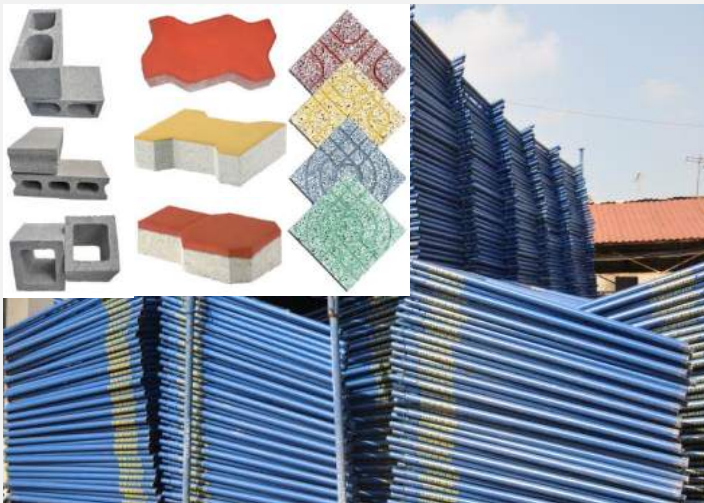




ANNUAL REPORT 2016



3-2 CONSTRUCTION INVESTMENT CORPORATION

"CIC 3-2 efforts to become a professional, reputable, quality company in the field of building materials, production and construction"

Core value of CIC 3-2

Commitment to quality: The Company always strives to create the best quality products and services that meet and exceed the expectations of customers.

Appreciated talents: The Company always creates the best environment and opportunity for each individual to develop comprehensively and create value for themselves, their customers and the company.

Cooperation: The Company always respects each individual and combines the different contribution of each individual to create the collective success of the team.

Creativity: Each member is constantly innovating in finding new solutions to add value to the customers.

Honesty: Each member is always honest and sincere in thought and actions.

Discipline: Each member always complies with the rules of work and effort to create the highest effectiveness in work.





TUONG BINH HIEP PRIMARY SCHOOL CONSTRUCTED BY C32

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Concrete culvert factory

GENERAL INFORMATION

General information

Lines and locations of the business

Information about governance model, business organization and managerial apparatus

Development orientations

Risks



General information

| | | |
|--|---|--|
| Trade name | : | 3-2 CONSTRUCTION INVESTMENT CORPORATION |
| Trade name in English | : | 3-2 CONSTRUCTION INVESTMENT CORPORATION |
| Abbreviated name | : | CIC 3-2 |
| Certificate of Business Registration No. | : | 3700146225 dated 24/12/2008 issued by the Department of Planning and Investment of Binh Duong Province, 8 th amendment registration dated 31/05/2016. |
| Charter capital | : | 112,000,000,000 VND |
| Owner's equity | : | 112,000,000,000 VND |
| Address | : | No. 45A Nguyen Van Tiet, Lai Thieu Ward, Thuan An Town, Binh Duong Province, Vietnam. |
| Tel | : | 0650.3759446 |
| Fax | : | 0650.3755605 |
| Website | : | https://cic32.com.vn |
| Stock Code | : | C32 |
| Stock Exchange | : | HOSE |



FORMATION AND DEVELOPMENT

3-2 Construction Investment Corporation was established in 1993 under Decision No. 06/QD-UB dated January 08, 1993 of the People's Committee of Song Be Province with the main function of trading in real estate, building materials, industrial construction, etc... Right from the beginning, construction was the main activity of the company which was mainly the construction of internal works as the work items in the construction project of Palm Song Be Golf Resort, Sewing Workshop, etc...

In 1994, the company expanded into mining, producing and trading in building stone at Dong Hoa quarry, Di An District, Binh Duong Province.

In 1997, with the policy of separating Song Be Province into Binh Duong and Binh Phuoc provinces, and meeting the development requirements in line with the new trend, the company changed its name into 3-2 Construction Investment Company.

In 2001, the company implemented the strategy of expanding production and business activities to real estate business and housing business.

In 2003, the company built and applied the quality management system ISO 9001: 2000, now known as ISO 9001: 2008. In the field of construction, the company was appropriated by investors of high quality since the introduction of the quality management into production. Establishment of mechanical workshop which was specialized in producing mechanical products for construction.

In 2004, brand CIC 3-2 was known to many customers in the markets inside and outside the province, was issued the certificate by the National Office of Intellectual Property of Vietnam under Decision No. A5461/QD-DK dated 18/08/2004.

In 2006, the company developed the field of reinforced concrete culverts; Construction of electricity and water; Freight services... and the establishment of Mechanical Concrete and Components Enterprise. New business lines marked the development of the Company's production and business strategy.

In 2007, the company widened investment to expand Tan Dong Hiep quarry, asked for license to directly exploit as the investor of the quarry to strengthen the enterprise advantage. Establishment of the Real Estate Trading Floor and the Center for Trading Building Materials 279 expanded the field of construction equipment rental business.

In 2008, implemented the policy of the Government, the People's Committee of Binh Duong Province, the company carried out the necessary work to transform into a joint stock company in 2007. As of December 11, 2008, 3-2 Construction Investment Corporation was established and officially came into operation on 02/01/2009 marked the new development of the company.

In 2011, the company expanded the construction of concrete culvert production workshop in Long Nguyen Commune, Ben Cat District, Binh Duong Province with a total area of 4 hectares, capacity of 30,000 culverts per year, and put into operation production lines of interlocking concrete bricks, block bricks to bring new products into the market.

In 2012, the company continued to invest in developing products to install the Terrazzo tile production line in the Mechanical and Concrete Components Enterprise to bring the product into the market inside and outside the province.

By the end of 2012, the company officially listed shares on Ho Chi Minh City Stock Exchange (HOSE).

CIC 3-2 has been a reputable construction contractor in Binh Duong Province, participated in many large and small construction works to meet technical and artistic requirements, highly appreciated by investors of quality as well as progress of construction.

Products such as centrifugal concrete, unburnt brick, building stone ... meet the requirements of customers for quality and the products of CIC 3-2 have been present in provinces such as Binh Duong, HCMC, Dong Nai, Long An, Tay Ninh

With the motto "The Best Productivity - Quality - Performance", CIC 3-2 is the leading unit in the construction field in Binh Duong Province applying the quality management system ISO 9001 in 2003, now known as the Quality management system ISO 9001: 2008. The products of the company when launching in the market always meet the requirements of customers in terms of design and quality. CIC 3-2 products are certified to meet the quality standards.



Crushing and screening system w/ capacity of 250 tones/hour



Mining at Tan Dong Hiep Quarry – Di An Town – Binh Duong

REMARKABLE EVENTS IN 2016



QUALITY BUSINESS IN 2015



LISTED BUSINESS QUALIFIED FOR INFORMATION DISCLOSURE



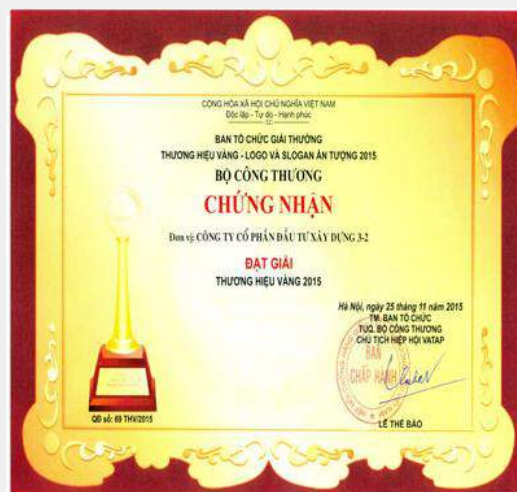
VIETNAM 50 BEST PERFORMING COMPANIES



SUSTAINABLE BUSINESS IN 2016



CERTIFICATE OF MERIT OF GENERAL DIRECTOR OF THE GENERAL DEPARTMENT OF TAXATION



GOLDEN BRAND IN 2015

AWARDS OFFERED TO THE COMPANY



TOP 50 BEST PERFORMING COMPANIES



GOLD CUP BRAND



GOLD STAR AWARD FOR THE BEST BRANDS OF VIETNAM IN 2015



TOP 50 COMPETING BRANDS OF VIETNAM



TROPHY FOR STRONG BRANDS "CUP FOR WTO ELITE PRODUCTS"



SILVER TROPHY FOR NATIONAL QUALITY

BUSINESS LINES



❖ Mining and trading in building stone

- ✚ Processing and mining at the quarry
- ✚ Scale of exploitation in an area of 20 hectares
- ✚ Building stone products have the advantages:
 - ✓ High bearing capacity
 - ✓ Less water absorption
 - ✓ High abrasion resistance
 - ✓ Widely used in road and bridge construction, technical infrastructure ...

STONE PROCESSING AREA



❖ Manufacturing and trading in precast concrete components.

- ✚ Centrifugal concrete culvert
 - ✓ H30 culvert
 - ✓ H10 culvert
 - ✓ VH culvert
- ✚ Reinforced concrete box culvert

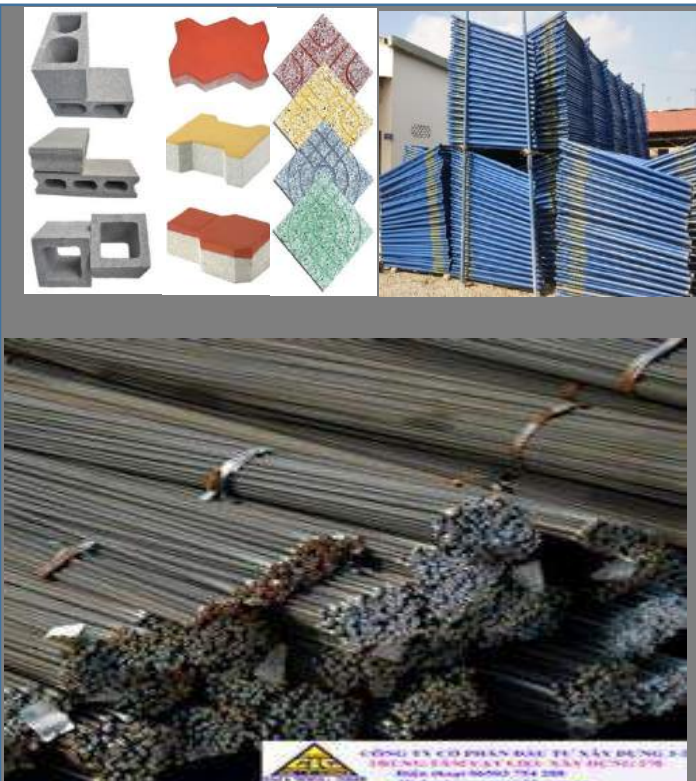
PILE AND BOX CULVERT YARD



❖ Construction of civil, industrial and technical infrastructure.

- ✓ 20 years experience
- ✓ High reputation in the market
- ✓ Self-sufficiency of input materials
- ✓ High quality of work

WORK CONSTRUCTED BY C32



❖ OTHER FIELDS

- ✚ Production and sales of products from cement: interlocking brick, Terrazzo tile.
- ✚ Trading in construction materials, fuel, and construction equipment for rent.



✓ **BUILDING STONE**

Building stone is mined and processed by CIC 3-2 at Tan Dong Hiep quarry (Di An Town, Binh Duong Province) with the mining scale in the area of 20 hectares; Building stone produced by CIC 3-2 includes many categories; Building stone with high strength, low water absorption and high abrasion resistance is widely utilized for construction of roads, bridges, infrastructure and production of building materials; The processing output is more than 1.2 million m³/year; Products of building stone are certified to meet the national technical standards QCVN 16: 2014/BXD.

✓ **CONCRETE FIELD**

Centrifugal concrete culvert

Manufactured in accordance with the design sample from $\Phi 300 - \Phi 2000$ or under the request of customers, meeting TCVN 9113: 2012, ISO 9001: 2008.

Typical centrifugal concrete culverts are as follows:

- H30 culvert: H30-XB80 bearing centrifugal concrete culvert installed across the live load roads;
- H10 culvert: H30-XB60 bearing centrifugal concrete culvert installed across the live load roads;
- VH culvert: 300kg/cm² centrifugal concrete culvert installed on the live load pavements.

Reinforced concrete box culvert:

Manufactured as the shaping design with drainage aperture size from mm 1000x1000mm to 3000x3000 with lengths from 1200-2000 mm, or at the request of customers; Products meet standards of ISO 9116: 2012, ISO 9001: 2008.



✓ CONSTRUCTION FIELD

CIC 3-2's traditional activity is construction as of its establishment in 1993. With the experience of nearly 20 years in this field, CIC 3-2 is a reputable construction company in Binh Duong and neighboring provinces. CIC 3-2 also has more competitive advantages than other companies in the same sector because CIC 3-2 has its own sources of raw materials such as stone, steel, concrete culverts, unburnt bricks. With abundant resources, experience and reputation in the market, CIC 3-2 is qualified to take over major civil and industrial projects, bridges and infrastructure. The works are constructed by CIC 3-2 being highly appreciated by the customers for the quality and progress.



CIVIL WORKS



✓ OTHER FIELDS

In addition to the main business fields, CIC 3-2 also operates in the field of concrete brick production (Interlocking brick, Terrazzo tile); Construction equipment for rent and trading in some construction materials such as iron, steel, etc...

BUSINESS LOCATIONS

Main market: Binh Duong Province

Potential market: Ho Chi Minh City, Dong Nai Province, etc...



FIELD OF MINING STONE



WEIGHING STATION OF FINISHED STONE



TARGETED CUSTOMERS OF CIC 3-2:

- Construction companies, design units
- Investors, contractors and project management units
- Businesses of building materials

TRANSPORT VEHICLE BRICK WORM



CIC 3-2's Products

**"THE MOST
PRODUCTIVITY**

QUALITY

PERFORMANCE"

CRANE TRUCK FOR INTERLOCKING CONCRETE BRICK

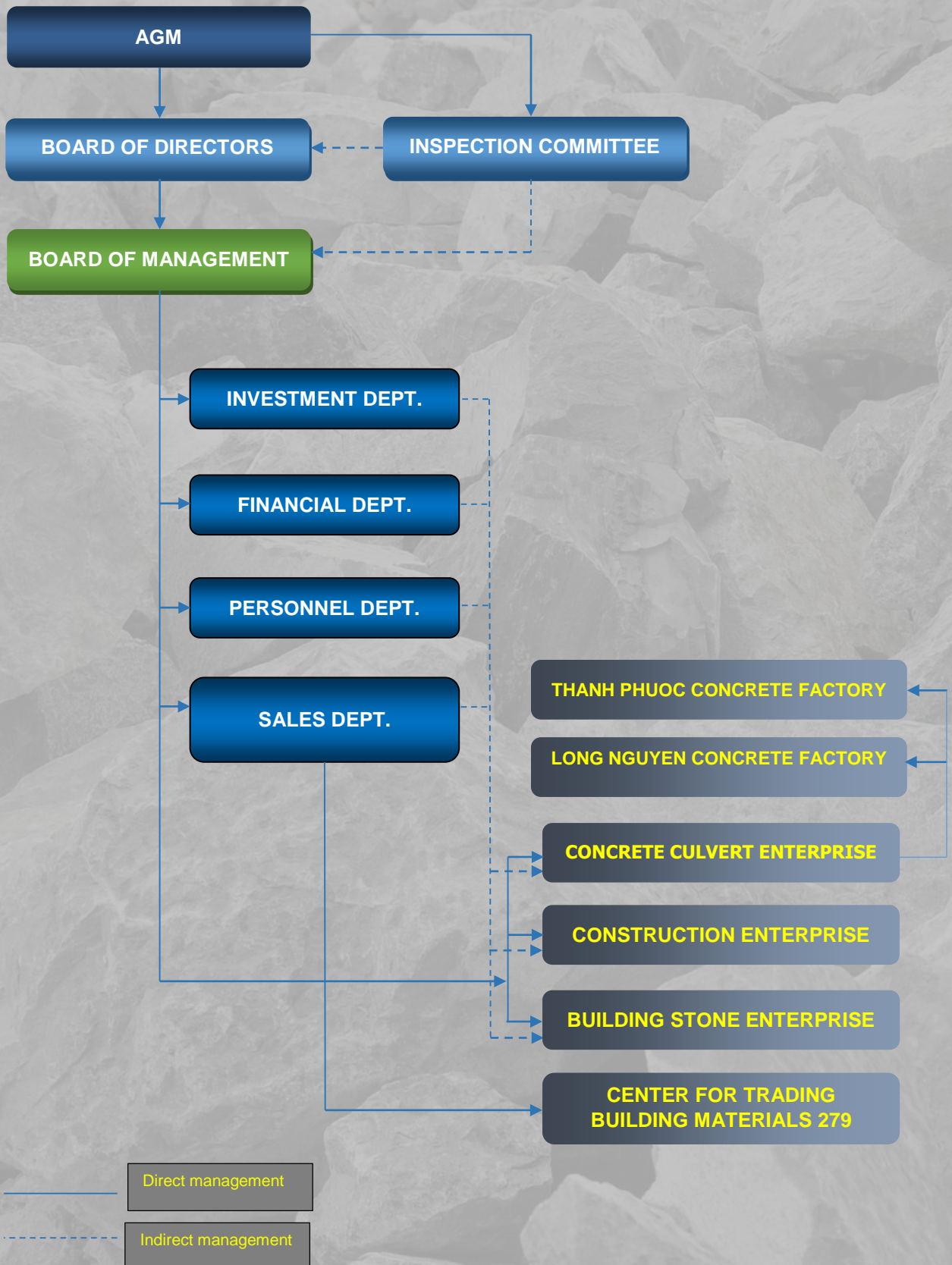


ROAD WORKS



STONE TRANSPORT TRUCK

GOVERNANCE MODEL, MANAGEMENT STRUCTURE





The culvert products are tested by triaxial compressor certified by Quatest 3



Head Quarters of 3-2 Construction Investment Corporation



Tuong Binh Hiep Works



Field of processing stone



BOARD OF DIRECTORS, INSPECTION COMMITTEE AND BOARD OF MANAGEMENT

"3-2 Construction Investment Corporation is the gathered place of staffs of the Board of Management who are not only experienced, dedicated to the work but also active, enthusiastic and uninterruptedly fighting for the common goal of CIC 3-2"

**Mr. Vo Van Lanh**

Chairman of BOD

DOB: 1963

Qualifications: Bachelor of
Capital Construction
Finance

Civil engineer for bridges
and roads.

Number of holding shares:
112,200 shares

**Mr. Huynh Huu Hung**

Member of BOD

DOB: 1979

Qualifications: Civil
Engineer.

Number of holding
shares: 0 share

**Mr. Nguyen The Phi**

Member of BOD

DOB: 1974

Qualifications: Bachelor
of Administrative
Management

Number of holding
shares: 0 share

**Mr. Nguyen Mai Khanh Trinh**

Head of IC

DOB: 1984

Qualifications: Bachelor of
Finance - Accounting

Number of holding shares: 0
share

**Mr. Ly Thanh Chau**

Member of IC

DOB: 1982

Qualifications: Bachelor of
Economics

Number of holding shares: 0
share

**Mr. Van Hoang Tung**

Member of IC

DOB: 1966

Qualifications: Bachelor of Finance
– Accounting - In-service training
mode

Number of holding shares: 100
shares

"DEVOTED - DYNAMIC - ENTHUSIASTIC - INQUISITIVE"



Mr. Nguyen The Su

Member of BOD

DOB: 1978

Qualifications: Bachelor of Economics

Number of holding shares: 0 share



Mr. Phan Thanh Duc

Member of BOD

DOB: 1971

Qualifications: Master of Economics

Number of holding shares: 0 share

LEADERS OF 3-2 CONSTRUCTION

INVESTMENT CORPORATION ARE

COMMITTED TO:

- ✓ **Thoroughness**
- ✓ **Devotion**
- ✓ **Loyalty**

for the common goal of the company



Mr. Vo Van Lanh

General Director

DOB: 1963

Qualifications: Bachelor of Capital Construction Finance

Civil engineer for bridges and roads.

Number of holding shares: 112,200 shares



Mr. Tran Van Binh

Deputy General Director

DOB: 1965

Qualifications: Bachelor of Economics

Number of holding shares: 2,500 shares



Mr. Nguyen Xuan Hieu

Chief Accountant

DOB: 1982

Qualifications: Bachelor of Economics majored in Audit Accounting

Number of holding shares: 0 share

DEVELOPMENT ORIENTATIONS

"CIC 3-2_ Looking backward"

| Business field | General evaluation |
|-------------------------|---|
| Construction | <p>Strengths: In general, experience of building works of the company is gradually improved in both the quantity and quality. The company is constantly striving to improve its construction capacity to provide customers with the highest quality construction.</p> <p>Limitations: Competitiveness is limited and the project management of the Company has not improved much and continued to remain low.</p> |
| Concrete culvert | <p>Strengths: Competitiveness of the company in this area has improved in terms of transportation capacity, customer service, and management system.</p> <p>Limitations: Factors such as production capacity, brand and selling price are still underestimated as compared to the main competitors.</p> |
| Building stone | <p>Strengths: Product quality, production capacity and human resources are the three most prominent factors of the Company, creating a distinct advantage over other enterprises.</p> <p>Limitations: Tan Dong Hiep quarry will close by the end of 2017 but there is no alternative source, or when moving to new quarries, the advantage of quality of stone source and location is not high.</p> |
| Others | <p>For other fields including materials trading, construction equipment for rent, interlocking bricks, Terrazzo tiles, the competitiveness of the company is almost limited as compared to competitors.</p> |



PRODUCTION OF INTERLOCKING CONCRETE BRICK

Strategic objectives of the company in period of 2017- 2020:

Strategic objectives of CIC 3-2 are shown under 4 aspects as follows:

- ✓ **Finance:** Increasing the profit margin by 40% through measures to increase sales, reduce costs and increase the efficiency of working capital.
- ✓ **Customers:** Expanding market share by 15% through improving product quality, services to create trust with traditional customers and prestige with new customers.
- ✓ **Internal process:** Raising the performance of the entire production process system by 40% over the beginning of the stage.
- ✓ **Learning and Development:** Raising the quality of human resources with the goal is to increase the number of qualified staff by 15% in the end of 2017-2020.



THUAN GIAO SECONDARY SCHOOL_C32 HAS BEEN CONSTRUCTING

RISKS

❖ Macro risks

Global economy in 2016 has faced many risks such as decrease of commodity prices, especially unstable oil prices; Debt in developing countries increased and instability in financial markets increased. The world economic growth rate was only 2.5%, which was very low as compared to the economic growth rate in the early 21st century. In particular, U.S. GDP in 2016 only reached 1.7% while in 2015 this index was 2.4%; China's GDP was 6.5% lower than the growth rate of 6.9% as compared to 2015...

For the Vietnamese economy, according to the General Statistics Office, the gross domestic product (GDP) in 2016 increased by 6.21% as compared to 2015 of which the first quarter increased by 5.48%; The second quarter increased by 5.78%; The third quarter increased by 6.56%; The fourth quarter increased by 6.68%. This year's growth was lower than 6.68% of 2015 and not reached the set target of 6.7%. Including the mining sector in 2016, it decreased by 4% (the deepest decline since 2011) causing the decrease of 0.33 percentage points of general growth.

In order to cope with the difficulties in the economy, last year, the Company continuously updated information on changes in the global economy as well as in the country to take appropriate measures to minimize the negative impact on the production and business performance of the Company.

❖ Policy risk of state

In 2016, the application of trade defense policy by the Ministry of Industry and Trade for billets and long steels has increased steel prices by 15% - 20%. This raised the price of input materials to the construction industry and made it difficult for medium and small-scale steel mills which forced companies in the industry to take measures such as stockpiling or accepting more rigorous payment terms to get good prices from suppliers. Facing this situation, CIC 3-2 has intensified its marketing activities to construction companies and contractors in the Binh Duong, Ho Chi Minh City to ensure the achievement of the set target.

In addition, the application of the mechanism of raising environmental protection fees for mineral mining enterprises has increased the operating costs of the Company. In order to proactively implement the State's policy, the Company has

continuously updated information from functional agencies and informed the specialized sections to comply with the current regulations.

❖ Price risks from input factors

In 2016, the fluctuations of world crude oil prices have affected the prices of domestic commodities such as electricity and petrol. With the specific characteristics of construction and building materials, these changes directly affected the effectiveness of the Company's cost management. Therefore, in order to ensure the uninterrupted and stable production and business activities, the Company has actively taken advantage of the input materials being exploited and produced by the Company to cater for its construction activities. At the same time the Company actively planned inventory of other input materials, researched and found new sources to reduce the pressure from the suppliers.

❖ Risk of the industry

According to the Ministry of Planning and Investment, the injection of FDI capital into Vietnam decreased by 8% as compared to 2016, equivalent to about 20.9 billion USD and concentrated largely on processing, manufacturing industries with the rate of 64.60%. As a result, the amount of injection of capital into the real estate was only about 1.3 million USD, decreased by 44% from 2015 showing that investors were not as optimistic as before. In the same point of view, contractors and investors in the industry have shifted from high-end projects to the social housing segment last year raising the level of competition among capable contractors of long experience, great financial potential and small and medium construction units.

For the building materials industry, last year was also a challenging year as the prices of input materials such as coal, electricity, petrol ... increased dramatically and pushed up input costs. Rising oil prices also led to a significant increase in transportation costs for mining companies. Not only that, last year inventory of building materials remained high while many works were under review. This will set up a big problem for construction material enterprises to solve in in the future.

To ensure the achievement of the objectives, the Company has developed an action plan to 2020 and detailed planning for each year. In addition, the company also focuses on improving the quality of each product in each piece of work, while implementing a competitive pricing policy, improving marketing and bidding capacity in order to expand market share, especially in Ho Chi Minh City.

With specific characteristics in the mining industry, the labor safety is always monitored closely by the authorities. In order to ensure the safety of workers in this field, the Company has equipped with necessary

protective clothing and equipment for workers, and regularly organized training courses to raise situation handling skills for workers.

