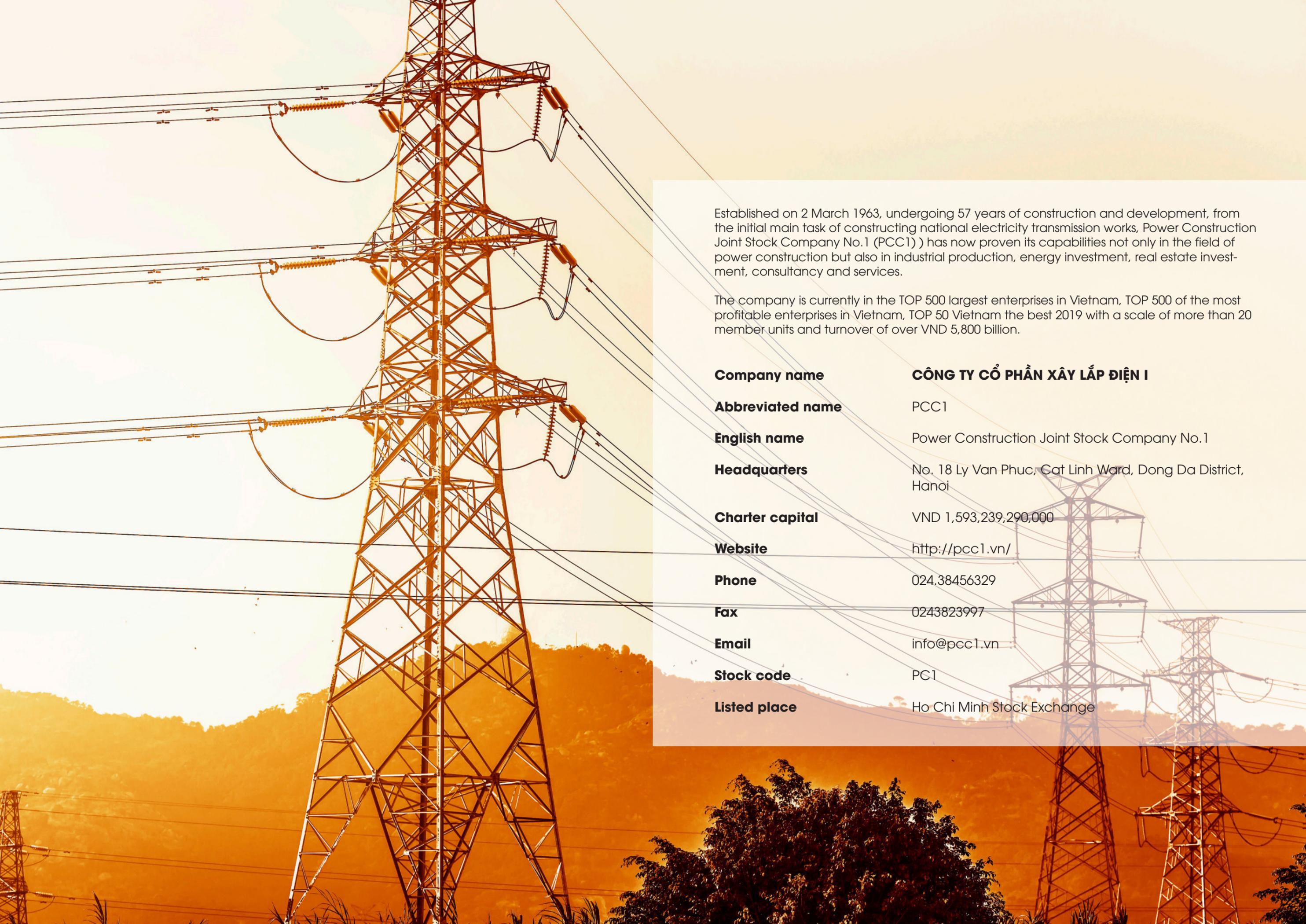




# 2019 | ANNUAL REPORT



POWER CONSTRUCTION JOINT STOCK COMPANY NO.1



Established on 2 March 1963, undergoing 57 years of construction and development, from the initial main task of constructing national electricity transmission works, Power Construction Joint Stock Company No.1 (PCC1) ) has now proven its capabilities not only in the field of power construction but also in industrial production, energy investment, real estate investment, consultancy and services.

The company is currently in the TOP 500 largest enterprises in Vietnam, TOP 500 of the most profitable enterprises in Vietnam, TOP 50 Vietnam the best 2019 with a scale of more than 20 member units and turnover of over VND 5,800 billion.

<b>Company name</b>	<b>CÔNG TY CỔ PHẦN XÂY LẮP ĐIỆN I</b>
<b>Abbreviated name</b>	PCC1
<b>English name</b>	Power Construction Joint Stock Company No.1
<b>Headquarters</b>	No. 18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi
<b>Charter capital</b>	VND 1,593,239,290,000
<b>Website</b>	<a href="http://pcc1.vn/">http://pcc1.vn/</a>
<b>Phone</b>	024.38456329
<b>Fax</b>	0243823997
<b>Email</b>	<a href="mailto:info@pcc1.vn">info@pcc1.vn</a>
<b>Stock code</b>	PC1
<b>Listed place</b>	Ho Chi Minh Stock Exchange

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## WRITING LIST

<b>BOD</b>	Board of Directors
<b>BOM</b>	Board of Management
<b>BOS</b>	Supervisory Board
<b>CO.,LTD</b>	Limited Company
<b>EPC</b>	Engineering - Procurement - Construction (Design contract - Providing technological equipment and executing construction work)
<b>EVN</b>	Electricity of Vietnam
<b>FIT</b>	Feed-in-tariff (incentive policy for developing renewable energy sources)
<b>GDP</b>	Gross Domestic Product
<b>JSC</b>	Joint stock company
<b>PC</b>	Procurement - Construction (contract of general contractor for technological equipment provision and construction work execution)
<b>PCC1</b>	Power Construction Joint Stock Company No. 1
<b>PC1</b>	Stock code of Power Construction JSC No. 1
<b>ROA</b>	After-tax profit / Total assets
<b>ROE</b>	After-tax profit / Equity
<b>VND</b>	Vietnam dong
<b>VAT</b>	Value added tax
<b>yoY</b>	year over year

## MESSAGE FROM THE CHAIRMAN OF BOARD OF DIRECTORS



### **Dear shareholders, partners, and customers! Dear all of PCC1 officials and employees!**

In 2020, PCC1 enters the final year of implementing the 5-year strategic plan from 2016 to 2020 with a vision to 2030, affirms the No. 1 position in Vietnam and Top 5 Southeast Asia in the field of EPC contractor for power grid projects and renewable energy power plants. The strategic goal of annual average revenue growth is 22% and by 2020 revenue is equivalent to USD 400 million, average annual profit after tax on revenue is not less than 8%. The Board of Directors aspires together with the staff of CNV to create new breakthroughs and new development steps in the period of integration and development of market economy together with the development of technology 4.0 globally.

In the passing year 2019, with many advantages and difficulties, challenges interwoven, Company has implemented many solutions in implementing key planning goals and achieved positive results: Continuing to affirm Vietnam's No. 1 position with the successful implementation of EPC general contractor for many high-voltage power grid projects, projects with high technical requirements, urgent progress; Vietnam's No. 1 position in the design and manufacture many kinds of high-voltage, ultra-high voltage elec-

tric poles. Especially, PCC1 has always won the trust of customers, prestige with the market inside and outside EVN, as well as international customers investing in Vietnam. PCC1 also controls the progress and quality of the 3 hydropower plants that are being invested, basically completed the preparation of 3 wind power projects. PCC1 continues to affirm to be a reputable and professional real estate investor in Hanoi. Business targets achieved in 2019: Consolidated revenue reached 97% of the plan; the after-tax profit of the basic business units reached the annual plan target, except for associate companies. Accumulating in the first 04 years of the 5-year plan 2016-2020, the accumulated revenue growth reached 25%, the after-tax profit on the average annual revenue reached 8.4%, so after 4 years the Company has basically completed and closely followed the set 5-year strategic objectives.

### **Ladies and gentlemen!**

**2020** will be an extremely difficult year with many great challenges, not only the global economy is directly, deeply, seriously and long-term affected by the COVID-19 pandemic, but the world still faces the loss and suffering that threaten the lives of millions of people on almost every continent. Vietnam has been doing very well the prevention of COVID-19, but the direct and indirect impact from the world economic downturn is having a great negative impact on Vietnam's economy and the system of Vietnamese enterprises which are in a serious difficult situation. Many companies have to adjust to reduce plans, narrow production or even close or go bankrupt. PCC1's Board of Directors, Sales Managers and the Company's Risk Management Committee have analyzed the scenarios of COVID-19, assessed the scope and level of negative impacts, as well as opportunities and benefits for PCC1 and more importantly, the company has implemented measures to prevent negative effects, prepared conditions to take advantage of business opportunities, ensured the control of all production and business activities in the short term, as well as prepared available resources for long-term growth and development.

Our major 2020 goals are:

- Reviewing and structuring effectively the personnel organization, continuing to improve the system management capacity through the quality and responsibility of the leadership team, company management force along with the increased investment in IT application improvement, application of advanced management software.
- Controlling financial and cash flow efficiency through a reasonable review of medium and long-term investment plans, focusing on debt collection, inventory reduction, and cost control.
- For energy investment: Highly concentrating to complete generation of 3 hydropower plants invested in the first half of 2020. Actively preparing good conditions for effective investment and cooperation with domestic and foreign partners, starting to invest in 3 wind power plants with the same capacity of 48 MW in Quang Tri, ensuring 100% reliable generation of electricity before October 2021. Continuing to develop new energy projects.
- Investing in real estate business: Completing the sales plan, handing over the entire products of PCC1 Thanh Xuan project, confirming the prestige of PCC1 and bringing true satisfaction to

customers. Starting new projects in second Quarter 2020, continuing to develop new projects.

- Power construction block: Supplement advanced equipment with the goal of developing EPC general contractor activities to a new level, a new scale, not only performing EPC of grid projects, but PCC1 will master and successfully perform EPC contracts for wind and renewable energy plants in 2020 and 2021.
- Production block: Continuing to promote the difference of capacity in designing and manufacturing all kinds of high-voltage, super-pressures poles, promoting the advantages of specific products, new products, and successfully putting new products - Steel pipe tower into key projects of Vietnam's electricity industry.
- Consultancy and service block: Focusing on the central task of providing services for core business areas, meeting and satisfying the increasing demands of partners and customers.
- Completing the Company Strategic Report 2021-2025, vision 2035.

In the context of great difficulties and challenges for Vietnam's economic development and the world economy in 2020, for PCC1 there are many opportunities and challenges interwoven, the Board of Directors is confident to control all production and business activities and trusts that with the will, determination and capacity of our employees, we will overcome difficulties and challenges to protect and take good care of health for each individual and family of themselves, successfully fulfill the 2020 goals and planned targets.

I hope and believe that, with the spirit of effort - responsibility - creativity of PCC1's staffs, valuable sentiment, trust and support of Shareholders, partners, customers for the Company, PCC1 will continue to be successful, growing, and continue to create new values for Customers, Investors and Employees.

**Thank you!**

**Chairman of the board**



**Trinh Van Tuan**

# HIGHLIGHTS 2019



Total consolidated revenue reached VND **5,845** billion increased **14.95%**



**Power Construction Block:**  
Revenue reached VND **3,000** billion increased **73%**

PCC1 has successfully implemented a series of EPC general contracts for substations, power transmission lines for solar and wind power plants with a total capacity of 1.2 GW out of a total of 4.9 GW connected to grid, accounting for 25% of total capacity.

**“ the leading unit in Vietnam on EPC general contractor of high-voltage and super-high-voltage power projects ”**



**Industrial production block:**

Revenue reached VND **981** billion increased **97%**

Industrial production block: Revenue reached VND 981 billion, increased 97%.

PCC1 supplied steel towers in a series of 500kV projects, including the highest 500kV Song Hau - Duc Hoa poles in Southeast Asia; more than 23,000 tons for the 500kV circuit 3 project. New product which is steel pipe tower with outstanding superiority has been successfully manufactured and installed for the 220kV transmission line project of Bim solar power plant (Ninh Thuan).



**Energy investment:**

Turnover reached VND **552** billion

Generating the 5th hydropower plant (Mong An Hydropower Plant), bringing the total generation capacity to nearly 150MW. Owning the first 48 MW wind power project with the goal of increasing the total wind power generation capacity by 2021 to 150 MW. PCC1 will also be the EPC contractor of wind power projects in which subsidiary of PCC1 will be investor, with the strategy of becoming a general contractor to implement wind and solar power plants in Vietnam.

## TYPICAL AWARDS



**TOP 500** largest enterprises in Vietnam  
(ranked 76/500)



**TOP 500** of the most profitable enterprises in  
Vietnam  
(ranked 143/500)



**TOP 50** Vietnam the best 2019



**BASIC FINANCIAL INFORMATION**

**7,873**  
Billion VND  
TOTAL PRODUCTION VALUE

**5,845**  
Billion VND  
NET REVENUE

**376**  
Billion VND  
PROFIT AFTER TAX

**386**  
Billion VND  
BUDGET DEDUCTION

**Basic financial targets**

Targets	Unit	2015	2016	2017	2018	2019
<b>Business result</b>						
Net revenue	Million VND	3,101	3,008	3,161	5,085	5,845
Profit after tax	Million VND	246	305	256	491	376
EPS	VND/Share	4,568	3,392	1,782	3,514	2,246
<b>Balance sheet</b>						
Total assets	Million VND	3,263	4,530	6,214	6,597	8,315
Equity	Million VND	1,370	2,063	2,814	3,279	3,695
<b>Main financial indicators</b>						
ROE		22.0%	17.7%	10.5%	16.1%	10.8%
ROA		9.2%	7.8%	4.8%	7.7%	5.0%

**VISION**

Become a leading company in Vietnam, top 5 in Southeast Asia, implement EPC general contractor for electrical works and industrial construction works.

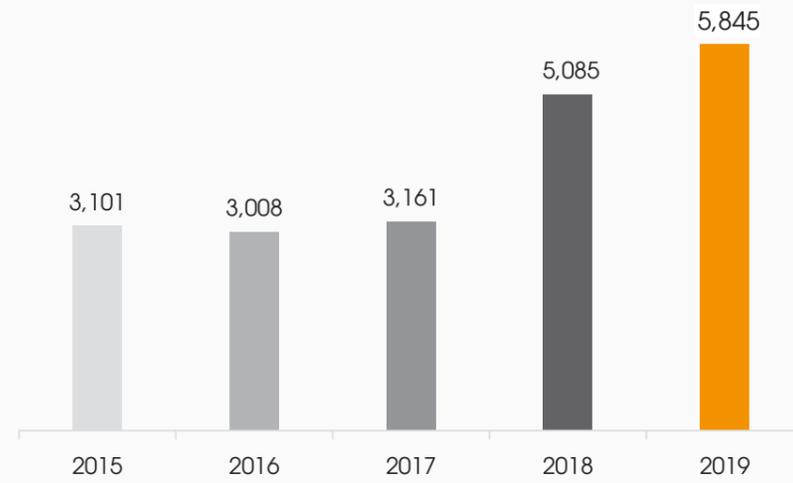
**MISSION**

**Non-stop creation:** to create smart, modern electric works in connection with national and regional electricity systems.  
**Create more outstanding values** for customers, investors, workers and society.

**CORE VALUES**

**Creativity:** Creativity is the foundation of development;  
**Speed:** Speed action, system thinking leads all activities;  
**Reliability:** Reliability is the power to create sustainable development, the soul of PCC1.

Net revenue (VND billion)  
CAGR = 17%



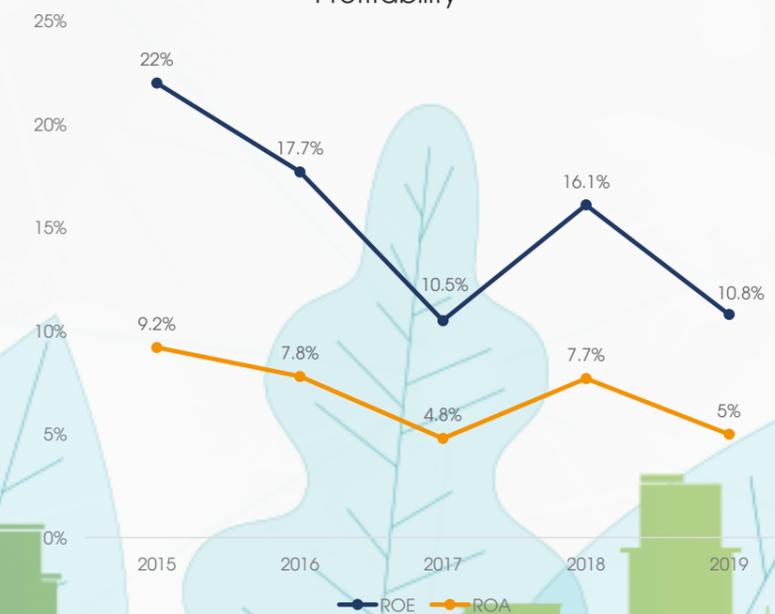
Total assets (VND billion)  
CAGR = 26.22%



Profit after tax (VND billion)  
CAGR = 11%



Profitability





## **I. GENERAL INFORMATION**

1. History of development
2. Business lines and areas of business
3. Development orientations

## 1. HISTORY OF DEVELOPMENT

02/03/1963

Established on March 2, 1963 with the original name as Line and Substation Construction Company. At the time of establishment, the Company had 4,000 employees, 5 construction teams, 3 construction sites, 1 fleet of vehicles, and 1 mechanical workshop. The Company's head office was located at 20 Tran Nguyen Han (Hanoi).

1967 - 1970

On June 30, 1967, The Ministry of Heavy Industry issued a decision to establish Line and Substation Construction Company under the Electricity Department. The labor force of the Company now had about 2,000 people, 16 construction teams.

1970 - 1975

On June 30, 1970, Line and Substation Construction Company was established as subsidiaries of the Ministry of Electricity and Coal. Since then, the Company was a departmental-level unit, a supervisory agency of enterprises that implemented comprehensive and centralized economic accounting.

1975 - 1979

Line and Station Construction Company with an independent and complete organizational structure. The company now had about 3,500 people.

1979 - 1981

The Line and Substation Construction Company under the Ministry of Electricity was renamed Line and Substation Construction Company No. 1.

1981 - 1988

In 1983, due to development requirement of national grid, the Ministry decided to separate and lift some enterprises, the construction site of the Company to set up companies under the Ministry of Electric Power. In details:

- Separating Dong Anh Station Installation Business from the company to establish Line and station construction company 4 located in Dong Anh.
- Separating Line and Station Construction Business in Hanoi area, establishing Hanoi Regional Line and Station Construction Company.
- Separating Line Business No.1, establishing Line Construction and Station 3 Company, located in Vinh.
- Separating Quang Tri Site, establishing Power Construction Company No. 5 in Vinh.

1988 - 2005

**In 1988:** Established Power Construction Company No1, under the Ministry of Energy on a consolidated basis between Line and Substation Construction Company No.1 and Hanoi Line and Substation Construction Company.  
**In 1995,** the Company belonged to Vietnam Electricity Corporation.  
**In 1998,** the Company belonged to Vietnam Industrial Construction Corporation, under the Ministry of Industry.

2005 - 2008

- **2005:** Power Construction Joint Stock Company I was equitized from a state-owned enterprise, Power Construction Company I.
- **2008:** Power Construction Joint Stock Company I registered to become a public company with the State Securities Commission.

2009 - 2013

The company achieved an average annual revenue growth of over 15%, with annual revenue of over VND 1,000 billion. The state shareholder is Vietnam Industrial Construction Joint Stock Corporation divesting from Electricity Construction Joint Stock Company I and the Company becomes 100% private.

2014 - 2015

- **2014:** marked a new development when the company achieved revenue of over VND 3,000 billion and after-tax profit of over VND 400 billion.
- **2015:** The 5th consecutive year, PCC1 has exceeded the plan in which it reached 106% of the 2015 plan. In the period from 2012 to 2015, the average revenue growth of PCC1 reached 32.3% /year; average gross profit growth reached 36.4% / year and gross profit margin reached the rate of 14% - 21%.

2016 - 2018

- **2016:** The company successfully listed PC1 share on Ho Chi Minh Stock Exchange and generated successfully power of first two hydropower plants in the energy investment strategy
- **2017:** Continued to generate 2 hydroelectric plants of Bao Lam 3 and Bao Lam 3A, increasing the total generating capacity of PCC1 to 114 MW.
- **2018:** Hand over the 4th real estate project - PCC1 My Dinh Plaza 2 project.

2019

**Power construction block:** has been successful with many EPC contracts, always gained the trust of customers, prestige with the market inside and outside EVN, as well as international customers invested in Vietnam.

**Industrial Production block:** Continuing to improve the design, enhance the production capacity, manufacture and erect the highest 500kV ultra-high voltage pole in Southeast Asia; being the only unit in Vietnam that successfully designs and manufactures 220kb pipe tower products which is a premise to compete and expand international markets.

**Energy investment:** Completing the generation of Machine assembly No. 1 of the 5th plant - Mong An Hydropower Plant. Have plan to complete and generate the 6th and 7th plants in the second quarter of 2020; Continuing to implement the energy investment strategy, PCC1 is ready to invest and start construction of 3 wind power plants in the second quarter of 2020, the plan for completion and generation in the third quarter of 2021 with a total capacity of 150 MW of 3 plants.

## 2. BUSINESS ACTIVITIES AND BUSINESS LOCATIONS



### 2.1. Electrical construction

With more than 57 years of experience, PCC1 is the country's leader in the field of power construction with experience in implementing many national power transmission projects, especially projects of EPC, PC general contractors up to 500kV voltage and projects with high specificity (Gis station, power supply project to the island, underground cable project ...).

PCC1 continually carries out important key projects with a team of highly qualified and skilled technicians, combined with the use of modern equipment technology, typically Navifly technology. Navifly uses UAV flying equipment to pull bait wire in the air, which has been researched and applied by PCC1 since 2015. Currently this technology has been applied to most of the company's projects, which helps the construction of high-voltage power transmission works in dangerous terrain easily and conveniently, saving time and effort.

*Some typical projects PCC1 has implemented:*

#### Customers in EVN:

##### Northern region:

- + 500kV Quang Ninh substation project;
- + 500kV Quang Ninh - Hiep Hoa transmission line;
- + Project of Nho Quan - Phu Ly - Thuong Tin 500 / 220kV transmission line;
- + 220kV Dong Hoi Substation (the first substation using steel tubular poles in Vietnam);
- + EPC contract of Yen Dinh 110 kV substation (using UNIC 10- ton crane (the only one in Southeast Asia) for construction);
- + Supply and Install 110kV Underground Cable of 110kV Substation Project of Thu Le Park.
- + 500kV Pho Noi - Hung Yen transmission line project

##### Central region:

- + 500kV Quang Trach - Doc Soi transmission line project;
- + 500kV Hiep Hoa substation project;
- + 200kV Quang Ngai - Quy Nhon transmission line;
- + Dak Nong - Phuoc Long - Binh Long 220kV transmission line project;
- + 220kV Vinh Tan - Thap Cham transmission line project.

##### South region:

- + 500kV O Mon Substation machine 2
- + 500kV Tan Dinh Substation
- + 500kV Pleiku - My Phuoc - Cau Bong transmission line project
- + 500kV Chon Thanh Substation project and connection
- + 500kV Song Hau - Duc Hoa transmission line project
- + 220 kV Binh Long - Tay Ninh transmission line
- + PC contract of 220kV Cat Lai - Tan Cang overhead transmission line
- + 220kV Kien Binh - Phu Quoc transmission line

#### Customers outside EVN:

In 2019, PCC1 has implemented the EPC of Transmission line and Substation for many solar power projects with fast progress and high quality, helping the investor complete the electricity generation before June 30, 2019:

- + Procurement and Construction of lines and substation for photovoltaic solar power plant in Thuan Nam district, Ninh Thuan province (BIM)
- + 110kV substation and connecting line for GAIA solar power plant
- + General EPC contractor, construct 220kV transmission line and substation of Dau Tieng - Tay Ninh solar power plant
- + EPC Contract of Tra Vinh Wind Power Project
- + Transmission line and Substation of Phuoc Ninh-Thuan Nam-Ninh Thuan photovoltaic solar power plant of 250MW North-South BIM Project
- + PC contract of Dai Phong wind power plant project



500kV Pho Noi - Hung Yen transmission line project

## 2.2. Industrial production

In the field of industrial production, PCC1 is the only and largest unit in Vietnam in designing and manufacturing steel tubular poles of 110 kV, 220 kV - 1, 2, 4 circuits and connecting steel bars up to 750kV, with a modern technology line integrated with CNC control system with a total capacity of over 50,000 tons of products/ year.

Some projects PCC1 has been provided such as:

### Grid column:

- + Supplying steel poles for 500kV Son La - Hiep Hoa transmission line;
- + Supplying steel pipe piles for the widening of expressway No. 5;
- + Supplying electric poles for 765kV Shin-gori line;
- + The 500kV transmission line circuit 3 of Quang Trach - Doc Soi and Doc Soi - Pleiku 2;
- + Nho Quan - Phu Ly - Thuong Tin transmission line;
- + 500kV transmission line connecting Nghi Son 2 Power Plant;
- + 500kV Song Hau - Duc Hoa transmission line (the highest electricity pole in South-east Asia).

### Steel tubular poles:

- + Supplying 220kV-500kV electric pole to Chile;
- + Supplying 220kV electric pole to Pakistan;
- + Cat Lai - Tan Cang project.

### New products: Steel pipe tower

- + 220kV transmission line and substation of BIM solar power plant (Ninh Thuan)
- + Supplying steel pipes for Ha Dong - Van Dinh line. Supplying electric poles for the project of connecting 220kV lines to Vung Ang Power Plant.

PCC1 has receipt the transfer and mastered the technology of designing and manufacturing complete products of Steel pipe tower from partner AG-AJKAWA (Japan), in 2019, it successfully deployed to the market at the BIM Ninh Thuan solar power project. The new steel column product of PCC1 with many preeminent features has been highly appreciated by the leaders of Vietnam Electricity (EVN) and partners, customers about their suitability that meet the increasing requirements of National power transmission works.

Along with the domestic market, the Company still follow foreign projects such as Bangladesh, Papua New Guinea, Myanmar to increase export revenue.



## 2.3. Energy investment

### Hydropower investment

In the field of energy investment, PCC1 affirms professional investment capacity with available resources, professional management process, advanced technology, as well as quality and progress control. Up to now, PCC1 has successfully operated 5 hydropower power plants with output exceeding design. The 6th and 7th hydropower plants will be completed and generate electricity by the second quarter of 2020. The total capacity of 7 plants is nearly 170 MW with a total investment of VND 5,000 billion.

Project	Location	Deployment time	Total investment capital (billion VND)	Debt ratio	Capacity (MW)	Design productivity (million kWh)
<b>Completed and put into operation</b>						
Trung Thu	Dien Bien	08/2014 - 11/2016	910	70%	30	113
Bao Lam 1	Cao Bang	11/2014 - 01/2017	767	75%	30	104
Bao Lam 3	Cao Bang	06/2015 - 09/2017	890	70%	46	173
Bao Lam 3A	Cao Bang	03/2016 - 11/2017	330	75%	8	30
Mong An	Cao Bang	2018 - 2020	916	75%	30	104
<b>Developing</b>						
Bao Lac B	Cao Bang	Q2/2018 - Q4/2019	559	70%	18	72
Song Nhiem 4	Ha Giang	2018 - 2020	228	70%	7	24
<b>Total</b>			<b>4,600</b>		<b>169</b>	<b>620</b>

### Wind power investment

Together with the invested hydropower plants, PCC1 continues to develop renewable energy projects such as solar power and wind power in advantageous areas with the target of generating capacity of 744. MW by 2025, contributing positively to energy security assurance, meeting the nation's clean energy demand.

Currently, PCC1 is investing in 3 wind power projects: Lien Lap wind power project, Phong Huy wind power project, Phong Nguyen wind power project with the same capacity of 48MW in Quang Tri.

<b>Developing</b>						
Lien Lap	Quang Tri	Q3/2021	1,656	70%	48	140
Phong Huy	Quang Tri	Q3/2021	1,728	70%	48	133
Phong Nguyen	Quang Tri	Q3/2021	1,728	70%	48	133



## 2.4. Real estate investment and business

### Project completed by PCC1:

Project	Address	Completion time	Transferable revenue (billions dong)	Project scale
Nang Huong	583 Nguyen Trai, Thanh Xuan, Hanoi	Quarter I, 2011	300	Two 21-storey towers; villas and townhouses
My Dinh Plaza 1	140 Tran Binh, Cau Giay, Hanoi	Quarter I, 2014	709	High-class apartment tower 25 floors, 2 basements; 350 apartments
PCC1 Complex Ha Dong	Phu Luong, Ha Dong, Hanoi	Quarter I, 2016	464	4 towers with 15 floors, 3 floors for rent; 540 apartments
My Dinh Plaza 2	No. 2, Nguyen Hoang Nam, Tu Liem, Ha Noi	Q Quarter III, 2018	1.106	Two 28-storey high-class apartment towers, 4 commercial floors and 472 apartments

### Ongoing projects of PCC1:

#### PCC1 Thanh Xuan

Address : No. 44 Trieu Khuc, Thanh Xuan, Ha Noi  
 Completion time : Q2/2020  
 Transferable revenue : 898 billions dong  
 Project scale : Two 27-storey apartment towers, 3 basements, preschool and 480 apartments



Picture of PCC1 Thanh Xuan project

#### PCC1 Vinh Hung Project

Address : No. 01, valley 321, Vinh Hung street Thanh Tri ward, Hoang Mai district, Hanoi  
 Completion time : Quarter IV/2021  
 Project scale : 27 floors, 3 basements, 288 apartments and low-rise apartments...



Some pictures of PCC1 Vinh Hung Project

#### PCC1 Thang Long Project

Address : Bac Tu Liem, Ha Noi  
 Completion time : 2022  
 Transferable revenue : 1,068 billions dong  
 Project scale : area over 20,000 m2, including high-rise apartment buildings and rows of low-rise apartments

## 2.5 Consultancy and service

- Consulting on compensation and site clearance;
- Consulting on hydroelectric project management, post-hydro investment management;
- Building management services;
- Measuring cadastral maps, land plots for construction compensation.

The company has chaired works and projects including transmission lines and substations of voltage up to 220kV, power grids renovation of cities and towns, Rural energy II projects (RE2), telecommunication projects and many other projects which are implemented with ODA funds, World Bank loans (WB), capital of Vietnam Electricity Group (EVN), Northern Power Corporation (NPC), capital of provinces and customers throughout the country.

## BUSINESS LOCATIONS



### Spread across 3 regions of North, Central and South

Currently, PCC1 has exported products to foreign markets such as Japan, Indonesia, Laos, Myanmar, ...



110kV transmission line bringing electricity to Co To island district - Quang Ninh



Bac Kan substation



220kV Vinh Tan - Thap Cham transmission line



220kV Bim solar power - Ninh Thuan transmission line

## 3. DEVELOPMENT ORIENTATIONS

### 3.1. Development strategy

- Continuing to affirm the No. 1 position in construction and installation of power transmission works in Vietnam, the vision of "Top 5 in Southeast Asia in the field of EPC general contractor for power grids and energy investment";
- Enhancing the capacity of system administration, professionalism, risk management and product quality management, confirming prestige and image with customers, partners and investors;
- Restructuring, improving the quality of human resources and corporate culture;
- Continuing to research, invest and apply advanced technologies in management and production;
- The field of EPC general contractor for electrical works: Developing the EPC general contractor's capacity to upgrade to new level and new scale, not only performing EPC of power grid projects, but also independently controlling EPC general contractors of wind and solar power plants in 2020 and 2021;
- Industrial manufacturing sector: Developing high-tech products, specific products such as high-pressure steel pipe tower, multi-circuit high-pressure steel tubular poles through the design and manufacture of high quality product with reasonable price; not only developing domestic products but also steadily developing foreign markets;
- Energy investment: concentrating resources to invest in clean energy and renewable energy projects, with the aim of company's sustainable development associated with environmental protection;
- Real Estate Investment: continuing to affirm as a professional and reliable real estate investor with the hope that success of each project which has modern and environmentally friendly design features will associate with customers' satisfaction and companionship.

### 3.2. The key goals

- 01** Determining to successfully implement the strategic goals for the 2016-2020 period, connecting the period 2020-2025, and a vision to 2035;
- 02** Affirming and continuing to develop PCC1 brand in the fields of production and business activities and PCC1 image of social responsibility and environmental protection;
- 03** Constantly developing the company's resources to new heights;
- 04** Developing a strong culture of PCC1, constantly improving the quality of the working environment and the quality of life of employees;
- 05** Creating values for customers, partners, investors.

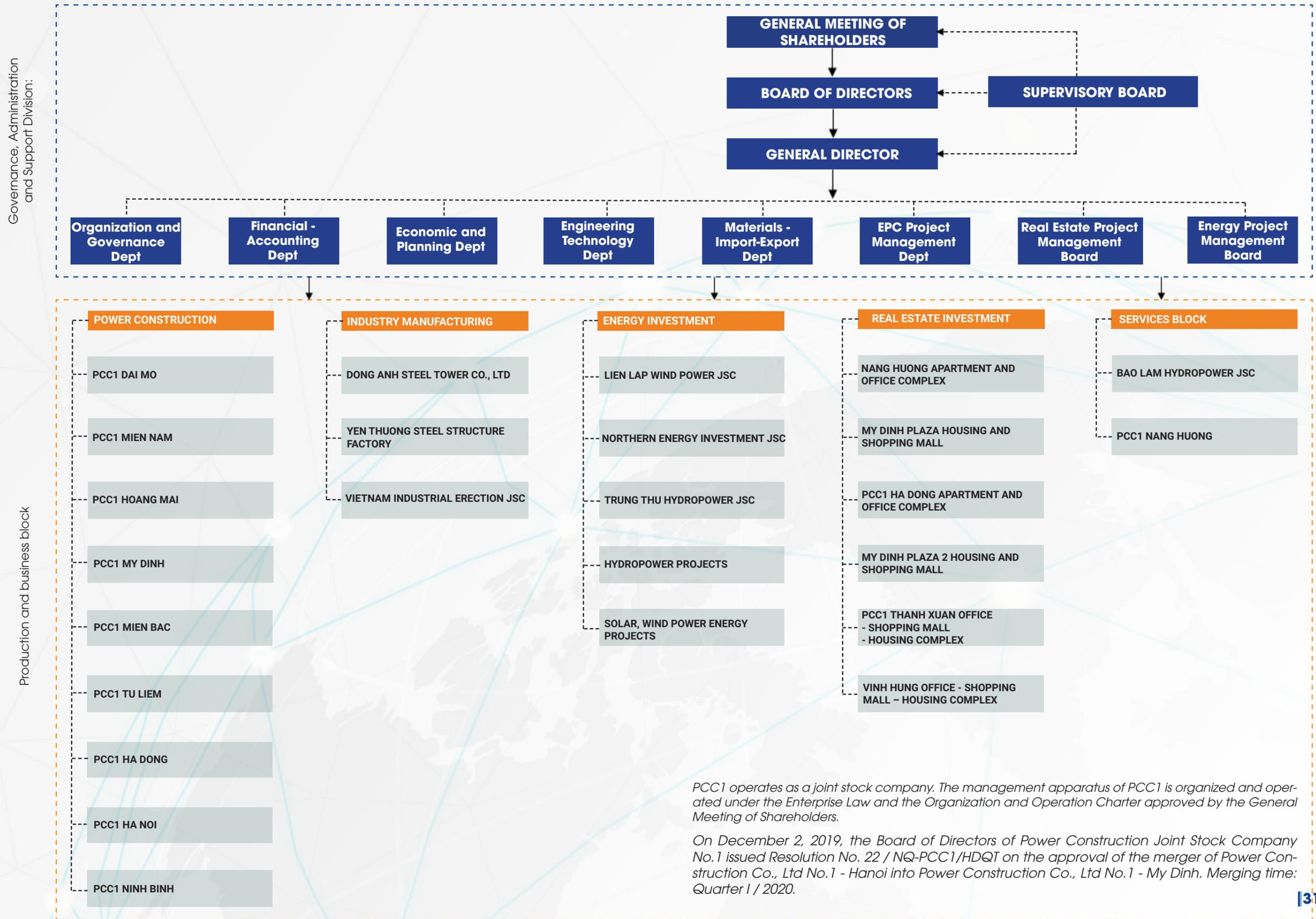


## **PART II:**

### **COMPANY MANAGEMENT**

1. Organizational model
2. Executive Board
3. Subsidiaries and affiliates
4. Information of share, shareholders and stocks
5. Investor relations (IR)
6. Management report 2019
7. Related party transactions
8. Risks and Risk Management
9. Governance strengthening

# 1. MÔ HÌNH TỔ CHỨC



PCC1 operates as a joint stock company. The management apparatus of PCC1 is organized and operated under the Enterprise Law and the Organization and Operation Charter approved by the General Meeting of Shareholders.

