

PROPOSAL

Regarding 2020 Business plan

**To: 2019 ANNUAL GENERAL SHAREHOLDERS MEETING
SAIGON WATER INFRASTRUCTURE CORPORATION**

I. 2020 BUSINESS ORIENTATION

In 2020, the Company will no longer record VND 200 billion in revenue from the allocation of VND 600 billion support while the profits of Tan Hiep, Gia Lai, Dankia, BOO companies are not sufficient to offset losses from Cu Chi and SG-Pleiku projects, so the Company's business results will suffer losses. However, the Company will continue to make efforts to resolve production and financial difficulties. The main objectives and solutions are as follows:

1. Improve the operational efficiency of projects and subsidiaries

- Cu Chi Project:
 - Increase the number of clients in manufacturing sector, thereby increase the billed volume and average tariff.
 - Continue to work with the City People's Committee, departments and management board of the industrial parks in the area to encourage the transition of groundwater use to clean water provided by the Company. Along with that, the Company will work with other water suppliers in the area to come up with a solution for sharing benefits and cooperating in supplying water to clients in the industrial parks.
- Dankia: carry out the volume increase with Lam Dong Water Supply Company from 25,000 m3/day to 27,000 m3/day.
- Gia Lai WASSCO:
 - Provide more solutions to reduce water loss;

- Liaise with Pleiku Project Management team to carry out the procedures to repair and replace the water supply network in the urban renovation and upgrading project.
 - Increase the use of technology in management;
 - Liaise with Department of Construction and Department of Environmental resources to monitor and control the exploitation of groundwater in the companies in the area.
- Saigon - Pleiku
- Control operating expenses, reduce costs;
 - Negotiate with Tra Da Industrial Park in order to gain the right to supply water as soon as possible.
- 2. Settlement of financial obligations through the exploitation of existing assets and searching for financial resources:**
- Mobilizing new sources of capital: recover collateral assets at banks to search and mobilize new sources of capital.
 - Propose to the City People's Committee to fulfill all commitments in project 3504 (regarding raw water fee and transportation fee).
- 3. Management activities**
- Review all management activities (personnel allocation, salary schemes and other cost control) in order to reduce operating cost and increase income for employees;
 - Actively work with the local government in order to fulfill all commitments in Project 3504 (Cu Chi), increase volume, restructure customer base with the main target customer is corporate customers or manufacturers.
 - Restructure some subsidiaries, divest in Saigon – An Khe and some other subsidiaries to deal with financial difficulties;
 - Enhance technical solutions to reduce water loss and reduce electricity consumption;
 - Apply information technology in management, outsource collecting agents to reduce operating costs, improve service quality.

II. 2020 BUSINESS PLAN

Some main figures and assumptions in 2020 business plan are as follows:

- Stop recording revenue from the allocated financial support of VND 600 billion;

- Billed volume of Saigon Dankia will increase to 27,000 m3/day instead of 25,000 m3/day in 2019;
- Tan Hiep is expected to increase its volume to 300,000 m3/day from Q3/2020;

The Board of Directors would like to propose the targets for 2020 as follows:

- Total revenue: VND 275.39 billion
- Total expense: VND 316.33 billion
- Income after tax: VND -40.94 billion
- Income after tax of parent company's shareholders: VND -39.81 billion

The profit contributed by each project / investment is as follows:

COMPANY	2020 plan (VND billion)
SII parent company	42.79
Cu Chi Project	(122.66)
Enviro	1.20
Saigon - Dankia	9.61
Saigon - Pleiku	(3.82)
Saigon - An Khe	(3.13)
Gia Lai WASSCO	1.99
Tan Hiep	68.44
Consolidated adjustments	(35.36)
INCOME AFTER TAX	(40.94)
Benefits of minority shareholders	(1.14)
INCOME AFTER TAX OF PARENT COMPANY'S SHAREHOLDERS	(39.81)

(Please refer to the detailed 2020 business plans for subsidiaries in the Appendix)

III. PROPOSAL

Based on 2020 business plan of SII, subsidiaries and associates, Board of Directors of Saigon Water Infrastructure Corporation would like to seek for General Shareholders' approval for 2020 business plan as follows:

1. Targets of production and business plans in 2020:

- Total revenue: VND 275.39 billion
- Total expense: VND 316.33 billion
- Income after tax: VND -40.94 billion
- Income after tax of parent company's shareholders: VND -39.81 billion

2. 2020 Profit distribution plan:

- Funds: Not setting up funds due to the Company's loss.
- Dividends: Not paying 2019 dividends.

