



SOUTHERN HYDROPOWER JOINT STOCK COMPANY



ANNUAL REPORT 2018

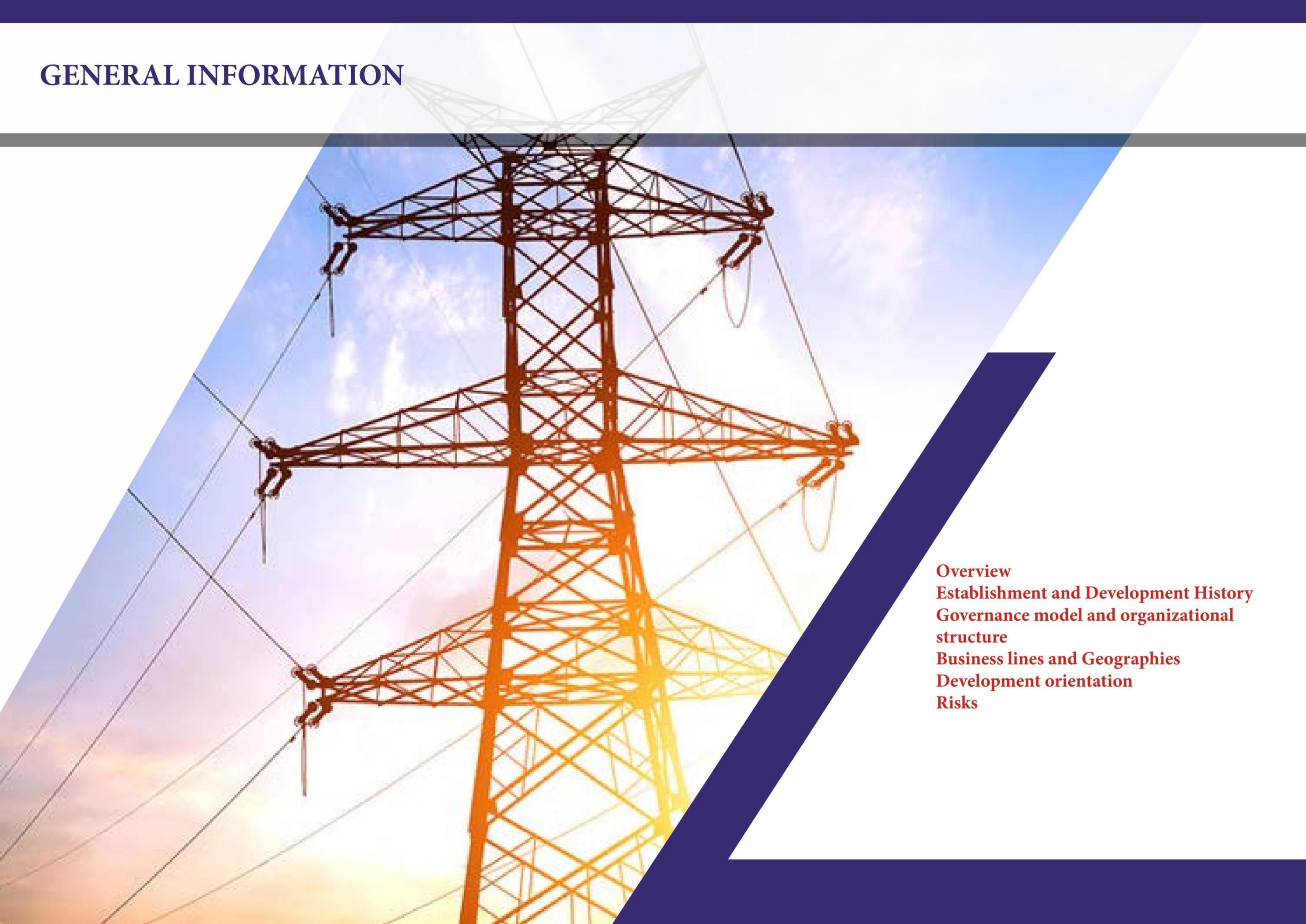
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GENERAL INFORMATION



Overview
Establishment and Development History
Governance model and organizational structure
Business lines and Geographies
Development orientation
Risks

OVERVIEW

Company's name:	Southern Hydropower Joint Stock Company
Business registration certificate no.:	0303416670, the ninth amendment dated May 21, 2018 issued by Ho Chi Minh city Department of Planning and Investment
Charter capital:	VND 937,102,000,000
Owner's capital:	VND 937,102,000,000
Address:	Room 106, Floor 1, Citilight Building, 45 Vo Thi Sau street, Da Kao ward, District 1, Ho Chi Minh city
Telephone:	(028) 3820 7795
Fax:	(028) 3820 7794
Website:	www.shp.vn
Security code:	SHP
Company's Logo:	



ESTABLISHMENT AND DEVELOPMENT HISTORY

2004: the SHP was officially put into operation with the charter capital of VND 250 billion.

2009: the General Shareholder Meeting approved of capital issue plan to increase charter capital to VND 937.102 billion.

2012: charter capital increase to 937.102 billion was completed.

2015: Da M'abri hydro-power plant officially joined competitive generation market.

2017: Three plants namely Da Siat, Da Dang 2, Da M'abri achieved the output record. Total combined output was of 708.36 million kWh

2006: approval of Da M'abri Hydro-power Plant investment project and increased charter capital to VND 687 billion.

2010: Da Siat Hydropower Plant at capacity of 13.5 MW was put into operation in January 2010.

As of September 10, 2010: The company stocks were officially traded on the Upcom coded as SHP.

In October 2010: Da Dang 2 Hydropower Plant of 34 MW was put into operation.

2014: Da M'abri plant of 75MW was started and operated in January 2014. Da Dang 2 Plant was granted with CERs certification and reached the output of 1 billion kWh. The company stocks were moved to the list on Ho Chi Minh Stock Exchange (HOSE).

2016: the eighth amendment of Business registration certificate.

2018: the ninth amendment of Business registration certificate issued by Ho Chi Minh City Department of Planning and Investment dated May 21, 2018

Governance model



Southern Hydropower Joint Stock Company

- Address: Unit 106, Floor 1, Citilight building, 45 Vo Thi Sau street, Da Kao ward, district 1, Ho Chi Minh city
- Tel.: (028) 38207795
- Fax: (028) 38207794
- Charter capital: VND 937,102,000,000

Lam Dong Branch

- Address: 51A Nguyen Van Troi street, ward 2, Bao Loc city, Lam Dong province
- Tel.: (0263) 3711 171
- Fax: (0263) 3720 177

Da Siat Hydropower plant

- Location: Hamlet 3, Loc Bao provincial town, Bao Lam District, Lam Dong Province
- Capacity: 13.5MW

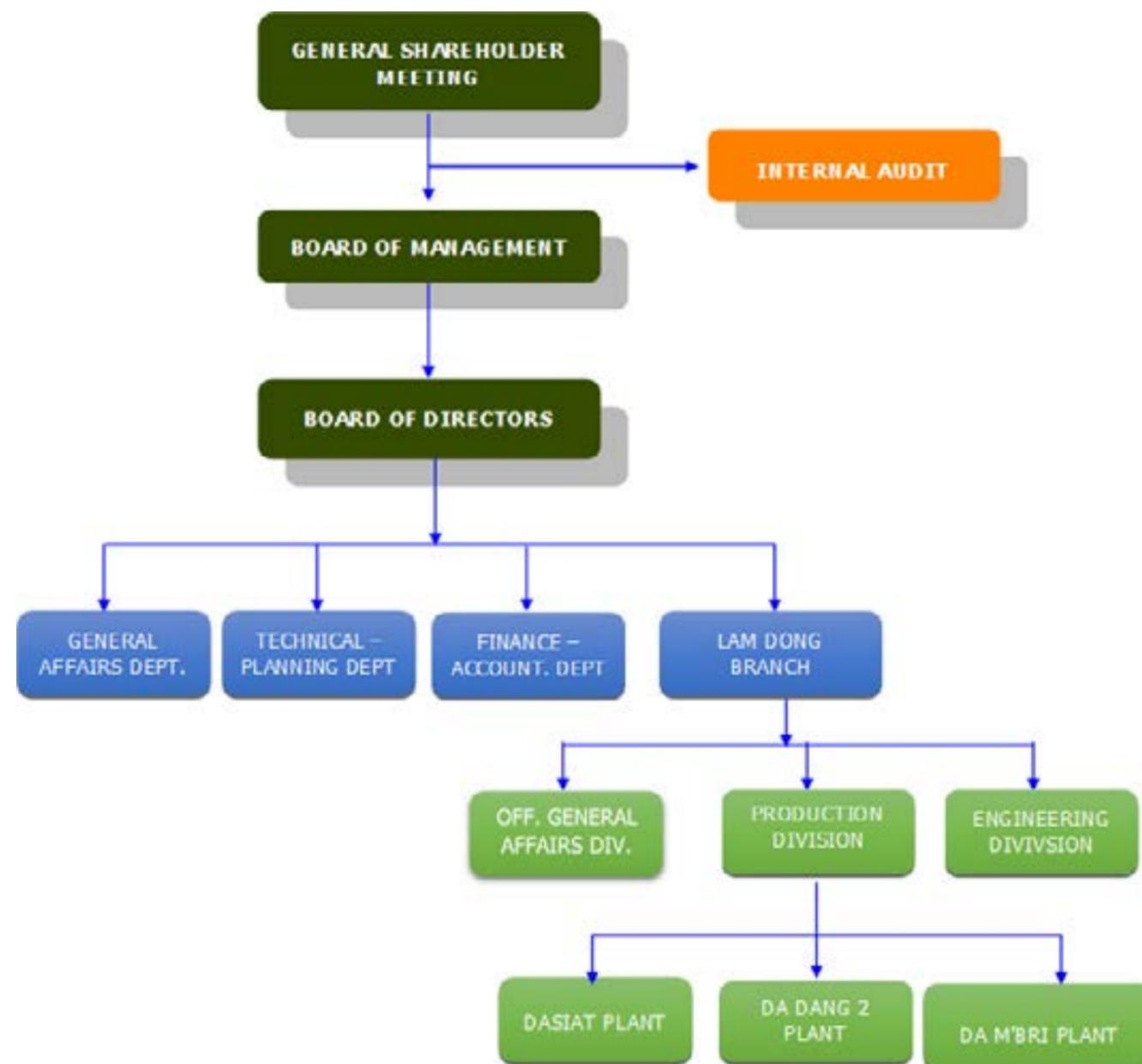
Da Dang 2 Hydropower plant

- Location: Tan Thanh commune, Duc Trong district, Lam Dong province
- Capacity: 34MW

Da M'bri Hydropower plant

- Location: Loc Tan commune – Bao Lam district, Phuoc Loc commune – Da Huaoi district and Trieu Hai commune – Da Teh district, Lam Dong province
- Capacity: 75MW

The Management





BUSINESS LINES AND GEOGRAPHIES

Business lines

- Generation, transmission and distribution of power energy.
- Repair of electronic and optical equipments.
- Trade of equipments, machines and other mechanical assecories.
- Training.
- Repair of electrical equipments.
- Installation of technology equipments and machines
- Installation of electrical system.
- Installation of water supply and drainage, heater, and air conditioner.
- Relevant architectural and consulting activities..

Business geographies

The SHP has total three plants located in Lam Dong province, where has two-seasoned climate: rainy season from May to November and dry season from December to the end of April next year. The location has high and stable rainfall. All three plants are located near the upstream of rivers/springs that provide high volume of water for their operation.

Da Siat

Da Siat Hydropower plant is built on the Da Siat stream, a left estuary of Dong Nai river. The plant was started construction on June 2005 and located in Loc Bao commune (Bao Lam) with a capacity of 13.5 MW, annual average output of 60 million kWh, total final investment cost of VND 339 billion.



Da Dang 2

Da Dang 2 Hydropower plant is built on Da Dang river, the main right estuary of Dong Nai river upstream, located in Tan Thanh commune. The plant was started construction in early 2008 with the total final investment cost of VND 498 billion; capacity of 34 MW, connected to the national power grid by 110KV line, annual average output of approximately 152 million kWh. Its spillway is located about 4 km far from the river mouth along the way. The water channel is situated on the left of Da Dang river bank at the river mouth to Dong Nai river.



Da M'bri

Da M'bri Hydropower plant is built on the main Da M'bri stream, located on the three communes, namely: Loc Tan – in Bao Lam district, Phuoc Loc – in Da Huoai and Trieu Hai – in Da Teh district, Lam Dong province. It has an annual regulation reservoir and connects to the National power grid through double line 110 KV, capacity of 75 MW with annual average output of 338.2 million kWh/year and total final investment cost of VND 2,418 billion.





Key targets

- Developing SHP into an investor in renewable energy production and business in Vietnam with the focus on hydro-power, wind power and solar power to fulfill the best our task in energy supply in regards to environmental protection.
- Contributing to meet power demand in a full and stable manner for sustainable development of the South in particularly and of the country in general.
- Enhancing scientific – technology study and investment, high qualified human resources to create a more efficient and safe energy.
- Providing a friendly, comfortable and professional working environment for the employees to optimize their performance to achieve the overall targets of the company.
- Continuing efficient operation of Da Siat, Da Dang 2 and Da M’bri hydropower plants. Regularly conducting maintenance, repair of machines and equipment. Eliminating breakdown during the rainy season and making use of water flow for power production.



Socio-environmental targets

- Making endeavor in forest planting, soil and environmental restoration in the area of Da Dang 2 and Da M’bri hydropower plants as regulated by the Government and Lam Dong Provincial People’s Committee direction.
- Regularly participating in learning promotion in remote and mountainous districts and communes including Da Huoai, Bao Lam, Loc Tan, Da M’bri,...



Mid-term and long-term development strategy

- Seeking for opportunities in participating in or transferring several small and medium hydropower projects.
- Investments in other clean energy such as wind or solar energy.

Economic risks

Vietnam economic growth rate remained steady in 2018 and achieved outstanding figures. Such factors as GDP growth rate was 7.08%, macro economic conditions are stable, inflation was in good control at 3.54% facilitate the enterprises’ business activities, and SHP is not an exception. In addition, the great opportunity from the new generation of free trade agreements (FTAs) will expand the market by cutting taxes and removing trade barriers for Vietnamese goods further penetrating in the global supply and production chain. This will promote production, distribution and operation of domestic plants, thereby increasing the total energy demand, especially electricity in the coming period.

According to EVN’s estimation, the current growth rate of electricity demand in Vietnam is 10%/year, which will be the driving force for hydropower development. In contrast, during the economic recession, the total demand for goods decreases, leading to a decrease in the energy demand for production activities and affecting the hydropower industry. However, as an enterprise operating in the hydropower industry that provides essential inputs for production and living activities, SHP is less affected by economic events.



Interest rate risks

Interest rate is an important element of the macro economy and directly or indirectly impact the enterprise performance in the market, including SHP. In recent years, Vietnam interest rate has not much fluctuation thanks to flexible open market instruments of the State to avoid serious impacts of exchange rates and inflation. However, uncertainties stemming from the macroeconomic market and the increase in oil price will likely put pressure on bank lending rates which will affect SHP’s performance. Therefore, SHP conducts rate risk management by maintaining a reasonable level of loans and analyzing the competitiveness in the market to get advantaged interest for the company from appropriate sources of loans.

