



DARE TO LEAD

ANNUAL REPORT 2017



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ANNUAL REPORT COTECCONS 2017

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ABBREVIATIONS

Company : Coteccons Construction Joint Stock Company

Coteccons: Coteccons Construction Joint Stock Company

AGM : Annual General Meeting of Shareholders

BOD : Board of Directors

BOM : Board of Management

BOS : Board of Supervisors

CEO : Chief Executive Officer

HOSE : Hochiminh Stock Exchange

BIM : Building information modelling

R&D : Research and development

D&B : Design and build

CTA : Coteccons Academy

HCMC : Ho Chi Minh City

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CHAIRMAN'S FOREWORD



Coteccons has joined the list of a few contractors in the world who have the ability to take on super high-rise projects.



Dear Shareholders,

As stated by international financial institutions, the year of 2017 was one of immense success for Vietnam Economy with feats including achieving the highest GDP growth of 6.81% in the last 10 years, attaining macroeconomic steadiness and managing inflation rate at a reasonable level. The construction industry, in particular, had achieved a growth of 8.7%, making it one of the key drivers to the further development of our national economy, and Coteccons, together with other



Coteccons continued to reinforce its leading position by ranking at the top of the Vietnamese contractors for the seventh time in a row, generating a total revenue of VND 27,153 billion in 2017, rising by 31% in comparison to the previous year. Moreover, Coteccons is one of few companies listed to achieve a profit of over VND 1,000 billion on the stock exchange.

construction companies, takes pride in having contributed to this common cause and the subsequent success of the industry in particular and of the whole nation in general.

Maintaining the steady development from the last several years, Coteccons continued to reinforce its leading position by ranking at the top of the Vietnamese contractors for the seventh time in a row, generating a total revenue of VND 27,153 billion in 2017, rising by 31% in comparison to the previous year in which the Design & Build model continues to be Coteccons' strength by contributing approximately 40% to the total revenue, justifying its outstanding design capability as a worthy addition to the Company's reputation of The Best Construction Contractor in Vietnam. Moreover, Coteccons is one of few companies listed to achieve a profit of over VND 1,000 billion on the stock exchange. Furthermore, in the previous year, we had successfully built the roof of The Landmark 81 Project 45 days ahead of schedule, putting Coteccons' name on the list of the few contractors in the world who have the ability to take on high-rise projects.

Our mindset of relentless improvement and optimization of the management system has paved the way for the establishment of many new functional units including the Internal Audit Board, the Coteccons Academy, and the appointment of the Secretariats, in addition to focusing on real-estate opportune investment for a more steady flow of profit, and ultimately a more sustainable growth and development of Coteccons.

To Our Dearest Shareholders,

The year of 2018 will be a fairly challenging one when the real-estate market has shown signs of slowing down and the competitiveness in the construction industry is growing more aggressive. With that in mind, Coteccons shall tirelessly implement further daring innovations, all for the ultimate goals of our shareholders' sustainable development and increased long-term benefits. Moreover, the Company shall focus on nurturing and training its workforce, which is Coteccons' greatest asset. After the Landmark 81 Project, we shall ensure our continuous construction of many more high-class buildings, assisting in changing the society's outlook and further actively contributing to the development of our nation.

Our Shareholders' continuous companionship is one of the key factors for Coteccons' to successfully meet these objectives and follow the strategies predetermined hereof. On behalf of the entire staff of Coteccons, I would like to take this opportunity to express our deepest gratitude to our Shareholders. Coteccons looks forward to receiving further valuable support from all Shareholders in our future conquest of new heights.

Yours faithfully,

Nguyen Ba Duong
Chairman

OVERVIEW

Proudly to be the nation's leading contractor in the construction field, capable of constructing projects of National and international scale, Coteccons always takes its prestige and quality as a benchmark for its brand value, hence gaining trust from both national and international investors. All our projects are high in aesthetic and technical standard and reasonable in price, offering values to the investors and stakeholders, and affirming Coteccons' relentless striving for better development.







COMPANY INFORMATION

- ◆ Vietnamese name: **CÔNG TY CỔ PHẦN XÂY DỰNG COTECCONS**
- ◆ English name: COTECCONS CONSTRUCTION JOINT STOCK COMPANY
- ◆ Name in short: COTECCONS
- ◆ Business Registration Certificate: 0303443233 issued for the 1st time by Ho Chi Minh City Department of Planning and Investment on August 24, 2004.
- ◆ Chartered capital : VND 783,550,000,000 (Seven hundred eighty-three billion five hundred fifty million Viet Nam Dong)
- ◆ Address: 236/6 Dien Bien Phu, Ward 17, Binh Thanh Dist., Ho Chi Minh City
- ◆ Phone:(84 - 28) 3 5142255/66
- ◆ Fax: (84 - 28) 3 5142277
- ◆ Email: contact@coteccons.vn
- ◆ Website: www.coteccons.vn
- ◆ Name of trading stock: Shares of Coteccons Construction Joint Stock Company
- ◆ Stock symbol: CTD



CORE BUSINESSES

- ♦ **Main activities:** Construction all kinds.
- ♦ **Production of concrete and products from cement and plaster:** Manufacture of construction structures; construction materials (not produced at the head office).
- ♦ **Production of mining and construction machinery:** Manufacture of construction machinery and equipment.
- ♦ **Installation of other construction systems:** Installation of non-electrical equipment, irrigation systems, heating or air conditioning systems or industrial machinery for construction and for civil facilities; Installation of industrial equipment for the construction and for civil facilities such as elevator, escalator, automatic doors, lighting system, vacuum system, sound system, equipment for entertainment.
- ♦ **Electrical system installation:** Installation of mechanical-electric-refrigeration system.
- ♦ **Non-classified financial consultancy services:** Investment consultancy (except for financing, accounting and law).
- ♦ **Construction of railway and infrastructures:** Construction and repair of civil and industrial works, technical infrastructures for urban and industrial areas, traffic works, irrigation works; Construction of water supply and drainage works, environmental treatment.
- ♦ **Building public works.**
- ♦ **Other civil engineering works:** Construction of civil and industrial works, technical infrastructure of urban and industrial areas, irrigation works.
- ♦ **Demolition, site preparation.**
- ♦ **Installation of water supply, drainage, heating and air conditioning** (except installation of refrigeration equipment (i.e. freezing equipment, frozen warehouse, ice making machines, air conditioning, water cooling) using refrigerated gas R22 in seafood processing sector and except mechanical processing, waste recycling and electroplating).
- ♦ **Constructional finishing.**
- ♦ **Other specialized construction:** Repairing civil and industrial works, technical infrastructure of urban and industrial areas, traffic works, irrigating works.
- ♦ **Specialized design activities:** Interior decoration.
- ♦ **Leasing of machinery, equipment and other tangible assets:** Leasing of construction machinery, equipment, spare parts and technology chain for construction or construction material production.
- ♦ **Wholesale and retail of machinery, equipment and other spare parts:** Wholesale and retail of construction machinery, equipment, spare parts, technology chain for construction or construction material production.
- ♦ **Wholesale and retail of construction materials and equipment:** Wholesale and retail of construction machinery, equipment and construction materials.
- ♦ **Architectural and consultancy activities:** The overall layout design; Architectural design of civil and industrial projects; Interior and exterior design; Design of heat supply, ventilation, air conditioning system for civil and industrial works; Mechanical and electrical system; Design of civil and industrial projects; Design of urban technical infrastructure.
- ♦ **Other specialized wholesale and retail:** not elsewhere classified: Import and export of iron, steel, constructional frameworks, materials, constructional equipment and machineries, machinery spare parts, plants and machineries for producing constructional equipment and materials.



VISION, MISSION AND CORE VALUES

VISION

To become a world-class construction company, a typical enterprise of Vietnam in the 21st century.

MISSION

Based on its prestige, quality and customer satisfaction for brand value measurement, Coteccons' mission is to provide well-qualified products, i.e. constructions with high efficiency in time, technology and art to our clients and at the same time, to contribute to the changes in society appearance through our works.

CORE VALUES

TRANSPARENCY

Transparency is well-focused in every activity, from management, cooperation to benefit.

CREATIVITY

Coteccons puts a strong emphasis on non-stop creation and improvement of quality control system in response to increasingly high demand from customers.

COMMITMENT

Coteccons proactively proposes solutions for better performance than earlier commitments.

CONSCIENTIOUSNESS

Coteccons strives to work with high sense of passion, enthusiasm and responsibility.

COOPERATION

Mutual cooperation results in success.





HISTORY OF ESTABLISHMENT AND DEVELOPMENT

2004



TRANSFORMING TO A JOINT STOCK COMPANY

Coteccons transformed its operating model into a joint stock company in accordance with Resolution No. 1242/QĐ-BXD dated 30 July 2004 of the Ministry of Construction with charter capital of VND 15.2 billion.

2006



ESTABLISHMENT OF UNICONS

Coteccons pushes its strategy to focus on the large project segments while maintaining and enhancing its market share in the mid-size segment through contributing capital to establishing Uy Nam Investment Construction Joint Stock Company (Unicons).

Coteccons holds 27% of Unicons's initial total charter capital.

2007



INITIAL PUBLIC OFFERING (IPO)

In order to improve corporate governance image and raise more capital for implementing big projects, Coteccons issued shares to the public attracting many big foreign investors such as Dragon Capital, Indochina Capital, Tainan Spinning Co.

Coteccons is a Vietnamese pioneer in researching and applying successfully the Top-down method to accelerate progress while still maintaining good quality of the whole work.

2009



LISTING COTECCONS' SHARES

Coteccons invested 100% for the Commencement and Construction of Coteccons Office Building at 236/6 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City.

In compliance with the Decision No. 155 / QD-SGDHCM dated December 9, 2009, Coteccons' shares were officially listed on the Ho Chi Minh City Stock Exchange (HOSE) marking a new milestone in the history of Coteccons. The number of shares initially listed was 12 million and CTD was named for the stock symbol.

2010



COTECCONS OFFICE BUILDING PUT INTO OPERATION

Coteccons Office Building was constructionally completed and put into operation. The new office meets the needs for premises and operation facilities, bringing Coteccons a new position in the market.

Moreover, Coteccons' Representative Office was also opened in Ha Noi, creating an outstanding step into the Northern Viet Nam market.

2011



WARDED GOLDEN CUP FOR THE VIET NAM CONSTRUCTION QUALITY

It was a great honour for Coteccons to receive the Golden Cup for the Viet Nam Construction Quality. Ministry of Construction.

Signing contract as General Contractor for the Grand Ho Tram - Casino Project, the largest complex resort project in Viet Nam and in the Southeast Asian countries with 100% foreign-invested capital from Asian Coast Development Limited (ACDL-Canada). Coteccons was the first ever Vietnamese General Contractor to be in charge of building and managing other overseas subcontractors from Japan, Singapore, China and etc.



HISTORY OF ESTABLISHMENT AND DEVELOPMENT

2012



2nd PRIVATE PLACEMENT OFFERING FOR STRATEGIC SHAREHOLDERS

Shares were issued for strategic shareholders for the second time. Despite the economic downturn and the stock market decline, Coteccons still succeeded in negotiating and signing a strategic cooperation agreement with strategic shareholders and mobilized over VND 500 billion.

2013



INCREASE OWNERSHIP AT UNICONS UP TO 51.24%

Signing contract for international project of SC VivoCity - District 7 with Saigon Co.op Investment Corporation (Viet Nam) and Mapletree (Singapore) as the Employers. The total contract value was around VND 1,200 billion.

Coteccons increased the ownership at Uy Nam Investment Construction JSC (Unicons) considerably to 51.24%.

2014



SIGNING THE FIRST MEGA D&B PROJECTS - A REMARKABLE DEVELOPMENT OF COTECONS' D&B

Performing many D&B projects such as Masteri Thao Dien, worth more than VND 3,300 billion, is the strong and large scale foundation, setting motivation for other Employers to trust and appoint Coteccons other D&B models such as Regina factory phase 1,2,3 (approximately VND 1,250 billion).

2015

**MOMENTUM FOR
MERGER AND
ACQUISITION STRATEGY**



3,604,530 shares were issued to swap the entire number of shares of Uy Nam Investment Construction Joint Stock Company (Unicons) so that the percentage of Coteccons' ownership in Unicons has reached 100%.

The year of 2015 marked the highest growth rate in terms of revenue and within 11 years of operation, reaching a growth rate of nearly 80% over 2014.

Many substantial D&B contracts signed and executed with new Employers such as: The Gold View, T&T Vinh Hung, Duc Viet Resort ...

Many large project contracts valued at over VND 1,000 billion were consecutively signed: TimesCity ParkHill, Vinhomes Central Park, Worldon and etc.

2016

**REMARKABLE GROWTH AND
MOBILIZE MORE CAPITAL FOR
SUSTAINABLE DEVELOPMENT**



The year 2016 continued to mark a milestone in Coteccons' economic development. The Company's revenue reached VND 20,783 billion, increasing by 52%. Profit increased 113% compared with that of 2015, reaching the level of VND 1,422 billion.

Coteccons surpassed many foreign contractors to win over the bid of The Landmark 81 project, the highest building in Vietnam and the 10th highest building in the world and signing many D&B projects.

Shares were issued for strategic shareholders successfully and raised VND 1,762 billion, increasing the Company's charter capital to VND 770.5 billion.

In terms of technical development, Coteccons has achieved remarkable improvements by the completion of many challenging projects such as the basement of The Landmark 81 and The Spirit of Saigon. Moreover, application of BIM has successfully realized in several projects.

2017

**CHANGING THE
MANAGEMENT MODEL AND
INVESTMENT EXPANSION**



Coteccons contributed capital to set up Covestcons Co., Ltd (chartered capital of VND 1,872 Billion) for the purpose of investing in real estate, hence making the business be more diversified as well as increasing the Company's profit.

In 2017, the Company elected the new Board of Directors and Board of Supervisors for the term of 2017-2022 and changed the management model followed the international standard model, in which the Chairman no longer cum the position of CEO of the Company.

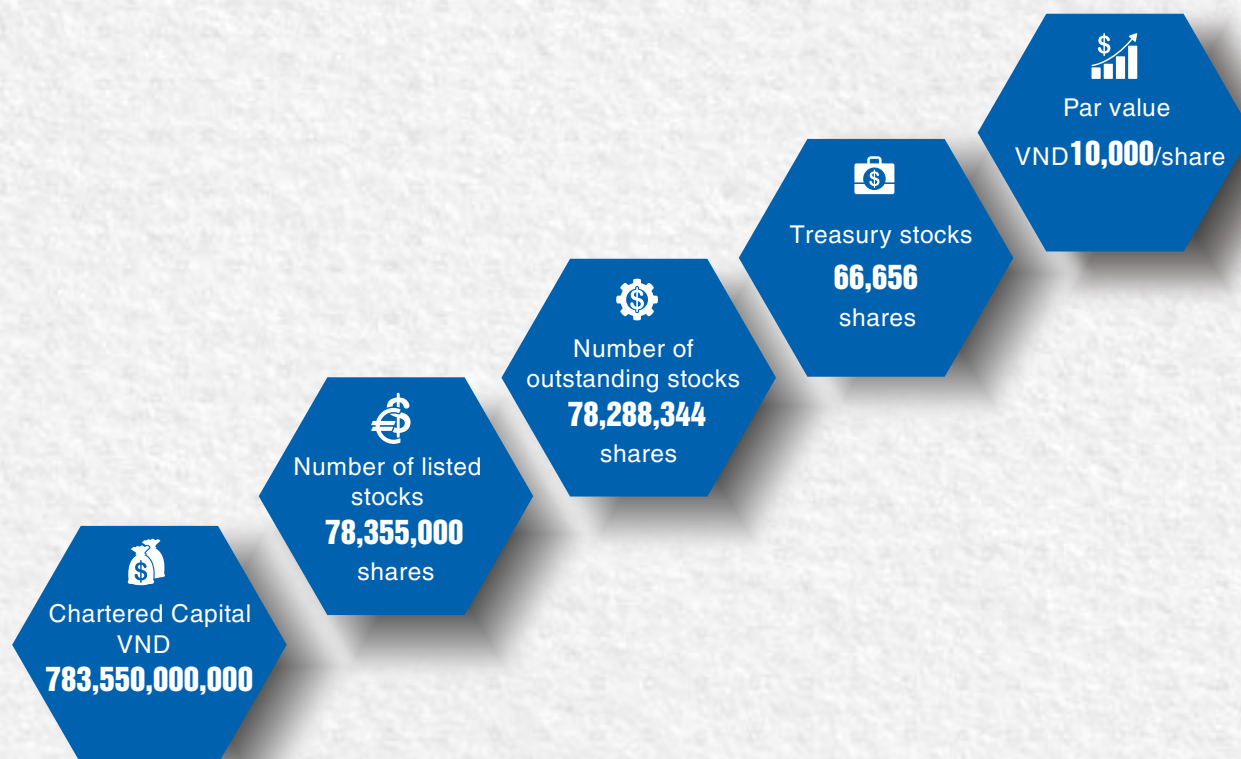
In terms of operation, there were many the memorable milestones marked in the Company history such as winning contract of Nam Hoi An Complex Project, Vinfast Factory... and topping out the Landmark 81 Tower prior to the schedule 2 months.



STOCK INFORMATION AND SHAREHOLDERS STRUCTURE

As per the list of the shareholders closed on 06/04/2018

STOCK INFORMATION

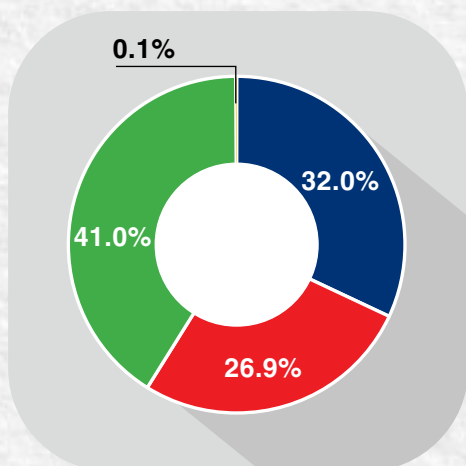


SHAREHOLDER STRUCTURE BY NATIONALITY AND SIZE

No.	Type of shareholder	Local			Foreign			Total number of shares	Total ownership ratio
		Number of shareholders	Number of shares	Ownership ratio	Number of shareholders	Number of shares	Ownership ratio		
1	Municipals	-	-	0.0%	-	-	0.0%	-	0.0%
2	Owners of 5% or above	1	11,192,652	14.3%	1	13,906,666	17.7%	25,099,318	32.0%
3	Owners of 1-5%	7	11,916,347	15.2%	6	9,133,769	11.7%	21,050,116	26.9%
4	Owners of 1% or below	4,493	21,979,219	28.1%	331	10,159,691	13.0%	32,138,910	41.0%
5	Treasury stocks	1	66,656	0.1%	-	-	0.0%	66,656	0.1%
	TOTAL	4,502	45,154,874	57.6%	338	33,200,126	42.4%	78,355,000	100%

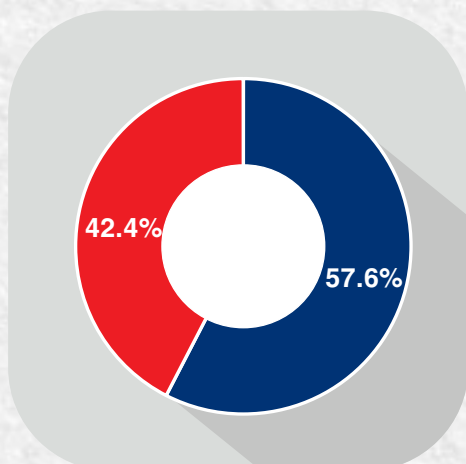
SHAREHOLDERS STRUCTURE BY INSTITUTIONAL AND INDIVIDUAL

No.	Shareholder Structure	Number	Number of stocks	Percentage
1	Treasury Stocks	1	66,656	0.1%
2	Domestic shareholders	4,501	45,088,218	57.5%
2.1	Organizations	75	14,116,959	18.0%
2.2	Individuals	4,426	30,971,259	39.5%
3	Foreign shareholders	338	33,200,126	42.4%
3.1	Organizations	110	31,708,521	40.5%
3.2	Individuals	228	1,491,605	1.9%
	TOTAL	4,840	78,355,000	100%



EQUITY STRUCTURE BY OWNERSHIP SCALE

- Owners of 5% or above
- Owners of 1-5%
- Owners of 1% or below
- Treasury stocks



EQUITY STRUCTURE BY DEMOGRAPHIC FACTORS

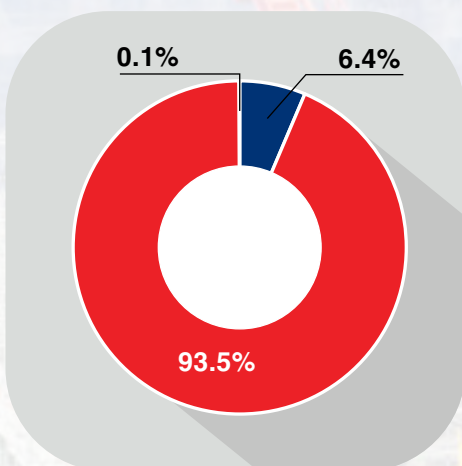
- Domestic shareholders
- Foreign shareholders



STOCK INFORMATION AND SHAREHOLDERS STRUCTURE

SHARES STRUCTURE BY TRADABLE STATUS

No.	Type of share	Number	Proportion on charter capital	Time of restriction
I	Restricted shares	5,032,790	6.4%	-
1	Shares issued for Key Personnels of Coteccons (ESOP) 2015 (after revocation)	909,000	1.2%	from 05/08/2015 to 05/08/2018
2	Swap shares of Unicons issued for Key Personnel (Unicons' ESOP) 2015	335,250	0.4%	from 04/12/2015 to 24/07/2018
3	Shares issued for Key Personnels of Coteccons (ESOP) 2016 (after revocation)	2,035,040	2.6%	from 25/08/2016 to 25/08/2018
4	Shares issued for Key Personnels of Coteccons & Unicons (ESOP) 2017	1,305,000	1.7%	from 10/01/2018 to 10/01/2020
5	Redistributed ESOP revoked shares to Key Personnels	448,500	0.6%	from 02/02/2018 to 01/02/2020
II	Freely tradable shares	73,255,554	93.5%	-
III	Treasury shares	66,656	0.1%	-
	TOTAL		100%	-



STOCK CLASSIFICATION BY CONVERTIBILITY

- Restricted stocks
- Freely convertible stocks
- Treasury stocks

MAJOR SHAREHOLDERS

No.	Name	Address	Number of shares	Percentage
1	Nguyen Ba Duong	68A Hoang Hoa Tham Street, Ward 7, Binh Thanh District, HCMC	3,831,654	4.9%
2	Thanh Cong Trading and Investment MTV Ltd.	Level 1, Sailing Building, 111A Pasteur, Ben Nghe Ward, District 1, HCMC	11,192,652	14.3%
3	Kustocem Pte. Ltd.	80 Raffles Place, #32-01 UOB Plaza 1 Singapore 048624	13,906,666	17.7%



BUSINESS AREAS

Coteccons focuses on the following areas:

SOUTHERN VIET NAM

Ho Chi Minh City, Hau Giang, Long An, Binh Duong, Vung Tau, Tay Ninh, Dong Nai, Binh Phuoc, Phu Quoc, Can Tho, Kien Giang...

CENTRAL VIET NAM

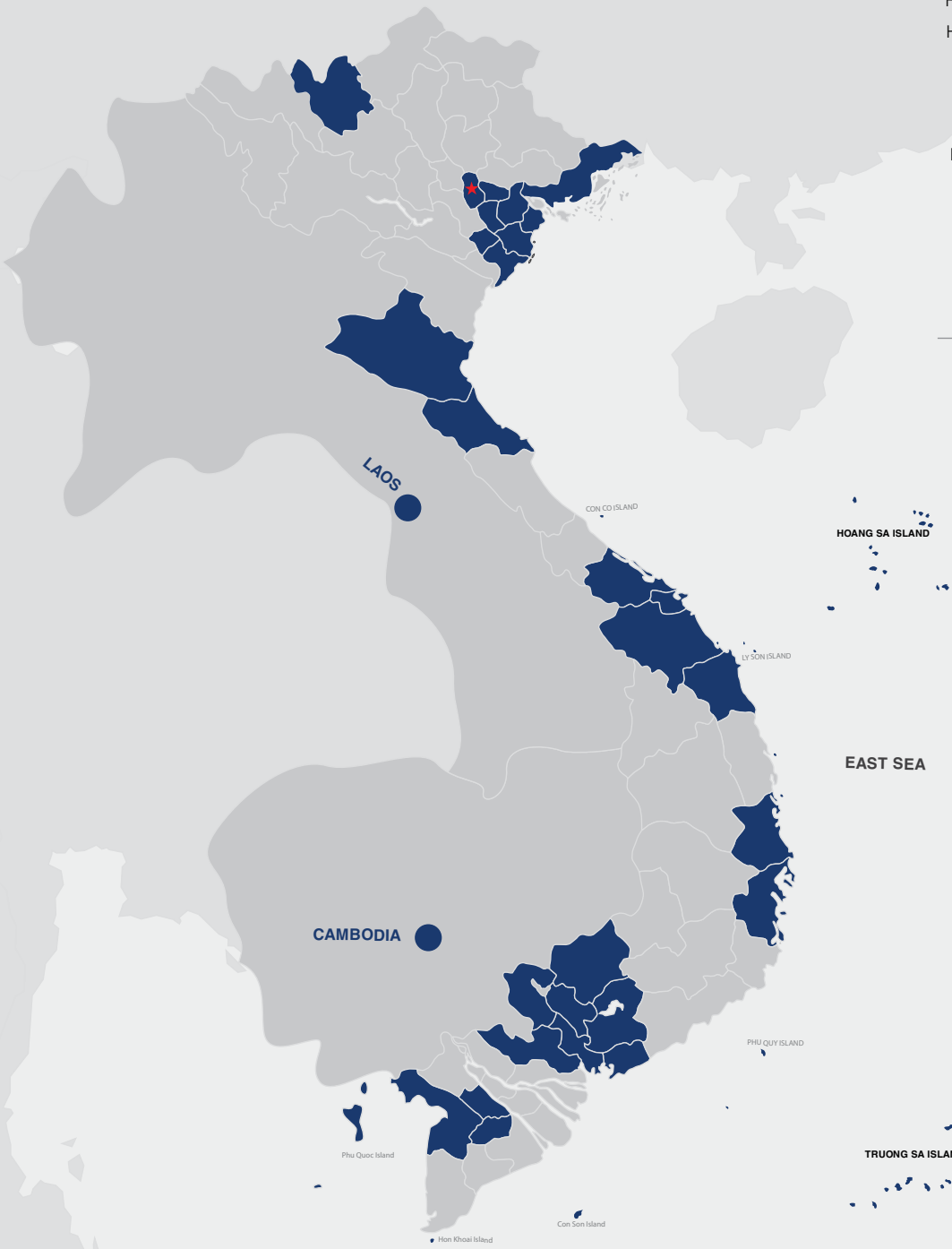
Da Nang, Quang Nam, Nghe An, Quang Ngai, Khanh Hoa, Phu Yen, Hue, Ha Tinh...

NORTHERN VIET NAM

Ha Noi, Bac Ninh, Ha Nam, Quang Ninh, Hai Phong, Lao Cai, Hung Yen, Thai Binh, Nam Dinh...

PROVINCES HAVING COTECCONS PROJECTS

- | | |
|------------|-------------------|
| Ha Noi | Quang Nam |
| Lao Cai | Quang Ngai |
| Bac Ninh | Phu Yen |
| Quang Ninh | Khanh Hoa |
| Hai Duong | Binh Phuoc |
| Hai Phong | Tay Ninh |
| Hung Yen | Binh Duong |
| Ha Nam | Dong Nai |
| Thai Binh | Ba Ria - Vung Tau |
| Nam Dinh | Ho Chi Minh City |
| Nghe An | Can Tho |
| Ha Tinh | Hau Giang |
| Hue | Long An |
| Da Nang | Kien Giang |
| | Phu Quoc |





SUBSIDIARY AND ASSOCIATES



One of the competitive advantages of Coteccons when handling mega projects is the effective support from its subsidiaries and associates. With the goal of co-developing for new successes, Coteccons and its subsidiaries and associates will share experiences, wisdom and new technologies. In addition, investments into subsidiaries, joint ventures, and affiliates also open up opportunities for Coteccons to expand its market share and diversify its business. Those companies are important factors for maintaining the current position of Coteccons as well as for the sustainable development of Coteccons in the future.

UNICONS INVESTMENT CONSTRUCTION CO., LTD

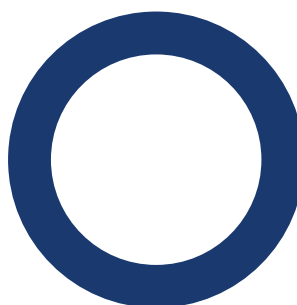
Address: Floor 5 - 6, 236/6 Dien Bien Phu, Ward 17, Binh Thanh Dist., Ho Chi Minh City.

Chartered capital: VND 94.5 billion.

Coteccons' ownership ratio: 100%

Unicons was established in 2006 as a joint stock company, with current authorized capital of VND 94.5 billion. In 2016, after many times of increasing ownership ratio, Coteccons officially acquired 100% of Unicons' authorized capital. Unicons main business line is construction.

Strengthened by a team of talented professionals who are young and dynamic with the spirit of constantly improving the management system, contributing to creating a professional and scientific working environment. Inheriting from and enhancing the achievements of Coteccons, together with the effort from their own experience and core values, after more than 12 years of operation, Unicons has confirmed its position in the market by always remaining in the Top largest private construction companies in Viet Nam with an average annual growth rate of over 20%. Over the past years, Unicons has been a



COTECCONS' OWNERSHIP RATIO

100%

major force devoting substantially to Coteccons' involvement in all the sites, from the North to the South of Viet Nam, from large to medium-scale projects. These greatly contribute to the outstanding growth of Coteccons not only at present but also in the future.

Business results in the year 2017

Revenue:	VND 7,778 billion
Profit after tax:	VND 451 billion
Total assets:	VND 3,260 billion
Equity:	VND 1,055 billion



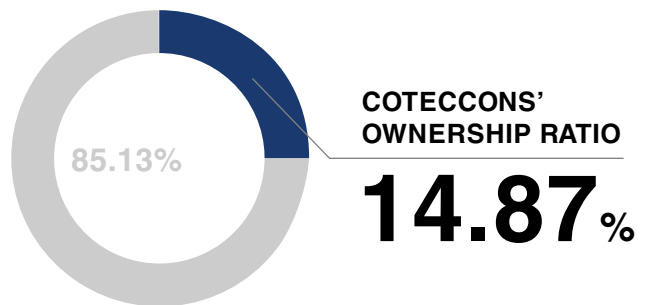
**RICONS INVESTMENT
CONSTRUCTION JOINT STOCK
COMPANY**

Address: 236/6 Dien Bien Phu, Ward 17, Binh Thanh Dist., Ho Chi Minh City.

Chartered capital: VND 305 billion.

Coteccons' ownership ratio: 14.87%

Established in 2004, Ricon's initial primary business activity was investing in development of real estate projects. There are many Ricons's outstanding works bringing about good impression today, including Botanic Towers and Saigon Pavillon. By the year of 2008, Ricons expanded its business to construction with a range of projects ranging from design to construction management in many forms such as: apartments, hotels, resorts, large-scale industrial plants. In recent years, together with the continuous improvement of management system, facilitating modern equipment and training human resources for construction, Ricons also looked into the re-energizing real estate intermediary, construction materials trading. This not only brings in new income for Ricons, in particular, and Coteccons, in general, but also creates a great advantage for Coteccons



when bidding or implementing the design and construction projects. Coteccons, along with Unicons and Ricons, have provided a closed service to employers ranging from design, construction to sales consultancy. This is the big advantage which hardly can any domestic contractors be up to.

Business results in the year 2017

Revenue:	VND 6,562 billion
Profit after tax:	VND 360 billion
Total assets:	VND 2,616 billion
Equity:	VND 767 billion



SUBSIDIARY AND ASSOCIATES

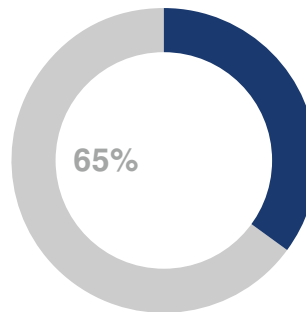
FCC INFRASTRUCTURE INVESTMENT JOINT STOCK COMPANY

Address: 2nd Floor, CEO Tower, Pham Hung Street, Nam Tu Liem Dist., Ha Noi.

Authorized capital: 280 billion.

Coteccons' ownership ratio: 35%

FCC's main business field is to build infrastructure, civil and industrial works, road construction, and public utility. From 2014, the FCC has started to implement the investment project to build the National Highway 1 section which avoids Phu Ly City and reinforced road surface section Km215 + 775 ÷ Km235 + 885, Ha Nam province in the form of BOT contract worth more than VND 2,000 billion.



COTECCONS'
OWNERSHIP RATIO

35%

COVESTCONS LTD CO.

Address: 236/6 Dien Bien Phu, Ward 17, Binh Thanh Dist., Ho Chi Minh City.

Authorized capital: VND 1,872 billion.

Coteccons' ownership ratio: 100%

Covestcons was established in mid-2017 with the initial chartered capital of VND 26 billion for the mission of researching and implementing investment activities for Cotecccons, thereby diversifying Cotecccons businesses and increasing Cotecccons profit. In August 2017, the Cotecccons' Board of Directors decided to raise Covestcons's chartered capital to VND 1,872 billion.



COTECCONS'
OWNERSHIP RATIO

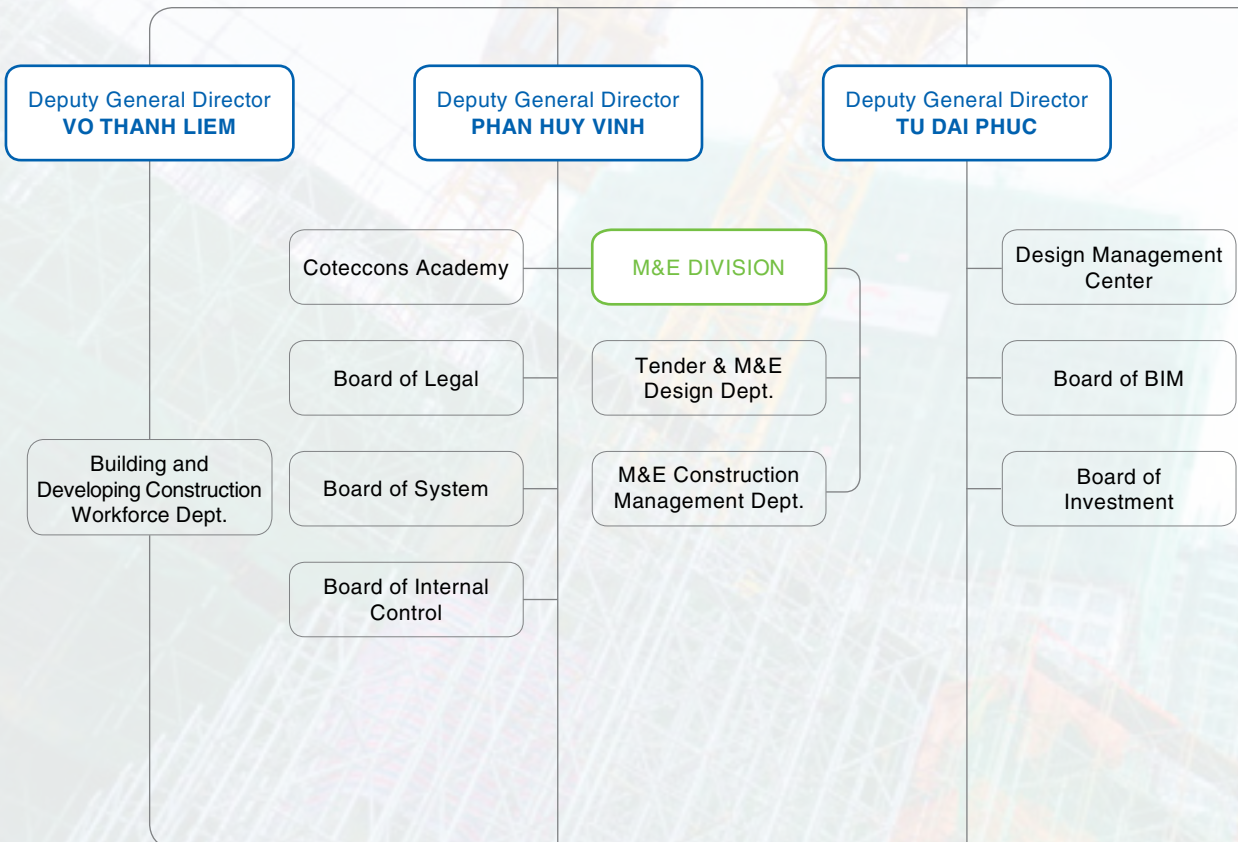
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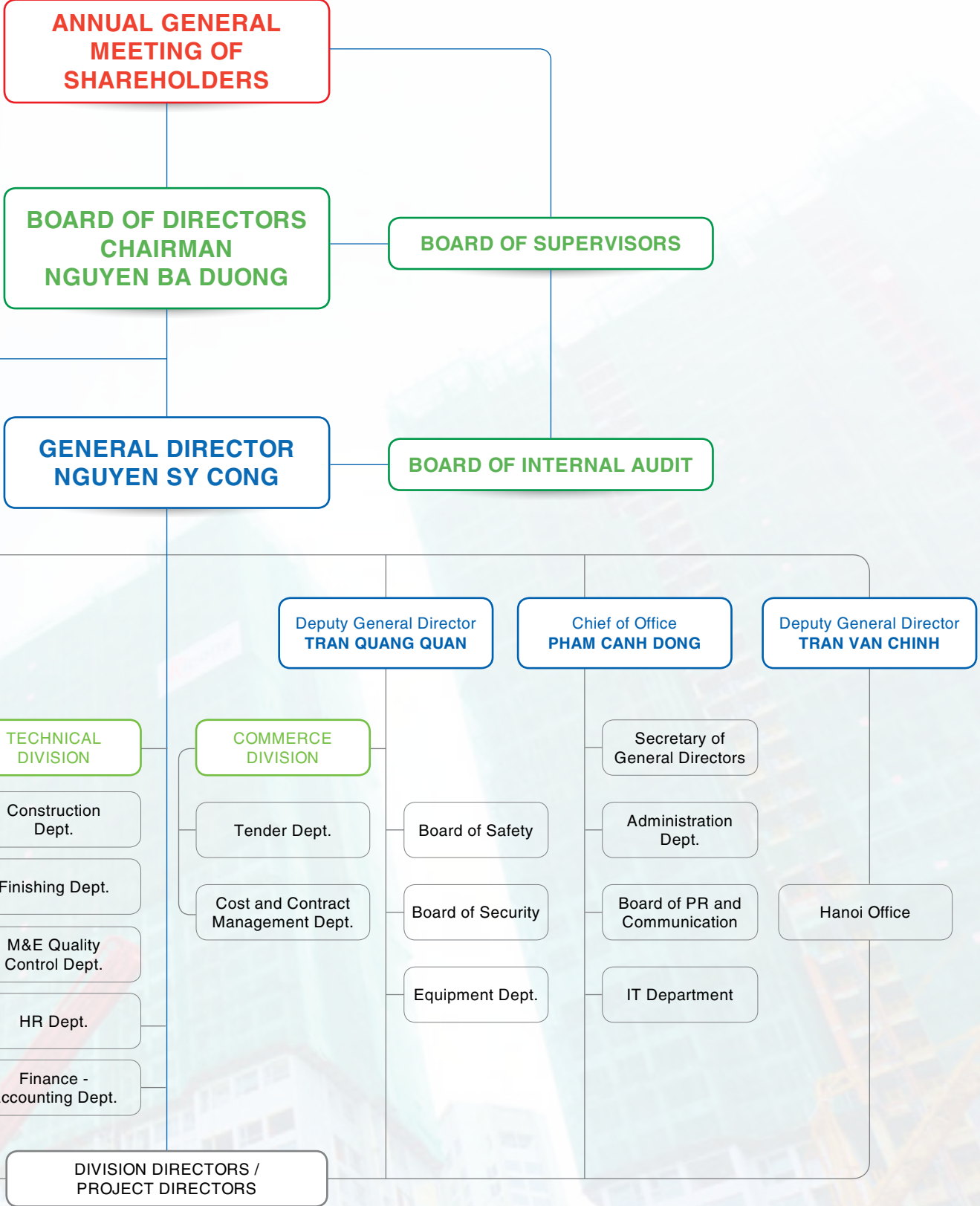




ORGANIZATIONAL STRUCTURE

SECRETARY OF BOD



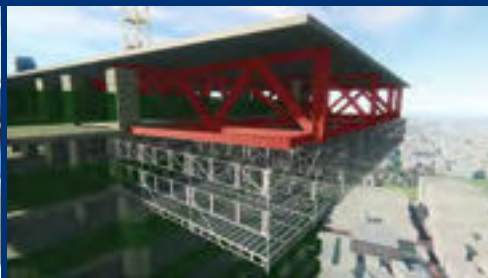


SITE MANAGEMENT BOARD



PIONEERING THE FUTURE

Pioneering the research and application of modern construction model; Pioneering the search for, the training, the nurture and the employment of high performers; and Pioneering the application of management technique and construction technology have allowed Cotecons to optimize project quality, guarantee occupational health and safety and save harm to the environment. Cotecons' outstanding pioneering spirit and construction capacity have been manifested by the nation wide projects completed in magical speed and setting many new records.







