



**CÔNG TY CỔ PHẦN XÂY LẮP ĐIỆN I**  
**Power Construction Joint Stock Company No.1**



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**Power Construction Joint Stock Company No.1**

Address: 583 Nguyen Trai street, Thanh Xuan district, Hanoi city  
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Hanoi, April 2018



## LIST OF ABBREVIATIONS

RE	Real estate
BOS	Board of supervisors
BOD	Board of Directors
FS	Financial statements
Company	PCC1
CAGR	Compound annual growth rate
O&E	Officers and employees
JSC	Joint Stock Company
NR	Net revenue
EPS	Earnings per share
EVN	Electricity of Vietnam
GDP	Gross domestic product
BOM	Board of Management
PAT	Profit after tax
PCC1	Power Construction No. 1 Joint Stock Company
PM	Project management
ROA	Return on assets
ROE	Return on Equity
IP	Industrial production
MB	Manufacturing business
CI	Corporate income
OMLT	One-member limited liability
E	Equity

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## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF MANAGEMENT



**Mr Trinh Van Tuan**  
Chairman of BOM

### Dear Shareholders, Customers, Partners and all employees of Power Construction No. 1 Joint Stock Company!

On behalf of the Board of Management, I would like to send you warmest greetings and best wishes for health, happiness and success.

Over the past 55 years associated with the development of the country, today, PCC1 prides to confirm No. 1 position in the field of electrical construction and installation in Vietnam and gradually reaches the top 5 in Southeast Asia region. PCC1's success comes from its core values which were formed and confirmed throughout its long history of development.

Vietnam Top **50** best Companies  
assessed by Vietnam Report

TOP **50** best Listed Companies  
in 2017  
voted by Forbes Vietnam Magazine



Over the past 55 years associated with the development of the country, today, PCC1 prides to confirm No. 1 position in the field of electrical construction and installation in Vietnam and gradually reaches the top 5 in Southeast Asia region.



### 2017: Stick to the company's strategic goals

In 2017, Vietnam's economy is stable and grew positively. Vietnam's electricity sector has provided enough power for socio-economic development. Strictly following the development objectives of the company's strategic plan until 2020 with a vision to 2030. Board of Management and Executive Board the Company have led production and business activities to overcome all difficulties and challenges in the deep economic integration and increasingly complex competition. Setting up plans and scientific and reasonable solutions to achieve the business objectives of 2017 for next years.

Results achieved:

- The production and business value reached VND4,634 billion, equal to 114% of the year 2016. The total revenue was 3,161 billion VND, equal to 105% of the year 2016. Profit after tax was 236.6 billion VND.
- Completed 2 hydropower plants which are Bao Lam 3 and Bao Lam 3A in the chain of hydropower plants in the company's energy investment strategy.
- Continued to affirm its position, prestige in the business sectors, commitment, and social responsibility, as well as creating motivation for employees with core values and developing Company cultural.

With the achievements in production and business activities, for 3 consecutive years PCC1 was honored "Vietnam Top 50 Best Companies" assessed by Vietnam Report; "Top 50 Best Listed Companies in 2017" voted by Forbes Vietnam Magazine.

### 2018: High turnover - High efficiency - High income

In early 2018, the Company has reviewed and adjusted the Company's strategy 2018-2023, vision 2030 in consistent with market developments, macroeconomic development and deepening international integration under the impact of the 4.0 revolution in order to create a breakthrough in revenue, maintain high speed of turnover growth in accordance with strategic goals.

The basic indicators of production and business are: production value: 6,168 billion VND - increased 33% compared to year 2017; Turnover: 5,643 billion VND - increased 79% compared to year 2017. Profit after tax reached 459 billion VND, increased 94% compared to year. Contribution to State budget: 250 billion VND Average income of laborer is 13.2 million VND / person / month

Solutions to success are: continue to improve the management of the system through improving the quality of human resources and application of management software, business management; applying

advanced production equipment and construction; asserting prestige and brand name with domestic market, developing foreign market; developing new product development; creating motivation for employees and developing corporate culture; managing effectively investment capital; increasing the scale and taking advantage of opportunities in international integration process, the roadmap for revenue target of 400 million VND by the year 2020.

On behalf of the Board of Management, I would like to express my sincere thanks for the support and companions of shareholders in previous time. I would like to thank you for the trust and active cooperation of our partners and customers. And I also would like to express my gratitude and appreciation for the hard work, effort and creativity of the staffs of the company who directly write on the encouraging and proud achievement pages.

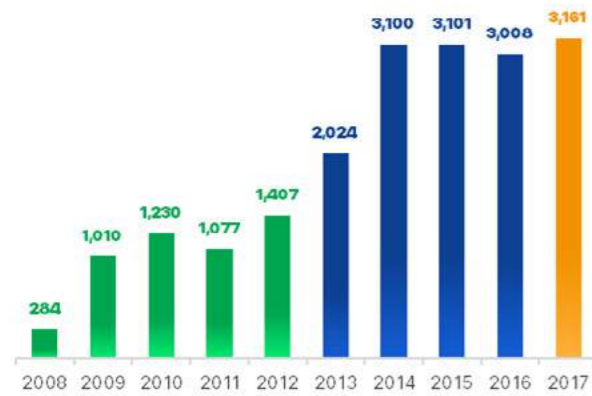
Yours sincerely,

**Trinh Văn Tuấn**

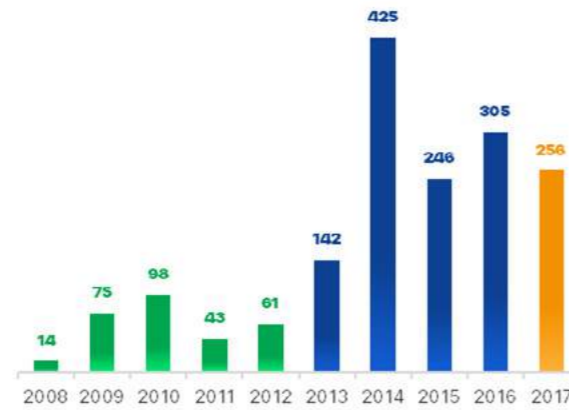


## INDICATORS FINANCIAL HIGHLIGHTS

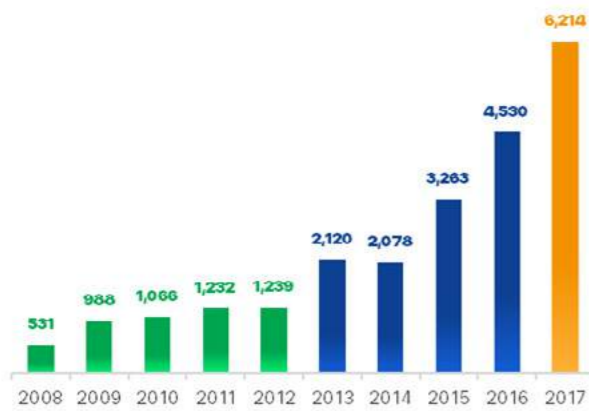
**NET REVENUE** (billions dong)  
CAGR=31%



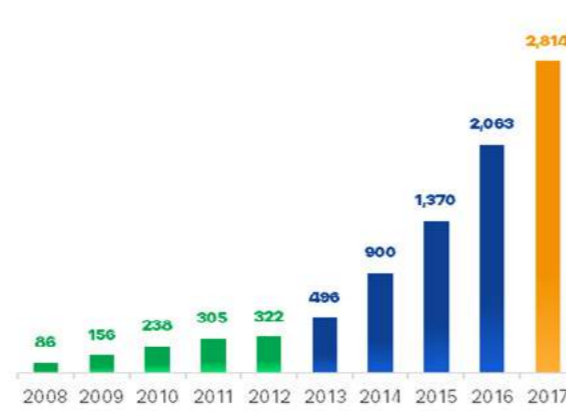
**PROFIT AFTER TAX** (billions dong)  
CAGR=38%



**TOTAL ASSETS** (billions dong)  
CAGR=31%



**OWNER'S EQUITY** (billions dong)  
CAGR=47%



Indicators	Unit	2013	2014	2015	2016	2017
<b>Operating results</b>						
Net revenue	Billions dong	2,024	3,100	3,101	3,008	3,161
Cost of goods sold	Billions dong	1,605	2,433	2,672	2,482	2,679
Gross profit	Billions dong	419	667	429	527	481
Operation costs	Billions dong	185	112	132	129	126
Net profit from business activities	Billions dong	186	549	281	329	263
Net profit from financial activities	Billions dong	-49	-6	-3	-7	-93
Net profit from other activities	Billions dong	5	-1	38	72	40
Profit before tax	Billions dong	190	549	319	401	303
Profit after tax	Billions dong	142	425	246	305	256
<b>Accounting balance sheet</b>						
Total assets	Billions dong	2,120	2,078	3,263	4,530	6,214
Owners' equity	Billions dong	496	900	1,370	2,063	2,814
Charter capital	Billions dong	180	201	342	753	1,155
Liabilities must pay	Billions dong	1,624	1,178	1,893	2,467	3,400
<b>The main financial indicators</b>						
ROE	%	29%	47%	18%	15%	9%
ROA	%	7%	20%	8%	7%	4%
EPS	dong	6,934	21,064	9,179	3,392	2,336
Dividends	%	20%	20%	20%	30%	15%



## OUTSTANDING EVENTS AND AWARDS IN 2017



01

Carry out the review of company strategy up to 2023, vision 2030



02

Completed the power generation of two hydro-power plants: Bao Lam 3 hydropower plant and Bao Lam 3A hydropower plant



03

Successfully issued shares separately to investors with the rate of 18% of chartered capital and collect VND 517 billion to supplement the capital of company.



04

Continue to invest in research and application of improvement, advanced technologies and machinery in production and construction.



05

Successfully converted quality management system from ISO 9001: 2008 to ISO 9001: 2015, quality management system in PCC1 and 8 member companies achieved ISO 9001:2015



06

Initially established and operated risk management and internal control systems in accordance with COSO standards.

### AWARDS IN 2017

Vietnam Top **50** best Companies assessed by Vietnam Report



TOP **500** largest Vietnamese firm assessed by Vietnam Report



TOP **50** best Listed Companies in 2017 voted by Forbes Vietnam Magazine



TOP **50** largest private Vietnamese firm assessed by Vietnam Report





# 01 OVERVIEW OF THE COMPANY

General information

Business activities

Formation and development process

Corporate governance model

Introduction of the Board of Directors

Development orientation

Risk





## GENERAL INFORMATION

Power Construction JSC No1 (PCC1) was established on 02 March 1963, experienced more than 55 years of construction and development, from the primary key task of constructing and installing national electricity transmission works, PCC1 today has proven its capability not only in the field of power construction and installation but also in the industrial production, energy investment, real estate investment, consultancy and services. The company now is in the TOP 500 largest private enterprises in Vietnam with the scale of more than 20 member units and turnover of more than 3000 billion dong. By satisfying assessment criteria based on business performance, market position and profitability for investors, especially honesty and transparency in every activity, PCC1 right after being listed on the HOSE (November 2016) was voted in the list of Top 50 best listed companies in 2017 by Forbes Vietnam magazine.

Vietnamese name	Công ty Cổ phần Xây lắp điện I
English name	Power Construction JSC., No.1
Business registration certificate	0100100745
Charter capital	1,154,528,420,000 VND
Equity capital	2,813,992,283,340 VND
Headquarter	583 Nguyen Trai street, Thanh Xuan district, Hanoi city
Tel	(84-24) 38 456 329
Fax	(84-24) 38 231 997
Website	<a href="http://www.pcc1.vn">http://www.pcc1.vn</a>
Email	pcc1@vnn.vn
Securities code	PC1
Logo	



## VISION

To become a leading company in Vietnam and in the top 5 in Southeast Asia to implement EPC contracts for electrical installation projects and industrial works.

## MISSION

- Non-stop innovation: to make smart and modern electricity works connecting to the national power system and the region.
- Create a lot of superior values for customers, investors, employees and society.

## CORE VALUES

**Creativity:** Creativity is the foundation of development.

**Speed:** Speed action, systemic thinking to lead all activities.

**Reliability:** Reliability is the power to create sustainable development, the soul of PCC1.





## LINES AND LOCATIONS OF THE BUSINESS

### Business lines



#### Electrical construction and installation

PCC1 has been leading in the field of electrical construction and installation with experience in implementing many national power transmission projects. This is the traditional strength of PCC1 and also the main activity in the company lines since its establishment. PCC1 has more than 55 years of experience in the construction of electrical works, lines and transformer stations. PCC1 has always been a leader in installing electrical lines with a variety of design capacity up to 500kV spread throughout the country.



#### Industrial production

In the field of industrial production, PCC1 is the largest company in Vietnam in design and manufacture of galvanized steel structures. The company is equipped with modern technology with a total capacity of over 50,000 tons of products per year. PCC1 has two member units namely Dong Anh Steel Tower Co., Ltd (formerly Hyundai-Dong Anh Company) and Yen Thuong Steel Structure Factory.



#### Energy investment

PCC1 has powerful resources and advanced management procedures, good ability to control quality by the core values that the company has "Innovation-Speed-Trust". Investing in power plants to create a new position, change the structure of business activities and create sustainable added value, PCC1 has been trying to create more outstanding value for partners, customers, investors, laborers and society.



#### Real estate investment and trading

Power Construction Joint Stock Company No.1 owns over 100,000 m2 of land in the areas of Hanoi, Ninh Binh and Ho Chi Minh. The company has been actively implementing investment and investment co-operation.



#### Consultancy and services

- Surveying, designing the construction of power projects, consulting supervision, compensation, ground clearance;
- Hydropower project management and consultancy, hydropower post-investment management;
- Measurement of cadastral maps, measurement of land parcels for construction works compensation.



### Operating areas



**Domestic: covering the three regions: North, Middle, South**

**International: Japan, Indonesia, Laos, Myanmar, ...**





## FOUNDATION AND DEVELOPMENT PROCESS

### 1963

Power Construction Joint Stock Company No1 (PCC1) was established on March 02 1963, experienced more than 55 years of construction and development. The initial key tasks is constructing the national electricity transmission works

### THE PERIOD 1967-1970

On June 30, 1967, the Ministry of Heavy Industry issued a decision to establish Line and Substation Construction Company under the Ministry of Electric Power. The work force of the company now has about 2,000 people, 16 teams work.

### THE PERIOD 1970 - 1975

On 30 June 1970, it established Line and Substation Construction Company under the Ministry of Electricity and Coal. Since then, the company had the same ranking as a national Department; it became the superior of all factories and was able to perform accounting functions centrally and thoroughly.

### THE PERIOD 1975 - 1979

Line and Substation Construction Company has independent and complete organizational structure. The company now has about 3,500 people.

### THE PERIOD 1979 - 1981

Line and Substation Construction Company under the Ministry of Electric Power was renamed Line and Substation Construction Company No 1 .

### THE PERIOD 1981 - 1988

In 1983, due to the development requirements of the national grid, the Ministry decided to separate and upgrade some enterprises and the construction site of the Company to set up companies under the Ministry of Electric Power, specifically:

- Dong Anh Substation Construction Factory was separated from the company and became line and substation construction company no.4, located in Dong Anh.

- Hanoi Substation Construction Factory was separated from the company and became Hanoi line and substation construction company.

### THE PERIOD 1988 - 2005

- In 1988, Power Construction Company No1 under the Ministry of Energy was established on a consolidated basis between Line and Substation Construction Company No1 with Hanoi Line and Substation Construction Company.

- In 1995, the Company was under Vietnam Power Corpo-

ration.

- In 1998, the Company was under Vietnam industrial construction corporation, under the Ministry of Industry.

### THE PERIOD 2005 - 2008

In 2005, Power Construction Joint Stock Company No. 1 was equitized as state-owned enterprise which is Power Construction Company No.1 under Vietnam Industrial Construction Corporation. In 2008, Power Construction Joint Stock Company No. 1 registered to become a public company with the State Securities Commission. At the time of equitization, the Company encountered many difficulties due to old management thinking and incompatibility with the operation model. Facing this situation, the company leaders have boldly changed their thinking and applied corporate governance in a more effective manner.

### THE PERIOD 2009 - 2013

The company achieved an average annual revenue growth of over 15%, with annual turnover of over VND 1,000 billion.

### 2014

Year 2014 marked a new development when the company reached the turnover of more than 3,000 billion dong and profit after tax of over 400 billion dong.

### 2015

2015 is the fifth consecutive year that PCC1 has exceeded its target, reached 106% of target of 2015. In the period from 2012 to 2015, PCC1's average revenue growth reached 32.3%/year The average gross profit growth was 36.4%/year and gross profit margin was 14% - 21%.

### 2016

The company successfully listed PC1 stock on the Ho Chi Minh Stock Exchange and started power generation of first two hydropower plants in the energy investment strategy

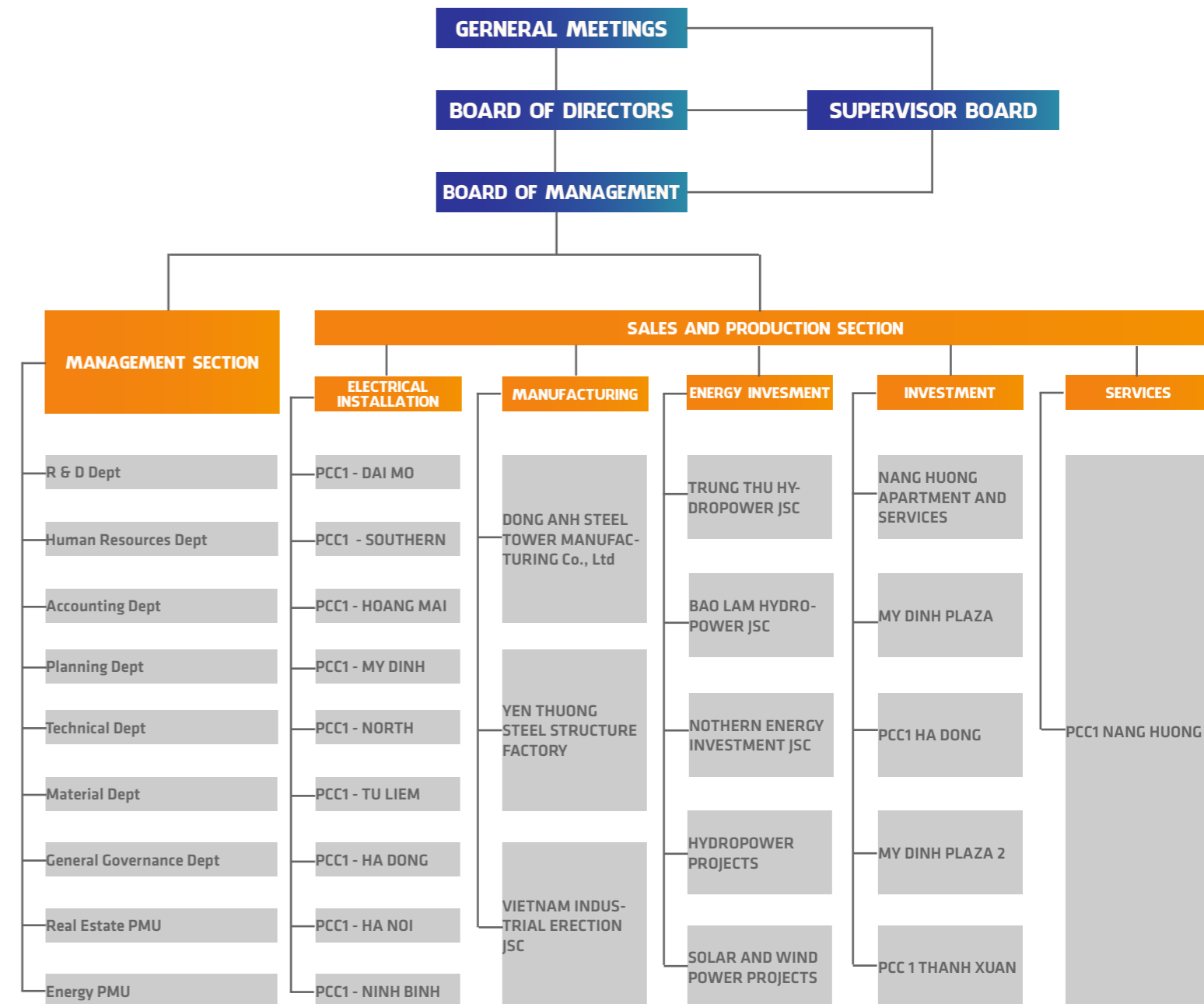
### NĂM 2017

Energy investment: Successful starting power generation of two hydropower plants which were Bao Lam 3 and Bao Lam 3A with total capacity of 60 MW and total investment of more than 2,000 billion dong, bringing the total number of power plants put into effective operation to 4 ones which were expected to bring over 500 billion dong turnover per year, profit after tax was estimated at 20% of revenue.

Real Estate Investment: Progress and quality of products of investment projects are well controlled.

## CHART OF MANAGEMENT APPARATUS

**Corporate Governance Model:** The Company operates under the governance model including the General Meeting of Shareholders, the Board of Directors, the Inspection Committee and the Board of Management.





## FOUNDATION AND DEVELOPMENT PROCESS (continued)

### SUBSIDIARIES, ASSOCIATES COMPANYS

As of 31/12/2017, the Company has 17 subsidiaries and 2 associates

<p><b>Dong Anh Steel Tower Manufacturing Co., Ltd</b> - Address: Group 23, Dong Anh town, Hanoi city - Main Business activity: Producing all kinds of galvanized steel columns, steel structure, related accessories, galvanizing services; Trading steel, zinc, materials for production, manufacturing steel structure; buying and selling electrical equipment and materials</p> <p><b>Chater Capital: 51.26 billion VND</b> <b>Ownership percentage of PCC1: 90%</b></p>	<p><b>Mien Nam No1 Power Construction Co., Ltd</b> - Address: An Khang Building, No. 28, Street 19, Block 5, An Phu Ward, District 2, Ho Chi Minh - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 25 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>		<p><b>Ha Dong No1 Power Construction Installation One Member Co., Ltd</b> - Address: Van La Village, Phu La Ward, Ha Dong District, Hanoi. - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 5.94 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>	<p><b>My Dinh – No.1 Power Construction Co., Ltd</b> - Address: No. 138 Tran Binh, My Dinh 2 Ward, Nam Tu Liem District, Hanoi - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 10 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>
<p><b>Hoang Mai – No1 Power Construction Installation One Member Co., Ltd</b> - Address: No. 471, Nguyen Tam Trinh Street, Hoang Van Thu Ward, Hoang Mai District, Hanoi, Vietnam - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 5 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>	<p><b>Hanoi – No1 Power Construction Co., Ltd</b> - Address: No. 583 Nguyen Trai Street, Ward Van Quan, Ha Dong District, Hanoi, Vietnam - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 5 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>		<p><b>Dai Mo – No1 Power Construction Co., Ltd</b> - Address: Pho Cho, Ward Dai Mo, Southern District Tu Liem, Hanoi - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 5 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>	<p><b>Mien Bac - No1 Power Construction Co., Ltd</b> - Address: Pho Cho, Ward Dai Mo, Southern District Tu Liem, Hanoi - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 10.24 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>
<p><b>Tu Liem - No1 Power Construction Co., Ltd</b> - Address: Group 19, Xuan Phuong Ward, Nam Tu Liem District, Hanoi - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 10.55 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>	<p><b>Bao Lam Hydropower JSC</b> - Address: Na Pong Village, Ly Bon Commune, Bao Lam District, Cao Bang Province, Vietnam - Main Business activity: Management consultancy hydro projects, investment management after hydropower.</p> <p><b>Chater Capital: 3.67 billion VND</b> <b>Ownership percentage of PCC1: 91.83%</b></p>		<p><b>Nang Huong – No1 Power Construction Co., Ltd</b> - Address: No. 583 Nguyen Trai Street, Ward Van Quan, Ha Dong District, Hanoi, Vietnam - Main Business activity: To provide services of management, operation and exploitation of urban centers and condominiums</p> <p><b>Chater Capital: 0.73 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>	<p><b>My Dinh Real Estate Investments JSC</b> - Address: Dinh Thon Village, My Dinh Ward, Dong Da District, Hanoi - Main Business activity: Investment and construction projects apartment, office and trade center.</p> <p><b>Chater Capital: 180 billion VND</b> <b>Ownership percentage of PCC1: 99.39%</b></p>
<p><b>Hoa Binh Automobile Mechanical JSC</b> - Address: No 44 Trieu Khuc Street, Thanh Xuan Nam Ward, Thanh Xuan District, Hanoi - Main Business activity: Investment real estate projects</p> <p><b>Chater Capital: 167.58 billion VND</b> <b>Ownership percentage of PCC1: 99.35%</b></p>	<p><b>Trung Thu Hydropower JSC</b> - Address: No. 157, Street Group 16, Tan Thanh Ward, Dien Bien Phu - Main Business activity: To invest in the construction of small and medium hydropower plants; Production and sales of electricity.</p> <p><b>Chater Capital: 252 billion VND</b> <b>Ownership percentage of PCC1: 60%</b></p>		<p><b>Viet Nam Industrial Erection JSC</b> - Address: No. 138 Tran Binh, My Dinh 2 Ward, Nam Tu Liem District, Hanoi - Main Business activity: Installation of machinery and industrial equipment; Installation of electrical systems</p> <p><b>Chater Capital: 5 billion VND</b> <b>Ownership percentage of PCC1: 51%</b></p>	<p><b>Ninh Binh - No1 Power Construction Co., Ltd</b> - Address: Tan Thanh Ward, Ninh Binh City, Ninh Binh Province - Main Business activity: Electrical installation</p> <p><b>Chater Capital: 8.11 billion VND</b> <b>Ownership percentage of PCC1: 100%</b></p>
<p><b>Nothern Energy Investment JSC</b> - Address: Na Pong Village, Bao Lam, Cao Bang - Main Business activity: Investment in construction of small and medium hydropower plants; Production and sales of electricity.</p> <p><b>Chater Capital: 50 billion VND</b> <b>Ownership percentage of PCC1: 90%</b></p>			<p><b>Tan Phat Minerals JSC (Associated company)</b> - Address: Tay Giang Hotel, Group 22, Song Bang Ward, Cao Bang City, Cao Bang Province - Main Business activity: Exploration and exploitation of minerals</p> <p><b>Chater Capital: 107.33 billion VND</b> <b>Ownership percentage of PCC1: 31.84%</b></p>	<p><b>Cao Bang Iron and Steel JSC (Associated company)</b> - Address: No. 52, Kim Dong Street, Hop Giang Ward, Cao Bang City - Main Business activity: Iron ore mining</p> <p><b>Chater Capital: 430.06 billion VND</b> <b>Ownership percentage of PCC1: 25.09%</b></p>



# INTRODUCTION TO THE LEADERS OF THE COMPANY

## BOARD OF DIRECTORS



**Mr. Trinh Van Tuan**

**Position: Chairman of the Board**

Year of birth: 1962

Qualification: Electrical Engineer - Hanoi University of Technology, Master of Economics, National Economics University

**Working process**

- From 06/1999 to 03/2001: Head of Business Planning Division of Electricity Construction Enterprise
- From 04/2001 to 06/2002: Deputy Director of Electrical Construction and Installation Enterprise
- From 07/2002 to 11/2002: Planning and synthesis of Electric Construction Company
- From 12/2002 to 10/2003: Head of the Pleiku-Da Nang Pleiku-Da Nang Branch-Electric Construction Joint Stock Company
- From 10/2003 to 08/2005: Director of Enterprise Station Installation and Civil Construction - PCC1
- From 09/2005 to 09/2007: Chairman and Director of Thang Long Industrial Construction Joint Stock Company
- From 10/2007 to 03/2010: Member of the BOM cum General Director of PCC1
- From 04/2010 to present: Chairman and General Director of PCC1



**Mr. Vu Van Tu**

**Position: Member of the Board**

Year of birth: 1959

Qualification: Electrical Engineer

**Working process**

- From 12/1993 to 08/1999: Deputy Head of Construction Team 2 - Electric Construction Company No.1
- From 09/1999 to 08/2005: General Team of Electricity Construction Team 2 - Electricity Construction Company No.1
- From 09/2005 to 04/2006: Director of Electrical Construction Enterprise - Electricity Construction Company I
- From 05/2006 to 09/2007: Deputy General Director of Electricity Construction Company No.1
- From 10/2007 to 03/2010: Chairman and Deputy General Director of Power Construction Joint Stock Company No 1
- From 04/2010 to 04/2015: Vice Chairman of the Board and Deputy General Director of Power Construction Joint Stock Company No 1
- From 04/2015 to present: Member of the Board, Deputy General Director - Power Construction Joint Stock Company No 1



**Mr. Vo Hong Quang**

**Position: Member of the Board**

Year of birth: 1975

Qualification: Electrical Engineer

**Working process**

- From 7-2001 to 5-2002: Deputy Manager of Marketing Department of Electricity Construction Company 1
- From 6-2002 to 6-2007: Head of the Southern Representative Office of Electricity Construction Company 1
- From 05-2006 to 03 -2008: Member of the Board, Deputy General Director, Head of the Southern Representative Office of Power Construction Joint Stock Company No 1
- From 04-2008 to present: Member of the Board, Deputy General Director of Power Construction Joint Stock Company No 1



**Mr. Nguyen Minh De**

**Position: Member of the Board**

Year of birth: 1964

Qualification: Electrical Engineer

**Working process**

- From 1999-2002: Commander of the Works
- From 2003 – 2005: Head of department Technical Management - Electrical Construction and Industrial Construction Enterprise
- 10/2005: Deputy Head of department Technical Management - Power Construction Joint Stock Company No 1
- From 11/2005 to 09/2006: Deputy Director and Head of department Technical Management - Thang Long Industrial Construction and Trading Joint Stock Company
- From 10/2006 to 07/2008: Director - Thang Long Industrial Construction and Trading Joint Stock Company
- From 07/2008 to 04/2009: Head of department Technical and Technological - Power Construction Joint Stock Company No 1
- From 04/2009 to present: Director - Dong Anh Steel Tower Company Limited
- From 4/2014 to present: Deputy General Director of Power Construction Joint Stock Company No 1



