

**VINACONEX POWER DEVELOPMENT AND  
CONSTRUCTION INVESTMENT JOINT STOCK  
COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**



**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE BOARD OF DIRECTORS	1 - 2
INDEPENDENT AUDITORS' REPORT	3 - 4
CONSOLIDATED BALANCE SHEET	5 - 6
CONSOLIDATED INCOME STATEMENT	7
CONSOLIDATED CASH FLOW STATEMENT	8 - 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	10 - 30

## STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Vinaconex Power Development and Construction Investment Joint Stock Company (the "Company") presents this report together with the Company's consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

### THE BOARDS OF MANAGEMENT AND DIRECTORS

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

#### **Board of Management**

Mr. Vu Ngoc Tu	Chairman (appointed on 20 February 2020)
Mr. Duong Van Mau	Chairman (resigned as 20 February 2020)
Mr. Vuong Hoang Minh	Member (resigned as Chairman on 16 March 2019, appointed as Member on 16 March 2019)
Mr. Nguyen Huu Toi	Member (appointed on 16 March 2019)
Mr. Nguyen Tuan Cuong	Member (resigned on 16 March 2019)
Mr. Than The Ha	Member (resigned on 16 March 2019)
Mr. Le Van An	Member (resigned on 16 March 2019)
Mr. Vu Duc Quang	Member (resigned on 16 March 2019)
Mr. Pham Bao Long	Member

#### **Board of Directors**

Mr. Vuong Hoang Minh	General Director (appointed on 21 March 2019)
Mr. Pham Bao Long	Deputy General Director (resigned as General Director on 21 March 2019, appointed as Deputy General Director on 21 March 2019)
Mr. Do Vuong Cuong	Deputy General Director
Mr. Ngo Manh Cuong	Deputy General Director (resigned on 01 October 2019)

### THE BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

In preparing these consolidated financial statements, The Board of Directors is required to:

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

**STATEMENT OF THE BOARD OF DIRECTORS (Continued)**

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

The Board of Directors confirms that the Company has complied with the above requirements in preparing these separate consolidated financial statements.

For and on behalf of the Board of Directors.



**Vương Hoàng Minh**  
**General Director**

24 February 2020

No. 094 /VNIA-HN-BC

## INDEPENDENT AUDITORS' REPORT

**To: The shareholders  
The Board of Management and Board of General Director  
Vinaconex Power Development and Construction Investment Joint Stock Company**

We have audited the accompanying consolidated financial statements of Vinaconex Power Development and Construction Investment Joint Stock Company (the "Company"), prepared on 24 February 2020 as set out from page 5 to page 30, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of income, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statement.

### **Board of Directors's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Other Matter

The consolidated financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unqualified opinion on those statements on 19 February 2019.



*Đang Chí Dũng*

**Deputy General Director**

Audit Practising Registration Certificate  
No. 0030-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

24 February 2020  
Hanoi, S.R. Vietnam



**Phan Ngoc Anh**  
**Auditor**

Audit Practising Registration Certificate  
No. 1101-2018-001-1

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening Balance (Reclassification)
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>128,174,429,848</b>	<b>214,359,978,710</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>19,481,828,876</b>	<b>75,917,313,669</b>
1. Cash	111		19,481,828,876	25,917,313,669
2. Cash equivalents	112		-	50,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>2,064,000,000</b>	<b>1,000,000,000</b>
1. Held-to-maturity investments	123	5	2,064,000,000	1,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>90,287,754,932</b>	<b>111,866,522,177</b>
1. Short-term trade receivables	131	6	63,451,481,799	42,882,286,351
2. Short-term advances to suppliers	132	7	1,907,971,197	666,104,460
3. Other short-term receivables	136	8	58,928,301,936	92,118,131,366
4. Provision for short-term doubtful debts	137	9	(34,000,000,000)	(23,800,000,000)
<b>IV. Inventories</b>	<b>140</b>	<b>10</b>	<b>15,717,059,366</b>	<b>21,625,695,423</b>
1. Inventories	141		15,717,059,366	21,625,695,423
<b>V. Other short-term assets</b>	<b>150</b>		<b>623,786,674</b>	<b>3,950,447,441</b>
1. Short-term prepayments	151	11	623,786,674	487,658,803
2. Value added tax deductibles	152		-	3,462,788,638
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,458,247,668,248</b>	<b>1,539,344,983,039</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>1,432,344,735,138</b>	<b>1,491,981,212,280</b>
1. Tangible fixed assets	221	12	1,241,030,392,353	1,317,372,150,100
- Cost	222		1,845,962,785,222	1,834,424,260,568
- Accumulated depreciation	223		(604,932,392,869)	(517,052,110,468)
2. Intangible assets	227	13	191,314,342,785	174,609,062,180
- Cost	228		220,102,996,170	200,000,000,000
- Accumulated amortisation	229		(28,788,653,385)	(25,390,937,820)
<b>II. Long-term assets in progress</b>	<b>240</b>		<b>5,639,182,800</b>	<b>4,183,755,134</b>
1. Construction in progress	242	14	5,639,182,800	4,183,755,134
<b>III. Other long-term assets</b>	<b>260</b>		<b>20,263,750,310</b>	<b>43,180,015,625</b>
1. Long-term prepayments	261	11	20,263,750,310	43,180,015,625
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>1,586,422,098,096</b>	<b>1,753,704,961,749</b>

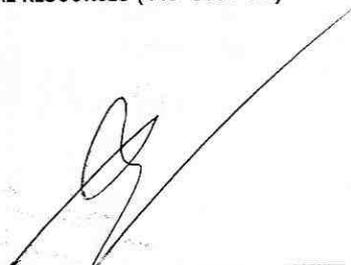
The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening Balance (Reclassification)
<b>C. LIABILITIES</b>	<b>300</b>		<b>620,987,722,874</b>	<b>870,527,741,048</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>286,545,769,367</b>	<b>430,498,760,630</b>
1. Short-term trade payables	311	15	14,004,798,586	93,074,473,766
2. Taxes and amounts payable to the State budget	313	16	35,273,993,241	28,372,645,706
3. Payables to employees	314		7,140,279,394	9,186,826,566
4. Short-term accrued expenses	315	17	1,125,040,687	2,801,409,378
5. Other current payables	319	18	17,320,437,715	20,448,084,941
6. Short-term loans and obligations under finance leases	320	19	206,626,497,767	273,935,213,224
7. Bonus and welfare funds	322		5,054,721,977	2,680,107,049
<b>II. Long-term liabilities</b>	<b>330</b>		<b>334,441,953,507</b>	<b>440,028,980,418</b>
1. Other long-term payables	337		-	204,687,945
2. Long-term loans and obligations under finance leases	338	20	334,441,953,507	439,824,292,473
<b>D. EQUITY</b>	<b>400</b>		<b>965,434,375,222</b>	<b>883,177,220,701</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>21</b>	<b>965,434,375,222</b>	<b>883,177,220,701</b>
1. Owner's contributed capital	411		569,999,930,000	569,999,930,000
- Ordinary shares carrying voting rights	411a		569,999,930,000	569,999,930,000
2. Share premium	412		5,940,175,148	5,940,175,148
3. Investment and development fund	418		29,589,351,149	29,589,351,149
4. Retained earnings	421		259,329,012,627	177,882,782,795
- Retained earnings accumulated to the prior year end	421a		38,475,464,195	28,452,271,104
- Retained earnings of the current year	421b		220,853,548,432	149,430,511,691
5. Non-controlling interests	429		100,575,906,298	99,764,981,609
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>1,586,422,098,096</b>	<b>1,753,704,961,749</b>

