



Southern Hydropower Joint Stock Company

2016

ANNUAL REPORT



Light source of every home

Category

01

GENERAL INFORMATION

Overview	7
Business lines and geographies	10
Governance structure and organization chart	12
Development orientation	14
Risk	16

02

PERFORMANCE HIGHLIGHTS

Performance highlights	20
Organization and human resource	24
Investment	27
Financial position	28
Shareholder structure, change in owner's equity	30
Report of sustainable development	31

03

BOARD OF DIRECTOR REPORT AND ASSESSMENT

Assessment of operating results	42
Financial position	45
Achieved improvements	47
Future development plan	48
Socio-environmental related report	49

04

REPORT OF THE BOARD OF MANAGEMENT

Assessment of company activities	52
Assessment of activities by the board of directors	56
Plan, strategy of the board of management	57

05

COMPANY GOVERNANCE

Board of management	60
Board of supervisors	66
Transactions, remunerations and interests	70

06

FINANCIAL STATEMENT

Auditor's Opinion	74
Transactions, remunerations and interests	76

01

GENERAL INFORMATION

- Overview
- Business lines and geographies
- Governance structure and organization chart
- Development orientation
- Risk







ENERGY OF RESPONSIBILITY





OVERVIEW



CÔNG TY CỔ PHẦN THỦY ĐIỆN MIỀN NAM

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

💧 Company's name	Công ty Cổ phần Thủy điện Miền Nam
💧 English name	Southern Hydropower Joint Stock Company
💧 Abbreviated name	SHP JSC
💧 Head office	Unit 106, Floor 1, Citilight building, 45 Vo Thi Sau street, Da Kao ward, district 1, Ho Chi Minh city
💧 Registered charter's capital	937,102,000,000 VND
💧 Contributed charter's capital	937,102,000,000 VND (<i>nine hundred thirty seven billion one hundred and two million VND</i>)
💧 Business registration certificate	0303416670, eighth amended dated August 05, 2016
💧 Telephone	08 38207795
💧 Fax	08 38207794
💧 Website	www.shp.vn
💧 Security code	SHP



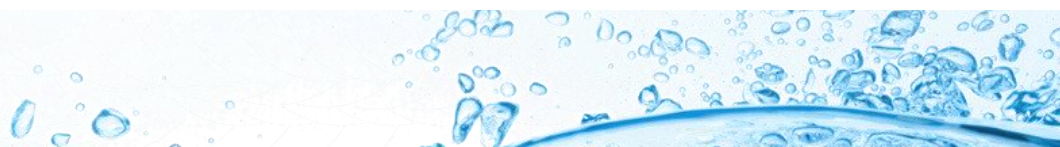
ESTABLISHMENT AND DEVELOPMENT

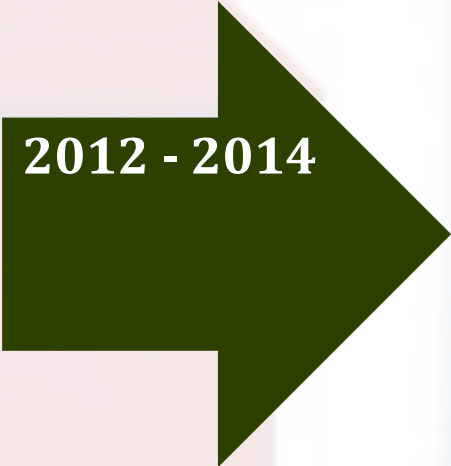
- ♦ **July 13, 2004:** Ho Chi Minh City Department of Planning and Investment granted Business registration certificate no. 0303416670 (former no. 4103002486), to officially put the SHD into operation with the charter capital of 250 billion VND.
- ♦ **March 24, 2006:** approved of Da M'bri Hydropower Plant investment project
- ♦ **June 23, 2006:** increased charter capital to 687 billion VND.

2004 - 2006

- ♦ **April 25, 2009:** the General Shareholder Meeting approved of capital issue plan to increase charter capital to 937.102 billion VND.
- ♦ **April 20, 2010:** the capital issue procedures were completed (under the Directive of General Shareholder Meeting 2009), charter capital was of 770.11 billion VND.
- ♦ **May 28, 2010:** the sixth General Shareholder Meeting approved of 16,698,856 share issue plan to increase charter capital to 937 billion VND. The issue was phased into two stages.
- ♦ **September 10, 2010:** the shares were officially traded on the Upcom coded as SHP.
- ♦ **December 23, 2011:** the initial public offer, stage 1, was completed (under the Directive of General Shareholder Meeting 2010), increasing charter capital to 853 billion VND.

2009 - 2011






2012 - 2014



2012:

- Water flume commission of Da M'bri hydropower project.
- August 31, 2012: charter capital increased to 937 billion VND



2013:

Unit no. 1 of Da M'bri plant was put into operation




2014:

- Da M'bri plant officially started generation.
- Generation capacity reached at 1 billion kWh.
- July 21, 2014: the company's shares were moved to list on Ho Chi Minh Stock Exchange (HOSE).
- Da Dang 2 plant was granted with CERS certification.




2015 - 2016



2015:

Da M'bri hydropower plant officially joined competitive generation market.



August 5, 2016:

the eighth amended Business registration certificate.



BUSINESS LINES AND GEOGRAPHIES

Business lines

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



Business geographies

The key business line is undertaken at the plants located in Lam Dong province (South Central Highland), where has two seasoned climate: rainy season from May to November and dry season from December to the end of April next year. As rainy season normally lasts for 6 - 7 months, the actual generation capacity of the plants is equivalent to the designed capacity. Currently, all of the plants use the upstream water of nearby rivers/streams, thus the entire flow of water is available for the plants' operation.

Da Siat Hydropower plant

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



Da Dang 2 Hydropower plant

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



Da M'bri Hydropower plant

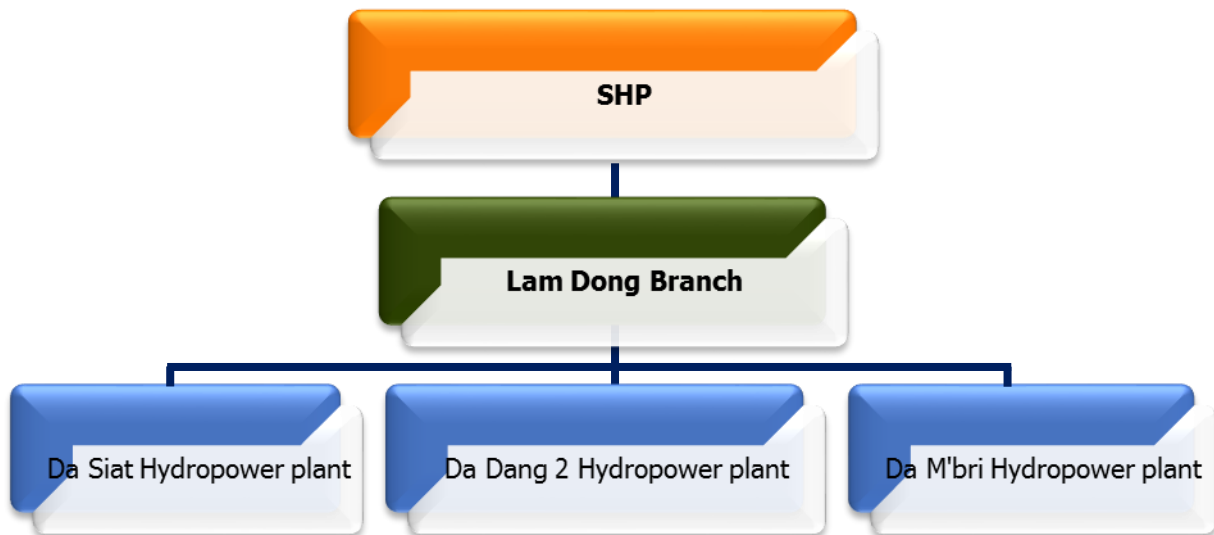
Da M'bri Hydropower plant is built on the main Da M'bri stream, located on the three communes, namely: Loc Tan – in Bao Lam district, Phuoc Loc – in Da Huoi and Trieu Hai – in Da Teh district, Lam Dong province. It has an annual regulation reservoir and connects to the National power grid through double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





GOVERNANCE STRUCTURE AND ORGANIZATION CHART

Governance structure



Southern Hydropower Joint Stock Company

- 💧 Address: Unit 106, Floor 1, Citilight building, 45 Vo Thi Sau street, Da Kao ward, district 1, Ho Chi Minh city
- 💧 Tel.: 08 38207795
- 💧 Fax: 08 38207794
- 💧 Charter capital: 937,102,000,000 VND

Lam Dong Branch

- 💧 Address: 51A Nguyen Van Troi street, ward 2, Bao Loc city, Lam Dong province

Da Siat Hydropower plant

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

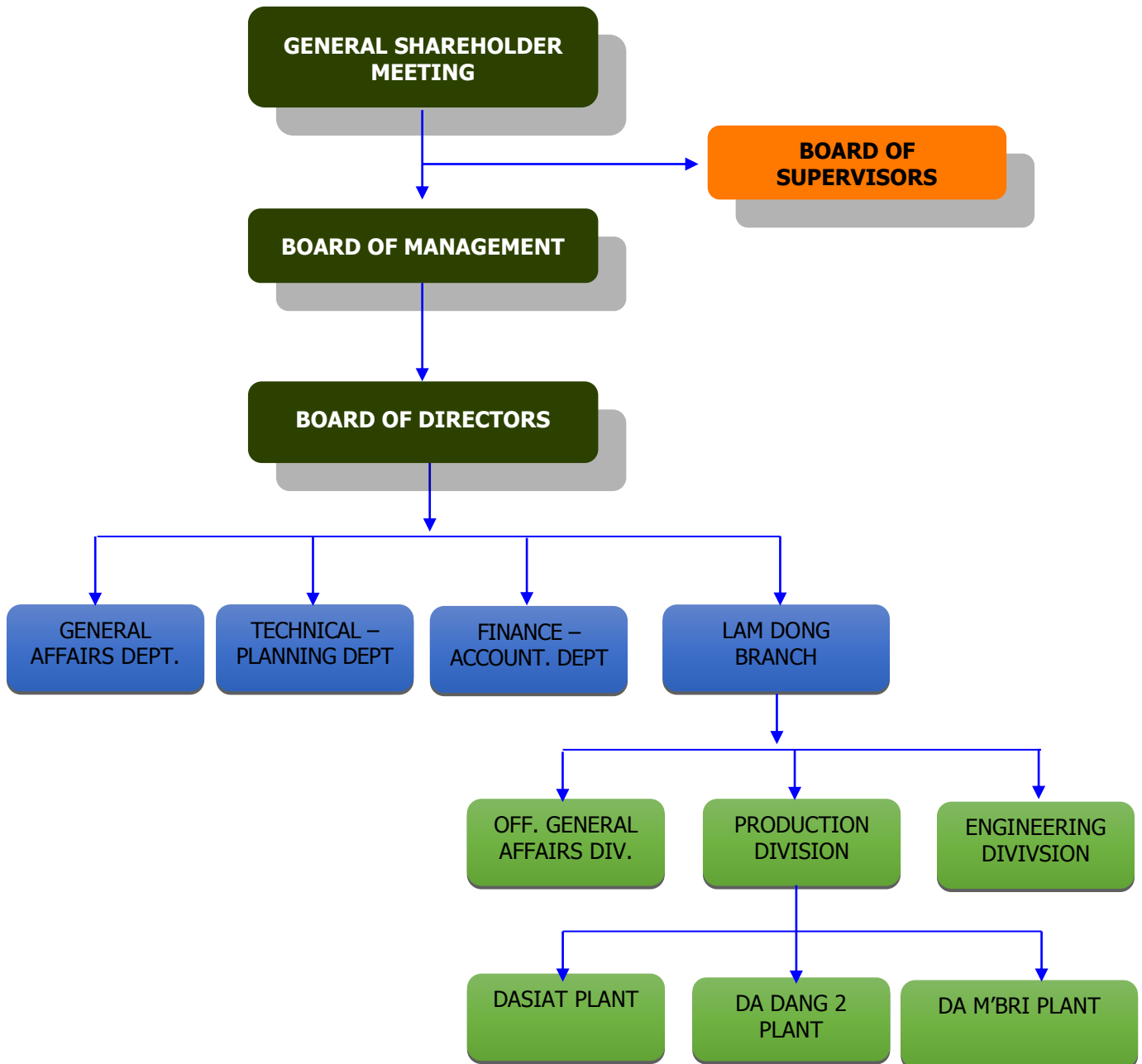
Da Dang 2 Hydropower plant

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

Da M'bri Hydropower plant

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

The Management





DEVELOPMENT ORIENTATION

Key targets

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





Mid-term and long-term development strategy

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

Socio-environmental and community targets

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



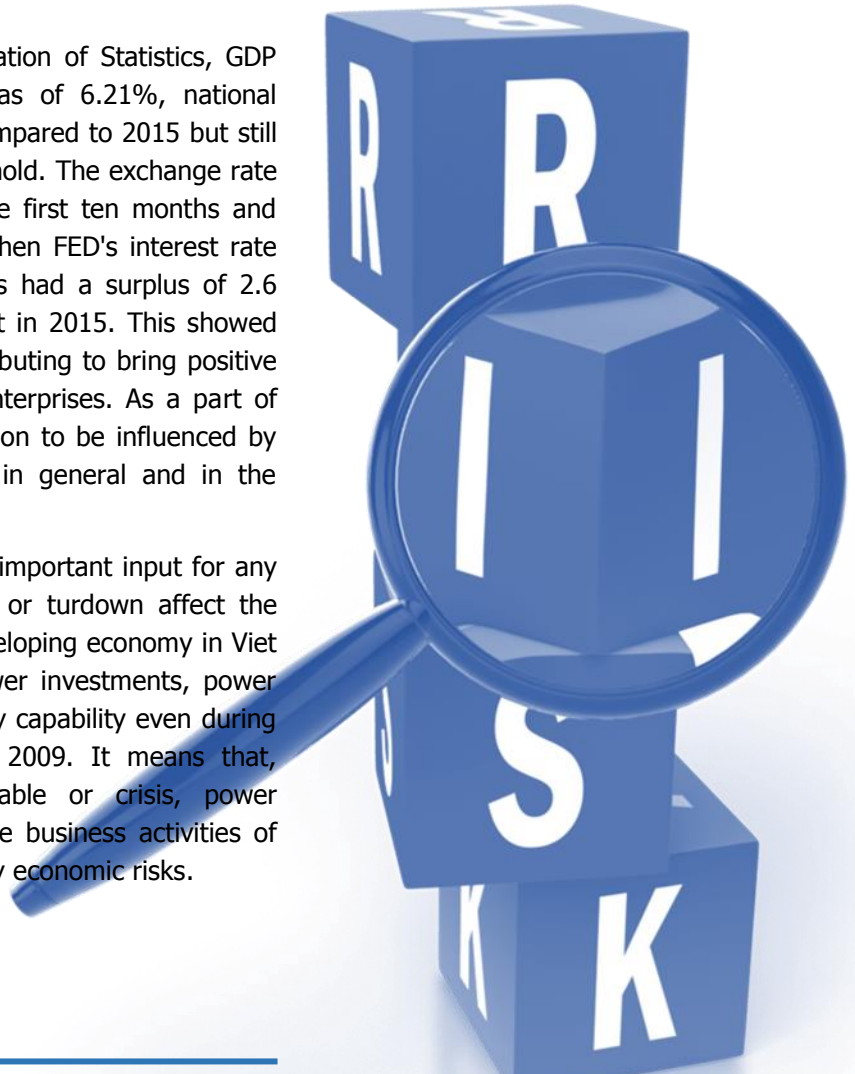


RISKS

Economic risks

According to the General Administration of Statistics, GDP growth rate 2016 of Viet Nam was of 6.21%, national average CPI increased by 4.74% compared to 2015 but still lower than the approved 5% threshold. The exchange rate of VND/USD was quite stable in the first ten months and increased in the last two months when FED's interest rate was officially increased. Net exports had a surplus of 2.6 billion USD while there was a deficit in 2015. This showed the brighter market economy, contributing to bring positive impacts on business of domestic enterprises. As a part of the economy, SHP is not an exception to be influenced by economic situation of the country in general and in the sector in particular.

