



**ANNUAL REPORT**

**2019**



**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 2**

[www.pecc2.com](http://www.pecc2.com)



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A core strength of PECC2 is the extensive experience, technological solutions and qualified workforce that we offer in power consultancy sector in Vietnam. PECC2 continues to maintain its proactive stance on new opportunities, wise investment, novel technical methods, management philosophy and restructuring plan for the purpose of high-quality products and services, clear competitive advantage and sustainable development of the Company.



## VISION

PECC2 is a regionally leading brand in power consultancy with strong customer orientation, highly-qualified human resources and advanced management system, and to be developed continuously in scale and business areas.

## MISSION

- To provide customers with excellent services and products by regional and international standards;
- To cooperate effectively with reliable partners and to continuously raise the Company's values, shareholders' benefits and employees' income;
- To continuously improve production and management processes as well as to adopt cutting-edge technologies to respond to challenges of ever-increasing competition;
- To provide training and support to enhance staff performance; to design an efficient compensation system in an effort to retain and develop the Company's human resources;
- To preserve and increase benefits to the community and society as a whole.

## CORE VALUES

**Solidarity - Honesty - Professionalism - Creativity**



## MESSAGE FROM PECC2 CHAIRMAN

Dear valued Shareholders, Customers and Partners,

2019 was another year filled with a range of deep emotions in PECC2. As our Executive Committee dared to lead the 6.2MWp solar farm project in Vinh Tan Power Complex on a full turnkey basis with absolute determination, PECC2 has successfully put it into commercial operation by the end of January, 2019. Followed closely by a tight race for different projects of similar nature such as Son My 3.1 (50MWp), Ninh Phuoc 6.1 & 6.2 (58MWp) and so on, we also left a favorable impression of the speed record in construction of Vinh Tan 2 solar farm project which has a total capacity of 42MWp in only 2 months and 8 days. Clearly, we delivered the most desired results through considerable operational flexibility and decisive actions, especially actively promoting its core competencies along with strong resource bases from the design phase to procurement, steel structure manufacture, erection, testing and commissioning phases.

This is the first time PECC2 has boosted the revenue of more than 3000 billion VND and profit before tax of more than 300 billion VND, where our three-circles corporate strategy is proved to be on track for long-term value creation. Throughout the year, we further quickly adapted to the potential O&M market in connection with the Government's policy on socializing Vietnam's energy. In the context of growth and resilience, PECC2 prides itself on establishing the Power Plant Management and Operation Center and taking a step towards small power plants. More strikingly, we have been entrusted to five (5) O&M contracts for more than 400MW power plants in 2019.

In addition to a focus on domestic market, PECC2 has made extensive preparations for penetrating the foreign market. We not only traced good progress in the tendering process in Myanmar and secure two (2) contracts in Laos but also boldly executed field survey work for new Phnom Penh airport project in Cambodia.

In order to deliver on sustainable development, cost optimization and ideal working environment, PECC2 is particularly aiming to operate its new Energy Town in Thu Duc district and EME's modern facilities in Long Khanh, Dong Nai province right in 2020, where business expansion and efficiency improvements can be promoted.

Despite negative impacts of the coronavirus outbreak in early 2020, PECC2 remains determined to overcome challenges and meet the 2020 targets, laying the foundation of its 5-year goals (2020 - 2025) and becoming one of the best Vietnamese 100 listed companies according to HOSE.

On behalf of the Board and Executive Committee, I would like to extend my sincere thanks and greetings to our valued shareholders, partners and customers. I also express my deep appreciation to our employees for putting in a great deal of effort in the past years. PECC2 continually strives for strong growth to deserve your trust and support.



**NGUYEN CHON HUNG**  
Chairman and CEO

# 01

## GENERAL INFORMATION

- 07** Overview
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- 12** Corporate Development Strategy



# OVERVIEW

Vietnamese name : **CÔNG TY CỔ PHẦN TƯ VẤN XÂY DỰNG ĐIỆN 2**

English name : POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 2

Abbreviation : **PECC2**

Business registration certificate : No. 0300420157 issued by Department of Planning and Investment of HCMC on 29 October, 2007 at first, followed by the 14th revision on 27 August, 2019

Charter capital (2018) : 240.101.180.000 VND

(Two hundred forty billion one hundred and one million one hundred and eighty thousand Vietnamese dong)

Address : 32 Ngo Thoi Nhiem, Ward 7, District 3, HCMC

Tel : (84-28) 2221 6468

Fax : (84-28) 2221 0408

Email : [info@pecc2.com](mailto:info@pecc2.com)

Website : <http://www.pecc2.com>

Ticker symbol : **TV2**



## KEY MILESTONES

**1981**

The then-Ministry of Electricity sent a group of engineers and workers to the South Vietnam to design and construct Tri An Hydropower Plant - the first power project in the South Vietnam after reunification.

**01 JULY,  
1985**

Power Investigation and Design Company 2 (PIDC2) was established, directly under the then-Ministry of Electricity.

**11 JANUARY,  
1999**

The Company was renamed to Power Engineering Consulting Company 2 (PECC2) in accordance with Decision No. 02/1999/QD-BCN of the then-Ministry of Industry.

**01 NOVEMBER,  
2007**

The Company became Power Engineering Consulting Joint Stock Company 2, in which Vietnam Electricity (EVN) took a 51.26% ownership stake.

**13 OCTOBER,  
2009**

PECC2 officially listed its shares on the Hanoi Stock Exchange.

**18 MAY,  
2017**

PECC2 opened its representative office in Myanmar.

**06 JUNE,  
2019**

PECC2 transferred its listing to the Ho Chi Minh City Stock Exchange.



# ACHIEVEMENTS AND AWARDS



**Third Class Independence Medal**

**2005**



**Second Class Independence Medal**

**2010**



**First Class Independence Medal**

**2015**



**4 Vietnam Construction Quality Award** presented by the Ministry of Construction in collaboration with the Ministry of Transport, Ministry of Agriculture & Rural Development, Ministry of Science & Technology to five construction projects.

**2010 - 2017**



**3 Golden Cup for business performance assessment program awarded to the firm** with highest business efficiency in the consultancy sector and many other certificates of merit and emulation flags awarded by the government, ministries, local authorities as well as labor medals to its affiliates and staff members.

**2014, 2018 & 2019**



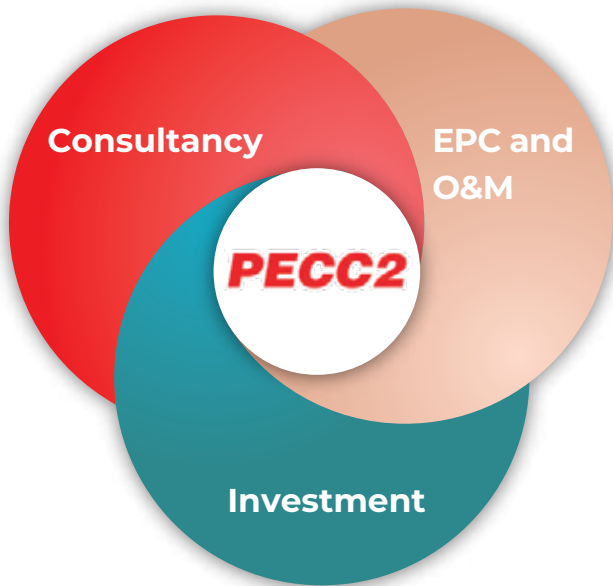
**Highlighted in Forbes Asia's 200 Best Under A Billion 2018.**

**2018**

Constantly honored in the Top 300 of Vietnam's 1000 Biggest Corporate Taxpayers.

# BUSINESS FIELDS AND LOCATIONS

## Business fields



### CONSULTANCY

Investigation, planning, design, construction supervision and management of power source and network projects;  
Technological Advancements  
Research and Application to power source and network projects.



### EPC AND O&M

EPC contract execution and mechanical manufacture for energy projects;  
Design and manufacture of BOP in power plants;  
Power Plant Management & Operation.

