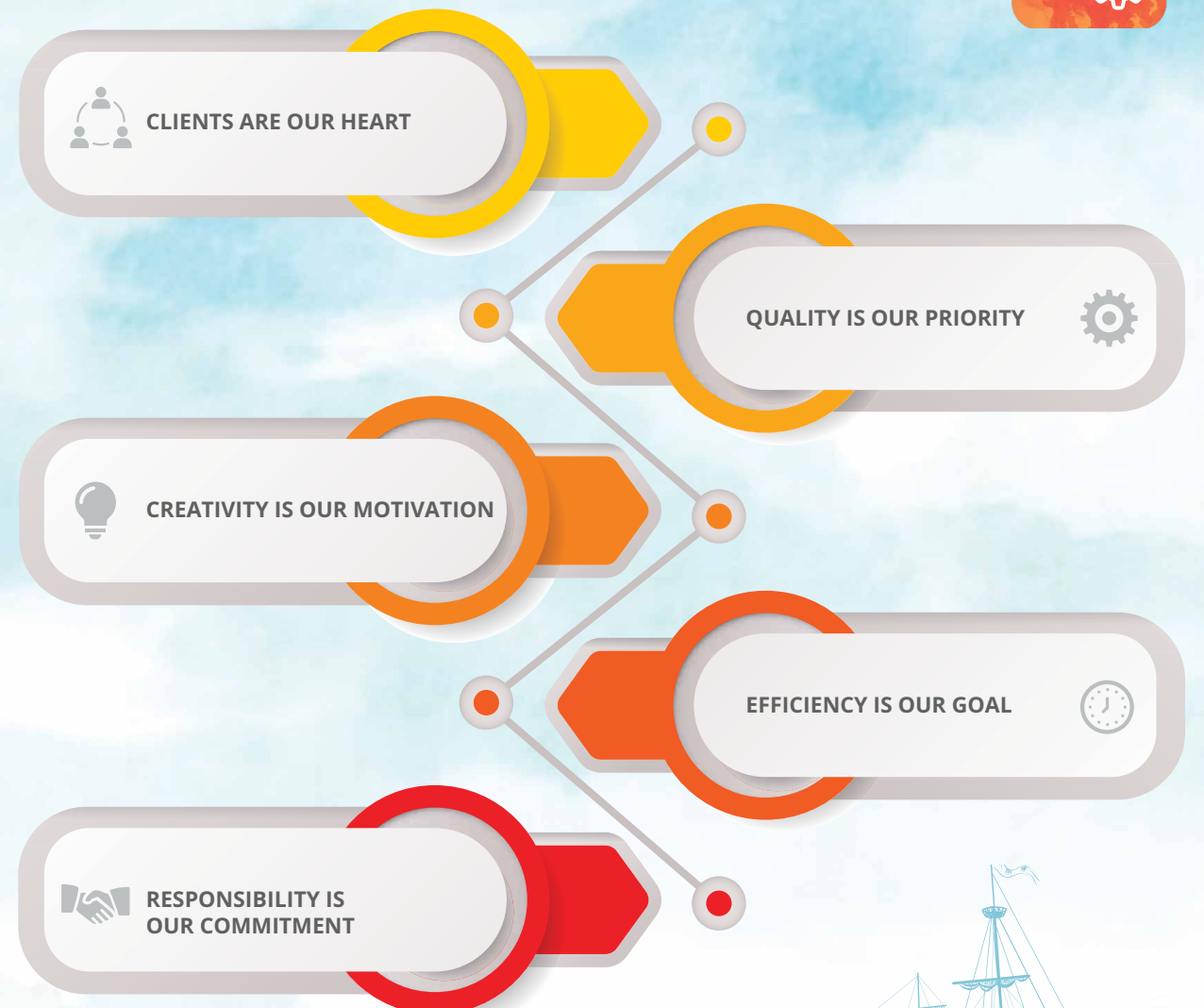
For our Shareholders and Partners: To give the optimal and sustainable benefits through sustainable strategy and effective corporate governance and and risk management.

For Employees: To create a professional, and modern working environment; To give each member opportunities to develop themselves and contribute to the success of the Company.

For Society: To harmonize the business interests with social benefits; To build up green and eco-friendly urban zones; To join hands to community's activities to build a civilized society.



### CORE VALUES



## HAI PHAT INVEST DEVELOPMENT MILESTONES



**HAI PHAT GROUP**  
15/12/2003 - 15/12/2018

**In 2003**  
Founded Hai Phat Tourism and Construction Stock Company, operating in construction industry.



**300**  
VND BILLION

**In 2008**  
Renamed from Hai Phat Tourism and Construction Stock Company to Hai Phat Investment Joint Stock Company, investing in real estate. The charter Capital increased to VND 300 billion and key projects had been deployed such as: The Pride Complex, Van Phu new urban area.

**In 2011**  
Increased the charter capital from VND 300 billion to VND 750 billion and variety of projects had been developed as New Tay Do Urban Area, The Vesta.

**750**  
VND BILLION



**In 2016**  
Restructured organization.

**In 2017**  
The charter capital increased from VND 750 billion to VND 1,500 billion, expanding market, from the North to the South. Dragon Capital joined and became strategic shareholder, holding 15% of HPX's outstanding shares.

**1,500**  
VND BILLION

**In 2018**  
Marking 15 years of establishment and development, on July 24<sup>th</sup>, 2018, Hai Phat Invest officially listed on Ho Chi Minh City Stock Exchange (HOSE) with HPX ticker symbol and the charter capital increased to VND 2,000 billion in December 2018.

**2,000**  
VND BILLION



## GENERAL INFORMATION ABOUT HAI PHAT INVEST

- Company name:** HAI PHAT INVESTMENT JOINT STOCK COMPANY
- Ticker symbol:** HPX
- Charter capital:** VND 1,999,963,050,000 (on 28<sup>th</sup> Dec 2018)
- Head office address:** 5<sup>th</sup> Floor, CT3 Building, The Pride, An Hung New Urban Area, La Khe Ward, Ha Dong District, Ha Noi City.
- Tel:** (+84.24) 3208 0666
- Fax:** (+84.24) 3208 0566
- Business Certificate and Tax Code:** 0500447004
- Website:** [www.haiphat.com.vn](http://www.haiphat.com.vn)

“ Hai Phat Investment Joint Stock Company (Hai Phat Invest) is one of the leading real estate developers in the North. Founded on the basis of ideas on connecting the outstanding strength of each co-founder, with endless efforts and creativity, Hai Phat Invest has been gradually developing, becoming one of the highly reputable real estate developers in Vietnam. ”



## KEY AREAS OF OPERATION



1

INVESTMENT AND TRADING IN REAL ESTATE FIELD



2

DISTRIBUTION IN REAL ESTATE FIELD



3

CONSTRUCTION & INSTALLATION ACTIVITIES



**CORPORATE MILESTONES & AWARDS IN 2018**

*Milestones 2018*



**14<sup>th</sup> APRIL 2018**

The Vesta was honored to be the best Social Housing Project in Vietnam in 2018.



**22<sup>nd</sup> APRIL 2018**

Top 10 Vietnam Strong Brands in 2018.



**24<sup>th</sup> JULY 2018**

Successfully listed 150 million HPX stocks on Ho Chi Minh Stock Exchange (HOSE).



**10<sup>th</sup> AUGUST 2018**

Signed the investment co-operation agreement with the People's Committee of Can Tho City.



**30<sup>th</sup> SEP 2018**

Mr. Do Quy Hai - The Chairman was honored in Vietnam Gold Star Award Ceremony 2018





**CORPORATE MILESTONES & AWARDS IN 2018** (continued)



**2<sup>nd</sup> NOV 2018**

Increased charter capital to VND 1,725 billion by issuing stocks to pay dividends to existing shareholders, with 15% from audited profit after tax.

**1,725** VND Billion  
CHARTER CAPITAL



**04<sup>th</sup> DEC 2018**

The State Securities Commission of Vietnam issued official dispatch of approval for Hai Phat Invest's plan of increasing charter capital to VND 2,000 billion by issuing 15,94% bonus stocks from the share capital surplus.

**2,000** VND Billion  
CHARTER CAPITAL



**12<sup>th</sup> DEC 2018**

Approved to be the project investor of An Binh 1 New Urban Area, Can Tho City.



**HAI PHAT GROUP**

15/12/2003 - 15/12/2018



**15<sup>th</sup> DEC 2018**

Hai Phat Invest celebrated 15 years of establishment and development.



**23<sup>rd</sup> DEC 2018**

Top 100 of Vietnam Golden Star Award 2018.



## CORPORATE MILESTONES & AWARDS IN 2018 (continued)

### AWARDS OF THE YEAR 2018



## CORPORATE CULTURE AND SOCIAL RESPONSIBILITIES

### CORPORATE CULTURE



*Hai Phat is a community of people who have aspirations, desires, ideologies and actions, talent and bravery, goodwill and strong working spirit.*

Every employee of Hai Phat Invest always takes the initiative, makes endeavors to learn, strives constantly to improve himself/herself and consider our 5 core values as a guideline to align all of his/her actions.

We aim to achieve the goal of **"CUSTOMERS ARE AT THE HEART OF OUR BUSINESS- QUALITY IS OUR PRIORITY - CREATIVITY IS OUR MOTIVATION - EFFICIENCY IS OUR TARGET - RESPONSIBILITY IS OUR COMMITMENT"**. Every day, all over the S-shaped country, no matter whether it rains or shines, Hai Phat Invest's projects still head up.

With respect for discipline, Hai Phat Invest's culture is the professionalism at first, expressed through 6 values: **"MIND - FOCUS - PRESTIGE - SOLIDARITY - SPEED - EFFICIENCY"**.

The speedy and effective working culture is expressed in every staff performance, forming Hai Phat Invest's strength to growth up.

Enthusiasm is not only our outstanding feature at work but also our signature in every sport, entertainment and team building activities. In order to reinforce our engagement, every Friday and Saturday afternoon, all staff will join sport and entertainment activities such as: Soccer or walking around The Pride Project, where thousands of employees are working. Those activities not only help us to enhance our solidarity but also wipe out stress.

To develop our 6 core values, Hai Phat Invest has organized lots of activities such as presentation contests, electricity or paper saving movements, environmental protection programs, etc. In order to make our staff to change their thinking and working method to save time and enhance effectiveness.

As one of the well-known real estate developer, Hai Phat Invest always considers human resource the key element in every activity. Hence, we ensure the quality and quantity of our staff meals.

Apart from that, we often raise our staff's spirit by organizing new year pilgrimage as well as national or international outing trips.

Hai Phat Invest has become the second family for every employee where they can enjoy good living and working atmosphere. No matter what position or roles, we are proud to be a member of Hai Phat.

## CORPORATE CULTURE AND SOCIAL RESPONSIBILITIES (continued)

### SOCIAL RESPONSIBILITIES

*After 15 years of foundation and development, besides endless efforts to create outstanding and various values, aiming to create a better life for the community, Hai Phat Invest has offered jobs for tens of thousands employees all over the country.*



According to Mr. Do Quy Hai, Hai Phat Invest's President, besides business performance, what makes a successful enterprise is the connection with community and society. As consumer's awareness is getting higher, in order to improve brand value, enterprises must be aware of their social responsibilities and realize them effectively.

From the beginning, although profit has always been an important goal, we have never overlooked social responsibility.

Hai Phat Invest's social responsibilities are firstly shown through our commitment to strictly comply with the standards of business ethics with high-quality products to meet client's requirement and after that to fulfill our responsibility with our shareholders. Responsibility with shareholders is not only to provide them with the committed profits but also being willing to discuss with them about any information relating to business operations.

Apart from creating ideal living spaces for customers and giving shareholders with profit, we also have the commitment to maintain environmental sustainability.



Hai Phat Invest's sustainable development strategy has been expressed in a series of projects, consisting of The Pride Complex, Roman Plaza, Van Phuc 24h Shop house, HPC Landmark 105, The Vesta, etc. The Vesta - a social housing project has been evaluated by Vietnam Real Estate Association and honored to be the best Social Housing Project in 2018.

During these years, Hai Phat Invest has conducted a variety of social activities including: Accompanying with the charity program "Cap La Yeu Thuong" from VTV24 - Vietnam Television; Supporting Fund for disadvantaged people; donating to disadvantaged patients of Ha Dong

General Hospital; Supporting Middle fellows who suffered from floods; Supporting to build up The House of charity for needy families in Hoa Binh Province; Supporting to build up House of charity for Needy women Association's Members in Kim Boi, Hoa Binh Province; Donating to Needy Children in Ba Ria - Vung Tau; Supporting Dioxin Victims Association in Thai Binh; etc.

Social responsibility is inseparable from Hai Phat Invest's business activities. The company has been affirming the value of enterprises in the financial market, which is committed to bring benefits to shareholders and investors.



## SUBSIDIARIES & AFFILIATES



**1,500** people  
THE HUMAN RESOURCE

### SUBSIDIARIES & AFFILIATES OF HAI PHAT GROUP

Hai Phat Groups has 12 Subsidiaries & affiliates, in which, Hai Phat Investment Joint Stock Company (Hai Phat Invest) is the biggest one and the rest is subsidiaries & affiliates. These companies are operating independently yet accompanying and supporting each other to develop.

The human resource with 1,500 people has been making efforts to reinforce and make the Group growth more and more sustainable.

“

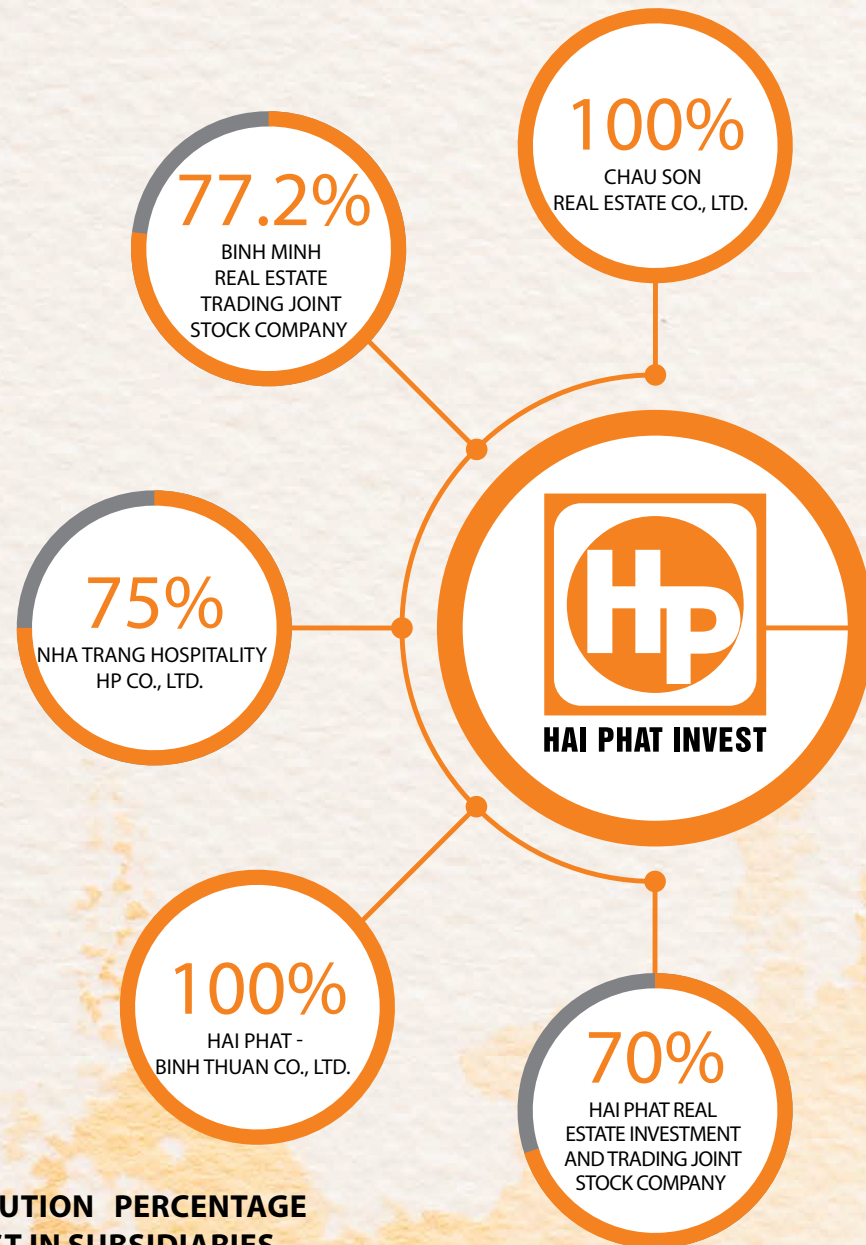
*In Hai Phat Invest family, we always treat each other with love but equally and seriously when working.*

”

(Quote from Mr. Do Quy Hai - The Chairman)

**SUBSIDIARIES & AFFILIATES** (continued)

**SUBSIDIARIES**



**CAPITAL CONTRIBUTION PERCENTAGE OF HAI PHAT INVEST IN SUBSIDIARIES**

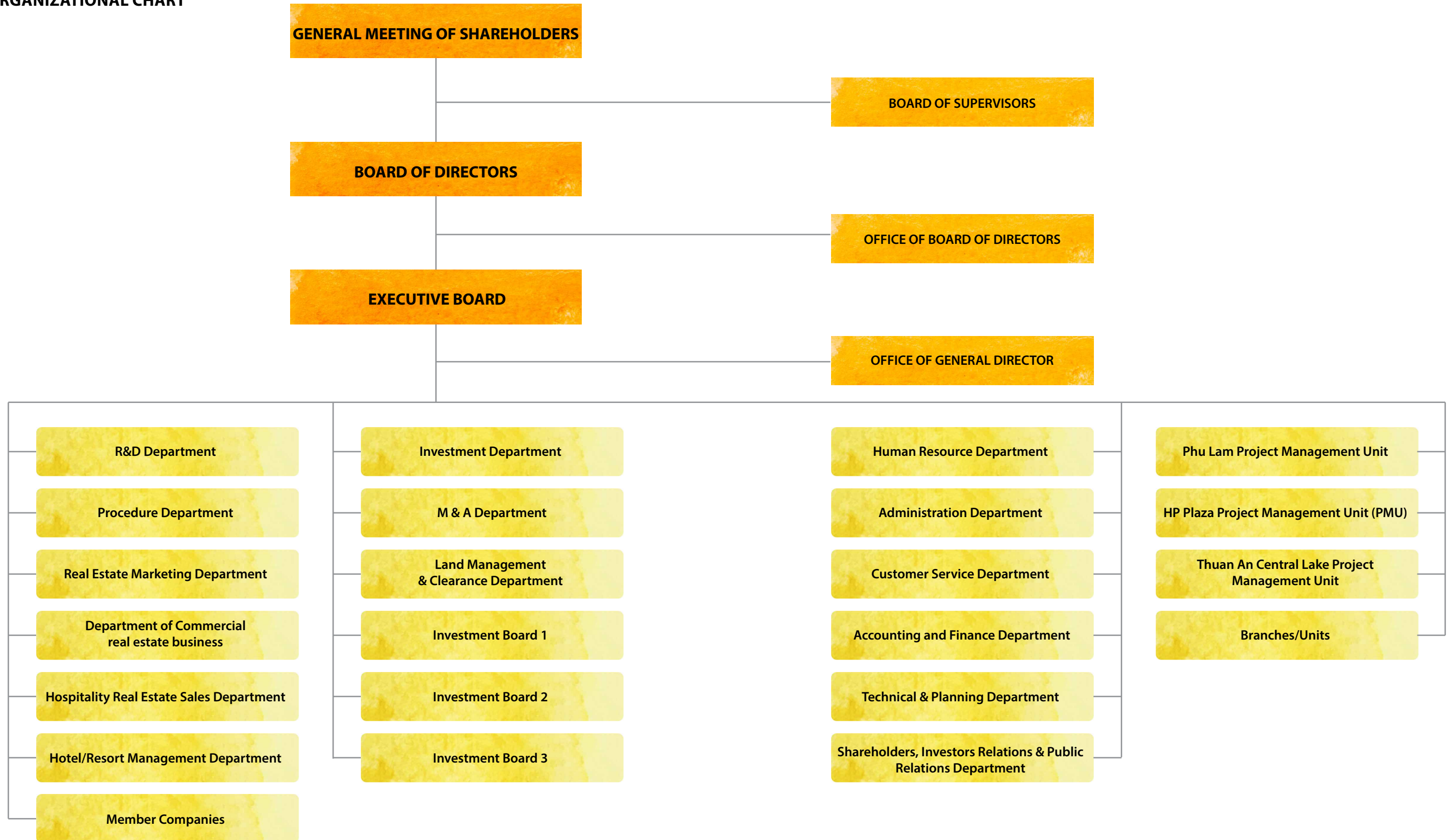
■ Hai Phat Invest's ownership percentage  
■ Capital contribution percentage from others

**AFFILIATES**



## BUSINESS MODEL

### ORGANIZATIONAL CHART



## BOARD OF DIRECTORS



**Mr. DO QUY HAI**  
Chairman

Year of Birth: 1969

- » Education: Master
- » Professional Qualification: Civil - Industrial Engineering
- » Experience: Over 30-year experience in construction and real estate