As being known, power is the most important input for any enterprises. Economic development or turndown affect the energy demand. However, for a developing economy in Viet Nam, after those years lacking power investments, power demand is always higher than supply capability even during the global recession in 2009 and 2009. It means that, disregard to economic status, stable or crisis, power demand remains high. Thus, future business activities of the Company is not much affected by economic risks.



Legal risks

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



Specific risks

Climate risks

This is the significant risk to hydropower enterprises. Generation capacity and performance efficiency of the plants completely depend on water flow to the dams. If long-lasting draught happens resulting in low rainfall, the retained water is lower than designed capacity, the output will be declined. Moreover, other natural disasters such as flash floods and storms may cause damages to access roads and dams/dykes of the plants, leading to generation breakdown and increasing repair costs. Power supply is different from dry season to rainy season affecting the Company's profit. As a result, climate risks always remain during the entire operation of the Company.

As a joint stock company, listed on HOSE, all activities of the Company are under control of Law of Enterprise, Law of Security, Law of Construction, Law of Land, environmental regulations and other relevant legal documents. During the revisions, changes on policy and law more or less affect the Company's management and business. Nevertheless, legal risks for power sector is not high as the sector is encouraged for investment as well as entitled to incentive tax if operating in disadvantaged socio-economic areas.

Occupational and Health Safety risks

During the hydropower plant operation, threats of occupational accidents under electric – mechanic – hydraulic environment are unavoidable. To mitigate these risks, the staff are provided with protection wearings at work, the duties on social insurance, health care insurance, body insurance are fulfilled. On the other hand, all of the employees have been trained on safety test, strictly comply with technical requirements, monitor the safety of pre-, on- and post-operation. All of the hydropower plants have power safety system to prevent from power failure or accidents.

Monopoly risks

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

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

02

PERFORMANCE HIGHLIGHTS

- Performance highlights
- Organization and human resource
- Investment
- Financial position
- Shareholder structure, change in owner's equity
- Report of sustainable development

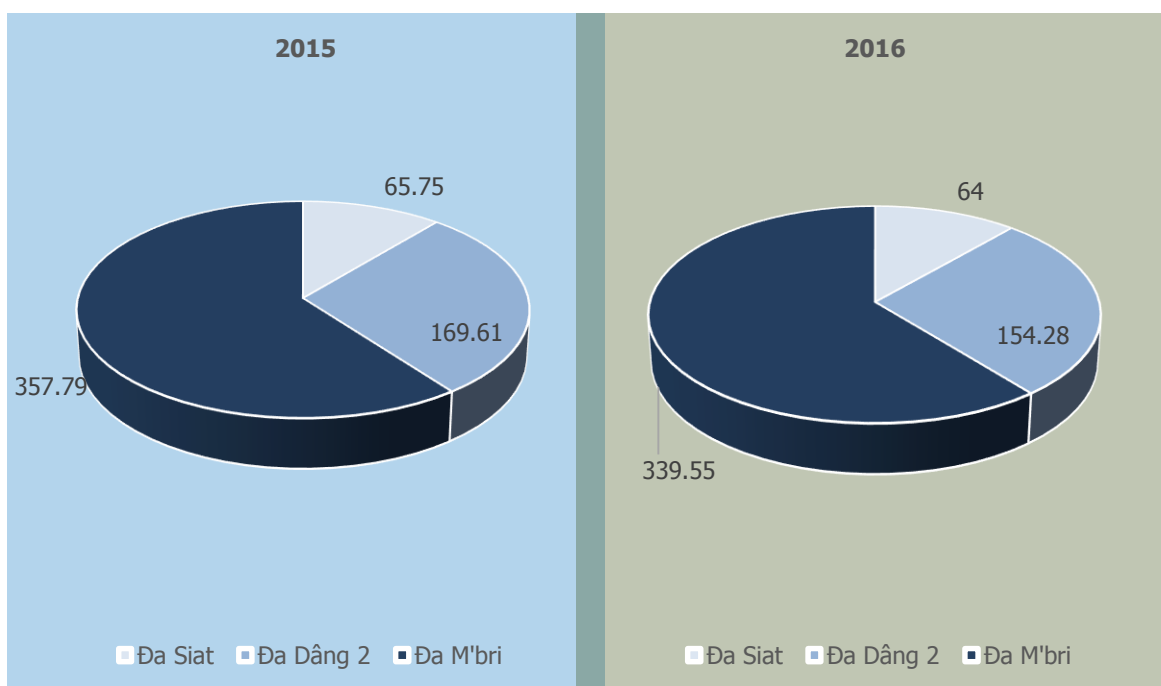




PERFORMANCE HIGHLIGHTS

Output

Plant	Unit	Achv 2015	Achv 2016	Plan 2016	2016/2015	2016 Achv/plan
Dasiat	mil.kWh	65.75	64.00	65.00	97.34%	98.46%
Da Dang 2	mil. kWh	169.61	154.28	182.00	90.96%	84.77%
Da M'bri	mil. kWh	357.79	339.55	355.00	94.90%	95.65%
Total	mil. kWh	591.15	557.83	602.00	94.36%	92.66%





Operation of the plants

Year 2016 was projected to have many changes in climate, specifically El Nino event lasted from 2015, causing the long-lasting and continuous flood. During the peak period at late dry season in 2016, all nationwide hydropower dams simultaneously discharged, also meant that market power price got low, and lowest at Quarter IV resulting in unachieved business targets of Da Dang 2 and Da M'bri plants in 2016.

Da Siat Hydropower plant:

- ♣ Achieved output of 64 million kWh was equivalent to 97.34% of the same period in 2015, and 98.46% of 2016 plan.
- ♣ Average power tariff: 1,065.50 VND/kWh (the same period in 2015: 1,048.60 VND/kWh).
- ♣ Achieved revenue of 68.19 billion VND was equivalent to 95.74% of the same period in 2015, and 97.98% of 2016 plan.

Da Dang Hydropower plant 2:

- ♣ Achieved output of 154.27 million kWh was equivalent to 91% of the same period in 2015, and 84.4% of 2016 plan.
- ♣ Average power tariff: 749.40 VND/kWh (the same period in 2015: 759.20 VND/kWh, contracted average tariff: 720.50 VND/kWh).
- ♣ Achieved revenue of 115.62 billion VND was equivalent to 89.10% of the same period in 2015, and 82.88% of 2016 plan (the same period in 2015: 7.60 billion VND).

Nhà máy Đa M'Bri:

- ♣ Achieved output of 339.55 million kWh was equivalent to 94.90% of the same period in 2015, and 95.65% of 2016 plan.
- ♣ Average power tariff: 969.4 VND/kWh (the same period in 2015: 1,100.4 VND/kWh, contracted tariff from January to June: 996.48 VND/kWh; from July to December 1,017.2 VND/kWh).
- ♣ Achieved revenue of 329.10 billion VND was equivalent to 83.61% of the same period in 2015, and 88.29% of 2016 plan. It was lower than the contracted tariff by 15.20 billion VND upon joining power market (the same period in 2015 increased by 35.70 billion VND compared to the contract).

Key performance indicators

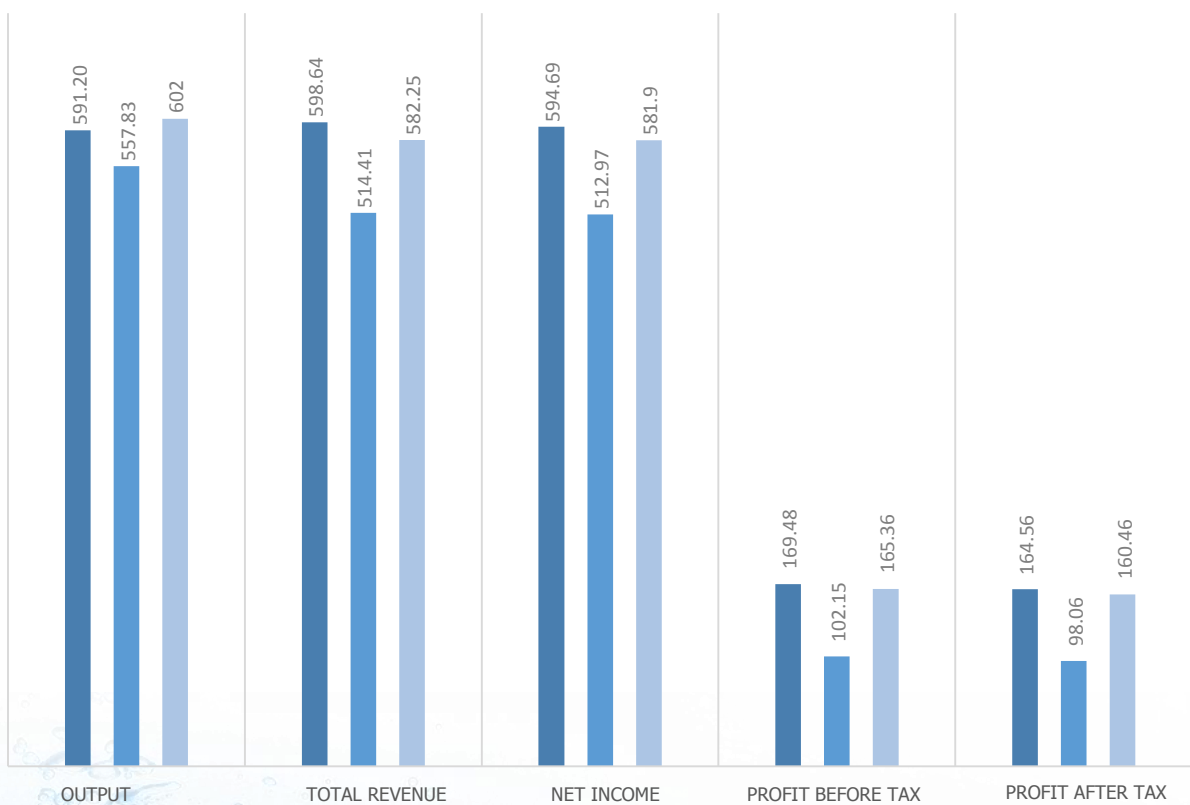
Indicator	Unit	Achv. 2015	Achv. 2016	Plan 2016	% achv. 2016/2015	% achv./plan 2016
Output	mil. kWh	591.20	557.83	602.00	94.35%	92.66%
Total sales	bil. VND	598.64	514.41	582.25	85.93%	88.35%
Net sales	bil. VND	594.69	512.97	581.90	86.26%	88.15%
Profit before tax	bil. VND	169.48	102.15	165.00	60.27%	61.77%
Profit after tax	bil. VND	164.56	98.06	160.00	59.59%	61.29%

- ◆ Total power generation output in 2016 was 557.83 million kWh, equivalent to 94.35% of the same period in 2015, and 92.65% of 2016 plan.
- ◆ Total sales in 2016 was 514.41 billion VND, reducing by 14.07% compared to 2015 and equivalent to 88.35% of the set plan.
- ◆ Profit before tax in 2016 was 102.15 billion VND, equivalent to 60.27% of the same period last year and 61.77% of 2016 plan.
- ◆ Profit after tax in 2016 was 98.06 billion VND, equivalent to 59,5% of the same period in 2015 and 61.29% of 2016 plan.

Performance outcome in 2016 was consolidated from the 03 plants under SHP's management. Generally, due to unfavorable climate, lower ceiling price than that in 2015, the Company performance declined and failed to achieve the plan set by the General Shareholder Meeting.

PERFORMANCE HIGHLIGHTS

■ Achv 2015 ■ Achv 2016 ■ Plan 2016





ORGANIZATION AND HUMAN RESOURCE

Members of the Board of Directors

No	Member	Position
1	Mr Nguyen Van Thinh	General Director
2	Mr Nguyen Vinh Chau	Deputy General Director
3	Mr Nguyen Dung	Deputy General Director
4	Mrs Nguyen Thanh Tu Anh	Chief Accountant

Profiles of the Board of Directors

MR NGUYEN VAN THINH
GENERAL DIRECTOR

MR NGUYEN VINH CHAU
DEPUTY GENERAL DIRECTOR

DoB : 18/01/1955

PoB : Bien Hoa

Address : Apartment D2, The he moi Condo., 17 Ho Hao Hon street, Co Giang ward, district 1, HCMC

Professional degree : Electric Engineer

No. of shares held : 275,000 shares

Proportion : 0.2934% charter capital

DoB : 10/08/1961

PoB : Tien Giang

Address : 30/11D Phan Huy Ich street, Go Vap district HCMC

Professional degree : Hydrologic Engineer

No. of shares held : 93,250 shares

Proportion : 0.0995% charter capital



MR NGUYEN DUNG
DEPUTY GENERAL DIRECTOR

DoB : 19/11/1957

PoB : Da Nang

Address : Quarter 4, Tan Tai ward,
Phan Rang – Thap Cham
city, Ninh Thuan province

Professional degree : Electric Engineer

No. of shares held : 1,520

Proportion : 0.0002% charter capital

MRS NGUYEN THANH TU ANH
CHIEF ACCOUNTANT

DoB : 11/05/1977

PoB : Khanh Hoa

Address : 158/32 Nguyen Van
Dau street, ward 7, Binh
Thanh district, HCMC

Professional degree : Bachelor in Economy

No. of shares held : 0

Proportion : 0.00% charter capital

Change in the Board of Directors

N/A

Human resource

No	Classification	Quantity in 2016 (person)	Ratio
A	By professional degree	122	100%
1	Post graduate	2	1.64%
2	University	45	36.89%
3	College	23	18.85%
4	Vocational intermediate	22	18.03%
5	Vocational primary and technical worker	27	22.13%
6	Manual labor	3	2.46%
B	By labor type	122	100%
1	Direct labor	56	45.90%
2	Indirect labor	66	54.10%
C	By labor contracts	122	100%
1	Definite labor contract	22	18.03%
2	Indefinite labor contract	100	81.97%
D	By gender	122	100%
1	Male	106	86.89%
2	Female	16	13.11%



INVESTMENTS

**Labor variation in 2016**

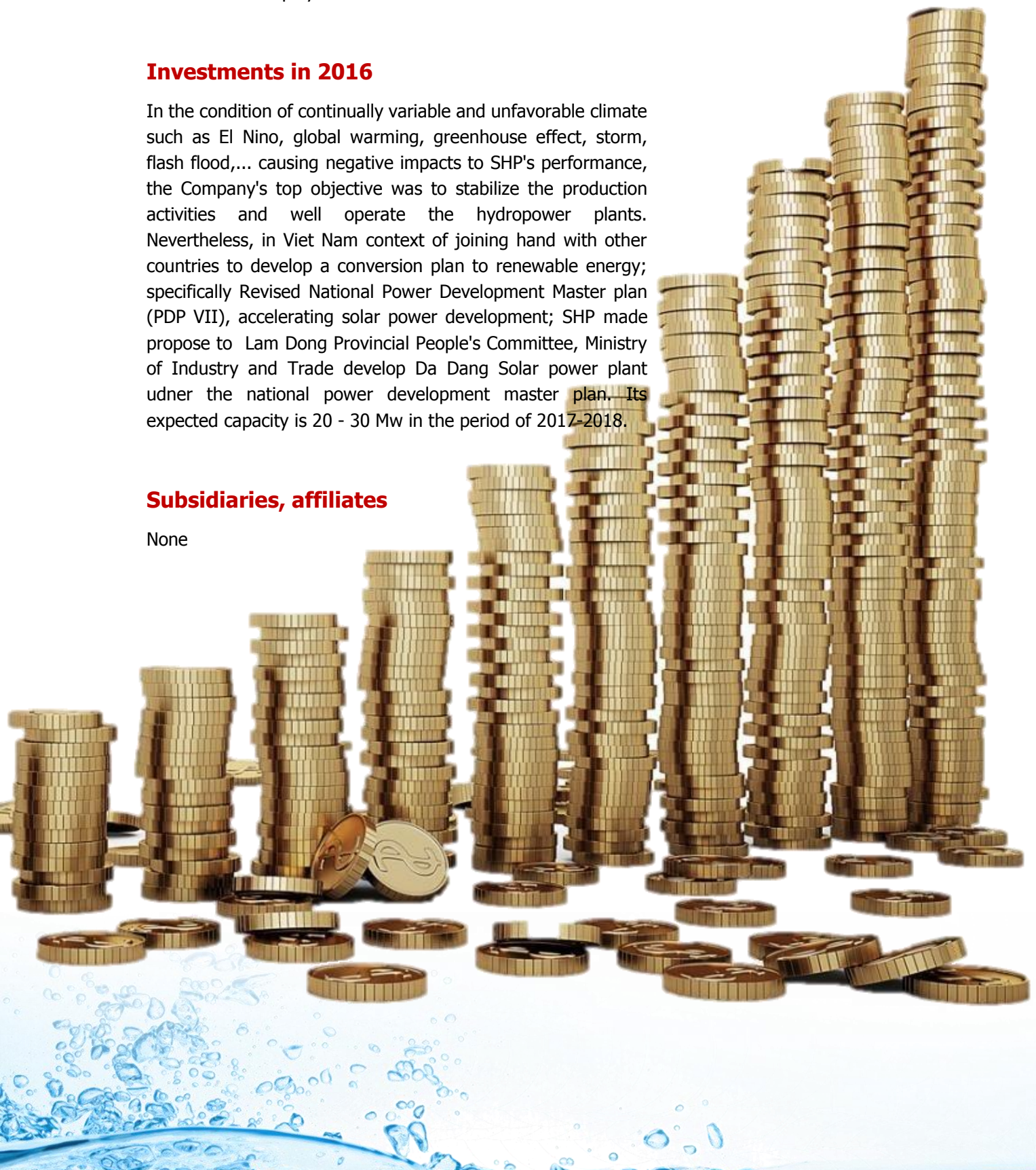
- Total employees in early 2016: 117.
- Increasing employees in 2016: 5.
- Total employees in late 2016: 122.