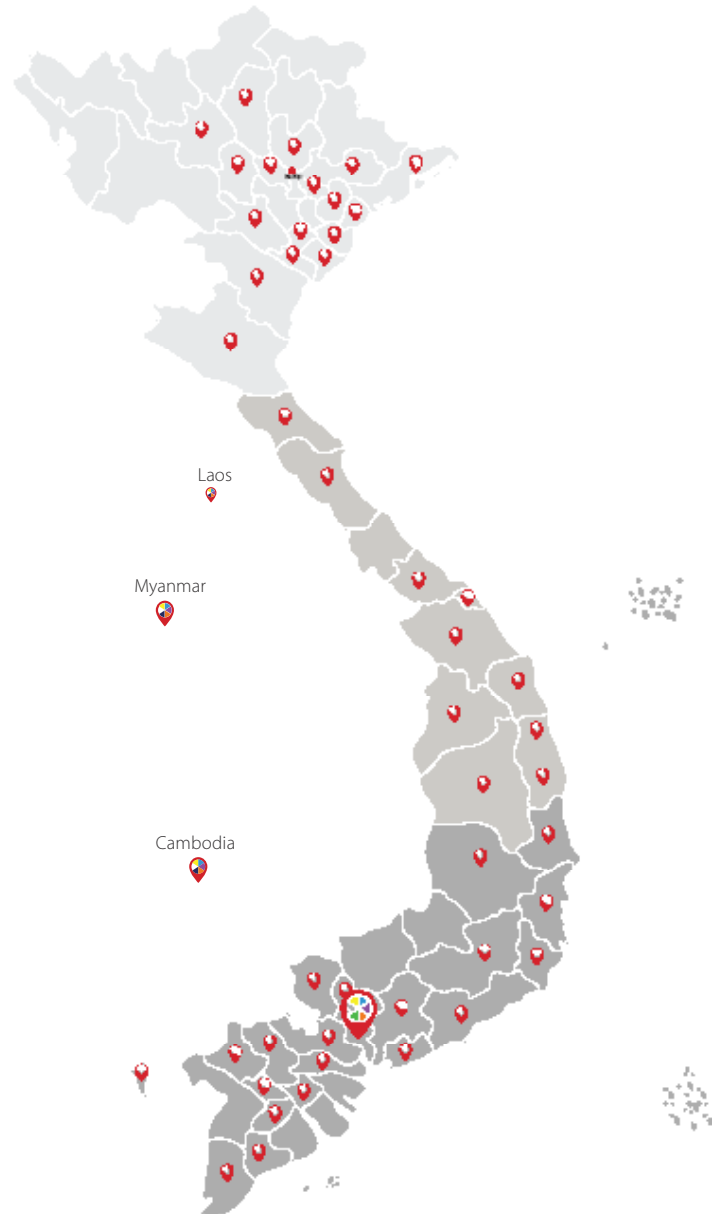


### INVESTMENT

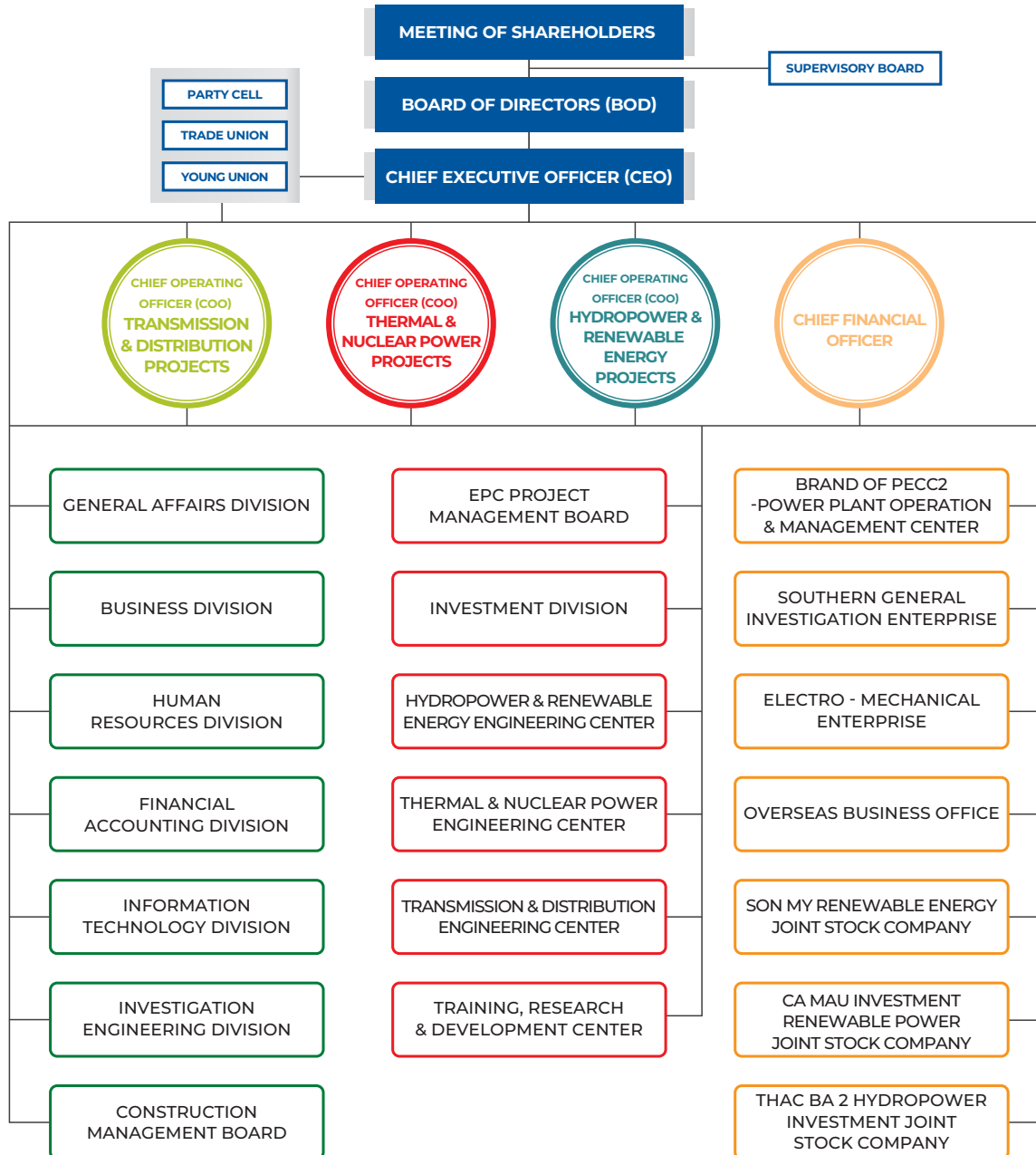
Investment in power plant project development for the purpose of clean and renewable energy such as small hydropower plants, solar energy, wind energy and gas-fired power plants.

## Locations

PECC2 also establishes a strong international presence through a wide range of projects undertaken.



# ORGANIZATION CHART



## CORPORATE GOVERNANCE STRUCTURE

The Company devises a management structure of a joint stock company in strict compliance with legal regulations of the Government and the Company's Charter as follows:

- Shareholders' Committee (through Annual General Meeting)
- Board of Directors
- Supervisory Board
- Executive Committee supported by key functions/departments.

# CORPORATE DEVELOPMENT STRATEGY



## Profession

To continuously improve the organizational structure, management capacity to enhance labor productivity and competitiveness;



## Effective

To expand business and investment activities, on the basis of consulting services as core activity, more professionally and effectively in order to raise the Company's added values;



## Lasting

To strive to affirm PECC2's position as a strong brand in energy consultancy in the region, to be customer-oriented and to constantly grow in terms of capacity, scale and markets.

# TARGETS IN 2025, WITH VIEW TO 2030



## Consultancy



TO STRENGTHEN THE COMPANY'S LEADING POSITION IN ENERGY CONSULTANCY; TO MASTER TECHNOLOGICAL ADVANCES; TO PRODUCE SOPHISTICATED CONSTRUCTION DRAWINGS IN ALL SYSTEMS, ESPECIALLY PLANT DESIGNS FOR POWER SOURCES.

## EPC and O&M



TO AFFIRM THE ROLE OF THE EPC GENERAL CONTRACTOR FOR POWER PLANTS. TO SELF-MANUFACTURE EQUIPMENT, PLACING A HIGHER PRIORITY ON AIR QUALITY CONTROL SYSTEMS AND COAL HANDLING SYSTEMS THROUGH INTERNATIONAL TECHNOLOGY TRANSFER. TO BECOME THE LEADING POWER PLANT OPERATION AND MANAGEMENT SERVICE PROVIDER THROUGH CENTRALIZED CONTROL TECHNOLOGY AND COST OPTIMIZATION

## Investment



TO BE AN INVESTOR OF AT LEAST 500MW POWER FACILITIES

# 02

## PERFORMANCE HIGHLIGHTS 2019

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## OPERATIONAL PERFORMANCE

The energy market keeps experiencing particular difficulties in traditional power plant development, balancing the supply and demand along with economic growth, changes in legislation and policy, a renewable-energy boom in the context of slow investment in transmission and distribution system, etc. Obviously, PECC2 remains sensitive to available opportunities for market expansion, yet realistic demand for risk assessment processes to coordinate with “short-term” investors / project companies. Significantly, PECC2 continues to meet almost all its 2019 targets, in which Vinh Tan 4 Extension Power Plant, two Solar Farms in Vinh Tan Power Complex and Son My 3.1 Solar Farm in operation within schedule are the most notable highlights.



Below are the key indicators that can reflect the performance of the Company according to planning in 2019:

*Billion VND*

Key indicators	Planned	In 2019	% change
<b>Total revenue</b>	1.959	3.389	173%
<b>Financial indicators</b>			
Profit before tax	282	319	113%
Profit after tax	225,6	255,1	113%
Dividend (%)	Not less than 25%	Not less than 25%	



# ISO MANAGEMENT SYSTEM

**R**ecognizing the importance of improved consultancy service quality to better serve customer demands and sustainable development, PECC2 has developed and successfully applied the ISO 9001 quality management system since 2002. To date, all processes and procedures have been compiled and applied by PECC2 to ensure quality management of all activities in connection with consultancy, survey and design, construction and erection for industry and civil works, mechanical product processing, which fully meet the requirements and standards on leadership's responsibility, resource management, control of production processes, measurement, analysis and improvement.

PECC2's ISO 9001 quality management system is continuously upgraded/improved and is reviewed on an annual basis. Over the 15 years of operation,



ISO 9001 system has proved to be effective in constantly improving PECC2's product and service quality.

Since 2014, PECC2 has successfully built and operationalized the Environmental Management System 14001:2004 as certified by TUV NORD.

In 2019, the two systems ISO 9001:2008 and ISO 14001:2004 are integrated and converted to ISO 9001:2015 and ISO 14001:2015 by Quacert's certification, and then operationalized in all aspects of PECC2.



**QUALITY POLICY:** Desiring to star as a strong regional brand in energy consultancy, PECC2 undertakes to: "Constantly update and improve technology, enhance competitiveness in all areas of operation in order to prevent and minimize quality risks, ensure consistency of quality for all products, services and solutions that we provide, satisfy customer's increasingly high demands".

**ENVIRONMENTAL POLICY:** PECC2 undertakes: to be environmentally friendly in business activities, reduce consumption of natural resources and prevent pollution; ensure conformity to all requirements and other regulations on the environment; to constantly improve working environment, apply advanced and environmentally friendly technologies in production processes.

# BOARD OF DIRECTORS

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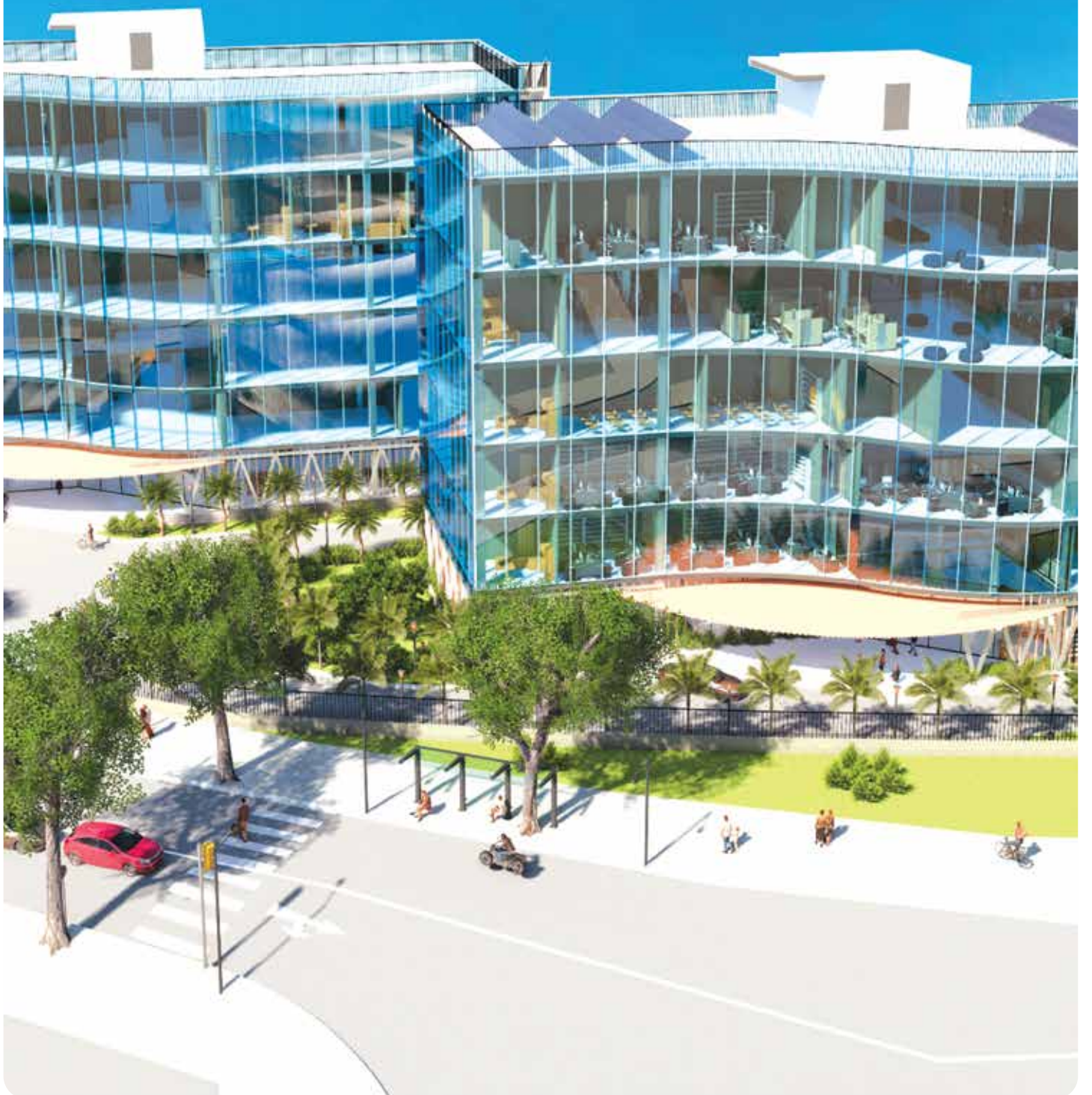
**Mr. NGUYEN CHON HUNG**  
Chairman

