

**SONG BA
JOINT STOCK COMPANY**

No. 176/19/S3-TCKT
On disclosure of Annual Report
2018 of Song Ba JSC.

**THE SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness**

Da Nang, 17th May 2019

**DISCLOSURE OF INFORMATION ON THE STATE SECURITIES
COMMISSION'S PORTAL AND HOCHIMINH STOCK EXCHANGE'S
PORTAL**

To:

- The State Securities Commission;
- HoChiMinh Stock Exchange.

- Organization name: Song Ba Joint Stock Company.
- Securities Symbol: SBA
- Head office address: 573 Nui Thanh, Hai Chau District, Da Nang City.
- Telephone: 0236.3653592 – 0236.2215592
- Fax: 0236.3653593
- Information disclosure type: Periodic Irregular 24 hours On demand
- Content of Information disclosure:

Annual Report 2018 of Song Ba JSC

(Annual Report 2018 of Song Ba JSC attached).

I declare that all information provided in this paper is true and accurate; I shall be legally responsible for any misrepresentation.

Yours truly,

**GENERAL DIRECTOR**

PHAM PHONG

Recipients:

- As above;
- Administrative Department;;
- Website SBA;
- Save: Financial Accounting department; Documentary department.

Attachment:

- *Annual Report 2018 of Song Ba JSC.*



SONG BA JOINT STOCK COMPANY

Creative thought - developed Company



ANNUAL REPORT 2018

MESSAGE FROM THE CHAIRMAN OF BOARD OF DIRECTORS



Dear valued shareholders!

Firstly, on behalf of Board of Directors of Song Ba Joint Stock Company (SBA), I would like to extend my sincere thanks to all our valued shareholders and partners who trust the managers and staff of our Company.

The year 2018 marks the enormous efforts of all Song Ba JSC's staff to achieve the target revenue of the year despite the inconvenience of the weather such as the low rainfall, especially in the last months of the year, in which the water flow to lakes is extremely low, equals to only 38% in compared to the average amount of several years.

However, with only the end of season flood in last December, the hydropower lake Krong H'ngang reached the normal rising water and overflow level, so that all staff of the Company achieved the target. The revenue from the production activities in 2018 reached 254.00 billion VND, the revenue after tax of the Company also was beyond the target of 2.04 %, equals to 96.34 billion VND. The mentioned result was achieved thanks to the caring of Board of Directors, the flexible management of Executive Board and the effort, enthusiasm, activeness and creativeness of employees of maintenance the equipment regularly and periodically, use water source effectively to operate 2 plants.

Besides, the Company also enhances research, improvement, ationalization as well as implementing flexible financial solutions to meet SBA's production and business situation in order to bring value and work efficiency for the Shareholders and community. Notably, in September of 2018, SBA officially operated the equipment used to measure the water level of lakes successfully with the accuracy of 0.1 mm for the upstream lake (Lai Chau) and 1 mm for the lower section of Lai Chau (Son La hydropower plant).

When the online monitoring device for water level of two hydropower lakes is available, the National load dispatch center A0 directed Lai Chau and Son La hydropower plants to operate harmoniously and to lower the water level of lakes actively to face with the unpredictable flood discharge from upstream lake. Therefore, those two plants were no longer surprised by artificial floods, and they can conquer Da river waterflow at Lai Chau Hydropower plant as well as bring the peace of mind for the management, operation and life of people living in the lower section. SBA has created a device which is small but brings a great social value to the community.

Because of its effort to maintain the sustainable development in sectors such as economic, environment and society as well as the achievement and excellent contribution, in 2018, SBA was honor to be selected and awarded the title of Top 100 Sustainable Enterprises 2018.

Because the weather condition in 2019 happens increasingly unpredictably; as well as the demands of safe ensuring for hydropower plant and using energy of the whole market are increasing, SBA will have to continue facing with many challenges and difficulties. However, with the enthusiasm and the continuous effort to improve the professional capacity and the ambition to contribute to the Company of all employees, SBA expects to create more impressive breakthrough in the future.

Once again, on behalf of Board of Directors, I would like to send the profound gratitude to the valued shareholders, investor and all employees for their activeness, creativeness, agreement, cooperation and sharing to overcome all pressure and challenges together, as well as develop Song Ba JSC more stable and powerful.

Thank you very much!

Dinh Chau Hieu Thien

The Chairman of Board of Directors





PART 1

GENERAL INFORMATION

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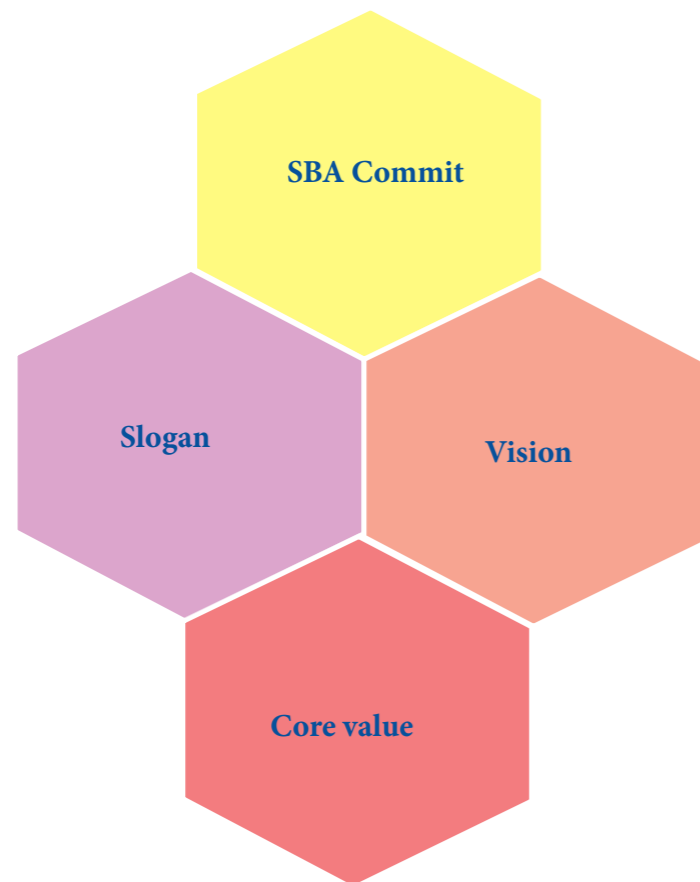
GENERAL INFORMATION

- Trading name: Song Ba Joint Stock Company
- Business registration certificate: No. 0400439955, registered first time in July 04th, 2017, amended 10th in February 16th, 2017, issued by Da Nang Department of Planning and Investment
- Charter capital when established the Company: 10,000,000,000 VND
- Current charter capital: 604,882,610,000 VND
- Address: No. 573 Nui Thanh, Cuong Nam ward, Hai Chau district, Da Nang city.
- Contact number: 0236.3653592 – 2215592
- Fax: 0236.3653593
- Website: www.songba.vn
- Stock code: SBA

VISION AND MISSION SLOGAN – THE CORE VALUE

- To bring the harmonious benefits to customers, shareholders and employees which are suitable with community benefits through management, production and business performance of the Company;
- To become the national company providing flood control service;
- SBA tries hard to meet the demand of electricity and related service better and better which contributes to develop economic, culture, society and the national security of the country.

Creative thought,
developed Company



SBA always aims at developing sustainably and becoming a reputable company in investment, management and electricity source project implementation, consulting service on operating the lakes, connecting lakes and the environmental tasks related to hydropower.

- The company benefit is harmonious with the public and personal one.
- Self-study and self-research in implementing tasks is to give prominence to creativeness, work efficiency. Learn from experience and bring the experience back into the production;
- The quality of SBA groups does not only come from recruitment phase;
- Self-operate and controlled operate, ensure the quality and credibility;
- Be responsible, cooperate in implementing work; be traditional, solitary, democratic, keep discipline and rule, and be humane.



BUSINESS AND PLACE OF BUSINESS

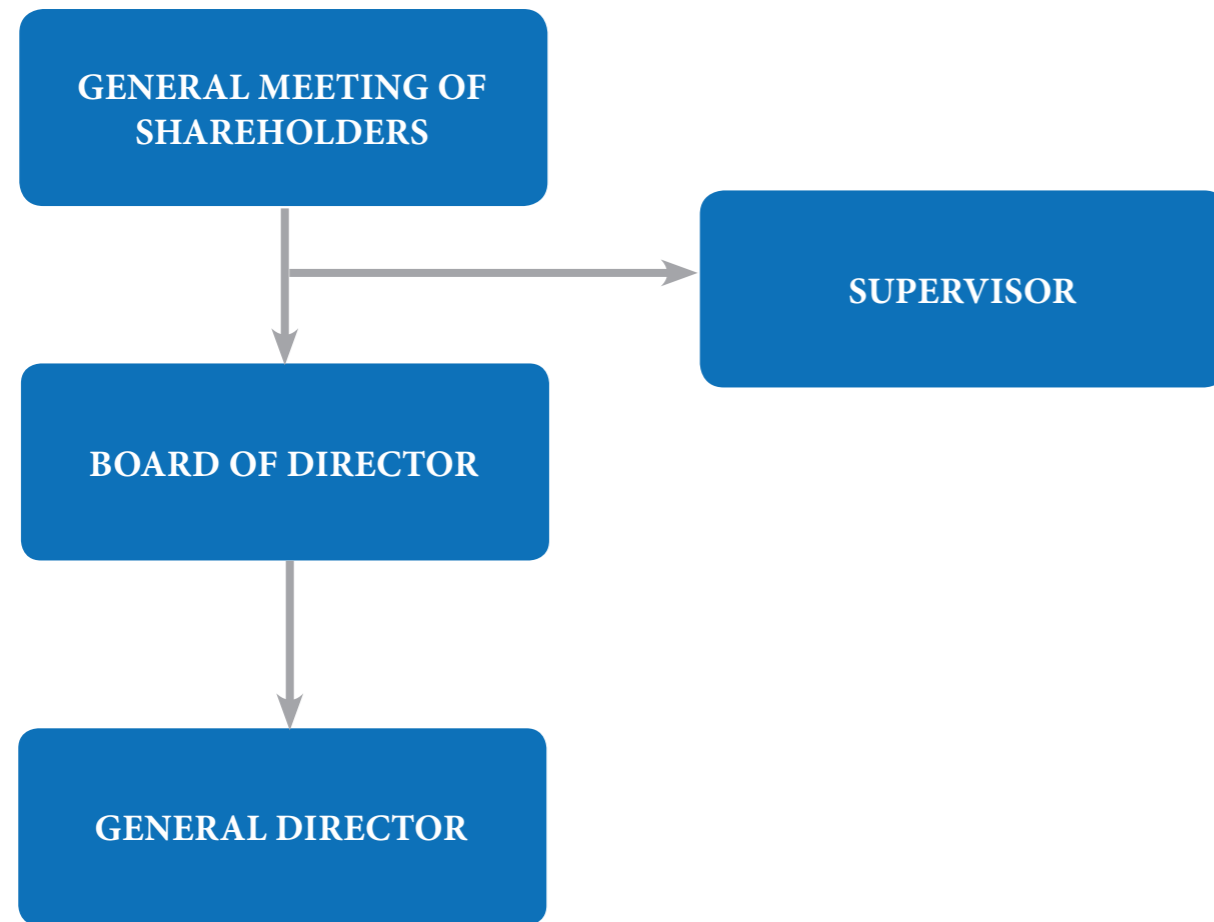
Business

- Product, transmit and dispatch electricity
- Product and trade electricity
- Implement architectural activities and related technical consultancy
- Consult to plan the projects on investment and construction; survey and design of irrigation and hydropower projects; consultancy, construction supervision, project management of small and medium hydropower projects, power lines, transformer stations; consulting, collecting, calculating, forecasting on meteorology and hydrology of construction stages; consulting on investment projects for construction of transport, civil, technical infrastructure, aquaculture ponds, river and coastal protection projects and survey geological works.
- Construct other civil engineering construction
- Invest to construct hydropower plant; repair, maintain the hydropower plants; sell material and installation equipment in construction; exploit stone, sand, gravel, clay and mineral.
- Other specific construction activities
- Dredge the lakes
- Career training
- Consult and provide job training (manage and operate the hydropower plants)
- Management consultancy
- Consult the solution on environment, agricultural settlement, re-settlement
- Install construction system
- Install equipment for construction
- Study and develop natural scientific experiment and engineering
- Study to produce electrical mechanical parts belonging to hydropower plant; transfer technology in construction technique and equipment.
- Trading in real estate, land using rights of owners, users or renters
- Lease land, plants and warehouse

Place of business

SBA mainly deploys and operates in the Central region of Vietnam

GOVERNANCE MODEL INFORMATION



The company operates in the model of joint stock company in accordance with the Enterprise Law and other related regulations.:

General Meeting of Shareholders: Includes all shareholders who are entitled to vote. This is the division keeping highest decision power of the Company.

Board of Directors: Is the management division of the Company keeping the total right to be on the Company name to decide all issues related to purpose, rights of the Company except from the issues belonging to the power of the General Meeting of Shareholders.

Board of General Managers: Be the executive unit of the Company and be responsible for implementing all given rights and tasks in front of Board of Directors.

Board of Supervisors: Conduct the tasks of being on behalf of shareholders to control all business, administration and operation activities of the Company.

SUBSIDIARIES AFFILIATES

Khe Dien hydropower plant

- Address: Phuoc Ninh commune, Nong Son district, Quang Nam province
- Main business: Electricity trading and generating
- Details: Electricity trading and generating

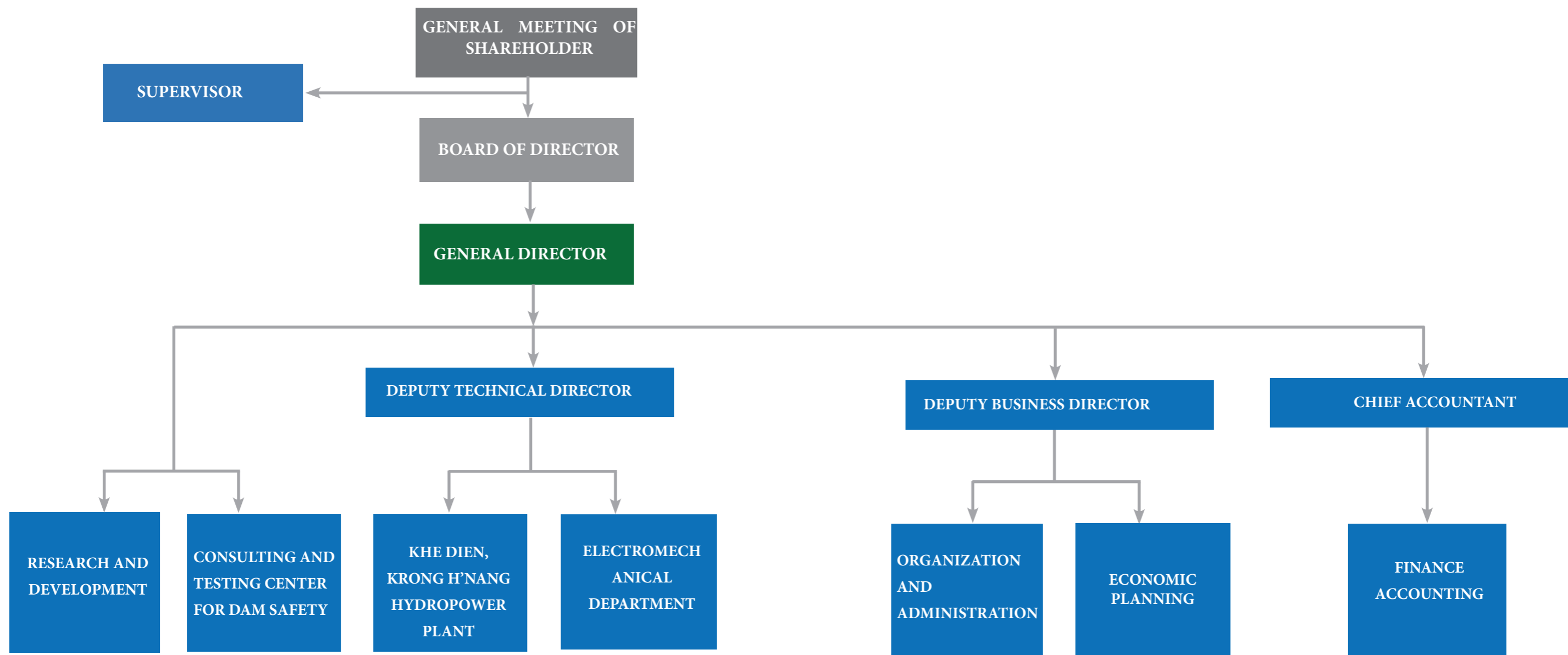


Krong H'nang hydropower plant

- Address: Hamlet 2/4, Ealy Commune, Song Hinh district, Phu Yen province
- Main business: Electricity trading and generating
- Details: Electricity trading and generating



GOVERNANCE MODEL INFORMATION



Branch name: Consulting and Testing Center for dam safety

- Address: 573 Nui Thanh (floor 3rd), Hoa Cuong Nam commune, Hai Chau ward, Da Nang, Vietnam.

Main business:

Architecture and other related engineering consultancy activities

Details: consult for investment project construction, survey and design of hydropower projects with capacity up to 30MW, power lines and transformer stations up to 110kV. Consult and manage small and medium hydropower projects, power lines and transformer stations up to 110kV. Consult and verify as well as assess dam quality and hydropower construction.

Main targets of the Company

Business and production activities

Operate current owned hydropower plants safely and stably, invest to extend Khe Dien hydropower plant (Increase the capacity to 15 MW); develop the consultancy on leasing and technique service for hydropower plants

Customers relationship

Customers is the factor deciding the existence and the sustainable developemtn of MBA; therefore, all performance of MBA aim at the targets: Win to win relationship in business. SBA commit to provide the products which satisfy the demands of customers.

