

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

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE FINANCIAL
STATEMENTS**

For the year ended 31 December 2019



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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 financial statements 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. Duong Van Mau	Chairman (appointed on 21 March 2019)
Ông Vương Hoàng Minh Minh	Member (resigned as Chairman on 16 March 2019, appointed as Member on 16 March 2019)
Mr. Vu Ngọc Tú	Vice Chairman (appointed on 21 March 2019)
Mr. Nguyễn Hữu Toi	Member (appointed on 16 March 2019)
Mr. Nguyễn Tuấn Cường	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. Phạm Bảo Long	Member

Board of Directors

Mr. Vương Hoàng Minh	General Director (appointed on 21 March 2019)
Mr. Phạm Bảo Long	Deputy General Director (resigned as General Director on 21 March 2019, appointed as Deputy General Director on 21 March 2019)
Ông Đỗ Vương Cường	Deputy General Director
Ông Ngô Mạnh Cường	Deputy General Director (resigned on 21 March 2019)

THE BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2019, 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.

In preparing these 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 financial statements;
- prepare the 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 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 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 financial statements.

For and on behalf of the Board of Directors,



Vuong Hoang Minh
General Director

17 February 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Vinaconex Power Development and Construction Investment Joint Stock Company (the "Company"), prepared on 17 February 2020 as set out from page 05 to page 27, which comprise the balance sheet as at 31 December 2019, and the statement of income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

Board of Directors is responsible for the preparation and fair presentation of these 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 management 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 these 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 Board of Directors, as well as evaluating the overall presentation of the separate 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 financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of Matter

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 30 January 2019.



Đại Chức Dung

Audit Partner

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

DELOITTE VIETNAM COMPANY LIMITED

17 February 2020
Hanoi, S.R. Vietnam

Phan Ngoc Anh

Auditor

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

BALANCE SHEET

As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance (Restated)
A. CURRENT ASSETS	100		112,870,975,835	218,265,522,678
I. Cash and cash equivalents	110	4	15,595,287,287	70,152,226,892
1. Cash	111		15,595,287,287	20,152,226,892
2. Cash equivalents	112		-	50,000,000,000
II. Short-term financial investments	120	5	2,064,000,000	1,000,000,000
1. Held-to-maturity investments	123		2,064,000,000	1,000,000,000
III. Short-term receivables	130		80,261,813,004	130,519,438,275
1. Short-term trade receivables	131	6	55,385,779,720	82,374,474,243
2. Short-term advances to suppliers	132	7	1,843,681,197	350,834,000
3. Other short-term receivables	136	8	57,032,352,087	71,594,130,032
4. Provision for short-term doubtful debts	137	9	(34,000,000,000)	(23,800,000,000)
IV. Inventories	140	10	14,505,463,536	16,166,865,786
1. Inventories	141		14,505,463,536	16,166,865,786
V. Other short-term assets	150		444,412,008	426,991,725
1. Short-term prepayments	151	11	444,412,008	426,991,725
B. NON-CURRENT ASSETS	200		962,716,782,677	1,027,495,832,692
I. Fixed assets	220		844,608,476,882	909,116,369,635
1. Tangible fixed assets	221	12	673,076,337,774	734,507,307,455
- Cost	222		1,238,399,779,842	1,238,031,148,570
- Accumulated depreciation	223		(565,323,442,068)	(503,523,841,115)
2. Intangible assets	227	13	171,532,139,108	174,609,062,180
- Cost	228		200,000,000,000	200,000,000,000
- Accumulated amortisation	229		(28,467,860,892)	(25,390,937,820)
II. Long-term assets in progress	240		5,639,182,800	4,183,755,134
1. Construction in progress	242	14	5,639,182,800	4,183,755,134
III. Long-term financial investments	250	5	102,000,000,000	102,000,000,000
1. Investments in subsidiaries	251		102,000,000,000	102,000,000,000
IV. Other long-term assets	260		10,469,122,995	12,195,707,923
1. Long-term prepayments	261	11	10,469,122,995	12,195,707,923
TOTAL ASSETS (270=100+200)	270		1,075,587,758,512	1,245,761,355,370

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

BALANCE SHEET (Continued)

