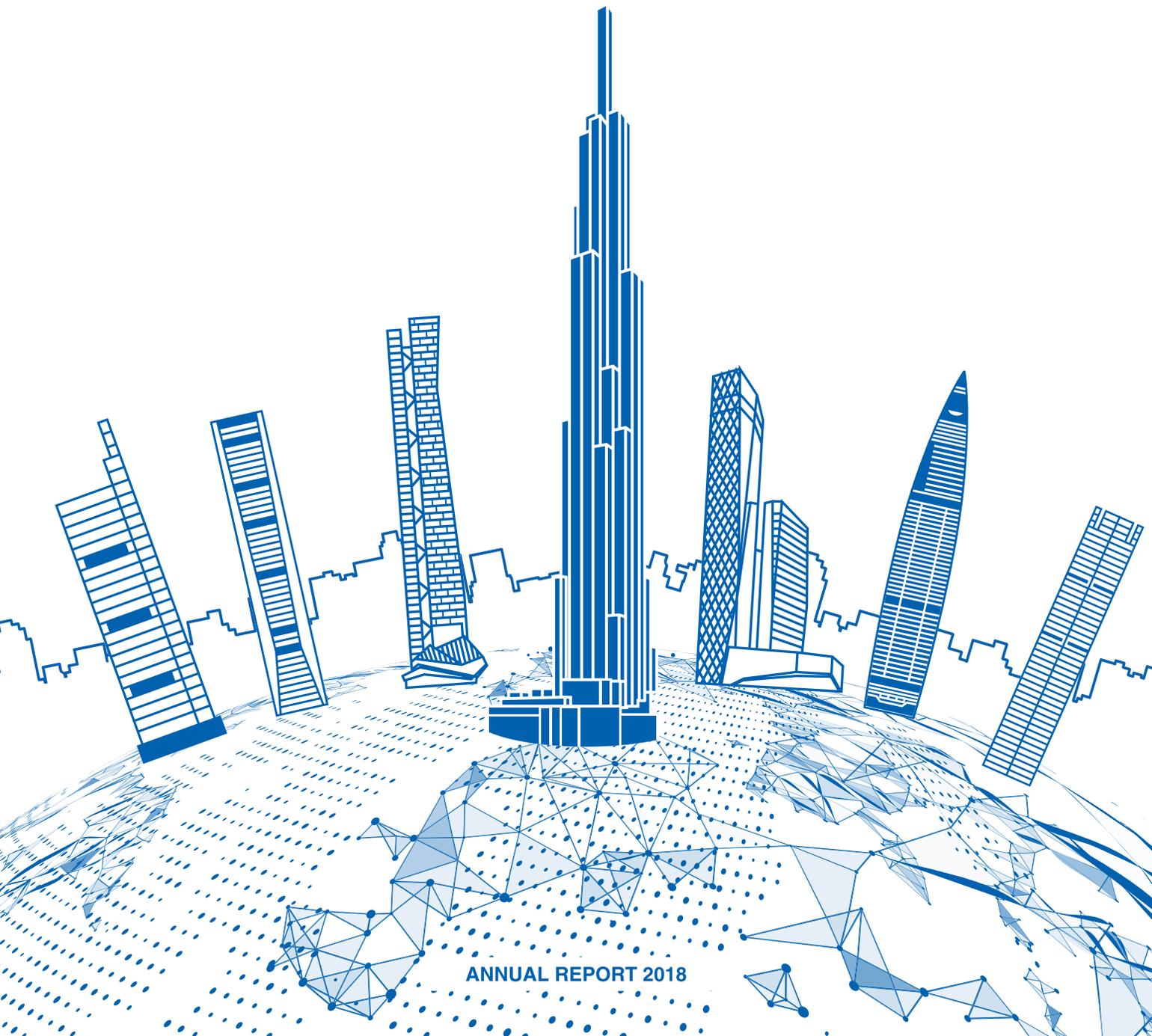




CHANGE FOR BREAKTHROUGH



ANNUAL REPORT 2018



CONTENT

CHANGE FOR BREAKTHROUGH

THE REAL ESTATE MARKET IN GENERAL IS FACING MANY CHALLENGES, LEADING TO FIERCE COMPETITION WITHIN THE CONSTRUCTION MARKET. THIS SITUATION MAKES COTECCONS CARRY OUT A STRONG REFORM, PROACTIVELY IMPLEMENTING A PIONEERING BREAKTHROUGH STRATEGY TO CHANGE THE MANAGEMENT OF THE COMPANY FROM A STRATEGIC LEADERSHIP VISION, LEADERSHIP MINDSET TO OPERATING SYSTEM, NEW TECHNOLOGY APPLICATION... TO KEEP UP WITH THE DEVELOPMENT TREND OF THE ERA AND CUSTOMER'S EXPECTATIONS. AT THE SAME TIME, THE STRATEGY INSPIRES COTECCONS TO CONTINUE TO DEVELOP INTERNALLY, CREATING OPPORTUNITIES FOR INNOVATION AND FUTURE SUSTAINABLE DEVELOPMENT.

BY ADOPTING THE THEME, "CHANGE FOR BREAKTHROUGH" COTECCONS CLEARLY SETS OUT ITS MESSAGE THAT INNOVATION IS KEY TO ALL STAGES OF DEVELOPMENT. IT ALSO AFFIRMS OUR COMMITMENT TO FUTURE GROWTH AND DEVELOPMENT OF MEGA PROJECTS, MAINTAINING OUR POSITION AS THE LEADING CONSTRUCTION COMPANY IN VIETNAM. WE ARE PROUD TO HAVE A BRAND NAME THAT IS ASSOCIATED WITH HIGH QUALITY AND CONSTANTLY BRINGING BENEFITS TO CUSTOMERS AND DEVELOPERS. A REPUTATION AS THE BEST IN THE CONSTRUCTION INDUSTRY.

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
BIM	: Building information modeling
R&D	: Research and development
D&B	: Design and build
CTA	: Coteccons Academy
HCMC	: Ho Chi Minh City
M&A	: Mergers and Acquisitions
KPI	: Key Performance Indicators
CAGR	: Compounded Annual Growth rate

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Dear Shareholders,

The year 2018 was a difficult period for real estate enterprises due to the policy of tightening public land management, which had a major impact on obtaining licensing and approval of new projects. Developers face many challenges as the State Bank continues to restrict credit to the real estate market. Therefore, most construction companies fell into a situation of project shortage, and being unable to complete their business plans.

As a construction company, Coteccons is no exception. Although the company still fulfilled its targeted plan but the growth rate of 2018 could not compare to the previous years. However, we continue to maintain our position of being ranked the leading general contractor in private construction industry for eight consecutive years, and ranked 13th among the top 50 largest private enterprises in Vietnam. Coteccons was the only construction company on the stock market to achieve profit of over VND 1,000 billion for many years.

To Our Dearest Shareholders,

As we enter into 2019, with the uncertainty of the economy, Coteccons will certainly focus more on innovation and improvement. We will optimize the Design & Build model and focus on improving productivity. In addition, with a solid financial background, the Company will invest more in real estate. This investment will not immediately bring positive results and will reduce financial income in the short term, but aims to generate stable revenue in the following years. We will also undertake feasibility studies for the merger and acquisition of several construction enterprises to capture the market share and open a new phase of growth. These valuable assets will help the Company to continue to lead the industry and make positive changes in the future.

The engagement of Shareholders, Customers and Partners is the prerequisite for Coteccons to implement successfully the business strategies planned. On behalf of the Board of Directors, I would like to send my sincere thanks to all of you. We look forward to your continuous support and cooperation with us to develop Coteccons for the future.

Yours faithfully,

Nguyen Ba Duong
The Chairman of the Board of Directors

An aerial photograph of a cityscape featuring several prominent, modern high-rise buildings with curved, glass-and-white facades. The buildings are situated in a dense urban area with lower-rise residential buildings and greenery. A swimming pool is visible in the foreground near the base of the buildings. The sky is blue with scattered white clouds. A dark blue vertical bar is on the right side of the image, containing the text.

OVERVIEW

Coteccons is the leading construction group in Vietnam. With major projects throughout Vietnam and the region, we have always shown a **pioneering spirit** to innovation and exploring new ideas. This pioneering spirit and outstanding capabilities clearly demonstrate a constantly evolving brand, **continuing to lead** with the quality of construction and the trust of Clients.



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 1 st 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 Vietnam Dong)
Address:	236/6 Dien Bien Phu, Ward 17, Binh Thanh District, 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:	Share of Coteccons Construction Joint Stock Company
Code of trading stock	CTD



CORE BUSINESSES

- » Main activities: Construction all kinds.
- » Building and repairing civil and industrial works, technical infrastructure of urban and industrial areas, traffic works, irrigating works.
- » Construction of railway and infrastructures.
- » Electrical system installation. Installation of lines, transformer stations and industrial equipment.
- » Installation of non-electrical equipment, irrigation systems, heating or air conditioning systems or industrial machinery for the 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.
- » Installation of water supply, drainage, heating and air conditioning.
- » Building public works.
- » Demolition, site preparation.
- » Constructional finishing.
- » Interior decoration.
- » 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.
- » Investment consultancy (except for financing, accounting and law).
- » Production of concrete and products from cement and plaster.
- » Production of mining and construction machinery.
- » Wholesale and retail of construction machinery, equipment, spare parts, technology chain for construction or construction material production.
- » Leasing of construction machinery, equipment, spare parts and technology for construction or construction material production.
- » Import and export of iron, steel, constructional frameworks, materials, constructional equipment and machineries, machinery spare parts, plant and machinery for producing construction equipment and materials.

VISION



To become a world class engineering & construction group of Vietnam in the 21st century.

MISSION



Based on the reputation, quality and customer satisfaction for brand value, Coteccons commits to deliver to our clients state-of-the-art projects at competitive cost as well as contribute to the growth and development of society through these projects.

TRANSPARENCY

Transparency is focused in every activity, from management, cooperation to benefits.



CREATIVITY

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



CORE VALUES



COOPERATION

Mutual cooperation resulting in future success.



COMMITMENT

Coteccons proactively proposes solutions and is committed to improving performance and delivering of projects.



CONSCIENTIOUSNESS

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





HISTORY OF ESTABLISHMENT AND DEVELOPMENT

2004

TRANSFERRING TO JOINT STOCK COMPANY

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

2006

UNICONS BRANCH ESTABLISHED

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

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

2007

INITIAL PUBLIC OFFERING (IPO)

In order to improve corporate 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 advanced construction method to accelerate progress, while still maintaining good quality of the whole works.

2009

COTECCONS SHARES WERE OFFICIALLY LISTED

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 / QĐ-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' operation. The number of shares initially listed was 12 million. Stock code: CTD.

2010

COTECCONS OFFICE BUILDING PUT INTO OPERATION

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

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

2011

GOLDEN CUP FOR THE VIETNAM CONSTRUCTION QUALITY

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

Signing contract for General Contractor for the Grand Ho Tram Casino Project, the largest complex resort project in Viet Nam and in the region 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 the building and managing other overseas subcontractors from Japan, Singapore and China.

2012

2ND PRIVATE PLACEMENT OFFERING FOR STRATEGIC SHAREHOLDERS

Shares were issued to 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 Kustocem Pte. Ltd. (Singapore) and issued 10.43 million shares. The total raised capital in the issuance is over VND 500 billion.





HISTORY OF ESTABLISHMENT AND DEVELOPMENT

2013

INCREASE IN EQUITY AT UNICONS UP TO 51.24%

Signed contract for international project contractor: SC VivoCity - District 7 by Saigon Co.op Investment Corporation (Vietnam) and Mapletree (Singapore) as the Employer. The total contract value was around VND 1,200 billion.

Coteccons' equity in Uy Nam Investment Construction JSC (Unicons) rose considerably to 51.24%.

2014

LEADING IN DESIGN & BUILD PROJECTS

Undertaking design and build projects as general contractor. Masteri Thao Dien, worth more than VND 3,300 billion, established Coteccons with a strong and large scale foundation, creating trust for others to appoint further 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 100% 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 ...

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

2016

REMARKABLE GROWTH AND RAISING OF CAPITAL FOR SUSTAINABLE DEVELOPMENT

The year of 2016 continued to be a milestone in economic development of Coteccons.

Coteccons surpassed many foreign contractors to win the bid of The Landmark 81 project, the highest building in Vietnam and the 8th highest building in the world.

Many D&B projects were signed, accounting for 40% of the Company's total revenue. Successfully issued shares for strategic shareholders and raised VND 1,762 billion, increasing the Company's charter capital by VND 770.5 billion.

In terms of technical development, Coteccons has achieved remarkable improvements with the completion of many challenging projects, including base construction packages for The Landmark 81 and The Spirit of Saigon.

In particular, the application of BIM into the transfer beam construction for the Landmark 81 project was highly successful.

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 more diversified as well as increasing the Company's profit.

The Company elected the new Board of Directors and Board of Supervisors for the term of 2017 - 2022 and changed the management model following the international standards, in which the Chairman no longer holds 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, 2 months ahead of schedule.

2018

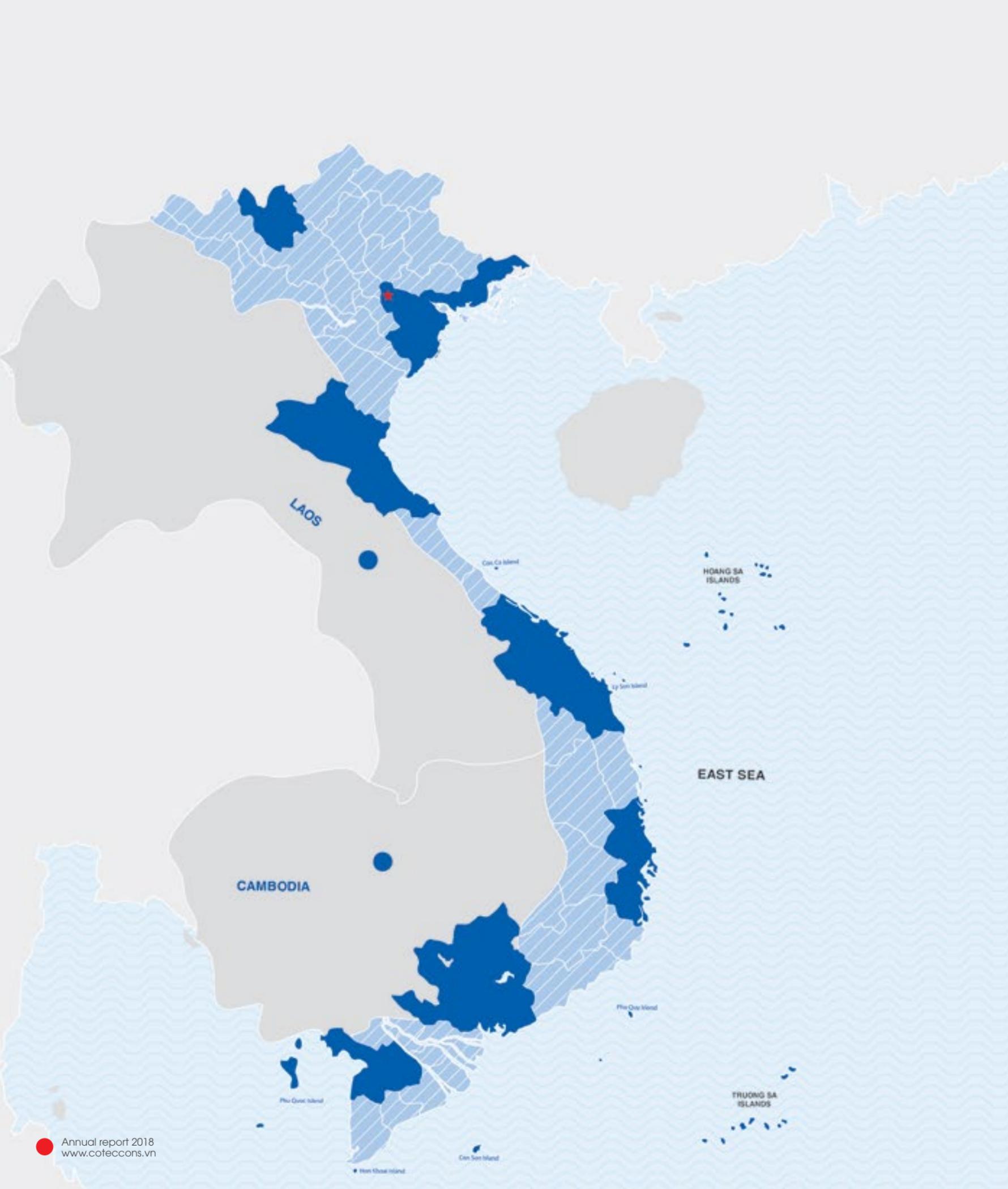
MANAGEMENT SYSTEM IMPROVEMENTS

Adjusted the organizational model of the Company according to each function to enhance professional efficiency, ability to coordinate and streamline the Company.

Completed The Landmark 81 project, a national symbol and one of the Top 10 highest towers in the world. Completed Vinfast automobile production complex with a record time of 12 months of construction - the first automobile production brand of Vietnam and the third largest automobile production complex in the world.

The only representative of Vietnam to become Asian runner-up in the 2018 Tekla BIM Awards Asia. Coteccons continues to affirm that it is the leader in BIM application.





BUSINESS AREAS

Coteccons focuses on the following areas

SOUTHERN VIETNAM

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 VIETNAM

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

NORTHERN VIETNAM

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

FOREIGN MARKETS

Since 2012, Coteccons has expanded its business to Southeast Asia.



SHAREHOLDER STRUCTURE

According to the list of shareholders closed on January 15, 2019



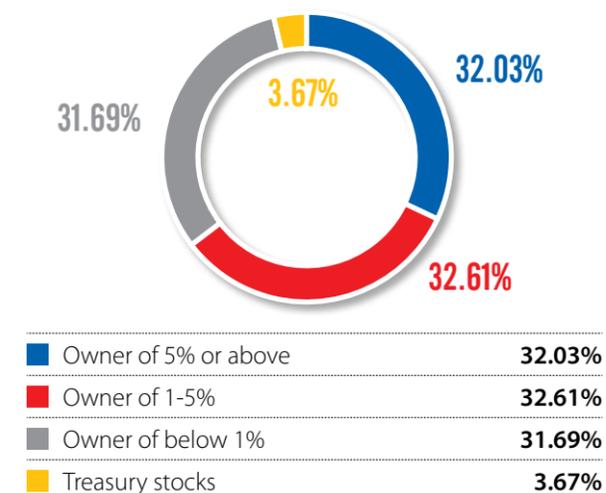
SHAREHOLDERS STRUCTURE BY NATIONALITY AND SIZE

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%
2	Owner of 5% or above	1	11,192,652	14.28%	1	13,906,666	17.75%	25,099,318	32.03%
3	Owner of 1-5%	7	11,203,791	14.30%	7	14,344,363	18.31%	25,548,154	32.61%
4	Owner of below 1%	2,899	16,157,440	20.62%	344	8,673,961	11.07%	24,831,401	31.69%
5	Treasury stocks	1	2,876,127	3.67%	-	-	0%	2,876,127	3.67%
TOTAL		2,908	41,430,010	52.87%	352	36,924,990	47.13%	78,355,000	100%

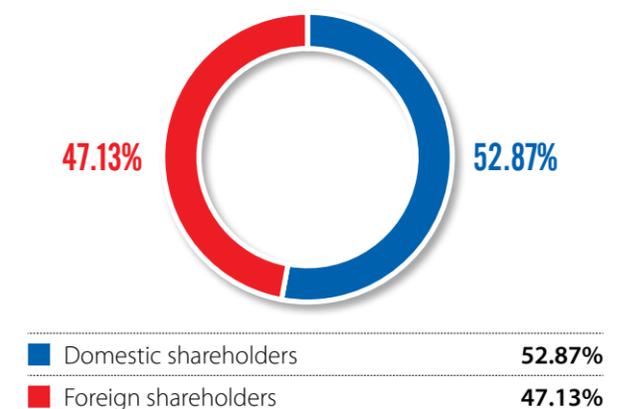
SHAREHOLDERS STRUCTURE BY INSTITUTIONAL AND INDIVIDUAL

No.	Shareholder Structure	Number	Number of stocks	Percentage
1	Treasury Stocks	1	2,876,127	3.67%
2	Domestic shareholders	2,907	38,553,883	49.20%
2.1	Organizations	66	13,501,514	17.23%
2.2	Individuals	2,841	25,052,369	31.97%
3	Foreign shareholders	352	36,924,990	47.13%
3.1	Organizations	105	35,028,211	44.70%
3.2	Individuals	247	1,896,779	2.42%
TOTAL		3,260	78,355,000	100%

SHAREHOLDERS STRUCTURE BY SIZE



SHAREHOLDERS STRUCTURE BY NATIONALITY





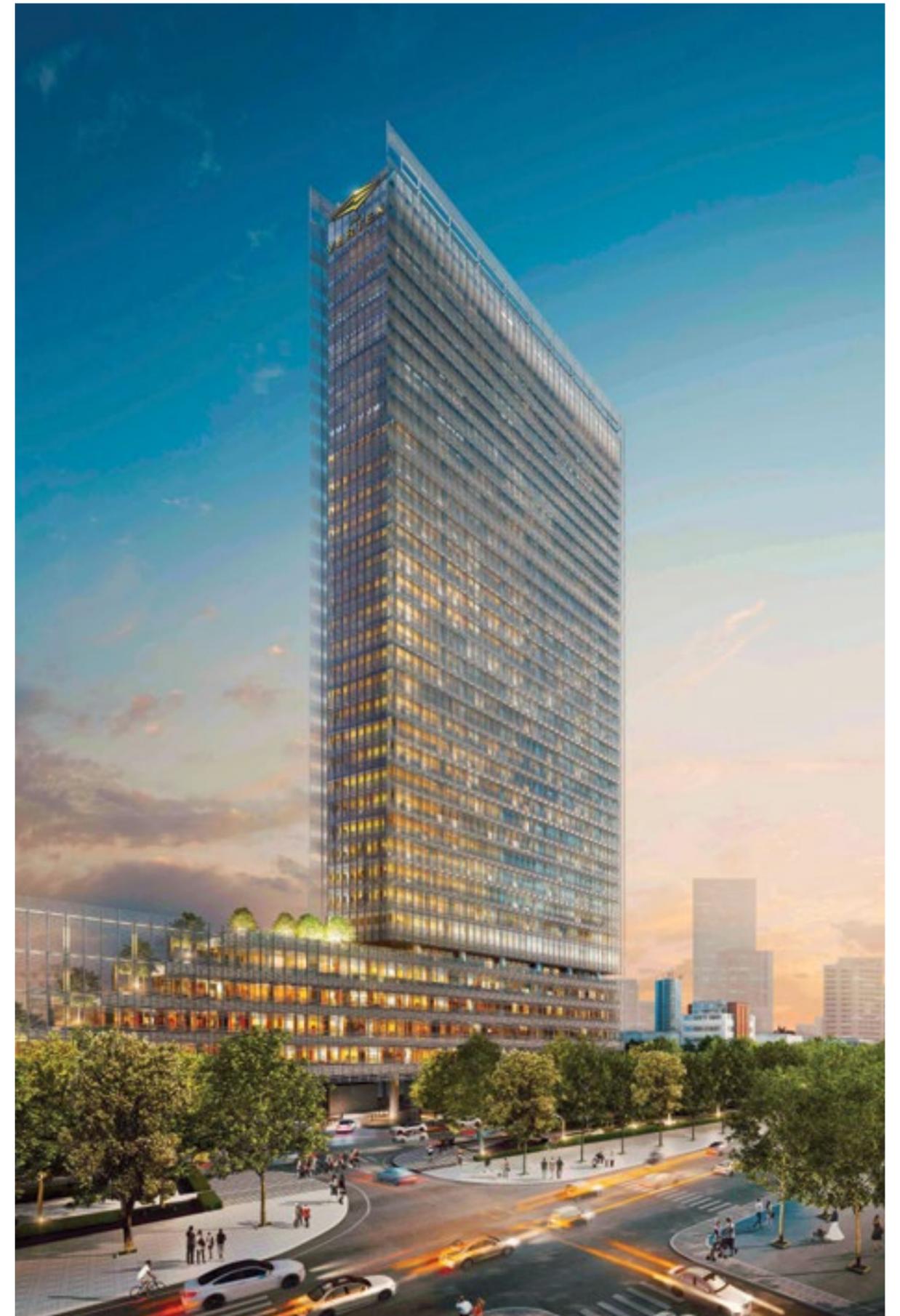
SHAREHOLDER STRUCTURE

SHARES STRUCTURE BY TRADABLE STATUS

No.	Type of share	Number	Proportion on charter capital	Time of restriction
I	Restricted shares	1,297,100	1.66%	
	<i>Shares issued for Key Personnel of Cotecccons (ESOP) 2017 (after revocation)</i>	<i>1,297,100</i>	<i>1.66%</i>	<i>From 10/01/2018 to 10/01/2020</i>
II	Freely tradable shares	74,181,773	94.67%	
III	Treasury shares	2,876,127	3.67%	
TOTAL			100%	

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	4.89%
2	VinaCapital Fund Management Joint Stock Company	5 th Floor, Sun Wah Building, 115 Nguyen Hue, District 1, HCMC	5,562,170	7.10%
3	Korea Investment Management Co., Ltd	Unit 709, mPlaza Saigon, 39 Le Duan Street, District 1, HCMC	5,726,482	7.31%
4	Thanh Cong Trading and Investment Co., Ltd	11 th Floor, Sailing Building, 111A Pasteur, Ben Nghe Ward, District 1, HCMC	11,192,652	14.28%
5	Kustocem Pte. Ltd	80 Raffles Place, #32-01 UOB Plaza 1 Singapore 048624	13,906,666	17.75%





SUBSIDIARIES 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 CONTINUAL IMPROVEMENT, COTECCONS AND ITS SUBSIDIARIES AND ASSOCIATES SHARE EXPERIENCES, KNOWLEDGE AND NEW TECHNOLOGIES. IN ADDITION, INVESTMENTS INTO SUBSIDIARIES, JOINT VENTURES AND MARKET SHARE ALLOWS US TO MAINTAIN DIVERSITY, WHICH IS AN IMPORTANT FACTOR FOR MAINTAINING THE CURRENT POSITION OF COTECCONS AS WELL AS FOR THE SUSTAINABLE DEVELOPMENT OF COTECCONS IN THE FUTURE.



UNICONS INVESTMENT CONSTRUCTION CO., LTD.



Introduction

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

Authorized capital: **VND94.5 billion**

Coteccons Ownership Ratio: **100%**

COTECCONS OWNERSHIP RATIO

100%

Unicons was established in 2006 as a Joint Stock Company. In 2016, Unicons became a One-member Limited Liability Company with 100% charter capital owned by Coteccons. Unicons operates in a wide range of construction markets with full services: Design and Build, General Contractor, Mechanical Electrical & Plumbing Installations.

Unicons have a large and stable workforce with professional capabilities, ranked in the top 3 largest private construction companies in Vietnam, ranking 71st out of 500 largest private enterprises in Vietnam (according to the VNR500 ranking in 2018). Not only inheriting and promoting achievements from Coteccons, Unicons continues to improve its management system and model to increase the value for Coteccons with an average annual growth rate of over 20%.

Year 2018 has witnessed the impressive performance of Unicons in the industrial factory segment continuously winning large-scale and foreign-invested industrial projects such as Tetra Pak factory and Evergreen factory, Binh Duong DenEast milk factory. With the strong direction of the Board of Management and the consensus of employees, in 2018, Unicons has achieved many goals of revenue, profit and recovery of debt. The project management objectives in terms of quality, progress, customer relations and succession training completed, creating a premise for the strong development of Unicons and contribution to the future growth of Coteccons.

COVESTCONS CO., LTD.

Introduction

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

Authorized capital: **VND1,872 billion**

Coteccons Ownership Ratio: **100%**

COTECCONS OWNERSHIP RATIO

100%

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

Ricons Investment Construction Joint Stock Company was established in 2004 with the main activities of investment - real estate business through two outstanding projects Botanic Towers and Saigon Pavillon. After four years of operation, Ricons expanded into construction. Over the last 15 years Ricons has affirmed its reputation through a series of high-rise projects, resorts, hotels, schools, hospitals and large-scale industrial factories. It is also the strength that brought Ricons into the Top 5 largest private construction contractors in Vietnam.

In recent years, Ricons has continuously improved the management system, updated modern equipment and constantly trained and developed highly qualified staff. At the same time, new breakthroughs in improving management, operation and organization models to bring to customers and partners outstanding products and services will always be the strategic goal of Ricons.

With the mission of "Building prosperity – Fulfilling Aspiration", Ricons believes that the values that are being nurtured today will be the most solid foundation for Ricons to step forward and maintain the brand as one of the leading construction contractors in Vietnam.

RICONS INVESTMENT CONSTRUCTION JSC.



Introduction

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

Authorized capital: **VND305 billion**

Coteccons Ownership Ratio: **14.87%**

COTECCONS OWNERSHIP RATIO

14.87%





SUBSIDIARIES AND ASSOCIATES



FCC INFRASTRUCTURE INVESTMENT JSC.

Introduction

Address: 2nd Floor, CEO Tower, Pham Hung Street, Nam Tu Liem District, Hanoi City

Authorized capital: **VND280 billion**

Coteccons Ownership Ratio: **35%**

Established in 2014. By the end of 2018, the amount of investment Coteccons contributed amounted to VND 98 billion. Based on Resolution No. 01 of the Board of Directors dated 10/01/2019, Coteccons made an additional contribution of VND 61.6 billion. Currently, Coteccons' contribution to FCC is VND 159.6 billion.

FCC's main business is to build infrastructure, civil and industrial works, road construction and public utility.

COTECCONS OWNERSHIP RATIO

35%



QUANG TRONG COMMERCIAL JSC.

Introduction

Address: 427/9 Nguyen An Ninh, Ward 9, Vung Tau City, Ba Ria – Vung Tau Province

Authorized capital: **VND50 billion**

Coteccons Ownership Ratio: **36%**

Quang Trong Commercial Joint Stock Company is a joint stock company established on December 18, 2007, operating in real estate and project management services.

COTECCONS OWNERSHIP RATIO

36%



Hiteccons is a joint stock company established on October 2nd, 2017 with a charter capital of VND 300 billion, operating in real estate and construction business. By the end of 2018, the amount of investment Covestcons (a subsidiary company) contributed at Hiteccons was VND 2.79 billion.

COTECCONS OWNERSHIP RATIO

31%



HITECCONS INVESTMENT JSC.

