

ANNUAL REPORT

2018

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MESSAGES FROM CHAIRMAN OF THE BOARD

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MESSAGES FROM CHAIRMAN OF THE BOARD



Distinguished Shareholders,

2018 witnessed many remarkable achievements for GELEX in the period of 3 years after ownership restructuring. The company transformed into a renowned and reliable model of holdings corporation with 2 key business sectors: industrial production and infrastructure.

In Industrial production, Electrical equipment production and sales maintain its core role as Vietnamese's leading brand in this industry. GELEX is continuously developing and bettering the electrical equipment production ecosystem. Our company is also investing intensively to enhance productivity and to consolidate the leading position in electrical equipment market. On the other hand, Infrastructure is considered the strategic sector to bring the long-term and sustainable development for GELEX. Our company is a pioneer in renewable energy industry with solar and wind electricity projects that have achieved initial successes. Logistics sector is in top 3 Logistics service providers. Thanks to professional management and operation, usage of cash flow from Real Estate projects has good growth; land located at prime locations are being used to create efficient and high-quality commercial Real estate.

In the last 3 years, GELEX has achieved significant growth in both revenue and profit with nearly 13,700 billion VND of revenue and more than 1,533 billion VND of profit before tax while profit after tax is 1,283 billion VND making an increase of 41.6% year on year. As a result, GELEX placed itself in the list of trillion profit enterprises club.

These achievements have been accumulated from many elements including the Corporation's long-time core value, ownership restructure, unique business model and professional management.

GELEX's future strategy is to expand its scope with not only industrial production but also complementary production such as construction material manufacturing to supplement for the Group's flagship production. Along with existing stand-alone products, GELEX sets the goal to provide the market with "packaged solutions". The company is continuously replicating successful business models in Logistics, Renewable energy and Real Estate sectors in order to build an asset portfolio generating stable and long-term cash flow for shareholders.

With those achievements, advantages and potentials, GELEX aims to be one of top 20 Vietnamese private enterprises in the next 3 years.

Our sincere thanks to Distinguished shareholders for your loyalty and support!

On behalf of the Board of Directors,
Chairman of the Boards of Directors

Nguyen Van Tuan

FINANCIAL HIGHLIGHTS

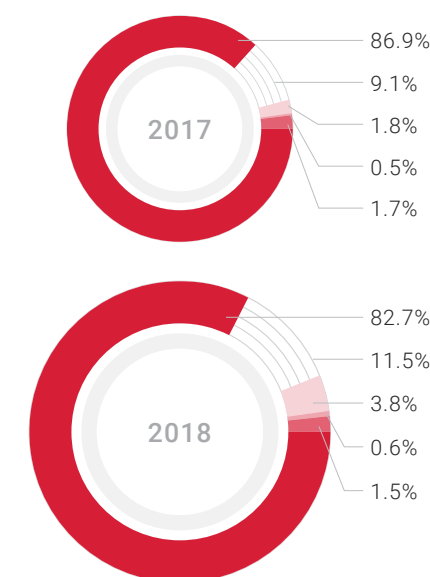
Revenue growth

14.3%

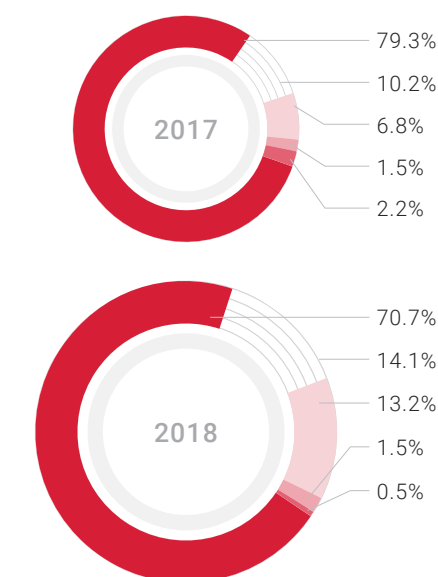
Consolidated revenue allocated to holding company

47.8%

Revenue contribution by sector



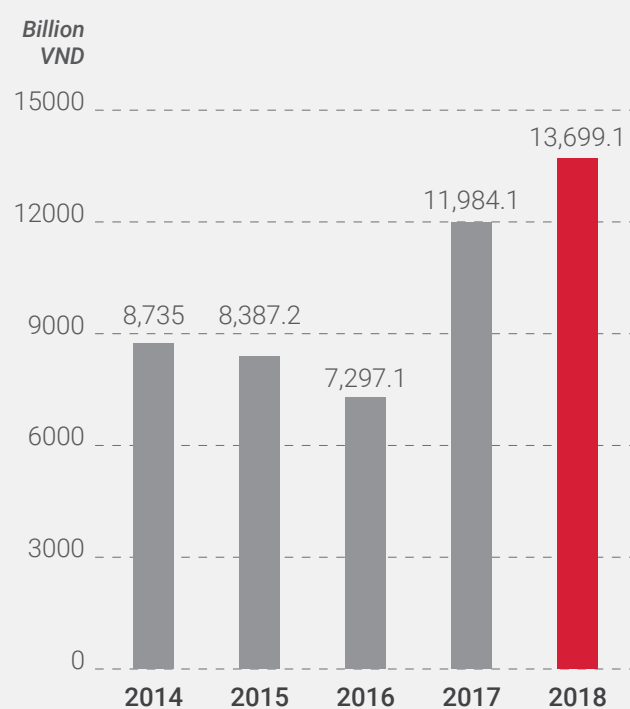
Gross profit contribution by sector



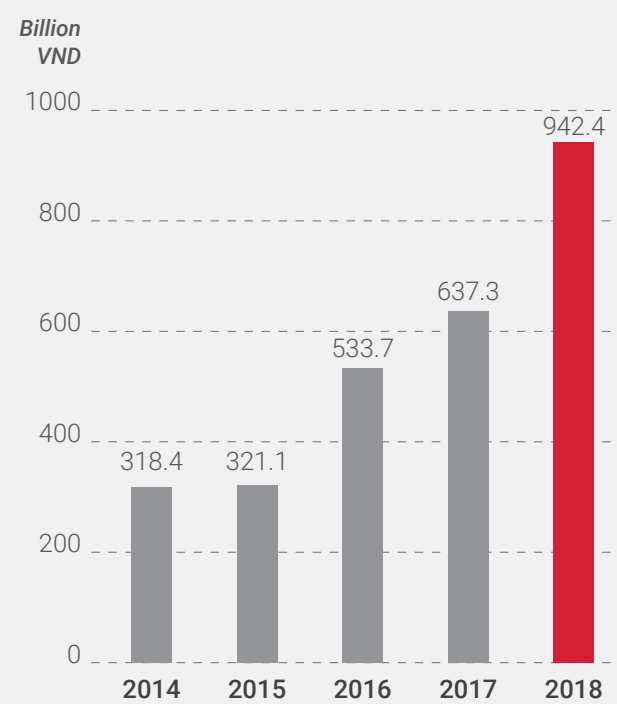
- Electrical equipment
- Freight and logistics services
- Power production and sales (electricity and water)
- Office leasing and hotel services business
- Other businesses

PROGRESS OF REVENUE, PROFIT, TOTAL ASSET, EQUITY FOR LAST 5 YEARS

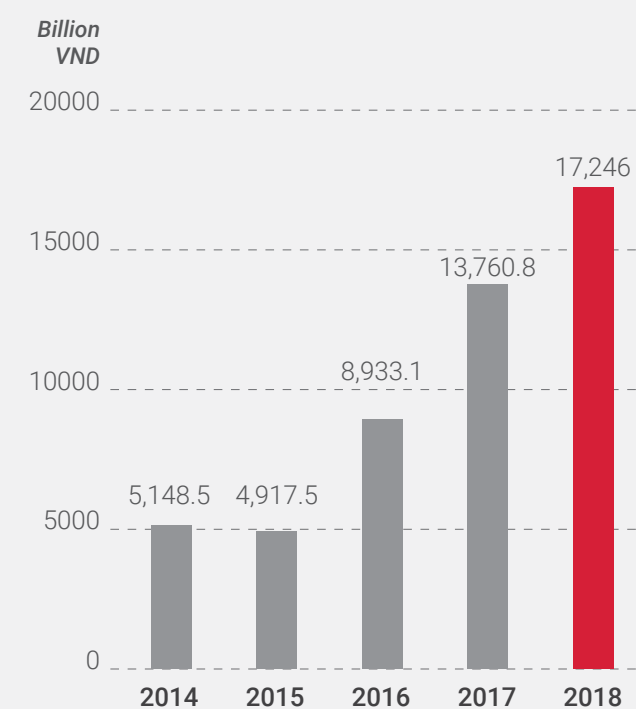
(*) The result do not include uncontrolled shareholders' interests



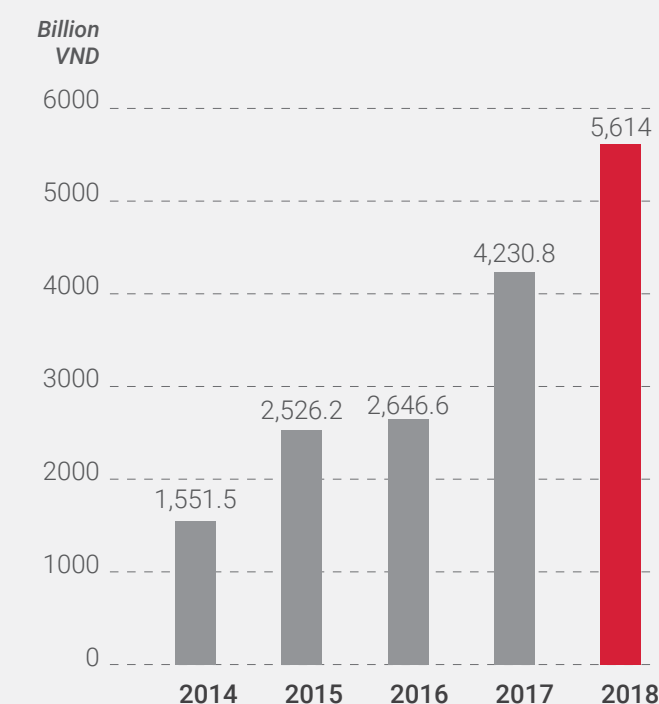
Revenue



Profit after tax of holding company (*)



Total asset



Shareholder equity (*)

REMARKABLE ACHIEVEMENTS IN 2018

| GELEX

- Keep restructuring the Group's operation model, forming 4 key Sub-holdings representing key business scopes: Manufacturing, Utilities (Electricity and Water), Logistics and Real Estate
- Improving organization and function of holdings company towards professional fund management company (holding company)
- GELEX's stock is officially listed on Ho Chi Minh Stock Exchange (HSX)

| ENERGY, INFRASTRUCTURE, UTILITY

- Officially owned controlling stake at Song Da Water Plant and executed construction of Song Da Water Project at the first period of second phase.
- Started the Ninh Thuan solar electricity farm project at 50MW capacity. It is a rare project that is in progress to generate power by June 30th deadline to receive Government's subsidized price. The project's operating team is completely trained with certificate to actively run the project.

| REAL ESTATE

- Refurbished GELEX Tower office – 52 Le Dai Hanh and utilized leasing floors, increasing revenue per m²

| ELECTRICAL EQUIPMENT

- Completed the Copper Rod Production Line Project with capacity of 20,000 tonnes/year and continuous Melting-Casting-Rolling Aluminium Production Line at 20,000 tonnes/year. Executed Project to enhance productive capabilities of electrical cable production at Central CADIVI
- Acquired Dong Anh Electrical Equipment JSC and Dong Anh Electrical Equipment Manufacturing JSC, expanding transmission transformer products to complete electrical equipment product kit.
- Optimized production to cut costs, improve business effectiveness. Merged VIHEM and HEM – 2 units in the same industry.

| LOGISTICS

- Re-structured Logistics companies, established GELEX Logistics Company – a specialized unit to develop GELEX Logistics Infrastructure projects
- Distributed specialized Logistics business to specific subsidiaries to increase dynamic in business activities.
- Researched pre-feasibility, finished design ideas and completed other legal procedures to start key real estate projects in 2019

AWARDS



2018 National
Brand



Top 50 Vietnam-
ese best listed
firms in 2018 by
Forbes



Top 500 most
profitable compa-
nies of Vietnam in
2018 (Profit 500)



To be honored with
3 national brands
in Electrical Equip-
ment products
sector: CADIVI,
THIBIDI, EMIC.



Top 500 largest
companies of
Vietnam (VNR500)

| ACTIVITIES

1.



2.



3.



1. Award "Top 50 best listed companies in VN right after the first year of listing on HOSE."
2. GELEX Sport Festival 2018
3. GELEX Electric fair booth at Electrical Equipment Exhibition 2018



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BASIC INFORMATION

Company name:	Vietnam Electrical Equipment Joint Stock Corporation
Abbreviations:	GELEX
Business Registration Certificate No.	0100100512
Address:	No. 52 Lê Đại Hành street, Lê Đại Hành ward, Hai Bà Trưng district, Hanoi
Telephone:	24 39726245/6
Fax:	024 39726282
Website:	www.GELEX.vn
Email:	GELEX@GELEX.vn
Chartered capital and equity	
• Chartered capital:	VND 4,056,600,000,000
• Total volume of outstanding shares:	406,560,000 shares
• Listed stock market:	Ho Chi Minh City Stock Exchange
• Ticker symbol:	GEX

FOUNDATION AND DEVELOPMENT PROCESS

1990 Foundation

formerly Electrical
Equipment
Corporation

GELEX

2010 Equitization

Chartered capital:
VND 1,400 billion
State-ownership **87%**

2015 Ownership's restructuring

Revenue:
8.382 billion VND
After-tax profit:
321.1 billion VND
Chartered capital:
1.550 billion VND

2017 Expansion

Revenue:
11.984 billion VND
After-tax profit:
637.3 billion VND
Chartered capital:
2.668 billion VND
Expand to Power
generation, Logistics,
Clean water

2018 Restructuring

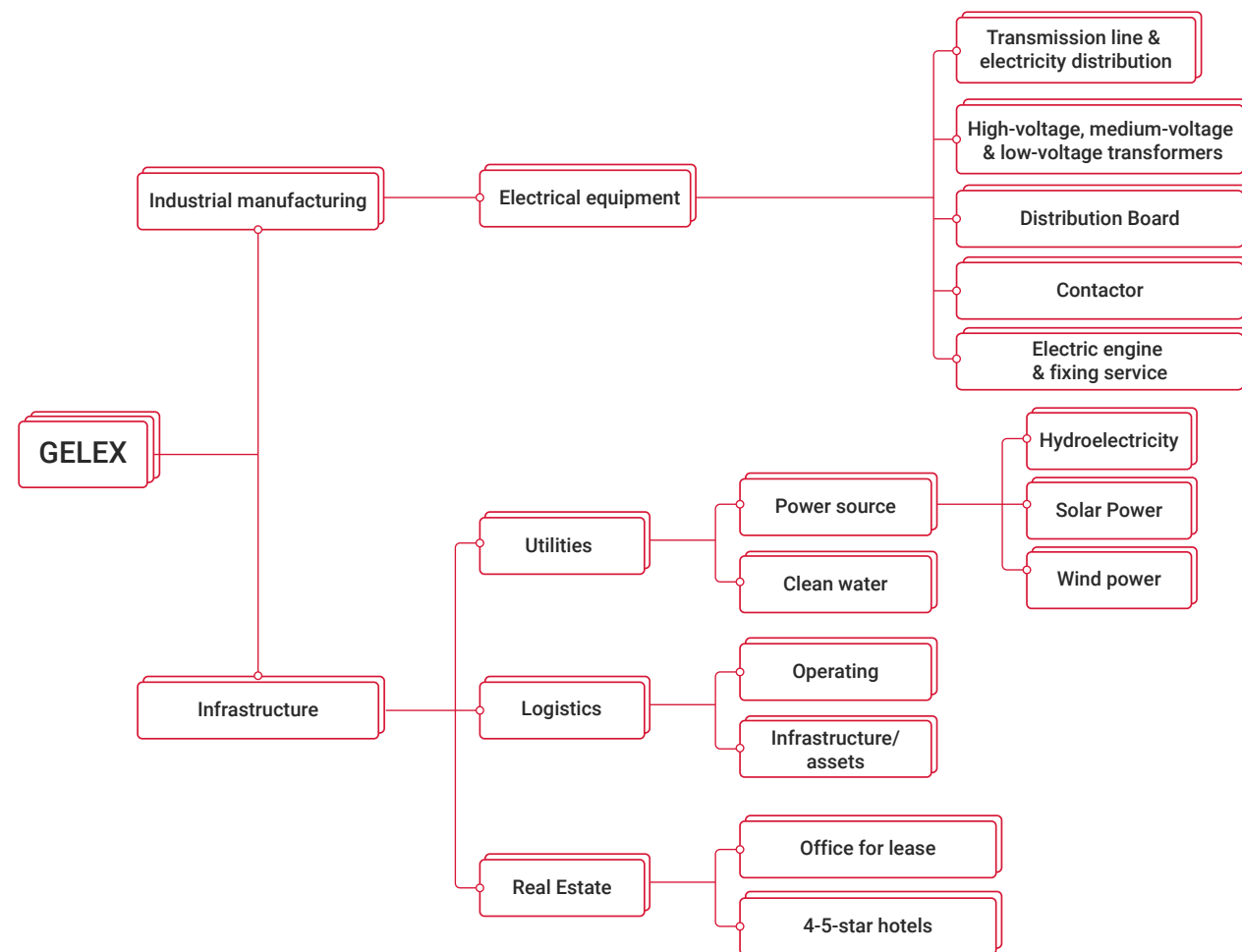
Revenue:
13,699.1 billion VND
After-tax profit:
942.4 billion VND
Chartered capital:
4,065.6 billion VND
Listed on HOSE
18/01/2018
Focusing on 2 sectors:
Industrial manufacturing
and Infrastructure

BUSINESS SCOPE AND LOCATIONS

I BUSINESS SCOPE

1. Investing, managing investment capital and directly operating in key sectors as follows:

2. Investing, executing rights and duties of owners, shareholders and other members at subsidiaries and joint ventures.

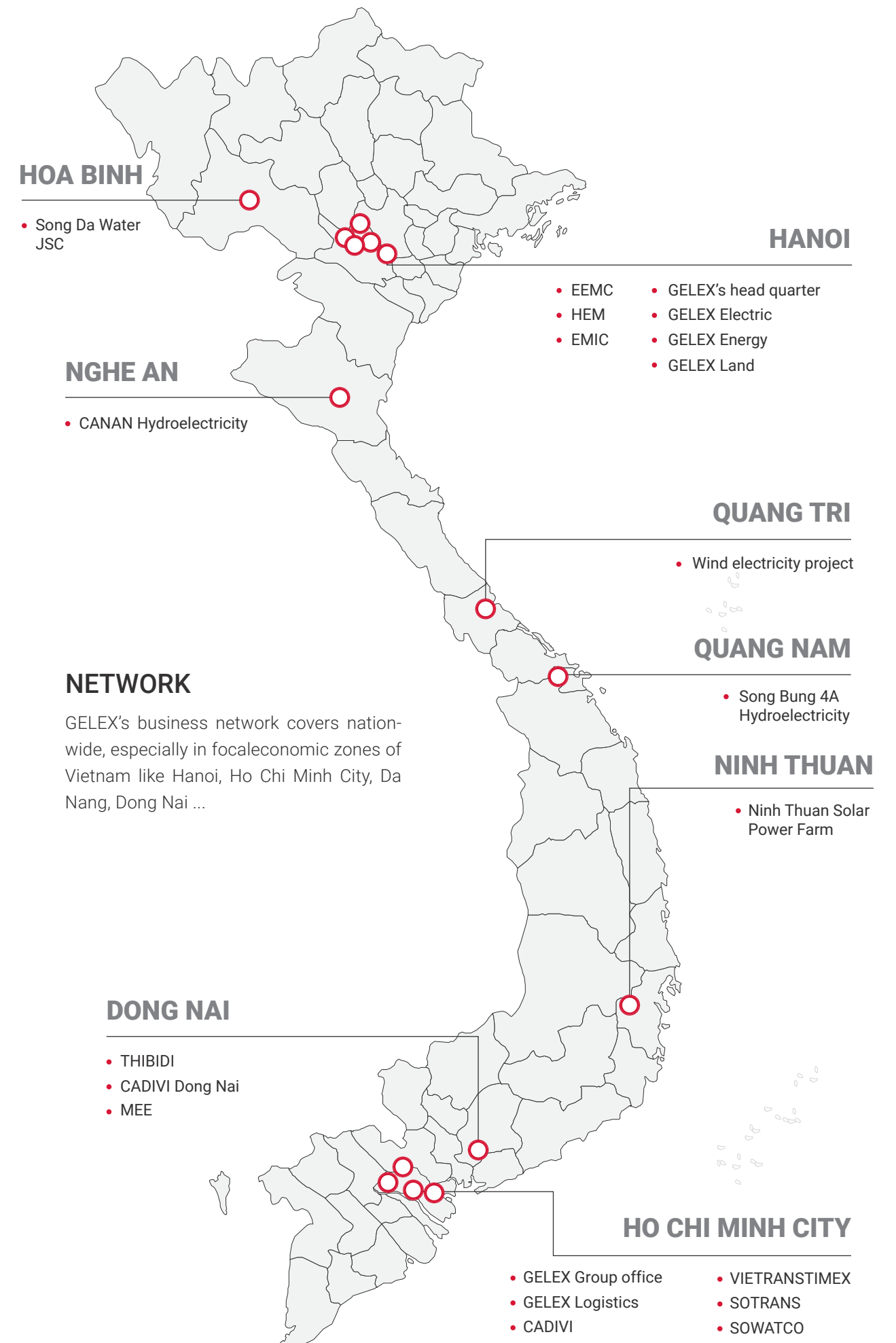


I BUSINESS LOCATIONS

GELEX building is corporation's headquarter located at No.52 Le Dai Hanh street, Le Dai Hanh Ward, Hai Bai Trung District, Hanoi.

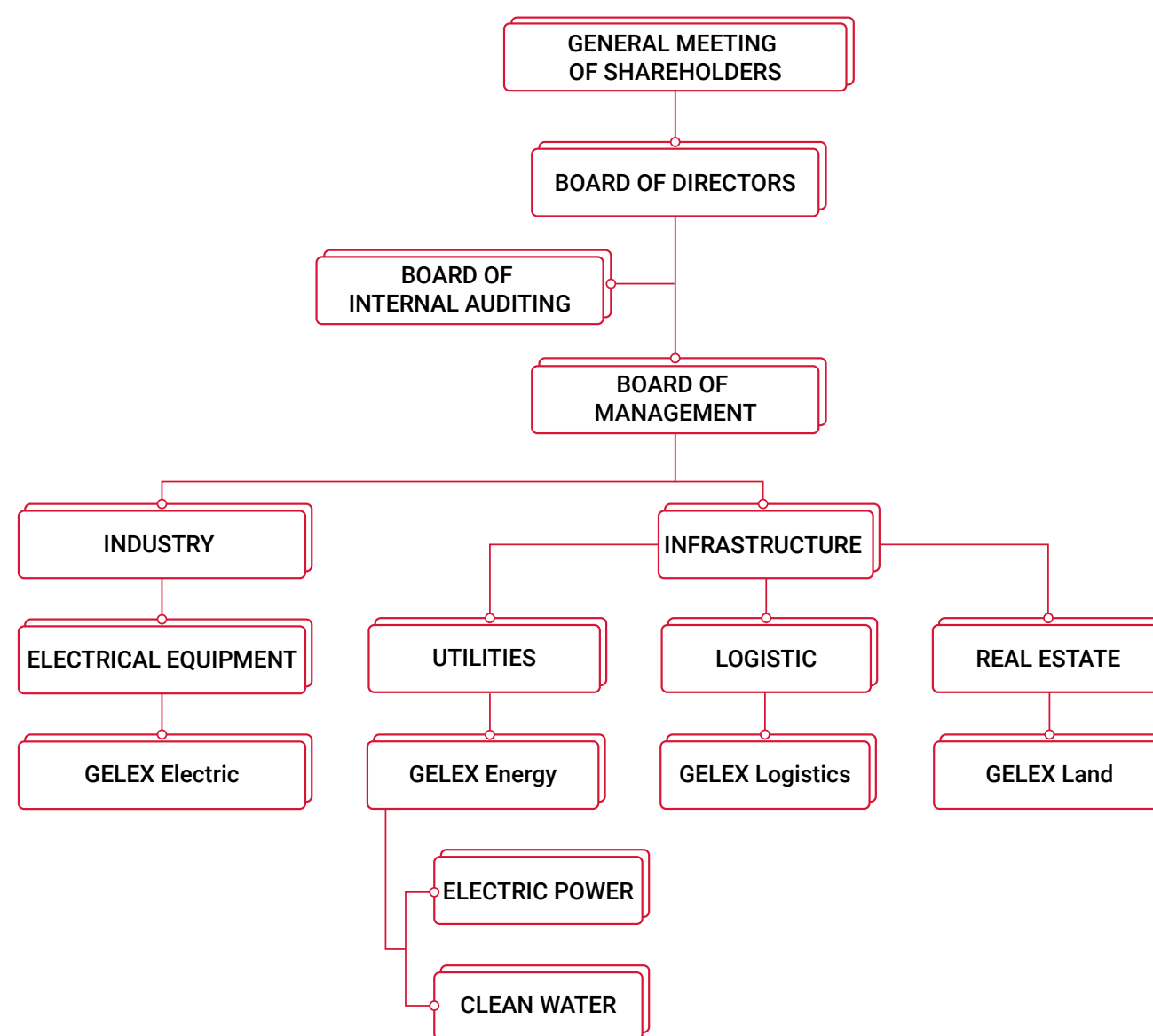
Its member companies and joint ventures mainly operate in Hanoi, Ho Chi Minh City, Bac Ninh, Nghe An, Quang Tri, Ninh Thuan, and Dong Nai.

Electrical equipment segment and CADIVI, THIBIDI products are currently exporting to Laos and Cambodia, as well as Australia, Europe, America markets.



INFORMATION ON GOVERNANCE MODEL, BUSINESS ORGANIZATION AND MANAGEMENT MECHANISM

GOVERNANCE MODEL



BIOGRAPHY OF MEMBERS OF BOARD OF DIRECTORS – BOARD OF GENERAL DIRECTORS



MR. NGUYEN VAN TUAN

Chairman of the Board and General Director

Education: Enterprise Management

Work Experience:

- January 4th 2018 to now: Chairman/ General Director of Vietnam Electrical Equipment Joint Stock Corporation
- July 13th 2017 – now: Vice Chairman of Board of Directors, S.A.S . CTAMAD CO. LTD
- May 2017 – Now: Chairman of Board of Directors, Vietnam Electric Cable Corporation
- May 2017 - now: General Director of Vietnam Electric Cable Corporation
- September 2016 – January 2018: politburo standing member of Management Board/ General Director of Vietnam Electrical Equipment Joint Stock Corporation
- September 1st 2016 – Now: Chairman of Board of Members, GELEX Electrical Equipment Ltd., Co.
- April 2016 – now: Chairman of Board of Directors, South Logistics Joint Stock Company



MR. NGUYEN TRONG TIEU

Vice Chairman of Board of Directors

Education: Electrical Engineering, Bachelor of Economics

Work experience:

- 2010 – now: Member of Board of Directors , Vietnam Electrical Equipment Joint Stock Corporation
- 2017 – now: member of Board of Directors, Ha Noi Electromechanical Manufacturing JSC
- September 2016 – 2018: General Director, Electric Equipment Ltd., Co.
- 2017 – June 2018: General Director, Ha Noi Electromechanical Manufacturing JSC
- September 2016 – now: General Director, GELEX Electrical Equipment Ltd., Co.
- 2015 – April 2019: Chairman of Board of Directors, Electrical Equipment Joint Stock Corporation
- 2014 – now: Chairman of Board of Directors, Hai Duong Pump Manufacturing Joint Stock Company
- 2010 – August 2016: General Director, Vietnam Electrical Equipment Joint Stock Corporation

**MS. DO THI PHUONG LAN***Vice Chairwoman of Board of Directors***Education:** Enterprise Administration**Work experience:**

- 2018 – now: Member of Board of Directors, Vietnam Electrical Equipment Joint Stock Corporation
- April 2018 – now: Member of Board of Directors, South Logistics Joint Stock Company
- 2017 – now: General Director of GELEX Land Co., Ltd.
- 2011 – 2016: Investment Director of R.C Real Estate Development and Finance Corporation
- 2007 – 2010: Director of Saigon A2 Investment Fund, Thanh Viet Investment Fund JSC.
- 2004 – 2007: Investment Director, Nautilus Equity Holdings, Hongkong

**MR. NGUYEN HOA CUONG***Member of Board of Directors***Education:** Mechanical engineering, Master of Business administration**Work experience:**

- January 4th 2018 – now: member of Board of Directors, Vietnam Electrical Equipment Joint Stock Corporation
- July 2010 - January 2018: Chairman of Board of Directors, Vietnam Electrical Equipment Joint Stock Corporation
- 2014 – 2016: Chairman of Board of members, CFT VINA COPPER
- 2011 – September 2016: Chairman of Board of Directors, Ha Noi Electromechanical Manufacturing JSC
- 2007 – 2018: Vice Chairman of Board of Directors, S.A.S. CTMAD. CO. LTD – Melia Hotel, Hanoi

**MS. NGUYEN THI BICH NGOC***Member of Independent Board of Directors***Education:** Bachelor of Chemistry on Construction Materials, Master of Business Administration**Work experience:**

- 2010 – now: Member of Board of Directors, Vietnam Electrical Equipment Joint Stock Corporation
- 2013 – now: Chairman of Board of Directors, TRAN HUNG DAO.,JSC
- 2008 – now: Vice Chairman of Board of Members, Capital Land Ltd., Co. – Hoang Thanh
- 2004 – now: Chairman of Board of Directors, Hoang Thanh Infrastructure Investment & Development JSC
- 2014 – now: Chairman of Board of Directors, Hoang Thanh Urban Development & Investment JSC

**MR. VO ANH LINH***Member of Board of Directors***Education:** Bachelor of Accounting and Information Technology, Master of Banking and Finance**Work experience:**

- March 2016 – now: Member of Board of Directors, Vietnam Electrical Equipment Joint Stock Corporation
- July 2016 – now: Member of Board of Directors, Tran Phu Electric Mechanical JSC
- June 2015 – now: Chairman of Board of Directors, Post and Telecommunications Investment and Construction JSC
- 2007 – 2015: Deputy Head of Business Investment Department, in charge of bonds and shares investing – State Capital Investment Corporation

I SUBSIDIARIES, JOINT VENTURES

NO.	COMPANY NAME	HEAD QUARTERS ADDRESS	CHARTERED CAPITAL <i>Billion VND</i>	OWNERSHIP RATIO	MAIN ACTIVITES
1	GELEX Electric Co., Ltd. – Former name: Electric Equipment Co., Ltd.	No. 52 Le Dai hanh Str., Hai Ba Trung Dist., Hanoi	2,218.7	100.00%	Manufacturing, trading electric equipment and managing investments in electric equipment area
2	GELEX Energy Co., Ltd.	No. 52 Le Dai Hanh Str, Hai Ba Trung Dist, Hanoi	2,300	100.00%	Managing investments in energy and water areas
3	GELEX Logistics Co., Ltd.	No. 70-72 Nam Ky Khoi Nghia, District 1, Ho Chi Minh City	1,210	100.00%	Logistics services and investing, trading infrastructure
4	GELEX Land Co., Ltd.	No. 52 Le Dai Hanh Str., Hanoi	50	100.00%	Real Estate trading, exploiting and maximizing GELEX's and its member companies' existing land funds
5	CFT VINA COPPER	Street No. 9, Bien Hoa 1 Industrial Zone, Bien Hoa City, Dong Nai province	\$8,000,000	36.35%	Manufacturing and trading copper

In addition, via its subsidiaries, GELEX also indirectly owns many other companies. Some significant information:

NO.	COMPANY NAME	HEAD QUARTER ADDRESS	CHARTERED CAPITAL <i>Billion VND</i>	OWNERSHIP RATIO	MAIN ACTIVITES
GELEX ELECTRIC					
1	Vietnam Electric Cable Corporation ("CADIVI")	No. 70-72 Nam Ky Khoi Nghia, District 1, Ho Chi Minh City	576	91.64%	Manufacturing and trading electric cable
2	Hanoi Electromechanical Manufacturing JSC ("HEM")	Km12 Cau Dien Street, Phuc Dien Ward, Bac Tu Liem District, Hanoi	368	66.16%	Manufacturing, trading electric engine and equipment

NO.	COMPANY NAME	HEAD QUARTER ADDRESS	CHARTERED CAPITAL <i>Billion VND</i>	OWNERSHIP RATIO	MAIN ACTIVITES
3	Electric Equipment JSC ("THIBIDI")	Street No. 9, Bien Hoa 1 Industrial Zone, Dong Nai	488	78.52%	Manufacturing, trading electrical equipment
4	Emic Co., Ltd.	23rd floor, GELEX building, No. 52 Le Dai Hanh, Hai Ba Trung Dist., Hanoi	150	100.00%	Manufacturing and trading electrical measuring equipment
THIBIDI COMPANY					
1	Dong Anh MEE, JSC. ("MEE")	No. 186, group 12, Dong Anh town, Dong Anh district, Hanoi	120	51.00%	Manufacturing and trading electrical equipment
2	Dong Anh Electrical Equipment Corporation JSC (Subsidiaries)	No 189, Lam Tien Street, Dong Anh town, Dong Anh District, Hanoi	282.6	24.89%	Manufacturing and trading electrical equipment
HEM COMPANY					
1	Hanoi Electromechanic JSC ("HECO")	Block J12, Street No. 10, Le Minh Xuan Industrial Zone, Binh Chanh Dist., Ho Chi Minh City	13	99.82%	Manufacturing and trading electrical products
2	Hanoi Institute of Technology	Km12 Cau Dien Street, Phuc Dien Ward, Bac Tu Liem District, Hanoi	18.5	100.00%	College training and vocational training
GELEX ENERGY CO., LTD.					
1	Phu Thanh My Joint Stock Company	Group 9, Thanh My 2 hamlet, Thanh My town, Nam Giang district, Quang Nam province	618.14	71.28%	Producing hydro-electricity
2	Ninh Thuan Gelex Energy Company Limited	No.126 street 16/4, My Hai Ward, Phan Rang – Thap Cham City, Ninh Thuan Province	368	100.00%	Manufacturing and transmitting electricity

NO.	COMPANY NAME	HEAD QUARTER ADDRESS	CHARTERED CAPITAL <i>Billion VND</i>	OWN- ERSHIP RATIO	MAIN ACTIVITES
3	ViwasupCo., JSC	Vat Lai hamlet, Phu Minh vil- lage, Ky Son district, Hoa Binh province	750	60.46%	Producing fresh water
4	Huong Phung Wind Power Co., Ltd.	3rd floor, No 242, highway 9, Ward 1, Dong Ha city, Quang Tri province	39	84.62%	Producing wind energy
GELEX LOGISTICS					
1	South Logistics Joint Stock Company	No 1B Hoang Dieu, Ward 4, District 4, Ho Chi Minh city	854.378,79	54.78%	Providing ware- house service and goods storage
SOTRANS COMPANY					
1	SOUTH PORT JSC.	No 9 Ha Noi avenue, Truong Tho ward, Thu Duc District, Ho Chi Minh City	20	51.00%	Multi-method trans- portation trading, goods delivering
2	Sotrans Logistics Co., Ltd.	No 1B Hoang Dieu, Ward 13, District 4, Ho Chi Minh city	220	100.00%	Providing ware- house service and goods storage
3	Southern Waterborne Transport Corporation ("Sowatco")	No 298 Huynh Tan Phat, Tan Thuan Tay ward, district 7, Ho Chi Minh city	671	84.39%	Providing com- merce, ship construction and logistics service
4	Vietranstimex ("VTX")	9th floor, B&L Tower, No 119- 121 Ung Van Khiem, Ward 25, Binh Thanh district, Ho Chi Minh city	209.723,21	84.00%	Providing on-land, coastal and off-land transport, providing direct support ser- vice for rail trans- port, on-land and sea transport

DEVELOPMENT ORIENTATION

I DEVELOPMENT STRATEGY

GELEX continues to pursue its growth model by be-
coming a leading enterprise in the areas with growth
potentials like industrial manufacturing (electrical
equipment and construction materials); renewable

electricity manufacturing, logistics, industrial real
estate, and water, electricity supply for industrial
zones, offices and luxury hotels in cities of group I.