❖ Environmental risks

At present, the policy of sustainable development is welcomed by many countries, including Vietnam. Therefore, the issue of environmental pollution is being paid close attention by the agencies. Operating in the field of stone mining and construction, the company can not avoid the impact on the surrounding environment. Quarrying will create waste dumps, toxic gases, dust and wastewater that affect the ecological balance of the area around the quarry. Whether or not the Company's operations will affect the surrounding environment, the risk of being penalized for violating environmental laws is always hidden and can happen at any time.

With the objective of minimizing negative impacts on the environment caused by the Company's operation, the CIC 3-2's Board of Management has directed the relevant departments to develop separate regulations for each activity from exploitation of quarries, construction work and the production of concrete culverts. These regulations specify the activities to be allowed and not allowed for workers in each segment of activities, thus raising the sense of environmental protection for employees while ensuring the balance of the surrounding environment.





“THE BEST PRODUCTIVITY – QUALITY - PERFORMANCE”



**THE CONSTRUCTION PROJECT
OF THANH PHUOC CONCRETE
FACTORY OF C32**



YEARLY OPERATIONS

Situation of production and business operations

Organization and Human resource

Investment activities, project implementation

Financial situation

Shareholders structure

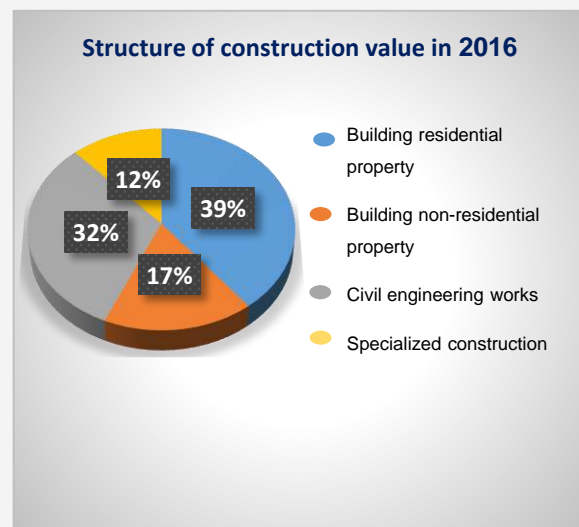
SITUATION OF PRODUCTION AND BUSINESS OPERATIONS

In 2016, the world economy showed signs of unstable growth due to the complex economic and political changes in many countries, from the decline in basic commodity prices to negative economic growth of many countries depending on exports; China's economic growth slowed down; the United Kingdom left the European Union and geopolitical instability in many countries. These fluctuations had many risks for global economic growth and indirectly affected the economic growth of Vietnam.

The economic indicators in 2016 showed that economic growth in the country was declining remarkably, although being still positive. The unfavourable evolution of climate change and the environment, while low world crude oil prices have led to the decline of the mining and agriculture sector which has had a negative impact on economic growth. Growth momentum continued to come from the manufacturing industry with the motive force was FDI, while domestic investment, consumption demand, and government spending have slowed down.

Economic growth in 2016 reached 6.21%, in which the manufacturing industry continued to be the highlight of economic growth with the PMI indicators, recorded a succession of more than 50 points, reflecting the expansion of the manufacturing sector. Manufacturing sector in which the total number of new orders grew well. However, production costs have shown signs of increasing recently, especially in the last months of the year, increasing the production cost of enterprises. Investment in the private sector was gradually taking on a larger portion, suggesting a shift in economic structure towards greater efficiency. In 2016, with the accelerated restructuring of state-owned enterprises, as well as the creation of conditions for growth of the private sector acted as main motive power of growth of the economy.

Vietnam's construction sector: has recovered in the past two years as capital flow of FDI to Vietnam was stronger and the real estate market was recovering, as well as BOT and PPP infrastructure investment programs were promoted. Infrastructure, civil and specialized constructions were the highlights of the construction industry and were expected to grow even better in the last months of the year when infrastructure projects were heavily disbursed. The recovery of the construction industry in Vietnam has reflected in operating results of enterprises in the industry. The value of construction production in 2016 at current prices was estimated at 1,089.3 trillion VND, including state sector of 83.3 trillion VND, accounting for 7.7%; Non-state sector reached 952.4 trillion VND, accounting for 87.4%; Foreign invested sector reached: 53.6 trillion VND, accounting for 4.9%. In the South, HCMC continued to be a source of capital attraction both domestically and internationally with a number of large projects such as Thu Thiem New Urban Quarter (District 2). Ba Son Urban Area, Metro packages ... have been accelerated deployment.





MUOI MUON STREET
CONSTRUCTED BY
C32

INAUGURATION &
REWARD
CEREMONY FOR
THE
CONTRACTOR
MEETING RATE
OF PROGRESS
AND QUALITY OF
MUOI MUON
STREET
CONSTRUCTION



Building materials industry: Demand for building materials rose slightly in 2016 as it benefited from the recovery of the real estate market as well as a boom in the construction industry with many large scale infrastructure projects to be underway. Prices of materials were generally stable, especially the construction steel market in the country has prospered in both consumption output as well as price when applying the provisional self-defense tariff of the Ministry of Industry and Trade. Accordingly, the provisional self-defense measure was 23.3% for steel billets and 15.4% for long steels, so the price of Chinese steel imported to Vietnam has increased sharply at 10,200 VND/kg, the price of steel products in the country has also increased sharply. Unburnt brick products have also begun to be used in large, high buildings replacing conventional brick, but these products have been still in the entry path and gradually dominated the market, replacing conventional bricks. However, in order to achieve the planned roadmap, there are many challenges for manufacturers due to the potential for future growth of green materials.

GENERAL OPERATING RESULTS OF THE ENTIRE COMPANY

The business performance of the Company in 2016 remained stable, the proportion of sales of products still concentrated in two main markets: Binh Duong and Ho Chi Minh City, accounting for 44% and 34% respectively. Regarding the revenue structure, the consumed products in areas outside Binh Duong were mainly building stones, accounting for 78% and concrete culverts, accounting for 19%; products such as Terrazzo tiles, although there were more customers outside the province, the proportion was not significant. The highlight in the revenue structure by market was the revenue in the HCMC market that was increasing of which high growth belonged to concrete culvert products.

Thanks to the efforts of the entire staff of the company, last year, the company achieved the following results:

Unit: VND

| Target | Actual 2015 | Plan 2016 | Actual 2016 | A 2015/ A 2016 | A 2016/ P 2016 |
|--------------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Net revenue | 557,407,301,657 | 550,000,000,000 | 520,269,497,206 | 98.67% | 94.59% |
| EBT | 125,459,544,057 | 101,800,000,000 | 116,539,316,937 | 81.14% | 114.48% |
| EAT | 101,287,113,188 | 79,000,000,000 | 93,326,589,044 | 78.00% | 118.13% |

Net revenue in 2016 reached 94.59% of the year plan (equivalent to 520 billion VND), decreased by 6.94% as compared to 2015. In which, the revenue recorded growth in the field of concrete culverts, trading in materials, concrete bricks. Revenue in 2016 decreased as compared to the same period last year as building stone and construction stone declined by 9% and 18% respectively as compared to the same period in 2015. In the building stone sector, despite the production of stone and consumption decreased by 21% as compared to 2015, the revenue only decreased by 9% thanks to adjustment of increasing selling price under the market. In the field of construction, the implementation of the construction work was difficult, so the revenue only reached 74% as compared to the set plan.

Although, revenue in 2016 slightly decreased and did not meet the target, but in the year thanks to good management of cost, resulting in EAT has reached and exceeded the plan set out at the beginning of the year. EBT reached 114.48% of the plan and EAT reached 118.13% as compared to the set target but reduced by 7.58% as compared to 2015. In the period, the company promoted the consumption of 1x2, 0x4 stone products having high value added, and the price of stone has increased more than 10% on average, therefore, it increased the profit margin. However, the natural resource tax increased from 7% to 10%, and deep mining also increased the cost of stone mining. Selling expenses increased by 82% from 8,905 million VND in 2015 to 16,257 million VND, due to the fact that the company promoted the development of the market outside Binh Duong.

Situation of production

The production activities of the Company in the year were maintained stable, machinery and equipment for production activities in the factory were operating well, generally the quality of products was guaranteed. Output value reached 506,682 million VND, reaching 93% of the plan, of which the output of building stone products, concrete culverts reached the plan. Specifically, the output value of construction stone was 228,401 million VND (accounting for 45%), construction was 143,800 million VND (accounting for 28%), concrete culvert was 65,594 million VND (accounting for 13%), and other products were 68,887 million VND (accounting for 14%).

| No. | Product | Unit | Output of production & business | | | Output value | | |
|---------------------------|-------------------------------|----------|---------------------------------|-------------|----------|----------------|----------------|------------|
| | | | Plan 2016 | Actual 2016 | % Actual | Plan 2016 | Actual 2016 | % Actual |
| Production | | | | | | | | |
| 1 | Building stone | m3 | 1,100,000 | 1,085,906 | 99% | 219,000 | 228,401 | 104% |
| 2 | Construction | Mil. VND | 187,800 | 143,800 | 77% | 187,800 | 143,800 | 77% |
| 3 | Concrete culvert of all kinds | Piece | 32,157 | 38,530 | 120% | 56,711 | 65,594 | 116% |
| 4 | Culvert bearings of all kinds | Piece | 33,587 | 41,102 | 122% | 2,500 | 2,563 | 103% |
| 6 | Interlocking brick; | Piece | 1,784,000 | 1,844,484 | 103% | 4,500 | 3,941 | 88% |
| 7 | Terrazzo tiles | Piece | 271,909 | 178,165 | 66% | 3,698 | 1,849 | 50% |
| 8 | Transport - machine shift | Mil. VND | 2,500 | 3,588 | 144% | 4,300 | 4,300 | 100% |
| 9 | Real estate | m2 | - | - | | - | - | |
| Trading | | | | | | | | |
| 10 | Sales of building materials | Ton | 5,000,581 | 4,312,841 | 86% | 50,000 | 44,773 | 90% |
| 11 | Sales of fuel | Liter | 1,100,000 | 1,028,885 | 94% | 15,200 | 11,461 | 75% |
| Total output value | | | | | | 543,709 | 506,682 | 93% |

The company's production and business activities in 2016 generally had many difficulties and intertwined advantages:

In respect of advantages, the company has extended the license for Tan Dong Hiep quarry to the end of 2017 to help stabilize and uninterrupted production of building stone in 2016; Order volume of concrete culverts was maintained at a high level, which helped increase output and boost sales of the sector. In the field of construction, initially the company has expanded the construction market in Ho Chi Minh City and Long An, as well as building construction management model to meet the requirements of construction sites. In addition, in 2016, 3-2 Export-Import Corporation has withdrawn 51% of its share capital, so the shareholders structure would no longer be dominated by state shareholders. With the new shareholders structure, it is expected that there will be practical significance in renewing the management and operation of the enterprise in the direction.

In respect of difficulties, in the building stone field, the deep exploitation combined with the narrow width and sloping road, it was difficult to increase exploitation and processing output. In the field of construction, the situation of construction execution at some works was still entangled that the modification of design took time, and the competition in bidding was very fierce. In the field of concrete culverts, production activities were difficult due to the order picking was only focused when the weather was favourable, therefore the receipt of new orders, as well as delivery progress was affected, etc...

Construction field

At the beginning of 2016, the Company focused on marketing to tender for public works, however the number of public works was limited due to the law on public investment. Therefore, from the second quarter of 2016, the company turned to look for constructions of extra-budgetary resources both inside and outside Binh Duong. The shift to private equity required the Company to change management practices and construction personnel accordingly. As a result, in the year the company won tenders of 5 construction works including 01 civil works and 04 traffic works and infrastructure with a total value of 129.7 billion VND. Among them, there was a private project of Binh Dien II Fertilizer Plant - Long Hau Industrial Park (Long An) and initially subcontracted works of Training Center for Financial Staff - HCMC. The construction progress at the works was generally difficult due to some construction sites that modifications of design were solved slowly such as Ho Lang Ecological Park, Muoi Muon Street, Chieu Lieu - An Phu Street, DT 747A Road, Dong Cay Viet Street. At the two constructions of the Training Center for Financial Staff - Ho Chi Minh City and the Binh Dien II Fertilizer Plant, the company has applied a new construction management model to meet the construction requirements.

Building stone field:

During the year, exploiting the output of stone reserves and exploiting to cote -120m. However, the exploitation was difficult due to the sloping road, the narrow width reducing the efficiency of transport means, so it was difficult to increase mining output and the situation of heavy rain, especially in September caused flooding, impacting on mining in deep pits. In respect of consumption situation, the market demand for building stone increased sharply, so the consumption was very favourable, the selling price of stone increased by 10% on average. Specifically, the mining output achieved 1,067,379 m³, reaching 97% of the plan, output achieved 1,079,281 m³, reaching 98% of the plan.

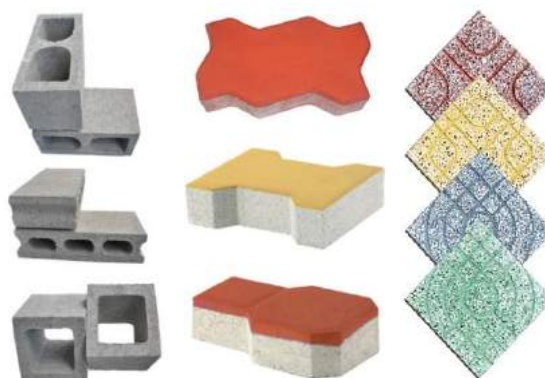
Concrete culvert field

The business in the field of concrete culverts in 2016 was generally favourable. The volume of orders transferring from 2015 has been low, but the business situation has achieved good results in the beginning months of the year. In respect of production, output and quality of culvert has improved; The company has continued to strengthen to review and improve aggregate and production norms, including the design of different concrete aggregates based on alternative sources of materials such as rock, sand, and fly-ash additives to improve quality and reduce product cost.

Other business fields:

Production of concrete bricks (interlocking brick, Terrazzo tile)

The business results in 2016 achieved good results by signing many orders. Although the results of the year 2016 ensured the plan, but business activities in general still had many challenges to be able to grow strongly because the company's products were not competitive in the market both in terms of price and design. In addition, the product has a high weight and high transportation costs make it difficult to negotiate contracts.



Block brick, interlocking brick, Terrazzo tile

Trading building materials

During the year, domestic steel price movements increased sharply by 15-20% following the application of trade defense measures for steel billets and long steels. Building steel business had to compete directly with large distributors such as SMC, Pomina, Fico, etc... The tightening of payment conditions, reduction of repayment term, strengthening debt recovery also affected sales growth. But with the strengthening of marketing activities to companies, contractors in the Binh Duong, Ho Chi Minh City, business activities of the company has ensured the set target.



Leasing building equipment

The rental situation in the year was favourable, however, the equipment of the company was low-grade, therefore, it mainly served small-scale projects which didn't require strict quality. During the year, the company also strengthened the maintenance to quickly meet the delivery requirements, as well as accelerate the equipment rotation.



Trading in building materials

Trading in fuel

The company's fuel business has been relatively stable over the past year. However, oil prices were still low, although consumption volume was estimated at 1,028,885 liters, reaching 94% of the plan, but revenue was only 11,461 million VND, reaching 75% of the plan. Currently, customers are focused mainly on subcontractors at the Stone Enterprise.



Leasing building equipment

ORGANIZATION AND HUMAN RESOURCE

| No. | Qualification | Quantity | Rate |
|----------|-------------------------------------|------------|-------------|
| A | By education level | 439 | 100% |
| 1 | Post-university | 1 | 0,2% |
| 2 | University | 94 | 21,4% |
| 3 | College | 22 | 5% |
| 4 | Other | 322 | 73,3% |
| B | By contract nature | 439 | 100% |
| 1 | Definite term labor contract | 122 | 27,8% |
| 2 | Indefinite term labor contract | 291 | 66,3% |
| 3 | Seasonal labor contract (day-labor) | 26 | 5,9% |

Assessing the targets

- ✓ In 2016, the recruitment generally met the requirements of production and business of the units. In the year 142/87 employees were employed, reaching 163% of the plan, mainly focusing on recruiting technical workers, culvert production workers and maintenance workers to replace resigned ones.
- ✓ Training in the year was completed to exceed the set plan, specifically held 26/20 training courses, reaching 130% of the plan and training costs were 171 million VND, reaching 96% of the plan.
- ✓ The total number of employees increased by 9% as compared to the plan (439/403). The increase in labor was mainly in the Culvert Enterprise due to the arrangement of two shifts to meet the requirements of business and supervisory labors at the Construction Enterprise by testing the new construction management model.
- ✓ Average income per capita reached 106% of the plan (average income was 9 million VND/person as compared to the average of 8.5 million VND according to plan). Regimes of remuneration were implemented fully and timely to ensure the life of workers.

Figures of recruitment plan in 2016 as follows:

| No. | Target | Unit | Plan in 2016 | Plan in Quarter IV | Actual in the Period | Accumulated year performance | % as compared to plan in year |
|-----|---------------------|-------------|--------------|--------------------|----------------------|------------------------------|-------------------------------|
| 1 | Recruitment plan | Person | 87 | 0 | 142 | 142 | 163% |
| 2 | Training plan | Course | 20 | 0 | 26 | 26 | 130% |
| 3 | Recruitment costs | Million VND | 10 | | 6.15 | 6.15 | 62% |
| 4 | Training costs | Million VND | 178.8 | | 171 | 171 | 96% |
| 5 | Welfare (Employees) | Million VND | 350 | | 341,6 | 341,6 | 98% |
| 6 | Total employees | Person | 403 | | 439 | 439 | 109% |

PERSONNEL POLICIES OF THE COMPANY

Salary, social insurance policies

- Wage: In 2015, the Company has completed the improvement of the Regulation on target assignment and job evaluation under the BSC/KPI to accurately assess the results of the employees, which was an important condition in the management and work orientation of each individual to serve the common goal of the Company.

- In addition, the Company continued to maintain the salary of the indirect units to create good motivation for employees to increase productivity, save costs and improve efficiency. Average income of 2016 was estimated at 9 million VND/person, reaching 106% of the plan.

- The monitoring and reporting on increase and decrease of the compulsory insurance policies was implemented timely, ensuring the interests of employees. The work of resolving the regimes in accordance with regulations for employees was improved to implement monthly to pay the employees on time.

- The care of the company's employees such as visiting, providing timely support for illnesses and family difficulties, contributing to encouraging spirit of the employees, showing the concern of the Company's leaders to staff life. In 2016, support has been provided with the amount of 341,550,000 VND for 168 employees and their families meeting difficulties.

Reward, welfare policies

- In 2016, the company has implemented the registration of emulation of 2016 and registered with emulation groups of the State-owned companies of Binh Duong Province and Department of the Interior; Launching the movement of production and business emulation to all employees, in the year the Company launched 2 stages of initiative registration in the

company and received 4 applications to submit to the Board to review for accreditation (1 Application of the Stone Enterprise, 2 Applications of the Concrete Enterprise, 1 Application of the Sales Department).

- Periodical medical examination was carried out twice a year for direct labor and once a year for indirect labor. The regime of hazardous allowance in-kind was implemented in accordance with the provisions after having the result of measurement of the working environment. During the medical examinations, two cases of professional deaf were detected at the units and completed the dossiers of payment under stipulated regimes for the employees.

- In addition, the company regularly conducted regular and unscheduled inspection of the implementation of labor safety and hygiene in the works and production units. Authorized officials regularly reminded units to rectify the implementation of the regulations on labor safety being issued to prevent possible risks. During the year, the company has conducted unexpected and periodic inspections totalling 18 times at units, construction works, and workshops.

- With regard to labor safety, in 2016, the company has signed the contract of labor protection clothing for workers in 2016 with the number of 940 sets of labor safety clothes, 36 sets of technical uniforms, 72 mechanical uniforms, and helmets for the units such as the Stone Enterprise, the Culvert Enterprise, the Construction Enterprise and Center 279 with a total cost of more than 212 million VND.

- Other welfares such as organizing programs for employees' children during the Mid-Autumn Festival, female workers on the occasion of Vietnamese Women's Day, offering gifts for employees' children on the International Children Day, employees' parents on the occasion of the International Day for Older Persons, etc... Well performing the work of organizing and serving the Annual General Meeting of Shareholders and the Company Employee's Meeting.

- In addition, the Company regularly researched and updated new points, changes of legal documents related to company activities, employees and new policies of the State for dissemination, propaganda to managers and employees of the Company to master and comply with the requirements of the law. During the year, three documents were disseminated, including the law on labor safety and hygiene, the law on citizen identification, and the Decree on Sanctions in the field of road traffic.



Recruitment, training policies

- Regarding the recruitment: The recruitment reached 163% of the plan causing by the reason that the recruitment rate was high but the actual number of labors were not increased greatly which were only about 36 employees as compared to the plan. New recruits usually left after 2-5 days of probation and for indirect positions have recruited 16/17 positions as compared to the requirement of units (lacking positions were QS, QC staff for the Construction Enterprise). In general, recruitment activities in the year met the production and business requirements of the units.

- Regarding the training: The Company has organized 26/20 training courses, reaching 130% of the plan, including 17/20 training courses as planned and 9 training courses as required by the units. Training courses under plan haven't been organized, including: sales communication skills, customer relations skills, and clerical staffing, as there were no units to organize these classes. The training cost was 96% 171/178.8 million VND), the number of training courses was exceeded, but training cost was lower than plan causing by the reason that in the year there were 4 courses of updating new normative act held by the Department with the low cost and 2 free courses of Lean implementations under the national program for quality improvement so that training costs were lower than planned. Reporting according to training process, the units relatively completed under the regulations, the quality of the report was still limited. Training on labor safety, fire prevention and fighting and first aid for employees has been continued to be carried out periodically. In addition, the training of labor safety and hygiene was regularly organized by the Company for managers and employees.



Spring competition of 2016



Periodic medical examination



Training first aid



Training fire prevention and fighting

INVESTMENT ACTIVITIES, PROJECT IMPLEMENTATION

Total investment value in 2016 was 138,734 million VND, reaching 109% of the plan. Of which, the investment in land and infrastructure of Thanh Phuoc Concrete Factory was 57,602 million VND, investment in the same industry was 59,848 million VND, investment in machinery and equipment to serve and improve operation efficiency at the units such as automatic welders, vibrating rollers, dumpers, and culvert molds. In general, the investment in the year has been paid attention to, in line with the strategic programs set out.



FINANCIAL SITUATION

Unit: VND

| Target | 2015 | 2016 | % increase, decrease |
|-------------------------------------|-----------------|-----------------|----------------------|
| Total assets | 445,495,618,668 | 552,904,915,783 | 24.11% |
| Net revenue | 557,407,301,657 | 520,269,497,206 | -6.66% |
| Profit from operating result | 124,735,660,000 | 112,889,532,508 | -9.50% |
| Other profits | 2,723,884,057 | 3,649,784,429 | 33.99% |
| EBT | 127,459,544,057 | 116,539,316,937 | -8.57% |
| EAT | 101,287,113,188 | 93,326,589,044 | -7.86% |
| Dividend payout ratio | 13.80% | - | - |

The total value of assets as of 31/12/2016 reached 552 billion VND, increased by 24.11% as compared to the same period in 2015, because the company promoted investment to increase production capacity of the Company. Due to the high investment value in the year, new machinery and equipment have not yet brought about business results in the year. Additionally, the large depreciation expense caused increase of the Company's expenses even though it has not created corresponding revenue. Therefore, last year, the pace of revenue decline was slower than the rate of decline in profits. However, the company expects that in 2017, when machinery and equipment will be put into operation, production workshops will increase output and quality of finished products, thus increasing sales and profits in the future.

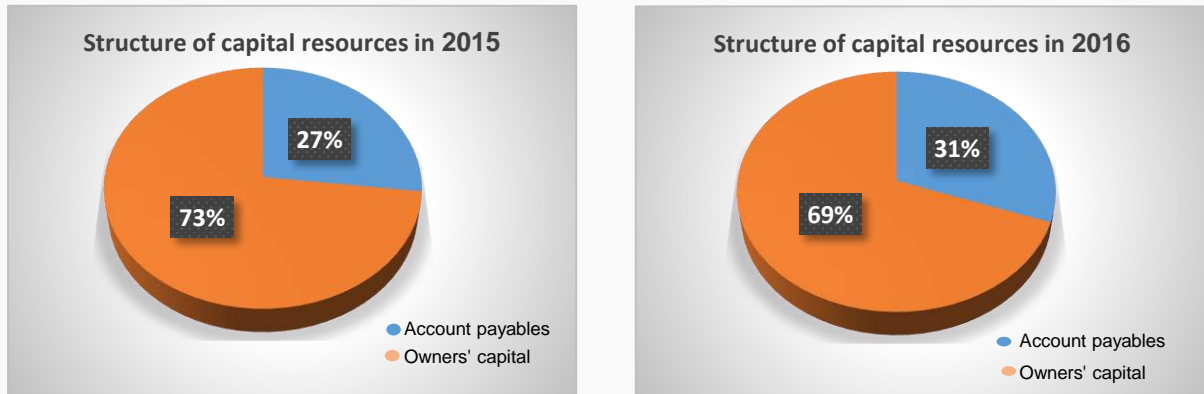
FINANCIAL RATIOS

| Target | Unit | 2015 | 2016 |
|--|-------|-------|-------|
| Solvency ratio | | | |
| • Short-term liquidity ratio: Current asset/Short-term debt | Time | 2,89 | 2,35 |
| Quick ratio (Current asset - Inventory)/ Short-term debt | Time | 2,42 | 1,98 |
| Capital structure Ratio | | | |
| Debt/Total assets ratio | % | 26.89 | 31.22 |
| Debt/Owner's equity | % | 36.79 | 45.40 |
| Operation capability Ratio | | | |
| Inventory turnover (Cost of goods sold/Inventory) | Round | 7.09 | 6.68 |
| Net revenue/Total assets | Round | 1.36 | 1.04 |
| Target on Profitability | | | |
| EAT/Net revenue (ROS) | % | 18.17 | 17.94 |
| EAT/Owner's equity (ROE) | % | 34.81 | 26.44 |
| EAT/Total assets (ROA) | % | 24.72 | 18.70 |
| Profit from operating activities/Net revenue | % | 22.38 | 21.70 |

The financial situation of the Company was stable, and account receivable has decreased significantly as compared to the beginning of the year thanks to the situation of payment of works at high level. Decreased account receivables contributed to ensure the source of funds to the Company's business activities and investments. Financial ratios show that the Company guarantees payment of due debts.