Legal risks

As a joint stock company, listed on Ho Chi Minh Security Exchange (HOSE), all Company’s activities are affected by Law of Enterprise, Law of Security, Law of Construction, Law of Land, environmental regulations and other relevant legal documents. During the revision and finalization, changes in policy and law more or less affect to the Company’s management and business activities. Nevertheless, legal risks for power sector is not high as this sector is encouraged for investment as well as entitled to incentive tax if operating in disadvantaged socio-economic areas.

RISKS

Sector risks

Climate risks

Hydropower is one of the few sectors directly dependent on climate conditions, specifically the rainfall. Production output and performance efficiency of the plants depend on the water flow into the reservoirs. In the event of a prolonged drought, resulting in reduced rainfall, the decreased production output will decline the company's revenue and profit. Moreover, such natural disasters as flash floods and heavy rains may cause damages to the dyke and dam structures and problems in power generation and repair costs increased.

For SHP, the first quarter falls in the peak dry season resulting in the lowest output in the year, while the third quarter is when the output covers the whole year as the Central highland rainy season starts in May and ends in November. Power supply is different from dry from rainy season significantly affecting the company's business results.

As projected, the 2019 weather will not be favorable leading to many challenges for SHP operation. Therefore, the Company regularly updates the climate and hydrological forecasts to prepare contingency plans and ensure the production output in the worst scenarios as well as minimize the costs incurred. Besides, the company also prepares various plans of flood control, dam safety protection plan, flood control in the downstream to mitigate damages caused by natural disasters to dyke and dam structure, transmission lines and effectively implement measures of ecological- environmental protection.

Occupational and Health safety risks

The occupational and health safety is paid special attention during the operation of hydropower plants. To mitigate these risks, the staff are provided with protection wearings at work, the duties on social insurance, health care insurance, body insurance are fulfilled. On the other hand, all of the employees have been trained on safety test, strictly comply with technical requirements, monitor the safety of pre-, on- and post-operation. All of the hydropower plants have power safety system to prevent from power failure or accidents.

Monopoly risks

Similar to other electric enterprises, SHP is bound with Vietnam Electricity (EVN). Almost, EVN plays the monopoly role in the sector, thus the other enterprises still have to face to the development gaps, namely:

- Unavailable power tariff framework for each type of plants leading to the fact that power sale contract negotiation and signature with other new buyers/sellers outside EVN have to face to many challenges and complicated procedures.
- Power tariff is subject to EVN's financial position, therefore there is a risk that proposed tariff by EVN is lower than expected.
- EVN's monopoly more or less limits the attraction of private investment and FDI in the power sector, consequently constrains to power sector development that requires high investment cost.
- Furthermore, the fact that the Company has been scheduled by the A0 Load Center to whether generate in the peak, off-peak or normal time; determined whether power tariff is low or high affecting the Company's income.

Other risks

Except from the mentioned-above risks, during the operation, the Company also faces to many other subjective risks such as fire... that cause significant damages to the SHP performance efficiency.

OPERATING ASSESSMENT



Business and production assessment
Project implementation and investments
Financial position
Shareholder structure, change in owner's equity

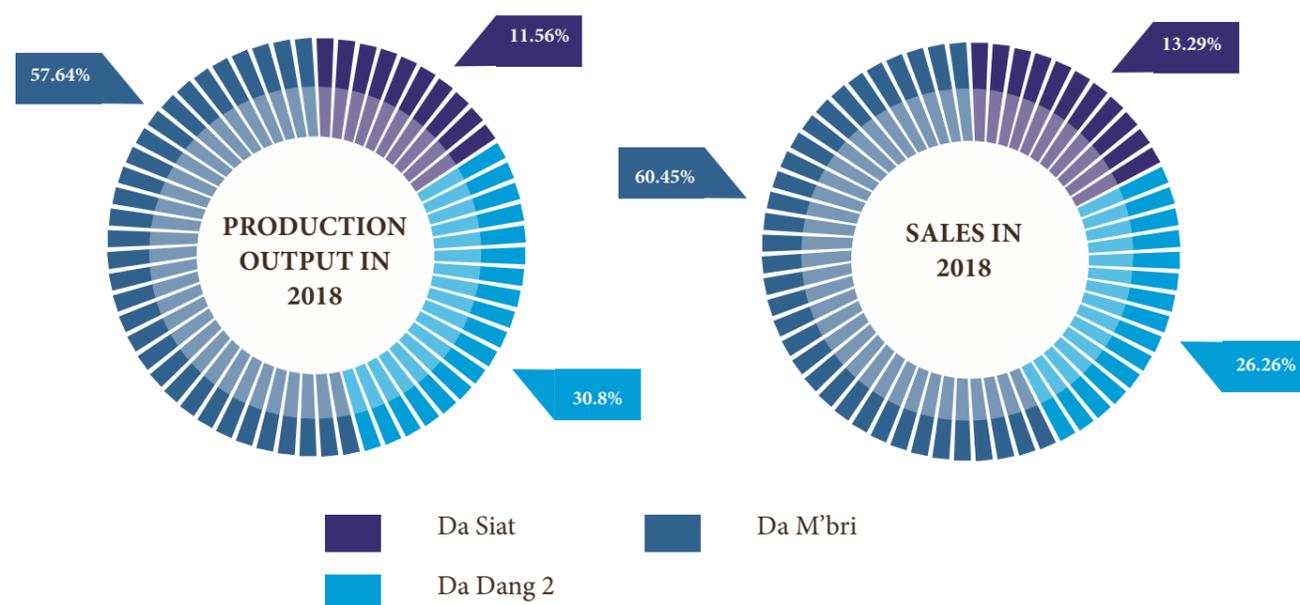
BUSINESS AND PRODUCTION ASSESSMENT

Production output

No	Plant	Unit	Impl. 2017	Impl. 2018	Plan 2018	Plan 2018/ Plan 2017	% impl/plan 2018
1	Da Siat	Million kWh	76.5	73.6	67.0	96.2%	109.9%
2	Da Dang 2	Million kWh	225.9	196.1	185.0	86.8%	106.0%
3	Da M'bri	Million kWh	405.9	366.9	362.0	90.4%	101.4%
Total		Million kWh	708.3	636.6	614.0	89.9%	103.7%

Sales

No	Plant	Unit	Impl. 2017	Impl. 2018	Plan 2018	Plan 2018/ Plan 2017	% impl/plan 2018
1	Da Siat	VND billion	82.5	82.3	73.0	99.8%	112.7%
2	Da Dang 2	VND billion	166.5	162.6	141.0	97.7%	115.3%
3	Da M'bri	VND billion	367.9	374.4	376.0	101.8%	99.6%
Total		VND billion	616.9	619.3	590.0	100.4%	105.0%



Production activities of the plants

Coming to the 2018, hydrologic status was not favorable with earlier drought than previously and heavier rain flooding the downstream area. Though early drought happening, total water flow in the whole year into the reservoirs is higher than design capacity and combined outputs of three plants exceed to the design output.

Da Siat Plant

The actual output is of 73.6 million kWh, decreased by 3.8% compared with the same period in 2017, equivalent to 109.9% of plan 2018.

Turnover is VND 82.3 billion, decreased by 0.2% compared with the same period in 2017, equivalent to 112.7% of plan 2018.

Da Dang 2 Plant

The actual output is of 196.1 million kWh, decreased by 13.2% compared with the same period in 2017, equivalent to 106.0% of plan 2018.

Turnover is VND 162.6 billion, decreased by 2.3% compared with the same period in 2017, equivalent to 115.3% of plan 2018.

Da M'bri Plant

The actual output is of 366.9 million kWh, decreased by 9.6% compared with the same period in 2017, equivalent to 101.4% of plan 2018.

Turnover is VND 374.4 billion, increased by 1.8% compared with the same period in 2017, equivalent to 99.6% of plan 2018.

Production costs structure

No	Indicator	Unit	Implemented 2017	Implemented 2018
1	Material and tools	VND billion	3.46	2.45
2	Labor	VND billion	42.51	44.14
3	Fix asset depreciation	VND billion	187.25	184.80
4	Resource tax	VND billion	57.65	54.76
5	Forest environment service fee	VND billion	14.82	22.92
6	Others	VND billion	22.17	24.11
Total production costs		VND billion	327.86	333.18

Majority of the company's production and business costs are fixed asset depreciation, averagely accounting 50%-60% of the total cost, as the hydropower industry has high requirement of production equipment and factories, especially civil construction costs. At present, the SHP's fixed assets are depreciated by the straight-line method, total annual depreciation expense is quite stable and little fluctuated. All of the SHP plants are juniors in the sector; so new machines and equipment are also advantageous for their high average operation hours, saving maintenance cost and time.

The second major cost is that of resource tax equivalent to 17.58% of 2017 and 16.43% of 2018.

Labor cost also accounts relatively high ratio in the cost structure, equivalent to approximately 13.24% total cost of 2018.

(The Decision No. 4536 / QD-CT dated October 31, 2016 of Lam Dong Provincial Department of Tax decided to exempt land rental for 3 years under civil construction phase and 15 years after construction phase of Da Siat and Da M'bri plants. Land rental exemption is valid since the date of land rental decision signature, i.e September 22, 2006 till the end of September 21, 2024. The total amount of exemption is VND 7,108,898,126. The Decision No. 5249/ QD-CT dated December 9, 2016 of Lam Dong Provincial Department of Tax decided to exempt land rental for 2 years and 9 months under civil construction phase and 15 years after construction phase of Da Dang 2 plant. Land rental exemption is valid since the date of land rental decision signature, i.e April 16, 2007 till the end of January 15, 2025. The total amount of exemption is VND 4,816,953,092).

Key performance indicators

No	Indicator	Unit	Impl. 2017	Impl. 2018	Plan 2018	% impl. 2018/2017	% impl/plan 2018
1	Output	Million kWh	708.3	636.6	614.0	89.9%	103.7%
2	Net revenue	VND billion	616.9	619.3	590.6	100.4%	104.9%
3	Profit before tax	VND billion	191.7	197.5	163.6	103.0%	120.7%
4	Profit after tax	VND billion	185.3	187.5	155.4	101.2%	120.7%

Total power generation output in 2018 was 636.6 million kWh, decreasing by 10.1% of the same period in 2017, and exceeding by 3.7% of plan 2018.

Net revenue in 2018 was VND 619.3 billion, increasing by 0.4% of 2017 and exceeding by 4.9% of the set plan.

Profit before tax in 2018 was VND 187.5 billion, equivalent to 103.0% of the same period in 2017 and 120.7% of 2018 plan.

Profit after tax in 2018 was VND 187.5 billion, equivalent to 101.2% of the same period in 2017 and 120.7% of 2018 plan.

Business performance in 2018 was consolidated from the 03 plants under SHP's management. In general, due to unfavorable climate, the production in all 3 plants has slightly declined compared to 2017. However, the average selling price in all plants has increased; also, thanks to the Board of Management's prompt guidance and all SHP staff's efforts in strict control of costs, leading to the growth in revenue and profit in 2018 compared to 2017.



PROJECT IMPLEMENTATION AND INVESTMENTS

Repair, investment and overhaul in the plants

Da M'bri Plant

- Completing overhaul of H1 unit
- Completing small repair of H2 unit in combination with checking the gate valve and inlet.
- Replacing heat exchangers
- Rehabilitating shunt trip of 110kV circuit breaker
- Correcting insulation of rotor slip ring of H2 unit
- Installing surveillance camera system.

Da Dang 2 Plant

- Completing overhaul of H2 unit of Da Dang 2 plant
- Replacing the battery system of Da Dang 2 plant
- Rehabilitating shunt trip of generator circuit breaker
- Installing surveillance camera system

Da Siat Plant

- Completing small repair of H1 unit of Da Siat plant
- Completing overhaul of H2 unit and repairing 2 cone valves of Da Siat plant
- Replacing air cooler of H2 generator of Da Siat plant
- Rehabilitating 0.4kV auxiliary transformer of Da Siat plant
- Rehabilitating butterfly valve control system
- Replacing H2 impeller
- Rehabilitating shunt trip of generator circuit breaker
- Installing control and monitoring system of feeders in Dak Nong station to switch to automatic mode
- Installing SCADA system from the plant to Dak Nong Electricity Company and EVN Central Power Corporation
- Checking and conducting maintenance of 22 kV line of Da Siat plant (in every Sunday)

Construction items

- Completing external coating the pressure pipe of Da Dang 2 plant.
- Completing the package of Da Siat and Da M'bri road upgrading.
- Checking Da M'bri tunnel after 4 years of operation.
- Constructing mechanical workshop in Da M'bri plant.
- Repairing corrugated iron roof leak in Da Dang 2 and Da Siat plants.



FINANCIAL POSITION

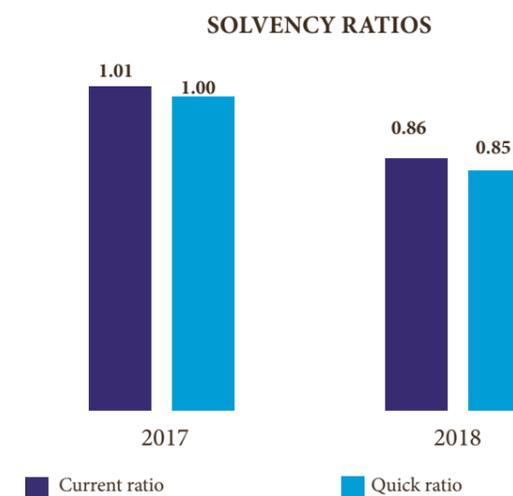
No	Indicator	Unit	2017	2018	% up down
1	Total assets	VND billion	2.473	2.312	(6.50)
2	Net revenue	VND billion	616.96	619.29	0.38
3	Operating profits	VND billion	192.43	197.25	2.50
4	Other profits	VND billion	(0.77)	0.19	-
5	Profit before tax	VND billion	191.66	197.45	3.02
6	Profit after tax	VND billion	185.25	187.52	1.22
7	EPS	VND	1.859	1.884	1.34

Financial highlights

No	Indicator	Unit	2016	2017	2018
1	Solvency ratios				
	Current ratio	Time	0.74	1.01	0.86
	Quick ratio	Time	0.69	1.00	0.85
2	Capital structure ratio				
	Debt/total assets ratio	%	55.50	50.79	46.62
	Debt/equity ratio	%	124.73	103.20	87.34
3	Operation capability ratio				
	Inventory turnover	Turn	32.28	40.68	214.02
	Net revenue/total assets	Turn	0.19	0.24	0.26
4	Profitability ratios				
	Profit after tax/net revenue ratio	%	19.12	30.03	30.28
	Profit after tax/equity ratio	%	8.33	15.47	15.30
	Profit after tax/total assets ratio	%	3.71	7.24	7.84
	Operating profit/net revenue ratio	%	19.81	31.19	31.85

Solvency ratios

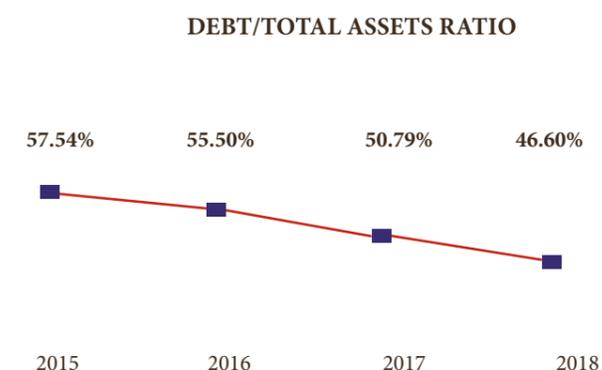
In 2018 solvency indicators declined, specifically current ratio declined from 1.01 to 0.86 and quick ratio from 1.00 to 0.85. The reason is that both short-term assets and short-term liabilities were higher than the previous year, in which the fluctuation of short-term assets (up 6.14%) was smaller than that of short-term liabilities (up 25.23%). However, keeping the ratio stable over the past years shows that the Company is still able to guarantee its short-term liabilities at a safe level.



