



STAND FIRM **IN CHALLENGES**

ANNUAL REPORT 2019

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STAND FIRM IN CHALLENGES

In 2019, the real estate market faced many difficulties, reflected in a 10-year market cycle since the last time the real estate market was in crisis. First of all, the authorities at all levels have focused on reviewing all the licensing of construction investment projects; Many construction sites have been temporarily suspended; The State Bank of Vietnam has tightened credit on real estate... Being not afraid of difficulties, Coteccons has continued to implement the strategy of innovating and improving the operation system, optimizing the operational structure, reducing costs and maintaining the business principle which is to best meet the customers' requirements on construction schedule and quality. Those are the factors for Coteccons to stabilize business activities during last year and sustain the development in the following years.

2020 will continue to be a challenging year within the real estate market as bottlenecks remain within public policy. In addition, the COVID-19 pandemic had a significant impact on economies worldwide, including Vietnam. With the goal of "Stand Firm in Challenges", Coteccons wants to deliver the message that the Company is always ready to adapt with any fluctuation of the market, continue focusing on core competencies, expand market share and "spearhead the attacks" into new markets and customers.

The 15-year journey of establishment and development (2004-2019) confirmed Coteccons' today success comes from to the loyalty of Shareholders, the enthusiastic support of partners, customers and the determination and unity of the Board of Management and the entire staff. We will continue to unite **firmly** to overcome all difficulties and **challenges**, to conquer new heights, and to maintain the position as the leading construction company in Vietnam.

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ABBREVIATIONS

Company	: Coteccons Construction Joint Stock Company	R&D	: Research and development
Coteccons	: Coteccons Construction Joint Stock Company	M&A	: Mergers and Acquisitions
AGM	: Annual General Meeting of Shareholders	HR	: Human Resource
BOD	: Board of Directors	CTA	: Coteccons Academy
BOM	: Board of Management	KPI	: Key Performance Indicators
BOS	: Board of Supervisors	CAGR	: Compounded Annual Growth rate
D&B	: Design and build	QS	: Quantity Supervisor
BIM	: Building Information Modeling	Dept.	: Department
CCM	: Cost and Contract Management	HCMC	: Ho Chi Minh City
M&E	: Mechanical and Electrical		

03 FLEXIBLE IN OPERATING ADAPTING TO THE MARKET'S CHANGES

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Dear Shareholders,

The year 2019 was the second consecutive year that the real estate market and construction contractors faced many challenges. In Ho Chi Minh City, only 04 commercial housing projects were approved for investment policy and recognized as an investor, and 16 commercial housing projects were approved for investment, down by 85% and 80% compared to 2018 respectively. In context, the number of construction and real estate businesses that had to temporarily suspend operations or to dissolve reached nearly 1,300 companies, the highest figure in recent years (according to the data of the Business Registration Management Agency - Ministry of Planning and Investment).

Coteccons, as a construction company, is no exception. Last year, the Company had very few new projects carried out, as many construction projects were suspended or prolonged, this has significantly affected Coteccons' revenue. At the same time, increased costs caused profits to decline. However, we have made great efforts to overcome difficulties and still maintain our position of a leading enterprise while being the developer's first choice for mega projects such as Golden Hill, The Spirit of Saigon, The Marq and others. Coteccons continues to lead construction contractors nationwide (for the 9th consecutive year) and is among the top 20 largest private enterprises in Vietnam.

To Our Dearest Shareholders,

As we enter into 2020, in the complicated and unpredictable situation of the Covid-19 pandemic, the national economy will be negatively affected, increasing difficulties for construction companies. However, I think that the market is a mix of challenges and opportunities. Therefore, Coteccons needs a suitable business strategy. We will not emphasize in growth at all costs, but will select good projects and focus on debt collection. Also, the Board of Management has been taking drastic measures to optimize the management organization and improve labour productivity to increase profit margins.

To realize the goal set by the Party and Government of Vietnam to become a prosperous country by 2045 the investment in facilities (especially in capital construction) is going to be increasingly focused to maintain the country's growth rate. Thus, there will be opportunities for the construction industry to develop. Coteccons, with its prestige reputation and ability, shown through many of its regional mega projects and the young team of employees and enthusiastic leaders, will overcome this difficult period in the market and will move towards an era of sustainable development.

On behalf of the Board of Directors, I would like to express my sincere thanks to Shareholders, Customers and Partners who supported us throughout the years. I hope that all of you will continue to stand together with the Board of Management to create and develop Coteccons to become stronger and resilient.

Your faithfully!

The Chairman of the Board of Directors



NGUYEN BA DUONG

OVERVIEW

Over the past 15 years of establishment and development, Coteccons has always been **standing firm** in its business and overcoming difficulties and **challenges** to become the leading construction corporation in Vietnam, marking its name on crucial works across major cities of the country and region.

The dare to lead and the outstanding capability are what demonstrates clearly the leading brand of Vietnam. Coteccons will constantly strive to bring the best services and added values to Customers and Developers.



Viettel Military-run Industry and Telecommunications Group Headquarters
Hanoi

COMPANY INFORMATION



Vietnamese name: Công ty Cổ phần Xây dựng Coteccons

English name: COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Name in short: COTECCONS

Business Registration

Certificate: 0303443233 issued for the 1st time by Ho Chi Minh City Department of Planning and Investment on August 24, 2004

Chartered capital: VND 792,550,000,000 (Seven hundred ninety-two billion five hundred fifty million Vietnam Dong)

Address: 236/6 Dien Bien Phu, Ward 17, Binh Thanh District, HCMC

Telephone: (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 BUSINESS



- » Main activities: Construction all kinds (main).
- » 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.



COTECONS' CORE VALUE

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, Cotecons 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.

TO CUSTOMERS

- ✓ Open
- ✓ Sincere
- ✓ Effective

TO PARTNERS

- ✓ Cooperative
- ✓ Fair
- ✓ Mutually Developed

TO WORKS

- ✓ Determined
- ✓ Innovative
- ✓ Passionate



TO COMPANY

- ✓ Loyal
- ✓ Transparent
- ✓ Committed

TO COLLEAGUE

- ✓ Caring
- ✓ Supportive
- ✓ More than a family

Our Experience Drives Us Forward

The World We build



2004



2019



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 Unicons' total initial charter capital.

2007

INITIAL PUBLIC OFFERING (IPO)

In order to improve corporate image and raise more capital for implementing big projects, Coteccons has 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

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.

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.

2010

COTECCONS OFFICE BUILDING PUT INTO OPERATION

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

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

2011

GOLDEN CUP FOR THE VIET NAM CONSTRUCTION QUALITY

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

Signing contract for General Contractor of 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 building and managing other overseas subcontractors from Japan, Singapore, 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 equivalent to VND 500 billion.





LỊCH SỬ HÌNH THÀNH VÀ PHÁT TRIỂN

2013

2014

2015

2016

2017

2018

2019

INCREASE IN EQUITY AT UNICONS UP TO 51.24%

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

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

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).

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%.

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 ...

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

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.

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...

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.

MARKING 15 YEARS OF ESTABLISHMENT AND DEVELOPMENT

15-year anniversary of Coteccons' establishment (2004-2019)

Coteccons continues to maintain its position as the No. 1 private enterprise in the construction industry, marking the 7th consecutive year that Coteccons has lead this ranking and Coteccons is also honoured in the Top 50 most excellent and largest enterprises in Vietnam in 2019 - Top 50 Vietnam The Best 2019.

With the typical contributions to the urban planning and development, Coteccons and Mr. Nguyen Ba Duong - Chairman of the Board of Directors were honoured as the excellent business and individual who involved in the urban construction and development of the whole country. The award is organized by the Vietnam Association of Urban Development.

Coteccons continues to explore and expand its business areas to Southeast Asia (Myanmar market).





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, Bac Giang, Hai Duong...

FOREIGN MARKET



Since 2012, Coteccons has expanded its business to Southeast Asia. In 2019, the company continues to win projects in Myanmar and Cambodia



SHAREHOLDER STRUCTURE

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



Render of Akari City project
Ho Chi Minh City

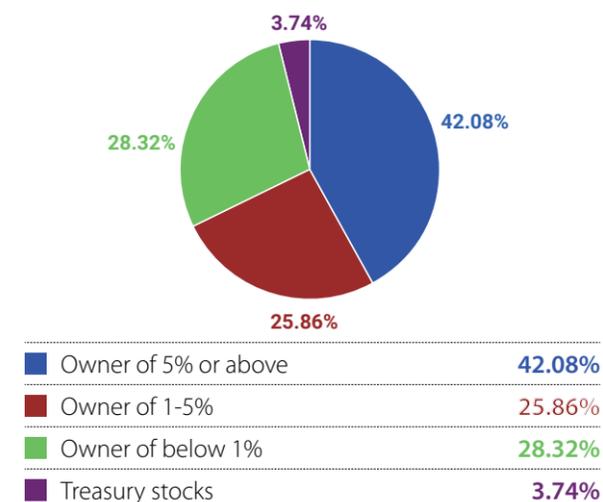
SHAREHOLDERS STRUCTURE BY NATIONALITY AND SIZE

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	State	-	-	0%	-	-	0%	-	0%
2	Owner of 5% or above	1	11,192,652	14.12%	2	22,163,166	27.96%	33,355,818	42.08%
3	Owner of 1-5%	5	8,928,059	11.26%	7	11,567,796	14.60%	20,495,855	25.86%
4	Owner of below 1%	3,514	18,450,921	23.28%	289	3,989,979	5.04%	22,440,900	28.32%
5	Treasury stocks	1	2,962,427	3.74%	-	-	0%	2,962,427	3.74%
TOTAL		3,521	41,534,059	52.40%	298	37,720,941	47.60%	79,255,000	100%

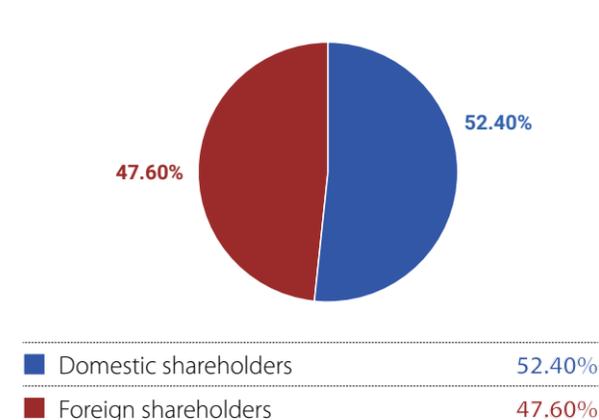
SHAREHOLDERS STRUCTURE BY INSTITUTIONAL AND INDIVIDUAL

No.	Shareholder structure	Number	Number of stocks	Percentage
1	Domestic shareholders	3,521	41,534,059	52.40%
1.1	Organizations	58	11,923,312	15.04%
1.2	Individuals	3,462	26,648,320	33.62%
1.3	Treasury stocks	1	2,962,427	3.74%
2	Foreign shareholders	298	37,720,941	47.60%
2.1	Organizations	75	35,559,628	44.87%
2.2	Individuals	223	2,161,313	2.73%
*	TOTAL	3,819	79,255,000	100%

SHAREHOLDERS STRUCTURE BY SIZE



SHAREHOLDERS STRUCTURE BY NATIONALITY





SHAREHOLDERS STRUCTURE

MAJOR SHAREHOLDERS

No.	Name	Address	Number of shares	Percentage
1	Nguyen Ba Duong	68A Hoang Hoa Tham Street, Ward 7, Binh Thanh District, HCMC	3,901,754	4.92%
2	Success Investment and Business One Member Company Limited	Officetel No. CA-3A.02, Tower T3, No. 1, Street No. 104-BTT, KP3, Binh Trung Tay Ward, District 2, HCMC	11,192,652	14.12%
3	Kustocem Pte. Ltd.	80 Raffles Place, #32-01 UOB Plaza 1 Singapore 048624	13,906,666	17.55%
4	THE8TH Pte. Ltd.	7 Ridley Park, Singapore 248482	8,256,500	10.42%



Timberland Manwah factory
 Binh Duong



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.



The 2019 business results

Revenue: **VND 5,663 billion**

Profit before tax: **VND 226 billion**

Total assets: **VND 3,166 billion**

Owners' equity: **VND 1,552 billion**

Coteccons
Ownership Ratio

100%

Unicons was established in 2006 as a Joint Stock Company. In 2015, 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 after many years operating in construction business and is always ranked among top construction companies in Vietnam. Currently, Unicons is ranked in the top 3 largest private construction companies in Vietnam (according to the VNR500 ranking in 2019). Not only inheriting and promoting achievements from Coteccons, Unicons continues to improve its management system and model to increase the value for Coteccons.

In 2019, Unicons continues to affirm its prestige and position in the industrial factory segment by becoming the General contractor of the next phases of large-scale industrial projects such as Marigot Vietnam Factory - Phase 2, Gain Lucky factory, Drying tower Phase II - AFI Company, Vinfast Hai Phong factory... Furthermore, Unicons deployed many key civil projects such as Vin University, Ha Long Sea Stars Hotel, Vinhomes Oceans Park Project, Vinhomes Grand Park... Under the volatile situation of the market in 2019, Unicons, with the available solid foundation, has quickly improved the entire human resources, enhanced the management system, increased the labor productivity which creating a premise for the strong development of Unicons and contribution to the future growth of Coteccons.

COVESTCONS CO., LTD.

The 2019 business results

Profit before tax: **VND 47.7 billion**

Total assets: **VND 1,953 billion**

Owners' equity: **VND 1,913 billion**

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' chartered capital to VND 1,872 billion.

RICONS INVESTMENT CONSTRUCTION JSC.



The 2019 business results

Consolidated net revenue: **VND 8,752 billion**

Consolidated profit before tax: **VND 444 billion**

Consolidated total assets: **VND 5,780 billion**

Consolidated owners' equity: **VND 2,146 billion**

Coteccons
Ownership Ratio

14.3%

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. In 2008, Ricons expanded into construction business. 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.



SUBSIDIARIES AND ASSOCIATES



The 2019 business results

Revenue: **VND 85 billion**

Profit before tax: **VND (59) billion**

Total assets: **VND 1,400 billion**

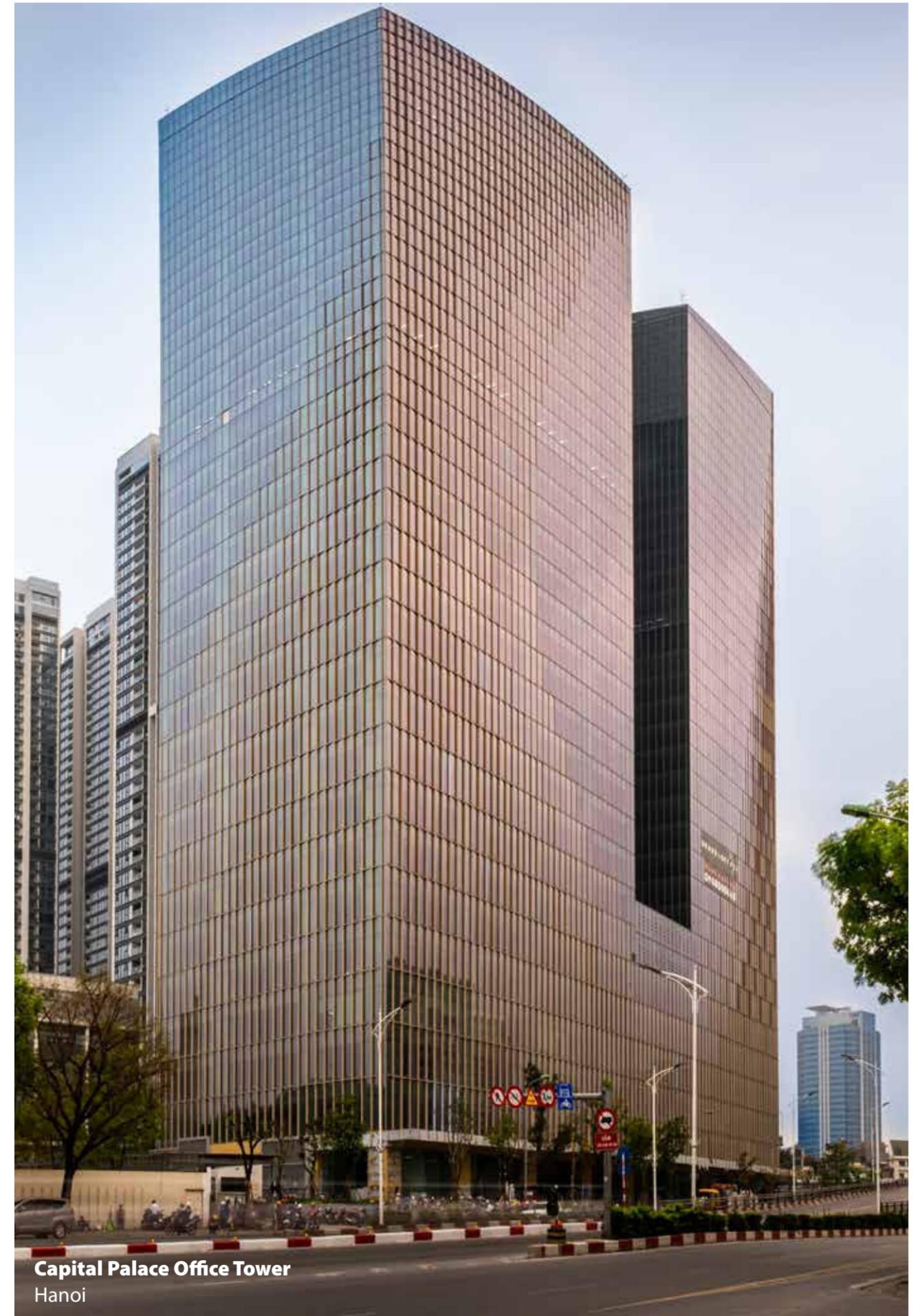
Owners' equity: **VND 212 billion**

Coteccons
Ownership Ratio

42.36%

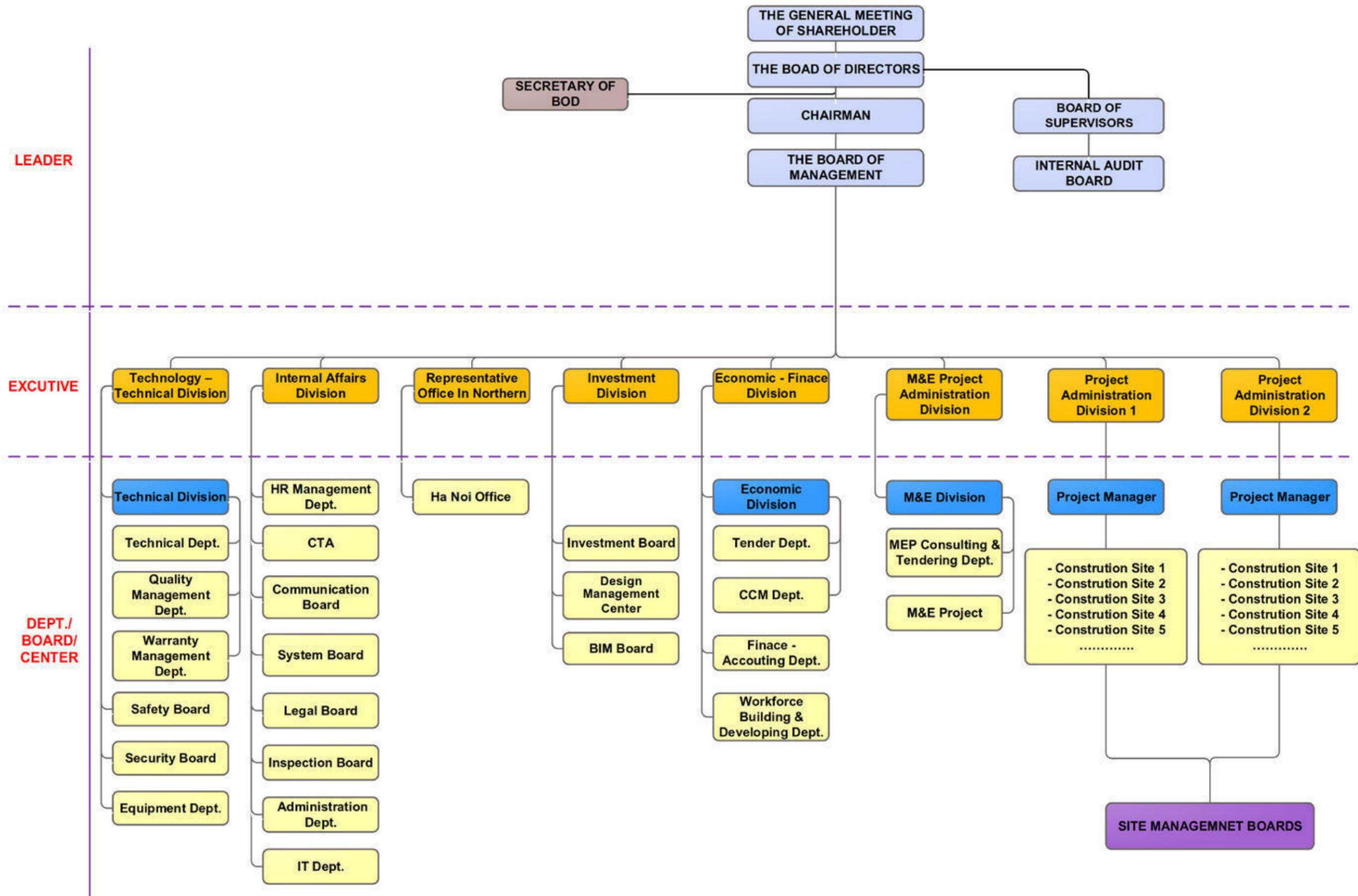
Established in 2014. By the end of 2018, the amount of investment Coteccons contributed amounted to VND 98 billion. Based on Resolution No. 01 of the Board of Directors dated 10/01/2019, Coteccons made an additional contribution of VND 61.6 billion. Currently, Coteccons' contribution to FCC is VND 159.6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

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



Capital Palace Office Tower
Hanoi

ORGANIZATION STRUCTURE





Vinhomes Metropolis
Hanoi

BE CONSISTENT WITH THE VISION MAINTAIN THE LEADING POSITION

*"Being consistent with the vision in the development strategy oriented by the Board of Directors (BOD) has affirmed the prestige of Coteccons brand in the market and maintained **the leading contractor position** in Vietnam during the past years. In the future, Coteccons will still focus on the core business and maximizing its capacity. The **consistency** in the medium and long-term development strategy of the Board of Directors and the intrinsic strength of the cohesive team are the foundation for Coteccons to continue **sustainably** moving forward".*



REPORT OF THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS



COMPOSITION OF THE BOARD OF DIRECTORS FOR THE TERM OF 2017 – 2022 (AS OF 31ST DECEMBER 2019)

The current Board of Directors of Coteccons is composed of 07 members (including the Chairman of the Board and 06 members), including 02 executive member, 02 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, Remuneration 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, Remuneration 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	Member in charge of Remuneration and Human Resource Subcommittee.	Independent member



► Mr. **NGUYEN SY CONG**

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

He graduated with a Degree of Engineering from National University of Civil Engineering. After graduation, he had worked for domestic and international construction companies as Chief Engineer, Site Manager, and Project Manager. He has nearly 32 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, he was 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 appointed as the General Director of the Company.

INTRODUCTION OF THE BOARD OF DIRECTORS IN 2019

He graduated from Kiev University of Construction (Ukraine) with major in Architecture. He has more than 37 years of experience in the construction industry and held important management positions at popular construction companies. He is the founder and operator of Coteccons since 2002, previously called Cotec Construction Firm. In 2004, after privatization, Mr. Nguyen Ba Duong was appointed as General Director of the Company. In 2005, he 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.

Mr. Nguyen Ba Duong has received various 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 elevating the outlook of the country. He was also named in the Top 50 outstanding business leaders of Vietnam by Forbes magazine and nominated by The Business Review magazine as one of the top 10 leaders in Vietnam for team development. In 2019, he was honoured as the excellent individual in the National Urban Planning Gold Award at the First National Urban Planning Awards ceremony.



► Mr. **NGUYEN BA DUONG**

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



► Mr. **TAN CHIN TIONG**

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

Mr. Tan Chin Tiong completed his doctoral dissertation at the University of Pennsylvania in 1977 and has more than 42 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: Kazakhstani

Mr. Talgat Turumbayev 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 27 years of experience in finance and accounting - auditing.

He joined the Cotecccons Board of Directors term of 2012- 2017 as a representative of major shareholders (Kusto). In 2017, he was 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

Mr. Tran Quyet Thang graduated with a Bachelor of Laws degree and has over 32 years of experience in law, securities and real estate.

From 1990 - 1995, he was the 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, he was elected to the Board of Directors of Cotecccons for the 2012-2017 term as an independent member. In 2017, Mr. Tran Quyet Thang was 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: Kazakhstani

Mr. Tatishev graduated in a Degree in Economics in 1999 in Russia, in Law in 2002 in Kazakhstan, and a Master's degree in 2009 at Oxford University, England. For more than 22 years of his experience, he held important positions of 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 Cotecccons Board of Directors for 2017 – 2022 term.



▶ **Mr. NGUYEN QUOC HIEP**

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

Mr. Nguyen Quoc Hiep held 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 his reputation and experience, he also connects the Company with new investors and customers.



REPORT OF THE BOARD OF DIRECTORS

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 absence
1	Mr. Nguyen Ba Duong	Chairman	24th August, 2004	5/5	100%	
2	Prof. Tan Chin Tiong	Member	29th June, 2017	5/5	100%	
3	Mr. Talgat Turumbayev	Member	29th June, 2017	5/5	100%	
4	Mr. Yerkin Tatishev	Member	29th June, 2017	5/5	100%	
5	Mr. Nguyen Sy Cong	Member	29th June, 2017	5/5	100%	
6	Mr. Nguyen Quoc Hiep	Member	29th June, 2017	5/5	100%	
7	Mr. Tran Quyet Thang	Member	30th March, 2016	5/5	100%	

APPROVED CONTENTS OF THE BOARD OF DIRECTORS IN 2019



No	Resolution number	Date	Content
1	01/2019/NQ-HDQT	04/01/2019	Approving on executing the right issues of FCC Investment Infrastructure JSC.
2	02/2019/NQ-HDQT	21/01/2019	Approving on budget of machinery and device investment in 2019
3	03/2019/NQ-HDQT	21/01/2019	Approving on authorizing person to sign credit limit contract with commercial banks
4	04/2019/NQ-HDQT	18/02/2019	Approving on results of ESOP issuance
5	05/2019/NQ-HDQT	22/02/2019	Approving on the organization of the 2019 Annual General Meeting of Shareholders.
6	06/2019/NQ-HDQT	22/02/2019	Approving on executing procedures after issuance of ESOP
7	07/2019/NQ-HDQT	30/05/2019	Approving on selection of 2019 Financial Report auditing firm
8	08/2019/NQ-HDQT	09/07/2019	Approving on the resignation of Mr. Phan Huy Vinh, former Deputy General Director.
9	09/2019/NQ-HDQT	31/07/2019	Approve on the withdrawal of ESOP from ex-employees
10	10/2019/NQ-HDQT	04/09/2019	Approving on 2018 dividend payment





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 2019, the Board of Directors has established following Subcommittees with their functions, duties and operational status specified as below:

1. THE STRATEGIC SUBCOMMITTEE
2. THE REMUNERATION & HUMAN RESOURCE SUBCOMMITTEE
3. THE INVESTMENT SUBCOMMITTEE
4. THE RISK SUBCOMMITTEE
5. THE SECRETARY OF BOARD OF DIRECTORS



THE STRATEGIC SUBCOMMITTEE

Members

No.	Full name	Position in the Company	Position in the Subcommittee
1	Nguyen Ba Duong	Chairman	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 was established to assist the Board of Directors in researching and proposing the Company's development plan including but not limited to researching new projects. Its 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 and 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.
- » Monitor and review the performance, key performance indicators of managers to determine benefits outside salaries and preferred stock policies - 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 analyze investment opportunities (including investment in M&A, financial investment, equipment technology investment) in accordance with the strategic direction of the Company.

