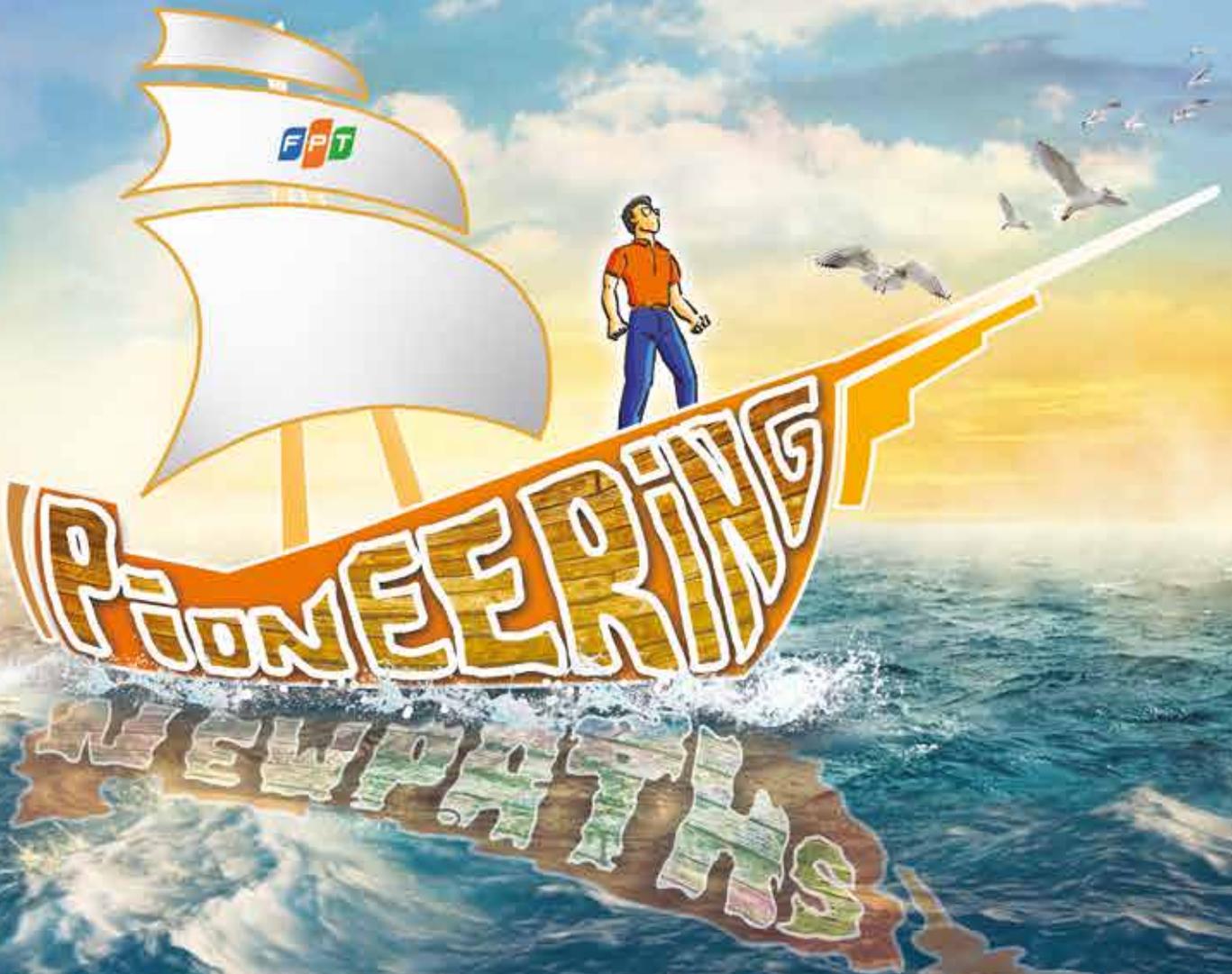




# ENABLING DIGITAL TRANSFORMATION



ANNUAL REPORT | **2018**

## ABBREVIATIONS

AGM	Annual General Meeting of Shareholders
AI	Artificial Intelligence
ASOCIO	The Asian-Oceanian Computing Industry Organisation
BOD	Board of Directors
BOM	Board of Management
CEO	Chief Executive Officer
DX	Digital Transformation
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FPT	FPT Corporation
FPT Education	FPT Education Company Limited
FPT IS	FPT Information System Company Limited
FPT Investment	FPT Investment Company Limited
FPT Online	FPT Online Service Joint Stock Company
FPT Retail	FPT Digital Retail Joint Stock Company
FPT Software	FPT Software Company Limited
FPT Telecom	FPT Telecom Joint Stock Company
HCMC	Ho Chi Minh City
ICT	Information Communications and Technology
IoT	Internet of Things
NPAT	Net profit after tax
Synnex FPT	Synnex FPT Joint Stock Company
PBT	Profit before tax
R&D	Research and Development
M&A	Mergers and Acquisitions
USA	United State of America
USD	US Dollar
VND	Vietnam Dong
VTF	Vietnam's Public-utility Telecommunications service Fund
YoY	Year on Year

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## THE CHAIRMAN'S MESSAGE



“ FPT will achieve all our goals and soon become one of the few first near real-time data-driven enterprises in the world, **inspiring the digital transformation for organisations and businesses in Vietnam.** ”

**Dear precious Shareholders,**

**2018 marked FPT's 30 years of development with an inspirational journey.**

FPT signed the largest contract in the history of the Corporation's three decades of development, at a total contract value of USD 115 million.

It was the year of enhancing the position of the Corporation within the technology industry. Along with the completion of the M&A deal with Intellinet, the leading technology consulting company in USA, FPT has become a partner in providing end-to-end technology services with higher and more comprehensive value to customers, especially DX services.

A series of DX service agreements with leading corporations in Japan, USA, Korea and Germany such as ISE Foods, Schneider Electric, Shinhan and Carlsberg were signed.

Our key markets worldwide have made huge new strides based on the shift of developmental orientation and the significant changes, creating premise for dynamic growth in the future.

In Vietnam, FPT has also made important contributions to the development of the e-Government, bringing more services and utilities to the people. Typically, the successful implementation of e-Government for Quang Ninh province has made an important contribution to Quang Ninh becoming the leading province in the country in terms of Provincial Competitiveness Index (PCI) and Public Administrative Reform (PAR) Index.

Upon digital solutions and platforms in the technology ecosystem of the Corporation, FPT inspires creativity for the community and brings new values and new experiences to customers.

**FPT will become a digital enterprise that creates and innovates alongside its customers.**

**Dear precious Shareholders,**

The 4<sup>th</sup> Industrial Revolution - the digital revolution, is changing the way people live, work and communicate, based on the application of technologies such as IoT, Big data, AI and robotics. Vietnam is facing an unprecedented opportunity and challenge which is to catch up with the world's leading technologies and to avoid becoming a straggler. "The fourth industrial revolution is an exceptional opportunity to fulfil the desire to prosper the nation."

This is also a significant opportunity for FPT to dramatically evolve and achieve leaps and bounds in progression within business with these following major goals in the next three years:

- Becoming a Digital Enterprise and a leading company in the DX service.

- Creating and innovating alongside its customers in Vietnam and around the world, providing solutions, platforms and digital services to help them transform into Digital Businesses /Organisations whose operations are based on near real-time data.
- Meeting the demands and preferences of tens of millions of users anywhere, anytime and all by the simplicity of touches on their personal digital devices.
- Actively participating in building Digital Government, Smart Traffic, Smart Health, Smart Education, Smart Energy, Smart Telecommunications and Smart Production.

In order to achieve these ambitious goals, FPT continues to focus strongly on four important strategic actions:

- Focusing focus on investments in R&D and continuous improvement of the capacity of the DX strategy consultants with a deep understanding of industries, business models, technological knowledge and developing tools to bring added value and specific benefits to the customer right from the first step of the digital transformation journey.
- Actively pioneering in researching and developing the most important core technology of digital transformation and other digital technology services, such as AI, Big data analysis, IoT and robotics.
- Developing a comprehensive digital transformation system model with a complete service value chain from consulting, systematisation and deployment to service consignment.
- Converting FPT into a digital enterprise, operating based on near real-time data, with various innovations and applying the latest technologies such as AI, Big data, Robotic Process Automation (RPA), machine - people conversation (Chatbot), etc. in all activities of the Corporation.

With the best efforts of our staff and the support of Shareholders and Investors, we have a strong belief that FPT will achieve all our goals and soon become one of the few first near real-time data-driven enterprises in the world, inspiring the digital transformation for organisations and businesses in Vietnam.

Thank you, precious Shareholders, for always supporting and accompanying us!

**Chairman of the Board**



**Truong Gia Binh**

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PAGE  
!

01

# FPT 30 YEARS' ACHIEVEMENTS





FPT®



LEARNING PATHS

# KEY INDICATORS AND AWARDS FOR 2018

## KEY INDICATORS

In 2018, FPT focused on three areas: IT, Telecommunications and Education after divesting from the Distribution and Retail sector. Typical financial indicators of FPT are as follows:

	TOTAL REVENUE	▲	17.4%	<b>23,214</b> BILLION VND
	TOTAL PBT	▲	30.6%	<b>3,858</b> BILLION VND
	OVERSEAS REVENUE	▲	26.5%	<b>9,109</b> BILLION VND
	OVERSEAS PBT	▲	23.6%	<b>1,492</b> BILLION VND
	TECHNOLOGY REVENUE / TOTAL REVENUE			<b>57.7%</b>
	DX REVENUE/ TOTAL SOFTWARE OUTSOURCING REVENUE			<b>20%</b>
	RATIO OF PBT			<b>16.6%</b>
	EMPLOYEES			<b>27,843<sup>(*)</sup></b> PEOPLE
	ENGINEERS, DEVELOPERS, TECHNOLOGY EXPERTS			<b>16,323</b> PEOPLE

(\*) Since 2018, FPT Retail and Synnex FPT are no longer subsidiaries of the Corporation. The total human resources of the Corporation do not include human resources in these two companies.

## AWARDS

**TOP  
10**

Largest Private Enterprises  
in Vietnam



**TOP  
40**

Most Valuable Brands  
in Vietnam



**TOP  
50**

Best Listed Companies in  
Vietnam



**TOP  
50**

Best Performing Companies in  
Vietnam



**TOP  
130**

Best Companies to work for in Asia



The first premier consulting  
partner in ASEAN



Excellent IT training  
organisation



# MILESTONE EVENTS AND ACTIVITIES IN 2018



01



02

## 01 THE FIRST VIETNAMESE ENTERPRISE TO HAVE ACQUIRED AN AMERICAN TECHNOLOGY CONSULTING COMPANY

With the goal of offering more value to customers on a global scale and further expanding business operations in the US market, FPT becomes the first IT company in Vietnam to acquire 90% stake in Intellinet, which is one of the fastest growing technology consulting companies in the United States.

The arrangement has put a much better perspective in where FPT stands in the industry, and since has established the Corporation as an end-to-end technology services provider, offering higher and more comprehensive value to customers from strategic consulting and designing, to deployment and maintenance, especially for DX projects. The collaboration of strengths from both FPT and Intellinet also has boosted FPT's business in the US market as well as Intellinet's influence as a global consulting company.

## 02 FPT'S TECHNOLOGY ECOSYSTEM INCLUDING WITH VARIOUS DIGITAL PLATFORMS AND SOLUTIONS

In 2018, FPT launched 3 new products in its technology ecosystem, including: A new version of the AI Platform (FPT. AI ver. 3) that allows automatic analysis and management for messaging activities with customers; Voice Remote control device, exclusively for FPT Play Box of FPT Internet TV and the comprehensive DX solution for enterprises namely akaRPA.

FPT's technology ecosystem provides solutions to optimise business operations, supporting enterprises on their own decision-making process, at the same time building new business models, gaining competitive advantages.

Previously, FPT had also launched the Smart Hospital Management System, FPT.eHospital version 2.0, which allows hospitals to serve millions of patients a year. For version 1.0, FPT.eHospital served an average of nearly 20 million medical visits per year.



### 03 ACCOMPANYING LARGE CORPORATIONS IN DIGITAL TRANSFORMATION PIONEERING

In realisation of its pioneering strategy in digital transformation, in 2018, FPT became the digital transformation partner of many leading corporations in the world:

- Developing smart chicken egg production plants in Japan and Vietnam for ISE Foods, a Japanese company with over 100 years of history.
- Becoming a digital transformation partner and providing IT services for Carlsberg.
- Providing DX solutions and high-tech engineering sources for Shinhan Bank in order to improve the banking system and to build technological platforms for its new services.
- Becoming Schneider Electric's first strategic partner in Asia to develop and deploy the EcoStruxure platform - an open and interactive IoT platform, to help organisations and businesses optimise management and energy usage in buildings, data centres, and manufacturing plants.

### 04 LARGEST CONTRACT SIGNING IN THE 30-YEAR HISTORY OF THE CORPORATION

In January 2018, FPT signed a contract with a total value of USD 115 million with the leading energy group in Europe, innogy SE. The contract is to be implemented within the period of 2018 - 2024.

Accordingly, FPT will provide innogy SE with solutions on SAP, IoT and DX platforms. In 2018, FPT applied several new technologies, such as eMobility, ChatBot, and RPA to help innogy SE accelerate its DX process.



05



06

## 05 PUTTING INTO USE AND COMMENCING SERIES OF CONSTRUCTION BY FPT NATIONWIDE

FPT has always taken the lead in investment in Vietnam for the construction of university campuses and software park complexes based on the campus model of major worldwide technology corporations, to accommodate the continuously growing human resources scale. FPT currently owns 17 offices and campuses nationwide. In 2018 alone, FPT managed to:

- Inaugurate the first phase of FPT University Campus and Software Park complex in Can Tho. The project covers on an area of 17.4 hectares, serving the learning and working needs of 10,000 students and 5,000 employees. This is the first high-tech education complex in the Mekong Delta area, contributing to providing high quality human resources for the region.
- Launch construction for the FPT Research and Development Centre for product and software technology solution development (F-Town 3) at High-Tech Park in District 9, HCMC with an area of 69,000 m<sup>2</sup>, providing a workplace for 7,500 software staff.
- Launch construction for the second phase of the FPT Complex building, providing a workplace for 6,000 employees and is expected to be completed by 2020.

## 06 BE HONOURED WITH PRESTIGIOUS INTERNATIONAL AWARDS

2018 was the year during which FPT continued to be recognised by the international community with many prestigious international awards for achievements in the fields of Digital Government, Human resources management and Education.

- The e-Government system of Quang Ninh province implemented by FPT has become the only representative of Vietnam to be honoured by ASOCIO in the Digital Government category.
- FPT is among the top 28 companies in Vietnam and Top 130 companies in Asia to have the best working environment, as voted by Asian HR Magazine.
- FPT Education received 2 world-class brand awards namely "Excellence in Education" for FPT Education and "Best Brands in Tertiary Education" for FPT University, awarded by The BrandLaureate.
- FPT University is the only university in Vietnam to be awarded by ASOCIO in the ICT Education category.



07



## 07 “FPT 30-YEAR PIONEERING NEW PATHS” EVENT SERIES

2018 marks FPT’s 30-year journey of pioneering innovations in many fields within the IT – Telecommunications industry, bringing application technology to all walks of life and inspiring with practical achievements.

On September 12<sup>th</sup> and 13<sup>th</sup>, FPT conducted an event series, namely “FPT 30-year pioneering new paths”, having attracted more than 10,000 people to attend, with the presence of the world’s top technology leaders. For the first time ever in Vietnam, guests had the vivid experience of Virtual Reality Space Station and other digital services, such as Smart Health, Smart Traffic, Digital Government and Interactive TV, etc.

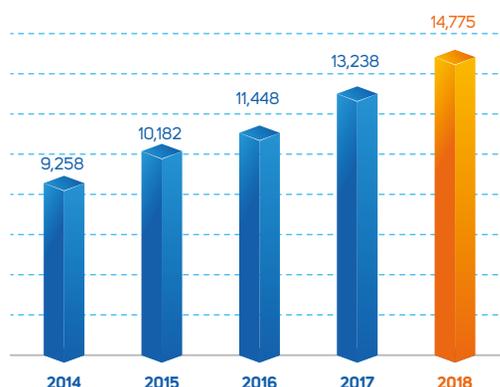
Previously, a series of meaningful and large-scale cultural, social and sporting events were conducted nationwide by FPT

in order to strengthen the solidarity among more than 27,000 employees, promoting efforts to fulfil the Corporation’s shared goal. Particularly, FPT’s the 30-year Symphony Concert, titled “TO LIVE”, recreating the story of FPT’s pioneering journey with the magic of music and lighting (September 12<sup>th</sup>); the Volunteer Day “Pioneering actions for the Community” with the participation of 5,000 people walking around Hoan Kiem Lake (March 11<sup>th</sup>); and a number of Vietnamese and world records successfully established by FPT staff with determination to overcome all challenges and difficulties - The relay run through along the country with 3,000 participants (Connecting Journey), as well as the largest Vovinam martial arts performance in Vietnam by 7,000 students of FPT Education.

# FINANCIAL HIGHLIGHTS FOR THE 2014 – 2018 PERIOD

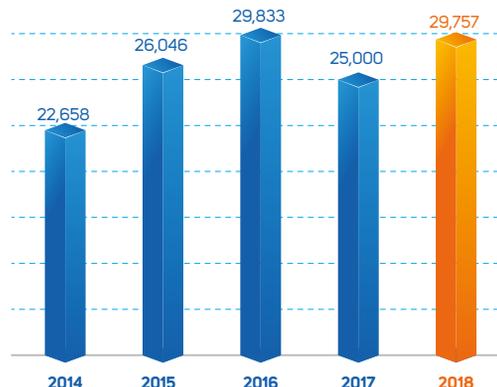
## Owner's equity

Unit: VND in billion



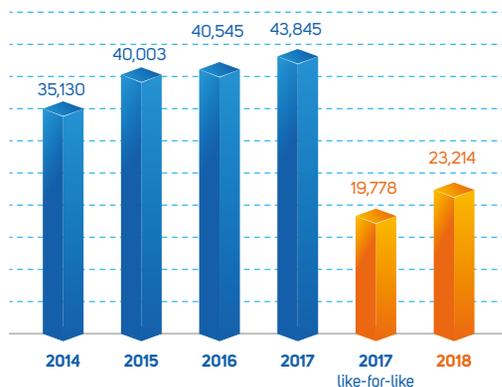
## Total assets

Unit: VND in billion



## Consolidated revenue (\*)

Unit: VND in billion



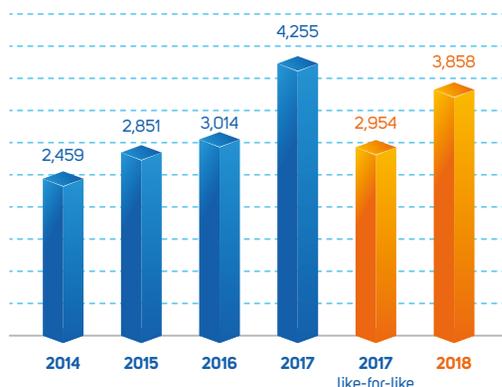
## Earnings before interest, tax, depreciation and amortisation (EBITDA) (\*\*)

Unit: VND in billion



## Profit before tax (\*\*\*)

Unit: VND in billion



### Note:

(\*) The result of 2018 did not unify revenue of FPT Retail and Synnex FPT as these two companies are no longer subsidiaries of the Corporation. Under like-for-like conditions, 2018 revenue grew 17.4% YoY. Like-for-like comparison means as: 2017 business results do not include divestment profits from FPT Retail and Synnex FPT and consolidate the business results of these two companies under the equity method.

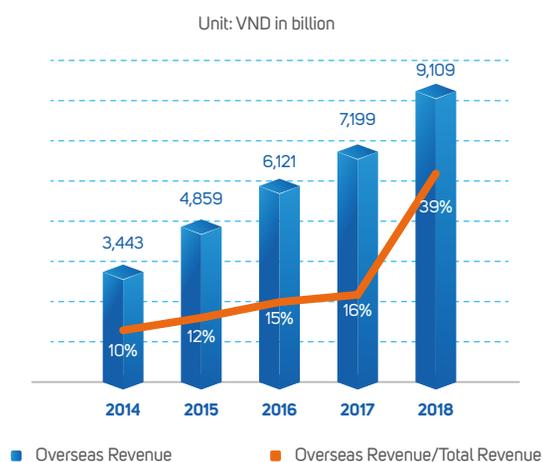
(\*\*) The results of 2018 do not include the divestment profits from FPT Retail and Synnex FPT as well as consolidate the business results of these two companies under the equity method. Under like-for-like terms, 2018 EBITDA increased by 26% compared to that of 2017.

EBITDA was calculated using the following formula:

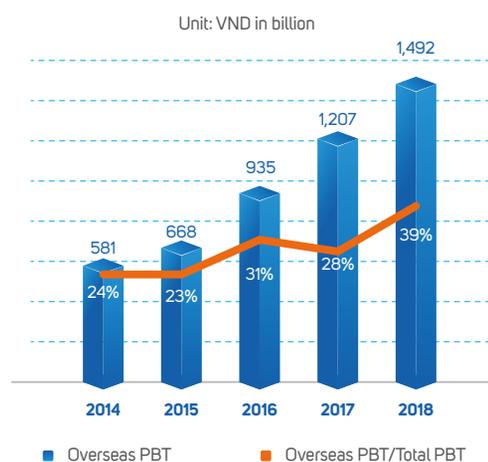
EBITDA = PBT + Interest expenses – Interest from bank deposits + Depreciation & Amortisation.

(\*\*\*) The results of 2018 do not include the divestment profits from FPT Retail and Synnex FPT as well as consolidate the business results of these two companies under the equity method. Under like-for-like conditions, 2018 PBT increased by 30.6% compared to that of 2017.

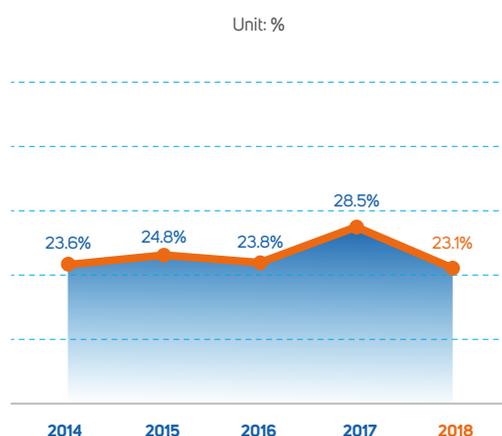
### Overseas revenue



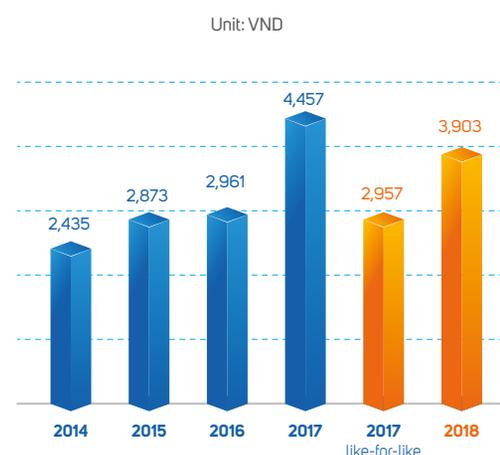
### Overseas profit before tax



### Return on Equity (ROE)



### Earnings per share (EPS) (\*\*\*\*)



(\*\*\*\*) EPS from 2014 - 2018 will be retrospectively adjusted for dividend pay-out ratio of 15% in 2018 and regulations on calculating EPS according to Circular No. 200/2014/TT-BTC. Under like-for-like conditions, EPS increased by 32% compared to 2017.

## Financial performance summary in 2014 – 2018

Unit: VND in billion

No.	Indicator	2014	+/-	2015	+/-	2016	+/-	2017	+/-	2017 like-for-like	2018	+/- Under like-for-like conditions	+/-
1	Total Revenue	35,130	22.6%	40,003	13.9%	40,545	1.4%	43,845	8.1%	19,778	23,214	17.4%	-47.1%
2	Operating profit	2,389	-2.5%	2,802	17.3%	2,964	5.8%	4,220	42.4%	2,960	3,800	28.4%	-10.0%
3	EBITDA	3,003	1.7%	3,664	22.0%	4,022	9.8%	5,267	30.9%	3,824	4,818	26.0%	-8.5%
4	EBIT	2,456	-2.1%	2,931	19.3%	3,089	5.4%	4,227	36.9%	2,792	3,653	30.8%	-13.6%
5	PBT	2,459	-2.2%	2,851	15.9%	3,014	5.7%	4,255	41.2%	2,954	3,858	30.6%	-9.3%
6	NPAT	2,079	0.7%	2,438	17.3%	2,576	5.6%	3,528	37.0%	2,488	3,234	30.0%	-8.3%
7	NPAT attributable to company's shareholders	1,632	1.5%	1,931	18.3%	1,991	3.1%	2,932	47.3%	1,981	2,620	32.3%	-10.6%

(+/-: YoY change)

02

OVERVIEW





# COMPANY INTRODUCTION



“ FPT is striving to become a company guided by technological innovations, committed to the highest level of customer satisfaction, contributing to the nation’s prosperity and providing its employees with the most favourable work environment possible, and enabling them to reach their full potential both in terms of their careers and personal lives. ”

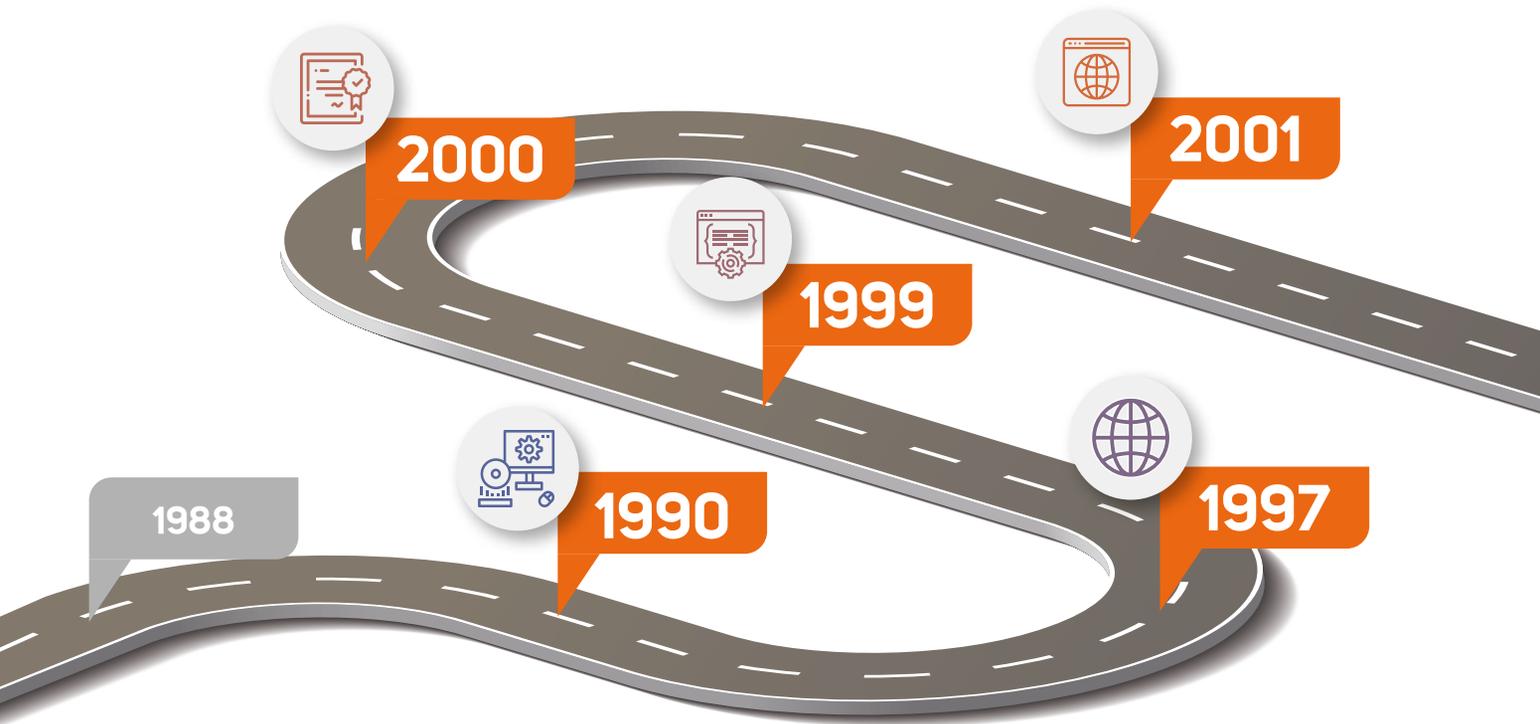
## GENERAL INFORMATION

FPT Corporation

<b>Abbreviation</b>	FPT	<b>Business registration certificate and tax code number:</b> 0101248141	
<b>Date of establishment</b>	September 13 <sup>th</sup> 1988	<b>Telephone:</b>	+84 24 7300 7300
<b>Stock code:</b>	FPT	<b>Fax:</b>	+84 24 3768 7410
<b>Headquarters:</b>	No. 17 Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi, Vietnam	<b>Website:</b>	<a href="https://fpt.com.vn">https://fpt.com.vn</a>
<b>Charter capital:</b>	6,136,367,720,000 VND	<b>Owner’s equity:</b>	14,774,970,765,111 VND

# HISTORY

Along three decades of development, FPT has been pioneering and setting many trend in the fields of technology, telecommunications, education, etc. The pioneering journey not only makes FPT become a leading IT corporation of the country, bring Vietnamese intelligence to the world, but also inspire the Vietnamese business community and contribute to national prosperity.



## 1988

FPT was established in Hanoi with 13 members on September 13<sup>th</sup>.

## 1990

Pioneered **the development of large national IT systems** in the field of banking and finance, tax, customs, e-Government.

## 1997

Was one of the first 4 ISPs licensed, **promoting the competition within Vietnam's Internet market.**

## 1999

**Pioneered in software outsourcing**, creating foundation for this industry in Vietnam.

## 2000

**Pioneered in the application of international standards** to the operation of the Company. FPT is the first IT company in Southeast Asia to achieve ISO 9001 certification (2000) and then CMMi-4 (2002).

## 2001

Pioneered in launching VnExpress.net, **one of the first online newspapers in Vietnam.**

## 2002

Equitised.

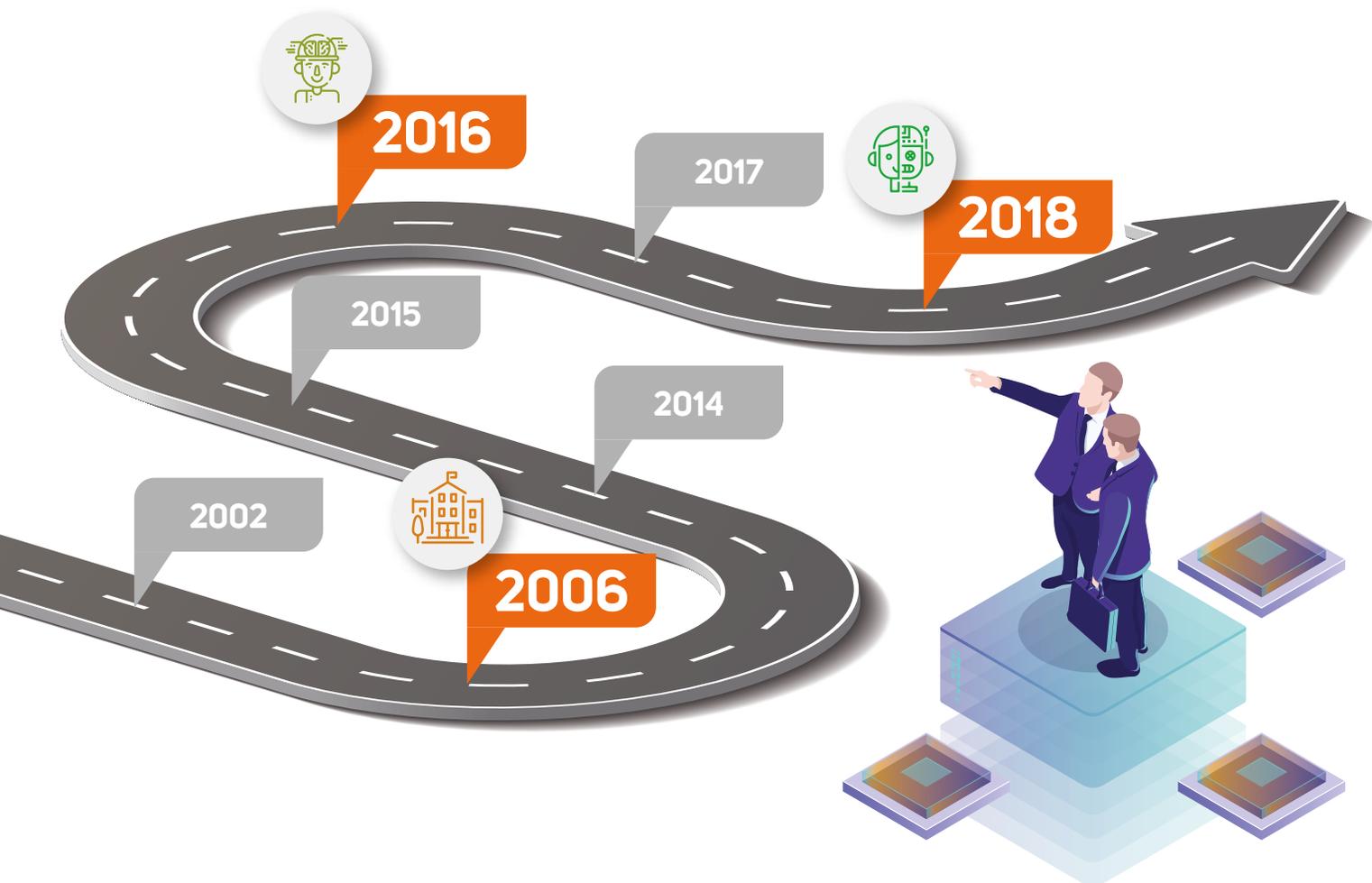
## 2006

**Pioneered in establishing the first Enterprise University** – FPT University.

Be one of the first technology companies to be listed on the stock market.

## 2014

Conducted the first international M&A deal in IT field.



### 2015

Became the first foreign enterprise to be granted a telecommunications license in Myanmar.

### 2016

**Pioneered in the 4<sup>th</sup> Industrial Revolution** whilst becoming an important partner of leading corporations like Airbus, GE, AWS, Siemens, etc. in developing and deploying new technology platforms such as IoT and Cloud computing.

### 2017

Launched the Akamins digital platform and the comprehensive AI technology platform (namely FPT.AI) for digital enterprises.

### 2018

**Established FPT technology ecosystem with many digital platforms and solutions** such as: New version of the AI platform (FPT.AI ver 3); Voice Remote control device, exclusively for FPT Play Box of FPT Internet TV; The comprehensive DX solution for business, akaRPA; The smart hospital management system, FPT.eHospital version 2.0.

Acquired 90% of Intellinet - the leading technology consulting company in the US, helping FPT gain more credit in the market, as a trusted partner to provide end-to-end technology services with higher and more comprehensive value for customers, especially in DX projects.

# BUSINESS SECTORS

The core business of the Corporation focuses on three main sectors: Information Technology, Telecommunications and Education.

**INFORMATION TECHNOLOGY**

- SOFTWARE OUTSOURCING
- IT SERVICES FOR DOMESTIC AND DEVELOPING COUNTRIES MARKET



**TELECOMMUNICATIONS**

- TELECOMMUNICATIONS SERVICES
- DIGITAL CONTENT SERVICES

**EDUCATION**

- EDUCATION FOR ALL LEVELS FROM PRIMARY TO POST GRADUATE
- INTERNATIONAL ASSOCIATED AND STUDENT DEVELOPMENT PROGRAMS
- ENTERPRISE TRAINING COURSES



## INFORMATION TECHNOLOGY

Based on its research in technology, FPT advises, develops and implements solutions and services to help organisations and businesses to optimise their operations, as well as to build new and enhanced business models and improve labour productivity towards transforming into a Near Real-time Data-driven Enterprise.

### IT services for domestic and developing countries market

- ☑ Providing software and specialised solutions in domain areas such as Banking and Finance, Public Finance, Telecommunications, Healthcare, Transportation, Electricity, Water, and Gas;
- ☑ Providing integrated solutions for large IT systems;
- ☑ Providing other IT services: digital signature services; e-customs declaration services, e-tax declaration services, electronic social insurance services, warranty and maintenance services; supply, repair of equipment and computer components, etc.
- ☑ Providing multidisciplinary solutions on the technology platforms of SAP, Oracle, Microsoft, ESRI as Enterprise Resource Planning (ERP), Geographical Information Systems (GIS), etc.

### Software outsourcing

- ☑ IT services in the Digital Era: Digital Transformation, Cloud computing, Big data analysis, Mobility technology, IoT;
- ☑ Traditional IT services: software development, modernisation of information systems, information system management, software testing and quality assurance services, business process outsourcing (BPO) services;
- ☑ IC design, embedded software manufacturing, CAD/CAE.

## POSITION AND CAPACITY

*Always be a reputable technology service and solution provider, a leading technology partner of global organisations and corporations.*

- ☑ **The Global Outsourcing 100 (IAOP);**
- ☑ **Strategic Partner on Technology** of General Electric, Siemens, Amazon Web Services;
- ☑ **Platinum/Gold Partner** of SAP, IBM, Oracle;
- ☑ **The only digital signature service provider in Vietnam** that uses a hardware solution at Level 4, the highest level in the FIPS 140-2 device security standard, accredited by the US and Canadian governments;
- ☑ **100 customers** from **The Fortune Global 500** list;
- ☑ **200 hospitals and medical facilities** across the country using **FPT.eHospital**;
- ☑ **1,000 units** in **22 local administrations** using **FPT.eGOV**.



**1.000**

Units in 22 local administrations using **FPT.eGOV**



**200**

Hospitals and medical facilities across the country using **FPT.eHospital**



**100**

Customers from **The Fortune Global 500** list



**TOP 100**

The Global Outsourcing 100 (IAOP)

## TELECOMMUNICATIONS

In line with the motto “Customer first”, FPT constantly strives to invest in infrastructure, upgrades product and service quality, as well as enhances the application of new technologies to bring customers outstanding experience.

- ☑ **Telecommunications services:** Broadband Internet; Leased line; Data Centre; VoIP Phone; Interprovincial and international connection service; video conference; Cloud service and IoT, etc.;
- ☑ **IPTV Service - FPT Television, OTT Service - FPT Play** and other products and services based on the Internet platforms: Startalk, Mix166, Hi GIO Cloud, IP Camera, Home Security;
- ☑ **Digital content services:** e-news system including VnExpress.net; Ngoisao.net; iOne.net; Online advertising; Smart advertising system eClick AdNetwork.

### POSITION AND CAPACITY

*Own and co-invest in many domestic and international telecommunications cable lines to provide millions of customers with a high quality connection infrastructure.*

- ☑ **No. 1** in online advertising services in Vietnam;
- ☑ **Top 3** leading internet service providers in Vietnam;
- ☑ **“Typical high-speed fixed wireless Internet provider”** awarded by International Data Group (IDG) Vietnam and Vietnam Digital Communication Association (VDCA);
- ☑ The **North – South backbone;** Northern ring network; Mekong Delta ring network; the Vietnam – China terrestrial cable network; **the submarine cable network AAG, APG, AAE-1, IA;** the Vietnam – Cambodia international network;
- ☑ **04** data centres across the country;
- ☑ Internet infrastructure coverage in **63 cities and provinces;**
- ☑ International bandwidth capacity of **1.2 Tbps.**



**NO. 1**

In online advertising services in Vietnam



**TOP 3**

Leading internet service providers in Vietnam



**04**

Data centres across the country



**63**

Cities and provinces of Internet infrastructure coverage



**1.2 TBPS**

International bandwidth capacity

## HIGH QUALITY EDUCATION

Desiring to become an international Mega education system, FPT Education has fully expanded its services to all levels as well as applying the most advanced training technologies.

- ☑ Training for high quality human resources in IT and other fields at all levels from college and university to postgraduate;
- ☑ International associated programs; international student development programs;
- ☑ Enterprise training courses;
- ☑ Online IT engineer training;
- ☑ Elementary, secondary and high school.

## POSITION AND CAPACITY

*The first education system in Vietnam to have full levels in line with international quality and the industrial relevant orientation.*

- ☑ **Excellence in Education** awards honoured by ASOCIO and The BrandLaureate;
- ☑ The first university of Vietnam to be ranked **03 stars in three consecutive terms by QS** (the prestigious university rating system);
- ☑ **36,635** students and trainees from **32 countries** studying across the system;
- ☑ **60 international partners**;
- ☑ **18 facilities** in 5 provinces and cities including Hanoi, Da Nang, Tay Nguyen, HCMC and Can Tho.



**36,635**

Students and trainees studying across the system



**2,900**

Students and alumnus of FUNiX - The first online university in Vietnam



**60**

International partners

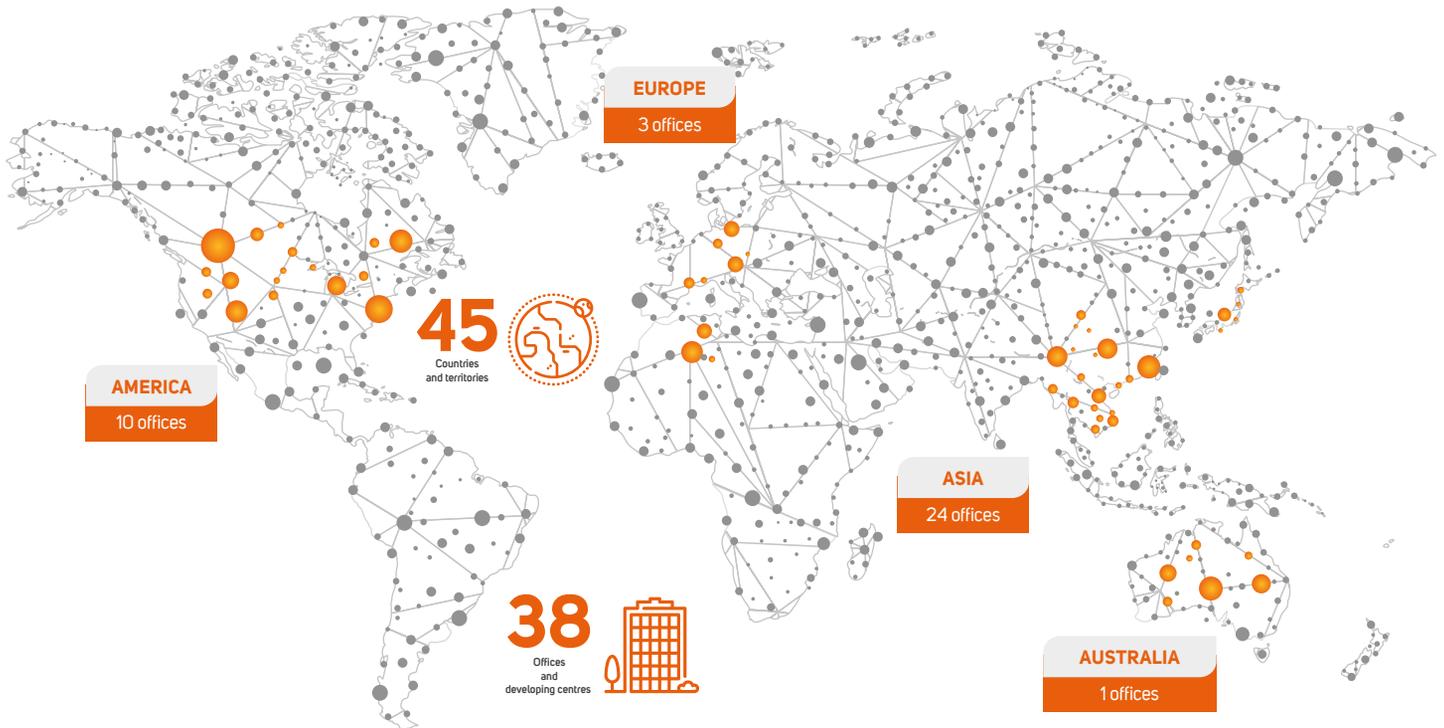


**18**

Facilities in 5 provinces and cities including Hanoi, Da Nang, Tay Nguyen, HCMC and Can Tho

# GEOGRAPHICAL COVERAGE

Acting upon the ambition of providing the fastest and most effective service to customers, besides the head office and there being an office system in all 63 provinces and cities of Vietnam, FPT has also sets up 38 offices and developing centres all over the world. FPT is currently providing services and solutions to customers in 45 countries and territories.



REVENUE IN DOMESTIC AND OVERSEAS MARKETS

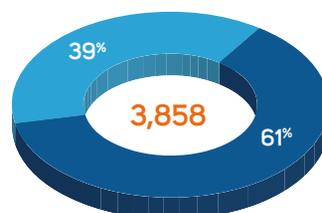
Unit: VND in billion



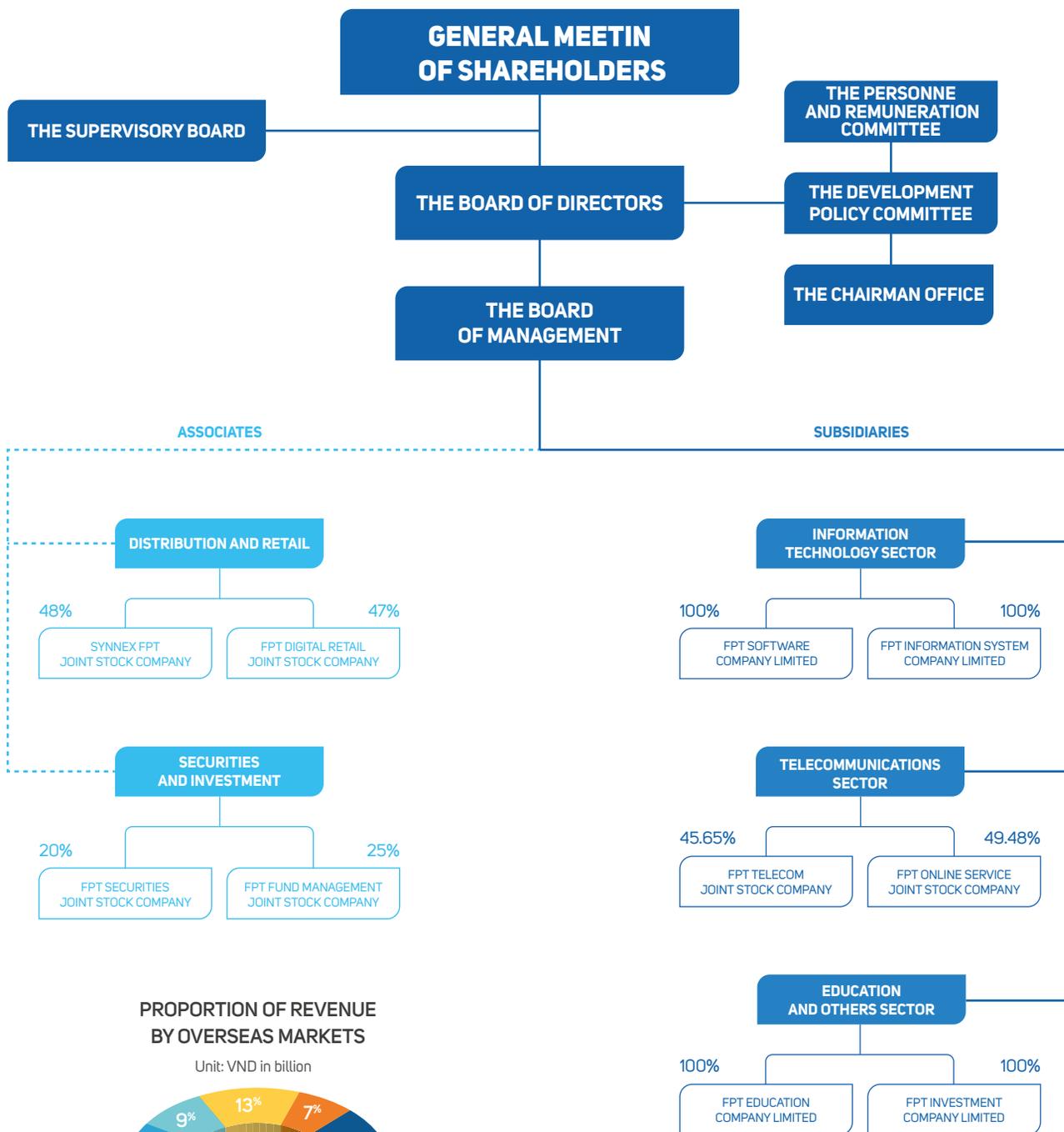
■ Domestic revenue    ■ Overseas revenue

PBT IN DOMESTIC AND OVERSEAS MARKETS

Unit: VND in billion



■ Domestic PBT    ■ Overseas PBT



**PROPORTION OF REVENUE BY OVERSEAS MARKETS**

Unit: VND in billion



- Japan, Korea and China
- US
- Europe
- Asia-Pacific (APAC)
- Developing countries

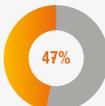
# SUBSIDIARIES AND ASSOCIATES

As of December 31<sup>st</sup> 2018, FPT has six subsidiaries and four associates.