Capital structure ratio

SHP's total liabilities as at 31 December 2018 was VND 1,078.03 billion decreasing by 14.17% compared to the same period in 2017. In particular, SHP's long-term debt decreased from VND 1,017.5 billion to only VND 779.36 billion. In previous years, the capital structure tended to increase the debt for the purpose of Da M'bri project investment. However, in the 5 recent years, Da M'bri plant and the other two plants have been put into stable and efficient operation, so SHP's financial leverage ratios have been declining. As of December 31, 2018, liabilities accounted for 46.62% of total assets, slightly decreasing from the same period.

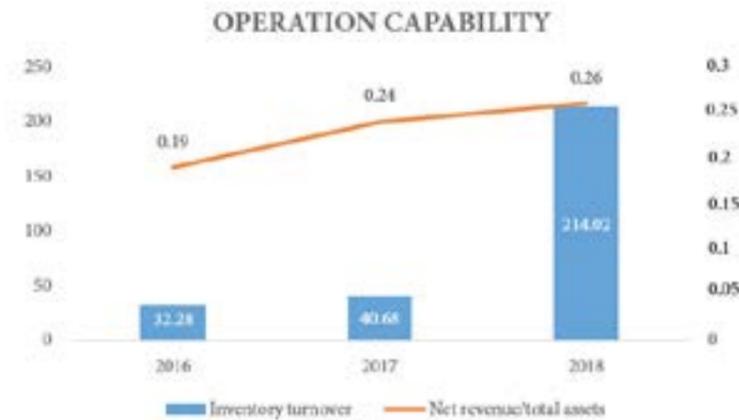
SHP's equity in 2018 was VND 1,234 billion, a slight increase of 1.4% compared to 2017. The equity fluctuation is minor as dividend payment in cash to the shareholders remains unchanged over the years.



Operation capability

Fixed tangible assets accounts for the largest proportion in the financial structure

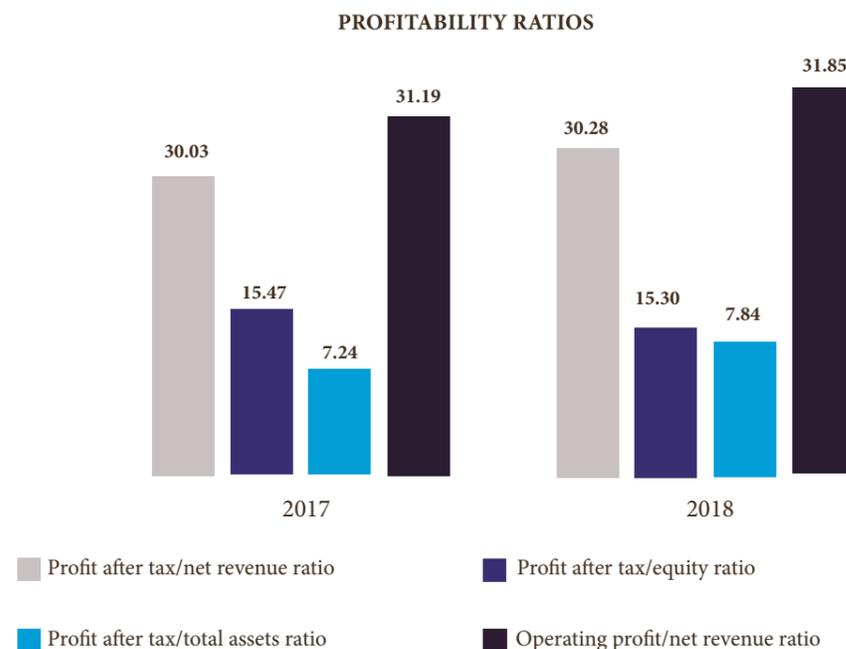
It is typical of hydropower businesses in general. The proportion of long-term assets in SHP's asset structure is relatively large (approximately 88.95% of total assets). At present, the operation of 03 SHP's plants are stable, so the ratio of net revenue / total asset has significantly improved compared to the same period last year, specifically from 0.24 to 0, 26 times.



Profitability

SHP's operating performance ratios quite high, the profitability ratios in the year tend to slightly and stably increase over the years. Specifically, after-tax profit / net revenue ratio is 30.28%, operating profit / net revenue ratio is 31.85%. ROA and ROE are 7.84% and 15.30%, respectively.

This is a common feature of hydropower businesses, in which costs incurred is high at in the early years due to the plant investment. However, in the following years, depreciation costs and interest expenses decline while high and stable power generation output would improve the Company profitability over time.



Information of shares

Capital charter: VND 937,102,000,000
 Total issued shares: 93,710,200 shares
 Par value: VND 10,000/share
 • Common share: 93,710,200
 • Preferred shares: 0 share
 Number of outstanding shares: 93,710,200 shares
 Number of treasury shares: 0 share

Shareholder structure (as at December 28, 2018)

No	Shareholder type	No. of shareholders	No. of shares owned	Ownership rate
1	Domestic shareholders	3,297	89,081,316	95.06%
a	Organization	23	71,247,588	76.03%
	Major shareholder	2	56,024,848	59.79%
	Other shareholders	21	15,222,740	16.24%
b	Individual	3,274	17,833,728	19.03%
2	Foreign shareholders	22	4,628,884	4.94%
a	Organization	4	4,530,884	4.83%
b	Individual	18	98,000	0.10%
	Total	3,319	93,710,200	100.00%

Change in owner's equity: None

Transaction of treasury shares: None

Other securities: None

ORGANIZATION AND HUMAN RESOURCE

Board of Management

Board of Directors

Internal Audit Subcommittee

Status of staff



BOARD OF MANAGEMENT

Structure of the Board of Management

No	Name	Position
1	Mr Doan Duc Hung	Chairman
2	Mr Nguyen Van Thinh	Member
3	Mr Le Xuan Hai	Member
4	Mr Nguyen Van Danh	Member
5	Mr Le Tuan Hai	Member

Curriculum vitae of the Board of Management

Mr Doan Duc Hung - Chairman

Date of birth	15/03/1968
Resident address	505 Huynh Chau So, Ward 6, Tan An city, Long An province
Professional degree	Electrical Engineer, Master of Business Administration
Employment history	
1991 – 1994	Technical engineer of Ben Luc Branch – Long An Department of Electricity
1995 – 1997	Manager of Administration, Finance and Labor of Long An Electrical Company
1998 – 2013	Technical Deputy Director – Long An Electrical Company
2014 – 2017	Sales Deputy Director – Long An Electrical Company
2018 to date	Head of Business Section – Southern Power Corporation
No. of shares held	1,342 individual shares
Proportion	0.001% charter capital

Mr Nguyen Van Thinh - Member

Date of birth	18/01/1955
Resident address	Apartment D2, New Generation Condo., Ho Hao Hon street, Co Giang ward, Dist.1, Ho Chi Minh city
Professional degree	Electrical engineer
Employment history	
1976 – 1981	Song Be Provincial Department of Trade
1981 – 1998.	Dong Nai Electrical Company
1998 – 2007	Manager of Construction Control Department – Southern Power Corporation
2007 to date	Southern Hydropower JCS.
No. of shares held	275,000 individual shares
Proportion	0.29 % charter capital

Mr Le Xuan Hai - Member

Date of birth	04/04/1966.
Resident address	Electrical Engineer, Master of Business Administration
Professional degree	6.21 Van Do Condo., 348 Ben Van Dong, Ward 1, Dist. 4, Ho Chi Minh city
Employment history	
1986 – 2010	Manager of General Affairs and Human Resource – Ben Tre Electrical Company
2010 – 2015	Vice Chief of Office – Southern Power Corporation
2015 to date	Manager of General Affairs and Human Resource - Southern Power Corporation
No. of shares held	0
Proportion	0%

Mr Nguyen Van Danh - Member

Date of birth	06/01/1976
Resident address	41/12 Phan Dnh Phung, Tan Thanh ward, Tan Phu Dist., Ho Chi Minh city
Professional degree	BA Accounting and Auditing; BA International Business Administration
Employment history	
2001-2006	Member of Internal Audit Subcommittee – Electrical Construction JSC.
2003-2010	Officer of Internal Audit Team, Accounting and Finance – Electricity No. 2 Company (Southern Power Corporation)
2011-2013	Officer of Supervision Office – Southern Power Corporation.
2014-5/2017	Officer, Deputy Head of Internal Audit Subcommittee - Southern Power Corporation.
6/2017 to date	Deputy Head of Internal Audit and Financial Supervision Department – Southern Power Corporation
No. of shares held	2,480 individual shares
Proportion	0.003 % charter capital

Mr Le Tuan Hai - Member

Date of birth	08/04/1970
Resident address	Electrical system engineer.
Professional degree	137/3 Road 59, Ward 14, Go Vap Dist., Ho Chi Minh city
Employment history	
01/2008 - 12/2008	Director – Thac Mo Hydropower Company – Board of Management member representing for 30% State shares (EVN shares)
01/2009 - 03/2011	General Director – Thac Mo Hydropower Company - Board of Management member representing for 30% State shares (EVN shares)
01/11/2013 - 28/09/2015	Deputy General Director – Da Nhim – Ham Thuan – DaMi Hydropower JSC
01/03/2006 to date	Electrical Engineering Director - Refrigeration Electrical Engineering Corporation (REE)
No. of shares held	0
Proportion	0%

BOARD OF DIRECTORS

Structure of the Board of Directors

No	Name	Position
1	Mr Thang Thanh Ha	General Director
2	Mr Nguyen Vinh Chau	Deputy General Director
3	Mrs Nguyen Thanh Tu Anh	Chief Accountant

Curriculum vitae of the Board of Directors members

Mr Thang Thanh Ha – General Director

Date of birth	25/02/1962
Place of birth	Ha Noi
Resident address	6/10 Nguyen Sieu Condo., Dist.1, Ho Chi Minh city
Professional degree	Electrical engineer
Employment history	
1987 – 1993	Engineer – No 3. Electrical Consulting Company
1994 – 2015	Head of Investigation Section – Southern Power Company
2012 – 2014	Head of Internal Audit Subcommittee – Southern Hydropower JSC
2014 – 2016	Member of Internal Audit Subcommittee – Southern Hydropower JSC
07/2018 to date	General Director of Southern Hydropower JSC
No. of shares held	7,600 individua shares
Proportion	0.0081% charter capital

Mr Nguyen Vinh Chau – Deputy General Director

Date of birth	10/08/1961
Place of birth	Tien Giang
Resident address	30/11D Phan Huy Ich, Go Vap Dist., Ho Chi Minh city
Professional degree	Hydraulic Engineer
Employment history	
2005-2007	Manager of Cost estimate verification department – Irrigation Investment and Construction No 10 Project Management Unit.
2007 to date	Deputy Director of SHP
No. of shares held	93,250 individual shares
Proportion	0.1% charter capital



Mrs. Nguyen Thanh Tu Anh – Chief Accountant

Date of birth	11/05/1977
Place of birth	Khanh Hoa
Resident address	158/32 Nguyen Van Dau, Ward 7, Binh Thanh dist., Ho Chi Minh city
Professional degree	BA of Economics
Employment history	
2002-2004	Officer in Finance – Accounting Department – Electricity no.2 Company
2004 to date	Chief Accountant – Southern Hydropower JSC
No. of shares held	0
Proportion	0%

Change in personnel

- Pursuant to the Board of Management Decision no. 39 dated Jun 29. 2018, Mr Nguyen Van Thinh has been dismissed from General Director since July 1, 2018.
- Pursuant to the Board of Management no. 40 dated June 29, 2018, Mr Thang Thanh Ha has been appointed as General Director since July 1, 2018.

INTERNAL AUDIT SUBCOMMITTEE

Structure of the Internal Audit Subcommittee

No	Member	Position
1	Mr Vo Thai	Head
2	Mr Hoang Minh Dung	Member
3	Mrs Do Thi Hai Au	Member

Curriculum vitae of the Internal Audit Subcommittee

Mr Vo Thai - Head

Date of birth	20/02/1972
Resident address	77/13/47 Phạm Đăng Giang, Bình Hưng Hòa ward, Bình Tân dist., Ho Chi Minh city
Professional degree	BA of Accounting
Employment history	
2008 – 2011	Chief Accountant – Bang Huu Mineral JSC
2012 – 2013	Chief Accountant – DVA Energy Renewable JSC
2014 to date	Chief Accountant – Viet Lien A – Phu Hung Gia Investment JSC
No. of shares held	0
Proportion	0%

Mr Hoang Minh Dung - Member

Date of birth	01/12/1966
Resident address	Room 303 Tran Nhat Duat condo., Dist. 1, Ho Chi Minh city
Professional degree	BA of Finance and Accounting, MBA
Employment history	
1987 - 1999	Accounting officer – Electrical Construction Enterprise, Electricity No. 2 company (currently Southern Power Corporation)
1999 - 2003	Accounting officer – Electricity No. 2 company (currently Southern Power Corporation)
2003 - 2007	Vice Manager - Accounting Department, Electricity No. 2 company (currently Southern Power Corporation)
2008 - 2010	Chief Accountant - Electricity No. 2 company (currently Southern Power Corporation)
04/2010 - 04/2011	Internal auditor, Southern Power Corporation
05/2011 to date	Chief Accountant - Southern Power Corporation
No. of shares held	20,000 individual shares
Proportion	0.02% charter capital

INTERNAL AUDIT SUBCOMMITTEE

Mrs Do Thi Hai Au - Member

Date of birth	08/05/1966
Resident address	876/2C CMT8, Ward 5, Tan Binh dist., Ho Chi Minh city
Professional degree	BA of Accounting
Employment history	
1992 - 02/2002	Accounting Officer – Electrical Test Center, Electricity No. 2 company (currently Southern Power Corporation)
01/03/2002 - 10/04/2007	Vice Manager of Finance Division – Electrical Test Center, Electricity No. 2 company (currently Southern Power Corporation)
11/04/2007	Official of Finance and Accounting Division, Electricity No. 2 company (currently Southern Power Corporation)
01/01/2008 - 04/2010	Member of Internal Audit Subcommittee – Electricity Investment, Trade and Service JSC.
27/4/2011 - 28/02/2014	Seconded controller – Southern Power Corporation
04/2016 - nay	Member of Internal Audit Subcommittee – Southern Hydropower JSC
No. of shares held	0
Proportion	0%



STATUS OF STAFF

Status of staff in December 31, 2018

No	Description	Quantity (person)	Ratio (%)
I	By gender	122	100.00
1	Male	106	86.89
2	Female	16	13.11
II	By education level	122	100.00
1	College, university	80	65.57
2	Vocational training	39	31.97
3	Manual labor	3	2.46
III	By working nature	122	100.00
1	Direct	52	42.62
2	Indirect	70	57.38
	Total	122	100.00

Increase and decrease of staff in 2018

- Total staff at the beginning of the year: 123.
- Decrease in the year: 09 (including: 01 retired, 01 died from disease, 07 quit on their demand).
- Increase in the year: 08.
- Total number of staff at the end of the year: 122.