Investments in 2016

In the condition of continually variable and unfavorable climate such as El Nino, global warming, greenhouse effect, storm, flash flood,... causing negative impacts to SHP's performance, the Company's top objective was to stabilize the production activities and well operate the hydropower plants. Nevertheless, in Viet Nam context of joining hand with other countries to develop a conversion plan to renewable energy; specifically Revised National Power Development Master plan (PDP VII), accelerating solar power development; SHP made propose to Lam Dong Provincial People's Committee, Ministry of Industry and Trade develop Da Dang Solar power plant under the national power development master plan. Its expected capacity is 20 - 30 Mw in the period of 2017-2018.

Subsidiaries, affiliates

None





FINANCIAL POSITION

Financial position

No	Indicator	Unit	2015	2016	% +/-
1	Total assets	Bil. VND	2,912.98	2,645.69	-9.18%
2	Total sales	Bil. VND	598.64	514.41	-14.07%
3	Net sales	Bil. VND	594.69	512.97	-13.74%
4	Operating profit	Bil. VND	173.84	101.61	-41.55%
5	Other profits	Bil. VND	(4.35)	0.54	-
6	Profit before tax	Bil. VND	169.48	102.15	-39.73%
7	Profit after tax	Bil. VND	164.56	98.06	-40.41%
8	Dividend yield	%	16%	(*) 16%	-
9	EPS	Đồng	1,673	1.005	-39.93%

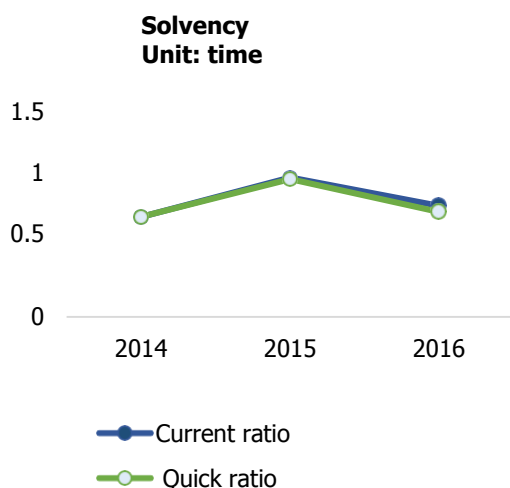
(*) Plan 2016, the Annual General Meeting 2017 would approve of the official plan

Financial Highlights

No	Indicator	Unit	2014	2015	2016
1	Solvency ratios				
-	Current ratio	Time	0.66	0.96	0.74
-	Quick ratio	Time	0.66	0.95	0.69
2	Capital structure ratio				
-	Debt/total assets ratio	%	61.89%	57.54%	55.50%
-	Debt/equity ratio	%	162.38%	135.49%	124.73%
3	Operation capability ratio				
-	Inventory turnover	turn	155.95	103.34	32.28
-	Net sales/total assets	turn	0.19	0.20	0.19
4	Profitability ratios				
-	Profit after tax/net sales ratio	%	36.95%	27.67%	19.12%
-	Profit after tax/equity ratio	%	18.04%	13.30%	8.33%
-	Profit after tax/total assets ratio	%	6.88%	5.65%	3.71%
-	Operating profit/net sales ratio	%	37.96%	29.23%	19.81%

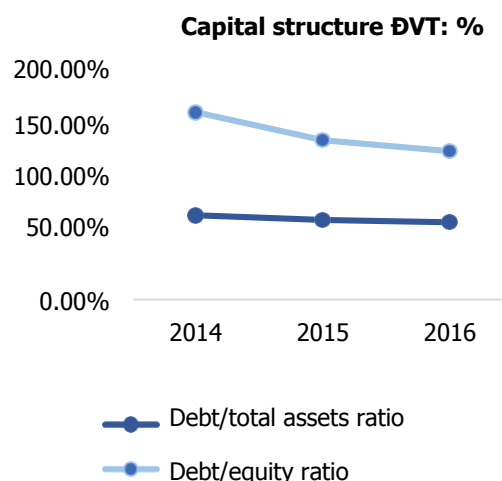
Solvency ratios

In 2016, current ratio and quick ratio of the Company was 0.74 and 0.96, respectively. Both indicators were lower than the same period last year. It was because short-term receivables increased to nearly 20 billion VND, mainly the short-term receivables from customers, specifically Electricity Power Trading Company, leading to the difficulty in short-term solvency.



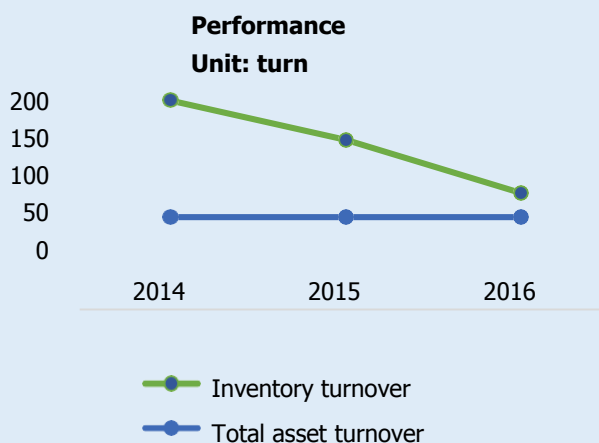
Capital structure ratios

Liabilities/total assets ratio tended to decline from 57.54% in 2015 to 55.5% in 2016. This showed there were changes in capital structure, specifically the Company finalized the loan from VPBank, at the same time modified the loan agreement with Vietcombank to reduce interest rate to 7.5% in 12 months.



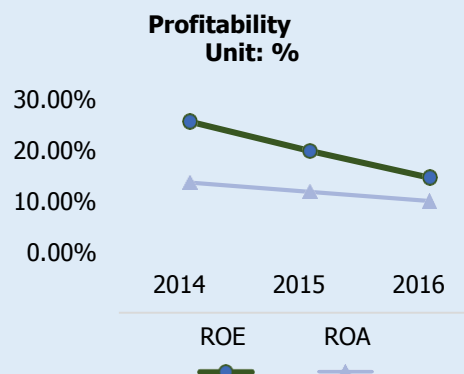
Operation capability ratios

Inventory turnover in 2016 declined from 103.34 turns to 32.28 turns, mainly due to significant increase of inventory compared to that in 2015, specifically increasing from 3.35 billion VND to 13.64 billion VND. This was mainly due to tools, equipments and spare parts for Da Dang 2 Hydropower plant.



Profitability ratios

In 2016, most of profitability indicators of the Company declined. It was mainly because adverse natural impacts to the Company's production activities. Thus, both revenue and profit tended to decrease resulting in the Company's unexpected performance results.





SHAREHOLDER STRUCTURE, CHANGE IN OWNER'S EQUITY

Information of shares

Charter capital	: 937,102,000,000 VND
Total issued shares	: 93,710,200 shares
Total outstanding shares	: 93,710,200 shares
Number of treasury shares	: 0 share
Share type	: Common share
Par value	: 10,000 VND

Shareholder structure 2016 by ownership type

No	Shareholder type	No. of shares	Value (mil. VND)	Ownership rate (%)
I	Domestic shareholders	90,248,250	902,482.50	96.31%
	Major shareholder	55,775,248	557,752.48	59.52%
	Organization shareholder	9,631,244	96,312.44	10.28%
	Individual shareholder	24,841,758	248,417.58	26.51%
II	Foreign shareholders	3,461,950	34,619.50	3.69%
	Organization shareholder	3,375,240	33,752.40	3.60%
	Individual shareholder	86,710	867.10	0.09%
	Total	93,710,200	937,102	100%

Change in owner's equity

Owner's equity in 2016 remained unchanged in comparison with that in 2015.

Transaction of treasury shares

None

Other securities

None

REPORT OF SUSTAINABLE DEVELOPMENT



Input material

As hydropower is a specific business, SHP does not have incurred expenses for input material which is water from rivers and streams in the location of the hydropower plants; thus almost no input material expense incurs. As for the output, the Company's product is energy to be directly transmitted to the national power grid system without any incurred expense of product packing.

Water consumption

As mentioned above, SHP uses water source as the input for power generation. Currently, SHP has a total 3 hydropower plants mainly located in the South Central Highland. The river system in Central Highland, generally, has high potential hydropower that causes no challenge for the company's water source. Specifically, the water source is an estuary of Dong Nai river and other streams under Dong Nai river catchment. However, construction of hydropower plants may change flow regimes, partly impact to the natural as well as socio-economic environment in the project area.

Water source of the plants can be summarized as below:

Da Siat Hydropower plant

Da Siat hydropower plant is constructed on the Da Siat main stream, which is a left estuary of Dong Nai river. Da Siat stream mouth is situated at the downstream Dong Nai 3 and 4 Hydropower Plants and upstream Dong Nai 5 Hydropower Plant. The plant location is at Hamlet 3, Loc Bao commune, Bao Lam district, Lam Dong province, 70 km away from Bao Loc city.

Da Dang 2 Hydropower plant

Da Dang 2 Hydropower plant is constructed on Da Dang river with a spillway located 4 km away from the river mouth. A transmission channel to the hydropower plant is situated on the left bank of Da Dang river mouth to Dong Nai river.

Da M'bri Hydropower plant

Da M'bri Hydropower plant is constructed on the Da M'bri main stream in Loc Tan commune – Bao Lam district, Phuoc Loc commune – Da Huoai district and Trieu Hai commune – Da The district, Lam Dong province. The end of Da M'bri stream is 8 km away from Da M'bri touristic stream to the downstream. Da M'bri stream is one of the two main branches of Da Huoai river, the left estuary of Dong Nai river.

Summarized water consumption in 2016

Water source	Total collection/achievement (Unit: m ³)
Da Siat stream supplying water to Dasiat plant	156,067,776
Da Dang 2 stream supplying water to Da Dang 2 plant	990,307,296
Da M'bri stream supplying water to Da M'bri plant	392,630,112
Total	1,539,005,184

Purpose of use	Total consumption (Unit: m ³)
For power generation use	1,204,740,000
Dasiat plant	112,402,080
Da Dang 2 plant	737,682,336
Da M'bri plant	354,655,584
For domestic use (m³)	159

Energy consumption

For the purpose of the plant equipment operation as well as office management, the Company uses power energy mainly. Total power capacity used for production and management in the year was 2,753,442 kWh.

Moreover, during its operation, SHP also uses some other essential energy sources including gasoline, petrol for transport purpose, gas...



Being an energy producer, SHP is highly aware that energy saving is carried out not only during the operation to ensure the company's benefit but also during the management to contribute to environmental greening.

In 2016, power loss in utilization, transformer, and transmission in the plants was summarized as follows: Da Siat plant: 6%, Da Dang 2 and Da M'bri plants: 1%.

SHP's energy consumption in 2016 with most of declining indicators was presented below:

Total energy consumption by purpose	2015	2016
Power for operation activities (kWh)	2,914,180	2,729,686
Total energy consumption (kWh)	2,914,180	2,729,686
Power for office management (kWh)	23,774	23,756
Total energy consumption (kWh)	23,774	23,756
Gasoline, petrol,... for production activities (litre)	720	100
Total energy consumption (litre)	720	100
Gasoline, petrol,... for office management (litre)	33,663	31,924
Total energy consumption (litre)	33,663	31,924
Gas... for production activities (40 litres of oxygen/tank)	560	200
Total energy consumption (40 litres of oxygen/tank)	560	200

ACTIVITIES AND EVENTS

Employee related policies

Indicator	Unit	2015	2016	%+ / -
No. of staff	Person	117	122	4,27%
Average income	Mil. VND/cap.month	16.87	16.89	0.12%

Recruitment policy

In 2016, SHP issued and applied a new Recruitment Procedures. The recruitment was implemented in association with the business plan, in line with annual development objectives and demand. Recruitment information was publicized in a fair and equal manner in compliance with SHP's recruitment procedures.



TEAM



JOIN OUR

Training policy

In 2016, SHP issued and applied a new Staff Training Procedures. The training is highly appreciated by SHP. SHP always creates favorable conditions for the staff to improve their working skill and expertise. The Company organizes training sessions on a regular basis for the staff on the following subject: management in civil construction investment, tax policies; courses for the leaders and managers; training for repair and operation staff, and training for power market. In 2016, SHP, in coordination with National Load Dispatch Center, organized training sessions and shift leader contest for several staff among the plants.

Salary policy

Aiming to create all favorable conditions for the employee's secure to work in a long term manner, SHP's salary policy is always considered important and keeps improving.

In compliance with labor law, since the middle of 2014, the Company, in coordination with a consultant, conducted a study and re-assessment of staff to develop and issue a new salary scale, new payroll procedures and pay rate. In this regard, the employees are paid by position, based on assessment result of nature and complexity of each position and paid by working efficiency, quality and productivity. The company consulted with the Labor Union and the employees on new salary scale, salary payment and pay rate and obtained their high consensus prior to official issuance and introduction since 01/01/2016.

Salary payment is conducted in a timely manner. Detailed monthly payroll is sent to each staff via email, this helps them to be fully and timely informed of salary composition including deductions namely: personal income tax, extraction for social, health care and unemployment insurances. Every year, the Company organizes examination and review of pay rate increase for those employees fully qualified as regulated.

Welfare and bonus

The company fulfills all welfare policy including social, health care and unemployment insurances, annual leave, sick leave, personal events.... to the employees. Every year, the Company organizes sightseeing tours, recreational tours; cultural, sport and music events; visits and spiritual supports to the sick, disadvantaged; rewards to learning achievement of the employees' children; activities for community....

The Company conducts bonus policy for the hydropower plant safe operation to the employees (which is a specific occupational allowance according to the Prime Minister's decision and applicable to the plant management and operation staff). The employees are also entitled to bonus for national festivals, plus the 13th month salary. In 2016, the Company rewarded 11 initiatives in the departments and branches.



