

RESOLUTION OF THE BOARD OF MANAGEMENT

**ON APPROVAL OF PRODUCTION AND BUSINESS RESULTS OF QUARTER
IV, ENTIRE 2016 AND BUSINESS PLAN IN 2017; QUARTER I OF 2017 AND
OTHER RELEVANT POINTS**

THE BOARD OF MANAGEMENT OF SONG BA JOINT STOCK COMPANY

- In accordance with the Regulations of SONG BA JSC (SBA).
- In accordance with the Meeting Minutes of the Board of Management of SBA No 01/17/BB-HDQT dated 12/12/2016.

RESOLVES:

1/ On the Production and Business of quarter 4, entire 2016.

The Board of Management (BOM) agrees to adopt the following contents :

a/ Quarter 4/2016:

- Total commerce electricity production: 100.43/98.66 million kWh, reaching 101.79% of the plan (of which, Khe Dien is 17.88/17.66 million kWh, Krong H'ngang is 82.55/81.50 million kWh).
- Electricity production's revenue: 102.37/99.23 billion VND, reaching 103.16% of the plan (of which: Khe Dien is 16.12/15.42 billion VND, Krong H'ngang is 86.25/83.81 billion VND).
- Before CIT profit: 51.25/48.92 billion VND, reaching 104.76 % of the plan;
- Profit after CIT: 46.90/44.64 billion VND, reaching 105.06 % of the plan;
- EPS – VND/share: 778/741 VND/share, reaching 104.99% of the plan.

b/ Business results estimated for 2016:

- Total commerce electricity production: 171.64/175.0 million kWh, reaching 98.08 % of the year plan (of which, Khe Dien is 32.82/35.0 million kWh, Krong H'ngang is 138.82/140.0 million kWh).
- Electricity production's revenue : 206.88/203.21 billion VND, reaching 101.81 % of the year plan (of which, Khe Dien is 39.99/40.81 billion VND, Krong H'ngang is 166.89/162.40 billion VND).
- Revenue from Consulting services and other revenues: 5.02/5.00 billion VND;
- Total expenses: 142.62/141.66 billion VND, reaching 100.68 % of the year plan;
- Before CIT profit: 69.61/66.56 billion VND, reaching 104.58% of the year plan;

- Profit after CIT: 64.20/61.29 billion VND, reaching 104.75% of the year plan;
- EPS: 1,065.1,013 VND/Share, reaching 105.13% of the year plan.

2/ Production and business targets in 2017 and quarter 1/2017:

The BOM agrees to adopt the following contents:

2.1. The production and business targets in 2017:

- a. Total commerce electricity production of the 02 Hydropower plants: 209.0 million kWh.

(Of which, Khe Dien is 39.0 million kWh; Krong H'nang is 170.0 million kWh).

- b. Electricity production's revenue of the 02 Hydropower plants: 230.0 billion VND.

(Of which, Khe Dien is 43.0 billion VND; Krong H'nang is 187.0 billion VND).

- c. Revenue from consulting services : 5.0 billion VND.
- d. Total operating expenses : 153.61 billion VND.
- e. Profit after tax : 75.59 billion VND.
- f. EPS : 1,250 VND/Share.
- g. Deduction for raising Funds (development investment, Managing board bonus, reward, welfare) : 5,740,458,103 VND.
- h. Unallocated profit left : 2,806,064,972 VND.
- i. Salaries, remuneration for BOM, Board of Supervisors and BOM Secretary in 2017 : 733,600,000 VND
- j. Total amount to pay a dividend is 66,317,164,100 VND. Dividend rate: 11.00%.

2.2. Work plan for Quarter 1/2017:

Production and business targets:

- Total commerce electricity production : 76.40 million kWh (of which, Khe Dien: 19.0 million kWh, Krong H'nang : 57.40 million kWh).
- Total revenue and earnings : 77.07 billion VND.

Of which, revenue from power generation: 76.98 billion VND (Khe Dien: 19.38 billion VND, Krong H'nang: 57.60 billion VND).

- Total expenses : 41.91 billion VND.
- Before CIT profit : 35.16 billion VND.
- Profit after CIT : 31.97 billion VND.
- EPS – VND/Share : 530 VND/Share.

