

REPORT

**On: Business operation results of the Board of Management of EVNGENCO 3 in 2019
and Plan in 2020**

Attention to: Shareholders of Power Generation Joint Stock Corporation 3

Pursuant to Enterprise Law No. 68/2014/QH13 dated November 26, 2014;

Pursuant to the current Charter of Power Generation Joint Stock Corporation 3;

The Board of Management of the Power Generation Joint Stock Corporation 3 hereby reports business operation results in 2019 and Plan in 2020 as follows:

I. Operation status in 2019 of the Corporation

1. Results of business, production and finance in 2019

Implementing Resolution No. 2140/NQ-DHDCD dated June 27, 2019 of the Annual General Meeting of Shareholders (GMS) in 2019 of the Corporation, the Board of Management has directed the Corporation to carry out tasks assigned by the General Meeting of Shareholders. Results are as follows:

Implementing major economic targets:

No.	Content	Unit	Plan 2019	Implemented 2019	Rate (%)
1	Power output	Million kWh	32,570	31,940	98.07
2	Total revenue	Billion VND	42,550	41,379	97.25
3	Total cost	Billion VND	42,141	40,491	96.08
4	Total profit before tax (including rate difference)	Billion VND	409	888	217.03
-	<i>Total profit (excluding rate difference)</i>	<i>Billion VND</i>	1,477	1,868	126.50
-	<i>Profit of power production and business (excluding rate difference)</i>	<i>Billion VND</i>	1,350	1,759	130.28
-	<i>Profit from financial business (dividends from joint stock companies)</i>	<i>Billion VND</i>	113	67	59.3
-	<i>Loss from rate difference</i>	<i>Billion VND</i>	-1,067	-979	91.78

Remark: Effects of the unstable supply of gaseous fuels according to mobilization demands and difficulties in coal fuel supply of the Vietnam National Coal - Mineral Industries Holding Corporation Limited (TKV) in the first 4 months of 2019 have affected the power output and revenues of the Corporation, lower than planned. However, the Corporation and its staff and employees have made best efforts and completed business and production results and exceeded the assigned plan in accordance with Resolution No. 2140/NQ-DHDCD dated June 27, 2019 of the Annual General Meeting of Shareholders in 2019 of the Corporation.

2. Management and operation works:

- To direct and implement effectively the coal burning project for Vinh Tan 2 Thermal Power Plant; to orient and improve the repair and operation quality according to the Reliability Centered Maintenance (RCM); to assure materials for repair and fuels for production.

- To apply IT in the management and to promote technical innovations, production rationalization and effective application in production practices.

- To direct, strengthen and implement effectively all works of security, labor hygiene and safety, fire prevention and fighting, labor accident prevention etc., flood prevention, protection, search and rescue and environmental protection in production activities.

3. Communications, community relations and social security

To complete the communication and community relation plan throughout the Corporation, particularly: making memoir films “Energy Journey for Hometown Innovation”, “A miraculous transformation of Energy” to broadcast on VTV2, HTV9 etc.; periodically communicating results of business and production, information of enterprises on the Website and other electronic economic and financial newspapers, important events of the Corporation (inauguration of Vinh Tan 2 Thermal Power Plant, Vinh Tan 4 Thermal Power Plant and Technical Management Conferences, RCM etc.), promoting communication strategies by the topic in 2019.

4. Environmental management

Environmental protection is a key task of production activities. During the last time, power plants guarantee to strictly and fully comply and abide by provisions of the Law on Environmental Protection and other guiding documents.

5. Financial management

The management of materials, supplies, assets, capital sources, tax obligation performance, payment for regimes is implemented in consistent with regulations; capital is timely recovered and used for correct purposes.

6. Power market

The measurement and management of the price offering in the Electricity Market have achieved business and production targets as assigned and offering-related works are implemented according to regulations.

7. Investment and investment management and investment research

- Regarding investment and investment management: Projects in which the Corporation acts as the Employer (Mong Duong 1 Thermal Power Plant, Vinh Tan 2 Thermal Power Plant; Infrastructure systems, coal import port of Vinh Tan Power Complex, Vinh Tan 2 solar power plant) and Project Management Consultant (Thai Binh Thermal Power Plant, Vinh Tan 4 Thermal Power Plant, Vinh Tan 4 Extension Thermal Power Plant) are implemented with a high quality; and the final settlement of such projects are consistent with regulations on investment management of the State and EVN; Projects of Vinh Tan 4 Thermal Power Plant, Vinh Tan 4 Extension Thermal Power Plant, Thai Binh Thermal Power Plant have been put into operation commercially and finalized according to the plan approved by competent authorities.