Introduction

Address: Hoa Lac Hi-tech Park, Km 29, Thang Long Highway, Thach Hoa Commune, Thach That District, Hanoi City

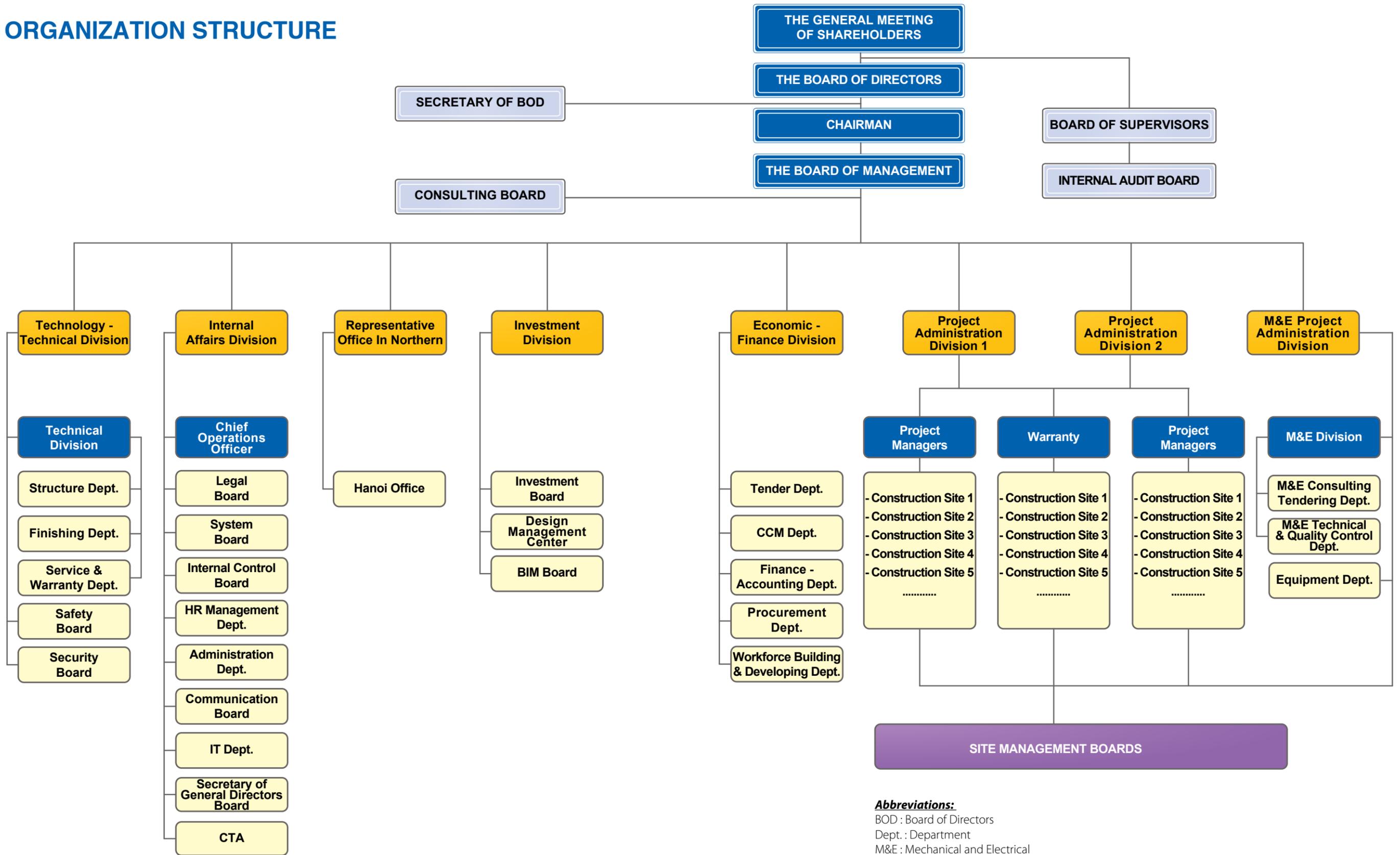
Authorized capital: **VND300 billion**

Coteccons Ownership Ratio: **31%**





ORGANIZATION STRUCTURE



Abbreviations:
 BOD : Board of Directors
 Dept. : Department
 M&E : Mechanical and Electrical
 CCM : Cost and Contract Management
 HR : Human Resource
 CTA : Coteccons Academy

CHANGING MINDSET

Leading by action

The constant development of the business environment leads to the necessity of **change**. The culture of Cotecons always inspires Cotecons' leaders and employees to **think innovatively** and it is also **the guideline** of all **actions** of departments and employees.





CHANGING MINDSET



TAKING THE ROLE MODEL FOR ALL STAFF IN CHANGING THE MINDSET, EACH SENIOR LEADER NEEDS TO HAVE NEW IDEAS, POSITIVE AND RADICAL CHANGES SUCH AS SELF-RESPONSIBILITY, SELF-ASSESSMENT ETC. TO REVIEW EFFECTIVELY THE PERFORMANCE OF THE COMPANY, MAKING IMPROVEMENTS AND CHANGES IN MANAGEMENT TO ENSURE THAT THE COMPANY AND DEPARTMENTS FOLLOW THE RIGHT DIRECTION TO ACHIEVE THE TARGETS.



Coteccons Management Board recognize the inevitable need for change and adaptability to an involving business market and closely follows trends to guarantee the flexibility in doing business, especially in changing the mindset. This is the necessary and sufficient condition to ensure a successful change. Change does not always mean that established systems need to change totally; it is often improving previous systems or processes by making them more efficient and suitable to the working and business environment.

Taking the role model for all staff in changing the mindset, each senior leader needs to have new ideas, positive and radical changes such as self-responsibility, self-assessment etc. to review effectively the performance

of the Company, making improvements and changes in management where necessary to ensure the company achieve its targets. Changing mindsets, helps create new and effective practices, avoiding repetitive actions that may hinder progress.

At Coteccons, each senior leader is in charge of a business area and appointed based on their experience, capability and seniority. These roles are for a fixed period, and assessments undertaken for any re-appointment. Coteccons adopted this process in 2018, which also associates working efficiency with remuneration policies that apply to the quarterly performance assessment throughout the Company.

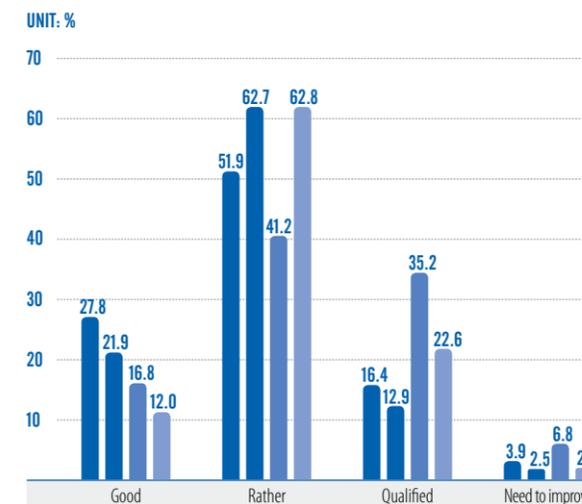


IN ADDITION TO PROMOTING REFORM AND CHANGE, COTECCONS HAS BUILT A HIERARCHY OF POSITIONS IN THE COMPANY. THIS SYSTEM ASSOCIATES WORKING EFFICIENCY WITH REMUNERATION POLICIES AND APPLIES THE QUARTERLY PERFORMANCE ASSESSMENT THROUGHOUT THE COMPANY FROM EARLY 2018.

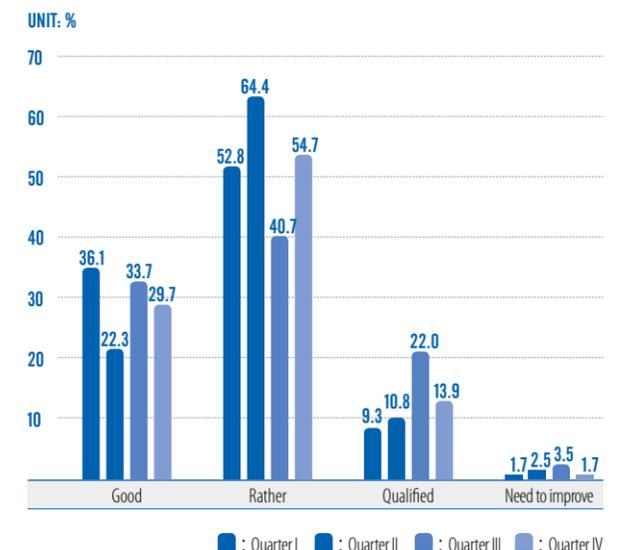


STAFF ASSESSMENT RESULTS

CONSTRUCTION SITES



HEAD OFFICE



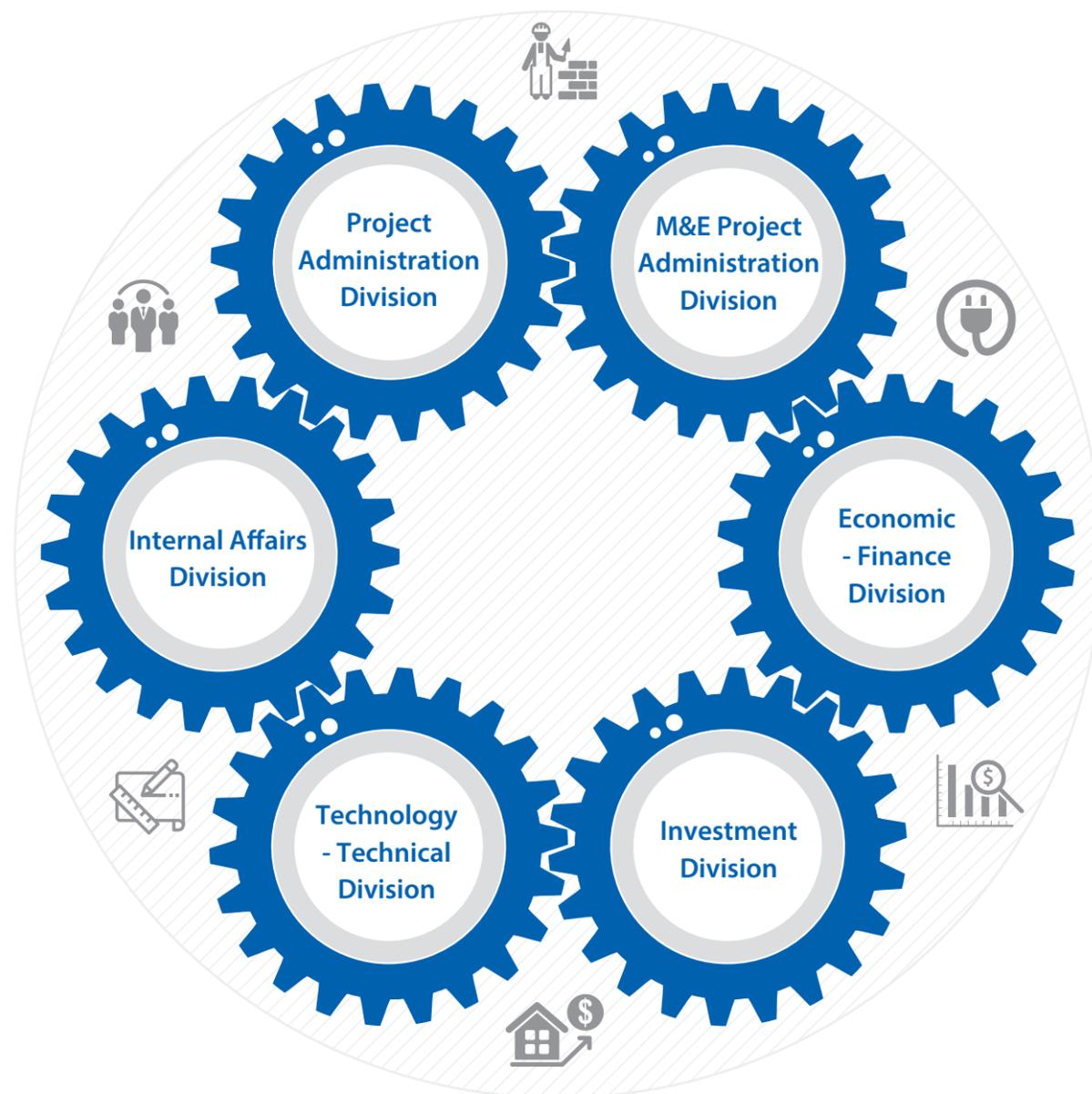
At the same time, Coteccons has introduced a new method to establish the yearly business plan for managers of departments and construction sites. Specifically, each manager needs to create specific plans to achieve the common goals of the Company and the specific objectives of their divisions, with defined KPI's. To ensure goals and objectives are met an assessment is carried out on a quarterly basis; this ensures they delivered to plan and any deviations raised.



MANAGEMENT SYSTEM IMPROVEMENT

During the year, the Company has strengthened its operational system, by dividing the system into a functional division model including Project Administration, M&E Project Administration, Economic - Finance, Investment, Technology - Technical and the Internal Affairs Division. The new operation model helps to improve the speed of processing, streamlining the management and improving efficiency.

In addition, the appointment of Chief Operations Officer, new Project Managers and rotation of management personnel between Departments such as Technical Division, Equipment Department and Workforce Building & Development Department etc. contributed to strengthening operational capacity of departments, boards and construction sites. The Management Board also focused on ensuring the consistent compliance of regulations and policies as the foundation for the Company to develop strongly in the future.



RISK MANAGEMENT



FOR THE FIRST TIME AT COTECCONS, RISK MANAGEMENT AT CONSTRUCTION SITES FORMALLY MEASURED AS A STATISTICAL CONTROL FUNCTION TO A SPECIFIC RISK REGISTER. ANY HIGH RISKS IDENTIFIED ARE ALLOCATED EARLY WARNING INDICATORS AND THE APPROPRIATE RESPONSE PLANS PUT IN PLACE. THIS HELPS THE SITE MANAGEMENT PROACTIVELY PREVENT OR CONTROL RISKS THAT MAY AFFECT THE OVERALL GOALS OF THE PROJECT. THE SITE MANAGEMENT TEAMS MUST SELF-ASSESS RISKS QUARTERLY.



During 2018, risk management activities have been widely adopted by all departments and construction sites. Specifically, the initial project risk assessment conducted by the Tender Department and Design Management Center, based on the information received from developers, this ensures appropriate risk control steps are fully established.

For the first time at Coteccons, risk management at construction sites formally measured as a statistical control function to a specific risk register. Any high risks identified are allocated early warning indicators and the appropriate response plans put in place. This helps the site management proactively prevent or control risks that may affect the overall goals of the project. The site management teams must self-assess risks quarterly.

Information gained from projects such as safety, security, finance, workforces etc. are statistically gathered which will allow for future risk identification and mitigation on future projects and will improve overall productivity and efficiency.



IMPROVING COMPETENCY AND BUILDING STRONG CAPABILITIES



THE CAPABILITY AND COMPETENCY OF COTECCONS' HUMAN RESOURCE HAVE SIGNIFICANTLY IMPROVED. CONTINUOUSLY CONSTRUCTING AND HANDING OVER ON TIME OR IN ADVANCE OF SCHEDULE LARGE-SCALE PROJECTS, WITH MUCH HIGHER COMPLEXITY THAN BEFORE. THEREBY, COTECCONS HAS AFFIRMED ITS OUTSTANDING CAPABILITY IN THE IMPLEMENTATION OF PROJECTS, REQUIRING HIGH CONSTRUCTION TECHNIQUE SUCH AS LANDMARK 81, TO PROJECTS WITH A RECORD CONSTRUCTION SPEED SUCH AS VINFAST AUTOMOBILE FACTORY AND OTHER LARGE-SCALE PROJECTS WITH THE TOTAL VALUE UP TO VND 4,000 - 7,000 BILLION, SUCH AS HOA PHAT DUNG QUAT, D'CAPITALE, HOI AN SOUTH DEVELOPMENT.

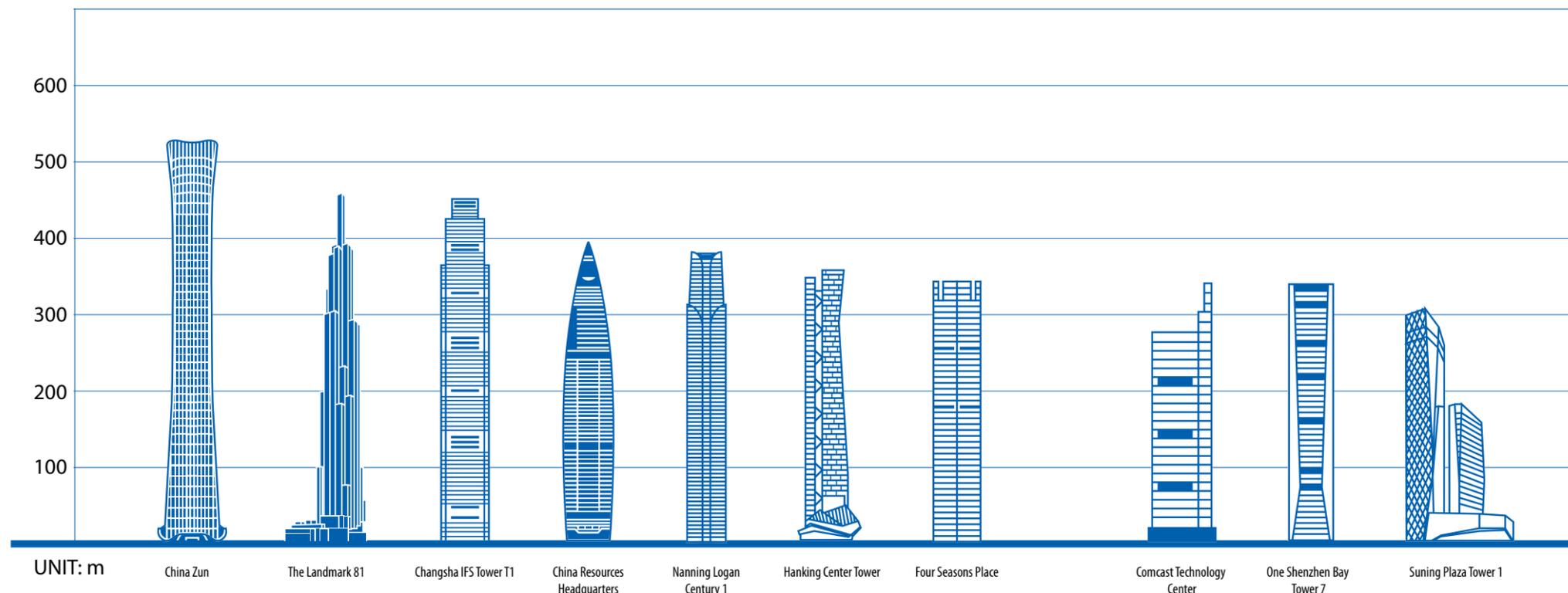
To improve the quality of personnel and meet the increasingly rigorous requirements of construction industry, Coteccons Academy (CTA) has been very active in 2018 with over 66,000 hours of training for the Group. Training delivered across all three regions of the North, Central and South, to almost all departments, boards and construction sites, which has increased competency levels of Coteccons staff.

The E-learning 2.0 program has been completed and put into operation for classes of Main Supervision Level 2, Work Safety... opening up a more flexible and effective training delivery mechanism.

Coteccons in the beginning of 2018 recognized the importance of standardizing knowledge and eliminating any capability gaps between Coteccons and its member companies. The company directed CTA to promote the enthusiastic participation of experienced internal trainers in courses and increase the competency of personnel through innovative and leading approaches in training.



TOP 10 HIGHEST TOWERS IN THE WORLD COMPLETED IN 2018



Source: Council on Tall Buildings and Urban Habitat (USA)

2019 will be a year to further improve productivity and optimize cost which will be achieved using diversified training methods including: 100% E-learning program for technical classes for deputy site managers; implementing remote training via teleconference network; building online library and especially training programs for middle managers. All training is subject to an evaluation system to ensure the ultimate goal of ensuring staff's ability to successfully complete assigned tasks and prepare the workforce for future market expansion and diversification strategies.

CTA has been enhancing and improving the quality of training programs as well as the competency of CTA's personnel. Training will be available to a number of trusted subcontractors and construction teams, creating a strong ecosystem that can take charge of large-scale projects in the future.



IMPROVING COMPETENCY AND BUILDING STRONG CAPABILITIES



PLANT & EQUIPMENT – NUMBER 1 FOR RESOURCES

Being in a strong financial position has allowed Coteccons to invest substantially in equipment with a centralized procurement. By selecting the most modern and appropriate equipment based on technical and safety standards, it has enabled us to build confidence and trust with developers on our delivery.

The Equipment Department have contributed significantly to the success of The Landmark 81 project, with advanced technologies used to complete the project ahead of schedule. In 2018, the Equipment Department effectively developed the management and coordination software (CEMS) in order to optimize the efficiency in the use and management of equipment and

costs to projects, as well as control the rate of equipment loss of the company.

Improving R&D activities, to achieve optimal construction methods is a key focus of the Department. This includes the regular exchange of experiences with foreign experts from Australia, Germany, France, Japan and Korea etc. as a learning opportunity for Coteccons to enhance its capacity and continue implementing super high-rise projects in Vietnam in the future.

The goal is to build a more professional project site image, aiming for safety and productivity, affirming industry leading position and creating a difference in the market.





APPLICATION OF NEW TECHNOLOGY

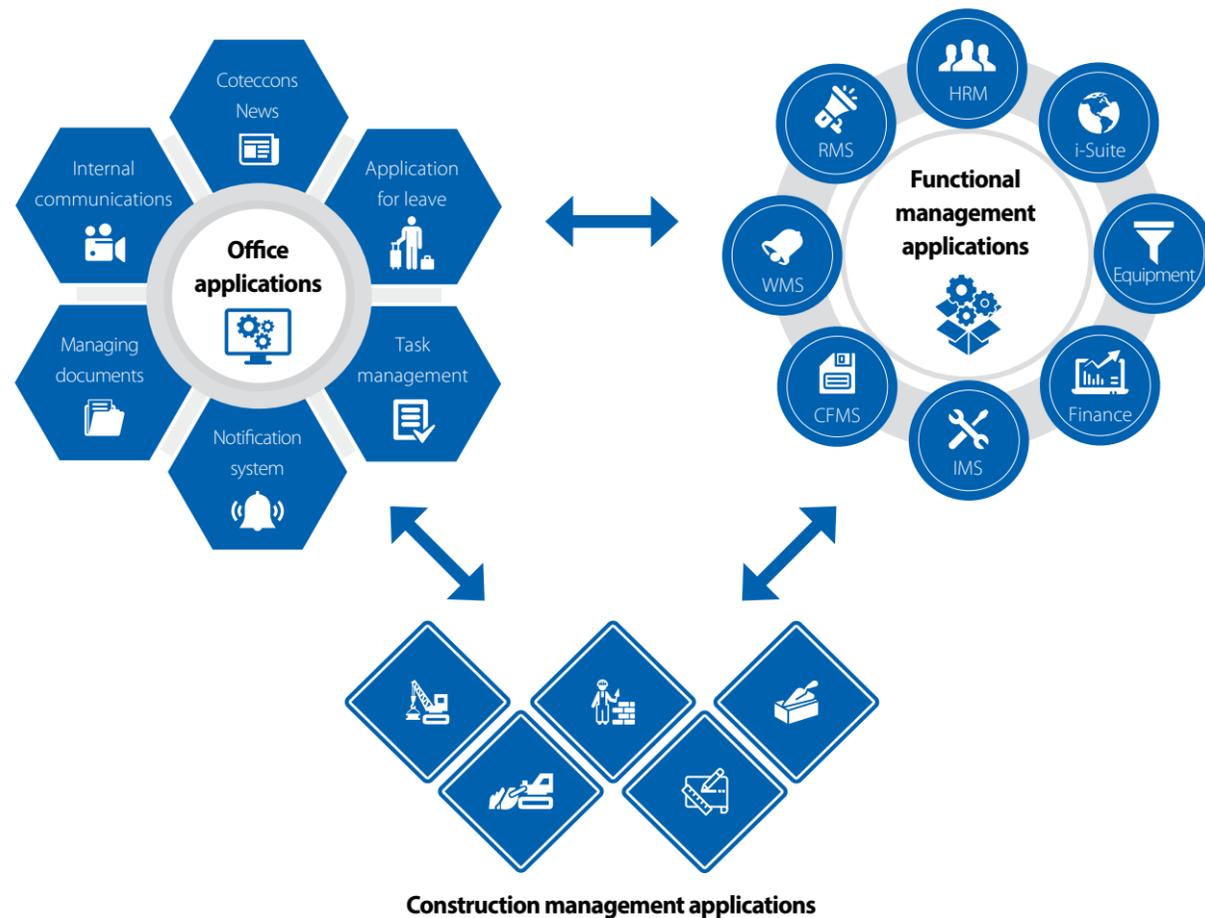
UPGRADING INFORMATION TECHNOLOGY SYSTEM



NOWADAYS, THE STRONG TECHNOLOGY DEVELOPMENTS WORLDWIDE HAS AFFECTED MANY AREAS OF BUSINESS. COTECCONS HAS CHANGED DRAMATICALLY TO MEET THE CHANGES IN TECHNOLOGY APPLICATION, CREATING A NEW DRIVING FORCE FOR THE ONGOING DEVELOPMENT OF THE GROUP.



In 2018, Coteccons group invested in a series of application systems, contributing to improved Labour productivity, digitizing operations, aggregating centralized data and reporting.



The company has implemented a new software system, synchronizing data for construction activities, including accounting modules, project finance management, centralized procurement and equipment, to optimize operating results. The information shared between Finance and Accounting, Cost and Contract Management, Procurement and the Equipment Department, with the site management teams. This helps the information exchange to be quick and prompt, limiting the manual documentation between departments and sites.

The information technology systems are upgraded constantly to ensure they operate to maximum capability, supporting departments and sites, ensuring the effective operation of the Company.

E-OFFICE SYSTEM

To digitize administrative, human resource and business operations, Coteccons has put into operation E-Office system. The system provides useful applications in supporting comprehensive management and administration of enterprises, helps optimizing administrative processes to speed up the operations, storing and searching data easily in order to decrease the administrative costs.

UPGRADING INFRASTRUCTURE SYSTEM - INFORMATION SECURITY

During the year, Coteccons has invested in upgrading storage systems, data backup, infrastructure virtualization etc. This investment ensures a stable development for the company's data system.

In addition to investing in the infrastructure, Coteccons also focus on investing and upgrading: Data-loss-prevention, Email-security, Firewall, Antivirus and Logging-recognition system etc. in order to ensure information and data security.





APPLICATION OF NEW TECHNOLOGY

BIM - CHANGE AND EXPANSION

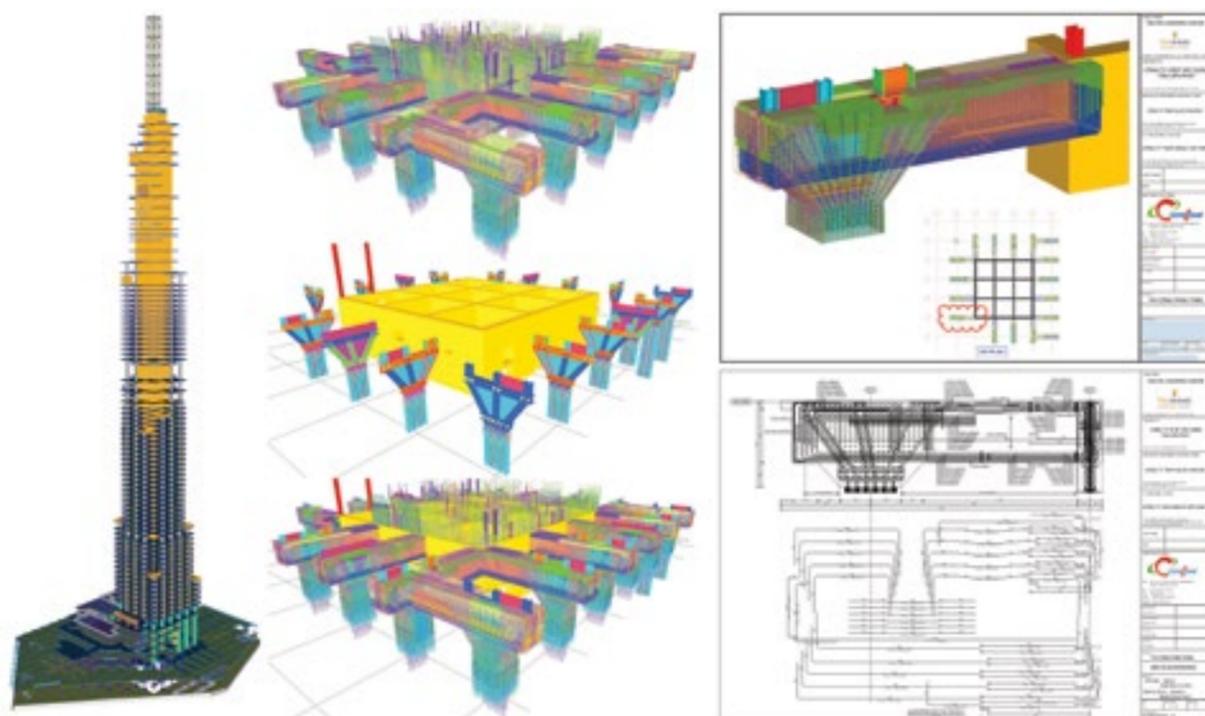


CONSTRUCTION INFORMATION SYSTEM HAS BECOME ONE OF COTECCONS' STRENGTHS IN THE CONSTRUCTION FIELD. COTECCONS AND THE BIM BOARD RECOGNIZE THE IMPORTANCE OF CHANGE AND THE ORIENTATION TO ENHANCE PRACTICAL APPLICATION, MEETING THE INCREASING DEMANDS OF CUSTOMERS.



BIM (Building Information Modeling) is a process related to the creation and management of digital features (called digital information models) in the design, construction and operation of construction project. BIM is applied worldwide in construction and has created great value in

managing projects. Many large international construction companies have been very successful when applying VDC - Virtual Design Construction, Lean and Digital Construction, leading to the improvement in efficiency and cost saving.



BIM TECHNOLOGY AT COTECCONS

Construction information system has become one of Coteccons' strengths in the construction field. Coteccons and the BIM Board recognize the importance of change and the orientation to enhance practical application, meeting the increasing demands of customers.

In 2018, the BIM Board has focused and increased investment in new applications to apply in project management. For D&B projects, the BIM Board has focused on the coordination of 3 subjects including Architecture, Structure and M&E right from the design stage, to minimize errors arising in the process of coordinating. The Board also use 3D models to check volume and control changes as soon as there is a change in design. In addition, the application of cloud computing technologies helps improve the effectiveness of exchanging information and managing drawings. The BIM Board has also disseminated the widespread use of BIM in projects of Coteccons and its member companies, which contributes to increased Labour productivity, reducing errors, which helps the construction sites to save costs and reduces the workload of the site management teams.



CONTINUOUSLY IMPROVING THE ORGANIZATION AND PROCESS



CHANGING THE MINDSET IS A STRATEGY TO GUARANTEE THE SUSTAINABLE DEVELOPMENT OF THE COMPANY, ESPECIALLY IN AN INCREASINGLY COMPETITIVE ECONOMY. CHANGE IN ORGANIZATION AND PROCESS IMPROVEMENT IS ONE OF THE ESSENTIAL REQUIREMENTS OF ANY ENTERPRISE THAT WANTS TO MAINTAIN ITS POSITION AND CONTINUE TO GROW.



DEVELOPING AND UPDATING REGULATIONS AND PROCESSES

The company amended various regulations in 2018 to optimize processes and ensure easy implementation, reduction of time, control and effectiveness. Regulations changed included financial management, regulation of rewards - discipline and regulations on signing, payment and settlement of contracts with subcontractors. The majority of the Departments and Boards of the Company such as M&E Division, Procurement Department, Equipment Department, Workforce Building & Development Department, CCM Department, CTA, have improved their regulations and processes.



