

CÔNG BỐ THÔNG TIN ĐỊNH KỲ
INFORMATION DISCLOSURE PERIODIC

Kính gửi/ To:

- Ủy ban Chứng khoán Nhà nước/ *The State Securities Commission;*
- Sở Giao dịch Chứng khoán Việt Nam/ *Vietnam Exchange;*
- Sở Giao dịch chứng khoán TP.HCM/ *HoChiMinh Stock Exchange.*

1. Tên tổ chức/ *Organization name:* Công ty Cổ phần Sông Ba/ *Song Ba Joint Stock Company.*

- Mã chứng khoán/ *Securities Symbol:* **SBA**
- Địa chỉ trụ sở chính/ *Address:* 573 Núi Thành – Q. Hải Châu –TP. Đà Nẵng/ *573 Nui Thanh, Hai Chau District, Da Nang City.*
- Điện thoại/ *Telephone* : 0236.3653592 – 0236.2215592;
- Fax : 0236.3653593
- Email : sba2007@songba.vn

2. Nội dung thông tin công bố/ *Contents of disclosure:*

Báo cáo thường niên năm 2022 của Công ty Cổ phần Sông Ba (Bản tiếng Anh)/ *Annual Report 2022 of Song Ba Joint Stock Company (English version).*

3. Thông tin này đã được công bố trên trang thông tin điện tử của công ty vào ngày 28/04/2023 tại đường dẫn/ *This information was published on the company's website on 28/04/2023, as in the link: <https://songba.vn/quan-he-co-dong>*

Chúng tôi xin cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung các thông tin đã công bố/ *We hereby certify that the information provided is true and correct and we bear the full responsibility to the law.*

Trân trọng/ *Yours truly*

Nơi nhận/Recipient

- Như trên/As above
- TCHC/Administrative Department;
- Lưu: TC-KT, VTh/Save: Financial Accounting department; Documentary department.

Tài liệu đính kèm/ Attachment:

- Báo cáo thường niên năm 2022 của Công ty cổ phần Sông Ba (Bản tiếng Anh)
- Annual Report 2022 of Song Ba Joint Stock Company (English version)

Đại diện tổ chức

Organization representative

Người đại diện theo pháp luật/ *Legal representative*

TỔNG GIÁM ĐỐC

General Director



ĐINH CHÂU HIỆU THIÊN

“Creatively thinking, Company developing”



Address: 573 Nui Thanh, Hoa Cuong Nam Ward, Hai Chau District,
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<http://www.songba.vn>



YEARS

ANNIVERSARY OF ESTABLISHMENT

January 2, 2003 - January 2, 2023



SONG BA JOINT STOCK COMPANY

**ANNUAL
REPORT**

2022

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS:



Dear Our Valued Shareholders, Investors, and Partners.

First of all, on behalf of the Board of Directors, I would like to sincerely thank all our valued shareholders and partners for your trust in the leaders and managers, as well as all of the employees of Song Ba Joint Stock Company over time.

In 2022, the economy continued facing up with a great deal of difficulties due to the impacts caused by the Covid-19, geopolitics conflicts in the world, which did put significantly adverse effects on Vietnamese businesses in general, and SBA in particular. However, with the favorable climate and hydrology conditions, and market electricity price upside, the Company promoted its advantages in the competitive power generation market for Krong H'nang hydroelectric power plant and operated effectively its Khe Dien hydropower plant to the maximum capacity by avoidable cost tariff. Accordingly, its business performance in 2022 exceeded the plan set out by the General Meeting of Shareholders. SBA's total revenues in 2022 were VND 495.63 billion, an increase of 1.57 times year over year, and profit after tax was all-time high of VND 244.55 billion, equivalent to an increase of 2.09 times year over year.

Such outstanding outcomes in production and business activities in 2022 were obtained thanks to not only the favorable factors mentioned above but also the effective management of the Board of Directors and the collective efforts given by all SBA's employees. In 2022, the Company also further emphasized its consultancy, research, improvement, rationalization, as well as implementing flexible financial solutions to meet SBA's operation in order to bring about value, and work efficiency to the Shareholders, Investors, and all of the employees.

In order to promote the achieved achievements, and go beyond the expectation of the strategic goals as well as the plans in the coming time, all SBA employees have been unceasingly upholding the spirit of creativity, overcoming difficulties and challenges, and striving to lead the Company to be one of the most efficient businesses in power production and trading and service consultants in the region.

During the process of operating its operations, the leaders and managers and all of the employees have been always concerned and attached importance to by the shareholders, the regulatory agencies and local leaders. This is a valuable source of encouragement, helping the Company clearly realize their roles and responsibilities in order to make constant endeavor for SBA to grow increasingly sustainable development, deserving trust and expectation of the shareholders and partners.

Once again, I would like to wish you all full of health, success, and further accompany the Company in the near term.

Kind regards,

CHAIRMAN OF BOARD OF DIRECTORS

Thai Hong Quan

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01 | General information

Overview

Some outstanding achievements obtained by SBA

Incorporation and development process

Business lines and location

Governance model

Management structure

Development orientation

Risk Factors



Company name:	SONG BA JOINT STOCK COMPANY
Stock ticker:	SBA
Enterprise registration certificate	No. 0400439955, issued for the first time by Da Nang Planning and Investment Department on July, 04, 2007, and amended for the 12th time on April 06, 2022.
Charter capital:	VND 604,882,610,000
Address:	573 Nui Thanh, Hoa Cuong Nam Ward, Hai Chau District, Da Nang City, Vietnam
Telephone:	0236 3653 592 - 0236 3653 596
Fax:	0236 3653 593
Website:	www.songba.vn
Email:	sba2007@songba.vn

SOME OUTSTANDING ACHIEVEMENTS OBTAINED BY SBA

Emulation flag under Decision No. 964/QD-UBND, dated April 12, 2022 given by the People's Committee of Da Nang City to the Entity to lead the emulation movement in 2021.

Certificate of Merit under Decision No. 1276/QD-UBND dated May 12, 2022 given by the People's Committee of Quang Nam Province for professional outstanding achievements, and participation in the socio-economic development of Quang Nam province in 2021.

Certificate of Merit under Decision No. 1258/QD-BCT dated June 3, 2022, given by the People's Committee of Dak Lak Province for outstanding achievements in implementing the emulation agreement by clusters and associations promoted by the Province in 2021.

The title of "Excellent labor collective in 2022" under the Decision No. 1758/QD-EVN, dated December 20, 2022 given by EVN.

Certificate of Merit under Decision No. 669/QD-UBQLVNN dated December 26, 2022 given by Commission for Management of State Capital at Enterprises on the 20th anniversary of the Company's establishment.

Souvenir flag under Decision No. 2994/QD-UBND dated November 21, 2022 given by Da Nang City People's Committee on the 20th anniversary of the Company's establishment.

Souvenir flag under Decision No. 9358/QD-EVNCPC dated December 19, 2022 given by Central Power Corporation on the 20th anniversary of the Company's establishment



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Souvenir flag under Decision No. 9358/QD-EVNCPC dated December 19, 2022 given by Central Power Corporation on the 20th anniversary of the Company's establishment

INCORPORATION AND DEVELOPMENT PROCESS

On January 02, 2003: Song Ba Power Investment and Development Company Limited (predecessor of SBA) was established on January 02, 2003 with a charter capital of VND 10 billion with its initial function of implementing investing in Krong H'Nang hydropower project (64 MW) located in the provinces of Dak Lak and Phu Yen

On September 29, 2003: Khe Dien hydropower plant's construction was commenced, creating resources to invest in Krong H'Nang.

Obtaining a certificate of Sustainable Enterprise in 2018 in Vietnam under the Decision No. 2686/PTM-TDKT dated November 20, 2018 by VCCI.

Obtaining the title of "Excellent labor collective in 2018" under the Decision No. 72/QD-EVN dated January 11, 2019 of Vietnam Electricity Corporation.

The Company continued to be ranked as top 100 sustainable enterprises in 2019 in Vietnam.

On May 19, 2005: Krong H'Nang hydropower plant's construction was commenced

2005

On May 26, 2007: Khe Dien hydropower plant was officially connected to the national electricity grid, put into commercial operation, marking an important milestone in the history of formation and development of Company.

On July 04, 2007: The Company was transformed into a Joint Stock Company

2007

On June 01, 2010: The Company shares were listed on HOSE with a charter capital of 500 billion VND.

On June 25, 2010: The first generating unit of Krong H'Nang hydropower plant commercial electricity was connected to the national grid, by September 2010, the second unit was put into operation, connecting to the grid.

2010

July 22, 2016: SBA's initiative was granted an exclusive patent on Utility Solutions - SBA's initiative of automatic lake water level measurement by the Intellectual Property Office of Vietnam - Ministry of Science and Technology under the Decision No. 44636/QD-SHTT.

2016

2014

In April 2014: New functional units were established - SBA Board of Directors decided to set up Dam Safety Inspection and Consulting Center.

In December 2014: New Operating House was completed - SBA completed the construction and put into use the Company's office at 573 Nui Thanh, Da Nang City, consisting of 4 floors and a basement, on a land area of 410 m2, fulfilling all 3 criteria of progress, quality and price.

2018

2019

2021

2022

On August 24, 2019: SBA was awarded as Well-known Trademark - Competitive Brand 2019 by Vietnam Intellectual Property Association.

Song Ba Joint Stock Company was recognized as an enterprise meeting the standard of information disclosure in 2019 in Vietnam Stock Market.

2020

In February 2021: SBA completed and put 110KV substation of Khe Dien Hydropower Plant into operation.

On December 22, 2021: SBA was given a Certificate of Sustainable Enterprise for the year 2021

In April 06, 2022 Certificate of Enterprise registration was amended for the 12nd time

On December 10, 2020: SBA was awarded as a Sustainable Enterprise in 2020

On December 01, 2020: Khe Dien Hydropower Plant was completely expanded with total capacity being upgraded from 9MW to 15 MW.

BUSINESS LINES AND LOCATION

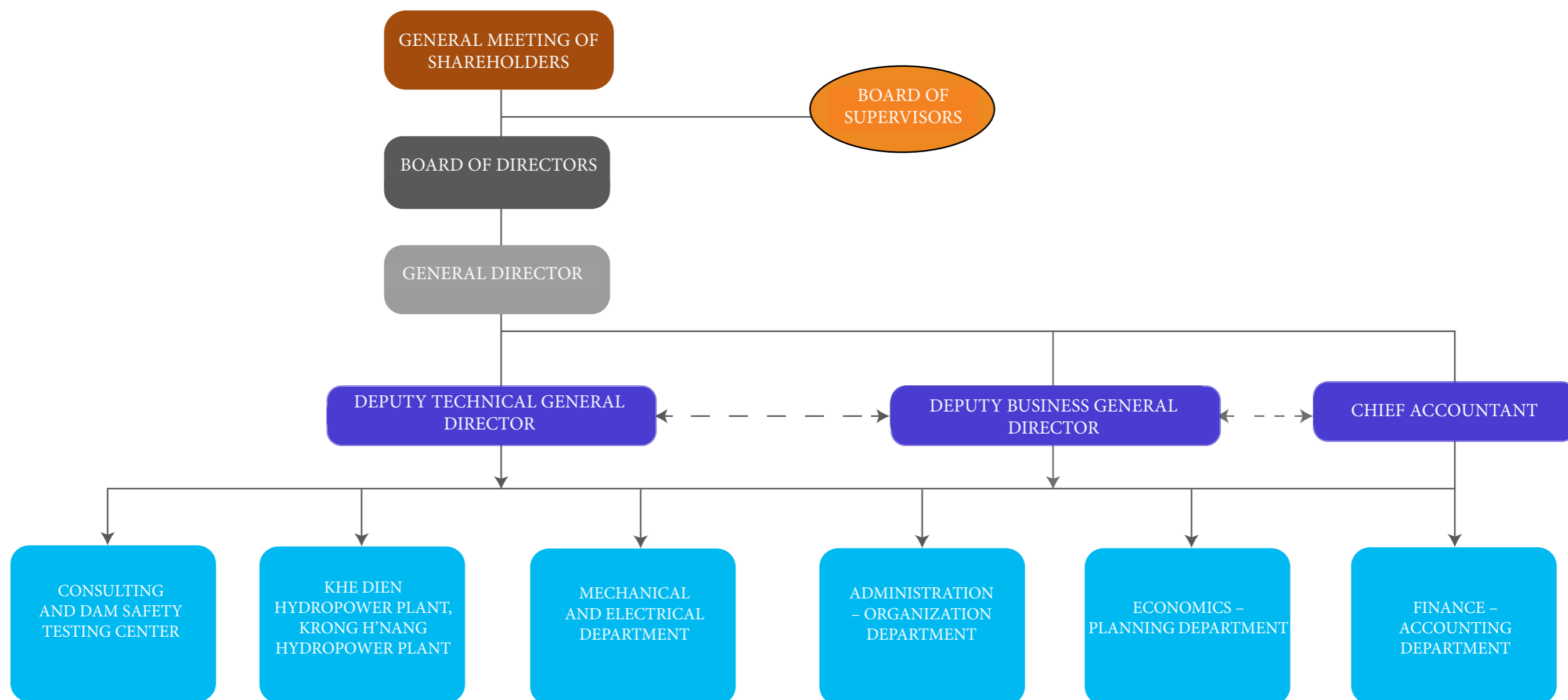
Business lines

- **Producing, transmitting and distributing electricity.** Detail: Producing and trading electricity;
- **Implementing architectural activities and related technical consultancy.** Detail: Consulting on formulating construction investment projects, surveying and designing irrigation and hydropower projects with a capacity of up to 30MW, electricity lines and substations with voltage up to 110KV; Consulting on construction supervision, project management of small and medium hydropower projects, electricity lines and substations with voltage up to 110KV; Supervising construction of irrigation and hydroelectric projects; Consulting on inspection, quality assessment of dams and hydroelectric construction works; Designing technical infrastructure (traffic, infrastructure for domestic water supply in rural areas); consulting on investigation, collection, calculation, forecasting meteor, hydrology for different stages of the construction, consulting on investment projects for construction of transportation, civil, technical infrastructure, aquaculture ponds, river and coastal protection projects; Consulting on the quality appraisal of construction works of all types; Surveying works;
- **Building other civil engineering works.** Detail: Investing in the construction of hydropower projects; Constructing hydroelectric projects with a capacity of up to 30MW, electricity lines and substations with voltage up to 110KV; Repairing, maintaining hydropower plants; Constructing small and medium projects;
- **Wholesale of construction materials, other installing equipment used in construction;**
- **Exploiting stone, sand, gravel, clay.** Detail: **Exploiting minerals;**
- **Other specialized construction.** Detail: Dredging reservoir foundation;
- **Professional education.** Detail: Consulting on occupational training (hydropower plants management and operation);
- **Consulting on management.** Detail: Consulting on environmental solution, agricultural re-settlement, re-settlement;
- **Installing other types of construction system.** Detail: Installing equipment for construction works;
- **Wholesale of other machines, equipment and spare parts.** Detail: Wholesale of mechanical and electrical equipment;
- **Doing natural scientific and engineering experimental research and development.** Detail: Studying, manufacturing electrical and mechanical parts of hydropower plant; transferring technologies in construction technique and equipment;
- **Doing business in real-estate, land use rights of owner, users or lessors.** Detail: Leasing land, plants and warehouse.

Business location

SBA mainly deploys and operates in the Central region: Da Nang, Quang Nam, Phu Yen, Dak Lak.





The Company's operation follows the model of joint stock company in accordance with the Enterprise Law and other applicable regulations:

General Meeting of Shareholders (GMS): Including all shareholders with voting rights. This is the supreme regulatory body of the Company.

Board of Directors (BoD): Is the supreme decision-making body of the Company with the right to act on behalf of the Company to decide all issues related to the Company's purpose, interests except the issues under the power of the General Meeting of Shareholders.

Board of Management (BoM): Is the managing body of the Company and take responsibility to the Board of Directors for implementing all given rights and tasks.

Board of Supervisors (BoS): Conducts the tasks on behalf of the shareholders to control all business, administration and operation of the Company.



KHE DIEN HYDROPOWER PLANT BRANCH

BRANCH: CONSULTING AND DAM SAFETY TESTING CENTER



- Address: Phuoc Ninh Commune, Nong Son District, Quang Nam Province
- Main business line: Power production and trading



- Address: 573 N573 Nui Thanh (3rd floor), Hoa Cuong Nam Ward, Hai Chau District, Da Nang, Vietnam
- Main business line:
 - + Architectural activities and related technical consultancy: Consulting on formulating investment project construction, surveying and designing hydropower projects with capacity up to 30MW, power lines and substations up to 110kV. Consulting on and managing small and medium hydropower projects, electricity lines and substations with voltage up to 110kV. Consulting on and verifying as well as assessing dam quality and hydropower construction.
 - + Management consultancy: Consulting on environmental solution, agricultural re-settlement, re-settlement.

KRONG H'NANG HYDROPOWER PLANT BRANCH



- Address: Ealy Commune, Song Hinh District, Phu Yen Province
- Main business line: Power production and trading

Company's main objectives

Business and production activities

Ensure the safe and stable operation of the existing hydropower plants, striving to exceed the targeted power output; Always well-prepared for flood fighting and prevention and well responding at the plants in case of rain or flood.

Management consultancy

Continue to research and develop consultancy services, utilizing existing quality human resources for the best results.

Continue to execute signed consultancy contracts: Consult on design, project management of hydropower projects; supervise construction, managing projects of small and medium hydropower projects.

Customer relationships

All activities of SBA have been always targeting mutual benefits and customer satisfaction because the customers are the very decisive factor to SBA sustainable development.

Shareholders relationship

SBA's objective is to rationalize the dividend value in order to bring about long term benefits for the shareholders. Therefore, SBA has committed that all of its activities guarantee the benefits and future value of the shareholders. SBA has been always transparent in managing, controlling, responding all feedbacks from the shareholders, timely and accurately disclosed information.

Partners relationship

When working with both local and foreign partners, SBA always considers its partners as the companions, friendly and fair relationships, harmonious interests for mutual development, SBA employees affirm the Company's role and position through professional working style, punctuality, and compliance with the law.

When dealing with works, SBA competes healthily based on wisdom, advanced technology and quality products.

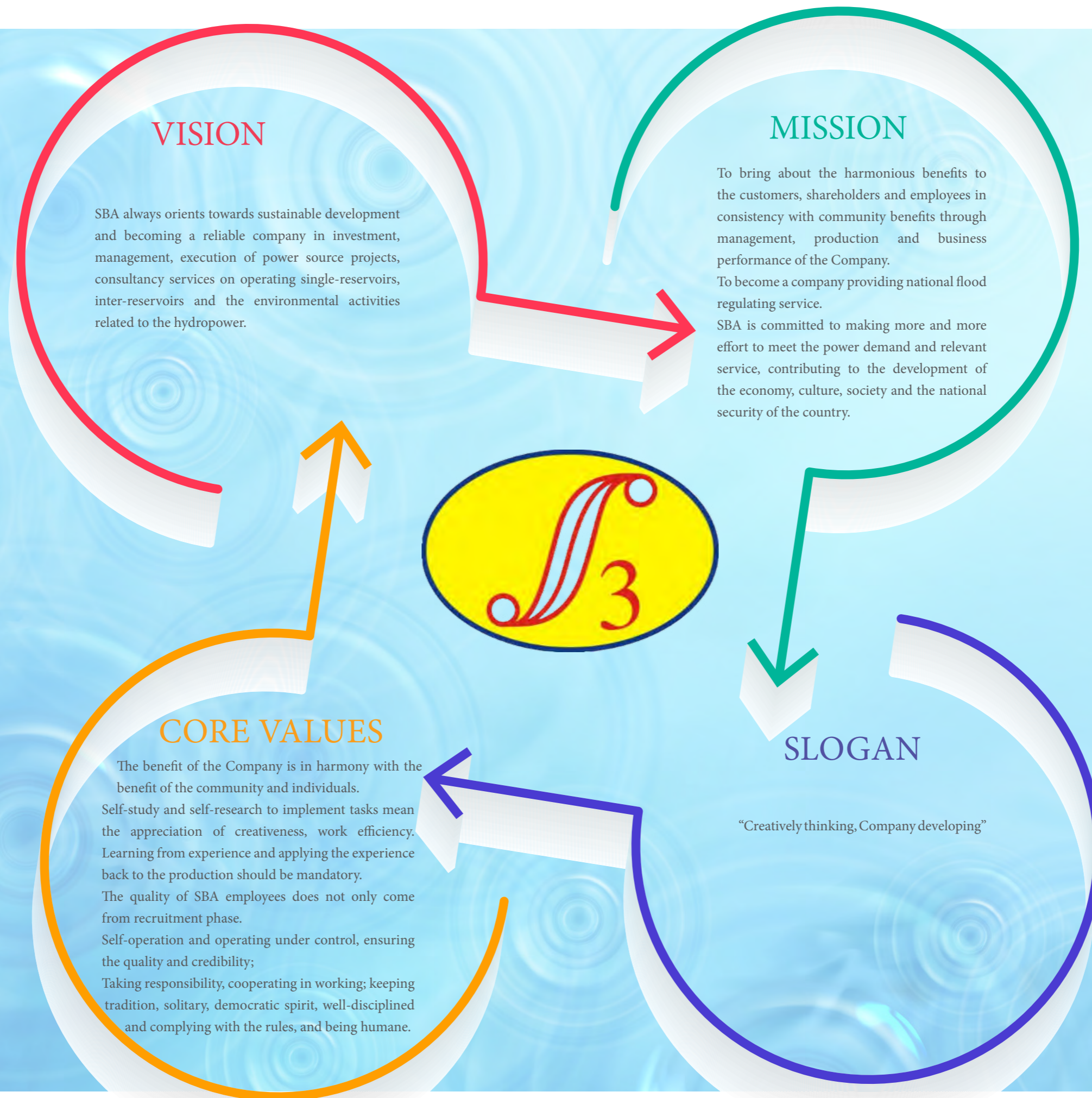
Employee relationship

SBA creates a secure, green, clean, beautiful working environment, guarantees stable jobs, all the employees are materially and spiritually concerned.