I KEY TARGETS FOR THE NEXT 3 – 5 YEARS

Regarding holding company GELEX’s activities

- Being an effective capital managing Corporation in
4 business groups, and providing sharing service
(IT, asset managing, project managing...) for its
subsidiaries to optimize the cost and to maximize
economic efficiency, promote risk management
within the system.

Regarding industrial manufacturing

- Focusing on developing electrical equipment, max-
imizing production, investing in production to pro-
vide a complete product chain in the electric indus-
try, at the same time continue to expand market
share, remain the leading unit in Vietnam’s electri-
cal equipment industry;
- Researching and developing interactive values be-
tween electrical equipment and construction ma-
terials, such as: supplying and retailing electrical
equipment, cable wire and construction materials,
logistics for the area of industrial manufacturing.

Regarding infrastructure

Generator: Continue to invest in renewable energy,
aiming to achieve total capacity of 500MW within the
next 3 years;

Producing and providing drinking water: Finish the
investment in phase 2, increasing capacity of Song

Da Water Factory to 600,000cubic meters per day.
Continue to expand the activity of selling drinking
water in some potential localities, supply water for
industrial zones;

Logistics: Executing investment in Logistics infra-
structure including distributing centers, centralized
logistics zones. Regarding operating Logistics: intro-
duce Contract Logistics model 3PL, 4PL; continue to
build and promoted new barge fleets;

Real estate:

- Reviewing, restructuring land fund which is cur-
rently under GELEX’s control, continue to complete
legal procedures for land pieces that need being
transferred its purposes;
- Maximizing the cash flow and the efficiency of ex-
isting real estate, promote new projects in centre
locations with existing land fund; build the valu-
able asset list for the Group: Starting constructing
CADIVI Tower in Ho Chi Minh City Center in May
2019; starting constructing a hotel complex at No
10 Tran Nguyen Han, Hanoi in the first quarter of
2020.
- Gradually develop real estate in industrial zone
along with promoting subsidized housing to boost
competiveness in industrial zones, sustainable
growth, and contributing to social welfare.

RISKS

I ECONOMIC RISKS

The fluctuation of such macro-economic variations like growth rate, inflation, interest rate..., the Government policies on adjusting macro-economic variations, as well as policies on sector development will directly or indirectly affect enterprises' operation and business result.

GELEX's energy and electricity are considered as protective sectors to be outside the economic cycle's influence. However, in Vietnam, these two sectors are affected significantly by investment source of Vietnam Electricity, which is mostly influenced by the Government's investment policy. If the economy grows, Government investment expansion can boost production. In contrast, tightening State expenses may limit the demand for GELEX's electrical products.

Similarly, Logistics is also affected by economic cycle fluctuations. Unfavorable economic conditions will witness the decrease in business result of clients, leading to the fall in demand for logistics activities.

Real estate is highly periodic when always growing along with economic growth, income, and loose monetary policy (increasing the opportunity to access capital loan), but it is often frozen when the economy goes down.

To control risks caused by macro-economic environment, GELEX forecasts the economic growth situation and makes suitable business plans to face with future growth scenarios. Regarding manufacturing sector, the Corporation boots thoroughly cost-savings in order to increase its profit margin and increase finance for infrastructure sector.



I LEGAL RISKS

In addition to common effects from listed laws adjusted to Joint Stock companies such as Enterprise Law, Securities Act, Law on Enterprise Income Tax, Law on Value Added Tax, the company also has specific legal risk in each sector of business.

The quality of output products in electrical equipment production and trading sector is controlled strictly by such Laws as Law on Standards and Technical Regulations, Law on Product and Goods Quality, and other related Provisions, Decisions and Circulars. While Vietnam keeps integrating internationally, higher standards and stricter technical requirements to products are one of risky factors the Corporation's affecting business activities. Therefore, the Corporation needs to continuously invest and improve its products' quality to meet the requirements of domestic market and especially the international ones.

The electricity, water and energy trading sectors are vital to people's demand, so it is still adjusted and controlled by the State. The impose of policy and allocation of electricity, water, as well as the application of price scale in these sectors make the Corporation's profit margin limited.

The logistics sector has many complicated legal factors when affected by both domestic regulations, trade agreements and international Treaties that Vietnam joined. The Law on Customs has come into effect since 2014, but it takes time to fulfill in accordance with practical situations. The change in legal factors has directly or indirectly impact on freight trading, through the influence of exporting and importing goods.

The real estate sector relates to land, so it has risks from legal disputes, procedures when applying for license and carrying out projects. The Corporation's business activities are also influenced by adjustment in planning and local policies on land use.

To control legal risks, the Corporation keeps updating changes in legal documents relating to its business activities for proper strategies for business development. At the same time, the Corporation has also built and maintained a standard internal administrative system complying with regulations of the law.



I SECTOR SPECIFIC RISKS

Being the Corporation operating in many strategic sectors of the economy, GELEX and its member companies are also influenced by specific risks in every business area.

The Corporation's electrical equipment production segment takes a big risk from price fluctuation of input materials. While the prices of output products are less likely to change so the changes in the price of input materials directly affect the Corporation's profit.

The Corporation's electricity, water and energy trading sector is a stable one, but it depends on many natural factors, especially the electrical power, since the hydro-electric power output, solar power or wind power are all unstable, depending on such factors like rainfall, wind

speed or thermal radiation which can't be measured or forecast precisely.

The logistics has specific risks relating to value chain in the sector. According to this, professional logistics is required to integrate a number of transport services including shipping and customs clearance for export-import goods into a consecutive chain to ensure that goods are package shipped, from producer – transporter – consumer. However, Vietnamese market hasn't met this requirement as the Logistics infrastructure has not been finished. In particular, with the feature of applying shipping fee in foreign currency, it always has to face risk of exchange rate fluctuation, affecting remarkably the Corporation's business result.

I SUSTAINABLE GROWTH RISKS

With the feature of having huge value, the real estate sector needs long time to implement and its demand for huge capital mobilization also has many risks. In addition to the mentioned economic and legal risks, real estate projects also affected by risks like the change in demand for projects, the change in the cost to carry out projects (due to longer duration of projects), and the ability of investors to mobilize capital to carry out projects,...

GELEX always focuses on control risks affecting the sustainable growth of GELEX as well as its member companies. The Corporation's business activities can be affected by risks from natural disasters, bad impact of the environment and the society,... Therefore, the Corporation always puts the target of sustainable growth in its common development strategies to balance and limit the effects relating the environment, the society, and enterprise administration.



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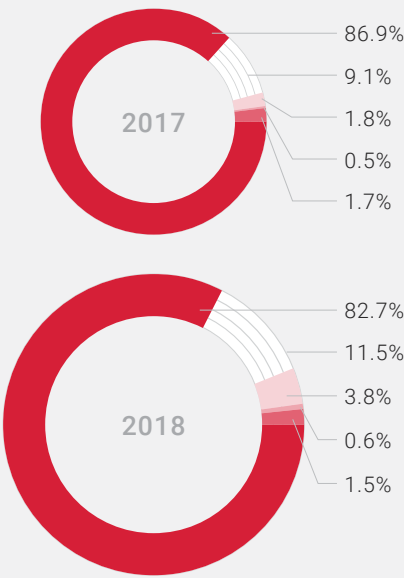
BUSINESS AND PRODUCTION ASSESSMENT IN 2018

In 2018, consolidated revenue of GELEX reached 13.699 billion dong, increasing 14 % while the consolidated profit after tax reached 1.283 billion dong, increasing 42 % compared to 2017. Main criteria are shown in the following table:

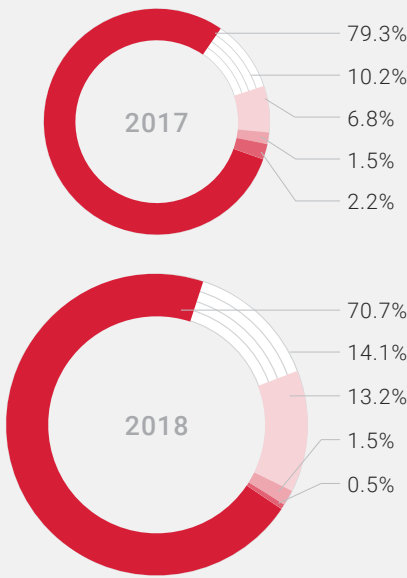
CRITERIA	2017 Billion Dong	2018 Billion Dong	Change %
Net revenue from trading and services	11,984	13,699	14.3%
Net profit before tax	1,145	1,534	33.9%
Profit after tax	906	1,283	41.6%
Profit after tax of the holding company	637	942.4	47.9%



Revenue by sectors



Structure of gross profit by sectors



- Electrical equipment
- Freight and logistics services
- Power production and sales (electricity and water)
- Office leasing and hotel services business
- Other businesses

In general, over the past year, the Group's revenue and profit criteria have increased in all sectors. Consolidated revenue grew by 14.3%, consolidated pre-tax profit (excluding the extraordinary income generated by acquisition of Kapple Land joint venture in Sowatco) 2018 saw a 34% growth compared to 2017. However, the consolidated revenue and profit before tax of GELEX have not reached the set target. In particular, the total consolidated revenue was only 91.1%, the consolidated profit before tax reached 84.3% of the plan for 2018. The reason is that in 2018 plan, GELEX took into account the completion of the purchase and owner-

ship domination of Dong Anh Electrical Equipment Corporation - CTCP. However, in 2018, the divestment of the State at EEMC has not been implemented leading to the incompleteness. EEMC's revenue in 2018 was VND 2,458 billion. If this revenue is included, GELEX's 2018 consolidated revenue will reach the set target. The 2018 consolidated pre-tax profit has not reached the plan partly due to the incomplete ownership and control of EEMC, and EVN investment activity decreases in 2018 led to reduction of revenue and profit before tax of some units in the electrical equipment sector.

FINANCIAL SITUATION

The situation of 2018 GELEX assets is as follows:

CRITERIA	01/01/2018 <i>billion VND</i>	31/12/2018 <i>billion VND</i>	Change %
SHORT-TERM ASSETS	7,448	8,102	8.8%
Cash and cash equivalents	1,098	924	-15.8%
Short-term financial investment	1,546	1,784	15.4%
Short-term receivables	2,907	1,864	20.5%
Inventory	1,855	2,111	13.8%
Other short-term assets	42	121	186.3%
LONG TERM ASSETS	6,313	9,142	44.8%
Long-term receivables	79	21	-73.2%
Fixed assets	3,044	4,475	47.0%
Intangible fixed assets	163	518	218.1%
Investment property	219	233	6.4%
Long-term uncompleted assets	266	1,040	291.1%
long-term financial investments	1,672	1,739	4.0%
Other long-term assets	1,033	1,635	58.2%
Goodwill	592	1,156	95.2%
TOTAL	13,761	17,243	25.3%

The situation of debt and equity of GELEX in 2018 is as follows:

	01/01/2018 <i>billion VND</i>	31/12/2018 <i>billion VND</i>	Change %
LIABILITY DEBT	7,604	9,282	22.1%
Short-term debts	4,764	6,826	43.3%
Long-term debt	2,840	2,455	-13.5%
OWNER'S CAPITAL	6,157	7,965	29.4%
TOTAL CAPITAL SOURCE	13,761	17,246	25.3%

ACCOUNTS RECEIVABLE

All GELEX's receivable debts increased slightly at 6.2% compared to 2017. The whole system has good control of receivables and carries out strict monitoring and management. Most customers pay in full and on time.

NATIONAL BUDGET SUBMITTING

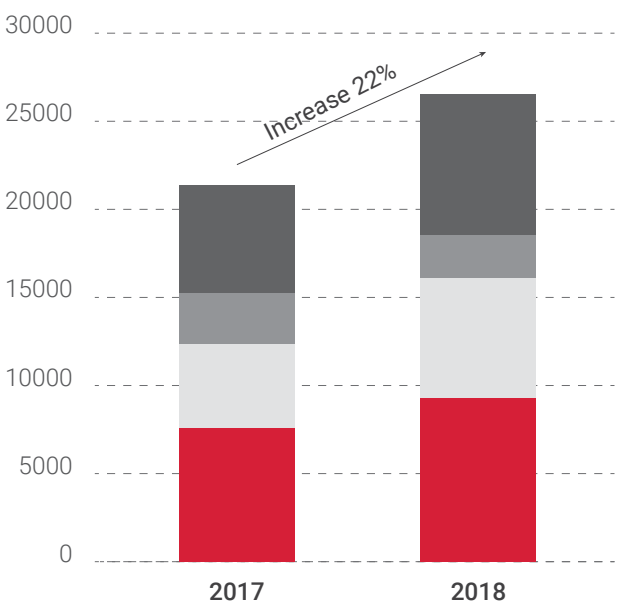
As of December 31, 2018, GELEX's total debt was VND 2,044 billion. Liabilities are fully monitored and always paid in full and on time.

PROVISION SITUATION

The entire GELEX system strictly implements the declaration and payment of value-added taxes (VAT), corporate income tax (CIT) and other budget payables in accordance with regulations.

PROVISION SITUTATION

In 2018, the entire GELEX system has made full provision for bad debts, materials and goods to be slow to circulate, reduce securities prices ... according to regulations.



Debt and Equity

- Liabilities
- Equity
- Short-term liabilities
- Long-term liabilities

EFFECT OF INTEREST RATE CHANGES

The effect of interest rate changes mainly relates to money, short-term deposits and floating-rate bond interests of GELEX. GELEX conducts interest rate risk management by analyzing the competitive situation in the market to obtain beneficial interest rates in terms of its purposes and remain within the risk management limits. GELEX considers the risk of interest rate changes small.

IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICY AND MANAGEMENT

In 2018, GELEX continued to strengthen its business model according to the restructuring direction approved by the General Meeting of Shareholders. GELEX has established 04 Sub-holding mainstays in the main business sectors: Industry, Utilities (electricity and water), Logistics and Real Estate as a basis for business development in 4 main industry groups. force.

At the same time, in 2018, GELEX continues to consolidate the organizational model at the Holding Company according to the "flat" model of a private group operating professionally and effectively and clearly defining the direction of operation. Accordingly GELEX holding company performs the main functions including:

- Resource allocation:
 - » Develop financial allocation
 - » Lending / investment capital contribution
 - » Evaluating major projects
- Share internal management services
 - » Implement support activities;
 - » Shared services for subsidiaries include: finance, legislation, human resource management, information technology, brand management;
- Risk management of the entire system, upholding the law.

Improvements in the organizational structure made include:

- Some members of the Board of Directors are specialized in GELEX's activities;

- The Executive Board includes the General Director and the Directors of each division of the Group's operations;
- The Supervisory Board is replaced by an internal audit department to ensure business support and help the whole system operate transparently and effectively.
- Establishing subcommittees on investment projects to achieve the highest investment efficiency;
- Investing in the application of industrial ERP governance model 4.0 in the entire system, starting from CADIVI in 2019 and coming to be the remaining enterprises in the Group system..

GELEX continues to implement human resources, promulgating the organizational structure and functions and tasks of the departments in accordance with the above contents. The stable, efficient operation of GELEX is a testament to these improvements.

The corporate culture at GELEX is maintained and developed based on the quintessential inheritance of traditional experience and the dynamism and creativity of senior management. The 30-year history of formation and development has helped GELEX gather many senior management board members in Electrical Equipment sector, being with the group since the first days. Entering the new phase, GELEX receives new wind in high-end human resources, with experience working in multinational corporations (such as P&G, Ikea, Cocacola ...), extending abundance from the field. investment, law, retail to real estate ... All of them aim to achieve common goals of restructuring and growing businesses strongly and sustainably.

DEVELOPMENT PLAN 2019

GELEX plans two main business units: (1) Industrial production and (2) Infrastructure including electricity, water production, logistics and Real Estate. GELEX holding company has the duty to manage the contributed equity in business units. Business orientation for 2019 is as follows:

GENERAL OPERATIONAL ORIENTATIONS OF THE WHOLE GELEX

- Gelex holding company is a reputable private equity management (Holdings) company
- Continue to pursue a fast and efficient growth model:
 - » Optimize industrial production, logistics and utilities
 - » Enhancing investment in infrastructure
 - » Continuing to do merger and acquisition (M&A) so that companies can create great value to resonate with the current system
- Specifying connections in the whole system:
 - » Complete the sub-holdings to directly manage each independent business segment
 - » The Board of Directors directly assists the Executive Board in the member units
 - » Providing essential sharing services for member units throughout the system
- Ensuring safe and respectful legal compliance in the whole system

THE KEY OBJECTIVES OF THE ELECTRICAL EQUIPMENT SECTOR

- Restructuring production and business towards optimizing resources and competitive advantages;
- Improving the management level according to modern industrial management model, taking full advantage of scale advantage.
- Focus on expanding market share in geography;
- Provide a comprehensive product package to expand market share to EVN, projects and export markets
- Developing R&D, new high-tech products;
- Enhancing technology transfer from leading partners.

THE KEY OBJECTIVES OF UTILITY INFRASTRUCTURE SECTOR (ELECTRICITY, WATER)

- Complete the solar power project in Ninh Thuan on schedule
- Complete phase 1 - Period 2 of Song Da water plant project (construction of tanks and booster pumping stations on schedule). Continue to invest in Phase 2 - Period 2 of Song Da water plant, increasing capacity to 600,000 m3 of water / day and night.
- Promoting investment procedures for key renewable energy projects.

THE KEY OBJECTIVES OF LOGISTIC SECTOR

- Gelex Logisitics: investment in logistics infrastructure development such as DC, logistic park
- Sotrans Logistics: focus on developing models of Contract Logisitics 3PL, 4 PL
- Sowatco: invest in expanding Long Binh port, continue to improve the capacity of the transport team by barges,
- Vietransimex: Optimizing existing equipment capacity

DEVELOPMENT OF INDUSTRIAL ZONE REAL ESTATE AND CONSTRUCTION MATERIALS

The industrial zone real estate sector in Vietnam is developing very strongly thanks to the reallocation of global production, leading to the production shift along with the increasingly deep economic integration of Vietnam. In order to capture this potential as well as to complete the infrastructure sector, GELEX aims to develop additional industrial zone real estate sector including social housing investment to facilitate stablity for employees' lives in industrial zones, contributing to increase the attractiveness of these areas and to develop social security.

BUSINESS PLAN TARGETS 2019

No.	Criteria	Unit	Plan by 2019
I	Total consolidated revenue	Billion VND	16,700
II	Consolidated pre-tax profit	Billion VND	1,380

THE KEY OBJECTIVES OF THE REAL ESTATE SECTOR

- Optimizing cash flow and operational efficiency of existing properties: Gelex Tower, Melia Hotel Hanoi, Hanoi Center Office
- Develop new projects at central locations with existing land fund: Tran Nguyen Han, Cadivi Tower, Sowatco Tower projects
- Complete legal procedures for land areas needed to be converted

Along with developing industrial real estate sector with social housing mentioned above, GELEX also aims to expand additional construction material manufacturing in industrial sector, thereby helping to improve GELEX's ecosystem.

The expansion of the above-mentioned business activities may be carried out in the form of project investment or merger, acquisition of potential businesses in this industry, or other methods that ensure the efficiency.

EVALUATION RELATED TO ENVIRONMENTAL AND SOCIAL RESPONSIBILITY



ENVIRONMENT

GELEX aims to optimize energy and water resources throughout the Corporation system, offices, real estate projects, plants, ect towards energy saving and sustainable development.

EMPLOYEES

The total number of employees in the Corporation as of December 31, 2018 was 4,152 people;

All employees signed labor contracts, the Corporation has fulfilled its obligations to employees as prescribed.

LOCAL COMMUNITY

In order to build corporate culture beauty towards sustainable development, the Group annually participates in charity programs, organizes social activities such as sponsoring a book library in Ha Nam, kitchen for boarding ethnic minority students, giving Tet gifts to poor households in disadvantaged areas in Ninh Thuan. GELEX considers the social activities as one of responsibilities in its operation, focusing on the localities where the Group and its subsidiaries place their headquarter, plants and projects as one of our responsibilitiy.

OBLIGATIONS TO THE STATE BUDGET

The entire GELEX system strictly implements the declaration and payment of value-added taxes (VAT), corporate income tax (CIT) and other budget payables in accordance with regulations.



04

OPERATIONAL PERFORMANCE IN 2018

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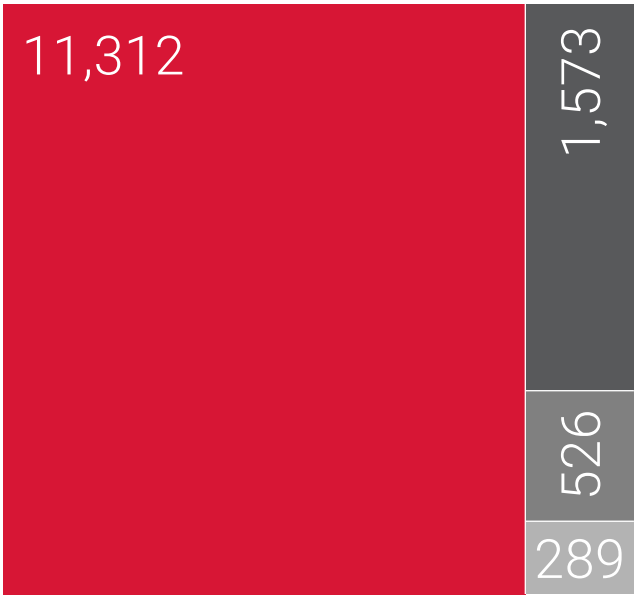
BUSINESS RESULTS OF
SUBSIDIARIES IN 2018

Unit: billion VND

NO.	Subsidiary	Revenue		Profit after tax	
		2018	Growth 2018 as compared to 2017	2018	Growth 2018 as compared to 2017
I. Electrical Equipment					
	Cadivi	8,546	25%	415	27%
	Thibidi	2,220	-13%	277	-14%
	Hem	543	0%	94	18%
	Vihem	191	41%	22	0%
	EMIC (*)	672	-21%	46	-66%
	EEMC	2,458	-2%	102	-3%
(*) Expalaination about EMIC at page 61					
II. Energy					
	Phu Thanh My	189	-27.9%	-3%	-103%
	Song Da Water JSC	468	13.3%	218	29%
III. Logistics					
	(Consolidated) Sotrans	1,762	21.1%	158	-70%
	(Seperated) Sotrans	998	12.1%	182	-37%
	Sowatco	250	37.4%	105	-79%
	Vietranstimex	343	22.5%	6	-65%

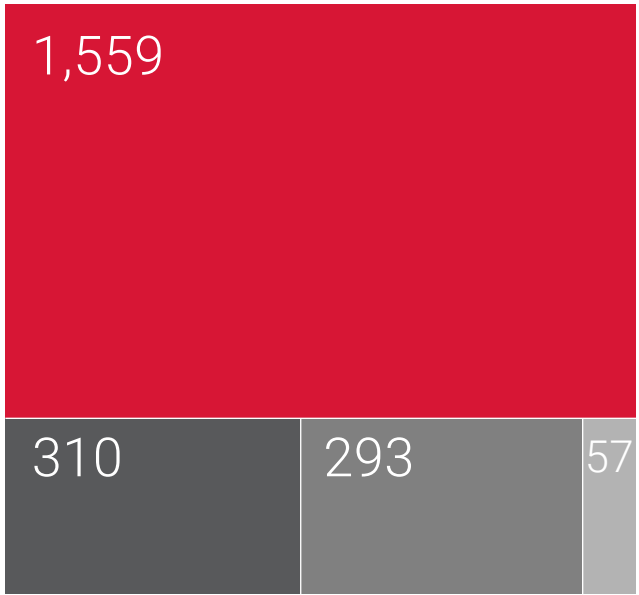
REVENUE 2018

Unit: billion VNĐ



GROSS PROFIT 2018

Unit: billion VNĐ



■ Logistics
■ Energy

■ Real Estate and other
■ Electrical Equipment



Electrical Equipment

Number of company	6
Number of employee	2,309
Revenue	11,324,686,574,168
Gross profit	1,534,553,675,070
Gross profit margin	13.6%



Energy

Number of company	5
Number of employee	220
Revenue	529,261,719,563
Gross profit	294,671,349,508
Gross profit margin	55.7%



Logistics & Land

Số lượng công ty	5
Số lượng nhân viên	1548
Doanh thu	1,759,678,887,909
Lợi nhuận gộp	322,871,595,131
Biên lợi nhuận gộp	18.3%

BUSINESS AND PRODUCTION PERFORMANCE



Power cables
CADIVI



Power transformer
THIBIDI, Dong Anh Electrical Equipment – EEMC, MEE



Electric motors
HEM, VIHEM



Measuring equipment
EMIC

Electrical equipment production is GELEX's core flagship sector. The Corporation, affirming its quality and reputation to domestic and foreign customers, has currently been top 1 in Electrical equipment industry as it owns leading enterprises and branding in Vietnam:

Production and trade of Industry and Electrical equipment sectors' net revenue increased 8.7% (equivalent to 11.312 billion VND compared to 10.419 billion VND in 2017). Gross profit reached 1.557 billion VND, to be equivalent to 2017 result. Business result of member companies in Electrical equipment sector is detailed as following:

ELECTRICAL EQUIPMENT	2017	2018	Growth
Revenue	10,419	11,312	8.6%
Gross profit	1,576	1,559	-1.1%

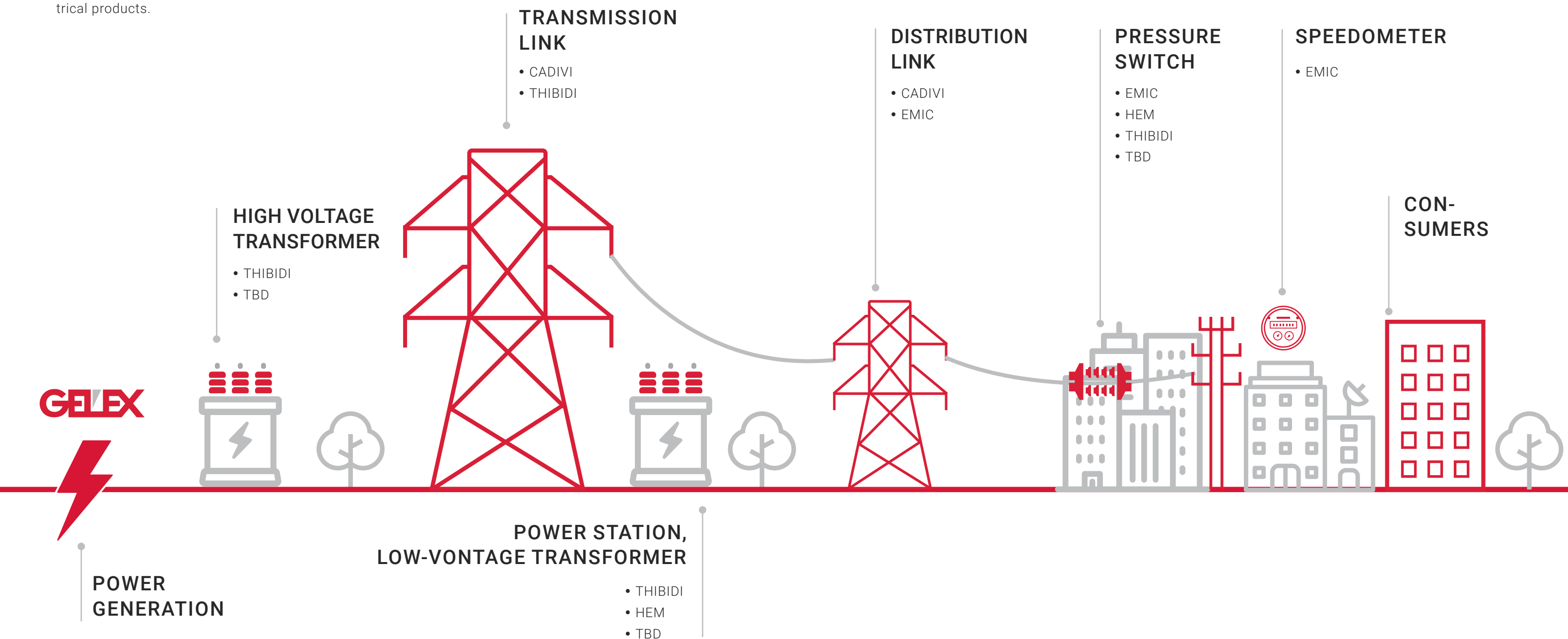
Note: Comparison in total revenue showed that member companies had higher numbers than the whole electrical equipment sector due to mutual transactions of goods and finished goods purchased among those companies. Therefore, the internal revenue was excluded from the total revenue of electrical equipment sector.