PROMOTING INITIATIVES

In 2018, Coteccons launched the "Coteccons Ideas Contest" in order to promote employees' initiatives throughout the Company and received nearly 500 creative ideas from departments and construction sites. Highly feasible initiatives have been recognized and applied, contributing to saving operating costs and optimizing the time to perform work of each department and construction site.



REFORMING THE OPERATION MODEL OF THE INTERNAL AFFAIRS DIVISION

Linking activities of the Internal Affairs Division including functional departments at the Company's head office under the management of Chief Operations Officer has contributed to improving the time taken to undertake operations, promoting strict control and timely support for construction sites etc., thereby improving employee's productivity at the company's office.



UPGRADING AND IMPROVING THE PROCUREMENT

The Procurement Department has made breakthrough changes in 2018. Starting from a division of the Cost and Contract Department (CCM). In August 2018, the Procurement Department separated into a management unit under the Company to further increase value. The department's task is searching, evaluating, selecting subcontractors and suppliers, and building a supply chain with a competitive advantage. The Department is also responsible for monitoring and analyzing changes in the material market to ensure a timely response to market fluctuations.

The process of ordering and management of purchasing by specialized software implemented in the middle of 2018 for all projects, contributing to optimal operational management costs. The Department will develop a mobile application version to increase flexibility and efficiency in purchasing management.



MAJOR CHANGES WITHIN COMPANY DEPARTMENTS

SAFETY BOARD



IN ORDER TO ESTABLISH NEW STANDARDS IN SAFETY MANAGEMENT, COTECCONS HAS RECRUITED AND APPOINTED A FOREIGN EXPERT WITH EXTENSIVE KNOWLEDGE AND EXPERIENCE IN SAFETY MANAGEMENT TO BE ADVISERS TO THE SAFETY BOARD. THIS HELPS UPGRADING SAFETY MANAGEMENT SYSTEM AT COTECCONS, TO EQUIVALENT INTERNATIONAL SAFETY STANDARDS.



Due to the specific characteristics of the construction industry, there is a high occupational and operational safety risk and Coteccons view safety as a top concern. Coteccons have applied many positive improvements in controlling safety risks, gradually increasing the awareness of the company's employees in particular and improving safety standards of the construction industry in general.

training through E-Learning program for the engineers in charge of safety with the direction to apply training to all Coteccons employees. This includes developing and implementing specific training topics for project supervision, and site manager's and deputy site manager's positions before appointment.

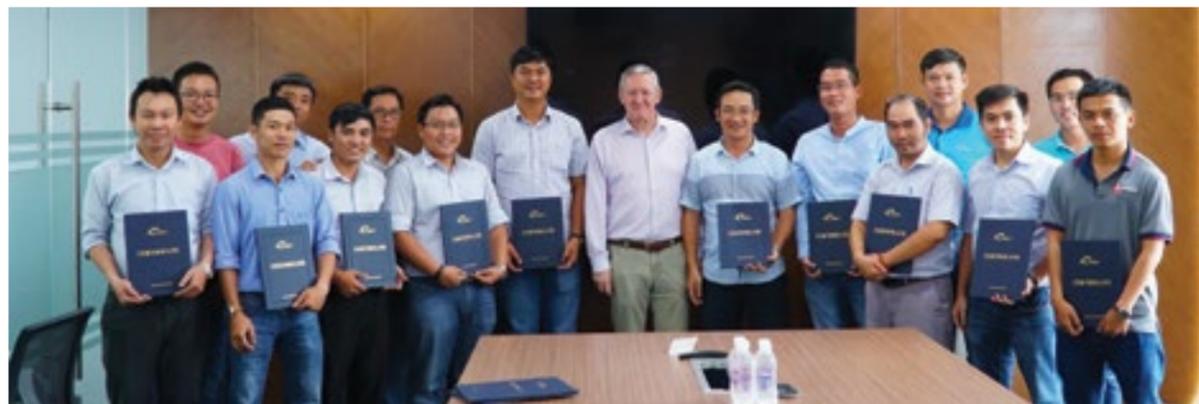
In 2018, the company successfully completed many large-scale projects across the country, successfully achieving, 74,400,160 safe working hours. The Safety Board has made efforts to implement many innovations in management as well as coordinating closely with other departments in the company and the site management teams.

In addition, the Safety Board also carried out many other activities including building a set of standard presentations and documents relating to safety, improving occupational safety assessments, and building a database on occupational safety for company wide application on construction sites etc. All of the above activities have raised the awareness of the staff on occupational safety and helped to improve construction activities.

In order to establish new standards in safety management, Coteccons has recruited and appointed a foreign expert with extensive knowledge and experience in safety management to be advisers to the Safety Board. This helps upgrading safety management system at Coteccons, to equivalent international safety standards.

74.4
MILLION SAFE WORKING HOURS

In 2018, the Safety Board cooperated with CTA to organize



TECHNICAL DIVISION



IN 2018, COTECCONS IN GENERAL AND THE TECHNICAL DIVISION IN PARTICULAR HAVE RESEARCHED AND IMPLEMENTED NEW MATERIALS TO REPLACE CLAY BRICKS TO MINIMIZE ENVIRONMENTAL IMPACTS; USE ENVIRONMENTALLY FRIENDLY MATERIALS (GREEN MATERIALS); COORDINATE WITH CONCRETE SUPPLIERS TO INCREASE THE CONTENT OF FLY ASH (RECYCLED MATERIALS), LARGE CONCRETE CONSTRUCTION APPLICATIONS FOR MOST OF THE GROUP'S PROJECTS, AIMING TO MEET THE CURRENT TREND IN THE CONSTRUCTION INDUSTRY IN TERMS OF SAFETY, ENVIRONMENTALLY FRIENDLINESS BUT STILL ENSURE CONSTRUCTION EFFICIENCY.



In order to meet the increasing demands of the Company, the Technical Division has experienced a year of transformation with many significant changes: appointments of new managers of Technical Division, Structure Department, and Finishing Department. The Division also changed its organizational structure when establishing the Construction Material Unit, the Consultancy and Maintenance Unit, and specializing the Construction Methods Unit. In particular, the Service & Warranty Department established in charge of all warranty and maintenance works after handing over the project, thereby increasing the level of satisfaction and trust from customers.

In 2018, Coteccons in general and the Technical Division in particular have researched and implemented new materials to replace clay bricks to minimize environmental impacts; use environmentally friendly materials (green materials); coordinate with concrete suppliers to increase the content of fly ash (recycled materials), large concrete construction applications for most of the Group's projects, aiming to meet the current trend in the construction industry in terms of safety, environmental friendliness but still ensure construction efficiency.

In 2019, the Technical Division continue to promote research, improvement, application of assembled construction technology, typically as assembly measures for factories and low-rise buildings; precast concrete walls etc. to reduce workforce, improve Labour productivity, shorten construction schedule, increase quality, safety and environmental sanitation. In addition, the Division also promote improvements in construction equipment to reduce warehousing costs, transport and maintenance of equipment, helping the Company increasing profits.



MAJOR CHANGES WITHIN COMPANY DEPARTMENTS

DESIGN MANAGEMENT CENTER



AFTER ACHIEVING SUCCESSES FOR HIGH-RISE BUILDINGS, THE DESIGN MANAGEMENT CENTER HAVE IMPLEMENTED MANY INDUSTRIAL PROJECTS IN 2018: REGINA MIRACLE FACTORY PHASE 8, S. POWER FACTORY, TIMBERLAND MANWAH FACTORY, HOA PHAT DUNG QUAT STEEL FACTORY.



The Design Management Center with the current staff of more than 30 engineers and architects has been implementing around 30 D&B projects across the country with a variety of projects: High-rise condominium, luxury apartments, hotels, office buildings, schools, industrial factories etc.

After achieving successes for high-rise buildings, the Design Management Center have implemented many industrial projects in 2018: Regina Miracle Factory Phase 8, S. Power Factory, Timberland Manwah Factory, Hoa Phat Dung Quat Steel Factory.

In order to overcome challenges and make innovative changes the design management center has made radical changes in the mindset of its managers.

The changes for 2019 are to increase employee's productivity and restructure the organization to increase design, consulting, legal and economic capacity, providing customers with better products and services.



TENDER DEPARTMENT



WITH THE AIM OF OPTIMIZING OPERATIONS AND CONTROLLING RISKS RIGHT FROM THE BIDDING STAGE TO THE NEGOTIATION STAGE AND SIGNING CONTRACTS WITH THE DEVELOPER, IN 2018, THE TENDER DEPARTMENT HAS ADDED THE FUNCTION OF MAKING, CONTROLLING AND SIGNING CONTRACTS WITH THE DEVELOPER. THE ADDITION OF THIS FUNCTION HELPS IMPROVE THE RISK MANAGEMENT OF THE COMPANY IN NEGOTIATING COMPREHENSIVELY AND CONSISTENTLY THROUGHOUT THE CONTRACT SIGNING PROCESS.



With the aim of optimizing operations and controlling risks right from the bidding stage to the negotiation stage and signing contracts with the developer, in 2018, the Tender Department has added the function of making, controlling and signing contracts with the developer. The addition of this function helps improve the risk management of the Company in negotiating comprehensively and consistently throughout the contract signing process.

At the same time, the Tender Department has also proactively launched initiatives to improve efficiency in work. In the past year, the Department has won the first prize of the Coteccons' Ideas 2018 contest organized by the Company with the thesis "Improving the software for calculating volume and financial planning for bidding."

In the coming year, the Tender Department will train the

QS's on how to apply the software to calculate the volume at the construction site faster and more accurately as well as improve the coordination between the Tender Department and the construction sites.



M&E DIVISION



In 2018, the M&E Division contributed more than VND 5,200 billion to the consolidated revenue of the Company. The Division has regularly promoted improvement in organization structure, increased price control for M&E activities, assigned jobs to subcontractors through bidding to increase the fairness and competition among subcontractors. It has carried out many measures to accelerate the construction progress and reduce costs, bringing efficiency to the operation of the Division and the Company.



MAJOR CHANGES WITHIN COMPANY DEPARTMENTS

COST AND CONTRACT MANAGEMENT DEPARTMENT



AS ONE OF THE MAIN DEPARTMENTS CONTROLLING ISSUES RELATING TO CONTRACTS AND COSTS. IN 2018, THE COST AND CONTRACT DEPARTMENT MADE SIGNIFICANT IMPROVEMENTS.



- » Deriving from the Cost and Contract Department, the Procurement Department was established. CCM Department focused on centralizing the management of the Quantity Surveyor (QS) at the sites, thereby more strictly controlling the financial situation of the project.
- » Applying financial management software and digitizing the process of handling works, using the same data source of the Finance and Accounting Department, CCM Department and construction sites.
- » Improving the contract signing process for suppliers and subcontractors but still ensuring strict control of risks relating to contract terms.



LEGAL BOARD



The Legal Board has standardized many project documents to help the sites be more proactive and process the works faster. At the same time, the Board also review and assess legal risks together with the site management teams to set up a prevention plan for each stage of a project. Another important task is to ensure that consulting advice is given within 24 hours and promptly support legal issues.



ADMINISTRATION DEPARTMENT



The Administration Department has applied technology to the management of office tools. With the application of a single software to manage these systems, the Administration Department has greatly reduced manual, repetitive works, increased job control, reduced errors and especially saved time, contributing to the overall success of the Company.



WORKFORCE BUILDING & DEVELOPMENT DEPARTMENT



Workforce Building & Development Department has been focusing on changing working methods, being more proactive in planning and coordinating the construction workforce. An important milestone in 2018 is the development of nearly 90 construction teams to subcontractors to meet the development needs and eligibility to participate in large-scale projects of Coteccons.

Continuing to maintain and further promote the proposed targets, in 2019, the Workforce Building & Development Department will focus further on management through centralized software, changing the way of assigning subcontractors, managing effectively and fully mobilizing workforce according to the business plan.



IMPROVEMENT OF STRATEGY

Orientation for success

The development strategy shaped by the Board of Directors helps the Company making rapid and speedy progress in recent years. In the near future, Cotecons would continue to **improve the sustainable development strategy** according to the goal of building a unified Cotecons. This would be a new **driving force** for future development and innovation **success** in the future.





REPORT OF THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS



COMPOSITION OF THE BOARD OF DIRECTORS FOR THE TERM OF 2017 - 2022 (SINCE DECEMBER 31ST, 2018)

The current Board of Directors of Coteccons is composed of 07 members (including the Chairman of the Board and 06 members), including 01 executive member, 03 non-executive members and 03 independent members.

No.	Full name	Position	Duties in the Board	Note
1	Nguyen Ba Duong	Chairman of the Board	In charge of Board of Directors and Strategic Subcommittee.	Executive member
2	Nguyen Sy Cong	Member	Participate in Investment, Risk, Salary and Human Resource Subcommittee.	Cum General Director
3	Tan Chin Tiong	Member	Participate in Strategic Subcommittee.	Independent member
4	Talgat Turumbayev	Member	Participate in Risk, Salary and Human Resource Subcommittee.	Non-executive member
5	Yerkin Tatishev	Member	In charge of Investment Subcommittee, participate in Strategic Subcommittee.	Non-executive member
6	Nguyen Quoc Hiep	Member	In charge of Risk Subcommittee, participate in Investment Subcommittee.	Independent member
7	Tran Quyet Thang	Member	In charge of Salary and Human Resource Subcommittee.	Independent member

INTRODUCTION OF THE BOARD OF DIRECTORS IN 2018



► Mr. **NGUYEN BA DUONG**

Chairman of the Board
Year of birth: 1959
Nationality: Vietnamese

Graduated from Kiev University of Construction (Ukraine) with major in Architecture. He has more than 36 years of experience in the construction industry and held important management positions at popular construction companies. The founder and operator of Coteccons since 2002, previously called Cotec Construction Firm. In 2004, after equalization, appointed as General Director of the Company. In 2005, elected Chairman of the Board and General Director of Coteccons until 2017. In July 2017, he resigned from the position of General Director to focus more on the role of Chairman of the Board.

He has received many certificates of merit from the Prime Minister and the Ministry of Construction for many achievements in promoting and developing Vietnam's construction industry and contributing to changing the face of the country. Named in the Top 50 outstanding business leaders of Vietnam by Forbes magazine. Nominated by The Business Review magazine as one of the top 10 leaders in Vietnam for team development.



► Mr. **NGUYEN SY CONG**

Member of the Board of Directors and General Director
Year of birth: 1970
Nationality: Vietnamese

Graduated with an Engineer degree from National University of Civil Engineering. After graduation, he had worked for domestic and international construction companies, held the positions of Chief Engineer, Site Manager and Project Manager. He has nearly 31 years of experience in construction.

As one of the founding shareholders, he is an important contributor to the development process of Coteccons, especially in the field of research and improvement of construction methods, training of outstanding Site Managers and Project Managers.

In 2006, appointed General Director of Unicons - a subsidiary of Coteccons. With his management and leadership ability, Unicons has always stood firmly in the Top 10 leading construction companies in Vietnam for many consecutive years.

In 2017, with the trust and credibility of the General Meeting of Shareholders, the Board of Directors, the Board of Management and all the employees, he was elected to the Board of Directors and holds the position of General Director of the Company.



► Mr. **TAN CHIN TIONG**

Member of the Board of Directors
Year of birth: 1949
Nationality: Singaporean

Completed his doctoral dissertation at the University of Pennsylvania in 1977 and has more than 41 years of marketing teaching at prestigious universities in Singapore such as NUS and SMU.

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



REPORT OF THE BOARD OF DIRECTORS



▶ Mr. **TALGAT TURUMBAYEV**

Member of the Board of Directors
Year of birth: 1971
Nationality: Kazakhstan

Graduated with a Master degree in Finance and Accounting and is a member of the British Association of Chartered Certified Accountants (ACCA). He has over 26 years of experience in finance and accounting - auditing.

He joined the Coteccons Board of Directors term of 2012-2017 as a representative of major shareholders (Kusto). In 2017, elected by General Meeting of Shareholders to the Board of Directors the 2017-2022 term.



▶ Mr. **TRAN QUYET THANG**

Member of the Board of Directors
Year of birth: 1962
Nationality: Vietnamese

Graduated with a Bachelor of Laws degree and has over 31 years of experience in law, securities and real estate.

From 1990 - 1995, Founder and Deputy General Director of Investconsult Investment Consulting Company; in the period of 1997 - 1999, he joined the founding of T&A Law Office. In 2000 - 2003, he founded Saigon Securities Joint Stock Company and held the position of General Director; from 2004 up to now, he joined R.C Real Estate Development and Financing Joint Stock Company as Chairman of the Board and General Director.

In April 2016, elected to the Board of Directors of Coteccons for the 2012-2017 term as an independent member. In 2017, elected by the General Meeting of Shareholders to the Board of Directors for the 2017 - 2022 term. With strong management experience, he has actively participated in contributing deep and objective opinions in improving the management efficiency as well as the operation of the Company.



▶ Mr. **YERKIN TATISHEV**

Member of the Board of Directors
Year of birth: 1976
Nationality: Kazakhstan

Graduated in Economics in 1999 in Russia, in Law in 2002 in Kazakhstan, graduated with a Master degree in 2009 at Oxford University - England. For more than 21 years of his experience, he has worked in positions such as Monetary Supervision, Deputy Investment Director, Executive Vice President, Chairman of the Board of Directors of large and small banks and investment funds in Eastern Europe and Singapore. He is the Founder and President of Kusto Group, concurrently is the Chairman of Kusto Real Estate Capital Pte. Ltd.

In 2017, he started to participate in Coteccons Board of Directors for 2017 - 2022 term.



▶ Mr. **NGUYEN QUOC HIEP**

Member of the Board of Directors
Year of birth: 1946
Nationality: Vietnamese

Graduated with an Engineer degree from Hanoi University of Science and Technology and has more than 41 years of experience in construction and real estate. Currently, he is the Chairman of the Board of Directors of Global Real Estate Investment Joint Stock Company (GP Invest) and Chairman of Vietnam Association of Civil Contractors (VACC).

In 2017, he joined the Board of Directors for the 2017 - 2022 term as an independent member. In addition to contributing independent and objective opinions to the Board of Directors in corporate governance, with the prestige and experience, he also helps the Company contact with new investors and customers.



REPORT OF THE BOARD OF DIRECTORS

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2018



ACTIVITIES OF THE BOARD OF DIRECTORS



In 2018, the Board of Directors of the Company regularly organized meetings and promptly provided development orientations and operating directions of the Company's business operations. Approved contents usually highly agreed within the Board of Directors before implementation. Members of the Board of Directors were highly responsible in compliance of the provisions of law and regulations of the Company's Charter.

ACTIVITIES OF THE BOARD OF DIRECTORS' INDEPENDENT MEMBERS



Independent members of the Board of Directors have actively participated in all meetings of the Board of Directors, contributing many deep and objective opinions. In addition, independent members of the Board of Directors also contributed many constructive comments, indicating potential risks in the Company's policies and strategies, contributing to improve the system and prevent risks.

MEETINGS OF THE BOARD OF DIRECTORS



No.	Member of the Board of Directors	Position	Date of appointment	Number of the Board of Directors' meetings attended	Meeting attendance ratio	Reason for not attending the meeting
1	Mr. Nguyen Ba Duong	Chairman	24 th August, 2004	7/7	100%	
2	Mr. Tan Chin Tiong	Member	29 th June, 2017	7/7	100%	
3	Mr. Talgat Turumbayev	Member	29 th June, 2017	7/7	100%	
4	Mr. Yerkin Tatishev	Member	29 th June, 2017	7/7	100%	
5	Mr. Nguyen Sy Cong	Member	29 th June, 2017	7/7	100%	
6	Mr. Nguyen Quoc Hiep	Member	29 th June, 2017	7/7	100%	
7	Mr. Tran Quyet Thang	Member	30 th March, 2016	7/7	100%	

APPROVED CONTENTS OF THE BOARD OF DIRECTORS IN 2018



No.	Resolution number	Date	Content
1	01/2018/NQ-HDQT	4 th January, 2018	Approve the redistribution of the right to purchase ESOP shares of employees who lose the right to participate in the program for other employees in the Company.
2	02/2018/NQ-HDQT	18 th January, 2018	Approve the redistribution of the right to purchase treasury shares formed by the withdrawal of ESOP shares from resigned employees for other employees in the Company.
3	03/2018/NQ-HDQT	20 th April, 2018	Approve the postponement of the organization of the General Meeting of Shareholders for more preparation time.
4	04/2018/NQ-HDQT	26 th April, 2018	Approve the organization of the 2018 General Meeting of Shareholders.
5	05/2018/NQ-HDQT	28 th June, 2018	Approve the 2018 Financial Report auditing unit to be PwC Company Limited (Vietnam).
6	06/2018/NQ-HDQT	23 rd July, 2018	Approve the 2017 dividends payment to be in cash.
7	07/2018/NQ-HDQT	6 th August, 2018	Approve the withdrawal of preferential ESOP shares for employees.
8	08/2018/NQ-HDQT	27 th December, 2018	Approve the shares issuance plan for key personnel of the Company.
9	09/2018/NQ-HDQT	14 th November, 2018	Approve the acquisition of CTD shares in the market as treasury stocks.





REPORT OF THE BOARD OF DIRECTORS



ACTIVITIES OF SUBCOMMITTEES OF THE BOARD OF DIRECTORS



WITH THE AIM OF MAINTAINING SUSTAINABLE DEVELOPMENT FOR THE COMPANY AND ENHANCING TRANSPARENCY IN ITS OPERATIONS, THE BOARD OF DIRECTORS OF THE 2017 - 2022 TERM HAS ESTABLISHED MANY SPECIALIZED SUBCOMMITTEES TO ADVISE AND ASSIST THE BOARD OF DIRECTORS.



As of 31st December, 2018, the Board of Directors has established following Subcommittees with their functions, duties and operational status specified as below:



THE STRATEGIC SUBCOMMITTEE

Members

No.	Full name	Position in the Company	Position in the Subcommittee
1	Nguyen Ba Duong	Chairman of the Board	Head of the Subcommittee
2	Tan Chin Tiong	Independent member of the Board	Member of the Subcommittee
3	Yerkin Tatishev	Member of the Board	Member of the Subcommittee

Functions and duties

The Strategic Subcommittee established to assist the Board of Directors in researching and proposing the Company's development plan including but not limited to researching new projects. Functions include, Company development orientation, expanding or narrowing the business sectors, maintaining relationships with customers, functional agencies, and creating strategic development direction of the Company. At the same time, the Strategic Subcommittee also oversees activities related to the strategic development orientation of member companies, Divisions, Departments, and risk management as strategic planning process.

The Subcommittee has the task of researching, discussing and reporting to the Board of Directors regarding:

- » Evaluate the business environment, business lines

and identify opportunities, challenges, strengths and weaknesses of the Company.

- » Orientate development strategic of the Company in the short and long term to develop the Company sustainably, increase value for shareholders.
- » Plan and build the organizational structure of the Company in accordance with the development needs according to the proposed strategy.
- » Identify risk in strategies implementation, compose policies and measures to manage and prevent risk.
- » Prepare the development orientations of the Company; receive agreement within the Board of Directors before submitting to the annual General Meeting of Shareholders for approval.



THE REMUNERATION & HUMAN RESOURCE SUBCOMMITTEE

Members

No.	Full name	Position in the Company	Position in the Subcommittee
1	Tran Quyet Thang	Independent member of the Board	Head of the Subcommittee
2	Nguyen Sy Cong	Member of the Board Cum General Director	Member of the Subcommittee
3	Talgat Turumbayev	Member of the Board	Member of the Subcommittee

Functions and duties

The Remuneration & Human Resource Subcommittee would supervise the Company's organizational structure, review policies and principles related to the selection and retention of senior personnel.

Implement plan to ensure successions for key positions in the Company, for selection, training and optimal transfer, without affecting the Company's operations.

Assist the Board of Directors in senior management personnel development policies, including:

- » Propose senior personnel development programs, including training and rotation programs (domestic and foreign).
- » Recruit and mobilize more qualified and suitable personnel to supplement the management team according to the development strategy of the Company.
- » Fairly evaluate the capacity and work results of managers, in order to align personnel with suitable positions.
- » Review the General Director's recommendations regarding selection, promotion, transfer and suspension of senior personnel.

» Review and propose remuneration regimes for all levels of managers of the Company (From the title of Project Manager and above), report and offer the Board of Directors for approval of bonus policies in shares or cash bonus (or other policies) based on annual business results.

» Propose to the Board of Directors the general remuneration policies of the Company for consideration prior submitting to the General Meeting of Shareholders.

» Review recommendations of the Director General on the issue of remuneration for managers. Accordingly, recommend consideration from the Board of Directors of modifying policies if needed.

» Ensure remuneration for managers is suitable with market trends.

» Supervise and review work performance results, indicators to assess the main work performance of managers to determine benefits besides salary and bonus, preferential stock policies according to selling programs for the Employees - ESOP.



REPORT OF THE BOARD OF DIRECTORS



THE INVESTMENT SUBCOMMITTEE

Members

No.	Full name	Position in the Company	Position in the Subcommittee
1	Yerkin Tatishev	Member of the Board	Head of the Subcommittee
2	Nguyen Sy Cong	Member of the Board Cum General Director	Member of the Subcommittee
3	Nguyen Quoc Hiep	Independent member of the Board	Member of the Subcommittee

Functions and duties

Appraise and evaluate investment activities of the Company and propose options on the effectiveness and risks of investment activities to the Board of Directors.

Compose regulations, policies related to investment activities and supervise compliance with those policies.

Search and analyse investment opportunities (including investment in M&A, financial investment, equipment technology investment) in accordance with the strategic direction of the Company.

Provide options, analyse risks and propose preventive measures in the investment process for the Board of Directors for consideration and decision; supervise compliance with investment regulations in the Company's Charter.



THE RISK SUBCOMMITTEE

Members

No.	Full name	Position in the Company	Position in the Subcommittee
1	Nguyen Quoc Hiep	Independent member of the Board	Head of the Subcommittee
2	Nguyen Sy Cong	Member of the Board Cum General Director	Member of the Subcommittee
3	Talgat Turumbayev	Member of the Board	Member of the Subcommittee

Functions and duties

Identify and evaluate risks affecting business investment activities of the Company and propose preventive measures.

Be responsible for reviewing and deciding to change the Company's risk management organizational structure to comply with the requirements of risk management as regulated in laws and updating risk management culture to all Departments, Divisions and Construction sites of the Company.

Establish risk tolerance and preventive measures for the Company's activities and supervise the implementation of such methods.



THE SECRETARY OF BOARD OF DIRECTORS

Members

No.	Full name	Position in the Board
1	Vu Duy Lam	Chief Secretary
2	Vu Kien Hoa Nhan	Member
3	Tran Quy Viet Tuan	Member

Functions and duties

The Secretary of BOD operates actively at the Company, responsible for coordinating activities of the Board of Directors and works as the connection between the Board of Directors and the Board of Management to solve related issues, provide information, advice, consult and support activities of the Board of Directors/General Meeting of Shareholders in accordance with the laws and Company's Charter.



REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS IN 2018

No.	FULL NAME	Income from Salary	Income from Bonus	Income from Remuneration	Total
I. BOARD OF DIRECTORS					
	Mr. Nguyen Ba Duong	58.42%	18.06%	23.52%	100.00%
	Mr. Nguyen Sy Cong	57.40%	20.03%	22.58%	100.00%
	Mr. Nguyen Quoc Hiep	0.00%	0.00%	100.00%	100.00%
	Mr. Talgat Turumbayev	0.00%	0.00%	100.00%	100.00%
	Mr. Tran Quyet Thang	0.00%	0.00%	100.00%	100.00%
	Mr. Tan Chin Tiong	0.00%	0.00%	100.00%	100.00%
	Mr. Yerkin Tatishev	0.00%	0.00%	100.00%	100.00%
II. BOARD OF SUPERVISORS					
	Mr. Luis Fernando Garcia Agraz	0.00%	0.00%	100.00%	100.00%
	Mr. Dang Hoai Nam	56.26%	16.99%	26.75%	100.00%
	Mr. Nguyen Minh Nhut	0.00%	0.00%	100.00%	100.00%
III. BOARD OF MANagements					
	Mr. Tran Quang Quan	73.78%	26.22%	0.00%	100.00%
	Mr. Tu Dai Phuc	70.04%	29.96%	0.00%	100.00%
	Mr. Phan Huy Vinh	70.35%	29.65%	0.00%	100.00%
	Mr. Vo Thanh Liem	70.69%	29.31%	0.00%	100.00%
	Mr. Tran Van Chinh	73.13%	26.87%	0.00%	100.00%



REPORT OF THE BOARD OF DIRECTORS



SHARES TRANSACTION OF INSIDERS AND RELATED PARTIES

No.	Transaction performer	Insider/ Related party	Number of shares owned at the period beginning (from the time of starting to become an insider)		Number of shares owned at the end of the period		Reason of increase/ decrease (purchase, sell, convert, reward ...)
			Amount of shares	Ratio	Amount of shares	Ratio	
1	Talgat Turumbayev	Internal shareholder	964,150	1.23%	1,590,150	2.03%	Purchase of increased ownership - recorded on January 24 th , 2019



EVALUATION OF THE BOARD OF DIRECTORS ON THE OBJECTIVES OF THE GENERAL MEETING OF SHAREHOLDERS



AS A LEADING COMPANY FOR MANY YEARS, COTECCONS HAS CONTINUOUSLY IMPROVED ITS MANAGEMENT SYSTEM, THEREBY IMPROVING THE QUALITY OF WORKS, EXPANDING BUSINESS LINES, AND ENHANCING TRANSPARENCY IN OPERATIONS IN ORDER TO BRING MORE VALUE TO CUSTOMERS, SHAREHOLDERS AND EMPLOYEES OF THE COMPANY.



TOTAL ASSETS

16,823,061,946,342

VND

CONSOLIDATED REVENUE

28,561

VND BILLION

With the orientation from the Board of Directors and the operation from the Board of Management, the Company has fulfilled its objectives, including sales plan, profit, dividend payment, stock issuance for key personnel of the Company, expanding the operation area, strengthening the system, improving technology.

By the end of 2018, the Company had completed its objectives, detailed as follows:

The implementation of financial targets

Total assets as of December 31st, 2018 reached VND 16,823 billion, an increase of 6% compared to 2017. Consolidated revenue reached VND 28,561 billion, after-tax profit of shareholders from the parent company reached VND 1,510 billion, completing the plan proposed by the General Meeting of Shareholders. Completing the revenue and profit plan in the difficult context of the real estate market in general and construction enterprises in particular is considered a success of Coteccons in 2018. This is also the third year in a row that Coteccons ranks among enterprises with profits over VND 1,000 billion, which is considered a respectable achievement due to the current status of construction being affected by macro factors from the real estate market.

Dividend payment in cash

In order to continue fulfilling the commitment to bring more value to the investors, in August 2018, the Company had paid cash dividends of 2017 to shareholders with the payment of VND 5,000/share (equivalent to 50% of par value). With this dividend payment rate, Coteccons continues to be the highest dividend payment company in the construction industry and one of the highest dividend payment companies in Vietnam's stock market.

Policy of issuing shares to employees

According to the Resolution of the General Meeting of Shareholders, at the end of 2018, the Board of Directors approved the Resolution and issued 900,000 preferential shares for 165 employees of the Company and the issuance was implemented in the first quarter of 2019. This is a practical and timely remuneration policy to increase the cohesion of key personnel, to strive and develop with the Company.

