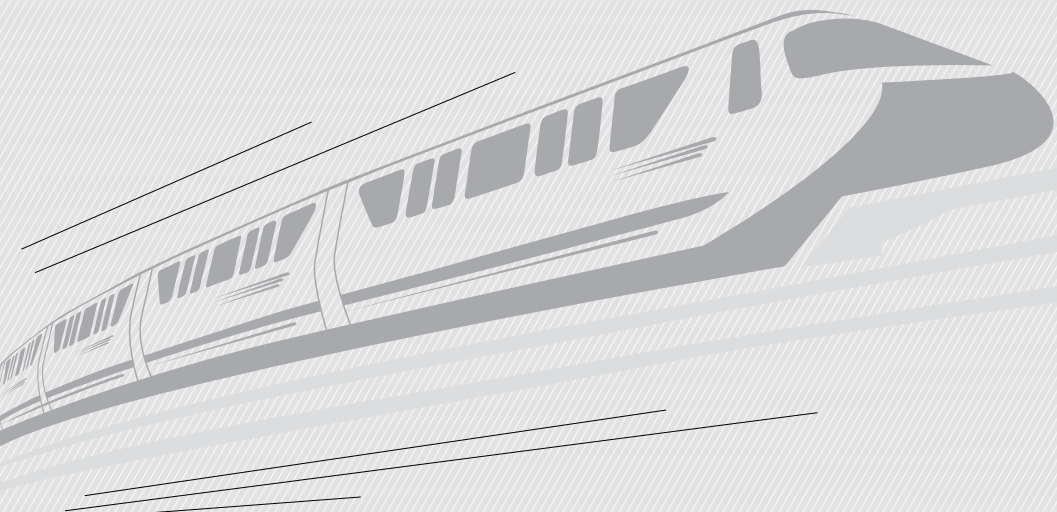


**THE GIANT LEAP**



ANNUAL REPORT | **2015**



## THE GIANT LEAP

AS PART OF ITS GROWTH PROCESS, COTECCONS CONTINUES TO EXCEL IN 2015 AS A LEADING CONSTRUCTION CORPORATION, A PIONEER IN D&B SEGMENT OF LARGE SCALE PROJECTS IN VIETNAM. COTECCONS BRAND DOES NOT SIMPLY IMPLY EXCELLENT QUALITY TO WORLD-CLASS PROJECTS, IT ALSO BRINGS ADDED VALUE TO DEVELOPERS, CLIENTS AND END-USERS.

COTECCONS' BUSINESS ACTIVITIES ALWAYS GROW SUSTAINABLY. FOR MANY CONSECUTIVE YEARS, COTECCONS IS RANKED FIRST AMONG PRIVATE ENTERPRISES IN CONSTRUCTION INDUSTRY, ACHIEVING MANY AWARDS GIVEN BY PRESTIGIOUS DOMESTIC AND FOREIGN ORGANIZATIONS.

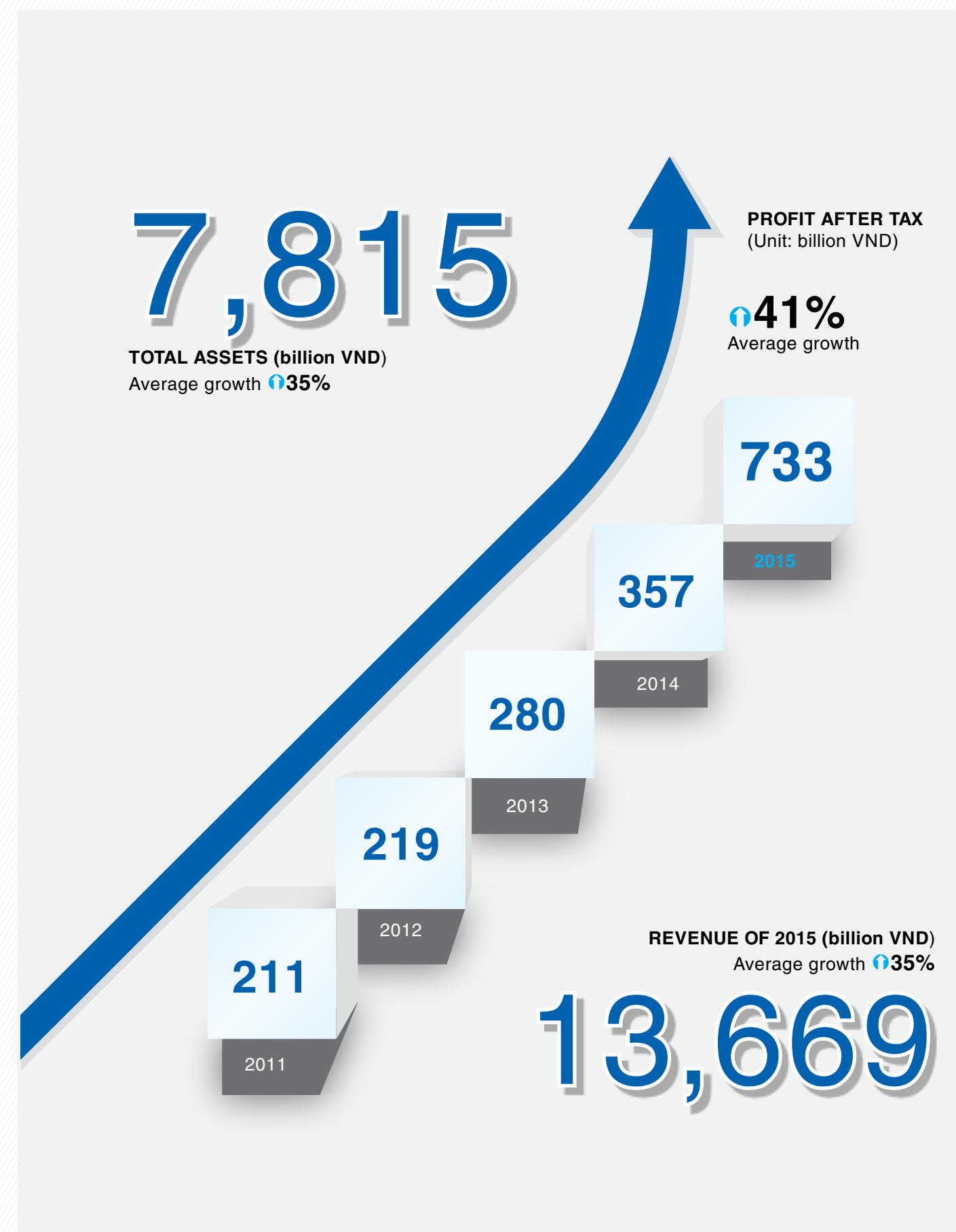
BUILDING A BRAND BASED ON QUALITY, CREDIBILITY AND SATISFACTION OF CLIENTS AND RELATED PARTIES IS OUR GUIDING PRINCIPLE.

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Year/Target (billion VND)	2011	2012	2013	2014	2015	Average growth
<b>INCOME STATEMENT</b>						
Revenue	4,510	4,477	6,190	7,634	13,669	35%
Profit before tax	283	300	393	464	927	39%
Profit after tax	211	219	280	357	733	41%
Profit after tax attributable to Shareholders of the Parent company	211	219	257	327	666	38%
<b>SHAREHOLDERS' INCOME</b>						
Earnings per share	6,812	5,596	6,103	7,769	14,770	27%
Dividend in cash (%/share capital)	20%	20%	20%	50%	30%	28%
<b>BALANCE SHEET (billion VND)</b>						
Total assets	2,459	3,613	4,552	4,863	7,815	35%
- Current assets	1,786	3,048	3,996	3,658	6,486	43%
- Long-term assets	673	565	556	1,205	1,329	27%
Liabilities and owner's equity	2,459	3,613	4,552	4,863	7,815	35%
- Liabilities	1,021	1,535	2,084	2,154	4,572	50%
- Owner's equity	1,438	2,078	2,468	2,709	3,243	23%
<b>FINANCIAL RATIOS (%)</b>						
Gross margin/Revenue	7.7%	7.2%	7.5%	7.3%	8.1%	
EBIT/Revenue	5.1%	4.5%	4.0%	4.5%	5.5%	
EBITDA/Revenue	6.0%	5.3%	4.6%	4.9%	5.8%	
Profit before tax/Revenue	6.3%	6.7%	6.4%	6.1%	6.8%	
Profit after tax/Revenue	4.7%	4.9%	4.5%	4.7%	5.4%	
ROAA (EBIT/Average total assets)	10.2%	6.6%	6.1%	7.2%	11.8%	
ROEA (Profit attributable to Shareholders of the Parent company/Average owner's equity)	15.6%	12.4%	11.3%	12.6%	22.4%	





## VISION

To become the leading construction group in Vietnam with operation scope in domestic and international markets, specializing in general contractor projects, Design and Build works (D&B), and EPC works.



## MISSION

Using prestige, quality, and Clients' satisfaction as measures for the brand name's value, Coteccons is committed to providing Clients with Works meeting the demands on fast execution, high quality, technical standards, aesthetics, and efficiency.



## CORE VALUES

Transparency in every activity. Transparency in management, cooperation and benefits.

Continuously and comprehensively improve quality management system to satisfy higher requirements of Clients.

TRANSPARENCY

CREATIVENESS

COOPERATION

DEDICATION

COMMITMENT

Cooperate with partners for success.

Dedication in services with the whole passion, enthusiasm, and durable accountability.

Actively give solutions to do better than those committed.



“ STRONGLY RECOGNIZING THAT PEOPLE ARE THE MOST VALUABLE ASSET, COTECCONS ALWAYS PAYS OUR HIGH ATTENTION TO TRAINING ACTIVITIES TO ENHANCE COMPETENCE OF EMPLOYEES IN ORDER TO MEET SUSTAINABLE DEVELOPMENT OF THE COMPANY. ”



**Dear Shareholders,**

Coteccons made amazing growth and gained outstanding successes in 2015. The revenue increased by approximately 80% and the profit increased by more than 100% compared with those in 2014.

We performed various large projects, and were readily able to compete with many reputable foreign contractors. Many Clients and Partners have believed and desired to have long-term cooperation with Coteccons.

The above outcome results from efforts, determination, unitedness of all employees and supports of Shareholders, Clients, and Partners.

Strongly recognizing that people are the most valuable asset, Coteccons always pays our high attention to training activities to enhance competence of employees in order to meet sustainable development of the Company.

During the year, apart from effectively carrying out strategies in management and business to continue affirming the number one construction brand name in Vietnam, Coteccons continuously improved organizational structure, management system, especially focusing on human resources, internal control and risk management to optimize performance effectiveness of the whole Company. Moreover, Coteccons seized the opportunities from investment wave after TPP agreement, researched and implemented mergers and acquisitions (M&A) to enlarge operation scope of the Company.

In addition, Coteccons took competitive advantages of D&B model to be proactive in getting more large projects, contributing to increase of revenue and profit of the Company in 2015 and the following years.

**Dear Shareholders,**

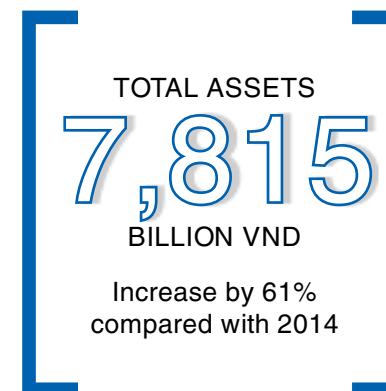
With great stride forward in 2015 and on the firm foundation built for 11 years of development, Coteccons will continue to successfully implement the plan for 2016, ensure the sustainable development of the Company, increase long-term benefits for Shareholders and contribute more to the society.

On behalf of the Board of Directors, I would like to express sincere thanks for the companion of Shareholders during the past years and wish to receive your trust and supports to Coteccons to achieve more success.

Sincerely,

**CHAIRMAN OF THE BOARD OF DIRECTORS**

**NGUYEN BA DUONG**



# THE **LEADING** CONSTRUCTION CORPORATION IN VIETNAM



MASTERI THAO DIEN - HCMC

 GENERAL INFORMATION



# GENERAL INFORMATION



Charter capital of Coteccons in 2015

# 468,575,300,000 VND

## COMPANY PROFILE

Vietnamese name	: CÔNG TY CỔ PHẦN XÂY DỰNG (COTEC)
English name	: COTEC CONSTRUCTION JOINT STOCK COMPANY
Abbreviation	: COTECCONS
Enterprise registration certificate	: 0303443233 initially issued on August 24th 2004 by the Department of Planning and Investment of Ho Chi Minh City
Charter capital	: VND468,575,300,000 (Four hundred and sixty eight billion five hundred and seventy five million three hundred thousand Vietnamese dong)
Address	: 236/6 Dien Bien Phu, Ward 17, Binh Thanh District, Ho Chi Minh City
Tel.	: (84 - 8) 3 5142255/66
Fax	: (84 - 8) 3 5142277
Email	: contact@coteccons.vn
Website	: www.coteccons.vn
Stock Name	: Stock of Cotec Construction Joint Stock Company
Stock code	: CTD

## MAIN BUSINESS ACTIVITIES



Construct, install civil and industrial Works, urban and industrial park infrastructures, transportation and irrigation Works.



Construct works of water drainage and supply, environmental treatment.



Install MEP systems.



Architectural activities and relevant technical consultancy: Design general layout plan of Works; Architectural design of civil and industrial Works; Indoor and outdoor design; Design of heating, ventilation, and air conditioning for civil and industrial Works; Design ME part of Works; Design civil - industrial construction; Design of urban infrastructure construction.



Trading, brokerage, real estate consultancy, land use rights of owner.



Specialize in export and import business, export and import right of the following items: iron, steel, building structures, materials and installation equipment, materials - machinery - equipment - spare parts, technological line of construction industry and production of construction materials, construction machinery and equipment.





# HISTORY OF ESTABLISHMENT AND DEVELOPMENT

## 2004

### TRANSFORMED TO JOINT STOCK COMPANY

Coteccons changed into Joint Stock Company under Decision No.1242/QĐ-BXD dated July 30th 2004 of the Ministry of Construction. Charter capital was VND15.2 billion.

## 2006

### OPENED A BRANCH IN BINH DUONG

Coteccons promoted the strategy focusing on large-scale project segment while continuing to maintain medium-sized project market share through joining investment capital to establish Uy Nam Investment Construction Joint Stock Company (Unicons).

Binh Duong Branch was established, specializing in equipment maintenance under business registration certificate No. 4613000166 dated April 17th 2006 by Department of Planning and Investment of Binh Duong Province.

## 2007

### ISSUED SHARES TO PUBLIC FOR THE FIRST TIME

In order to raise capital for large-scale projects and enhance its image, Coteccons launched IPO which attracted many foreign investors and organizations such as Dragon Capital, Indochina Capital, Tainan Spinning Co., etc.

Coteccons became the pioneer in Vietnam successfully researching and applying top-down construction method to speed up construction progress while ensuring quality of Works.

## 2009

### COTECCONS SHARES WERE OFFICIALLY LISTED

Coteccons Office Building was commenced at No.236/6 Dien Bien Phu, Ward 17, Binh Thanh District, HCMC invested by 100% capital of Coteccons.

Coteccons shares were officially listed on HCMC Stock Exchange (HOSE) in accordance with Decision No. 155/QĐ-SGDHCM dated December 9th 2009, which opened a new page in the history of Coteccons. Number of shares initially listed was 12,000,000. Stock code was CTD.

## 2010

### PUT INTO OPERATION OF COTECCONS OFFICE BUILDING

Coteccons Office Building was completed and put into operation. New office building has met the requirements of facility and operation plan of the Company, bringing Coteccons to a new position in the market. The establishment of Coteccons representative office in Ha Noi was created a breakthrough in the Northern market.

## 2011

### AWARDED GOLD CUP ON VIETNAM CONSTRUCTION QUALITY

Coteccons was honored to get Gold Cup on Vietnam construction quality of the Ministry of Construction.

Signing construction agreement as general contractor for Casino - The Grand Ho Tram -the largest complex resort project in Vietnam and in the region invested by 100% of foreign capital (Asian Coast Development Limited ACDL-Canada). This was the first large project assigned to a Vietnamese contractor. Coteccons had carried out both construction and management of foreign subcontractors from Japan, Singapore, China, etc.

## 2012

### ISSUED SHARES TO STRATEGIC SHAREHOLDERS FOR THE SECOND TIME

Expanding operation area, construction of overseas projects (Laos), and the first step to conquer Indochina market.

The share issuance to strategic Shareholders for the second time was done. Regardless of the economy downturn, declining stock exchange, Coteccons successfully signed strategic cooperation contract with Kustocem Pte.Ltd (Singapore) and issued 10,430,000 shares. Total capital raised in this issuance is equivalent to USD25 million.

## 2013

### INCREASED OWNERSHIP PERCENTAGE IN UNICONS UP TO 51.24%

The general contractor contract signed for the international project: SC VivoCity - District 7, invested by Saigon Co.op Investment JSC (Vietnam) and Mapletree Company (Singapore) The total contract value was about VND1,200 billion.

Ownership percentage rate of Coteccons in Unicons was increased up to 51.24%.

## 2014

### FOUNDING SHAREHOLDER OF FCC

FCC invested to construct 23km of National Highway 1 at bypass of Phu Ly City and improve National Highway 1 road surface from Km215+775 to Km235+885 valued more than VND2,000 billion.

### IMPLEMENTED VARIOUS DESIGN & BUILD PROJECTS

Masteri Thao Dien with contract value of more than VND3,316 billion was a key large-scale D&B project. This created a persuasive reason for other Investors to continuously entrust and assign Coteccons with other D&B projects such as Regina Factory - Phases 1, 2, and 3 with contract value of VND1,250 billion and First Team Factory with contract value of VND171 billion.

## 2015

### CREATED FAVORABLE CONDITIONS FOR M&A STRATEGY

Issued totally 3,604,530 shares to swap all stocks of Unicons and increased ownership percentage rate in Unicons up to 100%.

### MADE A RECORD OF HIGH GROWTH RATE

The year 2015 marked a record of high growth rate in revenue and profit during the past 11 years of development, increasing by nearly



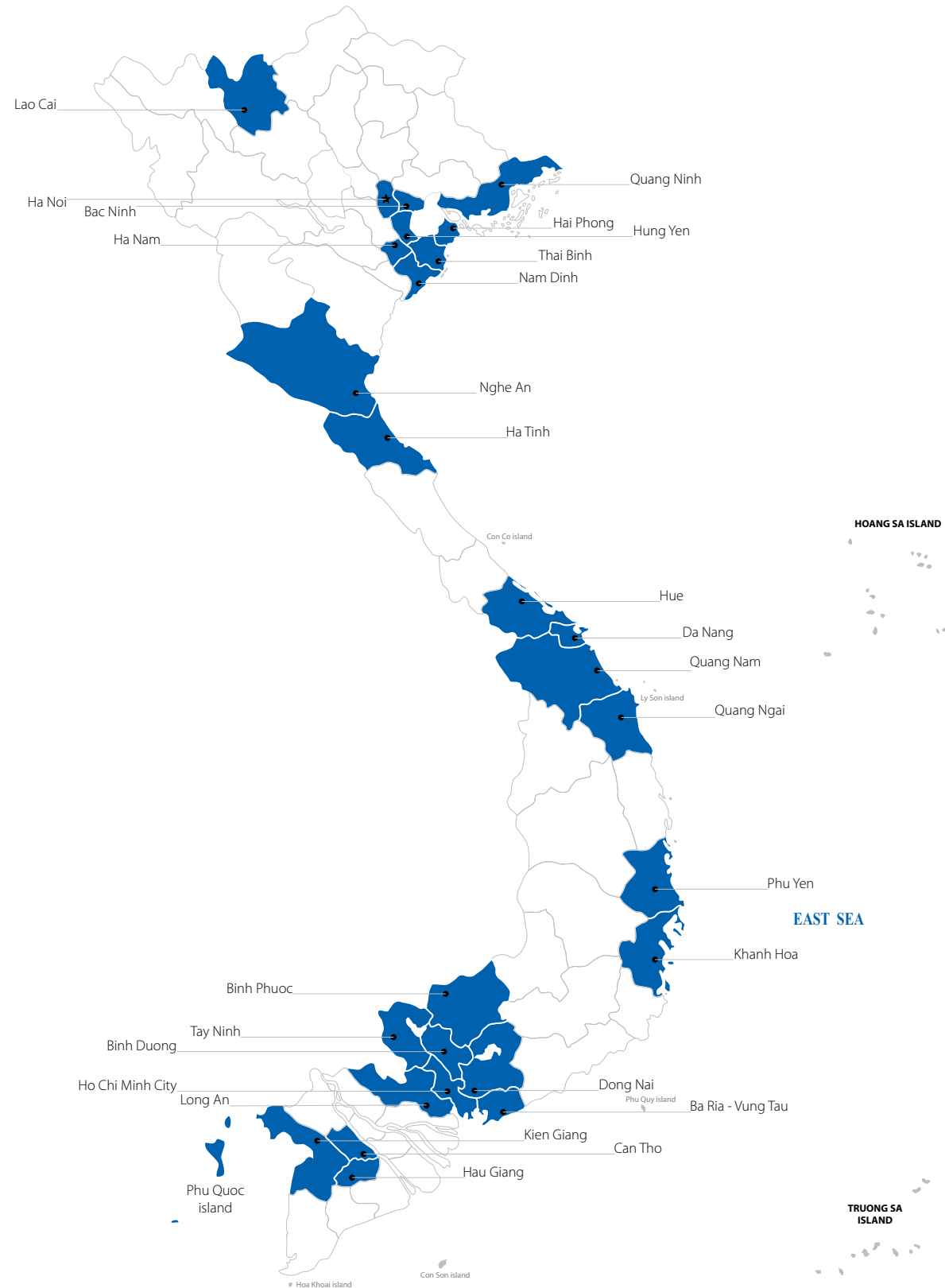
### AS COMPARED TO THOSE IN 2014.

Undertook many big D&B contracts signed with new Investors, such as Gold View, T&T Vinh Hung, Duc Viet Resort, etc.

Continuously signed many big contracts with value of more than VND1,000 billion such as Gold Mark City, Times City Parkhill, Vinhomes Central Park, Worldon, etc.



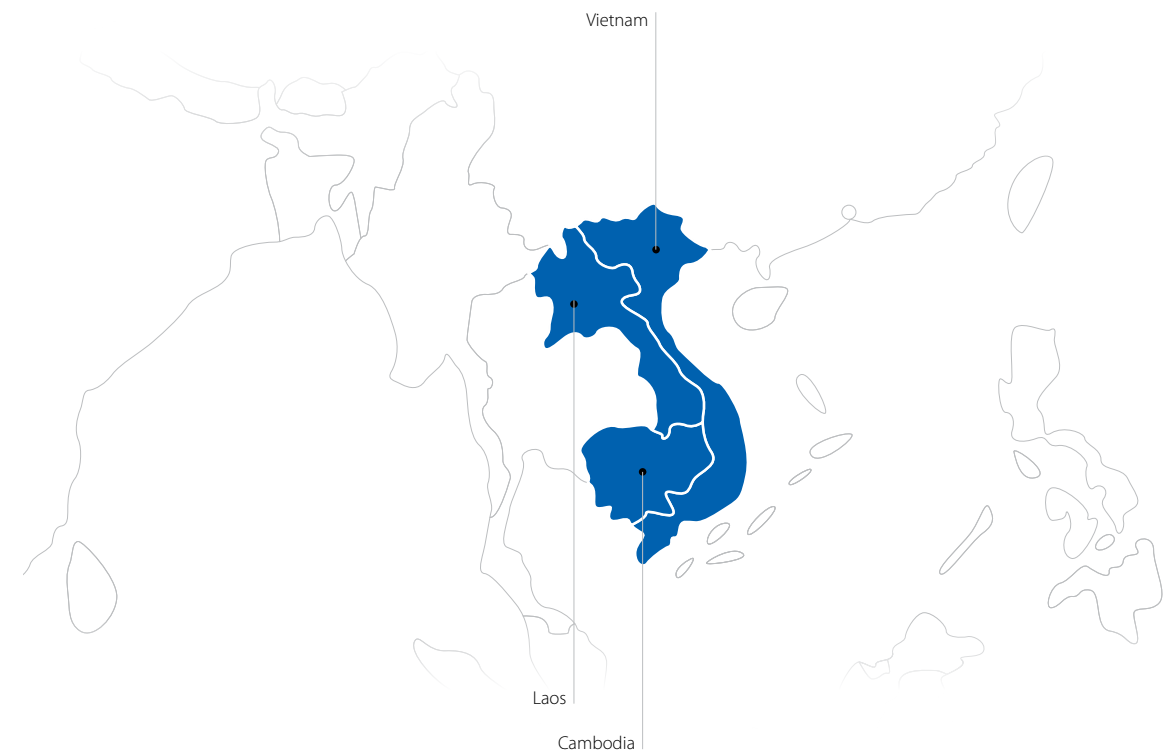




AFTER 11 YEARS OPERATING IN CONSTRUCTION INDUSTRY, THE WORKS IMPLEMENTED BY COTECCONS HAVE BEEN PRESENT IN MOST OF BIG CITIES AND PROVINCES IN THE COUNTRY AND ABROAD.

**03**

Coteccons has been present in 03 countries.



**DOMESTIC MARKET**

Projects constructed by Coteccons are located in as follows:

- Southern region:** Ho Chi Minh City, Hau Giang, Long An, Binh Duong, Vung Tau, Tay Ninh, Dong Nai, Binh Phuoc, Phu Quoc, Can Tho, Kien Giang, etc.
- Central region:** Da Nang, Quang Nam, Nghe An, Quang Ngai, Khanh Hoa, Phu Yen, Hue, Ha Tinh, etc.
- Northern region:** Ha Noi, Bac Ninh, Ha Nam, Quang Ninh, Hai Phong, Lao Cai, Hung Yen, Thai Binh, Nam Dinh, etc.

**FOREIGN MARKET**

Since 2012, Coteccons has expanded its business network to Southeast Asia with projects in Laos and Cambodia.



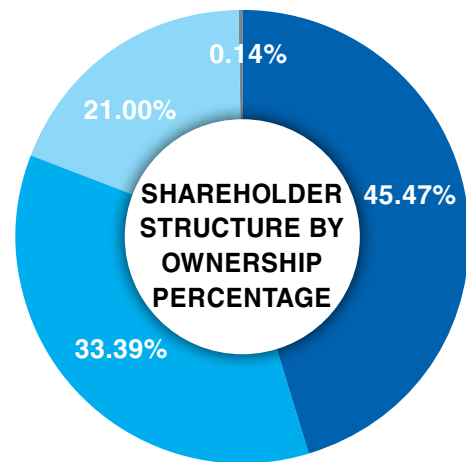


## SHAREHOLDER STRUCTURE

(As at March 16<sup>th</sup> 2016)

### SHARE INFORMATION

Charter capital	: 468,575,300,000 VND
Number of listed shares	: 46,857,530 shares
Number of outstanding shares	: 46,790,874 shares
Treasury shares	: 66,656 shares
Par value	: 10,000 VND/shares

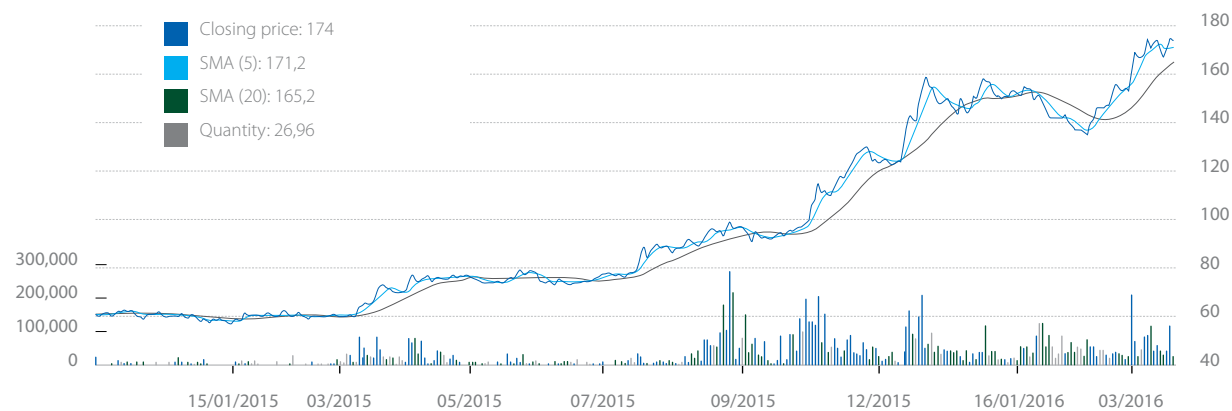


### EQUITY OWNERSHIP

- Owning 5% or more
- Owning from 1% to less than 5%
- Owning less than 1%
- Treasury shares

No.	Shareholders	Domestic Shareholders		Foreign Shareholders		Total number of shares	Ratio/charter capital (%)
		Number of shares	Ratio/charter capital (%)	Number of shares	Ratio/charter capital (%)		
1	The State	0	0	0	0	0	0
2	Owning 5% or more	10,874,305	23.21%	10,430,000	22.26%	21,304,305	45.47%
3	Owning from 1% to less than 5%	4,462,266	9.52%	5,377,723	11.48%	9,839,989	21.00%
4	Owning less than 1%	11,009,642	23.50%	4,636,938	9.89%	15,646,580	33.39%
5	Treasury shares	66,656	0.14%	0	0	66,656	0.14%
<b>TOTAL</b>		<b>26,412,869</b>	<b>56.37%</b>	<b>20,444,661</b>	<b>43.63%</b>	<b>46,857,530</b>	<b>100%</b>

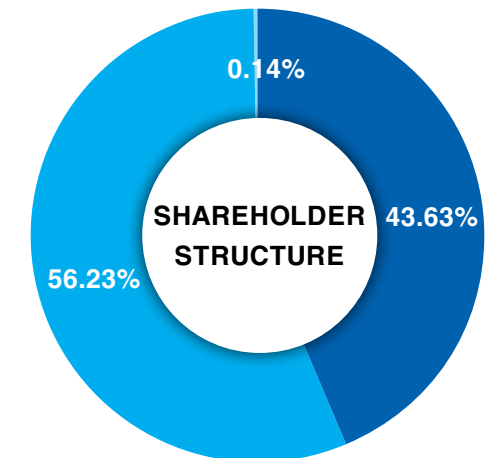
### CHART OF STOCK PRICE



### SHAREHOLDER STRUCTURE

No.	Shareholder structure	Mount	Number of shares	Ratio %
1	Treasury shares	1	66,656	0.14%
2	Domestic Shareholders	1,050	26,346,213	56.23%
	Organizations	39	8,633,566	18.43%
	Individuals	1,011	17,712,647	37.80%
3	Foreign Shareholders	131	20,444,661	43.63%
	Organizations	60	20,204,361	43.12%
	Individuals	71	240,300	0.51%
<b>TOTAL</b>		<b>1,182</b>	<b>46,857,530</b>	<b>100%</b>

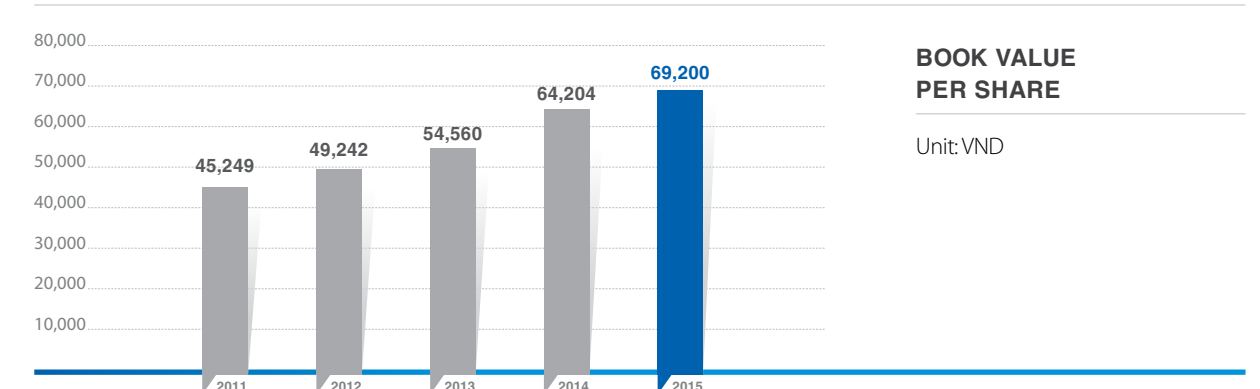
- Treasury shares
- Domestic Shareholders
- Foreign Shareholders



### LIST OF SHAREHOLDER OWNING 5% OF CHARTER CAPITAL OR MORE

STT	Name of Shareholders	Address	Number of shares	Ratio %
1	Nguyen Ba Duong	68A Hoang Hoa Tham, Ward 7, Binh Thanh District, HCMC	2,479,816	5.29%
2	Success Investment and Business one member company limited	11 <sup>th</sup> floor, Sailing Tower, No.11 1A Pasteur, Ben Nghe Ward, District 1, HCMC	8,394,489	17.92%
3	Kustocem Pte. Ltd	80 Raffles Place, #32-01 UOB Plaza 1 Singapore 048624	10,430,000	22.26%

### BOOK VALUE OF SHARES





## SUBSIDIARIES AND ASSOCIATED COMPANIES

COTECCONS' IMPRESSIVE DEVELOPMENT DURING THE PAST YEARS IS PARTLY CONTRIBUTED BY SUBSIDIARIES AND ASSOCIATED COMPANIES. APART FROM THEIR CONTRIBUTIONS TO REVENUE AND PROFIT WHICH HAVE BEEN PROVED THROUGH SPECIFIC RESULTS, THE SUBSIDIARIES AND ASSOCIATED COMPANIES ALSO SHARE IDEAS, MANAGEMENT SKILL, HUMAN RESOURCE, TECHNICAL SOLUTION AND EXPERIENCE TO BUILD A STRONG COTECCONS GROUP.