Shareholders relationship

- + *The highest target of SBA is to rationalize the value of dividend in order to bring long term benefits for shareholders.*
- + *Acknowledge that sharesholders are the owner of the Company, SBA commits that all activities of the Company is for the benefit of shareholders, ensures the sustainable growth and future value for shareholders, as well as the transparency in management and administration; honesty in answering shareholders' opinions; Timely, accurate in information disclosure to shareholders.*

Partners relationship

- SBA considers partners as companions, treats them friendly, equal and harmoniously for developing together. When contacting and working with domestic and foreign partners, SBA staff affirmed their roles and positions through polite, respectful and ritual behavior, keeping promises and punctuality.
- When handling work, SBA always obeys the law. We also consider the superiority and the difference is the competitive advantage, as well as the healthy competition on the basis of wisdom, advanced technology and quality products

Employee relationship

- SBA is committed to build the company to be the common house, as well as ensure job stability, spiritual and material life of employees are always concerned, working environment is safe, bright, green, clean and beautiful.
- There is a reasonable remuneration to attract talents; staff appointments are implemented in a democratic, fair and transparent manner. Encourage, promote creative ideas and apply innovations and innovations into practice; respect all comments and contributions of employees; The evaluation, reward and punishment are carried out fairly, openly and in accordance with regulations.

Medium and long-term development strategies:

- For Khe Dien and Krong H'ngang Hydropower plants: Effectively exploit water sources; safe operation of works and equipment; bring good revenue.
- Song Tranh Hydropower Project 1: Submit to the General Meeting of Shareholders for approval of investment policy; construction began in the first quarter of 2022, put into operation in the quarter 1/2024.
- Krong H'ngang hydropower project 2: Maintain the investment certificate; continue to improve the design adjustment and prepare investment procedures to be ready for investment in 2026.
- Developing services: Developing in depth, creating differences, focusing in the following areas:
- Related water sources: Monitoring, calculating and operating water regulation; operation of single-lake and inter-reservoir discharge.
- Related hydropower plants: Dam inspection; automation in monitoring and operation of dams; automating the operation of plant equipment; device localization; electricity market operation consultancy.
- Exploiting more in the area of reservoirs of Krong H'Nang and Khe Dien hydropower plants: Solar power is installed on the lake surface; fish farming combined ecotourism.
- Human resources: Employees are always proud of the Company, proud of their work; sticking and devoting to the long-term development of the Company.
- Bring good dividends to shareholders, over 10% / year, pay with cash, SBA stock codes have good liquidity.

DEVELOPING ORIENTATION

2003

Starting

Song Ba Power Investment and Development Company Limited (formerly SBA) was established on January 2, 2003 with a charter capital of VND10 billion, the initial function is to implement investing in Krong H'nanh hydropower project (64 MW) located in the provinces of Dak Lak and Phu Yen.

29/09/2003: Started construction of Khe Dien hydropower plant, creating resources to invest in Krong H'Nang - SBA hydropower project to start construction of Khe Dien hydropower project. This is a necessary and significant step to help SBA can "take a short-term farming" and create resources to invest in Krong H'Lang hydropower project.

2005 - 2007

Efforts to survive

19/05/2005: Commencement of Krong H'Nang hydropower plant - Krong H'Nang hydropower project was started construction, starting a hard and challenging journey but also proud of SBA.

26/05/2007: Khe Dien hydropower plant produces commercial electricity, officially joins the national electricity grid, goes into operation of commercial electricity, marking an important milestone in the history of formation and development of Company. Khe Dien hydropower plant is really a training and maturing place of SBA staff and is also a source of finance to help develop later.

2007 - 2014

Stable and growing

04/7/2007: Transformation of the model into a joint stock company and listing of shares on HOSE - The company has converted to a joint stock company model with charter capital of VND 500 billion. This is an important step of SBA, aiming at transparency and quality of management; attracting investment capital from society. On June 1, 2010, the Company officially went to Ho Chi Minh Stock Exchange with SBA stock code. Approved to join HOSE - one of the two major stock exchanges in Vietnam is an important success of SBA, affirming the prestige and brand of Song Ba Joint Stock Company, and also an opportunity for SBA to be participating in the capital market, mobilizing more resources from society to serve SBA's construction investment activities.

25/06/2010: Krong H'nanh hydropower plant commercial electricity - the first unit of Krong H'nanh hydropower plant connected to the national grid, by September 2010, the second unit went into operation. onion, net. This success is very important for SBA, achieving the original strategic goal right from the time of SBA's establishment. This is the result of the efforts of the SBA collective and committed to overcome difficulties and challenges to bring the project to a successful destination

Tháng 12/2014: Completed the new Operator - SBA completed construction and put into use the Company's office at 573 Nui Thanh, TP. Da Nang, consisting of 4 floors and a cellar, on a land area of 410 m2, meets 3 criteria of progress, quality and price. This is an event that all SBA employees receive and receive. After years of renting office, SBA's employees and shareholders have been living, working, meeting 2014 - 2016: Invest to develop

2014 - 2016

Invest to develop

April 2014: Establishment of new functional units - SBA Board of Directors decided to establish a Center for Dam Safety Assessment and Verification to carry out some tasks related to construction items. works of the Company and reaching out to carry out outside consulting services to optimize human resources, keep capable employees, attract talents, improve income for employees. On October 30, 2017, the Board of Directors decided to establish a Research & Development Department. These events affirm the new development of SBA - constantly expanding the scale, diversifying products and creating new added values for the market, and proving the flexibility, dynamism and SBA's adaptability in new contexts

22/07/2016: SBA's initiative is granted a patent on Utility Solutions - SBA's initiative of automatic lake water level measurement granted by the National Office of Intellectual Property - Ministry of Science and Technology Useful solution under Decision No. 44636/QD-SHTT. This initiative of SBA serves both the management and operation of the Company and is an important contribution to the community, helping to solve the problem of managing the operation of reservoirs during the rainy season, limiting the impact for downstream areas

Mark 2018

- Souvenir flag of General Director of Central Power Corporation according to Decision No. 58 / QD-EVNCPC dated January 3, 2018.
- The title of Excellent Labor Collective in 2017 of Electricity of Vietnam for Song Ba Joint Stock Company and Trade Union of Song Ba Joint Stock Company according to Decision No. 36 / QD-EVN dated 11/01/2018.
- Certificate of Merit from Chairman of VCCI and Chairman of Central Council of Vietnam Business Associations under Decision No. 0539 / PTM-TDKT dated March 26, 2018.
- Certification of Sustainable Enterprise in 2018 in Vietnam under Decision No. 2686 / PTM-TDKT dated November 20, 2018 by VCCI.
- The title "Excellent labor collective in 2018" according to Decision No. 72 / QD-EVN dated 11/01/2019 of Vietnam Electricity Group.



SOME COLLECTIVE AND INDIVIDUAL AWARDS

Based on the evaluation and selection of records of more than 500 enterprises participating in the Program of assessing and announcing sustainable enterprises in Vietnam, on November 22, Vietnam Business Council for Sustainable Development - VBCSD belongs to Vietnam Chamber of Commerce and Industry - VCCI organizes Ceremony to announce 100 sustainable enterprises in Vietnam in 2018.

Based on a set of sustainable development indicators (CSI) with 131 indicators for annual selection and the Organizing Committee honored typical enterprises on sustainable development.

Song Ba Joint Stock Company is honored to be one of the top 100 sustainable enterprises in Vietnam.

Mr. Pham Phong – members of Board of Directors and General Director of Song Ba Joint Stock Company said: “We committed for long-term core values – from creativeness to considering on green quality in business operations, as well as to the concern for human resources and the local community. With these efforts, Song Ba Joint Stock Company wishes to contribute to the sustainable development of the locality in particular and all the people in the country in general.

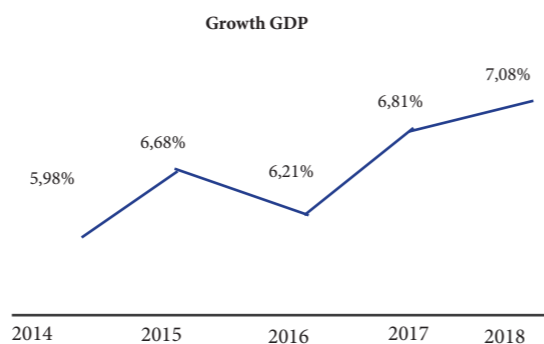


RISK FACTORS



Economic- related risk

Despite difficulties from international trade barriers, Vietnam still won good economic achievements in 2018. With 7.08% increase in GDP, Vietnam marks the highest economic growth rate since the financial crisis in 2008. Along with the signing and implementation of many agreements to expand exports to countries (most typical in 2018 is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership - CPTPP), domestic manufacturing enterprises have the opportunity to expand consumption markets abroad, thereby setting requirements to increase consumption of energy for production and operation, especially electricity. In 2018, the industrial production index increased by 10.2% compared to 2017, in which the processing and manufacturing industry played a key role with an increase of 12.3% and is forecasted to continue keeping the growth momentum in the near future, which will support the power industry in general and SBA in particular to have the opportunity to expand and develop their business activities



Proprietary-related risk

Currently, the electricity industry is the most monopoly when the Vietnam Electricity (EVN) and units belongs to EVN still dominate electricity generation. Be a company operating in this industry, SBA is exposed to many risks caused from EVN’s monopoly. For example, electricity selling prices have to depend on finance and EVN’s decision leading to difficulties in negotiation and signing of power purchase contracts.

Interest rate-related risk

Interest rates are one of the key issues of the macro economy when it plays an important role as a tool to lead capital in the financial system. The monetary market in 2018 witnessed fluctuations in deposit rates and exchange rates when both of these factors tended to increase sharply in the last months of the year. Thanks to the flexible and timely operating policies of the State Bank, the monetary market remains stable, supporting to reduce lending interest rates in the economy.

Predicting the prospects of the monetary market in 2019, financial experts said that interest rates continue to be under pressure because of several reasons such as FED raises interest rates, rising inflation and money tightening situation in many countries. Meanwhile, SBA holds long-term loans with interest rates which are adjusted quarterly at commercial banks, so it will be affected regularly and directly from fluctuations in interest rates. Therefore, SBA always proactively updates information on interest rate fluctuations to make appropriate decisions on the company’s loans..

Other risks

Like other enterprises, SBA also have to face to force majeure such as flood, drought, earth quake, explosion, etc. which require SBA to prevent and implement suitable solution proactively when problems happen; and buy insurance for employees and company property.

RISK

Industry-related risk (Climate)

Hydropower is one of the industries depending on weather and climate condition because the product and effectiveness of plants depend on the water source as well as rainfall in local area. Therefore, SBA always has to follow up the climate condition on a large scale to timely adjust the reservoir operation for safety and efficiency. In addition, hydropower companies in general and SBA in particular also have to pay attention to storms and natural disasters to ensure safety for reservoirs and people in downstream areas.

According to the meteorological forecast of 2019 from experts, there is a high risk of drought and water shortage in the Central and Central Highlands provinces during the dry months. Because SBA operates mainly in the Central region, we must make detailed plans for the operation of the production mechanism and water reserve to optimize productivity in

Law-related risk

As a company operating in the field of energy production and trading listed on Ho Chi Minh City Stock Exchange, Song Ba is under the management and control of various laws, including the Law on Enterprises, Security and Constructions, etc. Therefore, the change of related laws will directly affect SBA's operations. In addition, administrator cadre have also gradually stepped up and tightened management of hydropower projects. Recently, on March 14th, 2018, the Ministry of Industry and Trade issued the Official Letter No. 1893 / BCT-ATMT to direct the dam owners and the Department of Industry and Trade to strengthen the safety management of hydropower dams. Therefore, SBA must regularly inspect the works, handle and promptly remedy the risks of causing unsafety for dams, works as well as actively coordinate with the authorities of Quang Nam, Phu Yen and Dak Lak in delivering the warning and information on operation and flood discharge to ensure safety for downstream areas.





PART 2

BUSINESS OPERATION

PRODUCTION, BUSINESS OPERATION

Parameter	Unit	Achievement 2017	Achievement 2018	Target 2018	Achievement 2018/2017 (%)	Achievement/ Target 2018 (%)
Power output	Million kWh	300.42	189.37	222.00	63.04	85.30
Khe Dien	Million kWh	53.33	32.19	42.00	60.36	76.64
Krong H'ngang	Million kWh	247.08	157.18	180.00	63.62	87.32
Total revenue:	Billion VND	333.52	254.88	257.50	76.42	98.98
Revenue of power generation	Billion VND	327.75	247.29	250.50	75.45	98.98
Khe Dien	Billion VND	53.39	41.10	46.50	76.98	88.39
Krong H'ngang	Billion VND	274.36	206.18	204.00	75.15	101.07
Service revenue and other income	Billion VND	5.77	7.59	7.00	131.54	108.29
Total expenses	Billion VND	188.45	151.74	156.05	80.52	97.26
Profit before tax	Billion VND	145.07	103.10	101.45	71.07	101.63
Profit after tax	Billion VND	135.91	96.34	94.41	70.89	102.04
Basic profit per share	VND	2,254	1,595	1,561	70.76	102.18

Business results in 2018 are based on the combination of business results of both hydropower plants in Khe Dien and Krong H'ngang, which are managed by Song Ba Joint Stock Company.



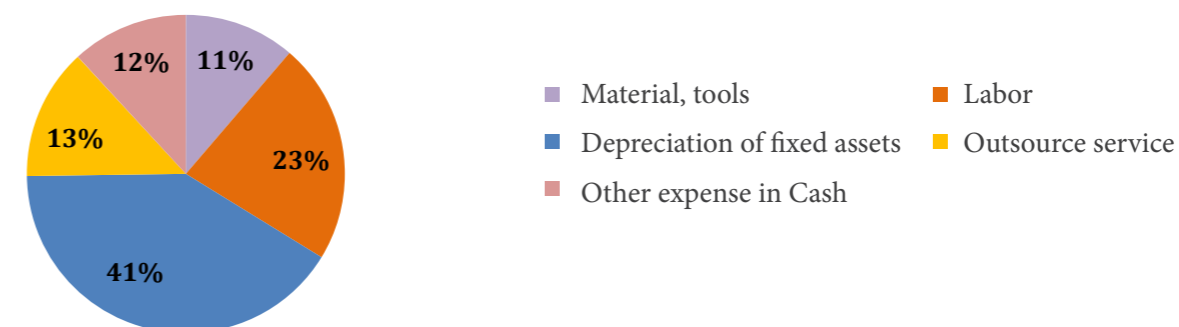
At the beginning of 2018, due to unfavourable hydrological conditions, drought appeared sooner than previous year, especially in Central and Central Highland areas. That made water level in reservoirs low, only 38% compared to average water level of many year. Therefore, both plants operated with low optimized capacity. However, at the end of the year 2018, from the middle of December, a flood appeared to rise water level of Krong H'ngang up to normal level and overflow. The plant completed 85.30% of year plan.



Moreover, the average electricity price reached at 1.312 VND/kWh, an increase of 25% compared to the contract price. This contributes to a remarkable increase of revenue that reached 41.20 billion VND. In addition, at Khe Dien hydropower plant, although heavy flood did not appear, the water volume in storage tank in December 2018 has been improved, so the water level in storage tank at the end day of 31st December 2018 was 202.84 meters, that contributes to increase electricity output and power revenue in the last days of 2018.

Items	Unit	2017	2018
Material, tools	Million VND	15,451	11,144
Labor	Million VND	26,759	22,256
Depreciation of fixed assets	Million VND	60,936	40,587
Outsource service	Million VND	8,575	13,206
Other expense in Cash	Million VND	17,734	11,732
Total production expense	Million VND	129,455	98,924

Breakdown of Production Cost



Depreciation of Fixed Assets: account for 50% of total production expense

Due to high requirements of investment capital in hydropower plant and devices, depreciation cost account for highest proportion of total production cost with average annual proportion of 45%- 55%.

In 2018, Song Ba Company's Depreciation cost of fixed assets decreased by 40.587 billion VND, accounts for 41.03% of total production costs. In 2018, fixed assets, used directly at Khe Dien and Krong H'ngang hydropower plants are depreciated by output method, so depreciation could be compatible with practice and seasonality of hydropower production. The second largest cost in total production cost is labor expense that accounts for 20.67% and 22.50% in the year of 2017, 2018, respectively.

AVERAGE COMMERCIAL PRICE OF 2 HYDROPOWER PLANTS

Plants	Unit	2017	2018
Khe Dien Hydropower Plant	VND/kWh	1,001	1,277
Krong H'ngang Hydropower Plant	VND /kWh	1,110	1,312

Khe Dien Hydropower Plant

- The power production by Khe Dien Hydropower Plant experienced a decrease of 39.64% compared to the same period in 2017 to reach 32.19 million kWh, which is corresponding to 76.64% of the 2018 target.
- The revenue achieved 41.1 billion VND, a decrease of 23.02% compared to the same period in 2017, which reaches to 88.39% of the 2018 target.

Krong H'ngang Hydropower Plant

- The power production by Krong H'ngang Hydropower Plant experienced a decrease of 36.38% compared to the same period in 2017 to reach 157.18 million kWh, which is corresponding to 87.32% of the 2018 target.
- The revenue achieved 206.18 billion VND, a decrease of 24.85% compared to the same period in 2017, which exceeds 1.07% of the 2018 target.

INVESTMENT AND PROJECT IMPLEMENTATION

Investment Project on Khe Dien hydropower Plant expansion and capacity Upgrade to 15MW

- In order to carry out relevant tasks in Revolution of Annual Shareholder Meeting in 2017 and 2018, the company hired an independent consultancy team for project verification, Vietnam Irrigation Construction and Consultancy Corporation. The project was evaluated feasibility and high investment efficiency.
- Project investment Reports were consented in written document No 6324/UBND-KTN dated 16 November 2017 by Quang Nam Province People's Committee. The Reports were sent to Ministry of Industry and Trade for appraisal and approval.
- The company is implementing project, which is expecting to complete in Quarter II, 2020.