Work environment

The Company fully complies with the labor law on work hour and rest period. The indirect labor works 40 hours/week, 8 hours/day (Saturday and Sunday off). The direct labor works under shift mode of 5 days/week (at least 2 days off/week).

To create favorable condition for expertise promotion of each employee, SHP regularly provides a friendly, dynamic and professional working environment. The Company's policy always aims to create a solidarity of the Management Board and the employees as well as among the employees. This would help to improve the employees' working spirit to optimize their working efficiency.

Report of responsibility to local community

In parallel with business development, the Company wishes to bring social benefits to community, specifically:

- ❖ "Spring trees for poor children 2016" program in Dam Rong district, Lam Dong province organized by Lam Dong Tuoi Tre Newspaper;
- ❖ Donation of one day wage to Mutual Support Fund chaired by Viet Nam Electricity Labour Union;
- ❖ Donation to fund raising for Ex-youth Volunteer Association of District 1, Ho Chi Minh city for disadvantaged members.
- ❖ Giving gifts to disadvantaged pupils of the kindergarten in Loc Bao commune, Bao Lam commune, Lam Dong province.
- ❖ Donation of one day wage to Central Region people for natural disaster resilience.
- ❖ Giving gifts to children in Lagi Loving Home, Binh Thuan province.



Compliance to environmental protection law

In 2016, there was no violation to environmental protection law in the Company. Every year, the Company participates in forest planting, upstream forest protection, environmental rehabilitation in location of the hydropower plants, fully complies to payment for natural resource duty and forest protection fee as regulated.

SHP hydropower plants not only produce and supply power but also regulate the water flow in local streams and rivers. Particularly, in Da Dang 2 plant, a 2.3 km channel under the energy line passing through cultivation areas creates favorable condition for irrigation of 400 ha out of 1,000 ha agricultural land in Tan Thanh commune – Duc Trong district, Lam Dong province. SHP developed projects with clean development mechanism (CDM) as regulated by UN Climate Change Committee. SHP has successfully registered all 3 hydropower plants of Da Siat, Da Dang 2 and Da M'bri as CDM projects with total annual emission reduction of 311,515 ton CO₂. As to date,, SHP has reduced approximately cumulative 1,050,000 ton CO₂ (CERs), of which on 07/11/2014 the CDM Executive Board (EB) officially granted CERs at the first credit phase of Da Dang hydropower plant with total amount of 212,197 CERs.

Relevant report to green capital market activities

To date this report has not available due to no specific guidance from the State Security Commission (SSC).





03

BOARD OF DIRECTOR REPORT AND ASSESSMENT

- Assessment of operating results
- Financial position
- Achieved improvements
- Future development plan
- Socio-environmental related report





ASSESSMENT OF OPERATING RESULTS

With the specific nature of hydropower section, its business has not born fuel cost, low emission and is possible to quickly change to meet the load requirement. However, it requires high initial investment cost, long construction time and the input of climate dependant water source. In case of long-lasting the drought, low rainfall resulting in lower water storage level than the design capacity; this would significantly impact on the plants' power output.

As a summary, in 2016, the equipment climate with long-lasting El Nino causes adverse impacts on the Company's operating results.

Operating results in 2016

Indicator	Unit	Impl. 2015	Impl. 2016	Plan 2016	% achv. 2016/20 15	% achv./pla n 2016
Output	Mil.kWh	591.20	557.80	602.00	94.35%	92.66%
Total sales	Bil. VND	598.64	514.41	582.25	85.93%	88.35%
Net sales	Bil. VND	594.69	512.97	581.90	86.26%	88.15%
Profit before tax	Bil. VND	169.48	102.15	165.36	60.27%	61.77%
Profit after tax	Bil. VND	164.56	98.06	160.46	59.59%	61.11%

Profit after tax in 2016 is 98.06 billion VND lower 40.41% than that in 2015 and achieves only 61.11% the plan, mainly caused by the followings:

Hydrologic causes

During the first 6 months of the dry season in 2016, due to long-laster El Nino, water flow to the reservoirs is lower than the same period in 2015, and than the design capacity; specifically:

- Da Siat plant: 73.70% compared with the same period in 2015; 100.30% compared to the design parameter.
- Da Dang 2 plant: 63.10% compared with the same period in 2015; 73.90% compared to the design parameter.
- Da M'bri plant: 54.40% compared with the same period in 2015; 59.00% compared to the design parameter.

During the early rainy season in July, the hydrological situation is better with adequate water flow for Da Siat and Da M'bi operation. As for Da Dang 2 plant, it must be pending till September with sufficient water flow for the plant's operation at full capacity.

During late 2016, due to high total accumulative rainfall, water flow is huge leading to the plant's overflowing.

Power output

As of late 2016, the total combined power output of 3 plants is 557.83 million kWh, decreasing by 5.65% the same period last year, and equivalent to 92.66% the plant. It is resulted from low water flow in dry months and thus the power generation in the first 6 months of 2016 declines. Of which, Da Dang 2 plant and Da M'bri plant decline by 19.6 million kWh and 29.1 million kWh respectively.

While affected by the lasting drought for 9 months, the total power generation of 3 plants still exceeds the design capacity and no interrupted operation caused by no water availability happens.

Revenue

Total combined revenue of all 3 plants is 512.97 billion VND, decreasing by 13.73% compared with 2015 and equivalent to 88.15% the plant. To justify why the planned revenue fails to achieve, it is necessary to mention not only the objective causes by hydrology but also in 2016, the market power ceiling price declines from 1,268 VND/kWh to 1,171 VND/kWh resulting in decreased power tariff and power generation revenue, particularly the Da M'bri plant average tariff is lower than the contracted tariff.

Operation and engineering

- Reviewing and modifying operation and technical fault process of the 3 plant units.
- Safety engineering is on focus
- Reviewing management activities, issuing specific procedures including required forms of work sheet, act sheet, work order for internal and external utilities to work at the plants.

Checking

- Organizing study tour to share experience on management, operation and technical management with Buon Kuop Hydropower Company, Tri An Hydropower Company and Dak Tih Hydropower JSC.
- Organizing lesson learnt sessions on operation.
- Organizing sessions of dissemination and lessons learnt from the EVN's occupational accidents, quarterly demonstration.
- Coordinating with the National Power Dispatch Center to organize training and grant operation certification for shift leaders.



Fire prevention and fighting

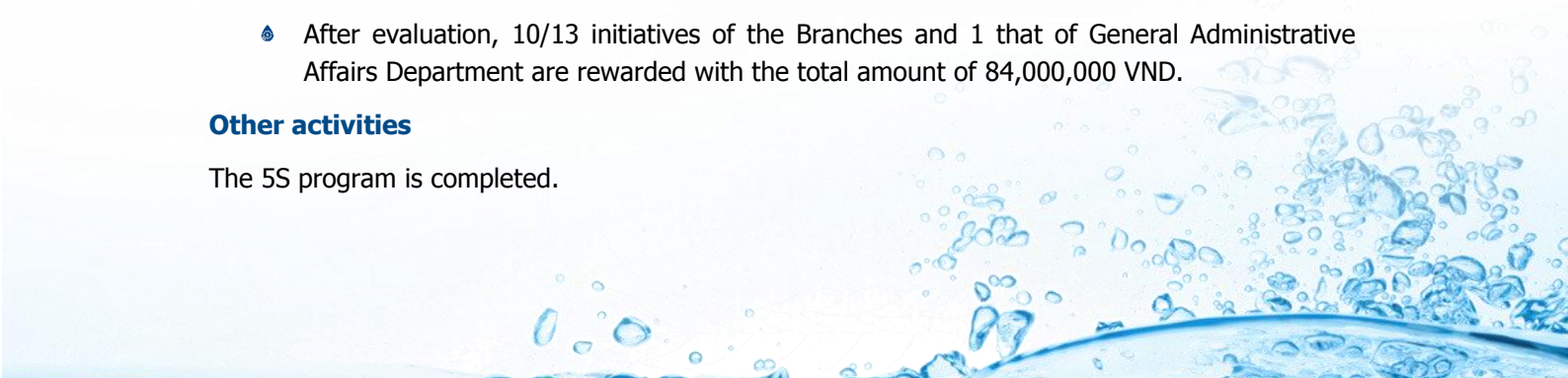
Fire prevention and fighting are checked and trained on a regular basis by internal resource and in coordination with the local Fire Police.

Initiatives

- There are 13 initiatives in the 5 Branches and 1 initiative in the General Administrative Affairs Department.
- After evaluation, 10/13 initiatives of the Branches and 1 that of General Administrative Affairs Department are rewarded with the total amount of 84,000,000 VND.

Other activities

The 5S program is completed.



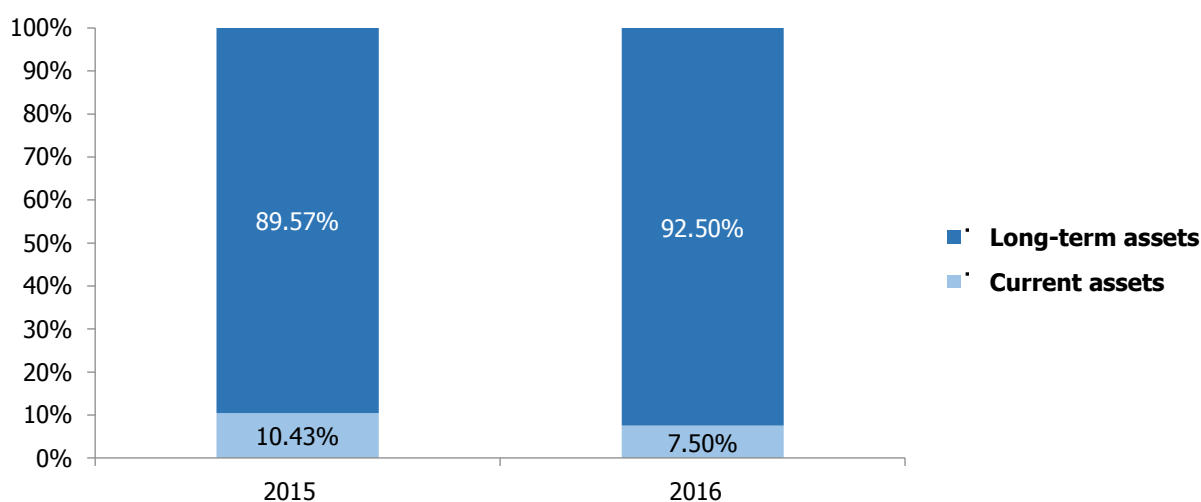


FINANCIAL POSITION

Assets

Indicator	Unit	2015	Proportion	2016	Proportion	% increase/decrease
Current assets	Bil. VND	303.96	10.43%	198.63	7.5%	-34.65%
Long-term assets	Bil. VND	2,609.02	89.57%	2,447.07	92.50%	-6.20%
Total assets	Bil. VND	2,912.98	100%	2,645.70	100%	-9.18%

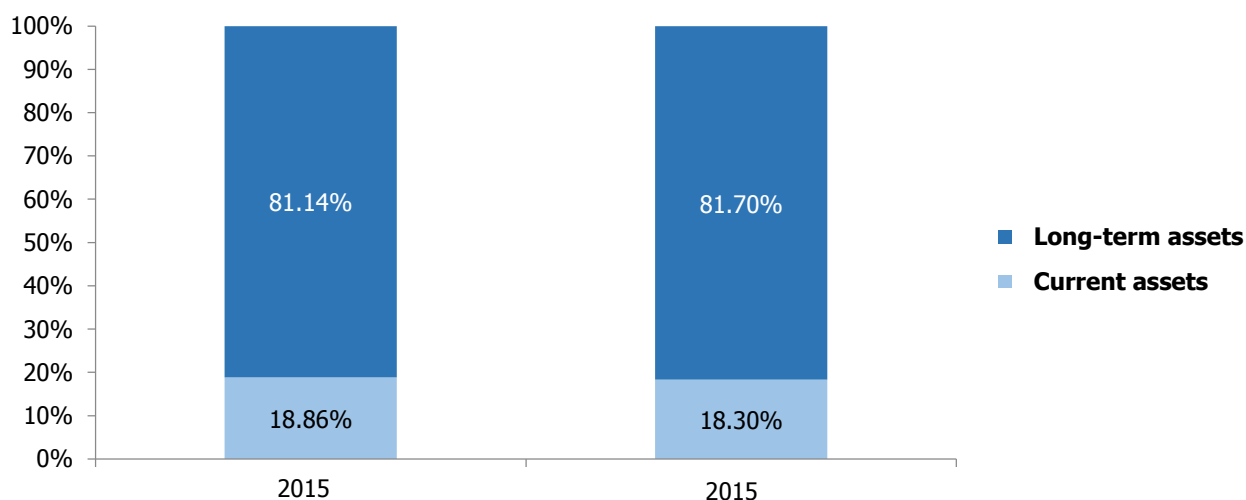
As for asset structure in 2016, current assets decreases from 303.96 billion VND to 198.63 billion VND. This results from the Company's cash at bank significantly decreases by more than 100 billion VND and current asset indicator accordingly declines by 34.65% compared with the same period last year. Among the asset structure, long-term assets still account for large proportion thanks to tangible fixed assets as the plants have been recently put into operation for few years with not much total accumulated depreciation. The remainder is mainly cash and short-term payables.



Liabilities

Indicator	Unit	31/12/2015	Proportion	31/12/2016	Proportion	% increase/decrease
Current liabilities	bil. VND	316.19	18.86%	268.75	18.30%	85.00%
Long-term liabilities	bil. VND	1,359.82	81.14%	1,199.67	81.70%	88.22%
Total liabilities	bil. VND	1,676.01	100%	1,468.42	100%	87.61%

Total liabilities of SHP as at 31/12/2016 is 1,468.42 billion VND, decreasing by 12.39% compared with the same period last year. Of which, total current assets decreased from 316.19 billion VND to 268.75 billion VND thanks to the effective performance of hydropower plants helping the Company pay on time the debts in the year. Similarly, long-term liabilities also decreases 11.78% equivalent to 160.15 billion VND, mainly resulting from long-term finance lease loans and debts. This makes the total liabilities only equivalent to 87.61% the same period last year.



ACHIEVED IMPROVEMENTS



Construction, repair and extensive repair of the plants

- Completed repair and upgrading of access road to Da Siat plant, handling landslide on access road to Da Siat plant, Da M'bri plant.
- Increased height of some sections of water channel in Da Dang 2 plant to prevent water from overflowing during operation, increased water column and improved performance of the units.
- Constructed corridor protected fence for the Da M'bri auxiliary dam.
- Completed checking repair and replacement of the equipment on a regular basis as follows:

Da Siat plant: completed checking, repair and replacement of some damaged equipments including: replaced PLC for the unit H1, replaced air compressor, installed communication system on fiber cable, improved the plant control system, installed additional 1 AC pump, installed anti-lightning wire, installed Streamer for the line 22kV, replaced 1 new submersible pump in the collector well, improved water supply system for firefighting, improved trash screen float at the water intake.

Da Dang 2 plant: welded Impeller of the unit H1, replaced bypass valve for disc valve, improved technical water system, replaced gauge of water, air, and gas, major repaired transformer station 110kV, solved water leakage of H1, improved trash screen of pressure tank, installed trash collection system.

Da M'bri plant: solved flooded turbine chamber caused by broken sealing seat on the turbine, solved broken upper bearing of the unit H1, improved brakes of two units, replaced PLC of the water intake, PLC of the unit H1, repaired raw pump of H1, repaired the starter of technical water softener.

Salary and bonus policies

- In 2016, salary arrangements are implemented in line with the new salary scale which is developed in coordination with a consulting firm. It is based on re-assessment of the staff, job description of each position, consideration of nature and complexity of each position in the entire Company.
- New salary payment procedures were applied and salary notice was sent to the staff via email so that they can understand how their salary is calculated including personal income tax in a timely and clear manner to avoid any complaints occurred. In 2016, the employees' income is kept stable in comparison with 2015.