**Mr. VO VAN BINH**  
Member

**Mr. TRAN QUANG LAM**  
Member

**Mr. NGUYEN TRONG NAM**  
Member

**Mr. TRUONG KHAC LEN**  
Independent Member



*PECC2 Energy Town in Thu Duc*

# EXECUTIVE COMMITTEE

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**Mr. NGUYEN CHON HUNG**  
Chief Executive Officer

**Mr. VO VAN BINH**  
Chief Operating Officer

**Ms. PHAM LIEN HAI**  
Chief Operating Officer

**Mr. NGUYEN TRONG NAM**  
Chief Operating Officer

**Mr. NGUYEN HAI PHU**  
Chief Operating Officer



*Office and Workshop area of PECC2 EME in Long Khanh*

# HUMAN RESOURCE MANAGEMENT POLICY

## Human Resource - the most valuable assets

Treasuring people as the most valuable assets, PECC2 has considered training and investment in human resources the top priority in its development policy. The Company is constantly improving management methods, prioritizing the development of human resources, treating people well with respect, which is a key success factor behind the Company's sustainability.

In our recruitment policy, PECC2 adheres to the objectives, strategic requirements of business development strategy in each period and follows the annual plan. This embraces the principles of publicity, fairness and equal opportunity for all can-

didates and compliance with the Company's recruitment process.

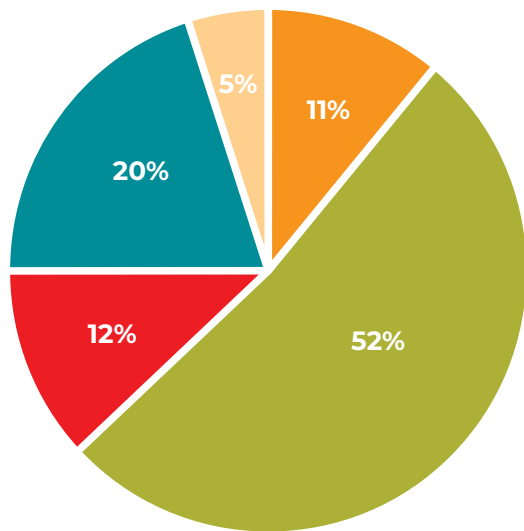
In addition to improving the quality of recruitment, human resource training and development is also PECC2's top priority to build knowledge, professional skills, and other skills for staff to form a highly qualified multidisciplinary team

### EMPLOYEES IN TOTAL

# 830

AS OF DECEMBER, 2019





- Doctorates, Masters: **101**
- Engineers, Specialists: **432**
- Technicians: **101**
- Workers: **151**
- Others: **45**

which can actualize development requirements of PECC2. To ensure employees' comfort and long-term engagement with the Company, PECC2's policy of labor welfare and remuneration is always advocated for continuous improvement. The Company designs salary and bonus policy suitable

to each job position, competency and professional qualifications, which should both require equal recognition for the work the employees do and motivate them to increase capability as well as improve their productivity.

### PECC2'S CORPORATE CULTURE

We are committed to conducting our business to the highest standards and complying with all ethical principles and rules set out under PECC2's Culture Handbook and Code of Conduct to which PECC2 employees, customers, partners, community and other stakeholders hold themselves, all cherishing our core values

**"SOLIDARITY - HONESTY - PROFESSIONALISM - CREATIVITY"**



# INVESTMENT PORTFOLIO

REALIZING THE PURPOSE OF INVESTING AND DEVELOPING RENEWABLE ENERGY PROJECTS, IN 2019 PECC2 IMPLEMENTED THE FOLLOWING, INVESTMENT IN ONE SOLAR POWER PLANT, IN THE ROLE OF EPC CONTRACTOR; JOINING WITH THE CA MAU RENEWABLE POWER INVESTMENT JOINT STOCK CO. (CMC - THE INVESTOR) IN STARTING A WIND POWER PROJECT (75MW) IN CA MAU PROVINCE; COMPLETING EPC CONTRACTS OF TWO SOLAR POWER PLANTS IN BINH THUAN, WHICH HAVE BEEN SUCCESSFULLY SYNCHRONIZED WITH THE GRIDS BEFORE JUNE 30, 2019 AND NOW IN STABLE OPERATION.

ONGOING PROJECTS:

No.	Project	Capacity (MW)	Remarks
1	Solar Power Plant at Vinh Tan Power Complex	6,2	In operation
2	Son My 3.1 Power Plant	50	In operation
3	Tan Thuan Wind Power Plant	75	Commencement in December, 2019
4	Thac Ba 2 Hydropower Plant	14,1	In the due process of investment policy
5	Biomass projects in the Mekong Delta	100	In deployment
6	Long Son Gas Power Plant	2.000	In deployment

## ONE WIND POWER PROJECT IMPLEMENTED IN 2019:



*Groundbreaking ceremony of Tan Thuan Wind Power Project (2019)*

**TAN THUAN WIND POWER PLANT:** PECC2 has undertaken a 75-MW wind project in Ca Mau province, which includes up to 18 turbines and an expected investment of 2,950 billion VND, through a project company called Ca Mau Renewable Energy Investment JSC. Each wind turbine of about 4.15MW will employ advanced technology from Europe, ensuring high quality and reliable operation of the wind farm in the long term.

Tan Thuan Wind Project has started construction from 27 December, 2019 and is expected to generate electricity from 3Q/2021 and provide approximately 220 million kWh per year.

PECC2 in the role of EPC Contractor affirms a clear commitment to completing the works in terms of effectiveness and reliability alongside quality assurance as well as schedule management.



## **TWO SOLAR ENERGY PROJECTS SUCCESSFULLY COMPLETED TO PUT INTO OPERATION BEFORE 30 JUNE, 2019:**

### **VINH TAN SOLAR POWER PLANT PROJECT:**

This is the first solar plant at Vinh Tan Power Complex, located in BinhThuan province, with a capacity of 6.2 MWp. In 20th February 2019 the project was officially put into operation with recorded stable operation until now.

### **SON MY 3.1 SOLAR POWER PLANT PROJECT:**

This is the second solar power plant project which was implemented by PECC2 in the role of EPC contractor. The Commercial Operation Date of this 50MWp Plant was on 18th June 2019.



*Solar Power Plant at Vinh Tan Power Complex*



*Son My 3.1 Solar Power Plant*

## **OTHER TARGET PROJECTS IN 2020:**

**THAC BA 2 HYDROPOWER PLANT:** PECC2 has developed this small plant of 14.1MW in Yen Bai province at an estimated investment cost of approx. 575.87 billion VND and established a SPV called Thac Ba 2 Hydropower Investment JSC (TBC2) to implement the project. Despite the prolonged period of negotiation with REE, a cooperative agreement was finally concluded in 2019. People's Committee of Yen Bai province and relevant departments have also endorsed the project to submit to the Provincial Standing Committee for the purpose of issuing project license to TBC2. In such regard, PECC2 continues to deal with necessary formalities to obtain the investment policy on the project in 2020.

**PECC2 OFFICE BUILDING PROJECT AT 32 NGO THOI NHIEM:** PECC2 continues to work closely with local authorities to receive the Land Use Certificate and undertake all preparatory work to start construction.



# FINANCIAL OVERVIEW

## FINANCIAL OVERVIEW 2019

Billion VND

Main indicators	2019	2018	% change
Total assets	2.234	2.193	101,8%
Net revenue from operating activities (*)	3.322	1.840	180%
Revenue from financial activities	58	40	145%
Other income	9	10	90%
Profit from operating activities	312,3	276,8	112,8%
Other profit	6,5	5,1	127%
Profit before tax	319	282	113,1%
Profit after tax	255,1	225,1	113%
Dividend payout ratio	not less than 25%	100%	

## KEY FINANCIAL RATIOS

Main indicators	2019	2018	% change
<i>Liquidity ratios</i>			
+ Current ratio: Current Assets / Current Liabilities	1,67	1,63	2%
+ Quick ratio: (Current Assets - Inventory) / Current Liabilities	1,16	1,52	(23,6%)
<i>Debt ratios</i>			
+ Debt ratio Total Debt / Total Assets	0,60	0,68	(11,7%)
+ Debt-to-Equity ratio Total Liabilities / Total Shareholder Equity	1,51	2,13	(29%)
<i>Efficiency ratios</i>			
+ Inventory turnover: COGS / Average inventory	8,6	8,15	5,5%
+ Asset turnover ratio: Net Sales / Total Assets	1,42	0,84	69%

### Profitability ratios

+ Net profit ratio: Net profit / Net sales	7,68%	12%	(36%)
+ Return on Equity Net income / Shareholder Equity	27,4%	32%	(14,3%)
+ Return on Assets Net income / Total Assets	10,9%	10%	9%
+ Operating Profit Margin Operating profit / Net sales	9,4%	15%	(37%)