STRUCTURE OF CAPITAL RESOURCES

Structure of capital resources of the company through years:



Due to the high investment capital demand, the Company has increased the use of overdraft and short-term loans at the Bank for Investment and Development of Vietnam - Binh Duong Branch, the Bank for Industry and Trade of Vietnam – Binh Duong Branch to meet capital needs. However, the financial status of the Company was still healthy, the financial indicators showed that the company always ensured the ability to pay suppliers, fulfilled tax obligations, the salary of the company fully and timely. In 2016, financial management was always paid attention to ensuring the capital of the company to be always used for proper purposes, thrift and efficiency.



Process of pressing Terrazzo bricks

SHAREHOLDERS STRUCTURE, CHANGE IN THE OWNER'S EQUITY

As of 31/12/2016:

Total share issued: 11,200,000 shares

Type of share: Common shares

Treasury stock: 0 share

Par value: 10,000 VND/Shares

Total outstanding shares: 11,200,000 shares

List of major shareholders of the Company:

| No. | Name of shareholder | ID Card/ Business License No. | Number of shares (shares) | Value (VND) | Rate %/Charter capital |
|-----|-----------------------------|-------------------------------------|----------------------------------|---------------|------------------------------|
| 1 | America LLC | CA5883 | 770,930 | 7,709,300,000 | 6.88% |
| 2 | Pyn Elite Fund (Non-Uctits) | CA5604 | 616,400 | 6,164,000,000 | 5.50% |
| 3 | Peter Eric Dennis | I00076 | 859,140 | 8,591,400,000 | 7.67% |



Quá trình mài và đánh bóng bề

SHAREHOLDERS STATISTICS

| No. | Type of shareholder | Number of shareholders | Number of shares | Rate of ownership (%) |
|------------|------------------------------|------------------------|-------------------|-----------------------|
| I | Domestic shareholders | 2012 | 7,872,810 | 70.29 |
| 1 | Organization | 17 | 333,395 | 2.97 |
| 2 | Individual | 1,995 | 7,539,415 | 67.32 |
| II | Foreign shareholder | 29 | 3,327,190 | 27.71 |
| 1 | Organization | 11 | 2,408,160 | 21.50 |
| 2 | Individual | 18 | 919,030 | 6.21 |
| III | Total | 2012 | 11,200,000 | 100 |



Automatic steel pipe culvert welder and culvert forming mold





Shareholders speak at the AGM in 2016



AGM in 2016

- ❖ **Transaction of treasury stocks:** The Company has no transaction of treasury stocks.
- ❖ **Changes in owner's equity:** No
- ❖ **Other securities:** No



Mr. Tran Van Binh – Vice General
Director receives the Award of
Qmix 2015

Lễ vinh danh



REPORT OF THE BOARD OF MANAGEMENT

Assessment of operating results

Financial situation

Development plans in the future

Groups of main solutions

Mr. Vo Van Lanh receives the Award of Top 50 Best Performing Companies in 2015

REPORT ON OPERATING RESULTS IN 2016

In general, in the year 2016, CIC 3-2's business performance has basically reached its target, although some production performance targets were lower than in 2015, however, in the common difficulties of the economy, achievements of the company have shown the efforts of all staffs and leaders of CIC 3-2.

Specific situation of each field:

Building stone: Last year, although the situation of mining stone was difficult due to unfavourable terrain, irregular weather changes... but due to increased demand partly helped the company achieve the set plan.



STONE MINING

Construction: Business results in the construction sector in 2016 were not very positive due to limited capacity of the company, especially the capacity of bidding. However, the Company was gradually making efforts to improve the quality of each project by applying the construction management model to improve the competitiveness of the tender applications.

Concrete culvert: This is the highlight in the business activities of the company in the past year when the concrete products of the Company increasingly expanded markets, especially in Ho Chi Minh City. The quality and output of this product was being improved by the company with very positive results, it is expected that this product will bring big revenue for the company in the future.

WITH THE MOTTO

- THE BEST PRODUCTIVITY
- QUALITY
- PERFORMANCE

CIC 3-2'S PRODUCTS ALWAYS
MEET CUSTOMERS'
REQUIREMENTS ON QUALITY
AND DESIGN

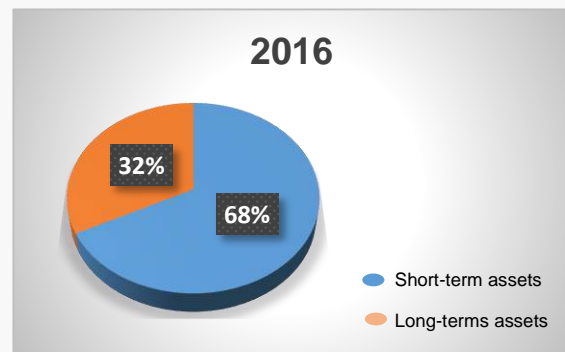
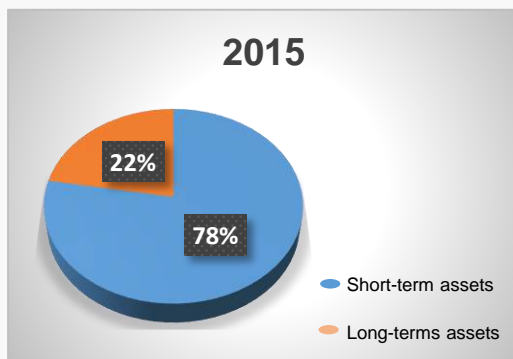
Other business fields: The field of concrete brick, construction equipment for rent achieved good results by signing many orders. But there were many challenges to be able to grow strongly because the company's products were not competitive in terms of price and design. The building materials business had to compete directly with the big distributors such as SMC and Pomina ... while tightening payment terms, reducing payment terms and collecting due debts.

REPORT ON FINANCIAL SITUATION

Financial situation: The financial situation of the company was stable, receivables in 2016 has improved significantly as compared to 2015 because investors have actively paid under volume of work completed by the company. Payments to suppliers, tax obligations, and employee wages were fulfilled fully. In 2016, the use of loans to serve business activities, investment increased.

| Target | UNIT | 2015 | 2016 | % increase, decrease |
|--------------------------|------|------------------------|------------------------|----------------------|
| Short-term assets | VND | 346,329,349,085 | 373,711,509,403 | 7.91% |
| Long-term assets | VND | 99,166,269,583 | 179,193,406,380 | 80.70% |
| TOTAL ASSETS | VND | 445,495,618,668 | 552,904,915,783 | 24.11% |

Structure of assets through years of 2015, 2016



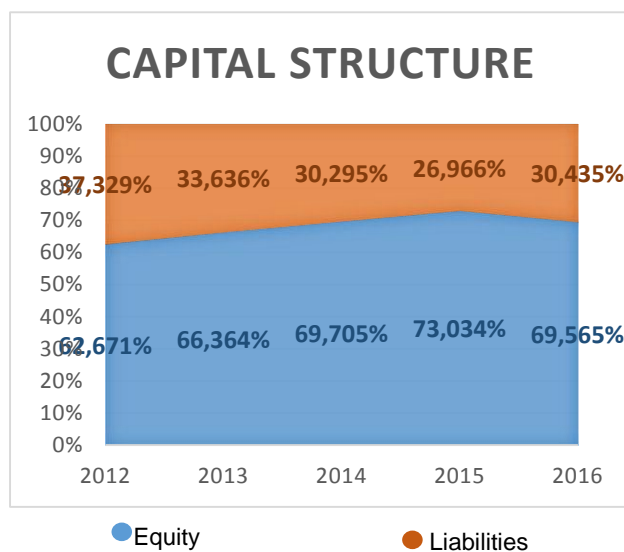
At the end of 2016, long-term assets of the company reached 179 billion VND, increased by 80.70% as compared to the beginning of the year. The reason was that last year, the company stepped up investment in land and infrastructure for Thanh Phuoc Concrete Factory with the amount of 57,602 million VND (of which the investment of the business in the same sector was 59,848 million VND). In addition, the company also invested more machinery and equipment to improve the quality in construction such as automatic welders, vibrating rollers, dumpers, culvert molds.



Liabilities

| Target | Unit | 2015 | 2016 | % increase, decrease |
|-------------------------------|------|------------------------|------------------------|----------------------|
| Short-term liabilities | VND | 119,808,544,697 | 159,031,144,087 | 32.74% |
| Long-term liabilities | VND | 0 | 13,597,360,000 | 100.00% |
| Total liabilities | VND | 119,808,544,697 | 172,628,504,087 | 44.09% |

The capital mobilized for investment activities this year mainly came from the loan capital and profit after tax for reinvestment. The Company's loans had security assets which were highly liquidated, and the Company always paid debts on time. Therefore, the company's situation is always safe and healthy.



Generally, in the past years, the Company mainly used its equity to serve production and business activities in order to ensure a healthy and stable financial status. However, with 18 years in the industry, the company has gradually learned and accumulated experience for itself. Currently, the company has been gradually changing the policy of raising capital, aiming to use more loans to save production costs, towards the targeted capital structure of the company.



HOA HUONG DUONG SCHOOL PROJECT CONSTRUCTED BY C32

GENERAL ASSESSMENT ON MANAGEMENT

In 2016, the Company continued to improve and standardize its organizational structure. During the year, the Company renamed some units to ensure the correct reflection and avoid misunderstandings of customers, and also to clearly define the functions and tasks of each department such as the function of development of new products, brand development is the Sales Department; The function of scientific and technological development is that of the Investment Department. At the same time, the company has completed procedures for termination of operation of the Company's real estate trading floor since June 2016 because there was no need to maintain its operation.

Regarding the personnel, the Company regularly supervised and evaluated the implementation of the Target Assignment and Performance Assessment under KPI from June 2015. By March 2016 the relevant departments have advised to amend and issue new regulations: Regulations on Target Assignment

and Performance Assessment according under KPI aimed to properly assess the capacity of each worker, at the same time, encourage employees to increase production capacity.

In the field of production and business activities, the company has been gradually building up the measure of productivity of the company and the production units to ensure the progress of each stage of production, ensuring the production, business process to be carried out in an optimal schedule with guaranteed quality.

In the accounting - finance, the company has been implementing FAST software effectively to help accounting, cost calculation, product cost be done quickly, accurately, and cost savings. In addition, the company has been planning to apply the production management, construction management software towards the application of ERP being integrated throughout the company.



THANH TAN SCHOOL PROJECT CONSTRUCTED BY C32

PRODUCTION AND BUSINESS PLAN OF 2017



The objectives of production and business in 2017

- Revenues from sales and services will be 620,000 million VND. EAT reaches 90,000 million VND.
- Ensuring the mobilization of capital for investment projects of the Company. At the same time, Thanh Phuoc Concrete Factory will be put into operation.
- Expanding the market outside Binh Duong in all sectors of the Company.
- Ensuring labor safety for employees in the company

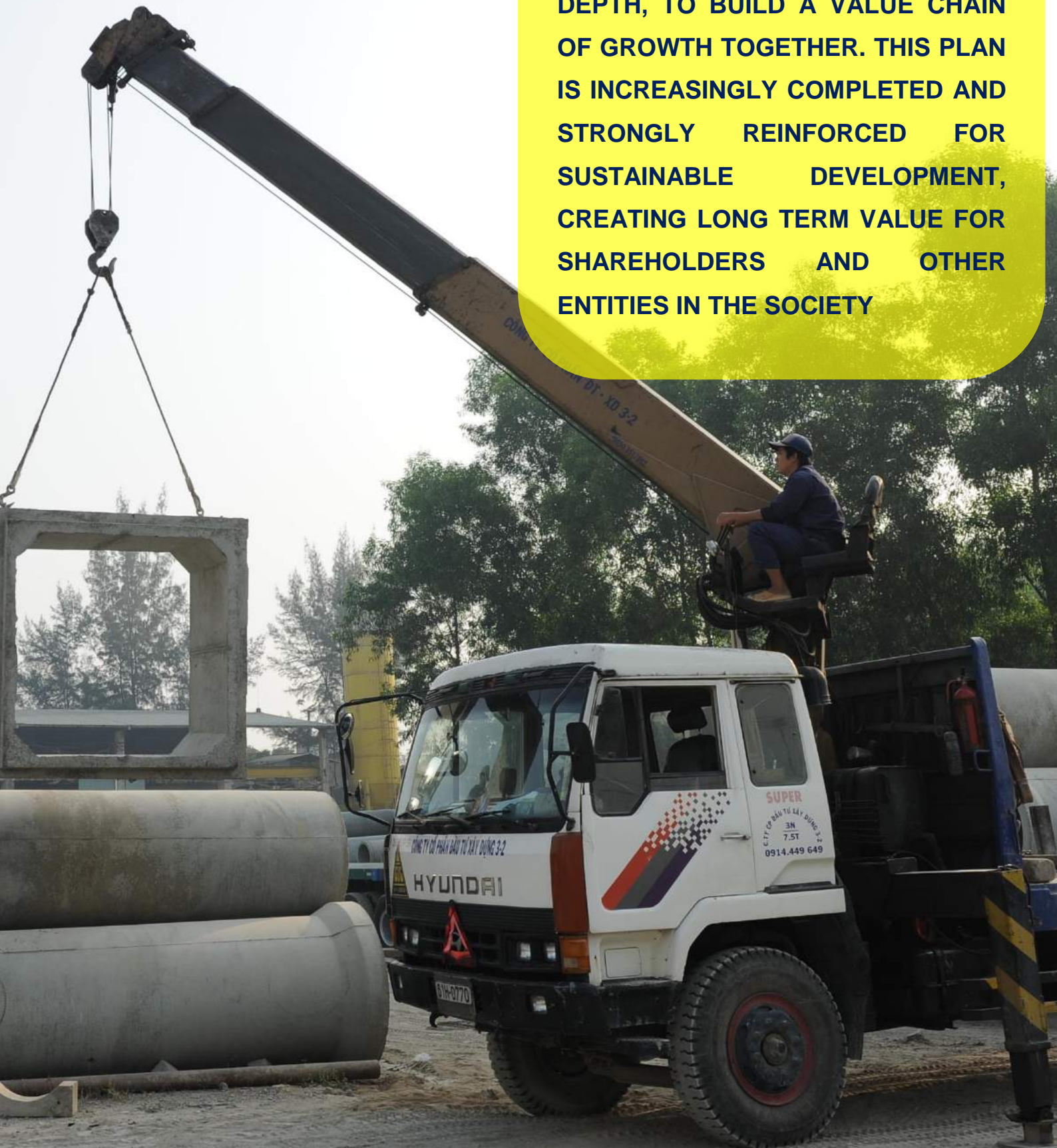
Business orientations

- ✓ Expanding the scale of business activities of the Company through investment projects in the field of concrete components, construction, building materials business, etc...
- ✓ Proactively seeking financial resources to ensure that capital mobilization for investment projects is implemented on schedule with the optimal cost of capital.
- ✓ Researching, learning and developing mixed marketing strategies to effectively promote the image and product quality of the Company to customers in the most effective way.
- ✓ Strengthening the training to improve the professional levels of staff and workers, enabling them to have the most comprehensive development.



PRODUCTION OF PILE CULVERT

CIC 3-2 PLANS TO MAKE INVESTMENT AND DEVELOPMENT IN DEPTH, TO BUILD A VALUE CHAIN OF GROWTH TOGETHER. THIS PLAN IS INCREASINGLY COMPLETED AND STRONGLY REINFORCED FOR SUSTAINABLE DEVELOPMENT, CREATING LONG TERM VALUE FOR SHAREHOLDERS AND OTHER ENTITIES IN THE SOCIETY



Personnel plan

Total number of employees in 2017 is expected to increase 29% as compared to 2016 from 436 employees to 563 employees. The labor situation in 2017 increases sharply due to the addition of personnel to Thanh Phuoc Concrete Factory, and the Construction Enterprise also increases the recruitment of personnel to ensure the human resources operating under the new construction management model. The average income of workers in 2017 will be 9,000,000 VND /person/month, equivalent to 2016. The salary cost in 2017 will be 59,410 million VND, an increase of 18% as compared to 2016. The cost of salaries paid to employees at Thanh Phuoc Factory and the regional minimum wage increases from 3,500,000 VND per month to 3,750,000 VND per month.

Production plan

The value of production and business output in 2017 reaches 619,757 million VND. Of which, building stone reaches 248,282 million VND (accounting for 39%), construction reaches 211,159 million VND (accounting for 34%), concrete culverts reaches 85,273 million VND (accounting for 14%), and other products reach 80.1988 million VND (accounting for 13%).

Investment plan

The company expects to invest about 170,951 million VND, including basic construction investment of 82,563 million VND, investment in machinery and equipment at the units of 12,314 million VND, and financial investment of 76,074 million VND.

Revenue plan

Revenue from production and business activities in 2017 is expected at 620,000 million VND, increases 19% as compared to 2016, of which revenue growth is 11% in the construction stone sector, 35% in construction, 21% in concrete culvert and 21% in materials trading. Revenue structure, building stone, construction, and concrete culverts continue to be key products of the Company, of which building stone accounts for 41%; construction accounts for 29%; concrete culvert accounts for 17% and other sectors account for 13%. The revenue plan for 2017 is expected to increase fairly as compared to 2016 thanks to the contribution from the investment project of Thanh Phuoc Concrete Factory which will come into operation in mid 2017 and the growth rate of revenue from building stone products, construction is also expected to be better than 2016.

SOLUTIONS FOR CONDUCTING PLANS

PRODUCTION AND BUSINESS

Building stone field

Focusing on exploiting the rest of the production to be licensed and serving for processing in accordance with the plan of 2017, and the remaining is reserved for production of 2018 when the license expires. Coordinating with the companies in Tan Dong Hiep quarry to carry out procedures for extension of license to cote -150m up to 2019. Optimizing production operation through enhancing processing thoroughly areas of the quarries at risk of landslide, focusing on processing products with high demand and value added. Maintaining flexible sales policy from time to time.

Construction field

In order to ensure the profit target, the work of calculating cost price, construction plan and manner of execution is thoroughly implemented. The selection of subcontractors, suppliers of materials and equipment is controlled on the basis of cost price and manner of execution approved by the Board of Management. In addition to the public tender, the Company will promote the marketing of private capital works in Binh Duong, Ho Chi Minh City and neighboring provinces. Ensuring the winning value in 2017 is 210,000 million VND. Enhancing the improvement and optimization of manners of execution to shorten the progress, studying the application of mechanization measures in the construction activities to increase the progress and reduce the construction costs towards increasing labor productivity.

Concrete field

Focusing on exploiting markets in the environs of Ho Chi Minh City such as Nha Be District, District 7, Binh Chanh, Cu Chi, Hoc Mon, District 2, District 9 and adjacent areas between Long An and Ho Chi Minh City. In order to ensure competitive prices for these areas, it will be expanded shipping by waterway under direct method or contracting to qualified units. Enhancing the quality management, ensuring the target of product defects returned by customer will be less than 2%. In particular, focusing on the quality control, quantification under the production process, from raw materials to finished products.

Concrete brick field

Promoting marketing, introducing products to investors, project management boards, construction works, and developing flexible sales policies, competitive prices to attract customers. Stabilizing production through maintenance of regular machinery maintenance, product placement on order and appropriate stockpile.

Field of leasing building equipment

Enhancing the marketing and seeking new customers to maintain the highest level of turnover of rental equipment. Ensuring the quantity supplied to the customer through the maintenance of good maintenance, equipment investment. Strengthening the management and debt recovery.

Field of building materials business

Promoting the marketing work, focusing on reaching the customers who are the contractors, construction companies. Studying the fluctuation of world and domestic steel prices in order to actively import goods for efficient business. At the same time, to enhance debt recovery, to ensure the level of receivables from customers in accordance with the Company's regulations.

Management

Completion of the management system, including: Completing the transformation of the quality management system ISO 9001: 2008 to ISO 9001: 2015, completing the production measures of the production units and the whole Company through the Lean and 5S programs, promoting innovation and improvement programs in production and business.

Strengthening the inspection and supervision in ensuring good implementation of environmental, occupational safety and fire prevention and fighting in production and business activities of the Company.

Continuing to implement marketing programs at the company level such as marketing programs to project management boards, construction companies, accessing to large projects, updating product brochures, company profiles, developing videos to introduce products.

Continuing to implement investment programs to companies in the same industry under the Company's policy.

Strengthening the inspection and supervision of production norms of products to suit the reality, attaching importance to the inspection and supervision of labor safety at the units.

Personnel

Implementing to appoint senior personnel due to a change in shareholders structure. Appointing personnel to senior positions at associated businesses. Reviewing and standardizing the functions, duties and powers of the divisions, departments and enterprises on the principle of value/contribution to the achievement of the objectives and requirements of the company, divisions. Completing Lean manufacturing program, effectively applying quality management tools such as ISO, 5S in the units.

Implementing and applying the new HR – salary management software, improving the effectiveness of human resources management.

Investment

Focusing on deploying at the beginning of the year investment programs and projects in 2017, specifically as follows:

For Thanh Phuoc Factory: The company will speed up the progress of building items, offices, yards, equipment installation to ensure to put into operation 8 centrifugal concrete culvert systems by the end of June/2017. At the same time, continuing to deploy investment in box culverts, vibratory culverts.

For capital investment activities to companies in the same industry to proceed to hold dominant shares: the Company will accelerate the disbursement of funds according to the policy.

Finance

In 2017, the Company plans to mobilize large capital to serve production, business and investment activities. Medium and long term loan plan is 52,661 million VND. Funds are financed by retained earnings and loans from assets being formed from investment activities.



**HỘI ĐỒNG QUẢN TRỊ
ĐẦU TƯ XÂY DỰNG 3-2
KỲ 2014 - 2019**

ASSESSMENT OF THE BOARD OF DIRECTORS

Assessment on operating activities of the Company

Assessment on the Board of Management's performance

Plans and development orientations of the Company

ACTIVITIES IN 2016

In 2016, the economic situation and business environment was still difficult, and the competition was fierce in almost all sectors, especially price competition in the field of concrete culverts, competition in bidding at the construction sector was very complex due to the large number of contractors, and small contractors have increased their capacity in recent years but the number of new projects was limited ...; The situation of production and business activities in the building stone sector was facing many difficulties due to deep exploitation, sloping and narrow transportation roads, thus reducing the efficiency of transporting vehicles. Therefore, it was difficult to increase the mining and processing output. Construction works in some sites could not clear away and modification of design took long time; The field of concrete culvert was difficult to receive new orders, the progress of delivery when the weather was convenient, customers focused on taking goods and when it had heavy rain, the finished product was stagnant causing increase of inventory...

However, under close supervision of the Board of Directors together with the Board of Management of the Company, the production and business was managed in accordance with the conditions of the unit and market, market share of most business sectors of the company was generally maintained, such as stone building products continued to maintain traditional customers and consuming customers by waterway. In addition, the company has extended the license of mining stone of Tan

Dong Hiep until 2017. Not only that, concrete products were increasingly penetrating the market in Ho Chi Minh City, the volume of orders was maintained at a high level, helping increase output and boost revenue of this sector; Initially, the construction sector started involving in private capital construction and expansion of the market to HCMC, Long An ... as well as building the management model to meet the requirements of construction sites, etc...

Continuing to strengthen the investment in machinery and equipment to improve the capacity of concrete culverts and construction. Strengthening the investment project of Thanh Phuoc Concrete Factory, investment to buy shares of companies in the same industry to expand the scale and production capacity of concrete culvert and building stone. Strengthening inspection and supervision activities in units, paying attention to controlling production norms, improving process, labor safety and hygiene, etc...

In 2016, Binh Duong Manufacturing & Import-Export Company Limited has withdrawn fully 51% of its share capital in C32, so that the company's shareholders structure in 2017 will be no longer dominated by the State shareholders. With the new shareholders structure, it is expected that there will be practical significance in renovating the management and operation model of the company in an open and effective manner.

Operating results in 2016

The Company's production and business activities in 2016 basically fulfilled the set objectives. Although, revenue has not reached expectations, profit was still guaranteed. The results recorded many efforts of the Board of Management and employees of the Company in implementing production and business activities to meet the objectives. However, the competitiveness of the company in many business fields was still limited, especially the core factors of production capacity, technology and marketing.

| NO. | TARGET | UNIT | PLAN (Billion VND) | ACTUAL (Billion VND) | Rate (A/P) |
|--|---|--------------------|--------------------------|----------------------------|-------------|
| I. Financial benchmarks: | | | | | |
| 1 | Charter capital | Billion VND | 112 | 112 | 100% |
| 2 | Net revenue from sales and services | Billion VND | 550 | 520 | 95% |
| 3 | EBT | Billion VND | 101 | 116 | 114% |
| 4 | EAT | Billion VND | 79 | 93 | 118% |
| 5 | EBT/Net revenue ratio | % | 18.51% | 22,39% | - |
| 6 | EAT/Charter capital | % | 70.53% | 83,32% | - |
| 7 | EPS | VND/Share | 7,054 | 8.706 | 123% |
| 8 | Dividend payout ratio | %/Charter capital | 24 | 24 | 100% |
| 9 | Business income tax | Billion VND | 22.80 | 25,06 | 110% |
| II. Total investment value in 2016: | | Billion VND | 129 | 138 | 107% |
| 1 | Basic construction | Billion VND | 56 | 60 | 108% |
| 2 | Machinery, equipment, tools | Billion VND | 18 | 18 | 99% |
| 3 | Financial investment | Billion VND | 55 | 58 | 109% |
| | - Investment to companies in the same industry | Billion VND | | 44 | |
| | - Financial investment/Companies in the same industry | Billion VND | | 14 | |
| III. Targets of labor, income and training: | | | | | |
| 1 | Average income | Mil./person/month | 8.50 | 9.00 | 106% |
| 2 | Average labor productivity | % | +10% | -11% | +89% |
| 3 | Training | Mil./course | 178.8/ 20 course | 171/ 26 course | 106% |

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE SITUATION IN ALL ASPECTS OF THE COMPANY (continued)

Last year with the changes of the economy and the results that CIC 3-2 achieved, the Board of Directors has made the following assessments:

Operating results: In general, production and business activities in 2016 had a lot of prosperity, fulfilled the targets set at the beginning of the year. The quality of the products has progressively been improved and increased, gradually affirming the prestige of the company's brand in the market and the production process has been carried out as scheduled.