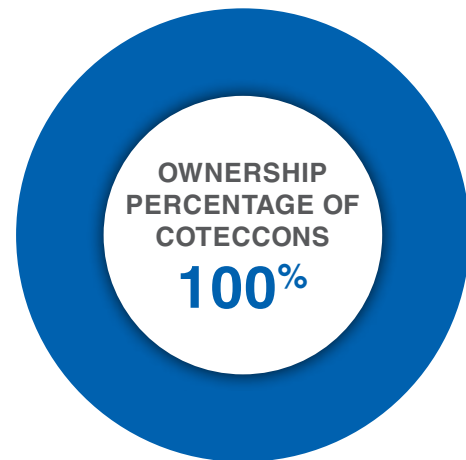
The investment in subsidiaries, joint ventures and associated companies also creates opportunities for Coteccons to expand market share, to focus all resources for large-sized projects implementation and to diversify business activities. This is a key factor to make Coteccons well-known among a large number of contractors implementing the large-sized projects requiring fast execution. In addition, each member company has its own strong points, enabling Coteccons to allocate resources sufficiently for project implementation to bring success and the highest satisfaction to its Clients.

### UY NAM INVESTMENT CONSTRUCTION JOINT STOCK COMPANY (UNICONS)

Address: 5<sup>th</sup> - 6<sup>th</sup> floor, No.236/6 Dien Bien Phu, Ward 17, Binh Thanh District, HCMC.

Founded in 2006 with the charter capital of 94.5 billion. Ownership percentage of Coteccons now is 100%.

Main business activities of Unicons include construction and building materials trade. Unicons has a team of highly skilled technical and professional personnel, through continuous improvements in the management system helping create a professional and dynamic working environment. By successively promoting the achievements of Coteccons along with efforts based on its experience and core value, after nearly ten years of operation, Unicons has confirmed its position in the market, in the Top largest private construction companies in Vietnam with annual average growth rate of over 20%. In addition to construction activities, Unicons trades in building materials and is one of the major units supplying materials for Coteccons at competitive prices.



#### The business operation results of 2015

Sale volume of goods and services: VND 4,066 billion reached 135% of the plan.

Profit after tax: VND135 billion, reached 188% of the plan.

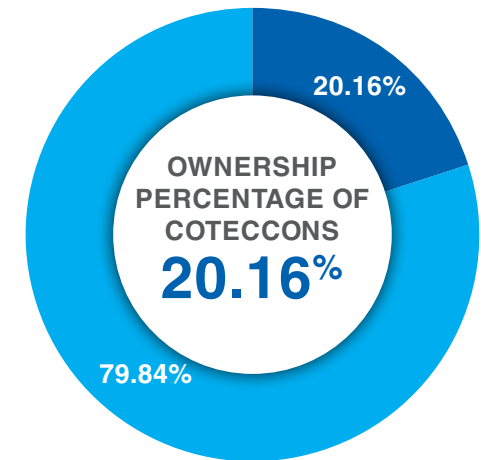
### RICONS INVESTMENT CONSTRUCTION JOINT STOCK COMPANY

Address: 3A floor 236/6 Dien Bien Phu, Ward 17, Binh Thanh District, HCMC.

Ricons Investment Construction Joint Stock Company was established in 2004 with the charter capital of VND100 billion, in which Coteccons owned 20.16%.

The key activity of Ricons initially is investment with 2 outstanding projects i.e. Botanic Towers and Saigon Pavillon. In 2008, the Company extended the business activity to construction, building materials business with a series of large-scale projects from design to construction management including residential, hotel, resort, industrial factory, etc.

In the recent years, Ricons has increasingly improved its management system, upgraded modern equipment and developed human resource with high professional quality. Besides, Ricons always researches and applies the most advanced method to ensure high quality of the Works supplied to Clients.



#### The business operation results of 2015

Sale volume of goods and services: VND 2,800 billion.

Profit after tax: VND80 billion.

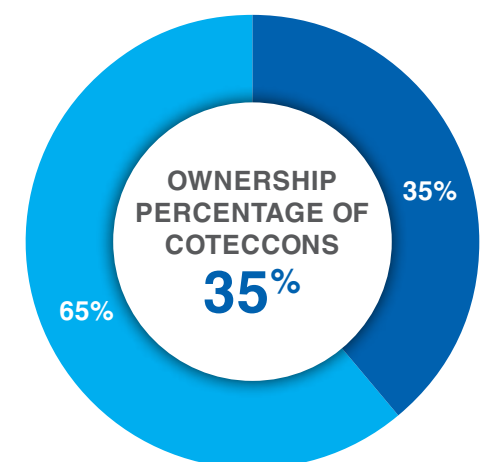
### FCC INFRASTRUCTURE INVESTMENT JOINT STOCK COMPANY

Address: 2<sup>nd</sup> floor, CEO Tower, Pham Hung Street, Nam Tu Liem District, Hanoi City

FCC was founded in 2014 with the charter capital of VND369 billion, in which ownership percentage of Coteccons was 35%. Contributed capital of Coteccons in 2015 was VND56 billion.

Main business activities of FCC are infrastructure construction, civil and industrial Works, road and public construction.

Since 2014, FCC has deployed the construction investment project of National Highway 1, the bypass of Phu Ly City and improvement of the road surface on Km215+775÷Km235+885, Ha Nam province under the form of BOT contract with over VND2,000 billion contract value. The project is implemented on schedule and is highly appreciated by the authorities. At present, FCC is positively searching, researching and developing more major infrastructure projects, contributing to economic development as well as improving the appearance of the country.





# MILESTONES IN COTECCONS'

## HISTORY OF ESTABLISHMENT AND DEVELOPMENT

### 2004



Changed the operation model into Construction Joint Stock Company (Cotec) by Decision No. 1242/QĐ-BXD on July 30th 2004 of the Ministry Minister of Construction.



### 2006



Cooperated in building many large construction projects such as RMIT University, the Manor, Grand View, etc.



### 2007



Attracted investment from large funds: Dragon Capital, Indochina Capital, and Tainan Spinning. Increased charter capital up to VND120 billion.



### 2008



Conquered high-class real estate market with typical projects such as Ho Tram Sanctuary, The EverRich 1, River Garden, The Centre Point, etc.



### 2009



On May 10th 2009, commenced the construction of Coteccons high-rise office headquarter building invested from 100% capital of Coteccons, with total value of VND210 billion.



### 2010



On January 20th 2010, began a new page in corporate history by the opening of Coteccons (code CTD) stock trading on HCMC Securities Exchange (HOSE).



### 2011



On September 8th 2011, signed general contractor contract of Casino complex - The Grand Ho Tram Project, the largest and most modern project invested by Asia Coast Development Ltd (ACDL).



### 2012



Signed strategic cooperation contract with Kustocem Pte.Ltd. (Singapore) to issue 10,430,000 shares (equivalent to USD25 million).



### 2013



Increased Coteccons' ownership percentage of Coteccons in Unicons up to 51.24% and officially operated under Parent company - subsidiary company model.



### 2014



First step to succeed in D&B model. Many D&B contracts are signed with big Investors: Masteri Thao Dien, Regina, etc.



### 2015



Successfully implemented stock swap to own 100% capital of Uy Nam Investment Construction Joint Stock Company (Unicons).





CONTINUED MAINTAINING THE  
FIRST POSITION IN THE TOP  
BIGGEST CONSTRUCTION PRIVATE  
ENTERPRISES IN VIETNAM VOTED  
BY VNR500

Received Merit  
from the Ministry of Finance  
for the development of  
financial market



**TOP 50**  
Best Listed Companies  
in Vietnam



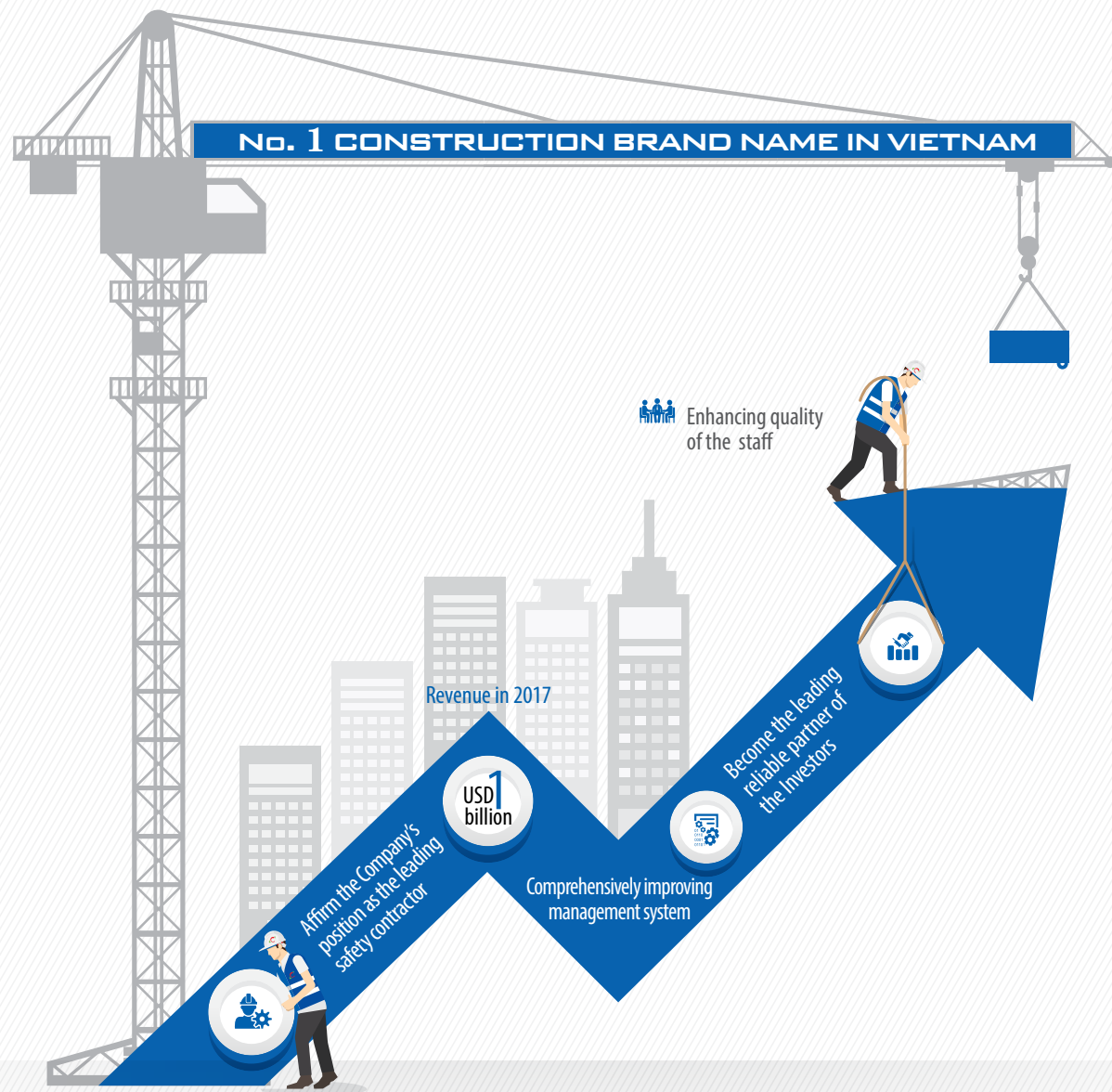
**TOP 50**  
Most Efficient Companies  
in Vietnam



**TOP 30**  
Best Annual Reports  
in 2015



# DEVELOPMENT ORIENTATION IN 2016 - 2020



DEVELOPMENT ORIENTATION OF COTECCONS IN THE PERIOD FROM 2016 TO 2020 IS WITHIN THE VISION OF BUILDING COTECCONS TO BECOME THE LEADING CONSTRUCTION CORPORATION IN VIETNAM WITH OPERATION SCOPE IN DOMESTIC AND INTERNATIONAL MARKETS, SPECIALIZING IN GENERAL CONTRACTOR WORKS, D&B WORKS AND EPC WORKS.

To complete the MISSION of providing the Clients with Works meeting demands on fast execution, high quality, technique, aesthetics, and financial efficiency, medium and long-term development strategy of Coteccons is associated with the following goals:

## STRATEGIC OBJECTIVES OF THE COMPANY

Develop Coteccons under the model of parent company-subsiidiary in a similar way to international leading construction corporations.

Position Coteccons as a No.1 construction brand name.

Promote resources, improve business performance, maximize the Company's value and bring the best benefits for Shareholders and employees.

Increasingly improve and continue providing the Works with high quality and outstanding values with reasonable price.

Actively fulfill the environment and society standards in accordance with sustainable development report during the Company's operation. Positively participate in community activities and demonstrate a high sense of responsibility to the social development.

## MEDIUM AND LONG-TERM DEVELOPMENT STRATEGY

Medium and long-term development strategy of Coteccons is associated with the 5 year vision (2016-2020), which is realized until 2020, including the following goals:

- 01 Promote the general contractor projects, D&B projects and EPC Turnkey projects to meet the demands of Clients, increase revenue and profit of the Company. Become the leading reliable partner of the Investors during the project development cooperation.
- 02 Accelerate growth speed and expand business operation to reach the revenue of USD1 billion in 2017. Expand business operation through M&A activities or establishment of new companies in the supply chain associated with construction industry to achieve the goal of doubling the market capitalization value of the Company in 2020 compared with the end of 2015.
- 03 Improve service quality by comprehensively improving management system suitable with the development of the Company; apply advanced technique and technology; modernize equipment capability; and increase skilled workers, affirm the Company's position as the leading safety contractor.
- 04 Focus on developing and enhancing quality of the staff, attract high-quality human resources by building a dynamic and efficient working environment, improve benefit policy to motivate and encourage the staff to stay with the Company.
- 05 Increase operation efficiency by the system of local and overseas strategic Subcontractors and Suppliers.

HUMAN RESOURCES IS STRONG IN BOTH  
**QUALITY** AND **QUANTITY**



VINHOMES TIMES CITY PARK HILL - HA NOI

 ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

**GOVERNANCE MODEL**

COTECCONS OPERATES UNDER THE FORM OF JOINT STOCK COMPANY. ALONG WITH THE COMPLIANCE WITH VIETNAM LAWS AND PROVISIONS, COTECCONS' BUSINESS ACTIVITIES ARE COMPLIED WITH THE CHARTER ADOPTED BY THE GENERAL MEETING OF SHAREHOLDERS. THE ORGANIZATIONAL STRUCTURE OF COTECCONS IS AS FOLLOWS:

**ANNUAL GENERAL MEETING (AGM)**

**Board of Directors (BOD):** Incumbent BOD of Coteccons consists of the Chairman and 6 members. Of which, 3 members are also the members of BOM and 4 other members are non-executive ones.

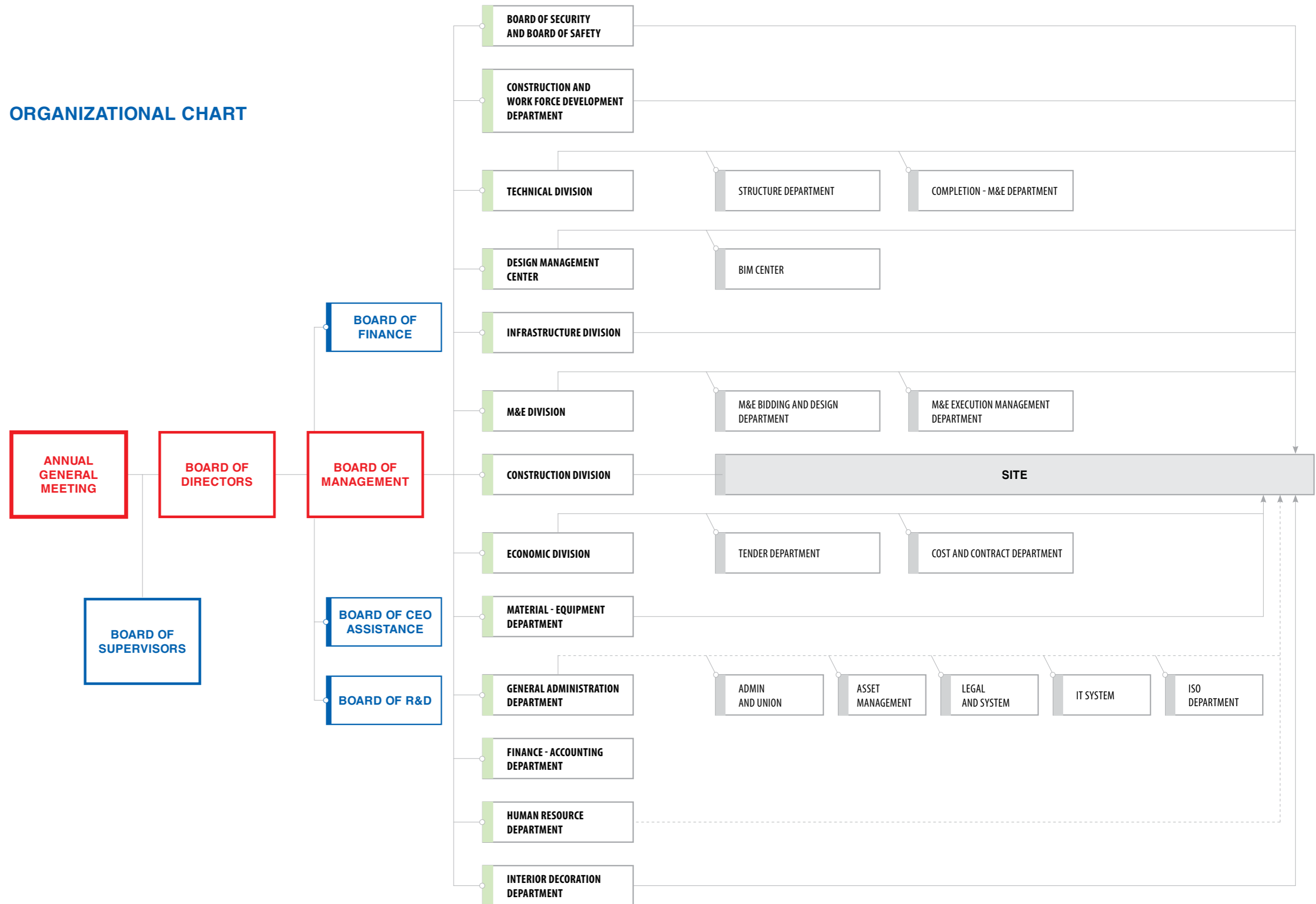
**Board of Supervisors (BOS):** Incumbent BOS includes the Head of BOS and 2 members.

**Board of Management (BOM):** Led by the CEO. Currently, the BOD Chairman is also the CEO of the Company. Assisting the CEO are 5 Deputy CEOs, in charge of different areas, namely Administration, Human Resources, Finance, Business, Design and Construction.

The Company has a full range of Divisions, Center, functional departments and Site Management Units.



**ORGANIZATIONAL CHART**







 ORGANIZATIONAL STRUCTURE  
AND HUMAN RESOURCES (cont.)  
**BOARD OF DIRECTORS**

THE INCUMBENT BOD OF COTECCONS CONSISTS OF THE CHAIRMAN AND 6 MEMBERS. OF WHICH, 3 MEMBERS ARE ALSO THE MEMBERS OF BOM; 4 OTHER MEMBERS ARE NON-EXECUTIVE ONES.



**Mr. NGUYEN BA DUONG**  
BOD Chairman

Year of birth: 1959  
Nationality: Vietnam

He graduated from the Faculty of Architecture from Kiev University of Civil Engineering (Ukraine). He has 31 years of experience in construction and has held management position in big construction companies.

He has been the founder and managed Coteccons since 2002, when the Company was known as Cotec Construction Enterprise. In 2004, after successful equitization of the Company, he was appointed as CEO of Coteccons. Since 2005, he was elected as Chairman of the BOD and CEO of Coteccons.

He received Certificate of Merit of the Prime Minister for his achievements and contributions to the Socialism building, Certificate of Merit of the Minister of Construction for excellent task fulfillment. In 2013, he was honored among the Top 50 Business Leaders of Vietnam, voted by Forbes.

In 2015, he was listed among the Top 10 best team building leaders of Vietnam, voted by Nhip Cau Dau Tu (Investment Bridge) Magazine.

**Mr. TRAN QUANG QUAN**  
BOD Member

Year of birth: 1973  
Nationality: Vietnamese

He graduated in Civil Engineering from HCMC University of Technology. After graduation, he worked for foreign construction companies as Chief Engineer and Project Manager. He has more than 19 years of experience in construction.

Joining Coteccons since its early days, he has had significant contributions to the improvement of method statements and training for many talented Chief Engineers and Project Managers.

With profound experience in management and administration, in 2007, he was promoted to the position of Deputy CEO in charge of construction and safety. At present, he is responsible for business promotion and relationship building with foreign partners and investors as well as directing other departments of the Company.

**Mr. TRAN QUANG TUAN**  
BOD Member

Year of birth: 1974  
Nationality: Vietnamese

He graduated in Civil Engineering from HCMC University of Technology and has more than 19 years of experience in construction.

He has stayed with Coteccons since its early days. Beside the Coteccons brand name promotion in construction field, he has also played an important role in the development of the existing material and equipment management system.

Since 2009, he was appointed as Deputy CEO in charge of construction, equipment investment management, and finance.

Currently, he is assigned to direct departments and other management areas of the Company.



**ORGANIZATIONAL STRUCTURE  
AND HUMAN RESOURCES (cont.)  
BOARD OF DIRECTORS**



**Mr. TALGAT TURUMBAYEV**

BOD Member

Year of birth: 1971

Nationality: Kazakhstan

He holds a Master in Finance and Accounting. In 1994 - 1995: He worked as a consultant for Deloitte & Touche, and an accountant for Pricewaterhouse Company, LLP.

In 1995 - 2002: He worked as Manager of Arthur Andersen Audit Division. In 2002 - 2005: He was appointed as CEO of Eurasia FM Consulting Ltd. With experience and competence in the management and administration, in 2005 - 2008: He served as Investment Director of BTA Bank.

In 2008 - 2010: He was CEO of Eurasia FM Consulting Ltd. In 2010- 2011: He was CEO of Kusto Management Ltd. Since 2011, he has been

Director of Kusto Real Estate Capital Private Ltd.

**Mr. HOANG XUAN CHINH**

BOD Member

Year of birth: 1975

Nationality: Vietnamese

He holds a Master in Business Administration. In 1996 – 2004: He worked as a process improvement specialist for Ford Vietnam Co., Ltd. In 2004-2009: He worked as Analysis Specialist, Deputy Investment Portfolio Manager, and then was promoted to the position of Investment Director for Mekong Capital.

In 2009-2010: He continued holding the position of Investment Director for Hoang Trieu Investment JSC. In 2010-2012: He worked as Investment Director for Saigon Asset Management.

In 2012-01/2016: He worked as Chairman and CEO of Thanh Cong Investment and Business One Member Company Limited.

**Mr. TONY XUAN DIEP**

BOD Member

Year of birth: 1971

Nationality: American

He holds a Master in Business Administration.

In 1997 - 1998: He worked in Equities Division, Goldman Sachs Bank, USA. In

1998 - 2007: He worked as Vice President of JP Morgan in New York.

In 2007 – Feb 2016: He held the position of CEO of Indochina Capital

**Mr. GIUSEPPE MANISCALCO FERRARA**

BOD Member

Year of birth: 1962

Nationality: Italian

He holds a Master in Business Administration. In 1997 - 1999: He worked as Deputy Director in charge of materials for CEMEX – the world's leading cement producing group. In 1999 - 2013: He respectively undertook the positions of Director of CEMEX Costa Rica cum General Director in charge of Central America area, Director of CEMEX Puerto Rico, Deputy Director in charge of EMEAA&A construction materials for Cemex (London & Madrid), General Director in charge of construction materials for CEMEX Spain, and Director of Global Strategy for CEMEX Central (Madrid, Spain).

In 2014 up to now, he worked as General Director of Kusto Cement Holding, Vietnam.





ORGANIZATIONAL STRUCTURE  
AND HUMAN RESOURCES (cont.)

**BOARD OF SUPERVISORS**

THE INCUMBENT BOARD OF  
SUPERVISORS OF COTECCONS  
IN THE TERM 2012 - 2017  
CONSISTS OF 3 MEMBERS.



**Mrs. NGHIEM BACH HUONG**

HEAD OF BOS

Year of birth: 1963

Nationality: Vietnamese

She graduated in Finance and Accounting major and has 26 years of experience in management and finance. In 1985 - 1993: She worked as Chief Accountant of Manufacture Service Science Technology Import-Export Company (Scitechimex). In 1996 - 1999: She changed her job as Chief Accountant of Masan Joint Stock Company. In 1999, she was promoted to Deputy CEO of Masan Joint Stock Company and held this position until 2004.

Since 2005, she has been Deputy CEO of Binh Thien An Real Estate Joint Stock Company.

**Mr. NGUYEN DUC CANH**

BOS Member

Year of birth: 1970

Nationality: Australian

He graduated from Faculty of Business – Accounting from Australia University and has 23 years of experience in management. In 1992 - 2001, he was the Regional Director of Hanson Australia.

In 2002, he joined BASF VN Construction Chemicals Company as CEO and held this position until 2008. Since 2009, he has been CEO of Viet My Construction Materials Technology Joint Stock Company.

**Mr. HO VAN CHI THANH**

BOS Member

Year of birth: 1971

Nationality: Vietnamese

He holds a University degree in Civil Engineering and a Bachelor Degree of Laws and has 19 years of experience in construction field.

In 1996-1998: He worked as Civil Engineer in charge of technical supervision for Taisei Company, HCMC. In 1998 - 1999: He worked as Civil Engineer in charge of technical supervision for Contech, Nha Trang.

In 2000 - 2001: He worked as Civil Engineer in charge of technical supervision for CIC8. In 2001 - 2002: He worked as Civil Engineer in charge of technical supervision for Descon.

In 2002 up to now: He has held the positions of Manager of Equipment Department, Manager of Legal and System Department, Head of Finance supervision Department and Manager of General Administration Department in Coteccons.





ORGANIZATIONAL STRUCTURE  
AND HUMAN RESOURCES (cont.)

**BOARD OF MANAGEMENT**

BOM IS LED BY THE CEO. CURRENTLY, THE BOD CHAIRMAN IS ALSO THE CEO OF THE COMPANY. ASSISTING THE CEO ARE 5 DEPUTY CEOS, IN CHARGE OF DIFFERENT AREAS, NAMELY ADMINISTRATION, HUMAN RESOURCES, FINANCE, BUSINESS, DESIGN AND CONSTRUCTION.



**Mr. NGUYEN BA DUONG**

CEO  
(See page 34)

**Mr. TRAN QUANG QUAN**

Deputy CEO  
(See page 35)

**Mr. TRAN QUANG TUAN**

Deputy CEO  
(See page 35)

**Mr. TU DAI PHUC**

Deputy CEO

Year of birth: 1975

Nationality: Vietnamese

He graduated in Architecture Faculty from HCMC University of Architecture. In 1998 - 1999, he worked for Southern Design Company - A.S.C.A. In the next two years, from 1999 - 2001, he was the Architecture Design Team Leader at as Head of Design at VCC Engineering Consultants Joint Stock Company.

Since 2002, he joined Coteccons and has held various positions such as Chief Engineer, Manager of Finishing Department, Assistant to CEO and Business Development Director.

Since March 2014, he has held the position of Deputy General Director of Coteccons.

**Mr. TRAN VAN CHINH**

Deputy CEO

Year of birth: 1959

Nationality: Vietnamese

He graduated in Civil Engineering from Hanoi University of Civil Engineering. In 1981-2007, he worked for the affiliates of Song Da Construction Corporation and experienced different positions such as Director of Enterprise and Director of the Company.

In 2007, he joined Coteccons as Director of Construction Division. In 2009, he was appointed as Deputy General Director, in charge of several projects in the North.

At present, he concurrently holds the position of Chief Representative of Hanoi Office.

**Mr. PHAN HUY VINH**

Deputy CEO

Year of birth: 1972

Nationality: Vietnamese

He holds a University degree in Irrigation Engineering from University of Irrigation.

In 1996 - 2002: He worked as Technical Supervision and then Chief Engineer for No.2 Light Industry Company.

In 2002 - 2008: He worked for Construction Division of Coteccons as Chief Engineer, Division Director and Deputy General Director.

In 2008 - 2015: He was respectively promoted to the positions of Deputy General Director and General Director of Phu Hung Gia Investment Construction JSC (now is Ricons Investment Construction JSC).

He was appointed as Deputy General Director of Coteccons on September 1<sup>st</sup> 2015.