**Mrs. Nguyen Thi Huong**

**Position: Member of the Board**

Year of birth: 1970

Qualification: College of Business Administration

**Working process**

- From 1996 to 2002: Specialist of Planning Department - Power Construction Joint Stock Company No 1
- From 2002 to 2005: Deputy management of Planning Department - Power Construction Joint Stock Company No 1
- From 2008 to present: Head of department Economic Planning - Power Construction Joint Stock Company No 1
- From 4/2015 to present: Member of the Board - Power Construction Joint Stock Company No 1

## INTRODUCTION TO THE LEADERS OF THE COMPANY (continued)

### BOARD OF MANAGEMENT

#### Mr Trinh Van Tuan

Position: General Director

introduced in the Board of Directors

#### Mr Vu Van Tu

Position: Deputy General Director

introduced in the Board of Directors

#### Mr Vo Hong Quang

Position: Deputy General Director

introduced in the Board of Directors

#### Mr Nguyen Minh De

Position: Deputy General Director

introduced in the Board of Directors



#### Mr. Dang Van Nghia

**Position: Deputy General Director**

Year of birth: 1959

Qualification: Electrical Engineer

##### Working process

- From 10-1992 to 9-2003: Head of Construction Enterprise of Power Construction Joint Stock Company No 1
- From 10-2003 to 9-2007: Deputy Director of Construction and Installation Enterprise of Power Construction Joint Stock Company No 1
- From 10-2007 to 9-2008: Head of department Technical Manager of Power Construction Joint Stock Company No 1
- Từ 10-2008 to present: Deputy General Director of Power Construction Joint Stock Company No 1



#### Mr Nguyen Nhat Tam

**Position: Deputy General Director**

Year of birth: 1967

Qualification: Electrical Engineer - Master of Business Administration

##### Working process

- From 05/1995 to 04/1997: Head of Chiem Hoa branch, Electricity of Tuyen Quang
- From 05/1997 to 09/1998: Head of department Electricity Sales Manager, Electricity of Tuyen Quang
- From 10/1998 to 06/2003: Deputy Director of Electricity of Tuyen Quang
- From 07/2003 to 12/2003: Deputy Secretary District Na Hang, Tuyen Quang province.
- From 01/2004 to 03/2004: Deputy Secretary of the Standing Committee of Tuyen Quang
- From 04/2004 to 04/2009: Chairman of People's Committee of Tuyen Quang town, Tuyen Quang province
- From 05/2009 to 03/2010: Deputy Director of Planning and Investment Department of Tuyen Quang province
- From 04/2010 to 05/2011: Deputy Director of Tuyen Quang Power Company
- From 06/2011 to present: Deputy General Director of Power Construction Joint Stock Company No 1

### SUPERVISORY BOARD



#### Mrs. Nguyen Thi Hai Ha

**Position: Head of Supervisory Board**

Year of birth: 1975

Qualification : Bachelor of Accountancy

##### Working process

- From 5/1998-01/2003: Specialist of Financial Department of Electricity Construction Company No.1
- From 02/2003-5/2004: Deputy Head of Financial Department of Power Construction Joint Stock Company No 1
- From 6/2004 -10/2005: Head of Financial Department of Power Construction Joint Stock Company No 1
- From 11/2005-4/2008: Specialist of the General Office - Training Center for Post staff
- From 5/2008-12/2009: Chief Financial Officer - PCC1-Ba La Company
- From 01/2010-3/2010: Specialist of Financial Department of Power Construction Joint Stock Company No 1
- From 4/2010 to present: Head of Supervisory Board



#### Mr. Nguyen Anh Tuan

**Position: Member of the Supervisory Board**

Year of birth: 1982

Qualification : Engineer of Energy Economics

##### Working process

- From 01/2010 to 03/2015: Specialist of Economic Planning Division
- From 05/2015 to present: Deputy Head of Economic Planning Department - Electricity Construction Joint Stock Company 1 - Power Construction Joint Stock Company No 1
- From 4/2015 to present: Member of Supervisory Board



#### Mr. Nguyen Quang Vu

**Position: Member of the Supervisory Board**

Year of birth: 1987

Qualification: Mechanical Engineer, General Accountant

##### Working process

- From 07-2010 to present: Technical Staff - Power Construction Joint Stock Company No 1
- From 4/2015 to present: Member of Supervisory Board - Power Construction Joint Stock Company No 1



## DEVELOPMENT ORIENTATION

### POSITION OF PCC1

Power Construction Joint Stock Company No. 1 was established in the early days of independence; the company has experienced more than 55 years of construction and development and now has confirmed its position in all activities that the Company participates. In November 2012, the company was honored to be awarded the First-class independence Order by the State; many individuals of the company were awarded many noble titles. Right after that, in 2014, the company was honored in the TOP 500 largest enterprises in Vietnam, ranked 185th with revenue of over 3000 billion VND.

PCC1 has many experiences in the field of construction and installation with thousands of km of power transmission lines and hundreds of transformer stations at voltage levels of 500kV, 220kV, 110kV implemented by the company. At present, PCC1 is leading the scale of output, turnover in the field of electrical construction in Vietnam with the annual electricity construction and installation of the company over 1.700 billion dong.

The company is the leading company in Vietnam that is capable of executing EPC power transmission projects, as demonstrated by the successful implementation of EPC projects such as Transformer station 220kV Bac Giang Project and Line 110kV Bac Giang - Quang Chau project; Transformer station 110kV Nui Phao (Thai Nguyen) project; Line 220kV project crossing the

Hanoi Highway (HCMC); Line 500kV transmission grid moving through Nha Be MetroCity (HCMC).

Not only successful in the field of electrical construction, PCC1 is the largest enterprise in Vietnam in the field of producing galvanized steel structure and also the only unit in Vietnam that has the capacity to design, manufacture rod-link steel pole up to 750kV and single electric pole 110kV, 220kV-1, 2, 4 circuits. These products not only serve electricity work, telecommunication works, and domestic transportation but also to export to Japan, Korea, Pakistan and India, etc.

For the real estate sector, real estate projects of the Company are always evaluated as good quality and timely progress. With the implementation of 03 projects from 2010 to now, PCC1 has also affirmed its prestige to customers and investors. PCC1's projects are always interested and consumed in a short time due to fast implementation progress, good product quality and especially after-sale services that meet the requirements of customers.

In addition to construction and production field, PCC1 also has completed the electricity business chain in the role of investor of a series of hydropower plants concentrating in Dien Bien, Cao Bang with total capacity of nearly 200 MW, the investment value is nearly 7,000 billion VND

**Affirming the No.1 position of construction and installation of electric transmission works in Vietnam, and its path is to become one of the top five in Southeast Asia**

### DEVELOPMENT ORIENTATION

#### Development orientation

- Enhance the capacity of system management, risk management and quality management.
- Complete and improve the quality of human resources, both in terms of management and professional skills towards professionalism.
- Continue to assert the position of No.1 in construction and installation of electric transmission works in Vietnam, and its path is to become one of the top five in Southeast Asia.
- Improve the capacity of construction, professional management, assure quality and progress of all projects. Improve the management capacity of EPC, PCs, high voltage underground cables projects, foreign projects.
- Maintain and promote leading position in Vietnam in designing and supplying high-voltage, super-high voltage power poles and domestic supply. Promote product and project with advantages.
- Expand the market and products outside the electricity sector, develop foreign markets and increase the implementation proportion of EPC projects, construction and installation PCs projects at all voltage levels.
- Continue to research on investment and application of advanced technologies in management, industrial production, construction, installation and project investment.

#### Main objectives

- Continue to implement strategy 2016-2020 and vision 2030 of the company.
- Maintain position and role and effect on the market, expand relations with investors, traditional customers, and develop potential markets.
- Complete the planned targets, increase productivity and efficiency, control the financial situation, ensure employment and increase income for employees.
- Continue to invest in human resources and invest in advanced equipment procurement.
- Do market research in an active and professional manner which is oriented and suitable for each stage of development of the company.

#### Medium and long term strategy

- **Electrical construction and installation field:** Focus on the core field which is construction and installation of electric transmission works; enhance the competitiveness capacity, develop the implementation scale of EPC general contractor form, strive to reach the target of 50 % market share of high and super high voltage grid in the country. This is still the main business which accounts for the majority of the Company's revenue and profit. PCC1 affirms its leading position in Vietnam and aims to be included in the list of 05 leading electrical construction and installation companies in Southeast Asia.
- **Industrial production field:** Invest in modernizing and expanding the production scale of galvanized steel structures, supply for the domestic market and boost the export market; selectively develop a number of products and simultaneously, improving competitiveness in the implementation of EPC contracts.
- **Real estate field:** Analyze and evaluate the market to select new effective investment projects to increase financial resources serving for long-term investment and development.
- **Energy field:** Well manage projects that have been invested to ensure progress and to put the project into operation on schedule. Select and invest in new projects to create sustainable added value for the company.
- **Production of electrical materials and equipment:** PCC1 focuses on research and application of advanced science and technology in designing, manufacturing and processing electrical equipment, taking quality of products to build and affirm reputation and brand.
- **Consulting and services:** Continuously improve the quality of services in order to synchronize with other fields of the company while satisfying simultaneously the high demand of customers and the market.
- **Other fields:** In addition to the above fields, the Company builds investment, co-investment strategy in sectors supporting for the main business of the Company and invest in profitable sectors in the future, focuses on market research, product research to develop the company in a sustainable direction.



## RISKS

### ECONOMIC RISKS

Economic risk is the type of systemic risk through changes such as economic growth speed, inflation, interest rates, etc., which directly or indirectly affect the production and business activities of enterprises in the economy in general and business lines of the company in particular.

The company needs to analyze the macroeconomic factors of the economy to clarify impact level of this risk in order to provide appropriate development directions and take measures to limit and overcome impacts of this risk on the operations of the Company.

### LEGAL RISK

As a public joint stock company, the business operations of the Company must comply with the Law on Enterprises, the Law on Securities and specialized legal documents related to the Company's business lines. Specialized legal documents are Electricity Law, Construction Law, Bidding Law, Housing Law, Real Estate Business Law and guiding documents.

Currently, the legal system of Vietnam has not been completed and is in the process of completion, so it has many amendments and supplements leading to many inadequate changes that will affect more or less to business operation of the Company.

Currently, the legal system of Vietnam is not complete and is in the process of completion, so many amendments and changes leading to many changes and may be inadequate, will affect more or less business. of the Company.

In order to minimize the risks associated with the legal elements in the course of operation, the Company always monitors studies and updates legal documents related to its activities as well as refers and hires consultants for legal matters beyond the Company's capabilities.

### SPECIFIC RISK, SECTOR RISK

Power Construction Joint Stock Company No.1 operates in four main areas: electrical construction and operation, industrial production, real estate investment and trading, and hydropower investment. Each business sector has its own specific risks.

### Electrical construction and installation

#### Nature and environment risks

PCC1 performs the construction and installation of power transmission lines and TBAs, power projects, industrial, civil, infrastructure, transport, irrigation, post and telecommunications projects. The construction and installation are mainly carried out outdoors and in areas with complex terrain so that the weather and terrain conditions greatly and directly affect the efficiency and safety level in this field.

The dependence on the weather and the construction terrain in the electrical construction and installation such as underground construction, construction on abrupt hilly mountains causes difficulty and risk because of the risk of occupational accidents. Be aware of the above-mentioned risks, PCC1 always pays great attention to the supervision of construction safety project implementation process and complies with insurance regimes for both companies and laborers to limit the effect of those risks to the general business operation of the Company.

#### Risks of science and technology

In addition, science and technology is an important factor affecting the electrical construction and installation capacity of the company. Science and technology is growing more and more to meet the high requirements in the more difficult construction process. This requires the company to keep up-to-date and invest in machinery and equipment and improve the performance of its employees.

### Industrial production

#### Risk of input material price

Industrial production is at risk mainly from material prices. The company mainly produces and trades in steel structures, materials and accessories for electrical works and construction equipment. Therefore, steel price fluctuations directly affect this activity of the Company.

In order to limit the impact of steel material prices, the company always updates information and measures to control costs at the competitive level such as encoding all materials, comparing and selecting the most competitive materials suppliers on the market.

### Power generation

With many years of experience in power sector, the company is investing in building hydropower plants in Cao Bang and Dien Bien. The investment and operation efficiency of hydropower plants depends on many factors, including weather, natural topography and construction quality.

#### Nature risk

Weather and natural terrain not only directly affect the construction of hydropower plants, but also affect the power production and business of plants. In case of bad weather and abrupt terrain, the delay of construction will prolong the time of operation of the plant and significantly increase the interest expense of the project, reduce the efficiency of capital use. On the other hand, the prolonged drought that results in reduced rainfall and water levels in rivers, lakes and dams near the hydropower plant will directly affect the amount of electricity produced. Recognizing this, the company always combines with experts to measure and monitor hydrology for many years before deciding to invest.

#### Construction risk

The construction and installation process requires high technical accuracy and safety. In order to minimize this risk, before, during and after the construction process, the company has supervised, checked and assessed the technical standards of the works and machinery.

### Real estate investment and business

The real estate investment and business sector faces specific risk factors such as project legal risk, site clearance risk, competitive risk and input factor fluctuation risk.

#### Legal risk of the project

The legal and administrative procedures for each real estate project are always matters for enterprises to pay attention to. The Company may be at risk of project performance and progress if the application for project operation license is longer than expected or there is a change in the general plan of the locality, particularly factors related to traffic, density of population, land use purpose.

#### Risk of compensation for site clearance

This is a typical risk of the real estate business in

Vietnam. In fact, the demand for land for building urban area, office, and housing ... is increasing while the limited land fund is more and more narrowed, especially in large cities. For planning land of real estate projects which is being used, exploited by the population, site clearance in these areas is often complex, prolonged and faced many potentially legal disputes. On the other hand, the compensation price in accordance with the regulations of the State is high and not stable, directly affecting the investment costs of enterprises.

With the policy of implementing only the real estate projects on the land fund managed by the company or the land with clean ground, the company can actively limit the risk of compensation for site clearance.

### RISK OF STOCK PRICE VARIES

When the Company's stocks are listed, the shareholders of the Company and the Company will bear the risk of price fluctuation of PCC1 stocks. Apart from the internal factors such as the business operation of the Company, many other external factors such as macroeconomic factors, changes in the law on securities, other unforeseen events may directly or indirectly affect stock prices.

To limit this risk, the Company should pay attention to information disclosure and investor relations. The public and transparent disclosure of information will minimize the impact of factors to PCC1 stock price as well as get the confidence of investors.

### OTHER RISKS

In addition to the risks described above, the Company's operations may be affected by natural disasters such as earthquakes, epidemics, floods, etc., which can cause damage to property as well as affect the business operation of the Company. These are risks rarely encountered in reality, but when they occur, they cause a great damage of material and human as well as the general operation of the Company.





## 02 BUSINESS PERFORMANCE IN 2017

Overview of business results in 2017

Organization and personnel

Situation of investment and project implementation

Financial situation

Stock, shareholders and PC1 shares





## OVERVIEW OF BUSINESS RESULTS IN 2017

### Business results over the years

Indicator	unit	2013	2014	2015	2016	2017
Net revenue	Billions VND	2,024.24	3,100.05	3,100.86	3,008.22	3,160.56
Cost of goods sold	Billions VND	1,604.98	2,433.03	2,672.27	2,481.62	2,679.36
Operation costs	Billions VND	184.63	111.91	132.41	129.30	126.09
Profit before tax	Billions VND	190.31	548.88	319.14	400.86	302.88
Profit after tax	Billions VND	142.46	424.74	245.60	304.63	256.30
Profit after tax of parent company	Billions VND	139.37	423.39	245.47	304.71	236.66

### Results of production versus business plan

Indicator	unit	Plan in 2017	Result in 2017	Result/Plan
Production and business value	Billions VND	5,157.04	4,634.32	89.86%
Net revenue	Billions VND	3,585.92	3,160.56	88.14%
Profit after tax of parent company	Billions VND	306.89	236.66	77.12%
Dividends	%	20%	15%	75.00%

In 2017, the company's net revenue increased 5%, reached VND 3,161 billion, profit after tax of parent company decreased 22%, only reached VND 237 billion. This result does not satisfy plan at the beginning of year due to some main reasons:

Firstly, the two traditional business lines of the company are electrical construction and industrial production face common difficulties of the power sector in 2017.

Secondly, real estate projects of the company are still in the implementation phase. Hence, turnovers and profits from the real estate activity sharply decreased.

**TOTAL REVENUE REACHED 3,161 BILLION VND, INCREASED 5%  
PROFIT AFTER TAX OF PARENT COMPANY REACHED 237 BILLION VND, DECREASED 22%)**

## 2017 - STICK TO THE STRATEGIC GOALS







## ORGANIZATION AND PERSONNEL

### Changes in the Board of Directors in 2017

None

### Labor statistics in 2017

Criteria	Quantity (people)	Density (%)
<b>According to the level of labor</b>		
On University	28	2.14%
University	473	36.11%
College, Intermediate	205	15.65%
Other	604	46.11%
<b>By gender</b>		
male	1082	82.60%
Female	228	17.40%
<b>Total</b>	<b>1,310</b>	<b>100.00%</b>

Number of employees over the years (people)



### Policies for employees

#### Working regime

- Working time: The Company operates 8 hours/day, 5 days/week, and lunch time is 1.5 hours. Saturday and Sunday are day-off. When there are requirements on business progress, employees of the Company have responsibility to work overtime and the Company has regulations to ensure interests of employees in accordance with regulations of the State and appropriate treatment for employees. Indirect laborers work in normal working hours and the direct laborers work in shifts.

- Working conditions: The office is spacious and airy. The direct labor force is equipped with adequate means and working tools and labor sanitation.

#### Recruitment and training policy

- Recruitment policy: The recruitment target of the company is to attract qualified employees to work for the company, meeting the needs of expanding production and business. The company gives high criteria recruit for management positions to meet the qualification and experience required by the job.

- Training policy: The Company focuses on promoting training and fostering activities, especially on professional skills for professional staffs. The training at the company is carried out in the following direction:

For direct labor: Organize in-place fostering courses to raise the level and knowledge of laborers. The company conducts training and retraining to improve the labor efficiency of existing employees. Employees are also encouraged and facilitated to participate in professional training courses to meet new requirements in work.

For labor in specialized divisions: The company always facilitates them to participate in training courses with professional jobs suitable to the requirements of work, and to take part in short-term professional training courses on regimes, State policy.

#### Salary, bonus and welfare policy

- Salary policy: The average salary of employees is 12.1 million dong / person / month, reaching 101% of the plan and increasing 1.3% compared to 2016.

- Bonus policy: In order to motivate employees in the company to increase efficiency and increase productivity and quality of work, quarterly, annually the company holds the vote and assessment to find out individuals and groups that have great contribution to the Company as well as initiatives that increase the efficiency of the work. In addition, the Company also handles and disciplines individuals who commit acts causing damage to image and operation of the company.

- Insurance and welfare policies: The participation of social insurance, health insurance and unemployment insurance is implemented by the Company in accordance with current provisions of law. The Company implements social insurance regime for employees under the Labor Law and Internal labor regulations. The company always takes care of life and improves living conditions for employees. The company always pays attention occupational safety for direct labor. On the holidays, Tet, etc, the Company always organizes periodical travelling for employees.





## SITUATION OF INVESTMENT AND PROJECT IMPLEMENTATION

### REAL ESTATE PROJECTS DEPLOYED IN THE YEAR 2017



Perspective of My Dinh Plaza 2 project

#### MY DINH PLAZA 02 PROJECT

Continuing successes of projects that PCC1 has implemented, on the basis of experience and management level, professionalism in the field of real estate along with the recognition and appreciation of customers, PCC1 invests in My Dinh 02 Project in Tran Binh Street - My Dinh 2 Ward - Nam Tu Liem District - Hanoi. The project is built on a land area of 5000 m2, including 02 towers CT1 and CT2 with 28 floors, 03 basements, 4-storey podium with functions: office, commercial services and housing. My Dinh Plaza 2 finished the roof topping in October 2017 (exceeding one month plan) and completed 80% of the package output. Expected time for completion and handover is second quarter of 2018.



Perspective of PCC1 Thanh Xuan project

#### PCC1 – THANH XUAN PROJECT

Following My Dinh 02 project, PCC1 will invest in PCC1 Thanh Xuan project at Truc Khuc road - Thanh Xuan district - Hanoi. The project is built on a land area of 6,090 m2, including a 27-storey building, 03 basements, 4-storey podium with functions: office, commercial services and housing. Expected completion time is the fourth quarter 2019.

### HYDROPOWER PROJECTS

With the advantage of many years of experience in the power sector, in order to generate stable financial income in medium and long term, the Company has been involved in the hydropower sector and completed the construction of four power plants including Trung Thu Hydropower Project, Bao Lam 1 Hydropower Project, Bao Lam 3 Hydropower Project and Bao Lam 3A Hydropower Project. Besides the investing projects, the company is researching and developing new and effective projects to consider investment including wind power, solar power.

#### COMPLETED PROJECTS

- Trung Thu Hydropower Project: The project was implemented by Trung Thu Hydropower JSC, PCC1 held 60% of charter capital. The project started in the third quarter of 2014 with the capacity of 30MW. Trung Thu Hydropower Plant was located in Trung Thu, Sinh Phinh, Muong Bang communes in Tua Chua district and Pa Ham commune in Muong Cha district, Dien Bien province. It was assessed as a project with effectiveness. Time for completing and starting power generation was November 2016
- Bao Lam 1 Hydropower Project: Bao Lam 1 Hydropower Project was started in November 2014. Bao Lam 1 Hydropower Project was located in Ly Bon

Commune, Bao Lam District, Cao Bang Province with capacity 30MW. The project was funded by the World Bank (WB) at preferential interest rates. Time for completing and starting power generation was December 2016.

- Bao Lam 3 Hydropower Project: Bao Lam 3 Hydropower Project started in the third quarter of 2015 with the capacity of 46MW. Time for completing and starting power generation was November 2017.

- Bao Lam 3A Hydropower Project: Bao Lam 3A Hydropower Project started construction in the first quarter of 2016 with capacity of 8MW. The project was expected to be completed and operated in December 2017

#### ON-GOING PROJECTS

- Mong An Hydropower Project: Mong An Hydropower project was kicked off in the third quarter of 2017 with capacity of 30MW. The project is expected to be completed and operated in July 2019.

- Bao Lac B Hydropower Project: Bao Lac B hydro-power project is planned to be commenced in the third quarter of 2018 with the capacity of 18MW. The project is expected to be completed and operated in September 2020.



Trung Thu Hydropower Project was completed and put into operation by the end of 2016



## SITUATION OF INVESTMENT AND PROJECT IMPLEMENTATION

### RESULTS OF OPERATIONS OF SUBSIDIARIES, ASSOCIATED COMPANIES IN 2017

Ninh Binh – No1 Power Construction Company (*)	
Indicators (billions dong)	2017
Output	22.22
Total revenue	13.47
Profit after tax	0.22

(\*) Newly established company in 2017

Mien Nam - No1 Power Construction Company Limited			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	386.16	341.41	88.41%
Total revenue	375.87	310.59	82.63%
Profit after tax	12.16	9.62	79.14%

Nang Huong - No1 Power Construction Company Limited			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	11.86	13.44	113.33%
Total revenue	10.84	12.49	115.23%
Profit after tax	-0.48	0.49	-102.24%

Bao Lam Hydropower Joint Stock Company			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Total revenue	3.62	17.84	492.18%
Profit after tax	-0.61	-0.97	158.05%

My Dinh – No1 Power Construction Company			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	121.14	170.35	140.63%
Total revenue	105.87	145.56	137.48%
Profit after tax	3.27	3.57	109.18%

Ha Dong - No1 Power Construction Installation one Member Co.,Ltd			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	90.20	142.74	158.25%
Total revenue	77.36	109.16	141.10%
Profit after tax	1.60	1.91	119.42%

Trung Thu Hydropower Joint Stock Company			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	9.87	157.08	1590.89%
Total revenue	8.98	142.61	1588.78%
Profit after tax	-1.21	40.13	-3324.99%

Cao Bang Iron and Steel Company			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Total revenue	572.06	2,183.61	381.71%
Profit after tax	-248.17	2.30	-100.93%

Tu Liem - No1 Power Construction Company Limited			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	135.53	135.88	100.26%
Total revenue	114.59	111.22	97.06%
Profit after tax	2.85	1.06	37.24%

Hoang Mai - No1 Power Construction Installation one Member Co.,Ltd			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	108.44	107.99	99.58%
Total revenue	85.33	81.07	95.01%
Profit after tax	3.00	1.15	38.34%

Mien Bac – No1 Power Construction Company Limited			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	153.05	171.44	112.02%
Total revenue	126.91	142.40	112.20%
Profit after tax	4.25	3.02	71.12%

Dong Anh Steel Tower Manufacturing Company Limited			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	555.12	483.42	87.08%
Total revenue	522.67	468.66	89.67%
Profit after tax	44.16	28.34	64.16%

Ha Noi – No1 Power Construction Company Limited			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	81.69	52.70	64.51%
Total revenue	72.06	41.77	57.97%
Profit after tax	2.14	1.19	55.64%

Viet Nam Machinery Installation Joint Stock Company			
Indicators (billions dong)	2016	2017	2017/ 2016 (%)
Output	28.13	39.60	140.79%
Total revenue	23.32	32.95	141.27%
Profit after tax	0.93	1.32	142.06%

#### Hoa Binh Automobile Mechanical Joint Stock Company

Chartered capital is VND 168 billion, of which PCC1 holds 99.35%. The company is in the implementation phase of PCC1Thanh Xuan project which is expected to be completed in the fourth quarter of 2019.

#### My Dinh Real Estate Investments Joint Stock Company

Chartered capital is VND180 billion, of which PCC1 holds 99.39%. The company is in the implementation phase of My Dinh Plaza 2 project which is expected to be completed in the second quarter of 2018.

#### Tan Phat Minerals Joint Stock Company

Chartered capital is VND 107 billion, of which PCC1 holds 28.86%. The company is in the stage of implementing investment .

### REPORT ON THE USE OF CAPITAL FROM THE OFFERING

#### Private offering in 2016

Implementing Resolution No. 03/NQ-PCC1-DHD-CD dated 08/19/2016 of the General Meeting of Shareholders, the Company has completed the private offering of shares to strategic shareholders with the total increased chartered capital of VND 114,807,180,000. The net mobilized capital from the issuance was VND 378,739,694,000 for the purpose of construction of Bao Lam 3 Hydropower Plant. Up to December 31, 2017, the total used amount of mobilized capital from the issuance was VND 373,248,108,352 .

#### Private offering in 2017

Implementing Resolution No. 3 / PCC1-DHDCD dated 09/12/2017 of the General Meeting of Shareholders, the Company has completed the private offering for financial investors with additional chartered capital amount of VND 176,115,220,000. The total net amount raised from the offering was VND 517,620,593,468. As of 12/31/2017, the capital mobilized from the issuance was used for investment in the Mong An Hydropower project was VND 77,104,617,737, for Bao Lac B hydropower was VND 11,000,000,000 and for real estate project PC1 Thanh Xuan was VND 68,107,500,000.



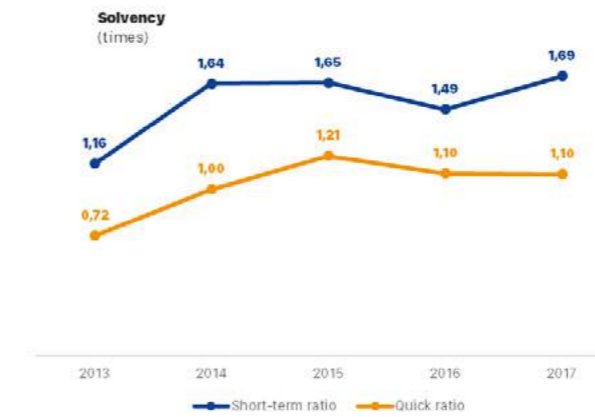
# FINANCIAL SITUATION

## FINANCIAL SITUATION

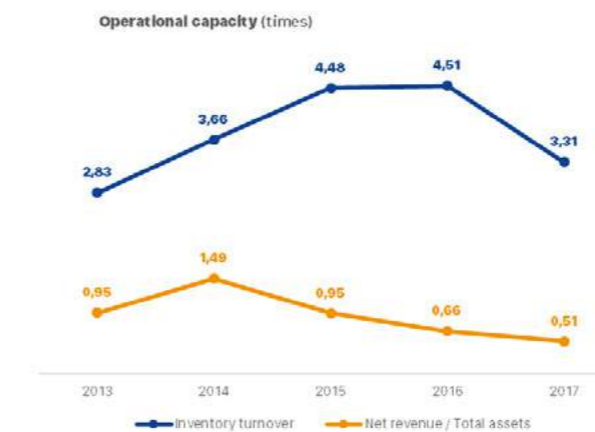
Indicators	Unit	2016	2017	2017/2016
Total assets	Billions dong	4,529.55	6,213.77	137.18%
Net revenue	Billions dong	3,008.22	3,160.56	105.06%
Profits from business activities	Billions dong	328.98	263.17	80.00%
Profits from financial activities	Billions dong	-7.36	-92.53	1257.76%
Other profits	Billions dong	71.88	39.71	55.25%
Profit before tax	Billions dong	400.86	302.88	75.56%
Profit after tax	Billions dong	304.63	256.30	84.14%

## BASIC FINANCIAL INDICATORS

Indicators	Unit	2016	2017	2017/2016
<b>1. Indicators of solvency</b>				
- Short-term ratio	times	1.49	1.69	113.57%
- Quick ratio	times	1.10	1.10	99.64%
<b>2. Indicator of capital structure</b>				
- Debt ratio / total assets	times	0.54	0.55	100.46%
- Debt/Equity	times	1.20	1.21	101.02%
<b>3. Indicators of operational capacity</b>				
- Inventory turnover	times	4.51	3.31	73.43%
- Net revenue / Total assets	times	0.66	0.51	76.59%
<b>4. Indicators of profitability</b>				
- Profit after tax / net revenue	%	10.13%	8.11%	80.08%
- Profit after tax / Owner equity (ROE)	%	14.77%	9.11%	61.67%
- Profit after tax / Total Assets (ROA)	%	6.73%	4.12%	61.33%
- Profit from operating activities / Net revenue	%	10.94%	8.33%	76.14%



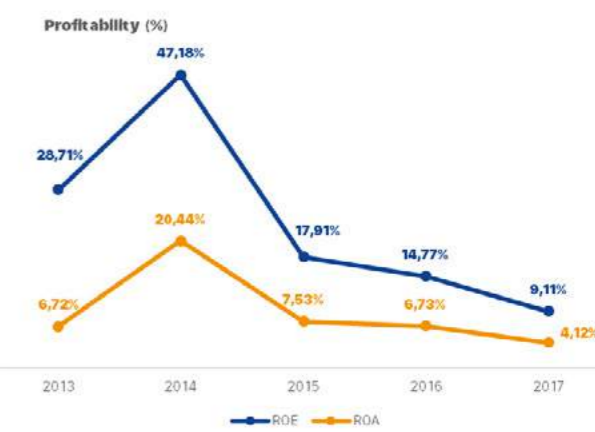
Short-term ratio and quick ratio of companies are in good condition and tend to increase. This ensures that the Company is able to pay its short-term debt. The company's short-term payment ratio in 2017 was 1.69 times, increased 0.2 times compared ratio 1.49 in 2016. The short-term payment ratio was improved mainly due to the sharp increase in inventory of 2017. The company's quick ratio in 2017 maintained at 1.1 times of 2016. This ratio was higher than 1 and at the average level of some companies in the same sector.