THE LANDMARK 81 - LEADING CONSTRUCTION TECHNIQUE



The Landmark 81 is a complex infrastructure with 141,000 m² of platform in total which comprises facilities such as hotels, serviced apartments, officetels, shopping malls, restaurants, bars and observation floor. Standing at the height of 461m with 81 floors, this building is located at the heart of Vinhomes Central Park condominium, right on Saigon riverbank. The Landmark 81 was constructed by top renowned contractors, with Atkins in charge of architectural design, Arup of building structure and Aurecon of MEP construction and facade, among which Coteccons, with great honor, was chosen as the General Contractor, responsible for pile foundation installation, basement body construction and basic completion of the project.

SPECIAL REQUIREMENTS OF THE PROJECT/ THE INVESTORS

Upon investment, The Investor - Vingroup Corporation and the Project Management Consultancy - Mace had proposed quite a number of special requests for the skyscraper such as tight schedule, labor safety, strict management, construction of the biggest base in Vietnam and 2nd biggest in the world for modern skyscraper (with sheer volume of concrete up to 17,000 m³), equipment that guarantees the void floors at the height of 300m, and well control on the shrinkage of concrete due to its shrinking nature, pressure created by weight, weather condition and the high-altitude environment, etc.

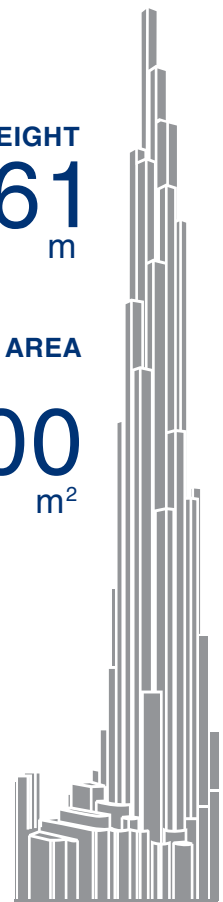
In order to fulfil all those requirements and be chosen by the Investor as the General Contractor among other worldwide renowned contractors, Coteccons, with thorough preparation in terms of resources, equipment, contractor documents and sufficient construction measures, had absolutely no doubt, whether prior or during the project, thus gaining total confidence from the Executive Board of Vingroup Corporation and Mace in the selection process for this ultimate project of great importance.

Being selected for the General Contractor position is, to some extent, a solid proof that in more than 15 years of development, Coteccons has always been sincerely and consistently accompanying the Investors and counselling many reasonable architectural designs with efficient cost while, in the face of adversities, finishing ahead schedule innumerable projects with exceeding quality across the nation.

HEIGHT
461
m

GROSS FLOOR AREA

141,000
m²





SOME OF THE “BEST” OF THE PROJECT

- ◆ Cotecons constructed the largest basement fundament in Vietnam and 2nd largest in the world, using 17,000 m³ of concrete and 5,000 tons of steel to make 3,000 m² of fundament with 8.4m thickness.
- ◆ Cotecons constructed the tallest building of Vietnam, standing at Top 10 of the world with 461m height upon completion.
- ◆ The project had the longest period of time without work accidents, with more than 9 million safe hours (As of December 31st 2017).
- ◆ The construction of the body of the building employed such most advanced technology as Kum Kang sliding formwork from Korea, sliding scaffolding from Germany and 24-tonne Potain Crain from France.
- ◆ All actions strictly followed the measures of construction to guarantee the aesthetic, quality as well as the progress for the structure, until being roof topped, the project was 45-day ahead of schedule, compared to that of the contract.

CHALLENGES OVERCOME

During construction, although the design blueprint was regularly updated according to the requests of the Investors, the whole progress of the project still had to be guaranteed as the initial agreement, which required the Project Management Team to always be prepared to cope with even the smallest change; thus, under

no circumstances did the progress surpass 3 days per platform. In addition, the higher the structure, the more severely wind and other weather factors affect the construction, requiring the Project Management Team to make appropriate adjustment responsive to different conditions.

THE LANDMARK 81 IN COTECONS' MISSION

Being a world-class project, The Landmark 81 marked the greatest achievement in Cotecons history, affirming its construction and management capacity in large-scale projects, which is also the most obvious proof of intensive hardwork, effort and determination of Cotecons to bring about significant improvements with the aim of creating solutions and adding values beyond initial agreement.

Undergoing more than 1,000 days and nights of construction, Cotecons has proved its place as the top contractor in Vietnam, perfectly capable of performing projects involving skyscrapers on a universal level. With immense attempt and resolution, Cotecons takes pride in establishing the foundation, forming and making breakthroughs in Vietnam construction industry, thus enhancing the image and position of Vietnam to another level.

The Landmark 81 has partially contributed to the actualization of the Company's vision: Develop Cotecons into a world-class company, a leading economic drive of Vietnam in the 21st century.



D&B - PIONEER MODEL



In the hope that the Investors can receive a complete package, from idea generation to product completion handover which is able to be put immediately into operation with optimal time and efficient cost yet still functions probably while, at the same time, having probable functions and synchronized and appropriate designs at the very beginning. With meticulous preparation, in December 2013, the Design Management Center was established, bearing the strategic mission to study, develop and put into practice the Design & Build model, which has not only met immediately customers' needs ever since, but also created revolutionary and distinctive products, profoundly imprinted with Coteccons' brand.

Initially, it was a matter of great difficulty to persuade the Investors to entrust Coteccons with D&B project. In usual Bid & Build model, each project requires at least 3 independent units supervising each other, including the Design unit, the Contractor and the Project Management unit. That the Investors agrees to apply D&B model in a project means the contractor is concurrently held responsible for the tasks of the two remaining units, thus raising a complicated issue of convincing them to believe in Coteccons' design ability, quality and progress of the construction while the Company is in charge of all the work. Nevertheless, thanks to the credit of top contractor whose Board of Management is sincere, staff is young, devoted, talented and the management system is transparent, some Investors still daringly "placed their bet" on Coteccons.

With D&B model in Coteccons, some stages are standardized, leading to efficiency enhancement in equipment usage, boosting negotiation competence when purchasing materials and specialized products. The strong interaction between the design and construction department in the same company has helped generating many creative design ideas more suitable with the current construction techniques, and elevating work safety and project quality. During construction, changes in terms of design gains high consensus between the design department and the project management team whereas closed information in the same system is processed fast and timely, thanks to which the cost is cut down and the progress



REVENUE D&B IN 2017
VND 10,400
BILLION



is shortened by 20%, contributing to the improvement of the Company’s profit and, more importantly, the enormous benefits brought about for the Investors and consumers.

After 5 years of study, development and implementation, Coteccons has now mastered the D&B model, claiming to be the pioneer in applying D&B in Vietnam, and is becoming more and more proactive in the design field through establishing strategic partnerships with more than 40 worldwide renowned design consultancies, namely Tange (Japanese), WATG (USA), PTW, Aurecon (Australia), Haskoning (the Netherlands), NQH, PACE, ACONS and ACE (Vietnam), along with founding Concept Design Team in 2017 to accelerate the process of idea generation and model formation.

At present, Coteccons is constructing more than 40 D&B projects of various types throughout the country, including premium apartments, low-rise housing, resorts, hotels, condotels, office buildings, shopping malls, schools, industrial infrastructures, etc., which brought in the revenue up to VND 10,400 billion in 2017, accounting for 39% of total revenue of the Company.

Some highlights in 5-year execution of D&B model are as follows:

	2013	2014	2015	2016	2017
Revenue (billions VND)	2,000	3,000	5,000	8,300	10,400
Typical Project	Masteri Thao Dien; Regina...	Everich Ininity; Worldon...	Goldview; Diamond Lotus; M-One Tan Kieng...	Sol-beach House Resort; Masteri Millennium...	D’capitale; Gainlucky; Kosmo Tay Ho...

Despite having achieved success to a certain degree, Coteccons, in 2018, continues to opt for strong amelioration with an aim to upgrade D&B model to another level, guaranteeing to meet the highest expectations from the Investors and customers.



LEADING IN TRAINING ACTIVITY



Revenue has been the consistent strategy that Coteccons has always been committed to. Being conscious of the vital role of staff training in this period of transformation. In 2017, the training division was separated and developed into a training center - Coteccons Academy (CTA), whose main mission is planning and implementing training strategies for Coteccons' human resources and other affiliates operated directly under the General Director of the Company.

Upon establishment, CTA proactively cooperated with other departments and construction sites to form internal lecturer force, precious "intellectual assets" for building training contents and programmes, while, at the same time, enhanced their teaching ability. In a short period of time,

a majority of managers was able to take the role of a lecturer, enthusiastically teaching and sharing through various activities in classes such as group discussions, intellectual games, presentations, field trips, practices, etc. Besides, through collaboration with famous training



partners including PACE, DALE CANERGIE and FRANK COVEY had helped CTA incorporate the most up-to-date knowledge about management into the programmes.

Moreover, it was the management team of the Company, from the Chairman to the General Director and Deputy General Directors, who were dedicated teachers with burning desire to impart invaluable experience regardless of success or failure to the juniors, through sessions that always fired the crowded participants up, thus becoming a great source of motivation for CTA as well as sparking learning and self-study culture in Coteccons.

With great investment in training, Coteccons is one, among a handful of construction companies in Vietnam, to take the initiative in standardizing the staff competence through internal training, combining with the international



fundamental knowledge following precisely 4 main fields: technical knowledge, managerial skills, leadership and business ethics, which is a similarity shared between Coteccons' training strategy and advanced training models in the USA and Europe with the view to bridging the gap between academic knowledge and taught competencies and practical competencies necessary for daily tasks of engineering executives at construction sites.





PIONEERING THE SEARCH, THE NURTURE AND THE EMPLOYMENT OF HIGHER PERFORMERS



Recruitment of “input” personnels is the foundation on which a sufficient team of quality workers to perform well on the Company’s manufacturing process is built. With the policy of “**High-quality Personnels’ Recruiting and Remunerating**”, Coteccons always welcomes high potential workers who are high-flyers with intellectual strength, good ethics and a passion for the Company. The recruitment procedure strictly follows a set guideline, ensuring transparency and impartiality so as to select the most suitable candidates on all areas of qualification, capability and ethics for the Company.

PERSONNEL’S COMPETENCES

As mentioned, until December 31st 2017, there were a total of 2,540 personnels in which 86.44% are of higher education whereas administrative personnels account for 7% of Coteccons’ total workforce. Most of selected workers are graduated engineers, architectures, bachelors from prestigious universities with high academic performance. In addition, the Company also flavors recruit graduates from famous, oversea universities, experienced workers and foreign specialists.

ON A WHOLE, THE TOTAL NUMBER OF PERSONNELS UP TO DECEMBER 31ST 2017 WAS



2,540
PERSONNELS



COLLABORATION WITH LEADING UNIVERSITIES

The year of 2017 is the third year in a row that Coteccons continues its strategic cooperation program with leading universities such as: Bach Khoa University, Ho Chi Minh City University of Architecture, Ha Noi University of Civil

Engineering, Ha Noi University of Science and Technology, etc., in which the Company provides scholarships, internship opportunities and soft skills training for students as well as sharing experience and expertise for the purpose of mutual development. Through these programs, Coteccons will select students with high academic performance to recruit.





PIONEERING THE SEARCH, THE NURTURE AND THE EMPLOYMENT OF HIGHER PERFORMERS

The activities between Coteccons and the universities have yielded practical results for both sides as well as the students, forming a connection between theory and practice to help students assimilate knowledge and mature much more quickly and be able to work immediately after graduation. It is safe to say that universities have contributed significantly to the Company's success by means of providing a source of quality workers.



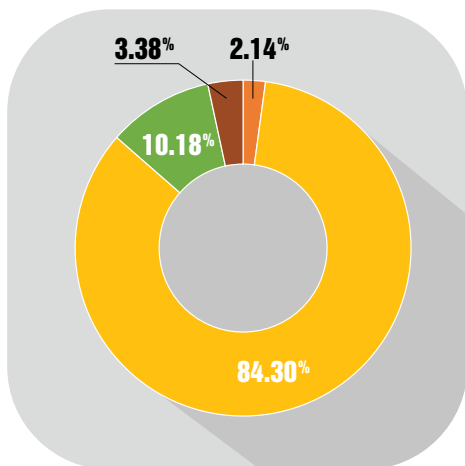




PIONEERING THE SEARCH, THE NURTURE AND THE EMPLOYMENT OF HIGHER PERFORMERS

HUMAN RESOURCES STRUCTURE BY EDUCATION LEVEL

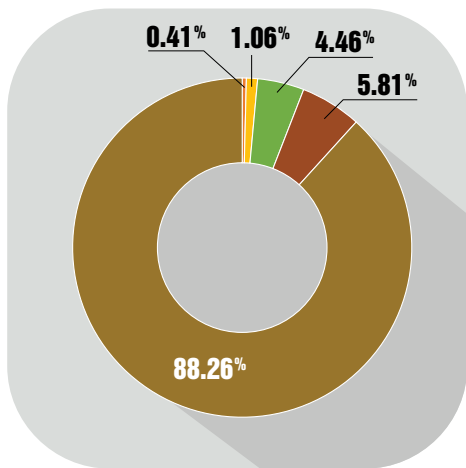
Categories	Education Level			
	Above university	University	Colleges and Tertiaries	Others
Total sum	54	2,141	259	86
Percentage (%)	2.14%	84.30%	10.18%	3.38%



- 1 Above university
- 2 University
- 3 Colleges and Tertiaries
- 4 Others



HUMAN RESOURCES STRUCTURE BY POSITION



	Total sum	Percentage (%)
The Management	10	0.41%
Division Manager/ Project Director	27	1.06%
Project Manager, Department Manager, Board Manager	113	4.46%
Deputy Project Manager, Deputy Department Manager	148	5.81%
Employee	2,242	88.26%
Total sum	2,540	100.00%

- 1 The Management
- 2 Division Manager/ Project Director
- 3 Project Manager, Department Manager, Board Manager
- 4 Deputy Project Manager, Deputy Department Manager
- 5 Employee





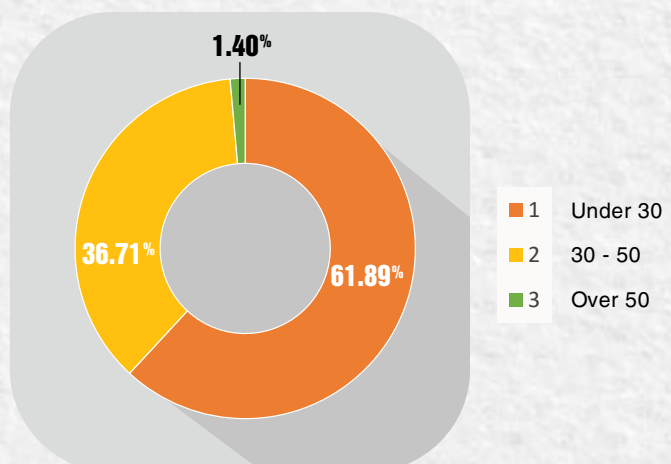
PIONEERING THE SEARCH, THE NURTURE AND THE EMPLOYMENT OF HIGHER PERFORMERS



In addition to high-quality personnels that are strictly hand-picked, the harmony in human resources structure by age is also another factor that makes a big difference for Coteccons. The company workforce is bustling with youthful energy and vigor due to having experienced yet young personnels (under 30 years of age) accounting for 61.9% of the proportion in which 36.7% are at the pinnacle of their career with an age range of 30-50, the age at which their health is most suitable for construction industry thus contributing greatly to the current as well as future growth of the Company. This structure is maintained, not only on the Company-scale but also at all sites, divisions and departments for the purpose of balancing the skills and the working spirit in each area whereas the training, transferring and developing of successors also benefit from its upholding.

HUMAN RESOURCES STRUCTURE BY AGE

Categories	Age Range		
	Under 30	30-50	Over 50
Quantity	1,572	932	36
Percentage (%)	61.89%	36.71%	1.40%





THE TRAINING AND DEVELOPING OF SUCCESSORS

As regards the training and developing of successors, Coteccons flavors developing internal labour force by means of work rotation, creating opportunities for personnels to become more dynamic and versatile in their work, thus allowing each individual the chance to utilize their strengths to the fullest. This is also a process for personnels to refine their skills so that the Company can evaluate and accurately select the best and most suitable candidates for Coteccons' management positions.

With the policy to strengthen the development of future generation of workers, maintain the culture as well as the practical training to meet the Company's requirements, most of the internal trainings for employees are carried out directly by senior managers and the Company's key leaders.





DEVELOPMENT OF CONSTRUCTION WORKFORCE



The construction workforce consisting of subcontractors and construction teams plays an important part in making the success of Coteccons. Upon realizing that role, in 2013, Coteccons became the first to form Building and Developing Construction Workforce Department, whose missions are dealing mainly with recruitment, training and regular evaluation of subcontractors, construction teams and workers to meet the requirements both in terms of human resources and project quality.

The year of 2017 marked a new milestone in Coteccons' ability to gather and manage workforce with more than 50,000 workers throughout the nation, having all the needs for human resources of all the projects met, hence positively contributing to project completion ahead initial schedule of the Project Management Teams with the highest quality. An example for this was the assembly of more than 2,000 workers within a month for crucial and large-scale projects like Vinfast manufacturing complex, Southern Hoi An Casino and Hoa Phat - Dung Quoc Steel manufacturing complex, in spite of adverse circumstances of these projects such as being far from the residential areas and lacking in living conditions.

With a constant, strict as well as deeply and widely

connected management system, Coteccons has been able to build a network of more than 1,500 construction partners comprising subcontractors and construction teams throughout the country. Building and developing construction workforce has played an important part in ensuring while simultaneously creating jobs Coteccons' annual growth plans workforce competence and enhancing the competences of the local labour force who are working for Coteccons' projects. Moreover, Coteccons also pioneers in hosting vocational skills competitions, awarding certificates and ranking workers' skill levels, in order to ensure that those working in Coteccons' construction sites are the best in the industry, whose optimal rights are guaranteed through the correspondent benefits that they are entitled to in accordance with different levels of competences.



DEVELOPMENT STRATEGY FOR CONSTRUCTION UNITS IN 2018



**GATHER
AND MANAGE
WORKFORCE**

**50,000
WORKERS**

The Building & Developing Construction Workforce will continue to evaluate periodically construction units (subcontractors and construction teams) to arrange and categorize 3 different level of partnership, including strategic partners, main partners and normal partners, each of which will be supported in a distinct way to get more and more complete as well as to grow alongside Coteccons, working towards becoming professional subcontractors.

On top of that, the Company will cooperate with more than 1,500 construction units to implement self-training for skills enhancement, which, in turn, boosts productivity of workers in construction field, combining with applying new technology in construction to cut down prices, lessen the number of on-site workers and increasingly control the quality of the structures according to the construction acceptance and usage standard.



**BUILD
A NETWORK**

**1,500
CONSTRUCTION PARTNERS**

Apart from searching for new construction workforce, Coteccons will also provide support and development for current construction units to raise their managerial skills to another level through series of events named “Experience Sharing on Development” of Coteccons. Moreover, policies related to construction workforce will continue to be updated, focusing on providing support for safety training, improving living and working conditions for workers, subsidizing them in special occasions, accelerating the time for the settlement process, etc.





OCCUPATIONAL SAFETY - THE PIONEER WHO PAVES THE WAY FOR CHANGES



The 2017 has recorded many impressive achievements and milestones of Coteccons which have proven its tireless and certain steps towards conquering the industry, validating its “**Pioneering the Future**” motto of the Vietnam’s number one Constructing contractor.



**SAFETY
MANAGEMENT
SYSTEM
GENERATING**

62,000,000
ACCIDENT-FREE



**CREATING
EMPLOYMENT
OPPORTUNITIES
FOR OVER**

40,000
WORKERS

With approximately 50 projects nationwide in which some are regarded as mega projects such as Landmark 81, Nam Hoi An Casino, etc., Coteccons has proven itself to be a world-class contractor with an occupational safety management system generating 62 million accident-free working hours, creating employment opportunities for over 40 thousand workers in addition to contributing significantly to changing the perception of workers who worked or are working on its sites about occupational safety. With its tireless resolution to change itself, Coteccons has inspired growth in domestic contractors, generated profits and painted a professional image through its occupational safety plan, creating a general positive effect in society on improving the quality of working environment for construction workers in Vietnam.

The biggest difference between Coteccons and other Vietnamese construction companies is the operational method of the occupational safety system. As a result of complying with the standards of occupational safety management, a great deal of effort, time and finance are

invested in each project, thus minimizing potential risks in construction at a site. With very regulation and instruction being compulsory, all workers at Coteccons are each obliged to follow the safety regulation and are to regard it as the most important factor to connect and develop at the Company. It is easy to notice the difference in mindset and awareness of Coteccons’ personnels about occupational safety in comparison to other construction companies’. Multidimensional thinking, continuous creativity and innovation, leading safety solutions research and advanced technology application are some of the many innovations in occupational safety management at Coteccons.

In 2017, one of the key factors for this success is the effort of the staff as a whole in which the first and foremost reason is the sound orientation and instructions from the Board of Management, setting Occupational Safety as one of the top criteria to evaluate the success of a project and determine the abilities of the personnels when working at Coteccons.



In 2017, the Company developed several outstanding strategies as followed:

Upholding and continuously improving the monthly evaluation process of Occupational Safety and Hygiene in all projects

The safety and hygiene evaluation process is carried out monthly by the Company’s Occupational Safety Board, ranking and rewarding the sites that have done an excellent job in occupational safety and hygiene management each quarter. The difference in comparison to 2016 is that the evaluation is made more practically and comprehensively for each project.

It can be said that there is no longer that huge a difference in the image of “Coteccons Safety Standards” as the years before. Monthly and quarterly reports for the Board of Management are also the time for Project Managers to learn and apply effective management models from one another.

Monthly updates are made to the content and headings of the criteria list, resulting in timely adjustments to the content to be more compliant with government legislation and more suitable for new standards regarding the Company’s safety system.

Categorization of projects based on workload and number of workers on site has resulted in a more impartial evaluation between projects.

Direct records of project supervisors responsible for the site at the moment of evaluation will assist in raising supervisors’ awareness of their roles as the managers.

Human Resource Planning and Internal Training

Presentation Skill Training: After the weekly meeting, there will always be some topics, usually from one to two, that Occupational Safety specialists have had to present to the other members of the Board and, consequentially, receive feedbacks about the method and content of the presentation while also serving as a way for the Board members to understand the knowledge and management experience more clearly, learning how to solve problems from their predecessors.

Compulsory cross-evaluation: In the interest of self-learning and objective viewpoint on risk in each project, Occupational Safety specialists must take weekly tests and cross-evaluate other members’ projects with a view to learning from the good points while drawing up solutions to counter the problems that have arisen in other projects.

Foreign Language Improvement: Recruit new, foreign Occupational Safety specialists to improve personnels’ professional skills at the same time as enhancing foreign language communication skill in order to work better in projects involving foreigners.



OCCUPATIONAL SAFETY - THE PIONEER WHO PAVES THE WAY FOR CHANGES

Opportunities to join specialized training from outside: The company is always creating opportunities for Occupational Safety specialists to join in occupational safety courses to learn more about various safety models and to gain practical experiences.

Analyses of European, American, Japanese companies: Researching and evaluating safety management of partners and competitors for the purpose of learning the strengths, realizing and preventing the weaknesses are also regularly performed.

Addition of personnels that have potentials: Due to the importance of occupational safety management, the Company has given extensive support to the Occupational Safety Board in selecting and recruiting quality personnels, simultaneously carrying out training for future generation of managers and improving the Company's safety quality in the process.

Update the management system, legislation systems, tables and specialized training topics

The issuing of safety regulations along with detailed instructions of occupational safety process and vital jobs in project construction are constantly updated in accordance to OHSAS standards.

Job descriptions for each position in the Occupational Safety Board should be up to date with the Company's current state of affairs.

Appropriate updates are made to documents and templates in accordance with newly effective legislation of Vietnamese government.

Tables and graphs should always be designed in keeping with a standard of size, form and pattern in order to produce professional, lively and consistent image in projects, leaving a good impression befitting a leading contractor of Vietnam on customers and visitors.

Specialized training programs are updated with more visual aids, adding more examples of sites with good safety system proposals with a view to assimilating and spreading the idea while beginning to incorporate E-Learning into the program.

Coordination between the Occupational Safety Board, Subcontractors, Construction teams and other Divisions within the Corporation

The Occupational Safety Board has the responsibility to cooperate with the Training Department to train personnels for the Company, ranging from managerial positions such as Project Manager, Project Vice Manager, Primary Supervisor to freshly joined engineer. After each training program, the Board is to organize test and gather feedbacks from those who work directly at the construction site with a view to reevaluate and improve management efficiency.

The Occupational Safety Board also has an obligation to cooperate with specialists from the Technical Division, the M&E Division, the Material - Equipment Department to promptly grasp the details of sophisticated building components and construction equipments while providing warnings on potential risks of a project in order to timely prevent possible work accidents.

Initial coordination between the BIM Department and the Occupational Safety Board about occupational safety is also in progress with the introduction of safety measures into BIM in which meticulous integration of construction and labour safety is applied since the beginning of a project, costs of occupational safety are planned and, most importantly, the quality of a project's risk-analyzing meetings is improved upon through the use of 3D images to convey information, ensuring that all members are able to grasp the process and method about to be implemented in the near future.

There should be constant cooperation with the subcontractors' Occupational Safety Boards and Construction teams to share experiences in management and reach consensus with a view to improving the consistency of the Company's structure and reducing the gap between corporations.

Improve operational efficiency of the Occupational Safety Board on all sites

Commencing evaluation of personnels within the Occupational Safety Boards on all sites, identifying proactive as well as unqualified members and thus making according adjustments help ensuring the efficiency and effectiveness of the Boards.



Regular specialized trainings are organized to make sure that the personnels of the Occupational Safety Boards are able to understand and strictly follow the regulations and processes of the work, improving safety control practices outside of construction projects.

Apply practical models in training and employee ID card system

Falling from high attitude and the upcoming electrocuting models have been implemented in key projects in which the results can be found through observations of workers' discipline. These models shall be refined and applied to all construction sites of Coteccons.

With a view to improving personnel and equipment management along with streamlining procedures, employee ID card system have been tested in two big projects and is currently undergoing the evaluating process to determine the pros and cons. Building upon a clever idea since the beginning, the system will certainly yield a higher proficiency for personnel and equipment management on all sites.

Practical activities

Organizing weekly awards for employees, exercising and outing on weekends have displayed immensely positive effects, warning the carelessness in workers, especially during weekends.

“Green Day” is no longer a foreign term to many projects of Coteccons in which a construction site free of cement, concrete, iron and steel creates an environment that helps workers feel “clean” and safe as though at home.

Recognized achievements

As a result of unceasing efforts, in 2017, Coteccons was awarded the following certificates and qualifications:

- ◆ *Certificate from the Prime Minister awarded for all staff at Coteccons Construction Joint Stock Company.*
- ◆ *Certificate from the Prime Minister awarded for Mr. Nguyen Ba Duong - Chairman of Coteccons Construction Joint Stock Company.*
- ◆ *Certificate from the Occupational Safety Department awarded for Mr. Nguyen Sy Cong - General Director of Coteccons Construction Joint Stock Company.*
- ◆ *Certificate from Ministry of Labour, War Invalids and Social Affairs awarded fro Mr. Tran Quang Quan - Deputy General Director of Coteccons Construction Joint Stock Company.*



BIM - A NEW TECHNOLOGICAL TREND



Coteccons takes pride in being the first and only company in Vietnam to have a complete BIM team in structure, architecture and MEP, being able to implement projects “inhouse”. In BIM projects, it has enabled the Project Management Team to realize problems which require thorough address, minimizing mistakes that can arise in order to reduce costs and correction time, accelerating progress.

BIM - A NEW TECHNOLOGICAL TREND

Application of BIM (Building Information Model) is a new technological trend in global construction industry, being evaluated as gradually changing the conventional method of designing, constructing and coordinating between parties in the construction industry. BIM brings great benefits to exploiting parties, including proprietors, designers, contractors and project operators by means of digitalizing building information and converting it into 3D models.

In developed areas like America, Europe and Northern Europe, BIM has been exploited to build new foundation in construction, taking the first step towards conquering Digital Construction with a view to reducing labor, integrating intelligent technology and machinery into construction, and managing project and project life cycle.

BIM IN COTECCONS

In Coteccons, BIM is applied first and foremost in Design & Build in order to achieve the best result in designing and transferring to construction. Currently, BIM is increasingly expanding inside the Company to all functional departments and construction sites by way of technological application so as to improve productivity, minimizing mistakes and coordinating effectively with other parties in a project.

In Vietnam, Coteccons' BIM Department is proud of its staff, degree of investment and the amount of attention the Board of Management dedicates to BIM. In accordance with its duties, BIM is gradually enhancing project implementation, research and application, and most of all the value it can bring when applied in the Company in practice.





Currently, at Coteccons, BIM has been applied in both designing and constructing in which 100% Coteccons' contractors participating in designing used Revit software and the BIM Department is assigned the task of co-designer in order to minimize mistakes. In addition, quantity surveying from design model is also improved upon, gradually heading towards quantity control for design changes to help leading architects with budget management.



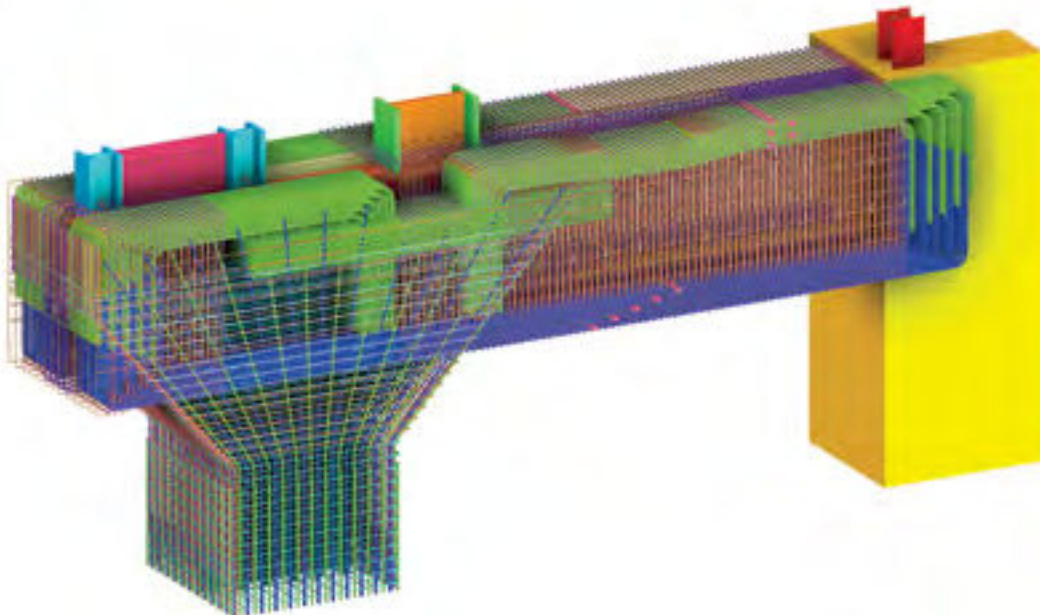


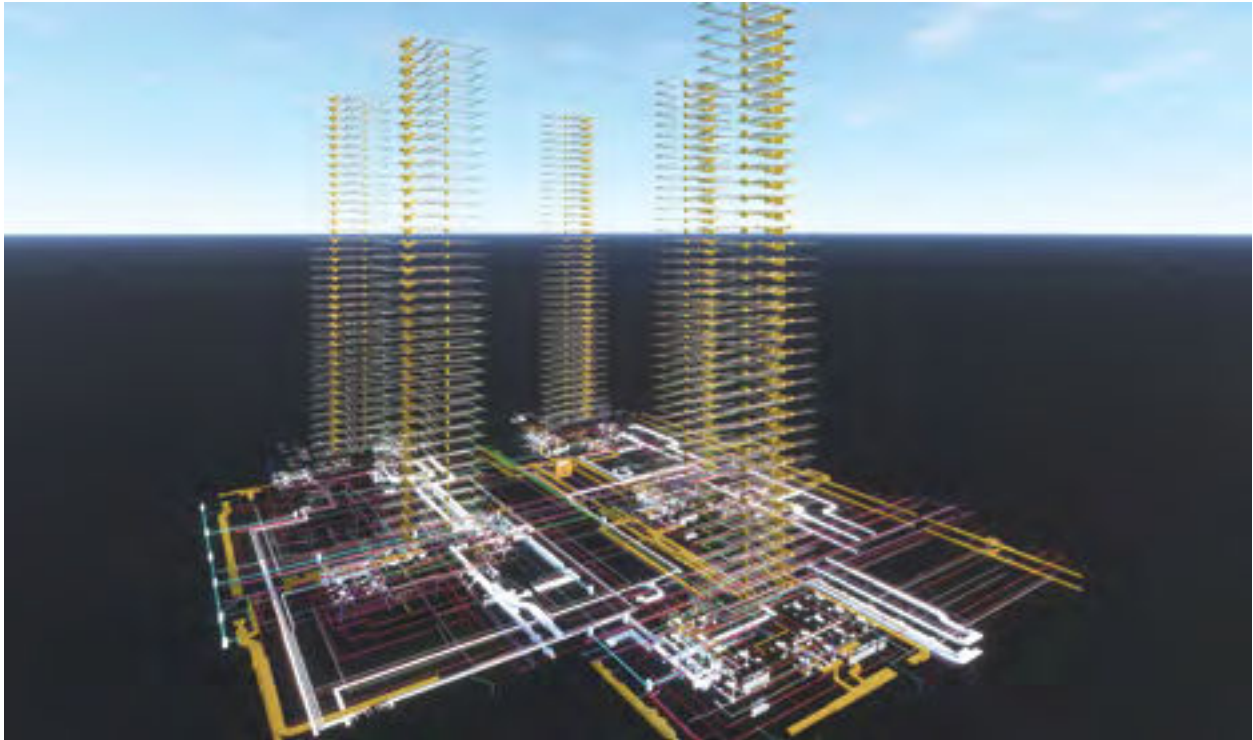
BIM - A NEW TECHNOLOGICAL TREND



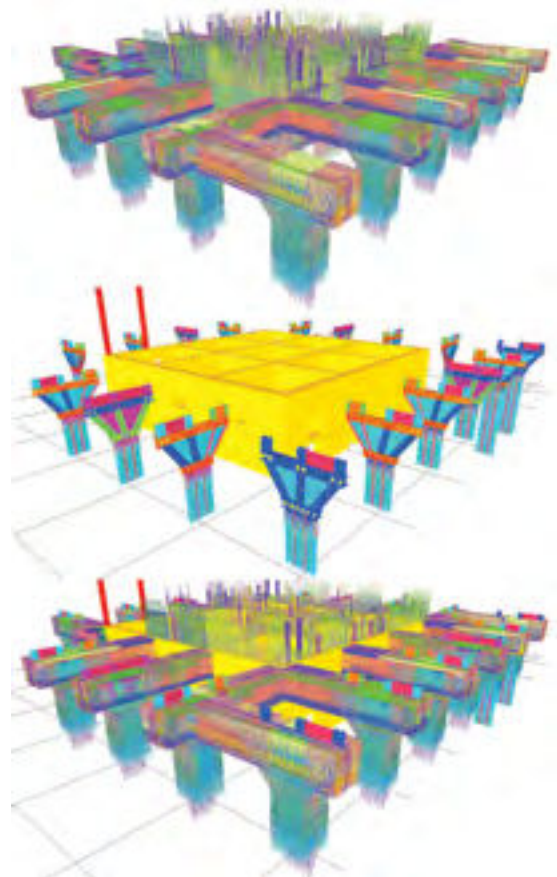
In construction, Coteccons takes pride in being the first and only company in Vietnam to have a complete BIM team in structure, architecture and MEP, being able to implement projects “inhouse”. In BIM projects, it has enabled the Project Management Team to realize problems which require thorough address, minimizing mistakes that can arise in order to reduce costs and correction time, accelerating progress.

Implementation of Tekla Rebar Detailing in projects with sophisticated components, in particular, rebar steel model for transfer beams and reinforced core system for the Landmark 81, has been utilized to assist with accurate processing, accelerate construction progress, slowly heading towards concentrated processing and module erecting. Together with the implementation of BIM in design and





construction, attention has also been given to the research and development of other applications. In 2017, Coteccons successfully tested the BIM application on the Green Building's analysis, emergency escape analyzing software, did experiments and made interpretations about the application of BIM in quantity and cost management with softwares such as VICO Office, Synchro and other integrated building data management tools: RIB, Hexagon and Webbase. In addition, tests of new applications of advanced technologies such as virtual reality and AR (Augmented Reality) in order to assist with product promotion in projects through methods like interactive games has also proven to be successful and further tests for quality control has been planned for the future. BIM training is another vital aspect as Coteccons takes pride in being the only contractor with the capability of training and issuing certificates for Autodesk products. At the beginning of 2018, Coteccons' BIM Department, working in conjunction with Training Center, will conduct extensive training for more than 100 personnels using Revit. Personnels of BIM Department are also given continuous attention in order to improve on their expertise, ranging from soft skills to knowledge about new technology and software.