Provide options, analyze 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; Drafting documents, disclosing information and resolving other issues related to the activities of the Board of Directors/ General Meeting of Shareholders; Investor relations and shareholder care..

REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS IN 2019



No.	Full name	Income from salary	Income from bonus	Income from Remuneration	Total
I. BOARD OF DIRECTORS					
	Mr. Nguyen Ba Duong	67.19%	26.71%	6.10%	100.00%
	Mr. Nguyen Sy Cong	67.10%	28.17%	4.73%	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%
	Prof. 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	57.58%	33.24%	9.18%	100.00%
	Mr. Nguyen Minh Nhut (Jack)	0.00%	0.00%	100.00%	100.00%
III. BOARD OF MANAGEMENT					
	Mr. Tran Quang Quan	70.52%	29.48%	0.00%	100.00%
	Mr. Tu Dai Phuc	69.56%	30.44%	0.00%	100.00%
	Mr. Phan Huy Vinh	64.92%	35.08%	0.00%	100.00%
	Mr. Vo Thanh Liem	68.35%	31.65%	0.00%	100.00%
	Mr. Tran Van Chinh	70.88%	29.12%	0.00%	100.00%



REPORT OF THE BOARD OF DIRECTORS



SHARES TRANSACTION OF INSIDERS AND RELATED PARTIES

STT	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, etc.)
			Amount of shares	Ratio	Amount of shares	Ratio	
1	Nguyen Ba Duong	Chairman	3,831,654	4.89%	3,901,754	4.92%	ESOP Purchase
2	Nguyen Sy Cong	General Director	1,149,906	1.47%	1,181,006	1.49%	ESOP Purchase
3	Tran Van Chinh	Deputy General Director	144,300	0.18%	154,700	0.19%	ESOP Purchase
4	Tran Quang Quan	Deputy General Director	1,149,507	1.47%	1,180,107	1.49%	ESOP Purchase
5	Tu Dai Phuc	Deputy General Director	241,694	0.31%	261,094	0.33%	ESOP Purchase
6	Vo Thanh Liem	Deputy General Director	132,350	0.17%	151,750	0.19%	ESOP Purchase
7	Vo Thanh Cang	Related Party	27,501	0.04%	33,001	0.04%	ESOP Purchase
8	Dang Hoai Nam	Member of BOS	83,548	0.11%	89,648	0.11%	ESOP Purchase
9	Ha Tieu Anh	Head of Financial Accounting Dept.	605,910	0.77%	618,510	0.78%	ESOP Purchase
10	Vu Thi Hong Hanh	Chief Accountant	632,014	0.81%	641,014	0.81%	ESOP Purchase



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

2019 is a challenging year for the real estate - construction industry as businesses had to deal with various procedural risks.

Following the direction of the Board of Directors and the Board of Management, the Company was assigned to complete objectives including revenue and profit plans, dividend payments, expanding client base, consolidating apparatus, improving technology, etc.

By the end of 2019, the Company has completed already and has not yet completed a number of targets, details as follows:

♦ The implementation of financial targets

Total assets as of 31 December 2019 reached VND 16,198 billion, down nearly 4% compared to 2018. Consolidated revenue was VND 23,733 billion, profit after tax of shareholders of the Parent Company reached VND 711 billion, which did not complete the plan set out by the 2019 Annual General Meeting of Shareholders. The targets were not fully met could be explained by many objective and subjective factors, especially in the context of the market condition with more difficulties than 2018 as well as the limited contributions of some Board members.

♦ Dividend payment by cash

In order to continue fulfilling the commitment to bring more value to the investors, in October 2019, the Company had paid cash dividends with the payment of VND 3,000/share (equivalent to 30% of par value).

ESOP revocation from ex-employees.

In 2019, the Company also proceeded to withdraw ESOP shares from employees who have quit their jobs. The total number of recovered stocks is as follows:

The number of revoked shares 86,300 shares

Price Equal to issuance price

♦ Evaluation of the Board of Directors in 2019

As matter of fact, the Company failed to complete the Business Plan as stated in the Report of the Board of Management. Therefore, the Board of Directors believed that these shortcomings should be put in consideration in the future:

- 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 sufficiently demonstrated the role of advising the Board of Directors on specialized issues.



REPORT OF THE BOARD OF DIRECTORS

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



ORGANIZATION STRUCTURE AND TRAINING PERSONNEL



The Board of Management consists of a General Director and 04 (four) Deputy General Directors. Since 2018, the business model that divides the Company into functional divisions, including Project Operations, M&E Project Operations, Economic - Finance, Investment, Technology - Technical and the Internal Affairs Division continues to show its efficiency in business management and productivity improvement.

Together with the recruitment, 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.



TRANSPARENCY MANAGEMENT



- » Improving the Company's structural system did not only increase work efficiency, but also ensured transparency of Coteccons. The establishment of a centralized procurement - contracting team under the CCM Department has helped increase operational efficiency and transparency in procurement and contracting with suppliers and subcontractors. In addition, the Workforce Building and Development Department has also succeeded in transforming many construction teams into subcontractors in order to make the subcontractors transparent.
- » 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.

SUMMARY

The Board of Directors assessed that the Board of Management in 2019 had implemented the strategic objectives set by the General Meeting of Shareholders and the Board of Directors fairly well. 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 improved the model and the transparency in the Company's operations.





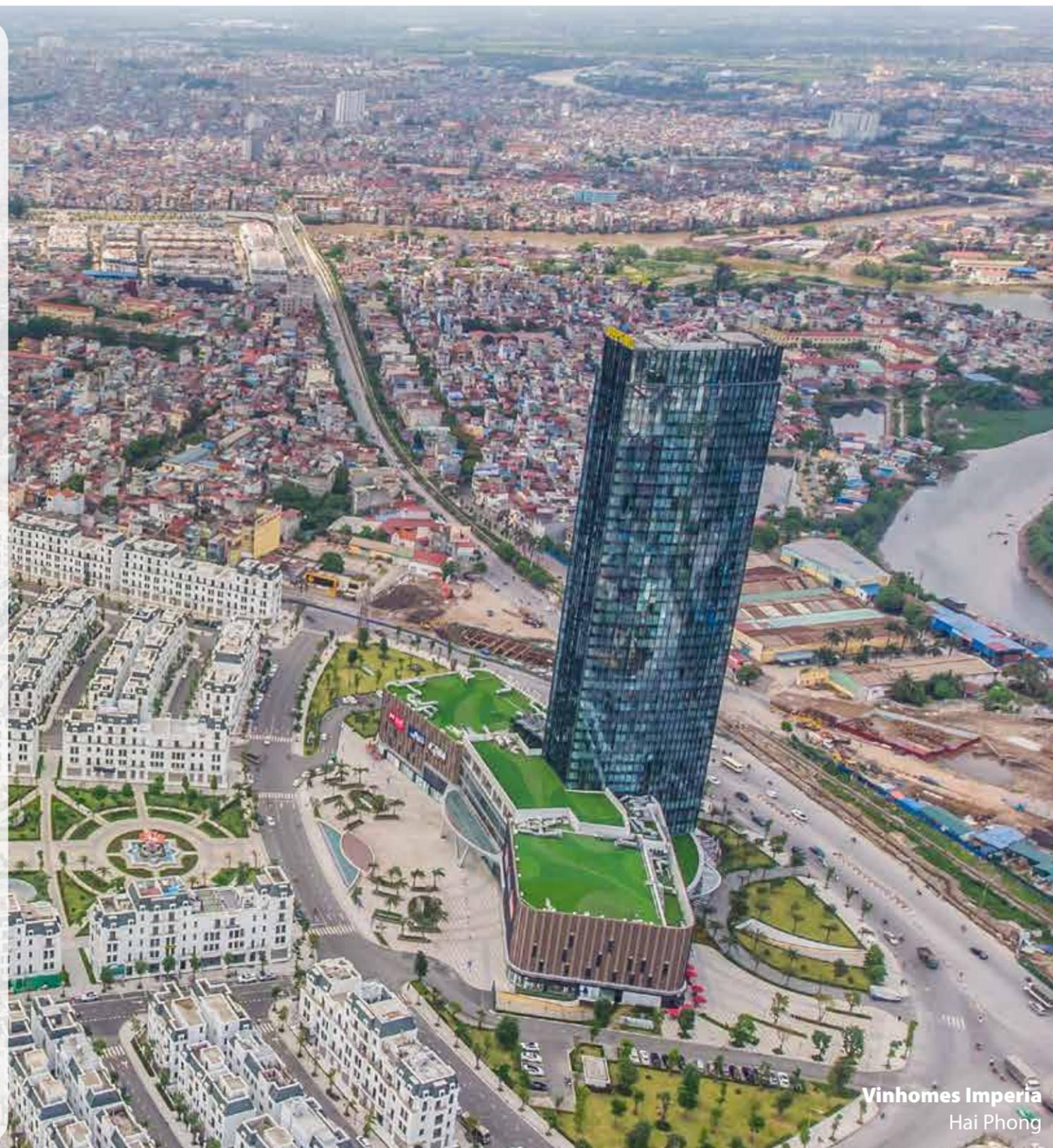
THE 2020 STRATEGIC ORIENTATION PLAN OF THE BOARD OF DIRECTORS



In the context of general difficulties of the real estate market, very few new projects have been implemented. Besides, many works under construction have been suspended and prolonged. This is and will continue to make a major impact on Cotecons' revenue and profit.

Based on the analysis of the challenges and advantages of the market as well as the competitiveness of the Company, the Board of Directors sets out the strategy for 2020 and the direction of operation as follows:

- Strengthen activities of Sub-Committees of the Board of Directors. The subcommittees shall make more efforts, looking in the same direction to support and advise the Executive Board.
- Optimize the management system and improve operational efficiency.
- Focus on risk control, market forecast in order to timely adjust the orientation of production and business strategies.
- Approve on policies to encourage employees, create maximum mechanisms for team development, additional resources for the Board of Management.
- Make the best effort to find more optimal solutions to improve profit margins, continue to maintain the position of the leading contractor in Vietnam market and ensure the best interests of all shareholders.





REPORT OF THE BOARD OF DIRECTORS

RISK MANAGEMENT



OVERVIEW



COTECCONS OPERATE IN CONSTRUCTION SECTOR WHICH IS AFFECTED BY MANY FACTORS SUCH AS LAW, FINANCE, MARKET, CUSTOMERS, GEOGRAPHIC LOCATION, MATERIALS, PERSONNEL, LABOUR AND SAFETY, LEADING TO POTENTIAL RISKS AT DIFFERENT LEVELS. DURING THE PAST YEARS, 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:

-  Direct operation activities according to the business targets 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.



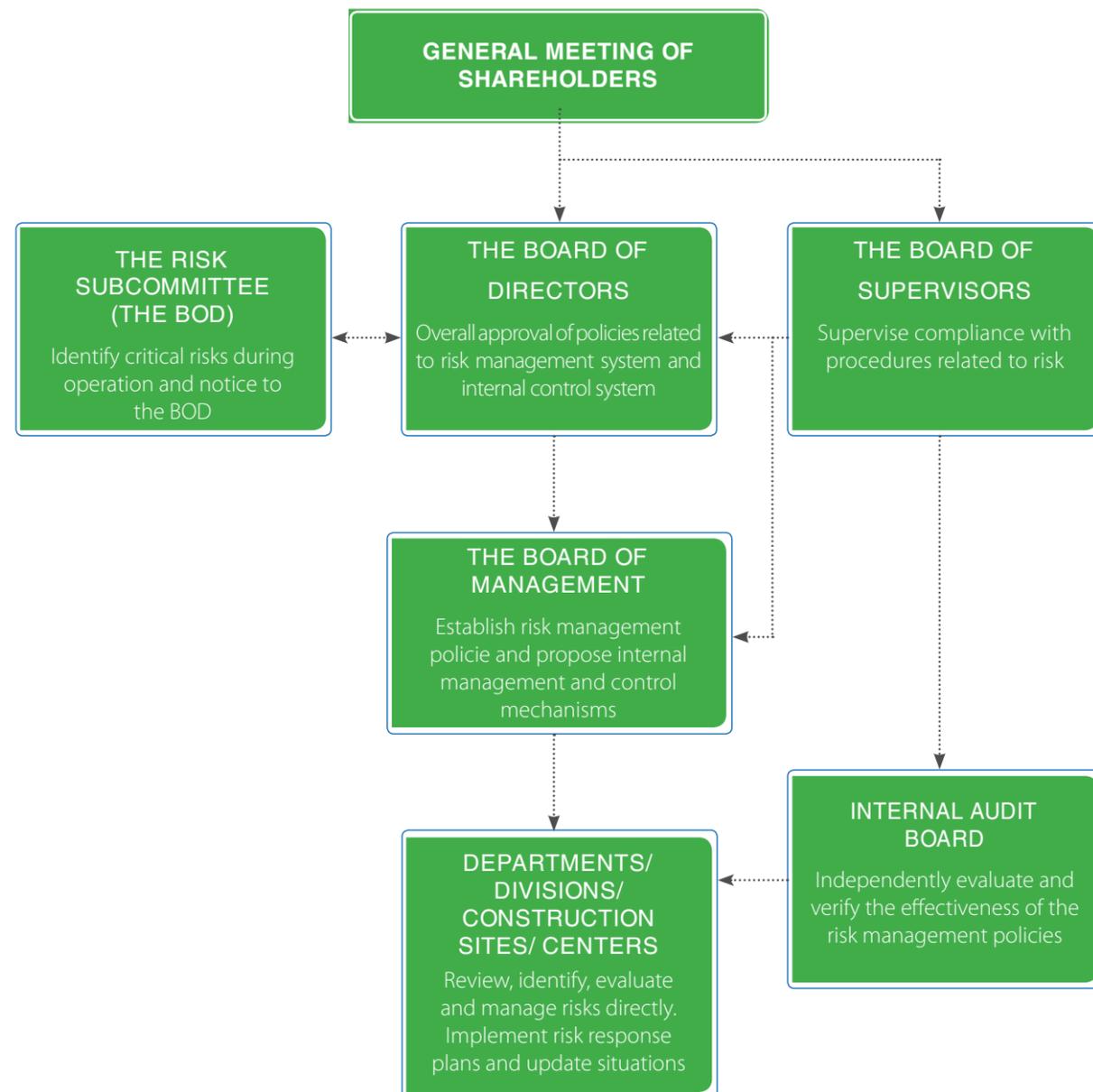
REPORT OF THE BOARD OF DIRECTORS

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 31000:2009 and COSO risk management and enterprise risk management — integrating with strategy and performance (2017).





REPORT OF THE BOARD OF DIRECTORS

MAJOR RISKS



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



STRATEGY RISKS

RISKS FROM CONSTRUCTION AND REAL ESTATE MARKET



2019 was a difficult 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.

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

Have regular analysis and evaluation of the real estate market and construction sector status in Vietnam. The Board of Directors has early recognised potential market segments for development and finding comprehensive, optimal solutions to create competitive advantages.

Constantly explore and research long-term sustainable roadmap of development. Finding and seizing new and effective investment opportunities. Develop a strong team with skills related to finance, investment, legal and economic to realise these opportunities.

REPUTATION RISKS



Coteccons' reputation may be directly affected by events from the Company itself, either indirectly from subsidiaries or affiliates, or from third-party audiences. Coteccons' prestige has been affirmed for many years through a professional and sincere working ethic towards customers and partners, ensuring quality and progress. However, in the course of its operation, inaccurate information may also affect the Company's brand.

➤ Risk response

Strictly comply with the provisions of the law, accelerate the control activities, constantly improve and improve the work quality, fulfil commitments with customers is an effective way to build and maintain the brand's strength. Additionally, it is also necessary to develop a robust communications department enough to control or mitigate against inaccurate information affecting the reputation and brand of the Company.



OPERATION RISKS

RISKS FROM WORK SAFETY

The peculiarity of the construction industry requires workers to work in harsh conditions affected by factors such as environment conditions, heavy machinery, heavy use of labour, fast track construction schedule... These cause many potential safety risks if not strictly handled.

As there are many projects spread across the country, the management and prevention of occupational safety risks are always a concern.

Risk response

The spirit of "Safety first" always stays at the forefront of Coteccons. The company has issued a set of safety procedures which range from identification, assessment and control of risks to detailed tasks such as electrical equipment inspection, fire protection, instructions for working on height, working in confined spaces, equipment that requires strict safety in operation. Coteccons also develops a set of guidelines for handling emergencies to ensure the readiness in possible cases.

The construction equipment continues to be newly invested and controlled in terms

of safety. High-rise projects are equipped with advanced sliding cover systems which ensures a safe working space and prevents falling objects. Lifting equipment involving high risks of safety such as tower cranes and hoist are periodically supervised during operation.

Regularly carry out training, group meetings, safety assessment and inspection; periodic maintain construction equipment; provide adequate technical safety equipment for all site staff and workers of subcontractors and construction teams.

Coteccons also employs foreign experts with many years of safety experience. Their extensive knowledge and skills accumulated from working in hundreds of projects around the world are the necessary resources which contribute to the improvement of the Company's safety procedure.

TENDER RISKS

Tender is the first step of the success of Bid - Build construction projects. This is the stage Coteccons demonstrates its strategy and competitive advantage to competitors. Therefore, the tender phase is always having risks including: incorrect tender price from competitors, unhealthy competition, lack of input information, unfulfilled control of items to be performed, inadequate drawing design, inaccurate data estimates, fast pace schedule... These are accompanied by a resonance impact from the risk of decline in the market and finance of developers. Thus, strengthening tender process is one of the top priorities at Coteccons.

Risk response

Link the strength of different internal departments, research information, analyse the strengths and weaknesses of competitors. Take advantage of internal resources and external partners to create price strategies that match the needs of customers, bringing the most reasonable tender value.

Build a software platform with strong statistical and data linking capabilities that aims to automate the BOQ calculation for projects, especially D&B projects. Thereby increase the schedule of making quotes, setting up tender measures and ensure full evaluation of necessary tendering items as a basis for closing the deal early with the developer.





EXTERNAL MARKET RISKS



During the year, there have been strong fluctuations in prices of some construction materials (steel, sand, stone, petroleum, electrical equipment...) which deeply affects the construction industry and still tends to continue in the following years. The trend of developing large and complex projects that requires the import of specific machinery and equipment from foreign markets together with changes in exchange rates will also have certain effects on the profitability of projects.

Policies on salaries and insurance also have effects on direct and indirect labor costs which have a significant impact on the cost of sales.

➤ Risk response

Implement the model of centralized procurement for the main construction, taking financial advantages to reduce the price of materials supply. Forecast market prices, proactively sign contracts in early stages to buy and import essential equipment and materials for the project.

Strengthen negotiations and finalize terms to maintain prices, control the rate of inflation with the developers; thereby have plans to make early purchase to avoid the risk of price fluctuations. Actively seek new sources of quality products with reasonable prices, limiting the monopoly of supply.

Improve labor productivity, apply construction machines to reduce manpower to cope with fluctuations in labor costs.

RISKS FROM HUMAN RESOURCE



People are always the core value of the Company's construction and development route. Building and training a succession of young employees is always a big target of the Company to promote growth and sustainable development. It is also a big challenge to attract potential talent with good attitude and learning spirit. Furthermore, young employees also need a lot of time to accumulate practical experience and develop themselves in line with Coteccons' existing strong human resources.

At the same time, the continuous and intensive training and sharing of valuable internal experience are an important key to building a strong Coteccons apparatus with highly qualified employees, creating great assets of the Company.

➤ Risk response

Continue to maintain and improve the welfare policies for all employees. Ensure salaries, bonuses and allowances commensurate with labor productivity and

work efficiency. Not only ensuring the source of income, the Company also takes care of the health and wellbeing through the health insurance policy for employees and their relatives, the education sponsorship policy...

The Coteccons Trade Union also regularly plans to visit, encourage and give gifts to construction sites to boost the morale of the site management committees to overcome difficulties. Staff at the office are also often involved in volunteer programs both to enhance social responsibility with the community and to connect members of the Coteccons family outside the stressful working hours.

The Coteccons Academy (CTA) has been in charge of training staffs for Coteccons, from the staff and middle levels such as supervisor, QS, deputy site manager to senior levels such as site manager, head and deputy head of departments. Professionally organized training programs include the development of soft skills, professional work knowledge and even support to enhance the Company's culture, build work motivation and work ethics. Employees who successfully complete the course are awarded a certificate as an acknowledgment of the achievements of their continuous learning efforts while ensuring the quality and progress of their assigned working tasks.

RISKS FROM LATE PAYMENTS



➤ Risk response

Capital recovery in construction activities is an important issue that ensures the financial efficiency of the project and preserves capital. Delayed payment can originate from many reasons including the delay in clients' sales of products, the difficulty in raising clients' capital, legal issues and investment policy... These can make clients extend payment time to exploit contractors' cashflow. Additionally, the volatility of the real estate market and banks' credit policies can potentially lead to clients' delay of payment to the Company.

Studying and evaluating the clients' financial situation and their ability to sell products to decide to tender. At the same time, the Company requires strict standards and careful negotiation of contract payment terms right in the quotation process.

The Financial Supervisory Board, the Department of Finance and Accounting, the CCM Department and the Legal Board periodically supervise the sites' cashflow, outstanding receivables, payments and settlements in order to have timely interventions and solution.





Vinhomes Skylake
Hanoi



RISKS FROM NON-COMPLIANCE

RISKS FROM LEGAL POLICIES

The business environment of Coteccons is regulated by many frameworks of legal provisions such as Law on Enterprises, Construction, Trade, Real Estate, Labor, Investment, Securities, Tax and Social Insurance. The process of developing and constantly updating legal documents requires the Company to always monitor, adapt and make necessary and timely adjustments. Coteccons always promotes the compliance with the law and commits to corporate social responsibility.

➤ Risk response

Coteccons has built and recruited a team of professional legal personnel with knowledge and in-depth understanding of the legal system and economic policies. Coteccons Legal Board gradually develops the methodology of operation, not only to assess and solve current law issues but also to update, consult and forecast law changes through analysis of the government's direction, the draft laws and from consulting with qualified lawyers who have many years of experience.

RISKS FROM CONTRACTS

The contract is the basis of all transactions of Coteccons from Clients, Suppliers, Subcontractors to Employees. If contract terms on project legal documents, advances, inflation, scope of work, payment term, etc., are not carefully assessed, this will lead to the risk of information shortage or unclear assigning responsibilities of related parties. The gaps in the contract will make it difficult to refer and handle the situation. This is also often the source of disagreements, disputes and litigation.

➤ Risk response

Enhance contracts control through multiple assessment layers from the Tender Department, Cost and Contract Management Department, Finance and Accounting Department and Legal Board.

Develop a system of standardized contract samples with basic standard terms to serve as a premise for the negotiation process and comparison.

Establish a project legal risk assessment system on Clients, Consultants, Legality, Finance and Technicality and progress.

The Contract Body of the Economic Division constantly monitors and evaluates risks on contract terms. Any discrepancies with the provisions of the standard contract are discussed in order to limit the risks and to advise timely solutions to the Board of Management, Departments, Boards and Project Managers.



Continue to improve the risk management system of the Company.



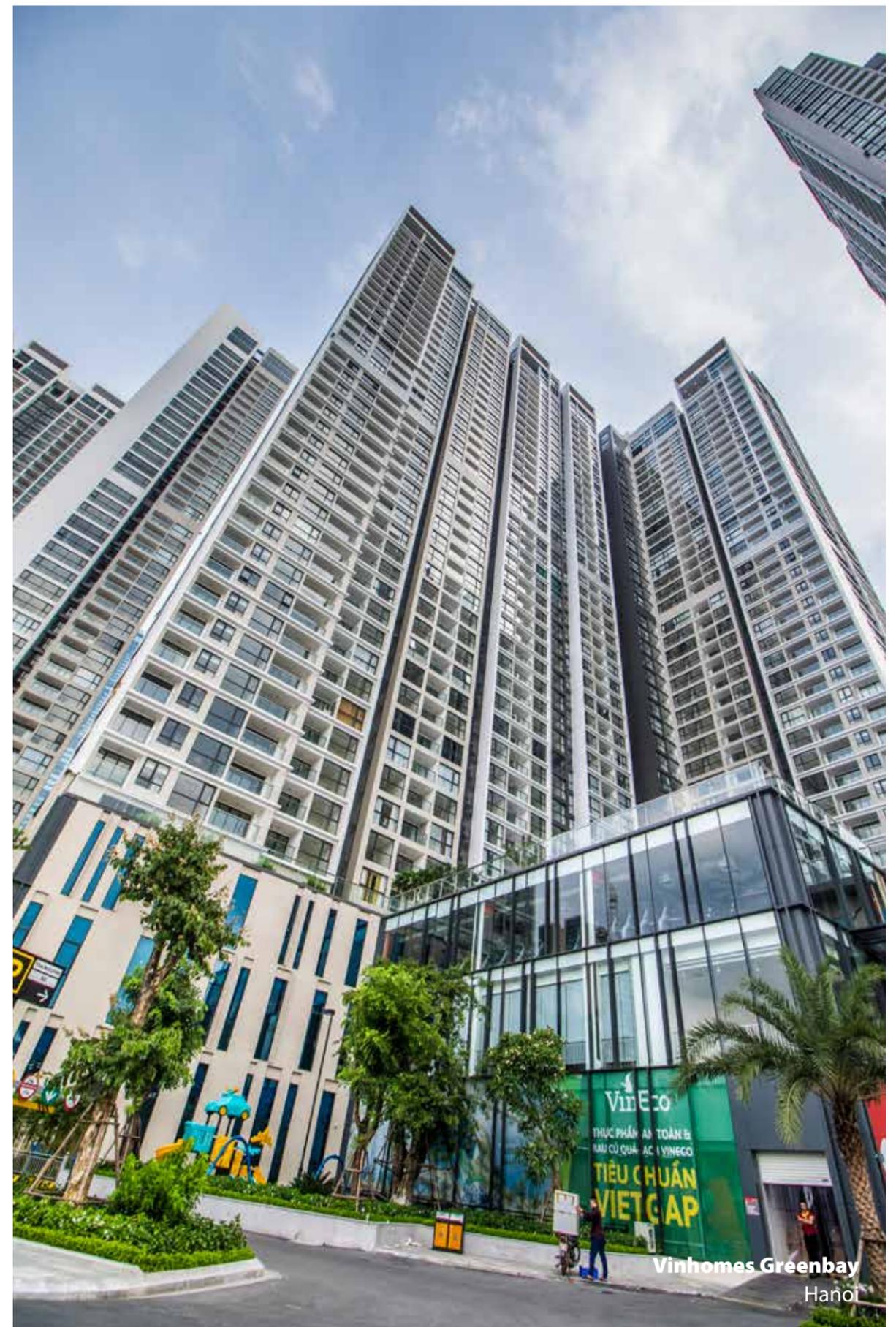
Continuously update and develop the Company's risks portfolio with in-depth analysis and evaluation to support decision-making and proposing response plans.