**Mr. LE TIEN HUNG**  
Permanent Vice Chairman of BOD

Year of Birth: 1973

- » Education: Master
- » Professional Qualification: Economics, Business Management
- » Experience: Over 18-year experience in construction and real estate



**Mr. NGUYEN VAN PHUONG**  
Vice Chairman of BOD

Year of Birth: 1979

- » Education: Engineer
- » Professional Qualification: Construction
- » Experience: Over 15-year experience in construction and real estate



**Mr. HOANG VE DZUNG**  
Independent Member of BOD

Year of Birth: 1957

- » Education: Bachelor
- » Professional Qualification: Economics, Russian
- » Experience: Over 38-year experience



**Mr. NGUYEN XUAN DONG**  
Independent Member of BOD

Year of Birth: 1966

- » Education: Bachelor
- » Professional Qualification: Finance - Accounting
- » Experience: Over 30-year experience



**Mr. PHAM MINH TUAN**  
Member of BOD

Year of Birth: 1973

- » Education: Master
- » Professional Qualification: Business Management
- » Experience: Over 21-year experience in construction and real estate

## EXECUTIVE BOARD



**Mr. DOAN HOA THUAN**  
General Director

Year of Birth: 1975

- » Education: Master
- » Professional Qualification: Financial Economics
- » Experience: Over 20-year experience in finance - accounting, construction and real estate



**Ms. TRAN HOAI ANH**  
Deputy General Director

Year of Birth: 1982

- » Education: Master
- » Professional Qualification: Business Management
- » Experience: Over 13-year experience in communications construction and real estate

**Mr. LE VIET DZUNG**  
Deputy General Director

Year of Birth: 1975

- » Education: Master
- » Professional Qualification: Construction Engineer, Business Management
- » Experience: Over 23-year experience in investment, construction and real estate



**Mr. LE TIEN DZUNG**  
Deputy General Director

Year of Birth: 1978

- » Education: Master
- » Professional Qualification: Civil and Industrial Construction
- » Experience: Over 17-year experience in construction and real estate

**Mr. TA PHU CUONG**  
Deputy General Director

Year of Birth: 1976

- » Education: Master
- » Professional Qualification: Civil and Industrial Construction
- » Experience: Over 19-year experience in construction and real estate

**Mr. PHAM HUY THONG**  
Chief Accountant

Year of Birth: 1978

- » Education: Bachelor
- » Professional Qualification: Economics
- » Experience: Over 18-year experiences in Finance and Accounting



## BOARD OF SUPERVISORS



**Ms. TRAN THI KIM OANH**  
Head of BOS

Year of Birth: 1971  
 » Education: Bachelor  
 » Professional Qualification: Finance  
 » Experience: Over 25-year experience in finance and accounting



**Mr. NGUYEN ANH DZUNG**  
Member

Year of Birth: 1971  
 » Education: Bachelor  
 » Professional Qualification: Economics, Laws  
 » Experience: Over 25-year experience in Finance and Accounting



**Ms. NGUYEN THI HONG YEN**  
Member

Year of Birth: 1988  
 » Education: Bachelor  
 » Professional Qualification: Finance, Accounting  
 » Experience: Over 8-year experience in finance and accounting

## SHAREHOLDER INFORMATION

### Information of HPX Stocks in 2018

TICKER SYMBOL: HPX

Outstanding shares quantity: 172,499,985

Market Capitalization: VND 4,484,999,610,000

STOCK PRICE			STOCK VOLUME		
Price	Date	Rate (VND/Share)	Price	Date	Volume (Share)
Closed	28/12/2018	26,000	Closed	28/12/2018	449,120
Low	03/08/2018	20,174	Low	28/09/2018	15,426
High	25/12/2018	26,100	High	24/07/2018	1,916,766
<b>Average Price (*) (VND/Share)</b>		<b>21,682</b>	<b>Daily average trading</b>		<b>464,808</b>

(\*) Calculated by the weighted average method of closing stock prices, with weight of the number of trading days in 2018.

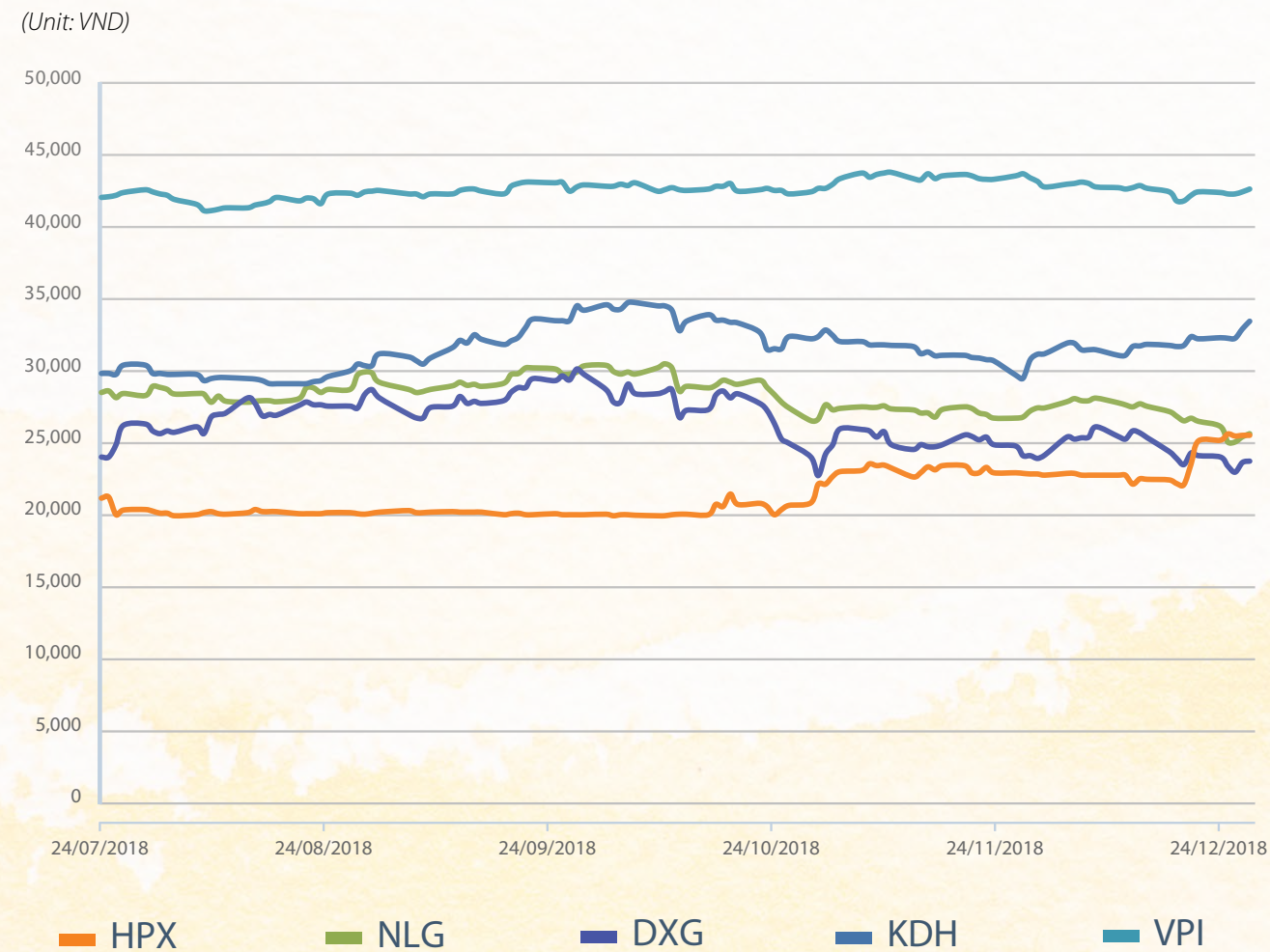
### Charter capital increase history from 2003 - 2018

ISSUING TIME	ISSUING METHODS	SUBJECTS	CHARTER CAPITAL BEFORE ISSUING (THOUSAND DONGS)	MOBILIZED CAPITAL FROM ISSUING (THOUSAND DONGS)	CHARTER CAPITAL AFTER ISSUING (THOUSAND DONGS)
2007	New share	(3)	8,000,000	7,000,000	15,000,000
2008	New share	(3)	15,000,000	285,000,000	300,000,000
2011	New share	(3)	300,000,000	450,000,000	750,000,000
11/2017	New share	(2)	750,000,000	450,000,000	1,200,000,000
12/2017	New share	(1)	1,200,000,000	300,000,000	1,500,000,000
11/2018	Dividend paid by stocks	(2)	1,500,000,000	224,999,850	1,724,999,850
12/2018	Bonus stock division	(2)	1,724,999,850	274,963,200	1,999,963,050

Notes: (1) Strategic Shareholders (2) Existing Shareholders (3) Co-founders

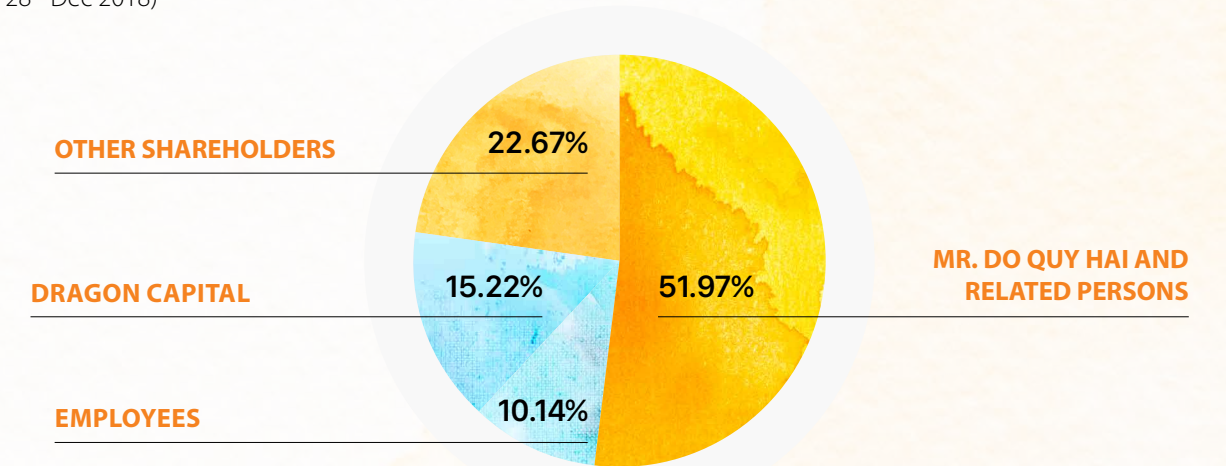
## SHAREHOLDER INFORMATION (continued)

Stock price chart in 2018



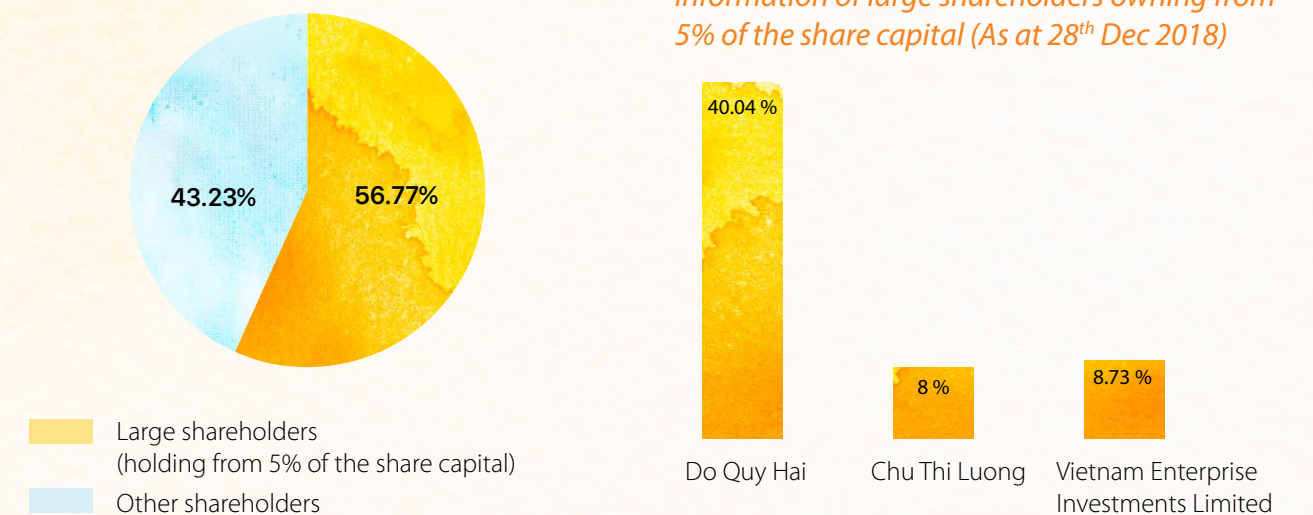
## Shareholder Structure

(As at 28<sup>th</sup> Dec 2018)



NO.	SUBJECTS	NUMBER OF SHARES	OWNERSHIP RATIO (%)	NUMBER OF SHAREHOLDERS
<b>1</b>	<b>Large shareholders (Owning more than 5% of the share capital)</b>	<b>97,920,786</b>	<b>56.77%</b>	<b>3</b>
	Domestic shareholders	82,866,240	48.04%	2
	Foreign shareholders	15,054,546	8.73%	1
<b>2</b>	<b>Other shareholders</b>	<b>74,579,199</b>	<b>43.23%</b>	<b>361</b>
	Domestic shareholders	63,755,610	36.96%	354
	Foreign shareholders	10,823,589	6.27%	7

Information of large shareholders owning from 5% of the share capital (As at 28<sup>th</sup> Dec 2018)



## Shareholder Structure

### Ownership ratio of Internal Shareholders (As of 28/12/2018)

SUBJECT (FULL NAME)	POSITION	TOTAL OWNING VOLUME (SHARES)	OWNERSHIP RATIO (%)
<b>Board of Directors</b>			
Mr. Do Quy Hai	BOD Chairman	69,066,240	40.04%
Mr. Le Tien Hung	BOD Permanent Vice Chairman	267,713	0.16%
Mr. Nguyen Van Phuong	BOD Vice Chairman	345,000	0.20%
Mr. Pham Minh Tuan	BOD Member	11,040	0.0064%
Mr. Hoang Ve Dzung	BOD Independent Member	0.0	0.0%
Mr. Nguyen Xuan Dong	BOD Independent Member	0.0	0.0%
<b>Executive Board</b>			
Mr. Doan Hoa Thuan	General Director	0.0	0.0%
Mr. Le Viet Dzung	Deputy General Director	805,000	0.47%
Mr. Le Tien Dzung	Deputy General Director	11,040	0.0064%
Mr. Ta Phu Cuong	Deputy General Director	6,624	0.0038%
Mrs. Tran Hoai Anh	Deputy General Director	4,140,000	2.40%
<b>Board of Supervisors</b>			
Ms. Tran Thi Kim Oanh	Head of BOS	24,472	0.0142%
Mr. Nguyen Anh Dzung	Member of BOS	6,624	0.0038%
Ms. Nguyen Thi Hong Yen	Member of BOS	184	0.0001%
<b>Chief Accountant</b>			
Mr. Pham Huy Thong	Chief Accountant	6,624	0.0038%

## SHAREHOLDER AND INVESTOR RELATIONSHIPS IN 2018



With its long-term vision and ability to create land bank (favorable location, reasonable cost price), Hai Phat Invest Joint Stock Company (Ticker Symbol: HPX) has been performing as a real estate developer who is able to implement projects on schedule with high quality and good after-sales services as well as risk management capacity.

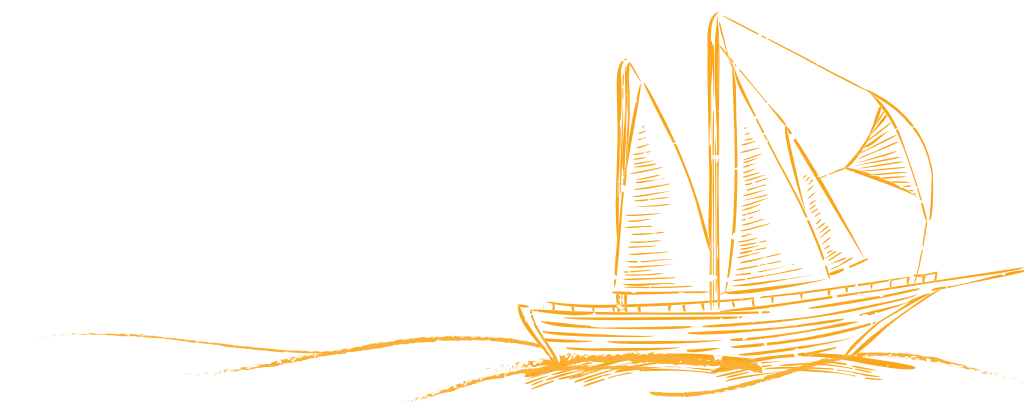
Possessing certain difference to other competitors, HPX has become a “magnet” attracting domestic and foreign investors just in a short time after its listing. Several prestigious investment funds and groups are approaching us for cooperation such as Mirae Asset Group, Daewon Group (Korea), Phu Hung Securities, ASAM Investment Fund (Korea), KIMC Investment Fund (Korea), AGCG Investment Fund, etc.



## MARKET ASSESSMENT IN 2018 AND PROSPECT IN 2019

### MACRO ECONOMY IN 2018

In 2018, Vietnam's GDP increased by 7.08%, which was the highest growth rate since 2008, after suffering effect of global economic crisis. The consumer price index (CPI) was under 4%. It can be seen that not only growth rate but also development quality were improved.



VIETNAM'S GDP IN 2018 INCREASED BY

**7.08%**

CPI WAS CONTROLLED TO BE UNDER

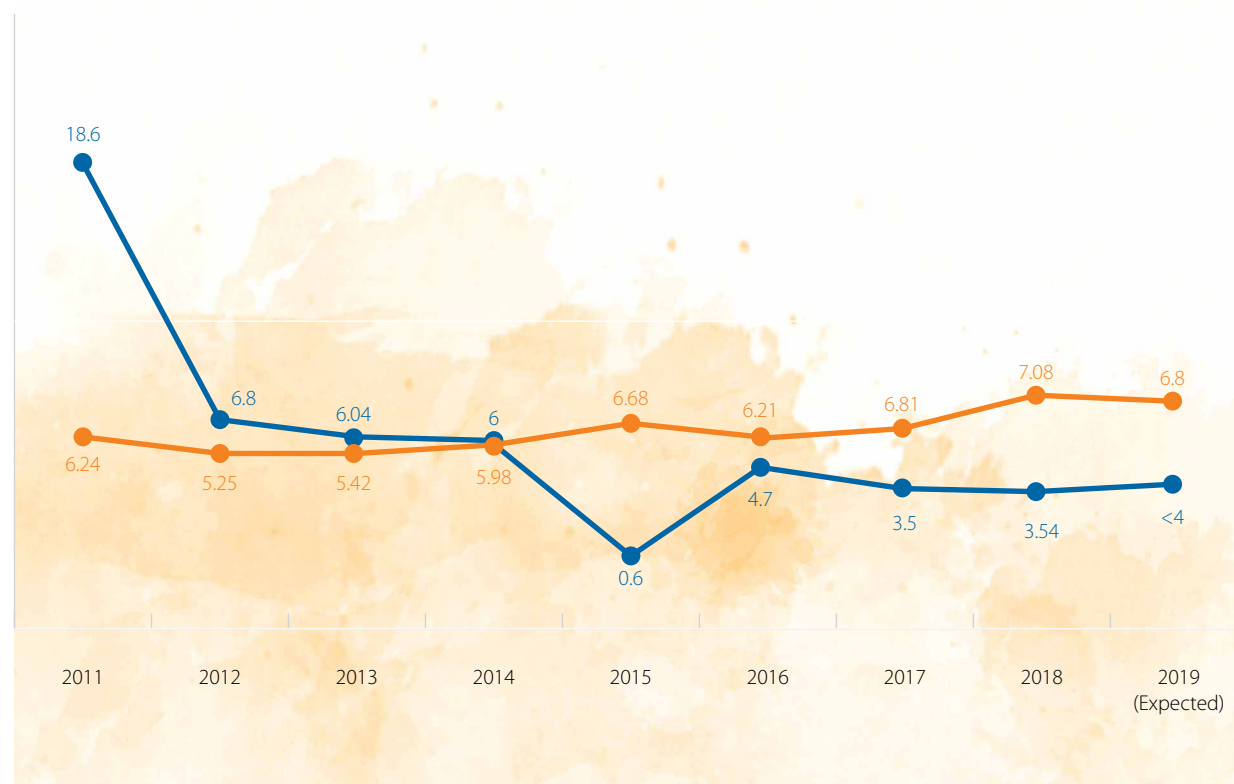
**4.00%**

EXPORT TURNOVER IN 2018 REACHED

**244.7 USD Billion**

NEWLY-ESTABLISHED ENTERPRISES IN 2018

**131,275 Enterprises**



GDP Growth and INFLATION (Expected)  
(unit: %)

— GDP Growth — Inflation

**Export turnover in 2018 reached USD 244.7 billion**, up 13.8 % compared to 2017. Especially, the surplus export balance in 2018 reached USD 7.2 billion, which has been the highest value so far. Thus, Vietnam had three consecutive years of trade surplus with the number of later years being higher than the previous year.