- Regarding investment research: The Corporation and its plant units have researched and proposed development investment orientations for the Corporation and its plant units; for the Long Son Power Complex Project with a capacity of 3,600 MW - 4,500 MW, the Ministry of Industry and Trade has completed the additional report to submit to the Prime Minister in

October 30, 2019. Ba Ria - Vung Tau Province has submitted Document No. 13071/UBND-VP dated December 16, 2019 to the Prime Minister and the Ministry of Industry and Trade for review and approval of the additional planning; submitted supplementary planning documents for the power development of Ninh Phuoc 7 Solar Power Plant (200 MWP) in Ninh Thuan Province, other Solar Power Plants in Buon Kuop Hydropower Reservoir (50 MW) and Srepok 3 Hydropower Reservoir (50 MW) in Dak Lak Province, the Ministry of Industry and Trade is currently reviewing and appraising.

8. Corporate governance

- To implement the restructuring and improvement of the financial capacity of EVNGENCO 3 according to the plan as approved.

- To continue to improve the governance capacity, focusing on stabilizing the operation of member units, complying with the Charter and Internal Management Regulations of EVNGENCO 3.

9. Existing risks

- *Regarding the environment:* The handling of ash and slag is under the control, ensuring the environmental protection; however, potential risks are still available because the seeking for long-term and sustainable ash and slag consumption partners are still difficult.

- *Regarding coal fuel source:* Although the import of coal sources has been implemented to supplement coal sources, different coal sources are found out in order to diversify supply units, primary fuel sources still face many risks because the purchase of import coal according to long-term contract has not been carried out, the transportation is still long and subject to the world's price index.

- *Regarding gas fuel source:* Based on forecast, after 2019, Vietnam's gas output shall sharply decrease, leading to the shortage of gas output for the power production. Therefore, the Corporation has prepared and carried out procedures to purchase the inadequate gas from imported LNG source with the aim of ensuring the power supply for the socio-economic development.

- *Regarding competitiveness:* The consumption capacity is always exceeding the supply capacity for many recent years, the competitiveness among power plants is not significant. However, the operation of power transmission for competitive wholesaling shall increase the competitiveness among power supply units in signing direct power sale contracts with customers.

- *Regarding construction and investment:* The additional planning of power projects is still slow because the appraisal task must be re-implemented in accordance with the Planning Law 2017 (effective from January 01, 2019) and some other objective reasons.

II. Operations of the Corporation's Board of Management 2019

1. Organization of the Board of Management

1.1. From January 01, 2019 to October 31, 2019

- The Board of Management consists of 04 members, of which 03 full-time members are representatives of the owner of EVN (including 01 member is also the General Director in charge of management) and 01 independent member.

- List of personnel and members' positions of the Board of Management (BOM) is as follows:

+ Mr. Nguyen Van Le	Chairman of the Board of Management
+ Mr. Dinh Quoc Lam	Member of the BOM and General Director

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|------------------------|-------------------------------|
| + Mr. Truong Quoc Phuc | Full-time member of the BOM |
| + Mr. Do Mong Hung | Independent member of the BOM |

1.2. From November 01, 2019 to December 31, 2019

Pursuant to Resolution No. 547/NQ-HDTV dated October 30, 2019 of EVN Owner, the Board of Management issued Resolution No. 358/NQ-HDQT in October 31, 2019, accordingly the Board of Management agreed that Mr. Nguyen Van Le resigned from the position of Chairman of the Board of Management of the term of 2018 - 2023 to retire from November 01, 2019 and assigned Mr. Dinh Quoc Lam, a member of the Board of Management and also the General Director of the Corporation to carry out duties and responsibilities as the Chairman of the Corporation as of November 01, 2019, from November 01, 2019 to December 31, 2019:

- The Board of Management consists of 04 members, of which 02 full-time members are representatives of the EVN Owner (including 01 member and General Director in charge of management and implementation duties and responsibilities of the Chairman of BOM), 01 full-time member and 01 independent member.

- List of personnel and members' positions of the BOM is as follows:

- | | |
|------------------------|---|
| + Mr. Dinh Quoc Lam | Member of the BOM and General Director in charge of management and implementation duties and responsibilities of the Chairman of BOM of EVNGENCO 3. |
| + Mr. Truong Quoc Phuc | Full-time member of the BOM |
| + Mr. Nguyen Van Le | Full-time member of the BOM |
| + Mr. Do Mong Hung | Independent member of the BOM |

2. Compliance with the applicable laws and Charter of the Corporation

- The BOM has strictly complied with provisions of the applicable law, Charter and other Internal Management Regulations of the Corporation.