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



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





BOARD OF SUPERVISORS' REPORT

MEMBERS OF BOARD OF SUPERVISOR



► 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 Acerostéricas 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.



► 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 SUPERVISORS' REPORT

BOARD OF SUPERVISORS' REPORT IN 2019



There have appeared many signs of instability in the world economy in 2019, especially when there are increasing trade conflicts among the world's major economies such as the US-China, Japan-Korea or geographic and political tensions in the Middle East. In 2019, Vietnam's economy achieved positive results including stable interest rates and well-controlled capital. FDI, via exports, continues to be the main contributor to the economic growth.

For the construction sector, 2019 was a difficult year with over 60% of construction projects in Ho Chi Minh City area stalled. Vietnam's construction industry is at the end of the Growth phase and is preparing to enter the Restructuring phase. This means that the construction growth rate is expected to slow down, leading to increased competition in the industry. In the short term, the main growth driver of Vietnam's construction industry is non-residential products.

The Board of Supervisors agreed with the Company's 2019 business results as shown in the Financial statements audited by PwC (Vietnam) Limited.

THE OPERATION OF THE BOARD OF SUPERVISORS AND INTERNAL AUDIT BOARD

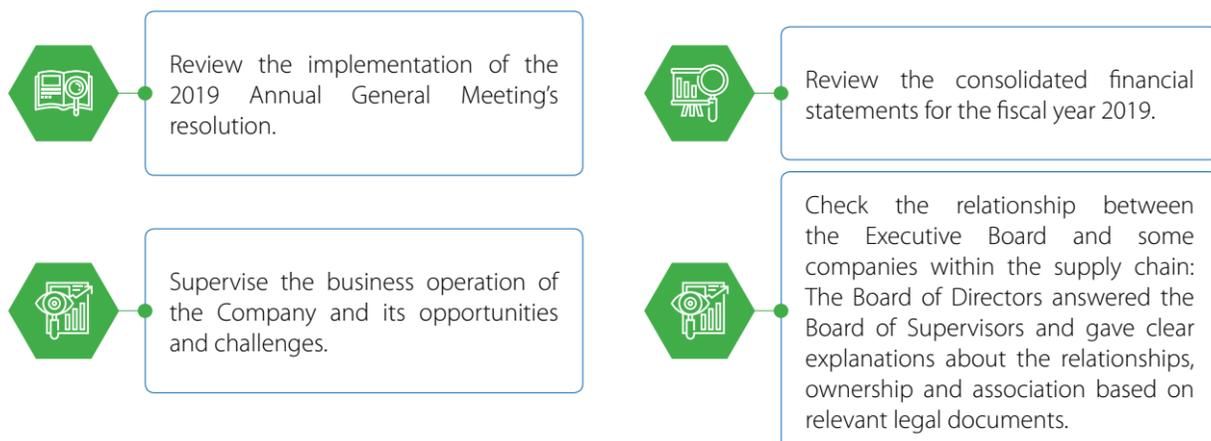


The operation of the Board of Supervisors

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	6/6	100%	
2	Mr. Dang Hoai Nam	Member	29/06/2017	6/6	100%	
3	Mr. Nguyen Minh Nhut (Jack)	Member	29/06/2017	6/6	100%	

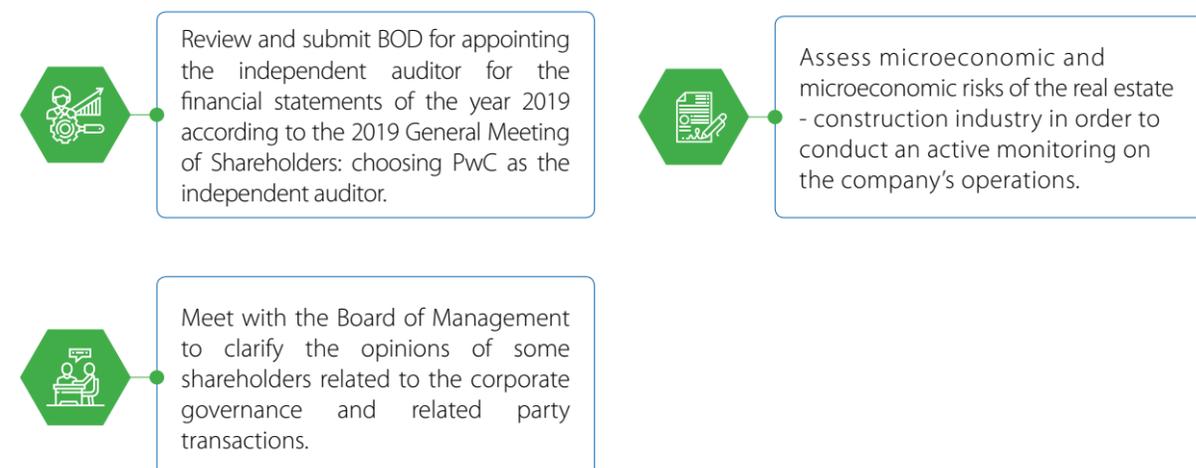
Supervision of the activities of the Board of Directors, Board of Management and Shareholders



In 2019, 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 2019. Additionally, the BOS supervises the Internal Audit Board on performing risk management activities, and on assessing the financial performance, the effectiveness of processes and activities of important divisions, construction sites of the Company.

No.	Date	Content
1	26 th Mar 2019	» Discuss the working mechanism when sending information to the Board of Directors or to third parties. » Discuss the audited financial statements for the year 2018.
2	22 nd May 2019	» Choose an independent audit company: The Board of Supervisors proposed PwC to audit the Company's financial statements for the fiscal year 2019. » Discuss the Quarter 1's business results.
3	25 th Jul 2019	» Discuss the financial statements for the first six-month period of 2019 and reviewed the Company's business results.
4	28 th Aug 2019	» Discuss the contents of documents sent by a group of Cotecccons' shareholders.
5	03 rd Sep 2019	» Discuss the content of the fourth meeting of the BOS on 28th Aug 2019 and discuss the content of the major shareholder's letter.
6	30 th Nov 2019	» Discuss the contents of letters dated 15th Oct 2019 and 18th Oct 2019 sent by groups of shareholders.

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





BOARD OF SUPERVISORS' REPORT

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



No.	Indicator	Unit	2018	2019
I Profit margin				
1	Gross profit margin	%	6.4%	4.4%
2	Profit after tax/ Revenue ratio	%	6.6%	3.8%
3	Profit after tax/ Equity ratio	%	19.8%	8.7%
4	Profit before tax/ Total assets ratio	%	9.2%	4.3%
II Efficiency ratio				
1	Inventory turnover days	Day	23	25
2	Accounts receivable turnover days	Day	99	135
3	Accounts payable turnover days	Day	72	83
III Liquidity				
1	Current ratio	Turn	1.7	1.9
2	Quick ratio	Turn	1.6	1.7
3	Leverage	%	53%	48%

In 2019, the revenue and profit of the Company was VND 23,733 billion and VND 711 billion respectively, which did not complete the business plan. Because some objective causes of the industry reduced the gross profit of the Company, leading to lower profit margins in this year compared to 2018.

in a negative trend, especially the average number of days to collect cash is significantly stretched compared to the previous year. The company needs to pay special attention on controlling risks that may arise due to overdue receivables.

The liquidity ratios of the Company remained high and safe.

The ratios of the efficiency of asset use also fluctuated



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



- › In accordance with the Annual General Meeting's resolution, PwC (Vietnam) Limited appointed as the independent auditor for the financial statements of the year 2019. 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.
- › Completed the 22nd amendment of Company's Business Registration Certificate.
- › Investment activities and the efficient use of previously mobilized capital are matters that need to be discussed and implemented to increase the value of Shareholders.
- › Paid dividend of 2018 in cash with the rate of 30% of par value (VND 3,000/share)

RECOMMENDATION



- » In 2020, the real estate and construction market will have many unpredictable fluctuations. It is suggested that the Company needs to research, analyze and assess the impact of macro factors, markets, changes in the Government's policies... to business activities, thereby developing scenarios and the appropriate action plans to respond.
- » At the same time, it is recommended that the Company continues to study long-term and sustainable development strategies such as corporate governance structuring, the welfare to ensure employees' life, applying technology in business activities, promoting risk management, protecting shareholders' common interest and maintaining the sustainable development of the Company.
- » Especially, as the Covid-19 pandemic is putting the world economy and society at an alarming level, the Company needs to focus on researching measures to cope with the disease as well as strictly abiding by the directives of the Government to ensure safety for employees in particular and for the whole society in general. In the period of potentially risky situation, it is proposed that the Company focuses on showing the social and community responsibility instead of pursuing financial gains at all costs.
- » Based on those, the Board of Directors should study and agree on the development strategy and submit to the General Meeting of Shareholders for approval and to implement risk management measures and the development orientation.
- » Accounts receivable is still at a relatively high level, the Board of Directors and the Board of Management should focus on measures to manage and recover debts to minimize risks related to overdue receivables.

FLEXIBLE IN OPERATING ADAPTING TO THE MARKET'S CHANGES

"Flexibility is not synonymous with compromising relationships to deal with dominant factors. The flexibility of Coteccons is changing in an active way to suit the current situation.

*Innovation in business **management**, drastic solutions to optimize resources, improve labor efficiency, products and services quality, etc. have helped Coteccons to **adapt** to **changes** in the market."*





THE REPORT OF THE BOARD OF MANAGEMENT

INTRODUCTION OF THE BOARD OF MANAGEMENT



The Board of Management includes 01 General Director and 04 Deputy General Directors.

(See Introduction of the Board of Directors, page 33)



▶ Mr. **NGUYEN SY CONG**

General Director
Year of birth: 1970
Nationality: Vietnamese



▶ Mr. **TRAN VAN CHINH**

Deputy General Director
Year of birth: 1959
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 works in the North of Vietnam.



▶ Mr. **TRAN QUANG QUAN**

Deputy General Director
Year of birth: 1973
Nationality: Vietnamese

Majored in Construction Engineering, University of Polytechnic-Ho Chi Minh City. After graduation, he worked for various international companies and secured key positions such as Site Manager and Project Manager. He has more than 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. **TU DAI PHUC**

Deputy General Director
Year of birth: 1975
Nationality: Vietnamese

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 Coteccons and held positions as Project Manager, Head of Finishing Department, Assistant to General Director and Business Development Director. Since 3/2014 he has been in charge of Deputy General Director at Coteccons. At present, he takes charge of Investment activities and Design & Build projects of the Company.



Graduated from Ho Chi Minh City University of Technology.

He has 18 years at Cotecons with different positions ranging from Site 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, customers' relation promotion and expansion and of the operation of Hanoi Office.

► **Mr. VO THANH LIEM**

Deputy General Director
Year of birth: 1977
Nationality: Vietnamese

** Mr. Phan Huy Vinh – resigned as Deputy General Director of Cotecons following his personal resignation dated 9th July 2019*



Render of The Marq project
Ho Chi Minh City



THE REPORT OF THE BOARD OF MANAGEMENT

A HIGHLIGHT OF OUTSTANDING EVENTS IN 2019



29TH MAR 2019

For the 4th consecutive year, Anphabe honored Coteccons Group as the Best Working Environment in Vietnam Construction Industry.



25TH APR 2019

Mr. Nguyen Ba Duong - Chairman of the Board of Directors was honoured as the excellent individual in the urban construction and development of the country and The Landmark 81 won the National Urban Planning Gold Award at the First National Urban Planning Awards ceremony.



15TH MAY 2019

Ministry of Construction - Southern Office, Ho Chi Minh City University of Technology and Coteccons jointly organized a seminar on "BIM application in construction activities management"



27TH JUN 2019

Awarded as "Vietnam's 50 Best Performing Companies" by Nhip Cau Dau Tu magazine in cooperation with Thien Viet Securities for the sixth time in a row



THE REPORT OF THE BOARD OF MANAGEMENT



AUG 2019

First steps in researching and expanding to markets in Myanmar.



NOV-DEC 2019

Coteccons Group has in turn signed comprehensive cooperation agreements (MOU) for the 2019-2020 school year with the University of Technology, the National University of Civil Engineering, and the Ho Chi Minh City University of Architecture.



15TH AUG 2019

Continued to be in the Top 50 Listed Companies by Forbes Magazine for the 7th consecutive year.



09TH JAN 2020

Coteccons continued to maintain its position as the No. 1 Private Enterprise in the construction industry, marking the 7th consecutive year that Coteccons tops this ranking and Coteccons was also honoured in the Top 50 most excellent and largest enterprises in Vietnam in 2019 - Top 50 Vietnam The Best 2019 announced by Vietnam Report.



15TH NOV 2019

Alpha King and Coteccons signed strategic cooperation agreement to launch luxury projects with iconic designs in Ho Chi Minh City.





THE REPORT OF THE BOARD OF MANAGEMENT



HIGHLIGHTED FINANCIAL INDICATORS

CONSOLIDATED BUSINESS RESULTS



Indicator (VND billion)	2014	2015	2016	2017	2018	2019	CAGR
Revenue	7,634	13,699	20,783	27,177	28,561	23,733	25%
Profit before tax	464	927	1,762	2,060	1,873	891	14%
Profit after tax	357	733	1,422	1,653	1,510	711	15%
Profit after tax attributable to Shareholders of the Parent Company	327	666	1,422	1,653	1,510	711	17%

SHAREHOLDERS' INCOME



Indicator (VND billion)	2014	2015	2016	2017	2018	2019	CAGR
Earnings per share	7,769	10,708	20,669	20,436	18,357	8,859	3%
Dividend in cash (%/ share capital)	50%	55%	50%	50%	30%		

CONSOLIDATED BALANCE SHEET



Indicator (VND billion)	2014	2015	2016	2017	2018	2019	CAGR
Total assets	4,863	7,815	11,741	15,877	16,823	16,199	27%
» Current assets	3,636	6,486	9,943	14,323	15,323	14,727	32%
» Non-current assets	1,227	1,329	1,798	1,554	1,500	1,472	4%
Liabilities and Owners' Equity	4,863	7,815	11,741	15,877	16,823	16,199	27%
» Liabilities	2,154	4,573	5,507	8,571	8,861	7,729	29%
» Owners' Equity	2,527	3,243	6,234	7,306	7,962	8,470	27%

REVENUE

23,733

BILLION VND

PROFIT BEFORE TAX

891

BILLION VND

TOTAL ASSETS

16,199

BILLION VND

CONSOLIDATED CASH FLOW STATEMENT



Indicator (VND billion)	2014	2015	2016	2017	2018	2019
Cash-flow from operating activities	131	1,229	901	1,108	(934)	(339)
Cash-flows from investing activities	(209)	(114)	(1,984)	(1,059)	1,021	769
Cash-flows from financing activities	(72)	(121)	1,618	(404)	(756)	(182)
Net cash-flow	(150)	993	535	(356)	(668)	248
Cash and cash equivalents	469	1,462	1,997	1,221	553	801

FINANCIAL RATIOS (%)



Indicator	2014	2015	2016	2017	2018	2019
Gross profit margin						
Ebitda/Revenue	7.3%	8.1%	8.7%	7.5%	6.4%	4.4%
Profit before tax/Revenue	6.1%	6.8%	8.5%	7.6%	6.6%	3.8%
Profit after tax/Revenue	4.7%	5.4%	6.8%	6.1%	5.3%	3.0%
ROAA (EBIT/Average total assets)	7.2%	11.8%	15.3%	11.7%	9.2%	4.3%
ROEA (Profit attributable to Shareholders of the Parent company/Average equity)	13.1%	23.1%	30.0%	24.4%	19.8%	8.7%
Liquidity						
Current ratio	1.7x	1.4x	1.8x	1.7x	1.7x	1.9x
Quick ratio	1.6x	1.2x	1.6x	1.5x	1.6x	1.7x
Financial leverage						
Debt/Equity	85.2%	141.0%	88.3%	117.3%	111.3%	91.8%
Bank loans/Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total assets/Equity	192.4%	241.0%	188.3%	217.3%	211.3%	191.3%
(Cash + Short-term investments)/Total assets	22.6%	30.6%	39.8%	36.5%	26.5%	25.0%

TOTAL ASSETS/EQUITY

191.3%

ROAA

4.3%

ROEA

8.7%



THE REPORT OF THE BOARD OF MANAGEMENT

THE REPORT OF THE BOARD OF MANAGEMENT



OVERVIEW OF COMPANY'S MANAGEMENT IN 2019



During the last year, the Board of Management has made great efforts in management and operation. Although Coteccons is no exception in the current market situation and is more or less affected, Coteccons remains the leading construction company with the revenue and profit after tax of VND 23,733 billion and VND 711 billion respectively. Not only that, the construction sites of Coteccons are implemented and completed with the highest commitment of safety, quality and progress of the Developer.

receive projects that are larger in size and demand higher levels of technical requirements. Innovation, Coteccons' specialty, has been boosted like never before with a series of policies to streamline the organization and workflow, increase the labour productivity and the quality of work in all construction sites and departments.

Regardless of the circumstances, Coteccons' core values are always nurtured and maintained: bringing the highest value and quality of the project to the Developer, cooperating sincerely and fairly with Suppliers and Subcontractors, securing jobs and take care of the lives of all employees in the group.

The Company's Board of Management has identified and anticipated risks of the real estate market cycle. This has been an appropriate time for Coteccons to focus on reviewing all company resources, strengthening the system and improving the internal capacity of the business to be ready when the market flourishes again, to



Timberland Manwah factory
Binh Duong

EVALUATION OF FINANCIAL PERFORMANCE



CONSOLIDATED REVENUE



In fiscal year 2019, Coteccons exerted every effort to complete 88% of the revenue plan despite being greatly affected by the objective difficulties of the market. The consolidated revenue of Coteccons was VND 23,733 billion, in which the parent company's revenue reached VND 18,720 billion, accounting for 79% of the consolidated revenue.



In order to sustain our position as a leading enterprise in construction industry, the Board of Management has to constantly assess the market to find out the right direction in broadening relationships, sourcing for quality works from trustworthy and earnest Developers.

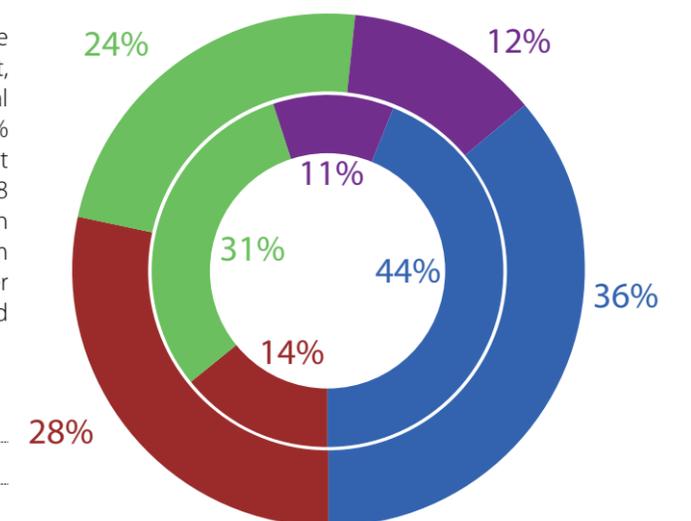
REVENUE STRUCTURE BY PROJECT



The situation of the real estate market in Vietnam can be reflected through the 2019 revenue structure by project, in which the proportion of revenue from residential projects decreased significantly from 44% in 2018 to 36% in 2019. In contrast, the revenue from hotel and resort projects has doubled its proportion from 14% in 2018 up to 28% in 2019. These mainly include projects which require the very high level of quality from long-term customers, such as Hoi An South Development developer who have great confidence in the ability, experience and reputation of Coteccons.

Outer circle: 2019 - Inner circle: 2018

- Residential
- Industrial
- Commercial
- Hotel - Resort



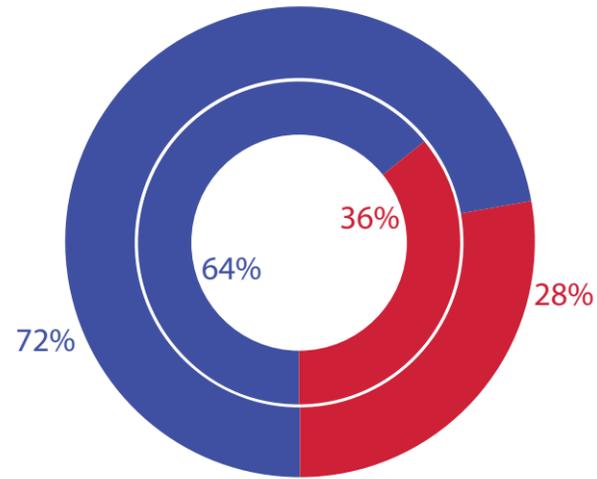


THE REPORT OF THE BOARD OF MANAGEMENT

REVENUE STRUCTURE BY CONTRACT TYPES



Coteccons continues to be the leading contractor in Vietnam who specialises in the Design & Build model with the great advantage of better comprehensive optimization of all resources: from human resources, progress, quality to cost compared to the traditional construction method. In 2019, Design & Build projects still accounted for a relatively large portion of Coteccons' total construction revenue - 28% of total revenue. Although the proportion of D&B revenue has decreased due to legal issues associated directly to the design and licensing procedures, the Design & Build model still plays a very important role with many ongoing projects are currently in the process of designing and negotiating.



Outer circle: 2019 - Inner circle: 2018

- Bid Build
- Design & Build



VALUE OF CONTRACT BACKLOG

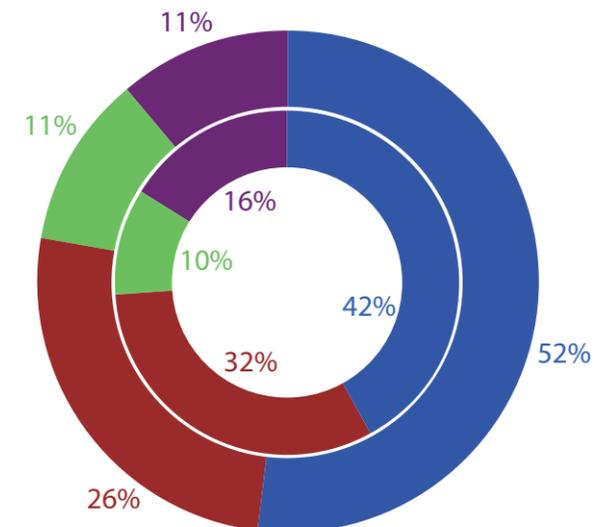


The value of the contracts signed by the end of 2019 to be transferred to later years is estimated at about VND 21,000 billion including consolidated data from Unicons. Approximately 60% of this value is expected to be realized and recorded in 2020 based on the progress of the contracts, the rest will be implemented and recorded in subsequent years. In terms of structure, the value of backlog in the Residential segment including apartments and villas still accounts for the highest proportion with 52% of total backlog, followed by the Hotel and resort segment with 26%. Last year, Coteccons signed strategic cooperation with new prestigious developers such as Sonkim Land at the

Metropole Thu Thiem project or Alpha King at the Golden Hill – Cong Quynh project in HCMC.. Moreover, there are many signed contracts related to the expansion of existing projects whether on their scope of works or new phases. This proves the trust of customers after they directly witnessed the quality and value that Coteccons has brought.



LAST YEAR, COTECCONS SIGNED STRATEGIC COOPERATION WITH NEW PRESTIGIOUS DEVELOPERS SUCH AS SONKIM LAND AT THE METROPOLE THU THIEM PROJECT OR ALPHA KING AT THE GOLDEN HILL – CONG QUYNH PROJECT IN HCMC... MOREOVER, THERE ARE MANY SIGNED CONTRACTS RELATED TO THE EXPANSION OF EXISTING PROJECTS WHETHER ON THEIR SCOPE OF WORKS OR NEW PHASES. THIS PROVES THE TRUST OF CUSTOMERS AFTER THEY DIRECTLY WITNESSED THE QUALITY AND VALUE THAT COTECCONS HAS BROUGHT.



Outer circle: 2019 - Inner circle: 2018

- Residential
- Industrial
- Commercial
- Hotel - Resort



THE REPORT OF THE BOARD OF MANAGEMENT



ASSET STRUCTURE



IT IS HIGHLY POSITIVE THAT COMPANY STILL PRESERVE ITS STABLE AMOUNT OF CASH AND CASH EQUIVALENTS FOR MANY YEARS AS THE COMPETITIVE ADVANTAGE TO PARTICIPATE IN MANY LARGE-SCALE PROJECTS, TO BE FINANCIALLY PROACTIVE IN INVESTING IN CONSTRUCTION EQUIPMENT AND IMPROVE THE CUSTOMERS' CONFIDENCE IN COTECCONS' FINANCIAL CAPACITY.