BIM - A NEW TECHNOLOGICAL TREND



THE ORIENTATION OF COTECCONS' BIM DEPARTMENT IN 2018

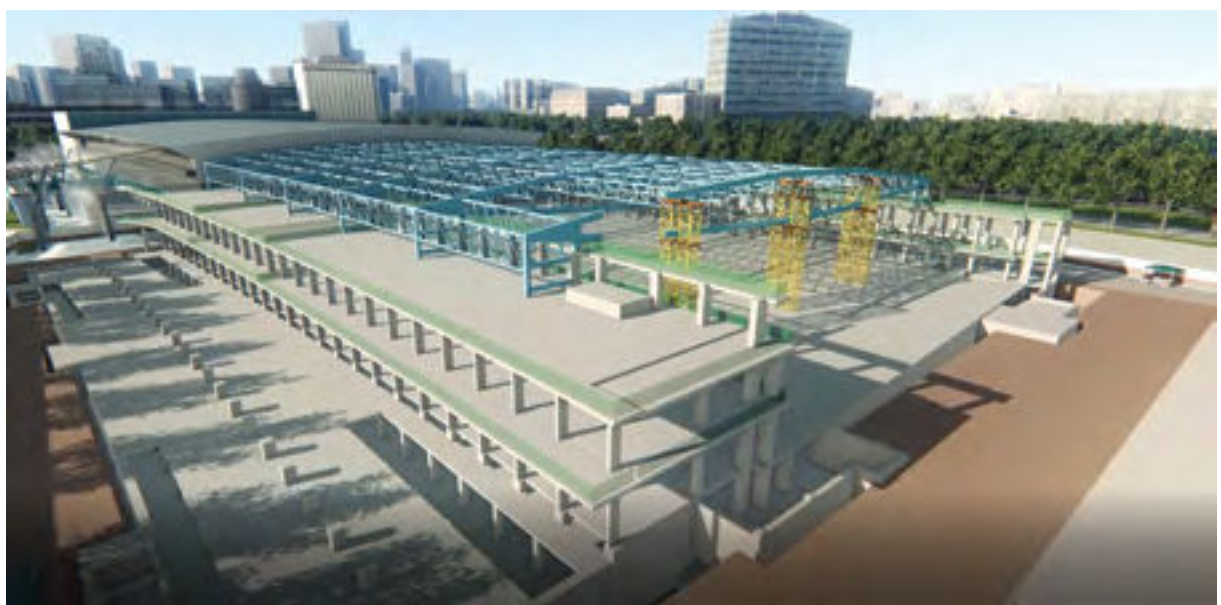
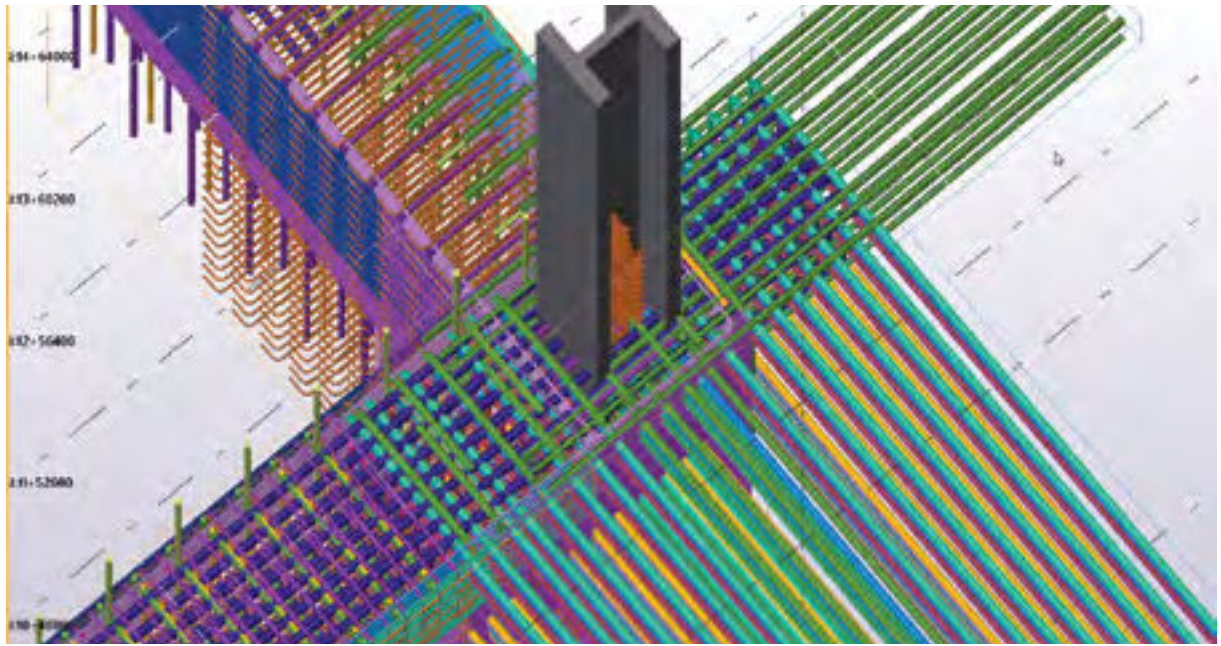
The orientation of Coteccons' BIM Department in 2018 is to reinforce its pioneer capabilities, concentrating on short-term objectives like building a strong team in terms of quality and quantity, thus improving the quality of BIM application in projects both horizontally and vertically.

In 2018, the foundation for the development of BIM in the Company will be laid, contributing to the utilization of BIM in other departments like the Design Management Center, the Occupational Safety Board, the Material-Equipment Department, etc. The set objective is to ensure the effectiveness and utmost compatibility of the applications with the Company, especially

in quantity computation, scheduling, project completion in order to increase productivity, data consolidation for management as well as handover of the best information for proprietors as a post-purchase customer service.

Moreover, in accordance with its role as a key member of BIM Vietnam's Steering Committee, Coteccons has determined its necessity to be a leading contractor, a pioneer in technology for the purpose of sharing its experiences with the BIM application community. The company will also cooperate closely with international organizations, universities and software corporations in research and expansion of the application.







LEADING IN EQUIPMENT INVESTMENT AND NEW TECHNOLOGY APPLICATION



One of Coteccons' competitive advantages stems from modern construction equipment. In 2017, Coteccons has successfully built an image of a leading business having its superiority proven by innovative equipment.

Not only does the human factor play an important part but the equipment system also contributes substantially to enable Coteccons to reach the remarkable number of 62 million safe working hours in 2017. The improvement made to the equipment solution to not deviate from the objective of "Safety First" has set the health and safety of workers as the first and foremost priority. Several solutions, such as the decision to replace all suspension floors with Alimak MC450 access floors and the substitution of sliding scaffolding for the traditional scaffolding, has been reached in order to ensure the absolute safety for workers, especially in outdoor tasks.

Most notable in Coteccons' equipment resources are those from famous European or regional areas with some of the examples being tower cranes which can load up to 24 tonnes imported from France, serving in the mega project of the highest tower Landmark 81; the high-speed Alimak, Scando hoist from Sweden, which can reach the impressive speed of 100 meters per minute, significantly boosting traffic

and transportation speed; RCS Peri sliding scaffolding from Germany, KSB Kumkang from Korea or Nikken heavy-load stanchions from Japan. With innovative construction methods and advanced technologies, conquests of over 100-storey buildings are no longer a daunting task for Coteccons.

In addition to pioneering in the aspect of utilizing advanced equipment on construction sites, Coteccons has also shown its capabilities in establishing its image down to the smallest details like the construction gate, the office of the Project Management Team or, more simply, in its advertising signs.

Provision of equipment is also a highlight in Coteccons' equipment management with assistance from CMS management software, BIM application and the technical team experienced in design and logistics. The optimization of equipment is planned since the beginning of the project, ensuring constant transportation of equipment and working time optimization.

Details of Coteccons' construction equipments are as followed:

No.	Name of equipment	Unit	Quantity
1	Tower crane	Set	52
2	Hoist	Set	63
3	Suspended floor	Set	85
4	Access floor	Set	6
5	H traditional scaffolding	Frame	175,000
6	Ringlock scaffolding	m ²	252,000
7	Coma scaffolding	Frame	220,000
8	Aluminium formwork	m ²	118,000





MEP CONSTRUCTION - THE FORERUNNER OF THE INDUSTRY



MEP Construction continued to leave its mark in 2017 by successfully signing the South Hoi An Casino MEP Construction Project with a value of more than VND 2,000 billion which is Coteccons' biggest MEP Project contract until now.

Since the early days, Coteccons has established an MEP Division in conjunction with traditional construction development. Nevertheless, after 15 years of growing and constructing many world-class quality projects, Coteccons' MEP Division is ready to walk down a new path and has proven itself to be entitled to the position of one of the market leaders by means of several innovative and daring steps in human mobilization and competitive advantages exploitation as well as market expansion. Coteccons' MEP Construction continued to leave its mark in 2017

by successfully signing the South Hoi An Casino MEP Construction Project with a value of more than VND 2,000 billion which is Coteccons' biggest MEP Project contract until now. The considerable growth of Coteccons is, in no small part, thanks to the significant contribution of the MEP Division who has managed to generate a total turnover of over VND 4,700 billion for Coteccons Group from MEP Construction, surpassing many other large MEP companies on the market.

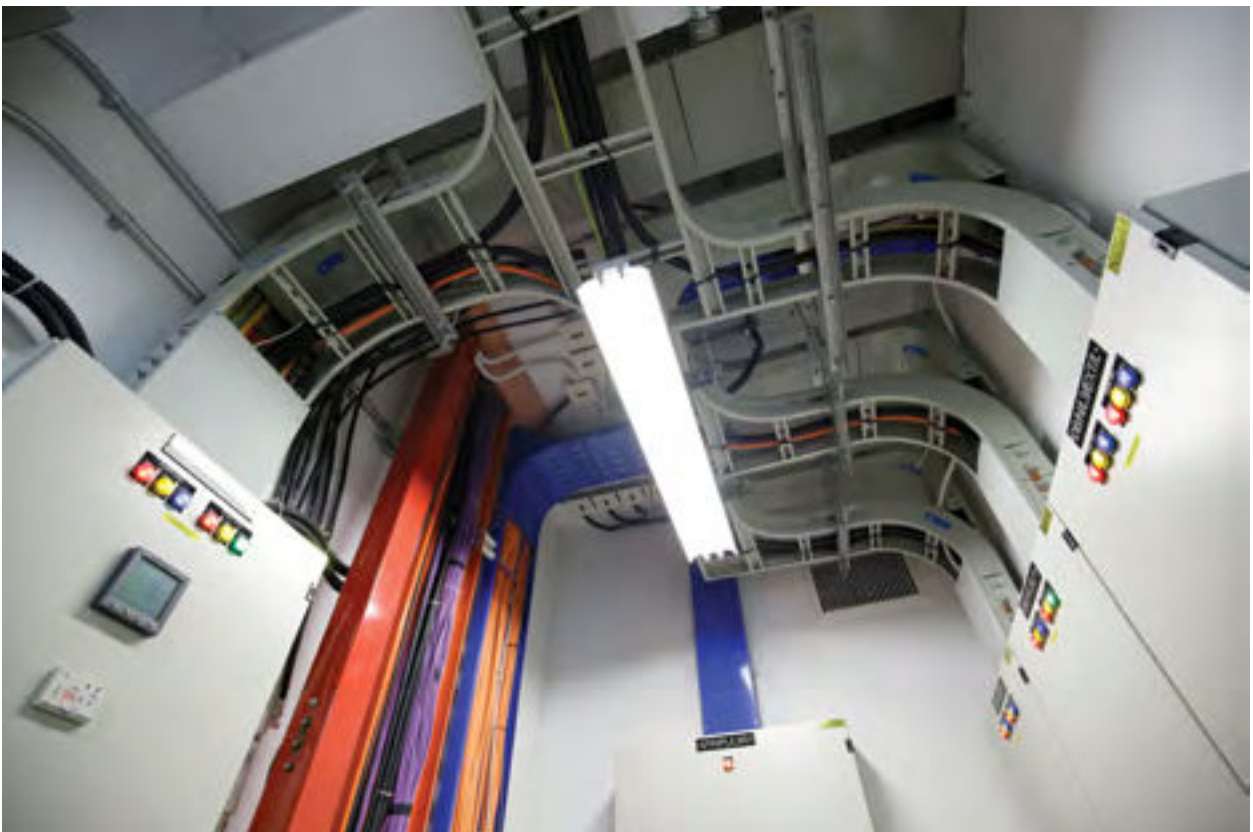


Until recently, the initiation of MEP construction met with many difficulties in both progress and quality as a result of proprietors entrusting the bid after the base and completed construction packages had been started. Coteccons' Board of Management, aware of these problems, has instructed the MEP Division's Research and Development Department to cooperate with other Divisions on finding new construction solutions in order to meet the demands of the proprietors and to ensure the punctuality of progress schedule set by the Project Management Team. With its principle being continuous improvement, the MEP Division has developed and successfully applied over 16 enhancements, including the installation of specialized floor-penetration slab joints along with structure phase, spindle sleeves for technical risers of an apartment, specialized sleeves for pipes, etc.

THE TOTAL TURNOVER OF MEP DIVISION IS OVER



VND **4,700**
BILLION





MEP CONSTRUCTION - THE FORERUNNER OF THE INDUSTRY

Regarding General Contractor Construction projects, the smooth coordination between Structure - MEP - Finishing has been developed to the highest level. The fact of being able to construct MEP system before building the wall is proof of great coordination and compliance to the plan, process and construction solution between all parties, a factor that not only is highly regarded by proprietors like Vingroup, Tan Hoang Minh, Thao Dien but also satisfy consumers in respect of quality during use.

In the workforce development area, Coteccons' MEP Division, knowing of the shortage of formal 'MEP engineer' who graduated from universities nationwide, has taken the initiation in cooperating with the universities with a view to incorporating more practical contents into the syllabus, thus creating more opportunities for graduated students. MEP Division's workers





consist of expertises from many majors, including Mechanical Engineering, Electrical Engineering and Heat Engineering & Refrigeration, all of whom require intensive training programs in order to collaborate smoothly in construction environment. To this day, Coteccons takes pride in being one of the companies with the largest and most talented “MEP engineer” team.

Constantly changing, Coteccons’ MEP Division has formed two specialized Departments which are the Business Department and the Construction Department with a view to better managing financial state and construction quality in all sites. The management of finance, innovation application, BIM implementation, T&C (Terms and Conditions), etc. will also be put under centralized management in order to continue to develop in both quality and quantity.





TRANSPARENT AND EFFECTIVE COST MANAGEMENT



Constant improvements on the revision process are made to Coteccons' cost management so as to reduce the procedures involved, improving processing time and workers productivity. Coteccons always ensures that cost management is utilized in a strictly transparent and most appropriate way throughout the Company.

With the facts that there is an increasing competition coming from rivals as well as a decline in construction contract prices, cost management - along with advanced technology and system management implementation - has become a vital part in ensuring Coteccons' market competitiveness along with profits for shareholders.

Coteccons is always striving for an improvement in cost management system to increase its competitive value and thus its brand image on the market, upholding its position as the leading contractor in the construction industry.

Transparency is regarded as a fundamental principle in the Company's cost management and is widely shared with partner subcontractors, suppliers and construction teams with a view to building mutual trust between all parties. As a result of its comprehensive grasp on this principle, Coteccons is always receiving the best price proposals from partners with the highest quality work.

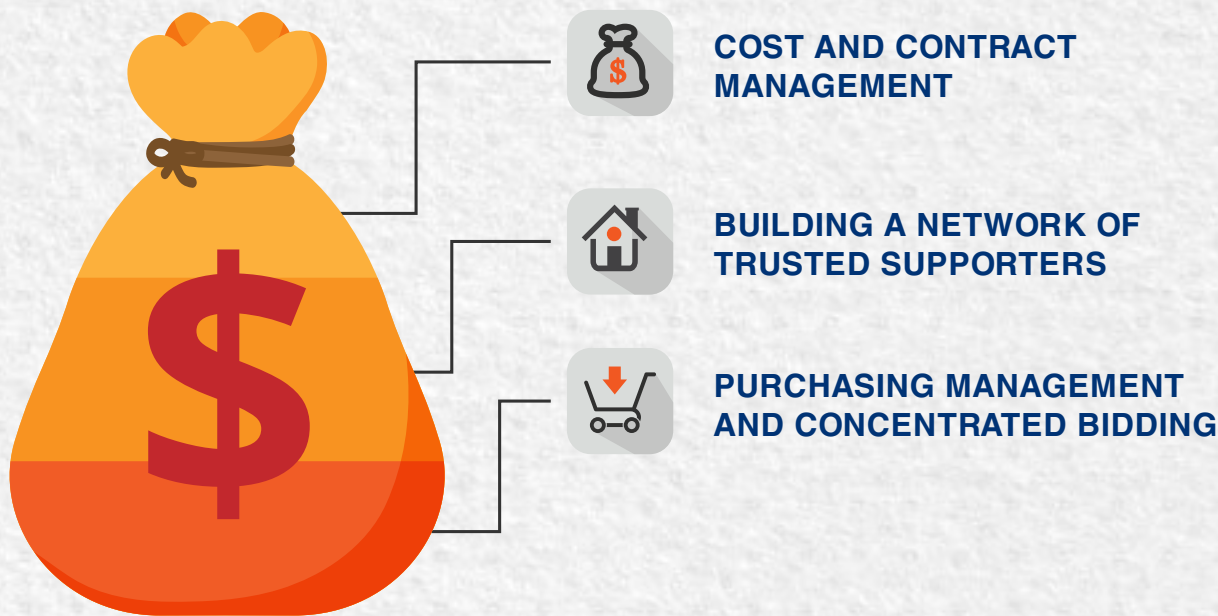
Constant improvements on the revision process are made to Coteccons' cost management so as to reduce the procedures involved, improving processing time and workers productivity. Coteccons always ensures that cost management is utilized in a strictly transparent and most appropriate way with regard to the relevant Divisions within the Company.

The application of information technology and building of softwares that assist with cost management, ensuring all cost details are clear and transparent at the same time as the financial report is accurate, are also given central focus.

In Coteccons, cost management includes three main aspects:

Cost and contract management:

- ◆ The Cost and Contract Management Department is responsible for the entire process of managing costs relating to the Company's activities from construction sites to divisions with the highest priority being "Costs Saving". In order to take on this responsibility, the building of a reliable personnel structure as well as a professional and transparent management system has been accomplished.
- ◆ Right after signing a contract, the Cost and Contract Management Department along with the construction site immediately start a project finance analysis for the purpose of setting financial indicators and practical financial plan. On that basis, all cost-related activities are managed through the suppliers and subcontractors' selection process together with the contract signing and payment procedures.
- ◆ The Cost and Contract Management Department is always debating on the selection of suppliers and subcontractors from divisions to choose the most trustworthy ones, being able to meet the requirement for the job at the most competitive price. In addition, the Department is also responsible for implementing the solutions of purchasing in large quantity and fixed price contract form to take the initiative in securing supplies and minimizing losses should there be fluctuations in the market price.



- ◆ In addition to cost management, The Cost and Contract Management Department also works continuously to build a network of partners, regularly evaluate and categorize in order to take the initiative in selecting partners.

Building a network of trusted supporters for increased value of efficiency

- ◆ Through evaluation and categorization of suppliers and subcontractors, Coteccons has created an incentive for them to improve their products and design long-term strategies more aggressively with a view to reducing the risk in selecting suppliers by means of continuous evaluation in conjunction with developing and expanding Coteccons' network of suppliers.

- ◆ Coteccons will accompany suppliers on basis of a win-win partnership and strive for increased value of efficiency for both proprietors and company shareholders.

Purchasing management and concentrated bidding

- ◆ With the constant sources of jobs at Coteccons and its affiliates, purchases made in large quantity has provided an opportunity of purchasing at the most competitive price, guaranteeing the minimization of risk of escalation.
- ◆ Purchasing management and concentrated bidding are inevitable for the purpose of optimizing costs and exploiting Coteccons financial capabilities.



By means of aforementioned costs management measures, Coteccons has been able to build a network of trustworthy, professional suppliers and subcontractors who are always willing to accompany Coteccons on all projects, contributing significantly to the immense growth in revenue and profits of the Company in recent years.



TRANSPARENT MANAGEMENT TO CONTINUAL SUCCESS

That Coteccons identifies applying advanced management model; determining Human Resources, Corporate Culture, and Management System as the trinity for development; valuing transparency; appreciating continuous learning and KAIZEN spirit as the Company' philosophies to be investors first choice and to uplift the Coteccons' capacity and position has brought series of successes to Coteccons, lifting Coteccons to the position of Vietnam'No.1 contractor, capable of implementing many a international-scale project.







REPORT OF THE BOARD OF DIRECTORS



INTRODUCTION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS FOR THE TERM OF 2017 - 2022 (AS OF 31/12/2017)

The current Board of Directors of Coteccons is composed of the Chairman and six members, of which, one executive member and six non-executive members (three member are independent).

No.	Name	Position	Role in the Board	Remark
1	Mr. Nguyen Ba Duong	Chairman	Being in charge of general matters and Strategy	Executive
2	Mr. Nguyen Sy Cong	Member	Being in charge of Investment, Risk management, HR and remuneration	Cum CEO
3	Mr. Tan Chin Tiong	Member	Being in charge of Strategy	Independent
4	Mr. Talgat Turumbayev	Member	Being in charge of Risk management, HR and remuneration	Non-executive
5	Mr. Yerkin Tatishev	Member	Being in charge of Strategy and Investment	Non-executive
6	Mr. Nguyen Quoc Hiep	Member	Being in charge of Investment and Risk management	Independent
7	Mr. Tran Quyet Thang	Member	Being in charge of HR and remuneration	Independent

CHANGES IN THE BOARD OF DIRECTORS IN 2017

On 29/06/2017, according to the Charter of organization and operation of the Company, the AGM elected the new Board of Directors for the term 2017-2022 to replace the Board of Directors term of 2012-2017. Except for the three members of Nguyen Ba Duong, Tran Quyet Thang and Talgat Turumbayev, who have previously participated in the Board of Directors, the other four members of the Board of Directors are the first time in charge.

INTRODUCTION OF THE BOARD OF DIRECTORS IN 2017



Mr. NGUYEN BA DUONG

Chairman

Year of birth: 1959

Nationality: Vietnamese

He graduated from Faculty of Architecture at Kiev University of Construction (Ukraine). With 35 years of experience in construction field and major positions in big corporations, he founded and has operated Coteccons since 2002, previously named Cotec Construction Firm. In 2004, he was appointed to General Director after the Company went public under the name of Cotec Construction Joint Stock Company - Coteccons. In 2005, he was appointed as Chairman cum General Director until 2017. In July 2017, he resign from the role of General Director to focus more on the role of Chairman.

He received the Prime Minister's Certificate thanks to his contribution to the construction of Socialism, as well as Certificate from Minister of Construction for successful mission accomplishment. In 2013, he was proudly honored in the Top 50 Vietnamese Excellent Business Leaders by Forbes.

He was chosen as one among ten Excellent Team Developing Leaders in Viet Nam by Nhip Cau Dau Tu Magazine.



Mr. NGUYEN SY CONG

Member of the Board cum CEO

Year of birth: 1970

Nationality: Vietnamese

He graduated from Hanoi University of Civil Engineering. After graduation, he worked for several local and foreign construction companies as Chief Engineer, Site Manager and Project Director. He has nearly 30 years of experience in the construction.

As one of the founders of Coteccons, he is an important contributor to Coteccons' development history, especially in the aspect of improving the construction methodology and training the site managers and project directors.

In 2006, he was appointed as General Director of Unicons, a subsidiary of Coteccons. With his managing ability and good leadership, Unicons has stood firmly in the Top 10 construction companies in Vietnam for many years.

In 2017, he was elected to the Board of Directors and General Director of the Company.





REPORT OF THE BOARD OF DIRECTORS

INTRODUCTION OF THE BOARD OF DIRECTORS IN 2017 (continued)



Mr. TAN CHIN TIONG
Member (Independent)

Year of birth: 1949
Nationality: Singapore

He completed his doctoral dissertation at the University of Pennsylvania in 1977 and has more than 40 years teaching marketing at prestigious universities in Singapore such as NUS and SMU.

In 2017, he was elected to the Board of Directors for the term of 2017 - 2022 as an independent member.



Mr. TALGAT TURUMBAYEV
Member

Year of birth: 1971
Nationality: Kazakhstan

He holds a Master degree in Accounting and Finance and is a member of the Association of Chartered Certified Accountants (ACCA). He has over 25 years of experience in Finance - Accounting & Auditing.

He joined the Board of Directors for the term 2012 - 2017 as the representative of capital of major shareholders (Kusto). In 2017, he was re-elected to the Board of Directors for the term of 2017-2022.



Mr. YERKIN TATISHEV
Member

Year of birth: 1976
Nationality: Kazakhstan

He graduated in Economics in 1999 in Russia and graduated in Law in 2002 in Kazakhstan. In 2009, he completed his Master's degree in Oxford University, UK. With more than 20 years of experience, he has held various positions such as Monetary Supervisor, Deputy Director of Investment, Executive Vice President, Chairman of the Board of Directors of several banks and investment funds in Eastern Europe and Singapore.

In 2017, he was elected to the Board of Directors for the 2017-2022 term as a representative of Kusto - the major shareholders.





Mr. TRAN QUYET THANG
Member (Independent)

Year of birth: 1962
Nationality: Vietnamese

He holds a Bachelor degree in Law and has over 30 years of experience in law, securities and real estate market.

From 1990 to 1995, he was Founder and Deputy General Director of Investconsult Group; in the period 1997 - 1999, he joined the establishment of T&A Law Office; in 2000 - 2003, he founded Saigon Securities Inc. with himself as General Director; from 2004 to now, he joined REFICO Real Estate Group as Chairman and General Director.

In April 2016, he was elected to the Coteccons' Board of Directors for the term of 2012 - 2017 as an independent member. In 2017, he was re-elected to the Board of Directors for the term of 2017-2022. With a wealth of management experience, he proactively joined in the improvement of management and administration efficiency with his great and objective ideas.



Mr. NGUYEN QUOC HIEP
Member (Independent)

Year of birth: 1946
Nationality: Vietnamese

He graduated Engineer at Hanoi University of Science and Technology and has over 40 years of experience in construction and real estate. Currently, he is the Chairman of the Board of Directors of GP Invest JSC and Chairman of the Viet Nam Association of Construction Contractors (VACC).

In 2017, he was elected to the Board of Directors for the term of 2017 - 2022 as an independent member. With his reputation and experience, he has not only contributed his independent and objective opinions to the Board of Directors in matters of corporate governance but also helped the Company to build relationship which new investors and potential clients.





REPORT OF THE BOARD OF DIRECTORS

OPERATION OF THE BOARD OF DIRECTORS IN 2017

OPERATION OF THE BOARD OF DIRECTORS

In 2017, the Board of Directors frequently hosted periodic meetings in order to review the business operation and direct the development for Coteccons. The approved resolutions all received high consensus from the members of the Board of Directors who had worked hard with high sense of responsibility and seriousness.

OPERATION OF INDEPENDENT MEMBERS

Being actively involved in all of the meetings of the Board of Directors, the independent members contributed a body of profound and objective opinions, and played an important role of a serious critic in pointing out potential risks in the proposed policies and strategies of the Company, contributing significantly to the improvement of performance and the prevention of risks.

THE BOARD MEETINGS

No.	Name	Position	Date of appointment/ Date of resignation	Number of attended meetings	Attending rate	Note
A Current members						
1.	Mr. Nguyen Ba Duong	Chairman	24/08/2004	17/17	100%	
2.	Mr. Tan Chin Tiong	Member	29/06/2017	12/12	100%	
3.	Mr. Talgat Turumbayev	Member	29/06/2017	12/12	100%	
4.	Mr. Yerkin Tatishev	Member	29/06/2017	12/12	100%	
5.	Mr. Nguyen Sy Cong	Member - Cum CEO	29/06/2017	12/12	100%	
6.	Mr. Nguyen Quoc Hiep	Member	29/06/2017	12/12	100%	
7.	Mr. Tran Quyet Thang	Member	30/03/2016	17/17	100%	
B Term-up members						
1.	Mr. Tran Quang Quan	Member	29/06/2017	5/5	100%	
2.	Mr. Tran Quang Tuan	Member	29/06/2017	5/5	100%	
3.	Mr. Giuseppe Maniscalco Ferrara	Member	29/06/2017	5/5	100%	
4.	Mr. Bolat Duisenov	Member	29/06/2017	5/5	100%	
5.	Mr. Vu Duy Lam	Member	29/06/2017	5/5	100%	

All meetings of the Board of Directors focused on solving critical issues relating to proposing the business plan of 2017, guiding the organization of 2017 Annual General Meeting, directing the implementation of 2017 business plan, and following the guidance stated on the Resolution of the 2017 Annual General meeting. The BOD also approved important proposals and decisions in order to enable the Board of Management to operate the business effectively.

RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS IN 2017

NO.	Resolution No.	Date	Contents
1	01/2017/NQ-HĐQT	23/02/2017	Approve for the plan of organizing the 13 th AGM in 2017
2	02/2017/NQ-HĐQT	23/02/2017	Approve for amendment on investment registration of the warehouse in Bac Ninh
3	03/2017/NQ-HĐQT	30/03/2017	Approve for establishment of Covestcons
4	04/2017/NQ-HĐQT	04/04/2017	Approve for delaying the 2017 AGM for better preparation
5	05/2017/NQ-HĐQT	23/06/2017	Approve for revocation of ESOP shares from outgoing employees
6	06/2017/NQ-HĐQT	03/07/2017	Approve for result of Chairman election and appointment of some senior personnels
7	07/2017/NQ-HĐQT	10/07/2017	Approve E&Y as the external auditor of the Company for the financial year of 2017
8	08/2017/NQ-HĐQT	24/07/2017	Approve for 2 nd revocation of ESOP shares from outgoing employees
9	09/2017/NQ-HĐQT	17/08/2017	Approve for dividend payment
10	10/2017/NQ-HĐQT	17/08/2017	Approve for transforming the Internal Audit Board which was belonged to the BOMs to be belong to the BOSs and approve for the Operation Regulation of the Internal Audit Board
11	11/2017/NQ-HĐQT	22/08/2017	Approve for raising chartered capital at Covestcons (a wholly owned subsidiary)
12	12/2017/NQ-HĐQT	28/09/2017	Approve for appointment of Mr. Vo Thanh Liem as Deputy General Director.
13	13/2017/NQ-HĐQT	08/12/2017	Approve for 2017 Employment Stock Ownership Plan (ESOP).
14	14/2017/NQ-HĐQT	08/12/2017	Approve for the cash bonus scheme for key personnels
15	15/2017/NQ-HĐQT	08/12/2017	Approve for redistribution of revoked ESOP shares to current key employees of the Company
16	16/2017/NQ-HĐQT	08/12/2017	Approve for buying Ricons's shares that issued to its existing shareholders



REPORT OF THE BOARD OF DIRECTORS

THE BOARD'S SUB-COMMITTEES

For the purpose of maintaining sustainable development and enhancing transparency in operation for the Company, the Board of Directors term of 2017 - 2022 has set up various sub-committees specializing in specific fields with an advisory role for the Board of Directors. As of 31/12/2017, the Board of Directors has established sub-committees with the following functions, duties and operational status:



STRATEGY SUBCOMMITTEE

Members

No.	Name	Position in the Board	Position in the Subcommittee
1	Mr. Nguyen Ba Duong	Chairman	Head of the Subcommittee
2	Mr. Tan Chin Tiong	Member (Independent)	Member
3	Mr. Yerkin Tatishev	Member	Member

Duties

Strategy Subcommittee was established to assist the Board of Directors in researching and proposing development plans of the Company, including but not limited to studying new projects in relation with the development trend of the Company, expanding or downsizing relevant business activities, and maintaining relationships with clients, partners, and authorities, and ultimately creating the strategic development orientations for the whole Company. At the same time, the Strategy Subcommittee also oversees all business activities that might affect the strategic development orientations of the Coteccons Group including those of our affiliates, divisions, boards, and departments, and finally manages all risks incurred in the Company's strategic planning.

The Strategy Subcommittee is responsible for researching, discussing and reporting to the Board of Directors on the issues relating to:

- ♦ Reviewing the business environment, the industry and identifying the opportunities, the challenges, the strengths and the weaknesses of the Company.
- ♦ Directing the Company development strategy in short term and long term, aiming for a sustainable growth of the Company and creating added-value for the shareholders.
- ♦ Planning and constructing a suitable organizational structure for the Company in line with specific proposed strategies.
- ♦ Advising on potential risks incurred in the implementation of strategies and proposing risk management and risk prevention plan.
- ♦ Proposing development orientations of high consensus among the BOD members prior to submitting for approval in the Annual General Meeting.



HR & REMUNERATION SUBCOMMITTEE

Members

No.	Name	Position in the Board	Position in the Subcommittee
1	Mr. Tran Quyet Thang	Member (Independent)	Head of the Subcommittee
2	Mr. Nguyen Sy Cong	Member cum CEO	Member
3	Mr. Talgat Turumbayev	Member	Member

Duties

HR & Remuneration Subcommittee shall review the organizational structure of the Company and review policies and guidelines relating to the selection and retention of senior personnel.

Performing human resource planning to ensure the succession for key positions in companies of concern, optimally training and transferring personnel without affecting the normal operation of the Company.

Assisting the Board of Directors with their senior personnel development policies, including:

- ♦ Proposing training program for senior personnel, including the rotation and training program (domestic and overseas).
- ♦ Recruiting and mobilizing qualified and appropriate personnel to supplement the management team in correspondence with the development strategy of the Company.
- ♦ Assessing work performance and competencies of senior personnel fairly in order to allocate the human resources efficiently.
- ♦ Reviewing the recommendations of the General Director relating to the recruitment, promotion, transfer and suspension of senior personnel.
- ♦ Reviewing and proposing remuneration for Management Staff at all levels of the Company (from the position of Project Manager and above) and recommending the Board on the approval of the remuneration policies in share bonus or cash bonus (or other policies) based on annual business results.

- ♦ Proposing general remuneration policy throughout the Company for the BOD's consideration and latter submission in the Annual General Meeting.
- ♦ Reviewing the recommendations of the General Director on remuneration policies for Management Staff and recommending accordingly the Board of Directors consider policy changing if necessary.
- ♦ Ensuring the alignment of the remuneration plan for Management Staff and the market level.
- ♦ Supervising and reviewing work performance and performance indicators to assess the effectiveness of Management Staff to determine the non-wage benefits (bonus or ESOP).
- ♦ Reviewing recommendations of management staff relating to their remuneration (if any).
 - + Ensuring the compliance and appropriateness of the provisions on remuneration and incentives as well as the key performance indicators with the vision, the values and the objectives of the BOD in order to: Motivate the Management Staff to work for long-term objectives and overall success of the Company.
 - + Demonstrate a clear relationship between Company achievements, personal performance and the remuneration for the Management Staff.



REPORT OF THE BOARD OF DIRECTORS



INVESTMENT SUBCOMMITTEE

Members

No.	Name	Position in the Board	Position in the Subcommittee
1	Mr. Yerkin Tatishev	Member	Head of the Subcommittee
2	Mr. Nguyen Sy Cong	Member cum CEO	Member
3	Mr. Nguyen Quoc Hiep	Member (Independent)	Member

Duties

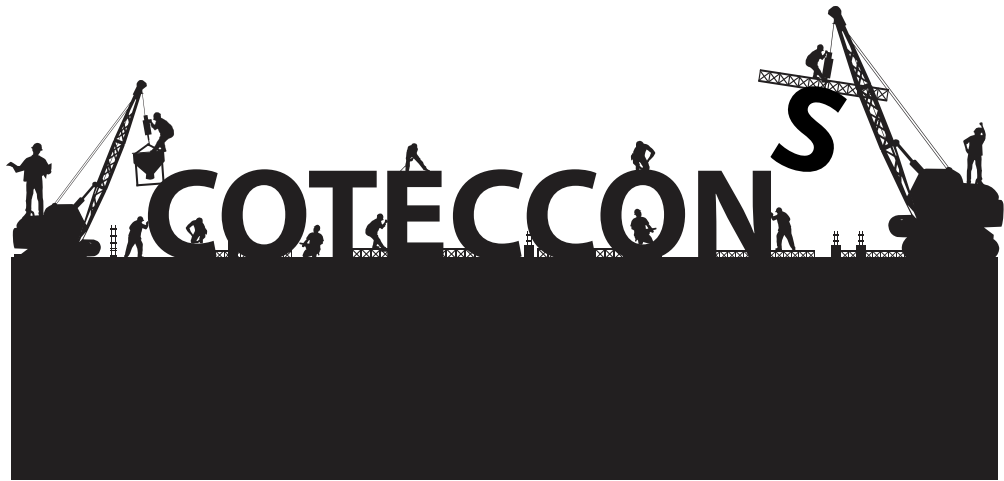
- ♦ Evaluating investment activities of the Company and proposing critical ideas relating to the effectiveness and the risks of current investment activities of the Company to the Board of Directors.
- ♦ Searching for investment opportunities (including merger and acquisition, financial investment, investment in new technology and equipment, etc.) under the strategic orientations of the Company.
- ♦ Drafting regulations and policies relating to investment activities, monitoring the compliance with those policies.
- ♦ Assessing and analyzing potential risks and proposing preventive measures in the investment process to the Board of Directors for consideration; Monitoring the compliance with investment regulations in the Charter of the Company.



RISK SUBCOMMITTEE

Members

No.	Name	Position in the Board	Position in the Subcommittee
1	Mr. Nguyen Quoc Hiep	Member (Independent)	Head of the Subcommittee
2	Mr. Nguyen Sy Cong	Member cum CEO	Member
3	Mr. Talgat Turumbayev	Member	Member



Duties

- ◆ Identifying and evaluating the risks that affect the Company’s operation to propose preventive measures.
- ◆ Establishing risk appetite and risk tolerance for each business line of the Company as well as the Company as the whole and monitoring the implementation of these policies within the Company.
- ◆ Risk Subcommittee is responsible for reviewing and changing the risk management structure of the Company in order to comply with the risk management requirements of the law and disseminating the risk management culture to all departments in the Company.



THE BOARD’S SECRETARIATS

Members

No.	Name	Position in the Subcommittee
1	Mr. Vu Duy Lam	Chief Secretary
2	Mr. Vu Kien Hoa Nhan	Member
3	Mr. Nguyen Tien Ngoc	Member
4	Mr. Tran Quy Viet Tuan	Member

Duties

The Board’s Secretariats are responsible for coordinating the operation of the Board of Directors and being the contact point between the Board of Directors and Board of Management to deal with related issues; Providing strategic information, giving advice and supporting the Board of Directors or AGM in operation in accordance with legislations and the Company’s Charter; Drafting the Board’s and AGM documents, disclosing information and solving other issues related to the operation of the Board of Directors or AGM; Being in charge of investor relations and shareholder care.

Operations

The Board’s Secretariats operate permanently at the Company and serve as a contact point between the Board of Directors and the Board of Management to deal with related issues.