The competitive position in most operational fields was generally in the average level as compared to directly competitors. The Company's competitiveness in the field of concrete culverts has been improved thanks to its improved capacity for transportation and production capacity. In the field of construction and installation, the company had weak capacity of experience, human resources, construction equipment and capacity for marketing bids; In the field of building stone, thanks to the quality and favourable location, the Company had a high competitive position, however, the Company has not yet had a mine source to replace Tan Dong Hiep quarry which will cease mining by the end of 2017. The level of competition in almost all areas of activity is increasingly critical in both price and operation scale.

Management: In 2016, the company continued to increase investment in machinery and equipment to improve production capacity in the fields of construction, concrete culvert. Strengthening the investment project of Thanh Phuoc Concrete Factory, investing to buy shares of companies in the same industry to expand the scale and production capacity of concrete culvert, building stone. Strengthening inspection and supervision activities at units, paying attention to controlling production norms, and improving labor safety and hygiene. Reviewing and developing the business strategy of the Company for the period of 2017-2020.

Personnel: The structure of labor under education level of the company has a reasonable proportion between professional operation division and direct production, with the rate of workers with intermediate or higher level accounted for 33% and 67% of common vocational workers. The training was attached special importance with 24 courses organized, including the Lean training course on quality improvement. The vocational training for new workers was limited when there was no methodical program, mainly based on mentoring in the workplace so the sense of compliance of production processes of workers was not high, and innovation spirit has not been promoted, so that the improvement of labor productivity has not achieved many results. The average income of workers in 2016 was 9 million VND/person/month. The company has implemented regimes, policies to ensure the interests of employees, such as maintenance of annual health care programs for employees and managers to motivate employees to have strong attachment with the Company.

Investment: The company has concentrated its investment resources for Thanh Phuoc Concrete Factory and machinery and equipment to serve and improve its performance in the units such as automatic welders, vibrating rollers, culvert molds. In general, the investment in the year has been paid attention to, in line with the strategic programs set out.

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE BOARD OF MANAGEMENT'S PERFORMANCE

In the spirit of responsibility to the shareholders, employees and the development of the Company, the Board of Directors has supervised and directed the General Director and other managing units in management of daily operating activities of the company right with regulations of the applicable laws, the Charter, the resolutions of the AGM, the Board of Directors, at once implemented rights and assigned duties honestly, carefully to ensure the maximum legal interests of the Company and the Shareholders.

Supervisory activities of the Board of Director on the Board of Management and other managing officers were conducted through the monthly inspection and supervision reports of the subcommittees of the BOD and detailed, complete and timely reports of the Board of Directors such as direct reports, telephone reports, mail or through monthly, quarterly and extraordinary meetings of the Board of Directors ... thereby grasped closely the situation of the company to make timely, correct, smooth and effective decisions on production and business activities to achieve the expected targets.

The chairman of the Board of Directors who was concurrently the General Director was very convenient in the management of the company, creating a close relationship between the Board of Directors and the Board of Management, facilitating the process of deployment and implementation of resolutions of the BOD and mastering more deeply the company's daily business operations in order to adjust, assist and direct properly.



In management activities, the Board of Directors expressed high sense of responsibility in work, had qualifications, capacity and qualities; Being qualified in the assigned fields and had many years of experience in managing and operating the company; Complying with the regime of periodic report on the situation of production and business activities of the company; The strategic directions of the Board of Directors, the General Assembly of Shareholders' resolutions have been implemented by the General Director in accordance with the plan.

DEVELOPMENT ORIENTATIONS OF THE BOARD OF DIRECTORS

- ✓ Focusing on developing the company's products in all fields of operation to satisfy the needs of customers with criteria of quality assurance, on schedule and at the most competitive price.
- ✓ Improving the production process of products through investment in equipment, machinery, workshops with the most advanced technology. At the same time, building management system of activities of the whole company in the direction of efficiency, profession.
- ✓ Building a quality management system to improve the quality of construction works, concrete components, etc..., thereby increasing the competitive capacity of the Company's bidding.
- ✓ Improving professional qualifications of employees through regular training at each production unit. Paying attention to and creating favourable conditions for the employees so that they could work peacefully and have strong attachment with the Company.



LE HONG PHONG STREET PROJECT CONSTRUCTED BY C32

"CIC 3-2 is committed to providing our customers with high quality products and services with reasonable expenses, contributing to the development of the community and the society".



MUOI MUON STREET PROJECT CONSTRUCTED BY DO C32

CỘNG HÒA XÃ HỘI CHỦ

ĐẠI HỘI CỔ ĐÔNG THU
CÔNG TY CP ĐẦU
NGÀY 21/0



CORPORATE GOVERNANCE

Board of Directors

Inspection Committee

Transactions, remunerations and interests of
the Board of Directors, Board of Supervisors



Annual General Meeting of
Shareholders in 2016

SUBCOMMITTEES OF THE BOARD OF DIRECTORS

Policy Development Subcommittee

Operational status of 2016

Last year, the company's business activities were always on track with the initial plan and strategy developed by the Policy Department. Initially, it showed good results as the basic operational targets have reached and exceeded the plan set at the beginning of the year.

It was proposed to issue 560,000 shares, equivalent to 5% of the outstanding shares of the Company under the Employee Stock Ownership Plan (ESOP), in order to recognize the contribution and attachment of employees, personnel stability, improving the sense of work of the employees who contributed to the Company's development in the period from 2009 to 2015. However, the issuance plan was not approved by the Annual General Meeting of Shareholders of 2016.

Developing and implementing the marketing program in 2016 such as completing the catalogue of the company's products; Contacting and introducing the Company's capacity to customers such as construction companies, investors, management boards, etc...; Making a video to introduce the company's culvert products.

Cooperating with the Board of Directors to visit, survey the investment plans in the field of building stone, companies in the same industry, etc...

Collaborating with the units to review, complete the business strategy for the period of 2017-2020 and build the business plan of 2017 of the company. In general, business strategy, business plan of the company set the growth goals, development in accordance with the existing resources of the company.

Regarding financial investment: In the year, continuing to purchase shares of Hoa An Joint Stock Company in accordance with the guidelines of the Board of Directors; Conducting evaluation and assessment of shares of two companies operating in the same industry; Making investment in accordance with the policy and business strategy set out for the period of 2017-2020.

Orientations and duties in 2017

In 2017, the Development Policy Committee will focus on implementing the following activities:

Supervising and urging the units to implement production and business plan in 2017 to ensure the set objectives and plans.

Continuing to implement investment and joint ventures in accordance with the guidelines set by the Board of Directors.

Continuing to seek investment opportunities in companies in the field of building stone.

Continuing to implement marketing programs, contacting with potential customers who are project management boards, construction companies ...; Making videos to introduce images, products of the company.

Seeking a business locations to open a representative office in Ho Chi Minh City

Updating information on basic construction investment plans of Binh Duong Province, Ho Chi Minh City to advise the Board of Management of the company in the bidding.



Internal control Committee

Operating results in 2016: The Internal Control Subcommittee has carried out 8 inspections at its affiliates as follows:

The 1st time on 25/01/2016: Inspecting the Construction Enterprise for the contents of operating results in 2015 and analysing effective samples of 3 construction works in 2015 including: Hoa Huong Duong Kindergarten, Tuong Binh Hiep Secondary School, Dong Que Viet Street, revenue calculation method and carrying over costs of works, determination of transfer value of works to 2016, construction plan for works after the Lunar New Year, business plan quarter I/2016, situation of bidding in quarter I/2016, and situation of settlement of works completed as of 20/01/2016, debt recovery ...

The 2nd time on 08/03/2016: Inspecting the Construction Enterprise for business plan in quarter I/2016, method of building selling price in 2016, debt management, situation of signing sales contract, contract on outsourcing in 2016, checking the sample of some of the outsourced payment records in quarter IV/ 2015, and reviewing the method of assigning salary funds to the indirect divisions.

The 3rd time on 13/04/2016: Inspecting the Concrete Enterprise for the operating results in quarter I/2016, the plan in 4/2016, the construction of cost norms, cost price, the selling price in 2016, the situation of signing the consumption contract in 2016, the investment plan for production in 2016, and debt management.

The 4th time on 17/05/2016: Inspecting the Center for Trading Building Materials 279 for operating results in quarter I/ 2016, purchase methods, management of input purchase price, and debt management of.

The 5th time on 27/06/2016: Inspecting the Finance Department on the implementation for investment projects and new purchase of fixed assets, liquidation of fixed assets, management of accounts receivable, and process of payment with subcontractors...

The 6th time on 27/07/2016: Inspecting Long Nguyen factory belonging to Concrete Culvert Enterprise for operating results in the first 6 months of 2016, situation of settlement of norms of production materials, and labor safety.

The 7th time on 30/09/2016: Inspecting the Construction Enterprise for the operating results in the first 9 months of 2016, the situation of bidding and winning bids, the acceptance of settlement and recovery of debts, method of raising bidding plans from September to December of 2016.

The 8th time on 11/11/2016: Inspecting the Stone Enterprise for the results of production and business in 9 months and plan for the end of 2016, situation of debt recovery, inventory, fixed assets, and payment for subcontractors.

Through inspection, the Internal Control Subcommittee acknowledged that all units were trying to fulfil the targets of production and business assigned by the company in the difficult market conditions such as the Construction Enterprise, and difficult conditions on mining and processing such as the Stone Enterprise. All units strictly complied with the regulations issued by the company on norms of materials, selling prices and management of general expenses...

The units regularly studied solutions to reduce the cost norms to reduce the cost for improvement of competitiveness, compliance with the settlement of materials norms periodically,

Internal Control Subcommittee (continued)

controlled and timely adjusted the price of outsourcing when the price fuel had fluctuations of increase and decrease. For debts, the units have actively reviewed customers to have safe debts, urged regularly customers to clear their debts (especially construction debt). The process of settlement of the volume and payment to the subcontractors ensured to be strict and safe. For construction works, payment was made on time.

At the same time, the Internal Control Committee has also commented on some issues related to overdue receivables in some units, strengthened marketing capacity and participated in bidding for projects with extra-budgetary funds. Increasing transportation capacity of concrete culvert for timely delivery, changing the method of assigning wage funds to indirect divisions to motivate the units to cut costs, propose measures to ensure labor safety at the Concrete Culvert Enterprise.

In general assessment, the company's operations in 2016 were well controlled through the company's promulgation of management statutes, regulations and procedures, assigned duties to departments and divisions to check regularly the compliance of the units

Operational plans of 2017

Continuously checking, controlling sequentially at the units on the operating activities, costs control, debt recovery, compliance with the company management procedures.

Personnel Subcommittee

Operations of 2017

Working with major shareholders to prepare candidates as members of the Inspection Committee meeting the new standards under the Law on Enterprises in 2014.

Joining organization of the Annual General Meeting of Shareholders in 2016, submitting the remuneration settlement of the Board of Directors, the Inspection Committee, the Corporate Secretary and the remuneration plan of 2016.

Advising the Board of Directors to submit to the AGM of the bonus policy for employees who achieved outstanding results in 2015.

Presenting the salary fund in 2015 of the General Director, the Deputy General Director, the Chief Accountant and the salary fund plan of 2016.

Monitoring personnel changes, salary to advise the Board of Directors.

Monitoring the implementation of salary and bonus regulations.

Submitting to the Board of Directors for opinions on the re-appointment of personnel for the Director of the Construction Enterprise.

Supervising the performance of objective assignment and performance evaluation as per KPI.



Operational plan of 2017

Working with major shareholders to prepare candidates as members of the Board of Directors and members of the Inspection Committee due to change in the major shareholders structure. The state-owned shareholders have withdrawn fully their capital, so that members who are the representatives of the state-owned shareholders should also be replaced by new members representing new shareholders/groups of shareholders.

Joining organization of the Annual General Meeting of Shareholders in 2017, submitting the remuneration settlement of the Board of Directors, the Inspection Committee, the Corporate Secretary and the remuneration plan of 2017.

Supervising personnel preparation and training for Thanh Phuoc Project in Tan Uyen, Binh Duong.

Continuously monitoring the implementation of salary and bonus regulations.

Monitoring personnel changes, salary to advise the Board of Directors to handle when necessary.

Supervising the performance of objective assignment and performance evaluation as per KPI.

Monitoring and commenting on programs to improve human resource management capacity and improve labor productivity.

INSPECTION COMMITTEE

Activities of the Inspection Committee in year

| No. | Member of IC | Position | Date of starting /ceasing a member of IC | Number of meetings participated by the IC | Rate of attendance | Reason of absence |
|-----|------------------------|----------|--|---|--------------------|------------------------|
| 1 | Nguyen Mai Khanh Trinh | Head | 21/4/2016 | 06 | 75% | Started from 21/4/2016 |
| 2 | Van Hoang Tung | Member | 25/4/2014 | 08 | 100% | |
| 3 | Ly Thanh Chau | Member | 25/4/2014 | 08 | 100% | |
| 4 | Nguyen Luong Tam | Member | 25/4/2014-21/4/2016 | 02 | 40% | Removed from 21/4/2016 |

Supervision activities of Board of Supervisors for BOD, BOM and shareholders

On 23/03/2016, the IC proposed to select an independent auditing company to audit the financial statement of 2016 and reviewed the financial statement of the company in 2016, which was the branch of AASC Auditing Firm Company Limited (ASCN) - AASC Auditing Firm.

On 21/04/2016, the Inspection Committee attended the AGM of 2016.

On 25/05/2016, the Inspection Committee had the meeting to check, control the activities of the Company's office, record the situation of production and business activities in the period; Monitoring the performance of contracts on sale and supply of materials at the units; The situation of account receivables in the period, the establishment and use of the funds of the company; Post-inspection of the organization of the AGM in 2016; wage policies; labor safety and hygiene.

On 15/07/2016, the Inspection Committee inspected the Construction Enterprise, recorded the inspection of account receivables, accounting management; Checking the performance of construction works finalized in 2016; Inspecting and assessing on business activities in the period.

Organization of external tenders and internal

tenders; Human resource management, salary regimes; Labor safety and hygiene; Settling complaints and denunciations ...

On 20/09/2016, the Inspection Committee had the meeting for inspection and control in the Building Stone Enterprise, recorded the organization of accounting, account receivables, overdue debt, management accounting report; operating activities in the period; performance of purchase and sale contracts, subcontractors; exploitation of raw material stone reserves due to expiration of mining license by 2017; human resources management, salary system; labor safety and hygiene; Settling complaints and denunciations ...

On 16/11/2016, the Inspection Board inspected the Concrete Convert Enterprise, recorded the accounting, account receivables, costs in 2016; operating activities in the period; performance of contracts on purchase, sale and supply of materials; deployment of the project of Thanh Phuoc Concrete Factory; human resources management, salary regimes; labor safety and hygiene; Settling complaints, denunciations, ...

The coordination of activities between the IC on the activities of the Board of Directors, Board of Management and other managers

The Board has received documents such as resolutions, decisions, reports of the Board of Directors, reports of the Committees of the Board of Directors, the Board of Management of the company in the process of implementation; The Inspection Committee was invited to attend the monthly, quarterly and extraordinary meetings of the Board of Directors.

On 29/02/2016, the Inspection Committee together with the Board of Directors visited the land lot of Thanh Phuoc Project in Thanh Phuoc Ward, Tan Uyen District, Binh Duong Province. The land area is about 05 hectares, is currently in the process of levelling. After finishing, will move Concrete Culvert Enterprise and brick products here.

Recently, the Inspection Committee hasn't received any complaints and denunciations, did not find anything unusual in the activities of the members of the Board of Directors, the Board of Management of the company and the leaders of the units under the Company.

Other activities of the Inspection Committee

On 30/03/2016, the Inspection Committee had the meeting to remove the member of the Inspection Committee who was Mr. Nguyen Luong Tam and submitted to the General Meeting of Shareholders for approval.

On 24/05/2016, the Inspection Committee had the meeting to remove the Head of the Inspection Committee who was Mr. Van Hoang Tung and elect the new Head of the Inspection Committee who was Mr. Nguyen Mai Khanh Trinh from 24/05/2016.

On 25/05/2016, the Inspection Committee had the meeting to assign responsibilities of the members of the Inspection Committee to control the activities of the Company.



Groundbreaking ceremony of Le Chi Dan Project in Thu Dau Mot Town, Binh Duong Province

**TRANSACTIONS, REMUNERATIONS AND INTERESTS OF THE BOARD OF DIRECTORS,
BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS**

| No. | Full name | Position | Remuneration (VND) | Salary + Bonus (VND) |
|------------|-----------------------------|--------------------------------------|--------------------|----------------------|
| I | Board of Directors | | | |
| 1 | Mr. Vo Van Lanh | Chairman of BOD cum General Director | 387,634,000 | 1,468,726,000 |
| 2 | Mr. Huynh Huu Hung | Member of BOD | 204,017,000 | - |
| 3 | Mr. Nguyen The Su | Member of BOD | 204,017,000 | - |
| 4 | Mr. Nguyen The Phi | Member of BOD | 204,017,000 | 376,956,000 |
| 5 | Mr. Phan Thanh Duc | Member of BOD | 204,017,000 | - |
| II | Inspection Committee | | | |
| 1 | Mr. Nguyen Mai Khanh Trinh | Head of IC | 123,778,000 | - |
| 2 | Mr. Van Hoang Tung | Memembr of IC | 142,499,000 | 158,531,000 |
| 3 | Mr. Ly Thanh Chau | Memembr of IC | 117,575,000 | - |
| III | Board of Management | | | |
| 1 | Mr. Vo Van Lanh | General Director | 387,634,000 | 1,468,726,000 |
| 2 | Mr. Tran Van Binh | Deputy General Director | | 1,048,197,000 |
| 3 | Mr. Nguyen Xuan Hieu | Chief Accountant | | 962,637,000 |

"CIC 3-2 is constantly learning and improving to bring customers the best products and services"



MEETING OF BOARD OF DIRECTORS

| No. | Member of BOD | Position | Date of starting a member of of BD | Number of meetings attended | Rate of attendance | Reason of absence |
|-----|----------------|--------------------------------------|------------------------------------|-----------------------------|--------------------|-------------------|
| 1 | Vo Van Lanh | Chairman of BOD cum General Director | 25/04/2014 | 9/10 | 90% | - Busy |
| 2 | Nguyen The Phi | Executive member of BOD | 25/04/2014 | 10/10 | 100% | |
| 3 | Phan Thanh Duc | Non-executive member of BOD | 25/04/2014 | 9/10 | 90% | - Busy |
| 4 | Nguyen The Su | Non-executive member of BOD | 25/04/2014 | 10/10 | 100% | |
| 5 | Huynh Huu Hung | Non-executive member of BOD | 25/04/2014 | 9/10 | 90% | - Busy |

SUMMARY OF CONTENTS OF BOARD OF DIRECTORS' MEETINGS

| No. | Solution number | Date | Contents passed |
|-----|-----------------|------------|---|
| 1 | 01/NQ-HDQT | 21/01/2016 | <ul style="list-style-type: none"> - General Director's report on business performance in December 2015 and operational orientations in 01/2016. - Report on Corporate Governance of 2015. - Advance payment of 80% of remuneration in 2015 for the Board of Directors and the Inspection Committee. - Advance payment of 80% of bonus fund for the year 2015 for the Board of Management. - Salary Fund implemented in 2015 of the General Director, Deputy General Director and Chief Accountant. - Rewarding leaders of units exceeded the plan and good growth in 2015: Excellent Head of unit (A): 120,000,000 VND; Advanced ranking (B): 96,000,000 VND; Complete ranking (C): 76,800,000 VND/12 months. Deputy Head of unit equivalent to 70% of the Head with corresponding rank. The number of working months is corresponding to the position in the year. - Reward of savings for Building Stone Enterprise in 2015 consists of three contents: Explosive saving, explosive blends and additional stone imports. The total reward is 771,503,587 VND. - Reward of savings for using firewood for the Concrete Factory in |

| | | | |
|---|------------|------------|---|
| | | | <p>2015. The reward is 153,621,000 VND.</p> <ul style="list-style-type: none"> - Agreeing with the policy to approve the company to borrow and mortgage assets to the Joint Stock Commercial Bank for Foreign Trade of Vietnam – Binh Duong South Branch. The total credit limit is 60 billion VND. Limits of trade finance (L/C, guarantee, discount) 60 billion VND to supplement working capital for production and business activities. - Investing in 01 Tractor Hyundai HD 700 (manufactured in 2015, 100% new year) and 01 used retractable crane, 12 tons HIAB (Italia) with the remaining quality of 80% for the Concrete Culvert Enterprise. |
| 2 | 02/NQ-HDQT | 29/02/2016 | <ul style="list-style-type: none"> - Selecting the losing date of registration of the list of shareholders and date of organization of the AGM of 2016. |
| 3 | 03/NQ-HDQT | 29/02/2016 | <ul style="list-style-type: none"> - General Director's report on business performance in January 2016 and operational orientations in 02/2016. - Liquidation and removal of the collective housing assets of the Concrete Culvert Enterprise for brick yard (the remaining value of the property is 0VND). |
| 4 | 04/NQ-HDQT | 15/03/2016 | <ul style="list-style-type: none"> - Assigning the General Director to negotiate and purchase the land lot in Thanh Phuoc, Tan Uyen to invest in the Factory of precast concrete culverts and unburnt bricks of all kinds. The maximum price to buy the above land is 1,000,000 VND/1m2. |
| 5 | 05/NQ-HDQT | 29/03/2016 | <ul style="list-style-type: none"> - The contents submitted to the Annual General Meeting of Shareholders in 2016: Report of the Board of Directors and the Inspection Committee; the audited financial statement of 2015; Profit distribution plan and dividend payment; Remuneration for the BOD and the IC; Supplementation of the business lines; Amendments and supplements to the Charter of the Company; Issue of shares under the Employee Stock Ownership Plan (ESOP); The Chairman of the Board is also General Director of the Company; Selecting an independent auditor to audit the financial statement of 2016 and reviewing the half-year financial statement of 2016; Electing additional members of the Inspection Committee; Drafting the resolution of the General Meeting of Shareholders; Other contents under the authority of the General Assembly of Shareholders in accordance with the Law on Enterprises and the Charter of the Company (if any). |
| 6 | 06/NQ- | 29/03/2016 | <ul style="list-style-type: none"> - Dissolution of the Branch of 3-2 Construction Investment Joint |

| | | | |
|----|----------------|------------|--|
| | HDQT | | Stock Company – the Real Estate Trading Floor at 45A Nguyen Van Tiet, Lai Thieu Ward, Thuan An Town, Binh Duong Province. Branch code: 3700146225 – 003. |
| 7 | 07/NQ- HDQT | 29/03/2016 | <ul style="list-style-type: none"> - The Report of the General Director on operating results in 2015 and production plans in 2016. - The Report of the General Director on operating activities in 02/2016 and operation orientations in 03/2016. - The salary fund of the General Director, the Deputy General Directors and the Chief Accountant shall be paid in advance of 80% of the approved salary and will calculate the actual salary when having final settlement. - The Annual Report of 2015. |
| 8 | 08/NQ- HDQT | 24/05/2016 | <ul style="list-style-type: none"> - Last registration date to pay the remaining 12% dividend of 2015 in cash to existing shareholders. |
| 9 | 09/NQ- HDQT | 24/05/2016 | <ul style="list-style-type: none"> - Report of the General Director on business performance in 04/2016 and operation orientations in 05/2016. - Re-appointing the Director of the Construction Enterprise for Mr. Le Ngoc Thinh with the office term is 03 years. - Investing in 01 Hyundai HD700 Tractor, made in Korea, manufactured in 2015 with 100% new and 01 tipper trailers (3 axles), Binotto MFC 187, Doosung brand, Origin of Korea, produced in 2016, 100% brand new. - The BOD's working program for the period of 2014-2019, one meeting for each quarter or whenever deemed necessary. - Assigning the General Director is implemented in the spirit of Resolution No. 01/NQ-DHDCD, dated 21/4/2016 of the General Assembly of Shareholders on extracting bonus and welfare fund in 2015 to be 10%/EAT. Separating 7.5% of bonus fund to reward to employees on the occasion of 02/9/2016 to acknowledge the performance of employees in 2015. |
| 10 | 10/NQ- HDQT | 24/05/2016 | <ul style="list-style-type: none"> - Approving the policy for the company to borrow and mortgage assets to the Joint Stock Commercial Bank for Investment and Development of Vietnam - Binh Duong South Branch. Total credit limit is: 320,000,000,000 VND. The purpose of the loan is to supplement working capital, invest in projects, fixed assets (machinery, equipment, factory ...) for the production and business process. |

| | | | |
|----|------------|------------|---|
| 11 | 11/NQ-HDQT | 24/05/2016 | <ul style="list-style-type: none"> - Approving the policy for the company to borrow and mortgage assets to Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Branch. The total credit limit is: 160,000,000,000 VND. The purpose of the loan is to supplement working capital, invest in the project, invest in fixed assets (machinery, equipment, factory ...) for the production and business process. |
| 12 | 12/NQ-HDQT | 29/07/2016 | <ul style="list-style-type: none"> - The Report of the General Director on operating activities in 06/2016 and operation orientations in 07/2016. - Amended regulations on corporate governance. - Asset liquidation according to the regulations for 02 photocopyers having seriously damaged, being no longer in use and fully depreciated. |
| 13 | 13/NQ-HDQT | 03/08/2016 | <ul style="list-style-type: none"> - The investment project of Thanh Phuoc Concrete Factory at No. 6, Doi 16 Street, Cay Cham Quarter, Thanh Phuoc Ward, Tan Uyen Town, Binh Duong Province: Land use area: 45,161.7m²; Total investment capital is 151,788 million VND. - Establishing the business location of 3-2 Construction Investment Corporation – Thanh Phuoc Concrete Factory, No. 6, Doi 16 Street, Cay Cham Quarter, Thanh Phuoc Ward, Tan Uyen Town, Binh Duong Province. |
| 14 | 14/NQ-HDQT | 03/08/2016 | <ul style="list-style-type: none"> - Assigning the General Director of the company to implement the investment construction project of Thanh Phuoc Concrete Factory at No.6, Road 16, Cay Cham Street, Thanh Phuoc Ward, Tan Uyen Town, Province. Binh Duong as follows: Designs organizations, cost estimates, submitting to the Board of Directors for approval, and carrying out the necessary procedures to obtain the construction permit; Organizing bids, limited bids or selection of competitive equipment suppliers, depending on the characteristics of the equipment and submitting to the Board of Directors for approval before implementation; managing and reporting the results of implementation progress to the Board of Directors. |
| 15 | 15/NQ-HDQT | 09/08/2016 | <ul style="list-style-type: none"> - Investing in 01 used crawler excavator with the remaining quality of 80%, DEAWOO SOLAR 200LC brand, bucket 0.7m³, manufactured in 1998 for construction. - Investing in the new construction of 22KV Line and 02 Power stations for Thanh Phuoc Concrete Factory. |

| | | | |
|----|------------|------------|---|
| 16 | 16/NQ-HDQT | 14/09/2016 | - Investing in 02 dump trucks Hyundai HD270 - 380Ps (gas - electricity), imported from Korea, fullbox imported, manufactured in 2016, 100% brand-new for the Construction Enterprise and the Concrete Culvert Enterprise. |
| 17 | 17/NQ-HDQT | 14/09/2016 | - The last registration date for dividend advance of the company in the first stage of 2016 in cash for existing shareholders by 12%. |
| 18 | 18/NQ-HDQT | 22/12/2016 | <ul style="list-style-type: none"> - Report of the General Director on operating activities in November 2016 and operation orientations in 12/2016. - Disposing of property in accordance with regulations 01 Ricoh FT 5840 severe damaged photocopier, no longer in use. - Asset liquidation in accordance with regulation 01 Huyndai dumper, plate number 61H-1359 has expired use, not allowed to road traffic. - Paying in advance 80% of remuneration in 2016 for the Board of Directors, the Inspection Committee, Company Secretary and members of subcommittees of the Board of Directors. - Paying in advance 80% of the 2016 Bonus Fund for the Board of Management. - Investing in 01 truck of Hino brand (Japan, assembled at Hino Vietnam factory), Type No. FG8JPSB (8 tons), manufactured in 2016, 100% brand-new for the Construction Enterprise. |
| 19 | 19/NQ-HDQT | 22/12/2016 | - Estimated operating results in 2016 and production and business plan in 2017. |

| No. | Decision Number | Date | Contents |
|-----|-----------------|------------|---|
| 1 | 01/QD-HDQT | 29/03/2016 | - Decision on establishment of the Organization Board of the AGM of 2015. |
| 2 | 02/QD-HDQT | 10/08/2016 | - Decision on issue of the regulations of Corporate Governance. |

Operations of the Independent members of the Board of Directors

No

List of members of the Board of Directors possessing certificates on corporate governance.