Policy for human resources

- Salary grading: based on Salary grading procedures, in 2018 organizing salary grading test and regular pay raise for 41 employees (of which 37 employees were right subjects for grading test) to be effective from January 01, 2019.
- Since January 1, 2018, the updated pay scale has been effective based on revised minimum pay rate for the Company. The updated pay scale was consulted with the internal Labor union and then registered with local Divisions of Labor, Invalid and Social Affairs. Accordingly, since January 1, 2018, the payroll and the rate of social insurance have been revised.
- Social insurance policies (social insurance, sickness, maternity, ...) of employees were fully and promptly implemented by the Company in compliance with the labor regulation.
- All employees had access to training opportunities to improve their professional qualification and meet the requirements of their job. In 2018, several training sessions were conducted with total cost of VND 330.5 million, including: foreign language, electricity market, equipment operation with high safety requirements, control and protection systems testing and evaluation according to IEC 61850, human resource management, probation training for new employees, etc.



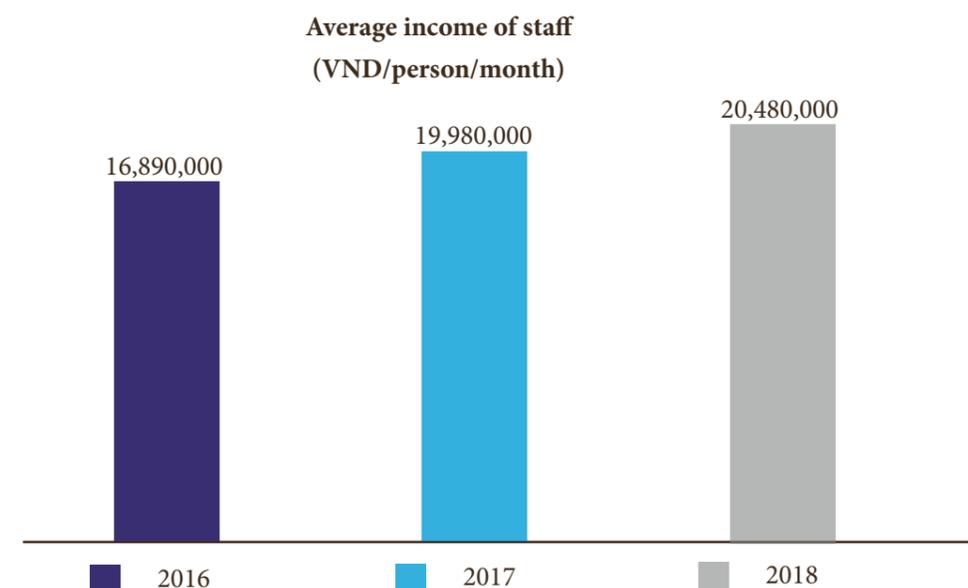
Change in personnel

- Pursuant to the Board of Management Decision no. 39 dated Jun 29, 2018, Mr Nguyen Van Thinh has been dismissed from General Director since July 1, 2018.
- Pursuant to the Board of Management no. 40 dated June 29, 2018, Mr Thang Thanh Ha has been appointed as General Director since July 1, 2018.

Average income of staff over the years

Indicator	Unit	2016	2017	2018
Average income	VND mil./person/month	16.89	19.98	20.48

Generally, the Company average per capita income increased from 2016 to 2018, and in 2018, it was VND 20,480,000 / person / month. The Company management put special attention to the training and recruitment to improve labor quality, attract and keep high qualified staff stay together with the company development. A dynamic, modern, professional and friendly working environment was in the effort of the management to maximize the staff capability at work as well as improve their knowledge for personal and enterprise development.



SUSTAINABLE DEVELOPMENT REPORT



MESSAGE OF SUSTAINABLE DEVELOPMENT

Dear shareholders and stakeholders,

In 2018, Vietnam's economy has achieved the highest growth rate over the past 10 years with 7.08% growth in GDP, surpassing the world average and is forecasted to continue growing over 6% in 2019.

Accompanied with the economic development is increased socio-environmental issues such as poverty, crimes, natural disasters, rich - poor gap, destroyed environment, etc. While the life quality of people has been improved, such essential living conditions as water and power supply in rural areas of our country are still limited.

Sustainable development has become the leading strategic goal of every business who has a sense of responsibility for the community and the next generation. Sustainable development is of particular interest to all countries and territories all over the world and specific guidelines, regulations and sanctions to achieve this goal have been prepared. As one of the leading enterprises in small and medium hydropower plant investment, SHP, with more than 10 years of establishment and development, is highly aware of our roles and responsibilities in economic development and socio-environmental improvement. Sustainable development has become the focus in SHP's business development strategy for many years. Board of Management and Board of Directors and all staff of SHP put all efforts to combine the targets of profit growth and the implementation of social responsibilities and environmental protection to ensure the increase of benefits of related parties: shareholders, investors, business partners, the State and social community.

We wish that all businesses are also interested in sustainable development as this is our attitude and responsibilities for the society, the country, and our future generation. And we fully support those continuous efforts to spread the message of Sustainable Development and to be widely responded.



Doan Duc Hung

Chairman

Ho Chi Minh City, April, 2018



Sustainable development orientation

Sustainable development is the focus of SHP business development strategy

It is determined that SHP can only develop in a sustainable manner in the condition of combining economic growth and social responsibility, environmental protection to ensure the increase and balance of the interests of stakeholders: shareholders and investors, customers, business partners, state governance agencies, employees and social communities.

Specific objectives

Economic benefits

Growing revenues and profits in a sustainable manner.

Contributing to a sustainable economy through the company core business.

Social responsibility

Accompanying and promoting social activities to contribute to improving skills and professional qualifications for the young labor force.

Sharing the spiritual and material achievements with the community and society.

Developing human resources with the policies ensuring good working environment and benefits to employees, providing trainings on professional expertise, foreign language and informatics.

Environmental protection

Minimizing negative impacts caused by business activities.

Using energy and water in an effective and cost saving manner.

Raising awareness of environmental protection and saving for the entire staff, consultants and directing customers to the usage of friendly environmental and energy saving products.

Effective use of fund

Over the past years, the company has always fulfilled the duties of an enterprise to contribute to the State budget, conducted full and timely tax payment, ensured provision of proper jobs and stable income for employees, maintaining and increasing shareholder benefits thereby contributing to the promotion of Vietnam economic growth.

Production material

As particular operating in hydropower sector, in SHP no incurred costs of raw materials for direct production is available. The main material used to create products is water from rivers and streams by where the hydropower plants are located; therefore, input costs for raw materials are almost incurred. As for output, the products are energy, the finished products are transmitted directly to the national grid, without incurring costs of packaging products.

Energy consumption

SHP uses water source as an input source to produce electricity. Currently, SHP invests a total of 03 hydropower plants, mainly located in the South Central Highland. In general, the Central Highland river system has great potential for hydropower use, so the exploitation of water source for the plant operation is not much difficult. Specifically, the water source for SHP plants is a tributary of Dong Nai river and other stream branches within Dong Nai River catchment. However, hydropower projects may change the flow regime, partially impacting the natural and socio-economic environment in the project area.

Main energy used for operating the plant equipment as well as office management is from electricity. The total volume of electricity used for production and office management last year was 3,417,503 kWh. In addition, during the operation, SHP also uses some other essential energy such as gasoline, oil for transportation, gas, etc.

As an enterprise in energy production, SHP is fully aware of energy saving, not only in the production process for the purpose of Company benefits but also in the management aiming to minimize the loss also to contribute to greening the environment.



Summary of energy use

The energy consumption in 2018 at SHP with most of the indicators minimized is presented in table below:

STT	Total energy use by source	2018
I	Total energy consumed (kWh)	
1.	Power for office activities (kWh)	30,855
-	<i>Ho Chi Minh office</i>	16,898
-	<i>Branch</i>	13,957
2.	Power for production activities (kWh)	3,386,648
-	<i>Own use for production</i>	2,850,215
-	<i>Power bought for production use</i>	536,433
II	Total energy consumed (liter)	
1.	Fuel for production activities (liter)	430
2.	Fuel for office activities (liter)	
	DO	21,831
	Gasoline type 92	10,783
3.	Total energy consumed (40 liters of oxygen/cylinder)	
	Gas, gas fuel for production activities (40 liters of oxygen/cylinder)	33 cylinders (40 liters/cylinder)

Water volume collected

Water source	Unit	Total volume collected/achieved (in liter)
Da Siat stream: Da Siat Plant	m ³	263,049,984
Da Dang 2 stream: Da Dang 2 Plant	m ³	1,159,826,341
Da M'bri stream: Da M'bri Plant	m ³	659,848,304
Total	m³	2,082,724,629

Water used in the year by the Company

Type of use	Unit	Total water used (in liter)
Use for generator	m ³	1,442,333,433
Da Siat Plant	m ³	129,337,344
Da Dang 2 Plant	m ³	934,714,425
Da M'bri Plant	m ³	378,281,664

Human resource development, labor safety guarantee

Due to electricity production business of the Company, the operation and repair employees have to conduct the jobs requiring strict compliance on occupational safety and hygiene as stipulated by the Ministry of Labor, Invalids and Social Affairs such as: operation, maintenance, repair of electrical facilities; lifting equipment; pressure equipment; welding, cutting machine, etc..... working environment with high noise level; high risk of labor accidents, fire and explosion, and occupational diseases. SHP leaders pay much attention to human resources management in various activities of the Company. As such, many human resources policies have been issued to ensure working environment and benefits for the staff. Technical and occupational safety and hygiene:

- Regularly checking occupational safety and hygiene and rectifying the implementation of safety regulations, the issuance of work claim, task claim and work request in the plants.
- Periodically conducting electrical safety knowledge tests for all Engineering Division and Production Division staff of the branch; dissemination and lesson learnt of labor accidents in ENV.
- Regularly providing guidance and checking the workers on their know-how of electrical safety devices such as working platform, insulated boots and gloves, electric tester, safety belts.
- Providing full required equipment and facilities and fully complying with strict safety regulations if required.
- Periodically monitoring the working condition in all three plants and providing correction, if any.
- Disseminating incidents occurred and lesson learnt as well as suggesting preventive measures in operation to avoid the same incidents.
- Quarterly organizing troubleshooting rehearsals to timely detect and correct any shortage and weakness in operation process as well as to get the employees better understanding about their responsibilities and tasks during when handling the situations, making sure all incidents are handled promptly and properly.
- Particularly in 2018, a conference was held on technical safety review after 8 years of operation, at the same time exchanging experiences with other colleague companies in the same region (Da Nhim - Ham Thuan - Da Mi Hydropower Water Joint Stock Company, Dong Nai hydropower company, Dong Nai 5 Hydropower Joint Stock Company, ...).



Firefighting and prevention

- Sending the employees to training sessions on fire prevention and fighting and how to use relevant equipment and facilities.
- Conducting quarterly inspection of working status of fire alarm system, readiness of firefighting facilities and equipment in all three plants.
- Organizing rehearsal of firefighting plan approved.

Equipment maintenance

- Before the rainy season in 2018, checking and evaluating the status of electrical equipment, hydro-mechanical equipment, dam monitoring equipment, reservoir monitoring equipment; maintaining, repairing and correcting the defects.
- Organizing a conference to review implementation of Natural Disaster Preparedness and Search and Rescue in 2017 and prepared action plan 2018 for 3 plants with the participation of relevant districts and communes before the 2018 rainy season.
- Installing flood discharge alarm equipment at the downstream communes of Da M'bri plant.
- In the year, emergency operation with participation of the Company leaders was organized during flood discharging event at Da M'bri plant. Since the plant operation, this was considered as a historical flood event when the water flow leveled up to 205 m³/s.

New initiatives

- In the reporting year the company staff contributed 10 new initiatives
- 10/10 initiatives were rewarded with total amount of VND 105,000,000.

Social responsibilities

SHP understands that sharing business achievements with the community and society is one of the top responsibilities of an enterprise. For many years, SHP has always extracted part of its profits to organize charity events to take care of disadvantaged households, especially in education and children. In 2018, SHP financed VND 141,955,200 in total for social sponsorship events; specifically:

- On February 5, 2018, at Phuoc Loc Commune People's Committee office in Da Huoai district, Lam Dong province, the Southern Hydropower Joint Stock Company presented 56 gift packages and VND 2,000,000 per package to 28 poor households and 28 semi-poor households in Phuoc Loc commune. This aimed to share and bring a joyful and warm Tet holiday to disadvantaged households.
- In addition, to support the future generation of the country and bring in full and prosperous mid-autumn season. In 2018, SHP supported Phuoc Loc commune to organize the Mid-Autumn Festival 2018 for children in the area.
- In 2018, the Youth Union of Southern Hydropower Joint Stock Company organized voluntary blood donation with the message "SHP - Joining hands for life".

Compliance with environmental protection law

In 2018, there were no violations of environmental protection law.

Every year, the Company participates in watershed forests protection and environmental restoration in the hydropower plant areas and fulfills the tax duties of resource and forest protection service in accordance with the law.

In addition to the power production and supply, the hydropower plants of SHP also play important role in regulating rivers and streams flow within their area. Particularly, Da Dang 2 plant has a 2.3 km water channel in the transmission line running across agricultural production that facilitates for irrigation of 400 ha out of 1,000 ha cultivation land in Tan Thanh commune, Duc Trong district in Lam Dong province. SHP has developed their projects under the clean development mechanism (CDM) promoted by the United Nations Climate Change Commission. All three Da Siat, Da Dang 2 and Da M' bri hydropower plants have been successfully registered as clean development mechanism projects.



Responsibility for employees

- On the occasion of the Electricity Tradition Day of 2018, the Trade Union of Southern Hydropower Joint Stock Company hosted a mini football tournament for employees.
- The sport tournament organized to create a healthy playground for employees, improve the effectiveness of physical training, tighten solidarity, improve intellectual capacity, contribute to enriching cultural life spirit, increase team-work ability of employees.

Green finance market related report

Up to date this report is not yet available as no specific guidance from the State Securities Commission has been received.



REPORT OF THE BOARD OF DIRECTORS

Assessment of business results

Financial position

Improvements in 2018

Future development plan





2018 was the year when the climate was unfavorable with early drought, less rainfall to the reservoirs. Yet, thanks to the efforts in overhaul and regular maintenance of equipments and maximum operation in the peak time, average number of operation hours of the 3 plants highly exceeded to the designed and the following have been achieved:

01

- Output:
Da M'abri: 366.9 million kWh equivalent to 101.4% of the plan
Da Dang 2: 196.1 million kWh equivalent to 106.0% of the plan
Da Siat: 73.6 million kWh equivalent to 109.9% of the plan

02

- Average operation hours
Da M'abri: 4,819h/ designed 4,509h.
Da Dang 2: 5,767h/ designed 4,474h
Da Siat: 5,451h/ designed 4,396h

03

- Collected revenue
Da M'abri: VND 374.4 billion equivalent to 99.6% of the plan
Da Dang 2: VND 162.6 billion equivalent to 115,3% of the plan
Da Siat: VND 82.3 billion equivalent to 112,7% of the plan

Da Dang 2 Solar power project

As being motivated by Governmental policy of power investment, preferentially clean energy and making use of vacant land and compensated ancillary area within Da Dang 2 plant project, as well as area of water surface and channel; the Company has hired Power Construction Consulting Joint Stock Company No. 3 to study and prepare an additional report to Solar Power project to be located in Da Dang 2 plant. The project capacity is expected as approximately 15.8MWp. On January 08, 2018, Lam Dong Provincial People's Committee issued a document No. 101/UBND-MT for submission to the Ministry of Industry and Trade (MoIT) on the addition of Da Dang 2 solar power plant plan to be located in the districts of Duc Trong and Lam Ha in Lam Dong Province.