2.3. Other specific work:

As stated in Report on Company Production and Business results in 2016; plan in 2017 and quarter 1/2017 reported by the General Director of the Company.

3/ The BOM agrees on the report contents of the Company General Director about audited Financial Statements of the Company in 2016.

4/ Regarding equipped transportation, 01 car for Khe Dien hydropower plan (replacing the UAZ car purchased from January 2006, depreciated since January 2013):

The BOM agrees and assigns the Company General Director to decide the organization of purchasing equipment and report to the BOM on the implementation results, specifically:

- Nissan Navara pickup truck, 05 seats, 02 bridges; Diesel fuel.
- Purchase price: Not exceeding 800 million VND.
- Capital: Development investment capital of the company.

Time for purchasing equipment: Before June 30th, 2017.

5/ Regarding construction of a road to Khe Dien plant to avoid Nong Son coal mine:

The BOM agrees the proposal plan and assigns The Company General Director to approve the bidding plan, the method of selecting contractor and organization of implementation the succeeding steps as prescribed, encourages the Company to research for self-carrying out to save costs (*As specified in plan profile proposed by the SBA General Director along with statement No. 68/17/TTr-S3-KTKH, dated March 06th, 2017*).

Main contents of the construction items:

- Length of the route: 1.6km. Width of road bed B = 6.0m (3.5m of road surface + 2x1.25m of curb); Design load: H13;
- Road surface structure: Grading from the wasted dump of Nong Son coal mine, 40cm thick;
- Drainage ditches are reinforced with stone (or concrete) for slopes of more than 4%;
- Total investment: 5,519,220,000 VND, of which:
 - + Construction cost : 3,540,617,000 VND;
 - + Cost of compensation – site clearance : 1,034,955,000 VND;
 - + Management cost : 79,983,000 VND;
 - + Consulting cost and other costs : 650,130,000 VND;
 - + Contingency costs (5%) : 213,536,000 VND.
- Capital source: Company development investment capital.
- Progress: To be completed before August 31st, 2017.

6/ Regarding the preparation for Annual General Meeting of Shareholders in 2017: The Board of Management has agreed the following contents:

6.1/ Time: 07:30 on April 18th, 2017;

6.2/ Place : 4th floor hall, SBA, 573 Nui Thanh, Da Nang.

6.3/ Regarding selection of Audit unit for Financial Statements of the Company in 2017:

The BOM agrees to propose the General Meeting of Shareholders of the Company to authorize the Company's Board of Management to select 01 (one) of the 03 (three) Auditing companies approved by the State Securities Commission in order to implement the auditing for Financial Statements of the Company in 2017 as follows:

- AAC Auditing and accounting Co., Ltd.
- Southern Auditing and Accounting Financial Consultancy Service., Ltd (AASCS).
- VACO Auditing Company Limited.

6.4/ Regarding salaries, remuneration for BOM and Board of Supervisors (BOS) of the Company in 2017:

The BOM agrees to propose the General Meeting of Shareholders to adopt the salary level of the BOM, members of BOS, and salaries of Head of BOS of the Company in 2017 as follows:

✓ Remuneration:

- | | |
|---------------------|-------------------------|
| ○ Chairman | : 10,000,000 VND/month; |
| ○ Vice chairman | : 8,000,000 VND/month; |
| ○ Member of the BOM | : 6,000,000 VND/month; |
| ○ Member of the BOS | : 5,000,000 VND/month; |

- ✓ Salary of the Head of BOS : 13,600,000 VND/month (*not included payments for Social Insurance, Health Insurance, Unemployment Insurance under the responsibility of the Company to the State as prescribed*).

6.5/ Option to buy "odd shares" of Shareholders as treasury shares for the Company:

By reviewing the content of statement No. 92/17/TTr-S3-TCKT dated March 20th, 2017 of the Company General Director on the "Purchase of odd shares of Shareholders as treasury shares for the Company", the BOM agrees the proposal by the General Director of purchasing odd shares as Treasury shares and submits it to get their opinion to the General Meeting of Shareholders of the Company in 2017.