REPORT OF THE BOARD OF DIRECTORS

REMUNERATION OF THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS AND BOARD OF MANagements IN 2017

No.	Name	Position	Income from Salary	Income from Bonus	Income from Remuneration	Total
I. BOARD OF DIRECTORS						
1	Mr. Nguyen Ba Duong	Chairman	53%	27%	20%	100%
2	Mr. Nguyen Sy Cong	Member cum CEO	36%	19%	45%	100%
3	Mr. Nguyen Quoc Hiep	Member (Independent)	0%	0%	100%	100%
4	Mr. Talgat Turumbayev	Member (Non-executive)	0%	0%	100%	100%
5	Mr. Tran Quyet Thang	Member (Independent)	0%	0%	100%	100%
6	Mr. Tan Chin Tiong	Member (Independent)	0%	0%	100%	100%
7	Mr. Yerkin Tatishev	Member (Non-executive)	0%	0%	100%	100%
II. BOARD OF SUPERVISORS						
1	Mr. Luis Fernando Garcia Agraz	Head of the BOS (Non-executive)	0%	0%	100%	100%
2	Mr. Dang Hoai Nam	Member	49%	31%	20%	100%
3	Mr. Nguyen Minh Nhut	Member (Independent)	0%	0%	100%	100%
III. BOARD OF MANagements						
1	Mr. Tran Quang Quan	Deputy General Director	65%	35%	0%	100%
2	Mr. Tran Van Chinh	Deputy General Director	66%	34%	0%	100%
3	Mr. Tu Dai Phuc	Deputy General Director	62%	38%	0%	100%
4	Mr. Phan Huy Vinh	Deputy General Director	63%	37%	0%	100%
5	Mr. Vo Thanh Liem	Deputy General Director	69%	31%	0%	100%

STOCK TRANSACTIONS OF INSIDERS AND RELATED PARTIES

No.	Name	Insider/ Related party	Number of shares at beginning of the year		Number of shares at the year end		Reason(s) (purchasing, selling, transferring, bonus, etc.)
			Number of shares	Percen- tage	Number of shares	Percen- tage	
1	Mr. Nguyen Ba Duong	Insider	3,619,754	4.70%	3,831,654	4.89%	Purchase ESOP
2	Mr. Nguyen Sy Cong	Insider	1,101,706	1.43%	1,149,906	1.47%	Purchase ESOP
3	Mr. Tran Van Chinh	Insider	116,000	0.15%	144,300	0.18%	Purchase ESOP
4	Mr. Phan Huy Vinh	Insider	777,517	1.01%	821,717	1.05%	Purchase ESOP
5	Mr. Tran Quang Quan	Insider	1,051,507	1.36%	1,149,507	1.47%	Purchase ESOP
6	Mr. Tu Dai Phuc	Insider	195,394	0.25%	241,694	0.31%	Purchase ESOP
7	Mr. Vo Thanh Liem	Insider	92,350	0.11%	132,350	0.17%	Purchase ESOP
8	Mr. Vo Thanh Cang	Related party	19,001	0.02%	27,501	0.04%	Purchase ESOP
9	Mr. Dang Hoai Nam	Insider	74,348	0.10%	83,548	0.11%	Purchase ESOP
10	Mr. Vu Duy Lam	Insider	-	0%	10,000	0.01%	Re-purchase revoked ESOP
11	Ms. Ha Tieu Anh	Insider	569,510	0.74%	605,910	0.77%	Purchase ESOP
12	Ms. Vu Thi Hong Hanh	Insider	600,714	0.78%	632,014	0.81%	Purchase ESOP



REPORT OF THE BOARD OF DIRECTORS



Despite already being the market leader for many years, in 2017, Coteccons constantly innovated to change the management system in order to improve the quality of the work, expand production and increase transparency in operations, ultimately to bring more value to clients, shareholders as well as employees of the Company.



THE BODS' ASSESSMENT OF THE TARGETS SET BY THE 2017 AGM

The 2017 AGM set out many challenging objectives, however, under the direction of the Board of Directors and the good leadership of the Board of Management, the key objectives are to completed such as implementing sales target, paying cash dividends, issuing shares to key employees in the Company, expanding the operation area, strengthening the systems, improving technology etc.

At the end of 2017, the Company has completed the following objectives:

FINANCIAL PERFORMANCE

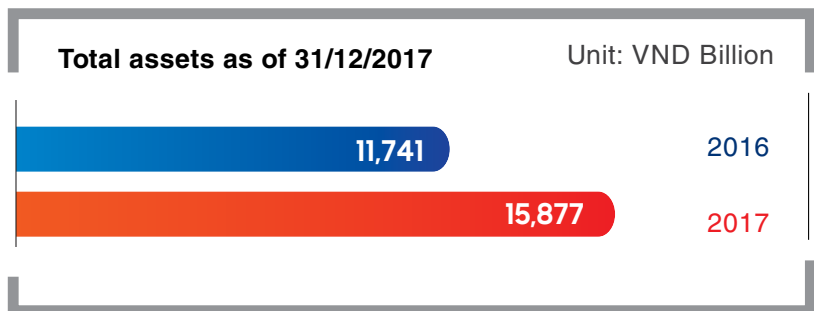


**CONSOLIDATED
REVENUE**
VND 27,153
BILLION

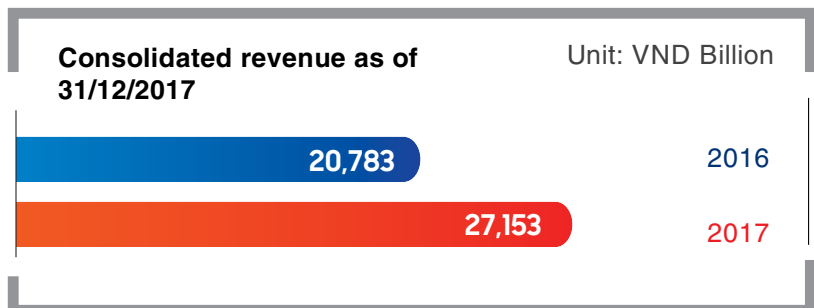
Total assets as of 31/12/2017 reached VND 15,877 billion, increased by 35% year over year. Consolidated revenue was VND 27,153 billion, after-tax profit was VND 1,653 billion respectively meeting 101% and 94% the target set by the 2017 AGM, correspondingly increased by 31% and 16% year over year. Although the growth rate was not met the expectation, but it is still very impressive compared to other enterprises in the same industry and the whole country economy. The year of 2017 marks the sixth consecutive year that Coteccons' revenue and profit grow at more than 10%, and the second consecutive year that profit reaches more than 1,000 billion VND, which is a rare achievement in Vietnam market.



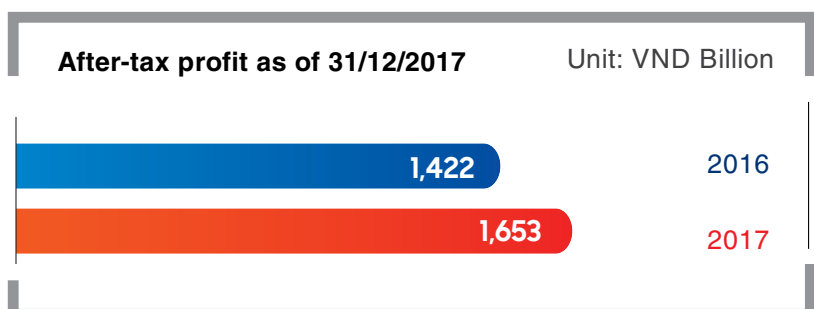
Total assets
increased **35%**
year over year



Consolidated revenue
increased **31%**
year over year



after-tax profit
increased **16%**
year over year





REPORT OF THE BOARD OF DIRECTORS

THE BODS' ASSESSMENT OF THE TARGETS SET BY THE 2017 AGM (continued)



Coteccons continued to be the highest cash dividend payer in the construction industry in particular and in Vietnamese market in general.



Equivalent to
50%
par value

PAYMENT OF CASH DIVIDEND

Continuing the commitment of bringing more value to shareholders, in August 2017, the Company paid cash dividends to shareholders with the closing date of 31/08/2017, the payment amount was VND 5,000 per share (equivalent to 50% par value). With this dividend payment, Coteccons continued to be the highest cash dividend payer in the construction industry in particular and in Vietnamese market in general.

EMPLOYEE STOCK OWNERSHIP PLAN FOR KEY STAFFS

According to the Resolution of 2017 Annual General Meeting, the Board of Director successfully implemented the Employee Stock Ownership Plan for the Company's key staffs. This policy is necessary and timely to enhance the loyalty, the enthusiasm and the solidarity amongst staff who is essential for the Company's perpetual development in the upcoming period. Details of the issuance are as follows:

Number of shares issued	:	1,305,000 shares
Issued price	:	VND 40,000 per share
Number of beneficiaries	:	140 staffs
Lockup time	:	02 years upon 10/01/2018

REVOKED ESOP FROM RESIGNED EMPLOYEES AND RESOLD TO OTHER KEY EMPLOYEES

In 2017, the Company clawed back ESOP from resigned employees and resold those shares at equal revoked price to other employees who have remarkable contribution to the Company. Total number of shares revoked and resold as follows:

Number of shares revoked and resold	:	448,500 shares
		VND 70,000 per share for 116,500 shares
Exercised price	:	VND 42,000 per share for 188,000 shares VND 35,000 per share for 144,000 shares
Number of beneficiaries	:	132 staffs
Lockup time	:	02 years upon 02/01/2018



In 2017, Coteccons became one of the first listed companies implementing: the Chairman of the Board was no longer concurrently holding the position of CEO and Coteccons has increased the number of independent members in the Board to 3 over 7 members.

PIONEER IN IMPLEMENTING 71/2017/ND-CP ON CORPORATE GOVERNANCE

In 2017, Coteccons became one of the first listed companies implementing Decree No. 71/2017/ ND-CP dated 06/06/2017 of Vietnamese Government ruled on corporate governance, in which, for a public company. The Chairman of the Board was no longer concurrently holding the position of CEO and Coteccons has increased the number of independent members in the Board to 3 over 7 members (this is exceeded the requirements of the Decree No. 71/2017/ ND-CP where the minimum required ratio is 1/3). These changes have shown the spirit of transparency in corporate governance of Coteccons.

RE-ASSESSMENT OF THE BOARD OF DIRECTORS IN 2017

2017 is the transition year between the two terms of the Board. There are only three (3) re-elected members over seven (7) members in total. Therefore, there are still some difference in working style.

However, in order to continue the success of the Board of Directors term of 2012-2017, in 2017, the Board of Directors term of 2017-2022 has make changes to overcome the limitations of the previous Board as follows:

- ◆ Coordinated with the Board of Supervisors to set up the Internal Audit guided by Board of Supervisors to conduct internal audit the Company.
- ◆ The Board of Directors has sought and introduced to the Annual General Meeting three (3) independent members to ensure that at least 1/3 of the Board members are independent.
- ◆ Segregated the role of Chairman of the Board of Directors and CEO of the Company.
- ◆ Set up the regulation on organization and operation for the Board of Directors and subcommittees of the Board of Directors.

However, besides the successes achieved, the Board of Directors term of 2017-2022 still have a limitation which has to be corrected in 2018 as follow:

No.	Limitation	Action plan in 2018
1	The operation of sub-committees was not frequent enough so that the role of giving advice to the Board on specialized issues has not performed adequately.	Establish a periodic working schedule for each subcommittee.



REPORT OF THE BOARD OF DIRECTORS



After the successful year of 2016, the 2017 AGM has set many challenging goals for the Board of Management. However, with tireless efforts, the Board of Management has successfully achieved the sales target (reaching 101% of target) and reached 94% of profit target. For this business results, the Board of Directors still highly appreciates the performance of the Board of Management as the benefits of shareholders of the Company is still strengthened. Relationships with clients were kept expanding and improving. Prestige, value of Coteccons brand was growing stronger.

SUPERVISORY REPORT OF THE BOARD OF DIRECTORS ON THE BOARD OF MANAGEMENT

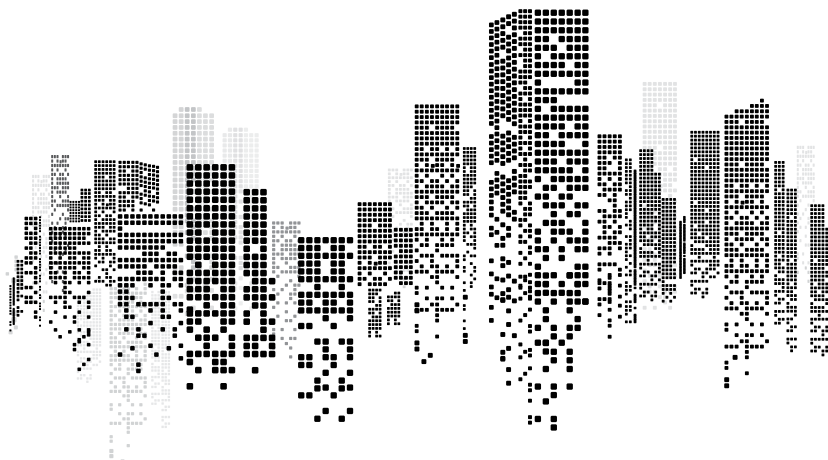


APPARATUS OF MANAGEMENT AND TRAINING

The Board of Management is composed of the CEO and five (05) Deputy General Directors. In which, the CEO was promoted from the subsidiary and 01 (one) Deputy General Director was newly appointed in 2017. Despite some changes in the management team, the Board of Management still worked in the spirit of high solidarity. With the segregation of duties being clearly made, the Board of Management successfully practiced their rights and fulfilled their duties in accordance with the Company's Charter and the applicable laws and regulations.

The Board of Management regularly listened and discussed with lower managers in weekly meetings and timely rotated employees amongst Construction Divisions, Project Management Teams, and other Departments within the Company to optimize the Company's organizational structure, and thus improved the work efficiency.

The Board of Management also carried out various recruitment and training programs to develop a highly qualified workforce to handle projects of larger scale and of more technical complication. The human resources of the year increased approximately by 24% over the previous year.





TRANSPARENT IN MANAGEMENT

Apart from the changes in the superstructure of the Company (i.e. segregating of the role of Chairman of the Board and General Director), the Board of Management has also changed the internal control system to enhance transparency in operation. The Department of Cost & Contract Management (CCM) regularly reviews and reports to the Risk Subcommittee of the Board of Directors and the Internal Audit for comments when transactions with related parties occur.

The disclosure of information by the Board of Management to the stock market has always been made in a more accurate and prompt manner than any lawful requirements. Apart from financial information to be published on a quarterly basis, the Company has also constantly updated operational status of both newly signed contracts, and the progress of ongoing projects on the Company's official website. Press conferences and shareholder meetings were also held regularly to provide information for investors.

Relationships with subcontractors and suppliers have been built up on the principles of clarity, transparency, and sincerity for mutual cooperation and development thanks to the role of CCM. The Board of Directors highly appreciates the work of the CCM and the Board of Management in 2017.



PIONEERING IN UPDATING AND RENOVATING TECHNOLOGY

Following the success in 2016, the Board of Management continued to seek, renovate technology to improve the performance and quality of construction works. BIM continued to achieve many successes such as applying BIM successfully into progress management and construction methodology control. BIM has also successfully exploited 3D modelling softwares such as Navisworks, Synchro and VICO to set up clash detection, 4D management and 5D cost. With such great achievements, Coteccons was honored to be the official training center of Autodesk.

In summary, with a high sense of responsibility in the work, the Board of Management has successfully implemented the strategic objectives set by the AGM and by the Board of Directors. In addition to focusing on the core business, strengthening construction capacity, the Board of Management was always active, creative in looking for opportunities to boost sales, reduce costs and increase efficiency. The Board of Management coordinated very well with the Board of Directors, the Board of Supervisors and the Internal Audit in improving the system and the transparency of the Company's operations.

Based on the analysis of external and internal business factors, the Board sets out business strategy for 2018 as follows:



Focus on developing core businesses, maintain the position of market leader of Vietnamese construction industry.



Strengthen the corporate governance and improve the operation of the Subcommittees of the Board.



Re-create the Company's corporate governance code, supervise the compliance with the law, the Company's Charter and regulations on disclosure of information, ensuring equity for all shareholders.



Support, promote the operation of the Board of Management through incentive policies for employees and delegate maximum authority to Board of Management in developing resources to achieve the objectives.



Monitoring the use of capital in investment, increase value for shareholders alongside construction activities.



Focus on business expansion, along with risk control.



REPORT OF THE BOARD OF DIRECTORS



Coteccons operates in the construction industry which is a turbulent environment with rapidly changing factors, such as legal, market, customers, geography, materials, human capital, etc., driving to various potential risks at different levels. Coteccons has established and developed the foundation for Enterprise Risk Management (ERM) with specifically-designed methods and tools to make sure risks would be identified, categorized, evaluated and mitigated effectively.

RISK MANAGEMENT

OVERVIEW

Coteccons' risk management system diagnoses and analyzes critical risks, and through this, helps:

- To ensure a timely completion of set objectives and plans.
- To preserve values, properties and reputation of Coteccons.
- To support decision-making process and procedures.
- To guarantee a consistency between core values and operating strategies.
- To share common ideas about risks to all employees.



ESTABLISHMENT OF INTERNAL AUDIT BOARD

In 2017, to complete the enterprise management system, Coteccons has established the Internal Audit Board with the role of an independent and subjective defense. Key objectives of the Internal Audit Board are:

- ◆ Evaluating and analyzing enterprise risk management system.
- ◆ Investigating the compliance of the Internal Control system.
- ◆ Evaluating, consulting and completing internal operating processes, procedures and methods.
- ◆ Supervising the process of making financial statements.

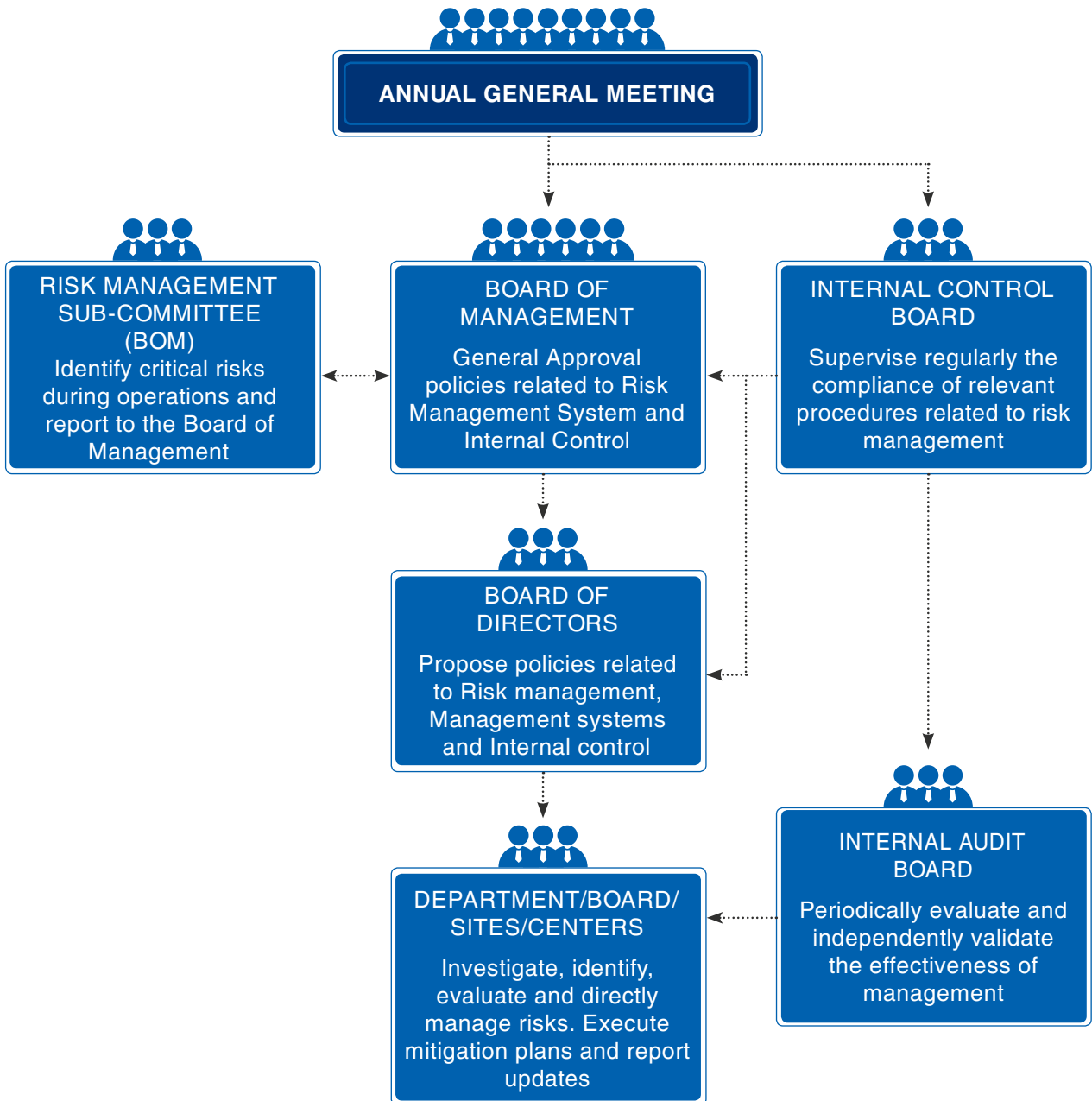
The Internal Audit Board has and is performing auditing based on evaluating critical risks which have significant impacts on the Company's operations and finance. The content of auditing includes several aspects, ranging from Human Resource Management, Process, Regulations to Internal Finance and Operational Effectiveness. Based on the collected and analyzed results, the Internal Audit Board proposes improvement suggestions to strengthen the management system, control potential risks, and improve specialization management activities.

Besides, the Internal Audit Board also performs evaluating third-party's situation and executes analysis about the macro-economic situations and the industry's operational risks. These results have positively contributed to a more in-depth and accurate decision-making of managerial executives.

COTECCONS' APPROACH TO RISK MANAGEMENT

Risk management structure

Coteccons' risk management policies have been extended through different levels from the Company's executives to functional units. Frequent execution and supervision make sure risks to be identified, updated and managed; creating a favorable condition for building timely mitigation solutions.

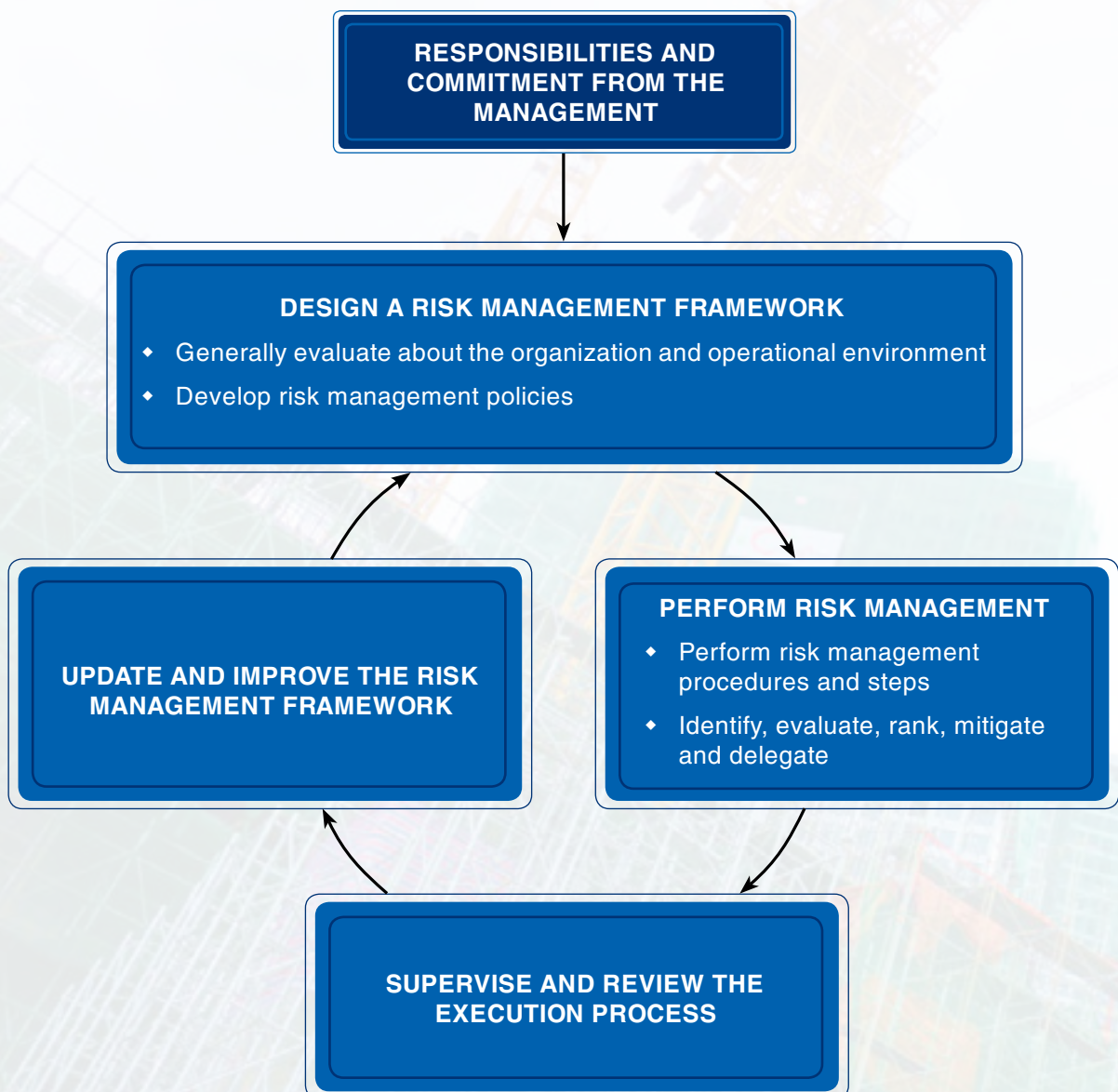




RISK MANAGEMENT (continued)

Risk management methods

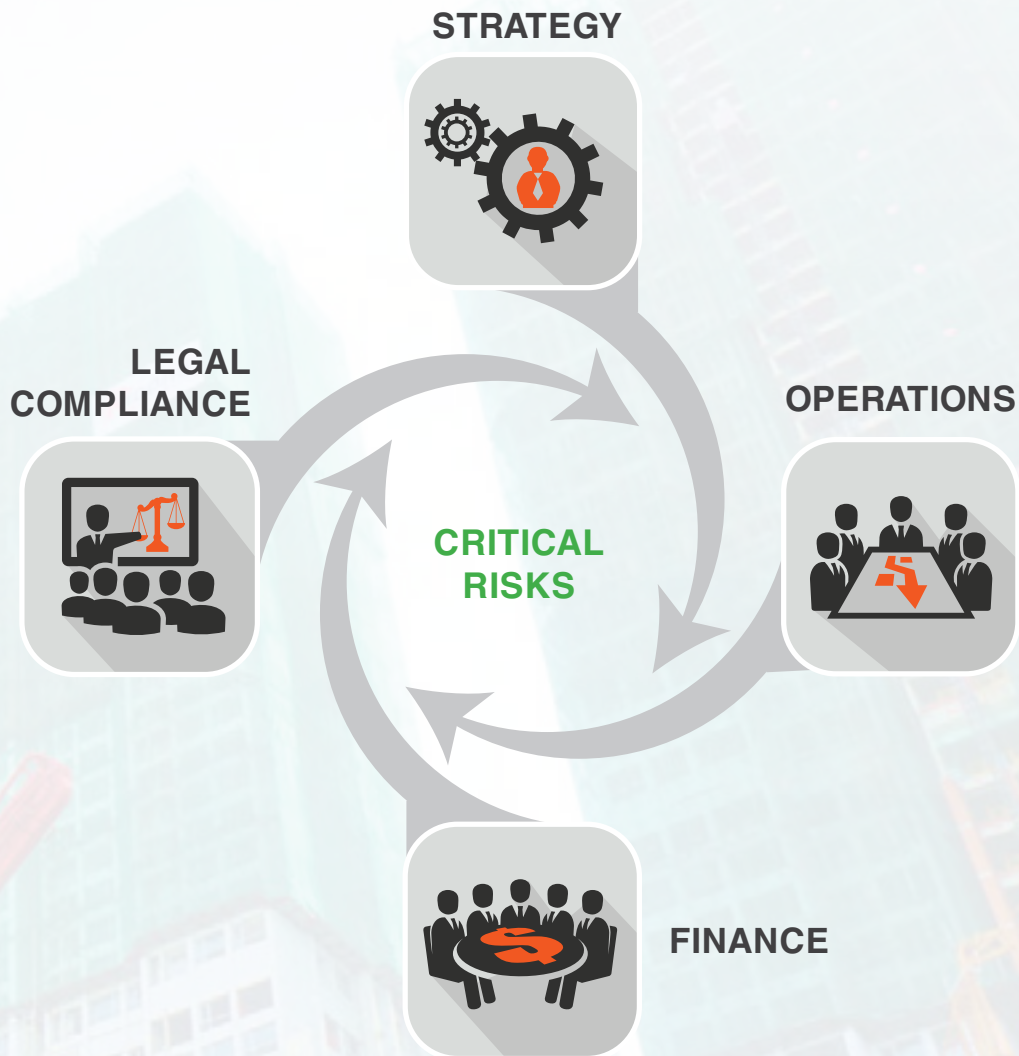
Coteccons' risk management system has been built on the foundation of the latest international knowledge and standards, including: ISO 31000:2009 of risk management and enterprise risk management framework, along with COSO's strategy and operational effectiveness (2017).



CRITICAL RISKS

Risks are categorized into 4 main areas:

Strategy, Operations, Finance and Legal Compliance.





REPORT OF THE BOARD OF DIRECTORS

CRITICAL RISKS (continued)



STRATEGIC RISKS

Risks of The construction industry and the real-estate industry

With a rapid development pace of the real-estate market in 2016-2017, supply has been increased and product quality has been improved. Therefore, it is necessary to evaluate supply-demand in the real-estate market for certain sectors such as residential and hospitality in order to have suitable strategies. When this risk presents, revenue goals and planned profits will be affected. Moreover, risks on the current asset market can also influence Investors' finance, leading to certain difficulties in collecting account receivables and thus, slowing down the transfer process.

➤ *Mitigation plan*

Regularly evaluate, analyse the state of the real-estate and construction industries in Vietnam. Early identify market segments that have a big potential demand and from that, build comprehensive yet optimal solutions to create a cutting edge for the Company in such market segments.

Strongly innovate and improve construction techniques, management methods, build a closed supply chain in the construction sector, strengthen the potential of Design and Build model in the pursuit of optimizing cost effectiveness for Investors, and provide high-quality products which can attract more market's consumption.

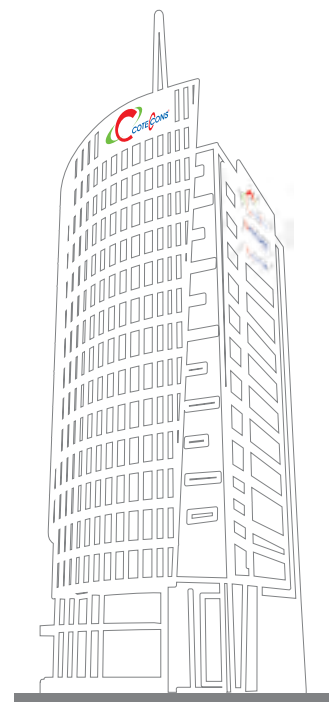
Relentlessly explore and research about sustainable development. Navigate and leverage new and highly-effective investment opportunities. Develop strong teams with relevant skillsets to finance, investments, legal, and economics to realize these opportunities.

Reputation risks

Coteccons' reputation can be affected directly by events coming from the Company itself or indirectly from affiliates and member companies, or from other third-parties. It can be seen that, Coteccons' reputation has been confirmed in many years through our professionalism and sincerity with customers and partners to ensure a timely process and high quality. Therefore, reputation risks originating from Coteccons are not significantly. However, any untrustworthy source of information may affect the Company's brandname, as well as trust from investors, prestige to customers and or employees' morale.

➤ *Mitigation plan*

Strengthen legal compliance, successfully fulfil commitments with customers, and effectively complete contracts so as to build up and preserve our reputation. Furthermore, it is necessary to develop a strong Communication Department to manage accurate information, alleviating the adverse impact on the Company's prestige and reputation.





OPERATIONAL RISKS

Risks of Labor safety

As a nature of the construction industry, workers are exposed to harsh combination of different environmental factors such as: weather, height, heavy machines, large number of workers, tight deadline, etc. These are potential risks towards Labor safety if not strictly managed.

Especially, in 2017 and forward to 2018, with increasing in quantity and complexity of projects, spreading across different regions, risk management and prevention for labor safety is of the highest concerns and being strengthened rigorously.

➤ **Mitigation plan**

“Safety first” is the most important spirit of Coteccons. The Company has enacted 10 Procedures for Labor Safety which includes regulations from general management such as identification, evaluation, and risk management to detailed activities such as checking electric equipments, fire prevention, instructions of working in high altitude and/or

narrow space, and other regulations on safe equipment performance. Coteccons has also established an instruction system of how to react to emergencies to ensure proactivity during the emergency events if happen.

Construction equipments have been invested and managed closely in terms of safety. High building projects are covered by advanced sliding coverage system to provide a safe working environment that protects workers off falling objects. Lifting equipments that are related to high risks, such as tower crane and excavator are being put under a strict management, and regular supervision from the Project Management Teams and the , Equipment and Material Department.

The Company has regularly organized trainings, team meetings to evaluate and manage safety performance. Also, the Company has focused on periodic maintenance and correction for construction equipments as well as full supply of technical safety equipments for all Project Management Teams and workers of sub-contractors and crews.

Coteccons has also recruited foreign specialists with many years of experience working in the labor safety field. Their in-depth knowledge and skills which were testified through different international projects are a valuable and essential resource for Coteccons in the pursuit of completing the Company’s safety system.



CRITICAL RISKS (continued)

OPERATIONAL RISKS (continued)

Risks of Bidding

Bidding is the start for the success of projects under Bid-Build model. This step shows Coteccons' strategies and competitive advantage over our rivals. Therefore, risks are always available during the bidding process. Some risks can be named such as inaccurate pricing from the competitors, unhealthy competition, lack of input information, incomplete management of necessary components, incomplete design, inaccurate estimates, quick progress, etc. along with resonant effect from other risks such as market inefficiency or declining Investor's finance. Thus, strengthening bidding is one of the priorities in Coteccons.

➤ *Mitigation plan*

Combine strengths from different departments to navigate information, analyse strengths and weaknesses of competitors. Leverage internal resources as well as partners' resources to build up a suitable pricing strategy to satisfy customers' demand while bringing the best bidding values to the Company.

Build a software platform that is able to analyse statistically and link big data so as to automate the process of making BOQ for projects, especially D&B projects. From there, increase the pricing progress, design bidding strategies, and evaluate a complete list of necessary components, in order to early close a bid with Investors.



Risks of Turbulences in input market

During the last years, price of input materials (steel, sand, petrol, electricity, etc) has been changing significantly and therefore deeply influencing the construction industry. This changing trend is expected to continue in the year 2018. Also, the development of larger and more complicated projects requires more imported equipment from foreign suppliers, combining with changes in the exchange rate, has had certain impacts on profitability of many projects.

Remuneration and insurance packages have also influenced labour costs for the management and front-line workers, which in its turn, has driven the changes in pricing.

➤ Mitigation plan

Develop at-site purchasing and transferring management for main materials. Leverage financial advantage to reduce costs of input materials. Predict price changes in the input market, pro-actively execute procurement contracts, or import contracts of key materials for any projects.

Increase negotiations and anchor pricing terms and conditions to control deflation risks coming from Investors; and therefrom, develop suitable yet early purchasing and ordering plans to cover risks in price changing. Rigorously find new supplies that provide high-quality materials at a reasonable price to avoid monopolistic supply.

Improve productivity, and apply automation in construction in order to reduce human factors and handle human costs.



REPORT OF THE BOARD OF DIRECTORS

CRITICAL RISKS (continued)



OPERATIONAL RISKS (continued)

Risk of Human resources

People are at the heart of the Company's establishment and development. Building and training a competent team of successors is an important objective of the Company in the pursuit of sustainable development. Attracting talents with a right potential and attitudes is now becoming a big challenge. Besides, young talents need time to accumulate hands-on experience and develop themselves to be compatible with such a strong human resource structure like Coteconcs.

At the same time, regular yet in-depth training, as well as internal sharing of valuable experience is the key to build up a strong human capital in Coteconcs with the participation of many talented employees who are great assets of the Company.

• **Mitigation plan**

Retain and improve remuneration and benefit policies for employees. Ensure a comparable salary, benefits, and bonuses on the basis of productivity and work efficiency. Not only focusing on stable income sources, the Company has paid an attentive care to both physical and spiritual health of employees through a comprehensive

insurance system for employees and their family members, as well as support program for employees' children and team-building activities to strengthen the bonding within Coteconcs.

Coteconcs' Union has had regular visits to encourage and give gifts to remote construction sites to provide support for Project Management Teams to overcome the hardships. Office employees have also been participating in voluntary events not only to improve social responsibility with the society and communities, but also to connect every member in the Coteconcs' family outside stressful working hours.

A highlight for the year 2017 was the establishment of the Training Academy (Coteconcs Academy - CTA). CTA has been and is being in charge of training high-quality employees from entry levels to mid levels such as supervisors, QS, vice team leads, and high levels such as team leads and department leads. Training courses are professionally designed covering from soft skills to specialization and even cultural integration in order to promote working attitude and motivation among employees. Trainees after completion are awarded certificates to demonstrate their achievements during the learning progress while maintaining the work's quality and progress.



FINANCIAL RISKS

Risks of Project's Finance

A construction project is a lengthy process starting from preparation to execution, transferring and warranty. This process is attached with financial management activities of any project. Turbulences in prices, policies and unplanned incidents or Investors' finance capital have significant impacts on the success of a project.



Financial effectiveness of a project will be certainly reduced by cash flow issues arising from Investors' payment process. A situation that Investors have difficulties in raising capital is one of the influential factor of changes in the project's financials.

Risks of Capital management



As an enterprise with healthy capital through continuous wins in bidding projects of high-quality and prestigious investors and through our effective cash flow management, Coteccons has accumulated a strong cash source to ensure high liquidity and timely progress. However, a strong cash flow that the Company is currently having might impose several potential risks due to currency deflation of Vietnam Dong.

➤ Mitigation plan

Expand cost management on construction sites from the preparation stage to excitation and transferring. Research about negative information about prices to have appropriate adjustments.

Apply advanced information technologies during revenue management and cost management: details of different components, contracts and materials, avoid unnecessary incidents, update information, and create validating methods such as cross-checking. Establish statistics and risk warning system to guarantee promptness in prevention and reaction.

Pro-actively check financial capabilities and legal aspects of a project, collaborate with Investors to figure out capital assurance solutions. Have strict regulations for all high-risk scenarios in the contract's terms and conditions to handle capital insufficiencies if happen.

Financial Control Department improves general check-ups for all projects independently and quickly reports to Deputy General Directors, Directors and relevant Project Managers.

➤ Mitigation plan

Coteccons has been focusing on researching new solutions to maximize profitability from the Company's cash flows. Investment Department has frequently proposed investment solutions to increase values for Coteccons' capital. The year 2017 has marked the establishment of Covestcons, an investment-specialized company. This is the basis for the Company to participate in negotiations and collaborations with investment partners to use our cash flows more effectively to generate more sustainable values.

Improve market investigations and analyses on cash flows, profitability and revenue turnover. Coordinate with different departments to realize financial risks and relevant investment risks to lay a strong foundation for management, ensuring no critical unplanned incidents.



REPORT OF THE BOARD OF DIRECTORS

CRITICAL RISKS (continued)



COMPLIANCE RISKS

Risks of Legal procedures

Cotecons' operational environment belongs to a complicated legal framework with the involvement of different regulations such as Enterprise Law, Construction Law, Commercial Law, Real-Estate Law, Labor Law, Investment Law, Stock Exchange Law, Taxes and Social Insurance. The regular establishment and development of different legal documents require the Company to be more adaptive and have prompt adjustments if needed. Cotecons has always prioritized legal compliance and social responsibilities.



➤ **Mitigation plan**

Cotecons is building and recruiting a legal team specializing in Enterprise Law who are comprehensively knowledgeable in legal system and economic policies. Cotecons' Legal Department has developed their operational methods not only in evaluating and dealing with current legal issues but also in updating, consulting and predicting changes in legal documents through observations in the government's orientations, legal bills, and consultations of experienced and competent legal agencies.

Risks of Contracting

Contracts are the basis of all transactions between Cotecons and Investors, Suppliers, Sub-contractors and Employees. Terms and conditions in the contracts about legal procedures, accounts receivables, deflation, scope of work and payment period, etc. if not elaborated carefully will create risks of lacking information or intransparency in responsibilities of all relevant stakeholders. Contractual errors will create difficulties in referring and handling situations. This is also a major source of conflicts and legal actions.