## SUBSIDIARIES

Name of subsidiary	Address	Principal activities	Charter capital (VND)	FPT's ownership (%)
<b>FPT SOFTWARE COMPANY LIMITED</b>	FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi.	Providing software products and services.	<b>2,000,000,000,000</b>	
<b>FPT INFORMATION SYSTEM COMPANY LIMITED</b>	Floor 22, Keangnam Landmark 72, E6 Pham Hung, Nam Tu Liem district, Hanoi.	Providing applications, software solutions, ERP, IT services and integrated system services.	<b>850,000,000,000</b>	
<b>FPT TELECOM JOINT STOCK COMPANY</b>	FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi.	Providing broadband internet services, leased lines, data centre, voice, television services and other online services.	<b>2,261,597,240,000</b>	
<b>FPT ONLINE SERVICE JOINT STOCK COMPANY</b>	408, Dien Bien Phu street, ward 11, district 10, HCMC.	Providing online services.	<b>147,873,360,000</b>	
<b>FPT EDUCATION COMPANY LIMITED</b>	FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi.	Education for all levels: elementary, secondary, high school; college, university and postgraduate education; international associated programs; international student development programs; enterprise training courses.	<b>450,000,000,000</b>	
<b>FPT INVESTMENT COMPANY LIMITED</b>	FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi.	Financial services' support activities (investment consulting excluding legal and financial advice).	<b>800,000,000,000</b>	

## ASSOCIATES

Name of associate	Address	Principal activities	Charter capital (VND)	FPT's ownership rate (%)
<b>SYNNEX FPT JOINT STOCK COMPANY</b>	FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Gay district, Hanoi.	Distributing ICT products, solutions and components; manufacturing desktops, smartphones and tablets.	<b>1,188,400,000,000</b>	 48%
<b>FPT DIGITAL RETAIL JOINT STOCK COMPANY</b>	261-263 Khanh Hoi, ward 5, district 4, HCMC.	Retail of ICT products and components.	<b>680,000,000,000</b>	 47%
<b>FPT SECURITIES JOINT STOCK COMPANY</b>	52 Lac Long Quan street, Bui ward, Tay Ho district, Hanoi.	Securities trading, brokerage, investment advisory and securities depository services.	<b>1,093,136,880,000</b>	 20%
<b>FPT FUND MANAGEMENT JOINT STOCK COMPANY</b>	Floor 9, TTC Building, lot B1A, Dich Vong Hau ward, Cau Gay district, Hanoi.	Portfolio and fund management and other services.	<b>110,000,000,000</b>	 25%

# LEADERSHIP

## THE BOARD OF DIRECTORS

The BOD of FPT for term 2017 – 2022 consists of seven members, including three independent members. All FPT BOD members are those who have had many years of experience in the IT and financial fields and have profound grasps of the international business sphere.



**MR.  
TRUONG GIA BINH**

Founding member, Chairman of the BOD

**Nationality:** Vietnam

**Qualifications and awards:** In 1982, he successfully defended his doctoral thesis at the Lomonosov Moscow State University (Russia). In 1991, he was awarded title of Associate Professor by the State. In 2013, he was given the Nikkei Asia Award by the Nikkei Group, Japan, for his contributions to the development of Vietnam's IT Industry.

**Experience:** As the soul, the gatherer and an outstanding strategist, he laid out the long-term vision and strategic directions that have enabled FPT to maintain its growth over the past 30 years.

**Other positions:**

- Chairman of Vietnam Software and IT Services Association (VINASA);
- Head of the Private Economic Development Research Board under the Government's Advisory Council on Administrative Procedure Reform;
- National Member of e-Government;
- Member of the National Council for Sustainable Development and Competitiveness Improvement;
- Vice President of ASOCIO.



**MR.  
BUI QUANG NGOC**

Founding member, Vice Chairman of the BOD

**Nationality:** Vietnam

**Qualifications and awards:** In 1986, he successfully defended his doctoral thesis at the University of Grenoble, France. He was also selected as one of the top 10 chief information officers (CIO) in Indochina in 2005.

**Experience:** He has 30 years of working in IT and was the first head of the IT division of FPT, predecessor of important subsidiaries such as FPT IS, FPT Software and FPT Telecom. Being prominent in business administration, he has pioneered the modernisation of the Corporation's administration systems, ensuring that all activities have been carried out efficiently and accurately in accordance with international quality standards.

**Other positions:**

- Chief Executive Officer of FPT (2012 – March 2019)



**MR.  
DO CAO BAO**

Founding member, member of the BOD

**Nationality:** Vietnam

**Qualifications and awards:** He graduated in 1984 from the Military Technical Academy in Vietnam with a degree in Mathematics of Control.

**Experience:** With over 30 years of experience in IT, he is a respected software expert in Vietnam. He has managed many national-scale projects of FPT.

**Other positions:**

- Executive Vice President of FPT (2016 – March 2019);
- Vice Chairman of Vietnam Informatics Association.



**MR.  
LE SONG LAI**

Non-executive member of  
the BOD

**Nationality:** Vietnam

**Qualifications and awards:**  
He received his MA in Law from Hanoi National University in 1998, and from Cambridge University, UK in 1999.

**Experience:** He had significant experience in the fields of finance and investment at many state-owned enterprises.

**Other positions:**

- Deputy General Director of the State Capital and Investment Corporation (SCIC);
- Chairman of the BOD of Bao Minh Joint Stock Corporation;
- Chairman of the BOD of Vietnam National Reinsurance Joint Stock Corporation;
- Chairman of the Members' Council of State Capital Investment Corporation;
- Chairman of the Members' Council of Trang Tien Plaza Co, Ltd.



**MR.  
TOMOKAZU  
HAMAGUCHI**

Independent member  
of the BOD

**Nationality:** Japan

**Qualifications and awards:**  
Bachelor of Electrical Engineering - Kyoto University.

**Experience:** He has over 41 years of experience in IT and many years of managing, executing and doing business at multinational corporations.

**Other positions:**

- Member of the BOD of East Japan Railway;
- Member of the BOD of Kuraray.



**MR.  
JEAN-CHARLES  
BELLIOL**

Independent member  
of the BOD

**Nationality:** France

**Qualifications and awards:**  
He held an MBA from the École Supérieure de Commerce de Reims, France.

**Experience:** 27 years of experience in corporate finance, technical finance and project finance.

**Other positions:**

- The Commercial counsellor for the French Embassy in Vietnam;
- Director of Business Development & Investor Relations of FIT Group JSC.



**MR.  
DAN E KHOO**

Independent member of the  
BOD

**Nationality:** Malaysia

**Qualifications and awards:**  
Doctor of Hull University (United Kingdom).

**Experience:** He has over 26 years of experience in IT and was a top leader in many prestigious technology organisations throughout the world.

**Other positions:**

- Chairman Emeritus of the World Information Technology and Services Alliance (WITSA);
- Chairman of Malaysia Digital Economic Corporation (MEDC) Americas (based in Silicon Valley), which was established to develop and promote the globalisation of Malaysia's digital economy.

## THE BOARD OF MANAGEMENT

In January 2018, FPT’s BOD dismissed Mr. Duong Dung Trieu from the position of Executive Vice President of Globalisation, at the same time, appointed Mr. Hoang Viet Anh - CEO of FPT Software and Mr. Nguyen Van Khoa – CEO of FPT Telecom, to take the position of Executive Vice Presidents of FPT Corporation from March 1<sup>st</sup>, 2018. Also, since 2018, Mr. Hoang Viet Ha no longer holds the position of Chief Operating Officer. Therefore, at December 31<sup>st</sup> 2018, FPT’s BOM has five members: Mr. Bui Quang Ngoc – CEO and four Executive Vice Presidents, namely Mr. Do Cao Bao, Mr. Nguyen The Phuong, Mr. Nguyen Van Khoa and Mr. Hoang Viet Anh.



### MR. BUI QUANG NGOC

**Chief Executive Officer**

**Year of birth:** 1956

**Nationality:** Vietnam

**Qualifications and awards:** In 1986, he successfully defended his doctoral thesis at the University of Grenoble, France. He was also selected as one of the top 10 chief information officers in Indochina in 2005.

**Experience:** He has 30 years of working in IT and was the first head of the IT division of FPT, predecessor of important subsidiaries such as FPT IS, FPT Software and FPT Telecom. Being prominent in business administration, he has pioneered the modernisation of the Corporation’s administration systems, ensuring that all activities have been carried out efficiently and accurately in accordance with international quality standards.

**Other positions:**

- Vice Chairman of FPT.



### MR. DO CAO BAO

**Executive Vice President**

**Year of birth:** 1957

**Nationality:** Vietnam

**Qualifications and awards:** He graduated in 1984 from the Military Technical Academy in Vietnam with a degree in Mathematics of Control.

**Experience:** With over 30 years of experience in IT, he is a respected software expert in Vietnam. He has managed many national-scale projects of FPT.

**Other positions:**

- Member of the BOD of FPT;
- Vice Chairman of Vietnam Informatics Association.



## MR. NGUYEN THE PHUONG

**Executive Vice President**

**Year of birth:** 1977

**Nationality:** Vietnam

**Qualifications and awards:** He graduated from the Foreign Trade University.

**Experience:** With 18 years of experience in the financial sector, he has made remarkable contributions to upgrading the finance and accounting system of FPT in accordance with international standards.

**Other positions:**

- Chief Financial Officer of FPT.

## MR. NGUYEN VAN KHOA

**Executive Vice President**

**Year of birth:** 1977

**Nationality:** Vietnam

**Qualifications and awards:** Bachelor of National Economics University.

**Experience:** He has 22 years of experience in developing telecommunications services and played an important role in leading FPT Telecom to become one of the top 3 telecommunications companies in Vietnam.

**Other positions:**

- CEO of FPT IS;
- Managing Director of FPT Corporation's branch in HCMC.



## MR. HOANG VIET ANH

**Executive Vice President**

**Year of birth:** 1975

**Nationality:** Vietnam

**Qualifications and awards:** Bachelor of IT at Hanoi University of Science and Technology. In 2007, for his efforts in bringing Vietnam's IT images to the world, he was voted for in the Top 10 excellent faces to receive the IT Golden Globe Award voted by the Central Youth Union and the Ministry of Science and Technology.

**Experience:** He has 25 years of experience in software outsourcing and directing large-scale projects with customers from Singapore, Malaysia and the US, etc. in many fields: oil and gas, aviation and satellite television, finance, banking and insurance.

**Other positions:**

- CEO of FPT Telecom.



## THE SUPERVISORY BOARD

FPT's Supervisory Board has three members who have years of experience in finance.



### MR. NGUYEN VIET THANG

Head of the Supervisory Board

**Nationality:** Vietnam

**Qualifications and awards:** Doctoral degree in economics from the Philippines' Bulacan University.

**Experience:** He has many years of experience in finance and business administration education.

**Other positions:**

- Vice Principal of FPT University cum Dean of FPT School of Business (FSB) under FPT University.

### MR. NGUYEN KHAI HOAN

Member of the Supervisory Board

**Nationality:** Vietnam

**Qualifications and awards:** Doctoral degree in economics (majoring in investment) from the Economics Institute of the Russian Academy of Sciences.

**Experience:** He has many years of experience in finance and corporate governance.

**Other positions:**

- Vice President of FPT Software;
- Member of Supervisory Board of FPT Japan;
- Member of the BOD of FPT USA;
- Member of the BOD of Intellinet Consulting, US.



### MS. NGUYEN THI KIM ANH

Member of the Supervisory Board

**Nationality:** Vietnam

**Qualifications and awards:** Master of Commerce and International Finance, Bachelor of International Relations at Leeds Beckett University.

**Experience:** She has many years of experience in the finance.

**Other positions:**

- Investment Officer at State Capital Investment Corporation (SCIC).



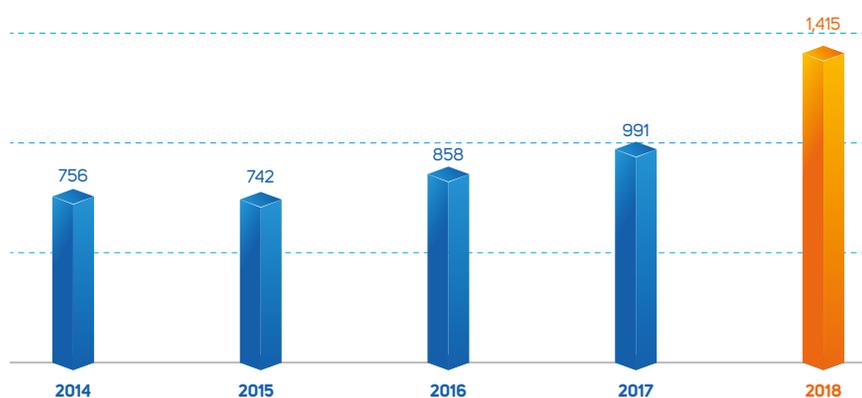
# EQUITY AND SHAREHOLDING INFORMATION

## EQUITY INFORMATION

<b>Indicators</b>	
Charter capital:	<b>6,136,367,720,000 VND</b>
Number of authorised shares:	<b>613,636,772 shares</b>
Type of shares:	Common
Number of outstanding shares:	<b>613,554,396 shares</b>
Number of treasury shares:	<b>82,376 shares</b>
Par value:	<b>10,000 VND</b>

### Dividend Payment History from 2014 to 2018

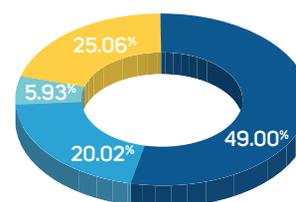
Unit: VND in billion



**Note:** Paid cash dividend for FPT's shareholders included the last cash dividend of the previous year (if any) and advanced cash dividend for the reported year.

### Shareholding structure

Foreign investors	49.00%
Internal investors	20.02%
The State (SCIC)	5.93%
Other domestic investors	25.06%



# STRATEGIC DIRECTIONS FOR THE 2019 – 2021 PERIOD

## DIGITAL TRANSFORMATION – THE OPPORTUNITY FOR FPT TO BREAK THROUGH

### THE CONTEXT OF DIGITAL TRANSFORMATION AND ITS IMPACT ON IT SERVICE MARKET

#### Digital Transformation is mandatory

Never before has the world witnessed such fast-paced advancement of technologies as it has in the recent decade. The combinatorial effects of base technology are not only accelerating the progress of 4<sup>th</sup> industrial revolution but also facilitating transition of the whole world towards an uncontroversial future - 'Digital Society'. The urges for digital transition, therefore, presses on various management levels in the society; individual, enterprises, organisations and even the nations all realized the truth that digital transformation is no longer an option but mandatory to survive and thrive in the Digital era.

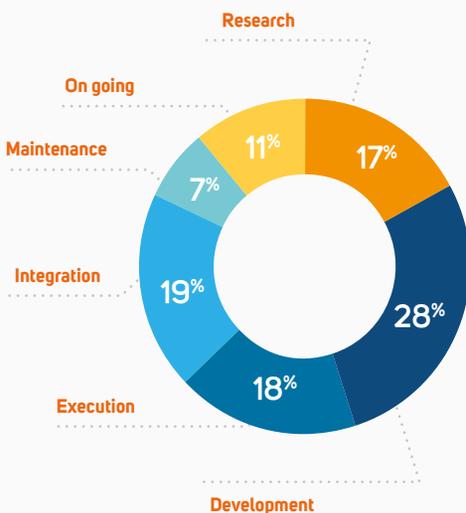
In fact, the digital transformation (DX) revolution has been occurring worldwide; regardless of scope and scale, the DX, in essence, requires the transformers to comprehensively unlock, combine and employ the unlimited usability of base technologies (i.e. AI, IoT, Big data analysis, Cloud computing and Machine learning) to resolve organizational pain-points, to refine the business process as well as enhancing the operational performance and result.

From business management perspective, the rapid digitisation

of public administration sector coupled with the falling costs of advanced technologies (particularly personal devices sector) could be reckoned as an urge for the transformation in business enterprises. As highlighted in the 'report of DX trend' conducted by Market and Markets (2018), the smart government market size is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 19%. Besides, according to Research and Market (2018), the global smartphone market volume might reach about 1.9 billion units in 2022, representing a 4.1% CAGR for the period 2017 to 2022.

In Vietnam, the government has been paying serious attention into the 4<sup>th</sup> industrial revolution since the leaders recognize DX as an obvious opportunity for the country to perform a great leap in economic growth, from that to narrow the development gap with the world. Accordingly, the government is directing more resources and efforts towards domestic business enterprises sector with aiming to facilitate the growth and transition of the entire economy. In this context, more than ever, the active participation, companionship and collaboration of the business enterprise sector are in need.

According to IDG (2018), there was about 90% of organisations and enterprises have planned, developed and implemented DX.



#### TILL 2018

 **Around 90%** of the corporates an organisations has planned, developed and execute DX

#### GREAT EXPECTATION

 **32%** of CIOs, IT Managers said that DX has help growing their corporates and bringing big revenue.

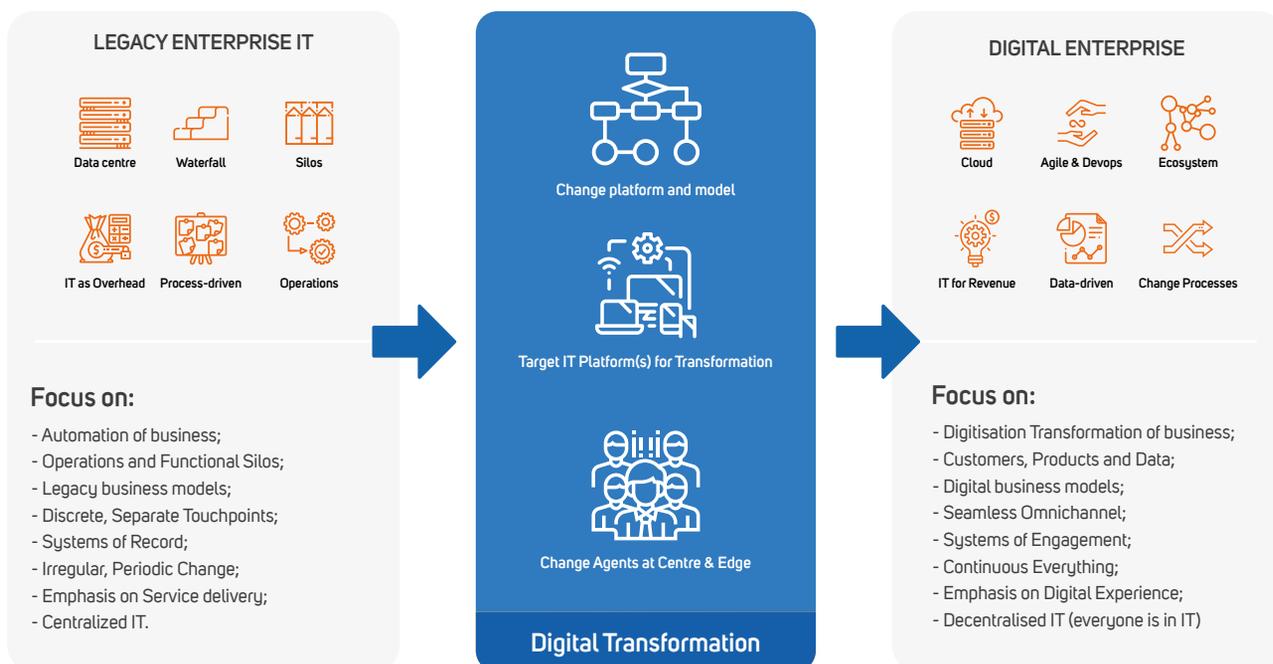
Survey done by IDG with 628 clients including international corporations and billion-scale corporates.

#### Digital transformation and IT service market

Fundamentally, the nature of DX involves the integration of technology into a comprehensive restructure of business model; more specifically, if the corporate restructure associates with strategic transitions in business vision, direction and position, the technology integration tends to focus on digitizing the entire operating model of the corporation, from internal management to external interactive systems. In reality, DX would be able to transform Traditional-enterprises and Legacy organisations

into Digital Corporations. Fuelled by disruptive operation model equipped with advanced technologies, the digital enterprises/ organizations have sufficient capabilities to generate new competitive edges and to perform outstanding progresses in hyper-personalizing customer experiences at massive scale with super-high speed. Succinctly, Digital platforms, Cloud computing, Mobile experience, Automation and Personalisation all are erasing the time gap between customer experiences and management system, upgrading the response management system to near-real-time level.

## Digital Transformation and Market Insights



Source: <http://zdnet.com/blog/hinchcliffe> on by Dion Hinchcliffe

### Practical implementation of Digital transformation project: Shifting from large DX projects to small and result-oriented efforts

The findings drawn from the latest report of Forrester (2018) revealed the fact that DX projects have gradually shifted from time-consuming and large-implementation plans into small-scale, result-oriented and consecutive transitions.

### Three levels of practical digital transformation

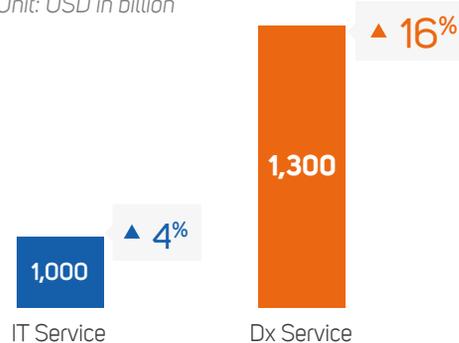
Khoản mục	Level		
	(POC) Small-scale experiments Explorative-nature/Concept-test	Digital Lab/Smart Factory Scale-up experiments Product tests	Near real-time connection and operation Mass-implementation
Definition	Measuring the feasibility of the concept: Predict and assess the potential outcomes	Conducting experiments on a larger scale: Setting up Digital Factory/ Digital Lab to serve mass-production/experiments	Integrating valuable experiments findings into practice: Implementing digital transformation across every departments regardless of scale, scope and management complexity. Transforming the corporation's operating system into near-real-time operating system.
Popularity	Pretty much	Increasing	Not much

### DX market's growth rate is expected to be 4 times higher than that of IT service market

According to IDC (2018), by 2022, the Global DX market is expected to reach USD 2,000 billion, a growth rate of approximately 4 times higher than that of IT service market. In 2018, the global spending on DX reached up to USD 1,300 billion, increased by **16.8% in comparison with** its in 2017, while the total IT service market only gained USD 1,000 billion in total revenue, a light growth of **4%**.

Catching this lucrative gap; the IT service enterprises worldwide, as FPT, have already launched their digital transformation initiatives with aiming to become digital service providers who stand on the highest level of IT service-value chain, being able to offer comprehensive digital transformation solutions to the business world.

Unit: USD in billion

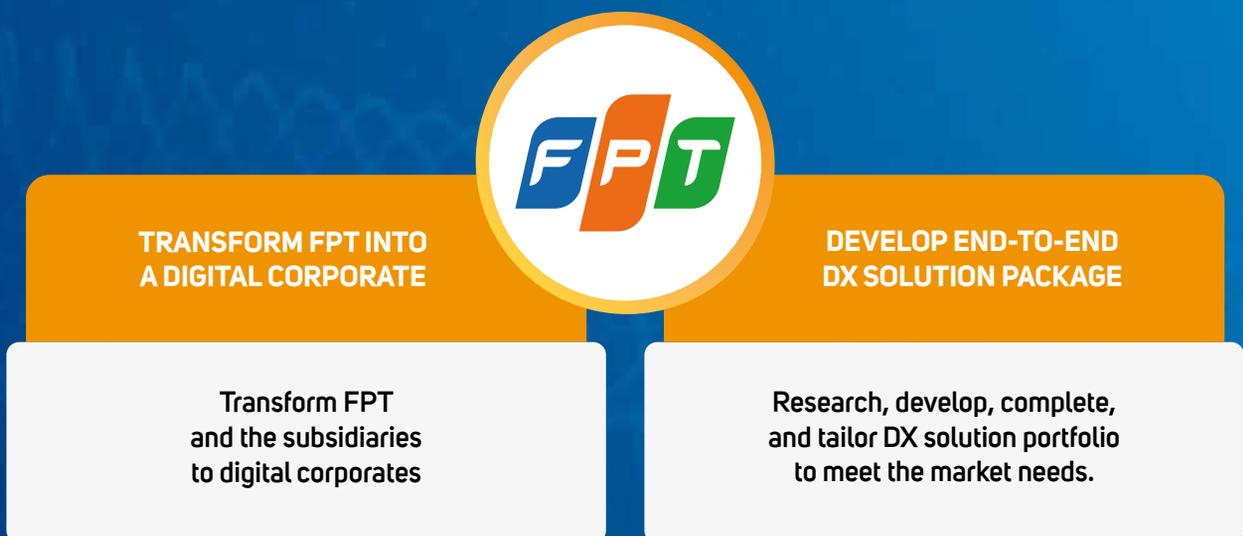


# STRATEGIC DIRECTIONS IN THE 2019 – 2021 PERIOD

*In alignment with the addressed opportunities and unlimited potentials of the DX market, FPT recognised DX trend as 'once-in-a-generation opportunity' to perform a disruptive innovation reinforcing the corporate position, creating new technological advantages as well as scaling up FPT's business growth. For these reasons, in the next 3 years (2019-2021), FPT planned to undertake a Digital transformation – a strategic shift from IT services to DX service providers underpinned by two strategic pillars.*

## THE WORLD-CLASS END-TO-END DIGITAL SERVICE PROVIDER

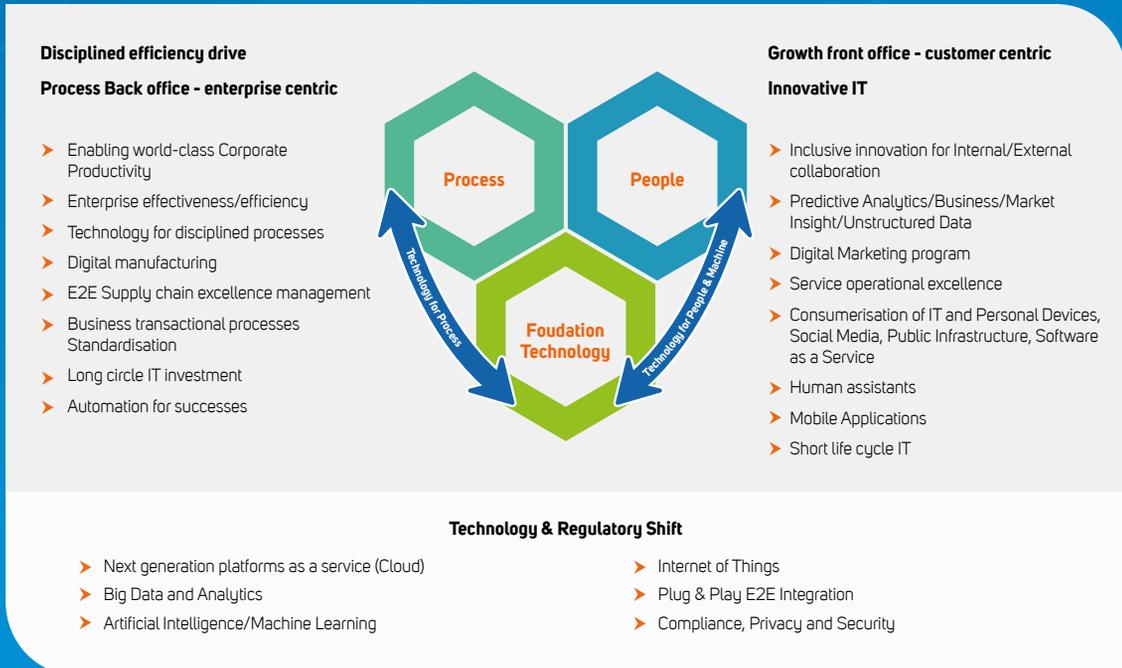
Lifting up FPT's brand reputation and position in the Global IT service industry



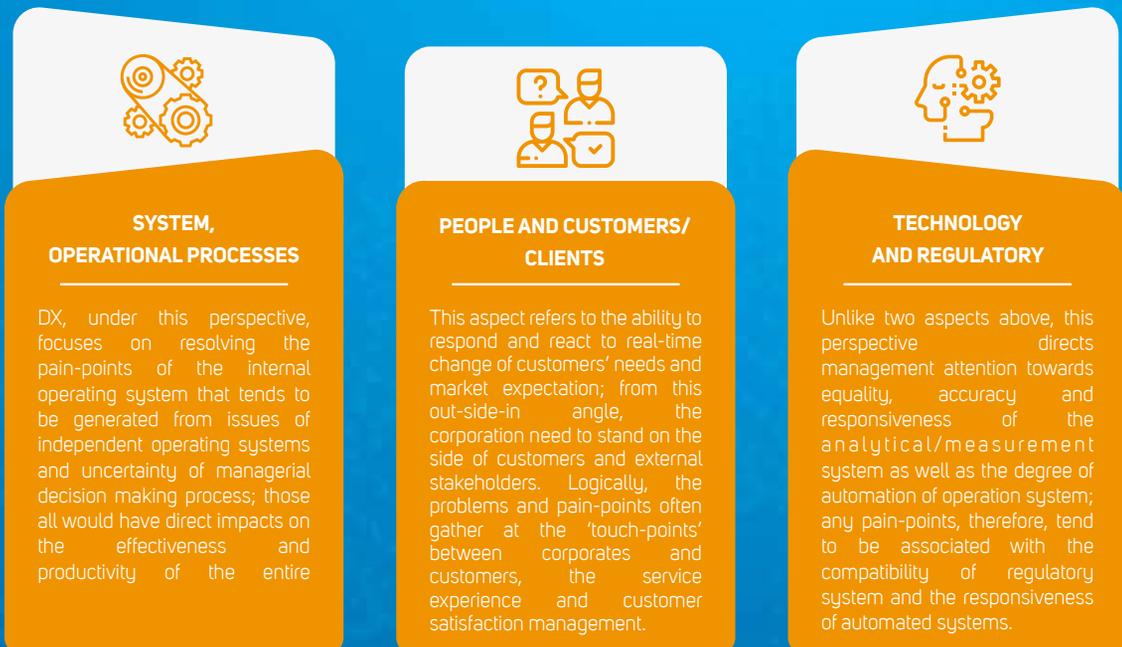
## FPT'S DIGITAL TRANSFORMATION APPROACH

From FPT's viewpoint, DX is not merely a single-digital-solutions but a wide set of adaptive business solutions to resolve operational pain-points of a specific corporation and to enhance customers' satisfaction in accordance with real-time insights generated from the advanced-analytic and database management systems.

The implementation of DX entails transitions of three organizational components, including of: Process (Upgrading process), People (Competency improvement), and Technology (integration of advanced technology); those are illustrated and defined clearly in the figure below:



This holistic approach is comprised of three single-perspectives:



Learning from DX experience of world-class organizations, FPT believes that there are two critical success factors for a successful DX project:

- **Select the appropriate starting-areas:** focus on the area that promises the biggest and fastest returns to the Corporation; focusing on result-oriented innovation instead of repairing/Upgrading the old system.
- **Time-saving:** each DX projects should last no- longer than 3 to 6 months.

## Competitive advantages of FPT

Three strategic competitive advantages of FPT in DX market:



### OVER PROVEN-EXPERIENCE AND IT SYSTEM

- Proven-capability and 30 years-experience in planning and deploying massive IT systems at national level, such as Tax systems and insurance, etc. serving millions of people.
- Experiences in implementing/setting up thousands of IT core-systems for domestic business clients as well as providing IT services for over 650 corporations worldwide, including of 100 companies in the Fortune Global 500 list.
- Directly providing products and services for end-users across various sectors, from Commerce, Telecommunications, Information, Entertainment and Education.

**30**  
Years of experience

**10+**  
IT systems serving  
millions of people

**100**  
Customers in the  
Fortune Global 500 list

**CMMI5**  
Version 1.3

**A-Spice**  
Level 3

**ISO**  
9001:2015  
20000-1:2015  
27001:2013 (BS 7799 – 2:2002)



### WORLD-CLASS WORKFORCE

- Digital-native workforce - the fast-learning technologists with self-progressive attitude.
- Owning numerous advanced training institutions (underpinned by practice-oriented educational system) being able to prepare highly-skilled digital-workforce for not only FPT but also the Tech-labour industry.

**16,000+**  
Software engineers and  
technology experts

**30,000+**  
Students



## BEST-IN-CLASS TECHNOLOGY

- Strong in-house R&D systems allows the corporation to develop base technologies (i.e. AI, Big data analysis, IoT, etc.) and bring DX platform to life. Currently, FPT provided DX services to many clients/customers in over the world.
- The premier partner holding more than 1,200 technological certifications of numerous world-class technology corporation as Microsoft, Amazon Web Services, GE, Siemens, Schneider Electric, Airbus, etc.

**7,000+**  
Technical certificates

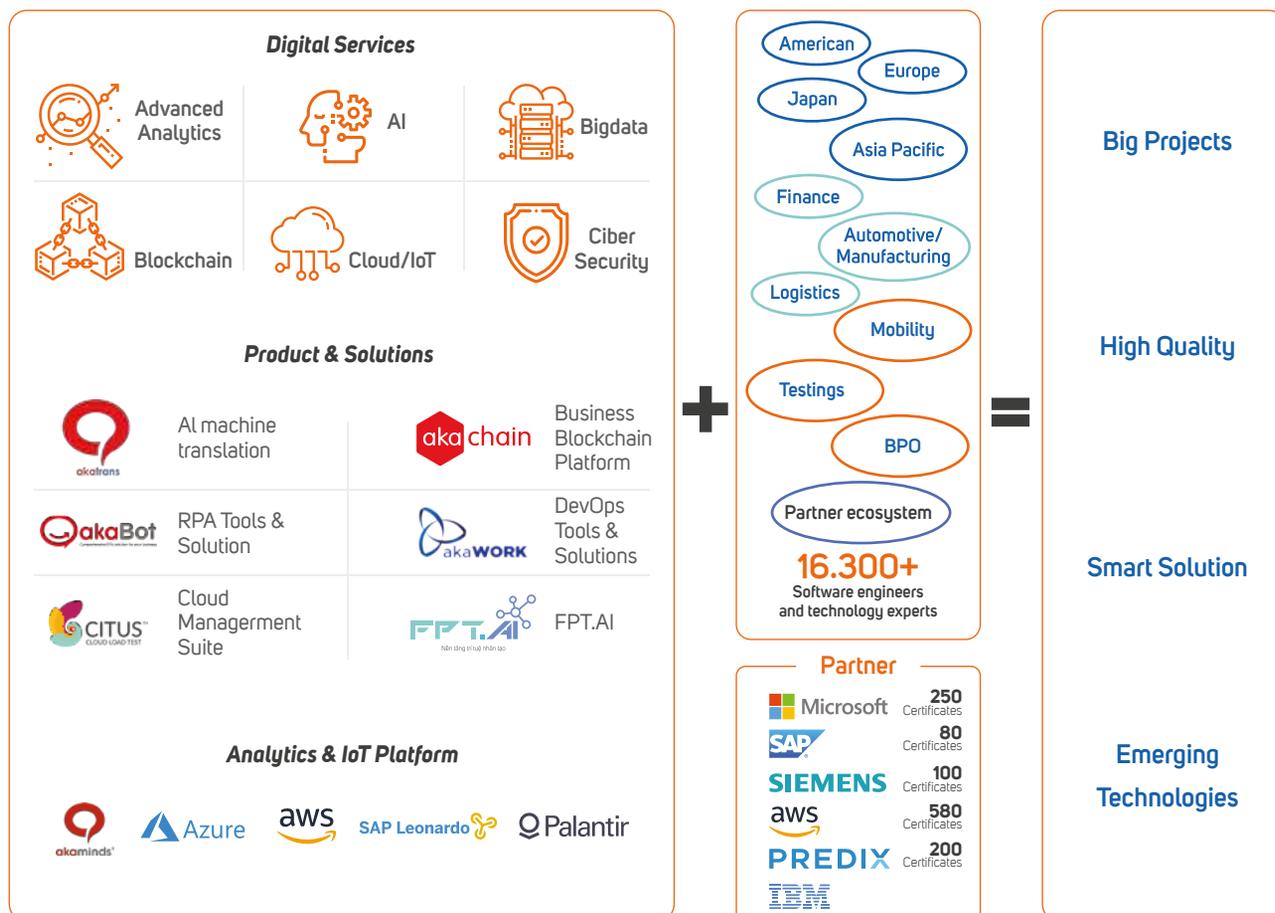
**1,200+**  
Foundation technological certification

**200+**  
Data specialists

**60+**  
AI Doctors

**10+**  
DX platforms

### FPT Digital transformation competency



## VISION AND OBJECTIVE OF FPT IN THE 2019 – 2021 PERIOD

*There is no doubt that the world is experiencing a digital revolution that bringing about rapid change on massive scale. The advanced base technologies (i.e. IoT, Big Data, AI, robotics, etc.) is giving Vietnam ‘a chance-for-generations’, a chance to become a leading pioneer in Tech-world, a chance to close the development gaps. “The 4<sup>th</sup> Industrial revolution is an opportunity for lifetime to fulfil the desire of prospering the nation”. As the no.1 IT Company in Vietnam, FPT, once again, takes responsibility for being a pioneer, for realising the dreams of Digital Nation.*

*Mr. Truong Gia Binh, Chairman of the BOD*



## FPT – LONG-TERM VISION

*Becoming the digital corporation - the world-class DX services providers and to be listed in the top 50 Global Digital Services/IT services providers*

*Rising from #180 positions in Gartner's the top 200 Global IT Service in 2018 to top 100, then ranking up Top 50 in the next 10 years.*

## OBJECTIVES FOR THE 2019 – 2021 PERIOD



## Responsibilities and roles of FPT in the Digital Revolution Era

	B2C	B2B	B2G	The world
Role	Encourage/Inspire	Consult/Create	Provide service/Coordinate	Pioneer/Incubate
Responsibility	FPT real-timely responds to the needs and preferences of million customers by merely touching upon their digital devices.	FPT collaborates with domestic and international clients to create adaptive DX solutions and services that help transforming them into Digital enterprises with near real-time-and-data driven operating system.	FPT actively participates in public-sector digital transformation projects; for instances: Digital Government, Smart Transportation, Smart Healthcare, Smart Education, Smart Energy, Smart Telecommunications and Smart Manufacturing	FPT to be a pioneer in assisting Vietnam's transformation to a Digital country as well as facilitating the formation of the Global Digital Economy

# FPT'S INSIGHTS TO ACTIONS: CONQUERING THE PEAK OF DIGITAL TRANSFORMATION

**“THING BIG  
START SMART  
SCALE FAST”**

With respects to such strategic objectives, FPT, from the early 2009, designed an action plan setting up imperative tasks for four critical areas, including of: Technology, Resources, Solution & Service, and FPT - Lead by Example. Those all are help putting the corporation in a ready-state for a comprehensive DX transformation



## Resources

Keeping continue to direct huge investments in R&D as well as enhancing competency of the DX strategy consultants; FPT believes that nothing but insightful understandings of industry, business and core technologies are the most powerful “generators” to create values and specific benefits for the clients right at the very first stage of DX process.

In 2018, by acquiring a leading technology consultant company in the US – Intellinet, FPT managed to recruit more than 100 international consultants having 20-30 years of professional experience in DX for various industries.

Noticeably, in early 2019, FPT successfully established the Digital Transformation Division (FPT Digital - FDX) and FPT Digital Academy (FDA); those are expected to build up a force of DX consultants and attract more digital technology experts so as to facilitate the completion of FPT’s DX consulting services. Besides learning from DX case of world-class companies in over the world, FDX’s consultants has been trained and guided by Mr. Phuong Tram - an ex-CIO of DuPont, who managed to lead and execute successful DX projects for DuPont, helped this organization gaining billions of dollar in revenue as well as decreasing 90% lead-time. DuPont’s DX is reckoned as a

typical case study of DX’s success by many DX experts in over the world.

FPT, in the next three years, planned to attract more 10,000 – 20,000 Vietnamese digital-natives to meet the demand of DX industry. This digital native workforce could be considered the key competitive edge of Vietnam in the global DX & IT services industry; it’s noteworthy that Vietnamese is currently and even to be more well-known for our fast-learning ability and logical/mathematical intelligence.

In the map of the global DX industry, FPT Education, no doubt, presented to be one of the most powerful and strategic resources, a prominent competitive advantage to differentiate FPT from other IT service providers in over the world. The company, with its advanced education and training system behind, is currently own a potential and sustainable supply of digital-native human resources that presents to be a critical success factor of DX in the upcoming years. Based on its industry-relevant education system equipped with practice-oriented training programs, FPT Education is capable of supplying a highly-skilled tech workforce for DX market both domestically and internationally.

## Technology

As a pioneer in DX industry, FPT actively launched initiatives in researching and developing the core technologies for DX & IT solutions; conducting practical experiments, developing and implementing completed DX solutions to cater different needs and demands of the market.

### AI - key technology

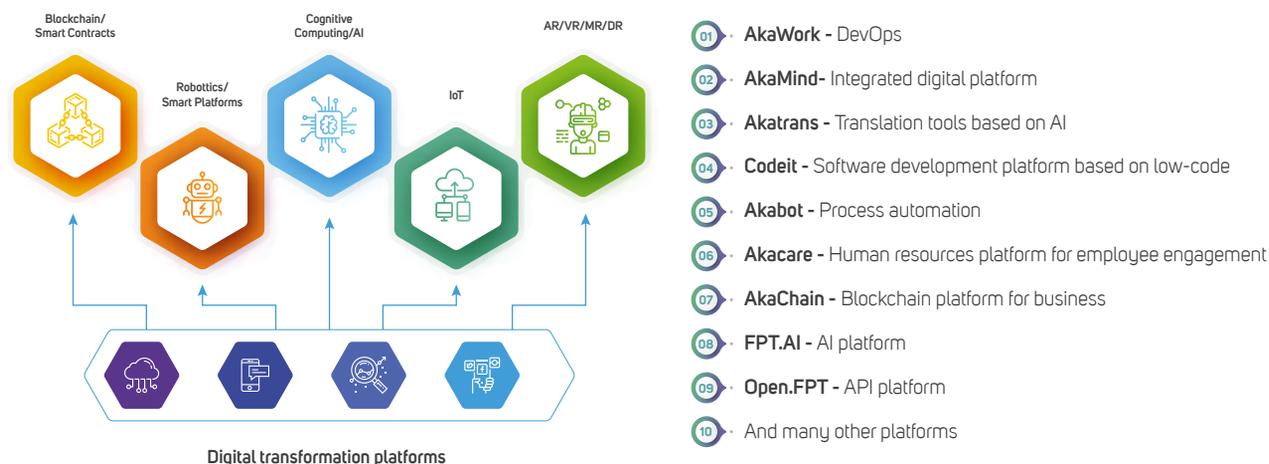
From 2019-2021, FPT aimed invest strongly in developing AI platforms to make it the core function of new application; more importantly AI might help optimising the operation of businesses and benefiting to the end-users. By doing this way, FPT expects to position itself, as a world-class AI centre being capable of meeting 80% of the demand for AI of the global business sector; for the remaining 20%, FPT believed that their consulting and implementing services can cover.

### Other core technology investments

Beyond AI, FPT also allocates their financial resources to R&D activities for other core technologies to improve technological capabilities, generate more competitive advantages as well as upgrading solution/service portfolio of the Corporation; such as Big data, Cloud computing, Blockchain, etc.

Following are several evidences for the rapid progresses of FPT’s technologies and DX platform; a diverse solution/service portfolio equipped with the advanced base technologies is serving the needs of many clients worldwide.

## FPT’s Digital transformation platforms



### Solution & service

With the inception of FDX, FPT managed to form a full-value-chain of DX and IT services, comprised of: Strategic consultancy, IT System integration & Implementation Service, Outsourcing services. Therefore, the focus of FPT in the next three years would be completing DX solution package for businesses and organisations.



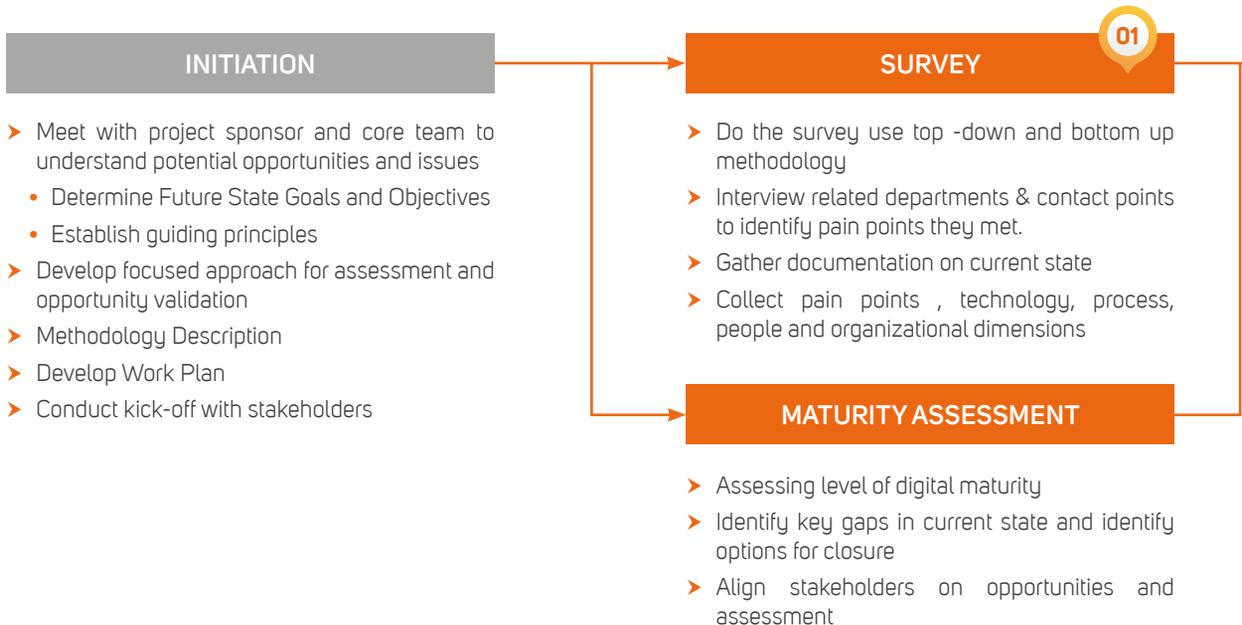
#### Consultancy

The consulting services of FPT would span across all aspects of DX with special focus on customer experience, employee experience, and digital operating system managements; those could guarantee for valuables outcome in a short-timeframe.

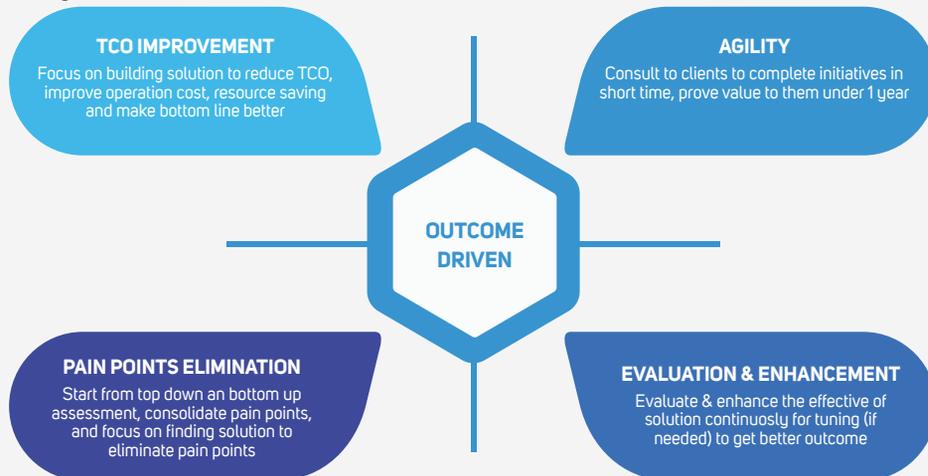
#### FPT services offering for digital transformation



Duration: 6 - 7 weeks



## FPT Methodology for Digital Transformation





### System & Deployment

FPT provides and deploys time-saving, cost-effective and high-security DX solutions to create new competitive advantages and to ensure sustainable developments for clients.

FPT aims to develop knowledge hubs and digital solutions centres to facilitate the progresses of the national digitization projects (i.e. e-Government, Smart cities, Smart hospitals, Smart transportation, Smart energy and Smart telecommunications); also the company would participate in DX projects in Banking, Aviation, Automotive, Logistics, Retail and manufacturing sectors.

Additionally FPT is going to produce the cost-effective (affordable) but high-quality digital solutions targeting to domestic enterprises.

FPT has been cooperating with the world-class corporations (i.e. Skywise of Airbus, Mindsphere of Siemens, Predix of GE, and Amazon Web Services, etc.) to develop core-technologies and deploying DX services worldwide.



### Outsourcing services

To expand and improve competitiveness of FPT in Outsourcing software service segment, FPT is going to transform its models and technologies system to:

- Recruit more major accounts in the Fortune Global 500 list and increase value of the end-to-end solution contracts;
- Non-stop update the latest knowledge and technological information of DX sectors so as to discover new opportunities;
- Maintain service quality at international standards, focusing on workforce productivity, processing speed, risk management capability and other areas.

### FPT - Lead by Example

#### FPT Digital Transformation

Not only does FPT's digital transformation present to be an imperative and mandatory mission, but also an opportunity to improve the competitive advantages of the Corporation.