Revoked ESOP from resigned employees and resold to other key personnel in the Company

In 2018, the Company clawed back ESOP from resigned employees. The total number of shares revoked is as follows:

- » Number of shares revoked and resold: 91,631 shares.
- » Exercised price: The revoked price is equal to the issue price.

CASH DIVIDENDS OF 2017 TO SHAREHOLDERS

5,000

VND/SHARE
(EQUIVALENT TO 50% OF PAR VALUE)





REPORT OF THE BOARD OF DIRECTORS

Purchase of treasury shares in 2018

Implementing the resolution of the board of directors, the company had re-purchased 2,717,840 shares for treasury stocks to stabilize prices, as share prices on the stock market tended to decrease tremendously. This action has created stability for CTD stock prices in the market.

Evaluation of the board of directors in 2018

Despite the Company completing the Business Plan as stated in the Report of the Board of Management, the Board of Directors found that there are still many shortcomings in operation, including:

- » The level of contribution in management and support of production and business activities of some members in the Board of Directors toward the Board of Management is limited.
- » Due to the characteristics of the Board of Directors' members being in many different locations, a number of decisions requesting for approval of the Board of Management are delayed.
- » The Subcommittees have not demonstrated fully the role of advising the Board of Directors on specialized issues.



SUPERVISION REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF MANAGEMENT



ORGANIZATION STRUCTURE AND TRAINING PERSONNEL



THE BOARD OF MANAGEMENT ALWAYS FOCUSES IN THE TRAINING AND DEVELOPMENT OF QUALITY OF THE EVER-GROWING HUMAN RESOURCE TEAM, WHICH HAS THE ABILITIES TO TAKE ON LARGE AND TECHNICALLY COMPLICATED TASKS.



The Board of Management maintains the organization structure including General Director and 05 (five) Deputy General Directors. However, there has been major changes in the operating method. The Board of Management has re-assigned the responsibilities based on each functional division, including Project Operations, M&E Project Operations, Economic - Finance, Investment, Technology - Technical and the Internal Affairs Division in order to increase work efficiency. In 2018, the Internal Affairs Division was established, alongside with the

appointment of the Chief Operations Officer to optimize the activities of departments such as the Administration, Human Resource Management, Legal Board, and the System Board...

In parallel with the recruitment work, the Board of Management continue to focus on the training and development of human resource, which has the ability to take on large and technically complicated tasks.





REPORT OF THE BOARD OF DIRECTORS

TRANSPARENCY MANAGEMENT



- » The improvement of the Company structure not only increases work efficiency but also enhances the transparency of Coteccons. In particular, the establishment of the Procurement Department which aims to increase operational efficiency and transparency in purchasing and contracting with suppliers and subcontractors. On the other hand, the Workforce Building & Development Department has succeeded in developing, integrating and improving subcontractors' teams.
- » Information disclosure to the market in accordance with the law is also implemented accurately and promptly by the Board of Management. In addition to the financial information disclosed on a quarterly basis, the Company constantly updates the operation status of the signed contracts and the progress of projects under construction through the Company's website. Press conferences and meetings with shareholders held regularly to provide information to the investors.

BREAKOUT WITH THE APPLICATION OF ADVANCED TECHNOLOGY



- » In 2018, the Board of Management promoted the application of advanced technologies to improve construction efficiency and create competitive advantages for the company. Especially, BIM one of Coteccons preminent strengths when Landmark 81 project won the second prize of 2018 Tekla Bim Award Asia with high technical score.
- » Technical improvements are continuously encouraged by the Board of Management at the office and on the site. The 2018 Coteccons Ideas contest has been enthusiastically accepted by staff members, with hundreds of entries with practical improvement ideas such as Acotec wall panels or assembly structures.

SUMMARY

The Board of Directors assessed that the Board of Management in 2018 had successfully implemented the strategic objectives set by the General Meeting of Shareholders and the Board of Directors. Beside focusing on core business and promoting the strength of construction capacity, the Board of Management had always been dynamic and creative, constantly seeking for opportunities to boost sales, reduce costs and enhance operational efficiency. The Board of Management had coordinated well with the Board of Directors, Board of Supervisors and Internal Audit Board to improve the model and the transparency in the Company's operations.





2019 STRATEGIC ORIENTATION PLAN OF THE BOARD OF DIRECTORS



According to the analysis of external business environment factors and the strong internal capabilities of Coteccons, the Board of Directors sets out business plans for 2019 and the following operational directions:



Focus on core business activities development, maintain the position of number one contractor in Vietnam.



Improve the management and operation of the Subcommittees of the Board of Directors.



Reconstruct the Governance regulations and the Company's Charter, supervise compliance with the laws, regulations and provisions on information disclosure to ensure equality for shareholders.



Support and promote the activities of the Board of Management through employees encouraging policies, create maximum personnel development mechanisms, supplement resource for the Board of Management to achieve the set objectives.



Supervise the use of capital in investment, enhance the value for shareholders beside construction activities.



Focus in business expansion orientation, along with risk control duties.



REPORT OF THE BOARD OF DIRECTORS

RISK MANAGEMENT



OVERVIEW



CONSTRUCTION IS A SECTOR AFFECTED BY MANY FACTORS SUCH AS LAW, FINANCE, MARKET, CUSTOMERS, GEOGRAPHIC LOCATION, MATERIALS, PERSONNEL, LABOUR AND SAFETY, LEADING TO POTENTIAL RISKS AT DIFFERENT LEVELS. COTECCONS HAS BUILT AND DEVELOPED THE ENTERPRISE RISK MANAGEMENT SYSTEM (ERM) WITH METHODS AND TOOLS DESIGNED TO ENSURE RISKS IDENTIFIED, CLASSIFIED, EVALUATED AND CONTROLLED WITH SUITABLE MEASURES. THE RISK MANAGEMENT SYSTEM OF COTECCONS IDENTIFIES AND ANALYSES KEY RISKS, THEREBY HELPING:



-  Ensure the achievement of the goals and plans;
-  Maintain the values, assets and reputation of Coteccons;
-  Support decision-making processes and procedures;
-  Ensure operational strategies are consistent with core values;
-  Share common evaluation on risks to all employees.



THE INTERNAL AUDIT BOARD



THE INTERNAL AUDIT BOARD HAS THE RESPONSIBILITIES AS AN INDEPENDENT BODY OF THE COMPANY, WHICH OPERATES UNDER FOLLOWING KEY OBJECTIVES:



-  Evaluate and analyse the enterprise risk management system;
-  Evaluate, consult, complete processes, regulations and methods of internal operations;
-  Supervise the compliance process of the internal control system;
-  Supervise the financial report process.

The Internal Audit Board has been conducting audits according to critical risks identification, which has major influences on the operation and finance of the Company. The content of audit includes different aspects from personnel organization, internal finance and operational efficiency related processes and regulations. Based on collected and analysed results of audits, the Internal Audit Board proposes recommendations to enhance the management system and prevent potential risks, and improve the control of professional operations.





REPORT OF THE BOARD OF DIRECTORS

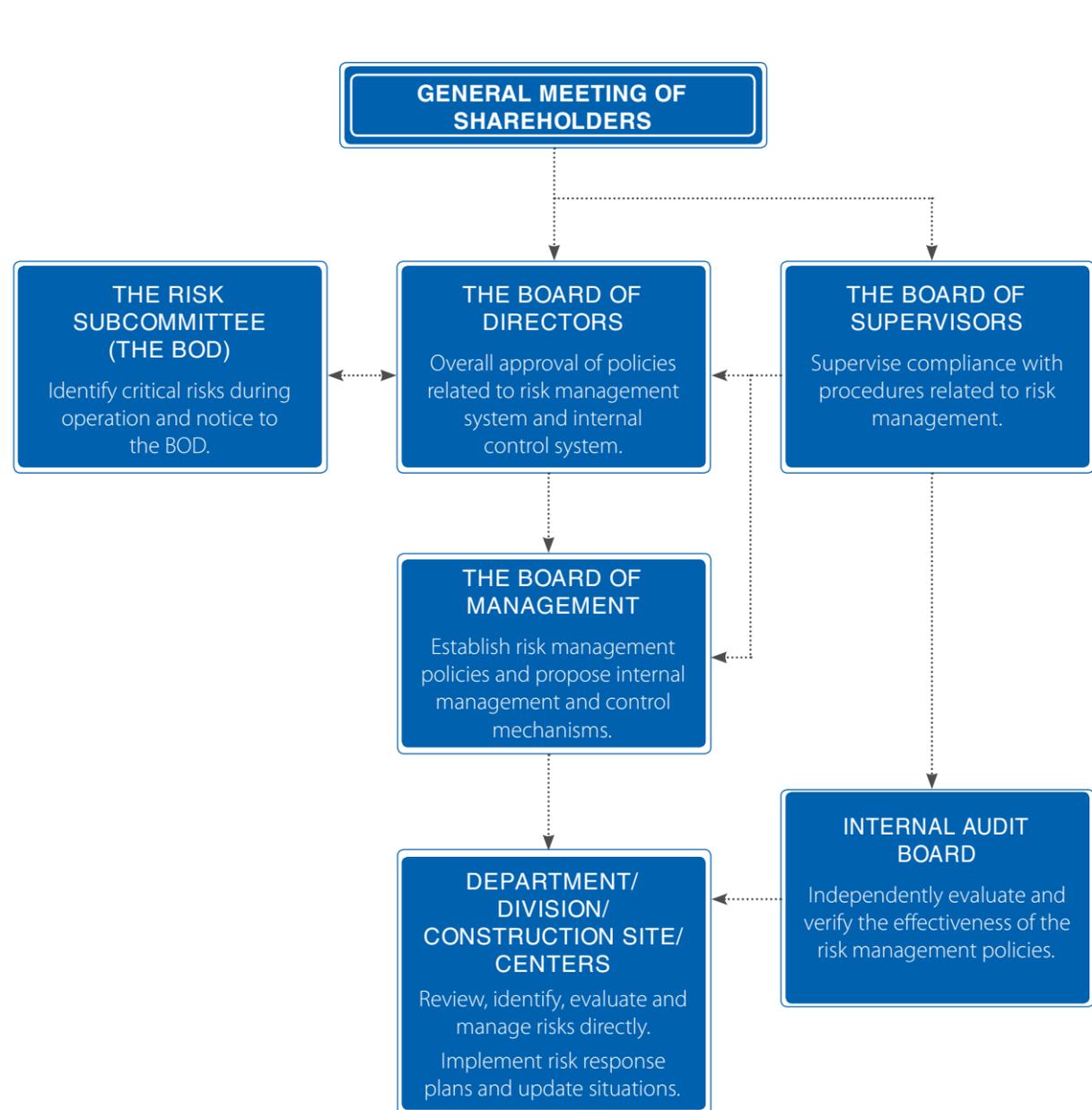
APPROACHING METHOD IN RISK MANAGEMENT OF COTECCONS



Risk management structure



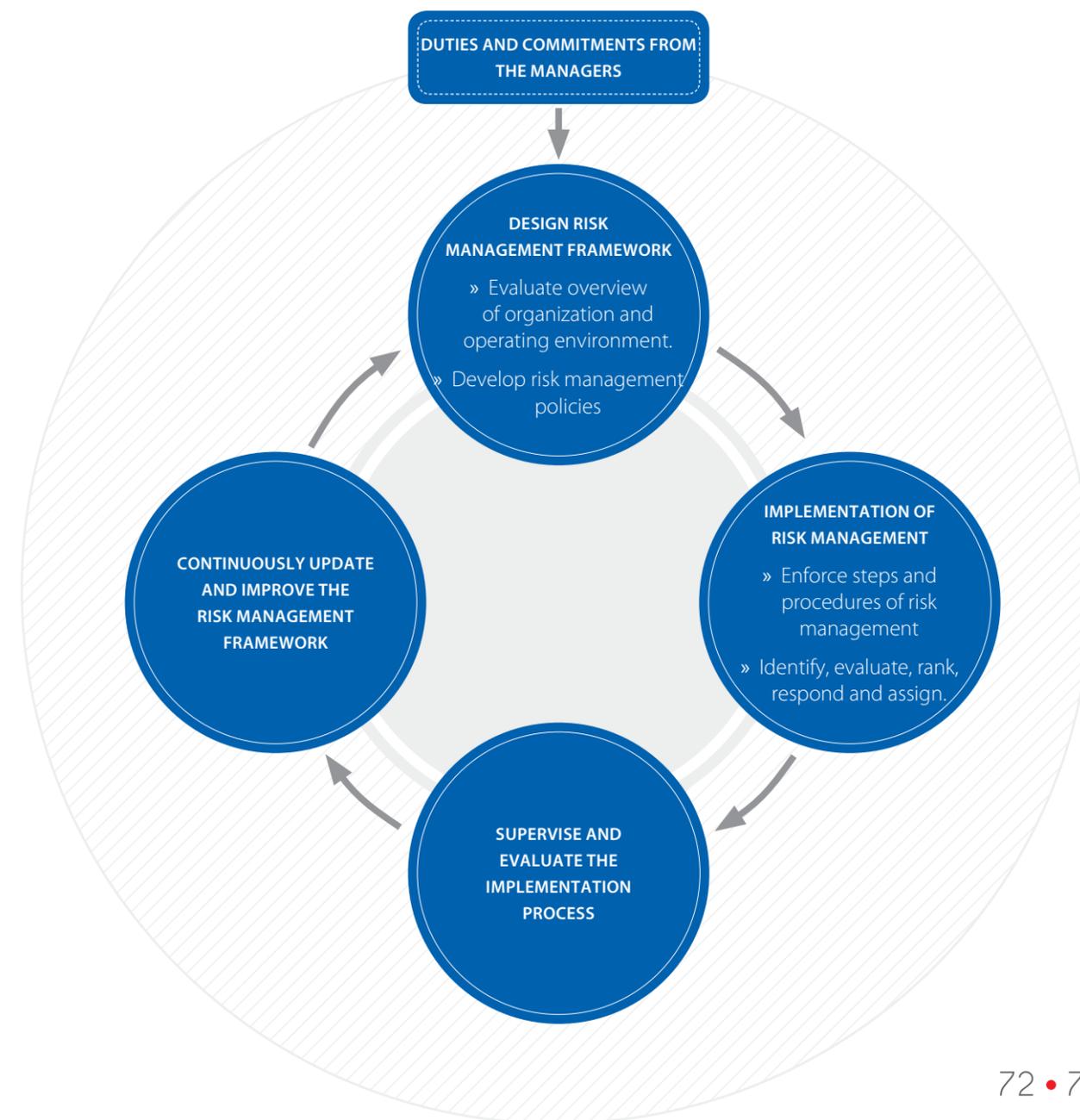
THE RISK MANAGEMENT POLICIES OF COTECCONS COVERS THE MANAGEMENT OF EVERY OPERATING UNIT. THE CONTINUOUS IMPLEMENTATION TO IDENTIFY RISKS ENSURES, UPDATED, RISK REGISTERS TO FACILITATE THE DEVELOPMENT OF TIMELY RESPONSE PLANS.



Risk management method



THE RISK MANAGEMENT SYSTEM OF COTECCONS BASED ON THE MOST ADVANCED INTERNATIONAL KNOWLEDGE AND STANDARDS, INCLUDING: ISO 31000:2018 AND COSO RISK MANAGEMENT AND ENTERPRISE RISK MANAGEMENT — INTEGRATING WITH STRATEGY AND PERFORMANCE (2017).





REPORT OF THE BOARD OF DIRECTORS

MAJOR RISKS



RISKS DIVIDED INTO FOUR MAIN AREAS INCLUDING STRATEGY, OPERATION, FINANCE, COMPLIANCE & LAW.



STRATEGY RISKS

RISKS FROM CONSTRUCTION AND REAL ESTATE MARKET



2018 was a volatile year of the real estate market with changes in external macro factors, along with supply imbalances in many segments. This has caused many difficulties for enterprises operating in the construction sector and affected the revenue and profit targets of the Company. In addition, the risk within the real estate market has affected the development of projects and finance of the Investor, causing certain difficulties for the Company's source of work, and debt collection.

Adapt timely to market trends and identify the potential business segments.

Focus on the factory-building segment with the transfer of foreign investment capital into Vietnam.

Strongly promote creativity and improvement in construction and management methods, build a closed supply chain in the construction sector, strengthen the potential of Design & Build project models, aim to optimize costs for the Investors, create quality products and be capable of attracting the market consumption level.

➤ Risk response

Keep abreast with the real estate market and construction sector status in Vietnam; regularly have analysis and evaluation.

Expand to seek potential and effective investment opportunities.

REPUTATION RISKS



Coteccons' leading position in the construction industry affirmed for many years through a professional and sincere working ethic towards customers and partners, ensuring quality and progress. However, in the current age of information technology, the confidence of the investors, customers, partners and the spirit of employees could be affected in the short term by unreliable sources of information. Such risk in reputation might come from the Company itself or from a third party.

➤ Risk response

Strictly comply with the provisions of the law, accelerate the control activities, constantly improve and improve the work quality, fulfill commitments with customers is an effective way to build and maintain the brand's strength. Enhance communication and control or mitigate against inaccurate information affecting the reputation and brand of the Company.



REPORT OF THE BOARD OF DIRECTORS



OPERATION RISKS

RISKS FROM WORK SAFETY

The biggest potential risk of the construction industry has always been work safety due to heavy outdoor work of many workers. Influenced by many factors; weather, work at height, confined space, heavy machinery equipment and fast track construction schedule. Work accidents are at high risk if not controlled by effective labour safety management systems. When there is a work accident, it would not only be human losses, but also reduce the credibility of the Investor, the consulting company and the Company's reputation in the market. In 2018 and 2019, with the further expansion of construction sites across many regions, work safety risk prevention has always been a top priority.

➤ Risk response

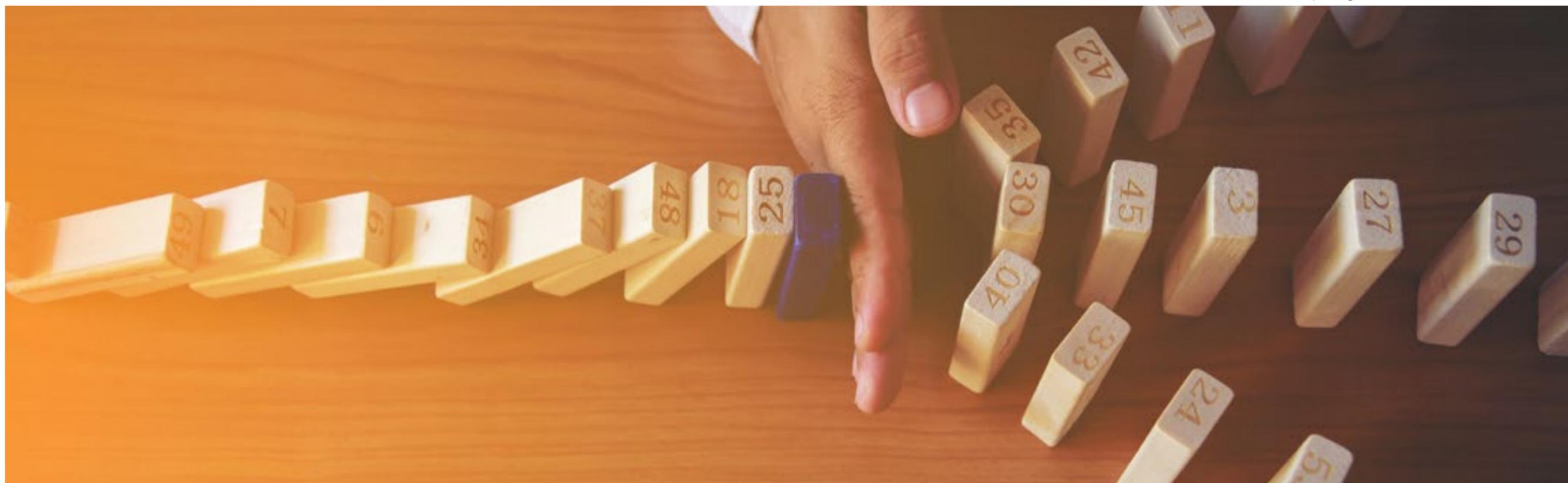
The Company's Safety Board constantly improves and enhances the mindset through the promulgation of Regulations and Provisions on work safety, always upholds the "Safety is first" slogan. Furthermore, the Company has established Work Safety manuals and invested in E-learning programs on work safety to enhance awareness and practice training for the employees working at construction site. Safety controls at construction sites continuously improved, with the application of monthly and quarterly evaluations.

TENDER RISKS

Tender is the first stage of a project, when Coteccons demonstrates its strategy and competitive advantages compared to competitors. However, with the current changes in the real estate and construction market, tendering is becoming a bigger challenge for construction companies. Bidding between construction contractors is becoming more and more competitive, not only in terms of price but in the control of input information, data calculations in a short period of time and unhealthy competition methods. Timely adaptation and quick response with optimized tendering is one of Coteccons' top priorities.

➤ Risk response

Continuously update information from the market, analyze and evaluate the strengths and weaknesses of competitors to ensure the proactive and appropriate bidding strategies. Gather the synergies and strengths of the relevant departments in the Company such as Technical Division, Equipment Department, Cost and Contract Management Department. To provide reasonable bidding value and suggest improvements and construction methods with appropriate quantity according to customer demand. On the other hand, apply computational software to enhance accuracy, shorten the quotations progress and provide early submittal of bidding packages to the Investors.





REPORT OF THE BOARD OF DIRECTORS



EXTERNAL MARKET RISKS



The new effective salaries and insurance policies from the beginning of 2018 have had impacts on the labour costs and significantly affected the construction sites cost. Furthermore, the input price of construction materials such as iron and steel, sand and stone has many fluctuations, which affects the projects' financial goals and the Company's profits.

➤ Risk response

Promote the procurement management and centralized subcontracting model for the main materials at the construction site; use the financial advantages to reduce

the price of materials input. Forecast the market price situation, actively implement contracts to early buy and import essential materials and equipment for the project. Improve negotiations and decisions on price-keeping terms, control inflation rate with the Investor, thereby having a plan to purchase and order to prevent risks of price fluctuations. Actively seek new sources with good quality and reasonable prices, limit the monopoly supply status.

Upgrade the construction organization model with the participation of subcontractors, limiting construction teams at projects.

RISKS FROM HUMAN RESOURCE



The risk from Human resource is high, affecting the stability of organizational structure as well as activities of the Company, as people are the core factor in the operation and development of the Company. One of the major challenges is to ensure a dynamic and effective working environment, build a development career path for each individual, and attract potential talent with a willing to learn attitude that will ensure a sustainable future of the Company.

➤ Risk response

Continuously improve the welfare regime for all employees, develop effective remuneration policies for groups and individuals, associated with capacity and work performance. Furthermore, enhance the employees' welfare by implementing health insurance for employees and their family members.

Coteccons' Trade Union has engagement programs and regularly visit the Site management teams, especially far away construction sites with many hardships and unfavorable conditions. In addition, actively acknowledge employees having difficult circumstances and provide timely support. Community activities are held throughout to connect Coteccons family members together.

The human resource training and development focused from junior staff to senior management personnel. The training programs are intuitive, lively and wide spread to help improve capacity as well as ensure the development of staff personal career paths.



FINANCE RISKS

RISKS FROM LATE PAYMENTS



The capital recovery in construction activities is an important issue to ensure the financial efficiency of the project. Late payments come from many reasons such as slow consumption of the Investor's products, difficulties in mobilizing capital, legal issues and investment policies. This leads to the situation where the Investor might extend the payment terms and appropriate the contractor's capital. In addition, factors from the general fluctuation of the real estate market and bank credit policies for real estate operation also affect Investor's late payments to the Company.

➤ Risk response

Research and evaluate the financial status, the products consumption potential of the Investors to decide to participate in bidding. At the same time, the Company requires strict regulations and carefully negotiates payment related terms of contract in the quotation documents preparation process.

The Company's Financial Supervisory Board combined with the Finance and Accounting Department, the Cost and Contract Management Department and the Legal Board for periodical financial control of the cash flow, late payments and settlement payments for timely intervention and solution.



RISKS FROM CAPITAL MANAGEMENT



In the recent times, Coteccons has accumulated a large amount of cash, which ensures high liquidity and project progress. At the same time, optimize the efficiency of capital management is a very focused issue of the Company.

➤ Risk response

Coteccons focuses on researching solutions to maximize profitability from the Company's finance. The Investment Board regularly researches and proposes investment plans to increase the value of the Company's capital. The establishment of Covestcons - a company specializing in investment is to increase investment activities of the Company, contributing to building long-term values.



RISKS FROM NON-COMPLIANCE

RISKS FROM LEGAL POLICIES



Legal documents and regulations related to the Company's operations are constantly updated and replaced, it requires the Company to keep track of updates and make necessary and timely adjustments. Coteccons always upholds legal compliance and operates responsibly to the community and society.

➤ Risk response

Coteccons' Legal Board constantly updates its knowledge and in-depth understanding of policies, laws and economic policies. This is the basis for obtaining proper evaluation and providing advice for the Company's departments. In addition, the Company cooperates with experienced and competent lawyers and law firms to consult, analyze, evaluate and support when necessary.

RISKS FROM CONTRACTS



Coteccons' business operations are closely related to dealing with the Investors, suppliers, subcontractors and employees through contract transactions. An underestimation of contracts would lead to legal gaps due to a lack of information or impossibility in defining responsibilities of the parties, from terms of legal documents, scope of work to financial issues such as payment settlement and inflation. These factors are the causes of disputes and litigation between the parties.

➤ Risk response

Each of the Company's contracts go through multiple risk control and evaluation rounds, from the Tender Department, Cost and Contract Management Department, the Finance and Accounting Department to the Legal Board. The Company has built a classification system depending on the form, scale and nature of each contract in order to be able to strictly control information and contract terms but also optimize operating time to improve operational efficiency. In particular, a contract with the Investor would be undertaken by the assigned Contract Department personnel to review and comment independently to minimize potential damage that might affected the Company.



REPORT OF THE BOARD OF DIRECTORS

ORIENTATIONS FOR 2019



Enhance the development and improve the risk management system of the Company.



Continuously update and develop the Company's risks portfolio with in-depth analysis and evaluation to support decision-making and proposing response plans.



Research and develop the most advanced risk management skills and training programs.



Update knowledge from risk management experts to identify points of improvement.

• S O U T H E A S T • A S I A • CONSTRUCTION

SEPTEMBER - OCTOBER 2018



Cover Story:

Landmark 81 tower in Ho Chi Minh City

Features:

Construction of Raffles City Hangzhou

Hamm power hybrid roller

Puskás Ferenc Stadium prepares for Euro 2020



BOARD OF SUPERVISOR REPORT

INTRODUCTION OF THE BOARD OF SUPERVISORS IN 2018



▶ Mr. **LUIS FERNANDO GARCIA AGRAZ**

Head of Board of Supervisors
Year of birth: 1970
Nationality: Mexican

Graduated as a Master in Business Administration from the University of Texas in Austin, USA and has 26 years of experience in enterprise executive management.

2002 – 2014: He 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 Acerostérmicas S.A. de C.V., Associate Director of Electronic Communication Technologies in Building Materials Corp., and Administrative and Planning VP of HT 360 Consortium S.A.

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

In June 2017, Elected as the Head of 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

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 21 years of experience in financial accounting management.

From 1998 to 2006, He worked as the Accountant Ba Ria – Vung Tau Petrolimex Company, FDC Company and 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 Board.

Since June 2017, Elected as the member of the Board of Supervisors of Coteccons for the term 2017 – 2022; Follow the assignment of Board of Supervisors, He is also in charge of the Head of Internal Audit Board.



▶ Mr. **NGUYEN MINH NHUT (JACK)**

Member of the Board of Supervisors
Year of birth: 1971
Nationality: Canadian

Graduated as a BA (Hons.) in Chartered Accountancy at the University of Waterloo, Canada and licensed with the Canadian Certificate of Chartered Accountant.

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

In June 2017, Elected as the member of the Board of Supervisors of Coteccons for the term 2017 – 2022.





BOARD OF SUPERVISOR REPORT

BOARD OF SUPERVISORS REPORT



IN 2018, THE BOS HOLDS REGULAR MEETINGS TO REVIEW AND EXAMINE THE RESOLUTIONS AND ACTIVITIES OF THE BOARD OF DIRECTORS, THE FINANCIAL STATEMENTS; AND TO REVIEW AND SUBMIT TO BOD FOR CHOOSING THE INDEPENDENT AUDIT COMPANY FOR AUDITING THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE FISCAL YEAR 2018.



The world economy has had stable development in first 6 months of 2018, however, new developments, involving trade conflict between large nations affected the economic growth of the world. In 2018, there were also positive changes in Vietnam's economy including stable interest rates, declining inflation rate, well-controlled capital, and continuously high levels of FDI inflows.

The Board of Supervisors ("BOS") agrees with the financial figures about the business operation results of 2018 in the Board of Directors' report presented to our Shareholders, and the financial statements audited by PwC Vietnam Co., Ltd.

THE OPERATION OF THE BOARD OF SUPERVISORS AND INTERNAL AUDIT BOARD



The operation of the Board of Supervisors

The membership of BOS elected in the Annual General Meeting of Shareholders for the term 2017-2022. 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
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%	

In 2018, the BOS holds regular meetings to review and examine the resolutions and activities of the Board of Directors, the financial statements; and to review and submit to BOD for choosing the independent audit company for auditing the financial statements of the Company for the fiscal year 2018. 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, construction sites of the Company.

No.	Meeting date	Content
1	7 th Apr 18	<ul style="list-style-type: none"> » Review the consolidated financial statements of 2017. » Discuss about selection independent auditor for 2018. » Examine the business operation of the Company and its opportunities and challenges.
2	03 rd May 18	<ul style="list-style-type: none"> » Discuss with the independent audit Company proposals for auditing the financial statements of the Company for the fiscal year 2018. » Discuss related party transactions.
3	05 th Jun 18	<ul style="list-style-type: none"> » Choose the independence audit Company for auditing the financial statements of the Group for the fiscal year 2018 and submit to BOD for approval.
4	07 th Dec 18	<ul style="list-style-type: none"> » Examine the business operation of the Company and the implementation of Annual General Meeting's resolution. » Review the consolidated financial statements for the 9-month 2018. » Approve the draft BOS report in 2018 and submit to Annual General Meeting in year 2019.

Supervision of the activities of the Board of Directors, Board of Management and Shareholders



Review the implementation of Annual General Meeting's resolution. Supervise the implementation of Annual General Meeting resolution.



Review the consolidated financial statements of 2017 and the quarterly financial statements in year 2018.



Supervise the business operation of the Company and its opportunities and challenges.

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



Review and submit BOD for appointing the independent auditor for 2018.



Review the overall risk management activities of the Group and make recommendation to the Board of Management through Internal Audit Board.