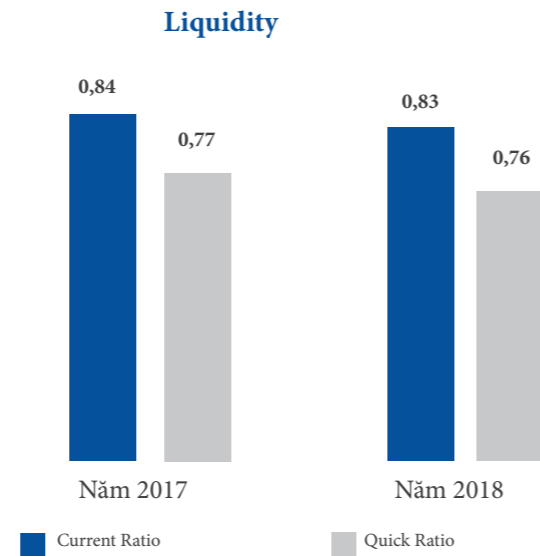
FINANCIAL HIGHLIGHTS

Items	Unit	2017	2018	% Increase/ Decrease
Total Assets	Billion VND	1,385.64	1,320.29	(4.72)
Net sales	Billion VND	333.02	254.01	(23.72)
Net sales on business operation	Billion VND	145.31	102.93	(29.17)
Other profit	Billion VND	(0.24)	0.17	-
Profit before tax	Billion VND	145.07	103.10	(28.93)
Profit after tax	Billion VND	135.91	96.34	(29.11)
EPS	VND	2,254	1,595	(29.24)

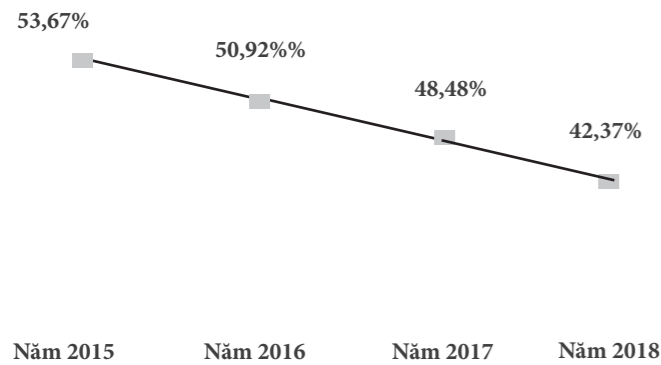
Sn.	Items	Unit	2017	2018
1	Liquidity			
-	Current ratio	time	0.84	0.77
-	Quick ratio	time	0.83	0.76
2	Capital structure			
-	Total liabilities/ Total Assets (Asset ratio)	%	48.48	42.37
-	Total liabilities / Owners' Equity (Equity ratio)	%	94.09	73.52
3	Operating Efficiency			
-	Inventories turnover ratio	time	58.41	39.97
-	Assets turnover ratio	time	0.24	0.19
4	Profitability			
-	Return on Net sales (ROS)	%	40.81	37.93
-	Return on Owners' Equity (ROE)	%	22.47	15.93
-	Return on Total Assets (ROA)	%	9.81	7.32
-	Operating income earning/ Net sales	%	43.63	40.52

Liquidity

Both current and quick ratios have a tendency of decrease in 2018 that falling into 0.77 times and 0.76 times respectively, compared to 0.84 times and 0.83 times in 2017. That change is caused by the decline of short-term assets and debt compared to previous year, in which the fluctuation of short-term asset was much larger (a decrease of 25.93%) compared to the changes of short-term debt (a decrease of 19.08%). However, these stable coefficients over past few years have shown that the company can ensure its short-term debt at a safe level.



DEBT/ASSET



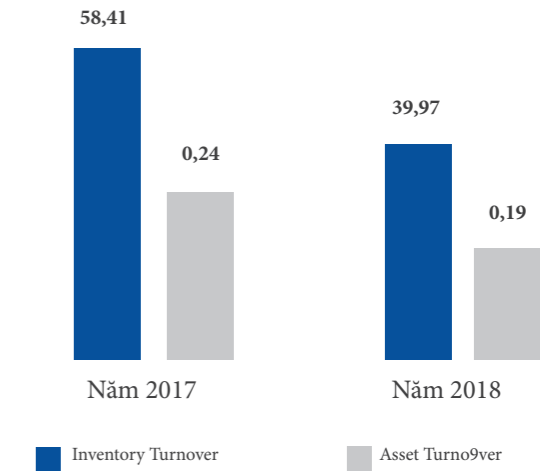
Capital structure

As at 31 December 2018, total liabilities of SBA were 559.40 billion VND – a decrease of 20.08% compared to the same period of 2017, in which SBA long-term liabilities dropped from 514.73 billion VND to 433.488 billion VND. In previous years, SBA leverage had a tendency to raise loan for investment of 02 hydropower plants. However, in the last 3 years, Khe Dien and Krong H’ngang hydropower plants were put in stable operation, that created good cash flow for SBA. The coefficient of financial leverage tends to drop, in specific, coefficient of account payables/total assets and debt/ owner’s equity declined 42.37% and 73.52% respectively

Operating Efficiency

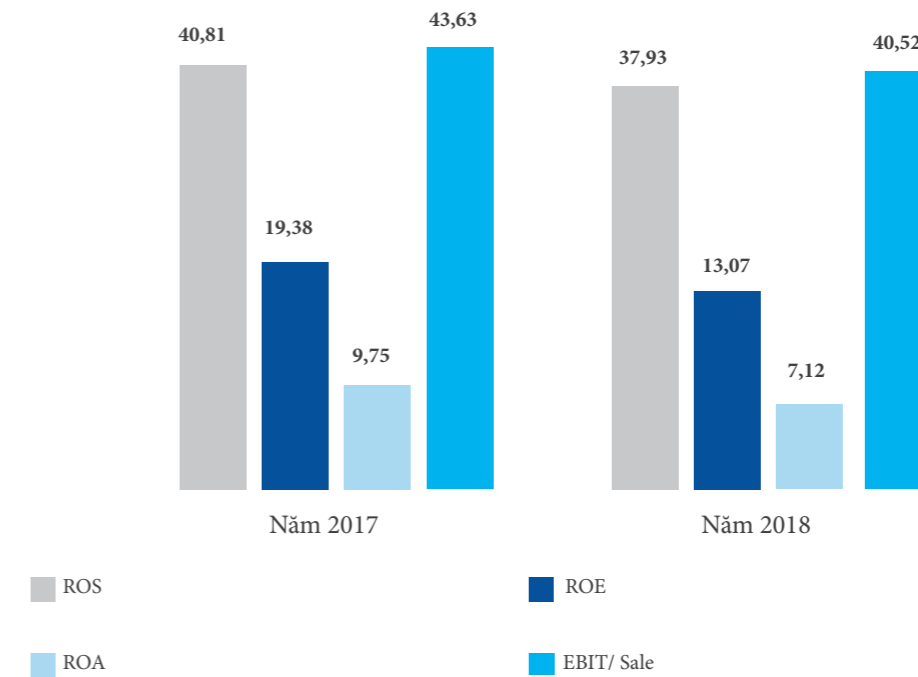
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Operating Efficiency



Profitability

Ratios of SBA profitability have declined in 2018, in which Return of Asset (ROA) and Return of Equity (ROE) reached 7.32% and 15.93% respectively. Although the Company has faced with many difficulties, both hydropower plants Khe Dien and Krong H’ngang have completed initial investment system and put in operation stability in recent years, that is expecting to achieve high stable cash flow for SBA in future.



Profitability

SHAREHOLDER STRUCTURE

CHANGE IN INVESTMENT CAPITAL OF OWNER EQUITY

Company's Share Capital at 31st December 2018

- Charter capital: 604,882,610,000 VND
- Number of issued shares: 60,488,261 shares
- Par Value per share: 10,000 VND/ share
- Common share: 60,488,261 shares
- Preferred share: 0 share
- Number of Outstanding share: 60,404,821 shares
- Number of Treasury share: 83,440 shares

Shareholder Structure

No	Items	Number of shareholders	Number of shares	Percentage (%)
1	State	1	23,645,000	39.090%
2	Local shareholder	6,275	36,662,806	60.611%
+	Institutions	27	1,330,516	2.200%
+	Individuals	6,248	35,332,290	58.412%
3	Foreign shareholder	18	180,455	0.298%
+	Institutions	6	98,200	0.162%
+	Individuals	12	82,255	0.136%
Total	6,294	60,488,261	100.00%	100,00%

List of major shareholder

Name of institutions/ individuals	Number of Identity/ Passport/ Business Registration	Address	Number of share capital	Percentage per charter capital
Central Power Corporation	0400101394	78A Duy Tan, Hoa Thuan Dong Ward, Hai Chau District, Da Nang City	23,645,000	39.090%



Change in investment capital of owner equity: None

Transaction of Treasury shares: Yes

According to Decision No 07-18/QĐ- S3- HĐQT, Song Ba Joint Stock Company has sold 116,550 shares on the purpose of offering rewards for employees in method of conversion of owner right.

Other stocks: None



PART 3

ORGANIZATION AND HUMAN RESOURCES

ORGANIZATION AND HUMAN RESOURCES

List of Board of Directors, Executive Board and Supervisory Board

No	Name	Position
1	Mr Dinh Chau Hieu Thien	Chairman of Board of Directors
2	Mr Thai Van Thang	Vice Chairman of Board of Directors
3	Mr Pham Phong	Member of Board of Directors and General Director
4	Mr Truong Nam Thanh	Member of Board of Directors
5	Mr Pham Sy Huan	Member of Board of Directors
6	Mr Nguyen The Duy	Deputy Director of Sales and Marketing
7	Mr Phan Dinh Thanh	Deputy Technical Director
8	Mr Pham Thai Hung	Chief Accountant
9	Mrs Phan Thi Anh Dao	Head of Supervisory Board
10	Mrs Nguyen Thi Tran Thao	Member of Supervisory Board
11	Mr Tran Quang Can	Member of Supervisory Board



Structure of Board of Directors

No	Name	Position	Number of shares	Representative of Capital	Percentage of share capital
1	Mr Dinh Chau Hieu Thien	Chairman of Board of Directors	12,600	23,645,000	39.11%
2	Mr Thai Van Thang	Vice Chairman of Board of Directors	84,000		0.1389%
3	Mr Pham Phong	Member of Board of Directors General Director	325,000		0.5376%
4	Mr Truong Nam Thanh	Member of Board of Directors	-		-
5	Mr Pham Sy Huan	Member of Board of Directors	5,200		0,0087%

Structure of Supervisory Board

Sn.	Full name	Position	Number of shares	Percentage of share capital
1	Mrs Phan Thi Anh Dao	Head of Supervisory Board	2,500	0.0042%
2	Mrs Nguyen Thi Tran Thao	Member of Supervisory Board	-	-
3	Mr Tran Quang Can	Member of Supervisory Board	-	-

Mr PHAM PHONG – Member of Board of Directors and General Director

Education:

Master Degree – Mechanical Engineering – Major of Machine Manufacturing

Electrical Engineer – Major of Electricity System

Experience

1981 – 1994: Technical Officer - Quang Nam- Da Nang Power Corporation

1994 – 1997: Manager of Mechanical and Electrical Workshop - Quang Nam- Da Nang Power Corporation

1997 – 2001: Head of Material Planning Division - Quang Nam Power Corporation

2003– 2002: Deputy Director – Electric Design Center Power Corporation No 3.

2003 to present: Member of Board of Directors and Chief Executive Officer Song Ba Joint Stock Company

- Number of shares: 325,175 shares
- Percentage of share capital: 0.5376%



Mr PHAM THAI HUNG – Chief Accountant

Education:

Master of Finance - Banking

Bachelor of Economics- Major of Corporation Accounting

Experience:

2003 – 2004: Chief Accountant - My Anh Limited Company, Quang Binh Province

2004 – June/2009: Chief Accountant - Bong Vai Central Joint Stock Company

July/2009 – August/2009: Deputy Head of Finance and Accounting Division- Song Ba Joint Stock Company

Sep/2009 – Dec/2009: In charge of Finance and Accounting Division- Song Ba Joint Stock Company

Jan/2010 to present: Chief Accountant - Song Ba Joint Stock Company

- Number of share: 3,600 shares
- Percentage of share capital: 0.006%



Mr NGUYEN THE DUY- Deputy Business Director

Education: Electrical Engineer

Experience:

May/2004 – Aug/2008: Officer of Technical Division- Song Ba Joint Stock Company

Sept/2007 – Jan/2008: Deputy Head of Mechanical and Electrical Division- Song Ba Joint Stock Company

Feb/2008 – April/2010: Deputy Head of the Krong H'ngang 2 Hydropower Project - Song Ba Joint Stock Company

May/2010 – April/2014: Head of Economic and Planning Division- Song Ba Joint Stock Company

May/2014 to present: Deputy Director of Sales and Marketing- Song Ba Joint Stock Company

- Number of share: 4,596 shares
- Percentage of share capital: 0.0076%



Mr PHAN DINH THANH- Deputy Technical Director

Education: Mechanical Engineer

Experience:

Aug/2005 – Sep/2007: Officer of Technical Division-Song Ba Joint Stock Company

Sep/2007 – March/2010: Officer of Mechanical and Electrical Division- Song Ba Joint Stock Company

April/2010 – Sep/2010: Officer of Krong H'ngang Hydropower Plant – Song Ba Joint Stock Company

Jan/2011 – July/2011: Team leader of Mechanical Team – Mechanical and Electrical Division - Song Ba Joint Stock Company

Aug/2011 – Feb/2015: Head of Mechanical and Electrical Division - Song Ba Joint Stock Company

March/2015 – June/2016: Head of Economic and Planning Division- Song Ba Joint Stock Company

July/2016 – Sep/2018: Director of Krong H'ngang hydropower plant – Song Ba Joint Stock Company

October/2018 to present: Deputy Technical Director - Song Ba Joint Stock Company

- Number of share: 8,350 shares
- Percentage of share capital: 0.0138%



ORGANIZATION AND HUMAN RESOURCES

Status of Personnel Changes

According to Decision No 67/18/QĐ-S3-TCHC dated 1st October 2018 on the Appointment of Function of Deputy Director of Krong H'ngang hydropower plant – Branch of Song Ba Joint Stock Company, from 1st October 2018, Mr Nguyen Tuan Dat has been appointed at the position of Deputy Director of Krong H'ngang hydropower plant – Branch of Song Ba Joint Stock Company.

According to Decision No 19/18/QĐ-S3- HĐQT dated 1st October 2018 on the Appointment of Deputy Technical Director of Song Ba Joint Stock Company, from 1st October 2018, Mr Phan Dinh Thanh has been designated at the position of Deputy Technical Director.

As of 31st December 2018, Total Company's Employees : 111 people.

No	Items	Quantity (persons)	Proportion (%)
I	Employee structure by gender	111	100
1	Male	105	94.59
2	Female	6	5.41
II	Employee structure by Qualification	111	100.00
4	College, Bachelor degree	68	61.26
5	Technical degree	35	31.53
6	Unskilled labor degree	8	7.21
III	Employee structure by labor nature	111	100.00
1	Direct Operation	56	50.45
2	Non-Direct Operation	55	49.55
Total	111	100.00	100,00

Item	Unit	2016	2017	2018	2019
Average Income	Million VND/ person/ month	12.07	13.02	14.61	15.19



Training and Development

The Company recognizes training and development as positive long-term investment for its people and a foundation for long-term development strategies. Training and Knowledge and capacity Enhancement activities were conducted in many ways such as: on-the-job training, local and international short and long professional training courses in order to support technical officers understand best practice of current hydropower projects or at Company's hydropower plant to get experience and improve professional skills.

Labor Regime

The company commits and guarantees to maintain legitimate rights and interest of its employees, fully fulfils the obligations of employer to employees that complies with current regulations of Labour Law. Employees' birthday will be celebrated quarterly. Employee's salary will be considered to increase regularly based on employee's salary regulations.

In addition, safety and fire and explosion prevention in plants, construction works were also properly concerned. A system of regulations of labour safety was issued. The company organized training sessions of safety of machines, devices, hydropower construction to ensure a safe working environment for employees

Reward Policy

The company has issued deserved and timely reward policy for groups, individuals who get outstanding achievement, contribute technical innovation to improve labour productivity and business efficiency.

Benefit Policy

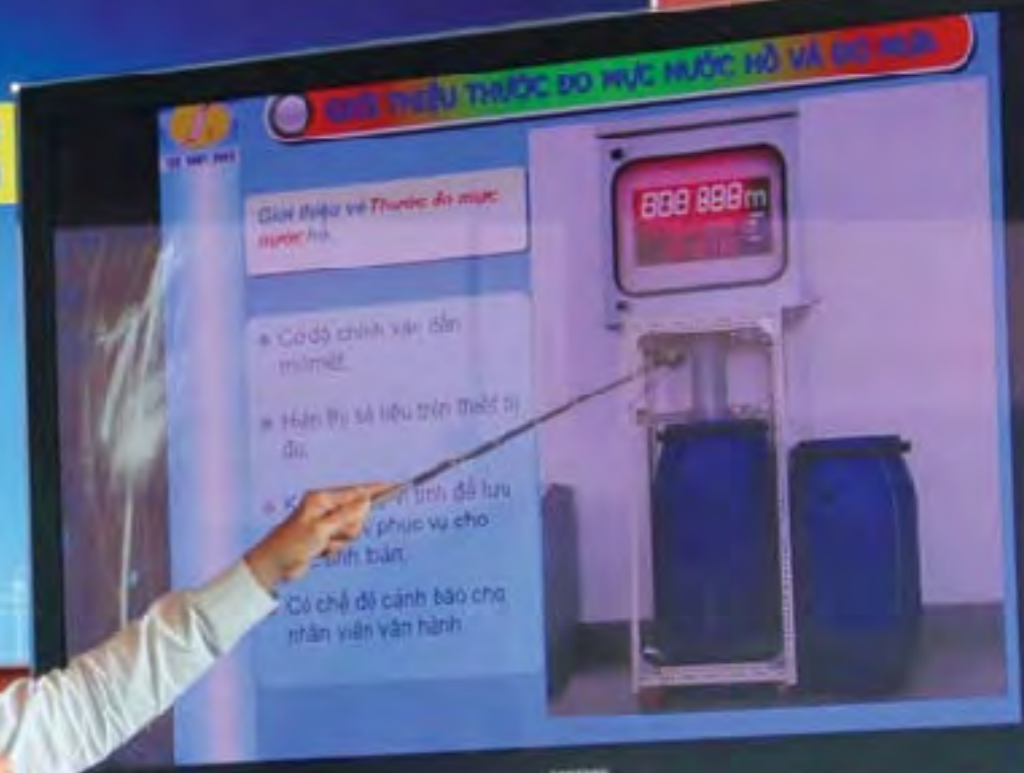
The company always takes care of employee's lives that support employees feel secure to work. Some benefits that employees could receive such as: interest-free loan for remote employee who desires to build house at workplace; employees who are in difficulty situation will be encouraged and received gifts on Tet, holidays; Secu-

Insurance and Health Care Policy

Beside Social insurance, health insurance and unemployment insurance followed by State regulations, company's employees will be examined their health and taken annually periodical disease test (once per year) at reputable medical facility.