**Business and investment environment has been strongly improved** after the first year of implementing Resolution No.10-NQ/TW on developing the private sector as an important driving force of the socialist oriented market economy. The number of newly established enterprises in 2018 set a new record, with 131,275 businesses.

**Disbursed foreign investment capital reached a record of USD 19.1 billion, increasing by 9.1% compared to 2017.** Newly provided and increased investment capital as well as investment capital through capital contribution and share purchase reached USD 35.46 billion.

According to Vietnam Association of Realtors, **the market continued to grow in 2018** with 27,595 products successfully sold out within the year, increasing by 132.8% compared to 2017. Foreign investment strongly increased and ranked the 2<sup>nd</sup> position among the rest, reaching USD 6.2 billion.

## MARKET ASSESSMENT IN 2018 AND PROSPECT IN 2019 (continued)

### PROSPECTS IN 2019



**The positive impacts from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Vietnam - EU Free Trade Agreement (EVFTA) on the Vietnam's economy in 2019.** The positive effect of CPTPP and EVFTA agreements to Vietnam economy will help the GDP increases by 1.32% or USD 1.7 billion (in TPP12, this number is 6.7%). This effect may get stronger if Vietnam customizes taxes and liberalizes services (2.01%).

**Vietnam continues to take short-term benefits from the manufacturing investment moving from China and other nations to Vietnam thanks to its good location.** Up to the end of 20 April 2019, total newly registered and added FDI value reached USD 7.45 billion, increased 50.4% compared to the same period last year. In which, the foreign direct investment capital into the processing and manufacturing industry reached USD 5.78 billion, accounting for 77% of total registered capital. The real estate business industry ranked the second with a total registered capital of USD 538.4 million, accounting

for 7.2%. The foreign direct investment capital disbursing 4 months in 2019 reached USD 5.7 billion, up 7.5% compared to the same period.

**Vietnam's tourist volume is forecasted to continuously grow.** In the first 4 months of 2019, there was nearly an international tourist arrival of 6 million to Vietnam, increased 7.6% compared to the same period in 2018. It is forecasted that by the end of 2019, the Vietnam's tourism industry will attract about an international tourist arrival of 18 million (up 16.1% compared to 2018).

**The development of the middle class is the main motivation to push the economic growth in the coming 10 years.** According to the World Bank, up to 2026, middle class will take 26% of Vietnam population structure while it was 13% in 2017. Income raise allows consumers to afford buying houses. According to Euromonitor, the number of house owners in 2017 - 2030 will increase by 21%.

### OPPORTUNITIES AND CHALLENGES IN REAL ESTATE MARKET

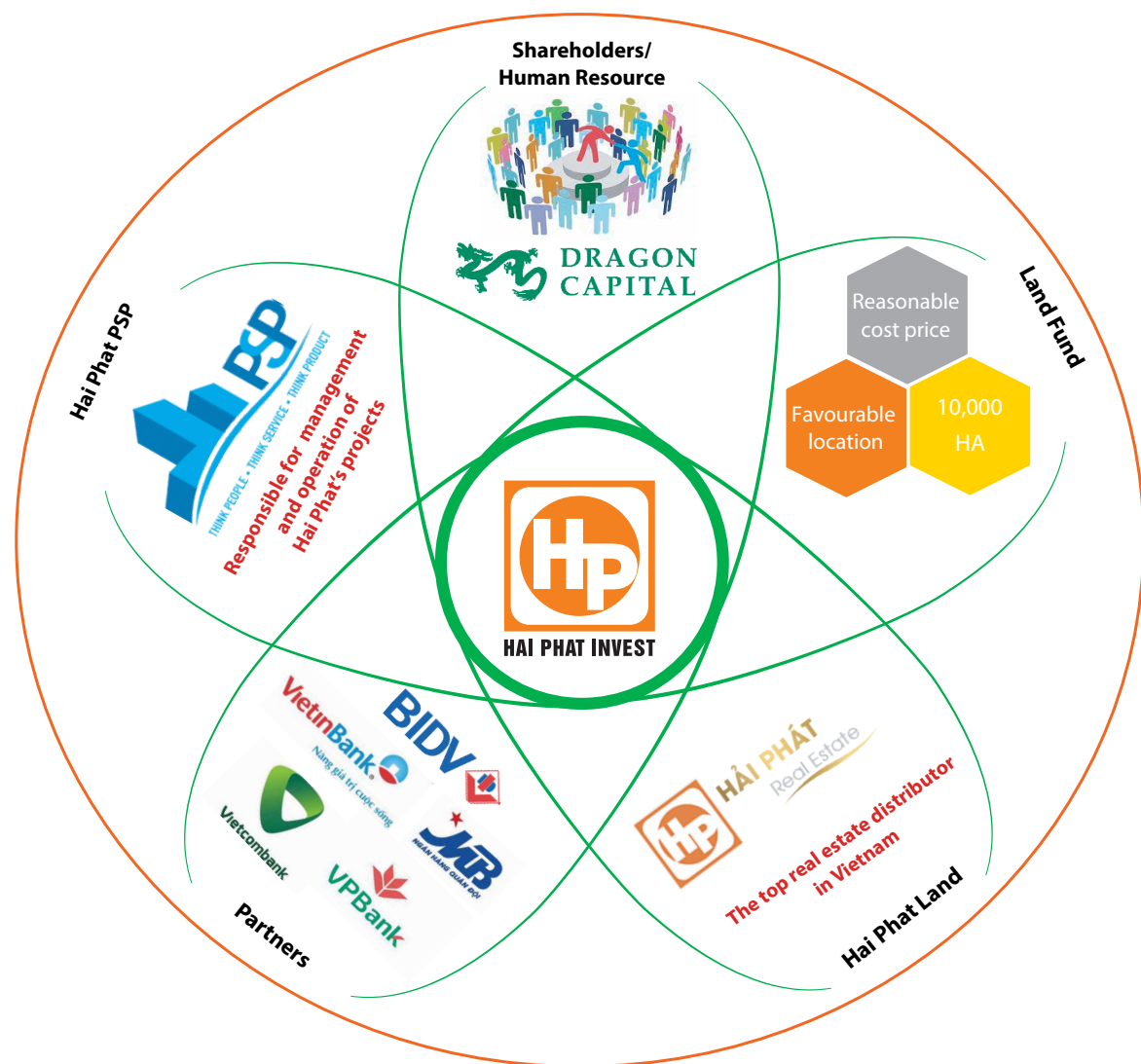


There are still challenges when credit supply for real estate loan has been narrowed down. The general interest rate tends to increase due to the FED pressure of interest increase and the target of inflation controlling of the Government in 2019 makes it harder for Real estate enterprises to access capital supply. Moreover, the strict legal control recently has created more obstacles in new registration, especially for projects in Ho Chi Minh City.

However, this is also an opportunity for enterprises to own larger clean land fund, capable of carrying out projects under schedule and providing products that can meet the needs of the majority in the market. Along with that is the financial capacity and prestigious credit history which is highly evaluated by organizations.

In addition, enterprises which can keep up with the pace of Vietnam tourism development with resort real estate projects in favorable location like we do will gain competitiveness against the others. The fact that Vietnam will continuously get benefits from the manufacturing and investment relocation creates more chances for the industrial and auxiliary real estate to rise up. Increasing residential income allows consumers to have more opportunities to buy more houses, indicating that the potential for growth in the mid and high-end segments is still very large. The rapid increase in residential income also has a great impact on the demand for clean agricultural products, creating opportunities for investors to own a clean land fund for infrastructure development, serving high-tech agricultural development projects in the future.

## ESTABLISHMENT OF A SUSTAINABLE BUSINESS ECOSYSTEM



In 2018, marking its 15 years of foundation and development, Hai Phat Invest gradually transform, reaching a new level and officially listing its stocks on stock exchange with the stock symbol HPX (July 24<sup>th</sup>, 2018). Used to be a construction business, Hai Phat Invest has been proving our speedy growth by becoming the top real estate development group in the North only within 15 years.

With 12 member companies operating together but still independently, Hai Phat Invest has successfully created a strong business ecosystem, heading to a great and sustainable growth. With the synchronous and self-contained ecosystem, from developing real estate to distributing products and providing managing services, etc., Hai Phat Invest has shown its strong steps in business activities.

In our development path, Hai Phat Invest is proud to be the first Hanoi real estate developer who have capability to carry out the construction of a 45-floor building - the highest one in Hanoi in 2015. Some of our well-known projects can be listed as: Van Phuc 24 hours Shop house, Van Phu New Urban Area, The Pride Complex, Tan Tay Do Urban Area, etc.

Not only being a professional real estate developer who got the trust from partners and customers, Hai Phat Invest has expressed itself as a responsible investor by providing both products distribution and executive control services.

Being a member in Hai Phat Invest Ecosystem and being one of the distribution partners for Hai Phat Invest products, Hai Phat Land - Top 3 Distinction Northern Real Estate Distributors- has become a pioneer in Hai Phat Invests sustainable growth strategy. With its 10-year experiences on the market and its system of 16 trading floors as well as 1,500 people and over 2,500 collaborators nationwide, Hai Phat Land is taking its steps to affirm its position and reputation of a company which especially distributes the real estate products of Hai Phat Invest and other reputable investors on the market.

In addition, in its ecosystem, Hai Phat also cooperates strategically with operation and management companies such as Hai Phat PSP to fully meet the works in the project life-cycle. With the synchronization and diversity in business operations, Hai Phat Invest is gradually becoming an investor, a leading reputable enterprise in the real estate development in Vietnam.

### HAI PHAT LAND - THE KEY DISTRIBUTION CHANNEL OF HAI PHAT INVEST

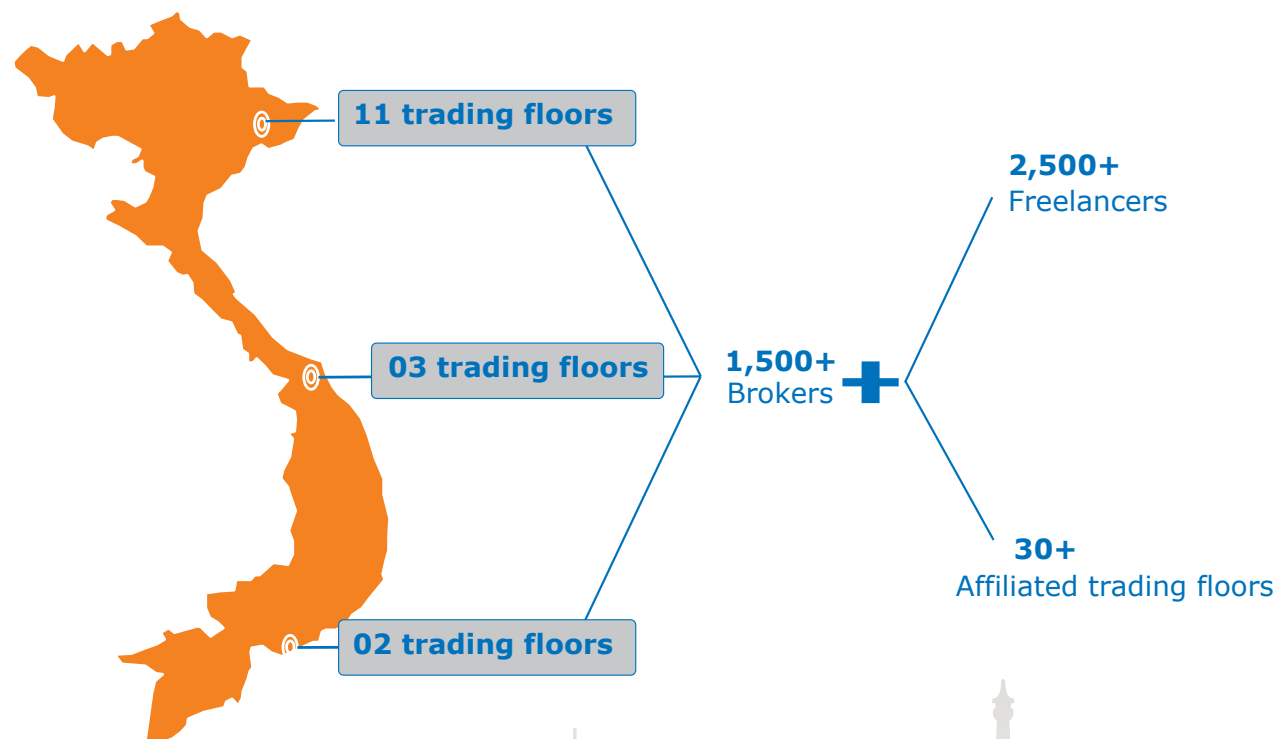
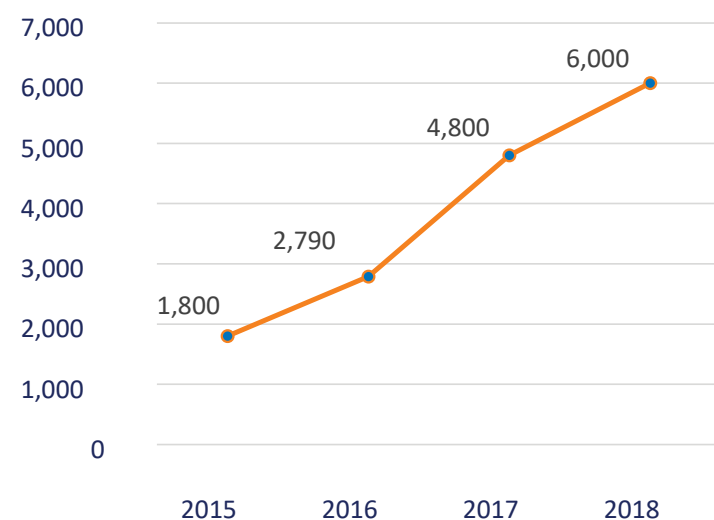
**TOP 1** REAL ESTATE DISTRIBUTOR IN GROUND SEGMENT

**TOP 3** REAL ESTATE DISTRIBUTORS IN HIGH-RISE SEGMENT

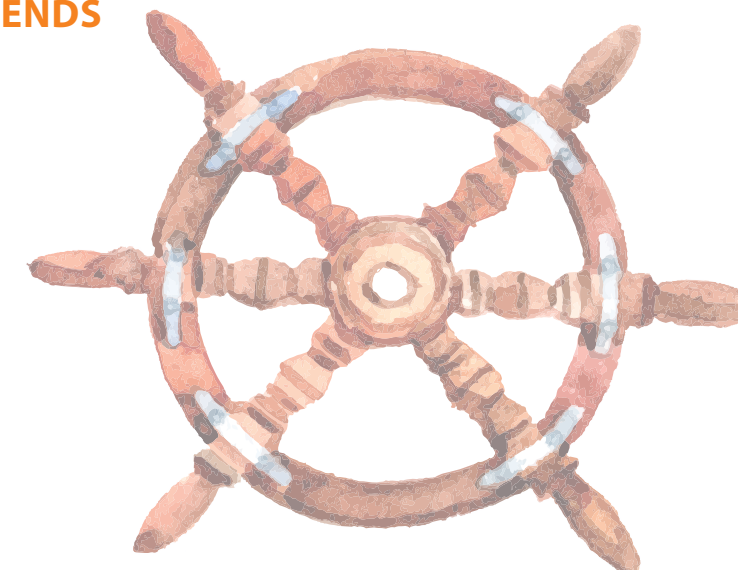
LAUNCHING ONLINE PLATFORM IN 2019

## ESTABLISHMENT OF A SUSTAINABLE BUSSINESS ECOSYSTEM (continued)

Number of distributed products



## CAPTURING THE MARKET TRENDS



*In 2019 and next coming years, the real estate market will witness the growth of online sales activities, including space sharing (integrated using spaces), super-mini apartments in city centre (to benefit full services and utilities and to reduce costs, etc.)*

Therefore, real estate projects with favorable locations, transparent legal basement, good infrastructure, fresh environment, good fire system will get more and more attention from customers and comparative advantages.

Besides, the assessment of companies, real estate products and online rating have more and more effected suppliers' decisions on product and service selection. Information transparency makes it easier for consumers to make their decision.

In addition, the trend of artificial intelligence application, concentration in green factors in construction such as designing by 3D printing, nature-friendly projects are developed very strongly. In addition to housing and resort real estate, industrial real estate and offices for lease are forecasted to be a bright spot in the coming time.

Grasping the trends in 2018, Hai Phat Invest has researched and planned to develop many new projects in 2019, stretching from urban real estate, hospitality to industrial real estate with good locations, meeting market needs and risk control standards.

The Group's upcoming projects will be applied a modern technology in construction, management and operation process, toward improving product quality, increasing the Group's brand prestige and image.

## BUSINESS DEVELOPMENT STRATEGY IN 2019-2023

### MOVEMENT TREND OF THE ECONOMY

The movement of economic structure from agriculture to industry and services has contributed to promoting the development of the Vietnam's economy. In 2019, the State's economic policies will continue to maintain and stabilize the macroeconomics, promote the enterprises to grow and innovate to keep pace with the requirements of the technology revolution 4.0. The economic growth has brought about the high urbanization, the growth in the middle class, the development in manufacture and services, attracting the foreign investors, etc. These factors have created a pervasive effect, boosted the domestic demand for international shipping and trade and real estate services.

Additionally, considering that the tourism development will uphold the national advantages, the Party and the State have many policies to promote the development of this field in the socio-economic development orientations. The policy on the tourism development is focused, and raised to the new height at the Resolution No. 08-NQ/TW of the Political Bureau on developing the tourism to become a spearhead economic industry issued by the General Secretary on January 16, 2017. The Resolution points out that developing the tourism as a spearhead economic industry is not a requirement for all localities, it only concentrates in the **potential provinces and cities**. Therefore, the provinces and cities with the beautiful coastal advantages, natural landscapes, and potentials for tourism development will attract the domestic and foreign investment.

Moreover, Vietnam - a country with a favorable position and ability to approach the important commercial sea routes in the world, all things have brought to the country the great opportunities to develop the maritime transport, especially for logistics. As a country close to China, Vietnam is considered to become the "new factory" in the world in the face of the USA - China trade war.

### HAI PHAT INVEST DEVELOPMENT STRATEGY ORIENTATION IN PERIOD OF 2019 -2023

The development strategies of Hai Phat Invest in the next years are built based on analyzing carefully its inherent strengths and taking full advantage of the market opportunities, towards maximizing the key competitive advantages, focusing on the customers, managing the risk and trading efficiently based on the ethics, all things create the value of long-term success of the Enterprise.

With the strategic goal of becoming **A professional Property investor and developer**, Hai Phat Invest

always puts the principle of *"Customer is our heart"*. This principle is developed in the awareness of each and employee and it will become the culture in the whole HAI PHAT system.

The Hai Phat's strategic goal is concretized by the specific goals as follows:

#### TARGET PRODUCT AND SELECTION SEGMENT

» In the medium term, we focus on developing the urban real estate and resort real estate.

*Regarding the urban real estate products, which is the traditional strength of Hai Phat, we choose to develop the products in the middle and high-end proximity segments. The products must catch up with the general development trend of the society, predict the customers' demand trend to design and deploy the projects with optimal usage space and living space. Developing the criteria for each product segment that promotes the strengths of Hai Phat. In addition, continuing to improve Hai Phat's brand identity to enhance the product identification to the potential customers.*

*Regarding the hospitality real estate products, Hai Phat chooses to develop the projects with the standard products and operating systems with a level of 4 stars or more. The resort real estate products are diversified from resort villas, bungalows, hotel apartments, etc., to meet the increasing and diverse needs of ownership, investment and resorts of the customers.*

» *In the long-term, aim at creating a premise to gradually increase the revenue proportion of the industrial and the high-tech agricultural real estate products in total annual revenue of the enterprise, we focus on finding the opportunities to invest and develop the industrial and the high-tech agricultural real estate projects with the basic criteria of reasonable cost, good development potential, feasibility and compliance with the enterprise's capacity. By 2022, the Company will deploy at least from 01 (one) to 2 (two) the industrial and the high-tech agricultural real estate projects with a scale of about 500 ha to 1,000 ha.*

» Hai Phat's real estate products supplied to the market must be diversified with outstanding and special characteristics and functions, suitable to the product segment and target market of the Company.