Good policies of remuneration and benefit are adopted to attract highly qualified human resources, clear, fair and transparent career path. Employees are encouraged to share their opinions, their creative ideas are highly appreciated and applied so as to help the Company sustainably develop.

Medium and long-term development strategies

- **Khe Dien and Krong H'ngang Hydropower plants:** Make effective use of water sources; safely operate the works and equipment; at the same time minimize production costs for better revenue.
- **Krong H'Nang 2 hydropower project:** Maintain the investment certificate; continue to improve the design adjustment and preparing investment procedures to be ready for being invested in 2026.
- **Developing services:** Develop in depth, create differences with a focus on the following areas:
 - + Water source: Monitoring, calculating, operating and regulating water; well operating the single-reservoir flood discharge, inter-reservoir flood discharge, ensuring the reservoir full of water, ready for power generation for dry season of the following year, ensuring safe operation and reasonable flood discharge.
 - + Hydropower plants: Inspecting dam; automatizing the oversight and operation of dams; automatizing the operation of the plant equipment; equipment localization; electricity market operation consultancy.
- **Calculating optimal exploitation of the reservoirs for the maximum output.** Further developing Krong H'ngang, Khe Dien reservoir foundation: solar power may be installed on the reservoir surface; fish farming combined ecotourism.
- **Doing electricity market research** in order to recommend suitable directions and strategies to strengthen the competitiveness against the peers.
- **Human resource:** employees are always proud of the Company, proud of their work; sticking and devoting to the long-term development of the Company.
- **Studying and prepare procedures** ready for investment in the construction of new projects, with a focus on renewable energy projects such as wind power and solar power in the vicinity of Krong H'Nang hydropower plant.
- **Giving good dividends** to shareholders with over 10%/year, paying in cash, SBA stock liquidity is high.



RISK FACTORS

Economic risk

The world economy in 2022 underwent so many complicated developments and unfavorable factors due to the Russia-Ukraine tense, serious shortage of raw materials, and escalating inflation derived from pent-up demand after the pandemic. Nonetheless, in Vietnam, with the determination to restore and develop the economy, the macro-economy continued stable, inflation was under control; Monetary and fiscal policies were operated proactively, flexibly, and effectively. According to the General Statistic Office of Vietnam, in 2022, gross domestic products (GDP) increased by 8.02% year over year.

In 2022, the whole industry continued to prosper, and the added value of the whole industry increased by 7.69% year over year, which seem to have been an important driver of the whole economy in this year. In particular, power production and distribution was 7.05% higher year over year. The power production and supply for the whole system in 2022 was well performed, the units in the electricity industry also guaranteed electricity supply for socio-economic development as well as the people's daily life. With today's rapid growth of population and economy in Vietnam, there has been an increasing demand for energy to fulfill living and business and manufacturing activities. Along with such growth, it is required that the power industry in general and SBA in particular have to fulfill electricity demand domestically, which has become a big challenge and also a great opportunity for the electricity sector as well as SBA to gradually develop and expand its business operation.

Interest rate risk

Interest rate play an extremely crucial role in the growth of the economy. Almost the hydropower companies have to spend a huge amount of money as prime costs of the plants. Therefore, they often rely on long-term debts from credit institutions to invest in hydropower plants. In 2022, the State Bank of Vietnam (SBV) did make significant moves starting from raising operating interest rates to stabilize the Vietnamese economy. Specifically, at present, the SBV adjusted the rediscount interest rate to 4.5%/year, and the refinancing interest rate to 6%/year. Subsequently, lending interest rates granted by commercial banks tended to increase in consistency with the interest rate of the State Bank of Vietnam.

As a capital intensive feature of investment and construction in electricity sector in which bank loans makes up a high proportion. Because all of SBA's bank loans are in VND, any fluctuation in domestic interest rates would definitely put adverse impacts on the ability to raise funds as well as SBA's business activities. Nonetheless, such kind of volatility has been out of the Company's control. To minimize this risk, the Company regularly updated any changes in interest rates to make loan decisions that would be beneficial for the Company, helping it save financial costs.



Legal risk

Legal risk is the risk exposed by the Company due to its failure to timely apply, being inconsistent with legal documents when performing the Company's operations. As a company in the electricity industry with a operational model of a Joint Stock Company, doing business in Vietnam and governed by Vietnamese legal framework, and its shares listed on the Ho Chi Minh City Stock Exchange, SBA's operations are governed by Vietnamese legislation as well as other applicable policies, including: The Law on Enterprises, Law on Securities, Taxes law, Law on Environmental Natural Resources, Labor law, etc. Furthermore, legal documents have been all the time updated, amended, perfected over time to be on track with new economic conditions. Such changes have been more or less influencing the Company.

Therefore, SBA has always taken initiative in updating changes in policies, legislation, etc. to ensure its strict compliance with the laws; at the same time, set out targets and plans in line with the Company's operations.

Industry specific risk

It is a specific feature of hydropower industry that it relies so much on the weather and climate. The power output mainly depends on the water source as well as rainfall in local area. As a matter of fact, this becomes a major risk with the most impacts put on the businesses in this segment. Climate change will change rainfall, affecting hydrological cycle, runoff, amount of water retained in the reservoirs, thus affecting the power generation output of hydropower projects. What's more, the prolonged drought, even in the rainy season, the decrease in rainfall caused the water capacity in the reservoir to be lower than the designed capacity, which also affected the electricity generation of the hydropower plants. Additionally, natural disasters like flash flood or heavy rain also affected routes of the dam, dike within the plants.

The electricity sector in general and SBA, in particular, must keep close track always on the climate condition, weather, and hydrological developments in a timely and accurate manner; and be ready to respond to adverse situations, be well-prepared for floods and storms, ensuring the safety of dams and hydropower projects, etc. Especially, SBA attached significance to investing in the hydrological research department to come to accurate forecasts of hydrological cycles, and accurate weather forecasts of seasons. All such measures aimed to ensure safe supply of electricity and meet the targets set out.

Monopolistic risk

Nowadays, in Vietnam, electricity industry seem still at high degree of monopoly. Electric Power Trading Company (EPTC) under Vietnam Electricity Corporation (EVN), has been the only entity permitted to trade electricity from all generating entities in the market and wholesale to distributors. Therefore, SBA is bound by its electricity selling price depending on EVN decision. That is the reason why the businesses has still encountered some certain shortcomings in their investment strategies. It has been a big challenge for the Company when the electricity companies compete against their peers by price to register for trading with EPTC. So, it is necessary that SBA minimize its costs reasonably so that its selling price is competitive. Together with winning long-term contracts at official selling price, the Company has been in a position to ensure stable selling price and make better plan for long-term, which enables its business operation to be ensured.

Environmental risk

Environmental risk comprises the potential or actual threats to the environment through wastewater, emissions, and waste. As an electricity generation business, SBA always understands the importance of electricity and water. In order to minimize the environmental risks, the Company developed environmental policies such as supporting the participation in protecting watershed forests, protecting the environment in the hydropower plant area to keep it green, clean, and beautiful; well performing the tasks of keeping occupational safety and health; the operation of hydropower plants completely full complying with the State's regulations on environmental protection; constantly striving to improve the production process to meet the standards of green, clean and beautiful environment.

Other risk

In addition to the above types of risks, there are also some force majeure, unforeseen risks like natural disaster, fire and explosion, epidemic, and so on which may rarely occur, though, in case of any occurrence, they will cause serious losses and damages to the people and properties, affecting the Company's production and business.

Therefore, SBA has been all the time deploying the policy of monitoring, formulating contingency measures to come to risk protection measures and ensure its smooth operations, complying with regulations on rescue, fire, and explosion, and taking measures to prevent. Moreover, the Company's employees and assets are fully covered with insurance.





02 | COMPANY'S BUSINESS OPERATION

Business and production activities

Investment and Project Implementation

Organization and Human Resources

Financial performance

Shareholders structure

BUSINESS AND PRODUCTION ACTIVITIES

Business and production activities

No.	Targets	UNIT	Actual 2021	Actual 2022	Expected 2022	Actual 2022/2021	Actual/Expected
1	Power output	Million kWh	236.78	333.53	217.00	140.86%	153.70%
	Khe Dien	Million kWh	42.91	66.46	42.00	154.87%	158.23%
	Krong H'ngang	Million kWh	193.87	267.07	175.00	137.76%	152.61%
2	Total Revenue:	Billion VND	282.90	451.96	249.53	159.76%	181.12%
a	Revenue from power production	Billion VND	278.36	446.02	245.53	160.23%	181.66%
	Khe Dien	Billion VND	59.02	78.31	59.60	132.68%	131.38%
	Krong H'ngang	Billion VND	219.34	367.72	185.93	167.65%	197.77%
b	Revenue from service rendering and others	Billion VND	4.54	5.94	4.00	130.77%	148.42%
3	Total expenses	Billion VND	158.96	192.32	149.62	120.98%	128.54%
4	Earnings before tax	Billion VND	123.94	259.64	99.91	209.49%	259.87%
5	Earnings after tax	Billion VND	117.16	244.55	93.93	208.73%	260.35%
6	Basic earnings per share	VND	1,943	4,056	1,558	208.75%	260.33%

(Notes: The revenue figures from electricity sales and expenses did not include water consumption tax, environmental fees and Charge for granting water right for the year 2022 was VND 46 billion)

“

Earnings before tax
2022 was

244.55
Billion VND

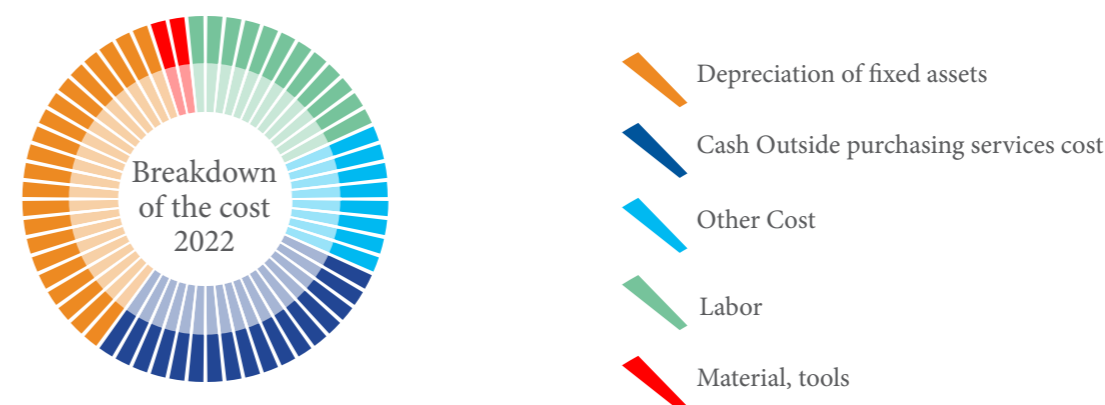
Increased by 108.73% compared to 2021
and exceeded the plan by 260.35%.

2022 was a favorable year for the hydropower sector in general and Song Ba Joint Stock Company in particular. During the year, when the weather was favorable for the hydropower, the water flow to the Company's reservoir was better than that in 2021; as a result, the power output was also higher year over year (40.86% higher year over year). Total power generation output reached 333.53 million kWh, total revenue was VND 451.96 billion (in which revenue from electricity sales was VND 446.02 billion, revenue from consultancy service and others was VND 5.94 billion). Earnings after tax was VND 244.55 billion and basic earnings per share is 4,056 VND/share.

”

Breakdown of the Company's production cost

No.	Targets	UNIT	Actual 2021	Actual 2022
1	Material, tools	Billion VND	6.91	8.44
2	Labor	Billion VND	25.05	40.14
3	Depreciation of fixed assets	Billion VND	53.45	71.36
4	Cash Outside purchasing services cost	Billion VND	18.40	21.17
5	Other Cost	Billion VND	49.39	62.64
6	Total production costs	Billion VND	153.20	203.75



INVESTMENT AND PROJECT IMPLEMENTATION

Song Tranh 1 hydropower project: Being submitted to the General Meeting of Shareholders for approval to permanently cease the Project as regulated and to account for the entire project investment as expenses in 2022 to determine the Company's business results in 2022 according to the regulations, specifically:

Time to cease the project: 2022

Total investment was VND 5,549,728,384 (amount spent on topographical and geological survey and formulation of construction investment projects; on measuring, setting landmarks around the reservoir foundation, formulating an environmental impact assessment report; Value added tax and other administrative costs).

Krong H'Nang 2 hydropower project: Continue to follow, take relevant procedures to maintain the projects, in favorable conditions, the GMS will be reported to consider possible investment option.

Renovating, upgrading canteen, shift break house of Khe Dien hydropower plant:

The canteen, shift break house of the Khe Dien Power Plant is reused and renovated from the house used in the construction phase of the Khe Dien Power Plant. After 17 years of use, it has been degraded, subsided, cracked, and seriously damaged. The space of the living room, dining room, kitchen, etc. is narrow and wet, which affects the daily life activities and relaxation of the plant's employees and currently cannot function properly. What's more, the area behind the house is mountainous, and potentially prone to landslides, so with the level 4 structure in a degraded condition, the stone foundation may not be safe in case of climate change in an increasingly unusual trend as it is today. Therefore, the Company's expectation is to gradually renovate and upgrade the canteen and shift break house for the employees of Khe Dien Hydropower Plant to meet their daily life needs as well as guarantee safety.

Renovating and upgrading to a reinforced concrete structure, the total construction floor area is expected from 800 m² to 950 m².

Total cost estimate (before tax): 6 billion VND.

Implementation progress: Within 2 years (2023 and 2024). It is proposed to commence in Quarter II/2023.

After getting approval from the General Meeting of Shareholders, the Company will follow related procedures and submit it to the Board of Directors for approval according to the regulations.

ORGANIZATION AND HUMAN RESOURCES

List of Board of Directors, Board of Management and Board of Supervisors (As of December 31, 2022)

No.	Full name	Position	Number of shares held	Percentage of holding (%)	Notes
BOARD OF DIRECTORS					
1	Thai Hong Quan	Chairman of the Board of Directors	-	0.0000	
2	Dinh Chau Hieu Thien	Member of BoD cum General Director	21,600	0.0357	
3	Pham Phong	Member of the BoD	325,175	0.5376	
4	Nguyen Quang Hung	Member of the BoD	4,620	0.0076	
5	Hoang Nam Son	Independent Member of BoD	44,909	0.0742	
BOARD OF SUPERVISORS					
1	Phan Thi Anh Dao	Head of BoS	2,550	0.0042	
2	Huynh Thi Long	Member of BoS	-	0.00	
3	Do Dat Quang	Member of BoS	-	-	Dismissing the member of BoS on April 29, 2022
4	Hoang Xuan Qui	Member of BoS	10,000	0.0165	Appointed as a members of BoS on April 29, 2022
BOARD OF MANAGEMENT					
1	Dinh Chau Hieu Thien	Member of BoD cum General Director	21,600	0.0357	
2	Nguyen The Duy	Deputy Business General Director cum in charge of the Corporate Governance	4,596	0.0076	
3	Phan Dinh Thanh	Deputy Technical Director	8,350	0.0138	
CHIEF ACCOUNTANT					
1	Pham Thai Hung	Chief Accountant cum person authorized to disclose information	3,600	0.0060	

Profile of the Board of Management



Mr. Dinh Chau Hieu Thien
Member of BoD cum General Director

Qualifications

- Master of Business Administration (MBA)
- Electrical Engineer – Major of Automation

Working experience:

- 2/1992 – 7/2002: Electrical Engineer – Electrical Testing Center - PC3 Investment Joint Stock Company.
- 8/2002 – 9/2005: Deputy Head of Hydropower Management Department - PC3 Investment Joint Stock Company.
- 10/2005 – 4/2010: Head of Hydropower Management Department - PC3 Investment Joint Stock Company.
- 4/2010 – 11/2014: Head of Hydropower Management Board - Central Power Corporation
- 11/2014 – 5/2015: Head of Construction Management Board - Central Power Corporation
- 6/2015 – 3/2018: Deputy Director - Central High Voltage Grid Company
- 4/2018 – 6/2020: Chairperson of the Board of Directors - Song Ba Joint Stock Company
- 7/2020 - present: General Director - Song Ba Joint Stock Company

Total number of shares of individual holding: 21,600 shares (0.0357%)

Representative holding of EVNCPC contribution: 7,093,500 shares (11.7271%)



Mr. Nguyen The Duy
Deputy Business General Director

Qualifications:

- Electrical Engineer
- Master of Business Administration

Working experience:

- 5/2004 – 8/2008: Officer of Technical Department - Song Ba Joint Stock Company
- 9/2007 – 1/2008: Deputy head of Mechanical and Electrical Department - Song Ba Joint Stock Company
- 2/2008 – 4/2010: Deputy head of Steering Board of the Krong H'ngang 2 Hydropower Project
- 5/2010 – 4/2014: Head of Economic and Planning Department - Song Ba Joint Stock Company
- 5/2014 - present: Deputy Business General Director - Song Ba Joint Stock Company

Number of shares held: 4,596 shares (0.0076%)



Mr. Phan Dinh Thanh
Deputy Technical General Director

Qualifications:

- Mechanical Engineer

Working experience:

- 8/2005 – 9/2007: Officer of Technical Department - Song Ba Joint Stock Company
- 9/2007 – 3/2010: Officer of Mechanical and Electrical Department - Song Ba Joint Stock Company
- 4/2010 – 9/2010: Officer of Krong H'ngang Hydropower Plant – Song Ba Joint Stock Company
- 1/2011 – 7/2011: Mechanical Team leader - Mechanical and Electrical Department - Song Ba Joint Stock Company
- 8/2011 – 2/2015: Head of Mechanical and Electrical Department - Song Ba Joint Stock Company
- 3/2015 – 6/2016: Head of Economic and Planning Department - Song Ba Joint Stock Company
- 7/2016 – 9/2018: Director of Krong H'ngang Hydropower Plant – Song Ba Joint Stock Company
- 10/2018 - present Deputy Technical General Director - Song Ba Joint Stock Company

Number of shares held: 8,350 shares (0.0138%)



Mr. Pham Thai Hung
Chief Accountant

Qualifications:

- Master of Finance - Banking
- Bachelor of Economics- Major of Corporate Accounting

Working experience:

- 2003 – 2004: Chief Accountant - My Anh Limited Company, Quang Binh Province
- 2004 – 6/2009: Chief Accountant - Central Cotton Joint Stock Company
- 7/2009 – 8/2009: Deputy Head of Finance and Accounting Department - Song Ba Joint Stock Company
- 9/2009 – 12/2009: In charge of Finance and Accounting Department - Song Ba Joint Stock Company
- 1/2010 - present: Chief Accountant - Song Ba Joint Stock Company

Number of shares held: 3,600 shares (0.006%)

Personnel changes:

Dismissal of Mr. Do Dat Quang from the position of a member of the Board of Supervisors and appointment of Mr. Hoang Xuan Quy as his replacement, as per the Resolution of the Annual General Meeting of Shareholders No. 01/2022/NQ-AGM dated April 29, 2022.

Number of shares Employees

As of December 31, 2022, Total Company's Employees: 99 persons

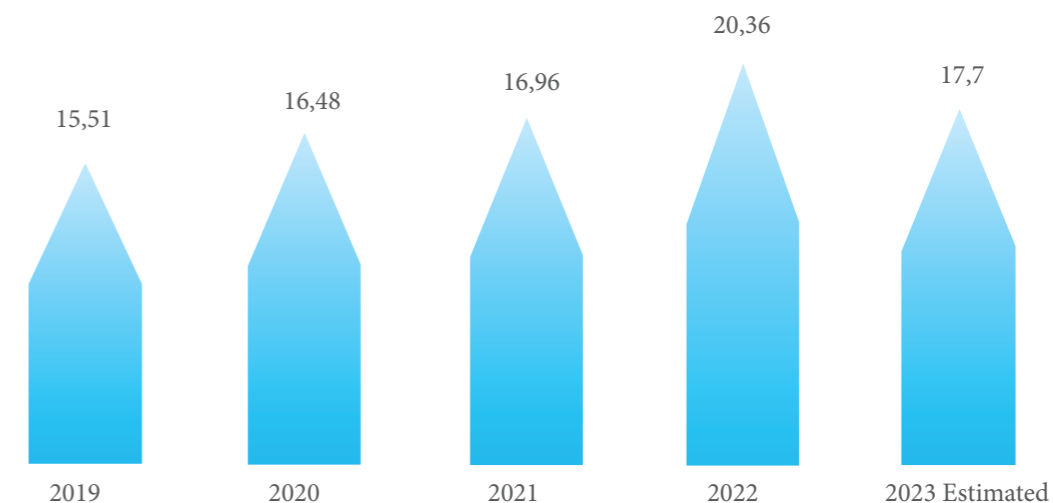
No.	Property of classification	Number	Percentage (%)
I	Classified by gender	99	100.00%
1	Male	95	95.96%
2	Female	4	4.04%
II	Classified by qualification	99	100.00%
1	Bachelor, College	73	73.74%
2	Intermediate level	20	20.20%
3	Unskilled labor	6	6.06%
III	Classified by labor property	99	100.00%
1	Direct	62	62.63%
2	Indirect	37	37.37%

Average salary per employee over years

Criteria	Unit	2019	2020	2021	2022
Average income	Million VND/person/month	15.51	16.43	16.96	20.36

Estimated salary for the year 2023 is 17.7 million VND/person/month.