BOARD OF SUPERVISOR REPORT



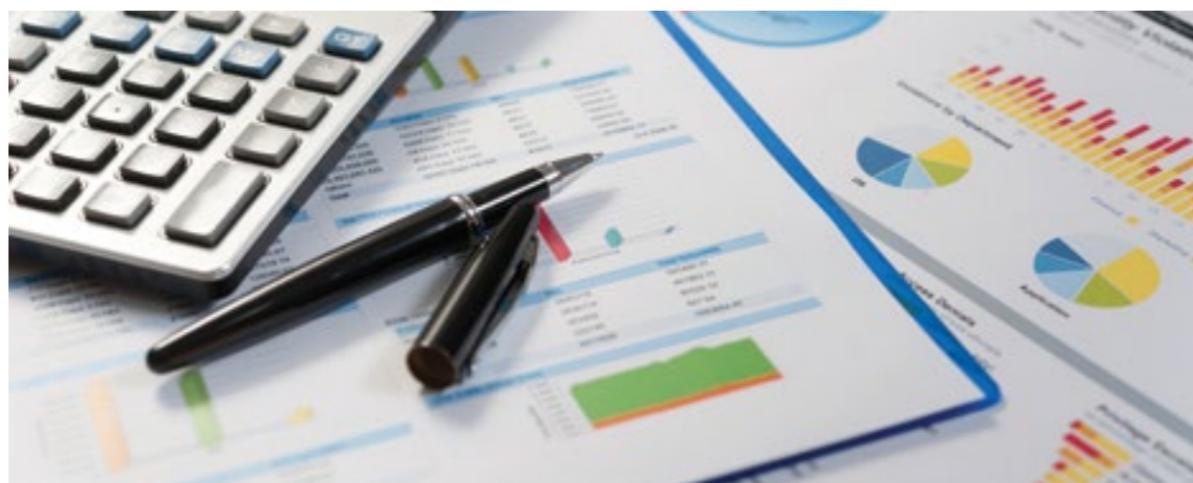
THE EVALUATION ON SOME PRIMARY FINANCIAL INDICATORS OF THE CONSOLIDATED FINANCIAL STATEMENTS

No.	Indicator	Unit	2017	2018
I Profit margin				
1	Gross profit margin	%	7.5%	6.4%
2	Profit before tax/ Revenue ratio	%	7.6%	6.6%
3	Profit before tax/ Equity ratio	%	28.2%	23.5%
4	Profit before tax/ Total assets ratio	%	13.0%	11.1%
II Efficiency ratio				
1	Inventory turnover days	Day	23	23
2	Accounts receivable turnover days	Day	63	94
3	Accounts payable turnover days	Day	57	71
4	Working capital turnover days	Day	69	78
III Liquidity				
1	Current ratio	Turn	1.7	1.7
2	Quick ratio	Turn	1.4	1.6
3	Leverage	%	54%	53%

In 2018, the Company achieved revenue of VND 28,561 billion and profit of VND 1,510 billion, completing the plan. However, due to some objective reasons of the industry, it reduces the gross profit of the Company, leading to lower profitability ratios this year than in 2017.

The indicators of asset use efficiency also fluctuate in a non-positive direction, especially the average number of days of collection of the Company is significantly prolonged compared to the previous year. The company should focus on controlling risks that may arise due to overdue receivables.

Liquidity indicators remain reasonably high and safe.



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

- » In accordance with the Annual General Meeting's resolution, PwC Vietnam Co., Ltd appointed as the independent auditor for the financial statements of the year 2018. The Company has prepared and presented all consolidated financial statements in a timely manner in compliance with the current Vietnamese Accounting Standards and Vietnamese Accounting System for enterprises.
- » Paid dividend of 2017 in cash with the rate of 50% of par value (VND5,000/share).
- » Completed the 21st amendment of Company's Business Registration Certificate.
- » Investment activities and efficient use of capital mobilized, which were issued in the previous time are matters that need to be discussed and implemented to increase the value of shareholders.
- » Other contents (mentioned in the AGM 2018 Resolution) have not been implemented, propose the BOD to implement in the next Annual General Meeting:
 - » Approved the revision of Corporate Governance Regulations.
 - » Amended some articles of the Company's Charter.
 - » Submitted the plan for merging member companies.



RECOMMENDATION

- » In 2019, the real estate and construction market will be unpredictable. Therefore, the Company needs to study, analyze and evaluate the effects of macro factors, market, changes in state policies, to business activities and develop appropriate scenarios and action plans.
- » It is essential to continue developing effective corporate governance by amend mending Corporate Governance Regulation, and to focus on risk management practice in order to ensure the shareholders' benefits and the Company's sustainable development.
- » The Boards of Directors need to study, discuss and work out the development strategy and submit to AGM for approval and implementation, in order to expand business operation and push growing in revenue and profit, especially the strategy to utilize the capital, investment to expand the construction ecosystem to gain benefit for Coteccons.
- » The growth and expansion of Company's business activities link to potential risks. Therefore, the Company should strengthen the risk control activities (legal, finance) during its operation.
- » The receivables are tending to increase, The Board of Management should strengthen control activities, request Clients for payment on time in order to limit the doubtful receivable risks.

INCREASE PRODUCTIVITY

Effective operation

Productivity Improvement is the orientation of the Board of Management to promote the Company's **operations** more and more **effectively**. Implementing the KPI system to evaluate and measure performance results has enhanced the awareness and actions of each department and individual.



HOA PHAT DUNG QUAT - PRODUCTION COMPLEX
ONE OF THE TOP 50 STEEL ENTERPRISES IN THE WORLD



REPORT OF THE BOARD OF MANAGEMENT

INTRODUCTION OF THE BOARD OF MANAGEMENT



The Board of Management includes 01 General Director and 05 Deputy General Directors.



(see Introduction of the Board of Directors, page 53)

▶ Mr. **NGUYEN SY CONG**

General Director
Year of birth: 1970
Nationality: Vietnamese



Graduated as Construction Engineer from the Hanoi University of Construction.

He has more than 35 years of experience in the construction industry. He held the position of Enterprise Director and Company Director at the units under Song Da Construction Corporation.

Moving to Coteccons in 2007 as Director of Construction, and in 2009, appointed Deputy General Director in charge of Hanoi Office and some projects in the North of Vietnam.

▶ Mr. **TRAN VAN CHINH**

Deputy General Director
Year of birth: 1959
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 21 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, promoted to become the Deputy General Director of Construction, Assembly and Labour 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.

▶ Mr. **TRAN QUANG QUAN**

Deputy General Director
Year of birth: 1973
Nationality: Vietnamese



Graduated from Water Resources Engineering major at ThuyLoi University.

He has over 20 years of experience in construction industry. He took the position of Technical Supervisor and Project Manager at Light Industry Construction Company No. 2; the position of Project Manager, Construction Division Director, Deputy General Director at Coteccons Construction Joint Stock Company. From 2008 to 2015, promoted to Deputy General Director, General Director of Phu Hung Gia Investment Construction JSC - precursor of Ricons Construction Investment Joint Stock Company.

Appointed to Deputy General Director of Coteccons on 1st September 2015. He is currently in charge of MEP Division and other departments/functions of the Company.

▶ Mr. **PHAN HUY VINH**

Deputy General Director
Year of birth: 1972
Nationality: Vietnamese



REPORT OF THE BOARD OF MANAGEMENT



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

He worked at Southern Design Company A.S.C.A, then as Team Leader in Architectural Design at V.C.C.

From 2002, he moved to Cotecons 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 Cotecons. At present, he takes charge of Investment activities and Design & Build projects of the Company.

► Mr. **TU DAI PHUC**

Deputy General Director
Year of birth: 1975
Nationality: Vietnamese



He has 18 years at Cotecons with different positions ranging from Project Manager, Project Director to Construction Division Director. Through a strong experience with megaprojects, specializing in industrial factories and high-rise buildings that required excellent deliverables, he has proved his competency and ability. Known as an out-going and passionate leader who kindles the fire of motivation for his employees, contributing to the success of various projects. On 28 Sept 2017, he officially became a Deputy General Director of Cotecons, in charge of construction, investors' relation promotion and expansion.

► Mr. **VO THANH LIEM**

Deputy General Director
Year of birth: 1977
Nationality: Vietnamese





REPORT OF THE BOARD OF MANAGEMENT

A HIGHLIGHT OF OUTSTANDING EVENTS IN 2018



9TH MAR 2018

Coteccons officially topped out the Landmark 81 project, one of the top ten tallest buildings in the world at that time. 9th April: completed the steel tower (Spire), officially marking the height of 461.2m. August: completed the installation of the antenna on top of Landmark 81, reaching its maximum height of nearly 470m.



13TH MAR 2018

Topped the ranking in the Top Prestigious Construction Contractors announced by Vietnam Report.



22ND MAR 2018

For the 3rd consecutive year, Anphabe honored Coteccons Group as the Best Working Environment in Vietnam Construction Industry.



7TH JUN 2018

Awarded as "Vietnam's 50 Best-Performing Companies" for the fifth time in a row.



REPORT OF THE BOARD OF MANAGEMENT



22ND JUN 2018

Received the Tekla Bim Award Asia Award and became the Asian runner-up in 2018.



3RD AUG 2018

One of the top 50 enterprises paying most taxes in 2017 announced by the General Department of Taxation.



25TH JUN 2018

Appointed Mr. Le Chi Trung as the General Director of Unicons.



29TH OCT 2018

Australian Ambassador in Vietnam visited Coteccons Group.



26TH JUL 2018

Continued to be in the Top 50 Listed Companies by Forbes Magazine.



1ST DEC 2018

Honored as Top 12 Enterprises with the best financial index for 3 consecutive years (2016-2018) by the Vietnam Chamber of Commerce and Industry (VCCI), the Enterprises Forum Newspaper and the Institute of Business Studies and Development (INBUS).



REPORT OF THE BOARD OF MANAGEMENT



HIGHLIGHTED FINANCIAL INDICATORS

CONSOLIDATED BUSINESS RESULTS



Indicator (VND billion)	2013	2014	2015	2016	2017	2018	CAGR
Revenue	6,190	7,634	13,699	20,783	27,177	28,561	36%
Profit before tax	393	464	927	1,762	2,060	1,873	37%
Profit after tax	280	357	733	1,422	1,653	1,510	40%
Profit after tax attributable to Shareholders of the Parent Company	257	327	666	1,422	1,653	1,510	42%

SHAREHOLDERS' INCOME



Indicator (VND billion)	2013	2014	2015	2016	2017	2018	CAGR
Earnings per share	6,103	7,769	10,708	20,669	20,436	18,357	25%
Dividend in cash (%/ share capital)	20%	50%	55%	50%	50%		

CONSOLIDATED BALANCE SHEET



Indicator (VND billion)	2013	2014	2015	2016	2017	2018	CAGR
Total assets	4,552	4,863	7,815	11,741	15,877	16,823	30%
» Current assets	3,996	3,636	6,486	9,943	14,323	15,323	31%
» Non-current assets	556	1,227	1,329	1,798	1,554	1,500	22%
Liabilities and Owners' Equity	4,552	4,863	7,815	11,741	15,877	16,823	30%
» Liabilities	2,084	2,154	4,573	5,507	8,571	8,861	34%
» Owners' Equity	2,302	2,527	3,243	6,234	7,306	7,962	26%

REVENUE	PROFIT BEFORE TAX	TOTAL ASSETS
28,561	1,873	16,823
VND BILLION	VND BILLION	VND BILLION

CONSOLIDATED CASH FLOW STATEMENT



Indicator (VND billion)	2013	2014	2015	2016	2017	2018
Cash-flow from operating activities	368	131	1,229	901	1,108	(934)
Cash-flows from investing activities	(343)	(209)	(114)	(1,984)	(1,059)	1,021
Cash-flows from financing activities	(89)	(72)	(121)	1,618	(404)	(756)
Net cash-flow	(63)	(150)	993	535	(356)	(668)
Cash and cash equivalents	619	469	1,462	1,997	1,221	553

FINANCIAL RATIOS (%)



Indicator	2013	2014	2015	2016	2017	2018
Gross profit margin						
Ebitda/Revenue	7.5%	7.3%	8.1%	8.7%	7.5%	6.4%
Profit before tax/Revenue	6.3%	6.1%	6.8%	8.5%	7.6%	6.6%
Profit after tax/Revenue	4.5%	4.7%	5.4%	6.8%	6.1%	5.3%
ROAA (EBIT/Average total assets)	6.1%	7.2%	11.8%	15.3%	11.7%	9.2%
ROEA (Profit attributable to Shareholders of the Parent company/Average equity)	11.7%	13.6%	23.1%	30.0%	24.4%	19.8%
Liquidity						
Current ratio	1.9x	1.7x	1.4x	1.8x	1.7x	1.7x
Quick ratio	1.8x	1.5x	1.1x	1.5x	1.4x	1.6x
Financial leverage						
Debt/Equity	90.5%	85.2%	141.0%	88.3%	117.3%	111.3%
Bank loans/Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total assets/Equity	184.4%	192.4%	241.0%	188.3%	217.3%	211.3%
(Cash + Short-term investments)/Total assets	36.8%	22.6%	30.6%	39.8%	36.5%	26.5%

TOTAL ASSETS/EQUITY	ROAA	ROEA
211.3%	9.2%	19.8%



REPORT OF THE BOARD OF MANAGEMENT

REPORT OF THE BOARD OF MANAGEMENT



IN 2018, DESPITE THE VOLATILE REAL ESTATE MARKET DUE TO THE AFFECTION OF FROM THE US-CHINA TRADE WAR AND MANY OTHER VARIABLES FROM THE MACRO ECONOMY, COTECCONS HAS COMPLETED THE PLANNED TARGETS. SPECIFICALLY, REVENUE FROM BUSINESS ACTIVITIES AND PROFIT AFTER TAX REACHED VND 28,561 BILLION AND VND 1,510 BILLION, RESPECTIVELY. PROJECTS CONSTRUCTED AND COMPLETED BY COTECCONS DURING THE YEAR ALWAYS GUARANTEE THE HIGHEST LEVEL OF SAFETY, QUALITY AND EXCEED THE SCHEDULE.



OVERVIEW OF COMPANY'S MANAGEMENT



Coteccons has brought Landmark 81 project to new heights with the completion of the steel tower (Spire) at an altitude of 461.2m and continued to complete safely the antenna on top of the tower with an official height of nearly 470m. Project recognized as the second tallest building completed in 2018 by the reviews and ratings of the Council on Tall Buildings and Urban Habitat (USA). In addition, many international articles also mentioned Coteccons about the implementation and completion of this project. Landmark 81 project selected as a typical

project to celebrate the 60th anniversary of Vietnam's construction industry.

The innovation works were promoted by the Board of Management at all departments and construction sites to strengthen and to the improve labour productivity throughout the Company.

(Please refer to the "Major changes within Company Departments" section presented in Chapter 2 of the annual report, page 44-49)



REVENUE GROWTH



In fiscal year 2018, Coteccons achieved the targeted consolidated revenue of VND 28,561 billion, an increase of 5.2% compared to the same period last year. The separate revenue of parent company is VND 21,436 billion, and of Unicons is VND 7,125 billion, contributing to 75% and 25% of the consolidated revenue respectively.

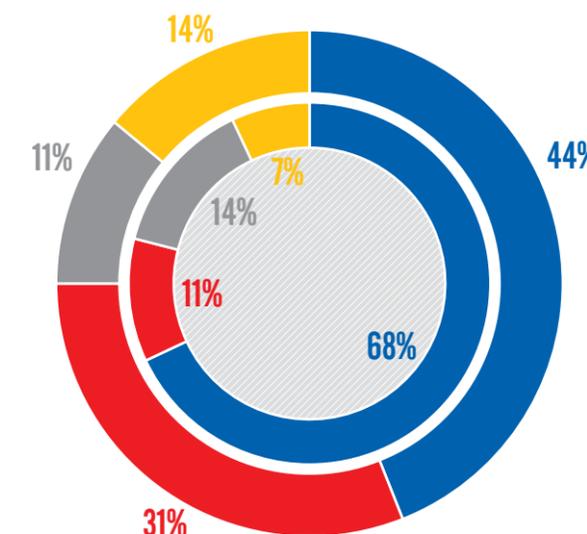
Overcoming the general difficulties and challenges of the whole construction industry, the Board of Management has quickly analyzed the market condition to come up with the right strategies and decisions, together with the efforts of all Coteccons employees, in order to complete the business plan 2018 successfully.



REVENUE STRUCTURE BY PROJECT



In 2018 there is an increase in the proportion of revenue coming from industrial projects with the contribution of 31% (2017: 7%). Besides, the proportion of residential projects has decreased significantly from 68% in 2017 to approximately 44% this year. This shows that Coteccons has been closely assessing the market, and actively seeking new customers when there are changes in residential projects segment while Chinese customers tend to invest more in industrial projects in Vietnam.



Outer circle: 2018 - Inner circle: 2017

- Residential
- Industrial
- Commercial
- Hotel - Resort

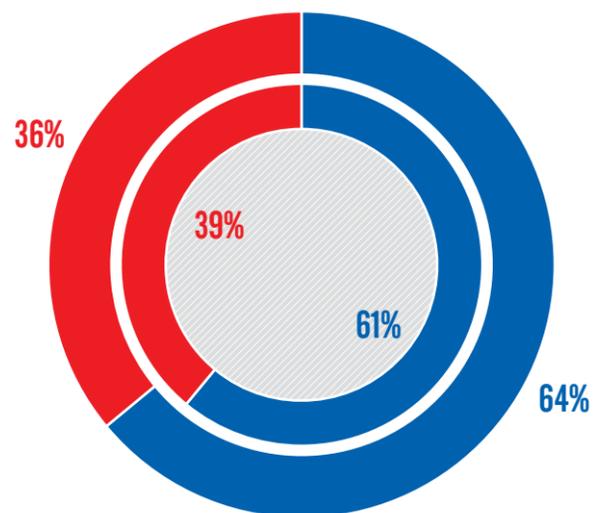


REPORT OF THE BOARD OF MANAGEMENT



REVENUE STRUCTURE BY CONTRACT TYPES

Coteccons continues to be the leading contractor in Design & Build model in Vietnam, in which all resources aspects of projects delivered by the Investor optimized, including human resource, progress, cost etc. This is more efficient comparing to a project implemented in the traditional approach. In 2018, while the real estate market has many changes in macro factors, Design & Build projects continue to play an important role when accounting for about 36% of the Company's revenue.



Outer circle: 2018 - Inner circle: 2017

- Bid Build
- Design & Build

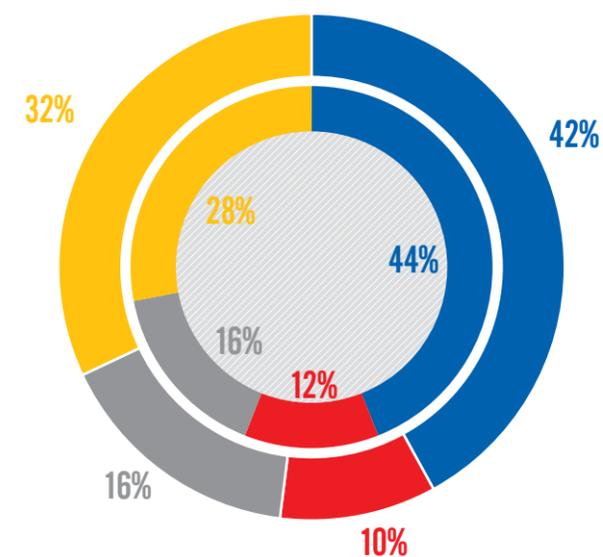


VALUE OF CONTRACT BACKLOG

The value of the contracts signed by the end of 2018 to be transferred to later years approximately VND 25,000 billion, an increase of 10% compared to the same period last year. Approximately 70% of this value is expected to be realized and recorded in 2019 based on the progress of the contracts. Coteccons has consistently won many factory-industrial projects from domestic and international customers. During the year, Coteccons has constructed many large factory projects such as Vinfast Hai Phong, Hoa Phat Dung Quat, Manwah Binh Duong and Regina Miracle Vietnam. Besides, a series of industrial projects built by Unicons, such as UniBen, DenEast, Tetra Pak, Huafu and Meiko.



YEAR 2018 ALSO MARKS THE NEW COOPERATION BETWEEN THE COMPANY AND MANY NEW AND PRESTIGIOUS DEVELOPERS SUCH AS SUN GROUP (58 TAY HO PROJECT, HANOI), HONG KONG LAND (29B NGUYEN DINH CHIEU), TIMBERLAND (MANWAH FACTORY) AND CZ SLOVAKIA (FRIENDSHIP TOWER). THESE PROJECT DEVELOPERS PLAN TO INITIATE MANY NEW PROJECTS IN THE FUTURE AND COTECCONS WILL ALWAYS BE THEIR RELIABLE PARTNER.



Outer circle: 2018 - Inner circle: 2017

- Residential
- Industrial
- Commercial
- Hotel - Resort



REPORT OF THE BOARD OF MANAGEMENT



ASSET STRUCTURE



TOTAL ASSETS OF THE COMPANY INCREASED STABLY BY 6% OF WHICH 91% IS CURRENT ASSETS, EQUIVALENT TO VND 15,323 BILLION. CASH AND SHORT-TERM INVESTMENTS ACCOUNT FOR VND 4,460 BILLION, EQUIVALENT TO 27% OF TOTAL ASSETS.



Not only Company's revenue and profit remained stable, total assets of the Company also maintained consistent growth rate of 6%. In particular, short-term assets account for VND 15,323 billion, approximately 91% of total assets. Cash and short-term investments (including term deposits, corporate bonds) amounted to VND 4,460 billion, equivalent to about 27% of total assets. The stable cash balance is a solid foundation for the Company to be able to participate in many large-scale projects, to invest in construction equipment and to improve customers' confidence in the financial capacity of Coteccons.

Short-term assets increased by 7% mainly because of the increase in short-term receivables by VND 2,710 billion (equivalent to 42.7%) while cash and cash equivalents decreased by VND 668 billion (equivalent to 55%), short-term investments decreased by VND 661 billion (14%) and inventories decreased by VND 430 billion (23%).

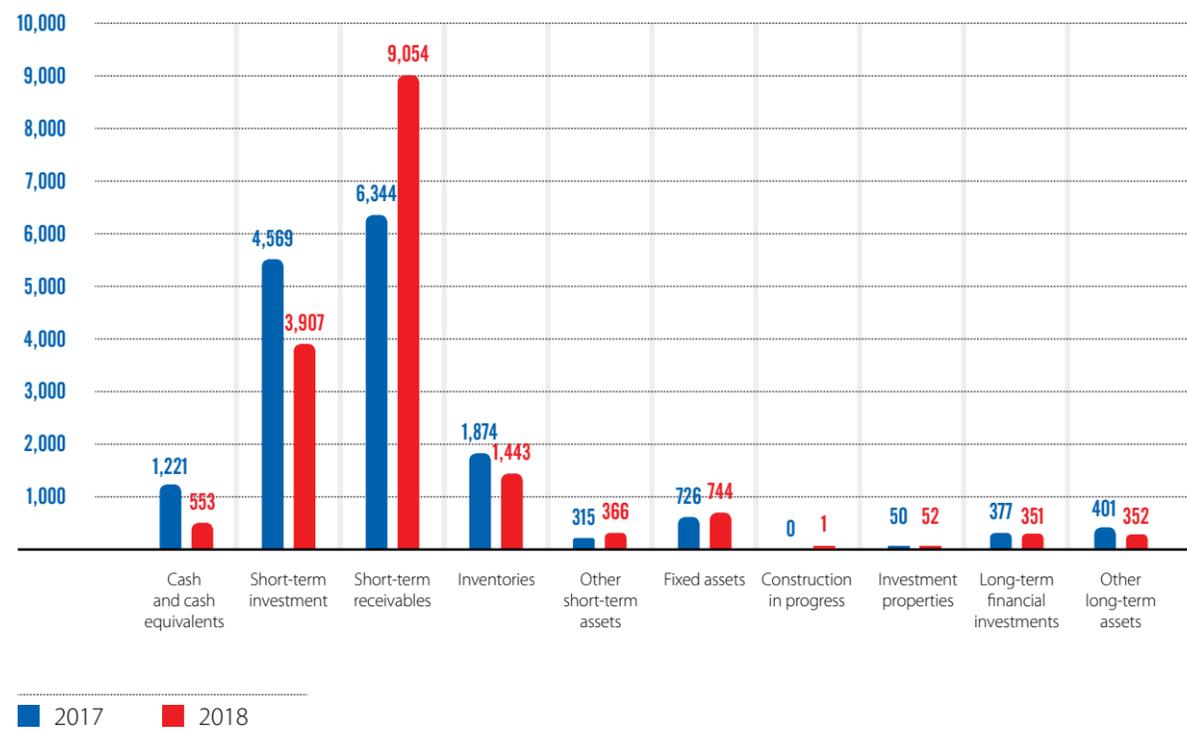
There was almost no fluctuation of Long-term assets between 2017 and 2018. It accounts for about 10% of the total assets balance.



Indicator (VND billion)	2013	2014	2015	2016	2017	2018	CAGR
Current assets	3,996	3,636	6,486	9,944	14,323	15,323	31%
Cash and cash equivalents	619	469	1,462	1,997	1,221	553	-2%
Short-term investment	1,056	629	928	2,675	4,569	3,907	30%
Short-term receivables	2,010	2,130	2,609	3,484	6,344	9,054	35%
Inventories	248	270	1,051	1,241	1,874	1,443	42%
Other short-term assets	63	139	436	547	315	366	42%
Non-current assets	556	1,227	1,329	1,797	1,554	1,500	22%
Fixed assets	249	249	440	585	726	744	24%
Construction in progress	1	6	48	18	0	1	0%
Investment properties	92	105	92	78	50	52	-11%
Long-term financial investments	105	781	493	715	377	351	27%
Other long-term assets	109	87	257	401	401	352	26%
Total assets	4,552	4,863	7,815	11,741	15,877	16,823	30%

ASSET STRUCTURE 2017 - 2018

UNIT: VND billion





REPORT OF THE BOARD OF MANAGEMENT



RECEIVABLES



Short-term receivables increased by VND 2,710 billion, equivalent to 42.7% compared to 2017. Receivables come from contracts that were on going or on hold for final closure.

The company evaluated and established doubtful debts and their provision in accordance with legal regulations. The Financial Supervisory Board of the Company also worked with each partner to provide a specific and reasonable roadmap for debt payment and project finalization, ensuring the recovery of construction capital for the Company.

INVENTORIES



Inventory is the unfinished cost of ongoing projects. Upon the confirmation and acceptance from the Site Management Board for the volume and invoices, the inventory value is transferred to the cost of sales corresponding to the revenue recorded.

Inventory value decreased by 23%, equivalent to VND 430 billion compared to 2017. This is due to the concentrated QS model of the Cost & Contract Management Department and the Finance and Accounting Department, has continuously controlled and ensured the volume finalized and the revenue recorded. This also reflects the efforts of the Project Managers and the Site Management Boards on coordinating well with the Investor for the acceptance and approval of the completed volume.

OWNERS' EQUITY



The equity increased by 9% compared to 2017, equivalent to VND 656 billion due to the main effects from:

- Increase of VND 1,510 billion from the profit after tax of 2018.
- Increase due to issuing ESOP share of VND 52.14 billion.
- Reduction of VND 416 billion from buying and selling treasury stocks.
- Dividend payment for shareholders (VND 391 billion) and deduction for making Bonus and welfare fund (VND 98 billion).

PAYABLES STRUCTURE



Along with maintaining stable revenue in 2018, there was almost no fluctuation in liabilities with the increase of only 3%, equivalent to VND 290 billion compared to 2017. This reflects that the Company always respect for the rights of Suppliers and Subcontractors who join the value chain of Coteccons. Maintaining the prestige, fairness and transparency is the key to be able to mobilize construction workforces when Coteccons needs to implement projects with particularly large scales and tight schedule.

The company continues a strong financial position with absolutely no bank loans. Liabilities mainly consist of payables to suppliers, subcontractors and other accrued expenses.

Indicator (VND billion)	2013	2014	2015	2016	2017	2018
Current liabilities	2,004	2,140	4,559	5,494	8,559	8,851
Accounts payable	1,014	976	1,962	3,228	4,631	5,813
Prepayment to suppliers	70	78	1,108	796	1,408	671
Taxes and other payables to Treasury	63	73	117	244	354	165
Accrued expenses	617	768	1,098	822	1,639	1,760
Unearned revenue	49	19	24	95	-	5
Other short-term payables	92	125	122	147	281	204
Short-term provision	75	62	71	60	77	76
Bonus and welfare fund	24	39	57	102	169	157
Non-current liabilities	81	15	13	12	11	9
Other long-term payables	16	14	2	2	1	1
Long-term provision	65	1	11	10	10	8
Total liabilities	2,085	2,155	4,572	5,507	8,570	8,861



REPORT OF THE BOARD OF MANAGEMENT

OUTSTANDING IMPROVEMENTS IN YEAR 2018



In 2018, the Board of Management carried out a series of new improvements to improve the Company's management system and to increase the labour productivity. Specifically:



Reorganizing the Company's system into specialized divisions. Each member of the Board of Management assigned to be in charge of a specific division.



Establishing the Internal Affairs Division and appointing the Chief Operations Officer to promote the connectivity of Company's activities between Departments and to improve operational efficiency in supporting the Site Management Board.



Establishing the Procurement Department, which purchases products in large quantities to optimize costs and increase profits for the Company.



The Technical Division also implemented many innovations in the construction techniques such as Acotec wall panels, synchronous solutions to save tiles wastage...



Establishing the Service & Warranty Department with the role of undertaking the repair of defects of projects after completion and during warranty period. Service & Warranty Department helps to improve service quality, to timely handle Customer's incidents, contributing to enhancing the Company's reputation.



Coteccons Academy also promotes the training for employees of the Company at all levels, thereby enhancing the management and administration ability of each Departments and Site Management Board.



Workforce Building & Development Department is in charge of searching, building and developing construction workforces, promoting construction teams to subcontractors to support the projects of the Company.



Expanding the application of BIM to a wide range of works has been effective in controlling the design, schedule, supplies and equipment of the project.





REPORT OF THE BOARD OF MANAGEMENT



ORIENTATION FOR BUSINESS OPERATION IN 2019

To pursue a sustainable development goal and successfully complete all the assigned objectives proposed by the Board of Directors in 2019, the Board of Management shall focus on the following solutions:

- 1** The KPIs (Key Performance Indicators) system built for the Company and for each Departments and Construction Sites with specific measurement criteria. Accordingly, the Company's Planning Board will periodically review objectives and enforce the implementation of the planned targets. KPIs of each individual employee will be associated to KPIs of each department with the aim of encouraging each individual to achieve the goals of their department and of the Company.
- 2** Enhance the labour productivity of the Company at both Construction Sites and the Office. Continuously research, create and drastically improve policies, processes and regulations on management and administration. The Human Resource Management Department also practices many innovation ideas in human resource, adjusting the Office and Site organizational structure to save and optimize human resource costs.
- 3** The Technology and technical division and R&D Board assigned to strengthen the application of technical improvements in construction and equipment, including innovation of construction materials, construction methods, and design of new products. Applied at construction sites to save time, improve quality or reduce product costs.
- 4** The Investment Board actively researches and broadens investment opportunities. It realizes investment potentials including real estate investment and bond investment in order to maximize advantage of financial resources and increase value for shareholders.
- 5** Innovate the Design & Build model in the orientation of Total Project Solution, whereby Coteccons will advise and fully supervise all stages from design, legal procedures, operational business model which matches to the characteristics of each project and each investor, to construction and finalization stages.



- 6** Focus on training in technical expertise and soft skills. Apply information technology in training activities such as implementing E-Learning program, E-Library electronic library. Develop a system to assess the capacity and efficiency of post-training results to create an appropriate roadmap for personal career paths as well as to work towards achieving the overall goals of the Company.
- 7** Continue to promote and enhance the effective utilization of construction machinery and equipment, which are the strengths of Coteccons and its member companies.
- 8** Boost the application process of software, information technology applications in management activities to limit manual and paper work, strengthen information security and improve the general labour productivity of the Company.