  
\_\_\_\_\_  
Nguyen Viet Hoang  
Preparer

  
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Nguyen Van Binh  
Chief Accountant

  
\_\_\_\_\_  
Vuong Hoang Minh  
General Director



24 February 2020

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED INCOME STATEMENT**

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
<b>1. Gross revenue from goods sold and services rendered</b>	<b>01</b>	<b>22</b>	<b>491,577,831,820</b>	<b>512,526,062,332</b>
<b>2. Net revenue from goods sold and services rendered (10=01)</b>	<b>10</b>		<b>491,577,831,820</b>	<b>512,526,062,332</b>
3. Cost of sales	11	23	167,247,920,757	143,039,945,389
<b>4. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>324,329,911,063</b>	<b>369,486,116,943</b>
5. Financial income	21	25	1,734,845,745	1,024,670,626
6. Financial expenses	22	26	54,011,103,238	48,232,846,952
- In which: Interest expense	23		53,234,678,964	46,125,614,736
7. General and administration expenses	26	27	52,489,522,735	71,566,259,237
<b>8. Operating profit (30=20+21-22-26)</b>	<b>30</b>		<b>219,564,130,835</b>	<b>250,711,681,380</b>
9. Other income	31	28	24,428,255,513	1,475,119,240
10. Other expenses	32		159,885,872	58,288,587
<b>11. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>24,268,369,641</b>	<b>1,416,830,653</b>
<b>12. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>243,832,500,476</b>	<b>252,128,512,033</b>
13. Current corporate income tax expense	51	29	11,612,466,955	14,754,210,351
<b>14. Net profit after corporate income tax (60=50-51)</b>	<b>60</b>		<b>232,220,033,521</b>	<b>237,374,301,682</b>
14.1. Equity holders of the Holding Company	61		220,853,548,432	234,930,501,191
14.2. Non-controlling interests	62		11,366,485,089	2,443,800,491
<b>15. Basic earnings per share</b>	<b>70</b>	<b>30</b>	<b>3,875</b>	<b>4,254</b>

  
Nguyen Viet Hoang  
Preparer

  
Nguyen Van Binh  
Chief Accountant

  
Vương Hoàng Minh  
General Director



24 February 2020

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current period	Prior period (Restated)
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>243,832,500,476</b>	<b>252,128,512,033</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation of fixed assets and investment properties	02	91,286,449,837	75,032,392,461
Provisions	03	10,200,000,000	23,800,000,000
Foreign exchange gain arising from translating foreign currency items	04	-	844,119,180
Loss from investing activities	05	(1,734,845,745)	(1,059,398,630)
Interest expense	06	53,234,678,964	46,125,614,736
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>396,818,783,532</b>	<b>396,871,239,780</b>
Changes in receivables	09	28,252,406,360	(13,026,012,826)
Changes in inventories	10	5,908,636,057	(8,320,727,590)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	(110,887,618,482)	62,401,032,698
Changes in prepaid expenses	12	22,847,752,408	(28,627,637,693)
Interest paid	14	(54,391,374,603)	(50,317,403,436)
Corporate income tax paid	15	(13,311,659,508)	(12,561,674,786)
Other cash outflows	17	(22,816,498,647)	(10,505,062,600)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>252,420,427,117</b>	<b>335,913,753,547</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(5,808,698,676)	(219,058,239,368)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	161,000,000
3. Cash outflow for lending, buying debt instruments of other entities	23	(2,064,000,000)	(51,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,000,000,000	50,000,000,000
7. Interest earned, dividends and profits received	27	1,635,654,774	898,398,630
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(5,237,043,902)</b>	<b>(218,998,840,738)</b>

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

*For the year ended 31 December 2019*

Unit: VND

ITEMS	Codes	Current period	Prior period (Restated)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from share issue and owners' contributed capital	31	-	119,940,155,148
3. Proceeds from borrowings	33	309,031,948,662	418,809,900,138
4. Repayment of borrowings	34	(481,723,003,085)	(428,997,262,657)
6. Dividends and profits paid	36	(130,927,813,585)	(174,386,200,629)
<b>Net cash used in financing activities</b>	<b>40</b>	<b>(303,618,868,008)</b>	<b>(64,633,408,000)</b>
<b>Net (decrease)/increase in cash (50=20+30+40)</b>	<b>50</b>	<b>(56,435,484,793)</b>	<b>52,281,504,809</b>
Cash and cash equivalents at the beginning of the period	60	75,917,313,669	23,635,808,860
Cash and cash equivalents at the end of the year (70=50+60)	70	19,481,828,876	75,917,313,669

  
\_\_\_\_\_  
**Nguyen Viet Hoang**  
Preparer

  
\_\_\_\_\_  
**Nguyen Van Binh**  
Chief Accountant

  
\_\_\_\_\_  
**Vuong Hoang Minh**  
General Director



24 February 2020

*The accompanying notes are an integral part of these consolidated financial statements*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

Vinaconex Power Development and Construction Investment Joint Stock Company is a Joint Stock Company under Enterprise Registration Certificate No. 2800799804, first issued by the Hanoi Authority for of Planning and Investment on 18 May 2004 and eighth admendment dated 29 March 2019.