#### TARGET MARKETS

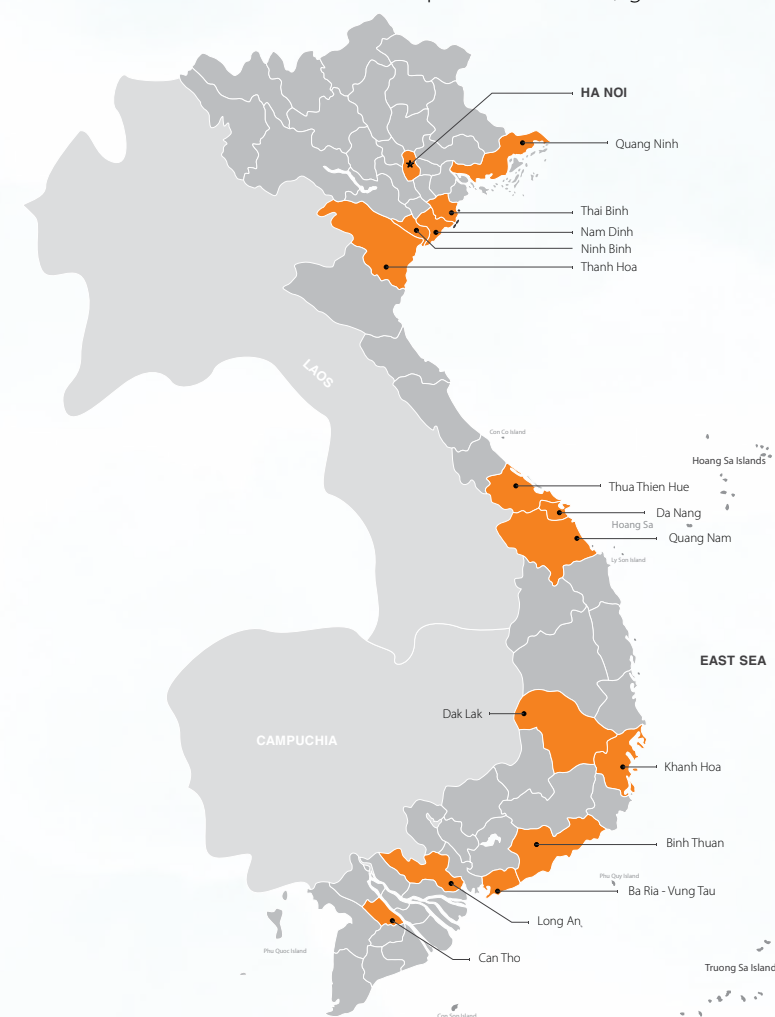
Understanding the development trend of the economy, Hai Phat has implemented the strategic steps, anticipated the trend by creating the large land funds in areas with fast urbanization economic development speed with a reasonable cost like: Thai Binh, Nam Dinh, Thanh Hoa, Ho Chi Minh City, Long An, Dong Nai, Can Tho, Ba Ria - Vung Tau, etc.

The urban real estate products will continue to focus in Hanoi and Ho Chi Minh city and the surrounding areas, the provinces and cities with high urbanization speed and Vietnam's top economic growth such as Nam Dinh, Thai Binh, Thanh Hoa, etc. aiming to maximize the Company's strength in capacity and project implementation experience in recent years.

Regarding the resort real estate products, Hai Phat continues to focus on developing projects in the areas where there is still a high growth speed and potential for tourism development such as Vung Tau, Binh Thuan and Can Tho, etc.

#### TARGET CUSTOMERS

With the strong growth of the middle class in Vietnam, the demand for housing in the middle and high-end proximity segments is increasing. Accordingly, Hai Phat's target customers are the middle-class customers. The general trend of the middle-class customers is desire of owning and investing in real estate in the areas with good technical infrastructure and fresh living environment such as convenient transport connections, green trees



and detention basin, etc. as well as many social facilities such as hospitals, schools and good security.

### CONTINUE TO STRENGTHEN THE DISTRIBUTION CHANNEL - DEVELOP HAI PHAT REAL ESTATE INVESTMENT AND BUSINESS JOINT STOCK COMPANY (HAI PHAT LAND)

» Continuing to develop Hai Phat Land to become a real estate distributor in the top 3 real estate distribution companies in Vietnam, in which the proportion in distribution of ground products accounts for the largest proportion.

» Along with the distribution of urban real estate products, Hai Phat Land continues to expand its market share in other real estate distribution, especially resort real estate.

» Finding out the investment in short-term projects through M&A, secondary investment and auction of land use rights to generate revenue and profit, contributing to increase revenue and profit for the Parent Company.

### DEVELOP AND COMPLETE HAI PHAT ECOSYSTEM

» In the coming time, Hai Phat will restructure some member companies, associates companies or newly established companies through M&A activities to additionally establish a company specialized in construction and installation to be a General contractor for the projects invested and deployed by the company. This will make the company more proactive in controlling progress, meets the committed schedule with the customers and recovers capital quickly for the reinvestment.

» Establishing a company which manages and operates the hotels and resorts in Hai Phat ecosystem to research the market, propose for the development, find the partners, sign the management and operation contracts for the resort real estate projects or the companies with dominant shares in investment and development.

» Completing the administration apparatus of Chau Son Land One Member Company Limited with the orientation of becoming a unit specialized in investing, exploiting and managing - operating the cash flow assets of the Company such as: Commercial area, shophouse, offices, apartments for rent, etc., to ensure stable revenue and profit, and increase the value of assets.



## HIGHLIGHTS IN 2018

### SUCCESSFULLY LISTED ON HO CHI MINH STOCK EXCHANGE (HOSE)

**150** million HPX shares  
were officially listed on HOSE

**JULY 24<sup>th</sup>, 2018**

150 million HPX shares were officially listed on HOSE with the reference price on the first transaction of VND 26,800/share. This is an important milestone during the group's 15 years of its foundation and development.

After this significant event, Hai Phat Invest put its name on the national and international financial market. As the result, many big securities companies have started to work with us recently.

### INCREASED THE CHARTER CAPITAL FROM VND 1,500 BILLION TO VND 1,725 BILLION AND RECEIVED APPROVAL TO RAISE THE CAPITAL BY VND 2,000 BILLION AT THE END OF THE YEAR 2018 BY THE STATE SECURITIES COMMISSION.

**2,000** VND Billion  
OF INCREASED CHARTER CAPITAL  
in the end of 2018

**DECEMBER 4<sup>th</sup>, 2018**

HOSE had made an announcement about the change of the listing and trading Hai Phat Invests shares. According to this, after adding over 22 million stocks to pay dividend to existing shareholders, Hai Phat Invest officially increase its charter capital by nearly VND 1,725 billion. On December 4<sup>th</sup>, 2018, the State Securities Commission released an approval for the Group's plan of increasing its charter capital by VND 2,000 billion by issuing bonus shares which is 15.94% of the share capital surplus. HPX was one of the effective investment in 2018 because we can pay our existing shareholders the dividend ratio of 15% and bonus share of 15.94% within only 5 months after listed.

### THE VESTA PROJECT WAS HONORED AS THE BEST SOCIAL HOUSING PROJECT IN VIETNAM

**1,756** VND Billion  
TOTAL INVESTMENT

**APRIL 14<sup>th</sup>, 2018**

In Hanoi, Phu Lam Social Housing Project (Trade name: The Vesta) was officially honored as *"The best Social Housing"* by Vietnam Real Estate Association. The award was within Vietnam National Real Estate award system.

The project is in the guideline of Hanoi City to meet the housing needs of the low-income population in the city. With the goal of *"Society housing with trading quality"*, ground breaking on May 2015, after 2 years of developing, nearly 500 apartments of The Vesta were delivered to customers. The Vesta is the biggest social housing project in the West of Hanoi. It includes 18-floor buildings with 1,902 apartments and VND 1,756 billion of the total investment. This is a remarkable project with its completing of benefits and fire-protection system before delivering.

### SIGNED THE INVESTMENT COOPERATION AGREEMENT WITH PEOPLE'S COMMITTEE OF CAN THO CITY, MARKING A NEW STEP OF HAI PHAT INVEST IN THE WEST AND SOUTHWEST MIDDLE.

**Signed the Agreement**  
INVESTMENT COOPERATION

**AUGUST 10<sup>th</sup>, 2018**

The Agreement Signing Ceremony between Hai Phat Group and People's Committee of Can Tho City took place in Muong Thanh Hotel, Can Tho.

This was a big event, marking the target to expand the land fund in potential areas. With its own advantages, Can Tho promises to bring us new success in the future.

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD

### CEO'S EXECUTIVE REPORT

**2,020** VND billion  
2018 Total revenue



“In 2019, we expect to have the right direction to achieve breakthrough in outcome and also assumes that Real estate market will be supported by macro economical factors. Despite inevitable cycle fluctuations, we are still optimistic about the product and market segments that we are heading for.”

General Director Doan Hoa Thuan

### CORPORATE OVERVIEW 2018

In the fiscal year of 2018, Hai Phat Invest continued to achieve an impressive growth. Net revenue increased from VND 1,080 billion in 2017 to VND 2,020 billion in 2018, up 87% compared to 2017. Profit after tax raised over 39%, reaching VND 452 billion in stead of VND 325 billion in 2017. The Group got a favorable business performance by sticking to the strategy, profit after tax reached 100.5%

compared to the plan. Our shares price got a rapid growth of 30.17% despite of negative fluctuations in the stock market. Shares' sustainable growth, transparent information disclosure are the key factors that make HPX to become potential stock and receive attraction from investors during the year.

### IMPORTANT GOALS & OBJECTIVES COMPLETED IN 2018

In 2018, Hai Phat Invest completed many important goals and objectives. The first thing to be listed down was our business operation and delivered projects. In 2018, we continued to deliver the rest items of The Vesta Project and the low-rise categories of Roman Plaza Project; qualified to carry out and deliver most of items of Thuan An Central Lake project, Phu Luong New Urban Area and other products left of Van Phuc 24 hours shop house project. Thanks to quick delivery, we achieved the goal of profit as we expected. With the density and profound investment policy, in 2018, we have acquired more land funds, developed new products and expanded market to the fastly growing areas. In 2018, we received the approval to invest in a series of big projects to develop urban and hospitality real estate in potential cities and provinces such as: Binh Thuan, Can Tho. These projects will be developed in 2019. Also in the coming time, we will expand our business into other cities consists of Vung Tau, Dac Lac, Long An, etc., Which is the basement to acquire and expand our land funds, heading for a long-term steady growth as a large real estate developer and a leading projects distributor in Vietnam.

Apart from business operation, Hai Phat Invest also completed other important goals. In 2018, we listed 150 million HPX shares on HOSE, which is an important achievement that helped us put our step on the stock market and affirm our brand. In the year end of 2018, we finished the increasing of charter capital, from VND 1,500 billion to nearly VND 2,000 billion, by paying our existing shareholders dividend and bonus shares. The rise of charter capital contributed into the rise of capital scale and financial capacity of the Group.

### THE YEAR 2019

2019 can be considered a pivotal year with many ambitious targets and plans yet it is also the time we expect to have the right directions leading us to the breakthrough outcome. In our opinion, real estate market will be continuously supported by stable macro-economy factors. Despite cycle fluctuations of the market, we are still optimistic about the product and market segments that we are heading to. In 2019, we will implement numerous key projects at markets which having very high development growth such as: Nam Dinh, Can Tho, Binh Thuan, etc. by developing different products that can fulfill the target customers' needs in Hai Phat Invest's select segmentations, including industrial real estate and hospitality real estate. We have been enriched our land funds in hot urban areas and cities with industrial potentials such as: Thai Binh, Nam Dinh, etc. With our clear investment strategy and targets, we have faith in the plan to make profit after tax in 2019 increase by 50% compared to 2018.

### ACKNOWLEDGMENT

*The year of 2018 marked Hai Phat Invest's great achievements in business results and also opened the door of endless opportunities for the year of 2019. I would like to express my sincere thanks to the Board of Directors for their commitments of sustainable growth of the Company. I also would like to express my warm gratitude to the Board of Management and all of the employees of Hai Phat Invest for their dedication, solidarity and working efforts. Last but not least, my special thanks to Customers, Shareholders and other related parties for their trust, companion and support in the past time.*

*Sincerely thanks!*

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### 2018 BUSINESS PERFORMANCE

#### KEY FINANCIAL INDICATORS



#### BUSINESS PERFORMANCE

INDICATOR	2017	2018	GROWTH
Total assets	6,576,023,355,231	7,398,332,179,385	12.5%
Charter capital	1,500,000,000,000	1,999,963,050,000	33%
Revenue from sales of goods and rendering of services	1,080,467,398,252	2,019,623,990,873	86.9%
Net revenue	412,229,582,941	579,571,594,110	40.6%
Profit before Tax	402,889,922,313	598,590,356,727	48.6%
Profit after Tax of the parent company	325,182,591,958	452,274,025,361	39.1%
Tax payables	91,058,797,046	149,556,169,444	64.2%
EPS (VND)	3,826	2,588	

#### KEY FINANCIAL INDICATORS

	2017	2018
<b>LIQUIDITY RATIOS</b>		
Current ratio (time)	1.49	2.06
Quick ratio (time)	0.92	1.43
<b>CAPITAL STRUCTURE INDICATORS</b>		
Debt/Total asset	60%	47%
Debt/Owner's Equity	189%	135%
Loan/Owner's Equity	89%	88%
<b>OPERATIONAL CAPACITY INDICATORS</b>		
Inventory turnover (time)	0.80	1.64
Total asset turnover (time)	0.19	0.29
<b>PROFITABILITY INDICATORS</b>		
Profit after tax/Net revenue	30.10%	22.39%
Profit after tax/Owner's equity	15.57%	17.68%
Profit after tax/Total assets ratio	5.67%	6.47%

#### BUSINESS PERFORMANCE OVER THE LAST 3 YEARS

INDICATOR	2016	2017	2018
Revenue from sales of goods and rendering of services	1,807,874,804,752	1,080,467,398,252	2,019,623,990,873
Profit before Tax	209,219,487,889	402,889,922,313	598,590,356,727
Profit after Tax of the parent company	166,032,915,467	325,182,591,958	452,274,025,361
Charter capital	750,000,000,000	1,500,000,000,000	1,999,963,050,000
EPS (VND)	2,214	3,826	2,588

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

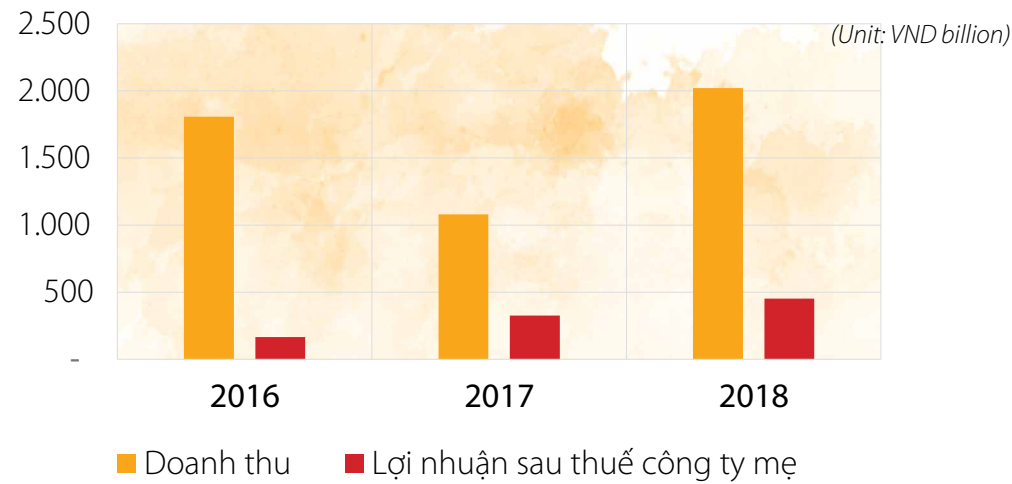
### REVENUE FROM SALE OF GOODS AND PROVISIONS OF SERVICES

The revenue from sale of goods and provisions of services in 2018 increased by nearly 87% compared to 2017. The value from two big projects of The Vesta and Roman Plaza (low-rise buildings) accounts for 55% of the revenue structure. The construction of townhouses and villas in Thuan An Central Lake project have contributed 20% of Hai Phat Invest's revenue structure.

### PROFIT AFTER TAX OF THE PARENT COMPANY

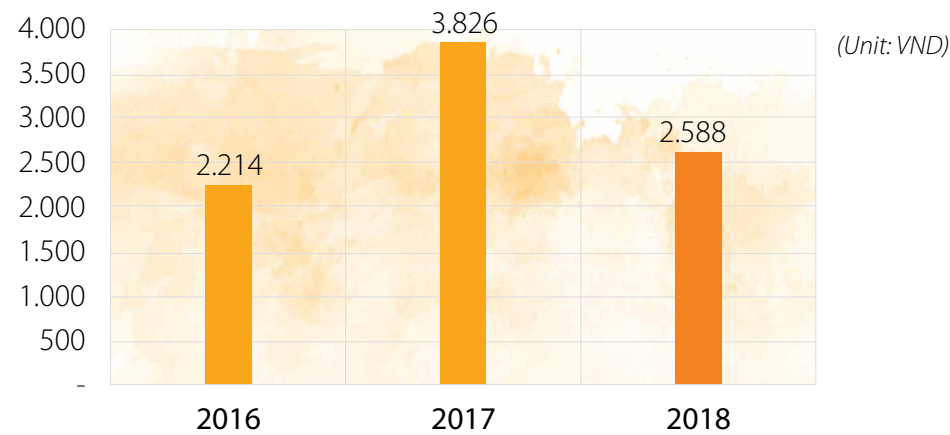
The profit after tax of the parent company increased by 39% in 2018 thanks to the timely delivery of the projects and efficiency in cost control. Along with stable growth of profit, the Company has paid dividends in shares at the rate of 15% and bonus shares at the rate of 15.94%.

### Growth of net revenue and profit after tax of the parent company



### EARNINGS PER SHARE (EPS)

The Earnings per Share is quite stable over the years, showing that the Profit after Tax has the same growth rate as the charter capital growth.



## PROJECTS REPORT

### COMPLETED PROJECTS

Hai Phat Invest completed and delivered qualified products to our clients as follows:

#### THE PRIDE

The pride will be satisfied when you combine all bricks successfully to build up a luxury and worthy life. The comfort, modernity and civilization of the whole community will give you the peace and comfort. The dream of a completed family will come true with the feeling of assurance and safety in a harmony and fresh ecosystem.



<b>Location</b>	: An Hung New Urban Area, La Khe Ward, Ha Dong District, Hanoi
<b>Scale</b>	: Three 35-floor buildings, one 45-floor building
<b>Land Area</b>	: 2.9 ha with total construction floor area of 329,578 m <sup>2</sup>
<b>Number of units</b>	: 1,944 apartments
<b>Total investment</b>	: VND 3,260 billion
<b>Completion time</b>	: 2015
<b>Investor</b>	: Hai Phat Investment Joint Stock Company

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### COMPLETED PROJECTS (continued)

#### TAN TAY DO NEW URBAN AREA

Tan Tay Do New Urban Area is ideal for young families who wish to have a comfortable and airy living space and take a break for necessary peace in the rhythm of modern life.

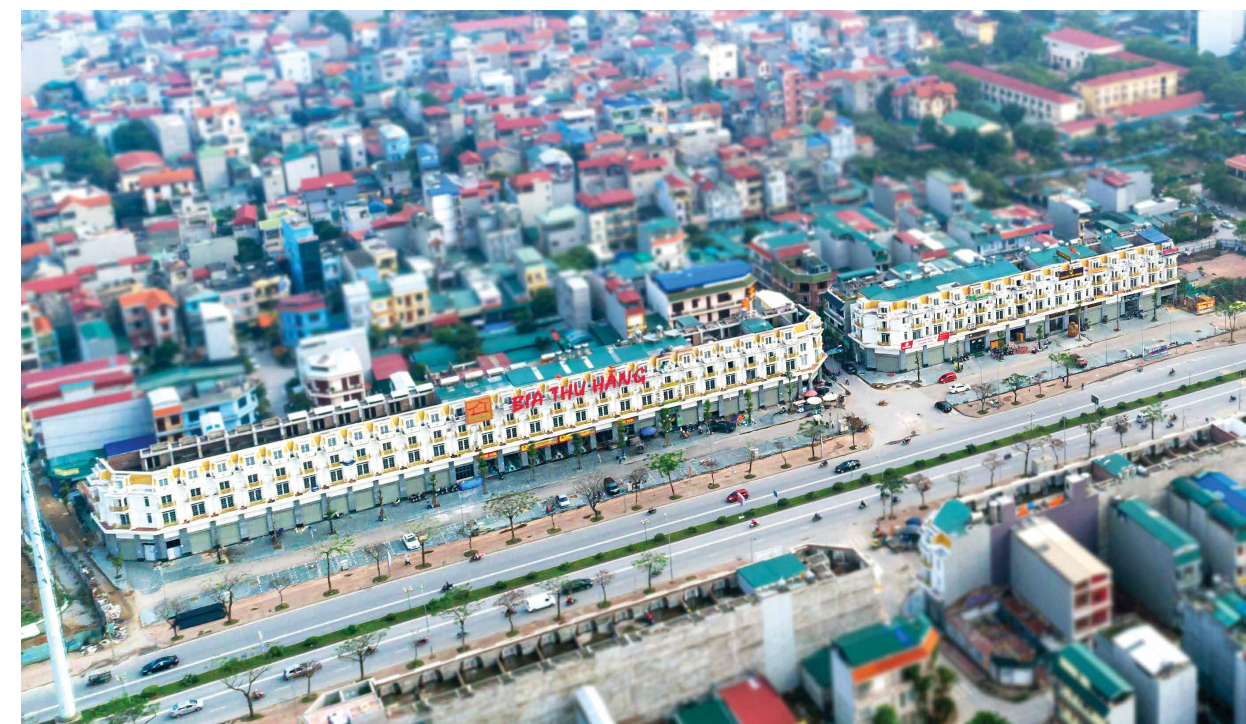
Tan Tay Do New Urban Area is considered a new breath for the future because the city will no longer be restrained in a geographical concept when people expand their scope of living for a higher quality of life and for the constant city growth.