As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance (Restated)
C. LIABILITIES	300		199,270,655,225	449,536,787,491
I. Current liabilities	310		199,270,655,225	381,482,161,421
1. Short-term trade payables	311	15	3,545,866,672	63,293,374,708
2. Taxes and amounts payable to the State budget	313	16	32,272,261,728	26,578,317,780
3. Payables to employees	314		6,918,118,204	9,068,301,308
4. Short-term accrued expenses	315	17	466,519,665	2,084,236,326
5. Other current payables	319	18	7,242,985,464	20,128,273,550
6. Short-term loans and obligations under finance leases	320	19	143,848,576,515	257,680,010,700
7. Bonus and welfare funds	322		4,976,326,977	2,649,647,049
II. Long-term liabilities	330		-	68,054,626,070
1. Other long-term payables	337		-	204,687,945
2. Long-term loans and obligations under finance leases	338	20	-	67,849,938,125
D. EQUITY	400		876,317,103,287	796,224,567,879
I. Owner's equity	410	21	876,317,103,287	796,224,567,879
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		270,787,646,990	190,695,111,582
- Retained earnings accumulated to the prior year end	421a		51,564,192,582	36,700,511,129
- Retained earnings of the current year	421b		219,223,454,408	153,994,600,453
TOTAL RESOURCES (440=300+400)	440		1,075,587,758,512	1,245,761,355,370



Nguyen Viet Hoang
Preparer



Nguyen Van Binh
Chief accountant





Vuong Hoang Minh
General Director

17 February 2020

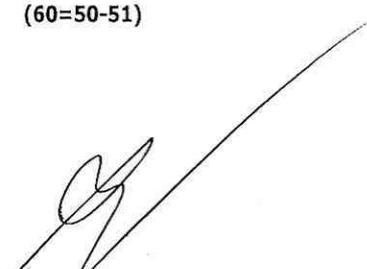
The accompanying notes are an integral part of these separate financial statements

INCOME STATEMENT

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Note	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	22	386,531,909,292	587,877,831,247
2. Net revenue from goods sold and services rendered (10=01)	10		386,531,909,292	587,877,831,247
3. Cost of sales	11	23	126,776,354,471	236,779,408,994
4. Gross profit from goods sold and services rendered (20=10-11)	20		259,755,554,821	351,098,422,253
5. Financial income	21	25	12,342,213,868	2,533,255,766
6. Financial expenses	22	26	19,820,887,491	33,781,723,430
- In which: Interest expense	23		19,435,705,332	31,674,491,214
7. General and administration expenses	26	27	44,281,601,301	65,783,881,070
8. Operating profit (30=20+21-22-26)	30		207,995,279,897	254,066,073,519
9. Other income	31	28	23,000,527,338	182,960,000
10. Other expenses	32		159,885,872	233,215
11. Profit from other activities (40=31-32)	40		22,840,641,466	182,726,785
12. Accounting profit before tax (50=30+40)	50		230,835,921,363	254,248,800,304
13. Deferred corporate tax expense	51	29	11,612,466,955	14,754,210,351
14. Net profit after corporate income tax (60=50-51)	60		219,223,454,408	239,494,589,953


Nguyen Viet Hoang
Preparer


Nguyen Van Binh
Chief Accountant


Vuong Hoang Minh
General Director

17 February 2020



CASH FLOW STATEMENT

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current period	Prior period (Restated)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	230,835,921,363	254,248,800,304
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	64,876,524,025	64,421,451,461
Provisions	03	10,200,000,000	23,800,000,000
Foreign exchange loss arising from translating foreign currency items	04	-	844,119,180
Gain from investing activities	05	(12,342,213,868)	(2,589,398,630)
Interest expense	06	19,435,705,332	31,674,491,214
3. Operating profit before movements in working capital	08	313,005,936,852	372,399,463,529
Changes in receivables	09	50,705,816,242	(61,609,398,361)
Changes in inventories	10	1,661,402,250	(5,329,634,650)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	(54,693,162,502)	49,469,895,080
Changes in prepaid expenses	12	1,709,164,645	1,205,526,165
Interest paid	14	(21,057,757,576)	(31,412,298,820)
Corporate income tax paid	15	(13,311,659,508)	(12,561,674,786)
Other cash outflows	17	(20,316,958,072)	(10,195,394,600)
Net cash generated by operating activities	20	257,702,782,331	301,966,483,557
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,824,058,938)	(5,682,359,597)
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	1,694,022,897	898,398,630
Net cash used in investing activities	30	(1,194,036,041)	(5,622,960,967)

