

**SUBMISSION FOR APPROVAL No. 03**  
**12<sup>TH</sup> ANNUAL GENERAL MEETING – 2016**

***2016 Employee Stock Ownership Plan and  
2016 – 2020 Incentive policy for Board of Management***

- Pursuant to the Enterprise Law No. 68/2014/QH13 dated on 26/11/2014;
- Pursuant to the Securities Law No.70/2006/QH11 dated on 29/06/2006;
- Pursuant to the Amendment of Securities Law No. 62/2010/QH12 dated on 24/11/2010;
- Pursuant to the Charter of Cotec Construction JSC – COTECCONS;

Based on 2015 business performance and development plan within the five-year period 2016-2020, Board of Director of Cotec Construction Joint Stock Company submits 2016 ESOP Plan and Incentive policy for Key staffs during 2016 - 2020 to the Annual General Meeting for approval, details are as follows:

**I. 2016 Employee Stock Ownership Plan:**

Based on 2015 business performance, Board of Directors proposes to the Annual General Meeting ESOP plan in order to motivate employees who have contributed their hard work and determination towards the achievement of outstanding business results during the year, details of this issuance are as follows:

- Share name: (Cotec) Construction Joint Stock Company share.
- Share type: Ordinary share.
- Par value: 10,000 VND/share.
- Amount of issued shares: 2,339,540 shares (equivalent to 5% of existing shares)  
*In which:*
  - 1,169,770 shares (equivalent to 2.5% of existing shares) have been approved by 2015 Annual General Meeting given that actual 2015 business performance exceeds 40% of plan.
  - 1,169,770 newly issued shares (equivalent to 2.5% of existing shares) subject to 2016 Annual General Meeting approval given outstanding 2015 business performance (79% growth in revenue and 103% growth in profit compared to 2014).
- Issue price:
  - 1,169,770 shares will be issued at 42,000 VND/share (equivalent to 60% of book value at December 31<sup>st</sup>, 2015)
  - 1,169,770 shares will be issued at 70,000 VND/share (equivalent to 100% of book value at December 31<sup>st</sup>, 2015)
- Total share value at par value: 23,395,400,000 VND.
- Beneficiaries: key employees depending on work position, contribution level to Company development, qualifications, capabilities, length of service at Coteccons (minimum 5 years). Specific list will be approved by Board of Director. Remaining unsold ESOP shares will be sold to other key employees in the list according to BOD decision.

- Trading restriction: all of ESOP shares will be restricted from trading 2 years since issuance date. Dismissal from work caused by violation of Company regulations or job changing to another company (outside Coteccons Group) within trade restriction time will result in the recall of ESOP shares at a price equal to the issuance price. Key employees owning ESOP are entitled to full rights and benefits as other ordinary shareholders (except for the trading right within restriction time).
- Board of Directors is authorized to select appropriate issue time and perform procedures relating to the issuance including:
  - Preparing a specific list of key employees entitled to purchase ESOP shares, the amount of ESOP shares each employee is allowed to purchase and selling price (chosen from 2 selling prices above) for each selected buyer.
  - Registering and reporting ESOP issuance result with the State Securities Commission of Vietnam.
  - Registering for the depository and additional listing of all newly issued shares in accordance to regulations of Vietnam Securities Depository and Ho Chi Minh City Stock Exchange.
  - Performing necessary procedures with Ho Chi Minh City Department of Planning and Investment to register for Charter Capital change on Business Registration Certificate and to amend Charter based on the new Charter Capital.
  - Selecting consulting firm for and performing other necessary procedures relating to the share issuance.

## II. 2016 – 2020 Incentive policy for Board of Management:

In order to provide motivation and encouragement to employees in working towards long term development of the Company, Board of Director proposes Incentive policy for Board of Management to the Annual General Meeting; this policy is based on annual business performance in five-year period from 2016 to 2020 as follows:

- a. Incentive value:** 6% profit after tax of parent company's shareholders plus 20% of difference in actual and planned profit after tax, given that profit of that year must exceed the one of the previous year.

*For example: In 2016, profit after tax plan is 800 Billion,*

- *If actual profit after tax is 850 Billion then the incentive value will be:  $850 \text{ Billion} * 6\% + 20\% (850 - 800) = 51 + 10 = 61 \text{ Billion}$ .*

- b. Incentive method:** Issue new shares for key employees under the following principles:

**i. Number of issued shares:** Will be calculated based on the value of incentive value (calculated in item (a) above) divided by share book value at the most recent year according to audited financial statements.

*For example: According to the above example, if incentive value is 61 Billion and book value as at 31 December 2016 is 80,000 VND, the number of ESOP shares is:*

*Number of issued shares =  $61,000,000,000 / 80,000 = 762,500 \text{ shares}$*

**ii. Issue price:** From 60% - 100% of book value in the audited financial statements of the most recent year to issue time. Board of Director is authorized to set the appropriate price based on actual situation at the issuance time.

**iii. Beneficiaries:** Key employees selected by Board of Management.

**iv. Distribution of shares:** This will depend on the contribution level of each key employee and will be approved by Board of Management and Board of Directors.

The number of issued shares for key employees of the Company will be determined after the financial statements are audited. The Annual General Meeting delegates to BOD the performance of necessary procedures in issuing the shares for employees according to the above principles.

The above points are submitted for review and approval at the Annual General Meeting

*Ho Chi Minh City, 31 March, 2016*

**ON BEHALF OF BOARD OF DIRECTORS**

**Chairman**

**Mr. Nguyễn Bá Dương**