## SHAREHOLDER STRUCTURE 2019

Our shares

Total number of outstanding shares: **24.010.118** shares

Number of restricted shares: None

Number of freely transferable shares: **24.010.118** shares

Class of shares: Ordinary share

## OUR SHAREHOLDERS

The total number of outstanding shares is 24.010.118 shares as held by the following shareholders:

Shareholder	Number of shares held	% of relevant class
Vietnam Electricity	12.323.221	51,32
America LLC	3.197.767	13,32
Ta Cong Son (Mr.)	1.533.343	6,39
Other shareholders	6.955.787	28,97
Total	<b>24.010.118</b>	<b>100</b>

## DISAGGREGATING SHAREHOLDERS BY ENTITY AND COUNTRY

Category	Domestic shareholders	Foreign shareholders	Total shares
Institution	12.842.616	3.341.104	16.183.720
Individual	7.742.664	83.734	7.826.398

## TREASURY SHARES

Not applicable

# IMPACT ON ENVIRONMENT AND SOCIETY

## PECC2 HAS TAKEN CONCERTED EFFORTS TO ENSURE AND ADHERE TO THE ISO 14001: 2015 ENVIRONMENTAL QUALITY MANAGEMENT SYSTEM

The Company's top management has paid due attention to the continuous improvement of the working environment. The Company also maintains strict environmental management, abides by the provisions of the law on environmental protection and enhances the awareness of employees in environmental protection. This has been translated to concrete actions and concerted measures such as improving the ambient landscape (yard, entrance, meeting halls and meeting rooms) to create a spacious and friendly environment. Sanitation along the corridors, halls, lounges, meeting rooms and working area has been constantly improved with separate smoking areas in buildings. Deteriorated sanitary equipment are replaced with the state-of-the-art ones, the hygiene practices in the office, equipment labeling, signboards, guides to how to use water and electricity in an energy-efficient manner

have been improved. Three bin system is equipped, with separate bins for domestic waste, recyclable, non-recyclable waste and environmental hazardous waste in line with ISO 14001:2015. Annual reviews of environmental hygiene are conducted for timely remedies. Small greening areas are arranged in workspaces and along the corridors, etc.

**THE COMPANY HAS ALSO ADOPTED THE "ENVIRONMENTAL SANITATION REGULATION" 416/QĐ-TV2 DATED MAY 10, 2016 ON PROTECTING AND PRESERVING A GREEN - CLEAN - BEAUTIFUL - CIVILIZED ENVIRONMENT, ENHANCING AWARENESS ON ENVIRONMENTAL PROTECTION AND PROMOTING AN ENVIRONMENT-FRIENDLY BRAND IDENTITY.**



## **OBSERVANCE OF ENVIRONMENTAL LEGISLATION**

In the course of operation, the Company maintains strict compliance with the environmental legislation and relevant regulations. In addition, the Company also recognizes the importance of and consistently applies environmental protection measures, complies with the regulations, and avoids jeopardizing the environment around the workspace and their underway projects. To date, the Company has never received any sanction for failing to comply with the laws and regulations surrounding the workspace or their projects.

In order to protect the environment and aim for sustainable development, PECC2 regularly cooperates with consultants to carry out quarterly surveys on air environment and gas emission. Inspection results show that PECC2 has always

**“ The Company’s top management has paid due attention to the continuous improvement of the working environment ”**

observed regulations and received no environment-related sanction from the competent authorities. In addition to compliance with environmental protection laws, PECC2 regularly collaborates with the Youth Union and Trade Union to communicate and adopt regulations on energy efficiency and environmental protection among all staff in the Company.

## LABOR POLICIES AIMING TO ENSURE THE HEALTH AND WELL-BEING OF EMPLOYEES

The Company ensure adequate remuneration and fringe benefits for employees in accordance with the laws and the Collective Labor Agreement. Social insurance, health insurance, unemployment insurance is paid for 100% employees.

Every year, the Company provides periodic check-ups for employees in order to determine health conditions, detect and treat any occupational diseases for employees, and provide personal protective equipment for employees working at

construction sites to ensure safe workplace.

PECC2 in particular adopts a lot of employee welfare policies to invest in their health and encourage passionate engagement with the Company's development in the long run. The most interesting point in 2019 is Bao Viet health insurance maintained by the Company in favorable terms for all employees, which enables them to afford likely costs incurred from illness as well as unpredictable and financially catastrophic events to a certain extent.



**THE COMPANY IS COMMITTED TO IMPROVING THE EMPLOYEES' INCOME, MATERIAL AND SPIRITUAL LIFE TO DRIVE THEIR MOTIVATION AND COMMITMENTS TO THE COMPANY'S SUSTAINABLE DEVELOPMENT.**

Organizing staff conference is considered one of the important tasks of the Company. PECC2 has developed the Regulation on organizing the Staff Conference to ensure compliance with the law in promoting the employees' direct democracy rights and making their voices heard in matters related to their legitimate rights and interests while helping them understand and fulfill their obligations and responsibilities to the Company's development.

Efforts have also been made to enhance social life, techniques and productivity of the employees, ensuring progress, quality, safety and effectiveness in all works that the Company performs.

## PROFESSIONAL TRAINING FOR EMPLOYEES

In 2019, PECC2 organized 45 training programs with 1,148 participants.

Great importance is attached to professional training for managers. In addition to facilitating them to pursue Master study in Business Administration and Project Management, the Company also send more staff to participate in the programs which target Chief Executive Officer, Chief Financial Officer, Sales Manager, PMP qualified Project Manager, management capabilities for mid-level officers to improve management capacity.



## SOCIAL RESPONSIBILITY TO LOCAL COMMUNITY

The Company fully perceives its responsibilities to the community and society in its consulting operations and social activities. PECC2's consulting operations not only aim to improve the efficiency use of resources and deliver benefits to the project owners but also bring sustainable benefits to the community via highly-needed humanitarian activities with the motto "Joining hands for community development", specifically as follows:  
Implement EVN's Joint Directive on contributing to the Group's Social Mutual Protection Fund.

Help to support one employee living in genuine hardship with critical illness in 2019.

Present 2018 Tet gifts to the poor people in Son My commune and Binh Thuan province; contribute to building the Community House for Vietnamese Heroic Mothers and donate money to the Fund for the Poor in Ward 7, District 3, HCMC.

Raise funds for the Female Workers Fund of Vietnam Electricity.

# 03

## REPORT OF THE EXECUTIVE COMMITTEE

- 34** Report of the Executive Committee
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the Company performance







# REPORT OF THE EXECUTIVE COMMITTEE

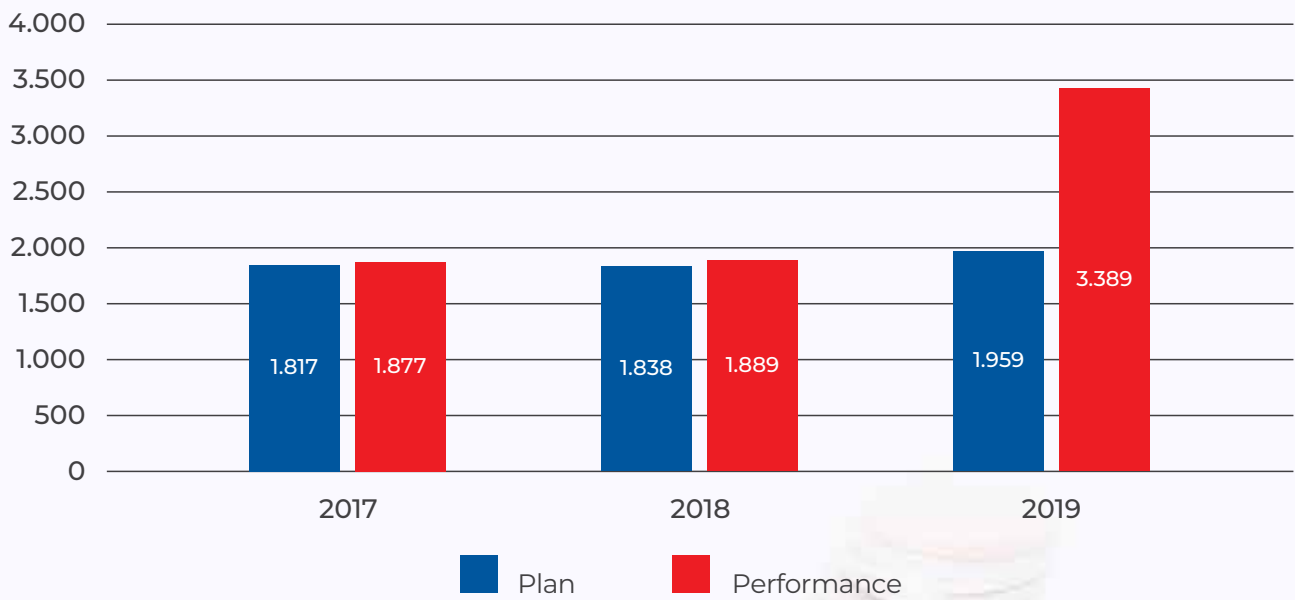
**T**In the five-year plan 2015-2019, the last year 2019 saw a lot of changes in PECC2 from a power consulting firm to one-stop-shop business company with its integrated value chain. The Company has clearly delivered on customer expectations in different phases (project planning/development and management until construction and operation), which gains a competitive

advantage for sustainable development.