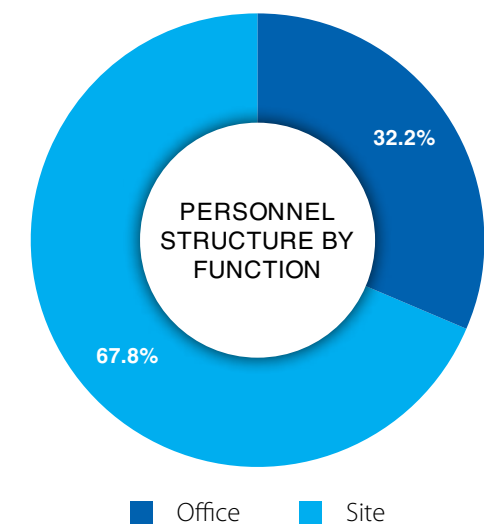
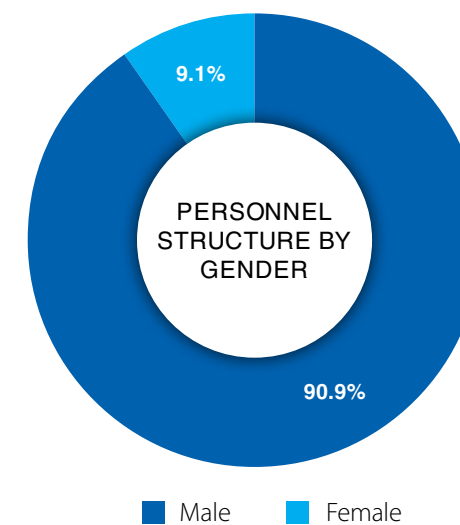
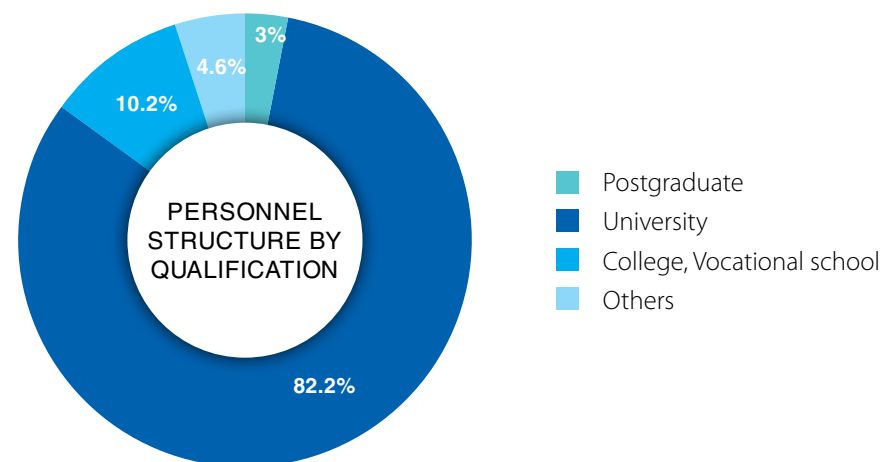
## TOTAL NUMBER OF EMPLOYEES AS OF DECEMBER 31<sup>ST</sup> 2015

SINCE ITS EARLY DAYS OF ESTABLISHMENT, COTECCONS HAS ALWAYS BEEN AWARE THAT HUMAN RESOURCE IS THE KEY FACTOR FOR DEVELOPING AND MAINTAINING ITS LEADING POSITION IN THE MARKET. DURING ITS HISTORY OF ESTABLISHMENT AND DEVELOPMENT, COTECCONS HAS BUILT A PROFESSIONAL AND EXPERIENCED TEAM OF MANAGERS, WHO HAVE INTENSIVE QUALIFICATION AND STRONG DEDICATION TO THE COMPANY'S SUSTAINABLE DEVELOPMENT AHEAD.

**951** EMPLOYEES  
**TOTAL NUMBER OF EMPLOYEES AS OF DECEMBER 31<sup>ST</sup> 2015**

"Human resource is the key to success" - Human resource is the most valuable asset of Coteccons. Priority is always given to the development of a professional team of managers and staff to serve the sustainable development of the Company.

Young labors at the age of 23 - 40 account for the major proportion of the Company's labor structure, up to 90%. At this age, employee's health can meet the requirements of construction sector and ensure the business efficiency of the Company at present and in the future.





## SALARY, BONUS POLICY AND WELFARE SCHEME FOR EMPLOYEES

THE CONTRIBUTION OF EACH MEMBER IS OBJECTIVELY, PROPERLY EVALUATED AND RECOGNIZED. EMPLOYEES ARE ALWAYS GIVEN THE MOST FAVORABLE CONDITION TO PROMOTE THEIR CAPABILITIES. THEREFORE, EACH COTECCONS' STAFF IS ALWAYS AWARE OF THEIR POSITIONS AND RESPONSIBILITIES TO BE SELF-LEARNING, CREATIVE TO ADVANCE IN ALL RESPECTS. PERSONNEL POLICY IS ALWAYS IMPROVED TO ENSURE THE BEST WORKING ENVIRONMENT FOR ALL EMPLOYEES AND ENCOURAGE THEIR ENDURING DEDICATION TO THE COMPANY.



### SALARY AND BONUS POLICY

The salary, bonus policy and welfare regime applied are suitable with the Joint Stock Company model. Accordingly, salary and bonus based on performance evaluation and position.

In addition, in order to encourage the employees to promote their abilities, the Company also developed and issued special bonus policy for teams and individuals with outstanding achievements.

Apart from annual bonus, the Company gives rewards to the individuals and the teams who excellently fulfill their duties in accordance with KPI. Those are honored in the annual summation conference of the Company.

### WELFARE SCHEME

Insurance obligations for employees are fully fulfilled by the Company in accordance with regulations. Moreover, the Company applies special healthcare policy for staff and their family members.

Due to specific nature of its business activities, the Company has suitable allowances for employees working at site such as allowances for project duty, travel allowance, on-site fees and special allowance for projects in remote areas where there are difficulties in travelling and unfavorable working conditions.

In addition, to keep a close connection among individuals as well as to promote the solidarity in Coteccons and among subsidiaries, the Company annually holds inbound and outbound tours, sport movements, culture-sport-beauty programs, charity activities, etc. so that the employees can have chances to meet, exchange and express their concerns together.

In 2015, for the purpose of education encouragement to the employees' children, Coteccons also applied education financing program to the staff in management position and the senior staff who have contributions to the development of the Company.



### RECRUITMENT

The Company builds an official recruitment procedure to employ persons who meet job requirements to ensure a stable and high-quality workforce serving different business operations. Most of the chosen technical laborers graduate from prestigious universities with good and excellent academic achievements.

In addition, the Company prioritizes choosing talented individuals and those who graduate from famous foreign universities or those who have much experience or excellent expertise or who are local or foreign specialists. Currently, the Company has a team with high ethical standards and professional qualifications, contributing to the excellent completion of the Company's business objectives.

### TRAINING

All employed staff attend in an orientation training course where they are introduced about working environment and culture of Coteccons to have an overview about their works and, especially, to have a chance to understand the working environment, the history of establishment and development of the Company, the welfare and bonus schemes to motivate and encourage their permanent attachment and dedication.

organizing internal training courses, on-job training and succession planning. The training activities are always cared for and changed in contents to timely update new knowledge, experiences, and advanced management methods.

In orientation training courses, new engineers will get basic training about working safety on site, construction equipment of Coteccons, learn about construction method for some RC structures, completion construction, and M&E and construction coordination.

Coteccons Potential Leader Club with 200 members held monthly enables the team of successors and the management levels to attend in many training courses about management skills to enhance their administration capability.

The Company pays high attention to professional knowledge training for each department and division as well as soft skill training for the staff in management positions and team of successors. Training activities are conducted in a flexible manner, for examples, inviting Vietnamese and foreign lecturers who have intensive experiences in each field, assigning employees to attend short-term and long-term training courses and

In 2015, Coteccons signed strategic cooperation agreements with several universities such as HCMC University of Technology, HCMC University of Architecture, Hanoi University of Civil Engineering, and Hanoi University of Science and Technology in form of scholarship programs in order to support the students with internships and opportunities to learn soft skills and to share experiences and professional knowledge according to development requirements of Coteccons and the students. With these cooperation programs, Coteccons will prioritize employing the students with good and excellent academic achievements.



CONQUER THE GOALS BY  
**IMPRESSIVE  
FIGURES**



GOLDMARK CITY - HA NOI

➤ **REPORT ON BUSINESS PERFORMANCE IN 2015**



## REPORT OF THE BOARD OF SUPERVISORS

THE ECONOMY OF VIETNAM GAINED A BETTER GROWTH IN 2015 AND ENTERPRISES OPERATING IN CONSTRUCTION INDUSTRY WERE CLEARLY DIFFERENTIATED ACCORDING TO EACH REAL ESTATE MARKET SEGMENT. HOWEVER, MOST OF THE ENTERPRISES HAVE NOT OVERCOME DIFFICULTIES IN CAPITAL SOURCE AND BAD DEBT. THANKS TO THE EFFECTIVE IMPROVEMENT IN BUSINESS EXECUTION OF THE BOARD OF MANAGEMENT, COTECCONS COMPLETED AND EXCEEDED OUR REVENUE AND PROFIT TARGETS.

### ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2015

Held meetings to assess the financial and accounting activities, the business results and the management and governance of the Company in each quarter of the year 2015.

Monitored the implementation of the Resolutions of the Annual General Meeting in 2015.

Closely coordinated with BOD and BOM in the execution of all activities of the Company to ensure the compliance with laws and the Company's Charter.

### EVALUATION OF BUSINESS PERFORMANCE IN 2015

BOS agreed with the figures on the business results in 2015 which were reported by BOD in the Annual General Meeting and the financial statements for the year 2015 which were audited by Ernst & Young Vietnam Limited as specified below:



Items (billion VND)	Implemented in 2014	Planned for 2015	Implemented in 2015	Completion percentage	Increase/ (Decrease) compared with 2014
<b>Seperate financial statements</b>					
Coteccons' net revenue	5,700		11,517	N/A	102%
Cost of goods sold	5,255		10,608	N/A	102%
Financial activities income	113		119	N/A	5%
Coteccons' profit after tax	295		595	N/A	102%
<b>Consolidated financial statements</b>					
Consolidated revenue	7,634	9,200	13,669	149%	79%
Consolidated cost of goods sold	7,078		12,557	N/A	77%
Consolidated profit after tax attributable to Shareholders of the Parent company	327	400	666	167%	103%
Dividend	50%	30%	(*)		

(\*) In 2015, the Company has not paid dividend of 2015 for the shareholders.

The economy of Vietnam gained a better growth in 2015 and enterprises operating in construction industry were clearly differentiated according to each real estate market segment. However, most of the enterprises have not overcome difficulties in capital source and bad debt. Thanks to the effective improvement in business execution of the Board of Management, Coteccons completed and exceeded our revenue and profit targets. Consolidated revenue in 2015 reached

VND13,669 billion, exceeding the plan by 49% and increasing by 79% compared with that in 2014; profit after tax of the Parent company in 2015 was VND666 billion, increasing by 103% compared with that in 2014 and exceeding the plan by 67%.

The Company also well controlled cost of goods sold and other expenses to keep the same increase rate of revenue.

### FINANCIAL RATIOS

No.	Items	Unit	2014	2015
<b>I PROFIT RATE</b>				
1	Gross profit margin	%	7.3%	8.1%
2	Operating profit margin/Revenue	%	4.5%	5.5%
3	EBIT/Revenue	%	6.1%	6.8%
4	EBIT/Owner's equity	%	17.1%	28.6%
5	EBIT /Total assets	%	9.2%	11.9%
<b>II RETURN ON ASSETS</b>				
1	Average inventory turnover period	day	13	19
2	Average collection period	day	101	64
3	Average payment period	day	51	43
4	Average working capital turnover period	day	84	46
<b>III SOLVENCY</b>				
1	Quick solvency	time	1.7	1.4
2	Instant solvency	time	1.6	1.2
3	Degree of financial leverage	%	44%	59%

The items of profit rate in 2015 showed inconsiderable changes in comparison with those in 2014.

The items of return on assets in 2015 were improved compared with those in 2014 with the increase in working capital turnover.

As for the items of solvency, the Company guarantees high liquidity.







### CONTROL RISKS IN BUSINESS OPERATIONS

Total cash, short-term financial investments and current receivables are much higher than the total of current liabilities. This shows that the Company has high liquidity.

Items (billion VND)	Financial statements of Parent company	Consolidated financial statements
Cash and cash equivalents	1,211	1,462
Short-term financial investments	800	928
Current receivables	2,119	2,609
<b>Total</b>	<b>4,130</b>	<b>4,999</b>
<b>Total liabilities</b>	<b>3,880</b>	<b>4,559</b>

The Company has made provision for bad receivables and provision for devaluation of inventories for Works in compliance with the applicable accounting principles and regulations on making provision.

#### Accumulation as of December 31<sup>st</sup> 2015 according to the Parent company's statements:

Provision for bad receivables: VND312.7 billion

#### Provision for defect liability of the Works already handed over:

Total provisions at the end of 2015: VND71.5 billion

Total provisions in the end of 2014: VND62.5 billion

Reversal of provision in 2015: VND26.3 billion

The income of 2015 is twice as much as that of 2014 and the net cash flow from operating activities in 2015 (i.e. VND1,229 billion) is more than that in 2014 (i.e. VND131 billion).

DEVELOPMENT IN INFRASTRUCTURE CONSTRUCTION AND DESIGN & BUILD MODEL IS NECESSARY FOR COTECCONS' LONG-TERM GROWTH. HOWEVER, COTECCONS DOES NOT HAVE MUCH EXPERIENCE IN THE INFRASTRUCTURE FIELD; THUS, BOM HAS TO APPLY CLOSE MANAGEMENT SOLUTIONS AS WELL AS SUSTAINABLE DEVELOPMENT PLAN TO AVOID RISKS.

### EVALUATION ON IMPLEMENTATION OF THE AGM RESOLUTIONS

Implementing the Resolutions of the AGM, the Company selected Ernst & Young Vietnam Limited the independent auditor of financial statements for the year 2015. The Company fully complied with the current Vietnamese accounting standards and system and fully makes financial statements for each quarter to ensure authenticity and reasonableness.

The remuneration for BOD and BOS in 2015 is equal to 0.5% of the profit after tax attributable to Shareholders of the Parent company in 2015. During the year, the Company made account entry for the remuneration with value of VND3.33 billion, equivalent to 0.5% of profit after tax attributable to Shareholders of the Parent company, in which an amount of VND2,398,400,000 were paid to BOD and BOS.

The bonus for BOM has not been implemented and will be submitted to the AGM for approval in this Annual General Meeting.

### RECOMMENDATIONS

In 2015, the real estate market showed signals of recovery while the economy of Vietnam still faced many difficulties. In such situation, all employees in general and BOM in particular have made remarkable efforts to excel the business results in terms of revenue and profit. BOM has to find proper solutions to keep this continuous growth in the following years.

The real estate market had positive changes in 2015. However, the supply source was still higher than the demands of the market; the inventory still outnumbered. Therefore, the development of real estate market is still risky. BOM should pay attention and take appropriate solutions to manage risks related to bad debts or deferred payment.

Development in infrastructure construction and Design & Build model is necessary for Coteccons' long-term growth. However, Coteccons does not have much experience in the infrastructure field; thus, BOM has to apply close management solutions as well as sustainable development plan to avoid risks.

It is essential to enforce activities of debt collection, especially the bad debts for which provisions have been made, avoiding effects on the debt recovery with regard to other Clients.

It is required to issue documented regulations on management and use of Investment and development fund and finance reserve fund to increase the effectiveness.





## REPORT OF THE BOARD OF DIRECTORS

YEAR 2015 HAS ENDED. COTECCONS' BUSINESS ACTIVITIES HAVE BEEN DEPICTED QUITE CLEARLY THROUGH ITS IMPRESSIVE BUSINESS RESULTS. WITH THE RIGHT DEVELOPMENT ORIENTATION BEING FOCUSED ON CORE BUSINESS ACTIVITIES, THE COMPANY'S CONSTRUCTION ACTIVITIES HAVE EARNED ITS PLACE IN THE MARKET. THE FURTHER ENHANCEMENT IN DESIGN ABILITIES TO PERFORM D&B AND THE INCREASE IN ITS OWNERSHIP IN UNICONS UP TO 100% IS A WORLD-CLASS CONTRACTOR'S STRATEGIC MOVE, LAYING THE FOUNDATION FOR BREAKTHROUGHS IN THE FOLLOWING YEARS.

### REPORT OF BOD IN THE IMPLEMENTATION OF AGM RESOLUTIONS

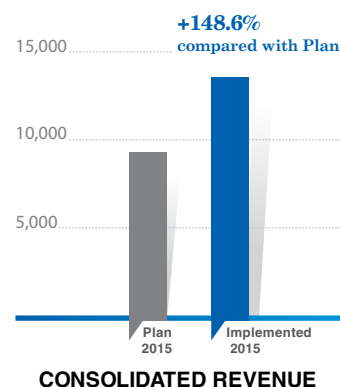
With the purpose to increase revenue by at least 20% compared with the previous year, BOD has closely followed up, step-by-step executed business plan and exceeded the targets approved in AGM. The structure of Coteccons, subsidiaries and associated companies is continuously strengthened, working more effectively and bringing more benefits to Coteccons and its

related parties (including Clients, Shareholders, Suppliers, workers and a few related social organizations).

#### FINANCIAL INDICATORS

Total assets as of December 31<sup>st</sup> 2015 were VND 7,815 billion, increased by 61% compared to 2014. Consolidated revenue reached VND13,669 billion and profit after tax attributable to Parent company's Shareholders reached VND666 billion, exceeding the plan approved in AGM by 48.6% and 66.5% respectively and increased by 79.1% and 103.5% compared with 2014. With this spectacular breakthrough, Coteccons further confirms its position as the leading construction company in Vietnam.

Items	Planned in 2015 (billion VND)	Implemented in 2015 (billion VND)	Plan Completion percentage
Consolidated revenue	9,200	13,669	148.6%
Profit after tax attributable to Shareholders of the Parent company	400	666	166.5%



CONSOLIDATED REVENUE

#### INCREASING OWNERSHIP PERCENTAGE OF COTECCONS IN UNICONS

Stock swap to increase the ownership percentage of Coteccons at Unicons up to 100% according to 2015 AGM Resolution held in December 2015 has been completed.

This has helped Coteccons to own a contractor with revenue of VND4,000 billion, with strong financial capabilities and skilled workforce of around 700 employees. As a result, construction ability has been enhanced to meet the increasing demand from investors upon the recovery of real estate market and the increasing trend of industrial construction as Vietnam participates in many agreements with many countries in the world, TPP Agreement being one of them.

**13.669** BILLION VND

CONSOLIDATED REVENUE IN 2015

#### POLICY ON SHARE ISSUANCE TO THE EMPLOYEES

According to the AGM Resolution, BOD has approved the Resolution and successfully completed ESOP. This was a practical and timely policy to encourage the loyalty of key employees, motivating further contributions to the development of the Company. Details of the issuance are as follows:

- » Number of issued shares : 1,053,000 shares.
- » Issue price : VND35,000/share.
- » Number of key employees participating in the issuance : 119 employees.
- » Trading restriction : 3 years from August 5<sup>th</sup> 2015.

#### CORPORATE GOVERNANCE AND SUB-BOARD ACTIVITIES

During the year, BOD has fulfilled its duties as a supervisor of the BOM's activities through providing opinions and approving transactions of high value, investment activities and a few decisions on appointment of high-ranking personnel.

BOD frequently evaluated business risk, reviewed and required BOM to apply risk mitigation methods, especially for financial risk. Financial Monitoring Committee reviewed and limited bad debts periodically in accordance to the BOD's guidelines, reported and proposed the solution to BOD.

Remuneration Committee has held a meeting and decided on ESOP during the year, ensuring appropriate remuneration level based on the contribution of key employees.

Investor Relation Committee carried out the BOD's duties in maintaining investor relation activities, enhancing contact with investment funds, security companies and financial institution to exchange and update information on time in an effective way. Investor Relation Committee also performed information disclosure in accordance to the regulations of State Securities Commission and Ho Chi Minh City Stock Exchange.

**666** BILLION VND  
PROFIT AFTER TAX  
ATTRIBUTABLE TO  
SHAREHOLDERS OF THE  
PARENT COMPANY

**1,053,000**  
SHARES  
ISSUED TO THE  
COMPANY'S STAFF





## BOD'S SUPERVISION REPORT ON BOM'S PERFORMANCE

**WITH 2015 BUSINESS RESULT, BOM HAS SUCCESSFULLY CARRIED OUT THE TARGETS SET IN 2015 AGM, ASSURING AND ENHANCING SHAREHOLDERS' BENEFITS ALONG WITH THE BUSINESS RESULT.**

With 2015 business result, BOM has successfully carried out the targets set in 2015 AGM, assuring and enhancing shareholders' benefits along with the business result. Some BOM's activities which are highly regarded by BOD during the year include:

### ORGANIZATIONAL STRUCTURE AND WORKFORCE TRAINING

BOM includes CEO and 05 (five) Deputy CEOs. BOM fulfills the rights and duties in accordance with the Company's Charter and the applicable legal regulations. There is clear segregation of duties in work management.

BOM holds weekly meetings with managers, rotates employees of Construction Division, Project Management Team and other departments within the Company on a timely basis to optimize the Company's organization structure to enhance work efficiency.

BOM has also recruited, trained, and developed a mature workforce, being able to handle increasingly complicated technical work. Total workforce increased by 48% compared to previous year.

### EXPANDING CLIENT NETWORK AND ENHANCING D&B CAPABILITY

Building the Client's trust, Coteccons continues to express its prestigious brand name through high quality products, safe construction works, and timely completion. Coteccons' participation in each project brings peace of mind to the investors and owners, which is our greatest pride throughout our establishment and development process.

Former Clients continuously entrust us with many new projects and many new clients come to Coteccons for the above reasons. 2015 typical industrial projects were Regina factory, Worldon factory, First Team factory, Lu Thai factory, etc. For condominium projects, there were many large-scale projects including Vinhomes Central Park, Times City Park Hill – Vingroup, Gold View, Gold Mark City, Trang An Complex, Commercial Center of Sala – Dai Quang Minh, Vinh Hung – T&T, etc.

D&B model combining with general contractor capability is Coteccons' strength as it brings certain benefits to the investors in terms of reduction in expenses and construction time, gaining the Client's trust hence being entrusted with future projects.

### ENHANCING MANAGEMENT TRANSPARENCY FOR PROFIT INCREMENT PURPOSE

There have been significant improvements in management activities of BOM, which include setting up a rigorous and clear financial control system, minimizing construction costs and maximizing profit. 2015 gross profit improved considerably compared to 2014, from 7.3% to 8.1%.

At the same time, BOM has also built up transparent and win-win relationships with Subcontractors and Suppliers.

It has also provided accurate information about business activities on time. All signed contracts are updated on the Company's website. Quarterly business performance is fully disclosed in a timely manner in accordance with the regulations.

**WITH A STRONG SENSE OF RESPONSIBILITIES, BOM MEMBERS HAVE FULFILLED THE TARGETS SET IN THE ANNUAL GENERAL MEETING, WHICH ARE FOCUSING ON THE CORE BUSINESS AND PROMOTING STRENGTHS IN THE CONSTRUCTION CAPABILITY TO PUSH UP REVENUE AND PROFIT AND ACHIEVE THE BUSINESS PLAN OF THE YEAR.**



## BOD'S STRATEGIC DIRECTION

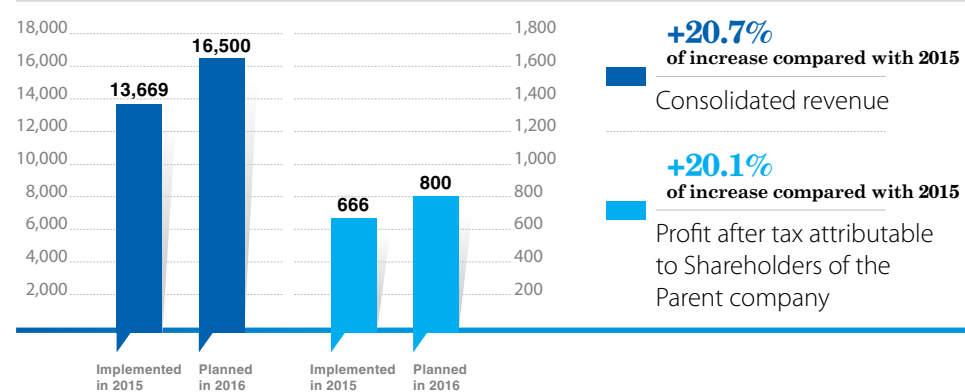
Based on the potential challenges and opportunities in 2016, here are some of the factors that BOD believes that they can affect the business plan:

- » The world's economy has not shown positive signals as China might enter a period of economic slowdown, oil price remained low and political instability in some areas might affect Vietnam's financial market and price level.
- » Macroeconomic factors that relate to construction sector including improved-but-not-yet-increased GDP growth, uncertainties in the development of real estate market, possible adjustments in bank credit policies, possible devaluation in Vietnam Dong and impacts of trade agreements that Vietnam participated will affect the construction industry and Coteccons Works.
- » Nevertheless, Coteccons has built up its credibility, proving its brand and construction capabilities from combining construction companies as a group hence it can handle many projects of large scale. Additionally, D&B ability is a competitive advantage that no other contractor has.

### BUSINESS PLAN IN 2016

Items	Implemented in 2015	Planned in 2016	Percentage of increase compared with 2015
Consolidated revenue	13,669	16,500	20.7%
Profit after tax attributable to Shareholders of the Parent company	666	800	20.1%

Unit: billion VND



BASED ON 2015 BUSINESS RESULT AND VALUE OF CONTRACTS SIGNED AND EVALUATION OF MACROECONOMIC FACTORS, BOARD OF DIRECTORS HAS PROPOSED 2016 BUSINESS PLAN AS FOLLOWS:

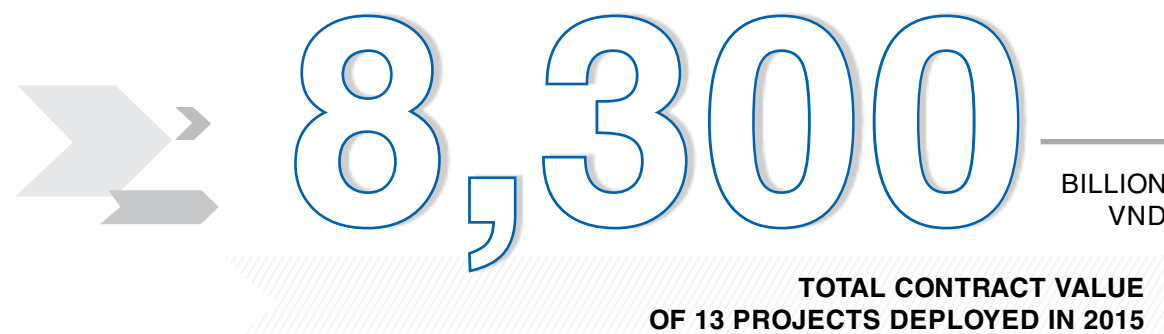




## REPORT OF THE BOARD OF MANAGEMENT

BOM AND THE WHOLE STAFF HAVE EXCELLENTLY COMPLETED THE BUSINESS PLAN IN 2015, EXCEEDING THE TARGETS OF REVENUE AND PROFIT ASSIGNED BY AGM. REVENUE AND PROFIT RESPECTIVELY REACHED 148.6% AND 166.5% OF THE PLAN. PERSONNEL ORGANIZATION WAS TIMELY CONSOLIDATED. TRAINING ACTIVITIES WERE PROMOTED AND PERSONNEL ARRANGEMENT WAS DONE TIMELY AND PROPERLY. THEREFORE, LABOR EFFECTIVENESS WAS REMARKABLY IMPROVED.

D&B MODEL WAS STRONGLY DEPLOYED, BRINGING MANY CONTRACTS WITH BIG VALUE FOR THE COMPANY. 13 D&B PROJECTS HAVE BEEN COMMENCED IN 2015 (COMPARED WITH 8 PROJECTS IN 2014) AND BROUGHT TOTAL CONTRACT VALUE OF MORE THAN VND8,300 BILLION. D&B MODEL OF COTECCONS HAS REALLY AFFIRMED ITS SUCCESS IN THE MARKET AND WAS RECOGNIZED AND CHOSEN BY THE INVESTORS.



### EVALUATION ON GENERAL MANAGEMENT IN 2015

In the last months of 2015, the BOM members were changed to timely meet the needs of site management effectiveness for the whole Company. With fast deployment in number and scale of projects from the third quarter of 2015, BOM submitted to BOD for approval on appointment of Mr. Phan Huy Vinh as Deputy CEO in charge of large-scale projects invested by T&T, Phuc Khang, etc.

BOM has achieved good results in the implementation of the Resolutions of AGM as well as financial management and management of receivables. The management of business and production activities of Construction Division, especially as for Mega projects and the management of functional departments and divisions were done strictly and effectively through weekly meetings with the Company's leaders.

Hanoi Office continued to be arranged and managed simply and effectively, contributing to complete and exceed the business targets of the Company.



### OPERATIONAL STRUCTURE AND TEAM OF MANAGERS

In 2015, BOM focused to improve operational structure with proper arrangement of personnel for managing positions and site managers. Performance efficiency of the Company and subsidiaries was considerably improved. In 2015, with 48% of increase in number of employees, the Company created increases of 80% of revenue and over 100% of profit after tax compared with those in 2014.

The departments and divisions newly established in 2015 included Interior Decoration Department, Board of Finance, Board of Assistants, and Board of R&D. Board of Safety and Board of Security was also separated with independent operations to timely meet the Company's development speed during the last year.

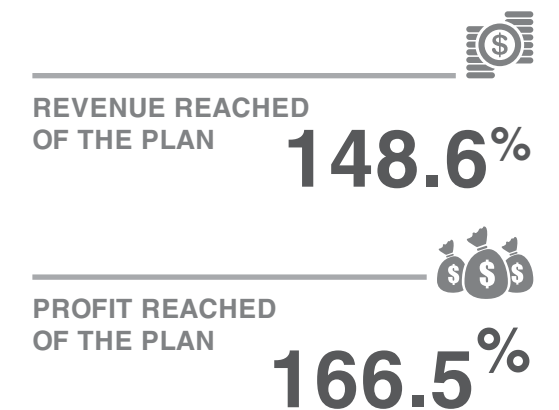
The Company's high quality staff is increasingly consolidated and improved more and more to undertake the projects which are more complicated in technique and larger in scale in 2015 and in future.

Besides, the Company focused on employing new staff who comes from the leading universities in the country. Coteccons signed agreements on comprehensive cooperation and offering scholarships to the students with good and excellent academic results of HCMC University of Technology, HCMC University of Architecture, Hanoi University of Civil Engineering, and Hanoi University of Science and Technology.

### DEVELOPING RANGE OF CLIENTS AND PARTNERS

The Company successfully maintained trust with Clients and Investors, especially Chinese Investors. The Investors of Regina, Worldon, First Team, Lu Thai, Lee & Man, etc. projects have always entrusted Coteccons to continue implementing their projects on extension and new construction of garment and textile factories.

In the field of housing, commercial center, hotel, etc., the Company continued maintaining and widening good relationships with the famous Investors such as Thao Dien, Vingroup, etc. as well as developing cooperation with T&T, Dai Quang Minh, etc.