On December 2, 2019, the Board of Directors of Power Construction Joint Stock Company No.1 issued Resolution No. 22 / NQ-PCC1/HDQT on the approval of the merger of Power Construction Co., Ltd No.1 - Hanoi into Power Construction Co., Ltd No.1 - My Dinh. Merging time: Quarter I / 2020.

## 2. EXECUTIVE BOARD

### 2.1. Board of Directors



5                      2                      1                      3                      4

#### Board of Directors

Is the governing body of the Company which has full authority on behalf of the Company to decide on issues related to the purpose and interests of the Company, except for matters under the authority of the General Meeting of Shareholders. The Board of Directors is responsible to the General Meeting of Shareholders for all management issues of the Company in accordance with the Charter, Resolutions of the General Meeting of Shareholders and compliance with the law.



#### 1. Mr. Trinh Van Tuan

##### Chairman of BOD

Year of birth: 1962  
 Qualifications: Electrical Engineer  
 - Master of Business Administration

#### Working process:

- From June 1999 to March 2001: Head of business planning department of Electric Construction Business;
- From April 2001 to June 2002: Deputy Director of Electrical Installation and Construction Business;
- From July 2002 to December 2002: Department of planning and administration of Power Construction Company No.1;
- From December 2002 to October 2003: Construction site manager of 500KV Pleiku-Da Nang line of Power Construction Joint Stock Company No.1;
- From October 2003 to August 2005: Director of Factory Installation and Civil Construction - PCC1;
- September 2005 to September 2007: Chairman of the Board of Directors cum Director of Thang Long TIC., JSC;
- From October 2007 to March 2010: Member of the Board of Directors cum General Director of PCC1;
- From 04/2010 to now: Chairman of the Board of Directors cum General Director of PCC1.

## 2. Mr Vo Hong Quang

### Member of BOD

Year of birth: 1975

Qualification: Electrical engineer, Master of Business Administration



#### Working process:

- July 2001 to May 2002: Deputy head of Marketing Department of Power Construction Company No.1;
- June 2002 to June 2007: Head of Southern Board of Representatives of Power Construction Company No.1;
- May 2006 to March 2008: Member of the Board of Directors cum Deputy General Director cum Head of Southern Board of Representatives of Power Construction JSC I;
- April 008 until now: Member of the Board of Directors cum Deputy General Director of Power Construction JSC I.

## 4. Mr Vu Van Tu

### Member of BOD

Year of birth: 1959

Qualification: Electrical engineer



#### Working process:

- From December 1993 to August 1999: Vice-captain of Power construction team 2 - Power Construction Company No.1;
- From September 1999 to August 2005: Team leader of Power Construction Team 2 - Power Construction Company No.1;
- From September 2005 to April 2006: Director of Power Construction Business - Power Construction Company No.1;
- From May 2006 to September 2007: Deputy General Director of Power Construction Company No.1;
- From October 2007 to March 2010: Chairman of the BOD cum Deputy General Director of Power Construction JSC I;
- From April 2010 to April 2015: Vice Chairman of the BOD cum Deputy General Director of Power Construction JSC I;
- From April 2015 to present: Member of BOD, Deputy General Director - Power Construction JSC I.

## 3. Mr Nguyen Minh De

### Member of BOD

Year of birth: 1964

Qualification: Electrical engineer, Master of Business Administration



#### Working process:

- From 1999 to 2002: Site manager of construction works;
- From 2003 - 2005: Head of Technical Department - Electrical Construction and Industrial Works Business;
- October 2005: Deputy Head of Technical Department - Power Construction Joint Stock Company No.1;
- From October 2005 to September 2006: Deputy Director cum Technical Manager - Thang Long TIC., JSC;
- From October 2006 to July 2008: Director - Thang Long TIC., JSC;
- From July 2008 to April 2009: Head of Technology Department - Power Construction Joint Stock Company No.1;
- From April 2009 to present: Director of Dong Anh Steel Tower Co., Ltd;
- From 4/2014 to present: Deputy General Director of Power Construction Joint Stock Company No.1;
- From April 2015 to present: Member of the BOD - Power Construction Joint Stock Company No.1.

## 5. Ms Nguyen Thi Huong

### Member of BOD

Year of birth: 1970

Qualifications: College of Business Administration



#### Working process:

- From 1996 to 2002: Specialist of Planning Department - Power Construction Joint Stock Company No.1;
- From 2002 to 2005: Deputy head of Planning Department - Power Construction Joint Stock Company No.1;
- From 2008 to present: Head of Economic and Planning Department - Power Construction Joint Stock Company No.1;
- From April 2015 to present: Member of the Board of Directors - Power Construction Joint Stock Company No.1.

## 2.2. BOARD OF MANAGEMENT

The Board is responsible for managing and operating all activities of the Company in accordance with the laws of the State, the provisions of the industry, the charter, regulations and rules of the Company. The General Director is the representative of the Company before law.



6	4	2	1	3	5	7
Mr Dang Quoc Tuong Deputy General Director	Mr Nguyen Minh De Deputy General Director (Introduced in section 2.1)	Mr Vo Hong Quang Deputy General Director (Introduced in section 2.1)	Mr Trinh Van Tuan General Director (Introduced in section 2.1)	Mr Vu Anh Duong Deputy General Director	Mr Nguyen Nhat Tan Deputy General Director	Mr Vu Van Tu Deputy General Director (Introduced in section 2.1)

### 3 Mr Vu Anh Duong Deputy General Director

Year of birth: 1979

Qualifications: Master of Business Administration

Working process:

- From 2003 - 2009: Specialist of General Planning Department - Power Construction JSC I;
- From 2009 - 2012: Deputy Head - Market Planning Department - Power Construction JSC I;
- From 2012 - 2013: Head of Market Development Department - Power Construction JSC I;
- From 2013 to 2018: Head of Energy Project Management Board - Power Construction JSC I;
- From January 2019: Deputy General Director of Power Construction JSC I;

### 5 Mr Nguyen Nhat Tan Deputy General Director

Year of birth: 1967

Qualifications: Electrical Engineer - Master of Business Administration

Working process:

- From May 1995 to April 1997: Head of Chiem Hoa electricity branch, Tuyen Quang electricity;
- From May 1997 to September 1998: Head of Tuyen Quang electricity and power business dept;
- From October 1998 to June 2003: Deputy Director of Tuyen Quang electricity;
- From July 2003 to December 2003: Deputy Secretary of District Committee of Na Hang, Tuyen Quang;
- From January 2004 to March 2004: Deputy Permanent Secretary of Town committee of Tuyen Quang;
- From April 2004 to April 2009: Chairman of People's Committee of Tuyen Quang town, Tuyen Quang province;
- From May 2009 to March 2010: Deputy Director of Dept of Planning and Investment of Tuyen Quang province;
- From April 2010 to May 2011: Deputy Director of Tuyen Quang Power Company;
- From June 2011 to present: Deputy General Director of Power Construction JSC I.

### 6 Mr Dang Quoc Tuong Deputy General Director

Year of birth: 1981

Qualifications: Electrical and Electronic Equipment Engineer.

Working process:

- From 07/2004 - 6/2008: Engineer of Southern Representative Board - Electricity Construction JSC I;
- From 7/2008 - 8/2008: Engineer of Technology Department - Power Construction JSC I;
- From 9/2008 - 10/2009: Deputy Head of Technology Department - Electricity Construction JSC I;
- From 11/2009 - 6/2018: Head of Technology Department - Electricity Construction JSC I;
- From 11/2018 - 9/2019: Head of Project Management Department EPC - Electricity Construction JSC I;
- From 10/2019 - present: Deputy General Director of Electricity Construction JSC I.

## 2.3. SUPERVISORY BOARD AND CHIEF ACCOUNTANT BOARD



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### Supervisory Board and Chief Accountant Board

*Supervisory board: Is an organ elected by the General Meeting of Shareholders, on behalf of shareholders to check and control all activities of the Company in compliance with the Charter of the Company and relevant laws.*

#### 1 Ms. Nguyen Thi Hai Ha

##### Head of Supervisory Board

Year of birth: 1975

Qualifications: Bachelor of accounting

Working process:

- From May 1998 to January 2003: Specialist of Department of Finance and Accounting of Power Construction Company No.1;
- From February 2003 to May 2004: Deputy head of Finance and Accounting Department of Power Construction JSC I;
- From June 2004 to October 2005: Head of Finance and Accounting Department of Power Construction JSC I;
- From November 2005 to April 2008: Specialist of the Department of General Administration - Post and Telecommunication Training Center;
- From May 2008 to December 2009: Head of Finance and Accounting Dept - PCC1-Ba La;
- From January 2010 to March 2010: Specialist of Dept of Finance and Accounting of Power Construction JSC I;
- From April 2010 to present: Head of Supervisory Board of Power Construction JSC I;

#### 2 Mr Nguyen Anh Tuan

##### Member of Supervisory Board

Year of birth: 1982

Qualifications: Energy economics engineer

Working process:

- From January 2010 to March 2015: Specialist of Planning and Economic Department;
- From May 2015 to present: Deputy Head of Planning and Economic Department - Power Construction JSC I.
- From April 2015 to present: Member of the Supervisory Board.

#### 3 Mr Nguyen Quang Vu

##### Member of Supervisory Board

Year of birth: 1987

Qualifications: Mechanical Engineer, General Accounting

Working process:

- From July 2010 to present: Technical Officer - Power Construction JSC I;
- From April 2015 to now: Member of the Supervisory Board -Power Construction JSC I.

#### 4 Ms Tran Thi Minh Viet

##### Chief accountant

Year of birth: 1976

Qualifications: Bachelor of Accounting

Working process:

- From 2000 - 4/2003: Specialist, Finance Department, Accounting, Electrical Service and Construction Enterprise;
- From April 2003 to October 2006: Deputy Head of Finance and Accounting Department of Electrical Services and Construction Enterprise;
- From May 2006 to September 2007: Specialist of Finance and Accounting Department, Electricity Construction JSC I;
- From October 2007 to March 2014: Deputy Head of Finance and Accounting Department of Electricity Construction JSC I;
- From 4/2014 - now: Chief Accountant of Electricity Construction JSC I;

### 3. SUBSIDIARIES AND ASSOCIATED COMPANIES

On June 19, 2019, Board of Directors of PCC1 issued Resolution No. 09 /NQ-PCC1-HDQT about Establishment of branch on the basis of conversion from Yen Thuong steel structure factory (branch name: Branch of Power construction joint-stock company No.1 - Yen Thuong steel structure factory);

On September 19, 2019 Board of Directors of PCC1 issued Resolution No. 15/NQ-PCC1-HDQT approving the purchase of shares in Lien Lap Wind Power Joint Stock Company (the number of shares transferred is 4,995,000 shares, accounting for 99.90% of charter capital).

Therefore, in 2019, PCC1 has 01 subordinate unit, 19 subsidiaries and 02 associated companies:

#### Subordinate unit

No	Name of unit	Address	Main production and business	Charter Capital (VND)	Ownership ratio of PCC1
1	Yen Thuong steel structure factory	Yen Khe hamlet, Yen Thuong commune, Gia Lam, Hanoi	Producing and manufacturing steel columns	17,000,000,000 VND	100%

#### Subsidiaries

No	Name of unit	Address	Main production and business	Charter Capital (VND)	Ownership ratio of PCC1
1	Hanoi - No 1 Power Construction Company Limited	1 <sup>st</sup> Floor, CT1 Building, Complex Ha Dong, Phu Luong Ward, Ha Dong District, Hanoi	Power construction and installation	5,000,000,000	100%
2	Dai Mo - No. 1 Power Construction Co., Ltd	Cho Street, Dai Mo Ward, Nam Tu Liem District, Hanoi	Power construction and installation	5,000,000,000	100%
3	Mien Nam - No. 1 Power Construction Co., Ltd	An Khang Building, No. 28, Street 19, Block 5, An Phu Ward, District 2, Ho Chi Minh City	Power construction and installation	25,000,000,000	100%
4	Mien Bac - No. 1 Power Construction Co., Ltd	Cho Street, Dai Mo Ward, Nam Tu Liem District, Hanoi	Power construction and installation	10,236,009,597	100%
5	My Dinh - No. 1 Power Construction Co., Ltd	No 138 Tran Binh street, My Dinh 2 ward, Nam Tu Liem district, Hanoi	Power construction and installation	10,000,000,000	100%
6	Tu Liem - No. 1 Power Construction Co., Ltd	Group 19, Xuan Phuong ward, Nam Tu Liem district, Hanoi	Power construction and installation	10,549,569,422	100%
7	Ha Dong - No. 1 Power Construction Co., Ltd	Van La Hamlet, Phu La ward, Ha Dong district, Hanoi	Power construction and installation	5,942,874,315	100%
8	Hoang Mai - No. 1 Power Construction Co., Ltd	No. 471, Tam Trinh street, Hoang Mai district, Hanoi	Power construction and installation	5,000,000,000	100%

No	Name of unit	Address	Main production and business	Charter Capital (VND)	Ownership ratio of PCC1
9	Ninh Binh - No. 1 Power Construction Co., Ltd	Ninh Thanh ward, Ninh Binh city, Ninh Binh province	Power construction and installation	10,000,000,000	100%
10	Nang Huong- No. 1 Power Construction Co., Ltd	No. 583 Km 9, Nguyen Trai Street, Van Quan, Ha Dong District, Hanoi	Building management services	725,509,851	100%
11	Dong Anh Steel Tower Co., Ltd	Group 23, Dong Anh town, Hanoi city	Producing and manufacturing steel poles	51,257,437,000	90%
12	Vietnam Industrial Erection Joint Stock Company	No 138 Tran Binh street, My Dinh 2 ward, Nam Tu Liem district, Hanoi	Installing machinery and industrial equipment	5,000,000,000	51%
13	Trung Thu Hydropower Joint Stock Company	No. 157, residential quarter 16, Tan Thanh ward, Dien Bien Phu Na Pong village, Bao Lam district, Cao Bang province	Hydropower project investment	290,178,000,000	60%
14	Northern Energy Investment Joint Stock Company	Na Pong village, Bao Lam district, Cao Bang province	hydropower project investment	249,254,000,000	56.85%
15	Bao Lam Hydropower Joint Stock Company	Na Pong village, Bao Lam district, Cao Bang province	investment management and hydropower project operation consultancy	3,670,000,000	91.83%
16	Lien Lap Wind Power Joint Stock Company	Cua village, Huong Tan commune, Huong Hoa district, Quang Tri province	investment in wind power projects	50,000,000,000	99.90%
17	My Dinh Real EST., JSC	Dinh Thon hamlet, My Dinh 1, Nam Tu Liem district, Hanoi	Real estate investment and trading	180,000,000,000	99.39%
18	Hoa Binh Automobile Mechanical Joint Stock Company	No. 44, Trieu Khuc Street, Thanh Xuan Nam ward, Thanh Xuan district, Hanoi	Real estate investment and trading	170,000,000,000	99.88%
19	Tien Bo ITC., JSC	No. 1, Lane 321, Vinh Hung Street, Thanh Tri Ward, Hoang Mai District, Hanoi	Real estate investment and trading	120,000,000,000	99.95%

### Associated Companies

No	Company name	Address	Main production and business	Charter Capital (VND)	Ownership ratio of PCC1
1	Cao Bang Iron and Steel Joint Stock Company	No. 52, Kim Dong Street, Hop Giang ward, Cao Bang city, Cao Bang province	iron ore exploitation	430,063,660,000	25.09%
2	Tan Phat Mineral Joint Stock Company	Group 22, Song Bang ward, Cao Bang city, Cao Bang province	mineral exploration and exploitation	110,334,000,000	33.92%

## 4. INFORMATION OF SHARES, SHAREHOLDERS AND STOCKS

### 4.1. Information of share of Power Construction JSC No.1

<b>Name of share</b>	Share of Power Construction JSC No.1	
<b>Type of share</b>	Common shares	
<b>Share code</b>	PC1	
<b>Par value of share</b>	10,000 VND/ share	
<b>Starting date of listing / registering for trading</b>	16/11/2016	
<b>Total outstanding shares</b>	159,323,497	shares
<b>Total treasury shares</b>	432	shares
<b>Number of shares freely transferred</b>	159,323,929	shares
<b>Number of shares restricted transfer</b>	0	shares

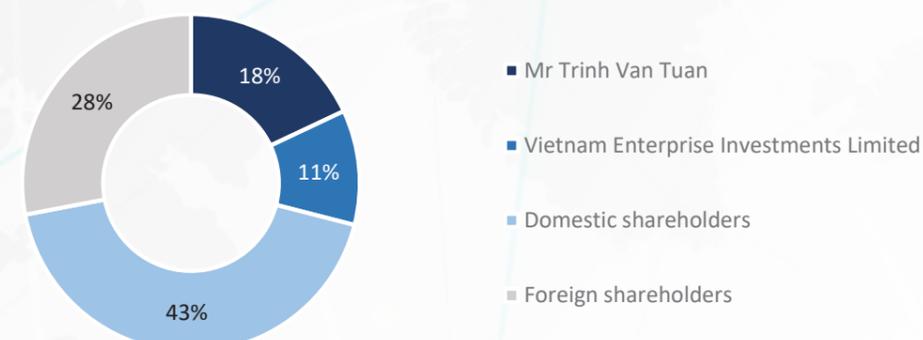
### 4.2. Shareholder structure

No	Object	Number of share	Ownership ratio / charter capital (%)
1	<b>Major shareholders (owning 5% or more of equity)</b>	46,176,384	28.98%
	- Domestic	28,629,778	17.97%
	- Foreign	17,546,606	11.01%
2	<b>Treasury shares</b>	432	0.00%
3	<b>Other shareholders</b>	113,147,113	71.02%
	- Domestic	69,033,242	43.33%
	- Foreign	44,113,871	27.69%
<b>TOTAL</b>		<b>159,323,929</b>	<b>100.00%</b>
<i>In which: - Domestic shareholders</i>		97,663,452	61.00%
<i>- Foreign shareholders</i>		61,660,477	39.00%

### 4.3. The number of shares by major shareholders

No	Name of organization / individual	Address	Number of shares	Ratio/Charter capital
1	<b>Trinh Van Tuan</b>	No 583 Nguyen Trai, Power Construction JSC No.1	28,629,778	17.970%
2	<b>VietNam Enterprise Investments Limited</b>	1501 Me Linh Point Tower, 2 Ngo Duc Ke, District 1, Ho Chi Minh City, Vietnam	17,546,606	11.013%

#### Shareholder structure



### 4.4. Changing situation of owner's investment capital

Completing the company's chartered capital increase plan in 2019 from VND 1,327,703 million to VND 1,593,243 million through paying stock dividend with the rate of 20%.

#### History of capital increase:

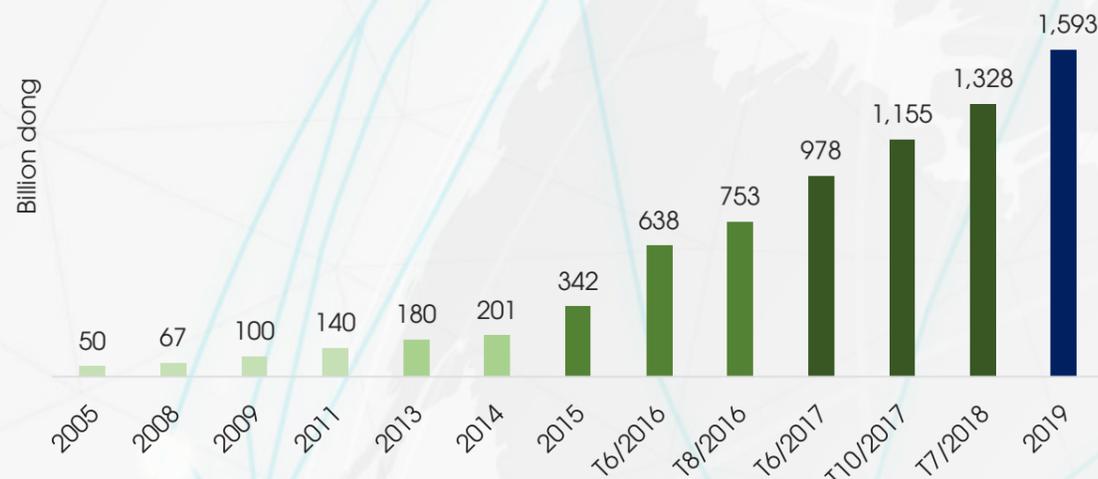
Year	Charter capital (VND)	Contents of capital increase
2005	50,000,000,000	Equitization
2008	66,670,000,000	Issuing to existing shareholders to invest in Nang Hung Apartment and service complex project.
2009	100,000,000,000	Issuing to existing shareholders and issued separately to invest in phase 2 of Apartment and service complex project and supplement working capital for the Company.
2011	140,000,000,000	Issuing to existing shareholders to mobilize investment capital for My Dinh project and other investment projects.
2013	180,000,000,000	Issuing to pay stock dividends and bonus shares to existing shareholders.
2014	201,000,000,000	Paying stock dividends to existing shareholders.
2015	341,694,850,000	Issuing and paying stock dividends to existing shareholders.
06/2016	637,821,960,000	Issuing to pay stock dividends and bonus shares to existing shareholders.
08/2016	752,629,140,000	Issuing separately to mobilize capital to implement investment in Bao Lam 3 Hydropower Project.
06/2017	978,413,200,000	Issuing shares to pay dividends in 2016.
10/2017	1,154,528,420,000	Issuing separately to supplement capital for investment in Mong An hydropower project (Bao Lam 4), Bao Lac B hydropower plant (Bao Lam 2A) and Thanh Xuan real estate project.
07/2018	1,327,702,940,000	Issuing shares to pay dividends in 2017.
7/2019	1,593,239,290,000	Issuing shares to pay dividends in 2018.

#### Situation of share in the year

Market capitalization value	: VND 2,413 billion
Current listed volume	: 159,323,929 shares
Current circulating volume	: 159,323,497 shares
Highest price in 2019	: VND 21,400
Lowest price in 2019	: VND 15,700
Average trading volume per session	: 168,939 shares
Foreign investors net bought in 2019	: 2,317,110 shares
Foreign investors value net bought in 2019	: VND 63,405,122,500



History of Capital increase



Source: HOSE

## 5. INVESTOR RELATIONS

### 5.1. Annual General Meeting of Shareholders 2019

- The Company strictly adheres to the order and procedures for organizing the General Meeting of Shareholders: closing the list of shareholders, publishing information before the meeting and after the meeting.

- On April 11, 2019, the General Meeting of Shareholders of Power Construction Joint Stock Company No.1 was held. The meeting passed 9 voting contents with the approval rate of over 90% for all contents, details:

Contents	Rate of approval
1. Approving the Report of the Board of Directors on business results in 2018 and business plan in 2019	100%
2. Approving the 2018 Financial Statements audited by AASC Auditing Company Limited	100%
3. Approving the appraisal report of the Supervisory Board at the Annual General Meeting of Shareholders 2019	100%
4. Approving 2018 Profit Distribution Plan of the Company	100%
5. Approving the profit plan and expected dividend payment in 2019	100%
6. Approving the investment of Trung Thu - Dien Bien solar power project	100%
7. Approving the policy of researching and developing wind power projects	100%
8. Approving the investment of Bao Lac A hydropower project	100%
9. Approving the investment of Thuong Ha Hydropower Plant project	100%
10. Approving the Real Estate Investment policy	100%
11. Share issuing plan to increase charter capital in 2019 from the stock dividend	100%
12. Capital raising plan for solar power investment project by issuing separate bonds.	100%
13. Approving the Chairman of the Board cum General Director of the Company	90,73%
14. Approving the Remuneration of the Board of Directors, the Board of Supervisors in 2019	100%
15. Approving the selection of auditing unit for the financial statements 2019 of the Company	94,85%
16. Approving the amendments and supplements to a number of articles of the Company's Charter and Regulations	100%



Overview of the Annual General Meeting of Shareholders 2019



Representatives of securities company ask questions to the Board of Directors

## 5.2. Information disclosure in 2019

Recognizing the important meaning of investor relations in the stock market, PCC1 always has activities to maintain and promote, ensure information to shareholders and investors in a transparent, objective and timely manner.

### 01 Compliance with regulations on information disclosure on the stock market:

The staffs in charge of Investor Relations of PCC1 is knowledgeable and always comply with the law on information disclosure in Circular No. 155/2015 / TT-BTC, Decision No. 340 / QD-SGDH-CM, Securities Law 2006, Securities Law 2010 amended and supplemented, ...

The Company always publishes fully and on time periodic announcements such as quarterly financial statements, reviewed semi-annual financial statements, audited financial statements, Annual Report 2018, information disclosure of General Meeting of Shareholders, periodical 06-month report of capital using progress obtained from the private offer of securities, ... and other extraordinary announcements.

#### Information disclosure of financial statements

- + Financial statements of Quarter I, II, III and IV include separate and consolidated reports
- + Separate and consolidated semi-annual financial statements 2019
- + Explanation of changes in profit after tax in the consolidated semi-annual financial statements of 2019
- + Explanation of changes in profit after tax in audited separate and consolidated financial statements of 2019
- + Audited consolidated financial statements 2018

#### Information disclosure of Annual General Meeting of Shareholders 2019

- + Meeting documents (April 1, 2019)
- + Resolution of the General Meeting of Shareholders (April 12, 2019)

#### Information disclosure of Annual Report

- + Annual report 2018

#### Other Information disclosure:

- + Resolutions of the BOD
- + Reports of changes in share ownership, number of voting shares
- + Appointment decisions
- + Reports on capital use situation
- + Report on corporate governance situation
- + The signed contracts (investment, capital contribution)
- + Progress, implementation status of projects under construction

### 02 Quarterly Investors Newsletter

In 2019, with the desire to transmit more in-depth and timely information to investors about production and business activities, improve transparency and image of PCC1, the Company published Quarterly Investors Newsletter. The content of Newsletter includes information on business and production situation, highlights and important events in the quarter, answers to questions and calendar of events taking place in the next quarter.



Some pictures of Quarterly Investors Newsletter

## 5.3 Investor Contact conference

In the morning of September 26, 2019, Power Construction Joint Stock Company I (PCC1) held the Investor Contact Conference 2019 which was chaired by Mr. Trinh Van Tuan, Chairman of Board of Directors cum General Director of the Company.

More than 100 delegates who are shareholders, investors, representatives of securities companies and fund management companies attended and exchanged at both Hanoi and Ho Chi Minh City videoconferences. PCC1 leaders listened, exchanged and answered publicly and transparently the questions of investors to strengthen investors' confidence in PCC1.

The conference was attended and reported by media agencies such as Industry and Trade Newspaper, Securities Investment Newspaper, Companion Newspaper. Moreover, in 2019, investor relations department of PCC1 also organized meetings with investors, organizations of investment funds interested in PCC1, analysts of securities companies, etc to help investors have more accurate view about value and business prospects of PCC1.



Pictures about the Investor Contact Conference 2019

## 6. MANAGEMENT REPORT 2019

### 6.1 Board of Directors

#### a. Ownership ratio

No	Full name	Position	Ownership ratio (%)
1	Mr. Trinh van Tuan	Chairman of BOD	17.970
2	Mr. Nguyen Minh De	Member of Executive Board of Directors	1.294
3	Mr. Vu Van Tu	Member of Executive Board of Directors	0.232
4	Mr. Vo Hong Quang	Member of Executive Board of Directors	1.862
5	Ms. Nguyen Thi Huong	Member of Non-executive Board of Directors	0.834

#### b. Attendance rate at of BOD's meeting

No	Member of BOD	Position	Starting date of being Board member (Term 2015-2020)	Number of attended Board meetings	Attendance rate	Reason for not attending the meeting
1	Mr. Trinh van Tuan	Chairman	26/4/2015	04/04	100%	
2	Mr. Nguyen Minh De	Member	26/4/2015	04/04	100%	
3	Mr. Vu Van Tu	Member	26/4/2015	04/04	100%	
4	Mr. Vo Hong Quang	Member	26/4/2015	04/04	100%	
5	Ms. Nguyen Thi Huong	Member	26/4/2015	04/04	100%	

In addition, in 2019, the Board of Directors approved a number of contents in the form of written opinion form (13 opinion sheets). All members of the Board of Directors participated in voting and agreeing with the contents of the opinion form (05/05 members participated and agreed with the content of the opinion form).

#### c. Supervisory activities of the Board of Directors to the Board of Management

The BOD regularly maintains supervision of the Board of Management through the inspection and control of the Supervisory Board, as well as organizes meetings to assess and draw experience in implementing seriously the resolutions of the BOD in the auditing of Financial Statements, and in the production and business planning of the Company;

In 2018, the BOD focused on directing and monitoring the activities of the Board of Management in the following major activities:

- + Organizing Annual General Meeting of Shareholders 2019 on April 11, 2019;
- + Organize meeting to evaluate the results of operations in 2019 and prepare a business and production plan for 2020 at the Company and its member units; evaluate the performance of the Board of Directors and related departments in 2019;

+ New investment activities and investment management for new investment projects (Wind power projects) through M&A activities.

+ Reorganizing a number of member units and arranging personnel in some member units as well as personnel of Company's Board of Management.

#### d. Resolutions/Decisions of the Board of Directors

No	Number of Resolutions / Decisions / Minutes	Date	Contents
1	01/NQ-PCC1-HDQT	15/01/2019	Approving the policy of implementing contracts and transactions between Power Construction Joint Stock Company No.1 and related enterprises.
2	02/NQ-PCC1-HDQT	01/03/2019	Approving the closing of list of shareholders to organize the Annual General Meeting of Shareholders 2019 (March 22, 2019) and propose contents to be presented at the meeting.
3	03/NQ-PCC1-HDQT	09/03/2019	Approving the merger of Organization and Governance Department, Appointment of Company Officials
4	04/NQ-PCC1-HDQT	15/03/2019	Borrowing and carrying out mortgages, warranties and guarantees of the Company at Shinhan Bank Vietnam, Hanoi branch (total value of VND 11 billion)
5	05/NQ-PCC1-HDQT	29/03/2019	Approving the plan to organize the Annual General Meeting of Shareholders 2019: meeting time (8:30 on April 11, 2019), location and documents submitted to the Meeting.
6	06/NQ-PCC1-HDQT	31/03/2019	Contributing charter capital for the 1 <sup>st</sup> time in 2019 of Northern Energy Investment JSC
7	07/NQ-PCC1-HDQT	20/05/2019	Deploying the plan of issuing stocks to pay dividends of 2018
8	08/NQ-PCC1-HDQT	21/05/2019	Adjusting the salary of employees in 2019
9	09/NQ-PCC1-HDQT	19/06/2019	Establishing branch on the basis of converting Yen Thuong steel structure factory (name of Branch: Branch of Power Construction JSC No.1 - Yen Thuong Steel Structure Factory)
10	10/QD-PCC1-HDQT	19/06/2019	Appointing Branch Manager for Mr. Le Manh Cuong
11	11/NQ-PCC1-HDQT	24/06/2019	Selecting Auditing Company for Financial Statements 2019 (AASC Auditing Firm Company Limited)
12	11B/NQ-PCC1-HDQT	30/06/2019	Contributing charter capital for the 2 <sup>nd</sup> time in 2019 of Northern Energy Investment JSC
13	12/NQ-PCC1-HDQT	02/07/2019	Committing warranty for Dong Anh Steel Tower Co., Ltd to borrow and guarantee at Bank for Investment and Development of Vietnam -Hanoi Eastern Branch

No	Number of Resolutions / Decisions / Minutes	Date	Contents
14	13/NQ-PCC1-HDQT	03/07/2019	Committing warranty for member units to borrow capital and guarantees at the Bank for Investment and Development of Vietnam - Ha Tay Branch
15	14/NQ-PCC1-HDQT	05/08/2019	Changing business registration content (Increase of charter capital)
16	15/NQ-PCC1-HDQT	19/09/2019	Purchasing shares of Lien Lap Wind Power Joint Stock Company (the number of shares transferred is 4,995,000 shares, accounting for 99.90% of the charter capital)
17	15B/NQ-PCC1-HDQT	19/09/2019	Appointing representatives of capital and key personnel at Lien Lap Wind Power Joint Stock Company
18	16/NQ-PCC1-HDQT	30/9/2019	Dismissing Deputy General Director of the Company (Mr. Dang Van Nghia resigned from the position of Deputy General Director of the Company from October 1, 2019).
19	17/NQ-PCC1-HDQT	30/09/2019	Appointing Deputy General Director of the Company (Mr. Dang Quoc Tuong held the position of Deputy General Director of the Company from October 1, 2019)
20	18/NQ-PCC1-HDQT	11/10/2019	Appointing the person in charge of corporate governance (Appointing Mr. Hoang Van Cuong to hold the position of Person in charge of corporate governance cum Secretary of the Company; Period: to the end of BOD of the Company (2015-2020)
21	19/NQ-PCC1-HDQT	02/12/2019	Dismissing Chairman of Hoang Mai- No.1 Power Construction Co., Ltd.
22	20/NQ-PCC1-HDQT	02/12/2019	Appointing Chairman of Hoang Mai- No.1 Power Construction Co., Ltd.
23	21/NQ-PCC1-HDQT	02/12/2019	Dismissing and Appointing Director of Hoang Mai- No.1 Power Construction Co., Ltd.
24	22/NQ-PCC1-HDQT	02/12/2019	Merging Hanoi- No.1 Power Construction Co., Ltd. into My Dinh- No.1 Power Construction Co., Ltd.
25	23/NQ-PCC1-HDQT	02/12/2019	Dismissing Director of Hanoi- No.1 Power Construction Co., Ltd
26	24/NQ-PCC1-HDQT	02/12/2019	Appointing Director of Hanoi- No.1 Power Construction Co., Ltd

## 6.2. Supervisory Board

a. Information about the Supervisory Board members and the rate of attending the Supervisory Board meeting

No	Member of BOS	Position	The starting date of being member of the BOS (Term 2015-2020)	Number of meetings of the BOS	Attendance rate	Reason for not attending the meeting
1	Ms. Nguyen Thi Hai Ha	Head of BOS	26/04/2015	3/3	100%	
2	Mr. Nguyen Anh Tuan	Member	26/04/2015	3/3	100%	
3	Mr. Nguyen Quang Vu	Member	26/04/2015	3/3	100%	

b. Activities of the Supervisory Board

- Attend all meetings held by the Board of Directors.
- Participate in monthly, quarterly and annual review of the Company's production and business plans chaired by the Company's General Director.
- Check and monitor the implementation of production and business plans throughout the Company through monthly, quarterly and annual reports.
- Supervise the compliance with the Company's internal rules, regulations, resolutions of the General Meeting of Shareholders, the compliance with the Company's Charter, the State Law of the BOD and BOM in managing business and production activities.
- Examine the Financial Statements to assess the truthfulness and reasonableness of financial data, in accordance with standards, accounting regimes and State laws and policies.

c. Review the implementation of resolution of Annual General Meeting of Shareholders in 2015-2020

In the annual general meetings, resolutions of the General Meeting of Shareholders were implemented by the Board of Directors and Executive Board, achieving the following results:

No	Targets	Unit	Business activities over the years				
			2015	2016	2017	2018	2019
1	Charter capital	VND billion	341.7	752.6	1,154.5	1,327.7	1,593.2
2	Revenue from business activities	VND billion	3,100.9	3,008.2	3,160.6	5,084.4	5,845.0
3	Profit after tax of Parent Company's shareholders	VND billion	245.5	304.7	236.7	466.5	357.8

In the period from 2015 - 2019, the Company has focused on investment and production and business activities with growth, reflected by the growth of charter capital, revenue and profits. **Charter capital:** In 2015 reached VND 341.7 billion; in 2019 reached VND 1,593.2 billion, increased by 4.66 times compared to 2015.