Yours sincerely,

Address to:

- As above;
- Archive: Office (2).

**ON BEHALF OF THE BOARD
CHAIRMAN**



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APPENDIX

DETAILED 2020 BUSINESS PLANS OF SUBSIDIARIES AND ASSOCIATES

1. SII parent company

Item	2019	2020	2020 vs. 2019
Revenue	23.98	57.78	141%
Expense	12.98	13.38	3%
EBITDA	11.00	44.39	303%
Depreciation of office and administration	(0.46)	0.22	-147%
Income from deposit interest and loans	17.74	7.30	-59%
Financial expense	79.05	8.31	-89%
Other cost	0.99	0.24	-76%
PRE-TAX INCOME	(50.83)	42.92	-184%
CIT	(8.87)	0.13	-101%
INCOME AFTER TAX	(41.95)	42.79	-202%

2. Cu Chi Project

Item	2019	2020	2020 vs. 2019
<i>Total volume by year (million m3)</i>	<i>8.41</i>	<i>10.34</i>	<i>23%</i>
<i>Daily billed volume (m3/day)</i>	<i>23,050</i>	<i>28,257</i>	<i>23%</i>
<i>Average tariff (VND/m3)</i>	<i>7,121</i>	<i>7,533</i>	<i>6%</i>
Income from business and service	59.91	77.91	30%
Other income	200.52	1.20	-99%
TOTAL REVENUE	260.43	79.11	-70%
Total direct cost	52.69	56.40	7%
Total indirect cost	17.02	20.61	21%
TOTAL OPERATING COST	69.71	77.00	10%
Income before tax and depreciation	190.72	2.11	-99%
Depreciation of factories and facilities	64.37	64.80	1%
Depreciation of office and administration	1.05	0.48	-54%
Financial income	3.11	-	-100%
Interest expense, exchange rate difference	64.48	59.49	-8%
Chi phí khác	0.04	-	-100%
PRE-TAX INCOME	63.90	(122.66)	-292%
INCOME AFTER TAX	45.93	(122.66)	-367%

3. Enviro

Item	2019	2020	2020 vs. 2019
TOTAL REVENUE	16.31	16.80	3%
Total direct cost	15.27	15.12	-1%
Total indirect cost	12.76	0.60	-95%

Item	2019	2020	2020 vs. 2019
TOTAL OPERATING COST	28.03	15.72	-44%
EBITDA	(11.72)	1.08	-109%
Depreciation of factories and facilities	0.17	-	-100%
Financial income	0.62	0.42	-32%
PRE-TAX INCOME	(11.53)	1.50	-113%
CIT	-	0.30	0%
INCOME AFTER TAX	(11.53)	1.20	-110%

4. Saigon Dankia

Item	2019	2020	2020 vs. 2019
<i>Total volume by year (million m3)</i>	<i>9.19</i>	<i>9.86</i>	<i>7%</i>
<i>Daily billed volume (m3/day)</i>	<i>25,170</i>	<i>27,000</i>	<i>7%</i>
<i>Average tariff (VND/m3)</i>	<i>5,896</i>	<i>5,896</i>	<i>0%</i>
TOTAL REVENUE	54.17	58.11	7%
Total direct cost	27.52	29.92	8%
Total indirect cost	3.42	3.51	2%
TOTAL OPERATING COST	30.94	33.42	8%
EBITDA	23.23	24.68	7%
Depreciation of factories and facilities	11.04	11.60	5%
Depreciation of office and administration	0.74	0.77	4%
Financial expense	3.44	2.19	-36%
PRE-TAX INCOME	8.01	10.12	27%
CIT	0.40	0.51	27%
INCOME AFTER TAX	7.61	9.61	27%