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

CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current period	Prior period (Restated)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	-	119,940,155,148
2. Proceeds from borrowings	33	247,319,035,327	259,756,443,279
3. Repayment of borrowings	34	(429,000,407,637)	(437,706,024,437)
4. Dividends and profits paid	36	(129,384,313,585)	(174,459,700,629)
Net cash used in financing activities	40	(311,065,685,895)	(232,469,126,639)
Net increase in cash (50=20+30+40)	50	(54,556,939,605)	63,874,395,951
Cash and cash equivalents at the beginning of the year	60	70,152,226,892	6,277,830,941
Cash and cash equivalents at the end of the year (70=50+60)	70	15,595,287,287	70,152,226,892



Nguyen Viet Hoang
Preparer



Nguyen Van Binh
Chief Accountant



Vuong Hoang Minh
General Director

17 February 2020



NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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

The number of employees as at 31 December 2019 was 120 (31 December 2018: 143).

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 separate financial statements

Comparative figures are the figures of the audited separate 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
BALANCE SHEET			
Cash equivalents	80,000,000,000	(30,000,000,000)	50,000,000,000
Other short-term receivables	41,594,130,032	30,000,000,000	71,594,130,032
	Số đã báo cáo	Restated (*)	Amount after reclassification
CASH FLOW STATEMENT			
Changes in receivables	(31,609,398,361)	(30,000,000,000)	(61,609,398,361)
Net cash generated by operating activities	331,966,483,557	(30,000,000,000)	301,966,483,557
Net increase in cash	93,874,395,951	(30,000,000,000)	63,874,395,951
Cash and cash equivalents at the end of the year	100,152,226,892	(30,000,000,000)	70,152,226,892

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate 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 separate 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 liabilities exceeded its current assets by VND 86.399.679.390 (as at 31 December 2018: VND 163.216.638.743) which raised doubt about the Company's ability to pay its debts as and when they fall to due. The Company's solvency within the next 12 months depends on its operations in the year as well as the ability to raise funds from credit institutions. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. The business situation and plan of Board of Directors related to this matter are as follows::

- The Company's financial performance is stable with VND 230,8 billion pre-tax profit in 2019 (VND 254,2 billion in 2018), achieving the target set out in the revised profit plan under the Annual General Meeting of Shareholders' Resolution No. 01/2019/NQ-DHDCD dated 28 November 2019.
- The Company has been capable of paying loans coming due according to the debt repayment schedule, and there has been no late repayment of debts.
- In the year 2019, the Company had sufficient cash flows from operating activities; the dividends declared from its 2018 retained earnings amounted to VND 113,999,986,000; and the Company has paid the dividend amount of VND 129,384,313,585 (including VND 19,898,588,596 of 2018 dividends payable).

The Board of Directors carefully evaluated the business plan and performed cash flow projection to ensure the funds to pay and financial obligations as and when due they fall and believed that the preparation of separate financial statements on a going concern basis was appropriate.

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Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of separate 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank 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.

Investments in subsidiaries

A subsidiary is an entity over which the Company has control. 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. In the separate financial statements, investments in subsidiaries are accounted for at cost. Provision for impairment of investments in subsidiaries is made in accordance with current accounting regulations.

Receivables

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

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

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 inventory system to account for inventories.

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

Intangible assets and amortization

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 expenses paid by the Company that directly related to the land, including compensation cost and site clearance, leveling, registration expenses.

Land use rights are amortised using the straight-line method over 65 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, fixed assets repair cost, site clearance compensation cost 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 3 years.

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

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 and as confirmed by customers. 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

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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 6th 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 (Reclassification)
	VND	VND
Cash on hand	2,790,854,711	84,949,533
Bank demand deposits (*)	12,804,432,576	20,067,277,359
Cash equivalents	-	50,000,000,000
	15,595,287,287	70,152,226,892

(*) As stated at Note 19, as at 31 December 2019, the Company used its demand deposits at Saigon Hanoi Commercial Joint Stock Bank - Thang Long Branch with the amount of VND 3,431,383,700 to secure its short-term loan from this bank.