CADIVI, with its intensive growth, remarkably contributed to electrical equipment sector's result. Consolidated revenue increased 25% compared to 2017 equivalent to 8.546 billion VND and profit after tax increased 27% to reach 415 billion VND.

In 2018, GELEX concentrated on perfecting product lines in electrical equipment sector, aiming to wholly manufacture and provide all products of Low, Medium and High Voltage in the electrical equipment catalogue. GELEX, via member companies, also invested in DONG ANH Electrical Equipment Corporation Joint Stock Company (EEMC) and MEE Engineering Company to expand transmission transformer product portfolio. Up to now, GELEX product set in electrical equipment sector has achieved basic coverage in the market of electrical products.

Besides, GELEX raised ownership percentage for key manufacturing units such as increasing ownership at CADIVI to 91.64%. 2018 also witnessed the merger of HEM and VIHEM – 2 units with the same product line. Optimization was simultaneously intensively implemented at member companies aiming for cost-cutting and efficiency enhancement.

In 2019, estimated total revenue of member companies in electrical equipment sector is 12.500 billion VND and estimated profit before tax is 924.5 billion VND.



INFRASTRUCTURE

UTILITY INFRASTRUCTURE POWER GENERATION AND CLEAN WATER TRADING

Clean water production and trading

GELEX clean water segment is managed and conducted by Song Da Water Investment Joint Stock Company, to be a member company with 60.46% of GELEX ownership through GELEX Energy LTD. Song Da Water plant is a leading water supplier within Hanoi with initial phase capacity of 300.000 m3 per day, providing clean water from Song Da surface to Western and South Western areas with the fastest urbanization speed and high population density in Hanoi. Song Da water plant has many advantages in clean water production and supply including Song Da natural water clarity, the slope of transmission water pipeline to save the cost of water treatment and pumping.

In 2018, total output of trading clean water reached 91.04m3 with the achieved revenue of 468 billion VND, completing 101% of 2018 plan, concurrently increasing 13% compared to 2017. Profit after tax reached 218 billion VND, increasing 29% compared to 2017.



In terms of Utility infrastructure, GELEX owns power generation and clean water production and trading. This sector is invested and managed by GELEX Energy company, 100% owned by GELEX.

Power Generation

At present, GELEX Energy has 4 power generation projects with total capacity of 122MW with the following details:

- Song Bung Hydro-electric project 4A, completed and started to generate power from 2013 with capacity of 49MW. Song Bung 4A is managed and conducted by Phu thanh My JSC, 73.16% owned by GELEX through GELEX Energy. In 2018, the revenue from power generation achieved 152 billion VND, equivalent to 61.27% of plan.
- Cana 1-2 Hydro-electric project has the total capacity of 23MW, in which Canan 2 Hydro-electric plant came into operation from third quarter of 2018 with capacity of 16MW, generating insignificant revenue while Canan 1 Hydro-electric plant is expected to be put into operation at the beginning of second quarter with capacity of 7MW. Canan projects are managed and conducted by SCI Nghe AN JSC, 49% owned by GELEX through GELEX Energy.
- Ninh Thuan Solar power project is currently being built at Thuan Nam district, Ninh Thuan Province and expected to finish in June, 2019 with total capacity of 49 MW. This project is 100% owned by GELEX through GELEX Energy. In the past year, Ninh Thuan Solar power plant has completely preparation for investment and EPC contractor selection and now is being implementing to finish the progress in May 2019.



Simultaneously, GELEX Energy has promoted new power generation projects including:

- Wind power project GELEX 1, 2, 3 at Quang Tri, total capacity is 90MW
- Wind power project Huong Phung 2, total capacity is 20 MW
- Wind power project Huong Phung 3, total capacity is 30 MW
- Solar power project Binh Phuoc, total capacity is 416MWp

Business Result of Utility Infrastructure sector

2018 business results of GELEX Energy as follows:

ENERGY	2017 billion VND	2018 billion VND	Growth %
Revenue	213.3	525.7	146.5%
Gross profit	135	293	116.3%

Thanks to merger with Song Da Water Investment JSC in terms of business results, GELEX Energy has an intensive growth in 2018.

In 2019, GELEX Energy sets target consolidated revenue at 941 billion VND and profit after tax is expected to be 242 billion VND.

I LOGISTICS



GELEX Logistics, 100% owned by GELEX has been invested in Logistics industry with 2 main scopes

- Logistics Operations: Through subsidiaries including Sotrans Logistics, Sowatco and Vietransimex
- Logistics Infrastructure

Revenue/Profit

LOGISTICS	2017 Billion VND	2018 Billion VND	Growth %
Revenue	1,091	1,573	44.2%
Gross profit	203	310	52.7%

In this industry, the reorganization of GELEX Logistics facilitates clearer direction in Logistics operations and infrastructure to affirm the place in Top 3 largest Logistics providers in Vietnam.



GELEX Logistics was established at the end of September 2018 while acquisition of Sotrans from GELEX to GELEX Logistics was completed at the end of December 2018. At present, Sotrans consolidated business result is used for Logistics sector's.

2018 total revenue of Logistics sector increased 21% compared to 2017, exceeding 6.3% compared to 2018 plan. In details, revenue of holding company Sotran from its own business increased 12.1% compared to 2017 thanks to intensive growth in International Freight fees and petroleum retail while 2018 revenue of Sowatco also had dramatic rise with the

development of freight trading and port operations. 20% increase of gross profit in 2018 compared to 2017 is the result that Southern port JSC achieved when increasing the amount of goods at the port. However, 2018 profit after tax of Logistics sector decreased compared to the same period of 2017 due to interests from transferred financial investment recorded as: Southern Waterborne Corporation (SWC) liquidated an investment in the first quarter of 2017

Sotran Groups set the goal to achieve 2,029 billion VND of consolidated revenue and 154 billion VND of consolidated profit after tax.

I REAL ESTATE

With the advantage of land asset, GELEX joined real estate industry, specifically commercial real estate. Real estate projects that has been completed and operated include:

GELEX Tower - 52 Le Dai Hanh

This is the project combining GELEX headquarter of- fice and leasing offices which is located at 52 Le Dai Hanh, Ha Noi with land square of 1.937 m2. It was completed and put into operation in 2014 with total construction are of 19.289 m2 including 3 levels of basement and 22 ground floors.

Melia Hotel Ha Noi

GELEX currently owns 76.11% of Hanoi Electro Me- chanical Manufacturing JSC (HEM) while HEM owns 35% SAS-CTAMAD Joint Venture Company, which is the investor of Melia Hotel Ly Thuong Kiet. This com- plex including hotels and leasing offices is located at 44B Ly Thuong Kiet street known as the financial and diplomatic center of Hanoi. Melia is 5-star world class hotel where has welcomed many Heads of States from various country and HCO office building is currently rented by many well-known international corporations.

Binh Minh Hotel - No. 10 Tran Nguyen Han Street - Hanoi

Binh Minh Hotel is located at No.10 Tran Nguyen Han and No.27 – 29 Ly Thai To street – center of Hoan Kiem District, Ha Noi. At the moment, GEL- EX has planned the Project expected to start from fourth quarter of 2019 to develop the complex of Hotel, Trading Services, Leasing Offices qualified 5-star international standard with total land square of 9.934 m2 while Binh Minh hotel still keeps the nor- mal business operation.

GELEX LAND

Along with implementation of mentioned projects, LLC GELEX LAND is established and owned 100% by GELEX to develop Commercial Real Estate projects mainly focusing on hotels, offices, retail and industri- al real estate (workshops, warehouses, yards)



Business results of Real Estate sector in 2018:

REVENUE BY SECTORS	2017 Billion VND	2018 Billion VND	Growth %
Revenue from leasing and hotel services trading	62	75	21%
Gross profit	29.6	29.9	1%



BUSINESS PERFORMANCE OF SUBSIDIARIES AND ASSOCIATES

GELEX ELECTRIC EQUIPMENT CO. LTD

Implementing GELEX’s reorganization in July 2018, all of GELEX’s equity at member companies in Electrical equipment sector including CADIVI, THIBIDI, HEM was transferred to GELEX Electric. Concurrently, GELEX Electric split the segment of electric mea-

suring equipment to establish 100%-owned subsidiary: EMIC single shareholder LLC.

Business results of GELEX Electric’s member companies in 2018 are as follows:

Vietnam Electric Cable Corporation - CADIVI

CADIVI is the leading brand in electric wires and cables industry of Vietnam. CADIVI revenue in 2018 reached 8.546 billion VND, equivalent to 104.1% of plan, increasing 25% from 2017. Consolidated profit before tax was 531 billion VND, equivalent to 117% of plan and increased 29.39% from 2017. Excluding the revenue of Hanoi Plastics JSC, 2018 consolidated revenue was 8.072 billion VND while consolidated profit before tax was 495 billion VND, increasing respectively by 12% and 30% year on year.

In 2018, CADIVI completed Project of ROD copper production line and Project of continuous production line in casting and rolling aluminum with the same production of 20.000 ton per year; implemented project of Enhancing production capacity of electric wires and cables at CADIVI Central area. CADIVI also successfully sampled to launch 6 new products and improved technology for medium voltage cable production.

2018 Business result of CADIVI:

CADIVI	2017 Billion VND	2018 Billion VND	Growth %
Net Revenue	6,825	8,546	25%
Profit after tax	326	415	27%

In 2019, CADIVI sets the goal to foster Central and Northern areas, speed up sales in electricity industry, boost research and development of civil products with fire-retardation and renewable ones. Estimated revenue of CADIVI in 2019 is 8.900 billion VND and consolidated profit before tax is 479 billion VND.



Electrical Equipment JSC – THIBIDI

Distribution transformer product has affirmed its quality and reputation to customers. THIBIDI core strengths are product quality and after-sales services.

Business result of THIBIDI in 2018 are as follows:

THIBIDI	2017 Billion VND	2018 Billion VND	Growth %
Revenue	2,547	2,220	-13%
Profit after tax	321	277	-14%

In 2018, THIBIDI had to struggle with many difficulties from investment reduction of electricity industry and intensive competition from other companies in the same field. Despite the disadvantaged situation, THIBIDI had the sale revenue of transformer product reached 2.200 billion VND, equivalent to 87.14% of plan. Profit after tax was 241 billion VND, equivalent to 75% from 2017.

In 2018, THIBIDI successfully tested and manufactured short-circuit of transformer Amorphous 560kVA at KEMA laboratory in Netherlands. At the same time the company designed and put into production of transformer line to export to Cambodia as well as designed and successfully manufactured transformers to export to Australia. THIBIDI innovated technology of new high winding automatically upgrading to insulation (2 transformers) and applied many methods for material-saving and price-cutting.

In the same year, THIBIDI completed the acquisition of Dong Anh Electrical Equipment Corporation JSC and Dong Anh Electrical Equipment Manufacturing JSC to expand transmission transformer products in order to perfect electrical product set.

In 2019, THIBIDI sets the goal to achieve consolidated revenue at 2.900 billion VND and consolidated profit before tax at 280.5 billion VND.

Hanoi electromechanical Manufacturing JSC HEM and Vietnam - Hungary Electric Machine Manufacturing Corporation



HEM and VIHEM are the 2 long-standing brands in the Northern market of electric motors. Although, this industry has to face with fierce competition from Chinese products, HEM and VIHEM have made much effort to keep the market segments with high-standard requirements and OEM cus-

tomers. Besides, both HEM and VIHEM boost up repair service of generators and high-capacity electric motors. HEM has been selected to be the sole authorized service provider in Vietnam by big brands like SIEMENS, MITSUBISHI, TOSHIBA

Business result of HEM in 2018:

HEM	2017 Billion VND	2018 Billion VND	Growth %
Revenue	542	543	0%
Profit after tax	80	94	17.5%

In 2018, in order to restructure the enterprises in the same industry, HEM transferred the transformer production segment to THIBIDI – the specialized company in this sector of GELEX. Simultaneously, GELEX merged VIHEM and HEM to establish a sole company in spindle motor production and repair services.

In 2019, after the merger, HEM sets the business target to reach 650 billion VND of consolidated revenue and 100 billion VND of consolidated profit after tax.

Business results of VIHEM in 2018:

VIHEM	2017 Billion VND	2018 Billion VND	Growth %
Revenue	135	191	41%
Profit after tax	22	22	0%



EMIC

2018 witnessed the most difficult period of GELEC EMIC when requirements in technological standard for electric motor products, bidding method and especially discount policy have been significantly changed. The pressure from competition in the market of current transformers and voltage transformers was especially more aggressive. However, at the end of 2018, GELEX Emic endeavored to firmly retain market share with net revenue of 672 billion VND and profit after tax of 45 billion VND, equivalent to 79% and 33% respectively compared to 2017.

It is noted that EMIC is separated from GELEX Electric since October, 1st 2018 funded 150 billion VND by owner, equivalent to 40.7% of the previous one. The table below shows the business result of EMIC in 2018 which is accumulated from 9-month figures of GELEX Electric electrical measure trading and EMIC results in the last 3 months of 2018.

EMIC	2017 Billion VND	2018 Billion VND	Growth %
Revenue	855	672	-21%
Profit after tax	137	46	-66%



Dong Anh Electrical Equipment Corporation JSC

GELEX owns EEMC through Electrical Equipment JSC THIBIDI (24.95% of ownership). EEMC is the leading manufacturer of distribution transformers (110KV, 220KV and 500KV). EEMC is Vietnamese sole company being able to manufacture transformers with capacity from 220KV to 500KV. In 2018, although investment for electricity sector decreased, EEMC signed many high-valued and highly effective contracts such as: manufacturing and repairing transmission transformers 110 – 220kV; contract package of distribution transformer and several projects supplying material and equipment stations.

2018 business result as follows:

EEMC	2017 Billion VND	2018 Billion VND	Growth %
Revenue	2.509	2458	-2%
Profit after tax	105	102	-3%

GELEX ENERGY

Gelex Energy’s business result in 2018 was mentioned above in Infrastructure sector’s result. Gelex Energy plays the role as a company managing GELEX’s equity at Song Da Water JSC and Phu Thanh My JSC while others have been implementing the projects so the revenue and profit are still pending. The business results of 2 mentioned companies are detailed as follows:

Song Da Water JSC (SDW)

In 2018, total output of trading clean water reached 91.04 m3, revenue was 468 billion VND, equivalent to 101% of 2018 plan, increasing by 13% year on year. Profit after tax was 218 billion VND, increasing 29.9% from 2017

2018 Business result of SDW are as follows:

SDW	2017 Billion VND	2018 Billion VND	Growth %
Revenue	413	468	13%
Profit after tax of holding company	169	218	29%

In 2018, SDW invested in reservoirs and booster pumping station at Tay Mo area to increase 80.000m3 more than the current capacity per day night. Although booster pumping station and 6.4 – kilometer water pipeline have not been put into operation as expected, output and revenue still exceeded the plan thanks to increased consumed output from customers at Thang Long Avenue and co-operation of Viwasupco and other big partners such as Ha Dong Water JSC to invest and operate local booster pumping station of distribution transmission water pipeline. SDW has been planning to invest in the Plant at the Phase 2 in order to increase the total capacity to 600.000m3 per day night.

Phu Thanh My JSC

2018 Business result of Phu Thanh My:

PHU THANH MY JSC	2017 Billion VND	2018 Billion VND	Growth %
Revenue	262	189	-28%
Profit after tax of holdings company	87	-2.6	-103%

Song Bung 4A hydroelectricity project had the revenue reached 144.96 billion VND/ 249.2 billion VND of the plan. The reason of uncompleted expected plan was 2018 Elnino phenomenon’s effect leading to low rain rate decreasing the power generated. However, revenue of Phu Thanh My JSC was added from other sectors such as trading CADIVI electrical cables completing 75% of plan.

In 2019, due to existing weather effects, Phu Thanh My plans to achieve revenue of 237 billion VND and profit after tax of 19 billion VND.

GELEX LOGISTICS

GELEX Logistics was established on September 27th 2018, 100% owned by GELEX and currently GELEX Logistics owns 54.8% of Sotrans Holding while Sotrans Holdings wholly owns Sotran Logistics, indirectly owns 84.39% of Sowatco and 84% of Vietransimex. Business performance of mentioned companies is detailed as follows:

SOTRANS

In 2018, Sotrans carried out 2 functions of Logistics trading and subsidiaries’ equity management. Sotrans business result:

SOTRANS	2017 Billion VND	2018 Billion VND	Growth %
Revenue	890	998	12%
Profit after tax	287	182	-37%

In 2018, revenue increased by 12.1% year on year thanks to intensive increase of revenue coming from International Freight fees and petroleum retail price. Other current trading segments are being maintained stably and effectively.

Acquisited Sowatco’s equity at joint venture Kap-ple Land led to extraordinary profit contributing to Sotrans profit after tax in 2017.

SOWATCO

2018 Business result of Sowatco:

SOWATCO	2017 Billion VND	2018 Billion VND	Growth %
Revenue	182	250	37%
Profit after tax of holdings company	504	105	-79%

Sowatco revenue had a sharp increase in 2018 thanks to development of logistics trading and enhancement of port exploitation. Profit after enterprise income tax in 2018 decreased compared to the same period in 2017 as interests transferred from other long-term financial company was recorded in the first quarter of 2017.

Vietransimex

In 2018, Vietranstimex carried out transportation for many large projects such as Long Hau 1, Song Hau 1 thermal power plants, wind power projects in Central Highlands, solar power projects such as Ham Phu and Bim 1 , 3 ... 2018 revenue increased by 23% compared to 2017. However, in 2018, the level of competition in the transportation industry is very severe. Along with that, transportation was tightened by State agency, but it still occured many cases breaking law, making it difficult for enterprises to strictly implement . This makes production costs increase, profit margins decrease.

GELEX LAND

In 2017, GELEX Land was established and 100% owned by GELEX to develop real estate projects mostly focusing on hotels, offices, retails and industrial real estate.

In 2018, GELEX Land operations were:

- Consulting and refurbishing GELEX tower at 52 Le Dai Hanh street, Melia Hotel and HCO office building; re-arranging lessee, increasing revenue per m2, utilizing leasing floors
- Completing pre-feasibility research and development strategy of Tran Nguyen Han project, selecting design concept and completing legal procedures to start the project at the fourth quarter of 2019
- Completing basic design to start construction of CADIVI tower, evaluating and recommending economical options for 7 land zones of CADIVI
- Sowatco building: recommending development orientation, ways to better legal procedures and entire plan; giving requirements of design.

VIETRANSTIMEX	2017 Billion VND	2018 Billion VND	Growth %
Revenue	280	343	23%
Profit after tax of holdings company	17	6	-65%

In 2019, GELEX Land concentrates on consulting to optimize the value of Corporation real estate and develop projects to generate valued properties. Prime real estate projects in 2019 under GELEX Land consultation include:

- CADIVI Office Building: Starting the construction project at the second quarter of 2019
- Project at 10 Tran Nguyen Hoan street: Completing negotiation with 2 leading brands of hotel management to operate 2 new hotels of Hanoi Group. Starting construction of 2 hotels at fourth quarter of 2019
- Sowatco Office Building: Starting construction project at fourth quarter of 2019

As all the projects are being implemented, 2018 revenue and profit are insignificant.

INVESTMENT SITUATION

INVESTMENT IN SUBSIDIARIES AND JOINT FIRMS

In 2018, GELEX directly and indirectly through sub-holdings agencies, subsidiaries to invest and acquisite, in details:

- Increasing the ownership percentage of CADIVI from 79.76% to 91.64%
- Establishing EMIC with chartered capital of 150 billion VND
- Completing acquisition of 24.95% from EEMC

- Completing acquisition of 51% from MEE
- Totally divesting at K.I.P Vietnam
- Increasing the ownership percentage of SDW to 60.46%
- Establishing GELEX Energy Quang Tri with chartered capital of 30 billion VND
- Completing acquisition of 84.62% from Huong Phung Wind Power JSC.

INVESTMENT IN PROJECTS

Currently, GELEX Energy - a GELEX member company is conducting these following projects:

Song Da Clean water project period 2

Song Da Clean water project period 2 increases the capacity of supplied clean water to 600.000 m3 per day night for Song Da Water plant under Song Da Water Investment JSC. The project includes 2 phases

- Phase 1: Investment of Reservoirs, booster pumping stations and 6.4-kilometer water pipeline at Tay Mo area, Ha Noi, increasing additional capacity of 800.000 m3 per day night to the current one.
- Phase 2: Investment in Plant, phase 2 distribution pipeline, raising the total capacity of Song Da Water plant to 600.000 m3 per day night.

At the moment, Project is on schedule of Phase 1, 2018 result is detailed as follows:

- Water pipeline: Completing the installation of steel pipeline
- Testing pressure, adapter, discharge, antisepsis that are implanting and expected to complete on January 31st 2019.
- Pumping station: basically completed
- Reservoir: Completed construction and waterproofing as well as pressure test, sanitation and completion.
- Transformer: Completed
- Clo station: in progress to complete electricity equipment system, internal road, gate and fence and surrounding scenery.

Ninh Thuan Gelex solar power plant project

Ninh Thuan Gelex solar power plant project has the capacity of 49MW located at Thuan Nam District, Ninh Thuan province. 2019 progress is detailed as follows:

Construction and installation are guaranteed to be on schedule indicated in EPC contract, in details as follows:

- Completing 52% of construction work of foundation, panel bracket, earth wire, ect
- Completing 16% of construction work of Inverter station
- Completing 5% of AC and information cables
- Completing 53% of construction work of Transformer with capacity of 110KV
- Completing 52% of construction work of Control station and weather base

Target is completing and generating power in June 2019

Promoting projects

GELEX Energy is promoting other projects including:

- GELEX Wind power 1,2,3 in Quang Tri with total capacity of 90MW
- Huong Phung Wind power 2 with total capacity of 20MW
- Huong Phung Wind power 3with total capacity of 30MW
- Binh Phuoc solar power with total capacity of 416 MWp

Canan Hydroelectricity project 1,2

Canan Hydroelectricity project 2 is invested by SCI Nghe An and 49% owned by GELEX Energy. The project has 2 plants with respective capacity of 7MW and 16 MW for Canan 1 and Canan 2. Project implementation is detailed as follows:

Completing hydro-electricity project Canan 2 and entering the electricity grid

Canan Hydroelectricity project 1

- Completing construction of adapters
- Completing kennel system
- Completing construction of valve station and surge tank
- Completing pressure pipeline
- Completing construction of hydro-electricity plant, discharge waterway and OPY station
- Completing 50% of equipment transporting to construction site (without power generator and plant’s electrical equipment)

Expected time to generate power is at the beginning of second quarter of 2019.



FINANCIAL SITUATION

MAIN FINANCIAL RATIO IN 2018	2017	2018
1. Liquidity ratio		
Current ratio	1.56	1.19
Quick ratio	1.17	0.88
2. Leverage ratio		
Total Liabilities/ Total assets	0.55	0.54
Total Liabilities/ Shareholder's equity	1.24	1.17
3. Efficiency ratio		
Inventory turnover ratio		
Cost of goods sold/ Average inventory		5.80
4. Profitability		
Gross profit/ Net sales	0.08	0.09
Net income/ Shareholder's equity	0.19	0.18
Net income/ Total assets	0.08	0.08
Opearting income/ Net sales	0.09	0.11



ORGANIZATION AND HUMAN RESOURCES

Executive Board

NO.	FULL NAME	Position	Ownership percentage of voting shares
1	Mr. Nguyen Van Tuan	CEO	Individual Ownership: 0%
2	Mr. Nguyen Trong Tieu	Managing Director (*)	Individual Ownership: 0.016%
3	Mr. Pham Tuan Anh	General Accountant	Individual Ownership: 0,004%

(*) Appointed at March 8, 2019

Changes in Executive Board: None

Employees: By December 31st 2018, there are 4.152 employees in total working in the Corporation; increasing 342 people because of demand of new product development in Electrical Equipment sector, development of renewable energy projects and improvement of freight capability in Logistics sector.

All employees signed Labor contracts and had all responsibilities fully fulfilled by the Corporation according to laws.

SHAREHOLDER STRUCTURE

As of December, 31st 2018, GELEX's stock situation is detailed as follows:

Corporation's Charter capital:	4,065,600,000,000 VND
Listed stocks volume:	406,560,000 stocks
Outstanding stocks volume:	406,560,000 stocks
Treasury stocks:	0
Par value share:	10.000 VND

SHAREHOLDER STRUCTURE

SHAREHOLDER GROUP CRITERIA	4/5/2017			17/8/2018			4/1/2019		
	Number of share-holders	Number of shares	%	Number of share-holders	Number of shares	%	Number of share-holders	Number of shares	%
Leading shareholders	1	53,775,200	23.18%	3	136,510,297	33.58%	1	77,851,236	19.15%
Other shareholders									
Domestic	1,265	161,919,350	69.79%	2,555	224,974,101	55.34%	3,793	265,962,264	65.42%
Individuals	1,229	104,579,083	45.08%	2,507	134,493,523	33.08%	3,730	140,706,097	34.61%
Organizations	36	57,340,267	24.72%	48	90,480,578	22.26%	63	125,256,167	30.81%
Overseas	18	15,805,450	6.81%	89	45,075,602	11.09%	120	62,746,500	15.43%
Individuals	5	55,000	0.02%	45	151,992	0.04%	70	191,832	0.05%
Organizations	13	15,750,450	6.79%	44	44,923,610	11.05%	50	62,554,668	15.39%
Treasury stocks	1	500,000	0.22%	0	0	0.00%	0	0	0.00%
Total	1,285	232,000,000	100.00%	2,647	406,560,000	100.00%	3,914	406,560,000	100.00%

PROCESS OF CHARTERED CAPITAL RASING

CAPITAL RAISING STAGES	ISSUING METHODS	TARGET SUBJECTS	CHARTERED CAPITAL BEFORE ISSUING (billion VND)	MOBILIZED CAPITAL FROM ISSUING (billion VND)	CHARTERED CAPITAL AFTER ISSUING (billion VND)
Equitization					1,400
August 2015	Issuing solely for VietCapital Securities	VietCapital Securities	1,400	150	1,550
January 2017	Issuing for Existing shareholders	Existing shareholders	1,550	770	2,320
July 2017	Issusing to raise chartered capital from equity capital	Existing shareholders	2,668	720	2,668
July 2018	Issuing to raise capital for warrant transfer	Warrant owners	3,388	677,6	3,388
August 2018	Issusing to raise chartered capital from equity capital	Existing shareholders	(63,694)	67,760	4,066.5



05

REPORT OF BOARD OF DIRECTORS

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BOARD ASSESSMENT IN TERMS OF PERFORMANCE

Due to domestic economic growth in 2018, Corporation's businesses such as electrical equipment, civil electric cables, and logistics has benefited from favorable conditions. However, due to State's policy to tighten public investment, specifically a decrease in investment from EVN, product lines provided for EVN such as transformers and electric measure equipment has been affected.

According to the plan approved at annual Shareholder meetings in 2018, Corporation's consolidated revenue is 13,699 billion VND to be equivalent to 91.1% of the plan, increasing by 13.3% year on year. Profit before tax reaches 1.534 billion VND to be equivalent to 84.3% of the plan, increasing by 34% from 2017.



INDUSTRIAL PRODUCTION – ELECTRICAL EQUIPMENT SECTOR

Although the target spending of electricity industry decreased in 2018 and market competition was more fierce, business and production performance of this sector had witnessed growth at 8.7% in terms of net revenue (11,312 billion VND and 10,419 billion VND respectively in 2018 and 2017), gross profit reached at 1,559 billion VND to be equivalent with 2017 results, in which CADIVI electrical wires and cables had a strong growth.

UTILITIES SECTOR (POWER AND WATER)

In 2018, total output of trading clean water reached at 91.04 million m³; the sector's revenue reached 468 billion VND to be equivalent to 101% of 2018 plan, increasing 13% from 2017. Profit after tax was 218 billion VND, increasing by 29% year on year. Regarding power production, 2018 revenue of Song Bung 4A was 152.7 billion VND to be equivalent to 61.27% of the plan. The reason was El Niño phenomenon's affect in 2018 leading to low rain rate, decreasing the amount of power generated. Other power generations were on schedule.



LOGISTICS SECTOR

In the past year, Corporation restructured Logistics sector by establishing GELEX Logistics (100% owned by GELEX), being a business unit to manage GELEX investments into Logistics sector; concurrently separating the function of fund management and logistics business at Sotrans, relocating business operation to appropriate units. Business result of Logistics sector in 2018 are indicated as following: total revenue increased by 21% year on year and exceed 6.3% compared to 2018 plan. Corporation's profit after enterprise income tax in 2018 decreased compared to the same period last year as in 2017, interest from subsidiary transfer was recorded: Southern Water Company (SWC) liquidated an investment in the joint venture of Kapple-Land at the first quarter of 2017.

REAL ESTATE SECTOR

In 2018, the Corporation refurbished leasing real estate to utilize leasing floors and increase the revenue per m². Simultaneously, projects utilizing Corporation's land fund have been deployed according to schedule.

OTHER SECTORS

In 2018, GELEX kept perfecting business model towards restructuring plan approved by General Shareholder meetings. GELEX established 4 key sub-holdings for its 4 main businesses: Manufacturing, Utilities (Power, Water), Logistics and Real Estate. This would be GELEX's basis to develop business operations. At the same time, GELEX continued to improve its Holdings company to be an effective and professional model.

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

After a challenged year, Board of Directors highly appreciate the efforts of Board of Management to carry out GELEX's business plan in 2018. The CEO and Executive Board accomplished their roles with timely and flexible solutions. Their execution were also according to direction and guideline of Board of Directors, leading to aforementioned business results.

GELEX's CEO and Executive Board complied with regulations regarding their rights, function and responsibilities as well as Resolution of general Shareholders meeting and Board of Directors. Execution also satisfied the best practice of management to ensure the benefits of shareholders and employees. Company announcement has been carried out fully, timely and according to the law.

PLAN AND DIRECTION OF BOARD OF GENERAL DIRECTORS

In order to achieve the target in Revenue and Profit, Board of Directors sets general guidelines as following:

- Executing truly as a Holding company, being a central unit with concentrated strengths in management and support all units entirely in terms of finance, legal, project management, IT, and others. The holding company must facilitate the best conditions for all units' businesses and production.
- Fostering the advantages of the restructure of electrical equipment sector and Logistics to develop an united strength and affirm the GELEX brand
- Seeking and investing into potential sectors such as infrastructure, renewable energy (including solar and wind power). Boosting investment for clean water production as well as supplying them to manufacturing and household consumption. This sector has been considered to be potential with high demand in the context of national economic growth.
- Closely controlling and actively supporting subsidiaries' operations to improve the efficiency of GELEX's investment
- Applying technology application in management, actively enhancing management capability
- Building medium and long-term business strategy for every sector of GELEX
- Emphasizing on trainings and human resource development to meet the needs of Corporation's development.





06

CORPORATE GOVERNANCE

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BOARD OF DIRECTORS

MEMBERS AND STRUCTURE OF THE BOARD

The Board of Directors 2016 - 2020 includes 6 members and had a change in 2018 with the participation of Ms. Do Thi Phuong Lan from April 27, 2018.

List members of the board:

No.	Names	Positions	Proportion of share ownership
1	Mr. Nguyen Van Tuan	Chairman and General Director	Personal ownership: 0%
2	Mr. Nguyen Hoa Cuong	Member	Personal ownership: 0%
3	Mr. Nguyen Trong Tieu	Member	Personal ownership: 0,016 % (64.170 shares)
4	Mr. Vo Anh Linh	Member	Personal ownership: 0%
5	Ms. Nguyen Thi Bich Ngoc	Member	Personal ownership: 0%
6	Ms. Do Thi Phuong Lan	Member	Personal ownership: 0%

(*) The amount of stock owned by 31/12/2018

SUBCOMMITTEES

The Board of Directors of the Corporation does not set up sub-committees.

BOARD'S ACTIVITIES

Board's meetings

Board of Directors quarterly held the meetings to assess the Corporation's operation performance and discuss strategic development, business and production plans, dividend disbursement policies and other important issues. Extraordinary meetings are normally held in necessary cases.

In 2018, the Board of Directors held ten (10) meetings of the Board, issued 40 Resolutions, 27 Decisions in accordance with the authority specified in the Charter and internal management regulations of the Corporation. The content of the Resolutions and Decisions of the Board of Directors are approved with 100% con-

sensus of the attending members and is issued in a valid manner, in accordance with authority. The Board of Directors regularly supervises the Executive Board in implementing the Resolution of the General Meeting of Shareholders and Resolutions and Decisions of the Board of Directors. Board of Directors properly completed its function, mission complying with the laws, regulations organization and activity of the total company, resolution of the General Assembly shareholders.