Over the years, the average income of SBA employees has been constantly increasing, reaching a high level compared to the industry average. Thereby, SBA's salary and bonus policies are quite attractive to retain talents and ensure the employees' rights and living standards.



ORGANIZATION AND HUMAN RESOURCES

Employees policies

Salary, bonus and welfare

In 2022, the Company continued to demonstrate a good practice of policies, Collective Labor Agreement, taking care of the employees lives.

- Regulatory obligations of social insurance, health insurance and unemployment insurance were fulfilled.
- It is ensured by the Company that salaries have been paid in full and on time as prescribed, facilitating the employees to develop to their full potential, enjoy a good salary and bonus regime, and maximize their work efficiency.
- Trade union fee was adequately paid as prescribed.
- The Company always maintains its annual bonus regimes such as excellent individual and collective rewards; Extraordinary rewards for excellent completion of assigned tasks, bonuses on holidays, Tet, etc., which have been transparently and clearly.
- It visited its employees who got married, gave birth, got sick; celebrated quarterly birthdays; supported the employees when they faced unexpected difficulties, the employees or their relatives died, and so on.
- Giving presents to the employees' children on International Children's Day, Mid-autumn festival, and to the employees' children with excellent performance in their study.



Training activities

During the year, the Company maintained training, nurturing to ensure the labor force professional and high-quality, better labor productivity, fulfilling the requirement of production and business efficiency.

The General Director directly trained: Working method for the employees in the office division, which aimed to improve their self-awareness, thereby they themselves can give working methods for each individual, each specific job.

Organized training on awareness and internal assessment methods with ISO 9001: 2015 helping the employees to understand the ISO system and apply it effectively at work.

Also, during the year, the Company assigned some employees to join training courses on labor, Social insurance, tax, advancing mid-level leadership for intermediate managers to foster their knowledge, timely update new legislation.



Emulation movement and initiative

The Company's employees have been always encouraged, given favorable conditions to promote their wisdom, show their talents and devote their effort.

Timely commend and reward collectives and individuals with good achievements in production and business activities. Emulation movements were promoted to motivate and encourage the employees to make them excited and assured of their employment such as awarding on preliminary summary for 06 first months, year end summary.

Working means, tools

In order to create a safe, civilized, and convenient working environment for the employees, infrastructure was the top of the Company's concern by providing quality and safe working facilities and tools, specifically:

The employees were fully and reasonably equipped with personal protective equipment of quality assurance. The management and implementation of Labor Safety and Hygiene was seriously carried out, in compliance with the regulations.

The employees may be equipped with computers to work otherwise they may get financial support in case they equipped on their own. Conducting the inspection on time for equipment with strict safety requirements; fully equipping the employees with medicine, medical equipment and basic medicines for first aid; Organizing fire fighting rehearsal; Inspecting the OSH at the workplace regularly.

Major financial indicators

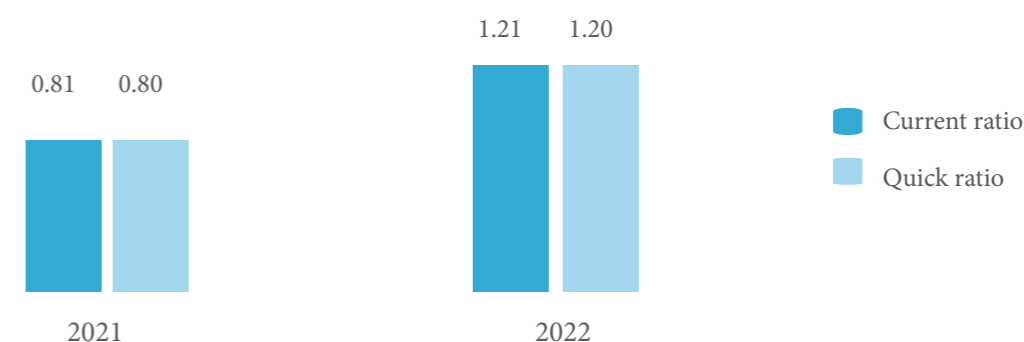
No.	Targets	UNIT	2021	2022
1	Solvency indicators			
-	Current ratio (Current assets/short-term liabilities)	Time	0.81	1.21
-	Quick ratio: (Current assets - Inventory)/Short-term liabilities	Time	0.80	1.20
2	Capital structure indicators			
-	Debt/total asset	%	33.98%	28.38%
-	Debt/Owner's equity	%	51.47%	39.63%
3	Operational capability indicators			
-	Inventory turnover (Cost of goods sold/average inventory)	Time	56.77	84.32
-	Total asset turnover ratio (Net Revenue/Average total asset)	Time	0.24	0.38
4	Profitability indicators			
-	Earnings after tax/Net Revenue (ROS)	%	37.21%	49.34%
-	Earnings after tax/ average Owner's equity (ROEA)	%	14.12%	27.09%
-	Earnings after tax/Average Total asset (ROAA)	%	8.97%	18.65%
-	Operating profit/Net Revenue	%	40.24%	53.47%



Solvency

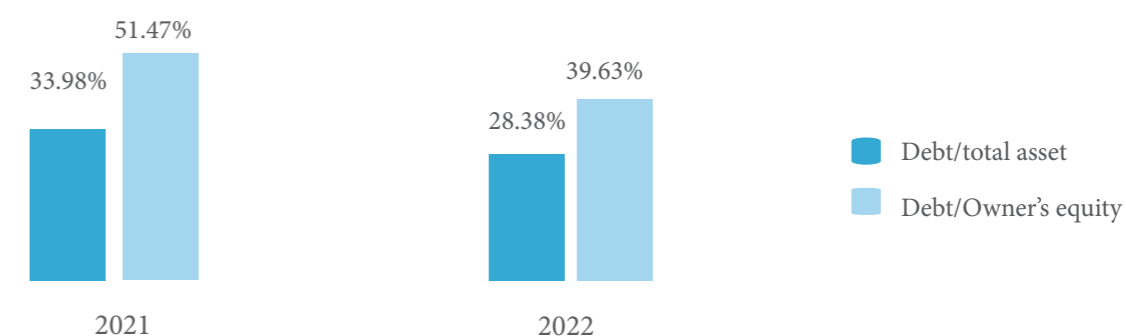
In 2022, the Company's solvency ratios demonstrated a remarkable improvement. Notably, the current ratio and the quick ratio increased from 0.81 time to 1.21; and from 0.80 time to 1.20 time, respectively. This was because of the significant increase in the current assets, from VND 142.54 billion at the end of 2021 to VND 243.10 billion at the end of 2022. This outcome derived from favorable business conditions enjoyed by the Company, which led to its short-term receivables from the Power Trading Company, significantly increasing by more than VND 62.56 billion, and so did cash and cash equivalents with an increase of more than VND 100.55 billion.

Meanwhile, the Company's short-term liabilities decreased to VND 201.23 billion from VND 176.68. The main reason for this was that the Company cut its short-term borrowings by approximately VND 20 billion from the figure recorded at the end of the previous year. In general, there were some positive signs indicated from the Company's solvency ratios in the past year when the Company always stayed solvent during its production and business or was available to access short-term investments.



Capital structure indicators

With the decrease in liabilities in combination with the increase in assets and owners' equity, the capital structure indicators were significantly better. Specifically, the decrease came from the sharp decrease in the Company's long-term debt from VND 263.34 billion to VND 175.21 billion most of which were loans granted by Orient Bank, Trung Viet Branch to fund the expansion of Khe Dien hydropower project. In addition, undistributed earnings after tax also increased by more than VND 84 billion from VND 198.97 billion to VND 282.99 billion at the end of 2022; as a result, its owner's equity increased. Moreover, the Company's production and business were stably sustained, its account receivables rose, leading to a rise of more than VND 62.56 billion in the total assets.

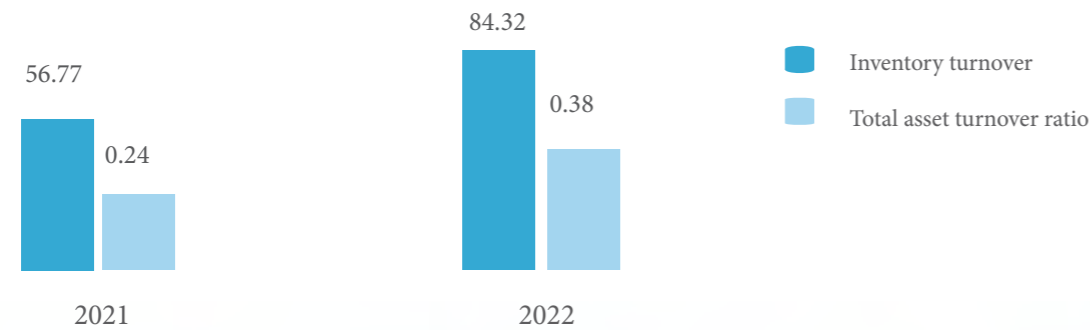


Operational capability indicators

The operational capability indicators demonstrated a growth in the Company’s business and production performance in 2022. Specifically, its inventory turnover increased to 84.32 times from 56.77 times. This trend was enjoyed by the total asset turnover, from 0.24 to 0.38 time.

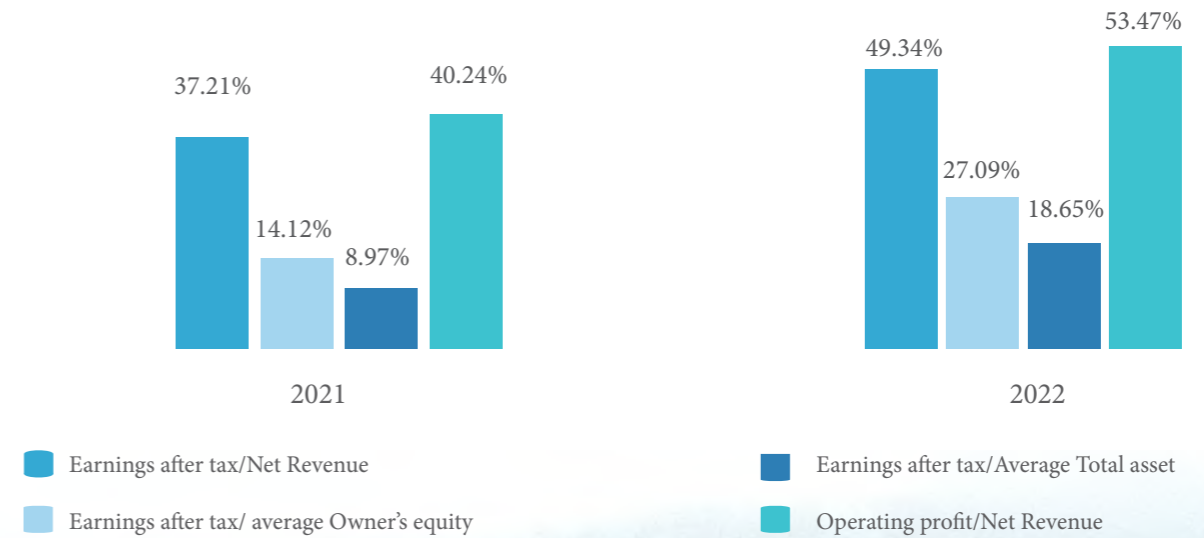
As an power production entity, the inventory of a hydropower business is mainly materials and equipment spares used for regular repairs of the plants. Therefore, the inventory turnover of a hydropower business in general and SBA in particular is normally high. The value of hydropower plants accounts for most of the total asset value of the businesses in this industry and is normally much greater than the Company’s revenue.

The reason for the increase in these operational capability indicators was mainly due to the favorable weather conditions, the higher capacity of water flowing into the reservoir was, the higher the power output was.

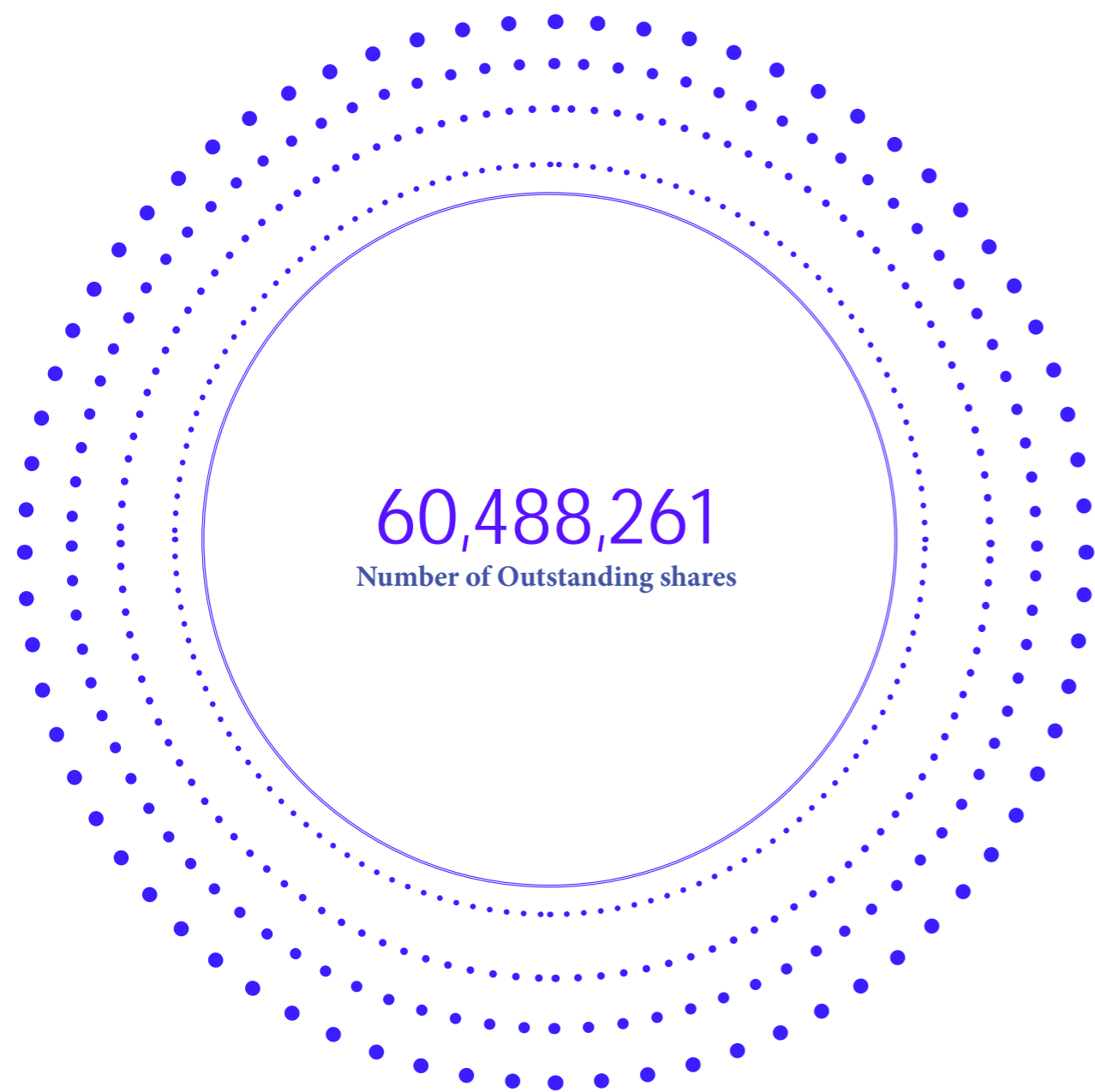


Profitability indicators

In the year, the Company’s business conditions were relatively favorable. The profitability indicators demonstrated the Company’s good performance with a growth in comparison with 2021. The main reason for this trend was favorable hydrological status, high volume of water flowing to the reservoir leading to high output of power, better revenues and profit. The Company’s earnings after tax sharply increased by 109.49%; its ROE, ROA of the year 2022 were 27.09% and 18.65%, respectively, or equivalent to an remarkable increase of 12.97% and 9.68%, respectively.



STOCK INFORMATION



Stock

Song Ba Joint Stock Company
 Charter capital: VND 60,882,610,000
 Number of issued shares: 60,488,261 shares
 Par value: 10.000 VND/share

Common share: 60,488,261 shares
 Preference share: 0 share
 Number of Outstanding shares: 60,488,261 shares
 Number of treasury share: 0 share

Shareholder structure

No.	Shareholders	Number of shareholders	Number of shares held	Percentage (%)
1	State	1	23,645,000	39.090
2	Domestic shareholders	6,034	36,632,974	60.56
+	Institutions	17	395,636	0.65
+	Individuals	6,017	36,237,338	59.91
3	Foreign shareholders	23	210,287	0.35
+	Institutions	8	154,834	0.26
+	Individuals	15	55,453	0.09
Total		6,058	60,488,261	100

Change in investment capital of owner's equity

In 2022, the Company did not make any change in the its owner's equity

List of major shareholders

No.	Name of Institution/individual	Address	Number of shares	Percentage of Charter Capital
1	Central Power Corporation (EVNCPC)	78A Duy Tan, Hoa Thuan Dong Ward, Hai Chau District, Da Nang City	23,645,000	39.090%





03 | REPORT OF BOARD OF MANAGEMENT

Assessment on the business performance

Financial performance

Business and production targets for the year 2023

Explanation of the Board of Management on Auditor's Opinion

ASSESSMENT ON THE BUSINESS PERFORMANCE

Assessment on the business performance results

As planned for the year of 2022, the Company's GMS assigned a key task to Song Ba Joint Stock Company that it would be responsible for operating Khe Dien Hydropower Plant and Krong H'ngang Hydropower Plant safely, efficiently, guaranteeing total power generation output to reach 217 million kWh, total revenue to reach VND 249.53 billion (in which revenue from electricity sales was VND 245.53 billion, revenue from consultancy service and others was VND 4 billion); Earnings after tax to reach VND 93.93 billion and basic earnings per share to be 1,558 VND/share.

The Company performed its business and production in 2022 with favorable conditions as follows: The hydrological situation of the two reservoirs of Khe Dien and Krong H'ngang hydropower plants was good from the first months of the year and prolonged until the end of the year; a sharp increase in the power selling price in the market contributed to better revenue for Krong H'ngang Hydropower Plant when entering the market. However, there were also many difficulties due to the economic volatility, the increase in the price of materials and equipment causing higher operating costs, and operating the 02 plants was negatively affected at some time due to wind power and solar power being prioritized.

With a spirit of being united, overcoming difficulties, and promoting advantages, the Company was flexible in operating the plants and brought about many creative and drastic solutions in management and administration, so it successfully completed the tasks planned for the year of 2022 by the Resolution of the Annual General Meeting of Shareholders, the outcomes are as follows

No.	Targets	UNIT	Actual 2022	Expected 2022	Actual/Expected
1	Power output	Million kWh	333.53	217.00	153.70%
-	Khe Dien	Million kWh	66.46	42.00	158.23%
-	Krong H'ngang	Million kWh	267.07	175.00	152.61%
2	Total Revenue:	Billion VND	451.96	249.53	181.12%
a)	Revenue from power production	Billion VND	446.02	245.53	181.66%
-	Khe Dien	Billion VND	78.31	59.60	131.38%
-	Krong H'ngang	Billion VND	367.72	185.93	197.77%
b)	Revenue from service rendering and others	Billion VND	5.94	4.00	148.42%
3	Total expenses	Billion VND	192.32	149.62	128.54%
4	Earnings before tax	Billion VND	259.64	99.91	259.87%
5	Earnings after tax	Billion VND	244.55	93.93	260.35%
6	Basic earnings per share	VND	4,056	1,558	260.33%

Assessment on the Plants' operations

Well-performing the operational management, repairing, and maintaining equipment and plants items, ensuring the stable, safe, and efficient operation of 02 Krong H'ngang and Khe Dien hydropower plants. The water levels of Khe Dien and Krong H'ngang reservoirs by the end of 2022 were all at normal rising water levels.

The plants operated flexibly, and generated electricity in consistency with the national electricity market, effectively with high electricity prices. The electricity market at Krong H'ngang hydropower plant was well operated, the average selling price of electricity reached 1,376 VND/kWh (29.56% higher than the contract price), and added revenue from the electricity market for the entire 2022 was VND 83.91 billion. Khe Dien hydropower plant operated effectively by Avoided Cost Tariff, the total peak hour output in 2022 reached 15.71 million kWh, an increase of 1.51 million kWh compared to 2021 (14.2 million kWh).

Occupational safety and health were well performed without any occupational accidents and no subjective incidents occurring. The plants fully complied with the State's regulations on environmental protection, reservoir and dam safety, fire and explosion prevention, natural disaster prevention - searching and rescue. Information and periodical reporting was carried out seriously, fully, and promptly as regulated. In 2022, there were 07 inspection teams working at Krong H'ngang hydropower plant and 02 teams working at Khe Dien hydropower plant. Results: The inspection teams highly appreciated the management, administration, and implementation of the regulations in accordance with the law and the Company's rules and regulations.

Flood and storm prevention was well performed: In 2022, Khe Dien reservoir was directly hit by 04 storms, 06 heavy rains, 03 times of water overflow without control; Krong H'ngang reservoirs were directly hit by 02 storms, 04 heavy rains, and 03 times of overflow. Flood and storm prevention at the plants ensured safety and compliance with regulations; there was no human loss; the plants items were in safe and stable mode of operation.

The Plants operating roads and facilities continued to be upgraded and renovated, facilitating travel and domestic use, which contributed to improving material life for the employees of the plants. By the end of 2022, the entire operating road (One 01m wide lane, on the side of the positive talus) from Nong Son to Khe Dien hydropower plant, about 7.3km was concreted; the overall architecture of the Khe Dien hydropower plant area was redesigned, fabricated, and rearranged to gradually improve the landscape, creating a green - clean - beautiful working environment.