5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost Provision	Fair value	Cost Provision	Fair value
a. Current investments				
Held-to-maturity investments				
Bank demand deposits (i)	2,064,000,000	2,064,000,000	1,000,000,000	1,000,000,000
	2,064,000,000	2,064,000,000	1,000,000,000	1,000,000,000
b. Non-current investments				
Investments in subsidiaries				
Bai Thuong Hydropower Joint Stock Company	25,500,000,000	(ii)	25,500,000,000	(ii)
Xuan Minh Hydropower Joint Stock Company	76,500,000,000	(ii)	76,500,000,000	(ii)

- (i) Deposits at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Nam Branch with term of 12 month earn interest at the rates from 6.4%/year to 6.8%/year.
- (ii) The Company has not determined fair value of its financial investments as at the balance sheet date since there is no comprehensive guidance of relevant prevailing regulations on determination of fair value of these financial investments.

Operation of subsidiaries in the year as follows:

Subsidiaries	Current year	Prior year
Bai Thuong Hydropower Joint Stock Company	Operating at a profit	Operating at a profit
Xuan Minh Hydropower Joint Stock Company	Operating at a profit	Not yet operating until the end of 2018

6. TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Electric Power Trading Company	48,192,695,293	33,497,465,587
Xuan Minh Hydropower Joint Stock Company	5,231,707,287	46,009,856,014
Bai Thuong Hydropower Joint Stock Company	1,697,192,240	2,632,586,320
Others	264,184,900	234,566,322
	55,385,779,720	82,374,474,243
In which: Receivables from related parties (Details stated in Note 32)	6,928,899,527	48,642,442,334

**VINACONEX POWER DEVELOPMENT AND CONSTRUCTION
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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7. ADVANCES TO SUPPLIERS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Andritz Vietnam Company Limited	660,000,000	-
Song Da Consulting Joint Stock Company	439,324,030	-
Asia Power Engineering Consulting Limited Company	240,000,000	-
Medical Laboratory and Technology Company Limited	172,866,825	-
Vietnamtourism - Hanoi Joint Stock Company	-	200,000,000
Others	331,490,342	150,834,000
	1,843,681,197	350,834,000

8. OTHER RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> (Reclassification) VND
Receivables relating to subsidy for post-investment interest expenses	36,700,511,129	36,700,511,129
Xuan Minh Hydropower Joint Stock Company - dividends receivable	9,180,000,000	-
Advances to employees	5,548,720,275	538,350,825
Bai Thuong Hydropower Joint Stock Company- Dividends receivable	3,060,000,000	1,530,000,000
Deposits	-	30,000,000,000
Others	2,543,120,683	2,825,268,078
	57,032,352,087	71,594,130,032
Other receivables from related parties (Details stated in Note 32)	12,240,000,000	1,530,000,000

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	Over 2 years
	36,700,511,129	2,700,511,129		36,700,511,129	12,900,511,129	

(*) Recoverable amount is determined at cost less provision for doubtful debts.

10. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost VND	Provision VND	Cost VND	Provision VND
Tools and supplies	14,505,463,536	-	16,166,865,786	-
	14,505,463,536	-	16,166,865,786	-

11. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
Tools and supplies issued for consumption	188,372,561	390,339,000
Others	256,039,447	36,652,725
	<u>444,412,008</u>	<u>426,991,725</u>
b. Non-current		
Office rental	6,473,554,682	8,091,942,944
Tools and supplies issued for consumption	2,753,885,081	2,722,425,875
Repair of fixed assets(*)	597,549,119	882,301,688
Others	644,134,113	499,037,416
	<u>10,469,122,995</u>	<u>12,195,707,923</u>

(*) Prepayment for repair of fixed assets are amounts for repairing s of Cua Dat hydropower plant.

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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
COST						
Opening balance	679,755,040,957	542,566,239,767	13,302,853,351	2,377,014,495	30,000,000	1,238,031,148,570
Additions in the year	-	318,304,000	-	50,327,272	-	368,631,272
Closing balance	679,755,040,957	542,884,543,767	13,302,853,351	2,427,341,767	30,000,000	1,238,399,779,842
ACCUMULATED DEPRECIATION						
Opening balance	196,991,512,864	297,819,467,081	7,459,096,069	1,229,598,444	24,166,657	503,523,841,115
Charge for the year	23,921,831,088	36,505,523,464	1,075,771,534	290,641,524	5,833,343	61,799,600,953
Closing balance	220,913,343,952	334,324,990,545	8,534,867,603	1,520,239,968	30,000,000	565,323,442,068
NET BOOK VALUE						
Opening balance	482,763,528,093	244,746,772,686	5,843,757,282	1,147,416,051	5,833,343	734,507,307,455
Closing balance	458,841,697,005	208,559,553,222	4,767,985,748	907,101,799	-	673,076,337,774

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: 6,709,897,324 VND).