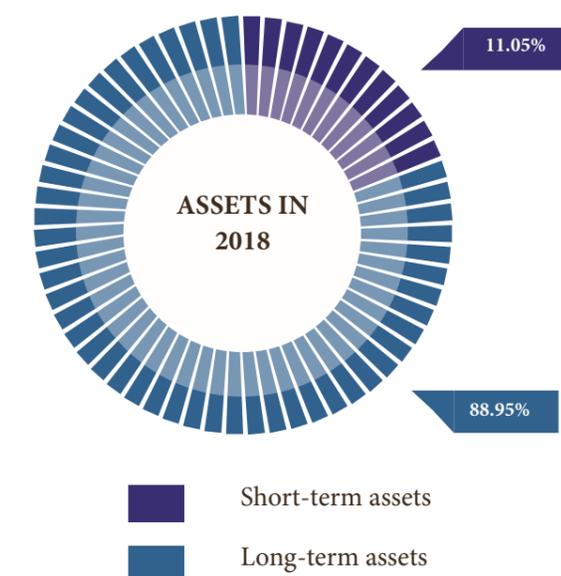
MoIT's appraisal / approval (while the submittals have been available since January 2018) is still pending.

As June 2019 is coming soon and the Da Dang 2 Solar Power Project fails to meet the completion schedule before June 2019 to enjoy the price framework of 9.35 Cents / kWh. The price framework effective since June 2019 is not yet available, so the project effectiveness has not been properly evaluated.

Assets

Indicator	Unit	31/12/2017	31/12/2018	%up/down
Short-term assets	VND bil.	240.63	255.41	6.14
Long-term assets	VND bil.	2,232.45	2,056.87	(7.86)
Total assets	VND bil.	2,473.07	2,312.28	(6.50)

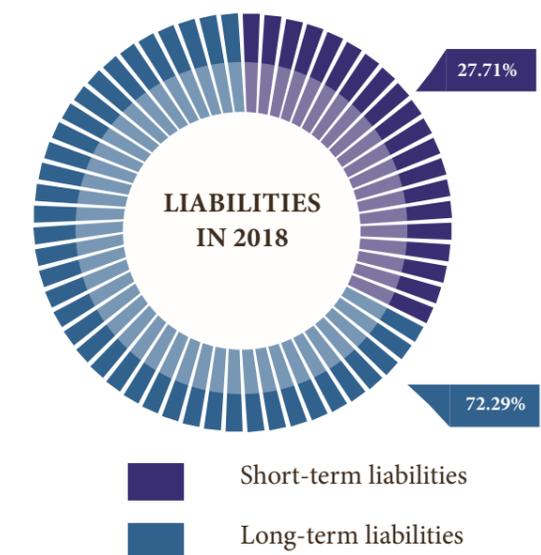
Total assets and long-term assets in 2018 decreased by 6.50% and 7.86% respectively while short-term assets increased by 6.14% compared to 2017. As short-term assets only accounted for a small proportion in SHP's asset structure, there were no major impact on the fluctuation of total assets. In particular, long-term assets still accounted for a large proportion in the total assets structure (long-term assets in 2017 and 2018 accounted for 90.27% and 88.95% respectively) due to the large initial investment required in hydropower business, mainly in dams, machines and equipment.



Liabilities

Indicator	Unit	31/12/2017	31/12/2018	%up/down
Short-term liabilities	VND bil.	238.50	298.67	25.23
Long-term liabilities	VND bil.	1,017.51	779.36	(23.41)
Total liabilities	VND bil.	1,256.01	1,078.03	(14.17)

Total liabilities of SHP at the end of 2018 decreased compared to the same period last year. Specifically, total liabilities decreased by 14.17% compared to 2017. Of which, long-term liabilities decreased from VND 1,017.51 billion to VND 779.36 billion at the end of the year. The reason is that the long-term loan at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch under the long-term credit contract No. 0043/DTDA/13CD dated November 20, 2013 was finalized.



IMPROVEMENTS IN 2018

ISO

In 2018, with the efforts and determination to develop and implement the Quality Management System according to ISO 9001:2015, the Company reviewed and issued documents of system in accordance with ISO standards, organized 02 internal assessments on all areas of professional management, administration, production and business in the head office, branch office and 03 plants in Lam Dong province. Also, a contract was signed with TÜV RHEINLAND Vietnam Co., Ltd. (TUV) to carry out the evaluation of the Quality Management System certification. The two surveys and certification audit resulted in, on December 19, 2018, Certificate of Quality Management System certification according to ISO 9001: 2015 was granted by TUV.

Natural disaster preparedness and Search and rescue

Measures of flood emergency for dam safety and flood control for three plants downstream, also coordination proceedings in Natural disaster preparedness and Search and rescue between the Company unit in charge and relevant local agencies have been completed including updates in accordance with the actual situation in 2018 and approved by relevant governmental agencies. Reports on the dam safety status of 03 plants has been prepared and submitted to Lam Dong Department of Industry and Trade and Ministry of Industry and Trade for Da M' Bri Hydropower Plant case.



Operation and troubleshooting of the plants

Da M' Bri Plant

Total 13 incidents resulted in system termination:

- Equipment related incidents: 5 occurred incidents, 302.0h downtime; specifically: 2 times caused by coal dust from brush resulting in the rotor short-circuit of H2 unit, the replacement of support insulator, china insulator, and cleaning slip ring were conducted. To date the equipment has been well operating; once caused by temperature meter in unreliable working condition; once caused by the error of flow relay; once caused by the servo seat for globe valve.

- 110kV line related incidents: 8 occurred incidents, 21.7h downtime; specifically: 7 times caused by lightning strike (of which 6 times from external grids), and once caused by loggers legally cutting down trees and falling into the line.

In the year, in coordination with Lam Dong Provincial High-voltage management unit and Southern High-voltage Grid Company, evaluation of 110kV line current status and ground measurement of electrical pole were conducted.

Da Dang 2 Plant

Total 6 incidents resulted in system termination:

- Equipment related incidents: 6 occurred incidents, 286.8h downtime, specifically: once was caused by broken bearings (due to oil shortage), once by lowering insulation of TU high pressure cable on the side of 11kV, 3 times by broken supporter of the H2 unit turbine, once by broken bolt on the slab of connecting shaft in H1 impeller.

- 110kV line related incidents: N/A

Da Siat Plant

Total 29 incidents resulted in system termination:

- Equipment related incidents: 3 occurred incidents, 6.5h downtime, specifically: once was caused by broken shunt trip MC 601, once by broken battery, and the other by broken signal cable in supporter temperature sensor of the H2 unit.

- 22kV line related incidents: total 26 incidents occurred, 67.7h downtime; mainly caused by lightning strikes, the others were unidentified.

After implementing several mitigation measures of line incidents over many years, to date the incidents significantly have decreased, specifically only 26 times in 2018 compared to 57 times in the same period.





Identifying the situation

In 2019, Vietnam's economic growth rate is forecasted as high as in 2018 but it will still maintain a higher GDP growth rate than the world average and the stability of macroeconomic factors. This creates a favorable business environment for all ongoing businesses, including Southern Hydropower Joint Stock Company.

As estimated by the central hydro-meteorological forecasting center, the drought and local water shortage may occur in the Central Region and Central Highland provinces from April to June. Total rainfall from the end of March to May 2019 is lower than the mean annual average rainfall. From June to August the total rainfall in the area is approximate equivalent to the mean annual rainfall in the same period. The Central Highland rainy season may start later than averagely previous years (likely in the first half of May).

While hydrological conditions is unfavorable, it is expected, with the efforts of all Company staff as well as the direction of the Board of Management, that SHP will be able to achieve the planned targets.

Production business plan 2019 (*)

No	Indicator	Unit	Plan 2019
1	Total output	Million kWh	607.0
2	Total revenue	VND billion	595.8

(*) The proposed plan to be submitted to the 2019 Annual General Meeting



Output and revenue plan of 2019

Output and revenue plan of 2019 :

- Total output: 607.0 million kWh.
- Total revenue of power generation: 595.57 VND billion (excluding charge for granting water right). Of which:

Da M'abri Plant

- Power output: 354.0 million kWh (equivalent to 105% designed output and annual average output of 2014-2018 (369.7 million kWh), taken into account lake water level by the end of 2018 at 606m).
- Revenue: VND 367.57 billion.

Da Dang 2 Plant

- Power output: 186.0 million kWh (equivalent to 123% designed output and annual average output of 2011-2018).
- Revenue: VND 153.31 billion

Da Siat Plant

- Power output: 67.0 million kWh (equivalent to 120% designed output and annual average output of 2011-2018).
- Revenue: VND 74.69 billion

Basis to achieve the targets

- The executive team and employees gained more and more experience and skills.
- All plant equipment was well maintained and timely repaired. Technical parameters after repair were satisfactory, ensuring safety in operation.
- Monitoring and supervision were promoted to reduce incidents and downtime.
- Da Dang 2 Solar power project was taken up after being added to the plan by Ministry of Industry and Trade.
- Reservoirs operation and Natural disaster preparedness and Search and Rescue were implemented according to the plans; setting up procedures and measures as well as organizing rehearsals to prevent and mitigate damages and losses once the events occurrence.



The Audit report 2018 prepared by the external auditor Deloitte Vietnam shows no objection to the financial statement 2018 of Southern Hydropower JSC, so no justification from the Board of Directors is required.



REPORT OF THE BOARD OF MANAGEMENT

Assesment of the company activities

Assesment of the Board of Directors' activities

Board of Management plan and orientation





ASSESSMENT OF THE COMPANY ACTIVITIES

Assessment of 2018 target implementation

2018 was a difficult year for Southern Hydropower Joint Stock Company when the production plan endorsed by the General Meeting of Shareholders (GMS) was higher than the previous years and exceeded the design output; whereas in the early months, sales contract of Da M'abri hydropower plant was pending for signature resulting in less production as regulated. Moreover, after many years of operation, the plants started getting defects and incidents occurred. In the year, heavier rain and flooding compared to the previous got the downstream area flooded and the access roads under the Company management damaged. Continuous heavy rain and flooding and early drought occurred in Da M'abri lake basin. At the end of the year, Electricity of Vietnam (EVN) advocated to maximize the exploitation of hydropower sources resulting in failure of expected production plan as well as preparing for the production plan in 2019.

Despite of early drought, total water volume of the entire year at the reservoirs was still higher than the design parameter and thus the total actual output from the three plants exceeded the design.

The average market price in 2018 was higher than in 2017, whereby the additional sales of Da Dang 2 and Da M'abri plants was VND 15.5 billion to the contract price.

Profit after tax exceeded to the planned targets, specifically:

Indicator	Unit	Plan 2018	Impl. 2018	%impl//plan
Total output	million kWh	614.0	636.6	103.7
Net revenue	VND million	590.6	619.3	104.9
Profit after tax	VND million	155.4	187.5	120.7

Assessment of operation and repair in the plants

The overhaul and regular maintenance of equipment and lines were completed during the first dry months. All the company staff tried their best to maintain stable operation of 3 plants, maximizing the use of water flow, optimizing peak hours system operation; as a result, the average number of operation hours in all 3 plants exceeded the designed parameters as follows:

Da M'abri: 4,819h/designed 4,509h.

Da Dang 2: 5,767h/designed 4,474h.

Da Siat: 5,451h/designed 4,396h.

Dividend payment

In 2018, dividend payment of 2017 to the shareholders was conducted with VND 1,700/share..

ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES

In 2018, in compliance with the Company charter, the Board of Management properly supervised the activities implementation, specifically:

- The Board of Directors closely followed the resolutions of the General Meeting of Shareholders, resolutions / decisions of the Board of Management, complied with the the Company charter to comply with the assigned responsibilities and tasks.
- When any problems beyond the authorization, the General Director consulted with the Board of Management for timely implementation.

In general, the Board of Directors did make great efforts in operating and ensuring that all Company activities were conducted in effective, cost-saving and law-abiding manner, ensuring benefits for shareholders as well as all employees, as well as tax duties to the State were fully fulfilled. With the performance result of 2018, i.e profit after-tax reached VND 187.5 billion (exceeding 20.7% of the 2018 profit plan), the Board of Directors was appraised to successfully complete the production and business targets in 2018.

BOARD OF MANAGEMENT PLAN AND ORIENTATION

Production and business plan: in the context of climate change and extreme weather events, it is estimated that 2019 will still be a challenging year for the company. It will focus on strengthening the operation of 03 hydropower plants; maintenance and regular care of equipment and machines, pushing to quickly bring the units back to be operated in 2019 for the purpose of stable revenue and saving costs.

New renewable energy projects: the additional plan of solar power project in Da Dang 2 hydropower plant area was submitted to the Ministry of Industry and Trade for approval, also review and evaluation of financial targets, fund mobilization were conducted for investment decisions. Besides, investment opportunities for other renewable energy projects would be in search.

Corporate governance: The company would conduct a review to implement and comply with the regulations on corporation governance applicable for listed companies under the new provisions in Government's Decree No. 71/2017/ND-CP dated June 06, 2017 of the Government and MoF's Circular No. 95/2017/TT-BTC dated September 22, 2017.

CORPORATE GOVERNANCE

Board of Management
Internal Audit Subcommittee
Transactions, remuneration, benefits





BOARD OF MANAGEMENT

Subcommittees under the Board of Management

Subcommittees under the Board of Management is not established but each member of the Board is assigned to conduct the supervision in his or her own professional area.

Hoạt động của Hội đồng quản trị

In 2018 the SHP Board of Management conducted 8 meetings.

No	Attendant	Position	No. of attendance	Ratio	Reason for not attending
1	Mr Doan Duc Hung	Chairman	8/8	100%	
2	Mr Le Tuan Hai	Independent member	8/8	100%	
3	Mr Nguyen Van Danh	Member	8/8	100%	
4	Mr Le Xuan Hai	Member	8/8	100%	
5	Mr Nguyen Van Thinh	Member	8/8	100%	

The Board of Management supervision to the General Director

In 2018, the SHP Board of Management's supervision to the General Director is as follows:

- Completing, submitting and disclosing timely the 2017 audited Financial Statement, Quarterly Financial Statement of 2018 and 2017 Annual Report;
- Review 2017 operating status and deployment of 2018 plan;
- Directing to prepare documents and materials for 2018 Annual General Meeting in compliance with current law in May 10, 2018;
- Directing the implementation of the Board's Resolutions and Decisions in the Company production and business activities;
- Directing the 2017 dividend payment;
- Issuing Internal Charter and Procedures of Corporate Governance endorsed by 2018 Annual General Meeting;
- Amending and issuing Financial Procedures;
- In coordination with the Internal Audit, supervising and monitoring the company business and management activities.