ASSESSMENT ON THE BUSINESS PERFORMANCE

Investment and construction activities

Krong H'Nang 2 hydropower project:

The project's capacity will be 13-15MW, located in Ea Ly Commune, Song Chinh District, Phu Yen Province, added to planning in 2008 and got Certificate of Investment issued by Phu Yen People's Committee of Phu Yen Province in 2009. However, during the following investment procedures period and environmental impact assessment, due to the impact on forest land, the project got stuck with the conversion of land use purposes and was halted. In 2022, the Company continued doing research, reviewing the design, re-evaluating investment efficiency of the project to be submitted to the General Meeting of Shareholders for approval according to regulations in good conditions.



Song Tranh 1 hydropower project:

The project capacity will be 20MW, located in Nam Tra My district, Quang Nam province. The project was planned in 2005. In 2007, the Company hired consultants to survey and formulate investment project, report on environmental impact assessment, and the project got approval in accordance with the regulations. However, during following the investment procedures, the project encountered many difficulties related to the expansionary plan of the administrative center of Nam Tra My district and due to the general policies to pause licensing hydropower projects in the province, the People's Committee of Quang Nam province removed the project from the planning in June 2010.

By implementing the Resolution of the General Meeting of Shareholders at the 2022 Annual Meeting related to Song Tranh 1 Hydropower Project on: "Monitor and work with relevant authorities in Quang Nam province, when there is a policy to permanently stop the project, take the procedures to stop the project per regulations". The Company did, and on May 17, 2022, the People's Committee of Quang Nam province issued an Official Letter No. 3094/UBND-KTN responded that Song Tranh 1 hydropower project had been excluded from the small and medium hydropower planning in Quang Nam province, SBA subsequently took the relevant procedures to stop the project: An independent auditor was hired to audit the project investment capital; appraised the settlement of the investment capital and the Company's Board of Directors preliminarily approved the project investment capital settlement to account for the entire project investment capital as expenses in 2022 to determine business results for the year of 2022 under regulations.



Consultancy and research.

In 2022, despite many difficulties caused by the general economic situation, the Company made efforts and worked with investors to sign 10 new consulting service contracts, with a total post-tax value of VND 3.19 billion. In addition to contracts signed before 2022, the total revenue from services and other income in 2022 reached VND 5.93 billion.

In 2022, besides implementing contracts in the Company's strengths such as dam inspection and monitoring, developing plans for applying for permits to exploit and use surface water, and developing plans to protect dams and reservoirs of hydropower plants (HPPs), the Company also organized training for operation staff for the La Trong HPP and achieved good results, meeting the requirements of the investor.

The projects of operating flood discharge between Ba River and Vu Gia - Thu Bon River in Phu Yen and Quang Nam provinces have been accepted and confirmed their settlement value. Currently, the Company is continuing to complete the handover procedures to liquidate contracts according to regulations.

In addition to service activities, the Company also performs tasks such as inspection, monitoring of construction works, developing plans to respond to emergency situations, dam protection plans, designing, supervising the construction of repair and maintenance work for items at Khe Dien and Krong H'ngang hydropower plants instead of hiring external consulting units. The total value of these self-performed works is about VND 8.0 billion.

Capital, finance, and shareholder management

In 2022, thanks to the good production and revenue results of the Khe Dien and Krong H'ngang factories, the company's financial situation is stable, and it is able to balance its cash flow, pay dividends for the years 2020 and 2021 to shareholders, and submit the required amount to the state budget. The total amount paid to the state budget in 2022 was 101.55 billion VND, an increase of 40% compared to the same period in 2021 (72.5 billion VND).

The structure of capital sources, payment ratios, and capital efficiency has improved significantly compared to the same period in 2021. The company has preserved and developed its capital sources.

Regarding dividend payments: The dividend for the year 2020 was continued to be paid out at 23.87 billion VND, with a total accumulated payout of 59.30/60.29 billion VND. The dividend for the year 2021 was only able to be paid out at 88.81/90.42 billion VND, reaching 98.22%. The interim dividend for the first phase of 2022 (10% in cash) was announced on December 26, 2022, and has been paid out since February 28, 2023.

In 2022, the company sold all 203,090 shares of the fund (which were repurchased through the SBA share repurchase plan with post-tax profit, to compensate for the shares that were awarded to employees in 2018 according to Resolution No. 01/2018/NQ-ĐHĐCĐ dated March 30, 2018), with a total revenue of 4.482 billion VND.

The company has prepared financial statements, annual reports, and fully disclosed information in a timely manner according to regulations.

Other tasks

The organization successfully held the 15th anniversary of the commercial operation of the Khe Dien hydropower plant and the 20th anniversary of the company's establishment. The evaluation of the effectiveness of work, the distribution of salaries and bonuses, recruitment, and personnel appointments were ensured to be fair, reasonable, and suitable for the actual situation of the company.

The company fully and timely resolved all regimes, ensuring the rights and benefits of employees, paying salaries and bonuses on time, and fully contributing to social insurance, health insurance, and unemployment insurance for employees with a total amount of 2.12 billion VND. Regular health check-ups were organized, and full labor protection equipment was provided, as well as support for travel and rental expenses. The company organized tours and vacations in Phu Quoc for its employees. The total amount of money spent from the welfare fund to serve the material and spiritual life of employees was 2.31 billion VND.

The company organized training on occupational safety and health, fire prevention and fighting, and provided training and promotion opportunities for employees who operate and repair the two power plants.

The company continued to compile and issue documents belonging to the Legal, Technical, and Quality Management Systems of the company. In 2022, the company issued 61 documents, and by the end of 2022, the company had issued 87 out of 101 documents. The company implemented training and practical application of the 5S system and organized an evaluation of the implementation of the 5S system throughout the company. In the material warehouses, equipment was arranged neatly, and the office was spacious, with scientific and tidy archives.

In terms of digital transformation, the company used electronic office software and shareholder management software. The management and processing of online work have saved time and costs in solving work.

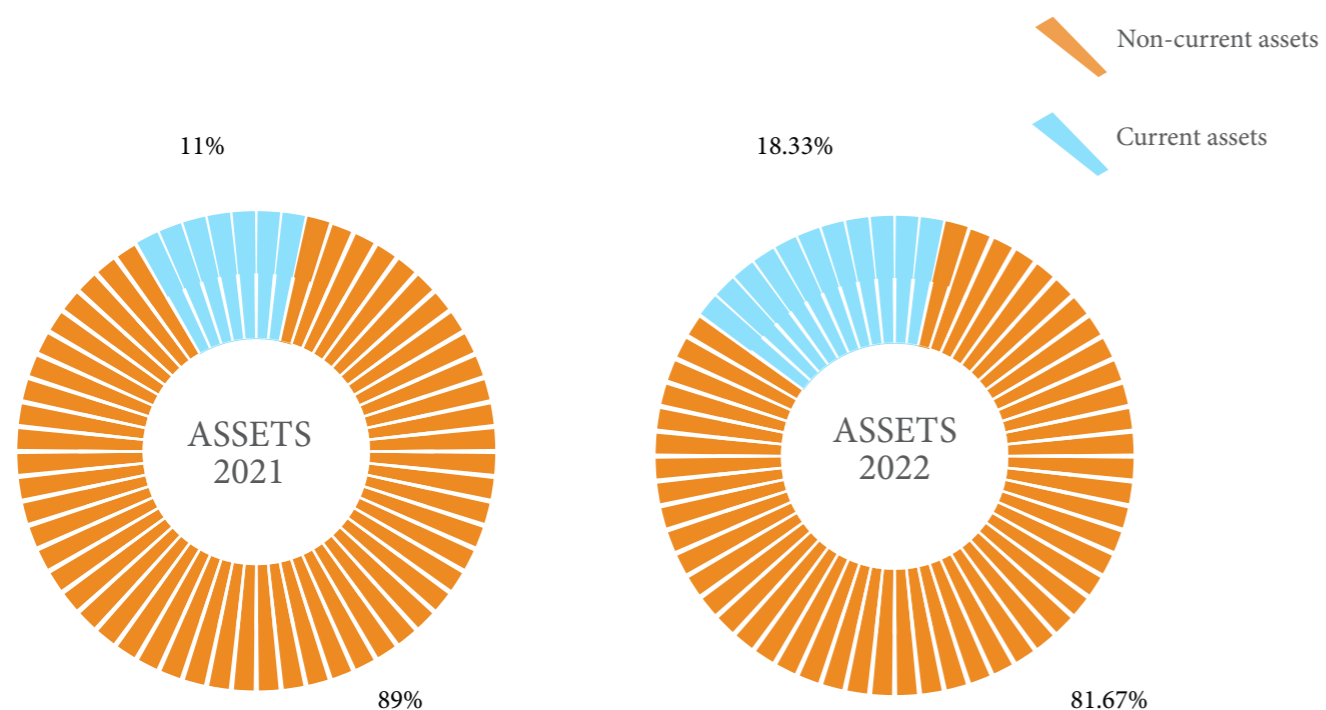
Regarding innovation work, the company always creates opportunities for employees to learn, research, and develop their creative abilities in production and business activities. In 2022, the company had 2 initiatives, 2 improvements, and 20 rational production solutions recognized and applied, bringing good efficiency to the company's operations.

FINANCIAL PERFORMANCES

Assets

Unit: VND Billion

Targets	2021	2022	Actual 2022/ Actual 2021	Proportion in 2021	Proportion in 2022
Current assets	142.54	243.10	170.55%	11.00%	18.33%
Non-current assets	1,153.14	1,083.13	93.93%	89.00%	81.67%
Total assets	1,295.68	1,326.23	102.36%	100%	100%



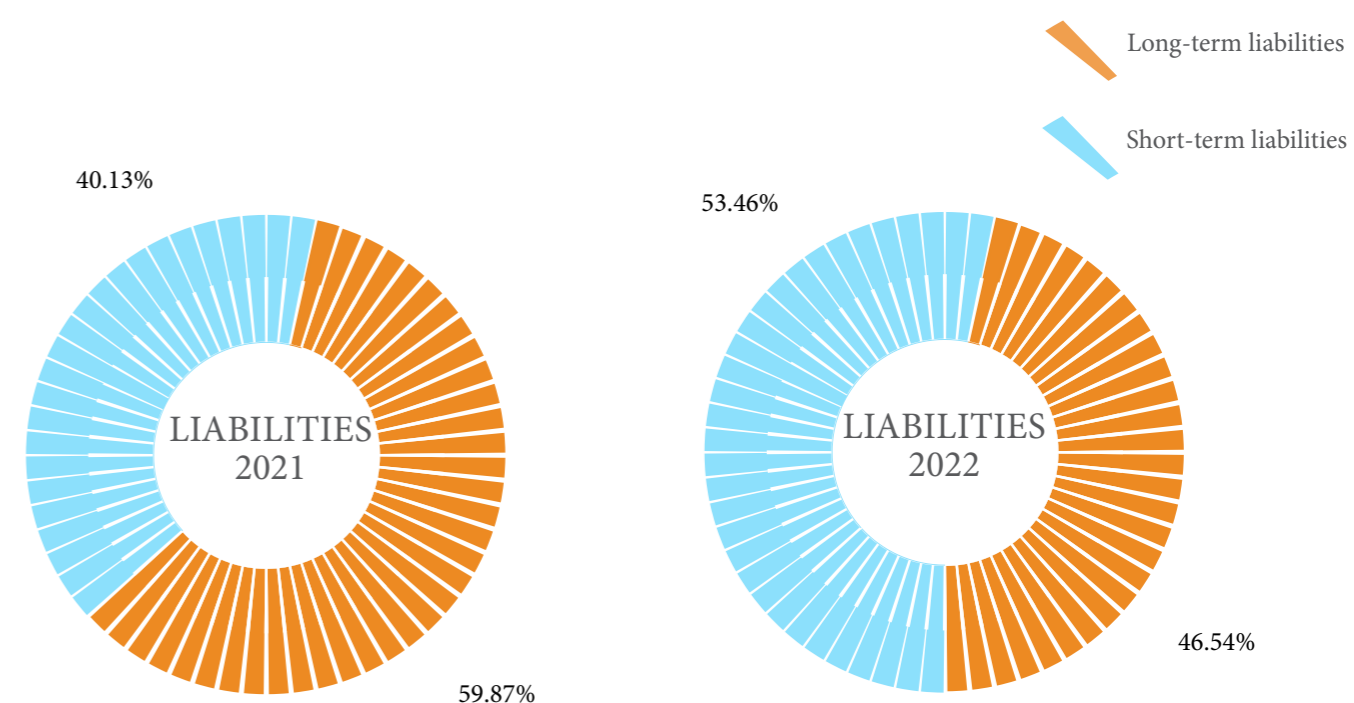
The Company's total assets in 2022 were VND 1,326.23 billion, equivalent to an increase of VND 30.55 billion or 2.36% higher from the figure one year earlier. In which, the current assets increased by 70.55%, or VND 100.56 billion. The reason for this increase was mainly an increase in cash and cash equivalents of more than VND 39.81 billion and an increase in account receivables of more than VND 62.56 billion.

Non-current assets accounted for a large proportion in the structure of total assets with 81.67%, due to the characteristic of the hydropower industry that investment rate was high, together with big prime costs of tangible fixed assets (buildings, structures, machinery, equipment, managerial tools, etc.) to operate the hydropower plant. In 2022, the Company's non-current asset decreased by 6.07%. The decrease mainly derived from fixed asset depreciation and there was no expansion. In general, in the past year, the Company took initiative to increase the proportion of current assets out of the total assets structure, contributing to higher solvency so that the Company stay ready for investing in its production and business activities as well as short-term investment

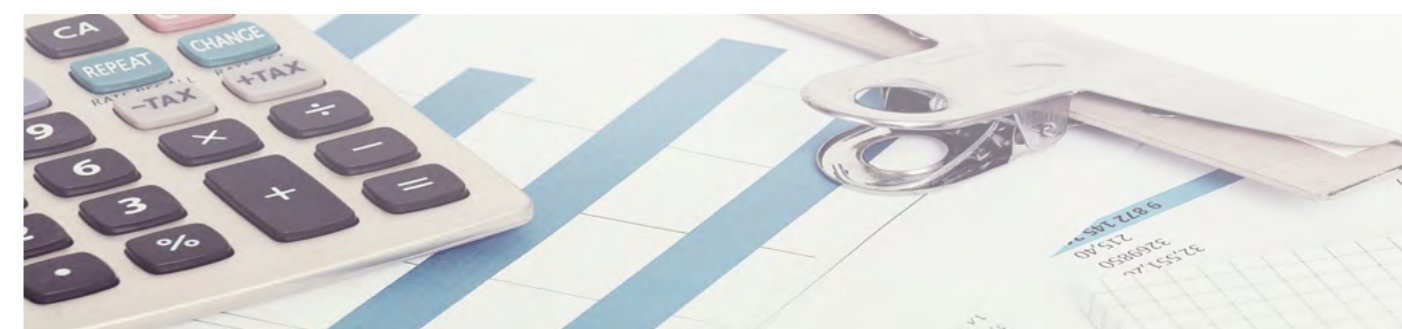
Liabilities

Unit: VND Billion

Targets	2021	2022	Actual 2022/ Actual 2021	Proportion in 2021	Proportion in 2022
Short-term liabilities	176.68	201.23	113.89%	40.13%	53.46%
Long-term liabilities	263.57	175.21	66.47%	59.87%	46.54%
Total liabilities	440.26	376.44	85.50%	100%	100%



In 2022, the Company's total liabilities was lower by 14.5% year over year, from VND 440.26 billion to VND 376.44 billion. The most significant change came from the fact that the Company paid a part of the long-term loan to Orient Commercial Joint Stock Bank (OCB) - Trung Viet Branch which was due. Therefore, long-term loans were accounted for its short-term loans. This loan decreased to VND 175.21 billion from VND 263.57 billion.



BUSINESS AND PRODUCTION TARGETS FOR THE YEAR OF 2023

Future development plan

Continuing to exploit power production and business, formulate development strategy, and do technological research to be adopted in power transmission and distribution. After analyzing hydrological forecasts, the electricity market condition, the operation of hydropower plants, the development of investment projects, and consultancy services, a business and production plan has been developed for the year 2023 as follows:

No.	Product	UNIT	Expected 2023
1	Total output	Million kWh	224
-	Khe Dien hydropower plant	Million kWh	44
-	Krong H'ngang Hydropower Plant:	Million kWh	180
2	Total revenue	Billion VND	257.84
2.1	Electricity production revenue	Billion VND	252.84
	Khe Dien hydropower plant	Billion VND	60.93
	Krong H'ngang Hydropower Plant:	Billion VND	191.91
2.2	Revenue from consultancy service	Billion VND	5
3	Total expenses	Billion VND	144.65
4	Earnings before tax	Billion VND	113.19
5	Corporate income tax payable	Billion VND	12.02
6	Earnings after tax	Billion VND	101.17

It is expected that the dividend payout for the year of 2023 is 15%.

In terms of advancing dividend for the year of 2023: if the business performance is good, cash flow is ensured, the Company will calculate the appropriate payout and time for payment. Therefore, for the Company's activeness, it would like to submit to the General Meeting of Shareholders to authorize the Board of Directors of SBA to make decisions on the payout, schedule, and method of dividend advance and on the procedures in relation to the dividend payment for the year of 2023.

Financial management:

Further maintaining and strengthening the administration of the Board of Management, flexibly resolving, conforming to regulations, improving quality, and working efficiency as well as reasonably saving operating costs.

Taking initiative in controlling and balancing cash flows, ensuring stable production and business activities, and making dividend payment for the year of 2022 to the shareholders as planned.

Compiling and issuing the entire system of quality management documents of the Company.

Organizing internal inspection and assessment and maintaining the quality management system per regulations.

Promoting the movement of initiative, improvement, and registration for research topics.



Financial management:

Continuing to maintain and strengthen the management efforts of the leadership team, resolving issues flexibly, meeting regulations, improving the quality and effectiveness of work, and rationalizing operational costs.

Proactively controlling and balancing cash flow, ensuring stable production and business activities, and paying dividends for 2022 to shareholders according to plan.

Continuing to revise, compile, and issue the entire system of company documents according to the plan to better serve management and operations.

Regularly maintaining the 5S program; organizing internal ISO and 5S assessments and re-evaluating the ISO 9001:2015 quality management certification as required.

Promoting innovation, improvement, and scientific research.

Digital transformation efforts include reviewing and digitizing records and documents in storage, equipping and applying technical management software in the operation of hydroelectric power plants, and upgrading information technology infrastructure at the two hydroelectric power plants to support management and operation.

Renovating furniture and adding office equipment at remaining workspaces in the company office.



Consultancy services:

In 2023, the Company will continue to maintain and further develop consultancy services for more jobs and higher incomes for the employees. It will make its best endeavor to generate 5 billion VND of revenue from consultancy service in 2023.

The Company will take initiative to look for, bid the bidding packages relevant to the Company's strengths: Dam inspection; formulating plans to respond in dams, reservoirs emergencies, and dam protection plans for hydropower plants; consulting on design, supervision of electrical works, and so on.

Completing performance profiles, bidding for consulting packages in Agriculture and Rural Development, and designing solar power on the reservoir foundation.

Continuing to implement consultancy packages on its own for Khe Dien and Krong H'Nang plants per the Company's capacity: Dam inspection, mapping downstream flood and options to prevent natural disasters; respond in dam downstream emergencies; survey dam transposition, assess dam safety, and so on.

Operation and Managements:

Continuing to study hydrological forecasts, make a plan for the proactive and flexible operation of Krong H'ňang hydropower plant in consistency with the electricity market, Khe Dien hydropower plant per avoidable cost tariff for higher efficiency in terms of electricity price and revenue, the reservoirs and construction items will be under safe operations in accordance with regulations.

Carrying out periodic repair and maintenance work for the two plants, ensuring no damage caused by subjectivity; The incident rate is not allowed to exceed the target as specified in the plan. Some other important activities:

Khe Dien Hydropower Plant:

- Overhauling equipment of H2 unit for the second time;
- Renovating the speed regulation and stimulation system of H1 unit to meet the system quality requirements according to new regulations of the power system.
- Testing the system of H3 unit to meet the requirements specified in Decision No. 25/QĐ-DTĐL dated March 26, 2019 by Electricity Regulatory Authority of Vietnam.
- Installing additional 02 protection relays for Khe Dien 110 kV station and completing the SCADA signal at compartments 172, 173 Nong Son in accordance with the requirements of the dispatching unit.
- Renovating and upgrading the 0.4kV electricity line of the auxiliary power source from the plant to the spillway, the water inlet to a 35kV line to ensure a stable and safe power supply and limit incidents.
- Continuing to concrete the operating roads: make One 01m concrete lane on the side of the positive talus of Nong Son coal mine bypass with a total length of 1,584m, 1 concrete lane with 1m in width from the plant to the dam (VH2) with the total length of about 2,295m and 470m of concrete with 1m in width connecting from VH2 to the pressurization tower.