HUMAN RESOURCE REPORT

ABOUT RESOURCES



CONSOLIDATED HUMAN RESOURCES STRUCTURE

(as at 31 December 2018)



HUMAN RESOURCE IS THE CORE FOUNDATION FOR COTECCONS SUSTAINABLE AND ROBUST DEVELOPMENT. IN 2018, THE TOTAL HEADCOUNT OF COTECCONS AND UNICONS IS 2,720 PEOPLE, MAINTAINING THE INCREASE RATE, WHICH IS IN LINE WITH THE REVENUE GROWTH RATE FOR THE YEAR.

MOST OF DAILY WORKING EMPLOYEES OF COTECCONS COME FROM YOUNG GENERATION, TRAINED IN DOMESTIC AND INTERNATIONAL PRESTIGIOUS UNIVERSITIES, WITH THE 23 TO 45 YEARS OLD AGE GROUP ACCOUNTING FOR ABOVE 92% OF THE TOTAL COMPANY'S WORKFORCE.



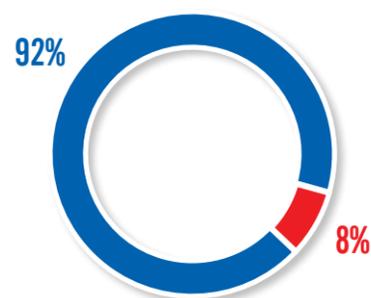
TOTAL NUMBER OF EMPLOYEES

2,720

PEOPLE

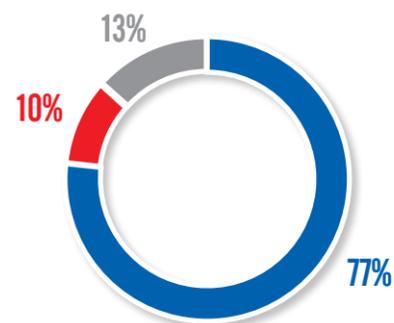


HUMAN RESOURCE STRUCTURE BY GENDER



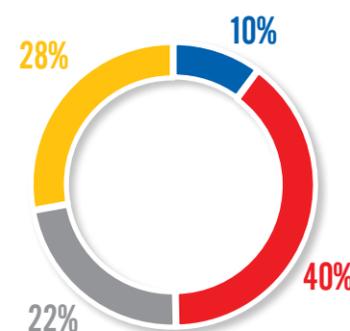
Male	2,515 people	92%
Female	205 people	8%

HUMAN RESOURCE STRUCTURE BY ACADEMIC LEVEL



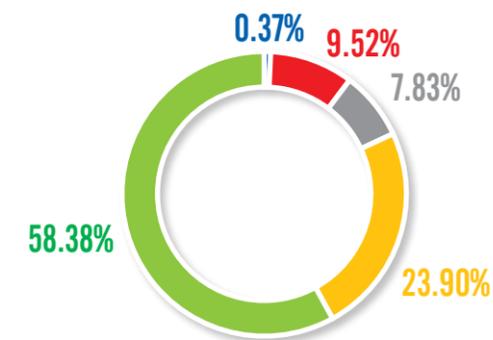
Graduate and Post-graduate	2,083 people	77%
College	273 people	10%
Others	364 people	13%

HUMAN RESOURCE STRUCTURE BY SENIORITY



Under 1 year	277 people	10%
From 2 years to under 3 years	1,075 people	40%
From 3 years to under 5 years	609 people	22%
Above 5 years	759 people	28%

HUMAN RESOURCE STRUCTURE BY POSITION



Management Board	10 people	0.37%
Managerial roles	259 people	9.52%
Main Senior associate	213 people	7.83%
Senior associate	650 people	23.90%
Associate (including expats)	1,588 people	58.38%



HUMAN RESOURCE MANAGEMENT

LABOUR PRODUCTIVITY IMPROVEMENT



THINKING OUTSIDE THE BOX, THE COMPANY HAS RESEARCHED AND DEVELOPED THE LABOUR PRODUCTIVITY ESTIMATION METHOD AND HAS BEEN UPGRADING TOOLS AND SOFTWARE TO HELP EACH DEPARTMENT ON EMPLOYEE'S ALLOCATION AND STAFFING.



PRODUCTIVITY ENHANCEMENT



Labour productivity is one of Coteccons key competitive advantages compared to other companies in the industry. Beyond traditional frameworks, the Company uses the Labour productivity estimation method to help each department on employee allocation and staffing.



In order to improve productivity, Site Management Board strengthens its coordination with Subcontractors' highly qualified technicians to reduce the number of management personnel but still ensure the progress and quality of the project.

RECRUITMENT



Through the internship program, which allows the access to practical work, the Human Resource Management Department has selected excellent candidates, reduced time of recruitment and post-recruitment training.

Combined with marketing and communication teams, the recruitment team has performed more diversely to build up the recruitment brand. During the year, Coteccons brand ranked on Top 50 most attractive recruitment brands voted by Anphabe.

Coteccons regularly cooperates with universities through sponsoring activities on education and training, prioritizing recruitment of talented engineers, participating in career-oriented presentations... This creates opportunities for students to have the insight of the Company and to obtain the opportunity to join Coteccons.



LABOUR POLICY



Salaries and bonuses paid to employees are determined based on assessing working performance and position. The Company periodically considers and adjusts salary levels and staff ranks to suit employees' ability. Salary and bonus policies flexibly applied according to the business situation of the Company. In addition to salary, the Company also has implement bonus policies on holidays, Tet, irregular bonuses, and rewards for teams or individuals who have initiated ideas in production and business activities.

The Company organizes the assessment of working effectiveness every 3 months to recognize the results of employees' work, and to support the revision of salary and bonus policies carried out fairly and transparently.

In 2018, the Company Board of Management studied and improved the welfare policy for employees, specifically as follows:

- Establishing the staff ranking system
- Improving the policy on salary & bonus, amend labour regulations.
- Travelling benefit
- Health insurance
- Strengthening labour relations

With appropriate remuneration policies, Coteccons is always focusing on attracting high quality labour, international students as well as domestic and foreign experts professionals who are ready to join Coteccons.



INVESTMENT REPORT IN 2018

In 2018, with the core of Covestcons, the Investment Board has promoted research and investment activities, including:



Investing in bonds from traditional partners of Coteccons or reputable businesses with strong financial background to increase profits for the Company.



Seeking for investment opportunities in the real estate sector and reached the cooperation agreement for some projects development to acquiring parts of projects under construction or, negotiate with some partners on upcoming projects.



In addition to promoting cooperation in real estate investment, the Investment Board continues to search for land funds in the provinces with great potential for development and to cooperate with real estate companies with large land funds, for creating assets, which generates a long-term cash flow in the upcoming years.

Besides, the Company continues to invest more than VND 230 billion in construction assets and equipment to ensure that Construction sites are fully equipped to highlight professionalism, to improve productivity and to maintain absolute safety in construction projects.

In 2019, continuing to change and make breakthroughs, in order to take advantage of construction ability and construction quality associated with it, the Investment Board focuses on:



Researching to expand the large-scale land bank and identify appropriate location for long-term projects.



Promoting the negotiation of cooperation and development of opportunity real estate investment projects of which location is suitable having clear legal status for early implementation.



The target in the next 5 years is that the investment segment will contribute to the diverse development and sustainable growth of Coteccons, bringing significant profits to the Company.



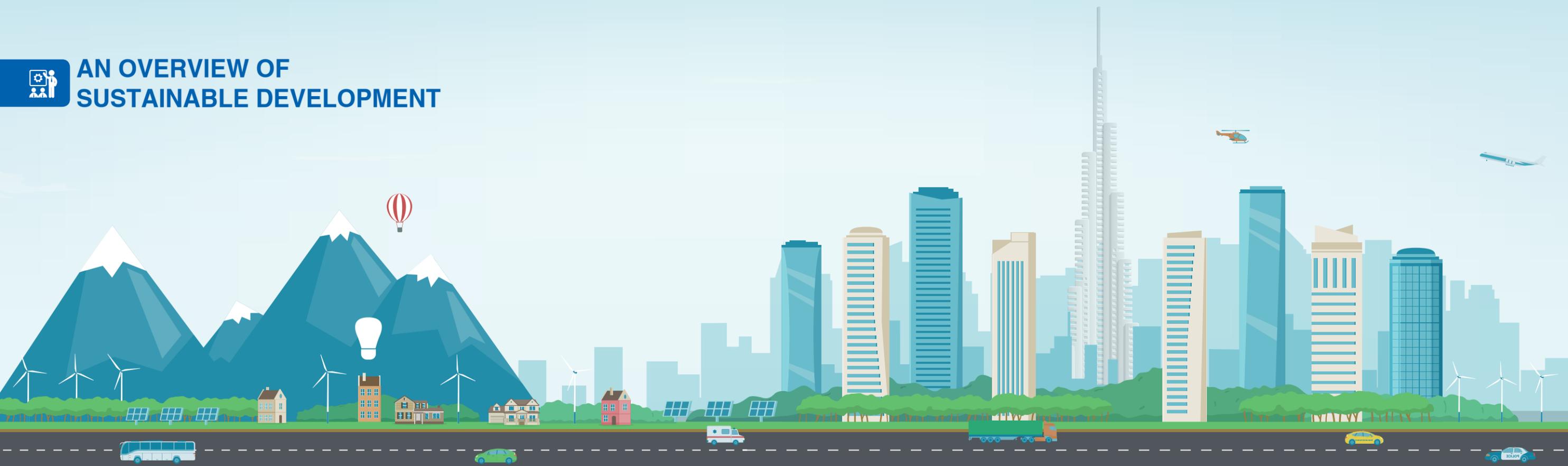
SYSTEM INOVATION

Robust development

Continuously **innovating the system** or applying new construction technologies are the vital core for the **significant development** of Cotecons. As a result, many large-scale projects that have been built contribute to changing the urban appearance and creating new symbols for the country.



AN OVERVIEW OF SUSTAINABLE DEVELOPMENT



REPORT CONTENTS



The Sustainable Development Report 2018 provides an overview of the key activities of Coteccons Construction Joint Stock Company and its affiliates, regarding sustainability issues during the year. The approach derived from the long-term economic growth goal of the Company combined with the goals of social development and environmental protection.

PRINCIPLES OF THE REPORT'S CONTEXT



- » Connecting stakeholders
- » Sustainable development context
- » Materiality
- » Completeness

PRINCIPLES OF THE REPORT'S QUALITY



- » Accuracy
- » Symmetry
- » Clarity
- » Comparableness
- » Reliability
- » Timely manner

SCOPE OF THE REPORT



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

Reporting period: from 01/01/2018 to the end of 31/12/2018.

The financial figures in the report referenced from the Consolidated Financial Statements in 2018. The report published online at the website portal: www.coteccons.vn.

CONTACT INFORMATION



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

COTECCONS COMMUNICATION BOARD

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 DEVELOPMENT INDEXES IN 2018

No.	Section	Content	Data	Note
1	SUSTAINABLE ECONOMIC GROWTH	Revenue	VND 28,561 billion	
		Profit after tax	VND 1,510 billion	
		Taxes paid to Treasury	VND 1,069 billion	
		<i>Corporate income tax</i>	VND 386.5 billion	
		<i>Personal income tax</i>	VND 201.1 billion	
		<i>Value added tax</i>	VND 481.7 billion	
		<i>Other taxes</i>	VND 0.01 billion	
		Dividends 2017	VND 391.4 billion	
		Investors' meetings	100 meetings	
2	LABOUR SAFETY, ENVIRONMENT PROTECTION	Total safety time in construction sites	74,400,160 hours	
		5S program promotion	Sort, Sustain, Set, Shine, Standardize	
		Total cost of environment treatment	VND 34,170,238,205 billion	
		Training on fire protection; Training on labour safety	1,676 participants; more than 38,000 people	
		Completed training time	66,000 hours ;	
		Number of personnel trained in class	2,843 people	
3	HUMAN RESOURCES DEVELOPMENT	Number of personnel trained via e-learning	251 people	
		Number of conducted training courses	71 training courses	Including: » 3 High-level training courses. » 9 middle-level training courses. » 23 Professional training course for construction site. » 36 soft skills courses.
		Contribution to the Community	VND 1,800 million	Including: » Sponsor 1,000 eye surgeries at a cost of over VND 1 billion. » Implement the program "Unite for the community" at a cost of VND 200 million. » Spending on surgery, hospital fees and gifts for 200 poor patients at a cost of VND 300 million. » Giving Tet gifts to poor households and policy families in Binh Thanh District with a cost of VND 300 million.
4	UNITE FOR THE COMMUNITY	Jobs created	more than 38,000 jobs	
		University partners	5 prestigious universities	
		Annual Recruitment	170 staff	



TOTAL COST OF ENVIRONMENT TREATMENT
34,170,238,205
VND

TRAINING ON FIRE PROTECTION
1,676
PARTICIPANTS

CONTRIBUTION TO THE COMMUNITY
1,800,000,000
VND

JOBS CREATED TRAINING ON LABOUR SAFETY
+38,000
JOBS

ANNUAL RECRUITMENT
+170
STAFF

+74.4
MILLION SAFE HOURS



SUSTAINABLE RELATIONS BETWEEN STAKEHOLDERS



WITH CUSTOMERS

Our commitment to sustainable engagement with customers is based on our reputation and quality of work. In the past years, Coteccons has continuously expanded its customers in many areas: hotels, resorts and entertainment; office buildings; industrial factories, transportation infrastructure. The values brought by Coteccons not only affirm our leading brand position in the market but also most importantly create a firm trust for customers when choosing and giving responsibility to Coteccons.



WITH EMPLOYEES

Focusing on human factors with fair and remuneration policies as a guideline, Coteccons has built a professional and enthusiastic team of employees who are passionate about the profession. They are the creativity, dare-to-think, dare-to-do spirit of the young generation that contribute to help Coteccons to achieve new heights. In addition, Coteccons also focuses on training policies and support employees to develop their talents and dedication. Thereby, helping the Company continuously enhance our construction capacity and to expand growth.



WITH SHAREHOLDERS AND INVESTORS

Coteccons is aware of fulfilling the information disclosure procedures in accordance with the regulations of the Ministry of Finance and the Stock Exchange, to ensure stakeholders and investors are provided transparent and timely information. Implementing the policy of information exchange and disclosure, ensuring equal investment opportunities for all investors. At the same time, proactively disclosing important information, which is likely to affect interests and decisions of investors, helping shareholders and investors to follow the Company's operations.



WITH PARTNERS

In relation to business partners, Coteccons builds the principles of fair competition, mutually beneficial cooperation and ensuring harmony of interests for customers. With a long-standing reputation in the construction industry, Coteccons has built a close relationship with thousands of subcontractors, suppliers and construction teams. They are always willing to accompany Coteccons on the journey to conquer international-scale buildings with fast progress but ensuring and maintaining outstanding quality.



WITH THE COMMUNITY AND SOCIETY

A sustainable business cannot separate the common interests of society. Coteccons always prioritizes environmental factors above the Company's benefits, minimizing the impact on the environment in the process of implementing and executing projects. In addition, Coteccons has always been a pioneer in social charity activities: awarding scholarships to poor students who are good at studying, supporting fellow flood victims etc. Coteccons continues to contribute to improving the quality of life as well as aiming to build a humanitarian and community-friendly reputation.



WITH AUTHORITIES AND THE GOVERNMENT

Coteccons strictly adheres to the current regulations and standards of Vietnamese law in all activities. We actively cooperate with local authorities in the construction phases, complete the project stages on schedule, contribute to the State treasury and create jobs for local workers. At the same time, we maintain good relationships with the government, ministries and departments but never take advantage of this relationship to gain illicit benefits.



WITH MEDIA

Coteccons builds good relationships with communication agencies based on equality, transparency and legitimacy. Messages and information provided to the media always ensure the accuracy, clarity, completeness and objectivity, providing the reliable source of information about the Company's operation situation. In addition, Coteccons also carefully resolves media crisis, calmly correcting false information as well as giving appropriate, thoroughly considered and accurate statements for the media.



FEEDBACK COLLECTING SYSTEM FOR STAKEHOLDERS



IN 2018, 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.



Stakeholder	Approach	Concerns
CUSTOMERS - DEVELOPER 	<ul style="list-style-type: none"> » Direct meeting and communication, contact via phone, email with the developer. » Consultancy conferences on construction techniques. » Training courses on guiding skills in implementing Labour safety in construction. » Coteccons website, social network: Facebook, forum... » Market research survey. 	<ul style="list-style-type: none"> » Quality is the first criterion. » Reputation and prestige. » Construction progress. » Cost of construction. » Construction techniques. » Construction team. » Work safety.
END-CUSTOMERS 	<ul style="list-style-type: none"> » Direct meeting and communication, contact via phone, email with end-customers after the project is handed over. » Coteccons website, social network: Facebook, forum... » Market research survey. 	<ul style="list-style-type: none"> » The experience of user on the quality of the project. » Real safety and effectiveness.
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 and welfare packages » Training and development » Seniority scheme » Safe working environment
SHAREHOLDERS, INVESTORS 	<ul style="list-style-type: none"> » Direct communication and consultation » Meetings and workshops » Annual General Meeting » Other channels: website, email, phone, etc. 	<ul style="list-style-type: none"> » Operational effectiveness » Shareholders' rights » Equality and fairness » Transparent, comprehensive and accurate information



Stakeholder	Approach	Concerns
PARTNERS 	<ul style="list-style-type: none"> » Direct meetings and communication » Meetings and workshops » Year-end party for suppliers, sub-contractors, construction teams » Other channels: website, email, etc. 	<ul style="list-style-type: none"> » Selection process for subcontractors, suppliers and construction teams. » Payment process for subcontractors, suppliers and construction teams. » Long-term source of works » Transparency and equality » Collaborative development
COMMUNITY, SOCIETY 	<ul style="list-style-type: none"> » Volunteering campaigns for a loving and shared community. » Continuation of associating programs with universities. 	<ul style="list-style-type: none"> » Linking responsibilities to the community, contributing to building a more humane society. » Create jobs for students and attract young talents.
GOVERNMENT 	<ul style="list-style-type: none"> » Coordination with local authorities in fire prevention and fighting, environmental protection, construction safety. » Joining industry-related associations and seminars. » Comment on inadequacies in the implementation of State policies and regulations. 	<ul style="list-style-type: none"> » Stringent compliance with Regulations, Laws, and Instructions of authorized bodies. » Ensuring construction safety issues for all projects. » Minimization of adverse effects to the environment. » Join the Association of construction contractors, Steering Committee BIM...
MEDIA, COMMUNICATION 	<ul style="list-style-type: none"> » Promptly and accurately disclosure of information on public. » Timely and transparent financial statements announcement. » Press releases when events occur. 	<ul style="list-style-type: none"> » Information delivered accurately and clearly. » Transparent and timely financial figures disclosures. » Good relationships with communication agencies.



EVALUATION ON KEY ISSUES

KEY ISSUES



ECONOMICS CATALOG

- » Economic operational effectiveness
- » Indirect economic impacts

ENVIRONMENTAL CATALOG

- » Environmental protection
- » Management of materials
- » Technical and material solutions involving the environment

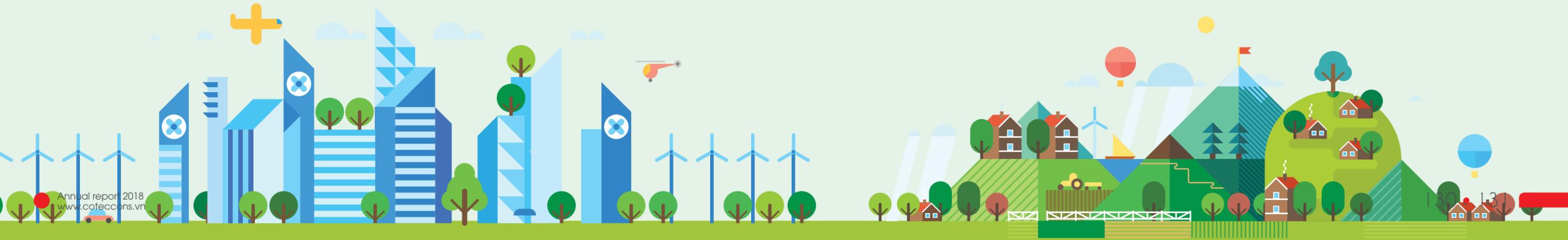
SOCIAL CATALOG

- » Jobs
- » Occupational health and safety
- » Education and training
- » Local community
- » Association with universities



A MATRIX OF IMPORTANCE

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



STRATEGIC ORIENTATION FOR SUSTAINABLE DEVELOPMENT

ORIENTATION



During nearly 15 years of development, Coteccons has always associated economic growth with environmental protection and social responsibility - three factors that play a fundamental role for Coteccons Group's long-term success. In which, the economic objective is considered as the first and most important goal because the implementation of this goal is a necessary and sufficient condition to carry out social and environmental objectives.

ECONOMY



ENVIRONMENT

SOCIETY



THE IMPLEMENTATION OF THE ECONOMIC OBJECTIVES COMBINED WITH THE IMPLEMENTATION OF OTHER SOCIAL AND ENVIRONMENTAL OBJECTIVES ENSURES THE BALANCE BETWEEN THE BENEFITS OF THE STAKEHOLDERS INVOLVED AT PRESENT AND IN THE FUTURE, AS WELL AS GUARANTEE THE LONG-TERM AND SUSTAINABLE DEVELOPMENT STRATEGY FOR COTECCONS GROUP.



CORPORATE SUSTAINABILITY



MANAGEMENT SYSTEM DEVELOPMENT

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 2018, Coteccons strongly applied a change strategy across the Company to improve its operational structure and convert the operating system into a more effective standard, creating a breakthrough opportunity for next growth cycles. Additionally, the Company also promoted the role of the Internal Control Board in the detection, prevention of nonconformities and risks, ensuring the working process compliance for all departments and construction sites.

RISK MANAGEMENT

The Internal Audit Board in particular and the Company in general focus on establishing a comprehensive risk management system to identify, classify, evaluate and develop effective responses to risks in order to ensure the Company can achieve its goals and plans. In 2019, Coteccons continues to reinforce the development and

improvement of the risk management system in the Company according to advanced management models in the world.

(For details, please refer Risk Management section at Annual report page 70 - 81)

INVESTORS RELATION

Coteccons Investor Relations department continues to act as an important information bridge to connect the Company to shareholders and investors. In 2018, the Company organized more than 100 meetings with domestic and foreign investors, actively approached investors and securities companies through seminars to present business results and to introduce investment opportunities in the stock market. Furthermore, the Company continues to contact and discuss with stakeholders in various forms such as regular meetings, private meetings and talk events. The Company practices good information transparency through updating news, reports, significant information that affects the interests of stakeholders.





CORPORATE SUSTAINABILITY

DIVIDEND PAYOUTS

Coteccons performs annual dividend payouts in a stable manner. (See details about the dividend payout policy in Annual Report page 63, 100)

SUSTAINABLE ECONOMIC DEVELOPMENT

With significant growths in revenue and profit through years, Coteccons' business results in 2018 marked another achievement, which again confirmed the leading position of the Company in the construction market in Vietnam.

Indicator (VND billion)	2013	2014	2015	2016	2017	2018	CAGR
Revenue	6,190	7,634	13,699	20,783	27,177	28,561	36%
Profit before tax	393	464	927	1,762	2,060	1,873	37%
Profit after tax	280	357	733	1,422	1,653	1,510	40%
Profit after tax attributable to Shareholders of the Parent company	257	327	666	1,422	1,653	1,510	42%



BUILDING STRONG, EXPERIENCED, EFFECTIVE AND LOYAL HUMAN RESOURCE IS THE FACTOR THAT ENABLES COMPETITIVE ADVANTAGE FOR COTECCONS. THEREFORE, COTECCONS ALWAYS FOCUSES ON SOLUTIONS FOR BUILDING, TRAINING AND DEVELOPING HIGHLY QUALIFIED PERSONNEL IN KEY AREAS AS THE MAIN OBJECTIVE IN THE STRATEGY OF HUMAN RESOURCE MANAGEMENT.



In recent years, Coteccons has always been the destination that attracts high quality labour, international students as well as domestic and foreign experts thanks to the generous policy of remuneration and talent within the company.

In addition to the full benefit package of remuneration, insurance and welfare policies for employees, Coteccons continues to research and improve welfare policies for employees in 2018, including:

» Allowing travelling benefits for short-term employees.

- » Increasing the value of health insurance for employees and family members to take care of employees' health.
- » Cooperating with prestigious hospitals, expanding the list of periodic health check for all employees, maximizing benefits for employees.
- » Coordinating the recruitment activities with universities to search for qualified candidates. Conducting supporting programs to find capable and enthusiastic candidates right from the university.



ENVIRONMENT PROTECTION ACTIVITIES



AT CONSTRUCTION SITES

- » Communicate with construction workers to use materials, fuel, electricity and water effectively and to avoid wastage.
- » Strictly apply labour code of protection and general hygiene procedures at construction sites according to the Company's regulations.
- » Shield dusty areas and water traffic roads during the dry season by water trucks. All material-transporting vehicles covered with tarpaulins to limit the impact on the environment.
- » Install noise reduction equipment for machines that produce high level of noise such as generators, compressors...
- » Sign contracts with agencies with the function of collecting, transporting and treating wastes which are likely to impact the environment; cover construction sites to prevent dust and dirt from affecting local communities.

AT THE OFFICE

- » Promote 5S program (Sort, Sustain, Set, Shine, Standardize) in order to build a green, clean and scientific working environment.
- » Encourage the reuse of stationery and one-sided paper, saving printing papers...
- » Minimize the amount of unnecessary printing documents, encourage the exchange of work via e-mail, technological devices.
- » Turn off electrical equipment and air-conditioners when no longer in use.

USE OF MATERIALS AND TECHNICAL SOLUTIONS TO ENVIRONMENTAL PROTECTION



THE USE OF ENVIRONMENTALLY FRIENDLY MATERIALS (GREEN MATERIALS) IS BECOMING AN ESSENTIAL TREND AND THE GOAL OF THE WHOLE CONSTRUCTION INDUSTRY. GREEN MATERIAL PRODUCTS MUST MEET TWO REQUIREMENTS: CONSUME LESS ENERGY THAN THE AMOUNT TO CREATE IT, AND SAVING POWER CONSUMPTION WHEN PUT INTO USE.



In order to contribute to the environmental protection, Coteccons has implemented

- » Substitute baked clay bricks with new materials such as assembled Acotec wall panels, coarse-grained cement bricks, AAC bricks... to minimize environmental impacts.
- » Actively coordinate with concrete suppliers to increase the content of fly ash (recycled materials), apply mass concrete construction methods for most of Coteccons Group's projects.

In 2018, Coteccons continued to promote the application of unburnt or assembling materials in replacement of clay bricks, encouraging the usage level of environmentally friendly materials. Researching and applying green materials to Coteccons Group's project as a premise to popularize these materials in construction industry.

(For details, please refer Technical Division section at Annual report page 45)



MANAGEMENT OF PRODUCTS



MATERIALS



All input materials checked and evaluated by Technical Division and Site Management Board of Coteccons, through the supplier selection stage, in order to meet project's requirements. These materials have to go through different stages and reevaluation before being massively applied on construction sites. In regards to new materials, Technical Division along with a strong network of specialists proposes timely technical solutions to enable Site Management Board more initiative to work, and consulting investors and suppliers to meet a variety of stringent requirements about quality and progress of any project. Coteccons has developed a "supplier evaluation checklist" to help periodically examine and

evaluate significant suppliers. This process creates a filter and technical and procedures control that is substantially concrete to optimize the Company's selection of high-quality suppliers, bringing the optimal-quality products for both investors and customers.

In 2019, Coteccons shall continue developing more "Technical and Procedures Control" and "Coteccons' materials standardization" and enhancing "Suppliers Audit and Ranking procedures", aiming to conduct periodic and extraordinary audit for all suppliers in the system. To improve the quality and reduce deviation among projects elevating the Company's reputation to investors and customers.

PROJECT'S QUALITY CONTROL PROCESS



The application of BIM to Coteccons' projects has enabled effective control and compatibility of Architectural, Base and Electricity blueprints. Meanwhile, the application has 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 Board, etc.). Apart from proceeding systems provided by Consultants and the Developer's Project Management Board, Coteccons has established independent inspection units that reports to senior executives with the quality report on quarterly basis. The quality reports allow senior executives to lay a foundation for suitable and timely adjustments and awards (if any).



CONTRIBUTION TO THE SOCIAL DEVELOPMENT

CONTRIBUTING TO THE NATIONAL BUDGET



IN 2018, COTECCONS GROUP CONTRIBUTED VND 387 BILLION FOR THE NATIONAL BUDGET, ALONGSIDE WITH OTHER ECONOMIC VALUES THE GROUP BROUGHT TO ITS CUSTOMERS, COMMUNITY AND THE SOCIETY.



CONTRIBUTED
387
VND BILLION
FOR THE NATIONAL BUDGET



GENERATING JOBS FOR LOCAL WORKERS



In 2018, with more than 50 simultaneous projects, Coteccons has employed more than 38,000 construction workers nationwide, generating long-term jobs for a massive group of local workers, providing stable salaries for thousands of households and contributing to the development of society. Coteccons has collaborated with more than 1,500 construction units to provide training to improve skills, passion and productivity for all workers.



COORDINATED WITH
+1,500
CONSTRUCTION PARTNERS



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 plan has ensured our partners, 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 resource, not only in skills but also in their passion, professionalism, initiatives and internal bonding.



CONTRIBUTION TO THE SOCIAL DEVELOPMENT



SOCIAL AND COMMUNITY ACTIVITIES



In 2018, Cotecons has supported the community with the contribution of VND 1,800 billion including the following activities:



1,000

eye surgeries at a cost of over **VND 1 BILLION**



200

VND million to implement the program **Unite for the community**



300

VND million to sponsor surgery, hospital fees and gifts for **200 poor patients**



300

VND million to give **Tet gifts** to poor households and policy families in Binh Thanh District



COLLABORATION WITH UNIVERSITIES



Cotecons are proud that a majority of our managerial executive and high-level employees are former students of prestigious universities in Vietnam, such as University of Polytechnic, University of Architecture, University of Construction, etc. Working with Universities through education training sponsorships generates a high-quality skilled workforce for society and our strong commitment and relationship with universities continues to provide more job opportunities for new graduates.

COST OPTIMIZATION

Profits maximization

With the increasing level of competition in the market, Coteccons always has to strengthen control and **optimization of costs** at all departments, boards and construction sites. The expansion of investment and finance activities strategy is the top priority of Coteccons to gradually increase the proportion of revenue from investment segment and **improve the profit** for the Company and shareholders.



COTECCONS CONSTRUCTION JOINT STOCK COMPANYCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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**ENTERPRISE REGISTRATION
CERTIFICATE**

Business Registration Certificate No. 4103002611 dated 24 August 2004 issued by the Department of Planning and Investment of Ho Chi Minh City and subsequent amended Enterprise Registration Certificate No. 0303443233 dated 23 August 2010 and its latest 21st amended Enterprise Registration Certificate dated 30 January 2018.