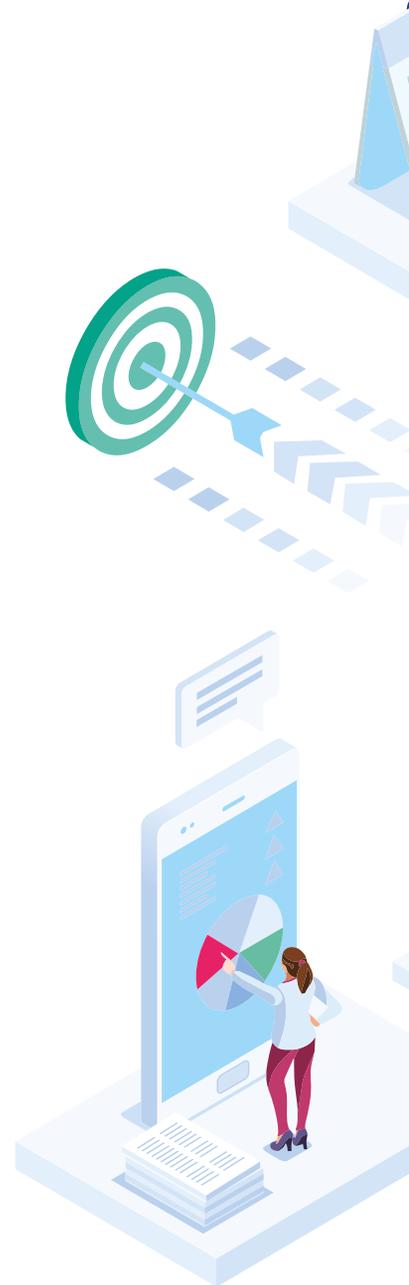
DX, which is a foundation to shape new innovative models for FPT and its subsidiaries, is a determinant of the corporation's multiplying growth rate in the period. Also, a successful DX might ensure actual benefits for FPT's employees and its stakeholders, particularly the customers.

Regarding FPT's business development; only by conducting DX, could FPT verify and develop more adaptive DX models for customers.

#### Applying a new management model

The OKR (Objective & Key results), which is an open and flexible management model encouraging consecutive and creative improvements of an organization's operating system, has been utilised and appraised by numerous world-class corporations in the world (e.g. Google, Intel, etc.). Indeed, with its goal-oriented management mechanism allowing up to 50% creative contribution of employees to daily-job, this method is expected to help FPT achieve miraculous results. From the beginning of this year, FPT started employing OKR management methodology in its daily-operating system with a strong belief that this model would motivate their employees to think big, dare to decide and do things in a smarter and more effective.

*Motivated by its ambitious vision, actionable objective and detailed plan, 2019 is expected to be a pivotal year for disruptive innovations of FPT.*





03

**BUSINESS PERFORMANCE ANALYSIS  
IN 2018 AND GUIDANCE FOR 2019**





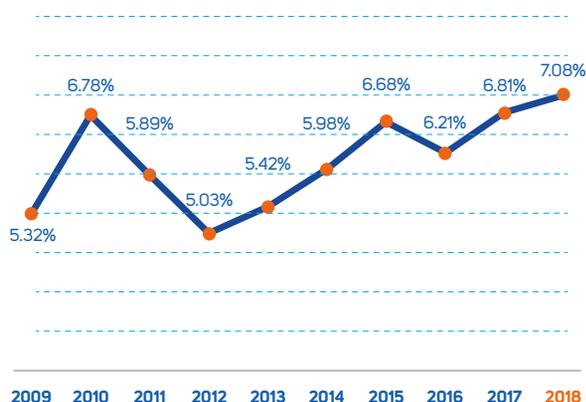
# OVERALL FINANCIAL PERFORMANCE AND THE BOM'S EVALUATION

## THE MACROECONOMIC CONTEXT

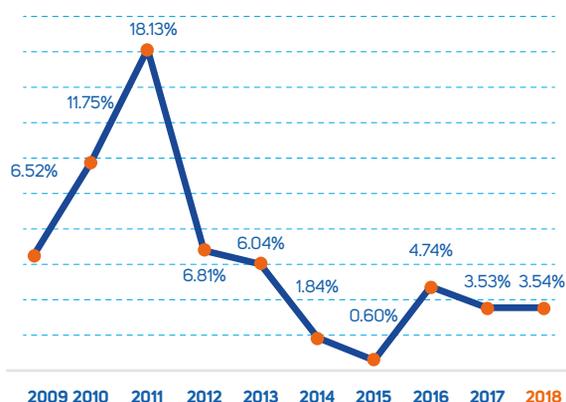
In 2018, global growth had eased and contained unpredictable risks due to complicated movement of China-United States trade war, escalating trade protectionism and heightened geopolitical tensions. The World Bank's reported global GDP growth was estimated at 3% in 2018. Remarkably, growth among emerging markets and developing economies is estimated to have accelerated to 4.2%.

Regarding its domestic economy, Vietnam is among the best performing economies in the world. According to the General Statistics Office, Vietnam GDP growth achieves 7.1%, above the target of the National Assembly (6.7%). It was the highest growth the country has experienced since 2008. The scale of the economy at present value is over VND 5.54 quadrillion. CPI in 2018 increased by 3.5%, well below the 4% target set by the National Assembly. As of December 15<sup>th</sup>, 2018, total State Budget spending was VND 1,272 trillion, equal to 83.5% of the annual estimate; particularly the amount of money spent on development was VND 260 trillion, equal to 61.5% of the annual estimate.

Annual GDP Growth



CPI



## BUSINESS PERFORMANCE IN 2018 AND THE BOM'S DISCUSSIONS

### Overall financial performance

The year 2018 was marked by the transformation of FPT after restructuring with outstanding financial performance. Specifically, revenue and PBT increase significantly by 17.4% and 30.6% YoY, respectively, in like-for-like comparison. Ending the year 2018, PBT was VND 3,858 billion, equal to 110.7% of the year target, completed the 2018 profit plan before one month. Consolidated revenue reached VND 23,214 billion, equal to 106% of the year target. Compared to the actual number (no adjustment) of 2017, PBT and revenue are down 9.3% and 47.1% YoY respectively. EPS was VND 3,903, up 32% in like-for-like and down 12.4% compared to the actual number of 2017. In addition, FPT's total assets increased VND 4,757 billion, equal to 19% YoY.

### Summary of key financial performance metrics in 2018.

Unit: VND in billion except for EPS

No.	Items	2017	2017 Like-for-like	2018	Like-for-like comparion	Compared to the report
1	Total assets	25,000	25,000	29,757	19.0%	19.0%
2	Consolidated business revenue	43,845	19,778	23,214	17.4%	-47.1%
3	Operating profit	4,220	2,960	3,800	28.4%	-10.0%
4	EBITDA	5,267	3,824	4,818	26.0%	-8.5%
5	PBT	4,255	2,954	3,858	30.6%	-9.3%
6	Profit after tax	3,528	2,488	3,234	30.0%	-8.3%
7	Earnings per share (VND)	4,457	2,957	3,903	32.0%	-12.4%
8	Cash dividend paid during the year (*)	991	991	1,415	42.7%	42.7%
9	Payout ratio	33.8%	33.8%	54.0%		

\* Note: Paid cash dividend for FPT's shareholders included the last cash dividend of the previous year (if any) and advanced cash dividend for the reported year.

## Financial performance by business sectors

PBT growth of FPT's three business sectors, including Information Technology, Telecommunications, and Education and Investment, reached over 19%. In which, the revenue and PBT of Technology sector showed a sharp surge of 20.9% and 34.3%, respectively. Software outsourcing continued to be an important growth driver of this sector and the leading area in the Corporation's Globalisation strategy, with revenue and PBT growth rate of 35.3% and 27.4%, respectively. The revenue and PBT of the Software Solutions, IT Services and System Integration segments increased 2.4% and 152.2% respectively.

Telecommunications sector's PBT increased by 19.2% YoY to VND 1,458 billion. Besides good business operation, the strong growth of PBT is thanks to decreasing the provision of Vietnam's public-utility telecommunications service fund (VTF). In concrete terms, the contribution rate of VTF is reduced from 1.5% to 0.7% according to Decision No. 868/QĐ – TTg dated July 16<sup>th</sup>, 2018.

With a strategic focus on Information Technology and Telecommunications, these sectors will continue to remain key growth drivers for FPT in the future.

In like-for-like comparison, the Education & Investment sector recorded revenue up 31.8%, and PBT increased sharply by 103.5%, thanks to good enrolment results from the Education segment and interest income.

### Revenue and PBT of operating sectors

Unit: VND in billion

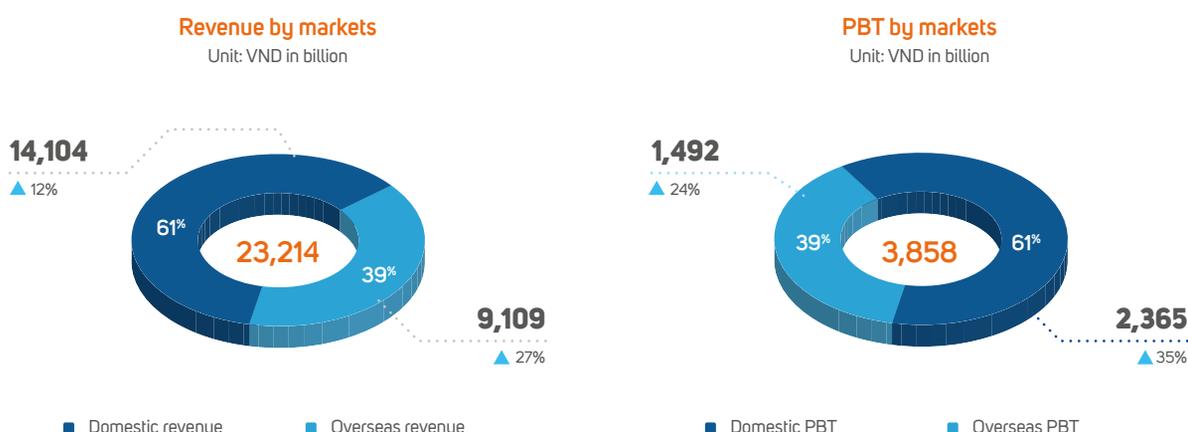
No.	SECTOR	REVENUE			PBT		
		2017	2018	+/- YoY	2017	2018	+/- YoY
1	Technology sector	11,083	13,402	20.9%	1,131	1,519	34.3%
2	Telecommunication sector	7,651	8,831	15.4%	1,222	1,458	19.2%
3	Education & Investment	1,044	1,376	31.8%	243	494	103.5%
4	Distribution & Retain associates	-	-	N/A	358	387	8.1%
<b>Total (like-for-like comparison)</b>		<b>19,778</b>	<b>23,608</b>	<b>19.4%</b>	<b>2,954</b>	<b>3,858</b>	<b>30.6%</b>
Consolidated adjustment		24,067	-394	N/A	1,301	-	N/A
<b>Total</b>		<b>43,845</b>	<b>23,214</b>	<b>-47.1%</b>	<b>4,255</b>	<b>3,858</b>	<b>-9.3%</b>

### Financial performance by domestic and overseas markets

Regardless of the instability of the global economy, the Globalisation strategy continues to be a key driver growth of FPT. In 2018, the overseas markets brought FPT with revenue of VND 9,109 billion, up 26.5% YoY and PBT of VND 1,492 billion, up 23.6% YoY. The overseas revenue contributed 39.2% to the Corporation's total revenue, from 16.4% in 2017.

Software outsourcing maintained the leading position of the Globalisation strategy, accounting for 92.7% of total overseas revenue.

In the domestic market, revenue and PBT grew by 12.1% and 35.4% underpinned by the good performance of telecommunications and domestic IT segments in like-for-like comparison.



## FINANCIAL POSITION

### Total assets

As of December 31<sup>st</sup>, 2018, total assets were VND 29,757 billion, up VND 4,757 billion, equal to 19% in comparison to 2017. Specifically, cash and cash equivalents increased VND 1,633 billion, equal to 20.9% YoY, reached VND 9,467 billion thanks to cash flow from operation increasing to VND 3,588 billion, up 80.5% YoY. Moreover, the fixed assets were VND 6,514 billion, increased VND 1,226 billion, equal to 24.1% YoY for the purpose of business expansion in 2018. Return on assets (ROA) reached 12.1%, decreased slightly due to a one-off gain from divestment in the Distribution and Retail sector in 2017.

Regarding the balance of provision for short-term bad receivables as of December 31<sup>st</sup>, 2018, in the Telecommunications Services segment, the provision was made based on the historical percentage of customers who dropped out, and of whom the receivable amount was unable to be collected. In the Telecommunications business, this is considered an operating expense. By year-end 2018, the Corporation did not net-off the amount due from dropped out subscribers with the provision made for such accounts, which resulted in the increased amount of provision. The balance of provision for accounts receivables as of December 31<sup>st</sup>, 2018 (excluding such provision in the Telecommunications services segment) was VND 112.7 billion, accounting for 2% of the total short-term accounts receivable balance.

### Total liabilities

As of December 31<sup>st</sup>, 2018, the total interest-bearing debt balance climbed from VND 4,682 billion to VND 6,966 billion (up VND 2,283 billion), of which the short-term borrowing balance increased by VND 2,482 billion due to undue debts at the time of report preparation. However, based on the movement of cash and cash equivalent as mentioned above, the net debt (equivalent to total interest-bearing debts minus cash) was negative VND 2,501 billion that indicates high financial safety.

Long-term borrowing was to finance capital expenditure investments of the IT sector and Software outsourcing segment. At the end of the year, the long-term borrowing balance was VND 367 billion, decreased VND 198 billion in comparison with 2017, equal to 35.1% thanks to the healthy cash flow.

### Fundamental ratios

Ratios	2017	2018
<b>Liquidity ratios</b>		
Current ratio	1.45	1.27
Quick ratio	1.35	1.18
<b>Leverage and coverage ratios</b>		
Debt/Total asset	18.7%	23.4%
Debt/Equity	35.4%	47.1%
Net debt/Equity	-23.8%	-16.9%
<b>Operating efficiency ratios</b>		
Inventory turnover	8.9	11.3
Accounts receivable turnover	8.0	4.6
Accounts payable turnover	10.4	7.5
Cash conversion cycle (in days)	51.6	63.4
<b>Profitability ratios</b>		
Operating profit margin	9.6%	16.4%
Profit before tax margin	9.7%	16.6%
Profit after tax margin	8.0%	13.9%
Return on capital employed (ROCE)	20.4%	18.2%
Return on equity (ROE)	28.5%	23.1%
Return on assets (ROA)	12.5%	12.1%

## PERSONNEL AND ORGANISATION STRUCTURE

### Subsidiaries and associates

Since the restructuring, FPT has six subsidiaries and four associates, which are divided into three business sectors: Information Technology, Telecommunications, and Education & Investment. FPT's subsidiaries and associates as of December 31<sup>st</sup>, 2018 are as follows:

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SUBSIDIARIES

- ▶ In Information Technology sector: FPT Software and FPT IS
- ▶ In Telecommunications sector: FPT Telecom and FPT Online
- ▶ In Education & Investment sector: FPT Education and FPT Investment

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ASSOCIATES

- ▶ Synnex FPT Joint Stock Company
- ▶ FPT Digital Retail Joint Stock Company
- ▶ FPT Fund Management Joint Stock Company
- ▶ FPT Securities Joint Stock Company

### The BOM and the chief accountant

The BOM consists of five members on December 31<sup>st</sup>, 2018. In addition, there are the chief officers who support the BOM in their executive for the professional fields as follows:

Senior management	Position	Percentage of ownership
Mr. Bui Quang Ngoc	Chief Executive Officer	3.42%
Mr. Do Cao Bao	Executive Vice President	1.12%
Mr. Nguyen The Phuong	Executive Vice President	0.09%
Mr. Nguyen Van Khoa	Executive Vice President	0.00%
Mr. Hoang Viet Anh	Executive Vice President	0.09%
Mr. Hoang Huu Chien	Chief Accountant	0.03%

### Changes in management and chief officer positions during the year included:

- ▶ Dismissing Mr. Duong Dung Trieu from the position Executive Vice President of Globalisation since January 15<sup>th</sup>, 2018. As Chairman of the Members' Council of FPT IS, Mr. Duong Dung Trieu will focus on planning the development of strategy.
- ▶ Appointing Mr. Hoang Viet Anh – CEO of FPT Software and Mr. Nguyen Van Khoa – CEO of FPT Telecom to be Executive Vice President of FPT Corporation since March 1<sup>st</sup>, 2018.
- ▶ Dismissing Mr. Hoang Viet Ha as Chief Operating Officer since March 1<sup>st</sup>, 2018.

### Human resources

By the end of December 2018, The Corporation's personnel did not include the headcount of the Distribution and Retail sector because the ones have become FPT's associates since December 18<sup>th</sup>, 2017. The total headcount (including three main sectors as IT, Telecommunications, and Education) has reached 27,843 people, up 16.7% (like-for-like compared with the number of 2017 excluding the Distribution and Retail sector). In which, the number of engineers of IT and Telecommunications sectors contributed 60.8% to the FPT's headcount, equal to 16,940 people; the proportion of foreign employees was 5.3% from 27 nationalities in the world.

In order to transform FPT into a learning organisation, the BOM has issued a training policy that requires FPT employees to participate in continuous training programs suggested by FPT Corporate University, or complete at least one online course. In 2018, 27,486 employee training sessions with a total of more than 2 million hours of training were recorded; 1,208 technology certificates were obtained by FPT employees, bringing the total number of technology certificates possessed by FPT employees to 7,402 certificates, an increase of 19.5% compared with 2017.

In 2018, FPT continued to promote an active, professional, and flexible working environment with friendly and supportive colleagues; good promotion prospects, excellent training and development opportunities; all offered with competitive compensation packages. As a result, FPT was honoured as in the Top 130 best companies to work for in Asia by HR Asia Magazine.

## INVESTMENT AND MAJOR CAPITAL EXPENDITURE PROJECTS

In 2018, FPT continued to prioritise investment in the core businesses in order to maintain a solid foundation for high growth in the following years. Therefore, spending on infrastructure development and R&D in 2018 was VND 2,454 billion, an increase of VND 1,349 billion, surged by 122.2% YoY. In concrete term, the Telecommunications sector focuses on investment in infrastructure, one submarine cable line and sinking backbone cable underground in the central region. The IT sector focuses on investment in cutting-edge technologies and office complexes to accommodate an increasing workforce.

Details of programs that have been contributed to during the year are as follows:

Unit: VND in billion

No.	Items	2017	2018	Note
1	Telecom sector	691	1,603	Investment in infrastructure, one marine cable, sinking cable inderground in central region
2	Tecnology sector	375	608	Investment in new technologies and office building support business expansion
3	Education and investment	39	243	Investment in new educational campuses
<b>Total</b>		<b>1,104</b>	<b>2,454</b>	

**Note:** Capital expenditure is recorded in accordance with Vietnamese Accounting Standard - Fixed assets.

## REPORT ON THE CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

Together with business development and corporate governance, FPT has made significant contributions to the development of Vietnamese society, especially in aiding education support programs, which will in turn help with youth development.

In 2018, FPT and its employees have altogether contributed VND 33 billion to community activities, in which:

- The contribution from the Corporation was VND 29.2 billion.
- The contribution from employees was VND 3.8 billion.

The expenditure was divided between two purposes: education and young people's development programs, and charitable programs to support families living in poor conditions and disaster victims.



**33**  
BILLION VND FOR COMMUNITY  
ACTIVITIES

### Expenses for FPT's community activities in 2018

Unit: VND in billion

NO.	Programs	Number of people supported / involved (people)	Budget (VND in billion)
<b>I</b>	<b>Education and youth support</b>	<b>3,702,107</b>	<b>29.4</b>
1	Scholarships	946	17.9
2	Deploying technology application programs in training	3,678,497	4.2
3	Providing learning facilities (computers, books, etc.)	21,864	1.5
4	Awards encouraging students to be competent in the fields	800	5.8
<b>II</b>	<b>Charitable, humanitarian activities</b>	<b>10,873</b>	<b>3.6</b>
<b>TOTAL (I + II)</b>		<b>3,712,980</b>	<b>33.0</b>

**Environmental responsibilities:** FPT also held activities and programs to encourage employees to develop an environmental protection mind-set and prioritise the use of new technologies and environment-friendly materials, maximizing the use of renewable energy at the Corporation's offices and minimizing environmental impact.

(Please refer to the Sustainable Development Report from page 120 to 123)

## TECHNOLOGY ACTIVITIES IN 2018

With three main objectives



With three main objectives of creating new products, building new capacities and exploring new technologies, FPT has made strong marks in the DX strategy in 2018.

DX revenue from foreign markets brought **VND 1,679 billion** to FPT, up 30.8%, accounting for 20% of total software outsourcing revenue.

DX takes place simultaneously at FPT's subsidiaries and associates. In particular, it focuses strongly on two areas: digitizing the internal processes, operations and improving the customer experience. Those contribute to optimizing the Corporation's operational efficiency as well as promoting business growth.

Enhance customer experience, find new business models through the application of AI, Big data analysis, digital image processing, etc. into existing products and solutions of FPT.

Become an end-to-end technology service provider in a comprehensive and more efficient way for customers from consulting and development to deployment and maintenance, especially in DX service.

2018 also marked a big step for FPT when it became the first and only enterprise in Vietnam to own the comprehensive AI platform namely **FPT.AI**. This platform is open for businesses to use with free or fee-based forms based on user needs. In 2018, this platform received **3.4 million requests per month**. Currently **7,720 programmers** are developing applications on this platform and nearly **155,000 hours of voice** have been used by **FPT.AI** partners.

At the same time, FPT has strived to build an intensive academic research team to handle difficult to extremely difficult problems with nearly **100 doctors**, scientists and researchers. By the end of 2018, FPT had 140 intensive scientific papers at international conferences and **17 patents** at the State level.



**3.4 million**  
Requests per month



**7,720**  
Programmers



**155,000**  
hours of voice  
have been used  
by FPT.AI partners

# BUSINESS PERFORMANCE ANALYSIS IN 2018

## INFORMATION TECHNOLOGY SECTOR

The IT sector consists of two companies:

- FPT Software operates in the Software outsourcing segment
- FPT IS operates in the Software Solutions, System Integration, and IT Services segments

In 2018, the IT sector recorded PBT of VND 1,519 billion, soared by 34.3%, contributing 39.4% in consolidated PBT. Its revenue reached VND 13,402 billion, up 20.9%, accounting for 57.7% of consolidated revenue.

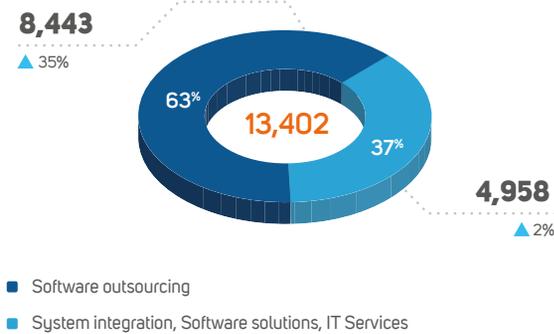


**34.3%**

Remarkable growth in PBT

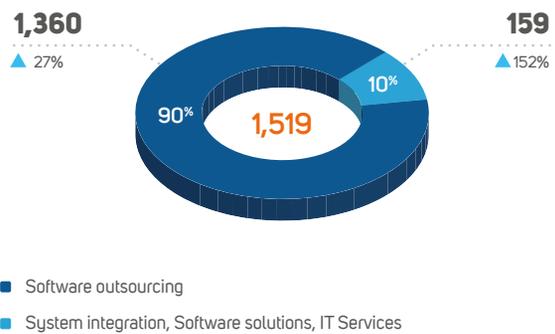
Information Technology sector revenue

Unit: VND in billion



Information Technology sector PBT

Unit: VND in billion



### The Information Technology sector continues its leading role in the Globalisation strategy of FPT

The worldwide IT services maintain a sustainable growth of 5.6% in 2018. Favourable markets and continually improving competitiveness supported the strong revenue increase of Software outsourcing segment with Compounded Annual Growth rate (CAGR) of 30.3% per annum over the last five years. As a result, the proportion of overseas revenue has constantly been accelerated, accounting for 39.2% of total 2018 revenue.

The Software Solutions, System Integration and IT Services segments implemented and operated a series of IT projects in developing countries including the project of ERP software for Bangladesh's Gas Transmission Company Limited; Myanmar National Financial switching system; Supply Installation, Operation and Support of Financial Management Information System (FMIS) for Laos Electricity Corporation, etc.

During the 2014 – 2018 period, the IT sector's revenue has delivered a CAGR of 17.5% per annum, while its overseas sector delivered a CAGR of 28.7% per annum over the same period.

Overseas vs. Domestic revenue of IT sector

Unit: VND in billion

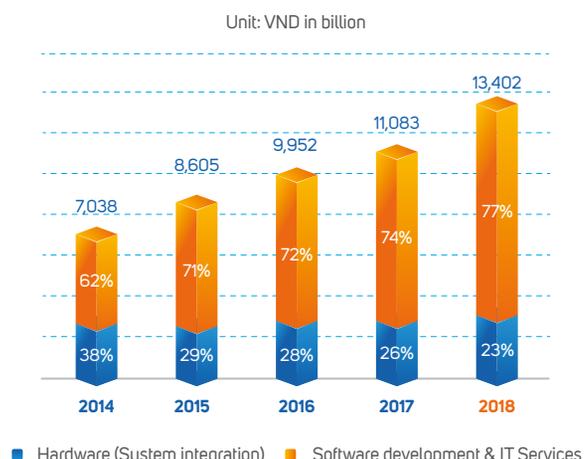


### Acceleration of the proportion of software and services revenue in the Information Technology sector

In 2018, the contribution of software and services to total IT sector's revenue continually increased. In concrete term, software development (included software outsourcing and software solutions) and IT services combined amount to 77% of the IT sector's revenue, up 15% compared with 2014.

In contrast, as a percentage of total revenue within the IT sector, the hardware had dropped from 38.1% in 2013 to only 23.1% in 2018 (see chart 'Proportion of hardware vs. software and services in IT sector revenue'). The increase in the proportion of software and services revenue shows that the added value contributed by FPT in the value chain was improved. As a result, the PBT margin of IT sector in 2018 increased to 11.3% from 10.5% in 2014.

Proportion of hardware vs. software and IT services in the IT sector revenue



### Software outsourcing segment

*Software outsourcing continued to be an important growth driver for the Information Technology sector underpinned by fast increase of all markets. The key markets have made impressive strides based on the changing development direction and improvement of high-value services which will pave the way for strong growth in the future.*

Ending the year 2018, Software outsourcing achieved the highest growth revenue of 35.3% over the last three years, recorded VND 8,443 billion. PBT was VND 1,360 billion, up 27.4% YoY, PBT margin reached 16.1%, decreased compared to 2017 (17.1%) due to goodwill amortisation and costs associated with M&A activities.

#### 2018 highlights

##### All markets achieved robust growth and great strides

Japan continued to be FPT's most important market with revenue of VND 4,693 billion, up 30.4% YoY, accounting for 55.6% of Software outsourcing revenue. Improving the technology capability in certain domains and focusing on the top 1,000 largest Japanese companies brought tens of millions of USD contracts for FPT. In order to reach out and support customers quickly, FPT opened more six offices, bringing the total number of offices in Japan to nine with 1,300 employees, which will pave the way for sustainable development in the future. FPT expects to become one of the twenty largest technology companies in Japan by achieving revenue of USD 500 million and 3,000 employees within the next three years.

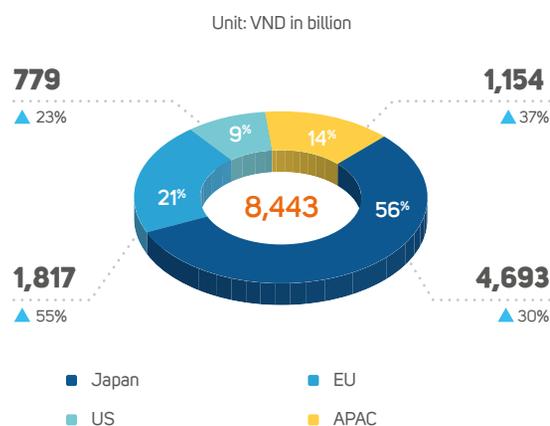
After ten years of establishment and development, USA – the second largest market of FPT – reached revenue of VND 1,817 billion, an impressive growth of 55.1%. FPT's position and value to customers are improved through acquiring Intellinet – a consulting & technology services firm in the USA. FPT became an end-to-end IT services provider with higher value and more comprehensive services (from designing and consulting to implementation and maintenance), especially in DX projects. In 2018, FPT opened a new office in Detroit, known as the Automotive Capital of the World, in order to quickly seek opportunities to cooperate with the "giants" in the automotive industry. US market revenue still achieved healthy growth of

29.7% without consolidating 2018 second-half financial results of Intellinet.

The Asia-Pacific market experienced a year of impressive growth with revenue of VND 1,154 billion, up 37.3% YoY, underpinned by expanding business in Australia and outstanding performance in Malaysia.

The European market, after one year of decline, rebounded a good growth of 23.5%, reached VND 779 billion. A remarkable point of this year is that FPT continued to sign a software contract worth more than USD 100 million with innogy SE (owned by RWE Group) for the forthcoming period (2018-2024) - the largest contract in FPT's history of 30 years. In 2018, FPT recognised revenue of USD 20 million, up 18% YoY. In 2019, FPT expects this project will generate 15% higher revenue compared with 2018.

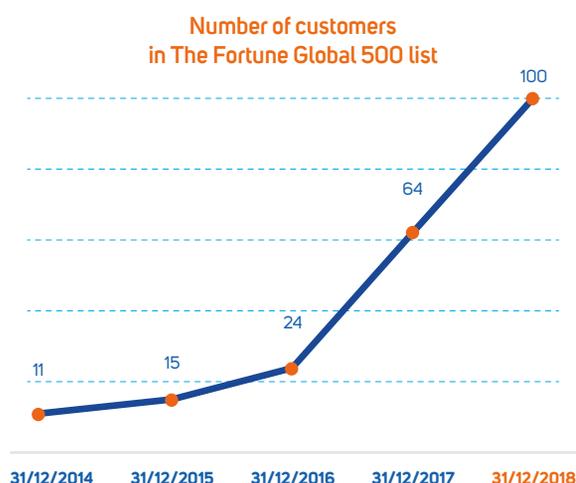
Software outsourcing revenue by markets in 2018



### Expanding the list of customers in The Fortune Global 500

As of December 31<sup>st</sup>, 2018, FPT is serving more 650 customers in the world, including 100 ones from the top 500 largest companies in the world (the Fortune Global 500), increased by 36 customers compared with the end of 2017. In this year, FPT continued to be successful in its strategy of focusing on the Fortune Global 500 list that demonstrates its capability and position in the global technology market.

The number of clients in the Software outsourcing segment with revenues above significant milestones (including USD 1 million, USD 5 million and USD 10 million) increased in comparison with 2017. Total revenue of these clients contributed 80.1% to the software outsourcing revenue (79.5% in 2017). Especially, for the first time, FPT has two customers with revenue of over USD 20 million in this segment. Moreover, the proportion of existing customers account for 94% of total software outsourcing revenue (91.2% in 2017).



### Key client groups by revenue in the Software outsourcing segment

No.	Client groups	2014	2015	2016	2017	2018
1	Number of clients with revenue of USD 20 million ++	0	0	0	0	2
2	Number of clients with revenue of USD 10 million ++	1	2	3	5	6
3	Number of clients with revenue of USD 5 million ++	5	3	13	10	13
4	Number of clients with revenue of USD 1 million ++	24	25	45	60	70

### Strong growth of headcount and productivity

By the end of 2018, the total number of employees in FPT’s Software outsourcing segment surpassed the milestone of 15,000 engineers (including fresher), up 16.5% YoY. In term of average total headcount, this indicator delivered a strong increase of 24%, including the total average delivery headcount grew 25.3%, accounting for 94.4% of the total number of recruitment personnel. Which showed FPT’s concentration on delivery headcount recruitment as well as optimizing the performance of support departments. Although the sharp increase in human resources, revenue per head climbed to VND 589 million/person/year, up 9.1% YoY.



**15.000++**

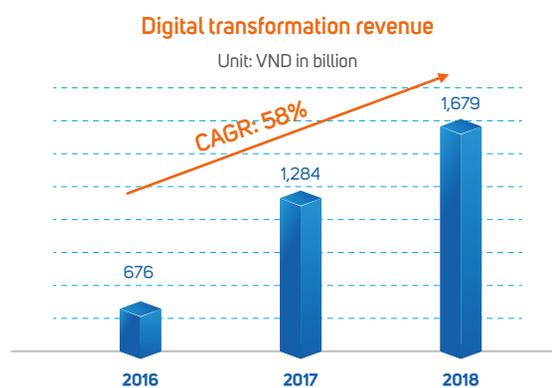
Employees who are working in the Software outsourcing segment

### The Software outsourcing segment’s headcount and productivity

Indicator	2016	2017	2018
Average total headcount	9,359	11,556	14,325
YoY change	10.6%	23.5%	24.0%
Average delivery headcount	8,243	10,340	12,954
YoY change	7.2%	25.4%	25.3%
Annual revenue per head (VND in million)	554	540	589
YoY change	14.2%	-2.4%	9.1%

## Digital transformation is expected as a growth driver going forward

With a strategic focus on DX, this service line's revenue from overseas markets was VND 1,679 billion, up 30.8% YoY, contributing 20% to the software outsourcing revenue. During the 2016 – 2018 period, the DX's revenue has delivered a CAGR of 57.7% per annum. In 2018, FPT signed a series of Memorandum of Understandings related to DX services with the giant clients such as ISE Foods Corporation and Toppan Printing in Japan, Shinhan Bank in South Korea, Schneider Electric in Asia and Carlsberg on a global scale. FPT expects DX revenue contribution will jump to 50% of software outsourcing business after five years.



## Software solutions, IT services and System Integration (Hardware) segments

*Promoting the development of information systems and software solutions made by FPT to improve the quality of social services and bring benefit to tens of millions of Vietnamese people.*

Unlike Software outsourcing markets which are aimed at developed countries, the remaining segments of the IT sector share the same customer base, and their revenue comes largely from the domestic market and several countries such as Bangladesh, Myanmar, Laos, and Cambodia. In 2018, revenue and PBT were VND 4,958 billion and VND 159 billion, up 2.4% and 152.2% YoY, respectively. The PBT margin was 3.2% (1.3% in 2017). Total contract value signed in 2018 was VND 4,088 billion, down 26.3% YoY due to delay in signing contract with banks and the government agencies. In addition, in 2017, FPT won software contracts and ATM maintenance services from the largest banks for the subsequent three years, but there are no such contracts in 2018.

In 2018, FPT promoted building information systems and software solutions made by FPT to improve the quality of social services and bring benefit to tens of millions of Vietnamese people. Some typical smart solutions are as follows:

- The smart hospital general management system – FPT.eHospital version 2.0 with the application of the latest technologies such as Cloud computing, Mobility, IoT and so on. FPT.eHospital is being implemented in 200 hospitals and clinics nationwide. On average, this system serves more than 20 million visits per year. In 2018, FPT successfully implemented FPT.eHospital for all public hospitals belong to Dong Nai Health Department. FPT expects the management system will be widely implemented nationwide based on the cooperation agreement between FPT and the Ministry of Health for the application and development of medical IT in the period 2018-2028.
- The e-district application (a mobile application) helps people look up the information of administrative procedures, the status of document processing of government agencies, the planning information and online documents submission. Moreover, they can send comments on administrative violations in their area to local authorities for requesting resolutions as well as tracking results on the application. Previously, FPT launched the e-Government system – FPT.eGOV to simplify and digitise administrative procedures at the province/city level.
- The functions of the e-ticket system, such as of the ticketing website, mobile application and online freight management system, have been upgraded. The system created a new and transparent ticketing model for Vietnam Railways Corporation that improves business efficiency and rail transport's capacity. Since the beginning of operation in November 2014, there have been more than 40 million train tickets traded through the system. In 2018, the system served approximately 12 million online purchases.



**20 MILLION**  
Medical visits/year  
served by FPT.eHospital



**40 MILLION**  
Train tickets traded  
through the system

## TELECOMMUNICATIONS SECTOR

The telecommunications sector includes two companies:

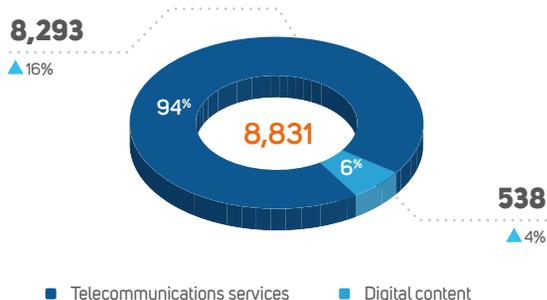
- FPT Telecom operates in the Telecommunications Services segment
- FPT Online operates in the Digital Content segment

In 2018, the Telecommunications sector recorded revenue of VND 8,831 billion, up 15.4% YoY and PBT was VND 1,458 billion, up 19.2% YoY, accounting for 38% of total revenue and 37.8% of total PBT, equal to 102% and 104.6% of the year target, respectively.



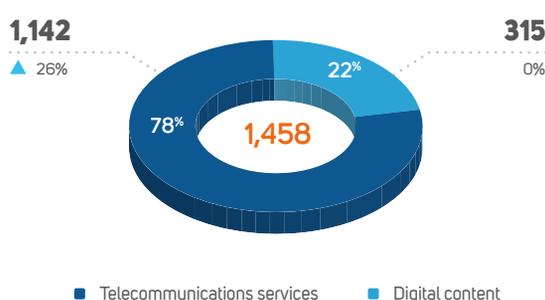
Telecommunications revenue

Unit: VND in billion



Telecommunications PBT

Unit: VND in billion



### Telecommunications services segment

*Continuing the investment in infrastructure and promoting the application of new technologies to create new added value to customers.*

By the end of 2018, revenue from Telecommunications Services segment reached VND 8,293 billion, up 16.3%. The business lines of Telecommunications Services maintained a high and sustainable growth rate. Specifically, revenue from internet broadband services to individuals and households increased by 12.5%. Revenue from corporate clients with services including leased lines, hosting, and voice increased by 16.9% and Pay TV revenue was increased by 42.2% compared with 2017. PBT increased significantly by 25.7% to VND 1,142 billion thanks to good business operation and decreasing the provision of VTF. PBT margin was 13.8% (12.7% in 2017).

Under strong competitive pressure from large rivals, the increase of FPT's internet subscribers was in line with the strong growth rate of the Vietnam market. In addition, FPT completed swapping almost subscribers from copper to fiber optic on a national scale.

#### The broadband Internet line

In 2018, FPT was honoured as "The typical high-speed fixed wireless Internet provider". This title was published by International Data Group (IDG) Vietnam and Vietnam Digital Communication Association (VDCA) after the survey on the user satisfaction of fixed broadband service providers. Continuing to gain the trust of consumers, in 2018, FPT constantly improves the quality and service as follows:

- FPT increased the internet speed by 30% to all fiber-optic customers nationwide. Furthermore, FPT official provided the next-generation Dual-band Wi-Fi modem - an 802.11ac Wave 2 Wi-Fi standard integrated advanced technologies to new fiber-optic customers in Hanoi and HCMC.

- Upgrading the Hi FPT application offers various outstanding functions such as online payment, searching point of sales, displaying the broadcast schedule of FPT TV, connecting FPT Play, Fshare, and Fsend applications. In 2018, FPT added more new features such as collecting customer reviews on support services, viewing online e-invoice, automatic payment and tracking service deployment.

#### The Pay TV line

- FPT has continuously invested in the content of television programs to increase utility for users. FPT TV owned the entire copyright of the Series A Championship and the FA Cup for three consecutive seasons from 2018 to 2021. In addition, FPT has directly produced TV shows such as "God knows" sitcom, Music Home – a series of music shows.
- Continuously applying technology to bring new customer experience, FPT introduced interactive features including Multicam - users watch the programs from different angles; interacting with MCs and TV Show such as "Opening the Safes", interactive theatre, etc. Moreover, FPT has launched a Voice Remote – Vietnamese voice command to eliminate 90% of buttons compared with the previous version.
- FPT officially free upgraded international channels from SD to HD quality for the basic package, including Fox Movies, HBO, Cartoon Network, Disney Channel, AXN, Fox Sports, Discovery, etc.

## Digital Content segment

*Focusing on the application of cutting-edge technologies like AI, Big data to personalise contents for users.*

In 2018, the Digital Content segment recorded revenue of VND 538 billion, up 3.5% YoY and a flat PBT of VND 315 billion. PBT margin decreased slightly to 58.6% in comparison with 2017 (60.4%).

Based on the leading digital media brands in Vietnam such as VnExpress.net; iOne.net; Ngoisao.net, etc. FPT continually applied the cutting-edge technologies to offer customers/partners high quality, effective and reliable products. For example, FPT took advantages of Big data, AI to suggest articles or videos to readers and to select suitable content and advertising methods for revenue maximisation. Moreover, FPT diversified advertising methods to enhance efficient brand communication to customers.

With nearly 44.6 million page views from computers and mobile devices, up 10% YoY, VnExpress held the position of most read Vietnamese newspaper throughout the year. During the year, VnExpress successfully hosted a series of large events such as VIEF - Vietnam Economic Forum; Vietnam Travel & Tourism Summit 2018; Blockchain Forum - Vision and Development; Tech Awards; the 2018 Start-up Vietnam contest.

On December 10<sup>th</sup> 2018, in compliance with listing rules for a public company, FPT Online listed 14.08 million shares on UPCoM.

## EDUCATION SEGMENT

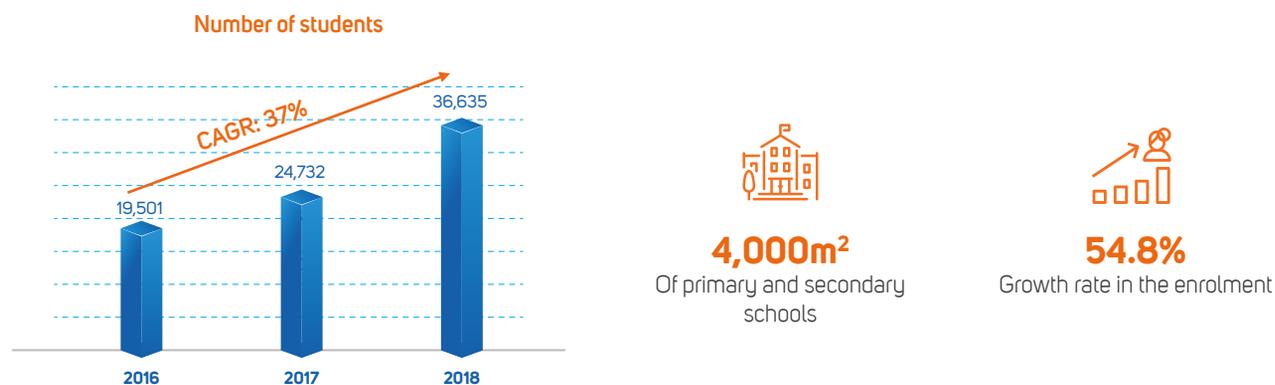
*Enrolling students of secondary school makes FPT Education become the first Vietnamese education organisation with all levels including K1-12 grading system, university, and postgraduate.*

The Education segment experienced a fruitful year when enrolments recorded a strong growth rate of 54.8%, equal 111% of the target, equivalent to 19,380 new students. At the end of the year, the total number of students is 36,635 at all levels, an increase of 48.1% compared to 2017. During the 2016 – 2018 period, the growth of enrolment has delivered a CAGR of 37.1% per annum.

After 19 years of development, FPT Education affirms its reputation and quality in education community thanks to being honoured by the international professional associations. In concrete term, FPT University is the only representative of Vietnam to receive the prestigious ICT Education Award 2018 from ASOCIO. After that, FPT continues to be recognised by the Asia Pacific Brands Foundation for two BrandLaureate awards: "Excellence in Education" for FPT Education and "Best Brands in Tertiary Education" for FPT University.

In 2018, FPT Education officially covered all level of K1-12 grading system as acquiring a new school with an area of over 4,000m<sup>2</sup> to enrol new students from primary to secondary school. The new infrastructure is located in the centre of Cau Giay district, Hanoi with three blocks of five stories, enough to accommodate to 2,000 students.

The online university FUNiX has attracted a total of 2,900 students since established, increased 1,200 new students compared with the end of 2017. FUNiX continues to expand and attract students from 63 cities and provinces in Vietnam and 23 countries around the world.



# ASSESSMENT OF THE BOD ON THE CORPORATION'S PERFORMANCE

## ASSESSMENT ON BUSINESS PERFORMANCE

The BOM has performed well in 2018 as revenue and PBT of the Corporation exceeded the target by 6% and 10.7%, respectively, growing by 17.4% and 30.6% respectively in comparative terms. (In 2017, business results of FPT Retail and Synnex FPT were consolidated using the equity method for associates). Specifically, FPT recorded a consolidated business revenue of VND 23,214 billion, equivalent to 106% of the target. Consolidated PBT reached VND 3,858 billion, equivalent to 110.7% of the target. In comparison with the actual figures from 2017, revenue decreased by 47.1% and PBT decreased by 9.3%. These impressive results come from the efforts of all subsidiaries and most of them have high rates of achieving targets, except for the Digital Content segment due to increasing competition in the advertising field.

Globalisation continues to be an important driving force in FPT's growth with foreign markets generating positive results with revenue accounting for 39.2% of the Corporation's total revenue and PBT accounting for 38.7% of the total PBT of the Corporation.

In 2018, the Corporation's DX revenue continued to grow by 30.8%, accounting for 20% of software outsourcing revenue.



**30.8%**  
DX revenue growth

## RESULTS OF IMPLEMENTING STRATEGIC DIRECTIONS

### Aspiring to be a Global Corporation

In 2018, globalisation continues to be one of the three key factors in the strategic direction and an important driving force for the growth of the Corporation.

- Revenue from foreign markets reached VND 9,109 billion, growing 26.5% compared to 2017, accounting for 39.2% of FPT's total revenue. PBT from foreign markets reached VND 1,492 billion, an increase of 23.6% compared to 2017, accounting for 38.7% of the total PBT of the Corporation.
- FPT opened new offices in the US and Japan, bringing the total number of FPT offices outside of Vietnam to 38.
- The key markets all have important changes in the development orientation and core competencies, creating a premise for strong growth in the future.
- FPT successfully maintain partnerships with 100 customers in the Fortune Global 500 list.

### Pioneering in Digital Transformation

The digital revolution is growing rapidly and on an unprecedented scale. A new world is here. A newly established order is to bring about tremendous opportunities for pioneering businesses. In 2018, FPT invested in researching and developing new technology-based services to capture these prospects and have achieved some remarkable results:

- Revenue from DX services in foreign markets earned VND 1,679 billion, an increase of 30.8%, accounting for 20% of total software outsourcing revenue.
- FPT signed multiple strategic cooperation agreements on DX with domestic and foreign corporations such as: developing smart plants producing chicken eggs in Japan and Vietnam with ISE Foods; providing DX and IT services to Carlsberg; providing DX solutions to Shinhan bank; developing and deploying Schneider Electric's open IoT technology platform for energy management in buildings, data centres and manufacturing plants.
- FPT established a technology ecosystem with many solutions to utilise the core technology of the digital revolution such as the new version of the AI platform (FPT.AI); Voice Remote control device exclusively for FPT Play Box Internet TV equipment; The comprehensive digital conversion solution for businesses akaRPA; The smart hospital general management system FPT.eHospital 2.0, etc.

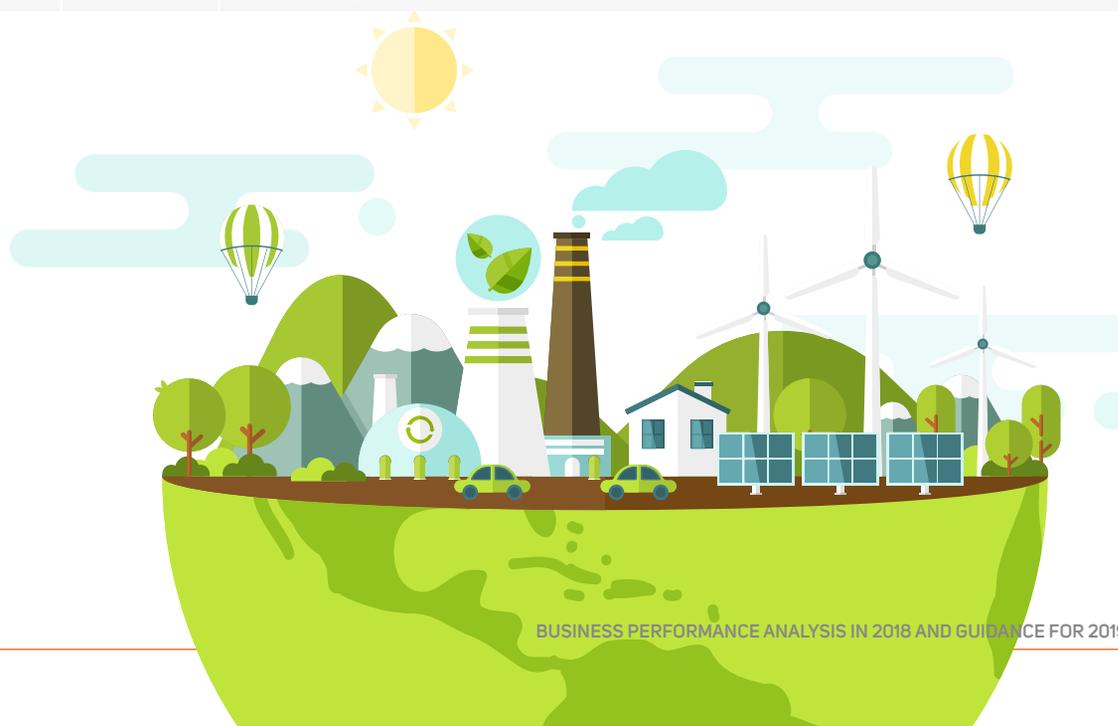
### Heightening the position

With the desire to enhance the position of Vietnam's IT industry within the global technology value chain, FPT has been trying its best to grow rapidly in business scale, actively investing in researching new technologies to become a pioneer in the DX of Vietnam and globally.

- For the 5<sup>th</sup> consecutive year, FPT is among the The Global Outsourcing 100, assessed by IAOP;
- FPT signed the largest-scale contract in the Corporation's 30-year history with a value of USD 115 million.
- FPT became a technology service provider, especially a DX service, a more comprehensive and efficient way for customers from consulting and development to deployment and maintenance.