In addition to maintaining the revenue and profit in the downside period of the market, the Company's total assets were also sustained at VND 16,199 billion as at 31 December 2019, equivalent to last year. In which, short-term assets still account for the majority of total assets, approximately 91%, equivalent to VND 14,727 billion. It is highly positive that Company still preserve its stable amount of cash and cash equivalents for many years as the competitive advantage to participate in many large-scale projects, to be financially proactive in investing in construction equipment and improve the customers'

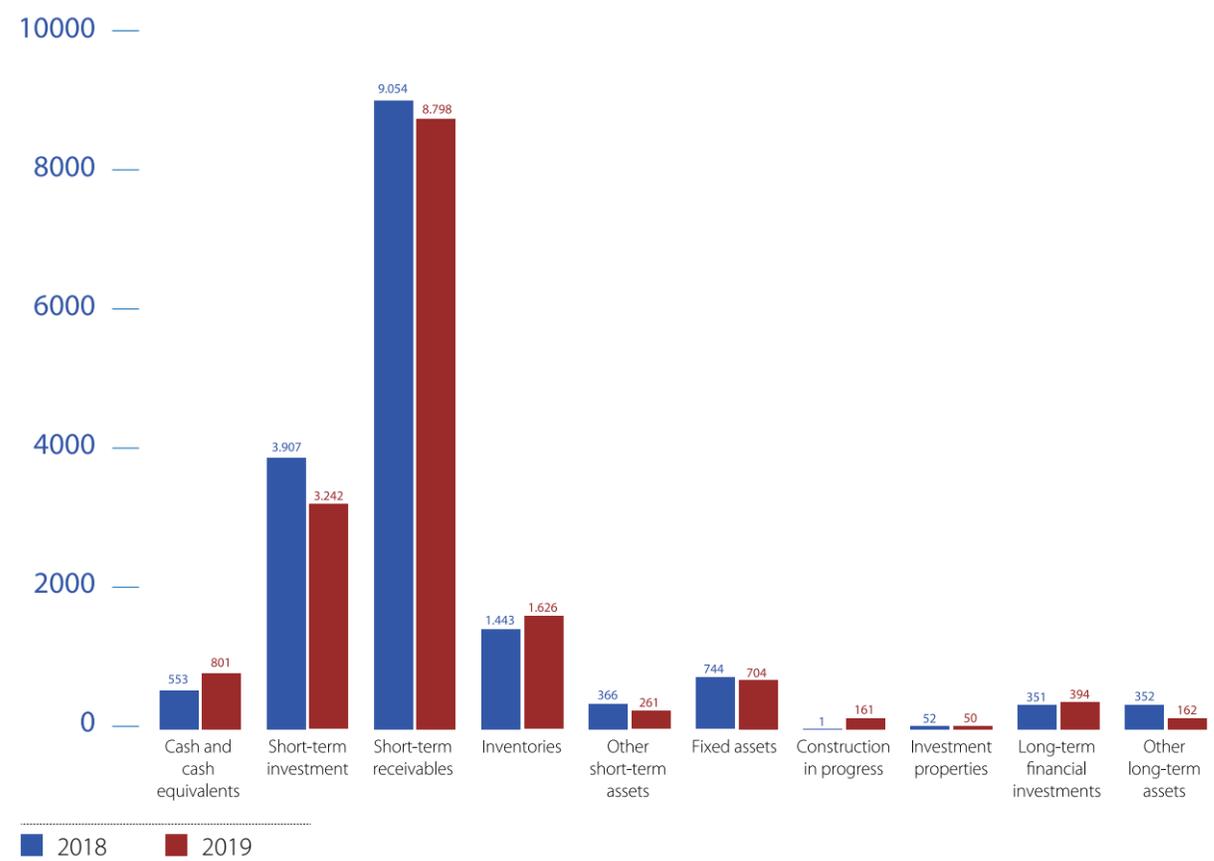
confidence in Coteccons' financial capacity. The balance of cash and short-term investments including term deposits and corporate bonds was VND 4,042 billion, accounting for about 25% of total assets.



Indicator (VND billion)	2014	2015	2016	2017	2018	2019	CAGR
Current assets	3,636	6,486	9,944	14,323	15,323	14,727	32%
Cash and cash equivalents	469	1,462	1,997	1,221	553	801	11%
Short-term investment	629	928	2,675	4,569	3,907	3,242	39%
Short-term receivables	2,130	2,609	3,484	6,344	9,054	8,798	33%
Inventories	270	1,051	1,241	1,874	1,443	1,626	43%
Other short-term assets	139	436	547	315	366	261	13%
Non-current assets	1,227	1,329	1,797	1,554	1,500	1,471	4%
Fixed assets	249	440	585	726	744	704	23%
Construction in progress	6	48	18	0	1	161	93%
Investment properties	105	92	78	50	52	50	-14%
Long-term financial investments	781	493	715	377	351	394	-13%
Other long-term assets	87	257	401	401	352	162	13%
Total	4,863	7,815	11,741	15,877	16,823	16,199	27%

ASSETS STRUCTURE

Unit: VND billion





THE REPORT OF THE BOARD OF MANAGEMENT



RECEIVABLES

Receivables mostly come from projects that are being either implemented or under finalization process. For completed projects, receivables are mostly the money withheld for warranty. Short-term receivables decreased by VND 256 billion, down by 3% compared to 2018. Coteccons is still one of the companies with the high effectiveness in debt collection compared to the industry. 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. As at 31 December 2019, the balance of inventories was VND 1,626 billion, increased by 13% compared to the previous year.



OWNERS' EQUITY

The equity increased by 6% compared to 2018, equivalent to VND 508 billion due to the main effects from:

- Increase of VND 711 billion from the profit after tax of 2019.
- Increase due to issuing ESOP share of VND 50 billion according to the 2018 AGM Resolution.
- Increase of VND 54 billion from acquisition of a subsidiary (Non-controlling interests).
- Dividend payment for shareholders (VND 229 billion) and appropriation to Bonus and welfare fund (VND 76 billion).
- Decrease of VND 4 billion from ESOP shares repurchases.
- Decrease of VND 75.5 billion in Bonus and welfare fund



LIABILITIES STRUCTURE

Corresponding to the revenue in 2019, liabilities decreased by VND 1,132 billion, equivalent to 13% compared to 2018. 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)	2014	2015	2016	2017	2018	2019
Current liabilities	2,140	4,559	5,494	8,559	8,851	7,710
Accounts payable	976	1,962	3,228	4,631	5,813	4,571
Prepayment to suppliers	78	1,108	796	1,408	671	721
Taxes and other payables to Treasury	73	117	244	354	165	88
Accrued expenses	768	1,098	822	1,639	1,760	2,102
Unearned revenue	19	24	95	-	5	55
Other short-term payables	125	122	147	281	204	42
Short-term provision	62	71	60	77	76	65
Bonus and welfare fund	39	57	102	169	157	66
Non-current liabilities	15	13	12	11	9	19
Other long-term payables	14	2	2	1	1	1
Deferred tax liabilities	-	-	-	-	-	12
Long-term provision	1	11	10	10	8	6
Total liabilities	2,155	4,572	5,507	8,570	8,861	7,729



THE REPORT OF THE BOARD OF MANAGEMENT



OUTSTANDING IMPROVEMENTS IN 2019

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:



Establish the Company's Reform Committee including the Reform Subcommittees on Construction, Finance, Equipment, M&E, Human Resources and Salaries to review and evaluate all aspects of the Company's activities, identify inappropriateness and make changes to adapt to the market situation.



Update procedures and the financial management software to accelerate the payment for subcontractors and suppliers as well as to reduce the processing time of records and related contracts.



Perform a comprehensive review over all purchasing activities between construction sites and the Procurement department to optimize finance.



Promote the innovation within the Service and Warranty Department, strengthen the link between construction sites and customers' building management offices in order to improve service quality, timely handle customers' comments as a way to enhance the Company's reputation.



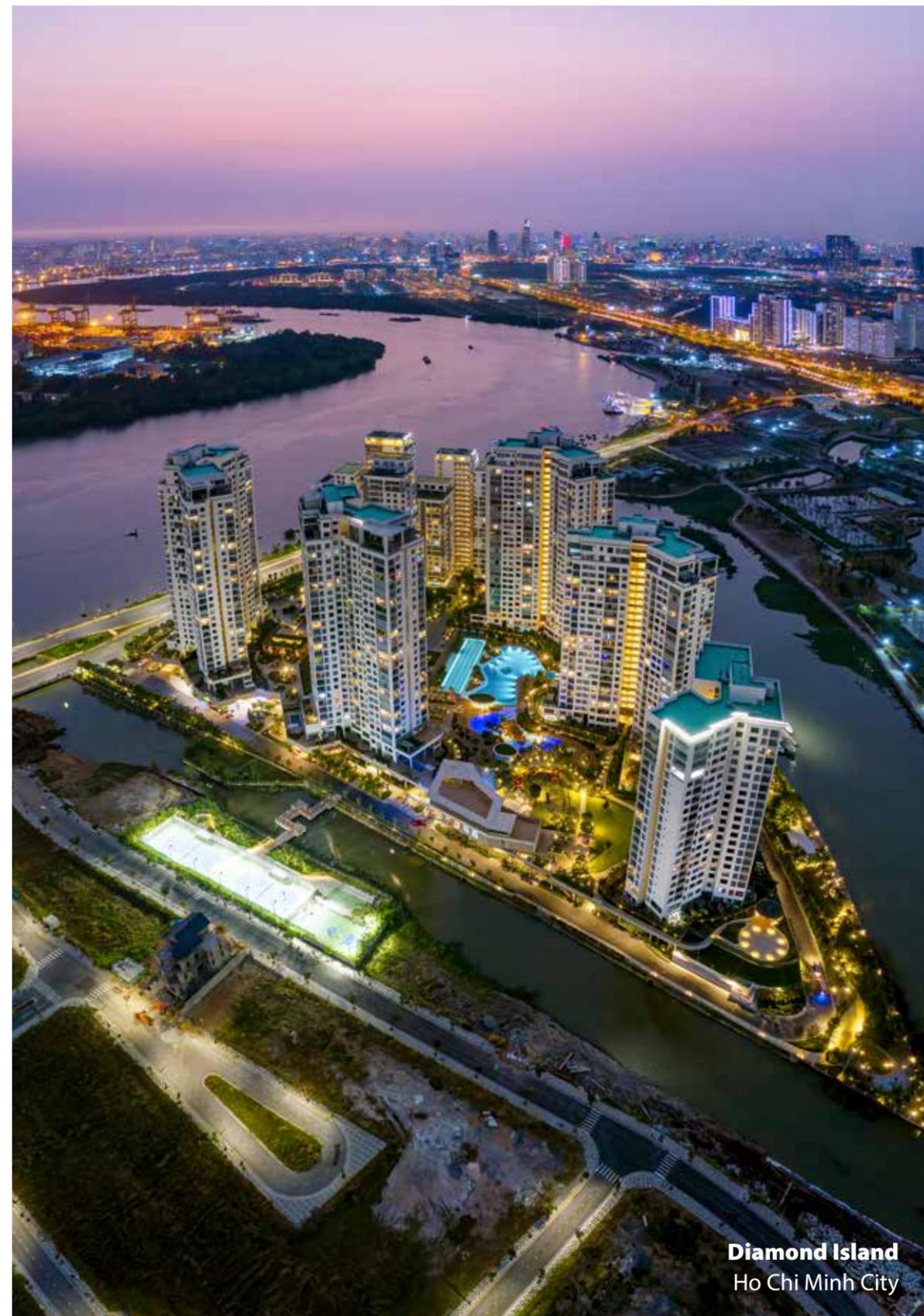
Standardise and apply information technology in archiving scientifically and systematically construction and design records which can be easily and conveniently retrieved and to ensure the accuracy and completeness of the records.



The Technical Division and the Safety Department have strengthened a series of processes and regulations about implementing technical innovation, improving construction quality standards and ensuring safety at the highest level.



Tighten the financial management of the construction site, especially the settlement process and additional works management to ensure full revenue recognition and create a solid legal basis for receivables collection.



Diamond Island
Ho Chi Minh City



THE REPORT OF THE BOARD OF MANAGEMENT

EVALUATION OF RESOURCE MANAGEMENT AND IMPLEMENTATION OF WELFARE POLICY



The pressure from the strictly controlled policy of licensing of construction investment projects, from the asynchrony of legal system related to the real estate market and from the difficulty of real estate enterprises in accessing the capital... has led to the decline in size of the real estate market in major cities. The business of hundreds of construction companies has become stagnant. The real estate market also recorded the highest number of businesses dissolved last year. Although many developers still choose Coteccons for their eligible projects thanks to its prestige, the consequences of some projects temporarily suspended due to the above reasons have significant impact on revenue and growth of Coteccons. The pressure of finance balancing, transferring equipment, staffing, etc. is a problem that needs to be solved later.

OPTIMIZE THE COMPANY'S RESOURCE



The Coteccons' Board of Management focused on directing the specialized departments to review the workload, rearrange the personnel system, working with multi-tasks, perform lean management and reduce intermediate levels of procedures.



Continue to strengthen the operating system of the Company under the functional division model including: Technical Division; Internal Affairs Division; Investment Division; Economics Finance Division; M&E Division and two (02) project management divisions. To optimize resources, the Company merged the M&E Tender Department and the M&E Technical and Quality Management Department into the M&E Tender and Technical Department and merged the Purchasing Department into the Cost and Contract Management Department. In addition, the functional division model has helped the operation to be lean, works to be handled at a faster pace, thereby contributing to improving the overall working efficiency of the whole Company.



A thorough review of all staff from the office to construction sites has been carried out seriously over the past year. Together with Unicons, Coteccons Group has balanced the resources, tightened new recruitment, relocated personnel from the office to construction sites and arranged different jobs for competent but temporarily out of work personnel to maintain high quality resources. For those employees who do not meet the requirements, they will continue their training or agree to terminate the labor contract in accordance with provisions of the law.



Upgrade the staffing software which is based on the salary budget of site management committees. This software is updated monthly with information of the personnel number, salary and bonus costs. This creates a basis to adjust and optimize the personnel of any construction site that exceeds its budget taking into account the construction progress and the project size.



Increasing internal training is one of the supportive ways to optimize resources. Application of technology in human resource training is strongly paid attention and properly invested by Coteccons. Coteccons Training Academy has implemented many intensive courses via direct method and e-learning in the last year.



Inheriting the HR ranking system built in 2018, the HR Department has researched and improved comprehensive ranking criteria for each Division/ Department, organized and ranked employees according to their ability and in an appropriation that balances the number of employees in each ranking group and suits the current business performance.



THE REPORT OF THE BOARD OF MANAGEMENT



CONSOLIDATED HUMAN RESOURCES STRUCTURE

NUMBER OF EMPLOYEES

2,272
PEOPLE



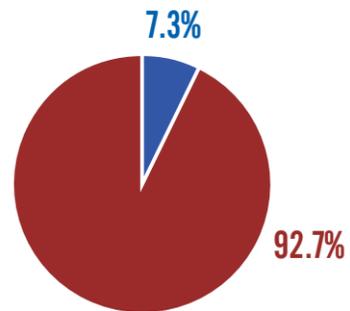
UNDER THE COMPANY'S BUSINESS SITUATION, COTECCONS SEPARATELY REDUCED 220 EMPLOYEES IN 2019, ACCOUNTING FOR 13% OF TOTAL NUMBER OF EMPLOYEES.

THE CONSOLIDATED NUMBER OF EMPLOYEES OF COTECCONS AS AT 31 DEC 2019 IS 2,272 PEOPLE, DECREASED BY 448 PEOPLE, EQUIVALENT TO 16.5% OF THE FIGURE AS OF THE BEGINNING OF 2019.



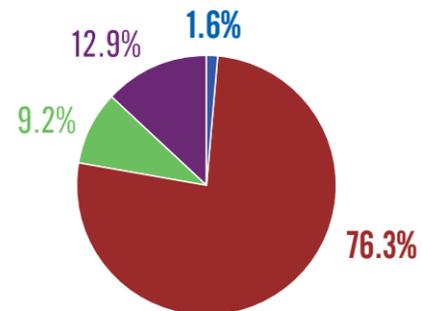
Kingdom 101
Ho Chi Minh City

HUMAN RESOURCE STRUCTURE BY GENDER



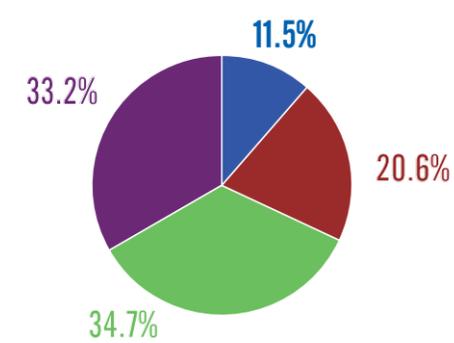
Male	2,104 people	92.7%
Female	168 people	7.3%

HUMAN RESOURCE STRUCTURE BY ACADEMIC LEVEL



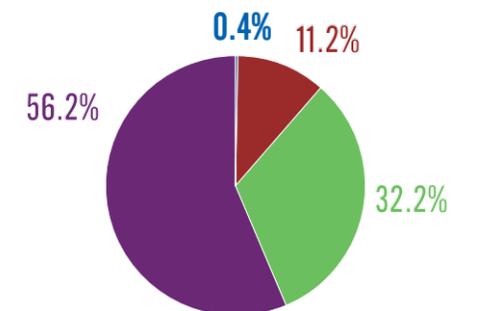
Post-graduate	37 people	1.6%
Graduate	1,734 people	76.3%
College	209 people	9.2%
Others	292 people	12.9%

HUMAN RESOURCE STRUCTURE BY SENIORITY



Under 2 years	263 people	11.5%
From 2 years to under 3 years	469 people	20.6%
From 3 years to under 5 years	789 people	34.7%
Over 5 years	751 people	33.2%

HUMAN RESOURCE STRUCTURE BY POSITION



Management Board	10 people	0.4%
Managerial	255 people	11.2%
Senior associate & Main Senior associate	732 people	32.2%
Associate	1,275 people	56.2%



THE REPORT OF THE BOARD OF MANAGEMENT

MAINTAIN WELFARE POLICY FOR EMPLOYEES



Coteccons has always focused on taking care of the material and spiritual life of employees. Despite the difficult business situation in the past year, the employees' welfare policy has been maintained and fully implemented.



SALARIES AND BONUSES

Salaries and bonuses paid to employees are based on job performance evaluation and position. In addition to salaries and periodic bonuses, the Company maintains its bonuses on public holidays, Lunar New Year, extraordinary bonuses, and rewards for collectives or individuals that have initiatives in business activities.



ANNUAL LEAVE

Allowing employees to take time off during off-peak time, together with the travel policy enables employees to re-create working strength and have time with their families while reduces expenses on paying leave according to regulations.



ANNUAL TRAVEL POLICY

In order for employees to proactively arrange appropriate travel times during the year, the Company cooperate with reputable tour operators to issue travel vouchers of which value is based on the accumulated travel allowance of staff.



EDUCATION SPONSORSHIP

This welfare sponsorship has been maintained since 2016 to support employees' children on education costs. Depending on the annual business results, the educational sponsorship expenses are calculated and deducted from the welfare fund.



HEALTH INSURANCE FOR EMPLOYEES

In addition to the compulsory health insurance, all employees and their relatives according to the employee ranking policy are also bought the comprehensive health insurance package from the reputable insurance company. At the same time, the Company continues to cooperate with major hospitals such as Vietnam - France, University of Medicine, Thu Cuc and Vinmec Hospital... to provide periodic health check-ups to help employees have more useful information to take care of themselves.



UNION ACTIVITIES AND INITIATIVES

Develop policies to support employees and their relatives who are seriously ill or in difficult circumstances, to timely visit and give gifts on birthdays, wedding, etc. Also, there are sports and arts events, other activities organized on holidays and anniversaries of the year such as International Women's Day 8/3, Vietnamese Women's Day 20/10, New Year... to create exchanges and cohesion among staff.



WITH THE DECENT WELFARE POLICY AND THE SINCERE CARE OF THE BOARD OF MANAGEMENT IN THE IMPROVEMENT OF PERSONNEL POLICIES SO THAT EMPLOYEES CAN FEEL SECURED TO WORK AND CONTRIBUTE FOR A LONG TIME, COTECCONS HAS BEEN AWARDED BY ANPHABE AS THE BEST PLACE TO WORK FOR IN VIETNAMESE CONSTRUCTION INDUSTRY AND BEEN AMONG TOP 100 BEST PLACES TO WORK FOR IN VIETNAM.





THE REPORT OF THE BOARD OF MANAGEMENT

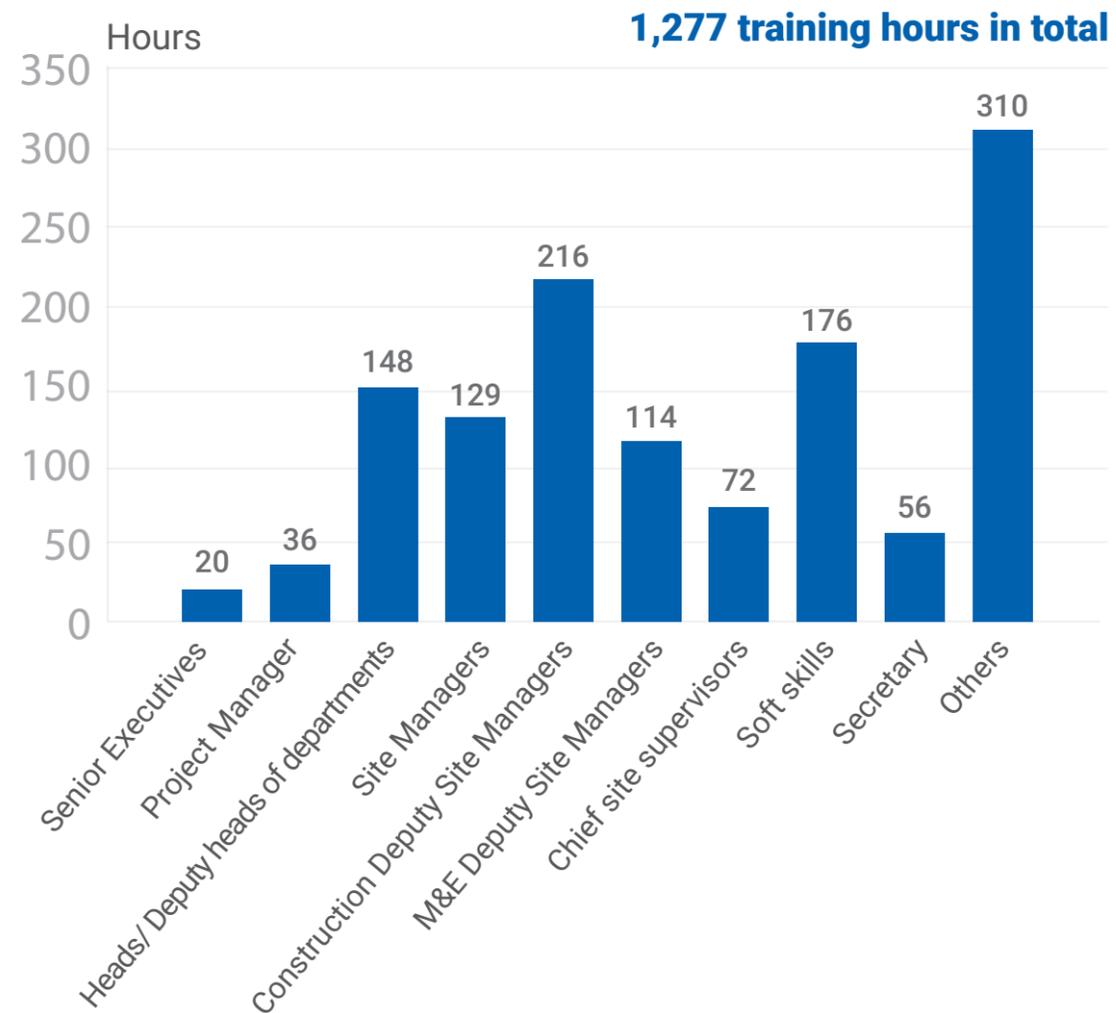
TRAINING



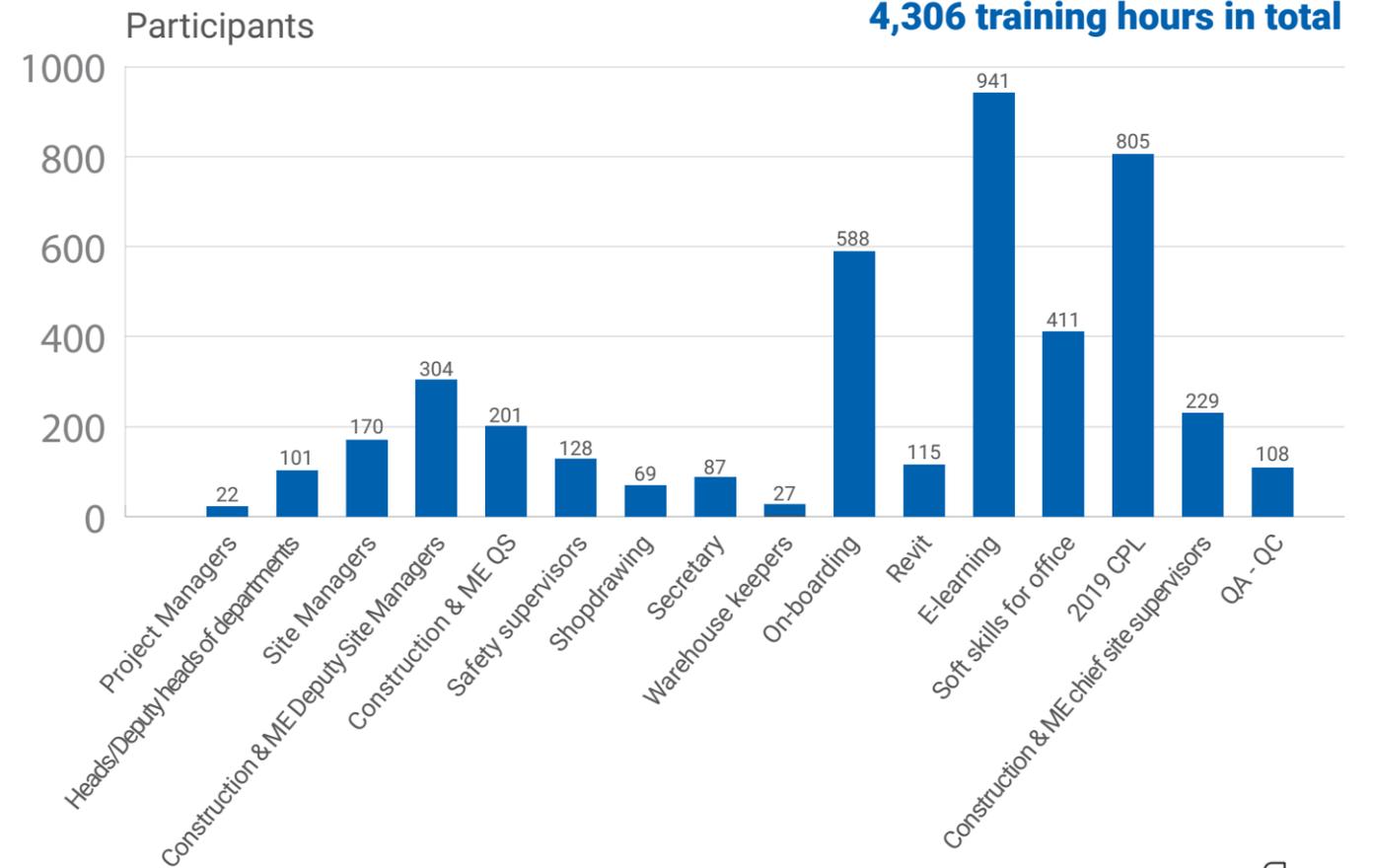
DURING THE YEAR, COTECCONS TRAINING ACADEMY HAS IMPLEMENTED MANY INTENSIVE COURSES IN THE FORM OF DIRECT CLASSROOM WITH COTECCONS' EXECUTIVE AND MANAGEMENT OFFICERS AS THE MAIN TEACHING STAFF. THE DIVERSE PROFESSIONAL KNOWLEDGE, LONG WORKING EXPERIENCE AND ENTHUSIASM TOGETHER HAVE HELPED TO MAINTAIN THE UNIQUE CULTURAL IDENTITY OF COTECCONS.