Krong H'ňang Hydropower Plant:

- Periodically conducting medium maintenance of H1 unit, periodic repair and maintenance of H2 unit.
- Upgrading and renovating the control and monitoring system of the distribution station.
- Conducting repair and maintenance of pressure pipes and tunnel lining steel.
- Solving differences in coordinates, land location, projects, and application for getting the certificate of assets attached to land granted.
- Handling replacement afforestation:
 - + To replant 175.0 ha of forest to guarantee the environment as prescribed in the Environmental Impact Assessment Report of Krong H'ňang Hydropower Project approved by the Ministry of Natural Resources and Environment. In 2014, the Company prepared an afforestation plan and submitted to the Board of Directors for approval. In 2015, the Company completed the afforestation and was accepted by relevant agencies under regulations (including 25 ha of acacia in Phu Yen Province; 70.0 ha of semi-submerged planted forest in the reservoir foundation, and 80.0 ha of forest in the non-semi-submerged area in the territory of Dak Lak Province). Until 2022, it was the end of afforesting and tending (one year of afforesting and 07 years of tending) and the forests were tested and accepted per regulations.
 - + However, according to the new regulations in the Law on Forestry No. 16/2017/QH14 dated November 15, 2017, effective from January 1, 2019, and Circular No. 13/2019/TT-BNNPTNT dated October 25, 2019, there are changes in the management of silvicultural forests, whereby, after fulfilling the afforestation obligation as planned and being accepted per regulations, the Company must continue to tender and manage for the rest of the project's life instead of handing over and being locally managed as before. Therefore, in order to continue to handle the replacement afforestation in the coming time according to the regulations, SBA hired a consultant to formulate comparative plans to evaluate and choose between the two options: either continuing to afforest and tending till the end of the project life or paying money as a replacement for an appropriate option to resolve

Basis for plan achievements:

The electricity market in 2023 will encounter a lot of difficulties due to regulations and other related issues such as negotiating agreement output, the rate of electricity to be paid per the contract price; regulations on operating and regulating the reservoirs in the dry season at the request of Phu Yen province: The Company will further do research on solutions, coordinate with relevant agencies, and update and re-analyze the hydrological conditions to proactively solve.

It will also prepare various plans, manpower, spare equipment to repair, maintain, and promptly deal with incidents happening to the works and equipment at hydropower plants.

SBA will do research on and adopt repair and maintenance methods with a focus on Reliability – Centered Maintenance – RCM for Khe Dien and Krong H'ňang hydropower plants in order to improve the repair and maintenance of equipment in a more efficient and economical manner.

SBA will further carry out professional training, improve and expand its consultancy services; develop solutions to approach and promote SBA's consultancy services to enhance SBA's reputation and brand.

It will conduct internal assessments, a thematically regular and irregular inspection of applying, complying with the processes and regulations issued by the state authority and the Company.

Inspection and assessment will be conducted on regular and irregular basis to frequently maintain 5S and ISO activities at the Company according to regulations.

The Company will continue to organize extracurricular activities, and improve working conditions, facilities, and spiritual life for all the Company's employees.

EXPLANATION OF THE BOARD OF MANAGEMENT ON AUDITOR'S OPINIONS

According to the audited financial report of 2022, the independent auditor, AAC Auditing and Accounting Company Limited, issued an Unqualified Opinion on the 2022 financial statements of Song Ba Joint Stock Company. Therefore, there is no further explanation made by the Board of Management.



04 | REPORT OF BOARD OF DIRECTORS

Assessment of the Board of Directors on the Company's Business performance

Assessment on Board of Management's performance

Plan and direction of the Board of Directors

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS PERFORMANCE

In 2022, the economic situation was much volatile, input fuel prices increased, the power system encountered lots of difficulties, and the management and operation of 02 hydropower plants Krong H'ngang and Khe Dien were much affected by the materials and equipment costs, higher transportation costs, and the interrupted imports, affecting the Company's repair and replacement of equipment as well as operating costs; The operation of the two plants was affected at some points of time because wind power, solar power were prioritized.

However, thanks to the reservoirs' good hydrological situation since the first months of the year and prolonged until the end of the year; The high market price of electricity contributed to increasing revenue for Krong H'Nang Hydropower Plant when entering the market and with a spirit of being united, overcoming difficulties, the Company adopted various flexible solutions in operating the plants and was creative and drastic solutions in management and administration, so it successfully completed the tasks planned for the year of 2022 by the Resolution of the Annual General Meeting of Shareholders, the outcomes are as follows:

Assessment on the implementation of targets in 2022

In 2022, the Company succeeded in achieving the production and business targets as set out by the resolution of the General Meeting of Shareholders. Specifically:

Targets	UNIT	Expected 2022	Actual 2022	%Actual/Expected
Total commercial power output	Million kWh	217.00	333.49	153.68
Revenue from power production	Billion VND	245.53	446.02	181.66
Revenue from consultancy and others	Billion VND	4.00	5.93	148.25
Total revenues	Billion VND	249.53	451.95	181.12
Total expenses	Billion VND	149.62	192.31	128.53
Earnings before tax	Billion VND	99.91	259.64	259.87
Earnings after tax	Billion VND	93.93	244.55	260.35
Basic earnings per share	VND/share	1,558	4,056	260.33

- Total commercial power output of the two plants: 333.49/217.00 Million kWh, equal to 153.68% of the plan;
- Total Revenue: VND 451.95/VND 249.53 billion, reaching 181.12% of the plan (in which: revenue from power production was VND 446.02 billion and from consulting services and other revenues was VND 5.93 billion);
- Earnings after tax: VND 244.55/VND 93.93 billion, or 260.35% of the plan;
- Basic earnings per share: VND 4,056/VND 1,558 per share, or 260.33% of the target.
- Well-performing the operational management, repairing, and maintaining equipment and plants items, ensuring the stable, safe, and efficient operation of 02 Krong H'ngang and Khe Dien hydropower plants. Occupational safety and health were well performed without any occupational accidents and no subjective incidents occurring.

Assessment on the Corporate governance

In 2022, the Company's operations were always in conformity with the orientation set out by the Board of Directors in order to ensure groups of specific tasks completed in pursuit of improving quality and efficiency, and reasonably save its operational expenses. The Board of Directors fulfilled its obligations to disclose mandatory information in accurate and timely manner on the Company's production and business activities to relevant authorities and its shareholders per regulations. It fully adhered to and complied with the State's regulations in electricity production and business activities. The technical management, repair and maintenance, equipment troubleshooting, Occupational safety and health, fire and explosion prevention were well concerned, the 02 plants were ensured to operate stably, safely, and effectively. Also, the Company made flexible decisions required to respond to actual difficulties. By and large, SBA almost outperformed when meeting or exceeding the 2022 targets set by the 2022 AGM.

In 2022, regardless difficulties, the Company ensured sufficient jobs and stable income for its employees. The employees' regimes were fully and timely satisfied. Their benefits were ensured, and salary and bonus payments were made on time. As a matter of fact, their average income in 2022 was 20.36 million/person/month

It fully adhered to and complied with the State's regulations in electricity production and business activities, regulations on environmental protection, dam and reservoirs safety, fire and explosion prevention, natural disaster prevention - searching and rescuing. In 2022, there were 07 inspection teams working at Krong H'Nang Hydropower Plant and 02 teams working at Khe Dien hydropower plant. Results: The inspection teams highly appreciated the management, administration, and implementation of the regulations in accordance with the law and the Company's rules and regulations.

The Company succeeded in preserving and developing capital sources, balancing cash flows, paying to the State budget in accordance with regulations (VND 101.55 billion), and making the final payment of dividend for the year of 2020 and the dividend for the year of 2021 (15% of cash dividend was paid, equivalent to VND 59.30/VND 60.29 billion), making the first dividend advancement for the year of 2022 (10% in cash) with the first date of payment starting from 28/02/2023.

In accordance with the new provisions of the Law on Securities, the Company sold out all 203,090 treasury shares which had been purchased under the plan to buy back SBA shares as treasury shares by using profit after tax to offset the shares as bonus shares granted to the employees in 2018 under the Resolution No. 01/2018/NQ-DHDCD dated March 30, 2018), generating an inflow of VND 4.482 billion to the Company.



Assessment on consultancy services

The consulting service has always been attached importance to, and encouraged, contributing to an increase in the Company's revenue, subsequently the employees' income and benefit to the Shareholders. As a result, SBA brand has been increasingly strengthened. In 2022, regardless the difficulties due to the economic volatility, the Company made great efforts and promoted working with the owners to sign 10 new consultancy service contracts with total value after tax of VND3.19 billion. With the contracts signed before 2022, the total revenue of services and other revenues in 2022 reached VND 5.93 billion (48.25% better than the plan).

Investment and construction activities

The investment and construction was implemented in accordance with the Resolution of the GSM at the Company's annual meeting in 2022, specially:

Krong H'ngang 2 Project (Capacity of 13-15MW, in Phu Yen):

Because the project still got stuck in the process of investment procedures, environmental impact assessment due to the impact it may cause on forest land, and the Company's financial situation was still difficult, in 2022, the Company only continued doing research, reviewing design, re-evaluating the effectiveness and resolved related procedures as prescribed.

Song Tranh 1 hydropower project:

In 2022, the GSM ratified the item "Monitor and work with relevant authorities in Quang Nam Province, when there is a policy to permanently stop the project, take the procedures to stop the project per regulations".

Hence, after receiving the Dispatch no. 3094/UBND-KTN dated May 17, 2022 of the People's Committee of Quang Nam province with its response that Song Tranh 1 hydropower project had been excluded from the small and medium hydropower planning in Quang Nam province, SBA subsequently took the relevant procedures to stop the project as prescribed. The Company's Board of Directors issued a Resolution no. 09/22/NQ-HDQT dated December 28, 2022 on stopping the Song Tranh 1 Hydropower project, and the Decision no.19/22/QD-S3-HDQT dated December 28, 2022 on preliminarily approving the project investment capital settlement to account for the entire project investment capital as expenses in 2022 to determine business results.

ASSESSMENT ON BOARD OF MANAGEMENT'S PERFORMANCE

Economic efficiency and profit have been all the time taken by the Board of Management of the Company as its action targets. They have been keeping a close track of the work, have been highly responsible in performing their assigned tasks, and bringing about the highest efficiency to the Company. The leadership team has always been exemplary in fully and seriously adhering to the Company's Charter, implementing the resolutions of the Board of Directors and the General Meeting of Shareholders. In 2022, the Board of Management has always endeavored to proactively and promptly come up with suitable solutions, timely embrace the opportunities from market developments and weather. When there was any issues beyond the authority, the General Director expressed his proposal to the Board of Directors for timely resolution. By and large, by monitoring and supervision, the Board of Directors acknowledged that the Board of Management made their great efforts in business administration to guarantee that all the Company's business were implemented effectively, and complied with laws, at the same time ensured the shareholders' interests as well as benefits for all the Company's employees, along with fulfilling all tax obligations to the State. Especially, SBA were so creative in coming up with decisions that timely met the Company's requirements of business and production activities.

PLAN AND DIRECTION OF THE BOARD OF DIRECTORS

Targets of business and production for the year of 2023

- The Board of Directors will continue to strengthen the leadership, direction and be accompanying the Board of Management in running the Company's production and business activities flexibly, effectively and appropriately, and simultaneously strive to achieve the plan and targets as follows:
- Operation of Krong H'ngang and Khe Dien Hydropower plants: Organize safe operation of the plants, and efficient exploitation of water sources; electricity selling price; total commercial power output was more than 224.0 million kWh, total sales from electricity generation was over VND 252.84 billion.
- Reasonable cost saving, embracing every opportunity to increase revenue and strive to achieve basic earnings per share of 1,673 VND/share or more.
- Krong H'Nang 2 hydropower project: Continue to follow, take relevant procedures to maintain the projects, in favorable conditions, the GMS will be reported to consider possible investment option.
- Song Tranh 1 hydropower project: Complete the relevant procedures to permanently stop the Project per regulations after it is approved by the General Meeting of Shareholders.
- Implementing the project of renovating and upgrading the canteen, shift break house at Khe Dien hydropower plant after being approved by the General Meeting of Shareholders to meet the daily needs and ensure the safety of the employees working for the plant.
- Consultancy service: Expand scope of search, bidding for the packages related to dam inspection, surface water exploitation license, dam protection plan, operation training, etc. that may be required by the hydropower plants. The target of the Company is to generate more than VND 5.0 billion revenue from this segment for the year 2023 in addition to better position for its reputation.
- Digital transformation: Review and digitalize records and documents in archives reasonably; Equip and adopt technical management software in the operation of hydropower plants; Upgrade information technology infrastructure at the two hydropower plants to be used in management and operation.
- Based on the Company's research and forecast analysis in combination with forecasts of the National Center for Hydro-Meteorological Forecasting and international forecast agencies, in 2023, the weather is likely to be drought caused by El Nino, and the electricity market is still facing lots of difficulties. A production and business plan has been developed for the year 2023 as follows:

No.	Targets	UNIT	Planned
1	Total commercial power output	x106kWh	224
	Khe Dien	x106kWh	44
	Krong H'ngang	x106kWh	180
2	Total Revenue:	Billion VND	257.84
2.1	Revenue from power production	Billion VND	252.84
	Khe Dien	Billion VND	60.93
	Krong H'ngang	Billion VND	191.91
2.2	Revenue from consultancy service rendering and others	Billion VND	5
3	Total expenses	Billion VND	144.65
4	Earnings before tax	Billion VND	113.19
5	Earnings after tax	Billion VND	101.17
6	Corporate income tax payable	Billion VND	12.02
7	Basic earnings per share	VND/share	1,673

Solution to implement the plan

Operation and Management of the hydropower plants

- Continue to research and upgrade hydrological forecasting to improve operational efficiency; Adopt software and digital technology to management and operation.
- The Company will conduct capital repair on its own on the plants and the work items.
- Regularly review, check and assess the development of the hydrology, keeping track with market developments to efficiently operate the plants.
- Research, renovate, and replace equipment systems of the plants in a reasonable, long-term manner.

Human resource management and training:

- Review, assess people in all units to ensure the fitness with the workload. Upgrade managerial positions, appropriately arrange so that they can take advantage of their capabilities and creativity.
- Train, and upgrade to ensure that each employee fluently adapts and uses digital technology to improve the efficiency of solving tasks, meeting the Company's development strategy.
- Research digital technology, 4.0 technology to develop, gradually implement digital transformation at the Company, deploy electronic office, use digital signature.
- Build corporate culture: Working process is responsive, consistent with the trend, digital transformation environment.



Consultancy services:

- Promote SBA brand via conferences, newspaper, radio to introduce its services, strengthen its reputation.
- Standardized design, production process, save cost, better efficiency. Take the customer benefit as the Company's own benefits.
- Develop cost lump sum regime on each contract. Performing copyright policy for the products created by the Company.
- Further expand towards: Develop, lease the software of automatically operating single-reservoir and inter-reservoir flood discharge, operate effectively the hydropower plants, etc.



05 | SUSTAINABLE DEVELOPMENT

Sustainable Development Orientation

Specific goals

Effective use of energy

Water consumption in the year

Developing human resources, ensuring safety for employees

Social responsibility

Complying with the law on environmental protection

SUSTAINABLE DEVELOPMENT ORIENTATION

The Company made significant achievements in 2022. In addition to its high concentration on business and production efficiency, the Company was still always aware of the importance of sustainable development. In Song Ba JSC, the sustainable development has been always considered as a guideline through the Company's business and production activities. Therefore, SBA always attached significance to each stage of the production process from production to distribution. The Company always paid attention to waste treatment, environmental cleanup around production plants and zones. operate. The Company has been always targeting the opportunities to strengthen and balance the benefits for related parties: Shareholders, customers, state management agencies, employees, etc.



SPECIFIC GOALS

Economic benefits

- The Company's business and production must be in parallel with sustainable development and economic benefits: Meeting the demand for power output used for domestic activities, contributing to the sustainable economy growth through the company's core business.
- Training to improve the skills and qualifications for the young labor force.
- Continuing to strengthen and improve the quality of management at all levels and operation board, preparing all resources to serve the objective of sustainable economic growth.

Environmental protection

- Seriously following environmental regulations, landscape protection, ecological system surrounding the operation area.
- Enhancing the awareness of saving, waste prevention and environmental protection among all employees.
- Economical using the natural resources.
- Making constant improvements in production process to meet the standards of green, clean and beautiful environment.



EFFECTIVE USE OF ENERGY

In order to operate machines and equipment at the plants as well as be used for management at offices, the energy mainly used by the Company was electricity. Also, during its operation, the Company used some necessary energies such as gasoline, oil, gas, etc.

Total energy used which is classified by source	Unit	2022
Total energy consumption	kWh	539,015
Electricity used in office management	kWh	41,740
Electricity used in production	kWh	497,275

Saving energy has been ongoing concern of most of people. As the energy sources have been increasingly exhausted, energy saving is put on top of priority. Therefore, SBA invested in energy-saving machines and equipment, regularly checking the use of energies, following energy saving policies in the production process, aiming to enhance the efficiency of energies using, helping ensure the benefits for the entire company and contribute to the protection of natural resources.



Initiatives in effective use of energy

During the operation of the plants, SBA has always been monitoring, researching, and proposing many innovative solutions to increase the efficiency of power production operation, typically: Solutions to the optimal operation of high reservoir water levels for maximum efficiency; effective exploitation solutions to increase the useful capacity of Krong H'ngang and Khe Dien reservoirs; solutions to improve downstream discharge channels to improve power generation efficiency; conducting hydrological research, forecasting, and effective flood regulation to effectively exploit water intake, reduce overflow, and so on.

Initiatives in effective use of energy	Location	Objective
Renovating and replacing the HMI screen controlling the speed control system of H1 unit - Khe Dien Hydropower Plant	Khe Dien Hydropower plant	To ensure the system operates reliably, convenient in monitoring and control
Adding internal communication network and internet from the plant to valve house and distribution station 110kV - Krong H'ngang hydropower plant	Krong H'ngang Hydropower Plant	To ensure communication in operation, maintenance, troubleshooting
Designing and installing a sewage screen that changes the elevation by the reservoir water level on the inlet channel - Krong H'ngang hydropower plant	Krong H'ngang Hydropower Plant	The sewage screen at the beginning of the channel prevents waste from drifting into the water inlet, causing damage to the equipment and reducing power generation efficiency
Replacing the inverter for the 5T auxiliary winch of the 30/5T compartment crane and configuring the control software - Khe Dien Hydropower Plant	Khe Dien Hydropower plant	To ensure the system operate in conformity with the technical requirements
Installing additionally remote reset circuit for automatic rain gauge stations	Krong H'ngang Hydropower Plant	Restarting remote system reboot, no site visit required, reducing travel time and cost, and stable connection
To connect to the DIM system, bidding to work via the internet	Krong H'ngang Hydropower Plant	To increase backup capability for the electric market computer system
Processing and restoring contact working surface of 901 cutter - Krong H'ngang Hydropower Plant	Krong H'ngang Hydropower Plant	To ensure the equipment work reliably, reduce power loss on poor contact surface
Improving materials to produce structures to cool the machine unit - Khe Dien Hydropower plant	Khe Dien Hydropower plant	Replacing damaged cooling structure, enhancing cooling capability for the machine unit, subsequently, increase lifetime of the equipment and higher electricity generation efficiency
Designing, installing control system for water discharge siren	Krong H'ngang Hydropower Plant	To quickly operate, reduce operational time
Repairing and renovating the remote control system of disc valves, valve houses, and water intake gates of Khe Dien Hydropower Plant.	Khe Dien Hydropower plant	To upgrade the remote control system to make it convenient to monitor and control the valve house and water intake, use water efficiently

WATER CONSUMPTION IN THE YEAR

Water consumption

No.	Water sources	Unit	Total volume of water collected/reached in 2023
1	Krong H'ngang reservoir	m ³	1,316,704,879
2	Khe Dien reservoir	m ³	227,454,003
	Total	m ³	1,544,158,882

Actual use of water in the year at the plants

No.	Activities	Unit	Total volume of water used
1	Used for electricity generation	m ³	1,199,060,064
-	Krong H'ngang Hydropower Plant	m ³	1,017,302,112
-	Khe Dien hydropower plant	m ³	181,757,952
2	Domestic use	m ³	539



DEVELOPING HUMAN RESOURCES, ENSURING SAFETY FOR EMPLOYEES

It is well understood by the Company that plentiful and quality human resource is its core value to the sustainable development. Therefore, for the Company to strongly develop, SBA has been committed to providing all employees with a safe and professional working environment so that they could devote all of their capabilities.

SBA organized on-the-job experiences for the employees, so that they could master knowledge, skills to prevent, how to cope up with in case of incidents. By this way, awareness of the employees' obligations and responsibilities would be enhanced when they encountered incidents at the plants. At the same time, the efficiency and occupational safety at the plants was improved:

- The SBA guaranteed that its employees were entitled to social insurance, health insurance, unemployment insurance regimes and other regimes according to the state regulations, and enjoyed annual holidays, Tet holidays, annual vacation. In addition to ensuring the safety for the employees, SBA also took care of their spiritual life by organizing activities to gather people, forming a united and strong collective.
- Occupational safety and health, fire and explosion prevention, food safety and hygiene and disease prevention, health care advice, cancer screening for the employees, Tet reunion, sharing for the employees have been non-stop endeavors.
- The Company developed salary, bonus, and welfare policies suitable to the capacity of each employee, in order to maintain the spirit of enthusiastic work as well as retain individuals with good professional qualifications and willingness to maintain long-term relationship with the Company.

COMPLYING WITH THE LAW ON ENVIRONMENTAL PROTECTION

In 2022, Song Ba Joint Stock Company did not commit any violations of environmental protection laws. The Company fulfilled its obligations of natural resource tax and forest protection service fee in accordance with the law. The Company actively participated in protecting watershed forests, the environment in the area surrounding the hydropower plant areas of the company to keep them green, clean and beautiful.

In the year, with the motto "Union is power", along with the practical actions as listed above created the closeness and union in each employee at the plant. This was also an opportunity for each employee of the plant to demonstrate a responsible lifestyle with the environment as well as their daily work, thereby contributing their power to make the Company further grow.

SOCIAL RESPONSIBILITY



In addition to the policies of training, rewarding and welfare internally entitled by the employees, social - charity and humanitarian activities were well organized, which enables to create a friendly environment in the Company and society. It was understood by SBA that it was the support and trust of the community and society that would contribute to its sustainable development. In order to promote our Vietnamese tradition of "When drinking water, think of its source" or "When you eat a fruit, think of the man who planted the tree", "Giving back" was a task of the Company's concern over the past year.