# REPORT OF THE BOARD OF MANAGEMENT (cont.)

## INCOME STATEMENT

Year/Items (Billion VND)	2011	2012	2013	2014	2015	Average increase
<b>INCOME</b>						
Revenue	4,510	4,477	6,190	7,634	13,669	35%
Profit before tax	283	300	393	464	927	39%
Profit after tax	211	219	280	357	733	41%
Profit attributable to Shareholders of the Parent company	211	219	257	327	666	38%
<b>INCOME OF SHAREHOLDERS</b>						
Earnings per share	6,812	5,596	6,103	7,769	14,770	27%
Dividend in cash (% of share capital)	20%	20%	20%	50%	30% <sup>(*)</sup>	28%

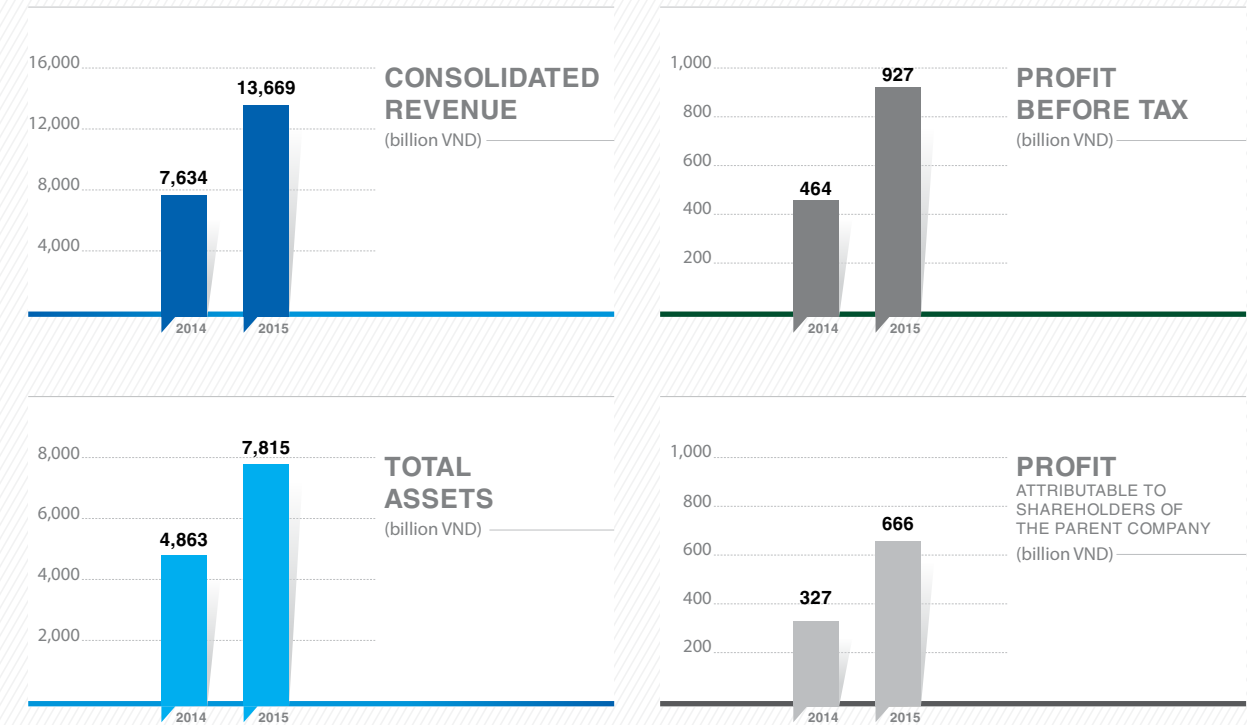
(\*) Dividend of 2015 has not been paid. This is the temporary amount as per Resolution of AGM April, 14<sup>th</sup> 2015.

## BALANCE SHEET

Year/Items (Billion VND)	2011	2012	2013	2014	2015	Average increase
<b>Total assets</b>	<b>2,459</b>	<b>3,613</b>	<b>4,552</b>	<b>4,863</b>	<b>7,815</b>	<b>35%</b>
» Current assets	1,786	3,048	3,996	3,658	6,486	43%
» Long-term assets	673	565	556	1,205	1,329	27%
<b>Liabilities and owner's equity</b>	<b>2,459</b>	<b>3,613</b>	<b>4,552</b>	<b>4,863</b>	<b>7,815</b>	<b>35%</b>
» Liabilities	1,021	1,535	2,084	2,154	4,572	50%
» Owner's equity	1,438	2,078	2,468	2,709	3,243	23%

## CASH FLOW STATEMENT

Year/Items (Billion VND)	2011	2012	2013	2014	2015
Cash flows from operating activities	(115)	442	368	131	1,229
Cash flows from investing activities	89	(445)	(343)	(209)	(115)
Cash flows from financing activities	(12)	432	(89)	(72)	(121)
Net cash flow	(38)	430	(63)	(150)	992
Balance of cash and cash equivalents	252	682	619	469	1,442



## FINANCIAL INDICATORS

Year/ Key indicators (%)	2011	2012	2013	2014	2015
<b>PROFIT RATIOS</b>					
Gross margin/Revenue	7.7%	7.2%	7.5%	7.3%	8.1%
EBIT/ Revenue	5.1%	4.5%	4.0%	4.5%	5.5%
EBITDA/ Revenue	6.0%	5.3%	4.6%	4.9%	5.8%
Profit before tax/ Revenue	6.3%	6.7%	6.4%	6.1%	6.8%
Profit after tax/ Revenue	4.7%	4.9%	4.5%	4.7%	5.4%
ROAA (EBIT/Average total assets)	10.2%	6.6%	6.1%	7.2%	11.8%
ROEA (Profit attributable to the Shareholders of parent company/Average owner's equity)	15.6%	12.4%	11.3%	12.6%	22.4%
<b>LIQUIDITY</b>					
Current ratio	174.7%	198.5%	191.8%	168.8%	141.6%
Quick ratio	138.3%	174.6%	184.0%	150.9%	109.8%
<b>FINANCIAL LEVERAGE</b>					
Liabilities/Owner's equity	71.1%	73.9%	84.4%	79.5%	141.0%
Debt/Owner's equity	0.0%	0.0%	0.0%	0.0%	0.0%
Total assets/Owner's equity	171.0%	173.9%	184.4%	179.5%	240.8%
(Cash + Current investments)/Total assets	10.4%	33.1%	36.8%	22.6%	30.6%

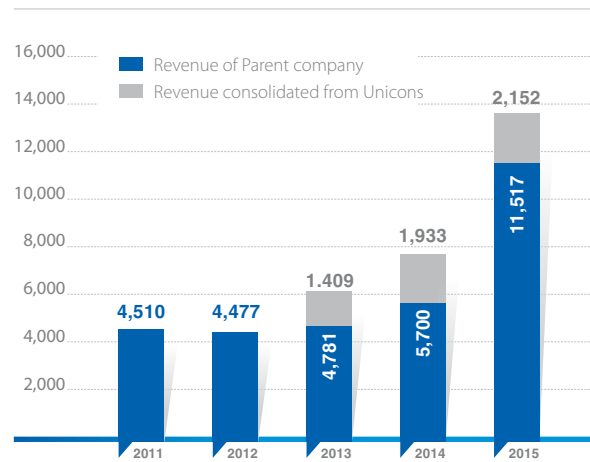


# REPORT OF THE BOARD OF MANAGEMENT (cont.)

## REVENUE GROWTH

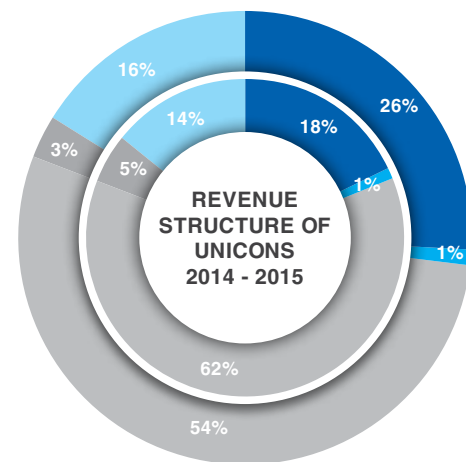
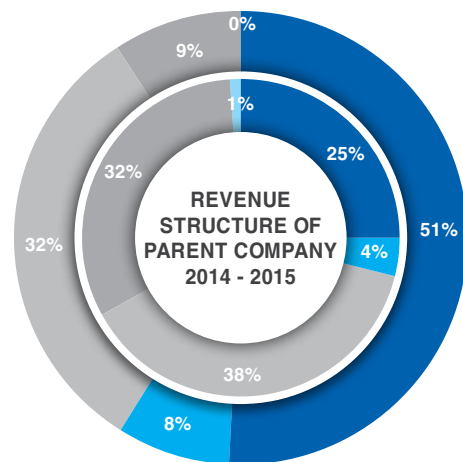
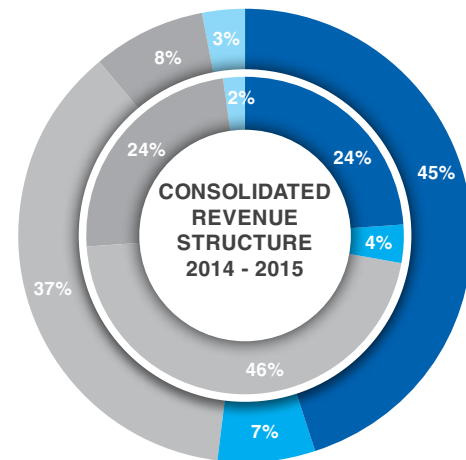
The consolidated revenue in 2015 reached VND13,669 billion, exceeding by 48.6% of the plan. In which, the Parent company contributed 84%, equivalent to VND11,517 billion; Unicons contributed 16%, equivalent to VND2,152 billion.

The revenue growth rate after consolidation was 79.1%, an impressive increase. It was seven times higher than the general growth rate of construction industry in 2015, i.e. 11.4%. This breakthrough showed the sensitive of the leaders in catching opportunities in the market and the non-stop efforts of the whole staff of Coteccons.



## REVENUE STRUCTURE BY PROJECT FORM

Since the middle of 2014 to the present, structure of construction revenue has been changed. The proportion of civil engineering segment has increased while the real estate market has nearly recovered. More large-scale projects requiring high technique – aesthetics appear and Coteccons is proving its position as the reliable contractor to conduct these projects. Besides the increase in proportion of civil engineering, Coteccons continues looking for industrial construction projects to maintain and increase revenue. Industrial construction segment accounts for high proportion in the revenue structure of Parent company and Unicons. Industrial construction projects usually have faster execution and capital turnover.

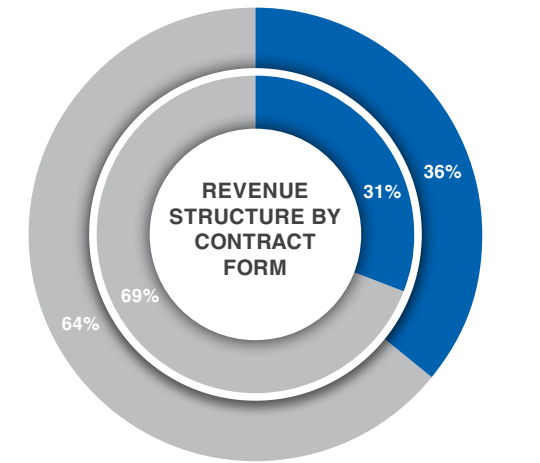


Note:  
Inside circle: 2014  
Outside circle: 2015

■ Condominium ■ Hotel and resort ■ Industrial Work ■ Commercial Work ■ Others

## REVENUE STRUCTURE BY CONTRACT FORM

Deployed in 2013-2014, D&B model now is an effective operating form of Coteccons. Be the pioneer in D&B implementation in Vietnam, Coteccons has learnt many experiences and is increasingly completed this model to bring more and more benefits for the Investors. Compared to 2014, the revenue from D&B projects in 2015 increased by 5%, accounting for 36% of total revenue of the Company.

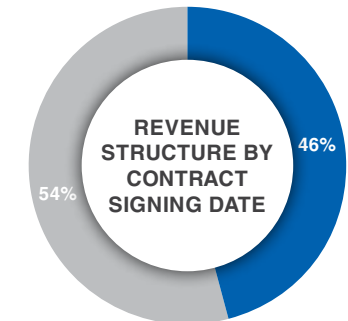


Note:  
Inside circle: 2014  
Outside circle: 2015

■ D&B ■ Tender

## REVENUE STRUCTURE BY CONTRACT SIGNING DATE

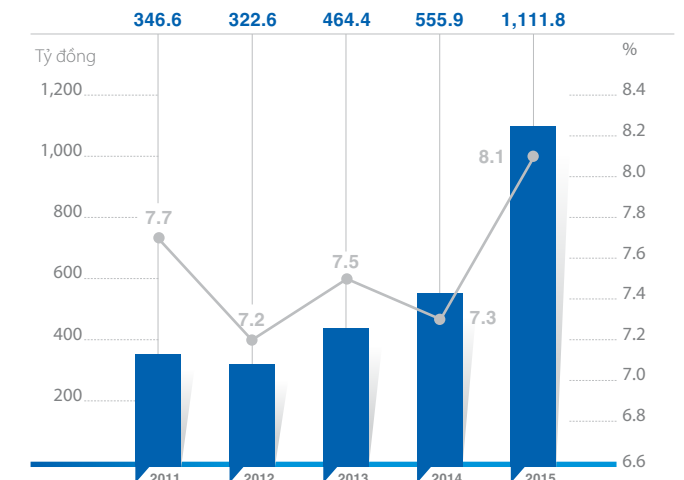
■ Revenue from contracts signed in 2015  
■ Revenue from contracts forwarded from previous year



## PROFIT RATE

Not only increasing in revenue, the Company also improved profit rate in 2015, reaching 8.1% compared to 2014, i.e. 7.3%. Therefore, gross profit of the Company was doubled, from VND555.9 billion in 2014 up to VND1,111.8 billion in 2015. This shows the effectiveness of D&B model and the ability of supply chain management to optimize expenses and partly thanks to the recovery of real estate market. This positive change once again affirms the leading position of Coteccons and is the premise for the Company's development in the following years.

■ Gross profit ● Rate of gross profit





# REPORT OF THE BOARD OF MANAGEMENT (cont.)

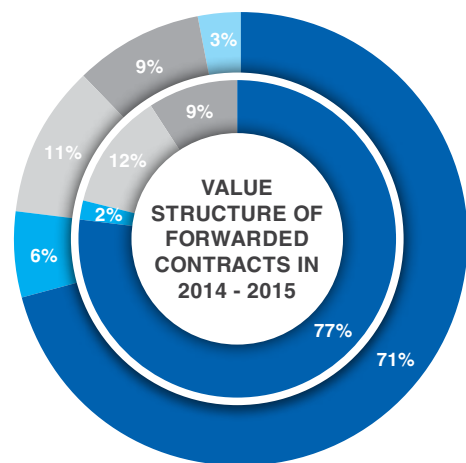
## VALUE OF FORWARDED CONTRACTS

Statistically, the value of construction contracts forwarded to the following year is around VND15,100 billion (including contracts of Unicons). Based on the progress of these contracts, an amount of VND11,000 billion will be made and recorded in 2016 and the remaining amount of VND4,100 billion will be made and recorded in 2017.

The value of contracts signed and forwarded from 2015 is two times more than the value of forwarded contracts in the same period of previous year. This is a basis for the BOM to plan and propose business plan in 2016.

In the above-mentioned contracts, housing works (condominiums and low-rise housing) is still occupied a high proportion of 71% of total contract value. Details of construction forms are as follows:

Structure of work types in the contracts forwarded to the following years.



■ Condominium ■ Hotel and resort ■ Industrial Work  
■ Commercial Work ■ Others

Notes:

Inside circle: Value structure of contracts signed in 2014 and forwarded to 2015  
 Outside circle: Value structure of contracts signed in 2015 and forwarded to 2016

Large-scale projects signed in 2015 were as follows: Civil engineering projects included Gold View valued at VND2,700 billion, Gold Mark City with contract value of VND1,800 billion, and Vinhomes Central Park (packages) with contract value of VND3,500 billion. Industrial works included Regina Hai Phong with contract value of VND 2,200 billion, Worldon – Phase 2 with contract value of VND1,500 billion, etc.



## ASSET STRUCTURE

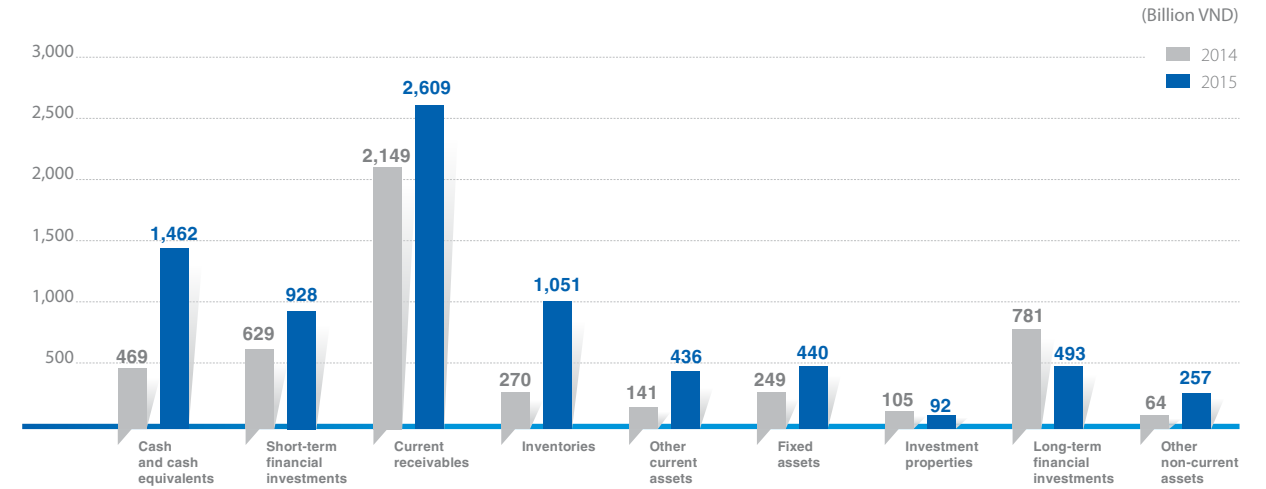
Along with the great strides in revenue and profit, total assets increased remarkably in 2015, reaching VND7,815 billion, increasing by 61% compared with that in 2014 (see the chart below). Despite of rapid growth, the Company's assets kept a good liquidity. Current assets were VND6,486 billion, accounting for 83% of total assets. Cash and short-term investments (bank deposits) reached VND2,390 billion, occupying 31% of total assets. A large amount of cash creates a firm foundation for the Company's advantages in bidding and facilitates the Company in procurement of construction equipment and catching investment opportunities.

The increase in current assets is mainly thanks to the increase in cash and cash equivalents and inventories since the Company signed many big contracts in the third and fourth quarter of 2015 and received advances for some projects. The inventories in 2015 were increased since there were many projects commenced in the end of 2015 while, in the end of 2014, there were many completed projects, of which the revenue and costs were recorded.

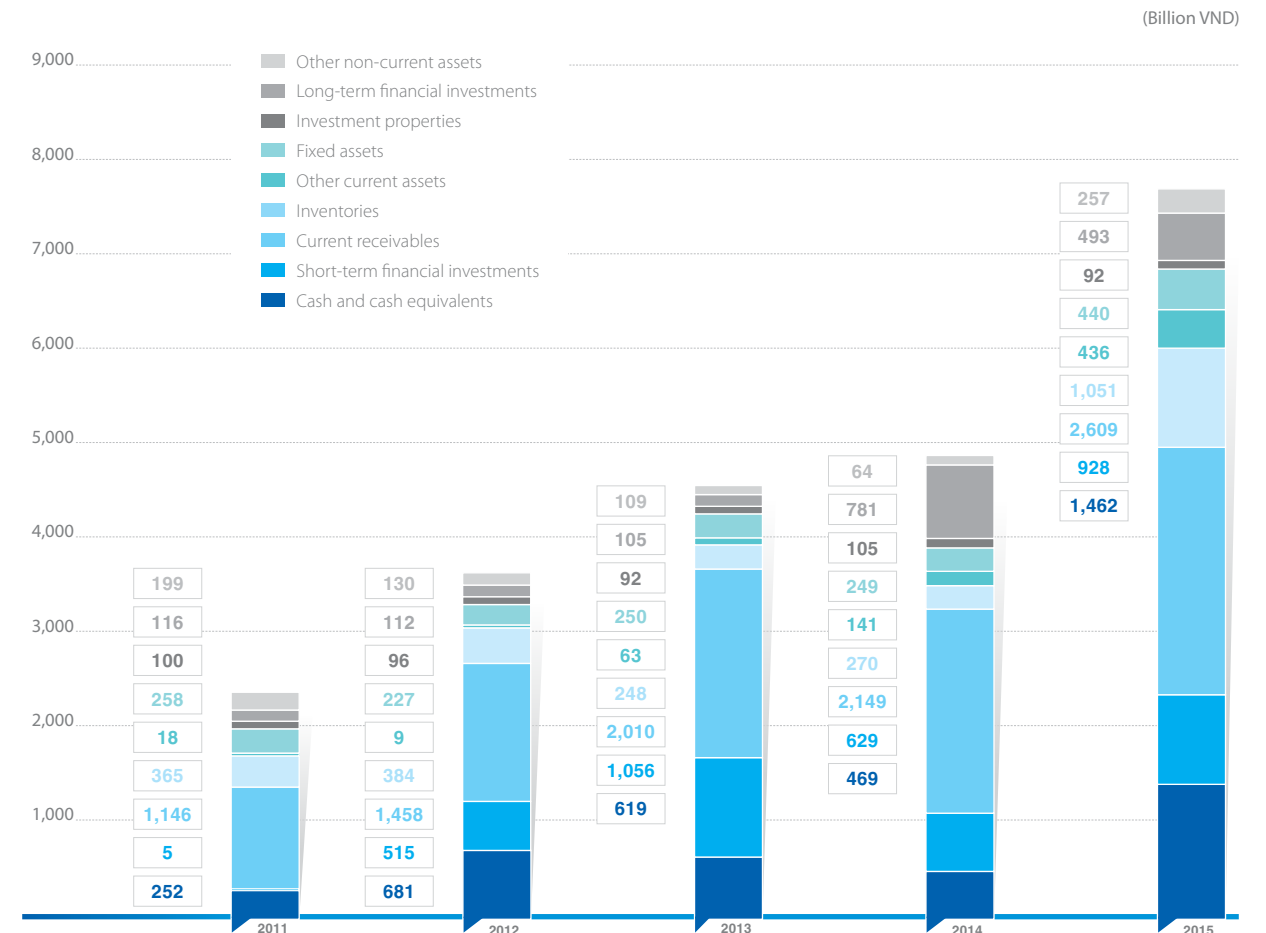
The increase in current assets is because of the increase in receivables and other current assets. However, the growth rate of 22% in receivables is safe in comparison with the growth rate of 79% in revenue in 2015. Other current assets increased by VND297 billion mainly due to the increase in deducted value added tax (During the year, the Company obtained many packages from export processing companies with output VAT of 0%, leading to increases in input VAT and deducted VAT).

Total long-term assets accounted for 17% of total assets and there was no much change between the current year and the previous year. Fixed assets increased due to increase in machinery and equipment and long-term financial investment decreased due to transferring to short-term investment.

## ASSET STRUCTURE



## ASSET STRUCTURE

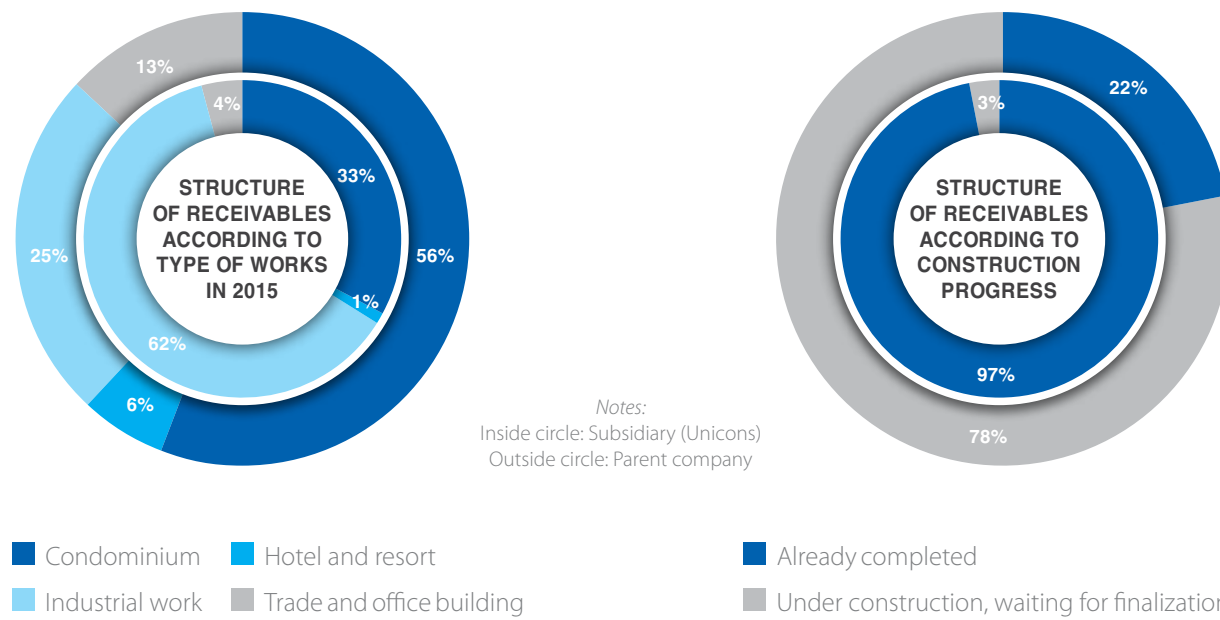






### RECEIVABLES

Structure of receivables according to type of Works and construction progress are as follows:



Thanks to choosing prestigious Investors with good financial competence, closely handling settlement progress of Clients, focusing on debt recovery and positively finding solutions to recover deferred payments, the situation of the Company's receivables during the year were considerably improved. Average period of debt recovery in 2014 was **101 days** while this number in 2015 was **64 days**.

Most of the receivables came from the contracts under execution, waiting for finalization, or the retention of completed works.

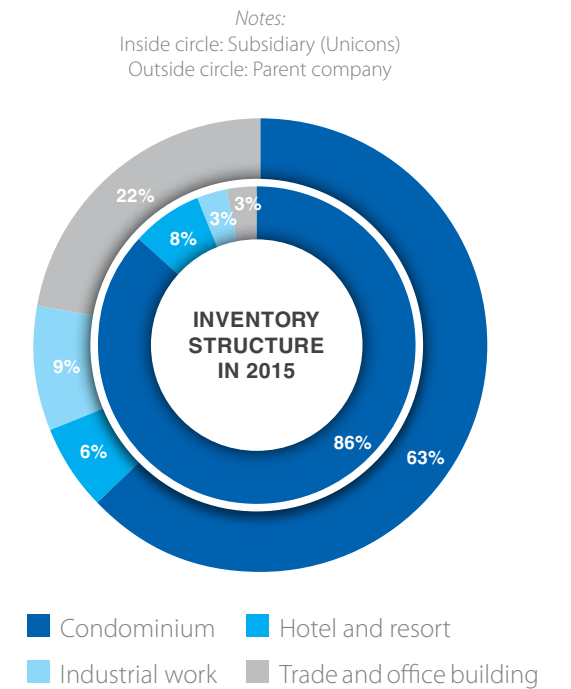
Risk assessment and provisions for bad debts have been done sufficiently as regulated.

Structure of receivables of construction segments was corresponding to the contribution rate to revenue of each segment. This showed no much different in debt recovery among types of construction works.

### INVENTORY

Inventories are mainly the value of works under construction at sites. Timely preparation of bill of quantities is one of the criteria to evaluate the Site Management Unit of projects. The Board of Finance, Financial – Accounting Department, and Financial Monitoring Department closely follow up and strictly promote acceptance of weekly and monthly bill of quantities, depending on contract requirements on temporary bill of quantities to avoid shortage of bill of quantities for acceptance of completed works. The inventory in 2015 was valued at VND1,051 billion, increasing by 290% compared with that in 2014 because December 31<sup>st</sup> 2015 was not the time to accept temporary bill of quantities of some works (they will be accepted in the early or in the middle of January 2016 as stipulated in contract).

100% of value of inventory is the works under construction or waiting for finalization. There were no completed or stopped works.

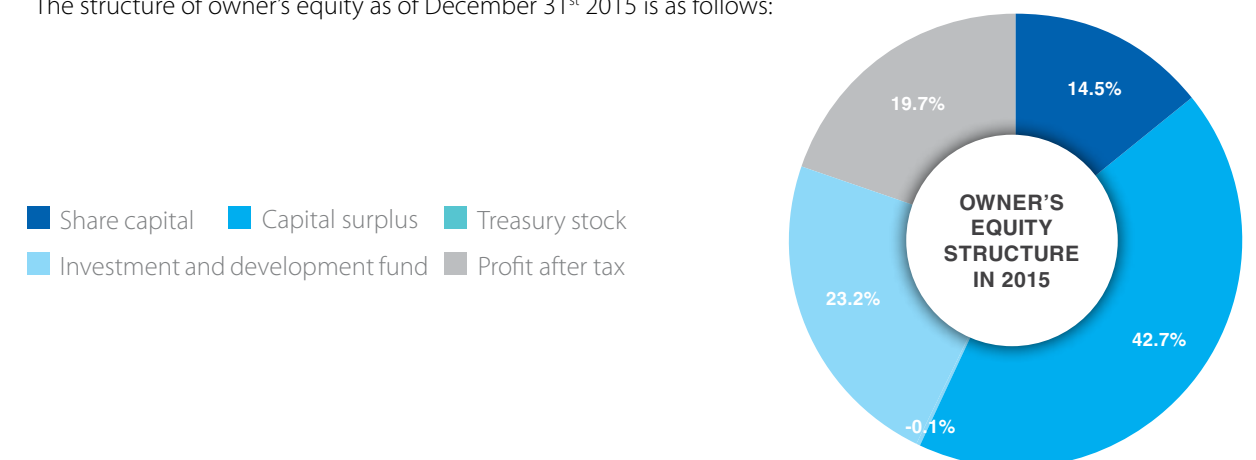


### OWNER'S EQUITY

Owner's equity in 2015 increased by 28% in comparison with that in 2014 due to the effects of:

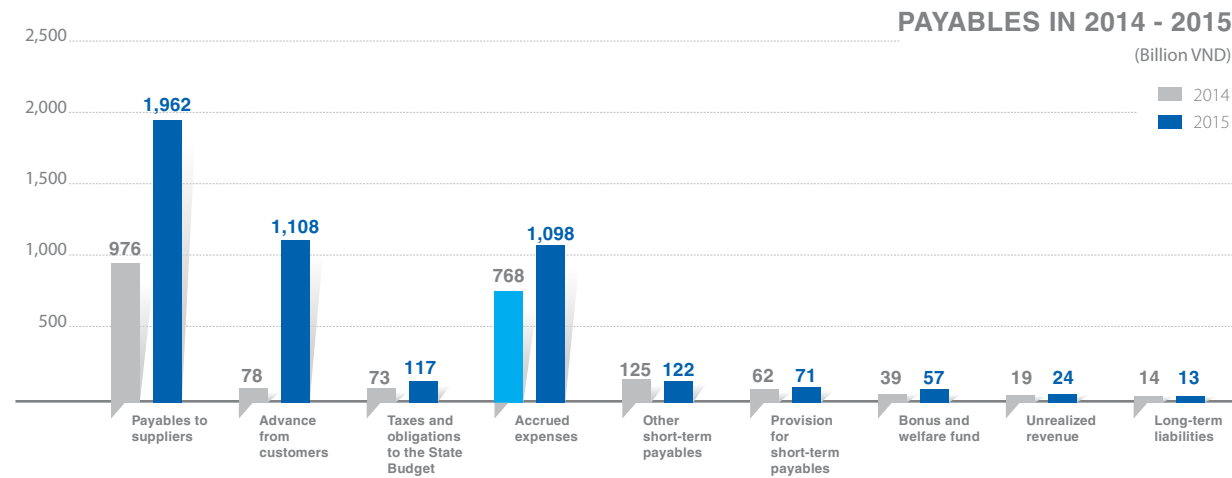
- » Increase in undistributed profit in 2015 (VND666 billion), stock swap of Unicons (VND525.8 billion) and employee stock ownership plan (VND36.8 billion).
- » Decrease due to giving dividend of 2014 to Shareholders (VND210.7 billion) and extraction for bonus and welfare fund (VND20.8 billion), decrease due to change in ownership percentage in subsidiaries (VND282 billion).