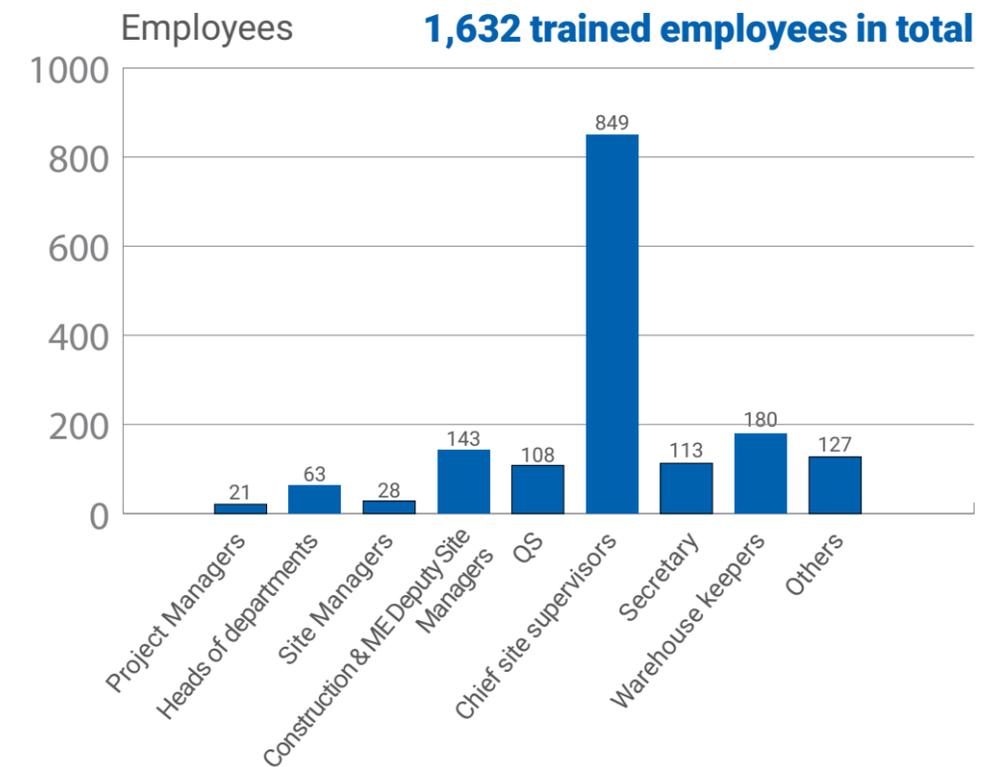
TRAINING PROGRAM



TRAINING PARTICIPANTS



TRAINED EMPLOYEES





THE REPORT OF THE BOARD OF MANAGEMENT

SYSTEM IMPROVEMENTS



ESTABLISHMENT OF INSPECTION BOARD – INTERNAL AFFAIRS DIVISION



The addition of the Inspection Board to the Internal Affairs Division aims to enhance the inspection and supervision of the Company's activities. Duties of the Inspection Board is to control the system compliance, internal regulations and the provisions of law, to detect risks related to finance, service and product quality... to analyze the cause and to timely support on finding solutions and improving internal control system.



SUPPLEMENT AND UPDATE THE INTERNAL REGULATIONS

In 2019, the Company amended the key rules and regulations which affect the Company's operating activities, such as: Financial management regulation, Supplier/ Subcontractor contract signing and liquidation regulations... as well as modified the Regulations on operation and organization of Divisions and Departments of the Company such as: M&E Technical and Tender Department, Equipment Department, Cost and Contract Management Department... in order to building a new framework for all activities of the Company which intends to reduce time, optimizing processes and procedures to ensure a fast, simple yet controlled and effective work.

Especially, the Company has built and upgraded an online internal document management system (Portal) with scientific utilities and features, significantly reducing the time to search and download internal management documents.



ENHANCE FEATURES OF COTECCONS CORE SYSTEM

To digitize operations, Coteccons has invested in applications related directly to the operation of departments and construction sites such as: online organizational chart of site management committees, construction workforce management software, construction documents management software, weekly report software, logistics software in equipment transport and many other applications. These applications combined with Coteccons core system which have been invested since 2018 including e - office software, accounting and finance core, cost & contract management core, material and equipment management core... have formed a centralized applications connection, fully accommodating the professional and management tasks of Company's departments.



GENERATING GENERAL REPORTS AND ANALYZING RESOURCES DATA

For the resources management and planning purpose, Coteccons has built an analysis report on human resource information - summarizing assessments of competency, working process, professionalism and specific training which helps the personnel mobilization and planning process.

In addition to information on human resources, the information on finance in combination with data on construction workforces produces labor productivity analysis reports of construction sites and the whole Company.



ENHANCE SYSTEM AND INFORMATION SECURITY

Acknowledging the great importance to the intellectual property of the Company, in the past year, Coteccons has invested in a new intrusion prevention system (IPS) which protects the Coteccons' network from hundreds of outside attacks from hackers around the world everyday.

Simultaneously, the systems of data loss prevention, firewalls, email security systems, antivirus systems are always maintained to ensure the highest level of safety of information and data assets of the Company.



AFFIRM OUR OUTSTANDING CAPACITY





THE REPORT OF THE BOARD OF MANAGEMENT



DIVERSIFY DESIGN AND BUILD PROJECTS (D&B)

Aiming at providing D&B services for a variety of project types, Coteccons' D&B team constantly improves its capacity and expertise. Coteccons' D&B segment marked its first millstone in 2014 with high-rise buildings, and in 2016 expanded into the field of resort apartments, hotels and heavy industrial factories, in 2017 to office buildings. The peak of Coteccons' D&B service from 2018-2019 encroaches on the type of complex building. In order to continuously improve this service, Coteccons does not only perform D&B but the 2020 plan will be to provide consultancy on legal procedures related to investment and project development, especially projects with foreign invested capital.



COMPETE BY EQUIPMENT CAPACITY

Continuing to be the pioneer in the construction industry and conquering major projects by applying modern equipment solutions, such as: applying weight to tower cranes at Golden Hill project (District 1) to reduce foundation construction cost; climbing formwork for the Vinhomes City project (District 9) to ensure the safety and quality of concrete surface outside the house; improve shading cover system for high-rise projects with tight spaces such as Times Squares (Da Nang), Friendship Tower (District 1), The Marq (District 3)... and modify a series of difficult components for key projects to boost clients' confidence.



CONTINUOUSLY IMPROVE CONSTRUCTION METHODS, IMPROVE PRODUCT QUALITY

Wall cracking is a long lasting problem in construction, Coteccons' in-depth research to adjust the morphology and distribution of cement bricks - concrete bricks has significantly reduced this situation in the past year; Applying and installing the acotec precast concrete wall panels; Also researching insulation solutions for concrete walls; Finding solutions to limit seepage risks in projects Applying ready mixed mortar at factory for plastering and rolling work to control mortar quality, material loss and ensure environmental sanitation ...

For M&E work: The use of BIM/ REVIT construction tools to check installation spaces as well as collisions right from the design stage helps to optimize installation space, save materials and prevent operational risks.

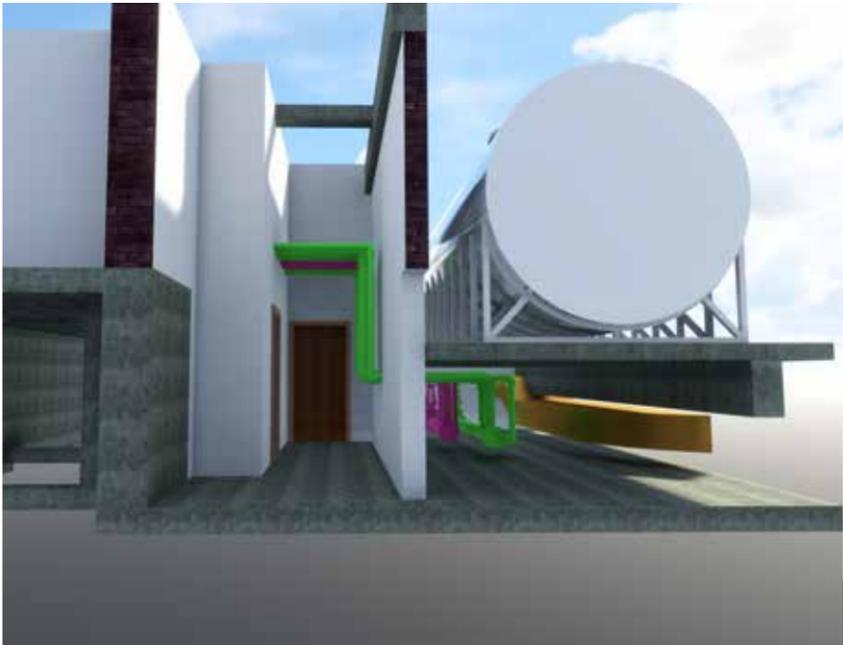
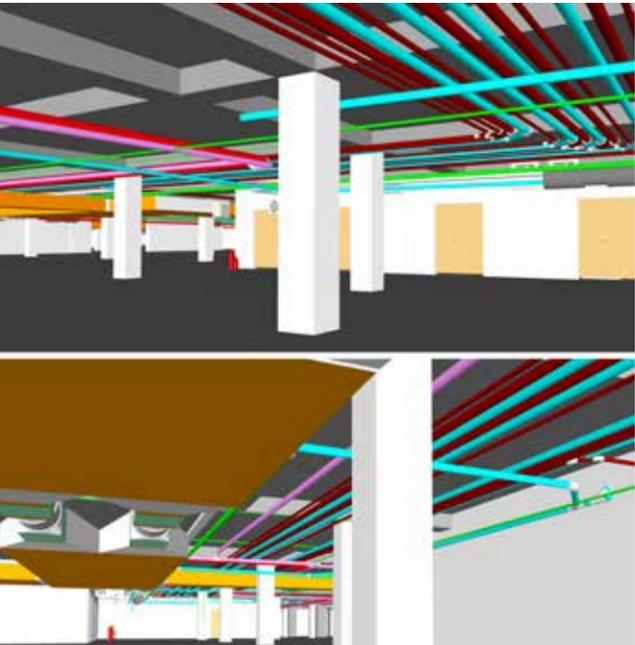
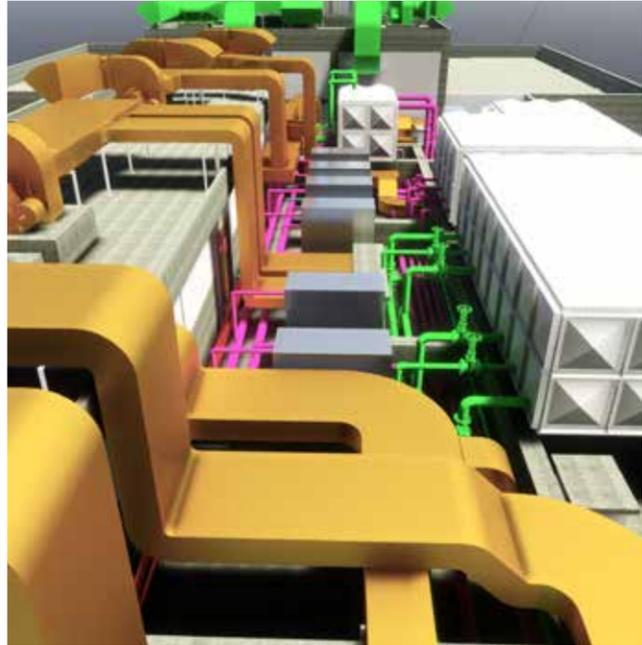
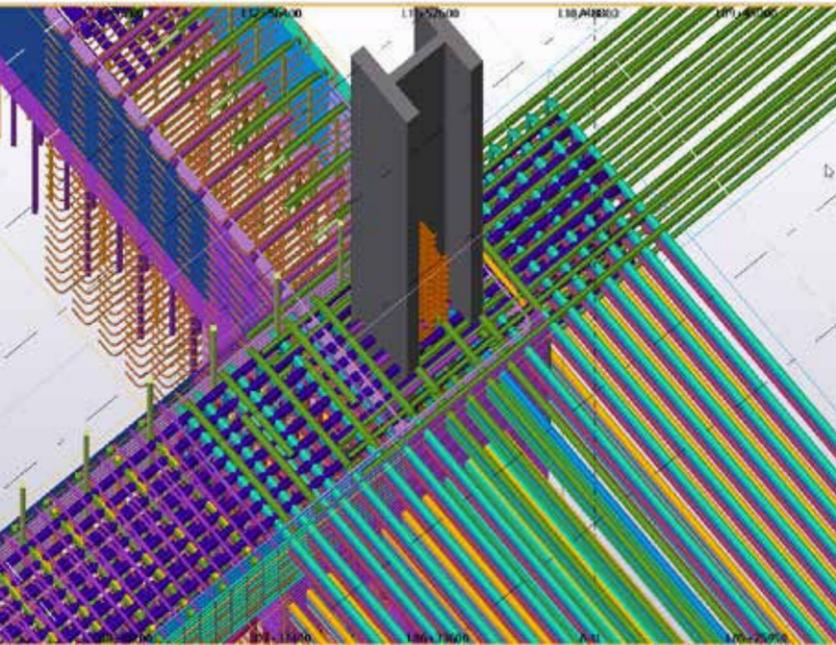


Vinhomes Thang Long
Hanoi





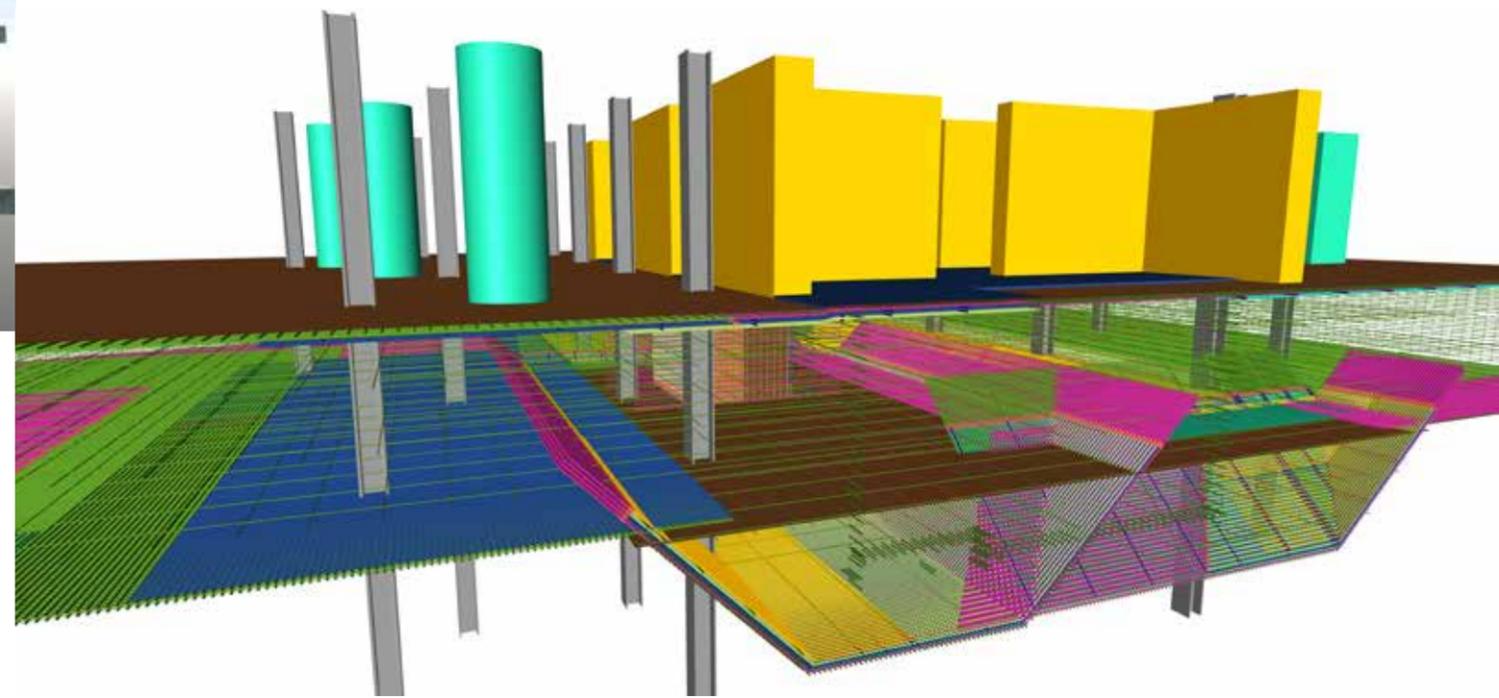
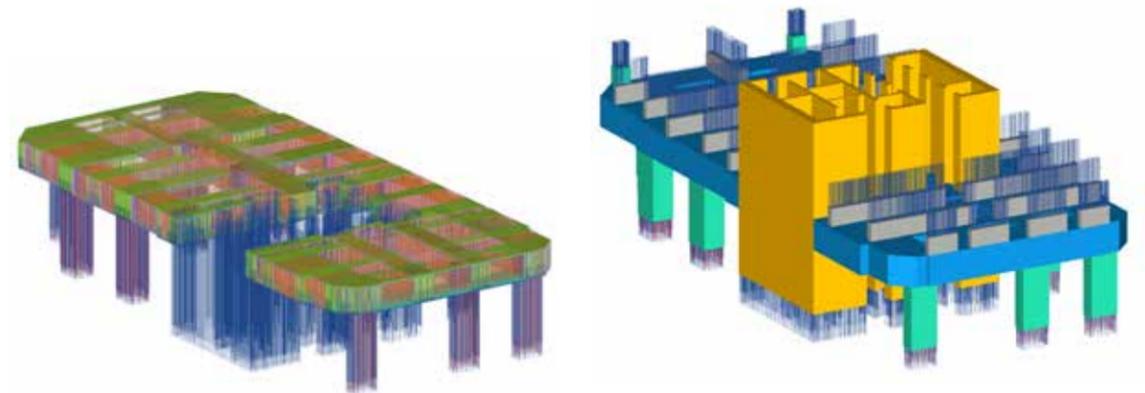
THE REPORT OF THE BOARD OF MANAGEMENT



MASTERING BIM TECHNOLOGY

In 2019, although the number of projects has decreased, the requirement for BIM application from clients increased in bid-build projects. In BIM implemented projects, the created efficiency in work coordination has helped the Site Management Committee to clearly identify problems to thoroughly solve; limit errors, reduce rework costs and quicken progress. Typical projects include Viettel Headquarters (Hanoi), Casino Nam Hoi An Resort (Quang Nam), One Venrandah Luxury Apartment (District 2)...

Not only developing BIM applications internally, Coteccons is often invited to attend seminars to share BIM experiences with other construction and design companies. Coteccons is currently a highly active member of Vietnam BIM Steering Committee, working with partners of Institute of Construction Economics and software companies to update new features.





THE REPORT OF THE BOARD OF MANAGEMENT



ACTIVITIES OF COMPANY'S FUNCTIONAL DIVISIONS

Implementing the general policy of the Company, in the past years, the Departments/ Boards of the functional divisions have operated in the spirit of optimizing resources, improving the procedures, reducing expenditure... but still ensuring the achievement of targets.



TECHNICAL DIVISIONS

SAFETY DEPARTMENT

The high-end projects implemented by Coteconcs always require fast schedule with a huge amount of work but still have to ensure quality which makes the implementation of safety measures in projects a great challenge. Therefore, the occupational safety system continuously introduces improvements and adjustments to suit the actual conditions and ensure that no serious accidents occur, minimizing light accidents.

In 2019 the construction sites had a total of 37,680,072 hours of safety established with 169,512 workers. To achieve that goal, the Safety Department has closely conducted the following tasks:



● Maintain and improve the labor safety system

Standardize the safety image of Coteconcs projects according to the criteria for each type of project: factory, villas - apartments, constructions of basement and high-rise buildings...

Maintain monthly assessment and inspection, timely intervene, punish and monitor the risk response of projects with high level of potential safety risks.

● Specific planning before construction

Before being executed, every job, even the smallest work, must be studied, evaluated carefully, thereby obtaining the best preparation for construction safety measures.

● Raising awareness about occupational safety

In addition to the training of labor safety through the form of centralized training and e-learning, Safety Department also creates short videos of thematic safety instructions to maintain the labor safety at all times and all places.

● Prioritize practical innovation

The switch from fluorescent light bulbs to led bulbs, other than to minimize the cost of supplies, also aims to reduce the risk of electric shock due to the use of lighting wires.

Installation of upgraded electric cabinets to reduce the damage to the plugs and to decrease the risk of electric shock which is caused by unqualified equipment during construction.

Organizing exercise activities, Greenday, for all construction sites which creates a team spirit and helps improve the health of workers.





THE REPORT OF THE BOARD OF MANAGEMENT

TECHNICAL AND CONSTRUCTION MANAGEMENT DEPARTMENT

Continuously improving, researching and applying advanced technology in construction, confirming the superior capability is the top goal of the technical department. In 2019, the technical and construction management departments have proposed the application of construction and control solutions to reduce costs but still guarantee the quality and safety of construction works.

Developing Quality Control Regulation together with the application of Quality control e-Office software encourages the interaction between the Technical Division and the Site Management Committee, saving 30% of the processing time for reports and creating a database that can be easily extracted when needed. The shop drawing libraries related to structure and finishing are created on the Company's online portal which helps the site have quick access to standardization requirements while optimize resources for shopdrawing.

Improving the method of concreting the foundation - the basement of the whole block, assembling the steel cage for the wall and column, the method of constructing the topdown column without using non-shrink mortar, using thermal insulation foam roll for large concrete... have promoted efficiency, helping to speed up construction progress, decrease costs, present a neater construction ground.

Apply measures to reduce wall cracking, minimize the risk of seepage cracking at projects and schedule appropriate time to water-paint to avoid the impact of rework which causes additional unnecessary costs.



SECURITY DEPARTMENT

Along with the refinement of office personnel, in 2019, the Security Department has reviewed and minimized the construction site security guards but still ensured the KPIs.

Site security guards were reduced from 250 to 190 people (down by 24%) at the end of 2019.

Combine the model of internal security personnel and professional security personnel to be flexible in personnel arrangement, create internal competition and enhance quality.

Quarterly, coordinate with site managers to review premises and security situation in construction sites and surrounding areas to make the most appropriate and effective security plan and personnel arrangement plan.

Develop regulations to guide security procedures to help security forces easily deploy work in newly established projects.

Drastically handle violations of security regulations. Refine personnel that do not meet the job requirements.

SERVICES AND WARRANTY DEPARTMENT

As one of the very few Construction Contractors with a specialized after-sales department, not only aiming for performing warranty and maintenance work professionally work after the project is handed over, Coteccons also highlights business culture "consistent before and after", contributing to the prestige of Coteccons brand and maintaining the quality of works for clients.

With a team of dynamic, enthusiastic and constantly innovating spirit, in 2019 the Services and Warranty Department has combined and built the collection of warranty errors and effective solutions, most significantly for example is the use of Epoxy glue to handle peeling off tiles that saves up to 70% of processing time and costs.

Besides, the coordination with the clients' project management office to inspect and control the warranty and maintenance work and to warn the inappropriate project use that may affect the quality of works, bringing the peace and satisfaction for Clients and end-users.



City Garden
Ho Chi Minh City



THE REPORT OF THE BOARD OF MANAGEMENT

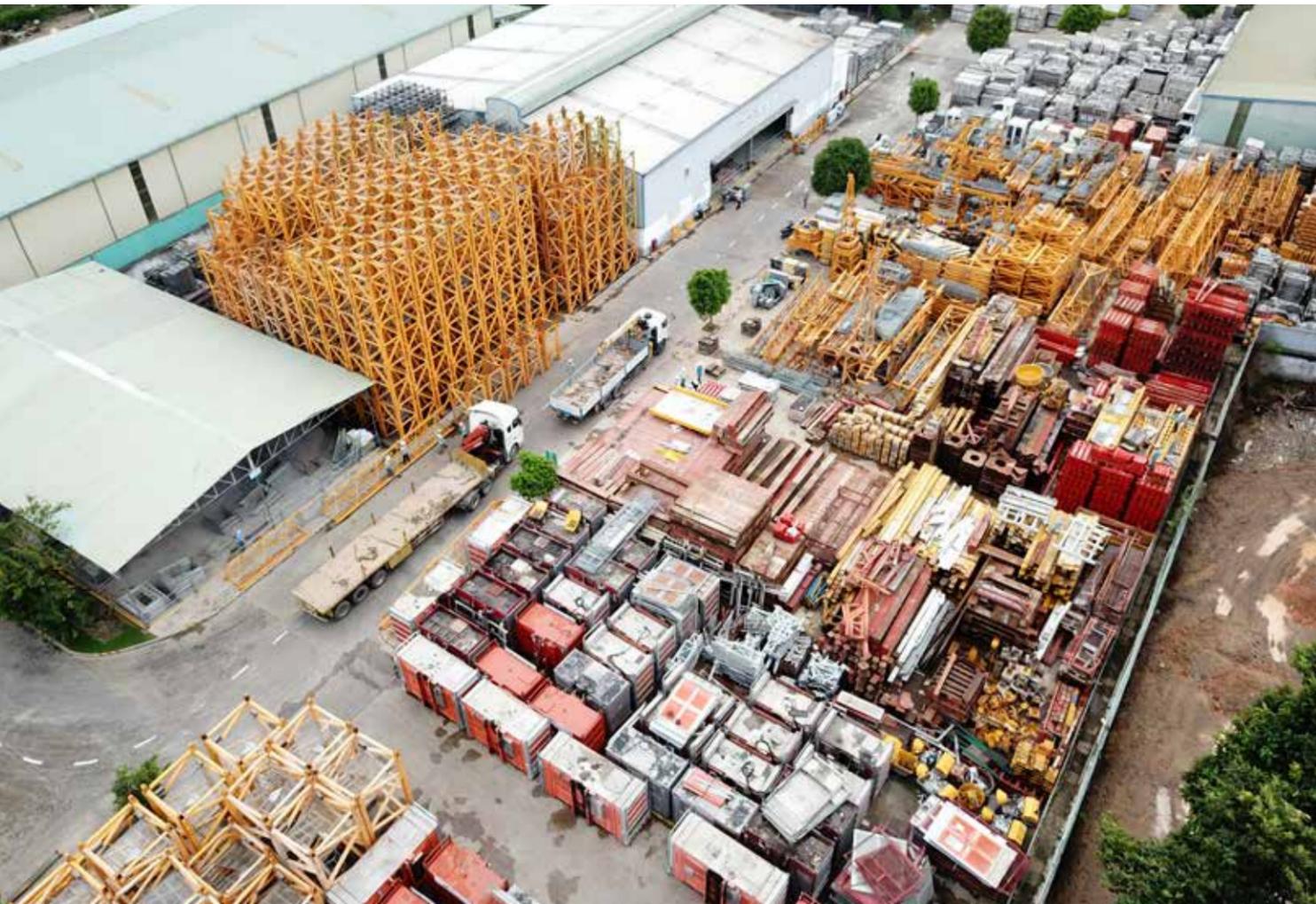


ECONOMIC – FINANCE DIVISION

EQUIPMENT DEPARTMENT

In 2019, the Equipment Department focuses on consolidating the system, personnel restructuring and management model. The operating system is standardized on all Coteccons construction sites, the equipment management is compiled into a management manual and operational handbook to help the site management committees easily look up; equipment costs have been effectively controlled and especially the staff structure is streamlined to be more refined and skilful which has brought about good efficiency in equipment management over the past year:

- Reduce the cost of equipment/revenue compared to the average in 2018 (13%);
- Reduce the cost of transporting equipment/revenue compared to the average in 2018 (19%);
- Reduce 60% of maintenance costs;
- Increase the rate of internal equipment usage, thereby reducing outsourced equipment.
- Propose to invest in IT applications, transport management software to help the equipment management more optimal in order to strictly control equipment at the construction sites as well as monitor equipment wastage.
- Coordinate closely with the Tender Department, CCM Department in price quotation of equipment as well as strengthen the control of equipment costs at construction sites.