FUTURE DEVELOPMENT PLAN

- In 2017, continuing focus on strengthening operation of the plants, overhauling the unit H1 and painting Da Siat plant pipeline, replacing impellers and overhauling the units H1, H2 of Da Dang 2 plant.
- Moving to 2017, the following advantages and disadvantages are recognized:
 - ✧ Early 2017 water flow will remain stable compared to the same period in 2016.
 - ✧ Power market ceiling price will be higher than that in 2016.
 - ✧ Besides, some equipment during operation are exposed to extraordinary damages that may cause potential operation risks.
- Based on the figures of annual average generation, hydrologic design parameters, water flow parameters in 2016, as well as reference to the average power tariff in 2016, main figures of the 2017 plan are as follows:
 - ✧ Dasiat and Da Dang 2 output are equivalent to the average of 2010 – 2016 and 2011 – 2016 respectively; Da M'bri output is equivalent to 1.05% design capacity. Total output is 592.0 million kWh.
 - ✧ The revenue of Da Siat and Da Dang 2 plants are built on the equivalence to annual average power tariff in 2016; that of Da M'bri is equivalent to the contracted tariff.
 - ✧ Total sales is 562.1 billion VND.





SOCIO-ENVIRONMENTAL RELATED REPORT



- ❖ Environmental issues are always concerned during operation by practice measures including reasonable policies for restoration of the adjacent land to the plants. Moreover, study on green energy with few environmental impacts is also conducted.
- ❖ Improving the employees' qualification through extensive training to help them improve their skills as well as professional level, accordingly optimizing the employees' potential. Besides, the dissemination sessions to the employees on new law of health care, unemployment, social and occupational accident insurances are permanently organized. Every year, the Company compiles, evaluate and reward to initiatives by the employees of the company branches and departments.
- ❖ Regularly participating in upstream forest protection, learning promotion in the disadvantaged communes and district in Lam Dong province.



04

REPORT OF THE BOARD OF MANAGEMENT

- Assessment of company activities
- Assessment of activities by the board of directors
- Plan, strategy of the board of management





ASSESSMENT OF COMPANY ACTIVITIES

Assessment of performance results 2016

Description of business environment in 2016

In 2016, hydro-meteorological conditions during rainy and flooding season were negative when El Nino was considered as the most extreme than ever, with equivalent intensity to that El Nino 1997/1998 and the longest El Nino (approximately 20 months). The nationwide rainy season started later than that in other years and soon finished. During the half end of April and May, more extraordinary sunny days happened in the Southeast and Highland regions.

Due to severe drought caused by El Nino in many regions, particularly the South, Southeast and Highland, hydrology in Southern hydropower dams was in difficult situation. The transmission of power grid 500kV was regularly put under a high pressure of both maximizing water capacity at the hydropower dams and ensuring power system safety.

Outcomes of planning indicators in 2016

In the year, due to unfavorable hydrological conditions caused by the lasting El Nino, water volume during dry months in 2016 was lower than that in 2015 and designed capacity. This resulted in the fact that the combined output of all 3 plants was only 557.83 million Kwh, reduced by 5.10% that in 2015 and thus the planned target failed to achieve.

Also, the power market ceiling price in reported year declined from 1,268 VND/kWh to 1,171 VND/kWh, leading to the average tariff significantly lower than that in 2015 and directly affecting the Company performance results. Specifically, the company revenue decreased by 81.67 billion VND, or 13.73%, resulting in not achieving the targeted profit before tax set out by the General Shareholder Meeting.

Indicator	Unit	Plan 2016	Achv 2016	% achv/plan 2016
Output	Mil Kwh	602.00	557.83	92.66%
Total sales	Bil. VND	582.25	514.41	88.35%
Net sales	Bil. VND	581.90	512.97	88.15%
Profit before tax	Bil. VND	165.00	102.15	61.77%



Assessment of other activities

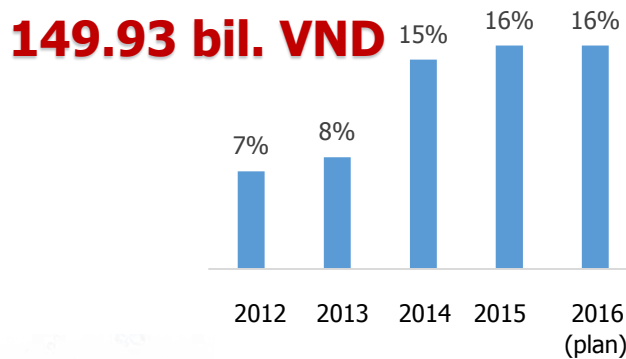
c) Operation of the plants

Da Siat plant: conducting comprehensive check of transmission lines, solutions to minimize problems: replacing low quality pin and suspension insulators by polymer insulators, installing additional earthing device, replacing 3-bolted joint clamps by WR clamps, clearing line corridor, requesting for Lam Dong and Dak Nong authorities' agreement to cut down trees and expand corridor, installing lightning arrester on the line. In 2016, the Branch continued to conduct solutions to minimize problems for the line 22kV including completed installation of earth line, pilot installation of lightning protection Streamer, coordinating with Southern Electric Testing Company to test and re-calculate relay setting parameters of various equipment.



Da Dang 2 plant: the Company signed a contract with an Austrian contractor, namely Andritz Hydro, to supply impellers for Da Dang 2 plant. The impellers H1 was delivered by the contractor on June 2016. Replacement of two impellers and also an overhaul of the units will be implemented in February 2017 and March 2017 for the unit H1 and H2, respectively.

Total dividends paid in 2015



■ Dividend payout ratio

Shareholding, dividend payment

In 2016, the Company conducted dividend payment of 2015 at the rate of 1,600 VND/share.

Official payout ratio 2016 will be approved by the General Shareholder Meeting 2017.

Finalised projects

- Completing finalized projects of Da Dang 2 Hydropower plant.
- To date, completing finalization of contract packages under the Da M'bri hydropower plant (except the design consulting package on progress). Continuing finalizing of other expenses for the final completion.
- The auditor verified and accepted the definitive evaluation of contract packages in 2 phases with the total amount of 1,968.143 billion VND.
- Expected to complete the final settlement for Da M'bri in March 2017 for submission to the GSM approval.

Maintenance, repair of the plants

- Completing construction of Branch office.
- Upgrading water channel height at some sections of Da Dang 2 plant to prevent the channel from getting overflowed during operation, increasing water column and efficiency of the units.
- Conducting extensive repair for Dasiat, Da Dang 2 plants.

Finance

In 2016, the Company finalized short-term loans at VPBank as well as partly finalized long-term debts at Vietcombank, Vietnam Development Bank (VDB) and VIB. This made lower interest expense than that in the same period last year. At the same time, the Company negotiated with the Vietcombank to modify interest rate to 7.5%/year that helped to significantly save interest expenses.







ASSESSMENT OF ACTIVITIES BY THE BOARD OF DIRECTORS

In 2016, the Board of Management complied with the Company governance procedures in supervising the activities by the Board of Directors, specifically:

- Management activities: The BoD strictly followed the BoM's directives, Company procedures and the General Shareholder Meeting's Directives in the implementation of their delegated tasks and responsibilities.
- Problem-solving: the General Director took timely actions for completely solving problems and risk prevention. Once any occurred problems beyond its authority, the BoD made the prompt request to the BoM for timely action required. As the General Director is also a member of BoM, the implementation of the BoM's directives is smooth and fast.

Generally, the Board of Directors put great efforts in the management to ensure all company activities implemented in an effective, cost-saving and legal manner, to secure benefits for the shareholders as well as the company employees, to fulfill the Company's responsibility to the State and strictly implement all directives and decisions issued by the BoM. Though the plan 2016 failed to fully achieved, in the unfavorable climate condition, the performance of 2016 is still an acknowledged achievement.



PLAN, STRATEGY OF THE BOARD OF MANAGEMENT



According to estimation, ENSO climate event remains neutral, less potential appearance of La Nina. However, affected by climate change, the extreme weather events still are unpredictable and complicated. Off-seasoned rain is potential to occur in Highland and Southern areas. Water flow during the dry season in 2016 – 2017 in most rivers is possibly lower than the average flow of many years. Drought and salinity intrusion in the South and Highland regions remains complicated. Under the current difficult context, according to the BoM assessment, 2017 is a challenging year to the SHP. Thus, the Company shall continue its focus on strengthening the operation of the 3 main plants, conducting maintenance and repair of Dasiat and Da Dang plants, following up and monitoring putting the plants' units back into operation to sustain stable revenue and saving cost under the current adverse climate.



Overall plan

- Achievement of planned output and revenue for 2017.
- Review and investment in new projects to contribute to the local economic development, creating many employments for local people.
- Negotiation of Da M'bri plant tariff for the period of 2017 onward.

Specific Business plan and earning distribution in 2017 (*)

Total output: 592 million kWh, of which:

- Da Siat plant: 62 million kWh
- Da Dang 2 plant: 177 million kWh
- Da M'bri plant: 353 million kWh

Total sales: 559.60 billion VND

Profit before tax: 151.94 billion VND

Profit after tax: 140.30 billion VND

() Business plan and earning distribution in details will be officially approved by the GSM*





HỘI ĐỒNG CỔ ĐÔNG THƯỜNG CÔNG TY CỔ PHẦN THỦY Đ

Tp. Hồ Chí Minh, ngày 28 tháng 4



05

COMPANY GOVERNANCE

- Board of management
- Board of supervisors
- Transactions, remunerations and interests



BOARD OF MANAGEMENT

Members of BoM

No	Name	Position
1	Mr Ho Quang Ai	Chairman
2	Mr Nguyen Van Thinh	Member
3	Mr Trinh Phi Anh	Member
4	Mr Nguyen Van Dung	Member
5	Mr Le Chi Phuoc	Member

Mr Ho Quang Ai – Chairman

DoB	: 16/7/1958
PoB	: Quang Ngai
Address	: P18A, Floor 2, 6 Nguyen Sieu street, Ben Nghe ward, district 1, HCMC
Professional degree	: MBA, Electric System Engineer
No. of holding share	: 5,000 shares (individual ownership) : 45,784,358 shares (represent for EVNSPC)
Proportion	: 0.0053% charter capital (individual) : 48,86% charter capital (represented)

Mr Nguyen Van Thinh – Member of BoM

DoB	: 18/01/1955
PoB	: Bien Haa
Address	: Apartment D2, The he moi Condo., 17 Ho Hao Hon street, Co Giang ward, district 1, HCMC
Professional degree	: Electric Engineer
No. of holding share	: 275,000
Proportion	: 0.29% charter capital

Mr Trinh Phi Anh – Member of BoM

DoB	: 05/08/1947
PoB	: Binh Duong
Address	: 26A7 Tran Nao street, district 2, HCMC
Professional degree	: Electric Engineer
No. of holding share	: 3,000 shares (individual ownership)
Proportion	: 0.0032%

Mr Nguyen Van Dung – Member of BoM

DoB	: 02/04/1963
PoB	: Da Nang
Address	: 77 Bis 3/2 street, ward 4, Da Lat city, Lam Dong province
Professional degree	: Electric Engineer
No. of holding share	: 2,685 shares
Proportion	: 0.0029% charter capital

Mr Le Chi Phuoc – Member of BoM

DoB	: 03/08/1953
PoB	: Ho Chi Minh City
Address	: 1B Ly Tu Trong street, Can Tho city
Professional degree	: Bachelor of Business Administration
No. of holding share	: 2,686 shares
Proportion	: 0.0029% charter capital

In 2016, the BoM organized 5 meetings as follows:

No	Name	Position	Meetings attendance	% participation	Reason for not participating
1	Mr Ho Quang Ai	Chairman	05/05	100%	
2	Mr Nguyen Van Thinh	Member	05/05	100%	
3	Mr Trinh Phi Anh	Member	05/05	100%	
4	Mr Nguyen Van Dung	Member	05/05	100%	
5	Mr Le Chi Phuoc	Member	05/05	100%	
6	Mr Nguyen Viet Tuan	Member	04/05	80%	Mr Nguyen Viet Tuan has resigned from the BoM since 29/12/2016 and not represented for Saigon Beer – Alcohol - Beverage JSC (Sabeco).

BoM's supervision to Board of Directors

In 2016, the SHP BoM conducted the following supervision to the BoD:

- Completing, submitting and disclosing in a timely manner the reports namely: Audited Financial Statements 2015; Financial Statements of Quarter I, II, III, IV of 2016 and Annual Report 2015.
- Reporting business performance 2015 and deploying 2016 plan implementation.
- Directing the documents preparation for the Annual General Meeting 2016 in compliance with the current law dated 28/04/2016.
- Directing the implementation of the BoM's Directives, Decision for the Company's business performance.
- Directing the payment of 2015 dividends.
- Establishing a verification team of finalized project completion for "Da Dang 2 Hydropower Project"
- In coordination with Board of Supervision, supervising and checking the Company business performance and management.



Directives/Decision made in 2016

No	Ref. no	Dated	Content
1	02/NQ-CPTDMN-HĐQT	11/01/2016	<p>Approval of business performance result 2015.</p> <p>Plan to organize the General Shareholder's Meeting.</p> <p>Salary expenses plan 2016.</p> <p>Financial procedures: revising the existing procedures to be issued.</p> <p>Focus on unsolved issues related to compensation for Da Dang 2 and Da M'bri Hydropower plants.</p>
2	07/NQ-CPTDMN-HĐQT	26/01/2016	Approval of maintenance and repair plan for Da M'bri Hydropower plan.
3	13/NQ-CPTDMN-HĐQT	24/03/2016	<p>Draft revision of the Company charter.</p> <p>Draft revision of the Company Governance Procedures.</p> <p>Draft earning distribution 2015 and plan 2016.</p> <p>On remunerations for BoM and BoS.</p>
4	22/NQ-CPTDMN-HĐQT	12/04/2016	Approval of the submittals to 2016 Annual General Meeting.
5	25/QĐ-CPTDMN-HĐQT	10/05/2016	On issuance of revised and supplemented charter.
6	28/QĐ-CPTDMN-HĐQT	07/06/2016	Fixed last record date for 2015 dividend payment.
7	29/QĐ-CPTDMN-HĐQT	07/06/2016	Approval of the auditor to review the first six month financial statements and to audit the Financial statements 2016
8	32/QĐ-CPTDMN-HĐQT	28/07/2016	Approval of Budget plan 2016
9	35/QĐ-CPTDMN-HĐQT	02/08/2016	Approval of salary expenses and power safety bonus of 2016.