Thanks to sensible direction of the Board of Directors, the employees exhibit their motivation and innovation in overcoming difficulties and overturning challenges to achieve production and business goals. As of December 31, 2019, the company has achieved the following major outcomes:

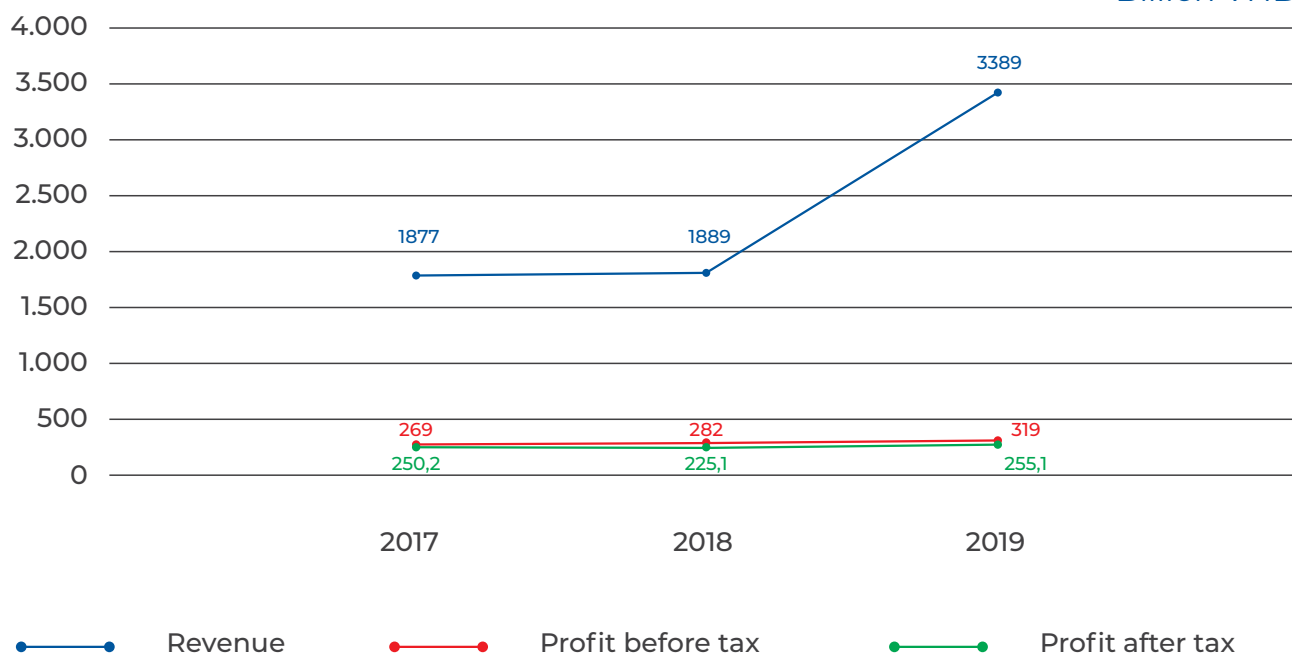
## PERFORMANCE RESULTS IN 2017 - 2019

*Billion VND*



## REVENUE AND PROFIT AT A GLANCE

Billion VND



### TOTAL REVENUE IN 2019

**3.389** BILLION VND

**173% OF THE PLAN**

### PROFIT BEFORE TAX

**319** BILLION VND

**113% OF THE PLAN**

The 2019 revenue has grown significantly compared to those of 2018 and the previous years, mainly thank to the expansion of EPC contracts. In order to satisfy EPC requirements, the company has equipped a number of specialized design softwares to be able to interact on the database with manufactures in accordance with the international standards. In addition, company has also boosted the training program for engineers to reach ASEAN standards, and qualify to work with local and foreign experts.

# KEY BUSINESS ACTIVITIES IN 2019

## INVESTIGATION, DESIGN AND PROJECT MANAGEMENT CONSULTANCY

### 1 THERMAL POWER ENGINEERING CONSULTANCY

PECC2 has focused its resources to accelerate the consulting services, especially for LNG to power projects at the development stage in order to ensure construction within 2021 to 2023. On the other hand, there have been significant changes in the mater planning approval procedures which may cause delays. Thermal power projects undertaken in 2019:



*Vinh Tan Power Complex*

**Dung Quat Power Complex:** approved planning of Operational Staff Quarter at a scale of 1:500; approved investment policy for Dung Quat I & III CCPPs; completed Feasibility Studies (FS) under the approval process together with relevant permits and consents in EIA, grid connection, firefighting, stack height, water exploitation and waste water discharge, etc.; approved FS and EIA for Dung Quat II CCPP.

**Son My Power Complex:** completed General Layout Adjustment Report under approval process, completed FS for Son My I CCPP under the appraisal process, completed Pre-FS for Son My II CCPP before project transfer to new investors.

**O Mon Power Complex:** Pre-FS for O Mon III CCPP under JICA-financed project scheme under the final appraisal and approval process at the National Assembly after MOIT and CMSC's consent.

**Quang Tri CCPP:** following the approved additional planning in PDP, completed Pre-FS (investment project proposal) for the purpose of approving the Project Owner.

**Nhon Trach Power Complex:** completed FS under the approval process together with relevant permits and consents in EIA, grid connection, firefighting, stack height, etc.

**Ca Na Power Complex:** approved additional planning in PDP.



*Construction Commencement of Quang Tri 1 Thermal Power Plant*

The Company not only performs most of the technical and management consultancy in every phase of project development but also understands the customer needs to offer long-term strategic values.



*Duyen Hai 3 and Duyen Hai 3 Extension Thermal Power Plant project*

## 2 HYDROPOWER AND RENEWABLE ENERGY PROJECTS

PECC2 has successfully undertaken the followings in 2019:

### A/ Hydropower projects:

#### Supervision work:

Da Nhim Extension Hydropower: author supervision and staff mobilization to Nippon Koei Vietnam;

Dak Mi 2 and Dam Bri 1 Hydropower: author supervision for Technical design and Construction drawings

Basin expansion at the reservoir of Quang Tri Hydropower



*Vinh Tan 2 Solar Power Plant*

#### Construction drawing and cost estimates:

Dak Mi 2 and Dam Bri 1.

#### Technical design:

Dak Mi 2: Adjusted technical design for two-unit alternative and additional technical design for three-unit alternative.

Da Nhim Extension: Additional technical design for the remaining tunnel due to blasting method.

#### Project planning:

Dak Mi 2: additional planning for the third unit, basic design revision for two-unit alternative and additional FS for three-unit alternative.

Tri An Extension: Assistance to EVN and PMB3 in applying for investment policy approval in Dong Nai.

Upgrading of the control valve in dams at Tri An Hydropower: completed FS and bidding documents for submission and approval.

Upgrading of the substation at Tri An Hydropower: completed FS for submission and approval.

**Appraisal work:** Appraisal of FS and basic design for Ialy Extension Hydropower.

Dam safety inspection for 15 hydropower plants, of which 12 projects were completed including Trung Son, Da Nhim, Dai Ninh, Ham



*Dau Tieng 3 Solar Power Plant*

Thuan, Da Mi, Dong Nai 3, Dong Nai 4, Tuyen Quang, Thac Mo, Can Don, Ban Chat, Se San 4, Pleikrong, Ialy, Se San 3.

**B/ Renewable energy projects**

**Supervision work:**

Thuan Minh 2 Solar: comprehensive services during construction supervision

Vinh Tan 2 Solar: staff mobilization at the EPC stage

Son My 3.1 Solar: staff mobilization at the EPC stage

**Technical design and Construction drawings:**

Trung Nam Tra Vinh Solar Power: completed technical design for power plant works; Technical design and construction drawings for the relevant 220KV transmission line and substation.

Tan Thuan Wind Power (Phase 1): completed technical design.

**Feasibility Study:**

Thai Hoa Wind Power

Tan Thuan Wind Power (Phase 2)

Soc Trang 7 Wind Power (Phase 1 & 2)

**Project planning:**

Solar power: Floating solar farm on the Trung Thu Lake, Trung Nam Binh Thuan solar power, Dau Tieng 5 Solar Power, Lutaco Solar Power

Wind power: Kosy Ca Mau Wind Power

Trung Nam Tra Vinh Solar Power as having a capacity of 165MWPs have been put into stable operation since June, 2019 after 8-month construction. PECC2 prides itself on delivering the FS, Technical Design and Construction Drawings ahead of schedule.

Dam Bri 1 Hydropower as having a capacity of 7.5MW is a small hydropower project with many complications due to the project area and limited cost; however, the Owner highly appreciates PECC2's consulting services, from reasonable layout arrangements to viable engineering solutions. The Project has been in operation since July, 2019.

### 3 TRANSMISSION AND DISTRIBUTION ENGINEERING CONSULTANCY

In 2019, in spite of large volume of work in the field of power network with many key projects being implemented, covering from FS to technical design and construction drawings, lengthy multi-step approval procedures resulted in a small number of projects being approved.



*Connecting the 110kV the line to Son My 3.1 Solar Power Plant Substation*

**THE PROJECTS HAVE BEEN COMPLETED ON SCHEDULE. BESIDES, THE COMPANY HAS DETERMINEDLY DEVELOPED 3D DESIGN FOR SUBSTATIONS IN RECOGNITION OF BENEFITS OF SUCH TECHNOLOGY IN TRANSMISSION LINE PROJECTS SINCE 2017.**







*Son My 3.1 Solar Power Plant Substation*

No.	Project	Activity
1	500kV Transmission Line of Van Phong TPP – Vinh Tan TPP	Pre-FS
2	500kV Transmission Line of Cu Chi - Chon Thanh - Đuc Hoa	FS
3	500kV Cu Chi Substation and connection	FS
4	Upgrading of 500kV Di Linh Substation from 450MVA to 900MVA	FS, Technical design
5	Upgrading of 500kV Nha Be and O Mon Substations	FS, Technical design
6	220kV Underground Cable of Tao Dan - Tan Cang	FS
7	220kV Transmission Line of Pha Lai - Bac Ninh, 220kV Transmission Line of Pha Lai - Hiep Hoa	FS, Construction drawings
8	Replacement with high temperature low sag power line conductors for 220kV Transmission Line of Ben Tre - My Tho	Construction drawings
9	Load upgrading of 220kV Transmission Lines of Thot Not - Long Xuyen - Chau Doc; Cu Chi - Trang Bang	FS, Construction drawings
10	220kV Duy Xuyen Substation	FS
11	220kV Duong Kinh Substation	FS
12	220kV Gia Rai Substation	Technical design
13	220kV Krong Ana Substation and connection	Technical design
14	220kV Son Dong Substation and connection	FS, Technical design

## 4 INVESTIGATION

Going through the restructuring process in 2019, SGIE has stimulated employee motivation and conducted new work such as field testing, construction and erection, etc. This clearly enabled SGIE to exceed the plan targets in 2019 with significant projects as follows:

- DOUBLE-CIRCUIT 220KV TRANSMISSION LINE TO CONNECT WITH 220KV BAC QUANG SUBSTATION
- 220KV BAC QUANG SUBSTATION
- 220KV TRANSMISSION LINE OF HAI HA - MONG CAI
- 220KV MONG CAI SUBSTATION
- 220KV TRANSMISSION LINE OF PHA LAI - BAC GIANG
- 220KV SON DONG SUBSTATION AND CONNECTION
- 220KV PHU THO 2 SUBSTATION AND CONNECTION
- 220KV TRANSMISSION LINE OF SON LA - DIEN BIEN
- 220KV DIEN BIEN SUBSTATION
- 220KV YEN MY SUBSTATION AND CONNECTION
- 500KV THAI BINH SUBSTATION AND CONNECTION
- NEW PHNOM PENH AIRPORT IN CAMBODIA





*Aerial survey 500m above 220kV Thanh My - Duy Xuyen Transmission Line*

**TOPOGRAPHIC SURVEY WITH AERIAL PHOTOGRAPHY:** IN ORDER TO ACTIVELY PROVIDE INPUT DATA FOR 3D DESIGN ACCORDING TO EVN'S REGULATIONS ON SURVEY AND DESIGN OF POWER TRANSMISSION GRIDS OF 220KV AND ABOVE, THE COMPANY HAS INVESTED IN AND ADOPTED THE AERIAL PHOTOGRAPHY TO MEET THE 3D DESIGN REQUIREMENTS OF POWER GRID PROJECTS AS WELL AS TO EXPAND THE MARKET IN THE FUTURE.