BOARD OF DIRECTORS

Mr. Nguyen Ba Duong	Chairman
Mr. Nguyen Sy Cong	Member
Mr. Tran Quyet Thang	Member
Mr. Nguyen Quoc Hiep	Member
Mr. Talgat Turumbayev	Member
Mr. Tan Chin Tiong	Member
Mr. Yerkin Tatishev	Member

BOARD OF SUPERVISION

Mr. Luis Fernando Garcia Agraz	Head
Mr. Dang Hoai Nam	Member
Mr. Nguyen Minh Nhut	Member

BOARD OF MANAGEMENT

Mr. Nguyen Sy Cong	General Director
Mr. Tran Quang Quan	Deputy General Director
Mr. Tu Dai Phuc	Deputy General Director
Mr. Phan Huy Vinh	Deputy General Director
Mr. Tran Van Chinh	Deputy General Director
Mr. Vo Thanh Liem	Deputy General Director

LEGAL REPRESENTATIVE

Mr. Nguyen Ba Duong Chairman

REGISTERED OFFICE

236/6 Dien Bien Phu, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam

AUDITOR

PwC (Vietnam) Limited

STATEMENT BY THE BOARD OF MANAGEMENT

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman has authorized the Board of Management of Coteccons Construction Joint Stock Company ("the Company") to be responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together as "the Group") which give a true and fair view of the consolidated financial position as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

- » select suitable accounting policies and then apply them consistently;
- » make judgements and estimates that are reasonable and prudent; and
- » prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of 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 which enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management 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.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 151 to 189 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Management



Nguyen Sy Cong
General Director

Ho Chi Minh City, SR Vietnam
5 March 2019

INDEPENDENT AUDITOR'S REPORT OF CONSOLIDATED FINANCIAL STATEMENTS 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 (together, "the Group") which were prepared on 31 December 2018 and approved by the Board of Management on 5 March 2019. These consolidated financial statements include the consolidated balance sheet as at 31 December 2018, the consolidated income statement and consolidated cash flow statement for the year then ended, and notes to these consolidated financial statements, as set out on pages 151 to 189.

The Board of Management' Responsibility

The Board of Management is responsible for the preparation and the true and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on this 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to 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 auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true 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 the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor whose independent auditor's report dated 26 March 2018, expressed an unmodified opinion on those statements.

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No.
0048-2018-006-1
Authorised signatory
Report reference number: HCM7649
Ho Chi Minh City, 5 March 2019

Tran Van Thang
Audit Practising Licence No.
3586-2017-006-1

		As at 31 December		
Code	ASSETS	Note	2018 VND	2017 VND
100	CURRENT ASSETS		15,323,459,276,998	14,323,046,481,379
110	Cash and cash equivalents	3	552,833,230,980	1,221,114,590,570
111	Cash		149,333,230,980	285,114,590,570
112	Cash equivalents		403,500,000,000	936,000,000,000
120	Short-term investment		3,907,058,000,000	4,568,527,000,000
123	Investments held to maturity	4(a)	3,907,058,000,000	4,568,527,000,000
130	Short-term receivables		9,053,952,559,022	6,343,651,794,988
131	Short-term trade accounts receivable	5	8,583,155,443,151	6,066,528,567,248
132	Short-term prepayments to suppliers	6	408,522,628,085	169,888,237,132
136	Other short-term receivables	7	272,136,385,866	317,096,888,688
137	Provision for doubtful debts short term	8	(209,861,898,080)	(209,861,898,080)
140	Inventory		1,443,523,976,605	1,873,811,750,026
141	Inventory	9	1,443,523,976,605	1,873,811,750,026
150	Other current assets		366,091,510,391	315,941,345,795
151	Short-term prepaid expenses	10(a)	3,715,158,612	10,072,902,332
152	Value Added Tax to be reclaimed		362,376,351,779	305,646,255,012
153	Other taxes receivable	16(a)	-	222,188,451
200	LONG-TERM ASSETS		1,499,602,669,344	1,554,271,582,049
220	Fixed assets		743,708,162,486	725,733,518,666
221	Tangible fixed assets	11(a)	648,195,904,621	631,590,856,980
222	Historical cost		1,033,129,306,154	954,205,488,887
223	Accumulated depreciation		(384,933,401,533)	(322,614,631,907)
227	Intangible fixed assets	11(b)	95,512,257,865	94,142,661,686
228	Historical cost		111,780,039,500	106,346,738,578
229	Accumulated amortisation		(16,267,781,635)	(12,204,076,892)
230	Investment properties	12	52,358,883,694	50,050,508,279
231	Historical cost		69,677,550,622	63,045,669,421
232	Accumulated depreciation		(17,318,666,928)	(12,995,161,142)
240	Long-term asset in progress		1,005,828,500	72,100,000
242	Construction in progress		1,005,828,500	72,100,000
250	Long-term investments		350,744,031,635	377,204,788,931
252	Investments in associates	13	350,744,031,635	227,204,788,931
255	Investments held to maturity	4(b)	-	150,000,000,000
260	Other long-term assets		351,785,763,029	401,210,666,173
261	Long-term prepaid expenses	10(b)	348,602,442,291	397,566,418,597
262	Deferred income tax assets	32	3,183,320,738	3,644,247,576
270	TOTAL ASSETS		16,823,061,946,342	15,877,318,063,428

The notes on pages 156 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED
BALANCE SHEET (CONTINUED)

Form B 01a – DN/HN

		As at 31 December			
Code	RESOURCES	Note		2018 VND	2017 VND
300	LIABILITIES			8,860,568,747,448	8,570,630,214,809
310	Short-term liabilities			8,851,372,781,946	8,559,717,905,972
311	Short-term trade accounts payable	14		5,813,051,490,169	4,630,806,248,430
312	Short-term advances from customers	15		671,428,472,219	1,408,085,588,997
313	Tax and other payables to the State Budget	16(b)		164,994,438,949	354,008,253,214
315	Short-term accrued expenses	17		1,759,584,094,811	1,639,354,520,674
318	Short-term unearned revenue	18		5,135,013,358	-
319	Other short-term payables	19(a)		204,297,216,319	281,435,190,582
321	Provision for short-term liabilities	20(a)		75,606,055,937	76,554,779,913
322	Bonus and welfare fund	21		157,276,000,184	169,473,324,162
330	Long-term liabilities			9,195,965,502	10,912,308,837
337	Other long-term payables	19(b)		662,352,826	662,352,826
342	Provision for long-term liabilities	20(b)		8,533,612,676	10,249,956,011
400	OWNERS' EQUITY			7,962,493,198,894	7,306,687,848,619
410	Capital and reserves			7,962,493,198,894	7,306,687,848,619
411	Owners' capital	22, 23		783,550,000,000	770,500,000,000
411a	- Ordinary shares with voting rights	22, 23		783,550,000,000	770,500,000,000
412	Share premium	23		2,997,645,175,385	2,958,550,175,385
415	Treasury shares	23		(439,558,938,999)	(22,832,460,000)
418	Investment and development fund	23		3,016,565,960,122	1,858,988,669,927
421	Undistributed earnings	23		1,604,291,002,386	1,741,481,463,307
421a	- Undistributed earnings of the previous years	23		93,883,453,112	88,802,233,967
421b	- Post-tax profit of current year	23		1,510,407,549,274	1,652,679,229,340
440	TOTAL RESOURCES			16,823,061,946,342	15,877,318,063,428

Ha Thi Thuy Hang
Preparer

Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 156 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED
INCOME STATEMENT

Form B 02a – DN/HN

		For the year ended 31 December			
Code	ITEMS	Note		2018 VND	2017 VND
01	Revenue from sales of goods and rendering of services			28,560,857,297,395	27,176,836,576,380
02	Less deductions			-	-
10	Net revenue from sales of goods and rendering of services	26		28,560,857,297,395	27,176,836,576,380
11	Cost of goods sold and services rendered	27		(26,727,845,024,426)	(25,137,240,993,127)
20	Gross profit from sales of goods and rendering of services			1,833,012,272,969	2,039,595,583,253
21	Financial income	28		321,096,425,107	325,276,488,942
22	Financial expenses			(256,508,001)	(45,704,258)
24	Share of profit of investments in associates	13		97,618,204,914	31,676,978,729
26	General and administration expenses	29		(505,217,213,266)	(394,573,473,301)
30	Net operating profit			1,746,253,181,723	2,001,929,873,365
31	Other income	30		141,186,784,790	62,612,885,866
32	Other expenses	30		(14,465,680,949)	(3,800,220,218)
40	Net other income			126,721,103,841	58,812,665,648
50	Net accounting profit before tax			1,872,974,285,564	2,060,742,539,013
51	Business income tax - current	31		(362,105,809,452)	(407,180,459,042)
52	Business income tax - deferred	31, 32		(460,926,838)	(882,850,631)
60	Net profit after tax			1,510,407,549,274	1,652,679,229,340
	Attributable to:				
61	Shareholders of the parent company			1,510,407,549,274	1,652,679,229,340
70	Basic earnings per share	33		18,357	20,436
71	Diluted earnings per share	33		18,357	20,436

Ha Thi Thuy Hang
Preparer

Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 156 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED
CASH FLOW STATEMENT
(Indirect method)

Form B 03a – DN/HN

		For the year ended 31 December		
Code	ITEMS	Notes	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Net accounting profit before tax		1,872,974,285,564	2,060,742,539,013
	Adjustments for:			
02	Depreciation and amortisation		93,961,932,263	76,496,867,074
03	Reversal of provisions		(2,334,235,286)	(4,994,293,145)
04	Unrealised foreign exchange losses/(gains)		177,561,364	(50,834,803)
05	Profits from investing activities		(420,738,017,892)	(364,839,681,933)
08	Operating profit before changes in working capital		1,544,041,526,013	1,767,354,596,206
09	Increase in receivables		(2,797,703,359,814)	(2,444,779,391,189)
10	Decrease/(increase) in inventories		430,287,773,421	(632,934,673,867)
11	Increase in payables		331,806,119,643	2,951,347,688,516
12	Decrease/(increase) in prepaid expenses		55,321,720,026	(7,568,434,666)
15	Business income tax paid		(386,537,444,561)	(416,776,391,764)
17	Other payments on operating activities		(111,107,156,003)	(109,083,623,001)
20	Net cash (outflows)/inflows from operating activities		(933,890,821,275)	1,107,559,770,235
CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchases of fixed assets		(134,239,595,441)	(170,070,419,862)
22	Proceeds from disposals of fixed assets		17,589,916,354	8,600,070,476
23	Term deposits		(4,352,058,000,000)	(4,803,527,000,000)
24	Term deposits collections		5,163,527,000,000	3,700,000,000,000
25	Investments in associates		(40,590,000,000)	-
27	Dividends and interest received		366,917,856,522	205,750,711,464
30	Net cash inflows/(outflows) from investing activities		1,021,147,177,435	(1,059,246,637,922)
CASH FLOWS FROM FINANCING ACTIVITIES				
31	Proceeds from issuance of shares and sales of treasury shares		73,236,000,000	-
32	Payments for share repurchases		(437,817,478,999)	(21,091,000,000)
36	Dividends paid		(390,953,176,000)	(382,734,658,400)
40	Net cash outflows from financing activities		(755,534,654,999)	(403,825,658,400)
50	Net decrease in cash and cash equivalents		(668,278,298,839)	(355,512,526,087)
60	Cash and cash equivalents at beginning of year	3	1,221,114,590,570	1,576,627,577,169
61	Effect of foreign exchange differences		(3,060,751)	(460,512)
70	Cash and cash equivalents at end of year	3	552,833,230,980	1,221,114,590,570

The notes on pages 156 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED
CASH FLOW STATEMENT
(Indirect method)

Form B 03a – DN/HN

Major non-cash transaction during the year are mainly sales of fixed assets amounting to VND1,690,909,091 which have not been collected as at 31 December 2018, and purchases of fixed assets amounting to VND4,399,656,194 which have not been paid as at 31 December 2018 (as at 31 December 2017: VND7,465,703,583).


Ha Thi Thuy Hang
Preparer


Vu Thi Hong Hanh
Chief Accountant




Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 156 to 189 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Coteccons Construction Joint Stock Company (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 4103002611 dated 24 August 2004 issued by the Department of Planning and Investment of Ho Chi Minh City, and subsequent amended Enterprise Registration Certificate No. 0303443233 dated 23 August 2010 and its latest 21st amended Enterprise Registration Certificate dated 30 January 2018 which approves the increase in the Company’s charter capital to VND783,550,000,000.

The Company’s shares were listed in the Ho Chi Minh City Stock Exchange with trading code “CTD” in accordance with the Decision No. 155/QĐ-SGDHCM dated 9 December 2009 issued by the Ho Chi Minh City Stock Exchange.

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

The normal business cycle of the Group is 12 months.

As at 31 December 2018, the Company had 2 wholly-owned subsidiaries which are Unicons Investment Construction Company Limited (“Unicons”) and Covestcons Company Limited (“Covestcons”) and 4 associates (Note 13).

(*) Unicons, a one-member limited liability company established in Ho Chi Minh City pursuant to Business Registration Certificate No. 4103005020 dated 14 July 2006 issued by the Department of Planning and Investment of Ho Chi Minh City, subsequently changed to Enterprise Registration Certificate No. 0304472276 dated 6 October 2010. The principal activities are construction and equipment installation services.

(**) Covestcons, a one-member limited liability company established in Ho Chi Minh City pursuant to Enterprise Registration Certificate No. 0314326002 dated 31 March 2017 issued by the Department of Planning and Investment of Ho Chi Minh City. The principal activities are real estate brokerage and trading.

As at 31 December 2018, the Group had 2,720 employees (as at 31 December 2017: 2,540 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and its consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated financial statements in Vietnamese language are the official statutory consolidated financial statements of the Group. The consolidated financial statements in English language have been translated from the Vietnamese language consolidated financial statements

2.2 Fiscal year

The Group’s fiscal year is from 1 January to 31 December.

2.3 Currency

The consolidated financial statements are measured and presented in Vietnamese Dong (“VND”).

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial bank where the Group regularly trades. Foreign currencies deposited in bank at the consolidated balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2.4 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in associates equals or exceeds its interest in associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term investments with an original maturity of three months or less.

2.6 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Management of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Construction works-in-progress are stated at the lower of cost and net realisable value. Cost comprises the original cost of purchase plus the cost of bringing the construction materials and construction costs to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and necessary estimated hand-over expenses.

2.8 Investments held-to-maturity

Investments held-to-maturity are investments which the Group's Board of Management has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits and bonds held-to-maturity for interest earning. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investment is uncollectible.

2.9 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

<i>Depreciation and amortisation</i>	<i>Year</i>
Buildings and structures	6 - 45
Machinery and equipment	3 - 10
Motor vehicles	6 - 8
Office equipment	3 - 5
Software	3
Others	5 - 6
Land use rights	45 - 49

Land use right with indefinite useful life is recorded at historical cost and is not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the consolidated income statement.

2.10 Investment properties

Cost of an investment property means the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction.

Depreciation

Investment properties are depreciated on the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

	<i>Year</i>
Office buildings	30 - 45
Others	25

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the consolidated income statement.

2.11 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

2.13 Payables

Classifications of payables are based on their nature as follows:

- » Trade accounts payable are trade payables arising from purchase of goods and services.
- » Other payables including non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.15 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.16 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the period prior to the consolidated balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

2.17 Unearned revenue

Unearned revenue mainly comprises the amounts that customers paid in advance for one or many accounting periods for revenues corresponding to the value of goods, services. The Group records unearned revenue for the future obligations that the Group has to conduct.

2.18 Owners' capital

Contributed capital of the shareholders is recorded according to actual amount contributed and is recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and shall be re-issued in the period in accordance with the Law on securities.

Undistributed earnings record the Group's consolidated results after business income tax at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Appropriation of net profit

Net profit after income tax could be distributed to shareholders after approval at Annual General Meeting, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

(a) Development and investment fund

Development and investment fund is appropriated from net profit of the Group and subject to shareholders' approval at the Annual General Meeting. The fund is set aside for the use in the Group's expansion of its operation or in-depth investments.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Group's net profit and subject to shareholders' approval at the Annual General Meeting. The fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

(c) Dividend distribution

Dividend of the Company is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Annual General Meeting.

2.20 Revenue recognition

(a) Sales of goods

Revenue from sale of goods is recognised in the consolidated income statement when all five (5) following conditions are satisfied:

- » The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- » The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- » The amount of revenue can be measured reliably;
- » It is probable that the economic benefits associated with the transaction will flow to the Group; and
- » The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Group gives promotional goods to customers associated with customers' purchase, the Group allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue recognition (continued)

(b) Rendering of services

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- » The amount of revenue can be measured reliably;
- » It is probable that the economic benefits associated with the transaction will flow to the Group;
- » The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- » The costs incurred for the transaction and the costs to complete the transaction can be measured reliable.

(c) Revenue from construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers. Claimable receivable and other receivable are included in revenue to the extent that they have been agreed and verified by the customers.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are only recognised when incurred during the period.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as construction contracts-in-progress receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as construction contracts-in-progress payables.

(d) Interest income

Interest income is recognised on an earned basis.

(e) Dividend income

Income from dividend is recognised when the Group has established the receiving right from investees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of materials sold or services provided during the year, and recorded on the basis of matching with revenue and on prudent concept.

2.22 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances,...); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, provision for doubtful debts, outside services and other expenses.

2.23 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

2.25 Segment reporting

A segment is a component which can be separated by the Group engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of consolidated financial statements understand and evaluate the Group's operations in a comprehensive way.

2.26 Use of estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of consolidated financial statements and the amounts of revenues and expenses during the period. Although these estimates are based on the Board of Management' best knowledge of current events and actions, actual results may differ from those estimates.

3 CASH AND CASH EQUIVALENTS

	2018 VND	2017 VND
Cash on hand	829,504,253	221,120,198
Cash at bank	148,503,726,727	284,893,470,372
Cash equivalents (*)	403,500,000,000	936,000,000,000
	552,833,230,980	1,221,114,590,570

(*) Including term deposits with maturity of less than 3 months, earning applicable interest rates.

4 INVESTMENTS HELD-TO-MATURITY

	2018		2017	
	Cost VND	Book value VND	Cost VND	Book value VND
(a) Short-term				
Term deposits (i)	3,707,058,000,000	3,707,058,000,000	4,568,527,000,000	4,568,527,000,000
Bonds (ii)	200,000,000,000	200,000,000,000	-	-
	3,907,058,000,000	3,907,058,000,000	4,568,527,000,000	4,568,527,000,000
(b) Long-term				
Term deposits	-	-	50,000,000,000	50,000,000,000
Bonds	-	-	100,000,000,000	100,000,000,000
	-	-	150,000,000,000	150,000,000,000

(i) Including term deposits with maturity of more than 3 months and less than 12 months, earning applicable interest rates.

(ii) Including the bonds of Saigon Securities Inc. and ACB Securities Company with the respective maturities of on 19 January 2019 and 6 March 2019, earning applicable interest rates.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2018 VND	2017 VND
Third parties (*)	8,582,384,080,678	6,058,562,945,918
Related parties (Note 36(b))	771,362,473	7,965,621,330
	8,583,155,443,151	6,066,528,567,248

(*) As at 31 December 2018, details for customers accounting from 10% or more of the total balance of short-term trade accounts receivable – third parties are as follows:

	2018 VND	2017 VND
Viet Star Company Limited	1,029,465,656,275	366,971,842,384

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6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2018 VND	2017 VND
Third parties	408,522,628,085	169,888,237,132

As at 31 December 2018, details for suppliers accounting from 10% or more of the total balance of short-term prepayments to suppliers are as follows:

	2018 VND	2017 VND
An Gia Real Estate Investment and Development Corporation	130,000,000,000	-
Eurowindow Joint Stock Company	54,841,447,793	-

7 OTHER SHORT-TERM RECEIVABLES

	2018 VND	2017 VND
Interests	191,758,223,203	224,173,261,928
Advances to construction teams and employees	54,822,089,532	74,709,869,456
Short-term deposits	23,465,571,821	13,004,496,878
Others	2,090,501,310	5,209,260,426
	272,136,385,866	317,096,888,688

8 PROVISION FOR DOUBTFUL DEBTS – SHORT-TERM

Movements of provision for doubtful debts – short-term during the year are as follows:

	2018 VND	2017 VND
Opening balance	209,861,898,080	263,483,157,705
Increase	-	314,247,295
Write-off	-	(255,600,880)
Reversal	-	(53,679,906,040)
Closing balance	209,861,898,080	209,861,898,080

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9 INVENTORY

	2018 VND	2017 VND
Construction works in progress	1,443,523,976,605	1,873,811,750,026

Details of construction works in progress by projects are as follows:

	2018 VND	2017 VND
Iron and Steel Complex Hoa Phat – Dung Quat	154,915,310,282	-
Other projects	1,288,608,666,323	1,873,811,750,026
	1,443,523,976,605	1,873,811,750,026

10 PREPAID EXPENSES

(a) Short-term

	2018 VND	2017 VND
Office tools and equipment	2,264,893,751	5,344,286,860
Construction tools and equipment	1,450,264,861	1,271,949,173
Rental and office maintenance	-	3,456,666,299
	3,715,158,612	10,072,902,332

(b) Long-term

	2018 VND	2017 VND
Construction tools and equipment	311,190,894,485	361,395,279,065
Operating leases and office tools and equipment	37,411,547,806	36,171,139,532
	348,602,442,291	397,566,418,597

Movements of long-term prepaid expenses during the year are as follows:

	2018 VND	2017 VND
Opening balance	397,566,418,597	396,065,656,914
Increase	173,115,059,891	199,413,624,037
Allocation	(222,079,036,197)	(197,912,862,354)
Closing balance	348,602,442,291	397,566,418,597

11 FIXED ASSETS
(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2018	242,687,108,470	642,217,834,380	39,544,140,540	26,706,689,206	3,049,716,291	954,205,488,887
New purchases	5,751,334,347	109,726,105,554	3,766,028,091	5,563,050,638	-	124,806,518,630
Transferred to investment properties (Note 12)	(6,631,881,201)	-	-	-	-	(6,631,881,201)
Disposals	(12,683,324,163)	(21,985,327,872)	(4,034,930,127)	(547,238,000)	-	(39,250,820,162)
As at 31 December 2018	229,123,237,453	729,958,612,062	39,275,238,504	31,722,501,844	3,049,716,291	1,033,129,306,154
Accumulated depreciation						
As at 1 January 2018	61,327,206,191	217,744,726,190	22,838,844,913	17,666,334,051	3,037,520,562	322,614,631,907
Charge for the year	13,165,084,476	64,371,637,716	4,211,120,085	5,385,457,072	12,195,729	87,145,495,078
Transferred to investment properties (Note 12)	(1,570,773,344)	-	-	-	-	(1,570,773,344)
Disposals	(1,020,439,577)	(21,075,412,620)	(656,656,417)	(503,443,494)	-	(23,255,952,108)
As at 31 December 2018	71,901,077,746	261,040,951,286	26,393,308,581	22,548,347,629	3,049,716,291	384,933,401,533
Net book value						
As at 1 January 2018	181,359,902,279	424,473,108,190	16,705,295,627	9,040,355,155	12,195,729	631,590,856,980
As at 31 December 2018	157,222,159,707	468,917,660,776	12,881,929,923	9,174,154,215	-	648,195,904,621

As at 31 December 2018, historical cost of fully depreciated tangible fixed assets but still in use was VND152,776,936,179 (as at 31 December 2017: VND155,297,449,436).

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2018	94,881,924,366	11,464,814,212	106,346,738,578
New purchases	-	5,433,300,922	5,433,300,922
As at 31 December 2018	94,881,924,366	16,898,115,134	111,780,039,500
Accumulated amortisation			
As at 1 January 2018	5,457,793,847	6,746,283,045	12,204,076,892
Charge for the year	611,038,350	3,452,666,393	4,063,704,743
As at 31 December 2018	6,068,832,197	10,198,949,438	16,267,781,635
Net book value			
As at 1 January 2018	89,424,130,519	4,718,531,167	94,142,661,686
As at 31 December 2018	88,813,092,169	6,699,165,696	95,512,257,865

As at 31 December 2018, historical cost of fully amortised intangible fixed assets as at 31 December 2018 was VND5,920,076,435 (as at 31 December 2017 was VND4,439,092,685).

12 INVESTMENT PROPERTIES

	Office buildings VND	Others VND	Total VND
Historical cost			
As at 1 January 2018	44,425,305,512	18,620,363,909	63,045,669,421
Transfers from tangible fixed assets (Note 11(a))	6,631,881,201	-	6,631,881,201
As at 31 December 2018	51,057,186,713	18,620,363,909	69,677,550,622
Accumulated depreciation			
As at 1 January 2018	9,914,525,362	3,080,635,780	12,995,161,142
Charge for the year	2,007,917,870	744,814,572	2,752,732,442
Transfers from tangible fixed assets (Note 11(a))	1,570,773,344	-	1,570,773,344
As at 31 December 2018	13,493,216,576	3,825,450,352	17,318,666,928
Net book value			
As at 1 January 2018	34,510,780,150	15,539,728,129	50,050,508,279
As at 31 December 2018	37,563,970,137	14,794,913,557	52,358,883,694

The income and expenses from renting investment properties during the year are as follows:

	2018 VND	2017 VND
Income from renting investment properties	11,903,425,626	10,207,243,006
Expenses regarding investment properties' renting	5,534,480,905	5,719,821,114

At the date of these consolidated financial statements, the entire investment properties presented above are used for renting purpose.

13 INVESTMENTS IN ASSOCIATES

Company name	2018		2017		Cost VND
	Percentage of ownership	Percentage of voting rights	Percentage of ownership	Percentage of voting rights	
Ricons Construction Investment Joint Stock Company (i)	14.87	24.03	18.58	35.75	142,451,914,317
FCC Infrastructure Investment Joint Stock Company (ii)	35	35	35	35	84,600,817,819
Quang Trong Commercial Joint Stock Company (iii)	36	36	36	36	152,056,795
Hiteccons Investment Joint Stock Company (iv)	31	31	-	-	-
					227,204,788,931

(i) Ricons Construction Investment Joint Stock Company, a joint stock company established in Ho Chi Minh City pursuant to Business Registration Certificate No. 4103002810 dated 27 October 2004 issued by the Department of Planning and Investment of Ho Chi Minh City, which was subsequently amended to Enterprise Registration Certificate No. 0303527596 dated 9 June 2011. The principal activities are civil and industrial construction services, trading of construction materials and real estate.

(ii) FCC Infrastructure Investment Joint Stock Company, a joint stock company established in Ha Noi City pursuant to Enterprise Registration Certificate No. 0106605407 dated 21 July 2014 issued by the Department of Planning and Investment of Ha Noi City. The principal activities are civil and industrial project constructions.

(iii) Quang Trong Commercial Joint Stock Company, a joint stock company established in Ba Ria Vung Tau Province pursuant to Business Registration Certificate No. 4903000474 dated 18 December 2007 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province, which was subsequently amended to Enterprise Registration Certificate No. 3500740022. The principal activities are real estate trading and provision of project management services.

(iv) Hiteccons Investment Joint Stock Company, a joint stock company established in Ha Noi City pursuant to Enterprise Registration Certificate No. 0108007089 dated 2 October 2017 issued by the Department of Planning and Investment of Ha Noi City. The principal activities are real estate trade and constructions.

As at 31 December 2018, the Group was unable to determine its investments in associates' fair value as those investments are not listed on the stock exchange market, therefore, there is no available fair value information of those investments.

13 INVESTMENTS IN ASSOCIATES (CONTINUED)

	2018 VND
Cost of investments	
As at 31 December 2017	136,160,000,000
Capital contributions to associates	40,590,000,000
As at 31 December 2018	176,750,000,000
Accumulated profits shared after the acquisition	
As at 31 December 2017	91,044,788,931
Share of profit of investments in associates	97,618,204,914
Dividend shared from an associate	(13,608,000,000)
Net unrealised profits during the year	(1,060,962,210)
As at 31 December 2018	173,994,031,635
Value	
As at 31 December 2017	227,204,788,931
As at 31 December 2018	350,744,031,635

14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2018		2017	
	Book value VND	Able-to-pay amount VND	Book value VND	Able-to-pay amount VND
Third parties (*)	3,764,218,694,747	3,764,218,694,747	3,474,103,621,605	3,474,103,621,605
Related parties (Note 36(b))	2,048,832,795,422	2,048,832,795,422	1,156,702,626,825	1,156,702,626,825
	5,813,051,490,169	5,813,051,490,169	4,630,806,248,430	4,630,806,248,430

(*) As at 31 December 2018, details for suppliers accounting from 10% or more of the total balance of short-term trade accounts payable – third parties are as follows:

	2018 VND	2017 VND
FDC Investment Construction Joint Stock Company	625,269,748,394	662,970,093,724

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15 SHORT-TERM ADVANCES FROM CUSTOMERS

	2018 VND	2017 VND
Third parties (*)	655,423,317,361	1,408,085,588,997
Related parties (Note 36(b))	16,005,154,858	-
	671,428,472,219	1,408,085,588,997

(*) As at 31 December 2018, details for customers accounting from 10% or more of the total balance of short-term advances from customers – third parties are as follows:

	2018 VND	2017 VND
Viettel Real Estate Company – Branch of Viettel Telecom Group	161,126,596,354	-
Olympia Civil Construction Company Limited	92,972,428,445	-

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16 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

(a) Receivables

	As at 1.1.2018 VND	Payable during the year VND	Net-off during the year VND	Paid during the year VND	As at 31.12.2018 VND
Import tax	(222,188,451)	5,658,195,277	-	(5,436,006,826)	-

(b) Payables

	As at 1.1.2018 VND	Payable during the year VND	Net-off during the year VND	Paid during the year VND	As at 31.12.2018 VND
Business income tax	105,314,408,492	365,439,104,919	-	(386,537,444,561)	84,216,068,850
Personal income tax	97,355,553,060	144,411,671,458	-	(201,062,866,720)	40,704,357,798
Value added tax	151,338,291,662	2,776,932,256,113	(2,406,504,488,615)	(481,692,046,859)	40,074,012,301
Others	-	11,000,000	-	(11,000,000)	-
	354,008,253,214	3,286,794,032,490	(2,406,504,488,615)	(1,069,303,358,140)	164,994,438,949

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17 SHORT-TERM ACCRUED EXPENSES

	2018 VND	2017 VND
Construction costs	1,759,584,094,811	1,639,354,520,674

18 SHORT-TERM UNEARNED REVENUE

	2018 VND	2017 VND
Unearned revenue from constructions	5,135,013,358	-

19 OTHER PAYABLES

(a) Short-term

	2018 VND	2017 VND
Payables to construction teams and employees	189,807,201,010	230,577,833,156
Share option program to key management	-	40,058,000,000
Allowance for the Board of Directors and Board of Supervisor	8,062,530,000	5,037,000,000
Dividend payable	847,842,925	359,298,925
Others	5,579,642,384	5,403,058,501
	204,297,216,319	281,435,190,582

(b) Long-term

	2018 VND	2017 VND
Long-term deposits	662,352,826	662,352,826

20 PROVISION FOR LIABILITIES

(a) Short-term

	2018 VND	2017 VND
Provision for construction warranty	75,606,055,937	76,554,779,913

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Movements of provision for construction warranty during the year are as follows:

	2018 VND	2017 VND
Opening balance	76,554,779,913	60,163,598,312
Increase	42,500,017,018	77,521,647,413
Reversal	(11,140,154,153)	(29,416,319,891)
Utilisation	(32,308,586,841)	(31,714,145,921)
Closing balance	75,606,055,937	76,554,779,913

(b) Long-term

	2018 VND	2017 VND
Provision for severance allowance	8,533,612,676	10,249,956,011

Movements of provision for severance allowance during the year are as follows:

	2018 VND	2017 VND
Opening balance	10,249,956,011	10,249,956,011
Increase	330,832,025	521,638,958
Reversal	(1,716,343,335)	-
Utilisation	(330,832,025)	(521,638,958)
Closing balance	8,533,612,676	10,249,956,011

21 BONUS AND WELFARE FUND

Movements of bonus and welfare fund during the year are as follows:

	2018 VND	2017 VND
Opening balance	169,473,324,162	102,181,308,205
Increase	98,579,000,000	175,854,000,000
Utilisation	(110,776,323,978)	(108,561,984,043)
Closing balance	157,276,000,184	169,473,324,162

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22 OWNERS' CAPITAL

(a) Number of shares

	2018 Ordinary shares	2017 Ordinary shares
Number of shares registered	78,355,000	77,050,000
Number of shares issued	78,355,000	77,050,000
Number of shares repurchased/resole	(2,876,127)	(515,156)
Number of existing shares in circulation	75,478,873	76,534,844

(b) Details of owners' shareholding

	2018		2017	
	Ordinary shares	%	Ordinary shares	%
Kustocem Pte Ltd.	13,906,666	18.42	13,906,666	18.17
Success Investment and Business One Member Limited Company	11,192,652	14.83	11,192,652	14.62
Others	50,379,555	66.75	51,435,526	67.21
	75,478,873	100	76,534,844	100

(c) Movement of share capital

	Số cổ phiếu
As at 1 January 2017	77,050,000
New shares issued	-
As at 31 December 2017	77,050,000
New shares issued	1,305,000
As at 31 December 2018	78,355,000

Par value per share: VND10,000.