THUYẾT TRÌNH

PRESENTATION



PART 4

REPORT OF MANAGEMENT BOARD

ASSESSMENT OF BUSINESS RESULTS

Items	Unit	Target 2018	Achievement 2018	Achievement/Target 2018 (%)
Power output	Million kWh	222.00	189.37	85.30
Khe Dien	Million kWh	42.00	32.19	76.64
Krong H'ngang	Million kWh	180.00	157.18	87.32
Total revenue:	Billion VND	257.50	254.88	98.98
Revenue of power generation	Billion VND	250.50	247.29	98.98
Khe Dien	Billion VND	46.50	41.10	88.39
Krong H'ngang	Billion VND	204.00	206.18	101.07
Service revenue and other income	Billion VND	7.00	7.59	108.29
Total expenses	Billion VND	156.05	151.74	97.26
Profit before tax	Billion VND	101.45	103.10	101.63
Profit after tax	Billion VND	94.41	96.34	102.04
Basic earnings per share	VND	1,561	1,595	102.18

Assessment:

Due to unfavourable weather condition in 2018, water volume in storage tank is low in last months of the year 2018, which accounts for 38% compared to the average level in many years. However, from 16/12/2018, a heavy storm of flood-ing season end has appeared, so water level of Krong H'ngang reached normal level and overflow.

Maintenance of Plants was previously conducted. From 17th December to 31st December 2018, 02 plants were operated full time and exceeded 5 % of rated capacity. Although power outputs of 02 plants reached 189.36 million kWh, accounted for 85.29% , power production revenue achieved 247.13 billion VND, approximately 99% compared to target 2018. Besides, thanks to depreciation of outputs, the company completed target of profit after tax of 96.18 billion VND (target 2018 of 94.41 billion VND) and basic profit per share of 1,592 VND/ share (target 2018 of 1,561 VND/share) according to Resolution of Annual Shareholder Meeting in 2018. The highlights are:

- **Krong H'ngang:** Average commercial Price reached 1,310 VND/kWh, an increase of 25 % compared to contract price. The additional revenue from electricity market was 41.20 billion VND. The water level of the end of day 31st December 2018 was 255.00 metre..
- **Khe Diên:** There was no heavy storm and flood, water volume in tanks was also improved in December 2018. The water level of the end of day 31st December 2018 was 202.84 metre. Average commercial Price reached 1,280 VND/ kWh

ASSESSMENT OF PLANT OPERATION



Khe Dien Hydropwer Plant

- Renovated and connected Supervisory Control Data Acquisition (SCADA) from the plant to A3, B43 as EVN CPC requirements: accepted and put into use in 18th December 2018
- Concrete sun protection system of overflow surface of concrete gravity dam: put into use, existing and continued to fix for acceptance.
- Construction of road to avoid Nong Son coal mine to plant: unfinished due to rainfall and resident's houses. Connected road that reached 1.68/1.94km, built roadbed that reached 1.80/1.94 km, digged road and drainage ditches that reached 0.5/1.94 km. The remaining works will be carried out in the first quarter of 2019.
- Concrete pavement of 1 meter width at some operation road sections VH1: unfinished due to rainfall. Construction volume reached 0.9/1.123 km. The remaining works will be carried out in the first quarter of 2019

Krong H'ngang Hydropwer Plant

- Renovated feeder of 172 substations of 110kV Ea Kar to switch to unmanned regime under EVN CPC policy.
- Handled filter layer of dam system to examine and evaluate saturated level. This activity was conducted in 2 years. At the end of the flood season, it temporarily stopped to focus on flood prevention and power generation to increase revenue.

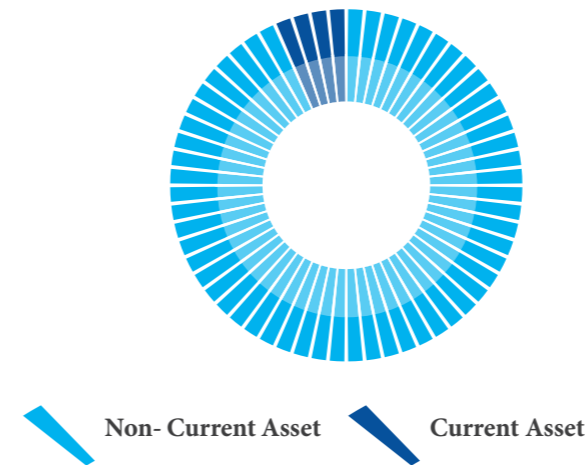
FINANCIAL STATUS



Other related works

- Installation of dam protection system on the lake surface has been completed (length of buoys of Khe Dien and Krong H'ngang of 455m and 1,810 m respectively. The buoys are connected by inbox cable 304)
- Report of automatic flood discharge for Krong H'ngang hydropower plant and proposal has been continued and would be sent to Board of Directors
- Operation Management of Krong H'ngang – Eakar 110kV power line: the company has resolved satisfactorily to comply with relevant regulations.
- Water resource Project for planning of power outputs, revenue of 2 plants in 2019 and Business Plan has been completed.
- Resolved documents, finalizing the completed work volume, reduced short-term receivables of the company
- Reviewing the systems of documents, company portfolio and documents: the company has reviewed and issued Decision No 100/QĐ-SBA dated 19th December 2018 stipulating classification and responsibility for writing, reviewing and approving the company's document systems. This activity is gradually implemented.
- Investment of General Upgrading and phased investment for the operation road of Khe Dien hydropower plant: This long-term task will be implemented in 2019..

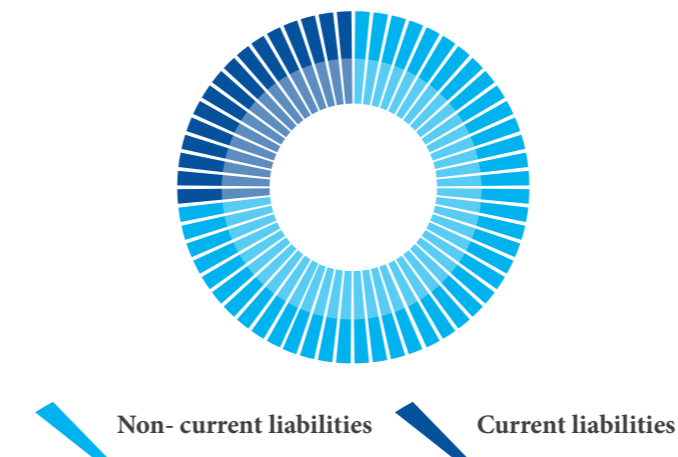
Items	Unit	31/12/2017	31/12/2018	%Increase/Decrease
Short-term asset	Billion VNĐ	131.70	97.55	(25.93)
Long –term asset	Billion VNĐ	1,253.94	1,222.75	(2.49)
Total assets	Billion VNĐ	1,385.64	1320.30	(4.72)



Short-term assets and long-term assets in 2018 decreased by 25.93% and 2.49% respectively compared to 2017, which makes a total assets decline of 4.72%. Because short-term assets only account for a small proportion of SBA's asset structure, the sharp decline of short-term assets only affect slightly on the decrease of total asset value.

In particular, long-term asset accounts for large proportion of total asset structure (long-term assets accounted for 90.5% and 92.61% in 2017 and 2018 respectively) due to hydropower industry nature that requires mainly machines and devices for production assets. Especially, the proportion of long-term assets increased in 2018 largely due to the increase of construction in progress

Items	Unit	31/12/2017	31/12/2018	% Increase/Decrease
Short-term liabilities	Billion VNĐ	157.01	125.91	(19.81)
Long-term liabilities	Billion VNĐ	514.73	433.49	(15.78)
Total liabilities	Billion VNĐ	671.74	559.40	(16.72)



Similar to the period of 2016-2017, SBA total liabilities at the end of the year 2018 decreased compared to the beginning of the year. In specific, total liabilities declined by 16.7% compared to 2017, in which long-term liabilities dropped from 514.73 billion VNĐ to 433.49 billion at the end of the year. The reason is that both loans for investment of Khe Dien hydropower plant project and refinancing of Krong H'ngang hydropower project at Foreign Trade Bank of Da Nang branch and Phuong Dong Bank – Quang Nam branch were mostly made final settlement by SBA in 2018.



FUTURE DEVELOPMENT PLAN

Flood appeared at the end of 2018 to increase the water level in reservoir up to 225.0 metre at the beginning of the year 2019. However, according to recorded data from National Centre for Meteorological and Hydrological Forecasting and long-term forecast models of Pacific standard temperature of International Forecasting Agencies, El Nino will develop, maintain until quarter 2/2019. The Central Highlands and the South from February to April 2019, total rainfall volume was predicted lower 20-50% than average volume in many years.

Business and Production Results in 2019

No	Items	Unit	Target 2019
1	Total power outputs	Million kWh	190,000
2	Total revenue	Billion VND	222.27
3	Total expense	Billion VND	142.77
4	Profit before tax	Billion VND	79.50
5	Profit tax	Billion VND	6.13
6	Profit after tax	Billion VND	73.37

Bases for Plan Completion

- Hydrological Conditions are forecasted favourably. The water level of hydropower reservoirs is equivalent to 2019.
- The executive team and employees are increasingly experienced and their skills have been improved.
- Plant equipment are maintained and repaired in due course. The technical parameters after repair are satisfactory, that ensures safety in operation.
- Monitoring and Control tasks have been promoted to reduce times of incidents and unplanned stop time.
- Operate reservoirs and prepare Natural Disaster Prevention and Rescue plans, set up process, methods, organize rehearsals to prevent and minimize damage and losses when events occur.

SOLUTIONS FOR BUSINESS PLAN IN 2019

In term of 02 hydropower plants:

Khe Diên:

- Completing Construction of road to avoid Nong Son coal mine to plant and Concrete pavement of 1 meter width at some operation road sections VH1.
- Organizing the second inspection of Dam Safety.
- Repairing and maintaining periodically: 3,000 units H1; restoration of H2 units.
- Renovating valves and cutting machine 322
- Installing measurement equipment and monitor reservoir operation parameter according to Circular No 47/2017/TT-BTNMT dated 07 November 2017.
- Concreting some road section VH2 (from plant to dam)
- Filling pipelines, handling internal water leakage at pressure regulating tower and pressure tunnel, sediment in front of receiving water gate.



Krông H'ăng:

- Renovating feeder of 172 substations of 110kV Ea Kar to switch to unmanned regime.
- Repairing and maintaining periodically: 3,000 units H2, overhauling equipment of unit H1, transformer T1.
- Repainting inside of pressure pipeline and steel structure for hoist, body and gate of downstream valve;
- Upgrading the control computer system for the plant;
- Installing measurement equipment and monitor reservoir operation parameter according to Circular No 47/2017/TT-BTNMT dated 07 November 2017.
- Organizing the second inspection of Dam Safety
- Handling filter layer of dam system to examine and evaluate saturated level

2

Consulting services and other incomes:

- Continue to implement consulting contracts: Project management, design and project preparation of Tam Phuc and Song Bung 3A; sign a design contract of Song Bung 3 Hydropower;
- Implementing some projects: Report on operation of flood discharge on Song Ba river- Phu Yen province and Vu Gia – Thu Bon river in Quang Nam province and Present the Report results at the Conference organized by Vietnam Energy Association;
- Work with project owner of hydropower plants to supply and install measuring equipment and monitor water resource exploitation according to new regulations of Circular No. 47/2017 /

Investment construction project

Project of Khe Dien hydropower plant Expansion

- Resolving tasks related to investment procedures to start the project in 2019 and is expected to be completed in the second quarter of 2020.
- Borrowing project capital;
- Procurement of plant equipment;
- Connect detailed 110kV with Nong Son Electric Coal Company and EVNCPC (Electricity Vietnam Central Power Corporation);
- Registration of land use plans, compensation and site clearance for construction works of connection after expanding the plant;
- Approving the scheme on surface water exploitation and use; project environmental impact assessment report.

Song Tranh 1 and Krong H'Nang 2 hydropower projects:

- Continue to resolve the relevant procedures to invest the project at a suitable time

Research and initiatives:

The company has 05 initiatives, research topics and 30 ideas of innovation and rationalization of production. All are studied and applied new technologies to the operation management, construction of hydropower plants.

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EXPLANATION OF THE BOARD OF DIRECTORS ON AUDITING OPINIONS

According to the audited financial report of 2018, the independent auditing firm, Auditing and Accounting Company Limited, has issued an auditing opinion to fully accept the 2018 financial statements of Joint Stock Company Song Ba. Therefore, the Board of Directors has no further explanation.



ĐẠI HỘI ĐỒNG CỔ ĐÔNG HỌP THƯỜNG NIÊN NĂM 2018

Năng, ngày 30 tháng ... năm 2018



PART V

REPORT OF THE BOARD OF DIRECTORS

EVALUATION OR 2018 TARGET IMPLEMENTATION

Evaluation or 2018 Target implementation

- Total commercial electricity output of two hydropower plants is 189.37 million kWh, reaching 85.30% of the plan;
- Revenue from electricity production is VND 247.29 billion, reaching 98.98% of the plan;
- Revenue from consulting services and other revenues: VND 7.59 billion, reaching 108.29% of the plan;
- Profit before tax: VND 103.1 billion, reaching 101.63% of the plan;
- Profit after tax: VND 96.34 billion, gaining 102.04% of the plan;
- Basic earnings per share is 1,595 VND / share, reaching 102.18% of the plan.

Evaluation of Plant Repair and Operation

- Khe Dien hydropower plant: Renovating and connecting SCADA system from the plant to A3, B43 as EVN CPC (Electricity Vietnam Central Power Corporation) requirement: accepted and put into use from December 18, 2018. Concrete sun protection system of overflow surface of concrete gravity dam: has been put into use, still exists and continued to fix for acceptance. The average selling price of electricity is VND 1,280 / kWh.
- Krong H'Nang hydropower plant: Renovating feeder of 172 substations of 110kV Ea Kar to switch to unmanned regime under EVN CPC policy. Handling filter layer of dam system to examine and evaluate saturated level. This activity was conducted in 2 years. At the end of the flood season, it temporarily stopped to focus on flood prevention and power generation to increase revenue. The average selling price of electricity is VND 1,312 / kWh.



Evaluation of corporate governance

- Corporate governance has always been focused and strengthened in all aspects of the company's businesses in order to improve quality, work efficiency and reasonable operation cost-saving. The Company has always fully and strictly complied with the State's regulations on electricity production and business. The technical management, repair, maintenance, resolving device incidents, Labour safety and sanitation, fire prevention and fighting are always well-performed to guarantee that the two plants operate stably, safely and effectively, none of labour accident or subjective operation accident occurred



ASSESSMENT BY THE BOARD OF DIRECTORS OF THE MANAGEMENT BOARD.

In 2018, the Board of Directors strictly complied with the provisions of the Charter of Song Ba Joint Stock Company in supervising activities for the Management Board, specifically as follows:

- The Board of Management closely followed the resolutions of the General Meeting of Shareholders, resolutions / decisions of the Board of Directors, complied with the Charter of the Company to implement the assigned responsibilities and tasks.
- When there are arising problems beyond the authority, the General Director has sent comments to the Board of Directors for timely resolution.
- In general, through monitoring and supervision, the Board of Directors acknowledged that the Board of Management has made great efforts in business administration to guarantee that all company's business are implemented effectively, economically and complied with laws, and ensuring the interests of shareholders as well as all employees of the company, fulfilling all tax obligations to the State. With the results of 2018, the Board of Directors assessed that the Management Board successfully completed the tasks in 2018.



PLAN AND ORIENTATION OF THE BOARD OF DIRECTORS

The Board of Directors continues to strengthen the leadership, direction and is accompanied by the Executive Board run company's production and business activities flexibly, effectively and appropriately, striving to achieve the plan and targets as follows:

Operation of Krong H'Nang and Khe Dien Hydropower plants: Ensuring safe operation and efficient exploitation of water sources; Total commercial electricity output reached over 190 million kWh, total electricity sales reached over VND 214.76 billion.

- Regarding the implementation of the project of Khe Dien Hydropower Plant Expansion (from 9MW to 15MW): Organizing to implement project that does not affect the operation of electricity generation of the two existing units. Operating power generation of H3 unit in quarter 1/2020, main items are as follows:

- Replacing and installing new pressure pipes: October 2019;
- Construction of Plant: Qualified for installing units in January 2020;
- Construction of connection works: February 2020.
- Completion of plant equipment installation and operation of commercial power generation: March 2020.

Krong H'Nang 2 and Song Tranh 1 hydropower project: Continue to solve investment procedures to maintain investment projects. At the appropriate time of investment, the Board of Directors will submit to the General Meeting of Shareholders for approval to implement the project.

Consultancy service: Continue to implement the signed design consultant contract and inter-lake flood discharge operation consultant contract; actively seek new contracts related to supply and installation of monitoring equipment according to regulations of Circular No. 47/2017/TT-BTNMT on November 7, 2017. Strive for revenue in 2019 to reach 7.5 billion, enhance the company's reputation and brand.

Renovating and upgrading the quality management system ISO 9001-2018 in the direction of streamlining and tight; upgrade E-Office internal management system to increase productivity and work efficiency.

Developing salary regulation 3P (according to position, role and efficiency): Assessing reasonably the capacity and work efficiency and paying worth salary for employees; Reasonable cost saving, taking advantage of every opportunity to increase revenue and strive to achieve basic earnings per share from 1,215 VND / share or more.

SOLUTION TO THE PLANT IMPLEMENTATION.

Regarding the implementation of investment projects:

- Investment procedures: Adjusting and minimizing the impact on the forest land area according to the Government's guidelines and cooperating with functional agencies for approval of Master Plan adjustment and supplement. Doing research and forecasting changes in legal regulations to resolve investment procedures proactively and effectively.
- Design: Minimizing the redundant, unreasonable design volume; there are no unreasonable points in the deployment process.
- Construction: The most reasonable construction method; the most rational materials; choose suitable construction units in accordance with the work requirements and most appropriate cost. The Company will self-organize the construction of some construction works that suits for Company's resources.
- Construction management and supervision: must be implemented carefully, flexibly, and firmly that ensuring good control of quality, schedule and cost.
- Procurement of equipment: to implement procurement of main equipment of good quality with reasonable costs; the equipment must be available on the Vietnamese market and will be competitive bided at the most reasonable cost.
- Finance: Re-negotiate contracts with banks to have the most reasonable lending interest rate, debt repayment terms in line with the Company's cash flow, disbursement time meets the construction schedule.