**Revenue:** 2015 reached VND 3,100 billion; in 2019 reached VND 5,845.0 billion, increased by 1.89 times compared to 2015.

**Profit after tax of Parent Company's shareholders:** In 2015 reached VND 245.5 billion; in 2019 reached VND 357,792 billion, increased by 1.46 times compared to 2015.

#### d. Evaluation of compliance with the State laws

**Business activities:** Business activities of PCC1 are suitable with Business Registration Certificate No. 0100100745;

**Compliance with tax administration law:** Status of fulfillment of state budget obligations:

RECEIPTS AND PAYMENTS	PAID TAX AMOUNTS (VND billion)				
	2015	2016	2017	2018	2019
I/ VAT	72,03	84,01	59,57	91,23	182,23
II/ Import and export taxes	0,38	1,00	2,81	0,00	0,49
III/ Corporate income tax	78,19	79,94	62,70	65,98	77,45
IV/ Personal income tax	2,80	4,03	2,72	2,73	6,20
V/ Property tax and land rent	29,56	69,13	51,10	4,39	103,79
VI/ Resource tax	0,00	0,00	17,36	36,80	38,49
VII/ Other kinds of tax	2,28	2,30	4,30	18,04	18,16
Total	185,24	240,42	200,57	219,16	426,80

The Company has complied with the Law on Tax Administration and circulars providing guidance on accounting policies, accounting accounts and financial statements in accordance with the regulations of the Ministry of Finance and accounting standards according to current regulations.

The tax authority has inspected the compliance with tax laws at Power Construction

#### Compliance in the field of investment:

The field of construction and industry production is core industry throughout the process of production and business activities of the Company, the Company pays much attention to market research, investment in advanced machinery and equipment, management capacity enhancement to participate as EPC contractor of major projects in the electricity industry as well as outside the electricity industry.

In the recent period, the Company has been very successful in the field of energy investment, a series of hydropower projects was built and generated electricity beyond the set schedule. Currently, the Company con-

tinues to expand investment in wind power plants in the central provinces. Joint Stock Company No.1 in the years 2015-2017; and inspected after VAT refund of tBao Lam 1 Hydropower Plant Project, Bao Lam 3 Hydropower Plant, Bao Lam 3A Hydropower Plant. Conclusion: The company has opened accounting books to monitor and record business results in accordance with regulations, the company has complied with the regulations on tax declaration and payment.

For real estate investment, the Company has completed the handover of 02 real estate projects with the scale of 472 to 540 apartments, and implemented 03 projects in the following years. At the same time, the company constantly looks for new projects to achieve the set strategic goals. The field of real estate investment also brought a big profit in the company's business results through each year. In addition, the fields of design consultancy, operation and management are all auxiliary industries for the fields where the Company is investing.

#### e. Evaluation of financial statements 2019

##### Business results (According to audited consolidated financial statements 2019):

- Turnover	: 5,845.0 billion dong
- Parent company's profit after tax	: 357.8 billion dong
- Submitted to the State budget	: 426.8 billion dong
- Basic earnings per share	: 2,246 dong / share

##### Results of evaluation of financial statements:

The Supervisory Board has appraised the Company's financial statements in the fiscal year 2019, ended on December 31, 2019 and agreed to confirm the specific contents as follows:

The financial statements has truthfully and reasonably reflected, in material respects, the financial position of the Company as of December 31, 2019, as well as the results of operations and cash flows in the fiscal year

ends on the same day, in accordance with Vietnamese Accounting Standards, Vietnamese enterprise accounting system and legal provisions related to the preparation and presentation of the consolidated financial statements.

The company has reported and disclosed information in accordance with Circular 155/2015 / TT-BTC on information disclosure on the stock market.

#### f. Supervision results for members of the Board of Directors and members of the Executive Board

Board of Directors and leaders of the Company have got over and overcome many difficulties and challenges, issued resolutions and decisions on the management, organization and administration of production and business activities of the Company timely, effectively grasped and exploited opportunities, improved the capacity of system management, creativity in direction and administration, thus achieved the results set out in the resolutions of the General Meeting of Shareholders in over the past 5 years. Specifically:

- The Board of Directors held regular meetings timely and adequately; other arising tasks in the course of operation due to the inability to hold meetings because of the time limit have been taken opinions of members of the Board of Directors in writing in accordance with the provisions of Company's Charter and related laws. The Board of Directors has issued resolutions and decisions suitably with the company's orientation, strategy, business solutions, as well as general policy of the state and market context. The Board of Directors has performed well the tasks assigned in accordance with the Company's Charter in general and the Resolution of General Meeting of Shareholders in particular. In general, the management of the Board of Directors for the term of 2015-2020 has complied with the provisions of Law, regulations for the activities of listed

companies, Resolutions of General Meeting of Shareholders and Company rules.

- Accompanying with the Board of Directors, the Executive Board headed by the General Director has actively implemented resolutions of the Board of Directors in order to achieve the annual goals approved by the General Meeting of Shareholders. The Executive Board was well aware of the advantages and disadvantages of the market, flexible in operating the production and business activities, and gave many solutions in order to manage costs, manage professional work, take care of customers, and regularly organized courses to improve professionalism and awareness for employees to build the core values and company culture in order to achieve customer satisfaction.

- Regularly organize monthly briefings, annual review meetings to assess the situation of business operations, the implementation of projects to consider the shortcomings and limitations in order to propose timely solutions to remove difficulties and overcome.

- Business development strategy of the Board of Directors and Executive Board is formulated and directed in accordance with the business environment of the company in each period.

### g. Recommendation

Besides the results and achievements that the Company has achieved in the past year, in order to build a company with a strong brand in business fields, growth in revenue and profit to ensure benefits for shareholders, the Supervisory Board has some recommendations to the Company as follow:

**01** Continuing to follow the adjusted strategic goals of the Company in 2018-2022, with a vision to 2030.

**02** Continuing to exploit cheap capital source and control more effectively the use of cash flow, timely responding to the capital for production, business and investment activities of the Company.

**03** Improving the quality of human resources, improving governance capacity to meet the demand of business and production activities of the Company to enhance the reputation and image of Company in the domestic and international market.

**04** For the wind power plant project, the investment capital is large so the Company has a specific strategic plan to ensure that investment activities bring high efficiency without affecting much on production and business activities of other areas.

**05** Investing in advanced management technologies and construction technologies, applying new software management in project management.

**06** Continuing to improve risk management and quality management system according to ISO.

**07** Continuing to well implement policies for employees, emulation and reward mechanism to create motivation and attract high quality human resources.

## 7. TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

### 7.1. Owning and trading shares of internal people and related persons of internal people

Ownership of shares and transactions of members of the BOD, BOS, and BOM:

No	Full name	Title	Number of shares held as of 31/12/2019	Ownership ratio (%)
1	Mr. Trinh van Tuan	Chairman of BOD cum General Director	28,629,778	17.970
2	Mr. Nguyen Minh De	Member of BOD cum Deputy General Director	2,061,552	1.294
3	Mr. Vu Van Tu	Member of BOD cum Deputy General Director	370,108	0.232
4	Mr. Vo Hong Quang	Member of BOD cum Deputy General Director	2,966,475	1.862
5	Ms. Nguyen Thi Huong	Member of BOD	1,328,403	0.834
6	Mr. Nguyen Nhat Tan	Deputy General Director	5,149,201	3.232
7	Mr. Dang Quoc Tuong	Deputy General Director	215,369	0.135

8	Vu Anh Duong	Deputy General Director	85,278	0.054
9	Nguyen Thi Hai Ha	Head of BOS	23,22	0.150
10	Nguyen Anh Tuan	Member of BOS	3	0.000
11	Nguyen Quang Vu	Member of BOS	196	0.000

Transactions in 2019 of internal people and related persons of internal people:

No	Transaction performing person	Position / Relationship with internal people	Number of shares owned at the beginning of period		Number of shares owned at the end of period		Reason for change
			Number of share	Rate %	Number of share	Rate %	
<b>I. Internal people</b>							
1	Trinh Van Tuan	Chairman of BOD General Director	23,441,482	17.656%	28,629,778	17.970%	Receive dividends by 4,688,296 shares; Purchase 500,000 shares in addition
2	Nguyen Thi Huong	Member of BOD	1,493,003	1.125%	1,328,403	0.834%	Receive dividends by share: 235,400 shares; Partial sale of shares: 400,000 shares
3	Nguyen Quang Vu	Member of BOS	27,664	0.021%	196	0.000%	Receive dividends by share: 5,532 shares; Sell 33,000 share
<b>II. Related Person of Mr. Nguyen Quang Vu - Position: Member of Supervisory Board</b>							
1	Tran Thi Lan Phuong	Wife of Mr. Nguyen Quang Vu – Member of BOS	38,561	0.029%	273	0.000%	Receive dividends by share :7,712 shares; Sell 46,000 shares

### 7.2. Transactions between the Company and related persons of the Company; or between the Company and major shareholders, internal person or related person of internal person:

In 2019, there were no transactions involving the Chairman of the Board of Directors, members of the BOD, the Board of Management, the Chief Accountant and related persons.

### 7.3 Transactions with related parties

Transactions between the Company and its subsidiaries and affiliates arise regularly and always comply with provisions of law and provisions of the Company Charter on the relationship of Parent Company - subsidiaries, affiliates and provisions of the Enterprise Law. Transactions between the Company and its subsidiaries and affiliates in 2019 were implemented in accordance with Resolution No. 01/NQ-PCC1-HDQT dated January 15, 2019 on approval of policy on implementing transaction contracts between Power Construction Joint Stock Company No.1 and related enterprises

No	Name of organization / individual	Relevant relationship with the company	Transaction content with the company
1	Mien Nam- No.1 Power Construction Company Limited	Subsidiary company	Buy: Construction volume Turnover: Tools, guarantee fee
2	Hanoi- No.1 Power Construction Company Limited	Subsidiary company	Buy: Construction volume Turnover: Office lease, other
3	Dai Mo- No.1 Power Construction Company Limited	Subsidiary company	Buy: Construction volume Turnover: Tools, land rent, guarantee fee
4	Dong Anh Steel Tower Company Limited	Subsidiary company	Buy: Steel pole processing Turnover: selling materials
5	My Dinh- No.1 Power Construction Company Limited	Subsidiary company	Buy: Construction volume Turnover: Office lease, other
6	Nang Huong- No.1 Power Construction Company Limited	Subsidiary company	Buy: Building service Turnover: land rent, other
7	Hoang Mai- No.1 Power Construction Installation One Member Company Limited	Subsidiary company	Buy: Construction volume Turnover: Land rent, guarantee fee
8	Mien Bac- No.1 Power Construction Installation Company Limited	Subsidiary company	Buy: Construction volume, clearance consultancy Turnover: Land rent, guarantee fee
9	Tu Liem- No.1 Power Construction Installation Company Limited	Subsidiary company	Buy: Construction volume Turnover: Land rent, guarantee fee, other
10	Ha Dong- No.1 Power Construction Installation One Member Company Limited	Subsidiary company	Buy: Construction volume Turnover: Land rent, guarantee fee
11	Ninh Binh- No.1 Power Construction Installation Company Limited	Subsidiary company	Buy: Construction volume Turnover: Land rent, guarantee fee

12	Trung Thu Hydropower Joint Stock Company	Subsidiary company	Turnover: Consulting, Other
13	ERECO JSC	Subsidiary company	Buy: Installation volume
14	Hoa Binh Automobile Mechanical JSC	Subsidiary company	Turnover: Real estate project management consultancy
15	My Dinh Real Est JSC	Subsidiary company	Turnover: Real estate project management consultancy, office lease
16	Bao Lam Hydropower Joint Stock Company	Subsidiary company	Turnover: office lease Buy: Hydropower Operation Management
17	Cao Bang Iron and Steel Joint Stock Company	Associated Company	Grinding processing to ore sorting and trading
18	Northern Energy Investment Joint Stock Company	Subsidiary company	Project transfer Project management and other services
19	Tien Bo ITC., JSC	Subsidiary company	Real estate project management consultancy



The image of the Board of Directors in the Launching Ceremony of PCC1 Strategy for the period of 2016 - 2020, vision to 2030

## 7.4. Allowances and remuneration of the BOD, BOS and BOM

### Allowances for the Board of Directors and the Supervisory Board

Board of Directors and Board of Management

Full name	Title	Allowance of one month (VND)	Total (VND)
Mr. Trinh van Tuan	Chairman of BOD	10,000,000	120,000,000
Mr. Nguyen Minh De	Member of BOD	2,000,000	24,000,000
Mr. Vu Van Tu	Member of BOD	2,000,000	24,000,000
Mr. Vo Hong Quang	Member of BOD	2,000,000	24,000,000
Ms. Nguyen Thi Huong	Member of BOD	2,000,000	24,000,000
<b>Total</b>		<b>18,000,000</b>	<b>216,000,000</b>

Supervisory Board

Full name	Title	Allowance of one month(VND)	Total (VND)
Ms. Nguyen Thi Hai Ha	Head of Supervisory Board	6,000,000	72,000,000
Mr. Nguyen Anh Tuan	Surveyor	1,500,000	18,000,000
Mr. Nguyen Quang Vu	Surveyor	1,500,000	18,000,000
<b>Total</b>		<b>9,000,000</b>	<b>108,000,000</b>

### Income of BOM and BOD

No	Title	Year 2018	Year 2019
1	General Director	1,668,725,300	1,994,01,110
2	Other members of BOM and BOD	5,284,540,500	5,816,725,407

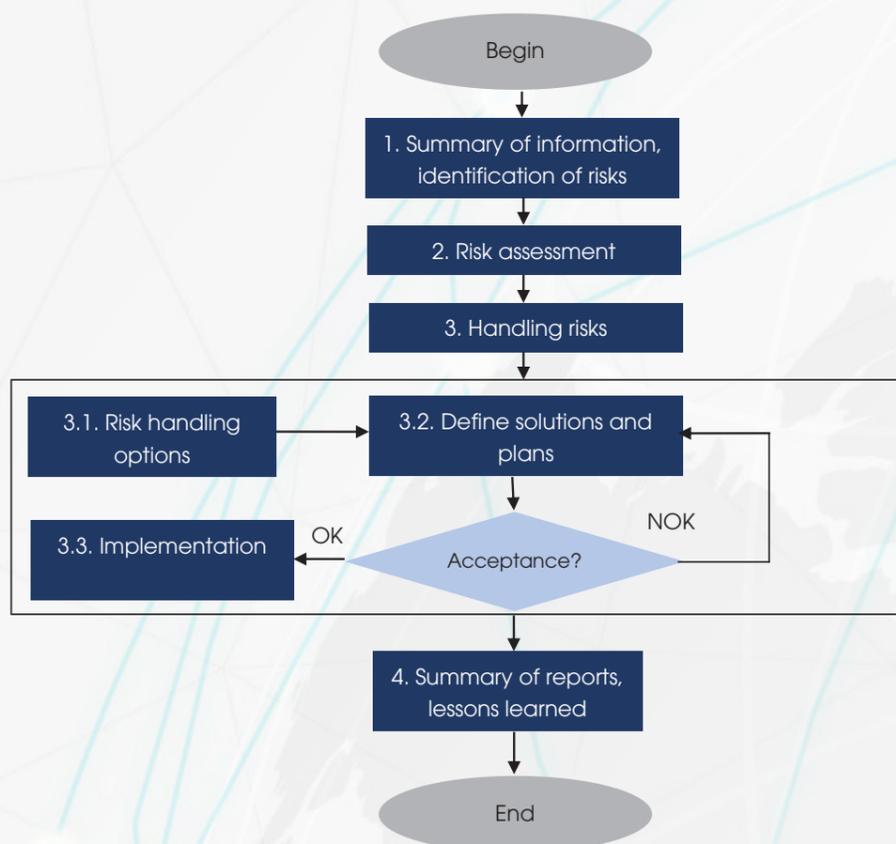


## 8. RISKS AND RISK MANAGEMENT

### 8.1 Risk management principles

- 01** Risk management is a process throughout and sticking to all operating processes of the company, which is an integral part in all processes of the Company. In particular, risk management must be associated with the objectives and strategies of the Company, is an important part when issuing any decision related to the operation of the Company;
- 02** Risk management must be based on reliable existing information. The inputs of the risk management process must be based on reliable information sources of quality and quantity, from a variety of sources, including stored data, experience, and feedback from related parties, observation, prediction and judgment;
- 03** The risk management system includes parts and personnel serving for risk management which is integrated in the management and administration structure of the Company and operated in parallel and in consistence with scale and operation scope of the Company;
- 04** Risk management policies and procedures are implemented continuously and regularly updated, adjusted and supplemented in accordance with the scope, scale of operation, conditions of the company and the market context;

### 8.2 Risk management process



### 8.3 Critical risks and governance method

#### 01 Macroeconomic risk

Economic risk is a type of systemic risk through changes such as economic growth, inflation, interest rates, ... that have direct or indirect impacts on production and business activities of enterprises in the economy in general and the Company's business activities in particular. Therefore, analyzing the macroeconomic factors of economy will clarify the impact level of this type of risk as well as propose measures to limit and overcome the impact on the Company's operations.

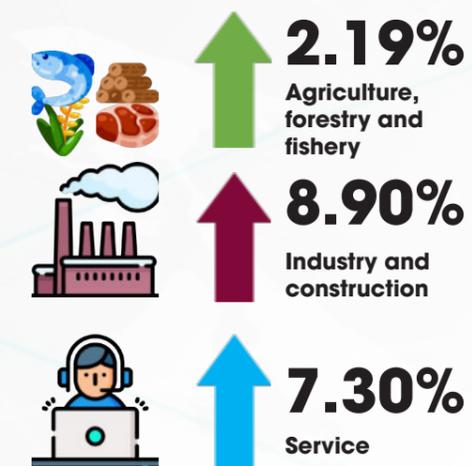
##### Growth rate

**GDP growth rate in 2019 was lower than in 2018 but still a remarkable result.**

According to the General Statistics Office (GSO), the Gross Domestic Product (GDP) in 2019 achieved impressive results with a growth rate of 7.02%, exceeding the National Assembly's target which was from 6.6% to 6.8%. This year's growth rate, though lower than the rate of 7.08% in 2018, is higher than that of the years 2011 - 2017. The growth targets in 2019, although lower than in 2018, are still remarkable, especially in the context of global economic and geopolitical situations with many advantages.

The fast economic growth of some countries leads to strong demand for electricity. In the past period, the growth rate of Vietnam's electricity consumption has often doubled the GDP growth rate. However, the generation capacity and transmission system still cannot meet this demand. On the other hand, the impact of the electricity industry in general and the electricity construction sector in particular on economic growth fluctuations will be lower than other sectors. In particular, the production of electricity and renewable energy is still an industry encouraged by the government. Therefore, power construction - the strength of PCC1 is still a very potential field.

GDP growth rate over the years 2011 - 2019 (%)



In 2020, it is forecasted that there will have many political and economic instability, the manifestation of Covid-19 epidemic worldwide is complicated, the central banks of many countries cut interest rates and loosen monetary and fiscal policies, stock market of many countries fluctuates strongly and is difficult to predict, ... Vietnam's GDP growth is forecasted at 6% -7% depending on the evolution of the disease. These unpredictable happenings can cause inflation and increasing interest rates. Economic growth would slow down, some business areas of

the Company would be affected by the economic fluctuations of Vietnam, especially the Government's Energy Development Strategy. The stock market is likely to enter a period of strong decline.

**How to manage:** Proactively monitor the volatility of the domestic and international markets to quickly take measures to resolve when risks occur. Control costs, optimize resources, and ensure safe capital structure. Regularly update changes in interest rates and exchange rates.

## 8.3 Critical risks and governance method

### 02 Legal risks

The policies of the State and the Government on the areas that Company are operating also affect the business and production of the Company such as: National electricity development plan for the period of 2011 - 2020 with consideration to 2030; Vietnam's renewable energy strategy to 2030, vision to 2050; national technical regulations on technical infrastructure works and efficient energy works.

Currently, the legal system of Vietnam is incomplete and in the process of completion,

### 03 Industry-specific risk

#### a. Power construction industry

Natural and environmental risks: PCC1 implements the construction of power transmission lines and substations, power source projects, industrial, civil, technical infrastructure, transport, irrigation and post and telecommunication projects. The construction and installation of the above works are mainly carried out outdoors and in areas with complex terrain so the weather and terrain conditions can affect safety in this field.

**How to manage:** Be aware of the above risks, PCC1 always pays attention to safety supervision during implementation of its projects and complies with insurance policies for the Company and employees to limit impact of this risk factor on the overall business operation of the Company.

#### b. Electricity production industry

##### - Natural risks:

Natural weather and terrain not only directly affect the investment process and construction of hydropower plants but also affect the electricity production and business of plants. In case of bad weather and rugged terrain, the construction schedule is delayed and this will prolong the operation time of the plant and significantly increase the interest expense of the project, reduce the efficiency of capital use. On the other hand, prolonged drought would result in reduced rainfall and water levels on rivers and lakes,

so there are many amendments and supplements which lead to many changes and may cause inconvenience, more or less affect business activities of the Company.

**How to manage:** To limit the risks arising related to legal factors in the process of operation, the Company always monitors, studies and updates legal documents related to the field of activities of it as well as consult and hire consultants for legal issues out of company capabilities.

dams nearby hydropower plants which will directly affect the amount of electricity produced.

**How to manage:** The company always works with experts to measure and monitor hydrology for years before deciding to invest.

##### - Interest rate risk

Currently, hydropower investment projects of the Company use majority of loans (accounting for about 70%). In 2019 and the following years, preferential loans from World Bank will be exhausted and the Company must use other funds. Therefore, interest rate fluctuations will greatly affect the hydropower investment activities of the Company.

**How to manage:** Paying debt on time, improving credit reputation towards commercial banks to receive more interest rate incentives in order to limit the negative impact of interest rates on business operations of the Company.

##### - Construction risks

The process of work construction and machine installation requires high accuracy and technical safety.

**How to manage:** To minimize this risk, before, during and after the construction process, the Company has a team of supervisors and inspectors to evaluate technical standards of works and machinery.

#### c. Real estate investment and business industry

##### - Industry cycle risk

Real estate projects usually take more than 2 years to complete. During this time, enterprises must bear the cycle risk of real estate industry and are affected by government policies, especially credit policies.

**How to manage:** The company carefully reviews the real estate market overview; feasibility of the project, in both supply (input costs) and demand (output for the project) before implementation ...

#### d. Industrial production

##### - Risk of input material prices:

The industrial manufacturing industry suffers risk mainly from the price of input materials. The company mainly produces and sells equipment, steel structures, materials and accessories of electrical works, thus steel price fluctuations directly affect this activity of the Company.

##### - Project legal risk

The legal and administrative procedures for each real estate project are always issues that businesses must pay attention to. The company may be at risk of project implementation and progress if application for project license lasts longer than expected or if there is a change in the local general plan, especially for factors related to traffic, population density and land use purposes.

**How to manage:** The company always studies carefully the legal documents related to each project before implementation.

##### How to manage:

To limit the impact of material prices, the Company always updates the market situation, information about steel prices in the world to find measures to control steel prices at competitive rates such as encrypting materials, comparing and diversifying suppliers, selecting the most competitive material suppliers in the market.

### 04 Other risks

In addition to the aforementioned risks, the Company's activities may be affected by natural disasters such as earthquakes, epidemics, floods, etc. which, when occurring, may cause damage to property as well as affect project construction progress of the Company. These are rare risks in practice but when occurring, they often cause huge losses of material and people as well as general operation of the Company.

By the end of 2019, the outbreak of COVID-19 pandemic had widespread effects all over the world, impacted business confidence, investment and trade decisions globally. Vietnam's economy was also slowed down by this pandemic.



## 9. TRENTHENING CORPORATE GOVERNMENT

### 9.1. Compliance with regulations on corporate governance

#### a. Supplement personnel and training to improve management capacity

- Appointing Mr. Dang Quoc Tuong as Deputy General Director of the Company from October 1, 2019.

- Members of the BOD, members of Supervisory Board, General Director, other managers and the Company Secretary regularly update documents and legal provisions on corporate governance, participate in seminars on Corporate governance organized by Ho Chi Minh Stock Exchange, State Securities Commission, VIOD and will continue to attend training courses on corporate governance when the training facilities have appropriate training courses approved by the State Securities Commission.

Training courses, seminars, forums in 2019:

#### Intensive training program on Audit Committee

The program is organized by Vietnam Institutes of Directors (VIOD) in cooperation with International Financial Institution (IFC) and PwC Vietnam in 2 days from 19-20 September 2019 in Hanoi. The program revolves around two main objectives: (i) studying basic principles of Audit Committee's requirements, duties and responsibilities as well as as well as major areas of monitoring in accordance with the best international practices; and (ii) providing insights into the important practices that contribute to the effectiveness of the Audit Committee.

#### Annual Forum 2019 "Enhancing Leadership capacity of BOD towards Future Success"

The forum was attended by leading domestic and foreign experts, senior leaders from reputable corporations and professional organizations together sharing key topics on Enhancing Leadership capacity of BOD and expanding viewpoint to be ready to face challenges, seize opportunities, and aim for success.

#### Training course "Designing and operating corporate strategy"

In addition, with the goal of building a long-term and methodical strategy in 2019, the Company organized a training course "Designing and operating corporate strategy" taught by Dr. Alok Bharadwaj for the Executive Board and Head/Deputy head of Departments of the Company and Executive Board of member companies.

#### Train The Trainer - Training professional trainers for PCC1 Leadership

"Train the Trainer" is equipped with combination of successful skills for leaders, which is considered a quality intensive training program that is researched and implemented by VMP training experts. Through two exciting, engaging, practical learning days and many lively practice exercises, the course has provided learners with 15 necessary standards to become a professional lecturer in the in-charge field as well as skills and techniques to "stand on the podium" to train employees.



Train the trainer course



Training course "Designing and operating corporate strategy"

#### b. Investor Relations

- Continuing to comply with and update the regulations on corporate governance such as information disclosure on the stock market or organizing General Meeting of Shareholders.

- Improving the quality of the Annual Report both in content and form to better convey information to shareholders and investor community.

- Issuing quarterly Investors newsletter to convey timely and accurate information about the Company's production and business activities.

- Organizing more meetings, investor contact conferences.

#### c. Improve the efficiency of corporate governance

##### Information technology administration:

Continuing to invest and accelerate the application of information technology and management software. Currently, the Parent Company and its subsidiaries consistently use accounting software, project management, smart reports, electronic offices ... The software is regularly maintained and upgraded to increase processing speed, improve the ability to contain big data.

##### Human resource management:

Focusing on developing company culture and creating motivation for employees. In 2019, the Company succeeded in applying a new salary policy, closely linked to production and business efficiency and increased income, created motivation for employees. In 2020, the company will continue to improve its salary and bonus regulations, continuously improve the creative process, and apply modern human resource management software (HRM).

##### Customer relationship management:

PCC1 creates high trust with customers, including traditional customers and new customers. PCC1 has strict customer management processes, from seeking to sales and after sales.

##### Communication management:

Improve the effectiveness of internal communication, promote the reputation of PCC1 image.

##### Quality management:

The company has a quality management system certified ISO 9001: 2015 in the field of power construction and industrial production, steel structure production according to ISO 14001: 2015.



Course to improve foreign language skills for employees



Occupational safety class

## PART III: OPERATION SITUATION IN 2019

1. Overview of Vietnam's economy and the general situation of the power industry in 2019
2. Situation of business activities, investment in 2019
3. Financial situation



## 1. OVERVIEW OF VIETNAM'S ECONOMIC AND THE GENERAL SITUATION OF THE POWER INDUSTRY 2019

In 2019, the world economy has many complicated big fluctuations. Vietnam's economy grew stably, GDP exceeded the plan with 7.02%. Some favorable factors for the development of the economy are: Business environment continues to be improved, bank interest rates are stable, credit supply always meets the needs of the economy, FDI investment increases, exports continues to rise, national reserves increase. The unfavorable factors are: The real estate market faces many difficulties, the stock market has many fluctuations and negative movements.

In 2019, the power industry faced a number of difficulties, the new construction investment plan did not meet the plan due to low unit price of construction, site clearance faced with many difficulties; many large key constructions works were delayed for a long time. Most power construction companies are in financial difficulties.

## 2. SITUATION OF BUSINESS AND INVESTMENT ACTIVITIES IN 2019

### 2.1. Business results compared to the plan

In 2019, the total value of business production recorded VND 7,873 billion, reaching 94.57% compared to the plan set out by the General Meeting of Shareholders in 2019. Consolidated revenue of the whole Company reached over VND 5,800 billion, after-tax profit of the Parent Company reached 84% of the plan, specifically reaching VND 357.79 billion.

Targets	Unit	Plan of 2019	Implementation in 2019	Implementation 2019/plan2019
Business and production value	Billion VND	8,325,34	7,873,00	94,57%
Revenue	Billion VND	6,042,94	5,845,02	96,72%
Parent company's profit after tax	Billion VND	423,86	357,79	84,41%
Budget deduction	Billion VND	249,32	386,48	155,01%
Total salary fund	Billion VND	232,1	265,60	114%
Average income of employees	Million VND/person/month	14,37	15,85	110,30%

In 2019, the company's net revenue reached VND 5,845 billion, increased 15% compared to 2018, equivalent to an increase of nearly VND 761 billion. In which:

- Power construction and industrial production are focused for outstanding growth of + 73% yoy and + 97% yoy respectively, while reducing trade activities and other activities by 17% yoy.
- Electricity trading activities are relatively stable; there is not much change in revenue. Due to the handover period, the real estate segment makes a small contribution to revenue and profit in 2019.
- Interest expense increased by 15% due to the stop of capitalization of generated power projects. Associated company that PCC1 owned 25% is Cao Bang Iron and Steel Joint Stock Company lost more than 130 billion dong in 2019, so PCC1 had to record a loss of over 30 billion dong into the business results.
- Total profit after tax of the parent company reached VND 357.79 billion, equivalent to 84% of the plan for 2019. Excluding the profit from real estate business, the profit of the remaining segments increased 1%.