**Principal activities**

The Company's principal activities include:

- Construction of hydropower projects; producing and trading electricity; construction consultancy for electrical works;
- Bid for construction and installation of civil, industrial and other infrastructure works; construction of and providing of houses, offices for rent;
- Manufacture and trade of construction materials; hotel business and tourism services;
- Rental, repair and maintenance services of motorbikes and equipment;
- Trade of construction equipment; real estate business;
- Investment advisory (Excluding legal, financial, tax, auditing, accounting and securities consultancy);
- Consultancy for project management (only implemented when there are qualified conditions as prescribed by law are met);
- Verification of civil, industrial, irrigation and hydropower construction projects;
- Mining tin ore, tungsten ore, precious metal ore (excluding export of raw gold ore);
- Mining soil, sand, gravel and clay.

**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.

**The Company's structure**

Details of the Company's subsidiaries as at 31 December 2019 are as follows:

	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Bai Thuong Hydropower Joint Stock Company	Thanh Hoa	51%	51%	Production, trade of electricity
Xuan Minh Hydropower Joint Stock Company	Thanh Hoa	51%	51%	Production, trade of electricity

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

Comparative figures are the figures of the audited consolidated financial statements of the Company for the year ended 31 December 2018 which were audited by another auditor.

Besides, certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation, details are as follows:

	Previously reported amount	Reclassification (*)	Amount after reclassification
	VND	VND	VND
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>			
Cash and cash equivalents	80,000,000,000	(30,000,000,000)	50,000,000,000
Other short-term receivables	62,118,131,366	30,000,000,000	92,118,131,366
	Previously reported amount	Restated(*)	Amount after reclassification
<b>CONSOLIDATED CASH FLOW STATEMENT</b>			
Increase, decrease in receivables	16,973,987,174	(30,000,000,000)	(13,026,012,826)
Net cash generated by operating activities	365,913,753,547	(30,000,000,000)	335,913,753,547
Net increase in cash	82,281,504,809	(30,000,000,000)	52,281,504,809
Cash and cash equivalents at the end of the year	105,917,313,669	(30,000,000,000)	75,917,313,669

(\*) Represent deposit at Saigon - Hanoi Commercial Joint Stock Bank - Thang Long Branch with an amount of VND 30,000,000,000 is pledged to secure the loan from Saigon - Hanoi Commercial Joint Stock Bank - Thang Long Branch under Contracts of valuable papers No. 276/2018/HDCC-PN/SHB.110600 dated 26 December 2018.

## **2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

### **Accounting convention**

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

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

As at 31 December 2019, the Company's current asset is less than current liabilities by VND 158,371,339,519 (as at 31 December 2018: VND 216,138,781,920) which affected the Company's ability to pay its debts as and when they fall to due. The company's ability to pay within the next 12 months depends on the business situation of the year as well as the ability to mobilize from credit institutions. The accompanying consolidated financial statements do not include any adjustments that result from the outcome of this uncertainty. The business situation and plan of Board of Directors related to this issue is presented as below:

- The Company's financial performance is stable with VND 243.8 billion pre-tax profit in 2019 (VND 252.1 billion in 2018), achieve the target set out in the profit plan under the Annual General Meeting of Shareholders Resolution No. 01/2019/NQ-DHDCD dated 28 November 2019.
- The Company still ensures to pay due loans according to the debt payment schedule, and there has been no late payment of debts.
- During the year 2019, the Company had sufficient cash flows from operating activities; the dividends from its 2018 retained earnings amounted to VND 113,999,986,000; and the Company has paid dividend amount of VND 130,927,813,585 (including VND 19,972,088,596 of 2018 dividends payable).

The Board of Directors carefully evaluated the business plan and projected cash flow forecast to ensure the sufficient cash flow to pay debts and financial obligations when due and believed that the separate financial statements were set up on a going concern basis was appropriate.

**Accounting period**

The Company's first accounting period begins on 01 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Company in the preparation of these consolidated 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 management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

**Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) for the financial year ended 31 December 2019. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

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

Intragroup transactions and balances are eliminated in full on consolidation.

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

**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 method, Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. The Company applies perpetual method to account for inventory.

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

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	<b>Years</b>
Buildings and structures	5 - 35
Machinery and equipment	3 - 15
Office equipment	3 - 8
Motor vehicles	3 - 7
Others	3

**Intangible assets and amortisation**

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Land use rights are amortised using the straight-line method over the duration of the right to use the land.

The intangible assets of the Company, which are land use rights, represent all of the expenses paid by the Company that directly related to the land, including compensation for site clearance, leveling and registration expense.

Land use rights are amortised using the straight-line method over 65 years.

Compensation cost for site clearance is the cost incurred in relation to the site clearance for project implementation and is amortized in proportion to the remaining land lease term of 47 years.

**Construction in progress**

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

**Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including office rentals, tools, supplies, repair of fixed assets, compensation for site clearance and other prepaid expenses. These prepaid expenses are amortized over the

prepayment period or the period in which the corresponding economic benefits are generated from these expenses.

Tools and supplies issued for consumption are allocated on a straight-line basis over the period of no more than 3 years.

Office rentals represent rentals that have been paid in advance. Prepaid office rentals are charged to the income statement using the straight-line method over the lease term of 174 months.

The site clearance compensation cost is the amount deducted directly from the land rent under the decision of the local government in the total cost of site clearance compensation.

Other types of long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

### **Revenue recognition**

Sales of electricity are recognised in the income statement based on the supplied power output as confirmed by customer, Revenue is not recognized if there are material uncertainties related to the ability to recover receivables.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably, Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period, The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

### **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.

### **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 and it further excludes items that are never taxable or deductible.

The Company pays corporate income tax on the income from production and trade of electricity at the tax rate of 10% for 15 years from the time the project is put into operation (from 2010 to 2024), and is entitled to tax exemption for 04 years from the project's first profit-making year (from 2010 to 2013) and 50% tax reduction for the next 09 years (from 2014 to 2022). 2019 is the 6<sup>th</sup> year that the Company enjoys to 50% tax reduction.

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 period 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	Opening balance (Reclassification)
	VND	VND
Cash on hand	3,856,656,794	5,850,036,310
Bank demand deposits	15,625,172,082	20,067,277,359
Cash equivalents	-	50,000,000,000
	<b>19,481,828,876</b>	<b>75,917,313,669</b>

**5. FINANCIAL INVESTMENTS**

	Closing balance			Opening balance		
	VND			VND		
	Cost	Provision	Fair value	Cost	Provision	Fair value
<b>Held-to-maturity investments</b>						
Held-to-maturity investments						
Bank demand deposits (i)	2,064,000,000	-	2,064,000,000	1,000,000,000	-	1,000,000,000

(i) Deposit at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Nam Branch has a term of 12 months earn interest at the rates from 6,4% per year to 6,8% per year.