## Evaluating the value brought to the related parties regarding sustainable development

No.	Related party	Value
1	Shareholders	<ul style="list-style-type: none"> <li>☑ Total PBT: VND 3,858 billion, increased by 30.6%.</li> <li>☑ Earnings per share (EPS): VND 3,903/share.</li> <li>☑ Payment of dividends of 10% in cash, 15% in shares of 2017, and advance payment of 10% of 2018 dividend in cash for shareholders.</li> </ul>
2	Customers	<ul style="list-style-type: none"> <li>☑ Establishment of FPT technology ecosystem with many solutions and applications integrated with core technology of digital revolution such as AI, Big data analysis, IoT, etc. to help customers improve competitiveness, develop new business models and thus motivate growth.</li> <li>☑ Customer experience enhanced for the application of new technologies.</li> <li>☑ Continuously improved brand reputation: for the third consecutive year FPT is among the Top 10 in the list of 40 most valuable brands in Vietnam as evaluated by Forbes Vietnam.</li> </ul>
3	Staff	<ul style="list-style-type: none"> <li>☑ Total expenditure for training activities of the Corporation was VND 79.6 billion, an average number of training hours was 74.3 hours/staff.</li> <li>☑ Being one of 28 companies in the Vietnamese market and top 130 companies in the Asia region to have the best working environment, voted by HR Asia Magazine, based on the survey on companies from 24 different sectors in Asia.</li> </ul>
4	The Government	<ul style="list-style-type: none"> <li>☑ A contribution to the State Budget of VND 3,477 billion.</li> <li>☑ Sponsorship and organisation of many events in Vietnam and abroad related to digital economic development, contribution to the development of the digital economy in Vietnam and the enhancement of the image of IT industry.</li> </ul>
5	Society	<ul style="list-style-type: none"> <li>☑ A sum of VND 33 billion for social responsibility activities. In particular, 83% spent on investment in education and the younger generation.</li> <li>☑ 36,635 students at all levels from primary, secondary and high school to college, university and postgraduate education.</li> <li>☑ March 13<sup>th</sup> every year being chosen for community activities: In 2018, FPT cooperated with the National Volunteer Centre to launch the "Pioneering actions for the community" Volunteer Day, attracting nearly 5,000 people to a walk around Hoan Kiem Lake to participate in fundraising for implementing social security programs.</li> </ul>
6	The environment	<ul style="list-style-type: none"> <li>☑ Regular environmental impact assessment reports and compliance with regulations regarding environmental protection. Prioritisation of the application of new technologies and environmentally friendly materials that make the most of natural energy sources in order to minimise the impact on the environment during the process of designing offices.</li> <li>☑ Propagation to raise awareness amongst employees about the environment: posters of 10 things to do to save electricity and support for Earth Hour, etc.</li> </ul>



# ASSESSMENT OF THE BOD ON THE BOM'S PERFORMANCE

## SUPERVISING METHOD

The BOD supervised the BOM's activities by:

- Monitoring the completion of important indicators committed by the CEO and the BOM.
- Requesting the CEO and the BOM report business performance at quarterly meetings of the BOD.
- Coordinating with the Supervisory Board to closely monitor the Corporation's operations in order to raise practical recommendations for the CEO and the BOM to fulfil the tasks assigned by the AGM and the BOD.
- Active participation by BOD's members in weekly meetings and other periodic meetings of the BOM in order to follow the Corporation's business operations.

## GENERAL ASSESSMENT

In 2018, the CEO, the BOM of FPT and its subsidiaries made great efforts in fulfilling the Corporation's business objectives. Foreign markets grew well with impressive numbers. Revenue and overall profit of the Corporation continued to grow steadily.

- The BOD highly appreciates the CEO and the BOM for their achievements for the mission of pioneering the digital revolution in Vietnam and globally. The strategic objectives were all accomplished with positive outcomes, the business results of the Corporation were also demonstrated impressive figures. FPT recorded its consolidated business revenue of VND 23,214 billion, equivalent to 106% of the target. Revenue from foreign markets reached VND 9,109 billion, increasing by 26.5% compared to that of 2017, accounting for 39.2% of FPT's total revenue. PBT from foreign markets reached VND 1,492 billion, growing by 23.6% compared to that 2017, accounting for 38.7% of the total PBT of the Corporation. The Corporation's DX revenue continued to grow by 30.8%, accounting for 20% of software outsourcing revenue.
- In the course of operation, the BOM has complied with the provisions of the Law, the Charter of the Company, Resolutions of the AGM, Resolutions of the BOD and the Decision of the Chairman of BOD.

## THE BOD'S PLAN AND GUIDANCE FOR 2019

Upon the domestic and foreign macro-economic prospects, the development of IT field in the 4<sup>th</sup> Industrial Revolution and the Corporation's strategic orientation, the BOD sets out the business plan for 2019 as follows:

### MAIN TARGETS FOR 2019

Unit: VND in billion

No.	Sectors	Revenue			PBT		
		2018	2019	YoY	2018	2019	YoY
1	Information technology sector	13,402	15,450	15.3%	1,519	1,933	27.2%
2	Telecommunications sector	8,831	9,980	13.0%	1,458	1,660	13.9%
3	Education & Investment sector	1,375	1,670	21.4%	488	425	-13.0%
4	Associated profit from Distribution and Retail				387	442	14.1%
5	Adjusted consolidated revenue	-394	-440				
	<b>Total</b>	<b>23,214</b>	<b>26,660</b>	<b>15%</b>	<b>3,858</b>	<b>4,460</b>	<b>16%</b>

## PROSPECTS AND DIRECTIONS BY BUSINESS SECTORS

### Information Technology sector

Assessing the potential challenges of the world's economy, as well as opportunities in the global market, FPT determines to continue to promote the software outsourcing sector upon the following orientations in 2019: (1) focusing on selling services to big customers, cross-selling between markets and selling FPT's technology solutions; (2) key investments in DX technology; (3) improving specialised capability in a number of key sectors and following the expansion of customers in aviation, automotive engineering, finance - banking, robotics, etc.; (4) continuing to develop and maintain personnel and experts under new personnel policies; (5) looking for more M&A opportunities in the US, Japanese and European markets .

The Software Solutions, IT Services and System Integration sectors are to focus on developing software and solutions for the mass market, especially corporate customers. In addition, FPT continues to improve upgrade software and self-development solutions (Made by FPT), and increase sales from these products in 2019.

### Telecommunications sector

In 2019, the telecommunications sector will continue to upgrade the optical infrastructure in the remaining areas; expand the coverage area to develop new subscribers; promote the development of Pay TV; diversify new content and services on a strong infrastructure; and bring new experiences to customers. The division will also invest in new services such as Data Centre and Cloud computing services, etc.

### Education segment

FPT Education keep continuing to implement the strategy towards a multi-level, multi-disciplinary, multi-segmented, multi-modal and multi-positional education system. In 2019, the Education segment will focus on developing a Mega Education model in Da Nang and Can Tho. In addition, investment in the education segment will be increased in order to expand primary and secondary education systems in major cities.

### The investment plan for 2019

FPT's investment activities in 2019 will focus on the following main activities:

- Infrastructure investment in the field of Telecommunications services including: telecommunications infrastructure to expand business areas; one submarine cable line; the underground backbone cable in the Central region; data centre.
- Investment in developing new technologies and offices for the Technology sector to meet the demands for long-term offices for reasonable costs.
- Investment in new educational facilities.

### Specific investment needs in 2019

Unit: VND in billion

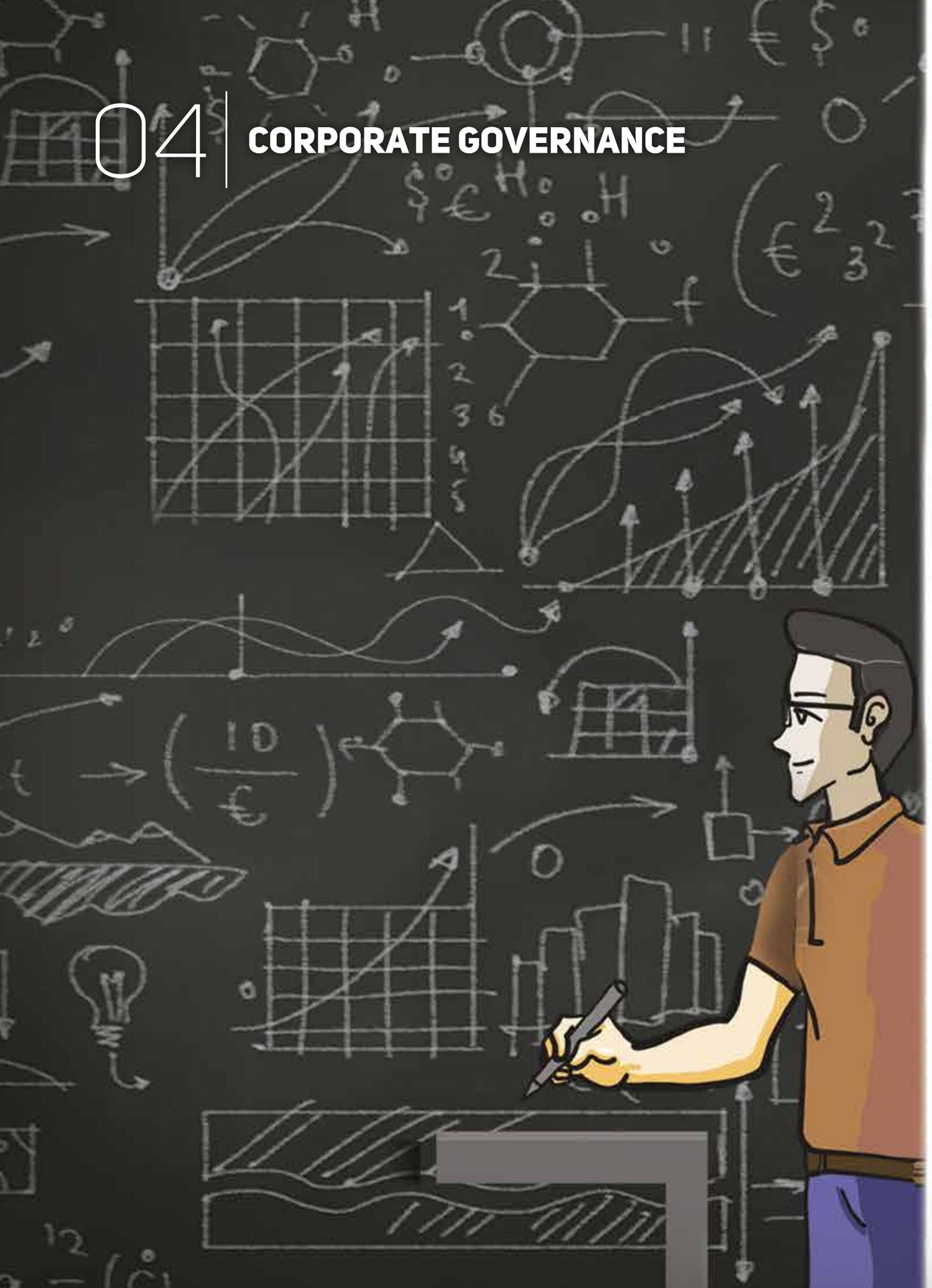
Sector	2019
Information technology	1,029
Telecommunications	3,004
Education and Investment	636
<b>Total</b>	<b>4,669</b>

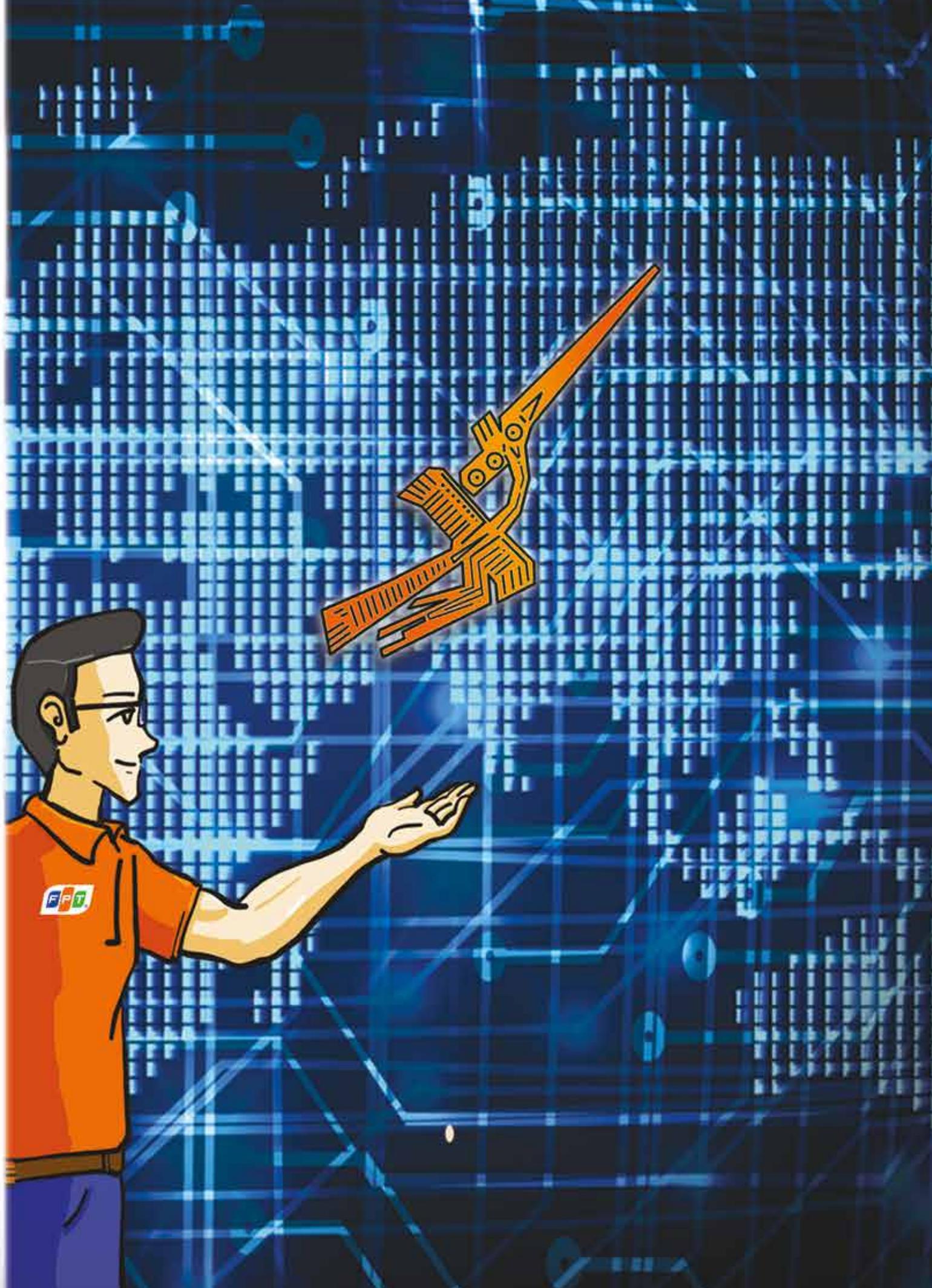
In 2019, the BOD will continue to maintain the regular quarterly meeting regime and hold meetings in the form of collecting written opinions to implement resolutions of the AGM and direct the implementation of strategic directions, programs and objectives for 2019, specifically as follows:

- Promoting activities of Globalisation and pioneering in DX, creating the growth motivation for the Corporation.
- Supervising the implementation of restructuring in subsidiaries towards high efficiency.
- Improving the capability of the leading personnel to regarding the development strategy of the Corporation and promoting the spirit of the founder.
- Improving corporate governance pursuant to international standards, while enhancing the role of risk management and control in financial management, accounting & auditing, and corporate risk management.
- Continuing to develop the foundations of the past years to maintain the sustainably growth, to build strong human resources, to develop technology for the community as well as enhance environmental awareness for employees.

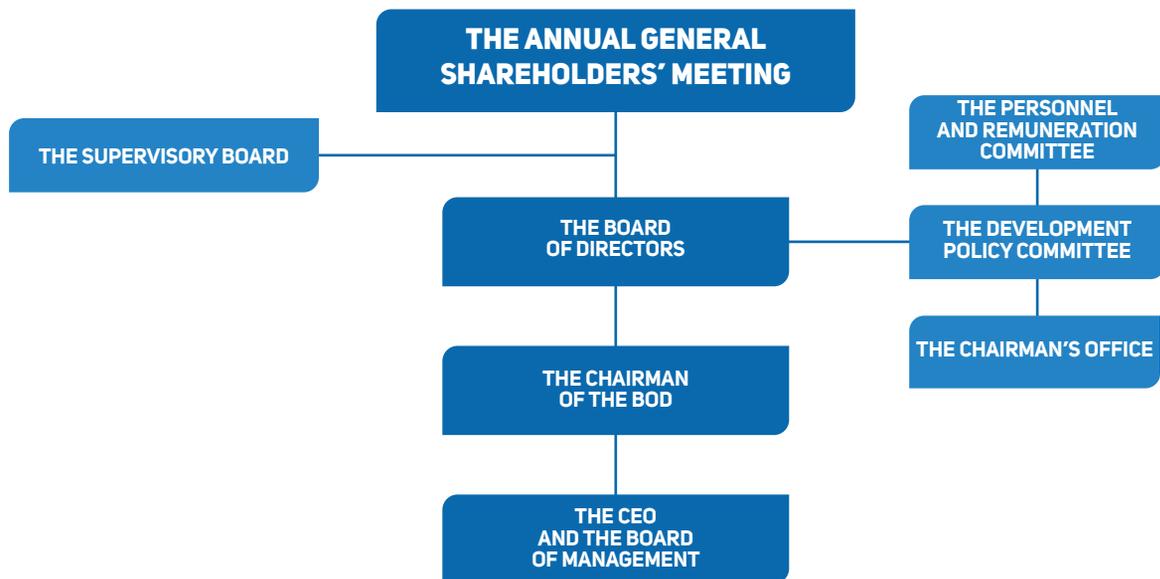
04

# CORPORATE GOVERNANCE





# CORPORATE GOVERNANCE STRUCTURE



**The Annual General Shareholders' Meeting (AGM):** The AGM represents the highest authority of the Corporation. Its members carry out a number of functions and duties as stipulated in the Company Charter and relevant laws.

**The Board of Directors (BOD):** The BOD is the highest governing body of the Corporation. It can act on behalf of the Corporation to make decisions and exercise the Corporation's rights and duties which are not under the authority of the AGM, in accordance with the Company Charter and relevant laws.

**The Chairman of the BOD:** The Chairman is the legal representative of the Corporation. The Chairman is responsible for handling the BOD's activities, and to consider and decide the corporate governance activities of the Corporation under the Company Charter and related legal regulations.

The Chairman of the BOD: Mr. Truong Gia Binh

**The CEO and the Board of Management (BOM):** The CEO is the legal representative of the Corporation. The BOM consists of the CEO and the Executive Vice Presidents. The CEO and the BOM are responsible for directing the daily business activities of the Corporation which are in compliance with the decisions of the AGM, the BOD and the Chairman of the Board.

The CEO: Mr. Bui Quang Ngoc

**The Supervisory Board:** The Supervisory Board supervises the BOD and the CEO in managing and administering the Corporation. It is accountable to the AGM for the performance of assigned duties.

Head: Mr. Nguyen Viet Thang

**The Personnel and Remuneration Committee:** As a part of the BOD, it directs the building of policy frameworks and human resources procedures for the Corporation and all of its subsidiaries. It supports the BOD to choose, propose, appoint, dismiss and evaluate the performance of the members of the BOM, representatives and other senior managers of the Corporation and its subsidiaries.

The Chairman: Mr. Do Cao Bao

**The Development Policy Committee:** As a part of the BOD, it is responsible for making development proposals to the BOD, building strategies for the BOD, directing and monitoring issues related to the development strategies of the Corporation and its subsidiaries.

The Chairman: Mr. Truong Gia Binh

**The Chairman's Office:** The Chairman's Office is a supporting function under BOD. As a part of the BOD, it is responsible for supporting the BOD and the Chairman to perform their functions and duties.

The Chief: Ms. Lai Huong Huyen

# CORPORATE GOVERNANCE IN 2018

FPT always strives to abide by the provisions related to corporate governance in general as well as its own administrative regulations for listed public joint stock companies, including the:

- Enterprise Law 2014.
- Decree No. 71/2017/NĐ-CP, guidelines on corporate governance of public companies.
- Circular No. 95/2017/TT-BTC, guiding a number of articles of the Government’s Decree No. 71/2017/NĐ-CP, guidelines on corporate governance of public companies.
- Circular 155/2015/TT-BTC on information disclosure on the stock market.

At the same time, in order to improve the compliance with the law on corporate governance, FPT has also amended and supplemented a number of provisions in the Company Charter and the Corporate Governance Regulation in accordance with guidelines in Decree No. 71/2017 / NĐ-CP and Circular 95/2017 / TT-BTC.

In addition to complying with relevant corporate governance regulations, FPT is also striving to improve the quality of management pursuant to international standards, through the application and adherence to the criteria within the OECD’s Principles of Corporate Governance and the ASEAN Corporate Governance Scorecard, including the following key issues:

- Ensuring all shareholders’ rights.
- Ensuring the equitable treatment of all shareholders.
- Ensuring the rights and roles of the related parties.
- Ensuring the disclosure and transparency of information.
- Emphasising the responsibilities of the BOD to shareholders.

Currently, in alignment with the ASEAN Corporate Governance Scorecard, FPT has made many advances in corporate governance over the years and has been working to regional standards, according to best practice. In particular, FPT has responded with excellence to the criteria related to shareholders’ rights, equal treatment for shareholders, related parties’ roles, information disclosure and transparency. FPT is developing a plan to best meet all criteria of the ASEAN Corporate Governance Scorecard.

## FPT’s satisfaction level in reference to the questionnaire of the ASEAN Corporate Governance Scorecard

Reference to the Principle of ASEAN Corporate Governance Scorecard	Satisfaction level of FPT
A Ensure all shareholders’ rights	Satisfactory
B Ensure the equitable treatment of all shareholders	Satisfactory
C Ensure the rights and roles of the related parties	Satisfactory
D Ensure the disclosure and transparency of information	Satisfactory
E Emphasise the responsibilities of the BOD to shareholders	Partly satisfactory and FPT is developing a plan to fully satisfy this principle.

Below is a table of information about FPT's corporate governance in reference to the criteria in OECD's International Governance Principles and the ASEAN Regional Corporate Governance Scorecard.

## RIGHTS OF SHAREHOLDERS

In 2018, FPT ensured the rights of all shareholders and investors, including financial rights, access to information and participation in some important decisions of the Corporation.

Criteria	FPT's performance
<b>Basic Shareholder Rights</b>	<p>FPT has fully paid dividends to shareholders according to the dividend policy adopted by the 2018 AGM, particularly as follows:</p> <ul style="list-style-type: none"> <li>➤ Remaining cash dividend in 2017 payment to shareholders at a rate of 15% as valued on June 08<sup>th</sup> 2018.</li> <li>➤ Dividend payment in 2017 by shares to shareholders at a rate of 15%, closed on May 28<sup>th</sup> 2018.</li> <li>➤ Cash dividend for the first time in 2018 for shareholders at the rate of 10% as valued on August 31<sup>st</sup> 2018.</li> </ul>
<b>Right to participate in decisions concerning fundamental corporate changes</b>	<p>In 2018, FPT amended and supplemented the Corporate Governance Regulations and Charter. The draft proposal was posted on the Corporation's website 15 days prior to the AGM in both Vietnamese and English. At the AGM, Shareholders participated in voting, approving these two drafts at a rate of 99.9%.</p>
<b>Right to participate effectively in, vote in AGM and be informed the rule, including voting procedures, that govern general shareholder meetings</b>	<p>On April 5<sup>th</sup> 2018, FPT held the AGM 2018 in full compliance with applicable laws to ensure the maximum rights and interests of shareholders, particularly as follows:</p> <ul style="list-style-type: none"> <li>➤ The invitation to attend the AGM 2018 was sent to all shareholders with full information about the time, place, meeting agenda and basic information about the registration.</li> <li>➤ All documents of the AGM 2018 were published publicly on the FPT website in both Vietnamese and English 15 days before the date of the AGM.</li> <li>➤ At the AGM, shareholders directly raised 21 questions to the monitors concerning the Corporation's operations. The Chairman of the BOD and the CEO co-chaired the AGM 2017 and responded to shareholders' comments at the meeting in full.</li> <li>➤ The whole process of shareholder status inspection, voting process and vote counting are all attended by a third party, FPT Securities Joint Stock Company.</li> <li>➤ The AGM's resolutions and reports were posted on the Corporation's website in both Vietnamese and English within 24 hours, in accordance with regulations, with all information [displayed] in chronological order. It accurately and fully recorded the opinions of shareholders, the number of votes and the percentage of voting for shareholders' opinions.</li> </ul>

## EQUAL TREATMENT OF SHAREHOLDERS

FPT fully and publicly provides information to all shareholders in both Vietnamese and English. All shareholders have the right to attend or authorise to attend the AGM of the Corporation.

Criteria	FPT's performance
<b>Shares and voting rights</b>	<p>Each shareholder or his/her authorised representative when participating in the AGM will be issued with the Corporation's voting form. The voting form is used in conjunction with each shareholder's code number so that vote counting can be done accurately and quickly. Shareholders confirm their opinions on voting contents by marking one of three boxes on the voting form: 'approval', 'disapproval' or 'no opinion', and provide their signature.</p>
<b>Notice of AGM</b>	<p>All notices, documents of AGM and power of attorney are published simultaneously in Vietnamese and English for shareholders via email, which is sent directly to shareholders and the Corporation's website 15 days prior to the time of AGM.</p>
<b>Insider trading and abusive self-dealing should be prohibited</b>	<p>Articles 38 and 39 of the Company Charter clearly regulate that the members of the BOD must be responsible for being prudent, honest and avoiding conflicts of interests in the best interests of shareholders and the Corporation. At the same time, the Board members must exercise their rights, obligations and responsibilities in accordance with the Enterprise Law, the Company's Charter, Corporate Governance Regulations and other internal regulations.</p>
<b>Related party transactions by directors and key executives</b>	<p>Transactions related to the interests of members of the BOD are detailed in the Company Charter and information is periodically published in the Corporate Governance Report for six months and the whole year.</p>

## ASSURANCE TO THE RIGHTS AND ROLES OF STAKEHOLDERS

The Corporation's business activities are carried out on the principle of ensuring the highest benefits for stakeholders. At the same time, for stakeholders to speak up and / or lodge a complaint about possible violations of their rights, FPT publicly discloses contact information in each field on the Corporation's website.

Shareholders	FPT's commitments
<i>Customers</i>	Endeavour to meet customers' needs and exceed their expectations through a comprehensive understanding of their requirements.
<i>Shareholders – Investors</i>	Endeavour to bring the highest benefit and sustainability to shareholders.
<i>Employees</i>	Build a strong team, meet the development needs of the Corporation, maintain and promote the Corporation's core values, create opportunities for each person to demonstrate their skills and achieve success, and ensure the benefits of the employees.
<i>Community</i>	Contribute to the community, which is essential to the sustainable development of the Corporation.
<i>Government and ministries, agencies</i>	Be active in coordinating with ministries and agencies to implement Government policies and the regulations of State management ministries and agencies in order to support the sustainable development of the Corporation and contribute to the prosperity of the country.
<i>Partner, providers</i>	Endeavour to establish professional relationships with partners on the basis of effective communication, maximizing the strength of cooperation, long-term partnerships, mutual success and sustainable development.
<i>Press and media</i>	Provide timely and transparent information related to the activities of FPT and its subsidiaries.

## DISCLOSURE AND TRANSPARENCY OF INFORMATION

FPT has always fully, accurately and punctually complied with regulations on information disclosure for listed companies. At the same time, all stakeholders can access FPT's disclosed information in an updated manner on the Corporation's website.

Criteria	FPT's performance
<i>Transparent ownership structure</i>	Information about the ownership and relationship of the company with other companies in the Corporation, data on major shareholders, internal shareholders, BOD and BOM, dealing with related parties as well as necessary information to understand the company's relationship with public stakeholders is published publicly in the Corporation's annual report and on its website.
<i>Quality of Annual Report and Financial Statements</i>	The annual report of the Corporation fully complied with the regulations of Circular No. 155/2015 / TT-BTC, guiding the disclosure of information on the stock market. For the past 10 years, FPT's annual report has always been in the top 10 best annual reports. In 2018, FPT was also honoured in the Top 5 Best Corporate Governance Reports.  The Corporation's Annual Report and Financial Statements are always published on time and in accordance with relevant regulations on information disclosure.
<i>Provision of business information of the Company</i>	Relevant and important information of the Corporation is announced in a timely manner, complied with regulations, via various channels such as the Corporation's website, mass media channels, and regular meetings with investors and reporters.
<i>Investor relations</i>	The Corporation has its own department that is responsible for the disclosed information of and investor relations. In 2018, the Corporation held three periodic meetings with investors in Hanoi and HCMC through video conferencing.

## THE BOD'S RESPONSIBILITIES

FPT's BOD consists of seven members, including three independent members, all of whom have many years of experience in finance and IT, as well as business knowledge in the global environment. In 2018, FPT's BOD has been active and complied with relevant regulations on the activities of the BOD to ensure the benefits of Shareholders.

Criteria	FPT's performance
<b>Board structure and duties of BOD members</b>	Operation model, structure, roles, responsibilities and remuneration of the Board members are clearly defined in the Company Charter and Corporate Governance Regulations, and are publicly announced on the Corporation's annual reports and website.
<b>Roles of BOD member in other listed enterprises</b>	The maximum duration of the BOD position that a member of the BOD can hold simultaneously alongside their position at other companies is defined in the Corporate Governance Regulation. There is no BOD member of FPT holding more than 2 positions in the BOD of other listed companies outside the Corporation.
<b>BOD's meetings</b>	Periodically, members of the BOD meet and consider the strategic direction of the Corporation and monitor the implementation of the goals and activities of the Corporation. In 2018, the BOD conducted eight meetings with the participation of 100% of members and issued eight resolutions.
<b>Independence of BOD members</b>	The company has three independent Board members, accounting for 42.8% of the total members of the BOD. These members have positively contributed to the expansion of FPT's business activities in foreign markets and M&A strategies. Positions for Chairman of the BOD and CEO of the Corporation are separated to help balance the power, increase the responsibility and enhance the independent decision making capabilities of the BOD and the BOM.
<b>Committees under the Board</b>	The BOD consists of 03 committees. Activities of those are published in the Annual Report and Corporate Governance Report.
<b>Performance of the BOD</b>	Members of the BOD and Supervisory Board actively participate in programs and events related to corporate governance in order to update information. Currently, the BOD and the Supervisory Board has four members obtaining corporate governance training certificates.

# INFORMATION AND ACTIVITIES OF THE BOD

## MEMBERS AND STRUCTURE OF THE BOD

FPT's BOD consists of seven people. The structure of the BOD ensures a balance between members with substantial experience in IT, corporate governance and globalisation, as well as between executive members, non-executive members and independent members. The list of BOD members is as follows:

No.	Name	BOD member	Percentage of voting rights / share of ownership	BOD titles held in other companies (as of 31 <sup>st</sup> December 2018)
1	Mr. Truong Gia Binh	Non-executive	7.09%	<ul style="list-style-type: none"> <li>➤ Member of the BOD of FPT Telecom Joint Stock Company.</li> <li>➤ Chairman of FPT Education Company Limited.</li> <li>➤ Member of the BOD of FPT University.</li> <li>➤ Member of the Members' Council of FPT Information System Company Limited.</li> <li>➤ BOD member of Vietnam Joint Stock Commercial Bank for Foreign Trade.</li> </ul>
2	Mr. Bui Quang Ngoc	Executive	3.42%	<ul style="list-style-type: none"> <li>➤ Member of the BOD of FPT Telecom Joint Stock Company.</li> <li>➤ Member of the BOD of FPT University.</li> <li>➤ Member of the Members' Council of FPT Information System Company Limited.</li> </ul>
3	Mr. Do Cao Bao	Executive	1.12%	<ul style="list-style-type: none"> <li>➤ Member of the BOD of FPT City Joint Stock Company, Da Nang.</li> <li>➤ Member of the Members' Council of FPT Information System Company Limited.</li> </ul>
4	Mr. Le Song Lai	Non-executive	0%	<ul style="list-style-type: none"> <li>➤ Chairman of the BOD of Bao Minh Insurance Corporation.</li> <li>➤ Member of the BOD of Vietnam National Reinsurance Corporation.</li> <li>➤ Chairman of the Members' Council of SCIC Investment Company Limited.</li> </ul>
5	Mr. Jean-Charles Belliol	Independent	0%	
6	Mr. Tomokazu Hamaguchi	Independent	0%	<ul style="list-style-type: none"> <li>➤ Member of the BOD of East Japan Railway Company.</li> <li>➤ Member of the BOD of Kuraray Company.</li> </ul>
7	Mr. Dan E. Khoo	Independent	0%	

Since 2013, FPT has separated the roles of Chairman of the BOD and CEO to express the independence and clear division of responsibilities between the BOD and BOM, ensuring the decentralisation of decision-making and improving the independence of the BOD.

## THE BOD'S ACTIVITIES

### Number of BOD meetings

No.	BOD member	Position	Commencement date	No longer member of BOD date	Number of meetings attended	Percentage of attendance
1	Mr. Truong Gia Binh	Chairman			8/8	100%
2	Mr. Bui Quang Ngoc	Vice Chairman			8/8	100%
3	Mr. Do Cao Bao	Member			8/8	100%
4	Mr. Le Song Lai	Member			8/8	100%
5	Mr. Jean-Charles Belliol	Member			8/8	100%
6	Mr. Tomokazu Hamaguchi	Member			8/8	100%
7	Mr. Dan E. Khoo	Member			8/8	100%

## CONTENTS AND RESULTS OF THE MEETINGS

In 2018, the BOD conducted eight meetings, including four written working sessions and four face-to-face meetings. Seven out of the eight meetings issued eight resolutions, the other one meeting did not issue any resolutions.

The specific contents of each meeting is as follows:

Session	Participants	Main content
Session 01 January 02 <sup>nd</sup> -10 <sup>th</sup> 2018	Opinions collected in writing Issued resolution no. 01.01-2018/ NQ-HĐQTFFPT	<ul style="list-style-type: none"> <li>➤ Proposal for the dismissal of Mr. Duong Dung Trieu from the position of Executive Vice President of Globalisation - FPT Joint Stock Company.</li> </ul>
Session 02 January 12 <sup>nd</sup> -15 <sup>th</sup> 2018	Opinions collected in writing Issued resolution no. 02.01- 2018/NQ-HĐQTFFPT	<ul style="list-style-type: none"> <li>➤ Proposal for the appointment of Mr. Nguyen Van Khoa to the position of Executive Vice President of FPT Joint Stock Company.</li> <li>➤ Proposal for the appointment of Mr. Hoang Viet Anh to the position of Executive Vice President of FPT Joint Stock Company.</li> </ul>
Session 03 January 29 <sup>th</sup> 2018	BOD: 7/7 members Observers: Supervisory Board: 2/3 Board of Management: 3/3 Issued resolution no. 03.01- 2018/NQ-HĐQTFFPT	<ul style="list-style-type: none"> <li>➤ 2017 Business Report.</li> <li>➤ 2018 Business Report.</li> <li>➤ FPT 2018-2020 Strategy Report.</li> <li>➤ Report on the share issuance program for officials who have contributed in 2017.</li> <li>➤ Report on the closing date for the list of Shareholders and participation in the AGM.</li> </ul>
Session 04 March 09 <sup>th</sup> 2018	BOD: 7/7 members Observers: Supervisory Board: 2/3 Board of Management: 3/3 Issued resolution no. 01.03- 2018/NQ-HĐQTFFPT Issued resolution no. 02.03- 2018/NQ-HĐQTFFPT	<ul style="list-style-type: none"> <li>➤ Proposal for the Content and Program of AGM 2018.</li> <li>➤ Report of the BOD for 2017, orientation and plan for 2018.</li> <li>➤ Report on budget proposal and remuneration for BOD in 2018.</li> <li>➤ 2017 audited financial statements.</li> <li>➤ Report on 2017 profit utilisation plan and cash dividend policy for 2018.</li> <li>➤ Proposal for the list of independent auditing companies to audit the Financial Statements of 2018.</li> <li>➤ Proposal for amendments to the Company Charter and Corporate Governance Regulations under the new Decree on Corporate Governance.</li> <li>➤ Report on transactions between FPT and businesses and related persons in accordance with the Law on Enterprises and the Company Charter; Authorisation for the BOD of the Corporation to decide to sign and perform contracts and transactions between the Corporate and businesses and related persons.</li> </ul>
Session 05 May 2 <sup>nd</sup> – 3 <sup>rd</sup> 2018	Opinions collected in writing Issued resolution no. 01.05- 2018/NQ-HĐQTFFPT	<ul style="list-style-type: none"> <li>➤ Report on the remaining 2017 cash dividend payment plan.</li> <li>➤ Report on the stock dividend payment plan from the retained earnings to existing shareholders.</li> </ul>
Session 06 July 31 <sup>st</sup> 2018	BOD: 7/7 members Observers: Supervisory Board: 2/3 Board of Management: 3/3 Issued resolution no. 01.07-2018/ NQ-HĐQTFFPT	<ul style="list-style-type: none"> <li>➤ Proposal to increase charter capital of FPT Software and FPT Education.</li> <li>➤ Proposal for advance payment of the first cash dividend of 2018.</li> </ul>
Session 07 November 12 <sup>th</sup> 2018	BOD: 7/7 members Observers: Supervisory Board: 2/3 Board of Management: 3/3 No resolution issued.	<ul style="list-style-type: none"> <li>➤ Discussion on business results for the first nine months and expectations for the results of the implementation of the 2018 business plan.</li> </ul>
Session 08 December 20 <sup>th</sup> - 24 <sup>th</sup> 2018	Opinions collected in writing Issued resolution no. 02.12- 2018/NQ-HĐQTFFPT	<ul style="list-style-type: none"> <li>➤ Proposal for dissolution of FPT Entertainment Media Company Limited.</li> </ul>

## CONTENT OF RESOLUTIONS ISSUED IN 2018

No.	Resolution No.	Date	Content
1	01.01-2018/ NQ-HĐQTFPT	January 12 <sup>nd</sup> 2018	<ul style="list-style-type: none"> <li>➤ Approval for the dismissal of Mr. Duong Dung Trieu from the position of Executive Vice President of Globalisation - FPT Joint Stock Company.</li> </ul>
2	02.01-2018/ NQ-HĐQTFPT	January 15 <sup>th</sup> 2018	<ul style="list-style-type: none"> <li>➤ Approval for the appointment of Mr. Nguyen Van Khoa to the position of Executive Vice President of FPT Joint Stock Company.</li> <li>➤ Approval for the appointment of Mr. Hoang Viet Anh to the position of Executive Vice President of FPT Joint Stock Company</li> </ul>
3	03.01-2018/ NQ-HĐQTFPT	January 29 <sup>th</sup> 2018	<ul style="list-style-type: none"> <li>➤ Ratification of the 2017 Business Report.</li> <li>➤ Ratification of the 2018 Business Report.</li> <li>➤ Ratification of the FPT 2018-2020 Strategy Report.</li> <li>➤ Implementation of the resolution of the 2017 AGM of Shareholders on March 31<sup>st</sup>, 2017; approval of the Regulation on stock issuance program for employees with contributions in 2017.</li> <li>➤ Ratification of the closing date for the list of Shareholders and participation in the AGM.</li> </ul>
4	01.03-2018/ NQ-HĐQTFPT	March 09 <sup>th</sup> 2018	<ul style="list-style-type: none"> <li>➤ Approval for the Program of AGM 2018.</li> <li>➤ Approval for the Report of the BOD for 2017, orientation and plan for 2018.</li> <li>➤ Approval for the Report on budget proposal and remuneration of 2018, submission to the General Meeting of Shareholders for approval.</li> <li>➤ Ratification of 2017 audited financial statements.</li> <li>➤ Approval for the Report on 2017 profit utilisation plan and cash dividend policy for 2018.</li> <li>➤ Approval for the Proposal for choosing one (01) of the four (04) Big 4 Accounting Firms to audit the Corporation's 2018 Financial Statements, namely: KPMG, Deloitte, PwC, and Ernst &amp; Young; submission to the General Meeting of Shareholders for approval.</li> <li>➤ Approval for Proposal for amendments to the Company Charter and Corporate Governance Regulations.</li> </ul>
5	02.03-2018/ NQ-HĐQTFPT	March 09 <sup>th</sup> 2018	<ul style="list-style-type: none"> <li>➤ Approval for the undertakings of transactions between FPT and businesses and related persons in accordance with the 2014 Law on Enterprises and the Company Charter.</li> </ul>
6	01.05-2018/ NQ-HĐQTFPT	May 03 <sup>rd</sup> 2018	<ul style="list-style-type: none"> <li>➤ Approval for the remaining 2017 cash dividend payment plan.</li> <li>➤ Approval for the stock dividend payment plan from the retained earnings to existing shareholders.</li> </ul>
7	01.07-2018/ NQ-HĐQTFPT	July 31 <sup>st</sup> 2018	<ul style="list-style-type: none"> <li>➤ Approval for the proposal to increase charter capital of FPT Software and FPT Education.</li> <li>➤ Approval for Proposal for advance payment of the cash dividend for the first time in 2018</li> </ul>
8	02.03-2018/ NQ-HĐQTFPT	December 24 <sup>th</sup> 2018	<ul style="list-style-type: none"> <li>➤ Approval for the dissolution of FPT Entertainment Media Company Limited.</li> </ul>

By December 31<sup>st</sup> 2018, FPT's BOD had three independent members: Mr. Jean-Charles Belliol, Mr. Tomokazu Hamaguchi and Mr. Dan E Khoo. These independent members participated in all regular meetings of the BOD in 2018 and contributed important ideas and recommendations for the Corporation's operation and development strategy, as well as actively discussed business targets, development directions in each business sector, and suitable proposals and solutions. In addition, with their experience as BOD members in many big firms, they made many important contributions to the Corporation's corporate governance.

### **Notable activities of the BOD's independent members in 2018 are as follows:**

**Mr. Jean-Charles Belliol:** With his vast experience in the field of banking and finance, in BOD meeting sessions as well as the Corporation's Strategic Conference and weekly briefings, he actively contributed ideas and recommendations for financial and investment activities as well as a number of business targets for 2018 and the period of 2018-2020 for the Corporation and some subsidiaries. In 2018, he also actively contributed ideas to the Corporation's M&A activities, being a part of the successful acquisition of Intellinet.

**Mr. Tomokazu Hamaguchi:** With years of experience in globalisation in general and the Japanese market in particular, he made a number of suggestions to promote activities and enhance the competitiveness in some important areas of the Corporation, such as Software outsourcing and Telecommunications Services whilst at the same time contributing important comments that helped boost FPT's operation in the Japanese market. In 2018, in the Japanese market, building technological capacity in specialised fields and focusing on top 1,000 large enterprises of Japan has brought in contracts worth of millions of USD and really enhanced the position of the Corporation in the eyes of customers.

**Mr. Dan E Khoo:** As the Chairman Emeritus of the World Information Technology and Services Alliance (WITSA), he offered many insights into new global technology trends. This important practical experience helped him to give strategic advice for FPT to invest and develop products, services and solutions to meet technology transformation trends, especially in DX. In the role of strategic consultant for the Corporation in developing countries, he also connected FPT with some partners and customers to supply IT services in Malaysia.

## LEADERSHIP OWNING CERTIFICATES ON CORPORATE GOVERNANCE

By December 31<sup>st</sup> 2018, the Corporation has 05 leaders who are members of the BOD, Supervisory Board, BOM and Corporate Secretary owning certificates on corporate governance. The details are as follows:

- Mr. Le Song Lai – Non-executive member of the BOD;
- Mr. Do Cao Bao – Member of the BOD, Executive Vice President;
- Mr. Nguyen Viet Thang – Head of the Supervisory Board;
- Ms. Nguyen Thi Kim Anh – Member of the Supervisory Board;
- Ms. Lai Thi Huong Huyen – Secretary, Chief of Office of the Chairman of the BOD.

Currently, information of remaining members of the BOD, Supervisory Board and the BOM is still being updated and complies with the regulations of the law on corporate governance, and is being applied to management practices of FPT.

## ACTIVITIES OF COMMITTEES UNDER THE BOD

There are three committees under the BOD. The details of their activities are shown below:

No.	Committee	Name	Position
1	The Personnel and Remuneration Committee	Mr. Do Cao Bao	Chairman
2	The Development Policy Committee	Mr. Truong Gia Binh	Chairman
3	The Chairman's Office	Ms. Lai Huong Huyen	Head

### The Personnel and Remuneration Committee

- Implementing the senior leadership planning and development program, rotating senior managers in FPT
  - Planning, evaluating, rotating and training senior managers. Building the leadership evaluation Radar Chart with 13 criteria that will be applied to those at FPT and subsidiaries. In 2018, FPT appointed 02 new Executive Vice Presidents; Rotating 03 CEOs of subsidiaries, namely: transferring CEO of FPT IS to the position of CEO of FPT Software; transfer CEO FPT Software to the position of CEO of FPT Telecom and CEO of FPT Telecom to the position of CEO of FPT IS. At the same time, FPT directs the rotation of leaders and managers at all levels for the whole year: 771 leaders/managers at all levels are rotated and appointed.
  - Developing a training matrix, setting up training courses specifically for leaders, including on-the-job training and online training.
  - Set up the Mentor–Mentee program for leaders: 106 mentors with more than 350 sessions and more than 1,000 active mentees in 2018.
- Controlling the restructuring programs of FPT IS and Synnex FPT.
- Issuing the updated corporate personnel and remuneration policies:
  - Building the FPT salary scale system in accordance with new Labour Laws in 2018.
  - Issuing pension policy in FPT.
  - Directing the control of the development and issuance of personnel policies at the Corporation, control and consult on regulations and policies application at the subsidiaries following regulations of the Corporation and the Law.

- Formulating the human resources (HR) development strategy
  - Directing the formulation of HR development strategy using the 2018 Balanced Scorecard (BSC) which applies to all subsidiaries with detailed action plans and indicators customised with different periods.
  - Directing the building of FPT brand image in attracting human resources through organizing activities and events at key universities nationwide, attracting more than 15,000 senior students and creating human resources reserve for FPT.
  - Directing the development of programs to make FPT more innovative and competitive: Improve competitiveness program; I- Khiến creative program; iDo program, etc. reaching each employee.
  - Directing the implementation of the Human Resources Information Management (PS 9.2) program. Directing the initialisation of professional software programs, such as SSC Portal, e-Learning, Online Exams, etc.
- Directing the formulation and implementation of the project to develop top talents:
  - Directing the training and development programs for top talents, including training MiniMBA and leadership skills. In 2018, 149 trainees completed the program.
  - Managing, keeping track of and coaching top talents through training courses and development programs for each group, drafting specific policies for the groups of top talents. In 2018, there were 120 trainees who completed the program.
- Directing the creation and implementation of skill-developing projects of FPT to meet global standards:
  - Building resources for globalisation from domestic and foreign sources; building the recruitment brand name.
  - Directing the drafting and supervising the implementation of plans and training programs for employees in the areas of foreign languages, professional skills and expertise to meet global standards.
  - Working with FPT Corporate University to implement training programs that are applicable to all FPT employees; ensuring that the training time of employees reach 60 hours / year and the teaching time of leading officials reach 25.5 h / year in 2018 in the whole system. The completion rate of learning tasks of FPT employees in 2018 reached 99% (officials at level 2.4 or higher).
  - Directing the Mentor–Mentee program to be applied across FPT Corporation, to bring training experience to all leaders/managers. This is a program that has been implemented for five consecutive years and has proven to be highly effective, with more than 100 leaders registering as masters and more than 1,000 managers at all levels as disciples every year.

#### The Development Policy Committee

- Implementing the evaluation of strategy performance in 2018 and developed the business strategy 2019 – 2021 to submit to the BOD for approval at the beginning of 2019.
- Focusing resources on technology development.
- Successfully implementing and supporting M&A deals in the US and Japan.
- Promoting the establishment of FPT Digital Transformation

Division to meet the leading DX consultancy capacity in Vietnam through practical transformation of FPT Corporation, subsidiaries and partners.

- Supporting the Chairman and senior officers in developing international relations such as joining APEC, the World Economic Forum in Davos, cooperating with the world's leading corporations in international markets such as Europe, Japan and America. Participation in world, regional and Vietnamese economic forums, especially on the topic of digital economy, which will promote the digital economic shift in Vietnam and create opportunities for FPT to develop.

#### The Chairman's Office

- Assisting the Chairman and the BOD to hold periodic meetings and collect opinions in writing; drafting and releasing documents of the BOD in accordance with regulations specified in the Corporate Governance Framework, the Company Charter, the Law on Enterprises and other legislative regulations.
- Coordinating to hold the AGM in April 2018 and Advisory Council meetings during the year.
- Providing information to members of the BOD, Supervisory Board and the Corporation's shareholders upon request.

### OVERALL EVALUATION OF THE BOD'S PERFORMANCE

In 2018, FPT's BOD was always attentive to business activities, complied with all regulations, directed and strictly supervised the operation of the BOM to ensure the implementation of strategic goals and plans in a timely manner.

The development of strategy continues to be consolidated. The BOD coordinated with the BOM ensured that the new strategy building model was implemented from the corporate to subsidiary level; strategic goals, strategic actions and action plans for immediate implementation were clearly identified in each level.

The BOD Chairman directed and supervised the dissemination and implementation of the strategic building model in every subsidiary to ensure consistency in direction and performance at all levels.