### 2.2. Business results over the years

Unit: billion dong

Targets	2015	2016	2017	2018	2019	Proportion 2019	2019/2018
<b>Total revenue</b>	<b>3,150</b>	<b>3,100</b>	<b>3,212</b>	<b>5,160</b>	<b>5,891</b>		<b>114%</b>
Net revenue	3,101	3,008	3,161	5,084	5,845	99%	115%
Revenue from financial activities	9	14	11	28	38	1%	133%
Other revenue	40	77	41	47	8	0%	18%
<b>Total cost</b>	<b>2,819</b>	<b>2,638</b>	<b>2,910</b>	<b>4,585</b>	<b>5,425</b>		<b>118%</b>
Cost of goods sold	2,672	2,482	2,679	4,219	5,026	93%	119%
Financial expenses	12	22	103	150	172	3%	114%
Operating costs	132	129	126	208	224	4%	108%
Other costs	2	6	1	8	2	0%	31%
<b>Profit before tax</b>	<b>319</b>	<b>401</b>	<b>303</b>	<b>579</b>	<b>433</b>		<b>75%</b>
Net profit from business activities	281	329	263	540	427	99%	79%
Other profit	38	72	40	39	6	1%	15%
<b>Profit after tax</b>	<b>246</b>	<b>305</b>	<b>256</b>	<b>491</b>	<b>376</b>		<b>77%</b>

Target	2015	2016	2017	2018	2019
ROS	7.9%	10.1%	8.1%	9.7%	6.4%
ROE	22%	17.7%	10.5%	16.1%	10.8%
ROA	9.2%	7.8%	4.8%	7.7%	5.0%
EPS (VND/share)	9,179	4,532	2,336	3,514	2,246

Net revenue and Profit after tax over the years 2015 - 2019

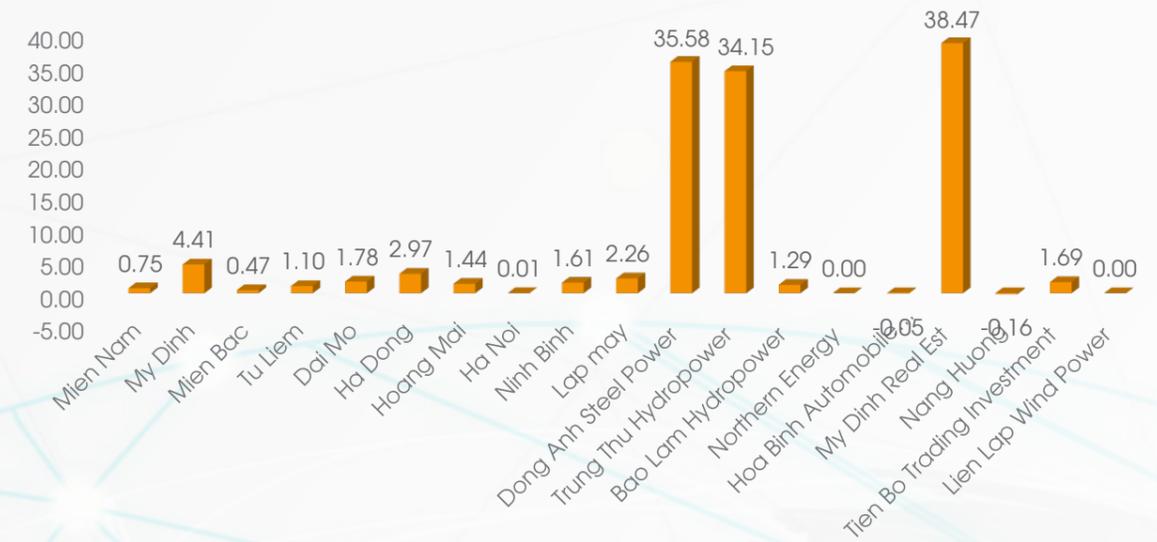


### 2.3. Business results in subsidiaries, associated companies and subordinate unit

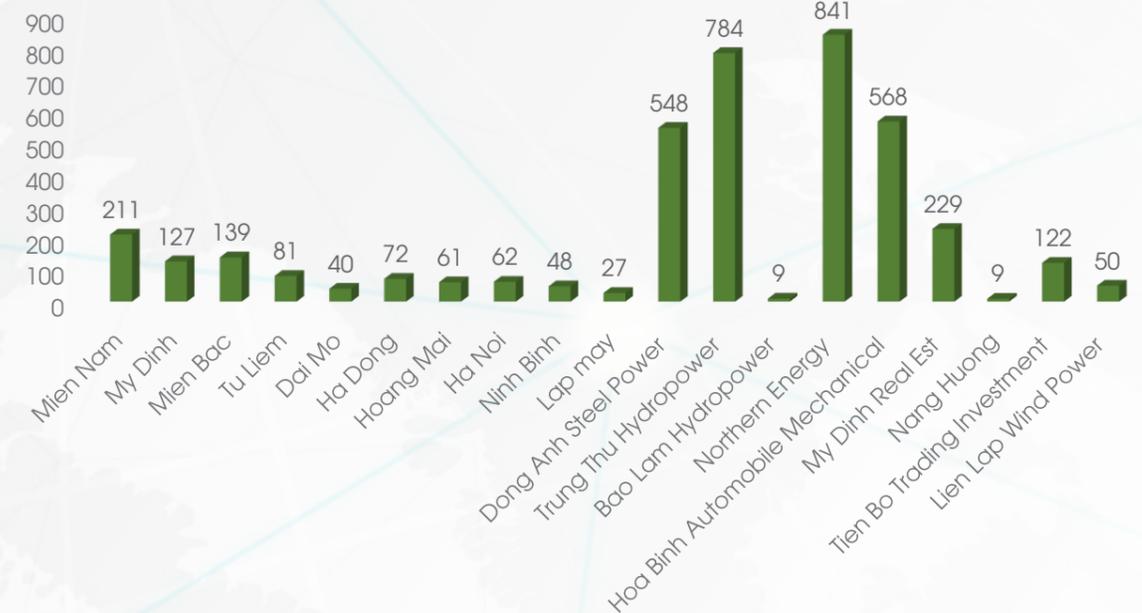
Unit: Billion dong

No	Tên Công ty	Revenue	Profit	Total assets
1	Mien Nam- No. 1 Power Construction Co., Ltd	364	0,75	211
2	My Dinh- No. 1 Power Construction Co., Ltd	225	4,41	127
3	Mien Bac- No. 1 Power Construction Co., Ltd	154	0,47	139
4	Tu Liem- No. 1 Power Construction Co., Ltd	143	1,10	81
5	Dai Mo- No. 1 Power Construction Co., Ltd	105	1,78	40
6	Ha Dong- No. 1 Power Construction Co., Ltd	246	2,97	72
7	Hoang Mai- No. 1 Power Construction Co., Ltd	103	1,44	61
8	Hanoi- No. 1 Power Construction Co., Ltd	83	0,01	62
9	Ninh Binh- No. 1 Power Construction Co., Ltd	77	1,61	48
10	No. 1 Power Construction Co., Ltd - Installation	66	2,26	27
11	Dong Anh Steel Power Co., Ltd	1.130	35,58	548
12	Trung Thu Hydropower Joint Stock Company	129	34,15	784
13	Bao Lam Hydropower Joint Stock Company	38	1,29	9
14	Northern Energy Joint Stock Company	0	0,00	841
15	Hoa Binh Automobile Mechanical Joint Stock Company	1	-0,05	568
16	My Dinh Real Est Joint Stock Company	160	38,47	229
17	Nang Huong- No. 1 Power Construction Co., Ltd	20	-0,16	9
18	Tien Bo Trading Investment Joint Stock Company	0	1,69	122
19	Lien Lap Wind Power Joint Stock Company	0	0,00	50

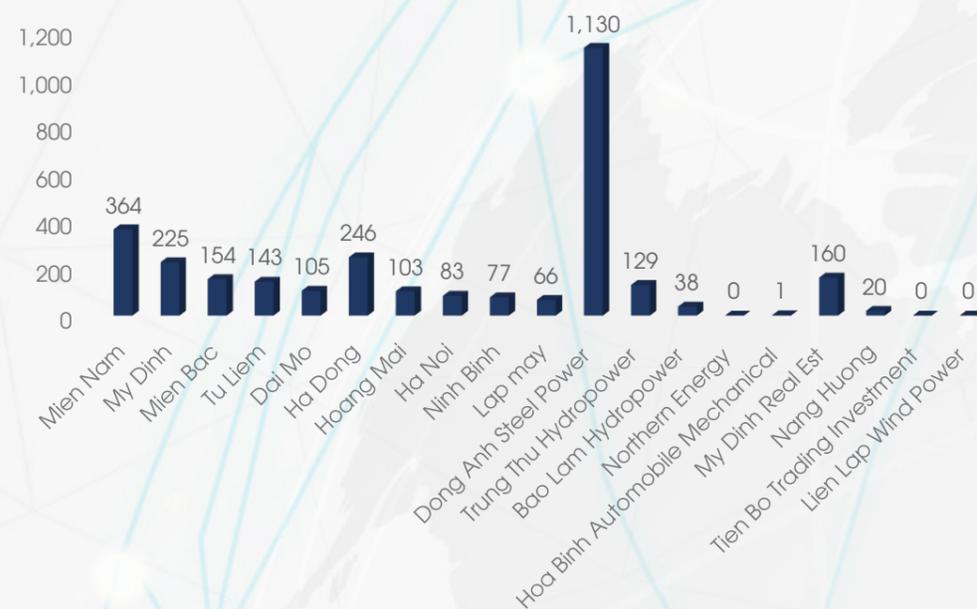
Profit



Total assets

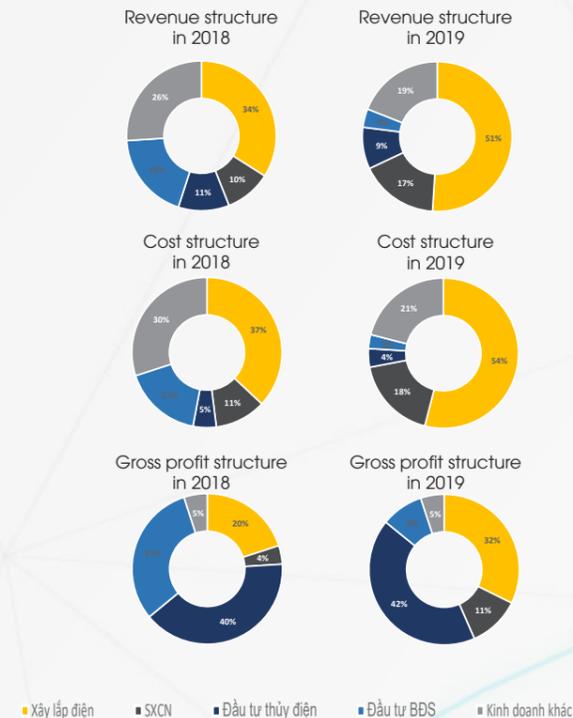


Revenue



## 2.4. BUSINESS RESULTS BY SECTOR

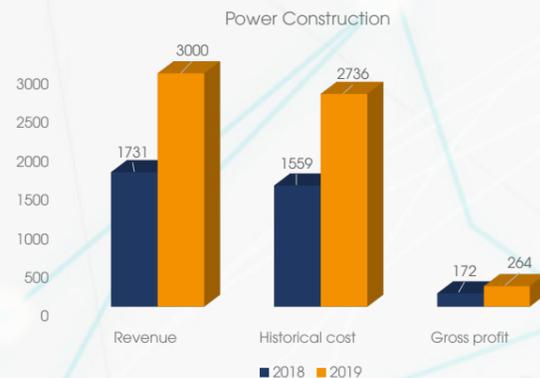
Target	2018	Proportion	2019	Proportion	Growth
<b>Revenue</b>	<b>5,084</b>		<b>5,845</b>		<b>15%</b>
Power Construction	1,731	34%	3,000	51%	73%
Industrial production	499	10%	981	17%	97%
Hydropower investment	559	11%	552	9%	-1%
Investment and real estate projects	969	19%	213	4%	-78%
Other business	1,327	26%	1,099	19%	-17%
<b>Historical cost</b>	<b>4,219</b>		<b>5,026</b>		<b>19%</b>
Power Construction	1,559	37%	2,736	54%	75%
Industrial production	467	11%	891	18%	91%
Hydropower investment	210	5%	206	4%	-2%
Investment and real estate projects	701	17%	138	3%	-80%
Other business	1,281	30%	1,055	21%	-18%
<b>Gross profit</b>	<b>866</b>		<b>819</b>		<b>-5%</b>
Power Construction	172	20%	264	32%	54%
Industrial production	32	4%	90	11%	186%
Hydropower investment	349	40%	346	42%	-1%
Investment and real estate projects	267	31%	75	9%	-72%
Other business	46	5%	44	5%	-5%



### a. Power Construction

Unit: billion dong

Target	2018	2019	Growth
Revenue	1,731	3,000	73%
Historical cost	1,559	2,736	75%
Gross profit	172	264	54%
Gross profit margin	9.92%	8.80%	



In 2019, both output and revenue of power construction increased strongly, respectively + 77% and + 73% compared to previous year, revenue exceeded 3% compared to the plan. This growth is made up of the remaining value of contracts transferred from 2018 which was VND 3,350 billion along with new contracts signed by PCC1 in 2019 which is VND 2,952 billion. This is also the basis for continuous growth in 2020 as well as subsequent years.

Gross profit margin decreased to 8.8% due to the following reasons:

- Impacts from the common difficulties of the power industry in 2019 on land clearance progress, especially in EVN.

- Decision No. 4970 /QD-BTC stipulating the construction norms of electric projects is not suitable, causing difficulties for investors

when implementing new projects and affecting the efficiency of construction contractors.

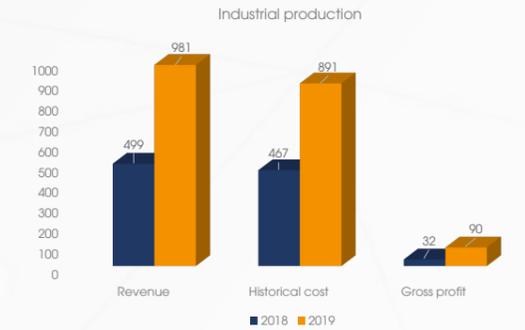
- At present, the contract unit price improved in the direction of increasing because investors, construction contractors found inadequacies and PCC1 restructured to projects outside EVN and foreign markets to minimize the above impact. Construction revenue from EVN is expected to account for about 40%, and outside EVN is about 60%.

- PCC1 has expanded the market of power construction outside EVN and towards PC, EPC contracts instead of pure construction (C). Thus, in the total revenue, there is a part from equipment supplies. Profit margin decreased by 1.1% but revenue increased by 73%, so gross profit value increased by 54% (from VND 172 billion to VND 264 billion, accounting for 32% of PCC1's gross profit).

### b. Industrial production activities

Unit: billion dong

Target	2018	2019	Growth
Revenue	499	981	97%
Historical cost	467	891	91%
Gross profit	32	90	186%
Gross profit margin	6.34%	9.21%	



In parallel with the growth of Power Construction block, Industrial Production Block in 2019 also made a breakthrough with a revenue increase of 97%, gross profit margin increased from 6.3% to 9.2%.

The two main products are still pipe poles and grid poles, in which grid pole projects grow strongly with revenue of over 800 billion

dong, accounting for 85% of total revenue. In 2019, PCC1 has produced and supplied to a series of key projects with large scale and hurried progress such as 500 kV circuit 3 Quang Trach - Doc Soi, Doc Soi - Pleiku 2, 500kV transmission line connecting Nghi Son 2 power plant; 500 KV Song Hau-Duc Hoa transmission line and solar power projects generating power before June 30, 2019.

### c. Energy investment activities

Unit: billion dong

Target	2018	2019	Growth
Revenue	559	552	-1%
Historical cost	210	206	-2%
Gross profit	349	346	-1%
Gross profit margin	62.42%	62.63%	



By the end of 2019, hydropower plants were affected by reduced water flow leading to reduced electricity output, but the operation was stable, optimizing peak electricity generation time so the average selling price increased compared to same period and revenue did not drop significantly.

Factory	Capacity (MW)	Output (million KWh)	2018		2019		
			Revenue (VND billion)	Average selling price (VND/kWh)	Output (million KWh)	Revenue (VND billion)	Average selling price (VND/kWh)
Bao Lam 1	30	103	131	1,271	106	139	1,311
Bao Lam 3	46	181	232	1,281	175	232	1,322
Bao Lam 3A	8	37	44	1,206	35	44	1,264
Trung Thu	30	117	153	1,307	88	126	1,424
<b>Total</b>	<b>114</b>	<b>437</b>	<b>559</b>	<b>1,279</b>	<b>405</b>	<b>542</b>	<b>1,337</b>

Hydropower projects of PCC1 have a high profit rate because:

- Selling price of electricity: PCC1's hydropower plants are applied the avoidable tariff for small hydropower plants, this price is higher than the contract purchasing price (PPA - Power Purchase Agreement ) of large-capacity hydropower plants (above 30 MW) about 20-30%.

- Incentive for corporate income tax: Small hydropower projects are subject to the tax rate of 10% for the first 15 years, tax exemption for the first 4 years from the time of generating taxable income and reduction of 50% for the next 9 years ( equivalent to the tax rate of 5%).

- Good project construction and investment management helps control investment costs at low level and high commercial electricity output; the plants are operating at full capacity and are managed and operated professionally, optimally by subsidiaries of PCC1.

- Low interest loans: 02 projects which are Trung Thu and Bao Lam 1 hydropower plants are allowed to borrow VND 1,300 billion from Renewable Energy Development Program (REDP) of the World Bank. This source of capital has a lower interest rate of 3% compared to commercial capital which greatly improved the efficiency of these two projects. PCC1's newly developing projects that raise commercial capital also often get much better rates than the market average due to good credit score and high effectiveness of projects (minimum IRR of 13%).

Ngày 31/12/2019, Bộ Công thương ban hành Quyết định số 4036/QĐ-BCT về biểu giá chi phí tránh được năm 2020 cho các nhà máy thủy điện nhỏ, so với biểu giá năm 2019 (QĐ 341/QĐ-BCT ngày 24/01/2018) thì giảm đáng kể công suất và tăng giá điện năng, tổng thể nhìn chung không ảnh hưởng đáng kể đến doanh thu các nhà máy thủy điện của PCC1:

Turnover, output and price of 2019	Turnover according to output of 2019 * price of 2020	Difference	%
542 million VND	534 million VND	-7 million VND	-1,38%

In the long term, hydropower generation will continue to be positive in the future. According to the prediction of IRI - the international institute of climate and society updated to October 2019, the climate in Vietnam (in the Nino 3.4 region) will continue to remain neutral (the Nino Index ranges from -0.5°C to 0.5°C) to the first half of 2020. The Nino index is forecast to fluctuate around + 0.5°C and begins to decline to 0°C in the following months due to the effects of seasonal fluctuations, the climate is expected to return to neutral state in the coming years.

**Implementation situation of investment projects:**

- Trung Thu solar power project is suspended to wait for the official solar power price policy after June 30, 2019 from the Ministry of Industry and Trade.

- Mong An hydropower plant 30 MW has completed basic construction, water storage and electricity generation by the end of December 2019. In 2020, it is expected to continue completing and generating electricity of Bao Lac B and Song Nhiem hydropower plants.

- Successfully purchased Lien Lap Wind Power Projects (in 2019), Phong Huy Wind Power Project and Phong Nguyen Wind Power Project (early 2020), and preparing for investment. These projects are expected to generate electricity in the third Quarter 2021.

**d. Real estate investment activities**

Unit: billion dong

Target	2018	2019	Growth
Revenue	969	213	-78%
Historical cost	701	138	-80%
Gross profit	267	75	-72%
Gross profit margin	27.60%	35.03%	



In 2019, real estate revenue is 213 billion dong, reached 91% of the plan; gross profit margin increased from 28% to 35%. Real estate revenue and profit in 2019 is small because it is not in the project handover cycle of the Company.

**Implementation of investment projects:**

- PCC1 Thanh Xuan: Topping out on August 26, 2019, earlier than planned (October 2019), it is currently being completed and will be handed over in Quarter II, 2020. Sales progress: sold 70% and will sell

all in 2020.

- PCC1 Vinh Hung: Evaluating technical design. Continuing to drill mass piles and make diaphragm walls, foundations & basements are expected to construct in May 2020 and project shall be completed in 2021.

- PCC1 Thang Long: Completed basic clearance work. Objective: Implement the design of project in the second quarter of 2020, complete mass pile drilling in fourth quarter 2020, and complete the project in 2022.

**Some pictures about PCC1's production:**



500kV Son La - Hoa Binh - Nho Quan transmission line (Power Construction block)



Dong Anh steel tower (Industrial Production Block)



Bao Lam 3 Hydropower Project (Energy Investment Block)



PCC1 Thanh Xuan Project (Real Estate Investment Block)

### 3. FINANCIAL SITUATION

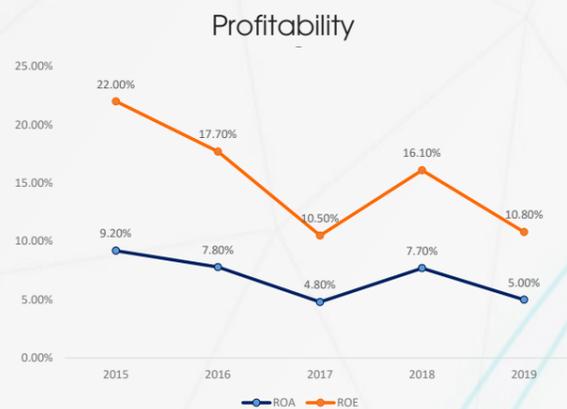
#### 3.1. Growth

Year	2015	2016	2017	2018	2019
<b>Growth</b>					
Revenue growth	0%	-3%	5%	61%	15%
Profit after tax growth	-42%	24%	-16%	92%	-24%

Due to the cyclical nature of the recognition of business results in the real estate sector is every 1.5 years, PCC1's total revenue and profit fluctuate in growth. Even so, the revenue of the last 3 years has still grown positively due to the impressive development of the remaining activities.

#### 3.2. Profitability

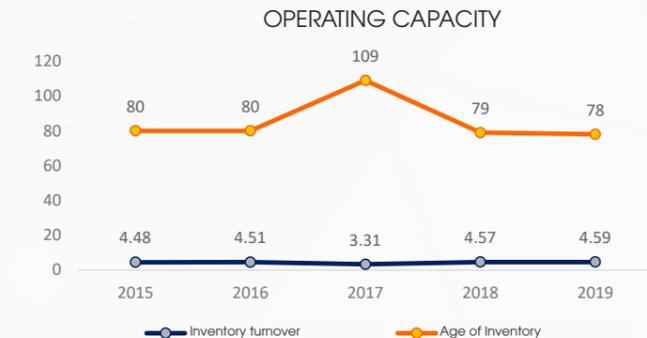
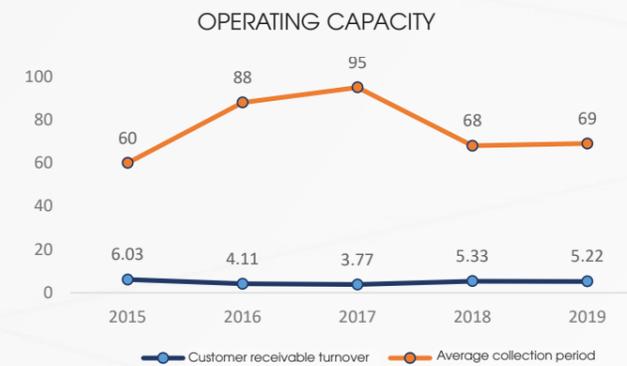
Year	2015	2016	2017	2018	2019
<b>Profitability</b>					
Net profit margin	7,9%	10,1%	8,1%	9,7%	6,4%
Gross profit margin	13,8%	17,5%	15,2%	17,0%	14,0%
Return on assets (ROA)	9,2%	7,8%	4,8%	7,7%	5,0%
Return on equity (ROE)	22,0%	17,7%	10,5%	16,1%	10,8%



Profit in 2019 does not have a significant contribution of the real estate segment, while profit of this segment in 2018 is 154 billion - accounting for 33% of profit after tax, so the profitability ratios on assets, on equity decrease. The return distribution of real estate profits in 2020 with the delivery of entire PCC1 Thanh Xuan project, and the revenue growth, profit margin improvement in other fields will increase profitability of PCC1.

#### 3.3. Indicators of operational capacity

Year	2015	2016	2017	2018	2019
<b>Operating capacity</b>					
Customer receivable turnover	6.03	4.11	3.77	5.33	5.22
Average collection period	60	88	95	68	69
Inventory turnover	4.48	4.51	3.31	4.57	4.59
Age of Inventory	80	80	109	79	78

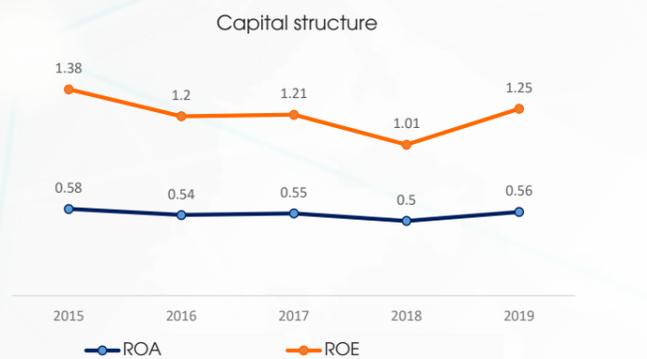
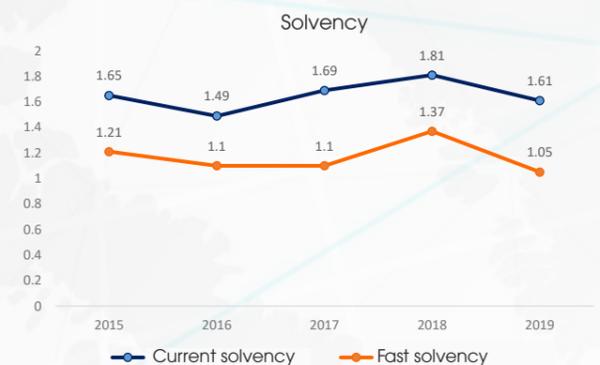


Inventory turnover and customer receivable turnover did not change compared to 2018, it shows that the company still maintains a stable production-business cycle despite the growth of 15% in revenue scale.

However, Total asset turnover (Net revenue / total assets) is still low, due to the fact that a large number of assets, which are power plants in the investment phase, and have not generated revenue (The value of construction in progress in 2019 is 1,179 billion, increased 2.67 times compared to 2018). However, most of these projects will be completed and generated in 2020 (Mong An, Bao Lac B, Song Nhiem), and will help increase revenue and improve the total assets turnover.

#### 3.4. Solvency

Year	2015	2016	2017	2018	2019
<b>SOLVENCY</b>					
Current solvency (short term)	1.65	1.49	1.69	1.81	1.61
Fast solvency	1.19	1.08	1.07	1.35	1.01
Interest coverage solvency	31.59	21.37	4.17	4.92	3.53



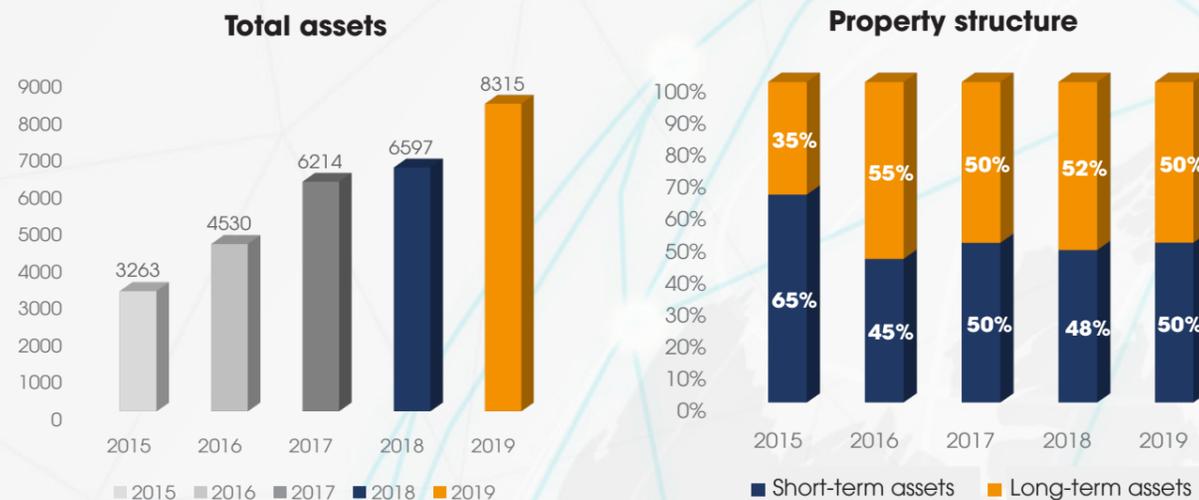
Solvency of PCC1 is guaranteed with the current ratio and even the quick ratio is always above 1, meaning that PCC1 is able to pay short-term debts of enterprises.

Debt ratio / Total capital of the Company from 2015 to now is relatively stable in the range of 0.5 to 0.58 times. This ratio helps the Company ensure the balance in the process of raising capital and investing in its projects.

### 3.5. Property structure

Unit: billion dong

Targets	2018	Proportion	2019	Proportion	Change (Growth)
<b>A. Short-term assets</b>	<b>3,150</b>	<b>48%</b>	<b>4,153</b>	<b>50%</b>	<b>31.84%</b>
I. Cash and cash equivalents	701	11%	568	7%	-19.05%
II. Short-term financial investment	90	1%	180	2%	100.00%
III. Short-term receivables	1,552	24%	1,851	22%	19.31%
IV. Inventory	759	12%	1,434	17%	88.82%
V. Other current assets	47	1%	120	1%	152.33%
<b>B. Long-term assets</b>	<b>3,447</b>	<b>52%</b>	<b>4,162</b>	<b>50%</b>	<b>20.76%</b>
I. Long-term receivables	8	0%	8	0%	0.00%
II. Fixed assets	2,531	38%	2,414	29%	-4.61%
III. Real estate investment	171	3%	168	2%	-1.53%
IV. Long-term unfinished assets	442	7%	1,179	14%	166.56%
V. Long-term financial investment	97	1%	64	1%	-34.44%
VI. Other long-term assets	198	3%	330	4%	66.30%
<b>Total</b>	<b>6,597</b>	<b>100%</b>	<b>8,315</b>	<b>100%</b>	<b>26.05%</b>



The Company's total assets in 2019 reached VND 8,315 billion, increased 26% compared to 2018. The compound annual growth rate (CAGR) of the period 2015-2019 of the total assets was 26.34%. Asset structure in recent years has maintained stability between the proportion of short-term assets, long-term assets over total assets (~ 50% and 50%).

#### - Short-term assets:

Short-term assets in 2019 reached VND 4,153 billion, increased 31.84% compared to 2018. In particular, Inventories increased sharply to VND 1,434 billion, increased 89% compared to 2018. The main reason is due to an increase in uncompleted production and business costs of real estate projects. However, inventory still did not account for more than 35% of total short-term assets, the rest:

cash and cash equivalents were relatively abundant with 14%, customer receivables was 29%, prepayments to sellers was 9% and other receivables was 7%.

#### - Long-term asset structure:

Long-term assets as of December 31, 2019 were VND 4,162 billion, increased 20.76% compared to the beginning of the year. In particular, long-term unfinished assets increased sharply compared to the previous year 167%. The reason is due to the unfinished capital construction investment in Mong An hydropower project, Bao Lac B hydropower plant, Song Nhiem 4 hydropower plant and Lien Lap wind power plant project. Fixed assets accounted for a large proportion in the structure of long-term assets, mainly assets in hydropower plants.

### 3.6. Capital structure

Target	2018	Proportion	2019	Proportion	Change
<b>C. LIABILITIES</b>	<b>3,318</b>	<b>50%</b>	<b>4,620</b>	<b>56%</b>	<b>39%</b>
<b>I. Short-term debt</b>	<b>1,741</b>	<b>26%</b>	<b>2,497</b>	<b>30%</b>	<b>43%</b>
1. Short-term payables to sellers	758	11%	826	10%	9%
2. Short-term advance payment from buyers	155	2%	307	4%	98%
3. Taxes and amounts payable to the State	84	1%	44	1%	-48%
4. Payables to employees	43	1%	64	1%	49%
5. Short-term payable expense	139	2%	119	1%	-15%
6. Short term unrealized revenue	0	0%	1	0%	150%
7. Other short-term payables	55	1%	84	1%	51%
8. Short-term borrowings and finance lease liabilities	416	6%	951	11%	129%
9. Provision for short-term payables	13	0%	3	0%	-77%
10. Bonus and welfare fund	77	1%	101	1%	30%
<b>II. Long-term liabilities</b>	<b>1,577</b>	<b>24%</b>	<b>2,123</b>	<b>26%</b>	<b>35%</b>
1. Other long-term payables	1	0%	2	0%	46%
2. Long-term borrowings and finance lease liabilities	1,554	24%	2,096	25%	35%
3. Deferred income tax payable	12	0%	17	0%	45%
4. Provision for long-term payables	10	0%	9	0%	-12%
<b>D. EQUITY</b>	<b>3,279</b>	<b>50%</b>	<b>3,695</b>	<b>44%</b>	<b>13%</b>
<b>TOTAL CAPITAL</b>	<b>6,597</b>	<b>100%</b>	<b>8,315</b>	<b>100%</b>	<b>26%</b>

**Capital structure**



**Equity**



Liabilities have increased significantly after a year of growth in the scale of revenue from construction, industrial production and construction work investment of energy and real estate projects. PCCI's liabilities are mainly payable to suppliers and bank loans. Total loans accounted for 37% of total capital, equivalent to 82% of equity. In the loan structure, nearly 1/3 are short-term loans to create working capital for regular production and business, the remaining is long-term loans for investment in fixed assets, mainly hydropower plants with the repayment period above 10 years.

Equity in 2019 reached 3695 billion VND, increased approximately 27% compared to 2018. The compound annual growth rate (CAGR) in the period of 2015-2019 of equity reached 28.15%.

**Some outstanding pictures of the Company in 2019**



The signing ceremony of cooperation between Dakrong Hydropower JSC and PCCI



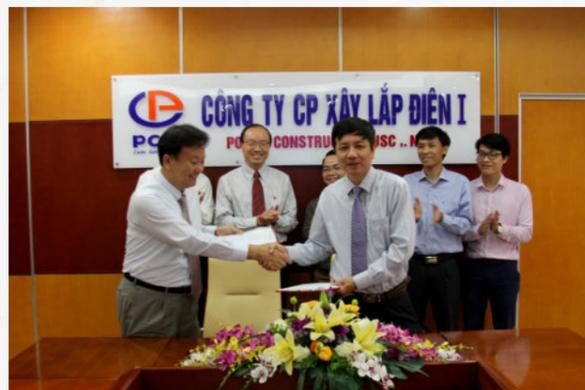
Conference to implement Plan 2020



Topping out ceremony of PCCI Project



Signing with foreign partners



Some pictures of PCCI staffs working with foreign partners



PCCI leaders received the award at the ceremony to announce the Top 50 Vietnamese The Best 2019



PCCI delegation working in China



“ Established on 2 March 1963, undergoing 57 years of construction and development, from the initial key task of constructing the national power transmission works, Power Construction Joint Stock Company No.1 ( PCC1) has now proven its capacity not only in the field of power construction but also in the field of industrial production, energy investment, real estate investment, consultancy and services. ”

## **PART IV: REPORT OF THE BOARD OF MANAGEMENT**

- 1. Business results in 2019**
- 2. Improvements in organizational structure and management policies**
- 3. Objectives and tasks of the plan for 2020**

## 1. BUSINESS RESULTS IN 2019

### 1.1. Implementation result of basic targets in production and business

#### PRODUCTION AND BUSINESS VALUE



#### TOTAL REVENUE



#### PARENT COMPANY'S PROFIT AFTER TAX



#### BUDGET DEDUCTION



#### TOTAL SALARY FUND



#### AVERAGE EARNINGS OF THE COMPANY



### 1.2. Achievements in management work and business activities

#### a. Results in leadership, executive

The Board of Management continues to affirm the leadership role in leading production and business activities along with efforts and competencies of managers of the Departments, Divisions of the Company, efforts of member units, employees of the whole company to implement strategic goals, continue to affirm the position and image of PCCI in the market, overcome difficulties and control production and business activities and investment. Accordingly, the company has achieved some important results are as follows:

- Deploying specific targets according to the company's strategy for each block of construction, production, energy investment, real estate investment and other business.
- Continuing to improve the professional management and governance capacity throughout the company.
- Always upholding the company's core values: creativity - speed - reliability to create a driving force for development, making a positive contribution to solving difficulties and promoting the system to achieve important targets.
- Appointing and rearranging the company's executive leadership apparatus, supplementing management human resources, continuing to adjust the diagram of construction member companies.
- Managing the application of advanced construction solutions, effectively investing and operating new machines and equipment, developing new products in production and construction.
- Consistently and closely guiding the target of energy investment and real estate investment according to the long-term plan and specific targets in 2019.

#### b. Organization and management work

- Implementing the adjustment strategy for the period 2018-2022 which identifies specific goals and functional strategies for each field of production, business and investment. On the basis of parent company's strategy,

the member units of Power Construction Block have built development plan for the period 2018 - 2020 of each unit.

- Appointing senior managers, arranging and adjusting the duties assignment in the leadership suitably with the actual operational requirements of the company.

#### c. Construction and machinery installation blocks

- Adhering to the strategy of Construction Block for the period of 2018-2022 to build detailed strategic goals in 2019 and deploy to achieve some positive results.

- Market work of construction: Proactively and actively penetrating into a market outside the industry and successfully bidding many EPC and PC packages for solar and wind power projects, contributing positively to business results of construction and installation blocks. Actively innovating for member companies in the market work. The whole block has actively overcome difficulties in fierce competition, difficult conditions on construction, site clearance and power cuts.