Inventory turnover of the Company in 2017 reached 3.31 times, decreased 1.2 times compared to 2016 due to the sharp increase of inventory in 2017 (unfinished production cost of two real estate projects which were My Dinh Plaza 2 and PCC1 Thanh Xuan. Assets turnover (net revenue / total assets) of the Company in 2017 was 0.51 times, decreased 0.15 times compared to 2016 and tends to decrease from 2014 up to now. This coefficient is currently lower than 1 which means the inefficiency of asset use because the company focused in investing in many hydropower plants in previous years.



The capital structure of the Company from 2014 to now is relatively stable with the capital strength of the Company. Debt/Assets ratio from 2014 to 2017 ranged from 0.55 times to 0.58 times. This ratio is relatively good which helps the Company to ensure balance in process of raising capital and investing in its projects. Debt/equity ratio in 2017 was 1.21 times, slightly increased compared to figure 1.20 times in 2016. In general, for the whole period of 2014-2017, this ratio was maintained relatively stable as the company combined investment with the increase of charter capital through additional issuance.



Inventory turnover of the Company in 2017 reached 3.31 times, decreased 1.2 times compared to 2016 due to the sharp increase of inventory in 2017 (unfinished production cost of two real estate projects which were My Dinh Plaza 2 and PCC1 Thanh Xuan. Assets turnover (net revenue / total assets) of the Company in 2017 was 0.51 times, decreased 0.15 times compared to 2016 and tends to decrease from 2014 up to now. This coefficient is currently lower than 1 which means the inefficiency of asset use because the company focused in investing in many hydropower plants in previous years.



## STOCKS SHAREHOLDERS AND PC1 SHARES

### STOCKS

As of 12/31/2017, Power Construction Joint Stock Company No. 1 has issued 115,452,842 shares. In which:

- Number of common stocks: 115,452,842 stocks
- Number of preference stocks: 0 stocks
- Number of outstanding stocks: 115,452,410 stocks
- Number of treasury stocks: 432 stocks
- Number of restricted-transfer stocks: 17,611,522 stocks
- Face value of stock: 10,000 VND

In 2017, the Company did not trade treasury stocks

### SHAREHOLDER STRUCTURE

Objects	Number of shares	Number of shareholders	Ownership ratio
<b>Domestic shareholders</b>	<b>71,780,654</b>	<b>1276</b>	<b>62.17%</b>
- Organize	10,806,162	33	9.36%
- Personal	60,974,492	1243	52.81%
<b>Foreign shareholders</b>	<b>43,672,188</b>	<b>67</b>	<b>37.83%</b>
- Organize	42,458,786	41	36.78%
- Personal	1,213,402	26	1.05%
<b>Total</b>	<b>115,452,842</b>	<b>1343</b>	<b>100%</b>

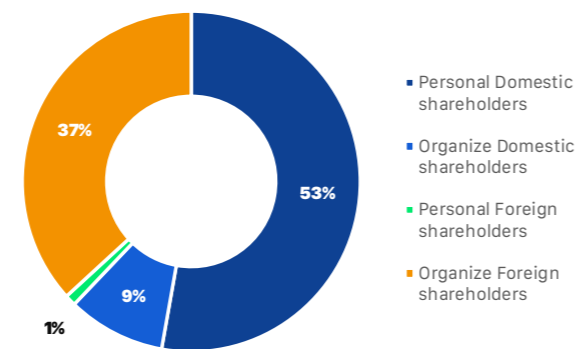
Objects	Number of shares	Ownership ratio
<b>Big shareholders (owns 5% of share capital)</b>	<b>41,265,075</b>	<b>35.74%</b>
- Domestic	20,383,898	17.66%
- Foreign	20,881,177	18.09%
<b>Other shareholders</b>	<b>74,187,767</b>	<b>64.26%</b>
- Domestic	51,396,756	44.52%
- Foreign	22,791,011	19.74%
<b>TOTAL</b>	<b>115,452,842</b>	<b>100.00%</b>

### STOCK PC1 IN 2017

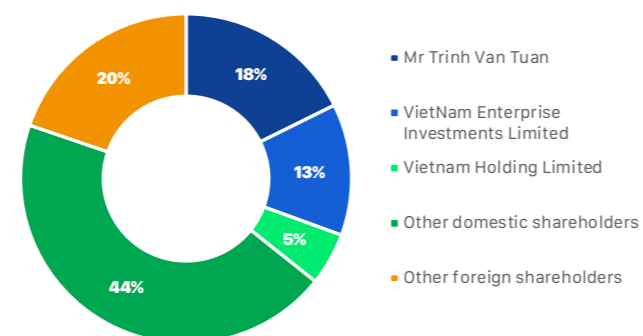


Price beginning of the year (03/01/2017)	27,741 dong
Year end price (29/12/2017)	38,600 dong
Growth stock PC1 2017	<b>+10,859 (+39.14%)</b>
Highest price (07/12/2017)	40,650 dong
Lowest price (16/01/2017)	26,970 dong
The average trading volume / day	151,335 stocks

#### Shareholder Structure



#### Shareholder Structure



### LIST OF MAJOR SHAREHOLDERS

No	Name of organization / individual	ID / Passport / Business Registration number	Address	Number of shares	Shareholding ratio
1	Mr. Trinh Van Tuan	012298607	No 583 Nguyen Trai Street, Power Construction JSC., No.1	20,383,898	17.66%
2	VietNam Enterprise Investments Limited	C3	1501 Me Linh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam	14,924,933	12.93%
3	Vietnam Holding Limited	CS1077	Collas Crill Corporate Services Limited, Willow House, Cricket Square, PO Box 709, Grand Cayman KY1 - 1107, Cayman Islands	5,956,244	5.16%

### THE SITUATION OF CHANGING INVESTMENT CAPITAL OF THE OWNERS

The company has been operating in the form of a joint stock company since 2005 with chartered capital of VND 50,000,000,000. Since then, the company has issued 10 times to increase charter capital. As follows:

No	Year	Charter capital (dong)	Content to increase capital
-	2005	50,000,000,000	Equitization
1	2008	66,670,000,000	Issued to existing shareholders to invest in Nang Huong Residential and Trading Service Building Project.
2	2009	100,000,000,000	Issued to existing shareholders and private offering to invest in the second phase of Nang Huong Residential and Trading Service Building Project and supplement working capital for the Company.
3	2011	140,000,000,000	Issued to existing shareholders to mobilize capital for My Dinh project and other investment projects
4	2013	180,000,000,000	Issued to pay dividends by shares and bonus shares to existing shareholders
5	2014	201,000,000,000	Payment of dividends by shares to existing shareholders
6	2015	341,694,850,000	Issuance and payment of dividends by shares to existing shareholders
7	T6/2016	637,821,960,000	Issued to pay dividends and bonus shares to existing shareholders
8	T8/2016	752,629,140,000	Issued separately to mobilize capital to invest in Bao Lam 3 Hydropower Project.
9	T6/2017	978,413,200,000	Issued shares to pay dividends in 2016
10	T10/2017	1,154,528,420,000	Issued separately to supplement the investment capital Mong An (Bao Lam 4) Hydropower Project, Bao Lac B Hydropower Project (Bao Lam 2A) and Thanh Xuan Real Estate Project



## 03 REPORT OF THE BOARD OF MANAGEMENT

Overall assessment of business results in 2017

Assessment of the business activities

Assessment of financial situation

Improvements in organizational structure, policy  
and management

Development plan for 2018



## OVERALL ASSESSMENT OF BUSINESS RESULTS IN 2017

No	Full name	Title	Number of holding shares	Ownership ratio
1	Mr. Trinh Van Tuan	General Director	20,383,898	17.66%
2	Mr. Nguyen Minh Đe	Deputy General Director	1,493,879	1.29%
3	Mr. Vu Van Tu	Deputy General Director	268,195	0.23%
4	Mr. Vo Hong Quang	Deputy General Director	2,149,620	1.86%
5	Mr. Nguyen Nhat Tan	Deputy General Director	3,731,306	3.23%
6	Mr. Đang Van Nghia	Deputy General Director	203,301	0.18%

### OVERALL ASSESSMENT

In 2017, the world economy grew 3.6%, stabilized and had more positive impact than 2016. The decision of not joining TPP of America negatively affected the economic development of Vietnam. However, many other international cooperation agreements have helped Vietnam integrate and grow.

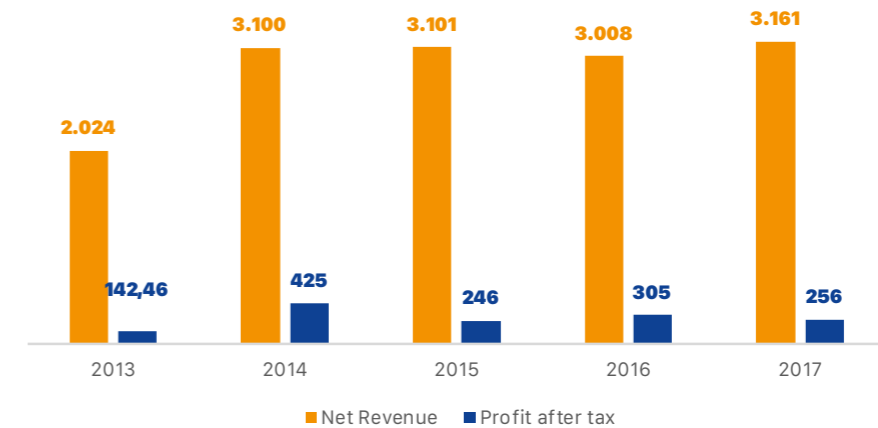
Vietnam's economy had many advantages and positive results: GDP growth reached 6.81%; Export turnover reached USD 410 billion; foreign currency

reserves had soared the most ever; financial and banking activities were stable; interest rate was reasonable; stock market development surpassed expectations with 984 points.

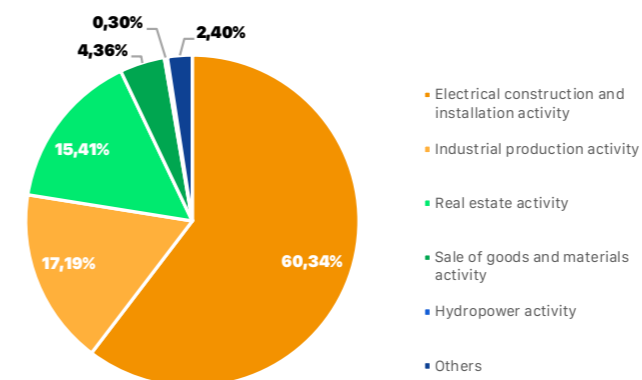
The power sector in 2017 provided sufficient and reliable power source for socio-economic development and financial balance was reliable. However, the investment value in the grid only reached 87% of the plan with 239/275 construction works.

## TURNOVER

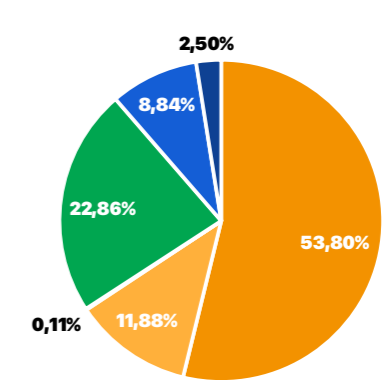
Revenue and Profit (billion VND)



Revenue Structure in 2016



Revenue Structure in 2017



The compound annual growth rate (CAGR) for 2013-2017 reached 12%. This was mainly due to the strong growth of sales of materials and hydropower turnover. Net revenue in 2017 reached VND 3,161 billion, increased 5% compared to 2016. Meanwhile, the remaining business segments recorded a decrease in the past year. Details as follows:

- Turnover from construction and installation of electricity in 2017 reached VND 1,700 billion, decreased 6% compared to 2017. However, electricity construction and installation remains the core business of the company, accounting for 54% of revenue proportion in 2017. Proportion has decreased compared to 60% in 2016.
- Turnover from industrial production in 2017 decreased 27%, reached VND 375 billion. This caused the decrease of proportion of industrial production from 17% in 2016 to 12% in 2017.
- Turnover from real estate activities in 2017 reached nearly VND 4 billion, not significantly compared to VND 464 billion in 2016. The propor-

tion also decreased from 15% to 0.11% because in 2016, there was turnover from real estate transfer of PCC1 Complex project. In 2017, My Dinh Plaza 2 real estate project was in the construction phase, not completed, accepted and handed over to customers.

- In contrast, turnover from sales of materials and commodities in the last year increased dramatically up to 450%, from VND 131 billion in 2016 to VND 723 billion in 2017. The proportion increased respectively from 4% to 23%
- Hydropower turnover also increased sharply to 3,013%, from VND 9 billion in 2016 to VND 279 billion in 2017, proportion reached nearly 9%. It was because in 2017, the company successfully generated two Hydropower plants which were Bao Lam 3 and Bao Lam 3A with a total capacity of 60 MW, bringing the total number of effective operation power plants to 4 ones.
- Other activities have not changed significantly.

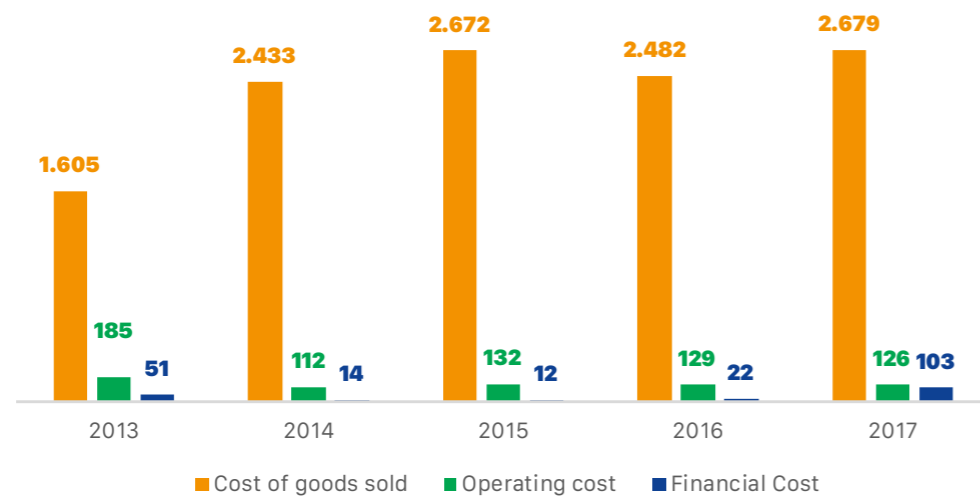




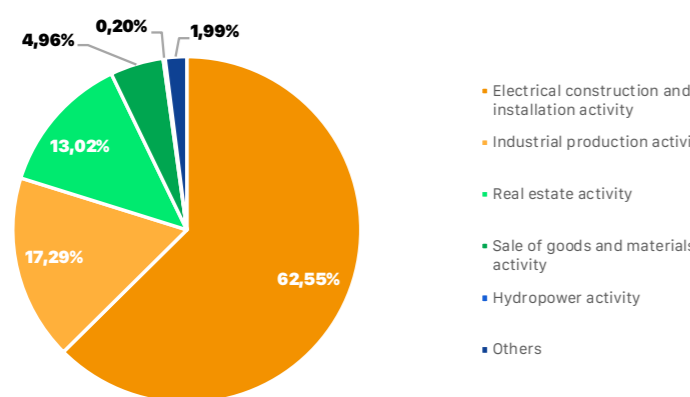
# OVERALL ASSESSMENT OF BUSINESS RESULTS IN 2017 (continued)

## COSTS

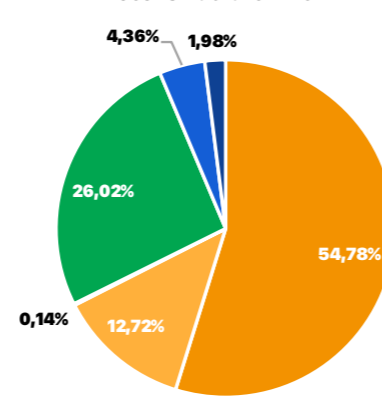
**Costs**  
(billion VND)



**Cost Structure in 2016**



**Cost Structure in 2017**



Cost of goods sold still accounts for the largest proportion of the company's annual cost structure. Along with the increase in net sales in 2017, COGS increased 8%, reached VND 2,679 billion. The main reason was that the activity of selling materials and commodities, and hydropower grew strongly. Costs of these two segments were VND 697 billion and VND 117 billion, increased 467% and 2,272% compared to 2016.

Financial expenses of the company in 2017 also increased sharply: from VND 22 billion in 2016 to VND 103 billion in 2017 (increased 374%). It was main in-

crease of interest expenses (nearly VND 76 billion) because at the end of 2016, the company stopped capitalizing two completed hydropower projects (Trung Thu and Bao Lam 1 hydropower plants) and recorded loan interest expense in cost of production and business activities.

Meanwhile, operating cost (selling and administration expenses) of the company decreased slightly by 2% compared to 2016. It's mainly because in 2017, the company returned more than VND 40 billion provision of sales of goods which led to the decrease of nearly VND 17 billion of cost of sale.

## RESULTS OF PLAN IMPLEMENTATION IN THE YEAR 2017

Target	Unit	Plan in 2017	Implementation in 2017	Imp 2017/ Plan 2017
Production and business value	Billion VND	5,157.04	4,634.32	89.86%
Net revenue	Billion VND	3,585.92	3,160.56	88.14%
Profit after tax of parent company	Billion VND	306.89	236.66	77.12%
Dividend	%	20%	15%	75.00%

In general, the Board of Management assessed that 2017 was a difficult and challenging year for the business operations of the company with uncompleted targets and plans. The main reason was that the two main activities of the Company which were electrical construction and industrial production were heavily influenced by the delay in implementation of power projects of the State. In addition, real estate revenue contributed significantly to revenue in 2016 but in 2017 it is still in the implementation phase. However, hydropower activity in 2017 was prospered when hydropower projects are completed on schedule, come into operation and bring big revenue to the Company.

The results of the plan implementation of the Company are as follows:

- The total production value reached VND 4,634 billion, reached nearly 90% of the plan at the beginning of the year;
- Net turnover achieved nearly VND 3,161 billion, reached 88% of the year plan;
- Profit after tax of parent company r achieved VND 237 billion, reached 77% of the plan at the beginning of the year;
- The expected dividend rate in 2017 was 15%, reached 75% of the plan at the beginning of the year.





## ASSESSMENT OF THE BUSINESS ACTIVITIES



### ELECTRICAL CONSTRUCTION AND INSTALLATION ACTIVITY

Electrical construction and installation is the traditional and core business of the company which contributes the largest portion to turnover as well as profitability of the company. Over 55 years of development, PCC1 has constructed tens of thousands of kilometers of lines from 110kV, 220kV to 500kV, hundreds of thousands of 35kV lines and many 500kV transformer stations, affirming the leading position in Vietnam in the field of electrical construction and installation.

In 2017, the electrical construction and installation activity of the company encountered many difficulties when the electricity projects deployed for EVN delayed. Turnover from construction and installation activity in 2017 reached VND 1,700 billion - decreased 6% compared to 2016, gross profit reached VND 233 billion - decreased 11% compared to 2016.

Construction and installation activity has low profit margin but it is stable over the years (gross profit / net revenue ratio in 2016 and 2017 is 14%). In the coming time, in order to further develop this traditional business, the Company aims to develop markets outside of EVN and overseas markets.

### INDUSTRIAL PRODUCTION ACTIVITY

Industrial production is an important activity and is closely related to traditional electrical construction and installation activity.

The company is the largest unit in Vietnam in design and manufacture of hot dipped steel structures with modern technology through two member units which are Yen Thuong Steel Structure Factory and Dong Anh steel tower Co., Ltd (PCC1 holds 90%). Galvanized steel structure products manufactured by PCC1 are used for power projects, telecommunication works, and domestic transportation and exported to some countries.

In 2017, the electrical construction and installation activity of the Company faced difficulties resulting in the decline of industrial production activity. Turnover of industrial production reached VND 376 billion - decreased 27% compared to 2016, gross profit reached VND 35 billion. Gross profit/net revenue ratio of industrial production was nearly 9%.



### REAL ESTATE ACTIVITY

Real estate activity is conducted by the Company based on capital strength as well as experience in the field of construction. The company has implemented and completed three real estate projects in the capital area which are Nang Huong apartment and service complex, the PCC1 Trade center and housing project (My Dinh Plaza I) and PCC1-Ha Dong Housing Project (PCC1 Complex). Currently, the company is implementing two more projects: My Dinh Plaza II and PCC1 Thanh Xuan.

Real estate turnover of the company in 2017 only reached nearly 4 billion. The reason is that in 2016, the company recognized real estate turnover of VND 464 billion mainly due to the transfer from PCC1 Complex. In 2017, real estate projects of the Company are in the implementation phase so revenue is not significant.



### SALE OF GOODS AND MATERIALS ACTIVITY

The sale of goods and materials of the Company are mainly materials and equipment for projects and works in electrical construction activity and steel billets. Turnover of this activity in 2017 increased sharply, reached VND 723 billion - equivalent to 450% compared to 2016. Gross profit reached VND 25 billion.

### HYDROPOWER ACTIVITY

In order to generate stable financial income in medium and long term, also to make use of experience in the power sector, the Company has invested in the construction of hydropower plants. At present, PCC1 has completed and put into operation four hydropower projects:

- Trung Thu hydropower plant with capacity of 30 MW, total investment capital of VND 900 billion (PCC1 contributed 60%) in Muong Cha district, Dien Bien province.

- Bao Lam 1 hydropower plant with the total investment capital of VND 915.4 billion in Bao Lam district, Cao Bang province.

- Bao Lam 3 hydropower plant with total investment capital of VND 1,393.6 billion in Bao Lam district, Cao Bang province.

- Bao Lam 3A Hydropower with capacity of 8MW and total investment capital of 312 billion VND in Bao Lam district, Cao Bang province.

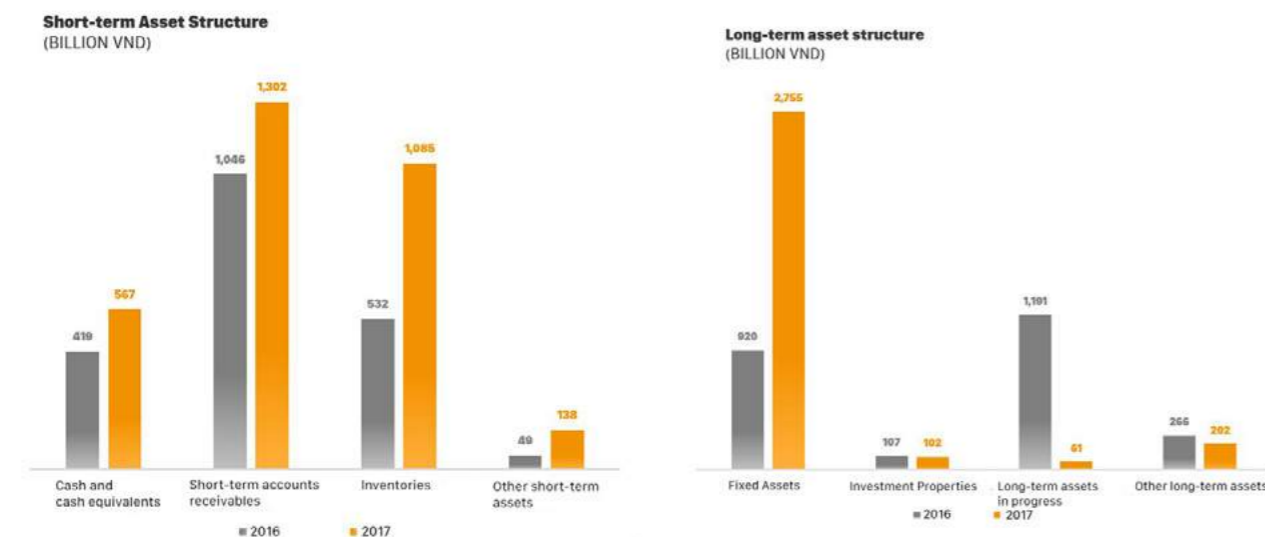
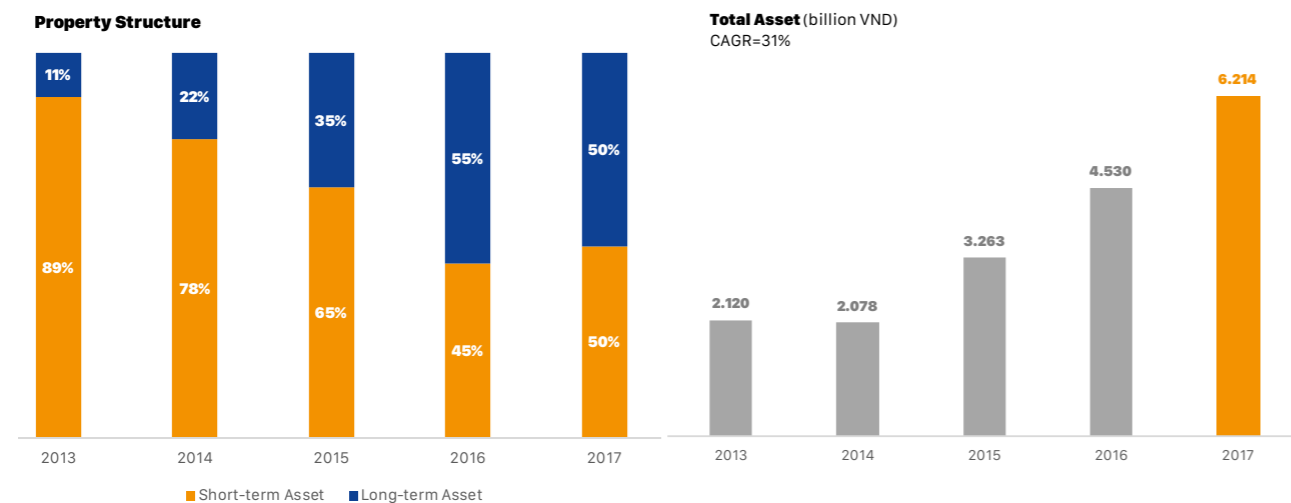
In addition, the company is currently implementing two other hydropower projects which are Mong An Hydropower and Bao Lac B Hydropower plant.

In 2017, after the operation of two more hydropower plants (Bao Lam 3 and Bao Lam 3A), the revenue and gross profit of the hydropower sector increased sharply. Turnover in 2017 reached VND 279 billion - increased 3113% compared to 2016, gross profit reached VND 163 billion - increased 4014% compared to 2016.



# ASSESSMENT OF FINANCIAL SITUATION

## ASSESSMENT OF ASSET SITUATION



Total assets of the company in 2017 reached VND 6,214 billion, increased 37% compared to 2016. The CAGR for the period of 2013 - 2017 of total assets was 31%.

The asset structure in this period has movement in tend of increasing proportion of long-term assets, reducing the proportion of short-term assets because the company deployed investment in hydro-power projects.

### Short-term asset structure:

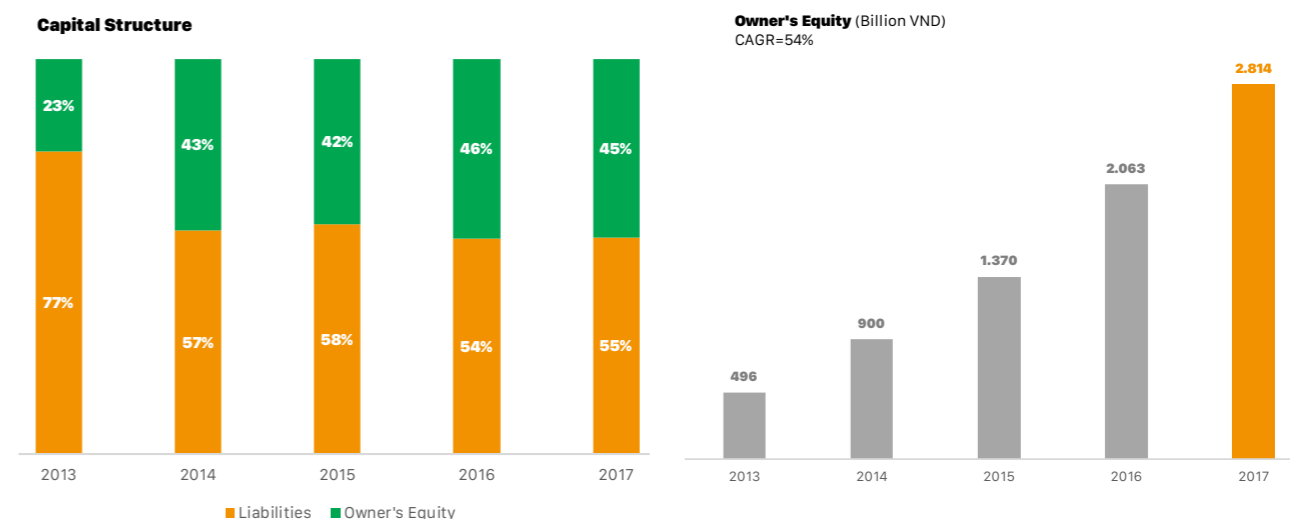
Short-term assets in 2017 reached VND 3,093 billion, increased 51% compared to 2016. Particularly, inventories increased sharply and reached VND 1,085 billion, increased 104% compared to 2016. It was because the increase of unfinished production

and business expenses of two real estate projects namely My Dinh Plaza 2 and Thanh Xuan PCC1.