The BOD has operated in accordance with functions and duties, complied with the provisions of law, the Organization and Operation Charter of the Corporation, and the Resolution of the General Meeting of Shareholders.

Members of the Board of Directors directly attended the Board meetings and voted, specifically as follows

No.	Name	Position	Number of meetings paritcipated	Attendance rate
1	Mr. Nguyen Van Tuan	Chairman and General Director	10/10	100%
2	Mr. Nguyen Hoa Cuong	Member	10/10	100%
3	Mr. Nguyen Trong Tieu	Member	10/10	100%
4	Mr. Vo Anh Linh	Member	10/10	100%
5	Ms. Nguyen Thi Bich Ngoc	Member	10/10	100%
6	Ms. Do Thi Phuong Lan	Member	07/07	100%

RESOLUTIONS / DECISIONS OF THE BOARD OF DIRECTORS IN 2018

No.	Number of Resolutions / Decisions	Date	Content
1	01/2018/GELEX/Res-BOD	03/01/2018	Approving a number of reports and statements
2	01/2018/GELEX/Dec- BOD	03/01/2018	About changing the position of Chairman of the Board of Directors
3	02/2018/GELEX/ Dec - BOD	03/01/2018	Adopting the policy of structuring external investments
4	03/2018/GELEX/Dec- BOD	03/01/2018	Regarding centralized trading of main materials for production and business activities
5	04/2018/GELEX/Dec- BOD	03/01/2018	Approving the Revision of the Corporation's organization chart
6	05/2018/GELEX/Dec- BOD	04/01/2018	Regarding the assignment of members of the Board of Directors
7	06/2018/GELEX/Dec- BOD	04/01/2018	Regarding the regulation of salary for full-time Board members
8	02/2018/GELEX/NQ-HDQT	08/01/2018	Regarding the adjustment of GEX stock reference price at the HCMC Stock Exchange on the first trading day
9	03/2018/GELEX/Res- BOD	08/01/2018	Regarding the adjustment of GEX stock reference price at the HCMC Stock on the first trading day

No.	Number of Resolutions / Decisions	Date	Content
10	04/2018/GELEX/Res- BOD	08/03/2018	Appointment of the person in charge of corporation governance
11	05.1/2018/GELEX/Res- BOD	08/03/2018	Approving some statements
12	07/2018/GELEX/Dec- BOD	08/03/2018	About the business plan for 2018
13	08/2018/GELEX/Dec- BOD	08/03/2018	Regarding the selling stocks at K.I.P Vietnam Joint Stock Company
14	09/2018/GELEX/Dec- BOD	08/03/2018	About 2017 dividend dibursement and stock issue to increase stock equity from owner's equity
15	10/2018/GELEX/Dec- BOD	08/03/2018	About 2018 corporate bond issuane
16	11/2018/TBĐVN/Dec- BOD	08/03/2018	Regarding the appointment of CEO of Vietnam Electrical Equipment Corporation
17	05/2018/GELEX/Res- BOD	16/03/2018	Approving the plan for organizing the 2018 GELEX Annual General Meeting
18	12/2018/GELEX/Dec- BOD	30/03/2018	Approving transactions of a one member liability limited Company under GELEX
19	06/2018/GELEX/Res- BOD	11/04/2018	Approving a number of reports and statements
20	07/2018/GELEX/Res- BOD	20/04/2018	Approving a number of reports and statements
21	09/2018/GELEX/Res- BOD	14/05/2018	Adopting the plan to issue warrant under Resolution of 2016 extraordinary General Meeting of Shareholders
22	10/2018/GELEX/Res- BOD	23/05/2018	Implementing the restructuring plan according to the Resolution of the 2018 Annual General Meeting of Shareholders
23	10-1/2018/GELEX/Res- BOD	23/05/2018	Borrowing working capital at a member company's bank
24	11/2018/GELEX/Res- BOD	31/05/2018	Approving a number of reports and statements
25	12/2018/GELEX/Res- BOD	13/06/2018	Regarding mortgage / collateral of CAV, THI and HEM shares for bondholders

No.	Number of Resolutions / Decisions	Date	Content
26	13/2018/GELEX/Res- BOD	21/06/2018	About Increasing the charter capital of GELEX Energy One Member Company Limited
27	13-1/2018/GELEX/NQ-HĐQT	28/06/2018	Borrowing working capital at member company's bank
28	14/2018/GELEX/Res- BOD	28/06/2018	About the result of issuing shares to implement the first warrant
29	14.1/2018/GELEX/Res- BOD	29/06/2018	About the selection of audit units for the fiscal year 2018
30	15/2018/GELEX/Res- BOD	09/07/2018	About changing the content of business registration
31	16/2018/GELEX/Res- BOD	17/07/2018	Regarding the amendment of the document of issuing bonds with warrant for the first term in 2016
32	17/2018/GELEX/Res- BOD	17/07/2018	Regarding the plan to issue shares to increase stock equity I from owner's equity
33	18/2018/GELEX/Res- BOD	20/07/2018	About appointing a representative to manage GELEX ELECTRIC's contributed equity in member companies
34	19/2018/GELEX/Res- BOD	24/07/2018	On loan for GELEX Electrical Equipment Co., Ltd.
35	20/2018/GELEX/Res- BOD	30/07/2018	Borrowing working capital at GELEX ELECTRIC bank
36	21/2018/GELEX/Res- BOD	07/08/2018	Paying 2017 dividends in cash and the last registration date to exercise the right to issue shares to increase stock equity from owner's equity
37	22/2018/GELEX/Res- BOD	17/08/2018	Approving the plan to complete acquisition to increase ownership in the same industry
38	23/2018/GELEX/Res- BOD	22/08/2018	Approving the plan to handle odd shares arising due to rounding down to the unit in the issuance of shares to increase share capital from NVCS
39	24/2018/GELEX/Res-BOD	23/08/2018	Approval of the result of issuing shares to increase stock equity from owner's equity
40	25/2018/GELEX/Res- BOD	30/08/2018	Approving a number of reports and statements
41	16/2018/GELEX/Dec- BOD	31/08/2018	About Change of authorized representative of GELEX at GELEX ELECTRIC

No.	Number of Resolutions / Decisions	Date	Content
42	17/2018/GELEX/Dec- BOD	31/08/2018	About changing members of the Board of Members of GELEX Electrical Equipment Company Limited
43	18/2018/GELEX/Dec- BOD	31/08/2018	Regarding the appointment of members of the Board of Members of GELEX Electrical Equipment Company Limited
44	19/2018/GELEX/Dec- BOD	31/08/2018	On the appointment of the Vice Chairman of the Board of Directors of the Corporation
45	20/2018/GELEX/Dec- BOD	31/08/2018	On the appointment of the Vice Chairman of the Board of Directors of the Corporation
46	21/2018/GELEX/Dec- BOD	31/08/2018	Regarding the appointment of the Secretary of the Board
47	22/2018/GELEX/Dec- BOD	31/08/2018	Regarding the approval of establishing Electrical Measuring Equipment Co., Ltd. owned by GELEX Electrical Equipment Co., Ltd.
48	23/2018/GELEX/Dec- BOD	31/08/2018	Approving the policy of establishing Gelex Logistics Company Limited and authorizing the General Director to decide the establishment and related issues
49	24/2018/GELEX/Dec- BOD	31/08/2018	On assigning tasks for full-time members of the Board of Directors
50	26/2018/GELEX/Res- BOD	12/09/2018	About changing the content of business registration
51	24-1/2018/GELEX/Res- BOD	26/09/2018	Regarding the supervisor appointment of GELEX Electrical Equipment Co., Ltd.
52	27/2018/GELEX/Res- BOD	24/09/2018	Approving documents of representatives at HEM on some guidelines at HEM and VIHEM
53	26-1/2018/GELEX/Res- BOD	26/09/2018	Regarding amendments and supplements to the Charter and addition of GELEX ELECTRIC Supervisors
54	28/2018/GELEX/Res- BOD	25/10/2018	Approval of arising transactions with related companies in 2018
55	28-1/2018/GELEX/Res- BOD	26/10/2018	About Gelex Land to invest in the Project

No.	Number of Resolutions / Decisions	Date	Content
56	29/2018/GELEX/Res- BOD	16/11/2018	Regarding the dismissal and appointment of the position of Chairman and CEO and the legal representative of Gelex logistics
57	25/2018/GELEX/Dec- BOD	16/11/2018	Regarding the position of Chairman and CEO and the legal representative of Gelex Logistics
58	30/2018/GELEX/Res- BOD	20/12/2018	About the adoption of material procurement and logistics services with related people in 2019
59	31/2018/GELEX/Res- BOD	20/12/2018	GELEX guarantees for member companies
60	32/2018/GELEX/Res- BOD	20/12/2018	Approve the change of management structuring at GELEX Energy Company Limited
61	33/2018/GELEX/Dec- BOD	20/12/2018	Approve the change in number of member of GELEX ELECTRIC's Board of Members and some other related contents
62	26/2018/GELEX/Dec- BOD	20/12/2018	Regarding the appointment of members of the Board of Members of GELEX Electrical Equipment Company Limited
63	27/2018/GELEX/Dec- BOD	20/12/2018	Regarding the appointment of members of the Board of Members of GELEX Electrical Equipment Company Limited
64	28/2018/GELEX/Dec- BOD	20/12/2018	Regarding the appointment of members of the Board of Members of GELEX Electrical Equipment Company Limited
65	34/2018/GELEX/Res- BOD	20/12/2018	Approve the organizational chart of GELEX Electrical Equipment Company Limited
66	35/2018/GELEX/Res- BOD	20/12/2018	Approve the modification of GELEX organizational chart
67	36/2018/GELEX/Res- BOD	20/12/2018	Payment of remuneration for Members of the Board of Directors, Supervisory Board, Secretary of the Corporation from 5/2018

THE SUPERVISORY BOARD

MEMBERS AND STRUCTURE

The current Supervisory Board consists of three (03) members:

No.	Name	Position	Start date/End date	Ownership percentage of shares with voting rights
1	Ms. Le Thi Hong Linh	Head of SB	Start date 27/04/2018	Individual ownership: 0
2	Ms. Pham Thi My Ha	Member	Start date April 25th 2017	Individual ownership: 0.007% (27,600 shares)
3	Ms. Pham Thi Minh Cuc	Member	Start date April 25th 2017	Individual ownership: 0
4	Ms. Nguyen Thi Thanh Yen	Head of SB	Start date: 15/9/2016 End date: 27/04/2018	Individual ownership: 0



THE BIOGRAPHY OF THE SUPERVISORY BOARD MEMBERS

MS. LE THI HONG LINH

Head of Supervisory Board

Education: Bachelor of Economics

Work experience:

- 2010-2013: Head of Supervisory Board of VN Direct Securities Joint Stock Company, Chief Accountant of IPA Group
- 2014: Chief Financial Officer - IB Securities Joint Stock Company
- 2015: Deputy General Director - Wall Street Securities Joint Stock Company
- 2016: Deputy CEO in charge of finance - Thang Long Aviation Services Joint Stock Company

MS. PHAM THI MINH CUC

Member of Supervisory Board

Education: Bachelor of Business Accounting

Work experience:

- April 2014 - now: Head of Supervisory Board - Hanoi Electromechanical Manufacturing Joint Stock Company
- 01/2017 - now: Chief Accountant - GELEX Energy Company Limited
- 02/2017 - now: Head of Supervisory Board - Phu Thanh My Joint Stock Company
- 09/2017 - now: Head of Supervisory Board - GELEX Construction Investment Joint Stock Company

MS. PHAM THI MY HA

Member of Supervisory Board

Education: Master of International Accounting (MIA) / Australian Public Accountant (CPA Australia)

Work experience:

- 2003-2010: Finance Director - Melia Hanoi Hotel
- 2009-present: Secretary of the Board of Directors of SAS Company - CTAMAD
- 2011-present: Deputy General Director in charge of Finance - Melia Hanoi Hotel

MS. NGUYEN THI THANH YEN

Member of Supervisory Board

Education: Bachelor of Economics

Work experience:

- 8/2010 - 5/2015: Deputy Manager of Finance Accounting - Hanoi Electromechanical Manufacturing Joint Stock Company
- 11/2010 - 03/2016: Head of Supervisory Board - Vietnam Electrical Equipment Joint Stock Corporation
- 09 / 2016- 04/2018: Head of Supervisory Board - Vietnam Electrical Equipment Joint Stock Corporation
- 04 / 2014- 09/2016: Member of the BOD - Hanoi Electromechanical Manufacturing Joint Stock Company
- June 2015 - now: Chief Accountant - CTCP Hanoi Electromechanical Manufacturing Company



| SUPERVISORY BOARD'S ACTIVITIES

The operation of 2018 of the Supervisory Board includes the following main contents:

In 2018, complying with the Enterprise Law, the Organization and Operation Charter of the Corporation, the Supervisory Board held quarterly gathered meetings or meetings through mobile phones or emails to inspect and supervise the management and administration of all activities of the Corporation. Details as follows:

- Checking the reasonableness and legality in managing and operating the Corporation;
- Checking the order, procedures and authority to issue Resolutions and Decisions of the Board of Management and the Board of Directors in accordance with the provisions of the Law and the Charter of the Corporation;
- Appraising the completeness, legality and honesty of the quarterly financial statements, semi-annual financial statements and financial statements of 2018;

In 2018, the Supervisory Board did not receive any requests or complaints from shareholders about the operation of the Corporation.

The coordination between the Supervisory Board and the Board of Directors, the Board of Management and other managers

The Supervisory Board has closely coordinated with the Board of Directors, the Board of Management and functional departments in inspection and supervision while still maintaining its independence in the performance of its responsibilities. mission of the Board. The Supervisory Board is provided with all information and documents on the meetings of the Board of Directors in accordance with the Enterprise Law, the Organization and Operation Charter of the Corporation and is fully provided with other information and documents related to the operation of the Corporation.

TRANSACTIONS, SALARY AND THE ACCOUNT BENEFITS OF THE BOARD, THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD

| WAGES, REWARD, SALARY, OTHER BENEFITS

The Board of Directors

No.	Name	Position	Wage	Reward	Remuneration	Total
1	Mr. Nguyen Van Tuan	Chairman and General Director	73%	17%	10%	100%
2	Mr. Nguyen Hoa Cuong	Member	-	72%	28%	100%
3	Mr. Nguyen Trong Tieu	Member	-	52%	48%	100%
4	Mr. Vo Anh Linh	Member	71%	15%	14%	100%
5	Ms. Nguyen Thi Bich Ngoc	Member	-	52%	48%	100%
6	Ms. Do Thi Phuong Lan	Member	-	48%	52%	100%

The Supervisory board (SB)

No.	Name	Position	Wage	Reward	Remuneration	Total
1	Ms. Le Thi Hong Linh	Head of SB	75%	1%	24%	100%
2	Ms. Pham Thi My Ha	Member	-	33%	67%	100%
3	Ms. Pham Thi Kim Cuc	Member	-	33%	67%	100%
4	Ms. Nguyen Thi Thanh Yen	Head of SB	-	38%	62%	100%

Total salary for the Board of Directors and the Supervisory Board in 2018 is **1,222,000,000**

TRANSACTIONS BETWEEN COMPANIES AND RELATED PERSONS OF THE COMPANY; OR BETWEEN A COMPANY WITH A MAJOR SHAREHOLDER, AN INTERNAL PERSON, A RELATED PERSON OF AN INTERNAL PERSON

NO.	NAME OF ORGANIZATION / INDIVIDUAL	THE RELATIONSHIP ASSOCIATED WITH THE COMPANY	PAPER OWNERSHIP NO., DATE OF ISSUE, PLACE OF ISSUE	HEAD OFFICE ADDRESS / CONTACT ADDRESS	TRANSACTION TIME WITH THE COMPANY	NUMBER OF RESOLUTION / DECISION OF THE GENERAL MEETING OF SHAREHOLDERS / BOARD ... PASSED (IF YES, SPECIFY THE DATE OF ISSUE)	NUMBER AND PERCENTAGE OF SHARES HELD AFTER THE TRANSACTION	NOTE
1	Vietnam Electric Cable Joint Stock Company (CADIVI)	Indirect subsidiary - Organization related to the Chairman of the Board of Directors and General Director	0300381564, issued on June 19, 2017, at the level of Department of Planning and Investment of Ho Chi Minh City	70 -72 Nam Ky Khoi Nghia, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City	2018	In 2018 08 / GELEX / NQ-DHDCD dated April 27, 2018 and 03/2018 / GELEX / QD-HDQT dated January 3, 2018		CADIVI buys GELEX materials
2	Electrical equipment joint stock company (THIBIDI)	Indirect subsidiary - Organization related to Board member	3600253826, December 19, 2016, at the level of Dong Nai Department of Planning and Investment	Bien Hoa Industrial Zone 1, Road No. 9 , An Binh Ward, Bien Hoa City, Dong Nai Province,	2018	2018 08 / GELEX / NQ-DHDCD dated April 27, 2018 and 03/2018 / GELEX / QD-HDQT dated January 3,		THIBIDI buys materials of GELEX
3	GELEX Electrical Equipment Co., Ltd. (GELEX ELECTRIC)	Subsidiary - Organization related to the Chairman of the Board of Directors and Member of the Board of Directors	0107547109, issued on 01/09/2016, at the level of Department of Planning and Investment of Hanoi City,	Floor 23, building GELEX, No. 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi City	2018	08 / GELEX / NQ-DHDCD dated April 27, 2018 and 03/2018 / GELEX / QD-HDQT dated 03/3 01/2018		GELEX buys, sells goods, provides services and loans GELEX ELECTRIC
4	Hanoi Electromechanical Manufacturing Joint Stock Company (HEM)	Indirect subsidiary - Organization related to Member of the Board of Directors	0100100456, 01/06/2017 date, at the level of Department of Planning and Investment of Hanoi City	Km12 Cau Dien Street - Phuc Dien Ward - Bac Tu Liem District - Hanoi	2018	08 / GELEX / NQ-DHDCD dated April 27, 2018 and 03/2018 / GELEX / QD-HDQT dated January 3, 2018		GELEX sells materials, supply HEM services and loans
5	Vietnam Hungary Electric Machine Manufacturing Joint Stock Company (VIHEM)	Indirect subsidiary - The organization related to Chief Accountant	0100101925, date of issue July 21, 2015, at the level of Hanoi Department of Planning and Investment.	Dong Anh - Dong Anh District - Hanoi	2018	08 / GELEX / NQ-DHDCD dated April 27, 2018 and 03/2018 / GELEX / QD-HDQT dated 03/01/2018		GELEX sells materials to VIHEM
6	GELEX Energy One Member Limited Company	Organization related to the Chairman of the Board of Directors and Member of the Board of Directors	0107652657, the date of 15/05/2016, at the level of the Department of Planning and Investment of Hanoi City	17th Floor, No. 52, Street Le Dai Hanh, P. Le Dai Hanh, Hai Ba Trung, Hanoi,	2018	2018 08 / GELEX / NQ-DHDCD dated April 27, 2018 and 03/2018 / GELEX / QD-HDQT dated January 3, 2018		GELEX sells goods, service provision and lending Energy GELEX

NO.	NAME OF ORGANIZATION / INDIVIDUAL	THE RELATIONSHIP ASSOCIATED WITH THE COMPANY	PAPER OWNERSHIP NO., DATE OF ISSUE, PLACE OF ISSUE	HEAD OFFICE ADDRESS / CONTACT ADDRESS	TRANSACTION TIME WITH THE COMPANY	NUMBER OF RESOLUTION / DECISION OF THE GENERAL MEETING OF SHAREHOLDERS / BOARD ... PASSED (IF YES, SPECIFY THE DATE OF ISSUE)	NUMBER AND PERCENTAGE OF SHARES HELD AFTER THE TRANSACTION	NOTE
7	Southern Logistics Joint Stock Company (SOTRANS)	Indirect subsidiary - Organization related to the Chairman of the Board of Directors	0300645369, issued on 12/13/2016, at the level of Department of Planning and Investment of Ho Chi Minh City	1B Hoang Dieu, District 4 , TP. Ho Chi Minh City	2018	088 08 / GELEX / NQ-DHDCĐ dated April 27, 2018 and 03/2018 / GELEX / QD-HDQT dated January 3, 2018		SOTRANS provides services for GELEX
8	Gelex Land Company Limited	Subsidiary - Organization related to Member of Board of Directors	0107919237, issued on 12/07/2017, at the level of Hanoi Department of Planning and Investment	No. 52 Le Dai Hanh Street, Le Dai Hanh Ward, District Hai Ms. Trung, Hanoi City	2018	08 / GELEX / NQ-ĐHĐCĐ dated April 27, 2018 and 03/2018 / GELEX / QD-HĐQT dated 03/01/2018		GELEX LAND provides services for GELEX, GELEX provides GELEX LAND goods and loans
9	Indirect Electrical EMIC Electrical Devices Co., Ltd	Organization related to Member of the Board of Directors	0108453005, issued on 01/10/2018, at the level of the Department of Planning and Investment of Hanoi City	Floor 23, GELEX building, No. 52 Street Le Dai Hanh, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi City	2018	08 / GELEX / NQ-ĐHĐCĐ dated April 27, 2018 and 03/2018 / GELEX / QD-HĐQT dated January 3, 2018		GELEX sells materials and service provision for EMIC

TRANSACTIONS BETWEEN THE COMPANY AND THE COMPANY
that the members of the Board of Directors, the Supervisory Board, the Director (General Director) administer have been founding members or members of the Board of Directors, the Director (General Director). executing during the last three (03) years (calculated at the time of making the report).

NO.	NAME	RELATIONSHIP RELATED TO THE COMPANY	TRANSACTION CONTENT
1	Vietnam Electric Cable Joint Stock Company (CADIVI)	Indirect subsidiary - an organization related to Chairman and CEO	GELEX sells materials to CADIVI
2	Electrical Equipment Joint Stock Company (THIBIDI)	Indirect subsidiary - Organization related to GELEX Board Member	to sell materials to THIBIDI
3	GELEX ELECTRIC EQUIPMENT CO., LTD (GELEX ELECTRIC)	Subsidiary - Organization related to Chairman of Board of Directors and member of GELEX Board of Directors	to buy, sell goods, provide services and loans GELEX ELECTRIC
4	Hanoi Electromechanical Manufacturing Joint Stock Company (HEM)	Indirect subsidiary - Organization related to GELEX Board member	to sell materials, provide services and loan capital to HEM
5	GELEX Energy One Member Co., Ltd.	Organization related to Chairman of the Board of Directors and Member of GELEX Board of Directors	to sell goods, provide services and lend capital Energy GELEX
6	Vietnam - Hungary Electric Machine Manufacturing Joint Stock Company	Indirect subsidiary - An organization related to Chief Accountant	GELEX supplying goods to VIHEM
7	Gelex Land Limited Company	Subsidiary - Organization related to GELEX Board Member	LAND provides services for GELEX, GELEX supplies goods and GELEX LAND loans
8	EMIC Electrical Measuring Equipment Co., Ltd	Indirect subsidiary - Organization related to GELEX Board member	providing services and selling materials to EMIC
9	Southern Logistics Joint Stock Company (SOTRANS)	Indirect subsidiary - Organization related to the Chairman of SOTRANS Board of Directors	providing services to GELEX



TRANSACTIONS BETWEEN THE COMPANY AND THE COMPANY

to which the related persons of the members of the Board of Directors, members of the Supervisory Board, CEO are the members of the Board of Directors,CEO.

In 2018, Vietnam Electrical Equipment Corporation (GELEX) had some transactions with IB Securities Joint Stock Company (IBSC) as follows:

- GELEX provides office rental services for IBSC;
- GELEX and IBSC signed contracts: consulting on bond issuance, bond issuance agents, bond depository agents.

TRANSACTIONS OF INTERNAL AND RELATED PERSONS FOR SHARES OF LISTED COMPANIES

NO.	TRANSACTION EXECUTOR	RELATIONS WITH THE INTERNAL	NUMBER OF SHARES OWNED AT THE BEGINNING OF THE PERIOD		NUMBER OF SHARES OWNED AT THE END OF THE PERIOD		REASON FOR INCREASING OR DECREASING (BUYING, SELLING, CONVERTING, REWARDING ...)
			NUMBER OF SHARES	PROPORTION	NUMBER OF SHARES	PROPORTION	
1	Red investment fund management company	Organization related to internal people - Ms. Do Thi Phuong Lan - Board member	1,000,000	0.67%	1,200,000	0.29%	Buying shares made by GELEX warrants and issuance of shares to increase equity from equity
2	Post and Telecommunications Investment and Construction Joint Stock Company	Organization personally related to internal people - Mr. Vo Anh Linh - Member of Board of Directors	10,066,180	3.77%	12,079,416	2.97%	Increased by GELEX shares issued to increase share capital from equity
3	Nguyen Thi Xuan Thanh	Personally related to internal people - Mr. Nguyen Hoa Cuong - Chairman of the Board	80,500	0.03%	96,600	0.024%	Increased when GELEX to issue shares to increase share capital from equity.
4	Nguyen Trong Tieu	Member of the Board of Directors	53,475	0.02%	64,170	0.016%	Increased when GELEX to issue shares to increase share capital from equity
5	Pham Thi My Ha	Member of the Supervisory Board	23,000	0.009%	27,600	0.007%	Increased when GELEX to issue shares to increase share capital from equity
6	Pham Tuan Anh	Chief Accountant	12,880	0.005%	15,456	0.004%	Increased when GELEX to issue shares to increase share capital from equity
7	Nguyen Bich Ha	Personally related to internal people - Mr. Nguyen Hoa Cuong - General Director	86,250	0.032%	103,500	0.025%	Increased when GELEX to issue shares to increase share capital from equity

COPORATE GOVERNANCE TRAINING

Corporate Governance sessions attended by members of BOD, Supervisory Board, General Director, other Management level and Secretary, following company's regulation on management.

Besides, BOD also attended and assigned representatives to training by State Securities Commission of Vietnam, Stock Exchange to improve compliance with regulations issued by the State.

THE IMPLEMENTATION OF REGULATIONS ON CORPORATION ADMINISTRATION

GELEX always complies with regulations on corporation administration including legal provisions such as Enterprise Law, Securities Law, Decree 71 guidelines on public corporate administration ... as well as internal regulations of Group as the Charter of the Company, Internal Management Regulation. In 2018, GELEX complied with legal regulations on corporate administration and made full and timely information disclosure on the situation of production and business activities to shareholders, management agencies and related parties based on transparency, accuracy and timeliness.



07

SUSTAINABILITY REPORT

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OVERVIEW OF SUSTAINABILITY REPORT

Sustainable development is the development on the basis of tightening economic growth goals with the reservation of natural resources and the ecosystem to meet the demand for present developments, but not to obstruct the future's development. Sustainable development has long been a vital requirement and a strategic factor paid much attention by many countries in the world to ensure the balance and harmony between socio-economic development and environmental protection. Starting as a State-owned enter-

prise, after nearly 30 years of constantly developing and becoming a strong and dynamic private group with its new and potential business sectors, GELEX always targets to develop sustainably as balancing criterion of environment, society, and the community with its business development. This is the foundation to boost and balance benefits for relating parties including: shareholders, investors, clients, business partners, State agencies, staff and community.

SUSTAINABLE DEVELOPMENT ORIENTATION

I SUSTAINABLE DEVELOPMENT

- Create a sustainable economic structure revolving around 2 essential social areas: Industrial Production - Electrical Equipment and Infrastructure (Utility of electricity source, clean water, Logistics and Real estate), pioneer investor in renewable energy source which is environmentally friendly;
- Sustainable growth in revenue from the flagship business through market expansion, improvement of competitiveness and investment in R&D activities, providing new products / services;
- Consolidate and improve the quality of administration, operation, make labor source available for the sustainable growth target.
- Increase revenue and profit in a sustainable way, contribute to the State budget through paying all corporate taxes in accordance with regulations.



I ENVIRONMENT PROTECTION

- Comply with regulations on environmental protection;
- Improve the quality, apply green, modern and environmental friendly technology in business activities to provide sustainable products for customers. CADIVI researched and launched environmental friendly power cables (ECO-friendly) with lead-free features, heat-resistant, flame-retardant, non-toxic gas, economical installation. THIBIDI continuously improve the design and production technology of transformer range by transferring the processing technology of Amorphous Alloy from Hitachi Metals company, remarkably decreasing the amount of CO2 releasing to the environment;

- Effectively use energy in buildings, real estate projects, plants, construction sites under the ownership and control of the Corporation;
- Raise employees' awareness of environmental protection and energy savings via campaigns of saving energy source in head quarter and plants... CADIVI is one of the sponsors for the 2019 Earth Hour campaign which is aimed at raising people's awareness of using power source economically;
- The top Vietnam's wire and power cable supplier, with slogan "Bring light to every corner" also continuously carries out projects to sponsor power cables to bring electricity to the highlands, bringing light to the remote areas, such as the "Lighting the countryside" project.



I COMMUNITY'S RESPONSIBILITY

- Accompany and impulse realistic social activities to enhance staff's sense of responsibility for the community's development;

- Create better working environment for employees to develop their personal competence, to be loyal and dedicated to the Corporation, and to attract talents as well.

STAKEHOLDERS' ENGAGEMENT

According to GELEX, Stakeholders are those who has influence or are affected at certain level by the Corporation’s business activities. The 6 key related parties to GELEX including: shareholders and investors; clients; partners and suppliers; State agencies; employees and social community.

Information and response from Stakeholders is one of the factors affecting GELEX’s action strategy in controlling and operating the Corporation’s activities.

Approach method and keeping track of Stakeholders’ response:

PARTIES	INTERACTING CHANNELS	FREQUENCY
Shareholders and investors	<ul style="list-style-type: none">• Directly meet as required• Annual general meeting of shareholders• Workshop/ Investor Conference• Websites	<ul style="list-style-type: none">• Quarterly/by request• Annually• Usually
Clients	<ul style="list-style-type: none">• Sales team, customer service• Exhibition, fair, conference• Websites, Facebook	<ul style="list-style-type: none">• Usually, as event being held• As event being held• Usually
Partners and suppliers	<ul style="list-style-type: none">• Directly exchange• Documents• Conference, workshop	<ul style="list-style-type: none">• As event being held• Usually• As event being held
State agencies	<ul style="list-style-type: none">• Attend conferences, workshops held by the government and the authorities• Join organizations and associations	<ul style="list-style-type: none">• Usually• Depend on the Corporation’s need each time
Employees	<ul style="list-style-type: none">• Internal training programs• Internal activities like: teambuilding, sports festivals, performances, year - end parties	<ul style="list-style-type: none">• Usually• Annually
Community	<ul style="list-style-type: none">• Organize charity activities, support the community• Participate in events and programs raising fund for social community, environmental protection	<ul style="list-style-type: none">• Usually• When event being





08

CONSOLIDATED FINANCIAL REPORT

GENERAL INFORMATION

I THE CORPORATION

Vietnam Electrical Equipment Joint Stock Corporation ("the Corporation") was previously known as Vietnam Electrical Engineering Equipment Joint Stock Corporation, a state-owned corporation which was established in accordance with Decision No. 1120/QĐ-TCCBDT issued by the Ministry of Heavy Industry of Vietnam (currently known as Ministry and Industry and Trade of Vietnam). The Corporation was equitised in pursuant with the Decision No. 1422/QĐ-TTg dated 10 August 2010 issued by Prime Minister of Vietnam and the first business license No. 0100100512 issued by Hanoi Department of Planning and Investment on 1 December 2010. The Corporation was also granted subsequent amended business registration certificates, with the latest being the 9th amendment dated 18 September 2018.

The current principal activities of the Corporation are capital management; trading of electrical equipment for industry, agriculture and civil use; trading of single-phase and three-phase electric measurement instrument (direct-current and alternative-current electricity) at low voltage, medium voltage and high voltage up to 220 KV; trading of real-estates; provision of hospitality and tourism services; leasing of office, house, factory and warehouse; trading, import and export of electrical materials, equipment and spare-parts.

The Corporation's head office is located at No. 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi.

The Corporation's shares are listed and exchanged officially on Ho Chi Minh Stock Exchange (HOSE) under ticker of GEX since 18 January 2018.

I BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:		
Mr Nguyen Van Tuan	Chairman	Appointed on 4 January 2018
Mr Nguyen Hoa Cuong	Member Chairman	Appointed on 4 January 2018 Resigned on 4 January 2018
Mr Nguyen Trong Tieu	Deputy Chairman Member	Appointed on 31 August 2018
Ms Do Thi Phuong Lan	Deputy Chairman Member	Appointed on 31 August 2018 Appointed on 27 April 2018
Ms Nguyen Thi Bich Ngoc	Member	
Mr Vo Anh Linh	Member	

I BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:		
Ms Le Thi Hong Linh	Head Member	Appointed on 11 May 2018 Appointed on 27 April 2018
Ms Nguyen Thi Thanh Yen	Head	Resigned on 27 April 2018
Ms Pham Thi Minh Cuc	Member	
Ms Pham Thi My Ha	Member	

I MANAGEMENT

Members of the Management during the year and at the date of this report are:		
Mr Nguyen Van Tuan	General Director	
Mr Nguyen Trong Tieu	Chief Operation Officer	Appointed on 8 March 2018
Mr Pham Tuan Anh	Chief Accountant	

I LEGAL REPRESENTATIVE

The legal representative of the Corporation during the year and at the date of this report is Mr Nguyen Van Tuan, General Director

I AUDITOR

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

REPORT OF MANAGEMENT

Management of Vietnam Electrical Equipment Joint Stock Corporation (“the Corporation”) is pleased to present this report and the consolidated financial statements of the Corporation and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2018.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY THE MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of the consolidated results of its operations and its consolidated cash flows for the year ended 31 December 2018 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements



Nguyen Van Tuan
General Director

Hanoi, Vietnam
29 March 2019

INDEPENDENT AUDITORS’ REPORT

TO: THE SHAREHOLDERS OF VIETNAM ELECTRICAL EQUIPMENT JOINT STOCK CORPORATION

We have reviewed the accompanying consolidated financial statements of Vietnam Electrical Equipment Joint Stock Corporation (“the Corporation”) and its subsidiaries (collectively referred to as “the Group”), as prepared on 29 March 2019 and as set

out on pages 5 to 85 which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

MANAGEMENT’S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated

financial statements, and for such internal control as the management determines is necessary to enable the preparation and presentation of the 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

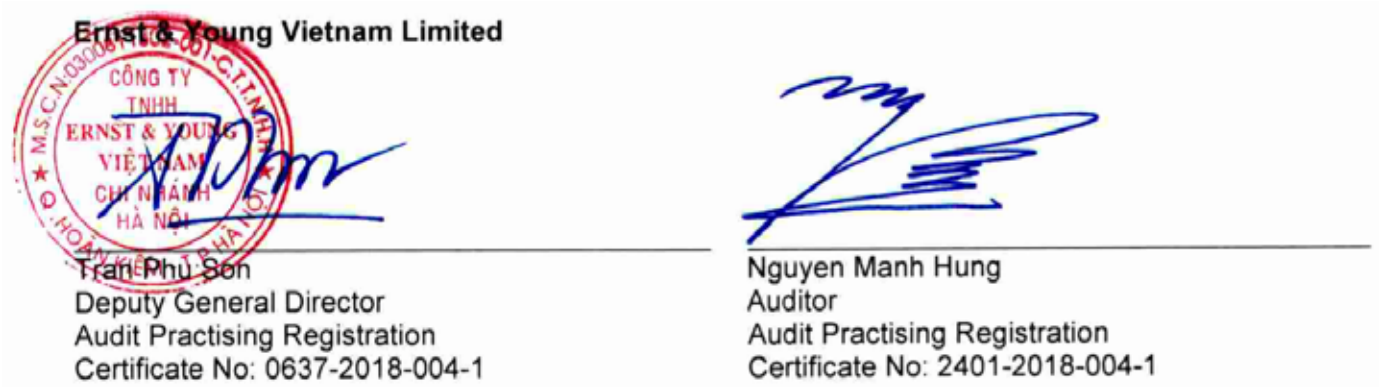
assessments, the auditors consider internal control relevant to the Group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’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.

CONCLUSION

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in ac-

cordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.



Hanoi, Vietnam

29 March 2019

CONSOLIDATED BALANCE SHEET

as at 31 December 2018

B01-DN/HN

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance (restated)
100	A. CURRENT ASSETS		8,104,003,384,888	7,447,578,048,018
110	I. Cash and cash equivalents	5	923,667,098,002	1,097,517,266,477
111	1. Cash		674,299,498,002	603,601,059,404
112	2. Cash equivalents		249,367,600,000	493,916,207,073
120	II. Short-term investments		1,863,955,085,242	1,546,228,259,969
121	1. Held-for-trading securities		1,437,174,593,265	909,595,972,003
122	2. Provision for diminution in value of held-for-trading securities		(13,797,519,588)	(35,636,875,956)
123	3. Held-to-maturity investments		440,578,011,565	672,269,163,922
130	III. Current accounts receivable		3,084,065,645,499	2,906,643,629,169
131	1. Short-term trade receivables	7	2,028,883,831,172	1,860,671,443,645
132	2. Short-term advances to suppliers		177,678,908,481	63,610,678,720
135	3. Short-term loan receivables		4,000,000,000	104,200,000,000
136	4. Other short-term receivables	8	1,093,621,431,766	1,124,527,521,585
137	5. Provision for doubtful short-term receivables		(220,272,475,139)	(246,729,041,840)
139	6. Shortage of assets waiting for resolution		153,949,219	363,027,059
140	IV. Inventories	10	2,111,126,553,972	1,854,862,342,903
141	1. Inventories		2,132,225,476,583	1,869,533,076,685
149	2. Provision for obsolete inventories		(21,098,922,611)	(14,670,733,782)
150	V. Other current assets		121,189,002,173	42,326,549,500
151	1. Short-term prepaid expenses		22,061,300,137	15,748,235,351
152	2. Value-added tax deductible		89,059,897,616	14,874,139,858
153	3. Tax and other receivables from the State		10,067,804,420	11,704,174,291
200	B. NON-CURRENT ASSETS		9,142,484,787,442	6,313,207,934,674
210	I. Long-term receivables		21,248,160,790	79,226,298,470
211	1. Long-term trade receivables	7	6,740,871,000	75,339,914,100

I CONSOLIDATED BALANCE SHEET (CONTINUED)

as at 31 December 2018

B01-DN/HN
Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance (restated)
212	2. Long-term advance to suppliers		-	917,100,000
216	3. Other long-term receivables		14,507,289,790	2,969,284,370
220	II. Fixed assets		4,475,031,456,984	3,043,665,083,104
221	1. Tangible fixed assets	11	3,957,253,210,510	2,880,913,600,506
222	Cost		7,308,172,013,214	5,058,980,927,810
223	Accumulated depreciation		(3,350,918,802,704)	(2,178,067,327,304)
227	2. Intangible fixed assets	12	517,778,246,474	162,751,482,598
228	Cost		545,954,631,609	179,420,477,939
229	Accumulated amortisation		(28,176,385,135)	(16,668,995,341)
230	III. Investment properties	13	232,999,531,823	218,930,439,828
231	1. Cost		281,417,151,884	249,527,882,070
232	2. Accumulated depreciation		(48,417,620,061)	(30,597,442,242)
240	IV. Long-term assets in progress	14	1,040,166,644,660	265,956,309,343
242	1. Construction in progress		1,040,166,644,660	265,956,309,343
250	V. Long-term investments	15	1,738,906,286,546	1,672,377,287,976
252	1. Investments in associates		1,552,461,933,298	1,207,984,753,588
253	2. Investment in other entities		7,229,751,878	95,417,309,831
254	3. Provision for long-term investments		-	(1,222,933,776)
255	4. Held-to-maturity investments		179,214,601,370	370,198,158,333
260	VI. Other long-term assets		1,634,132,706,639	1,033,052,515,953
261	1. Long-term prepaid expenses	16	462,369,597,625	428,834,930,386
262	2. Deferred tax assets	28.3	15,928,367,193	11,592,718,157
263	3. Long-term tools, supplies and spare parts			603,026,667
269	4. Goodwill	17	1,155,834,741,821	592,021,840,743
270	TOTAL ASSETS		17,246,488,172,330	13,760,785,982,692

Code	ASSETS	Notes	Ending balance	Beginning balance (restated)
300	C. LIABILITIES		9,281,533,631,570	7,603,987,514,057
310	I. Current liabilities		6,826,523,433,296	4,764,444,793,235
311	1. Short-term trade payables	18	2,046,857,839,671	850,417,170,698
312	2. Short-term advances from customers		100,552,367,016	183,618,552,087
313	3. Statutory obligations	19	150,777,805,599	76,935,295,527
314	4. Payables to employees		159,314,218,777	162,643,056,568
315	5. Short-term accrued expenses		61,715,994,358	46,121,959,412
318	6. Short-term unearned revenue		43,766,082,272	40,748,892,189
319	7. Other short-term payables	20	413,402,868,132	495,219,073,115
320	8. Short-term loans	21	3,741,916,931,534	2,746,317,989,552
321	9. Short-term provisions		53,211,347,173	93,132,353,140
322	10. Bonus and welfare fund		55,007,978,764	69,290,450,947
330	II. Non-current liabilities		2,455,010,198,274	2,839,542,720,822
336	1. Long-term unearned revenue		44,731,618,150	45,835,022,150
337	2. Other long-term liabilities	20	36,653,237,222	119,631,176,007
338	3. Long-term loans	21	2,131,746,164,514	2,533,868,797,654
341	4. Deferred tax liabilities	28.3	168,897,718,656	47,359,952,697
342	5. Long-term provisions		72,981,459,732	61,136,827,197
343	6. Scientific and technological development fund		-	31,710,945,117

CONSOLIDATED BALANCE SHEET (CONTINUED)

as at 31 December 2018

B01-DN/HN
Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance (restated)
400	D. OWNERS' EQUITY		7,964,954,540,760	6,156,798,468,635
410	I. Capital	22	7,956,324,379,625	6,146,583,773,962
411	1. Share capital		4,065,600,000,000	2,668,000,000,000
411a	Shares with voting rights		4,065,600,000,000	2,668,000,000,000
412	2. Share premium		547,112,000,000	622,337,724,760
414	3. Other owners' capital		77,388,963,577	77,388,963,577
417	4. Foreign exchange differences reserve		236,031,851	48,866,128
418	5. Investment and development fund		77,023,242,245	77,023,242,245
421	6. Undistributed earnings		846,596,655,014	785,974,270,959
421a	Undistributed earnings by the end of the prior year		165,793,082,055	148,693,053,445
421b	Undistributed earnings of the year		680,803,572,959	637,281,217,514
429	8. Non-controlling interests		2,342,367,486,938	1,915,810,706,293
430	II. Other funds		8,630,161,135	10,214,694,673
431	1. Subsidised fund		-	(52,023,000)
432	2. Fund for fixed assets in use		8,630,161,135	10,266,717,673
440	TOTAL LIABILITIES AND OWNERS' EQUITY		17,246,488,172,330	13,760,785,982,692

Duong Viet Nga
Preparer

Pham Tuan Anh
Chief Accountant



Nguyen Van Tuan
General Director

29 March 2019



CONSOLIDATED INCOME STATEMENT

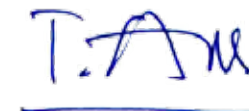
for the year ended 31 December 2018

B02-DN/HN

Currency: VND

Code	ITEMS	Notes	Current year	Previous year (Restated)
100	1. Revenue from sale of goods and rendering of services	23.1	13,828,715,331,881	12,094,756,795,679
02	2. Deductions	23.1	(129,585,819,594)	(110,615,725,882)
10	3. Net revenue from sale of goods and rendering of services	23.1	13,699,129,512,287	11,984,141,069,797
11	4. Cost of goods sold and services rendered	24	(11,483,443,422,289)	(9,997,817,551,567)
20	5. Gross profit from sale of goods and rendering of services		2,215,686,089,998	1,986,323,518,230
21	6. Finance income	23.2	756,601,575,240	321,755,959,053
22	7. Finance expenses	25	(542,466,344,992)	(435,264,930,396)
23	In which: Interest expenses		(447,395,281,623)	(367,135,076,972)
24	8. Shares of profit of associates		51,627,035,708	21,762,126,462
25	9. Selling expenses	26	(347,473,303,870)	(261,312,019,780)
26	10. General and administrative expenses	26	(643,744,982,432)	(528,718,560,765)
30	11. Operating profit		1,490,230,069,652	1,104,546,092,804
31	12. Other income		56,557,890,328	48,225,613,845
32	13. Other expenses		(13,714,653,333)	(8,151,407,203)
40	14. Other profit		42,843,236,995	40,074,206,642
50	15. Accounting profit before tax		1,533,073,306,647	1,144,620,299,446
51	16. Current corporate income tax expenses	28.1	(260,360,179,854)	(346,887,119,179)
52	17. Deferred tax income	28.3	10,770,230,430	108,369,094,148

Code	ITEMS	Notes	Current year	Previous year (Restated)
60	18. Net profit after tax		1,283,483,357,223	906,102,274,415
61	19. Net profit after tax attributable to shareholders of the parent	22.1	942,442,353,541	637,281,217,514
62	20. Net profit after tax attributable to non-controlling interests	22.1	341,041,003,682	268,821,056,901
70	21. Basic earnings per share	30	2,537	1,740
71	22. Diluted earnings per share	30	2,484	1,634


Duong Viet Nga
Preparer

Pham Tuan Anh
Chief AccountantNguyen Van Tuan
General Director

29 March 2019

I CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2018

B03-DN/HN

Currency: VND

Code	ITEMS	Notes	Current year	Previous year (Restated)
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Profit before tax		1,533,073,306,647	1,144,620,299,446
	Adjustments for:			
02	Depreciation and amortisation of fixed assets and investment properties (including amortisation of goodwill)		495,974,869,059	317,791,856,398
03	(Reversal of provision)/provisions		(73,790,784,320)	5,971,972,873
04	Foreign exchange (gains)/losses arisen from revaluation of monetary accounts denominated in foreign currency		(2,247,274,550)	2,279,804,188
05	Profits from investing activities		(730,939,833,678)	(251,002,671,814)
06	Interest expenses	25	447,395,281,623	367,135,076,972
08	Operating profit before changes in working capital		1,669,465,564,781	1,586,796,338,063
09	(Increase)/decrease in receivables		(600,507,604,650)	320,297,235,539
10	Increase in inventories		(206,537,181,645)	(180,152,992,826)
11	Increase/(decrease) in payables		903,882,950,960	(118,205,565,418)
12	Increase in prepaid expenses		(19,596,937,459)	(125,150,325,840)
13	Increase in held-for-trading securities		(477,578,621,262)	(709,958,990,922)
14	Interest paid		(441,009,473,921)	(380,604,353,835)
15	Corporate income tax paid	19	(227,314,019,974)	(333,737,726,193)
16	Other cash inflows from operating activities		3,890,182,053	9,950,087,949
17	Other cash outflows for operating activities		(111,298,668,651)	(99,747,083,044)
20	Net cash flows from/(used in) operating activities		493,396,190,232	(30,513,376,527)


Code	ITEMS	Notes	Current year	Previous year (Restated)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase, construction of fixed assets and other long-term assets		(1,062,085,278,353)	(321,461,088,860)
22	Proceeds from disposals of fixed assets and other long-term assets		52,667,963,477	21,847,792,178
23	Loans to other entities and payments for purchase of debt instruments of other entities		(731,227,914,280)	(1,887,969,401,933)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		1,213,786,006,950	515,179,880,069
25	Payments for investments in other entities		(3,140,584,846,191)	(1,855,039,412,447)
26	Proceeds from sale of investments in other entities		2,057,517,133,635	860,580,707,486
27	Interest and dividends received		241,389,118,202	206,924,162,788
30	Net cash flows used in investing activities		(1,368,537,816,560)	(2,459,937,360,719)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Capital contribution and issuance of shares from shareholders and non-controlling interest		1,195,112,000,000	1,549,250,173,028
32	Capital redemption		(224,441,613,184)	-
33	Drawdown of borrowings		8,344,266,329,029	8,224,544,519,876
34	Repayment of borrowings		(8,134,320,245,909)	(8,602,022,335,891)
36	Dividends paid to equity holders		(479,264,481,846)	(495,512,817,241)
	In which:			
	Dividends paid to shareholders of the parent		(338,648,230,000)	(232,049,645,000)
	Dividends paid to non-controlling interest		(140,616,251,846)	(263,463,172,241)


I CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)


for the year ended 31 December 2018

B03-DN/HN
Currency: VND

Code	ITEMS	Notes	Current year	Previous year (Restated)
40	Net cash flows from financing activities		701,351,988,090	676,259,539,772
50	Net decrease in cash and cash equivalents for the year		(173,789,638,238)	(1,814,191,197,474)
60	Cash and cash equivalents at the beginning of the year		1,097,517,266,477	2,912,224,131,908
61	Impact of exchange rate fluctuation		(60,530,237)	(515,667,957)
70	Cash and cash equivalents at the end of the year	5	923,667,098,002	1,097,517,266,477


Duong Viet Nga
Preparer


Pham Tuan Anh
Chief Accountant


Nguyen Van Tuan
General Director

29 March 2019

1. CORPORATE INFORMATION

Vietnam Electrical Equipment Joint Stock Corporation (“the Corporation”) was previously known as Vietnam Electrical Engineering Equipment Joint Stock Corporation, a state-owned corporation which was established in accordance with Decision No. 1120/QĐ-TCCBDT issued by the Ministry of Heavy Industry of Vietnam (currently known as Ministry and Industry and Trade of Vietnam). The Corporation was equitised in pursuant with the Decision No. 1422/QĐ-TTg dated 10 August 2010 issued by Prime Minister of Vietnam and the first business license No. 0100100512 issued by Hanoi Department of Planning and Investment on 1 December 2010. The Corporation was also granted subsequent amended business registration certificates, with the latest being the 9th dated 18 September 2018.

The current principal activities of the Corporation are capital management; trading of electrical equipment for industry, agriculture and civil use; trading of single-phase and three-phase electric measurement in-

strument (direct-current and alternative-current electricity) at low voltage, medium voltage and high voltage up to 220 KV; trading of real-estates; provision of hospitality and tourism services; leasing of office, house, factory and warehouse; trading, import and export of electrical materials, equipment and spare-parts.

The Corporation’s normal course of business cycle is 12 months.

The Corporation’s head office is located at No. 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi.

The Corporation’s shares are listed and exchanged officially on Ho Chi Minh Stock Exchange (HOSE) under ticker of GEX since 18 January 2018.

The number of the Corporation’s employees as at 31 December 2018 is 69 (31 December 2017: 83).

Corporate structure

As at 31 December 2018, the Corporation directly owns subsidiaries with detailed information as follows:

No.	Name	% equity share	% voting rights	Address	Principal activities
1	GELEX Energy Co., Ltd (“GELEX Energy”)	100%	100%	No. 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi	Manage investments in energy industry
2	GELEX Electric Equipment Co., Ltd (“GELEX Electric”) [previously known as Electrical Measuring Instruments Co., Ltd]	100%	100%	No. 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi	Manufacture electric equipment and manage investments in electric equipment industry
3	GELEX Logistics Co., Ltd (“GEL-EX Logistics”)	100%	100%	No. 70-72 Nam Ky Khoi Nghia Street, District 1, Ho Chi Minh City	Manage investments in multi-modal transportations and cargo handling services
4	GELEX Land Co., Ltd (“GELEX Land”)	100%	100%	No. 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi	Real-estates development and trading
5	GELEX Cambodia Co., Ltd (“GELEX Cambodia”)	100%	100%	No. 4B, 564 Street, Phnom Penh, Cambodia	Trade and distribute electrical equipment

In addition, the subsidiaries (which are directly owned by the Corporation) also own other subsidiaries, with detailed information as follows:

GELEX Electric

No.	Name	% equity share	% voting rights	Address	Principal activities
1	Vietnam Electric Cable Corporation ("Cadivi")	91.64%	91.64%	No. 70-72 Nam Ky Khoi Nghia Street, District 1, Ho Chi Minh City	Manufacture and trade electric wires and cables
2	Hanoi Eletromechanical Manufacturing JSC ("HEM")	66.16%	66.16%	Km 12 Cau Dien Road, Phuc Dien Ward, Bac Tu Liem District, Hanoi	Manufacture and trade electric motors and equipment
3	Electrical Equipment JSC ("Thibidi")	78.52%	78.52%	Road No. 09, Bien Hoa 1 Industrial Zone, Dong Nai Province	Manufacture and trade electric equipment
4	Electrical Measuring Instrument Co., Ltd ("GELEX Emic")	100%	100%	No. 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi	Manufacture and trade electric measuring equipment

Certain subsidiaries, which are directly owned by GELEX Electric, also own other subsidiaries, with detailed information as follows:

Cadivi

No.	Name	% equity share	% voting rights	Address	Principal activities
1	Cadivi Dong Nai Co., Ltd ("Cadivi Dong Nai")	100%	100%	Road No. 1, Long Thanh Industrial Zone, Tam An Ward, Long Thanh District, Dong Nai Province	Manufacture and trade electric wires and cables
2	Cadivi Mien Bac Co., Ltd ("Cadivi Mien Bac")	100%	100%	Lot D1-3, Dai Dong Industrial Zone, Hoan Son Ward, Tien Du District, Bac Ninh Province	Trade electric wires and cables

HEM

No.	Name	% equity share	% voting rights	Address	Principal activities
1	Hanoi Electrical Mechanical Equipment JSC ("HECO")	99.82%	99.82%	Lot J12, Road No. 10, Le Minh Xuan Industrial Zone, Binh Chanh District, Ho Chi Minh City	Manufacture and trade electric products
2	Hanoi Institute of Technology	100%	100%	Km 12 – 32 Highway, Phu Dien Ward, Tu Liem District, Hanoi	College and vocational education
3	Vietnam - Hungari Electric Machinery Manufacturing JSC ("VIHEM")	65.37%	65.37%	Group 24, Dong Anh Town, Dong Anh District, Hanoi	Manufacture and trade electric motor

Thibidi

No.	Name	% equity share	% voting rights	Address	Principal activities
1	Dong Anh Electrical Equipment Manufacturing JSC	51%	51%	No. 186, group 12, Dong Anh Town, Dong Anh District, Hanoi	Manufacture and trade transformers

GELEX Energy

No.	Name	% equity share	% voting rights	Address	Principal activities
1	Phu Thanh My JSC (“Phu Thanh My”)	71.28%	71.28%	Commune 9, Thanh My 2 Village, Thanh My town, Nam Giang district, Quang Nam province	Hydropower generation
2	GELEX Ninh Thuan Co., Ltd (“GELEX Ninh Thuan”) (*)	100%	100%	No. 126, 16/4 Street, My Hai ward, Phan Rang – Thap Cham city, Ninh Thuan province	Solar power generation
3	Song Da Water Investment JSC (“Viwasupco”)	60.46%	60.46%	Vat Lai village, Phu Minh ward, Ky Son district, Hoa Binh pronvince, Vietnam	Water supply
4	Huong Phung Wind Electricity Co., Ltd (*)	84.62%	84.62%	Level 3, No.242, National Road No.9, ward 11, Dong Ha City, Quang Tri Province.	Wind power generation, transmission and distribution

(*) These subsidiaries have not started commercial operation as they are still at project development stage as at the reporting date.

GELEX Logistics

No.	Name	% equity share	% voting rights	Address	Principal activities
1	South Logistics JSC (“Sotrans”)	54.78%	54.78%	No. 1B Hoang Dieu Street, Ward 4, District 4, Ho Chi Minh City	Provide warehouse rental, operating and management services
2	South Port JSC (“South Port”)	51%	51%	No. 9 Hanoi Highway, Truong Tho Ward, Thu Duc District, Ho Chi Minh City	Provide multimodal transportations and cargo handling services
3	Sotrans Infrastructure Investment Co., Ltd (“SII”)	100%	100%	No. 1B Hoang Dieu Street, Ward 13, District 4, Ho Chi Minh City	Provide support services related to transportation
4	Southern Waterborne Transport Corporation (“Sowatco”)	84.39%	84.39%	No. 298 Huynh Tan Phat Street, Tan Thuan Tay Ward, District 7, Ho Chi Minh City	Commercial trading, ship-building, logistics services
5	Sotrans Ha Tinh Co., Ltd (“Sotrans Ha Tinh”)	100%	100%	Ky Tinh Ward, Ky Anh City, Ha Tinh Province	Provide ground cargo transportation services

No.	Name	% equity share	% voting rights	Address	Principal activities
6	Vietranstimex Multimodal Transport Holding Company (“VTX”)	84%	84%	No. 80-82 Bach Dang Street, Hai Chau I Ward, Hai Chau District, Da Nang City	Multimodal transportation, cargo handling services and support services related to ground, railway and water transportation
7	Engineering Construction JSC (“ECCO”)	86.15%	86.15%	No. 202 Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City	Civil construction
8	Can Tho Shipyard JSC (“Can Tho Shipyard”)	70%	70%	No. 77B Tran Phu Street, Cai Khe Ward, Ninh Kieu District, Can Tho City	Ship building and float structure fabrication
9	Southern Waterway Mechanic And Engineering Services JSC (“SOWATMES”)	51%	51%	No. 59 Pham Ngoc Thach Street, District 3, Ho Chi Minh City	Civil construction
10	Sotrans Logistics Co., Ltd	100%	100%	No. 1B Hoang Dieu Street, Ward 4, District 4, Ho Chi Minh City	Provide warehouse rental, operating and management services

In addition, the Group has associates as presented in Note 15.1.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

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

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

2.2 Applied accounting documentation system

The Group’s applied accounting documentation system is General Journal System.

2.3 Fiscal year

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

2.4 Accounting currency

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries for the year ended 31 December 2018.

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

The financial statements of the subsidiaries are prepared for the same reporting year as the Corporation, using consistent accounting policies.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Cost includes its purchase price and any directly relevant costs to bring the inventory to its present location and condition.

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

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

Raw materials, tools and supplies, merchandises: cost of purchase on a weighted average basis.

Finished goods and work-in process: cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

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

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

3.3 Receivables

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

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

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leased assets

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

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

Where the Group is the lessee

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

Where the Group is the lessor

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

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

3.6 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

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

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Land use rights

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and Land use right certificate being issued, are recorded as intangible fixed asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets (“Circular 45”).

Water usage right

Water usage right incurs from the Group’s acquisition of a subsidiary and is recognised as an intangible asset. The value of the water usage right incurred from business combination is determined by the method of surplus of earnings over several periods.

3.7 Depreciation and amortisation

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

Buildings and structures	20 - 50 years
Machinery and equipment	3 - 15 years
Means of transportation	6 - 10 years
Administration equipment and tool	3 - 10 years
Computer software	3 - 8 years
Water usage right	43 years
Land use right with definite term	45 - 50 years
Land use right with indefinite term	No amortisation

3.8 Investment properties

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

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

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

Buildings and structures	50 years
Machinery, equipment and other assets	5 - 15 years

Investment properties are derecognised when either they have been disposed of or when the investment



properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the year of retirement or disposal.

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

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

3.9 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset.

3.10 Prepaid expenses

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

The following types of expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement:

- Prepaid rental of infrastructure;
- Tools, with significant value, issued into production and can be used for more than one year;
- Substantial expenditure of fixed asset overhaul; and
- Others.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contracts (signed after 2003) for period from 39 years to 50 years. Such prepaid rental is classified as long-term prepaid expenses for allocation to the consolidated income statement over the remaining lease period, according to Circular 45.

3.11 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

3.12 Investments

Investments in associates

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ven-

tures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

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

The share of post-acquisition profit/(loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends/profit sharing receivable from associates reduces the carrying amount of the investment.

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

Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

Provision for held-for-trading securities and investments in entities

Provision is made for any diminution in value of the held-for-trading securities and investments in other entities at the reporting date in accordance with the guidance under Circular No. 228/2009/TT-BTC

dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.

Held-to-maturity investments

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

3.13 Payables and accruals

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

3.14 Accrual for severance pay

The severance pay to employees is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to the consolidated balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation is revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

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

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

3.15 Provisions

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

3.16 Foreign currency transactions

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

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

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

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly

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

3.17 Treasury shares

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

3.18 Capital increase through exercising share warrants

Capital increase, through exercising share warrants (previously issued by the Corporation) upon their holders' request, is made by cash and recorded at actual amount, including:

Share capital increase = number of shares issued (X) par value of each share.

In which:

- The number of shares issued corresponds with the number of share warrants exercised.
- Par value is VND 10,000 per share.

Share premium includes:

- The surplus of share issuance price when exercising share warrants (under terms of the warrant issue contract) over the share par value;
- Proceeds previously received when issuing share warrants; and
- Share issuance costs as deductions of share premium.

3.19 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Charter of the Corporation and its subsidiaries and Vietnamese regulatory requirements.

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

Investment and development fund

This fund is set aside for use in the Group's expansion of its operation or of in-depth investment.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

3.20 Revenue recognition

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

Sale of goods

Revenue is recognised when the significant risks and

rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Revenue from generating electricity

Revenue from generating electricity is recognised based on monthly reconciliation and confirmation of output volume between buyer and seller, at the price as stipulated in the power purchase agreement.

Revenue from supplying water

Revenue from supplying water is recognised based on monthly reconciliation and confirmation of output volume between buyer and seller, at the price as stipulated in the water purchase agreement

Rendering of services

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion which is determined by the percentage of work done.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

Interest

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

Dividends

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

Rental income

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

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

3.21 Taxation

Current income tax

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

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and associates where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

- either the same taxable entity; or
- when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.22 Earnings per share

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

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

3.23 Segment information

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment), that is subject to risks and returns that are different from those of other segments.

The Group's business segment is derived mainly from production and trading of electrical equipment; transportation and logistics services; energy production and others.

3.24 Related parties

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

4. BUSINESS COMBINATIONS

4.1 Completion of provisional accounting for acquisition of Sotrans

On 15 March 2017 (acquisition date), the Corporation completed an acquisition of additional 26.01% equity interest in South Logistics JSC ("Sotrans"), increasing its ownership in this company to 51.03%. Accordingly, as of this date, Sotrans became a subsidiary of the Corporation. On 31 December 2017, the Corporation acquired additional 3.75% of equity interest in Sotrans, increased its ownership to 54.78%.

Sotrans is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 0300645369 issued by the Ho Chi Minh Department of Planning and Investment on 29 December 2006 and subsequent amended Business Registration Certificates, with the latest being the 11th Amendment dated 13 December 2016. The principal activities of Sotrans are providing water domestic cargo transportation; warehousing services; cargo loading & discharge and freight forwarding services.

As at acquisition date, Sotrans has direct ownership of 4 subsidiaries, including:

- Southern Port Joint Stock Company;
- Sotrans Infrastructure Investment Co., Ltd (*);
- Sotrans Ha Tinh Co., Ltd; and Vietranstimex Multimodal Transport Holding Company.

(*) The subsidiary owns Southern Waterborne Transport Corporation which owns 3 other subsidiaries and 3 other associates.

In addition, Sotrans has 4 investments into associates, including:

- SORECO Real Estate Development Co., Ltd;
- The Pier Real Estate Development Joint Stock Company;
- Gefco-Sotrans Logistics Co., Ltd; and
- MHC Joint Stock Company.

Information about the percentage of ownership, voting right and business activities of Sotrans and its subsidiaries and associates is presented at Note 1 and Note 15.

The Corporation acquired Sotrans in order to develop the Group's transportation and logistics segment.