About the operation:

- Focus on research and hydrological situation forecasting to be proactive and flexible in preparing operation plan..
- A flexible mechanism for the operation of Krong H'ngang Hydropower Plant under the Electricity Market must be set up in order to have a reasonable selling price that bringing good revenue efficiency.
- Strengthening technical management, inspection, maintenance, repair of construction works and equipment; complying with legal regulations; prevention of incidents, labour accidents, fire and explosion.

About Shareholders:

- Taking benefits Shareholders place first in all aspects of orientation, administration and execution of work.
- Pay attention, listen and respond promptly and responsibly to shareholders' opinions.
- Publicity, transparency, and timely information related to shareholders on the Company Website

About service work:

- Doing customer and market needs research carefully to orient the product's features, differences and reasonable prices.
- Customer Products must be controlled strictly about quality and performance standards. Paying attention to after-sales support services and reputation of the Company.
- Focusing on brand promotion: In addition to the Board of Directors, each employee is responsible for promoting and finding customers. Focusing on editing and writing articles on the Company website, combining reports and articles in newspapers and stations.



In term of People

- Board of Directors: Consolidating and strengthening the role of long-term development orientation; steering and running flexibly, intensively and effectively company's business activities; giving encouragement and strong motivation for the Executive Board and employees.
- Executive Board (within the scope of appointment decision of the Board of Directors): Selecting and appointing those who are qualified for ethics, competence, prestige and desire for sustainable development of the Company.
- Employees: Focusing on the quality of input recruitment; arranging rational and in-depth staffing; prioritizing the recruitment of local human resources for hydropower plants.

About management system:

- Continuously improving quality management system ISO 9001-2018 to guarantee convenient system in implementation, strict and safe system in management.
- Applying Electronic office that using digital signatures, limiting information exchange with hard copies. Starting the application in 2020.
- Strictly enforce those who intentionally violated regulations, promoting discipline; at the same time, praising and rewarding worthy and timely for those who gain good achievements and results.
- Applying salary mechanism which is assessed by position, role and work efficiency. Starting to apply in 2019.
- Employees understand the core values of SBA Culture and clearly express the SBA Culture in all aspects of work.

About training and development:

- Implementing the policies of employee's self-training The Company supports a part of funding, facilitating time for those who applying many training results into their work.
- The Company will organize necessary professional training programs to meet legal requirements and improve skills and productivity.
- Training and coaching employees towards multitasking, changing positions to have alternative backup resources when necessary.
- Orientation and provide resources for employees to promote research and implement initiatives; offering commendable reward. Performing copyright registration and enforce copyright policy for created products (including those who leave off work or retire).



SUSTAINABLE DEVELOPMENT

Orientation for sustainable development

SBA understands that besides economic growth, businesses must also show their responsibility to society, which is responsible for the environment, the community and the following generations. Therefore, at any stage of the production process from production to distribution, SBA always pays attention to waste treatment, environmental cleanup around production plants and zones. operate. At the same time, ensuring working conditions for employees, implementing civilized and healthy company culture, etc. Operating for the purpose of increasing and balancing the interests of stakeholders: shareholders and investors , customers, state management agencies, employees and social community.

DIRECT ENERGY
CONSUMPTION
SITUATION

RESPONSIBILITY
FOR EMPLOYEES

ENVIRONMENTAL
RESPONSIBILITY

RESPONSIBILITY
TO THE SOCIAL
COMMUNITY





Specific goal

Economic benefits

- Revenue and profit growth in a continuous and sustainable way
- Contribute to creating a sustainable economy through the company's core business
- Accompanying and promoting practical social activities to contribute to the society to improve the skills and qualifications of the young labor force.
- Sharing the spirit and material achievements with the community and society through volunteer programs.
- Developing human resources with policies to ensure working environment and employee benefits, professional qualifications in foreign language and computer skills.

Environmental protection

- Limit the maximum activities that negatively affect the surrounding environment
- Economical and efficient use of energy sources in production and business activities such as electricity and water.
- Raising awareness of environmental protection for all employees, consulting and directing customers to use environmentally friendly and energy-saving products..





USE CAPITAL EFFECTIVELY

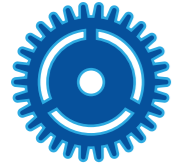
In the past years, the company has always fulfilled the obligations of an enterprise for the contribution of the State budget, paying taxes fully and on time, ensuring jobs, stable incomes for workers. moving, upholding and increasing shareholders' benefits to thereby contribute to the process of promoting Vietnam's economy in general and localities where SBA's plants are operating..

ENERGY CONSUMPTION

SBA uses water source as well as an input source to produce electricity. Currently, SBA has put into operation two hydropower plants, Khe Dien and Krong H'ngang, which are in the process of completing the procedures for deployment. Krong H'ngang 2 and Song Tranh projects 1. The construction of hydropower projects can change the flow conditions, causing a partial impact on the natural environment as well as the socio-economic environment in the area. project area.

In order to operate machines and equipment at plants as well as for management at offices, the company uses energy mainly from electricity, besides, during the operation, SBA also use some other essential energy such as gasoline, oil for transportation; gas and gas.

As a company specialized in energy production and supply, SBA recognizes that the implementation of energy saving, not only in the production process to ensure benefits for the company but also contribute part of protecting and rebuilding the natural environment.



The situation of water consumption in the year

Sn.	Water sources	Unit	Total amount of water collected / achieved in 2018
1	Krong H'ngang Lake	m3	684,552,384
2	Khe Dien Lake	m3	68,838,281

Situation of water use in the year at plants

Sn.	Water sources	Unit	Total amount of water collected / achieved in 2018
1	Used for power generation	m3	684,552,384
	<i>Krong H'ngang Plant</i>	m3	602,338,464
	<i>Khe Dien Plant</i>	m3	86,320,441
2	Used for living	m3	516

The situation of energy use

The total energy used which is classified by source	Unit	Year of 2018
Total energy consumption (kWh)	kWh	
Electricity used in office management (kWh)	kWh	46.465
Electricity used in production (kWh)	kWh	542.091

DEVELOPING HUMAN RESOURCES, ENSURING SAFETY FOR EMPLOYEES

SBA always focuses on ensuring safety for employees, all employees of SBA understand that human resources are always one of the core values and destiny of the company.

Organizes for employees to learn from incidents to have lessons from experience in operation. Organizing dissemination, experiences from labor accidents from EVN, organizing regular training sessions. Specific tasks are as follows:

The organization of training and drilling of fire prevention and fighting skills for employees is carried out annually by the fire prevention and fighting police and Phu Yen province's rescue and emergency division and examining and issuing professional certificates for employees every 2 years in accordance with the provisions of the Decree 83/2017/ND-CP of the Government. During the training session on July 26, 2018, SBA staff were trained to use fire fighting skills; At the same time, we focus on careful training for plant guards because this is a regular force 24/7 at plant.

In addition to the task of ensuring safety for employees, SBA has always shown an interest in focusing on the spiritual life of all employees by building and promoting living programs to bring people together. On March 24, 2018 at Khe Dien Hydropower Plant, Nong Son District Youth Union cooperated with the plant to organize "Camp for practice skills of Union Association work in 2018" with the participation of more than 70 Youth Union members from Nong Son district and Khe Dien hydropower plant.

SBA always considers sharing the its responsibilities and caring with the community and society as the spirit and responsibility of the business. For many years, SBA has always accompanied and organized volunteer activities to support the community, especially for the education and development of the younger generation.



SOCIAL RESPONSIBILITY

SBA always considers sharing the its responsibilities and caring with the community and society as the spirit and responsibility of the business. For many years, SBA has always accompanied and organized volunteer activities to support the community, especially for the education and development of the younger generation.

In education, in 2018, SBA had many activities to support learning for students in Dak Lak and Phu Yen provinces. Last June, SBA provided gifts to poor students who overcame difficulties to study well in the 2017-2018 school year at Pham Hong Thai Primary School in Buon Pa, Cu Prao commune, M'Drak district, Dak Lak province. and Tan Lap Primary School in Ealy commune, Song Hinh district, Phu Yen province with a value of 500,000 VND / student.

In social work, responding to the campaign plan of Youth Union Central Power Corporation (EVNCPC), practically celebrating 71 years of War Invalids and Martyrs' Day, within 3 days from 26 to 28 July 2018 , all the Youth Union members joined the voluntary summer campaign of 2018 with the theme "Connecting love". In addition to practical actions such as vegetable gardening, planting greenery or playing field for children, also on this occasion, SBA Youth Union contributed gift worth VND 500,000 /household who severely affected by Agent Orange and 03 milk cartons worth VND 1,000,000 for kindergarten children affected by Agent Orange, children in difficult circumstances in Dong Son commune, A Luoi district.

On 12/25/2018 at the head office of Central Power Corporation (EVNCPC) No. 78A Duy Tan - Hai Chau District - Da Nang City, Managers and Employees and Youth Union members of Song Ba Joint Stock Company (SBA) and employees of affiliated units of EVNCPC in Da Nang city participated in the humanitarian blood donation program according to the plan of the EVNCPC youth union to organize the "EVN Pink Week" for the fourth time - 2018. This is also one of the activities to celebrate the 64th anniversary of the traditional day of Vietnam's Electricity (21/12/1954-21/12/2018) with the message "Hearts to hearts"



COMPLIANCE WITH THE LAW ON ENVIRONMENTAL PROTECTION

In 2018, Song Ba Joint Stock Company has not had any violations of environmental protection laws.

Every year, the company participates in protecting watershed forests, regenerating the environment in the hydropower plant areas of the company, paying natural resource tax and forest protection service fee in accordance with the law.

OUTSTANDING CONTRIBUTIONS

Song Ba Joint Stock Company (SBA) have many related initiatives on flood, most notably the equipment for measuring the water level to reach the accuracy of 0.1mm, used by some hydropower reservoirs and irrigation, very useful in active flood prevention and discharge, gaining great economic efficiency.

. Recently, in 2018, SBA has reached a new milestone in the invention, which is a 0.1mm lake water level measuring device, conquering Lai Chau Hydropower reservoir, which helps the lake to control the amount of water coming from the China basin, could be best forecasted and active when the flood came or the China side flooded, ensuring safety for the operation of the plant operation and stabilizing the life for the people in the downstream area.

SBA has created a small device that brings great social value. The 0.1mm and 1mm water level measuring devices of SBA have been granted a Certificate of Satisfaction from the National Measurement Center.

With the agreement of Phu Yen province and Quang Nam province, SBA is currently studying the subject of regulating the inter-lake flood control based on monitoring devices, river water measuring devices and calculation support software to help the regulation becoming easier, early warning for downstream people and for local authorities when floods are occurring, fully respond to all flood levels, downstream flood will reach the lowest level.



PART 7

COMPANY GOVERNANCE



Number of meetings of the Board of Directors

.Sn	Member of BOD	Position	Attendance time	Rate	Reason for not attending
01	Mr. Nguyen Thanh	Chairman of the Board	01/01	100%	Dismissal of the Chairman of the Board of Directors on March 30, 2018
02	Mr. Dinh Chau Hieu Thien	Chairman of the Board (working under (full-time regime	05/05	100%	Elected as the Chairman of the Board of Directors on March 30, 2018
03	Mr. Thai Van Thang	Vice Chairman of the Board	06/06	100%	
04	Mr. Pham Phong	Member of the Board of Directors	06/06	100%	
05	Mr. Nguyen Luong Minh	Member of the Board of Directors	01/01	100%	Dismissal of the Board Member on March 30, 2018
06	Mr. Truong Nam Thanh	Member of the Board of Directors	05/05	100%	Absence with authorization
07	Mr. Pham Si Huan	Member of the Board of Directors	05/05	100%	Elected as a BOD member on March 30, 2018

Resolutions / Decisions of the Board of Directors in 2018

.Sn	Resolutions / Decisions .No	Date	Contents
1	Resolution 01/18 / NQ-HĐQT	26/01/2018	Organized the 2018 Annual General Meeting of Shareholders
2	Resolution 02/18 / NQ-HĐQT	2018/03/07	Agreement on the results of production and business in QIV and the whole year 2017; business plan for 2018, first quarter of 2018 and important contents related to the 2018 Annual General Meeting
3	Resolution 03/18 / NQ-HĐQT	04/04/2018	Payment of the second dividend in 2017 of Song Ba Joint Stock Company
4	Resolution 04/18 / NQ-HĐQT	04/04/2018	Bonus for the Board of Management in 2017
5	Resolution 05/18 / NQ-HĐQT	23/05/2018	Approving the results of the company performed in the QI, the work plan for QII/2018 and other important contents
6	Resolution 06/18 / NQ-HĐQT	30/07/2018	Agreement on the results of the company's performance in the QII, the first 6 months and the QII 2018 plan
7	Resolution 07/18 / NQ-HĐQT	22/08/2018	Capital used to reward treasury stocks for manager and employees
8	Resolution 08/18 / NQ-HĐQT	21/09/2018	Agreement on the mortgage and contract for re-mortgage the land use rights and assets attached to the land at 573 Nui Thanh, Hoa Cuong Nam Ward, Hai Chau District, Da Nang City due to changing land use right certificate
9	Resolution 09/18 / NQ-HĐQT	21/12/2018	Agreement on the results of the company's work done in the QIII, the first 9 months of the year; work plan for QIV / 2018 and other important contents related
10	Decision /01/18 / QD-S3-HĐQT	04/04/2018	Remuneration for the company's secretary in 2018
11	Decision /02/18 / QD-S3-HĐQT	26/04/2018	Select the unit to perform auditing of the 2018 Financial Statements
12	Decision /03/18 / QD-S3-HĐQT	09/05/2018	Salary by job title and salary coefficient of Chairman of Song Ba Joint Stock Company
13	Decision /04/18 / QD-S3-HĐQT	09/05/2018	Retirement policy

14	Decision /05/18 / QD-S3-HĐQT	23/05/2018	Issue the operation regulations of the Board of Directors of Song Ba Joint Stock Company
15	Decision /06/18 / QD-S3-HĐQT	23/05/2018	Continue to appoint General Director of Song Ba Joint Stock Company
16	Decision /07/18 / QD-S3-HĐQT	15/06/2018	Bonus treasury stocks for the company's employees in 2018
17	Decision /08/18 / QD-S3-HĐQT	25/06/2018	Allow manager employees to travel abroad
18	Decision /09/18 / QD-S3-HĐQT	08/08/2018	Reappointment of the title of Director of Song Ba Joint Stock Company – Consulting and testing center for dam safety
19	Decision /10/18 / QD-S3-HĐQT	16/08/2018	Approving the adjustment of the investment plan for construction of the bypass road of Nong Son coal mine - Khe Dien hydropower plant
20	Decision /11/18 / QD-S3-HĐQT	17/08/2018	Set up a team of experts to appraise construction investment projects of Khe Dien Hydropower Plant expansion project
21	Decision /12/18 / QD-S3-HĐQT	20/08/2018	Approving the investment project for construction of the project: Expansion of Khe Dien Hydropower Plant
22	Decision /14/18 / QD-S3-HĐQT	23/08/2018	Approving the Plan of selecting contractors for the project: Expansion of Khe Dien hydropower plant
23	Decision /15/18 / QD-S3-HĐQT	30/08/2018	Establishment of a specialist team to bid for the project: Expansion of Khe Dien Hydropower Plant
24	Decision /16/18 / QD-S3-HĐQT	30/08/2018	Establishing team of appraising results of contractor selection for Expansion of Khe Dien Hydropower Plant
25	Decision /18/18 / QD-S3-HĐQT	01/10/2018	Extend the time of holding the position of Branch Manager of Song Ba Joint Stock Company - Krong H'ngang Hydropower Plant
26	Decision /19/18 / QD-S3-HĐQT	01/10/2018	Appointed the position of Deputy General Technical Director of Song Ba Joint Stock Company
27	Decision /20/18 / QD-S3-HĐQT	17/08/2018	Approving the list of contractors invited to participate in limited international bidding Package B1.1: Providing synchronous equipment for the project: Expansion of Khe Dien Hydropower Plant
28	Decision /21/18 / QD-S3-HĐQT	07/12/2018	Approving bidding documents for package B1.1: Supplying complete equipment for the project: Expansion of Khe Dien Hydropower Plant

Supervision activities of the Board to the Executive Board

In 2018, the Board of Directors of Song Ba Joint Stock Company conducted monitoring activities for the Executive Board as follows:

- Complete, submit and publish information on time of the audited 2017 Financial Statements, Quarterly Financial Statements of 2018 and 2017 Annual Report;
- Reviewing the operation situation in 2017 and implementing the plan for 2018;
- Directing the preparation of documents and profiles to organize the Annual General Meeting of Shareholders in 2018 in accordance with the provisions of the current law;
- Directing the implementation of Resolutions and Decisions of the Board in the Company's business and production activities;
- Directing implementation of dividend payment for 2017;
- The BOD cooperates with the Supervisory Board to organize activities, inspect and supervise with business activities

Supervisory Board

Activities of the Supervisory Board

.Sn	Members	Positions	Number of meetings	Rate	Reason for not attending the meeting
1	Ms. Phan Thi Anh Dao	Head of Supervisory Board	04/04	100%	
2	Ms. Nguyen Thi Tran Thao	Member of the Supervisory Board	04/04	100%	
3	Mr. Tran Quang Can	Member of the Supervisory Board	04/04	100%	



Activities of the Supervisory Board

In 2018, with the support and coordination from the Board of Directors (BOM), the Board of Management and the Supervisory Board have fully implemented the function of supervising the compliance with the provisions of law, the Company's Charter, Resolution of the General Meeting of Shareholders in the management and administration of production and business, specifically as follows:

- Supervises activities and comply with the provisions of the Law and the Charter of the Company for the Board of Directors and the Board of Management in managing and operating the Company;
- Supervises the implementation of the contents of the Resolution of the Annual General Meeting of Shareholders through March 30, 2018;
- Appraising the Company's quarterly, 6-month and annual financial statements, supervising the compliance with accounting standards and the current financial accounting regime in accounting, preservation and development of sources equity in an honest and objective way;
- Control compliance with regulations on information disclosure of the company in accordance with the law;
- In 2018, the Supervisory Board was invited to attend all the regular meetings and some extraordinary meetings of the Board to grasp the guidelines of the Board. The Head of the Supervisory Board participates in monthly meetings and other important meetings of the company to follow the situation of the Company, maintain close coordination between the Supervisory Board and the Board of Directors and the Board of Management of the Company and other subordinate units.
- On the basis of checking the operation of the whole Company, the Supervisory Board has proposed to the Board of Directors and the Board of Directors to make adjustments and supplements to ensure management is tight, avoiding risks during operation.