**6. SHORTERM-TERM RECEIVABLES OF CUSTOMERS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Electric Power Trading Company	48,192,695,293	33,497,465,587
Northern Power Corporation (*)	11,908,795,139	8,504,902,192
General Directorate of Energy - Ministry of Industry and Trade	3,085,806,467	-
Others	264,184,900	879,918,572
	<u>63,451,481,799</u>	<u>42,882,286,351</u>

(\*) As stated in Note 20, the debt claim arising from the power purchase agreement between Xuan Minh Hydropower Joint Stock Company - the Company's subsidiary and Northern Power Corporation is used to ensure this company's loan from Saigon Commercial Joint Stock Bank - Hanoi - Thang Long Branch.

**7. ADVANCES TO SUPPLIERS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Andritz Hydro Viet Nam Company Limited	660,000,000	-
Song Da Consulting Joint Stock Company	439,324,030	-
ASIA Power Engineering Consulting Limited Compa	240,000,000	-
ATMETCO	-	273,900,000
Vietnamtourism - Hanoi Joint Stock Company	-	200,000,000
Others	568,647,167	192,204,460
	<u>1,907,971,197</u>	<u>666,104,460</u>

**8. OTHER SHORT-TERM RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	(Reclassification) VND
Receivables relating to subsidy for post-investment	36,700,511,129	36,700,511,129
Advances	13,315,494,257	17,670,453,857
Deposits and mortgages	-	30,000,000,000
Other short-term receivable	8,912,296,550	7,747,166,380
	<u>58,928,301,936</u>	<u>92,118,131,366</u>

**9. BAD DEBTS**

	<u>Closing balance</u>			<u>Opening balance</u>		
	Cost	Recoverable amount (*)	Overdue years	Cost	Recoverable amount (*)	Overdue years
Vietnam Development Bank	36,700,511,129	2,700,511,129	Over 3 years	36,700,511,129	12,900,511,129	From 2 years to 3 years
	<u>36,700,511,129</u>	<u>2,700,511,129</u>		<u>36,700,511,129</u>	<u>12,900,511,129</u>	

(\*) The recoverable amount is determined at cost less provision for doubtful debts.

10. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Tools and supplies	15,717,059,366	-	21,625,695,423	-
	<b>15,717,059,366</b>	<b>-</b>	<b>21,625,695,423</b>	<b>-</b>

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
<b>a. Current</b>		
Tools and supplies	227,413,849	390,339,000
Others	396,372,825	97,319,803
	<b>623,786,674</b>	<b>487,658,803</b>
<b>b. Non-current</b>		
Office rental	6,473,554,682	8,091,942,944
Compensation cost for land clearance is deducted from land rent	5,056,124,612	24,874,632,823
Tools and supplies	3,831,572,558	2,761,172,440
Repair of fixed assets(*)	2,551,942,330	4,949,868,287
Others	2,350,556,128	2,502,399,131
	<b>20,263,750,310</b>	<b>43,180,015,625</b>

(\*) Prepayment for repair of fixed assets are amounts for repairing of Cua Dat hydropower plant and Bai Thuong hydropower plant.

VINACONEX POWER DEVELOPMENT AND CONSTRUCTION INVESTMENT JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures VND	Machinery, equipment VND	Motor vehicles, transmission equipment VND	Office equipment VND	Others VND	Total VND
<b>COST</b>						
Opening balance	965,576,706,399	850,809,536,323	15,631,003,351	2,377,014,495	30,000,000	1,834,424,260,568
Purchase	4,658,224,047	6,906,040,170	-	50,327,272	-	11,614,591,489
Reclassification to long-term prepaid expenses	(76,066,835)	-	-	-	-	(76,066,835)
<b>Closing balance</b>	<b>970,158,863,611</b>	<b>857,715,576,493</b>	<b>15,631,003,351</b>	<b>2,427,341,767</b>	<b>30,000,000</b>	<b>1,845,962,785,222</b>
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	200,529,040,489	306,911,397,422	8,357,907,456	1,229,598,444	24,166,657	517,052,110,468
Charge for the year	32,992,612,168	53,212,708,190	1,386,939,047	290,641,524	5,833,343	87,888,734,272
Reclassification to long-term prepaid expenses	(8,451,871)	-	-	-	-	(8,451,871)
<b>Closing balance</b>	<b>233,513,200,786</b>	<b>360,124,105,612</b>	<b>9,744,846,503</b>	<b>1,520,239,968</b>	<b>30,000,000</b>	<b>604,932,392,869</b>
<b>NET BOOK VALUE</b>						
Opening balance	765,047,665,910	543,898,138,901	7,273,095,895	1,147,416,051	5,833,343	1,317,372,150,100
Closing balance	736,645,662,825	497,591,470,881	5,886,156,848	907,101,799	-	1,241,030,392,353

As at 31 December 2019, the cost of tangible fixed assets includes fixed assets which have been fully depreciated but are still used with a value of VND 7,702,097,324 (as at 31 December 2018: VND 6,709,897,324).  
As at 31 December 2019, some tangible fixed assets were pledged to secure the Company's borrowings with the total net book value of VND 955,762,346,112 (as at 31 December 2018: VND 1,023,898,004,613).

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND
<b>COST</b>	
Opening balance	200,000,000,000
Purchase	20,102,996,170
<b>Closing balance</b>	<b>220,102,996,170</b>
<b>ACCUMULATED AMORTISATION</b>	
Opening balance	25,390,937,820
Charge for the year	3,397,715,565
<b>Closing balance</b>	<b>28,788,653,385</b>
<b>NET BOOK VALUE</b>	
Closing balance	<b>174,609,062,180</b>
Opening balance	<b>191,314,342,785</b>

14. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Xuan Khao Hydropower Project	3,313,416,885	3,313,416,885
Huong Son 1 Windpower Project	1,375,427,666	-
Vinaconex Thuong Xuan Clean water Project	778,506,232	778,506,232
Xuan My Hydropower Project	91,832,017	91,832,017
Ky Cung Hydropower Project	80,000,000	-
	<b>5,639,182,800</b>	<b>4,183,755,134</b>