*Construction foundation of Solar Power Plant at Vinh Tan Power Complex*

# KEY BUSINESS ACTIVITIES IN 2019 (CONTINUED)

## EPC AND O&M

### 1 EPC PROJECTS

Experiencing the continuing boom in renewable energy in 2019 as well as noticeable changes in legislation that govern the project development process, PECC2 has successfully completed solar power projects according to schedule despite challenges and competitiveness in the industry.

#### **The following activities have been well performed in this field:**

- Provision of comprehensive solutions under EPC contracting scheme to implement a wide range of power projects, including tendering, negotiation, subcontracting, and other commercial aspects);
- Financial advisory services to secure source of funds and optimize costs;

EPC project management services, covering cost control, payment acceptance and cash flow management.

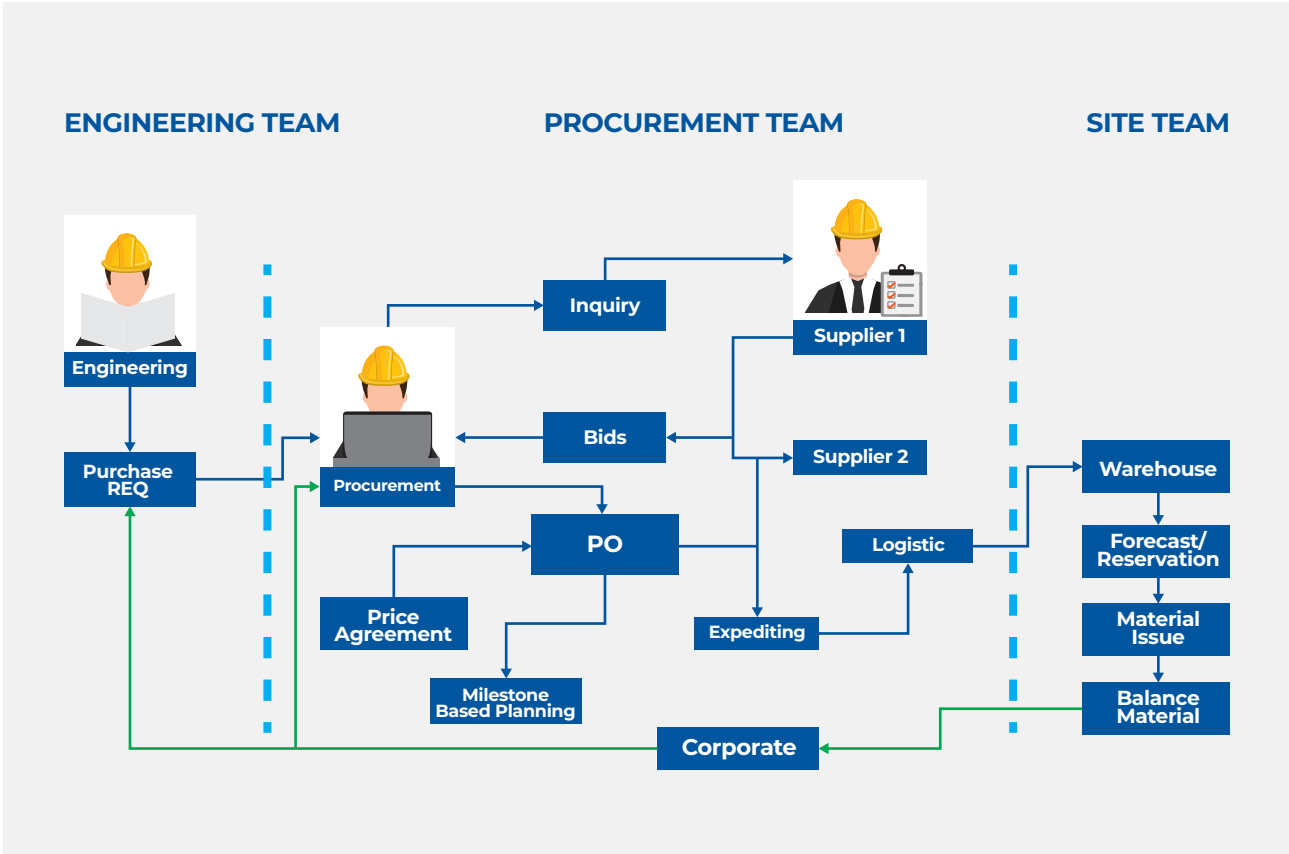
In addition to the solar farms that were handed over to the project owners by 30 June , 2019, 2019 as scheduled, the Company has been participated in other projects below:



*Vinh Tan 4 and Vinh Tan 4 Extension Power Plant Projects*

- 500kV Transmission Line of Duyen Hai 2 TPP: PECC2 has closely coordinated engineering and procurement activities to select the most qualified suppliers within the scope of work;
- Tan Thuan Wind Farm is considered a strategic project of the Company in 2020. In this regard, PECC2 has actively handled project financing and proceeded with major equipment selection as well as relevant purchasing;
- EPC tender submission in 03 LNG-to-power projects and 08 renewable energy projects have also come into focus in order to target the leading position in terms of technological expertise and technical solutions. Additionally, commercial considerations and financial advisory services are being offered to optimize cost and bring the Company a competitive advantage in new markets.

IN ORDER TO SUCCESSFULLY IMPLEMENT EPC PROJECT, THE COMPANY HAS DEVELOPED A SELECTION AND PROCUREMENT PROCESS FOR EQUIPMENT/COMPONENTS TO ENSURE QUALITY AND DELIVERY IN LINE WITH THE OVERALL SCHEDULE OF THE PROJECT, CONTRIBUTING TO PROFIT OPTIMIZATION AND RISK MITIGATION:



## 2 MECHANICAL MANUFACTURE AND CONSTRUCTION



*Electrostatic Precipitators System (ESP)*

In view of a high demand for solar panel mounting structures in 2019, PECC2 has re-organized its assembly line to both deliver traditional products and produced such new goods required for solar power plants. In the first 6 months of 2019, PECC2 not only completed processing of more than 10,000 tons of steel and met the on-time delivery schedule but also participated in the erection work to shorten the construction schedule for Son My 3.1 and Vinh Tan 2 solar power projects.



*Manufactured at Electro - Mechanical Enterprise*



*Vinh Tan 4 Extension Coal Yard*

In order to sustain growth, it is inevitable to expand the manufacturing site and fulfill the customer needs to the highest environmental standards. The approval of EME's new factory in Long Khanh IZ will therefore open up more opportunities for the Company to cooperate with prestigious partners in industrial manufacturing and processing in alignment with corporate development strategy.

### 3 INTERNATIONAL COOPERATION PROJECT

Through the Overseas Representative Office's efforts, PECC2 has succeeded in executing the investigation service contract for New Phnom Penh Airport in Cambodia in 2019 and completing all the works accordingly. Moreover, the Company submitted bids for more than 10 projects of consulting services and was awarded 02 contracts. 2020 will be the year to focus on hydropower projects in Laos and grid connection between Laos and Vietnam.



*Survey drilling at New Phnompenh Airport Project in Cambodia*

### 4 POWER PLANT OPERATION AND MANAGEMENT

Along with renewable energy project development where more than 4,540MW solar power is to be generated by most of project owners outside the power industry, the demand for professional operation and management of the power plant after the EPC Contractor's warranty period expires will be rising. This creates an exciting opportunity for PECC2 to develop this market.

PECC2 has successfully built up the HCMC OCC to monitor and control power plant operation in hopes that the Company will be one of the leading service providers entrusted by both private and BOT companies in this sector to reduce direct manpower and operational costs in the long term. Not only that, PECC2 has put together a hotline repair team to quickly respond to emergencies.

500MW power plants are being managed by

PECC2 as of 31 December, 2019 in a satisfactory manner, ensuring the plant efficiency and availability according to contract commitments.



*Operation takeover of Dau Tieng 3 Solar Power Plant*



*Contract Signing for Operation and Maintenance Service of Hoa Hoi Solar Power Plant*



## FINANCIAL REVIEW

### ASSETS

PECC2's total assets as of December 31, 2019 were VND 2,334 billion, i.e. VND 141.67 billion (6%) increased in comparison to VND 2,193 billion of 2018.

The short-term assets of VND 1,887 billion account for 80.9% of total asset, included: VND 530.9 billion (22.7%) as short-term receivables, 188.3 billion (8.1%) as cash and cash equivalents, 509.4 billion (21.8%) as short-term financial investments, 580.9 billion (24.9%) as inventories and other short-term assets.



### LIABILITIES

The total liabilities and owners' equity in December 31, 2019 was VND 2,334 billion, i.e. VND 141.67 billion (6%) increase compared to VND 2,193 billion of 2018. In which, the liability was VND 1,403.2 billion (60.1% of the total capital), comprising short-term liabilities of VND 1,128.5 billion (48.3%) and long-term liabilities of VND 274.7 billion (11.8%).

The PECC2's Owners' equity in December 31, 2019 was VND 931,135,437,519, consisting of some main indicators as below:

Indicators	VND 2019
Paid-in capital	240,101,180,000
Share premium	4,922,641,050
Other capital	12,641,457,169
Investment & development funds	254,772,613,478
Undistributed after-tax earnings	418,640,774,225

# DEVELOPMENT PLAN

## DEVELOPMENT PLAN

- Focusing on value offerings for customers and efficient operations via promoting core competencies.
- Optimizing opportunities (by seizing the industry trends, managing risks and challenges during development).



**THE SUBJECT MATTER OF FY2020 PURSUED IN PECC2 WILL ENTAIL “ENHANCING THE DESIGN/INVESTIGATION QUALITY AND INVESTMENT EFFICIENCY” FOR THE PURPOSE OF SUSTAINABLE DEVELOPMENT, BETTER GOVERNANCE PRACTICES AND COST OPTIMIZATION.**

## 2020 GOALS AND TARGETS

	<p>Complete fulfillment of business plan and performance targets</p>
	<p>Successful implementation of EPC Contract for Tan Thuan Wind Power Project according to schedule</p>
	<p>Completion and operation of EME's factory in Long Khanh IZ and PECC2 Energy Tower in Thu Duc before July, 2020 and October, 2020, respectively</p>
	<p>Commencement of works for Quang Tri 1 Thermal Power Plant Project under EPC contract</p>
	<p>Focus on administrative reform, thereby reducing 15% of administrative procedures through the application of information technology</p>
	<p>Promotion of construction investment, ensuring the kick-start of PECC2 office construction</p>
	<p>Effective implementation of performance assessment by using BSC-KPIs software application</p>
	<p>Complete transformation of two subsidiaries (EME and SGIE) into single-member limited liability company</p>



**DEVELOPMENT PLAN**

**2020**

**ACTION PLAN**

IN VIEW OF CONSIDERABLE DIFFICULTIES OF THE ECONOMY AND SOCIETY IN 2020 DUE TO CATASTROPHE EVENTS AND EPIDEMICS, PECC2 PUTS FORWARD THE BUSINESS PLAN TO THE EXTENT PRACTICABLE:

TOTAL REVENUE

**2.500** BILLION VND

PROFIT BEFORE TAX

**10%** REVENUE

DIVIDEND PAYOUT RATIO

**≥25%**

# BOD'S ASSESSMENT OF THE COMPANY PERFORMANCE

## BOD'S ASSESSMENT OF THE COMPANY PERFORMANCE

In the past year, the Board of Directors has effectively fulfilled their monitoring function to ensure satisfactory achievement of objectives, directions and plans. In 2019, the Company exceeded production and business targets assigned by the General Meeting of Shareholders.