- Managing and operating work: EPC Department successfully manages EPC and PC bidding packages of investors outside the industry. Engineering Technology Department successfully operated a number of lingering backlog works of EVN.

- Execution: Continuing to invest and promote the effectiveness of specialized machinery and equipment, successfully implementing many key projects of the industry. Affirming the reputation and position of the company.

- Work safety: 100% of workers are trained about safety and equipped with labor protection. Ensuring there are no major labor accidents on the construction site.

- The bidding capacity of some member companies has been improved and achieved positive results at some units. Total value of forward self-seeking contracts of member companies to 2020 achieved good results.

#### d. Industrial production block

- Focusing on improving and enhancing production capacity, plating capacity at 2 factories.
- Success in producing specific products (the highest 500kV power pole Song Hau - Duc Hoa in Southeast Asia). Producing and supporting urgent bidding packages of EPC contracts for the success of solar power projects.
- Producing and supplying, operating successfully 220kV high-pressure steel pipe tower which is premise for the development of new products in subsequent years.
- Changing the management model of Yen Thuong factory and strengthening the synchronous coordination between the two production factories.

#### e. Consultancy - Service Block

- Continuing to improve design capacity and successfully implement design consultancy contracts of the investors to enhance design consultancy reputation of the company.
- Actively coordinating with construction blocks in market work and bidding work. Coordinating actively with the company's investment projects.
- Operational management capacity is increasingly improved and meets the company's management goals, reducing incidents and disputes at projects.
- Coordinating with Real Estate Project Management Board to guarantee, maintain the project and overcome shortcomings in the investment process.
- Effectively exploiting the Company's assets and ground at investment projects.

#### f. Commercial business

- Commercial business department has been proactively and actively implemented the consumption target of the output products and supplied the input materials for Cao Bang Iron and Steel Company in order to: participate in controlling business activities of Associated Company; penetrate the mineral and metallurgical market; supplement revenue and profit for production and business activities.
- Revenue results of 2019 have successfully completed the plan of year.

### 1.3. Results in the field of investment

#### a. Investment in real estate business

- Developing specific strategies, clearly identify the goals. Concentrating and making efforts on implementing and completing key goals.
- Completing the project investment targets in which:
  - + PCC1 Thanh Xuan Project: Good control of progress and quality, especially products launched to the market are positively accepted.
  - + Sales work: completing the 2019 sales plan of PCC1 - Thanh Xuan project, resolving the backlog of sales in completed projects.
  - + Focusing on actively preparing investment of new projects.

#### b. Energy investment

Completing the construction of energy investment strategic objectives for the period of 2019 - 2022. The implementation of 2019 targets has completed basic targets.

##### Project investment management:

- Continuing to improve the governance capacity of investment management through improving the quality of human resource, management training according to PMI.
- High effort of management board in dealing with particularly difficult issues in hydro-power projects to promote and control the quality and progress of investment.
- Deploying and well implementing procedures and documents for projects prepared for investment and power generation for completed projects.
- The project management and supervision consultant of the company has well-coordinated in the project investment process, supported and solved difficulties for construction contractors, improved progress.

##### Operation work:

- Mastering the operation work of factory, operating power generation effectively.
- Actively recruiting and training technical staffs to install the entire electro-mechanical equipment of the investing plants, creating favorable conditions for the machinery maintenance, repair, development and installation of the next stage.

##### Project Development:

- Actively developing hydropower projects as planned. Developing wind power projects for the investment goal of 150 MW in 2020, 2021.

### 1.4. Financial situation

Completing the company's chartered capital increase plan in 2019 from VND 1,327,703 million to VND 1,593,243 million through paying stock dividend with the rate of 20%.

The company has a healthy finance, always grew in size of assets, capital, revenue. Along with the expansion of investment scale, the value of debt also increased but the Company always calculated and controlled financial risks such as liquidity risk, interest rate risk, and exchange rate ... The Company's payment coefficients are always safe and at a good level compared to other enterprises in the same field. As of December 31, 2019, the value of bad debts and provision for devaluation of inventories was only 0.09% compared to total value of assets.





## 2. IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE AND MANAGEMENT POLICIES

### 2.1. Improvements in management structure

#### - Merging and integrating structures:

+ On March 9, 2019, the Board of Directors issued Resolution No. 03/NQ-PCC1-HDQT on approving the integration of Organization and Governance Department of Power Construction JSC No. 1 and appointment of Company Officials;

+ On December 2, 2019, the Board of Directors issued Resolution No. 22 /NQ-PCC1-HDQT merging Hanoi-No.1 Power Construction Co., Ltd into My Dinh- No.1 Power Construction Co., Ltd. Merging time: Completed before March 31, 2020.

#### - Establishment of the branch:

On June 19, 2019, the Board of Directors of the Company issued Resolution No. 09/NQ-

PCC1-HDQT on establishing a branch on the basis of converting Yen Thuong steel structure factory (Name of branch: Branch of Power Construction Joint Stock Company No.1 - Yen Thuong Steel Structure Factory) and appointed Branch director for Mr. Le Manh Cuong.

#### - Investing in new subsidiaries:

On September 19, 2019, the Board of Directors issued Resolution No. 15/NQ-PCC1-HDQT buying shares in Lien Lap Wind Power Joint Stock Company (the number of shares transferred is 4.995,000 shares, accounting for 99, 90% of charter capital). Lien Lap Wind Power Joint Stock Company officially became a subsidiary of PCC1.

### 2.2. Improvements in policy

The Executive Board of the Company always paid close attention to the lives of its employees, on May 21, the PCC1's Board of Directors issued Resolution No. 08 / NQ-PCC1-HDQT adjusting the salaries of officials and employees in 2019. Specifically, the Parent Company renovated the salary policy and applied successfully from January 2019.

The average income of the whole company in 2019 reached 15.85 million VND/person/month, exceeding 10.3% of the plan, increased 26% compared to the average income in 2018; salaries were paid promptly. In addition, bonus policies, insurance and welfare policies were always implemented by the Company to ensure benefits for employees.

### 2.3. Improvement in technique and technology

Determining technology investment - a solid foundation for development, PCC1 has always been a pioneer which is constantly researching, investing and applying advanced technology to serve management, operation and construction, improve labor productivity, product quality, professionalism and occupational safety.

- In 2019, PCC1 has invested in tunneling robots to implement works of pulling underground cable strips.

- Investing in crane system to install wind turbines.

PCC1 is investing in specialized crane system to build and install wind turbines to affirm its leading position in Vietnam in the implemen-

tation of general contractor for power grid projects and to be a professional partner of Wind Power Equipment Suppliers in carrying out the construction and installation of wind power pillars in Vietnam market.

The crane system consists of a new 800 -ton Super Load Crane with a height up to 180 m, and a system of cranes, vehicles and support equipment suitable for the construction and installation of wind turbines at sea and on the seashore to over 5 MW. The entire equipment will be handed over by the Supplier in the second quarter of 2020. Along with the equipment investment schedule, PCC1 is training personnel for operation, installation, safety management, and equipment management.

### 3. OBJECTIVES AND TASKS OF THE PLAN 2020

#### 3.1. The basic targets

##### PRODUCTION AND BUSINESS VALUE



##### REVENUE 2020



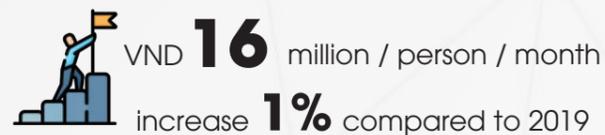
##### PROFIT AFTER TAX



##### BUDGET PAYMENTS



##### AVERAGE INCOME OF THE COMPANY



##### TOTAL SALARY FUND



Rate of construction, industrial production, designing electrical project contracts which is behind schedule: **0%**;

Percentage of construction products, electrical engineering designs that are faulty, unqualified, must be replaced or re-made: **0%**.

##### Occupational safety:

- Labor safety training : 100% Workers and technical staffs;
- Issuing labor safety card : 100% Workers and technical staffs;
- Periodic health examination : 100% of staffs;
- Labor protection equipment : 100% Workers and technical staffs;
- Number of serious occupational accidents: No.

#### 3.2. Specific plans and tasks

##### a. Tasks of construction and machinery installation blocks

##### “Increase scale, specialization, increase efficiency”

- Following the strategy of 2018 - 2022, implementing the targets for 2020. In which construction and installation targets within EVN and outside EVN have been determined.

- Adjusting relationships with depth and orientation towards traditional customers. Proactively having solutions to successfully approach customers outside the industry. Continuing promoting opportunities for the renewable energy market. Paying attention to wind power projects in the period of 2020 - 2021, projects in industrial zones, hi-tech zones, projects with budget capital of big cities, power management boards under

EVN.

- Continuing to improve the operation and management capacity of large-scale and high-demand projects of foreign investors. Having construction solutions for many large projects at the same time.
- Continuing to promote the efficiency of advanced construction machines and equipment, investing in procurement of big equipment according to the 2020 plan.
- Determining to achieve and exceed the revenue target of VND 3,266 billion and improve the planned profit target.

##### b. Tasks of industrial production block

##### “Maintain growth rate, improve profit margin ”

- Implementing the strategy for the period of 2018 - 2022, implementing detailed plans for 2020.

- Successfully developing new products for projects under EVN. Coordinating with construction and installation block, investing in power plants to improve the bidding advantage and profit margins. Promoting the company's capabilities and specific products to successfully develop advantageous contracts.

- Continuing to work with foreign partners

to solve problems of existing contracts and seek opportunities in foreign markets.

- Continuing to confirm and improve the capacity and reputation of the company's products with traditional customers and new customers.
- Implementing the plan of factory relocation and company transformation for PCC1-Yen Thuong Branch.
- Determining to achieve and exceed the revenue target of VND 1,273 billion, long-term development plan.

##### c. Mission of Energy Investment Division

##### “ Affirming position - Cooperating for Success”

- Successfully controlling investment in wind power projects in the period of 2020-2021, continuing to complete generation of 03 hydropower projects, developing new projects according to strategic objectives to ensure generation capacity for set out plans.

- Continuing to improve management and investment capacity, quality of supervision consultancy, additionally training majors for engineers to suit with wind power investment. Having plan for training and operating wind power plan.

- Developing detailed plans for the generation of Mong An, Bao Lac B, Song Nhiem hydropower plants, as well as commencement and construction of wind power plants. Adjusting and building long-term plans for the years 2022, 2025 and 2030.

- Promoting capacity of initiatives and improvements in project investment management and implementation for supervising consultants. Deploying software to effectively operate the power plants, optimally promoting the power source.

#### d. Tasks of Real Estate Business and Investment block

##### “Breaking Out for Development”

- Analyzing and evaluating the real estate market in 2020 and subsequent years. Successfully deploying the investment targets in 2020 and progress of new projects for the following years.
- Completing construction, successfully selling the project and putting into operation and management of PCC1-Thanh Xuan project in the second quarter of 2020.
- Promoting the progress of investment preparation and implementation of bidding packages for the PCC1 - Vinh Hung project in the second quarter of 2020, the PCC1 -

Thang Long project in the fourth quarter of 2020.

- Successfully developing new projects in the next phase.
- Learning from the shortcomings of invested projects, promoting creativity and improvement in design and investment for subsequent projects. Improving the capacity of investment management, sales, and after-sales services.
- Focusing on completing and developing housing - office projects as planned.

#### e. Tasks of Consultancy - services and commercial business blocks

##### About building management service:

- Continuing to improve the capacity, scale of management, professionalism for staffs, receiving and operating PCC1-Thanh Xuan project.
- Actively coordinating with the investment management board to complete the existing items of construction techniques, functional designs during the project completion process. Coordinating and performing well the work of warranty, product maintenance of the company to bring satisfaction to customers.

- Actively solving problems and backlog that occurred in residential areas.
- Effectively exploiting the Company's assets in completed projects.

**Consultation on site clearance:** Concentrating on site clearance of projects invested by the Company, and grid works executed by PCC1.

**Commercial business:** Promoting advantages to develop commercial business on the basis of prestige, financial ability, partnerships with related industries and products of the company.

#### f. Tasks of executive and support block

##### Organization and management work:

- Developing a adjusted company strategy for the 2021-2025 period.
- Standardizing and deploying strategic targets to blocks, departments, divisions and member units in 2020.
- Together with the professional departments preparing well the contents of General Meeting of Shareholders in 2020.
- Continuing to supplement personnel, train and improve management capacity at the parent company. Arranging organizational chart of member units. Transforming PCC1 - Yen Thuong branch into a company model.
- Continuing to complete the internal rules and regulations of the Company.
- Continuing to invest and accelerate the

application of information technology and management software. Improving the effectiveness of internal communication, promote PCC1's prestigious image.

- Focusing on developing corporate culture and creating motivation for employees.

##### Financial and accounting work:

- Controlling cash flow effectively, implementing solutions to ensure capital for production and business activities and investment of the Company.
- Making financial statements, audit reports, tax inspection and information disclosure as prescribed.
- Promptly updating financial plans, periodic

and irregular reports, analyzing forecasts of financial risks and giving accurate advice to leaders in financial and governance decisions.

- Continuing to expand relationships with credit institutions to mobilize short-term capital sources and especially long-term capital at low cost for the purpose of investing in power plants and real estate investment in the period of 2020-2021.
- Timely implementing accounting activities in accordance with regulations of law. Monitoring, comparing debt collection, coordinating and promoting with departments to resolve the outstanding prolonged debts.
- Implementing and supporting units to deploy financial strategies in the fields of business and production, proposing and developing effective capital recovery solutions. Implementing the policies prescribed by law, developing internal regulations and guiding accounting profession for the units.

##### General management work:

- Effectively performing solutions to implement the strategic goals of the year of investment and business blocks.
- Improving the efficiency of internal inspection, audit and settlement of investment capital.
- Improving the quality of ISO work implementation, paying attention to implementation of member units.
- Effectively implementing risk management activities for the company's production and business activities.
- Effectively implementing the legal work with the functional departments in the process of negotiating specific contracts, contracts for development of new investment projects.
- Performing well investor relations: Continuing to improve the quality of annual reports and periodic reports, quality of newsletters through media organizations, and making plans for regular meetings with shareholders and investors.





“ To complete the high goals of 2020, build the Development Strategy target of 2021 - 2025, it requires determination, high effort, promotion Solidarity spirit, Innovation -Dynamic and Innovation of leadership, management apparatus and all employees of the Company. PCC1 determines to strive to successfully accomplish the goals and missions set out in 2020.

”

*According to Mr. Trinh Van Tuan - Chairman of the Board of Directors cum General Director of PCC1*

## **PART V:**

# **REPORT OF THE BOARD OF DIRECTORS**

1. Business results in 2019
2. Plans, Orientation for 2020



## 1. ASSESSMENT OF THE RESULTS IN 2019

In 2019, the world economy has many complicated big fluctuations. Vietnam's economy grew stably; GDP exceeded the plan with 7.02%. Some favorable factors for the development of the economy are: Business environment continues to be improved, bank interest rates are stable, credit supply always meets the needs of the economy, FDI investment increases, exports continues to rise, national reserves increase. The unfavorable factors are: The real estate market faces many difficulties, the stock market has many fluctuations and negative movements.

In 2019, the power industry faced a number of difficulties, the new construction investment plan did not meet the plan due to low unit price of construction, site clearance faced with many difficulties; and many large key constructions works were delayed for a long time. Most power construction companies are in financial difficulties.

PCC1 has implemented planned goals of 2019 sticking to the 2018-2022 strategy period with intertwined opportunities and challenges. With the efforts, creativity and determination of the Board of Directors, leaders of departments together with the member units, the company has promoted the distinct strengths and competencies to continue affirming position and revenue growth. However, revenue and profit results have not completed set out plan.

- *Power construction and industrial production blocks* are basically completed. However, with innovation in management and efforts of the system in seizing market op-

portunities, the company has been well prepared and ready for the 2020 plan.

- *Energy Investment block:* Hydropower plants are affected by reduced water flow and reduced electricity output by about 5%. Progress and investment quality of constructing hydropower plant projects are controlled.

- *Real estate investment block:* Good control of PCC1-Thanh Xuan project, new projects that are behind schedule of investment preparation and commencement are actively overcome.

- *Consultancy and service blocks* reach the planned targets.

- *Commercial business* has made great efforts and achieved positive results.

\* *Factors that have a positive impact on business results 2019:*

- Business and investment plan preparation is ready from the beginning of the year.

- The drastic and creative management of the company leadership, the efforts and attempt of the whole company to seize new opportunities and promote company's capabilities and resources.

\* *Some of the main causes affecting business results in 2019 are:*

- A number of power grid projects in EVN face difficulties in site clearance, prolonged progress and generating volume.

- In 2019, there are many changes in climate, the water flow of hydropower projects is decreasing.

### Outlook for 2020:

- The total investment of power sources will decrease by 35.5% compared to 2019. The progress of completing and commencing new thermal power plants will be slow and faced with many difficulties. New policies for investment in solar power are a barrier for the development of projects. 2020 and 2021 are opportunities for wind power investment.

- The total investment of electricity grid will increase by 4.4% compared to 2019. Demand for electricity load increase in the coming years will remain high, forecasting load growth in 2020 is about 10% compared to 2019.

- The real estate market in 2020 will continue to face many difficulties in planning and licensing with the increase of land prices unstable psychology of customers.

- The stock market in 2020 will be heavily influenced by many international and domestic factors and is expected to face many challenges; VN-Index is forecasted to fluctuate greatly.

- FDI attraction, industrial parks and urban areas are forecasted to continue to grow. The state shall continue to divest capital from state companies.

### Opportunities and challenges with PCC1 in 2020:

Identify opportunities and challenges for us to maximize the favorable opportunities, and minimize the adverse effects from challenges in the process of production, business and investment activities of the company.

\* *Opportunities from macroeconomics*

- GDP growth continues to maintain 6.8%, the high social investment capital of 34% / GDP is an opportunity for revenue growth of business and investment sectors.

- FDI remains high, development of industrial parks and high social infrastructure investment: opportunities for investment and increasing construction revenue.

- High credit growth of 14%, stable financial and banking activities, controlled inflation: Favorable for arranging capital and reducing financial expenses.

- International integration and cooperation continues to develop: Applying science and technology, Developing foreign markets, Mobilizing capital from abroad, Learning to improve the level of company management, project management.

\* *Industry opportunities*

- The demand for electricity load increases and continues to be maintained in the long term, the investment value of the electricity industry is maintained at a high level, high attraction of investment in power source projects: opportunities for investment and increasing revenue of construction, manufacturing from the electricity industry.

- The trend of applying EPC and PC bidding method with power projects is increasing both inside and outside EVN: Opportunities to promote the strength of PCC1.

- The need to develop specific projects, invest in underground cable projects, GIS stations increases: Opportunities to promote the strength of PCC1.

- The real estate market tightens up conditions for developing new projects and the market demand is still high: Opportunities for PCC1 with projects that have been completed and licensed, opportunity to promote their prestige in the market.

\* *Some challenges:*

- International integration is becoming more and more extensive, import tax reduction roadmap as committed in signed cooperation.

- The global economy is directly and severely affected by the COVID-19 pandemic. The direct and indirect influence of this pandemic caused the economy to decline seriously; the system of Vietnamese enterprises is in a difficult situation, must adjust plans, narrow production, even close and go bankrupt..

- The world economy has slowed down, political and trade conflicts have led to fluctuations in exchange rates, international financial and monetary markets, and fluctuations in domestic interest rates.

- The climate change and natural disasters are challenge for energy projects. The Fourth Industrial Revolution has a direct impact on business activities and the requirement to meet high technology and competition with global companies.

- The company's strategic goal of a high annual average growth target: revenue of 20% / year, after-tax profit / revenue of over 8% while the country's annual GDP growth is below 7%, the construction unit price policy of the power sector is not appropriate.

- New planning law, environmental protection requirements, increased legal compliance, tightening and increasing development conditions for real estate projects of the government and localities.

## 2. PLANS, ORIENTATIONS FOR 2020

### 2.1. Assess the situation in 2020

The year 2020 opens the new decade in technology, the 4.0 revolution has been spreading rapidly to all areas of socio-economic life. 2020 is also expected to continue to have more political and economic instability, the global economic growth rate is forecasted to be low.

2020 is the last year to implement the 5- year plan, from 2016 to 2020, which is also the year Vietnam has many major events, the political system has many changes after the Party Congress at all levels which will have much impact on economic activities as well as the country's development strategy in the following years. The Government's goal is GDP growth of 6.8%; The average consumer price index (CPI) is below 4%.



## 2.2. Basic objectives of 2020

Sticking to strategic goals 2018-2022 with a vision to 2030, maintaining an average revenue growth rate of 20% / year; average annual profit after tax / revenue of 8% or more.

Maintaining the scale and speed of investment in the power plants, and completing the annual investment targets of real estate projects according to the built strategic goals.

Continuing to affirm the prestige and maintaining the No. 1 position in Vietnam in the field of grid construction, design and manufacture of high and super high voltage poles.

## 2.3. Key tasks in 2020

The slogan of the year is:

***“Enhancing governance capacity - Controlling growth quality”***

Key tasks:

- Developing strategic goals for the period of 2021-2025.
- Preparing and successfully organizing the General meeting of shareholders 2020.
- Continuing to improve the system management capacity through: Quality of human resources; Application of advanced management software; Improvement of employee income and development of company culture, working motivation.
- Power Construction block: Successfully implementing the increase of scale and growth quality of power construction and installation blocks.
- Industrial production block: Maintaining growth rate, developing new products for EVN projects, improving profit margins.
- Energy investment block: Analyzing and forecasting climate change, effectively operating the generating plants. Highly concentrating resources to make successful investment in wind power plants. Continuing to develop power projects in the next phase.
- Real Estate Investment block: Successfully carrying out investment and developing new projects according to strategic objectives, increasing investment scale.
- Effectively controlling cash flow, creating sufficient own capital to meet demand of investment and production activities. Making good relationship with investors, maintaining a reasonable price of PC1 shares.



# PART VI.

## SUSTAINABLE DEVELOPMENT

- 1. Sustainable development message
- 2. Sustainable development orientations
- 3. Sustainable development indicators



### Report introduction

Sustainable Development Report 2019 of Power Construction Joint Stock Company No. is incorporated in the Annual Report 2019 to avoid duplication of information, and to provide quality information with brief and concise content for shareholders and relevant parties. The purpose of Sustainable Development Report is to provide information on the orientation, development policies of the Company, policies related to environment, society, community, employees and other relevant parties.

### Target

Sustainable development report is an important part of the Annual Report to help investors, shareholders and stakeholders access information about the development strategy and business activities of PCC1 in the sustainable development aspect. The content of report will summarize and evaluate sustainable development activities of the Company.

### Scope

This report is made within the operation scope of the Company, its subsidiaries and within territory of Vietnam. The data in the report is updated for the fiscal year 2019, starting from January 1, 2019 to December 31, 2019.

### Basic for making report

The report is made based on the guidance of making Annual Report in Circular No.155/2015/TT-BTC; based on the standard guidelines of the Global Reporting Initiative (GRI); and based on vision, development orientation and business strategy of the Company.

### Contact address

PCC1 makes all effort to meet the expectations of its stakeholders by transparency of information, sustainable growth, and showing corporate responsibility to the social community. We are therefore looking forward to receiving your comments. If you have any feedback about sustainable development, please send it to:

Power Construction Joint Stock Company No.1

Address: No. 18 Ly Van Phuc street, Cat Linh ward, Dong Da district, Hanoi Vietnam

Phone: 02438456329

Fax: 0243823997

## 1. SUSTAINABLE DEVELOPMENT MESSAGE

### *Dear shareholders and stakeholders!*

**A**s the General Director of the Company, I am proud of history of PCC1. Over 57 years of construction and development, PCC1 has always made impressive breakthroughs, evidenced by key national projects with superior and international-class products which affirm that PCC1 is one of the leading companies in Vietnam in EPC general contractor for high and super high voltage electrical projects. We know that the development of enterprise depends greatly on the prosperity of the community we serve. Therefore, right from the first day of establishment, PCC1 has made constant efforts to bring the highest value from PCC1 family members to familiar partners and social communities.

We believe that sustainable development is not inseparable from the business operations of the enterprise but actually derived from the way the business operates. In the long-term development strategy of PCC1, the goals of sustainable development will be Lodestar for company to go on the right path - the path to success, to build a good and civilizing society. With the goal of becoming a leading company in the field of power construction and expanding to other fields, PCC1 always concentrates and pays attention to building company in the direction of stability, sustainability, bringing the highest satisfaction for shareholders, creating a professional and safe working environment for employees, ensuring harmony of interests for stakeholders and actively contributing to the development of community.

Today, sustainable development has become the journey of all PCC1 employees. This journey requires every employee to have new thinking, creative spirit to create different values for the community and the desire to turn water into electricity of PCC1 staffs. And the Board of Directors commits to do its best to ensure that the Company will continue on the path of sustainable development.

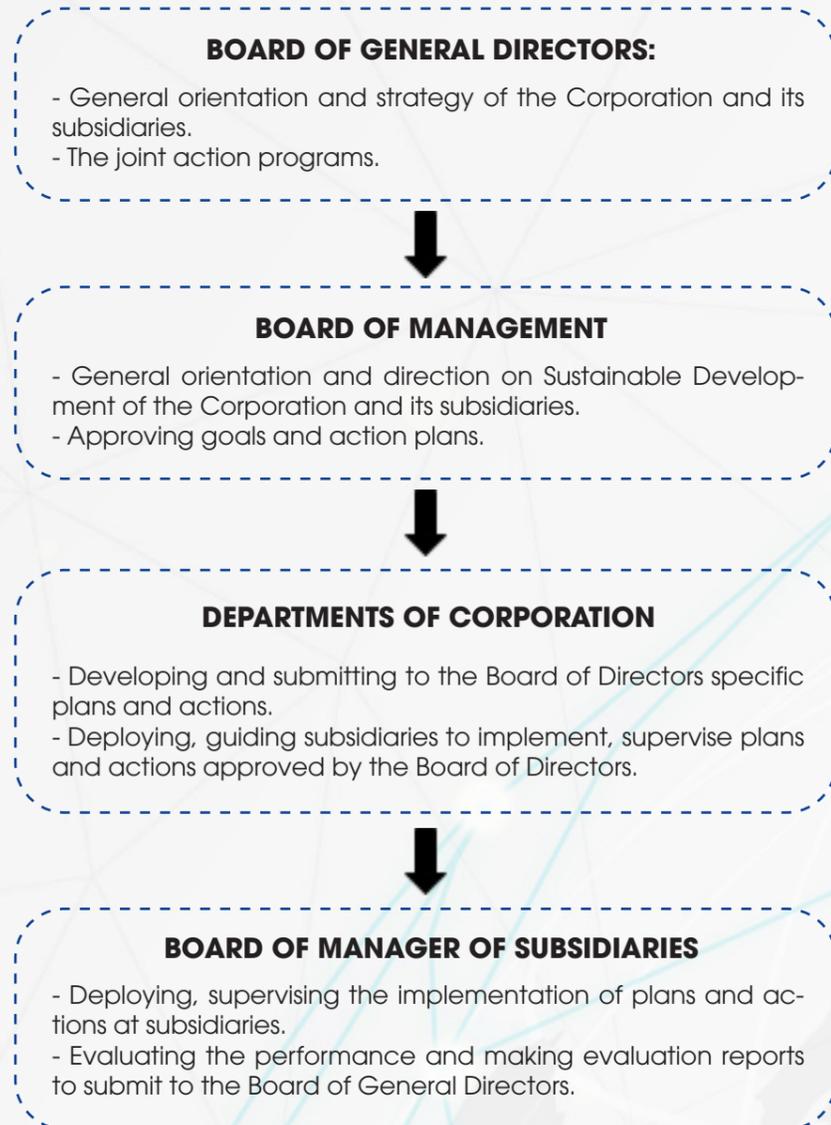
***On behalf of the Board of Directors and the Executive Board, I would like to sincerely thank you for your concern for the Company!***



**Chairman of the Board cum General Director  
Mr Trinh Van Tuan**

### Sustainable development model

The company always attaches a sustainable development strategy to the overall development strategy of the enterprise to ensure long-term growth. In addition, the Company wishes to create values for society and environment, meet expectations and fulfill obligations and rights of related parties. Since then, action plans are based on proactive and positive sharing from stakeholders in order to quickly identify issues that need to be changed and developed in order to better improve policies of the company.



## 2. SUSTAINABLE DEVELOPMENT ORIENTATIONS



### 01 Customers - Partners

- For customers, PCC1 puts prestige and quality on top, in order to bring the highest values and satisfaction to customers.
- For partners: PCC1 aims at the trust and respect of each other, cooperating with mutual benefit and accompanying to bring good values to society.

### 02 Shareholder

- Associating the sustainable development of PCC1 with long-term interests of shareholders and investors through:
- Disclosing information sufficiently, accurately and timely.
  - Governing the company transparently and effectively.
  - Developing stable dividend policy, towards sustainable development;
  - Building and strengthening investors' confidence in PC1 brand and stock code.

### 03 Community

- Complying with the provisions of law on environment.
- Using resources effectively.
- Researching the potential of renewable

energy sources to invest in and to minimize negative impacts on the environment.

### 04 Government

- PCC1 ensures strict adherence to the State's policies in all its production and business activities.
- Contributing to the process of building infrastructure for the development of the country.
- Ensuring the fulfillment of tax obligations and contributions to the State budget.

### 05 Employees

- Develop effective and reasonable remuneration policy with competitive income.
- Building working environment to create conditions for workers to maximize their capacity.
- Taking care of spiritual life for employees and creating corporate culture.

### 06 Environment

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

### 3. SUSTAINABLE DEVELOPMENT INDICATORS

#### 3.1. Responsibility for environment

Recognizing the role of the environment in production activities and aiming at the goal of sustainable development, PCC1 strives to implement solutions to effectively use resources, comply with environmental protection regulations, studying the potential of renewable energy sources to invest and minimize negative impact on the environment.

The company always adheres strictly and regularly updates the provisions of the environmental law. Therefore, the Company has never been sanctioned in environmental issues.

Trung Thu, Bao Lam 1, Bao Lam 3 and Bao Lam 3A hydropower plants have applied 5S method with the aim of improving the working environment in scientific, neat, clean, beautiful, comfortable, healthy and safe manners for employees of the Company.

At the same time, the Company regularly organizes propaganda and education classes to raise awareness about Environmental Protection, compliance with the regulations on waste collection and treatment.

#### Use of energy

Currently, PC1 is in a multi-industry business with 4 main areas of construction, energy investment, real estate and industrial production. so it uses a lot of energy.

#### For office block

##### Lighting system:

- PC1 installed and upgraded the entire lighting system with energy-saving devices (economical compact bulbs, lights that turn on and off automatically, ...)
- Constructing office buildings in the direction of making use of natural light instead of lighting systems.
- Regulating on shutting down all electricity system after work.

##### Air conditioning system:

- Periodically maintaining the system every 6 months to maintain maximum efficiency for the system and save energy.
- Maintaining an appropriate temperature level of 24 - 27 degrees C, avoiding excessive

- discrepancies with the outside temperature.
- Turning off the entire air conditioning system after 18:00.
- Regulating on opening air conditioners without windows opened.

#### For production block

##### 5S Standard

5S is the basic foundation for implementing quality assurance system from the point of view: If working in a healthy, clean, airy and convenient environment, the spirit will be more comfortable, the labor productivity will be higher and there have conditions for the application of a more effective quality management system. The 5S method was invented by the Japanese and they are also very proud when the whole world applies their method. 5S is the first letter of the Japanese words: "SERI"; "SEITON"; "SEISO"; "SEIKETSU" and "SHITSUKE".

#### Use of water, wastewater and waste

For a common goal of global environmental protection, PC1 constantly sets out policies to maintain the assessment of the water used; the impact of waste water on the environment through the control of input (water) and outputs (emissions from operating activities of office sector and especially the industrial production sector). Types of waste and garbage likely to harm the environment are actively handled by PC1 in 2019.

Water saving measures used by the Company:

- Using water-saving toilets (automatic shut-off faucet, automatic flush tank, ...)
- Regularly conducting activities to check for leaking water and take timely remedies.
- Reusing water for other activities of the company and factory.
- Not using toilet water for other purposes.

#### Attach production with environmental protection

Dong Anh steel tower factory received two certificates of ISO standard which are ISO 9001: 2015 dated February 28, 2018 and ISO 14001: 2015 dated April 9, 2018 by AFNOR - member of one of the largest internationally recognized certification organizations.

In 2019, the Company has issued many decisions related to quality management, environment and specific implementation measures for Dong Anh steel tower factory as follows:

DONG ANH STEEL TOWER CO., LTD		QUALITY OBJECTIVES, ENVIRONMENT AND IMPLEMENTATION MEASURES		
(TARGETS)	ACTIONS	Performance		
		Schedule	Duty	Document
<b>1) Maintain the rate of unsuitable defective products below 0.2%</b>	- Control processes	Consecutive	Departments	Strategic goal implementation report, Remedy & improvement report
	- Implement corrective actions in time, not to cause mass failures.	Daily	QA Department and related Departments	Remedy & improvement report
	- Control products from the stage of importing raw materials until delivery to customers	Daily	QA Department and related Departments	Input check slips and working minutes
	- Training	According to training plan of depts	Departments	Training records
<b>2) Assure 100% satisfaction of customers</b>	- Control of product quality of Plants and subcontractors	Daily	- QA Dept, Manufacturing and Sales Depts	Product inspection report, working minutes
	Assure 100% delivery progress of projects	Daily	Production Dept, Business Dept	Production progress report
	- Customer care	Often	Business Department and related departments	Report handling customers' queries, complaints if any
<b>3) 100% of all wastes are</b>	- Control the waste classification process	Daily	Departments	Inspection records

### Attach production with environmental protection

DONG ANH STEEL TOWER CO., LTD		QUALITY OBJECTIVES, ENVIRONMENT AND IMPLEMENTATION MEASURES		
(TARGETS)	ACTIONS	Performance		
		Schedule	Duty	Document
<b>3) 100% of all wastes are classified, collected and treated as prescribed</b>	- Control the waste classification process	Daily	Departments	Inspection records
	Contract with functional units to treat waste	Consecutive	Production Dept, Administration Dept	Contracts, lists of waste volume handled
	- Training for new employees, people who have not performed well	When there are new employees	Administration Department	Training records
<b>4) Create a safe working environment, prevent serious occupational accidents</b>	- Maintain safety equipment at the machines, inspect equipment with strict labor safety requirements	Maintenance and inspection plan	Mechanical and electrical workshop, Technical and Design Depts	Equipment records
	- Equip labor protection equipment for workers	Consecutive	Administration, Production, Supplies, Purchasing Depts	Monitoring Record labor protection equipment allocation
	- Train labor safety	According to the year plan	Safety Officer, Administration Dept	Training records
	- Periodically train emergency response (Fire, explosion etc.)	According to the year plan	Production, Administration Depts, safety staffs	Training plan and training results

### 3.2. Responsibility for workers

#### a. Labor statistics:

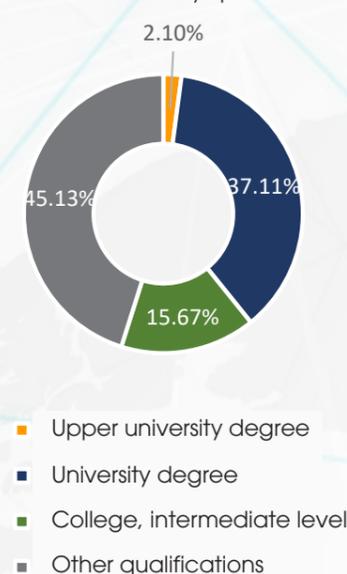
Labor statistics over the years



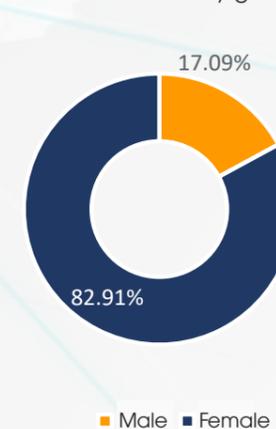
Income of employees (million dong / person / month)



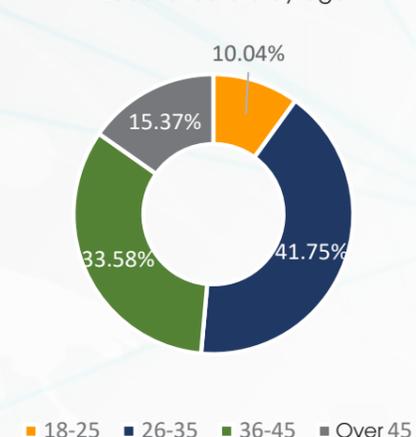
Labor structure by qualifications



Labor structure by gender



Labor structure by age



### b. Policy for employees

#### Working regime:

The company organizes to work 8 hours / day, 5 days / week, lunch break 1.5 hours. Saturdays and Sundays are days off. When there is a request for business progress, the employees of the Company are responsible for working overtime and the Company has regulations to ensure the rights of employees in accordance with the State regulations and appropriate remuneration for employees. The indirect division works according to working hours, the direct division is arranged to work in shifts.