List of members possessing certificates on corporate governance issued by the State Securities Commission of Vietnam

| No. | Full name | Position |
|---|------------------------|-----------------------|
| Board of Directors: | | |
| 1 | Vo Van Lanh | Chairman of BOD |
| 2 | Nguyen The Phi | Member of BOD |
| 3 | Nguyen The Su | Member of BOD |
| 4 | Phan Thanh Duc | Member of BOD |
| 5 | Huynh Huu Hung | Member of BOD |
| Inspection Committee: | | |
| 6 | Nguyen Mai Khanh Trinh | Head of IC |
| 7 | Van Hoang Tung | Member of IC |
| 8 | Ly Thanh Chau | Member of IC |
| Board of Management: | | |
| 9 | Vo Van Lanh | General Director |
| 10 | Tran Van Binh | Vice General Director |
| 11 | Nguyen Xuan Hieu | Chief Accountant |
| Person who is authorized for information disclosure: | | |
| 12 | Lu Minh Quan | Secretary |





SECONDARY SCHOOL PROJECT CONSTRUCTED BY C32

REPORT ON SUSTAINABLE DEVELOPMENT

Management of production resources

Management of consumption

Management of water consumption

Management of environmental protection

Responsibilities to employees





Globalization trends have led to global environmental disasters. Economic development has posed more environmental problems that need to be solved in order to achieve sustainable development. Environmental challenges are increasing and more acute not only within a country but globally. A clean industry, a clean agriculture, a protected natural resources and environment, proper exploitation is the dream of every country in the world. Being aware of the importance of environmental issues in the sustainable development, the purpose of the policies issued by the State on environmental issues, 3-2 Construction Investment Corporation has made uninterrupted effort to minimize the impact on the environment caused by the operation of the Company.

Currently, the company operates 3 main enterprises

Concrete Culvert Enterprise



Construction Enterprise



Stone Enterprise



These are activities that require a lot of materials such as sand, stone, water ... so the production of the enterprises will affect the national resources. In addition, these are activities that have significant amounts of waste water and emissions, which in turn will pollute the surrounding environment, especially in the operating area of the enterprises and quarries.

MANAGEMENT OF PRODUCTION RESOURCES

The relationship between business activities and environmental issues is an interrelated dialectical relationship. Business activities have positive and negative impacts on the environment and vice versa, the environment also contributes to the advantages or disadvantages of production. All business activities in any business all over the world affect the environment. If the demand for production and business activities does not affect the environment at all, there will be no economic activity. The issue to consider here is the extent of the impact (the risk of damaging, destroying the environment ...), how is the awareness of businesses to minimize the negative impact on the surrounding environment.

The operation in the manufacturing sector in general, construction and building materials in particular, raw materials are always the input factor in the cost structure of business operations. With the operation of the Concrete Culvert Enterprise, the main raw materials are sand, stone, cement, water and other additives; These are sources of raw materials to be exploited from natural resources and no alternative green sources. The exploitation and putting these materials into the production process has created a lot of impacts on the surrounding environment such as water pollution, air pollution. The operation of the Construction Enterprise, due to the need to transport building materials from different places to construction sites, has unostentatiously caused impact on the atmosphere due to the emissions from transportation vehicles, dust from sand, stone waste to the environment. For the Building Stone Enterprise, due to exploding the mines to exploit stone, it has affected the environment due to the dust of quarries and explosive. In addition, the source of water near the site is also affected by the dust generated by the mining operations.

Being aware of the problems that the Company is causing due to its production and business activities, the Company has put forward some solutions to improve the situation as follows:

Ensuring the timely and sufficient supply of raw materials for works and enterprises to avoid the excessive stockpiling of materials affecting the surrounding environment.

Strengthening inspection and supervision of the quality of each material to ensure the quality of each product or project because the use of inadequate quality sources of raw materials will cause huge waste of national resources.

Setting use norms for each source of materials for each product or works to save input costs and avoid waste of resources.

Strengthening the research of investing in modern machines and production lines in order to save production costs while minimizing the environmental impact caused by backward equipment and machinery.





Materials used to produce the main products and services of the Company in the year:

- ✓ Construction steel
- ✓ Cement
- ✓ D.O oil
- ✓ Red gravel
- ✓ Sand
- ✓ Stone
- ✓ Scrap collected from broken tools and devices



MANAGEMENT OF ENERGY CONSUMPTION

Energy saving both to ensure national energy security and to ensure effective cost management for the company, aware of the importance of this issue, the Board of Management of the Company constantly study to find out how to use energy sources but still ensure normal and uninterrupted production and business activities.



Last year, the company continued to implement some measures to minimize power use as follows:

Enhancing the installation of full cabinet capacitors avoiding phase deviation, line drop to ensure the $\cos\phi > 0.85$ for the power stations of all enterprises.

Innovative use of energy saving lighting bulbs in offices and manufacturing enterprises.

Installing devices to measure the use of electricity, using heat in the units as a basis for managers to refer to alternative solutions, investment in new equipment if it is not consistent with the norms that the Company has built before.

Strengthening the training of personnel in charge of management to use electric equipment of the company. The Board of Management clearly understands that maximum energy savings depends very much on the sense and ability of the technicians because they know the equipment situation and the operating status of devices.

Organizing training courses to raise the sense of responsibility of the staff directly involved in production, listening carefully and considering the opinions of employees directly operating machinery and equipment for research and improvement operational process.

Improving furnace burning method, culvert drying method to take advantage of the heat generated from firewood burning.



MANAGEMENT OF WATER CONSUMPTION



Vietnam has abundant water resources with around 2,360 rivers and streams over 10 km long and thousands of ponds and lakes. These water sources are the habitat and source of life for plants, animals and humans. However, this water source is degraded and severely damaged by over-exploitation and severe pollution, from surface water to groundwater, even many rivers, ponds and

our country is in the process of industrialization, modernization and economic integration in the world. The process of development and integration has helped the country's economy and society to develop and improve the people's life. In addition, the process of development and integration also poses new challenges in respect of environmental pollution for the sustainable development of the economy of the country. In order to achieve sustainable development goals in the future, we need to synchronously implement solutions and one of which is to strengthen the state management of environmental protection. Therefore, in recent years, the Government of Vietnam has increasingly tightened the regulations on environmental protection, especially regulations related to water resources contributing to the sustainable development of the country as well as the whole world.

At present, CIC 3-2 is using 2 main sources of water to serve production and business activities for the Company

Running water:

The company uses water supplied from Binh Duong Water Supply Company.

Water for production and mining activities

Utilized from natural rainwater and groundwater sources



Water saving policy of the company

- ✓ Regularly checking the water storage system to avoid leakage causing water loss and waste of water resources.
- ✓ Utilizing treated water for irrigation of trees and dust in the area around the production area. In addition, the company also uses this water to irrigate concrete culverts.
- ✓ Researching and proposing solutions to take advantage of reusable water after treatment.

Waste water treatment

Wastewater treatment process of CIC 3-2

- ✓ Domestic waste water: Treatment through three septic tanks and then to the wastewater treatment plant before discharging the source of access.
- ✓ Production wastewater: is concentrated into the sedimentation basin and then discharged outside the environment.

Specifically:

- After having preliminary treatment with septic tank, the wastewater is passed through the regulating tank. The regulating tank is responsible for regulating the concentration and flow of waste water for biological processes. In the regulating tank, it is installed the aerator to prevent the accumulation of anaerobic biodegradable waste to create odors affecting the production operations
- From the regulating tank, wastewater from the first pump assembly to the aerobic oxidation pond, this is an important step in the treatment of organic matter of which having wastewater based on aerobic microorganism activities being initially supplied through activated sludge.
- In the biological treatment tank, continuous air blast is used to continuously create the aerobic environment in the tank while stirring to increase the contact between microorganism, organic matter and dissolved oxygen helping biological reaction process take place more effectively.
- After the biological reaction (usually from 6 to 8 hours), the concentration of organic matter falls below the permitted level with the efficiency under normal operating conditions which can reach 95%. At this time the wastewater and microorganisms are in a homogeneous mixture and this mixture is passed through the settling tank and the sedimentation time of the sedimentation



basin which shall not exceed 3 hours to separate the mixture into 2 components. The internal water is further treated at the disinfection tank, and the sludge is recycled to the biological tank to ensure that the F/M ratio (foods/microorganisms) is always within safe limits of the treatment. The amount of residual sludge is passed through the sludge basin, which also serves as the anaerobic digestion of organic matter in the sludge to decompose the sludge into fertilizer for crops.

- From the settling tank, the wastewater is transferred to the intermediate tank, where the second pump assembly is arranged as a horizontal pump that pumps water through the pressure tank; The filtration process to remove completely the activated sludge is not settled and the remaining dirt. The filter material used for the tank is mainly quartz sand combined with gravel and water after filtration is passed through the disinfection tank.
- The treatment process in the disinfection tank with the disinfectant is Cl₂ powder in the appropriate proportion will completely eliminate the harmful microorganisms in waste water before discharged into the environment by drainage pipeline of the area. With the above process, wastewater meets national technical standards for industrial wastewater according to QCVN 14: 2008/BTNMT.



MANAGEMENT OF ENVIRONMENTAL PROTECTION

Environment pollution has a serious impact on global welfare. Environmental protection is an urgent action to build a safe living environment away from epidemics that endanger human health and life.

Green - clean - beautiful environment is an important criteria in the direction and strategy of building a civilized society, green life.

Being aware of this, the Company has issued its own operating regulations to minimize the environmental impact of each division and unit of operations. At the same time, the Company also required its employees to implement fully and correctly the proposed regulations and strictly punished cases of violation of regulations which have been issued.



Effective measures for environment protection of the Company

In the field of construction and the Concrete Culvert Enterprise:

For construction works near the residential area, the Company is implementing the construction of temporary fences to cover the works to avoid affecting the living of people around the construction site.

Establishing isolation barriers, signs around the construction site to ensure the safety of people.

Installing temporary drainage for works, ensuring treatment of used water before discharging out into the environment.

At construction sites, the Company installed garbage cans to avoid littering; Management of workers in the collection and disposal of domestic waste; Installation of signboards, banned litter; The waste materials were collected regularly and transported out of the site to the central processing area as prescribed. In addition, the Company collected and hired units that had the function of collecting and disposing of domestic wastes in the project area.

Controlling, minimizing noise and dust through:

The construction time of machines with high noise without remedial measures should be adjusted reasonable time to avoid affecting the normal life of people in the surrounding area. In addition, the management board of works also requires the reasonable allocation of construction work, avoiding the situation that many noise equipment at the same time cause noise resonance.

The transport of materials to the construction site must be carefully shielded from dropping the leakage causing air pollution. The dusty areas are often sprayed water to minimize dust from soil, sand and cement ...

Regularly checking machinery and equipment, timely warranty for efficient operation of machinery, minimizing emissions to the environment.

In the filed of mining stone:

The area of the quarries is the place causing the most serious environmental pollution in the Company's operations, therefore, this is also where the Company concentrates the most investment to minimize the impact on the environment through the operation of anti-pollution systems and planting trees. Currently, the quantity of trees planted around the site has grown well contributing to the fresh air around the area. In addition, the company also invested the water spray system at the rock-crushing plant and water sprinklers to minimize dust in the transportation.

In order to check the level of air pollution around the quarries, the Company regularly periodically carries out measurements on parameters such as dust, CO, SO₂, NO₂ ... indicators are within the standard limits of labor hygiene. This demonstrates that efforts to reduce the impact on the environment are increasingly effective.

For the water area around the quarries

Currently, the company has arranged a reservoir with the area of 1,780 m², invested in pumps and pipelines to pump water from the reservoir to drain out to the carrier dragline outside due to the water generated at the quarries to be rain water and underground water.

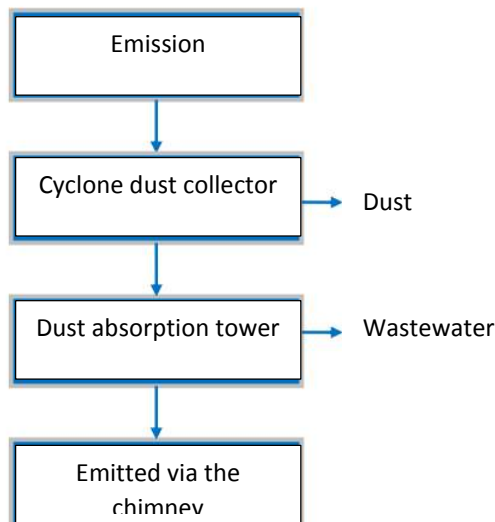
Water at the quarry after use is collected and deposited before discharging into the environment or being reused

For domestic waste water: Currently, the Company's quarries have septic tank system in the office area, so all waste water is treated by septic tank.

The CIC 3-2's quarries in the clusters have applied for permission to discharge wastewater into the water source.

Treatment of emission sources

The company is operating the waste collection and treatment system as follows



The company has implemented and ensured the emission of waste to the environment to meet the minimum requirements of the standards under regulations.



Solid waste

Domestic solid wastes are collected and treated by functional units according to regulations.

Industrial solid waste: Occurrence at the quarries is quite small and has been reused.

Hazardous waste: The Company has registered for hazardous waste management and has been collected and treated by functional units under regulations.





**“CIC 3-2 for a future
of sustainable
development”**

RESPONSIBILITIES FOR EMPLOYEES

The company is always side by side to help the employees. Managers are always concerned about the lives of employees; Listening, understanding and helping the employees who are meeting difficulties and shortage.

- As of 31/12/2016, the current number of employees is 439 employees
- The average salary is about 9 million VND/person/month.

Policies related to employees

Salary policies

Maintaining the payroll according to the BSC/KPI, carrying out task system of pay for employees. These methods both encourage employees to increase productivity, while also ensuring the ability of each employee in the company.

In the year the accounting division has adjusted the minimum wage increase in accordance with Regulation No. 122/2015/ND-CP issued on 14/11/2015, effective on 01/01/2016 for all employees of the Company. In addition, the Company continues to apply the payroll depending on the performance of each unit to each employee in order to promptly encourage individuals who have contributed to the overall development of the Company.



Spring Competition of 2016



Commendation Conference for good creative employees in Binh Duong Province



85th anniversary of the Youth Union

About insurance and health care policies

Monthly, the accounting division constantly updated information about employees of the Company to make the report on increase and decrease of compulsory insurance policies to be implemented on time to ensure interests of the employees.

Periodically, the company organized medical examination for employees. After having the results, the Company reviewed and considered increasing the hazardous allowance for employees.

The management board of each division regularly inspect the enterprises in the field of labor safety and hygiene, promptly remind the cases of violation and take strict measures to deal with recidivism. .

During the year, the company have made the protection clothes for employees; Divisions working in hazardous environment were all equipped with specialized equipment by the Company to protect the health of the workers.



Periodic medical examination in 2016



Periodic medical examination in 2016



Spring Competition of 2016



Women's meeting on 20-10

Training policies

Training to update knowledge, new skills while improving knowledge and skills of employees in the work and meeting the development needs, encouraging employees to work more effectively.

Maintaining periodic training on labor safety and hygiene in accordance with the law to ensure that the employees perform safe work.

Developing the annual training plan according to the company strategy and meeting the demand for human resource development for production and business activities.

External training combined with internal training of which paying attention to the development of mechanisms, regulations and implementation of internal training development to improve the ability of application to work.

| Target | Unit | Hours |
|---|-------------|-------|
| Average training hours | Person/hour | 6 |
| Training hours of intermediate managers | Person/hour | 42.5 |



Training labor safety for employees



Learn training course

Labor Union of the company

The Labor Union is the socio-political organization of the working class and employees, together with state agencies, economic organizations and social organizations to care for and protect the interests of officers and other workers. At 3-2 Construction Investment Corporation, all employees are encouraged and facilitated to participate in the Company's Labor Union. Employees may send their feedback or any questions to the Company's Human Resources or the Labor Union.

Labor dispute settlement mechanism: The labor settlement mechanism is established by the Company into official and disseminated regulations to each employee. The settlement always ensures the fairness and has the participation of the Labor Union to ensure transparency and compliance with the law.

RESPECT FOR VALUE OF THE EMPLOYEES

Employees are extremely valuable assets of the Company, so that CIC 3-2 always shows consideration for their value.

Understanding the hard work of the workers, the management board of each division regularly exchanges, helps in time, solves problems of the workers, helping them in difficult times.



Visiting, supporting children, parents and employees are always concerned by the Board of Management timely to encourage workers can be peace of mind to work for the Company



Karaoke Festival of Competition



Supporting Charity Home



Women's meeting on 20 - 10



DNNY ĐẠT CHUẨN CÔNG BỐ THÔNG TIN

CTCP ĐẦU TƯ XÂY DỰNG 3-2

HOSE: C32



MAI THỊ LINH ĐÀ
Tổng thư ký Hiệp hội VAFE



PHẠM THỊ THANH NGÀ
Chủ tịch CTCP Tài Việt

FINANCIAL STATEMENT





FINANCIAL STATEMENTS
CONSTRUCTION INVESTMENT CORPORATION 3-2
For the fiscal year ended as at 31/12/2016
(audited)

A member of  International

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REPORT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Construction Investment Corporation 3-2 (the Corporation) presents its report and the Corporation's Financial Statements fiscal year ended as at 31/12/2016.

THE CORPORATION

Construction Investment Corporation 3-2 is a joint stock company which was incorporated by equitizing the former State-owned Construction Investment Corporation 3-2 in line with the Decision No. 1214/QĐ-UBND dated 21 April 2008 issued by Binh Duong People's Committee.

The Corporation has been operating under the Business Registration Certificate No. 3700146225 dated 24 December 2008 issued by Planning and Investment Department of Binh Duong Province. The 8th amendment dated 31 May 2016.

The Corporation's head office is located at 45A Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province.

BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND BOARD OF SUPERVISION

The members of The Board of Management in the year and to the reporting date are:

| | |
|--------------------|----------|
| Mr. Vo Van Lanh | Chairman |
| Mr. Nguyen The Phi | Member |
| Mr. Nguyen The Su | Member |
| Mr. Huynh Huu Hung | Member |
| Mr. Phan Thanh Duc | Member |

The members of The Board of General Directors in the year and to the reporting date are:

| | |
|-------------------|-------------------------|
| Mr. Vo Van Lanh | General Director |
| Mr. Tran Van Binh | Deputy General Director |

The members of the Board of Supervision are:

| | | |
|----------------------------|---------------------------|-----------------------------|
| Mr. Nguyen Mai Khanh Trinh | Head of Supervisory Board | (Appointed on 24 May 2016) |
| Mr. Van Hoang Tung | Head of Supervisory Board | (Resigned on 24 May 2016) |
| Mr. Nguyen Luong Tam | Member | (Resigned on 21 April 2016) |
| Mr. Ly Thanh Chau | Member | |

AUDITORS

The auditors of AASC Auditing Firm Company Limited take the audit of Financial Statements for the Corporation.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of General Directors is responsible for the Financial Statements of each financial year which give a true and fair view of the state of affairs of the Corporation and of results of its operation and its cash flows for the year. On preparing those Financial Statements, The Board of General Directors is required to:

- Establish and maintain an internal control system which is determined necessary by the Board of Directors and Those charged with governance to ensure the preparation and presentation of Interim financial statements do not contain any material misstatement caused by errors or frauds;
- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 Interim Financial Statements;
- Prepare the Interim Financial Statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial Statements;
- Prepare the Interim Financial Statements on going concern basis unless it is inappropriate to presume that the Corporation will continue in business.

The Board of General Directors is responsible for ensuring that proper accounting records are kept which disclosed, with reasonable accuracy at any time, the financial position of Corporation and to ensure that the accounting records comply with the registered accounting system. It is responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We, The Board of General Directors, confirm that the Financial Statements for the fiscal year ended as at 31/12/2016 prepared by us, give a true and fair view of the financial position at 31 December 2016, results of its operation and its cash flows in the fiscal year ended as at 31/12/2016 of Corporation accordance with the Vietnamese Accounting System and comply with relevant statutory requirements.

Other commitments

The Board of Directors pledges that the Corporation does not offend obligation of information disclosure under regulation of Circular No. 155/2015/TT-BTC dated 06 October 2015 issued by Ministry of Finance guiding the disclosure of information on Securities Market.

Binh Duong, 05 March 2017

On behalf of The Board of General Directors
General Director



Vo Van Lanh

INDEPENDENT AUDITOR'S REPORT

**To: Shareholders, The Board of Management and The Board of General Directors
Construction Investment Corporation 3-2**

We have audited the financial statements of Construction Investment Corporation 3-2 prepared on 05 March 2017, as set out on pages 05 to 36 including: Statement of financial position as at 31 December 2016, Statement of comprehensive income, Statement of cash flows and Notes to financial statements for the year ended as at 31 December 2016.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 financial statements.