06 | CORPORATE GOVERNANCE

Board of Directors

Board of Supervisors

Transactions, remunerations, benefits

Board of Directors members



Mr. THAI HONG QUAN - Chairman of the Board of Directors

Total number of shares of individual holding: 0 Share
Representative holding of EVNCPC: 11,822,500 shares (19.5451%)

Mr. DINH CHAU HIEU THIEN - Member of the BoD cum General Director

Total number of shares of individual holding: 21,600 shares (0.0357%)
Representative holding of EVNCPC: 7,093,500 shares (11.7211%)

Mr. PHAM PHONG - Member of the Board of Directors

Total number of shares of individual holding: 325,175 shares (0.5376%)

Mr. NGUYEN QUANG HUNG - Member of the Board of Directors

Total number of shares of individual holding: 4,620 shares (0.0076%)
Representative holding of EVNCPC: 4,729,000 shares (7.8180%)

Mr. HOANG NAM SON - Member of the Board of Directors

Total number of shares of individual holding: 44,909 shares (0.0742%)

Sub-committees under the Board of Directors

The internal audit team under the Board of Directors of Song Ba Joint Stock Company performs under the Internal Audit Regulations of Song Ba Joint Stock Company. On August 15, 2022, the Board of Directors of the Company issued Decision No. 13/22/QD-S3-HĐQT on the dissolution of the SBA Internal Audit Team and the internal audit was performed by an independent auditor.

Performance of the Board of Directors:

The Board of Directors comprises 05 members. The Board of Directors held regular meetings as prescribed (1 time/quarter) and other irregular meetings to deal with regular and urgent matters. The Company's Board of Supervisors was invited to join all the meetings. Therefore, the direction, management, and administration were carried out quickly, meeting the operational requirements of the Company.

Profile of the Company's Board of Directors, and the Board of Directors meetings:

No.	Member of the Board of Directors	Position	Statistics of attendance	Percentage of attendance	Reason for not attending
01	Mr. Thai Hong Quan	Chairman of the BoD	5/5	100%	
02	Mr. Dinh Chau Hieu Thien	Member of the BoD	5/5	100%	
03	Mr. Pham Phong	Member of the BoD	5/5	100%	
04	Mr. Nguyen Quang Hung	Member of the BoD	4/5	80%	(The meeting voting results were sent to him)
05	Mr. Hoang Nam Son	Member of the BoD	5/5	100%	

In the past year, the Board of Directors of the Company issued 09 Resolutions, 19 Decisions, and many documents to solve important issues in production, business, investment, and construction activities. The contents of the resolutions of the Board of Directors were 100% agreed upon by the members. The specific contents of the meetings and Resolutions thereof are as follows:

No.	Number of Resolution/ Decision	Date	Contents
1	01/22/NQ-HĐQT	January 25, 2022	Approving the business results of Q4/2021, the whole year of 2021; Planning key business targets in 2022, business plan for the Q1/2022, and other important related contents.
2	02/22/NQ-HĐQT	April 1, 2022	Agreeing on the content of the program to be submitted to the General Meeting of Shareholders at the annual meeting 2022.
3	03/22/NQ-HĐQT	April 8, 2022	Agreeing on the content of the reports, proposals to be submitted to the General Meeting of Shareholders at the annual meeting 2022.
4	04/22/NQ-HĐQT	June 20, 2022	Approving the business outcomes of Q1/2022; business plan for Q2/2022, and other issues.
5	05/22/NQ-HĐQT	August 04, 2022	Approving sales of the Company's treasury shares
6	06/22/NQ-HĐQT	August 29, 2022	Approving the business outcomes of Q2/2022; business plan for Q3/2022

BOARD OF DIRECTORS

No.	Number of Resolution/ Decision	Date	Contents
7	07/22/NQ-HDQT	October 14, 2022	Approving transactions with related parties for the year 2022
8	08/22/NQ-HDQT	November 24, 2022	Approving the business outcomes of Q3/2022; business plan for Q4/2022, and other relevant issues.
9	09/22/NQ-HDQT	December 28, 2022	Approving the Policy of stopping the implementation of Song Tranh 1 Hydropower project
10	01/22/QD-S3-HDQT	January 11, 2022	Dismissing the Secretary of Song Ba Joint Stock Company
11	02/22/QD-S3-HDQT	January 11, 2022	Appointing the Company's Secretary, Song Ba Joint Stock Company
12	03/22/QD-S3-HDQT	January 20, 2022	Awarding the General Director of Song Ba Joint Stock Company for "Outstanding performing the tasks assigned for the year 2021"
13	04/22/QD-S3-HDQT	March 8, 2022	Holding Annual General Meeting of Shareholders for the year 2022.
14	05/22/QD-S3-HDQT	March 8, 2022	Approving the plan of capital repair in 2022 at Khe Dien and Krong H'ngang hydropower plants - Song Ba Joint Stock Company.
15	06/22/QD-HDQT	March 29, 2022	Temporary settlement of full-time salary, remuneration of the Board of Directors, the Board of Supervisors, the Company's Secretary - Song Ba Joint Stock Company for the year 2021.
16	07/22/QD-S3-HDQT	June 01, 2022	Deciding the auditor to perform the audit of the 2022 Financial Statements of Song Ba Joint Stock Company.
17	08/22/QD-S3-HDQT	June 09, 2022	Rewarding the Management of the Company for the year 2021
18	09/22/QD-S3-HDQT	July 04, 2022	Establishing Risk management team under the Board of Directors - Song Ba Joint Stock Company
19	10/22/QD-S3-HDQT	July 11, 2022	Approving the procurement of 01 secondhand excavator for repairing roads in the rainy and stormy season at Khe Dien Power Plant.
20	11/22/QD-S3-HDQT	July 20, 2022	Making payment of cash dividend for the year 2021 to the Shareholders of Song Ba Joint Stock Company
21	12/22/QD-S3-HDQT	August 15, 2022	Approving the option to implement the internal audit of Song Ba Joint Stock Company
22	13/22/QD-S3-HDQT	August 15, 2022	Dissolving the Internal Auditing team - Song Ba Joint Stock Company
23	14/22/QD-S3-HDQT	August 24, 2022	Approving the internal audit plan at Song Ba Joint Stock Company according to the option to hire an independent auditor to perform the audit.
24	15/22/QD-S3-HDQT	September 29, 2022	Approving the plan to hire an independent auditor to perform the audit the investment capital in Song Tranh 1 project

No.	Number of Resolution/ Decision	Date	Contents
25	16/22/QD-S3-HDQT	October 14, 2022	Re-appointing Branch Director of Song Ba Joint Stock Company – Krong H'ngang Hydropower plant
26	17/22/QD-S3-HDQT	October 14, 2022	Re-appointing Deputy General Director (Technical) - Song Ba Joint Stock Company
27	18/22/QD-S3-HDQT	December 07, 2022	Establishing an Examining team to examine the settlement of investment capital of Song Tranh 1 hydropower project
28	19/22/QD-S3-HDQT	December 28, 2022	Temporary approving the settlement of investment capital of Song Tranh 1 hydropower project

Performance of the independent member of the Board of Directors.

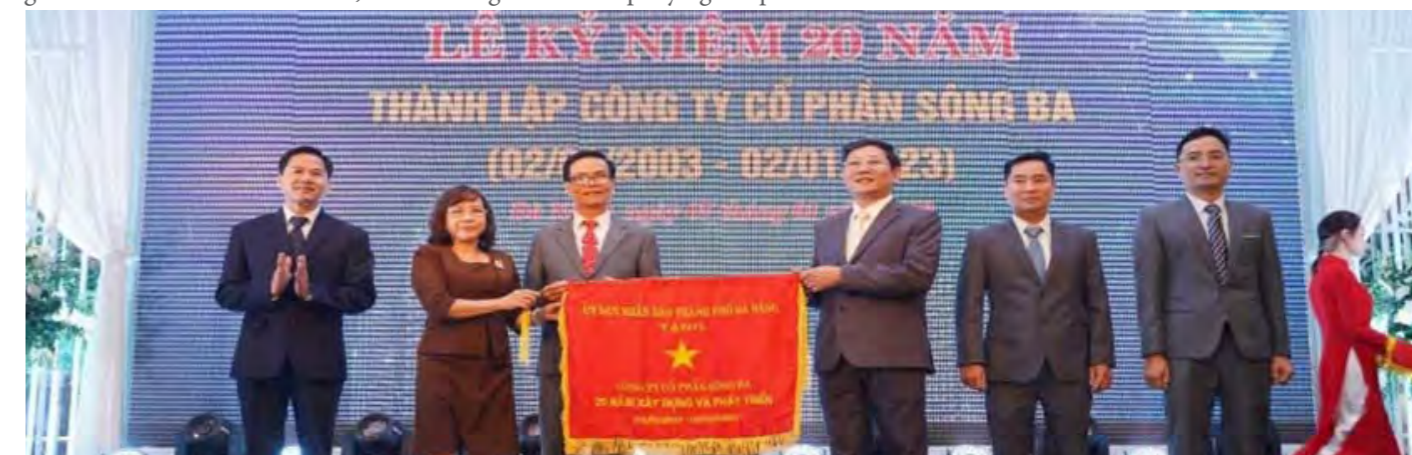
The Board of Directors of the Company has 01 independent member, Mr. Hoang Nam Son, whose role is directly in charge of risk-related issues of the Company; monitoring and directing the organization and construction of the system of rules and regulations to be applied in the Company. The independent member well performed their assigned tasks, contributing to the success in completing the general tasks of the Board of Directors of the Company.

The independent member's assessment on the Board of Directors of the Company: working carefully and efficiently, closely monitoring the Company's activities, and demonstrating a high sense of responsibility for the overall development of the Company and the interests of the Shareholders; The Board of Directors of the Company monitored and directed the Board of Management in the Company's activities in a flexible and effective manner; supervised the General Director, other managers and all aspects of the Company's activities in accordance with the Company's Charter and the Operational Regulations of the Board of Directors; The members of the Board of Directors well performed their guiding role in the production and business activities of the Company.

The outcomes of surveilling the General Director and the Managerial officers of the Company:

The General Director of the Company well performed the functions and duties of managing production and business, organizing the strict implementation of the resolutions of the Board of Directors; properly implementing regulations on regimes for the employees of the Company such as social insurance, health insurance, unemployment insurance, etc. The Board of Directors of the Company highly appreciated the leadership and management ability of the General Director. By the end of 2022, the Company's main business targets exceeded the plan set out by the General Meeting of Shareholders.

Beside the General Director, the management of the Company including 02 Deputy General Directors, Chief Accountant, and heads of the departments: Administration - Organization Department; Economics - Planning Department; Financial Accounting Department; Mechanical and Electrical Engineering Department and 03 affiliated branches (Khe Dien Hydropower Plant, Krong H'ngang Hydropower Plant, and Dam Safety Inspection and Consulting Center). The Board of Directors assessed that the Company's managerial officers strictly complied with the law, the Charter, and the Company's internal management regulations. They did make great efforts to fulfill their roles, contributing to the Company's good performance.



BOARD OF SUPERVISORS

Activities of Supervisory Board

No.	Member of the Board of Supervisors	Position	Number of meetings	Percentage of attendance	Notes
1	Phan Thi Anh Dao	Head of the Board of Supervisors	3/3	100%	
2	Huynh Thi Long	Member of the Board of Supervisors	3/3	100%	
3	Do Dat Quang	Member of the Board of Supervisors	1/1	100%	Dismissing the member of the BoS on April 29, 2022
4	Hoang Xuan Qui	Member of the Board of Supervisors	2/2	100%	Appointed as a members of BoS on April 29, 2022

In 2022, the Board of Supervisors 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:

- Supervising the performance of the Board of Directors, the Board of Management in their managing and operating the Company's business and production in accordance with laws and the Company's Charter. Supervising the implementation of the Resolution of the Annual General Meeting of Shareholders.
- Supervising the validity, honesty in managing and operating its business and production in accordance with laws and the Company's Charter.
- Controlling the compliance with regulations on information disclosure of the company in accordance with the law on securities, examining the transparency of the information disclosure to ensure that the Shareholders' interests were guaranteed.
- Participating in the inspection and supervision of audit activities, internal control at the Company in combination with functional departments, to ensure their legal compliance.
- Appraising the Company's quarterly, semi-annual and annual financial statements, preserving and developing the equity in an honest and objective way. Examining economic contracts, controlling operating costs, revenue, and capital use in construction investment.
- In 2022, the Board of Supervisors was invited to attend five meetings of the Board of Directors to grasp the guidelines of the Board of Directors, contribute ideas to the Board of Directors on the compliance with the Company's regulations, on the management and administration of the Board of Directors and the Board of Management, ensuring that the policies of the Board of Directors were issued in accordance with regulations and resolutions of the General Meeting of Shareholders, guaranteeing the interests of the Company and shareholders.
- The Head of the Board of Supervisors participated in monthly meetings and other important meetings of the company to follow the situation of the Company, maintained close coordination between the Board of Supervisors and the Board of Directors, and the Board of Management of the Company and other subordinate units.



Meetings of the Board of Supervisors

- March 4, 2022: Meeting to approve the monitoring and inspection report of the Company's activities for the year 2021.
- May 5, 2022: Meeting to approve the assignment of tasks of the Board of Supervisors, assessing the Company's performance in Q1/2022 and reviewing the financial statements of Q1/2022.
- August 31, 2022: Meeting to approve the monitoring report on the Company's performance in the first 6 months of 2022, implementing control theme in 2022.

The Board of Supervisors regularly examined, evaluated the implementation of the Resolution of the General Meeting of Shareholders in 2022 and the resolutions of the Board of Directors, and examined the data of the Company's semi-annual financial statements as well as the annual financial statements.



Supervising the management and administration of the Board of Directors, the Board of Management

In 2022, the Board of Management of the Company took a variety of active measures to direct and steer in order to implement the targets specified in the Resolution of the 2022 Annual General Meeting of Shareholders, earnings after tax reaching 260.35% of the plan, the owner's equity has been always maintained and preserved.

The Board of Directors' performance adhered to the provisions of the Law, the Company's Charter, and the Operational Regulations of the Board of Directors. The Board of Directors held regular meetings, discussed collectively; the meeting contents were recorded by the Company's Secretary and the meeting resolutions were issued. The tasks in need of being implemented in accordance with the Resolution of the Board of Management were fully and properly followed by the Board of Directors of the Company.

The Board of Management performed its duties and powers in accordance with the law and the Company's Charter, the Regulation on decentralization between the Board of Directors and the General Director.

Coordination between the Board of Supervisors and the Board of Directors, the General Director and other managers

Performing functions of surveillance: The Board of Supervisors was invited and attended all meetings of the Board of Directors, fully surveilled the performance of the Board of Directors in the implementation of the Resolutions of the General Meeting of Shareholders. In the meetings, the Board of Supervisors gave prompt recommendations to the Board of Directors on the issues in need of being handled for better management. The recommendations given by the Board of Supervisors were reviewed and handled in a timely manner by the Board of Directors to ensure the Company's operations in compliance with the law, better governance efficiency and the interests for the shareholders.

During its performance, the Board of Supervisors always obtained coordination and support from the Board of Directors, the Board of Management as well as the subordinate units of the Company by which the Board of Supervisors successfully performed the tasks assigned by the General Meeting of Shareholders.

TRANSACTIONS, REMUNERATIONS, BENEFITS

No.	Full name	Remunerations	Salaries	Bonus and other items other salaries	Total
1	Board of Directors	524,880,000	268,272,000	354,987,775	1,148,139,775
	Thai Hong Quan	524,880,000	-	60,394,000	585,274,000
	Pham Phong	-	89,424,000	272,237,775	361,661,775
	Nguyen Quang Hung	-	89,424,000	11,178,000	100,602,000
	Hoang Nam Son	-	89,424,000	11,178,000	100,602,000
2	Board of Supervisors	466,560,000	178,848,000	139,400,000	784,808,000
	Phan Thi Anh Dao	466,560,000	-	117,800,000	584,360,000
	Huynh Thi Long	-	89,424,000	10,800,000	100,224,000
	Do Dat Quang	-	29,808,000	10,800,000	40,608,000
	Hoang Xuan Qui	-	59,616,000	-	59,616,000
3	Board of Management	1,655,284,960	-	1,289,829,609	2,945,114,569
	Dinh Chau Hieu Thien	505,440,000	-	136,704,000	642,144,000
	Nguyen The Duy	386,381,640	-	369,654,996	756,036,636
	Phan Dinh Thanh	366,197,680	-	403,840,948	770,038,628
	Pham Thai Hung	397,265,640	-	379,629,665	776,895,305

Individuals/Organizations involved in the transactions	Positions/Relationships with the internal persons	Number of shares at the begin of the period		Number of shares at the end of the period		Reason for change
		Number	Percentage	Number	Percentage	
Hoang Xuan Qui	Member of the Board of Supervisors	0	0	10,000	1.653%	Buying SBA shares



NO.	Name of institutions/ individuals	Relationships with the Company	No. of certification, date of issuance, place of issuance	Head office address	Time of Transactions with the Company	No. of Resolution/Decision of the GSM/BoD	Contents, number, total value of the transaction	Noted
1	Central Power Corporation (EVNCPC) (a subsidiary of Electricity Vietnam Corporation EVN)	Investors. Major shareholder. State shareholder	Certificate of Enterprise Registration number: 0400101394, issued on March 24, 2010	78A Duy Tan, Hoa Thuan Dong Ward, Hai Chau District, Da Nang City	Arising from power output daily generated in 2022	Resolution No. 07/22/NQ-HDQT dated October 14, 2022 issued by the Company's Board of Directors	Revenue from electricity sale: VND 87,383,384,982	
						Resolution No. 01/2022/NQ-DHDCCD dated April 29, 2022 and Resolution No. 01/2021/NQ-HDQT dated June 25, 2021 of SBA Annual General Meeting	Dividend paid: VND 59,112,500,000	
							Interest on late payment of dividend: VND 85,510,685 (including late payment interest for the year 2021 and 2022)	
2	Power trading Company (unit under EVN)	Subordinate unit of the same parent company (EVN) with major shareholder, state shareholder which is EVNCPC	Certificate of Enterprise Registration number 0100100079073	No.11, Cua Bac Street, Truc Bach Ward, Ba Dinh District, Ha Noi City	Arising from power output daily generated in 2022	Resolution No. 07/21/NQ - HDQT dated October 14, 2022 issued by the Company's Board of Directors	Revenue from electricity sale: VND 404,296,942,564	



07 | FINANCIAL STATEMENTS 2022

Financial Statements

Financial Report Description

REPORT OF THE MANAGEMENT

The Management of Song Ba Joint Stock Company is pleased to present this report together with the audited financial statements for the year ended 31/12/2022.

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 12 times and the nearest amendment was made on 06/04/2022). The Company is an independent accounting entity, operating in observance of the Enterprise Law, its Charter and other relevant regulations.

The Company registered to list its common shares on the Ho Chi Minh City Stock Exchange with code SBA. The official transaction date of shares was 01/06/2010.

Charter capital: VND604,882,610,000

Paid-in capital as at 31/12/2022: VND604,882,610,000

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'ngang Hydropower Plant;
- Branch of Song Ba Joint Stock Company - Dam Safety Testing and Consulting Center.

Principal 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 (traffice, 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);

REPORT OF THE MANAGEMENT (cont'd)

- 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;
- 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.

Head office

- Address: 573 Nui Thanh Street, Hoa Cuong Nam Ward, Hai Chau District, Da Nang City, Viet Nam
- Tel: (0236) 3653 592 - (0236) 3653 596
- Fax: (0236) 3653 593
- Email: sba2007@songba.vn
- Website: www.songba.vn

Employees

As at 31/12/2022, the Company had 99 employees, including 10 managing officers.

Members of the Board of Directors, Supervisory Board, Management and Chief Accountant during the year and up to the reporting date are as follows:

Board of Directors

- | | | |
|----------------------------|----------|-----------------------|
| • Mr. Thai Hong Quan | Chairman | Elected on 25/06/2021 |
| • Mr. Dinh Chau Hieu Thien | Member | Elected on 30/06/2020 |
| • Mr. Pham Phong | Member | Elected on 30/06/2020 |
| • Mr. Nguyen Quang Hung | Member | Elected on 30/06/2020 |
| • Mr. Hoang Nam Son | Member | Elected on 30/06/2020 |

Supervisory Board

- | | | |
|------------------------|---------------------------|---|
| • Ms. Phan Thi Anh Dao | Head of Supervisory Board | Elected on 30/06/2020 |
| • Ms. Huynh Thi Long | Member | Elected on 30/06/2020 |
| • Hoang Xuan Qui | Member | Elected on 29/04/2022 |
| • Mr. Do Quang Dat | Member | Elected on 30/06/2020
Resigned on 29/04/2022 |

Management and Chief Accountant

- | | | |
|----------------------------|-----------------------|---------------------------|
| • Mr. Dinh Chau Hieu Thien | General Director | Appointed on 01/07/2021 |
| • Mr. Nguyen The Duy | Vice General Director | Reappointed on 01/06/2019 |

REPORT OF THE MANAGEMENT (cont'd)

- Mr. Phan Dinh Thanh Technical Vice General Director Reappointed on 01/10/2022
- Mr. Pham Thai Hung Chief Accountant Reappointed on 01/07/2019

Independent auditor

These financial statements have been audited by AAC Auditing and Accounting Company Ltd (Head office: Lot 78-80, 30 April Street, Hai Chau District, Da Nang City; Tel: (84) 0236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

Responsibility of the Management in preparation and presentation of the financial statements

The Company’s Management is responsible for true and fair preparation and presentation of these financial statements on the basis of:

- Complying with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the interim financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

The members of the Company's Management hereby confirm that the accompanying financial statements including the balance sheet, the income statement, the statement of cash flows and the notes thereto give a true and fair view of the financial position of the Company as at 31/12/2022 and the result of its operations and its cash flows for the year then ended in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of financial statements.