### Long-term asset structure:

Long-term assets in 2017 reached VND 3,121 billion, increased 26% compared to 2016. In particular, fixed assets increased sharply due to the operation of three hydroelectric plants which were Bao Lam 1, Bao Lam 3 and Bao Lam 3A. Meanwhile, unfinished long-term assets declined sharply 95%, only reached VND 61 billion. It was because the company has recorded the costs of three completed hydropower plants in 2017, while the cost of the two hydropower plants being implemented in 2017 is small.

## ASSESSMENT OF CAPITAL SOURCE



The capital structure of the Company from 2014 to 2017 remains stable (ratio of equity /total capital varies from 42% - 46%). Equity in 2017 reached VND 2,814 billion, increased 36% compared to 2016. CAGR of the period 2013 - 2017 of equity was 54%. Payables in 2017 increased 38% to nearly VND 3,400 billion. Of which, short term payables of the company in 2017 reached VND 1,833 billion, increased 33% mainly due to pre-payment for the purchase of apartments in My Dinh Plaza 02 project. In addition, short-term financial loans borrowed for supplementing working capital increased 102% compared to 2016. Long-term payables in 2017 also increased sharply by 44% compared to 2016, reached VND 1,567 billion mainly due to the increase in long-term loans to finance the company's hydropower investment.

## OTHER ASSESSMENT

### Effect of exchange rate fluctuations

Some of the Company's activities are affected by exchange rate fluctuations such as the export of industrial products of Dong Anh Steel Tower Co., Ltd or the import of equipment for hydropower plants. However, the Board of Management has assessed that the exchange rate fluctuations were under control and did not significantly affect the Company's business results.

### Effect of interest difference

In recent years, in order to supplement working capital and especially to finance hydropower investment, the Company has used loan more. As a result, the interest expense of the company also increased. The Board of Management assessed that the company has effectively made use of preferential loans, low cost loans such as loan from renewable energy development program of the World Bank (WB).



## IMPROVEMENTS ON ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

### RESULTS OF LEADERSHIP AND MANAGEMENT

In 2017, the Board of Management has always paid attention to leadership and management tasks, together with efforts and attempt of leaders of departments, divisions of parent companies and member units, to implement solutions to overcome difficulties, and continue to maintain the leading position in Vietnam. Some main results are:

- Stick to the company's strategic objectives 2017-2020, set specific targets for 2017, and adjust the strategy for period of 2018-2023.
- Direct the planning and market development; expand the customers according to the strategic objectives.
- Stop the operation of Teams and rearrange units in the Electrical Construction department in a strategic direction.
- Satisfy resources and successfully invest in hydropower plants and real estate projects.
- Strengthen the cooperation and learning of domestic and foreign partners with the criteria of Integration, Trust and Development

### ORGANIZATION AND MANAGEMENT WORK

The company has reviewed and adjusted the development strategy for the period 2018-2020, set specific targets for each business sector and served as a basis for developing plans and targets for 2018 and the following years.

- Recruit and supplement new manpower for positions of managers, employees and workers. Organizing training, enhancing management capacity for leaders, managers, as well as staffs in the strategic orientation: Leader Mindset, Project management according to international standard PMI, enhancing capacity to deploy company strategy.
- Employment, salary, insurance: Basically the company has provided job for employees with stable and timely salary and income.
- The works of administration, office, clerical, archives, security, safeguard are maintained according to task requirements.

- The tasks of ensuring stable work, stable income and bonus policies, and meals for shifts are took care maintained.

- Implement communication work, internal information.

### PLANNING AND MARKETING WORK

• Market research and development: Made plan and analyzed investment in the electricity sector 2017 as a basis for planning 2018.

• Planning and bidding work:

- During the year, the company has completed many big and important projects with the voltage of 500kV, 220kV, 110kV, GIS station, underground cable, EPC & PC contracts with investors inside and outside the electricity sector which got good assessment of capacity and quality.

- Especially, the domestic market orientation for the market allocation mechanism for member companies has achieved positive bidding results. The company should organize bidding training courses for units to be willing to participate in the market under new regulations.

- Initially promoted the international market as a basis for implementing the expansion strategy in the regional power corporation and technology areas.

- Developed and reported on the plan: Maintained periodical planning, clear and specific data, made reports, assess and statistics for advisory services to the executives, as well as helped the deployment of units and the whole company have image and information for the planning of the next period.

- Payment and settlement with the investors achieved good results. Based on the periodical plan, the departments have coordinated consistently and actively.

- Internal payment and settlement: The contract signing, assignment was made early and specifically for units; procedures for acceptance and payment were quick and convenient so that the units had capital to operate.

### FINANCIAL ACCOUNTING WORK

- Financial work: Successfully completed the share issuance for capital increase, mobilization of capital from banks, credit institutions and financial in-

vestment funds to ensure availability of capital for production, business and project investment. Always have plan and achieve good results.

- Financial management and consultancy work for executives was implemented effectively.

- Accounting work: Ensured accounting and financial statements were accurately and timely performed. Performed well the tax inspection, tax refund, inventory and settlement.

- Capital recovery achieved high results. As of December 31, most receivables have been completed; year-end deposits exceeded the target, contributed to the increase of business efficiency.

### TECHNICAL AND TECHNOLOGY WORK

- Management and operation of the project: Managed actively and reliably to complete 40 projects, hand over for settlement of 16 projects. Carried out the procedures arising outside of design for construction and payment

- The site management board has improved the initiative, showing the role of promoting progress and quality of the works.

- Management of machinery and equipment: Has been active in planning for repair, maintenance and replacement of old and backward machines. Managed and regulated the machines for efficient and cost effective construction.

- Technology research, investment in machinery and equipment purchasing: invested according to the plan of 2017, including: synchronized machines, equipment system to complete the foundation, medium voltage hotline; Scaffolding system for constructing over lines 110kV; Izumi hydraulic press; Payment for Unic cranes and some other construction tools.

- Safety and labor sanitation management: The Department of Technical and Technology has maintained and promoted the training and supervision of safety and labor sanitation well. During the year 2017, there was no serious accident.

### PROCUREMENT AND MANAGEMENT OF IMPORT-EXPORT MATERIALS

- Completed the supply of materials for construction works, industrial production properly, sufficiently and timely.

- Deployed application of management software, monitored inventory materials, reported for management and updated regularly. Supported for fast

and accurate management, monitor and payment, settlement.

- Having been step by step actively in analyzing and forecasting the market of supplies and equipment in order to have solutions to buy materials and equipment with the best prices and ensure the progress of the supply for projects.

- Budget settlement and recovery: There has improvement in the progress of completing and solving remaining problems.

- The import of electrical equipment and materials basically meets the requirements of production and execution of EPC contracts, and the implementation steps have been controlled better.

### RESEARCH AND DEVELOPMENT WORK

- The Research & Development Department is the focal point for guiding the strategy development of each business and production division and completing the review report and adjusting the strategy.

- Being active in updating information and analyzing investment in the electricity and non-electricity markets as a basis for making plans of 2017, 2018.

- Studied the feasibility of solar investment projects; Collaborated closely with the Energy Department on the evaluation of investment projects.

- Coordinated with departments, divisions of companies to study, analyze and participate in bidding in foreign markets.

- Performed well management of a number of contracts and projects with special characteristics.

### GENERAL MANAGEMENT WORK

- Presided and coordinates with other departments to complete the conversion and improve the quality of management system ISO 9001 from version 2008 to version 2015 of the Company and the member units.

- Completed the internal audit of 6 subsidiary companies, inspected and settled capital of PCC1 Complex Project.

- Reviewed on the legal aspect of documents, regulations, contracts of the company in accordance with the current law.

- Maintained relations with investors, shareholders, auditing units and transacting units on the stock exchange. Performed disclosure of information accurately and promptly in accordance with regulation.

## IMPROVEMENTS ON ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT (continued)

- Made efforts on market solutions and bidding to sign contracts from new investors.
- Completed many key projects, especially 500kV, 220kV, GIS, EPC, PC, high voltage underground cable; Works to connect the power plant, Bao Lam Hydropower.
- The contract of machine installation, equipment installation with foreign partners, foreign partners were highly appreciated.
- Continued to use advanced construction equipment and machinery for high productivity and outstanding capacity.
- Continuously improved quality management, affirmed the position, trust of partners, customers, and promoted foreign markets.

### MANUFACTURING INDUSTRY BLOCK

- Invested in supplementing equipment, machinery, improving production capacity and labor productivity.
- Promoted advantages of typical products, different capabilities and coordinated well in the implementation of EPC contracts, actively improved business results.
- Completed signing of capital contribution cooperation with AG, cooperation with foreign partners; determined to develop foreign markets.

### CONSULTING - SERVICE BLOCK

- Electrical construction design consultancy: Step by step improved design capacity, built up prestige and reliability with investors in the power sector.
- Operations management and service provision of real estate projects:
  - Maintained management and provision of service for projects in accordance with long-term goals.
  - Coordinated with the Real estate Project management board in the work of warranty and maintenance.
  - Exploited assets and land of the company in projects.
  - Enhanced management experience, provided building services.

### IMPLEMENTATION OF COOPERATION, JOINT VENTURE, PARTNERSHIP

- The real demand of PCC1 as well as the trend of integration, co-operation, joint venture and partnership

with foreign partners were more and more important and should be invested.

- PCC1 has been actively cooperating with companies and corporations on design consultancy, technology consultancy, management consultancy, solution supply, technology equipment supply, capital investment and finance. - contributing to increase the company's capacity and resource development.

#### • Investment in real estate:

- Completed 101.49% of construction investment output as planned in 2017, of which:
  - + My Dinh Plaza 2 project finished roof topping in October 2017 (exceeded 1 month plan) and completed 80% of the package production.
  - + Completed sale of 70% of the apartments
  - + Thanh Xuan PCC1 Project completed 103.42% of planned output; completed foundation works, bored piles.
  - + Completed settlement work 100% PCC1 Complex, completed contract payment as in the progress of the projects My Dinh Plaza 2, PCC1 Thanh Xuan, etc.
- Actively developed new projects which were expected to be signed in the first quarter of 2018.

#### • Energy investment

- Be active in coordinating with ministries, committees, sectors and local administrations in properly handling legal procedures for investment preparation, construction investment, putting works into operation and selling electricity.
- Site clearance: Be active and positive, had several solutions to satisfy the progress of construction and cost savings.
- Project management - Supervision consultancy: Completed on schedule and ensured quality for power generation in Bao Lam 3 and Bao Lam 3A hydropower projects.
- Not only satisfied the progress, quality of investment, Energy Department has proactively introduced innovative solutions that save billions dong for investment projects.
- Equipment procurement: Actively sought and selected the production units, equipment providers that have good quality and reasonable price; controlled the progress of supply and installation of plant equipment.

## 2018 - BREAKTHROUGH IN REVENUE



## DEVELOPMENT PLAN IN 2018

### OVERALL OBJECTIVE

Strictly follow the objectives adjustment strategy 2018-2023 of the company, in which development orientation and goals for each business sector and investment has been done.

High growth in revenue, profit and employee income. Standardize corporate governance systematically on the basis of modern information technology. Raise the brand level and maintain sustainable growth.

Maintain the position of No.1 in Vietnam and step by step being in the top five in Southeast Asia for core business.

“  
**Revenue 2018 is planned to reach VND 5.643 billion, increases 79% compared to 2017**  
**Profit after tax 2018 is planned to reach VND 459 billion, increases 94% compared to 2017**  
 ”

No	Indicator	Plan for 2018
1	Value of MB	VND 6,168.575 billion –Increases 33% compared to 2017.
2	Turnover	VND 5,643.457 billion - Increases 79% compared 2017.
3	Profit after tax	VND 458.745 billion - Increases 94% so compared to 2017.
4	Payment to budget	VND 250.020 billion.
5	Salary fund	VND 213.210 billion.
6	Average income of laborers	13.20 million VND / person / month

### MISSION, PLAN

#### Organization and management work.

- Arrange the organization chart of company, conduct recruitment and training to meet current additional human resources and meet the needs of development in the following years.

- Continue to improve the management capacity and scale of the units in the electricity construction and installation; Change the operation model of Yen Thuong factory.

- Perform tasks carried over from 2017:

+ Reorganize the HR apparatus of some departments, divisions, units.

+ Complete and apply some salary regulations, internal regulations.

+ Promote the movements, emulation and commendation regularly, practically and effectively.

+ Implement concentrating training plan, in-place training to improve the quality of human resources.

+ Link activities of the Human Resource Department to satisfaction of tasks in strategic objectives: Creating working motivation and corporate culture.

#### Economic task, plan.

- Market, bidding tasks for construction and industrial production department:

+ Adjust the market target of the areas under EVN according to the investment plan allocated in 2018 and the following years.

+ Actively participate in potential market outside EVN such as wind power, solar power, industrial zones, large real estate projects, budget projects in big cities. Insist on participating in foreign markets.

- Personnel for market and bidding task: Promptly supplement and train high-level professional personnel. Arrange effective operation model of bidding department, manage the EPC, PC contracts, and commercial operation, supply of electrical equipment.

- Solutions to ensure planned revenue and profitability.

- Invest in advanced software to support professional planning; online bidding; manage contracts and manage EPC, EP construction works

- Make good work of payment, settlement and periodical reporting.

#### Research and development work.

- Improve the capacity of staffs to meet the requirements of application research.

- Coordinate in the system, research identified target market.

- Analyze the effects of international cooperation agreements, from the technological revolution 4.0.

- Carry out research on new products and technologies in the interested areas of PCC1.

- Focus more on the effectiveness of PCC1's strategy deployment.

- Manage effectively typical projects and contracts.

#### Finance - Accounting work

- Make financial statements and audit reports as prescribed.

- Implement financial work in 2018 and 5 year financial plan.

- Ensure the mobilization of short-term and long-term capital with low cost to meet the demand for production and investment.

- Give advice to executives and Board of Directors on short-term and long-term financial plans.

- Use capital effectively through regulating concentrating cash flow.

- Analyze, forecast financial risks, give advice to executives and instruct implementing units.

- Carry out accounting work:

+ Perform the work of vouchers, payment, accounting, aggregate turnover, cost price and periodic financial statements.

+ Finalize and check cost, monitor debt.

+ Guide professional operations in the system.

- Recovering capital is a mission that is always important and needs to be done well at all times.

- Improve the capacity of finance and accounting staffs to meet the high requirements of the company.

- Pay attention to the improvement and application of internal management regulations and procedures.



## DEVELOPMENT PLAN IN 2018 (continued)

### General management work.

- Supplement and improve the capacity of officers to meet the demand.
- Deploy ISO work to member units.
- Implement the risk management plan at the parent company and units.
- Improve the quality of legal work with the activities of the company.
- Perform well the communication work and relations with investors.
- Participate in the audit and finalization of investment projects.
- Concentrate on analysis and evaluation in order to decide on investment in new construction investment projects, investment in capital contribution.

### Technique-technology work.

- Recruit, train and supplement personnel, preferably the positions of Deputy Head of Department, EPC project manager, technical specialists for management of the target projects.
- Enhance the skills of operating EPC, PC contracts, underground cable contracts, large-scale contracts, contracts with foreign partners.
- Continue to improve reliable management procedure on progress and quality.
- Coordinate the departments specializing in construction to develop and apply the penalty for delay and errors in construction and installation contracts.
- Perform well the work of acceptance, payment and handover.
- Perform well the quality work in accordance with ISO; extend the application to units in the company.
- Regularly implement occupational safety and labor sanitation, training for worker levels.
- Strengthen management and investment in construction machinery and equipment.

### Management of procurement, delivery of materials and equipment

- Continue to improve the reliability of management

and procurement, delivery of materials, equipment serving for construction, installation and manufacturing production. Promote the effectiveness of material management software and market price forecasting software.

- Effectively deploy trade capacity in supplying electrical equipment and materials, enhancing initiative and efficiency in EPC and PC contracts.
- Deploy investment plan of new planning warehouse which is suitable with the development needs of the company.

### Machinery construction and installation tasks.

- Adjust the market closely with the allocation of investment capital of party A. Develop markets outside the sector, foreign markets.
- Supplement human resources for growth and invest in advanced machinery and equipment; Apply reliable EPC contract management software and quality supervision software.
- Continue to arrange construction units to increase the strength and effectiveness.
- Promote the strength and position of PCC1; Determine to achieve the construction and installation turnover of VND 2.230 billion, increases 36% compared to 2017.

### Industrial production task.

- Deploy cooperative development plan with strong international partners. Develop domestic and foreign markets, implement business and investment targets for 2018, 2019 and 2020.
- Deploy new product development project, determine to put projects into use in 2018.
- Supplement officers doing market work and international bidding. Train adjacent managerial, technical officers.
- Change the operation of the Yen Ninh factory to ensure the objectives of initiative, responsibility, effectiveness and development.
- Strive for turnover of industrial production of not less than 850 billion VND, increases 88% compared to 2017.

### Energy investment.

- Base on the evaluation of investment results until 2017 to implement the investment plan until 2020 and 2025. Prioritize to the develop hydropower plants.
- Control the progress and quality of the Mong An hydropower project well, commence the sixth plant - Bao Lac B hydropower plant in early June 2018, and commence the seventh plant - Song Nhiem 4 in the fourth quarter 2018.
- Complete legal documents, investment finalization of Bao Lam 3 and Bao Lam 3A plants
- Operate efficiently and reliably 04 power plants which are generating electricity.
- Train and arrange to optimize the capacity of staffs in the Management Board. Improve project management and supervisory capacity.
- Concentrate resources for developing new projects in Cao Bang, Dien Bien, Lai Chau, Ha Giang provinces.
- Bring into play the efforts and creativity, improvement of Project Management staffs in the design and construction process, aiming to speed up the progress and save investment costs.

### Real estate investment and business.

- Base on the strategic objectives of 2018-2023 to build up the overall plan on real estate investment and business, detailed plan for 2018.
- My Dinh Plaza 2 Project: Focus on completing construction work, perform well the sales and customers task. Hand over houses to customers from May 15 to August 15, 2018.
- PCC1 - Thanh Xuan Project: Promote the progress of license application; construction progress according to plan, target of completion is December 2019.
- Invest in developing new projects.
- Continue to reorganize and improve the man-

agement capacity of the Investment Management Board.

### Capital investment in other areas

- Analyze and evaluate the efficiency of capital invested in associated companies, manage the invested capital. Make plans to continue, withdraw capital or continue to invest more depending on each specific case.
- Analyze and make decision on capital investment in state-owned enterprises in the strategic orientation of PCC1.

### Consulting and service block.

#### Electrical construction design consultancy:

- Implement plan 2018 according to the long-term development plan, develop design capacity, scale and position in the market.
- Co-ordinate consistently and effectively in the PCC1 system on design, technology, market and power grid, power plant planning.

#### Regarding the provision of services for management of buildings and residential areas:

- Train and enhance capacity, professionalism for staffs.
- Receive from the second quarter: My Dinh Plaza 2 project management
- Actively implement maintenance work in projects; actively solve remaining problems and obstacles in the contract for provision of building management services.
- Pay attention to and seriously implement the periodical maintenance of fire prevention and fighting equipment, firefighting training for operators and residents.
- Effectively exploit assets of PCC1 in completed projects.

**Consultancy for site clearance:** Focus on key tasks of site clearance of projects invested by PCC1, the key electrical grid works that PCC1 participated in construction.

## HIGH TURNOVER - HIGH EFFICIENCY - HIGH INCOME



## 04 REPORT OF THE BOARD OF DIRECTORS

### General assessment

### Comprehensive assessment of the company operation

### Assessment on the activities of the Board of Management Plan for 2018

## GENERAL ASSESSMENT

In 2017, Vietnam's economy was relatively stable with positive growth, GDP growth exceeded the plan, financial and banking activities were stable, interest rates were reasonable, and the stock market developed impressively, FDI investment continued to grow.

The Vietnam power sector performed well the work of providing adequate and reliable electricity source for socio-economic development. However, EVN and its affiliated units faced many difficulties in capital construction investment and power grid projects, the main causes are:

- The Ministry of Industry and Commerce dissolved the General Department of Energy- the key agency for appraising investment projects of the power sector which led to the fact that the implementation of new investment projects of EVN was not as planned.
- The unrealistic policy of adjusting construction unit price is also the main reason leading to delay commencement of new projects. In fact, EVN and NPT which are the corporations that perform investment in electricity transmission works only reached

87% of the investment plan in 2017.

- Plan implementation of PCC1 in 2017: Facing difficulties of the power sector, the Board of Directors has given solutions at the beginning of year has to overcome difficulties and maintain the plan in 2017, prepared the plan for the year 2018 and subsequent years

#### Overall results:

- Energy investment: Power generation got the good results. The projects have been completed and put into operation with 02 new power generation plants, 01 new factory has been commenced as scheduled.
- Real estate investment: Progress and quality of products of investing projects have been controlled well. Long-term investment plans and new projects are built up actively.
- Power construction and installation and industrial production unit: Revenue was lower than planned, profit margin basically reached the plan.
- Advisory and service unit: Completed of planned targets and key tasks

## COMPREHENSIVE ASSESSMENT OF THE COMPANY OPERATION

In the past year, the Company has performed well the following activities:

- Construction, installation and industrial production in the year has met the requirements of customers on progress and quality, investment projects and investment cooperation continues to perform well. At the same time, the company has stepped up the bidding process, initially promoted the international market as a basis for implementing the strategy of development and expansion at the regional power corporations and tech zone.
- Risk management, system management, product quality management are focused. The company has paid much attention to the internal control, set up inspection teams to review and evaluate actual situation of some companies in the system to catch up timely the remaining issues and weakness to improve the efficiency of operations in the member units.
- Issue and periodically revise the rules and regula-

tions within the company so that the management and implementation get the best results.

- Ensure dividend rate distributed to shareholders; ensure employment and living standard for employees with an average income of over 11 million VND / person / month.
- Quality of work: Organization and management, planning and market work, financial and accounting work, technical and technological work, procurement and management of materials and equipment, industrial production, the implementation of EPC contracts and export contracts, consultancy and services have been well performed.
- Responsibility towards environmental and society: Sticking to the goal of sustainable development, in 2017, PCC1 has participated in many community-based charity programs such as giving gifts to disadvantaged children in the localities of the company and contributed to the State budget 145 billion dong.



## COMPREHENSIVE ASSESSMENT OF THE COMPANY OPERATION (continued)

• Result of plan implementation in the year 2017

Target	Unit	Plan in 2017	Implementation in 2017	Imp 2017/ Plan 2017
Production and business value	Billion VND	5,157.04	4,634.32	89.86%
Net revenue	Billion VND	3,585.92	3,160.56	88.14%
Profit after tax of parent company	Billion VND	306.89	236.66	77.12%
Dividend	%	20%	15%	75.00%

The results of some targets of the Company in 2017 are as follows:

- Production and business value achieved 4,634 billion dong, reaching 89.86% of the plan;
- Net revenue achieved 3,161 billion dong, reaching 88.14% of the plan;
- Profit after tax achieved 237 billion dong, reaching 77.12% of the plan;
- Expected rate of dividend 2017 is 15%, reaching 75% of the plan.

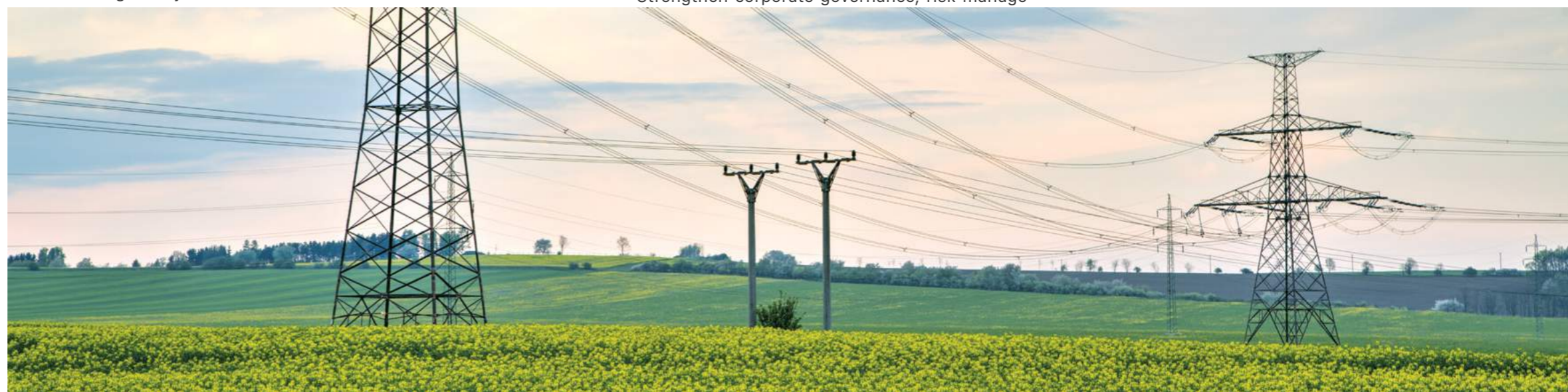
In general, production and business results in 2017 of the company have not reached the expectation at the beginning of year. However, in the context of increasingly stiff competition, the Board of Directors acknowledged the solidarity and utmost efforts of the Board of Management and all staffs of the Company in the past year to achieve this result.

## ASSESSMENT ON ACTIVITIES OF THE BOARD OF MANAGEMENT

- General Director has timely implemented resolutions of the Company's Board of Directors. General Director has fulfilled functions, duties and regulations correctly in accordance with the Enterprise Law, the Charter of Organization and Operation of Company and regulations set out by the Company.
- The General Director has regularly maintained weekly briefing meetings, conducted monthly planning meetings, quarterly planning meetings and annual review meetings, and meetings with each department. The meeting focused on solving problems in the production and business management in the whole company, difficulties and problems have been resolved in the meeting.
- Depending on the production situation from time to time, the General Director has assigned tasks to each member of the Board of Management so that the management would get the best result.
- In 2017, under the leadership of the General Director, the company has overcome many difficulties and challenges, improved the system management

capacity, flexible operation as the evolution of the economy.

- PCC1 is honored to be in the top 500 largest enterprises in Vietnam in 2017, "Top 50 Best Listed Companies in 2017" voted by Forbes Vietnam. At the same time, 2017 is the 4th consecutive year in which the company is in the Top 50 Distinguished Achievement Enterprises
- In 2017, the Board of Directors assessed that the General Director has fully and accurately fulfilled the direction given by the Board of Directors.



## PLAN OF YEAR 2018

### Main objectives

- Continue to develop the brand name PCC1, enhance competitiveness ability of the company in the market.
- Complete the company's regulations/procedures and help the management board of the company to manage in a standard way and efficiently.
- Implement the Human resource management; formulate the basis for formulation of compensation, remuneration, evaluation, training and development policies; simultaneously, build up the succession of all levels to strengthen the management apparatus. , motivate employees to work effectively and efficiently and measured clearly.
- Improve the organizational structure of staffs working in the electricity market more and more professionally and at the same time enhance the training to improve knowledge and skills to meet the increasing requirements in the development roadmap of electricity market.
- Enhance the movement of promoting initiatives, improve science and technology applied in actual production, focus on training and developing high quality human resource.
- Constantly improve equipment, apply the most advanced construction methods to shorten construction progress but still ensure the quality of works.
- Expand markets and products outside the power sector, develop foreign markets and the EPC market, power construction PCs at all voltage levels, and ensure stable growth.
- Strengthen corporate governance, risk manage-

ment and internal control.

- Build a professional working environment that improves the material and spiritual life of staffs to encourage the long-term commitment of employees to the Company.
- Maximize profits and bring the best benefit to the shareholders.

### Medium and long-term development strategies

- Determining that the construction, installation and industrial production are still the main business, accounting for the majority of the Company's revenue and profit structure.
- In addition to investment in key businesses and current investment projects, the Company develops investment strategies and co-investments in sectors supporting the Company's core business or investment in potentially profitable sectors in the future.
- Focus on market research and product research to develop the company in a sustainable manner.
- Carry out development of the company according to strategic direction 2018-2023 and vision 2030.





## **05** CORPORATE GOVERNANCE

**Board of Directors**

**Supervisory Board**

**Salary, remuneration of the Board of Directors, Supervisory Board  
and the Board of Management in 2017**

**Transactions**

**Strengthening corporate governance**

**Risk management**





## BOARD OF DIRECTORS

### Members of Board of Directors

No	Full name	Title	Number of held shares	Ownership ratio
1	Mr. Trinh Van Tuan	Chairman	20,383,898	17.66%
2	Mr. Nguyen Minh De	Member	1,493,879	1.29%
3	Mr. Vu Van Tu	Member	268,195	0.23%
4	Mr. Vo Hong Quang	Member	2,149,620	1.86%
5	Ms. Nguyen Thi Huong	Member	1,298,264	1.12%

### Meetings of Board of Directors in 2017

In 2017, Board of Directors of Power Construction JSC No. 1 conducted 14 meetings of the Board of Directors to discuss and approve important contents in the business plan in 2017.