The coordination of activities between the Supervisory Board and the activities of the Board of Directors, General Director and other managers

The coordination of activities between the Supervisory Board and the Board of Directors, General Director and other managers always comply with the Regulation of the Company.

In 2018, the Supervisory Board was fully attended and contributed ideas at the meetings of the Board of Directors on such activities as: Summary of production and business activities in 2018, 2019 plan, preparing the content of the annual General Meeting of Shareholders, seeking investment opportunities for new renewable energy projects. Resolutions, minutes of meetings of the Board of Directors, reports of the General Director to the Board of Directors are sent to the Supervisory Board.

Salary, bonus, remuneration and benefits

Sn.	Full name	Position	Remuneration	Salary (VND/year)	Bonus (VND/year)	Total
1	BOD					
	Nguyen Thanh	Former Chairman	30,000,000		191,500,000	221,500,000.00
	Dinh Chau Hieu Thien	Chairman		388,800,000	79,020,000	467,820,000.00
	Thai Van Thang	Member	102,000,000		153,000,000	255,000,000.00
	Pham Phong	Member	102,000,000		172,000,000	274,000,000.00
	Pham Si Huan	Member	76,500,000			76,500,000.00
	Truong Thanh Nam	Member	102,000,000		96,000,000	198,000,000.00
	Nguyen Luong Minh	Member	25,500,000		115,000,000	140,500,000.00
2	Supervisory Board					
	Phan Thi Anh Dao	Head		273,600,000	88,850,000	362,450,000.00
	Nguyen Thi Tran Thao	Member	54,000,000		38,000,000	92,000,000.00
	Tran Quang Can	Member	54,000,000		38,000,000	92,000,000.00
3	Executive Board					
	Pham Phong	CEO		578,016,000	455,993,242	1,034,009,242.00
	Nguyen The Duy	Vice Director		261,360,000	402,964,977	664,324,977.00
	Phan Dinh Thanh	Vice Technical Director		235,884,000	312,545,505	548,429,505.00
	Pham Thai Hung	Chief accountant		281,317,520	412,489,457	693,806,977.00



Transactions of people related to the company with the company itself:

- Transactions between companies and related persons of the company; or between a company with a major shareholder, an internal person, a related person of an internal person: None
- Transactions between insiders and related persons of internal persons with subsidiaries and companies listed by the companies that hold control: None
- Transactions between the company and the company that members of the Board of Directors, members of the Supervisory Board, General Director who are being founding members or members of the Board of Directors, General Director in time (03) Last year (from the time of making the report): Yes
- (On July 30, 2018, the Board of Directors of Song Ba Joint Stock Company issued the document No. 15/18 / CV / HĐQT: Signing the consulting contract to prepare the report of economic and technical on the dam elevation of Lake A - Dak Pome hydropower plant, contract value of VND 482,888,198 with Power Investment Corporation 3)
- Transactions between the company and the company whose related members of the Board members, members of the Supervisory Board, General Director are members of the Board of Directors, CEO: None

Transaction of shares of insiders and related persons of internal persons

- Transactions of insiders and related persons for shares of listed companies: None

The implementation of corporate governance regulations

- Listed on stock market since 2010, the company always maintains the update of regulations issued by the State Securities Commission of Vietnam and strictly applies to the internal management of the company.



PART 8

FINANCIAL REPORT



AAC AUDITING AND ACCOUNTING CO., LTD
 AN INDEPENDENT MEMBER OF PRIMEGLOBAL
 AUDITING ACCOUNTING AND FINANCE SPECIALITY
 Head Office: Lot 78 - 80, April 30th Street, Hai Chau District, Da Nang City
 Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: http://www.aac.com.vn

No. 392/2019/BCKT-AAC

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, Board of Directors and Management
 Song Ba Joint Stock Company**

We have audited the accompanying financial statements of Song Ba Joint Stock Company ("the Company") as prepared on 18/03/2019 and set out on pages 5 to 33, which comprise the balance sheet as at 31/12/2018, the income statement, statement of cash flows, and notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System, and other regulations relevant to the preparation and presentation of financial statements, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31/12/2018, and its financial performance 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 financial statements.

AAC Auditing and Accounting Co., Ltd.
 T.N.H.H
 KIỂM TOÁN VÀ KẾ TOÁN
 AAC
Lam Quang Tu - Deputy General Director
 Audit Practicing Registration Certificate
 No. 1031-2018-010-1

Thai Thi Anh Nhung - Auditor
 Audit Practicing Registration Certificate
 No. 3313-2015-010-1

Da Nang City, 22 March 2019

BALANCE SHEET
 As at 31/12/2018

Form B 01 - DN
 Issued under Circular No. 200/2014/TT - BTC
 dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2018 VND	01/01/2018 VND
A. CURRENT ASSETS	100		97,549,092,649	131,703,616,479
I. Cash and cash equivalents	110	5	11,270,557,614	52,623,448,960
1. Cash	111		11,270,557,614	7,623,448,960
2. Cash equivalents	112		-	45,000,000,000
II. Short-term financial investments	120		-	-
III. Short-term receivables	130		82,576,094,882	74,424,631,849
1. Short-term trade receivables	131	6	58,324,303,234	58,568,800,663
2. Short-term prepayments to suppliers	132	7	9,426,111,332	359,966,109
3. Other short-term receivables	136	8.a	14,825,680,316	15,495,865,077
IV. Inventories	140	9	2,360,137,559	1,748,203,898
1. Inventories	141		2,360,137,559	1,748,203,898
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		1,342,302,594	2,907,331,772
1. Short-term prepaid expenses	151	10.a	581,732,127	2,362,804,797
2. Deductible VAT	152		596,648,576	506,628,588
3. Taxes and amounts recoverable from the State	153	16	163,921,891	37,898,387
B. LONG-TERM ASSETS	200		1,222,747,821,806	1,253,946,118,953
I. Long-term receivables	210		3,368,516,093	2,004,000,000
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	8.b	3,368,516,093	2,004,000,000
II. Fixed assets	220		1,194,759,417,406	1,235,197,127,032
1. Tangible fixed assets	221	11	1,189,584,155,606	1,230,021,865,232
- Cost	222		1,600,956,217,650	1,600,806,526,741
- Accumulated depreciation	223		(411,372,062,044)	(370,784,661,509)
2. Intangible fixed assets	227	12	5,175,261,800	5,175,261,800
- Cost	228		5,478,061,800	5,478,061,800
- Accumulated amortization	229		(302,800,000)	(302,800,000)
III. Investment properties	230		-	-
IV. Long-term assets in progress	240		10,880,583,889	8,721,214,787
1. Long-term work in process	241		-	-
2. Construction in progress	242	13	10,880,583,889	8,721,214,787
V. Long-term financial investments	250		-	-
VI. Other long-term assets	260		13,739,304,418	8,023,777,134
1. Long-term prepaid expenses	261	10.b	13,739,304,418	8,023,777,134
2. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,320,296,914,455	1,385,649,735,432

BALANCE SHEET (cont'd)

As at 31/12/2018

RESOURCES	Code	Note	31/12/2018 VND	01/01/2018 VND
C. LIABILITIES	300		559,395,242,777	671,746,695,264
I. Current liabilities	310		125,907,242,777	157,012,695,264
1. Short-term trade payables	311	14	691,909,809	2,035,065,973
2. Short-term advances from customers	312	15	475,046,500	518,903,666
3. Taxes and amounts payable to the State	313	16	13,955,676,830	17,390,931,385
4. Payables to employees	314		4,639,269,126	3,331,843,210
5. Short-term accrued expenses	315	17	12,780,175,742	9,647,091,080
6. Other short-term payables	319	18	7,890,508,419	54,822,824,651
7. Short-term loans and finance lease liabilities	320	19.a	81,246,000,000	67,870,000,000
8. Reward and welfare fund	322		4,228,656,351	1,396,035,299
II. Long-term liabilities	330		433,488,000,000	514,734,000,000
1. Long-term trade payables	331		-	-
2. Long-term loans and finance lease liabilities	338	19.b	433,488,000,000	514,734,000,000
D. EQUITY	400		760,901,671,678	713,903,040,168
I. Owners' equity	410		760,901,671,678	713,903,040,168
1. Share capital	411	20	604,882,610,000	604,882,610,000
- Common shares with voting rights	411a		604,882,610,000	604,882,610,000
- Preferred shares	411b		-	-
2. Share premium	412	20	(95,000,000)	(95,000,000)
3. Other owners' equity	414	20	-	7,260,810,603
4. Treasury shares	415	20	(663,277,833)	(1,589,850,333)
5. Development investment fund	418	20	39,282,271,715	15,130,424,088
6. Undistributed profit after tax	421	20	117,495,067,796	88,314,045,810
- Undistributed profit after tax up to prior year-end	421a	20	21,152,791,708	635,264,318
- Undistributed profit after tax of current year	421b	20	96,342,276,088	87,678,781,492
II. Other resources and funds	430		-	-
TOTAL RESOURCES	440		1,320,296,914,455	1,385,649,735,432



Pham Phong
General Director

Da Nang City, 18 March 2019

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

INCOME STATEMENT

For the year ended 31/12/2018

Form B 02 - DN

Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2018 VND	Year 2017 VND
1. Revenue from sales and service provision	01	21	254,006,800,774	333,016,036,443
2. Revenue deductions	02		-	-
3. Net revenue from sales and service provision	10		254,006,800,774	333,016,036,443
4. Cost of goods sold	11	22	82,110,521,852	111,750,120,873
5. Gross profit from sales and service provision	20		171,896,278,922	221,265,915,570
6. Financial income	21	23	388,002,583	274,292,146
7. Financial expenses	22	24	52,644,101,000	58,632,807,677
Including: Interest expense	23		52,644,101,000	57,950,013,948
8. Selling expenses	25		-	-
9. Administration expenses	26	25	16,707,640,461	17,597,017,392
10. Operating profit	30		102,932,540,044	145,310,382,647
11. Other income	31	26	478,007,244	232,258,928
12. Other expenses	32	27	309,430,759	471,183,847
13. Other profit	40		168,576,485	(238,924,919)
14. Accounting profit before tax	50		103,101,116,529	145,071,457,728
15. Current corporate income tax expense	51	28	6,758,840,441	9,162,059,436
16. Deferred corporate income tax expense	52		-	-
17. Profit after tax	60		96,342,276,088	135,909,398,292
18. Basic earnings per share	70	29	1,595	2,120
19. Diluted earnings per share	71	29	1,595	2,120



Pham Phong
General Director

Da Nang City, 18 March 2019

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

STATEMENT OF CASH FLOWS
For the year ended 31/12/2018

Form B 03 - DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2018 VND	Year 2017 VND
I. Cash flows from operating activities				
1. Cash receipts from sales, service provision and other income	01		253,007,765,980	332,390,760,450
2. Cash paid to suppliers	02		(44,403,068,056)	(29,733,526,301)
3. Cash paid to employees	03		(16,866,304,335)	(22,748,691,024)
4. Cash paid for borrowing interest	04	17, 24	(52,796,390,574)	(58,155,363,221)
5. Cash paid for corporate income tax	05	16	(7,528,263,317)	(11,853,193,224)
6. Other cash receipts from operating activities	06		53,752,795,078	64,226,397,478
7. Other payments for operating activities	07		(66,209,442,809)	(83,156,001,276)
Net cash provided by operating activities	20		118,957,091,967	190,970,382,882
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(3,934,498,844)	(5,250,330,712)
2. Dividends, profit, interest received	27	23	469,724,799	192,569,930
Net cash used in investing activities	30		(3,464,774,045)	(5,057,760,782)
III. Cash flows from financing activities				
1. Repayments of contributed capital, recall of issued stocks	32		-	(930,000)
2. Proceeds from borrowings	33	19	-	3,439,776,200
3. Repayments of borrowings	34	19	(67,870,000,000)	(72,459,776,200)
4. Dividends, profit paid to owners	36	18,20	(88,975,209,268)	(79,088,026,283)
Net cash used in financing activities	40		(156,845,209,268)	(148,108,956,283)
Net cash flows for the period	50		(41,352,891,346)	37,803,665,817
Cash and cash equivalents at the beginning of the period	60	5	52,623,448,960	14,819,783,143
Impact of exchange rate fluctuations	61		-	-
Cash and cash equivalents at the end of the period	70	5	11,270,557,614	52,623,448,960



Pham Phong
General Director

Da Nang City, 18 March 2019

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

NOTES TO THE FINANCIAL STATEMENTS

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Form B 09 - DN
Issued under Circular 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

1. Nature of operations

1.1. Overview

Song Ba Joint Stock Company ("the Company") was incorporated on the basis of converting from Song Ba Electricity Investment and Development Co., Ltd to joint stock company (Song Ba Electricity Investment and Development Co., Ltd was established under the Joint Venture Contract between Power Company No.3 (now being Central Power Corporation) and Vietnam Electricity Construction Joint Stock Corporation). The Company was granted Business Registration Certificate (now being Enterprise Registration Certificate) No. 0400439955 dated 04/07/2007 by Da Nang City Planning and Investment Department (since the establishment date, the Enterprise Registration Certificate has been amended 10 times and the nearest amendment was made on 16/02/2017). The Company is an independent accounting entity, operating in observance of the Enterprise Law, its Charter and other relevant regulations.

1.2. Principal scope of business: Generating and trading electricity.

1.3. Operating activities

- Generating, transmitting and distributing electricity. Detail: Generating and trading electricity;
- Architectural activities and related technical consultancy. Detail: Consultancy on preparing investment project of construction works, surveying, designing to construct hydropower, hydraulic projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Consultancy on monitoring construction, managing small and medium-scaled hydropower projects, electricity transmission lines and transformer stations up to 110KV; Monitoring the construction of hydropower, hydraulic projects; Consultancy on verifying, testing quality of dam and hydropower plants; Design of engineering infrastructure works (traffic, supply of water for daily life in rural areas); Consultancy on investigation, collection, calculation, forecast of meteorology, hydrology of construction phases; Consultancy on preparing investment projects of construction, civil, engineering infrastructure works, aquariums, river bank and coast protection works; Consultancy on assessing quality of construction works; Geodetic survey of works;
- Construction of other civil engineering projects. Detail: Investing in construction of hydropower projects; construction of hydropower projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Repairing, maintaining hydropower plants; construction of small and medium-scaled projects;
- Wholesale of other construction materials, installation equipment;
- Exploiting stone, sand, gravel and clay. Detail: Exploitation of minerals;
- Other specialized construction activities. Detail: Dredging lake bed;
- Vocational education. Detail: Vocational training consultancy (management and operation of hydropower plants);
- Management consultancy activities. Detail: Consultancy on solutions to environment, agricultural resettlement, residential resettlement;
- Other construction installation activities. Detail: Installing equipment for construction works;
- Wholesale of other machinery, equipment, parts. Detail: Wholesale of mechanical and electrical equipment, materials;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)*

- Research and experimental development on natural sciences and engineering. Detail: Research and manufacture of mechanical and electrical parts of hydropower plant; transfer of technology for construction techniques, equipment;
- Real estate activities with own or leased property. Detail: Leasing land, workshop, and warehouse.

1.4. Normal course of business cycle

The Company's normal course of business cycle is 12 months.

1.5. Business structure

As at 31/12/2018, the Company has 3 dependent entities, namely:

- Branch of Song Ba Joint Stock Company - Khe Dien Hydropower Plant;
- Branch of Song Ba Joint Stock Company - Krong H'nang Hydropower Plant;
- Branch of Song Ba Joint Stock Company - Dam Safety Testing and Consulting Center.

2. Accounting period, currency used in accounting

The annual accounting period of the Company is from 1 January to 31 December.

Financial statements and accounting transactions are expressed in Vietnamese Dong (VND).

3. Applied accounting standards and accounting system

The Company adopted the Vietnamese Corporate Accounting System guided in Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

4. Summary of significant accounting policies**4.1 Cash and cash equivalents**

Cash includes cash on hand, demand bank deposits and cash in transit.

All short-term investments which are collectible or mature of 3 months or less as from purchasing date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value at reporting date shall be recognized as cash equivalents.

4.2 Receivables

Receivables include trade receivables and other receivables:

- Trade receivables are trade-related amounts arising from trading activities between the Company and its customers;
- Other receivables include non-trade amounts which are not related to trading activities, intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. Provision for doubtful debts represents the amounts of outstanding receivables at the balance sheet date, which have been overdue for 6 months or which have not been overdue but the debtor is in the state of insolvency, winding up, missing or running away... Provision is made as guided by Circular No. 228/2009/TT-BTC dated 7/12/2009 of the Ministry of Finance.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***4.3 Inventories**

Inventories are stated at the lower of cost and net realizable value.

Cost of inventories is calculated using the First-In, First-Out method and accounted for using the perpetual method with value determined as follows:

- Materials, tools, instruments: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition.
- Finished products: Cost comprises cost of direct materials and labour plus attributable overhead based on the normal level of activities.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made when the net realizable value of inventories is less than cost. The provision is made in accordance with Circular No. 228/2009/TT-BTC dated 7/12/2009 by the Ministry of Finance.