15. TRADE PAYABLES

	Closing balance VND	Opening balance VND
Thien Phat - Thien Tan Company Limited	5,297,762,968	20,431,532,921
Song Chu Limited Company	2,023,608,531	22,262,083,136
Industries Equipment and Solution Company Limited	1,717,667,336	6,005,907,465
Hoang Vu Technology Development Investment Company Limited	1,077,069,062	-
Toan Thang Trade and Construction Co. Ltd	713,086,693	11,286,288,743
Hydraulics Construction Corporation No.4 Joint Stock Corporation	-	16,776,731,496
Mechanization Electrification Construction Corporation- Joint Stock Corporation	-	7,488,132,704
Viet Nam Construction and Import - Export Joint Stock Corporation	-	27,000,904
Others	3,175,603,996	8,796,796,397
	<b>14,004,798,586</b>	<b>93,074,473,766</b>
In which: Trade payables to related parties (Details stated in Note 33)	-	<b>27,000,904</b>

16. TAX AND OTHER PAYABLES TO THE STATE BUDGET

Items	Movement in period			Closing balance VND
	Opening balance VND	Payable VND	Paid VND	
Value added tax	6,807,484,077	48,864,033,374	51,300,801,042	4,370,716,409
Corporate income tax	8,254,210,350	11,612,466,955	13,311,659,508	6,555,017,797
Personal income tax	2,770,764,150	11,268,205,142	8,097,514,440	5,941,454,852
Natural resource tax	5,255,748,740	41,742,108,795	44,497,731,870	2,500,125,665
Other taxes	67,111,425	27,668,750	72,111,425	22,668,750
Other payable	5,217,326,964	29,823,292,910	19,156,610,106	15,884,009,768
<b>Total</b>	<b>28,372,645,706</b>	<b>143,337,775,926</b>	<b>136,436,428,391</b>	<b>35,273,993,241</b>

17. ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Accrued interest	927,540,687	2,084,236,326
Other short-term accrued expenses	197,500,000	717,173,052
	<b>1,125,040,687</b>	<b>2,801,409,378</b>

18. OTHER PAYABLES

	Closing balance VND	Opening balance VND
Dividends payable	13,334,261,011	19,972,088,596
Target bonus for managerial personal and units (*)	2,487,295,000	-
Others	1,498,881,704	475,996,345
	<b>17,320,437,715</b>	<b>20,448,084,941</b>

(\*) According to Resolution No. 01/2019/NQ-DHDCD dated 16 March 2019, the Annual General Meeting of Shareholders (AGM) for 2019 and 2019 - 2024 period approved the target bonus for managerial personnel and units for achieving target under the 2018 business plan as set out in the AGM Resolution dated 22 March 2018; the bonus amount was VND 16,671,095,000 (in which, VND 14,183,800,000 had been paid in 2018).

19. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance	In the year		Closing balance
	Amount/ Amount able to be paid off	Increase	Decrease	Amount/ Amount able to be paid off
	VND	VND	VND	VND
Short-term loans	113,131,404,304	287,301,394,772	294,777,532,750	105,655,266,326
Current portion of long-term loans	160,803,808,920	102,548,902,064	162,381,479,543	100,971,231,441
	<b>273,935,213,224</b>	<b>389,850,296,836</b>	<b>457,159,012,293</b>	<b>206,626,497,767</b>

Details of short-term loans:

Lender	Currency	Closing balance	Opening balance
		VND	VND
- Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Nam Branch (i)	VND	49,233,419,685	34,427,457,410
- Mrs. Dam Thi Thuy Mui(ii)	VND	11,000,000,000	10,438,700,000
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Chuong Duong Branch (iii)	VND	5,342,825,774	3,294,340,058
- Saigon - Ha Noi Commercial Joint Stock Bank - Thang Long Branch (iv)	VND	4,925,210,200	50,447,028,117
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch	VND	-	8,225,978,719
- Other individuals(iii)	VND	35,153,810,667	6,297,900,000
		<b>105,655,266,326</b>	<b>113,131,404,304</b>

(i) Represent loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Nam Branch including:

- Unsecured loan from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Nam Branch under the loan agreement No. 237/19/HDHM/5C96 dated 20 May 2019, with the credit limit of VND 50 billion (including the loan balance under the loan agreement No. 30/18/HDHM/5C92 dated 13 February 2018 as of the signing date of the agreement No. 237/19/HDHM/5C96). The purpose of the loan is to supplement working capital for electricity production and business activities, the credit limit is valid from the date of the agreement to 17 May 2020, the loan term is 05 months, the interest rate is 7%/year.

- The loan of Bai Thuong Hydropower Joint Stock Company under the loan agreement No. 113/19/HDHM/5C96 on 7 May 2019. The credit limit is VND 2 billion, the period for disbursement is 12 months; the interest rate is provisions under each indebted debt agreement. The loan is secured by 01 Toyota Fortuner with the net book value as at 31 December 2019 of VND 685,058,045.

(ii) Represent unsecured loan from individuals to supplement working capital with interest rate of 8%/year and loan term from 03 to 06 months.

**VINACONEX POWER DEVELOPMENT AND CONSTRUCTION INVESTMENT JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

(iii) Represent unsecured loan from Vietnam Joint Stock Commercial Bank for Industry and Trade - Chuong Duong Branch under the agreement No. 01/2019-HDCVHM/ NHCT128-VINACONEX dated 19 December 2019 with the credit limit of VND 20 billion which is valid from 19 December 2019 to 15 December 2020. The purpose of the loan to supplement working capital for electricity production and business activities, the loan term of each withdrawal is within 05 months, the interest rate at the date of agreement is 9%/year which is only applicable in the first disbursement; the interest rate is specified in each debt acknowledgment note.

(iv) Represent the loan from Saigon - Hanoi Commercial Joint Stock Bank - Thang Long Branch according to Notice No. 405/TB-SHBTL dated 13 August 2019 approving short-term credit limit of VND 20 billion to supplement working capital for the operation of Cua Dat hydropower plant with floating interest rate adjustable once every 03 months, with a term of 12 months as from the date of the agreement. The loan term is specified in each debt acknowledgment note. This loan is secured by the Company's deposit account at the bank provided that the deposit balance is maintained at no less than 30% of outstanding loan balance at any time.