No	Full name	Title	Date to be member of Board of Directors (Term 2015-2020)	Number of attended meetings	Attendance rate	Reason for not attending the meeting
1	Mr. Trinh Van Tuan	Chairman	26/4/2015	14/14	100%	
2	Mr. Nguyen Minh De	Member	26/4/2015	13/14	93%	Business travel
3	Mr. Vu Van Tu	Member	26/4/2015	14/14	100%	
4	Mr. Vo Hong Quang	Member	26/4/2015	14/14	100%	
5	Ms. Nguyen Thi Huong	Member	26/4/2015	14/14	100%	

### Resolutions and decisions of the Board of Directors issued in the year.

No	Decision No.	Date	Content
1	21/PLYK-PCC1-HDQT	13/01/2017	Approved the policy of implementing contracts, transactions between PCC1 and related businesses
2	22/PLYK-PCC1-HDQT	27/02/2017	Approved the appointment of Mr. Nguyen Van Chieu as Deputy Director of PCC1-Hanoi
3	23/BB-PCC1-HDQT	17/03/2017	Approved the plan to organize Annual General Meeting of Shareholders 2017
4	23/BB-PCC1-HDQT	17/03/2017	Approved Procurement plan Phase 1 - Mong An Hydropower Project

### Resolutions and decisions of the Board of Directors issued in the year. (continued)

No	Decision No.	Date	Content
5	23/PLYK-PCC1-HDQT	23/03/2017	Ms. Le Thi Nhu Hang resigned the position of Head of Human Resources Department; Recruited and appointed Mr. Nguyen Van Nghe to the position of Head of Human Resources Department of the Company; Period of implementation: From April 01, 2017.
6	23/PLYK-PCC1-HDQT	23/03/2017	- Appointed Ms. Nguyen Thanh Huong as Head of General Administration Department of the Company; Period of implementation: since April 01, 2017 - Mr. Trinh Van Tuan resigned the position Chairman of PCC1-Southern; Mr. Vo Hong Quang - Deputy General Director of PCC1 resigned concurrently as Director of PCC1- Southern; concurrently held the position of President of PCC1 -Southern; Appointed Mr. Phan Hung Thang as Director of PCC1- Southern; Period of implementation: From April 01, 2017
7	23/PLYK-PCC1-HDQT	23/03/2017	Mr. Nguyen Nhat Tan resigned position of Chairman of Hoa Binh Auto Mechanical Joint Stock Company; Mr. Trinh Van Tuan held the position of Chairman of Hoa Binh Auto Mechanical Joint Stock Company; Period of implementation: From April 01, 2017
8	23/PLYK-PCC1-HDQT	23/03/2017	Ended up operation of Nang Huong real estate trading floor; Period of implementation: From April 01, 2017
9	24/PLYK-PCC1-HDQT	12/4/2017	Mr. Do Van Minh resigned the position of Chairman of PCC1-Ha Dong; Mr. Vu Van Tu - Deputy General Director of PCC1 held the position Chairman of PCC1- Ha Dong; Period of implementation: From April 15, 2017
10	06/NQ-PCC1-HDQT	09/05/017	Resolution on the implementation of share issuance plan to pay dividends
11	25/PLYK-PCC1-HDQT	05/06/2017	Selected AASC Auditing Company Limited as Auditing company that reviews the semi-annual financial statements for the period from 01/01/2017 to 30/6/2017 and audits Financial Statements of parent company and member units and Consolidated financial statements of 2017 of the company
12	26/PLYK-PCC1-HDQT	28/06/2017	Merged Power Construction and Installation Team No. 6 into the Power Construction and Installation Team No. 1 from July 1, 2017; Mr. Dang Van Huy is dismissed the position of Team leader of Power Construction and Installation Team No. 6.
13	11b/NQ-PCC1-HDQT	27/07/2017	Regarding getting opinion of shareholders by written document in order to approve detailed plan to issue individual shares
14	24A/BB-PCC1-HDQT	27/07/2017	Supplement chartered capital for subsidiaries operating in the field of power construction and installation



## BOARD OF DIRECTORS (continued)

No	Decision No.	Date	Content
15	24B/BB-PCC1-HDQT	10/08/2017	Approved bidding packages, projects of hydropower projects
16	27/PLYK-PCC1-HDQT	11/08/2017	Merged and transferred all machinery, equipment and personnel of Power Construction and Installation Team No. 4 into Tu Liem- PCC1; Merged and transferred all machinery, equipment and personnel of the Power Construction and Installation Team No. 8 into PCC1-Northern, starting from 15/08/2017.
17	28/PLYK-PCC1-HDQT	14/08/2017	Funding the 3rd time to PCC1-Tu Liem with fixed assets, funding 4th time for PCC1-Northern
18	29/PLYK-PCC1-HDQT	28/08/2017	The plan to offer individual shares in 2017 was approved by the General Meeting of Shareholders in 2017 on guidelines and related contents.
19	30/PLYK-PCC1-HDQT	01/9/2017	Approved the appointment of Mr. Nguyen Van Chau as Deputy Director of PCC1-Northern and assigned the Chairman of PCC1-Northern to sign the appointment decision.
20	31/PLYK-PCC1-HDQT	07/09/2017	Capital borrowing plan, collateral and approval of credit contracts, warranty contracts at Vietnam Joint Stock Commercial Bank for Industry and Trade - Thanh An Branch for the Mong An Hydropower Project
21	32/NQ-PCC1-HDQT	13/09/2017	About the plan to issue individual shares in 2017
22	24C/BB-PCC1-HDQT	15/9/2017	Approved the transformation of the operational model of the Teams, Establishment of Ninh Binh- No.1 Power Construction Installation One Member Company Limited
23	32/PLYK-PCC1-HDQT	19/09/2017	Supplement business activities (leasing of machinery, equipment and other tangible stuffs) PCC1-Dai Mo
24	33/PLYK-PCC1-HDQT	31/10/2017	Contributed capital in Bao Lam Hydropower Joint Stock Company by fixed assets which were cars
25	41/QD-PCC1-HDQT	21/11/2017	Adopted the approval of the dissolution of An Phu Investment Joint Stock Company
26	42/QD-PCC1-HDQT	22/11/2017	Modify business registration content
27	26/BB-PCC1-HDQT	28/11/2017	<ul style="list-style-type: none"> <li>- Approved the transfer of 10% of capital contribution of Dong Anh Steel Tower Co., Ltd, equivalent to 10% of DAST's chartered capital to AG Japan; Converted business from of DAST from One member limited liability company to Multi-member limited liability company.</li> <li>- Approved DAST's new charter; Change the authorized representative to manage the capital contribution.</li> </ul>
28	34/PLYK-PCC1-HDQT	15/12/2017	Approved the salary payment regulation for Ninh Binh- No.1 Power Construction Installation One Member Company Limited

### Members of independent Board of Directors

The Company has not got member of independent Board of Directors

### Subcommittees under the Board of Directors

The company has not subcommittees under the Management Board

### Supervisory activities of the Board of Directors towards the Board of Management

The Board of Directors regularly supervises the Board of Management through the inspection and control of the Supervisory Board, as well as organizes meetings to evaluate and draw experience in seriously implementing resolutions of the Board of Directors in auditing financial statements, in planning production and business of the company. In 2017, the Board of Directors has focused on directing and supervising the activities of the Board of Management in the following major activities:

- Organize meeting to evaluate the implementation

of production and business plans at the Company and its member units; evaluating the performance of the Board of Management and related departments during the year;

- Organize General meeting of shareholders 2017 on April 21, 2017

- Implement the plan to issue stocks to pay dividends 2016;

- Adopt the plan of individual stock offering and related contents.





## SUPERVISORY BOARD

### Member of the Supervisory Board

No	Full name	Title	Number of held shares	Ownership ratio
1	Ms. Nguyen Thi Hai Ha	Head of the Board	16,832	0.01%
2	Mr. Nguyen Anh Tuan	Supervisor	3	0.00%
3	Mr. Nguyen Quang Vu	Supervisor	24,056	0.02%

### Meeting of Supervisory Board in 2017

In 2017, the Supervisory Board conducted three meetings with 100% attendance

No	Full name	Title	Date to be member of Supervisory Board (Term 2015-2020)	Number of attended meetings	Attendance rate	Reason for not attending the meeting
1	Ms. Nguyen Thi Hai Ha	Head of the Board	26/4/2015	3/3	100%	
2	Mr. Nguyen Anh Tuan	Supervisor	26/4/2015	3/3	100%	
3	Mr. Nguyen Quang Vu	Supervisor	26/4/2015	3/3	100%	

### Supervisory activities of the Supervisory Board towards the Board of Directors, Management Board, and shareholders

Implement functions and tasks of the Supervisory Board as prescribed in the Charter of the Company in compliance with the provisions of the Enterprise Law. The Supervisory Board has performed tasks to ensure that the Company's operations are in line with the Charter of Organization and operation of the Company, Internal Regulations and other relevant laws.

In 2017, the Supervisory Board focused on controlling the main contents, including: Monitoring and inspecting the performance of the Company's production and business plans; Checking the implementation of Resolutions of the General meeting of Shareholders; the performance of the Board of Directors (BOD), the Board of Management, member companies; controlling accounting and finance work, making verification reports of financial statements (FS), reports on production and business.

Some specific activities of the Supervisory Board are as follows:

- Participate fully in meetings of the Board of Directors.

- Participate in the production and business planning meeting of the company monthly, quarterly, annually presided by the General Director of the company.

- Inspect and supervise production and business activities of the company in all fields: construction, industrial production, real estate investment, hydropower project investment, etc.

- Review accounting books and documents related to the enterprise's financial affairs periodically and irregularly upon request;

- Appraise the financial statements submitted to the Annual General Meeting of Shareholders.

Supervise the compliance with the Resolution of the Annual General Meeting of Shareholders in 2017, Resolution to seek shareholders opinion in written document in 2017; the execution of the company charter; execution of laws of the State and the regulations, rules and decisions of Board of Directors Management Board, the in administration and management.

### Evaluate the coordination between the Supervisory Board, the BOD and BOM

In 2017, the Supervisory Board has participated:

- Meetings of the Board of Directors of the Company;
- Business planning meetings of the Company by month, quarter and year end presided by the General Director of the Company.

The Board of Directors has promptly and adequately provided Resolutions and Decisions of the Board of Directors to the Supervisory Board; Board of Management has created conditions for the Supervisory Board to collect information and documents related to production and business activities of the Company upon request. The Board of Directors, the Supervisory Board, Management Board and the management staffs of the Company have close cooperation in the control and management of production and business activities.

### Verification results of the Financial Statements 2017

The Supervisory Board has verified financial statements of the Company for the financial year 2017 ended on 31/12/2017 and agreed to certify the results as follows:

- The financial statements have fully reflected the Company's business and financial situation, which is presented in the form prescribed in Circular No. 200/2014/TT-BTC dated December 22, 2014 of the Ministry of Finance;
- The financial statements have honestly and reasonably reflected on the material aspects of the fi-

ncial situation as of 31/12/2017;

- The recording, opening of accounting books, classification of economic contents were implemented in accordance with the accounting standards promulgated by the Ministry of Finance;
- The company has periodically reported and announced information of listed companies on the Ho Chi Minh City Stock Exchange Department in accordance with regulations on disclosure of information on the stock market.

### Recommendation and direction of activities of the Supervisory Board for 2018

- Stick to the company's strategic objectives by 2023, vision 2030.
- Enhance the ability of administrator system to achieve professional level.
- Develop new products, expand abroad business markets.
- Renovate machinery and equipment and apply technology in construction, production and investment.
- Support policy, assign domestic market reasonably to member companies in order to raise the sense of initiative, creativity, responsibility and ef-

ficiency in production and business.

- Continue to improve risk management and product quality management in accordance with the ISO management system.
- Develop and supplement internal regulations and procedures for management in consistent with the development model of the Company, ensuring the issued provisions of the Enterprise Law, the Charter of the Company and the Law on Tax Administration, the Law on Insurance.

## ALLOWANCE AND INCOME OF BOD, SUPERVISORY BOARD AND GENERAL DIRECTOR IN 2017

### Allowance of BOD and Supervisory Board

#### Board of Directors

No	Full name	Title	Allowance in 1 month (VND)	Total (VND)
1	Mr. Trinh Van Tuan	Chairman	10,000,000	120,000,000
2	Mr. Nguyen Minh De	Member	2,000,000	24,000,000
3	Mr. Vu Van Tu	Member	2,000,000	24,000,000
4	Mr. Vo Hong Quang	Member	2,000,000	24,000,000
5	Ms. Nguyen Thi Huong	Member	2,000,000	24,000,000
6	<b>Total</b>		<b>18,000,000</b>	<b>216,000,000</b>

#### Supervisory Board

No	Full name	Title	Allowance in 1 month (VND)	Total (VND)
1	Ms. Nguyen Thi Hai Ha	Head of the Board	6,000,000	72,000,000
2	Mr. Nguyen Anh Tuan	Supervisor	1,500,000	18,000,000
3	Mr. Nguyen Quang Vu	Supervisor	1,500,000	18,000,000
	<b>Total</b>		<b>9,000,000</b>	<b>108,000,000</b>

### Income of General Director and Board of Directors

No	Full name	Unit	Year 2016	Year 2017
1	Income of Management Board and BOD	VND	5,935,725,800	6,252,332,400
2	Income of General Director	VND	1,691,033,600	1,694,470,900

## TRANSACTIONS

### Share transactions of Internal person and person related to Internal person

No	Person performing transaction	Holding shares at the beginning of period		Holding shares at the end of period		Reason for increase, decrease
		Number of share	Rate	Number of share	Rate	
1	<b>Nguyen Quang Hung</b> Older brother of member of BOD	26,932	0.02%	2	0.00%	Sell
2	<b>Nguyen Quang Chau</b> Father of member of BOD	29,120	0.03%	0	0.00%	Sell
3	<b>Tran Thi Lan Phuong</b> Wife of member of Supervisory Board	37,333	0.05%	33,532	0.03%	Sell
4	<b>Nguyen Anh Tuan</b> Member of Supervisory Board	39,903	0.03%	3	0.00%	Sell

### Transactions of the Company and related parties

No	Name of organization/individual	Relation with the company	Transaction
1	Southern-No.1 Power construction Installation One Member Co., Ltd	Subsidiary Member of the BOD of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume Turnover: Tools, guarantee fee
2	Hanoi- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Member of the BOD of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume Turnover: Office lease, other
3	Dai Mo- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Deputy general director of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume Turnover: Tools, land rent, guarantee fee
4	Dong Anh Steel Tower Co., Ltd	Subsidiary Member of the BOD of PCC1 is the Director of the Subsidiary	Buy: Steel pole processing Turnover: selling materials
5	My Dinh- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Deputy general director of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume Turnover: Office lease, other
6	Nang Huong- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Chairman of BOD of PCC1 is the President	Buy: Building service Turnover: land rent, other
7	Hoang Mai- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Member of the BOD of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume Turnover: Land rent, guarantee fee
8	Northern- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Deputy general director of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume, clearance consultancy Turnover: Land rent, guarantee fee
9	Tu Liem- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Deputy general director of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume Turnover: Land rent, guarantee fee, other
10	Ha Dong- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Member of the BOD of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume Turnover: Land rent, guarantee fee
11	Ninh Binh- No.1 Power construction Installation One Member Co., Ltd	Subsidiary Member of the BOD of PCC1 is the Chairman of the Subsidiary	Buy: Construction volume Turnover: Land rent, guarantee fee
12	Trung Thu Hydropower JSC	Subsidiary Chairman of the BOD of PCC1 is the Chairman of BOD of the Subsidiary	Turnover: Consulting, Other
13	ERECO.,JSC	Subsidiary Chairman of the BOD of PCC1 is the Chairman of BOD of the Subsidiary	Buy: Installation volume
14	Hoa Binh Auto Mechanical JSC	Subsidiary Deputy general director of PCC1 is the Chairman of the Subsidiary	Turnover: Real estate Project management consultancy
15	My Dinh Real Est., JSC	Subsidiary Chairman of the BOD of PCC1 is the Chairman of BOD of the Subsidiary	Turnover: Real estate Project management consultancy, office lease
16	Bao Lam Hydropower JSC	Subsidiary Chairman of the BOD of PCC1 is the Chairman of BOD of the Subsidiary	Turnover: office lease Buy: Hydropower Operation Management
17	Cao Bang Cast Iron and Steel JSC	Associated company Chairman of BOD of PCC1 is a member of BOD of affiliated company	Mill processing to ore sorting



## ENHANCE THE CORPORATE GOVERNANCE

In order to improve the effectiveness of corporate governance, in 2018 the Company will carry out the following tasks:

- Continuously adhere to and update regulations on corporate governance such as announcing information on the stock market or organizing the general meeting of shareholders.
- Improve the quality of annual reports both in terms of content and form in order to transmit information to shareholders and the investor community better.
- Make plan to strengthen the Management Board , the Supervisory Board in accordance with the new requirements of Decree 71/2017 / ND-CP
- Enhance the application of science - technology, technology - information in governance such as production governance, financial - accounting governance, human resource governance, etc.

## RISK MANAGEMENT

In 2017, the company started to develop and operate the risk management process according to COSO international standard. The application of this process will help governance and control task work better, minimize possible losses during the business operations of the Company.

Risk management procedures applied in the company: The risk management process is established and approved in the "Risk Management Process" document.





# 06 SUSTAINABLE DEVELOPMENT

Orientation for sustainable development

Indicators of sustainable development





## ORIENTATIONS OF SUSTAINABLE DEVELOPMENT



### Customers-Partners

- For customers, PCC1 put prestige and quality on top in order to bring the highest value and satisfaction to customers.

- For partners: PCC1 looks for mutual trust and respect, cooperation for mutual benefit and together brings good values to society.

### Shareholders

Linking the sustainable development of PCC1 with the long-term interests of shareholders and investors through:

- Announcing information sufficiently, accurately and timely;
- Managing the company transparently and effectively;
- Developing a stable dividend policy towards sustainable development;
- Building and strengthening investor confidence in the PC1 brand and share codes.

### Government

- PCC1 ensures to strictly comply with the State's policies in all its production and business activities.
- Contribute to the process of building infrastructure for the development of country.

- To ensure the fulfillment of tax obligations and contributions to the State budget

### Laborers

- Formulating an effective and reasonable salary, bonus policy with a competitive income level
- Building working environment which creates conditions for employees to maximize their capacity.
- Taking care of spiritual life for employees and create corporate culture

### Community

- Linking the development of PCC1 with the development of localities where the company has production and business activities
- Supporting for difficult situations through volunteer programs.

### Environment

- Complying with the regulations of law on environment
- Using resources effectively
- Researching the potential of renewable energy sources to invest while minimizing negative impacts on the environment

## SUSTAINABLE DEVELOPMENT TARGETS IN 2017

### Responsibility for the environment

Be aware of the role of the environment for production and looking for sustainable development, PCC1 strives to implement effective use of resources and comply with environmental protection regulations. , study the potential of renewable energy sources for investment, as well as try to minimizing negative impacts on the environment.

The company is always strictly adhered to as well as regularly updated the regulations of the law on environment. Therefore, the Company has never been

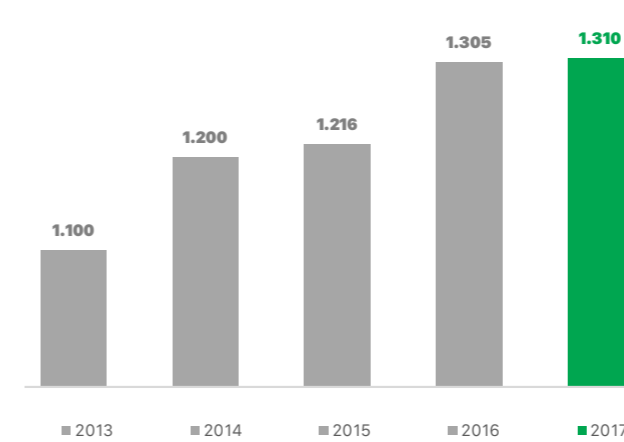
sanctioned for environmental issues.

The Trung Thu, Bao Lam 1, Bao Lam 3 and Bao Lam 3A Hydropower Plants have applied the 5S method to improve the quality of the working environment in a scientific, neat, clean and comfortable and safety manner for employees of the company.

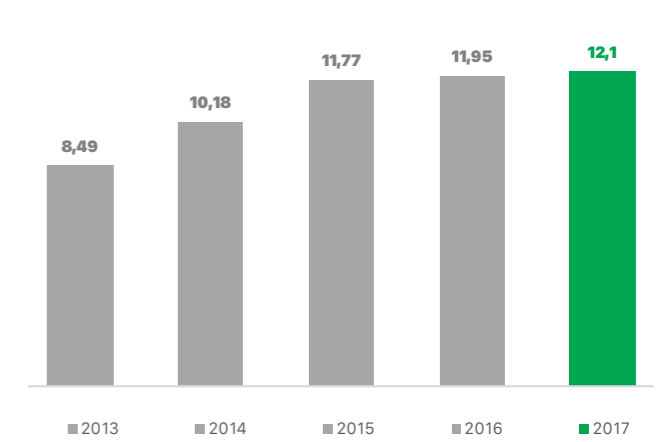
At the same time, the Company organizes propaganda and education courses to raise awareness about environmental protection; and abides by the regulations on waste collection and treatment.

### Laborers

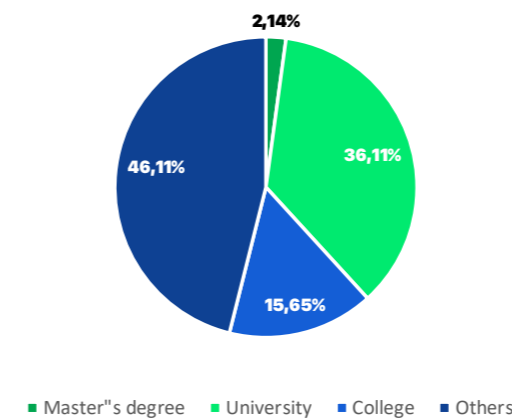
Number of employees over the years (people)



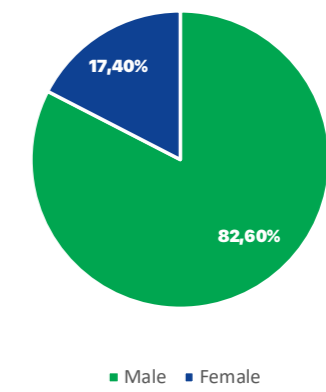
Average Income (million VND/person/month)



Labor Structure by level



Labor Structure by gender







## SUSTAINABLE DEVELOPMENT TARGETS IN 2017 (continued)

### Ensure labor safety

To minimize the risks in the production and construction process, PCC1 develops a safe operating procedure for employees in accordance with regulations of functional agencies, strictly abides by the regulations on labor safety. The company promulgates internal regulations on labor safety, environmental sanitation, regularly checks and evaluates the work implementation at the construction sites, organizes training courses for safety and hygiene, accident prevention for laborers, equips labor protection equipment such as clothes, hats, shoes ... fully and promptly according to the nature of work, according to the labor law; invests and improves technology in production to ensure safety for employees.

### Salary, bonus and welfare policies

PCC1 develops salary and bonus policy based on the criteria: capacity, performance, level of contribution to the development of the company. Employees are considered for annual wage increase in accordance with the regulations and salary regulations, depending on the complexity of the work to get the corresponding salary.

All welfare, health insurance, social insurance and unemployment insurance are implemented by PCC1 as prescribed in regulations of the State. Salary income is stable and timely. Social insurance, health insurance policies are well maintained. Health check is organized periodically at the prestigious hospitals for 100% of company employees. In addition, employees also enjoy benefits such as bonuses on major holidays, participation in tours, summer holidays, etc.

Well implement the democratic regulations and collective labor agreements in the whole company. In addition, the attention, support and the regime of visits, sickness ...are specially cared by the Company and trade union; employees who get in trouble or difficulty are promptly mobilized. Each activity, each movement represents the unique culture of PCC1, the encouragement of the Management Board that encourages every employee to strive for sustainable development of PCC1.

### Training activities

PCC1 encourages and facilitates employees to maximize their capabilities in their work. The company organizes training courses for employees, including overseas technical training to improve the quality, enhance professional skills and bring into play potential available in each individual. In 2017, PCC1 has organized several concentrating training classes and separate training programs for individuals, units. Some training programs in 2017 with the following contents:

- Leader Mindset trained by TOPPION Education Development Investment JSC;
- Guiding the establishment of the 3P salary mechanism
- Training quality management system according to international standard ISO 9001: 2015
- Internal assessment skill ISO 9001-2015 trained by BSI;
- Standard Project Management PMI - FMIT Institute
- FMIT International Consulting Training Corp
- English with standard output of TOEIC 500 - AROMA English Center
- Training and guiding strategy implementation.
- And other internal training courses organized and conducted by PCC1



### Responsibility for the community and the locality

-- Contributing to the state budget 145 billion VND  
- In 2017, with the goal of sharing the values of development to the community - society, PCC1 has many volunteer activities such as:

The "Winter coats" charity program in Long Luong and Quang Minh communes, Van Ho district, Son La province. This activity aims to promote the traditional spirit of mutual caring "The good leaves protect the worn-out leaves" of the company for students and families with special difficult circumstances in remote areas, with the desire to bring them warm clothes and a warm Tet holiday.

During two short volunteer days in the locality, the delegation has visited and given presents to 170 elementary school children, each present contained notebooks, pencils, rulers, pen boxes and 40 gifts worth 500,000 VND each plus 5 sets of warm clothes for households in particularly difficult circumstances.

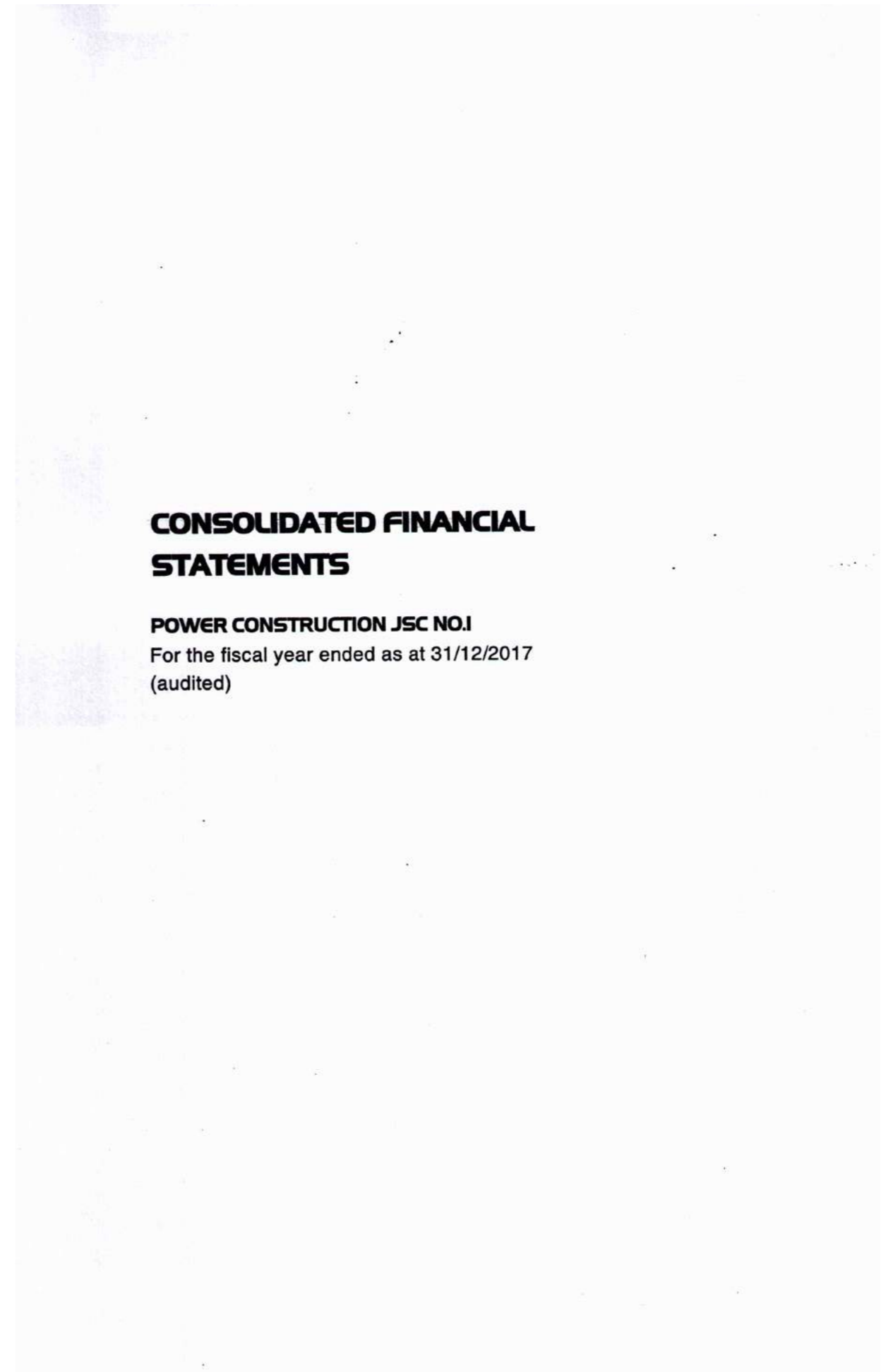
PCC1 shoes for students: With the message "Foster a step on the way to school", promote the traditional spirit of mutual caring "The good leaves protect the worn-out leaves" of the company for students and teachers with special difficult circumstances in remote areas. The delegation has presented nearly 100 gifts.





## AUDITED CONSOLIDATED FINANCIAL STATEMENT 2017

To view the Audited Separate Financial Statement 2017, please visit our website at [www.pcc1.vn](http://www.pcc1.vn) - Shareholder



## CONSOLIDATED FINANCIAL STATEMENTS

**POWER CONSTRUCTION JSC NO.1**

For the fiscal year ended as at 31/12/2017  
(audited)

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## REPORT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Power Construction JSC No.1 ("the Company") presents its report and the Company's Consolidated Financial Statements for the fiscal year ended as at 31 December 2017.

### THE COMPANY

Power Construction JSC No.1 was established in 02 March, 1963 under the name Line and Substation Installation Company. PCCI officially became a jointed stock company under the Business License No. 01001000745 issued by the Hanoi Authority for Planning and Investment. The License's first version was issued in 20 July, 2005 and has updated to the 17th version in 11 December 2017.