The Corporation continues to improve transparency in corporate governance. The BOD's independent members are all foreigners who have held leadership positions for many years and are highly regarded in the regional IT industry. They also have substantial experience and an extensive network of contacts that has allowed them to make large contributions to FPT's global strategy in terms of pioneering in digital revolution in Vietnam and in the world.

### EVALUATION OF INDEPENDENT BOARD MEMBERS ON THE BOD'S OPERATION

**Mr. Dan E Khoo:** During 2018, under the leadership of Chairman Truong Gia Binh, a strategic and profound person, the BOD made important decisions to promote the development of FPT on global while still quickly adapting to changing conditions of the business, political and economic environment.

The Corporation has made important decisions to focus on developing core business areas and focusing on customers as well as refreshing solution proposals to enhance value and competitive advantage. The BOD has been very brave

to innovate for both management and strategic planning, to reap important achievements in the direction of globalisation, especially in the pioneering strategy of DX. At the same time, discover new opportunities in start-ups but still focus on core businesses.

It is worth noting that the Corporation also emphasises the importance of investing in training talents and building appropriate facilities to provide a favourable environment for talents to grow.

**Mr. Jean-Charles Belliol:** In 2018, FPT Corporation implemented the objectives under the Resolutions of the AGM to promote the development of FPT for the benefit of all stakeholders, not just shareholders but also customers, employees and society. Arguments in the meetings of the BOD are proactive, transparent and effective and fully cover the topics: environment and business, technology and economic

trends, strategies, ways of implementation, finance, personnel and organisation as well as M&A transactions. The BOD is also willing to hear and acknowledge the comments and notable suggestions of independent BOD members for financial and investment activities as well as some business goals for 2018 and in the 2019-2021 period of the Corporation and its subsidiaries.

**Mr. Tomokazu Hamaguchi:** In 2018, the BOD has well performed its tasks and actively discussed and discussed issues that helped FPT grow better such as: evaluating business results by quarters; actively discussing ways to remove problems of the Corporation and its subsidiaries; analysing technology and economic trends in the world; giving strategies for sustainable development of FPT and discussing general issues of the Corporation such as human resources development, M&A, etc.

## REPORT OF THE SUPERVISORY BOARD

### SUPERVISORY BOARD MEMBERS

The Supervisory Board for 2017 – 2022 has three members, as follows:

No.	Member	Position	Commencement Date	No longer member of Supervisory Board date	Number of attendance	Percentage of attendance
1	Mr. Nguyen Viet Thang	Head of Supervisory Board	April 12 <sup>th</sup> 2012, reappointed by the AGM as a member of the Supervisory Board at March 31 <sup>st</sup> 2017, re-elected by the Supervisory Board as the Head of Supervisory Board on April 3 <sup>rd</sup> 2017		6/6	100%
2	Mr. Nguyen Khai Hoan	Member of Supervisory Board	April 12 <sup>th</sup> 2012, reappointed by the AGM as a member of the Supervisory Board at March 31 <sup>st</sup> 2017		6/6	100%
3	Ms. Nguyen Thi Kim Anh	Member of Supervisory Board	Reappointed by the AGM as a member of the Supervisory Board at March 31 <sup>st</sup> 2017		6/6	100%

In the fiscal year 2018, the Supervisory Board performed well with the role of monitoring and recommending necessary changes in the operation of the Corporation, strengthening measures to supervise and ensure financial activities of the Corporation are clear and transparent.

### ACTIVITIES OF THE SUPERVISORY BOARD

In 2018, the Supervisory Board had six sessions. Details of the content were as follows:

Session	Participant	Content
Session 01 March 7 <sup>th</sup> 2018	3/3	<ul style="list-style-type: none"> <li>➤ Reviewed and evaluated the Corporation's 2017 consolidated financial statement; evaluated the 2017 business results and documents of the 2018 AGM prepared by the BOM.</li> <li>➤ Discussed and evaluated the supervising work for the compliance with the regulations of the BOD, BOM members and the management positions of the Corporation in 2017 to mention in the annual report to the AGM 2018.</li> <li>➤ Discussed on the report on Supervisory Board's activities in 2017 and 2018 operation plan presented by the Head of the Supervisory Board.</li> </ul>

Session	Participant	Content
Session 02 April 12 <sup>th</sup> 2018	3/3	<ul style="list-style-type: none"> <li>➤ Agreed on the 2018 operation plan after it had been approved by the 2018 AGM.</li> <li>➤ Assigned detailed staffing work of members in 2018.</li> <li>➤ Reviewed and assigned work to coordinate with the Corporation's Compliance Monitoring Department.</li> </ul>
Session 03 May 25 <sup>th</sup> 2018	3/3	<ul style="list-style-type: none"> <li>➤ Reviewed and evaluated the Corporation's 2018 first quarter financial statements.</li> <li>➤ Assigned immediate tasks in coordination with the Compliance Monitoring Department regarding the compliance of the Corporation and the internal work of the Supervisory Board.</li> </ul>
Session 04 July 19 <sup>th</sup> 2018	3/3	<ul style="list-style-type: none"> <li>➤ Reviewed and evaluated the Corporation's 2017 second quarter consolidated financial statements.</li> <li>➤ Reviewed reports of the Compliance Monitoring Department and some other related work.</li> </ul>
Session 05 October 23 <sup>rd</sup> 2018	3/3	<ul style="list-style-type: none"> <li>➤ Reviewed and evaluated the Corporation's 2018 third quarter consolidated financial statements; evaluated the business results in the first nine months of 2018, prepared by the BOM.</li> <li>➤ Assessed the ability of the Corporation and subsidiaries to reach the 2018 revenue, profit and growth target.</li> </ul>
Session 06 December 27 <sup>th</sup> 2018	3/3	<ul style="list-style-type: none"> <li>➤ Planned for examination of overdue debts and inventory of 2018.</li> <li>➤ Check the issuance of preferential shares for employees in 2017 (complied with the Resolution of the 2018 AGM).</li> <li>➤ Check the dividend payment in instalments in 2018 (complied with the Resolution of the 2018 AGM).</li> <li>➤ Discussed the Supervisory Board's work plan for 2019.</li> </ul>

### Monitoring the implementation of the resolution of the 2018 AGM

The Corporation has accomplished nearly all of the main objectives set in AGM Resolutions in 2018 with high growth business targets, especially with the profit margin having increased 1.7 times compared to 2017, reaching 16.6%. The Corporation has completed the appropriation of statutory funds, to ensure the obligation to remit the State budget fully.

In 2018, the Corporation paid full remuneration to members of the BOD and Supervisory Board in accordance with regulations as well as quota approved by the 2018 AGM.

### Supervision activities of the Supervisory Board for the BOD, BOM and Shareholders

The Supervisory Board attended all BOD meetings during the period and made positive contributions. In 2018, the Board inspected, supervised and ensured that the Corporation operates in accordance with the Law on Enterprises, and supervised the implementation of the resolutions approved by the 2018 AGM, in which related to the policy of issuing preferential shares to employees in 2018.

### The operating collaboration between the Supervisory Board and the BOD, BOM and management staff

The Supervisory Board recognised the coordinating effort of the BOD and the BOM. Information about business plans and the implementations have always been updated regularly. The Supervisory Board actively and commonly coordinated with the BOD and BOM. Besides, the Supervisory Board also closely incorporate with the Compliance Monitoring Department to evaluate the results of the inspections in the period.

### Monitoring the compliance and other activities

In 2018, the Supervisory Board found no matters associated with the activities of members of the BOD, BOM or the Corporation's managers which affected or violated regulations of the State or the Corporation.

They also reviewed the quarterly financial reports provided by the BOM; supervised the issuance of shares throughout the year to ensure compliance with the regulations of the State and Resolutions approved by the 2018 AGM. The Supervisory Board coordinated with the BOM to evaluate and select an independent auditor for 2018, submitting to the 2018 AGM for approval.

### Summary of remuneration and operating expenses of the Supervisory Board

Regarding remuneration and operating expenses of the Supervisory Board: VND 1,036,800,000 in remuneration was paid in advance, this sum was included in the total expenses and operating expenses of the Supervisory Board members, approved by the 2018 AGM. During the year, the Supervisory Board did not outsource any consulting services.

### Action plan of the Supervisory Board in 2019

The main task of the Supervisory Board in 2019 is supervising compliance with the Resolution of the 2019 AGM to ensure the best interests for shareholders. At once, they will keep closely coordinating in reviewing the audit reports of independent auditors and supervising the implementation of issues raised by auditors; reviewing and monitoring financial regulations, operating regulations and policy regulations communicated by the BOD and the BOM during the year, ensuring compliance with laws and regulations, protecting the interests of shareholders of the implementation of these regulations; strengthening the coordination between the Supervisory Board and the Compliance Monitoring Department to assess and handle any incidents in a timely manner and oversee post-audit handling.

# TRANSACTIONS, REMUNERATION AND OTHER BENEFITS FOR THE BOD, THE SUPERVISORY BOARD AND THE CEO

## REMUNERATION AND OTHER BENEFITS

The Corporation has made payment of remuneration of the BOD, the BOM and the Supervisory Board according to the Resolution and business plan approved by the 2018 AGM and the BOD.

Actual remuneration of the BOD and Supervisory Board:

- Salary of BOD Executive members: VND 10,700,000,000; Bonus of BOD Executive members: 0.49% of PBT.
- Compensation of BOD non-executive members: VND 5,500,000,000.
- Compensation of the Supervisory Board: VND 1,036,800,000.
- Salary of BOM members: VND 9,151,500,000.

Unit: VND in million

	Salary		Bonus (% PBT)		Compensation	
	Approved by the AGM	2018	Approved by the AGM	2018	Approved by the AGM	2018
<b>BOD Executive members</b>	10,760	10,700	Not exceed 0.49%	0.49%	None	None
<b>BOD Non-executive members</b>	None	None	None	None	5,750	5,500
<b>Supervisory Board members</b>	None	None	None	None	1,211.8	1,036.8

Remuneration details of members of the BOD for the fiscal year ended December 31<sup>st</sup>, 2018 are divided by percentage, into the following group: (1) remuneration for BOD; (2) salary; (3) paid bonuses and funds based on the Corporation's performance. For BOD members holding executive positions and members of the BOM, the Corporation having carefully considered based on the characteristics of the highly competitive human resources environment of the IT industry and the security nature of matter. Full disclosure of staff's remuneration can harm the interests of the Corporation and hinder the Corporation's efforts to maintain and nurture talents. The Corporation would like to announce the income level of these people as below.

### The detailed salary, bonus and compensation for BOD members in 2018:

Unit: VND

Members	Position	Executive	Independent/ Non-executive	Monthly compensation (1)	Salary (2)	Bonus (3)	Compensation (1)	Total
<b>Mr. Truong Gia Binh</b>	Chairman	✓			32%	68%	0%	100%
<b>Mr. Bui Quang Ngoc</b>	BOD Member	✓			34%	66%	0%	100%
<b>Mr. Do Cao Bao</b>	BOD Member	✓			46%	54%	0%	100%
<b>Mr. Le Song Lai</b>	BOD Member		✓	22,000,000	0%	0%	100%	100%
<b>Mr. Jean-Charles Bellial</b>	BOD Member		✓	50,000,000	0%	0%	100%	100%
<b>Mr. Tomokazu Hamaguchi</b>	BOD Member		✓	192,518,750	0%	0%	100%	100%
<b>Mr. Dan E Khao</b>	BOD Member		✓	192,518,750	0%	0%	100%	100%

### The detailed compensation for the Supervisory Board members:

Unit: VND

Members	Position	Compensation in 2018
<b>Mr. Nguyen Viet Thang</b>	Head	460,000,000
<b>Mr. Nguyen Khai Hoan</b>	Member	288,000,000
<b>Ms. Nguyen Thi Kim Anh</b>	Member	288,000,000

## TRANSACTIONS OF MAJOR AND INTERNAL SHAREHOLDERS

No.	People/ Organisation in charge of transaction	Relationship with internals	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Note
			No. of shares	%	No. of shares	%	
1	Nguyen Thi Hue	Related to Mr. Jean-Charles Belliol – a member of BOD	0	0%	1,500	0%	Buy 1,500 shares
2	SCIC Investment Company Limited	Mr. Le Song Lai – Chairman of the Members' Council	2,216,062	0.36%	1,500,062	0.24%	Sell 716,000 shares

## CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDERS

Due to the Corporation – Subsidiary model, some members of the BOD and the CEO of FPT concurrently hold positions in the BOD, the BOM and the Supervisory Board of subsidiaries.

In 2018, FPT executed regular transactions with subsidiaries and other companies in which the Corporation holds control rights. Details are as follows:

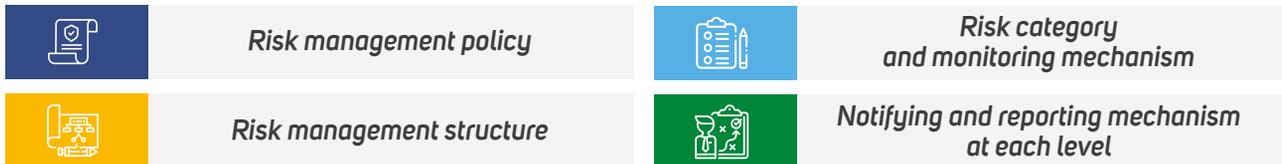
No.	Name of organisation	Relationship	Business registration certificate, date and place of issue	Address	Time of transaction	Number of resolutions / decisions of shareholders / BOD, etc.	Note
1	FPT Software Company Limited	Subsidiary	0101601092 23/12/2004 Hanoi Department of Planning and Investment	FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi.	2018		FPT leases offices, management fees, utility services, software development
2	FPT Information System Company Limited	Subsidiary	0104128565 13/08/2009 Hanoi Department of Planning and Investment	Floor 22, Keangnam Landmark 72, E6 Pham Hung, Nam Tu Liem district, Hanoi.	2018		FPT leases offices, management fees, and utility services. FPT buys computer equipment, network equipment, software maintenance and development services.
3	FPT Telecom Joint Stock Company	Subsidiary	0101778163 28/07/2005 Hanoi Department of Planning and Investment	Floor 5 PVI Building, No.1 Pham Van Bach street, Cau Giay district, Hanoi.	2018	Transactions between the Corporation and the related enterprises and people follow Resolution No. 02.03-2018 / NQ-HĐQT/FPT, issued on March 9, 2018 and took effect until other Resolutions are issued.	FPT leases offices, management fees, and utility services. FPT buys internet services & Data centre.
4	FPT Online Service Joint Stock Company	Subsidiary	0305045911 21/06/2007 HCMC Department of Planning and Investment	2nd Floor, FPT Tan Thuan Building, lot L 29B-31B-33B, Tan Thuan street, Tan Thuan Export Processing zone, Tan Thuan Dong ward, district 7, HCMC.	2018		FPT leases offices, management fees, and utility services. FPT buys advertising services.
5	FPT Education Company Limited	Subsidiary	0104900076 07/09/2010 Hanoi Department of Planning and Investment	FPT University, Higher Education Subdivision - Hoa Lac High-tech zone, KM29, Thang Long highway, Thach That district, Hanoi	2018		FPT buys education services.
6	Synnex FPT Joint Stock Company	Associate	0103841131 06/08/2009 Hanoi Department of Planning and Investment	FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi.	2018		FPT provides utility services and management fees. FPT buys computer and IT equipment
7	FPT Digital Retail Joint Stock Company	Associate	0311609355 08/03/2012 HCMC Department of Planning and Investment	261-263 Khanh Hoi, ward 5, district 4, TP. Ho Chi Minh	2018		FPT provides utility services and management fees

# RISK MANAGEMENT

## GENERAL PRINCIPLE

Risk management is an indispensable and inseparable part of each and every process or task in the Corporation. The CEO directs the annual development and approval of a general risk management framework for the whole organisation. Risk management activities are implemented through close coordination between management lines including the BOM, the Compliance Monitoring Department, FPT Quality Assurance Department and Financial Control Departments of subsidiaries. Issues to control include fields where potential risks may occur, especially compliance risks, standards, procedures and legal regulations. In addition, this activity is also carried out with good coordination between the Corporation and its subsidiaries on the basis of direct and periodic meetings.

The general risk management framework includes:



## RISK MANAGEMENT MODEL

The risk management system is decentralised from the Corporation to its subsidiaries. It guarantees that risks are identified and managed by authorised individuals. The risk management system is classified and established as a united system, consistent across the Corporation and its subsidiaries. FPT also builds a mechanism of internal audit, collaborating with the internal audit departments at its subsidiaries to manage compliance risks throughout the whole Corporation. Functional units perform risk management-related activities.

FPT's risk inspection levels are as follows:



identify risks early and quantify risks associated with business plans, enabling the implementation of measures to monitor and eliminate those risks. The Balanced Scorecard (BSC) is currently applied comprehensively at FPT and its subsidiaries to monitor major risks associated with the Corporation's strategies and businesses.

FPT also established the Strategic Management Office (SMO) in order to monitor and evaluate the key performance indicators (KPIs) system. Those include indicators of risk management throughout the Corporation to ensure prompt identification and monitoring of operation-related risks.

Risk is handled within a closed process of five steps



As an inseparable part of FPT's overall strategy, risk management is aggressively implemented throughout the organisation to minimise adverse effects on business and ensure sustainable development. Risks are identified and divided into different business-related groups to evaluate their impact on business goals. This allows FPT to determine procedures to

## MAJOR RISKS AND RISK MANAGEMENT MEASURES

### Strategic risks

Name of risk	Risk description	Risk management measure
<b>Risks of strategies/ vision</b>	Risks of strategies and vision can lead to unreasonable investment in resource allocation, failure to develop new potential business segments or failure to provide new high-tech products and services that better meet market demands.	<ul style="list-style-type: none"> <li>➤ Participating in major economic and technological events in Vietnam and around the world such as: Industry 4.0 Summit Conference, Vietnam Economic Forum, World Economic Forum, Mobile World Congress (MWC), etc. to update on new technology trends and look for development opportunities for the Corporation.</li> <li>➤ Organising annual strategy conferences to update on the latest trends in business and technology to adjust the vision and strategic direction of the Corporation. In 2018, the Strategic Conference determined that Digital transformation is FPT's strategic focus in the period of 2019-2021.</li> <li>➤ Applying BSC to monitor and manage the process of implementing strategies and to ensure that they are accurately implemented.</li> </ul>
<b>Risks of competitive decline</b>	Risk of falling competitiveness, failing to capture market demands and trends. Most of the Corporation's business sectors have low entry barriers and yet have faced big difficulties as foreign or newly emerging competitors arrive and seize market shares.	<ul style="list-style-type: none"> <li>➤ Providing end-to-end services which meet international quality standards to comprehensively meet consumer needs. In 2018, FPT has built the technology ecosystem with many digital products and technology platforms.</li> <li>➤ Reinforcing training and skill development, particularly for technology staff, to enhance new tech capabilities to compete with other companies. The number of programmers, engineers and technology experts reached 16,323, an increase of 45.6% compared to 2017.</li> <li>➤ Continuously improving business models, information systems and internal processes to optimise operations and expenditures by utilizing a modern corporate governance system.</li> </ul>

### Operating risks

Name of risks	Risk description	Risk management measure
<b>Risks of information disclosure</b>	These risks derive from information not being disclosed in a timely, accurate or sufficient manner.	<ul style="list-style-type: none"> <li>➤ Updating legal regulations related to information disclosure for listed companies.</li> <li>➤ Building internal processes on information provision and disclosure in order to ensure that operation and finance information is reported in a timely and accurate manner.</li> <li>➤ Keeping in regular correspondence with those in charge of information disclosure at the State Securities Commission and the HCMC Stock Exchange to check the sufficiency and accuracy of information to be disclosed.</li> </ul>
<b>Risks of human resources</b>	These risks refer the quantity and quality of personnel failing to keep up with development needs as well as international standards for effective globalisation.	<ul style="list-style-type: none"> <li>➤ Building FPT to become a learning organisation, developing highly qualified staff members, organising and arranging staffing based on the Corporation's long-term goals. In 2018, FPT spent VND 79.6 billion for training with 208,607 participants.</li> <li>➤ Continuing investing in training programs at FPT University through the enhancement of facilities in Can Tho, HCMC and Hanoi. In 2018, FPT University also officially launched a division in Can Tho.</li> <li>➤ Building competitive compensation policies to retain and develop staff to meet business growth targets as No-ceiling Income policy, support to employees for accommodation purchase.</li> <li>➤ M&amp;As to increase the number of domestic and international experts. In 2018, the acquisition of Intellinet helped FPT become an end-to-end technology service provider, especially the DX service.</li> </ul>
<b>Risk for reputation/ brand</b>	Bad reputation has a big impact on businesses - from brand image to monetary effects.	<ul style="list-style-type: none"> <li>➤ Periodically surveying the satisfaction of related parties. FPT's Customer satisfaction index in all fields in 2018 achieved and exceeded the set targets.</li> <li>➤ Developing communication process and handling communication crisis.</li> <li>➤ Developing Regulations on speaking, sharing and providing information in the media.</li> <li>➤ Supervising and monitoring information regarding the Corporation in the media, social networks daily and hourly to prepare a plan to handle in case of reputation/brand affected by negative press.</li> </ul>
<b>Risks of information security</b>	Information is one of the most important and valuable assets of an organisation or enterprise. Risk related to information, such as improper disclosure, alteration, loss or rejection of information, seriously affects an organisation's operations, reputation and strategy.	<ul style="list-style-type: none"> <li>➤ Applying thorough measures to prevent data loss and strengthen system safety, thus to ensure information security of the Corporation.</li> <li>➤ Increasing investment in information security systems and solutions, updating the process of applying the latest security standards; Assigning information security responsibilities to organisation members to prevent information safety violations leading to serious consequences.</li> </ul>

### Financial risks

Name of risk	Risk description	Risk management measure
<b>Risks of exchange rate</b>	Highly fluctuating exchange rates have a huge impact on profits earned from business activities. A number of FPT's business operations, including system integration, and software outsourcing are potentially influenced by exchange rate fluctuations.	<ul style="list-style-type: none"> <li>➤ Closely monitoring factors that affect exchange rates.</li> <li>➤ Implementing appropriate exchange rate insurance measures which factor in foreign currency futures and options.</li> <li>➤ Implementing flexible sales policies based on exchange rate fluctuations.</li> </ul>
<b>Risks in normal business</b>	Risks in normal business activities include uncontrolled bad debts and high inventories.	<ul style="list-style-type: none"> <li>➤ Creating procedures for Sales, Procurement, Contract implementation, etc. in order to reduce risks arising during business operations.</li> <li>➤ Creating policies to control customer liabilities and to manage inventories.</li> <li>➤ Analysing and closely controlling the process, starting with quantifying the demand to purchase.</li> </ul>

### Regulatory risks

Name of risk	Risk description	Risk management measure
<b>Regulatory risks</b>	FPT's business activities also take place outside Vietnam. This globalisation requires FPT to comply with foreign laws, especially regulations on migrant employee activities. In addition, cultural differences in a multinational workforce and between the company and its partners present challenges.	<ul style="list-style-type: none"> <li>➤ Closely following the policies and major directions of the Government, and actively research and give recommendations to competent authorities to promote the role of IT in boosting economic growth.</li> <li>➤ Researching, updating and complying with provisions, and respect the cultural and business environment of related foreign markets.</li> <li>➤ Training employees in cultural appreciation and sensitivity focusing on countries where FPT conducts business.</li> </ul>

### Risk management related to the environment and sustainability

As a green-oriented enterprise, FPT has turned its attention to environmental protection and resource preservation by implementing specific solutions such as: compliance with legal regulations related to the protection of the environment and natural resources; construction of environmentally friendly working office systems; applying technology to reduce energy consumption; and raising staff awareness of environmental protection.

Over the years, FPT has focused on implementing risk management related to sustainable development from the perspective of reviewing and managing the risks that affect the sustainable development of FPT, risks arising from the social environment that affect FPT, and risks from FPT's operation and business affecting the social environment. In developing its sustainability strategy, FPT has built and integrated the Corporation's vision for sustainable development into its business strategy.

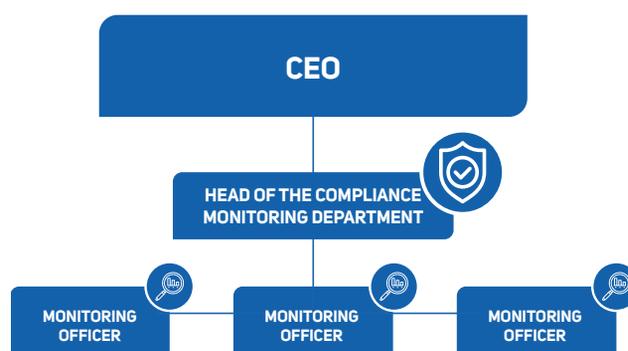
For financial statements and corporate governance, FPT has built mechanisms that provide both non-financial information and financial statements to stakeholders, enhancing transparency.

FPT has also implemented the Sustainable Development Report requested by the State Securities Commission. The report is the Corporation's disclosure of and commitments to stakeholders regarding its activities towards sustainable development. In this report, FPT assesses and discloses information on its operation efficiency in terms of society and the environment, in addition to providing information on financial efficiency and capital management. The Sustainable Development Report is a new way to build and quantify corporate value.

### COMPLIANCE AND INTERNAL AUDITS

FPT considers compliance and internal audits effective measures to prevent and minimise risks associated with business activities. The assessment made in 2018 included compliance with the laws, regulations and internal procedures of FPT, and provisions ensuring benefits for employees such as compensation and other personnel policies. Along with the internal audit system, the assessment of compliance risk helps FPT ensure that its sustainable development strategy is implemented in all business areas of FPT and throughout its entire system.

#### FPT's Compliance Monitoring Department Structure



# INVESTOR RELATIONS

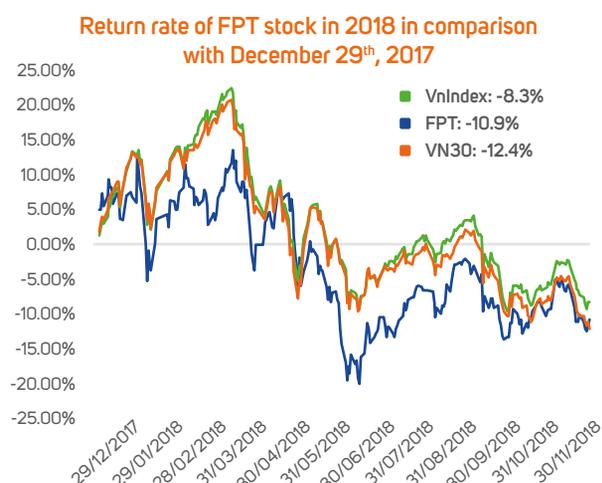
## STOCK INFORMATION

### Statistics on stock transactions and FPT's stock movements in 2018

No.	Items	Amount	Unit
1	Total trading sessions	248	Sessions
2	Total order-matching volume	318,613,900	Shares
3	Total order-matching value	17,162,490	VND in million
4	Average order-matching volume per session	1,284,733	Shares
5	Highest order-matching volume in 52 weeks (at March 05 <sup>th</sup> 2018)	6,025,340	Shares
6	Lowest order-matching volume in 52 weeks (December 24 <sup>th</sup> 2018)	212,530	Shares
7	Highest price in 52 weeks (April 10 <sup>th</sup> 2018)	53,700	VND/share

### Statistics on transactions with foreign investors in 2018

The foreign ownership rate in FPT consistently reached the legal ceiling of 49% in 2018. The number of foreign transactions was 191, including order and matching transactions, with a total volume of more than 47.5 million shares, amounting to VND 2,860 billion. As the foreign ownership rate reached the maximum percentage permitted, there were no longer stocks available to buy on December 31<sup>st</sup>, 2018.



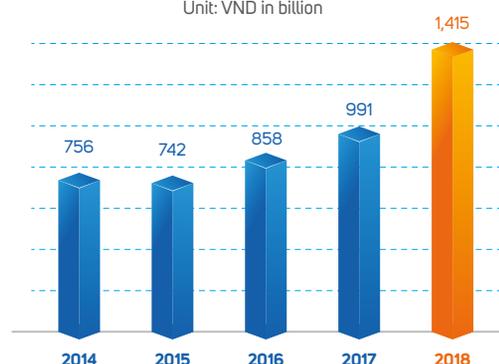
### Dividend payment

In 2018, FPT dividend payments included:

- Pay the remaining dividend in 2017 in cash to shareholders at a rate of 15% as valued on June 08<sup>th</sup> 2018.
- Dividend payment in 2017 by shares to shareholders at a rate of 15%, closed on May 28<sup>th</sup> 2018. New shares are officially traded on July 16<sup>th</sup> 2018;
- Cash dividend for the first time in 2018 in cash for shareholders at the rate of 10% as valued on August 31<sup>st</sup> 2018.

### Cash dividend

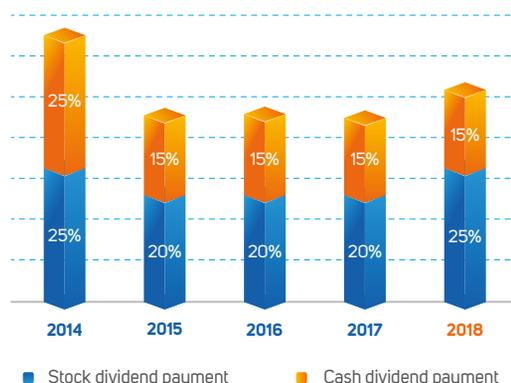
Unit: VND in billion



**Note:** Paid cash dividend for FPT's shareholders included the last cash dividend of the previous year (if any) and advanced cash dividend for the reported year.

### Dividend payment history

Unit: %/charter capital



### Additional share issuance

In 2018, FPT additionally issued 2,654,556 shares to employees with significant contributions in 2017. These shares are locked up three years from the date of issue. The date of transaction is expected to be April 5<sup>th</sup> 2021.

The Corporation's charter capital increased in two phases in 2018. The charter capital rose to 5,336,156,610,000 in the first phase because the Corporation had paid ESOP shares, and to 6,136,367,720,000 in the second phase because the Corporation had paid stock dividends to shareholders in 2017 in accordance with the Resolution of the 2018 AGM.

### Transactions of treasury shares

In 2018, the Corporation did not make any purchase of shares under the scheme of preference share buyback from staff leaving the Corporation. Therefore, the treasury shares remained unchanged from the beginning of the year, with 82,376 shares.

## SHAREHOLDERS' STATISTICS

According to the list of shareholders at March 1<sup>st</sup>, 2019.

### By type of shares

Type of shares	Number of shares	Percentage	Par value (VND)	Voting rights
Common shares	613,554,396	99.99%	10,000	1:1
Preferential shares for employees	82,376	0.01%	10,000	1:0
<b>Total of authorised shares</b>	<b>613,636,772</b>	<b>100.00%</b>		

### By number of shares owned

Level of shares owned	Number of shareholders	Ratio/Total number of shareholders	Number of shares owned	Ratio/Total of issued shares
1-999	16,825	72.4%	2,410,985	0.39%
1,000-10,000	4,862	20.9%	15,101,854	2.46%
10,001-1,000,000	1,451	6.2%	123,421,408	20.11%
1,000,001 trở lên	110	0.5%	472,620,149	77.02%
Treasury shares	1	0.0%	82,376	0.01%
<b>Total of authorised shares</b>		<b>100.0%</b>	<b>613,636,772</b>	<b>100.00%</b>

### By shareholding groups

Shareholding group	Number of shareholders	Ratio/Total number of shareholders	Number of shares owned	Ratio/Total of issued shares
State (SCIC)	1	0.0%	36,378,890	5.93%
Internal shareholders	1,676	7.2%	122,758,000	20.00%
- The BOD, BOM, Supervisory Board and Chief Accountant	9	0.0%	73,056,193	11.91%
- Staff	1,667	7.2%	49,701,807	8.10%
External shareholders (individual investors)	21,209	91.2%	93,600,735	15.25%
External shareholders (institutional investors)	362	1.6%	360,816,771	58.80%
Treasury shares	1	0.0%	82,376	0.01%
<b>Total</b>		<b>100.0%</b>	<b>613,636,772</b>	<b>100.00%</b>

## By geography

Geographical location	Number of shareholders	Ratio/Total number of shareholders	Number of shares owned	Ratio/Total of issued shares
<b>Vietnam</b>	<b>22,050</b>	<b>94.84%</b>	<b>312,874,125</b>	<b>50.99%</b>
- Individual investors	21,874	94.09%	211,768,066	34.51%
- Institutional investors	176	0.76%	101,106,059	16.48%
<b>Abroad</b>	<b>1,198</b>	<b>5.15%</b>	<b>300,680,271</b>	<b>49.00%</b>
- Individual investors	1,011	4.35%	4,590,669	0.75%
- Institutional investors	187	0.80%	296,089,602	48.25%
<b>Treasury shares</b>	<b>1</b>	<b>0.00%</b>	<b>82,376</b>	<b>0.01%</b>
<b>Total</b>		<b>100.00%</b>	<b>613,636,772</b>	<b>100.00%</b>

## Top 10 shareholders

Top 10 shareholders	Shares	Percentage
Mr. Truong Gia Binh	43,497,577	7.09%
The State Capital and Investment Corporation (SCIC)	36,378,890	5.93%
Macquarie Bank Limited	30,596,610	4.99%
Mr. Bui Quang Ngoc	20,961,813	3.42%
QT Limited Company	14,055,000	2.29%
Truck Capital Master Fund Limited	12,966,180	2.11%
Fidelity Funds	11,400,374	1.86%
Kuroto Fund LP	11,067,721	1.80%
Ms. Truong Thi Thanh Thanh	9,966,149	1.62%
NTAsian Emerging Leaders Master Fund	9,724,163	1.58%

## ACTIVITIES WITH SHAREHOLDERS AND INVESTORS

Continuing the chain of effective activities from previous years, in 2018, FPT's Investor Relations (IR) Department continued to bring investors a professional, effective, and transparent FPT image. As illustrated by monthly analyses of securities companies, FPT is always ranked in top stocks, high liquidity and good recommendations.

### Some outstanding activities of IR in 2018:

- Fully complying with regulatory requirements on information disclosure, ensuring timely disclosure of information;
- Announcing business results on a monthly basis to the State Securities Commission, HCMC Stock Exchange and mass media;
- Circulating up-to-date news regarding the company's business through monthly reports and quarterly analyst meetings with investors;
- Ensuring that the Investor Relations section of the Corporation's website provides the latest and most accurate information to investors;
- Retaining continual interest from investment funds, with 105 meetings and 183 offshore investment funds (excluding

foreign investment funds with offices in Vietnam) contacting and meeting with FPT in 2018.

In addition, the Corporation leaders attended workshops held by investment funds and large securities companies:

- The Vietnam Access Day Workshop held by Viet Capital Securities in HCMC in March 2018;
- C-Suite Vietnam Investor Forum 2018 workshop organised by Saigon Securities Incorporation in HCMC in May 2018;
- HOSE-Daiwa Vietnam Corporate Day event organised by Daiwa Securities Group in Singapore in August 2018;
- HSC's Emerging Vietnam Conference 2018 held by HCMC Securities Corporation in September 2018.

### The IR Department continues to set the following goals for 2019:

- Operating as an effective bridge between investors and the Corporation;
- Continually respecting the rights of and acknowledging all comments from investors to contribute to the Corporation's development.

05

SUSTAINABLE DEVELOPMENT  
REPORT





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!

# THE CEO'S MESSAGE



*Dear precious Shareholders and related parties,*

As a leading technology company in Vietnam, FPT understands that besides ensuring economic growth goals, FPT must be a pioneer in technological activities, providing optimal products and solutions for customers, to pursue sustainable growth and contribute to Vietnam's development in the 4<sup>th</sup> industrial revolution.

In 2018, the Corporation accomplished its business targets with high growth rate compared to that of 2017, in which revenue and profit increased by 17.4% and 30.6% respectively. The Corporation has also pioneered the application of core technologies of the digital revolution such as AI and Big data analysis into internal operations of the Corporation as well as supporting Vietnam's industries and economic sectors, social and economic fields, enhancing competitiveness in the digital revolution. Particularly:

FPT has consulted, proposed and implemented solutions to promote the implementation of e-Government towards building the Vietnam's Digital Government and economy.

With the Smart Hospital Management System FPT.eHospital, FPT has helped improve the health care efficiency of medical facilities and created a huge medical data warehouse to work towards building smart healthcare that benefits millions of people.

2018 also marked a major milestone for FPT as it became the first and only enterprise to own the comprehensive AI platform namely FPT.AI. Currently the platform has over 7,700 programmers involved in developing applications with nearly 155,000 voice hours used by partners.

With the cooperation of its employees, in 2018, FPT spent VND 33 billion on social activities, 83% of which was spent on education and the younger generations. FPT is also always in the top businesses contributing most to the State Budget and creating jobs for society. In 2018, FPT contributed VND 3,477 billion to the State Budget and created jobs for 27,843 people.

In 2018, the Corporation also focused on developing human resources to ensure the sustainable development through the construction of four software parks and campuses all over the country, as well as spending VND 79.6 billion for training activities.

We are also proud to have built together the culture of sharing and the compassion of thousands of employees. Starting from 2010, FPT has chosen March 13<sup>th</sup> every year as FPT's Day for the community, so that each employee contributes a small part to society through concrete actions; while cultivating compassion in every employee and spreading it to the community. We believe that kindness and mutual affection are one of the qualities that always flow in FPT people's veins and they will accompany the development of the Corporation.

During more than three decades of accompanying the development of Vietnam's economy, we understand the importance of integrating sustainable development goals into business strategy. In the time coming, FPT will continue to harmonise sustainable development goals with the development strategy and business activities of the Corporation in order to enhance competitiveness in the market, attract the interest of domestic and foreign investors, unite personnel as well as attract high quality human resources, thereby contributing effectively to the market, community and society.

Sincere thanks to Shareholders and related parties,

Chief Executive Officer

Bui Quang Ngoc



## GENERAL INFORMATION

The report summarises and assesses the sustainability activities of the Corporation for 2018. Based on the Corporation's vision, development directions and business strategy, the report presents FPT's material aspects that have significant impacts on economic, social and environmental issues.

FPT's Sustainable Development Report is included in its Annual Report to help investors, shareholders and stakeholders access information on FPT's development strategy and business operations in terms of sustainable development. In this report, significant areas are identified based on a combination of stakeholders' interests and their impact on FPT.

### METHOD OF DEVELOPING THE REPORT CONTENT

This report was developed based on the Global Reporting Initiative (GRI) with three general standards for all businesses and 33 criteria for specific topics organised by economic, social and environmental fields. It is also informed by the Guide to the Publication of Environmental and Social Information issued by the State Securities Commission (SSC) in cooperation with the International Finance Corporation (IFC).

In addition, on the basis of the Corporation's strategic objectives and activities, we also refer to the Corporation's sustainable development strategy on the National Action Plan to implement the 2030 Agenda for Sustainable Development and the Document "Our World Transformation: Agenda 2030 for Sustainable Development", which was adopted by the United Nations General Assembly in September 2015 (United Nations' 17 millennium goals towards sustainable development).

**Reporting period:** January 1<sup>st</sup> 2018 – December 31<sup>st</sup> 2018

### SCOPE OF THE REPORT

This report summarises the activities of FPT and its subsidiaries in the field of ICT within Vietnam and a number of other countries in which FPT operates. Index of energy consumption (electricity, water) is only counted in ten offices of FPT in Hanoi, HCMC, Da Nang, including: FPT Cau Giay, F-Ville 1, F-Ville 2, FPT University, F-Town 1, F-Town 2, FPT Tan Thuan 1, FPT Tan Thuan 2, F-Complex, and FPT Massda. This is the third year FPT has released those indexes.

**Contact:** The report was prepared by the FPT Corporate Communications Department. If you have any concerns, please contact:

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Address: FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi

Tel: +844 7300 7300; Email: [chaubnp@fpt.com.vn](mailto:chaubnp@fpt.com.vn)

### CORPORATE INFORMATION

Business sectors: As the number one IT-service company in Vietnam, the Corporation's activities focus on two key areas: IT and telecommunications. In addition, in order to meet staff requirements for the Corporation's operations and contribute to the professional development for the society, FPT also participates in the education field. (See details about business sectors of FPT from page 22 to 25)

Scale of business and scope of activities: FPT's revenue in 2018 reached VND 23,214 billion and the number of personnel reached 27,843. FPT currently has 38 offices in 18 countries worldwide and are providing services and solutions to customers in 45 countries and territories.

## OUTSTANDING INDICATORS

### SUSTAINABLE BUSINESS GROWTH

**VND 23,214 BILLION**

Revenue



**VND 3,858 BILLION**

PBT



**VND 3,477 BILLION<sup>(\*)</sup>**

State budget submission



**VND 1,415 BILLION**

Dividends paid to shareholders



### INVESTMENT IN DEVELOPING HUMAN RESOURCES

**VND 79.6 BILLION**

Expenditure for training activities



**2,043,160 HOURS**

Training hours



**208,967 PARTICIPANTS**

Turns of trained employees



### CONTRIBUTION TO THE DEVELOPMENT OF THE COMMUNITY

**VND 33 BILLION**

Spending on social activities



**3,712,980 PEOPLE**

Number of beneficiaries



**27,843 JOBS**

Number of jobs



*(\*) The figures for the State budget in 2018 do not include FPT Retail and Synnex FPT's figures as these two companies are no longer subsidiaries of the Corporation. In like-for-like conditions, the amount State budget submission in 2018 increased 51.8% compared to 2017.*



# OVERVIEW OF FPT'S SUSTAINABLE DEVELOPMENT

## IMPACTS OF SUSTAINABLE DEVELOPMENT TREND ON FPT

In May 2017, the Prime Minister issued Decision No. 622 / QĐ-TTg promulgating the National Action Plan to implement the 2030 Agenda for sustainable development. The plan outlines 17 general and 115 specific sustainable development goals to be achieved by 2030. These goals are developed in accordance with 17 millennium goals towards sustainable development of the United Nations. Some of the important objectives are mentioned below:

### Decent employment and economic growth:

- **Orientation:** Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **Specific objectives:**
  - Maintaining GDP growth per capita of 4 - 4.5%/year and annual GDP growth averaging of 5 - 6%;
  - Increasing labour productivity through promoting economic restructuring, changing economic growth models, upgrading and innovating technologies, focusing on industries that create high value and labour use;
  - Strengthening policies to support high-productivity production activities, creating decent and sustainable jobs, supporting business ownership, inventions and creativity; formalising and developing small, medium and micro enterprises, including providing access to financial services.

### Renovation industry and infrastructure

- **Orientation:** promoting inclusive and sustainable industrialisation, enhancing innovation.
- **Specific objectives:**
  - Strengthening scientific research, improving technological capacity of industries; encourage invention; significantly increase the proportion of personnel working in research and development fields by 2030;
  - By 2030, ensuring the development of IT infrastructure in all areas, especially in mountainous, remote, border and island areas; ensure 100% of households have access to information and communication systems.

### Assurance of a sustainable production and consumption model

- **Orientation:** Encouraging the business community to adopt sustainable practices, including cleaner production technologies, efficient use of natural resources and environmental protection; integrating sustainability information into periodical reports.
- **Specific objectives:**
  - Annual assessment and ranking on sustainable development of enterprises in Vietnam;
  - Enhancing the capacity of business management personnel and consulting organisations to implement restructuring in enterprises according to sustainable development standards.

Technology is seen as the foundation and driving force for sustainable development. FPT must take the lead in DX, implementing e-government solutions, smart business

management, educational technology, and smart healthcare, and applying the latest technology in social infrastructure including transportation, electric system management, and waste water treatment, in order to contribute to improving labour productivity, improving the quality of people's lives, solving pressing social problems, and protecting the environment.

In addition, it is impossible to separate Vietnam's sustainability from global climate change. DARA International Foundation's research on vulnerable climate change shows that climate change has cost Vietnam USD 15 billion per year, equal to 5% of the country's GDP.

The impact caused by climate change on the country's economy will likely pose a risk to FPT's business activities in terms of direct impacts on the operation of clients and partners, especially in the fields of banking, transportation, energy, insurance, oil and gas. This may lead to situations in which customers are investing in urgent priorities to serve short-term goals in place of investment in IT. However, this is great opportunity for FPT to involve itself in the construction of systems for disaster warning and relief with the most modern technologies.

## THE IMPACTS OF FPT RELATED TO SUSTAINABLE DEVELOPMENT

The assessment of the impact of FPT's activities on economic, social and environmental factors will help FPT define its role, responsibilities and necessary activities to ensure its sustainable development and contribution to the sustainable development of Vietnam.

**Economic impacts:** Being a crucial part of the economy, FPT always ensures stable revenue and profit growth, as well as its contribution to the State budget. As Vietnam's biggest IT service provider, FPT consistently pioneers new technological trends, invests in R&D, contributes to modernizing ministries and industries, and improves the competitiveness of the economy and enterprises.

**Social impacts:** Over the years, FPT has always created jobs, offered stable incomes for tens of thousands of people, and contributed to social stability. FPT also focuses on improving the employee professional development by further raising the quality of training delivered by FPT Education. In addition, with the desire to promote the application of IT in solving social problems, FPT has been actively investing in R&D and the implementation of solutions in key areas of the social economy, including focusing on investment in education and the younger generation.

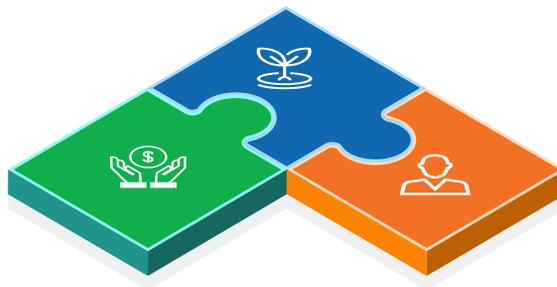
**Environmental impacts:** IT and telecommunications are environment-friendly business sectors. FPT's environmental impacts mostly come from water and energy consumption in operating its office buildings and is therefore dependent on its employees' awareness of environmental protection. Accordingly, FPT understands that it is essential to comply with water and energy consumption regulations. FPT is also invested in employing green architecture and technological solutions to minimise energy consumption in operating office buildings and campuses nationwide. FPT also actively works to raise employee's awareness of environmental protection.

## THE SUSTAINABLE DEVELOPMENT ORIENTATION OF FPT

The sustainable development model



### THREE FACTORS ENSURE THE SUSTAINABLE DEVELOPMENT OF FPT



**ECONOMIC DEVELOPMENT  
AND ENHANCING  
COMPETITIVENESS**



**COMMUNITY SUPPORT  
AND ENVIROMENTAL  
PROTECTION**



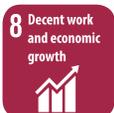
**HUMAN RESOURCES  
DEVELOPMENT**

## FPT'S SUSTAINABILITY ORIENTATION AND STRATEGY

Integrating the United Nations sustainable development goals and the GRI Standards relating to FPT's sustainable development orientation, in reference to the National Action Plan to implement the 2030 Agenda for the sustainable development of Vietnam in general.



### ECONOMY



**GRI 201** Economic Performance



**GRI 203** Indirect Economic Impacts

**GRI 204** Procurement Practices

#### FPT's orientation

- Ensuring growth in traditional businesses; promotes R&D to increase revenue from new technology-based services and solutions, and from markets outside of Vietnam.
- Developing and implements IT solutions for key areas of the economy to improve competitiveness.
- Expanding the provision of internet services and enhances access to services for people.
- Researching and applying technology in order to contribute to solving pressing issues within society such as transportation, health and education.
- Providing staff with the best conditions for nurturing talent and a life of material and spiritual wealth.

#### General orientation of Vietnam

- Maintaining GDP growth per capita of 4 - 4.5% / year and annual GDP growth averaging 5-6%.
- Increasing investment and providing technical and technological support for high value-added sub-sectors in agriculture to strongly promote labour restructuring to meet the requirements of a more modern and effective agricultural practice.
- Mobilising all resources to develop transport infrastructure, utilising advanced technology to control and manage the road traffic system.
- Encouraging enterprises, organisations and individuals to focus on innovating and applying science and technology to production and business, improving management capacity and thereby improving labour productivity and product quality.
- Accelerating the application of new and modern technologies to create breakthroughs in production technology for key industries and supporting industries.
- Gradually bringing information and communications technology into the lives of farmers, narrowing the digital gap between rural and urban areas. By 2030, ensuring the development of an IT infrastructure in each area, especially in mountainous, remote, border and island areas; ensuring that 100% of households have access to information and communications systems.
- Building and developing scientific and technological personnel, especially a leading group of experts with technical and professional qualifications equivalent to that of advanced countries in the region, capable of researching and receiving, transferring and proposing scientific and technological solutions, basically solving developmental problems of the country.

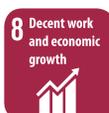
## SOCIETY



4

Quality education

- GRI 401 *Employment*
- GRI 403 *Occupational Health and Safety*
- GRI 404 *Training and education*
- GRI 405 *Diversity and Equal Opportunity*
- GRI 406 *Non-discrimination*



8

Decent work and economic growth

- GRI 407 *Freedom of association and collective bargaining*
- GRI 413 *Local Communities*

### FPT's orientation

- Creating jobs and stable incomes for thousands of people.
- Pioneering in education innovation: 2006, FPT established the first university in the enterprise to start a completely new training method in Vietnam: "career-oriented university of the Internet era. Since 2018, FPT Education is the first training organisation in Vietnam with all levels of education from primary, secondary and high school to college, university and postgraduate education. The total number of students who are in training is 36,635.
- Leading FPT towards a learning organisation with continuously updated policies and training programs for all employees.

### General orientation of Vietnam

- Improving livelihoods and improving the quality of life of the poor, ensuring that the average income of poor households in the whole country by the end of 2020 will increase by 1.5 times when compared to that of the end of 2015 (particularly, that of poor households in poor districts, communes, villages and hamlets and poor ethnic minority households where income is to double in size).
- Improving the quality of higher education institutions through innovating their operation mechanisms, keeping in mind the demand of the labour market.