## BOD'S ASSESSMENT OF THE EXECUTIVE COMMITTEE ACTIVITIES

The Board of Directors highly appreciated the efforts of the CEO and the Executive Committee in the process of implementing business and production tasks. 2019 is a difficult year; however, the Executive Committee with good governance, expertise and strong determination has radically led the implementation of the assigned tasks to meet the targets commissioned by the General Meeting of Shareholders.

The Executive Committee has led the company's production and business operations in accordance with the functions, duties and powers stipulated in the Company's Charter, AGM's resolutions and BOD's decisions. Throughout this process, the BOD maintains close supervision of the Executive Committee by reviewing the implementation of resolutions and decisions of the BOD and the General Meeting of Shareholders.

The Executive Committee has also given specific instructions through close monitoring of the quality and schedule in all construction works undertaken by the Company in accordance with the Owners' requirements.

The Executive Committee has also conducted meetings on a weekly, monthly, quarterly and annual

basis with more substantive contents. The Board of Directors attended quarterly meetings with the Company's management to review business performance in addition to the Executive Committee's supervision through the inspection and control by the Internal Supervisory Board of the Company.

In 2019, the Chief Executive Officer and the Executive Committee has actively pursued initiatives in restructuring, innovation, resource reallocation (particularly the key staff members of the Company), effective implementation of salary policies, improvement of the working conditions, accommodation and living conditions for employees and benefits policies for employees.



## BOARD OF DIRECTORS' PLANS AND ORIENTATIONS

### Operating Plan

The BOD continues to improve operational efficiency, direct and coordinate with the Executive Committee in successfully implementing business plans in 2020, meeting the targets to be adopted at the coming AGM.

In 2020, to further promoting the business performance from the past years, the Company determines the key targets as follows :

- Complete fulfillment of business plan and performance targets;
- Commencement of works for Quang Tri 1 Thermal Power Plant Project under EPC contract;
- Successful implementation of EPC Contract for Tan Thuan Wind Power Project according to schedule.
- Focus on administrative reform, thereby reducing 15% of administrative procedures through the application of information technology; Review of internal regulations and processes for effective management and management cost reduction while improving competitiveness and labor productivity;
- Effective management and use of programs and applications to increase labor productivity; reduce errors, build customer trust and improve product impression;
- Completion and operation of EME's factory in Long Khanh IZ and PECC2 Energy Tower in Thu Duc before July, 2020 and October, 2020, respectively;
- Promotion of construction investment, ensuring the kick-start of PECC2 office construction;
- Effective implementation of performance assessment by using BSC-KPIs software application;
- Complete transformation of two subsidiaries (EME and SGIE) into single-member limited liability company.
- Strengthening of the governance model in addition to developing a plan to transform the gover-

nance model for the period of 2020-2025, with view to 2030;

**The subject matter of FY2020 pursued in PECC2 will entail "Enhancing the design/investigation quality and investment efficiency"**

### Other activities

- The BOD will continue to direct the Executive Committee to consider alternatives for constructing the Head Office, investing in power projects, especially hydropower plants, seeking investment opportunities in technological equipment in power network and renewable energy projects such as wind, solar, biomass power, etc.
- The BOD shall direct the Executive Committee to further improve the organizational structure and regulations to meet production and business requirements in the new period.
- The BOD shall promptly issue decisions and resolutions to serve as a basis for the Executive Committee to effectively manage production and business operations. The BOD shall hold ad-hoc meetings to tackle any arising matters under their mandate.
- The BOD shall maintain good management of liabilities as well as cut costs and waste in all activities of the Company.
- Other issues to be submitted to the General Meeting of Shareholders.

### Implementation measures

- Maintain the activities of the Board of Directors and work closely with the Executive Committee in all aspects of corporate governance.
- Support the Executive Committee in management and business development.
- Maintain close supervision of the Executive Committee in corporate governance for optimal efficiency.
- Strengthen supervision over subsidiary enterprises to improve production and business efficiency.

# 04

## FINANCIAL STATEMENTS

- 58** Independent Auditor's Report
- 60** Consolidated Balance Sheet
- 65** Income Statement
- 66** Cash Flow Statement







# INDEPENDENT AUDITOR'S REPORT

## **To the attention of: Shareholders, Board of Directors and Executive Committee Power Engineering Consulting Joint Stock Company 2**

We have audited the accompanying financial statements of the Power Engineering Consulting Joint Stock Company 2 as prepared on March 26th, 2020, which are presented on pages 06 to 48, which comprise the consolidated balance sheet as at 12/31/2019, consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

### **RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE**

The Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting Regime, and other related statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as the Executive Committee deem necessary to ensure the preparation and presentation of financial statements are free from material misstatement, whether due to fraud or error.

### **RESPONSIBILITIES OF THE AUDITOR**

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

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

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

## AUDITOR'S OPINION

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Power Engineering Consulting Joint Stock Company 2 as at December 31, 2019, and of the business performance, cash flows, and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting Regime, and other related statutory requirements relevant to preparation and presentation of consolidated financial statements.

AASC Auditing Firm Company Limited



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**Ngo Minh Quy**

Director

Audit Practicing Registration

No. 2434-2018-002-1

TP. HCMC, March 26, 2020

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**Le Kim Yen**

Auditor

Audit Practicing Registration

No. 0550-2018-002-1

# CONSOLIDATED BALANCE SHEET

Assets	Code	Notes	12/31/2019	12/31/2018
1	2	3	4	5
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>1,887,720,975,471</b>	<b>1,843,532,976,524</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>188,362,289,302</b>	<b>210,730,329,941</b>
1. Cash	111		43,112,289,302	57,050,811,861
2. Cash equivalents	112		145,250,000,000	153,679,518,080
<b>II. Short-term financial investments</b>	<b>120</b>	<b>6</b>	<b>509,400,000,000</b>	<b>833,400,000,000</b>
1. Trading securities	121			
2. Provision for devaluation of trading securities (*)	122			
3. Held-to-maturity investments	123		509,400,000,000	833,400,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>530,850,294,201</b>	<b>679,419,311,223</b>
1. Trade receivables	131	7	388,903,384,317	525,587,768,708
2. Advances to suppliers	132		33,675,503,916	69,924,054,941
3. Short-term inter-company receivables	133			-
4. Receivables according to the scheduled progress of the construction contracts	134			200,732,428
5. Receivables for short-term loans	135			-
6. Other short-term receivables	136	8	123,418,367,650	96,734,898,575
7. Provision for doubtful debts (*)	137	9	(15,146,961,682)	(13,028,143,429)
8. Assets in shortage awaiting solution	139			
<b>IV. Inventories</b>	<b>140</b>		<b>580,958,463,082</b>	<b>117,483,302,143</b>
1. Inventories	141	10	580,958,463,082	117,483,302,143
2. Provisions for inventory devaluation (*)	149			
<b>V. Other current assets</b>	<b>150</b>		<b>78,149,928,886</b>	<b>2,500,033,217</b>
1. Short-term prepaid expenses	151		2,810,863,739	2,391,838,667
2. Deductible VAT	152		75,339,065,147	108,194,550
3. Taxes and receivables from State Budget	153			
4. Purchase and sale of Government bonds	154			
5. Other current assets	155			

Assets	Code	Notes	12/31/2019	12/31/2018
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>446,643,149,153</b>	<b>349,161,015,288</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>3,011,017,740</b>	<b>3,012,117,740</b>
1. Long-term trade receivables	211			
2. Long-term advances to suppliers	212			
3. Business capital in affiliated units	213			
4. Long-term intra-company receivables	214			
5. Receivables for long-term loans	215			
6. Other long-term receivables	216	8	3,011,017,740	3,012,117,740
7. Provision for long-term doubtful debts (*)	219			
<b>II. Fixed assets</b>	<b>220</b>		<b>289,995,136,677</b>	<b>189,878,213,851</b>
1. Tangible fixed assets	221	12	128,623,972,072	29,359,826,783
- Cost	222		223,014,095,530	112,287,617,432
- Cumulative depreciation	223		(94,390,123,458)	(82,927,790,649)
2. Leased fixed assets	224		-	-
- Cost	225			
- Cumulative depreciation (*)	226			
3. Intangible fixed assets	227	13	161,371,164,605	160,518,387,068
- Cost	228		193,935,243,596	183,261,562,163
- Cumulative depreciation (*)	229		(32,564,078,991)	(22,743,175,095)
<b>III. Investment property</b>	<b>230</b>		<b>-</b>	<b>-</b>
- Cost	231			
- Cumulative depreciation (*)	232			
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>9,977,920,489</b>	<b>67,534,477,426</b>
1. Work in progress	241			
2. Construction in progress	242	14	9,977,920,489	67,534,477,426
<b>V. Long-term financial investments</b>	<b>250</b>		<b>114,607,074,322</b>	<b>23,134,045,200</b>
1. Investments in subsidiaries	251			
2. Investments in joint ventures and associates	252	6	96,560,250,000	5,000,000,000

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Assets	Code	Notes	12/31/2019	12/31/2018
3. Capital contribution in other companies	253	6	18,406,850,600	18,406,850,600
4. Allowances for long-term investments	254		(360,026,278)	(272,805,400)
5. Held-to-maturity investments	255			
<b>VI. Other long-term assets</b>	<b>260</b>		<b>29,051,999,925</b>	<b>65,602,161,071</b>
1. Long-term prepaid expenses	261	11	1,806,892,736	5,154,823,606
2. Deferred income tax assets	262		27,245,107,189	60,447,337,465
3. Long-term equipment and spare parts for replacement	263			
4. Other long-term assets	268			
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,334,364,124,624</b>	<b>2,192,693,991,812</b>

