

**SUBMISSION FOR APPROVAL**

**15<sup>TH</sup> ANNUAL GENERAL SHAREHOLDERS MEETING – 2019**

**Ref: General contents to be submitted to the Annual General Shareholders Meeting**

- 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; and Amendment of Securities Law No. 62/2010/QH12 dated on 24/11/2010;
- Pursuant to the Charter of Coteccons Construction JSC;

Board of Directors of Coteccons Construction Joint-Stock Company proposes the following key points to the Annual General Shareholders Meeting (hereinafter called “AGM”) for approval as follows:

**CONTENT NO. 1: Business Performance in 2018**

The AGM is proposed to approve Board of Directors’ Report, Board of Managements’ Report, Board of Supervisors’ Report and 2018 Audited Financial Statements of Coteccons. Summary of 2018 business results is as follows:

No	Description	Currency	Amount
1	Net revenue from sales of goods and provision of services	VND	28,560,857,297,395
2	Profit before tax	VND	1,872,974,285,564
3	Profit after tax of parent company’s shareholders	VND	1,510,407,549,274
4	Total assets	VND	16,823,061,946,342
5	Owner’s equity	VND	7,962,493,198,894

**CONTENT NO. 2: 2018 Profit distribution and fund allocation**

Profit distribution is proposed to the AGM as follows:

No.	Description	Currency	Amount
<b>1</b>	<b>Total retained earnings</b>	<b>VND</b>	<b>1,604,291,002,386</b>
1.1	- Retained earnings of 2017	VND	93,883,453,112
1.2	- Retained earnings of 2018	VND	1,510,407,549,274
<b>2</b>	<b>Fund allocations and Dividend payments</b>	<b>VND</b>	<b>1,286,421,619,000</b>
2.1	Remuneration (bonus and welfare) Fund (5%)	VND	75,520,000,000
a	In which: Record at mother company	VND	57,516,000,000
b	Record at the Unicons	VND	18,004,000,000
2.2	Bonus for Board of Management and key staff (follow the incentive policy)	VND	0
2.3	Investment & Development Fund (65%)	VND	981,765,000,000
a	In which: Record at mother company	VND	581,765,000,000
b	Record at the Unicons	VND	400.000.000.000
2.4	Dividend is 30% per share (3,000 VND/Share)	VND	229,136,619,000
<b>3</b>	<b>Remaining profit after distribution</b>	<b>VND</b>	<b>317,869,383,386</b>

The AGM is proposed for cash dividend payment at 30% par value as approved in the last AGM (equivalent to 3,000 VND/share) in 2 Quarter of the year 2019.

**CONTENT NO. 3: Report on Remuneration for Board of Directors, Board of Supervisors in 2018**

The AGM has set 2018 Remuneration for Board of Directors and Board of Supervisors members at 0.75% of 2018 Profit after tax of Parent company's shareholders. Therefore, Board of Directors report total remuneration of Board of Directors, Board of Supervisors in 2018 of VND 11,220,000,000.

**CONTENT NO. 4: Selection of audit firm for the financial year of 2019**

The AGM is proposed to delegate to Board of Directors to select one among the big four international audit firms in Vietnam (PwC, EY, KPMG, Deloitte), who was accepted by State Securities Commission of Vietnam, to be the audit firm for Cotecons in financial year of 2019.

**CONTENT NO. 5: Plan for Remuneration for Board of Directors and Board of Supervisors in 2019**

It is requested to the AGM to approve the Remuneration for Board of Directors and Board of Supervisors members in 2019 to be 0.5% of consolidated profit after tax (of financial year 2019) belonging to shareholders of parent company.

Chairman of The Board of Directors is authorized to decide specific remunerations for each member and reports at the next AGM.