## ENVIRONMENT



7

Sustainable clean energy

- GRI 302 *Energy*



12

Responsible consumption and production

- GRI 303 *Water*



13

Climate actions

- GRI 307 *Environmental Compliance*

### FPT's orientation

- Increasing the use of renewable energy, recyclable resources and energy-saving materials in FPT's buildings.
- Periodically evaluating waste management processes to take steps to minimise environmental pollution.
- Applying advanced management standards and procedures in the Company's operations and service provision for customers.
- Raising employee awareness of energy saving and environmental protection against climate change in employees.

### General orientation of Vietnam

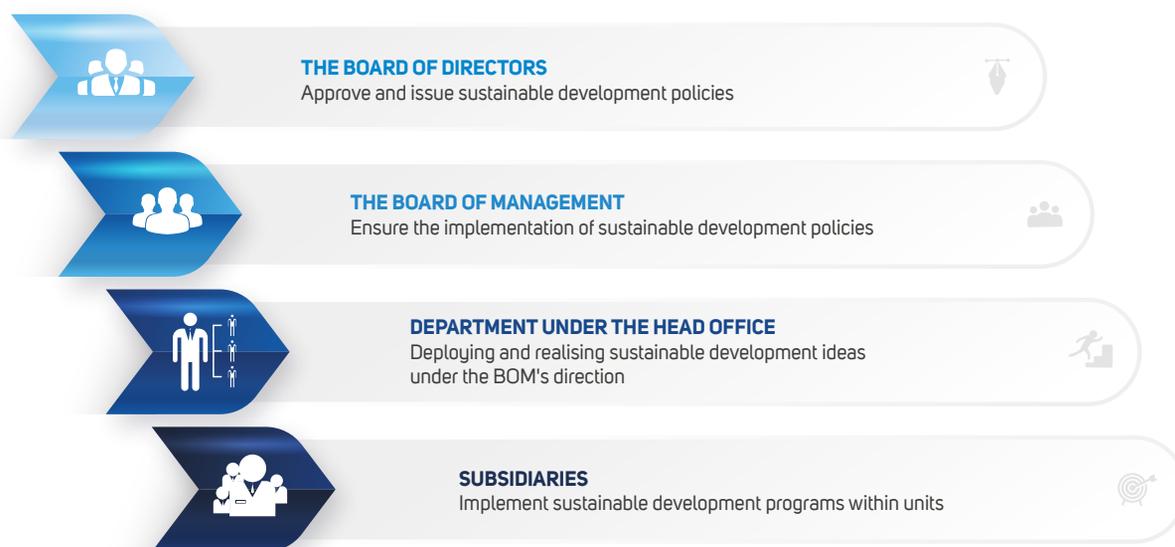
- Improving media focus on raising awareness about the protection and rational use of clean water.
- Strengthening information output and raising awareness on economical and efficient use of energy in production and daily life.

# ASSOCIATION OF SUSTAINABLE DEVELOPMENT WITH CORPORATE GOVERNANCE

FPT defines corporate governance as one of the most important elements in ensuring efficient growth, sustainable development, and contributing to ensuring long-term benefits for shareholders, customers, employees and the community. In addition to building a strong management system on the basis of compliance with all legal provisions and the application of advanced management models, FPT has also issued a system of internal regulations in order to create unified and consistent management mechanisms.

## MODEL AND STAKEHOLDERS' ROLES AND RESPONSIBILITIES IN SUSTAINABLE DEVELOPMENT MANAGEMENT

### Sustainable development management model



### Roles and responsibilities of parties in sustainable development management

	Roles and activities	Persons/units in charge
<b>The BOD</b>	Approving and issuing sustainable development strategies and directions for the Corporation.	The BOD
<b>The BOM and CEO</b>	<ul style="list-style-type: none"> <li>Establishing specific sustainable development goals for each department of the Corporation and subsidiaries.</li> <li>Directing the implementation of sustainable development related tasks.</li> <li>Supervising the results of the implementation of sustainable development policies of departments and subsidiaries.</li> </ul>	The CEO and Director of Corporate Social Responsibility
<b>Internal Control</b>	<ul style="list-style-type: none"> <li>Independently and objectively evaluating the risk management and corporate governance system in operational areas.</li> <li>Providing periodic and irregular reports when problems arise in implementing sustainable development activities.</li> </ul>	<ul style="list-style-type: none"> <li>Balanced Scorecard (BSC) management team</li> <li>Corporate Quality Assurance Department.</li> <li>Corporate Communications Department</li> </ul>
<b>Corporate Departments</b>	<ul style="list-style-type: none"> <li>Implementing sustainable development activities at corporate level;</li> <li>Advising and supporting the implementation of sustainable development goals at subsidiaries.</li> </ul>	Corporate Communications Department and other corporate business administration departments
<b>Subsidiaries</b>	Implementing sustainable development activities as planned. Reporting on the sustainable development activities of subsidiaries to the BOM.	Division in charge of sustainable development at subsidiaries

## SUSTAINABILITY-RELATED RISK MANAGEMENT

FPT's sustainability-related risk management goal is to ensure corporate development in association with environmental protection and the support of society and the community.

**To achieve this goal, FPT has taken the following actions:**

- FPT's corporate strategy map was developed following the Balanced Scorecard (BSC), including economic growth and other targets for the development of social, environmental and human resources.
- The targets are concretised into numerical targets with a person in charge to implement, supervise and report on a monthly, quarterly and yearly basis. Currently, these indicators have been managed online. If indicators are not passed, there are warnings to take timely measures.

In addition, FPT has created a Sustainable Development Report at the request of the State Securities Commission. The Sustainable Development Report includes FPT's commitment to carry out activities towards sustainable development. In this report, the Corporation provides information about its performance in regard to the environment and society, along with its financial activities and capital governance. Sustainable Development Report is presented as a new way to build and quantify the value of the business.

## INCORPORATE SUSTAINABILITY IN THE SUPPLY CHAIN, IMPROVE THE SELECTION PROCESS FOR SERVICE PROVIDERS

Incorporating sustainable issues in procurement decisions and service utilisation not only helps FPT reduce risks related to economic, social and environmental issues, but also helps FPT manage the supply chain better. The Corporation's procurements and use of services are carried out through its dedicated Procurement Department. This department is responsible for overseeing the entire Corporation's procurement activities in accordance with procedures and regulations specific to each specific group of services and goods.

To ensure sustainability, right from the beginning, FPT has evaluated and selected suppliers in full compliance with legal requirements, sense of responsibility for environmental protection and business ethics. At the same time, suppliers are selected based on a set of criteria including price, reputation, quality, availability and delivery, and social and environmental responsibility. The selection criteria of suppliers can be changed to suit each type of goods/services in order to find the most suitable suppliers to ensure the highest benefits for FPT and its suppliers. Criteria are evaluated on a scale with different weights depending on the group of purchasing services.

## HIGHLIGHTING CONCERN FOR THE ENVIRONMENT AND SOCIETY AND APPLYING INTERNATIONAL-STANDARD ADVANCED MANAGEMENT PROCEDURES TO FPT'S VALUE CHAIN

Continuously improving the efficiency of corporate governance and production management is the most effective way to ensure customer satisfaction, enhance competitiveness and bring sustainable benefits to stakeholders. This is also an important tool for ensuring compliance and achieving FPT's sustainable development goals in line with international standards.

- Applying strategic management methods with the Balanced Scorecard (BSC) system. BSC has helped FPT set up the most effective management system by:
  - (1) Establishing and measuring the most important goals of the Corporation, each department/subsidiary and attaching responsibility to each employee;
  - (2) Synchronizing daily activities with the whole organisation's vision, mission, goals and strategy;
  - (3) Helping employees, departments and subsidiaries operate according to these goals.

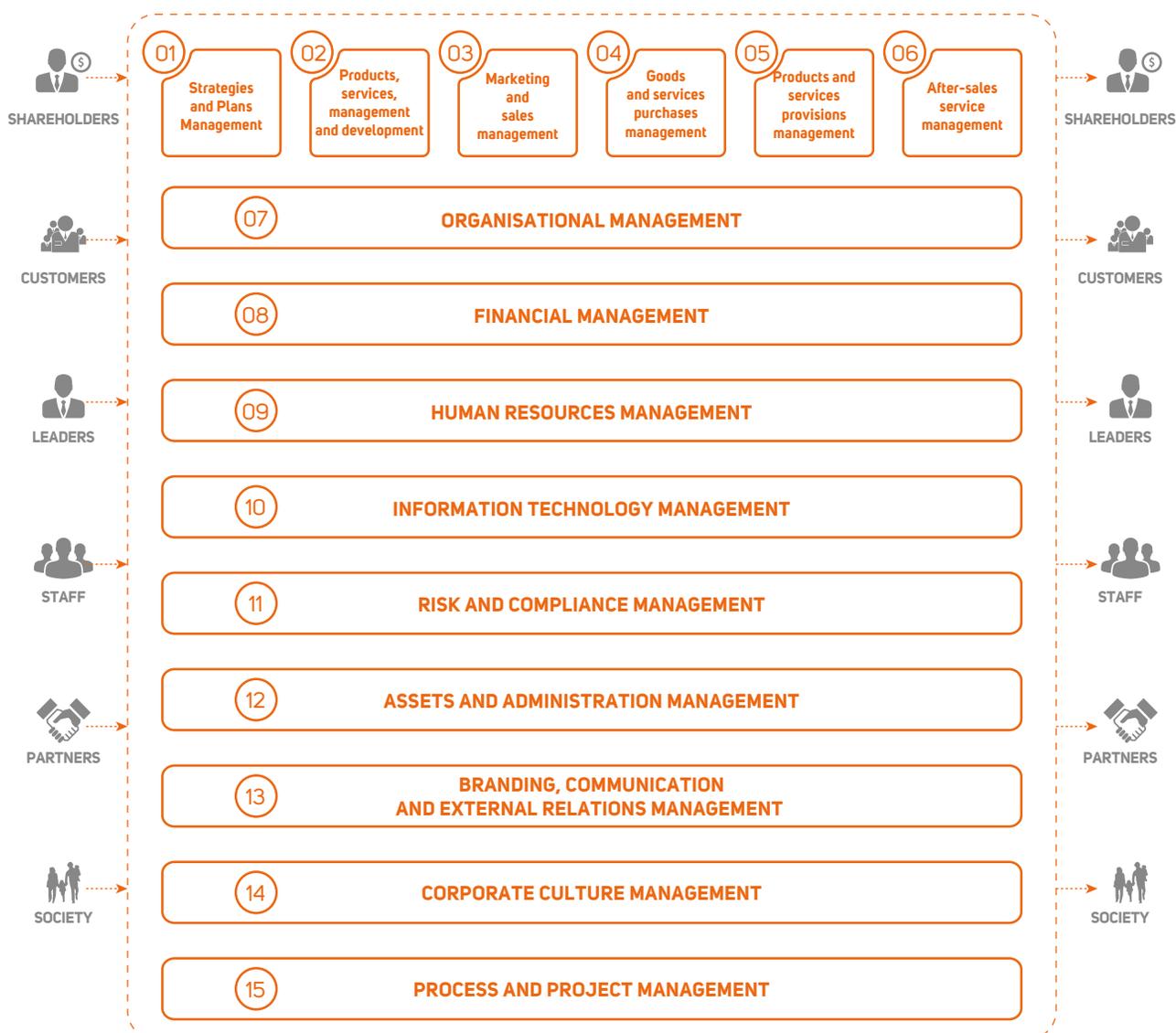
BSC not only promotes the strong development of the organisation, but also ensures sustainability in development, as the system always keeps both financial and non-financial goals balanced, including short-term and long-term goals, tangible and intangible goals, organisational and social objectives.

- Building a comprehensive management system that aims to set standards for all activities of the Corporation; providing a job guidance system so that all employees can follow and comply with those standards.

Each business sector of the Corporation has also won many international standard certifications, specifically:

Business Sector	Certification
FPT Corporation	<ul style="list-style-type: none"> <li>➤ ISO 9001:2015: Standard for Quality Management System</li> <li>➤ BSC: Balanced Scorecard</li> </ul>
Information Technology (Software development, System integration, IT services)	<ul style="list-style-type: none"> <li>➤ CMMi5: Certificate for software development processes</li> <li>➤ CMMi level 3: Capability Maturity Model Integration level 3</li> <li>➤ ISO 27001: Standard for information security management system</li> <li>➤ ISO 20000: Standard for IT service management system</li> </ul>
Telecommunications	<ul style="list-style-type: none"> <li>➤ ISO 50001:2011: International standard for energy management system</li> <li>➤ Uptime Tier III: International certificate for data centre</li> <li>➤ ISO 27001: Standard for information security management system</li> </ul>
Education	<ul style="list-style-type: none"> <li>➤ Award a 3-star rating by QS World University Rankings (a prestigious university ranking).</li> </ul>

**FPT's management system model:**



# STAKEHOLDER ENGAGEMENT

## STAKEHOLDER ENGAGEMENT

FPT defines stakeholders as those who influence or are influenced to some extent by the business activities of the Corporation. Seven key stakeholders of FPT are: customers; shareholders and investors; employees; partners and suppliers; the community; the Vietnamese Government, ministries and authorities; and the press and media.

Feedback from stakeholders is an important factor affecting FPT's mind-set and ways of managing and operating business activities.

### Methods of communicating with and receiving feedback from stakeholders

Stakeholder	Interactive channels	Frequency
Customers	Sales, consultancy, services	Frequently and at events
	Customer care centres and hotlines for units in-charge	24/7
	Social networks such as Facebook and online forums	Frequently
	FPT and subsidiaries' websites	Frequently
	Exhibitions, fairs and workshops	At events
Shareholders and investors	Face to face meetings and on request	Quarterly, on request and at events
	AGM	Annually
	Investors' monthly bulletins	Monthly
	FPT websites	Frequently
Employees	Internal conferences, internal workshops and seminars	At events
	The 'Chungta.vn' internal news portal and other publications	Frequently
	Social networks such as Facebook; in the workplace	Frequently
	Internal training courses	Frequently
	Internal sporting, performance, and sum-up activities	Frequently
Partners and suppliers	Face-to-face meetings	At events
	Company profiles	Frequently
	Conferences and seminars	At events
Community	Face-to-face meetings to understand demand	At events and on request
	Related conferences and workshops	At events and on request
	Collaborating with social organisations and charities to gain information	At events and on request
	Via the press	At events and on request
Vietnamese Government, ministries and authorities	Participating in IT conferences and workshops held by the Government and governmental agencies	At events
	Joining competitiveness enhancement and specialised seminars organised by ministries and government agencies	At events
	Participating in organisations and associations	Depending on the Corporation's demand in each period
Press and media	Press conferences	At events
	Interviews and periodic press releases	At events and on request
	FPT website	Frequently
	Social networks such as Facebook and YouTube	Frequently
	FPT News	Weekly

## STAKEHOLDER ENGAGEMENT IN FPT'S POLICIES AND OPERATIONS

**Customers:** FPT makes a significant effort to satisfy customers by working to act on their insights and meet their requirements with dedication and competence.

Customer interests	FPT's actions	Noteworthy achievements in 2018
<ul style="list-style-type: none"> <li>➤ Products and services with advanced technology that meet the requirements of customers.</li> <li>➤ Dedicated, professional customer care that complies with a business code of ethics.</li> <li>➤ Delivering quality products and services in a timely manner with dedicated pre-sales and after-sales support.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Investing in R&amp;D for new products, services and solutions based on new trends in technology.</li> <li>➤ Clearly and precisely defining customers' requirements in product specifications, communication, behaviour, branding and technology.</li> <li>➤ Establishing and applying written codes of conduct in customer liaison and treatment.</li> <li>➤ Evaluating customers' satisfaction in order to find ways to improve their satisfaction.</li> <li>➤ Improving FPT's brand reputation.</li> </ul>	<ul style="list-style-type: none"> <li>➤ FPT technology ecosystem was formed with various solutions and applications integrating core technology of the digital revolution such as AI, Big data analysis, IoT, etc. to help customers improve competitiveness and develop new business models to promote growth.</li> <li>➤ Brand reputation continues to grow. For the third consecutive year, FPT gets to be in the Top 10 list of 40 most valuable brands in Vietnam as evaluated by Forbes Vietnam.</li> <li>➤ In 2018, FPT assessed customer satisfaction in each field. Accordingly, customer satisfaction index in all fields met the set target. In particular, the software outsourcing segment reached 88.0 points; software solution segment reached 89.1 points; telecommunications sector reached 75.0 points and education sector reached 76.0 points.</li> </ul>

**Shareholders and Investors:** FPT makes great efforts to act in the best and most sustainable interests of shareholders.

Shareholder and investor interests	FPT's actions	Noteworthy achievements in 2018
<ul style="list-style-type: none"> <li>➤ Ensuring benefits for shareholders and investors; Transparent information disclosure.</li> <li>➤ High and sustainable returns on investment.</li> <li>➤ Enhancing management capability and market value of shares.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Focusing on core business areas, paying special attention to high-tech sectors creating high added-value, potentially increasing shareholder value and maintaining sustainable growth.</li> <li>➤ Seeking suitable business models based on modern technology platforms, boosting sustainable growth.</li> <li>➤ Expanding business markets, especially promoting the Globalisation strategy.</li> <li>➤ Establishing and applying internal control mechanisms, prevention policy, internal and external risk prevention and mitigation in all activities of the Corporation.</li> <li>➤ Full, timely and transparent communication with and listening to feedback from shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>➤ In 2018, FPT has fully paid dividends of 10% in cash, 15% in shares of 2017 and advanced 10% cash dividend of 2018 for the shareholders.</li> <li>➤ For the 7<sup>th</sup> consecutive time, FPT was honoured in the ranking of "Top 50 Best Performing Companies in Vietnam", voted by the Business Review magazine and for the 6<sup>th</sup> consecutive time in the list of the 50 best listed companies as evaluated by Forbes Vietnam.</li> <li>➤ All shareholders and investors have the right to access FPT's information (which must be disclosed in accordance with regulations) at Investor Relations Department, the Annual Report, official website of FPT, HCMC Stock Exchange, and the State Securities Commission. In 2018, FPT is one of the 10 companies with the best annual reports and one of the three companies with the best Corporate Governance report.</li> </ul>

**Community:** FPT endeavours to contribute to the community, which is considered a foundation for the Corporation's sustainable development.

Community interests	FPT's actions	Noteworthy achievements in 2018
<ul style="list-style-type: none"> <li>➤ Supporting community development.</li> <li>➤ Reliable support for communities.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Offering scholarships and implementing talent support programs.</li> <li>➤ Developing programs to apply IT in education and social activities in order to disseminate knowledge and new technologies to communities.</li> <li>➤ Organizing the FPT Day for the Community (March 13<sup>th</sup>) so that all FPT staff can make practical contributions to society.</li> <li>➤ Promoting the Corporation's volunteer programs such as establishing libraries, offering scholarships to students in need, giving gifts to child patients, blood donation drives, etc.</li> </ul>	<ul style="list-style-type: none"> <li>➤ FPT spent VND 33 billion on social responsibility activities, 83% of which was spent on investment activities for education and the younger generation.</li> <li>➤ FPT chose March 13<sup>th</sup> to be the date every year for community activities. In 2018, FPT cooperated with the National Volunteer Centre to launch the Volunteer Day, with the participation of nearly 5,000 people to walk together around Hoan Kiem Lake for fundraising for social security programs.</li> <li>➤ FPT organised blood donation programs with nearly 3,000 blood units collected.</li> </ul>

**Employees:** FPT attempts to build a strong workforce to meet the development demands of the Corporation, preserve and promote the Corporation's core values, create opportunities for each employee to demonstrate their abilities and succeed, and ensure for both the material and mental lives of its employees.

Employee interests	FPT's actions	Noteworthy achievements in 2018
<ul style="list-style-type: none"> <li>➤ Availability of opportunities to fully develop their professional abilities.</li> <li>➤ Ensuring both the material and mental lives of employees.</li> <li>➤ A friendly and creative working environment.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Continuously creating opportunities and challenges, and ensuring a collaborative and equal environment that encourages creativity.</li> <li>➤ Building and maintaining training programs for succession leaders who are loyal to the Corporation's ideals.</li> <li>➤ Building and implementing human resources development plans that align with the goals and development strategies of the Corporation.</li> <li>➤ Drafting and applying reasonable encouragement and compensation policies that align with working performance and employee contributions.</li> <li>➤ Periodically collecting employee opinions on the Corporation to inform appropriate actions.</li> <li>➤ Applying insurance and welfare policies in accordance with the corporate union's regulations.</li> <li>➤ Building and developing the culture and core values of the Corporation.</li> <li>➤ Building workplaces following the campus models of large global corporations.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The total expenditure for training activities of the Company reached VND 79.6 billion; Average number of training hours reached 74.3 hours/staff.</li> <li>➤ FPT has provided periodical health check for once a year and coordinated with a reputable insurance company to implement FPT Care Program exclusively for employees and relatives.</li> <li>➤ FPT is among top 28 companies in Vietnam and Top 130 best companies to work for in Asia voted by HR Asia Magazine based on the survey of companies in 24 different sectors in Asia.</li> <li>➤ FPT inaugurated the first phase of the first phase of the Campus and Software Park complex in Can Tho as well as started two campuses in Da Nang and HCMC.</li> <li>➤ FPT managed to organise sports and cultural events such as: FPT Village Association; Sports festival, the celebration of the founding of the Corporation, which attracted thousands of employees across the country to attend.</li> <li>➤ FPT has fully implemented welfare regimes for employees such as health insurance, social insurance, and vacation insurance.</li> </ul>

**The Government, ministries and authorities:** FPT actively coordinates with enforcement agencies to carry out the policies and regulations of the Government and State bodies for the sustainable development of the Corporation and for national prosperity.

Government, ministries and authorities interests	FPT's actions	Noteworthy achievements in 2018
<ul style="list-style-type: none"> <li>➤ Fully achieving obligations to the State.</li> <li>➤ Complying with regulations on information disclosure for listed companies.</li> <li>➤ Complying with regulations of the industry in particular and the law in general.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Fulfilling corporate obligations such as paying taxes, social insurance, etc.</li> <li>➤ Disclosing information fully and punctually as regulated.</li> <li>➤ Applying the State Securities Commission's information disclosure regulations via an Information Disclosure System (IDS), and participating in training courses as required. Actively commenting on relevant documents upon request.</li> <li>➤ Actively participating in foreign trade and investment promotion programs organised by the Government and relevant ministries and authorities in domestic and global markets.</li> <li>➤ Supporting the development of businesses in the same industry.</li> </ul>	<ul style="list-style-type: none"> <li>➤ FPT submitted VND 3,477 billion to the State budget.</li> <li>➤ FPT sponsored and organised many events in Vietnam and abroad related to digital economic development, contributing to the development of the digital economy in Vietnam and enhancing the brand image of Vietnam's IT industry.</li> </ul>

**Partners and suppliers:** FPT endeavours to establish strong professional relationships with partners based on effective communication, maximizing cooperation and creating long-term partnerships for succeeding and developing sustainably together.

Partner and supplier interests	FPT's actions	Noteworthy achievements in 2018
<ul style="list-style-type: none"> <li>➤ Building powerful alliances and win-win relationships for mutual benefit and success.</li> <li>➤ Working with partners to expand business areas and develop new products and services.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Building and implementing standards for collaboration with partners.</li> <li>➤ Selecting and sorting partners based on criteria such as technology, market share, brand, and collaboration.</li> <li>➤ Building long-term alliances with partners on the basis of business sectors, geographic conditions and market/customer segments.</li> <li>➤ Establishing two-way communications between FPT's subsidiaries and partners, and cooperating with partners to solve any emerging issues as quickly as possible.</li> </ul>	<ul style="list-style-type: none"> <li>➤ In 2018, upon the orientation of pioneering in DX, FPT focused on researching and developing new technologies and became an important technology partner of many leading corporations in the world such as:                     <ul style="list-style-type: none"> <li>• Carlsberg, for providing it with DX and IT services.</li> <li>• Schneider Electric's Group, as its first strategic partner in Asia to jointly develop and implement the EcoStruxure platform, an open and interactive IoT technology platform, to help organisations and businesses to optimise management and energy usage in buildings, data centres, and manufacturing plants.</li> <li>• AWS, as its first Premier Consulting Partner from ASEAN.</li> </ul> </li> </ul>

**Press and Media:** FPT provides information on the activities of the Corporation and its subsidiaries in a timely and transparent manner to the press and media.

Press and Media interests	FPT's actions	Noteworthy achievements in 2018
<ul style="list-style-type: none"> <li>➤ Providing up-to-date and precise information about FPT's activities.</li> <li>➤ Actively providing media with information on the activities of the Corporation and the ICT industry.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Actively and regularly providing information to the media through FPT bulletins, press releases, press conferences and articles.</li> <li>➤ Regularly and punctually supporting and providing answers to inquiries from the press.</li> <li>➤ Providing analysis and evaluation of the development of the domestic ICT industry as well as forecasts about global IT trends, and accommodating the press and media with general industry information.</li> </ul>	<ul style="list-style-type: none"> <li>➤ FPT provides valuable and useful information to the community regarding a diverse range of topics, from business experience and new technology trends, to the results of the operations and development orientation of the Corporation.</li> <li>➤ On average, FPT organises 04 events and issues 07 press releases related to the Corporation's activities each month.</li> </ul>

## IDENTIFICATION OF CRITICAL ASPECTS

### Principles and processes to identify critical aspects

**Principles:** Based on the context of the domestic and global IT market, stakeholders' feedback and concerns, and the United Nations' 17 Sustainable Development Goals (SDGs), the Report focuses on evaluating and identifying key issues in the relationship between the economy, society and the environment and the business of the Corporation.

#### The process of identifying critical aspects



List of material aspects relevant to economic, social and environmental issues

## ECONOMY



<i>Generating and allocating direct economic value</i>	Stable business indicators	
	Ensuring rights for shareholders	GRI 201-1
	Ensuring benefits for employees and making a great contribution to the community	
<i>Indirect economic impact</i>	Investing in R&D	
	Contributing to the State budget	GRI 203-2
	Contributing to improving Vietnam's ability to approach the 4 <sup>th</sup> industrial revolution	GRI 203-2
	Enhancing the position and brand of the IT industry in Vietnam	GRI 203-2
	Contributing to the development of IT areas	GRI 203-1

## SOCIETY



<i>Human resources development</i>	Human resources structure	GRI 401
	Ensuring benefits for employees; improving the quality of resources	GRI 201-3; GRI 401-2; GRI 403; GRI 404
	Attracting and nurturing talent	GRI 401
	Building a unique cultural office environment; engaging staff	GRI 401
<i>Social responsibility</i>	Committing in utilizing human resources	GRI 406
	Investing in the overall development of the society	GRI 413

## ENVIRONMENT



<i>Incorporating environmental activities</i>	Building a friendly office environment	GRI 302-1
	Raising awareness of environmental protection for staff	GRI 307-1

# ECONOMIC GROWTH ENSURING



## GENERATING AND ALLOCATING DIRECT ECONOMIC VALUE

FPT understands that only by reaching economic targets can the Corporation develop sustainably and ensure the interests of stakeholders. FPT has ensured steady revenue and profit growth over the years; maintained and expanded its market share in core business areas; and continuously expanded into new markets and searched for suitable business models. FPT attaches special importance to investing in R&D, creating growth drivers for the Corporation in the future and simultaneously ensuring financial benefits for shareholders.

### Stable business indicators

In 2018, after completing the reduction of ownership in two areas of Distribution and Retail, FPT's revenue and PBT grew by two digits, 17.4% and 30.6% respectively. The profit margin of the Corporation also changed considerably, reaching 16.6%, which is 1.7 times higher than the same period. The proportion of foreign market revenue in total FPT revenue increased sharply, from 16% in 2017 to 39% in 2018.

### Ensuring the benefits of shareholders

The total cash dividend that FPT had paid to shareholders from 2014 to 2018 was VND 4,762 billion. Solely in 2018, the value of cash dividend payment is VND 1,415 billion.

### Ensuring benefits for employees and making a significant contribution to the community

In 2018, FPT has fully paid all employees' expenses such as salary for production and business; the 13th month salary on the celebration of the Corporation's day of establishment and the New Year; bonuses based on business performance and on track to achieve project/work performance; health insurance for employees according to FPT Care policy, social insurance, etc.

Besides, FPT also spent VND 33 billion on community activities. This expense is taken from the Corporation's budget and employees' contributions.

Also in 2018, on the occasion of its 30<sup>th</sup> anniversary of establishment, FPT organised many meaningful and large-scale events for employees and the community such as FPT Tech Day 2018, "To Live" Symphony Concert and the "Pioneering actions for the community" Volunteer Day, etc.

### Investing in R&D

Upon the strategic focus of the year of pioneering in DX and strong resources for technology development, in 2018, FPT created new values to contribute to the overall growth of the Corporation, at the same time promoting the development of technology enterprises and community.

In 2018, revenue from DX in foreign markets was VND 1,679 billion, an increase of 30.8%, accounting for 20% of the total software outsourcing revenue.

2018 also marked a big step for FPT when it became the first and only enterprise in Vietnam to own the comprehensive AI platform namely FPT.AI. This platform is open for businesses to use in two forms, free and fee-based, dependent on user needs.



### Building core technologies

Based on well-researched technology development and investments over the years and the quick grasp on new technology trends, FPT has focused on building core technologies, improving technological capabilities and competitiveness of its own.

#### AI - key technology

- The comprehensive AI platform (**FPT.AI**) has become a useful platform for the market when it received **3.4 million** requests per month in 2018. **7,720 developers** are developing applications on this platform and nearly **155,000 voice** hours have been used by FPT.AI partners.

FPT.AI consists of 04 main products: conversation platform (FPT.AI Conversation); voice recognition and processing services (FPT.AI Speech); image and document processing (FPT.AI Vision) and Knowledge base system (FPT.AI Knowledge), 3 of which have been put into deployment, including:

- **FPT.AI Conversation** is the foundation for creating AI Chatbot. Integrated into popular chat interfaces, Chatbot FPT.AI allows businesses to interact directly with customers through natural conversations, giving customers effective experiences. The number of calls to the FPT.AI platform (API calls) in 2018 was over **19 million times** in total.
- **FPT.AI Speech** allows users to convert speech into text and convert text into speech in Vietnamese with intonation and full selection of regional dialects and gender voices. With FPT.AI Speech, businesses can build an automated customer care system that helps save on personnel costs, minimise operating costs, and enhance customer experience for the accuracy of information and friendly working attitude of the system. Currently, the automatic switchboard system with FPT.AI's text-to-speech technology has made more than **750,000** calls per month and can simultaneously carry out **15,000 rush** hour calls, equivalent to the working performance of **500** switchboards at the same time.
- **FPT.AI Vision** helps enterprises to identify and digitise customer information based on personal identification documents with an accuracy of up to **95%**, helping businesses reduce costs from manual data editing in CRM or in data management systems.



**FPT.AI**  
**CONVERSATION**  
19 million API calls



**FPT.AI SPEECH**  
750,000 calls per month



**FPT.AI VISION**  
Identify and digitise customer  
information with an accuracy of  
up to 95%

### Other core technology investments

In addition to AI, FPT is constantly investing in many core technologies of the digital revolution to improve its technological capabilities, earning a competitive advantage for the Corporation and providing customers with service solutions of higher value. Some outstanding technologies include:

- **Big data analysis:** through which FPT helps organisations and businesses collect, organise, store, share and exploit data in a way that creates efficient added value for the operation of businesses, assists businesses in their decision-making and predicts future trends. In 2018, the application of data analysis technologies to the product display and product search algorithm helped Sendo e-commerce market increase their potential customers to real customers conversion rate (CR - Conversion Rate) by 15%. Previously, FPT also put big data analysis technology into a number of projects with customers in the fields of entertainment media and fast-moving consumer products, helping customers increase productivity and optimise revenue.
- **Cloud computing:** FPT implements Cloud services on most major platforms such as AWS, Azure, Office365, Salesforce, CloudStack and OpenStack, etc. Among them, the new generation cloud computing service - FPT HI GIO Cloud is the only service on the market that is integrated based on advanced technology, pursuant to the most rigorous and exclusive standards of Internet Initiative Japan (IIJ), alongside the infrastructure, administration and market experience FPT. FPT HI GIO Cloud service helps businesses reduce initial investment costs by 40 - 60%. In 2018, FPT HI GIO Cloud was developed and added many new features regarding security and reliability of the system with international certifications: ISO 9001, 50001, 27001, Uptime Tier III. In addition, FPT also builds tools to improve productivity and support for the above services, as Citus SaaS Blocks, Citus Cloud Load Test and Citus Pro Migration Suite. FPT is currently the first premier consulting partner in the ASEAN region - AWS Premier Consulting Partner of Amazon Web Services (AWS).
- **Blockchain:** FPT has launched Akachain (akachain.io) based on Blockchain technology (Storage and information transmission technology by blocks, linked together and expands over time). Akachain focuses on supporting businesses to quickly build business networks, distribute applications and deploy new business models effectively and quickly as well as save time and original investment costs. Currently, FPT is implementing a loyal customer management application (Loyalty Management) for some international customers.



## Powerfully implementing digital transformation within the Corporation

With three main objectives of creating new products, building new capacities and exploring new technologies, 2018 witnessed FPT's strong marks in the DX strategy.

### Internal digital transformation

2018 marked a series of number changes at FPT's member companies and affiliates, which includes focusing strongly in two areas: digitizing the internal processes and operations of the Corporation and improving the customer experience, contributing to optimizing the Corporation's operational efficiency, promoting business growth.

- Digitising internal processes and operations by:
  - Implementing Shared Service Centre (SSC) – a portal providing shared internal services throughout the Corporation, helping to optimise operations, reduce operating costs, maintain, upgrade, reduce errors and save time for receiving and processing.
  - Digitising employee support systems, controlling processes, minimising time to look up internal information for employees; Using Chatbot to help employees seek information about the company as well as to provide information regarding policies for employees to enhance the cohesion between employees and the Corporation.
  - Applying AI technology to develop tools for translating software technical documents from Japanese to Vietnamese (Akamins Machine Translation), which helps to automatically translate more than 100,000 documents and emails in the process of exchanging and working with customers. The company has also awarded this translation tool to the member enterprises of Vietnam Software and IT Services Association (VINASA).
  - Applying image recognition technology to digitise customer information in the retail sector, reducing data entry time from 5 minutes to 30 seconds, significantly shortening the processing time of 500,000 samples.
- Enhancing customer experience based on technology by:
  - Automating tasks in the field of digital content such as: Auto Checker, BrandSafe, System Auto Bot, etc. to help update information readers faster.
  - Using AI to improve the quality of customer care with the Chatbot system answering 70% of customer inquiries.
  - Deploying the system of warning customers to leave the network in the field of telecommunications: The rate of identifying the customers intending to leave the network is now more than 40%, through which the Company can promptly support customer issues such as technical errors, network quality, freight rates and service packages, etc. bringing a better experience to customers and thereby reducing the proportion of customers leaving the network.

### Digitising products and solutions, thereby enhancing customers' new experiences

- New version of FPT.eHospital (FPT.eHospital 2.0) using new technologies such as AI to help doctors automatically receive pharmaceutical names; Chatbot to provide an online

medical examination schedule; Smart Kiosks to receive automatic payment; intelligent medical examination and treatment through telephone; electronic medical records and digital signatures, etc. FPT.eHospital is being implemented at 200 hospitals, serving 20 million medical visits/year.

- Adding a control product using voice technology in Vietnamese - Voice Remote - to Internet TV device FPT Play Box to help user operations become much more convenient and simple, just by "holding the key" and issuing a spoken command.
- Developing methods of producing content for VnExpress via Live system (creating live post and watching video after live post), separating subtitles from Video and allowing automatic display of multiple languages, thus enhancing the experience for millions of readers.

### Searching and developing new business models

In 2018, FPT decided to test the personalisation platform for high school students (Vio EdTech). Specifically, this platform allows knowledge testing, makes suggestions for students in grades 5 and 12. There have been 2,000 students testing the Vio EdTech platform and giving positive results. In 2019, Vio EdTech is expected to be deployed on a large scale on primary school students.

Vietnam Innovative Startup Accelerator (VIISA), co-founded by FPT Ventures and Dragon Capital, has had selected and trained 25 start-ups by the end of 2018, 6 of which have successfully earned funding from international investors, namely: WeFit, Base.vn, WisePass, UrBox, CyHome and Ella Study. These are start-up companies that apply technologies to develop new business models such as providing business administration services in the form of rental software (Software as a Services), creating smart apartment ecosystems that are connection based, or applications providing fitness workout solutions, etc.

### Building capacity of consulting on digital transformation

In 2018, FPT has built its DX consultancy capacity through the acquisition of the leading US technology consulting company – Intellinet. FPT has become an end-to-end provider of technology services in a more comprehensive and efficient way for customers from consulting and development to deployment and maintenance, especially for DX services.

FPT has been promoting cooperation, researching, developing and deploying services based on the core technology of the digital revolution with the world's leading corporations, specifically:

- Together with Airbus developed Skywise-based solutions - an open data platform for the airline industry.
- Helped businesses develop digital services such as forecasting or optimising products and production processes using Siemens' MindSphere-based digital copies.
- Collaborated to bring IIoT and GE Predix technology platform into strategic markets, firstly Japan and then markets where FPT has a significant position.
- Signed a cooperation agreement to provide digital conversion services for major corporations in the world such as Shinhan, Carlsberg, Schneider Electric and ISE Foods.



**Technology development orientation for the 2019-2021 period**

In the period of 2019-2021, FPT will focus on two key points: Comprehensive digital transformation and investment in building strong foundations that are the core for developing business models, benefiting multidisciplinary businesses and people.

**Defining digital transformation as a strategic focus**

Comprehensive digital transformation is strongly conducted by FPT throughout 2018, which is a premise for FPT to take a leap in the next phase, with the goal of:

- Becoming a Digital Business and a world leader in DX service.
- Creatively innovating with customers in Vietnam and around the world, providing solutions and services to help them transform into Digital Businesses/Organisations.
- Actively participating in building Digital Government, Smart Traffic, Smart Health, Smart Education, Smart Energy, Intelligent Telecommunications, Smart Manufacturing.
- Meeting the needs and preferences of tens of millions of users anywhere, anytime at the comfort of one’s own touch on personal digital devices.

The implementation of DX continues to be carried out by FPT in five major directions:

- Implementing internal transformation at FPT to become one of the first few near - real time data - driven enterprise in the world.
- Digitising FPT’s existing solutions in the fields of health, banking and finance, insurance, transportation and e-Government and contributing to the creation of a digital economy in Vietnam and globally.
- Initialising new business models to create opportunities for creative start-ups, connecting new ideas and products.
- Enhancing customer experience towards personalisation for users.

- Building the capacity of DX consultancy to help businesses optimise their operations, build new business models, and improve labour productivity.

**Investing and building platforms**

*AI platform*

Building and promoting the AI Platform to become the focus of developing new applications, optimising the operation of businesses, bringing benefits to end users, for example: automatic tasks in business operations, virtual assistants, customer support, decision-making processes, etc. FPT expects to become one of the leading AI centres in the world, through building basic and complete platforms to meet 80% of the AI needs of businesses. The remaining 20% can be made through consulting and implementation services.

In 2019, FPT will continue to invest in making this platform the focus of developing new applications, thereby enhancing business efficiency, optimising business operations and bringing benefits to end users.

*Online digital platform*

This platform allows the integration of all services of FPT and its partners into cyberspace, enabling multidisciplinary enterprises to easily exploit and utilise its features. The goal of the platform is to serve over 50% of Vietnam’s population by digitising services to meet the needs of people in daily life such as electronic payment, identity verification, etc.; personalise for users, for better experience of services: electronic newspapers, multimedia entertainment and television, etc. This will be the foundation for building new business models for businesses in the near future.

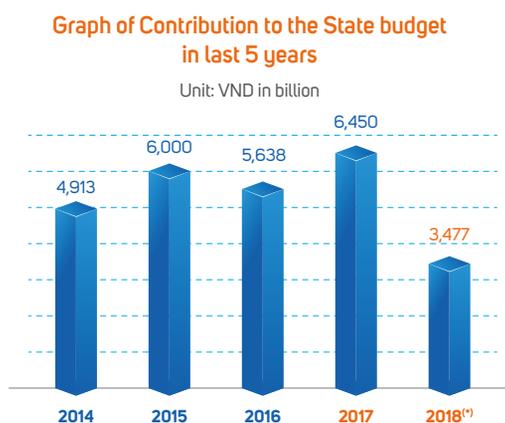
FPT technology orientation in 2019 clearly shows the aspirations of the group in bringing the best benefits and convenience to the people and social security services, whilst contributing to creating breakthrough values, improving the efficiency of activities of businesses and their partners and contributing to the overall economic development of the country.

## INDIRECT ECONOMIC IMPACT

Promoting the advantages of IT, FPT also contributes indirectly to Vietnam's economic growth by providing technology solutions; improving competitiveness and productivity for key economic sectors of the country; applying technology to contribute to solving pressing societal problems; and improving quality of life. FPT also promotes high quality professional development for social growth.

### Contributing to the State budget

FPT's total contribution to the State budget in the period of 2014-2018 was 26,478 billion VND. In 2018, FPT contributed VND 3,477 billion to the State budget.



*(\*)The figures submitted to the State budget in 2018 do not include figures of FPT Retail and Synnex FPT because these two companies are no longer subsidiaries of the Corporation. In like-for-like conditions, the amount of submission to the State budget in 2018 increased by 51.8% compared to that of 2017.*

### Contribution to building Vietnam's ability to approach the 4<sup>th</sup> industrial revolution

Within the tremendous wave of change brought about by 4<sup>th</sup> Industrial Revolution - the digital revolution, technology plays a seminal role, being present in most aspects of users' lives. It is forecasted that by 2021, at least 50% of the global GDP will come from digitisation, as growth in all sectors is being led by the increase in digitisation of services, activities and relationships. In 2019 alone, DX spending is expected to reach USD 1.7 trillion worldwide, an increase of 42% compared to that of 2017. Vietnam is not uninvolved with that clever shift. Performing a pioneering role with strong potential in technological development, FPT has focused on researching solutions and services and is closely following the latest technology trends to help digitally transform the economic sectors, improve competitiveness, and provide better service to people whilst promoting the digital economy.

#### ➤ In the field of Digital Government

FPT develops Digital Government solutions with safe, reliable digital data, improves public administrative procedures and operations for government agencies and brings more services and utilities to people.

FPT has successfully implemented an e-Government for Quang Ninh province, making an important contribution to Quang Ninh by helping it become the leading province in the

country in terms of Provincial Competitiveness Index (PCI) and Public Administrative Reform (PAR) Index. There are more than 800 administrative units within the province participating in the application of e-Government, successfully building the Provincial Public Administration Centre and 14 Public Administration Centres at district, town and city levels. Within three years, there were nearly 4 million turnovers of documents exchanged via the Internet, which saved over VND 30 billion of administrative costs per year, a notable saving being the nearly VND 15 billion for the cost of sending and receiving documents. More than 1,500 online public services dealt with over 600,000 records per year and the average social cost savings were over VND 70 billion per year. The e-Government system of Quang Ninh province has also become the only representative of Vietnam to be honoured in the Digital Government category by ASOCIO, putting a much higher and broader scope onto Vietnam's position on the regional digital map.

As one of four enterprise members of the National e-Government Committee, FPT will consult and recommend solutions to promote the implementation process of e-Government, moving steadily towards a fully Digital Government and Economy in Vietnam.

#### ➤ In the field of Smart Health

After 20 years of development, the hospital management system, FPT eHospital, has been deployed and successfully applied by FPT at 6 Health Departments and over 200 hospitals and health care facilities nationwide. FPT has been actively investing in upgrading technology solutions for the industry based on new technology platforms such as Cloud computing (serving hospital chains, centralised management of medical examinations and treatment), Mobility & IoT, Big data analysis, the ChatBot application and voice recognition (AI) to support doctors, patients and patients' families during the processes of medical examination and treatment at the hospital, as well as at home care. These solutions, besides improving the effectiveness of medical examination and treatment at medical facilities, also help government agencies collect a comprehensive medical database, giving them the ability to better analyse, forecast and readily and proactively manage troubles that may occur in the area.

In 2018, FPT launched the new version of FPT.eHospital applied various iterations of the digital technology, which brings many benefits to the people in the process of registration and access to medical services, as well as benefiting hospitals and doctors by helping with the management of healthcare records and papers.



► **In the field of Public finance**

FPT has been involved in building the most important core systems associated with each stage of development and been involved with the administrative reform processes of the Ministry of Finance and its affiliated units over the past 25 years, contributing to improving the operational efficiency of the industry and facilitating its business conduct. Such typical solutions as:

- The TMS tax management system which manages about 40 million taxpayers, including businesses, organisations and individuals, helping the tax industry achieve a leading position in the administrative procedural reform within Vietnam.
- The system of electronic customs clearance and risk management system deployed by FPT has helped the General Customs Department replace almost all manual customs clearance practices, to meet the core operation aim for the digital customs clearance of goods and providing trade facilitation for import-export enterprises nationwide. The system serves more than 3,000 regular users of the General Customs Department as well as 34 Customs Departments and more than 300 District Departments nationwide.
- The automated cargo monitoring system at seaports helps shorten delivery time by 5-7 times in comparison to that of the previous time, saving 253 hours of labour per day by helping to cut out the need to present documents at customs supervision points.

Currently, FPT is proposing to the Ministry of Finance to implement DX solutions such as: applying Big data analysis technology within forecasting in order to detect risks of fraud within tax declaration, refund and payment procedures, and also proceeding with establishing the Blockchain technology application to aid in budget collection coordination.



► **In the field of Smart Traffic**

In recent years, FPT has been focusing on researching and applying seven areas of technology solutions for transport sectors, which are to provide real-time traffic information, aid in management and maintenance of transport infrastructure,

enable more efficient traffic organisation and management, prevent violation handling using images and cruise monitoring equipment, improve the development of public transport, and optimise personal vehicle management, rescue works, etc. These solutions are being successfully deployed and bring higher levels of efficiency as exemplified by:

- The solution for integrating and forecasting traffic information: based on the IoT, AI, Image processing, Machine learning, Big data analysis, etc.; Solutions to automatically analyse and update traffic information to the highest level of accuracy. Each vehicle on the road becomes a connected digital device, providing location data, traffic statuses from on the road to the centre where data is aggregated, analysed, stored and given valuable feedback through the Traffic Portal. The Portal provides people and the authorities with multi-dimensional information about the traffic situation in the city in a continuous and instantaneous manner. Information can be accessed via a website and digital map as well as Traffic information application on mobile devices, available on both Android and IOS operating systems. This system has been implemented effectively in HCMC.
- The electronic train ticket system continues to develop towards completion in order to help solve pressing issues within the ticket distribution sector of the railway industry, and also to contribute towards improving the economic performance of the industry, create favourable conditions for millions of people when buying tickets, and improve transport capacity. There have been more than 40 million train tickets traded through the system from the time of opening (November 21<sup>st</sup>, 2014) to the present. In 2018 alone it served 12 million online customers. The system has completed usable features such as a ticket sales website, e-ticket service, mobile ticketing application, etc. to help people buy tickets anytime and anywhere instead of having to wait in line at the station.
- Smart traffic signal control system for urban traffic management and operation is applied in HCMC in order to increase traffic at each node and traffic network by 15-20%.
- The Smart electronic ticket system used for public passenger transport. The system is proposed for HCMC with the ability to accommodate the entire public bus network, serving 500 million passengers a year and is ready to be expanded and integrated into a mass transit systems such as bus rapid transit and a subway system.



### ➤ In the field Finance, Banking and Securities

FPT is implementing many separate IT systems for the State Bank, the Transaction Centre and the Securities Depository Centre, the State Securities Commission, independent security companies and the largest banks in Vietnam, including Vietcombank, Vietinbank, BIDV, Agribank, ect as well as more than 300 domestic and foreign financial institutions in order to continue to pioneer in the field of digital banking solutions.

In 2018, FPT also introduced new technologies such as AI, Blockchain and FinTech into banking applications and solutions. New solutions are put into applications such as the Electronic Banking Solution for Enterprises FPT.eGalaxy, the Capital Safety Compliance System FPT.CARS and the FPT. AI technology platform which has supported many banks and financial institutions in automating and optimising their operating processes with ChatBot for the e-wallet product of the No. 1 bank in Vietnam. Also, an automatic switchboard which helps one of the three largest credit lending organization in Vietnam handle nearly 100,000 calls a day and over 1 million calls per month.

### Contribute to the development of centralised IT zones

In order to meet the scale of human resources development, FPT has always pioneered investment in building complexes and office buildings nationwide in the model of large technology corporations worldwide. These facilities not only create an environment for creative work but also contribute to the creation of modern technology ecosystems, adding to the development of concentrated IT and hi-tech areas in Vietnam. FPT is also the only technology company in Vietnam to invest in building large-scale universities and software parks in four key economic areas: Hanoi, Da Nang, HCMC, and Can Tho.

In 2018, FPT continued to expand the scale of campuses through the construction of a Research, Product Development and Software Technology Solution Centre (F-Town 3) in HCMC with a construction scale of 69,000m<sup>2</sup> to provide working space for 7,500 software personnel and start the 2nd phase of FPT Complex in Da Nang with the ability to provide workspace for 6,000 employees, which increases the total number of buildings, offices and training institutions owned by FPT nationwide to 17.

### Promoting high-quality human resources training and offering lifelong learning opportunities

FPT Education is training 36,635 students. FPT Education is currently the first educational institution in Vietnam to fully train all levels of education from primary, secondary and high school to college, university and postgraduate education.

With strengths in the field of IT, FPT University has been training highly qualified individuals who have gone on to work for big enterprises and corporations, in both Vietnamese and international markets.