<b>Location</b>	: Tan Lap Commune, Dan Phuong District, Hanoi
<b>Scale</b>	: 359 villas and semi-detached houses with the total area of 65 m <sup>2</sup> to 240 m <sup>2</sup> ; three 25-floor towers with the total number of 924 apartments
<b>Land area</b>	: 5.24 ha
<b>Total investment</b>	: VND 1,590 billion
<b>Completion time</b>	: 2014
<b>Investor</b>	: Hai Phat Investment Joint Stock Company

#### 24H SHOPHOUSE PROJECT

24H Shophouse Area in Van Phuc is located at a golden position in Ha Dong District, along To Huu Street with a width of 42m, bringing traditional business practices to a new height.



<b>Location</b>	: Van Phuc, Ha Dong District, Hanoi
<b>Scale</b>	: 125 3-floor shophouses (01 basement, 01 mezzanine, 01 attic floor)
<b>Land area</b>	: 7.192 m <sup>2</sup>
<b>Gross floor area</b>	: 28,400 m <sup>2</sup>
<b>Total investment</b>	: VND 710 billion
<b>Completion time</b>	: 2017
<b>Investor</b>	: Hai Phat Investment Joint Stock Company

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### PROJECTS IN PROGRESS

#### THE VESTA SOCIAL HOUSING PROJECT

With the message "Good land for settlement", The Vesta was formed and built to become a place of happiness and gathering of every family.



<b>Location</b>	: Phu Lam Ward, Ha Dong District, Hanoi
<b>Scale</b>	: 08 buildings (each has 18 floors and 01 basement)
<b>Total area</b>	: 4,51 ha
<b>Total number of apartments</b>	: 1,902 apartments
<b>Total investment</b>	: VND 1,756 billion
<b>Completion time</b>	: QII/2019
<b>Investor</b>	: Hai Phat Investment Joint Stock Company

#### THUAN AN CENTRAL LAKE PROJECT

Thuan An Central Lake is the first commercial townhouse project in Trau Quy town, it is designed according to the neoclassical style with facade of 6m - 7.5m. The back of each house is a large yard where the homeowners can freely design ideas. All houses at Thuan An Central Lake exude a radiant, proud and sustainable beauty before time.



<b>Location</b>	: Auction area of Trau Quy Town, Gia Lam District, Hanoi
<b>Land area</b>	: 17,543.4 m <sup>2</sup>
<b>Scale</b>	: Construction of 140 semi-detached apartments
<b>Gross floor area</b>	: 31,111.85 m <sup>2</sup>
<b>Total investment</b>	: VND 457.7 billion
<b>Completion time</b>	: QII/2019
<b>Investor</b>	: Hai Phat Investment Joint Stock Company

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### PROJECTS IN PROGRESS (CONTINUED)

#### ROMAN PLAZA COMPLEX

ROMAN PLAZA is the luxury closed housing complex built in European neoclassical architectural style. Come to ROMAN PLAZA, you will experience the exquisite and classy living space.



<b>Location</b>	: Dai Mo Ward, Nam Tu Liem District, Hanoi
<b>Scale</b>	: 39 townhouses with the land area of 72 m <sup>2</sup> to 155.16m <sup>2</sup> 20 villas with the land area of 190.31m <sup>2</sup> to 241.25m <sup>2</sup> Two towers with 25 floors and 03 basements (804 apartments)
<b>Land area</b>	: 3,59 ha
<b>Total investment</b>	: VND 2,500 billion
<b>Completion time</b>	: QIII/2019
<b>Investor</b>	: Hai Phat Investment Joint Stock Company

#### PHU LUONG NEW URBAN AREA PROJECT

With the orientation to become the most livable urban area in Ha Dong District in particular and Hanoi in general, Phu Luong project is planned concentrated and developed infrastructure synchronously, the project creates a high-class and convenient living environment for the future residents of Phu Luong new urban area.



<b>Location</b>	: Phu Luong Ward, Ha Dong District, Hanoi City
<b>Scale</b>	: 236 semi-detached houses and villas
<b>Land area</b>	: 35,761 m <sup>2</sup>
<b>Total investment</b>	: VND 1,082 billion
<b>Completion time</b>	: QII/2019
<b>Investor</b>	: Hai Phat Investment Joint Stock Company

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### ON-GOING PROJECTS IMPLEMENTED BY AFFILIATES

#### HPC LANDMARK 105 PROJECT

HPC Landmark 105 is a place to enjoy happy moments in a comfortable and fresh living space in harmony with nature to a great extent. Located at the heart of “Usilk High-end Miniature City”, HPC Landmark 105 is the most prominent highlight of the project with two apartment towers (one has 35 floors and the other one has 50 floors). HPC Landmark 105 is the first project dedicated by Hai Phat Thu Do Company, a member of Hai Phat group (the leading reputable real estate developer in Vietnam).



<b>Location</b>	: Usilk City Complex, Van Khe New Urban Area, Ha Dong District, Hanoi
<b>Scale</b>	: A tower with 35 floors + another tower with 50 floors and 02 basements
<b>Land area</b>	: 10,788 m <sup>2</sup>
<b>Total number of apartments</b>	: 752 apartments
<b>Total investment</b>	: VND 1,510 billion
<b>Completion time</b>	: QI/2019
<b>Investor</b>	: Hai Phat Thu Do Investment Joint Stock Company

#### HANOI HOMELAND PROJECT

HANOI HOMELAND stands out at a convenient traffic location near the biggest Chui Bridge intersection in the center of Long Bien District, where the northern gateway of the Capital connects with National Highway 5 and The extended Road No. 5 to Quang Ninh, Hai Phong and Hai Duong as well as Bac Ninh, Lang Son and Noi Bai Airport. This is the main transport axis to industrial parks, Northern Red River urban areas and closes Ring Road 2 in the northeastern part of the city.

HANOI HOMELAND is designed with a structure of two closed H-shaped buildings that optimizes security control through a full internal utility system such as a spacious, separate central square. With high-density plantation, this is an ideal place to live and work in peace and contentment.



<b>Location</b>	: Thuong Thanh Ward, Long Bien District, Hanoi City
<b>Scale</b>	: 4 buildings (each consists of 18 floors and 02 basements)
<b>Land area</b>	: 1.7 ha
<b>Total number of apartments</b>	: 1,224 apartments
<b>Total investment</b>	: VND 1,418 billion
<b>Completion time</b>	: QIII/2019
<b>Investor</b>	: Hai Phat Thu Do Investment Joint Stock Company



## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### BEA SKY PROJECT



<b>Location</b>	: Southwest Kim Giang 1 Urban Area, Dai Kim Ward, Hoang Mai District, Hanoi
<b>Scale</b>	: The project consists of 02 complex building with 26 floors (01 basement, 03 commercial floors, 02 floors for parking, 21 floors of apartments)
<b>Land area</b>	: 5,000 m <sup>2</sup>
<b>Gross floor area</b>	: 60,190 m <sup>2</sup>
<b>Total investment</b>	: VND 793.5 billion
<b>Completion time</b>	: QIV/2019
<b>Investor</b>	: Dai Dong A Investment Joint Stock Company

### UPCOMING PROJECT IN 2019 AND NEXT YEARS

### LUXURY VILLAS, PHU HAI WARD, PHAN THIET CITY, BINH THUAN PROVINCE



<b>Location</b>	: Vo Nguyen Giap Street, Phu Hai Ward, Phan Thiet City, Binh Thuan Province
<b>Land area</b>	: 5 ha
<b>Total investment</b>	: VND 1,890 billion
<b>Scale</b>	: Villas and Shophouses (3-4 floors), mixed with high-rise complex buildings (30 floors)
<b>Construction schedule</b>	: Low-rise buildings: QIV/2019 - QII/2020 High-rise buildings: QIV/2019 - QI/2020

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

S.E.A THUAN PHUOC



<b>Location</b>	: Nai Hien Dong Street, Son Tra District, Da Nang, next to Hoa Binh Green Complex, and Thuan Phuoc Bridge
<b>Land area</b>	: 1.16 ha
<b>Total investment</b>	: VND 2,740 billion
<b>Scale</b>	: <ul style="list-style-type: none"> <li>» 2 Condotel towers (25 - 27 floors and 2 basements)</li> <li>» 2 Commercial towers (25 - 28 floors and 2 basements)</li> <li>» Construction density: 55 - 60%</li> </ul>
<b>Construction schedule</b>	: QI/2020 - QII/2022

TM1 CON TAN LAP - NHA TRANG



<b>Location</b>	: Tran Phu Street, Xuong Huan Ward, Nha Trang City, Khanh Hoa; next to Khanh Hoa Provincial People's Committee
<b>Land area</b>	: 8,111 m <sup>2</sup>
<b>Total investment</b>	: VND 3,945 billion
<b>Scale</b>	: Two 40-floor tower blocks (02 basements, 04 commercial floors, 36 floors of condotel apartments and hotels)
<b>Construction schedule</b>	: QI/2020 - QIII/2022

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### THE PHOENIX (PHASE 2)

<b>Location</b>	: Dan Phuong, Hanoi, bordering the stretching Hoang Quoc Viet road in the north, bordering Ring Road 4 in the east, and bordering Phung town in the south
<b>Land area</b>	: 44.97 ha (4.16 ha in Phase 2)
<b>Total investment</b>	: VND 707 billion in Phase 2
<b>Scale</b>	: 85 ecological villas
<b>Construction schedule</b>	: 2019 - 2021



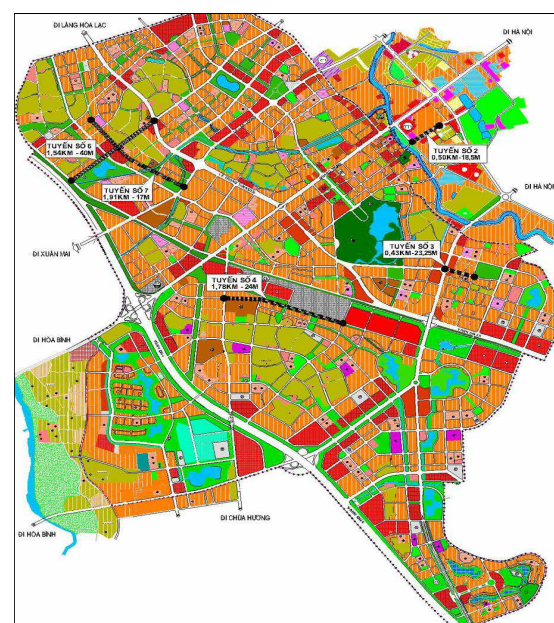
### GOLDEN BEACH VILLA ECOLOGICAL GARDEN VILLA AREA

<b>Location</b>	: Vinh Luong Commune and Vinh Hoa Ward, Nha Trang City, Khanh Hoa
<b>Land area</b>	: 54.18 ha
<b>Total investment capital</b>	: VND 3,760 billion
<b>Scale</b>	: 600 villas with area of 350 - 600 m <sup>2</sup>
<b>Progress</b>	: QIV/2020 - QIV/2021



## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### 5 ROUTES OF HA DONG BT PROJECT SIX RECIPROCAL PROJECTS



<b>Location</b>	: Ha Dong District; part of the project is located in Hoai Duc District (a total length of about 6.18 km)
<b>Total investment</b>	: VND 1,960 billion
<b>Scale</b>	: Scale: 05 transport routes. Specific information is shown as follows: <ul style="list-style-type: none"> <li>» Route 2 (Road 19-5): The route passes Van Quan Ward, Ha Dong District. The route is 18.5m wide and about 0.5 km long.</li> <li>» Route 3: The route passes Kien Hung Ward, Ha Dong. The route is 23.25 m wide and about 0.43 km long.</li> <li>» Route 4: The route passes through Phu Lam and Phu Luong Ward, Ha Dong District. The route is 24.0 m wide and about 1.78 km long.</li> <li>» Route 6: The route passes through Duong Noi Ward, Ha Dong District and Dong La Commune, Hoai Duc District. The route is 40 m wide and about 1.56 km long.</li> <li>» Route 7: The route passes through Duong Noi Ward, Ha Dong District and La Phu Commune, Hoai Duc District. The route is 17.0 m wide and about 1.91 km long.</li> </ul>
<b>Construction schedule</b>	: QIII/2019 - QIV/2021



#### PHU LAM RESIDENTIAL AREA PROJECT

<b>Location</b>	: Phu Lam Ward and Yen Nghia Ward, Ha Dong District, Hanoi
<b>Land area</b>	: 13.64 ha
<b>Total investment</b>	: VND 2,562 billion



#### KIEN HUNG HIGH-RISE APARTMENT BUILDING PROJECT

<b>Location</b>	: Kien Hung Ward, Ha Dong District, Hanoi
<b>Land area</b>	: 2.55 ha
<b>Total investment</b>	: VND 1,815 billion



#### KIEN HUNG URBAN FUNCTIONAL AREA PROJECT

<b>Location</b>	: Phu Lam Ward and Yen Nghia Ward, Ha Dong District, Hanoi
<b>Land area</b>	: 13.64 ha
<b>Total investment</b>	: VND 2,562 billion



#### BAC LAM URBAN AREA PROJECT

<b>Location</b>	: Phu Luong Ward, Ha Dong District, Hanoi
<b>Land area</b>	: 41.69 ha
<b>Total investment</b>	: VND 9,166 billion



#### DUONG NOI RESIDENTIAL AREA PROJECT

<b>Location</b>	: Phu Luong Ward, Ha Dong District, Hanoi
<b>Land area</b>	: 2.55 ha
<b>Total investment</b>	: VND 439 billion



#### HA CAU RESIDENTIAL AREA PROJECT

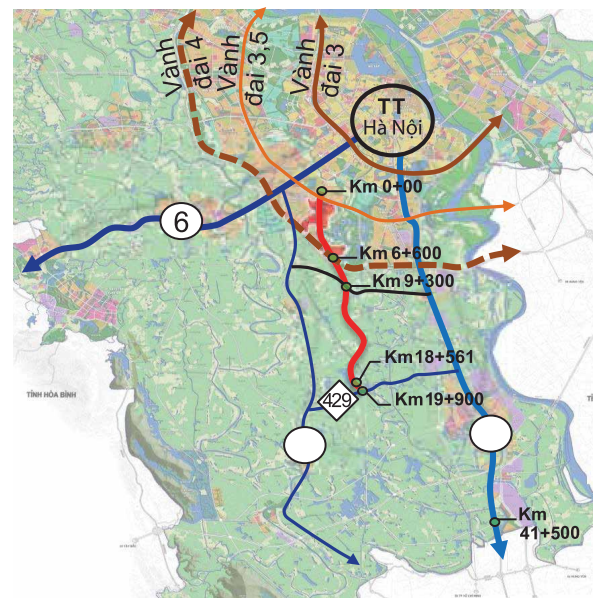
<b>Location</b>	: Ha Cau Ward, Ha Dong District, Hanoi
<b>Land area</b>	: 2.44 ha
<b>Total investment</b>	: VND 1,733 billion

## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)


### THE SOUTH OF HA TAY BT PROJECT AXIS ROAD IN



<b>Location</b>	: Start point: At km19 + 900, Thanh Oai District, passing Ung Hoa District; Endpoint: At km41 + 500, Phu Xuyen District
<b>Total investment</b>	: VND 3,800 billion
<b>Scale</b>	: ~ 19km long. Cross section: 40 m. Structure: 04 lanes for motorized vehicles. Designed speed: 60 km/h
<b>Construction schedule</b>	: QI/2020 - QIV/2021



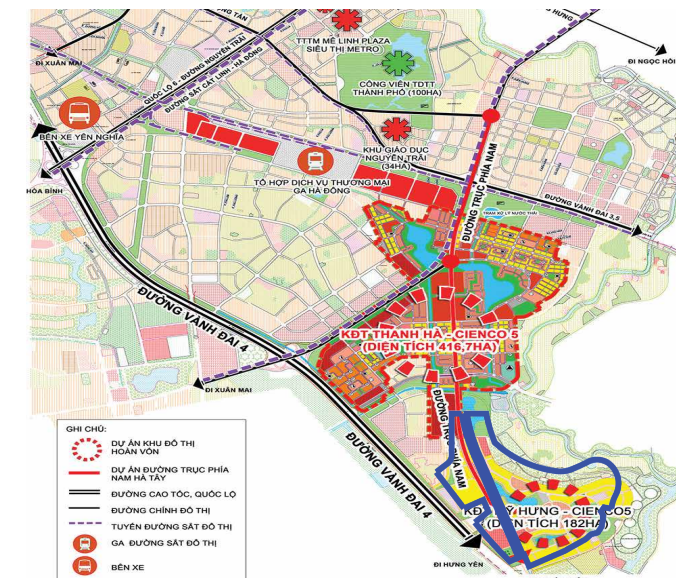
**Notes:**

Southern Axis Road	
National Highway	
Ring Road	
Provincial Road	

### MY HUNG NEW URBAN AREA - RECIPROCAL PROJECT OF THE SOUTH OF HA TAY



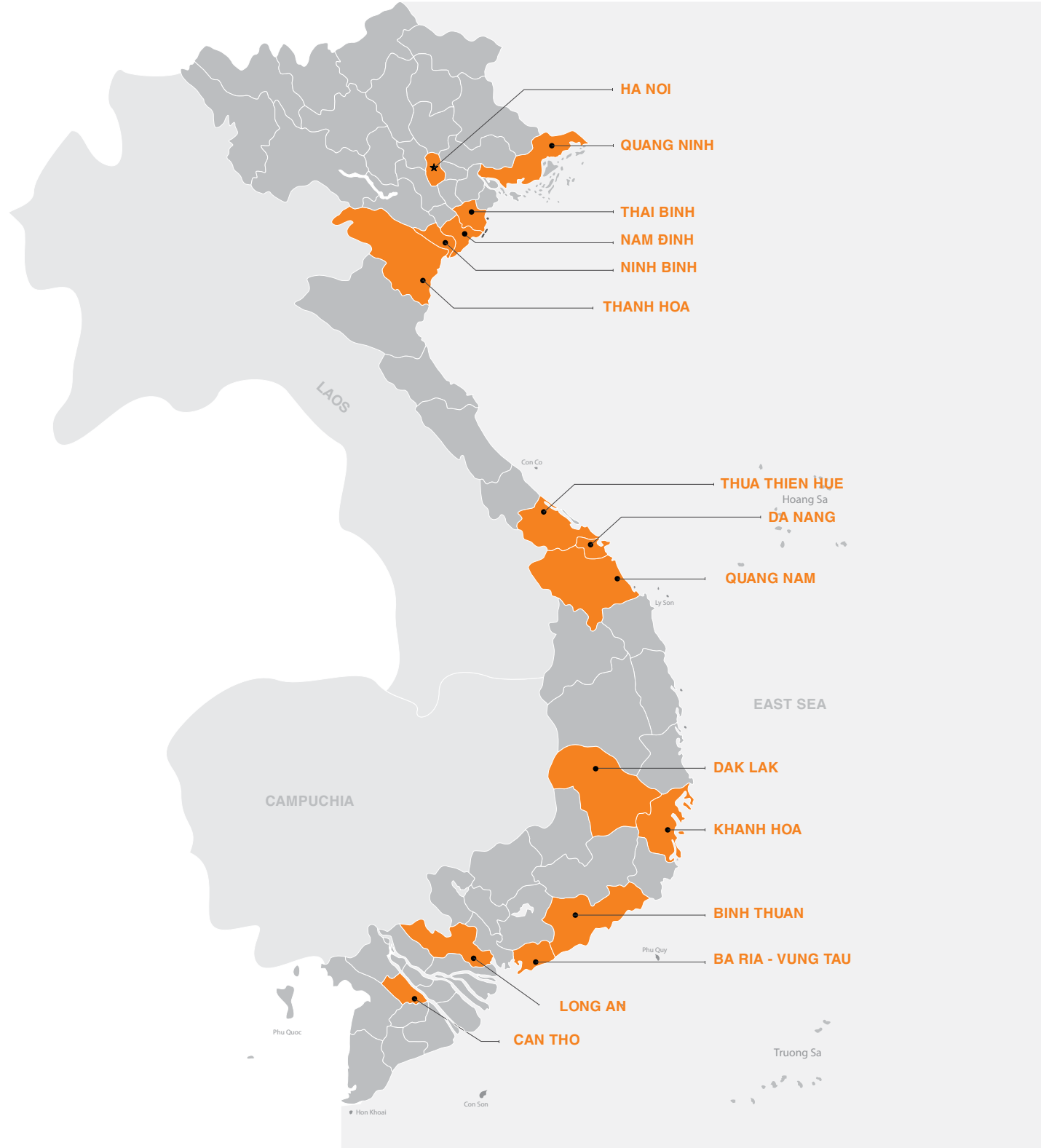
<b>Location</b>	: Cu Khe Commune, My Hung Commune, and Tam Hung Commune of Thanh Oai District, Hanoi; 16 km from the center of Hanoi, 4 km from the center of Ha Dong District; bordering Thanh Ha Urban area in the North and Ring Road 4 in the west
<b>Land area</b>	: 182 ha; Residential land: 73.8 ha
<b>Total investment in the technical infrastructure</b>	: VND 4,637 billion
<b>Construction schedule</b>	: QI/2021 - QIV/2025



## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### UPCOMING PROJECTS

ACQUIRED LAND BANK FROM 2019 TO 2023



### HAM TIEN - MUI NE TOURISM AND COMMERCIAL SERVICE CENTER

<b>Location</b>	: Ham Tien Ward, Phan Thiet City, Binh Thuan
<b>Land area</b>	: 198 ha
<b>Total investment</b>	: VND 9,831 billion
<b>Scale</b>	: Gymnasium, square, water park, entertainment area, commercial center, 5-star hotel, residential area, resort villas, etc.
<b>Construction schedule</b>	: 2021 - 2027



## EVALUATION AND REPORT OF THE EXECUTIVE BOARD (continued)

### DONG QUANG HIGH-TECH ECO-AGRICULTURAL GARDEN VILLA PROJECT



<b>Location</b>	: Dong Quang, Nghia Huong and Can Huu Communes, Quoc Oai District, Hanoi
<b>Land area</b>	: 30 ha
<b>Total investment</b>	: VND 1,300 billion
<b>Scale</b>	: 39 2.5-floor garden villas
<b>Construction schedule</b>	: QIII/2020 - QIV/2021

### SOUTHWEST AN KHANH NEW URBAN AREA



<b>Location</b>	: An Khanh and An Thuong Communes, Hoai Duc District, Hanoi
<b>Land area</b>	: 86,98 ha
<b>Total investment in the technical infrastructure</b>	: VND 3,500 billion
<b>Scale</b>	: Scale: Semi-detached houses (87.911 m <sup>2</sup> ); villas (86.98 m <sup>2</sup> ); high-rise building (15.190 m <sup>2</sup> ); greenery space and water surface (47.800 m <sup>2</sup> )
<b>Construction schedule</b>	: QIII/2021 - QIV/2024



### PR AN BINH 1&2 NEW URBAN AREA

<b>Location</b>	: An Binh Ward, Ninh Kieu District, Can Tho City
<b>Land area</b>	: 223 ha
<b>Total investment</b>	: VND 9,000 billion
<b>Scale</b>	: Greenery park, car park, high-density residential land, low-density residential land, apartment building land, social land, multi-function commercial and service land, on-site resettlement land, public works land, hospital, stadium, educational works, technical infrastructure land
<b>Construction schedule</b>	: QI/2021 - QIV/2024

### CAI KHE DUNE TOWER



<b>Location</b>	: Cai Khe dune roundabout, Ninh Kieu District, Can Tho City
<b>Land area</b>	: 2.38 ha
<b>Total investment</b>	: VND 2,048 billion
<b>Scale</b>	: Convention and exhibition center, cinema, trade center, amusement and entertainment area, club, 5-star hotel, condotel, restaurant, beverage area, sightseeing tower, and other ancillary services
<b>Construction schedule</b>	: QIII/2020 - QIII/2023

## REPORT OF THE BOARD OF DIRECTORS

### 2018 PERFORMANCE REVIEW

In the past year, along with the support and companion of Shareholders, and the judicious and timely leadership of the Board of Directors, the Board of Management, as well as with the best efforts of all employees of Hai Phat Invest, the Company has obtained certain achievements.