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

Auditor's opinion

In our opinion, the Financial statements give a true and fair view, in all material respects, of the financial position of Construction Investment Corporation 3-2 as at 31 December 2016, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

HCM City, 10 March 2016

AASC Auditing Firm Company Limited
Deputy General Director

Auditor



Bùi Văn Thảo

Giấy chứng nhận đăng ký hành nghề kiểm toán



Tran Trung Hieu

Registered Auditor No : 2202-2013-002-1

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

| Code | ASSETS | Note | 31/12/2016 | 1/1/2016 |
|------|---|------|------------------------|------------------------|
| | | | VND | VND |
| 100 | A. CURRENT ASSETS | | 373,711,509,403 | 346,329,349,085 |
| 110 | I. Cash and cash equivalents | 03 | 26,696,985,962 | 21,859,220,439 |
| 111 | 1. Cash | | 18,488,220,086 | 6,845,887,106 |
| 112 | 2. Cash equivalents | | 8,208,765,876 | 15,013,333,333 |
| 120 | II. Short-term investments | 04 | 150,917,522,400 | 89,112,146,719 |
| 121 | 1. Trading securities | | 27,821,819,275 | 2,902,583,363 |
| 123 | 2. Held - to - maturity investments | | 123,095,703,125 | 86,209,563,356 |
| 130 | III. Short-term accounts receivable | | 138,021,864,733 | 178,935,899,779 |
| 131 | 1. Short-term trade receivables | 05 | 64,745,229,696 | 156,642,476,188 |
| 132 | 2. Short-term prepayments to suppliers | 06 | 2,624,886,319 | 3,587,109,861 |
| 136 | 3. Other short-term receivables | 07 | 72,089,374,907 | 19,944,841,314 |
| 137 | 4. Short-term provision for doubtful debts | | (1,437,626,189) | (1,238,527,584) |
| 140 | IV. Inventories | 09 | 58,075,136,308 | 56,422,082,148 |
| 141 | 1. Inventories | | 58,279,056,942 | 56,603,352,153 |
| 149 | 2. Provision against devaluation of inventories | | (203,920,634) | (181,270,005) |
| 200 | B. NON- CURRENT ASSETS | | 179,193,406,380 | 99,166,269,583 |
| 220 | II. Fixed assets | | 97,641,986,735 | 89,350,661,644 |
| 221 | 1. Tangible fixed assets | 11 | 52,006,170,461 | 42,518,664,910 |
| 222 | - Historical costs | | 127,435,263,961 | 109,600,844,056 |
| 223 | - Accumulated depreciation | | (75,429,093,500) | (67,082,179,146) |
| 227 | 2. Intangible fixed assets | 12 | 45,635,816,274 | 46,831,996,734 |
| 228 | - Historical costs | | 79,099,887,427 | 79,099,887,427 |
| 229 | - Accumulated depreciation | | (33,464,071,153) | (32,267,890,693) |
| 240 | III. Investment properties | 13 | 4,306,024,779 | - |
| 231 | - Historical costs | | 4,446,308,457 | - |
| 232 | - Accumulated depreciation | | (140,283,678) | - |
| 240 | IV. Long-term assets in progress | | 5,651,472,424 | 3,568,327,741 |
| 242 | 1. Construction in progress | 10 | 5,651,472,424 | 3,568,327,741 |
| 250 | IV. Long-term investments | 04 | 200,887,800 | 200,887,800 |
| 253 | 1. Investments in equity of other entities | | 200,887,800 | 200,887,800 |
| 260 | V. Other long-term assets | | 71,393,034,642 | 6,046,392,398 |
| 261 | 1. Long-term prepaid expenses | 14 | 69,219,216,096 | 3,872,573,852 |
| 262 | 2. Deferred income tax assets | 34 | 2,173,818,546 | 2,173,818,546 |
| 270 | TOTAL ASSETS | | 552,904,915,783 | 445,495,618,668 |

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016
(continue)

| Code | CAPITAL | Note | 31/12/2016 VND | 1/1/2016 VND |
|------|--|------|------------------------|------------------------|
| 300 | A. LIABILITIES | | 172,628,504,087 | 119,808,544,697 |
| 310 | I. Current liabilities | | 159,031,144,087 | 119,808,544,697 |
| 311 | 1. Short-term trade payables | 15 | 21,683,495,497 | 27,469,393,428 |
| 312 | 2. Short-term prepayments from customers | 16 | 16,826,617,410 | 5,312,753,991 |
| 313 | 3. Taxes and other payables to State budget | 18 | 27,339,727,974 | 33,429,264,795 |
| 314 | 4. Payables to employees | | 11,448,855,477 | 10,721,930,632 |
| 315 | 5. Short-term accrued expenses | 19 | 14,736,574,780 | 16,460,369,845 |
| 319 | 6. Other short-term payments | 20 | 9,126,446,221 | 7,886,900,657 |
| 320 | 7. Short-term loans and finance lease liabilities | 17 | 49,082,746,501 | 12,154,496,722 |
| 321 | 8. Short-term provisions for payables | 21 | 284,604,282 | - |
| 322 | 9. Bonus and welfare fund | | 8,502,075,945 | 6,373,434,627 |
| 330 | II. Long-term liabilities | | 13,597,360,000 | - |
| 338 | I. Long-term loans and finance lease liabilities | 17 | 13,597,360,000 | - |
| 400 | B. OWNER'S EQUITY | | 380,276,411,696 | 325,687,073,971 |
| 410 | I. Owner's equity | 22 | 380,276,411,696 | 325,687,073,971 |
| 411 | 1. Contributed capital | | 112,000,000,000 | 112,000,000,000 |
| 411a | Ordinary shares with voting rights | | 112,000,000,000 | 112,000,000,000 |
| 418 | 2. Development investment funds | | 102,524,405,374 | 75,176,884,813 |
| 421 | 3. Undistributed profit after tax | | 165,752,006,322 | 138,510,189,158 |
| 421a | Undistributed post-tax profits accumulated by the end of the previous year | | 85,865,417,278 | 37,223,075,970 |
| 421b | Undistributed profit after tax for the current year | | 79,886,589,044 | 101,287,113,188 |
| 440 | TOTAL CAPITAL | | 552,904,915,783 | 445,495,618,668 |

Prepared by



Do Viet Cuong

Chief Accountant



Nguyen Xuan Hieu



Binh Duong, 05 March 2017

General Director



Vo Van Lan

STATEMENT OF COMPREHENSIVE INCOME

Year 2016

| Code | Items | Note | Year 2016 VND | Year 2015 VND |
|------|--|------|-----------------------|------------------------|
| 01 | 1. Revenues from sales and services rendered | 24 | 520,276,223,206 | 557,426,832,741 |
| 02 | 2. Revenue deductions | 25 | 6,726,000 | 19,531,084 |
| 10 | 3. Net revenues from sales and services rendered | | 520,269,497,206 | 557,407,301,657 |
| 11 | 4. Cost of goods sold | 26 | 382,480,192,444 | 413,001,085,974 |
| 20 | 5. Gross revenues from sales and services | | 137,789,304,762 | 144,406,215,683 |
| 21 | 6. Financial income | 27 | 10,457,933,647 | 4,987,857,415 |
| 22 | 7. Financial expenses | 28 | 2,430,204,288 | 325,805,793 |
| 23 | <i>In which: Interest expenses</i> | | 2,414,430,148 | 325,805,793 |
| 24 | 8. Selling expenses | 29 | 16,257,144,425 | 8,905,486,481 |
| 26 | 9. General administration expenses | 30 | 16,670,357,188 | 15,427,120,824 |
| 30 | 10. Net profit from operating activities | | 112,889,532,508 | 124,735,660,000 |
| 31 | 11. Other income | 31 | 4,190,390,087 | 3,012,937,922 |
| 32 | 12. Other expense | 32 | 540,605,658 | 289,053,865 |
| 40 | 13. Other profit | | 3,649,784,429 | 2,723,884,057 |
| 50 | 14. Total profit before tax | | 116,539,316,937 | 127,459,544,057 |
| 51 | 15. Current corporate income tax expenses | 33 | 23,212,727,893 | 29,283,050,775 |
| 52 | 16. Deferred corporate income tax expenses | 34 | - | (3,110,619,906) |
| 60 | 17. Profit after corporate income tax | | <u>93,326,589,044</u> | <u>101,287,113,188</u> |
| 70 | 18. Basic earnings per share | 35 | 8,333 | 9,043 |

Prepared by



Do Viet Cuong

Chief Accountant



Nguyen Xuan Hieu

Binh Duong, 05 March 2017

General Director



Vo Van Lanh

STATEMENT OF CASH FLOWS

Year 2016

(Under direct method)

| Code ITEM | Note | Year 2016 | Year 2015 |
|--|--|--------------------------|-------------------------|
| | | VND | VND |
| I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | 1. Proceeds from sales and services rendered; other revenues | 677,644,835,713 | 588,644,543,401 |
| 02 | 2. Cash paid to suppliers | (445,801,696,994) | (381,886,232,666) |
| 03 | 3. Cash paid to employees | (53,459,778,695) | (50,365,327,483) |
| 04 | 4. Interest paid | (2,414,430,148) | (325,805,793) |
| 05 | 5. Corporate income tax paid | (29,089,496,465) | (22,948,944,465) |
| 06 | 6. Other receivables from operating activities | 5,415,885,389 | 2,571,870,154 |
| 07 | 7. Other payables on operating activities | (60,086,372,598) | (55,740,327,350) |
| 20 | <i>Net cash flows from operating activities</i> | <i>92,208,946,202</i> | <i>79,949,775,798</i> |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | 1. Purchase (and) or construction of fixed assets and other long-term assets | (81,063,080,573) | (14,506,948,857) |
| 23 | 2. Loans and purchase of debt instruments from other entities | (39,662,706,380) | (87,833,630,561) |
| 24 | 3. Collection of loans and resale of debt instrument of other entities | 2,776,566,611 | 61,624,067,205 |
| 27 | 4. Interest and dividend received | 6,931,289,884 | 3,861,816,716 |
| 30 | <i>Net cash flows from investing activities</i> | <i>(111,017,930,458)</i> | <i>(36,854,695,497)</i> |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 33 | 1. Proceeds from borrowings | 448,159,973,449 | 40,010,635,421 |
| 34 | 2. Repayment of principal | (397,634,363,670) | (44,228,963,892) |
| 36 | 3. Dividends or profits paid to owners | (26,878,860,000) | (26,878,860,000) |
| 40 | <i>Net cash flows from financing activities</i> | <i>23,646,749,779</i> | <i>(31,097,188,471)</i> |
| 50 | Net cash flows within the year | 4,837,765,523 | 11,997,891,830 |
| 60 | Cash and cash equivalents at the beginning of year | 21,859,220,439 | 9,861,328,609 |
| 70 | Cash and cash equivalents at the end of year | 03 <u>26,696,985,962</u> | <u>21,859,220,439</u> |

Prepared by



Do Viet Cuong

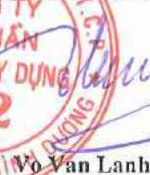
Chief Accountant



Nguyen Xuan Hieu

Binh Duong, 05 March 2017

General Director

Vo Van Lan

NOTES TO THE FINANCIAL STATEMENTS

Year 2016

1 . BACKGROUND

Forms of Ownership

Construction Investment Corporation 3-2 is a joint stock company which was incorporated by equitizing the former State-owned Construction Investment Corporation 3-2 in line with the Decision No. 1214/QĐ-UBND dated 21 April 2008 issued by Binh Duong People's Committee.

The Corporation has been operating under the Business Registration Certificate No. 3700146225 dated 24 December 2008 issued by Planning and Investment Department of Binh Duong Province. The 8th amendment dated 31 May 2016.

The Corporation's head office is located at 45A Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province.

The Corporation's charter capital is VND 112,000,000,000; equivalent to 11,200,000 shares. Face value of VND 10,000 per share.

Business field

Construction and manufacture of construction materials.

Business activities

Main business activity of the Corporation are:

- Leasing construction machines and equipment;
- Building houses of all types;
- Doing business in real estate, renting land, office, factory;
- Consultancy, brokerage, real estate auction, land use right auction (except real estate brokerage, security brokerage, brokerage in marriage, recognition of fathers, mothers, children, child adoption involving foreign elements);
- Completing construction works;
- Manufacture of concrete and products from cement and gypsum;
- Transporting cargo by road;
- Construction of irrigation works;
- Installing security, alarm devices, fire preventing and fighting system, lightning arrester for construction works;
- Warehouse activities;
- Construction of irrigation works;
- Mining stone, sand, pebbles and clay;
- Processing stone;
- Acting as agent for trading and depositing goods, providing intermediary services, auctioning assets;
- Providing construction consultancy services (except for designing construction works);
- Other monetary intermediation: capital contribution, buying shares.

Structure of enterprises

The Corporation's member entities are as follows:

| Name | Address | Business field |
|--|---|---|
| Branch of Construction Investment Corporation 3-2 - Construction Stone Factory | No. 635/1A Highway 1K, Tan An Quarter, Tan Dong Hiep Ward, Di An Town, Binh Duong Province | Exploitation, process |
| Branch of Construction Investment Corporation 3-2 - Mechanic and Concrete Workshop | No. 5/138 Binh Duong Avenue, Hoa Lan 1 Quarter, Thuan Giao Ward, Thuan An Town, Binh Duong Province | Manufacture and business in Centrifugal culvert |
| Branch of Construction Investment Corporation 3-2 - Construction and Installation Workshop | No. 9C Nguyen Van Tiet Street, Dong Tu Quarter, Lai Thieu Ward, Thuan An Town, Binh Duong Province | Construction |

2 . ACCOUNTING SYSTEM AND ACCOUNTING POLICY

2.1 . Accounting period and accounting monetary unit

Annual accounting period commences from 1st January and ends on 31st December.
The Corporation maintains its accounting records in VND.

2.2 . Accounting Standards and Accounting system

Applicable Accounting Policies

The Corporation applies Enterprise Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 and Circular No. 53/2016/TT-BTC dated 21 March 2016 of the Ministry of Finance on amending and adding some article of Circular No. 200/2014/TT-BTC.

Declaration of compliance with Accounting Standards and Accounting System

The Corporation applies Vietnamese Accounting Standards and supplement documents issued by the State. Financial statements are prepared and presented in accordance with regulations of each standard and supplement documents as well as with current Accounting Standards and Accounting System

2.3 . Basis for preparation of interim financial statements

Financial statements are presented based on historical cost principle.

Financial statements of the Corporation are prepared based on summarization of transactions incurred, then recorded into accounting books of dependent accounting entities and at the offices of the Corporation.

In the Financial Statements of the Corporation, the intra-group balances and transactions related to assets, equity, receivables and payables are eliminated in full.

2.4 . Financial Instruments

Initial recognition

Financial assets

Financial assets of the Corporation including cash and cash equivalents, trade receivables and other receivables, lending, long-term and short-term investments. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

Financial liabilities

Financial liabilities of the Corporation including loans, trade payables and other payables, accrued expenses. At initial recognition, financial liabilities are determined by issuing price plus other expense directly related to the issuance of those liabilities.

Value after initial recognition

There are currently no regulations on revaluation of financial instruments after initial recognition.

2.5 . Cash and cash equivalents

Cash including cash on hand, cash in banks non-term.

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 change in value.

2.6 . Financial investments

Trading securities are initially recognized in the ledger according to original prices includes: buying prices plus buying costs (if any) as brokerage, transactions, information provision, taxes, bank's fees and charges. After initial recognition, trading securities are determined at original price less provision for diminution in value of trading securities. Upon disposal or sale of trading securities, the prime cost of trading securities is determined by one of the methods of first in first out or weighted average.

Investments held to maturity comprise term deposits (including treasury bills, promissory notes), bonds, preference shares which the issuer is required to re-buy them in a certain time in the future and held to maturity loans to earn profits periodically and other held to maturity investments.

Equity Investments in other entities comprise investments in equity instruments of other entities without having control, joint control, or significant influence on the investee. These investments are initially stated at original cost. After initial recognition, these investments are measured at original cost less provision for devaluation of investments.

Allowances for devaluation of investments are made at the end of the period as follows:

- With regard to investments in trading securities: the provisions shall be made according to the excess of original cost of the investments are accounted in the accounting book value over their market value on provision date.
- With regard to long-term investments (other than trading securities) without significant influence on the investee: If the investment is made in listed shares or the fair value of the investment is determined reliably, the provisions shall be made on the basis of the market value of the shares; if the fair value of the investment is not determined at the reporting date, the provision shall be made based on the Financial Statements at the provision date of the investee.
- With regard to investments held to maturity: the provisions for doubtful debts shall be made according to the recovery under regulatory requirements.

2.7 . Receivables

The receivables shall be kept records in details according to period receivables, entities receivables, types of currency receivable and other factors according to requirements for management of the Group.

The allowances for doubtful debts is created when: An overdue debt under an economic contract, a loan agreement, a contractual commitment or a promissory note and debts are not due but difficult recovery. Accordingly, the provisions for overdue debts shall be made according to time in which the principal is repaid according to the sale contract, exclusive of the debt rescheduling between contracting parties and the debts are not due but the debtor is close to bankruptcy or undergone procedures for dissolution, or the debtor is missing or makes a getaway.

2.8 . Inventories

Inventories are initially recognized at original cost included: the purchase price, costs of conversion and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the time the financial statements are prepared if the net realizable value is lower than cost, inventories should be measured at the net realizable value.

The cost of inventory is calculated using weighted average method

Inventory is recorded by perpetual method.

Method for valuation of work in process:

- For construction: Works in progress is obtained for each construction project unfinished or related unrecognised revenue, corresponding to the workload unfinished at the end of the year.
- For mechanical production and concrete culvert: Work in progress is obtained based on actual cost incurred for each kind of main material cost for each unfinished products.

Allowances for devaluation of inventories made at the end of the period are the excess of original cost of inventory over their net realizable value.

2.9 . Fixed assets and depreciation of fixed assets

Fixed assets tangible and intangible are stated at the historical cost. During the using time, fixed assets tangible and intangible are recorded at cost, accumulated depreciation and net book value. Depreciation is provided on a straight-line basis method.

Depreciation is provided on a straight-line basis. Depreciation period is estimated as follows:

- | | |
|----------------------------------|------------------------|
| - Buildings | 06 - 25 years |
| - Machine, equipment | 06 - 12 years |
| - Transportation equipment | 05 - 10 years |
| - Office equipment and furniture | 03 - 08 years |
| - Land use rights | Over time the land use |
| - Software | 03 - 08 years |

2.10 . Investment property

Investment property is recognised at historical cost.

For investment property operating lease are recorded at cost, accumulated depreciation and net book value. In which, depreciation is provided on a straight-line basis with expected useful life of buildings are 15 years.

2.11 . Prepaid expenses

The expenses incurred but related to results of business operations of several accounting periods are recorded as prepaid expenses and are amortised to the income statement in the following accounting periods.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on nature of those expenses to select a reasonable method and allocated factors. Prepaid expenses are allocated partly into operating expenses on a straight-line basis.

2.12 . Payables

The payables shall be kept records in details according to period payables, entities payables, types of currency payable and other factors according to requirements for management of the Corporation.

2.13 . Loans

Loans shall be kept records in details according to entities loans, loan agreement and loans term.

2.14 . Borrowing costs

Borrowing costs are recognized into operating costs in the period, except for which directly attributable to the construction or production of unfinished asset included (capitalized) in the cost of that asset, when gather sufficient conditions as regulated in VAS No. 16 "Borrowing costs". Beside, regarding loans serving the construction of fixed assets, investment properties, and the interests shall be capitalized even if the construction duration is under 12 months.

2.15 . Accrued expenses

Payables to goods or services received from the seller or provided for the seller during a reporting period, but payments of such goods or services have not been made and other payables such as interest expenses which are recorded to operating expenses of the reporting period.

The recording of accrued expenses to operating expenses during a period shall be carried out in conformity with revenues and expenses incurring during a period. Accrued expenses payable are settled with actual expenses incurred. The difference between accrument and actual expenses are reverted.

2.16 . Provision for payables

Provision for payables only record when meet all following conditions:

- Enterprises have current debt obligation (legal obligation or jointly liable obligation) due to result from a fact happened;
- Decrease in economic benefits may happen leading to the requirement for payment of debt obligation;
- Giving a confident estimation on value of such debt obligation

Value recorded of a provision payable is the most reasonably estimated the amount which will be paid for current debt obligation at the end of the fiscal period.

Only expenses related to the provision for payable set up initially shall be offset by that provision for payable.

Provisions for payables are recorded in business and production costs of the accounting period. In case provision set for the previous period but not used up exceeds the one set for the current period, the difference is recorded as decrease in production and operation expenditures. The bigger difference of the payables provision on insuring the construction is recorded into other revenue in the fiscal period.

2.17 . Owner's equity

Owner's equity is stated at actually contributed capital of owners.

Undistributed profit after tax is used to record business results (profit, loss) after corporate income tax and situation of income distribution or loss handling of Corporation. Undistributed profit after tax can be distributed to investors based on capital contribution rate after approval by General Meeting of Shareholders and after making appropriation to funds in accordance with the Corporation's Charter and Vietnamese regulatory requirements.

Dividends to be paid to shareholders are recognised as a payable in Statement of Financial position after declaration from the Board of Management and announcement closing date receipt dividends of Securities Depository Center of Vietnam.

2.18 . Revenue

Sales

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

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

Services rendered

Services rendered shall be recognised when all the following conditions have been satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of the completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliable.

The stage of the completion of the transaction may be determined by surveys of work completed methods.

Revenue from sales of real estate

Revenue from sales of real estate shall be recognised when all the following conditions have been satisfied:

- The real estate has completed and transferred to the buyers, the Corporation have transferred risks and benefits associated with ownership of the real estate to the buyers;
- The Corporation no longer hold the right to manage the real estate as real estate's owners or the right to control the real estate ;
- The turnover is determined reliably;
- The Corporation have received or will receive economic benefits from the sales of the real estate;
- Costs related to sales of the real estate may be determined.

For real estate divided into plots for sale, Corporation is recorded revenues for the plot sold if satisfy the following conditions:

- Risks and benefits associated with the land use rights are transferred to the buyer;
- The turnover is determined reliably;
- Costs related to sale of plots may be determined;
- Corporation has received or will receive economic benefits from sales of the plots.

Revenue from construction contract

In case the construction contract defines that the contractor shall be entitled to payment basing on the progress, when achieved results of construction contract are estimated reliably, then turnover from the construction contract is recorded proportionally to part of works finished, determined by the Corporation on the date of financial statement without depending on the bills under the progress made or not and the amount on the bills.

Financial income

Revenue arising from the used by the others of entity assets yielding interest, royalties and dividends shall be recognised when:

- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

Dividends shall be recognised when the shareholder's right to receive payment is established.



2.19 . Revenue deductions

Revenue deductions from sales and service provisions arising in the period include: sales allowances.

Sale allowances incurred in the same period of consumption of products, goods and services are adjusted a decrease in revenue in the incurring period. In case products, goods and services are sold from the previous periods, until the next period are incurred deductible items, Corporation records a decrease in revenue under the principles: If incurred prior to the issuance of Financial Statements then record a decrease in revenue on the Financial Statements of the reporting period (the previous period); and if incurred after the release of Financial Statements then record a decrease in revenue of incurring period (the next year).

2.20 . Cost of goods sold

Cost of goods sold is recognized in accordance with revenue arising and ensure compliance with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses and losses of inventories after deducting the responsibility of collective and individuals concerned,... are recognized fully and promptly into cost of goods sold in the period.

Advancing cost to calculate the price cost of real estate must comply with the following principles:

- Only advance from the cost price of goods sold for costs which have been in estimates of investment, construction, but have not had enough dossiers and documents for volume acceptance;
- Only advance cost to calculate the cost price of goods sold for real estate that is completed in period and meet all revenue recording criteria;
- The accrued expenses and actual expenses incurred recorded in cost price of goods sold corresponding to the norm of cost price calculated on total cost estimate of the real estate determined to be sold (determined by area).

2.21 . Financial expenses

Items recorded into financial expenses consist of:

- Expenses or losses relating to financial investment activity;
- Expenses of capital borrowing;
- Losses from short-term security transfer, expenses of security selling transaction;
- Provision for business security decrease, provision for losses from investment in other units.

The above items are recorded by the total amount arising within the period without compensation to financial revenue.

2.22 . Corporate income tax

a) Deferred income tax assets

Deferred income tax assets is determined based on total deductible temporary difference and deductible value transferred to subsequent period of unused taxable losses or preferred taxes.

Deferred income tax assets are determined based on corporate income tax rate, based on tax rates and tax laws in effect at the balance sheet date.

b) Current corporate income tax expenses and Deferred corporate income tax expenses

Current corporate income tax expenses are determined based on taxable income during the year and current corporate income tax rate.

Deferred corporate income tax expenses are determined based on deductible temporary differences, the taxable temporary differences and corporate income tax rate.

Current corporate income tax expenses and deferred corporate income tax expenses are not offset against each other.

2.23 . Corporate income tax

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Corporation's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Corporation or being under the control of the Corporation, or being under common control with the Corporation, including the Corporation's parent, subsidiaries and affiliated companies;
- Individuals, directly or indirectly, holding voting power of the Corporation that have a significant influence on the Corporation, key management personnel including directors and employees of the Corporation, the close family members of these individuals;
- Enterprises due to the above-mentioned individuals directly or indirectly hold an important part of the voting rights or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of financial statements, the Corporation should consider the nature of the relationship rather than the legal form of the relationship.

3 . CASH AND CASH EQUIVALENTS

| | 31/12/2016 | 01/01/2016 |
|---------------------------------|-----------------------|-----------------------|
| | VND | VND |
| Cash on hand | 486.469.928 | 207.700.849 |
| Cash at bank | 18.001.750.158 | 6.638.186.257 |
| Cash equivalents ^(*) | 8.208.765.876 | 15.013.333.333 |
| | <u>26.696.985.962</u> | <u>21.859.220.439</u> |

^(*) At 31 December 2016, the cash equivalents are term deposits of 03 months deposited in VietinBank - Binh Duong Branch with interest of 4.8% / year.

4 . SHORT- TERM FINANCIAL INVESTMENTS

a) Held to maturity investments

| | 12/31/2016 | | 1/1/2016 | |
|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| | Original Cost | Book value | Original Cost | Book value |
| | VND | VND | VND | VND |
| Short-term investments | | | | |
| - Term deposits | 123,095,703,125 | 123,095,703,125 | 86,209,563,356 | 86,209,563,356 |
| | <u>123,095,703,125</u> | <u>123,095,703,125</u> | <u>86,209,563,356</u> | <u>86,209,563,356</u> |

At 31 December 2016, term deposits from 3 months to 12 months are deposited in commercial banks with interest from 6.5%/ year to 6.7% / year.

At 31 December 2016, the term deposits valued at VND 100.223 billion was used as collateral for the overdrafts from BIDV - Nam Binh Duong Branch (Details at Note No. 17)

b) Trading securities

| | 31/12/2016 | | | 01/01/2016 | | |
|---------------------|-----------------------|-----------------------|-----------|----------------------|----------------------|-----------|
| | Original Cost | Fair value | Provision | Original Cost | Fair value | Provision |
| | VND | VND | VND | VND | VND | VND |
| - Stock investments | 27,821,819,275 | 37,767,232,000 | - | 2,902,583,363 | 3,059,100,000 | - |
| DHA | 27,821,819,275 | 37,767,232,000 | - | 2,902,583,363 | 3,059,100,000 | - |
| | <u>27,821,819,275</u> | <u>37,767,232,000</u> | <u>-</u> | <u>2,902,583,363</u> | <u>3,059,100,000</u> | <u>-</u> |

In the year 2016, The Corporation purchased quantity of 1,500,350 shares of Hoa An Joint Stock Company (security code: DHA). The fair value of shares has determined according to closing price as at 31 December 2016 of Ho Chi Minh Stock Exchange.