#### Working conditions:

The working office is spacious and airy. The direct labor force is fully equipped with working facilities and tools and labor hygiene.

#### Recruitment policy:

The recruitment objective of the Company is to attract competent employees to work for the Company, and satisfy the needs of expanding production and business. The managerial positions are given high recruitment criteria by the Company to meet the qualifications and experience required by the job.

#### Employee training and development policy:

The company focuses on promoting training and retraining activities, especially on professional skills for professional staffs. Training at the Company is conducted as follows:

*For direct laborers:* open on-the-spot training classes to improve the qualifications and understanding of laborers. The company conducts training and retraining to improve the labor efficiency of existing laborers. Laborers are also encouraged and facilitated to attend training courses to improve their professional skills to meet new requirements in their work.

*For employees of professional departments:* The Company always facilitates them to participate courses with professional occupations in accordance with job requirements, and attend short-term professional training courses on regimes. , State policy.

#### Salary policy:

The parent company has renovated the salary policy and applied it successfully since payment period of January 2019. The aver-

age income of the whole company in 2019 reached 15.85 million VND / person / month, exceeding 10.3% of the year plan, increased 26% compared to the average income in 2018, all salaries are paid promptly.

#### Bonus policy:

In order to encourage employees in the Company to increase the efficiency of contributions, increase productivity and quality of work, quarterly and annually, the Company organizes voting, evaluating individuals groups that have made a lot of contributions to the Company as well as have initiatives that increase work efficiency.

#### Insurance and welfare policy:

The Company pays social insurance, health insurance and unemployment insurance premiums in accordance with the prevailing laws. The company implements the social security regimes for employees in accordance with the Labor Law and Labor Regulations. The company always pays attention to life and improves conditions for officials and employees. The company always focuses on labor safety issues for direct workers. The insurance regime for employees is fully implemented by the Company in accordance with the Labor Law. On holidays, New Year, ... the Company always organizes periodic tours and travel for employees in the Company.

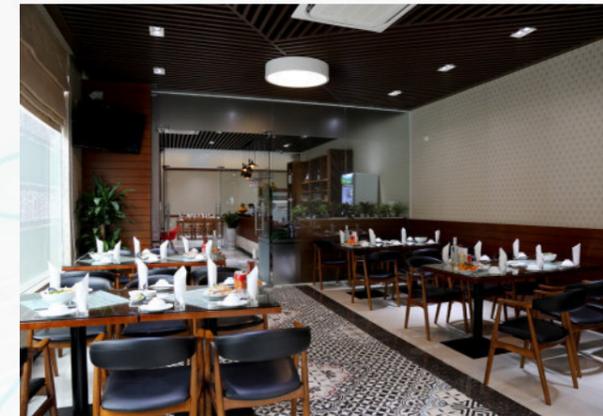
#### Labor safety assurance:

In order to minimize risks in the manufacturing and construction process, PCC1 develops a safe operating procedure for employees in accordance with the standards of the authorities in compliance with labor safety regulations. The company issued internal regulations on labor safety, environmental sanitation, regularly inspected and evaluated the work performed at the construction sites, organized training courses, hygiene and safety training, and accident prevention for employees, equipped labor protection such as clothing, hats, shoes, ... adequately and timely according to the nature of the work and provisions of labor law; invested and improved technology in production to ensure safety for employees.

### c. Gender equality assurance

The company always focuses on gender equality issues - protection of female employees' rights, with the following specific evidence:

- Nearly 83% of PCC1's staffs are female.
- The average salary of female employees is equivalent to the average salary of male employees.
- Female employees do not face any barriers in their work or career development. Every year, the Company has programs for women on occasions such as International Women's Day 08/03 and Vietnamese Women's Day 20/10.



Working conditions - company facilities



PCC1 staff participated in the Occupational Safety class

*d. Trade Union activities for workers*

**“Sales skills & Professional customer care” Program**

On 27, 28 September, 35 staff members from EPC Project Management Department, Real Estate Project Management Board, PCC1 Nang Huong Management Board attended the program “Sales skills & Professional customer care” in the chain of sales capacity development organized by PCC1 Organization and Governance Department in collaboration with HRD Management Academy.

The “Sales skills & Professional customer care” program was designed by HRD Management Academy based on internationally updated research on sales trends, modern sales capabilities as well as a thorough pre-training survey through collaboration with the Organization and Governance Department.



**Annual exchange between the Board of Directors and PCC1 Staff - Summer 2019**

The “Exchange between Executive Board and PCC1 staffs” took place in a joyful, effervescent and enthusiastic atmosphere with lots of information shared about the strategic objectives of the Company in the period of 2019-2022, launched emulation movement of business and production in 2019 as well as introduced in detail about salary, bonus and welfare policies for employees. . The seminar has received a lot of contributions and shares of employees.



**PCC1 Trade Union: Proactively and timely visits and encourages employees at the construction works**

On January 8, 2019, Union representatives and leaders of Power Construction Joint Stock Company No. 1 (PCC1) successfully organized the first visit and gift giving in the first phase of 2019 for employees and workers who are currently constructing at 03 projects. : Improvement of transmission capacity of 110kV transmission line of highway 172-173; 220kV Nam Dinh substation; 500-kV Long Phu - O Mon (Southern) transmission line; and Substation and 220KV transmission line of BIM solar power project (Ninh Thuan).

At this time, most of the construction sites were in the stage of urgent construction, the weather was rainy, cold in the North, in the South and the Central it was erratic with rain and sun. Officers and employees had to arrange many shifts to work, but the Site Steering Committee was very enthusiastic with determination to ensure the set out plan and schedule.

On behalf of PCC1 Leader, Mr. Vo Hong Quang - union president and Mr. Vu Van Tu - Deputy General Director of the company presented gifts and encouraged collectives and individuals with a total amount of VND 73 million. Not only that, trade union activities of the company have shown more and more profound humanity by regularly encouraging, visiting and giving gifts to employees who are on duty in difficult teams and stations in remote areas or key construction works.



**PCC1 Union: Side by side with the efforts of construction workers**

From February 27, 2019 to March 2, 2019, on behalf of the Company Leader, Mr. Dang Van Nghia - Deputy General Director and representatives of Trade Union of the company visited, encouraged and gave gifts to employees at key projects: 220kV Binh Long - Tay Ninh transmission line project and 220 kV Dau Tieng substation with a total value of gifts of over VND 82 million.

Thus, in the first quarter of 2019, the Trade Union and the Company’s executive board organized two visits to encourage officials

and workers the project with a total value of more than 155 million VND. The visiting, giving gifts activities at the project show the special care and facilitation of the Board of Directors of the Company for trade union activities in general and the care for spiritual life of employees in particular . Since then contributing to promoting, increasing the attachment of workers to enterprise; At the same time, encouraging the spirit of labor and enthusiasm to emulate and strive to hand over construction works ahead of investor’s schedule, contributing to build the increasingly strong brand of PCC1.

**3.3. Responsibility to local community**

Over 57 years of construction and development, with the main task of constructing national electricity transmission works, Power Construction Joint Stock Company No.1 (PCC1) is increasingly proving its capacity and affirming its position, not only in the domestic arena, but also reaching out to the region, not only constructing and installing electrical projects but also becoming a reputable investor in the field of energy and real estate.

In the field of energy investment, PCC1 has demonstrated the ability of a professional and reputable investor with impressive results. The hydropower projects built by Power Construction Joint Stock Company No.1 (PCC1) are not only doing a good job of exploiting and efficiently using water resources, ensuring national energy but also making a significant contribution to the State and local budgets, thereby changing the face of technical infrastructure, promoting socio-economic development of the province.



Mr. Trinh Van Tuan, Chairman of BOD cum General Director of Power Construction Joint Stock Company No.1 (PCC1) received the badge “For the career of construction and development of Cao Bang Province”

### Impulse for strengths of upstream rivers

In mountainous areas along the Gam and Nho Que rivers of Cao Bang province, PCC1 has been put into operation after investing in 3 hydropower projects. Among them are: Bao Lam 3 hydropower plant with capacity of 46MW; Bao Lam 1 Hydropower Plant with capacity of 30MW; Bao Lam 3A hydropower plant with capacity of 8MW. Hydropower projects in Cao Bang are contributing to solving the electricity demand of nation

In fact, PCC1 has demonstrated the capacity of a professional, responsible and

reputable investor, while simultaneously implementing multiple projects at the same time, ensuring progress and quality. Up to now, PCC1 has successfully operated 5 hydropower plants with results of revenue and production profit exceeded design targets. The 6th and 7th hydropower plants (Bao Lac B and Song Nhiem 4 hydropower plants) are expected to complete generation in the second quarter of 2020, and the company is expected to complete the 10th plant in the northern provinces by 2023, increasing the total annual commercial electricity output to 1 billion kWh.



### Impulse for local economy and social security

Mr. Trinh Van Tuan - Chairman of the Board of Directors, General Director of PCC1 said: "PCC1 has performed its mission to exploit and use water resources effectively, contributing to ensuring national energy security. Besides, these projects also bring integrated economic benefits, prevent floods and drought, provide irrigation water for agriculture as well as people's activities, contribute a great budget to the State and localities, help to change the face of technical infrastructure, and promote local socio-economic development".

Since putting into operation and exploiting hydroelectric plants from 2015 to 2019, PCC1 has paid tax amount of nearly VND 100 billion to the State budget in Cao Bang province. The operation of hydropower plants has solved a large number of local labor when PCC1 recruited, sent to train and signed labor contracts after the end of the training course to serve management, operation, maintenance and repair at hydropower plants.



PCC1 always accompanies social work activities in Cao Bang province

Not only well contributing to the state budget and solving labor problems for the province, PCC1 also implements a lot of support activities, takes care of the communities in the areas where the factories are located. In 2016, PCC1 supported more than 2 billion VND to invest in renewing and upgrading infrastructure in Ly Bon commune. In 2018, the company organized volunteer activities to help the poor, give gifts to disadvantaged students in Na Roa school, Bao Toan commune, Bao Lac district; support Niem Tong commune and support for Bao Lac cultural festival and love market ... In 2019, PCC1 continued to participate in volunteer activities such as donating to Na Roa and Bao Bao primary schools all audio equipment for teaching and learning with a total value of VND 50 million, and a contribution of VND 200 million to the Bao Toan fund for erasing

dilapidated houses....

New inter-commune roads are gradually changing the face of the countryside. The synchronous infrastructure has opened up opportunities for trade, economic and cultural development and gradually improved the lives of people. PCC1 continues to make efforts to perform well its mission, turning water into electricity, rationally using resources, contributing significantly to the economic development of the whole province and the whole country.

All these efforts are increasing PCC1 brand, affirming the companion of company with the development of Vietnam Electricity industry, development of the country as well as Cao Bang province.

delivered solid results in a challenging market



# PART VII: FINANCIAL REPORT

# CONSOLIDATED FINANCIAL STATEMENTS

## POWER CONSTRUCTION JSC NO.1

For the fiscal year ended as at 31 December 2019

(Audited)

Power Construction JSC No.1  
No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

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**Power Construction JSC No.1**

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

**REPORT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of Power Construction JSC No.1 (“the Company”) presents its report and the Company’s Consolidated Financial Statements for the fiscal year ended as at 31 December 2019.

**THE COMPANY**

Power Construction JSC No.1 was established on 02 March 1963 under the name Line and Substation Installation Company. PCCI was officially transformed into a jointed stock company in accordance with the Business License No. 01001000745 issued by the Hanoi Authority for Planning and Investment. The License's first version was issued on 20 July 2005 and most recent re-registration (19th) was made on 21 August 2019.

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

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

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

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

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

Mr. Trinh Van Tuan	General Director	
Mr. Vu Van Tu	Vice General Director	
Mr. Dang Van Nghia	Vice General Director	(Resigned on 01 October 2019)
Mr. Vo Hong Quang	Vice General Director	
Mr. Nguyen Nhat Tan	Vice General Director	
Mr. Nguyen Minh De	Vice General Director	
Mr. Vu Anh Duong	Vice General Director	(Appointed on 02 January 2019)
Mr. Dang Quoc Tuong	Vice General Director	(Appointed on 01 October 2019)

The members of the Board of Supervision are:

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

**AUDITORS**

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

**Power Construction JSC No.1**

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

**STATEMENT OF THE BOARD OF GENERAL DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

We, The Board of General Directors, confirm that the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019, its operation results and cash flows in the year 2019 of Company in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of Financial Statements.

**Other commitments**

The Board of Directors pledges that the Company comply with Decree No.71/2017/NĐ-CP dated 06 June 2017 guiding on corporate governance and the Company does not violate the obligation of information disclosure in accordance with the regulations of the Circular No.155/2015/TT-BTC dated 06 October 2015 issued by Ministry of Finance guiding the disclosure of information on Securities Market.

On behalf of The Board of General Directors



**Trinh Van Tuan**

General Director

Hanoi, 24 March 2020



No: 270320.005/BCTC.KT3

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying Consolidated Financial Statements of Power Construction JSC No.I prepared on 24 March 2020, as set out on pages 05 to 55, including: Consolidated Statement of Financial position as at 31 December 2019, Consolidated Statement of Income, Consolidated Statement of Cash Flows and Notes to Consolidated Financial Statements for the fiscal year ended as at 31 December 2019.

### The Board of General Directors' responsibility

The Board of General Directors responsible for the preparation and presentation of Consolidated Financial Statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Interim Consolidated Financial Statements and for such internal control as management determines is necessary to enable the preparation and presentation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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

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

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

### Auditor's opinion

In our opinion, the Consolidated Financial Statements give a true and fair view, in all material respects, of the financial position of Power Construction JSC No.I as at 31 December 2019, its operations results and its cash flows for the fiscal year ended as at 31 December 2019 in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of Consolidated Financial Statements.

AASC Auditing Firm Company Limited



Phạm Anh Tuan

Deputy General Director

Registered Auditor No. 0777-2018-002-1

Hanoi, 27 March 2020



Nguyen Thi Nhan

Auditor

Registered Auditor No. 2959-2020-002-1

Power Construction JSC No.1

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi,  
Vietnam

Consolidated Financial Statements

For the fiscal year ended as at 31 December 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Code	ASSETS	Note	31/12/2019 VND	01/01/2019 VND
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>4,152,924,121,173</b>	<b>3,150,022,692,004</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>567,652,456,496</b>	<b>701,280,173,355</b>
111	1. Cash		133,878,509,747	137,553,458,977
112	2. Cash equivalents		433,773,946,749	563,726,714,378
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>180,000,000,000</b>	<b>90,000,000,000</b>
123	1. Held-to-maturity investments		180,000,000,000	90,000,000,000
<b>130</b>	<b>III. Short-term accounts receivables</b>		<b>1,851,439,409,142</b>	<b>1,551,785,450,653</b>
131	1. Short-term trade receivables	6	1,205,919,182,905	1,032,394,818,863
132	2. Short-term prepayments to suppliers	7	418,385,002,594	399,630,701,745
135	3. Short-term loan receivables	8	2,000,000,000	1,655,000,000
136	4. Other short-term receivables	9	228,967,459,328	121,337,165,730
137	5. Provision for short-term doubtful debts		(3,832,235,685)	(3,232,235,685)
<b>140</b>	<b>IV. Inventories</b>	<b>10</b>	<b>1,434,021,805,904</b>	<b>759,475,370,567</b>
141	1. Inventories		1,437,407,604,655	759,475,370,567
149	2. Provision for devaluation of inventories		(3,385,798,751)	-
<b>150</b>	<b>V. Other short-term assets</b>		<b>119,810,449,631</b>	<b>47,481,697,429</b>
151	1. Short-term prepaid expenses	15	2,797,960,404	3,435,757,372
152	2. Deductible VAT		116,554,207,325	44,044,807,296
153	3. Taxes and other receivables from the State budget	20	458,281,902	1,132,761

Power Construction JSC No.1  
No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi,  
Vietnam

Consolidated Financial Statements  
For the fiscal year ended as at 31 December 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019  
(continued)

Code	ASSETS	Note	31/12/2019 VND	01/01/2019 VND
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>4,162,353,892,788</b>	<b>3,446,883,370,866</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>8,295,573,500</b>	<b>8,295,573,500</b>
216	1. Other Long-term receivables	9	8,295,573,500	8,295,573,500
<b>220</b>	<b>II. Fixed assets</b>		<b>2,413,997,643,961</b>	<b>2,530,560,673,102</b>
221	1. Tangible fixed assets	12	2,411,857,619,533	2,528,901,750,118
222	- Historical costs		2,972,260,354,142	2,953,784,555,189
223	- Accumulated depreciation		(560,402,734,609)	(424,882,805,071)
227	2. Intangible fixed assets	13	2,140,024,428	1,658,922,984
228	- Historical costs		2,842,207,819	2,072,207,819
229	- Accumulated amortization		(702,183,391)	(413,284,835)
<b>230</b>	<b>III. Investment properties</b>	<b>14</b>	<b>168,049,997,607</b>	<b>170,668,306,680</b>
231	- Historical costs		201,620,288,549	195,626,223,128
232	- Accumulated depreciation		(33,570,290,942)	(24,957,916,448)
<b>240</b>	<b>IV. Long-term assets in progress</b>		<b>1,178,758,313,911</b>	<b>442,210,474,227</b>
242	1. Construction in progress	11	1,178,758,313,911	442,210,474,227
<b>250</b>	<b>V. Long-term investments</b>	<b>5</b>	<b>63,501,617,055</b>	<b>96,856,179,877</b>
252	1. Investments in joint ventures and associates		60,332,738,120	93,687,300,942
253	2. Equity investments in other entities		4,821,770,000	4,821,770,000
254	3. Provision for devaluation of long-term investments		(1,652,891,065)	(1,652,891,065)
<b>260</b>	<b>VI. Other long-term assets</b>		<b>329,750,746,754</b>	<b>198,292,163,480</b>
261	1. Long-term prepaid expenses	15	99,297,507,633	99,726,614,910
262	2. Deferred income tax assets	35	2,184,159,953	-
269	3. Goodwill	16	228,269,079,168	98,565,548,570
<b>270</b>	<b>TOTAL ASSETS</b>		<b>8,315,278,013,961</b>	<b>6,596,906,062,870</b>

Power Construction JSC No.1  
No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi,  
Vietnam

Consolidated Financial Statements  
For the fiscal year ended as at 31 December 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019  
(continued)

Code	CAPITAL	Note	31/12/2019 VND	01/01/2019 VND
<b>300</b>	<b>C. LIABILITIES</b>		<b>4,620,497,351,544</b>	<b>3,317,677,404,756</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>2,497,031,117,278</b>	<b>1,740,964,808,403</b>
311	1. Short-term trade payables	18	825,623,091,942	758,370,202,543
312	2. Short-term prepayments from customers	19	306,929,569,550	155,330,934,911
313	3. Taxes and other payables to State budget	20	43,909,742,328	83,657,579,847
314	4. Payables to employees		63,638,822,595	42,775,331,704
315	5. Short-term accrued expenses	21	118,503,097,752	139,453,399,280
318	6. Short-term unearned revenue		654,014,963	261,124,118
319	7. Other short-term payables	22	83,665,590,181	55,248,101,261
320	8. Short-term borrowings and finance lease liabilities	17	950,604,863,783	415,790,185,025
321	9. Provisions for short-term payables	23	2,930,917,267	12,885,406,401
322	10. Bonus and welfare fund		100,571,406,917	77,192,543,313
<b>330</b>	<b>II. Non-current liabilities</b>		<b>2,123,466,234,266</b>	<b>1,576,712,596,353</b>
337	1. Other long-term payables	22	1,529,547,965	1,048,203,506
338	2. Long-term borrowings and finance lease liabilities	17	2,096,198,106,670	1,553,956,591,681
341	3. Deferred income tax liabilities	35	16,895,024,562	11,613,705,190
342	4. Provisions for long-term payables	23	8,843,555,069	10,094,095,976
<b>400</b>	<b>D. OWNER'S EQUITY</b>		<b>3,694,780,662,417</b>	<b>3,279,228,658,114</b>
<b>410</b>	<b>I. Owner's equity</b>	<b>24</b>	<b>3,694,780,662,417</b>	<b>3,279,228,658,114</b>
411	1. Contributed capital		1,593,242,660,000	1,327,702,940,000
411a	- Ordinary shares with voting rights		1,593,242,660,000	1,327,702,940,000
412	2. Share Premium		711,136,556,786	711,136,556,786
414	3. Other capital		22,906,800,000	22,906,800,000
415	4. Treasury shares		(4,320,000)	(4,320,000)
416	5. Differences upon asset revaluation		708,285,511	708,285,511
418	6. Development and investment funds		129,678,219,448	99,388,290,758
420	7. Other reserves		47,203,224,342	32,420,124,534
421	8. Retained earnings		933,063,484,397	924,983,334,575
421a	- Retained earnings accumulated till the end of the previous year		575,271,874,237	472,840,812,174
421b	- Retained earnings of the current year		357,791,610,160	452,142,522,401
429	9. Non – Controlling Interests		256,845,751,933	159,986,645,950
<b>440</b>	<b>TOTAL CAPITAL</b>		<b>8,315,278,013,961</b>	<b>6,596,906,062,870</b>

Pham Thi Thanh Binh  
Preparer  
Hanoi, 24 March 2020

Tran Thi Minh Viet  
Chief Accountant



Trinh Van Tuan  
General Director

Power Construction JSC No.1  
No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District,  
Hanoi, Vietnam

Consolidated Financial Statements  
For the fiscal year ended as at 31 December 2019

### CONSOLIDATED STATEMENT OF INCOME

Year 2019

Code	ITEMS	Note	Year 2019 VND	Year 2018 VND
01	1. Revenue from sales of goods and rendering of services	26	5,845,022,832,914	5,084,421,836,905
02	2. Revenue deductions		-	-
10	3. Net revenue from sales of goods and rendering of services		5,845,022,832,914	5,084,421,836,905
11	4. Cost of goods sold	27	5,026,317,725,244	4,218,667,947,739
20	5. Gross revenue from sales of goods and rendering of services		818,705,107,670	865,753,889,166
21	6. Financial income	28	37,795,661,776	28,419,210,108
22	7. Financial expenses	29	171,823,146,941	150,084,886,599
23	<i>In which: Interest expenses</i>		171,290,382,458	147,742,764,402
24	8. Share of joint ventures and associates' profit or loss		(33,454,957,945)	4,722,305,941
25	9. Selling expenses	30	22,433,676,269	46,926,242,004
26	10. General and administrative expenses	31	201,890,172,239	161,494,624,544
30	11. Net profit from operating activities		426,898,816,052	540,389,652,068
31	12. Other income	32	8,392,512,638	46,967,843,168
32	13. Other expenses	33	2,418,033,917	7,887,800,863
40	14. Other profit		5,974,478,721	39,080,042,305
50	15. Total net profit before tax		432,873,294,773	579,469,694,373
51	16. Current corporate income tax expenses	34	53,316,748,687	88,786,118,062
52	17. Deferred corporate income tax expenses	35	3,097,159,419	(717,900,562)
60	18. Profit after corporate income tax		376,459,386,668	491,401,476,874
61	19. Profit after tax attributable to owners of the parent		357,791,610,160	466,549,998,401
62	20. Profit after tax attributable to non-controlling interest		18,667,776,508	24,851,478,473
70	21. Basic earnings per share	36	2,246	2,928

  
Pham Thi Thanh Binh  
Preparer  
Hanoi, 24 March 2020

  
Tran Thi Minh Viet  
Chief Accountant

  
Trinh Van Tuan  
General Director



Power Construction JSC No.1  
No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District,  
Hanoi, Vietnam

Consolidated Financial Statements  
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### CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2019

(Indirect method)

Code	ITEMS	Note	Year 2019 VND	Year 2018 VND
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	1. Profit before tax		432,873,294,773	579,469,694,373
<b>2. Adjustments for</b>				
02	- Depreciation and amortization of fixed assets and investment properties		164,732,499,762	154,213,426,209
03	- Provisions		(7,219,231,290)	(62,457,807,228)
04	- Exchange gains/losses from retranslation of monetary items denominated in foreign currency		158,945	(24,901,495)
05	- Gains from investments		(2,456,926,107)	(29,325,164,868)
06	- Interest expenses		171,290,382,458	147,742,764,402
08	3. Operating profit before changes in working capital		759,220,178,541	789,618,011,393
09	- Increase or decrease in receivables		(408,125,053,799)	(245,458,731,553)
10	- Increase or decrease in inventories		(677,932,234,088)	326,181,045,745
11	- Increase or decrease in payables (excluding interest payable/ corporate income tax payable)		254,268,137,011	(142,224,264,561)
12	- Increase or decrease in prepaid expenses		991,233,698	6,688,883,648
13	- Increase or decrease in securities trading		-	-
14	- Interest paid		(168,784,853,868)	(149,336,724,123)
15	- Corporate income tax paid		(77,448,968,854)	(65,975,169,370)
17	- Other payments on operating activities		(15,721,326,794)	(6,338,424,049)
20	Net cash flows from operating activities		(333,532,888,153)	513,154,627,130
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	1. Purchase or construction of fixed assets and other long-term assets		(703,290,009,068)	(531,462,238,777)
22	2. Proceeds from disposals of fixed assets and other long-term assets		253,329,959	3,913,339,311
23	3. Loans and purchase of debt instruments from other entities		(135,795,000,000)	(42,200,000,000)
24	4. Collection of loans and resale of debt instrument of other entities		45,450,000,000	52,200,000,000
25	5. Cash from equity investment in other entities		(196,011,436,321)	(43,368,429,318)
26	5. Proceeds from equity investment in other entities		-	-
27	6. Interest and dividend received		33,000,616,099	25,814,393,175
30	Net cash flows from investing activities		(956,392,499,331)	(535,102,935,609)

Power Construction JSC No.1  
No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District,  
Hanoi, Vietnam

Consolidated Financial Statements  
For the fiscal year ended as at 31 December 2019

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2019  
(Indirect method)

Code	ITEMS	Note	Year 2019	Year 2018
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
31	1.	Proceeds from issuance of shares and receipt of contributed capital	90,851,000,000	16,710,000,000
33	2.	Proceeds from borrowings	4,240,999,503,137	1,811,721,582,654
34	3.	Repayment of principal	(3,163,943,309,390)	(1,663,101,470,625)
36	4.	Dividends or profits paid to owners	(11,609,364,177)	(9,570,446,824)
40	<b>Net cash flows in the year</b>		<b>1,156,297,829,570</b>	<b>155,759,665,205</b>
50	<b>Net cash flows in the year</b>		<b>(133,627,557,914)</b>	<b>133,811,356,726</b>
60	<b>Cash and cash equivalents at beginning of the year</b>		<b>701,280,173,355</b>	<b>567,443,915,134</b>
61	Effect of exchange rate fluctuations		(158,945)	24,901,495
70	<b>Cash and cash equivalents at end of the year</b>		<b>567,652,456,496</b>	<b>701,280,173,355</b>



**Pham Thi Thanh Binh**  
Preparer  
Hanoi, 24 March 2020

**Tran Thi Minh Viet**  
Chief Accountant

**Trinh Van Tuan**  
General Director

Power Construction JSC No.1  
No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

Consolidated Financial Statements  
For the fiscal year ended as at 31 December 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2019

### 1. GENERAL INFORMATION OF THE COMPANY

#### Form of ownership

Power Construction JSC No.1 was established on 02 March 1963 under the name Line and Substation Installation Company. PCCI was officially transformed into a jointed stock company in accordance with the Business License No. 01001000745 issued by the Hanoi Authority for Planning and Investment. The License's first version was issued on 20 July 2005 and most recent re-registration (19th) was made on 21 August 2019.

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

Company's Charter capital is VND 1,593,242,660,000. The Contributed Charter capital as at 31 December 2019 is VND 1,593,242,660,000; equivalent to 159,324,266 shares with the price of VND 10,000 per share.

#### Business field

The main business activities of the Company are: Electrical construction, Industrial production, Real estate trading and electrical production, specifically:

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

**Power Construction JSC No.1****Consolidated Financial Statements**

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

For the fiscal year ended as at 31 December 2019

**The Company's operation in the accounting year that affects the Consolidated Financial Statements**

1. In 2019, the revenue has shown growth compared to the previous year thanks to mainly contribution from the construction activities. The primary reason is that the Company sold goods with great value to EPC construction works during the year. In addition, industrial production also witnessed a substantial growth. During the year, the Company has performed many newly-signed high-value industrial construction and installation contracts with investors.

2. This year's profit decreased compared to the previous year because in 2018 the Company recorded most of the revenue of My Dinh Plaza 2 Housing and Trading Center Project and recognized the remaining revenue of the project in 2019.

3. In 2019, the Company continues to mobilize working capital from short-term borrowings to serve production and business activities with a larger output value than the previous year, resulting in increased short-term borrowings by the end of the year has increased compared to the beginning of the year. In addition, the Company also mobilizes long-term borrowings for investment projects, making long-term borrowings soar compared to the beginning of the year.

**Group structure**

The Company has 01 affiliate unit:	Head office	Main business activities
Power Construction JSC No.1 Branch - Yen Thuong Steel Structure Factory (*)	Yen Khe Village, Yen Thuong Ward, Gia Lam District, Hanoi	Manufacturing steel poles

(\*) Yen Thuong Branch was established in accordance with Resolution No. 09/NQ-PCCI-HĐQT dated 19 June 2019 of Power Electricity Construction Joint Stock Company No.1 about establishing a branch on the basis of conversion from Yen Thuong Steel Structure Factory. Accordingly, from the date of establishment, the Branch moved from the form of bookkeeping to independent accounting.

**The Group's subsidiaries consolidated in Consolidated Financial Statements as at 30 December 2019 include:**

No	Name of Company	Head office	Benefit rate/ Voting rights	Proportion of commitment	Main business activities
1	Dai Mo Power Construction No.1 Ltd.,	Cho Village, Dai Mo Ward, Nam Tu Liem District, Hanoi	100%	100%	Power Construction
2	Ha Noi Power Construction No.1 Ltd., (*)	No.583, Km 9, Nguyen Trai Street, Van Quan, Ha Dong District, Hanoi	100%	100%	Power Construction
3	Southern Power Construction No.1 Ltd.,	An Khang Building, No.28, Road 19, Quarter 5, An Phu Ward, District No.2, Ho Chi Minh City	100%	100%	Power Construction
4	Northern Power Construction No.1 Ltd.,	Cho Village, Dai Mo Ward, Nam Tu Liem District, Hanoi	100%	100%	Power Construction
5	My Dinh Power Construction No.1 Ltd., (*)	No.138 Tran Binh, My Dinh 2 Ward, Nam Tu Liem District, Hanoi	100%	100%	Power Construction
6	Tu Liem Power Construction No.1 Ltd.,	Group 19, Xuan Phuong Ward, Nam Tu Liem District, Hanoi	100%	100%	Power Construction
7	Ha Dong Power Construction No.1 Ltd.,	Van La Village, Phu La Ward, Ha Dong District, Hanoi	100%	100%	Power Construction
8	Nang Huong Power Construction No.1 Ltd.,	No.583, Km 9, Nguyen Trai Street, Van Quan, Ha Dong District, Hanoi	100%	100%	Services

**Power Construction JSC No.1**

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

**Consolidated Financial Statements**

For the fiscal year ended as at 31 December 2019

No	Name of Company	Head office	Benefit rate/ Voting rights	Proportion of commitment	Main business activities
9	Hoang Mai Power Construction No.1 Ltd.,	No.471, Nguyen Tam Trinh Street, Hoang Van Thu Ward, Hoang Mai District, Hanoi	100%	100%	Power Construction
10	Ninh Binh Power Construction No.1 Ltd.,	Ninh Thanh Ward, Ninh Binh City, Ninh Binh Province	100%	100%	Power Construction
11	Dong Anh Steel Conductor Ltd.,	Group 23, Dong Anh Town, Hanoi	90%	90%	Manufacturing galvanized steel columns, steel structure, related accessories, galvanizing services; Trading steel, zinc, materials for production, manufacturing steel structure; Trading electrical equipment and materials
12	Trung Thu Hydroelectric JSC	No.157, Quarter No.16, Tan Thanh Ward, Dien Bien Phu City	60%	60%	Investing construction of medium and small hydroelectric plants; Generating and trading power electricity
13	My Dinh Real Estate JSC	Dinh Thon Village, My Dinh 1 Ward, Nam Tu Liem District, Hanoi	99.39%	99.39%	Investing, trading real estate
14	Vietnam Industrial Erection JSC	138 Tran Binh, My Dinh 1 Ward, Nam Tu Liem District, Hanoi	51%	51%	Installation of machinery, industrial equipment
15	Bao Lam Hydroelectric JSC	Na Pong Village, Bao Lam District, Cao Bang Province	91.83%	91.83%	Hydroelectric Project Management, Post Hydroelectric
16	Northern Power Investment JSC (before: Cao Bang Hydroelectric JSC)	Na Pong Village, Bao Lam District, Cao Bang Province	56.85%	51%	Electricity generation, hydroelectric project management, post hydroelectric
17	Hoa Binh Automobile Mechanical JSC	No. 44, Trieu Khuc Street, Thanh Xuan Nam Ward, Thanh Xuan District, Hanoi	99.88%	99.88%	Investment in real estate
18	Tien Bo Trading JSC	No1, Lane 321, Vinh Hung Street, Thanh Tri Ward, Hoang Mai District, Hanoi	99.95%	99.95%	Investment in real estate
19	Lien Lap Wind Power Joint Stock Company (Bought on September	Cua Village, Huong Tan Ward, Huong Hoa District, Quang Tri	99.90%	99.90%	Producing electricity from wind energy

**Power Construction JSC No.1****Consolidated Financial Statements**

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

For the fiscal year ended as at 31 December 2019

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

Annual accounting period commences from 1st January and ends as at 31st December.