As at 31 December 2019, some tangible fixed assets were pledged to secure the Company's borrowings with the total net book of VND 663,375,427,736 (as at 31 December 2018: 722,810,496,716 VND).

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND
COST	
Opening balance	200,000,000,000
Closing balance	200,000,000,000
ACCUMULATED AMORTISATION	
Opening balance	25,390,937,820
Charge for the year	3,076,923,072
Closing balance	28,467,860,892
NET BOOK VALUE	
Closing balance	174,609,062,180
Opening balance	171,532,139,108

14. CONSTRUCTION IN PROGRESS

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

15. TRADE PAYABLES

	Closing balance VND	Opening balance VND
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	98,501,270	9,240,927,033
Song Chu Limited Company	-	20,954,022,274
Hydraulics Contruccion Corporation No.4 Joint Stock Company	-	16,776,731,496
Mechanization Electrification Construction corporation-Joint Stock Corpotation	-	7,488,132,704
Viet Nam Construction and Import - Export Joint Stock Corporation	-	27,000,904
Others	652,629,004	2,800,652,832
	3,545,866,672	63,293,374,708
Trade payables to related parties (Details stated in Note 32)	-	27,000,904

* H.N.V. M.S.C

16. TAX AND OTHER PAYABLES TO THE STATE BUDGET

Items	Opening balance	Movement in period		Closing balance
		Payable	Paid/Received during the year	
	VND	VND	VND	VND
Value added tax	6,205,738,064	41,709,822,035	45,924,121,297	1,991,438,802
Corporate income tax	8,254,210,350	11,612,466,955	13,311,659,508	6,555,017,797
Personal income tax	2,464,583,390	10,476,436,763	7,242,762,187	5,698,257,966
Natural resource tax	5,255,748,740	39,310,174,169	42,213,701,218	2,352,221,691
Other taxes	4,398,037,236	28,251,501,600	16,974,213,364	15,675,325,472
Total	26,578,317,780	131,360,401,522	125,666,457,574	32,272,261,728

17. ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Accrued interest	466,519,665	2,084,236,326
	466,519,665	2,084,236,326

18. OTHER PAYABLES

	Closing balance	Opening balance
	VND	VND
Dividends payable	4,514,261,011	19,898,588,596
Target bonus for managerial personal and units (*)	2,487,295,000	-
Others	241,429,453	229,684,954
	7,242,985,464	20,128,273,550

(*) 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	VND	Increase	Decrease	Amount/ Amount able to be paid off	VND
Short-term loans (*)	106,928,504,304		247,236,364,704	276,671,230,618	77,493,638,390	
Current portion of long-term loans	150,751,506,396		67,932,608,748	152,329,177,019	66,354,938,125	
	257,680,010,700		315,168,973,452	429,000,407,637	143,848,576,515	
(*) Detail 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	47,670,602,416	34,427,457,410			
Ms. 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			
Mr. Tran Hong Ha (ii)	VND	3,000,000,000	-			
Mr. Nguyen Viet Hoang (ii)	VND	2,500,000,000	-			
Ms. Tran Thi Thu Hien (ii)	VND	1,000,000,000	-			
Ms. Phan Thu Huong (ii)	VND	800,000,000	-			
Mr. Nguyen Tuan Kiet (ii)	VND	660,000,000	-			
Ms. Nguyen Thanh Phuong (ii)	VND	595,000,000	95,000,000			
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch	VND	-	8,225,978,719			
		77,493,638,390	106,928,504,304			

(i) Represent 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.

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

(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.