CONSTRUCTION INVESTMENT CORPORATION 3-2

45A Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

Financial Statements

For the fiscal year ended as at 31/12/2016

c) Equity investments in other entities

| | 31/12/2016 | | 01/01/2016 | |
|--|--------------------|-----------|--------------------|-----------|
| | Original Cost | Provision | Original Cost | Provision |
| | VND | VND | VND | VND |
| Investments in other entities | 200,887,800 | - | 200,887,800 | - |
| - Binh Duong Consultant Construction JSC | 200,887,800 | - | 200,887,800 | - |
| | <u>200,887,800</u> | <u>-</u> | <u>200,887,800</u> | <u>-</u> |

The Corporation has not determined the fair value of financial investments because Viet Nam Accounting Standards, Viet Nam Enterprise Accounting System has not guided in detail on the determination of the fair value.

Detail information on the Corporation's investments in other entities as at 31 December 2016 as follows:

| Name of Company | Place of establishment and operation | Rate of interest | Rate of voting rights | Principle activities |
|--|--------------------------------------|------------------|-----------------------|--|
| - Binh Duong Consultant Construction JSC | Tỉnh Bình Dương | 3.91% | 3.91% | Management consultant, professional design |

5 . SHORT-TERM TRADE RECEIVABLES

| | 31/12/2016 | 01/01/2016 |
|---|-----------------------|------------------------|
| | VND | VND |
| Receivables from equalization | | |
| - Project Management Board of Thu Dau Mot Town | 6.259.885.827 | 43.575.454.000 |
| - Project Management Board of Binh Duong Province | 6.030.532.000 | 17.666.064.000 |
| - Project Management Board of Dau Tieng District | 24.970.573.481 | 5.386.694.000 |
| - Project Management Board of Phu Giao District | 61.850.000 | 27.900.814.000 |
| - Others | 27.422.388.388 | 62.113.450.188 |
| | 64.745.229.696 | 156.642.476.188 |

6 . SHORT-TERM PREPAYMENTS TO SUPPLIERS

| | 31/12/2016 | | 01/01/2016 | |
|--|----------------------|-----------|----------------------|-----------|
| | Value | Provision | Value | Provision |
| | VND | VND | VND | VND |
| Anh Duong Mechanical Construction Trading Services Joint Stock Company | 952.538.162 | - | - | - |
| Others | 1.672.348.157 | - | 3.587.109.861 | - |
| | 2.624.886.319 | - | 3.587.109.861 | - |

7 . OTHER SHORT-TERM RECEIVABLES

| | 31/12/2016 | | 01/01/2016 | |
|------------------------------------|-----------------------|-----------|-----------------------|-----------|
| | Value | Provision | Value | Provision |
| | VND | VND | VND | VND |
| - Advances (*) | 62.158.180.782 | - | 13.230.424.107 | - |
| - Mortgages | 5.689.934.745 | - | 3.986.558.698 | - |
| - Receivable from social insurance | 1.467.405 | - | 12.613.117 | - |
| - Accrued interest | 3.518.123.093 | - | 2.617.747.548 | - |
| - Dividends | 637.960.000 | - | - | - |
| - Others | 83.708.882 | - | 97.497.844 | - |
| | 72.089.374.907 | - | 19.944.841.314 | - |

(*) The advances balance as at 31 December 2016 including the advance of Mr. Le Ngoc De with the amount of VND 37.5 billion for the purpose of expansion Company's business activities, based on Resolution No. 12/NQ-HDQT date 29 July 2016 issued by The Board of Management.

8 . BAD DEBTS

| | 31/12/2016 | | 01/01/2016 | |
|--|----------------------|-------------------|----------------------|--------------------|
| | Original cost | Recoverable value | Original cost | Recoverable value |
| | VND | VND | VND | VND |
| - Total value of receivables, overdue debts or not due but irrecoverable debts | | | | |
| + Tien Phat Steel Construction One Member Company Limited | 660.504.913 | - | - | - |
| + Quang Phuoc Co.Ltd | 264.782.117 | - | 264.782.117 | - |
| + Hoang Minh Tam Trading Construction Co., Ltd | 211.738.124 | - | 211.738.124 | 63.521.437 |
| + Dinh Nghiep Trading Construction JSC | - | - | 519.829.757 | 363.880.830 |
| + Hoang Ngan Construction JSC | - | - | 138.088.984 | 84.662.289 |
| + Others | 367.248.056 | 66.647.021 | 750.422.130 | 134.268.972 |
| | 1.504.273.210 | 66.647.021 | 1.884.861.112 | 646.333.528 |

Information about fines, deferred interest receivables, etc. arising from overdue debts which are not recorded to revenues:

In the balance of bad debts as at 31 December 2016, the value of trade receivables worth VND 489.257 million has filed the petition to initiate a lawsuit, the value of trade receivables has initiated a lawsuit and already received the Decisions of Courts worth VND 146.119 million , in which the deferred interest has not been recorded worth VND 27.010 million.

9 . INVENTORY

| | 31/12/2016 | | 01/01/2016 | |
|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Original cost | Provision | Original cost | Provision |
| | VND | VND | VND | VND |
| Raw material | 11.503.678.150 | (22.534.164) | 6.757.858.073 | (55.719.277) |
| Tools, supplies | 252.455.055 | - | 157.436.810 | - |
| Work in process | 11.242.758.958 | - | 18.676.560.357 | - |
| Finished goods | 33.979.066.243 | (181.386.470) | 30.030.303.580 | (125.550.728) |
| Merchandise | - | - | 23.237.865 | - |
| Goods on consignment | 1.301.098.536 | - | 957.955.468 | - |
| | 58.279.056.942 | (203.920.634) | 56.603.352.153 | (181.270.005) |

10 . CONSTRUCTION IN PROGRESS

| | 31/12/2016 | 01/01/2016 |
|---|----------------------|----------------------|
| | VND | VND |
| - Thanh Phuoc Concrete factory ⁽¹⁾ | 4.629.470.770 | - |
| - An Phu Nursery School ⁽²⁾ | - | 3.188.295.846 |
| - Others | 1.022.001.654 | 380.031.895 |
| | 5.651.472.424 | 3.568.327.741 |

(1) The project of "Factory for production of precast concrete culvert and adobe bricks" located at Thanh Phuoc Ward, Tan Uyen Commune, Binh duong Province, which was approved by the Corporation's Board of Management under Resolution No. 04/NQ-HDQT dated 15 March 2016. According to Decision No. 804/QD-UBND dated 11 April 2016, Binh Duong People's Committee has approved the investment plan of the Corporation. Detailed information of the project as follows:

- + Investment goal: production adobe brick, concrete culverts, terrazzo brick, interlocking concrete brick and concrete brick;
- + Total capital: VND 151.788 billion;
- + Maximum capacity of project: concrete culverts of 50,000 unit/year; other concrete components of 2,200 m3/year; adobe brick of 18.5 billion unit/year;
- + Operation period of project: 50 years.

(2) The Corporation invested in project An Phu Nursery School for social purpose, according to Decision No. 82/QD-CTY dated 13 October 2012 of General Director. Total finalization value of project worth VND 4,000,553,943, the project located at An Phu Ward, Thuan An Town, Binh Duong Province. The project has finished and using for lease in the period.

11 . TANGIBLE FIXED ASSETS

| | Buildings | Machine, equipment | Transportation equipment | Management equipment | Total |
|------------------------------------|-----------------------|-----------------------|-----------------------------|-------------------------|------------------------|
| | VND | VND | VND | VND | VND |
| Original cost | | | | | |
| Beginning balance | 22.820.621.154 | 56.432.690.994 | 29.251.919.645 | 1.095.612.263 | 109.600.844.056 |
| - Purchase in the year | - | 2.201.363.636 | 595.000.000 | 123.750.909 | 2.920.114.545 |
| - Finished construction investment | - | 7.333.237.392 | 7.871.829.273 | - | 15.205.066.665 |
| - Liquidating, disposing | (164.077.024) | - | - | (126.684.281) | (290.761.305) |
| Ending balance | 22.656.544.130 | 65.967.292.022 | 37.718.748.918 | 1.092.678.891 | 127.435.263.961 |
| Accumulated depreciation | | | | | |
| Beginning balance | 10.263.784.190 | 42.222.101.335 | 13.532.909.421 | 1.063.384.200 | 67.082.179.146 |
| - Depreciation in the year | 1.269.426.495 | 3.313.122.298 | 3.976.930.863 | 78.196.003 | 8.637.675.659 |
| - Liquidating, disposing | (164.077.024) | - | - | (126.684.281) | (290.761.305) |
| Ending balance | 11.369.133.661 | 45.535.223.633 | 17.509.840.284 | 1.014.895.922 | 75.429.093.500 |
| Net carrying amount | | | | | |
| Beginning balance | 12.556.836.964 | 14.210.589.659 | 15.719.010.224 | 32.228.063 | 42.518.664.910 |
| Ending balance | 11.287.410.469 | 20.432.068.389 | 20.208.908.634 | 77.782.969 | 52.006.170.461 |

In which

- Cost of fully depreciated tangible fixed assets at the end of the period but still in use: VND 67,214,332,379.

12 . INTANGIBLE FIXED ASSETS

| | Land use right | Computer software | Total |
|---------------------------------|-----------------------|--------------------|-----------------------|
| | VND | VND | VND |
| Original cost | | | |
| Beginning balance | 78,581,967,427 | 517,920,000 | 79,099,887,427 |
| Ending balance | 78,581,967,427 | 517,920,000 | 79,099,887,427 |
| Accumulated depreciation | | | |
| Beginning balance | 31,978,365,135 | 289,525,558 | 32,267,890,693 |
| - Depreciation in the year | 1,098,180,456 | 98,000,004 | 1,196,180,460 |
| Ending balance | 33,076,545,591 | 387,525,562 | 33,464,071,153 |
| Net carrying amount | | | |
| Beginning balance | 46,603,602,292 | 228,394,442 | 46,831,996,734 |
| Ending balance | 45,505,421,836 | 130,394,438 | 45,635,816,274 |

- Ending net book value of tangible fixed assets at the end of the year pledged as loan securities: VND 16,998,938,218.

13 . INVESTMENT PROPERTIES

Investment properties are An Phu Nursery School and kios at Nguyen Van Tiet Residential area, which increased in the year from finished construction investment and being used for lease, the historical cost is VND 4,446,308,457, depreciation in the period is VND 140,283,678.

14 . LONG-TERM PREPAID EXPENSES

| | 31/12/2016 | 01/01/2016 |
|---|-----------------------|----------------------|
| | VND | VND |
| - Tools and consumables awaiting for allocation | 4,427,669,847 | 3,305,702,793 |
| - Charge for granting the mineral mining right ⁽¹⁾ | 6,841,495,440 | - |
| - Repairing garage and warehouse of installation and construction factory | 312,231,438 | 377,847,453 |
| - The leased land use right at Thanh Phuoc ward ⁽²⁾ | 50,694,968,131 | - |
| + Cost of transferred land use right | 44,510,251,051 | - |
| + Land rents in lump-sum for the entire lease term | 6,184,717,080 | - |
| - Land rents in lump-sum for the entire lease term of Long Nguyen Workshop ⁽³⁾ | 4,817,089,604 | - |
| - Cost of repairing Company's Office | 1,229,373,148 | - |
| - Land rents in lump-sum for the entire lease term of Construction Stone Factory ⁽³⁾ | 896,388,488 | - |
| - Strategy advisor charge | - | 189,023,606 |
| | 69,219,216,096 | 3,872,573,852 |

⁽¹⁾ The charge for granting the mineral mining right under Decision No. 136/QĐ-UBND dated 18 January 2016 by Binh Duong People's Committee on approval the granting charge of stone mine at Tan Dong Hiep Ward, Di An Commune to Construction Investment Corporation 3-2. Accordingly, total charge for granting the mineral mining right of mine stone at Tan Dong Hiep, calculated for exploitation level down to cote -120m, is VND 13,682,990,880. This charge will be allocated for two year based on granted term of exploitation.

(2) The value of land use right for performing project Thanh Phuoc Concrete Factory, the transferred land with area of 45,427.6 m² located at Thanh Phuoc ward, Tan Uyen Commune, Binh Duong Province according to the Certificated of land use right No. CD 621056 dated 15 July 2016. In which, the value of VND 45.161 billion including transfer value and land lease with full one-off land rental payment for the entire lease term according to Decision No. 2583/QD-UBND dated 30 September 2016 issued by Binh Duong People's Committee, which approved Construction Investment Corporation 3-2 changed from land lease with annual land rental payment to land lease with full one-off land rental payment for the entire lease term. The value of land lease is VND 6.216 billion, land use term to 03 June 2066.

(3) Land lease of Long Nguyen Workshop located at Long Nguyen Ward, Bau Bang District, Binh Duong Province according to Decision No. 2061/QD-UBND dated 12 August 2016 issued by Binh Duong People's Committee, which approved Construction Investment Corporation 3-2 changed from land lease with annual land rental payment to land lease with full one-off land rental payment for the entire lease term. The value of land lease is VND 4.855 billion, land use term to 15 September 2058.

(3) Land lease of Construction Stone Factory located at Tan Dong Hiep Ward, Di An Commune, Binh Duong Province according to Decision No. 2104/QD-UBND dated 17 August 2016 issued by Binh Duong People's Committee, which approved Construction Investment Corporation 3-2 changed from land lease with annual land rental payment to land lease with full one-off land rental payment for the entire lease term. The value of land lease is VND 903.003 million, land use term to 12 March 2062.

15 . SHORT-TERM TRADE PAYABLES

| | 31/12/2016 | | 01/01/2016 | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Value | Amount can be paid | Value | Amount can be paid |
| | VND | VND | VND | VND |
| Trade payables detailed by suppliers with large account balances | | | | |
| - Building Materials Corporation No.1 Co., Ltd | - | - | 758,202,119 | 758,202,119 |
| - Phuc Tai Co-operative | 2,066,474,392 | 2,066,474,392 | 2,382,082,923 | 2,382,082,923 |
| - B.M.T Construction Investment JSC | 244,477,492 | 244,477,492 | 4,051,397,688 | 4,051,397,688 |
| - Others | 19,372,543,613 | 19,372,543,613 | 20,277,710,698 | 20,277,710,698 |
| | 21,683,495,497 | 21,683,495,497 | 27,469,393,428 | 27,469,393,428 |

16 . SHORT-TERM PREPAYMENTS FROM CUSTOMERS

| | 31/12/2016 | | 01/01/2016 | |
|---|-----------------------|-----------------------|----------------------|----------------------|
| | Value | Amount can be paid | Value | Amount can be paid |
| | VND | VND | VND | VND |
| - Binh Duong Department of Transportation | 3,849,000,000 | 3,849,000,000 | - | - |
| - Construcion Management Board of Cu Chi District | 3,784,674,000 | 3,784,674,000 | - | - |
| - Binh Dien Fertilizer JSC | 3,434,350,800 | 3,434,350,800 | - | - |
| - Others | 5,758,592,610 | 5,758,592,610 | 5,312,753,991 | 5,312,753,991 |
| | 16,826,617,410 | 16,826,617,410 | 5,312,753,991 | 5,312,753,991 |

CONSTRUCTION INVESTMENT CORPORATION 3-2

45A Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

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17 . LOANS AND LIABILITIES

| | 01/01/2016 | | During the period | | 31/12/2016 | |
|--|-----------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|
| | Outstanding balance | Amount can be paid | Increase | Decrease | Outstanding balance | Amount can be paid |
| | VND | VND | VND | VND | VND | VND |
| a) Short-term loans | | | | | | |
| - Bank for Investment and Development of Vietnam JSC - Nam Binh Duong Branch - Overdrafts | 12,154,496,722 | 12,154,496,722 | 314,265,850,361 | 326,420,347,083 | - | - |
| - Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Branch - Overdrafts | - | - | 16,835,846,362 | 16,835,846,362 | - | - |
| - Bank for Investment and Development of Vietnam JSC - Nam Binh Duong Branch ⁽¹⁾ | - | - | 98,998,276,726 | 53,523,570,225 | 45,474,706,501 | 45,474,706,501 |
| - Current portion of long-term loans-Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Branch ⁽²⁾ | - | - | 3,608,040,000 | - | 3,608,040,000 | 3,608,040,000 |
| | <u>12,154,496,722</u> | <u>12,154,496,722</u> | <u>433,708,013,449</u> | <u>396,779,763,670</u> | <u>49,082,746,501</u> | <u>49,082,746,501</u> |
| b) Long- term loans | | | | | | |
| - Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Branch ⁽²⁾ | - | - | 18,060,000,000 | 854,600,000 | 17,205,400,000 | 17,205,400,000 |
| | <u>-</u> | <u>-</u> | <u>18,060,000,000</u> | <u>854,600,000</u> | <u>17,205,400,000</u> | <u>17,205,400,000</u> |
| Amounts come due within 12 months | - | - | (3,608,040,000) | - | (3,608,040,000) | (3,608,040,000) |
| Amounts come due after 12 months | - | - | - | - | <u>13,597,360,000</u> | <u>13,597,360,000</u> |

Detail information on Short-term loans is as follows:

⁽¹⁾ Contract No. 041/16/87982/HD dated 16 May 2016 with the following terms:

- Credit line: VND 100 billion;
- Loan purpose: Working capital supplement;
- Maturity: up to 31 May 2017;
- Maturity: varied among debt receipts;
- Method of security: the balance worth VND 12 billion under Mortgage Contract No. 003/2016/87982/HDBD dated 11 January 2016;
- Principal balance as at 31 December 2016 is VND 45,474,706,501.

Detail information on Long-term loans is as follows:

(2) The balance at 31/12/2016 includes the following credit contract:

(2.1) Credit Contract No. 16.52.0777/2016-HDTD/NHCT640-CTCP DAU TU XAY DUNG 3-2 dated 20 Jun 2016 with the following terms:

- Credit line : VND 8,000,000,000 ;
- Borrowing purpose: investment 6 trucks for operation business;
- Maturity: 60 months;
- Interest rate: 8%/year for the first year, 10,5%/year for the subsequent year;
- Method of security: mortgaged land use right No.T313585 according mortgage contracts No.09610202/HDTC dated 30 December 2009; the value of asset mortgaged under Memorandum of revaluation No. 02/BBDGL date 19 December 2016 is VND 21,079,000,000;
- The principal balance as at 31 December 2016 is VND 7,202,000,000, the principal balance need to pay next year is 1,596,000,000 VND.

(2.2) Credit Contract No. 16.51.0160/2016-HDTD/NHCT640-CTCP DAU TU XAY DUNG 3-2 dated 17 October 2016 with the following terms:

- Credit line : VND 1,698,000,000;
- Borrowing purpose: investment 01 container and 01 truck;
- Maturity: 60 months;
- Interest rate: 7,5%/year for the first year, 10,5%/year for the subsequent year;
- Method of security: mortgaged by assets as follows:
 - + Land use right No.T313585 according mortgage contracts No.09610202/HDTC dated 30 December 2009; the value of asset mortgaged under Memorandum of revaluation No. 02/BBDGL date 19 December 2016 is VND 21,079,000,000;
 - + The balance of deposit worth VND 3.5 billion under Mortgaged Contract No. 16.51.0070/HDTC dated 06 April 2016, the balance of deposit worth VND 8 billion under Mortgaged Contract No. 16.51.0151/HDTC dated 29 June 2016;
- The principal balance as at 31 December 2016 is VND 1,641,400,000, the principal balance need to pay next year is 339,600,000 VND.

(2.3) Credit Contract No. 16.51.0160/2016-HDTD/NHCT640-CTCP DAU TU XAY DUNG 3-2 dated 27 December 2016 with the following terms:

- Credit line : VND 8,362,000,000;
- Borrowing purpose: investment 02 trucks and 01 automatic welding machine;
- Maturity: 60 months;
- Interest rate: 7,5%/year for the first year, 10,5%/year for the subsequent year;
- Method of security: mortgaged land use right No.T313585 according mortgage contracts No.09610202/HDTC dated 30 December 2009; the value of asset mortgaged under Memorandum of revaluation No. 02/BBDGL date 19 December 2016 is VND 21,079,000,000;
- The principal balance as at 31 December 2016 is VND 8,362,000,000, the principal balance need to pay next year is 1,672,440,000 VND.

18 . TAX AND RECEIVABLES FROM STATE BUDGET

| | Tax receivable at beginning of year | Tax payable at beginning of year | Tax payable in the year | Tax paid in the year | Tax receivable end of the year | Tax payable end of the year |
|------------------------------------|--|-------------------------------------|----------------------------|-----------------------|-----------------------------------|--------------------------------|
| | VND | VND | VND | VND | VND | VND |
| - Value-added tax | - | 3,855,137,836 | 16,948,143,230 | 19,704,348,681 | - | 1,098,932,385 |
| - Corporate income tax | - | 13,189,496,465 | 23,212,727,893 | 29,089,496,465 | - | 7,312,727,893 |
| - Personal income tax | - | 457,600,638 | 1,956,867,449 | 2,005,793,690 | - | 408,674,397 |
| - Natural resource tax | - | 2,781,142,932 | 20,688,546,279 | 17,651,370,659 | - | 5,818,318,552 |
| - Land tax and Land rental | - | - | 11,974,559,000 | 11,974,559,000 | - | - |
| - Other taxes | - | - | 96,297,087 | 96,297,087 | - | - |
| - Fees, charges and other payables | - | 13,145,886,924 | 17,331,854,480 | 17,776,666,657 | - | 12,701,074,747 |
| | - | <u>33,429,264,795</u> | <u>92,208,995,418</u> | <u>98,298,532,239</u> | - | <u>27,339,727,974</u> |

The Corporation's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

19 . OTHER CURRENT ASSETS

| | 31/12/2016 | 01/01/2016 |
|---------------------------------------|-----------------------|-----------------------|
| | VND | VND |
| - Construction works | 8.586.860.643 | 12.339.671.197 |
| - Stone quarry environment renovation | 4.050.632.039 | 4.050.632.039 |
| - Land rental | 1.029.575.460 | - |
| - Others | 1.069.506.638 | 70.066.609 |
| | 14.736.574.780 | 16.460.369.845 |

20 . OTHER SHORT-TERM PAYMENTS

| | 31/12/2016 | 01/01/2016 |
|--|----------------------|----------------------|
| | VND | VND |
| - Trade union fund | 98.964.600 | 84.387.400 |
| - Dividends or profits payables | 17.203.155 | 16.063.155 |
| - Payables to construction teams and sub-contractors | 7.375.054.987 | 6.191.300.167 |
| - Remunerations for the Board of Management | 1.438.000.000 | 1.302.540.000 |
| - Others | 197.223.479 | 292.609.935 |
| | 9.126.446.221 | 7.886.900.657 |

21 . SHORT-TERM PROVISIONS FOR PAYABLES

| | 31/12/2016 | 01/01/2016 |
|---------------------------------------|--------------------|------------|
| | VND | VND |
| - Provision for construction warranty | 284.604.282 | - |
| | 284.604.282 | - |

22 . OWNER'S EQUITY

a) Increase and decrease in owner's equity

| | Contributed capital | Development investment funds | Undistributed profits after tax | Total |
|--|------------------------|---------------------------------|------------------------------------|------------------------|
| | VND | VND | VND | VND |
| Beginning balance of previous year | 112.000.000.000 | 55.789.784.378 | 88.516.461.703 | 256.306.246.081 |
| Profit of the year | - | - | 101.287.113.188 | 101.287.113.188 |
| Setting up Development Investment funds | - | 19.387.100.435 | (19.387.100.435) | - |
| Paid dividends last year | - | - | (13.440.000.000) | (13.440.000.000) |
| Setting up Bonus and Welfare fund | - | - | (3.590.203.784) | (3.590.203.784) |
| Setting up Reward fund for the management board | - | - | (1.436.081.514) | (1.436.081.514) |
| Advance for 1st dividend of the year 2015 | - | - | (13.440.000.000) | (13.440.000.000) |
| Ending balance of previous year | 112.000.000.000 | 75.176.884.813 | 138.510.189.158 | 325.687.073.971 |
| Profit of current year | - | - | 93.326.589.044 | 93.326.589.044 |
| Setting up Development Investment funds | - | 27.347.520.561 | (27.347.520.561) | - |
| Paid dividends last year | - | - | (13.440.000.000) | (13.440.000.000) |
| Setting up Bonus and Welfare fund | - | - | (10.128.711.319) | (10.128.711.319) |
| Setting up Reward fund for the management board | - | - | (1.728.540.000) | (1.728.540.000) |
| Advance for 1st dividend of the year 2016 (*) | - | - | (13.440.000.000) | (13.440.000.000) |
| Ending balance of current year | 112.000.000.000 | 102.524.405.374 | 165.752.006.322 | 380.276.411.696 |

(*) According to Resolution No. 17/NQ-HDQT dated 14 September 2016, Board of Management decided to advance dividend for the year 2015 with the rate 12% of charter capital.