The Company maintains its accounting records in VND.

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

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

*Declaration of compliance with Accounting Standards and Accounting System*

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

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

Consolidated Financial Statements are prepared based on consolidating Separate Financial Statements of the Company and Financial Statements of its subsidiaries under its control in the annual accounting period ends on December 31, 2019. Control right is achieved when the Company has power to govern the financial and operating policies of invested companies to obtain benefits from their activities.

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

The operating results of subsidiaries acquired during the year are presented in the consolidated financial statements from the date of acquisition or until the date of sale of investments in that company.

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

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

Profit and loss when there is a change in the Group’s ownership in subsidiaries:

In case subsidiaries raise additional capital from the owners when preparing Consolidated Financial Statements: the Parent company determines and presents the changes in its ownership and non - controlling interests in the net assets of the subsidiary before and after raising additional capital.

**Power Construction JSC No.1****Consolidated Financial Statements**

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

For the fiscal year ended as at 31 December 2019

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

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

*Financial liabilities*

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

*Subsequent measurement after initial recognition*

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

**2.5. Foreign currency transactions**

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

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

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

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

All exchange rate differences arising from foreign currency transactions in the year and from revaluation of remaining foreign currency monetary items at the end of the year are recorded immediately to operating results of the accounting year. In which, exchange rate differences due to revaluation of year-end balances of monetary items denominated in foreign currencies cannot be used for profit distribution or dividend payment.

**Power Construction JSC No.1**

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

**Consolidated Financial Statements**

For the fiscal year ended as at 31 December 2019

**2.6. Cash and cash equivalents**

Cash comprises cash on hand, demand deposits.

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

**2.7. Goodwill**

Business combinations are accounted for using the purchase method. Cost of a business combination comprises the fair value at the date of exchange of the assets exchanged, liabilities incurred or acknowledged and capital instruments issued by the buyer in exchange to gain control of the party and its costs directly attributable to the business combination. Identifiable assets, liabilities and contingent liabilities assumed in a business combination of the acquiree are recorded at fair value at the date of business combination.

Goodwill arises on the business consolidation is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. If the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income. After initial recognition, goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis during its estimated useful life over 10 years. Annually, the Group shall assess impairment loss of goodwill at subsidiaries, whether there is any indication that impaired loss of goodwill is higher than the goodwill allocated, the Group shall recognise the impaired loss immediately in year that incurred.

**2.8. Financial investments**

Held-to-maturity investments include: Term deposits held to maturity for the purpose of collecting interest periodically.

In the Consolidated Financial Statements, investments in joint ventures and associates are accounted for using equity method. Under this method, the investments are initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share in net assets of the associate after acquisition date. Goodwill incurred from the investment in the associates is reflected in the carrying amount of the investment in the associate. The Group will not allocate such goodwill but assess annually to determine whether the goodwill is under impaired loss or not.

The share of investor in post-acquisition profits or losses of the associate is recognised in the consolidated income statement, and the share of investor in post-acquisition movements in equity of the associate is recognised in equity. The post-acquisition accumulated changes are adjusted to carrying amount of investments. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Financial Statements of associates are prepared in the same period with the Group's consolidated financial statements and use the consistent accounting policies with the Group's policies. Adjustment shall be made if necessary to ensure the consistence with the Group's accounting policies.

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

**Power Construction JSC No.1**

No.18 Ly Van Phuc, Cat Linh Ward, Dong Da District, Hanoi, Vietnam

**Consolidated Financial Statements**

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

- With regard to investments held long-term (other than trading securities) without significant influence on the investee: the provision shall be made based on the Financial Statements at the provision date of the investee.
- With regard to investments held to maturity, the provision for doubtful debts shall be made based on the recovery capacity in accordance with statutory regulations.

**2.9. Receivables**

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

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

**2.10. Inventories**

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

The cost of inventory is calculated using weighted average method.

Inventory is recorded by perpetual method.

Method for valuation of work in process at the end of the year:

- For construction activities: Costs of work in processes are gathered according to each uncompleted construction or revenue not yet recognized, corresponding to the work in process at the end of the year
- For industrial production activities: Costs of work in processes are gathered according to actual arising Costs For each kind of uncompleted products.

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

**2.11. Fixed assets**

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount.

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

- |                                      |         |       |
|--------------------------------------|---------|-------|
| - Buildings, structures              | 05 - 30 | years |
| - Machinery, equipment               | 03 - 20 | years |
| - Vehicles, Transportation equipment | 06 - 10 | years |
| - Office equipment and furniture     | 03 - 06 | years |
| - Other fixed assets                 | 04 - 05 | years |
| - Land use rights                    | 20 - 50 | years |

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**2.12. Investment properties.**

Investment properties are initially recognised at historical cost. Investment properties held for operating lease are recorded at cost, accumulated depreciation and carrying amount. Depreciation of investment properties held for sale are not made. Investment properties are depreciated using the straight-line method with expected useful life as follows:

- Buildings, structures 05 - 25 years

**2.13. Construction in progress**

Properties during construction for production, rental, administrative, or for any other purpose, are recognised in historical cost. This includes costs for specialists and for eligible assets, borrowing costs are recognized in accordance with the Company's accounting policy. Depreciation of these assets, like other types of fixed assets, will begin to be deducted when the assets are ready for use.

**2.14. Operating lease**

Operating leases is fixed asset leasing in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

**2.15. Business Cooperation Contract (BCC)**

Business Cooperation Contract (BCC) is a contractual agreement between two or more venturers with the objectives of cooperating to carry out specific business activities without constitution of a new legal entity. This operation may be jointly controlled by venturers under BCC or controlled by one of them.

Under the terms of the agreement at BCC, the Company makes accounting for BCC, recognizing all revenues, costs and after-tax profits of BCC on its Statement of income. The cost of BCC includes fixed profit paid to other parties participating in BCC.

**2.16. Prepaid expenses**

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

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

**2.17. Payables**

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

**2.18. Borrowings**

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

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**2.19. Borrowing costs**

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

**2.20. Accrued expenses**

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

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

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

**2.21. Provision for payables**

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

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

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

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

The basis for extracting the warranty for works is based on the statistics of the work warranty over the years and the quality of the work of the departments to estimate the level of provision. In case of judgment, it must be deducted, the level of provision is also considered in accordance with the warranty obligations under the warranty terms on the contract (normally the warranty from 3% to 5% on the revenue) be sure, be accepted by customers.

Provisions for payables are recorded as operating expenses of the accounting year. In case provision made for the previous accounting year but not used up exceeds the one made for the current accounting year, the difference is recorded as a decrease in operating expenses. The excess of the provision for payables relating to construction warranty is recorded as other income in the fiscal year.

**2.22. Unearned revenues**

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

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

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**2.23. Owner's equity**

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

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

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

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

Retained earnings are used to present the Company's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Company. The distribution of net profits is made when the net profit of the company does not exceed the net profit presented on Consolidated Financial Statements after eliminating the profits from cheap purchase. In case dividend payment or profit distribution for the owners exceeds the net profit, the difference shall be recorded as a decrease in contributed capital. Net profit can be distributed to investors based on capital contribution rate after being approved by General Meeting of Shareholders/Board of Management and after being appropriated to funds in accordance with the Company's Articles of Incorporation and Vietnamese statutory requirements.

The Company's retained earnings is distributed to other funds according to recommendation of the Board of Management and approval of shareholders at annual General Meeting of Shareholders:

- Development and investment funds: The fund is reserved for the purpose of business expansion or in depth investment.
- Bonus and welfare fund and bonus for the Board of Directors: The fund is reserved for the purpose of bonus, material incentives, common benefit and increasing welfare for employees and presented as a liability on the Consolidated Statement of Financial Position.

Dividends payable to shareholders are recorded as payables on the Company's Financial Position after the Company's Board of Directors' dividend announcement and the announcement of the date of closing the right to receive dividends of Vietnam Securities Depository Center.

**2.24. Revenue***Sale of goods*

Revenue from the sale of goods shall be recognised when all of the following conditions have been satisfied:

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

*Rendering of services*

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

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

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*Revenue from sales of real estate*

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

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

*Revenue from operating lease*

Revenue from operating lease mainly from real estate leasing, which are charged to income statement on a straight-line basis over the period of the leases under leasing contract.

*Revenue from construction contract*

The basis for recording revenue is the A-B settlement for works completed, which is handed over and put into use or the record certification of the completed construction volume confirmation in each period; the A-B payment price bills for works with long construction time. Value of revenue accounting is the value of the project settlement / payment period (excluding

*Financial income*

Revenue arising from interests, royalties, dividends, divided profits and other financial operation revenues shall be recognised when the following two (2) conditions are simultaneously met:

- It is probable that the economic benefits associated with the transaction
- The amount of the revenue can be measured reliably.

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

**2.25. Cost of goods sold**

The recognition of cost of goods sold is matched against the revenue in the period and complies with the prudence principle.

Cost of construction works: For completed construction works, that have been checked and handed over or approved by the investor, the total expenses, that collected for these works will be transferred to determine the results.

For projects with long construction time, when revenue is recognized according to the completed construction volume, the investor confirms the cost of goods to determine business results corresponding to the completed construction volume .

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

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

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**2.26. Financial expenses**

Items recorded into financial expenses comprise:

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

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

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

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

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

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

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

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

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

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

*c) Tax incentives*

(1): Investment projects of Bao Lam 1 hydropower plant, Bao Lam 3 hydropower plant, Bao Lam 3A hydropower plant:

According to the Investment Certificate No. 11121000149 issued by Cao Bang Provincial People's Committee on 21 August 2013 and the amended Investment Certificate No. 11121000149/GCNĐC1/11/1 dated 17 September 2014 for the investment project of Bao Lam 1 hydropower plant; Investment Certificate No. 11121000151 issued by Cao Bang Provincial People's Committee dated 21 August 2013 and amended Investment Certificate No.11121000151/GCNĐC1/11/1 dated 17 September 2014 for the first project Bao Lam hydropower project 3; Investment policy decision No. 2548/QĐ-UBND issued by Cao Bang Provincial People's Committee on 25 December 2015 for Bao Lam 3A hydropower investment project is preferential for the following projects:

- CIT rate of 10% for a period of 15 years;
- CIT exemption of 4 years from the time of taxable income and 50% reduction of payable tax for the next 9 years;
- To be compensated for land clearance into land rents payable annually.

2019 is the 2nd year those Bao Lam 3 Hydropower plant and Bao Lam 3A Hydropower, is the 1st year that Bao Lam 1 Hydropower plant of tax exemption and tax reduction under these incentives.

(2): Investment project of Trung Thu Hydropower:

As stipulated in Circular 96/2015/TT-BTC issued on 22 June 2015, Trung Thu Hydropower Joint Stock Company is exempted from corporate income tax for 4 years from 2016 and entitled to 50% reduction of corporate income tax for the next 9 years.

2019 is the 4th year that Trung Thu Hydropower Project implement tax exemption under these incentives.

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*d) Current corporate income tax rate*

The company currently applies the CIT rate of 20% for taxable income from main business activities and other activities, for taxable incomes from hydropower activities exempted from CIT for the accounting year ends as December 31, 2019.

**2.28. Earnings per share**

Basic earnings per share are calculated by dividing net profit or loss after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund and allowance for Board of Directors) by the weighted average number of ordinary shares outstanding during the year.

**2.29. Related Parties**

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

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

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

**2.30. Segment information**

A segment is a distinguishable component of the Company that is engaged in providing an individual or group of related products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from other components.

Segment information should be prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company in order to help users of financial statements better understand and make more informed judgements about the Company as a whole.

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## 3. BUSINESS CONSOLIDATION

## Lien Lap Wind Power Joint Stock Company

*(Hàng mua, hình thái kinh doanh của Liên Lap thì trình bày như dưới đây.)*

On 19 September 2019, the Company has completed acquisition of 99.9% total shares of Lien Lap Wind Power Joint Stock Company, which was established under the Vietnam Enterprise Law under the Business License No. 3200688847 first issued by the Quang Tri Authority for Planning and Investment on 29 March 2019. The business field of Lien Lap Wind Power Joint Stock Company is wind power.

The fair value of identifiable assets and liabilities of Lien Lap Wind Power Joint Stock Company on the date of business combination, goodwill arising from the business combination is as follows:

Explain	Book value at the time of gaining control	Fair value at the time of gaining control
	VND	VND
<b>Assets</b>		
Cash and cash equivalents	22,826,679	22,826,679
Receivables	45,400,000,000	45,400,000,000
Short-term assets	384,994,186	384,994,186
Construction in progress	4,187,800,385	4,187,800,385
<b>Total Assets</b>	<b>49,995,621,250</b>	<b>49,995,621,250</b>
<b>Net asset value</b>	<b>49,995,621,250</b>	<b>49,995,621,250</b>
Benefit of non-controlling shareholders	49,995,621	49,995,621
<b>Total Net asset value corresponding to the benefit of the Parent Company (99.9%)</b>	<b>49,945,625,629</b>	<b>49,945,625,629</b>
<b>Total value of investment</b>		<b>195,194,265,000</b>
<b>Goodwill (Note No. 16)</b>		<b>145,248,639,371</b>

## 4. CASH AND CASH EQUIVALENTS

	31/12/2019	01/01/2019
	VND	VND
Cash on hand	17,012,259,121	13,296,066,142
Demand deposits	116,866,250,626	124,257,392,835
Cash equivalents (*)	433,773,946,749	563,726,714,378
	<b>567,652,456,496</b>	<b>701,280,173,355</b>

(\*) At 31 December 2019 the cash equivalents are deposits with term of 01 month at commercial banks at the interest rate of 5.0% per year.

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## 5. FINANCIAL INVESTMENTS

## a) Held-to-maturity investments

	31/12/2019		01/01/2019	
	Original cost	Provision	Original cost	Provision
Short-term investments	VND	VND	VND	VND
- Term deposits	180,000,000,000	-	90,000,000,000	-
	<b>180,000,000,000</b>	<b>-</b>	<b>90,000,000,000</b>	<b>-</b>

At 31 December 2019, the held-to-maturity investments are term deposits with term to 12 months at commercial banks at the interest rate of 5.5% per year to 7.2% per year.

## b) Investment in affiliate companies

	Address	31/12/2019		01/01/2019	
		Benefit rate/ Voting rights	Proportion of commitment	Benefit rate/ Voting rights	Proportion of commitment
- Cao Bang Iron and Steel Joint Stock Company	Cao Bang	25.09%	25.09%	25.09%	56,257,300,942
- Tan Phat Minerals Joint Stock Company	Cao Bang	33.92%	27.13%	33.92%	37,430,000,000
					<b>60,332,738,120</b>
					<b>93,687,300,942</b>

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**c) Investing in other entities**

Address	Number of shares	Benefit rate/ Voting rights	31/12/2019		01/01/2019	
			Historical cost	Fair value	Historical cost	Fair value
			VND	VND	VND	VND
- Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) (*)	46,431	0.00136%	821,770,000	2,142,790,650	821,770,000	1,597,226,400
- Vinaincon Centrifugal Concrete Joint Stock Company	40,000	10.00%	4,000,000,000	-	4,000,000,000	-
			<b>4,821,770,000</b>	<b>2,142,790,650</b>	<b>4,821,770,000</b>	<b>1,597,226,400</b>
						<b>(1,652,891,065)</b>
						<b>(1,652,891,065)</b>

(\*) The fair value of the investment in shares of Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) in turn are VND 1,597,226,400 and VND 2,142,790,650 determined according to the closing price of this stock on HOSE on 29 December 2018 and 31 December 2019.

For the investment in Vinaincon Centrifugal Concrete Joint Stock Company, the Company has not determined the fair value of this financial investment due to Vietnamese Accounting Standards, Vietnam Business Accounting System is not yet available specific instructions on determining fair value.

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**6. SHORT-TERM TRADE RECEIVABLES**

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<b>a) Trade receivables detailed by customers with large account balances</b>				
- The Northern Viet Nam Power Projects Management Board	32,773,812,064	-	56,221,017,035	-
- Southern Viet Nam Power Projects Management Board	81,446,002,298	-	29,982,604,929	-
- Central Viet Nam Power Projects Management Board	274,825,881,883	-	44,794,365,181	-
- Hanoi Power Development Project Management Board - Hanoi Power Corporation	87,418,017,037	-	18,340,834,874	-
- Ho Chi Minh City Electric Power trading Investment Corporation	42,571,438,604	-	51,725,068,436	-
- Northern Power Corporation	44,220,364,882	-	51,904,875,521	-
- Hanoi Power Corporation	6,476,054,545	-	66,433,701,404	-
- Infrastructure Investing and Electromechanics Technique Joint Stock Company	28,565,770,592	-	35,565,770,592	-
- Hanwha Energy Joint Stock Company - BCG Bang Duong	128,664,493,503	-	-	-
- Others	478,957,347,497	(1,262,047,795)	677,426,580,891	(662,047,795)
	<b>1,205,919,182,905</b>	<b>(1,262,047,795)</b>	<b>1,032,394,818,863</b>	<b>(662,047,795)</b>
<b>b) Trade receivables from related parties</b>	-	-	<b>29,270,626,000</b>	-

(Detailed as in Note No. 41)

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## 7. SHORT-TERM PREPAYMENTS TO SUPPLIERS

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<b>Prepayments to suppliers detailed by customers with large account balances</b>				
- Machines and Industrial Equipment Corporation	-	-	24,222,309,650	-
- Dongfang Electric International	-	-	53,461,137,239	-
- GiaLocPhat Joint Stock Company	52,772,229,629	-	10,701,432,000	-
- Information Technology Application and Development Joint Stock Company (AIT)	-	-	18,167,388,185	-
- Tonkin Vietnam Investment Co., Ltd.	26,401,518,000	-	-	-
- ABB High Voltage Switchgear (Xiamen) Co., Ltd.	8,055,605,000	-	-	-
- PT CG Power Systems Indonesia	10,032,118,688	-	-	-
- Others	321,123,531,277	-	293,078,434,671	-
	<b>418,385,002,594</b>	<b>-</b>	<b>399,630,701,745</b>	<b>-</b>

## 8. SHORT-TERM LOAN RECEIVABLES

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- Thanh Bao Phat Trading and Service Co., Ltd.	-	-	1,000,000,000	-
- Hoang Thang Construction Joint Stock Company (*)	1,500,000,000	-	-	-
- Chien Thang Trading Service Construction Co., Ltd. (*)	500,000,000	-	-	-
- Other loans	-	-	655,000,000	-
	<b>2,000,000,000</b>	<b>-</b>	<b>1,655,000,000</b>	<b>-</b>

(\*) These are loans with an interest rate of 9% for the purpose of lending for construction of power projects.

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## 9. OTHER RECEIVABLES

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<b>a) Short-term</b>				
- Receivables from Social insurance	1,356,090	-	1,928,728	-
- Receivables from Health insurance	201,285	-	-	-
- Receivables from Unemployment insurance	178,920	-	-	-
- Receivables from interest of deposit, loan	6,500,684,931	-	3,193,276,711	-
- Advances	70,095,370,886	-	34,492,095,501	-
- Mortgages	965,874,600	-	331,908,000	-
- Advances to work department commanders	35,361,352,003	-	21,901,339,588	-
- Advances for ground clearance compensation (*)	77,854,218,650	-	48,209,741,405	-
- Other receivables	38,188,221,963	(2,570,187,890)	13,206,875,797	(2,570,187,890)
	<b>228,967,459,328</b>	<b>(2,570,187,890)</b>	<b>121,337,165,730</b>	<b>(2,570,187,890)</b>
<b>b) Long-term</b>				
- Mortgages	8,295,573,500	-	8,295,573,500	-
	<b>8,295,573,500</b>	<b>-</b>	<b>8,295,573,500</b>	<b>-</b>

(\*) These are advances to pay compensation for civil works that will be refunded by the investor and advance to pay compensation for real estate projects.

## 10. INVENTORIES

	31/12/2019		01/01/2019	
	Historical cost	Provision	Historical cost	Provision
	VND	VND	VND	VND
- Goods in transit	2,327,284,077	-	7,473,091,584	-
- Raw material	182,407,539,961	(3,385,798,751)	140,455,430,831	-
- Tools, supplies	1,732,988,149	-	710,959,991	-
- Work in progress (*)	1,217,101,489,013	-	478,959,525,897	-
- Finished goods (**)	32,565,886,235	-	131,451,516,338	-
- Goods	1,272,417,220	-	424,845,926	-
	<b>1,437,407,604,655</b>	<b>(3,385,798,751)</b>	<b>759,475,370,567</b>	<b>-</b>

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	31/12/2019	01/01/2019
	VND	VND
<b>(*) Details of Work in progress:</b>		
<b>Real estate business project</b>	<b>514,468,763,003</b>	<b>124,319,171,907</b>
- Low-rise buildings - My Dinh Commercial and Residential Complex - My Dinh Plaza	-	23,694,214,895
- PCC1 Thanh Xuan Project (*)	502,611,615,175	100,007,558,648
- Other projects	11,857,147,828	617,398,364
<b>Construction activities:</b>	<b>429,830,478,898</b>	<b>317,951,645,286</b>
- Package 4: Construction of transmission line from the starting point to G7 - Song Hau - Duc Hoa 500kV Project.	15,221,733,618	8,553,124,400
- Package 9: Lot 9.8 Position 54-01 to Position 61-01 and Lot 9.11: Position 80-2 to Position 91-01 - Construction and Installation of Quang Trach - Doc Soi 500kV Transmission Line Project.	22,504,769,836	811,024,699
- Package 12 lot 12.1 Construction and installation 500kV Chon Thanh Substation connecting line Project.	15,189,994,098	1,100,000
- Lot 4.1 Construction and Supplying Steel Structures - Improving and upgrading 220kV Long An - Cai Lay 2 (Pho Lam - Cai Lay 2). Package 04 EPC Phuoc Thai 1 PV Solar Power Plant Project	-	10,568,822,003
- Construction and Substation line 110kV Package sharing connection of Nam Tra My Hydroelectric cluster to the national electricity system	13,779,199,055	-
- Package: Consultancy, Surveys, Engineering, Land Clearance, Procurement, Installation, Testing, Construction of 110kV Substation and Connecting Line - GAIA Solar Power Plant	46,362,319,656	-
- Package DMS-10: Engineering, Procurement, Installation, Testing 110kV Substation and Transmission line - Đa Mi Solar Power Plan	25,769,403,317	16,176,275
- Package 6: Construction and installation of Quynh Luu 220kV	8,029,639,969	19,112,932,602
- Package CP-3 Electricity supply under Hoa Lac Hi-Tech Park Infrastructure Development Project.	33,271,902	15,322,260,004
- Package NPC-110/QX-G01: Survey, Engineering, Procurement and Construction of Quang Xuong, Thanh Hoa Province 110kV Substation and Transmission Line.	5,111,471,777	14,052,019,605
- Transmission line and Substation of Phuoc Ninh-Thuan Nam-Ninh Thuan Photovoltaic Solar Power Plant BIM 250MW Bac Nam Project	392,007,851	25,489,331,186
- Package CPC-TTNTrang-PC01: Procurement, Construction, Testing and Adjusting 110kV Substation, 22kV substation connecting 110kV Nha Trang Central.	-	14,597,088,872
- Package No.6: Procurement & Installation Bao Lam 110kV Substation &T/L	20,735,892,620	-
- Package 18 - Lot 18.6 Construction of Song Hau - Duc Hoa 500kV Transmission Line Project from T161 to T190	13,740,929,043	-
- Others	18,867,661,942	-
<b>Industrial production activities:</b>	<b>252,384,428,079</b>	<b>22,725,560,235</b>
- Package 4 lots 4.6, 4.11, 4.13, 4.14, 4.15, 4.16 Supply and delivery of steel towers 500kV Quang Trach - Doc Soi line.	224,092,184,214	209,427,765,640
- Package 4 lots 4.2, 4.3, 4.4, 4.6, Supply and delivery of steel towers 500kV Doc Soi - Pleiku 2 line.	200,133,264,191	-
- Line in line out from Hathazari- Sikalbaha 230kV Transmission Line.	26,560,562,542	-
- 500kV Quang Trach - Vung Ang (Siemens)	-	9,128,988,303
- Others	5,841,630,555	-
<b>Others of work in progress</b>	<b>20,417,819,033</b>	<b>13,963,148,469</b>

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(\*) Details of PCC1 Thanh Xuan project:

+ Investment purpose: investing in mixed building including: Trade Center and High-rise Apartment at 44 Trieu Khuc Street, Thanh Xuan District, Hanoi.

+ Investment decision: built according to the Decision of Investment policy No. 1644/QĐ-UBND issued by Hanoi People's Committee on 5 April 2018.

+ Capital for implementation: The total investment of the project about 735.31 billion VND, equity capital accounts for at least 20%, credit capital and proceeds according to the schedule of customers is 80%.

+ Estimated time of completion: in April 2020.

+ Actual progress at 30 December 2019: The project in the stage of finishing to prepare to hand over to customers.

(\*\*) Details of finished goods:

	31/12/2019	01/01/2019
	VND	VND
<b>Real estate business projects:</b>	<b>18,907,137,529</b>	<b>131,451,516,338</b>
- My Dinh Plaza 2 commercial and housing center	18,907,137,529	129,769,262,619
- Ha Dong Complex project	-	1,682,253,719
<b>Industrial manufactured products</b>	<b>13,658,748,706</b>	<b>-</b>
	<b>32,565,886,235</b>	<b>131,451,516,338</b>

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## 11. CONSTRUCTION IN PROGRESS

	31/12/2019	01/01/2019
	VND	VND
<b>- Basic construction</b>	<b>1,178,674,916,489</b>	<b>442,077,916,152</b>
+ Mong An Hydropower Plant project <sup>(1)</sup>	730,144,098,593	379,963,497,868
+ Bao Lac B Hydropower Plant project <sup>(2)</sup>	299,669,167,395	40,404,633,919
+ Song Nhiem 4 Hydropower Plant project <sup>(3)</sup>	134,746,153,465	9,899,215,594
+ Lien Lap Wind Power Plant project <sup>(4)</sup>	4,591,964,265	-
+ Others	9,523,532,771	11,810,568,771
<b>- Major repair of fixed assets</b>	<b>83,397,422</b>	<b>132,558,075</b>
+ Others	83,397,422	132,558,075
	<b>1,178,758,313,911</b>	<b>442,210,474,227</b>

Details about specific projects are as follows:

(1) Detailed information of Mong An Hydropower Plant project is as follows:

- + Investment Decision No. 2019/QD-UBND of Cao Bang province on 30 October 2015, and the decision to adjust the investment policy No. 259/QD-UBND Cao Bang province on 10 March 2017.
- + Investment objective: to build a hydropower plant with capacity of 30MW.
- + Total investment: 916 billion, started in 3rd quarter of 2017.
- + Capital for project implementation: 30% of equity and 70% from bank loans.
- + At 31 December 2019, The factory is constructing the final stages of assembly of unit 1 and unit 2. In which, as at 12 January 2020, Unit 1 has been connected to the National Grid, while Unit 2 is still performing pre-acceptance test.

(2): Detailed information of Bao Lac B Hydropower Plant project is as follows:

- + Decision on investment policy No. 100/QD-UBND dated 1 February 2018 by Cao Bang Provincial People's Committee.
- + Investment objective: to build a hydropower plant with capacity of 18 MW.
- + Total investment: 592 billion, started in 2018, expected to complete in 3rd quarter of 2020.
- + Capital for project implementation: 30% of equity and 70% from bank loans.
- + At 31 December 2019, the project has been in the stage of construction items for water intake and factory, discharge channel and initial installation of electro-mechanical and hydraulic mechanical equipment.

(3): Detailed information of Song Nhiem 4 Hydropower Plant project is as follows:

- + Decision to approve the implementation of the investment project No. 1529/QD-UBND dated 20 July 2018 issued by Ha Giang Provincial People's Committee.
- + Investment objective: to build a hydropower plant with capacity of 6 MW.
- + Total investment: 196 billion.
- + Capital for project implementation: 30% of equity and 70% from bank loans.
- + At 31 December 2019, the project was implementing the construction of water intake gates and factories, and partly purchasing mechanical and electrical equipment.

(4): Detailed information of Lien Lap Wind Power Plant project is as follows:

- + Decision to approve the implementation of the investment project No. 852/QD-UBND dated 17 April 2019 issued by Quang Tri Provincial People's Committee.
- + Investment objective: to build a Wind Power plant with capacity of 48 MW.
- + Total investment: 1874 billion.
- + Capital for project implementation: 30% of equity and 70% from bank loans.
- + At 31 December 2019, the project has completed investment legal procedures, signed a power purchase agreement (PPA). The project is expected to be completed and generate electricity in August 2021.

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## 13. INTANGIBLE FIXED ASSETS

	Land use rights (*)	Computer software	Total
	VND	VND	VND
<b>Historical cost</b>			
Beginning balance	1,108,070,000	964,137,819	2,072,207,819
- Purchase in the year	-	770,000,000	770,000,000
<b>Ending balance</b>	<b>1,108,070,000</b>	<b>1,734,137,819</b>	<b>2,842,207,819</b>
<b>Accumulated amortisation</b>			
Beginning balance	-	413,284,835	413,284,835
- Depreciation for the year	-	-	-
- Amortisation for the year	-	288,898,556	288,898,556
<b>Ending balance</b>	<b>-</b>	<b>702,183,391</b>	<b>702,183,391</b>
<b>Net carrying amount</b>			
Beginning balance	1,108,070,000	550,852,984	1,658,922,984
<b>Ending balance</b>	<b>1,108,070,000</b>	<b>1,031,954,428</b>	<b>2,140,024,428</b>

In which:

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

(\*) Intangible fixed asset is the indefinite land use rights in Yen Khe Village, Yen Thuong Ward, Gia Lam District, total area is 122.6 m<sup>2</sup>, used as Yen Thuong Fabrication of Steel structures Factory, with historical cost of VND 1,108,070,000.

#### 14. INVESTMENT PROPERTIES HELD FOR LEASE

	Nang Huong Condominium	My Dinh Plaza Condominium	PCCI Ha Dong Complex Condominium	My Dinh Plaza 2 Condominium	Total
	VND	VND	VND	VND	VND
<b>Historical cost</b>					
Beginning balance	11,076,525,175	85,271,905,313	24,269,520,970	75,008,271,670	195,626,223,128
- Completed construction investment	-	5,205,921,561	-	788,143,860	5,994,065,421
<b>Ending balance</b>	<b>11,076,525,175</b>	<b>90,477,826,874</b>	<b>24,269,520,970</b>	<b>75,796,415,530</b>	<b>201,620,288,549</b>
<b>Accumulated amortisation</b>					
Beginning balance	3,303,062,461	17,723,746,955	2,430,941,599	1,500,165,433	24,957,916,448
- Depreciation for the year	398,779,182	4,210,957,855	970,780,835	3,031,856,622	8,612,374,494
<b>Ending balance</b>	<b>3,701,841,643</b>	<b>21,934,704,810</b>	<b>3,401,722,434</b>	<b>4,532,022,055</b>	<b>33,570,290,942</b>
<b>Carrying amount</b>					
At the beginning of the year	7,773,462,714	67,548,158,358	21,838,579,371	73,508,106,237	170,668,306,680
<b>Ending balance of the year</b>	<b>7,374,683,532</b>	<b>68,543,122,064</b>	<b>20,867,798,536</b>	<b>71,264,393,475</b>	<b>168,049,997,607</b>

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#### 15. PREPAID EXPENSES

	31/12/2019	01/01/2019
	VND	VND
<b>a) Short - term</b>		
- Dispatched tools and supplies	1,682,335,838	1,293,513,105
- Others	1,115,624,566	2,142,244,267
	<b>2,797,960,404</b>	<b>3,435,757,372</b>
<b>b) Long - term</b>		
- Dispatched tools and supplies	4,718,033,384	4,273,646,435
- Fixed asset repair expenses	4,756,216,628	4,320,853,181
- Prepaid for land rental	35,011,165	91,208,137
- Land clearance expenses for Hydroelectric plants (*)	89,439,404,382	90,346,012,978
- Others	348,842,074	694,894,179
	<b>99,297,507,633</b>	<b>99,726,614,910</b>

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

- Bao Lam 1 Hydropower plant project, according to Announcement No.192/TB-CT dated 24 November 2016, the total deductible amount was VND 11,413,476,782;
- Bao Lam 3 Hydropower plant project, according to Announcement No.849/TB-CT dated 21 August 2017, the total deductible amount was VND 10,061,418,000;
- Bao Lam 3A Hydropower plant project, according to Announcement No.798/TB-CT dated 07 August 2017, the total deductible amount was VND 668,410,942;
- The total land clearance amount of Trung Thu Hydropower plant is VND 70,790,693,435;

The land rental charge off-setted in the period was VND 906,608,596. The outstanding balance of Land clearance expenses will be compensated in following years as at 31 December 2019 is VND 89,439,404,382.

#### 16. GOODWILL

	31/12/2019	01/01/2019
	VND	VND
- Beginning balance	98,565,548,570	73,082,164,625
- Goodwill arising from acquisition of subsidiaries during the year	145,248,639,371	35,616,454,034
- Goodwill amortized during the year	(15,545,108,773)	(10,133,070,089)
<b>Ending balance</b>	<b>228,269,079,168</b>	<b>98,565,548,570</b>

## Detailed information on Long-term borrowings:

	Currency	Interest rate	Year of maturity	Borrowing purposes	31/12/2019	01/01/2019
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	Interest rate on savings deposit with term of 12 months and interest margin	180 months from date of loan disbursement	Construction of Bao Lam 3 Hydropower project	490,709,898,607	353,500,000,000
Joint Stock Commercial Bank for Investment and Development of Vietnam	VND	Preferential interest from supportive funds of Renewable Energy Development Program (REDDP) of World Bank	180 months from date of loan disbursement	Construction of Trung Thu Hydropower project	448,880,000,000	493,768,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	Interest rate on savings deposit with term of 12 months and interest margin	168 months from date of loan disbursement	Construction of Mong An Hydropower project	496,873,704,315	177,987,393,062
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	Interest rate on savings deposit with term of 12 months and interest margin	180 months from date of loan disbursement	Construction of Bao Lam 3 A Hydropower project	62,339,170,283	69,339,170,283
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	Interest rate on savings deposit with term of 12 months and interest margin	168 months from date of loan disbursement	Construction of Bao Lac B Hydropower project	86,439,942,963	-
Tien Phong Commercial Joint Stock Bank	VND	Flexible interest rates	-	-	-	277,551,008
Vietnam Prosperity Joint Stock Commercial Bank	VND	8.90%	48 months from date of loan disbursement	Construction of real estate project PCC1 Thanh Xuan	133,122,494,802	-
					2,216,733,606,670	1,599,040,510,053
					(120,535,500,000)	(45,083,918,372)
					<b>2,096,198,106,670</b>	<b>1,553,956,591,681</b>

## Amount due for settlement after 12 months

The form of securing loans is property formed from loans or cash flows from a project.