As at 31 December 2017, the Corporation was in the process of fair value determination for the identifiable assets, liabilities or contingent liabilities of Sotrans as at the acquisition date and applied provisional accounting method to consolidate Sotrans. In 2018, the Corporation has completed the fair value determination of Sotrans' net assets as at the acquisition date with changes in the previously determined fair value, being retrospectively adjusted as follows:

Currency: VND

	Provisional fair value recognised on acquisition date	Fair value adjustments	Fair value recognised on acquisition date
Assets			
Cash and cash equivalents	468,963,768,204	-	468,963,768,204
Short-term investments	40,340,032,081	-	40,340,032,081
Trade receivables	298,175,317,905	-	298,175,317,905
Other current assets	35,904,463,030	-	35,904,463,030
Fixed assets	513,715,819,913	-	513,715,819,913
Construction in progress	131,638,500,464	-	131,638,500,464
Investments in associates	495,850,002,415	-	495,850,002,415
Investment in other entities	321,813,266,614	525,695,858,025	847,509,124,639
Long-term prepaid expenses	115,669,919,275	-	115,669,919,275
Other long-term assets	4,665,620,636	-	4,665,620,636
	2,426,736,710,537	525,695,858,025	2,952,432,568,562
Liabilities			
Trade payables	93,203,487,028	-	93,203,487,028
Loans and borrowings	694,674,606,914	-	694,674,606,914
Other payables	258,229,012,854	-	258,229,012,854
Deferred tax liabilities (incurred due to fair value adjustments)	36,600,178,509	105,139,171,605	141,739,350,114
	1,082,707,285,305	105,139,171,605	1,187,846,456,910
Total identifiable net assets at fair value [a]	1,344,029,425,232	420,556,686,420	1,764,586,111,652
Non-controlling interest [b]	851,474,434,731	259,595,313,727	1,111,069,748,458
Goodwill arising on acquisition (Note 17) [c]	667,422,005,234	(160,961,372,693)	506,460,632,541

4. BUSINESS COMBINATIONS (CONTINUED)

Currency: VND

	Provisional fair value recognised on acquisition date	Fair value adjustments	Fair value recognised on acquisition date
Total identifiable net assets at fair value [a]	1,159,976,995,735	-	1,159,976,995,735
In which:			
<i>Consideration in cash</i>	<i>580,177,437,735</i>	<i>-</i>	<i>580,177,437,735</i>
<i>Fair value of previously held investment</i>	<i>579,799,558,000</i>	<i>-</i>	<i>579,799,558,000</i>
Cash flow on acquisition			
Net cash acquired with the subsidiary	468,963,768,204	-	468,963,768,204
Cash paid	(580,177,437,735)	-	(580,177,437,735)
Net cash flow on acquisition	(111,213,669,531)	-	(111,213,669,531)

4.2 Completion of provisional accounting for acquisition of Phu Thanh My JSC

On 27 February 2017, GELEX Energy Co., Ltd, a subsidiary 100% owned by the Corporation, acquired 65% equity interest of Phu Thanh My Joint Stock Company ("Phu Thanh My"). Accordingly, Phu Thanh My JSC became a subsidiary of the Group as of this date.

Phu Thanh My is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 4000455251 issued by the Department of Planning and Investment of Quang Nam Province on 17 January 2007 and subsequent amended Business Registration Certificates with the latest being 8th amendment dated 16 April 2018.

The principal activities of Phu Thanh My are to generate and sell hydropower (of Song Bung 4A Project). The Group acquired shares of Phu Thanh My JSC for the purpose of developing its energy segment.

As at 31 December 2017, the Group was in the process of fair value determination for the identifiable assets, liabilities or contingent liabilities of Phu Thanh My as at the acquisition date and applied provisional accounting method to consolidate Phu Thanh My JSC. In 2018, the Group has completed the fair value determination of Phu Thanh My's net assets as at the acquisition date with no change in the previously determined fair value. The details are as follows:

Currency: VND

	Fair value recognised on acquisition date
Assets	
Cash and cash equivalents	233,187,871,450
Short-term receivables	53,465,944,265
Other short-term assets	2,143,514,440
Tangible fixed assets	1,404,378,097,651
Other long-term assets	6,034,095,684
	1,699,209,523,490
Liabilities	
Trade payables	116,238,105,048
Loans	1,011,777,823,000
Other payables	50,070,940,721
Deferred tax liability	2,641,596,609
	1,180,728,465,378
Total identifiable net assets at fair value [a]	518,481,058,112
Non-controlling interests [b]	181,468,370,340
Goodwill arising on acquisition (Note 17) [c]	70,494,847,878
Purchase consideration transferred [d] = [a - b + c]	407,507,535,650
In which:	
<i>Consideration in cash</i>	<i>113,286,200,000</i>
<i>Fair value of previously held investment</i>	<i>294,221,335,650</i>
Cash flow on acquisition	
Net cash acquired with the subsidiary	233,187,871,450
Cash paid	(113,286,200,000)
Net cash flow on acquisition	119,901,671,450

4. BUSINESS COMBINATIONS (CONTINUED)

4.3 Completion of provisional accounting for acquisition of K.I.P Vietnam and disposal of K.I.P Vietnam

On 31 May 2017, the Corporation completed the acquisition of additional 22.91% equity interest of K.I.P Vietnam JSC (“K.I.P Vietnam”), previously known as Vietnam Electrical Equipment I JSC, through private share offering of K.I.P Vietnam, increasing its ownership to 72.4%. Accordingly, as of this date, K.I.P Vietnam became a subsidiary of the Corporation.

K.I.P Vietnam is a joint stock company privatised from a state-owned company in accordance with Decision No. 247/2003/QĐ-BCN dated 31 December 2003 by the Ministry of Industry. This company is incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 0303000160 issued by the Department of Planning and Investment of Ha Tay Province dated 12 April 2004 and subsequent amended Business Registration Certificate with the latest

being the 8th Amendment No. 0500447942 dated 31 May 2018. The principal activities of K.I.P Vietnam are manufacturing and trading electric switch, controlling and protecting devices.

The Corporation acquired K.I.P Vietnam in order to develop the Group’s production and trading of electric equipment segment.

As at 31 December 2017, the Corporation was in the process of fair value determination for the identifiable assets, liabilities or contingent liabilities of K.I.P Vietnam as at the acquisition date and applied provisional accounting method to consolidate K.I.P Vietnam. Subsequently, in 2018, the Corporation has completed the fair value determination of K.I.P Vietnam’s net assets as at the acquisition date with no change in provisional fair value previously recognised on acquisition date. Details are as follow:

Currency: VND

Fair value recognised at acquisition date	
Assets	
Cash	21,184,202,902
Short-term investments	25,910,006,124
Short-term receivables	28,575,137,931
Inventory	21,123,929,521
Fixed assets	31,101,148,183
Other long-term assets	852,209,856
	128,746,634,517

Currency: VND

Fair value recognised at acquisition date	
Liabilities	
Trade payables	21,865,157,256
Other payables	14,083,858,390
	35,949,015,646
Total identifiable net assets at fair value [a]	92,797,618,871
Non-controlling interests [b]	25,846,171,891
Goodwill arising on acquisition (Note 17) [c]	5,942,330,107
Purchase consideration transferred [d] = [a – b + c]	72,893,777,087
In which	
Consideration in cash	27,200,209,205
Fair value of previously held investment	45,693,567,882
Cash flow on acquisition	
Net cash acquired with the subsidiary	21,184,202,902
Cash paid	(27,200,209,205)
Net cash flow on acquisition	(6,016,006,303)

Subsequently, as at 24 August 2018, the Group disposed 71.13% share in K.I.P Vietnam for a consideration of VND 237.6 billion. The Group recognised a gain of VND 138.8 billion from this transaction. Accordingly, K.I.P Vietnam has no longer been a subsidiary of the Group since this date.

4. BUSINESS COMBINATIONS (CONTINUED)

4.4 Completion of provisional accounting for acquisition of Vietnam - Hungari Electric Machinery Manufacturing Joint Stock Company

On 17 July 2017, the Corporation completed the additional acquisition of 5,700,000 shares from Vietnam – Hungari Electric Machinery Manufacturing JSC (“Vihem”) through private share offering of Vihem. Accordingly, the Corporation owned totally 7,190,700 shares in Vihem (equivalent to 65.37% of charter capital) and Vihem became a subsidiary of the Corporation as of this date.

Vihem JSC is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 0100101925 issued by the Hanoi Department of Planning and Investment on 22 January 2007 and subsequent amended Business Registration Certificates, with the latest being the 5th Amendment dated 23 November 2017. Head office of the company is located at Group 24, Dong Anh town, Dong

Anh district, Hanoi. The principal activities of Vihem are manufacturing and trading electric motor.

The Corporation acquired Vihem in order to develop the Group’s electric equipment production and trading segment.

As at 31 December 2017, the Group was in the process of fair value determination for the identifiable assets, liabilities or contingent liabilities of Vihem as at the acquisition date and applied provisional accounting method to consolidate Vihem. Then as at 31 December 2018, the Group has completed the fair value determination of Vihem’s net assets as at the acquisition date with no change in provisional fair value previously recognised on acquisition date. Details are as follow:

Currency: VND

Fair value recognised at acquisition date	
Assets	
Cash	158,459,577,909
Short-term receivables	32,704,364,688
Inventory	37,663,992,543
Other short-term assets	946,882,444
Fixed assets	7,652,587,425
Other long-term assets	5,341,546,364
	242,768,951,373
Liabilities	
Trade payables	10,203,401,593
Loans and borrowings	63,822,970,154
Other payables	80,830,190,783
	154,856,562,530

Currency: VND

Fair value recognised at acquisition date	
Total identifiable net assets at fair value [a]	87,912,388,843
Non-controlling interests [b]	30,444,060,256
Goodwill arising on acquisition (Note 17) [c]	25,224,721,413
Purchase consideration transferred [d] = [a – b + c]	82,693,050,000
In which	
<i>Consideration in cash</i>	<i>65,550,000,000</i>
<i>Fair value of previously held investment</i>	<i>17,143,050,000</i>
Cash flow on acquisition	
Net cash acquired with the subsidiary	158,459,577,909
Cash paid	(65,550,000,000)
Net cash flow on acquisition	92,909,577,909

4. BUSINESS COMBINATIONS (CONTINUED)

4.5 Acquisition and disposal of Hanoi Plastics Joint Stock Company

On 21 December 2017, Cadivi Dong Nai (a subsidiary of Cadivi) completed the acquisition of 1,618,000 shares (equivalent to 24.89% charter capital) in Hanoi Plastics JSC. Accordingly, Hanoi Plastics JSC became an associate of the Group via Cadivi Dong Nai as of this date.

On 13 June 2018, Cadivi Dong Nai acquired additional 1,752,700 shares of Hanoi Plastics JSC (equivalent to 26.97% charter capital). Accordingly, Hanoi Plastics JSC became a subsidiary of the Group as of this date.

Hanoi Plastics JSC, previously known as Hanoi Plastics One member State Owned Limited Company, incorporated in accordance with Decision No. 126/QD/UB-CN dated 24 January 1972 of the Hanoi People’s Committee. Subsequently, Hanoi Plastics JSC was privatised in accordance with Decision No. 761/QD-UBNN dated 16 September 2008 of the Hanoi

People’s Committee, and in accordance with the first Business Registration Certificate No. 0100100858 issued by the Hanoi Department of Planning and Investment on 31 October 2008 and subsequent amended Business Registration Certificate with the latest being the 3rd Amendment dated 13 February 2019. This company’s head office is located at Group 19, Phuc Loi ward, Long Bien District, Hanoi. The principal activities of Hanoi Plastics JSC are manufacturing and trading industrial plastic products, equipment, materials, and chemicals for plastic production. The Group acquired shares of Hanoi Plastics in order to support the development of the Group’s electrical equipment production segment.

Provisional fair value of the identifiable assets and liabilities of Hanoi Plastics JSC as at the date of acquisition were determined as follows:

Currency: VND

	Provisional fair value recognised on acquisition date
Assets	
Cash and cash equivalents	66,046,424,029
Short-term receivables	130,561,682,260
Inventories	68,565,863,466
Other short-term assets	59,581,793,335
Fixed assets	107,145,374,092
Other long-term assets	13,863,767,340
	445,764,904,522

	Currency: VND
	Provisional fair value recognised on acquisition date
Liabilities	
Trade payables	55,295,476,210
Loans and borrowings	36,910,406,128
Other payables	47,229,668,291
	139,435,550,629
Total identifiable net assets at provisional fair value [a]	306,329,353,893
Non-controlling interests [b]	114,518,594,087
Goodwill arising on acquisition (Note 17) [c]	132,944,068,049
Purchase consideration transferred [d] = [a – b + c]	324,754,827,855
In which:	
Consideration in cash	169,389,253,325
Provisional fair value of previously held investment	155,365,574,530
Cash flow on acquisition	
Net cash acquired with the subsidiary	66,046,424,029
Cash paid	(169,389,253,325)
Net cash flow on acquisition	(103,342,829,296)

On 30 November 2018, Cadivi Mien Bac, a subsidiary of the Group, disposed 51.85% share in Hanoi Plastics Joint Stock Company for a consideration of VND 341.7 billion. The Group recognised a gain of VND 21.4 billion from this transaction. Therefore, Hanoi Plastics Joint Stock Company has no longer been a subsidiary of the Group since this date.

From the acquisition date to the disposal date, the Group was in the process of fair value determination for the identifiable assets, liabilities or contingent liabilities of Hanoi Plastics JSC as at the acquisition

date, and therefore, applied provisional accounting method to consolidate Hanoi Plastics JSC.

From 13 June 2018 (the acquisition date) to the disposal date, Hanoi Plastics JSC has contributed VND 35,765,705,951 to the net profit before tax of the Group.

Revenue and net profit before tax of Hanoi Plastics JSC from 1 January 2018 to 13 June 2018 are VND 428,403,062,859 and VND 25,697,805,385, respectively.

4. BUSINESS COMBINATIONS (CONTINUED)

4.6 Acquisition of Song Da Water Investment JSC (“Viwasupco”)

On 4 January 2018, GELEX Energy, a subsidiary of the Corporation completed the acquisition of 12,340,000 shares (equivalent to 24.68% charter capital) in Viwasupco. Accordingly, Viwasupco became an associate of the Group as of this date. Subsequently, on 26 February 2018, GELEX Energy acquired additional 11,200,000 shares (equivalent to 22.42% charter capital) in Viwasupco, which increased its equity interest in Viwasupco to 47.1%.

On 28 March 2018, GELEX Energy acquired additional 2,130,000 shares (equivalent to 4.26% charter capital) in Viwasupco, which increased its equity interest in Viwasupco to 51.36%. Accordingly, Viwasupco became a subsidiary of the Group as of this date. Subsequently, GELEX Energy acquired additional 9.1% equity interest of Viwasupco, increasing the equity interest in Viwasupco to 60.46%.

Viwasupco is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 5400310161 issued by the Hoa Binh Department of Planning and Investment on 17 December 2009 and subsequent amended Business Registration Certificates, with the latest dated 23 July 2018. Viwasupco’s head office is located in Vat Lai village, Phu Minh ward, Ky Son District, Hoa Binh province, Vietnam. The principal activity of this company is supplying water. The Group acquired shares in Viwasupco for the purpose of developing its energy segment.

Fair value of the identifiable assets and liabilities of Viwasupco as at the acquisition date were determined as follow

Currency: VND

	Provisional fair value recognised on acquisition date	Fair value adjustments	Fair value recognised on acquisition date
Assets			
Cash and cash equivalents	189,156,985,761	-	189,156,985,761
Short-term investments	79,252,497,266	-	79,252,497,266
Inventories	61,456,794,458	-	61,456,794,458
Other short-term assets	354,426,458	-	354,426,458
Fixed assets	654,838,913,953	695,670,579,670	1,350,509,493,623
Construction in progress	131,289,287,618	-	131,289,287,618
Other long-term assets	6,333,489,031	-	6,333,489,031
	1,122,682,394,545	695,670,579,670	1,818,352,974,215

Currency: VND

	Provisional fair value recognised on acquisition date	Fair value adjustments	Fair value recognised on acquisition date
Liabilities			
Trade payables	8,556,275,788	-	8,556,275,788
Loans and borrowings	201,961,192,022	-	201,961,192,022
Other short-term payables	20,876,170,438	-	20,876,170,438
Deferred tax liability	-	127,972,347,353	127,972,347,353
	231,393,638,248	127,972,347,353	359,365,985,601
Total identifiable net assets at fair value [a]	891,288,756,297	567,698,232,317	1,458,986,988,614
Non-controlling interests [b]	433,522,851,065	276,128,420,199	709,651,271,264
Goodwill arising on acquisition (Note 17) [c]	795,574,010,768	(291,569,812,118)	504,004,198,650
Purchase consideration transferred [d] = [a – b + c]	1,253,339,916,000	-	1,253,339,916,000
In which:			
Consideration in cash	104,099,916,000	-	104,099,916,000
Fair value of previously held investment	1,149,240,000,000	-	1,149,240,000,000
Cash flow on acquisition			
Net cash acquired with the subsidiary	189,156,985,761	-	189,156,985,761
Cash paid	(104,099,916,000)	-	(104,099,916,000)
Net cash flow on acquisition	85,057,069,761	-	85,057,069,761

From 28 March 2018 (the acquisition date) to 31 December 2018, Viwasupco contributed VND 189,164,970,465 to the net profit before tax of the Group.

Revenue and net profit before tax of Viwasupco from 1 January 2018 to 28 March 2018 are VND 95,545,811,939 and VND 41,291,747,467 respectively.

4. BUSINESS COMBINATIONS (CONTINUED)

4.7 Acquisition of Dong Anh Electrical Equipment Manufacturing JSC (“MEE”)

As at 12 December 2018, Electrical Equipment JSC (“Thibidi”), a subsidiary of the Group, acquired 6,000,000 shares, equivalent to 50% charter capital in Dong Anh Electrical Equipment Manufacturing JSC (“MEE”) for a consideration of VND 284,580,000,000. Accordingly, MEE became an associate of The Group. Subsequently, on 27 December 2018, Thibidi acquired additional 120,000 shares, equivalent to 1% charter capital in MEE, increasing its equity interest in MEE to 51%. Accordingly, MEE became a subsidiary of the Group since this date.

MEE is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 0106061404

issued by the Hanoi Department of Planning and Investment on 13 December 2012 and subsequent amended Business Registration Certificates, with the latest being the 7th Amendment dated 19 December 2018. Head office of the company is located at No. 186, Group 24, Dong Anh town, Dong Anh district, Hanoi. The principal activities of MEE are manufacturing and trading transformers. The Group acquired MEE for the purpose of developing the electrical equipment production and trading segment.

Provisional fair value of the identifiable assets and liabilities of MEE as at the acquisition date were determined as follow:

Currency: VND

	Provisional fair value recognised on acquisition date
Assets	
Cash and cash equivalents	80,417,881,891
Short-term receivables	149,874,252,766
Inventories	45,574,305,244
Other short-term assets	16,109,683,977
Fixed assets	163,129,201,083
Other long-term assets	51,971,290,228
	507,076,615,189

Currency: VND

	Provisional fair value recognised on acquisition date
Liabilities	
Trade payables	157,620,268,983
Loans and borrowings	143,824,460,905
Other payables	12,777,725,366
	314,222,455,254
Total identifiable net assets at provisional fair value [a]	192,854,159,935
Non-controlling interests [b]	53,181,149,170
Goodwill arising on acquisition (Note 16) [c]	166,685,653,795
Purchase consideration transferred [d] = [a – b + c]	306,358,664,560
In which	
Consideration in cash	6,091,200,000
Provisional fair value of previously held investment	300,267,464,560
Cash flow on acquisition	
Net cash acquired with the subsidiary	80,417,881,891
Cash paid	(6,091,200,000)
Net cash flow on acquisition	74,326,681,891

As at 31 December 2018, the Group is in the process of fair value determination for the identifiable assets, liabilities or contingent liabilities of MEE as at the acquisition date, and therefore, applied provisional accounting method to consolidate MEE.

Revenue and net profit before tax of MEE from 1 January 2018 to 27 December 2018 are VND 995,939,113,829 and VND 18,029,252,325 respectively.

4. BUSINESS COMBINATIONS (CONTINUED)

4.8 Acquisition of Huong Phung Wind Electricity Co., Ltd (“Huong Phung”)

As at 25 December 2018, GELEX Energy, a subsidiary of the Group, acquired 84.62% shares in Huong Phung at a consideration amounting to 33 billion VND. Accordingly, Huong Phung Wind Electricity Limited Company became a subsidiary of the Group since this date.

Huong Phung is a limited company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 3200677549 issued by the Quang Tri Department of Planning and Investment on 8 November 2018 and subsequent amended Business Registration Certificates, with the latest being the 1th amendment dated 28 December 2018. Huong

Phung's head office located in 3th floor, No. 242, Route 9, Ward 1, Dong Ha City, Quang Tri Province, Vietnam. The principal activity of this company is wind power generation. The Group acquired shares in Huong Phung Limited Company for the purpose of developing its energy segment.

The management of the Group assessed that the transaction is an acquisition of a group of assets as Huong Phung has not commenced its commercial operation and is in the period of project development. Accordingly, the management of the Group did not evaluate the fair value of assets and liabilities of Huong Phung as at acquisition date.

5. CASH AND CASH EQUIVALENTS

Currency: VND

	Current year	Previous year
Cash on hand	14,390,215,648	10,646,240,768
Cash at banks	659,909,282,354	592,954,818,636
Cash equivalents (*)	249,367,600,000	493,916,207,073
TỔNG CỘNG	923,667,098,002	1,097,517,266,477

(*) Cash equivalents represent time deposits in VND at banks with term of less than 3 months, earning interest at the rates ranging from 4.3% to 5.3% per annum.

(**) Certain cash equivalents are pledged as collaterals for the Group’s long-term loans at bank as disclosed in Note 21.2.

6. SHORT-TERM INVESTMENTS

6.1 Held-for-trading securities

Currency: VND

	31 December 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
				Provision
Held-for-trading securities:				
Bonds (i)	1,234,131,324,943	1,234,131,324,943	628,146,597,200	628,146,597,200
Fund certificates (ii)	50,000,000,000	50,000,000,000	50,000,000,000	50,000,000,000
Trust investment (iii)	152,359,395,764	138,679,395,764	124,903,826,847	101,929,470,527
Listed stocks (iv)	127,872,558	10,352,970	105,989,547,956	96,037,048,320
Unlisted stocks	556,000,000	556,000,000	556,000,000	556,000,000
TOTAL	1,437,174,593,265	1,423,377,073,677	909,595,972,003	876,669,116,047
				(35,636,875,956)

6. SHORT-TERM INVESTMENTS (CONTINUED)

(i) Details for bonds investment are as follows

Issuer	Ending balance VND	Principal and interest payment term	Interest rate (% p.a)	Collater- als
Eco&More Water and Enviro- ment Investment JSC	281,806,027,290	3 years, principal is due on 21 June 2021. Interest is receivable on bi-annual basis	10.5%	(*)
	200,000,000,000	3 years, principal is due on 19 July 2021. Interest is receivable on bi-annual basis	10.5%	(*)
	44,899,458,613	3 years, principal is due on 21 June 2021. Interest is receivable on bi-annual basis	10.3%- 10.5%	(*)
Hai An Technology and Edu- cation Investment JSC	150,000,000,000	3 years, principal is due on 29 August 2020. Interest is receivable on annual basis	10.2%	(*)
	100,000,000,000	3 years, principal is due on 31 May 2020. Interest is receivable on annual basis.	9.5%	(*)
	100,000,000,000	3 years, Principal is due on 18 April 2020. Interest is receivable on bi-annual basis	10.7%	(*)
	25,746,506,840	3 years, Principal is due 30 July 2021. Inter- est is receivable on annual basis	10.5%	(*)
	15,000,000,000	3 years, Principal is due 9 March 2021. Inter- est is receivable on annual basis	9.5%	(*)
Bac Viet Mineral Exploration Metallurgy JSC	204,390,582,200	3 years, Principal is due 28 March 2020. Interest is receivable on annual basis	10.2%	(*)
Lam Dong Tourism JSC	52,000,000,000	4 years, principal is due on 4 May 2021. Inter- est is receivable on bi-annual basis.	10.5%	(*)
IB Securities JSC	60,288,750,000	2 years, principal is due on 21 February 2019. Interest is receivable on bi-annual basis.	9.6%	Unsecured
TOTAL	1,234,131,324,943			

(*) These bonds are secured by shares and fixed assets held by issuers or third parties.

The Group classified the bonds as held-for-trading securities (short-term) based on its initial plan (as approved by the management) to divest before maturity date.

(ii) Details for investments in fund certificate are as follows:

	Ending balance		Investment Duration	Collaterals
	Cost	Provision		
Vietinbank Value Discovery Investment Fund	50,000,000,000	-	12 months, due on 31 December 2019	Unsecured
TOTAL	50,000,000,000			

(iii) Details for trust investments are as follows:

	Ending balance		Investment duration	Collaterals
	Cost	Provision		
Viet Cat Fund Management Joint Stock Company	80,192,688,833	(13,680,000,000)	Less than 12 months, last trust investment due on 31 December 2019, for the purpose of investment in stock and other valuable papers	Unsecured
Red Capital Management Joint Stock Company	72,073,979,995	-	12 months, last trust investment due on 18 July 2019, for the purpose of investment in valuable papers, bonds, and stocks.	Unsecured
Vietinbank Fund Management Co., Ltd	92,726,936	-	12 months, due on 19 January 2019, for the purpose of stock investment	Unsecured
TOTAL	152,359,395,764	(13,680,000,000)		

6. SHORT-TERM INVESTMENTS (CONTINUED)

6.2 Held-to-maturity investment

	Ending balance				Beginning balance			
	Cost	Carrying value	Provision		Cost	Carrying value	Provision	
Term deposits at banks (i)	159,729,229,165	159,729,229,165	-	249,969,163,922	249,969,163,922	-	-	
Bonds (ii)	15,000,000,000	15,000,000,000	-	-	-	-	-	
Trust investments (iii)	265,848,782,400	265,848,782,400	-	422,300,000,000	422,300,000,000	-	-	
TOTAL	440,578,011,565	440,578,011,565	-	672,269,163,922	672,269,163,922	-	-	

Currency: VND

(i) These are deposits in VND at banks with terms from 6 months to 1 year and earning interest at the rate ranging from 5.5% to 7% per annum.

(ii) These are bonds of IB Securities JSC (a related party as disclosed in Note 29) with term of 2 years, due on 21 February 2019, earning interest on a bi-annual basis, at interest rate of 9.5% per annum. The bonds are uncured.

(iii) These are trust investments with Vietinbank Fund Management Co., Ltd and Red Capital Management JSC (a related party as disclosed in Note 29) with terms of less than 12 months and for the purpose of short-term investment in bonds.

7. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Trade receivables from customers	1,904,038,395,958	1,826,893,952,505
- Duc Tuong Group JSC	206,778,295,075	209,836,034,793
- Power Consultant Investment and Construction JSC No.5	131,347,390,333	-
- Hochiminh City Electric Machinery JSC	122,063,764,217	76,003,768,972
- Other customers	1,443,848,946,333	1,541,054,148,740
Trade receivables from related parties (Note 29)	124,845,435,214	33,777,491,140
TOTAL	2,028,883,831,172	1,860,671,443,645
Provision for doubtful receivables	(204,113,923,665)	(223,861,019,844)
Long-term		
Trade receivables from customers	6,740,871,000	75,339,914,100
- Thai Binh Power Company	2,134,173,000	4,829,160,000
- Son La Power Company	952,952,000	149,749,600
- Nam Dinh Power Company	1,005,884,000	829,854,300
- Bac Ninh Power Company	1,005,884,000	1,383,090,500
- Trade receivables from other customers	1,641,978,000	68,148,059,700
TOTAL	6,740,871,000	75,339,914,100

Certain trade receivables are pledged as collaterals for the Group's loans as disclosed in Note 21.1.

8. OTHER SHORT-TERM RECEIVABLES

Currency: VND

	Ending balance		Beginning balance	
	Balance	Provision	Balance	Provision
Deposits for share purchase (i)	855,603,950,000	-	947,258,640,000	-
Advances to employees	53,109,364,258	(1,430,246,060)	29,481,714,082	(1,430,246,060)
Interest receivables	50,758,469,850	(94,500,000)	52,136,498,968	(67,500,000)
Deposits	67,203,898,039	-	37,256,604,996	-
Dividend receivables	-	-	2,764,855,000	-
Others	66,945,749,619	(3,027,114,324)	55,629,208,539	(3,123,214,730)
TOTAL	1,093,621,431,766	(4,551,860,384)	1,124,527,521,585	(4,620,960,790)

(i) Deposits for share purchase at 31 December 2018 of the Group mainly include:

- Deposits amounting to VND 483.5 billion to individuals to purchase shares in a company operating in production and trading electrical equipment industry.
- Deposits and business co-operation contracts amounting to VND 327.1 billion to individuals and enterprises to purchase shares of several companies operating in energy industry.

In the event of unsuccessful share acquisition, the deposits will be refunded to the Group with an interest of 10% on the deposit amounts.

9. BAD DEBTS

Currency: VND

	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Ngoc Son Metal JSC	106,348,046,487	-	106,348,046,487	-
Ha Viet Export Import JSC	15,759,439,543	-	15,759,439,543	-
Thien Phong Electrical Materials	14,095,503,040	-	14,105,503,040	-
Others	92,908,633,075	8,839,147,006	152,768,220,534	42,252,167,764
TOTAL	229,111,622,145	8,839,147,006	288,981,209,604	42,252,167,764

10. INVENTORIES

Currency: VND

	Ending balance		Beginning balance	
	Balance	Provision	Balance	Provision
Finished goods	793,361,053,032	(17,203,245,993)	932,874,212,579	(12,195,136,725)
Raw materials and consumables	771,777,340,892	(3,243,290,245)	663,998,822,591	(2,456,391,240)
Work in process	346,125,001,737	(652,386,373)	241,124,488,671	(14,848,918)
Goods in transit	187,644,269,464	-	22,770,837,372	-
Merchandises	25,249,473,568	-	3,296,838,753	(3,706,899)
Tools and supplies	5,653,019,425	-	4,269,010,086	(650,000)
Goods on consignment	2,415,318,465	-	1,198,866,633	-
TOTAL	2,132,225,476,583	(21,098,922,611)	1,869,533,076,685	(14,670,733,782)

Certain inventories are pledged as collaterals for the Group's loans and bonds as disclosed in Note 21.

Detail movements of provision for inventories:

Currency: VND

	Current year	Previous year
Beginning balance	14,670,733,782	5,999,727,151
Increase from business combination	2,459,683,954	-
Add: Provision made during the year	21,436,052,956	10,860,813,764
Less: Utilisation and reversal of provision during the year	(17,467,548,081)	(2,189,807,133)
Ending balance	21,098,922,611	14,670,733,782

11. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
Cost					
Beginning balance	2,149,932,525,828	1,974,550,802,994	887,808,765,836	46,688,833,152	5,058,980,927,810
- New purchase	-	133,823,522,194	20,874,621,272	4,293,933,349	158,992,076,815
- Transfer from construction in progress	39,127,308,889	115,263,991,116	63,934,906,567	-	218,326,206,572
- Increase from business combination	1,717,079,286,326	240,662,160,458	4,173,460,866	835,443,219	1,962,750,350,869
- Reclassification	-	(239,267,000)	-	239,267,000	-
- Finalisation of construction	986,898,713	(3,775,736,242)	-	-	(2,788,837,529)
- Disposal	(14,884,597,671)	(16,438,956,411)	(23,098,649,847)	(965,654,669)	(55,387,858,598)
- Transfer to investment properties	(19,867,126,145)	(2,783,909,018)	-	(9,238,234,651)	(31,889,269,814)
- Other decrease	(29,448,502)	(674,116,920)	(92,589,940)	(15,427,549)	(811,582,911)
Ending balance	3,872,344,847,438	2,440,388,491,171	953,600,514,754	41,838,159,851	7,308,172,013,214
<i>In which:</i>					
<i>Fully depreciated</i>	<i>154,434,980,061</i>	<i>536,974,035,995</i>	<i>333,918,724,309</i>	<i>14,114,803,050</i>	<i>1,039,442,543,415</i>

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
Accumulated depreciation					
Beginning balance	606,891,232,107	942,555,417,611	604,637,260,353	23,983,417,233	2,178,067,327,304
- Depreciation for the year	127,809,673,660	170,969,005,834	62,848,231,036	3,804,981,278	365,431,891,808
- Increase/(decrease) from business combination	770,466,123,837	81,840,192,948	(1,693,866,055)	(100,870,285)	850,511,580,445
- Disposal	(12,673,405,983)	(8,768,105,480)	(16,495,443,043)	(965,654,669)	(38,902,609,175)
- Transfer to investment properties	(1,255,393,153)	(485,053,503)	-	(2,421,731,616)	(4,162,178,272)
- Reclassification	-	(39,877,830)	-	39,877,830	-
- Other decrease	-	-	(29,251,966)	2,042,560	(27,209,406)
Ending balance	1,491,238,230,468	1,186,071,579,580	649,266,930,325	24,342,062,331	3,350,918,802,704
Net carrying amount					
Beginning balance	1,543,041,293,721	1,031,995,385,383	283,171,505,483	22,705,415,919	2,880,913,600,506
Ending balance	2,381,106,616,970	1,254,316,911,591	304,333,584,429	17,496,097,520	3,957,253,210,510

Certain tangible fixed assets are pledged as collaterals for the loans and bonds of the Group as disclosed in Note 21.