**20. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	Opening balance		In the year		Closing balance	
	Amount/ Amount able to be paid off	VND	Increase	Decrease	Amount/ Amount able to be paid off	VND
- Saigon - Ha Noi Commercial Joint Stock Bank - Thang Long Branch (i)	382,026,656,872		21,647,883,267	34,616,293,316	369,058,246,823	
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Chuong Duong Branch	176,354,938,125		-	110,000,000,000	66,354,938,125	
- Viet Nam Construction and Import - Export Joint Stock Corporation (iii)	40,291,506,396		82,670,623	40,374,177,019	-	
- Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Nam Branch	1,955,000,000		-	1,955,000,000	-	
	<b>600,628,101,393</b>		<b>21,730,553,890</b>	<b>186,945,470,335</b>	<b>435,413,184,948</b>	

In which:

Amount due for settlement within 12 months

Amount due for settlement after 12 months

	160,803,808,920	100,971,231,441
	439,824,292,473	334,441,953,507

(i) Long-term loans from Saigon - Hanoi Commercial Joint Stock Bank (SHB) to Xuan Minh Hydropower Joint Stock Company and Bai Thuong Hydropower Joint Stock Company are as follows:  
 - Loans granted to Bai Thuong Hydropower Joint Stock Company under loan agreement No. 373/2014/HDTDTDH-PN/SHB.110600 dated 24 December 2014 and its Appendix No. PL02-373/HDTDTDH-PN/SHB.110600 dated 18 June 2018 are disbursed many times with the total loan amount of VND 102,000,000,000. The purpose of loan is to finance the construction of Bai Thuong Hydropower Plant in Xuan Duong Commune - Thuong Xuan District - Thanh Hoa Province according to the investment certificate No. 26121000040 issued by Thanh Hoa Provincial People's Committee on 14 November 2013 for

Bai Thuong Hydropower Joint Stock Company; the loans shall be used to pay for construction and equipment expenses. The loan term is 150 months from the first disbursement date. The interest rate is specified in each debt acknowledgement note, adjustable every 3 months from the first disbursement date, and no less than the 13-month saving rate with interest paid in arrears of SHB at the time of adjustment plus the margin of 3% per year which shall be not lower than the minimum lending rate of SHB for each customer corresponding to the time of interest rate adjustment. The loans are secured by: Loan guarantee of Vinaconex Power Development and Construction Investment Joint Stock Company, and all assets acquired by the loans with the net book value as at 31 December 2019 amounting to VND 50,322,124,889 (as at 31 December 2018: VND 52,009,018,313).

- The loans granted to Xuan Minh Hydropower Joint Stock Company are under loan agreement No. 016/2016/HDTDTDH-PN/SHB.110600 dated 18 January 2016. The loan amount is VND 315,000,000,000. The purpose of the loan is to finance the construction of Xuan Minh Hydropower project (excluding project VAT). The loan term is 180 months from the first disbursement date. The loan interest rate is specified in debt acknowledgement note, adjustable every 3 months from the first disbursement date, and no less than the 13-month saving rate with interest paid in arrears of SHB at the time of adjustment plus the margin of 2.8% per year which shall be not lower than the minimum lending rate of SHB for each customer corresponding to the time of interest rate adjustment. The loans are secured by: Loan guarantee of Vinaconex Power Development and Construction Investment Joint Stock Company; all assets acquired by the loans with the net book value as at 31 December 2019 amounting to VND 241,621,520,623 (as at 31 December 2018: VND 244,856,855,001); and debt claim arising from the power purchase agreement between the borrower and Northern Power Corporation under the relevant three-party contract signed between the Company, SHB and Northern Power Corporation.

(ii) Represent loan from Vietnam Joint Stock Commercial Bank for Industry and Trade - Chuong Duong Branch to restructure the long-term loan granted by 04 credit institutions, namely Vietnam Bank for Agriculture and Rural Development ("Agribank") - Southern Hanoi Branch, Agribank - Hanoi Branch; Agribank - Thanh Hoa Branch and Joint Stock Commercial Bank for Investment and Development of Vietnam - Thanh Hoa Branch; the loan was used to finance the construction of Cua Dat Hydropower Plant, the loan comes due on 25 May 2020, with no grace period. The loan interest rate at the time of the loan agreement contract is 7.5%/year which is valid for 12 months from the first disbursement date. Within the next 2 years, the floating interest rate determined at the 12-month savings rate plus a margin of no less than 2.5%/year will apply. For the remaining years, the floating interest rate determined at the 12-month savings rate plus a margin of no less than 2.7%/year will apply. The interest rate in 2019 is 8%/year (2018: 7%/year). The loan is secured by all assets of Cua Dat Hydropower Project with the remaining value as at 31 December 2019 of VND 663,375,427,736 (as at 31 December 2018: VND 722,810,496,716).

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
Within one year	100,971,231,441	160,803,808,920
In the second year	41,104,605,048	102,466,231,441
In the third to fifth year inclusive	113,279,804,116	103,848,879,948
After five years	180,057,544,343	233,509,181,084
	<b>435,413,184,948</b>	<b>600,628,101,393</b>
Less: Amount due for settlement within 12 months	100,971,231,441	160,803,808,920
<b>Amount due for settlement after 12 months</b>	<b>334,441,953,507</b>	<b>439,824,292,473</b>

VINACONEX POWER DEVELOPMENT AND CONSTRUCTION INVESTMENT JOINT STOCK CO  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

MÃU SỐ B 09-DN/HN

21. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital	Share premium	Development Fund	Retained earnings	Non-controlling interest	Total
	VND	VND	VND	VND	VND	VND
Prior year's opening balance	455,999,950,000	-	-	170,854,483,253	99,032,653,118	725,887,086,371
Capital increase in the period	113,999,980,000	5,940,175,148	-	-	-	119,940,155,148
Profit for the year	-	-	-	234,930,501,191	2,443,800,491	237,374,301,682
Bonus for the management	-	-	-	(4,390,662,000)	-	(4,390,662,000)
Salary of members of the Board of Directors and the Supervisory Board non-managerial	-	-	-	(1,056,000,000)	-	(1,056,000,000)
Appropriation for funds	-	-	29,589,351,149	(36,635,561,149)	(241,472,000)	(7,287,682,000)
Dividends declared	-	-	-	(185,819,978,500)	(1,470,000,000)	(187,289,978,500)
<b>Prior year's closing balance</b>	<b>569,999,930,000</b>	<b>5,940,175,148</b>	<b>29,589,351,149</b>	<b>177,882,782,795</b>	<b>99,764,981,609</b>	<b>883,177,220,701</b>
<b>Current year's opening balance</b>	<b>569,999,930,000</b>	<b>5,940,175,148</b>	<b>29,589,351,149</b>	<b>177,882,782,795</b>	<b>99,764,981,609</b>	<b>883,177,220,701</b>
Profit for the year	-	-	-	220,853,548,432	11,366,485,089	232,220,033,521
Allowance for Board of Directors and Supervisory (*)	-	-	-	(1,275,000,000)	-	(1,275,000,000)
2018 target bonus (*)	-	-	-	(16,671,095,000)	-	(16,671,095,000)
Appropriation to bonus and welfare funds (*)	-	-	-	(7,184,838,000)	-	(7,184,838,000)
Dividend declared by the holding company (*)	-	-	-	(113,999,986,000)	-	(113,999,986,000)
Profit distribution at Xuan Minh Hydropower Joint Stock Company (**)	-	-	-	-	(8,820,000,000)	(8,820,000,000)
Profit distribution at Bai Thuong Hydropower Joint Stock Company (**)	-	-	-	(276,399,600)	(1,735,560,400)	(2,011,960,000)
<b>Current year</b>	<b>569,999,930,000</b>	<b>5,940,175,148</b>	<b>29,589,351,149</b>	<b>259,329,012,627</b>	<b>100,575,906,298</b>	<b>965,434,375,222</b>

