

## **PRESS RELEASE**

Ho Chi Minh City, 02 June 2020

Today, Kustocem Pte. Ltd. ("**Kusto**"), a Singapore-based company and a long term shareholder in Coteccons Joint Stock Company ("**Coteccons**") holding 17.55% of Coteccons outstanding shares, has initiated the process to organise an Extraordinary General Shareholders' Meetings ("**EGM**") so Coteccons shareholders can vote on changing the current Board of Directors ("**BOD**"), electing a new BOD, and undertake a special audit of Coteccons' business activities related to the issues of conflict of interest and related party transactions, especially those between Coteccons and the remaining entities in the so-called "Coteccons Group" since 2017.

Kusto Group, the parent company of Kusto, has been a long-term institutional investor in Vietnam for over 10 years with many investments totalling over USD100 million. We hold a strong belief in Vietnam's growth potentials and healthy investment environment. With regards to Coteccons, we have invested and supported the growth of the company over the past 8 years. However, the governance and management concerning the conflict of interests among the companies within Coteccons Group by Coteccons' executive management team have caused significant damages to our investment through reduction in Coteccons share prices and serious violation of our shareholders' rights.

Pursuant to Article 114.3 of the Enterprises Law, and Article 11.3 of Coteccons' Charter, Kusto sent a written request dated 23 April 2020 to BOD and the Board of Supervisors of Coteccons ("**BOS**") on 24 April 2020 to request the organization of a EGM so Coteccons shareholders can decide on the matters described above. The BOD failed to organise the EGM as requested within the required deadline. While the BOS acknowledged the failure to organize the EGM within the required deadline by the BOD as well as the BOS's responsibility to organise the EGM subsequently to the failure of organization of the EGM by the BOD, the BOS decided not to organise the EGM due to the lack of co-operations, the obstructions and hinderance from both the BOD and Board of Management and the Board of Management ("**BOM**").

Kusto, therefore, have full legal rights to act on behalf of Coteccons to convene the EGM as provided under Articles 136.5 and 136.6 of the Enterprises Law and Article 13.4 of Coteccons' Charter. Consequently, on 1 June 2020, Kusto have submitted the notice to the Vietnam Securities Depository Center requesting for Coteccons' shareholders list as of 22 June 2020 in order to organize the EGM as requested. We have also made relevant disclosures to the State Securities Commission and Ho Chi Minh Stock Exchange.

This action comes after many years of unsuccessful attempts by Kusto in dialogue with Coteccons' BOD to resolve the issues internally. Kusto has, in the past years, raised questions to the BOD and BOM on significant issues related to conflict of interests, related party transactions, the use of Coteccons' resources and reputation for the benefit of other companies in "Coteccons group" under which the relevant members of the BOD and BOM have their own interests, and demanded the BOD and the BOM to respect their fiduciary duties to Coteccons and its shareholders. No satisfactory answers were presented by Coteccons' BOD and BOM and all legal attempts to perform independent audit by the BOS on Coteccons' business activities have not received any co-operation from the BOD and the BOM.

As an example, some members of the BOD and BOM are holding similar positions in Ricons Construction Investment Joint Stock Company ("**Ricons**"), including the chairman and the legal representative. They and/or their related parties reported significant ownership in Ricons while simultaneously exercising decision making power in Coteccons' day-to-day operation.

Ricons, in addition to being Coteccons' sub-contractor, is also in the position to compete with Coteccons. It offers the services as a general contractor, design & build, which is Coteccons' core business and competing in the same market segment. Ricons' net profit after tax was equivalent to 11% of that of Coteccons in 2015, and this ratio grew to 51% in 2019.

This raises the issues of **conflict of interest** of Coteccons' current top management in the following areas:

1. How has Coteccons' top management been deciding which company to bid for which project when they are effectively managing two direct competing companies?
2. How do the top management of Coteccons and Ricons decide on how to allocate profit to each party on contracts between themselves?

If Coteccons' top management acts in the best interest of Coteccons, then they have failed in their duty to Ricons' shareholders, and vice versa.

As a results, Kusto expresses its no confidence on the current BOD and BOM, especially various executive members including Mr Nguyen Ba Duong (Chairman and legal representative of Coteccons), Mr Nguyen Sy Cong (the BOD member and the General Director of Coteccons), and Mr Tran Quang Quan (Deputy General Director), and demand their immediate resignations from all positions in Coteccons.

This is not a conflict between groups of shareholders. This is a conflict between all Coteccons shareholders and the current executive management team that does not act in the best interest of Coteccons. Having the current management team in charge poses existential risks to Coteccons and could potentially destroy all Coteccons' shareholders value.

We are exercising our rights in compliance with Coteccons' Charter and Vietnamese laws to protect the legitimate rights and interests of all domestic and foreign shareholders in Coteccons. We are seeking support from Coteccons' other shareholders to ensure Coteccons' next management team will act in the best interest of Coteccons. As one of Coteccons' large and long term shareholders, we are fully committed to provide support to Coteccons to deliver commitments to clients, and create environment for a long term sustainable growth for Coteccons and all of its employees. We respectfully and urgently request relevant Vietnamese governmental authorities to take necessary actions to protect shareholders rights and Vietnam's investment environment.

Relevant information on the EGM can be found at <http://kusto.com.vn/ctd>

#### About Kusto Group

Kusto Group, through Kustocem, has been one of Coteccons' large shareholders since 2012. It is a global investment firm, headquartered in Singapore, and have investments in 10 countries, employing over 8,000 staff around the world.

#### About Coteccons

Coteccons is Vietnam's largest listed construction company with 2019 revenue of over VND23.7 trillion. Coteccons is listed on Ho Chi Minh City Stock Exchange.

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