12. INTANGIBLE FIXED ASSETS

Currency: VND

	Land use rights	Water surface exploitation rights	Computer software	Total
Cost				
Beginning balance	167,678,769,919	-	11,741,708,020	179,420,477,939
- New purchase	-	-	5,280,950,200	5,280,950,200
- Increase from business combination	(3,800,000,000)	384,184,174,786	(3,188,681,049)	377,195,493,737
- Disposal	(15,942,290,267)	-	-	(15,942,290,267)
Ending balance	147,936,479,652	384,184,174,786	13,833,977,171	545,954,631,609
In which:				
<i>Fully amortised</i>	-	-	2,438,070,719	2,438,070,719
Accumulated amortisation:				
Beginning balance	9,878,145,277	-	6,790,850,064	16,668,995,341
- Amortisation for the year	1,019,825,724	8,124,473,090	1,631,734,140	10,776,032,954
- Increase from business combination	-	-	731,356,840	731,356,840
Ending balance	10,897,971,001	8,124,473,090	9,153,941,044	28,176,385,135
Net carrying amount:				
Beginning balance	157,800,624,642	-	4,950,857,956	162,751,482,598
Ending balance	137,038,508,651	376,059,701,696	4,680,036,127	517,778,246,474

Certain intangible fixed assets, which are land use rights, are pledged as collaterals for loans of the Group as disclosed in Note 21.

13. INVESTMENT PROPERTIES

Currency: VND

	Buildings and structures	Others (*)	Total
Cost:			
Beginning balance	159,963,712,056	89,564,170,014	249,527,882,070
Transfer from tangible fixed assets (Note 11)	19,867,126,145	12,022,143,669	31,889,269,814
Ending balance	179,830,838,201	101,586,313,683	281,417,151,884
Accumulated depreciation:			
Beginning balance	11,281,439,941	19,316,002,301	30,597,442,242
Depreciation for the year	3,620,325,526	10,037,674,021	13,657,999,547
Transfer from tangible fixed assets (Note 11)	1,255,393,153	2,906,785,119	4,162,178,272
Ending balance	16,157,158,620	32,260,461,441	48,417,620,061
Net carrying amount:			
Beginning balance	148,682,272,115	70,248,167,713	218,930,439,828
Ending balance	163,673,679,581	69,325,852,242	232,999,531,823

(*) These are infrastrutures associated with GELEX Tower Buidling at No. 52 Le Dai Hanh Street, Hanoi.

The Group has not determined fair value of the investment properties due to lack of reference information on their market value as at the reporting date.

The investment property of GELEX Tower Building at No. 52, Le Dai Hanh Street (based on leasing area over total commercial area), is pledged as collaterals for the Group's bonds as disclosed in Note 21.

14. CONSTRUCTION IN PROGRESS

	Current year	Previous year
Water supply for Son Tay - Hoa Lac - Xuan Mai - Mieu Mon - Hanoi - Ha Dong project	510,228,526,193	-
Ninh Thuan solar energy project	166,411,961,023	2,617,157,739
Luxury office and commercial center at No. 799 Kinh Duong Vuong street project (*)	127,443,482,364	127,243,482,364
Capacity improvement in the Cadivi Mien Trung factory project	104,743,314,342	-
Machinery and vehicles in installation process	62,418,489,531	110,341,688,319
Others	68,920,871,207	25,753,980,921
TOTAL	1,040,166,644,660	265,956,309,343

(*) This is prepaid rental fee tentatively for land use right of the land area of 5,092 m2 at Kinh Duong Vuong Street, Ward 12, District 6, Ho Chi Minh City, made by Vietnam Electric Cable JSC, a subsidiary of the Group.

15. LONG-TERM INVESTMENTS

	Ending balance			Beginning balance		
	Provision	Fair value		Provision	Fair value	Provision
Investments in associates (Note 15.1)	1,552,461,933,298	-	1,552,461,933,298	1,207,984,753,588	-	1,207,984,753,588
Other long-term investments	7,229,751,878	-	11,105,339,440	95,417,309,831	(1,222,933,776)	94,194,376,055
Long-term held-to-maturity investments (Note 15.2)	179,214,601,370	-	179,214,601,370	370,198,158,333	-	370,198,158,333
TOTAL	1,738,906,286,546	-	1,742,781,874,108	1,673,600,221,752	(1,222,933,776)	1,672,377,287,976

15. LONG-TERM INVESTMENTS (CONTINUED)

15.1 Investment in associates

Name	Ending balance		Beginning balance	
	Equity share (%)	Voting right (%)	Equity share (%)	Voting right (%)
SCI Nghe An Co., Ltd (i)	49.00	49.00	49.00	49.00
CFT Vina Cooper Co., Ltd (ii)	45.00	36.35	45.00	36.35
SORECO Real Estate Development Co., Ltd (iii)	(*) 27.39	50.00	(*) 27.39	50.00
The Pier Real Estate Development Corporation (iv)	(*) 27.39	50.00	(*) 27.39	50.00
SAS CTAMAD Co., Ltd (v)	(*) 23.14	35.00	(*) 23.14	35.00
747 Engineering Construction and Trading JSC (Sowatco-Eco 747) (vi)	(*) 22.65	49.00	(*) 22.65	49.00
First Logistics Development Joint Venture Company (VICT) (vii)	(*) 17.10	37.00	(*) 17.10	37.00
Gefco-Sotrans Logistics Co., Ltd (viii)	(*) 13.42	24.50	(*) 13.42	24.50
MHC JSC (ix)	(*) 12.60	23.00	(*) 12.60	23.00
Southern Waterways General Services JSC (Sowatcoser) (x)	(*) 12.14	26.27	(*) 12.10	26.27
Dong Anh Electrical Equipment Corporation JSC (xi)	(*) 19.59	24.95	-	-
Vietnam – Hungari 1 Electric Machinery Manufacturing JSC (xii)	-	-	(*) 22.23	34.00
Vietnam – Hungari 2 Electric Machinery Manufacturing JSC (xii)	-	-	(*) 22.23	34.00
Hanoi Plastics JSC (xii)	-	-	(*) 19.85	24.89
Phuc Hung Tin JSC (xii)	-	-	(*) 13.59	20.00

(*) This is indirect interest percentage which the Corporation holds through its subsidiaries (which are not 100% owned by the Corporation). Accordingly, the equity share is different to the voting right at these associates.

Detailed information of the Group's associates are as follows:

(i) SCI Nghe An Co., Ltd was established and operated under the Business Registration Certificate No. 2901147160 issued by the Department of Planning and Investment of Nghe An Province for the first time on 1 December 2009 and subsequent amendments. The head office of this company is located at: Huoi Tho village, Huu Kiem Commune, Ky Son District, Nghe An Province. The principal activities of this company is to build electricity projects, produce and trade electricity.

(ii) CFT Vina Cooper is limited liability company with two or more members, established in accordance with Investment License No. 1576/GPDT granted by Head of Management Board of Industrial Sones in Dong Nai on 20 August 2002. The head office of this company is located at Road No. 9, Bien Hoa 1 Industrial Sone, Dong Nai Province, Vietnam. The principal activities of this company are manufacturing materials used for production of electric cable, electronic wires and telecommunication cables. In accordance with its Investment license, the Corporation's interest in CFT Vina Cooper Co., Ltd increases from 36.65% to 45% from 2016 to the expired date of the joint venture (in 2026), even though the Corporation's capital contribution remains the same.

(iii) SORECO Real Estate Development Co., Ltd is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0312576215 issued by the Department of Planning and Investment of Ho Chi Minh City on 5 December 2013 and subsequent amendments. The head office of this company is located at 16th Floor, Sailing Tower, 111A Pasteur, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. The principal activities of this company is real-estate trading.

(iv) The Pier Real Estate Development Corporation is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0313877800 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 June 2016. The head office of this company is located at Room 1606. Floor 16, Sailing Tower, 111A Pasteur, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. The principal activities of this company is real-estate trading.

(v) S.A.S - CTAMAD Co., Ltd is a joint venture incorporated under the Law on Foreign Investment in pursuant to the Investment License No.1018/GP issued by the Ministry of Planning and Investment on 25 October 1994 and the amended Investment License No. 1018/GCND3-BKH dated 23 August 2006. The head office of this company is located at No. 44B, Ly Thuong Kiet Street, Hai Ba Trung District, Hanoi, Vietnam. The principal activities of this company are operating hotel, office building and gaming club.

(vi) 747 Engineering Construction and Trading JSC is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 2900751997 issued by Department of Planning and Investment of Nghe An Province on 7 June 2006 and subsequent amendments. The head office of this company is located at No. 161/1 Truong Chinh Street, Vinh City, Nghe An Province. The principal activities of this company are railway and highway construction .

(vii) First Logistics Development Joint Venture Company is a joint venture company incorporated under the Law on Foreign Investment in Vietnam and prevailing Law on Investment pursuant to the Investment Licence No. 996/GP issued by the Ministry of Planning and Investment on 22 September 1994, and subsequent amendments. The head office of this company is located at A5 Street, Hamlet 5, Tan Thuan Dong ward, District 7, Ho Chi Minh City. The

15. LONG-TERM INVESTMENTS (CONTINUED)

principal activities of this company are providing services of freight forwarding and container transportation at port.

(viii) Gefco – Sotrans Logistics Co., Ltd is a limited liability company with two or more members incorporated in accordance with the Investment Certificate No. 411022000830 issued by the People's Committee of Ho Chi Minh City on 5 June 2015. The head office of this company is located at No. 55-57 Nguyen Van Giai Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam. The principal activity of this company is providing ground transportation services.

(ix) MHC JSC is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Register Certificate No. 0100793715 issued by the Hanoi Department of Planning and Investment on 19 November 1998, and the latest amendment being 27th amendment on 29 October 2018. The head office of this company is located at 10th Floor, VINATEA building, No. 92, Vo Thi Sau street, Thanh Nhan ward, Hai Ba Trung district, Hanoi city. The principal activities of this company are providing services supporting for ground & domestic waterway cargo transport and cargo handling services.

(x) Southern Waterways General Services JSC is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Register Certificate No. 0303215396 issued by Department of Planning and Investment of Ho Chi Minh City on 1 April 2004 and subsequent amendments. The head office of this company is located at No. 38, Ton That Thuyet Street, Ward 15, District 4, Ho Chi Minh City. The principal activities of this company are providing services supporting for transportation.

(xi) Dong Anh Electrical Equipment Corporation JSC - Formerly known as Electrical Equipment Manufacturing Company was established on 5 December 1981 under Decision No. 056 / NL-TCCB of the Ministry of Energy. From 10 May 2011, the Company was approved by the State Securities Committee as a public company. The company headquarter is located at 189 Lam Tien Street, Dong Anh Town, Dong Anh District, Hanoi City. The main activity of this company is to produce transmission transformers, intermediate transformers, distribution transformers and other electrical equipment.

(xii) Disposed during the year.

15. LONG-TERM INVESTMENTS (CONTINUED)

Currency: VND

	Beginning balance	Transform to subsidiaries	Disposed during the year	Increase from business combination (*)	Share of profit/(loss) in associates	Dividends declared during the year	Ending balance
Dong Anh Electrical Equipment Corporation JSC	-	-	-	468,497,825,645	14,050,118,649	-	482,547,944,294
First Logistics Development Joint Venture Company	376,236,727,111	-	-	-	11,591,875,449	(25,157,238,797)	362,671,363,763
S.A.S - CTAMAD Co., Ltd	280,490,951,239	-	-	-	38,531,427,977	(26,720,955,432)	292,301,423,784
SCI Nghe An Co., Ltd	156,065,000,000	-	-	-	(323,439,148)	-	155,741,560,852
Hanoi Plastic JSC	155,560,992,000	(159,624,370,677)	-	-	4,063,378,677	-	-
CFT Vina Cooper Co., Ltd	110,355,615,795	-	-	-	17,830,471,682	-	128,186,087,477
MHC JSC	102,583,930,149	-	-	-	5,332,239,296	-	107,916,169,445
The Pier Real Estate Development Corporation	9,977,284,940	-	-	-	(431,469)	-	9,976,853,471
SORECO Real Estate Development Co., Ltd	9,950,599,789	-	-	-	(8,302,188)	-	9,942,297,601
Southern Waterways General Services JSC	3,166,915,203	-	-	-	11,317,408	-	3,178,232,611

15. LONG-TERM INVESTMENTS (CONTINUED)

Currency: VND

	Beginning balance	Transform to subsidiaries	Disposed during the year	Increase from business combination (*)	Share of profit/(loss) in associates	Dividends declared during the year	Ending balance
Phuc Hung Tin JSC	1,471,058,808	-	(1,471,058,808)	-	-	-	-
Vietnam – Hungari 2 Electric Machinery Manufacturing JSC	1,026,385,012	-	(996,235,340)	-	(23,481,932)	(6,667,740)	-
Vietnam – Hungari 1 Electric Machinery Manufacturing JSC	1,099,293,542	-	(1,018,568,532)	-	52,629,790	(133,354,800)	-
Viwasupco	-	(927,209,231,031)	-	914,671,782,745	12,537,448,286	-	-
TOTAL	1,207,984,753,588	(1,086,833,601,708)	(3,485,862,680)	1,383,169,608,390	103,645,252,477	(52,018,216,769)	1,552,461,933,298

(*) During the year, the Group acquired certain new subsidiaries as disclosed at Note 4. Accordingly, the Group indirectly owned investments in associates held by these subsidiaries.

15. LONG-TERM INVESTMENTS (CONTINUED)

15.2 Held-to-maturity investments

Currency: VND

	Ending balance		Beginning balance	
	Cost	Carrying value	Cost	Carrying value
Term deposits (*)	11,113,300,000	11,113,300,000	14,058,158,333	14,058,158,333
Bonds (**)	168,101,301,370	168,101,301,370	356,140,000,000	356,140,000,000
TOTAL	179,214,601,370	179,214,601,370	370,198,158,333	370,198,158,333

(*) These are bank deposits in VND with terms of above 12 months, earning interest rate ranging from 6.3% to 6.8% per annum.

(**) Including bond investments of Hai An Technology and Education Investment JSC ("Hai An JSC") and Eco&More Water and Environment Investment JSC ("Eco&More JSC") with details as follows:

- 40 bonds (Par value: VND 1 billion/bond) of Eco&More JSC, with term of 3 years, due on 21 June 2021, earning interest at the rate of 10.5% per annum, receivable on a semi-annual basis and secured by shares held by issued organisations or other third parties.

- 50 bonds (Par value: VND 1 billion/bond) of Hai An JSC, with term of 3 years, due on 9 March 2021, earning interest at the rate of 9.5% per annum, receivable on an annual basis and secured by shares held by issued organisations or other third parties.

- 75 bonds (Par value: VND 1 billion/bond) of Hai An JSC, with term of 3 years, due on 30 July 2021, earning interest at the rate of 10.5% per annum, receivable on an annual basis and secured by shares held by issued organisations or other third parties.

16. LONG-TERM PREPAID EXPENSES

Currency: VND

	Ending balance	Beginning balance
Prepaid land rental (*)	389,276,550,507	358,228,266,514
Tools and supplies in use	23,320,411,821	17,379,633,314
Fixed asset overhaul	10,679,164,392	6,637,856,557
Infrastructure construction and site clearance expenditures	11,675,788,012	12,209,411,176
Interior costs and office renovation	7,672,782,856	5,086,514,073
Others	19,744,900,037	29,293,248,752
TOTAL	462,369,597,625	428,834,930,386

(*) Certain land use rights are pledged as collaterals for loans of the Group as disclosed in Note 21.

17. GOODWILL

	Sotrans (Restated)	Phu Thanh My	K.I.P Vietnam	Vihem	Viwasupco	Hanoi Plastic	MEE	Thibidi	Total
Cost:									
Beginning balance (Restated)	506,460,632,541	70,494,847,878	5,942,330,107	25,224,721,413	-	-	-	32,629,220,995	640,751,752,934
Addition (Note 4)	-	-	-	-	504,004,198,650	132,944,068,049	166,685,653,795	-	803,633,920,494
Decrease due to disposal	-	-	(5,942,330,107)	-	-	(132,944,068,049)	-	-	(138,886,398,156)
Ending balance	506,460,632,541	70,494,847,878	-	25,224,721,413	504,004,198,650	-	166,685,653,795	32,629,220,995	1,305,499,275,272
Accumulated amortisation:									
Beginning balance (Restated)	(37,984,547,441)	(5,874,570,657)	(346,635,923)	(1,261,236,070)	-	-	-	(3,262,922,100)	(48,729,912,191)
Amortisation for the year	(50,646,063,254)	(7,049,484,788)	(297,116,505)	(2,522,472,142)	(37,800,314,899)	(6,167,127,601)	-	(3,262,922,100)	(107,745,501,289)
Decrease due to disposal	-	-	643,752,428	-	-	6,167,127,601	-	-	6,810,880,029
Ending balance	(88,630,610,695)	(12,924,055,445)	-	(3,783,708,212)	(37,800,314,899)	-	-	(6,525,844,200)	(149,664,533,451)
Net carrying amount:									
Beginning balance (Restate)	468,476,085,100	64,620,277,221	5,595,694,184	23,963,485,343	-	-	-	29,366,298,895	592,021,840,743
Ending balance	417,830,021,846	57,570,792,433	-	21,441,013,201	466,203,883,751	-	166,685,653,795	26,103,376,795	1,155,834,741,821

18. SHORT-TERM TRADE PAYABLES

Currency: VND

	Ending balance		Beginning balance	
	Balance	Amount payable	Balance	Amount payable
Trade payables	1,825,394,655,052	1,825,394,655,052	793,121,227,710	793,121,227,710
- LS Nikko Cooper Inc	936,161,405,673	936,161,405,673	123,229,240,206	123,229,240,206
- Mitsui & Co., Ltd	152,877,856,052	152,877,856,052	-	-
- Other suppliers	736,355,393,327	736,355,393,327	669,891,987,504	669,891,987,504
Trade payables to related parties (Note 29)	221,463,184,619	221,463,184,619	57,295,942,988	57,295,942,988
TOTAL	2,046,857,839,671	2,046,857,839,671	850,417,170,698	850,417,170,698

19. STATUTORY OBLIGATIONS

Currency: VND

	Beginning balance	Payable for the year	Payment made in the year	Ending balance
Value added tax	12,239,590,669	521,028,148,137	(513,938,227,730)	19,329,511,076
Corporate income tax	54,429,726,345	267,095,597,048	(219,651,170,282)	101,874,153,111
Personal income tax	4,368,171,030	56,410,346,057	(51,198,672,539)	9,579,844,548
Other taxes	5,897,807,483	84,999,678,057	(70,903,188,676)	19,994,296,864
TOTAL	76,935,295,527	929,533,769,299	(855,691,259,227)	150,777,805,599

20. OTHER PAYABLES

Currency: VND		
	Ending balance	Beginning
Short-term		
Deposits from customers (i)	103,868,260,017	293,570,240,296
Letter of credit due to banks	90,447,835,282	-
Advances from disposal of investments	39,940,000,000	39,940,000,000
Advances from site relocation compensation	40,000,000,000	40,000,000,000
Deposits from labour export service	25,960,697,748	29,716,899,836
Deposits for project implementation	20,000,000,000	20,000,000,000
Share warrant (ii)	18,000,000,000	-
Dividends payables	7,745,748,219	15,154,549,978
Others	67,440,326,866	56,837,383,005
TOTAL	413,402,868,132	495,219,073,115
Long-term		
Share warrant (ii)	-	90,000,000,000
Long-term deposits from customers	36,151,111,022	29,050,625,007
Others	502,126,200	580,551,000
TOTAL	36,653,237,222	119,631,176,007
In which:		
Other payables to related parties (Note 29)	40,000,000,000	40,000,000,000
Other payables	409,555,617,279	574,850,249,122

(i) These are mainly deposits from customers, bearing interest at maximum rate of 9.6% per annum.

(ii) According to Resolution No 27/TBDVN/NQ-DHCD dated 1 August 2016 of the General Shareholders, in 2016, the Corporation issued 1,800 share warrants; each warrant has a right to purchase 50,000 shares issued by the Corporation, with total amount of VND 90 billion. The share issue price when exercising

share warrants will be determined in accordance with anti-dilution clause but would not be lower than VND 10,000 per share. The share warrants will be exercised no later than 30 June 2019. During the year, the share warrant holders exercised 1,440 share warrants at the price of VND 16,600 per share (As disclosed in Note 22).

21. LOANS

		Currency: VND							
Note		Beginning balance		Increase from business combinations		Movement during the year		Ending balance	
		Balance	Payable amount			Increase	Decrease	Balance	Payable amount
Short-term									
Loans from banks	20.1	1,993,472,409,840	1,993,472,409,840	98,915,456,191	7,197,852,673,899	(7,011,946,851,977)	2,278,293,687,953	2,278,293,687,953	
Loans from other parties	20.3	60,201,109,653	60,201,109,653	14,450,000,000	162,864,596,500	(100,317,726,653)	137,197,979,500	137,197,979,500	
Bonds		299,165,833,333	299,165,833,333	-	834,166,667	(300,000,000,000)	-	-	
Current portion of long term bonds	20.4	360,000,000,000	360,000,000,000	-	1,279,834,999,993	(441,000,000,000)	1,198,834,999,993	1,198,834,999,993	
Current portion of long term loans	20.2	33,478,636,726	33,478,636,726	60,408,766,642	104,621,497,446	(70,918,636,726)	127,590,264,088	127,590,264,088	
TOTAL		2,746,317,989,552	2,746,317,989,552	173,774,222,833	8,746,007,934,505	(7,924,183,215,356)	3,741,916,931,534	3,741,916,931,534	
Long-term									
Loans from banks	20.2	1,111,954,559,812	1,111,954,559,812	208,921,836,222	293,554,688,028	(214,758,527,999)	1,399,672,556,063	1,399,672,556,063	
Bonds	20.4	1,421,914,237,842	1,421,914,237,842	-	689,994,370,602	(1,379,834,999,993)	732,073,608,451	732,073,608,451	
TOTAL		2,533,868,797,654	2,533,868,797,654	208,921,836,222	983,549,058,630	(1,594,593,527,992)	2,131,746,164,514	2,131,746,164,514	

21. LOANS (CONTINUED)

Short-term loans from banks

Details of the short-term loans from banks are as follows:

Bank	Ending balance	Principal and interest repayment term	Interest rate (% p.a)	Description of collateral
Vietnam Joint Stock Commercial Bank for Industry and Trade - Bien Hoa Industrial Sone Branch – Dong Nai Province	582,321,778,508	6 months, interest payable on monthly basis. Last installment is due on 26 June 2019	6.8% - 7.2%	Buildings and structures, machinery and equipment, and means of transportation of Thibidi
Vietnam Joint Stock Commercial Bank for Foreign Trade – Ho Chi Minh City Branch	357,971,141,259	3 months, interest payable on monthly basis. Last installment is due on 29 March 2019	5.5%	Unsecured
Bank for Investment and Development of Vietnam – Transaction Center 1	300,614,272,009	From 3 to 6 months, interest payable on a monthly basis. Last installment is due on 29 April 2019	5.4% - 7.2%	Trade receivables and inventory of the Corporation
Vietnam Prosperity Joint Stock Commercial Bank – Head Office	286,732,570,636	3 months, interest payable on monthly basis. Last installment is due on 23 February 2019	5.8% - 6.1%	Trade receivables and inventory of the Corporation
ANZ Joint Stock Commercial Bank (Vietnam)	153,187,912,266	From 2 to 3 months, interest payable when last installment due on 27 March 2019	5.6%	Unsecured
Military Commercial Joint Stock Bank – Dong Nai Branch	99,318,505,202	6 months, interest payable on monthly basis. Last installment is due on 24 April 2019	5.5% - 5.8%	Unsecured

Bank	Ending balance	Principal and interest repayment term	Interest rate (% p.a)	Description of collateral
Vietnam Joint Stock Commercial Bank for Industry and Trade – Western Hanoi branch	74,648,373,946	From 3 to 6 months, interest payable on monthly basis. Last installment is due on 23 May 2019	5.2% - 6.5%	Factories of HEM
Bank for Investment and Development of Vietnam – Transaction Center 1	62,161,565,535	From 3 to 6 months, interest payable on monthly basis. Last installment is due on 24 June 2019	5.3% - 7.7%	Trade receivables and inventory of GELEX Electric
Vietnam Export Import Commercial Joint Stock Bank -Ho Chi Minh City Branch	52,114,176,545	3 months, interest payable on monthly basis. Last installment is due on 30 January 2019	5.4%	Unsecured
Other banks	309,223,392,047	Less than 6 months, interest payable on monthly basis. Last installment is due on 23 June 2019	4.8% - 7.0%	Unsecured or secured by assets of the Group
TOTAL	2,278,293,687,953			

21. LOANS (CONTINUED)

21.2 Long-term loans from banks

Details of the long-term loans from banks are as follows:

Bank	Ending balance (VND)	Original currency (USD)	Principal and interest repayment term	Interest rate (% p.a)	Description of collateral
Vietnam Development Bank – Quang Nam Branch	821,464,823,000	-	- Last installment is due on 24 November 2028. Interest payable on monthly basis	6.9% - 11%	Assets of Song Bung 4A hydropower plant of Phu Thanh My
Vietnam Joint Stock Commercial Bank for Foreign Trade – Tay Ho Branch	137,138,030,278	-	- 18 years. Last installment is due on 15 November 2036. Interest payable on quarterly basis	8.7% - 10%	Assets purchased for Sub-phase I, Phase II of the Son Tay - Hoa Lac - Xuan Mai - Mieu Mon - Ha Noi - Ha Dong urban water supply system project of Viwasupco for extension of capacity to 600.000 m3 per day
Bank for Investment and Development of Vietnam – Quang Nam Branch	130,150,000,000	-	- Last installment is due on 25 July 2023. Interest payable on monthly basis	9.8% - 10.5%	Properties funded by loans and equity, entire balance of deposit accounts, water surface use rights, the right to exploit natural resources, of Phu Thanh My
Vietnam Joint Stock Commercial Bank for Industry and Trade –Long Bien Branch	79,521,436,177	-	- Last installment is due on 19 April 2022. Interest payable on quarterly basis	8.5%	Property rights in the contract No. 147/HD-EVN HANOI of Cadivi

Bank	Ending balance (VND)	Original currency (USD)	Principal and interest repayment term	Interest rate (% p.a)	Description of collateral
Vietnam Joint Stock Commercial Bank for Foreign Trade – Ho Chi Minh City Branch	79,030,055,000	-	- 7 years. Last installment is due on 2 January 2023. Interest payable on quarterly basis	8.8%	Building associated on land, machinery and equipment funded by the loan and Drum twister machine, of the "Factory of production of electric cables" project of Cadivi
Vietnam Joint Stock Commercial Bank for Foreign Trade – Tay Ho Branch and Bank for Investment and Development of – Cau Giay Branch	74,923,588,381	-	- 18 years. Last installment is due in February 2034. Interest payable on quarterly basis	7% - 10%	Assets purchased for Sub-phase I, Phase II of the Son Tay - Hoa Lac - Xuan Mai - Mieu Mon - Ha Noi - Ha Dong urban water supply system project of Viwasupco for extension of capacity to 600.000 m3 per day
Vietnam Joint Stock Commercial Bank for Industry and Trade – Dong Anh Branch	61,038,429,362	-	- 5 years. Last installment is due on 8 November 2022. Interest payable on monthly basis	10.0%	All future assets of the project manufacturing electric transformer factory, parts of electric transformers of MEE in Nhon Trach Industrial Sone, Dong Nai.
Vietnam Shinhan One Member Limited Bank	67,069,299,933	-	- 7 years. Last installment is due on 18 October 2024. Interest payable on monthly basis	7.5%	Land use rights at road No.2, Hoa Cam Industrial Park, Cam Le ward, Da Nang and machinery and equipment in Central factory of Cadivi
Vietnam Development bank - Transaction Center 2 (Ordinary operation loan agreement - OCR Loan)	50,382,218,280	2,167,444	Last installment is due on 15 November 2034. Interest payable on semi-annual basis	1.50%	Means of transportation and term bank deposit valued at VND 50 billion of Sowatco
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ho Chi Minh City Branch	9,825,921,640	-	- Last installment is due on 29 October 2025. Interest payable on quarterly basis	9%	Means of transportations are under construction with a current book value of VND 50.614.366.560 of Sowatco
Vietnam Development bank - Transaction Center 2 (Extraordinary operation loan agreement - ADF Loan)	6,388,036,620	274,813	Last installment is due on 15 November 2041. Interest payable on semi-annual basis	1.0%	Means of transportation and term bank deposit valued at VND 50 billion of Sowatco

21. LOANS (CONTINUED)

Bank	Ending balance (VND)	Original currency (USD)	Principal and interest repayment term	Interest rate (% p.a)	Description of collateral
Military Commercial Joint Stock Bank - Dong Anh Branch	6,330,981,480	-	- 5 years. Last installment is due on 2 June 2022. Interest payable on monthly basis	10.5%	Production line of fins for electric transformers of MEE
CTCB Limited Bank – Ho Chi Minh city Branch	4,000,000,000	-	3 years. Last installment is due on 15 March 2019. Interest payable on semi-an- nual basis	6.7%	Building associated on land and goods with total amount of VND 24 billion of Cadivi
TOTAL	1,527,262,820,151				
In which:					
Current portion	127,590,264,088				
Non-current portion	1,399,672,556,063				

21. LOANS (CONTINUED)

21.3 Short-term loans from others
Details of the short-term loans from others are as follows

Lender	Ending balance	Principal and interest	Interest rate (% p.a)	Description of collateral
Viet Capital Securities JSC – Hanoi Branch	60,590,750,000	60 days. Interest paid upon maturity on 22 February 2019, the principal is extended 60 days after payment of interest	13.3%	1,000,000 shares of CAV fund- ed by this loan
Bao Viet Securities JSC	47,866,692,500	3 months. Interest paid together with loan principal upon maturity on 25 March 2019	11.7%	790,000 shares of CAV funded by this loan
Employees of MEE	14,450,000,000	12 months. Interest payable on monthly basis. Last installment due on 21 November 2019	6.8%	Unsecured
Employees of VIHEM	7,005,714,000	From 3 to 12 months. Interest paid together with loan principal upon maturity on 28 June 2019	5% - 10.5%	Unsecured
Employees of HEM	6,804,823,000	On demand	5.5%	Unsecured
Trade Union of HEM	480,000,000	On demand	5.5%	Unsecured
TỔNG CỘNG	137,197,979,500			

21. LOANS (CONTINUED)

21.4 Bonds

	Ending balance			Beginning balance		
	Value (VND)	Interest rate (% p.a)	Maturity date	Value (VND)	Interest rate (% p.a)	Maturity date
Long term						
Issued at par value of the Corporation – December 2016 batch (*)	1,080,000,000,000	9.3% - 9.7%	The last bonds due in December 2029	1,440,000,000,000	9.3% - 9.5%	The last bonds due in December 2029
Issued at par value of the Corporation – May 2018 batch (**)	400,000,000,000	6.5% - 9.5%	Due in December 2020	-		
Issued at par value – April 2018 batch (***)	300,000,000,000	9.50%	Due in April 2020	-		
Issued at par value of subsidiaries (****)	169,000,000,000	10.1% - 10.3%	The last bonds due in December 2021	350,000,000,000	10.15% - 10.3%	The last bonds due in December 2021
Bond issuance costs	(18,091,391,556)			(8,085,762,158)		
TOTAL	1,930,908,608,444			1,781,914,237,842		
In which:						
Current portion	1,198,834,999,993			360,000,000,000		
Non-current portion	732,073,608,451			1,421,914,237,842		

(*) Including 2 bonds issuance contracts as follows:

(i) Bonds issuance contract No. 01.2016/HDDM/TPBANK-GELEX between the Corporation and Tien Phong Commercial Joint Stock Bank, signed on 12 December 2016; accordingly, the Corporation issued 800 inconvertible bonds with total par value of VND 800 billion. Until 31 December 2018, the Corporation has partially repurchased 320 bonds with amount of VND 320 billion.

The collaterals for these bonds include:

- GELEX Tower Building at No. 52, Le Dai Hanh Street, Hanoi;
- 3,946,969 shares of THI (Thibidi) owned GELEX Electric, a subsidiary of the Group and the Corporation's investment in GELEX Energy Co., Ltd which was funded by the issued bonds.

(ii) Bonds issuance contract No. 612/2016/HDDM.TP/VIB-GELEX between the Corporation and Vietnam International Commercial Joint Stock Bank - Ba Dinh Branch signed on 6 December 2016; accordingly, the Corporation issued 1,000 inconvertible bonds with total par value of VND 1,000 billion. Until 31 December 2018, the Corporation has partially repurchased 400 bonds with amount of VND 400 billion.