➤ **Mitigation plan**

Improve contractual management through different layers of evaluation from Bidding Department, Cost Management Department, Accounting and Finance Department and Legal Department.

Develop a system of sample contracts with standardized terms and conditions as a basis for negotiations and forward references.

Develop a risk evaluation system for all projects including Investors, Consulting, Legal, Finance, Technicals and Progress.

Establish a specialised team in contracting who have an overview vision towards risk management in contractual terms and conditions, deviations with standard contracts. This team will play an independent consulting role for Departments, Units and Project Mangers.

ORIENTATIONS FOR 2018



Develop and improve risk management at the Company.



Update and improve a list of risks with comprehensive analyses and in-depth evaluation to support decision making process and design mitigation plans.



Research and create training programs to provide the most advanced skills and tools for Risk Management.



Seek consultation and advice from specialists in the risk management field to realize which should be improved.



BOARD OF SUPERVISORS REPORT

INTRODUCTION OF THE BOARD OF SUPERVISORS IN 2017



Mr. Luis Fernando Garcia Agraz
Head of Board of Supervisors

Year of birth: 1970
Nationality: Mexico

He graduated with a Master in Business Administration (with concentration in Finance) from the University of Texas at Austin, USA. He has 25 years of experience in enterprise executive management.

2002 - 2014: He had held many vital positions of world leading companies in the building materials production sector, including: Director of Strategic Business Development of Cemex Group, General Manager of Puertas Aceroestermicas S.A. de C.V., Associate Director of Eagle Construction Technologies in Building Materials Corp., and Administrative and Planning VP of HT 360 Consortium S.A.

From 2014, He worked as the Director of Planning in Cement Holding and currently, as the Chief Operating Officer of Kusto Management Vietnam Co., Ltd.

Since June 2017, He has been elected as the Head of Board of Supervisors of Cotecons for the term 2017 - 2022.



Mr. Nguyen Minh Nhut (Jack)

Member of the Board of Supervisors

Year of birth: 1971

Nationality: Canada

He graduated as a BA (Hons.) in Chartered Accountancy at the University of Waterloo, Canada and is licensed Chartered Professional Accountant of Canada.

2012 - 2017: He held senior executive positions at the Institute of American Education and at VinaCapital, one of the largest fund and asset management corporation in Vietnam.

Since June 2017, He has been elected as the member of the Board of Supervisors of Coteccons for the term 2017 - 2022.



Mr. Dang Hoai Nam

Member of the Board of Supervisors

Year of birth: 1976

Nationality: Vietnamese

He graduated as a Bachelor of Finance at the National Economics University - Hanoi and as a BA in English at the University of Languages and International Studies - Hanoi. He has more than 20 years of experience in financial accounting management.

From 1998 to 2006, He worked as the Accountant Ba Ria - Vung Tau Petrolimex company, FDC Company, COTEC construction company; From 2006 to 2015, He was the Chief accountant, Deputy General Director of Uy Nam Investment Construction JSC, later known as Unicons Investment Construction Co., Ltd.

From 2015, he moved to work at Coteccons, respectively, as the Head of Finance Board, Head of General Department and Head of Legal Department.

Since June 2017, He has been elected as the member of the Board of Supervisors of Coteccons for the term 2017 - 2022; Follow the assignment of Board of Supervisors, He also in charge of the Head of Internal Audit Board.





BOARD OF SUPERVISORS REPORT



In 2017, the membership of BOS was elected in the Annual General Meeting of Shareholders for the term 2017-2022. The current BOS consisting of new three members in replacement of previous three members

BOARD OF SUPERVISORS REPORT

In 2017, the world economy has been developing stably in short-term, in which Asia continues to be a dynamic economy. There are also positive changes in Vietnam's economy including stable interest rates, declining inflation rate, well-controlled capital, and continuously high levels of FDI inflows. They help the construction and real estate industries to continue to flourish. These factors in combination with the continuous efforts and improvement, and the outstanding business strategies of the Board of Management contribute substantially to the success of Coteccons this year.

The Board of Supervisors ("BOS") is in absolute agreement with all financial figures about the business operation results of 2017 in the Board of Directors' report presented to our Shareholders, and the Financial statements audited by Ernst & Young Vietnam Co., Ltd.

THE OPERATION OF THE BOARD OF SUPERVISORS

In 2017, the membership of BOS was elected in the Annual General Meeting of Shareholders for the term 2017-2022. The current BOS consisting of new three members in replacement of previous three members. The activities of BOS during the year are as follows:

NO.	BOS's member	Position	Appointed date/ resignation date	Number of attended meetings	Attendance rate	Reason for absence
A Current members						
1	Mr. Luis Fernando Garcia Agraz	Head of BOS	29/06/2017	4/4	100%	
2	Mr. Dang Hoai Nam	Member	29/06/2017	4/4	100%	
3	Mr. Nguyen Minh Nhut (Jack)	Member	29/06/2017	4/4	100%	
B Previous members						
1	Mr. Nguyen Duc Canh	Head of BOS	29/06/2017	1/1	100%	
2	Ms. Phan Cam Ly	Member	29/06/2017	1/1	100%	
3	Ms. Nguyen Thi Phuc Long	Member	29/06/2017	1/1	100%	

In 2017, the BOS holds regular meetings to review and examine the resolutions and activities of the Board of Directors, the financial statements; and to discuss with the Board of Management about the opportunities and challenges in the Company's business operation, and their directions and objectives for upcoming periods. Additionally, the BOS directs the Internal Audit Board to perform risk management activities, and to assess the financial performance, the effectiveness of processes and activities of important divisions in the Company.

NO.	Meeting date	Content
1	2 nd Mar 17	<ul style="list-style-type: none"> Review the consolidated financial statements of 2016. Examine the business operation of the Company and its opportunities and challenges.
2	29 th Jun 17	<ul style="list-style-type: none"> The new BOS for the term 2017-2022 elects the Head of BOS. Suggest BOD for appointing the independent auditor for 2017. Discuss the operation of the Internal Audit Board which aims to be directly under the BOS.
3	31 st Jul 17	<ul style="list-style-type: none"> Revise and approve the Regulations on the organization and operation of the BOS and the Internal Audit Board, and the Manual of the Internal Audit Board. Agree upon the working plan and assign tasks within the BOS.
4	16 th Aug 17	<ul style="list-style-type: none"> Discuss with the independent auditor about the results of the financial statements for the first 6-month period of 2017. Approve the audit plan of the Internal Audit Board for 2017. Discuss of the controls on the Company's activities.
5	21 st Nov 17	<ul style="list-style-type: none"> Discuss the audit results of the Internal Audit Board. Assess the risk management activities of the Company. Approve the operation plan of the Internal Audit Board in 2018. Supervise the approval of related party transactions.

Supervision of the activities of the Board of Director, Board of Management and shareholders:

- Review the implementation of Annual General Meeting Resolution.
- Review the consolidated financial statements of 2016 and quarterly financial reports of 2017.
- Supervise the business operation of the Company and its opportunities and challenges.
- Supervise the approval of transactions with related parties.

The operation of BOS and the risk management activities of BOS through the Internal Audit Board:

- Issue the regulation on the organisation and operation of BOS and Internal Audit Board.
- Assign the job allocation for BOS members.
- Approve the Internal Audit Board manual.
- Suggest BOD on appointing the independent auditor for 2017.
- Discuss with the independent auditor about the consolidated financial statements for the 6-month period ended 30 June 2017 and for the year ended 31 December 2017.
- Review the overall risk management activities of the Company and make recommendation to the Board of Management through Internal Audit Board.



BOARD OF SUPERVISORS REPORT

THE OPERATION OF THE INTERNAL AUDIT BOARD (IA BOARD)

The establishment and organization of Internal Audit Board in 2017

The Internal Audit Board was established on 17th August 2017 by the Board of Directors. The IA Board works under the BOS as part of the proper corporate governance model. By independent activities such as examining, evaluating and consulting, the IA Board acts as the Company's third line of defense which aims to help the Company to achieve its objectives. There are currently four members in the IA Board.

During the year, the IA Board has been trained by experts from professional consulting firms such as KPMG, PwC and Smart Train, etc.

The main activities of Internal Audit Board in 2017

- 01 ♦ Prepare the regulation on the organization and operations of IA Board, the IA manual, and the audit plan based on the Company's risk assessment.
- 02 ♦ Carry out audit fieldworks to assess the financial performance, the effectiveness and compliance of the following departments: Finance and Accounting Department, Cost and Contract Management Department, Material and Equipment Department and Information Technology Department.
- 03 ♦ Assess the financial performance and investment status of FCC Infrastructure Investment Joint Stock Company - an associate company.
- 04 ♦ Assess the quarterly financial statements of the Company.
- 05 ♦ Discuss with the independent auditor about the audit results of the financial statements in 2017.
- 06 ♦ Comment on the Financial Management Regulation and other important regulations of the Company.
- 07 ♦ Conduct surveys and make recommendation on the risk management activities of the Company.
- 08 ♦ Evaluate the financial performance of some new clients and some commercial banks with which the Company have transactions.

Orientation for activities in 2018

- 01** ♦ Examine and review the identified high risk areas.
- 02** ♦ Co-ordinate with the Internal Control Board on auditing the Construction sites and other important processes of the Company.
- 03** ♦ Enhance the risk management framework for the Company.

THE EVALUATION ON SOME PRIMARY FINANCIAL INDICATORS OF THE CONSOLIDATED FINANCIAL STATEMENTS

No.	Indicator	Unit	2016	2017
I Profit margin				
1	Gross profit margin	%	8.7%	7.4%
2	Profit before tax/ Revenue ratio	%	8.5%	7.6%
3	Profit before tax/ Equity ratio	%	28.3%	28.2%
4	Profit before tax/ Total assets ratio	%	15.0%	13.0%
II Efficiency ratio				
1	Inventory turnover days	day	22	22
2	Accounts receivable turnover days	day	52	62
3	Accounts payable turnover days	day	50	56
4	Working capital turnover days	day	56	68
III Liquidity				
1	Current ratio	turn	1.8	1.7
2	Quick ratio	turn	1.6	1.5
3	Leverage ratio	%	47%	54%

The company's revenue and profit in 2017 continues to grow at 31% and 16% accordingly compare to last year. However, the revenue only exceeds 1% and profit only reaches 95% of the target plan. It is result from reducing in gross margin of construction activities and increasing in overhead management expenses.

The accounts receivable turnover of this year is longer than that of the previous year which shows the potential risk from clients. Thus, the Company should focus on controlling the receivables risk. In addition, the working capital turnover days also increase this year. Other indicators do not show much fluctuation.

Liquidity indicators remain reasonably high and safe.



BOARD OF SUPERVISORS REPORT

THE EVALUATION ON THE IMPLEMENTATION OF BOARD OF DIRECTOR' RESOLUTION AND ANNUAL GENERAL MEETING'S RESOLUTION



The Company has prepared and presented all consolidated financial statements on timely manner in the strict compliance with the current Vietnamese Accounting Standards and Vietnamese Accounting System for enterprises.

- ◆ In accordance with the Annual General Meeting's resolution, Ernst & Young Vietnam Co., Ltd. has been appointed as the independence auditor for the financial statements of the year ended 31 December 2017. The Company has prepared and presented all consolidated financial statements on timely manner in the strict compliance with the current Vietnamese Accounting Standards and Vietnamese Accounting System for enterprises.
- ◆ Paid dividend of 2016 in cash with the rate of 50% of par value (VND5,000/share).
- ◆ Preparation for investment activities, established and increased the chartered capital of Covestcons Co., Ltd. by VND 1,872 billion.
- ◆ Issued 1,305,000 shares for the Company's key staff as the ESOP plan for 2017.
- ◆ Completed the amendment of Company's Charter, update changes in capital and management in Company's business registration certificate.
- ◆ Completed the purchase of 448,500 ESOP shares back from the resigned employees and distributed to the current employees according to the current ESOP.



- ◆ Appointed and dismissed executive members of the Board of Management in accordance with the regulations of the General Meeting of Shareholders or of the Board of Directors.
- ◆ The remuneration for BOD, BOD's Committees and BOS in 2017 is VND 11.83 billion, equivalent to 0.72% profit after tax, and below the ratio of 0.75% approved by Annual General Meeting.
- ◆ The decision of increase the foreign ownership to 60% approved by Annual General Meeting is still pending.
- ◆ Distribution of retained earning 2016 to Investment & Development Fund is less than VND 73,183,290,195 compare to the Annual General Meeting Resolution. That is, base on the Resolution No. 01/2017/NQ-ĐHCĐ, VND 861,220,000,000 shall be distributed to Investment & Development Fund, however VND 788,036,709,805 was recorded only. Therefore, the above remaining amount need to be distributed for complying with resolution.

RECOMMENDATION

- ◆ In 2017, despite the continuing growth of the real-estate and construction market, the profitability of the Company is still affected by factors such as the increase in the price of building materials and other increasing costs. In 2017, the success of the Company is contributed by the combined efforts of the Board of Management and all company staff and the proper direction of the Board of Directors. Nevertheless, the Company operation currently depends heavily on civil construction sector may be exposed to potential risks of periodicity of construction and real - estate market.
- ◆ There are ongoing issues that directly affect the Company performance, such as macro-economy, the changes in labour policies, and the shortage and price increase of some construction materials. Hence, it is necessary to research, analyse and evaluate the macro issues of the economy and policies and then, to prepare appropriate responses.
- ◆ The growth and expansion of Company's business activities (especially the investment activities) link to potential risks. Therefore, the Company should strengthen the risk control activities (strategy risk, operation risk, financial risk, legal risk) during its operation.
- ◆ During the last period, the Company business has greatly improved and continues to be the leader in the civil construction sector. Hence, growing pressure is the challenge to the Board of Directors, the Board of Management and all company staff in the following period. The strategy in developing market and human resource development are important to maintain the competitive advantages and boost the Company move to new height.
- ◆ The Company has a strong financial position with high-value investment deposits. This is also the pressure for the Board of Management to optimise the value of the Company and limit its dependence on traditional construction activities. It is vital to develop an investment plan and carry it out effectively. The plan needs to be suitable with the Company's abilities and experiences and to follow the resolutions approved by the General Meeting of Shareholders.
- ◆ It is essential to continue on developing an effective and transparent corporate governance and to focus on risk management practice in order to ensure the shareholders' benefits and the Company's sustainable development.



INTRODUCTION OF THE BOARD OF MANAGEMENT



The Board of Management includes 1 General Director and 5 Deputy General Directors, of whom, the General Director and 1 Deputy General Director were appointed in 2017.





Mr. Nguyen Sy Cong
General Director

(see Introduction the Board of Directors
page 67)



Mr. Trang Quang Quan
Deputy General Director

Year of birth: 1973
Nationality: Vietnamese

Majored in Construction Engineering, University of Polytechnic-Ho Chi Minh City. After graduation, he worked for various international companies and secured key positions such as Site Manager and Project Manager. He has more than 20 years of experience in the construction industry.

Joined Coteccons since the first days, he played a key role not only in researching and improving construction methods, but also in training excellent teams of site managers and project managers.

In 2007, with a strong experience in operating and management, he was promoted to become the Deputy General Director of Construction, Assembly and Labor Safety. At present, he is also managing business development and partnership expansion with Investors, Foreign Partners and managers of different departments/ functions of the Company.





REPORT OF THE BOARD OF MANAGEMENT

INTRODUCTION OF THE BOARD OF MANAGEMENT (continued)



Mr. Tran Van Chinh
Deputy General Director

Year of birth: 1959
Nationality: Vietnamese

He graduated as Construction Engineer from the Ha Noi University of Construction.

From 1981 to 2007, he worked at the units under Song Da Construction Corporation and held the position of Enterprise Director and Company Director.

Moving to Coteccons in 2007 as Director of Construction, and in 2009, he was appointed Deputy General Director in charge of Ha Noi Office and some projects in the North of Viet Nam.

Mr. Phan Huy Vinh
Deputy General Director

Year of birth: 1972
Nationality: Vietnamese

He graduated from Water Resources Engineering major at Thuy Loi University.

In 1996 - 2002: He took the position of Technical Supervisor and Project Manager at Light Industry Construction Company No. 2.

In 2002 - 2008: He worked in Construction Division at Cotec Construction Joint Stock Company (Coteccons) with the position of Project Manager, Construction Division Director, Deputy General Director of Coteccons.

In 2008 - 2015: He was promoted to Deputy General Director, General Director of Phu Hung Gia Investment Construction JSC - precursor of Ricons Construction Investment Joint Stock Company. He was appointed to Deputy General Director on 01/9/2015.





Mr. Tu Dai Phuc
Deputy General Director

Year of birth: 1975
Nationality: Vietnamese

He graduated from the Faculty of Architecture, Ho Chi Minh City University of Architecture.

1998 - 1999: He worked at Southern Design Company A.S.C.A. During the next two years, from 1999 to 2001, he continued his career as the Team Leader in Architectural Design at V.C.C.

From 2002, he moved to Coteccons and held positions as Project Manager, Head of Finishing Department, Assistant to General Director and Business Development Director. Since 3/2014 he has been in charge of Deputy General Director at Coteccons.



Mr. Vo Thanh Liem
Deputy General Director

Year of birth: 1977
Nationality: Vietnamese

Graduated from the University of Polytechnic, Ho Chi Minh City.

He has 17 years at Coteccons with different positions ranging from Project Manager, Project Director to Construction Division Director. Through a strong experience with mega-projects, specializing in industrial factories and high-rise buildings that required excellent deliverables, he has proved his competency and ability. He is also known as an out-going and passionate leader who kindles the fire of motivation for his employees, contributing to the success of various projects. In 28th Sept 2017, he officially became a Deputy General Director of Coteccons.





REPORT OF THE BOARD OF MANAGEMENT

A HIGHLIGHT OF OUTSTANDING EVENTS IN 2017



Continued to be Top 50 Most Effective Companies in Vietnam in 2017



Awarded as the Best Working Environment in the construction industry in Vietnam



Implemented The Biggest Beaming System at D'Capital project



32,305m³ concrete and 45.5 hours -
The Biggest Concrete Construction at
Coteccons



Annual Meeting for Stockholders of
Coteccons in 2017: Improved revenue
plan up to VND 27,000 billion



Appointed Mr. Nguyen Sy Cong as the
General Director of Coteccons



REPORT OF THE BOARD OF MANAGEMENT

A HIGHLIGHT OF OUTSTANDING EVENTS IN 2017 (continued)



Appointed Mr. Tran Kim Long as the General Director of Unicons



Won the bid and commenced construction for the VND 7,000 billion Casino at the South of Hoi An



Top 10 Companies having the best annual reports 2017



Appointed Mr. Vo Thanh Liem as a Deputy General Director of Coteccons



Awarded The Best IR in 2017



Awarded for the 5th times in Top 50 Companies with the Best Listing in Vietnam in 2017



REPORT OF THE BOARD OF MANAGEMENT

A HIGHLIGHT OF OUTSTANDING EVENTS IN 2017 (continued)



Met 200+ construction partners at both the South and the North of Vietnam



General Secretary Nguyen Phu Trong visited Vinfast car manufacturer



Signed a partnership memo with B+H Architects Canada



Mr. Nguyen Ba Duong joined the conversation about management policy with 14 private



Renowned as one of Top 40 Companies with the highest values by Forbes



Completed 62 million safe labor hours.



REPORT OF THE BOARD OF MANAGEMENT

HIGHLIGHTED FINANCIAL INDICATORS



CONSOLIDATED STATEMENT

Year/Target (billion VND)	2013	2014	2015	2016	2017	CAGR
Revenue	6,190	7,634	13,669	20,783	27,153	45%
Profit before tax	393	464	927	1,763	2,061	51%
Profit after tax	280	357	733	1,422	1,653	56%
Profit after tax attributable to Shareholders of the Parent company	257	327	666	1,422	1,653	59%



SHAREHOLDERS' INCOME

Year/Target (billion VND)	2013	2014	2015	2016	2017	CAGR
Earnings per share	6,103	7,769	10,708	20,669	20,436	35%
Dividend in cash (%/share capital)	20%	50%	55%	50%	*	

* Cash dividend is expected to be approved by the General Meeting of Shareholders 2017



CONSOLIDATED BALANCE SHEET

Year/Target (billion VND)	2013	2014	2015	2016	2017	CAGR
Total assets	4,552	4,863	7,815	11,741	15,877	37%
Current assets	3,996	3,636	6,486	9,943	14,323	38%
Long-term assets	556	1,227	1,329	1,798	1,554	29%
Liabilities and equity	4,552	4,863	7,815	11,741	15,877	37%
Liabilities	2,084	2,154	4,573	5,507	8,571	42%
Equity	2,302	2,527	3,243	6,234	7,307	33%



CASH FLOW STATEMENT

Year/Target (billion VND)	2013	2014	2015	2016	2017
Cash flow from operational activities	368	131	1,229	901	1,152
Cash flow from investment activities	(343)	(209)	(114)	(1,984)	566
Cash flow from financing	(89)	(72)	(121)	1,618	(404)
Change in cash flows	(63)	(150)	993	535	1,314
Cash or equivalents	619	469	1,462	1,997	3,311



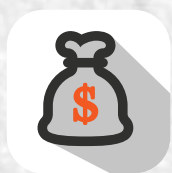
FINANCIAL RATIOS (%)

Year/Target (billion VND)	2013	2014	2015	2016	2017
Gross profit margin					
Ebitda/Revenue	7.5%	7.3%	8.1%	8.7%	7.4%
Profit before tax/Revenue	6.4%	6.1%	6.8%	8.5%	7.6%
Profit after tax/Revenue	4.5%	4.7%	5.4%	6.8%	6.1%
ROAA (EBIT/Average total assets)	6.1%	7.2%	11.8%	15.3%	11.7%
ROEA (Profit attributable to Shareholders of the Parent company/Average equity)	11.7%	13.6%	23.1%	30.0%	24.4%
Liquidity					
Current liquidity	1.9x	1.7x	1.4x	1.8x	1.7x
Quick liquidity	1.8x	1.5x	1.1x	1.5x	1.4x
Financial leverage					
Debt/Equity	90.5%	85.2%	140.8%	88.4%	117.3%
Bank loans/ Equity	0.0%	0.0%	0.0%	0.0%	0.0%
Total assets / Equity	197.7%	192.4%	240.8%	188.4%	217.3%
(Cash + Short-term investments) / Total assets	36.8%	22.6%	30.6%	39.8%	36.5%



REPORT OF THE BOARD OF MANAGEMENT

REPORT OF THE BOARD OF MANAGEMENT



REVENUE
VND **27,153** growing by **31%** as compared to that of 2016
BILLION



In 2017, Coteccons completed many high-valued projects on a timely manner and of high quality, successfully fulfilling requirements from investors such as SSSA, Vinhomes Golden River, Vinhomes Central Park, T&T Vinh Hung, Gardenia, City Garden II, Vinpearl Riverside Condotel Danang, Vinhomes Thang Long, etc.

AN OVERVIEW

In 2017, revenue from Coteccons' business operating activities reached VND 27,153 billion, growing by 31% as compared to that of 2016. Profit hit VND 1,653 billion, an equivalent to a growth of 16%.

On February 2018, Coteccons commenced a closure pour for the Landmark 81 Project which was to be the highest building in Vietnam with a height of 461m after completion. After 20 months of construction, Coteccons has completed the project's base successfully with an excellent equity while shortening the project's process by 45 days as compared to the required time. This is a considerable achievement for relentless efforts of the project management team as well as for effective support of many different specialized Departments and Functions.

Many new departments have been established such as: Contract Control Unit under the Division of Commerce, Board's Secretariats, and Coteccons Academy . All of the improvements

were made in order to improve productivity of all employees at all levels ranging from office to the construction sites.

Employees were trained and cross-trained on a regular basis in order to maintain an active dynamics and diversity in the professional expertise for each individual. Moreover, Coteccons' immediate evaluation and assignment based on core competencies has generated significant motivation for employees to fully contribute their bests to the development of Coteccons.

In 2017, Coteccons completed many high-valued projects on a timely manner and of high quality, successfully fulfilling requirements from investors such as SSSA, Vinhomes Golden River, Vinhomes Central Park, T&T Vinh Hung, Gardenia, City Garden II, Vinpearl Riverside Condotel Danang, Vinhomes Thang Long, etc. Satisfaction for not only investors but also for end consumers are of the highest priority to Coteccons.



PROFIT AFTER TAX

VND **1,653**
BILLION growing by **16%** as compared to that of 2016



REPORT OF THE BOARD OF MANAGEMENT

COTECCONS' MANAGEMENT

Established the Coteccons Academy (CTA) that provides focused training of all necessary knowledge and skills for all levels, from new employees to senior executives, helping to promote the relentless learning culture among employees. The Coteccons Academy achieved 23,572 hours of training in 2017 and has been highly renowned for its quality through a pragmatic and professional approach.

Regarding construction equipments, labor safety for workers who are working directly on construction sites is of the best concern for the Company, followed by the project progress and quality. Therefore, Coteccons has invested various elevated floor systems with the value exceeding VND 14 billion to replace conventional hanging floor systems. Also, Coteccons collaborated with different international partners to design sliding cover system to ensure progress and quality while maintaining a complete safety during constructions.

Coteccons' organization structure has always

been improvised and updated to stay aligned with the business at every moment. Regulations for managing, hiring, contract signing are launched during the year to ensure the highest efficiency of the Company's management system.

Coteccons has the most stringent and professional labor safety control system in the industry. Workshops about labor safety and toolbox meetings have been conducted carefully before commencing any actions on site. As a result, Coteccons achieved 62 million labor hours for all of the Company's projects.

Apart from the Company's employees, workers working directly on construction sites are also a valuable resource who are contributing hugely to the success of projects in particular and to Coteccons as a whole. Bearing this awareness in mind, the Coteccons' Management pays a close attention to the development of workers by providing fair incentives and benefits for each individual based on his/her contribution, promoting the Company's culture of equality and fairness and encouraging the workers' loyalty with Coteccons.





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**MILLION LABOR HOURS
FOR ALL OF THE
COMPANY'S PROJECTS.**



**THE
COTECCONS
ACADEMY
ACHIEVED**

**23,572
HOURS OF TRAINING**

HUMAN RESOURCES MANAGEMENT

Started by evaluating employee competency by the 3P pay system, and hence providing an accurate measurement for contributions of all employees. This practice promotes a fair and equal working environment and resonates the Company's transparent culture which is at Coteccons' core since the beginning.

The Management constantly focuses on human issues. Coteccons' new hires always have the opportunity to meet and greet, and discuss directly with the Management or join integration training classes that help new employees integrate to the Company's culture more easily and stay with the Company in a longer term.

The Management directly monitors the Company's weekly meetings at the head office and Hanoi office, while aligning and managing all departments and functions to build consensus on the Company's orientations and sustainable development among all levels. The Management also controls online meetings and remote meetings to special projects such as Hoa Phat Dung Quat at Quang Ngai Province, Vinfast car manufacture at Cat Hai island, Hai Phong Province, Regina Hai Phong, etc. to encourage and motivate workers on remote construction sites while stressing the constant companionship of the Management with all employees at every hotspot.



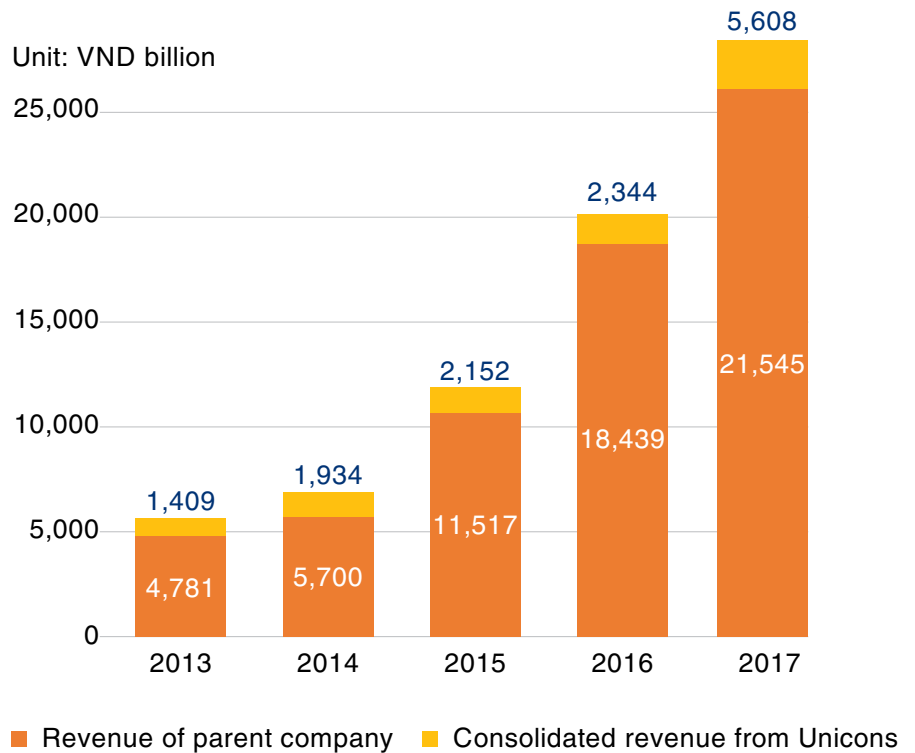


REPORT OF THE BOARD OF MANAGEMENT

REVENUE GROWTH

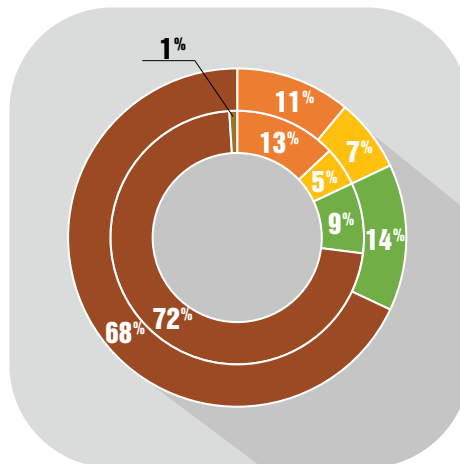
The company's consolidated revenue in 2017 reached VND 27,153 billion. Of which, the parent company contributed 79%, which was equivalent to VND 21,545 billion. Consolidation from Unicons's contribution made up 21%, or VND 5,608 billion.

While the average industry growth rate in 2017 was recorded at 8.7%, Coteccons' consolidated revenue growth was 31%, more than 3.5 times of the industry's level. This is a successful result of right decisions on a timely manner of the Management in 2017 along with a clear determination on job fulfilment of all employees in Coteccons.



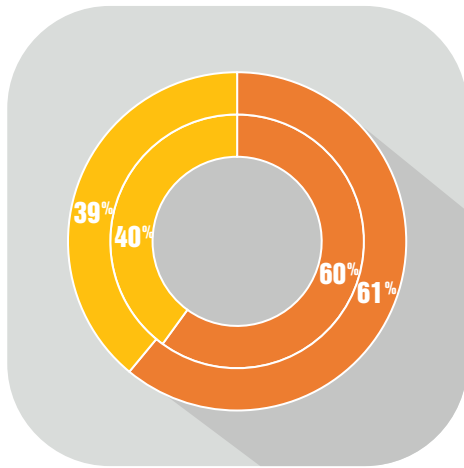
REVENUE STRUCTURE BY PROJECT

Residential construction continued to make up for the heaviest weight in the Company's revenue structure at 68%. However, compared with the year 2016, the Company's revenue structure was partially more balanced with considerable growing weights in both Resort and Shopping mall - Office sector, which were 7% and 14% respectively. Manufacture construction remained stable. This is a positive signal for the Company's risk control activities when the revenue structure from all sources was improved significantly. The year 2018 is expected to have more positive improvements.



Inner circle: 2016
Outer circle: 2017

- 1 Industrial
- 2 Hotel - Resort
- 3 Commercial
- 4 Apartment



- 1 Bib Build
- 2 Design & Build

Inner circle: 2016
Outer circle: 2017

REVENUE STRUCTURE BY CONTRACT TYPES

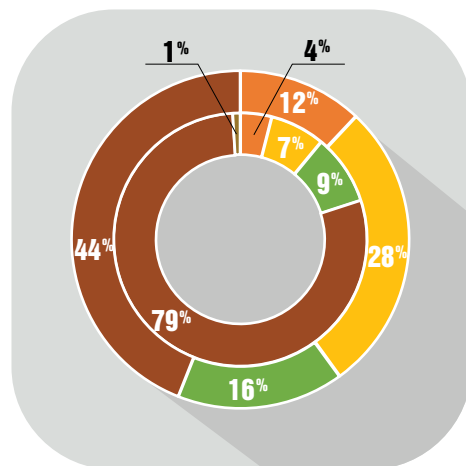
Coteccons is the pioneer contractor in the “Design & Build” model in Vietnam. With the D&B model, investors can significantly save their labor, time and cost in initiating and completing a specific project as compared to using the conventional model. Moreover, Coteccons’ professionalism and sincerity act as a complete guarantee for customers about progress and quality of their projects.

In 2017, D&B continued to contribute an important part to the Company’s revenue stream, accounting for 39% revenue, an equivalent with that of 2016.

VALUE OF CONTRACT BACKLOG

Statistics showed that value of construction contracts signed in 2017 would be transferred to later years by approximately VND 22,802 billion (including consolidated values from Unicons). Based on the process of contracts, it is estimated that approximately 60% of their values would be executed and recognized in 2018. The balance would be executed and recognized in the later years.

In terms of structure of contract backlog by business sectors: Residential construction (apartments, villas) still accounted for the biggest proportion as of 31st Dec 2017 with 44%. However, as compared to the same period of last year, the structure of contracts has become more balanced. Of which, Hotel-Resort construction has increased four-folds, accounting for 28%. Shopping mall-Office and Manufacture has also improved considerably, accounting for 16% and 12% of the total contract value respectively.



- 1 Industrial
- 2 Hotel - Resort
- 3 Commercial
- 4 Apartment

Inner circle: 2016
Outer circle: 2017



REPORT OF THE BOARD OF MANAGEMENT

MEGA PROJECTS (EXCLUDED VAT)



HOA PHAT DUNG QUAT
VND **2,300** BILLION



HO TRAM (A2)
VND **1,300** BILLION



DIAMOND ISLAND
VND **1,000** BILLION



NAM HOI AN CASINO
VND **6,227** BILLION



VIET CAPITAL CENTER
VND **2,300** BILLION



NEWTATCO
VND **1,000** BILLION



METROPOLIS LIEU GIAI
VND **1,000** BILLION



TOTAL ASSET IN 2017
VND 15,877 growing by **35%** as compared to that of 2016
BILLION

ASSET STRUCTURE

Along with a stable growth in both revenue and profit, the Company's total value also grew 35% as compared to that of 2016, reaching VND 15,877 billion. The growth of the Company's assets was comparable with the revenue growth, demonstrating a sustainable development that Coteccons has built upon the Company's core values. Short-term assets were VND 14,323 billion, making up 90% of the total asset value. Cash and other short-term investments (short-term deposits and corporate bonds) were up to VND 5,790 billion, accounting for 36% of the total asset value. A strong liquidity enables Coteccons to be more pro-active in executing the Company's business production, procurement and investment activities as well as reacting to investment opportunities.

- ◆ Short-term assets increased 44% while long-term asset decreased 13%.
- ◆ Short-term assets increased mostly due to an increase of 66% in cash or VND 1,314 billion. Short-term receivables increased 82% (or VND 2,860 billion), inventory increased 51% (or approximately VND 633 billion).
- ◆ Long-term assets decreased; however, fixed asset increased 31%. The decrease in long-term assets was resulted from a reduction of 47% or VND 338 billion in long-term investments.

Year/Target (billion VND)	2013	2014	2015	2016	2017	CAGR
Current assets	3,996	3,636	6,486	9,944	14,323	38%
Cash and equivalents	619	469	1,462	1,997	3,311	52%
Short-term financial investments	1,056	629	928	2,675	2,479	24%
Current receivables	2,010	2,130	2,609	3,484	6,344	33%
Inventory	248	270	1,051	1,241	1,874	66%
Other current assets	63	139	436	547	315	49%
Long-term assets	556	1,227	1,329	1,797	1,554	29%
Fixed assets	249	249	440	585	768	32%
Construction in progress	1	6	48	18	0	-42%
Investment real-estates	92	105	92	78	50	-14%
Long-term financial investments	105	781	493	715	377	38%
Other long-term investments	109	87	257	401	359	35%
Total	4,552	4,863	7,815	11,741	15,877	37%



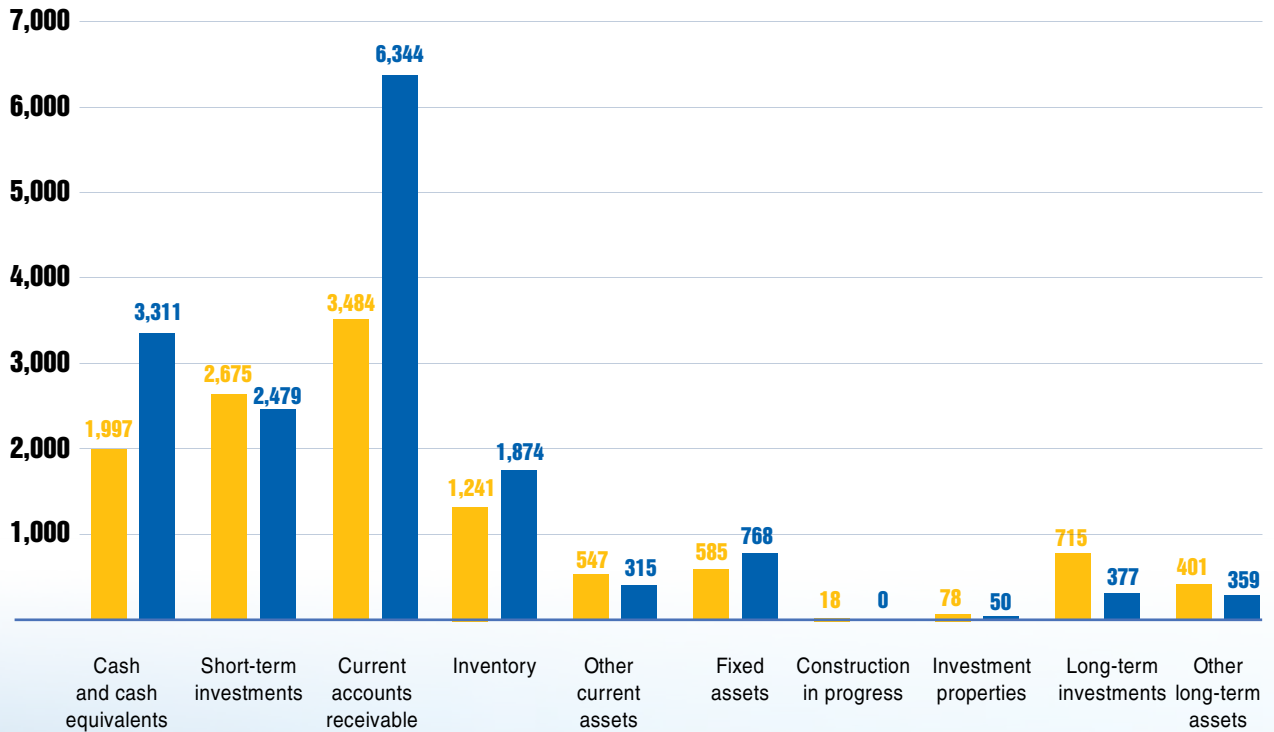
REPORT OF THE BOARD OF MANAGEMENT

ASSET STRUCTURE (CONTINUED)

Asset structure 2016 - 2017

Unit: VND billion

■ 2016 ■ 2017



RECEIVABLES

Short-term receivables grew 82% (ore VND 2,860 billion) in comparison with that of 2016. The average receivables turnover was 62 days, or 10 days more than that of 2016.

Receivables mostly came from construction contracts that were on-going or on hold for final closure. For completed projects, receivables were made mostly for the guarantee purpose.