6.6/ Option to distribute the profit and pay dividend in 2016:

The BOM agrees the profit distribution plan proposed by the Company's General Director and consulted before the General Meeting of Shareholders passed at the meeting of the General Meeting of Shareholders in 2017:

Number	Content	Rate (%)	In 2016	Cumulative profit and the last funds (to Dec 31 th , 2016)	Cumulative profit and after setting up the fund this year and dividend.
I	Profit				
1	Before CIT profit		69,616,827,668		
2	CIT		5,409,715,893		
3	Profit after CIT		64,207,111,775		
4	Remuneration of the BOM, BOS, company's secretary		680,680,000		
5	Profit after CIT and remuneration of the BOM, BOS, company's secretary: [3] – (4)]		63,526,431,775		
II	Distribute the profit in 2016.	100.00	63,526,431,775	29,958,980,642	25,936,270,814
1	Reserve fund (another capital)			7,260,810,603	
2	Development investment fund	1,91	1,213,466,413	13,916,957,675	15,130,424,088
3	Managing board bonus	0,79	500,000,000		500,000,000
4	Reward fund	0,70	444,685,022	792,959,679	1,237,644,701
5	Welfare fund	0,70	444,685,022	727,442,082	1,172,127,104
6	Unallocated profit left move from Reserve fund (another capital)	1,00	635,264,318	7,260,810,603	7,896,074,921
7	Unallocated profit dividend this year	94,90	60,288,331,000		
III	Dividend in 2016 by the cash.		60,288,331,000		
1	Outstanding shares		60,288,331		
1.1	Issued stock		60,488,261		
1.2	Treasury shares		199,930		
2	Rate of dividend in 2016 (in the Quarter	(%)	10		

7/ Regarding the adjustment of level of the salary or remuneration of the Company at the proposal of the SBA General Director stated at Statement no. 79/17/S3-TTr-TCHC dated March 10, 2017:

The BOM agrees to adjust the Company's wage payment mechanism in 2017 and **8.0% x Total revenue of power generation** (not included water resource tax and forestry environmental service fees), on the basis of ensuring effect on labor capacity and profit as planned.

In 2018, based on the changes due to the effect of the increase in the minimum wage, the rate of paying Social insurance by salary and other supplements under the Social Insurance Law 2014, the Company remade and proposed the BOM to consider the following decision.

8/ Regarding the proposal to invest in expanding 01 more 6. MW Unit, increasing the capacity of Khe Dien hydropower plant to 15.0 MW: *(As stated in Statement no. 76/17/TTr-S3-TTTV dated March 10th, 2017 by the Company General Director and the attached Plan profile).*

Main parameters of the expanded project, are as follows:

- The capacity is increased by 6.0 MW, the total capacity after expansion is 15MW;
- Normal level of water: + 206.94 meters; Dead level of water: + 129.5 meters;
- Useful capacity: 50.35 million m³ (before re-evaluation: 24.56 million m³);
- Maximum discharge power flow (Q_{max}): 11.3m³/s;
- Average annual electricity : 40.7 million kWh;
- Total investment (before VAT): 75.04 billion VND.
- Average annual revenue: 58.1 billion VND, up from the original plant is 14.31 billion per year;
- The implementation time is 20 months (from July 01st of this year to September 30th of the succeeding year)
- Financial targets:
 - + NPV (billion VND) : 40.91;
 - + IRR (%) : 55.96;
 - + B/C : 1.42.
 - + Payback period (equity) : 2 years and 7.1 months.
- + Capital sources:
 - + Commercial bank loans (80%): 60.0 billion VND.
 - + Owner capital (20%) : 15.0 billion VND, fromt the Company Development Investment Fund, Shareholders do not contribute more capital.

After consideration on the proposal, the Board of Management shall submit to the Company General Meeting of Shareholders 2017 for assigning the Board of

Management to consider and supplement the planning and promote the initial research of the Project to evaluate the effectiveness before submitting to the owner for direction.

9/ The Resolution takes effect from the date of signing. The General Director of Song Ba Joint Stock Company is assigned to implement the Resolution.

**FOR AND ON BEHALF
OF THE BOARD OF MANAGEMENT**

Receive: 

- Member of SBA BOM;
- BOS;
- Saved at company.



CHAIRMAN 


NGUYEN THANH