5. Saigon Pleiku

Item	2019	2020	2020 vs. 2019
<i>Total volume by year (million m3)</i>	<i>2.42</i>	<i>0.68</i>	<i>-72%</i>
<i>Daily billed volume (m3/day)</i>	<i>6,621</i>	<i>1,870</i>	<i>-72%</i>
<i>Average tariff (VND/m3)</i>	<i>4,634</i>	<i>4,634</i>	<i>0%</i>
Net income	11.20	3.16	-72%
Direct cost	4.34	1.27	-71%
Indirect cost	1.78	0.44	-75%
TOTAL OPERATING COST	6.12	1.71	-72%
EBITDA	5.08	1.45	-71%
Depreciation of factories and facilities	8.29	2.07	-75%
Depreciation of office and administration	0.08	0.02	-75%
Financial expense	11.28	3.18	-72%

Item	2019	2020	2020 vs. 2019
PRE-TAX INCOME	(14.58)	(3.82)	-74%
INCOME AFTER TAX	(14.58)	(3.82)	-74%

6. Saigon An Khe

Item	2019	2020	2020 vs. 2019
<i>Total volume by year (million m3)</i>	<i>1.25</i>	<i>0.51</i>	<i>-59%</i>
<i>Daily billed volume (m3/day)</i>	<i>3,423</i>	<i>1,397</i>	<i>-59%</i>
<i>Average tariff (VND/m3)</i>	<i>5,967</i>	<i>7,117</i>	<i>19%</i>
TOTAL REVENUE	10.38	3.94	-62%
Direct cost	7.45	2.13	-71%
Indirect cost	1.57	0.21	-87%
TOTAL OPERATING COST	9.01	2.33	-74%
EBITDA	1.37	1.61	18%
Depreciation of factories and facilities	7.57	1.60	-79%
Depreciation of office and administration	0.03	0.01	-72%
Financial expense	11.64	3.12	-73%
Other expense	0.04	-	-100%
PRE-TAX INCOME	(17.91)	(3.13)	-83%
INCOME AFTER TAX	(17.91)	(3.13)	-83%

7. Gia Lai WASSCO

Item	2019	2020	2020 vs. 2019
<i>Total volume by year (million m3)</i>	<i>6.20</i>	<i>1.87</i>	<i>-70%</i>
<i>Daily billed volume (m3/day)</i>	<i>16,996</i>	<i>5,102</i>	<i>-70%</i>
<i>Average tariff (VND/m3)</i>	<i>7,250</i>	<i>8,134</i>	<i>12%</i>
Net income	51.36	15.19	-70%
Other income	3.15	0.13	-96%
TOTAL REVENUE	54.51	15.41	-72%
Direct cost	32.40	8.52	-74%
Indirect cost	10.21	2.71	-73%
TOTAL OPERATING COST	42.61	11.22	-74%
EBITDA	11.89	4.19	-65%
Depreciation of fixed assets	9.37	2.35	-75%
Financial income	1.14	0.24	-79%
PRE-TAX INCOME	2.70	2.08	-23%
CIT	0.09	0.09	-3%
INCOME AFTER TAX	2.90	1.99	-31%

8. Tan Hiep 2

Item	2019	2020	2020 vs. 2019
<i>Total volume by year (million m3)</i>	88.81	100.70	13%
<i>Daily billed volume (m3/day)</i>	243,314	275,890	13%
<i>Average tariff (VND/m3)</i>	4,051	4,314	6%
TOTAL REVENUE	359.77	434.42	21%
TOTAL OPERATING COST	142.13	153.24	8%
EBITDA	217.64	281.18	29%
Depreciation of fixed assets	53.26	53.26	0%
Financial expense	63.84	60.38	-5%
PRE-TAX INCOME	100.69	167.54	66%
CIT	-	8.38	0%
INCOME AFTER TAX	100.69	159.16	58%
INCOME RECORDED IN SII	43.29	68.44	58%