Capital	Code	Notes	Audited end-of-year figures	Beginning-of-year figures
1	2	3	4	5
<b>C - LIABILITIES</b>	<b>300</b>		<b>1,403,228,687,105</b>	<b>1,493,660,663,163</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,128,520,537,014</b>	<b>1,132,671,883,847</b>
1. Trade payables	311	15	641,668,891,850	312,619,508,023
2. Prepaid from customers	312		44,941,625,705	71,859,297,033
3. Taxes and payable to State Budget	313	16	12,178,720,214	75,371,755,686
4. Payable to employees	314		175,216,996,325	274,112,968,154
5. Short-term accrued expenses	315	17	124,604,201,659	298,605,418,394
6. Short-term intra-company payables	316			-
7. Payables according to the scheduled progress of the construction contracts	317		530,315,604	
8. Short-term unearned revenues	318			-
9. Other short-term payables	319	18	61,191,524,104	27,185,438,401
10. Short-term borrowings and finance leases	320	19	45,972,864,217	31,132,226,560
11. Provisions for short-term liabilities	321		8,735,237,868	7,736,867,354
12. Appropriation to Bonus & welfare funds	322		13,480,159,468	34,048,404,242
13. Price stabilization fund	323			-
14. Purchase and sale of Government bonds	324			-

Capital	Code	Notes	Audited end-of-year figures	Beginning-of-year figures
<b>II. Long-term liabilities</b>	<b>330</b>		<b>274,708,150,091</b>	<b>360,988,779,316</b>
1. Long-term trade payables	331			
2. Long-term repayments from customers	332		102,896,820,060	121,956,574,600
3. Long-term accrued expenses	333		940,407,646	
4. Intra-company payables for operating capital received	334			
5. Long-term intra-company payables	335			
6. Long-term unearned revenues	336			
7. Other long-term payables	337			
8. Long-term borrowings and financial leases	338	19	17,329,235,568	17,329,235,568
9. Convertible bonds	339			
10. Preferential stocks	340			
11. Deferred income tax payables	341			
12. Provisions for long-term liabilities	342		152,541,326,445	220,592,935,189
13. Science and Technology Development Fund	343		1,000,360,372	1,110,033,959
<b>D - OWNERS' EQUITY</b>	<b>400</b>		<b>931,135,437,519</b>	<b>699,033,328,649</b>
<b>I. Owners' equity</b>	<b>410</b>		<b>931,084,912,122</b>	<b>698,982,803,252</b>
1. Paid-in capital	411	20	240,101,180,000	123,131,590,000
- Budget capital	411a			
- Voting ordinary share	411b		240,101,180,000	123,131,590,000
- Preferred shares	411c		-	
2. Share premium	412	20	4,922,641,050	4,922,641,050
3. Conversion options on convertible bond	413			
4. Other capital	414	20	12,641,457,169	12,641,457,169
5. Treasury shares (*)	415			
6. Differences upon asset revaluation	416			
7. Exchange rate differences	417			
8. Investment & development funds	418	21	254,772,613,478	142,220,172,460
9. Enterprise reorganization assistance fund	419			
10. Other equity funds	420			

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Capital	Code	Notes	Audited end-of-year figures	Beginning-of-year figures
11. Undistributed after-tax earnings	421	20	418,640,774,225	416,061,104,373
- Accumulated undistributed after-tax profits brought forward	421a		163,499,672,651	196,818,412,338
- Undistributed after-tax profits for the current year	421b		255,141,101,574	219,242,692,035
12. Capital expenditure funds	422	20	6,246,200	5,838,200
<b>II. Other funds</b>	<b>430</b>		<b>50,525,397</b>	<b>50,525,397</b>
1. Funds	431		50,525,397	50,525,397
2. Fund used for fixed asset acquisitions	432			
<b>TOTAL CAPITAL (440 = 300 + 400)</b>	<b>440</b>		<b>2,334,364,124,624</b>	<b>2,192,693,991,812</b>

**Hoang Thuy Hoai Yen**  
Preparer

**Bui Thi Ngoc Ly**  
Chief Accountant



**Nguyen Chon Hung**  
Chairman/Chief Executive Officer  
TP. HCMC, March 26, 2020



# INCOME STATEMENT

Item	Code	Note	Accumulated from beginning of the year to the end of this quarter	
1	2	3	6	7
<b>1. Revenues from sale of goods and rendering services</b>	<b>01</b>	<b>22</b>	<b>3,321,521,086,244</b>	<b>1,840,415,052,112</b>
2. Revenue deductions	02			
<b>3. Net sales from sale of goods and rendering services (10= 01-02)</b>	<b>10</b>		<b>3,321,521,086,244</b>	<b>1,840,415,052,112</b>
4. Cost of goods sold	11	23	3,002,461,746,254	1,474,987,693,661
<b>5. Gross margin from sale of goods and rendering services (20=10 - 11)</b>	<b>20</b>		<b>319,059,339,990</b>	<b>365,427,358,451</b>
6. Revenues from financial activities	21	24	58,327,779,922	38,891,323,629
7. Financial expenses	22	25	6,846,651,833	6,115,328,094
- of which: Interest expenses	23		2,812,668,887	2,533,052,031
8. Selling expenses	25	26	(48,595,580,491)	62,595,341,310
9. General administration expenses	26	26	106,820,910,373	58,855,640,820
<b>10 Net profit from operating activities (30 = 20 + (21 - 22) - (25 + 26))</b>	<b>30</b>		<b>312,315,138,197</b>	<b>276,752,371,856</b>
11. Other incomes	31	27	8,796,342,188	10,374,931,171
12. Other expenses	32	28	2,246,656,226	5,274,411,384
<b>13. Other incomes (40 = 31 - 32)</b>	<b>40</b>		<b>6,549,685,962</b>	<b>5,100,519,787</b>
<b>14. Gross profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>318,864,824,159</b>	<b>281,852,891,643</b>
15. Current corporate income taxes	51	29	30,248,612,707	77,257,826,384
16. Deferred tax expenses	52	30	33,475,109,878	(20,509,816,776)
<b>17. Net profit after tax (60=50 - 51 - 52)</b>	<b>60</b>		<b>255,141,101,574</b>	<b>225,104,882,035</b>
18. Basic earnings per share (*)	70	31	10,675	18,282
19. Diluted earnings per share (*)	71			

**Nguyen Minh Thu**  
Preparer

**Bui Thi Ngoc Ly**  
Chief Accountant



**Nguyen Chon Hung**  
Chairman/Chief Executive Officer

TP. HCMC, March 26, 2020

# CASH FLOW STATEMENT

Item	Code	Accumulated from beginning of the year to the end of this quarter	
		Outturn in 2018	Outturn in 2017
1	2	4	5
<b>I. Cash flows from operating activities</b>			
<b>1. Profit before tax</b>	01	<b>318,864,824,159</b>	<b>281,852,891,643</b>
<b>2. Adjusted for</b>			
- Depreciation of fixed assets and investment properties	02	25,476,637,020	19,401,872,717
- Provisions	03	(64,847,199,099)	(8,265,330,029)
- Exchange rate differences upon revaluation of monetary items denominated in foreign currency	04	(292,873,178)	(973,386,023)
- Profit/loss from investing activities	05	(50,437,439,667)	(36,551,141,998)
- Interest expenses	06	2,812,668,887	2,533,052,031
- Other adjustments	07	1,102,550,423	
<b>3. Profit from business operations before working capital changes</b>	<b>08</b>	<b>232,679,168,545</b>	<b>257,997,958,341</b>
- Increase/decrease in receivables	09	72,425,574,698	(390,676,319,099)
- Increase/decrease in inventories	10	(459,756,157,626)	127,801,619,101
- Increase (decrease) in payables (exclusive of interest payables, enterprise income tax payables)	11	42,947,533,961	359,451,981,865
- Increase/decrease in prepaid expenses	12	2,928,905,798	(4,439,852,472)
- Increase or decrease in trading securities	13		
- Interest paid	14	2,928,905,798	(2,340,313,982)
- Corporate income tax paid	15	50,404,933,608	(95,965,197,538)
- Other revenues from operating activities	16	68,408,000	41,308,000
- Other expenses for operating activities	17	(43,785,319,065)	(3,873,650,944)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(199,967,913,499)</b>	<b>247,997,533,272</b>
<b>II. Cash flows from investing activities</b>			
1. Purchase and construction of fixed assets and other long-term assets	21	(113,663,228,135)	(21,935,999,150)
2. Proceeds from disposals of fixed assets and other long-term assets	22	237,681,818	113,196,706
3. Loans to other entities and payments for purchase of debt instruments of other entities	23	(485,700,000,000)	(956,000,000,000)

## CASH FLOW STATEMENT (CONTINUED)

Item	Code	Accumulated from beginning of the year to the end of this quarter	
		Outturn in 2018	Outturn in 2017
4. Collections from borrowers and proceeds from sale of debt	24	809,700,000,000	756,600,000,000
5. Capital contribution in other companies	25	(91,560,250,000)	(5,000,000,000)
6. Return from capital contribution in other companies	26		
7. Interest income and dividends received	27	48,974,679,964	36,628,929,112
<b>Net cash flows from/(used in) investing activities</b>	<b>30</b>	<b>167,988,883,647</b>	<b>(189,593,873,332)</b>
<b>III. Cash flows from financing activities</b>			
1. Proceeds from sales of shares and paid-in capital	31		
2. Cash contribution to the owners, purchase of shares of the corporate issuers	32		
3. Proceeds from borrowing	33	201,205,606,960	121,260,453,067
4. Repayment of principal	34	(186,364,969,303)	(115,689,211,102)
5. Payment of finance lease liabilities	35		
6. Dividends & profits paid to equity holders	36		(5,899,531,000)
<b>Net cash flows from/(used in) financing activities</b>	<b>40</b>	<b>14,840,637,657</b>	<b>(328,289,035)</b>
<b>Net cash flows during the year (50 = 20+30+40)</b>	<b>50</b>	<b>(17,138,392,195)</b>	<b>58,075,370,905</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>210,730,329,941</b>	<b>152,891,916,670</b>
Impact of exchange rate changes in foreign currency conversion	61	(21,506,011)	(236,957,634)
<b>Cash and cash equivalents at the end of the year (70 = 50+60+61)</b>	<b>70</b>	<b>193,570,431,735</b>	<b>210,730,329,941</b>



**Ta Dao Hong Phuoc**  
Preparer



**Bui Thi Ngoc Ly**  
Chief Accountant




**Nguyen Chon Hung**  
Chairman/Chief Executive Officer

TP. HCMC, March 26, 2020



## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 2

 32 Ngo Thoi Nhiem, Ward 7, District 3, Ho Chi Minh City

 (84.28) 222 16468

 [info@pecc2.com](mailto:info@pecc2.com)

 (84.28) 222 10408

 [www.pecc2.com](http://www.pecc2.com)