	Currency	Borrowing purposes	Maturity period	Guarantee	31/12/2019	31/12/2019
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	Additional working capital	Under 9 months	Unsecured	31,246,247,534	59,696,199,670
Joint Stock Commercial Bank for Investment and Development of Vietnam	VND	Additional working capital	Under 9 months	Unsecured	250,197,566,207	209,036,618,261
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	Additional working capital	Under 9 months	Unsecured	54,191,624,924	380,965,737,800
Military Commercial Joint Stock Bank	VND	Additional working capital	Under 9 months	Unsecured	8,245,418,819	8,806,452,354
Shinhan Bank Vietnam Limited	VND	Additional working capital	Under 6 months	Unsecured	14,560,063,169	156,647,632,020
Others	VND	Additional working capital	Under 12 months	Unsecured	14,951,700,000	14,951,700,000
					<b>59,992,902,073</b>	<b>783,690,038</b>

## Detailed information on Short-term borrowings:

Amount due for settlement within 12 months					2,096,198,106,670	2,096,198,106,670
Amount due for settlement after 12 months					(1)	(1)
					<b>2,096,198,106,670</b>	<b>2,096,198,106,670</b>
					2,216,733,606,670	2,216,733,606,670
					70,965,551,008	70,965,551,008
					(146,417,132,636)	(146,417,132,636)
					<b>688,658,647,625</b>	<b>688,658,647,625</b>
					1,599,040,510,053	1,599,040,510,053
					688,658,647,625	688,658,647,625
					1,599,040,510,053	1,599,040,510,053
					(45,083,918,372)	(45,083,918,372)
					<b>1,553,956,591,681</b>	<b>1,553,956,591,681</b>

	Outstanding balance	Increase	Decrease	Outstanding balance	Amount can be paid	Amount can be paid
	VND	VND	VND	VND	VND	VND
<b>17. BORROWINGS</b>						
<b>a) Short-term borrowings</b>						
Short-term debts	370,706,266,653	3,552,340,855,512	3,092,977,758,382	830,069,363,783	830,069,363,783	830,069,363,783
Current portion of long-term debts	45,083,918,372	146,417,132,636	70,965,551,008	120,535,500,000	120,535,500,000	120,535,500,000
	<b>415,790,185,025</b>	<b>3,698,757,988,148</b>	<b>3,163,943,309,390</b>	<b>950,604,863,783</b>	<b>950,604,863,783</b>	<b>950,604,863,783</b>
<b>b) Long-term borrowings</b>						
Long-term debts	1,599,040,510,053	688,658,647,625	70,965,551,008	2,216,733,606,670	2,216,733,606,670	2,216,733,606,670
	<b>1,599,040,510,053</b>	<b>688,658,647,625</b>	<b>(70,965,551,008)</b>	<b>2,216,733,606,670</b>	<b>2,216,733,606,670</b>	<b>2,216,733,606,670</b>

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Trong năm

01/01/2019

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## 18. SHORT-TERM TRADE PAYABLES

	31/12/2019		01/01/2019	
	Value	Amount can be paid	Value	Amount can be paid
	VND	VND	VND	VND
<b>Short-term trade payables detailed by suppliers with large account balances</b>				
- Song Da 5 Joint Stock Company	10,757,394,773	10,757,394,773	23,721,431,636	23,721,431,636
- Song Da 4 Joint Stock Company	33,490,671,128	33,490,671,128	3,158,631,840	3,158,631,840
- Ricons Construction Investment Joint Stock Company	2,918,014,671	2,918,014,671	70,200,323,350	70,200,323,350
- Duc Giang Trade Limited Company	8,731,757,962	8,731,757,962	50,508,018,610	50,508,018,610
- Machinery Corporation and Industrial Equipment-Joint Stock Company	11,952,117,110	11,952,117,110	26,812,839,068	26,812,839,068
- Hoang Anh Steel Structure and Lifting Joint Stock Company	5,620,497,074	5,620,497,074	24,347,766,330	24,347,766,330
- ZHEJIANG WANMA CO.,LTD	54,563,252,196	54,563,252,196	-	-
- Vietnam Energy Trading and Technology Joint Stock Company	41,982,640,883	41,982,640,883	-	-
- Dongfang Electric International	34,887,527,299	34,887,527,299	-	-
- Others	620,719,218,846	620,719,218,846	559,621,191,709	559,621,191,709
	<b>825,623,091,942</b>	<b>825,623,091,942</b>	<b>758,370,202,543</b>	<b>758,370,202,543</b>

## 19. SHORT-TERM PREPAYMENTS FROM CUSTOMERS

	31/12/2019	01/01/2019
	VND	VND
<b>Short-term prepayments from customers with large account balances</b>		
- Central Vietnam Power Projects Management Board	-	27,030,938,010
- Power Network Project Management Board	-	9,496,448,106
- My Son - Hoan Loc Viet Solar Energy Joint Stock Company	-	27,400,000,000
- Da Nhim Hydropower Joint Stock Company	-	15,704,155,345
- AMECC Mechanical Construction Joint Stock Company	14,355,320,822	-
- Vestas Wind Technology Viet Nam Co., Ltd	26,697,200,000	-
- Investor of the Transmission lines and Substation 110kV Project of Nam Tra My Hydroelectricity	16,730,000,000	-
- AG Ajikawa Corporation	9,176,662,560	9,176,662,560
- Proceeds according to PCC1 Thanh Xuan real estate project progress	218,413,236,225	-
- Others	21,557,149,943	66,522,730,890
	<b>306,929,569,550</b>	<b>155,330,934,911</b>

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

	Tax receivable at the beginning of year	Tax payable at the beginning of year	Tax payable in the year	Tax paid in the year	Other adjustments (*)	Tax receivable at the end of the year	Tax payable at the end of the year
	VND	VND	VND	VND	VND	VND	VND
Value added tax	-	20,129,306,415	167,865,930,093	182,227,424,772	-	-	5,767,811,736
Export and import duties	-	-	487,687,582	487,687,582	-	-	-
Corporate income tax	-	58,243,858,520	53,316,748,687	77,448,968,854	116,095,948	152,807,326	34,380,541,627
Personal income tax	1,132,761	803,737,586	6,231,835,136	6,199,132,811	-	-	835,307,150
Natural resource tax	-	2,183,855,258	37,403,480,633	38,488,086,248	-	-	1,099,249,643
Land tax and land rental	-	-	103,484,577,119	103,790,051,695	-	305,474,576	-
Other taxes	-	-	53,000,000	53,000,000	-	-	-
Fees, charges and other payables	-	2,296,822,068	17,638,763,848	18,108,753,744	-	-	1,826,832,172
	<b>1,132,761</b>	<b>83,657,579,847</b>	<b>386,482,023,098</b>	<b>426,803,105,706</b>	<b>116,095,948</b>	<b>458,281,902</b>	<b>43,909,742,328</b>

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

(\*) Adjustments of corporate income tax of the previous years to the corporate income tax payable this year at subsidiaries.

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## 21. SHORT-TERM ACCRUED EXPENSES

	31/12/2019	01/01/2019
	VND	VND
- Interest expense of Bao Lac B Hydropower Construction	674,942,020	
- Interest expense	18,935,431,358	16,429,902,768
- Accrued expense of construction and industrial production	7,102,320,710	3,812,086,923
- Accrued expense of Hydropower construction completed	62,194,271,199	72,659,355,817
- Accrued expenses related to real estate	-	6,701,707,600
- Transportation expense	3,468,381,342	4,954,308,739
- Raw materials	84,634,346	30,058,687,313
- Outsourcing costs	19,782,670,668	-
- Others	6,260,446,109	4,837,350,120
	<b>118,503,097,752</b>	<b>139,453,399,280</b>

## 22. OTHER PAYABLES

	31/12/2019	01/01/2019
	VND	VND
<b>a) Short-term</b>		
- Trade union fee	1,788,107,577	1,660,407,727
- Social insurance	988,273,159	678,583,927
- Health insurance	132,925,285	75,270,230
- Unemployment insurance	58,765,017	39,735,703
- Short-term deposits, collateral received	3,694,416,317	3,473,178,589
- Payables to construction team and Project Management Board	11,358,484,197	5,096,364,465
- Payables to maintenance of real estate projects	38,628,442,413	36,144,911,389
- Payables to land clearance received from the investor is not finalized	19,450,123,623	1,114,668,868
- Others	7,566,052,593	6,964,980,363
	<b>83,665,590,181</b>	<b>55,248,101,261</b>
<b>b) Long-term</b>		
- Long-term deposits, collateral received	1,529,547,965	1,048,203,506
	<b>1,529,547,965</b>	<b>1,048,203,506</b>

## 23. PROVISION FOR PAYABLES

	31/12/2019	01/01/2019
	VND	VND
<b>a) Short-term</b>		
- Provision for product warranty	2,930,917,267	6,689,128,783
- Provision for construction warranty	-	6,196,277,618
	<b>2,930,917,267</b>	<b>12,885,406,401</b>
<b>b) Long-term</b>		
- Provision for product warranty	1,581,876,356	2,832,417,263

	Contributed capital	Share premium	Other reserves	Treasury share	Asset revaluation differences	Development and investment funds	Other funds	Retained earnings	Non-controlling Interest	Total
Beginning balance of previous year	1,154,528,420,000	711,136,556,786	-	(4,320,000)	354,142,756	78,810,312,228	23,130,682,547	716,171,632,480	129,864,856,543	2,813,992,283,340
Increase in capital in previous year	-	-	22,906,800,000	-	-	-	-	-	16,710,000,000	39,616,800,000
Profit in previous year	-	-	-	-	-	-	-	466,549,998,401	24,851,478,473	491,401,476,874
Profit distribution in year:	173,174,520,000	-	-	-	-	18,376,968,854	9,188,484,427	(219,116,942,135)	-	(18,376,968,854)
Dividend payment by stock	173,174,520,000	-	-	-	-	-	-	(173,174,520,000)	-	-
Distribution to Development and investment funds	-	-	-	-	-	18,376,968,854	-	(18,376,968,854)	-	-
Distribution to Bonus and welfare fund	-	-	-	-	-	-	-	(18,376,968,854)	-	(18,376,968,854)
Distribution to Reserves capital fund	-	-	-	-	-	-	9,188,484,427	(9,188,484,427)	-	-
Profit distribution at Subsidiaries:	-	-	-	-	-	-	100,957,560	(38,002,937,178)	(11,455,148,865)	(47,149,418,807)
Dividend from profits in 2017, 2018	-	-	-	-	-	-	-	(22,906,800,000)	(9,570,446,824)	(32,477,246,824)
Appropriation of funds in subsidiaries from profits in 2017, 2018	-	-	-	-	-	2,207,709,676	100,957,560	(15,096,137,178)	(1,884,702,041)	(14,672,171,983)
Other decrease	-	-	-	-	-	(6,700,000)	-	-	(41,255,774)	(47,955,774)
Other adjustments	-	-	-	-	354,142,755	-	-	(618,416,993)	56,715,573	(207,558,665)
Ending balance of previous year	1,327,702,940,000	711,136,556,786	22,906,800,000	(4,320,000)	708,285,511	99,388,290,758	32,420,124,534	924,983,334,575	159,986,645,950	3,279,228,658,114

## 24. OWNERS' EQUITY

a) Changes in owner's equity

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	Contributed capital	Share premium	Other reserves	Treasury share	Asset revaluation differences	Development and investment funds	Other funds	Retained earnings #	Non - Controlling Interest	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
<b>Beginning balance of current year</b>	<b>1,327,702,940,000</b>	<b>711,136,556,786</b>	<b>22,906,800,000</b>	<b>(4,320,000)</b>	<b>708,285,511</b>	<b>99,388,290,758</b>	<b>32,420,124,534</b>	<b>924,983,334,575</b>	<b>159,986,645,950</b>	<b>3,279,228,658,114</b>
Increase in capital of this year (*)	-	-	-	-	-	-	-	-	90,851,000,000	90,851,000,000
Decrease in capital of this year(**)	-	-	-	-	-	-	-	-	(840,000,000)	(840,000,000)
Profit of this year	-	-	-	-	-	29,475,780,695	-	357,791,610,160	18,667,776,508	376,459,386,668
Profits distribution at parent company (***)	265,539,720,000	-	-	-	-	-	14,737,890,348	(345,124,327,877)	-	(35,370,936,834)
Dividend payment by stock	265,539,720,000	-	-	-	-	29,475,780,695	-	(265,539,720,000)	-	-
Appropriation of Development and investment funds	-	-	-	-	-	-	-	(29,475,780,695)	-	-
Appropriation of Distribution to Bonus and welfare fund, bonus BOD	-	-	-	-	-	-	-	(35,370,936,834)	-	(35,370,936,834)
Appropriation of Reserves capital fund	-	-	-	-	-	-	14,737,890,348	(14,737,890,348)	-	-
Profit distribution at Subsidiaries:	-	-	-	-	-	814,147,995	45,209,460	(4,448,457,651)	(11,971,988,069)	(15,561,088,266)
Dividends from profits in 2018	-	-	-	-	-	-	-	-	(11,410,175,875)	(11,410,175,875)
Dividends from profits in 2019	-	-	-	-	-	-	-	(199,188,301)	(199,188,301)	(199,188,301)
Appropriation of fund in subsidiary from profit in 2018	-	-	-	-	-	814,147,995	45,209,460	(4,448,457,651)	(362,623,893)	(3,951,724,089)
Subsidiary consolidation: Lien Lap Wind Power Joint Stock Company	-	-	-	-	-	-	-	-	50,000,000	50,000,000
Change of interest rate at the subsidiary	-	-	-	-	-	-	-	(104,603,296)	104,603,296	-
Other decrease	-	-	-	-	-	-	-	(34,071,513)	(2,285,751)	(36,357,265)
<b>Ending balance of this year</b>	<b>1,593,242,660,000</b>	<b>711,136,556,786</b>	<b>22,906,800,000</b>	<b>(4,320,000)</b>	<b>708,285,511</b>	<b>129,678,219,448</b>	<b>47,203,224,342</b>	<b>933,063,484,397</b>	<b>256,845,751,935</b>	<b>3,694,780,662,417</b>

(\*) The capital contribution that non-controlling shareholders in Lien Lap Wind Power Joint Stock Company (Details as in Note No. 03)

(\*\*) The capital contribution that non-controlling shareholders in Hoa Binh Automobile Joint Stock Company and sell to Power Construction Joint Stock Company No.1 during the year.

(\*\*\*) The holding company distributes profits according to the Resolution of the Annual General Meeting in 2019 No. 01/NQ-PCCI-DHDCD dated on 11 April 2019

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

	Year 2019	Year 2018
	VND	VND
<b>Owner's contributed capital</b>		
- At the beginning of the year	1,327,702,940,000	1,154,528,420,000
- Increase in the year	265,539,720,000	173,174,520,000
- At the ending of year	1,593,242,660,000	1,327,702,940,000
<b>Distributed dividends and profit</b>		
- Dividend payable in the year	277,149,084,177	182,744,966,824
+ Dividend payable from last year's profit	276,949,895,875	182,744,966,824
+ Estimated dividend payable from this year's profit	199,188,301	-
- Dividend paid in the year	(277,149,084,177)	(182,744,966,824)
+ Dividend paid by shares in the year	(265,539,720,000)	(173,174,520,000)
+ Dividend paid by cashes in the year	(11,609,364,177)	(9,570,446,824)
Dividend payable from last year's profit	(11,410,175,875)	(9,570,446,824)
Estimated dividend payable from this year's profit	(199,188,301)	-
- Ending balance	-	-

#### c) Share

	31/12/2019	01/01/2019
Quantity of Authorized issuing shares	159,324,266	132,770,294
Quantity of issued shares	159,324,266	132,770,294
- Common shares	159,324,266	132,770,294
Quantity of shares repurchased	432	432
- Common shares	432	432
Quantity of outstanding shares in circulation	159,323,834	132,769,862
- Common shares	159,323,834	132,769,862
Par value per share (VND)	10,000	10,000

#### d) Company's reserves

	31/12/2019	01/01/2019
	VND	VND
- Development and investment funds	129,678,219,448	99,388,290,758
- Other funds	47,203,224,342	32,420,124,534
	<b>176,881,443,790</b>	<b>131,808,415,292</b>

## 25. OFF STATEMENT OF FINANCIAL POSITION ITEMS

### a) Operating asset for leasing

The Company currently leases assets under operating lease contracts. On 31 December 2019, future minimum rents under operating lease contracts are presented as follows:

	31/12/2019	01/01/2019
	VND	VND
- Under 1 year	14,529,123,001	14,200,502,318
- From 1 year to 5 years	40,500,361,844	22,485,760,732
- Over 5 years	25,177,620,441	-
	<b>80,207,105,286</b>	<b>36,686,263,050</b>

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## b) Operating leased assets

Lot name / Location lot	Leased area	Rental period	Rent purpose	Note
Land area at 18 Ly Van Phuc - Cat Linh Ward - Dong Da District - Hanoi	510 m <sup>2</sup>	50 years	Headquarter	The unit price is stable every 5 years
Land area at Yen Thuong commune - Gia Lam District - Hanoi	9,629 m <sup>2</sup>	Annual	Headquarter	Pay the annual rent
Land area at Phuong Canh Ward - Nam Tu Liem District - Hanoi	6,475 m <sup>2</sup>	50 years	Headquarter	The unit price is stable every 5 years
Land area at Dong Ngac Ward - Bac Tu Liem District - Hanoi	2,903 m <sup>2</sup>	25 years	Headquarter	The unit price is stable every 5 years
My Dinh Ward 2 - Nam Tu Liem District - Hanoi	3,334 m <sup>2</sup>	50 years	Parking, public works	The unit price is stable every 5 years
Land area at Phu Lam Ward - Ha Dong District - Hanoi	812,5 m <sup>2</sup>	25 years	Headquarter	The unit price is stable every 5 years
Land area at Mai Son commune - Yen Mo - Ninh Binh	29,372 m <sup>2</sup>	33 years	Headquarter	The unit price is stable every 5 years
Land area at Tan Thanh Ward - Ninh Binh City	2,887 m <sup>2</sup>	Annual	Headquarter	Pay the annual rent
Land area at Nguyen Tam Trinh street - Hoang Mai district - Hanoi	961 m <sup>2</sup>	Annual	Headquarter	Pay the annual rent
Land area at Dai Mo commune - Nam Tu Liem district - Hanoi	3,192 m <sup>2</sup>	Long-term	Headquarter	The unit price is stable every 5 years
Land area Phu La Ward - Ha Dong District - Hanoi	1,193 m <sup>2</sup>	Annual	Headquarter	Pay the annual rent
Group 14, Dong Anh Town, Dong Anh District, Hanoi	28,255 m <sup>2</sup>	Annual	Headquarter	Pay the annual rent
Land area at Muong Cha commune, Tua Chua district, Dien Bien province according to the Contract No. 13/HDTD dated 09 June 2019	43,077,1 m <sup>2</sup>	35 years	Energy works land to build auxiliary works connecting to Trung Thu Hydroelectric Plant	The land tax is deducted from the site clearance and compensation costs
Land area at Trung Thu commune, Tua Chua district, Dien Bien province according to the Contract No. 179/HDTD dated 13 May 2016	468,008,1 m <sup>2</sup>	34 years	Land for energy works to build Trung Thu Hydropower project (reservoir area)	The land tax is deducted from the site clearance and compensation costs
Land area at Nam Nen commune, Muong Cha district, Dien Bien province according to the Contract No. 143/HDTD dated 20 April 2016	504,949,1 m <sup>2</sup>	34 years	Land for energy works to build Trung Thu Hydropower project (reservoir area)	The land tax is deducted from the site clearance and compensation costs

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Lot name / Location lot	Leased area	Rental period	Rent purpose	Note
Land area at Pa Hem commune, Muong Cha district, Dien Bien province according to the Contract No. 143/HDTD dated 20 April 2016	873.747,4 m <sup>2</sup>	34 years	Land for energy works to build Trung Thu Hydropower project	The land tax is deducted from the site clearance and compensation costs
Land area at Pac Miao town and Nam Quang commune, Bao Lam district, Cao Bang province according to the Contract No. 09/HDTD dated 09 May 2019	111.926 m <sup>2</sup>	46 years	Main building, auxiliary area and camp in Mong An Hydroelectric power	The unit price is VND 298,110,355 per years
Land area at Ly Bon and Nam Quang commune, Pac Miao town, Bao Lam district, Cao Bang province according to the Contract No. 48/HDTD dated 20 December 2019	962.878,9 m <sup>2</sup>	46 years	Reservoir area of Mong An Hydroelectric power	The unit price is VND 533,947,745 per years

## c) Foreign currencies (USD)

7,626.32 15,655.92

## d) Doubtful debts written-offs

13,659,646,137 13,659,646,137

AG Ajikawa Corporation

12,373,726,137 12,373,726,137

Others

1,285,920,000 1,285,920,000

## 26. TOTAL REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	Year 2019	Year 2018
	VND	VND
Revenue from construction activities and electrical equipment	3,000,245,215,906	1,730,664,054,934
Revenue from industrial production activities	981,324,521,368	498,868,808,529
Revenue from investment of properties trading	18,808,572,113	14,124,213,215
Revenue from transfer of real estate	194,076,266,810	954,485,096,946
Revenue from electric power trading	552,029,783,176	559,423,054,774
Revenue from sale of goods	997,694,209,760	1,254,390,183,750
Others	100,844,263,781	72,466,424,757
	<b>5,845,022,832,914</b>	<b>5,084,421,836,905</b>
In which: Revenue from related parties (as detailed in Note 40)	9,343,175,600	65,466,955,200

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## 27. COSTS OF GOODS SOLD

	Year 2019	Year 2018
	VND	VND
Cost of construction activities and electrical equipment	2,736,077,775,895	1,559,030,989,531
Cost of industrial production activities	890,949,654,308	467,239,814,459
Cost of investment properties trading	7,722,621,196	6,193,398,513
Cost of transfer of real estate	130,581,853,558	695,092,869,585
Cost of electric power trading	206,294,349,980	210,235,303,799
Cost of goods sold	968,051,054,613	1,218,829,483,293
Others	83,254,616,943	62,046,088,559
Provision for devaluation of inventories	3,385,798,751	
	<b>5,026,317,725,244</b>	<b>4,218,667,947,739</b>

## 28. FINANCIAL INCOME

	Year 2019	Year 2018
	VND	VND
Interest income	36,243,020,919	28,242,892,107
Dividends distributed profit	65,003,400	-
Realised gain from foreign exchange differences in the year	1,375,750,354	116,933,686
Unrealised gain from revaluation of foreign currencies account at the end of the year	-	59,369,075
Deferred sales interest, discount payment	111,887,013	-
Others	90	15,240
	<b>37,795,661,776</b>	<b>28,419,210,108</b>

## 29. FINANCIAL EXPENSES

	Year 2019	Year 2018
	VND	VND
Interest expenses	171,290,382,458	147,742,764,402
Realised losses from foreign exchange differences in the year	532,605,538	654,762,440
Realised gain from revaluation of foreign currencies account at the end of the year	158,945	34,467,580
Provision for investment losses	-	1,652,891,065
Others	-	1,112
	<b>171,823,146,941</b>	<b>150,084,886,599</b>

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## 30. SELLING EXPENSES

	Year 2019	Year 2018
	VND	VND
Raw materials	30,864,272	17,701,072
Labour expenses	2,455,208,746	1,221,178,194
Expenses of outsourcing services	19,752,137,836	63,498,634,030
Other expenses in cash	5,204,217,838	1,240,803,270
Reversal of provision	(5,008,752,423)	(19,052,074,562)
	<b>22,433,676,269</b>	<b>46,926,242,004</b>

## 31. GENERAL AND ADMINISTRATIVE EXPENSES

	Year 2019	Year 2018
	VND	VND
Raw materials	5,724,125,415	5,627,778,534
Labour expenses	124,107,089,421	97,607,600,196
Depreciation expenses	20,975,352,613	15,069,485,156
Reversal of provision	600,000,000	(515,552,909)
Tax, Charge, Fee	3,857,124,319	2,823,101,348
Expenses of outsourcing services	21,598,034,242	15,710,566,053
Other expenses in cash	25,028,446,229	25,171,646,166
	<b>201,890,172,239</b>	<b>161,494,624,544</b>

## 32. OTHER INCOME

	Year 2019	Year 2018
	VND	VND
Gain from liquidation, disposal of fixed assets	73,057,232	611,226,101
Gain from liquidation, disposal of tools	-	40,133,101
Repay liabilities	652,481,567	-
Reversal of provision for warranty	6,196,277,618	44,510,957,883
Others	1,470,696,221	1,805,526,083
	<b>8,392,512,638</b>	<b>46,967,843,168</b>

## 33. OTHER EXPENSES

	Year 2019	Year 2018
	VND	VND
Net carrying amount and loss from liquidation, disposal of fixed assets	469,197,499	4,251,259,281
Penalties	620,476,030	545,618,201
Others	1,328,360,388	3,090,923,381
	<b>2,418,033,917</b>	<b>7,887,800,863</b>

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## 34. CURRENT CORPORATE INCOME TAX EXPENSES

	Year 2019	Year 2018
	VND	VND
Current corporate income tax expenses at Parent company	21,810,598,193	23,838,280,293
Current corporate income tax expenses at Subsidiaries	31,506,150,494	67,255,937,769
Provisional deposits on the proceeds from real estate business activities	-	(2,308,100,000)
<b>Current corporate income tax expenses</b>	<b>53,316,748,687</b>	<b>88,786,118,062</b>
Adjustments of corporate income tax of previous years into corporate income tax this year	116,095,948	265,405,808
Tax payable at the beginning of the year	58,243,858,520	35,167,504,020
Tax paid in the year	(77,448,968,854)	(65,975,169,370)
<b>Corporate income tax payable at the end of the year</b>	<b>34,227,734,301</b>	<b>58,243,858,520</b>

## 35. DEFERRED INCOME TAX

## a) Deferred income tax assets

	31/12/2019	01/01/2019
	VND	VND
- 1% Income tax expense submitted for revenue collection in progress from transfer of real estate	2,184,159,953	-
<b>Deferred income tax assets</b>	<b>2,184,159,953</b>	<b>-</b>

## b) Deferred income tax liabilities

	31/12/2019	01/01/2019
	VND	VND
- Deferred income tax arising from the reversal of provision for financial investments	20,248,513,657	13,557,522,068
- Deferred corporate income tax assets corresponding to unrealized gains	(3,353,489,095)	(1,943,816,878)
<b>Deferred income tax liabilities</b>	<b>16,895,024,562</b>	<b>11,613,705,190</b>

## c) Deferred income tax expense

	Year 2019	Year 2018
	VND	VND
1% Income tax expense submitted for revenue collection in progress from transfer of real estate.	(2,184,159,953)	2,308,100,000
Deferred income tax assets arising from unrealized profits/, losses	(1,409,672,217)	(1,943,816,878)
Deferred income tax arising from the adjustments of provision for financial investments	6,690,991,589	(1,082,183,684)
	<b>3,097,159,419</b>	<b>(717,900,562)</b>

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## 36. BASIC EARNINGS PER SHARE

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

	Year 2019	Year 2018
	VND	VND
Net profit after tax	357,791,610,160	466,549,998,401
Profit distributed to common shares	357,791,610,160	466,549,998,401
Average number of outstanding common shares in circulation in the year	159,323,834	159,323,834
<b>Basic earnings per share</b>	<b>2,246</b>	<b>2,928</b>

Basic earnings per share have been adjusted retrospectively as regulated by Vietnamese Accounting Standards No. 30 – Basic earnings per share.

## 37. BUSINESS AND PRODUCTIONS COST BY ITEMS

	Year 2019	Year 2018
	VND	VND
Raw materials	1,991,076,516,122	1,041,257,810,677
Labour expenses	303,891,535,168	236,294,072,760
Depreciation expenses	164,732,499,762	154,213,426,209
Provision expenses	(4,408,752,423)	(19,567,627,471)
Expenses of outsourcing services	2,167,550,570,854	1,240,153,428,059
Other expenses in cash	298,216,338,809	129,967,299,017
	<b>4,921,058,708,292</b>	<b>2,782,318,409,251</b>

## 38. FINANCIAL INSTRUMENTS

The types of financial instruments of the Company:

	Carrying amount			
	31/12/2019		01/01/2019	
	Historical cost	Provision	Historical cost	Provision
	VND	VND	VND	VND
<b>Financial Assets</b>				
Cash and cash equivalents	567,652,456,496	-	701,280,173,355	-
Trade and other receivables	1,443,182,215,733	(3,832,235,685)	1,162,027,558,093	(3,232,235,685)
Loans	182,000,000,000	-	91,655,000,000	-
	<b>2,192,834,672,229</b>	<b>(3,832,235,685)</b>	<b>1,954,962,731,448</b>	<b>(3,232,235,685)</b>

	Carrying amount	
	31/12/2019	01/01/2019
	VND	VND
<b>Financial Liabilities</b>		
Borrowings and debts	3,046,802,970,453	1,969,746,776,706
Trade and other payables	910,818,230,088	814,666,507,310
Accrued expenses	118,503,097,752	139,453,399,280
	<b>4,076,124,298,293</b>	<b>2,923,866,683,296</b>

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

**Financial risk management**

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

**Market risk**

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

**Exchange rate risk:**

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

**Interest rate risk:**

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

**Credit Risk**

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

	Under 1 year	From 1 to 5 years	From more than 5 years	Total
	VND	VND	VND	VND
<b>As at 31/12/2019</b>				
Cash and cash equivalents	567,652,456,496	-	-	567,652,456,496
Trade and other receivables	1,431,054,406,548	8,295,573,500	-	1,439,349,980,048
Loans	182,000,000,000	-	-	182,000,000,000
	<b>2,180,706,863,044</b>	<b>8,295,573,500</b>	<b>-</b>	<b>2,189,002,436,544</b>
<b>As at 01/01/2019</b>				
Cash and cash equivalents	701,280,173,355	-	-	701,280,173,355
Trade and other receivables	1,150,499,748,908	8,295,573,500	-	1,158,795,322,408
Loans	91,655,000,000	-	-	91,655,000,000
	<b>1,943,434,922,263</b>	<b>8,295,573,500</b>	<b>-</b>	<b>1,951,730,495,763</b>

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**Liquidity Risk**

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

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

	Under 1 year	From 1 to 5 years	From more than 5 years	Total
	VND	VND	VND	VND
<b>As at 31/12/2019</b>				
Borrowings and debts	950,604,863,783	497,440,000,000	1,598,758,106,670	3,046,802,970,453
Trade and other payables	909,288,682,123	1,529,547,965	-	910,818,230,088
Accrued expenses	118,503,097,752	-	-	118,503,097,752
	<b>1,978,396,643,658</b>	<b>498,969,547,965</b>	<b>1,598,758,106,670</b>	<b>4,076,124,298,293</b>

	Under 1 year	From 1 to 5 years	From more than 5 years	Total
	VND	VND	VND	VND
<b>As at 01/01/2019</b>				
Borrowings and debts	415,790,185,025	486,640,000,000	1,067,316,591,681	1,969,746,776,706
Trade and other payables	813,618,303,804	1,048,203,506	-	814,666,507,310
Accrued expenses	139,453,399,280	-	-	139,453,399,280
	<b>1,368,861,888,109</b>	<b>487,688,203,506</b>	<b>1,067,316,591,681</b>	<b>2,923,866,683,296</b>

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

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

According to the Decision No. 02/NQ-PCC1-HDQT and No. 03/ NQ-PCC1-HDQT on 02 February 2020, The Company has approved the policy of buying shares in Phong Huy Wind Power Joint Stock Company and Phong Nguyen Wind Power Joint Stock Company. The expected ownership ratio in these two companies is 96%, equivalent to 4,800,000 shares.

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

## 40. SEGMENT REPORTING

## Under business fields:

	Construction		Industrial Production		Real estate		Hydroelectric		Sales activities		Others		Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Net revenue from sales to external customers	3,000,245,215,906	981,324,521,368	212,884,838,923	552,029,783,176	997,694,209,760	100,844,263,781	5,845,022,832,914						
Cost of goods sold	2,736,077,775,895	894,335,453,059	138,304,474,754	206,294,349,980	968,051,054,613	83,254,616,943	5,026,317,725,244						
<b>Profit from business activities</b>	<b>264,167,440,011</b>	<b>86,989,068,309</b>	<b>74,580,364,169</b>	<b>345,735,433,196</b>	<b>29,643,155,147</b>	<b>17,589,646,838</b>	<b>818,705,107,670</b>						
The total cost of acquisition of fixed assets	15,225,013,010	7,578,560,900	-	739,188,209,768	-	5,994,065,421	767,985,849,099						
Segment assets	1,580,172,503,875	776,710,178,238	887,355,582,941	3,775,036,303,652	52,643,316,363	35,487,791,462	7,107,405,676,531						
Unallocated assets	-	-	-	-	-	-	1,207,872,337,430						
<b>Total assets</b>	<b>1,580,172,503,875</b>	<b>776,710,178,238</b>	<b>887,355,582,941</b>	<b>3,775,036,303,652</b>	<b>52,643,316,363</b>	<b>35,487,791,462</b>	<b>8,315,278,013,961</b>						
Segment liabilities	890,312,758,752	304,345,400,578	435,820,756,203	2,244,924,899,030	18,701,223,200	20,698,305,048	3,914,803,342,811						
Unallocated liabilities	-	-	-	-	-	-	705,694,008,733						
<b>Total liabilities</b>	<b>890,312,758,752</b>	<b>304,345,400,578</b>	<b>435,820,756,203</b>	<b>2,244,924,899,030</b>	<b>18,701,223,200</b>	<b>20,698,305,048</b>	<b>4,620,497,351,544</b>						

## Under geographical areas:

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

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## Consolidated Financial Statements

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## 41. TRANSACTION AND BALANCES WITH RELATED PARTIES

The Company has transactions during the period and balances at the balance sheet date with related parties as follows:

Transactions arising in the year:

	Relation	Year 2019	Year 2018
		VND	VND
<b>Revenue</b>		<b>9,343,175,600</b>	<b>65,466,955,200</b>
Cao Bang Cast Iron and Steel JSC	Associate	9,343,175,600	65,466,955,200

Ending balance as at 31/12/2019

	Relation	31/12/2019	01/01/2019
		VND	VND
<b>Short-term receivables</b>		<b>-</b>	<b>29,270,626,000</b>
Cao Bang Cast Iron and Steel JSC	Associate	-	29,270,626,000

Transactions with other related parties:

	Year 2019	Year 2018
	VND	VND
Income of the General Director	1,994,017,110	1,668,725,300
Income of other members in the Board of Management and the Board of Directors	5,816,725,407	5,284,540,500

## 42. COMPARATIVE FIGURES

The comparative figures are figures in the Consolidated Financial Statements for the fiscal year ended as at 31 December 2018, which was audited by AASC Auditing Firm Company Limited.

  
Pham Thi Thanh Binh  
Preparer  
Hanoi, 24 March 2020

  
Tran Thi Minh Viet  
Chief Accountant

  
Trinh Van Tuan  
General Director



**CÔNG TY CỔ PHẦN XÂY LẮP ĐIỆN I**

Tòa CT2, Số 583 Đường Nguyễn Trãi, Q. Thanh Xuân, Hà Nội  
Điện thoại: +84 24 38456329 | Fax: +84 24 38231997  
[www.pcc1.vn](http://www.pcc1.vn)