TENDER DEPARTMENT – COST AND CONTRACT MANAGEMENT DEPARTMENT

Tender Department

In 2019, Tender Department has been delegated to support bidding process, ensuring project risks are managed from bidding stage to contract drafting and signoff. In effect, risk management is more completed and consistent during contract signoff process.

VB.Net programming language, which was implemented to improve mass calculation and automatic financial planning software, has resulted in:



Reducing calculating time of project mass for bidding and quotation



Quickly identifying project's profit area



Interfacing with Centre of Design Management to utilise project mass in D&B project



Interfacing with Purchasing Team and delegating centralised procurement strategy for construction sites



Software training for construction sites' QS so that project mass is calculated faster and more accurately. Henceforth, collaboration between Tender Department and construction sites is more effective and efficient.





THE REPORT OF THE BOARD OF MANAGEMENT

Cost and Contract Management and Procurement Department

With their important role in managing costs and contracts; in 2019, Cost and Contract Management (CCM) has realising their annual plan by:



Consolidating personnel responsible for cost and contract management with Procurement Department. Assigning works more efficiently and using computer software to prevent human errors and to optimize human resources



Increasing collaborations with other Departments and site management committees in managing risks incurring during constructing process.



Conducting training for QS to increase operations efficiency in construction sites' financial management.



Continuing supplier and vendor assessment to build a competitive logistics chain to maximize profit margin.

FINANCE AND ACCOUNTING DEPARTMENT

Accounting has been performed in full manner and in compliance with Company's policies and accounting law. The Department has been advising and proposing solutions towards capital management, cash flow management in Company's operations.

Cooperating with other Business Operations departments within Economic Division to manage finance at individual departments and construction sites.





THE REPORT OF THE BOARD OF MANAGEMENT

CONSTRUCTION WORKFORCE BUILDING AND DEVELOPMENT DEPARTMENT

Project's progress and quality heavily depend on competency and skills of construction workers. Facing current difficult market situation, The Department's main objective for 2019 is to search for and build up a competent subcontractor network. Henceforth, The Department has been working on:

- Searching for new construction resources networks.
- Maintaining resources management by using centralised software, thus being able to monitor the effectiveness of work allocation to subcontractors.
- Frequently communicating with site management committees. Organising weekly meetings to update status on construction sites to ensure immediate resource aid, preventing congestion.
- With competent subcontractors who have been committed to the Company's works, The Department is proposing support to organisational development, increase management's capability and to allocate more works to ensure mutual relationship between The Company and these subcontractors are maintained and strengthened. Incompetent subcontractors with 'short-term' mind-set will be gradually eliminated from Coteccons' subcontractor network.



INVESTMENT DIVISION

INVESTMENT BOARD

In 2019, through Covestcons, the Board of Investment continues to promote investment research activities and has attracted many partners with rich potential projects. However, due to many objective and subjective factors, these investment opportunities have not been realized successfully. Specifically:

In 2019, reputable big partners in the real estate market such as Tuan Chau Group actively sought Covestcons to explore cooperation opportunities. The projects of those developers are highly feasible in the short term and in line with the demand of Coteccons. The Investment Board has also submitted suitable proposals to the Investment Subcommittee of the Board of Directors for direction and approval.



Besides, the Company continues to invest more than VND 100 billion in assets, machinery, equipment and construction tools to meet the needs of projects construction.

Plan of 2020 is to take advantage of the construction capacity and quality of works associated with the Coteccons brand to capture investment projects, the Investment Board will focus on:

- Researching on expanding large-scale land bank with appropriate location for long-term projects.
- Promote the negotiation for cooperation and development of real estate investment projects with great location and complete legal status for early execution.



THE REPORT OF THE BOARD OF MANAGEMENT

DESIGN MANAGEMENT CENTER (DMC)

In 2019, DMC has implemented 30 D&B projects with a variety of construction types: high-rise buildings, condominiums, hotels, luxury resorts and industrial factories...

Construction revenue from D&B projects in 2019 of Cotecons alone is VND 6,567 billion, lower than in 2018 (VND 10,146 billion). One of the above-mentioned elements are the strict urban planning & development management policy, the condotel / officitel investment model without a full legal corridor, many projects subject to temporary suspension, delay or even cancelation. However, the big change of Design Management Center in the past year was about the team quality. In 2019, many large projects of the concept team were highly appreciated by clients and partners and selected for investment and implementation such as:



SEA STAR HOTEL HA LONG PHASE 2



5-star hotel, 35 floors, 2 basements, 450 rooms



60,000m² of construction floor



Ha Long City, Quang Ninh Province

THAO DIEN GREEN Q2

High-class serviced apartment building, 25 floors, 2 basements



45,000m² of construction floor



Thao Dien, District 2, Ho Chi Minh City



LE PHONG BD CONDOMINIUM



High-rise apartment building, 1300 high-quality apartments, 40 floors, 2 basements

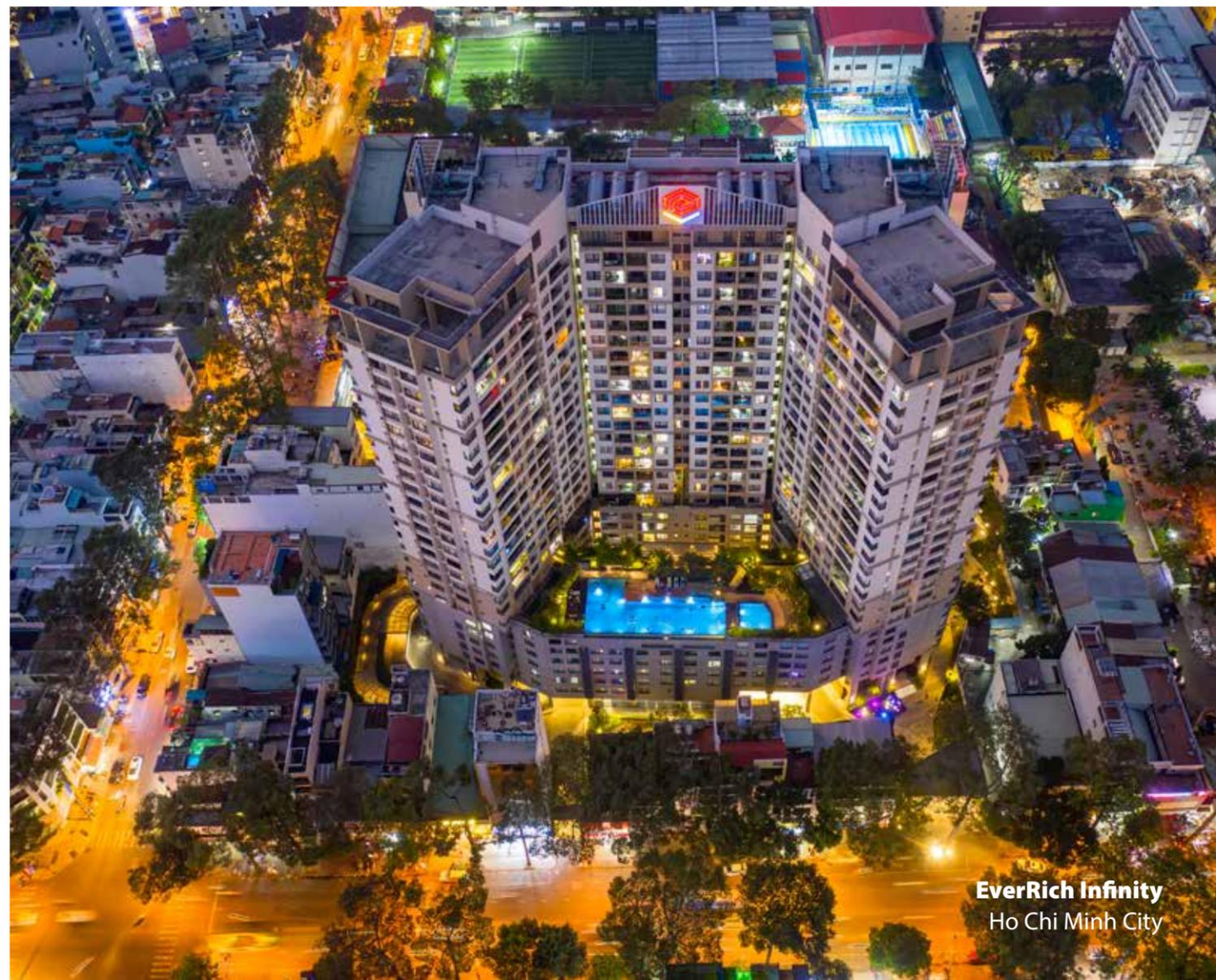


130,000m² of construction floor



Binh Duong

The 2020 objectives of Design Management Center are to continue to change drastically to adapt to market fluctuations, meet clients' needs, make the difference in products and services. Developing relationships with authorities and state agencies to accelerate investment and legal procedures.



EverRich Infinity
Ho Chi Minh City



THE REPORT OF THE BOARD OF MANAGEMENT

BIM BOARD

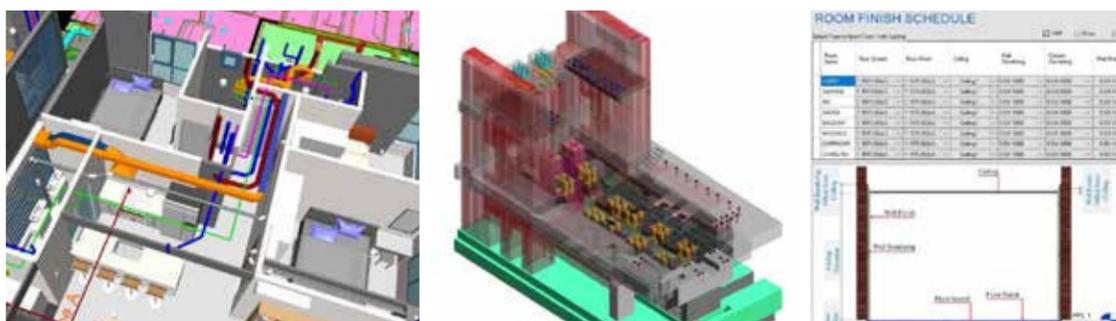


Coteccons' BIM has been continually updated. Projects in which BIM is implemented at construction sites (focusing on MEP cooperation, complex steel construction, etc.) have seen improvements in quality control and faster progress.

Besides, BIM Team has been researching and developing following applications:

- Virtual reality (VR) and Augmented reality (AR)
- In-house modelling tools in Revit – Tekla and Civil 3D to save time in project modelling

Continually improving BIM, BIM Team is going to provide trainings to skilled staff to improve BIM's literacy, providing essential operations information in project documentation, engaging in more complex projects by using advanced technology: VR/AR, 3D scanning, geo-locating and Robotic total station.



M&E DIVISION

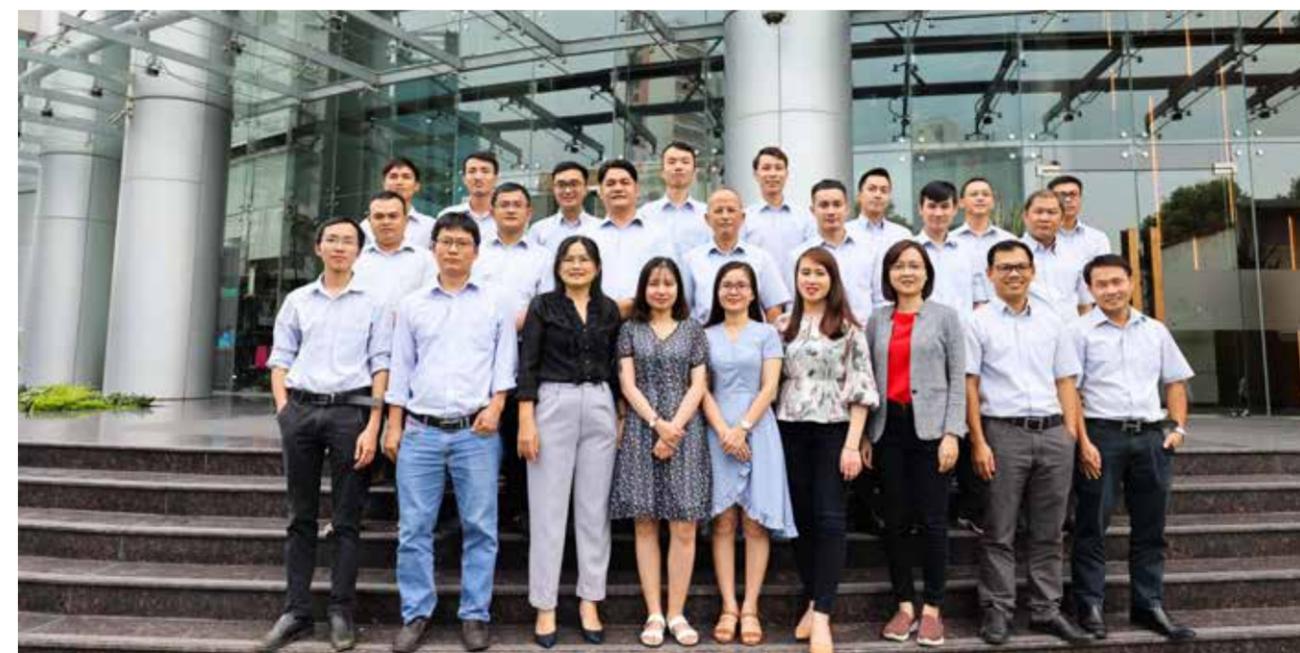
In like manner of current difficult market situation, value of M&E contracts in 2019 and forwarding contracts for upcoming years have decreased substantially. Thereupon, M&E has made adjustments in management practice and construction technicality in order to cut costs:

Restructuring governance, especially key staff, to innovate M&E's workflow

Merging M&E Tender Department and M&E Technical Management Department into M&E Tender and Technical Department. Hence, resource management is more effective, workflow's information is more in a timely manner and consequently, increase control over construction guideline and technical solutions of bidding projects

Intensive trainings for engineers by using E-learning system and technical standards published by M&E Technical Department

Technical solutions and construction guideline have also been revised with visual aids to optimize firefighting & prevention design and control, reducing risks at construction sites



WITH IMMENSE EFFORT IN 2019, M&E HAS COMPLETED A TOTAL CONTRACT VALUE OF VND 3,800 BILLION (ACHIEVING 84.4% OF INITIAL TARGET) AND CONTRIBUTED TO THE COMPANY'S CONSOLIDATED REVENUE.





THE REPORT OF THE BOARD OF MANAGEMENT



INTERNAL AFFAIRS DIVISION

In duty of internal assessment functions and business support, The Division's Departments have been reducing their workforce and operational costs. In 2019, The Division's workforce size has shrunk by 15% compared to that of 2018. The Division continues its focus on the following objectives:



LEGAL BOARD

Proactively cooperating with constructions' committees to assess and evaluate legal risks to prepare and propose preventive legal responses to these risks. The Board is now in part of controlling and negotiating contracts with clients.



INSPECTION BOARD

Organising regular on-site examinations to identify, evaluate and propose mitigating responses to risks relating to finance, project management and compliance to the Company's policies and the law.



HR DEPARTMENT

Advising Executive Board in human resource planning, salary and benefit schemas; supervising payrolls at Departments and construction sites (*detailed organisational structure provided at page 92 - 93*); maintaining regular performance evaluation every 3 months, based on which employee benefit policy and layoff are executed.



IT DEPARTMENT

Several initiatives have been rolled out to ensure continual IT development. This includes process and procedure automation, strengthening cybersecurity and introduction of cloud computing through: Cotecons Core system, business analytics, as well as upgrading infrastructure and cybersecurity practice to be cloud-ready.



ADMINISTRATIVE DEPARTMENT/ REPRESENTATIVE OFFICE IN HANOI

Maintaining the digitalisation of document and post management, which reduces manual, human-error prone works. Administrating The Company's offices, houses and organising convenient and friendly working environments for internal staff, as well as maintaining The Company's professional image in front of clients and visitors. Organising Company's events in 2019 accordingly to allocated budget. Cooperating with labour unions to take care of staff's physical, mental and health-related needs.





THE REPORT OF THE BOARD OF MANAGEMENT



ORIENTATION FOR BUSINESS OPERATION IN 2020

Challenges of the real estate - construction market and legal bottlenecks are expected to continue in 2020 and have high probability of restraining new projects. Especially recently, the coronavirus (Covid-19) pandemic has also negatively affected the behaviour of homebuyers and developers, particularly hospitality project developers, which made finding new jobs becomes extremely difficult. With the goal of continuous improvement to uphold the position in the market and fulfilling targets set by the Board of Directors in 2020, solutions of the Board of Management on management and operation of the Company include:

- 1** Streamlining and strengthen the organizational structure of the Company to enhance work efficiency on the basis of improving labor productivity and optimizing salary fund on revenue. The departments are merged and reorganized which promotes multi-tasking, the staff is rotated to train and improve capacity, refine the human resources that are not suitable in the working environment. In addition, the direct reporting model from Site Manager to the Board of Management via minimizing the intermediate management steps is also promoted to enhance working efficiency.
- 2** Actively and proactively seek sources of work from both new and existing Clients. The most important factor is to focus on sincere and reputable clients instead of obtaining jobs by all means and failing to recover debts and creating the chain of consequences later.
- 3** As quality is the core in every project, Coteccons is determined to maintain its flagship in safe and efficient construction techniques which bring the highest added value to clients. Innovation related to the construction methods of equipment, structure, finishing and ME of which effectiveness is proven will be applied on a large scale with strict supervision. Besides, the Company is continuously investing in R&D and linking with suppliers and universities to research green building materials and aiming to increase the value for the whole community.
- 4** The Investment Board of the Company continues to seek and realize investment opportunities including real estate and corporate bond to improve financial advantages and bring added value to shareholders.
- 5** Continuously innovate and complete the Design & Build model, perform QA/QC to each technical part of the drawing and accelerate the application of BIM ("Building Information Modelling") in the design to minimize errors. The controls are focus into the design lead from the construction to finishing to optimize information and orientation, ensuring the project is completed with the fastest schedule and the best quality.



- 6** Strengthen the application of information technology in management and operation, thereby not only increasing labor productivity, reducing the volume of direct workloads but also improving information security, preventing loss of important business data.
- 7** The period of economic crisis in 2012 is a testament about opportunities hidden in difficulties when Coteccons has made use of it to become a leading construction company. Taking advantage of and exploring potential opportunities on work and investment in the difficult period of the real estate market cycle is what the Board of Management aims to stand firm in the challenge.

2019

THE IMPRINT OF 15 YEARS OF ESTABLISHMENT AND DEVELOPMENT

15 years are just the beginning for a human life, but for an organization, it is a journey with many unique challenges to overcome and survive.

Coteccons is no exception. It was established in August 2004 with about 50 employees, and has experienced many ups and downs of the real estate market, especially the 2008 period when the global financial crisis made the domestic real estate market free fall and stagnate in the following years. Despite that, Coteccons has been **“steadfast beyond challenges”** and developed to become a construction group with approximately 2,300 highly qualified employees (Unicons included) and created jobs for tens of thousands of workers. Coteccons brand is well known and highlighted throughout key projects within major cities, contributing to changing the face of the country. Success only comes from having the right strategy from the Board of Directors, and the contribution of all employees who are hard working and innovative. Moreover, the collective has formed a corporate solidarity culture of **“more than a family”** which is the crucial difference that makes Coteccons’ success today.

With the 15-year journey closed, Coteccons ushers in a new era with new missions and strong beliefs: We **CAN DO**, robust solidarity ensure the future. That is also the message of Coteccons 15th Anniversary Ceremony (2004 - 2019).





Diamond Island
Ho Chi Minh City

MAINTAIN BUSINESS PRINCIPLE SUSTAINABLE DEVELOPMENT

“Over 15 years of establishment and development, Coteccons has created crucial values to the community and contributed to modernizing the country with high quality works.

*By taking its reputation as a measure of brand value, Coteccons always **upholds its business principles** to ensure high requirements on progress, quality, labor safety and environmental sanitation. In addition, the Company also gets involved in activities that support business goals of **sustainable development**.”*



SUSTAINABLE DEVELOPMENT REPORT



REPORT CONTENTS



Over 15 years of establishment and development in the construction industry, Coteccons is always aware of the importance of relationships with stakeholders to achieve sustainable development.

In 2019, Coteccons continues to actively assess the list of factors affecting the Company's operations and relationships with related stakeholders including clients, investors, employees, authorities, partners, community, etc. and then implement action plans according to each level of influence. The identification of priority areas helps Coteccons increasingly improve its management and control regarding to specific issue to ensure the harmony of interests among stakeholders.

The 2019 Sustainable Development Report of Coteccons Construction Joint Stock Company and its affiliates reflects the key activities implemented during the year, the medium and long-term strategy under the sustainable development orientation that the Board of Directors has established. The report's approach is derived from the Company's long-term economic growth goals combined with social development and environmental protection goals.

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 01/01/2019 to the end of 31/12/2019.

The financial figures in the report referenced from the Consolidated Financial Statements in 2019. 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 REPORT

REPORT CONTENTS



SUSTAINABLE DEVELOPMENT INDEXES IN 2019



No.	Section	Content	Data	Note(s)
1	SUSTAINABLE ECONOMIC GROWTH	Revenue	VND 23,733 billion	
		Profit after tax	VND 711 billion	
		Taxes paid to Treasury:	VND 751 billion	
		<i>Corporate income tax</i>	<i>VND 208 billion</i>	
		<i>Value added tax</i>	<i>VND 388 billion</i>	
		<i>Personal income tax</i>	<i>VND 148 billion</i>	
		<i>Other tax</i>	<i>VND 7 billion</i>	
		2018 dividend payments	VND 229 billion	
2	LABOUR SAFETY, ENVIRONMENT PROTECTION	Total safety time in con-struction sites	37.7 million hours	
		5S program promotion	Sort, Sustain, Set, Shine, Standardize	
		Total cost of environment treatment	VND 29.5 billion	
		Training on fire protection; Training on labour safety	VND 211 million	
		Costs for labour safety	VND 88 billion	
		Cost for work wear	VND 17.7 billion	
		Cost of labor safety and hygiene risk assessment	VND 12.8 billion	
		Completed training time	31,600 hours	
		Number of personnel trained in class	1,632 people	
		Number of personnel trained via e-learning	1,100 people	
3	HUMAN RESOURCES DEVELOPMENT	Number of conducted training courses	50 courses	Including: <ul style="list-style-type: none"> » 1 High-level training courses. » 10 middle-level training courses. » 13 Professional training course for construction site. » 26 soft skills courses.
		Contribution to the Community	VND 4 billion	Including: <ul style="list-style-type: none"> » Support VND 2 billion for the city to fight Covid-19 pandemic. » Sponsor eye surgeries at a cost of over VND 330 million. » Sponsor for poor patients in Oncology Hospital at a cost of VND 322 million. » Sponsor relatives of employees with difficult backgrounds at a cost of VND 395 million. » Sponsor gifts for employees who participated in blood donation at a cost of VND 20 million. » Join the rescue of agricultural products - buy watermelon to donate to workers with the budget of VND 200 million. » Funding cardiac surgery for poor children with congenital heart defects at a cost of VND 230 million.
4	UNITE FOR THE COMMUNITY	Jobs created and people under safety training	More than 28,000 people	
		University partners	5 prestigious universities	



TOTAL COST OF ENVIRONMENT TREATMENT
29.5 BILLION
VND

COMPLETED TRAINING TIME
31,600
HOURS

CONTRIBUTION TO THE COMMUNITY
4 BILLION
VND

JOBS CREATED AND PEOPLE UNDER SAFETY TRAINING
+28,000
PEOPLE

+37.7 MILLION
SAFETY HOURS





SUSTAINABLE DEVELOPMENT REPORT



REPORT CONTENTS



FEEDBACK COLLECTING SYSTEM FOR STAKEHOLDERS



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
CLIENTS - DEVELOPERS 	<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
ENDING BUYERS 	<ul style="list-style-type: none"> » Direct meeting and communication, contact via phone, email with endcustomers 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, newsletter, phone, e-mail, etc. » Internal and external training 	<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"> » Business 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, subcontractors, 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





SUSTAINABLE DEVELOPMENT REPORT

REPORT CONTENTS



EVALUATION ON THE 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

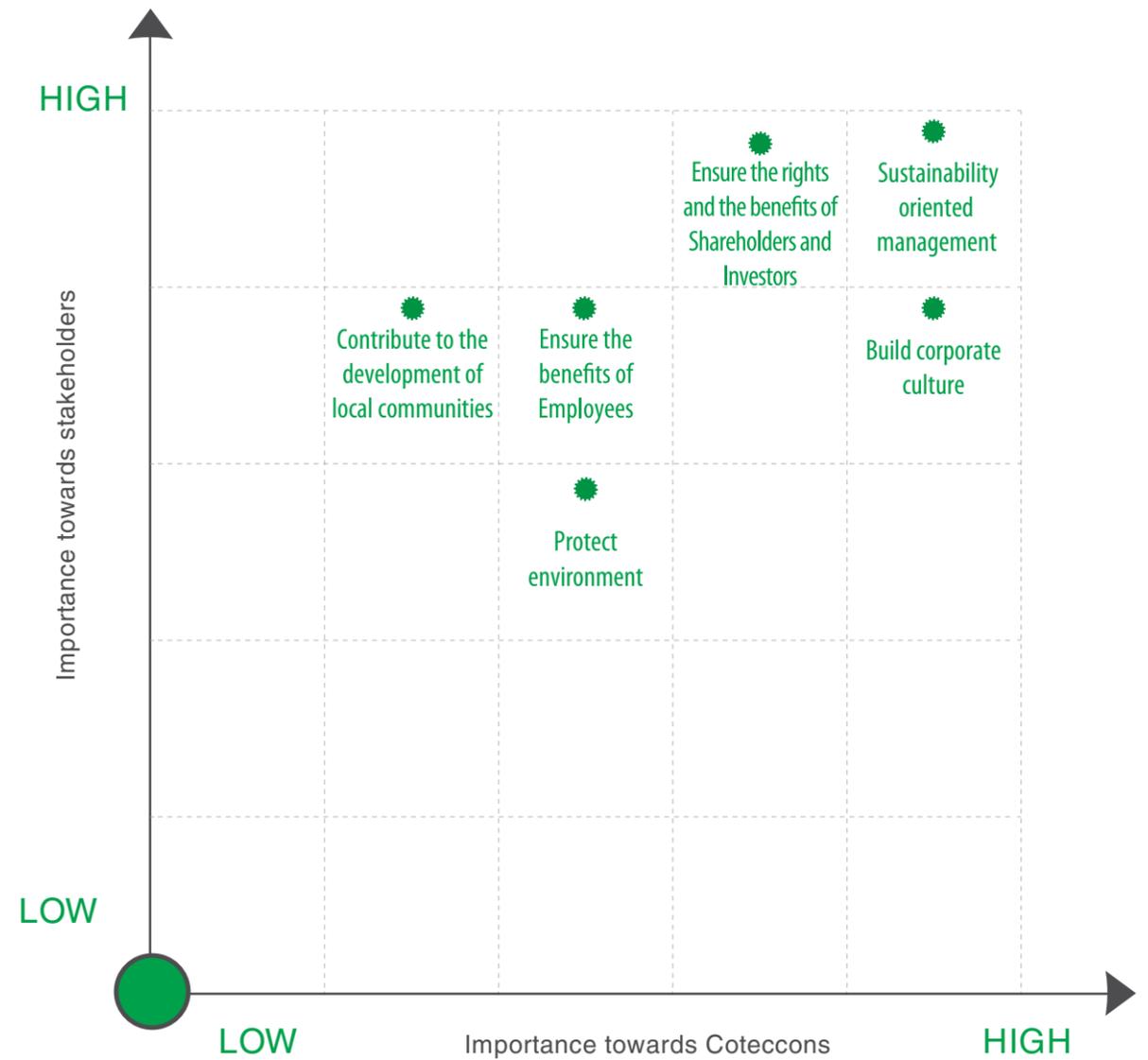
SOCIAL CATALOG

- » 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"





SUSTAINABLE DEVELOPMENT REPORT

SUSTAINABILITY ORIENTATION



CORPORATE SUSTAINABILITY



ORIENTATION

During 15 years of development, Coteccons has always associated economic growth with environmental protection and social responsibility which is the foundation for the Company's long-term sustainable development orientation.