(\*) According to the Resolution of the Annual General Meeting of Shareholders No. 01/2019/NQ-DHDCD dated 16 March 2019 approved the distribution of profit after tax of the year 2018 as follows:

- Allowance for the Board of Directors and the Supervisory Board with the amount of VND 1,275,000,000.
- The target bonus for managerial personnel and units for achieving target under the 2018 business plan as set out in the AGM Resolution dated 22 March 2018; the bonus amount was VND 16,671,095,000
- Payment of cash dividend from 2018 retained earnings with the amount of VND 113,999,986,000 (VND 113,129,452,000 of 2019 cash dividend).
- Distributions to the bonus and welfare fund up to 3% of the Company's after-tax profit in 2018, equivalent to an amount of VND 7,184,838,000.

(\*\*) Xuan Minh Hydropower Joint Stock Company and Bai Thuong Hydropower Joint Stock Company approve to pay allowances to the Board of Directors and the Supervisory Board, distribution to the bonus and welfare funds and pay dividends according to these companies' Annual General Meetings Resolution 2019.

<b>Shares</b>	<b>Closing balance</b>	<b>Opening balance</b>
- Number of shares issued to the public		
+ Ordinary shares	56,999,993	56,999,993
- Number of outstanding shares in circulation		
+ Ordinary shares	56,999,993	56,999,993

The par value of ordinary shares is 10,000 VND / share.

**22. REVENUE**

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
Sales of trading electricity	487,183,990,867	511,247,980,774
Sales of services	4,393,840,953	1,278,081,558
	<b>491,577,831,820</b>	<b>512,526,062,332</b>

**23. COST OF SALE**

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
Cost of trading electricity	166,311,557,040	142,327,045,747
Cost of services rendered	936,363,717	712,899,642
	<b>167,247,920,757</b>	<b>143,039,945,389</b>

**24. PRODUCTION COST BY NATURE**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Raw materials and consumables	11,825,002,758	6,276,652,536
Labour	46,913,424,632	54,284,705,474
Depreciation and amortisation	91,286,449,837	75,032,392,461
Out-sourced services	3,733,243,162	6,310,409,156
Other	74,403,504,135	70,665,815,000
	<u>228,161,624,524</u>	<u>212,569,974,627</u>

**25. FINANCIAL INCOME**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Bank and loan interest	1,734,845,745	1,024,635,610
Foreign exchange gain	-	35,016
	<u>1,734,845,745</u>	<u>1,024,670,626</u>

**26. FINANCIAL EXPENSES**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Interest expense	53,234,678,964	46,125,614,736
Foreign exchange loss	532,011,710	1,604,310,891
Guarantee fee	244,412,564	405,421,325.00
Other financial expenses	-	97,500,000
	<u>54,011,103,238</u>	<u>48,232,846,952</u>

**27. ADMINISTRATION EXPENSES**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Labour	20,866,267,880	24,003,401,608
Provision for doubtful debts	10,200,000,000	23,800,000,000
Other expenses	21,423,254,855	23,762,857,629
	<u>52,489,522,735</u>	<u>71,566,259,237</u>

**28. OTHER INCOME**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Exchange rate differences from construction of Cua Dat Hydroelectric in 2016 and 2017	22,901,974,386	-
Income from sale of emissions reduction certificates	1,089,343,191	1,273,559,240
Other	436,937,936	201,560,000
	<u>24,428,255,513</u>	<u>1,475,119,240</u>

29. CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
- Corporate income tax expense based on taxable profit in the current year	23,098,058,143	28,339,022,534
- Exemption tax	(11,543,040,345)	(13,584,812,183)
- Adjustments for corporate income tax expense in previous years to the current	57,449,157	-
<b>Total current corporate income tax expense</b>	<b>11,612,466,955</b>	<b>14,754,210,351</b>

30. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the ordinary shareholders of the Company is based on the following figures:

	Current year	Opening Balance (Restated)
	VND	VND
<b>Accounting profit after corporate income tax</b>	<b>220,853,548,432</b>	<b>234,930,501,191</b>
<i>Appropriation to Bonus and Welfare Fund, exceeding the plan (*)</i>	-	(25,407,332,600)
<b>Profit or loss attributable to ordinary shareholders</b>	<b>220,853,548,432</b>	<b>209,523,168,591</b>
Average ordinary shares in circulation for the year (**)	56,999,993	49,254,241
<b>Basic earnings per share</b>	<b>3,875</b>	<b>4,254</b>

(\*) At the reporting date, the Company has not reliably estimated the distribution of profit for the year ended as at 31 December 2019 to bonus and welfare funds because Shareholders have not decided on the rate of deduction for these funds, If the Company had distributed profit to the bonus and welfare fund for the year ended as at 31 December 2019, the net profit attributable to ordinary shareholders of the Holding Company would have decrease.