4.4 Tangible fixed assets**Cost**

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

Depreciation

Depreciation of tangible fixed assets is calculated on a straight-line basis over their estimated useful lives. The depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance. Details are as follows:

<u>Kinds of asset</u>	<u>Depreciation period (years)</u>
Buildings, architectures	15 – 50
Machinery, equipment	6 – 15
Motor vehicles	5 – 30
Office equipment	3 – 5

In which, the depreciation period of fixed assets of Krong H'nang Hydropower Plant applied by the Company is longer than the regulated one. This adjustment was approved by Da Nang City Finance Department in Decision No. 293/QD-STC dated 29/06/2011. Accordingly, specific depreciation period is as follows:

<u>Kinds of asset</u>	<u>Depreciation period (years)</u>
Buildings, architectures	50
Machinery, equipment	15

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

In order to ensure that the depreciation method is in line with the actual use and seasonal nature of hydropower production, the fixed assets used directly at Khe Dien Hydropower Plant and Krong H'ngang Hydropower Plant are depreciated in accordance with the method of depreciation based on volume. Details are as follows:

Depreciation rate in the period	=	Cost of fixed assets		x	Volume of electricity actually generated in the period
		Depreciation period of fixed assets registered with tax authority	Average design capacity of each year		

4.5 Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state.

Land use rights

Intangible fixed assets are land use rights including:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right).
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2013 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

Amortization

Intangible fixed assets being land use rights with indefinite term are not amortized. For land use rights with definite term, the amortization period is the period in which the Company is allowed to use the land.

Other intangible fixed assets are amortized in accordance with the straight-line method. Amortization rate is based on their cost and estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance.

The amortization period of intangible fixed assets of the Company is as follows:

<u>Kind of asset</u>	<u>Amortization period (years)</u>
Indefinite lived land use rights	not amortized
Computer software	fully amortized

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

4.6 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

- Cost of tools and instruments being put into use and repair expenses are amortized in accordance with the straight-line method for a period ranging from 12 to 36 months;
- Costs of afforestation are amortized in accordance with the straight-line method for 60 months;
- Cost of forest tending is amortized with the straight-line method for 12 months from the acceptance on forest tending.
- Insurance expenses of assets, cars are amortized in accordance with the straight-line method over the purchase term stated in the contracts;
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.7 Payables

Payables include trade payables and other payables:

- Trade payables are trade-related amounts, arising from trading activities between the company and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on the remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and currencies.

4.8 Loans and finance lease liabilities

Loans and finance lease liabilities are recorded at cost and classified into current and non-current liabilities based on the remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and currencies.

Borrowing costs

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalization of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

4.9 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

4.10 Owners' equity

Paid-in capital represents the amount of capital actually contributed by shareholders.

Treasury shares

Treasury shares are the amounts payable to repurchase the shares that the Company has issued and all costs directly related to this repurchase transaction.

Share premium

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; difference between the re-issue price and book value, costs directly related to the re-issuance of shares.

Profit distribution

Profit after corporate income tax is available for appropriation to funds and to shareholders as provided for in the Company's Charter or Decision of the Shareholders' General Meeting.

The dividend to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

4.11 Recognition of revenue and other income

- Revenue from sales of electricity is recognized based on the documents on confirming the power capacity sold to the national power grid and unit price stated in the following Economic Contracts:
 - ✓ For Khe Dien Hydropower Plant Branch: According to Economic Contract No. 05/2011/KHEDIEN/EVNCPC-SBA dated 31/05/2011 and Appendix No. 03 dated 12/10/2016 with Central Power Corporation (unit price is applied in accordance with the avoided cost tariff issued annually by the Electricity Regulatory Authority of Vietnam);
 - ✓ For Krong H'ngang: According to Economic Contract No. 06/2012/HD-NMD-KRH dated 10/06/2012 and Contract for Amendment and Supplementation No. 03 dated 24/08/2016 with Viet Nam Electricity (using competitive electricity price).
- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
 - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods.
 - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
 - ✓ Interests are recognized on the basis of the actual term and interest rates.
 - ✓ Dividends and profits shared are recognized when the Company has the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.
- Other income is the income derived out of the Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

4.12 Cost of goods sold

Cost of products, goods sold and services rendered shall be recognized in the correct accounting period in accordance with the matching principle and conservatism principle.

Costs of inventories and services rendered which are incurred in excess of the ordinary level are shall be charged out to cost of goods sold in the period, not to the production cost of goods and services.

4.13 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, interest on installment purchase, interest on finance lease, payment discounts for buyers, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities, loss from sale of foreign currency, foreign exchange loss and other expenses attributable to other investing activities.

4.14 Administration expenses

Administration expenses recognized are expenses actually incurred related to the overall administration of enterprises.

4.15 Current corporate income tax expense, deferred corporate income tax expense

Corporate income tax expenses in the period include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income in the period at the tax rates ruling at the balance sheet date. The difference between taxable income and accounting profit is due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose.

4.16 Financial instruments**Initial recognition****Financial assets**

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Company's financial assets include cash on hand, short-term deposits, trade receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Financial liabilities

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Company's financial liabilities include loans, trade payables, accrued expenses and other payables.

Subsequent measurement

Currently, there has been no requirement for subsequent measurement of financial instruments.

4.17 Tax rate and charges paid to the State which the Company applied

- Value Added Tax (VAT): tax rate of 10% is applicable to sales of electricity; other activities are subject to tax rates in accordance with the current regulations.
 - Corporate Income Tax (CIT):
 - ✓ For Khe Dien Hydropower Plant: Applicable tax rate is 20%.
 - ✓ For Krong H'Nang Hydropower Plant: tax rate of 10% is applicable for 15 years (from 2010 to 2024), exempted from corporate income tax for 4 years as from the time the taxable income is made and entitled to 50% reduction of corporate income tax for the next 9 years. Since 2010 was the first year Krong H'Nang Hydropower Plant has made taxable income, the Company is exempted from corporate income tax from 2010 to 2013 and entitled to 50% reduction of corporate income tax from 2014 to 2022.
- These incentives are indicated in the Investment Certificate No. 36121000085 dated 03/03/2014 by the People's Committee of Phu Yen Province.*
- ✓ Other activities are subject to CIT rate of 20%.
 - Other taxes and obligation are fulfilled in accordance with the prevailing regulations.

4.18 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

Unit: VND

5. Cash and cash equivalents

	31/12/2018	01/01/2018
Cash on hand	997,748,560	454,844,771
Demand bank deposits	10,272,809,054	7,168,604,189
Bank deposits within 3 months	-	45,000,000,000
Total	11,270,557,614	52,623,448,960

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

6. Short-term trade receivables

	31/12/2018	01/01/2018
Central Power Corporation	6,456,083,315	7,953,161,832
Electricity Power Trading Company	46,817,977,888	46,556,966,260
F.C.L Joint Stock Company	3,801,438,915	3,558,246,210
Other customers	1,248,803,116	500,426,361
Total	58,324,303,234	58,568,800,663

In which: trade receivables from related parties

	Relationship	31/12/2018	01/01/2018
Central Power Corporation	Investor	6,456,083,315	7,953,161,832
Electricity Power Trading Company	Fellow subsidiary of the investor	46,817,977,888	46,556,966,260
Total		53,274,061,203	54,510,128,092

7. Short-term prepayments to suppliers

	31/12/2018	01/01/2018
Dong Tay Consulting and Construction Investment JSC	6,037,361,598	-
Infrastructure and Electric Energy Investment Consultancy JSC	760,000,000	-
Tay Nong Son Construction - Trading - Service JSC	814,820,130	-
Hung Trang JSC	637,565,500	-
Other suppliers	1,176,364,104	359,966,109
Total	9,426,111,332	359,966,109

8. Other receivables**a. Short-term**

	31/12/2018		01/01/2018	
	Amount	Provision	Amount	Provision
Asset insurance receivable	410,097,037	-	-	-
Accrued interest	-	-	81,722,216	-
Advances	13,174,184,823	-	14,872,066,909	-
Other receivables	1,241,398,456	-	542,075,952	-
Total	14,825,680,316	-	15,495,865,077	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

b. Long-term

	31/12/2018		01/01/2018	
	Amount	Provision	Amount	Provision
Deposits, collaterals	3,368,516,093	-	2,004,000,000	-
Total	3,368,516,093	-	2,004,000,000	-

9. Inventories

	31/12/2018		01/01/2018	
	Cost	Provision	Cost	Provision
Materials	729,184,113	-	352,154,904	-
Tools, instruments	1,166,204,000	-	1,039,370,000	-
Work in process	464,749,446	-	356,678,994	-
Total	2,360,137,559	-	1,748,203,898	-

- There are no inventories which are unsold, in poor quality at 31/12/2018.
- There are no inventories which were pledged, mortgaged as security for debts as at 31/12/2018.

10. Prepaid expenses

a. Short-term

	31/12/2018	01/01/2018
Insurance expense	125,700,712	115,339,458
Costs of repairing assets	456,031,415	245,701,184
Costs of repairing, supplies, equipment and tending forest of plants	-	2,001,764,155
Total	581,732,127	2,362,804,797

b. Long-term

	31/12/2018	01/01/2018
Costs of tools, instruments pending amortization	584,794,358	697,923,754
Costs of treating discharge canal of Krong H'ngang Project	2,566,565,602	-
Costs of dredging canal for receiving water of Krong H'ngang Project	3,869,840,487	-
Overhaul costs of machine units	4,452,118,424	1,291,205,515
Costs of planting landmark in lake of Khe Dien Project	210,660,362	762,110,308
Costs of building flood map, other expenses	57,492,000	312,736,556
Afforestation costs of Krong H'ngang Hydropower Project	1,997,833,185	3,995,666,377
Other prepaid expenses	-	964,134,624
Total	13,739,304,418	8,023,777,134

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

11. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1,184,055,609,156	334,580,065,801	81,836,738,864	334,112,920	1,600,806,526,741
Increase in the year	-	-	-	149,690,909	149,690,909
Decrease in the year	-	-	-	-	-
Ending balance	1,184,055,609,156	334,580,065,801	81,836,738,864	483,803,829	1,600,956,217,650
Depreciation					
Beginning balance	180,063,669,296	157,752,673,444	32,712,633,119	255,685,650	370,784,661,509
Charge for the year	20,688,038,801	15,510,049,182	4,339,026,691	50,285,861	40,587,400,535
Decrease in the year	-	-	-	-	-
Ending balance	200,751,708,097	173,262,722,626	37,051,659,810	305,971,511	411,372,062,044
Net book value					
Beginning balance	1,003,991,939,860	176,827,392,357	49,124,105,745	78,427,270	1,230,021,865,232
Ending balance	983,303,901,059	161,317,343,175	44,785,079,054	177,832,318	1,189,584,155,606

- As at 31/12/2018, tangible fixed assets with a carrying value of VND1,184,711,014,377 have been mortgaged as collateral for borrowings granted to the Company.
- Cost of tangible fixed assets fully depreciated but still in active use at 31/12/2018 is VND13,048,600,661.
- There are no tangible fixed assets pending disposal.
- There are no commitments to repurchase fixed assets of high value in the future.
- Pursuant to Decision No. 293/QĐ – STC dated 29/06/2011 of Da Nang City Finance Department on "Approving the plan for changing useful lives of fixed assets", the Company has changed the useful lives of most of the fixed assets of Krong H'ngang Hydropower Plant since 2011. Other than that, the Company also changed the depreciation method (from the straight-line method to the method based on volume) of the fixed assets directly serving the electricity generation and sent Official Letter No. 223/11/S3-TC dated 09/06/2011 to notify the Tax Department of such change, yet the Company has not received written response from Da Nang City Tax Department.
- On 25/04/2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC guiding the management, use and depreciation of fixed assets. According to Clause c, Point 2, Article 13, one of the conditions for applying the method of depreciation based on volume is that the actual capacity per month in the fiscal year is not less than 100% of design capacity. On 31/07/2013, the Company sent Official Letter No. 279/13/S3-TCKT to the Ministry of Finance asking for the guidance on applying the regulations of Circular 45/2013/TT-BTC to the Company's actual operations. On 14/10/2013, the Ministry of Finance issued Official Letter No. 13633/BTC-TCDN to permit Song Ba Joint Stock Company to keep applying the method of depreciation based on volume to the fixed assets directly participating in the electricity generation which the Company registered with Da Nang City Tax Department in case of failure to reach 100% of design capacity provided that Song Ba Joint Stock Company must ensure sufficient resources to repay investment loans of credit institutions, and the depreciation period does not exceed the technical life of the assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

12. Intangible fixed assets

	Land use rights (*)	Computer software	Total
Cost			
Beginning balance	5,175,261,800	302,800,000	5,478,061,800
Newly purchased	-	-	-
Sold, disposed	-	-	-
Ending balance	5,175,261,800	302,800,000	5,478,061,800
Amortization			
Beginning balance	-	302,800,000	302,800,000
Charge for the period	-	-	-
Sold, disposed	-	-	-
Ending balance	-	302,800,000	302,800,000
Net book value			
Beginning balance	5,175,261,800	-	5,175,261,800
Ending balance	5,175,261,800	-	5,175,261,800

(*) This is long-term land use right at 573 Nui Thanh Street, Hai Chau District, Da Nang City; area: 410.5 m², used for the Company's Head Office.

This land use right is mortgaged for the long-term loan borrowed from JSC Bank for Foreign Trade of Vietnam - Da Nang Branch (presented in Note 19).

Cost of intangible fixed assets fully amortized but still in active use at 31/12/2018 is VND302,800,000.

13. Construction in progress

	31/12/2018	01/01/2018
Construction in progress	10,880,583,889	8,721,214,787
- Krong H'ngang 2 Hydropower Plant	3,475,284,736	3,475,284,736
- Song Tranh 1 Hydropower Plant	5,245,930,051	5,245,930,051
- Nong Son Coal Mine Side-track Project	1,054,949,531	-
- Khe Dien Hydropower Plant expansion project	1,104,419,571	-
Total	10,880,583,889	8,721,214,787

The total investment capital of Krong H'ngang 2 Hydropower Plant Project and Song Tranh 1 Hydropower Plant Project is VND407,915,000,000 and VND552,646,106,000 respectively. The dossiers of these two projects are being completed to submit to the Ministry of Industry and Trade for approval to adjust the planning.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

14. Short-term trade payables

	31/12/2018	01/01/2018
Phong Vu Electricity Co., Ltd	164,232,000	155,916,000
Phuc Hung Construction Investment Import Export JSC	159,361,537	159,361,537
Other suppliers	368,316,272	1,719,788,436
Total	691,909,809	2,035,065,973

15. Short-term advances from customers

	31/12/2018	01/01/2018
Phu Yen Province Science and Technology Department	300,000,000	-
PC3 Investment JSC	144,866,500	-
Bao Phuc Tam Co., Ltd	-	488,903,666
Other customers	30,180,000	30,000,000
Total	475,046,500	518,903,666

16. Taxes and amounts payable to the State

	Beginning balance		Amount to be paid	Actual amount paid	Ending balance	
	Payable	Receivable			Payable	Receivable
Value Added Tax	6,982,551,605	-	24,204,501,291	24,921,821,835	6,265,231,061	-
Corporate Income Tax	1,344,752,380	-	6,758,840,441	7,528,263,317	575,329,504	-
Personal Income Tax	-	37,898,387	3,600,301,009	3,726,324,513	-	163,921,891
Natural resources tax	6,313,515,048	-	16,292,712,597	17,634,833,224	4,971,394,421	-
License fee	-	-	6,000,000	6,000,000	-	-
Forest environment service	2,750,112,352	-	6,817,143,168	7,423,533,676	2,143,721,844	-
Total	17,390,931,385	37,898,387	57,679,498,506	61,240,776,565	13,955,676,830	163,921,891

The Company's tax reports would be subject to examination of tax authorities. The tax amounts reported in these financial statements could be changed under decision of the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

17. Short-term accrued expenses

	31/12/2018	01/01/2018
Loan interest payable	2,405,312,993	2,557,602,567
Expenses for implementing general map for Ba River's lowland	143,541,888	212,859,705
Consulting expenses for dam protection of A Roang HP	38,751,980	47,697,582
Survey expenses for preparing investment project of Tam Phuc Hydropower Plant	986,463,535	344,532,264
Survey expenses for preparing Song Bung 3A Investment Project	6,923,920,747	5,553,418,438
Expenses for preparing plan for flood prevention and dam protection in raining season for Dray H'linh Hydropower Plant	69,527,521	77,471,157
Consulting expenses for installing monitoring equipment of Ry Ninh Dam	379,760,966	107,518,635
Expenses for phase 1 of project on dam safety inspection of A Roang Hydropower Plant	142,014,183	172,651,455
Project costs for flood prevention in the downstream of Dak Pring Hydropower Plant	181,034,185	187,425,094
Supervision and installation expenses of Dak Pring HP	179,203,134	3,846,249
Setting up reservoir operation process - Song Bo Hydropower Project	150,524,636	-
Dam safety inspection fee - Ia Grai 2 Hydropower Plant	201,118,677	-
Expenses for assembling measurement device - Dinh Binh HP	191,447,273	-
Expenses for assembling measurement device - Lai Chau HP	364,856,272	-
Other prepaid expenses	422,697,752	382,067,934
Total	12,780,175,742	9,647,091,080

18. Other short-term payables

	31/12/2018	01/01/2018
Trade union fees	9,946,834	-
Dividend payables	7,283,779,257	54,057,198,825
Other payables	596,782,328	765,625,826
Total	7,890,508,419	54,822,824,651

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

19. Loans and finance lease liabilities

a. Short-term loans and finance lease liabilities

	Beginning balance	Increase in the period	Decrease in the period	Ending balance
Current portion of long-term loans	67,870,000,000	81,246,000,000	67,870,000,000	81,246,000,000
- Vietcombank - Da Nang Branch	5,870,000,000	19,246,000,000	5,870,000,000	19,246,000,000
- OCB - Quang Nam Branch	62,000,000,000	62,000,000,000	62,000,000,000	62,000,000,000
Total	67,870,000,000	81,246,000,000	67,870,000,000	81,246,000,000

b. Long-term loans and finance lease liabilities

	Beginning balance	Increase in the period	Decrease in the period	Ending balance
Long-term loans	582,604,000,000	-	67,870,000,000	514,734,000,000
- Vietcombank - Da Nang Branch	96,604,000,000	-	5,870,000,000	90,734,000,000
- OCB - Quang Nam Branch	486,000,000,000	-	62,000,000,000	424,000,000,000
Total	582,604,000,000	-	67,870,000,000	514,734,000,000
<i>In which:</i>				
- Amount due within one year	67,870,000,000			81,246,000,000
Long-term loans and finance lease liabilities	514,734,000,000			433,488,000,000

The Company is borrowing from JSC Bank for Foreign Trade of Vietnam - Da Nang Branch under 2 loan agreements:

- On 07/02/2013, the Company entered into long-term borrowing contract No. 34/2013/VCB-KHDN with maximum credit amount of VND50,000,000,000. The loan period is 120 months as from the first drawdown date. This loan bears interest at the rate announced by JSC Bank for Foreign Trade of Vietnam - Da Nang Branch and shall be changed once a quarter.
- On 14/05/2014, the Company entered into long-term borrowing contract No. 162/2014/VCB-KHDN with maximum credit amount of VND77,650,000,000. The loan period is 120 months as from the first drawdown date. This loan bears interest at the rate announced by JSC Bank for Foreign Trade of Vietnam - Da Nang Branch and shall be changed once a quarter.