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 guarantees the long-term and sustainable development strategy for Coteccons.



CORPORATE SUSTAINABILITY

◆ Improving the corporate governance system

In 2019, the Company's operation was affected by macro and market factors, Coteccons strongly applied a change strategy across the Company to improve the system, eliminate and adjust the processes and procedures that were no longer appropriate with the current activity to adapt to the difficult situation of the market. In addition, the Internal Audit Board also promoted activities to detect, prevent risks, non-conformance issues, ensure compliance of the system during the operation of all construction sites, divisions and departments of the Company.

◆ Risk management

The Company's risk management system has been developed in recent years. Risk management is focused and implemented throughout the bidding, project operations until the end of the warranty period. Each department, construction site has established procedures, forms to detect and manage risks early. The real estate and construction market is expected to face many difficulties in year 2020, the Company continues to promote the ranking and risk assessment of the construction sites, departments, divisions to have a timely response plan, to prevent and minimize the impact on the Company's business operations.

◆ Investors relation

Coteccons Investors Relation department is an important information bridge to connect the Company to shareholders and investors. In 2019, the Company continues to organize meetings to introduce and provide information to domestic and foreign investors.

◆ Dividend payouts

Coteccons performs annual dividend payouts in a stable manner. (See details about the dividend payout policy in Annual Report page 78, 86).

◆ Sustainable economic development

With the difficult situation of macro and market factors in year 2019, the Company still maintains a high value of revenue and profit for shareholders, confirming Coteccons' leading position in the Vietnam market.

Indicator (VND billion)	2014	2015	2016	2017	2018	2019	CAGR
Revenue	7,634	13,699	20,783	27,177	28,561	23,733	25%
Profit before tax	464	927	1,762	2,060	1,873	891	14%
Profit after tax	357	733	1,422	1,653	1,510	711	15%
Profit after tax attributable to Shareholders of the Parent company	327	666	1,422	1,653	1,510	711	17%



SUSTAINABLE DEVELOPMENT REPORT

SUSTAINABILITY ORIENTATION



CORPORATE SUSTAINABILITY



HUMAN RESOURCE DEVELOPMENT

Building strong, experienced, effective – engaged human resources is Coteccons' competitive advantage. In the strategy of human resource management, the Board of Management focuses on solutions for building, training and developing highly qualified personnel in key areas.

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 year 2019, including:

- Comprehensive health insurance for employees and family members.
- Cooperating with prestigious hospitals, continuing to conduct periodic health check for employees with expanded health list, increasing benefits for employees.
- Conducting supporting programs and find capable and enthusiastic candidates right from the university.



MANAGEMENT OF PRODUCTS

◆ *Materials*

All input materials checked and evaluated by Technical Division and Site Management Committees of Coteccons, through the supplier selection stage, in order to meet project's requirements. These materials have to go through different stages and revaluation 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 Committees more initiative to work and consulting clients and suppliers to meet a variety of stringent requirements about quality and progress of any project. Coteccons has developed a supplier, subcontractor evaluation checklist to help on periodically examining and evaluating significant supplier, subcontractor to optimize the Company's selection of high-quality suppliers, bringing the optimal-quality end products for both investors and customers. In 2020, Coteccons shall continue to develop more materials standardization and reducing deviation among projects branded under Coteccons Group, improving the Company's reputation to clients 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 Division, Equipment Department, Safety Board, 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 to lay a foundation for suitable and timely adjustments and awards.



SUSTAINABILITY ORIENTATION



ENVIRONMENTAL PROTECTION ACTIVITIES



AT CONSTRUCTION SITES

- » Strictly apply labor code of protection and general hygiene procedures at construction sites according to the Company's regulations.
- » Communicate with construction workers to use materials, fuel, electricity and water effectively and to avoid wastage.
- » Shield dusty areas and water traffic roads during the dry season by water trucks. All material-transporting vehicles are 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.

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: CONSUMING 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 2019, 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.



SUSTAINABLE DEVELOPMENT REPORT

ORGANIZE UNION ACTIVITIES TO IMPROVE THE SPIRITUAL AND CULTURAL LIFE FOR EMPLOYEES



COTECCONS GAMES



Coteccons Games is held every year to create a lively atmosphere, enhance solidarity between individuals and division in the Company thereby promoting the physical training movement of employees. In 2019, the Coteccons Games was held in the North and the South with 5 sports: football, tug of war, relay run, bag jumping and slow bicycle, which gathered nearly 1,000 employees and that is the most awaited festival of the year.



YEAR-END PARTY



Year-end party is place for all Coteccons employees working in divisions, construction sites across the country to converge after a year hard work. In addition to sharing the Company's business activities for the year and orienting for a new year, employees also enjoy entertainment programs to enrich the spiritual cultural activities of Coteccons-er.





SUSTAINABLE DEVELOPMENT REPORT

CONTRIBUTION TO THE SOCIAL DEVELOPMENT



CONTRIBUTING TO THE NATIONAL BUDGET



IN 2019, COTECCONS GROUP CONTRIBUTED VND 208 BILLION FOR THE NATIONAL BUDGET, ALONGSIDE WITH OTHER ECONOMIC VALUES THE GROUP BROUGHT TO ITS CUSTOMERS, COMMUNITY AND THE SOCIETY



CONTRIBUTING
208
VND BILLION
FOR THE NATIONAL BUDGET

GENERATING JOBS FOR LOCAL WORKERS



In 2019, with more than 30 simultaneous projects, Coteccons has employed more than 28,000 construction workers nationwide, generating long-term jobs for a massive group of local workers, providing stable salaries for thousands of households, contributing to the development of the society. Aside, Coteccons has collaborated with more than 1,500 construction units to provide training to improve skills, passion and productivity for all workers.



COLLABORATING WITH MORE THAN
1.500
CONSTRUCTION UNITS



DEVELOPING LONG-TERM PARTNERSHIPS



During the development process, Coteccons has built partners, suppliers, subcontractors with a professional working style and expanding the scale of operations. 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.

COLLABORATION WITH UNIVERSITIES



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





SUSTAINABLE DEVELOPMENT REPORT

CONTRIBUTION TO THE SOCIAL DEVELOPMENT



SOCIAL AND COMMUNITY ACTIVITIES

In 2019, Coteccons has supported the community with the contribution of nearly **VND 4 billion**, including the following activities:



Support for 330 cases eye surgeries at a cost of **VND 330 million**.



Support for patients in Oncology Hospital for poor patients at a cost of **VND 322 million**.



Sponsoring heart surgery for poor children with congenital hearts totaling **VND 230 million**.

Support for relatives of employees with difficult circumstances **VND 395 million**.





SUSTAINABLE DEVELOPMENT REPORT

CONTRIBUTION TO THE SOCIAL DEVELOPMENT



SOCIAL AND COMMUNITY ACTIVITIES



Responding to the Prime Minister's call "All people support for the prevention of Covid-19", Cotecons promptly supported more than **VND 2 billion** to equip supplies and equipment for virus treatment and testing. Follow which awarded the Department of Health Ho Chi Minh City 02 negative pressure rooms, worth VND 1 billion and Tropical Hospital Ho Chi Minh City 1,000 test suites testing equivalent to VND 1 billion, in addition to empowering the frontline team of doctors 30 crates of fresh milk to increase strengthening health in the battle against Covid-19.



Also related to the effects of the Covid-19, Cotecons bought **30 tons of watermelon** to support farmers in rescuing agricultural products and giving free to workers at construction sites.



Awarding **6,000 masks** to employees contributing to the prevention of Covid-19, worth VND 60 million.

Propaganda campaign to participate in "Cotecons Voluntary Blood Donation Day" held on November 2nd, 2019 with 450 employees participated, each employee donated from 250-450 ml of blood donated to the Humanitarian Blood Donation Center Ho Chi Minh City and the Ha Noi Central Institute of Blood Transfusion and Hematology and contributed to the City's general blood fund for life saving treatment.



5

COST OPTIMIZATION

PROFIT MARGIN IMPROVEMENT

"Optimizing costs in the context of increasing competition is an activity that Coteccons regularly takes into account.

*In the past year, the Company has strengthened the most **cost-effective** solutions from training and improving negotiation ability for cost and contract management team; Enhancing risk control: Reviewing and updating the list of Suppliers and Subcontractors periodically; Concentrated purchasing, negotiating to increase discounts on the basis of big volume and fast payment... to contribute to **increasing the profit margin** for the Company."*



Friendship Tower
Ho Chi Minh City

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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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 amended Enterprise Registration Certificate dated 8 March 2019.

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
---------------------------------------	------

BOARD OF MANAGEMENT

Mr. Dang Hoai Nam	Member
Mr. Nguyen Minh Nhut	Member
Mr. Nguyen Sy Cong	General Director
Mr. Tran Quang Quan	Deputy General Director
Mr. Tu Dai Phuc	Deputy General Director
Mr. Tran Van Chinh	Deputy General Director
Mr. Vo Thanh Liem	Deputy General Director
Mr. Nguyen Ba Duong	Chairman

LEGAL REPRESENTATIVE

REGISTERED OFFICE

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

AUDITOR

PwC (Vietnam) Limited

STATEMENT OF THE BOARD OF MANAGEMENT

STATEMENT OF 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, "the Group") which give a true and fair view of the consolidated financial position as at 31 December 2019, 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 judgments 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 or errors.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 159 to 195 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, 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
27 March 2020

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT 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 2019 and approved by the Board of Management on 27 March 2020. These consolidated financial statements include the consolidated balance sheet as at 31 December 2019, 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 159 to 195.

The Board of Management's Responsibility

The Board of Management of the Company 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 2019, its consolidated financial performance and 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.

Auditor's Opinion

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: HCM9180
Ho Chi Minh City, 27 March 2020

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

CONSOLIDATED BALANCE SHEET

Form B 01 – DN/HN

		As at 31 December		
Code	ASSETS	Note	2019 VND	2018 VND
100	CURRENT ASSETS		14,727,405,324,722	15,323,459,276,998
110	Cash and cash equivalents	3	800,791,418,362	552,833,230,980
111	Cash		116,191,418,362	149,333,230,980
112	Cash equivalents		684,600,000,000	403,500,000,000
120	Short-term investment		3,241,650,000,000	3,907,058,000,000
123	Investments held to maturity	4	3,241,650,000,000	3,907,058,000,000
130	Short-term receivables		8,797,679,575,624	9,053,952,559,022
131	Short-term trade accounts receivable	5	8,416,090,588,256	8,583,155,443,151
132	Short-term prepayments to suppliers	6	397,567,198,072	408,522,628,085
136	Other short-term receivables	7	198,529,552,115	272,136,385,866
137	Provision for doubtful debts – short-term	8	(214,507,762,819)	(209,861,898,080)
140	Inventory		1,626,319,466,015	1,443,523,976,605
141	Inventory	9	1,626,319,466,015	1,443,523,976,605
150	Other current assets		260,964,864,721	366,091,510,391
151	Short-term prepaid expenses	10(a)	3,456,235,463	3,715,158,612
152	Value Added Tax ("VAT") to be reclaimed		257,508,629,258	362,376,351,779
200	LONG-TERM ASSETS		1,471,429,330,005	1,499,602,669,344
220	Fixed assets		704,482,424,910	743,708,162,486
221	Tangible fixed assets	11(a)	606,653,633,812	648,195,904,621
222	Historical cost		1,055,852,299,665	1,033,129,306,154
223	Accumulated depreciation		(449,198,665,853)	(384,933,401,533)
227	Intangible fixed assets	11(b)	97,828,791,098	95,512,257,865
228	Historical cost		118,687,800,078	111,780,039,500
229	Accumulated amortisation		(20,859,008,980)	(16,267,781,635)
230	Investment properties	12	49,603,357,264	52,358,883,694
231	Historical cost		69,677,550,622	69,677,550,622
232	Accumulated depreciation		(20,074,193,358)	(17,318,666,928)
240	Long-term assets in progress		161,115,839,300	1,005,828,500
241	Long-term work in progress	13	160,541,000,000	-
242	Construction in progress		574,839,300	1,005,828,500
250	Long-term investment		394,287,974,564	350,744,031,635
252	Investments in associates	14	394,287,974,564	350,744,031,635
260	Other long-term assets		161,939,733,967	351,785,763,029
261	Long-term prepaid expenses	10(b)	161,939,733,967	348,602,442,291
262	Deferred income tax assets	33	-	3,183,320,738
270	TOTAL ASSETS		16,198,834,654,727	16,823,061,946,342

The notes on pages 164 to 195 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET (CONTINUED)

Form B 01 – DN/HN

		As at 31 December		
Code	RESOURCES	Note	2019 VND	2018 VND
300	NỢ PHẢI TRẢ		7,729,313,976,168	8,860,568,747,448
310	Short-term liabilities		7,710,283,750,131	8,851,372,781,946
311	Short-term trade accounts payable	15	4,571,387,201,404	5,813,051,490,169
312	Short-term advances from customers	16	720,914,499,291	671,428,472,219
313	Tax and other payables to the State	17	87,849,950,894	164,994,438,949
315	Short-term accrued expenses	18	2,102,171,113,108	1,759,584,094,811
318	Short-term unearned revenue	19	54,781,130,228	5,135,013,358
319	Other short-term payables	20(a)	41,603,836,458	204,297,216,319
321	Provision for short-term liabilities	21(a)	65,205,053,085	75,606,055,937
322	Bonus and welfare fund	22	66,370,965,663	157,276,000,184
330	Long-term liabilities		19,030,226,037	9,195,965,502
337	Other long-term payables	20(b)	542,006,657	662,352,826
341	Deferred income tax liabilities	33	12,177,967,496	-
342	Provision for long-term liabilities	21(b)	6,310,251,884	8,533,612,676
400	OWNERS' EQUITY		8,469,520,678,559	7,962,493,198,894
410	Capital and reserves		8,469,520,678,559	7,962,493,198,894
411	Owners' capital	23, 24	792,550,000,000	783,550,000,000
411a	- Ordinary shares with voting rights	23, 24	792,550,000,000	783,550,000,000
412	Share premium	24	3,038,990,175,385	2,997,645,175,385
415	Treasury shares	24	(443,424,538,999)	(439,558,938,999)
418	Investment and development fund	24	3,998,330,960,122	3,016,565,960,122
421	Undistributed earnings	24	1,029,019,001,156	1,604,291,002,386
421a	- Undistributed earnings of the previous years	24	318,128,283,386	93,883,453,112
421b	- Post-tax profit of current year	24	710,890,717,770	1,510,407,549,274
429	Non-controlling interests	24	54,055,080,895	-
440	TOTAL RESOURCES		16,198,834,654,727	16,823,061,946,342

CONSOLIDATED INCOME STATEMENT

Form B 02 – DN/HN

		For the year ended 31 December		
Code	ITEMS	Note	2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services		23,733,028,252,165	28,560,857,297,395
02	Less deductions		-	-
10	Revenue from sales of goods and rendering of services	27	23,733,028,252,165	28,560,857,297,395
11	Cost of goods sold and services rendered	28	(22,684,921,110,980)	(26,727,845,024,426)
20	Gross profit from sales of goods and rendering of services		1,048,107,141,185	1,833,012,272,969
21	Financial income	29	263,864,493,550	321,096,425,107
22	Financial expenses		(9,346,944)	(256,508,001)
24	Share of profit of investments in associates	14	4,069,273,547	97,618,204,914
26	General and administration expenses	30	(458,979,143,450)	(505,217,213,266)
30	Net operating profit		857,052,417,888	1,746,253,181,723
31	Other income	31	41,825,059,246	141,186,784,790
32	Other expenses	31	(8,146,550,269)	(14,465,680,949)
40	Net other income		33,678,508,977	126,721,103,841
50	Net accounting profit before tax		890,730,926,865	1,872,974,285,564
51	Business income tax ("BIT") - current	32	(164,453,039,966)	(362,105,809,452)
52	BIT - deferred	32, 33	(15,361,288,234)	(460,926,838)
60	Net profit after tax		710,916,598,665	1,510,407,549,274
	Attributable to:			
61	Shareholders of the company		710,890,717,770	1,510,407,549,274
62	Non-controlling interests		25,880,895	-
70	Basic earnings per share	34	8,859	18,357
71	Diluted earnings per share	34	8,859	18,357



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
27 March 2020



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
27 March 2020

The notes on pages 164 to 195 are an integral part of these consolidated financial statements.

The notes on pages 164 to 195 are an integral part of these consolidated financial statements.

CONSOLIDATED
CASH FLOW STATEMENT
(Indirect method)

Form B 03 – DN/HN

		For the year ended 31 December		
Code	ITEMS	Note	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Net accounting profit before tax		890,730,926,865	1,872,974,285,564
	Adjustments for:			
02	Depreciation and amortisation		108,513,963,904	93,961,932,263
03	Reversal of provisions		(6,825,375,905)	(2,334,235,286)
04	Unrealised foreign exchange (gains)/losses		(636,401,875)	177,561,364
05	Profits from investing activities		(273,887,773,585)	(420,738,017,892)
08	Operating profit before changes in working capital		717,895,339,404	1,544,041,526,013
09	Decrease/(increase) in receivables		311,858,953,486	(2,797,703,359,814)
10	(Increase)/decrease in inventories		(182,795,489,410)	430,287,773,421
11	(Decrease)/increase in payables		(997,251,807,534)	331,806,119,643
12	Decrease in prepaid expenses		186,921,631,473	55,321,720,026
15	BIT paid		(207,963,845,299)	(386,537,444,561)
17	Other payments on operating activities		(167,578,157,521)	(111,107,156,003)
20	Net cash outflows from operating activities		(338,913,375,401)	(933,890,821,275)
CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchases of fixed assets		(76,630,918,237)	(134,239,595,441)
22	Proceeds from disposals of fixed assets		9,545,855,152	17,589,916,354
23	Term deposits		(4,708,893,000,000)	(4,352,058,000,000)
24	Term deposits collections		5,374,301,000,000	5,163,527,000,000
25	Investments in associates		(163,516,404,212)	(40,590,000,000)
27	Dividends and interest received		334,358,499,651	366,917,856,522
30	Net cash inflows from investing activities		769,165,032,354	1,021,147,177,435
CASH FLOWS FROM FINANCING ACTIVITIES				
31	Proceeds from issuance of shares and sales of treasury shares		50,345,000,000	73,236,000,000
32	Payments for share repurchases		(3,865,600,000)	(437,817,478,999)
36	Dividends paid		(229,028,397,550)	(390,953,176,000)
40	Net cash outflows from financing activities		(182,548,997,550)	(755,534,654,999)
50	Net increase/(decrease) in cash and cash equivalents		247,702,659,403	(668,278,298,839)
60	Cash and cash equivalents at beginning of year	3	552,833,230,980	1,221,114,590,570
61	Effect of foreign exchange differences		255,527,979	(3,060,751)
70	Cash and cash equivalents at end of year	3	800,791,418,362	552,833,230,980

The notes on pages 164 to 195 are an integral part of these consolidated financial statements.

CONSOLIDATED
CASH FLOW STATEMENT
(Indirect method - continued)

Form B 03 – DN/HN

Major non-cash transactions during the year are mainly sales of fixed assets amounting to VND5,190,836,657 which have not been collected as at 31 December 2019 (as at 31 December 2018: VND1,690,909,091), and purchases of fixed assets amounting to VND764,507,000 which have not been paid as at 31 December 2019 (as at 31 December 2018: VND4,399,656,194).



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
27 March 2020

The notes on pages 164 to 195 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Coteccons Construction Joint Stock Company (“the Company”) is a joint stock company 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 22nd amended Enterprise Registration Certificate dated 8 March 2019, approving for increase in its charter capital to VND792,550,000,000.

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 Group’s principal activities of 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 2019, the Group had 2 direct subsidiaries which are Unicons Investment Construction Company Limited (“Unicons”) and Covestcons Company Limited (“Covestcons”); and 1 indirect subsidiary is Phu Nhuan 168 Joint Stock Company (“Phu Nhuan 168”) and 4 direct associates as presented in Note 14 and 2 indirect associates are Riland Investment Joint Stock Company (“Riland”) and Quihub Industrial Development and Investment Joint Stock Company (“Quihub”).

(i) Unicons, a wholly owned subsidiary of the Company, is 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 22 June 2018. The principal activities are construction and equipment installation services.

(ii) Covestcons, a wholly owned subsidiary of the Company, is 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 engaged in real estate, owned, used and leased land use right business.

(iii) Phu Nhuan 168, a subsidiary of Covestcons owned 69.98% of charter capital, is a joint stock company established in Ho Chi Minh City pursuant to Enterprise Registration Certificate No. 0315807693 dated 22 July 2019 issued by the Department of Planning and Investment of Ho Chi Minh City. The principal activities are engaged in real estate, owned, used and leased land use right business.

(iv) Riland, a 98%-owned subsidiary of Ricons Construction Investment Joint Stock Company (“Ricons”), is a joint stock company established in Ho Chi Minh City pursuant to Enterprise Registration Certificate No. 0315066903 dated 23 May 2018 issued by the Department of Planning and Investment of Ho Chi Minh City. The principal activities are engaged in real estate, owned, used and leased land use right business and construction material trading.

v) Quihub, a 97%-owned subsidiary of Ricons, is a joint stock company established in Binh Dinh Province pursuant to Enterprise Registration Certificate No. 4101553128 dated 4 November 2019 issued by the Department of Planning and Investment of Binh Dinh Province. The principal activities are engaged in real estate, owned, used and leased land use right business.

As at 31 December 2019, the Group had 2,272 employees (as at 31 December 2018: 2,720 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 except for investments in associates, and business combinations as presented in Note 2.5.

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’s. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam’s.

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 version.

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”). The Company and its subsidiaries determine their accounting currencies based on the currencies which are mainly used in sales of goods and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials and other production or operating costs and normally used as payments for those costs.

Additionally, the Company and its subsidiaries also use these currencies to raise financial resources (such as via issuance of shares or bonds) and/or regularly collect these currencies from business operations and savings.

2.4 Exchange rates

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.

2.5 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

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.

The financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

Non-controlling transactions and interests

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

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.

2.6 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.

2.7 Trade receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the expected loss that may arise. Bad debts are written off when identified.

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

2.8 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.

2.9 Investments held-to-maturity

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

Investments held-to-maturity include term deposits, treasury bills, bonds, commercial bill, preference shares which the issuer is required to buy back in the future, lendings held to maturity for interest earning, and other investments held-to-maturity. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.10 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 bringing them to their suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the consolidated income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives as follows:

	<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 of the fixed assets and are recognised as income or expense in the consolidated income statement.

2.11 Investment properties held for lease

The historical cost of an investment property represents 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. Expenditure incurred subsequently which has resulted in an increase in the expected future economic benefits from the use of investment properties can be capitalised as an additional historical cost. Otherwise, they are charged to the consolidated income statement when incurred.

Depreciation

Investment properties held for lease are depreciated under the straight-line method to write off the historical cost of the assets over their estimated useful lives as follows:

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

Disposals

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

2.12 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.

2.13 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 on the straight-line basis over estimated useful lives.

2.14 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 are non-trade payables, and not relating to purchases 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.

2.15 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.

2.16 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 a financial expense. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in operating expenses.

2.17 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 contract'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.

2.18 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 fulfill. Once recognition criteria have been satisfied, unearned

revenue will be recognised as revenue in the income statement³ to the extent that it has met the recognition criteria.

2.19 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed and is recorded according to the par value of the shares.

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 may be re-issued subsequently in accordance with the Law on securities.