The structure of owner's equity as of December 31<sup>st</sup> 2015 is as follows:





**PAYABLES STRUCTURE**

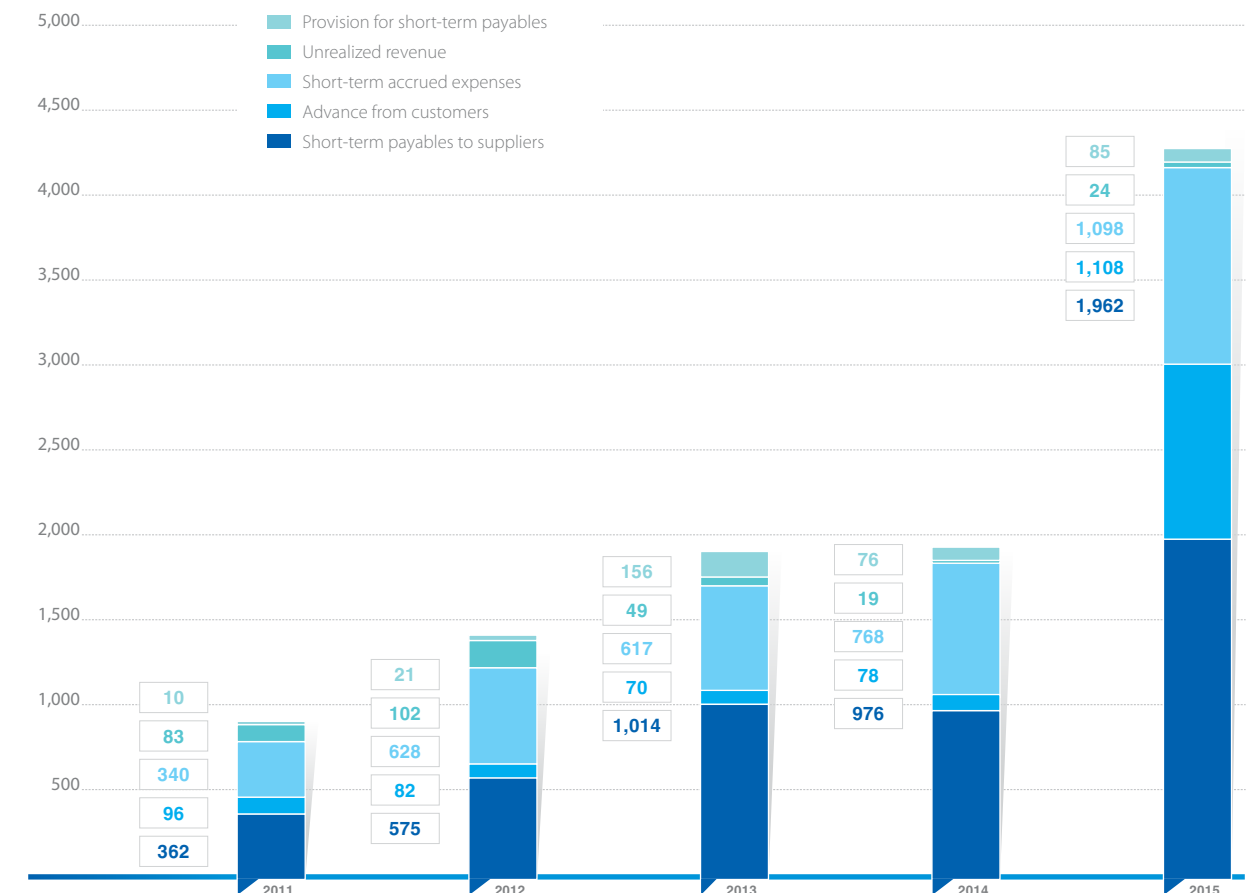


There were many fluctuations in the Company's payables in 2015. The increase of 79% in revenue led to increase in Subcontractor and Supplier agreements and increase of 100% of payables compared with those in 2014. Advances from the Investors as of December 31<sup>st</sup> 2015 was VND1,108 billion, highly increased compared with that in the same period of 2014. This was also the reason for the improvement in cash flow from operating activities. However, this

amount belongs to Clients and is used for the Clients' works. This is also the reason for the increase in cash of the Company's total assets in comparison with that in the previous year.

The Company has no bank loans. Most of the payables are the payables to Suppliers and Subcontractors and accrued expenses.

**PAYABLES STRUCTURES DURING THE PAST YEARS** (billion VND)





## INVESTMENT SITUATION IN 2015

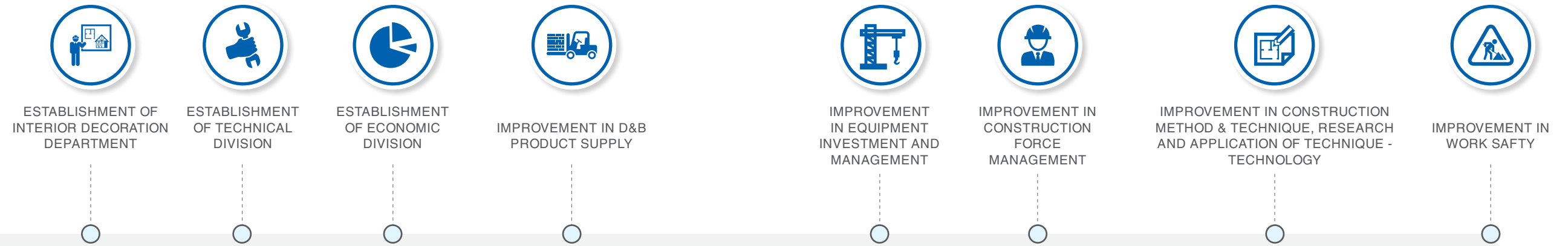
### OTHER INVESTMENTS IN 2015 OF PARENT COMPANY

### OTHER INVESTMENTS IN 2015 OF UNICONS





## IMPROVEMENTS IN ORGANIZATION AND MANAGEMENT POLICY



WITH THE ORIENTATION OF FAST AND BREAKTHROUGH DEVELOPMENT AND MAINTAINING THE POSITION OF LEADING CONSTRUCTION ENTERPRISE IN VIETNAM, THE REQUIREMENTS ON COMPREHENSIVE AND POSITIVE IMPROVEMENT AND CHANGE IN ORGANIZATION AND MANAGEMENT POLICY OF COTECCONS BECAME URGENT AND ESSENTIAL AND WERE STRICTLY IMPLEMENTED IN 2015.

THE EFFECTIVENESS OF IMPROVEMENTS BROUGHT COTECCONS A FIRM FOUNDATION AND CONFIDENCE TO GET MORE ACHIEVEMENTS AND EARLY COMPLETE THE STRATEGIC OBJECTIVES FOR THE PERIOD **2016 - 2020**



### ESTABLISHMENT OF INTERIOR DECORATION DEPARTMENT

To ensure high quality and aesthetics and optimize interior design and build activities, the Interior Decoration Department was established to implement the following duties:

- » Set up supply chain of interior materials in the country and abroad.
- » Cooperate with Subcontractors of interior construction in compliance with the Company's development orientation.
- » Propose new materials popularized in the region and in the world.
- » Deploy and develop interior construction including interior packages belonging to D&B projects.

The activities of the Interior Decoration Department will help enhance the effectiveness of D&B projects by coordinating and combining with Design Management Center to have appropriate design schemes.

In addition, the supply and execution of interior items through coordination and combination with specialized manufacturers and leading furniture companies for different project scales along with closely controlling design and execution to ensure quality will bring added value for the Investors.





## IMPROVEMENTS IN ORGANIZATION AND MANAGEMENT POLICY (cont.)



### ESTABLISHMENT OF TECHNICAL DIVISION



Technical Division, formerly known as the Department of Technical Management, includes 2 units i.e. "Structure" and "Completion" in charge of consulting and controlling quality of the projects performed by Coteccons.

With the growth increasing year by year and aiming to sustainable development, Coteccons decided to improve Technical Division with 2 separate functional departments i.e. "Structure Department" and "Completion – M&E Department" to undertake higher roles, better control techniques, ensure construction quality and images of Coteccons.

Upgrading into Technical Division will help accomplish the following goals:

- » Ensure 100% of the projects under construction are strictly controlled by Head Office in respects of construction method, progress and quality. Structure Department with experienced and skilled staffs are always ready to meet all duties and requirements from complicated projects (with more basements and more floors).
- » Enhance quality and image of completion construction of the Company to create quality standards in construction sector. Completion –

M&E Department, by coordinating and combining with sites, inherits the experiences in completion construction year by year, the handbook of construction procedures and the standards of completion construction already set up to ensure that 100% of sites comply with regulations on construction and, thereby, enhance quality of completion construction.

- » Internal training activities were held carefully, especially those for the Construction Teams and workers. Training courses for supervision engineers are usually organized at site, helping new engineers integrate into their works. The workers got training before working through a sample construction area to easily handle basic manipulation and construction procedures. The Company also built a system of monitoring and evaluating skills of workers and Construction Teams to evaluate and rank the sites in respect of quality. The sample construction area is also a place where the Investors can introduce their products to Clients and Partners.
- » Independently control quality of M&E execution at site to reduce technical incidents, successfully research and improve method statements to optimize manpower, construction duration and quality to minimize costs and reduce price.



### ESTABLISHMENT OF ECONOMIC DIVISION



Together with the strong development of Coteccons, the establishment of Economic Division is an essential requirement. The Division includes 2 departments i.e. Tender Department and Cost and Contract Management Department in charge of monitoring construction

quantities and creating a balance at all sites, selecting Suppliers and Subcontractors suitable to each project, and seeking sources of materials and partners with sources of new and alternative products to enhance effectiveness and optimize profit.

Thanks to synchronous coordination from the bidding/ price offer step to partner selection step and close coordination with sites and relevant departments and divisions, the Division usually expands new local and overseas market of materials through Hanoi Office, exploits best sources of materials and researches and proposes new materials with reasonable costs to bring effectiveness for the project and benefit for the Investors, partially enhancing prestige of Coteccons in the market.



### IMPROVEMENTS IN SUPPLY OF D&B PRODUCT

Positioning Coteccons brand name in the market with many D&B projects successfully implemented during the year such as Masteri Thao Dien, Brotex - Phase 2, Regina Miracle – Phases 1, 2 and 3, Gold View, Diamond Island, Duc Viet Resort, The M.One, Vinh Hung, etc., D&B model will become a key product contributing to the Company's revenue and profit in 2016 onwards.

In 2015, Design Management Center was successful in "research effort, application and continuous improvement" in the following areas:

- » Increase quantity and enhance quality of key personnel in D&B projects to serve the large-scale projects.
- » Arrange 2 separate units to take responsibilities for design ideals and construction economy.
- » Invest and develop management system and exploit Building Information Modeling (BIM) methodically: set up system, process, template, 4D; apply Tekla to almost D&B projects.
- » Build data base to shorten design duration and make budget for project.
- » Set up a system of document and information exchange and management more exactly to meet design schedule and standardize design process.





## IMPROVEMENTS IN ORGANIZATION AND MANAGEMENT POLICY (cont.)

### IMPROVEMENTS IN SUPPLY OF D&B PRODUCT (cont.)

- » Develop and widen relationships with the Partners which are leading design companies in Vietnam and in the world.
  - » Hold meetings with Site Management Units to deal with the impediments on design and collect information to improve VE and design.
- With the target of increasing proportion of revenue from D&B products, design management and BIM application should be improved continuously to satisfy Clients and develop Coteccons brand name as the pioneer in Vietnam implementing world-class D&B projects.



## IMPROVEMENTS IN EQUIPMENT INVESTMENT AND MANAGEMENT

For the purpose of speeding up construction schedule, improving technique and enhancing construction safety in the Company's projects, the construction equipment system is always invested and improved. In 2015, lifting equipment was invested strongly with 15 cranes made by Potain – France (including 3 luffing cranes) and 20 hoists with speed of 60m/min made by Alimak newly purchased to serve the projects, meeting the Company's development requirements. Aluminum formwork was also invested up to VND100 billion in 2015 in combination with application of monolithic

concrete pouring for such structures as columns, walls, elevator cores, beams and floors for high-rise buildings to ensure schedule of 5 days for one floor completion and keep site in tidy and safety.

Images of construction sites including gate, fence, guard house, site office, handrail, stair, steel fabrication yard, etc. are designed simultaneously and professionally and can be reused for the following projects to ensure cost saving.



## IMPROVEMENTS IN CONSTRUCTION FORCE MANAGEMENT

Construction force of Coteccons, including member companies, was ensured enough to implement a large number of large-scale projects in 2015, bringing an outstanding development in the Company's revenue.

Be aware of the important of construction force in implementing the Company's objectives, the leaders of Coteccons have paid a high attention and strictly directed to develop sustainable human resources to meet the Company's plan.

### IMPROVEMENTS IN CONSTRUCTION FORCE MANAGEMENT DURING THE YEAR AND IN THE COMING TIME:

#### Overall plan

Receive and update information about potential projects to arrange overall plan for construction force.

Fully update specific competence of each current Construction Team/Group and Subcontractor.

Assign works to each construction force based on competence to avoid overwork or shortage of work.

Distribute works to each construction force based on the specifications of each project.

Evaluate and classify construction force and Subcontractors according to the reality.

Department of Construction & Work Force Management coordinates closely with Site Management Unit to monitor construction progress and construction force at sites of Coteccons.

#### Development of construction force

Seek construction force, prioritizing large Construction teams and Subcontractors suitable to big projects.

Orient, support, and develop the current Construction Teams into professional Subcontractors, aiming to undertaking megaprojects and implementing some lump-sum packages.

Build policies to help construction force with improving their governance competence.

Coordinate with departments and divisions to train and supplement knowledge about work safety, technology, finance and accounting, and HR management for construction force (for team leaders, accountants, and engineers of the construction teams).

#### Relation

Usually make discussion with construction force to timely support so as to facilitate them to meet the requirements of Site Management Unit.

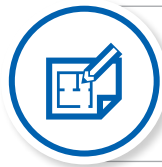
Promulgate Coteccons' culture to construction force to help them understand and attach with Coteccons.

Quickly deal with the impediments between construction force and the Company's departments and divisions.

Strengthen information connection between the Company's leaders and construction force to help them handle new policies and regulations and thereby timely having suitable adjustments and changes to complete the assigned tasks.



## IMPROVEMENTS IN ORGANIZATION AND MANAGEMENT POLICY (cont.)



### IMPROVEMENTS IN CONSTRUCTION METHOD AND TECHNIQUE, RESEARCH AND APPLICATION OF TECHNIQUE - TECHNOLOGY



and Japan to learn advanced techniques in high-rise constructions and projects requiring high level of mechanization:

- » Visited 60-m Wuhan Center constructed by CSCEC .
- » Visited 60-floor building executed in 5 days by BSB in Hunan, China.
- » Visited fabricated high-rise buildings in Tokyo by Obayashi, resistant against level 9 of earthquake, equivalent to the magnitude of earthquake in Fukushima in 2011.

In 2015, Coteccons built the strategy on enhancing construction competence associated with pushing up R&D activities to apply modern machinery and equipment and reduce manpower in construction, to be specific, increasing the proportion of construction products manufactured in factory, enhancing the use of modern equipment and technology, and developing high-skilled workforce.

The Company also held many visits to the construction market of neighboring countries such as China, Taiwan,

The Company has step by step selected and applied the construction materials and techniques suitable to conditions in Vietnam such as spraying mortar for wall grouting and compacting floor by machines and reaching speed of 600m<sup>2</sup>/day, using AAC bricks according to technology of Taiwan, applying polymer additives in mortar and tile adhesives, and so on. The Company initially learns and gradually adopts technology of high-strength precast concrete to assemble in combination with prestressed cables, expected to apply in Masteri Villas with 800 villas completed within 2.5 months.



### IMPROVEMENTS IN WORK SAFETY

After a year with outstanding development, the work safety was strongly improved to meet the general development of the Company.

Board of Safety and Board of Security were established and independently operated to gather safety management personnel with high proficiency to ensure absolute construction safety. The staff in Board of Safety has many experiences in construction to give many helpful contributions to the process of work safety control in projects.

Work safety management system is documented and updated in line with the reality at the Company and in compliance with Vietnamese laws.

In 2015, Board of Safety focused on training, guiding and supervising safety management force of Construction Teams and Subcontractors serving Coteccons' projects. Establish Safety Committee, including above-mentioned force, enhance work safety management efficiency, and streamline safety force of the Company to bring practical effectiveness.

Board of Safety with a system to evaluate safety at site to ensure compliance with the Company's work safety regulations of all projects, including quarterly, monthly and weekly evaluation from Safety Specialist, check and remedy report of Safety Committee, Safety Engineers, etc. allows to get information from various channels to timely give solutions to prevent hazards, repair incidents and improve construction safety.

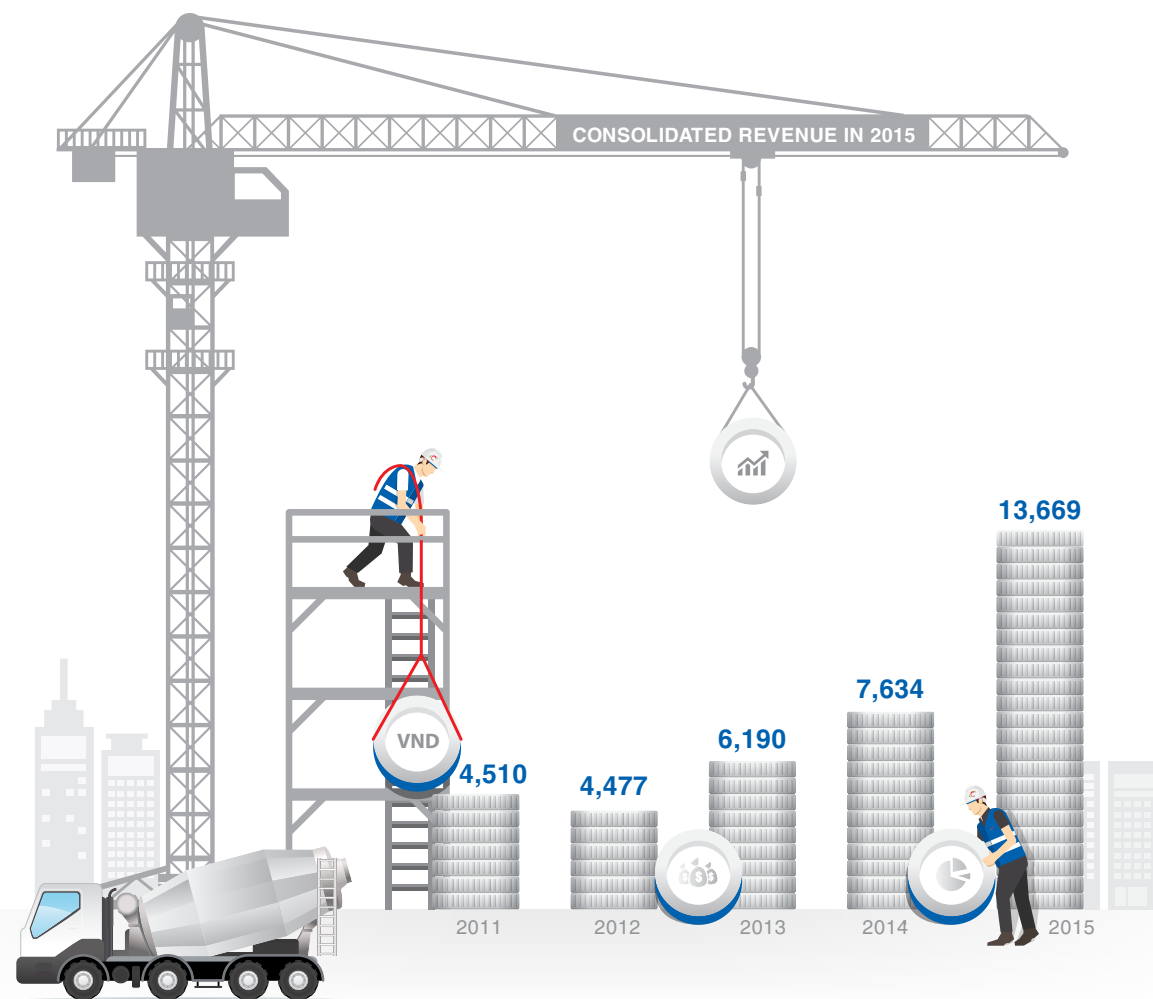
Coteccons' policy is that Subcontractors and Construction Teams have to have their own safety management team which are trained and obtained certificates on work safety. The safety management teams have to be on duty day and night to control construction safety at site.

Before and during the project performance, it is essential to have coordination among Board of Safety, Site Management Unit, Department of Materials and Equipment, and Technical Management Department, especially the coordination with safety management teams of member companies in order to identify, analyze, and evaluate construction risks for giving prevention solutions.



## EXECUTIVE ORIENTATION FOR BUSINESS ACTIVITIES IN 2016

D&B MODEL IS CONSIDERED ONE OF THE KEY ELEMENTS FOR THE COMPANY'S LONG-TERM GROWTH



Based on the objectives given by BOD, to accomplish business targets, BOM focus on the following solutions for business execution:

### ASSIGN SPECIFIC BUSINESS TARGETS FOR EACH DEPARTMENT

Heads of Division, Project Managers, and Heads of Department/Unit have to build implementation plan for assigned targets and have supervision method to ensure completion of those targets.

### INCREASING PROPORTION OF D&B PROJECTS

Coteccons continued expanding business locations in the country, pushing up D&B segment, and projects valued more than VND1,000 billion in parallel with tendering the projects with good source of investment capital. The Company also focused to promote the current advantages in industrial construction segment with large-scale projects and catching the investment projects associated with TPP.

### RESEARCH AND IMPROVEMENT OF CONSTRUCTION METHOD AND TECHNIQUE

Besides improving quality, progress and work safety in construction, Coteccons continues focusing on investment for researching and development (R&D) activities, accelerating comprehensive technical solution from method statement, selecting construction materials and designing products in compliance with demands of the market to ensure high effectiveness of projects.

### PROMOTING THE ROLE OF DESIGN MANAGEMENT CENTER

Promote the role of Design Management Center in researching and applying BIM in construction management model to all D&B projects. Coordinate among Technical Division, Construction Division and design consultant companies to create D&B products and services meeting the needs of Investors.

D&B model is considered one of the key elements for the Company's long-term growth.

### INFRASTRUCTURE CONSTRUCTION

Further develop infrastructure construction after completion and evaluate investment result of infrastructure projects in associate company FCC, seek opportunities for investment and deploy other infrastructure projects.

### ACCELERATING BUSINESS DEVELOPMENT

Improve image and brand name of Coteccons in the market by selective channels, expand the search for new Clients to cooperate with the Company in D&B projects.

### FINANCIAL AND RISK MANAGEMENT

Board of Finance established in 2015 coordinates with Financial Monitoring Department to continue

strengthen the roles in evaluating and controlling financial risks of the Company and projects.

Enhance the roles of Cost and Contract Management Department in actualizing new procurement policies i.e. centralized procurement with high quantity to handle source of supply, limit escalation and minimize costs to increase profit of the Company.

### MANAGEMENT SYSTEM

Considering "improvement" is the important key in daily executive activities of BOM, Division, and functional departments.

Enhance internal evaluation to timely deal with the impediments affecting the effectiveness and efficiency of departments.

Review and set up regulations, schemes, and practical procedures as well as complete proper organizational structure to meet the operating needs of a large company.

Apply software solutions and information technology to give effective support in making decision.

### HUMAN RESOURCES - TRAINING

Concentrate on training activities to improve professional qualification for the whole staff. Focus on training potential leaders to meet the Company's needs for development.

Push up recruitment activities to meet the demands on quantity and quality of manpower.

Cooperate with universities to attract human resources.

Pay high attention to training activities to build strong manpower.

Complete assessment process in conformity with the reality and encourage the working spirit of all employees.

Continue researching and increasingly improving personnel policies to encourage the working spirit of all employees.

### OTHER ACTIVITIES

Activities of work safety, environment, and society as well as spiritual and physical life of all employees are always cared for and improved to ensure sustainable development of Coteccons.





# BREAKTHROUGH

ENHANCE BRAND NAME



VINHOMES CENTRAL PARK - HCM CITY

**STRUCTURE OF BOD IN THE  
TERM OF 2012 - 2017**

(AS OF DECEMBER 31<sup>ST</sup> 2015)

As of December 31<sup>st</sup> 2015, BOD in the term of 2012 - 2017 consists of 07 (seven) members, including 03 (three) executive members and 04 (four) non-executive members.

No.	Member	Position	Remark
1.	Mr. Nguyen Ba Duong	Chairman	Cum CEO
2.	Mr. Tran Quang Quan	Member	Cum Deputy CEO
3.	Mr. Tran Quang Tuan	Member	Cum Deputy CEO
4.	Mr. Talgat Turumbayev	Member	Non-executive
5.	Mr. Hoang Xuan Chinh	Member	Non-executive
6.	Mr. Tony Xuan Diep	Member	Independent
7.	Mr. Giuseppe Maniscalco Ferrara	Member	Non-executive

**CHANGES IN BOD MEMBERS IN 2015**

On March 12<sup>th</sup> 2015, BOD approved the resignation letter of Mr. Huynh Ba Thang Long (sent on February 2015)

On April 14<sup>th</sup> 2015, in the Annual General Meeting in 2015, BOD approved the resignation letters of Mr. Brian Quan Pham (sent on March 23<sup>rd</sup> 2015) and Mr. Huynh Le Duc (sent on April 6<sup>th</sup> 2015) and elected Mr. Hoang Xuan Chinh, Mr. Tony Xuan Diep, and Mr. Giuseppe Maniscalco Ferrara as BOD members in the term of 2012 - 2017.

BOD holds regular meetings to evaluate performance and find out development orientation of Coteccons.

Implementing provisions of the Law on Enterprise and the Company's Charter, in 2015, BOD maintained regular and irregular meetings and timely gave instructions

in the Company's business execution. The approved contents are usually consented by the BOD members before implementation. The BOD members have high sense of responsibility and strictly comply with the legal regulations and the Company's Charter.

**BOD'S MEETINGS**

No.	Member	Position	Number of meetings attended	Rate	Reason for not attending/Remark
1.	Mr. Nguyen Ba Duong	Chairman	14/14	100%	
2.	Mr. Tran Quang Quan	Member	14/14	100%	
3.	Mr. Tran Quang Tuan	Member	14/14	100%	
4.	Mr. Talgat Turumbayev	Member	14/14	100%	Authorized attendee
5.	Mr. Huynh Ba Thang Long	Member	0/2	0%	Resigned on February 4 <sup>th</sup> 2015
6.	Mr. Brian Quan Pham	Member	2/2	100%	Authorized attendee, resigned on March 23 <sup>rd</sup> 2015
7.	Mr. Huynh Le Duc	Member	2/2	100%	Resigned on April 14 <sup>th</sup> 2015
8.	Mr. Hoang Xuan Chinh	Member	12/12	100%	Supplementally elected into BOD on April 14 <sup>th</sup> 2015
9.	Mr. Tony Xuan Diep	Member	12/12	100%	Supplementally elected into BOD on April 14 <sup>th</sup> 2015
10.	Mr. Giuseppe Maniscalco Ferrara	Member	12/12	100%	Supplementally elected into BOD on April 14 <sup>th</sup> 2015

The BOD's meetings focused to deal with the major issues related to the construction and the implementation of business plan in 2015; directed the organization of AGM 2015 on schedule and on sequence as regulated;

directed the implementation of business plan and Resolutions of AGM 2015; and approved policies under the BOD's competence to facilitate BOM to perform business operations effectively.

**CONTENTS APPROVED BY BOD IN 2015**

- » Approved resignation letter of the BOD member – Mr. Huynh Ba Thang Long.
- » Agreed with the contents to be submitted to the 2015AGM.
- » Agreed with plan of dividend share in 2014.
- » Agreed with getting loans, issuance of guarantee form, opening L/C and other banking transactions.
- » Consented to select Ernst & Young Vietnam Limited as the auditor for the fiscal year 2015.
- » Agreed with share issuance plan and list of key managers in ESOP in 2015.
- » Agreed to increase charter capital of the Company accompanying with Decision on business re-registration and charter amendment with corresponding amount of capital.
- » Agreed with the document to be submitted to Securities Depository and Stock Exchange of HCMC regarding supplemental depository and list of 1,053,000 shares issued to key managers in 2015.
- » Approved the adjustment on Coteccons Mechanical Factory Project in Bac Ninh.
- » Approved the appointment of Mr. Phan Huy Vinh as Deputy CEO.
- » Agreed with issuance registration and the document to be submitted to State Securities Committee regarding supplemental share issuance for stock swap of Unicons together with Decision on selecting Bao Viet Securities as issuance consultant.
- » Agreed with the 2<sup>nd</sup> increase in the Company's charter capital in 2015 accompany with Decision on business re-registration and charter amendment with corresponding amount of capital.
- » Agreed with the document to be submitted to Securities Depository and Stock Exchange of HCMC regarding supplemental depository and list of 3,604,530 shares issued for stock swap of Unicons.
- » Agree to change Head Office address and seal of Hanoi Office.
- » Agreed to sign and implement Gold View project with Saigon Garment Match Joint Stock Company.
- » Agreed to change Unicons from joint stock company into one-member limited liability company.

**REMUNERATION OF BOD, BOS AND BOM IN 2015**

Remuneration of BOD and BOS is as follows:

No.	Full name	Working time (month)	Estimated payment according to the budget (VND)	Amount temporarily paid (VND)	Amount to be paid (VND)
<b>I</b>	<b>BOD</b>		<b>2,724,000,000</b>	<b>1,962,200,000</b>	<b>761,800,000</b>
<b>1</b>	<b>Executive</b>		<b>1,916,000,000</b>	<b>1,380,600,000</b>	<b>535,400,000</b>
1.1	Nguyen Ba Duong	12	906,000,000	653,600,000	252,400,000
1.2	Tran Quang Quan	12	505,000,000	363,500,000	141,500,000
1.3	Tran Quang Tuan	12	505,000,000	363,500,000	141,500,000
<b>2</b>	<b>Non-executive</b>		<b>808,000,000</b>	<b>581,600,000</b>	<b>226,400,000</b>
1.4	Talgat Turumbayev	12	202,000,000	145,400,000	56,600,000
1.5	Hoang Xuan Chinh	9	172,000,000	115,400,000	56,600,000
1.6	Tony Xuan Diep	9	172,000,000	115,400,000	56,600,000
1.7	Giuseppe Maniscalco Ferrara	9	172,000,000	115,400,000	56,600,000
1.8	Huynh Le Duc	3	30,000,000	30,000,000	0
1.9	Brian Quan Pham	3	30,000,000	30,000,000	0
1.10	Huynh Ba Thang Long	3	30,000,000	30,000,000	0
<b>II</b>	<b>BOS</b>		<b>606,000,000</b>	<b>436,200,000</b>	<b>169,800,000</b>
1	Nghiem Bach Huong	12	202,000,000	145,400,000	56,600,000
2	Ho Van Chi Thanh	12	202,000,000	145,400,000	56,600,000
3	Nguyen Duc Canh	12	202,000,000	145,400,000	56,600,000
	<b>TOTAL</b>		<b>3,330,000,000</b>	<b>2,398,400,000</b>	<b>931,600,000</b>

Salary and other benefits of BOD and BOM are as follows:

- » In 2015: VND14,261,979,498.
- » In 2014: VND8,608,709,849.