According to Resolution No. 01/NQ-DHCD dated 21 April 2016 issued by General Meeting of shareholders, the Corporation announced its profit distribution of the year 2015 as follows:

| | Rate | Amount | | |
|--|------------|------------------------|------------|------------------------|
| | % | VND | | |
| Profit after tax of the year 2015 | 100.00 | 101,287,113,188 | | |
| Development investment funds | 27.00 | 27,347,520,561 | | |
| Setting up Bonus and Welfare fund | 10.00 | 10,128,711,319 | | |
| Setting up Reward fund for the management board | 1.71 | 1,728,540,000 | | |
| Dividend payment of 24% charter capital (equivalent to VND 2,400 per share) | 26.54 | 26,880,000,000 | | |
| - <i>Advanced 12% in the year 2015</i> | | 13,440,000,000 | | |
| - <i>Paid 12% in this year</i> | | 13,440,000,000 | | |
| Undistributed profits after tax | 34.76 | 35,202,341,308 | | |
| b) Details of Contributed capital | | | | |
| | Rate | Ending balance | Rate | Beginning balance |
| | % | VND | % | VND |
| - Binh Duong Producing and Trading Goods Corporation | 0.00 | - | 51.00 | 57,120,000,000 |
| - America LLC | 6.88 | 7,709,300,000 | 6.88 | 7,709,300,000 |
| - PYN ELITE FUND (NON-UCITS) | 5.50 | 6,164,000,000 | - | - |
| - PETER ERIC DENNIS | 7.67 | 8,591,400,000 | - | - |
| - Others | 79.94 | 89,535,300,000 | 42.12 | 47,170,700,000 |
| | 100 | 112,000,000,000 | 100 | 112,000,000,000 |
| c) Capital transactions with owners and distribution of dividends and profits | | | | |
| | | Current year | | Previous year |
| | | VND | | VND |
| Owner's invested capital | | | | |
| - <i>At the beginning of year</i> | | 112,000,000,000 | | 112,000,000,000 |
| - <i>At the closing of year</i> | | 112,000,000,000 | | 112,000,000,000 |
| Distributed dividends and profit | | | | |
| - <i>Distributed dividends on last year profit</i> | | 13,440,000,000 | | 13,440,000,000 |
| - <i>Estimate-distributed dividends on this year profit</i> | | 13,440,000,000 | | 13,440,000,000 |
| d) Stock | | | | |
| | | 31/12/2016 | | 01/01/2016 |
| Quantity of Authorized issuing stocks | | 11,200,000 | | 11,200,000 |
| Quantity of issued stocks | | | | |
| - <i>Common stocks</i> | | 11,200,000 | | 11,200,000 |
| Quantity of circulation stocks | | | | |
| - <i>Common stocks</i> | | 11,200,000 | | 11,200,000 |
| Par value per share: VND 10,000 per share | | | | |
| e) Corporation's fund | | | | |
| | | 31/12/2016 | | 01/01/2016 |
| | | VND | | VND |
| Development investment funds | | 102,524,405,374 | | 75,176,884,813 |
| | | 102,524,405,374 | | 75,176,884,813 |

23 . OFF STATEMENT OF FINANCIAL POSITION ITEMS

Doubtful debts written-offs

| | 31/12/2016 | 01/01/2016 |
|--|----------------------|----------------------|
| | VND | VND |
| - Van Hai Construction Company Limited | 484,735,894 | 484,735,894 |
| - Others | 810,668,556 | 889,502,400 |
| | <u>1,295,404,450</u> | <u>1,374,238,294</u> |

24 . REVENUES FROM SALES AND SERVICES RENDERED

| | Year 2016 | Year 2015 |
|--|------------------------|------------------------|
| | VND | VND |
| Revenue from sale of finished goods | 323,514,192,356 | 324,106,906,461 |
| Revenue from sale of goods | 56,679,735,034 | 56,611,116,741 |
| Revenue from services rendered | 5,144,763,927 | 5,711,614,152 |
| Revenue from business in property | 918,244,242 | 6,937,820,036 |
| Revenue from construction contracts | 134,019,287,647 | 164,059,375,351 |
| - Revenue from Construction contract recognized in the year | 134,019,287,647 | 164,059,375,351 |
| - Accumulated revenue from construction contract recognized up to the reporting time | 549,537,654,429 | 437,930,951,713 |
| | <u>520,276,223,206</u> | <u>557,426,832,741</u> |

25 . REVENUE DEDUCTIONS

| | Year 2016 | Year 2015 |
|---------------|------------------|-------------------|
| | VND | VND |
| Sales rebates | 6,726,000 | 19,531,084 |
| | <u>6,726,000</u> | <u>19,531,084</u> |

26 . COSTS OF GOODS SOLD

| | Year 2016 | Year 2015 |
|---|------------------------|------------------------|
| | VND | VND |
| Cost of finished goods sold | 191,615,036,145 | 202,699,303,865 |
| Cost of goods sold | 52,195,524,683 | 53,003,304,974 |
| Cost of services rendered | 3,001,957,802 | 3,176,502,706 |
| Cost of business in property | 808,265,819 | 6,621,018,506 |
| Cost of construction activities | 134,859,407,995 | 147,573,353,424 |
| Reversal/Provision against devaluation of inventories | - | (72,397,501) |
| | <u>382,480,192,444</u> | <u>413,001,085,974</u> |

27 . FINANCIAL INCOME

| | Year 2016 | Year 2015 |
|------------------------------------|-----------------------|----------------------|
| | VND | VND |
| Interest income | 6,674,696,994 | 4,964,307,582 |
| Gain from selling trade securities | 1,929,880,275 | - |
| Dividends, distributed profits | 1,794,928,435 | 23,549,833 |
| Others | 58,427,943 | - |
| | <u>10,457,933,647</u> | <u>4,987,857,415</u> |

28 . FINANCIAL EXPENSES

| | Year 2016 | Year 2015 |
|----------------------|----------------------|--------------------|
| | VND | VND |
| Interest expenses | 2,414,430,148 | 325,805,793 |
| Brokerage commission | 15,774,140 | - |
| | <u>2,430,204,288</u> | <u>325,805,793</u> |

29 . SELLING EXPENSES

| | Year 2016 | Year 2015 |
|---------------------------------|-----------------------|----------------------|
| | VND | VND |
| Labour expenses | 797,059,745 | 699,520,854 |
| Expenses from external services | 15,460,084,680 | 8,205,965,627 |
| | <u>16,257,144,425</u> | <u>8,905,486,481</u> |

30 . GENERAL ADMINISTRATION EXPENSES

| | Year 2016 | Year 2015 |
|---------------------------------|-----------------------|-----------------------|
| | VND | VND |
| Raw materials | 167,517,556 | 117,392,115 |
| Labor | 10,382,153,735 | 9,340,318,923 |
| Depreciation expenses | 740,155,924 | 1,055,116,118 |
| Provisions expenses | 199,098,605 | 293,482,411 |
| Taxes, fees and charges | 22,417,878 | 11,084,176 |
| Expenses from external services | 1,662,989,038 | 1,808,970,324 |
| Other expenses by cash | 3,496,024,452 | 2,800,756,757 |
| | <u>16,670,357,188</u> | <u>15,427,120,824</u> |

31 . OTHER INCOME

| | Year 2016 | Year 2015 |
|---|----------------------|----------------------|
| | VND | VND |
| Gain from compensation of Project of My Phuoc - Tan Van road ^(*) | 3,365,720,000 | 1,905,920,000 |
| Leasing land and buildings -Nguyen Van Tiet Residential area | 243,897,334 | - |
| Reversal of warranty expenses | - | 272,201,146 |
| Gain from contract violation | - | 195,608,224 |
| Gain from doubtful debts written-offs | 111,006,532 | 70,000,000 |
| Others | 469,766,221 | 569,208,552 |
| | <u>4,190,390,087</u> | <u>3,012,937,922</u> |

^(*) The income from land compensation at Construction Stone Factory according to Decision No. 4149/QĐ-UBND dated 25 December 2008 by Chairman of Binh Duong People's Committee on approval the general plan of compensation, support and relocation to perform project "My Phuoc - Tan Van Road".

32 . OTHER EXPENSE

| | Year 2016 | Year 2015 |
|------------------------------|--------------------|--------------------|
| | VND | VND |
| Administrative fines | 540,333,928 | 143,977,849 |
| Cost of moving power station | - | 127,272,727 |
| Others | 271,730 | 17,803,289 |
| | <u>540,605,658</u> | <u>289,053,865</u> |

33 . CURRENT CORPORATE INCOME TAX EXPENSES

| | Year 2016 | Year 2015 |
|--|-----------------------|-----------------------|
| | VND | VND |
| <i>Corporate income tax from main business activities</i> | | |
| Total profit before tax | 116,533,444,715 | 127,142,742,527 |
| Increase | 1,319,250,963 | 12,686,965,014 |
| Decrease | (1,794,928,435) | (7,041,732,822) |
| Taxable income | 116,057,767,243 | 132,787,974,719 |
| Corporate income tax rate | 20% | 22% |
| Current corporate income tax expense | <u>23,211,553,449</u> | <u>29,213,354,438</u> |
| Tax payable at the beginning of period | 13,189,496,465 | 6,855,390,155 |
| Tax paid in the period | (29,088,322,021) | (22,879,248,128) |
| Corporate income tax payable at the end of the year from main business activities | <u>7,312,727,893</u> | <u>13,189,496,465</u> |
| <i>Corporate income tax from properties business activity</i> | | |
| Total profit from properties business activity | 5,872,222 | 316,801,530 |
| Increase | - | - |
| Decrease | - | - |
| Taxable income | 5,872,222 | 316,801,530 |
| Corporate income tax rate | 20% | 22% |
| Current corporate income tax expense | <u>1,174,444</u> | <u>69,696,337</u> |
| Tax payable at the beginning of period | - | - |
| Tax paid in the period | (1,174,444) | (69,696,337) |
| Corporate income tax payable end of the year from properties business activity | <u>-</u> | <u>-</u> |
| Total current corporate income tax expense | <u>23,212,727,893</u> | <u>29,283,050,775</u> |
| Corporate income tax payable at the end of the year | <u>7,312,727,893</u> | <u>13,189,496,465</u> |

34 . DEFERRED CORPORATE INCOME TAX EXPENSES

a) **Deferred income tax assets**

| | Year 2016 | Year 2015 |
|---|----------------------|----------------------|
| | VND | VND |
| - Corporate income tax rate used to determine the value of Deferred income tax assets | 20% | 20% |
| - Deferred income tax assets related to deductible temporary differences | 2,173,818,546 | 2,173,818,546 |
| Deferred income tax assets | 2,173,818,546 | 2,173,818,546 |

b) **Deferred income tax payable**

| | Year 2016 | Year 2015 |
|---|-----------|------------------------|
| | VND | VND |
| Deductible temporary difference | - | (2,173,818,546) |
| Reversal of deferred income tax liabilities | - | (936,801,360) |
| | - | (3,110,619,906) |

35 . BASIC EARNINGS PER SHARE

Earning per share distributed to common shareholders of the Corporation is calculated as follows :

| | Year 2016 | Year 2015 |
|--|----------------|-----------------|
| | VND | VND |
| Profit after tax | 93,326,589,044 | 101,287,113,188 |
| Profit distributed for common shares | 93,326,589,044 | 101,287,113,188 |
| Average circulated common shares in the year | 11,200,000 | 11,200,000 |
| Basic earnings per share | 8,333 | 9,043 |

The Corporation has no plans to set up Bonus and welfare fund on the profit after tax for the fiscal year ended as at 31/12/2016

36 . BUSINESS AND PRODUCTIONS COST BY ITEMS

| | Year 2016 | Year 2015 |
|---------------------------------|------------------------|------------------------|
| | VND | VND |
| Raw materials | 132,361,130,201 | 142,881,747,074 |
| Labour | 63,225,532,379 | 55,674,041,964 |
| Depreciation expenses | 9,833,856,119 | 8,328,343,015 |
| Expenses from external services | 107,555,220,224 | 133,782,221,734 |
| Other expenses by cash | 48,372,068,490 | 29,292,912,990 |
| | 361,347,807,413 | 369,959,266,777 |

37 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Corporation

| | Book value | | | |
|------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31/12/2016 | | 01/01/2016 | |
| | Original Cost | Provision | Original Cost | Provision |
| | VND | VND | VND | VND |
| Financial Assets | | | | |
| Cash and cash equivalents | 26,696,985,962 | - | 21,859,220,439 | - |
| Trade and other receivables | 136,834,604,603 | (1,437,626,189) | 176,587,317,502 | (1,238,527,584) |
| Lending | 123,095,703,125 | - | 86,209,563,356 | - |
| Short term investments | 27,821,819,275 | - | 2,902,583,363 | - |
| Long term investments | 200,887,800 | - | 200,887,800 | - |
| | 314,650,000,765 | (1,437,626,189) | 287,759,572,460 | (1,238,527,584) |
| Financial Liabilities | | | | |
| Loans and debts | | | 62,680,106,501 | 12,154,496,722 |
| Trade and other payables | | | 30,809,941,718 | 35,356,294,085 |
| Accrued expenses | | | 14,736,574,780 | 16,460,369,845 |
| | | | 108,226,622,999 | 63,971,160,652 |

The Corporation does not assess fair value of financial assets and financial liabilities at the year ended because Circular No. 210/2009/TT-BTC and prevailing statutory regulations require to present Financial Statements and additional note for financial instruments but do not provide any relevant instructions for assessment and recognition of fair value of financial assets and liabilities, excluding provisions for bad debts and provision for devaluation of securities investments which are presented in relevant notes.

Financial risk management

The Corporation's financial risks including market risk, credit risk and liquidity risk. The Corporation has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. The Board of Directors of the Corporation is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

Market risk

The Corporation's business operations will bear the risks of changes on prices, exchange rates and interest rates.

Price Risk

The Corporation bears price risk of equity instruments from short-term and long-term security investments due to uncertainty on future prices of the securities. Long-term securities are held for long-term strategies, at the end of the fiscal period, the Corporation has no plans to sell these investments.

Interest rate risk

The Corporation bears the risk of interest rates due to fluctuation in fair value of future cash flow of a financial instrument according to changes in market interest rates if the Corporation has time or demand deposits, loans and debts subject to floating interest rates. The Corporation manages interest rate risk by analyzing the market competition situation to obtain any interest profitable for its operation purpose.

Credit Risk

Credit risk is risk in which the potential loss may be incurred if a counterpart fails to perform its obligations under contractual terms or financial instruments. The Corporation has credit risk from operating activities (mainly for trade receivables) and financial activities (including bank deposits, loans and other financial instruments).

| | Under 1 year | From 1 to 5 years | From more than 5 years | Total |
|-----------------------------|------------------------|----------------------|---------------------------|------------------------|
| | VND | VND | VND | VND |
| As at 31/12/2016 | | | | |
| Cash and cash equivalents | 26,696,985,962 | - | - | 26,696,985,962 |
| Trade and other receivables | 135,396,978,414 | - | - | 135,396,978,414 |
| Lending | 123,095,703,125 | - | - | 123,095,703,125 |
| Short term investments | 27,821,819,275 | - | - | 27,821,819,275 |
| Long term investments | - | 200,887,800 | - | 200,887,800 |
| | 313,011,486,776 | 200,887,800 | - | 313,212,374,576 |
| As at 01/01/2016 | | | | |
| Cash and cash equivalents | 21,859,220,439 | - | - | 21,859,220,439 |
| Trade and other receivables | 175,348,789,918 | - | - | 175,348,789,918 |
| Lending | 86,209,563,356 | - | - | 86,209,563,356 |
| Short term investments | 2,902,583,363 | - | - | 2,902,583,363 |
| Long term investments | - | 200,887,800 | - | 200,887,800 |
| | 286,320,157,076 | 200,887,800 | - | 286,521,044,876 |

Liquidity Risk

Liquidity risk is the risk in which the Corporation has trouble in settlement of its financial obligations due to lack of funds. Liquidity risk of the Corporation is mainly from different maturity of its financial assets and liabilities.

Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

| | Under 1 year | From 1 to 5 years | From more than 5 years | Total |
|--------------------------|-----------------------|-----------------------|---------------------------|------------------------|
| | VND | VND | VND | VND |
| As at 31/12/2016 | | | | |
| Loans and borrowings | 49,082,746,501 | 13,597,360,000 | - | 62,680,106,501 |
| Trade and other payables | 30,809,941,718 | - | - | 30,809,941,718 |
| Accrued expenses | 14,736,574,780 | - | - | 14,736,574,780 |
| | 94,629,262,999 | 13,597,360,000 | - | 108,226,622,999 |
| As at 01/01/2016 | | | | |
| Loans and borrowings | 12,154,496,722 | - | - | 12,154,496,722 |
| Trade and other payables | 35,356,294,085 | - | - | 35,356,294,085 |
| Accrued expenses | 16,460,369,845 | - | - | 16,460,369,845 |
| | 63,971,160,652 | - | - | 63,971,160,652 |

The Corporation believes that risk level of loan repayment is low. The Corporation has the ability to pay debts matured from cash flows from its operating activities and cash received from matured financial assets.

38 . OTHER INFORMATION

The Corporation has been operating on mineral mining field (stone). According to Article No. 77 of Mineral Law No. 60/2010/QH12 dated 17 November 2010 and Decree No. 203/ND-CP dated 28 November 2013 by Government, the Corporation have to pay a fee for the grant of the mining right under Notice on payment for charge for granting the mineral mining right issued by Tax Department.

From the year 2013, the Corporation has recorded the charge for granting the mineral mining right since the Mineral Law 2010 took effect, The value of the charge for granting the mineral mining right has recorded as follows:

| The charge for granting the mineral mining right | Value | Value already paid | Value payable as at 30/06/2016 |
|--|-----------------------|-------------------------|--------------------------------|
| | VND | VND | VND |
| Year 2013 | 10,951,988,130 | - | 10,951,988,130 (*) |
| Year 2014 | 3,221,030,340 | (3,221,030,340) | - |
| Year 2015 | 7,986,260,880 | (7,986,260,880) | - |
| Year 2016 | 13,682,990,880 | (13,682,990,880) | - (**) |
| Total | 22,159,279,350 | (11,207,291,220) | 10,951,988,130 |

(*) The charge recorded from 2011 (the time that Mineral Law took effect) to 2013. According to the Decision No 2370/QĐ-UBND dated 18 September 2015, Binh Duong People's Committee approved the charge for granting the mineral mining right for exploitation level down to cote -100m, the Corporation has not temporarily paid for this charge until receiving official announcement on payment from competent state management agencies.

(**) The charge for granting the mineral mining right according to the Decision No 136/QĐ-UBND dated 18 January 2016, Binh Duong People's Committee approved the charge for granting the mineral mining right for exploitation level down to cote -120m, the reserves to calculate charge for granting the mineral mining right is 1,949,144 m³.

39 . EVENTS AFTER BALANCE SHEET DATE

there have been no significant events occurring after the reporting period, which would require adjustments or disclosures to be made in the financial statements.

40 . SEGMENT REPORTING

Under business fields:

| | Construction | Production | Others | Total |
|--|------------------------|------------------------|-----------------------|------------------------|
| | VND | VND | VND | VND |
| Net revenue from sales to external customers | 134,019,287,647 | 323,507,466,356 | 62,742,743,203 | 520,269,497,206 |
| Gross profit from sale of goods and rendering of services | (840,120,348) | 131,899,156,211 | 6,730,268,899 | 137,789,304,762 |
| The total cost to acquire fixed assets | - | 20,208,325,893 | 4,446,308,457 | 24,654,634,350 |
| Segment assets | 141,866,070,821 | 342,448,717,189 | 66,416,309,227 | 550,731,097,237 |
| Total assets | 141,866,070,821 | 342,448,717,189 | 66,416,309,227 | 550,731,097,237 |
| Segment liabilities | 44,468,394,302 | 107,341,695,560 | 20,818,414,225 | 172,628,504,087 |
| Total liabilities | 44,468,394,302 | 107,341,695,560 | 20,818,414,225 | 172,628,504,087 |

Under geographical areas:

The entire activities of the Corporation are taken place in Vietnam so that the segment reporting under geographical areas was not prepared.

41 . TRANSACTION WITH RELATED PARTIES

In the fiscal year, the Corporation has the transactions and balances with related parties as follows:

Transaction in the year:

| Relation | Year 2016 VND | Year 2015 VND |
|-----------------------------|------------------|------------------|
| Protrade Corporation | | |
| - Paid dividend | 5,093,208,000 | 6,854,000,000 |

Transactions with other related parties:

| | Year 2016 VND | Year 2015 VND |
|---|------------------|------------------|
| - Remuneration to members of Board of Management and Board of General Directors | 3,736,246,390 | 3,563,453,153 |

42 . COMPARATIVE FIGURES

The corresponding figures are those taken from the accounts for the fiscal year ended as at 31 December 2015, which was audited by AASC Auditing Firm Company Limited.

Prepared by


 Do Viet Cuong

Chief Accountant


 Nguyen Xuan Hieu

Binh Duong, 05 March 2017

General Director




 Vo Van Lanh



HÃNG KIỂM TOÁN AASC

AASC TẠI HÀ NỘI - TRỤ SỞ CHÍNH

T: (84) 4 3824 1990 | F: (84) 4 3825 3973

E: aaschn@hn.vnn.vn

A: Số 1 Lê Phụng Hiểu, Hoàn Kiếm, Hà Nội, Việt Nam

AASC TẠI TP HỒ CHÍ MINH

T: (84) 8 3945 0505 - (84) 8 3945 0606 | F: (84) 8 3945 1106

E: aaschcm@asc.com.vn

A: Lầu 03, Tòa nhà Galaxy 9, Số 09 Nguyễn Khoái, Phường 01, Quận 04, Tp.HCM

AASC TẠI QUẢNG NINH

T: (84) 33 3627 571 | F: (84) 33 3627 572

E: aascqn@asc.com.vn

A: Số 8 Chu Văn An, Hạ Long, Quảng Ninh

**CONSTRUCTION
INVESTMENT CORPORATION**

3-2

**SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom – Happiness**

Binh Duong, 16th March 2017

No.: 160/CTY-TGD

(About the explanation for
differences in 2016 Financial
Statement after auditing)

To:

- State Securities Commission;
- Ho Chi Minh City Stock Exchange .

Name of the company: Construction Investment Corporation 3-2

Stock code: C32

Address of the Headquarters: 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province.

Telephone: 0650 3759 446

Fax: 0650 3755 605

Pursuant to the Finance Ministry's Circular No. 155/2015/TT-BTC dated October 6, 2015 on guidelines for information disclosure on securities market;

According to the 2016 audited Financial Statement of Construction Investment Corporation 3-2;

Construction Investment Corporation 3-2 would like to explain the differences between the data in 2016 audited Financial statement and the cumulative data of Quarter 4 of 2016 Report as follows :

Differences in the Balance Sheet

- Others short-term receivables: Additional recording of the Second Dividend Disbursement of Hoa An Joint Stock Company of VND 637,960,000;
- Inventories and Short-term Prepaid Expenses: Categorizing adjustment of work-in-process balance of semi-finished Riprap to VND 1,008,425,241;
- Tangible fixed assets and construction in progress: Adjustment of fixed assets of Thanh Phuoc project, which are still in investment phase, not yet put in use of VND 1,026,363,636;
- Taxes and receivables from the State and taxes and Tax payables and statutory obligations: Increase adjustment of natural resources tax and environmental protection fees according to tax finalization of VND 5,828,256,025;

reduction of VND 1,215,560,017 due to recalculated income and taxes under influences of the adjustment.

In the year, the Company declared and paid natural resource tax according to Law on Natural Resource Tax and guidance in Official Dispatch No.2056/BTC-TCT dated 04/02/2016. The company had to adjust to increase of the finalized natural resource tax in 2016 due to the temporary adjustment of declared tax price under Circular 152/2015/TT-BTC dated 02 October 2015 on a prudent basis after communicating with the Auditor because there hadn't been any guidance for finalization of natural resource tax for 2016. Circular 152, however, contains unclear and inappropriate guidelines that are not consistent with the Law on Natural Resource Tax No.45/2009/QH12 dated 25th November 2009, specifically the taxable price of construction stone products (processed resources) are treated as resource products (raw materials stone). The company and other enterprises in the industry have had a petition sent to the Prime Minister, the Ministry of Finance, the Ministry of Justice and the Ministry of Natural Resources and Environment, dated 15/06/2016. There hasn't been any feedback yet and the Ministry of Finance still has not issued the taxable price framework and guidelines for tax finalization for 2016. Therefore, the company has to temporarily adjust the natural resource tax expense for 2016. When there are feedbacks to the above petition and the official guidance on the natural resource tax 2016, the company will review the item.

- Advances from customers: Adjustment of late payment interest of Hoang Ngan Transportation Construction Joint Stock Company of VND 36,602,477.
- Other short-term payables: Decrease adjustment of remuneration of Board of Directors, Supervisory Board according to profit adjustment of VND 78,000,000;
- Short-term and long-term loans and financial liabilities: Classification adjustment of long-term loan due in 2017 to VND 3,608,040,000;
- Undistributed profit after tax decreased by VND 3,855,701,064 due to the effect of differences adjusted.

Differences in the Income Statements

- Revenue from sales of goods, rendering of services and Revenue deductibles decreased by VND 7,733,155,089 as accounted for according to the net sales of the construction sector - deducted revenue of previous constructions - for the consistency of presentation with revenue figures of previous years. Net sales of goods and rendering of services in 2016 remain unchanged;

- Cost of goods sold increased by VND 5,828,256,025 due to adjustment of natural resource tax and environmental protection fee according to tax finalization;
- Financial income increased by VND 674,580,477 as a result of the second dividend disbursement of Hoa An JSC in 2016 and late payment interest of Hoang Ngan Transportation Construction JSC;
- Administrative expenses decreased by VND 82,414,467 due to the decrease adjustment of Depreciation and Remuneration of Board of Directors and Board of Supervisors;
- Net operating profit, Total accounting profit before tax, Current corporate income tax expense, Net profit after tax decreased due to the influences from above adjustments.

Above are some of the main reasons for the difference between the data in 2016 audited Financial statement and the cumulative data of Quarter 4 of 2016 Report./.

Sincerely !

Recipients :

- As above;
- Archival records.

GENERAL DIRECTOR



Vo Van Lanh



Binh Duong, April 04th 2017

GENERAL DIRECTOR

(sign and seal)



Vo Van Lanh

“CIC 3-2 is committed to providing our customers with high quality products and services with reasonable expenses, contributing to the development of the community and society”



3-2 CONSTRUCTION INVESTMENT CORPORATION

Address : No. 45A Nguyen Van Tiet, Lai Thieu Ward, Thuan An Town, Binh Duong Province, Vietnam

Tel : 0650.375 9446

Fax : 0650.375 5605

Website : <https://cic32.com.vn>