The 2018 total revenue of the parent company reached VND 2,292 billion; the consolidated revenue was VND 2,266 billion. The after-tax profit of the parent company reached VND 482.2 billion, increased by 50.8% compared

to 2017; the consolidated after-tax profit was VND 452.3 billion, increased 100.5% of the plan and 39.1% compared to 2017.

In 2018, under the authorization of the General Meeting of Shareholders in Resolution No. 02/NQ-DHDCD/2018 dated April 27<sup>th</sup>, 2018, the Board of Directors successfully implemented some of the following key tasks and objectives:



The Company successfully listed 150 million shares on Ho Chi Minh City Stock Exchange on July 24<sup>th</sup>, 2018. This event marked a breakthrough, the beginning of a new period of development of Hai Phat Invest. This is indeed a new opportunity for Hai Phat Invest to evolve and boost the brand with the goal of becoming a leading real estate enterprise in Vietnam. So far, the Company's market capitalization has reached VND 4,750 billion, equivalent to USD 200 million.

The Company has successfully increased its chartered capital from VND 1,500 billion to VND 1,999.9 billion by share to pay dividends for 2017 and bonus shares from equity.



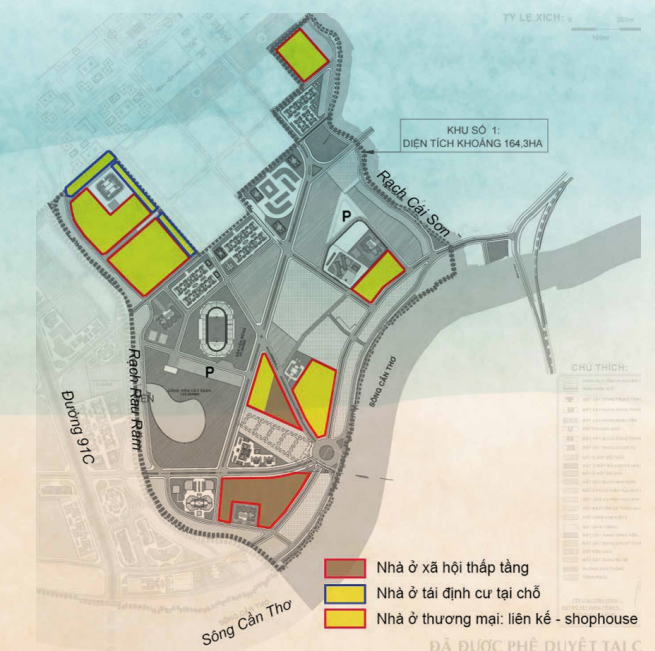
Project of Trau Quy auction site, Gia Lam, Hanoi (Trading name: Thuan An Central Lake): The project has a scale of 1.75 ha, including 140 semi-detached apartments with a total investment of VND 457.7 billion.



Phu Luong New Urban Area Project, Ha Dong, Hanoi: The project has a scale of 3.58 ha, including townhouses and villas with a total investment of VND 1,082 billion.



Ham Tien - Mui Ne - Binh Thuan Tourism and Commercial Service Center Project: The project has a scale of 198 ha with a total investment of VND 9,831 billion, of which Hai Phat Invest contributes 70% of the total capital. This project is located in the center of the National Marine Sports Center under Decision No. 1772/QĐ-TTg dated December 18<sup>th</sup>, 2018 of the Prime Minister.



An Binh 1&2 New Urban Area Project in Ninh Kieu District, Can Tho City: The project has a scale of 222.7 ha with a total investment of about VND 9,051.5 billion.



## REPORT OF THE BOARD OF DIRECTORS (continued)

### 2018 PERFORMANCE REVIEW (continued)

For the development of real estate products of the Company, Hai Phat Invests housing products provided to the market are highly sought after and appreciated by customers. Hai Phat brand has been affirmed and continues to maintain the growth rate in the market, step by step ensuring the target of offering various types of products suited to target customers and market segment. Along with that, with the orientation and goals from previous years, real estate investment and business activities have been invested and expanded in the whole country, especially in areas with great potential such as Binh Thuan, Da Nang, Quang Nam, Nha Trang, Can Tho, Thua Thien Hue, Nam Dinh, Thai Binh, etc.

In 2018, the Company won a number of noble, prestigious awards as follows:

**Top 10 Vietnam Strong Brands in 2018**

**The 2018 Vietnam National Real Estate Award for The Vesta Project - The 2018 Best Social Housing Project**

**Top 10 Trusted Brands in 2018**

**Top 100 Vietnam Golden Star Awards in 2018**

### MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors consists of 06 members: Chairman, Vice Chairman elected by the Board of Directors. The Board of Directors has not yet established subcommittees.

The members of the Board of Directors as of December 31<sup>st</sup>, 2018 include:

NO.	FULL NAME	POSITION
1	Mr. Do Quy Hai	Chairman
2	Mr. Le Tien Hung	Permanent Vice Chairman
3	Mr. Nguyen Van Phuong	Vice Chairman
4	Mr. Pham Minh Tuan	Member
5	Mr. Hoang Ve Dzung	Independent Member
6	Mr. Nguyen Xuan Dong	Independent Member

### ACTIVITIES OF THE BOARD OF DIRECTORS

In 2018, the Board of Directors held 04 meetings and collected written opinions from members of the Board of Directors to promulgate resolutions and decisions of the Board of Directors for corporate management. The total budget for remuneration and operating expenses of the Board of Directors is VND 4,238,966,320.

In 2018, each member of the Board of Directors made every effort and gathered collective wisdom to fulfill the task of managing corporate operations in line with the development orientation for shareholders' benefits and for general development of the Company.

Since April 2018, the Chairman of the Board of Directors will no longer concurrently hold the position of General Director. This has facilitated the Chairman of the Board of Directors to focus on the direction and management of the Company. Therefore, separating between the corporate governance and management has been carried out independently and resulted in high effectiveness in managing and operating the Company.

The Board of Directors operates on the principle of "Collective Leadership and Individual Responsibility", Individuals are assigned each specific area/field, always upholding the spirit of solidarity, initiative, responsibility, honesty and carefulness for effective performance of assigned duties and tasks. In 2018, the Board of Directors issued a total of 94 resolutions and decisions and adopted many important policies for the operation and development orientation of the Company, including some main contents as follows:

**Approving the contents submitted and directing the successful organization of the 2018 Annual General Meeting of Shareholders.**

**Approving investment policies and adjusting investment policies/plans for a number of key projects, including:**

- Establishing Hai Phat Binh Thuan One-member Company Limited with 100% capital owned by Hai Phat Invest to deploy projects in Binh Thuan.
- Establishing Hai Phat Real Estate Investment and Trading Joint Stock Company with 70% capital owned by Hai Phat Invest to develop real estate distribution and training.
- Establishing Project Enterprise of BT Ha Dong Company Limited Hai Phat with 70% capital owned by Hai Phat Invest to implement the Ha Dong BT Project in the form of the BT Contract.
- Approving investment policies, investment cooperation for a number of projects such as Ham Tien - Mui Ne - Binh Thuan tourist service center project; BT Project of Cai River - Nha Trang Embankment; An Binh New Urban Area Project (Area 1 and Area 2) in Ninh Kieu District, Can Tho City, etc.
- Increasing charter capital of Chau Son Real Estate Company Limited from VND 400 billion to VND 720 billion.
- Approving the adjustment of business plans at Roman Plaza project to accelerate business and sales activities.
- Disinvesting a part of capital in Hai Phong Real Estate Development Company Limited.
- Approving the successful transfer transaction of the 5 ha project in Phu Hai Ward, Phan Thiet City, Binh Thuan Province in the form of an auction.
- Approving the feasibility study report for the auction project of Trau Quy and Gia Lam, Phu Luong New Urban Area Project.
- Approving the investment policy of new projects and investment cooperation.

## REPORT OF THE BOARD OF DIRECTORS (continued)

### 2018 PERFORMANCE REVIEW (continued)

The Company mobilized loans, issued corporate bonds, and mortgaged assets. In 2018, the Company mobilized VND 1,200 billion of bonds according to the plan to increase the scale of capital and additional investment projects.

The Company successfully increased its charter capital from VND 1,500 billion to VND 1,999.9 billion by paying dividends for 2017 and bonus shares from equity.

The Company changed business registration, amended and supplemented the charter of the Company in accordance with the scale of charter capital increase.

The Company successfully listed 150 million shares of the company for the first time on Ho Chi Minh City Stock Exchange.

The Company strengthened, structured, and arranged the organization and operation apparatus, appointing the leaders and managers of the Company, appointing the authorized representative to manage the contributed capital.

In 2018, the Board of Directors appointed 01 CEO, 02 Deputy General Directors in charge, and dismissed 03 Deputy General Directors. The Company appointed and

changed the representative to manage the contributed capital in subsidiaries and associated companies.

Besides, The Company made many other important decisions for the Executive Board as a basis for implementation.

In addition to the regular meetings of the Board of Directors, in order to timely approve the guidelines for production and business activities of the Company, the Board of Directors also consulted the members of the Board of Directors in writing to approve the Resolutions of the Board of Directors in accordance with Company regulations. The Board of Directors also regularly organized monthly briefing meetings to check and evaluate the work of the Board of Directors and supervise the performance of the Board of Directors in production and business activities of the Company.

The resolutions and decisions of the Board of Directors are made on the principle of collective agreement, issued based on the consensus of all members, ensuring the objectivity and intellectual focus of the members of the Board of Directors.

of the General Meeting of Shareholders. In the operating activities, the Board of Management has regularly reported to the Board of Directors for comments and at the same time, actively and proactively handled issues arising daily, ensuring flexible and effective management.

Under the direction and supervision of the Board of Directors, the Board of Management has directly developed and issued or submitted to the Board of Directors for promulgation documents, processes and internal management regulations to contribute to consolidating the organizational and personnel of the Company towards professionalism, quality and efficiency.

In 2018, the Board of Management successfully performed the implementation of the set objectives, and proposed many solutions in managing and operating the Company. With a high sense of responsibility, the members of the Board of Management proactively made business and production plans tailored to the actual market situation based on the direction of the Board of Directors, thereby fulfilling the profit targets in 2018.

This is indeed a great effort of the Board of Management as well as all employees of the Company at creating favorable conditions and necessary resources to maintain a stable and sustainable growth of the Company.

### MONITORING ACTIVITIES OF THE BOARD OF DIRECTORS

The Board of Directors has effectively conducted the direction and supervision through many activities:

Attending and giving instructions in important meetings of the Board of Management on the implementation of resolutions, decisions of the Board of Directors, or about the preparation of projects and proposals for submission to the Board of Directors.

Monitoring and grasping the process of production and business management, through reports and documents of the Board of Management; directing and giving comments to the Board of Management in a number of important issues arising in the process of operating business.

Attending and giving guidance in meetings to build the business and production plans of the Company; Reporting and reviewing the implementation of key tasks, labor organization and personnel policies.

Regularly supervising the Company's daily production and business activities to ensure absolute compliance with the provisions of the Company Charter, Enterprise Law and Resolutions and Decisions of the Board of Directors.

The Board of Management under the direction of the Board of Directors has managed the Company's business activities in accordance with the directions, objectives and tasks set by the Board of Directors in accordance with the law, the Company's Charter and the Resolution



## REPORT OF THE BOARD OF DIRECTORS (continued)

### BOD'S ORIENTATION IN 2019

In 2019, there will be many fluctuations and difficulties. There are also certain benefits such as economic growth, a stable macro-economy in the country, opportunities from opening the economy through signed agreements to facilitate the attraction of foreign investment with

reasonable costs. At the same time, investment from the private sector will be also improved thanks to the business environment improvement policies. In that context, the Board of Directors determines the operational orientation in 2019 as follows:

**1** Developing and completing the strategic orientation of the Company to suit the new situation.

**2** Continuing to focus on the core business activities of real estate investment and trading; Diversifying product types and segments; Gradually promoting, expanding, and developing potential segments of resort, tourism and industrial real estate products in coastal cities such as Binh Thuan, Can Tho, Nha Trang, Da Nang and Thai Binh.

**3** Focusing on seeking investment opportunities for large-scale projects with land funds for long-term implementation; promoting investment in short-term projects to generate revenue through auction of land use rights and M&A activities of projects eligible for construction.

**4** Prioritizing resources for projects that have completed legal procedures to be implemented in 2019, such as: (1) TM1 Nha Trang project; (2) Dong Quang High-Tech Agricultural Area Project; (3) Southwestern An Khanh Urban Area Project; (4) An Binh - Can Tho New Urban Area Project (Area 1 and Area 2); (5) Phoenix Project (Phase 2); (6) Ham Tien - Mui Ne Tourism Service Center Project; (7) 5 ha project in Phu Hai - Mui Ne; (8) Duong Noi Residential Project; and (9) Kien Hung High-rise Residential Area (Ha Dong BT Counterpart Project).

**5** Actively seeking new markets, maximizing all resources to invest in business development; bringing profits and boosting the brand of Hai Phat; creating jobs and raising income for employees; implementing social policies well.

**6** Increasing charter capital of the Company from VND 1,999.9 billion to VND 2,875 billion; Actively seeking medium and long-term capital sources with reasonable costs to serve the Company's business activities, increase revenues and profits for the Company.

**7** Promoting training to improve capacity; training the next generation of managerial staff; affirming the position as an enterprise with a good working environment.

**8** Perfecting the management system and organizational structure of the Company in accordance with the standards and position of a public listed company.

**9** Restructuring subsidiaries, associating companies and perfecting the management system of companies belonging to HAI PHAT INVEST ecosystem.

**10** Strengthening inspections of compliance with regulations on transparency of financial situation, transparency in information disclosure, and compliance with the law on business activities of the Company.

## REPORT OF BOARD OF SUPERVISORS

*The Board of Supervisors of the Company for the term of 2018 - 2023 has 03 members, including 01 Head and 02 Members.*

*Immediately after the end of the General Meeting of Shareholders, the Board of Supervisors exchanged, consulted, assigned work and areas of responsibility to each member. In 2018, the Board of Supervisors closely coordinated with the Board of Directors and the Board of Management to closely monitor the implementation of the following specific tasks:*

- Monitoring and supervising the implementation of resolutions of the General Meeting of Shareholders.
- Monitoring and supervising the implementation of the rights and obligations of members of the Board of Directors and the Board of Management.
- Monitoring and supervising audit activities, reviewing periodic financial statements provided by the Board of Management to assess the truthfulness and reasonableness of financial data, in accordance with Vietnam's current accounting and financial standards, policies.
- Regularly coordinating with the Board of Management and the functional departments of the Company to promote the monitoring of production and business activities, striving to fulfill the objectives of the 2018 plan.
- Examining the legality and procedures of issuing Resolutions and Decisions of the Board of Directors, General Director according to the Company's Charter and the provisions of law.
- Controlling the disclosure of information of the Company and its subsidiaries in accordance with the law on information disclosure requirements for public companies and listed companies.
- The Board of Supervisors always supervises the vote counting to obtain written opinions of members of the Board of Directors about related issues.
- Inspecting documents of the General Meeting of Shareholders.
- In addition, in 2018, the Board of Supervisors did not receive any requests from Shareholders to make an extraordinary inspection decision on the Company's investment and business activities.
- In addition to the above key tasks, in order to ensure timely information updates, the Board of Supervisors also attended all the meetings of the Board of Directors and a number of briefings of the Executive Board.
- In 2018, the Board of Supervisors held two meetings and some consultation sessions within the Board of Supervisors.

NO.	DATE	PARTICIPANT NUMBER OF MEMBERS	MAIN CONTENT	RESULTS
1	March 30 <sup>th</sup> , 2018	03	Reviewing and analyzing the opinions and suggestions of the auditors in the financial statements 2017. Reviewing relevant documents and statements in preparation for the 2018 Annual General Meeting of Shareholders.	The report ensured honesty, rationality and validity in accordance with the current accounting standards. The given information was accurate and consistent.
2	October 2 <sup>nd</sup> , 2018	03	Reviewing the implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors until September 30 <sup>th</sup> , 2018. Controlling the disclosure of information of the Company in accordance with the law on information disclosure requirements for public companies and listed companies. Evaluating the inspections of the production and business situation of the Company. Evaluating the accounting and financial data of Quarter III.	Implementing the Resolutions without mistakes or delays in strict compliance with regulations. The data and figures were fully and accurately accounted according to standards. Information provided was clear and transparent.