The Company's head office is located at No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam.

### BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND BOARD OF SUPERVISION

The members of The Board of Management during the fiscal year and to the reporting date are:

Mr. Trinh Van Tuan	Chairman
Mr. Vu Van Tu	Vice Chairman
Mr. Vo Hong Quang	Member
Mr. Nguyen Minh De	Member
Mrs. Nguyen Thi Huong	Member

The members of The Board of General Directors during the fiscal year and to the reporting date are:

Mr. Trinh Van Tuan	General Director
Mr. Vu Van Tu	Vice General Director
Mr. Dang Van Nghia	Vice General Director
Mr. Vo Hong Quang	Vice General Director
Mr. Nguyen Nhat Tan	Vice General Director
Mr. Nguyen Minh De	Vice General Director

The members of the Board of Supervision are:

Mrs. Nguyen Thi Hai Ha	Head of Control Department
Mr. Nguyen Anh Tuan	Member
Mr. Nguyen Quang Vu	Member

### AUDITORS

The auditors of the AASC Auditing Firm Company Limited have taken the audit of Consolidated Financial Statements for the Company.

## STATEMENT OF THE BOARD OF GENERAL DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of General Directors is responsible for the Consolidated Financial Statements which give a true and fair view of the financial position of the Company, its operating results and its cash flows for the year. In preparing those Consolidated Financial Statements, the Board of General Directors is required to:

- Establish and maintain an internal control system which is determined necessary by the Board of General Directors and the Board of Management to ensure the preparation and presentation of Consolidated Financial Statements do not contain any material misstatement caused by errors or frauds;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements;
- Prepare the Consolidated Financial Statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of Consolidated Financial Statements;
- Prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of General Directors is responsible for ensuring that accounting records are kept to reflect the financial position of the Company, with reasonable accuracy at any time and to ensure that the Consolidated Financial Statements comply with the registered accounting system. It is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We, The Board of General Directors, confirm that the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2017, its operation results and cash flows in the year 2017 of the Company in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Consolidated Financial Statements.

### Other commitments

The Board of General Directors pledges that the Company does not violate the obligations of information disclosure in accordance with the regulations of the Circular No. 155/2015/TT-BTC dated 06 October 2015 issued by Ministry of Finance guiding the disclosure of information on Securities Market.

### On behalf of The Board of General Directors



Trần Văn Tuấn  
General Director  
Hanoi, 24 March 2018



No: 270318.030/BCTC.KT3

## INDEPENDENT AUDITORS' REPORT

To: **Shareholders, The Board of Management and The Board of General Directors  
Power Construction JSC No.1**

We have audited the accompanying Consolidated Financial Statements of Power Construction JSC No.1 prepared on 24 March 2018, as set out on pages 05 to 44, including: Consolidated Statement of Financial position as at 31 December 2017, Consolidated Statement of Income, Consolidated Statement of Cash Flows and Notes to Consolidated Financial Statements for the fiscal year ended as at 31 December 2017.

### The Board of General Directors' responsibility

The Board of General Directors responsible for the preparation and presentation of Consolidated Financial Statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Consolidated Financial Statements and for such internal control as management determines is necessary to enable the preparation and presentation of Consolidated 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 these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with standards, and ethical requirements; plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of Consolidated Financial Statements that give a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board or General Directors, as well as evaluating the overall presentation of the Consolidated 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 Consolidated Financial Statements give a true and fair view, in all material respects, of the financial position of Power Construction JSC No.1 as at 31 December 2017, its operating results and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Consolidated Financial Statements.



Vu Xuan Bien  
Deputy General Director  
Certificate of registration to audit practice  
No. 0743-2018-002-1  
Hanoi, 27 March 2018

Pham Thi Xuan Thu  
Auditor  
Certificate of registration to audit practice  
No. 1462-2018-002-1



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2017*

Code	ASSETS	Note	31/12/2017 VND	01/01/2017 VND
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>3,093,186,279,977</b>	<b>2,045,729,494,338</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>3</b>	<b>567,443,915,134</b>	<b>418,609,736,913</b>
111	1. Cash		158,242,040,134	91,474,736,913
112	2. Cash equivalents		409,201,875,000	327,135,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>4</b>	<b>100,000,000,000</b>	<b>20,000,000,000</b>
123	1. Held-to-maturity investments		100,000,000,000	20,000,000,000
<b>130</b>	<b>III. Short-term accounts receivables</b>		<b>1,302,166,698,273</b>	<b>1,046,245,116,424</b>
131	1. Short-term trade receivables	5	876,196,710,384	798,590,805,241
132	2. Short-term prepayments to suppliers	6	276,602,517,757	179,677,293,162
135	3. Short-term loan receivables		1,655,000,000	1,250,000,000
136	4. Other short-term receivables	7	151,460,258,726	70,775,619,604
137	5. Provision for short-term doubtful debts		(3,747,788,594)	(4,048,601,583)
<b>140</b>	<b>IV. Inventories</b>	<b>8</b>	<b>1,085,490,907,212</b>	<b>532,292,830,200</b>
141	1. Inventories		1,085,490,907,212	532,558,017,926
149	2. Provision for devaluation of inventories		-	(265,187,726)
<b>150</b>	<b>V. Other short-term assets</b>		<b>38,084,759,358</b>	<b>28,581,810,801</b>
151	1. Short-term prepaid expenses	13	2,560,869,361	3,666,190,070
152	2. Deductible VAT		35,413,911,896	24,778,946,571
153	3. Taxes and other receivables from the State budget	18	109,978,101	136,674,160
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>3,120,585,956,203</b>	<b>2,483,821,512,836</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>37,744,000</b>	<b>86,326,790,483</b>
216	1. Other long-term receivables	7	37,744,000	86,326,790,483
<b>220</b>	<b>II. Fixed assets</b>		<b>2,755,397,437,663</b>	<b>919,782,491,239</b>
221	1. Tangible fixed assets	10	2,754,199,345,142	918,674,421,239
222	- Historical costs		3,056,368,931,188	1,130,115,815,900
223	- Accumulated depreciation		(302,169,586,046)	(211,441,394,661)
227	2. Intangible fixed assets	11	1,198,092,521	1,108,070,000
228	- Historical costs		1,478,376,000	1,387,356,000
229	- Accumulated amortization		(280,283,479)	(279,286,000)
<b>230</b>	<b>III. Investment properties</b>	<b>12</b>	<b>102,258,924,687</b>	<b>107,357,648,931</b>
231	- Historical costs		120,617,951,458	120,617,951,458
232	- Accumulated depreciation		(18,359,026,771)	(13,260,302,527)
<b>240</b>	<b>IV. Long-term assets in progress</b>		<b>61,331,708,529</b>	<b>1,191,007,191,434</b>
242	1. Construction in progress	9	61,331,708,529	1,191,007,191,434

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2017*

*(continued)*

Code	ASSETS	Note	31/12/2017 VND	01/01/2017 VND
<b>250</b>	<b>V. Long-term investments</b>	<b>4</b>	<b>90,549,997,410</b>	<b>85,425,202,195</b>
252	1. Investments in joint ventures and associates		85,728,227,410	80,603,432,195
253	2. Equity investments in other entities		4,821,770,000	4,821,770,000
<b>260</b>	<b>VI. Other long-term assets</b>		<b>111,010,143,914</b>	<b>93,922,188,554</b>
261	1. Long-term prepaid expenses	13	35,619,879,289	11,795,093,661
262	2. Deferred income tax assets	32	2,308,100,000	692,682,882
269	3. Goodwill	14	73,082,164,625	81,434,412,011
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,213,772,236,180</b>	<b>4,529,551,007,174</b>

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

(continued)

Code	ASSETS	Note	31/12/2017	01/01/2017
			VND	VND
<b>300</b>	<b>C. LIABILITIES</b>		<b>3,399,779,952,840</b>	<b>2,466,876,874,531</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,832,794,372,215</b>	<b>1,376,638,978,658</b>
311	1. Short-term trade payables	16	793,696,801,921	815,099,409,382
312	2. Short-term prepayments from customers	17	295,301,291,571	63,893,849,784
313	3. Taxes and other payables to State budget	18	50,066,188,704	105,795,809,759
314	4. Payables to employees		41,045,922,770	53,183,433,642
315	5. Short-term accrued expenses	19	205,846,786,068	57,815,523,326
318	6. Short-term unearned revenue		1,529,612,945	613,657,104
319	7. Other short-term payables	20	37,582,941,037	41,641,450,809
320	8. Short-term borrowings and finance lease liabilities	15	293,997,080,253	134,756,703,365
321	9. Provisions for short-term payables	21	61,599,873,581	69,365,525,507
322	10. Bonus and welfare fund		52,127,873,365	34,473,615,980
<b>330</b>	<b>II. Non-current liabilities</b>		<b>1,566,985,580,625</b>	<b>1,090,237,895,873</b>
337	1. Other long-term payables	20	241,516,269	278,605,541
338	2. Long-term borrowings and finance lease liabilities	15	1,527,129,584,424	981,148,786,110
341	3. Deferred income tax liabilities	32	14,639,705,752	15,291,361,258
342	4. Provisions for long-term payables	21	24,974,774,180	93,519,142,964
<b>400</b>	<b>D. OWNER'S EQUITY</b>		<b>2,813,992,283,340</b>	<b>2,062,674,132,643</b>
<b>410</b>	<b>I. Owner's equity</b>	<b>22</b>	<b>2,813,992,283,340</b>	<b>2,062,674,132,643</b>
411	1. Contributed capital		1,154,528,420,000	752,629,140,000
411a	- Ordinary shares with voting rights		1,154,528,420,000	752,629,140,000
412	2. Share Premium		711,136,556,786	369,631,183,318
415	3. Treasury shares		(4,320,000)	(4,320,000)
416	4. Differences upon asset revaluation		354,142,756	432,841,146
418	5. Development and investment funds		78,810,312,228	56,788,473,123
420	6. Other reserves		23,130,682,547	13,684,934,477
421	7. Retained earnings		716,171,632,480	764,936,664,360
421a	- Retained earnings accumulated till the end of the previous year		479,510,543,690	460,230,687,441
421b	- Retained earnings of the current year		236,661,088,790	304,705,976,919
429	8. Non - Controlling Interests		129,864,856,543	104,575,216,219
<b>440</b>	<b>TOTAL CAPITAL</b>		<b>4,529,551,007,174</b>	<b>4,529,551,007,174</b>

*[Handwritten signatures]*



Pham Thi Thanh Binh  
Preparer  
Hanoi, 24 March 2018

Tran Thi Minh Viet  
Chief Accountant

Trinh Van Tuan  
General Director

### CONSOLIDATED STATEMENT OF INCOME

Year 2017

Code	ITEMS	Note	Year 2017	Year 2016
			VND	VND
<b>01</b>	<b>1. Revenue from sales of goods and rendering of services</b>	<b>24</b>	<b>3,160,556,015,495</b>	<b>3,008,215,264,025</b>
02	2. Revenue deductions		-	-
<b>10</b>	<b>3. Net revenue from sales of goods and rendering of services</b>		<b>3,160,556,015,495</b>	<b>3,008,215,264,025</b>
<b>11</b>	<b>4. Cost of goods sold</b>	<b>25</b>	<b>2,679,355,613,403</b>	<b>2,481,618,547,156</b>
<b>20</b>	<b>5. Gross revenue from sales of goods and rendering of services</b>		<b>481,200,402,091</b>	<b>526,596,716,869</b>
21	6. Financial income	26	10,682,208,251	14,419,745,272
22	7. Financial expenses	27	103,214,805,934	21,776,676,521
23	In which: Interest expenses		95,637,929,738	19,680,285,367
24	8. Share of joint ventures and associates' loss		592,279,403	(60,957,337,549)
25	9. Selling expenses	28	(16,514,489,887)	456,501,897
26	10. General and administrative expenses	29	142,600,368,266	128,847,094,744
<b>30</b>	<b>11. Net profit from operating activities</b>		<b>263,174,205,432</b>	<b>328,978,851,430</b>
31	12. Other income	30	40,922,282,888	77,436,986,025
32	13. Other expenses		1,212,777,733	5,559,599,922
<b>40</b>	<b>14. Other profit</b>		<b>39,709,505,155</b>	<b>71,877,386,103</b>
<b>50</b>	<b>15. Total net profit before tax</b>		<b>302,883,710,587</b>	<b>400,856,237,533</b>
51	16. Current corporate income tax expenses	31	48,848,906,901	78,915,269,310
52	17. Deferred corporate income tax expenses	32	(2,267,072,625)	17,310,792,027
<b>60</b>	<b>18. Profit after corporate income tax</b>		<b>256,301,876,310</b>	<b>304,630,176,196</b>
<b>61</b>	<b>19. Profit after tax attributable to owners of the parent</b>		<b>236,661,088,790</b>	<b>304,705,976,919</b>
<b>62</b>	<b>20. Profit after tax attributable to non-controlling interest</b>		<b>19,640,787,520</b>	<b>(75,800,723)</b>
<b>70</b>	<b>21. Basic earnings per share</b>	<b>33</b>	<b>2,336</b>	<b>3,392</b>

*[Handwritten signatures]*



Pham Thi Thanh Binh  
Preparer  
Hanoi, 24 March 2018

Tran Thi Minh Viet  
Chief Accountant

Trinh Van Tuan  
General Director

### CONSOLIDATED STATEMENT OF CASH FLOWS


Year 2017  
(Indirect method)

Code	ITEMS	Note	Year 2017 VND	Year 2016 VND
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	1. Profit before tax		302,883,710,587	400,856,237,533
	2. Adjustments for			
02	- Depreciation and amortization of fixed assets and investment properties		115,292,859,448	35,997,760,267
03	- Provisions		(76,876,021,425)	(74,215,515,877)
04	- Exchange losses from retranslation of monetary items denominated in foreign currency		(37,935,519)	(5,193,887)
05	- Gains from investments		(6,669,901,222)	48,667,417,628
06	- Interest expenses		95,637,929,738	19,680,285,367
08	3. Operating profit before changes in working capital		430,230,641,607	430,980,991,031
09	- Increase or decrease in receivables		(113,187,530,202)	(186,145,124,402)
10	- Increase or decrease in inventories		(552,932,889,286)	41,444,930,302
11	- Increase or decrease in payables (excluding interest payable/ corporate income tax payable)		228,191,464,553	(239,915,449,349)
12	- Increase or decrease in prepaid expenses		(23,087,400,115)	280,035,177
14	- Interest paid		(77,672,173,576)	(19,960,644,266)
15	- Corporate income tax paid		(62,703,602,242)	(79,938,970,117)
16	- Other receipts from operating activities		-	100,962,960
17	- Other payments on operating activities		(8,743,104,160)	(9,141,986,361)
20	Net cash flows from operating activities		(179,904,593,421)	(62,295,255,025)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	1. Purchase or construction of fixed assets and other long-term assets		(820,525,360,891)	(992,973,628,780)
22	2. Proceeds from disposals of fixed assets and other long-term assets		1,999,156,386	492,727,273
23	3. Loans and purchase of debt instruments from other entities		(84,655,000,000)	(21,250,000,000)
24	4. Collection of loans and resale of debt instrument of other entities		4,250,000,000	-
25	5. Equity investments in other entities		(5,962,000,000)	(87,199,952,391)
26	6. Proceeds from equity investment in other entities		1,421,535,310	-
27	7. Interest and dividend received		8,649,729,035	11,871,887,092
30	Net cash flows from investing activities		(894,821,940,160)	(1,089,058,966,806)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
31	1. Proceeds from issuance of shares and receipt of contributed capital		518,588,593,468	414,363,694,000
32	2. Repayment of contributions capital and repurchase of stock issued		(286,992,387)	-
33	3. Proceeds from borrowings		2,199,846,778,844	1,253,960,145,992
34	4. Repayment of principal		(1,494,625,603,642)	(669,349,941,937)
36	5. Dividends or profits paid to owners		-	(126,372,664)

### CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2017  
(Indirect method)

Code	ITEMS	Note	Year 2017 VND	Year 2016 VND
40	Net cash flows from financing activities		1,223,522,776,283	998,847,525,391
50	Net cash flows in the year		148,796,242,702	(152,506,696,440)
60	Cash and cash equivalents at beginning of the year		418,609,736,913	571,111,239,466
61	Effect of exchange rate fluctuations		37,935,519	5,193,887
70	Cash and cash equivalents at end of the year	3	567,443,915,134	418,609,736,913

  
Pham Thi Thanh Binh  
Preparer  
Hanoi, 24 March 2018

  
Tran Thi Minh Viet  
Chief Accountant

  
Trinh Van Tuan  
General Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2017

## 1. GENERAL INFORMATION OF THE COMPANY

## Form of ownership

Power Construction JSC No.1 was established in 02 March, 1963 under the name Line and Substation Installation Company. PCC1 officially became a jointed stock company under the Business License No. 01001000745 issued by the Hanoi Authority for Planning and Investment. The License's first version was issued in 20 July, 2005 and has updated to the 17th version in 11 December 2017.

The Company's head office is located at No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam.

Company's Charter capital is VND 1,154,528,420,000. The Contributed Charter capital as at 31 December 2017 is VND 1,154,528,420,000; equivalent to 115,452,842 shares with the price of VND 10,000 per share.

## Business activities

The main business activities of the Company are construction, industrial production, real estate business, Power production, detailed:

- Real estate trading, land use rights of the owner, user or rental include: Construction house and project for sale, lease, lease-purchase; purchase of house, construction project for sale, lease, lease-purchase; rent of house, construction project for lease; Investment, renovation of land and investment in infrastructure project to transfer, lease; rent of land use right with infrastructure to lease;
- Real estate consultancy, brokerage, auction services, land use rights auction services: Real estate consultancy, brokerage, auction, valuation services, real estate trade center, real estate advertising, management services; operating and managing urban area and condominium;
- Architectural and engineering and related technical consultancy activities: Survey, design and construction of power, industrial, civil projects, supervision consultancy services, compensation and site clearance; Consulting on management of hydropower projects and after investment management hydropower;
- Production and fabrication of steel column and the hot dip of galvanizing of steel structures for civil and industrial
- Other civil engineering construction: Construction of the transmission line and substations, power sources project, industrial building, civil infrastructure, transportation, irrigation and telecommunications;
- Processing, handling and metal coating;
- Generating, transmitting and distribution of electricity;
- Ground clearance service;
- Installation of electrical systems;
- Investment consultancy;
- Measurement of the cadastral map, identifying land parcel, measurement of parcel land for construction compensation; Fiber optic cabling, Testing before and after fiber optic patching; Experimental, resistance measurement of electrical projects; Installation, testing; adjusting electrical equipment, optical cable;
- Whole sale of metals and metal ores;
- Mining of Iron Ore;
- Mining of other non-ferrous metal ores;
- Production of iron, steel;
- Manufacture of metal structures.

## The Company's operation in the fiscal year that affects the Consolidated Financial Statements

In 2017, the My Dinh Plaza 2 project was still in the process and has not been finished, taken over, handed over for the clients; the revenue from Real Estate activities are from leftover revenue from previous project. Besides, the net revenue increase significantly but the increase rate of Cost of Goods sold is higher than the revenue's. Such factors contributed to the gross profit from sales of products and services decreased significantly from last year's.

In addition, in 2017, the Company raised additional capital for Energy investment: Bao Lam 1, Bao Lam 3, Trung Thu and other new projects. Therefore, Prepayment for Suppliers and Advances related to the basic construction activities have all increased significantly from the beginning of the year.

## Group structure

## - The Group's subsidiaries consolidated in Consolidated Financial Statements as at 31 December 2017 include:

Name of Company	Head office	Proportion of benefit	Proportion of voting rights	Main Activities
Dai Mo Power Construction No.1 Ltd.,	Cho Village, Dai Mo Ward, Nam Tu Liem District, Hanoi	100%	100%	Power Construction
Ha Noi Power Construction No.1 Ltd.,	No.583, Km 9, Nguyen Trai Street, Van Quan, Ha Dong District, Hanoi	100%	100%	Power Construction
Southern Power Construction No.1 Ltd.,	An Khang Building, No.28, Road 19, Quarter 5, An Phu Ward, District No.2, Ho Chi Minh City	100%	100%	Power Construction
Northern Power Construction No.1 Ltd.,	Cho Village, Dai Mo Ward, Nam Tu Liem District, Hanoi	100%	100%	Power Construction
My Dinh Power Construction No.1 Ltd.,	No.138 Tran Binh, My Dinh 2 Ward, Nam Tu Liem District, Hanoi	100%	100%	Power Construction
Tu Liem Power Construction No.1 Ltd.,	Group 19, Xuan Phuong Ward, Nam Tu Liem District, Hanoi	100%	100%	Power Construction
Ha Dong Power Construction No.1 Ltd.,	Van La Village, Phu La Ward, Ha Dong District, Hanoi	100%	100%	Power Construction
Nang Huong Power Construction No.1 Ltd.,	No.583, Km 9, Nguyen Trai Street, Van Quan, Ha Dong District, Hanoi	100%	100%	Services
Hoang Mai Power Construction No.1 Ltd.,	No.471, Nguyen Tam Trinh Street, Hoang Van Thu Ward, Hoang Mai District, Hanoi	100%	100%	Power Construction
Ninh Binh Power Construction No.1 Ltd.,	Ninh Thanh Ward, Ninh Binh City, Ninh Binh Province	100%	100%	Power Construction
Dong Anh Steel Conductor Ltd.,	Group 23, Dong Anh Town, Hanoi	90%	90%	Manufacturing galvanized steel columns, steel structure, related accessories, galvanizing services; Trading steel, zinc, materials for production, manufacturing steel structure; Trading electrical equipment



**POWER CONSTRUCTION JSC NO.1**No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District,  
Hanoi, Vietnam**Consolidated Financial Statements**

For the fiscal year ended as at 31/12/2017

Name of Company	Head office	Proportion of benefit	Proportion of voting rights	Main Activities
Trung Thu Hydroelectric JSC	No.157, Quarter No.16, Tan Thanh Ward, Dien Bien Phu City	60%	60%	Investing construction of medium and small hydroelectric plants; Generating and trading power electricity
My Dinh Real Estate JSC	Dinh Thon Village, My Dinh 1 Ward, Nam Tu Liem District, Hanoi	99.39%	99.39%	Investing , trading real estate
Vietnam Industrial Erection JSC	138 Tran Binh, My Dinh 1 Ward, Nam Tu Liem District, Hanoi	51%	51%	Installation of machinery, industrial equipment
Bao Lam Hydroelectric JSC	Na Pong Village, Bao Lam District, Cao Bang Province	91.83%	91.83%	Hydroelectric Project Management, Post Hydroelectric Investment
Northern Power Investment JSC (before: Cao Bang Hydroelectric JSC)	Na Pong Village, Bao Lam District, Cao Bang Province	90%	90%	Electricity generation, hydroelectric project management, post hydroelectric investment management
Hoa Binh Automobile Mechanical JSC	No. 44, Trieu Khuc Street, Thanh Xuan Nam Ward, Thanh Xuan District, Hanoi	99.35%	99.35%	Investment in real estate

**- The Group's associates are accounted for using the equity method in these Consolidated Financial Statements as at 31 December 2017 include:**

Name of Company	Head office	Proportion of benefit	Proportion of voting rights	Main Activities
Cao Bang Iron and Steel JSC	Cao Bang	25.09%	25.09%	Mining, processing and trading minerals
Tan Phat Minerals JSC	Cao Bang	31.84%	31.84%	Exploration of minerals, mining of minerals; Mining of iron ores, Wholesale of metals and metal ores

**2. ACCOUNTING SYSTEM AND ACCOUNTING POLICY****2.1. Accounting period and accounting currency**

Annual accounting period commences from 1st January and ends as at 31st December.  
The Company maintains its accounting records in VND.

**2.2. Standards and Applicable Accounting Policies***Applicable Accounting Policies*

The Company applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance, the Circular No. 53/2016/TT-BTC dated 21 March 2016 issued by Ministry of Finance amending and supplementing some articles of the Circular No. 200/2014/TT-BTC and the Circular No. 202/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance guiding the preparation and presentation of Consolidated Financial Statements.

**POWER CONSTRUCTION JSC NO.1**No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District,  
Hanoi, Vietnam**Consolidated Financial Statements**

For the fiscal year ended as at 31/12/2017

*Declaration of compliance with Accounting Standards and Accounting System*

The Company applies Vietnamese Accounting Standards and supplementary documents issued by the State. Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

**2.3. Basis for the preparation of Consolidated Financial Statements**

Consolidated Financial Statements are prepared based on consolidating Separate Financial Statements of the Company and Financial Statements of its subsidiaries under its control as at 31 December 2017. Control right is achieved when the Company has power to govern the financial and operating policies of invested companies to obtain benefits from their activities.

Consistent accounting policies are applied in Financial Statements of subsidiaries and the Company. If necessary, adjustments are made to the Financial Statements of subsidiaries to ensure the consistency of application of accounting policies among the Company and its subsidiaries.

Balance, main incomes and expenses, including unrealized profits from intra-group transactions are eliminated in full from Consolidated Financial Statements.

Non – controlling interests: Non – controlling interests represents the portion of profit or loss and net assets of subsidiaries not held by the Company.

**2.4. Financial Instruments***Initial recognition**Financial assets*

Financial assets of the Company include cash, cash equivalents, trade receivables, other receivables, lending loans, long-term and short-term investments. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

*Financial liabilities*

Financial liabilities of the Company include borrowings, trade payables, other payables and accrued expenses. At initial recognition, financial liabilities are determined by issuing price plus other expenses directly related to the issuance of those liabilities.

*Subsequent measurement after initial recognition*

There are currently no regulations on the revaluation of financial instruments after initial recognition.

**2.5. Foreign currency transactions**

The foreign currency transactions during the year are translated into Vietnam Dong using the real exchange rate ruling at the transaction date. Real exchange rates are determined under the following principles:

- When buying or selling foreign currency, applying the exchange rates specified in the contracts of foreign exchange sale between Company and commercial banks;
- When recording receivables, applying the bid rate of the commercial bank stipulated by the Company for customers to make payment at the transaction time;
- When recording payables, applying the offer rate of the commercial bank where the Company expects to conduct transactions at the transaction time;

Real exchange rate when revaluating monetary items denominated in foreign currencies at the reporting date of Consolidated Financial Statements is determined under the following principles:

- For asset accounts, applying the bid rate of the commercial bank where the Company regularly conducts transaction;
- For foreign currency deposited in bank, applying the bid rate of the bank where the Company opens its foreign currency accounts;
- For liability accounts, applying the offer rate of the commercial bank where the Company regularly conducts transaction.

All exchange differences arising from foreign currency transactions in the year and from revaluation of remaining foreign currency monetary items at the end of the year are recorded immediately to operating results of the accounting year.

**2.6. Cash and cash equivalents**

Cash comprises cash on hand, demand deposits.

Cash equivalents are short-term investments with the maturity of not over than 3 months from the date of investment, that are highly liquid and readily convertible into known amount of cash and that are subject to an insignificant risk of conversion into cash.

**2.7. Financial investments**

*Investments held to maturity* comprise term deposits (including treasury bills and promissory notes), bonds, preference shares which the issuer is required to repurchase at a certain time in the future and loans, etc. held to maturity to earn profits periodically and other held to maturity investments.

*Investments in subsidiaries, joint ventures and associates:* During the year, the buyer determines the date of purchase and the cost of investments and implements accounting procedures in accordance with the Accounting Standards on "Business combination" and "Investments in joint ventures and associates". In the Consolidated Financial Statements, investments in joint ventures and associates are accounted for using equity method.

*Equity Investments in other entities* comprise investments in equity instruments of other entities without having control, joint control, or significant influence on the investee. These investments are initially stated at original cost. After initial recognition, these investments are measured at original cost less provision for devaluation of investments.

Provision for devaluation of investments is made at the end of the year as follows:

- With regard to investments held long-term: the provision shall be made based on the Financial Statements at the provision date of the investee.
- With regard to investments held to maturity, the provision for doubtful debts shall be made based on the recovery capacity in accordance with statutory regulations.

**2.8. Receivables**

The receivables shall be recorded in details in terms of due date, entities receivable, types of currency and other factors according to requirements for management of the Company.

The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing.

**2.9. Inventories**

Inventories are initially recognized at original cost including purchase price, processing cost and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the reporting date, inventories are stated at the lower of cost and net realizable value.

The cost of inventory is calculated using weighted average method.

Inventory is recorded by perpetual method.

Method for valuation of work in process at the end of the year: The value of work in progress is recorded for each construction project that is incomplete or of which revenue is unrecognised, corresponding to the amount of work in progress at the end of the year.

Provision for devaluation of inventories made at the end of the year is based on the excess of original cost of inventory over their net realizable value.

**2.10. Fixed assets and Investment properties.**

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount. Depreciation is computed on a straight-line basis method.

Fixed assets are depreciated (amortised) using the straight-line method over their estimated useful lives as follows:

- Buildings, structures	05 - 30 years
- Machinery, equipment	03 - 20 years
- Vehicles, Transportation equipment	06 - 10 years
- Office equipment and furniture	03 - 06 years
- Other fixed assets	04 - 05 years
- Indefinite Land use rights	Not amortised
- Management software	03 - 05 years

Investment properties are initially recognised at historical cost. Investment properties held for operating lease are recorded at cost, accumulated depreciation and carrying amount. Depreciation of investment properties held for sale are not made.

Investment properties are depreciated using the straight-line method with expected useful life as follows:

- Buildings, structures	05 - 25 years
-------------------------	---------------

**2.11. Prepaid expenses**

The expenses incurred but related to operating results of several accounting periods are recorded as prepaid expenses and are allocated to the operating results in the following accounting periods.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on the nature of those expenses to select a reasonable allocation method and criteria. Prepaid expenses are allocated gradually into operating expenses on the straight-line basis.

**2.12. Payables**

The payables shall be recorded in details in terms of due date, entities payable, types of currency and other factors according to the requirements for management of the Company.

**2.13. Borrowings**

Borrowings shall be recorded in details in terms of lending entities, loan agreement and terms of borrowings. In case of borrowings denominated in foreign currency, they shall be recorded in details in terms of types of currency.