Basic earnings per share for the year ended as at 31 December 2018 was restated due to the influence of 2018 after-tax profit distribution according to Resolution No. 01/2019/NQ-DHDCD dated 16 March 2019 of the General Meeting of Shareholders of the Parent Company and Resolution No. 01/2019/NQ-DHDCD dated 29 March 2019 of the General Meeting of Shareholders of Bai Thuong Hydropower Joint Stock Company (Subsidiary of the Company), as follows:

	Prior year	
	Previously reported amount	Amount after reclassification
	VND	VND
<b>Accounting profit after corporate income tax</b>	<b>234,930,501,191</b>	<b>234,930,501,191</b>
<i>Appropriation to Bonus and Welfare Fund, bonuses for exceeding the plan in 2018 according to the Resolution of the General Meeting of Shareholders</i>	(31,543,488,189)	(25,407,332,600)
<b>Profit or loss attributable to ordinary shareholders</b>	<b>203,387,013,002</b>	<b>209,523,168,591</b>
Average ordinary shares in circulation for the year	49,254,241	49,254,241
<b>Basic earnings per share</b>	<b>4,129</b>	<b>4,254</b>

(\*\*) The average common shares in circulation during the year are calculated as follows:

	<u>Current year</u>	<u>Prior year</u>
<b>Ordinary shares in circulation at the beginning of the year</b>	56,999,993	45,599,995
Impact of 11,399,998 ordinary shares issued on 05 September 2018	-	3,654,246
<b>Average ordinary shares in circulation for the year</b>	<b>56,999,993</b>	<b>49,254,241</b>

### 31. CONTINGENT ASSET

According to the Circular No. 56/2014/TT-BCT dated 19 December 2014 issued by the Ministry of Industry and Trade providing regulations on the method of determining the electricity generation price and the order of examining the electricity trading contract, the Company will be reimbursed for the foreign exchange rate losses incurred on loan principal repayment for the construction of Cua Dat hydropower plant. As at 31 December 2019, the Company has received the written approval for the reimbursement amounts for foreign exchange losses incurred in 2016 and 2017 and was working with Vietnam Electricity on such amounts for 2018 and 2019. The Company assessed that there was not sufficient basis to record an income and is currently monitoring this receivable amount for exchange rate losses as a contingent assets which will recorded when there are official decisions of competent authorities.

### 32. COMMITMENTS

	<u>Current year</u> VND	<u>Prior year</u> VND
Minimum office rental expenses have been recognized in the income statement	1,618,388,592	1,618,388,592
At the end of the financial year, the Company has non-cancellable operating lease commitments with the following payment schedule:		
	<u>Current year</u> VND	<u>Prior year</u> VND
Within one year	1,618,388,592	1,618,388,592
In the second to fifth year inclusive	4,855,165,776	6,473,554,368
After five years	-	809,194,296
	<u><b>6,473,554,368</b></u>	<u><b>8,901,137,256</b></u>

### 33. RELATED PARTY TRANSACTIONS AND BALANCES

*List of related parties with significant transactions and balances for the year:*

<u>Related parties</u>	<u>Relationship</u>
Vinaconex Power Development and Construction Investment Joint Stock Company	Share holder
VSD Investment Joint Stock Company	Share holder

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

	Current year	Prior year
	VND	VND
<b>Purchase</b>	<b>1,476,492,466</b>	<b>981,840,491</b>
Vinaconex Power Development and Construction Investment Joint Stock Company	1,476,492,466	981,840,491
<b>Principal payments</b>	<b>40,374,177,019</b>	<b>39,447,389,431</b>
Vinaconex Power Development and Construction Investment Joint Stock Company	40,374,177,019	39,447,389,431
<b>Interest expense</b>	<b>869,586,871</b>	<b>2,339,100,879</b>
Vinaconex Power Development and Construction Investment Joint Stock Company	869,586,871	2,339,100,879
<b>Loan guarantee fee</b>	<b>142,496,693</b>	<b>405,421,325</b>
Vinaconex Power Development and Construction Investment Joint Stock Company	142,496,693	405,421,325

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

	Closing balance	Opening balance
	VND	VND
<b>Payable</b>	-	<b>27,000,904</b>
Vinaconex Power Development and Construction Investment Joint Stock Company	-	27,000,904
<b>Accrued expenses</b>	-	<b>369,339,730</b>
Vinaconex Power Development and Construction Investment Joint Stock Company	-	369,339,730
<b>Current portion of long-term loans</b>	-	<b>40,291,506,396</b>
Vinaconex Power Development and Construction Investment Joint Stock Company	-	40,291,506,396
	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Remuneration paid to the Company's Member's Council and Board of Directors	17,025,486,260	12,800,767,269

#### 34. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

##### Supplemental non-cash disclosures

Dividends and profits paid during the year do not include VND 13,334,261,011 (in 2018: VND 19,972,088,596), declared but not yet paid. Consequently, a corresponding amount has been adjusted on the payables change section.

#### 35. SUBSEQUENT EVENTS

The Shareholders' 2019 Extraordinary General Meeting's Resolution No. 01A/2020/NQ-DHDCD dated 14 February 2020 approve the registration of listing on the stock exchange with the stock code of VCP, the number of shares registered to be listed is 56,999,993 and the shares are expected to be officially listed on the stock exchange in the second or third quarter of 2020.

The Shareholders' 2019 Extraordinary General Meeting's Resolution No. 01A/2020/NQ-DHDCD dated 14 February 2020 also approve that the existing shareholder, PVI Opportunity Fund (POF), shall not have to perform procedures for VCP shares mandatory public offering (MPO) despite the fact that the purchase of VCP shares by POF resulted in POF's ownership of 25% or more of the shares with voting rights.

On 14 February 2020, United Asia Investment Joint Stock Company (the Company's shareholder) announced to complete the sale of its 3,900,000 VCP shares on the UPCoM, which decreases the shareholding of this investor from 5,700,000 shares (equivalent to 10% of total common shares) to 1,800,000 shares (equivalent to 3.16% of total common shares) of the Company. United Asia Investment Joint Stock Company was no longer a major shareholder of the Company since 10 February 2020.

On 14 February 2020, PVI Opportunity Funds (POF) (the Company's shareholder) announced to complete the purchase of 3,900,000 VCP shares on the UPCoM, which increases the shareholding of this investor from 10,000,000 shares (equivalent to 17.54% of total common shares) to 13,900,000 shares (equivalent to 24.39% of total common shares) of the Company.

On 14 February 2020, VSD Investment Joint Stock Company (the Company's shareholder) announced to register the sale of its 6,217,680 VCP shares (equivalent to 10.91% of total common shares) on the UPCoM via the continuous order-matching and put-through trading method. The transaction period shall be from 17 February 2020 to 17 March 2020.

On 19 February 2020, Vietnam Construction and Import-Export Joint Stock Corporation (the Company's shareholder) announced to register the sale of its entire shareholding in the Company, selling all of its 15,971,760 VCP shares (equivalent to 28,02% of total common shares) on the UPCoM via the continuous order-matching and put-through trading method. The transaction period shall be from 19 February 2020 to 18 March 2020.

  
\_\_\_\_\_  
**Nguyen Viet Hoang**  
Preparer

  
\_\_\_\_\_  
**Nguyen Van Binh**  
Chief Accountant

  
\_\_\_\_\_  
**Vuong Hoang Minh**  
General Director



24 February 2020