No	Ref. no	Dated	Content
10	37/NQ-CPTDMN-HDQT	19/08/2016	<p>Agreement on the figures of the first six monthly business performance 2016</p> <p>Establishment of a verification team of finalized project completion for "Da Dang 2 Hydropower Project".</p> <p>Approval of the revised and supplemented Company Governance Procedures.</p> <p>Agreement on investment policy in a new hydropower project. Delegating the Company to further discuss with the investor and reporting to the BoM for review and decision.</p>
11	38/QD-CPTDMN-HDQT	19/08/2016	<p>Establishment of a verification team of finalized project completion for "Da Dang 2 Hydropower Project".</p>
12	40/QD-CPTDMN-HDQT	12/09/2016	<p>Issuance of SHP Company Governance Procedures.</p>
13	47/NQ-CPTDMN-HDQT	29/12/2016	<p>Approval of Business performance result 2016.</p> <p>Approval of Salary expense plan 2017.</p> <p>Approval of the finalized project completion for "Da Dang 2 Hydropower Project".</p> <p>Approval of Finalized project completion – Da Dang 2 Hydropower plant.</p> <p>Approval of the Report of BoM on transfer negotiation of Da Dang 3 Hydropower plant that failed.</p> <p>Approval of the proposed availability of finalized Da Dang 2 team to conduct a finalized verification for Da M'bri project.</p>
14	48/NQ-CPTDMN-HDQT	29/12/2016	<p>Approval of the Finalized project completion for Da Dang 2 Hydropower plant.</p>



Activities by Independent BoM

None

List of BoM members granted corporate Governance Certificate

No	BoM member	Position
1	Mr Nguyen Van Thinh	Member cum General Director
2	Mr Trinh Phi Anh	Member
3	Mr Le Thanh Hai	Director of Board of Supervision
4	Mr Nguyen Dung	Deputy General Director
5	Mr Nguyen Vinh Chau	Deputy General Director



Member of Board of Supervisors

No	Name	Position
1	Mr Le Thanh Hai	Head
2	Mr Hoang Minh Dung	Member
3	Mrs Do Thi Hai Au	Member

Mr Le Thanh Hai – Head of BoS

DoB	: 15/03/1976
PoB	: Hai Duong
Address	: 196A Quach Dinh Bao, Phu Thanh ward, Tan Phu district, Ho Chi Minh city
Professional degree	: Bachelor of Accounting Bachelor of Law – Attorney at Law
No. o shares held	: 5,000 shares (individual ownership)
Proportion	: 0.0053% charter capital

Mr Hoang Minh Dung - Member

DoB	: 01/12/1966
PoB	: Ho Chi Minh city
Address	: 32 Dinh Cong Trang, district 1, HCMC
Professional degree	: MBA
No. o shares held	: 20,000 shares (individual ownership)
Proportion	: 0.02% charter capital

Mrs Do Thi Hai Au - Member

DoB	: 08/05/1966
PoB	: Nghe An
Address	: 876/2C CMT8, ward 5, Tan Binh district, Ho Chi Minh city
Professional degree	: Bachelor of Accounting
No. o shares held	: 0 share
Proportion	: 0.00% charter capital

Activities by Board of Supervisors

No	Board of Supervisors	Position	Meetings participating	% participation	Reason for not participating
1	Mr Le Thanh Hai	Head of BoS	02/03	66.7%	Voted as an additional member of BoS since 28/04/2016 và acted as Head of BoS since 29/04/2016.
2	Mr Hoang Minh Dung	Member	03/03	100%	Resigned from the Head of BoS since 29/04/2016.
3	Mrs Do Thi Hai Au	Member	02/03	66.7%	Voted as an additional member of BoS since 28/04/2016.
4	Mr Thang Thanh Ha	Member	01/03	33.3%	Dismissed by General Shareholder's Meeting on 28/04/2016
5	Mr To Cong Thanh Loc	Member	01/03	33.3%	Dismissed by General Shareholder's Meeting on 28/04/2016.

The Board of Supervisors is in charge of supervising the Board of Management, General Director in the management and operation of the Company, ensuring the compliance with regulation by law; General Shareholder Meeting's directives and decisions; Company's regulations and governance procedures. In 2016, the BoS supervised the BoM, the General Director on their implementation of the BoM's Directive no 24/NQ-CPTDMN-DHD CD dated 28/04/2016 including the following:

- Implementation of business plan 2016: how to achieve the planned targets, and to improve performance efficiency: renovating and solving the equipment related problems for safe and reliable operation; negotiating water tariff of Da M'brí plant, negotiating with the bank on interest rate reduction for Da M'brí plant...;
- Conducting payment of 16% dividends 2015 for the shareholders.



Meetings of the BoS in the year

No	Meeting subject	Meeting date	Outcome
1	Reviewing the Company operation in 2015, selecting the auditor of financial statements 2016 and preparing the reported contents by the BoS to the Annual General Meeting 2016 (Attendants: Mr Hoang Minh Dung, Mr Thang Thanh Ha, Mr To Cong Thanh Loc)	12/04/2016	Agreed BoS contents for submission to the AGM 2016
2	Introducing an additional member of the BoS at the SHP AGM 2016 (Attendants: Mr Hoang Minh Dung, Mr Thang Thanh Ha, Mr To Cong Thanh Loc)	26/04/2016	Introduced Mr Le Thanh Hai as additional member to be voted by the SHP AGM 2016
3	Voting the Head of BoS (Attendants: Mr Hoang Minh Dung, Mr Le Thanh Hai, Mrs Do Thi Hai Au)	29/04/2016	Voted Mr Le Thanh Hai as the Head of BoS alternating Mr Hoang Minh Dung
4	Reviewing operating expenses, salary expenses, and power safety bonus 2016 in the SHP (Attendants: Mr Le Thanh Hai, Mr Hoang Minh Dung, Mrs Do Thi Hai Au)	02/08/2016	Agreed contents for developing wage bill, safety bonus 2016 in SHP

Coordination among the BoS and the BoM, General Director as well as other managers

- The coordination among the BoS and the BoM, the General Director as well as other managers comply with the Company governance procedures.
- In 2016, the BoS fully attended and provided opinions on the BoM meetings on the following subjects: report of business performance 2015 and plan 2016; preparation of contents for the Annual General Meeting to be held on 28/04/2016; review of performance indicators 2016 and plan indicators 2017; seeking for new investment opportunity in renewable energy projects. All BoM directives, minutes of meeting and reports were sent to the BoS.





TRANSACTIONS, REMUNERATIONS AND INTERESTS

Salary, bonus, remunerations, interests

No	Position	Salary (VND/month)	Monthly remuneration (under the Directives of GSM 2016) – excluding PIT	Note (payment time)
Board of Management				
Ho Quang Ai	Chairman		10,000,000	01/2016 - 12/2016
Trinh Phi Anh	Member		6,000,000	01/2016 - 12/2016
Nguyen Van Thinh	Member		6,000,000	01/2016 - 12/2016
Nguyen Viet Tuan	Member		6,000,000	01/2016 - 12/2016
Le Chi Phuoc	Member		6,000,000	01/2016 - 12/2016
Nguyen Van Dung	Member		6,000,000	01/2016 - 12/2016
Board of Supervisors				
Le Thanh Hai (*)	Head	33,940,000		05/2016 - 12/2016
Hoang Minh Dung	Head		6,000,000	01/2016 - 04/2016
Hoang Minh Dung	Member		3,000,000	05/2016 - 12/2016
Do Thi Hai Au	Member		3,000,000	05/2016 - 12/2016
Thang Thanh Ha	Member		3,000,000	01/2016 - 04/2016
To Cong Thanh Loc	Member		3,000,000	01/2016 - 04/2016

☞ Mr Le Thanh Hai and Mrs Do Thi Hai Au were voted by SHP Annual General Meeting 2016 to alternate Mr Trang Thanh Ha and Mr To Cong Thanh Loc.

☞ (*): Fulltime salary of the BoS Head is in compliance with the Directive by SHP AGM 206.

Transactions of internal shareholders

No	Name	Relations hip with internal	No of shares held at the period beginning		No of shares held at the period end		Reason (buy, sell, transfer, bonus..)
			No of shares	Ratio (%)	No of shares	Ratio (%)	
1	SABECO	Related party to BoM member (Mr Nguyen Viet Tuan)	18,950,713	20.22	-	-	Divestment in other entities than their main business lines under the Government's direction
2	Nguyen Van Thinh	General Director	75,000	0.08	275,000	0.29	Investment

Contracts or transaction with internal shareholders

None

Compliance with company governance regulations

The Company well complied with Company governance as regulated under the Company Governance Procedures, Company Charter and relevant law for a public company.



06

FINANCIAL STATEMENT

- Auditor's Opinion
- Transactions, remunerations and interests



SOUTHERN HYDROPOWER JOINT STOCK COMPANY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Board of Directors	2
Auditor's report	3
Balance sheet (Form B 01 – DN)	5
Income statement (Form B 02 – DN)	7
Cash flow statement (Form B 03 – DN)	8
Notes to the financial statements (Form B 09 – DN)	9

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise registration certificate

No. 4103002486 dated 13 July 2004 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 8th amendment dated 5 August 2016.

Board of Management

Mr. Ho Quang Ai	Chairman
Mr. Nguyen Viet Tuan	Member (Until 29 December 2016)
Mr. Nguyen Van Thinh	Member
Mr. Trinh Phi Anh	Member
Mr. Nguyen Van Dung	Member
Mr. Le Chi Phuoc	Member
Mr. Nguyen Huu Phuong	Member (Until 11 January 2016)

Board of Supervision

Mr. Le Thanh Hai	Chief Supervisor (From 28 April 2016)
Mr. Hoang Minh Dung	Member (From 28 April 2016, Chief Supervisor until 28 April 2016)
Ms. Do Thi Hai Au	Member (From 28 April 2016)
Mr. Thang Thanh Ha	Member (Until 28 April 2016)
Mr. To Cong Thanh Loc	Member (Until 28 April 2016)

Board of Directors

Mr. Nguyen Van Thinh	General Director
Mr. Nguyen Dung	Deputy General Director
Mr. Nguyen Vinh Chau	Deputy General Director

Legal representative

Mr. Nguyen Van Thinh	General Director
----------------------	------------------

Registered office

Room 106, 1st floor, Citilight Tower, 45 Vo Thi Sau Street, Da Kao Ward, District 1, Ho Chi Minh City

Auditor

PricewaterhouseCoopers (Vietnam) Limited

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors of Southern Hydropower Joint Stock Company ("the Company") is responsible for preparing financial statements which give a true and fair view of the financial position of the Company as at 31 December 2016 and the results of its operations and cash flows for the year then ended. 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 which enable financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. 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 fraud and other irregularities.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on page 5 to 33 which give a true and fair view of the financial position of the Company as at 31 December 2016 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

On behalf of the Board of Directors



Nguyen Van Thinh
General Director

Ho Chi Minh City, SR Vietnam
27 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SOUTHERN HYDROPOWER JOINT STOCK COMPANY

We have audited the accompanying financial statements of Southern Hydropower Joint Stock Company ("the Company") which were prepared on 31 December 2016 and approved by the Board of Directors on 27 March 2017. The financial statements comprise the balance sheet as at 31 December 2016, the income statement, the cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 33.

The Board of Directors' Responsibility

The Board of Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements and for such internal control which the Board of Directors determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to 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 auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements in Vietnam.

For and on behalf of PricewaterhouseCoopers (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No.
0875-2013-006-1
Authorised signatory



Luong Thi Anh Tuyet
Audit Practising Licence No.
3048-2014-006-1

Audit report number: HCM5842
Ho Chi Minh City, 27 March 2017

As indicated in Note 2.1 to the financial statements, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than SR Vietnam.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 01 – DN

BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2016 VND	2015 VND
100	CURRENT ASSETS		198,631,521,209	303,960,667,800
110	Cash and cash equivalents	3	48,233,374,014	157,842,270,267
111	Cash		45,733,374,014	155,342,270,267
112	Cash equivalents		2,500,000,000	2,500,000,000
120	Short-term investments		3,821,364,689	3,821,364,689
123	Investments held to maturity	4	3,821,364,689	3,821,364,689
130	Short-term receivables		127,300,842,439	118,998,231,095
131	Short-term trade accounts receivable	5	123,310,531,210	103,984,699,028
132	Short-term prepayments to suppliers	6	1,263,604,141	6,113,719,528
136	Other short-term receivables	7	3,034,069,288	9,207,174,739
137	Provision for doubtful debts	8	(307,362,200)	(307,362,200)
140	Inventories		13,642,245,596	3,352,347,389
141	Inventories	9	13,642,245,596	3,352,347,389
150	Other current assets		5,633,694,471	19,946,454,360
151	Short-term prepaid expenses		144,777,837	360,470,441
152	Value Added Tax to be reclaimed	10(a)	5,488,916,634	19,585,983,919
200	LONG-TERM ASSETS		2,447,067,329,039	2,609,021,439,202
210	Long-term receivables		-	444,394,875
216	Other long-term receivables		-	444,394,875
220	Fixed assets		2,445,710,116,696	2,606,385,617,790
221	Tangible fixed assets	11(a)	2,442,696,039,431	2,603,645,754,149
222	Cost		3,128,256,888,370	3,109,388,520,926
223	Accumulated depreciation		(685,560,848,939)	(505,742,766,777)
227	Intangible fixed assets	11(b)	3,014,077,265	2,739,863,641
228	Cost		3,039,263,637	2,749,863,637
229	Accumulated amortisation		(25,186,372)	(9,999,996)
240	Long term assets in progress		17,966,668	635,599,623
242	Construction in progress	12	17,966,668	635,599,623
260	Other long-term assets		1,339,245,675	1,555,826,914
261	Long-term prepaid expenses		1,339,245,675	1,555,826,914
270	TOTAL ASSETS		2,645,698,850,248	2,912,982,107,002

The notes on pages 9 to 33 are an integral part of these financial statements.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 01 – DN

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2016 VND	2015 VND
300	LIABILITIES		1,468,420,632,780	1,676,012,561,397
310	Short-term liabilities		268,749,632,780	316,185,561,397
311	Short-term trade accounts payable	13	18,981,280,771	32,958,449,587
313	Tax and other payables to the State			
	Budget	10(b)	13,382,862,774	9,783,447,565
314	Payable to employees	14	5,046,952,400	7,573,106,382
315	Short-term accrued expenses	15	57,235,802,461	69,547,027,928
319	Other short-term payables	16	12,649,678,956	11,197,414,132
320	Short-term borrowings and finance lease liabilities	17(a)	160,156,000,000	184,156,003,999
322	Bonus and welfare funds	18	1,297,055,418	970,111,804
330	Long-term liabilities		1,199,671,000,000	1,359,827,000,000
338	Long-term borrowings and finance lease liabilities	17(b)	1,199,671,000,000	1,359,827,000,000
400	OWNERS' EQUITY		1,177,278,217,468	1,236,969,545,605
410	Capital and reserves		1,177,278,217,468	1,236,969,545,605
411	Owners' capital	19	937,102,000,000	937,102,000,000
411a	- Ordinary shares with voting rights		937,102,000,000	937,102,000,000
421	Undistributed earnings	20	240,176,217,468	299,867,545,605
421a	- Undistributed post-tax profits of previous years		142,119,781,955	135,306,454,357
421b	- Post-tax profit of current year		98,056,435,513	164,561,091,248
440	TOTAL RESOURCES		2,645,698,850,248	2,912,982,107,002

 Nguyen Thi Kieu Lien
 Preparer

 Nguyen Thanh Tu Anh
 Chief Accountant

 Nguyen Van Thinh
 General Director
 27 March 2017




The notes on pages 9 to 33 are an integral part of these financial statements.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 02 – DN

INCOME STATEMENT

Code	Note	For the year ended	
		2016 VND	2015 VND
01 Sales		512,966,684,108	594,685,477,949
02 Less deductions		-	-
10 Net sales	23	512,966,684,108	594,685,477,949
11 Cost of sales	24	(274,264,830,344)	(257,513,888,782)
20 Gross profit		238,701,853,764	337,171,589,167
21 Financial income		899,609,281	886,055,791
22 Financial expenses	25	(115,669,950,782)	(131,829,368,233)
23 - Including: Interest expenses		(115,579,596,956)	(131,829,368,233)
26 General and administration expenses	26	(22,321,520,076)	(32,389,097,450)
30 Net operating profit		101,609,992,187	173,839,179,275
31 Other income		541,931,926	3,068,610,126
32 Other expenses		(1,750,002)	(7,423,419,339)
40 Net other income/(expenses)		540,181,924	(4,354,809,213)
50 Net accounting profit before tax		102,150,174,111	169,484,370,062
51 Business income tax - current	27	(4,093,738,598)	(4,923,278,814)
60 Net profit after tax		98,056,435,513	164,561,091,248
70 Basic earning per share	22	1,005	1,673



 Nguyen Thi Kieu Lien
 Preparer



 Nguyen Thanh Tu Anh
 Chief Accountant



 Nguyen Van Thinh
 General Director
 27 March 2017

The notes on pages 9 to 33 are an integral part of these financial statements.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 03 – DN

CASH FLOW STATEMENT
(Indirect method)

		For the year ended at 31 December	
Code	Note	2016 VND	2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	102,150,174,111	169,484,370,062
	Adjustments for:		
02	Depreciation and amortisation	180,517,775,791	178,354,163,900
03	Provisions	-	307,362,200
04	Unrealised foreign exchange losses	56,096,064	-
05	Profits from investing activities	(899,609,281)	(886,055,791)
06	Interest expenses	115,579,596,956	131,829,368,233
08	Operating profit before changes in working capital	397,404,033,641	479,089,208,604
09	Decrease/(increase) in receivables	5,650,151,180	(53,192,297,179)
10	Increase in inventories	(10,289,898,207)	(1,720,661,272)
11	Decrease in payables (not including interest payables, CIT payables)	(24,172,892,398)	(125,943,943,265)
12	Decrease in prepaid expenses	432,273,843	447,845,745
14	Interest paid	(116,670,566,404)	(132,233,689,344)
15	Business income tax paid	(3,364,186,133)	(5,606,963,463)
17	Other payments on operating activities	(7,484,500,036)	(8,437,475,870)
20	Net cash inflows from operating activities	241,504,415,486	152,402,023,956
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(20,043,364,732)	(6,429,499,091)
22	Proceeds from disposals of fixed assets and long-term assets	198,363,636	72,909,091
27	Interest received	899,609,281	886,055,791
30	Net cash outflows from investing activities	(18,945,391,815)	(5,470,534,209)
CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from borrowings	-	219,211,100,330
34	Repayments of borrowings	(184,156,003,999)	(177,554,637,134)
36	Dividends paid	(148,011,907,200)	(138,177,425,400)
40	Net cash outflows from financing activities	(332,167,911,199)	(96,520,962,204)
50	Net (decrease)/increase in cash and cash equivalents	(109,608,887,528)	50,410,527,543
60	Cash and cash equivalents at beginning of year	157,842,270,267	107,431,742,724
61	Effect of foreign exchange differences	(8,725)	-
70	Cash and cash equivalents at end of year	48,233,374,014	157,842,270,267



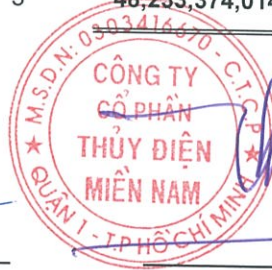
 Nguyen Thi Kieu Lien
 Preparer



 Nguyen Thanh Tu Anh
 Chief Accountant



 Nguyen Van Thinh
 General Director
 27 March 2017



The notes on pages 9 to 33 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 GENERAL INFORMATION

Southern Hydropower Joint Stock Company was established in SR Vietnam pursuant to enterprise registration certificate No. 4103002486 which was issued by the Department of Planning and Investment of Ho Chi Minh City, dated 13 July 2004.