## BOD'S ACTIVITIES IN 2015 (cont.)

### SHARE TRADING OF INSIDE SHAREHOLDERS AND RELATED PERSONS

No.	Related persons	Relationship with inside shareholders	Number of shares in the beginning of the period	Percentage %	Number of shares in the end of the period	Percentage %	Reason for increase/decrease (purchase, transfer, bonus)
1	Nguyen Ba Duong	CEO	2,214,666	5.25%	2,479,816	5.29%	Purchase shares in ESOP and receiving swapped stock from Unicons
2	Nguyen Xuan Dao	CEO-related persons	125,333	0.30%	186,632	0.40%	Receiving swapped stock from Unicons
3	Tran Quang Tuan	Deputy CEO	345,000	0.81%	442,702	0.94%	Purchase shares in ESOP and receiving swapped stock from Unicons
4	Tran Quang Quan	Deputy CEO	545,833	1.29%	683,631	1.46%	Purchase shares in ESOP and receiving swapped stock from Unicons
5	Tu Dai Phuc	Deputy CEO	34,600	0.08%	78,546	0.17%	Purchase shares in ESOP and receiving swapped stock from Unicons
6	Phan Huy Vinh	Deputy CEO	449,973	1.04%	537,138	1.15%	Receiving swapped stock from Unicons
7	Ha Tieu Anh	Chief Accountant	367,133	0.87%	384,133	0.82%	Purchase shares in ESOP
8	Ho Van Chi Thanh	BOS member	57,403	0.13%	113,269	0.24%	Purchase shares in ESOP and receiving swapped stock from Unicons
9	Tran Van Chinh	Deputy CEO	16,000	0.038%	41,000	0.09%	Purchase shares in ESOP

### ENFORCEMENT OF CORPORATE GOVERNANCE REGULATIONS

Most of the corporate governance activities are in compliance with the laws in general and the regulations of the Securities Act for listed companies in particular.

## RISK MANAGEMENT





RISKS IN THE CONSTRUCTION INDUSTRY ARE ASSOCIATED WITH LEGAL REQUIREMENTS, FINANCIAL, RECRUITMENT ISSUES, CAPABILITY OF PROJECT CONSTRUCTION, DEMANDS OF THE MARKET, RECRUITMENT AND, ESPECIALLY, SOLUTIONS AND CONTROL OF CONSTRUCTION SAFETY, ETC. SUFFICIENT RISK MANAGEMENT WILL CREATE MORE VALUES FOR THE ENTERPRISE, IMPROVE THE PERFORMANCE, CREATE COMPETITIVENESS, AND MINIMIZE ERRORS IN ALL ACTIVITIES.

Construction is a complex field containing countless potential risks. Risks in the construction industry are associated with legal requirements, financial, recruitment issues, capability of project construction, demands of the market, and construction safety, etc. Sufficient risk management will create more values for the enterprise, improve the performance, create competitiveness, and minimize errors in all activities. Understanding its importance, Coteccons' risk management is regarded as the top concern of the Company's leaders. To ensure efficient risks management activities, risks management has been integrated in the internal control system of Coteccons.

THE RISKS AFFECTING THE COMPANY'S PERFORMANCE



SAFETY RISKS

AT COTECCONS, WORK SAFETY MANAGEMENT SYSTEM HAS BEEN BUILT AND IS INCREASINGLY COMPLETED SINCE ITS EARLY DAYS OF BUSINESS COMMENCEMENT. COTECCONS OBTAINED MANY INTERNATIONAL CERTIFICATES ON ENVIRONMENTAL MANAGEMENT - ISO 14001:2004 AND OHSAS 18001:2007.

Due to the particular nature of construction industry, most employees have to perform work outdoors and they are influenced by climatic factors, not to mention regularly work at high locations. Therefore, without a safety management system, accidents may easily occur. In case of serious work safety incidents, besides loss of human beings, the significant decline in the Company's prestige and brand name will lead to loss of market share and cause effect on the Company's growth in the next years.

In 2016, the Company is expected to obtain more high-rise building projects. Therefore, the risks from working at height will be cared for and the appropriate adjustment in safety management system will be done to control and prevent those risks efficiently.



Management method

Frequently check and maintain construction works. Implement the policy that the supervision engineers are mainly responsible for work safety and all individuals have to implement safety to reduce incidents resulting from shortage of work safety.

At Coteccons, work safety management system has been built and is increasingly completed since its early days of business commencement. Coteccons obtained many international certificates on environmental management - ISO 14001:2004 and OHSAS 18001:2007. Policies on work safety are promulgated and trained to all laborers working at all sites to ensure that every

individual understands and strictly complies with the Company's work safety policies.

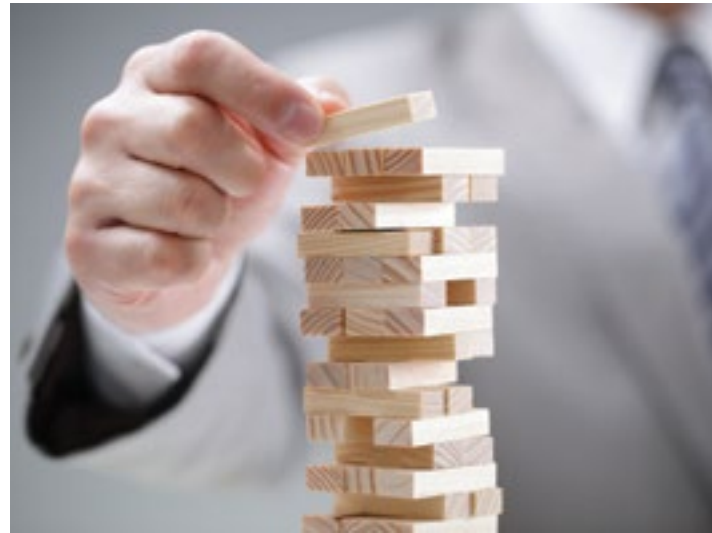
As for super high-rise building projects, the Company's Board of Safety together with the Site Management Unit, Technical Division and Project Management Consultant of the Investors will consent to apply special safety management model, increasing the rate of safety staff to be one over 50 workers and on duty 24/24. Prevention is also strictly performed with health examination for each laborer before starting works and risk identification and assessment, ensuring absolutely safe working environment and thoroughly applying safety certification system of the Company.





## RISKS IN HUMAN RESOURCES

IN 2015, TO ENCOURAGE THE EMPLOYEES TO INVEST IN THEIR CHILDREN'S EDUCATION, CREATING A SUSTAINABLE FOUNDATION FOR FUTURE GENERATIONS, COTECCONS APPLIED EDUCATIONAL FINANCING PROGRAM TO THE MANAGEMENT STAFF AND THE SENIOR STAFF, WHO HAVE CONSIDERABLE CONTRIBUTIONS TO THE COMPANY'S DEVELOPMENT.



Risks in human resources cause many effects to the stability of organizational structure as well as all the Company's activities. Excellent and skilled employees are usually "hunted" and attracted by competitors. With effective management policy and the resignation rate decreased year by year, "brain drain" is not a considerable risk of Coteccons in 2016.

The challenge in human resources of Coteccons in 2016 onwards is how to attract and train more and more capable employees to meet the Company's outstanding growth objectives in the period 2016-2020. If this challenge cannot be overcome, the growth plan of the Company will be affected.

### Management method

Besides implementing the efficient management methods such as issuing and applying appropriate salary, bonus and allowance statute based on performance efficiency and position, building policy on unscheduled bonus and performance bonus to collectives and individuals with outstanding achievements, and applying health insurance for the staff and their family members. Especially in 2015, to encourage the employees to invest in their children's education, creating a sustainable foundation for future generations, Coteccons applied educational financing program to the management staff and the senior staff, who have considerable contributions to the Company's development. The following management methods must be implemented:

Creating best favorable conditions for the employees to promote their competence. Further improving working environment to make Coteccons become the second family of each employee, where they cannot leave for another working environment.

Attracting excellent specialists and engineers in the country and abroad, recruiting engineers and architectures who newly graduate from university to train and prepare for team of successors by coordinating and funding the prestige universities in the country.

Pushing up internal training activities for new staff through Potential Leader Club, usually organizing seminars and training courses to introduce, promote, and appoint managers to create promotion chance for enthusiastic and talented young staffs.



## DEFERRED PAYMENT RISK

BESIDES MINIMIZING DEFERRED PAYMENT RISK BY LEARNING AND REVIEWING FINANCIAL SITUATION OF THE INVESTORS, CONSUMPTION POSSIBILITY OF PRODUCTS TO MAKE DECIDE ON TENDER.



Receivables in construction are an important issue to ensure financial efficiency of the projects. Deferred payment stems from many causes. Examples can be investor's inability to raise capital, difficulty in budget withdraw or constructed products cannot be sold, and investor deliberately delays payment.

In 2016, this risk is expected to increase and be proportional with the increase in the Company's revenue. On the other hand, civil construction segment (condominium or low-rise housing) currently accounts for a high proportion in total revenue. Therefore, debt recovery possibility will be affected by the general situation of real estate market and bank's credit policy on loan for property business.

### Management method

Besides minimizing deferred payment risk by learning and reviewing financial situation of the Investors and consumption possibility of products to make decide on bidding, the Company continues applying the following solutions:

Preparing strict regulations and careful negotiations on provisions related to payment in the contract when making price offer.

Financial Monitoring Department consisting of members from the Legal Department and Finance - Accounting Department reviews independently before and after signing construction contract, monitors the project financial progress and provides warning on the risks related to the debts and settlement in the weekly meetings with Deputy CEO and Head of Division.

Tightly controlling settlement process, organize quantity surveying (QS) system and strictly work with the Investors.

Stopping the project in case of insufficient cash flow as per the provisions of the contract (applicable to late payment cases).

Require the Investors to offer payment guarantee corresponding to the risk level evaluated by the Company.



## RISK IN CONSTRUCTION AND REAL ESTATE MARKET

PUSH UP R&D, IMPROVE METHOD STATEMENT, IMPROVE MANAGEMENT METHOD, DEVELOP COMPETITIVE SUPPLY CHAINS, AND PROFESSIONALLY GOVERN TO ENHANCE COMPETITIVE CAPABILITY TO BRING THE MOST REASONABLE COST TO INVESTORS AND CLIENTS.

Real estate market has been recovered. New legal regulations also create favorable conditions for development of real estate market. However, the outbreak of large-scale projects deployed in 2015 and to be deployed in future may be result in increase in inventory and creation of real estate bubble. Any sudden decrease in investment

activities or project termination may cause certain effects on revenue plan and debt recovery of construction companies.

### Management method

Identify, analyze, control and have solutions to deal with the risks in the field of construction and real estate.

Be the pioneer in increasing proportion of D&B projects and comprehensively review effectiveness of projects before signing contracts with Clients to ensure that all projects in which Coteccons attends will be ensured in product consumption.

Be active in approaching and learning the capital sources of the Investors, the liquidity and product consumption ability of projects, especially traditional D&B projects.

Push up R&D activities, improve method statement, improve management method, develop competitive supply chains and professionally govern to increase competitive competence to bring the most reasonable cost to Investors and Clients.



## RISKS IN INVESTMENT AND IMPLEMENTATION OF INFRASTRUCTURE PROJECTS

INFRASTRUCTURE INVESTMENT AND CONSTRUCTION IS A NEW FIELD FOR COTECCONS; THEREFORE, THE COMPANY IS VERY CAUTIOUS. THE COMPANY IMPLEMENTED THOSE PROJECTS IN THE MANNER OF LEARNING AND GETTING EXPERIENCES FROM THE PARTNERS WHICH ARE THE LEADING COMPANIES IN THE FIELD OF INFRASTRUCTURE CONSTRUCTION IN THE COUNTRY AND ABROAD.

The largest risk is the capital recoverability through utility fee. The objects subject to the utility fee are not enough, leading to long time for capital recovery and affecting the Company's financial plan. Land clearance is a difficult problem, increasing cost and lengthening project execution time. Besides, there are many potential risks in each newly-invested project because Coteccons has no many experiences in this field.

### Management method

Coteccons has participated in infrastructure construction project in Phu Ly, Ha Nam and has had certain experiences in controlling and managing risks in infrastructure investment and construction. However, when making investment on new infrastructure projects, the Company has to review, get information, analyze and make feasibility report, in which possible risks and solution are included.

Especially as for new projects, the Company will get advice from the consultants before deciding to join each project. Besides, the Company still looks for prestige and experienced partners to cooperate.



## ESCALATION RISK

FLUCTUATIONS IN PRICES OF MATERIALS, MANPOWER AND EXCHANGE RATE CAUSE DIRECT EFFECTS ON PROFIT OF PROJECTS. GOOD MANAGEMENT OF ESCALATION RISK NOT ONLY HELPS ACCOMPLISH PROFIT PLAN BUT ALSO CONTRIBUTES TO MINIMIZE COSTS FOR THE INVESTORS.

Fluctuations in prices of materials, manpower and exchange rate cause direct effects on profit of projects. Good management of escalation risk not only helps accomplish the profit plan but also contributes to minimize costs for the investors.

Escalation risk is expected to increase in 2016 due to the impact of strong increase in large-scale projects in big cities. Material price remained in low rate due to low oil price, low rate of economic growth and increase in exchange rate risk are also the reasons for increase in escalation risk.

### Management method

Apply the term of adjustable price for large-scale projects with construction time more than 12 months.

Actively get information and implement material procurement contracts prior to deploying projects.



## EQUIPMENT INVESTMENT RISK

THE INVESTMENT IN EQUIPMENT IS MADE TO SERVE THE CONSTRUCTION DEMANDS, PUSH UP CONSTRUCTION PROGRESS, REDUCE NUMBER OF WORKERS, AND ENHANCE CONSTRUCTION SAFETY AT THE COMPANY'S PROJECTS TO GET TRUST FROM THE INVESTORS AND THE CONSULTANTS AS WELL AS TO ENHANCE COTECCONS' PRESTIGE IN THE MARKET.

The investment in equipment is made to serve the construction demands, push up construction progress, reduce number of workers, and enhance construction safety at the Company's projects to get trust from the investors and the consultants as well as to enhance Coteccons' prestige in the market. Inexact forecast about construction and real estate market for proper equipment investment is also a remarkable risk of the Company.

### Management method

Investment Council together with Material and Equipment Department and the Center for Construction Technological Research, Improvement and Development, prior to proposing equipment investment, analyze and review construction market, evaluate the effectiveness of equipment investment, consider the rate of equipment investment and equipment leasing, the rotation and use possibility of equipment as well as the maintenance schedule and storage for equipment.

To ensure that the equipment is simultaneously invested in compliance with the Company's conditions, the Center for Construction Technological Research, Improvement, and Development assesses the construction competence and the current equipment and then selectively learns about modern construction equipment and technologies applicable to Coteccons' projects.



REGINA - HAI PHONG

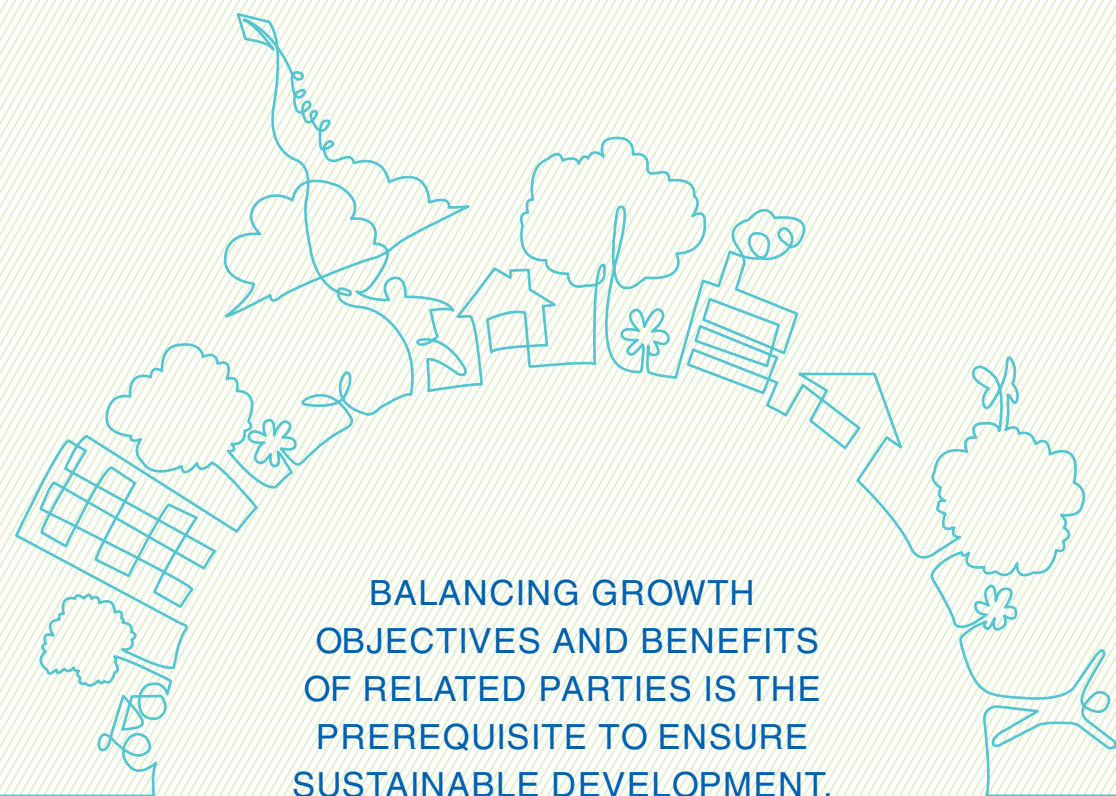
 SUSTAINABLE DEVELOPMENT REPORT

**PRESTIGIOUS** TO CLIENT  
**RESPONSIBLE** TO SOCIETY





# OVERVIEW REPORT ON SUSTAINABLE DEVELOPMENT



**BALANCING GROWTH OBJECTIVES AND BENEFITS OF RELATED PARTIES IS THE PREREQUISITE TO ENSURE SUSTAINABLE DEVELOPMENT.**

Operating as a construction enterprise providing products to hundreds of thousands of Vietnamese people and creating works for tens of thousands of laborers serving its construction projects, Coteccons determines that the sustainable development strategy is only performed successfully when the objective on economic development is associated with responsibilities to society, community, and environment. In addition, it is required to balance benefits of related parties and the Company's activities at present and in future to implement long-term and sustainable development strategy of Coteccons.

## CONTENTS OF SUSTAINABLE DEVELOPMENT REPORT

Sustainable development report of Coteccons is annually made for the purposes of considering and assessing the principles of sustainable development practice at the Company.

The contents of this report express Coteccons' method to approach to the sustainable development issues.

During the last year, besides actively evaluating and determining the major issues related to sustainable development, Coteccons held regular and irregular meetings depending on the quantity of works to make discussion with related parties to meet their needs and demands more effectively. Therefore, the sustainable development report in 2015 presents the major issues related to Coteccons' business activities, also the issues cared for most by the related parties.

## SCOPE OF REPORT

Main information and data of sustainable development report are updated for the Company's operating year from January 1<sup>st</sup> 2015 to December 31<sup>st</sup> 2015. Reports on safety and society – environment activities are collected from the main activities performed by

Parent company and member companies. The sustainable development report reflects the results in 2015 as well as the orientations and objectives in relation to sustainable development of the Company in the next years.

## METHOD TO DETERMINE CONTENTS OF SUSTAINABLE DEVELOPMENT REPORT

Coteccons approaches to sustainable development issues through the objectives of long-term sustainable growth in combination with the objectives of social development and environmental protection to positively contribute to the social development.

Issues related to sustainable development objectives are evaluated and considered by Coteccons in correlation with the current activities to determine major and important issues. Accordingly, the Company will review, improve and present those issues more sufficiently in the sustainable development report 2016.

## CONTACT INFORMATION

We always make an effort to meet the expectations of all related parties with transparent information about sustainable growth in the future and responsibilities to the community.

Therefore, we highly appreciate your valuable opinions. For all feedbacks and questions related to sustainable development issues, please send email to [contact@coteccons.vn](mailto:contact@coteccons.vn).





## SUSTAINABLE RELATIONSHIP WITH RELATED PARTIES

SINCE ITS EARLY DAYS OF ESTABLISHMENT, COTECCONS HAS ACTIVELY BUILDING GOOD RELATIONSHIPS WITH CLIENTS, INVESTORS, SUBCONTRACTORS, SUPPLIERS, EMPLOYEES, LOCAL GOVERNMENTS, ETC. COTECCONS DETERMINES THE RELATIONSHIPS WITH THE RELATED PARTIES BASED ON THEIR ROLES AND EFFECTS ON THE COMPANY'S ACTIVITIES, AS DESCRIBED BELOW:



We build and develop relationships with related parties, based on the core values of Coteccons: Transparency, Creativeness, Dedication and Benefit share. We commit to offer long-term values for all related parties when cooperating with Coteccons.



### FOR EMPLOYEES

**BUILDING A PROFESSIONAL, FAIR, FRIENDLY AND SAFE WORKING ENVIRONMENT, COTECCONS REALLY BECOMES A SECOND FAMILY OF ALL EMPLOYEES.**



Building a professional, fair, friendly and safe working environment, Coteccons really becomes a second family of all employees. Joining Coteccons, the employees are cared for their spiritual and physical life; they are facilitated to improve themselves and develop their career; and, especially, they have stable jobs with good income, making a balance between work and life. The resignation rate of Coteccons' employees is lowest in the market.

With appropriate policy together with the deep care of the Company's leaders for the employees, Coteccons is always the leading enterprise that can attract a large number of high quality laborers, overseas students as well as the domestic and foreign experts to join Coteccons' family.



### FOR CLIENTS



OUR MAIN AND IMPORTANT OBJECTIVE IS TO PROVIDE THE CLIENTS WITH BEST PRODUCTS. THE WORK MUST BE BETTER THAN EVER AND INCREASINGLY SATISFIES THE PROPERLY RISING DEMANDS FROM CLIENTS.

In its statement on quality policy, Coteccons says that its centralized objective is to provide the Clients with best products; the works must be better than ever and increasingly satisfies the properly rising demands from Clients. To accomplish this objective successfully, Coteccons and all related parties including Employees, Subcontractors, Suppliers, Construction Teams, etc. will work with the principle of "Prestige is first", always caring for the Clients' benefits, implementing the motto "Cooperate to succeed together".



### FOR SHAREHOLDERS AND INVESTORS



PROTECTING AND FULLY IMPLEMENTING THE RIGHTS OF SHAREHOLDERS THROUGH SUSTAINABLE BUSINESS OPERATIONS, EFFECTIVE USING CAPITAL SOURCES, OPTIMIZING OF THE COMPANY'S VALUE AND OFFERING LONG-TERM AND RISING BENEFITS TO SHAREHOLDERS.

Fully implementing the benefits of Shareholders: holding Annual General Meeting, giving dividends, and providing information as regulated; organizing reception, supplying information timely, sufficiently and accurately for Shareholders and Investors; actively declaring the Company's business position and financial statements in mass media and the Company's website and press; and having an equal treatment among Shareholders and Investors.



### FOR THE STATE



Key construction activity of the Company is not only performed absolutely in compliance with the applicable laws and regulations on standards and specifications for construction industry but the Company also increasingly promotes the construction works with higher standards to ensure that all products of Coteccons meet requirements on sustainable quality.

Ensure that the business activities are in compliance with the prevailing legal regulations. Fulfill financial obligations to the State Budget.

Implement the State policies in each development period.



## SUSTAINABLE RELATIONSHIP WITH RELATED PARTIES (cont.)



### FOR SUBCONTRACTORS, SUPPLIERS, AND CONSTRUCTION TEAMS



THE RELATIONSHIP WITH SUBCONTRACTORS AND SUPPLIES ARE SET UP IN A STRATEGIC FOUNDATION ACCOMPANYING WITH COTECCONS NOT ONLY IN A FEW PROJECTS BUT THIS IS ALSO A WIN-WIN COOPERATION FOR PERMANENT DEVELOPMENT.

Subcontractors and Suppliers are the related parties having remarkable effects on the implementation of sustainable development objectives.

The relationship with Subcontractors and Suppliers are set up in a strategic base accompanying with Coteccons not only in a few projects but this is also win-win cooperation for permanent development.

Thoroughly actualizing the philosophy of mutually beneficial cooperation in business with Suppliers and Subcontractors, Coteccons has have thousands of Subcontractors and Suppliers with enough competence and prestige to undertake challenging works.

Building a transparent cooperation scheme without harassment and intentionally making it difficult for private purposes, the staff of Coteccons always sincere and willing to cooperate to help the Suppliers and Subcontractors to compete their works fastest and most effectively.



### FOR ENVIRONMENT

IN OUR BUSINESS OPERATIONS, COTECCONS ALWAYS CONSIDERS GREEN CRITERIA A REQUIREMENT FOR DESIGN AND CONSTRUCTION ACTIVITIES TO INCREASE VALUE OFFERED TO CLIENTS AND PRACTICALLY CONTRIBUTE TO ENVIRONMENTAL PROTECTION.

Operating in line with ISO4001:2004 certificate concerning environment protection, the compliance with legal regulations on environmental impact is one of the criteria forming the Company's responsibilities to society and environment. In its business operations, the Company always considers Green criteria a requirement for design and construction activities to increase value offered to Clients and practically contribute to environmental protection.

Coteccons commits that all employees and related partners are clearly aware of and completely comply with the Company's policy on environmental protection.



### FOR COMMUNITY AND SOCIETY

ANNUALLY, COTECCONS EXTRACTS A CONSIDERABLE AMOUNT FROM PROFIT TO SERVE THE COMMUNITY ACTIVITIES, CONTRIBUTING TO DEVELOP SOCIAL LIFE IN THE SPIRIT OF SUPPORTING AND SHARING WITH POOR AND DISADVANTAGED PEOPLE TO BUILD A BETTER AND MORE HUMANE SOCIETY.

Coteccons is nearly reaching the annual revenue of USD1 billion. Coteccons creates works for tens of thousands of laborers at sites, contributing to bring a prosperous life for themselves and their families.

Building a safe working environment to ensure that everyone is healthy to come back with their family after each working day is a big social responsibility that Coteccons is proud of.

Besides achievements in business, Coteccons clearly determines our responsibilities to society. Annually, the Company extracts a considerable amount of our profit to serve the community activities, contributing to develop social life in the spirit of supporting and sharing with poor and disadvantaged people to build a better and more humane society.



## INDICATORS OF SUSTAINABLE DEVELOPMENT

### ECONOMIC INDICATORS

Year/Items (billion VND)	2011	2012	2013	2014	2015	Average growth
Revenue	4,510	4,477	6,190	7,634	13,669	35%
Profit after tax	211	219	280	357	733	41%

Note: GDP growth through the years: 2011-5.89%, 2012-5.25%, 2013-5.42%, 2014-5.98%, 2015-6.68%;  
Source: Website of General Statistics Office: [www.gso.gov.vn](http://www.gso.gov.vn)

Earnings per share	6,812	5,596	6,103	7,769	14,770	27%
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### SOCIAL - ENVIRONMENTAL INDICATORS OF THE PARENT COMPANY

No.	Items/Year	2011	2012	2013	2014	2015
1	Number of employees	447	441	558	642	951
2	Resignation percentage	6.5%	6.0%	5.4%	4.7%	4.0%
3	% of works meeting and exceeding construction schedule	100	100	100	100	100
4	Safe working hours	15,810,714	18,248,682	24,322,120	25,582,896	32,841,056
5	Lost time injury frequency rate	5.06	4.38	3.29	3.13	2.44
6	Bid winning percentage rate	44%	40%	73%	64%	88%
7	Paid to State Budget (billion VND)	184.2	250.4	206.2	148.9	393.0 <sup>(*)</sup>

(\*) Including Coteccons and Unicons.



## COMPANY CULTURE

COMPANY CULTURE IS A TRADITIONAL BEAUTY AND IS THE GLUE KEEPING THE MEMBERS OF AN ENTERPRISE CLOSE TOGETHER IN THE SPIRIT OF SOLIDARITY AND UNIFICATION FOR SUSTAINABLE DEVELOPMENT. AFTER 11 YEARS OF ESTABLISHMENT AND DEVELOPMENT, COTECCONS ALWAYS DETERMINES TO PRESERVE AND PROMOTE THE BEAUTY OF COMPANY CULTURE AND CONSIDERS IT A CORE VALUE TO BUILD BRAND NAME AS WELL AS THE LONGEVITY AND SUSTAINABLE DEVELOPMENT OF THE COMPANY IN FUTURE.



Coteccons' culture was formed since our early days with the orientation for a differentiated business culture. Every employee plays a decisive role in creating a professional and creative working environment, with the harmonious combination of the intellectual and unity spirit as well as transparency in all activities.

Over a decade of establishment and development, Coteccons' culture is increasingly nourished and competed. The beauty of our culture has become a priceless asset to the Company, ensuring our business targets and the goal of a powerful contractor in the market.

### HIGHLIGHTS OF COTECCONS' CULTURE

Develop and promulgate an internal Code of Conducts in order to ensure the staff's compliance with the principles on working, meeting participation and asset protection.

Promulgate regulations and standards on communication with Clients and Partners. With a view of "All employees are Coteccons' ambassadors", every employee must create a good impression of the Company, to attain goodwill and cooperation from the Clients.

To have credibility and long-term cooperation with Partners and Clients, "walk the talk, honor our words". Also, we must be faithful and work with integrity. This is the lodestar of all business activities of Coteccons.

Employees' innovative ideas, as well as professional, creative and efficient working style are encouraged. Administrative procedures and awareness on cost savings are improved.

The spiritual life of employees is taken care of, particularly for those working away from home. Attention is paid to personal events such as birthday, wedding, relative's death, and sickness. Under the direction of the Board of Management, Trade Union, Employee Supporting Unit, HR Department, etc. have done these tasks well during the past years and brought a good spiritual life to all employees.

Build and promulgate educational aid policy to support the children of the employees having positive contributions to the Company's development. Encourage the employees to invest in their children's education to create a firm foundation for the future generations.

To keep harmoniousness among Coteccons' employees, we organize team building activities such as year-end parties, annual holidays for staff and their families. In addition, to create a chance for discussing and sharing information between the leaders and the employees, Coteccons holds annual conferences to help the employees get more understanding about the Company's business operations and feel the solidarity and connection among departments and individuals. Besides, Employees are encouraged to raise their voice about the Company's business and to discuss individual issues with the leaders.

Coteccons Group Sporting Event, held annually in September, has become an event for benefit and solidarity among employees.

Periodic health examination for employees is cared for by the Company's leaders in order to ensure good health for all employees and help them rest assured when working for the Company. Being aware that this is their benefit, the employees fully participate in health examination to get useful advices from the doctors and have proper adjustments in living activities. Implementing the policy on welfare for employees, the Company continues deploying comprehensive health insurance in 2015-2016. Seeing the effectiveness of health insurance, in the current year, the Company's leaders have increased insurance premium to increase benefits for employees.

The Company also actively participates in charity, showing appreciation to the society and community.





**IN 2015, COTECCONS WELCOMED TENS OF LOCAL AND GLOBAL FINANCIAL INSTITUTIONS, FUND MANAGEMENT COMPANIES AND INVESTORS. GOOD BUSINESS RESULT AND TRANSPARENT INFORMATION OF THE COMPANY HAVE BROUGHT POSITIVE SIGNALS IN THE MARKET.**

Information transparency is considered the core culture of Coteccons, including transparency in internal information, transparency with Partners, Shareholders, and Investors. Inheriting and promoting that value, in 2015, the Department of Investor Relation (IR) in charge by a BOD's member, with professional working style and support from Departments/Divisions, provided information sufficiently, timely, and exactly to the Investors.

During the last year, Coteccons held many regular and irregular meetings and conferences to update and share information about business position and development orientation of the Company to Shareholders and Investors. In these meetings, the Investor's questions were satisfactorily answered by IR Department and the Investors were updated on the business situation as well as development

orientations. Thereby, the Company received positive feedbacks on the enthusiasm and professionalism of Coteccons, creating strong relationships between the Company and the Investors.