On behalf of the Management



Dinh Chau Hieu Thien
General Director
Da Nang City, 14 February 2023

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements which were prepared on 14/02/2023 of Song Ba Joint Stock Company (“the Company”) as set out on pages 5 to 33, which comprise the balance sheet as at 31/12/2022, the income statement, the statement of cash flows for the year then ended and the notes thereto.

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 31/12/2022, 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

Tran Thi Thu Hien – Deputy General Director
Audit Practicing Registration Certificate
No. 0753-2023-010-1
Da Nang City, 14 February 2023



Do Thi Phuong Thuy – Auditor
Audit Practicing Registration Certificate
No. 2970-2019-010-1

BALANCE SHEET

SONG BA JOINT STOCK COMPANY
573 Nui Thanh Street, Hai Chau District, Da Nang City

FINANCIAL STATEMENTS
For the year ended 31/12/2022

BALANCE SHEET
As at 31/12/2022

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

ASSETS	Code	Note	31/12/2022 VND	01/01/2022 VND
A. CURRENT ASSETS	100		243,097,061,591	142,541,282,461
I. Cash and cash equivalents	110	5	80,679,709,655	40,865,726,393
1. Cash	111		25,679,709,655	40,865,726,393
2. Cash equivalents	112		55,000,000,000	-
II. Short-term financial investments	120		-	-
III. Short-term receivables	130		159,155,424,760	96,592,203,415
1. Short-term trade receivables	131	6	156,061,822,561	92,396,147,925
2. Short-term prepayments to suppliers	132	7	891,746,525	2,669,994,272
3. Other short-term receivables	136	8.a	2,201,855,674	1,526,061,218
IV. Inventories	140	9	2,281,624,849	1,946,458,898
1. Inventories	141		2,281,624,849	1,946,458,898
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		980,302,327	3,136,893,755
1. Short-term prepaid expenses	151	10.a	18,660,537	2,435,042,137
2. Deductible VAT	152		961,641,790	701,851,618
B. LONG-TERM ASSETS	200		1,083,132,130,266	1,153,138,953,744
I. Long-term receivables	210		2,024,000,000	2,004,000,000
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	8.b	2,024,000,000	2,004,000,000
II. Fixed assets	220		1,068,643,399,688	1,137,437,360,938
1. Tangible fixed assets	221	11	1,062,990,695,801	1,132,262,099,138
- Cost	222		1,690,867,288,828	1,689,258,148,089
- Accumulated depreciation	223		(627,876,593,027)	(556,996,048,951)
2. Intangible fixed assets	227	12	5,652,703,887	5,175,261,800
- Cost	228		5,971,967,408	5,478,061,800
- Accumulated amortization	229		(319,263,521)	(302,800,000)
III. Investment properties	230		-	-
IV. Long-term assets in progress	240		3,475,284,736	8,867,514,787
1. Long-term work in process	241		-	-
2. Construction in progress	242	13	3,475,284,736	8,867,514,787
V. Long-term financial investments	250		-	-
VI. Other long-term assets	260		8,989,445,842	4,830,078,019
1. Long-term prepaid expenses	261	10.b	8,989,445,842	4,830,078,019
2. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,326,229,191,857	1,295,680,236,205

BALANCE SHEET

SONG BA JOINT STOCK COMPANY
573 Nui Thanh Street, Hai Chau District, Da Nang City

FINANCIAL STATEMENTS
For the year ended 31/12/2022

BALANCE SHEET (cont'd)
As at 31/12/2022

RESOURCES	Code	Note	31/12/2022 VND	01/01/2022 VND
C. LIABILITIES	300		376,439,749,420	440,258,319,127
I. Current liabilities	310		201,228,808,935	176,684,059,846
1. Short-term trade payables	311	14	1,498,995,690	2,102,735,177
2. Short-term advances from customers	312		-	1,166,000,000
3. Taxes and amounts payable to the State	313	15	29,108,458,288	26,335,447,965
4. Payables to employees	314		10,890,922,570	5,263,004,702
5. Short-term accrued expenses	315	16	1,335,948,074	1,329,235,505
6. Other short-term payables	319	17	70,690,228,379	33,204,650,037
7. Short-term loans and finance lease liabilities	320	18.a	86,431,046,068	106,387,613,505
8. Reward and welfare fund	322		1,273,209,866	895,372,955
II. Long-term liabilities	330		175,210,940,485	263,574,259,281
1. Long-term trade payables	331		-	-
2. Long-term loans and finance lease liabilities	338	18.b	175,210,940,485	263,574,259,281
D. EQUITY	400		949,789,442,437	855,421,917,078
I. Owners' equity	410		949,789,442,437	855,421,917,078
1. Share capital	411	19	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	19	2,076,396,829	-
3. Treasury shares	415	19	-	(2,405,771,754)
4. Development investment fund	418	19	59,837,880,081	53,979,929,268
5. Undistributed profit after tax	421	19	282,992,555,527	198,965,149,564
- Undistributed profit after tax up to prior year-end	421a	19	38,444,498,763	81,806,133,306
- Undistributed profit after tax of current year	421b	19	244,548,056,764	117,159,016,258
II. Other resources and funds	430		-	-
TOTAL RESOURCES	440		1,326,229,191,857	1,295,680,236,205



Dinh Chau Hieu Thien
General Director

Da Nang City, 14 February 2023

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

INCOME STATEMENT

SONG BA JOINT STOCK COMPANY
573 Nui Thanh Street, Hai Chau District, Da Nang City

FINANCIAL STATEMENTS
For the year ended 31/12/2022

INCOME STATEMENT For the year ended 31/12/2022

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 2022 VND	Year 2021 VND
1. Revenue from sales and service provision	01	20	495,630,568,017	314,881,037,813
2. Revenue deductions	02		-	-
3. Net revenue from sales and service provision	10		495,630,568,017	314,881,037,813
4. Cost of goods sold	11	21	178,248,248,235	136,226,925,331
5. Gross profit from sales and service provision	20		317,382,319,782	178,654,112,482
6. Financial income	21	22	1,274,252,467	222,717,668
7. Financial expenses	22	23	27,955,749,065	34,321,369,248
Including: Interest expense	23		27,816,562,067	34,103,383,839
8. Selling expenses	25		-	-
9. Administrative expenses	26	24	25,670,115,521	17,858,007,752
10. Operating profit	30		265,030,707,663	126,697,453,150
11. Other income	31	25	712,348,209	953,999,577
12. Other expenses	32	26	6,099,279,196	3,709,549,399
13. Other profit	40		(5,386,930,987)	(2,755,549,822)
14. Accounting profit before tax	50		259,643,776,676	123,941,903,328
15. Current corporate income tax expense	51	27	15,095,719,912	6,782,887,070
16. Deferred corporate income tax expense	52		-	-
17. Profit after tax	60		244,548,056,764	117,159,016,258
18. Basic earnings per share	70	28	4,056	1,881
19. Diluted earnings per share	71	28	4,056	1,881



Dinh Chau Hieu Thien
General Director

Da Nang City, 14 February 2023

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

STATEMENT OF CASH FLOW

SONG BA JOINT STOCK COMPANY
573 Nui Thanh Street, Hai Chau District, Da Nang City

FINANCIAL STATEMENTS
For the year ended 31/12/2022

STATEMENT OF CASH FLOWS For the year ended 31/12/2022

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 2022 VND	Year 2021 VND
I. Cash flows from operating activities				
1. Cash receipts from sales, service provision and other income	01		436,913,017,760	302,174,157,126
2. Cash paid to suppliers	02		(92,156,422,362)	(68,683,856,079)
3. Cash paid to employees	03		(29,951,428,408)	(22,313,901,964)
4. Cash paid for borrowing interest	04	17, 24	(27,869,501,083)	(34,127,290,625)
5. Cash paid for corporate income tax	05	16	(12,360,733,252)	(7,670,541,404)
6. Other cash receipts from operating activities	06		42,828,256,326	33,022,863,374
7. Other payments for operating activities	07		(58,143,701,257)	(40,028,264,402)
Net cash provided by operating activities	20		259,259,487,724	162,373,166,026
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(3,043,019,978)	(9,561,180,319)
2. Disposals of fixed assets and other long-term assets	22		14,409,091	-
3. Dividends, profit, interest received	27	23	1,080,279,864	222,717,668
Net cash used in investing activities	30		(1,948,331,023)	(9,338,462,651)
III. Cash flows from financing activities				
1. Proceeds from share issuance, capital contribution	31		4,482,168,583	-
2. Proceeds from borrowings	33		-	44,066,567,437
3. Repayments of borrowings	34	18	(108,417,613,505)	(102,823,995,546)
4. Dividends, profit paid to owners	36	17,19	(113,561,728,517)	(65,429,400,498)
Net cash used in financing activities	40		(217,497,173,439)	(124,186,828,607)
Net cash flows for the year	50		39,813,983,262	28,847,874,768
Cash and cash equivalents at the beginning of the year	60	5	40,865,726,393	12,017,851,625
Impact of exchange rate fluctuations	61		-	-
Cash and cash equivalents at the end of the year	70	5	80,679,709,655	40,865,726,393



Dinh Chau Hieu Thien
General Director

Da Nang City, 14 February 2023

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 12 times and the nearest amendment was made on 06/04/2022). 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 (traffice, 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: Wholsale of mechanical and electrical equipment, materials;
- 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;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- 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 31/12/2022, 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 adopts the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System which is guided in Circular No. 200/2014/TT-BTC dated 22/12/2014 and Circular No. 53/2016/TT-BTC dated 21/3/2016 amending and adding some articles of Circular No. 200/2014/TT-BTC issued by the Ministry of Finance.

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

Cash includes cash on hand, bank demand 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 estimated loss amounts at the balance sheet date for overdue receivables which the Company has claimed many times but still has not collected yet or which have not been overdue but the debtor has been in the state of insolvency, doing dissolution procedures, missing or running away.

4.3 Inventories

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Value of inventories is calculated using the First-In, First-Out method and accounted for using the perpetual method with cost 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 for each kind of inventories when the net realizable value of that kind of inventories is less than cost.

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'ngang 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

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:

$$\text{Depreciation rate in the period} = \frac{\text{Cost of fixed assets}}{\text{Depreciation period} \times \text{Average design Volume of electricity actually generated in the period}}$$

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

of fixed assets registered with tax authority x 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 2003 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 period complies 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>Kinds of asset</u>	<u>Amortization period (years)</u>
Indefinite lived land use rights	Not amortized
Computer software	5

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 costs are amortized in accordance with the straight-line method for a period ranging from 12 to 36 months;
- Insurance premiums 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

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

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 original currencies.

4.8 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.

4.9 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 original 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.

4.10 Owners' equity

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***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 Resolution 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/EVNPC-SBA dated 31/05/2011 and Appendix No. 12 dated 24/02/2021 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. 08 dated 05/03/2021 with Viet Nam Electricity: using competitive electricity price.
- Revenue from sales and service provision is recognized to the extent that it is probable to obtain economic benefits, it can be reliably measured and the following conditions are also met:
 - ✓ 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.
- 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 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, payment discounts for buyers, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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 Administrative expenses

Administrative 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, deposits, trade receivables and other receivables.

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 is applying

- 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. Besides, from 01/02/2022 to 31/12/2022, the Company is entitled to 2% VAT reduction on certain goods as stipulated in the Government's Resolution No. 43/2022/QH15 dated 11/01/2022.
- Corporate Income Tax (CIT):
 - ✓ For Khe Dien Hydropower Plant: Applicable tax rate is 20%.
 - ✓ For expanded Khe Dien Hydropower Plant: Applicable tax rate is 20%. Income from expanded Khe Dien Hydropower Plant is exempted from corporate income tax for 4 years and entitled to 50% reduction of corporate income tax for the next 9 years as from the time the expanded Khe Dien Hydropower Plant is completed and put into operation and business income is generated. Since 2021 was the first year the expanded Khe Dien Hydropower Plant has made taxable income, income from expanded Khe Dien Hydropower Plant is exempted

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

from corporate income tax from 2021 to 2024 and entitled to 50% reduction of corporate income tax from 2025 to 2033.

These incentives are stipulated in Point 4, Article 10 and Article 12 of Circular No. 96/2015/TT-BTC dated 22/06/2015 of the Ministry of Finance.

- ✓ 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 charges 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

	31/12/2022	01/01/2022
Cash on hand	207,650,005	862,644,044
Bank demand deposits	25,472,059,650	40,003,082,349
Bank deposits of no more than 3 months	55,000,000,000	-
Total	80,679,709,655	40,865,726,393

6. Short-term trade receivables

	31/12/2022	01/01/2022
Central Power Corporation	23,853,336,683	9,621,260,750
Electricity Power Trading Company	128,948,242,986	80,289,822,660
Others	3,260,242,892	2,485,064,515
Total	156,061,822,561	92,396,147,925

In which: trade receivables from related parties

SONG BA JOINT STOCK COMPANY
573 Nui Thanh Street, Hai Chau District, Da Nang City

FINANCIAL STATEMENTS
For the year ended 31/12/2022

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Relationship	31/12/2022	01/01/2022
Central Power Corporation	Investor	23,853,336,683	9,621,260,750
Electricity Power Trading Company	Fellow-sub subsidiary of the investor	128,948,242,986	80,289,822,660
Total		152,801,579,669	89,911,083,410

7. Short-term prepayments to suppliers

	31/12/2022	01/01/2022
RGE Trade and Technology Company Limited	256,966,347	-
Dai Loc Construction JSC	300,012,933	300,012,933
Others	334,767,245	2,369,981,339
Total	891,746,525	2,669,994,272

8. Other receivables

a. Short-term

	31/12/2022		01/01/2022	
	Amount	Provision	Amount	Provision
Advances	864,942,357	-	810,281,033	-
Accrued interest receivable	193,972,603	-	-	-
Other receivables	1,142,940,714	-	715,780,185	-
Total	2,201,855,674	-	1,526,061,218	-

b. Long-term

	31/12/2022		01/01/2022	
	Amount	Provision	Amount	Provision
Deposits, collaterals	2,024,000,000	-	2,004,000,000	-
Total	2,024,000,000	-	2,004,000,000	-

9. Inventories

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573 Nui Thanh Street, Hai Chau District, Da Nang City

FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	31/12/2022		01/01/2022	
	Cost	Provision	Cost	Provision
Materials	1,621,392,258	-	934,687,250	-
Tools, instruments	656,093,800	-	837,185,800	-
Work in process	4,138,791	-	174,585,848	-
Total	2,281,624,849	-	1,946,458,898	-

- There are no inventories which are unsold, in poor quality at 31/12/2022.
- There are no inventories which were pledged, mortgaged as security for debts as at 31/12/2022.

10. Prepaid expenses

a. Short-term

	31/12/2022	01/01/2022
Unexpired insurance	18,660,537	131,137,518
Other prepaid expenses	-	2,303,904,619
Total	18,660,537	2,435,042,137

b. Long-term

	31/12/2022	01/01/2022
Costs of overhaul of electromechanical equipment Spill dam	894,853,598	-
Krong H'ngang Hydropower Plant	-	-
Costs of repairing operation path of Khe Dien Plant	5,348,765,262	-
Costs of repairing the Head Office	831,787,130	-
Unit repair, maintenance costs - Khe Dien Plant	977,547,561	1,897,622,931
Costs of tools, instruments pending amortization	814,894,142	341,653,067
Other prepaid expenses	121,598,149	2,590,802,021
Total	8,989,445,842	4,830,078,019

11. Tangible fixed assets

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573 Nui Thanh Street, Hai Chau District, Da Nang City

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1,216,155,098,472	390,511,534,924	81,836,738,864	754,775,829	1,689,258,148,089
Newly-purchased	-	-	1,780,463,407	288,813,357	2,069,276,764
Sold, disposed	-	-	250,719,286	209,416,739	460,136,025
Ending balance	1,216,155,098,472	390,511,534,924	83,366,482,985	834,172,447	1,690,867,288,828
Depreciation					
Beginning balance	272,395,820,705	232,005,021,540	52,093,094,767	502,111,939	556,996,048,951
Charge for the year	33,172,188,588	31,700,521,922	6,350,073,814	117,895,777	71,340,680,101
Decrease in the year	-	-	250,719,286	209,416,739	460,136,025
Ending balance	305,568,009,293	263,705,543,462	58,192,449,295	410,590,977	627,876,593,027
Net book value					
Beginning balance	943,759,277,767	158,506,513,384	29,743,644,097	252,663,890	1,132,262,099,138
Ending balance	910,587,089,179	126,805,991,462	25,174,033,690	423,581,470	1,062,990,695,801

- As at 31/12/2022, tangible fixed assets with a carrying value of VND1,057,417,366,556 have been mortgaged as collateral for borrowings granted to the Company.
- Cost of tangible fixed assets fully depreciated but still in active use at 31/12/2022 is VND65,450,626,685.
- 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/QD – 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’nam 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 an official letter (No. 223/11/S3-TC dated 09/06/2011) to notify the Tax Department of such change.
- 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.

12. Intangible fixed assets

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Land use rights (*)	Computer software	Total
Cost			
Beginning balance	5,175,261,800	302,800,000	5,478,061,800
Newly purchased	-	493,905,608	493,905,608
Sold, disposed	-	-	-
Ending balance	5,175,261,800	796,705,608	5,971,967,408
Amortization			
Beginning balance	-	302,800,000	302,800,000
Charge for the year	-	16,463,521	16,463,521
Sold, disposed	-	-	-
Ending balance	-	319,263,521	319,263,521
Net book value			
Beginning balance	5,175,261,800	-	5,175,261,800
Ending balance	5,175,261,800	477,442,087	5,652,703,887

(*) 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 Orient Commercial Joint Stock Bank – Trung Viet Branch (presented in Note 18).

Cost of intangible fixed assets fully amortized but still in active use at 31/12/2022 is VND302,800,000.

13. Construction in progress

	31/12/2022	01/01/2022
Construction in progress	3,475,284,736	8,867,514,787
- Krong H’nam 2 Hydropower Plant	3,475,284,736	3,475,284,736
- Song Tranh 1 Hydropower Plant	-	5,245,930,051
- Digital transformation system	-	146,300,000
Total	3,475,284,736	8,867,514,787

The total investment capital of Krong H’nam 2 Hydropower Plant Project is VND407,915,000,000. The documentations of this project are being completed for submission to the Ministry of Industry and Trade for approval to adjust the planning.

14. Short-term trade payables

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	31/12/2022	01/01/2022
Song Quynh Technology Investment and Trading Co., Ltd	258,104,000	-
Water resources research center	336,110,000	-
Others	904,781,690	2,102,735,177
Total	1,498,995,690	2,102,735,177

15. Taxes and amounts payable to the State

	Beginning balance		Amount to be paid	Actual amount paid	Ending balance	
	Payable	Receivable			Payable	Receivable
VAT	-	9,957,791,693	38,956,169,676	38,100,796,578	-	10,813,164,791
CIT	-	2,901,784,058	15,095,719,912	12,360,733,252	-	5,636,770,718
Personal Income Tax	-	2,101,271,879	4,567,557,505	5,977,459,310	-	691,370,074
Natural resources tax	-	7,718,768,223	31,092,465,289	31,124,350,523	-	7,686,882,989
Land and house tax, land rent	-	-	15,174,000	15,174,000	-	-
License fee	-	-	31,056,000	31,056,000	-	-
Forest environment service fee	-	3,655,832,112	12,007,130,832	11,382,693,228	-	4,280,269,716
Fees for granting rights to exploit water resources	-	-	2,557,189,000	2,557,189,000	-	-
Total	-	26,335,447,965	104,322,462,214	101,549,451,891	-	29,108,458,288

The Company's tax returns 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.