Resolutions/Decisions issued by the Board in 2018

No	Resolution/Decision ref.	Dated	Content
1	03/QĐ-SHP- HĐQT	14/03/2018	Agreement on the final list of attended shareholders and time of 2018 Annual General Meeting.
2	07/NQ-SHP- HĐQT	09/04/2018	<ul style="list-style-type: none"> - On the election of additional independent members of the Board of Management Term IV (2017-2022): The Board agreed to report to the 2018 Annual General Meeting on Mr. Le Tuan Hai appointed as an independent member of the 4th term BOM and not conducting election of additional independent member of Board of Management; - Endorsing all drafts of 2018 Annual General Meeting; - Endorsing expenditure plan 2018 of the Company; - Endorsing payroll fund, expenses of social insurance, health and unemployment insurance, labor union of 2018; - Agreeing on appointing the Officer in charge of Company governance; - Assigning General Director to implement some management and administration tasks.
3	08/QĐ-SHP- HĐQT	09/04/2018	Approving of business and production plan 2018 for submission to Annual General Meeting 2018 endorsement.
4	09/QĐ-SHP- HĐQT	09/04/2018	Appointing the Officer in Charge of Company governance.
5	15/QĐ-SHP- HĐQT	17/04/2018	Approving Operating expenditure plan 2018
6	16/QĐ-SHP- HĐQT	17/04/2018	Approving Payroll fund, expenses of social insurance, health and unemployment insurance, labor union of 2018
7	21/QĐ-SHP- HĐQT	10/05/2018	Issuing Company organization and operation procedures endorsed by 2018 Annual General Meeting.
8	22/QĐ-SHP- HĐQT	10/05/2018	Issuing internal procedures on corporate governance endorsed by 2018 Annual General Meeting.
9	30/QĐ-SHP- HĐQT	28/05/2018	Finalizing the deadline of registration and implementation of dividend payment of 2017.

Resolutions/Decisions issued by the Board in 2018 (continued)

10	34/NQ-SHP-HĐQT	04/06/2018	Assigning General Director and Governance Officer in charge to implement several management and administration tasks
11	39/QĐ-SHP-HĐQT	29/06/2018	Dismissing General Director position of Mr Nguyen Van Thinh due to expiration of his term since July 1, 2018.
12	40/QĐ-SHP-HĐQT	29/06/2018	Appointing Mr Thang Thanh Ha as new General Director since July 1, 2018.
13	43/QĐ-SHP-HĐQT	02/07/2018	Approving of the external auditor of Financial statements 2018
14	47/NQ-SHP-HĐQT	23/07/2018	<ul style="list-style-type: none"> - Endorsing labor contract of General Director and approving of General Director's salary in 2018; - Endorsing purchase of standby impeller for Da Siat plant; - Assigning tasks and functions of Board of Management members; - Endorsing the draft Financial Procedures; - Endorsing the first Bi-annual Production and Business Report of 2018 and the last Bi-annual plan estimation prepared by the Board of Directors; - Assigning several tasks to General Director and Governance Officer in charge cum Company secretary.
15	49/NQ-SHP-HĐQT	26/07/2018	Endorsing refinancing loan at Shinhan Vietnam Bank of VND 230 billion (or 21.61% owner equity as recorded in the first bi-annual Financial Statement reviewed of 2018
16	51/QĐ-SHP-HĐQT	28/08/2018	Issuing Financial Procedures.
17	55/NQ-SHP-HĐQT	15/10/2018	<ul style="list-style-type: none"> - Endorsing Production and business plan of the first nine months 2019 and estimated implementation of Quarter IV/2018 by the Board of Directors; - Endorsing the draft Board of Management Procedures Manual; - Assigning the Board of Directors to implement several tasks.
18	56/QĐ-SHP-HĐQT	15/10/2018	Issuing the Board of Management Procedures Manual.
19	61/NQ-SHP-HĐQT	17/12/2018	<ul style="list-style-type: none"> - Assigning the Board of Directors to review and adjust production and business plan 2019 and implement other tasks; - Endorsing overhaul plan in 2019.

INTERNAL AUDIT SUBCOMMITTEE

Members of Internal Audit Subcommittee

No	Member	Position	No. of meeting	Ratio	Reason for not attending
1	Mr Vo Thai	Head	3/3	100%	
2	Mr Hoang Minh Dung	Member	2/3	66,67%	Busy with business trip
3	Mrs Do Thi Hai Au	Member	3/3	100%	

Supervision by the Internal Audit Subcommittee to the Board of Management, General Director and shareholders

- The Internal Audit Subcommittee conducts the supervision to the Board of Management, General Director on their management and administration in compliance with current law, charter and resolutions issued by the Annual General Meeting, as well as the company governance procedures and regulation.
- In 2018, the Internal Audit Subcommittee supervised the following tasks implemented by the Board of Management and General Director:
 - Implementation of production and business plan 2018;
 - Measures to complete the plan and improve performance efficiency;
 - Implementation of dividend payment 2017 to the shareholders.

Coordination between the Internal Audit Subcommittee and the Board of Management, General Director and other senior management

- Coordination between the Internal Audit Subcommittee and the Board of Management, General Director and other senior management staff complies with internal corporate governance.
- In 2018, the Internal Audit Subcommittee fully attended and provided inputs in the meetings held by the Board of Management including: reviewing production and business activities of 2017 and plan 2018; preparing the outline of Annual General Meeting held on May 10, 2018; reviewing status of production and business plan implementation of 2018. All resolutions issued by the Board of Management and reports by General Directors submitted to the Board of Management were forwarded to the Internal Audit Subcommittee.

Other activities by the Internal Audit Subcommittee

- Reviewing Financial statements 2017 and preparing Report of Internal Audit Subcommittee 2017 submitted to the Annual General Meeting held on May 10, 2018;
- Reviewing Financial statements of Quarter I, II, III of 2018 and (estimated) figures of performance results of 2018;
- Reviewing and implementing any requests and recommendations by shareholders, group of shareholders with ownership ratio as stipulated by the company charter on any issues relating management and administration as well as production and business issues. In 2018 the Internal Audit Subcommittee received no production and business related request nor complaint by the shareholders or group of shareholders.

List of Board members gaining Corporation governance certification

Members of Board of Management, Board of Directors, other senior management staff and Company secretary have been conducted have attended in training sessions on corporate governance in compliance with the regulation of corporation governance.

The list of attending members in governance training sessions certified by the State Security Commission is presented below:

No	Name	Position
1	Nguyen Van Thinh	Member of Board of Management
2	Thang Thanh Ha	General Director
3	Nguyen Vinh Chau	Deputy General Director
4	Le Thanh Hai	Governance officer in charge cum Company Secretary

TRANSACTIONS, REMUNERATION, BENEFITS

Shares transaction of internal shareholders and related persons:

No	Who performed the transaction	Relation with internal shareholders	No. of shares owned at the opening		No. of shares owned at the closing		Reason for increase/decrease (buy, sell, transfer, reward)
			No. of shares	Ratio	No. of shares	Ratio	
1	Refrigeration Electrical Engineering Corporation	Major shareholder	10,015,490	10.69	10,240,490	10.93	Investment

Contract or transaction with internal shareholders: N/A

Implementation of regulations on corporate governance

The Company fully complies and well implement the corporate governance procedures, Company charter and the provisions of the law on specific listed companies.

Salary, bonus, remuneration, benefits

No	Name	Position	Monthly remuneration (after PIT)	Bonus in 2017 (after PIT)
I Board of Management				
1	Doan Duc Hung	Chairman	15,000,000	201,212,100
2	Ho Quang Ai	Chairman (Term III)		201,212,100
3	Nguyen Van Thinh	Member	9,000,000	241,455,600
4	Le Xuan Hai	Member	9,000,000	120,726,000
5	Nguyen Van Danh	Member	9,000,000	120,726,000
6	Le Tuan Hai	Member	9,000,000	120,726,000
7	Trinh Phi Anh	Member (Term III)		120,726,900
8	Le Chi Phuoc	Member (Term III)		120,726,900
9	Nguyen Van Dung	Member (Term III)		120,726,900
II Internal Audit Subcommittee				
1	Vo Thai	Head	9,000,000	51,740,100
2	Le Thanh Hai	Head (Term III)		51,740,100
3	Hoang Minh Dung	Member	5,000,000	57,489,300
4	Do Thi Hai Au	Member	5,000,000	57,489,300

FINANCIAL STATEMENTS



STATEMENT OF CASH FLOWS	
Net income	11,465.4
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	275.84
Change in working capital	193.18
Net cash provided by operating activities (NCOA)	
Investment in plant, equipment	

No.: 470 /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

To: **The Shareholders
The Board of Directors and Board of Executive Officers
Southern Hydropower Joint Stock Company**

We have audited the accompanying financial statements of Southern Hydropower Joint Stock Company (the "Company"), prepared on 25 March 2019 as set out from page 3 to page 23, which comprise the balance sheet as at 31 December 2018, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Executive Officers' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Executive Officers, as well as evaluating the overall presentation of the financial statements.

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

Auditors' Opinion

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



Nguyễn Quang Trung
Audit Partner
Audit Practising Registration Certificate
No. 0733-2018-001-1
**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**
25 March 2019
Ho Chi Minh City, Vietnam

Kiều Phi
Auditor
Audit Practising Registration Certificate
No. 3190-2015-001-1

BALANCE SHEET As at 31 December 2018

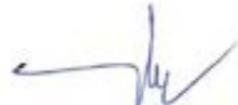
Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		255,406,791,166	240,626,786,752
I. Cash and cash equivalents	110	4	139,662,761,402	130,626,127,825
1. Cash	111		79,662,761,402	110,626,127,825
2. Cash equivalents	112		60,000,000,000	20,000,000,000
II. Short-term receivables	130		104,461,903,151	102,096,809,030
1. Short-term trade receivables	131	5	94,034,322,278	99,619,995,434
2. Short-term advances to suppliers	132	6	1,316,933,335	2,236,501,673
3. Other short-term receivables	136	7	9,418,009,738	547,674,123
4. Provision for short-term doubtful debts	137	8	(307,362,200)	(307,362,200)
III. Inventories	140		1,678,328,637	1,211,839,360
1. Inventories	141	9	1,678,328,637	1,211,839,360
IV. Other short-term assets	150		9,603,797,976	6,692,010,537
1. Short-term prepayments	151	10	169,196,245	157,119,988
2. Value added tax deductibles	152		9,434,601,731	6,534,890,549
B. NON-CURRENT ASSETS	200		2,056,868,924,594	2,232,446,609,315
I. Long-term receivables	210		444,394,875	444,394,875
1. Other long-term receivables	216	7	444,394,875	444,394,875
II. Fixed assets	220		2,049,614,945,124	2,214,751,299,598
1. Tangible fixed assets	221	11	2,046,803,801,179	2,211,843,688,997
- Cost	222		3,104,216,388,612	3,084,550,983,625
- Accumulated depreciation	223		(1,057,412,587,433)	(872,707,294,628)
2. Intangible assets	227	12	2,811,143,945	2,907,610,601
- Cost	228		3,039,263,637	3,039,263,637
- Accumulated amortisation	229		(228,119,692)	(131,653,036)
III. Long-term assets in progress	240		400,910,000	7,320,259,490
1. Construction in progress	242	13	400,910,000	7,320,259,490
IV. Other long-term assets	260		6,408,674,595	9,930,655,352
1. Long-term prepayments	261	10	6,408,674,595	9,930,655,352
TOTAL ASSETS (270=100+200)	270		2,312,275,715,760	2,473,073,396,067

BALANCE SHEET (Continued)
As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,078,030,880,337	1,256,010,600,902
I. Current liabilities	310		298,671,880,337	238,495,600,902
1. Short-term trade payables	311	14	2,080,619,164	1,387,440,539
2. Taxes and amounts payable to the State budget	313	15	20,593,008,268	14,719,419,108
3. Payables to employees	314		3,665,893,773	5,842,949,675
4. Short-term accrued expenses	315	16	5,286,310,970	8,379,428,086
5. Other short-term payables	319	17	14,946,552,670	14,476,394,700
6. Short-term loans and obligations under finance leases	320	18	250,156,000,000	192,156,000,000
7. Bonus and welfare funds	322		1,943,495,492	1,533,968,794
II. Non-current liabilities	330		779,359,000,000	1,017,515,000,000
1. Long-term loans and obligations under finance leases	338	18	779,359,000,000	1,017,515,000,000
D. EQUITY	400		1,234,244,835,423	1,217,062,795,165
I. Owners' equity	410	19	1,234,244,835,423	1,217,062,795,165
1. Owners' contributed capital	411		937,102,000,000	937,102,000,000
2. Investment and development fund	418		28,330,913,498	9,805,643,551
3. Retained earnings	421		268,811,921,925	270,155,151,614
- Retained earnings accumulated to the prior year end	421a		81,296,906,693	84,902,452,141
- Retained earnings of the current year	421b		187,515,015,232	185,252,699,473
TOTAL RESOURCES (440=300+400)	440		2,312,275,715,760	2,473,073,396,067


Nguyen Thi Kieu Lien
Preparer


Nguyen Thanh Tu Anh
Chief Accountant




Thang Thanh Ha
Chief Executive Officer
Authorised under Power of Attorney
No. 50/UQ-SHP-HDQT dated 26 July 2018
25 March 2019

INCOME STATEMENT
For the year ended 31 December 2018

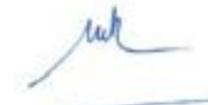
Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold	01	21	619,287,153,031	619,949,922,313
2. Deductions	02		-	2,986,190,668
3. Net revenue from goods sold (10=01-02)	10		619,287,153,031	616,963,731,645
4. Cost of sales	11	22	309,274,812,543	302,130,314,819
5. Gross profit from good sold (20=10-11)	20		310,012,340,488	314,833,416,826
6. Financial income	21	24	928,299,859	867,229,656
7. Financial expenses	22	25	89,772,625,632	97,535,510,263
- In which: Interest expense	23		89,772,625,632	97,533,940,288
8. General and administration expenses	26	26	23,913,077,502	25,734,157,959
9. Operating profit (30=20+(21-22)-26)	30		197,254,937,213	192,430,978,260
10. Other income	31		203,272,728	648,614,754
11. Other expenses	32		9,266,364	1,422,940,000
12. Profit/(loss) from other activities (40=31-32)	40		194,006,364	(774,325,246)
13. Profit before tax (50=30+40)	50		197,448,943,577	191,656,653,014
14. Current corporate income tax expense	51	27	9,933,928,345	6,403,953,541
15. Net profit after corporate income tax (60=50-51)	60		187,515,015,232	185,252,699,473
16. Basic earnings per share	70	28	1,884	1,859