The 8th amended enterprise registration certificate dated 5 August 2016 was issued by the Department of Planning and Investment of Ho Chi Minh City.

The Company's shares are listed on Ho Chi Minh Stock Exchange.

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

The normal business cycle of the Company is 12 months.

As at 31 December 2016, the Company had 122 employees (as at 31 December 2015: 117 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The financial statements have been prepared under the historical cost convention.

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

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The financial statements are measured and presented using Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Currency (continued)**

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.5 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.7 Investments held to maturity

Investments held to maturity are investments that the Company's Board of Directors have positive intention and ability to hold until maturity.

Investments held to maturity include term deposits. These investments were accounted for at cost less provision.

Provision for diminution in value of investments held to maturity is made when there is evidence that part or the whole of the investment is uncollectible.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	2% - 20%
Plant and machinery	7% - 20%
Motor vehicles	13%
Office equipment	20% - 33%
Computer software	33%

Land use rights with indefinite useful life are recorded at historical cost and are not depreciated.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

Construction in progress

Construction in progress are properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.9 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.10 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet and are mainly tools and equipments already put into use. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables are non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.12 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.13 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.14 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.15 Share capital

Contributed capital of the shareholders is recorded according to actual amount contributed and according to par value of the share.

Undistributed earnings record the Company's results after business income tax at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Appropriation of net profit**

Net profit after income tax could be distributed to shareholders after approval at General Meeting of shareholders, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The bonus and welfare fund

The bonus and welfare fund is appropriated from the Company's net profit and subject to shareholders' approval at the Annual General Meeting. The fund is used for rewarding, encouraging, fulfilling public needs and enhancing employees' living standards.

2.17 Revenue recognition**(a) Sales of goods**

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

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

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Company gives promotional goods to customers associated with customers' purchase, the Company allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

(b) Interest income

Interest income is recognised on an earned basis.

2.18 Cost of sales

Cost of goods sold are cost of finished goods, merchandises, materials sold or services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.19 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activity, expenses of lending and borrowing.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances, etc.); social insurance, medical insurance, labor union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, land rental, licence tax, provision for bad debts, outside services, other cash expenses.

2.21 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.23 Dividend distribution

Dividend of the Company is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's General Meeting of shareholders.

2.24 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 Segment reporting**

A segment is a component which can be separated by the Company engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Company's business segment and the Company's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Company's financial statements in order to help users of financial statements to understand and evaluate the situation the operations of the Company in a comprehensive way.

2.26 Accounting estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Directors 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 Board of Directors' best knowledge, actual results may differ from those estimates.

3 CASH AND CASH EQUIVALENTS

	2016 VND	2015 VND
Cash on hand	200,113,974	72,048,700
Cash at bank	45,533,260,040	155,270,221,567
Cash equivalent (*)	2,500,000,000	2,500,000,000
	<u>48,233,374,014</u>	<u>157,842,270,267</u>

(*) Included in cash at bank are deposits with the original maturity of 3 months or less.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

4 INVESTMENTS HELD-TO-MATURITY

	2016 VND	2015 VND
Bank deposit	<u>3,821,364,689</u>	<u>3,821,364,689</u>

This represents bank deposit with remaining term not exceeding 12 months at the balance sheet date.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2016 VND	2015 VND
Related parties (Note 32(b))	<u>123,310,531,210</u>	<u>103,984,699,028</u>

6 SHORT-TERM PREPAYMENT TO SUPPLIERS

	2016 VND	2015 VND
Andritz Hydro GmbH	-	2,850,463,350
Nha Trang Centrifugal Concrete Joint Stock Company	-	1,339,766,636
Indecotech Joint Stock Company	456,073,297	456,073,297
Compensation Board of Bao Lam District Information - Registration land use rights Center in Lam Dong	330,955,900	326,637,900
Others	140,000,000	140,000,000
	<u>336,574,944</u>	<u>1,000,778,345</u>
	<u>1,263,604,141</u>	<u>6,113,719,528</u>

7 OTHER SHORT-TERM RECEIVABLES

Other short-term receivables are primarily bank deposits to open a letter of credit.

8 PROVISION FOR DOUBTFUL DEBTS

This amount represents the provision for receivable from local residents relating to compensation of livelihood routes from Da Dang 2 hydropower plant.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

9 INVENTORIES

	2016 VND	2015 VND
Raw materials	784,879,956	1,977,784,233
Tools and supplies (*)	12,857,365,640	1,374,563,156
	<u>13,642,245,596</u>	<u>3,352,347,389</u>

(*) Tools and supplies primarily include equipment and spare parts of Da Dang 2 hydropower plant.

10 TAX RECEIVABLES AND TAX PAYABLES TO STATE BUDGET

(a) Tax receivables

	2016 VND	2015 VND
Value Added Tax to be reclaimed	<u>5,488,916,634</u>	<u>19,585,983,919</u>

(b) Tax payables

	2016 VND	2015 VND
Value Added Tax payable	3,559,235,662	1,142,606,409
Corporate income tax	2,036,617,528	1,307,065,063
Natural resources tax	3,306,104,298	865,819,116
Forestry environment service fee	3,986,212,420	5,983,309,600
Personal income tax	382,353,468	484,647,377
Others	112,339,398	-
	<u>13,382,862,774</u>	<u>9,783,447,565</u>

(c) Movement of taxes payables/receivables to the State Budget

Movement of tax receivables is as follows:

	As at 1.1.2016 VND	Incurred VND	Net off VND	Refunded VND	As at 31.12.2016 VND
VAT to be reclaimed	<u>19,585,983,919</u>	<u>3,967,010,378</u>	<u>(7,779,644,765)</u>	<u>(10,284,432,898)</u>	<u>5,488,916,634</u>

10 TAX RECEIVABLE AND TAX PAYABLES TO STATE BUDGET (continued)**(c) Movement of taxes payables/receivables to the State Budget (continued)**

Movement of tax payables to the State Budget is as follows:

	As at 1.1.2016 VND	Payable during the year VND	Net off VND	Settled during the year VND	As at 31.12.2016 VND
VAT payable	1,142,606,409	52,486,479,490	(7,779,644,765)	(42,290,205,472)	3,559,235,662
Corporate income tax	1,307,065,063	4,093,738,598	-	(3,364,186,133)	2,036,617,528
Natural resource tax (*)	865,819,116	43,330,097,370	(10,284,432,898)	(30,605,379,290)	3,306,104,298
Forestry environment service fee	5,983,309,600	11,156,569,660	-	(13,153,666,840)	3,986,212,420
Personal income tax	484,647,377	3,094,133,710	-	(3,196,427,619)	382,353,468
Others	-	112,339,398	-	-	112,339,398
	<u>9,783,447,565</u>	<u>114,273,358,226</u>	<u>(18,064,077,663)</u>	<u>(92,609,865,354)</u>	<u>13,382,862,774</u>

(*) According to VAT refund decision No. 5315/QD-CT dated 13 December 2016 issued by the Department of Taxation of Lam Dong Province, VAT refund relating to DamBri project was offset against natural resource tax with an amount of VND10,284,432,898.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

11 FIXED ASSETS

(a) Tangible fixed assets

	Plant and building VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2016	2,485,836,180,455	617,417,596,419	5,501,786,831	632,957,221	3,109,388,520,926
New purchases	-	608,793,510	-	-	608,793,510
Transfers from construction in progress (Note 12)					
Disposals	9,831,902,625	9,021,535,465	37,876,280	52,766,817	18,944,081,187
Adjusted historical cost based on Finalisation Report of Da Dang 2 Hydropower Plant project (*)	(10,531,858,796)	10,531,858,796	(620,258,053)	(64,249,200)	(684,507,253)
As at 31 December 2016	2,485,136,224,284	637,579,784,190	4,919,405,058	621,474,838	3,128,256,888,370
Accumulated depreciation					
As at 1 January 2016	300,163,647,896	200,508,572,650	4,568,659,649	501,886,582	505,742,766,777
Charge for the year	115,942,258,506	64,135,213,843	378,471,317	46,645,749	180,502,589,415
Disposals	-	-	(620,258,053)	(64,249,200)	(684,507,253)
Adjusted depreciation based on Finalisation Report of Da Dang 2 Hydropower Plant project (*)	(201,488,269)	201,488,269	-	-	-
As at 31 December 2016	415,904,418,133	264,845,274,762	4,326,872,913	484,283,131	685,560,848,939
Net book value					
As at 1 January 2016	2,185,672,532,559	416,909,023,769	933,127,182	131,070,639	2,603,645,754,149
As at 31 December 2016	2,069,231,806,151	372,734,509,428	592,532,145	137,191,707	2,442,696,039,431

11 FIXED ASSETS (continued)**(a) Tangible fixed assets (continued)**

(*) The adjustments are based on the audited Finalization Report of Da Dang 2 Hydropower Plant project issued on 17 August 2016.

As at 31 December 2016, tangible fixed assets of the Company with carrying value of VND2,431,497,651,187 (2015: VND2,598,684,831,414) were pledged as a security for short term loans and long term loans of the Company (Note 17).

Cost of fully depreciated fixed assets but still in use as at 31 December 2016 was VND3,405,432,428 (2015: VND1,694,093,431).

(b) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
Historical cost			
As at 1 January 2016	2,719,863,637	30,000,000	2,749,863,637
New purchases	-	289,400,000	289,400,000
As at 31 December 2016	2,719,863,637	319,400,000	3,039,263,637
Accumulated amortisation			
As at 1 January 2016	-	9,999,996	9,999,996
Charge for the year	-	15,186,376	15,186,376
As at 31 December 2016	-	25,186,372	25,186,372
Net book value			
As at 1 January 2016	2,719,863,637	20,000,004	2,739,863,641
As at 31 December 2016	2,719,863,637	294,213,628	3,014,077,265

12 CONSTRUCTION IN PROGRESS

Details of construction in progress are as follows:

	2016 VND	2015 VND
Bao Loc office	-	461,125,623
Others	17,966,668	174,474,000
	17,966,668	635,599,623

12 CONSTRUCTION IN PROGRESS (continued)

Movements of construction in progress during the year were as follows:

	2016 VND	2015 VND
Beginning of year	635,599,623	10,129,038,952
Additions during the year	19,535,507,222	4,163,845,371
Transfer to fixed assets (Note 11(a))	(18,944,081,187)	(10,973,823,746)
Others	(1,209,058,990)	(2,683,460,954)
End of year	<u>17,966,668</u>	<u>635,599,623</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2016 VND	2015 VND
Hydraulic Construction No.4 Joint Stock Company	12,934,212,620	18,606,018,250
Southern Electrical Testing Company	-	3,241,620,292
Others	6,047,068,151	11,110,811,045
	<u>18,981,280,771</u>	<u>32,958,449,587</u>

The Company does not have any overdue debts outstanding at the date of the balance sheet. According to the Board of Directors, the Company is able to pay all short-term trade accounts payable.

14 PAYABLE TO EMPLOYEES

Payable to employees as at 31 December 2016 are mainly additional salary of employees.

15 SHORT TERM ACCRUED EXPENSES

	2016 VND	2015 VND
Construction costs of DamBri Hydropower plant	51,925,344,787	62,741,665,634
Interest expense	5,205,950,001	6,296,919,449
Others	104,507,673	508,442,845
	<u>57,235,802,461</u>	<u>69,547,027,928</u>

16 OTHER SHORT-TERM PAYABLES

	2016 VND	2015 VND
Dividends payable (Note 21)	12,501,908,000	10,577,495,200
Payable to employees	139,771,956	100,736,940
Others	7,999,000	519,181,992
	<u>12,649,678,956</u>	<u>11,197,414,132</u>

17 BORROWINGS AND FINANCE LEASE LIABILITIES**(a) Short-term borrowings and finance lease liabilities**

	As at 1.1.2016 VND	Transfer from long-term borrowings VND	Repayment VND	As at 31.12.2016 VND
Borrowings from banks	<u>184,156,003,999</u>	<u>160,156,000,000</u>	<u>(184,156,003,999)</u>	<u>160,156,000,000</u>

Details of short-term borrowings:

	Currency	Interest rate (per annum)	31.12.2016 VND	31.12.2015 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	(i) VND	7.5%	58,000,000,000	32,000,000,000
Vietnam Development Bank – Lam Dong branch	(ii) VND	6.9%	66,156,000,000	66,156,000,000
Vietnam International Joint Stock Commercial Bank	(iii) VND	8.7%	36,000,000,000	36,000,000,000
Vietnam Prosperity Joint Stock Commercial Bank	(iv) VND	8.7%	-	50,000,003,999
			<u>160,156,000,000</u>	<u>184,156,003,999</u>

(b) Long-term borrowings and finance lease liabilities

	As at 1.1.2016 VND	Increase VND	Reclassified to short- term borrowings VND	As at 31.12.2016 VND
Borrowings from banks	<u>1,359,827,000,000</u>	<u>-</u>	<u>(160,156,000,000)</u>	<u>1,199,671,000,000</u>

17 BORROWINGS (continued)**(b) Long-term borrowings and finance lease liabilities (continued)**

Details of long-term borrowings:

			Interest rate (per annum)	31.12.2016 VND	31.12.2015 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	(i)	VND	7.5%	791,000,000,000	849,000,000,000
Vietnam Development Bank – Lam Dong branch	(ii)	VND	6.9%	286,671,000,000	352,827,000,000
Vietnam International Joint Stock Commercial Bank	(iii)	VND	8.7%	122,000,000,000	158,000,000,000
				<u>1,199,671,000,000</u>	<u>1,359,827,000,000</u>

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

- The contract of loan No.0043/ĐTDA/13CD dated 20 November 2013, credit limit is VND260 billion, 138-month credit term, interest rates at the first disbursement is 11.1%/year, aim to pay all costs related to the implementation of the construction project. These loans are secured by mortgaged assets from the project. The first principal repayment time will be signed by two parties after the end of grace period (18 months from the date of first disbursement). According to the amended contract 03-0043/DTDU dated 23 May 2016, the applicable interest rate as at 31 December 2016 is 7.5% per annum.
- The contract of loan No.0028/ĐTDA/14CD dated 12 November 2014, credit limit is VND633.7 billion, 120-month credit term, interest rates in the contract is equal to 12 month saving interest rate in VND (which is still effective at the first disbursement) plus (+) 3.6%/year, adjusted quarterly, the loan is used for the purpose of restructuring of corporate finance investment projects under DamBri Hydropower plant, capacity of 75KW. These loans are secured by mortgaged assets from the projects. The first principal repayment will be signed by two parties after the date of disbursement of all the loans. This loan is used to finance the restructuring of the loans under the credit agreement No. 02/2008/HĐTDDT-VDB dated 17 April 2008 of the Vietnam Development Bank - Lam Dong Branch. According to the amended credit agreement No. 02-0028/DTDU/14CD dated 23 May 2016, the loan interest rate is 7.5% per year and will be adjusted to 12 month saving interest rate in VND plus (+) 1%/year for the 2nd year, and plus (+) 2.5%/year for the 3rd year onward. The applicable interest rate as at 31 December 2016 is 7.5% per annum.