**2.14. Borrowing costs**

Borrowing costs are recognized as operating expenses in the year, in which it is incurred excepting those which are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with VAS No. 16 "Borrowing costs". Besides, regarding borrowings serving the construction of fixed assets and investment properties, the interests shall be capitalized even when the construction duration is under 12 months.

**2.15. Accrued expenses**

Accrued expenses include payables to goods or services received from the suppliers or provided for the customers during the reporting period, but the payments for such goods or services have not been made and other payables which are recorded as operating expenses of the reporting period.

The basis for accrued expense of completed hydroelectric projects is based on the provisions of the contract terms and annexes minus the invoiced value.

The recording of accrued expenses as operating expenses during the year shall be carried out under the matching principle between revenues and expenses during the year. Accrued expenses are settled with actual expenses incurred. The difference between accrued and actual expenses is reverted.

#### 2.16. Provision for payables

Provision for payables is only recognized when meeting all of the following conditions:

- The Company have a present debt obligation (legal obligation or joint obligation) as a result of past events;
- It is probable that the decrease in economic benefits may lead to the requirement for debt settlement;
- Debt obligation can be estimated reliably.

Value recorded as a provision for payable is the most reasonably estimated amount required to settle the present debt obligation at the end of the accounting year.

Only expenses related to the previously recorded provision for payable shall be offset by that provision for payable.

The basis for construction and steel reinforcement warranty is 3-5% of reliable and customer accepted revenue in accordance with article regarding warranty in the contract and the judgement of the Board of General Directors and other related departments.

Provisions for payables are recorded as operating expenses of the accounting year. The reversal of provision is made under the following principles:

- For product warranty (steel column): The excess of provision made for the previous accounting year but not used up over the one made for the current accounting year is recorded as a decrease in operating expenses.
- For construction warranty: The excess of the provision made over the actually incurred expenses (regarding each project) is recorded as other income in the fiscal year.

#### 2.17. Unearned revenues

Unearned revenues include prepayments from customers for one or many accounting periods relating to asset leasing.

Unearned revenues are transferred to revenue from sale of goods and rendering of services or financial income with the amount corresponding to each accounting period.

#### 2.18. Owner's equity

Owner's equity is stated at actually contributed capital of owners.

Share premium is recorded at the difference between the par value with costs directly attributable to the issuance of shares and issue price of shares (including the case of re-issuing treasury shares) and can be a positive premium (if the issue price is higher than par value and costs directly attributable to the issuance of shares) or negative premium (if the issue price is lower than par value and costs directly attributable to the issuance of shares).

Other capital is the operating capital formed from the operating results or from gifts, presents, financing, assets revaluation (if these items are allowed to be recorded as a decrease or increase in the owner's equity).

Treasury shares are shares issued and bought-back by the issuing company itself. Treasury shares are uncanceled and shall be re-issued within the period as regulated by the law on securities. Treasury shares shall be recorded at the actual buyback price and presented on the Statement of Financial position as a decrease in owner's equity. Cost of Treasury shares when being re-issued or used to pay dividend, bonus, etc. shall be calculated using the weighted average method.

Retained earnings are used to present the Company's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Company. In case dividend payment or profit distribution for the owners exceeds the net profit, the difference shall be recorded as a decrease in contributed capital. Net profit can be distributed to investors based on capital contribution rate after being approved by General Meeting of Shareholders and after being appropriated to funds in accordance with the Company's Articles of Incorporation and Vietnamese statutory requirements.

Dividends to be paid to shareholders are recognised as a payable in Consolidated Statement of Financial position after the approval of General Meetings of Shareholders and the announcement of dividend payment from the Board of Management, and announcement of cut-off date for dividend payment of Vietnam Securities Depository Center.

#### 2.19. Revenue

##### *Sale of goods*

Revenue from the sale of goods shall be recognised when all of the following conditions have been 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 cost incurred or to be incurred in respect of the transaction can be measured reliably.

##### *Rendering of services*

Revenue from rendering of services shall be recognised when all the following conditions have been satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of the completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of the completion of the transaction may be determined by evaluating the volume of work performed.

##### *Revenue from sales of real estate*

Revenue from the sales of real estate shall be recognised when all of the following conditions have been satisfied:

- The Company has completed the construction of real estate and transferred to the buyers the significant risks and rewards of ownership of the real estate;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate 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;
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

##### *Revenue from construction contract*

The basis for revenue recognition is the A-B Settlement for handed-over construction or certificates of completed volumes corresponding to each phase and payment certificates for constructions which take substantial times to complete. Revenue is the value on Final Settlement or Payment certificate (VAT excluded).

##### *Finance income*

Revenue arising from the use by the others of the Company's assets yielding interest, royalties and dividends shall be recognised when:

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The amount of the revenue can be measured reliably.

Dividend income shall be recognised when the Company's right to receive dividend is established.

**2.20. Cost of goods sold**

The recognition of cost of goods sold is matched against the revenue in the period and complies with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses, and losses of inventories after deducting the responsibility of collective and individuals concerned, etc. is recognized fully and promptly into cost of goods sold in the year.

For completed work, hand-over or settled by Investor, all incurred expenses of project are recorded cost of goods sold to determine business results.

For project with long construction time, revenue was recorded under the completed contract work agreed certified by investors, the cost to determine business result is corresponding to the volume of the construction completed.

The expense accrual to estimate the cost of real estate must comply with the following principles:

- The accrued expenses have been stated in investment and construction estimate, but there are insufficient dossiers and documents for acceptance;
- The expense accrual is only aimed at calculating the cost of real estate that has been completed during the period and meets all requirements for revenue recognition;
- The accrued expenses and actual expenses included in cost of goods sold are in conformity with the norm of cost price on the basis of total cost estimate of sold real estate (determined by area).

**2.21. Financial expenses**

Items recorded into financial expenses comprise:

- Expenses or losses relating to financial investment activities;
- Borrowing costs;
- Provision for diminution in value of trading securities price; provision for losses from investment in other entities, losses from sale of foreign currency, exchange loss, etc.

The above items are recorded by the total amount arising in the year without offsetting against financial income.

**2.22. Corporate income tax***a) Deferred income tax assets and Deferred income tax liability*

Deferred income tax asset is recognized for deductible temporary differences and the carrying forward of unused tax losses and unused tax credits. Deferred income tax liability is recognized for taxable temporary differences.

Deferred income tax asset and Deferred income tax liability are determined based on prevailing corporate income tax rate (or corporate income tax rate which is estimated to change in the future if the deferred income tax asset or deferred income tax liability are reversed when the new tax rates have been enacted), tax rates and tax laws enacted at the end of accounting year.

Deferred income tax asset and Deferred income tax liability shall be offset against each other when preparing the Statement

*b) Current corporate income tax expenses and Deferred corporate income tax expenses*

Current corporate income tax expenses are determined based on taxable income during the year and current corporate income tax rate.

Deferred corporate income tax expenses are determined based on deductible temporary differences, the taxable temporary differences and corporate income tax rate.

Current corporate income tax expenses and deferred corporate income tax expenses are not offset against each other.

*c) Tax incentives*

According to Investment Certificate No. 11121 000149 issued by Cao Bang Provincial People's Committee on 21 August 2013 and the amending of Investment Certificate No. 11121 000149/GCNĐC1/11/1 dated 17 September 2014 for Bao Lam Hydropower Investment project 1; According to Investment Certificate No. 11121 000151 issued by Cao Bang Provincial People's Committee on 21 August 2013 and the amending of Investment Certificate No. 11121 000151/GCNĐC1/11/1 dated 17 September 2014 for Bao Lam Hydropower Investment project 3; According to Investment Decision No. 2548/QĐ-UBND issued by Cao Bang Provincial People's Committee on 25 December 2015 for Bao Lam 3A Hydropower Investment project, the incentives for the projects are as follows:

- Corporate income tax rate of 10% within 15 years;
- To be subject to an exempt tax for 4 years from the first time of taxable income and a 50% tax reduction for the following 9 years;
- Land clearance charge is compensated by annual land rent fee.

2017 is the first year of taxable income from these projects, therefore the Company is subject to exempt tax.

**2.23. Related Parties**

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Company's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Company or being under the control of the Company, or being under common control with the Company, including the Company's parent, subsidiaries and associates;
- Individuals, directly or indirectly, holding voting power of the Company that have a significant influence on the Company, key management personnel including directors and employees of the Company, the close family members of these individuals;
- Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of Consolidated Financial Statements, the Company should consider the nature of the relationship rather than the legal form of the relationship.

**3. CASH AND CASH EQUIVALENTS**

	31/12/2017	01/01/2017
	VND	VND
- Cash on hand	10,294,359,040	15,058,392,526
- Demand deposits	147,947,681,094	76,416,344,387
- Cash equivalents	409,201,875,000	327,135,000,000
	<b>567,443,915,134</b>	<b>418,609,736,913</b>

At 31 December 2017, the cash equivalents are deposits with term 1 month at Commercial Banks at the interest rate of 4.2%/year to 5.5%/year.

## 4. INVESTMENTS

## a) Held to maturity investments

The term deposits are deposits with term more than 3 months at EVN Finance Joint Stock Company at the interest rate of 4.6%/year to 7.0%/year.

## b) Investments in associates

	Head office	31/12/2017		01/01/2017		Net book value by equity method VND
		Proportion of interest	Proportion of voting rights	Proportion of interest	Proportion of voting rights	
<b>Investments in associates</b>						
- Cao Bang Iron and Steel JSC	Cao Bang	25.09%	25.09%	25.09%	25.09%	52,387,432,195
- Tan Phat Minerals JSC	Cao Bang	31.84%	31.84%	28.76%	28.76%	28,216,000,000
						<u>80,603,432,195</u>

The Company has not determined the fair value of financial investments since Vietnam Accounting Standards and Vietnam Corporate Accounting System has not had any detailed guidance on the determination of the fair value.

The reason for each change in investment in associates:

Additional capital contribution in cash to Tan Phat Minerals JSC according to capital contribution commitments

- Quantity: 596,200 Shares
- Value: VND 5,962,000,000

## c) Investments in other entities

	Head office	The quantity of shares	31/12/2017		01/01/2017		Provision VND
			Proportion of voting rights	Original cost VND	Proportion of voting rights	Original cost VND	
<b>Investments in other entities</b>							
- Vinaincon Centrifugal Concrete Stock Company	Hai Duong	40,000	10.00%	4,000,000,000	-	4,000,000,000	-
- Joint Stock Commercial Bank for Investment and Development of Vietnam	Hanoi	46,431	0.00136%	821,770,000	-	821,770,000	-
				<u>4,821,770,000</u>		<u>4,821,770,000</u>	

The Company has not determined the fair value of financial investments since Vietnam Accounting Standards and Vietnam Corporate Accounting System has not had any detailed guidance on the determination of the fair value.

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## 5. SHORT-TERM TRADE RECEIVABLES

	31/12/2017	01/01/2017
	VND	VND
<b>a) Trade receivables detailed by customers with large account balances</b>		
- The Northern Vietnam Power Projects Management Board	45,755,720,012	202,938,175,829
- Hanoi Power Project Management Board	30,936,912,106	43,683,289,274
- Ho Chi Minh City Power Project Management Board	74,052,177,496	-
- The Central Vietnam Power Projects Management Board	-	27,429,830,610
- Ho Chi Minh City Electric Power Trading Investment Corporation	44,846,944,387	22,473,183,870
- Hanoi Power Corporation	89,183,953,183	14,555,567,084
- Other trade receivables	591,421,003,200	487,510,758,574
	<u>876,196,710,384</u>	<u>798,590,805,241</u>
<b>b) Trade receivables from related parties</b> (Detailed information in Note No.39)	-	<u>5,637,410,501</u>

## 6. SHORT-TERM PREPAYMENTS TO SUPPLIERS

	31/12/2017	01/01/2017
	VND	VND
<b>Short-term prepayments to suppliers detailed by customers with large account balances</b>		
- HHPD Infrastructure Development Co.Ltd.	6,531,468,410	-
- A Chau Industrial Technology Joint Stock Company (ACIT)	-	8,155,265,547
- Dongfang Electric International Corporation	11,160,504,591	-
- Song Da 4 Joint Stock Company	33,287,181,012	-
- Thanh Long JSC	6,451,838,511	8,400,000,001
- Machines and Industrial Equipment Corporation	19,795,464,343	-
- AG Ajikawa Corporation	9,176,662,560	-
- Other prepayments to suppliers	190,199,398,330	163,122,027,614
	<u>276,602,517,757</u>	<u>179,677,293,162</u>

## 7. OTHER RECEIVABLES

	31/12/2017		01/01/2017	
	Value VND	Provision VND	Value VND	Provision VND
<b>a) Short-term</b>				
- Receivables from social insurance	-	-	885,542,836	-
- Receivables from interest of deposit, loan	764,777,779	-	75,555,556	-
- Advances	25,270,302,701	-	32,071,033,916	-
- Mortgages	8,535,529,500	-	52,400,000	-
- Advances to work department commanders	5,284,307,570	-	2,291,697,689	-
- Advances for ground clearance compensation	24,514,549,135	-	10,585,052,684	-
- Tan Mai Group JSC (*)	77,863,916,983	-	-	-
- Other receivables	9,226,875,058	(2,570,187,890)	24,814,336,923	(2,570,187,890)
	<u>151,460,258,726</u>	<u>(2,570,187,890)</u>	<u>70,775,619,604</u>	<u>(2,570,187,890)</u>

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**b) Long-term**

- Mortgages	37,744,000	-	8,462,873,500	-
- Other receivables (*)	-	-	77,863,916,983	-
	<b>37,744,000</b>	-	<b>86,326,790,483</b>	-

(\*): This is prepaid amount that Tan Mai Group Joint Stock Company received from Project of Trade Center, Office, Luxury Condominium and Other Public functions Complex under Investment License No.7665/UBND-KH&DT of Hanoi People's Committee dated 03 October 2012 on the basis of Business Cooperation Contract No. 01/2011/HDHTKD dated 18 January 2011 and annex No.VI dated 20 July 2015 between Tan Mai Group Joint Stock Company and My Dinh Real Estate Joint Stock Company. After receiving above amount, Tan Mai Group Joint Stock Company will have no benefits related to the project and must transfer land use right of 6,028 m2 according to land use right License No.L117423 (recorded book No.00426) by Hanoi People's Committee date 03 December 2000 and land lease contract No. 08-99 dated 14 May 1999 to My Dinh Real Estate Joint Stock Company.

**8. INVENTORIES**

	31/12/2017		01/01/2017	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
- Goods in transit	9,173,957,631	-	17,274,025,860	-
- Raw material	110,807,433,756	-	94,159,325,920	(265,187,726)
- Tools, supplies	1,270,131,627	-	2,157,063,260	-
- Work in process (*)	959,624,630,589	-	414,275,464,565	-
- Finished goods	1,719,061,719	-	3,523,309,035	-
- Goods	2,895,691,890	-	1,168,829,286	-
	<b>1,085,490,907,212</b>	-	<b>532,558,017,926</b>	<b>(265,187,726)</b>

**(\*) Details of Work in process:**

	31/12/2017	01/01/2017
	VND	VND
<b>Real estate business:</b>	<b>657,359,168,302</b>	<b>193,051,581,869</b>
- Low-rise buildings - My Dinh Trade center and Housing - My Dinh Plaza	23,694,214,895	23,578,041,095
- My Dinh 2 Trade center and Housing (*)	596,547,877,858	169,084,290,538
- PCC1 Thanh Xuan Project	37,117,075,549	389,250,236
<b>Construction activities:</b>	<b>275,266,127,157</b>	<b>197,133,504,695</b>
- Package 4 220kV Truc Ninh connecting line cut 220kV Ninh Binh - Nam Dinh connecting line	-	3,462,438,467
- Package 9 construction of station and line shunts project 220kV Bao Lam Substation and connecting line	-	8,073,710,499
- Block construction lines No. 10.1 500/220kV and 500kV Substation expansion project Hiep Hoa line connection 500/220kV Hiep Hoa - Dong Anh - Bac Ninh 2	5,011,153,581	3,487,584,639
- Package 9 Lot 9.3 construction of lines and prevent feeders G41-Add project 220kV Quang Ngai - Quy Nhon (Phuoc An)	1,091,365,643	4,341,997,512
- 500kV thermal Long Phu - O Mon transmission line (Package 10)	1,977,590,507	8,434,151,867
- 500kV Vinh Tan - re Song May - Tan Uyen transmission line (lot 7.1)	141,403,442	8,279,209,239
- Package SPC-JICA-HV-10W-CD-A-1: Construction and installation 220kV Can Duoc substation and connecting transmission line, Long An province	10,173,925,488	10,928,888
- Lot 8.2: Construction transmission line from Position 56 to 500kV Duc Hoa substation Project: Construction 500kV My Tho - Duc Hoa transmission line	4,166,106,036	-

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- EPC 500-110kV Transmission line relocation the grid through Nha Be Metrocity	9,238,090,975	-
- 110kV Ben Thanh - Suoi Tien underground cableway	7,743,451,314	3,638,168,399
- Package 5: Construction of transmission line Project: 220kV Ninh Binh - Nam Dinh transmission line	6,261,698,482	12,527,693,219
- Package 03: Survey, design, make drawing - total cost estimate, supply equipment, material and construction (EPC) Project: 110kV Nghia Lo - Ba Khe - Cam Khe transmission	8,301,789,255	-
- Package 4: Design, supply equipment, material, and construction - Project: Construction 110kV transmission line from 220kV Long Bien substation connecting into 110kV transmission line 180, 181 Dong Anh - Gia Lam - Sai Dong	8,596,336,959	-
- Package CPC-QN.NB-EPC: Design, supply equipment, material and construction of 110kV transmission line for 220kV substation Quang Ngai - Nui But Project: 110kV Transmission line 220kV Quang Ngai substation - 110kV Nui But substation (Quang Ngai)	14,577,606,065	-
- Package 03: Survey, design, make drawing - total cost estimate, supply equipment, material and construction (EPC) Project: 110kV Nghia Lo - Ba Khe - Cam Khe transmission	23,598,670,131	-
- Package: Consultant, survey, making drawing - total cost estimate, supply equipment, material and construction (EPC) Project: 110kV transmission after 220kV Nong Cong substation	21,563,991,426	-
- Others	152,822,947,853	144,877,621,966
<b>Industrial production activities:</b>	<b>17,989,866,080</b>	<b>22,250,767,558</b>
- Supply and Transportation of steel pole 220kV Ninh Binh - Nam Dinh transmission line	-	2,553,524,446
- Duc Trong steel pole tower	-	7,449,339,836
- Hathazari - Sikalbaha 230kV Transmission Line and Hathazari - Rampur 230kV Transmission Line	9,106,014,144	-
- 500kV Viet Tri Substation - Steel structure	2,625,247,406	-
- Others	6,258,604,530	12,247,903,276
- <b>Other work in process</b>	<b>9,009,469,050</b>	<b>1,839,610,443</b>
	<b>959,624,630,589</b>	<b>414,275,464,565</b>

(\*) My Dinh Plaza 2 Center Trading and Housing - Complex Building of Center Trading, Office, Apartment Building, Investment License No. 7665/UBND-KH&DT issued by Hanoi People's Committee dated 3 October 2012, expected to be completed in the second quarter of 2018.

(\*\*) PCC1 Thanh Xuan Project is a complex trading center and high building at 44 Trieu Khuc, Thanh Xuan District, Hanoi.

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**9. CONSTRUCTION IN PROGRESS**

	31/12/2017	01/01/2017
	VND	VND
- <b>Purchase</b>	<b>875,660,000</b>	-
+ Purchase of construction tools	875,660,000	-
- <b>Xây dựng cơ bản</b>	<b>60,374,806,285</b>	<b>1,190,258,867,672</b>
+ Bao Lam 1 Hydroelectric Plant	-	645,472,175,716
+ Bao Lam 3 Hydroelectric Plant	-	438,323,248,904
+ Bao Lam 3A Hydroelectric Plant	-	96,529,087,256
+ Mong An Hydroelectric Plant (*)	45,596,304,276	2,674,501,032
+ Bao Lac B Hydroelectric Plant (*)	9,881,306,354	7,209,854,764
+ Others	4,897,195,655	50,000,000
- <b>Overhaul of fixed assets</b>	<b>81,242,244</b>	<b>748,323,762</b>
+ Yen Thuong factory upgrade	-	748,323,762
+ Others	81,242,244	-
	<b>61,331,708,529</b>	<b>1,191,007,191,434</b>

(\*): Detailed information on the Mong An Hydropower project and Bao Lac B Hydropower project as follows:

+ Mong An Hydropower project is operated under Certificate of Investment No. 2019/QĐ-UBND issued by Cao Bang People's Committee on 30 October 2015, and Decision on adjustment of investment policy No. 259/QĐ-UBND issued by Cao Bang People's Committee on 10 March 2017, the capacity is 30 MW, the total invested capital is VND 916 billion. The construction is started in Quarter 3 2017 and it is expected to complete in Quarter 3 2019. The structure of capital is 25% from the Company's owned capital, 75% is from bank loans.

+ Bao Lac B Hydropower project is operated under Certificate of Investment No. 100/QĐ-UBND on 01 February 2018 issued by Cao Bang People's Committee, the capacity is 18MW, the total invested capital is VND 592 billion, it is expected to begin construction in 2018. The structure of capital is 30% from the Company's owned capital, 70% is from bank loans.

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For the fiscal year ended as at 31/12/2017**10. TANGIBLE FIXED ASSETS**

	Buildings, Structures		Machinery, equipment		Vehicles, transportation equipment		Management equipment		Others		Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
<b>Historical cost</b>												
Beginning balance	560,992,769,863	484,480,587,704	74,898,543,765	8,996,785,897	747,128,671	1,130,115,815,900						
- Purchase in the year	6,871,471,411	9,437,137,392	16,845,694,405	1,423,082,577	170,000,000	34,747,385,785						
- Completed construction investment (*)	1,028,536,228,534	814,334,859,231	61,487,250,622	-	-	1,904,358,338,387						
- Liquidation, disposal	(5,209,077,458)	(6,729,570,040)	(794,390,564)	-	(119,570,822)	(12,852,608,884)						
<b>Ending balance of the year</b>	<b>1,591,191,392,350</b>	<b>1,301,523,014,287</b>	<b>152,437,098,228</b>	<b>10,419,868,474</b>	<b>797,557,849</b>	<b>3,056,368,931,188</b>						
<b>Accumulated depreciation</b>												
Beginning balance	53,204,824,131	113,106,729,314	38,812,393,268	5,646,468,073	670,979,875	211,441,394,661						
- Depreciation for the year	38,075,608,939	53,418,277,251	9,673,976,071	987,369,195	82,332,503	102,237,563,959						
- Liquidation, disposal	(5,209,077,458)	(5,402,091,313)	(778,632,981)	-	(119,570,822)	(11,509,372,574)						
<b>Ending balance of the year</b>	<b>86,071,355,612</b>	<b>161,122,915,252</b>	<b>47,707,736,358</b>	<b>6,633,837,268</b>	<b>633,741,556</b>	<b>302,169,586,046</b>						
<b>Net carrying amount</b>												
Beginning balance	507,787,945,732	371,373,858,390	36,086,150,497	3,350,317,824	76,148,796	918,674,421,239						
<b>Ending balance</b>	<b>1,505,120,036,738</b>	<b>1,140,400,099,035</b>	<b>104,729,361,870</b>	<b>3,786,031,206</b>	<b>163,816,293</b>	<b>2,754,199,345,142</b>						

(\*): Assets increase from completed construction:

+ Bao Lam Hydropower Plant No.1 operates under Investment Certificate No. 11121000149 dated 21 August 2013 issued by Cao Bang Provincial People's Committee for the first time, 1st amendment on 17 September 2014, the capacity of 30MW, inaugurated and operated on 08 January 2017. The value of assets temporarily recorded is VND 758,584,753,194 which was based on the costs occurred and expected settlement of the bidding packages.

+ Bao Lam 3 Hydropower Project operates under Investment Certificate No. 11121000151 dated 21 August 2013 issued by Cao Bang Provincial People's Committee for the first time, 1st amendment on 17 September 2014, the capacity of 46MW, inaugurated and operated on 19 November 2017. The value of assets temporarily recorded is VND 873,684,292,250 which was based on the costs occurred and expected settlement of the bidding packages.

+ Bao Lam 3A Hydropower Project operates activities under Investment policy decision No. 2548 dated 25 December 2015 issued by Cao Bang Provincial People's Committee with the capacity of 08MW, inaugurated and operated on 15 November 2017. The value of assets temporarily recorded is VND 272,089,292,943 which was based on the costs occurred and expected settlement of the bidding packages.

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**11. INTANGIBLE FIXED ASSETS**

	Land use rights (*)	Computer software	Total
	VND	VND	VND
<b>Historical cost</b>			
Beginning balance	1,108,070,000	279,286,000	1,387,356,000
- Purchase		91,020,000	91,020,000
<b>Ending balance of the year</b>	<b>1,108,070,000</b>	<b>370,306,000</b>	<b>1,478,376,000</b>
<b>Accumulated amortisation</b>			
Beginning balance	-	279,286,000	279,286,000
- Amortisation for the year		997,479	997,479
<b>Ending balance of the year</b>	<b>-</b>	<b>280,283,479</b>	<b>280,283,479</b>
<b>Net carrying amount</b>			
Beginning balance	1,108,070,000	-	1,108,070,000
<b>Ending balance</b>	<b>1,108,070,000</b>	<b>90,022,521</b>	<b>1,198,092,521</b>

(\*) Intangible fixed asset is the indefinite land use rights in Yen Khe Village, Yen Thuong Ward, Gia Lam District, total area is 122.6 m2, used as Yen Thuong Fabrication of Steel structures Factory, with historical cost of VND 1,108,070,000.

In which:

- Cost of fully depreciated tangible fixed assets but still in use at the end of the year: VND 279,286,000

**12. INVESTMENT PROPERTIES**

	Nang Huong Condominium	My Dinh Plaza Condominium	PCCI Ha Dong Complex Condominium	Total
	VND	VND	VND	VND
<b>Historical cost</b>				
Beginning balance	11,076,525,175	85,271,905,313	24,269,520,970	120,617,951,458
<b>Ending balance</b>	<b>11,076,525,175</b>	<b>85,271,905,313</b>	<b>24,269,520,970</b>	<b>120,617,951,458</b>
<b>Accumulated depreciation</b>				
Beginning balance	2,505,504,097	10,265,418,501	489,379,929	13,260,302,527
- Depreciation for the year	398,779,182	3,729,164,227	970,780,835	5,098,724,244
<b>Ending balance</b>	<b>2,904,283,279</b>	<b>13,994,582,728</b>	<b>1,460,160,764</b>	<b>18,359,026,771</b>
<b>Net carrying amount</b>				
At the beginning of the year	8,571,021,078	75,006,486,812	23,780,141,041	107,357,648,931
<b>At the end of the year</b>	<b>8,172,241,896</b>	<b>71,277,322,585</b>	<b>22,809,360,206</b>	<b>102,258,924,687</b>

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**13. PREPAID EXPENSES**

	31/12/2017	01/01/2017
	VND	VND
<b>a) Short - term</b>		
- Dispatched tools and supplies	1,308,002,414	1,354,460,702
- Others	1,252,866,947	2,311,729,368
	<b>2,560,869,361</b>	<b>3,666,190,070</b>
<b>b) Long - term</b>		
- Dispatched tools and supplies	6,694,613,926	7,086,968,690
- Fixed asset repair expenses	2,873,983,531	2,196,501,678
- Prepaid for land rental	147,405,109	203,602,081
- Ground clearance costs for hydroelectric plants (*)	21,629,190,232	-
- Others	4,274,686,491	2,308,021,212
	<b>35,619,879,289</b>	<b>11,795,093,661</b>

(\*): The compensation for land clearance of Bao Lam 1,3,3A Hydropower projects will be deducted from the payable land rents annually according to notices of Cao Bang Tax Department as follows:

- Bao Lam 1 Hydropower project, according to Announcement No. 192/TB-CT dated 24 November 2016, the total deductible amount was VND 11,413,476,782.

- Bao Lam 3 Hydropower project, according to Announcement No. 849/TB-CT dated 21 August 2017, the total deductible amount was VND 10,061,418,000;

- Bao Lam 3A Hydropower project, according to Announcement No. 798/TB-CT dated 07 August 2017, the total deductible amount was VND 668,410,942;

The land rental charge off-setted in the year was VND 514,115,492. The outstanding balance of Land clearance expenses will be compensated in following years as at 31/12/2017 is VND 21,629,190,232.