Nguyen Thi Kieu Lien
Preparer


Nguyen Thanh Tu Anh
Chief Accountant



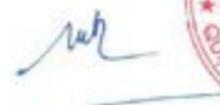

Thang Thanh Ha
Chief Executive Officer
25 March 2019

CASH FLOW STATEMENT
For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	197,448,943,577	191,656,653,014
2. Adjustments for:			
Depreciation and amortisation	02	184,801,759,461	187,252,912,353
Gain from investing activities	05	(928,299,859)	(829,087,300)
Interest expense	06	89,772,625,632	97,533,940,288
3. Operating profit before movements in working capital	08	471,095,028,811	475,614,418,355
(Increase)/decrease in receivables	09	(5,264,805,303)	23,713,664,619
Increase in inventories	10	(656,087,232)	(1,146,638,237)
Increase/(decrease) in payables	11	6,139,554,870	(17,328,270,732)
Decrease in prepaid expenses	12	1,028,703,365	3,550,026,342
Interest paid	14	(92,860,842,528)	(96,909,056,955)
Corporate income tax paid	15	(8,774,878,844)	(6,424,891,892)
Other cash outflows	17	(10,616,108,276)	(4,665,908,400)
Net cash generated by operating activities	20	360,090,564,863	376,403,343,100
II. CASH FLOWS USED IN INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(13,728,904,445)	(9,076,178,778)
2. Proceeds from sale, disposal of fixed assets	22	-	3,821,364,689
3. Interest earned	27	928,299,859	829,087,300
Net cash used in investing activities	30	(12,800,604,586)	(4,425,726,789)
III. CASH FLOWS USED IN FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	217,000,000,000	142,000,000,000
2. Repayment of borrowings	34	(397,156,000,000)	(292,156,000,000)
3. Dividends paid	36	(158,097,326,700)	(139,428,862,500)
Net cash used in financing activities	40	(338,253,326,700)	(289,584,862,500)
Net increase in cash during the year (50=20+30+40)	50	9,036,633,577	82,392,753,811
Cash and cash equivalents at the beginning of the year	60	130,626,127,825	48,233,374,014
Cash and cash equivalents at the end of the year (70=50+60+61)	70	139,662,761,402	130,626,127,825


Nguyen Thi Kieu Lien
Preparer


Nguyen Thanh Tu Anh
Chief Accountant




Thang Thanh Ha
Chief Executive Officer
Authorised under Power of Attorney
No. 50/UQ-SHP-HDQT dated 26 July 2018
25 March 2019

NOTE TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

Southern Hydropower Joint Stock Company (the "Company") was a joint stock company established in Vietnam pursuant to enterprise registration certificate No. 4103002486 which was issued by the Department of Planning and Investment of Ho Chi Minh City, dated 13 July 2004 and as amended. The Company's shares are officially listed on Ho Chi Minh Stock Exchange on 21 July 2014 with stock code of SHP.

The number of employees as at 31 December 2018 was 122 (as at 31 December 2017: 123).

The operating industry and principal activities

The operating industry of the Company are: manufacturing, transmitting and distributing electricity; providing architectural and related technical consultancy services; installing water supply and drainage systems, fireplace and air-conditioner; installing power systems; installing industrial machinery and equipment; repairing electrical equipment, machinery and equipment, products made of pre-casted metal (not at the head office); providing vocational training services; trading electrical machinery and equipment, electrical materials and mechanical spare parts; exploiting stones, sands, gravels, clays; repairing electronic and optical devices (not at the head office).

The principal activities of the Company are: manufacturing, transmitting and distributing electricity.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

Disclosure of information comparability in the financial statements

The comparative figures are the figures of the Company's audited financial statements for the year ended 31 December 2017.

2. ACCOUNTING CONVENTION AND ACCOUNTING YEAR

Accounting convention

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

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

Accounting year

The Company's financial year begins on 1 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash, cash equivalents, trade and other receivables.

Financial liabilities: At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise borrowings, trade and other payables, accrued expenses.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

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

Receivables

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

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

	Years
Buildings and structures	5 - 50
Machinery and equipment	5 - 14
Motor vehicles	8
Office equipment	3 - 5

Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets and amortisation

Intangible assets represent computer software and freehold land use rights.

Computer software is measured initially at purchase cost and amortisation. These softwares are amortised on the straight-line basis over 3 years.

Freehold land use rights are measured initially at purchase cost and without amortisation.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

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

Revenue from electricity sales is recognised monthly after the electricity produced to the national grid is certified monthly by the Electricity Power Trading Company and Central Power Corporation under the Electricity of Vietnam.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Executive Officers' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	103,985,956	156,306,969
Demand deposits	79,558,775,446	110,469,820,856
Cash equivalents (i)	60,000,000,000	20,000,000,000
	139,662,761,402	130,626,127,825

(i) Cash equivalents represents the term deposit within 01 month with annual interest rate of 4.7% (as at 31 December 2017: 4.5% per annum).

5. SHORT-TERM ACCOUNTS RECEIVABLE

	Closing balance VND	Opening balance VND
Electric Power Trading Company	86,710,116,236	91,279,978,103
Central Power Corporation	7,324,206,042	8,340,017,331
	94,034,322,278	99,619,995,434

6. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
Power Engineering Consulting Joint Stock Company 1	146,943,035	146,943,035
Central Electrical Testing Company Limited	285,670,000	285,670,000
Board of Ground clearance compensation of Bao Lam District	330,955,900	330,955,900
Information Center - Land using rights Registration of Lam Dong Province	140,000,000	140,000,000
Hoang Nhan Investment & Construction JSC	-	667,774,738
Others	413,364,400	665,158,000
	1,316,933,335	2,236,501,673

7. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
- Receivables personal income tax on behalf	106,588,620	77,727,798
- Advance to employees	52,067,000	140,084,125
- Electricity Power Trading Company (i)	7,859,261,000	-
- Central Power Corporation (i)	927,909,000	-
- Others	472,184,118	329,862,200
	9,418,009,738	547,674,123
b. Long-term		
- Long-term deposits	444,394,875	444,394,875
	444,394,875	444,394,875

(i) Other receivables from Electricity Power Trading Company and Central Power Corporation represent the charges for granting water right that will be collected from these entities accumulated to 31 December 2018.

8. PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

Provision for short-term doubtful debts represents provision for the receivables related to the compensation to inhabitants along the roads of Da Dang 2 Hydropower Plant Project.

9. INVENTORY

Inventories represent the value of materials, consumables, tools and equipments. As at the balance sheet date, there is no need for inventory provision.

10. REPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
- Tools and supplies	45,801,947	44,469,219
- Others	123,394,298	112,650,769
	169,196,245	157,119,988
b. Long-term		
- Tools and supplies	376,276,063	593,093,809
- Overhaul expenses of fixed assets (i)	5,974,690,198	9,314,860,156
- Others	57,708,334	22,701,387
	6,408,674,595	9,930,655,352

(i) Overhaul expenses for fixed assets represent:

- Repairment cost for Da Dang 2 Plant which had been completed in the prior year and are allocated to the income statement using the straight-line method within 3 years.

- Repairment cost for Dam'bri Plant which had been completed in the year and are allocated to the income statement using the straight-line method within 2 years.

11. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
COST					
Opening balance	2,379,111,128,250	699,785,458,276	4,919,405,058	734,992,041	3,084,550,983,625
Additions	18,720,105,714	751,818,364		193,480,909	19,665,404,987
Closing balance	2,397,831,233,964	700,537,276,640	4,919,405,058	928,472,950	3,104,216,388,612
ACCUMULATED DEPRECIATION					
Opening balance	529,832,870,608	337,771,128,639	4,557,993,217	545,302,164	872,707,294,628
Charge for the year	108,475,856,873	76,057,780,832	97,058,628	74,596,472	184,705,292,805
Closing balance	638,308,727,481	413,828,909,471	4,655,051,845	619,898,636	1,057,412,587,433
NET BOOK VALUE					
Opening balance	1,849,278,257,642	362,014,329,637	361,411,841	189,689,877	2,211,843,688,997
Closing balance	1,759,522,506,483	286,708,367,169	264,353,213	308,574,314	2,046,803,801,179

As at 30 December 2018, the Company has pledged its fixed assets, including plants, machinery and equipment of Dasiat, Da Dang 2 and Damb'ri plants which has the carrying value of VND 2,035,246,937,704 (as at 31 December 2017: 2,038,231,928,317) to secure banking facilities granted to the Company (Note 18).

The cost of the Company's fixed assets includes VND 5,190,776,981 (as at 31 December 2017: VND 4,906,530,981) of assets which have been fully depreciated but are still in use.

12. INCREASE, DECREASE IN INTANGIBLE ASSETS

	Land using right VND	Computer software VND	Total VND
COST			
Opening balance and closing balance	2,719,863,637	319,400,000	3,039,263,637
ACCUMULATED DEPRECIATION			
Opening balance	-	131,653,036	131,653,036
Charge for the year	-	96,466,656	96,466,656
Closing balance	-	228,119,692	228,119,692
NET BOOK VALUE			
Opening balance	2,719,863,637	187,746,964	2,907,610,601
Closing balance	2,719,863,637	91,280,308	2,811,143,945

13. CONSTRUCTION IN PROCESS

	Closing balance VND	Opening balance VND
Dambri Hydropower Plant project expenses	-	5,399,033,554
Da Dang Hydropower Plant project expense	252,000,000	-
Dasiat Hydropower Plant project expense	130,830,000	1,660,191,708
Other	18,080,000	261,034,228
	400,910,000	7,320,259,490

14. SHORT-TERM TRADE PAYABLE

	Closing balance		Opening balance	
	Amount	Amount able to be paid off VND	Amount	Amount able to be paid off VND
Third parties				
Viet Oanh Trading Investment and Construction Limited	328,498,660	328,498,660	214,148,000	214,148,000
Duc Tam Trading Service Limited	-	-	189,517,730	189,517,730
Hesco Engineering Co., Ltd.	756,492,000	756,492,000	-	-
Others	995,628,504	995,628,504	983,774,809	983,774,809
	2,080,619,164	2,080,619,164	1,387,440,539	1,387,440,539

15. TAXES AND AMOUNT PAYABLE TO THE STATE BUDGET

	Opening balance VND	Payables during the year VND	Paid during the year VND	Closing balance VND
Value added tax	3,977,489,868	61,026,544,957	(61,121,956,348)	3,882,078,477
Corporate income tax	2,015,679,177	9,933,928,345	(8,774,878,844)	3,174,728,678
Resources Tax	3,515,717,424	54,764,216,635	(55,324,874,951)	2,955,059,108
Forest environment service fee	4,749,308,792	22,915,895,724	(21,434,227,136)	6,230,977,380
Personal income tax	461,223,847	3,220,709,718	(3,023,363,940)	658,569,625
Granting water right charges	-	8,787,170,000	(5,095,575,000)	3,691,595,000
Other tax	-	16,901,136	(16,901,136)	-
	14,719,419,108	160,665,366,515	(154,791,777,355)	20,593,008,268

16. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Damb'ri Hydropower Plant project expenses	2,358,000,000	2,358,000,000
Accrued interest expense	2,742,616,438	5,830,833,334
Others	185,694,532	190,594,752
	5,286,310,970	8,379,428,086

17. OTHER SHORT-TERM PAYABLES

	Closing balance	Opening balance
	VND	VND
Dividends payable	14,848,358,800	13,638,345,500
Payable to the Company's employee	48,075,330	791,439,200
Others	50,118,540	46,610,000
	14,946,552,670	14,476,394,700

18. LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Long-term loans are payable within one year	Long-term loans	Total
	VND	VND	VND
Opening balance			
- Amount	192,156,000,000	1,017,515,000,000	1,209,671,000,000
- Amount able to paid off	192,156,000,000	1,017,515,000,000	1,209,671,000,000
During the year			
- Increase	455,156,000,000	217,000,000,000	672,156,000,000
- Decrease	(397,156,000,000)	(455,156,000,000)	(852,312,000,000)
Closing balance			
- Amount	250,156,000,000	779,359,000,000	1,029,515,000,000
- Amount able to paid off	250,156,000,000	779,359,000,000	1,029,515,000,000

Details of borrowings:

	Interest % per annum	Closing balance	Opening balance
		VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam (i)	9.3%	510,000,000,000	791,000,000,000
Vietnam Development Bank – Lam Dong branch (ii)	6.9%	220,515,000,000	286,671,000,000
Shinhan Bank Vietnam Limited (iii)	7.5%	299,000,000,000	132,000,000,000
		1,029,515,000,000	1,209,671,000,000

(i) These are the loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam under 2 contracts:

The loan contract No. 0043/DTDA/13CD dated 20 November 2013, credit limit is VND 260 billion and 138-month credit term. Lending interest rate is equal to the saving interest rate of Vietnam Dong for the 12-month term and the interest payment is announced by the lender still effective at the first disbursement date and on the first day of the interest rate adjustment periods plus 3.6% per annum, adjusted every 3 months, aim to pay all costs related to the implementation of the construction project. These loans are secured by mortgaged assets from the project. The first principal repayment time will be signed by two parties after the end of grace period (18 months from the date of first disbursement). According to the amended contract 03-0043/DTDU/13CD dated 23 May 2016. This loan was settled by a refinancing loan of ShinHan Bank Vietnam under the credit agreement No. BC/SHBVN/HDTD/SHP/201807 dated 26 July 2018.

The loan contract No. 0028/DTDA/14CD dated 12 November 2014, credit limit is VND 633.7 billion, 120-month credit term, interest rates in the contract is equal to 12 month saving interest rate in VND (which is still effective at the first disbursement) plus (+) 3.6% per annum, quarterly adjusted, the loan is used for the purpose of restructuring of corporate finance investment projects under DamBri Hydropower plant, capacity of 75MW. These loans are secured by mortgaged assets from the projects. The first principal repayment will be signed by two parties after the date of disbursement of all the loans. This loan is used to finance the restructuring of the loans under the credit agreement No. 02-0028/DTDU/14CD dated 23 May 2016, the loan interest rate is 7.5% per annum and will be adjusted to 12 month saving interest rate in VND plus (+) 1% per annum for the second year, and plus (+) 2.5% per year for the third year onward. The applicable interest rate as at 31 December 2018 is 9.3% per annum.

(ii) This is the loan from Vietnam Development bank – Lam Dong Branch under the loan contract No. 02/2008/HDTDDT-NHPT dated 17 April 2008, credit limit is VND 1,250 billion, 13-year credit term, the interest rate as regulated by the Government, these loans are secured by mortgaged assets from the project. The amendments credit contract No. 03C/2014/HDTDDT amended principal repayment duration to 89 months from December 2014. The applicable interest rate as at 31 December 2018 is 6.9% per annum.

(iii) These are the loans from Shinhan Vietnam Bank Limited under 2 contracts:

The loan contract No. SHBVN/BC/HDTD/SHP/201707 dated 1 August 2017 with Shinhan Vietnam Bank Limited for a credit limit of VND 142 billion and 3-year credit term. Interest rate shall be fixed at 7.5% per annum. This loan is secured by assets in Da Dang 2 Hydropower Plant in Lam Dong Province and assets attached to the land lot ownership according to the Land used rights Certificate No. BH130648 issued by Department of Natural Resources and Environment of Lam Dong dated 01 March 2012.

The loan contract No. BC/SHBVN/HDTD/SHP/201807 dated 26 July 2018, credit limit is VND 217 billion and 7-years credit term. Interest rate shall be fixed at 7.5% per annum for first 3 years, therefore the adjusted interest rate will be applied corresponding to each loan withdrawal, according to each interest payment term. This loan is secured by the entire Dasiat hydropower project in Lam Dong province and the ancillary works attached to the land under the certificate of land use rights and ownership of houses and other assets associated with land number BE970398 issued by Department of Natural Resources and Environment of Lam Dong province, dated 16 January 2012. This loan is a refinancing loan for a loan under long-term credit contract No. 0043/DTDA/ 13CD dated 20 November 2013 of Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch.