(ii) This is the loan from Vietnam Development bank – Lam Dong Branch under the contract of loan No.02/2008/HĐTDDT-NHPT dated 17 April 2008, credit limit is VND1,250 billion, 13-year credit term, the interest rate as regulated by the Government, these loans are secured by mortgaged assets from the project. The amendments credit contract No. 03C/2014/HĐTDDT amended principal repayment duration to 89 months from December 2014. The applicable interest rate as at 31 December 2016 is 6.9% per annum.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

17 BORROWINGS (continued)

- (iii) Loan from Vietnam International Joint Stock Commercial Bank according to the contract No.0238/HD TD-VIB601/15 dated on 15 June 2015, with VND200 billion credit limit and 5-year credit term. Interest rate applied for the first 6 months since the first disbursement is 8.7%, and the interest rate will change to 12-month-saving interest rate of personal customer of Joint Stock Commercial Bank for Foreign Trade of Vietnam plus 2.2% margin. This loan is secured by all assets in Da Dang 2 Hydropower Plant, and all cash inflows from collection of electricity sales contracts between Dasiat Hydropower Plant and Central Power Corporation must transfer through Vietnam International Joint Stock Commercial Bank.
- (iv) This is the loan from Vietnam Prosperity Joint Stock Commercial Bank under the contract of loan No.212/2013/HD TD/CMB-HCM dated 16 December 2013, credit term is 36 months, interest rate at the first disbursement is 10.9%/year, adjusted quarterly (12 months saving interest rate adjusted plus 2.5%), the loans are unsecured. The loan was due on 16 December 2016. Interest rate before due date was 8.7% per year.

18 BONUS AND WELFARE FUNDS

	2016 VND	2015 VND
Beginning of year	970,111,804	603,083,171
Appropriation from retained earnings (Note 20)	7,811,443,650	8,804,504,503
Utilisation in the year	(7,484,500,036)	(8,437,475,870)
End of year	<u>1,297,055,418</u>	<u>970,111,804</u>

19 OWNERS' CAPITAL

(a) Number of shares

	2016 Ordinary shares	2015 Ordinary shares
Number of shares registered	<u>93,710,200</u>	<u>93,710,200</u>
Number of existing shares in circulation	<u>93,710,200</u>	<u>93,710,200</u>

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

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

19 OWNERS' CAPITAL (continued)

(b) Details of owners' shareholding

Pursuant to the 8th amended Enterprise registration certificate dated 5 August 2016, charter capital of the Company is VND937,102,000,000.

As at 31 December 2016, the actual capital structure of the Company is as follows:

	31.12.2016		31.12.2015	
	VND	%	VND	%
Southern Electricity Corporation	457,843,580,000	48.86	457,843,580,000	48.86
Saigon Beer-Alcohol-Beverage Joint Stock Corporation	-	-	189,507,130,000	20.22
Refrigeration Electrical Engineering Corporation	99,908,900,000	10.66	-	-
Other shareholders	379,349,520,000	40.48	289,751,290,000	30.92
	<u>937,102,000,000</u>	<u>100</u>	<u>937,102,000,000</u>	<u>100</u>

20 MOVEMENTS IN OWNERS' EQUITY

	Shareholders' capital VND	Undistributed earnings VND	Total VND
As at 1 January 2015	937,102,000,000	284,676,258,860	1,221,778,258,860
Profit for the year	-	164,561,091,248	164,561,091,248
Appropriated to bonus and welfare funds (Note 18)	-	(8,804,504,503)	(8,804,504,503)
Dividends	-	(140,565,300,000)	(140,565,300,000)
As at 31 December 2015	937,102,000,000	299,867,545,605	1,236,969,545,605
Profit for the year	-	98,056,435,513	98,056,435,513
Appropriated to bonus and welfare funds (Note 18)	-	(7,811,443,650)	(7,811,443,650)
Dividends (*)	-	(149,936,320,000)	(149,936,320,000)
As at 31 December 2016	<u>937,102,000,000</u>	<u>240,176,217,468</u>	<u>1,177,278,217,468</u>

(*) According to the Resolution of the Annual General Shareholders' Meeting No. 24/NQ-CTCPTĐMN-ĐHĐCĐ dated 28 April 2016, the Company's shareholders approved the dividend payment for the financial year ended 31 December 2015 in form of cash at a rate of 16% of par value (equivalent to VND149,936,320,000). The Company announced and settled the cash dividends in July 2016.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

21 DIVIDENDS PAYABLE

	2016 VND	2015 VND
Beginning of year	10,577,495,200	8,190,190,600
Dividend declared (Note 20)	149,936,320,000	140,565,300,000
Paid by cash	(148,011,907,200)	(138,177,425,400)
Other adjustments	-	(570,000)
End of year (Note 16)	<u>12,501,908,000</u>	<u>10,577,495,200</u>

22 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares:

	2016	2015 (**)
Net profit attributable to shareholders (VND)	98,056,435,513	164,561,091,248
Less amount allocated to bonus and welfare funds (VND) (*)	(3,922,257,421)	(7,811,443,650)
	<u>94,134,178,092</u>	<u>156,749,647,598</u>
Weighted average number of ordinary shares in issue (shares)	93,710,200	93,710,200
Basic earnings per share (VND)	<u>1,005</u>	<u>1,673</u>

(*) Amount appropriated to bonus and welfare funds for the year 2015 is restated according to the profit distribution plan approved at 2016 Annual General Meeting of shareholders. Estimated bonus and welfare funds for the year 2016 is calculated based on the profit distribution rate according to the Annual General Meeting of Shareholders' Resolution No. 24/NQ-CPTDMN-DHCD dated 28 April 2016 and profit after tax of the year 2016.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

22 BASIC EARNINGS PER SHARE (continued)

(**) Basic earnings per share of the year 2015 were restated as follows:

	For the year ended 31.12.2015		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	164,561,091,248	-	164,561,091,248
Less amount allocated to bonus and welfare funds (VND)	(6,582,443,650)	(1,229,000,000)	(7,811,443,650)
	157,978,647,598	(1,229,000,000)	156,749,647,598
Weighted average number of ordinary shares in issue (shares)	93,710,200	-	93,710,200
Basic earnings per share (VND)	1,686	(13)	1,673

EPS of 2015 is recalculated based on actual amount allocated to bonus and welfare funds of 2015 approved in 2016 in accordance with Circular 200/2014/TT-BTC dated 22 December 2014.

23 SALES

	2016 VND	2015 VND
Sales of electricity	512,966,684,108	594,685,477,949

24 COST OF SALES

	2016 VND	2015 VND
Cost of electricity sold	274,264,830,344	257,513,888,782

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

25 FINANCIAL EXPENSES

	2016 VND	2015 VND
Interest expenses	115,579,596,956	131,829,368,233
Net loss from foreign currency translation at year-end	56,096,064	-
Realised foreign exchange losses	34,257,762	-
	<u>115,669,950,782</u>	<u>131,829,368,233</u>

26 GENERAL AND ADMINISTRATION EXPENSES

	2016 VND	2015 VND
Salary expenses	13,624,261,078	21,701,394,202
Rental expenses	1,847,579,500	1,897,579,500
Depreciation expenses	460,270,754	687,104,359
Others	6,389,408,744	8,103,019,389
	<u>22,321,520,076</u>	<u>32,389,097,450</u>

27 BUSINESS INCOME TAX

Three hydropower plants of the Company are subject to tax incentives as investing in areas with especially difficult socio-economic conditions under the current regulations as follows:

- Da Dang 2 Hydropower plant and Dasiat Hydropower plant: the tax rate of 10% in the 15 years since the project starts operation, tax exempted in 4 years since the first year of generating taxable income and deduction of 50% income tax payable in the next 9 years. The year 2010 was the first year in operation of the two plants. They had taxable income since 2010 and tax exempted until 2013. The two plants had the deduction of 50% corporate income tax for the income from the project since 2014.
- DamBri Hydropower plant: the tax rate of 10% in the 15 years since the project starts operation, tax exempted in 4 years since the first year of generating taxable income and deduction of 50% corporate income tax payable in the next 9 years. The year 2014 was the first year in operation of the plant. It had taxable income since 2014 and tax exempted until 2017.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

27 BUSINESS INCOME TAX (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise as under current tax regulation as follows:

	2016 VND	2015 VND
Net accounting profit before tax	102,150,174,111	169,484,370,062
Tax calculated at a rate of 10%:	10,215,017,411	16,948,437,006
Effect of:		
Expenses not deductible for tax purposes	136,725,585	52,067,960
Tax incentives of hydropower plants	(6,189,641,606)	(12,048,825,447)
Differences in tax rate between hydropower plants and head office	(68,362,793)	(28,400,705)
Business income tax charge	4,093,738,598	4,923,278,814

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

28 COST OF OPERATION BY FACTOR

	2016 VND	2015 VND
Raw materials	4,721,292,742	3,559,545,808
Labour costs	38,832,823,431	35,259,998,166
Depreciation expense	180,517,775,791	178,354,163,900
Natural resources tax	43,330,097,370	38,134,885,440
Forestry environment service fee	11,156,569,660	14,457,318,600
Outside service expenses	10,748,423,003	11,242,473,547
Other cash expenses	7,279,368,423	8,894,600,771
	296,586,350,420	289,902,986,232

29 SEGMENT REPORTING

(a) Business activity segments

The Company does not present the business activity segments as the Company has only one business line of manufacturing electricity.

(b) Geographical segments

The Company does not present the geographical segments as the business operation is only in Vietnam, which has:

- the similarity of economic conditions and politics;
- the similarity of the business environment;
- risks related to business activities in Vietnam is relatively homogeneous; and
- under the control of the regulations governing of foreign exchange and currency risk in Vietnam.

30 ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS

Money held by the Company but restricted use

The Company has VND1,716,468,748 at Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch which is restricted to pay for suppliers in accordance with the terms set out in the credit agreement.

31 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effect of these risks on the Company's financial performance.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

(i) Currency risk

The Company's business is not exposed to foreign currency risk as the Company has no balance of financial asset or financial liability dominated by foreign currency as at 31 December 2016.

(ii) Price risk

During the year, the Company was under no securities price risk as it did not enter into any securities transactions. The Company is not significantly exposed to commodity price risk.

(iii) Interest rate risk

The Company is exposed to significant interest rate risk on its borrowings which have floating rate. At 31 December 2016, if the VND interest rates had increased/decreased by 1% with all other variables being held constant, the Company's profit before tax for the year would have been lower/higher by VND11,996,710,000 as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company adopts the policy of dealing with customers of appropriate credit history to mitigate credit risk.

SOUTHERN HYDROPOWER JOINT STOCK COMPANY

Form B 09 – DN

31 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year VND	Between 1 and 2 years VND	Between 2 and 5 years VND	Over 5 years VND
As at 31 December 2016				
Trade and other payables	18,981,280,771	-	-	-
Borrowings	160,156,000,000	182,156,000,000	636,468,000,000	381,047,000,000
Other payables	69,885,481,417	-	-	-
	<u>249,022,762,188</u>	<u>182,156,000,000</u>	<u>636,468,000,000</u>	<u>381,047,000,000</u>
As at 31 December 2015				
Trade and other payables	32,958,449,587	-	-	-
Borrowings	184,156,003,999	163,669,000,000	630,468,000,000	565,690,000,000
Other payables	80,744,442,060	-	-	-
	<u>297,858,895,646</u>	<u>163,669,000,000</u>	<u>630,468,000,000</u>	<u>565,690,000,000</u>

32 RELATED PARTY DISCLOSURES

The largest shareholder of the Company is Southern Electricity Corporation which owns 48.86% of voting rights and ownership of the Company, is also the subsidiary of Vietnam Electricity Corporation.

(a) Related party transactions

During the period, the following transactions were carried out with related parties:

i) Sales of goods and services

	2016 VND	2015 VND
Electricity Power Trading Company	444,772,105,854	523,455,412,812
Central Power Corporation	68,194,578,254	71,230,065,137
	<u>512,966,684,108</u>	<u>594,685,477,949</u>

The above two companies are the subsidiaries of Vietnam Electricity Corporation.

32 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

ii) Compensation of key management

	2016 VND	2015 VND
Gross salaries and other benefits	5,473,685,662	4,421,666,307

This represents the compensation for members of the Board of Directors, Board of Management, Board of Supervision and chief accountant (which includes the bonus to Board of Management and Board of Supervision equal to 5% of the exceeding profit over the target approved by the Company's shareholders according to the Resolution of the Annual General Shareholders' Meeting No. 24/NQ-CTCPTĐMN-ĐHĐCĐ dated 28 April 2016).

iii) Financing activities

	2016 VND	2015 VND
Dividends paid to Southern Electricity Corporation	73,254,972,800	68,676,537,000
Dividends paid to Saigon Beer-Alcohol-Beverage Joint Stock Corporation (*)	30,321,140,800	28,426,069,500
	103,576,113,600	97,102,606,500

(*) The dividend was paid to Saigon Beer-Alcohol-Beverage Joint Stock Corporation ("Sabeco") in July 2016. As at 31 December 2016, Sabeco was no longer a related party of the Company because it divested all the shares in the Company from 22 September 2016.

iv) Other transactions

	2016 VND	2015 VND
Interest late payment	-	7,420,728,039

32 RELATED PARTY DISCLOSURES (continued)

(b) Year-end balances with related parties

	2016 VND	2015 VND
Short-term trade accounts receivable (Note 5)		
Electricity Power Trading Company	114,552,857,336	88,323,924,357
Central Power Corporation	8,757,673,874	15,660,774,671
	<u>123,310,531,210</u>	<u>103,984,699,028</u>

33 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	2016 VND	2015 VND
Less than 1 year	67,893,661	148,131,625
Between 1 and 5 years	-	68,305,138
More than 5 years	8,061,426,723	8,061,426,723
	<u>8,129,320,384</u>	<u>8,277,863,486</u>

This represents the commitment for office rental No.05/CT-SHP-AH/DD2 dated 23 May 2015 and land rental at Dasiat Hydropower No.137/ HĐ-TĐ dated 15 August 2011.

The financial statements were approved by the Board of Directors on 27 March 2017.



Nguyen Thi Kieu Lien
Preparer



Nguyen Thanh Tu Anh
Chief Accountant



Nguyen Van Thinh
General Director





LEGAL REPRESENTATIVE



Nguyen Van Thinh

DIRECTOR

Light source of every home



**Head Office: P.106, 1st Floor, Citilight Building, 45 Vo Thi
Sau, Da Kao Ward, District 1, Ho Chi Minh City**

Phone: 08-38207795 - Fax: 08-38207794

Website: www.shp.vn