The company evaluated and established back-ups and bad debts in accordance with legal regulations.

Company	2013	2014	2015	2016	2017
Short-term receivables (billion VND)	2,010	2,129	2,609	3,484	6,344

INVENTORY

Inventory is the unfinished cost of ongoing projects, with good quality and volume being able to be confirmed with investors.

Shareholders' Equity: grew 17%, or VND 1,073 billion equivalently as compared to that of 2016, mostly as a result of VND 788 billion funding from Investment and Development funds. The after-tax profit before distribution reached VND 306 billion.





REPORT OF THE BOARD OF MANAGEMENT

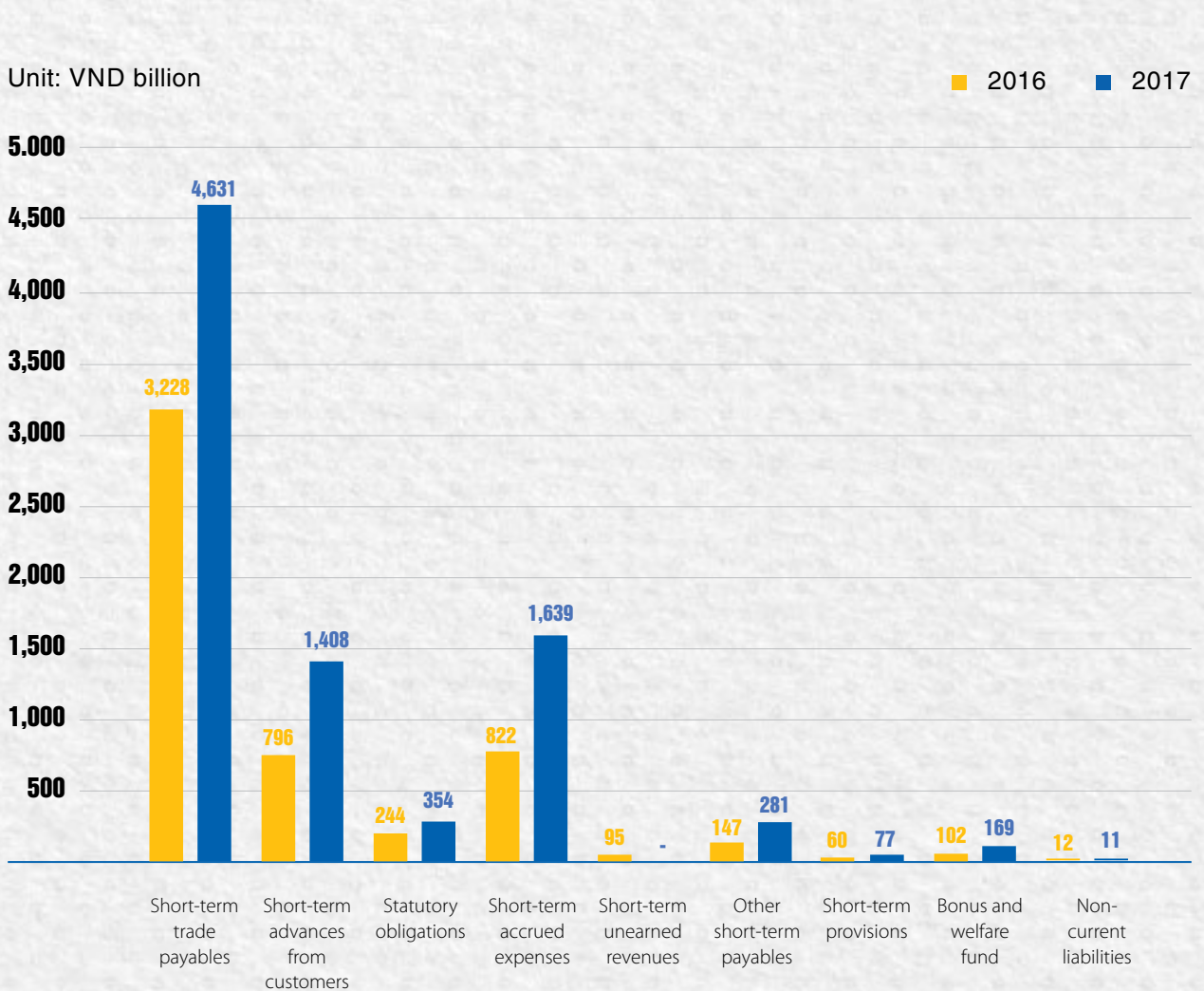
PAYABLES STRUCTURE

Payable debts had many turbulences in this year. Short-term payables to suppliers increased 43% or VND 1,403 billion. Advanced payment from buyers increased 77% or VND 612 billion while short-term payables grew 99% or VND 817 billion. Other payables increased 91% or equivalently VND 134 billion. Tax and payables to the government increased 45% or VND 110 billion.

The company doesn't have any loans. Payables were mostly to suppliers and sub-contractors and other payable costs.

Indicators (VND billion)	2013	2014	2015	2016	2017
Current liabilities	2,004	2,140	4,559	5,494	8,559
Short-term trade payables	1,014	976	1,962	3,228	4,631
Short-term advances from customers	70	78	1,108	796	1,408
Statutory obligations	63	73	117	244	354
Short-term accrued expenses	617	768	1,098	822	1,639
Short-term unearned revenues	49	19	24	95	-
Other short-term payables	92	125	122	147	281
Short-term provisions	75	62	71	60	77
Bonus and welfare fund	24	39	57	102	169
Non-current liabilities	81	15	13	12	11
Other long-term liabilities	16	14	2	2	1
Long-term provisions	65	1	11	10	10
Total liabilities	2,085	2,155	4,572	5,507	8,570

Structure of Liabilities 2016 - 2017





IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE AND MANAGEMENT POLICY

ABOUT THE ORGANIZATIONAL STRUCTURE AND MANAGEMENT

In 2017, Coteccons continued to improve the Company's management system by establishing new departments and functions to be more professionally specialized.

Coteccons Academy

Was established to improve the workforce's quality, focusing on training employees on the basis of Coteccons' core values and work requirements.

System Board

Building a sustainable development model in accordance with international regulations is not only simply by improving professional expertise for employees, and sustaining the Company's culture but also by fortifying the quality of organizational management. This is the reason for the establishment of System Department which has standardized the Coteccons' management system.

MEP Quality Control Department

Along with Structure Department, Finishing Department under the Technical Division has achieved a great performance in comprehensively controlling and improving the quality of a project in all aspects.

Internal Control Board

Is operating in accordance with legitimate regulations in order to control asset safety, evaluate and manage business risks, etc.



Innovation Board

Members of Innovation Department analyze the Company's business activities to identify mistakes and from there propose improvements to enhance Coteccons' system and efficiency, maximizing productivity while minimizing risks.

Continued to assign and delegate tasks appropriately so as to improve dynamics, creativity and responsibility at all levels.

- ◆ Building and updating regulations about management and control in correspondence with the Company's situation.
- ◆ Investing in software systems for specialized units such as: Human Resources, Contract and Cost Management, Facility and Material Management, etc. in order to timely support for the Company's growth demand. Providing information quickly and accurately.

RISK AND COST CONTROL

Internal Audit Board along with Internal Control Board controlled operating activities of construction site units and evaluated risks from planning to execution in order to promptly propose prevention solutions.

Contract and Cost Management Department (CCM) continued to play an important role in negotiating pricing with suppliers/sub-contractors after bidding and in controlling costs at sites. In 2017, CCM expanded cost control activities for other specialized units by focused purchasing, or in other words, bidding large projects to maximize profit and cost efficiency. Maintaining and developing business of Chinese office as a contact in searching and diversifying facility categories at a competitive cost as compared to overseas partners.



REPORT OF THE BOARD OF MANAGEMENT

IMPROVEMENTS IN HUMAN RESOURCES POLICIES

Employment relationships

Regularly visit and give gifts to workers on construction sites, especially sites that were remote, or having urgent progress. Constantly investigate not only about the work but also about the thoughts of site managers in order to provide immediate support and encouragement that in its turn, allows them to completely focus on meeting the project's objectives.

Every year, the Management organizes conversations with all employees to share open opinions about the Company's business activities and from this foundation, designs HR resolutions to acknowledge employees' concerns and proposals in the pursuit of sustaining a concrete alignment between the Company and its people.

Benefit Packages

With our motto that "People is the key to success", Coteccons has designed a competitive benefit package for employees as a long-term cutting edge in terms of talent management. Along with a strict compliance with labor regulations, Coteccons also provides an excellent compensation system among the top companies in Vietnam. This is a strong commitment of the Company's Management with a vision of bringing the best working environment to all employees.

Insurance policy

In order to guarantee legitimate rights for employees, Coteccons complies with the current regulations on mandatory insurance packages in a comprehensive and timely manner.

Sustains complimentary insurance packages to bring more benefits such as 24/24 accident insurance, general health insurance for all employees and their immediate family members.



Remuneration policy

The Company retains a stable income level to ensure standard living for employees. The average income of the following year will be higher than that of the last year and is expected to be among the top income levels as compared to other companies in the same industry. This policy is to encourage a long-term engagement and contribution from its employees.

Since 2018, the Company strictly executed mandatory insurance submission as regulated despite a higher required amount compared to that of the previous period. The company's Management, in the meantime, ensured a stable income and benefits for employees.

Occupational safety

The Company conducts annual general health checkups for all employers with a much higher standard compared to what is required by law.

Nurses or staff who are well trained about medical support are working at construction sites that

involve a large number of workers so as to provide an immediate medical support and allow workers to focus on working. Working sites are prone to labor accidents; therefore, labor safety is always prioritized. Shielding and warning dangerous zones, along with regular maintenance, proper equipment and safety facilities such as shoes, gloves, reflective clothing, safety belts, safety hats, etc. are implemented to guarantee a safe working environment. The Occupational Safety Board working side by side with Labor Safety staff on sites to regularly check, control and remind workers about the right use of safety equipments.

Coteccons' headquarter is nicely furnished and clean. Organizes many fire prevention and fire protection activities in accordance with the government's regulations. Set up a fire-fighting team at each area to execute regular check ups to make sure all fire-fighting equipments are of a good state and be ready for emergencies. Coordinates with fire-fighting units in the local authorities to run annually demonstration on fire-fighting and life-saving.





REPORT OF THE BOARD OF MANAGEMENT

AN ORIENTATION FOR BUSINESS OPERATION IN 2018

To pursue a sustainable development goal and successfully complete all the assigned objectives proposed by the Board of Directors in 2018, the Board of Management shall focus on the following solutions:

01

The Board of Management shall require each Division Director, Project Manager, Department Leader build up KPIs for their authorized units and propose detailed plans to meet assigned objectives. Quarterly evaluate performance and results of each unit to make adjustments promptly and thus, stay aligned with the set objectives for 2018.

02

Coteccons shall expand its investment activities, focusing on opportunity real-estate investments to generate a stable profit source and optimize the Company's capital resources.

03

Coteccons shall focus on R&D activities, coordinating with prestigious universities in Vietnam to discover new materials that are more environmental friendly. The company shall continue to provide new and comprehensive technical solutions ranging from construction methods to construction equipment so as to achieve the optimal efficiency for all projects.



The Design & Build model shall continue to be a focus in the Company's development. Furthermore, BIM technology shall be deeply implemented for all D&B projects.

04

The Design & Build model shall continue to be a focus in the Company's development. Furthermore, BIM technology shall be deeply implemented for all D&B projects. Through the D&B model, Coteccons shall bring customers high-standard deliverables both aesthetically and technically at a competitive cost, contributing partly to the transformation of the society and the country.

05

Investment Board, Financial Control Board and Accounting Department shall continue their coordination to improve the role of financial evaluation and risk control for the Company, its construction and investment projects. Coteccons shall focus on investing in opportunity real estates to obtain a more stable profit source, aiming at a sustainable development for the Company.

06

Established in 2017, Coteccons' Coteccons Academy (CTA) is entering a more stable stage, contributing to the standardization and knowledge improvement for Coteccons' employees. Alongside with technical training, in 2018, CTA shall open more workshops and classes featuring soft skills, managerial thinking, effective delegation and assignment, etc. for department leads of the Company.

SAFE CONSTRUCTION TO SUSTAINABLE FUTURE

Together with the Company's second-to-none construction capability, other advanced construction measures, management techniques and construction technology that fulfill the Company's commitment to "Safety First" have helped Coteccons win trust from both national and international investors. All Coteccons' projects are carried out in a safe and efficient manner, contributing to a cleaner and greener inner city, and heading towards a sustainable future for Coteccons and stakeholders as well as the whole community.







AN OVERVIEW OF SUSTAINABLE DEVELOPMENT



CONTENTS

The sustainable development report mentioned key strategic issues that determine both medium-term and long-term business orientation of Coteccons. Data and information presented in this report comprise: Activities related to Coteccons' sustainable development in 2017, sustainable development strategies for the following years, and Coteccons' commitment to all stakeholders.

SCOPE OF THE REPORT

The report was made in Vietnam, specializing in the construction industry, and presenting activities of Coteccons Joint Stock Construction Corporate and the Company's Affiliates.

The report was made annually in accordance with the length of a fiscal year, based on factual figures of Coteccons and the affiliates, starting from 01/01/2017 to the end of 31/12/2017. Financial figures in the report was referred from the Consolidated Financial Report audited in 2017.

The report was made by the editors of the Sustainability Report - Coteccons Joint Stock Construction Corporate. The report is published online at the website portal: www.coteccons.vn.

APPROACHING METHOD

Coteccons' approach towards sustainability originates from the Company's medium and long-term goal towards a sustainable development along with social development and environmental protection goals, thereby contributing positively to the development of the society as a whole.

CONTACT INFORMATION

Sustainable development is a key strategy of the Company, impacting other relevant stakeholders. Should you have any constructive ideas or concerns related to the Company's sustainability, please kindly send to:

Coteccons Communication Department

Email: bantruyenthong@coteccons.vn

Telephone: (84) (28) 3514 22 55 66

Address: 236/6 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City.



SUSTAINABLE ENGAGEMENT WITH STAKEHOLDERS





Since the very first days, Cotecons has actively developed excellent relationships with customers, investors, sub-contractors, suppliers, employees, local authorities, etc. Cotecons' core cultural values: Transparency, Cooperation, Dedication, Devotion, Commitment and Innovation are the Company's principals in bringing long-term values for all stakeholders who are in partnership with Cotecons.



WITH CUSTOMERS

In the Company's statement of delivering better quality, better project, quality is the key that has established the credibility of Cotecons to the Customers. We firmly guarantees to continually apply the latest technology, methods, and standards in the industry in order to deliver the best quality and thus, satisfy the increasing demands of customers. Providing customers with the best values are at the top priority; and to achieve this goal, Cotecons and our employees, subcontractors, suppliers and construction teams will work hand in hand under a shared vision of developing a sustainable, lifelong and cooperative development relationship.





SUSTAINABLE ENGAGEMENT WITH STAKEHOLDERS



WITH EMPLOYEES

With our motto “Coteccons-more than a family”, Coteccons has always taken a good care both professionally, physically and spiritually for employees. Developing a professional, equal, friendly, safe working environment that generates income stability and work-life balance are of the greatest concerns in terms of human resource management. Through different channels such as events, surveys and other mediums, The Company’s Management has been listening, sharing and valuing constructive ideas of all employees. Moreover, with retired employees who have considerable expertise and are willing to continue working, the Company shall consider offering them consultation or coordination



contracts. In the meantime, the Company also maintains regular visits and giving gifts, or sending them union invitations. With an attentive care towards our employees, Coteccons has always been nominated in the Top companies with the best working environment in Vietnam, attracting high-quality workforce both in knowledge and skills to work and stay with the Company in a long term.



WITH SHAREHOLDERS AND INVESTORS

Coteccons protects and fully enforces the rights of shareholders via sustainable business activities, efficient use of capital and value optimization, bringing increasing long-term benefits for our Shareholders. Coteccons always fully enforces the rights of Shareholders, including: organizing Annual General Meeting; ensuring Shareholders



rights over dividend payment and information access in accordance with regulations; arranging welcomes and providing timely, adequate and accurate information to shareholders and investors; being actively transparent in information about the Company’s operation, and in finance statements published on mass media, website, and company’s publications; and equally engaging with all shareholders and investors.



WITH PARTNERS

Relationships with sub-contractors, suppliers and construction teams are built upon the base of trust and respect. Coteccons' accountability with our partners originates from our principals of transparency and equality, as well as our lean payment process, proactivity and genuine support. As a result, Coteccons has successfully called in the cooperation of thousands of competent and powerful sub-contractors and suppliers who are willing to work hand in hand with Coteccons in the challenging process of satisfying customer demands and delivering the most excellent projects.





SUSTAINABLE ENGAGEMENT WITH STAKEHOLDERS



WITH THE COMMUNITY AND SOCIETY

As a market leader, Coteccons has annually created tens of thousands of jobs for employees, bringing prosperous lives for all employees and their families. Every year, Coteccons spends a considerable proportion of our profit on organizing social activities, contributing to the social advancement towards a shared goal of a better and more humane society.





WITH AUTHORITIES AND THE GOVERNMENT

Coteccons' core business does not only strictly comply with the existing laws and regulations on principles and standards in construction industry but also continuously promotes the implementation of projects with higher standards to ensure that every project constructed by Coteccons reaches a sustainable quality. Besides, making sure the Company to fully comply with all current legal regulations, Coteccons duly completes all responsibilities with the National Budget, and closely follows the Government's directions in the next phases of development.



WITH MEDIA

Coteccons develops good relationships with all communication agencies on the basis of equality, transparency and legitimacy. Messages and information provided to media are accurate, clear, adequate and objective, providing a reliable source of information about the present business picture and upcoming strategies of the Company. Coteccons carefully resolves media problems with a right attitude towards the audience and with thoroughly-considered yet decent statements against objections and judgments.












FEEDBACK COLLECTING SYSTEM FOR STAKEHOLDERS



In the recent year, Coteccons has effectively developed a strong system that improves the information exchange process. Many interaction channels have been established and enhanced in order to ensure our proactivity, comprehensiveness, closeness and timeliness in receiving feedbacks from stakeholders. Based on received feedback, Coteccons' shall develop our business activities accordingly towards the sustainable development goal.

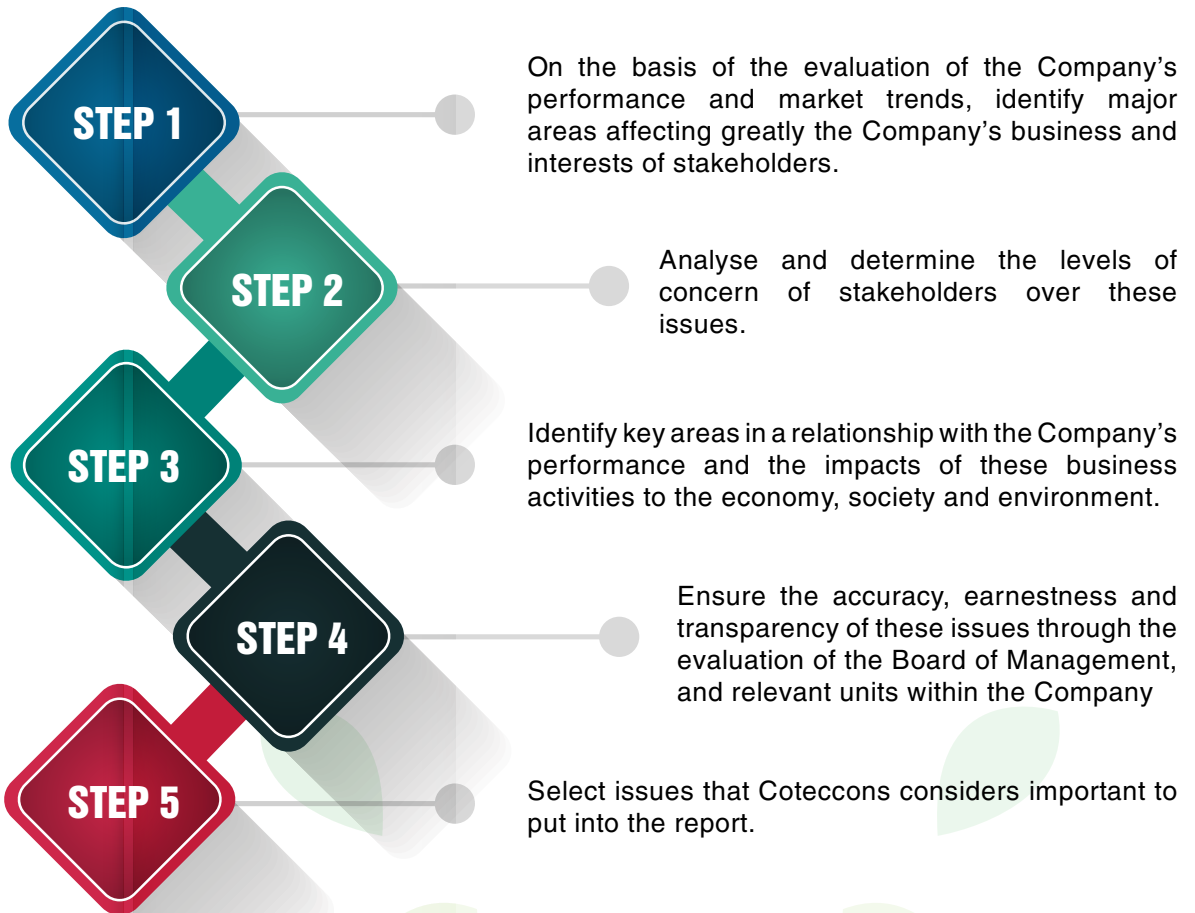
Stakeholders	Approach	Concerns
 CUSTOMERS	<ul style="list-style-type: none"> ◆ Direct meeting and communication with Customers ◆ Other interaction channels: website, email, phone 	<ul style="list-style-type: none"> ◆ Reputation and prestige ◆ Customers' demand ◆ Quality and progress ◆ Construction costs ◆ Construction techniques ◆ Collaborative development
 EMPLOYEES	<ul style="list-style-type: none"> ◆ Surveys with all employees about the working environment, remuneration plan, benefit packages, the job, supervisors, colleagues, etc. ◆ Internal announcements ◆ Internal and external training ◆ Annual employee meetings 	<ul style="list-style-type: none"> ◆ Professional stability, career progression, work environment ◆ Salary, benefits, welfare and insurance packages ◆ Training and development ◆ Safe working environment
 SHAREHOLDERS, INVESTORS	<ul style="list-style-type: none"> ◆ Meetings and workshops ◆ Annual General Meeting ◆ Direct communication and consultation ◆ Other channels: website, email, phone, etc. 	<ul style="list-style-type: none"> ◆ Shareholders' rights ◆ Operational effectiveness ◆ Transparent, comprehensive and accurate information

Stakeholders	Approach	Concerns
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">PARTNERS</p>	<ul style="list-style-type: none"> ◆ Direct meetings and communication ◆ Meetings, workshops, trainings, year-end parties for sub-contractors, suppliers and construction teams ◆ Hotline to the Management ◆ Other channels: website, email, etc. 	<ul style="list-style-type: none"> ◆ Selection process for sub-contractors, suppliers and construction teams. ◆ Payment process for sub-contractors, suppliers and construction teams. ◆ Transparency and equality ◆ Collaborative development
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">COMMUNITIES, THE SOCIETY</p>	<ul style="list-style-type: none"> ◆ Collaboration with local authorities and other organizations to perform social events or volunteer events. ◆ Collaboration with universities to provide scholarships for students and appropriate recruitments. 	<ul style="list-style-type: none"> ◆ Volunteer events to contribute to a higher living standard for communities. ◆ Job creation and workforce training.
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">THE GOVERNMENT</p>	<ul style="list-style-type: none"> ◆ Meetings, events and workshops related to the construction industry hosted by national authorities and local authorities. ◆ Participation and contribution in Contractors Associations, Real-Estate Associations, Ho Chi Minh City. ◆ Connection and collaboration with local authorities at construction sites to provide timely solutions. ◆ Updates about legal policies and regulations issued by the Government. 	<ul style="list-style-type: none"> ◆ Stringent compliance with Regulations, Laws, and Instructions of authorized bodies. ◆ Comprehensive tax compliance ◆ Knowledge, experience and technology sharing to contribute to the industry's development. ◆ Minimization of adverse effects to the environment.
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">COMMUNICATION MEDIA</p>	<ul style="list-style-type: none"> ◆ Delegation authorized speakers to announce news to the media. ◆ Reports of business results in a timely and transparent manner. ◆ Collaboration programs. ◆ Involvement of the media in important events or activities at Coteccons. 	<ul style="list-style-type: none"> ◆ Transparent, timely and accurate information. ◆ Appropriate handling with inaccurate or deviated information that may affect the Company's reputation.



EVALUATION ON KEY AREAS

A PROCESS FOR EVALUATING AND IDENTIFYING KEY AREAS



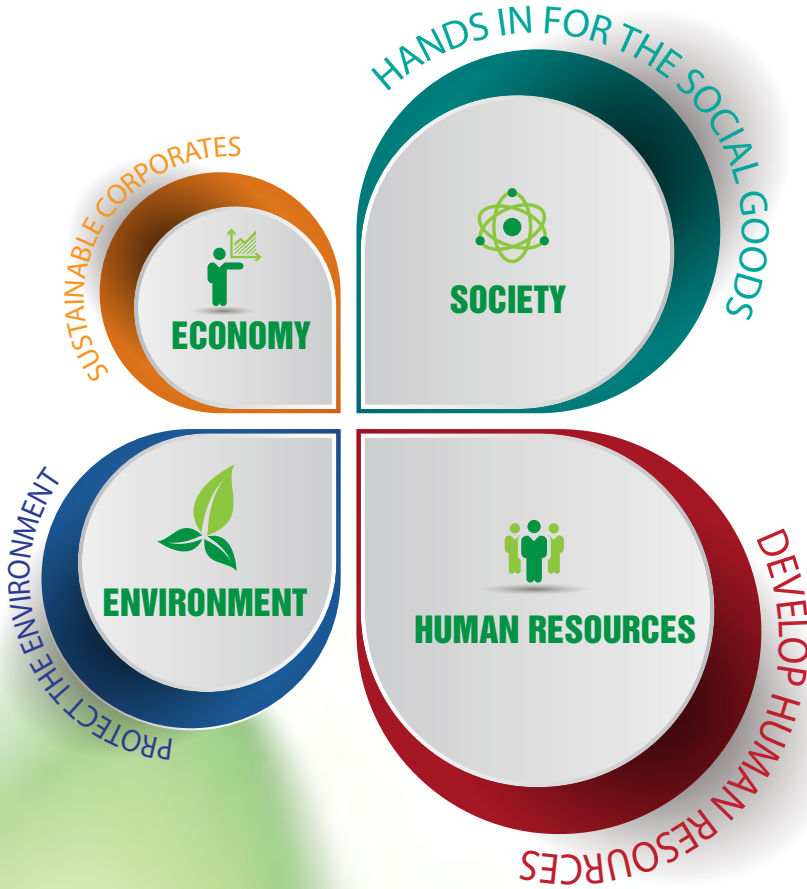
A MATRIX OF IMPORTANCE

A matrix evaluating the High - Low levels of the “Importance towards stakeholders” and the “Importance towards Coteccons”





SUSTAINABILITY ORIENTATION



SUSTAINABLE CORPORATE



DEVELOP A SYSTEM

With an increasing business scale of Coteccons, building and improving a strong management system is the most important issue for the Company's Management. In 2017, the Company has promoted the role of Internal Control Department in identifying, preventing inappropriateness and risks, ensuring a strict compliance to the system during the execution of each department, units and construction sites. Functional units actively worked with consulting agencies and top specialists to improve their systems. Also, strategic partnerships with foreign partners, model researches with top global companies, business trips, learning trips in Japan, Germany, England and China, etc. have been organized to continue developing Coteccons' management system.



RISK MANAGEMENT

Setting up a comprehensive risk control management in order to identify, categorize, evaluate and design effective actions plans with potential risks at different levels is the core responsibility of Internal Audit Department in 2017. Many techniques and tools were designed to increasingly manage constant changes in the industry environment, making sure that the Company could fulfil set objectives and plans. In 2018, Coteccons shall continue developing and improving the Company's risk control system by the world-class standards of developed countries in the globe. (see details in Risk Management Report, page 86 - 96).



INVESTOR RELATIONSHIPS

In 2017, Coteccons' IR Department continued its role as a information connector between the Company and our stakeholders and investors. Our statistics showed that the Company organised more than 150 visits to investors both inland and overseas, individuals, organizations through a variety of communication channels at different locations. Specifically, the Company actively approached investors and securities companies at Business Disclosure meetings quarterly, introducing new investment opportunities in the stock exchange market. Furthermore, Coteccons' practical visits at many construction sites such as Landmark 81 or Head Office of Ho Chi Minh Stock Exchange were considerably acknowledged by investors and stakeholders both in Vietnam and overseas. Also, Coteccons was a regular guest to different meetings about strategic investment hosted by different large funds in Vietnam, Korea and Singapore. It is also noted that Coteccons' IR Department was announced in Top 3 business groups having the best IR activities voted by investors in 2017 and Top 3 business groups having the best IR activities evaluated by financial institutions in 2017.

ORGANISED

150

VISITS TO INVESTORS
BOTH INLAND AND
OVERSEAS



SUSTAINABILITY ORIENTATION



DIVIDEND PAYOUTS

Coteccons performs annual dividend payouts in a stable manner. (See details about the dividend payout policy in Annual Report page 111 - 222).

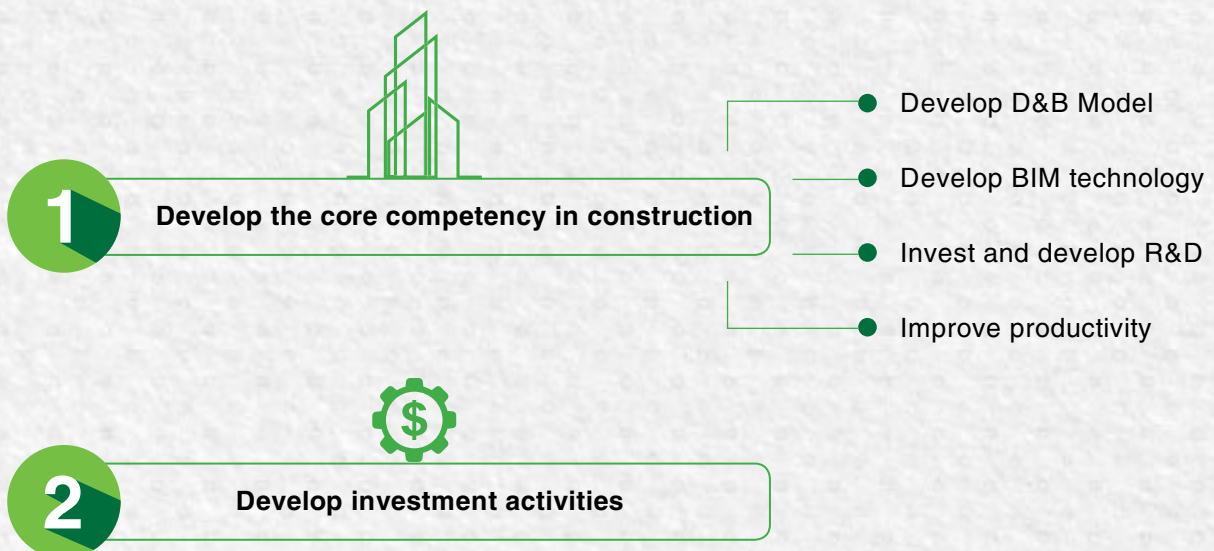


SUSTAINABLE ECONOMIC DEVELOPMENT

With significant growths in revenue and profit through years, Coteccons' business results in 2017 marked another achievement which again confirmed the leading position of the Company in the construction market in Vietnam.

Year/Target (billion VND)	2013	2014	2015	2016	2017	CAGR
CONSOLIDATED INCOME						
Revenue	6,190	7,634	13,669	20,783	27,153	45%
Profit before tax	393	464	927	1,763	2,061	51%
Profit after tax	280	357	733	1,422	1,653	56%
Profit after tax attributable to Shareholders of the Parent company	257	327	666	1,422	1,653	59%

In order to maintain the growth rate in the following years, Coteccons' development orientation includes:





**D&B MODEL HAS
CONTRIBUTED ALMOST
40%
COTECCONS' REVENUE**

Development of the core competency in construction

D&B model

As the pioneer in implementing D&B Model, to date D&B model has contributed almost 40% in Coteccons' revenue stream. D&B model is gaining more popularity and trusted by investors as an effective project development solution which saves time and costs. In the upcoming period, the Company shall focus on developing a strong management system to manage quality, human resources, expand strategic partnerships, improve R&D applications of new construction methods in order to achieve a better designing and construction competency, delivering trust to customers and end consumers in Coteccons' brandname and our D&B projects.



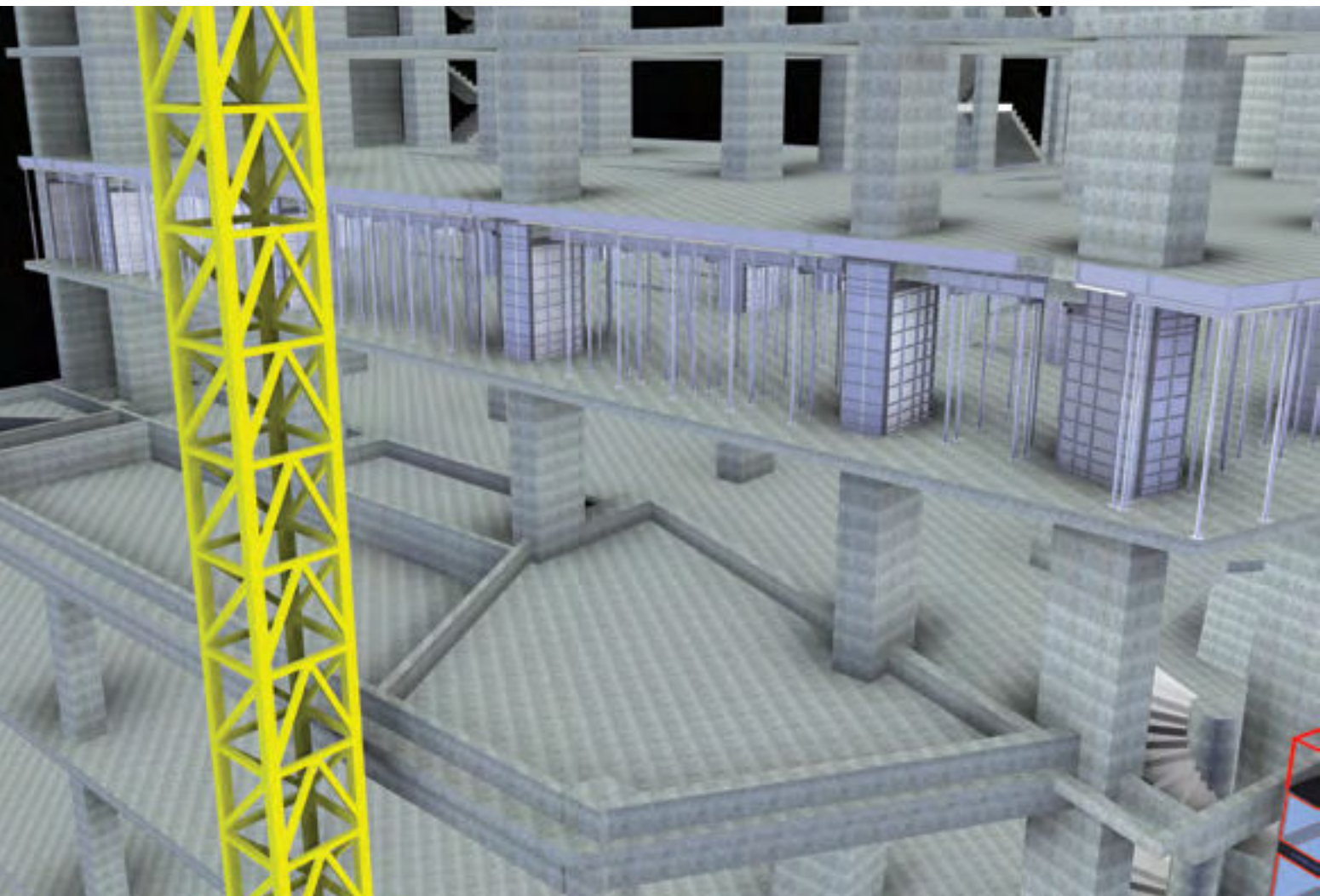


SUSTAINABILITY ORIENTATION

BIM development

With a long-term objective of moving forward to Digital Constructions, applying digitized technology in the construction industry to be at par with leading international companies such as Gammon and Takenaka, Coteccons has invested in the development and implementation of BIM, including 3D modelling softwares, or 4D progress management and 5D cost management. In 2017, there were 15 projects, including 03 D&B projects, 05 construction projects, 07 bidding projects applying BIM in managing project progress and construction methods. The

Company also organized training courses within Coteccons' Group at all levels from technical specialists to MEP sub-contractors, sharing experiences in implementing BIM with the BIM Board of Management in Vietnam and National Construction Department. In 2018, Coteccons shall continue developing a high-quality team to improve applications of BIM in multiple projects at a deeper and wider scale in order to mitigate risks in construction, resource planning and project strategy as well as to improve productivity through new technologies.



R&D investment



In 2017, Coteccons has conducted many researches about improvements in materials such as mass concrete, high-level concrete, heat-resistant concrete, tile glue, completion techniques to avert accidents, etc. Coteccons' long-term orientation shall improve R&D activities, establishing a high-standard lab for the Group while collaborating with top industry experts and improving research and technology exchange with universities. In the meantime, the Company shall send excellent individuals to foreign countries such as Japan, China and the US, etc. To learn new technologies and constructions methods.





SUSTAINABILITY ORIENTATION

Productivity improvement

Productivity is one of the cutting edges of Coteccons as compared to other companies in the industry. Coteccons has continually developed new methods to reduce required workforce while maintaining progress and quality for a project. In the upcoming period, the Company shall focus on workforce training so as to improve employees' expertise and expand to other specialized areas. As a result, our workforce shall be able to take responsibilities of a variety of projects. Technology solutions shall be deployed to maximize productivity at both construction sites and functional units.



Investment development

In 2017, Investment Department has established a strong foundation for developing investments and diversifying revenue streams in order to achieve a sustainable development for the Company in the long run. Cotecons' affiliates were established in 2017 including Covestcons Ltd. with an authorized capital of VND 1,872 billion, Hitecons Investment Co. With an authorized capital of VND 300 billion, Nguyen Kim Ltd.-International Construction with an authorized capital of VND 100 billion in a collaboration with Refico Investment Ltd.

Hanoi, Asian Technology Joint Stock Co., Hoan Thanh Land Construction Development Joint Stock Co., Nguyen Kim Ltd., etc. investing in real estates. In 2018, Cotecons shall implement legal procedures for all projects, improving investing in opportunity real estates, searching for large land repositories or M&A opportunities with real-estate agencies that have a large land repository, searching investment collaboration opportunities in Office and Residential sector, and generating more jobs in Construction and Assembly.





SUSTAINABILITY ORIENTATION



HUMAN RESOURCE DEVELOPMENT

LABOR POLICY

Coteccons values contribution created by our labor force which has played a tremendous part in the success of the Company. Our biggest objective in the upcoming years is to build up an equal, innovative and dynamic working environment where there is no discrimination in position, gender, age, intellectual level, social rank, or ethnicity. Individuals have equal chance to work and progress towards their personal success and professional development.