## SUSTAINABLE DEVELOPMENT MESSAGE

*Over 15 years of establishment and development, Hai Phat Invest is considered as a sustainable real estate developer. When researching any project, the protection and preservation of the living environment is always the top priority for Hai Phat Invest to decide whether to realize a project or not. In parallel with the growth to create a solid economic resource, Hai Phat Invest aims to ensure the sustainable development with human resource development strategies, environmental protection, social responsibility, ensuring balance of interests of related parties and harmony between growth and environmental protection, social responsibility.*

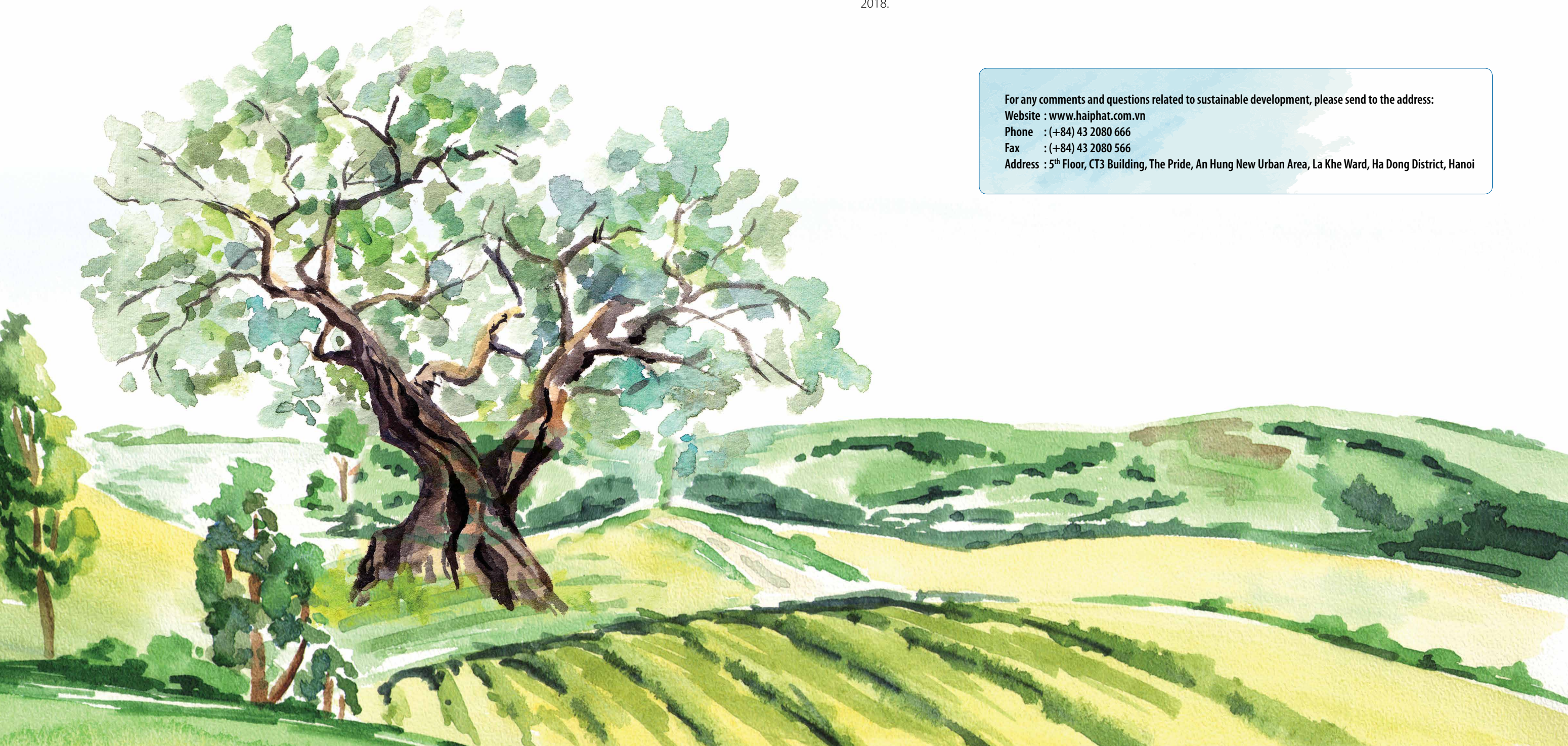
## OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT

Hai Phat Invest prepares a Sustainable Development Report under the guidance of Circular No. 155/2015/TT-BTC. The report is prepared in Vietnam for matters in the real estate business and financial sector. The report states operations of Hai Phat Invest and its subsidiaries. The information in the report is updated for the 2018 fiscal year, starting from January 1<sup>st</sup>, 2018 and ending on December 31<sup>st</sup>, 2018. The data in the report are derived from the audited consolidated financial statements of 2018.

All issues of sustainable development of Hai Phat Invest are stemmed from the purpose of social development and environmental protection for a long term. That is the highlight to secure the company's firm position in the market.

Hai Phat Invest has made every effort to meet all expectations of related parties. We look forward to receiving sincere feedback from you.

For any comments and questions related to sustainable development, please send to the address:  
Website : [www.haiphat.com.vn](http://www.haiphat.com.vn)  
Phone : (+84) 43 2080 666  
Fax : (+84) 43 2080 566  
Address : 5<sup>th</sup> Floor, CT3 Building, The Pride, An Hung New Urban Area, La Khe Ward, Ha Dong District, Hanoi



## SUSTAINABLE DEVELOPMENT IS AT THE CORE OF HAI PHAT INVESTS GROWTH STRATEGY

*Hai Phat Invests projects have low construction density, the Company focuses on trees, community works, landscapes, etc. this is a challenge for investors to balance profits and provide a better living environment for the community and society.*

Hai Phat Invest has chosen to protect and create the environment as one of the essential tasks to help sustainable development. During the construction process, the Company requires contractors to cover meticulously the construction area in order to avoid dust and noise affecting the surrounding area. Environmental impacts from projects are assessed before implementation. In each project, depending on the specific design, Hai Phat Invest requires contractors to apply new and modern construction techniques to minimize environmental damage at the lowest level.

To minimize the use of traditional materials affecting the environment, Hai Phat Invest is one of the pioneers in applying the Ministry of Construction's regulations on the use of green construction materials. Although the use of green construction materials also causes some difficulties and increase the cost for investors from material costs to the training of better skilled workers for product quality, Hai Phat Invest is still persistent with its commitment to protect and conserve the environment.



## ENVIRONMENTAL PROTECTION

*Each project from the beginning of the project survey to the time of operation, the protection of green, clean and beautiful environment is always our top priority, the Company always focuses on long-term green and sustainable business solutions.*

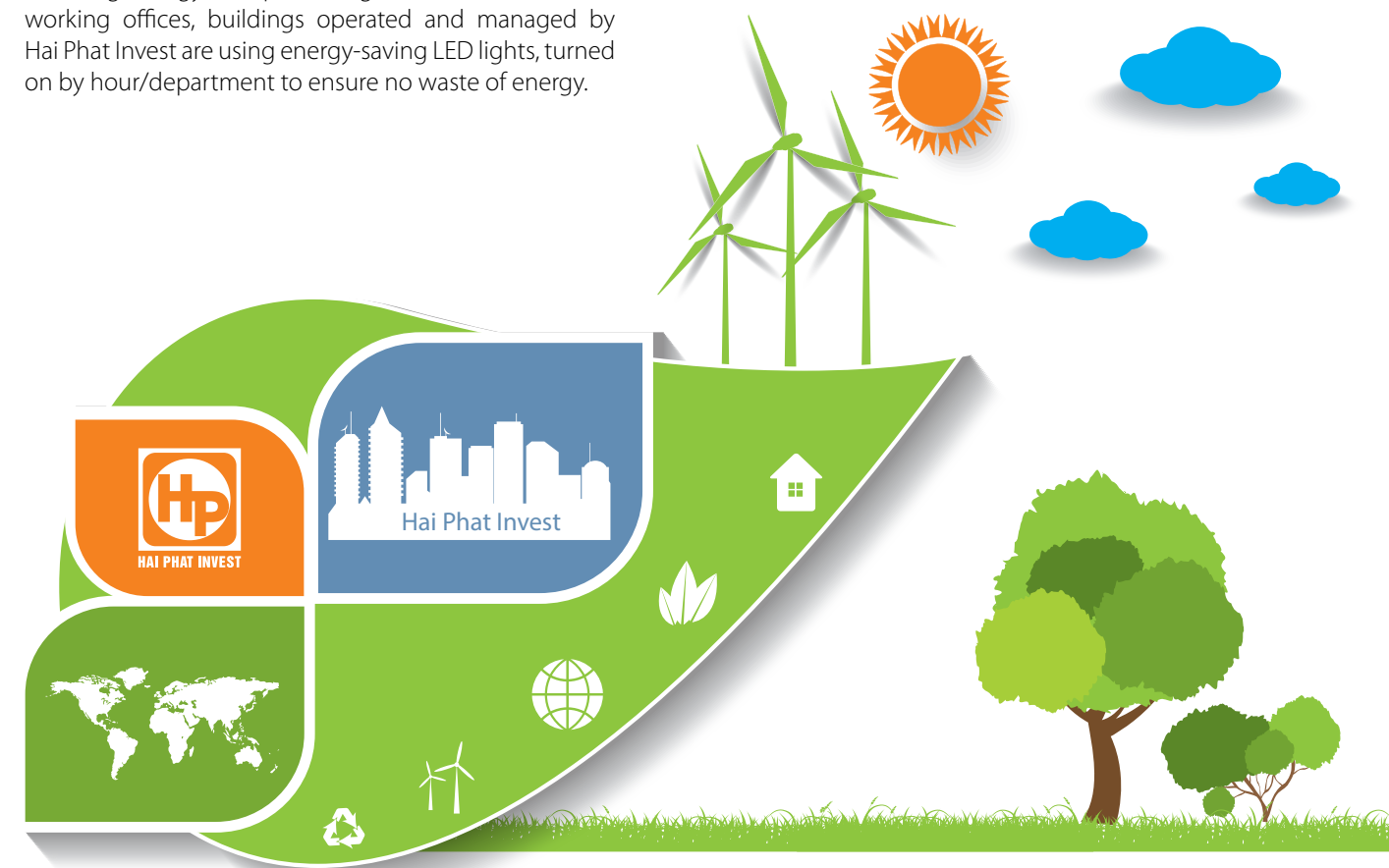
Not only strictly complying with environmental protection laws, Hai Phat Invest is always a pioneer with all environmental protection activities in construction and operation of works. The Company's advantages are efficient use of resources, reduced operating costs, and minimized environmental impact while ensuring comfort for users.

The projects invested by Hai Phat Invest as well as the landscape and office environment of the staff are designed with focus on trees, nature and environment. In operating activities, Hai Phat Invest attaches special importance to investing in waste treatment system, ensuring environmental standards, minimizing waste of natural resources, thereby reducing the intensity of greenhouse gas emissions.

In addition, we also focus on raising awareness of staff in saving energy and protecting the environment. The working offices, buildings operated and managed by Hai Phat Invest are using energy-saving LED lights, turned on by hour/department to ensure no waste of energy.

The projects always aim to use green energy. The typical projects are Roman Plaza Project, Hanoi Homeland Project, Bea Sky Project, etc. These are projects awarded the title of "Green Energy" by the Management Board of the Efficient Energy Saving Program (Hanoi City People's Committee) in coordination with the Vietnam Association of Science and Technology.

All 3 projects are designed to use BMS system under the 4.0 industrial technology integrated for systems: VRF air conditioning system, ventilation system, fire protection system, elevator system, security system, communication system, parking monitoring system. Pieces of equipment used in the buildings, such as LCD monitors, hot water tanks, refrigerators, electric fans, Led lights, are energy-saving types, labeled with the energy label issued by the Ministry of Industry and Trade.



## ACCESS AND INTERACTION WITH RELATED PARTIES

Hai Phat Invest always aims to harmonize the interests of related parties to build sustainable relationships based on trust, transparency and ethical standards of businesses. Through many channels, Hai Phat Invest listens and receives feedbacks from each party for its business activities, with the aim of improving products, service quality to attain more achievements in economic development, social and environmental contributions.

Related parties	Code of conduct	Feedback receiving mechanism	Main topics
 <b>Partners and suppliers</b>	<ul style="list-style-type: none"> <li>Respecting and upholding the spirit of cooperation and development</li> <li>Keeping prestige, commitment to building and developing the sustainable cooperation relationship with the motto "Sharing potential, Developing together"</li> <li>Prioritizing the selection of partners, suppliers that meet the requirements of management and comply with the law on environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Bilateral dialogue</li> <li>Regular meetings</li> <li>Project inspection</li> <li>Discussions via phone/ email</li> </ul>	<ul style="list-style-type: none"> <li>Quality of services and products</li> <li>Efficiency of works</li> <li>Safety, health, environment</li> </ul>
 <b>Customers and residents</b>	<ul style="list-style-type: none"> <li>Considering customers as the center</li> <li>Having a friendly, respectful and proper attitude</li> <li>Keeping "faith" with customers in every activity</li> <li>Constantly improving the quality of products and services</li> </ul>	<ul style="list-style-type: none"> <li>Bilateral dialogue</li> <li>Customer Care Department</li> <li>Sale events</li> <li>Sample apartment visits</li> <li>Customer gratitude and care events</li> <li>Interviews and idea receipt</li> <li>Consulting, answering inquiries via phone</li> <li>Resident group and customer care via phone/ email/letter</li> <li>Administration Board, Project Management Board</li> <li>Condominium conferences</li> </ul>	<ul style="list-style-type: none"> <li>Quality of services and products</li> <li>Customer satisfaction level</li> <li>Prompt receipt of comments from customers and residents</li> <li>Evaluation of the effectiveness and work culture of employees</li> </ul>

 <b>Employees</b>	<ul style="list-style-type: none"> <li>Building a professional, cohesive, creative and humanistic working environment</li> <li>Practicing superior welfare policies, facilitating high income and fair development opportunities for all employees</li> </ul>	<ul style="list-style-type: none"> <li>Evaluating performance and performance</li> <li>Training new employees</li> <li>Travels, vacations, sports activities, teambuilding activities</li> <li>Organizing celebrations and gifts</li> </ul>	<ul style="list-style-type: none"> <li>Effectiveness and skills</li> <li>Company policies</li> <li>Work safety and health</li> <li>Solidarity and attachment</li> <li>Relationship of colleagues</li> </ul>
 <b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Enhancing the principle of fairness and transparency</li> <li>Keeping "prestige", being committed to building and developing sustainable cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly meetings to review business results</li> <li>Annual General Meeting of Shareholders, Extraordinary General Meeting of Shareholders</li> <li>Investor conferences, investors meetings, analyst meetings, roadshow events</li> <li>Bilateral dialogues</li> <li>Offsite project visits</li> <li>Discussions via phone/ email</li> </ul>	<ul style="list-style-type: none"> <li>Business results</li> <li>Operation situation, operational efficiency</li> <li>Strategic development orientation</li> <li>Progress in implementing projects</li> </ul>
 <b>Government, state agencies</b>	<ul style="list-style-type: none"> <li>Compliance with Laws</li> </ul>	<ul style="list-style-type: none"> <li>Reports, comments, instructions for implementation</li> <li>Commenting on draft laws and legal documents</li> <li>Joining Real Estate Associations, Investment Promotion Conferences</li> <li>Exchange events</li> <li>Transfer seminars and conferences</li> </ul>	<ul style="list-style-type: none"> <li>Laws and state management</li> <li>Market trends</li> <li>Difficulties of businesses</li> <li>Expertise enhancement</li> <li>Information disclosure under regulations</li> </ul>
 <b>Society</b>	<ul style="list-style-type: none"> <li>Actively participating in social and charity activities to help disadvantaged people</li> <li>Saving resources and protecting the environment</li> </ul>	<ul style="list-style-type: none"> <li>Researching environmental and social impacts before implementing each project</li> <li>Frequently contacting local authorities</li> </ul>	

## BUSINESS PERFORMANCE EFFICIENCY

According to **the Report and Evaluation of the Board of Management** (page 50) and **the 2018 Audit Report** (page 100).

With the motto **“Customers are the heart of all operations”**, Hai Phat Invest always wants to bring customers good quality products and complete services. For projects developed and operated by Hai Phat Invest, the Company listens to all residents’ opinions on service quality, warranty, maintenance, renovation and quality. All feedbacks from customers and residents are reiterated to proper functional departments of the Company.

The Customer Services Department is the unit that recognizes, monitors and urges related parties, evaluates comments, and connects with residents to ensure satisfaction for residents.



## RESPONSIBILITIES FOR PRODUCTS

### RESPONSIBILITIES OF HOUSING LEGAL STATUS

Hai Phat Invest complies with the current regulations and laws on housing purchase and sale in the future. Before launching products to the market, the Company fulfills its financial obligations on land, land use rights, land use planning, fire prevention and fighting, wastewater treatment, infrastructure connection and procedures for land allocation and investor recognition. The Company hands over the house and ownership papers no later than the time limit specified in the sales contract and within the legal time limit.

### RESPONSIBILITIES FOR HOUSING QUALITY

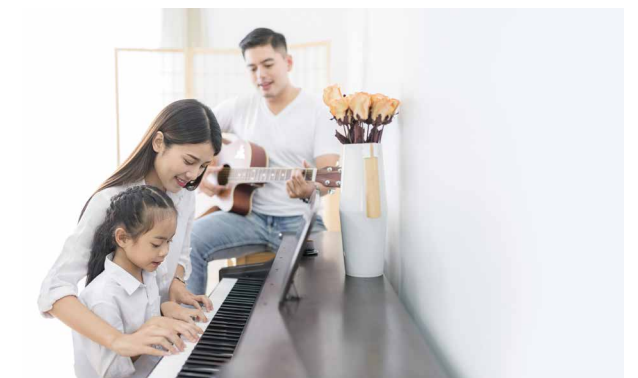
During the course of operation, the Company continuously improves construction quality processes and standards to monitor compliance with the Company’s quality policies as well as compliance with regulations, standards and laws on design and construction. Projects developed by Hai Phat Invest use architectural materials and plans suitable to local factors in compliance with Vietnamese standards and industry standards. With experienced project management and development team, construction engineers and architects, we are committed to bringing about quality products to customers.

### MANAGEMENT AND OPERATION OF HOUSING PROJECTS

After housing projects are handed over to buyers, we establish apartment management boards and hire PSP management companies to operate until the management board is established. The management board is responsible for supporting residents in daily activities in the apartment building and implementing security, fire prevention, care and refurbishment of the residential landscape.

### NEGOTIATION AND SETTLEMENT OF LOCAL PEOPLE’S COMPLAINTS

All inquiries and complaints from residents will be received and resolved by the Apartment Management Board and Customer Care Department of Hai Phat Invest and PSP management company as soon as the information is verified and checked. Channels to receive information, comments and complaints from residents include hotline phones, emails, survey forms, periodic apartment conferences, customer and group gratitude events, etc.





## LABOR SAFETY AND HEALTH

In the process of developing projects, Hai Phat Invest always strictly adheres to the application of construction industry standards, regulations and laws on labor safety and fire protection throughout the project development process. We hold regular meetings with contractors on the topic and issues of labor safety, fire protection. In 2018, there was no any fatal accident in all projects of Hai Phat Invest.



## WELFARE POLICY

*Employees are the resources and determinants of enterprise development. Hai Phat Invest focuses on building and developing a team of excellent experts in key areas, creating a professional, solidarity and friendly working environment with the following policies and regimes:*

### ENSURING BENEFITS AND EQUALITY FOR EMPLOYEES

Hai Phat Invest manages and evaluates employees according to productivity and work efficiency, bringing fair opportunities for all employees in the process of working, creating conditions for employees to develop their employees to the fullest.

The Company pays attention to the development of human resources through the implementation of quarterly training policies, in order to improve professional knowledge and qualifications for employees. The Company prioritizes recruitment of leadership positions from potential staff.

In Hai Phat Invest, employees are able to work in a professional environment with a reasonable and harmonious welfare regime for the interests of both the company and employees. Working time at Hai Phat Invest is 8 hours/day, 5.5 days/week. Employees are entitled to public holidays, leave, and private leave with full pay as stipulated by the Labor Law.

With the commitment to build a professional working environment, Hai Phat Invest offers a spacious and large working space for the employees. Employees are provided with complete and modern working equipment and entitled to annual health checks. Hai Phat Invest and its member companies attach special importance to building labor regulations in accordance with the provisions of law.

### ALLOWANCES

- Telephone allowance
- Lunch allowance
- Travel allowance

Hai Phat Invest maintains a competitive salary level compared to other companies in the same industry and invests in a system to measure and evaluate the performance, capacity and contribution level of each employee. The payment of social insurance, health insurance, and unemployment insurance is fully implemented in accordance with the law. In addition, Hai Phat Invest regularly reviews and adjusts welfare policies, building more practical remuneration policies for all staff and employees.



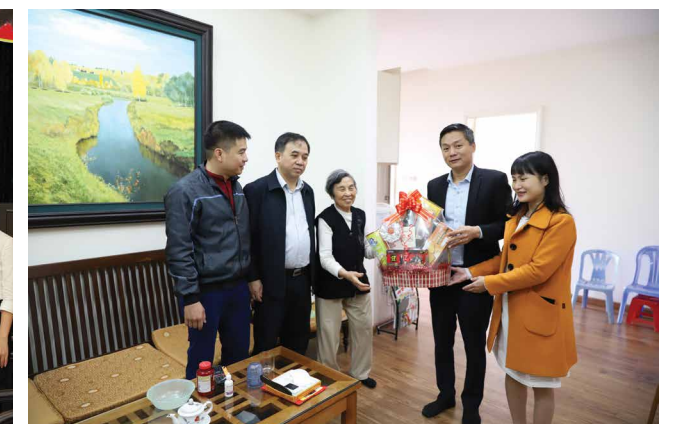
### MAIN WELFARE AND REMUNERATION POLICIES OF HAI PHAT INVEST

- Giving gifts/allowances on special occasions such as birthdays, weddings, births, visits, sickness, and holidays.
- Organizing festival activities, collective activities, organizing staff for picnics, travel and sightseeing programs.
- Setting up a fund to support the staff, employees and their family members in difficult circumstances.
- In addition, Hai Phat Invest has built and applied a reward policy for all employees with good achievements and contributions to the overall performance of the Company.

## TYPICAL SOCIAL ACTIVITIES

*Not only focusing on economic development, every year Hai Phat Invest reserves a part of its profits for community activities with the aim of building an increasingly civilized and richer society.*

- In 2016, the Company held the program “Cap La Yeu Thuong” with the amount of support up to hundreds of millions VND and made the fund for the poor in 2016 with the support amount of VND 10 billion.
- The Company regularly visits and encourages poor patients in difficult circumstances at Ha Dong General Hospital every year.
- The Company supports flood victims in Central Vietnam.
- In 2017, the Company supported the construction of the Great Solidarity Houses for poor households in Hoa Binh Commune, Hoa Binh City, Hoa Binh Province.
- The Company supported the construction of compassion houses for members of the Poor Women Association in Kim Boi District, Hoa Binh Province in 2017.
- The Company offered gifts to disadvantaged children in Ba Ria - Vung Tau Province in 2017.
- The Company supported the Thai Binh Association of Agent Orange Victims in 2016.
- At the neighboring areas of the projects, the Company regularly organizes activities for the local community such as New Year Fair, Spring Fair, Children’s New Year, Mid-Autumn Festival, International Women’s Day (the 8<sup>th</sup> of March), Vietnamese Women’s Day (the 20<sup>th</sup> of October), etc.