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23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2017	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 during the year	-	-	-	-	1,652,679,229,340	1,652,679,229,340
Shares repurchases	-	-	(21,091,000,000)	-	-	(21,091,000,000)
Appropriation to investment and development fund	-	-	-	788,036,709,805	(788,036,709,805)	-
Appropriation to bonus and welfare fund	-	-	-	-	(175,854,000,000)	(175,854,000,000)
Dividend declared	-	-	-	-	(382,674,220,000)	(382,674,220,000)
As at 31 December 2017	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
New shares issued (i)	13,050,000,000	39,095,000,000	-	-	-	52,145,000,000
Net profit during the year	-	-	-	-	1,510,407,549,274	1,510,407,549,274
Sales of treasury shares	-	-	21,091,000,000	-	-	21,091,000,000
Shares repurchases	-	-	(437,817,478,999)	-	-	(437,817,478,999)
Appropriation to investment and development fund (ii)	-	-	-	1,157,577,290,195	(1,157,577,290,195)	-
Appropriation to bonus and welfare fund (ii)	-	-	-	-	(98,579,000,000)	(98,579,000,000)
Dividend declared (ii)	-	-	-	-	(391,441,720,000)	(391,441,720,000)
As at 31 December 2018	783,550,000,000	2,997,645,175,385	(439,558,938,999)	3,016,565,960,122	1,604,291,002,386	7,962,493,198,894

(i) The Company has issued new shares of 1,305,000 shares at the price of VND40,000 per share under employee stock option plan in accordance with the Annual General Meeting's Resolution No. 01/2017/NQ-DHCD dated 29 June 2017.

(ii) The Company has appropriated the investment and development fund, bonus and welfare fund and declared dividend from the 2017 post-tax undistributed earnings with the respective amounts of VND1,157,577,290,195, VND98,579,000,000 and VND391,441,720,000 in accordance with the Annual General Meeting's Resolution No. 01/2018/NQ-DHCD dated 2 June 2018.

23 MOVEMENTS IN OWNERS' EQUITY (CONTINUED)

Utilisation of New Share Capital

As at 31 December 2018, the Company has managed the remaining capital from the new share issuance during the period from 18 October 2016 to 16 November 2016 as follows:

No.	Items	Amount VND
1	The purchase of 12-month term deposits at the Vietnam Technological and Commercial Joint Stock Bank, earning interest at the rate of 7%p.a.	700,000,000,000
2	The purchase of 12-months term deposit at the Joint Stock Commercial Bank for Investment and Development of Vietnam, earning interest at the rate of 7%p.a.	400,000,000,000
3	The purchase of 6-month term deposits at the Vietnam Technological and Commercial Joint Stock Bank, earning interest at the rate of 6.7%p.a.	33,666,895,965
		1,133,666,895,965

In addition, the Company has reported capital expenditure - the utilisation of the capital resulting from the new share issuance above - for the following approved investment purposes:

No.	Items	Amount VND
A	Total capital resulting from new share issuance	1,761,910,813,520
B	Issuance fee	17,619,108,135
C	Net capital resulting from new share issuance	1,744,291,705,385
D	Remaining capital as at 11 March 2017	1,744,291,705,385
	Utilised for	
1	Capital contribution to a newly established entity for business expansion purposes (*)	269,000,000,000
2	Direct investments or joint investments in infrastructure and real estate projects, including office buildings, hotels, apartment buildings	-
3	Purchases of machinery and equipment for business operation purposes	341,624,809,420
E	Accumulated capital expenditure from 11 March 2017 to 31 December 2018	610,624,809,420
F	Remaining capital as at 31 December 2018	1,133,666,895,965

(*) The Company has made a capital contribution of VND269,000,000,000 to Covestcons Company Limited, a wholly owned subsidiary.

24 DIVIDENDS

Movements of dividends payable during the year are as follows:

	2018 VND	2017 VND
Opening balance	359,298,925	419,737,325
Dividend declared	391,441,720,000	382,674,220,000
Dividends paid in cash	(390,953,176,000)	(382,734,658,400)
Closing balance	847,842,925	359,298,925

25 OFF BALANCE SHEET ITEMS

(a) Foreign currency

As at 31 December 2018, included in cash and cash equivalents are balances held in foreign currency of USD 1,128,534.26 (as at 31 December 2017: USD48,869.70).

(b) Commitments under operating leases

As at 31 December 2018, the future minimum lease payments under non-cancellable operating leases were VND12,386,801,100 (as at 31 December 2017: VND7,695,342,612) (Note 37).

(c) Capital contribution commitments

As at 31 December 2018 and 31 December 2017, the Group had capital obligations with the respective amounts of VND140,210,000,000 and VND143,000,000,000 (Note 38).

26 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2018 VND	2017 VND
Net revenue from construction contracts (*)	28,526,690,225,430	27,118,027,527,824
Net revenue from investment property activities	11,903,425,626	10,207,243,006
Net revenue from leasing out construction equipment	7,888,773,343	14,566,010,277
Net revenue from sales of construction material	1,707,906,598	33,173,068,000
Net revenue from other activities	12,666,966,398	862,727,273
	28,560,857,297,395	27,176,836,576,380

26 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES (CONTINUED)

(*) Net revenue from construction contracts are as follows:

	2018 VND	2017 VND
Net revenue from outstanding construction contracts recognised during the year	27,866,183,379,608	24,714,421,857,734
Net revenue from completed construction contracts recognised during the year	660,506,845,822	2,403,605,670,090
	28,526,690,225,430	27,118,027,527,824
	2018 VND	2017 VND
Net accumulated revenue from outstanding construction contracts up to end of this year	54,137,132,918,522	40,264,043,362,509

27 COST OF GOODS SOLD AND SERVICES RENDERED

	2018 VND	2017 VND
Cost of construction contracts	26,707,460,016,608	25,089,479,024,692
Cost of investment property activities	5,534,480,905	5,719,821,114
Cost of construction equipment leased out	6,275,376,091	8,113,932,342
Cost of construction materials sold	1,707,906,598	33,151,443,979
Others	6,867,244,224	776,771,000
	26,727,845,024,426	25,137,240,993,127

28 FINANCIAL INCOME

	2018 VND	2017 VND
Interest income	320,894,817,797	324,632,690,777
Penalty interest for late payments	-	528,570,102
Realised foreign exchange gains	171,866,664	64,295,131
Unrealised foreign exchange gains	29,740,646	50,932,932
	321,096,425,107	325,276,488,942

29 GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Salary expenses	344,573,390,651	316,723,569,806
Depreciation and amortisation	27,499,694,439	19,649,099,732
(Reversal of provision)/provision for severance allowance	(1,385,511,310)	521,638,958
Reversal of provision for doubtful debts	-	(53,365,658,745)
Outside service expenses	49,428,109,832	39,450,499,925
Other expenses	85,101,529,654	71,594,323,625
	505,217,213,266	394,573,473,301

30 OTHER INCOME AND OTHER EXPENSES

	2018 VND	2017 VND
Other income		
Reversal of over-accrued constructions costs	120,114,919,748	24,991,471,801
Reversal of provision for construction warranty	11,140,154,153	29,416,319,891
Net gains from disposal of fixed assets	3,285,957,391	7,257,248,429
Others	6,645,753,498	947,845,745
	141,186,784,790	62,612,885,866
Other expense		
Construction warranty expenses	14,438,531,365	1,315,344,666
Others	27,149,584	2,484,875,552
	14,465,680,949	3,800,220,218

31 BUSINESS INCOME TAX

The reconciliation of business income tax ("BIT") with the net accounting profit before tax using the applicable tax rate of 20% are as follows:

	2018 VND	2017 VND
Net accounting profit before tax	1,872,974,285,564	2,060,742,539,013
Tax calculated at a rate of 20%	374,594,857,113	412,148,507,803
Effect of:		
Income not subject to tax	(19,523,640,983)	(10,025,478,939)
Non-deductible expenses	3,667,960,716	3,326,555,787
Under-provision in previous years	3,827,559,444	2,613,725,022
BIT charge	362,566,736,290	408,063,309,673
Charged to consolidated income statement:		
BIT – current	362,105,809,452	407,180,459,042
BIT – deferred	460,926,838	882,850,631
BIT charge	362,566,736,290	408,063,309,673

The BIT charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

32 DEFERRED INCOME TAX

Movements in the deferred income tax assets during the year are as follows:

	2018 VND	2017 VND
Opening balance	3,644,247,576	4,527,098,207
Credit to the consolidated income statement	(460,926,838)	(882,850,631)
Closing balance	3,183,320,738	3,644,247,576

Details of deferred tax assets

	2018 VND	2017 VND
Deductible temporary differences	3,183,320,738	3,644,247,576

Deductible temporary differences mainly comprise provision for severance allowance.

The Group uses tax rate of 20% for determining deferred tax assets.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

33 EARNINGS PER SHARE

(a) **Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares:

	2018	2017
Net profit attributable to shareholders (VND)	1,510,407,549,274	1,652,679,229,340
Less amount allocated to bonus and welfare fund (VND) (*)	(75,520,377,464)	(82,633,961,467)
	1,434,887,171,810	1,570,045,267,873
Weighted average number of ordinary shares in issue (shares)	78,167,792	76,825,926
Basic earnings per share (VND)	18,357	20,436

(*) Estimated amounts appropriated to bonus and welfare fund for the year 2018 are determined based on the 2018 profit distribution plan of the Company approved by shareholders at the Company's Annual General Meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 december 2018 - continued

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33 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

During the year and up to the date of these consolidated financial statements, there is no potential ordinary shares.

34 COST OF OPERATION BY FACTOR

	2018 VND	2017 VND
Raw materials	7,094,996,010,251	7,384,094,026,369
Salary expenses	2,840,294,383,515	3,344,567,884,366
Tools and supplies	375,613,096,276	385,583,164,027
Depreciation and amortisation	93,969,492,263	94,265,486,864
Outside service expenses	16,046,325,576,984	14,705,184,364,247
Other expenses	351,575,904,982	251,054,214,422
	26,802,774,464,271	26,164,749,140,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 december 2018 - continued

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35 SEGMENT REPORTING

Business segment

	2018					2017				
	Construction services VND	Investment properties activities VND	Leasing out construction equipment VND	Selling construction materials VND	Others VND	Construction services VND	Investment properties activities VND	Leasing out construction equipment VND	Selling construction materials VND	Others VND
Net revenue from sales of goods and rendering of services	28,526,690,225,430	11,903,425,626	7,888,773,343	1,707,906,598	12,666,966,398	27,118,027,527,824	10,207,243,006	14,566,010,277	33,173,068,000	862,727,273
Cost of goods sold and services rendered	(26,707,460,016,608)	(5,534,480,905)	(6,275,376,091)	(1,707,906,598)	(6,867,244,224)	(25,089,479,024,692)	(5,719,821,114)	(8,113,932,342)	(33,151,443,979)	(776,771,000)
Gross profit from sales of goods and rendering of services	1,819,230,208,822	6,368,944,721	1,613,397,252	-	5,799,722,174	2,028,548,503,132	4,487,421,892	6,452,077,935	21,624,021	85,956,273
Net revenue from sales of goods and rendering of services						27,118,027,527,824	10,207,243,006	14,566,010,277	33,173,068,000	862,727,273
Cost of goods sold and services rendered						(25,089,479,024,692)	(5,719,821,114)	(8,113,932,342)	(33,151,443,979)	(776,771,000)
Gross profit from sales of goods and rendering of services						2,028,548,503,132	4,487,421,892	6,452,077,935	21,624,021	85,956,273

Geographical segment

The Group's business activities are engaged in Vietnam only. Therefore, the Group did not present geographical segment.

36 RELATED PARTY DISCLOSURES

The Company is a joint stock company. Details of the shareholders are presented in Note 22.

(a) **Related party transactions**

During the year, the following transactions are carried out with related parties:

	2018 VND	2017 VND
i) Sales of goods and rendering of services		
Ricons Construction Investment Joint Stock Company	75,806,841,033	46,530,212,639
FCC Infrastructure Investment Joint Stock Company	-	24,320,999,180
ii) Purchases of goods and services		
Ricons Construction Investment Joint Stock Company	4,033,847,895,182	3,541,910,379,735
iii) Sales of fixed assets		
Ricons Construction Investment Joint Stock Company	-	4,500,000,000
iv) Dividend received		
Ricons Construction Investment Joint Stock Company	13,608,000,000	-
v) Capital contribution to associates		
Ricons Construction Investment Joint Stock Company	37,800,000,000	-
Hiteccons Investment Joint Stock Company	2,790,000,000	-
vi) Remuneration of the Board of Directors, Board of Supervision and salaries, bonus of Board of Management	46,401,475,416	53,493,243,604

36 RELATED PARTY DISCLOSURES (CONTINUED)

(b) **Year end balances with related parties**

	2018 VND	2017 VND
Short-term trade accounts receivable (Note 5)		
Ricons Construction Investment Joint Stock Company	771,362,473	7,965,621,330
Short-term trade accounts payable (Note 14)		
Ricons Construction Investment Joint Stock Company	2,048,832,795,422	1,156,702,626,825
Short-term advances from customers (Note 15)		
Ricons Construction Investment Joint Stock Company	16,005,154,858	-

37 COMMITMENTS UNDER OPERATING LEASES

The Group has been leasing out Coteccons building in accordance with operating lease contract. The future minimum receivables under non-cancellable lease contracts are as follows:

	2018 VND	2017 VND
Within 1 year	5,744,036,100	5,209,617,912
From 1 to 5 years	6,642,765,000	2,485,724,700
	12,386,801,100	7,695,342,612

38 CAPITAL CONTRIBUTION COMMITMENTS

The Group had the capital contribution obligations as follows:

As at 31 December 2018									
Investee name	Charter capital		Committed amount		Contributed amount		To be contributed		VND
	VND	%	VND	%	VND	%	VND	VND	
Hiteccons Investment Joint Stock Company	300,000,000,000	31	93,000,000,000	31	2,790,000,000	-	90,210,000,000	90,210,000,000	
Nguyen Kim – Cong Truong Quoc Te Company Limited	100,000,000,000	50	50,000,000,000	50	-	-	50,000,000,000	50,000,000,000	
	400,000,000,000		143,000,000,000		2,790,000,000		140,210,000,000	140,210,000,000	

As at 31 December 2017									
Investee name	Charter capital		Committed amount		Contributed amount		To be contributed		VND
	VND	%	VND	%	VND	%	VND	VND	
Hiteccons Investment Joint Stock Company	300,000,000,000	31	93,000,000,000	31	-	-	93,000,000,000	93,000,000,000	
Nguyen Kim – Cong Truong Quoc Te Company Limited	100,000,000,000	50	50,000,000,000	50	-	-	50,000,000,000	50,000,000,000	
	400,000,000,000		143,000,000,000		-	-	143,000,000,000	143,000,000,000	

39 EVENT AFTER CONSOLIDATED BALANCE SHEET DATE

On 18 January 2019, the Company received an Official Letter No. 507/UBCK-QLCB issued by the State Securities Commission, approving the issuance of new ordinary shares to its employees in accordance with the Employee Stock Ownership Plan program. Accordingly, the Company issued 900,000 ordinary shares to its employees in accordance with the Shareholder's Resolution No. 01/2018/NQ-ĐHCHĐ dated 2 June 2018.

The aforementioned issuance was completed on 20 February 2019, with total 900,000 new shares issued to its employees at the price of VND56,000 per share. Accordingly, the Company's registered share capital has increased from VND783,550,000,000 to VND792,550,000,000.

40 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform to current consolidated financial statements' presentation.

The consolidated financial statements were approved by the Board of Management on 5 March 2019.



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
5 March 2019

A low-angle photograph of three construction workers in safety gear (hard hats and high-visibility jackets) performing a hand stack on a high-rise building under construction. The workers are positioned on a steel structure with red safety railings. In the background, several tall skyscrapers are visible against a clear sky. The image is split into two panels by a vertical blue line.

TODAY PROJECTS

Tomorrow Heritages

Based on quality and reputation, Coteccons has led the construction industry during 15 years of establishment and development. **Today's Coteccons sites** will be the witnesses for the quality and commitment to Clients with a **world-class heritages in future.**



GRI STANDARDS CHECKLIST



GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
GRI 102	General Disclosures		
102 - 1	Name of the organization	<input checked="" type="checkbox"/>	9
102 - 3	Location of headquarters	<input checked="" type="checkbox"/>	9
102 - 4	Location of operations	<input checked="" type="checkbox"/>	16 - 17
102 - 5	Ownership and legal form	<input checked="" type="checkbox"/>	9
102 - 6	Markets served	<input checked="" type="checkbox"/>	16 - 17
102 - 7	Scale of the organization	<input checked="" type="checkbox"/>	22 - 24; 26 - 27
102 - 8	Information on employees and other workers	<input checked="" type="checkbox"/>	114 - 117
102 - 9	Supply chain	<input checked="" type="checkbox"/>	49; 140 - 141
102 - 10	Significant changes to the organization and its supply chain	<input checked="" type="checkbox"/>	30 - 49; 110 - 111
102 - 11	Precautionary Principle or approach	<input checked="" type="checkbox"/>	70 - 81
102 - 12	External initiatives	<input checked="" type="checkbox"/>	42
102 - 13	Membership of associations	<input checked="" type="checkbox"/>	129
102 - 14	Statement from senior decision-maker	<input checked="" type="checkbox"/>	4 - 5

GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
102 - 15	Key impacts, risks, and opportunities	<input checked="" type="checkbox"/>	74 - 81
102 - 16	Values, principles, standards, and norms of behavior	<input checked="" type="checkbox"/>	10 - 11; 42 - 43
102 - 17	Mechanisms for advice and concerns about ethics	<input checked="" type="checkbox"/>	122 - 123
102 - 18	Governance structure	<input checked="" type="checkbox"/>	26 - 27; 72 - 73
102 - 19	Delegating authority	<input checked="" type="checkbox"/>	26 - 27; 72
102 - 20	Executive-level responsibility for economic, environmental, and social topics	<input checked="" type="checkbox"/>	136 - 143
102 - 21	Consulting stakeholders on economic, environmental, and social topics	<input checked="" type="checkbox"/>	126 - 127
102 - 22	Composition of the highest governance body and its committees	<input checked="" type="checkbox"/>	52; 58 - 61
102 - 23	Chair of the highest governance body	<input checked="" type="checkbox"/>	52
102 - 24	Nominating and selecting the highest governance body	<input checked="" type="checkbox"/>	33; 43
102 - 25	Conflicts of interest	<input checked="" type="checkbox"/>	186 - 187
102 - 26	Role of highest governance body in setting purpose, values, and strategy	<input checked="" type="checkbox"/>	52, 58 - 61
102 - 27	Collective knowledge of highest governance body	<input checked="" type="checkbox"/>	34 - 35; 65; 124 - 125
102 - 28	Evaluating the highest governance body's performance	<input checked="" type="checkbox"/>	34 - 35; 62 - 64



GRI STANDARDS CHECKLIST



GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
102 - 29	Identifying and managing economic, environmental, and social impacts	<input checked="" type="checkbox"/>	70 - 81
102 - 30	Effectiveness of risk management processes	<input checked="" type="checkbox"/>	33
102 - 31	Review of economic, environmental, and social topics	<input checked="" type="checkbox"/>	66; 132 - 134
102 - 32	Highest governance body's role in sustainability reporting	<input checked="" type="checkbox"/>	122 - 123
102 - 33	Communicating critical concerns	<input checked="" type="checkbox"/>	128 - 129
102 - 34	Nature and total number of critical concerns	<input checked="" type="checkbox"/>	128 - 129
102 - 35	Remuneration policies	<input checked="" type="checkbox"/>	61
102 - 36	Process for determining remuneration	<input checked="" type="checkbox"/>	59
102 - 37	Stakeholders' involvement in remuneration	<input checked="" type="checkbox"/>	59
102 - 38	Annual total compensation ratio	<input checked="" type="checkbox"/>	61
102 - 39	Percentage increase in annual total compensation ratio	<input checked="" type="checkbox"/>	186
102 - 40	List of stakeholder groups	<input checked="" type="checkbox"/>	126 - 127
102 - 41	Collective bargaining agreements	<input type="checkbox"/>	
102 - 42	Identifying and selecting stakeholders	<input checked="" type="checkbox"/>	126 - 127

GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
102 - 43	Approach to stakeholder engagement	<input checked="" type="checkbox"/>	128 - 129
102 - 44	Key topics and concerns raised	<input checked="" type="checkbox"/>	128 - 129
102 - 45	Entities included in the consolidated financial statements	<input checked="" type="checkbox"/>	146 - 147
102 - 46	Defining report content and topic Boundaries	<input checked="" type="checkbox"/>	2 - 3; 122 - 123
102 - 47	List of material topics	<input checked="" type="checkbox"/>	130 - 131
102 - 48	Restatements of information	<input checked="" type="checkbox"/>	189
102 - 49	Changes in reporting	<input checked="" type="checkbox"/>	189
102 - 52	Reporting period	<input checked="" type="checkbox"/>	123
102 - 55	GRI table of contents	<input checked="" type="checkbox"/>	192 - 203
GRI 103	Management Approach		
103 - 1	Explanation of the material topic and its Boundary	<input checked="" type="checkbox"/>	128 - 131
103 - 2	The management approach and its components	<input checked="" type="checkbox"/>	56 - 61
103 - 3	Evaluation of the management approach	<input checked="" type="checkbox"/>	64 - 67; 149 - 150
GRI 201	Economic Performance		



GRI STANDARDS CHECKLIST



GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
201 - 1	Direct economic value generated and distributed	<input checked="" type="checkbox"/>	100 - 101 ; 140
201 - 2	Financial implications and other risks and opportunities due to climate change	<input type="checkbox"/>	
201 - 3	Defined benefit plan obligations and other retirement plans	<input checked="" type="checkbox"/>	117
201 - 4	Financial assistance received from government	<input type="checkbox"/>	
GRI 202	Market Presence		
202 - 1	Ratios of standard entry level wage by gender compared to local minimum wage	<input type="checkbox"/>	
202 - 2	Proportion of senior management hired from the local community	<input type="checkbox"/>	
GRI 203	Indirect Economic Impacts		
203 - 1	Infrastructure investments and services supported	<input checked="" type="checkbox"/>	41 - 42; 138
203 - 2	Significant indirect economic impacts	<input checked="" type="checkbox"/>	140 - 141
GRI 204	Procurement Practices		
204 - 1	Proportion of spending on local suppliers	<input type="checkbox"/>	
GRI 205	Anti-corruption		
205 - 1	Operations assessed for risks related to corruption	<input checked="" type="checkbox"/>	72 - 73

GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
205 - 2	Communication and training about anti-corruption policies and procedures	<input checked="" type="checkbox"/>	127
205 - 3	Confirmed incidents of corruption and actions taken	<input type="checkbox"/>	
GRI 206	Anti-competitive Behavior		
206 - 1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<input type="checkbox"/>	
GRI 301	Materials		
301 - 1	Materials used by weight or volume	<input checked="" type="checkbox"/>	138 - 139
301 - 2	Recycled input materials used	<input checked="" type="checkbox"/>	45; 137
301 - 3	Reclaimed products and their packaging materials	<input type="checkbox"/>	
GRI 302	Energy		
302 - 1	Energy consumption within the organization	<input type="checkbox"/>	
302 - 2	Energy consumption outside of the organization	<input type="checkbox"/>	
302 - 3	Energy intensity	<input type="checkbox"/>	
302 - 4	Reduction of energy consumption	<input type="checkbox"/>	
302 - 5	Reductions in energy requirements of products and services	<input type="checkbox"/>	



GRI STANDARDS CHECKLIST

GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
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		
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"/>	

GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
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	Compliance with environmental laws and regulations	<input checked="" type="checkbox"/>	136 - 139
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"/>	136 - 137



GRI STANDARDS CHECKLIST

GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
GRI 401	Employment		
401 - 1	New employee hires and employee turnover	<input checked="" type="checkbox"/>	124 - 125
401 - 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<input checked="" type="checkbox"/>	117; 135
401 - 3	Parental leave	<input type="checkbox"/>	
GRI 402	Labour/Management Relations		
402 - 1	Minimum notice periods regarding operational changes	<input 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"/>	44
403 - 2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<input type="checkbox"/>	
403 - 3	Workers with high incidence or high risk of diseases related to their occupation	<input type="checkbox"/>	
403 - 4	Health and safety topics covered in formal agreements with trade unions	<input checked="" type="checkbox"/>	44
GRI 404	Training and Education		
404 - 1	Average hours of training per year per employee	<input checked="" type="checkbox"/>	65; 124 - 125
404 - 2	Programs for upgrading employee skills and transition assistance programs	<input checked="" type="checkbox"/>	124 - 125

GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
404 - 3	Percentage of employees receiving regular performance and career development reviews	<input checked="" type="checkbox"/>	31
GRI 405	Diversity and Equal Opportunity		
405 - 1	Diversity of governance bodies and employees	<input checked="" type="checkbox"/>	114 - 115
405 - 2	Ratio of basic salary and remuneration of women to men	<input type="checkbox"/>	
GRI 406	Non-discrimination		
406 - 1	Incidents of discrimination and corrective actions taken	<input type="checkbox"/>	
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 type="checkbox"/>	
GRI 408	Child Labour		
408 - 1	Operations and suppliers at significant risk for incidents of child labour	<input type="checkbox"/>	
GRI 409	Forced or Compulsory Labour		
409 - 1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	<input type="checkbox"/>	
GRI 410	Security Practices		
410 - 1	Security personnel trained in human rights policies or procedures	<input type="checkbox"/>	



GRI STANDARDS CHECKLIST

GRI Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
GRI 411	Rights of Indigenous Peoples		
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"/>	140
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 Standard Number	GRI STANDARDS	Sustainable development report 2018	Page
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"/>	81



TYPICAL PROJECTS IN 2018

THE LANDMARK 81



HOI AN SOUTH DEVELOPMENT



VINFAST



DIAMOND ISLAND 2





TYPICAL PROJECTS IN 2018

IMPERIA HAI PHONG



SKY LAKE



D'CAPITALE



GREEN BAY





TYPICAL PROJECTS IN 2018

METROPOLIS



THE VERTEX



MASTERI MILLENNIUM





TYPICAL PROJECTS IN 2018

29B NGUYEN DINH CHIEU



58 TAY HO



HA DO CENTROSA GARDEN



VIETTEL





TYPICAL PROJECTS IN 2018

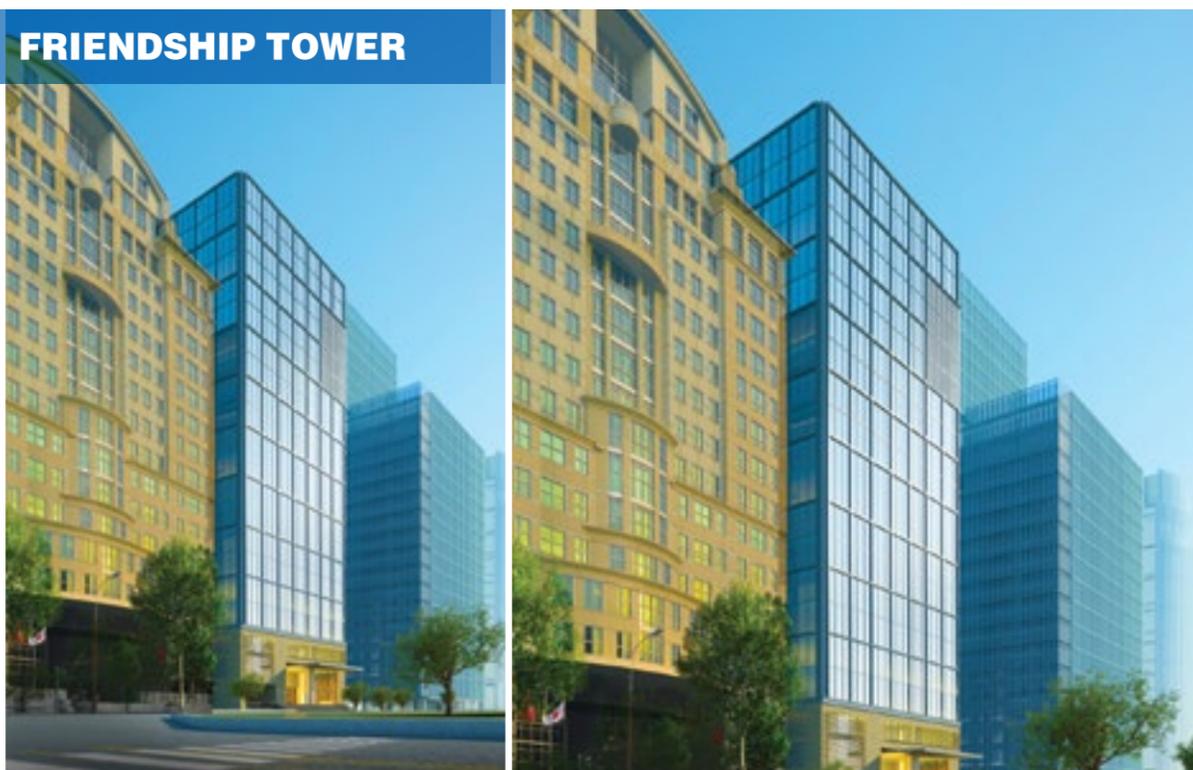
HOA PHAT DUNG QUAT



REGINA



FRIENDSHIP TOWER



GAIN LUCKY





TYPICAL PROJECTS IN 2018

THE SAPPHIRE RESIDENCE



VIFON FACTORY HAI DUONG



SALA DAI QUANG MINH SCHOOL





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