FPT University's training program follows international training standards, domestic legal regulations and the needs of enterprises. Students are trained in social knowledge, specific technical fields, practical skills, and foreign language skills, with comprehensive personal development in a modern learning environment.

- 100% of students are trained so well that they can study English manuals and programs;
- 100% of the books are imported from abroad, except for compulsory courses as required by the Ministry of Education and Training, with copyrights purchased from notable publishers such as McGraw Hill, Pearson, Cengage Jones and Bartlett Learning;
- The curriculum is designed according to international standards including ACM (IT sector), AACSB (Economic sector), and NASAD and RIBA standards (Graphic sector);
- 100% of FPT students are provided the best conditions for professional development and soft skills via life skills training programs;
- From the university's third year of operation, 100% of students to take part in the internship program which lasts 4-8 months in order to help students quickly gain useful workplace experience. Students are also trained in practical skills, so enterprises do not have to retrain after recruitment;
- FPT University was one of the first universities to integrate advanced technology and IT into teaching and learning, and uses modern educational technologies such as Tectonic Theory and project-based learning; all course materials and attendance systems are managed online;
- Focusing on investing in modern facilities, creating a dynamic and internationalised learning environment for students.

With such orientations, FPT University graduates gain employment within 12 months after graduation, with software engineering students finding particular success with a 96% employment rate. FPT University is also the first university in Vietnam to be ranked 3 stars by QS Stars, according to which, 04 important criteria: Quality of Training, Employment, Facilities and Social Responsibility are rated at 5 stars.

FUNiX online training university, after three years of operation, attracted 2,900 students from 56 provinces and cities nationwide as well as 23 countries worldwide.

# HUMAN RESOURCES DEVELOPMENT

**Promoting new training methods to create learning opportunities for everyone, ensuring human resources with the skills and qualifications to meet international standards.**

Defining human as the core element to create the sustainable development of the Corporation, from the beginning of its establishment, FPT has made many efforts to “enables staff to reach their full potential in terms of both their careers and personal lives”.

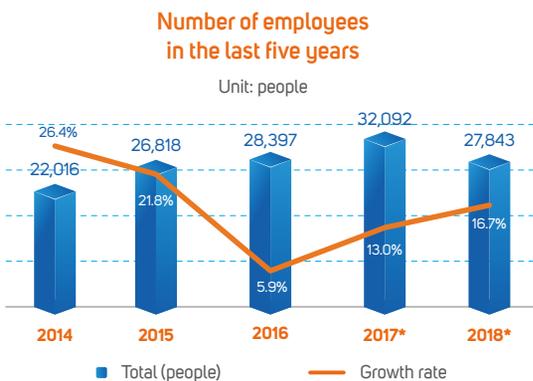
Therefore, in the human resources management strategy, FPT always focuses in developing an implementing solutions to build a dynamic and creative work environment; drafting policies to discover, attract, foster and recruit talents, transforming FPT in to a learning organisation, developing highly trained and qualified human resources; assess staff competency in a fair and transparent way; and create engagement through the installation of FPT’s core values and corporate culture.

## HUMAN RESOURCES STRUCTURE

According to the Global Reporting Initiative (GRI), the level of diversity within an organisation provides insights into the human capital of the organisation. Comparisons between broad workforce diversity and management team diversity also offer information on equal opportunity.

Due to a change in operating model, Synnex FPT and FPT Retail are no longer subsidiaries but become associates as of December 18<sup>th</sup>, 2017, so since 2018, FPT’s workforce will not include human resources at these two companies. Therefore, 2017’s data will also be separated without including manpower in FPT Retail and Synnex FPT to make comparable comparisons.

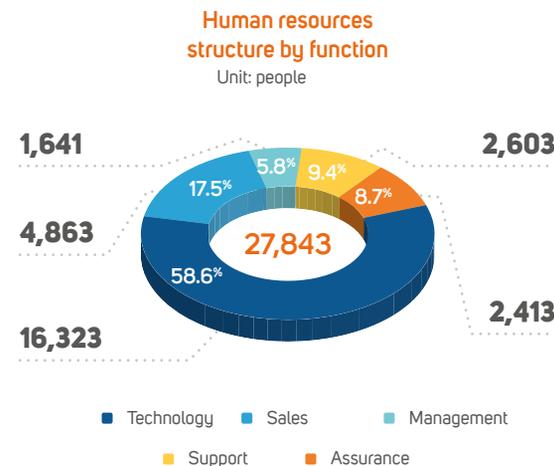
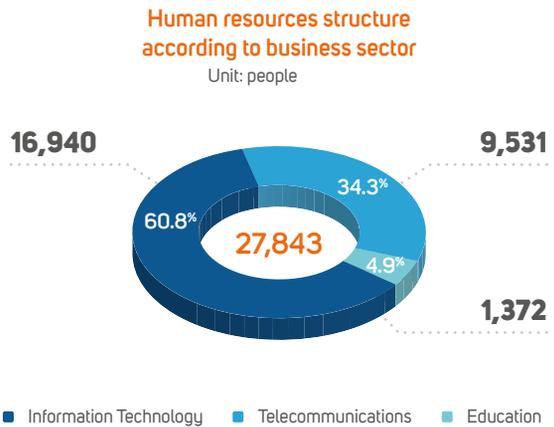
As of December 31<sup>st</sup>, 2018, FPT’s workforce reached 27,843 people, an increase of 16.7%. In particular, the personnel of the IT and Telecommunications sectors accounted for 60.8% of the total workforce of the Corporation, equivalent to 16,940 people; foreign employees accounted for 5.3% of the total number of employees, with 27 nationalities.



(\*): The size of FPT’s personnel in 2017 does not include FPT Retail and Synnex FPT’s manpower of 23,853 people.

(\*\*): Total headcount in 2018 does not include manpower in the two associates, FPT Retail and Synnex FPT, and make like-for-like comparisons to that of 2017.

In particular, following the business strategy of pioneering in the digital revolution in Vietnam and in the world, in 2018, the structure of human resources has changed greatly with the strong growth of human resources for technology. Accordingly, the number of technology employees of the Corporation increased by 45.6% over the same period and accounted for 58.6% of the total personnel of the Corporation, equivalent to 16,323 people.



The quality of human resources continues to maintain stably with the proportion of workers with university and postgraduate degrees, accounting for 66.2%, equivalent to 18,432 people (an increase of 12.7% compared to that of 2017). The rate of young employees has continued to be maintained in recent years. In 2018, employees under 30 years old accounted for 72.1%, in line with industry characteristics. The proportion of employees over 40 years of age who have been working for a long time for the Corporation increased by 29.9% compared to that of 2017.

Human resource structure according to criteria	Human resources (people)	Ratio on total human resources of FPT
<b>Educational degree</b>		
Under tertiary education	9,225	33.1%
Tertiary education	17,338	62.3%
Postgraduate education	1,094	3.9%
Other	186	0.7%
<b>Age</b>		
Under 25	7,433	26.7%
25 – 30	12,654	45.5%
31 – 40	6,863	24.6%
41 – 50	752	2.7%
Trên 50	141	0.5%

Human resource structure according to criteria	Human resources (people)	Ratio on total human resources of FPT
<b>Gender</b>		
Female	10,087	36.3%
Male	17,756	63.7%
<b>Nationality</b>		
Viet Nam	26,364	94.7%
Foreign countries	1,479	5.3%
<b>Foreign countries</b>		
Northern Vietnam	12,175	43.7%
Central Vietnam	9,283	33.4%
Southern Vietnam	4,197	15.0%
Foreign countries	2,188	7.9%

## ENSURING EMPLOYEES' RIGHTS AND DEVELOPING HIGH QUALITY HUMAN RESOURCES

FPT's greatest asset is its human, therefore we have always recognise and realise the employees' efforts and contributions to the Corporation's sustainable development.

FPT always adheres to the provisions of the labour law and ensure employees' rights.

FPT ensures the right of employees to freely participate in the Trade Union and creates favourable conditions in which the Trade Union can operate under the Trade Union Act and Labour Laws. 100% of FPT employees participate in a Collective Bargaining Agreement at all levels. Employees' rights are also concretised in the following policies:

### Comprehensive policies:

FPT pays close attention to compensation and promotion policies, taking good care of its employees so as to enable them to reach their full potential in terms of both their careers and personal lives. FPT's compensation policy is built based on the following criteria:

- Being commensurate with working results and contributions to FPT;
- Market competitiveness;
- Encouragement to increase work quality and productivity;
- Fairness and transparency.

### FPT's compensation structure consists of four components:

- Salary: A 12 month base salary and a '13<sup>th</sup> month' salary paid on FPT's Anniversary and on the occasion of New Year. Every year, the Corporation conducts salary surveys performed by some of the world's largest human resources consulting firms such as Mercer to consider adjusting the base pay to suit the Corporation's development, the labour market and the inflation index (CPI) of Vietnam.
- Travelling, mobile phone top-up, plurality, long-term working

abroad allowances. These regimes have regularly been reviewed, supplemented and updated to ensure maximum support for employees.

- Bonuses based on employee's performance and work achievements. There are no caps to the bonuses provided to the employees based on their performance at FPT. The regime is designed to encourage employees to give total dedication to the Corporation. The achievements are always recognised in a timely, fair and transparent way.
- Welfare policies: Social/Health/Unemployment insurance, etc.

### Welfare policies

In addition to the general welfare policies for employees as regulated by the law, the Corporation has established a range of welfare policies for the purpose of comprehensive care for employees and their families, as follows:

- Regular medical check-up: All employees who have signed official labour contracts are given a medical check-up once a year at hospital facilities designated by the Corporation. 100% of annual medical check-up costs are paid by the Corporation.
- Health insurance: In addition to general insurance policies for employees in accordance with the law, all employees who sign official contracts are entitled to purchase Health Insurance packages at different rates based on the employee's level. The Corporation also provides health insurance packages for families of employees with reasonable fees.
- Preferential policies when using services of subsidiaries of the Corporation: Employees who have been signed official labour contracts and their relatives are discounted in services of subsidiaries. Preferential treatment is specified for each service.

## Checkpoint system

Depending on the business line of each sub-unit, usually two times per year or every month per quarter, FPT staff will conduct checkpoint evaluations to review results and plan their work during the year. All employees who have signed official contracts with the company must participate in the checkpoint assessment. At these assessments, staff will report on the status of work performed, follow-up work plans and recommendations on the online system. Once the online declaration process is completed, direct managers will review, approve and directly communicate the work orientation and development opportunities for each position according to general direction of the Corporation in the next stage.

## Training policies

According to the Global Reporting Initiative (GRI), maintaining and improving human capital, particularly through training that expands the knowledge base of employees, is a key element in organisational development. This indicator provides insight into the scale of the organisation's investment in this area and the degree to which the investment is made across the entire employee base. The access to training opportunities also supports progress in other areas of social performance, such as ensuring equal opportunity in the workplace.

As technology requires constant change and innovation, FPT has built up generations of employees who increasingly learn and strive to help FPT succeed. FPT staff at level 3 or above must participate in an annual training program provided by FCU or complete at least one online course on MOOC (Massive Open Online Courses).

In 2018, FPT invested VND 79.6 billion for the Corporation's training activities, with 208,967 participants. Some typical training programs such as fresher training; training technology personnel; training professional skills and soft skills; training adjacent officers.

## Training indicators in 2018

No.	Category	2018	Unit
1	Training budget	79.6	VND in billion
2	Total number of training courses	3,252	courses
3	Participations	208,967	Participants
4	Training hours	2,043,160	hours
5	Training costs per staff member	2,896,077	VND
6	Participations per staff members	8	turns
7	Training hours per staff member	74.33	hours
8	Total technology certificates of staff	7,402	Certificates

## ATTRACTING AND DEVELOPING TALENTED PEOPLE

FPT accepts everyone as they are, with their strengths and weaknesses, and their good and bad points, as well as provides the best conditions for each member to be themselves and fulfil their ambitions.

In 2018, FPT has 1,641 managers, accounting for 5.9% of the total workforce of the Corporation. In particular, the number of young managers, aged under 40, accounted for 82.4% of the total number of managers, equal to 1,353 people.

### Graph of number of managers by age

Age	Number of people	Percentage of total managers
Under 30 years old	308	18.8%
From 31 to 40 years old	1,045	63.7%
From 41 to 50 years old	246	14.9%
Above 50 years old	42	2.6%

### Some typical programs to foster and attract talents:

- Talent internship program: implemented in 2003 with the purpose of recruiting top students in Economics and Technology for potential management positions.
- Personnel arrangement: aims at building a team of young, trained and experienced staff who deeply understand FPT's business operations and core values and are ready to assume leadership and senior management positions in the Corporation and its subsidiaries. FPT's leaders are given challenges and rotated within the Corporation through various business fields and environments.
- Trạng Contest: since 2003, FPT has held Trạng Contest to seek and develop new talents for the Corporation. Many winners of 'Trạng FPT' have been appointed to important positions such as Vice CEO of FPT Corporation, CEO of FPT IS, and CEO of FPT Software.
- FPT has also organised many programs to find talents within the Corporation such as vertical examination, top Under35, innovation contests in many fields, ranking technology staff, and naming the Top 100 most excellent FPT staff annually, with a corresponding reward policy.

## CREATING A UNIQUE CORPORATE CULTURE TO CONNECT EMPLOYEES

FPT is one of only a few Vietnamese companies building and maintaining unique corporate culture values which have given it advantages in attracting talent, as well as creating connection among its employees and between employees and the Corporation.

The FPT culture is the summary of its codes of conduct in its business activities as well as in other activities to support employees' lives.

**Code of conduct and code of ethics in FPT: "Respect - Innovation – Team spirit – Objectivity – Exemplarity – Wisdom".**

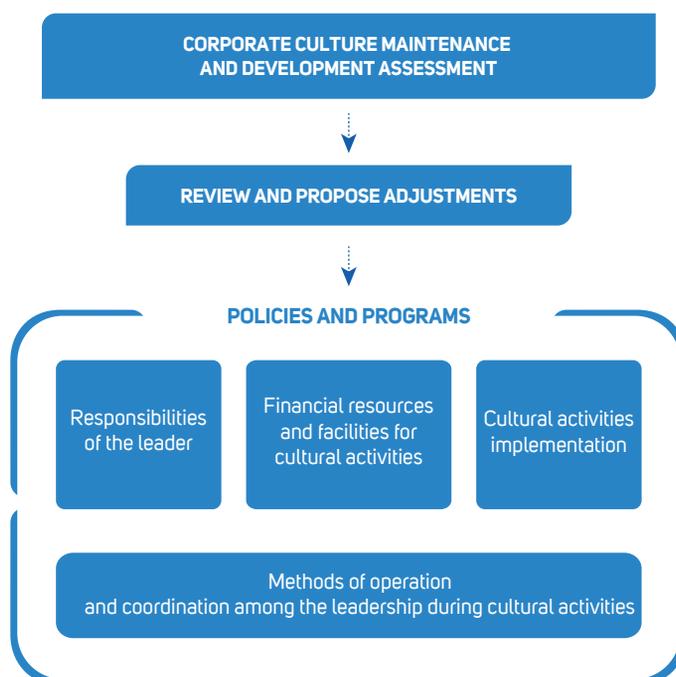
Every FPT employee needs to have the spirit of "Respect – Innovation – Team spirit"

- **RESPECT** – The spirit of Respect means "respecting individuals", including Frankness, Listening and Tolerance. In FPT, employees can speak directly to managers, regardless of their position or relationship.
- **INNOVATION** – The spirit of Innovation includes Learning, Innovation and STCo (the typical humor of FPT's people).
- **TEAM SPIRIT** – The Team spirit in FPT includes Consensus, Unity and Sincerity.

**FPT leaders must possess the three core values: "Objectivity - Exemplarity - Wisdom"**

- **OBJECTIVITY** – Objectivity is the most important virtue of leaders, which helps them gain the trust of employees and inspires them to work with increased dedication instead of flattering their leaders.
- **EXEMPLARITY** – Leaders must be the ones who most clearly reflect the FPT spirit of "Respect – Innovation – Team spirit".
- **WISDOM** – Leaders must be visionary and decisive.

*The model for FPT's building policies and cultural programs*



FPT also deploys cultural activities to ensure a rich mental life for its employees, giving them excitement and enthusiasm in their work via:

- Annual events such as FPT's Anniversary (September 13<sup>th</sup>); Towards the Origins Day (March 10<sup>th</sup> in the lunar calendar); Parents Day (November 19<sup>th</sup>); International Women's Day (March 8<sup>th</sup>) and Men's Day (November 11<sup>th</sup>), etc.
- Internal publications that help employees learn about the history and core values of the Corporation such as: Historical Records, a brief history, the internal magazine chungta.vn; FPT News; Tech Insight News; and Fun4Fun.
- Social activities to inspire benevolence among all employees. FPT holds FPT Community Day (March 13<sup>th</sup>) annually, where FPT employees take part in community activities across the country. At the same time, FPT calls for each staff to contribute one day's wage to support people and colleagues in need.

## STAFFING COMMITMENT

With the philosophy of giving each member the best possible talent development, FPT is committed to creating a fair, transparent, non-discriminatory working environment in all production and business activities.

In its 30 years, has always strictly complied with the law on labour use, ensuring the rights of employees in accordance with all regulations:

- Signing labour contracts with employees as stipulated by the provisions of the Labour Laws and the guiding documents of the State and the internal regulations of the Corporation;
- Arranging for employees to work accordingly to their qualifications, expertise, capabilities, health, job position and gender;
- Strictly complying with the provisions of the Labour Laws and the terms of the Collective Labour Agreement;
- Recruiting in accordance with procedures posted publicly on the Corporation's website. Accordingly, candidates do not have to pay for public examination and candidate selection is based on personal capabilities;
- Creating an innovative work environment. FPT focuses on developing facilities and building a modern nature-friendly work environment. Offices that have been built on the campus model are F-Ville (Hoa Lac Hi-Tech Park, Hanoi), F-Town (Saigon Hi-Tech Park in District 9, HCMC), and the FPT Complex (Da Nang Hi-Tech Park).

# CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

## CORPORATE SOCIAL RESPONSIBILITY

As a globally-oriented enterprise, FPT understands that the sustainable development of a company depends on the social community in which it operates. Therefore, after 30 years of establishment and development, FPT always strives to implement economic objectives associated with activities of the highest support for the society. For FPT, these support activities play an important role, receiving material and spiritual contributions from all employees and leaders of the Corporation.

For years, FPT has been consistent in implementing sustainable development activities with human orientation as a key factor. Therefore, FPT has always focused on investing in human resources development as well as supporting education and the younger generations. Therefore, FPT chooses to invest in education and the young generation is a key demographic for social responsibility activities. FPT also encourages staff and partners to jointly carry out volunteer activities and community building through direct financial contributions and participation and social responsibility activities organised by the Corporation. Solely in 2018, FPT, its staff and its partners spent more than VND 33 billion on community activities, supporting nearly 4 million people nationwide, in which:

- **Expenditures from the Corporation's budget: VND 29.2 billion.**
- **Expenditures from FPT employees: VND 3.8 billion.**
- **Expenditures on mobilisation from individuals and other organisations: VND 2.7 billion.**

These funds are allocated by FPT Corporation mainly for two

purposes of investment in education and the younger generation: voluntary activities for families in difficult circumstances, and disaster relief.

### Investing in education and the younger generation

For the key content in social responsibility activities, during the year 2018, FPT uses up to 83% of its total expenditure for social responsibility activities to invest in education and the younger generation, through the following series of activities:

#### ➤ The FPT Centre for Young Talent

The FPT Centre for Young Talent (FYT) was established in 1999 with the purpose of gathering young talent in the country, providing them with the conditions to develop comprehensively, and helping them become successful people in society and contribute to national prosperity.

Throughout their time at FYT, young talents had chances to communicate, enrich their knowledge and look for their mission, as well as be inspired to study in-depth expertise and advanced soft skills to support for their future career.

After 19 years of operation, FYT has recruited and supported 422 talented students, more than 200 of whom are living and working abroad. Many of them become successful, including Dam Quang Minh, Rector of FPT University; Vuong Vu Thang, CEO of the Vietnam Communications Corporation; Vuong Quang Khai, Vice President of the VinaGame Corporation; and Nguyen Hoa Binh, CEO of PeaceSoft, ect.

In 2018, FYT recruited 27 members intake 19, including 16 national and 3 international award winners.

➤ **Online Knowledge Contests for Students of Violympic Centre**

With the desire to bring Vietnamese students new learning methods based on the Internet, FPT pioneered the Violympic Math Solving Competition for students. Over the past 10 years, the contest has become a favorite intellectual playground, attracting millions of Vietnamese students, at the same time expanding the subjects of Maths English and Physics. During the school year 2017 - 2018, the online knowledge contests for students of the Violympic Center received nearly 3.7 million participants nationwide.

Within the 2017-2018 academic year, Violympic included many innovations in its content since the Vietnam Academy of Science and Education - the science and technology organisation under the Ministry of Education and Training became responsible for compiling and evaluating the content of the competition. In addition, the breakthrough of Violympic 2017-2018 is an improvement in technology, which made Violympic’s website more user friendly with faster processing and; enhanced account security. The leading technology trends of Industry 4.0 will be applied to personalise learning. Each participant in Violympic will be provided with the forms that best match their abilities and practical knowledge.

➤ **Digital Race – ‘Self-driving technology’ theme for students**

Digital racing, the “Self-driving technology” theme is a prominent playground organised by FPT for technology students, to actively orient students to approach and experience the latest technology, the most challenging, contributing to skill development for Vietnam during the 4<sup>th</sup> Industrial Revolution.

Entering the 3<sup>rd</sup> season, the program has become a knowledge playground for more than 2,100 students from more than 30 universities across the country, giving

them the opportunity to research, create and experience technology in the field of image processing, embedded programming, AI, etc. as well as to practice soft skills such as team building, project management and team work. At the same time, excellent teams are given model cars to set up an automatic control system and race on a simulated model that gets more challenging gradually over the years. The digital race also gives students the opportunity to experience the latest technological achievements from the world’s leading technology companies in the US and Japan such as Tesla, Google, Yamaha, etc.

Before the Digital Race, FPT has held many other technology competitions such as the Vietnamese Intellectuals (from 2000 to 2007), the Mobile Labs (2008 and 2009), the Mobile Robot Challenge (2013), and the S.M.A.C Challenge (2014 and 2015).

➤ **The Nguyen Van Dao Scholarship**

In 2018, FPT spent nearly 17.3 billion VND to award 704 Nguyen Van Dao scholarships for students. Nguyen Van Dao Scholarship is to be awarded to students who meet one of the following 3 criteria:

- *The “Fondness for learning” scholarships for students in need of good academic achievement;*
- *The ‘Excellent student’ scholarships for students with excellent academic performance;*
- *The ‘Arts, Entertainment, Performance & Sports’ scholarships for students with excellent achievements in the fields of sports, culture or art.*

Thus, after 9 years of implementation since 2010, FPT has awarded 3,267 scholarships worth a total of nearly 151 billion VND to talented students.



## Spending on educational activities and the younger generation in 2018

Unit: VND in million

No.	Program	Beneficiary	Specific program	No. of beneficiaries/ participants	The Corporation's budget (VND in million)	FPT staff's contribution (VND in million)	The community's contribution (VND in million)	Total cost (VND in million)
1	Offering scholarships	Students	Nguyen Van Dao Scholarship	704	17,319			17,319
			Scholarships for children who were exposed to Dioxin	200	0	240		240
2	Implementing programs applying technology in training	Primary to high school students	FPT Centre for Young Talent (FYT)	42	302			302
	Providing learning facilities (books, bookcases, computers, etc.)	pupils/students	Violympic	3,678,497	4,224			4,224
				21,864	0	1,531		1,531
3	Honouring and encouraging students who have IT capability	pupils/students	Digital Race 2017 – 2018	800	5,826		170	5,996
	<b>Total</b>			<b>3,702,107</b>	<b>27,671</b>	<b>1,771</b>	<b>170</b>	<b>29,612</b>

**Social activities**

In order to spread the spirit of charity with the principle that every FPT employee is directly involved in, voluntary activities for the community and sharing with struggling people, FPT encourages each employee to contribute at least one day's salary to the FPT Community Fund. In 2018, all FPT and partners spent over VND 4.6 billion to carry out voluntary activities to support disadvantaged households.

In the beginning of 2018, FPT cooperated with the Central Association of Vietnam Youth Union and National Volunteer Centre (VVC) to organise the program "FPT for Community Day" during the campaign of the Good Deeds Day and FPT's Day for the community March 13<sup>th</sup>. The program attracted more than 5,000 people; followed by activities and social security programs such as painting hundreds of charity houses, building a playground for children in remote areas and other educational support activities across the country. Besides, the traditional activities are still sustained. In 2018, FPT continues to maintain the tradition of blood donation, having donated nearly 3,000 units of blood.

Besides, in 2018, after more than 1 year of official operation, Hope Fund - a non-profit social-charity fund jointly established by FPT and VnExpress newspaper, has implemented various meaningful activities for society. In particular, there have been outstanding bridge construction activities for the Mekong Delta provinces and constructions of schools for highland children.

## Spending on volunteer activities in 2018

Unit: VND in million

No.	Program	Beneficiary	Specific program	No. of beneficiaries/ participants	The Corporation's budget (VND in million)	FPT staff's contribution (VND in million)	The community's contribution (VND in million)	Total cost (VND in million)
1	Blood donation	Anaemic patients	Humanitarian blood donation programs	2,948				0
2	House repair	Policy families, poor households, social protection centres	Fixing 90 houses for policy families, poor households, social protection centres	265		1,136		1,136
3	Charity house construction	Poor households	Building four houses for poor households in Tra Vinh Province	16	100	100		200
4	Support for struggling people	FPT staff and the community	"Pioneering actions for the community" - Spread the spirit of kindness, call for the contribution of FPT staff and the community through the walking event around Hoan Kiem Lake	5,000	1,438			1,438
5	Natural disaster victims aid	Staff and relatives who face difficulties in life	Visiting, motivating and gifts	28		760		760
6	[HOPE] Lunar New Year support	Who are in difficult circumstances	Giving Tet gifts to disadvantaged people	1,346			614	614
7	[HOPE] Bringing light to the class	Schools and students have difficulties	Build new schools, support scholarships and books for students in especially difficult circumstances	70			1,741	1,741
8	[HOPE] Bridge of Hope	Local difficulties	Bridge construction for the Mekong Delta provinces. 10 projects have started, having inaugurated 02 bridges.	1,200			202	202
<b>Total</b>				<b>10,873</b>	<b>1,538</b>	<b>1,996</b>	<b>2,557</b>	<b>6,091</b>

## ENGAGING IN ENVIRONMENTAL PROTECTION ACTIVITIES

Ensure the efficient use of natural resources, comply with the provisions of the Law on Environmental Protection, give priority to using alternative energy sources, and raise awareness of environmental protection.

### Constructing environment-friendly offices

With office system all across the country, FPT is always conscious that a green office model not only helps the Corporation achieve energy efficiency and reduce operating costs, but also enhances the awareness of environmental protection among its employees.

Accordingly, during the construction of its facilities, FPT always carries out an environmental impact assessment and complies with regulations on environmental protection. In the design process, FPT always gives priority to applying new technologies and environment-friendly materials, as well as utilizing natural energy sources to minimise environmental impact and energy consumption

- FPT Complex (Da Nang) achieved the EDGE (Excellence in Design for Greater Efficiency) standard by the Ministry of Construction and the World Bank, after reaching minimum savings of 20% in energy, water, and construction materials.

- The Administrative Building of FPT University (Hoa Lac Hi-tech Park) won the Future Projects - Education category at the World Architecture Festival (WAF) and first award at the Green Architecture Awards hosted by the Vietnam Architects' Association.

- FPT's offices were built on the environment-friendly campus model (office complex integrated with amusement parks, trees, landscaping and other features), including F-Ville (Hoa Lac Hi-tech Park, Hanoi), F-Town (Saigon Hi-tech Park, District 9, HCMC) and the FPT Complex (Da Nang Hi-Tech Park).

2016 was the first year in which FPT has announced electricity and water consumption targets for FPT-owned buildings in Hanoi, Da Nang and HCMC. In 2018, FPT continues to publish these targets in more detail for each building.

In general, FPT's electricity and water consumption indexes are relatively stable despite a 13% increase in staffing. This shows that FPT has paid great attention to the efficient and economical use of power to help improve the efficiency of costs for the Corporation.

### Electricity and water consumption index in 10 buildings owned by FPT

Location	Building	2016		2017		2018	
		Electricity (Kw)	Water (m3)	Electricity (Kw)	Water (m3)	Electricity (Kw)	Water (m3)
Hanoi	<i>FPT Cau Giay (head office)</i>	3,915,700	18,253	3,905,600	18,959	4,029,900	18,612
	<i>F-Ville 1</i>	1,895,590	Using water well	1,758,400	Using water well	1,832,320	Using water well
	<i>F-Ville 2 (in use since March 2017)</i>			1,640,500		2,442,600	
	<i>FPT University in Hoa Lac</i>	2,892,900		3,164,700		3,544,800	Using water well
Da Nang	<i>FPT Complex</i>	2,000,240	12,821	2,810,492	34,886	3,238,544	44,014
	<i>FPT Massda</i>	913,882	8,772	849,094	9,174	1,208,262	1,195,220
HCMC	<i>F-Town 1</i>	1,788,326	30,298	2,098,581	31,637	2,425,520	39,018
	<i>F-Town 2</i>			1,968,145		2,149,228	
	<i>Tan Thuan 1</i>	2,328,816	37,387	13,219,121	6,710	5,338,105	7,742
	<i>Tan Thuan 2</i>			2,129,211	30,869	2,356,869	28,322

### Raising awareness of environmental protection for employees

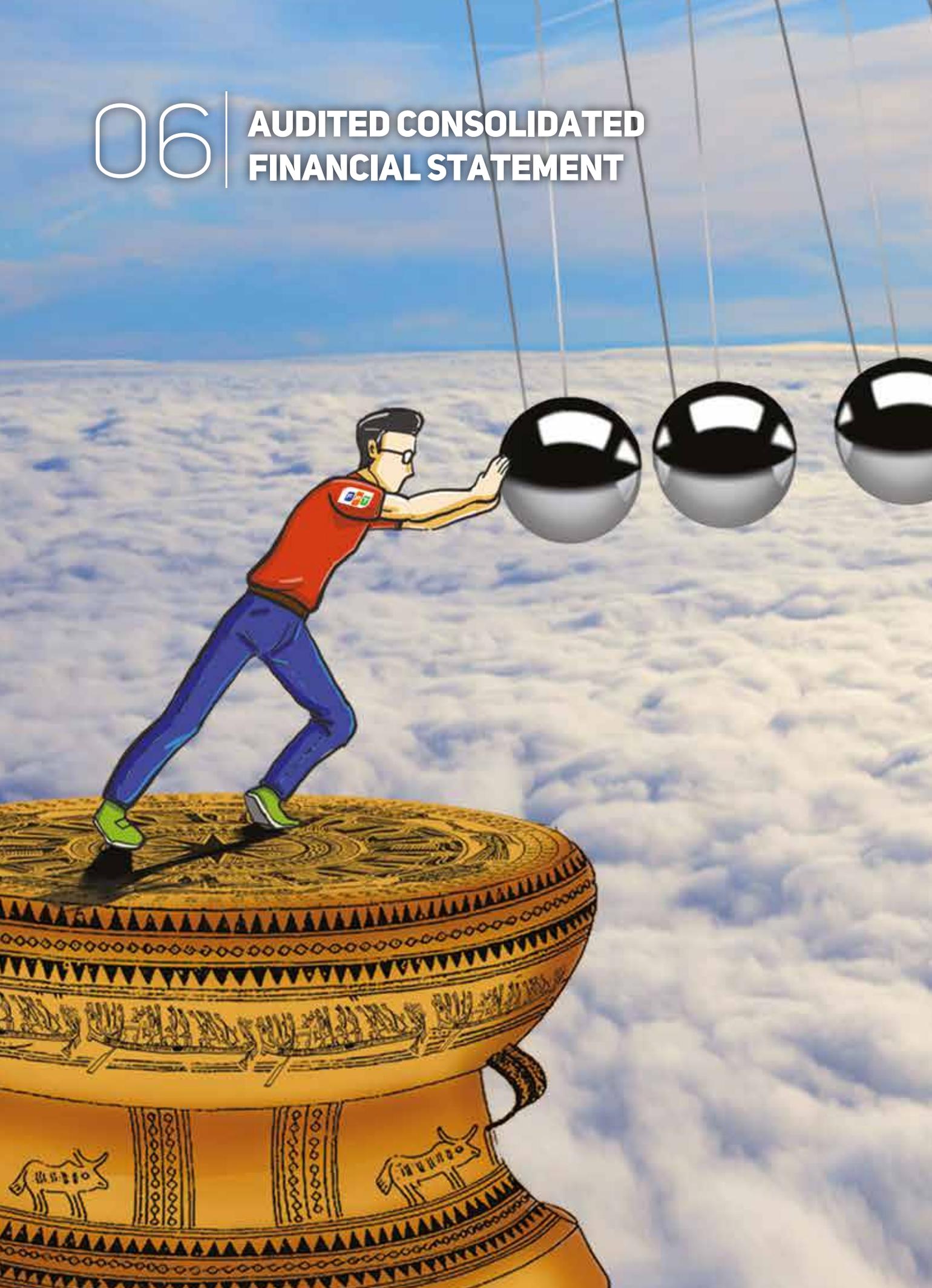
FPT regularly implements programs to raise awareness of and promulgate knowledge about environmental protection among its employees:

- Collaborating with international and domestic organisations to raise awareness of environmental protection and energy saving by all FPT employees;
- Building and adjusting the electricity use in all office buildings;
- Encouraging staff to use the stairs and restrict elevator usage;
- Establishing a bicycle club and encouraging staff members to cycle to work;
- Supporting and responding to the Earth Hour campaign.



06

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENT**







## **FPT CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

# **AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED  
31 DECEMBER 2018

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# STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of FPT Corporation and its subsidiaries (herein collectively called the “Corporation”) presents this report together with the Corporation’s consolidated financial statements for the year ended 31 December 2018.

## THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Corporation who held office during the year and to the date of this report are as follows:

### Board of Directors

Mr. Truong Gia Binh	Chairman
Mr. Bui Quang Ngoc	Vice Chairman
Mr. Do Cao Bao	Member
Mr. Jean Charles Belliol	Member
Mr. Le Song Lai	Member
Mr. Tomokazu Hamaguchi	Member
Mr. Dan E Khoo	Member

### Board of Management

Mr. Bui Quang Ngoc	Executive President
Mr. Nguyen The Phuong	Executive Vice President
Mr. Do Cao Bao	Executive Vice President
Mr. Hoang Viet Anh	Executive Vice President (assigned on 01 March 2018)
Mr. Nguyen Van Khoa	Executive Vice President (assigned on 01 March 2018)
Mr. Duong Dung Trieu	Executive Vice President (resigned on 15 January 2018)

## BOARD OF MANAGEMENT’ STATEMENT OF RESPONSIBILITY

The Board of Management of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

## STATEMENT OF THE BOARD OF MANAGEMENT *(Continued)*

The Board of Management of the Corporation is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Board of Management is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



**Nguyen The Phuong**

Executive Vice President

Power of Attorney No. 94.3-2013/QD-FPT-TGD

dated 05 August 2013

04 March 2019

# INDEPENDENT AUDITORS' REPORT

No.: 550 /VN1A-HN-BC

**To: The Shareholders  
The Boards of Directors and Management  
FPT Corporation**

We have audited the accompanying consolidated financial statements of FPT Corporation and its subsidiaries (the "Corporation"), prepared on 04 March 2019 as set out from page 04 to page 43, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

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

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

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

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.



**Vu Duc Nguyen**

Deputy General Director

Audit Practising Registration Certificate

No. 0764-2018-001-1

**Tao Hai Nhan**

Auditor

Audit Practising Registration Certificate

No. 1576-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

04 March 2019  
Hanoi, S.R. Vietnam

# CONSOLIDATED BALANCE SHEET

As at 31 December 2018

FORM B 01-DN/HN

Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>18,406,087,226,041</b>	<b>16,059,937,820,645</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>3,925,727,206,293</b>	<b>3,480,659,514,788</b>
1. Cash	111		2,682,437,141,849	1,886,435,218,720
2. Cash equivalents	112		1,243,290,064,444	1,594,224,296,068
<b>II. Short-term financial investments</b>	<b>120</b>	<b>6</b>	<b>5,568,623,727,137</b>	<b>4,379,446,212,073</b>
1. Held-to-maturity investments	123		5,568,623,727,137	4,379,446,212,073
<b>III. Short-term receivables</b>	<b>130</b>		<b>6,426,946,279,074</b>	<b>6,151,782,399,408</b>
1. Short-term trade receivables	131		5,561,545,801,834	5,038,378,935,917
2. Short-term advances to suppliers	132		218,427,501,076	95,340,696,039
3. Receivables from construction contracts under percentage of completion method	134	7	251,954,356,007	431,581,193,340
4. Short-term loan receivables	135		910,049,188	-
5. Other short-term receivables	136	8	658,775,479,875	767,000,371,499
6. Provision for short-term doubtful debts	137		(264,666,908,906)	(180,518,797,387)
<b>IV. Inventories</b>	<b>140</b>	<b>10</b>	<b>1,340,687,216,347</b>	<b>1,020,212,423,590</b>
1. Inventories	141		1,401,302,666,378	1,024,043,952,523
2. Provision for devaluation of inventories	149		(60,615,450,031)	(3,831,528,933)
<b>V. Other short-term assets</b>	<b>150</b>		<b>1,144,102,797,190</b>	<b>1,027,837,270,786</b>
1. Short-term prepayments	151	11	962,477,975,930	759,948,049,853
2. Value added tax deductibles	152		138,812,602,015	156,145,888,056
3. Taxes and other receivables from the State budget	153	12	42,812,219,245	111,743,332,877

# CONSOLIDATED BALANCE SHEET *(Continued)*

**FORM B 01-DN/HN**

As at 31 December 2018

 Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>11,350,979,923,527</b>	<b>8,939,739,075,221</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>109,788,240,927</b>	<b>231,657,122,488</b>
1. Long-term trade receivables	211		-	161,551,680,000
2. Long-term loans receivable	215		392,794,707	-
3. Other long-term receivables	216	8	164,124,620,038	124,834,616,306
4. Provision for long-term doubtful debts	219		(54,729,173,818)	(54,729,173,818)
<b>II. Fixed assets</b>	<b>220</b>		<b>6,513,735,578,258</b>	<b>5,247,285,021,701</b>
1. Tangible fixed assets	221	13	5,207,125,950,106	4,585,493,059,313
- Cost	222		9,471,984,147,609	8,260,173,587,144
- Accumulated depreciation	223		(4,264,858,197,503)	(3,674,680,527,831)
2. Finance lease assets	224		3,024,593,397	3,656,116,414
- Cost	225		5,208,542,803	4,702,426,443
- Accumulated depreciation	226		(2,183,949,406)	(1,046,310,029)
3. Intangible assets	227	14	1,303,585,034,755	658,135,845,974
- Cost	228		1,915,362,421,263	1,117,419,385,566
- Accumulated amortisation	229		(611,777,386,508)	(459,283,539,592)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>1,174,778,083,753</b>	<b>805,559,896,217</b>
1. Long-term construction in progress	242	15	1,174,778,083,753	805,559,896,217
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>2,202,466,649,730</b>	<b>1,783,369,007,284</b>
1. Investments in associates	252	17	1,676,231,689,527	1,333,704,438,239
2. Equity investments in other entities	253	6	793,360,844,792	749,259,852,282
3. Provision for impairment of long-term financial investments	254		(267,125,884,589)	(299,595,283,237)
<b>V. Other long-term assets</b>	<b>260</b>		<b>1,350,211,370,859</b>	<b>871,868,027,531</b>
1. Long-term prepayments	261	11	986,963,791,569	811,433,621,590
2. Deferred tax assets	262	18	37,229,856,110	60,434,405,941
3. Goodwill	269	19	326,017,723,180	-
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>29,757,067,149,568</b>	<b>24,999,676,895,866</b>

# CONSOLIDATED BALANCE SHEET *(Continued)*

As at 31 December 2018

**FORM B 01-DN/HN**

Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>14,982,096,384,457</b>	<b>11,761,300,662,093</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>14,451,149,990,521</b>	<b>11,100,344,738,740</b>
1. Short-term trade payables	311		2,510,114,267,322	2,279,172,467,047
2. Short-term advances from customers	312		418,652,248,691	561,261,495,876
3. Taxes and amounts payable to the State budget	313	12	411,222,366,924	320,421,087,431
4. Payables to employees	314		1,191,302,627,829	830,413,330,203
5. Short-term accrued expenses	315	20	837,956,702,415	918,418,793,263
6. Payables relating to construction contracts under percentage of completion method	317	7	46,561,518,663	20,380,725,175
7. Short-term unearned revenue	318	21	1,610,921,248,698	1,293,630,917,628
8. Other current payables	319	22	341,063,193,828	439,490,212,823
9. Short-term loans and obligations under finance leases	320	23	6,598,868,849,348	4,116,988,708,324
10. Short-term provisions	321	24	31,354,115,546	6,051,424,047
11. Bonus and welfare funds	322		453,132,851,257	314,115,576,923
<b>II. Long-term liabilities</b>	<b>330</b>		<b>530,946,393,936</b>	<b>660,955,923,353</b>
1. Long-term advances from customers	332		-	40,000,000,000
2. Long-term unearned revenue	336	21	46,805,654,155	47,796,539,629
3. Other long-term payables	337	22	108,962,237,984	1,525,469,921
4. Long-term loans and obligation under finance leases	338	25	366,793,322,852	565,209,817,637
5. Deferred tax liabilities	341		335,327,364	2,853,492,585
6. Long-term provisions	342	24	7,857,755,298	3,378,507,298
7. Scientific and technological development fund	343		192,096,283	192,096,283

# CONSOLIDATED BALANCE SHEET *(Continued)*

**FORM B 01-DN/HN**

 Issued under Circular No. 202/2014/TT-BTC  
 dated 22 December 2014 of the Ministry of Finance

As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>D. EQUITY</b>	<b>400</b>		<b>14,774,970,765,111</b>	<b>13,238,376,233,773</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>26</b>	<b>14,772,220,765,111</b>	<b>13,235,626,233,773</b>
1. Owners' contributed capital	411		6,136,367,720,000	5,309,611,050,000
- Ordinary shares carrying voting rights	411a		6,136,367,720,000	5,309,611,050,000
2. Share premium	412		49,465,703,201	49,465,703,201
3. Other owner's capital	414		667,035,271,273	287,829,523,052
4. Treasury shares	415		(823,760,000)	(823,760,000)
5. Foreign exchange reserve	417		14,965,650,460	10,358,539,447
6. Investment and development fund	418		222,962,521,203	171,160,597,046
7. Other reserves	420		87,230,283,704	87,230,351,424
8. Retained earnings	421		5,293,166,046,073	5,511,408,650,206
- Retained earnings accumulated to the prior year end	421a		3,515,481,219,969	3,323,086,196,728
- Retained earnings of the current year	421b		1,777,684,826,104	2,188,322,453,478
9. Non-controlling interests	429		2,301,851,329,197	1,809,385,579,397
<b>II. Other resources and funds</b>	<b>430</b>		<b>2,750,000,000</b>	<b>2,750,000,000</b>
1. Subsidised funds	431		2,750,000,000	2,750,000,000
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>29,757,067,149,568</b>	<b>24,999,676,895,866</b>

**Nguyen Tien Hao**  
Preparer

**Hoang Huu Chien**  
Chief Accountant



**Nguyen The Phuong**  
Executive Vice President  
04 March 2019

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

FORM B 02-DN/HN

Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
<b>1. Gross revenue from goods sold and services rendered</b>	<b>01</b>	<b>27</b>	<b>23,259,126,277,266</b>	<b>43,298,396,301,993</b>
2. Deductions	02	27	45,589,419,541	639,785,460,639
<b>3. Net revenue from goods sold and services rendered (10=01-02)</b>	<b>10</b>	<b>27</b>	<b>23,213,536,857,725</b>	<b>42,658,610,841,354</b>
4. Cost of sales	11	28	14,490,657,872,236	32,976,206,156,753
<b>5. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>8,722,878,985,489</b>	<b>9,682,404,684,601</b>
6. Financial income	21	30	600,093,309,692	1,583,099,974,667
7. Financial expenses	22	31	361,046,565,710	600,871,831,217
- In which: Interest expense	23		238,344,431,747	368,545,679,548
8. Share of net profit from associates	24		439,027,114,689	71,085,355,123
9. Selling expenses	25		2,047,833,577,540	3,074,637,403,520
10. General and administration expenses	26		3,553,288,111,032	3,441,128,714,059
<b>11. Operating profit (30=20+(21-22)+24-(25+26))</b>	<b>30</b>		<b>3,799,831,155,588</b>	<b>4,219,952,065,595</b>
12. Other income	31		60,448,926,027	101,847,192,667
13. Other expenses	32		2,677,526,409	66,681,480,755
<b>14. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>57,771,399,618</b>	<b>35,165,711,912</b>
<b>15. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>3,857,602,555,206</b>	<b>4,255,117,777,507</b>
16. Current corporate income tax expense	51	32	599,214,896,970	698,493,915,640
17. Deferred corporate tax expense	52	32	24,390,517,191	28,509,947,486
<b>18. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>3,233,997,141,045</b>	<b>3,528,113,914,381</b>
In which:				
18.1 Profit after tax attributable to Parent Company	61		2,620,178,631,986	2,931,530,862,562
18.2 Profit after tax attributable to non-controlling shareholders	62		613,818,509,059	596,583,051,819
<b>19. Basic earnings per share</b>	<b>70</b>	<b>33</b>	<b>3,903</b>	<b>4,457</b>
<b>20. Diluted earnings per share</b>	<b>71</b>		<b>3,903</b>	<b>4,457</b>



**Nguyen Tien Hao**  
Preparer



**Hoang Huu Chien**  
Chief Accountant



**Nguyen The Phuong**  
Executive Vice President  
04 March 2019

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2018

FORM B 03-DN/HN

Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>3,857,602,555,206</b>	<b>4,255,117,777,507</b>
Depreciation and amortisation of fixed assets and goodwill	02	1,164,692,003,074	1,039,416,768,342
Provisions	03	120,544,469,503	184,568,266,739
Foreign exchange loss/(gain) arising from translating foreign currency items	04	18,627,355,032	(18,951,655,934)
Gain from investing activities	05	(761,304,152,101)	(1,330,954,022,321)
Interest expense	06	238,344,431,747	368,545,679,548
<b>2. Operating profit before movements in working capital</b>	<b>08</b>	<b>4,638,506,662,461</b>	<b>4,497,742,813,881</b>
Increases in receivables	09	(159,344,472,867)	(2,311,600,942,433)
Increases in inventories	10	(229,108,218,690)	(617,887,896,217)
Increases in payables (excluding accrued loan interest and corporate income tax payable)	11	644,985,031,490	1,709,299,259,291
Increases in prepaid expenses	12	(367,688,759,434)	(143,624,640,180)
Interest paid	14	(263,543,299,555)	(386,409,842,206)
Corporate income tax paid	15	(429,913,433,339)	(493,643,801,955)
Other cash inflows	17	(245,573,417,730)	(265,691,285,266)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>3,588,320,092,336</b>	<b>1,988,183,664,915</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(2,453,675,554,507)	(1,104,370,928,512)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	773,278,807	3,873,003,435
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,188,220,715,064)	(942,508,215,806)
4. Equity investments in other entities	25	(709,543,569,233)	-
5. Cash recovered from investments in other entities	26	180,229,124,836	(973,833,781,575)
6. Interest earned, dividends and profits received	27	473,705,873,732	408,056,318,390
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(3,696,731,561,429)</b>	<b>(2,608,783,604,068)</b>

# CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

For the year ended 31 December 2018

FORM B 03-DN/HN

Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from share issue and owners' contributed capital	31	26,545,560,000	39,143,700,000
2. Capital withdrawals, buy-back of issued shares	32	-	(130,000,000)
3. Proceeds from borrowings	33	10,281,501,672,838	21,302,571,414,666
4. Repayment of borrowings	34	(8,046,946,587,865)	(21,923,254,763,024)
5. Dividends and profits paid	36	(1,707,621,484,375)	(1,330,432,287,475)
<b>Net cash generated by/(used in) financing activities</b>	<b>40</b>	<b>553,479,160,598</b>	<b>(1,912,101,935,833)</b>
<b>Net increase/(decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>445,067,691,505</b>	<b>(2,532,701,874,986)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>3,480,659,514,788</b>	<b>6,013,361,389,774</b>
<b>Cash and cash equivalents at the end of the year (70=50+60)</b>	<b>70</b>	<b>3,925,727,206,293</b>	<b>3,480,659,514,788</b>



**Nguyen Tien Hao**  
Preparer



**Hoang Huu Chien**  
Chief Accountant



**Nguyen The Phung**  
Executive Vice President  
04 March 2019

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

## 1. GENERAL INFORMATION

### Structure of ownership

FPT Corporation (the "Company") was incorporated as a State-owned company in Vietnam and subsequently equitised in accordance with Decision No. 178/QĐ-TTg, following which the Company officially operated as a joint stock company. FPT Corporation was established under Business Registration Certificate No. 0103001041 issued for the first time by Hanoi Authority for Planning and Investment dated 13 May 2002 and its amendments.

According to the amended Business Registration Certificate dated 19 December 2008, the Company changed its name from the Corporation for Financing and Promoting Technology to FPT Corporation.

According to the amended Business Registration Certificate dated 19 June 2018, the Company's charter capital is VND 6,136,367,720,000.

Since December 2006, the Corporation's shares have been listed on Ho Chi Minh City Stock Exchange.