Besides direct dialogue channel, Coteccons also fully provided updates on performance, periodic financial statements, dividend payment notices, etc. on the company's official website at [www.coteccons.vn](http://www.coteccons.vn) and the mass media.

In 2015, Coteccons welcomed tens of local and global financial institutions, fund management companies and Investors. Good business result and transparent information of the Company have brought positive signals in the market. Stock price of Coteccons rises day by day, reflecting the Company's business results.

Subcontractors, Suppliers, and Construction Teams are the labor force directly participating in building the products provided to Clients. Their success is the success of Coteccons and of the Clients. Being clearly aware of that, the Company's leaders always focus to build and develop this force along with the Company's development. In 2015, the construction output nearly doubled compared with 2014 and is expected to strongly increase in the next years. Therefore, the Company urgently increased number of Subcontractors, Construction teams and Suppliers. Particularly, the Company also determines that development of existing Partners is an important responsibility that must be fulfilled to ensure sustainable success not only for Coteccons but also for all related parties.

In 2015, Coteccons cooperated with 68% of new Subcontractors and Construction Teams, increasing the Company's number of Subcontractors and Construction Teams up to 1,500, excluding Suppliers. Despite of such a large number of Partners, these partners can meet 99% of work requirements from Coteccons. In 2015, only one subcontractor was eliminated from the list of trusted partners of the Company.

To have a successful cooperation with such partners, the relation with Subcontractors, Suppliers and Construction Teams is concentrated on performance efficiency through the following activities:

1. Implement the core cultural values declared by Coteccons so that the Partners can really believe in Coteccons by establishing Ethics Committee to be responsible for receiving and handling the feedbacks from the Partners.
2. Hold annual Construction Force Conference with the attendance of Subcontractors, Suppliers and Construction Teams to deal with impediments and obstacles against the success of parties.
3. Strengthen information share between the Company's leaders and the Partners to help them understand new policies and thereby to have proper adjustments so as to complete the works in the best way.
4. Actively share experiences in management and organize training activities to enhance professional knowledge about safety, technique, finance – accounting, and management. Orient and support to develop the Construction Teams into professional companies.
5. Pay visits to large-scale sites abroad for the long-term Partners of the Company. Besides learning construction techniques, the visits can help the Partners enhance their awareness to develop and consolidate organizational structure to meet higher requirements from the Company.



SINCE ITS EARLY DAYS OF ESTABLISHMENT, COTECCONS HAS DETERMINED PEOPLE ARE THE MOST VALUABLE ASSET. THEREFORE, SAFETY AND HEALTH INSURANCE IS THE PREREQUISITE FOR ALL ACTIVITIES OF THE COMPANY.

Since its early days of establishment, Coteccons has determined people are the most valuable asset. Therefore, Safety and occupational health are seen as a prerequisite for the entire operations of the Company. Work safety policy of Coteccons has been enforced for efficient and safe construction of the projects. To successfully implement

this statement, Coteccons has given specific short-term and long-term plans so that the Board of Safety, the staff, and the laborers working in Coteccons can implement.

The change in thinking as well as the safety management method at the construction site of Coteccons really stand out in the period 2011 – 2015. Accordingly, the work of “Promulgate and increase safety force” is essential requirement. Coteccons has taken this route as follows:

- » In 2011 - 2013: Assigned Supervision Engineers of Coteccons to be responsible for safety.
- » In 2014: Built teams of safety staff for Subcontractors and Construction teams and regulate in details rights and obligations of this force. With nearly 700 safety staffs from Construction teams of Coteccons, who are trained by the authorized safety training center and are trained according to specific professional field, this force will become the key force to implement safety at the projects.
- » In 2015: Pushed up training activities to promote capability and roles of safety force of member companies, Subcontractors, and Construction Teams. This force will directly implement safety at site. Site Management Unit will supervise and Coteccons’ Board of Safety will train, review, and evaluate.

Replicate safe and effective construction methods: Coteccons organizes monthly or irregular meetings with engineers in charge of safety at site and safety engineers of projects to learn experiences and popularize safety solutions in construction.

Training is an important duty to ensure awareness and action of safety of the employees:

- » Make plan and organize weekly training course for safety engineers and supervisors directly participating in construction and all workers at site. Training contents are prepared selectively and coherently, mainly presented in images, so that the laborers can easily understand and carry out.
- » Release Safety Manual, in which, safety instructions are given for all work items during the construction progress.
- » Deploy 03 models: falling objects, free falls, and falls with safety belt. They are the most animated and realistic training models for workers and are effectively applied in developed countries to raise awareness of workers in safety.
- » During the year, Coteccons coordinated with Thermal Technology Center to train and grant certificates for:
  - 77 safety engineers (Certification on safety professional training for site safety officer).
  - 142 certificates on safety at height.
  - 142 certificates on scaffolding fabrication.
  - 124 certificates on safety (Group 2).
- » Organize presentation skill training course for safety specialists to improve the quality and effectiveness of safety training for site supervisors and workers.
- » Regularly organize the rescue rehearsals to instruct all laborers at site the capability to promptly response to possible dangerous situations.

Employees working in warehouses and construction sites are fully equipped with personal protective

equipment (hats, uniforms, safety shoes, safety belts, etc.). No employee of Coteccons has to work in an unsafe environment or is unequipped with personal protective equipment. To control the working condition of workers in high-risk areas, Coteccons provide machineries, tools as gas meter, noise meter, anemometer, power and light meter, etc. to ensure the safest working environment. This is one of the commitments specified by the HSE policy of Coteccons to prevent accidents at work.

Health examination for workers: daily examination, as for works requiring good health and regular examination, as for all workers at site. Team of doctors of Board of Safety coordinate with Medial Centers to give health examination.

With effectiveness in implementation of safety and health policy, Coteccons is proud to create a safe and reliable working environment that it is difficult to find in other companies.

Number of safe working hours of the following year is always higher than that of the previous year.

YEAR	SAFE WORKING HOURS
2011	15,810,714
2012	18,248,682
2013	24,322,120
2014	25,582,896
2015	32,841,056

Lost time injury frequency rate (LTIFR) of the following year are always lower than that of the previous year.

YEAR	LTIFR
2011	5.06
2012	4.38
2013	3.29
2014	3.13
2015	2.44

Develop a professional, safe and clean working environment in Coteccons.

Minimize the negative impact on environment through pollution prevention and waste management in accordance with legal regulations.

The results of these activities are:

- » Cost reduction.
- » Waste treatment before being discharged to the environment.

Promulgate rules and regulations to prevent activities harmful to human-being or environment.

In all projects of various scales, wastes were classified and reused. For each of Masteri, Lexington, Vinhomes Central Park projects, etc., Coteccons established a waste minimization and control unit to minimize waste and reduce cost of project. The main objective is to comply with the HSE regulations of Vietnam laws.

The main method to waste minimization is the use of skilled workers (no mistake or error in production/construction) to minimize waste.

Thanks to HSE and environmental sanitation efforts, in 2015 Coteccons achieved the following accomplishments:

- 1** Certificate of Merit from the Ministry of Labor, Ward Invalid, and Social Affair given to the staff of Coteccons; Certificate of Merit from the Ministry of Labor, Ward Invalid, and Social Affair given to CEO and 2 Deputy CEO for their outstanding achievements in work safety.
- 2** More than 32.8 million safe working hours without serious working accidents and major incidents and reduction of medium and minor accidents.
- 3** Certificate for achievement of more than 3 million safe working hours given by VCCD - the Investor of SC VivoCity Project.
- 4** Environmental Management Certificate - ISO 14001 by QMS (Australia) and Certificate of Health Safety System Management - OHSAS 18001-2007. These commitments not only brought about good quality works but also ensured the sufficient work safety system, staff's health and minimized the impacts of construction on the surrounding environment.



**ALONG WITH SUCCESSES IN BUSINESS, COTECCONS DETERMINES ITS RESPONSIBILITIES TO THE COMMUNITY AND SOCIETY BY ALWAYS EXTRACTING A CONSIDERABLE AMOUNT OF PROFIT FOR CHARITABLE PROGRAMS WITH THE DESIRE TO SUPPORT AND SHARE WITH DISADVANTAGED, SICK, AND POOR PEOPLE.**

**SOME TYPICAL ACTIVITIES:**

<p><b>495</b> MILLION VND</p>	<p><b>322</b> MILLION VND</p>	<p><b>700</b> MILLION VND</p>
<p>» Continuing the program "Coteccons - Together for the community" in 3 consecutive years, the Company paid visits to the patients with cancer treatment at HCMC Oncology Hospital and supported the patients who have no enough money for chemotherapy and radiotherapy after surgery with their continuous treatment. The Company gave 650 gifts and financed 20 patients with significantly difficult situation for the total amount of VND495 million.</p>	<p>» Paid visits and gave gifts for the amount of VND322 million to the helpless elderly, disabled people, people affected from fatal diseases, orphans, poor students with good education result, and young children on the occasion of Middle Autumn Holiday. Although the value of the gifts is not so high, they are to partly share difficulties with disadvantaged peoples and show the solidarity of Coteccons' staff.</p>	<p>» Donated the fund "Join hands to protect Vietnam's sovereignty in the East Sea"; Agent Orange Charity Foundation, savings books for former Young Volunteers in Ha Nam Province, etc. for the total amount of VND700 million.</p>



Coteccons will continue caring for and supporting the activities towards the community. The Company will also regularly maintain and further develop these activities both in quality and quantity to jointly build a better society.



# STRONG

FINANCIAL RESOURCES



THE GOLD VIEW - HCM CITY



**COTEC CONSTRUCTION JOINT STOCK COMPANY**

Consolidated financial statements

31 December 2015

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**THE COMPANY**

Cotec Construction Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4103002611 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 August 2004 and the following amended Business Registration Certificates:

<u>Amended Business Registration Certificate No.</u>	<u>Date</u>
4103002611 – 1st	10 January 2005
4103002611 – 2nd	24 August 2006
4103002611 – 3rd	24 October 2006
4103002611 – 4th	5 June 2007
4103002611 – 5th	20 August 2007
4103002611 – 6th	5 January 2008
4103002611 – 7th	22 May 2009
0303443233 – 8th	7 September 2009
0303443233 – 9th	23 August 2010
0303443233 – 10th	10 September 2010
0303443233 – 11th	7 May 2012
0303443233 – 12th	25 June 2013
0303443233 – 13th	24 August 2015

The Company was listed its shares on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 9 December 2009.

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

The Company's head office is located at 236/6 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

**BOARD OF DIRECTORS**

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

Mr. Nguyen Ba Duong	Chairman	
Mr. Tran Quang Tuan	Member	
Mr. Tran Quang Quan	Member	
Mr. Talgat Turumbayev	Member	
Mr. Tony Xuan Diep	Member	appointed on 14 April 2015
Mr. Giuseppe Maniscalco Ferrara	Member	appointed on 14 April 2015
Mr. Hoang Xuan Chinh	Member	appointed on 14 April 2015
Mr. Huynh Le Duc	Member	resigned on 14 April 2015
Mr. Brian Quan Pham	Member	resigned on 23 March 2015
Mr. Huynh Ba Thang Long	Member	resigned on 4 February 2015

**BOARD OF SUPERVISION**

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

Ms. Nghiem Bach Huong	Head of Supervision
Mr. Nguyen Duc Canh	Member
Mr. Ho Van Chi Thanh	Member



## MANAGEMENT

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

Mr. Nguyen Ba Duong	General Director
Mr. Tran Quang Quan	Deputy General Director
Mr. Tran Quang Tuan	Deputy General Director
Mr. Tran Van Chinh	Deputy General Director
Mr. Tu Dai Phuc	Deputy General Director
Mr. Phan Huy Vinh	Deputy General Director appointed on 1 September 2015

## LEGAL REPRESENTATIVE

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

## AUDITORS

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

Management of Cotec Construction Joint Stock Company ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2015.

## MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

## STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2015 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



**Nguyen Ba Duong**  
General Director

11 March 2016

## INDEPENDENT AUDITORS' REPORT

### To: The Shareholders of Cotec Construction Joint Stock Company

We have audited the accompanying consolidated financial statements of Cotec Construction Joint Stock Company and its subsidiary ("the Group") as prepared on 11 March 2016 and set out on pages 6 to 43, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

### Management's responsibility

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

### Auditors' responsibility

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

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

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

### Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2015, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

### Ernst & Young Vietnam Limited



**Le Quang Minh**  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 0426-2013-004-1

Ho Chi Minh City, Vietnam  
11 March 2016

**Ngo Hong Son**  
Auditor  
Audit Practicing Registration Certificate  
No. 2211-2013-004-01

**CONSOLIDATED BALANCE SHEET**

as at 31 December 2015

B01-DN/HN

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>6,485,874,716,823</b>	<b>3,657,898,186,972</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>1,461,621,853,393</b>	<b>469,023,469,430</b>
111	1. Cash		906,621,853,393	378,018,518,751
112	2. Cash equivalents		555,000,000,000	91,004,950,679
<b>120</b>	<b>II. Short-term investment</b>		<b>928,100,000,000</b>	<b>629,080,000,000</b>
123	1. Held-to-maturity investments	6	928,100,000,000	629,080,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>2,608,589,628,142</b>	<b>2,149,278,691,971</b>
131	1. Short-term trade receivables	7	2,605,698,634,082	2,154,169,888,369
132	2. Short-term advances to suppliers	8	202,857,498,603	102,790,951,780
136	3. Other short-term receivables	9	112,776,947,256	86,816,795,752
137	4. Provision for doubtful short-term receivables	7, 9	(312,743,451,799)	(194,498,943,930)
<b>140</b>	<b>IV. Inventories</b>	<b>10</b>	<b>1,051,277,324,227</b>	<b>269,593,810,165</b>
141	1. Inventories		1,051,277,324,227	344,593,810,165
149	2. Provision for obsolete inventories		-	(75,000,000,000)
<b>150</b>	<b>V. Other current assets</b>		<b>436,285,911,061</b>	<b>140,922,215,406</b>
151	1. Short-term prepaid expenses	11	18,026,746,448	22,642,475,365
152	2. Value-added tax deductibles		418,244,088,256	118,279,740,041
153	3. Tax and other receivables from the State		15,076,357	-
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,329,221,251,200</b>	<b>1,205,163,678,477</b>
<b>210</b>	<b>I. Long-term receivable</b>		<b>248,976,000</b>	<b>45,000,000</b>
216	1. Other long-term receivables		248,976,000	45,000,000
<b>220</b>	<b>II. Fixed assets</b>		<b>439,783,731,702</b>	<b>248,987,841,039</b>
221	1. Tangible fixed assets	12	340,259,899,558	149,321,611,004
222	Cost		575,511,779,810	349,491,694,927
223	Accumulated depreciation		(235,251,880,252)	(200,170,083,923)
227	2. Intangible assets	13	99,523,832,144	99,666,230,035
228	Cost		108,679,038,268	107,411,072,018
229	Accumulated amortisation		(9,155,206,124)	(7,744,841,983)
<b>230</b>	<b>III. Investment properties</b>	<b>14</b>	<b>91,813,818,041</b>	<b>104,795,419,660</b>
231	1. Cost		105,619,003,648	115,412,954,913
232	2. Accumulated depreciation		(13,805,185,607)	(10,617,535,253)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>47,801,513,529</b>	<b>5,690,512,097</b>
242	1. Construction in progress	15	47,801,513,529	5,690,512,097
<b>250</b>	<b>V. Long-term investments</b>		<b>492,937,092,625</b>	<b>781,240,497,580</b>
252	1. Investments in associates	16	124,937,092,625	101,240,497,580
255	2. Held-to-maturity investments	6	368,000,000,000	680,000,000,000
<b>260</b>	<b>VI. Other long-term assets</b>		<b>256,636,119,303</b>	<b>64,404,408,101</b>
261	1. Long-term prepaid expenses	11	253,095,850,847	61,396,932,106
262	2. Deferred tax assets	30.3	3,540,268,456	3,007,475,995
<b>270</b>	<b>TOTAL ASSETS</b>		<b>7,815,095,968,023</b>	<b>4,863,061,865,449</b>

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>4,572,560,185,669</b>	<b>2,153,669,745,752</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>4,559,132,890,228</b>	<b>2,139,742,012,076</b>
311	1. Short-term trade payables	17	1,962,369,570,532	975,592,525,919
312	2. Short-term advances from customers	18	1,107,822,409,888	77,521,200,566
313	3. Statutory obligations	19	116,914,020,796	72,799,155,371
315	4. Short-term accrued expenses	20	1,098,234,426,509	767,998,460,368
318	5. Short-term unearned revenues	21	24,026,122,901	18,591,488,392
319	6. Other short-term payables	22	121,558,744,015	125,410,598,469
321	7. Short-term provisions	23	71,491,247,162	62,446,118,798
322	8. Bonus and welfare fund		56,716,348,425	39,382,464,193
<b>330</b>	<b>II. Non-current liabilities</b>		<b>13,427,295,441</b>	<b>13,927,733,676</b>
337	1. Other long-term liabilities	22	2,458,289,430	2,869,733,915
342	2. Long-term provisions	23	10,969,006,011	11,057,999,761
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>3,242,535,782,354</b>	<b>2,709,392,119,697</b>
<b>410</b>	<b>I. Capital</b>		<b>3,242,535,782,354</b>	<b>2,709,392,119,697</b>
411	1. Share capital	24.1	468,575,300,000	422,000,000,000
411a	- Shares with voting rights		468,575,300,000	422,000,000,000
412	2. Share premium	24.1	1,385,223,930,000	869,140,000,000
415	3. Treasury shares	24.1	(1,741,460,000)	(1,741,460,000)
418	4. Investment and development fund	24.1	751,424,960,122	677,695,028,874
421	5. Undistributed earnings	24.1	639,053,052,232	560,147,617,787
421a	- Undistributed earnings of prior years		250,480,097,719	232,794,322,592
421b	- Undistributed earnings of current year		388,572,954,513	327,353,295,195
429	6. Non-controlling interests		-	182,150,933,036
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>7,815,095,968,023</b>	<b>4,863,061,865,449</b>

Vu Thi Hong Hanh  
Preparer

Ha Tieu Anh  
Chief Accountant
  
Nguyen Ba Duong  
General Director

11 March 2016



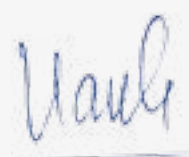
**CONSOLIDATED INCOME STATEMENT**

for the year ended 31 December 2015

B02-DN/HN

Code	ITEMS	Notes	VND	
			Current year	Previous year
10	1. Net revenue from sale of goods and rendering of services	25.1	13,668,916,257,891	7,633,621,860,050
11	2. Cost of goods sold and services rendered	26	(12,557,080,138,880)	(7,077,701,608,676)
20	3. Gross profit from sale of goods and rendering of services		1,111,836,119,011	555,920,251,374
21	4. Finance income	25.2	126,103,176,681	118,764,053,874
22	5. Finance expenses	27	(1,590,712,601)	(372,976,263)
24	6. Share of profit (loss) of associates	16	13,861,863,201	(9,266,878,273)
26	7. General and administrative expenses	28	(362,816,863,648)	(214,752,054,120)
30	8. Operating profit		887,393,582,644	450,292,396,592
31	9. Other income	29	41,100,416,921	29,754,881,825
32	10. Other expenses	29	(1,825,477,319)	(15,759,859,703)
40	11. Other profit	29	39,274,939,602	13,995,022,122
50	12. Accounting profit before tax		926,668,522,246	464,287,418,714
51	13. Current corporate income tax expense	30.1	(194,398,661,290)	(104,550,010,660)
52	14. Deferred corporate income tax income (expense)	30.3	532,792,461	(2,271,700,563)
60	15. Net profit after tax		732,802,653,417	357,465,707,491
61	16. Net profit after tax attributable to shareholders of the parent		666,080,628,989	327,353,295,195
62	17. Net profit after tax attributable to non-controlling interests		66,722,024,428	30,112,412,296
70	18. Basic earnings per share	32	14,770	7,381
71	19. Diluted earnings per share	32	14,770	7,381

VND



**Vu Thi Hong Hanh**  
Preparer

11 March 2016



**Ha Tieu Anh**  
Chief Accountant



**Nguyen Ba Duong**  
General Director

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 December 2015

B03-DN/HN

Code	ITEMS	Notes	VND	
			Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	Accounting profit before tax		926,668,522,246	464,287,418,714
Adjustments for:				
02	Depreciation and amortisation	12, 13, 14	45,201,994,948	34,952,395,297
03	Provisions		89,928,869,020	40,117,854,312
04	Unrealised foreign exchange gains arisen from revaluation of monetary accounts denominated in foreign currency		(146,078,821)	(1,089,361,412)
05	Profit from investing activities		(142,310,719,120)	(109,470,328,119)
08	<b>Operating profit before changes in working capital</b>		<b>919,342,588,273</b>	<b>428,797,978,792</b>
09	Increase in receivables		(969,292,851,723)	(220,259,363,116)
10	Increase in inventories		(706,683,514,062)	(18,339,912,959)
11	Increase in payables		2,345,105,757,590	28,201,675,010
12	(Increase) decrease in prepaid expenses		(187,083,189,824)	19,895,842,046
15	Corporate income tax paid	30.2	(164,187,105,229)	(99,077,091,719)
16	Other cash inflows from operating activities		-	980,168,000
17	Other cash outflows from operating activities		(8,669,374,227)	(9,640,017,322)
20	<b>Net cash flows from operating activities</b>		<b>1,228,532,310,798</b>	<b>130,559,278,732</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	Purchases and construction of fixed assets		(242,227,710,286)	(31,828,283,506)
22	Proceeds from disposals of fixed assets		1,504,193,579	5,079,772,726
23	Term deposits at banks		-	(253,580,000,000)
24	Collections from term deposits at banks		12,980,000,000	-
25	Payments for investments in other entities		(8,085,000,000)	(55,031,937,615)
26	Proceeds from sale of investments in other entities		38,238,062,386	23,226,256,020
27	Interest and dividends received		83,106,235,283	103,279,458,265
30	<b>Net cash flows used in investing activities</b>		<b>(114,484,219,038)</b>	<b>(208,854,734,110)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
31	Issuance of shares		45,815,000,000	-
36	Dividends paid		(167,264,407,250)	(72,142,670,300)
40	<b>Net cash flows used in financing activities</b>		<b>(121,449,407,250)</b>	<b>(72,142,670,300)</b>

VND




**CONSOLIDATED CASH FLOW STATEMENT (cont.)**

for the year ended 31 December 2015

B03-DN/HN

Code	ITEMS	Notes	Current year	Previous year
50	Net increase (decrease) in cash and cash equivalents		992,598,684,510	(150,438,125,678)
60	Cash and cash equivalents at beginning of year		469,023,469,430	618,518,444,081
61	Impact of exchange rate fluctuation		(300,547)	943,151,027
70	Cash and cash equivalents at end of year	5	1,461,621,853,393	469,023,469,430



**Vu Thi Hong Hanh**  
Preparer

11 March 2016



**Ha Tieu Anh**  
Chief Accountant



**Nguyen Ba Duong**  
General Director

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

as at and for the year ended 31 December 2015

B09-DN/HN

**1. CORPORATE INFORMATION**

Cotec Construction Joint Stock Company ("The Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4103002611 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 August 2004 and the following amended Business Registration Certificates:

Amended Business Registration Certificate No.	Date
4103002611 – 1 <sup>st</sup>	10 January 2005
4103002611 – 2 <sup>nd</sup>	24 August 2006
4103002611 – 3 <sup>rd</sup>	24 October 2006
4103002611 – 4 <sup>th</sup>	5 June 2007
4103002611 – 5 <sup>th</sup>	20 August 2007
4103002611 – 6 <sup>th</sup>	5 January 2008
4103002611 – 7 <sup>th</sup>	22 May 2009
0303443233 – 8 <sup>th</sup>	7 September 2009
0303443233 – 9 <sup>th</sup>	23 August 2010
0303443233 – 10 <sup>th</sup>	10 September 2010
0303443233 – 11 <sup>th</sup>	7 May 2012
0303443233 – 12 <sup>th</sup>	25 June 2013
0303443233 – 13 <sup>th</sup>	24 August 2015

The Company was listed its shares on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 9 December 2009.

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

The Company's registered head office is located at 236/6 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

The number of the Group's employees as at 31 December 2015 was 1,573 (31 December 2014: 1,065).

**Group structure**

The Company has a subsidiary, Uy Nam Investment Construction Joint Stock Company ("Uy Nam"), a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4103005020 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 July 2006, as amended. Uy Nam's registered office is located at 236/6 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. Uy Nam's principal activities are to providing construction services, equipment installation services and trading of construction materials.

As at 31 December 2015, the Company holds 100% (31 December 2014: 51.24%) equity interest in Uy Nam.

**2. BASIS OF PREPARATION****2.1 Accounting standards and system**

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

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

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

**2.2 Applied accounting documentation system**

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

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary as at and for the year ended 31 December 2015.

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

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

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

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****3.1 Changes in accounting policies and disclosures**

The accounting policies adopted by the Group in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014 except for the changes in the accounting policies in relation to the following:

*Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system*

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system ("Circular 200") replacing Decision No. 15/2006/QD-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. Circular 200 is effective for the financial year beginning on or after 1 January 2015.

The effects of the change in accounting policies in accordance with Circular 200 to the Group are applied on a prospective basis as Circular 200 does not required for retrospective application. The Group also reclassifies certain corresponding figures of prior year following the presentation of the current year's consolidated financial statements in accordance with Circular 200 as disclosed in Note 35.

*Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements*

On 22 December 2014, the Ministry of Finance issued the Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements replacing section XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007. Circular 202 is effective for the preparation and presentation of consolidated financial statements for the financial years beginning on or after 1 January 2015.

The effects of the change in accounting treatment in accordance with Circular 202 are applied on a prospective as this Circular does not require for retrospective application.

**3.2 Cash and cash equivalents**

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

**3.3 Receivables**

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

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

**3.4 Inventories**

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Inventories (continued)**

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

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

*Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, merchandise goods and construction work-in-process owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

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

**3.5 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

**3.6 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use. Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or retired, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

*Land use rights*

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

**3.7 Depreciation and amortisation**

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Investment properties**

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

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

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

Office building	30 years
Others	25 years

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

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

**3.9 Construction in progress**

Construction in progress represents assets purchasing which have not yet been completed as at the balance sheet date.

**3.10 Leased assets**

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

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

*Where the Group is the lessee*

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

*Where the Group is the lessor*

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

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



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.11 Prepaid expenses**

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

Tools and supplies used for construction are amortised to the consolidated income statement over the period of two (2) to six (6) years on the straight-line basis.

**3.12 Investments***Investments in associates*

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

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

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

*Held-to-maturity investments*

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

**3.13 Provision for diminution in value of investments**

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

**3.14 Payables and accruals**

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

**3.15 Accrual for severance allowance pay**

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease in the accrued amount will be taken to the consolidated income statement.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.16 Provisions**

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

Provision for warranty obligation of construction project is estimated from 0.5% to 1% on value of project based on the specification of each project and actual experience.

**3.17 Foreign currency transactions**

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

- » transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- » transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment.

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

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

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

**3.18 Earnings per share**

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

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

**3.19 Treasury shares**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.20 Appropriation of net profits**

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

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

- » Investment and development fund  
This fund is set aside for use in the Group's expansion of its operation or of in-depth investment.
- » Bonus and welfare fund  
This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet

**3.21 Revenue recognition**

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

*Construction contracts*

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

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

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

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

*Sale of goods*

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

*Rental income*

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.21 Revenue recognition (continued)***Interest*

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

*Dividend*

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

**3.22 Taxation***Current income tax*

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

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

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

*Deferred tax*

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**

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**4. BUSINESS COMBINATION**

Shares swap with non-controlling interests in Uy Nam Investment Construction Joint Stock Company ("Uy Nam")

On 4 December 2015, the Company issued 3,604,530 new shares at the market value of VND 146,000 per share to swap with the non-controlling interests of Uy Nam at swap ratio 1:0.745. Subsequently, the Company increased its ownership interests in Uy Nam to 100%. The difference between the consideration and the carrying value of the interest acquired has been recognised in undistributed earnings of the consolidated balance sheet (Note 24.1).

**5. CASH AND CASH EQUIVALENTS**

	VND	
	Ending balance	Beginning balance
Cash on hand	179,130,421	717,470,248
Cash in banks	906,442,722,972	377,301,048,503
Cash equivalents (*)	555,000,000,000	91,004,950,679
<b>TOTAL</b>	<b>1,461,621,853,393</b>	<b>469,023,469,430</b>

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

Additional information regarding the cash flow statement:

	VND	
	Current year	Previous year
<b>Significant non-cash transactions that are excluded from the cash flow statement in the future:</b>		
Acquisition of shares in Uy Nam from non-controlling interests by swap with the Company's shares (Note 4)	526,261,380,000	-
Dividends paid through by offsetting liabilities	73,010,000,000	-

**6. HELD-TO-MATURITY INVESTMENTS**

	VND	
	Ending balance	Beginning balance
Short-term – Term deposits (i)	928,100,000,000	629,080,000,000
Long-term – Term deposits (ii)	368,000,000,000	680,000,000,000
<b>TOTAL</b>	<b>1,296,100,000,000</b>	<b>1,309,080,000,000</b>

(i) This includes deposits at commercial banks with original maturity of three (3) months or more but under one (1) year and earn an interest at the applicable rates.

(ii) This includes deposits at commercial banks with original maturity of more one (1) year and earn an interest at the applicable rates.