## STATEMENT OF THE BOARD OF DIRECTORS

### STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Hai Phat Investment Joint Stock Company presents report together with the Company's audited consolidated financial statements for the year ended 31 December, 2018.

#### THE COMPANY

Hai Phat Investment Joint Stock Company ("The Company") was formerly known as Hai Phat Construction - Tourism Joint Stock Company which was established pursuant to the Business Registration Certificate Joint Stock Company issued by the Department of Planning and Investment of Ha Tay Province on December 15, 2003 and operates under the Business Registration Certificate of Joint Stock Company No. 0500447004 dated 29 April 2011; the fourteenth registered change on January 11, 2019 by the Department of Planning and Investment of Hanoi City.

According to the fourteenth business registration certificate, the Company's charter capital is VND 1,999,963,050,000 corresponding to 199,996,305 shares, par value of a share is VND 10,000.

Company name: **CONG TY CO PHAN DAU TU HAI PHAT**

International transaction name: HAI PHAT INVESTMENT JOINT STOCK COMPANY

Abbreviations: HAI PHAT INVEST

Company's address: Floor 5, Court CT3, The Pride, An Hung New Urban Area, La Khe Ward, Ha Dong District, Hanoi.

The company was approved for listing registration by Ho Chi Minh City Stock Exchange starting from July 2, 2018 with HPX stock code.

#### Consolidated subsidiaries include:

Binh Minh Real Estate Trading Joint Stock Company operates under the Business Registration Certificate of Joint Stock Company No. 4201213767 issued by Khanh Hoa Department of Planning and Investment for the first time on August 28, 2010, registration for the 4<sup>th</sup> change (fourth) on December 15, 2016. In which, Hai Phat Investment Joint Stock Company holds 482,500 shares, equivalent to VND 48,250,000,000 (Forty eight billion two hundred and fifty million dong), accounting for 77.2% of charter capital.

HP Hospitality Nha Trang Co., Ltd. was established and operated under the Business Registration Certificate of a limited liability company with two or more members No. 4201728653 issued by Khanh Hoa Department of Planning and Investment for the first time on February 28, 2017, registration for the 2<sup>nd</sup> change (second) on September 29, 2017. In which, Hai Phat Investment Joint Stock Company holds VND 169,500,000,000 (One hundred and sixty nine billion five hundred dong), accounting for 75% of charter capital.

Chau Son Real Estate Company Limited was established and operated under the Business Registration Certificate of one member limited company No. 0107997443 issued by Hanoi Department of Planning and Investment for the first time on September 20, 2017, registration for the first change on March 26, 2018.

## STATEMENT OF THE BOARD OF DIRECTORS (continued)

### BOARDS OF MANAGEMENT AND DIRECTORS

The Board of Management			
<b>Mr. Do Quy Hai</b>	Chairman		
<b>Mr. Le Tien Hung</b>	Standing Vice Chairman		
<b>Mr. Nguyen Van Phuong</b>	Vice Chairman		
<b>Mrs. Tran Hoai Anh</b>	Member		Dismissed on 27/4/2018
<b>Mrs. Chu Thi Luong</b>	Member		Dismissed on 27/4/2018
<b>Mr. Nguyen Xuan Dong</b>	Independent member		Appointed on 27/4/2018
<b>Mr. Hoang Ve Dung</b>	Independent member		Appointed on 27/4/2018
<b>Mr. Pham Minh Tuan</b>	Member		Appointed on 27/4/2018

The members of the Board of General Directors of the Company who run the business during the period and at the date of this report are as follows:

Board of General Directors			
<b>Mr. Do Quy Hai</b>	General Director		Dismissed on 24/07/2018
<b>Mr. Doan Hoa Thuan</b>	General Director		Appointed on 24/07/2018
<b>Mr. Doan Hoa Thuan</b>	Permanent Deputy General Director		Appointed on 03/03/2018 Dismissed on 24/07/2018
<b>Mr. Le Tien Hung</b>	Standing Deputy General Director		Dismissed on 03/03/2018
<b>Mr. Dao Tien Dung</b>	Deputy General Director		Dismissed on 12/02/2018
<b>Mrs. Tran Hoai Anh</b>	Deputy General Director		
<b>Mr. Pham Minh Tuan</b>	Deputy General Director		Dismissed on 07/08/2018
<b>Mr. Le Viet Dung</b>	Deputy General Director		
<b>Mr. Doan Hoa Thuan</b>	Deputy General Director		Dismissed on 03/03/2018
<b>Mr. Ta Phu Cuong</b>	Deputy General Director		Appointed on 08/02/2018
<b>Mr. Le Tien Dung</b>	Deputy General Director		Appointed on 08/02/2018
<b>Mr. Nguyen Anh Tu</b>	Deputy General Director		Appointed on 04/06/2018 Dismissed on 12/10/2018
<b>Mrs. Phung Thi Hai Van</b>	Deputy General Director		Appointed on 07/08/2018 Dismissed on 12/09/2018

## STATEMENT OF THE BOARD OF DIRECTORS (continued)

### SUBSEQUENT EVENTS

According to the Board of Directors, in the material respects, there have been no significant events occurring after the balance sheet date, affecting the financial position and operation of the Company which would require adjustments or disclosures to be made in the consolidated financial statements the year ended as at 31 December 2018.

### AUDITOR

CPA VIETNAM Auditing Company Limited - An independent member firm of Moore Stephens International Limited, has audited the financial statements for the year ended 31 December 2018.

### BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements of each year, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year. In preparing those consolidated financial statements, the Board of Directors is required to:

- » Selecting suitable accounting policies and then apply them consistently;
- » Make judgments and estimates that are reasonable and prudent;
- » State whether applicable accounting principles 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 Company will continue in business.
- » Establishing and maintaining effective internal control in the preparation of consolidated financial statements to obtain reasonable assurance that the consolidated financial statements are free of material misstatement.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the consolidated financial statements.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the Board of Directors,



Doan Hoa Thuan

General Director  
Ha Noi, March 04<sup>th</sup> 2019

## INDEPENDENT AUDITOR'S REPORT

No: 131/2019/BCKT-BCTCHN/CPA VIETNAM

On the consolidated financial statements of the year 2018 of Hai Phat Investment Joint Stock Company.

**TO: SHAREHOLDERS  
THE BOARDS OF MANAGEMENT AND DIRECTORS  
HAI PHAT INVESTMENT JOINT STOCK COMPANY**

We have audited the accompanying consolidated financial statements of Hai Phat Investment Joint Stock Company prepared on March 04<sup>th</sup>, 2019, presented from pages 104 to page 109 including balance sheet dated 31 December 2018, and the related consolidated statements of income and consolidated cash flows as well as the Notes to the consolidated Financial Statements.

### BOARD OF DIRECTOR'S RESPONSIBILITIES

The Company's Board of Directors is responsible for the preparation and true and fair presentation of the Company's consolidated financial statements in accordance with Accounting Standards, Accounting System of Vietnam Enterprise and the current legal provisions relating to the preparation and presentation of consolidated financial statements, the Board of Directors is also responsible for the internal controls that the Board of Directors determines it to be necessary to ensure the preparation and presentation of consolidated financial statements free of material misstatements due to fraud or errors.

### AUDITORS' RESPONSIBILITIES

Our responsibility is to express our opinion on the Consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnam Auditing Standards. Those standards require that we comply with the standards and regulations of professional ethics, planning and implementation of the audit to obtain reasonable assurance about whether the consolidated financial statements of the Company are free of material misstatements.

An audit includes implementing procedures to gather audit evidence about the data and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or errors. When performing this risk assessment, the auditor has to consider internal control relevant to the Company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate with the actual situation, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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 basis for our audit opinion.

### AUDITOR'S OPINION

In our opinion, the consolidated financial statements, in all material respects, give a true and fair view of the financial position of Hai Phat Investment Joint Stock Company as at 31st December 2018, and the results of its operations and its cash flows for the year ended 31/12/2018 in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and relevant legal regulations relating to preparation and presentation of the consolidated financial statements.



Dinh Van Thang  
Deputy General Director  
Certificate of registration of auditing practice  
No: 1147-2018-137-1

Authorization No. 03/2019 / UQ-CPA VIETNAM dated 02/01/2019 of Chairman of the Board Member For and on behalf of,  
CPAVIETNAM AUDITING COMPANY LIMITED

An independent member firm of Moore Stephens International Limited.  
Ha Noi, March 04<sup>th</sup> 2019

Nguyen Thi Mai Hoa  
Auditor  
Certificate of registration of auditing practice  
No: 2326-2018-137-1

## CONSOLIDATED BALANCE SHEET

As at 31 December 2018

Form B 01 - DN/HN

ASSETS	Code	Note	31/12/2018 VND	01/01/2018 VND
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>3,049,971,860,209</b>	<b>2,598,889,116,493</b>
<b>I. Cash &amp; cash equivalent</b>	<b>110</b>	<b>5.1</b>	<b>415,398,335,863</b>	<b>558,152,493,710</b>
1. Cash	111		353,398,335,863	221,152,493,710
2. Cash equivalent	112		62,000,000,000	337,000,000,000
<b>II. Short-term investment</b>	<b>120</b>	<b>5.2</b>	<b>45,000,000,000</b>	-
3. Held to maturity Investment	123		45,000,000,000	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,349,073,407,261</b>	<b>1,269,907,680,788</b>
1. Receivables from customers	131	5.3	453,494,111,873	149,691,628,306
2. Advances to Suppliers	132	5.4	202,700,797,176	703,184,616,910
6. Other short-term receivables	136	5.5	692,878,498,212	456,031,435,572
7. Short-term allowances for doubtful debts	137		-	(39,000,000,000)
<b>IV. Inventories</b>	<b>140</b>		<b>1,160,948,437,913</b>	<b>697,227,812,455</b>
1. Inventories	141	5.6	1,160,948,437,913	697,227,812,455
<b>V. Other current assets</b>	<b>150</b>		<b>79,551,679,172</b>	<b>73,601,129,540</b>
1. Short-term prepaid expense	151	5.7	76,947,794	68,956,840
2. VAT deductibles	152		58,115,191,742	52,679,335,684
3. Tax and amount receivables from State budget	153	5.15	21,359,539,636	20,852,837,016

## CONSOLIDATED BALANCE SHEET (continued)

As at 31 December 2018

Form B 01 - DN/HN


ASSETS	Code	Note	31/12/2018 VND	01/01/2018 VND
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>4,348,360,319,176</b>	<b>3,977,134,238,738</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>321,000,000,000</b>	<b>52,060,870,000</b>
6. Other Long-term receivables	216	5.5	321,000,000,000	52,060,870,000
<b>II. Fixed asset</b>	<b>220</b>		<b>267,957,885,399</b>	<b>727,972,546,717</b>
1. Tangible fixed assets	221	5.8	205,518,082,449	665,532,743,767
- Historical cost	222		220,074,774,291	682,856,531,536
- Accumulated depreciation	223		(14,556,691,842)	(17,323,787,769)
3. Intangible fixed asset	227	5.9	62,439,802,950	62,439,802,950
- Historical cost	228		62,469,802,950	62,469,802,950
- Accumulated amortization	229		(30,000,000)	(30,000,000)
<b>III. Real estate investment</b>	<b>230</b>	<b>5.10</b>	<b>576,314,815,098</b>	-
1. Historical cost	231		595,258,378,773	-
2. Accumulated depreciation (*)	232		(18,943,563,675)	-
<b>IV. Long-term construction in progress</b>	<b>240</b>	<b>5.11</b>	<b>2,259,009,398,986</b>	<b>2,220,600,781,538</b>
2. Construction in progress	242		2,259,009,398,986	2,220,600,781,538
<b>V. Long-term financial investment</b>	<b>250</b>	<b>5.12</b>	<b>590,730,862,467</b>	<b>540,003,762,758</b>
2. Investment in joint ventures and associates	252		464,182,401,159	387,923,762,758
3. Investments in equity of other entities	253		126,548,461,308	152,080,000,000
<b>VI. Other long-term asset</b>	<b>260</b>		<b>333,347,357,226</b>	<b>436,496,277,725</b>
1. Long-term prepaid expenses	261	5.7	58,326,600,128	40,000,895,313
2. Property tax deferred	262		533,257,098	2,595,382,412
5. Goodwill	269	5.7	274,487,500,000	393,900,000,000
<b>TOTAL ASSET (270 = 100 + 200)</b>	<b>270</b>		<b>7,398,332,179,385</b>	<b>6,576,023,355,231</b>

## CONSOLIDATED BALANCE SHEET (continued)

As at 31 December 2018

Form B 01 - DN/HN

RESOURCES	Code	Note	31/12/2018 VND	01/01/2018 VND
<b>C - LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>4,839,773,750,599</b>	<b>4,487,330,344,107</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>2,470,170,082,838</b>	<b>1,744,147,185,528</b>
1. Account payables to suppliers	311	5.13	374,062,025,578	217,290,366,190
2. Advances from customers	312	5.14	991,250,596,903	4,428,153,988
3. Taxes payable to State Treasury	313	5.15	98,283,432,593	66,865,846,663
4. Payables to employees	314		3,400,840,103	2,673,727,615
5. Accrued expenses	315	5.16	85,068,527,314	112,599,765,178
9. Other payables - short-term	319	5.17	289,231,904,803	1,140,084,201,210
10. Short-term borrowings, bond and finance lease liabilities	320	5.18	617,316,306,840	194,632,987,948
12. Bonus and welfare funds	322		11,556,448,704	5,572,136,736
<b>II. Long-term liabilities</b>	<b>330</b>		<b>2,369,603,667,761</b>	<b>2,743,183,158,579</b>
2. Long-term repayments from customers	332	5.14	382,337,828,378	531,483,401,460
7. Other payables - long-term	337	5.17	339,721,685,091	543,911,379,296
8. Long-term borrowings and finance lease liabilities	338	5.18	1,644,481,432,421	1,667,788,377,823
11. Deferred tax payables	341		3,062,721,871	-
<b>D - OWNER'S EQUITY (400 = 410 + 430)</b>	<b>400</b>		<b>2,558,558,428,786</b>	<b>2,088,693,011,124</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>5.19</b>	<b>2,558,558,428,786</b>	<b>2,088,693,011,124</b>
1. Contributed capital	411		1,999,963,050,000	1,500,000,000,000
- Ordinary shares with voting rights	411a		1,999,963,050,000	1,500,000,000,000
2. Capital surplus	412		60,986,800,000	335,950,000,000
10. Retained earnings	421		483,397,521,785	238,527,808,665
- Retained earnings of previous period	421a		1,705,531,873	3,209,293,581
- Retained profits for the current year	421b		481,691,989,912	235,318,515,084
13. Non-controlling shareholder interest	429		14,211,057,001	14,215,202,459
<b>TOTAL EQUITY (440 = 300 + 400)</b>	<b>440</b>		<b>7,398,332,179,385</b>	<b>6,576,023,355,231</b>

  
 Preparer  
 Ta Thi Hoan  
 Ha Noi, March 04<sup>th</sup> 2019

  
 Chief Accountant  
 Pham Huy Thong


  
 General Director  
 Doan Hoa Thuan

## CONSOLIDATED STATEMENT OF INCOME


For the year ended 31 December 2018

Form B 02 - DN/HN

ITEMS	Code	Note	Year 2018 VND	Year 2017 VND
1. Revenues from sale of goods and provision of services	01	5.20	2,019,623,990,873	1,080,467,398,252
2. Revenue deductions	02		-	-
3. Net revenue (10 = 01 - 02)	10		2,019,623,990,873	1,080,467,398,252
4. Cost of goods sold	11	5.21	1,525,775,265,443	797,246,871,292
<b>5. Gross profit from sales of goods and services (20 = 10 - 11)</b>	<b>20</b>		<b>493,848,725,430</b>	<b>283,220,526,960</b>
6. Financial incomes	21	5.22	246,335,973,066	306,951,473,732
7. Financial expenses	22	5.23	11,798,180,202	28,883,470,280
- In which: Interest expenses	23		11,798,180,202	28,867,153,361
8. Gain (Loss) in joint ventures and associates	24		(555,051,574)	162,451,395
9. Selling expenses	25		34,516,629,221	59,730,666,439
10. General and administration expenses	26		113,743,243,389	89,490,732,427
<b>11. Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>	<b>30</b>		<b>579,571,594,110</b>	<b>412,229,582,941</b>
12. Other incomes	31	5.24	20,671,536,641	1,237,218,427
13. Other expenses	32	5.24	1,652,774,024	10,576,879,055
<b>14. Profit from other activities (40 = 31 - 32)</b>	<b>40</b>	<b>5.24</b>	<b>19,018,762,617</b>	<b>(9,339,660,628)</b>
<b>15. Accounting Profit before tax (50 = 30 + 40 + 45)</b>	<b>50</b>		<b>598,590,356,727</b>	<b>402,889,922,313</b>
16. Current income tax expenses	51	5.25	143,791,012,051	80,317,038,920
17. Deferred tax income (expenses)	52		2,529,464,773	(2,595,382,412)
<b>18. Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>452,269,879,903</b>	<b>325,168,265,805</b>
19. Profit after tax for shareholders of parent company	61		452,274,025,361	325,182,591,958
20. Non-controlling interest	62		(4,145,458)	(14,326,153)
20.1. Basic earning per share	70	5.26	2,239	2,044

  
 Preparer  
 Ta Thi Hoan  
 Ha Noi, March 04<sup>th</sup> 2019

  
 Chief Accountant  
 Pham Huy Thong

  
 General Director  
 Doan Hoa Thuan

## CONSOLIDATED STATEMENT OF CASH FLOW

(Indirect method)

For the year ended 31 December 2018

Form B 03 - DN/HN

No.	ITEMS	Code	Note	Year 2018 VND	Year 2017 VND
1		2	3	4	5
<b>I</b>	<b>Cash flows from operating activities</b>				
1	Profit before tax	1		598,590,356,727	402,889,922,313
2	<b>Adjustments for</b>				
	- Depreciation and amortisation	2		17,514,991,421	11,305,820,825
	- Allowance and provision	3		(39,000,000,000)	(10,000,000,000)
	- Profit/Loss from investing activities	5		(245,838,114,617)	(37,452,850,228)
	- Interest expenses	6		11,798,180,202	28,867,153,361
3	<b>Operating profit before changes in working capital</b>	8		343,065,413,733	395,610,046,271
	- Changes in receivables	9		(326,763,816,372)	(1,319,761,166,267)
	- Changes in inventories	10		(463,720,625,458)	205,651,293,844
	- Changes in payables	11		(88,388,901,973)	606,226,942,921
	- Changes in prepaid expenses	12		98,016,082,360	(9,802,845,172)
	- Interest paid	14		(11,798,180,202)	(27,854,142,695)
	- Income tax paid	15		(113,293,856,387)	(65,466,913,869)
	- Other payments for operating activities	17		(647,350,000)	(61,600,000,000)
	<b>Net cash flows from operating activities</b>	20		(563,531,234,299)	(276,996,784,967)
<b>II</b>	<b>Cash flows from investing activities</b>				
1	Payment for addition to fixed assets and other long-term assets	21		(174,600,518,205)	(1,705,042,837,255)
2	Proceeds from disposals of fixed assets and other long-term assets	22		2,432,454,546	-
3	Payment for granting loans, purchase of debts instruments of other entities	23		(45,000,000,000)	-
5	Payment for investments in other entities	25		(34,864,852,507)	(186,505,208,052)
6	Proceeds from sales of investment in other entities	26		263,260,000,000	712,356,106,257
7	Receipts of interest and dividends	27		10,173,619,128	315,341,100,515
	<b>Net cash flows from investing activities</b>	30		21,400,702,962	(863,850,838,535)


## CONSOLIDATED STATEMENT OF CASH FLOW (continued)

(Indirect method)


For the year ended 31 December 2018

Form B 03 - DN/HN

No.	ITEMS	Code	Note	Year 2018 VND	Year 2017 VND
1		2	3	4	5
<b>III</b>	<b>Cash flows from financial activities</b>				
1	Proceeds from issuance of shares and receipt of contributed capital	31		-	635,950,000,000
3	Proceeds from borrowings	33		2,253,845,333,358	1,884,150,903,878
4	Payment for settle loans principals	34		(1,854,468,959,868)	(1,084,282,822,189)
	<b>Net cash flows from financial activities</b>	40		399,376,373,490	1,435,818,081,689
	<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	50		(142,754,157,847)	294,970,458,187
	<b>Cash and cash equivalents at the beginning of the year</b>	60		558,152,493,710	263,182,035,523
	Effect of exchange rate fluctuations on cash and cash equivalents	61		-	-
	<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	70		415,398,335,863	558,152,493,710

  
Preparer  
Ta Thi Hoan  
Ha Noi, March 04<sup>th</sup> 2019

  
Chief Accountant  
Pham Huy Thong

  
General Director  
Doan Hoa Thuan







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