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

2.20 Appropriation of profit

Profit after BIT could be distributed to shareholders after approval at the 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 profit after BIT of the Group and subject to shareholders' approval at the Annual General Meeting of shareholders. 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 profit after BIT and subject to shareholders' approval at the Annual General Meeting of shareholders. This fund is presented as a liability on the consolidated balance sheet. 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 shareholders at the General Meeting of shareholders.

2.21 Revenue recognition

(a) Revenue from sale 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 in accordance with the "substance over form" principle and allocated to each sales obligation. In cases where the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the consolidated income statement.

(b) Revenue from 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 reliably.

(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 year.

(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)

2.22 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.

2.23 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs; 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.

2.24 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.

2.25 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 Group, 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.

2.26 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.

2.27 Use of estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year.

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	2019 VND	2018 VND
Cash on hand	1,985,476,702	829,504,253
Cash at bank	114,205,941,660	148,503,726,727
Cash equivalents (*)	684,600,000,000	403,500,000,000
	800,791,418,362	552,833,230,980

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

4 INVESTMENTS HELD-TO-MATURITY

	2019		2018	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits (i)	3,241,650,000,000	3,241,650,000,000	3,707,058,000,000	3,707,058,000,000
Bonds	-	-	200,000,000,000	200,000,000,000
	3,241,650,000,000	3,241,650,000,000	3,907,058,000,000	3,907,058,000,000

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

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2019 VND	2018 VND
Third parties (*)	8,239,982,359,374	8,582,384,080,678
Related parties (Note 37(b))	176,108,228,882	771,362,473
	8,416,090,588,256	8,583,155,443,151

(*) As at 31 December 2019, details for customers accounting from 10% or more of the total balance of short-term trade accounts receivable – third parties are as follows:

	2019 VND	2018 VND
Hoi An South Development Limited	1,052,674,643,124	46,657,905,845

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2019 VND	2018 VND
Third parties	397,567,198,072	408,522,628,085

As at 31 December 2019, details for suppliers accounting from 10% or more of the total balance of short-term prepayments to suppliers are as follows:

	2019 VND	2018 VND
An Gia Real Estate Investment and Development Corporation	130,000,000,000	130,000,000,000
TTT Corporation	68,336,868,742	-
Bao Thach International Corporation	45,520,372,208	-

7 OTHER SHORT-TERM RECEIVABLES

	2019 VND	2018 VND
Interest receivable	143,191,829,835	191,758,223,203
Advances to construction teams and employees	19,678,975,560	54,822,089,532
Short-term deposits	33,114,069,591	23,465,571,821
Others	2,544,677,129	2,090,501,310
	198,529,552,115	272,136,385,866

8 PROVISION FOR DOUBTFUL DEBTS – SHORT-TERM

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

	2019 VND	2018 VND
Opening balance	209,861,898,080	209,861,898,080
Increase	4,645,864,739	-
Closing balance	214,507,762,819	209,861,898,080

9 INVENTORY

	2019 VND	2018 VND
Construction works in process	1,626,319,466,015	1,443,523,976,605

10 PREPAID EXPENSES

(a) Short-term

	2019 VND	2018 VND
Office tools and equipment	3,456,235,463	2,264,893,751
Construction tools and equipment	-	1,450,264,861
	3,456,235,463	3,715,158,612

(b) Long-term

	2019 VND	2018 VND
Construction tools and equipment	130,882,866,044	311,190,894,485
Operating leases and office tools and equipment	31,056,867,923	37,411,547,806
	161,939,733,967	348,602,442,291

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

	2019 VND	2018 VND
Opening balance	348,602,442,291	397,566,418,597
Increase	77,095,873,506	173,115,059,891
Allocation and disposal	(263,758,581,830)	(222,079,036,197)
Closing balance	161,939,733,967	348,602,442,291

11 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machineries and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2019	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
New purchases	9,480,219,170	40,248,619,405	12,062,627,273	4,727,531,817	-	66,518,997,665
Disposals	-	(41,982,125,479)	(943,797,875)	(870,080,800)	-	(43,796,004,154)
As at 31 December 2019	238,603,456,623	728,225,105,988	50,394,067,902	35,579,952,861	3,049,716,291	1,055,852,299,665
Accumulated depreciation						
As at 1 January 2019	(71,901,077,746)	(261,040,951,286)	(26,393,308,581)	(22,548,347,629)	(3,049,716,291)	(384,933,401,533)
Charge for the year	(13,337,852,058)	(77,422,016,504)	(5,371,231,882)	(5,036,109,685)	-	(101,167,210,129)
Disposals	-	35,135,350,578	943,797,875	822,797,356	-	36,901,945,809
As at 31 December 2019	(85,238,929,804)	(303,327,617,212)	(30,820,742,588)	(26,761,659,958)	(3,049,716,291)	(449,198,665,853)
Net book value						
As at 1 January 2019	157,222,159,707	468,917,660,776	12,881,929,923	9,174,154,215	-	648,195,904,621
As at 31 December 2019	153,364,526,819	424,897,488,776	19,573,325,314	8,818,292,903	-	606,653,633,812

As at 31 December 2019, historical cost of fully depreciated tangible fixed assets but still in use was VND135,254,518,736 (as at 31 December 2018: VND152,776,936,179).

11 FIXED ASSETS (CONTINUED)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2019	94,881,924,366	16,898,115,134	111,780,039,500
New purchases	-	5,331,880,578	5,331,880,578
Transfers from construction in progress	-	1,575,880,000	1,575,880,000
As at 31 December 2019	94,881,924,366	23,805,875,712	118,687,800,078
Accumulated amortisation			
As at 1 January 2019	(6,068,832,197)	(10,198,949,438)	(16,267,781,635)
Charge for the year	(611,035,860)	(3,980,191,485)	(4,591,227,345)
As at 31 December 2019	(6,679,868,057)	(14,179,140,923)	(20,859,008,980)
Net book value			
As at 1 January 2019	88,813,092,169	6,699,165,696	95,512,257,865
As at 31 December 2019	88,202,056,309	9,626,734,789	97,828,791,098

As at 31 December 2019, historical cost of fully amortised intangible fixed assets as at 31 December 2019 was VND8,820,466,435 (as at 31 December 2018 was VND5,920,076,435).

12 INVESTMENT PROPERTIES HELD FOR LEASE

	Office buildings VND	Others VND	Total VND
Historical cost			
As at 1 January 2019 and 31 December 2019	51,057,186,713	18,620,363,909	69,677,550,622
Accumulated depreciation			
As at 1 January 2019	(13,493,216,576)	(3,825,450,352)	(17,318,666,928)
Charge for the year	(2,010,711,858)	(744,814,572)	(2,755,526,430)
As at 31 December 2019	(15,503,928,434)	(4,570,264,924)	(20,074,193,358)
Net book value			
As at 1 January 2019	37,563,970,137	14,794,913,557	52,358,883,694
As at 31 December 2019	35,553,258,279	14,050,098,985	49,603,357,264

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

	2019 VND	2018 VND
Income from renting investment properties	11,983,510,668	11,903,425,626
Expenses regarding investment properties' renting	5,501,858,231	5,534,480,905

13 LONG-TERM WORK IN PROGRESS

As at 31 December 2019, the balance represents land use rights at Lot 54, Map 11 - BĐĐC, No. 168, Thich Quang Duc Street, Ward 4, Phu Nhuan District, Ho Chi Minh City with an area of 1,504.3 m2 according to the land use right certificate dated 28 August 2013 issued by the People's Committee of Ho Chi Minh City. The Group plans to construct an office building on this land for sale and renting business purpose.

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14 INVESTMENTS IN ASSOCIATES

Company name	2019		2018	
	Percentage of ownership	Percentage of voting rights	Percentage of ownership	Percentage of voting rights
Ricons Construction Investment Joint Stock Company (i)	14.30	23.11	14.87	24.03
FCC Infrastructure Investment Joint Stock Company (ii)	42.36	42.36	35.00	35.00
Quang Trong Commercial Joint Stock Company (iii)	36.00	36.00	36.00	36.00
Hiteccons Investment Joint Stock Company (iv)	31.00	31.00	31.00	31.00
		394,287,974,564		350,744,031,635
		Cost VND		Cost VND
		301,605,477,459		286,190,247,872
		90,000,220,565		61,933,245,486
		145,332,815		147,269,515
		2,536,943,725		2,473,268,762

(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 with the 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 business 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 business and constructions.

As at 31 December 2019, 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 was no available fair value information of those investments.

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14 INVESTMENTS IN ASSOCIATES (CONTINUED)

	VND
Cost of investments	
As at 1 January 2019	176,750,000,000
Capital contributions to associates	61,600,000,000
As at 31 December 2019	238,350,000,000
Accumulated profits shared after the acquisition	
As at 1 January 2019	173,994,031,635
Share of profit of investments in associates	4,069,273,547
Dividend from an associate	(22,680,000,000)
Net unrealised profits during the year	554,669,382
As at 31 December 2019	155,937,974,564
Value	
As at 1 January 2019	350,744,031,635
As at 31 December 2019	394,287,974,564

15 ACCOUNTS PAYABLE

	2019		2018	
	Book value VND	Able-to-pay amount VND	Book value VND	Able-to-pay amount VND
Third parties (*)	3,822,501,234,309	3,822,501,234,309	3,764,218,694,747	3,764,218,694,747
Related parties (Note 37(b))	748,885,967,095	748,885,967,095	2,048,832,795,422	2,048,832,795,422
	4,571,387,201,404	4,571,387,201,404	5,813,051,490,169	5,813,051,490,169

(*) As at 31 December 2019, there is no supplier accounting from 10% or more of the total balance of short-term trade accounts payable – third parties.

16 SHORT-TERM ADVANCES FROM CUSTOMERS

	2019 VND	2018 VND
Third parties (*)	720,914,499,291	655,423,317,361
Related parties (Note 37(b))	-	16,005,154,858
	720,914,499,291	671,428,472,219

(*) As at 31 December 2019, details for customers accounting from 10% or more of the total balance of short-term advances from customers – third parties are as follows:

	2019 VND	2018 VND
Phuong Nam 3A-2 Real Estate Trading Joint Stock Company	114,618,345,120	30,660,106,030
Nam Long Investment Joint Stock Company	81,985,535,472	6,149,022,000
Thai Son Investment Construction Joint Stock Company	76,609,584,169	-

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17 TAX AND OTHER PAYABLES TO THE STATE

	Opening balance VND	Payable during the year VND	Net-off during the year VND	Paid during the year VND	Closing balance VND
Business income tax	84,216,068,850	171,637,517,330	-	(207,963,845,299)	47,889,740,881
Personal income tax	40,704,357,798	147,370,082,522	-	(148,114,230,307)	39,960,210,013
Value added tax	40,074,012,301	2,333,746,561,260	(1,985,463,575,781)	(388,356,997,780)	-
Others	-	6,970,709,216	-	(6,970,709,216)	-
	164,994,438,949	2,659,724,870,328	(1,985,463,575,78)	(751,405,782,602)	87,849,950,894

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18 SHORT-TERM ACCRUED EXPENSES

	2019 VND	2018 VND
Construction costs	2,099,811,113,108	1,759,584,094,811
Others	2,360,000,000	-
	2,102,171,113,108	1,759,584,094,811

19 SHORT-TERM UNEARNED REVENUE

	2019 VND	2018 VND
Unearned revenue from constructions	54,781,130,228	5,135,013,358

20 PHẢI TRẢ KHÁC

(a) Ngắn hạn

	2019 VND	2018 VND
Payables to construction teams and employees	28,265,070,533	189,807,201,010
Allowance for the Board of Directors and Board of Supervision	600,000,000	8,062,530,000
Dividend payable	697,164,375	847,842,925
Others	12,041,601,550	5,579,642,384
	41,603,836,458	204,297,216,319

(b) Long-term

	2019 VND	2018 VND
Deposits	542,006,657	662,352,826

21 PROVISION FOR LIABILITIES

(a) Short-term

	2019 VND	2018 VND
Provision for construction warranty	65,205,053,085	75,606,055,937

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

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	2019 VND	2018 VND
Opening balance	75,606,055,937	76,554,779,913
Increase	31,764,428,200	42,500,017,018
Reversal	(16,881,423,182)	(11,140,154,153)
Utilisation	(25,284,007,870)	(32,308,586,841)
Closing balance	65,205,053,085	75,606,055,937

(b) Long-term

	2019 VND	2018 VND
Provision for severance allowance	6,310,251,884	8,533,612,676

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

	2019 VND	2018 VND
Opening balance	8,533,612,676	10,249,956,011
Reversal	(1,070,237,792)	(1,385,511,310)
Utilisation	(1,153,123,000)	(330,832,025)
Closing balance	6,310,251,884	8,533,612,676

22 BONUS AND WELFARE FUND

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

	2019 VND	2018 VND
Opening balance	157,276,000,184	169,473,324,162
Increase	75,520,000,000	98,579,000,000
Utilisation	(166,425,034,521)	(110,776,323,978)
Closing balance	66,370,965,663	157,276,000,184

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23 OWNERS' CAPITAL

(a) Number of shares

	2019 Ordinary shares	2018 Ordinary shares
Number of shares registered	79,255,000	78,355,000
Number of shares issued	79,255,000	78,355,000
Number of shares repurchased/resold	(2,962,427)	(2,876,127)
Number of existing shares in circulation	76,292,573	75,478,873

(b) Details of owners' shareholding

	2019		2018	
	Ordinary shares	%	Ordinary shares	%
Kustocem Pte Ltd.	13,906,666	18.23	13,906,666	18.42
Success Investment and Business One Member Limited Company	11,192,652	14.67	11,192,652	14.83
Others	51,193,255	67.10	50,379,555	66.75
	76,292,573	100	75,478,873	100

(c) Movement of share capital

	Shares
As at 1 January 2018	77,050,000
New shares issued	1,305,000
As at 31 December 2018	78,355,000
New shares issued	900,000
As at 31 December 2019	79,255,000

Par value per share: VND10,000.

24 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Non-controlling interests VND	Total VND
As at 1 January 2018	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	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	-	-	-	1,157,577,290,195	(1,157,577,290,195)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(98,579,000,000)	-	(98,579,000,000)
Dividend declared	-	-	-	-	(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
New shares issued (i)	9,000,000,000	41,345,000,000	-	-	-	-	50,345,000,000
Net profit during the year	-	-	-	-	710,890,717,770	25,880,895	710,916,598,665
Acquisition of a subsidiary	-	-	-	-	-	43,829,200,000	43,829,200,000
Capital contribution to a subsidiary	-	-	-	-	-	10,200,000,000	10,200,000,000
Shares repurchases	-	-	(3,865,600,000)	-	-	-	(3,865,600,000)
Appropriation to investment and development fund (ii)	-	-	-	981,765,000,000	(981,765,000,000)	-	-
Appropriation to bonus and welfare fund (ii)	-	-	-	-	(75,520,000,000)	-	(75,520,000,000)
Dividend declared (ii)	-	-	-	-	(228,877,719,000)	-	(228,877,719,000)
As at 31 December 2019	792,550,000,000	3,038,990,175,385	(443,424,538,999)	3,998,330,960,122	1,029,019,001,156	54,055,080,895	8,469,520,678,559

(i) According to Resolution No. 01/2018/NQ-DHCD dated 2 June 2018, the General Meeting of shareholders approved the Employee Stock Ownership Plan ("ESOP") for the Company's employees with total ordinary shares of 900,000 shares at the issue price of VND56,000 per share.

(ii) According to Resolution No. 01/2019/NQ-DHCD dated 9 April 2019, the General Meeting of shareholder approved the appropriation of the investment and development fund, bonus and welfare fund, and declared dividend from the 2018 post-tax undistributed earnings with the respective amounts of VND981,765,000,000, VND75,520,000,000 and VND229,136,619,000.

28 COST OF GOODS SOLD AND SERVICES RENDERED

	2019 VND	2018 VND
Cost of construction contracts	22,586,608,633,250	26,707,460,016,608
Cost of investment property activities	5,501,858,231	5,534,480,905
Cost of construction equipment leased out	3,551,644,401	6,275,376,091
Cost of construction materials, tools and equipment sold	89,258,975,098	8,575,150,822
	22,684,921,110,980	26,727,845,024,426

29 FINANCIAL INCOME

	2019 VND	2018 VND
Interest income	254,817,694,365	320,894,817,797
Net gains from investment	8,294,411,918	-
Realised foreign exchange gains	115,985,392	171,866,664
Unrealised foreign exchange gains	636,401,875	29,740,646
	263,864,493,550	321,096,425,107

30 GENERAL AND ADMINISTRATION EXPENSES

	2019 VND	2018 VND
Salary expenses	324,052,057,490	344,573,390,651
Depreciation and amortisation	34,344,122,138	27,499,694,439
Reversal of provision for severance allowances	(1,070,237,792)	(1,385,511,310)
Provision for short-term doubtful debts	4,645,864,739	-
Outside service expenses	42,773,397,376	49,428,109,832
Other expenses	54,233,939,499	85,101,529,654
	458,979,143,450	505,217,213,266

31 OTHER INCOME AND OTHER EXPENSES

	2019 VND	2018 VND
Other income		
Reversal of provision for construction warranty	16,881,423,182	11,140,154,153
Reversal of over-accrued constructions costs	12,067,878,931	120,114,919,748
Net gains from disposal of fixed assets	6,151,724,373	3,285,957,391
Others	6,724,032,760	6,645,753,498
	41,825,059,246	141,186,784,790
Other expense		
Construction warranty expenses	8,146,550,269	14,438,531,365
Others	-	27,149,584
	8,146,550,269	14,465,680,949

32 BIT

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

	2019 VND	2018 VND
Net accounting profit before tax	890,730,926,865	1,872,974,285,564
Tax calculated at a rate of 20%	178,146,185,373	374,594,857,113
Effect of:		
Income not subject to tax	(813,854,709)	(19,523,640,983)
Non-deductible expenses	2,594,091,331	3,667,960,716
(Over)/under-provision in previous years	(112,093,795)	3,827,559,444
BIT charge	179,814,328,200	362,566,736,290
Charged to consolidated income statement:		
BIT – current	164,453,039,966	362,105,809,452
BIT – deferred	15,361,288,234	460,926,838
BIT charge	179,814,328,200	362,566,736,290

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

33 DEFERRED INCOME TAX

Movements in the deferred income tax assets/(liabilities) during the year are as follows:

	2019 VND	2018 VND
Opening balance	3,183,320,738	3,644,247,576
Credit to the consolidated income statement	(15,361,288,234)	(460,926,838)
Closing balance	(12,177,967,496)	3,183,320,738

Details of deferred income tax are as follows:

	2019 VND	2018 VND
Provision for long-term investments	(13,997,620,725)	(76,576,360)
Taxable temporary differences	(6,801,121)	(6,801,121)
Deductible temporary differences	1,826,454,350	3,266,698,219
	(12,177,967,496)	3,183,320,738

Deductible temporary differences mainly comprise provision for severance allowance.

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

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

34 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.

The details were as follows:

	2019	2018
Net profit attributable to shareholders (VND)	710,890,717,770	1,510,407,549,274
Less amount allocated to bonus and welfare fund (VND) (*)	(35,544,535,889)	(75,520,377,464)
	675,346,181,881	1,434,887,171,810

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Weighted average number of ordinary shares in issue (shares)	76,232,012	78,167,792
Basic earnings per share (VND)	8,859	18,357

(*) Estimated amounts appropriated to bonus and welfare fund for the year 2019 are determined based on the 2019 profit distribution plan of the Group approved by shareholders at General Meeting of shareholders.

(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. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

35 COSTS OF OPERATION BY FACTORS

Costs of operation by factor represent all costs incurred during the year, excluding cost of merchandises for trading activities. The details are as follows:

	2019 VND	2018 VND
Raw materials	6,570,708,886,147	7,094,996,010,251
Salary expenses	1,324,689,003,789	2,840,294,383,515
Tools and supplies	322,965,271,017	375,613,096,276
Depreciation and amortisation	108,513,963,904	93,969,492,263
Outside service expenses	14,625,860,046,650	16,046,325,576,984
Other expenses	284,699,597,235	351,575,904,982
	23,237,436,768,742	26,802,774,464,271

36 SEGMENT REPORT

Business segment:

	2019				Total VND
	Construction services VND	Investment properties activities VND	Leasing out construction equipment VND	Selling construction materials, tools and equipment VND	
Net revenue from sales of goods and rendering of services	23,619,283,888,092	11,983,510,668	5,699,361,534	96,061,491,871	23,733,028,252,165
Cost of goods sold and services rendered	(22,586,608,633,250)	(5,501,858,231)	(3,551,644,401)	(89,258,975,098)	(22,684,921,110,980)
Gross profit from sales of goods and rendering of services	1,032,675,254,842	6,481,652,437	2,147,717,133	6,802,516,773	1,048,107,141,185

	2018				Total VND
	Construction services VND	Investment properties activities VND	Leasing out construction equipment VND	Selling construction materials, tools and equipment VND	
Net revenue from sales of goods and rendering of services	28,526,690,225,430	11,903,425,626	7,888,773,343	14,374,872,996	28,560,857,297,395
Cost of goods sold and services rendered	(26,707,460,016,608)	(5,534,480,905)	(6,275,376,091)	(8,575,150,822)	(26,727,845,024,426)
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	1,833,012,272,969

Geographical segment

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

37 RELATED PARTY DISCLOSURES

The Company is a joint stock company. Details of the shareholders are presented in Note 23.

(a) Related party transactions

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

	2019 VND	2018 VND
i) Sales of goods and rendering of services		
Ricons Construction Investment Joint Stock Company	335,687,193,182	75,806,841,033
ii) Purchases of goods and services		
Ricons Construction Investment Joint Stock Company	1,332,912,181,478	4,033,847,895,182
Riland Investment Joint Stock Company	459,551,718,277	-
iii) Dividend received		
Ricons Construction Investment Joint Stock Company	22,680,000,000	13,608,000,000
iv) Capital contribution to associates		
FCC Infrastructure Investment Joint Stock Company	61,600,000,000	-
Ricons Construction Investment Joint Stock Company	-	37,800,000,000
Hitecons Investment Joint Stock Company	-	2,790,000,000
v) Remuneration of the Board of Directors, Board of Supervision and salaries, bonus of Board of Management	47,400,067,413	46,401,475,416

(b) Year end balances with related parties

	2019 VND	2018 VND
Short-term trade accounts receivable (Note 5)		
Ricons Construction Investment Joint Stock Company	176,108,228,882	771,362,473
Short-term trade accounts payable (Note 15)		
Ricons Construction Investment Joint Stock Company	594,123,185,007	2,048,832,795,422
Riland Investment Joint Stock Company	154,762,782,088	-
	748,885,967,095	2,048,832,795,422
Short-term advances from customers (Note 16)		
Ricons Construction Investment Joint Stock Company	-	16,005,154,858



2019 SIGNIFICANT PROJECTS



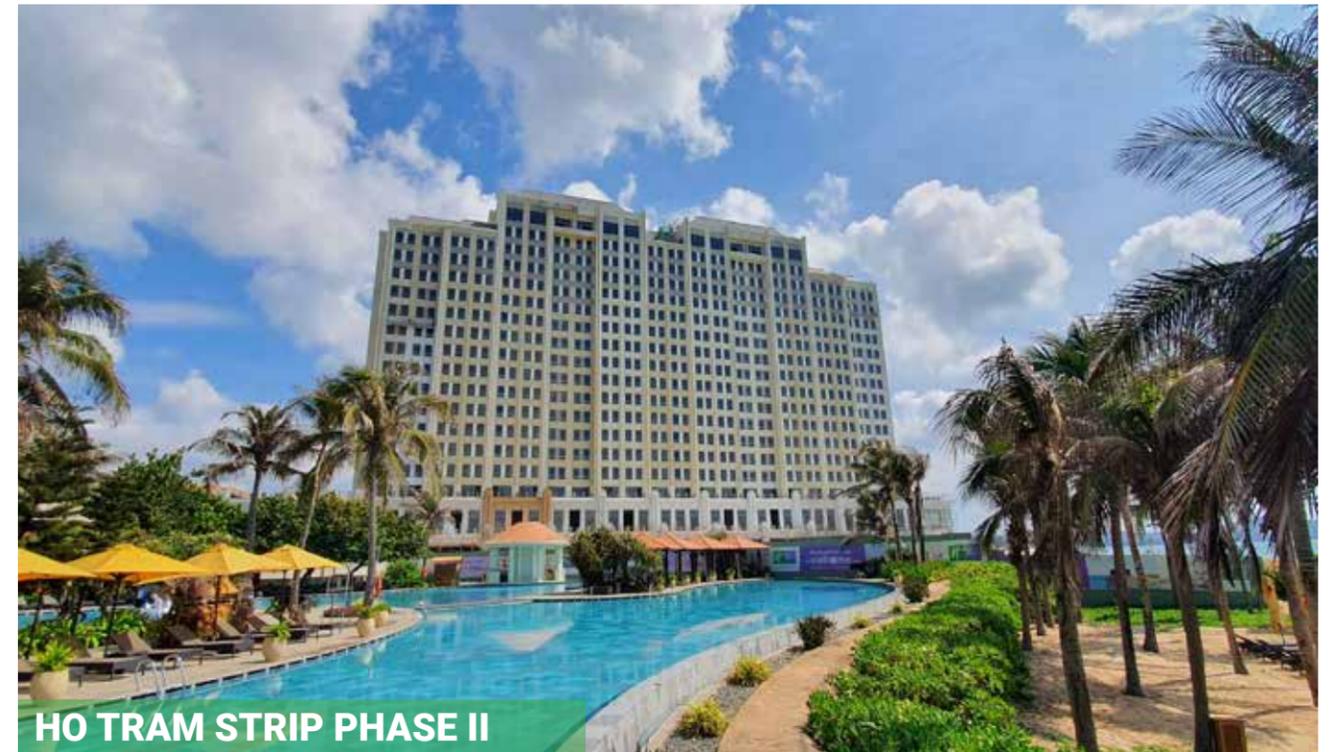
AKARI CITY



HILTON HOTEL SAIGON



HOI AN SOUTH DEVELOPMENT



HO TRAM STRIP PHASE II



2019 SIGNIFICANT PROJECTS



KINGDOM 101



THE METROPOLE THU THIEM



THE SPIRIT OF SAIGON



THE MARQ



2019 SIGNIFICANT PROJECTS





2019 SIGNIFICANT PROJECTS



D'CAPITALE



FRIENDSHIP TOWER



DIAMOND LOTUS



THE MATRIX ONE



2019 SIGNIFICANT PROJECTS



VINHOMES IMPERIA



PULLMAN HOTEL HAI PHONG



ONE VERANDAH



TIMBERLAND MANWAH



2019 SIGNIFICANT PROJECTS



VIETTEL HEADQUARTER



VINHOMES OCEANPARK



VINHOMES METROPOLIS



GAIN LUCKY



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