These loans are for the purpose of reimbursing the capital which the Company invested in Khe Dien Hydropower Plant Project. They are secured by the long-term land use right at 573 Nui Thanh Street, Hai Chau District, Da Nang City and Khe Dien Hydropower Plant.

The Company is borrowing from Orient Commercial Joint Stock Bank - Quang Nam Branch under long-term borrowing contract No. 024/2015/HDTD-DN dated 26/03/2015 with maximum credit amount of VND620,000,000,000. The loan period is 120 months as from the first drawdown date. This loan bears interest at the rate announced by Orient Commercial Joint Stock Bank - Quang Nam Branch and shall be changed once a quarter. The loan is to finance the Krong H'rang Hydropower Project (giving loan to purchase debt of Song Ba Joint Stock Company in Viet Nam Development Bank - Phu Yen Branch) and is secured by Krong H'rang Hydropower Plant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

20. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Other equity	Treasury shares	Development investment fund	Undistributed profit after tax
As at 01/01/2017	604,882,610,000	(95,000,000)	7,260,810,603	(1,588,920,333)	13,916,957,675	64,207,111,775
Increase in the year	-	-	-	(930,000)	1,213,466,413	135,909,398,292
Decrease in the year	-	-	-	-	-	111,802,464,257
As at 31/12/2017	<u>604,882,610,000</u>	<u>(95,000,000)</u>	<u>7,260,810,603</u>	<u>(1,589,850,333)</u>	<u>15,130,424,088</u>	<u>88,314,045,810</u>
As at 01/01/2018	604,882,610,000	(95,000,000)	7,260,810,603	(1,589,850,333)	15,130,424,088	88,314,045,810
Increase in the year	-	-	-	-	24,151,847,627	96,342,276,088
Decrease in the year	-	-	7,260,810,603	(926,572,500)	-	67,161,254,102
As at 31/12/2018	<u>604,882,610,000</u>	<u>(95,000,000)</u>	<u>-</u>	<u>(663,277,833)</u>	<u>39,282,271,715</u>	<u>117,495,067,796</u>

b. Breakdown of share capital

	31/12/2018	01/01/2018
Central Power Corporation	236,450,000,000	236,450,000,000
Other shareholders	367,598,210,000	366,432,710,000
Par value of treasury shares	834,400,000	1,999,900,000
Total	<u>604,882,610,000</u>	<u>604,882,610,000</u>

c. Capital transactions with owners and distribution of dividend

	Year 2018	Year 2017
Share capital		
- Beginning balance	604,882,610,000	604,882,610,000
- Increase in the period	-	-
- Decrease in the period	-	-
- Ending balance	604,882,610,000	604,882,610,000
Dividend paid	42,201,789,700	108,518,947,800

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

d. Shares

	31/12/2018 Shares	01/01/2018 Shares
Number of shares registered to be issued	60,488,261	60,488,261
Number of shares issued publicly	60,488,261	60,488,261
- Common shares	60,488,261	60,488,261
- Preferred shares (classified as owners' equity)	-	-
Number of shares bought back (treasury shares)	83,440	199,990
- Common shares	83,440	199,990
- Preferred shares (classified as owners' equity)	-	-
Number of outstanding shares	60,404,821	60,288,271
- Common shares	60,404,821	60,288,271
- Preferred shares (classified as owners' equity)	-	-
Par value of outstanding shares: VND10,000 each		

e. Undistributed profit after tax

	Year 2018	Year 2017
Profit brought forward	88,314,045,810	64,207,111,775
Profit after corporate income tax of current period	96,342,276,088	135,909,398,292
Distribution of profit	67,161,254,102	111,802,464,257
+ Development investment fund	16,891,037,024	1,213,466,413
+ Reward and welfare fund	6,184,325,274	889,370,044
+ Reward fund for the Management	1,103,000,000	500,000,000
+ Paying dividends	42,201,789,700	60,288,331,000
+ Remunerations for the Board of Directors	781,102,104	680,680,000
- Temporary distribution of current-period profit	-	48,230,616,800
Undistributed profit after tax	<u>117,495,067,796</u>	<u>88,314,045,810</u>

(*) The 2017 profit was distributed in accordance with Resolution of the 2018 General Shareholders' Meeting No. 01/2018/NQ-DHDCD dated 30/03/2018.

f. Dividend

Resolution of the 2018 General Shareholders' Meeting No. 01/2018/NQ-DHDCD dated 30/03/2018 approved the plan for paying dividend of 2017 in cash at 15% of the charter capital (equivalent to VND90,432,406,500). The Company closed the list of shareholders entitled to 1st advance payment of dividends on December 2017 (8%) and paid the remaining dividends (7%) in the year 2018.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

21. Revenue from sales and service provision

	Year 2018	Year 2017
Revenue from selling electricity	247,292,306,552	327,749,462,985
Revenue from rendering services	6,714,494,222	5,266,573,458
Total	254,006,800,774	333,016,036,443

22. Cost of goods sold

	Year 2018	Year 2017
Giá vốn bán điện	75,647,821,163	107,006,085,966
Giá vốn dịch vụ đã cung cấp	6,462,700,689	4,744,034,907
Total	82,110,521,852	111,750,120,873

23. Financial income

	Year 2018	Year 2017
Loan interest, deposit interest	388,002,583	274,292,146
Total	388,002,583	274,292,146

24. Financial expenses

	Year 2018	Year 2017
Loan interest	52,644,101,000	57,950,013,948
Interest on late payment of dividends	-	682,243,402
Others	-	550,327
Total	52,644,101,000	58,632,807,677

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

25. Administration expenses incurred in the year

	Year 2018	Year 2017
Material, tool expenses	680,773,363	409,938,062
Labor costs	12,111,241,768	13,714,873,034
Depreciation and amortization expenses	250,231,005	219,863,814
Outside service expenses	2,001,522,904	1,444,786,182
Other cash expenses	1,663,871,421	1,807,556,300
Total	16,707,640,461	17,597,017,392

26. Other income

	Year 2018	Year 2017
Received fee for using electricity of K'rong H'nang Plant	209,774,364	205,973,270
Sales of Certified Emission Reductions	257,089,251	-
Others	11,143,629	26,285,658
Total	478,007,244	232,258,928

27. Other expenses

	Year 2018	Year 2017
Electricity expenses of Krong H'nang Plant	209,774,364	205,973,270
Consulting expenses for transferring Certified Emission Reductions	38,563,454	-
Fines for late payment of taxes, charges	61,083,941	165,808,396
Others	9,000	99,402,181
Total	309,430,759	471,183,847

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

28. Current corporate income tax expense

	Year 2018	Year 2017
Accounting profit before tax	103,101,116,529	145,071,457,728
- From principal activities of Khe Dien Hydropower Plant	9,705,106,290	11,545,651,969
- From principal activities of Krong H'nang Plant	92,551,805,998	132,827,599,765
- From principal activities of the Consulting Center and Head Office	844,204,241	698,205,994
Adjustment to taxable income	152,753,137	952,087,843
- Increasing adjustments (non-deductible expenses)	152,753,137	952,087,843
+ Khe Dien Hydropower Plant	-	33,717,744
+ Krong H'nang Hydropower Plant	61,083,941	803,948,870
+ Consulting center and Head Office	91,669,196	114,421,229
- Decreasing adjustments	-	-
Total taxable income	103,253,869,666	146,023,545,571
- From principal activities of Khe Dien Hydropower Plant	9,705,106,290	11,579,369,713
- From principal activities of Krong H'nang Plant	92,612,889,939	133,631,548,635
- From principal activities of the Consulting Center and Head Office	935,873,437	812,627,223
Corporate income tax as regulated	11,389,484,939	15,841,554,251
+ Khe Dien Hydropower Plant	1,941,021,258	2,315,873,943
+ Krong H'nang Hydropower Plant	9,261,288,994	13,363,154,864
+ Consulting center and Head Office	187,174,687	162,525,444
Reduced, exempted corporate income tax	4,630,644,498	6,681,577,432
+ Krong H'nang Hydropower Plant (50%)	4,630,644,498	6,681,577,432
Current income tax expenses of prior periods	-	2,082,617
Current corporate income tax expense	6,758,840,441	9,162,059,436
In which:		
- Current corporate income tax expense this period	6,758,840,441	9,159,976,819
+ Khe Dien Hydropower Plant	1,941,021,258	2,315,873,943
+ Krong H'nang Hydropower Plant	4,630,644,496	6,681,577,432
+ Consulting center and Head Office	187,174,687	162,525,444
- Adjustment of income tax expenses of prior periods to current-period income tax expense	-	2,082,617

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

29. Basic, diluted earnings per share

	Year 2018	Year 2017
Accounting profit after corporate income tax	96,342,276,088	135,909,398,292
Adjustments increasing or decreasing accounting profit	-	(8,068,427,378)
- Increasing adjustment	-	-
- Decreasing adjustments (appropriated for reward and welfare fund, reward fund of Management, Remunerations for Profit or loss attributable to common shareholders)	-	8,068,427,378
Weighted average number of outstanding common shares	60,404,821	60,288,331
Basic, diluted earnings per share	1,595	2,120

(*) Basic, diluted earnings per share of the year 2018 are computed before deducting the amounts appropriated to reward and welfare fund. The plan of General Shareholders' Meeting and the Company's Charter do not specify the appropriation rate of reward and welfare fund. Annually, the Management will propose a specific rate for appropriating reward and welfare fund based on the business results at the end of the year. Therefore, this figure may be changed upon the Decision on distribution of profit of the General Shareholders' Meeting later.

30. Operating expenses by elements

	Year 2018	Year 2017
Materials expenses	11,143,671,453	15,450,899,823
Labor costs	22,256,307,590	26,759,122,451
Depreciation and amortization expenses	40,587,400,535	60,936,094,196
Outside service expenses	13,206,401,077	8,575,169,420
Other cash expenses	11,732,452,110	17,733,822,921
Total	98,926,232,765	129,455,108,811

31. Segment reporting

According Vietnamese Accounting Standard No. 28 and the guiding circular, the Company is required to report segment information. A segment is a distinguishable component of the Company that is engaged in providing related products or services (business segment) or providing products or services in a specific economic environment (geographical segment) and that is subject to risks and returns that are different from those of other segments.

Based on the actual operating situation of the Company, the Management assesses that the Company operates in the sole business segment, that is electricity generation and the three main geographical segments are Quang Nam Province, Dak Lak Province and Phu Yen Province.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

These notes form part of and should be read in conjunction with the accompanying financial statements

Geographical segments	Khe Dien Hydropower Plant - Quang Nam Province		Krong H'ngang Hydropower Plant - Dak Lak and Phu Yen Province		Head Office & Dam Safety Testing and Consulting Center		Total	
	Year 2018	Year 2017	Year 2018	Year 2017	Year 2018	Year 2017	Year 2018	Year 2017
	VND	VND	VND	VND	VND	VND	VND	VND
Revenue from sales and service provision	41,103,635,829	53,386,811,763	206,188,670,723	274,362,651,222	6,714,494,222	5,266,573,458	254,006,800,774	333,016,036,443
Revenue deductions	-	-	-	-	-	-	-	-
Cost of goods sold	18,526,383,218	27,813,930,935	57,121,437,945	79,192,155,031	6,462,700,689	4,744,034,907	82,110,521,852	111,750,120,873
Financial income	174,200	62,500	622,000	622,800	387,206,383	273,606,846	388,002,583	274,292,146
Financial expenses	8,789,604,333	9,426,397,380	43,854,496,667	49,206,410,297	-	-	52,644,101,000	58,632,807,677
Selling expenses	-	-	-	-	-	-	-	-
Administrative expenses	4,086,478,188	4,571,280,235	12,600,468,172	13,015,403,461	20,694,101	10,333,696	16,707,640,461	17,597,017,392
Operating profit	9,701,344,290	11,575,265,713	92,612,889,939	132,949,305,233	618,305,815	785,811,701	102,932,540,044	145,310,382,647
Other income	3,762,000	4,104,000	-	-	474,245,244	228,154,928	478,007,244	232,258,928
Other expenses	-	33,717,744	61,083,941	121,705,468	248,346,818	315,760,635	309,430,759	471,183,847
Other profit (loss)	3,762,000	(29,613,744)	(61,083,941)	(121,705,468)	225,898,426	(87,605,707)	168,576,485	(238,924,919)
Profit before tax	9,705,106,290	11,545,651,969	92,551,805,998	132,827,599,765	844,204,241	698,205,994	103,101,116,529	145,071,457,728
Corporate income tax	1,941,021,258	2,315,873,943	4,630,644,496	6,681,577,432	187,174,687	164,608,061	6,758,840,441	9,162,059,436
Profit after tax	7,764,085,032	9,229,778,026	87,921,161,502	126,146,022,333	657,029,554	533,597,933	96,342,276,088	135,909,398,292
Fixed assets	31/12/2018	01/01/2018	31/12/2018	01/01/2018	31/12/2018	01/01/2018	31/12/2018	01/01/2018
Tangible fixed assets	98,182,181,496	104,681,125,580	1,087,026,352,285	1,120,864,577,731	4,375,621,825	4,476,161,921	1,189,584,155,606	1,230,021,865,232
- Cost	191,908,064,582	191,908,064,582	1,401,454,456,556	1,401,454,456,556	7,593,696,512	7,444,005,603	1,600,956,217,650	1,600,806,526,741
- Accumulated depreciation	93,725,883,086	87,226,939,002	314,428,104,271	280,589,878,825	3,218,074,687	2,967,843,682	411,372,062,044	370,784,661,509
Intangible fixed assets	-	-	-	-	5,175,261,800	5,175,261,800	5,175,261,800	5,175,261,800
- Cost	-	-	-	-	5,478,061,800	5,478,061,800	5,478,061,800	5,478,061,800
- Accumulated amortization	-	-	-	-	302,800,000	302,800,000	302,800,000	302,800,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

32. Risk management

a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

b. Financial risk management

Financial risks include market risk (interest rate risk, commodity price risk), credit risk and liquidity risk.

Market risk management: The Company's activities expose it primarily to the financial risks of changes in interest rates and commodity prices.

Interest rate risk management

The Company's interest rate risks mainly derive from interest bearing loans which are arranged. To minimize these risks, the Company has estimated the impact of borrowing costs to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management assesses that uncontrollable risks arising from fluctuations of interest rates are insignificant.

Price risk management

Since the Company purchases materials from domestic suppliers to serve its production and business activities, it is exposed to the risk of changes in prices of materials. However, costs of materials account for a small proportion of the total production cost, thus the Management assesses that the Company's exposure to risks of changes in commodity prices is low.

Credit risk management

The Company's customers are Central Power Corporation and Electricity Power Trading Company belonging to Viet Nam Electricity (EVN). With the specific characteristics electricity trading in Vietnam, the Management assumes that the Company has no significant exposure to credit risk with customers.

For customer group in the field of consultancy, design, training and operation of dam safety,... the Company implements the prepayment policy under terms of contract. Therefore, the Management believes that the Company has almost no credit risks from this group of customers.

Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing cash flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and the amount of funds can be generated within that period,...

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

The Company's aggregate financial liabilities are categorized in accordance with their maturity as follows:

31/12/2018	Within 1 year	Over 1 year	Total
Trade payables	691,909,809	-	691,909,809
Accrued expenses	12,780,175,742	-	12,780,175,742
Loans and finance lease liabilities	81,246,000,000	433,488,000,000	514,734,000,000
Other payables	7,880,561,585	-	7,880,561,585
Total	102,598,647,136	433,488,000,000	536,086,647,136

01/01/2018	Within 1 year	Over 1 year	Total
Trade payables	2,035,065,973	-	2,035,065,973
Accrued expenses	9,647,091,080	-	9,647,091,080
Loans and finance lease liabilities	67,870,000,000	514,734,000,000	582,604,000,000
Other payables	54,822,824,651	-	54,822,824,651
Total	134,374,981,704	514,734,000,000	649,108,981,704

The Management assumes that the Company has high exposure to liquidity risk but believes that it can generate sufficient resources to meet its financial obligations as they fall due.

The Company's available financial assets are drawn up on a net asset basis as follows:

31/12/2018	Within 1 year	Over 1 year	Total
Cash and cash equivalents	11,270,557,614	-	11,270,557,614
Trade receivables	58,324,303,234	-	58,324,303,234
Other receivables	1,651,495,493	3,368,516,093	5,020,011,586
Total	71,246,356,341	3,368,516,093	74,614,872,434

01/01/2018	Within 1 year	Over 1 year	Total
Cash and cash equivalents	52,623,448,960	-	52,623,448,960
Trade receivables	58,568,800,663	-	58,568,800,663
Other receivables	623,798,168	2,004,000,000	2,627,798,168
Total	111,816,047,791	2,004,000,000	113,820,047,791

33. Related party information

a. Related parties

	Relationship
Central Power Corporation	Investor, Subsidiary of Viet Nam Electricity
Electricity Power Trading Company	Affiliate of Viet Nam Electricity

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

b. Significant transactions with related parties in the year

	Transactions	Year 2018	Year 2017
Central Power Corporation	Sales of electricity	41,069,611,967	53,357,686,586
	Dividend payable	16,551,500,000	18,916,000,000
	Dividend paid	35,467,500,000	42,561,000,000
Electricity Power Trading Company	Doanh thu bán điện	206,188,670,723	274,362,651,222

c. Income of the Board of Directors and Management in the year

	Year 2018	Year 2017
Remunerations, bonuses of the Board of Directors	1,633,320,000	766,000,000
Income of the Management	2,246,763,724	2,006,952,804

34. Events after the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

35. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2017 which were audited by AAC.



Pham Phong
General Director

Da Nang City, 18 March 2019

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer



CONFIRMATION OF SONG BA JOINT STOCK COMPANY
(legal representative)



Pham Phong
General Director