With a strong demand in high-quality workforce in order to meet a rapid expansion of the business, Coteccons consider and adjust remuneration packages to reasonably

reflect employees' competencies and to offer a competitive income for employees as compared to the industry level. Our remuneration policy is linked to the Company's business performance. Salary and bonuses paid to employees are conducted on the basis of work efficiency and job position in order to encourage innovation and contribution to the Company's success. Apart from salaries, the Company also has regular benefit packages for Tet holiday, unplanned rewards, or group rewards and individual rewards for excellence in the business. In 2017, Coteccons continued to improve remuneration and benefit policies for employees. Details as follows:

- ◆ Expanded travel benefits for short-term employees.
- ◆ Added more benefits for Teambuilding for



teams to organize more bonding events internally. Continued to pay an attentive care to employees' health by increasing insurance level for employees and their family members. Worked with prestigious hospitals to perform health checkups with a more comprehensive list of medical tests, bringing the best values to our employees. Extractions for social insurance, medical insurance and unemployment insurance were executed stringently in compliance with the regulations.

- ◆ Organized sport events annually among different units in the Group. Encouraged employees to practice sports by providing yoga, tennis, ping-pong and football classes after work.



With a suitable remuneration and benefit system, along with an attentive care of the Company's Management with all employees, Coteccons has always been a favorable contact point that attracts high-quality workforce, international students and domestic specialists to join the Company.



SUSTAINABILITY ORIENTATION

OCCUPATIONAL SAFETY

Labor safety is of the highest concern at Coteccons' construction sites. 62 million safe labor hours in 2017 was a significant statistical number for all the efforts of the Company. Construction sites performed regular evaluation, ranking labor safety in order to promptly identify and prevent mistakes. Safety Department worked hand in hand with other functional units such as Technical Management, Training Association and other affiliates to improve awareness and organizational skills in safety management for engineers, and supervisors. The role of Safety Department was improved. More experiential training models such as high falling or falling obstacles were implemented widely. Especially, BIM has been applied in managing safety. Highly-experienced foreign experts were invited to join Coteccons to enhance the safety system of the companies under international standards.



TRAINING

Training function of the Human Resource Management Department was the predecessor of COTECCONS ACADEMY - CTA. Since its establishment in 17/04/2017, CTA has started a few first classes in Q2/2017. However, according to statistics as of 31/12/2017, CTA has completed 23,000 training hours with 11 courses for construction units and 35 soft-skill classes for office units. Of which, there were some specially-designed classes for construction needs such as lead supervisors for completion, and MEP lead supervisors. By designing practical training curriculum and materials which reflect closely the business activities, combined with trainers who are highly-experienced executives or other

trainers from prestigious partners in the market, and an interactive approach, CTA has brought a new breath into the training culture in Coteccons with a variety of classes such as Team leaders, Team vice-leaders, and Department leads. This effect does not only expand to construction sites but also resonate in Coteccons' affiliates. For the year 2018, CTA shall focus on improving training quality as well as trainers' expertise. At the same time, CTA shall expand its training activities to affiliates in order to preparing a high-quality workforce which is excellent in skills and knowledge to meet the growth demand of the Group.





SUSTAINABILITY ORIENTATION



Coteccons has always focused on promoting environment awareness at construction sites and offices, including: requiring workers at construction sites using natural materials effectively to avoid wastages, applying strictly labor safety procedures, promoting 5S program to create a clean, green and scientific environment, encouraging recycling stationeries and saving printing paper...

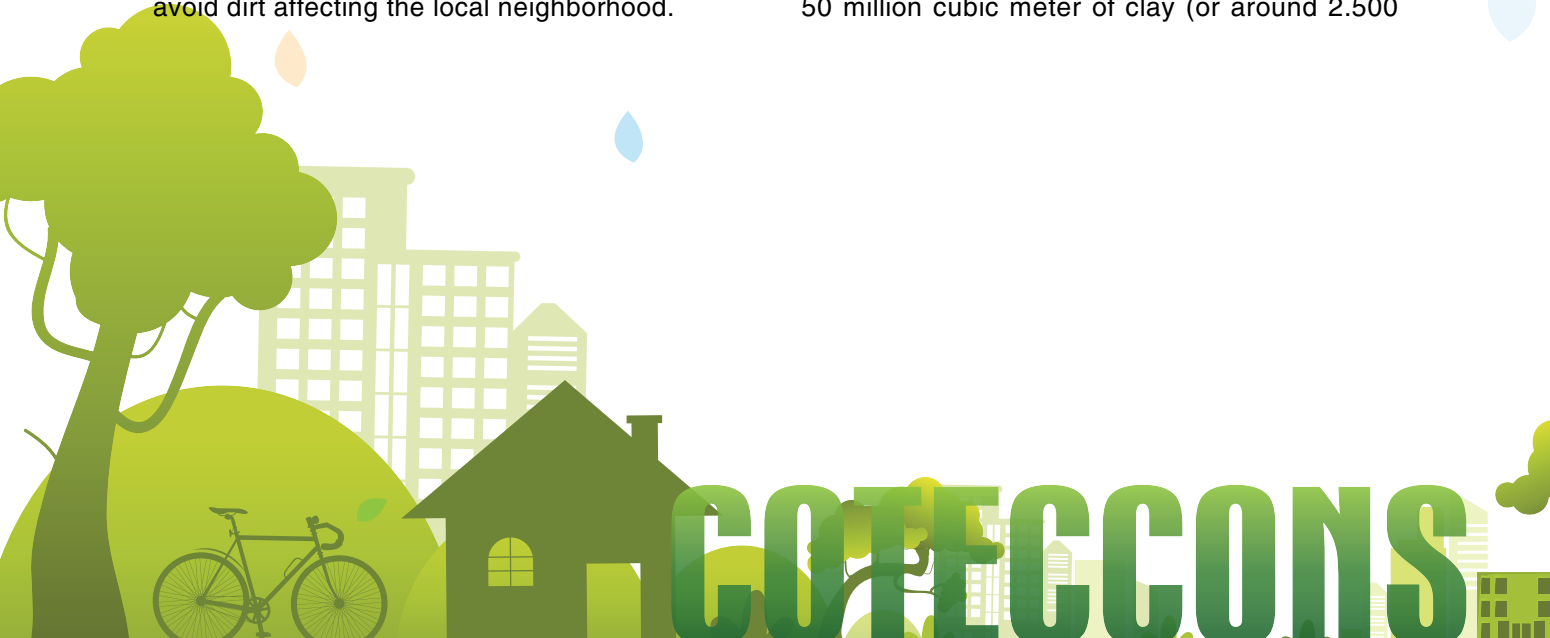
ENVIRONMENT PROTECTION

ENVIRONMENT PROTECTION ACTIVITIES

Coteccons has always focused on promoting environment awareness at construction sites and offices, including: requiring workers at construction sites using natural materials effectively to avoid wastages, applying strictly labor safety procedures, promoting 5S program to create a clean, green and scientific environment, encouraging recycling stationeries and saving printing paper... The company also signed contracts with collecting agencies who are specializing in collecting, transporting and handling wastages that may be harmful to the environment. Moreover, the Company has increased protection nets at construction sites to avoid dirt affecting the local neighborhood.

ORIENTATIONS OF TECHNOLOGICAL AND MATERIAL SOLUTIONS, RELATED TO THE ENVIRONMENT

In 2017, Coteccons continued to apply new materials such as Assembly Acotec, concrete block bricks and AAC bricks to replace bauxite bricks and mitigate adverse effects to the environment. Applications of environmental friendly materials are becoming an inevitable trend and has become an objective for the future of the construction industry. There are 2 characteristics of green materials: consuming less energy in generating the material and saving more electricity power during application. Demand of construction materials in our country in 2020 is predicted to be 33 billion bricks. Therefore, until 2020, every year, we will exploit 50 million cubic meter of clay (or around 2.500



hectare commercial land at the depth of 2m), 5 million tons of coals and exhaust 19 million tons of CO₂ to the environment, creating greenhouse effect. Moreover, Coteccons has been and are cooperating with concrete suppliers to increase the proportion of fly ash (recycled material), concrete construction applications, mass concrete for most of Coteccons' projects.

According to the Development plan for national electricity for 2011-2020 with a consideration of 2030 (which can be called Electricity Plan No.7), with the development pace of thermal-electricity factories to 2020, it is expected to release roughly 30-40 million tons of rusted ash, causing environmental population. Moreover, to reduce the dependence in a limited source of natural sand which if being fully exploited, would create serious damages to the environment, Coteccons' Technical Unit are researching the possibility of

increasing the proportion of artificial sand used in standard concrete mix and hence reducing the consumption of natural resources. Moreover, in accordance with Vietnam's Standardization of using energy effectively, Coteccons has deployed sound proof and thermal proof light concrete to construct border walls for buildings, increasing the project progress and decreasing electricity consumption. This is a problem of saving energy that many investors requested with D&B models.

In 2018, Coteccons shall continue promoting the use of non-baked bricks to Assembly and replace baked bricks, increasing the proportion of environmental friendly materials. Researches and applications of green materials into Coteccons' projects shall lay a foundation for our orientation towards using new materials in the construction industry.





RESPONSIBILITY TO PRODUCTS

Materials

All input materials are checked and evaluated by Technical Unit and Construction Management of Coteccons since the supplier selection stage, in order to meet all the project's requirements. These materials have to go through different experiment stages and revaluation before being massly applied on construction sites. With regards to new materials, Technical Unit along with a strong network of specialists always proposes timely technical solutions to enable Site Team Lead more initiative in working with, and consulting Investors and Suppliers to

meet a variety of stringent requirements about quality and progress of any particular project. Especially, in 2017 Coteccons has developed a "supplier evaluation list", creating a filter and technical shield that is substantially concrete to optimize the Company's selection of high-quality suppliers, bringing the optimal-quality end products for both investors and customers. In 2018, Coteccons shall continue developing more "Technical Shields" and "Coteccons' materials standardization" to improve the quality and reduce deviation among projects branded under Coteccons Group, improving the Company's reputation to investors and customers.



Project's quality control process

The application of BIM to Coteccons' projects has enabled us more ease in controlling the compatibility of Architectural, Base and Electricity blueprints. Meanwhile, the applicant allowed us to identify anomalies in a timely manner to drive suitable mitigation solutions. During the construction time, Coteccons has frequently supervised, supported, trained and evaluated the project quality (Technical Unit, Equipment Department, Risk Control Department, etc.). Apart from proceeding systems provided by consultants, and the Project Management Department, Coteccons has established independent evaluation units to control quarterly quality, report to senior executives to lay a foundation for suitable and timely rewards and adjustments (if any).





SUSTAINABILITY ORIENTATION

CONTRIBUTION TO THE SOCIAL DEVELOPMENT

CONTRIBUTING TO THE NATIONAL BUDGET

In 2017, Cotecons Group contributed 407 billion VND for the national budget, alongside with other economic values that the Group brought to its customers, community and the society.



CONTRIBUTED
VND **407**
BILLION
FOR THE NATIONAL BUDGET
IN 2017



GENERATING JOBS FOR LOCAL WORKERS

In 2017, with more than 40 simultaneous projects, Coteccons has employed more than 50,000 construction workers nationwide, generating long-term jobs for a massive group of local workers, providing stable salaries for thousands of households, contributing to the development of the society. Aside, Coteccons has collaborated with more than 1,500 construction units to provide training to improve skills, passion and productivity for all workers.

DEVELOPING LONG-TERM PARTNERSHIPS

With a major source of employment, Coteccons has demonstrated the Company's professionalism by building a strategic partnership system that aligns with our yearly plan and orientation for the upcoming periods of 3-5 years, depending on business sectors. This system has ensured our partners about our partnership, giving them more initiative in operational and financial planning, and from there, being more active in developing, strengthening and improving their management system. Our partners, during their partnership with Coteccons, showed a consensus on the role of Coteccons in supporting them improving system and human resources, not only in skill but also in professional passion, professionalism, desire, initiatives and internal bonding. We believe that Coteccons' culture has contributed to the development of the society from the most basic levels.





SUSTAINABILITY ORIENTATION

SOCIAL AND COMMUNITY ACTIVITIES

As a market leader in the construction industry in Vietnam, Coteccons acknowledged our responsibility with communities and the development of the society. In 2017, Coteccons has devoted in many meaningful social events to help difficult families, veteran families, or special families that are subject to special public support, children that desire to have access to a better education, orphans at rural areas such as Nam Dinh, Ha Tinh, Nghe An, Thai Binh, etc. with a contribution of more than VND 1.5 billion. Supporting, helping people at Quang An, Quang Tho, Quang Dien, Phong Chuong (Phong Dien town), Thua Thien Hue province that were

affected by frequent tropical depressions - storm - flood - or hydro-flooding from the hydro-electricity lake Tam Giang with more than 1,300 presents at a value of over VND 1.5 billion. Performed 430 free optical surgeries to bring light to difficult patients with a contribution of around 400 million VND. Also, the Company has arranged transportation for our employees to come back to their hometown for Tet Union Holiday, giving away 100 tickets for poor people at the local area who hadn't returned home for 2 years, sponsoring Deaf and Mute Associations in the city, supporting "For Truong Sa - for our ocean and islands" program, etc. with a contribution of more than VND 500 million.



CONTRIBUTION

1,300

PRESENTS AT A VALUE OF
OVER 1.5 BILLION VND



PERFORMED

430

FREE OPTICAL SURGERIES
TO BRING LIGHT TO DIFFICULT
PATIENTS

COLLABORATION WITH UNIVERSITIES

Coteccons prouds that a majority of our managerial executive and high-level employees are Former students of prestigious universities in the country, such as: University of Polytechnic HCMC, University of Architecture, University of Construction Hanoi, University of Polytechnic Hanoi, University of Polytechnic Da Nang, etc. Working with Universities through education sponsorships is Coteccons' strongest commitment in training and generating a high-quality skilled workforce for the universities and the society. Also, Coteccons' relationships with universities has provided more job opportunities in Coteccons for new university graduates. Our annual education

sponsorships focus on training programs and events about different specializations at universities, along with awarding internships for excellent students. This policy has also helped Coteccons to train and select a high-quality pool of talented engineers for the Company in the future. In 2018, Coteccons shall continue to develop our talent recruitment programs not only to nurture a future talent pool but also to provide a valuable opportunities for students who are pursuing a career in the construction industry. Furthermore, Coteccons realizes that this is a practical initiative to contribute to the development of the society and communities.





OUTSTANDING QUALITY TO ADDED VALUES

Following the years of continual envious successes achieved through actual capability and outstanding value, 2017, again, affirmed Cotecons position and lifted its development to a whole new level. In this, with projects have been and being constructed, Cotecons has brought values to stakeholders, recorded spectacular a growth rate and a successful financial year with investors appreciating Cotecons sustainable growth and development.







COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Consolidated financial statements

31 December 2017

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THE COMPANY

Coteccons Construction Joint Stock Company (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103002611 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 24 August 2004, which was replaced by the Enterprise Registration Certificate (“ERC”) No. 0303443233 on 23 August 2010 and the subsequent amended BRCs and ERCs.

On 18 July 2017, the Company received the 19th amended ERC approved the change on title of the Company’s legal representative – Mr Nguyen Ba Duong, Chairman and changes in certain principal activities.

The Company’s shares are being listed on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QD-SGDHCM has been issued by the Ho Chi Minh Stock Exchange on 9 December 2009.

The current principal activities of the Company are to provide designing and construction services, equipment installation, interior decoration and office leasing.

The Company’s head office is located at No. 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

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

Mr. Nguyen Ba Duong	Chairman	
Mr. Tran Quyet Thang	Member	
Mr. Nguyen Sy Cong	Member	appointed on 29 June 2017
Mr. Nguyen Quoc Hiep	Member	appointed on 29 June 2017
Mr. Talgat Turumbayev	Member	appointed on 29 June 2017
Mr. Yerkin Tatishev	Member	appointed on 29 June 2017
Mr. Tan Chin Tiong	Member	appointed on 29 June 2017
Mr. Tran Quang Tuan	Member	resigned on 29 June 2017
Mr. Tran Quang Quan	Member	resigned on 29 June 2017
Mr. Giuseppe Maniscalco Ferrara	Member	resigned on 29 June 2017
Mr. Bolat Duisenov	Member	resigned on 29 June 2017
Mr. Vu Duy Lam	Member	resigned on 29 June 2017

BOARD OF SUPERVISION

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

Mr. Luis Fernando Garcio Agraz	Head of Board of Supervision	appointed on 29 June 2017
Mr. Nguyen Duc Canh	Head of Board of Supervision	resigned on 29 June 2017
Mr. Dang Hoai Nam	Member	appointed on 29 June 2017
Mr. Nguyen Minh Nhut	Member	appointed on 29 June 2017
Ms. Nguyen Thi Phuc Long	Member	resigned on 29 June 2017
Ms. Phan Cam Ly	Member	resigned on 29 June 2017



MANAGEMENT

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

Mr. Nguyen Sy Cong	General Director	appointed on 3 July 2017
Mr. Nguyen Ba Duong	General Director	resigned on 3 July 2017
Mr. Tran Quang Quan	Deputy General Director	
Mr. Tran Quang Tuan	Deputy General Director	resigned on 3 July 2017
Mr. Tran Van Chinh	Deputy General Director	
Mr. Tu Dai Phuc	Deputy General Director	
Mr. Phan Huy Vinh	Deputy General Director	
Mr. Vo Thanh Liem	Deputy General Director	appointed on 28 September 2017

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Nguyen Ba Duong.

AUDITORS

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



Management of Coteccons Construction Joint Stock Company (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2017.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

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

For and on behalf of management:



Nguyen Sy Cong

General Director

Ho Chi Minh City, Vietnam

26 March 2018



TO: THE SHAREHOLDERS OF COTECCONS CONSTRUCTION JOINT STOCK COMPANY

We have audited the accompanying consolidated financial statements of Coteccons Construction Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as prepared on 26 March 2018 and set out on pages 178 to 214, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

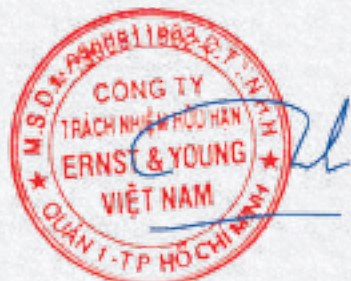
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance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

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

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

**OPINION**

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

ERNST & YOUNG VIETNAM LIMITED

Tran Nam Dung

Deputy General Director

Audit Practicing Registration Certificate

No. 3021-2014-004-1

Ho Chi Minh City, Vietnam

26 March 2018

Dang Minh Tai

Auditor

Audit Practicing Registration Certificate

No. 2815-2014-004-01



CONSOLIDATED BALANCE SHEET

as at 31 December 2017

B01-DN/HN

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		14,323,046,481,379	9,943,464,944,899
110	I. Cash and cash equivalents	4	3,311,114,590,570	1,996,627,577,169
111	1. Cash		285,114,590,570	716,627,577,169
112	2. Cash equivalents		3,026,000,000,000	1,280,000,000,000
120	II. Short-term investment		2,478,527,000,000	2,675,000,000,000
123	1. Held-to-maturity investments	5	2,478,527,000,000	2,675,000,000,000
130	III. Current accounts receivable		6,343,651,794,988	3,483,690,579,494
131	1. Short-term trade receivables	6	6,066,528,567,248	3,345,759,405,855
132	2. Short-term advances to suppliers	7	169,888,237,132	175,416,870,761
136	3. Other short-term receivables	8	317,096,888,688	225,997,460,583
137	4. Provision for doubtful short-term receivables	6, 8	(209,861,898,080)	(263,483,157,705)
140	IV. Inventory	9	1,873,811,750,026	1,240,877,076,159
141	1. Inventories		1,873,811,750,026	1,240,877,076,159
150	V. Other current assets		315,941,345,795	547,269,712,077
151	1. Short-term prepaid expenses	10	10,072,902,332	4,005,229,349
152	2. Value-added tax deductibles		305,646,255,012	542,683,814,702
153	3. Tax and other receivables from the State	18	222,188,451	580,668,026
200	B. NON-CURRENT ASSETS		1,554,271,582,049	1,797,406,246,208
210	I. Long-term receivable		-	253,976,000
216	1. Other long-term receivables		-	253,976,000
220	II. Fixed assets		767,485,125,209	585,367,558,531
221	1. Tangible fixed assets	11	673,342,463,523	492,919,469,629
222	Cost		998,693,962,900	761,234,552,099
223	Accumulated depreciation		(325,351,499,377)	(268,315,082,470)
227	2. Intangible assets	12	94,142,661,686	92,448,088,902
228	Cost		106,346,738,578	102,365,530,801
229	Accumulated amortisation		(12,204,076,892)	(9,917,441,899)
230	III. Investment properties	13	50,050,508,279	78,054,175,594
231	1. Cost		63,045,669,421	95,184,189,935
232	2. Accumulated depreciation		(12,995,161,142)	(17,130,014,341)
240	IV. Long-term asset in progress		72,100,000	18,354,164,656
242	1. Construction in progress	14	72,100,000	18,354,164,656
250	V. Long-term investments		377,204,788,931	714,783,616,306
252	1. Investments in associates	15	227,204,788,931	194,783,616,306
255	2. Held-to-maturity investments	5	150,000,000,000	520,000,000,000
260	VI. Other long-term assets		359,459,059,630	400,592,755,121
261	1. Long-term prepaid expenses	10	355,814,812,054	396,065,656,914
262	2. Deferred tax assets	27.3	3,644,247,576	4,527,098,207
270	TOTAL ASSETS		15,877,318,063,428	11,740,871,191,107



VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		8,570,630,214,809	5,507,243,351,828
310	I. Current liabilities		8,559,717,905,972	5,495,199,216,604
311	1. Short-term trade payables	16	4,630,806,248,430	3,228,154,146,494
312	2. Short-term advances from customers	17	1,408,085,588,997	795,653,018,908
313	3. Statutory obligations	18	354,008,253,214	244,479,991,421
315	4. Short-term accrued expenses	19	1,639,354,520,674	822,046,183,940
318	5. Short-term unearned revenues		-	95,301,132,287
319	6. Other short-term payables	20	281,435,190,582	147,219,837,037
321	7. Short-term provisions	21	76,554,779,913	60,163,598,312
322	8. Bonus and welfare fund		169,473,324,162	102,181,308,205
330	II. Non-current liabilities		10,912,308,837	12,044,135,224
337	1. Other long-term liabilities	20	662,352,826	1,794,179,213
342	2. Long-term provision	21	10,249,956,011	10,249,956,011
400	D. OWNERS' EQUITY		7,306,687,848,619	6,233,627,839,279
410	I. Capital	22.1	7,306,687,848,619	6,233,627,839,279
411	1. Share capital		770,500,000,000	770,500,000,000
411a	- Shares with voting rights		770,500,000,000	770,500,000,000
412	2. Share premium		2,958,550,175,385	2,958,550,175,385
415	3. Treasury shares		(22,832,460,000)	(1,741,460,000)
418	4. Investment and development fund		1,858,988,669,927	1,070,951,960,122
421	5. Undistributed earnings		1,741,481,463,307	1,435,367,163,772
421a	- Undistributed earnings by the end of prior years		88,802,233,967	13,223,245,232
421b	- Undistributed earnings of current year		1,652,679,229,340	1,422,143,918,540
440	TOTAL LIABILITIES AND OWNERS' EQUITY		15,877,318,063,428	11,740,871,191,107

Ha Thi Thuy Hang

Preparer

26 March 2018

Vu Thi Hong Hanh

Chief Accountant



Nguyen Sy Cong

General Director



CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017

B02-DN/HN

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Gross revenues from sale of goods and rendering of services	23.1	27,153,453,093,560	20,782,721,033,541
10	2. Net revenues from sale of goods and rendering of services	23.1	27,153,453,093,560	20,782,721,033,541
11	3. Cost of goods sold and services rendered	24	(25,137,240,993,127)	(18,983,319,033,277)
20	4. Gross profit from sale of goods and rendering of services		2,016,212,100,433	1,799,402,000,264
21	5. Finance income	23.2	325,276,488,942	170,167,561,778
22	6. Finance expenses		(45,704,258)	(281,190,168)
	- In which: Interest expenses		-	(153,055,556)
24	7. Share of profit of associates	15	31,676,978,729	32,592,114,614
25	8. Selling expenses		-	(1,887,854,700)
26	9. General and administrative expenses	25	(394,573,473,301)	(297,253,276,693)
30	10. Operating profit		1,978,546,390,545	1,702,739,355,095
31	11. Other income	26	85,996,368,686	62,697,300,620
32	12. Other expenses		(3,800,220,218)	(2,514,752,597)
40	13. Other profit		82,196,148,468	60,182,548,023
50	14. Accounting profit before tax		2,060,742,539,013	1,762,921,903,118
51	15. Current corporate income tax expense	27.1	(407,180,459,042)	(341,764,814,329)
52	16. Deferred tax (expense) income	27.3	(882,850,631)	986,829,751
60	17. Net profit after tax		1,652,679,229,340	1,422,143,918,540
61	18. Net profit after tax attributable to shareholders of the parent		1,652,679,229,340	1,422,143,918,540
70	19. Basic earnings per share	29	20,436	19,067
71	20. Diluted earnings per share	29	20,436	19,067

Ha Thi Thuy Hang

Preparer

26 March 2018

Vu Thi Hong Hanh

Chief Accountant



Nguyen Sy Cong

General Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017



B03-DN/HN

VND

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Accounting profit before tax		2,060,742,539,013	1,762,921,903,118
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11, 12, 13	79,233,734,544	53,782,443,059
03	Reversal of provisions		(4,994,293,145)	(36,138,040,739)
04	Unrealised foreign exchange gains arisen from revaluation of monetary accounts denominated in foreign currency		(50,834,803)	(344,190,103)
05	Profit from investing activities		(364,839,681,933)	(205,141,007,759)
06	Interest expenses		-	153,055,556
08	Operating profit before changes in working capital		1,770,091,463,676	1,575,234,163,132
09	Increase in receivables		(2,444,779,391,189)	(914,835,439,171)
10	Increase in inventories		(632,934,673,867)	(189,599,751,932)
11	Increase in payables		2,951,347,688,516	823,723,127,088
12	Decrease (increase) in prepaid expenses		34,183,171,877	(100,137,187,236)
14	Interest paid		-	(153,055,556)
15	Corporate income tax paid	18	(416,776,391,764)	(289,098,318,843)
17	Other cash outflows from operating activities		(109,083,623,001)	(4,071,927,469)
20	Net cash flows from operating activities		1,152,048,244,248	901,061,610,013
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchases and construction of fixed assets		(214,558,893,875)	(189,440,496,481)
22	Proceeds from disposals of fixed assets		8,600,070,476	6,459,592,060
23	Net payments for term deposits at banks and bonds		-	(1,898,900,000,000)
24	Net collections from bank term deposits		566,473,000,000	-
25	Payments for investments in another entity		-	(42,000,000,000)
27	Interest and dividends received		205,750,711,464	139,754,616,316
30	Net cash flows from (used in) investing activities		566,264,888,065	(1,984,126,288,105)



CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017 (continued)

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VND

Code	ITEMS	Notes	Current year	Previous year
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Issuance of shares		-	1,875,250,945,385
32	Capital redemption		(21,091,000,000)	-
33	Drawdown of borrowings		-	50,000,000,000
34	Repayment of borrowings		-	(50,000,000,000)
36	Dividends paid		(382,734,658,400)	(257,186,590,275)
40	Net cash flows (used in) from financing activities		(403,825,658,400)	1,618,064,355,110
50	Net increase in cash and cash equivalents		1,314,487,473,913	534,999,677,018
60	Cash and cash equivalents at beginning of year		1,996,627,577,169	1,461,621,853,393
61	Impact of exchange rate fluctuation		(460,512)	6,046,758
70	Cash and cash equivalents at end of year	4	3,311,114,590,570	1,996,627,577,169

Ha Thi Thuy Hang

Preparer

26 March 2018

Vu Thi Hong Hanh

Chief Accountant



Nguyen Sy Cong

General Director



1. CORPORATE INFORMATION

Coteccons Construction Joint Stock Company (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103002611 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 24 August 2004, which was replaced by the Enterprise Registration Certificates (“ERCs”) No.0303443233 on 23 August 2010 and the subsequent amended BRCs and ERCs.

On 18 July 2017, the Company received the 19th amended ERC approved the change on title of the Company’s legal representative – Mr Nguyen Ba Duong, Chairman and changes in certain principal activities.

The Company’s shares are being listed on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QĐ-SGDHCM has been issued by the Ho Chi Minh Stock Exchange on 9 December 2009.

The current principal activities of the Company and its subsidiaries (“the Group”) are to provide designing and construction services, equipment installation, interior decoration, office leasing, trading of real estate and trading of construction materials.

The Company’s registered head office is located at No. 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

The number of the Group’s employees as at 31 December 2017 was 2,540 (31 December 2016: 2,043).

Group structure

The Company has two subsidiaries, which are Unicons Investment Construction Company Limited (“Unicons”) and Covestcons Company Limited (“Covestcons”).

- (i) Unicons is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to BRC No. 4103005020 issued by the DPI of Ho Chi Minh City on 14 July 2006, which was replaced by the Enterprise Registration Certificate (“ERC”) No. 0304472276 and the subsequent amended BRCs and ERCs.

Unicons’ registered office is located at No. 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. Unicons’ principal activities are to provide construction and equipment installation services.

As at 31 December 2017, the Company holds 100% equity interest in Unicons.

- (ii) Covestcons is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to ERC No. 0314326002 issued by the DPI of Ho Chi Minh City on 31 March 2017.

Covestcons’ registered office is located at No. 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. Covestcons’ principal activities are to provide commission services and trade of real estates.

As at 31 December 2017, the Company holds 100% equity interest in Covestcons.



2. BASIS OF PREPARATION

2.1 Applied accounting standards and system

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

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

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

2.2 Applied accounting documentation system

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

2.3 Fiscal year

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

2.4 Accounting currency

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at 31 December 2017 and for the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

3.2 Receivables

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

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

3.3 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, merchandise goods	- cost of purchase on a weighted average basis
Construction work-in-process	- cost of direct materials and labour plus attributable construction overheads

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

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

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

Land use rights

Land use right is recorded as an intangible asset on the consolidated balance sheet when the Group obtained the land use right certificates. The costs of land use right comprise all directly attributable costs of bringing the land to the condition available for intended use and is not amortised when having indefinite useful life.

3.6 Depreciation and amortisation

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

Buildings & structures	6 - 42 years
Machinery & equipment	3 - 10 years
Means of transportation	6 - 8 years
Office equipment	3 - 5 years
Land use rights	45 - 49 years
Softwares	3 years
Others	5 - 6 years

3.7 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation. Investment properties held for capital appreciation are not depreciated but subject to impairment review.

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

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

Office building	30 - 45 years
Others	25 years

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties (continued)

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

3.8 Construction in progress

Construction in progress represents tangible fixed assets purchasing and under construction which have not yet been completed as at the balance sheet date and is stated at cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into use.

3.9 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Group is the lessee

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

Where the Group is the lessor

Assets subject to operating leases are included as the Group's investment property in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred.

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

3.10 Prepaid expenses

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

Tools and supplies used for construction are amortised to the consolidated income statement over the period of two (2) to three (3) years on the straight-line basis.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Investments

Investments in associates

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

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

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

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

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

3.12 Provision for diminution in value of investments

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

3.13 Payables and accruals

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Accrual for severance allowance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to the balance sheet date at the rate of one-half of the average monthly salary for each period of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation is revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increases or decreases to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for warranty obligation of construction project is estimated from 0.3% to 1% on value of project based on the specification of each project and actual experience.

3.16 Foreign currency transactions

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- » transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- » transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment; and
- » payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- » monetary assets are translated at buying exchange rate of the commercial bank where the Group conduct transactions regularly; and
- » monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conduct transactions regularly.

All foreign exchange differences incurred during the year and arisen from the revaluation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

3.17 Earnings per share

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Earnings per share (continued)

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

3.18 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Group's own equity instruments.

3.19 Appropriation of net profits

Net profit after tax is available for appropriation to investors as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting.

» *Investment and development fund*

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

» *Bonus and welfare fund and allowance for Board of Directors*

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

3.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Construction contracts

For the construction contracts specifying that the contractor will receive payments according to the completed work, where the outcome of a construction contract can be determined reliably and accepted by the customers, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date which is accepted by the customers and reflected in the sales invoices.

For the construction contracts specifying that the progress payments are made as originally agreed, where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Revenue recognition (continued)

Construction contracts (continued)

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rental income

Rental income arising from operating leases is accounted for on a straight line basis over the terms of the lease.

Interest

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

Dividend

Dividend is recognised when the Group is entitled to receive dividends.

3.21 Taxation

Current income tax

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

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

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

Deferred tax

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

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Taxation (continued)

Deferred tax (continued)

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

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

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

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

3.22 Related parties

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

4. CASH AND CASH EQUIVALENTS

	VND	
	Ending balance	Beginning balance
Cash on hand	221,120,198	419,131,108
Cash in banks	284,893,470,372	716,208,446,061
Cash equivalents (*)	3,026,000,000,000	1,280,000,000,000
TOTAL	3,311,114,590,570	1,996,627,577,169

(*) Cash equivalents represent deposits at commercial banks with original maturity of less than three (3) months and earn interest at the applicable interest rates.



5. HELD-TO-MATURITY INVESTMENTS

	VND	
	Ending balance	Beginning balance
Short-term	2,478,527,000,000	2,675,000,000,000
Term deposits (i)	2,478,527,000,000	2,575,000,000,000
Bonds	-	100,000,000,000
Long-term	150,000,000,000	520,000,000,000
Bonds (ii)	100,000,000,000	-
Term deposits (iii)	50,000,000,000	520,000,000,000
TOTAL	2,628,527,000,000	3,195,000,000,000

- (i) These represent deposits at commercial banks with original maturity of three (3) months or more but under one (1) year and earn interest at the applicable interest rates.
- (ii) This represents the investment in bond of Sai Gon Securities Joint Stock Company with maturity on 19 January 2019 and earns interest at applicable interest rate.
- (iii) This represents a deposit at Bank for Investment and Development of Vietnam with original maturity of 13 months and earns an applicable interest rate.

6. SHORT-TERM TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
Receivables from third parties	6,058,562,945,918	3,332,147,622,731
Receivables from related parties (Note 28)	7,965,621,330	13,611,783,124
TOTAL	6,066,528,567,248	3,345,759,405,855
Provision for doubtful short-term receivables	(183,823,935,386)	(237,445,195,011)
NET	5,882,704,631,862	3,108,314,210,844

Movements of provision for doubtful short-term receivables:

	VND	
	Current year	Previous year
Beginning balance	(237,445,195,011)	(286,705,489,105)
<i>Add:</i> Provision made during the year	(314,247,295)	(209,498,197)
<i>Less:</i> Written off provision during the year	255,600,880	290,644,578
<i>Less:</i> Reversal of provision during the year	53,679,906,040	49,179,147,713
Ending balance	(183,823,935,386)	(237,445,195,011)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2017 and for the year then ended (continued)

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7. SHORT-TERM ADVANCES TO SUPPLIERS

VND

	Ending balance	Beginning balance
Ha Do 45 Joint Stock Company	19,713,366,300	-
Other suppliers	150,174,870,832	175,416,870,761
TOTAL	169,888,237,132	175,416,870,761

8. OTHER SHORT-TERM RECEIVABLES

VND

	Ending balance	Beginning balance
Interest receivable	224,173,261,928	104,762,712,513
Advances to construction teams and employees	74,709,869,456	97,495,040,302
Short-term deposits	4,004,496,878	2,365,763,612
Others	14,209,260,426	21,373,944,156
TOTAL	317,096,888,688	225,997,460,583
Provision for doubtful short-term receivables	(26,037,962,694)	(26,037,962,694)
NET	291,058,925,994	199,959,497,889

9. INVENTORIES

VND

	Ending balance	Beginning balance
Construction work in process (*)	1,873,811,750,026	1,240,877,076,159



9. INVENTORIES (CONTINUED)

(*) The details of work in process of on-going construction projects are as follows:

	VND	
	Ending balance	Beginning balance
Commercial and Service Office Building – Lot 5.5 – Thu Thiem new urban area	183,931,480,296	88,547,863,476
Diamond Island High-class Apartment	163,916,873,557	28,542,004,559
The Everich 8	141,559,480,356	15,712,732,998
Vinhomes Metropolis Lieu Giai Tower	134,729,306,511	68,561,509,754
D'Capitale project	107,439,458,710	19,931,804,087
Others	1,142,235,150,596	1,019,581,161,285
TOTAL	1,873,811,750,026	1,240,877,076,159

10. PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Short-term	10,072,902,332	4,005,229,349
Tools and supplies used for office	5,344,286,860	-
Office rental and maintenance expenses	3,456,666,299	3,616,093,518
Tools and supplies used for construction works	1,271,949,173	389,135,831
Long-term	355,814,812,054	396,065,656,914
Tools and supplies used for construction works	319,643,672,522	364,973,778,452
Others	36,171,139,532	31,091,878,462
TOTAL	365,887,714,386	400,070,886,263



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2017 and for the year then ended (continued)

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11. TANGIBLE FIXED ASSETS

VND

	Buildings & structures	Machinery & equipment	Means of transportation	Office equipment	Others	Total
Cost:						
Beginning balance	172,734,759,872	525,309,493,077	39,410,984,779	20,729,598,080	3,049,716,291	761,234,552,099
New purchases	28,328,397,798	167,526,378,624	6,751,660,761	6,180,756,876	-	208,787,194,059
Transfer from investment properties	32,138,520,514	-	-	-	-	32,138,520,514
Transfer from construction in progress	9,485,430,286	16,936,623,832	-	-	-	26,422,054,118
Disposal	-	(23,066,187,140)	(6,618,505,000)	(203,665,750)	-	(29,888,357,890)
Ending balance	242,687,108,470	686,706,308,393	39,544,140,540	26,706,689,206	3,049,716,291	998,693,962,900
<i>In which:</i>						
<i>Fully depreciated</i>	24,605,514,695	110,673,100,194	6,075,789,684	10,924,192,208	3,018,852,655	155,297,449,436
Accumulated depreciation:						
Beginning balance	(45,263,436,982)	(183,685,092,413)	(22,617,271,621)	(13,719,476,796)	(3,029,804,658)	(268,315,082,470)
Depreciation for the year	(9,659,380,334)	(56,148,451,802)	(4,711,492,830)	(4,150,523,005)	(7,715,904)	(74,677,563,875)
Transfer from investment properties	(6,404,388,875)	-	-	-	-	(6,404,388,875)
Disposal	-	19,351,950,555	4,489,919,538	203,665,750	-	24,045,535,843
Ending balance	(61,327,206,191)	(220,481,593,660)	(22,838,844,913)	(17,666,334,051)	(3,037,520,562)	(325,351,499,377)
Net carrying amount:						
Beginning balance	127,471,322,890	341,624,400,664	16,793,713,158	7,010,121,284	19,911,633	492,919,469,629
Ending balance	181,359,902,279	466,224,714,733	16,705,295,627	9,040,355,155	12,195,729	673,342,463,523



12. INTANGIBLE ASSETS

			VND
	Land use rights	Software	Total
Cost:			
Beginning balance	94,881,924,366	7,483,606,435	102,365,530,801
New purchase	-	3,816,207,777	3,816,207,777
Transfer from construction in progress	-	165,000,000	165,000,000
Ending balance	94,881,924,366	11,464,814,212	106,346,738,578
<i>In which:</i>			
<i>Fully amortised</i>	-	4,439,092,685	4,439,092,685
Accumulated amortisation:			
Beginning balance	(4,846,776,962)	(5,070,664,937)	(9,917,441,899)
Amortisation for the year	(611,016,885)	(1,675,618,108)	(2,286,634,993)
Ending balance	(5,457,793,847)	(6,746,283,045)	(12,204,076,892)
Net carrying value:			
Beginning balance	90,035,147,404	2,412,941,498	92,448,088,902
Ending balance	89,424,130,519	4,718,531,167	94,142,661,686

Land use rights include the cost of land use rights with carrying amount of VND 64,662,555,400 which are indefinite and accordingly not amortised.