The total number of the Corporation's employees as at 31 December 2018 was 27,843 (31 December 2017: 25,322).

### Operating industry and principal activities

The principal activities of the Corporation are to provide IT and telecommunication products and services. The main products and services provided are (i) software development including software outsourcing; software solutions, software services and ERP services; (ii) system integration; (iii) informatics services including system management, BPO service, Data Center service etc.; (iv) telecommunication services including internet services and value added services; (v) digital content services including online advertising etc.; (vi) general education, college, university and postgraduate training services.

### Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less except some system integration projects which are carried out for a time period of more than 12 months.

### Characteristics of the business activities in the fiscal year which have impact on the consolidated financial statements

On 12 July 2018, FPT Software Company Limited (a subsidiary of the Corporation) acquired a 90% shares in Intellinet Consulting, LLC, a technology consulting company based in the United States. Accordingly, Intellinet Consulting, LLC has become a subsidiary of the Corporation since then.

During the year, FPT Media Company Limited was dissolved under Resolution No. 02.12-2018 / NQ-HDQT FPT dated 24 December 2018 of the Board of Directors of FPT Corporation.

### The Corporation's structure:

Since 18 December 2017, FPT Corporation's proportions of ownership interest in FPT Digital Retail Joint Stock Company ("FRT") and FPT Trading Company Limited ("FTG") have been reduced to 47% and 48%, respectively. Accordingly, FRT and FTG are no longer subsidiaries of FPT but its associates. FTG's official name is also changed to "Synnex FPT Joint Stock Company".

### As at 31 December 2018, FPT Corporation had 6 subsidiaries including:

- FPT Information System Corporation;
- FPT Software Company Limited;
- FPT Telecom Joint Stock Company;
- FPT Education Company Limited;
- FPT Online Service Joint Stock Company; and
- FPT Investment Company Limited.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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## **And 4 associates as follows:**

- FPT Digital Retail Joint Stock Company;
- Synnex FPT Joint Stock Company;
- FPT Fund Management Joint Stock Company;
- FPT Securities Joint Stock Company...

## **Disclosure of information comparability in the consolidated financial statements**

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2017.

## **2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

### **Accounting convention**

The accompanied consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

The accompanied consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

### **Financial year**

The Corporation's financial year begins on 01 January and ends on 31 December.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

### **Estimates**

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) for the period from 01 January 2018 to 31 December 2018. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### **Business combinations**

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the consolidated profit and loss in the year of acquisition.

The interest of non-controlling shareholders is initially measured at the minority's proportion of the net fair value of the assets, liabilities, and contingent liabilities recognized.

### **Investments in associates**

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognized.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

### Goodwill

Goodwill represents the excess of the cost of acquisition over the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. After acquisition date, if the Parent continues making investment in the subsidiary, it should determine the cost of additional investment and corresponding increase in ownership of the carrying value of the acquired net asset of the subsidiary (not applying fair value as on acquisition date). The difference between the cost of additional investment and the carrying value of the acquired net asset should be recorded directly into retained earnings (similar to transactions among internal shareholders).

Goodwill arising on the acquisition date is presented separately as an intangible asset in the consolidated balance sheet and is amortised on the straight-line basis in the consolidated income statement according to current regulation. In case where the amount of goodwill impairment loss in the period is more than the annual amortised amount on the straight-line basis, the loss amount shall be recognised.

On disposal of a subsidiary, the attributable amount of unmortised goodwill is reduced corresponding to the disposed share proportion and included in retained earnings in case where the Parent remains its control of the subsidiary, or reduced in full and included in the determination of the profit or loss in case where the Parent loses the control.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Financial investments

#### *Held-to-maturity investments*

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity,

including term deposits (commercial bills), bonds, preference shares which the issuer shall redeem at a certain date in the future, loans held to maturity to earn periodic interest and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

#### *Equity investments in other entities*

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

#### *Provisions for impairment of long-term financial investments*

Provisions for impairment of long-term financial investments are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations. In some cases, according to the estimate of the Board of Management, the Corporation prudently makes more provision for impairment of long-term financial investments than required as per the prevailing accounting regulations.

### Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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## Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, direct labor costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories within the Corporation is calculated using the first in first out (FIFO) method and inventory recording method is the perpetual method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their following estimated useful lives:

	Unit: Year
	Current year
Buildings and structures	5 - 25
Machinery and equipment	3 - 25
Motor vehicles	3 - 10
Office equipment	3 - 8
Other assets	3 - 25

## Finance lease assets and depreciation

Finance lease assets are acquired from finance lease transactions, whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Corporation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments

are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Corporation's general policy on borrowing costs.

## Intangible assets and amortisation

### (i) Land use rights

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Definite land use rights are amortised using the straight-line method over the duration of the rights to use the land. Indefinite land use rights are not amortised.

### (ii) License, copyright and patent

Purchase price of license is accounted for as intangible asset. License is amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years. The right to operate the high-speed internet lines are amortised over 15 years.

Purchase prices of copyright and patent are capitalized and accounted for as intangible asset. Copyright and patent are amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years.

### (iii) Brand name, trademark and list of customers.

Purchase prices of trademark and brand name are recorded as intangible asset. Trademark, brand name and list of customers are amortised to the consolidated income statement on straight-line basis over their estimated useful lives.

### (iv) Computer software

Purchase price of new computer software, which is not an integral part of related hardware is capitalized and accounted for as intangible asset. Computer software is amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years.

## Construction in progress

Properties in the course of construction for production, rental, or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

## Long-term prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including land rentals and other types of long-term prepayments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Long-term prepayments comprise prepaid land rental and its attributable cost and office rental. Prepaid land rentals are charged to the consolidated income statement using the straight-line method over the lease term.

Other types of long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption, PayTV installation cost, Office and furniture repair, maintenance and prepayments for systems integration contracts which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

## Payable provisions

Payable provisions are made when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

## Provision for warranties

The provision for warranties relates mainly to goods sold and services rendered. The provision is based on estimates derived from historical warranty data associated with similar products and services.

## Bonus and welfare funds

The Corporation distributes up to 10% of net profit after tax of subsidiaries to bonus and welfare funds.

## Revenue recognition

Revenue is recognized when the outcome of such transactions can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the Corporation.

### Revenue from the sale of goods

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

- (a) the Corporation has transferred to the buyer significant risks and rewards of ownership of the goods;
- (b) the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Revenue from services

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can

be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the consolidated balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (f) the amount of revenue can be measured reliably;
- (g) it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- (h) the percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- (i) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

### Revenue from software development, system intergration and informatics services

Revenue is recognised in the consolidated income statement by reference to the percentage of completion of transaction at the year end. The percentage of completion is assessed by performance or the percentage of the incurred expense of the completed work over the total contract cost estimate. Revenue is not recognised if there is material unreliable element related to recovery of receivables.

### Revenue from processing services

Revenue from processing services is recognised in the consolidated income statement when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the receivables due.

### Revenue from telecommunication services

Revenue from telecommunication services is recognised on pro-rata basis over the period during which the services are actually provided to customers.

### Revenue from online advertising services

Revenue from online advertising services is recognised on the basis of work completed.

### Revenue from tuition and fees

Revenue is recognised in the year when services are rendered. Tuition and fees collected in advance from the students are recorded as unearned revenue on the consolidated balance sheet and released to the consolidated income statement in the year in which the semester falls.

#### • Tuition and fee payment

Tuition and fees are fully payables in advance prior to the beginning of each semester.

#### • Enrolment fee or application fee

A one-time fixed application fee is charged per student and collected with applications for enrolment. Proceeds from the

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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application fees are used to defray the costs associated with all procedures relating to processing each student's enrolment, including the administration of applicable assessment evaluation of prior school records and appropriate placement for the student. The application fee is not refundable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

## Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## Financial statements of foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign operations (including comparative figures) are expressed in reporting currency using exchange rates prevailing on the balance sheet date. Income and expense items (including comparative figures) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Corporation's foreign exchange reserve. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

## Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and

investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

## Earnings per share

The Corporation presents basic earnings per share (EPS) and diluted earnings per share (Diluted EPS) for its ordinary shares. Basic EPS is calculated by having the profit or loss attributable to the ordinary shareholders of the Corporation divided by the weighted average number of outstanding ordinary shares during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding taking into consideration the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

## Related parties

Related parties include associates and key management personnel of the Corporation.

## Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

### 4. SEGMENT REPORTING

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

The Corporation has two major segments under the management of FPT Corporation (the "Corporation") as follows:

#### Information Technology and Telecommunication

**Telecommunication:** providing internet services to individuals and households, internet services to enterprises such as providing internet leased line service, domestic and international telecommunication, domain, hosting, Web Portal services, IPTV etc.;

**Digital content:** providing online services for enterprises and individual customers, including online newspapers (such as VnExpress.net, Ngoisao.net, iOne.net, PCWorld.com.vn, Gamethu.vn etc.); online advertising, AdNetwork, online music, e-payment etc.;

**Software Outsourcing:** Software production, providing consultancy and deployment of S.M.A.C/IoT, digital transformation services, IT system transformation services, quality assurance testing, embedded software, ERP

implementation and management services;

**Software solutions, system integration and informatics services:** providing application software solutions, providing information system integration services, supplying IT equipment, data center services, networking and security system design/development; warranty and maintenance of IT products authorized by hardware vendors;

**Investment and education:** including the following main activities:

- Providing training services in IT, business management majors at general education, college, university, and post-graduate levels;
- Managing investments in associates operating in the finance field;
- Managing and developing real estate projects relating to the Corporation's infrastructure needs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## Current year

Unit: VND Million

Items	Information Technology and Telecommunication				Investment and education	Elimination	Total
	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services			
<b>Segment revenue</b>	<b>8,293,162</b>	<b>537,841</b>	<b>8,443,472</b>	<b>4,958,102</b>	<b>1,375,177</b>	<b>(394,217)</b>	<b>23,213,537</b>
<b>Segment expenses (i)</b>							
Directly attributable expenses	(7142,274)	(274,049)	(7,024,252)	(4,803,757)	(1,218,535)	371,087	(20,091,780)
<i>In which:</i>							
- Depreciation and amortisation	(875,603)	(5,145)	(199,179)	(25,454)	(43,575)	4,291	(1,144,665)
- Allocation of long-term prepaid expenses	(391,055)	(5,836)	(164,826)	(63,736)	(82,518)	-	(707,971)
<b>Segment operating result (ii)</b>	<b>1,150,888</b>	<b>263,792</b>	<b>1,419,220</b>	<b>154,345</b>	<b>156,643</b>	<b>(23,130)</b>	<b>3,121,757</b>
<b>Segment profit before tax</b>	<b>1,142,291</b>	<b>315,243</b>	<b>1,360,066</b>	<b>159,050</b>	<b>1,986,745</b>	<b>(1,105,792)</b>	<b>3,857,603</b>
Segment assets	11,508,249	1,342,296	7,824,433	4,765,245	5,776,355	(1,459,511)	29,757,067
Segment liabilities	7,350,254	451,126	3,816,244	3,354,520	1,565,766	(1,555,814)	14,982,096
Total expenses for acquisition of fixed assets	2,291,534	9,060	401,620	171,563	767,883	-	3,641,660

(i) Segment expenses arising from the business activities of the segment are charged directly to that segment and part of the business costs are allocated to that segment, including outbound sales costs and expenses related to transactions with other segments of the business. Accordingly, segment expenses include cost of sales, selling and administration expenses.

(ii) Segment result is the segment revenue less segment expenses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

## Prior year

Unit: VND Million

Items	Information Technology and Telecommunication					Investment and education	Elimination	Total
	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services	Technology product manufacture, distribution and retail			
<b>Segment revenue</b>	<b>7,131,615</b>	<b>519,569</b>	<b>6,242,243</b>	<b>4,998,712</b>	<b>24,211,855</b>	<b>1,387,640</b>	<b>(1,833,023)</b>	<b>42,658,611</b>
<b>Segment expenses</b>								
Directly attributable expenses	(6,197,119)	(243,771)	(5,053,257)	(4,934,853)	(23,637,499)	(1,285,668)	1,822,265	(39,529,902)
<i>In which:</i>								
- Depreciation and amortisation	(795,051)	(5,382)	(142,807)	(27,176)	(7,831)	(48,204)	(12,965)	(1,039,416)
- Allocation of long-term prepaid expenses	(324,548)	(8,820)	(415,826)	(71,537)	(141,688)	(105,253)	-	(1,067,672)
<b>Segment operating result</b>	<b>934,496</b>	<b>275,798</b>	<b>1,188,986</b>	<b>63,859</b>	<b>574,356</b>	<b>101,972</b>	<b>(10,756)</b>	<b>3,128,709</b>
<b>Segment profit before tax</b>	<b>908,643</b>	<b>313,831</b>	<b>1,067,920</b>	<b>63,124</b>	<b>705,472</b>	<b>3,078,120</b>	<b>(1,861,992)</b>	<b>4,255,118</b>
Segment assets	8,030,280	1,136,336	5,834,420	4,955,656	-	5,940,992	(898,007)	24,999,677
Segment liabilities	4,609,909	458,899	3,071,939	3,577,587	-	1,441,149	(1,397,775)	11,761,708
Total expenses for acquisition of fixed assets	1,321,096	10,441	757,111	201,901	267,483	562,308	(150,335)	2,970,005



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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## 5. CASH AND CASH EQUIVALENTS

Unit: VND

	Closing balance	Opening balance
Cash on hand	60,166,021,396	10,143,297,590
Bank demand deposits	2,622,271,120,453	1,874,995,984,980
Cash in transit	-	1,295,936,150
Cash equivalents	1,243,290,064,444	1,594,224,296,068
	<b>3,925,727,206,293</b>	<b>3,480,659,514,788</b>

## 6. FINANCIAL INVESTMENTS

Unit: VND

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount

### a. Held-to-maturity investments

<b>Current investments</b>	<b>5,627,125,964,621</b>	<b>5,568,623,727,137</b>	<b>4,438,905,249,557</b>	<b>4,379,446,212,073</b>
- Term deposits	5,540,850,912,845	5,540,850,912,845	4,352,630,197,781	4,352,630,197,781
- Other short-term investments	86,275,051,776	27,772,814,292	86,275,051,776	26,816,014,292

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## FINANCIAL INVESTMENTS (Continued)

Unit: VND

	Closing balance			Opening balance		
	Cost	Provision	Fair value	Cost	Provision	Fair value
<b>b. Investments in other entities</b>						
b1) Investments in associates	630,000,000,000	-	3,512,883,994,004	630,000,000,000	-	-
- Synnex FPT Joint Stock Company	(*) 398,500,000,000	-	786,922,199,961	398,500,000,000	-	(***)
- FPT Securities Joint Stock Company	(**) 110,000,000,000	-	386,990,853,000	110,000,000,000	-	246,465,673,600
- FPT Digital Retail Joint Stock Company	(**) 94,000,000,000	-	2,297,924,000,000	94,000,000,000	-	(***)
- FPT Fund Management Joint Stock Company	(*) 27,500,000,000	-	41,046,941,044	27,500,000,000	-	(***)
b2) Long - term investments in other entities	793,360,844,792	(267,125,884,589)	1,493,917,131,037	749,259,852,282	(299,595,283,237)	(***)
- Viet Nam BVIM Investment Fund	-	-	-	2,100,000,000	-	(***)
- Other investments	(*) 793,360,844,792	(267,125,884,589)	1,493,917,131,037	747,159,852,282	(299,595,283,237)	(***)

In accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, the fair value of investments in associates and investments in other entities as at 31 December 2018 should be presented. According to assessment of Board of Management, the fair value of the investments presented above is prudent and attainable.

(\*) The minimum value can be achieved based on of book value or corresponding valuations according to market prices of these investments.

(\*\*) Fair value is determined based on the closing price on the stock exchange and the number of shares held by the Corporation at the date of the consolidated financial statements.

(\*\*\*) In 2017, the Group had not determined fair value of these investments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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## 7. RECEIVABLES/PAYABLES FROM CONTRACTS UNDER PERCENTAGE OF COMPLETION METHOD

Unit: VND

	Closing balance	Opening balance
<b>Contracts in progress as at the balance sheet date:</b>		
Receivables from construction contracts under percentage of completion method	251,954,356,007	431,581,193,340
Payables relating to construction contracts under percentage of completion method	(46,561,518,663)	(20,380,725,175)
	<b>205,392,837,344</b>	<b>411,200,468,165</b>
Contract costs incurred plus recognised profits less recognised losses to date	2,817,209,391,708	2,323,991,070,764
Less: progress billings	(2,611,816,554,364)	(1,912,790,602,599)
	<b>205,392,837,344</b>	<b>411,200,468,165</b>

## 8. OTHER RECEIVABLES

Unit: VND

	Closing balance	Opening balance
<b>a. Current</b>		
- Receivable related to maintenance services	116,338,929,576	98,011,262,505
- Deposits and mortgages	138,075,168,759	137,469,600,809
- Other receivables	404,361,381,540	531,519,508,185
	<b>658,775,479,875</b>	<b>767,000,371,499</b>
<b>b. Non-current</b>		
- Deposits and mortgages	94,330,507,635	69,491,018,667
- Other receivables	69,794,112,403	55,343,597,639
	<b>164,124,620,038</b>	<b>124,834,616,306</b>

## 9. BAD DEBTS

Unit: VND

	Closing balance		Opening balance	
	Cost	Recoverable amount (*)	Cost	Recoverable amount (*)
Total amount of receivables and loans past due or not past due but impaired	387,028,381,993	67,632,299,269	300,520,115,186	65,272,143,981
	<b>387,028,381,993</b>	<b>67,632,299,269</b>	<b>300,520,115,186</b>	<b>65,272,143,981</b>

(\*) Recoverable amount of receivables and loans past due or not past due but impaired is the cost of receivables minus provision provided in accordance with current regulations for such receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

## 10. INVENTORIES

Unit: VND

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
Goods in transit	79,165,032,088	-	120,106,386,194	-
Tools and supplies	142,325,344,375	-	89,770,774,162	-
Work in progress	393,823,125,241	-	308,795,278,723	-
Merchandise	785,989,164,674	(60,615,450,031)	505,371,513,444	(3,831,528,933)
	<b>1,401,302,666,378</b>	<b>(60,615,450,031)</b>	<b>1,024,043,952,523</b>	<b>(3,831,528,933)</b>

## 11. PREPAYMENTS

Unit: VND

	Closing balance	Opening balance
<b>a. Current</b>		
- Expenditure for transforming into optical fiber system	326,152,977,092	354,578,822,565
- Other current prepayments	636,324,998,838	405,369,227,288
	<b>962,477,975,930</b>	<b>759,948,049,853</b>
<b>b. Non-current</b>		
- PayTV installation cost	376,246,651,395	377,607,624,634
- Office and furniture repair, maintenance	247,789,391,074	220,347,451,792
- Prepayments for systems integration contracts	23,848,884,774	26,274,393,216
- Electronic equipment and computer system	72,378,708,677	53,718,966,212
- Other non-current prepayments	266,700,155,649	133,485,185,736
	<b>986,963,791,569</b>	<b>811,433,621,590</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FORM B 09-DN/HN

## 12. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

### Movement of taxes and other receivables from/payables to the State budget:

Unit: VND

	Opening balance	Payables/ Receivables during the year	Paid/Received during the year	Closing balance
Value added tax	134,235,081,884	2,541,256,421,852	2,469,759,669,465	205,731,834,271
- Output value added tax	133,534,552,671	2,281,746,502,823	2,209,984,059,361	205,296,996,133
- Value added tax on imports	700,529,213	259,509,919,029	259,775,610,104	434,838,138
Import duties	47,628,589	15,588,899,696	15,784,900,123	(148,371,838)
Corporate income tax	35,085,741,701	502,144,680,957	429,913,433,339	107,316,989,319
Personal income tax	27,320,187,842	366,851,130,810	349,325,548,715	44,845,769,937
Foreign contractor withholding tax	6,232,148,438	46,119,151,206	44,534,717,434	7,816,582,210
Other taxes and fees	5,756,966,100	5,033,947,804	7,943,570,124	2,847,343,780
	<b>208,677,754,554</b>	<b>3,476,994,232,325</b>	<b>3,317,261,839,200</b>	<b>368,410,147,679</b>
In which:				
- Taxes and other receivables from the State budget	111,743,332,877			42,812,219,245
- Taxes and amounts payable to the State budget	320,421,087,431			411,222,366,924

### The balance of taxes and other receivables from/payables to the State budget in detail:

#### Taxes and other receivables from the State budget

Unit: VND

	Closing balance	Opening balance
Value added tax	28,309,830,938	1,155,425,702
Import duties	181,397,817	34,802,628
Corporate income tax	13,708,010,207	110,103,151,153
Personal income tax	299,101,470	99,858,547
Other taxes	313,878,813	350,094,847
	<b>42,812,219,245</b>	<b>111,743,332,877</b>

#### Taxes and amounts payable to the State budget

Unit: VND

	Closing balance	Opening balance
Value added tax	234,041,665,209	135,390,507,586
Import duties	33,025,979	82,431,217
Corporate income tax	121,024,999,526	145,188,892,854
Personal income tax	45,144,871,407	27,420,046,389
Foreign contractor withholding tax	8,130,461,023	6,582,243,285
Other taxes and fees	2,847,343,780	5,756,966,100
	<b>411,222,366,924</b>	<b>320,421,087,431</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

### 13. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

Unit: VND

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Others	Total
<b>COST</b>						
<b>Opening balance</b>	<b>1,625,144,590,958</b>	<b>5,896,081,735,959</b>	<b>673,046,279,078</b>	<b>55,111,745,719</b>	<b>10,789,235,430</b>	<b>8,260,173,587,144</b>
Additions	13,571,261,757	1,529,467,003,748	59,745,653,438	4,076,306,839	5,708,610,106	<b>1,612,568,835,888</b>
Transfer from construction in progress	199,633,839,141	18,036,093,450	-	-	-	<b>217,669,932,591</b>
Disposals	-	(144,798,332,553)	(5,979,202,193)	(651,501,268)	-	<b>(151,429,036,014)</b>
Other increases/(decreases) (*)	46,931,421,853	(525,873,451,790)	11,248,065,851	-	694,792,086	<b>(466,999,172,000)</b>
<b>Closing balance</b>	<b>1,885,281,113,709</b>	<b>6,772,913,048,814</b>	<b>738,060,796,174</b>	<b>58,536,551,290</b>	<b>17,192,637,622</b>	<b>9,471,984,147,609</b>
<b>ACCUMULATED DEPRECIATION</b>						
<b>Opening balance</b>	<b>286,531,243,345</b>	<b>2,842,976,166,514</b>	<b>509,366,106,971</b>	<b>29,136,268,306</b>	<b>6,670,742,695</b>	<b>3,674,680,527,831</b>
Charge for the year	81,598,774,035	868,241,641,289	48,288,461,427	6,007,292,767	1,369,698,474	<b>1,005,505,867,992</b>
Disposals	-	(90,142,429,002)	(5,685,591,215)	(651,501,268)	-	<b>(96,479,521,485)</b>
Other increases/(decreases) (*)	5,173,132,444	(333,797,439,009)	9,087,576,237	-	688,053,493	<b>(318,848,676,835)</b>
<b>Closing balance</b>	<b>373,303,149,824</b>	<b>3,287,277,939,792</b>	<b>561,056,553,420</b>	<b>34,492,059,805</b>	<b>8,728,494,662</b>	<b>4,264,858,197,503</b>
<b>NET BOOK VALUE</b>						
<b>Opening balance</b>	<b>1,338,613,347,613</b>	<b>3,053,105,569,445</b>	<b>163,680,172,107</b>	<b>25,975,477,413</b>	<b>4,118,492,735</b>	<b>4,585,493,059,313</b>
<b>Closing balance</b>	<b>1,511,977,963,885</b>	<b>3,485,635,109,022</b>	<b>177,004,242,754</b>	<b>24,044,491,485</b>	<b>8,464,142,960</b>	<b>5,207,125,950,106</b>

(\*) Other decreases in fixed assets during the year mainly represent machinery and equipment from former telecommunications fibre infrastructure, which had been retrieved after transforming into optical fibre infrastructure during the period from 2014 to 2016. Since 2017, the Corporation has no longer used such assets so the Corporation has reclassified them into inventory for disposal or replacement purpose.

As at 31 December 2018, the cost of the Corporation's assets including machinery and equipment, motor vehicles and office equipment which had been fully depreciated but are still in use was approximately VND 1,415,275 million (as at 31 December 2017: VND 1,124,840 million).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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## 14. INCREASE, DECREASE IN INTANGIBLE ASSETS

Unit: VND

	Land use rights	Computer software	License, copyright and patent	Other intangible assets	Total
<b>COST</b>					
<b>Opening balance</b>	<b>139,115,531,399</b>	<b>325,037,602,836</b>	<b>653,266,251,331</b>	<b>-</b>	<b>1,117,419,385,566</b>
Additions	61,434,173,623	37,479,076,303	27,397,210,167	-	126,310,460,093
Transfer from construction in progress	-	16,890,185,008	268,537,589,989	-	285,427,774,997
Increase by buying company (*)	-	-	-	383,707,539,500	383,707,539,500
Other increases/(decreases)	-	2,711,217,749	(213,956,642)	-	2,497,261,107
<b>Closing balance</b>	<b>200,549,705,022</b>	<b>382,118,081,896</b>	<b>948,987,094,845</b>	<b>383,707,539,500</b>	<b>1,915,362,421,263</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>Opening balance</b>	<b>7,104,943,926</b>	<b>244,125,246,966</b>	<b>208,053,348,700</b>	<b>-</b>	<b>459,283,539,592</b>
Charge for the year	2,772,143,622	45,676,183,186	79,735,502,898	11,473,499,550	139,657,329,256
Other increases/(decreases)	-	1,561,121,347	11,275,396,313	-	12,836,517,660
<b>Closing balance</b>	<b>9,877,087,548</b>	<b>291,362,551,499</b>	<b>299,064,247,911</b>	<b>11,473,499,550</b>	<b>611,777,386,508</b>
<b>NET BOOK VALUE</b>					
<b>Opening balance</b>	<b>132,010,587,473</b>	<b>80,912,355,870</b>	<b>445,212,902,631</b>	<b>-</b>	<b>658,135,845,974</b>
<b>Closing balance</b>	<b>190,672,617,474</b>	<b>90,755,530,397</b>	<b>649,922,846,934</b>	<b>372,234,039,950</b>	<b>1,303,585,034,755</b>

(\*) Cost of other intangible fixed assets increased during the year arising from the acquisition of Intellinet Consulting, LLC as stated in Note 1 of Notes to the consolidated financial statements.

## 15. CONSTRUCTION IN PROGRESS

Unit: VND

	Closing balance	Opening balance
<b>Long-term construction in progress</b>		
<b>Opening balance</b>	<b>805,559,896,217</b>	<b>1,006,742,286,288</b>
- Acquisition	1,029,543,672,496	771,849,613,507
- Transferred to fixed assets	(503,097,707,588)	(805,917,957,379)
- Decrease due to divestment	-	(123,243,421,629)
- Other decreases	(157,227,777,372)	(43,870,624,570)
<b>Closing balance</b>	<b>1,174,778,083,753</b>	<b>805,559,896,217</b>
<i>In which</i>		
- FPT Tower Project	712,296,937,417	393,003,100,000
- Tan Thuan 3 office building project	-	122,790,367,827
- Nam An Khanh Investment project	-	92,978,439,918
- Other projects	462,481,146,336	196,787,988,472
	<b>1,174,778,083,753</b>	<b>805,559,896,217</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

## 16. INVESTMENTS IN SUBSIDIARIES

During the year, FPT Media Company Limited was dissolved under Resolution No. 02.12-2018 / NQ-HDQTFPT dated 24 December 2018 of the Board of Directors of FPT Joint Stock Company, accordingly, as at 31 December 2018, FPT Corporation had 6 subsidiaries.

Details of the Corporation's subsidiaries as at 31 December 2018 are as follows:

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership rate	Proportion of voting power held	Principal activities
FPT Information System Corporation	Floor 22, Keangnam Landmark 72, E6 Pham Hung, Me Tri, Tu Liem, Hanoi	100%	100%	Providing application software solution, ERP services, IT services and integrated system services
FPT Software Company Limited	Floor 6-12 FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing software services and products
FPT Telecom Joint Stock Company (i)	Floor 2, FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	45.65%	45.65%	Providing ADSL services, fixed line internet services, online advertising and other online services
FPT Education Company Limited	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing training and technology services
FPT Online Service Joint Stock Company	No. 408 Dien Bien Phu Street, Ward 11, District 10, Ho Chi Minh City	49.48%	80.09%	Providing online services
FPT Investment Company Limited	Floor 13, FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing financial services activities (investment consulting service, excluding legal and financial consulting services)

(i) As at 31 December 2018, FPT Corporation holds 45.65% ownership interest (31 December 2017: 45.65%) and 45.65% of voting rights (31 December 2017: 45.65%) at FPT Telecom Joint Stock Company. However, the Corporation has the power to cast the majority of votes at meetings of the Board of Directors of FPT Telecom Joint Stock Company and thus, the Corporation has the power to control the financial and operating policies of FPT Telecom Joint Stock Company. Therefore, the Corporation has control over FPT Telecom Joint Stock Company, and thus, the financial statements of FPT Telecom Joint Stock Company are incorporated in the Corporation's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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## 17. INVESTMENTS IN ASSOCIATES

Unit: VND

	Closing balance	Opening balance
<b>Opening balance</b>	<b>1,333,704,438,239</b>	<b>289,799,251,298</b>
Share of net profit after corporate income tax of associates	344,196,192,956	56,959,207,134
Dividends received	(9,938,132,000)	(9,034,665,500)
Increase due to subsidiaries changed to associates and other increases	8,269,190,332	995,980,645,307
<b>Closing balance</b>	<b>1,676,231,689,527</b>	<b>1,333,704,438,239</b>

Details of the Corporation's associates as at 31 December 2018 which the Corporation accounted for using the equity method in its consolidated financial statements are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership rate and voting power held	Principal activities
FPT Digital Retail Joint Stock Company	261 - 263 Khanh Hoi, Ward 5, District 4, Ho Chi Minh City	47%	Retails of computers, peripheral devices, software and telecommunication equipment; telecom service agent
Synnex FPT Joint Stock Company	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	48%	Producing technology products and distributing IT devices and mobile phone; and manufacturing computers
FPT Securities Joint Stock Company	No. 52, Lac Long Quan Road, Bui Ward, Tay Ho District, Hanoi	20%	Securities trading, brokerage, investment advisory and securities depository services
FPT Fund Management Joint Stock Company	Floor 9, TTC Building, Lot B1A, Dich Vong Hau Ward, Pham Hung Street, Cau Giay District, Hanoi	25%	Portfolio and investment fund management and other services

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 18. DEFERRED TAX ASSETS

Unit: VND

	Fixed assets	Revenue	Others	Total
<b>Opening balance</b>	<b>17,795,401,242</b>	<b>33,040,140,027</b>	<b>9,598,864,672</b>	<b>60,434,405,941</b>
Transferred to the consolidated income statement of the year	(858,283,263)	(22,735,623,276)	-	(23,593,906,539)
Other increases	-	-	389,356,708	389,356,708
<b>Closing balance</b>	<b>16,937,117,979</b>	<b>10,304,516,751</b>	<b>9,988,221,380</b>	<b>37,229,856,110</b>

### 19. GOODWILL

Unit: VND

#### COST

Current year's opening balance	-
Additional amounts recognised from acquisition of a subsidiary (*)	344,408,889,629
Current year's closing balance	344,408,889,629

#### ACCUMULATED AMORTIZATION

Current year's opening balance	-
Charge for the year	18,391,166,449
Current year's closing balance	18,391,166,449

#### CARRYING AMOUNT

<b>Opening balance</b>	<b>-</b>
<b>Closing balance</b>	<b>326,017,723,180</b>

(\*) Goodwill arising in the year is mainly from the acquisition of Intellinet Consulting, LLC as stated in Note 1 of Notes to the financial statements and from business consolidation transactions at other subsidiaries.

### 20. SHORT-TERM ACCRUED EXPENSES

Unit: VND

	Closing balance	Opening balance
<b>Short-term accrued expenses</b>		
Accrued expenses for system integration projects	433,736,466,400	408,455,330,656
Other accruals	404,220,236,015	509,964,462,607
	<b>837,956,702,415</b>	<b>918,418,793,263</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FORM B 09-DN/HN

## 21. UNEARNED REVENUE

Unit: VND

	Closing balance	Opening balance
<b>Short-term unearned revenue</b>		
Unearned revenue related to telecom services	1,185,633,003,915	987,786,150,810
Unearned revenue related to tuition and fees	354,079,691,773	230,852,766,071
Other unearned revenue	71,208,553,010	74,992,000,747
	<b>1,610,921,248,698</b>	<b>1,293,630,917,628</b>
<b>Long-term unearned revenue</b>		
Unearned revenue related to telecom services	8,132,337,054	7,373,253,511
Other unearned revenues	38,673,317,101	40,423,286,118
	<b>46,805,654,155</b>	<b>47,796,539,629</b>

## 22. OTHER PAYABLES

Unit: VND

	Closing balance	Opening balance
<b>Current payables</b>		
Trade union fee	33,766,080,660	43,851,162,084
Social, health and unemployment insurance	52,903,841,723	10,125,934,480
Short-term deposits received	209,967,971,512	120,204,816,937
Dividends payable	11,855,468,352	171,123,751,156
Others	32,569,831,581	94,184,548,166
	<b>341,063,193,828</b>	<b>439,490,212,823</b>
<b>Long-term payables</b>		
Long-term deposits received	334,215,970	205,725,910
Others	108,628,022,014	1,319,744,011
	<b>108,962,237,984</b>	<b>1,525,469,921</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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### 23. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Unit: VND

	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
Short-term loans from banks and business entities (i)	3,754,428,452,146	3,754,428,452,146	10,013,536,957,046	7,554,123,934,884	6,213,841,474,308	6,213,841,474,308
Current portion of long-term loans and obligations under finance leases (see details in Note 25)	362,560,256,178	362,560,256,178	466,381,210,577	443,914,091,715	385,027,375,040	385,027,375,040
- Current portion of long-term loans	361,663,699,034	361,663,699,034	465,348,950,731	442,985,545,082	384,027,104,683	384,027,104,683
- Current portion of long-term obligations under finance leases	896,557,144	896,557,144	1,032,259,846	928,546,633	1,000,270,357	1,000,270,357
	<b>4,116,988,708,324</b>	<b>4,116,988,708,324</b>	<b>10,479,918,167,623</b>	<b>7,998,038,026,599</b>	<b>6,598,868,849,348</b>	<b>6,598,868,849,348</b>

(i). Most of short-term loans from banks and business entities are unsecured. These loans can be withdrawn in either Vietnam Dong or United States Dollar. Interest rate is determined in respect of each specific withdrawal.

### 24. PROVISIONS

Unit: VND

	Short-term provisions for warranties	Other short-term provisions	Total
<b>a. Short-term</b>			
<b>Opening balance</b>	<b>6,051,424,047</b>	<b>-</b>	<b>6,051,424,047</b>
Additional provision for the year	16,929,137,777	14,217,000,000	31,146,137,777
Reversal of provisions	(5,843,446,278)	-	(5,843,446,278)
<b>Closing balance</b>	<b>17,137,115,546</b>	<b>14,217,000,000</b>	<b>31,354,115,546</b>

24. PROVISIONS (Continued)

Unit: VND

	Long-term provisions for warranties	Long-term provisions for guarantees on student loans	Total
<b>b. Long-term</b>			
<b>Opening balance</b>	<b>3,365,602,298</b>	<b>12,905,000</b>	<b>3,378,507,298</b>
Additional provision for the year	6,785,044,863	-	6,785,044,863
Reversal of provisions	(2,305,796,863)	-	(2,305,796,863)
<b>Closing balance</b>	<b>7,844,850,298</b>	<b>12,905,000</b>	<b>7,857,755,298</b>

Warranties

The provision for warranties relates mainly to goods sold and services rendered. The provision is based on estimates derived from historical warranty data associated with similar products and services.

25. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Unit: VND

	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
Long-term loans	923,986,391,690	923,986,391,690	290,095,739,392	465,348,950,731	748,733,180,351	748,733,180,351
Long-term obligations under finance leases	3,783,682,125	3,783,682,125	232,382,049	928,546,633	3,087,517,541	3,087,517,541
<b>In which:</b>	<b>927,770,073,815</b>	<b>927,770,073,815</b>	<b>290,328,121,441</b>	<b>466,277,497,364</b>	<b>751,820,697,892</b>	<b>751,820,697,892</b>
- Amount due for settlement within 12 months	362,560,256,178	-	-	-	385,027,375,040	-
- Amount due for settlement after 12 months	565,209,817,637	-	-	-	366,793,322,852	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Details of long-term loans by term:

	Closing balance	Opening balance
Long-term loans	748,733,180,351	923,986,391,690
- 3 year-term	414,596,052,700	457,674,918,560
- 4 year-term	121,953,975,460	190,193,709,103
- 5 year-term	212,183,152,191	276,117,764,027
Long-term obligations under finance leases	3,087,517,541	3,783,682,125
	<b>751,820,697,892</b>	<b>927,770,073,815</b>

Unit: VND

### Of which:

- Amount due for settlement within 12 months	385,027,375,040	362,560,256,178
- Amount due for settlement after 12 months	366,793,322,852	565,209,817,637

Long-term loans are repayable as follows:

	Closing balance	Opening balance
On demand or within one year	384,027,104,683	361,663,699,034
In the second year	249,227,937,390	339,004,368,712
In the third to fifth year inclusive	115,478,138,278	223,318,323,944
	<b>748,733,180,351</b>	<b>923,986,391,690</b>
- Less: Amount due for settlement within 12 months (shown under short - term loans)	384,027,104,683	361,663,699,034
- <b>Amount due for settlement after 12 months</b>	<b>364,706,075,668</b>	<b>562,322,692,656</b>

Unit: VND

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

## 26. OWNERS' EQUITY

### Movement in owners' equity

	Owners' contributed capital	Share premium	Other owners' capital	Treasury shares
<b>Prior year's opening balance</b>	<b>4,594,266,840,000</b>	<b>49,465,703,201</b>	<b>56,882,670,000</b>	<b>(823,760,000)</b>
Shares issued	22,963,700,000	-	-	-
Profit for the year	-	-	-	-
Transferred to bonus and welfare funds	-	-	-	-
Distribution and utilisation of investment and development fund	-	-	-	-
Stock dividends declared	692,380,510,000	-	62,570,940,000	-
Cash dividends declared	-	-	-	-
Other movements	-	-	168,375,913,052	-
<b>Current year's opening balance</b>	<b>5,309,611,050,000</b>	<b>49,465,703,201</b>	<b>287,829,523,052</b>	<b>(823,760,000)</b>
Capital increase	26,545,560,000	-	-	-
Profit for the year	-	-	-	-
Stock dividends declared (i)	800,211,110,000	-	344,140,170,000	-
Transferred to bonus and welfare funds	-	-	-	-
Distribution and utilisation of investment and development fund	-	-	-	-
Cash dividends declared	-	-	-	-
Other movements	-	-	35,065,578,221	-
<b>Current year's closing balance</b>	<b>6,136,367,720,000</b>	<b>49,465,703,201</b>	<b>667,035,271,273</b>	<b>(823,760,000)</b>

- (i). In the year, the Corporation issued 80,021,111 shares for payment of 2017 dividend according to the Corporation's Shareholders' Annual General Meeting of 2018. FPT Telecom Joint Stock Company (a subsidiary of the Corporation) also issued shares to the Corporation as payment of 2017 dividend which was recorded as other owners' capital according to Circular No. 202/2014/TT-BTC dated 22 December 2014.

Unit: VND

	Foreign exchange reserve	"Investment and development fund"	Other reserves	Retained earnings	Total
	(5,875,468,099)	126,889,833,508	87,227,200,764	4,614,339,862,503	9,522,372,881,877
	-	-	-	-	22,963,700,000
	-	-	-	2,931,530,862,562	2,931,530,862,562
	-	-	-	(212,329,680,082)	(212,329,680,082)
	-	44,270,763,538	-	(52,450,388,283)	(8,179,624,745)
	-	-	-	(754,951,450,000)	-
	-	-	-	(992,519,407,000)	(992,519,407,000)
	16,234,007,546	-	3,150,660	(22,211,149,494)	162,401,921,764
	<b>10,358,539,447</b>	<b>171,160,597,046</b>	<b>87,230,351,424</b>	<b>5,511,408,650,206</b>	<b>11,426,240,654,376</b>
	-	-	-	-	26,545,560,000
	-	-	-	2,620,178,631,986	2,620,178,631,986
	-	-	-	(1,144,351,280,000)	-
	-	-	-	(228,939,409,882)	(228,939,409,882)
	-	51,801,924,157	-	(65,242,772,744)	(13,440,848,587)
	-	-	-	(1,413,854,323,500)	(1,413,854,323,500)
	4,607,111,013	-	(67,720)	13,966,550,007	53,639,171,521
	<b>14,965,650,460</b>	<b>222,962,521,203</b>	<b>87,230,283,704</b>	<b>5,293,166,046,073</b>	<b>12,470,369,435,914</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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## Dividends

On 05 April 2018, the Corporation's Shareholders' Annual General Meeting approved the plan of payment of 2017 dividend by stock at the pay-out ratio of 15% (03 new shares for every 20 shares held) and second payment of 2017 dividend in cash at the pay-out ratio of 15% of par value (VND 1,500/share).

According to Resolution of the Board of Directors No. 01.07-2018/NQ-HDQT-FPT dated 31 July 2018, the Corporation made advance of 2018 dividend in cash at the pay-out ratio of 10% of par value (VND 1,000/share). The cash dividend pay-out ratio of the whole year 2018 will be decided by the Corporation's Shareholders' Annual General Meeting in 2019.

## Number of outstanding shares

	Closing balance	Opening balance
<b>Authorised share capital</b>	<b>613,636,772</b>	<b>530,961,105</b>
<b>Issued share capital</b>	<b>613,636,772</b>	<b>530,961,105</b>
Ordinary shares	613,636,772	530,961,105
<i>In which shares subject to restriction in ownership transfer</i>	<i>8,016,294</i>	<i>7,925,466</i>
<b>Treasury shares</b>	<b>(82,376)</b>	<b>(82,376)</b>
<i>In which shares subject to restriction in ownership transfer</i>	<i>-</i>	<i>-</i>
<b>Outstanding shares in circulation</b>	<b>613,554,396</b>	<b>530,878,729</b>
Ordinary shares	613,554,396	530,878,729
<i>In which shares subject to restriction in ownership transfer</i>	<i>8,016,294</i>	<i>7,925,466</i>

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings of the Corporation. Shareholders are entitled to receive dividends as declared at each point of time. All ordinary shares are ranked equally with regard to the Corporation's residual assets. In respect of shares bought back by the Corporation, all rights are suspended until those shares are re-issued.

Shares subject to restriction in ownership transfer have a par value of VND 10,000. These shares are subject to restrictions according to which share owners are not allowed to resell their shares within a specified term from the date of issue.

## 27. REVENUE

Unit: VND

	Current year	Prior year
<b>Sales of merchandise and services</b>	<b>23,259,126,277,266</b>	<b>43,298,396,301,993</b>
In which:		
- Sales of finished goods/merchandise	3,417,614,918,696	26,380,377,860,542
- Sales of services	19,841,511,358,570	16,918,018,441,451
<b>Deductions</b>	<b>45,589,419,541</b>	<b>639,785,460,639</b>
<b>Net sales</b>	<b>23,213,536,857,725</b>	<b>42,658,610,841,354</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 28. COST OF SALES

Unit: VND

	Current year	Prior year
Cost of finished products, goods sold	3,025,295,469,012	23,312,854,567,696
Cost of services rendered	11,408,578,482,126	9,653,397,556,140
Provision for inventory devaluation	56,783,921,098	9,954,032,917
	<b>14,490,657,872,236</b>	<b>32,976,206,156,753</b>

### 29. PRODUCTION COST BY NATURE

Unit: VND

	Current year	Prior year
Cost of goods purchased	322,452,711,036	20,577,730,324,025
Raw materials	3,565,645,393,709	3,416,521,569,170
Labour	7,707,908,345,504	6,833,601,300,557
Depreciation and amortisation	1,872,663,628,552	2,115,909,682,562
Out-sourced services	5,700,557,333,979	5,412,822,134,539
Other monetary expenses	1,007,579,994,546	746,067,598,835
	<b>20,176,807,407,326</b>	<b>39,102,652,609,688</b>

### 30. FINANCIAL INCOME

Unit: VND

	Current year	Prior year
Bank and loan interest	442,698,835,799	396,519,971,984
Foreign exchange gain	117,005,565,834	114,316,322,519
Other financial income	40,388,908,059	1,072,263,680,164
	<b>600,093,309,692</b>	<b>1,583,099,974,667</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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## 31. FINANCIAL EXPENSES

Unit: VND

	Current year	Prior year
Interest expense	238,344,431,747	368,545,679,548
Foreign exchange loss	111,753,197,451	123,580,897,013
Other financial expenses	10,948,936,512	108,745,254,656
	<b>361,046,565,710</b>	<b>600,871,831,217</b>

## 32. CORPORATE INCOME TAX EXPENSES

Unit: VND

	Current year	Prior year
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current year	606,393,662,428	694,439,378,600
Adjustments for corporate income tax expense in previous years to the current year	(7,178,765,458)	4,054,537,040
<b>Total current corporate income tax expense</b>	<b>599,214,896,970</b>	<b>698,493,915,640</b>
<b>Deferred corporate income tax expense</b>		
Deferred corporate income tax expenses arising from taxable temporary differences	24,390,517,191	28,509,947,486
<b>Total deferred corporate income tax expense</b>	<b>24,390,517,191</b>	<b>28,509,947,486</b>

### Applicable tax rate

Under its Business Registration Certificate and prevailing tax regulations, the Corporation is obligated to pay CIT at the rate of 10% of taxable profit on software production and services, 10% of taxable profit on training education and 20% of taxable profit on goods sold and the other services rendered.

Tax rates applicable to subsidiaries of FPT Corporation are in accordance with the prevailing tax regulations.

## 33. BASIC EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2018 was calculated based on the profit attributable to ordinary shareholders and a weighted average number of outstanding ordinary shares during the year, as follows:

Unit: VND

	Current year	Prior year
Accounting profit after corporate income tax	2.620.178.631.986	2.931.530.862.562
Appropriation to bonus and welfare funds	228.939.409.882	212.329.680.082
Average ordinary shares in circulation for the year	612.669.544	610.134.383
<b>Basic earnings per share</b>	<b>3.903</b>	<b>4.457</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

## Restatement of weighted average number of ordinary shares

In the year ended 31 December 2018, FPT Corporation paid dividends by shares, which led to a retrospective adjustment to the weighted average number of outstanding ordinary shares of the year ended 31 December 2017, as follows:

Unit: VND

	Weighted average number of ordinary shares	Earnings per share
<b>Ordinary share outstanding at the beginning of the year</b>	<b>530,113,272</b>	<b>5,129</b>
Restatement as a result of shares from profit distribution during the year	80,021,111	(672)
<b>As restated</b>	<b>610,134,383</b>	<b>4,457</b>

## 34. RELATED PARTY TRANSACTIONS AND BALANCES

### List of related parties having significant transactions and balances for the year:

Related party	Relationship
FPT Digital Retail Joint Stock Company	Associate
Synnex FPT Joint Stock Company	Associate
FPT Fund Management Joint Stock Company	Associate
FPT Securities Joint Stock Company	Associate

### During the year, the Corporation entered into the following significant transactions with its related parties:

Unit: VND

	Current year	Prior year
<b>Dividends received in cash</b>		
FPT Securities Joint Stock Company	9,938,132,000	9,034,665,500
<b>Purchases of goods and services</b>		
Synnex FPT Joint Stock Company	627,966,155,932	33,025,436,325
<b>Sales of goods and services</b>		
FPT Digital Retail Joint Stock Company	32,429,384,790	1,416,025,446

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FORM B 09-DN/HN

## Significant related party balances as at balance sheet date were as follows:

Unit: VND

	Current year	Prior year
<b>Entrusted investments and loans to</b>		
FPT Fund Management Joint Stock Company	92,366,081,776	92,366,081,776
<b>Capital contribution</b>		
FPT Fund Management Joint Stock Company	27,500,000,000	27,500,000,000
FPT Securities Joint Stock Company	110,000,000,000	110,000,000,000
FPT Digital Retail Joint Stock Company	94,000,000,000	94,000,000,000
Synnex FPT Joint Stock Company	398,500,000,000	398,500,000,000
<b>Payables</b>		
Synnex FPT Joint Stock Company	96,403,126,093	141,743,904,028
<b>Payable to centralized account</b>		
FPT Digital Retail Joint Stock Company	3,140,042,971	16,513,848,461
<b>Loans</b>		
Synnex FPT Joint Stock Company	-	200,000,000,000

## Board of Management's salary

The salary of the Board of Management in 2018 is VND 9,151,500,000 (2017: VND 9,627,400,000 VND).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 35. CAPITAL COMMITMENTS

On 25 February 2015, the Corporation entered into a comprehensive cooperation agreement with Tien Phong Commercial Joint Stock Bank for supporting students who joined the training courses under the 10,000 Bridge Software Engineer program. In this program, approximately 10,000 students will be trained in Japan within 6 - 12 months. The students who participate in this training course in Japan will be rewarded financial guarantee by the Corporation equivalent to 90% of their total credit obligations arising at the Bank, with a maximum credit limit of VND 500 million. As at 31 December 2018, the number of students participating in the program in Japan are 337, and the total respective estimated guarantee amount is VND 62,902,753,547.

**Nguyen Tien Hao**

Preparer

**Hoang Huu Chien**

Chief Accountant



**Nguyen The Phuong**

Executive Vice President

04 March 2019

# NETWORK

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