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

20. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Closing balance	
	Amount/	Amount/	Increase	Decrease	Amount/	Amount/
	Amount/	Amount/			Amount/	Amount/
	paid off	able to be	VND	VND	to be paid off	to be paid off
	VND	VND			VND	VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - Chuong Duong Branch (i)	176,354,938,125	-	-	110,000,000,000	66,354,938,125	66,354,938,125
Viet Nam Construction and Import - Export Joint Stock Corporation	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	-	-
	218,601,444,521		82,670,623	152,329,177,019	66,354,938,125	66,354,938,125

In which:

Amount due for settlement within 12 months

150,751,506,396

Amount due for settlement after 12 months

67,849,938,125

- (i) 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	Opening balance
	VND	VND
Within one year	66,354,938,125	150,751,506,396
In the second year	-	67,849,938,125
	66,354,938,125	218,601,444,521
Less: Amount due for settlement within 12 months	66,354,938,125	150,751,506,396
Amount due for settlement after 12 months	-	67,849,938,125

21. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital	Share premium	Investment and Development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
Prior year's opening balance	455,999,950,000	-	-	178,851,395,278	634,851,345,278
Capital increase in the year	113,999,980,000	6,157,775,148	-	-	120,157,755,148
Expense for issue share	-	(217,600,000)	-	-	(217,600,000)
Profit for the year	-	-	-	239,494,589,953	239,494,589,953
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	(36,384,233,149)	(6,794,882,000)
Dividends declared	-	-	-	(185,819,978,500)	(185,819,978,500)
Prior year's closing balance	569,999,930,000	5,940,175,148	29,589,351,149	190,695,111,582	796,224,567,879
Current year's opening balance	569,999,930,000	5,940,175,148	29,589,351,149	190,695,111,582	796,224,567,879
Profit for the year	-	-	-	219,223,454,408	219,223,454,408
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)
Dividends declared (*)	-	-	-	(113,999,986,000)	(113,999,986,000)
Current year's closing balance	569,999,930,000	5,940,175,148	29,589,351,149	270,787,646,990	876,317,103,287

(*) According to the Resolution No. 01/2019/NQ-DHDCCD, the Annual General Meeting of Shareholders 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 dividend from retained earnings in 2018 with the amount of VND 113,999,986,000. According to the Decision No.24/2019/QĐ-HĐQT 27 June, 2019 of the Board of Directors decided to pay dividend of 2018 for the second time in cash, the ex-dividend date is 12 July, 2019 with a ratio of 20%, payment period starting 31 July 2019.
- Distributions to 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.

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Shares	<u>Closing balance</u>	<u>Opening balance</u>
- 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

22. REVENUE	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Sales of electricity	383,435,320,764	469,488,090,362
Sales of services	3,096,588,528	5,629,385,380
Sales from construction contracts	-	112,760,355,505
	<u>386,531,909,292</u>	<u>587,877,831,247</u>
In which: Revenue from related parties (Details stated in Note 32)	<u>1,788,554,042</u>	<u>117,111,659,327</u>

23. COST OF SALE	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Cost of electricity	123,679,765,943	124,671,157,301
Cost of services rendered	3,096,588,528	4,851,509,912
Cost of construction contracts	-	107,256,741,781
	<u>126,776,354,471</u>	<u>236,779,408,994</u>

24. PRODUCTION COST BY NATURE	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Raw materials and consumables	4,551,344,838	6,276,652,536
Labour	36,084,092,476	54,284,705,474
Depreciation and amortisation	64,876,524,025	64,421,451,461
Out-sourced services	3,733,243,162	112,121,881,084
Others	61,812,751,271	63,422,369,509
	<u>171,057,955,772</u>	<u>300,527,060,064</u>

25. FINANCIAL INCOME	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Dividends and profits received	10,710,000,000	1,530,000,000
Bank and loan interest	1,632,213,868	1,003,220,750
Foreign exchange gain	-	35,016
	<u>12,342,213,868</u>	<u>2,533,255,766</u>

26. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	19,435,705,332	31,674,491,214
Guarantee fee	244,412,564	405,421,325
Foreign exchange loss	140,769,595	1,604,310,891
Other financial expenses	-	97,500,000
	19,820,887,491	33,781,723,430

27. ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Labour	20,866,267,880	24,003,401,608
Provision for doubtful debts	10,200,000,000	23,800,000,000
Other expenses	13,215,333,421	17,980,479,462
	44,281,601,301	65,783,881,070

28. OTHER INCOME

	Current year VND	Prior year VND
Exchange rate differences from construction of Cua Dat Hydropower plant in 2016 and 2017	22,901,974,386	-
Others	98,552,952	182,960,000
	23,000,527,338	182,960,000

29. CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Profit before tax	230,835,921,363	254,248,800,304
Adjustments for taxable profit		
Less: non-taxable income		
- Dividend received from Xuan Minh Hydropower Joint Stock Company	9,180,000,000	-
- Dividend received from Bai Thuong Hydropower Joint Stock Company	1,530,000,000	1,530,000,000
- Adjustments relating to Trade payables following the Decision of Tax Inspector in 2019	38,665,680	-
Add back: non-deductible expenses		
- Depreciation of cars in excess of the prescribed	473,552,604	473,552,604
- Penalties for late payment of taxes and insurance	159,885,872	233,215
- Expenses for organizing a golf tournament	-	550,648,375
- Provision for doubtful debts relating to the subsidy for post-investment interest	10,200,000,000	23,800,000,000
Taxable profit	230,920,694,159	277,543,234,498
Taxable profit from principal activities	230,860,806,887	271,696,243,657
Taxable profit from other activities	59,887,272	5,846,990,841
Tax rates	10% và 20%	10% và 20%
Corporate income tax expense based on taxable profit in the current year	23,098,058,143	28,339,022,534
Tax deductions	(11,543,040,345)	(13,584,812,183)
Adjustment for tax expenses in the previous years	57,449,157	-
Corporate income tax expense	11,612,466,955	14,754,210,351

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30. 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.

31. 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>Closing balance</u> VND	<u>Opening balance</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>6,473,554,368</u>	<u>8,901,137,256</u>

32. RELATED PARTY TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationship</u>
Vietnam Construction And Import-Export Joint Stock Corporation	Share holder
VSD Investment Joint Stock Company	Share holder
Bai Thuong Hydropower Joint Stock Company	Subsidiaries
Xuan Minh Hydropower Joint Stock Company	Subsidiaries

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

	<u>Current year</u> VND	<u>Prior year</u> VND
Sales of merchandises and services	1,788,554,042	117,111,659,327
Xuan Minh Hydropower Joint Stock Company	1,300,554,042	115,571,789,947
Bai Thuong Hydropower Joint Stock Company	488,000,000	1,539,869,380
Purchase	1,476,492,466	981,840,491
Vietnam Construction And Import-Export Joint Stock	1,476,492,466	981,840,491
Principal payments in year	40,374,177,019	39,447,389,431
Vietnam Construction And Import-Export Joint Stock Corporatio	40,374,177,019	39,447,389,431
Interest expense	869,586,871	2,339,100,879
Vietnam Construction And Import-Export Joint Stock	869,586,871	2,339,100,879
Loan guarantee fee	142,496,693	405,421,325
Vietnam Construction And Import-Export Joint Stock	142,496,693	405,421,325

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables	6,928,899,527	48,642,442,334
Xuan Minh Hydropower Joint Stock Company	5,231,707,287	46,009,856,014
Bai Thuong Hydropower Joint Stock Company	1,697,192,240	2,632,586,320
Other receivables	12,240,000,000	1,530,000,000
Xuan Minh Hydropower Joint Stock Company	9,180,000,000	-
Bai Thuong Hydropower Joint Stock Company	3,060,000,000	1,530,000,000
Payable	-	27,000,904
Vietnam Construction And Import-Export Joint Stock Corporation	-	27,000,904
Accrued expenses	-	369,339,730
Vietnam Construction And Import-Export Joint Stock Corporation	-	369,339,730
Current portion of long-term loans	-	40,291,506,396
Vietnam Construction And Import-Export Joint Stock Corporation	-	40,291,506,396

33. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Dividends and profits paid during the year do not include VND 4,514,261,011 (2018: VND 19,898,588,596), representing the dividend amount declared but not yet paid. Consequently, changes in payable have been adjusted by the same amount.

34. EVENTS AFTER THE REPORTING PERIOD

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.

35. OTHER EVENT

As at 31 December 2019, Vietnam Construction and Import-Export Joint Stock Corporation (shareholder) has approved its entire divestment from the Company, selling all of its 18,971,760 VCP shares (equivalent to 28.02% of total common shares) on Hanoi Stock Exchange.


Nguyen Viet Hoang
Preparer


Nguyen Van Binh
Chief Accountant


Vuong Hoang Minh
General Director

17 December 2020

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