The collaterals for these bonds include:

- 20.000.000 shares of CAV (Cadivi) owned by GELEX Electric, a subsidiary of the Group;
- The Corporation's investment in GELEX Land

(**) Including bonds issuance contracts as below:

- Bonds issuance contract No.005/2018/GEL-EX-SHBVN between the Corporation and Shinhan Bank Vietnam Limited, signed on 15 May 2018; accordingly, the Corporation issued 200 inconvertible bonds with total par value of VND 200 billion.

- Bonds issuance contract No. 004/2018/GEL-EX-HANABANK between the Corporation and Keb Hana Bank, signed on 15 May 2018; accordingly, the Corporation issued 100 inconvertible bonds with total par value of VND 100 billion.

- Bonds issuance contract No. 006/2018/GEL-EX-SSV between the Corporation and Shinhan Securities Vietnam Co., Ltd., signed on 15 May 2018; accordingly, the Corporation issued 100 inconvertible bonds with total par value of VND 100 billion.

The collaterals for these bonds include: 41,670,000 shares of Sotrans owned by GELEX Logistics, a subsidiary of the Group.

(***) Including 2 bonds issuance contracts as follows:

(i) Bonds issuance contract No. 01/2018/HDDMTP/GELEX-HAIAN and 02/2018/HDDMTP/GEL-EX-HAIAN between the Corporation and Hai An Technology and Education Investment JSC signed on 2 April 2018; accordingly, the Corporation issued 200 inconvertible bonds with total par value of VND 200 billion.

The collaterals for these bonds include 12,000,000 shares of Viwasupco, owned by GELEX Energy Co., Ltd., a subsidiary of the Group.

(ii) Bonds issuance contract No. 01/2018/HDDM/GELEX-DC and No. 02/2018/HDDM/GELEX-DC between the Corporation and Vietnam Debt Fund SPC signed on 11 April 2018; accordingly, the Corporation issued 100 inconvertible bonds with total par value of VND 100 billion.

The collaterals for these bonds include: 6,000,000 shares of Viwasupco, owned by GELEX Energy Co., Ltd, a subsidiary of the Group.

21. LOANS (CONTINUED)

(****) Including 3 bonds issuance contracts as below:

(i) Bonds issuance contract No. 01/2015/DM/VIET-INBANK.HCM-SOTRANS between Sotrans and Vietnam Joint Stock Commercial Bank for Industry and Trade - Ho Chi Minh Branch, signed on 23 December 2015 with term of 6 years; accordingly, the Corporation issued 400 inconvertible bonds with total par value of VND 400 billion. In 2017 and 2018, Sotrans has repurchased 350 bonds with total amount of VND 350 billion.

The collaterals for these bonds includes 39,905,000 shares of SWC (Sowatco) held by Sotrans, a subsidiary of the Group.

(ii) Bonds issuance contract No. 328/HD/STG-VFC between Sotrans and Viet Cat Fund Management Joint Stock Company signed on 19 April 2016; accordingly, Sotrans issued 130 inconvertible bonds with total par value of VND 130 billion. In 2018, Sotrans has repurchased 70 bonds with amount of VND 70 billion.

The collaterals for these bonds includes:

- 7,218,806 shares of VTX (Vietransimex) held by Sotrans, a subsidiary of the Group;
- 98,374 shares of VTX (Vietransimex) held by a third party; and
- 3,279,317 shares of SWC (Sowatco) held by Sotrans, a subsidiary of the Group;

(iii) Bonds issuance contract No. 20160622/HD/STG-VTBC between Sotrans and Insurance Company Limited of Bank of Industry and Trade of Vietnam signed on 22 June 2016 with term of 3 years; accordingly, Sotrans issued 70 inconvertible bonds with total par value of VND 70 billion. In 2018, Sotrans has repurchased 11 bonds with amount of VND 11 billion.

The collaterals for these bonds include:

- 4,500,000 shares of VTX (Vietransimex) held by Sotrans, a subsidiary of the Group;
- 5,000,000 shares of SWC (Sowatco) held by Sotrans, a subsidiary of the Group.

22. OWNERS' EQUITY

22.1 Increase and decrease in owners' equity

Previous year	Share capital	Share premium	Other owner's capital	Treasury shares	Foreign exchange differences reserve	Investment and development fund	Undistributed earnings (Restated)	Non-controlling interest	Total (Restated)
Beginning balance	1,550,000,000,000	66,378,000,000	77,388,963,577	(5026,115,259)	83,604,392	208,668,128,206	749,075,810,262	714,353,087,731	3,360,921,478,909
- Increase in capital	770,000,000,000	615,729,724,760	-	-	-	-	-	152,624,548,268	1,538,354,273,028
- Net profit for the year (Restated)	-	-	-	-	-	-	637,281,217,514	268,821,056,901	906,102,274,415
- Dividends declared	-	-	-	-	-	-	(232,000,000,000)	(268,803,927,500)	(500,803,927,500)
- Appropriation to investment and development fund	-	-	-	-	-	8,105,247,051	(8,105,247,051)	-	-
- Appropriation to bonus and welfare fund	-	-	-	-	-	-	(87,156,162,437)	(27,396,095,963)	(114,552,258,400)
- Issuance of share from owners' equity	348,000,000,000	(66,378,000,000)	-	-	-	(139,656,441,276)	(141,965,558,724)	-	-
- Remuneration of Board of Directors	-	-	-	-	-	-	(399,191,636)	(479,808,364)	(879,000,000)

22. OWNERS' EQUITY (CONTINUED)

	Share capital	Share premium	Other owner's capital	Treasury shares	Foreign exchange differences reserve	Investment and development fund	Undistributed earnings (Restated)	Non-controlling interest	Total (Restated)
- Acquisition of non-controlling interests	-	-	-	-	-	-	(130,418,383,586)	(271,923,108,553)	(402,341,492,139)
- Acquisition of new subsidiaries	-	-	-	-	-	-	-	1,348,828,350,945	1,348,828,350,945
- Selling treasury shares	-	6,608,000,000	-	5,025,000,000	-	-	-	-	11,633,000,000
- Other increase/ (decrease)	-	-	-	1,115,259	(34,738,264)	(93,691,736)	(338,213,383)	(213,397,172)	(678,925,296)
Ending balance (Restated)	2,668,000,000,000	622,337,724,760	77,388,963,577	-	48,866,128	77,023,242,245	785,974,270,959	1,915,810,706,293	6,146,583,773,962
Current year									
Beginning balance (Restated)	2,668,000,000,000	622,337,724,760	77,388,963,577	-	48,866,128	77,023,242,245	785,974,270,959	1,915,810,706,293	6,146,583,773,962
- Increase in capital (*)	720,000,000,000	547,112,000,000	-	-	-	-	-	-	1,267,112,000,000
- Issuance of shares from owners' equity (**)	677,600,000,000	(622,337,724,760)	-	-	-	-	(55,262,275,240)	-	-
- Net profit for the year	-	-	-	-	-	-	942,442,353,541	341,041,003,682	1,283,483,357,223

	Share capital	Share premium	Other owner's capital	Treasury shares	Foreign exchange differences reserve	Investment and development fund	Undistributed earnings (Restated)	Non-controlling interest	Total (Restated)
- Dividends declared (***)	-	-	-	-	-	-	(338,800,000,000)	(133,055,680,087)	(471,855,680,087)
- Appropriation to bonus and welfare fund (***)	-	-	-	-	-	-	(62,478,597,060)	(20,273,691,875)	(82,752,288,935)
- Remuneration of Board of Directors (***)	-	-	-	-	-	-	(892,400,030)	(780,199,970)	(1,672,600,000)
- Acquisition of non-controlling interests	-	-	-	-	-	-	(353,286,749,850)	(310,013,443,266)	(663,300,193,116)
- Purchase of treasury shares	-	-	-	-	-	-	(77,012,608,188)	(147,429,004,996)	(224,441,613,184)
- Decrease in equity interest in a subsidiary	-	-	-	-	-	-	5,912,660,882	(5,912,660,882)	-
- Acquisition of new subsidiaries	-	-	-	-	-	-	-	883,351,014,521	883,351,014,521
- Disposal of subsidiaries	-	-	-	-	-	-	-	(180,370,556,482)	(180,370,556,482)
Other increase/ (decrease)	-	-	-	-	187,165,723	-	-	-	187,165,723
Ending balance	4,065,600,000,000	547,112,000,000	77,388,963,577	-	236,031,851	77,023,242,245	846,596,655,014	2,342,367,486,938	7,956,324,379,625

22. OWNERS’ EQUITY (CONTINUED)

(*) In accordance with Resolution No. 14/2018/GELEX/NQ-HDQT of the Board of Directors dated 28 June 2018, the Corporation approved the result of the exercise of the first batch of share warrants; accordingly, the total number of additional shares issued upon exercising 1,440 share warrants was 72,000,000 shares at the price of VND 16,600 per share. Accordingly, share premium increased by VND 547.1 bilion, of which 475.1 billion from proceeds received from capital contribution and VND 72 billion from the issuance of warrants from the previous year. The Corporation has used the proceeds from the excercising of share warrants to repay due bonds, provide loans to subsidiaries and supplement working capital.

(**) In accordance with Resolution No. 17/2018/GELEX/NQ-HDQT of the Board of Directors dated 17 July 2018, the Corporation approved the additional issuance of 67,760,000 shares to existing shareholders appropriated from share premium and undistributed earnings.

(***) In accordance with Resolution of the Annual General Shareholders Meeting No. 08/GELEX/NQ-DHDCD dated 27 April 2018 of the Corporation and other Resolutions of Annual Shareholders Meeting of subsidiaries, the Corporation and subsidiaries declared dividends by cash from the undistributed earnings of 2017, interim dividends of 2018, appropriated for bonus and welfare fund and remuneration of Board of Directors.

22.2 Dividends

	Current year	Previous year
Dividends declared and paid during the year		
Dividends on ordinary shares		
Dividends for 2016: 1,000 VND/share	-	232,000,000,000
Dividends for 2017: 1,000 VND/share	338,800,000,000	-
Dividends declared after the date of reporting year and not yet recognised as liability as at 31 December 2018	-	-

22.3 Shares

	Ending balance		Beginning balance	
	Quantity	Value (VND)	Quantity	Value (VND)
Authorised shares	406,560,000	4,065,600,000,000	266,800,000	2,668,000,000,000
Issued shares	406,560,000	4,065,600,000,000	266,800,000	2,668,000,000,000
Ordinary shares	406,560,000	4,065,600,000,000	266,800,000	2,668,000,000,000
Preference shares	-	-	-	-
Treasury shares	-	-	-	-
Ordinary shares	-	-	-	-
Preference shares	-	-	-	-
Shares in circulation	406,560,000	4,065,600,000,000	266,800,000	2,668,000,000,000
Ordinary shares	406,560,000	4,065,600,000,000	266,800,000	2,668,000,000,000
Preference shares	-	-	-	-

Par value of outstanding share: VND 10,000. The Corporation’s shares are listed and exchanged officially on Ho Chi Minh Stock Exchange (HOSE) under ticker of GEX since 18 January 2018.

23.REVENUES

23.1 Revenue from sale of goods and rendering of services

Currency: VND		
	Current year	Previous year
Gross revenue	13,828,715,331,881	12,094,756,795,679
In which:		
Revenue from production and trading of electrical equipment	11,441,227,412,630	10,529,742,641,281
Revenue from rendering transportation and logistics services	1,573,042,069,970	1,091,292,217,322
Revenue from energy production	525,725,301,857	213,287,394,083
Other revenue	288,720,547,424	260,434,542,993
Less	(129,585,819,594)	(110,615,725,882)
Trade discount	(121,786,687,411)	(102,079,436,987)
Sale return	(7,799,132,183)	(8,536,288,895)
Net revenue	13,699,129,512,287	11,984,141,069,797
In which:		
Sale to others	13,275,512,939,632	11,909,924,315,286
Sale to related parties	423,616,572,655	74,216,754,511

23.2 Finance income

Currency: VND		
	Current year	Previous year (Restated)
Interest income	162,167,815,810	187,702,172,461
Gain from trading securities	53,546,017,275	31,391,912,082
Gain from disposal of investments (*)	193,118,660,082	2,625,050,612
Dividends income	100,457,552,864	63,984,043,417
Gain from fair value of previously held investments (**)	237,718,233,529	31,146,949,743
Foreign exchange gains	8,127,496,997	4,905,830,738
Others	1,465,798,683	-
TOTAL	756,601,575,240	321,755,959,053

(*) This mainly represents the gain from disposal of shares in K.I.P Vietnam Joint Stock Company and Hanoi Plastics Joint Stock Company.

(**) This represents the gain from fair value adjustment of previously held investments in MEE and Vi-wasupco (Note 4).

24. COST OF GOODS SOLD AND SERVICES RENDERED

Currency: VND

	Current year	Previous year
Cost of production and trading of electrical equipment	9,752,762,614,401	8,843,339,920,159
Cost of rendering of transportation and logistics services	1,263,856,692,030	888,260,892,569
Cost of energy production	233,857,407,592	78,536,335,891
Others	232,966,708,266	187,680,402,948
TOTAL	11,483,443,422,289	9,997,817,551,567

25. FINANCE EXPENSES

Currency: VND

	Current year	Previous year
Loan and bond interest	447,395,281,623	367,135,076,972
Trade discount, late payment interest	37,618,939,014	586,996,953
Losses from trading securities and disposal of other investments	27,508,615,568	-
Interest on depoists	14,241,676,948	24,356,297,075
Foreign exchange losses	14,032,999,895	5,840,454,163
Bond issuance costs	12,115,107,360	5,254,515,614
(Reversal of provision)/provision for investments	(14,838,990,146)	27,813,125,690
Others	4,392,714,730	4,278,463,929
TOTAL	542,466,344,992	435,264,930,396

26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

Currency: VND

	Current year	Previous year (Restated)
Selling expenses		
Labour cost	125,836,548,586	103,879,703,469
Depreciation and amortisation	4,052,431,332	3,454,850,047
Expenses for external services	116,996,821,174	94,145,243,689
Others	100,587,502,778	59,832,222,575
TOTAL	347,473,303,870	261,312,019,780
General and administrative expenses		
Materials cost	7,628,661,939	15,532,393,315
Labour cost	276,757,951,963	232,795,931,692
Depreciation and amortisation	20,306,295,762	21,193,849,691
Taxes and fees	14,931,199,625	16,022,051,923
Goodwill amortisation (Note 17)	107,745,501,289	48,729,912,191
Expenses for external services	72,578,491,610	57,126,608,802
Others	143,796,880,244	137,317,813,151
TOTAL	643,744,982,432	528,718,560,765

27. PRODUCTION AND OPERATING COSTS

Currency: VND		
	Current year	Previous year
Raw materials and merchandises cost	9,120,734,954,019	8,531,946,072,422
Labour costs	886,816,928,717	746,555,288,968
Depreciation and amortisation	388,229,367,770	269,061,944,207
Expenses for external services	1,338,002,595,033	837,679,517,556
Others	574,018,636,452	509,082,336,713
TOTAL	12,307,802,481,991	10,894,325,159,866

28. CORPORATE INCOME TAX

NThe current statutory corporate income tax (“CIT”) rate applicable to the Corporation and its subsidiaries is 20% of taxable profit.

In accordance with Investment Certificate No 06/ CN-UBND issued by the Quang Nam Department of Planning and Investment on 8 February 2010, Phu Thanh My is eligible for CIT rate of 10% of taxable profits within 15 years commencing from the first year of earning revenue from main business activity. Phu Thanh My is also entitled to an exemption from CIT for 4 years from the first year earning taxable profit (i.e. 2016), and 50% reduction of CIT in the following 9 years. For the year ended 31 December 2018, the CIT rate applicable to Phu Thanh My JSC is 5% of taxable profit.

In accordance with its Investment Certificate, Viwasupco is eligible for CIT rate of 10% of taxable profits within 15 years commencing from the first year of operation (from 2009 to 2024). Viwasupco is also entitled to an exemption from CIT for 4 years from the first year of earning taxable profit (from 2012 to 2015), and 50% reduction of CIT in

the following 9 years (from 2016 to 2024). Therefore, the CIT rate applicable to Viwasupco is 5% of taxable profit in 2018.

The CIT rate applicable to Hitech is 10% of taxable profit.

Sotrans Ha Tinh is eligible for CIT rate of 10% of taxable profits within 15 years commencing from the first year of operation (i.e. 2016) and is entitled to an exemption from CIT for 4 years from the first year of earning taxable profit (i.e. 2016), and a further 50% reduction in CIT within the following 9 year. For the year ended 31 December 2018, Sotrans Ha Tinh is in the period of exemption from CIT.

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

28.1 CIT expenses

Currency: VND		
	Current year	Previous year
Current CIT expenses	266,980,538,712	344,630,758,045
Adjustment for (over)/under accrual of CIT in prior period	(6,620,358,858)	2,256,361,134
Deferred tax income	(10,770,230,430)	(108,369,094,148)
TOTAL	249,589,949,424	238,518,025,031

The reconciliation between CIT expenses and the accounting profit multiplied by applicable CIT rate is presented below:

Currency: VND		
	Current year	Previous year
Accounting profit before tax	1,533,073,306,647	1,144,620,299,446
At standard CIT rate applicable to the Group	306,614,661,329	228,924,059,889
Adjustment:		
Non-deductible interest expenses	36,453,977,734	7,311,738,826
Other non-deductible expenses	14,224,209,422	16,661,091,377
Unrecognised deferred tax assets on taxable losses	1,657,944,084	20,040,208,788
Non-taxable consolidation adjustments	(28,501,020,653)	(22,336,922,829)
Adjustment for (over)/under accrual of CIT in prior years following result of tax inspection	(6,620,358,858)	2,256,361,134
Dividends income	(20,091,510,573)	(482,094,658)
Tax exemption and reduction	(31,570,428,094)	(2,348,206,754)
Tax losses carried forwards	(22,577,524,967)	(11,508,210,742)
CIT expenses	249,589,949,424	238,518,025,031

28. CORPORATE INCOME TAX (CONTINUED)

28.2 Current tax

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

28.3 Deferred tax

The following are the deferred tax assets and deferred tax liabilities recognised by the Corporation, and the movements thereon, during current year and previous year:

Currency: VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year (Restated)
Deferred tax assets				
Unearned profit from site relocating compensation in associate	7,210,119,673	7,210,119,673	-	-
Provision for obsolete inventories	3,509,594,781	-	3,509,594,781	-
Others	5,208,652,739	4,382,598,484	912,559,379	(2,619,157,013)
Deferred tax liabilities	15,928,367,193	11,592,718,157		
Asset revaluation arising from business combinations	(168,897,718,656)	(47,359,952,697)	6,348,076,270	110,988,251,161
Net deferred tax credit to consolidated income statement	(168,897,718,656)	(47,359,952,697)		
Tax losses carried forward			10,770,230,430	108,369,094,148

The subsidiaries are entitled to carry each individual tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss incurred. At the balance sheet date, the subsidiaries had aggregated accumulated tax losses of VND 80.1 billion available for offset against future taxable profits. Details are as follows:

Currency: VND

Originating year	Can be utilised up to	Tax loss amount	Utilised up to 31 December 2018	Forfeited	Unutilised at 31 December 2018
2014 (*)	2019	129,938,019,826	(81,584,583,887)	-	48,353,435,939
2015 (*)	2020	72,458,142,718	(52,458,124,032)	-	20,000,018,686
2017 (*)	2022	99,936,142,356	(90,057,409,805)	-	9,878,732,551
2018 (*)	2023	1,900,416,433	-	-	1,900,416,433
TOTAL		304,232,721,333	(224,100,117,724)	-	80,132,603,609

(*) Estimated tax loss as the subsidiaries which has not been audited by the local tax authorities as of the date of these consolidated financial statements.

The subsidiaries has not recognised deferred tax assets related to these accumulated tax losses because future taxable profit cannot be ascertained at this stage.

29. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties in current year were as follows:

Currency: VND

Related parties	Relationship	Transactions	Current year	Previous year
CFT Vina Cooper Co., Ltd	Associate	Purchase of goods	1,774,348,712,204	588,079,657,314
S.A.S.- CTAMAD Co., Ltd	Associate	Dividends income	39,900,000,000	47,250,000,000
First Logistics Development Joint Venture Company	Associate	Revenue from rendering services	60,454,179,195	43,409,814,187
		Dividends income	54,422,945,164	-
Hai Duong Pump Manufacturing JSC	Related party of member of BOD	Collection of loan	100,000,000,000	-
		Revenue from sale of goods	85,701,043,385	17,332,761,908
IB Securities JSC	Executives are family members	Bonds transferred to third party	204,524,375,000	-
		Bonds received from third party	217,333,010,300	295,664,375,000
		Bonds redemption	225,000,000,000	200,000,000,000
		Bonds interest received	22,240,569,445	35,705,555,623
Red Capital Managment JSC	Related party of member of BOD	Trust investment	172,537,671,200	-
Viwaco JSC	Related party of member of BOD	Revenue from water supply	262,525,511,339	-
		Loan	36,000,000,000	-
		Collection of loan	36,000,000,000	-
Vietnam Hungary 1 Electric Machinery Manufacturing JSC	Associate until 28 December 2018	Revenue from sale of goods and rendering services	10,562,687,511	9,679,416,002

Terms and conditions of transactions with related parties

The Group purchases and sells goods and services with related parties on the basis of contract negotiation.

Except for the loan receivables and payables, outstanding balances at 31 December 2018 were unsecured, interest-free and will be settled in cash. Current year, the

Group has not made any provision for doubtful debts relating to amounts owed by related parties (as at 31 December 2017: nil). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Amounts due to and due from related parties as at consolidated balance sheet dates were as follows:

Currency: VND

Related parties	Relationship	Transactions	Current year	Previous year
Held-for-trading securities (Note 6.1)				
Red Capital Asset Managment JSC	Related party of member of BOD	Trust investment	72,073,979,995	-
IB Securities JSC	Executives are family members	Bonds	60,288,750,000	139,524,375,000
TOTAL			132,362,729,995	139,524,375,000
Held-to-maturity investments (Note 6.2 and 15.2)				
IB Securities JSC	Executives are family members	Bonds	15,000,000,000	156,140,000,000
Red Capital Managment JSC	Related party of member of BOD	Trust investment	100,287,671,200	-
TOTAL			115,287,671,200	156,140,000,000
Trade receivables (Note 7)				
Viwaco JSC	Related party of Board of Directors	Sale of goods	66,114,236,778	-
Hai Duong Pump Manufacturing JSC	Related party of member of BOD	Sale of goods and rendering services	41,601,329,763	12,978,367,899
First Logistics Development Joint Venture Company	Associate	Sale of goods and rendering services	10,128,761,523	5,531,486,329
Other related parties		Other	7,001,107,150	15,267,636,912
TOTAL			124,845,435,214	33,777,491,140

29. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Currency: VND

Related parties	Relationship	Transactions	Current year	Previous year
Trade payables (Note 18)				
Dong Anh Electrical Equipment Corporation JSC	Associate	Purchase of goods	137,712,844,886	-
CFT Vina Cooper Co., Ltd	Associate	Purchase of goods	83,729,537,578	57,295,942,988
First Logistics Development Joint Venture Company	Associate	Purchase of services	20,802,155	-
TOTAL			221,463,184,619	57,295,942,988
Other payables (Note 20)				
SORECO Real Estate Development Limited Liability Company	Associate	Advance for site relocation compensation	40,000,000,000	40,000,000,000
TOTAL			40,000,000,000	40,000,000,000

Transactions with other related parties

Remuneration of members of the Board of Directors and Management of the Corporation:

Currency: VND

	Current year	Previous year
Remuneration	5,837,174,000	9,969,021,618
TOTAL	5,837,174,000	9,969,021,618

30. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Corporation by

the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

Currency: VND

	Current year	Previous year (Restated)
Net profit after tax attributable to ordinary shareholders		637,281,217,514
Distribution to bonus and welfare fund (*)	-	(63,371,099,266)
Net profit attributable to ordinary shareholders adjusted for basic earnings	942,442,353,541	573,910,118,248
Weighted average number of ordinary shares for basic earnings per share	371,447,671	329,764,110
Effect of dilution (**)	7,989,095	21,520,244
Weighted average number of ordinary shares adjusted for the effect of dilution	379,436,766	351,284,354
Earnings per share		
- Basic earnings per share	2,537	1,740
- Diluted earnings per share	2,484	1,634

(*) Net profit used to compute earnings per share for the year ended 31 December 2017 was decreased following the approval of appropriation to bonus and welfare funds and remuneration of Board of Directors in the 2017 Annual General Shareholders Meeting's Resolutions of the Corporation and its subsidiaries.

Net profit used to compute earnings per share for the year ended 31 December 2018 is not adjusted as the Shareholders Meeting's Resolution is not yet available.

(**) These are shares which will be issued in the future as committed in the share warrant contract as disclosed in Note 20.

31. SEGMENT INFORMATION

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

The Group comprises business segments as follows:

- Production and trading of electrical equipments;
- Transportation and logistics services;
- Energy production including electricity production and water supply; and
- Others.

The Group does not disclose information on geographical segment because the management determines that the Group currently operates mainly in one geographical segment – Vietnam territory.

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

31. SEGMENT INFORMATION (CONTINUED)

The following tables present revenue and profit and certain assets and liabilities information regarding the Group’s business segments

Currency: VND						
	Production and trading of electrical equipment	Transportation and logistics services	Energy production	Others	Elimination	Total
As at 31 December 2018 and for the year ended						
Revenue	11,311,641,593,036	1,573,042,069,970	525,725,301,857	288,720,547,424	-	13,699,129,512,287
Results						
Segment profit before tax	1,558,878,978,635	309,185,377,940	291,867,894,265	55,753,839,158	-	2,215,686,089,998
Unallocated income/(expenses) (*)						(682,612,783,351)
Net profit before CIT						1,533,073,306,647
CIT expenses						(249,589,949,424)
Net profit for the year						1,283,483,357,223
Assets and liabilities						
Segment assets	4,876,324,352,209	1,408,813,724,105	2,077,352,730,915	477,139,134,996	-	8,839,629,942,225
Unallocated assets (*)						8,406,858,230,105
Total assets						17,246,488,172,330
Segment liabilities	6,545,543,521,389	484,427,725,254	1,315,921,257,587	6,595,278,954	-	8,352,487,783,184
Unallocated liabilities (*)						929,045,848,386
Total liabilities						9,281,533,631,570

Other segment information					Elimination	Total
Production and trading of electrical equipment		Transporation and logistics services	Energy production	Others		
Capital expenditure (**)	288,931,703,748	171,534,494,179	522,281,051,173	174,062,319,804	-	1,156,809,568,904
Tangible fixed assets	284,224,953,548	170,960,294,179	522,281,051,173	174,062,319,804	-	1,151,528,618,704
Intangible fixed assets	4,706,750,200	574,200,000	-	-	-	5,280,950,200
Depreciation	179,546,968,211	62,570,983,143	135,910,510,961	1,061,429,040	-	379,089,891,355
Amortisation	2,260,179,616	8,515,853,338	-	-	-	10,776,032,954
As at 31 December 2017 and for the year ended						
Revenue	10,419,126,915,399	1,091,292,217,322	213,287,394,083	260,434,542,993	-	11,984,141,069,797
Results						
Segment profit before tax	1,575,786,995,240	203,031,324,753	134,751,058,192	72,754,140,045	-	1,986,323,518,230
Unallocated income/(expenses) (*)						(841,703,218,784)
Net profit before CIT						1,144,620,299,446
CIT expenses						(238,518,025,031)
Net profit for the year						906,102,274,415
Assets and liabilities						
Segment assets	4,216,134,742,745	906,944,904,932	1,435,841,369,359	255,743,796,731	-	6,814,664,813,767
Unallocated assets (*)						6,946,121,168,925
Total assets						13,760,785,982,692

31. SEGMENT INFORMATION (CONTINUED)

Currency: VND

Other segment information					Elimination	Total
Production and trading of electrical equipment		Transporation and logistics services	Energy production	Others		
Segment liabilities	3,793,987,684,120	361,836,424,879	1,059,225,460,971	65,235,152,331	-	5,280,284,722,301
Unallocated liabilities (*)						2,323,702,791,756
Total liabilities						7,603,987,514,057
Other segment information						
Capital expenditure (**)	292,657,356,585	212,268,981,740	15,133,383,708	345,033,767	-	520,404,755,800
Tangible fixed assets	289,745,154,393	211,765,281,740	15,133,383,708	345,033,767	-	516,988,853,608
Intangible fixed assets	2,912,202,192	503,700,000	-	-	-	3,415,902,192
Depreciation	126,846,907,489	70,507,132,989	51,595,429,882	19,190,463,598	-	268,139,933,958
Amortisation	2,014,538,921	211,784,328	-	-	-	2,226,323,249

31. SEGMENT INFORMATION (CONTINUED)

(*) Unallocated income/(expenses) mainly comprise finance income, finance expenses, general and administrative expense, selling expense and other income, other expense.

Unallocated assets comprise cash and cash equivalents, short term and long-term investments, other

receivables and other long-term assets.

Unallocated liabilities comprise issued bonds and other payables.

(**) Comprise construction in progress which has not yet transferred into fixed assets.

32. COMMITMENTS

Operating lease commitment

The Group as lessee

The Group leases infrastructure and land under operating lease arrangements. The minimum lease commitment as at the reporting dates under the operating lease agreements are as follows:

Currency: VND

	Ending balance	Beginning balance
Less than 1 year	128,161,365,836	37,505,032,544
From 1 to 5 years	298,481,974,955	133,581,351,995
Above 5 years	230,129,621,761	157,820,377,662
TOTAL	656,772,962,552	328,906,762,201

The Group as lessor

The Group lets out its office and warehouses under operating lease arrangements. The future minimum rental receivable as at the reporting dates under the operating lease agreements is as follows:

Currency: VND

	Ending balance	Beginning balance
Less than 1 year	64,462,465,481	72,529,223,139
From 1 to 5 years	83,980,191,773	71,636,840,670
Above 5 years	53,874,397,868	99,937,092,037
TOTAL	202,317,055,122	244,103,155,846

Investment and construction commitment

Viwasupco, a subsidiary of the Group, signed certain contracts related to the development for the phase II – Project of the Son Tay - Hoa Lac - Xuan Mai - Mieu Mon - Ha Noi - Ha Dong urban water supply system. Total contractual commitment as at 31 December 2018 is VND 491.3 billion.

GELEX Ninh Thuan, a subsidiary of the Group, signed certain contracts related to the project of Ninh Thuan solar energy plant. Total contractual commitment as at 31 December 2018 was VND 684.7 billion.

33. RESTATEMENT OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS

During the year, the Group completed the revaluation of the fair value of identifiable assets and liabilities of Sotrans which was acquired in 2017 (previously recognised at provisional fair value at the date of acquisition). The Group has determined the effects of the revaluation of fair value and adjusted retrospectively in the consolidated balance sheet as at 31 December 2017, the consolidated income statement and the consolidated cash flow for the year ended 31 December 2017.

Currency: VND

	31 December 2017 (previously presented)	Adjustments	31 December 2017
CONSOLIDATED BALANCE SHEET			
Goodwill	740,911,110,484	(148,889,269,741)	592,021,840,743
Undistributed earnings	934,863,540,700	(148,889,269,741)	785,974,270,959
	For the year ended 31 December 2017 (previously presented)	Adjustments	For the year ended 31 December 2017 (restated)
CONSOLIDATED INCOME STATEMENT			
Finance income	847,451,817,078	(525,695,858,025)	321,755,959,053
General and administrative expenses	(540,790,663,717)	12,072,102,952	(528,718,560,765)
Deferred tax income	3,229,922,543	105,139,171,605	108,369,094,148
Net profit after tax attributable to shareholders of the parent	786,170,487,255	(148,889,269,741)	637,281,217,514
Net profit after tax attributable to non-controlling interests	528,416,370,628	(259,595,313,727)	268,821,056,901

33. RESTATEMENT OF PRIOR YEAR’S CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)


Đơn vị tính: VND


	31 December 2017 (previously presented)	Adjustments	31 December 2017
CONSOLIDATED CASH FLOW STATEMENT			
Profit before tax	1,658,244,054,519	(513,623,755,073)	1,144,620,299,446
Depreciation of fixed assets and investment properties, and amortisation of intangible fixed assets (including goodwill amortisation)	329,863,959,350	(12,072,102,952)	317,791,856,398
Profits from investing activities	(776,698,529,839)	525,695,858,025	(251,002,671,814)


Besides, basic earnings per share and diluted earnings per share are restated in Note 30.

I EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There is no significant matter or circumstance that has arisen since the consolidated balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Group.


Duong Viet Nga
Preparer


Pham Tuan Anh
Chief Accountant


Nguyen Van Tuan
General Director

29 March 2019