16. Short-term accrued expenses

	31/12/2022	01/01/2022
Loan interest payable	127,803,325	180,742,341
Interest on bonds issued	9,041,096	9,041,096
Construction supervision cost of Tam Phuc Hydropower Project	731,680,468	-
Other accrued expenses	467,423,185	1,139,452,068
Total	1,335,948,074	1,329,235,505

17. Other short-term payables

	31/12/2022	01/01/2022
Dividend payable	70,450,467,460	33,096,178,477
Other payables	239,760,919	108,471,560
Total	70,690,228,379	33,204,650,037

18. Loan and finance lease liabilities

a. Short-term loans and finance lease liabilities

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Short-term loan from Orient Bank – Trung Viet Branch	14,066,567,437	-	14,066,567,437	-
- Contract No. 0158/CTV/HDTDHM	14,066,567,437	-	14,066,567,437	-
Current portion of long-term loans from Orient Bank – Trung Viet Branch	92,321,046,068	88,461,046,068	94,351,046,068	86,431,046,068
- Contract No. 024/2015/HDTD-DN	72,000,000,000	72,000,000,000	72,000,000,000	72,000,000,000
- Contract No. 0058/2019/HDTD-OCB-DN	16,641,000,000	12,781,000,000	18,671,000,000	10,751,000,000
- Contract No. 0057/2019/HDTD-OCB-DN	3,680,046,068	3,680,046,068	3,680,046,068	3,680,046,068
Total	106,387,613,505	88,461,046,068	108,417,613,505	86,431,046,068

b. Long-term loans and finance lease liabilities

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Long-term loans from Orient Bank – Trung Viet Branch	326,286,214,440	-	94,351,046,068	231,935,168,372
- Contract No. 024/2015/HDTD-DN	228,000,000,000	-	72,000,000,000	156,000,000,000
- Contract No. 0058/2019/HDTD-OCB-DN	33,223,000,000	-	18,671,000,000	14,552,000,000
- Contract No. 0057/2019/HDTD-OCB-DN	65,063,214,440	-	3,680,046,068	61,383,168,372
Issued bonds (SBAH2125001)	29,609,090,909	97,727,272	-	29,706,818,181
Total	355,895,305,349	97,727,272	94,351,046,068	261,641,986,553
In which:				
- Amount due within one year	92,321,046,068			86,431,046,068
Long-term loans and finance lease liabilities	263,574,259,281			175,210,940,485

The Company is borrowing from Orient Commercial Joint Stock Bank (OCB) under the following loan agreements:

- Long-term loan agreement No. 0058/2019/HDTD-OCB-DN dated 26/03/2019 with the credit line of VND90,734,000,000. The loan period is 61 months as from the first drawdown date at OCB – Trung Viet Branch. The interest rate is adjusted every 6 months. The loan is to re-finance the loans of Song Ba Joint Stock Company from Vietcombank for reimbursing the capital which the Company invested in Khe Dien Hydropower Plant Project under Credit Agreement No. 34/2013/VCB/KHDN dated 07/02/2013 and Credit Agreement No. 162/2014/VCB-KHDN dated 14/05/2014 with respective debt balance of VND22,100,000,000 and VND68,634,000,000. The loan is secured by the long-term land use right at 573 Nui Thanh Street, Hai Chau District, Da Nang City and Khe Dien Hydropower Plant.
- Long-term loan agreement No. 0057/2019/HDTD-OCB-DN dated 26/03/2019 with the credit line of VND72,000,000,000. The loan period is 132 months as from the first drawdown date at OCB – Trung Viet Branch. The interest rate is agreed in the indebtedness and adjusted every 6 months. The loan is for the purpose of investing in the Khe Dien Hydropower Plant expansion project from the designed capacity of 9MW to 15MW. The loan is secured by the long-term land use right at 573 Nui Thanh

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Street, Hai Chau District, Da Nang City; Khe Dien Hydropower Plant and Krong H'ngang 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 the credit line of VND620,000,000,000. The loan period is 120 months as from the first drawdown date at OCB – Quang Nam Branch. This loan is transferred to Orient Commercial Joint Stock Bank – Trung Viet Branch in accordance with the Announcement dated 01/04/2017 on transferring the borrowing transaction of Song Ba Joint Stock Company to Orient Commercial Joint Stock Bank – Trung Viet Branch. The interest rate is adjusted once a quarter. The loan is to re-finance the Krong H'ngang 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'ngang Hydropower Plant.

c. Issued bonds

	31/12/2022					
	Original price of bond	Total issuance costs	Accumulated amortization of issuance costs	Decrease in the period	Value at the end of the period	Interest rate
Bond issued at par value	30,000,000,000	390,909,091	97,727,272	-	29,706,818,181	
- Bond SBAH2125001 with the 4-year term	30,000,000,000	390,909,091	97,727,272	-	29,706,818,181	Fixed 11%/year

	01/01/2022					
	Original price of bond	Total issuance costs	Accumulated amortization of issuance costs	Decrease in the period	Value at the end of the period	Interest rate
Bond issued at par value	30,000,000,000	390,909,091	-	-	29,609,090,909	
- Bond SBAH2125001 with the 4-year term	30,000,000,000	390,909,091	-	-	29,609,090,909	Fixed 11%/year

19. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Treasury shares	Development investment fund	Undistributed profit after tax	Total
As at 01/01/2021	604,882,610,000	-	(2,405,771,754)	48,955,973,929	152,834,355,100	804,267,167,275
Increase in the year	-	-	-	5,023,955,339	117,159,016,258	122,182,971,597
Decrease in the year	-	-	-	-	71,028,221,794	71,028,221,794
As at 31/12/2021	604,882,610,000	-	(2,405,771,754)	53,979,929,268	198,965,149,564	855,421,917,078
As at 01/01/2022	604,882,610,000	-	(2,405,771,754)	53,979,929,268	198,965,149,564	855,421,917,078
Increase in the year	-	2,076,396,829	-	5,857,950,813	244,548,056,764	252,482,404,406
Decrease in the year	-	-	(2,405,771,754)	-	160,520,650,801	158,114,879,047
As at 31/12/2022	604,882,610,000	2,076,396,829	-	59,837,880,081	282,992,555,527	949,789,442,437

b. Capital transactions with owners and distribution of dividend

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Year 2022	Year 2021
Share capital		
- Beginning balance	604,882,610,000	604,882,610,000
- Increase in the year	-	-
- Decrease in the year	-	-
- Ending balance	604,882,610,000	604,882,610,000
Dividend paid	150,916,017,500	60,285,171,000

c. Shares

	31/12/2022 Shares	01/01/2022 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)	-	203,090
- Common shares	-	203,090
- Preferred shares (classified as owners' equity)	-	-
Number of outstanding shares	60,488,261	60,285,171
- Common shares	60,488,261	60,285,171
- Preferred shares (classified as owners' equity)	-	-
Par value of outstanding shares: VND10,000 each		

d. Undistributed profit after tax

	Year 2022	Year 2021
Profit brought forward	198,965,149,564	152,834,355,100
Profit after corporate income tax of current period	244,548,056,764	117,159,016,258
Distribution of profit	160,520,650,801	71,028,221,794
- Distribution of prior-year profit (*)	100,032,389,801	71,028,221,794
+ Development investment fund	5,857,950,813	5,023,955,339
+ Reward and welfare fund	3,514,770,488	3,014,373,204
+ Reward fund for the Management	231,912,000	1,307,375,867
+ Paying dividends	90,427,756,500	60,285,171,000
+ Remunerations for the Board of Directors & Supervisory	-	1,397,346,384
- Temporary distribution of current-year profit	60,488,261,000	-
+ Paying dividends	60,488,261,000	-
Undistributed profit after tax	282,992,555,527	198,965,149,564

(*) The 2021 profit after tax was distributed in accordance with Resolution of the 2022 General Shareholders' Meeting No. 01/2022/NQ-DHDCC dated 29/04/2022.

(**) The 2022 profit after tax was temporarily distributed in accordance with Resolution of the Board of Directors No. 08/2022/NQ-HDQT dated 24/11/2022.

e. Dividend

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Resolution of the 2022 General Shareholders' Meeting No. 01/2022/NQ-DHDCD dated 29/04/2022 approved the plan for paying dividend of the year 2021 in cash at 15% of the charter capital (equivalent to VND90,427,756,500). The dividend amount was paid in Quarter III/2022.

Resolution of the Board of Directors No. 08/2022/NQ-HDQT dated 24/11/2022 approved the plan for temporarily paying dividend of the year 2022 in cash at 10% of the charter capital (equivalent to VND60,488,261,000). It is estimated to be paid on 28/02/2023.

20. Revenue from sales and service provision

	Year 2022	Year 2021
Revenue from selling electricity	491,680,327,546	311,511,462,819
Revenue from rendering services	3,950,240,471	3,369,574,994
Total	495,630,568,017	314,881,037,813

21. Cost of goods sold

	Year 2022	Year 2021
Cost of electricity sold	174,446,131,783	132,983,783,465
Cost of services rendered	3,802,116,452	3,243,141,866
Total	178,248,248,235	136,226,925,331

22. Financial income

	Year 2022	Year 2021
Loan interest, deposit interest	1,274,252,467	222,717,668
Total	1,274,252,467	222,717,668

23. Financial expenses

	Year 2022	Year 2021
Loan interest	24,516,562,067	34,094,342,743
Bond interest	3,300,000,000	9,041,096
Bond issuance expenses	97,727,272	-
Interest on late payment of dividend	41,459,726	217,985,409
Total	27,955,749,065	34,321,369,248

24. Administrative expenses incurred in the year

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

25. Other income

	Year 2022	Year 2021
Proceeds from disposal of fixed assets	14,409,091	-
Proceeds from disposal of tools, instruments	71,358,182	-
Received fee for using electricity of Khe Dien Plant	130,061,577	92,402,031
Received fee for using electricity of K'rong H'nang Plant, Khe Dien Plant	348,002,816	299,823,827
Others	148,516,543	561,773,719
Total	712,348,209	953,999,577

26. Other expenses

	Year 2022	Year 2021
Expenses for finalizing investment capital of Song Tranh 1 Hydropower Plant Project	5,549,728,384	-
Expenses for covering damages caused by rain and floods in 2020 at Khe Dien Plant	-	2,915,234,179
Electricity expenses of Khe Dien Plant	130,061,577	92,402,031
Electricity expenses of K'rong H'nang Plant	348,002,815	299,823,827
Penalty for late payment of tax, fee	71,486,420	402,089,362
Total	6,099,279,196	3,709,549,399

27. Current corporate income tax expense

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Year 2022	Year 2021
Accounting profit before tax	259,643,776,676	123,941,903,328
- From principal activities of Khe Dien Hydropower Plant	17,416,957,700	5,012,641,286
- From principal activities of Krong H'nang Plant	246,263,142,824	118,625,406,884
- From principal activities of the Head Office and Consulting Center	(4,036,323,848)	303,855,158
Adjustment to taxable income	6,446,383,990	1,341,613,077
- Increasing adjustments (Unqualified, improper expenses)	6,446,383,990	1,341,613,077
+ Khe Dien Hydropower Plant	175,923,258	205,221,829
+ K'rong H'nang Hydropower Plant	470,707,772	1,000,854,030
+ Head Office and Consulting Center	5,799,752,960	135,537,218
- Decreasing adjustments	-	-
Total taxable income	266,090,160,666	125,283,516,405
- From principal activities of Khe Dien Hydropower Plant	17,592,880,958	5,217,863,115
- From principal activities of Krong H'nang Plant	246,733,850,596	119,626,260,914
- From principal activities of the Head Office and Consulting Center	1,763,429,112	439,392,376
Corporate income tax	28,544,647,074	13,094,077,188
+ Khe Dien Hydropower Plant	3,518,576,192	1,043,572,623
+ K'rong H'nang Hydropower Plant	24,673,385,060	11,962,626,091
+ Head Office and Consulting Center	352,685,822	87,878,474
Reduced, exempted corporate income tax	13,448,927,162	6,311,190,118
+ Khe Dien Hydropower Plant (tax exemption for new investment project)	1,112,234,632	329,877,072
+ K'rong H'nang Hydropower Plant (50%)	12,336,692,530	5,981,313,046
Current corporate income tax expense	15,095,719,912	6,782,887,070
In which:		
- Current corporate income tax expense this period	15,095,719,912	6,782,887,070
+ Khe Dien Hydropower Plant	2,406,341,560	713,695,551
+ K'rong H'nang Hydropower Plant	12,336,692,530	5,981,313,045
+ Head Office and Consulting Center	352,685,822	87,878,474

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

28. Basic, diluted earnings per share

	Year 2022	Year 2021
Profit after corporate income tax	244,548,056,764	117,159,016,258
Adjustments increasing or decreasing profit after tax	-	(3,746,682,488)
- Increase	-	-
- Decrease (appropriated to reward welfare fund, reward fund of the Management Board, remunerations of the Board of Directors)	-	3,746,682,488
Profit or loss attributable to common shareholders	244,548,056,764	113,412,333,770
Weighted average number of outstanding common shares	60,300,123	60,285,927
Basic, diluted earnings per share	4,056	1,881

- The 2022 basic, diluted earnings per share is 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 the fund. Annually, the Management Board will propose a specific rate for appropriating reward and welfare fund based on the business results at the end of the year. Accordingly, this data can be changed upon the Profit Distribution Decision of the General Shareholder Meeting later.

- The 2021 basic, diluted earnings per share was recalculated on the basis of the profit distribution figures which were approved in accordance with Resolution of the 2022 General Shareholder Meeting No. 01/2022/NQ-DHDCD dated 29/04/2022. The approved amount for appropriation to the reward welfare fund, reward fund of the Management Board, remunerations of the Board of Directors and Supervisory Board was VND3,746,682,488.

29. Operating expenses by elements

	Year 2022	Year 2021
Materials expenses	8,436,400,940	6,913,826,003
Labor costs	40,142,118,818	25,052,139,957
Depreciation and amortization expenses	71,357,143,622	53,448,740,008
Outside service expenses	21,166,272,005	18,396,552,303
Other cash expenses	62,645,981,314	49,389,503,423
Total	203,747,916,699	153,200,761,694

30. Segment reporting

According to Vietnamese Accounting Standard No. 28 and the Circular guiding this Standard, the Company is required to have segment reporting. Accordingly, a segment is a distinguishable component of the Company that is engaged in providing related products or service (business segment) or providing goods or services in a specific economic environment (segment by geographical area) and that is subject to risks and returns that are different from those of other business segment.

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'ang Hydropower Plant - Dak Lak and Phu Yen Province		Head Office & Dam Safety Testing and Consulting Center		Total	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
	VND	VND	VND	VND	VND	VND	VND	VND
Revenue from sales and service provision	87,383,384,982	65,054,369,075	404,296,942,564	246,457,093,744	3,950,240,471	3,369,574,994	495,630,568,017	314,881,037,813
Revenue deductions	-	-	-	-	-	-	-	-
Cost of goods sold	53,998,606,483	41,941,051,607	120,447,525,300	91,042,731,858	3,802,116,452	3,243,141,866	178,248,248,235	136,226,925,331
Financial income	232,900	248,400	621,300	227,800	1,273,398,267	222,241,468	1,274,252,467	222,717,668
Financial expenses	8,056,294,615	10,098,850,504	19,886,551,182	24,192,161,679	12,903,268	30,357,065	27,955,749,065	34,321,369,248
Selling expenses	-	-	-	-	-	-	-	-
Administrative expenses	7,943,397,265	5,629,625,197	17,718,630,710	12,218,415,094	8,087,546	9,967,461	25,670,115,521	17,858,007,752
Operating profit	17,385,319,519	7,385,090,167	246,244,856,672	119,004,012,913	1,400,531,472	308,350,070	265,030,707,663	126,697,453,150
Other income	161,699,760	654,175,750	46,606,363	-	504,042,086	299,823,827	712,348,209	953,999,577
Other expenses	130,061,579	3,026,624,631	28,320,211	378,606,029	5,940,897,406	304,318,739	6,099,279,196	3,709,549,399
Other profit (loss)	31,638,181	(2,372,448,881)	18,286,152	(378,606,029)	(5,436,855,320)	(4,494,912)	(5,386,930,987)	(2,755,549,822)
Profit before tax	17,416,957,700	5,012,641,286	246,263,142,824	118,625,406,884	(4,036,323,848)	303,855,158	259,643,776,676	123,941,903,328
Corporate income tax	2,406,341,560	713,695,551	12,336,692,530	5,981,313,045	352,685,822	87,878,474	15,095,719,912	6,782,887,070
Profit after tax	15,010,616,140	4,298,945,735	233,926,450,294	112,644,093,839	(4,389,009,670)	215,976,684	244,548,056,764	117,159,016,258
Fixed assets	31/12/2022	01/01/2022	31/12/2022	01/01/2022	31/12/2022	01/01/2022	31/12/2022	01/01/2022
Tangible fixed assets	140,855,075,130	159,485,893,954	917,349,962,188	968,925,587,219	4,785,658,483	3,850,617,965	1,062,990,695,801	1,132,262,099,138
- Cost	280,340,031,692	279,903,523,021	1,401,459,956,556	1,401,489,956,556	9,067,300,580	7,864,668,512	1,690,867,288,828	1,689,258,148,089
- Accumulated depreciation	139,484,956,562	120,417,629,067	484,109,994,368	432,564,369,337	4,281,642,097	4,014,050,547	627,876,593,027	556,996,048,951
Intangible fixed assets	-	-	-	-	5,652,703,887	5,175,261,800	5,652,703,887	5,175,261,800
- Cost	-	-	-	-	5,971,967,408	5,478,061,800	5,971,967,408	5,478,061,800
- Accumulated amortization	-	-	-	-	319,263,521	302,800,000	319,263,521	302,800,000

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

31. 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, exchange 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 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 of electricity trading in Vietnam, the Management assumes that the Company has no significant exposure to credit risk with customers.

For the group of customers engaged in the field of consultancy, design, training and operation of dam safety services,... 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 that can be generated within that period,...

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

31/12/2022	Within 1 year	Over 1 year	Total
Trade payables	1,498,995,690	-	1,498,995,690
Accrued expenses	1,335,948,074	-	1,335,948,074
Loans and finance lease liabilities	86,431,046,068	175,210,940,485	261,641,986,553
Other payables	70,690,228,379	-	70,690,228,379
Total	159,956,218,211	175,210,940,485	335,167,158,696

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

01/01/2022	Within 1 year	Over 1 year	Total
Trade payables	2,102,735,177	-	2,102,735,177
Accrued expenses	1,329,235,505	-	1,329,235,505
Loans and finance lease liabilities	106,387,613,505	263,574,259,281	369,961,872,786
Other payables	33,204,650,037	-	33,204,650,037
Total	143,024,234,224	263,574,259,281	406,598,493,505

The Management assumes that the Company has no exposure to liquidity risk in the short term and 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:

31/12/2022	Within 1 year	Over 1 year	Total
Cash and cash equivalents	80,679,709,655	-	80,679,709,655
Trade receivables	156,061,822,561	-	156,061,822,561
Other receivables	1,336,913,317	2,024,000,000	3,360,913,317
Total	238,078,445,533	2,024,000,000	240,102,445,533

01/01/2022	Within 1 year	Over 1 year	Total
Cash and cash equivalents	40,865,726,393	-	40,865,726,393
Trade receivables	92,396,147,925	-	92,396,147,925
Other receivables	715,780,185	2,004,000,000	2,719,780,185
Total	133,977,654,503	2,004,000,000	135,981,654,503

32. 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

b. Material related-party transactions arising in the year

	Transactions	Year 2022	Year 2021
Central Power Corporation	Sales of electricity	87,383,384,982	65,054,369,075
	Dividend payable	59,112,500,000	23,645,000,000
	Dividend paid	59,112,500,000	28,374,000,000
	Interest on late payment of dividend	85,510,685	264,731,250
	Electricity Power Trading Company	Sales of electricity	404,296,942,564

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

c. Income of key managing officers

➤ Remunerations of the Board of Directors, Supervisory Board

No.	Full name	Year 2022				Year 2021			
		Full-time salary	Remuneration	Other income (bonus, bonus for public holidays, Tets, titles)	Total	Full-time salary	Remuneration	Other income (bonus, bonus for public holidays, Tets, titles)	Total
I	Board of Directors	524,880,000	268,272,000	354,987,775	1,148,139,775	357,696,000	517,600,000	517,600,000	1,400,176,000
1	Thai Hong Quan	524,880,000	-	60,394,000	585,274,000	44,712,000	48,800,000	48,800,000	355,952,000
2	Dinh Chau Hieu Thien	-	-	-	-	44,712,000	195,400,000	195,400,000	502,552,000
3	Pham Phong	-	89,424,000	272,237,775	361,661,775	-	89,424,000	175,800,000	265,224,000
4	Hoang Nam Son	-	89,424,000	11,178,000	100,602,000	-	89,424,000	48,800,000	138,224,000
5	Nguyen Quang Hung	-	89,424,000	11,178,000	100,602,000	-	89,424,000	48,800,000	138,224,000
II	Supervisory Board	466,560,000	178,848,000	139,400,000	784,808,000	172,800,000	202,520,000	663,320,000	663,320,000
1	Phan Thi Anh Dao	466,560,000	-	117,800,000	584,360,000	-	151,100,000	439,100,000	439,100,000
2	Huynh Thi Long	-	89,424,000	10,800,000	100,224,000	-	86,400,000	25,710,000	112,110,000
3	Do Dat Quang	-	29,808,000	10,800,000	40,608,000	-	86,400,000	25,710,000	112,110,000
4	Hoang Xuan Qui	-	59,616,000	-	59,616,000	-	-	-	-

➤ Income of the Management and Chief Accountant

No.	Full name	Position	Year 2022				Year 2021			
			Salary from electricity generation	Other income (consulting services, bonus for public holidays, Tets, titles)	Total income	Salary from electricity generation	Other income (consulting services, bonus for public holidays, Tets, titles)	Total income		
I	Management and Chief Accountant		1,655,284,960	1,289,829,609	2,945,114,569	3,391,418,205	2,030,373,396	5,421,791,601		
1	Dinh Chau Hieu Thien	General Director	505,440,000	1,36,704,000	642,144,000	315,146,739	95,146,892	410,293,631		
2	Pham Phong	General Director	-	-	-	683,530,223	615,866,120	1,299,396,343		
3	Thai Hong Quan	Deputy General Director	-	-	-	277,213,672	44,994,896	322,208,568		
4	Nguyen The Duy	Business Deputy General Director	386,381,640	369,654,996	756,036,636	701,988,921	478,299,181	1,180,288,102		
5	Phan Dinh Thanh	Technical Deputy General Director	366,197,680	403,840,948	770,038,628	676,752,157	403,677,491	1,080,429,648		
6	Pham Thai Hung	Chief Accountant	397,265,640	379,629,665	776,895,305	736,786,493	392,388,816	1,129,175,309		

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

33. Events after the balance sheet date

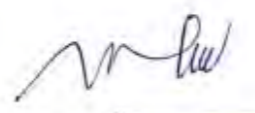
There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.


34. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2021 which were audited by AAC.




Dinh Chau Hieu Thien
General Director
Da Nang City, 14 February 2023


Pham Thai Hung
Chief Accountant


Truong Ngoc Hung
Preparer



SONG BA JOINT STOCK COMPANY

ANNUAL REPORT

2022

Danang, April 2023

CONFIRMED BY THE LEGAL REPRESENTATIVE

General Director


Dinh Chau Hieu Thien