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	250,156,000,000	192,156,000,000
In the second year	212,156,000,000	238,156,000,000
In the third to fifth year inclusive	448,203,000,000	540,359,000,000
After five years	119,000,000,000	239,000,000,000
	1,029,515,000,000	1,209,671,000,000
Less: Amount due for settlement within 12 months	(250,156,000,000)	(192,156,000,000)
Amount due for settlement after 12 months	779,359,000,000	1,017,515,000,000

19. OWNER'S EQUITY

Movement in owner's equity

	Owners' contributed capital VND	Investment and development fund VND	Retained earnings VND	Total VND
Prior year's opening balance	937,102,000,000	-	240,176,217,468	1,177,278,217,468
Profit for the year	-	-	185,252,699,473	185,252,699,473
Dividends declared	-	-	(140,565,300,000)	(140,565,300,000)
Funds appropriation	-	9,805,643,551	(14,708,465,327)	(4,902,821,776)
Current year's opening balance	937,102,000,000	9,805,643,551	270,155,151,614	1,217,062,795,165
Profit for the year	-	-	187,515,015,232	187,515,015,232
Dividends declared	-	-	(159,307,340,000)	(159,307,340,000)
Funds appropriation	-	18,525,269,947	(29,550,904,921)	(11,025,634,974)
Current year's closing balance	937,102,000,000	28,330,913,498	268,811,921,925	1,234,244,835,423

According to the Resolution of the Shareholders' Annual General Meeting No. 20/NQ-SHP-DHDCD dated 10 May 2018, the Company's shareholders approved the plan for distributing retained earnings of 2017 and accumulated retained earnings of previous year as below:

- Appropriate to Investment and development fund and bonus and welfare fund and Bonus fund of the Board of Directors and Supervisory Board with an amount of VND 18,525,269,947 (equivalent to 10% profit after tax), VND 9,262,634,974 (equivalent to 5% profit after tax) and VND 1,763,000,000 (equivalent to 5% profit after tax) respectively;
- Dividends declared at the rate 17% of par value, equivalent to VND 159,307,340,000.

The Company announced and settled the cash dividends from 27 June 2018.

Shares	Closing balance VND	Opening balance VND
- Number of shares issued to the public + Ordinary shares	93,710,200 93,710,200	93,710,200 93,710,200
- Number of outstanding shares in circulation + Ordinary shares	93,710,200 93,710,200	93,710,200 93,710,200

The Company has only one class of ordinary shares with a par value of VND10,000 per share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company's shareholders meetings. All shares have the same inheritance rights to the Company's net assets.

Charter capital

According to the Company's 9th amended Investment Certificate on 21 May 2018, the Company's charter capital is VND 937,102,000,000.

The charter capital contributions is as follows:

	Closing balance		Opening balance	
	VND	%	VND	%
Southern Power Corporation	457,843,580,000	48.86	457,843,580,000	48.86
Refrigeration Electrical Engineering Corporation	102,404,900,000	10.69	100,154,900,000	10.69
Other shareholders	376,853,520,000	40.45	379,103,520,000	40.45
	937,102,000,000	100	937,102,000,000	100

20. BUSINESS SEGMENTS

The Company's principal activities are manufacturing, transmitting and distributing electricity. The gross revenue and cost of sales of the Company are presented in following Note 21 and 22. Geographically, the Company has business operation within Vietnam only.

Accordingly, the Board of Executive Officers has assessed and believes that the non-preparation for the business and geographical segments reporting in financial statements for the year ended 31 December 2018 is complied with Vietnamese Accounting Standard No. 28 - "Segment reporting" and in accordance with current the Company's operation.

21. GROSS REVENUE FROM GOOD SOLD

Gross revenue from goods sold represents total sales of electricity during the year.

22. COST OF SALES

Cost of sales represents the cost of electricity sold during the year.

23. PRODUCTION COST BY NATURE

	Current year VND	Prior year VND
Material and tools	2,446,925,577	3,459,268,214
Labour	44,141,797,508	42,510,817,676
Depreciation and amortisation	184,801,759,461	187,252,912,353
Natural resource tax	54,764,216,635	57,649,774,913
Forestry environment service fee	22,915,895,724	14,821,009,932
Other expenses	24,117,295,140	22,170,689,690
	333,187,890,045	327,864,472,778

24. FINANCIAL INCOME

Financial income represents interest income earned from deposits incurred during the year.

25. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expenses	89,772,625,632	97,533,940,288
Foreign exchange loss	-	1,569,975
	89,772,625,632	97,535,510,263

26. GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Management staff expense	14,543,019,877	14,741,745,403
Office rental expense	2,132,728,200	1,970,938,237
Depreciation and amortisation expense	486,072,246	607,727,090
Others	6,751,257,179	8,413,747,229
	23,913,077,502	25,734,157,959

27. CURRENT CORPORATE INCOME TAX EXPENSE

The current corporate income tax expense for the year was computed as follows:

	Current year VND	Prior year VND
Profit before tax	197,448,943,577	191,656,653,014
Adjustments for taxable profit		
<i>Add back: non-deductible expenses</i>	987,116,582	1,164,607,066
Taxable profit	198,436,060,159	192,821,260,080
<i>Taxable profit has been exempted</i>	-	64,742,189,244
<i>Taxable profit at incentive tax rate of 5%</i>	198,678,566,877	128,079,070,836
<i>Tax loss at normal tax rate of 20%</i>	(242,506,718)	-
Corporate income tax based on taxable profit in the current year	9,933,928,345	6,403,953,541

The Company is obliged to pay corporate income tax at the rate of 20% of its taxable profit. Besides, three hydropower plants of the Company are subject to tax incentives as investing in areas with especially difficult socio-economic conditions under the current regulations as follows:

The Company is entitled to a corporate income tax at the rate of 10% for fifteen years from the year that the project operates, an exemption for four years from the first profit-making year and a reduction of 50% for the following nine years. Accordingly, Da Dang 2 and Dasiat Hydropower plants started operation and had profit from 2010, are entitled to a tax exemption until 2013; 2014 is the first year that two plants are entitled a tax reduction of 50%. Damb'ri plant started operation and had profit from 2014 and is entitled to a tax exemption to 2017. From 2018 is the first year that this plant is entitled to a reduction of 50% for its taxable profit.

The current corporate income tax expense for the year ended 31 December 2018 is temporarily calculated based on the Company's performance in the year. Current corporate income tax charges may vary according to adjustments subject to examination by the tax authorities.

No deferred tax assets or liabilities are recognised as there are no significant temporary differences between the carrying amount of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit.

28. BASIC EARNINGS PER SHARE

Basic earnings per share was calculated as follows:

	Current year VND	Prior year (Restated) VND
Profit after corporate income tax	187,515,015,232	185,252,699,473
Less: Appropriated to bonus and welfare fund (*)	10,983,422,671	11,025,634,974
Profit attributable to ordinary shareholders	176,531,592,561	174,227,064,499
Weighted average ordinary shares in circulation for the year	93,710,200	93,710,200
Basic earnings per share	1,884	1,859

(*) The amount of appropriated to bonus and welfare fund for current year was temporarily calculated based on 5% of profit after tax for current year and 5% of profit after tax which exceeded budget plan. This rate has been approved through Shareholders' Annual General Meeting Resolution No. 20/NQ-SHP-DHDCĐ dated 10 May 2018. The amount of appropriated to bonus and welfare fund for 2017 was restated under approved 2017's retained earnings appropriation by Shareholders' Annual General Meeting.

29. OPERATING LEASE COMMITMENT

	Current year VND	Prior year VND
Minimum lease payments under operating leases recognised in the income statement for the year	2,132,728,200	1,970,938,237

As at 31 December 2018, the Company has operating non-cancelable lease commitments as below:

	Closing balance VND	Opening balance VND
Within one year	2,346,001,020	2,346,001,020
In the second to fifth year inclusive	1,075,250,468	3,421,251,487
After five years	8,851,304,293	8,851,304,293
	12,272,555,781	14,618,556,800

Operating lease commitments represent payments for the rental of land and infrastructure in Lam Dong Province and office in Ho Chi Minh City. Details are as follows:

- Land Lease Contract No. 141/HD-TD dated 24 August 2011 for the Da Dang 2 hydropower project with an area of 595,921 m² in Tan Thanh Commune, Duc Trong District and Tan Ha Commune, Tan Van Commune, Lam Ha District. Lease term is 50 years from 16 April 2007. According to Decision No. 5249/QĐ-CT dated 9 December 2016 of Tax Department of Lam Dong Province, land rental is exempted during construction period of 2 years 9 months and for 15 years after construction period for Da Dang 2 Hydropower plant project. Land rental exemption period is from 16 April 2007 (date of signing Decision for Land lease) until the end of 15 January 2025. The total exemption amount is VND 4,816,953,092.

- Land lease contract No. 137/HD-TD dated 15 August 2011 for the project of Dasiat Hydropower plant with an area of 2,612,029 m² in Bao Lam District. The lease term is 50 years from 22 September 2006.

- Land lease contract No. 13/HD-TD dated 12 January 2017 for the hydropower plant project with an area of 3,036.04 m² in Da Huoi District. The lease term is 40 years from 6 November 2008.

- According to Decision No. 4536/QĐ-CT dated 31 October 2016 of the Tax Department of Lam Dong Province, land rental is exempted in the construction period of 3 years and for 15 years after the construction period for the Dasiat project and Damb'ri project. The land rental exemption period is from 22 September 2006 (the date of signing the land lease decision) until the end of 21 September 2024. The total amount of exemption is VND7,108,898,126.

- Total office rental in Ho Chi Minh City with an area of 425 m² and will be expired on 15 June 2020.

30. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 18, offset by cash and cash equivalents) and shareholders' equity (comprising capital, investment and development fund and retained earnings).

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	Closing balance VND	Opening balance VND
Borrowings	1,029,515,000,000	1,209,671,000,000
Less: Cash and cash equivalents	139,662,761,402	130,626,127,825
Net debt	889,852,238,598	1,079,044,872,175
Equity	1,235,349,979,872	1,217,062,795,165
Net debt to equity ratio	0.72	0.89

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

Categories of financial instruments

	Carrying amounts	
	Closing balance VND	Opening balance VND
Financial assets		
Cash and cash equivalents	139,662,761,402	130,626,127,825
Trade and other receivables	103,537,297,691	100,164,618,107
	243,200,059,093	230,790,745,932
Financial liabilities		
Borrowings	1,029,515,000,000	1,209,671,000,000
Trade and other payables	16,979,096,504	15,072,396,039
Accrued expenses	5,286,310,970	8,379,428,086
	1,051,780,407,474	1,233,122,824,125

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including interest rate risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Company does not hedge these risk exposures due to the lack of active market for the trading activities of financial instruments.

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 100 basis points higher/lower, the Company's profit before tax would have decreased/increased by VND 7,190,000,000 (prior year: VND 10,776,710,000).

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. There is not a significant concentration of credit risk arising on the amounts due to the Company only sell electricity to Electricity Power Trading Company and Central Power Corporation which are entities in Electricity Vietnam Group. The Company also implemented strict debt management by appropriate measures such as regular debt comparison, the contractual maturity under the contract and provision for doubtful debts in accordance with the actual situation of the Company (see provision policy in Note 3).

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Company believes can generate within that year. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year VND	From 1-5 years VND	After 5 years	Total VND
31/12/2018				
Cash and cash equivalents	139,662,761,402	-	-	139,662,761,402
Trade and other receivables	103,092,902,816	444,394,875	-	103,537,297,691
	242,755,664,218	444,394,875	-	243,200,059,093
Borrowings	250,156,000,000	660,359,000,000	119,000,000,000	1,029,515,000,000
Trade and other payables	16,979,096,504	-	-	16,979,096,504
Accrued expenses	5,286,310,970	-	-	5,286,310,970
	272,421,407,474	660,359,000,000	119,000,000,000	1,051,780,407,474
Net liquidity gap	(29,665,743,256)	(659,914,605,125)	119,000,000,000	(808,580,348,381)

	Less than 1 year VND	From 1-5 years VND	After 5 years	Total VND
31/12/2017				
Cash and cash equivalents	130,626,127,825	-	-	130,626,127,825
Trade and other receivables	99,720,223,232	444,394,875	-	100,164,618,107
	230,346,351,057	444,394,875	-	230,790,745,932
Borrowings	192,156,000,000	778,515,000,000	239,000,000,000	1,209,671,000,000
Trade and other payables	15,072,396,039	-	-	15,072,396,039
Accrued expenses	8,379,428,086	-	-	8,379,428,086
	215,607,824,125	778,515,000,000	239,000,000,000	1,233,122,824,125
Net liquidity gap	14,738,526,932	(778,070,605,125)	(239,000,000,000)	(1,002,332,078,193)

The Board of Executive Officers assessed the liquidity risk at medium level. The Board of Executive Officers believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

31. RELATED PARTIES TRANSACTIONS AND BALANCES

List of related parties having significant transaction and balances during the year:

Name of related parties	Relationship
Southern Power Corporation	Major shareholder
Refrigeration Electrical Engineering Corporation	Major shareholder
Electricity Power Trading Company	Entity in Electricity of Vietnam ("EVN"), the parent company of Southern Power Corporation
Central Power Corporation	Entity in EVN, the parent company of Southern Power Corporation

During the year, the Company entered into the following significant transactions with its related parties:

	Current year VND	Prior year VND
Sales		
Electricity Power Trading Company	536,979,925,623	534,483,286,093
Central Power Corporation	82,307,227,408	82,453,938,281
	619,287,153,031	616,937,224,374
Dividends paid		
Southern Power Corporation	77,833,408,600	68,676,537,000
Refrigeration Electrical Engineering Corporation	17,026,333,000	15,023,235,000

Remuneration paid to the Company's Boards of Directors, Executive Officers and Supervisors during the year was as follows:

	Current year VND	Prior year VND
Salary and bonus	5,376,296,620	4,157,743,083

Significant related parties balances as at the balance sheet date were as follows:

	Closing balance VND	Opening balance VND
Receivables		
Electricity Power Trading Company	86,710,116,236	91,279,978,103
Central Power Corporation	7,324,206,042	8,340,017,331
	94,034,322,278	99,619,995,434

32. SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Supplemental non-cash disclosures

Cash outflows for interest expenses during the year exclude an amount of VND 2,742,616,438 (2017: VND 5,830,833,334), representing interest expenses incurred during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Cash outflows for dividend paid during the year exclude an amount of VND 14,848,358,800 (2017: VND 13,638,345,500), representing dividend payable incurred during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.



Nguyen Thi Kieu Lien Preparer
Nguyen Thanh Tu Anh Chief Accountant
Thang Thanh Ha Chief Executive Officer
 Authorised under Power of Attorney
 No. 50/UQ-SHP-HDQT dated 26 July 2018
 25 March 2019

ANNUAL REPORT 2018

Ho Chi Minh City, April 5th , 2019

CONFIRMATION BY THE COMPANY'S LEGAL REPRESENTATIVE



According to authorization letter No. 50 / UQ-SHP-HĐQT

July 26, 2018

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

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