**CONTENT NO. 6: Approval on process of share swap to own 100% of Ricons****1. Schedule to deploy the share swap with Ricons**

Pursuant to Article 7 of Resolution No. 01/2018/NQ-ĐHCD dated 2/6/2018 of the 2018 Annual Shareholders General Meeting, the plan to acquire affiliated companies into the Company will be discussed and implemented strictly once it is approved by this AGM. The Board of Directors of Cotecons reports on the work plan and schedule to swap shares of Ricons Construction and Investment Joint Stock Company as follows:

**Step 1:** Cotecons works with the Board of Directors and the Board of Management of Ricons to assess its financial status and potential to expand business through the acquisition of Ricons.

**Step 2:** Presenting and analyzing about benefit for Cotecons when issuing shares to swap with Ricons shares, and requesting this Cotecons AGM to vote on process of shares swap plan.

**Step 3:** Board of Directors of Ricons present and request Ricons' 2019 AGM to vote principle on share swap plan.

**Step 4:** If the works in Step 2 and 3 above are all approved, Cotecons Board of Directors will seek official resolution for detail shares swap plan by Extraordinary General Shareholder Meeting or by collecting written opinions.

**Step 5:** Ricons Board of Directors request shareholders to vote for official resolution on shares swap plan by Ricons' Extraordinary General Shareholders Meeting or by collecting written opinions.

**Step 6:** After the works in Step 4 and 5 above are all approved, Cotecons shall issue shares and swap with Ricons shares.

**2. Approval on the frame plan of issuing shares to the public to swap all shares of Ricons Construction Investment Joint Stock Company.**

Following the Step 2 of above schedule, and after hearing the Consultant presentation analyzing on the swap plan, The Board of Directors requests the Cotecons AGM to approve the principle contents to issue Cotecons shares to swap for Ricons shares, details as follows:

## 2.1 Purpose of issuance

Coteccons Construction Joint Stock Company will register to issue additional ordinary shares to the shareholders of Ricons in order to exchange for all the current shares of Ricons (except for the Ricons shares currently owned by Coteccons) on the basis of the exchange rate approved by the AGM of the two Companies.

After share swap, Coteccons will own 100% of Ricons and transform Ricons from a Joint- Stock company into the one member limited company under Article 197 of the Enterprise Law. The acquisition Ricons will help Coteccons create a competitive advantage in scale, increase the capacity of implementing large projects and mega projects, and improve revenue and profit of the Company.

## 2.2 Issuance plan

- Type and par value of issued shares: Ordinary shares, par value of VND 10,000/share.
- Ticker symbol: CTD.
- Method of issuance: Coteccons to issue CTD share to shareholders of Ricons Company to exchange (swap) for Ricons shares they owned.
- Swap ratio: The official swap ratio will be determined and approved by AGM after having valuation report of the reputable valuation consultant company (by selecting one among PwC, EY, KPMG, Deloitte company).
- Number of CTD shares expected to be issued: shall be determined after having official swap ratio approved by AGM of two Companies.
- Issuance time: expects to be in 2019-2020, after being approved by the General Meeting Shareholders of two companies and agreed by the State Securities Commission of Vietnam.

## 2.3 Works related to the issuance of CTD shares to swap stocks with Ricons

The AGM authorizes the Board of Directors to prepare the necessary procedures to carry out the issuance of new shares, share swap deal and submit it to the AGM for approval in Extraordinary General Shareholders Meeting or by collect written opinions of Shareholders, including the following works:

- Selecting a reputable valuation consultant (one among PwC, EY, KPMG, Deloitte) to determine the official swap ratio to ensure the interests of the shareholders of the two companies.
- Preparing a swap contract expected to be signed between Coteccons and Ricons.
- Preparing the draft Charter of Coteccons Construction Joint Stock Company and the Charter of Ricons after the shares swap.
- Selecting a securities company to consult the issuance of Coteccons shares to do the swap procedures.
- Determining and proposing the transfer restriction (if any) for issued shares to swap in accordance with current regulations.
- Preparing procedures prescribed by the Government Departments or Office (SSC, Stock Exchange, Depository Center, Department of Planning and Investment ...) for the purpose of issuance of shares above, and submit to the Extraordinary General Shareholders Meeting or by collect written opinions of Shareholders for approval before implementation.