**7. SHORT-TERM TRADE RECEIVABLES**

	VND	
	Ending balance	Beginning balance
Other parties	2,562,527,917,898	2,108,986,654,538
- Sai Gon Garment – Match JSC	268,437,503,480	-
- Vietsin Commercial Complex Development JSC	71,044,930,182	225,847,966,931
- Others	2,223,045,484,236	1,883,138,687,607
Related parties (Note 31)	43,170,716,184	45,183,233,831
<b>TOTAL</b>	<b>2,605,698,634,082</b>	<b>2,154,169,888,369</b>
Provision for doubtful short-term receivables	(286,705,489,105)	(193,214,749,815)
<b>NET</b>	<b>2,318,993,144,977</b>	<b>1,960,955,138,554</b>

Movements of provision for doubtful short-term receivables:

	VND	
	Current year	Previous year
Beginning balance	193,214,749,815	151,467,089,618
Add: Provision created during the year	112,646,178,775	64,296,885,916
Less: Reversal of provision during the year	(19,155,439,485)	(22,549,225,719)
Ending balance	286,705,489,105	193,214,749,815

**8. SHORT-TERM ADVANCES TO SUPPLIERS**

	VND	
	Ending balance	Beginning balance
Other parties		
- Thao Dien Investment JSC	117,663,925,048	-
- Eastern Real Estate LLC	-	83,900,000,000
- Others	85,193,573,555	18,890,951,780
<b>TOTAL</b>	<b>202,857,498,603</b>	<b>102,790,951,780</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**

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**9. OTHER SHORT-TERM RECEIVABLES**

	VND	
	Ending balance	Beginning balance
Interest receivable	68,752,849,670	26,088,620,626
Advances to construction teams and employees	36,353,752,806	16,334,404,429
Short-term deposits	2,485,592,959	3,466,407,954
Receivables from disposal of investments	-	38,238,062,386
Others	5,184,751,821	2,689,300,357
<b>TOTAL</b>	<b>112,776,947,256</b>	<b>86,816,795,752</b>
Provision for doubtful short-term receivables	(26,037,962,694)	(1,284,194,115)
<b>NET</b>	<b>86,738,984,562</b>	<b>85,532,601,637</b>

*Movements of provision for doubtful short-term receivables:*

	VND	
	Current year	Previous year
Beginning balance	1,284,194,115	-
Add: Provision created during the year	24,753,768,579	1,284,194,115
Ending balance	26,037,962,694	1,284,194,115

**10. INVENTORIES**

	VND	
	Ending balance	Beginning balance
Construction work in process (*)	1,049,794,658,824	338,081,081,771
Merchandise goods	1,482,665,403	6,512,728,394
<b>TOTAL</b>	<b>1,051,277,324,227</b>	<b>344,593,810,165</b>
Provision for obsolete inventories	-	(75,000,000,000)
<b>NET</b>	<b>1,051,277,324,227</b>	<b>269,593,810,165</b>

**10. INVENTORIES (continued)**

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

	VND	
	Ending balance	Beginning balance
Masteri Thao Dien	162,782,230,796	-
Dai Quang Minh Highrise, Office Tower	92,695,482,019	-
Vinhomes Times City Park Hill 2, 3	91,645,625,519	-
First Team Garment Factory – Phase 2	50,201,827,474	-
GP Complex Center	40,328,800,240	850,098,638
Vincom Can Tho Commercial - Hotel Buildings	38,066,296,074	-
Hanovid Complex	35,950,225,475	45,695,576
The Everich Infinity High-class Apartments	33,055,085,091	-
Van Phu - Trung Kinh Complex Apartment	31,999,191,799	19,739,202,544
The One Ho Chi Minh City Tower	31,323,472,415	-
Vinhomes Times City T16 Highrise Department	30,607,565,043	7,277,358,856
Dai Kim Complex Zone	29,258,840,195	-
Vinhomes Central Park Highrise – Park 3	28,470,362,773	-
Goldmark City	28,021,294,452	5,070,226,314
Others	325,388,359,459	305,098,499,843
<b>TOTAL</b>	<b>1,049,794,658,824</b>	<b>338,081,081,771</b>

**11. PREPAID EXPENSES**

	VND	
	Ending balance	Beginning balance
Short-term		
Tools and supplies used for construction works	15,168,843,204	21,691,086,258
Others	2,857,903,244	951,389,107
<b>TOTAL</b>	<b>18,026,746,448</b>	<b>22,642,475,365</b>
Long-term		
Tools and supplies used for construction works	253,095,850,847	60,886,244,320
Others	-	510,687,786
<b>TOTAL</b>	<b>253,095,850,847</b>	<b>61,396,932,106</b>



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**12. TANGIBLE FIXED ASSETS**

	VND					
	Buildings & structures	Machinery & equipment	Means of transportation	Office equipment	Others	Total
<b>Cost:</b>						
Beginning balance	118,571,357,555	186,187,671,595	27,132,295,752	12,856,072,671	4,744,297,354	349,491,694,927
New purchase	35,479,922,907	182,180,778,926	8,259,966,208	5,177,920,961	30,863,636	231,129,452,638
Transfer from construction in progress	988,350,200	-	-	-	-	988,350,200
Disposal	-	(6,097,717,955)	-	-	-	(6,097,717,955)
Ending balance	155,039,630,662	362,270,732,566	35,392,261,960	18,033,993,632	4,775,160,990	575,511,779,810
<i>In which:</i>						
<i>Fully depreciated</i>	6,622,914,940	101,672,902,662	5,369,164,229	9,661,575,090	4,744,297,354	128,070,854,275
<b>Accumulated depreciation:</b>						
Beginning balance	(30,305,112,748)	(139,671,870,804)	(15,098,089,223)	(10,350,713,794)	(4,744,297,354)	(200,170,083,923)
Depreciation for the year	(7,949,510,138)	(26,699,274,856)	(4,260,285,302)	(1,691,674,058)	(3,236,099)	(40,603,980,453)
Disposal	-	5,522,184,124	-	-	-	5,522,184,124
Ending balance	(38,254,622,886)	(160,848,961,536)	(19,358,374,525)	(12,042,387,852)	(4,747,533,453)	(235,251,880,252)
<b>Net carrying amount:</b>						
Beginning balance	88,266,244,807	46,515,800,791	12,034,206,529	2,505,358,877	-	149,321,611,004
Ending balance	116,785,007,776	201,421,771,030	16,033,887,435	5,991,605,780	27,627,537	340,259,899,558

**13. INTANGIBLE ASSETS**

	VND		
	Land use rights	Software	Total
<b>Cost:</b>			
Beginning balance	102,603,924,366	4,807,147,652	107,411,072,018
New purchase	-	1,267,966,250	1,267,966,250
Ending balance	102,603,924,366	6,075,113,902	108,679,038,268
<i>In which:</i>			
<i>Fully depreciated</i>	-	3,126,407,086	3,126,407,086
<b>Accumulated amortisation:</b>			
Beginning balance	(4,151,556,030)	(3,593,285,953)	(7,744,841,983)
Amortisation for the year	(782,607,240)	(627,756,901)	(1,410,364,141)
Ending balance	(4,934,163,270)	(4,221,042,854)	(9,155,206,124)
<b>Net carrying value:</b>			
Beginning balance	98,452,368,336	1,213,861,699	99,666,230,035
Ending balance	97,669,761,096	1,854,071,048	99,523,832,144

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

**14. INVESTMENT PROPERTIES**

	VND	
	Ending balance	Beginning balance
Investment properties for rent (Note 14.1)	78,100,252,075	81,287,902,429
Investment properties for capital appreciation (Note 14.2)	13,713,565,966	23,507,517,231
<b>TOTAL</b>	<b>91,813,818,041</b>	<b>104,795,419,660</b>

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**14. INVESTMENT PROPERTIES (continued)****14.1 Investment properties for rent**

			VND
	Office building	Others	Total
<b>Cost:</b>			
Beginning and ending balances	73,285,073,773	18,620,363,909	91,905,437,682
<b>Accumulated depreciation:</b>			
Beginning balance	(9,771,343,156)	(846,192,097)	(10,617,535,253)
Depreciation for the year	(2,442,835,794)	(744,814,560)	(3,187,650,354)
Ending balance	(12,214,178,950)	(1,591,006,657)	(13,805,185,607)
<b>Net carrying amount:</b>			
Beginning balance	63,513,730,617	17,774,171,812	81,287,902,429
Ending balance	61,070,894,823	17,029,357,252	78,100,252,075

The fair value of the investment properties was not formally assessed and determined as at 31 December 2015. However, given the present occupancy rate of these properties, it is management's assessment that these properties' market values are higher than their carrying value as at the balance sheet date.

**14.2 Investment properties for capital appreciation**

			VND
	Current year	Previous year	
Beginning balance	23,507,517,231	-	
New purchases during year	-	23,507,517,231	
Disposal	(9,793,951,265)	-	
<b>Ending balance</b>	<b>13,713,565,966</b>	<b>23,507,517,231</b>	

**15. CONSTRUCTION IN PROGRESS**

			VND
	Current year	Previous year	
Purchases of fixed assets	45,905,335,704	5,472,980,726	
Others	1,896,177,825	217,531,371	
<b>TOTAL</b>	<b>47,801,513,529</b>	<b>5,690,512,097</b>	

**16. INVESTMENTS IN ASSOCIATES**

			VND
	Ending balance	Beginning balance	
Investments in associates	124,937,092,625	101,240,497,580	

As at 31 December 2015, the details of investment are as follows:

	Ending balance		Beginning balance	
	% of interest	Amount (VND)	% of interest	Amount (VND)
Ricons Construction Investment Joint Stock Company ("Ricons")	20.16	68,937,394,271	20.16	53,060,220,056
FCC Infrastructure Investment Joint Stock Company ("FCC")	35	55,825,749,951	35	47,917,846,315
Quang Trong Commercial Joint Stock Company ("Quang Trong")	36	173,948,403	36	262,431,209
<b>TOTAL</b>		<b>124,937,092,625</b>		<b>101,240,497,580</b>

Ricons, formerly known as Phu Hung Gia Construction Investment Joint Stock Company, is a shareholding company established in accordance with BRC No. 4103002810 issued by the DPI of Ho Chi Minh City on 27 October 2004 and as amended. Ricons's principal activities are to provide civil and industrial construction services, trade of construction materials and trade real estate.

FCC is a shareholding company established in accordance with BRC No. 0106605407 issued by the DPI of Ha Noi City on 21 July 2014 and as amended. FCC's principal activities are to provide civil and industrial construction services. According to BRC, the register charter capital of FCC is VND 369,000,000,000, in which the Group contributes VND 129,150,000,000 equivalent to 35% (Note 34.2).

Quang Trong is a shareholding company established in accordance with BRC No. 4903000474 issued by the DPI of Ba Ria – Vung Tau Province on 18 December 2007 and as amended. Quang Trong's principal activities are to trade real estate and provide project management.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**

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**16. INVESTMENTS IN ASSOCIATES (continued)**

Details of investments in associates are as follows:

	VND
	<b>Total</b>
<b>Cost of investment:</b>	
Beginning balance	86,075,000,000
Increase during the year	8,085,000,000
Ending balance	94,160,000,000
<b>Accumulated share in post-acquisition profit of the associates:</b>	
Beginning balance	15,165,497,580
Share in post-acquisition profit of the associates for the year	13,861,863,201
Unrealised profits during year	1,749,731,844
Ending balance	30,777,092,625
<b>Net carrying amount:</b>	
Beginning balance	101,240,497,580
Ending balance	124,937,092,625

**17. SHORT-TERM TRADE PAYABLES**

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Other parties	1,716,847,501,185	881,290,134,315
Related parties (Note 31)	245,522,069,347	94,302,391,604
<b>TOTAL</b>	<b>1,962,369,570,532</b>	<b>975,592,525,919</b>

**18. SHORT-TERM ADVANCES FROM CUSTOMERS**

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Other parties	1,107,822,409,888	74,057,200,566
- Tan Lien Phat Construction Investment Corporation	506,705,846,046	-
- Ha Noi Southern City Development JSC	127,524,901,860	-
- T&T Group JSC	125,353,367,557	-
- Others	348,238,294,425	74,057,200,566
Related parties (Note 31)	-	3,464,000,000
<b>TOTAL</b>	<b>1,107,822,409,888</b>	<b>77,521,200,566</b>

**19. STATUTORY OBLIGATIONS**

	VND			
	<b>Beginning balance</b>	<b>Increase in the year</b>	<b>Payment in the year</b>	<b>Ending balance</b>
Value-added tax	22,131,331,675	197,385,635,593	193,190,986,424	26,325,980,844
Corporate income tax (Note 30.2)	32,032,289,667	194,398,661,290	164,187,105,229	62,243,845,728
Personal income tax	18,625,053,466	49,859,594,480	40,140,453,722	28,344,194,224
Import tax	10,480,563	4,808,020,760	4,818,501,323	-
Others	-	24,930,696	24,930,696	-
<b>TOTAL</b>	<b>72,799,155,371</b>	<b>446,476,842,819</b>	<b>402,361,977,394</b>	<b>116,914,020,796</b>

**20. SHORT-TERM ACCRUED EXPENSES**

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Accrual for on-going construction projects	1,097,870,861,106	767,634,894,965
Others	363,565,403	363,565,403
<b>TOTAL</b>	<b>1,098,234,426,509</b>	<b>767,998,460,368</b>

**21. SHORT-TERM UNEARNED REVENUE**

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Unearned revenue from construction works	23,496,188,501	17,800,000,000
Unearned revenue from office leasing	529,934,400	791,488,392
<b>TOTAL</b>	<b>24,026,122,901</b>	<b>18,591,488,392</b>



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**22. OTHER PAYABLES**

	VND	
	Ending balance	Beginning balance
Short-term		
Payable to construction teams	119,209,888,142	103,974,308,286
Dividend payables	256,520,600	21,087,407,850
Others	2,092,335,273	348,882,333
<b>TOTAL</b>	<b>121,558,744,015</b>	<b>125,410,598,469</b>
Long-term		
Deposits	2,458,289,430	2,869,733,915

**23. PROVISIONS**

	VND	
	Ending balance	Beginning balance
Short-term		
Provisions for construction warranty	71,491,247,162	62,446,118,798
Long-term		
Severance allowance	10,969,006,011	11,057,999,761

**24. OWNERS' EQUITY****24.1 Increase and decrease in owners' equity**

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
<b>Previous year</b>							
Beginning balance	422,000,000,000	869,140,000,000	(1,741,460,000)	477,949,555,981	69,165,584,180	465,963,609,276	2,302,477,289,437
Net profit for the year	-	-	-	-	-	327,353,295,195	327,353,295,195
Profit appropriation	-	-	-	114,800,376,223	15,779,512,490	(130,579,888,713)	-
Transfer to bonus and welfare fund	-	-	-	-	-	(18,322,709,971)	(18,322,709,971)
Dividends declared	-	-	-	-	-	(84,266,688,000)	(84,266,688,000)
Ending balance	422,000,000,000	869,140,000,000	(1,741,460,000)	592,749,932,204	84,945,096,670	560,147,617,787	2,527,241,186,661
<b>Current year</b>							
Beginning balance	422,000,000,000	869,140,000,000	(1,741,460,000)	592,749,932,204	84,945,096,670	560,147,617,787	2,527,241,186,661
Beginning balance <i>(reclassified as stated in Note 35)</i>	422,000,000,000	869,140,000,000	(1,741,460,000)	677,695,028,874	-	560,147,617,787	2,527,241,186,661
Increase capital (*)	46,575,300,000	516,083,930,000	-	-	-	-	562,659,230,000
Net profit for the year	-	-	-	-	-	-	666,080,628,989
Profit appropriation	-	-	-	73,729,931,248	-	(73,729,931,248)	-
Transfer to bonus and welfare fund	-	-	-	-	-	(20,860,024,888)	(20,860,024,888)
Dividends declared	-	-	-	-	-	(210,666,720,000)	(210,666,720,000)
Decrease due to changing ownership interest in subsidiary	-	-	-	-	-	(281,918,518,408)	(281,918,518,408)
Ending balance	468,575,300,000	1,385,223,930,000	(1,741,460,000)	751,424,960,122	-	639,053,052,232	3,242,535,782,354



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**24. OWNERS' EQUITY (continued)****24.1 Increase and decrease in owners' equity (continued)**

(\*) During the year, the Company issued an aggregate of 4,657,530 new shares, details are as follows:

- 1,053,000 new shares to its employees in accordance with the Employee Stock Ownership Plan program in accordance with the approved Shareholders' Resolution No. 01/2015/NQ-DHCD dated 14 April 2015 and was approved by the Department of Planning and Investment of Ho Chi Minh City through the issuance of the 13th amended Business Registration Certificate dated 24 August 2015.
- 3,604,530 new shares to swap shares with non-controlling interests of Uy Nam Investment Construction Joint Stock Company at the swap ratio of 1:0.745 in accordance with the Shareholders' Resolution. As at the date of this report, the Company is in process of summing its application forms to the Department of Planning and Investment of Ho Chi Minh City for approval of change in its share capital.

**24.2 Capital transactions with owners and distribution of dividends**

	VND	
	Current year	Previous year
<b>Contributed share capital</b>		
Beginning balance	422,000,000,000	422,000,000,000
Increase	46,575,300,000	-
Ending balance	468,575,300,000	422,000,000,000
<b>Dividends</b>		
Dividends declared	210,666,720,000	84,266,688,000
Dividends paid	(158,487,607,250)	(63,365,870,300)
Dividends paid through by offsetting liabilities	(73,010,000,000)	-

**24.3 Shares**

	Ending balance (Shares)	Beginning balance (Shares)
Authorised shares	46,857,530	42,200,000
Shares issued and fully paid	46,857,530	42,200,000
<i>Ordinary shares</i>	46,857,530	42,200,000
Treasury shares	(66,656)	(66,656)
<i>Ordinary shares</i>	(66,656)	(66,656)
Shares in circulation	46,790,874	42,133,344
<i>Ordinary shares</i>	46,790,874	42,133,344

**25. REVENUES****25.1 Net revenue from sale of goods and rendering of services**

	VND	
	Current year	Previous year
Rendering of construction services (*)	13,228,949,551,678	7,444,767,793,280
Revenue from sales of goods	403,912,845,442	157,608,269,716
Revenue relating to investment properties	24,137,591,131	22,613,943,290
Rental of construction equipment	11,916,269,640	8,631,853,764
<b>TOTAL</b>	<b>13,668,916,257,891</b>	<b>7,633,621,860,050</b>
<i>In which:</i>		
<i>Sales to related parties</i>	103,668,280,228	24,853,224,546
<i>Sales to other parties</i>	13,565,247,977,663	7,608,768,635,504

(\*) Revenue from construction contracts recognised during the year and cumulative revenue of the on-going construction contracts are as follows:

	VND	
	Current year	Previous year
Revenue recognised during the year of the completed construction contracts	1,174,284,035,323	815,389,745,199
Revenue recognised during the year of the on-going construction contracts	12,054,665,516,355	6,629,378,048,081
<b>TOTAL</b>	<b>13,228,949,551,678</b>	<b>7,444,767,793,280</b>

**25.2 Finance income**

	VND	
	Current year	Previous year
Bank interest income	100,592,069,813	108,458,273,332
Late payment interest	25,178,394,514	-
Foreign exchange gains	332,712,354	1,698,863,030
Proceeds from disposal of investments	-	8,534,917,512
Dividend received	-	72,000,000
<b>TOTAL</b>	<b>126,103,176,681</b>	<b>118,764,053,874</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**

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**25. REVENUES (continued)****25.3 Revenue and expense relating to investment properties**

	VND	
	Current year	Previous year
Rental revenue from investment properties	9,048,929,212	8,802,863,684
Direct operating expenses of investment properties that generated rental income during the year	6,551,491,429	5,914,115,383
Revenue from transferring of investment properties for capital appreciation	9,602,499,002	8,076,880,635

**26. COST OF GOODS SOLD AND SERVICES RENDERED**

	VND	
	Current year	Previous year
Cost of rendered of construction services	12,141,612,759,314	6,905,558,524,484
Cost of construction materials sold	393,880,343,919	155,396,517,823
Operating cost of investment properties	16,153,990,431	13,816,577,310
Cost of construction equipment leased	5,433,045,216	2,929,989,059
<b>TOTAL</b>	<b>12,557,080,138,880</b>	<b>7,077,701,608,676</b>

**27. FINANCE EXPENSES**

	VND	
	Current year	Previous year
Foreign exchange losses	1,590,712,601	375,558,736
Reversal of provision for long-term investments	-	(2,582,473)
<b>TOTAL</b>	<b>1,590,712,601</b>	<b>372,976,263</b>

**28. ADMINISTRATIVE EXPENSES**

	VND	
	Current year	Previous year
General and administrative expenses		
- Staff costs	161,763,233,259	109,862,084,850
- Provision expense	137,399,947,354	65,581,080,031
- Depreciation and amortisation	14,511,401,848	16,543,937,821
- Other expenses	68,297,720,672	45,314,177,137
Deduction of general and administrative expenses		
- Reversal of provision for doubtful debts	(19,155,439,485)	(22,549,225,719)
<b>TOTAL</b>	<b>362,816,863,648</b>	<b>214,752,054,120</b>

**29. OTHER INCOME AND EXPENSES**

	VND	
	Current year	Previous year
<b>Other income</b>	<b>41,100,416,921</b>	<b>29,754,881,825</b>
Reversal of construction warranty provisions	24,408,226,383	15,850,007,415
Reversal of over accrued construction costs	6,618,592,622	2,082,715,970
Proceeds from disposal of fixed assets	928,659,748	5,079,772,726
Compensation and penalty	181,526,327	2,366,631,933
Others	8,963,411,841	4,375,753,781
<b>Other expense</b>	<b>(1,825,477,319)</b>	<b>(15,759,859,703)</b>
Write - off receivables	-	(11,957,879,495)
Cost of disposed of fixed assets	-	(3,533,059,684)
Others	(1,825,477,319)	(268,920,524)
<b>NET OTHER PROFIT</b>	<b>39,274,939,602</b>	<b>13,995,022,122</b>

**30. CORPORATE INCOME TAX**

The statutory corporate income tax ("CIT") rate applicable to the Group is 22% of taxable profits.

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

**30.1 Current CIT expense**

	VND	
	Current year	Previous year
Current CIT expense	194,253,381,291	104,516,472,685
Adjustment for under accrual of tax from prior years	145,279,999	33,537,975
Deferred tax (income) expense	(532,792,461)	2,271,700,563
<b>TOTAL</b>	<b>193,865,868,829</b>	<b>106,821,711,223</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**

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**30. CORPORATE INCOME TAX (continued)****30.2 Current tax**

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

A reconciliation between the taxable profit and accounting profit before tax is presented below:

	VND	
	Current year	Previous year
<b>Accounting profit before tax</b>	<b>926,668,522,246</b>	<b>464,287,418,714</b>
<i>Adjustments to increase (decrease) in accounting profit</i>		
Non-deductible expenses	42,792,670,348	12,245,471,474
Change in unrealised profits	2,794,841,629	(1,109,022,422)
Change in unrealised foreign exchange differences	986,604,721	(742,272,453)
Increase in accrual expenses	-	(5,589,339,530)
Change in provision for investment	-	472,954,500
Dividend received	-	(72,000,000)
Change in provision for severance allowance	(88,993,750)	19,468,750
Change in taxable profit of unearned revenue	(1,321,867,032)	(1,595,112,825)
Share of (profit) loss from associates	(13,861,863,201)	9,266,878,273
Reversal of non-deductible expenses in previous years	(75,000,000,000)	(1,834,563,023)
<b>Adjusted net profit before loss carry forward</b>	<b>882,969,914,961</b>	<b>475,349,881,458</b>
Tax loss carried forward from sales of investment properties	-	(275,005,618)
<b>Estimated current taxable profit</b>	<b>882,969,914,961</b>	<b>475,074,875,840</b>
Estimated current CIT	194,253,381,291	104,516,472,685
Adjustment for under accrual of tax from prior years	145,279,999	33,537,975
<b>Estimated current CIT expense</b>	<b>194,398,661,290</b>	<b>104,550,010,660</b>
CIT payable at beginning of year	32,032,289,667	26,559,370,726
CIT paid during the year	(164,187,105,229)	(99,077,091,719)
<b>CIT payable at end of year</b>	<b>62,243,845,728</b>	<b>32,032,289,667</b>

**30. CORPORATE INCOME TAX (continued)****30.3 Deferred tax**

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

	VND			
	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
<b>Deferred tax assets</b>				
Severance allowance	2,193,801,203	2,432,759,948	(238,958,745)	(326,872,805)
Unrealised profit	1,423,112,375	585,267,972	837,844,403	(1,480,158,963)
Profit of unearned revenue	-	290,810,747	(290,810,747)	(438,434,217)
Unrealised foreign exchange differences	(68,762)	(217,128,676)	217,059,914	(155,959,657)
Provision for investments	(76,576,360)	(84,233,996)	7,657,636	129,725,079
<b>TOTAL</b>	<b>3,540,268,456</b>	<b>3,007,475,995</b>		
<b>Deferred income tax income (expense)</b>			<b>532,792,461</b>	<b>(2,271,700,563)</b>

**31. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions of the Group with related parties during the year were as follows:

			VND	
Related party	Relationship	Nature of transaction	Current year	Previous year
		Construction cost	1,242,043,301,719	169,165,707,011
		Purchase of construction material	443,031,752,554	242,622,274,213
		Sales of construction material	73,498,988,633	10,337,954,008
Ricons Construction Investment Joint Stock Company	Associate	Construction services	6,064,649,440	10,505,398,667
		Equipment rental income	2,927,736,167	2,678,455,290
		Office rental	849,907,092	-
		Utilities	830,026,376	-
		Equipment rental expense	595,366,842	1,331,416,581
FCC Infrastructure Investment Joint Stock Company	Associate	Constructions services	19,496,972,520	-
		Capital contribution	8,085,000,000	47,915,000,000



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**31. TRANSACTIONS WITH RELATED PARTIES (continued)**

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

Related party	Relation-ship	Nature of transaction	VND	
			Ending balance	Beginning balance
<b>Short-term trade receivables</b>				
Ricons Construction Investment Joint Stock Company	Associate	Construction services, equipment rental	21,724,046,412	45,183,233,831
FCC Infrastructure Investment Joint Stock Company	Associate	Construction services	21,446,669,772	-
			<b>43,170,716,184</b>	<b>45,183,233,831</b>
<b>Short-term trade payable</b>				
Ricons Construction Investment Joint Stock Company	Associate	Construction cost and purchase of material	245,522,069,347	94,302,391,604
<b>Short-term advance from customer</b>				
Ricons Construction Investment Joint Stock Company	Associate	Advance for rendering of construction services	-	3,464,000,000

*Transactions with other related parties*

Remuneration to members of the Board of Directors, Board of Supervision and Board of Management:

	VND	
	Current year	Previous year
Remuneration, salaries and bonus	21,575,959,498	14,150,878,849

**32. EARNINGS PER SHARE**

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

	VND	
	Current year	Previous year (restated)
Net profit after tax attributable to shareholders of the parent	666.080.628.989	327.353.295.195
Less: Bonus and welfare fund (*)	(33.304.031.449)	(16.367.664.760)
Net profit after tax attributable to ordinary equity holders	632.776.597.540	310.985.630.435
Weighted average number of ordinary shares during the year ( <i>shares</i> )	42.843.320	42.133.344
Basic and diluted earnings per share ( <i>VND/share</i> )	14.770	7.381

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

(\*) Profit used to compute earnings per share for the year 2014 as presented in the consolidated financial statements for the year 2014 was restated to reflect the actual allocation to bonus and welfare fund from 2014 retained earnings following the resolution of the shareholders meeting No. 01/2015/NQ-DHCD dated 14 April 2015.

Profit used to compute earnings per share for the year 2015 was adjusted for the provisional allocation to bonus and welfare fund from 2015 profit following the plan as approved in the resolution of the shareholders meeting No. 01/2015/NQ-DHCD dated 14 April 2015.

**33. SEGMENT INFORMATION**

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

*Construction services segment*

*Construction materials trading segment*

*Investment properties activities segment*

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

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**33. SEGMENT INFORMATION (continued)**

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

	Construction services	Construction materials trading	Investment properties activities	Elimination	Total
<b>For the year ended 31 December 2015</b>					
Revenue					VND
Revenue from sale of goods and rendering of services	14,893,437,463,319	660,890,866,463	28,378,532,934	(1,913,790,604,825)	13,668,916,257,891
Results					
Segment net profit (loss) before tax	1,049,676,537,291	533,734,377	9,386,080,154	(2,518,921,235)	1,057,077,430,587
Unallocated income					(130,408,908,341)
Net profit before income tax					926,668,522,246
Income tax expense					(193,865,868,829)
Net profit for the year					732,802,653,417
Assets and liabilities					
Segment assets	4,636,167,021,994	122,040,485,886	109,615,988,467	(438,408,078,545)	4,429,415,417,802
Unallocated assets					3,377,775,075,721
Total assets					7,807,190,493,523
Segment liabilities	4,714,221,033,830	98,184,908,368	3,708,616,411	(438,408,078,545)	4,377,706,480,064
Unallocated liabilities					186,948,231,105
Total liabilities					4,564,654,711,169

**33. SEGMENT INFORMATION (continued)**

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

	Construction services	Construction materials trading	Office leasing	Elimination	Total
<b>For the year ended 31 December 2014</b>					
Revenue					VND
Revenue from sale of goods and rendering of services	7,815,950,679,587	363,630,613,361	26,973,140,115	(572,932,573,013)	7,633,621,860,050
Results					
Segment net profit (loss) before tax	497,673,715,178	(4,533,977,272)	10,257,646,081	(525,676,387)	502,871,707,600
Unallocated expenses					(38,584,288,886)
Net profit before income tax					464,287,418,714
Income tax expense					(106,821,711,223)
Net profit for the year					357,465,707,491
Assets and liabilities					
Segment assets	2,741,842,974,334	93,814,075,027	123,844,398,620	(164,086,748,947)	2,795,414,699,034
Unallocated assets					2,067,647,166,415
Total assets					4,863,061,865,449
Segment liabilities	2,055,799,936,567	113,619,426,317	3,661,222,307	(164,086,748,947)	2,008,993,836,244
Unallocated liabilities					144,675,909,508
Total liabilities					2,153,669,745,752

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**34. COMMITMENTS****34.1 Operating lease commitments**

Operating lease commitments represent committed amounts relating to office lease under the operating lease agreement. Future rental amounts due as at 31 December 2015 are as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	626,482,069	854,545,455
From 1 to 5 years	569,564,637	405,000,000
More than 5 years	2,477,168,194	-
<b>TOTAL</b>	<b>3,673,214,900</b>	<b>1,259,545,455</b>

In addition, the Group leases out its Coteccons Building property under operating lease agreement. The future minimum rental receivable as at 31 December 2015 under the operating lease agreements is as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	6,496,221,360	8,083,860,438
From 1 to 5 years	1,043,595,000	5,773,322,760
More than 5 years	-	1,227,574,560
<b>TOTAL</b>	<b>7,539,816,360</b>	<b>15,084,757,758</b>

**34.2 Capital commitment**

As at 31 December 2015, the Company had capital contribution commitment as follows:

Name of investee	Charter capital	Capital contribution commitment		Contributed amount	Remaining commitment
		Amount	%		
		Amount	Amount		
FCC Infrastructure Investment Joint Stock Company	369,000,000,000	129,150,000,000	35	56,000,000,000	73,150,000,000

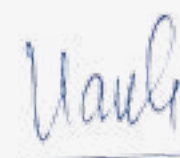
**35. RECLASSIFICATION OF CORRESPONDING FIGURES FOLLOWING APPLICATION OF CIRCULAR 200**

Certain corresponding figures on the consolidated balance sheet as at 31 December 2014 have been reclassified to reflect the presentation of the current year's consolidated financial statements in accordance with Circular 200. Details are as follows:

	VND		
	31 December 2014 (previously presented)	Reclassification	31 December 2014 (reclassified)
<b>CONSOLIDATED BALANCE SHEET</b>			
Short-term investments	629,080,000,000	(629,080,000,000)	-
Held-to-maturity investments	-	629,080,000,000	629,080,000,000
Other short-term receivables	67,015,983,369	19,800,812,383	86,816,795,752
Short-term prepaid expenses	440,701,321	22,201,774,044	22,642,475,365
Other current assets	19,800,812,383	(19,800,812,383)	-
Other long-term investments	680,000,000,000	(680,000,000,000)	-
Held-to-maturity investments	-	680,000,000,000	680,000,000,000
Other long-term receivable	-	45,000,000	45,000,000
Long-term prepaid expenses	83,598,706,150	(22,201,774,044)	61,396,932,106
Other long-term assets	45,000,000	(45,000,000)	-
Short-term provision	61,946,118,798	500,000,000	62,446,118,798
Other long-term liabilities	13,927,733,676	(11,057,999,761)	2,869,733,915
Long-term provision	500,000,000	10,557,999,761	11,057,999,761
Investment and development fund	592,749,932,204	84,945,096,670	677,695,028,874
Financial reserve fund	84,945,096,670	(84,945,096,670)	-

**36. EVENTS AFTER THE BALANCE SHEET DATE**

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.



**Vu Thi Hong Hanh**  
Preparer



**Ha Tieu Anh**  
Chief Accountant



**Nguyen Ba Duong**  
General Director

11 March 2016



# TYPICAL PROJECTS IN 2015

DIAMOND LOTUS - HCM CITY



» **DIAMOND CITY - HCM CITY**



» **EVERRICH INFINITY - HCM CITY**







» SALA DAI QUANG MINH - HCM CITY









**COTEC CONSTRUCTION JOINT STOCK COMPANY**

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

[ t ] (84) (8) 35142255 - 35142266

[ f ]: (84) (8) 35142277

[ e ] contact@cotecons.vn

[ w ] [www.cotecons.vn](http://www.cotecons.vn)