13. INVESTMENT PROPERTIES

	VND	
	Ending balance	Beginning balance
Investment properties for rent	50,050,508,279	78,054,175,594



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13. INVESTMENT PROPERTIES (CONTINUED)

VND

	Office building	Others	Total
Cost:			
Beginning balance	76,563,826,026	18,620,363,909	95,184,189,935
Transfer to tangible fixed assets	(32,138,520,514)	-	(32,138,520,514)
Ending balance	44,425,305,512	18,620,363,909	63,045,669,421
Accumulated depreciation:			
Beginning balance	(14,794,193,124)	(2,335,821,217)	(17,130,014,341)
Depreciation for the year	(1,524,721,113)	(744,814,563)	(2,269,535,676)
Transfer to tangible fixed assets	6,404,388,875	-	6,404,388,875
Ending balance	(9,914,525,362)	(3,080,635,780)	(12,995,161,142)
Net carrying amount:			
Beginning balance	61,769,632,902	16,284,542,692	78,054,175,594
Ending balance	34,510,780,150	15,539,728,129	50,050,508,279

Additional disclosures:

The rental income and operating expenses relating to investment properties are presented as below:

VND

	Current year	Previous year
Rental income from investment properties	10,207,243,006	14,445,902,426
Direct operating expenses of investment properties that generated rental income during the year	5,719,821,114	10,991,773,835

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

14. CONSTRUCTION IN PROGRESS

Constructions in progress represent assets purchased during the year which are under installation.

15. INVESTMENTS IN ASSOCIATES

VND

	Ending balance	Beginning balance
Investments in associates	227,204,788,931	194,783,616,306



15. INVESTMENTS IN ASSOCIATES (CONTINUED)

The details of investment in associates are as follows:

	Ending balance		Beginning balance	
	% of interest	Amount VND	% of interest	Amount VND
Ricons Construction Investment Joint Stock Company ("Ricons")	18.58	142,451,914,317	19.20	96,563,534,057
FCC Infrastructure Investment Joint Stock Company ("FCC")	35	84,600,817,819	35	98,051,443,745
Quang Trong Commercial Joint Stock Company ("Quang Trong")	36	152,056,795	36	168,638,504
TOTAL		227,204,788,931		194,783,616,306

Ricons is a shareholding company established in accordance with the BRC No. 4103002810 issued by the DPI of Ho Chi Minh City on 27 October 2004, which was replaced by the Enterprise Registration Certificates ("ERC") No. 0303527596 on 9 June 2011 and the amended BRCs and ERCs. Ricons' registered principal activities are to provide civil and industrial construction services, trade of construction materials and trade real estates. The Group has significant influence on the financial and operating policies of Ricons.

FCC is a shareholding company established in accordance with the ERC No. 0106605407 issued by the DPI of Ha Noi City on 21 July 2014 and as amended. FCC's registered principal activities are to provide civil and industrial construction services.

Quang Trong is a shareholding company established in accordance with the BRC No. 4903000474 issued by the DPI of Ba Ria – Vung Tau Province on 18 December 2007, which was replaced by the Enterprise Registration Certificates ("ERC") No. 3500740022 and amended BRCs and ERCs. Quang Trong's registered principal activities under its BRC are to trade real estates and provide project management services.

Details of investments in associates are as follows:

	VND
	Total
Cost of investment:	
Beginning and ending balances	136,160,000,000
Accumulated share in post-acquisition profit of the associates:	
Beginning balance	58,623,616,306
Share in post-acquisition profit of the associates for the year	31,676,978,729
Unrealised profits during the year	744,193,896
Ending balance	91,044,788,931
Net carrying amount:	
Beginning balance	194,783,616,306
Ending balance	227,204,788,931



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as at 31 December 2017 and for the year then ended (continued)

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16. SHORT-TERM TRADE PAYABLES

VND

	Ending balance	Beginning balance
Payables to third parties	3,474,103,621,605	2,564,002,861,778
Payables to related parties (Note 28)	1,156,702,626,825	664,151,284,716
TOTAL	4,630,806,248,430	3,228,154,146,494

17. SHORT-TERM ADVANCES FROM CUSTOMERS

VND

	Ending balance	Beginning balance
South Hoi An Development Company Limited	419,123,879,755	-
Thao Dien Investment Joint Stock Company	250,496,531,749	-
Other customers	738,465,177,493	795,653,018,908
TOTAL	1,408,085,588,997	795,653,018,908

18. STATUTORY OBLIGATIONS

VND

	Beginning balance	Increase in year	Payment in year	Ending balance
Payables				
Value-added tax	82,080,267,940	419,661,052,593	(350,403,028,871)	151,338,291,662
Corporate income tax	114,910,341,214	407,180,459,042	(416,776,391,764)	105,314,408,492
Personal income tax	47,489,382,267	154,529,461,638	(104,663,290,845)	97,355,553,060
Others	-	10,500,000	(10,500,000)	-
TOTAL	244,479,991,421	981,381,473,273	(871,853,211,480)	354,008,253,214
Receivable				
Import tax	580,668,026	6,681,726,100	(6,323,246,525)	222,188,451

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19. SHORT-TERM ACCRUED EXPENSES

VND

	Ending balance	Beginning balance
Accruals for on-going construction projects	1,639,354,520,674	822,046,183,940

20. OTHER PAYABLES

VND

	Ending balance	Beginning balance
Short-term	281,435,190,582	147,219,837,037
Payable to construction teams	230,577,833,156	136,784,948,612
Employee Stock Ownership Plan Program (Note 32)	40,058,000,000	-
Remuneration to Board of Directors, Board of Supervision	5,037,000,000	8,520,000,000
Dividend payables	359,298,925	419,737,325
Others	5,403,058,501	1,495,151,100
Long-term	662,352,826	1,794,179,213
Deposits	662,352,826	1,794,179,213
TOTAL	282,097,543,408	149,014,016,250

21. PROVISIONS

VND

	Ending balance	Beginning balance
Short-term		
Provisions for construction warranty	76,554,779,913	60,163,598,312
Long-term		
Severance allowance	10,249,956,011	10,249,956,011



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as at 31 December 2017 and for the year then ended (continued)

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22. OWNERS' EQUITY

22.1 Increase and decrease in owners' equity

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
For the year ended 31 December 2016						
Beginning balance	468,575,300,000	1,385,223,930,000	(1,741,460,000)	751,424,960,122	639,053,052,232	3,242,535,782,354
Increase capital	301,924,700,000	1,573,326,245,385	-	-	-	1,875,250,945,385
Net profit for the year	-	-	-	-	1,422,143,918,540	1,422,143,918,540
Profit appropriation	-	-	-	319,527,000,000	(319,527,000,000)	-
Transfer to bonus and welfare fund	-	-	-	-	(31,953,000,000)	(31,953,000,000)
Allowance for Board of management	-	-	-	-	(17,000,000,000)	(17,000,000,000)
Dividends declared	-	-	-	-	(257,349,807,000)	(257,349,807,000)
Ending balance	770,500,000,000	2,958,550,175,385	(1,741,460,000)	1,070,951,960,122	1,435,367,163,772	6,233,627,839,279
For the year ended 31 December 2017						
Beginning balance	770,500,000,000	2,958,550,175,385	(1,741,460,000)	1,070,951,960,122	1,435,367,163,772	6,233,627,839,279
Net profit for the year	-	-	-	-	1,652,679,229,340	1,652,679,229,340
Profit appropriation (*)	-	-	-	788,036,709,805	(788,036,709,805)	-
Capital redemption (**)	-	-	(21,091,000,000)	-	-	(21,091,000,000)
Transfer to bonus and welfare fund (*)	-	-	-	-	(71,768,000,000)	(71,768,000,000)
Allowance for Board of management (*)	-	-	-	-	(104,086,000,000)	(104,086,000,000)
Dividends declared	-	-	-	-	(382,674,220,000)	(382,674,220,000)
Ending balance	770,500,000,000	2,958,550,175,385	(22,832,460,000)	1,858,988,669,927	1,741,481,463,307	7,306,687,848,619

(*) According to 13th Resolution of Shareholders on 29 June 2017, the Group made profit appropriation to investment and development fund, bonus and welfare fund and allowance for Board of management from undistributed earnings amounting to VND 788,036,709,805, VND 71,768,000,000 and VND 104,086,000,000 respectively.

(**) According to Resolution of Board of Directors No. 05/2017/NQ-HĐQT on 23 June 2017 and No. 08/2017/NQ-HĐQT on 24 July 2017, the Company decided to redeem shares as previously issued under the Employee Stock Option Program to its employees in the first batch and second batch of 232,500 shares and 216,000 shares, respectively because some employees has resigned from the Company which was regulated in the ESOP's policy.



22. OWNERS' EQUITY (CONTINUED)

22.2 Capital transactions with owners and distribution of dividends

VND

	Current year	Previous year
Share capital		
Beginning balance	770,500,000,000	468,575,300,000
Increase	-	301,924,700,000
Ending balance	770,500,000,000	770,500,000,000
Dividends		
Dividends declared	382,674,220,000	257,349,807,000
Dividends paid by cash	(382,734,658,400)	(257,186,590,275)

22.3 SHARES

Shares

	Number of shares	
	Ending balance	Beginning balance
Authorised shares	77,050,000	77,050,000
Shares issued and fully paid	77,050,000	77,050,000
<i>Ordinary shares</i>	77,050,000	77,050,000
Treasury shares	(515,156)	(66,656)
<i>Ordinary shares</i>	(515,156)	(66,656)
Shares in circulation	76,534,844	76,983,344
<i>Ordinary shares</i>	76,534,844	76,983,344

23. REVENUES

23.1 Net revenues from sale of goods and rendering of services

VND

	Current year	Previous year
Rendering of construction services (*)	27,094,644,045,004	20,549,705,176,425
Revenue from sales of construction materials	33,173,068,000	130,902,685,758
Rental income of construction equipment	14,566,010,277	21,186,769,978
Revenue relating to investment properties	10,207,243,006	80,926,401,380
Others	862,727,273	-
TOTAL	27,153,453,093,560	20,782,721,033,541
<i>In which:</i>		
<i>Sales to third parties</i>	27,084,512,288,399	20,588,831,890,063
<i>Sales to related parties</i>	68,940,805,161	193,889,143,478



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23. REVENUES (CONTINUED)

23.1 Net revenues from sale of goods and rendering of services (continued)

(*) Revenue from construction contracts recognised during the year are as follows:

	VND	
	Current year	Previous year
Revenue recognised during the year of the on-going construction contracts	24,691,038,374,914	19,485,445,591,502
Revenue recognised during the year of the completed construction contracts	2,403,605,670,090	1,064,259,584,923
TOTAL	27,094,644,045,004	20,549,705,176,425
Cumulative revenue recognised up to end of year of the on-going construction contracts	32,075,038,064,689	28,858,328,309,844

23.2 Finance income

	VND	
	Current year	Previous year
Bank interest income	324,632,690,777	156,383,677,158
Late payment interest	528,570,102	13,332,802,001
Foreign exchange gains	115,228,063	451,082,619
TOTAL	325,276,488,942	170,167,561,778

23.3 Revenue relating to investment properties

	VND	
	Current year	Previous year
Rental revenue from investment properties	10,207,243,006	14,445,902,426
Revenue from transferring of investment properties for capital appreciation	-	66,480,498,954
TOTAL	10,207,243,006	80,926,401,380



24. COST OF GOODS SOLD AND SERVICES RENDERED

VND

	Current year	Previous year
Cost of rendered of construction services	25,089,479,024,692	18,781,543,879,308
Cost of construction materials sold	33,151,443,979	127,466,520,639
Cost of construction equipment leased	8,113,932,342	11,736,108,811
Operating cost of investment properties	5,719,821,114	62,572,524,519
Others	776,771,000	-
TOTAL	25,137,240,993,127	18,983,319,033,277

25. GENERAL AND ADMINISTRATIVE EXPENSES

VND

	Current year	Previous year
General and administrative expenses		
- Staff costs	317,559,456,059	222,459,436,467
- Expenses for external services	39,450,499,925	48,019,178,239
- Depreciation and amortisation	19,649,099,732	15,353,179,663
- Provision expenses	314,247,295	209,498,197
- Other expenses	71,280,076,330	60,391,131,840
Deduction of general and administrative expenses		
- Reversal of provisions for doubtful debts	(53,679,906,040)	(49,179,147,713)
TOTAL	394,573,473,301	297,253,276,693

26. OTHER INCOME

VND

	Current year	Previous year
Reversal of construction warranty provisions	29,416,319,891	21,000,770,524
Reversal of over accrued construction costs	24,991,471,801	20,098,320,752
Utilities	23,383,482,820	15,374,042,866
Gain from disposal of fixed assets	7,257,248,429	1,530,004,919
Proceeds from disposal of tools and supplies	-	3,343,263,500
Others	947,845,745	1,350,898,059
TOTAL	85,996,368,686	62,697,300,620



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27. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Group is 20% of taxable profits.

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

27.1 CIT expense

	VND	
	Current year	Previous year
Current CIT expense	407,180,459,042	341,764,814,329
CIT expense of current year	404,566,734,020	340,259,649,269
Adjustments for under accrual of tax from prior years	2,613,725,022	1,505,165,060
Deferred tax expense (income)	882,850,631	(986,829,751)
TOTAL	408,063,309,673	340,777,984,578

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

	VND	
	Current year	Previous year
Accounting profit before tax	2,060,742,539,013	1,762,921,903,118
At CIT rate (20%)	412,148,507,803	352,584,380,624
<i>Adjustments to increase (decrease):</i>		
Share of profit from associates	(6,335,395,746)	(6,518,422,923)
Non-deductible expenses	(363,527,406)	(6,793,138,183)
Adjustments for under accrual of tax from prior years	2,613,725,022	1,505,165,060
CIT expense	408,063,309,673	340,777,984,578

27.2 Current tax

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



27. CORPORATE INCOME TAX (CONTINUED)

27.3 Deferred tax

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

VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Severance allowance	2,049,991,203	2,049,991,203	-	(143,810,000)
Unrealised profit	1,670,897,169	2,553,747,800	(882,850,631)	1,130,635,425
Deferred tax liabilities				
Provision for investments	(76,576,360)	(76,576,360)	-	-
Foreign exchange differences arising from revaluation of monetary accounts denominated in foreign currency	(64,436)	(64,436)	-	4,326
Net deferred tax assets	3,644,247,576	4,527,098,207		
Deferred tax (expense) income			(882,850,631)	986,829,751



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28. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Group with related parties during the current and previous years were as follows:

VND

Related party	Relationship	Nature of transaction	Current year	Previous year
Ricons Construction Investment Joint Stock Company	Associate	Construction cost	2,968,105,512,703	2,515,804,510,845
		Purchase of construction materials	573,804,867,032	642,150,732,847
		Sales of construction materials	33,173,068,000	37,017,908,182
		Equipment rental income	7,725,630,959	6,044,444,600
		Disposal of fixed assets and tools and supplies	4,500,000,000	5,075,582,832
		Office rental income	4,336,166,122	3,623,393,147
		Utilities	678,970,948	814,091,892
		Office rental	351,974,000	544,470,264
		Equipment rental expenses	264,402,610	55,869,550
		Dividend received	-	6,048,000,000
FCC Infrastructure Investment Joint Stock Company	Associate	Construction services	24,320,999,180	147,203,397,549
		Capital contribution	-	42,000,000,000



28. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The outstanding balances due from and due to related parties as at balance sheet dates were as follows:

			VND	
Related party	Relationship	Nature of transaction	Ending balance	Beginning balance
Short-term trade receivables				
Ricons Construction Investment Joint Stock Company	Associate	Office rental, equipment rental	7,965,621,330	4,443,259,048
FCC Infrastructure Investment Joint Stock Company	Associate	Construction services	-	9,168,524,076
			7,965,621,330	13,611,783,124
Short-term trade payable				
Ricons Construction Investment Joint Stock Company	Associate	Construction cost and purchase of materials	1,156,702,626,825	664,151,284,716
<i>Transactions with other related parties</i>				
Remuneration to members of the Board of Directors, Board of Supervision and Board of Management:				
			Current year	Previous year
			49,575,243,604	28,572,438,362



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29. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	VND	
	Current year	Previous year
Net profit after tax attributable to shareholders of the parent	1,652,679,229,340	1,422,143,918,540
<i>Less: Bonus and welfare fund and allowance for Board of management (*)</i>	82,633,961,467	175,854,000,000
Net profit after tax attributable to ordinary equity holders	1,570,045,267,873	1,246,289,918,540
Weighted average number of ordinary shares during the year (<i>shares</i>)	76,825,926	65,364,583
Basic and diluted earnings per share (<i>VND/share</i>)	20,436	19,067

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

(*) Net profit used to compute earnings per share for the year ended 31 December 2016 was restated following the actual distribution to Bonus and welfare funds and allowance for Board of management from 2016 undistributed earnings as approved in the resolution of the shareholders meeting No. 01/2017/NQ-DHCD dated 29 June 2017.

Net profit used to compute earnings per share for the year ended 31 December 2017 was adjusted for the provisional allocation to bonus and welfare fund from 2017 profit following the plan as approved in the resolution of the shareholders meeting No. 01/2017/NQ-DHCD dated 29 June 2017.

30. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services rendered. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Construction services segment

Construction materials trading segment

Investment properties activities segment

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with other parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.



30. SEGMENT INFORMATION (CONTINUED)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

VND

	Construction services	Construction materials trading	Investment properties activities	Elimination	Total
For the year ended 31 December 2017					
Revenue					
Revenue from sale of goods and rendering of services	29,268,982,870,859	40,446,776,600	14,592,970,382	(2,170,569,524,281)	27,153,453,093,560
Results					
Segment net profit before tax	2,006,011,010,544	-	6,415,524,223	3,785,565,666	2,016,212,100,433
Unallocated income					44,530,438,580
Net profit before income tax					2,060,742,539,013
Corporate income tax expense					(408,063,309,673)
Net profit for the year					1,652,679,229,340
Assets and liabilities					
Segment assets	9,480,644,118,717	-	67,483,274,972	(385,328,734,704)	9,162,798,658,985
Unallocated assets					6,714,519,404,443
Total assets					15,877,318,063,428
Segment liabilities	8,408,215,003,240	8,001,079,460	248,976,000	(385,328,734,704)	8,031,136,323,996
Unallocated liabilities					539,493,890,813
Total liabilities					8,570,630,214,809



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30. SEGMENT INFORMATION (CONTINUED)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment: (continued)

	VNĐ				
	Construction services	Construction materials trading	Office leasing	Elimination	Total
For the year ended 31 December 2016					
Revenue					20,782,721,033,541
Revenue from sale of goods and rendering of services	23,526,970,423,499	200,317,539,887	85,329,684,427	(3,029,896,614,272)	
Results					
Segment net profit before tax	1,782,977,584,914	1,216,034,474	19,352,541,456	(6,032,015,280)	1,797,514,145,564
Unallocated expenses					(34,592,242,446)
Net profit before income tax					1,762,921,903,118
Corporate income tax expense					(340,777,984,578)
Net profit for the year					1,422,143,918,540
Assets and liabilities					
Segment assets	6,195,370,684,518	-	97,784,992,376	(611,786,248,840)	5,681,369,428,054
Unallocated assets					6,059,501,763,053
Total assets					11,740,871,191,107
Segment liabilities	5,749,591,952,011	590,863,480	1,500,641,115	(611,786,248,840)	5,139,897,207,766
Unallocated liabilities					367,346,144,062
Total liabilities					5,507,243,351,828



31. COMMITMENTS

31.1 Operating lease commitments

The Group leases premises and office under operating lease arrangements. The minimum lease commitments as at the balance sheet dates under the operating lease agreements are as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	337,754,796	251,614,067
From 1 to 5 years	251,382,819	392,959,090
More than 5 years	2,351,476,785	2,414,322,489
TOTAL	2,940,614,400	3,058,895,646

The Group leases out its Cotecons Building property under operating lease arrangements. The future minimum rental receivable as at the balance sheet dates under the operating lease agreements is as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	5,209,617,912	4,245,645,110
From 1 to 5 years	2,485,724,700	5,067,993,112
TOTAL	7,695,342,612	9,313,638,222

31.2 Capital commitments

As at 31 December 2017, the Group had capital contribution commitment as follows:

Name of investee	Charter capital	Capital contribution commitment		Contributed amount	Remaining commitment
		Amount	%		
Hitecons Investment Joint Stock Company	300,000,000,000	93,000,000,000	31	-	93,000,000,000
Nguyen Kim – Cong trung Quoc te Company Limited	100,000,000,000	50,000,000,000	50	-	50,000,000,000
TOTAL	400,000,000,000	143,000,000,000		-	143,000,000,000



32. EVENTS AFTER THE BALANCE SHEET DATE

On 18 December 2017, the Group received an Official Letter No. 8434/UBCK-QLCB issued by the State Securities Commission for approval on issuance of new ordinary shares to its key executive in accordance with the Employee Stock Ownership Plan program. Based on the program, the Group will issue 1,305,000 ordinary shares to its employees in accordance with the approved Shareholders' Resolution No. 01/2017/NQ-DHCD dated 29 June 2017 and the Board of Directors' Resolutions No. 13/2017/NQ-HDQT dated 8 December 2017.

The aforementioned transaction has been completed as at 5 January 2018, with total 1,305,000 new shares issued to its employees at the price of VND 40,000 per share. Accordingly, the Group's registered share capital has been increased from VND 770,500,000,000 to VND 783,550,000,000 as at 5 January 2018. The Group reported the result of the share issuance to the State Securities Commission.

On 25 December 2017, the Group received an Official Letter No. 8549/UBCK-QLCB issued by the State Securities Commission for approval on the re-issuance of treasury shares that previously bought back from resigned employees issued in accordance with the Employee Stock Ownership Plan program, to its employees.

The aforementioned transaction has been completed on 19 January 2018, with total 448,500 treasury shares were re-issued to its employees at the price of VND 35,000/share, VND 42,000/share and VND 70,000/share for number of shares of 144,000, 188,000 and 116,500, respectively.

Except for the above event, there have been no other significant subsequent events occurring as at the date of the consolidated financial statements which would require adjustments or additional disclosures.

Ha Thi Thuy Hang

Preparer

26 March 2018

Vu Thi Hong Hanh

Chief Accountant



Nguyen Sy Cong

General Director





TYPICAL PROJECTS

THE LANDMARK 81







TYPICAL PROJECTS

SOUTH HOI AN INTEGRATED CASINO RESORT







TYPICAL PROJECTS

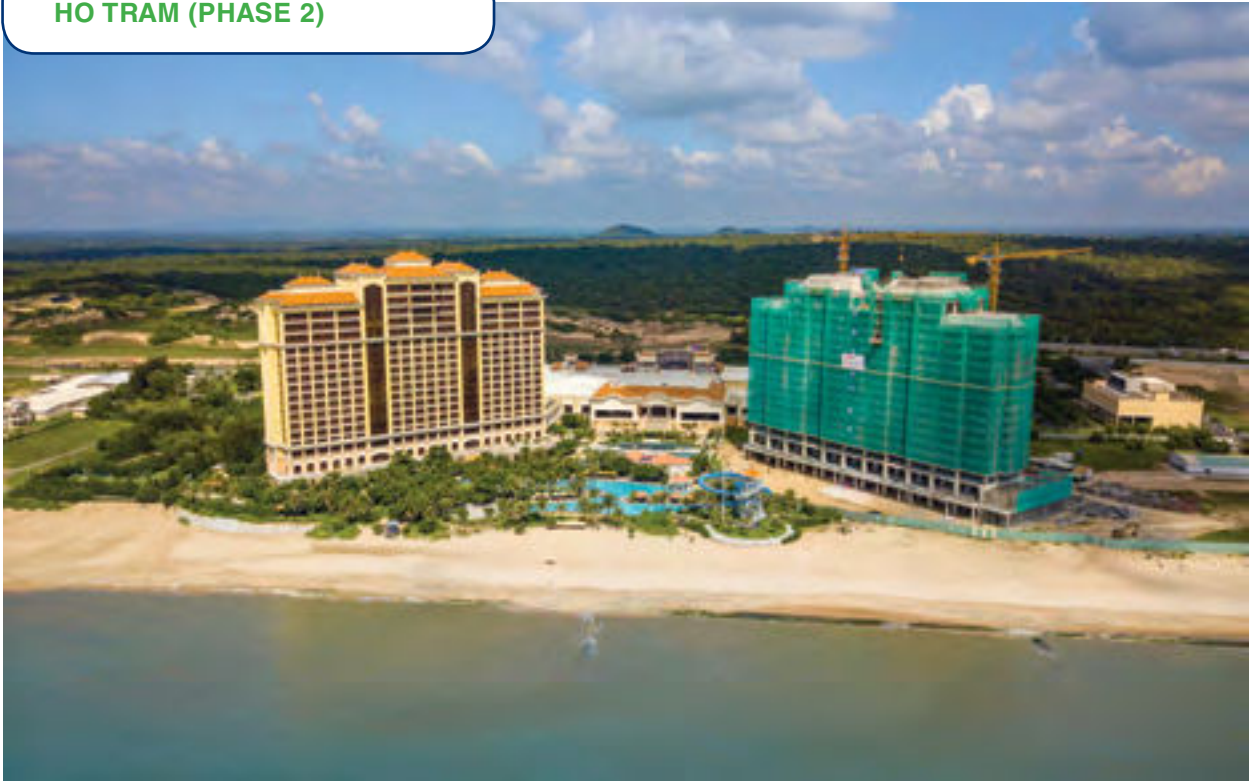
HOA PHAT DUNG QUAT



VINFAST



HO TRAM (PHASE 2)



D'CAPITALE





TYPICAL PROJECTS

VIET CAPITAL CENTER



DIAMOND ISLAND (PHASE 2)



VINHOMES GARDENIA





TYPICAL PROJECTS

GREEN BAY- THE HIGH-RISE



VINHOMES METROPOLIS



PAIHONG





TYPICAL PROJECTS

VINHOMES SKY LAKE



REGINA



VINHOMES IMPERIA HAI PHONG



SALA CITY





TYPICAL PROJECTS

VINHOMES GOLDEN RIVER



CONDOTEL DA NANG



SAIGON SOUTH SERVICED APARTMENT



THE GOLD VIEW





GRI STANDARDS CHECKLIST

GRI Standard Number	GRI STANDARDS	Sustainable development report 2017	Page
GRI 102	General Disclosures		
102 - 1	Name of the organization	<input checked="" type="checkbox"/>	8
102 - 3	Location of headquarters	<input checked="" type="checkbox"/>	8
102 - 4	Location of operations	<input checked="" type="checkbox"/>	20 - 21
102 - 5	Ownership and legal form	<input checked="" type="checkbox"/>	8
102 - 6	Markets served	<input checked="" type="checkbox"/>	20 - 21
102 - 7	Scale of the organization	<input checked="" type="checkbox"/>	22 - 24 - 26 - 79
102 - 8	Information on employees and other workers	<input checked="" type="checkbox"/>	40 - 45
102 - 9	Supply chain	<input checked="" type="checkbox"/>	62 - 63 - 83
102 - 10	Significant changes to the organization and its supply chain	<input type="checkbox"/>	
102 - 11	Precautionary Principle or approach	<input checked="" type="checkbox"/>	86 - 97
102 - 12	External initiatives	<input checked="" type="checkbox"/>	162 - 163
102 - 13	Membership of associations	<input type="checkbox"/>	
102 - 14	Statement from senior decision-maker	<input type="checkbox"/>	
102 - 15	Key impacts, risks, and opportunities	<input type="checkbox"/>	
102 - 16	Values, principles, standards, and norms of behavior	<input checked="" type="checkbox"/>	62 - 63
102 - 17	Mechanisms for advice and concerns about ethics	<input checked="" type="checkbox"/>	139
102 - 18	Governance structure	<input checked="" type="checkbox"/>	26 - 27
102 - 19	Delegating authority	<input checked="" type="checkbox"/>	74 - 75
102 - 20	Executive-level responsibility for economic, environmental, and social topics	<input checked="" type="checkbox"/>	70 - 75
102 - 21	Consulting stakeholders on economic, environmental, and social topics	<input checked="" type="checkbox"/>	146 - 147
102 - 22	Composition of the highest governance body and its committees	<input checked="" type="checkbox"/>	66
102 - 23	Chair of the highest governance body	<input type="checkbox"/>	
102 - 24	Nominating and selecting the highest governance body	<input checked="" type="checkbox"/>	67
102 - 25	Conflicts of interest	<input type="checkbox"/>	
102 - 26	Role of highest governance body in setting purpose, values, and strategy	<input type="checkbox"/>	
102 - 27	Collective knowledge of highest governance body	<input checked="" type="checkbox"/>	73 - 74
102 - 28	Evaluating the highest governance body's performance	<input checked="" type="checkbox"/>	
102 - 29	Identifying and managing economic, environmental, and social impacts	<input checked="" type="checkbox"/>	86 - 97
102 - 30	Effectiveness of risk management processes	<input type="checkbox"/>	

GRI Standard Number	GRI STANDARDS	Sustainable development report 2017	Page
102 - 31	Review of economic, environmental, and social topics	<input checked="" type="checkbox"/>	83
102 - 32	Highest governance body's role in sustainability reporting	<input checked="" type="checkbox"/>	
102 - 33	Communicating critical concerns	<input checked="" type="checkbox"/>	83
102 - 34	Nature and total number of critical concerns	<input checked="" type="checkbox"/>	146 - 147
102 - 35	Remuneration policies	<input checked="" type="checkbox"/>	158
102 - 36	Process for determining remuneration	<input checked="" type="checkbox"/>	
102 - 37	Stakeholders' involvement in remuneration	<input checked="" type="checkbox"/>	
102 - 38	Annual total compensation ratio	<input checked="" type="checkbox"/>	
102 - 39	Percentage increase in annual total compensation ratio	<input checked="" type="checkbox"/>	
102 - 40	List of stakeholder groups	<input checked="" type="checkbox"/>	146 - 147
102 - 41	Collective bargaining agreements	<input checked="" type="checkbox"/>	
102 - 42	Identifying and selecting stakeholders	<input checked="" type="checkbox"/>	146 - 147
102 - 43	Approach to stakeholder engagement	<input checked="" type="checkbox"/>	146 - 147
102 - 44	Key topics and concerns raised	<input checked="" type="checkbox"/>	146 - 147
102 - 45	Entities included in the consolidated financial statements	<input checked="" type="checkbox"/>	175
102 - 46	Defining report content and topic Boundaries	<input checked="" type="checkbox"/>	146 - 147
102 - 47	List of material topics	<input checked="" type="checkbox"/>	148 - 149
102 - 48	Restatements of information	<input checked="" type="checkbox"/>	
102 - 49	Changes in reporting	<input checked="" type="checkbox"/>	
102 - 52	Reporting period	<input checked="" type="checkbox"/>	139
102 - 55	GRI table of contents	<input checked="" type="checkbox"/>	230 - 235
GRI 103	Management Approach		
103 - 1	Explanation of the material topic and its Boundary	<input checked="" type="checkbox"/>	146 - 147
103 - 2	The management approach and its components	<input checked="" type="checkbox"/>	70 - 75
103 - 3	Evaluation of the management approach	<input checked="" type="checkbox"/>	
GRI 201	Economic Performance		
201 - 1	Direct economic value generated and distributed	<input checked="" type="checkbox"/>	118
201 - 2	Financial implications and other risks and opportunities due to climate change	<input checked="" type="checkbox"/>	
201 - 3	Defined benefit plan obligations and other retirement plans	<input checked="" type="checkbox"/>	
201 - 4	Financial assistance received from government	<input checked="" type="checkbox"/>	
GRI 202	Market Presence		



GRI STANDARDS CHECKLIST

GRI Standard Number	GRI STANDARDS	Sustainable development report 2017	Page
202 - 1	Ratios of standard entry level wage by gender compared to local minimum wage	<input checked="" type="checkbox"/>	
202 - 2	Proportion of senior management hired from the local community	<input checked="" type="checkbox"/>	
GRI 203	Indirect Economic Impacts		
203 - 1	Infrastructure investments and services supported	<input checked="" type="checkbox"/>	44 - 162 - 163 -167
203 - 2	Significant indirect economic impacts	<input checked="" type="checkbox"/>	167
GRI 204	Procurement Practices		
204 - 1	Proportion of spending on local suppliers	<input checked="" type="checkbox"/>	
GRI 205	Anti-corruption		
205 - 1	Operations assessed for risks related to corruption	<input checked="" type="checkbox"/>	
205 - 2	Communication and training about anti-corruption policies and procedures	<input checked="" type="checkbox"/>	
205 - 3	Confirmed incidents of corruption and actions taken	<input checked="" type="checkbox"/>	
GRI 206	Anti-competitive Behavior		
206 - 1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<input checked="" type="checkbox"/>	
GRI 301	Materials		
301 - 1	Materials used by weight or volume	<input checked="" type="checkbox"/>	
301 - 2	Recycled input materials used	<input checked="" type="checkbox"/>	
301 - 3	Reclaimed products and their packaging materials	<input checked="" type="checkbox"/>	
GRI 302	Energy		
302 - 1	Energy consumption within the organization	<input checked="" type="checkbox"/>	
302 - 2	Energy consumption outside of the organization	<input checked="" type="checkbox"/>	
302 - 3	Energy intensity	<input checked="" type="checkbox"/>	
302 - 4	Reduction of energy consumption	<input checked="" type="checkbox"/>	
302 - 5	Reductions in energy requirements of products and services	<input checked="" type="checkbox"/>	
GRI 303	Water		
303 - 1	Water withdrawal by source	<input checked="" type="checkbox"/>	
303 - 2	Water sources significantly affected by withdrawal of water	<input checked="" type="checkbox"/>	
303 - 3	Water recycled and reused	<input checked="" type="checkbox"/>	
GRI 304	Biodiversity		

GRI Standard Number	GRI STANDARDS	Sustainable development report 2017	Page
304 - 1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<input checked="" type="checkbox"/>	
304 - 2	Significant impacts of activities, products, and services on biodiversity	<input checked="" type="checkbox"/>	
304 - 3	Habitats protected or restored	<input checked="" type="checkbox"/>	
304 - 4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<input checked="" type="checkbox"/>	
GRI 305	Emissions		
305 - 1	Direct (Scope 1) GHG emissions	<input checked="" type="checkbox"/>	
305 - 2	Energy indirect (Scope 2) GHG emissions	<input checked="" type="checkbox"/>	
305 - 3	Other indirect (Scope 3) GHG emissions	<input checked="" type="checkbox"/>	
305 - 4	GHG emissions intensity	<input checked="" type="checkbox"/>	
305 - 5	Reduction of GHG emissions	<input checked="" type="checkbox"/>	
305 - 6	Emissions of ozone-depleting substances (ODS)	<input checked="" type="checkbox"/>	
305 - 7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	<input checked="" type="checkbox"/>	
GRI 306	Effluents and Waste		
306 - 1	Water discharge by quality and destination	<input checked="" type="checkbox"/>	
306 - 2	Waste by type and disposal method	<input checked="" type="checkbox"/>	
306 - 3	Significant spills	<input checked="" type="checkbox"/>	
306 - 4	Transport of hazardous waste	<input checked="" type="checkbox"/>	
306 - 5	Water bodies affected by water discharges and/or runoff	<input checked="" type="checkbox"/>	
GRI 307	Environmental Compliance		
307 - 1	Non-compliance with environmental laws and regulations	<input checked="" type="checkbox"/>	145
GRI 308	Supplier Environmental Assessment		
308 - 1	New suppliers that were screened using environmental criteria	<input checked="" type="checkbox"/>	
308 - 2	Negative environmental impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	
GRI 401	Employment		
401 - 1	New employee hires and employee turnover	<input checked="" type="checkbox"/>	
401 - 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<input checked="" type="checkbox"/>	



GRI STANDARDS CHECKLIST

GRI Standard Number	GRI STANDARDS	Sustainable development report 2017	Page
401 - 3	Parental leave	<input checked="" type="checkbox"/>	
GRI 402	Labor/Management Relations		
402 - 1	Minimum notice periods regarding operational changes	<input checked="" type="checkbox"/>	
GRI 403	Occupational Health and Safety		
403 - 1	Workers representation in formal joint management-worker health and safety committees	<input checked="" type="checkbox"/>	
403 - 2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<input checked="" type="checkbox"/>	120
403 - 3	Workers with high incidence or high risk of diseases related to their occupation	<input checked="" type="checkbox"/>	
403 - 4	Health and safety topics covered in formal agreements with trade unions	<input checked="" type="checkbox"/>	
GRI 404	Training and Education		
404 - 1	Average hours of training per year per employee	<input checked="" type="checkbox"/>	
404 - 2	Programs for upgrading employee skills and transition assistance programs	<input checked="" type="checkbox"/>	120 - 121- 133 - 161- 167 - 168
404 - 3	Percentage of employees receiving regular performance and career development reviews	<input checked="" type="checkbox"/>	
GRI 405	Diversity and Equal Opportunity		
405 - 1	Diversity of governance bodies and employees	<input checked="" type="checkbox"/>	41
405 - 2	Ratio of basic salary and remuneration of women to men	<input checked="" type="checkbox"/>	
GRI 406	Non-discrimination		
406 - 1	Incidents of discrimination and corrective actions taken	<input checked="" type="checkbox"/>	121 - 158
GRI 407	Freedom of Association and Collective Bargaining		
407 - 1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<input checked="" type="checkbox"/>	
GRI 408	Child Labor		
408 - 1	Operations and suppliers at significant risk for incidents of child labor	<input checked="" type="checkbox"/>	
GRI 409	Forced or Compulsory Labor		
409 - 1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<input checked="" type="checkbox"/>	
GRI 410	Security Practices		
410 - 1	Security personnel trained in human rights policies or procedures	<input checked="" type="checkbox"/>	
GRI 411	Rights of Indigenous Peoples		

GRI Standard Number	GRI STANDARDS	Sustainable development report 2017	Page
411 - 1	Incidents of violations involving rights of indigenous peoples	<input checked="" type="checkbox"/>	
GRI 412	Human Rights Assessment		
412 - 1	Operations that have been subject to human rights reviews or impact assessments	<input checked="" type="checkbox"/>	
412 - 2	Employee training on human rights policies or procedures	<input checked="" type="checkbox"/>	
412 - 3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<input checked="" type="checkbox"/>	
GRI 413	Local Communities		
413 - 1	Operations with local community engagement, impact assessments, and development programs	<input checked="" type="checkbox"/>	44
413 - 2	Operations with significant actual and potential negative impacts on local communities	<input checked="" type="checkbox"/>	
GRI 414	Supplier Social Assessment		
414 - 1	New suppliers that were screened using social criteria	<input checked="" type="checkbox"/>	
414 - 2	Negative social impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	
GRI 415	Public Policy		
415 - 1	Political contributions	<input checked="" type="checkbox"/>	
GRI 416	Customer Health and Safety		
416 - 1	Assessment of the health and safety impacts of product and service categories	<input checked="" type="checkbox"/>	
416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	<input checked="" type="checkbox"/>	
GRI 417	Marketing and Labeling		
417 - 1	Requirements for product and service information and labeling	<input checked="" type="checkbox"/>	
417 - 2	Incidents of non-compliance concerning product and service information and labeling	<input checked="" type="checkbox"/>	
417 - 3	Incidents of non-compliance concerning marketing communications	<input checked="" type="checkbox"/>	
GRI 418	Customer Privacy		
418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<input checked="" type="checkbox"/>	
GRI 419	Socioeconomic Compliance		
419 - 1	Non-compliance with laws and regulations in the social and economic area	<input checked="" type="checkbox"/>	145



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