**CONTENT NO. 7: Approval on incentive value and incentive method for business result of 2018**

Based on the business results achieved in 2018 and the Incentive policy for Board of Management (for period 2016-2020) following Resolution of the 13th AGM No. 01/2017/ĐHCĐ dated 29/06/2017 the Board of Directors reports to the AGM about the incentive value as follows:

1. The ratio of incentive: 4% of profit after tax.
2. The incentive value:  $4\% * \text{VND } 1,510,407,549,274 = \text{VND } 60,416,301,971$  (rounded VND 60,416,000,000).
3. Incentive method: Issuance of **572,500 shares** of Cotecons sell to key staff (ESOP).

#### **CONTENT NO. 8: 2019 Employee Stock Ownership Plan (ESOP)**

According to Content No. 7 above, Board of Director of Cotecons Construction Joint Stock Company submits AGM the 2019 Employee Stock Ownership Plan (ESOP) for key staff, details are as follows:

- Share name: Share of Cotecons Construction Join Stock Company share.
- Share type: Ordinary share.
- Par value: 10,000 VND/share.
- Number of issued shares: **572,500 shares**, equivalent to 0.75% of total number of shares in circulation.
- Total share value at par value: VND 5,725,000,000.
- Suggested issuance price: **VND 64,000 /share** (equivalent to 60% of share book value of the 31/12/2018).
- Beneficiaries: Key employees depending on work position, contribution level to Company development, qualifications, capabilities, length of service at Cotecons and its subsidiaries (where Cotecons own at least 51% capital). Their tenures must be 5 years at least. Specific list will be proposed by the Board of Management and approved by the Board of Directors. The remaining unsold ESOP shares, due to refusal to buy from employee, will be sold to other key employees in the list according to Board of Directors decision.
- Transaction 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 Cotecons and Unicons or any other subsidiary of Cotecons in which Cotecons owns more than 51% at the time when the employee was moved) within transaction 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 transaction right within restriction time). The recalled ESOP shares shall be sold to other key employees according to Board of Directors decision at the original issuing price.
- Using the capital from the issuance: providing additional current capital for business operation
- AGM agrees the ESOP issuance above and authorizes Board of Directors to select appropriate time and perform related procedures to issue ESOP shares, including:
  - Approval on the list of key employees entitled to purchase ESOP shares, the amount of ESOP shares each employee is allowed to purchase based on the allocation and propose by Board of Management.
  - Registering and reporting ESOP shares issuance result to 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, choosing the suitable time for and performing other necessary procedures relating to the share issuance.

**CONTENT NO. 9: Business Plan and Profit Distribution Plan 2019**

**1. Consolidated Business plan for 2019**

No.	Description	Currency	Perform 2018	Target 2019	Compare to 2018
1.	Consolidated revenue	Billion VND	28,561	27,000	94.5%
2.	Consolidated profit after tax	Billion VND	1,510	1,300	86.1%

**2. Plan for distribution of 2019 Profit after tax of Parent company**

No.	Description	Proportion
1.	Remuneration Fund	5%
2.	Investment & Development Fund	65%
3.	Dividend	30% (VND 3,000/share)

**CONTENT NO. 10: Approval on Corporate Governance Regulation**

Current Corporate Governance Regulation was issued on 1/6/2013. Base one the recent Decree 71/2017/ND-CP dated 6/6/2017 providing guidance on corporate governance for public companies, the Board of Directors submits to the AGM for discussion and approval the amendment of Corporate Governance Regulation (*details as attachment*).

**CONTENT NO. 11: Amendment of Company's Charter**

Base on the changes in legislation and demand of Company's operation, Board of Directors submits to the AGM for discussion and approval the amendment of Company's Charter (*details as attachment*).

Respectfully request AGM to discuss and approve on the above contents.

Ho Chi Minh City, date 29/03/2019

**ON BEHALF OF BOARD OF DIRECTORS**

Chairman 



**Mr. Nguyen Ba Duong**