**14. GOODWILL**

	31/12/2017	01/01/2017
	VND	VND
- Beginning balance	81,434,412,011	-
- The value of goodwill arising from the acquisition of subsidiaries during the year	-	83,522,473,857
- Depreciation for the year	(8,352,247,386)	(2,088,061,846)
<b>- Ending balance</b>	<b>73,082,164,625</b>	<b>81,434,412,011</b>



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**15. BORROWINGS**

	01/01/2017		In the year		31/12/2017	
	Outstanding balance	Amount can be paid	Increase	Decrease	Outstanding balance	Amount can be paid
	VND	VND	VND	VND	VND	VND
<b>a) Short-term borrowings</b>						
- Short-term debts	122,560,784,993	122,560,784,993	1,530,505,119,156	1,483,143,941,017	169,921,963,132	169,921,963,132
- Current portion of long-term debts	12,195,918,372	12,195,918,372	123,360,861,374	11,481,662,625	124,075,117,121	124,075,117,121
	<u>134,756,703,365</u>	<u>134,756,703,365</u>	<u>1,653,865,980,530</u>	<u>1,494,625,603,642</u>	<u>293,997,080,253</u>	<u>293,997,080,253</u>
<b>b) Long-term borrowings</b>						
- Long-term debts	993,344,704,482	993,344,704,482	669,341,659,688	11,481,662,625	1,651,204,701,545	1,651,204,701,545
	<u>993,344,704,482</u>	<u>993,344,704,482</u>	<u>669,341,659,688</u>	<u>11,481,662,625</u>	<u>1,651,204,701,545</u>	<u>1,651,204,701,545</u>
Amount due for settlement within 12 months	(12,195,918,372)	(12,195,918,372)	(123,360,861,374)	(11,481,662,625)	(124,075,117,121)	(124,075,117,121)
<b>Amount due for settlement after 12 months</b>	<b>981,148,786,110</b>	<b>981,148,786,110</b>			<b>1,527,129,584,424</b>	<b>1,527,129,584,424</b>

**Detailed information on Short-term borrowings:**

	Currency	Maturity period	31/12/2017	01/01/2017
			VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	Under 12 months	34,586,882,791	13,948,015,241
Joint Stock Commercial Bank for Investment and Development of Vietnam	VND	Under 12 months	87,147,811,745	55,827,787,395
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	Under 12 months	39,070,722,651	30,049,332,914
Military Commercial Joint Stock Bank	VND	Under 12 months	-	16,360,649,443
Shinhan Bank Vietnam Limited	VND	Under 12 months	1,195,945,945	-
Others	VND	Under 12 months	7,920,600,000	6,375,000,000
			<u>169,921,963,132</u>	<u>122,560,784,993</u>

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**Detailed information on Long-term borrowings:**

	Currency	Year of maturity	Guarantee	31/12/2017		01/01/2017	
				Interest rate	VND	VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	180 months from date of loan disbursement	Assets formed from Hydropower Project	364,590,366,669	151,404,963,559		
Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)	VND	180 months from date of loan disbursement	Assets formed from Hydropower Project	549,878,000,000	530,288,629,715		
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	180 months from date of loan disbursement	Assets formed from Hydropower Project	586,446,062,352	310,981,723,456		
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	60 months from date of loan disbursement	Guaranteed by the cash flows from the real estate project	149,496,803,144			
Tien Phong Commercial Joint Stock Bank	VND	48 months from date of loan disbursement	Assets formed from the loan	473,469,380	669,387,752		
Others	VND	18 months from date of loan disbursement	Unsecured	320,000,000	-		
Amount due for settlement within 12 months				<u>1,651,204,701,545</u>	<u>993,344,704,482</u>		
<b>Amount due for settlement after 12 months</b>				<b>124,075,117,121</b>	<b>12,195,918,372</b>		
				<u>1,527,129,584,424</u>	<u>981,148,786,110</u>		

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**15. SHORT-TERM TRADE PAYABLES**

	31/12/2017		01/01/2017	
	Outstanding balance	Amount can be paid	Outstanding balance	Amount can be paid
	VND	VND	VND	VND
<b>Short-term trade payables detailed by suppliers with large account balances</b>				
- Phuc Hung Holdings Construction Joint Stock	2,285,402,918	2,285,402,918	40,157,117,583	40,157,117,583
- Tianjin Tianfa Heavy Machinery & Hydropower Equipment Manufacture	38,517,707,854	38,517,707,854	113,084,153,177	113,084,153,177
- Song Da 5 Joint Stock Company	52,784,540,616	52,784,540,616	59,918,434,953	59,918,434,953
- Dongfang Electric International	-	-	43,213,882,946	43,213,882,946
- Vinacomin - Minerals Holding Corporation	84,387,502,100	84,387,502,100	-	-
- Ricons Construction Investment Joint Stock Company	111,439,391,189	111,439,391,189	-	-
- Others	504,282,257,244	504,282,257,244	558,725,820,723	558,725,820,723
	<b>793,696,801,921</b>	<b>793,696,801,921</b>	<b>815,099,409,382</b>	<b>815,099,409,382</b>

**17. SHORT-TERM PREPAYMENTS FROM CUSTOMERS**

	31/12/2017	01/01/2017
	VND	VND
<b>Short-term prepayments from customers detailed by suppliers with large account balances</b>		
- The Central Vietnam Power Projects Management Board	4,149,182,906	-
- Hoa Lac Hi-tech Park Management Board	8,696,334,360	13,985,646,942
- Power Development Project Management Board	6,245,457,019	-
- Project Management Board Central Grid - Central Power Corporation	13,353,796,337	-
- Southern Grid Company	3,853,126,355	1,677,152,193
- Prepayments from customers of My Dinh Plaza 2 Project	230,720,071,400	-
- Others	28,283,323,194	48,231,050,649
	<b>295,301,291,571</b>	<b>63,893,849,784</b>

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**18. TAX AND OTHER PAYABLES FROM STATE BUDGET**

	Tax receivable at the beginning of the year	Tax payable at the beginning of year	Tax paid in the year	Other increase	Tax receivable at the end of the year	Tax payable at the end of the year
	VND	VND	VND	VND	VND	VND
Value added tax	105,162,495	10,208,799,917	59,569,699,278	105,162,495	-	12,018,763,231
Export, import duties	-	-	2,806,211,174	-	-	-
Corporate income tax	28,401,850	48,920,416,944	62,703,602,242	130,184,267	60,963,744	35,228,467,764
Personal income tax	3,000,000	526,451,311	2,724,964,585	-	39,383,361	562,814,860
Natural resource tax	-	486,609,488	17,564,191,323	-	-	1,383,107,508
Land tax and land rental	109,815	45,653,532,099	51,095,381,837	-	9,630,996	-
Other taxes	-	-	2,410,642,213	-	-	-
Fees, charges and other payables	-	-	1,891,007,037	-	-	873,035,341
	<b>136,674,160</b>	<b>105,795,809,759</b>	<b>200,565,699,689</b>	<b>235,346,762</b>	<b>109,978,101</b>	<b>50,066,188,704</b>

The Company's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, the above amounts reported in the Consolidated Financial Statements could be changed at a later date upon final determination by the tax authorities.

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**19. SHORT-TERM ACCRUED EXPENSES**

	31/12/2017	01/01/2017
	VND	VND
- Capitalized interest expenses	1,248,658,456	4,353,003,234
- Interest expenses	18,023,862,489	29,191,552
- Accrued expenses for construction work and industrial production	11,705,762,186	18,793,221,436
- Accrued expenses of completed hydroelectric plant	172,491,251,055	22,429,626,970
- Accrued expenses of real estate or sold real estate	-	1,773,487,528
- Transportation expense	581,182,139	1,711,258,100
- Raw materials	706,660,987	4,469,457,223
- Others	1,089,408,756	4,256,277,283
	<b>205,846,786,068</b>	<b>57,815,523,326</b>

**20. OTHER PAYABLES**

	31/12/2017	01/01/2017
	VND	VND
<b>a) Short-term</b>		
- Trade union fee	1,480,917,585	1,366,518,809
- Social insurance	1,051,754,625	896,211,825
- Health insurance	133,436,826	248,928,265
- Unemployment insurance	60,183,098	183,429,100
- Short-term deposits, collateral received	3,015,559,121	74,000,000
- Interest payables	-	28,914,775
- Payables to construction team, the command team	6,530,741,679	7,982,579,366
- Payables to maintenance of real estate projects	14,308,512,538	13,672,889,155
- Payables to ground clearance received from the investor is not finalized	1,901,043,183	7,116,414,219
- Others	9,100,792,382	10,071,565,295
	<b>37,582,941,037</b>	<b>41,641,450,809</b>
<b>b) Long-term</b>		
- Long-term deposits, collateral received	241,516,269	278,605,541
	<b>241,516,269</b>	<b>278,605,541</b>

**21. PROVISION FOR PAYABLES**

	31/12/2017	01/01/2017
	VND	VND
<b>a) Short-term provisions</b>		
- Provision for product warranty	19,020,708,217	42,515,402,791
- Provision for construction warranty	42,579,165,364	26,850,122,716
	<b>61,599,873,581</b>	<b>69,365,525,507</b>
<b>b) Long-term</b>		
- Provision for product warranty	9,585,025,330	27,702,235,857
- Provision for construction warranty	15,389,748,850	65,816,907,107
	<b>24,974,774,180</b>	<b>93,519,142,964</b>

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**22. OWNER'S EQUITY**

**a) Changes in owner's equity**

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	Contributed capital	Share premium	Treasury share	Asset revaluation differences	Development and investment funds	Other reserves	
	VND	VND	VND	VND	VND	VND	VND
Beginning balance of previous year	341,694,850,000	105,674,669,318	(4,320,000)	432,841,146	45,303,476,444	9,399,424,872	1,370,385,097,417
Increase in capital in previous year (*)	114,807,180,000	264,056,514,000	-	-	-	-	413,987,194,000
Profit for previous year	-	-	-	-	-	-	304,630,176,196
Dividend payment	296,127,110,000	-	-	-	-	-	(75,800,723)
Earnings distribution:	-	-	-	-	-	-	-
- Distribution to Development and investment funds	-	-	-	-	11,484,996,679	-	(17,194,100)
- Distribution to Bonus and welfare fund	-	-	-	-	-	-	(20,067,726,025)
- Distribution to Executive remuneration fund	-	-	-	-	-	-	(3,319,272,728)
- Distribution to Reserves capital fund	-	-	-	-	-	-	(13,762,255)
Other increase	-	(100,000,000)	-	-	-	-	7,164,559
Other decrease	-	-	-	-	-	-	(2,917,544,421)
Ending balance of previous year	752,629,140,000	369,631,183,318	(4,320,000)	432,841,146	56,788,473,123	13,684,934,477	2,062,674,132,643
Beginning balance of current year	752,629,140,000	369,631,183,318	(4,320,000)	432,841,146	56,788,473,123	13,684,934,477	2,062,674,132,643
Increase in capital of this year (**):	176,115,220,000	352,230,440,000	-	-	-	-	534,439,403,700
Decrease due to subsidiaries liquidation	-	-	-	-	-	-	(286,992,387)
Profit of this year	-	-	-	-	-	-	256,301,876,310
Earnings distribution (**):	-	-	-	-	-	-	-
- Dividend payment by share	225,784,060,000	-	-	-	-	-	(26,225,360,784)
- Distribution to Development and investment funds	225,784,060,000	-	-	-	22,028,522,105	-	(45,497,970)
- Distribution to Bonus and welfare fund	-	-	-	-	-	-	-
- Distribution to Executive remuneration	-	-	-	-	-	-	(22,462,215,084)
- Distribution to Reserves capital fund	-	-	-	-	-	-	(3,763,145,700)
Share issue fee	-	-	-	-	-	9,445,748,070	(78,698,390)
Decrease due to sale of capital at subsidiaries	-	(10,725,066,532)	-	(78,698,390)	-	-	(10,725,066,532)
Other decrease	-	-	-	-	-	-	(78,698,390)
Ending balance of this year	1,154,528,420,000	711,136,556,786	(4,320,000)	354,142,756	78,810,312,228	23,130,682,547	2,813,992,283,340

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(\*) In 2016, according to Resolution No. 03/NQ-PCC1-HĐQT dated 19 August 2016 issued by General Meeting of Shareholders, the Company completed public offering to strategic investors. The number of shares issued is 11,480,718 shares, corresponding to an increase in charter capital is VND 114,807,180,000 (the price is VND 10,000 per share). The amount capital from the issuance is VND 378,793,694,000. The proceeds from the issuance will be used to invest in construction of Bao Lam 3 Hydropower project. As at 31/12/2017, the capital mobilized from this issuance was used for its initial purpose is VND 373,248,108,352.

(\*\*) In 2017, according to Resolution No. 31/NQ-PCC1-HĐQT dated 12 September 2017 issued by General Meeting of Shareholders, the Company completed public offering to financial investors. The investment purpose is to invest in Mong An Hydropower project, Bao Lac B Hydropower project and Thanh Xuan real estate project. Details are as follows:

+ The number of shares issued is 17,611,522 shares, corresponding to an increase in charter capital is VND 176,115,220,000.

+ Objects: domestic and foreign individuals and organizations investors.

+ Issuance date of completion: 20 October 2017.

+ Sale price is VND 30,000 /share. The proceed from its offering is VND 517,620,593,468. As at 31/12/2017 the additional capital formed from the offering which was invested in Mong An Hydropower project is VND 77,104,617,737, in Bao Lac B Hydropower project is VND 11,000,000,000 and in Thanh Xuan real estate project is VND 68,107,500,000.

(\*\*\*) The profit distribution was made under Resolution No. 02/NQ-PCC1-HĐQT dated 21 April 2017 issued by the Annual General Meeting of Shareholders in 2017.

According to this Resolution, the Company decided to pay dividend for year 2016 in shares and issued additional shares to increase the Charter capital to meet the requirements in implementation of investment projects. Detailed information are as follows:

- Issuance of shares to pay dividends in 2016:

+ The rate of issuance: 30% of outstanding shares (75,262,482 shares).

+ Objects: existing shareholders at the closing date 06 June 2017

+ The number of additional shares issued is 22,578,406 shares, corresponding to an increase in charter capital is VND 225,784,060,000

+ Issuance date of completion: 20 June 2017.

**b) Capital transactions with owners and distribution of dividends and profits**

	Year 2017	Year 2016
	VND	VND
Owner's contributed capital		
- At the beginning of the year	752,629,140,000	341,694,850,000
- Increase in the year	401,899,280,000	296,127,110,000
- At the end of the year	1,154,528,420,000	637,821,960,000
Distributed dividends and profit	225,784,060,000	296,127,110,000
- Dividend payment from last year's profit	225,784,060,000	296,127,110,000

**c) Share**

	31/12/2017	01/01/2017
	VND	VND
Quantity of Authorized issuing shares	115,452,842	75,262,914
Quantity of issued shares	115,452,842	75,262,914
- Common shares	115,452,842	75,262,914
Quantity of shares repurchased	432	432
- Common shares	432	432
Quantity of outstanding shares in circulation	115,452,410	75,262,482
- Common shares	115,452,410	75,262,482
Par value per share (VND)	10,000	10,000

**d) Company's reserves**

	31/12/2017	01/01/2017
	VND	VND
- Development and investment funds	78,810,312,228	56,788,473,123
- Other reserves	23,130,682,547	13,684,934,477
	<b>101,940,994,775</b>	<b>70,473,407,600</b>

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**23. OFF STATEMENT OF FINANCIAL POSITION ITEMS**

	31/12/2017	01/01/2017
	VND	VND
a) Foreign currencies (USD)	15,655.92	574,043.49
b) Doubtful debts written-offs	13,659,646,137	12,373,726,137

**24. TOTAL REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES**

	Year 2017	Year 2016
	VND	VND
Revenue from construction activities	1,700,440,306,186	1,815,135,749,417
Revenue from industrial production activities	375,625,465,285	517,103,093,250
Revenue from trading investment of real estate	11,910,644,498	8,850,690,473
Revenue from transfer of real estate	3,465,775,328	463,567,431,854
Revenue from hydroelectric activities	279,396,332,318	8,975,967,624
Revenue from sale of goods	722,571,770,335	131,285,793,455
Others	67,145,721,545	63,296,537,952
	<b>3,160,556,015,495</b>	<b>3,008,215,264,025</b>
In which: Revenue from related parties (as detailed in Note 39)	9,211,217,600	17,611,879,242

**25. COSTS OF GOODS SOLD**

	Year 2017	Year 2016
	VND	VND
Cost of construction activities	1,467,694,615,123	1,552,199,720,836
Cost of industrial production activities	340,772,826,797	429,080,703,043
Operating cost of investment properties	4,374,056,841	4,240,675,816
Cost of transfer of real estate	3,852,897,896	323,069,828,214
Cost or hydroelectric activities	116,875,496,918	4,926,682,501
Cost of goods sold	697,183,775,892	122,994,794,810
Others	48,867,131,663	50,829,930,064
Reversal of provision for devaluation of inventories	(265,187,726)	(5,723,788,128)
	<b>2,679,355,613,403</b>	<b>2,481,618,547,156</b>

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**26. FINANCIAL INCOME**

	Year 2017	Year 2016
	VND	VND
Interest income	9,266,983,208	11,772,192,648
Dividends or profits received	71,968,050	-
Realised gain from foreign exchange differences in the year	1,305,321,474	2,297,203,389
Unrealised gain from revaluation of foreign currencies account at the end of the year	37,935,519	5,193,887
Others	-	345,155,348
	<b>10,682,208,251</b>	<b>14,419,745,272</b>

**27. FINANCIAL EXPENSES**

	Year 2017	Year 2016
	VND	VND
Interest expenses	95,637,930,797	19,680,285,367
Loss from disposal of financial investments	3,965,713,200	-
Realised losses from foreign exchange differences in the year	3,611,161,937	2,089,485,887
Others	-	6,905,267
	<b>103,214,805,934</b>	<b>21,776,676,521</b>

**28. SELLING EXPENSES**

	Year 2017	Year 2016
	VND	VND
Raw materials	21,045,332	42,389,916
Labour expenses	1,575,661,851	1,304,718,487
Expenses of outsourcing services	21,962,296,758	4,421,310,398
Other expenses in cash	816,217,287	780,976,669
Reversal of provision	(40,889,711,115)	(6,092,893,573)
	<b>(16,514,489,887)</b>	<b>456,501,897</b>

**29. GENERAL AND ADMINISTRATIVE EXPENSES**

	Year 2017	Year 2016
	VND	VND
Raw materials	6,993,386,421	5,531,691,310
Labour expenses	79,216,087,608	75,547,765,075
Depreciation expenses	13,645,121,763	6,672,957,157
Reversal of provision	(300,812,989)	(2,340,539,942)
Tax, Charge, Fee	2,899,741,610	2,825,344,694
Expenses of outsourcing services	13,617,616,533	17,048,251,691
Other expenses by cash	26,529,227,320	23,561,624,759
	<b>142,600,368,266</b>	<b>128,847,094,744</b>

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**30. OTHER INCOME**

	Year 2017	Year 2016
	VND	VND
Gain from liquidation, disposal of fixed assets	704,383,761	517,727,273
Reversal of accrued construction expenses	2,664,106,139	64,158,874
Reversal of provision for product warranty	35,324,073,285	75,693,030,159
Others	2,229,719,703	1,162,069,719
	<b>40,922,282,888</b>	<b>77,436,986,025</b>

**31. CURRENT CORPORATE INCOME TAX EXPENSES**

	Year 2017	Year 2016
	VND	VND
Current corporate income tax expenses at Parent company	32,554,707,668	62,315,906,390
Current corporate income tax expenses at Subsidiaries	13,986,099,233	20,022,883,944
Temporarily paid tax on receipt from customers relating to the real estate activities	2,308,100,000	(3,423,521,024)
<b>Current corporate income tax expenses</b>	<b>48,848,906,901</b>	<b>78,915,269,310</b>
Tax payable at the beginning of the year	48,892,015,094	49,915,715,901
Tax paid in the year	(62,703,602,242)	(79,938,970,117)
Tax payable decrease due to other adjustments	130,184,267	-
<b>Corporate income tax payable at the end of the year</b>	<b>35,167,504,020</b>	<b>48,892,015,094</b>

**32. DEFERRED INCOME TAX****a) Deferred income tax assets**

	31/12/2017	01/01/2017
	VND	VND
- Deferred income tax assets related to deductible temporary differences: 1% Income tax expense submitted for revenue collection in progress from transfer of real estate	2,308,100,000	-
- Deferred income tax assets related to unrealized profits	-	692,682,882
<b>Deferred income tax assets</b>	<b>2,308,100,000</b>	<b>692,682,882</b>

**b) Deferred income tax liabilities**

	31/12/2017	01/01/2017
	VND	VND
- Deferred income tax arising from the reversal of provision for financial investments	14,639,705,752	15,291,361,258
<b>Deferred income tax liabilities</b>	<b>14,639,705,752</b>	<b>15,291,361,258</b>

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**c) Deferred income tax expenses**

	Year 2017	Year 2016
	VND	VND
1% Income tax expense submitted for revenue collection in progress from transfer of real estate.	(2,308,100,000)	3,423,521,024
Deferred income tax assets arising from unrealized profits	692,682,881	(113,822,869)
Deferred corporate income tax expenses arising from reversal deferred tax assets	-	1,667,822,901
Deferred income tax arising from the adjustments of provision for financial investments	(651,655,506)	12,191,467,510
Deductible temporary difference - Hyundai Dong Anh Steel Tower Manufacturing Company Limited	-	141,803,461
	<u>(2,267,072,625)</u>	<u>17,310,792,027</u>

**33. BASIC EARNINGS PER SHARE**

Basic earnings per share distributed to common shareholders of the company are calculated as follows:

	Year 2017	Year 2016
	VND	VND
Net profit after tax	236,661,088,790	304,705,976,919
Profit distributed to common shares	236,661,088,790	304,705,976,919
Average number of outstanding common shares in circulation in the year	101,324,486	89,820,112
<b>Basic earnings per share</b>	<u><b>2,336</b></u>	<u><b>3,392</b></u>

The company has not planned to make any distribution to Bonus and welfare fund from the net profit after tax for the fiscal year ended as at 31 December 2017.

**34. BUSINESS AND PRODUCTIONS COST BY ITEMS**

	Year 2017	Year 2016
	VND	VND
Raw materials	1,082,321,721,208	1,140,493,351,307
Labour expenses	227,164,206,967	266,884,714,568
Depreciation expenses	115,292,859,448	35,997,760,267
Provision expenses	(44,609,143,325)	23,849,123,701
Expenses of outsourcing services	1,185,623,034,074	843,691,716,497
Other expenses in cash	86,009,956,226	79,000,508,302
	<u><b>2,651,802,634,598</b></u>	<u><b>2,389,917,174,642</b></u>

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**35. FINANCIAL INSTRUMENTS**

The types of financial instruments of the Company:

	Carrying amount			
	31/12/2017		01/01/2017	
	Original Cost	Provision	Original Cost	Provision
	VND	VND	VND	VND
<b>Financial Assets</b>				
Cash and cash equivalents	567,443,915,134	-	418,609,736,913	-
Trade and other receivables	1,027,694,713,110	(3,747,788,594)	955,693,215,328	(4,048,601,583)
Loans	101,655,000,000	-	21,250,000,000	-
	<u><b>1,696,793,628,244</b></u>	<u><b>(3,747,788,594)</b></u>	<u><b>1,395,552,952,241</b></u>	<u><b>(4,048,601,583)</b></u>
			Carrying amount	
			31/12/2017	01/01/2017
			VND	VND
<b>Financial Liabilities</b>				
Borrowings and debts			1,821,126,664,677	1,115,905,489,475
Trade and other payables			831,521,259,227	857,019,465,732
Accrued expenses			205,846,786,068	57,815,523,326
			<u><b>2,858,494,709,972</b></u>	<u><b>2,030,740,478,533</b></u>

Financial assets and financial liabilities are not revalued according to fair value at the end of the year because the Circular No. 210/2009/TT-BTC and prevailing statutory regulations require to present Financial Statements and Notes to financial instruments but do not provide any relevant instruction for assessment and recognition of fair value of financial assets and liabilities, excluding provision for doubtful debts and provision for diminution in value of trading securities which are presented in relevant notes.

**Financial risk management**

The Company's financial risks include market risk, credit risk and liquidity risk. The Company has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. The Board of General Directors of the Company is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

**Market risk**

The Company's business operations will bear the risks of changes in prices, exchange rates and interest rates.

**Price Risk:**

The Company bears price risk of equity instruments from short-term and long-term investments in securities due to the uncertainty of future prices of the securities. As regards, long-term securities held for long-term strategies, at the end of the fiscal year, the Company has no plan to sell these investments.

**Exchange rate risk:**

The Company bears the risk of exchange rate due to the fluctuation in fair value of future cash flows of a financial instrument in line with changes in exchange rates if loans, revenues and expenses of the Company are denominated in foreign currencies other than VND.

**Interest rate risk:**

The Company bears the risk of interest rates due to the fluctuation in fair value of future cash flow of a financial instrument in line with changes in market interest rates if the Company has time or demand deposits, borrowings and debts subject to floating interest rates. The Company manages interest rate risk by analyzing the market competition situation to obtain interest beneficial for its operation purpose.

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**Credit Risk**

Credit risk is the risk of financial loss to the Company if a counterparty fails to perform its contractual obligations. The Company has credit risk from operating activities (mainly to trade receivables) and financial activities (including deposits, loans and other financial instruments), detailed as follows:

	Up to 1 year	In 1 to 5 years	In more than 5 years	Total
	VND	VND	VND	VND
<b>As at 31/12/2017</b>				
Cash and cash equivalents	567,443,915,134	-	-	567,443,915,134
Trade and other receivables	1,023,909,180,516	37,744,000	-	1,023,946,924,516
Loans	101,655,000,000	-	-	101,655,000,000
	<b>1,693,008,095,650</b>	<b>37,744,000</b>	<b>-</b>	<b>1,693,045,839,650</b>
<b>As at 01/01/2017</b>				
Cash and cash equivalents	418,609,736,913	-	-	418,609,736,913
Trade and other receivables	865,317,823,262	86,326,790,483	-	951,644,613,745
Loans	21,250,000,000	-	-	21,250,000,000
	<b>1,305,177,560,175</b>	<b>86,326,790,483</b>	<b>-</b>	<b>1,391,504,350,658</b>

**Liquidity Risk**

Liquidity risk is the risk that the Company has trouble in settlement of its financial obligations due to the lack of funds. Liquidity risk of the Company is mainly from different maturity of its financial assets and liabilities.

Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

	Up to 1 year	In 1 to 5 years	In more than 5 years	Total
	VND	VND	VND	VND
<b>As at 31/12/2017</b>				
Borrowings and debts	293,997,080,253	549,833,324,069	977,296,260,355	1,821,126,664,677
Trade and other payables	831,279,742,958	241,516,269	-	831,521,259,227
Accrued expenses	205,846,786,068	-	-	205,846,786,068
	<b>1,331,123,609,279</b>	<b>550,074,840,338</b>	<b>977,296,260,355</b>	<b>2,858,494,709,972</b>

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	Up to 1 year	In 1 to 5 years	In more than 5 years	Total
	VND	VND	VND	VND
<b>As at 01/01/2017</b>				
Borrowings and debts	134,756,703,365	-	981,148,786,110	1,115,905,489,475
Trade and other payables	856,740,860,191	278,605,541	-	857,019,465,732
Accrued expenses	57,815,523,326	-	-	57,815,523,326
	<b>1,049,313,086,882</b>	<b>278,605,541</b>	<b>981,148,786,110</b>	<b>2,030,740,478,533</b>

The Company believes that risk level of loan repayment is controllable. The Company has the ability to pay due debts from cash flows from its operating activities and cash received from mature financial assets.

**36. ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS**

	Year 2017	Year 2016
	VND	VND
<b>a) Proceeds from borrowings during the year</b>		
Proceeds from ordinary contracts;	2,199,846,778,844	1,253,960,145,992
<b>b) Actual repayments on principal during the year</b>		
Repayment on principal from ordinary contracts;	1,494,625,603,642	669,349,941,937

**37. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events occurring after the reporting period, which would require adjustments or disclosures to be made in the Consolidated Financial Statements.

## 38. SEGMENT REPORTING

## Under business fields:

	Construction	Industrial Production	Real estate	Hydroelectric	Others	Total
	VND	VND	VND	VND	VND	VND
Net revenue from sales to external customers	1,700,440,306,186	375,625,465,285	15,376,419,826	279,396,332,318	789,717,491,880	3,160,556,015,495
Cost of goods sold	1,467,694,615,123	340,507,639,071	8,226,954,737	116,875,496,918	746,050,907,555	2,679,355,613,403
<b>Profit from business activities</b>	<b>232,745,691,063</b>	<b>35,117,826,214</b>	<b>7,149,465,089</b>	<b>162,520,835,400</b>	<b>43,666,584,325</b>	<b>481,200,402,091</b>
The total cost of acquisition of fixed assets	20,650,825,130	6,881,249,545	-	781,640,054,175	1,006,436,179	810,178,565,029
Segment assets	1,143,016,038,947	239,862,953,272	867,342,771,710	2,876,144,551,527	223,409,309,004	5,349,775,624,460
Unallocated assets	-	-	-	-	-	861,688,511,720
<b>Total assets</b>	<b>1,143,016,038,947</b>	<b>239,862,953,272</b>	<b>867,342,771,710</b>	<b>2,876,144,551,527</b>	<b>223,409,309,004</b>	<b>6,211,464,136,180</b>
Segment liabilities	749,757,339,763	94,880,621,658	533,437,701,381	1,826,894,635,479	111,698,299,456	3,316,668,597,737
Unallocated liabilities	-	-	-	-	-	68,471,649,351
<b>Total liabilities</b>	<b>749,757,339,763</b>	<b>94,880,621,658</b>	<b>533,437,701,381</b>	<b>1,826,894,635,479</b>	<b>111,698,299,456</b>	<b>3,385,140,247,088</b>

## Under geographical areas:

The Company doesn't prepare segment reporting under geographical areas because the majority operation areas of the Company is in Vietnam.

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## 39. TRANSACTION AND BALANCES WITH RELATED PARTIES

	Relation	Year 2017	Year 2016
		VND	VND
<b>Revenue</b>		<b>9,211,217,600</b>	<b>17,611,879,242</b>
Cao Bang Cast Iron and Steel JSC (CISCO)	Associate	9,211,217,600	17,611,879,242
<b>Cash from sales of goods and services sold</b>		<b>15,769,749,861</b>	<b>13,735,656,665</b>
Cao Bang Cast Iron and Steel JSC (CISCO)	Associate	15,769,749,861	13,735,656,665

Outstanding balances up to the reporting date are as follows:


	Relation	Year 2017	Year 2016
		VND	VND
<b>Short-term receivables</b>		-	<b>5,637,410,501</b>
Cao Bang Cast Iron and Steel JSC (CISCO)	Associate	-	5,637,410,501


Transactions with other related parties:


	Year 2017	Year 2016
	VND	VND
Remuneration to members of Board of Management and Board of General Directors	6,252,332,400	5,935,725,800
<i>In which: Revenueration to General Director</i>	<i>1,694,470,900</i>	<i>1,691,033,600</i>

## 40. COMPARATIVE FIGURES

The comparative figures are figures in the Consolidated Financial Statements for the fiscal year ended as at 31 December 2016, which was audited by AASC Auditing Firm Company Limited.

  
Pham Thi Thanh Binh  
Preparer  
Hanoi, 24 March 2018

  
Tran Thi Minh Viet  
Chief Accountant

  
Trinh Van Tuan  
General Director