- Regular and irregular meetings of the BOM are organized according to regulations; the review and assessment of implementation results of previous quarter's resolutions, and the approval and direction of the implementation of tasks in the subsequent quarter are implemented properly.

- Resolutions and decisions on issues of production, business, construction and construction of the Corporation are issued timely in accordance with provisions of the applicable law and Resolutions of the General Meeting of Shareholders.

3. Operations of the Board of Management in 2019

The Board of Management operates in accordance with the Charter, internal regulations on the Corporate Governance and other Internal Management Regulations; based on resolutions, the Corporation's BOM shall decide, direct and guide the Executive Board to implement assigned duties. The BOM operates according to the BOM's working regulations and the principle of "collective leadership and individual accountability".

The BOM has fulfilled its duties and powers in accordance with the Charter and other current laws. Members of the BOM receive sufficient, timely and accurate information and have adequate time for discussion and decision.

Members of the BOM have fully participated in its meetings, and contents or written opinion collection are intensively studied by members of the BOM in term of assigned issues

and discussed in detail for agreement before voting. Resolutions and decisions are made with a high consensus and strictly implemented by the Corporation and units.

The BOM regularly inspects and supervises the implementation of resolutions and decisions of the General Meeting of Shareholders, BOM and Internal Management Regulations; directing the formulation and issuance of the BOM's working regulations in 2019 and organizing the inspection and supervision of the implementation; directing the preparation and issuance of Internal Management Regulations in accordance with the applicable laws and specifications of joint stock companies. In 2019, the Corporation has issued most of the Internal Management Regulations for the purposes of production and business, including the issuance of decentralization regulations of the BOM on the basis of contents related to organizational structures, personnel, finance, norms, bidding, investment and construction and some other important content.

In 2019, the BOM has organized 10 meetings and sessions of written opinion collection to issue 134 resolutions and 45 decisions on the basis of democratic concentration for discussing and approving contents related to operations of the Corporation in the following sectors:

- *Business and production*: In 2019, with the purpose of ensuring the safe, continuous, economic, efficient and sustainable development of the power production, in 2019, the BOM directed the Executive Board to implement comprehensively many solutions to improve the production and business efficiency and complete the business and production plan in 2019; especially, the task of ensuring coal and gas fuel sources for power plants of the Corporation.

- *Organization of structure and personnel*: Stabilizing organization of personnel and operations of joint stock companies, strictly implementing personnel-related works in accordance with the actual situation (during the year, officials have been transferred/circulated 4 times, staff and employees are appointed/re-appointed and 9 supervisors/managers are appointed/re-appointed). Especially, the timely strengthening of the BOM's personnel of the Corporation (the Chairman of BOM has retired according to regulations) is an important contribution to generate a strict solidarity and union as a premise for the Corporation to implement development targets and orientations in the coming time.

- *Capital transfer implementation of the Corporation and its joint stock companies and restructuring activities*: clarifying the financial status to ensure the capital source for the investment and development of new power sources.

- *Other contents* relate to production and business operations, construction and investment of the Corporation.

4. Implementation results of Resolutions of the Annual General Meeting of Shareholders in 2019

4.1. Implementation results of production and business operations, investment, construction and finance in 2019 and the Profit Distribution Plan in 2019: The BOM has presented in Section I.1.

4.2. Implementation of construction and investment capital in 2019

No.	Content	Plan 2019 (Million VND)	Implemented 2019 (Million VND)	Rate (%)
1	Loan repayment (principal and interest)	5,484,208	5,448,740	99.35
2	Net investment capital	1,186,047	1,067,662	90.02
TOTAL		6.670.255	6,516,402	97.69

4.3. Divestment and restructuring

4.3.1. Divestment in Vinh Son - Song Hinh Hydropower Joint Stock Company (VSH)

In November 14, 2019, the Corporation has submitted the certificate of share offering of major shareholders' shares of Vinh Son - Song Hinh Hydropower Joint Stock Company to the State Securities Commission of Vietnam to review and approve the issuance of registration certificate of share offering to the public to implement next steps.

4.3.2. Divestment in Petrovietnam Power Nhon Trach 2 Joint Stock Company and Viet Lao Power Joint Stock Company

- In 2019, the Corporation has actively implemented the appraisal of capital contribution value and carried out procedures for capital transfer of the Corporation at Petrovietnam Power Nhon Trach 2 Joint Stock Company and Viet Lao Power Joint Stock Company as prescribed.

- In November 05, 2019, the Corporation has submitted Statement No. 3461/GENCO3-TC-KT to the Ministry of Finance on requesting instructions on the capital transfer of the Corporation at its joint stock companies. In December 18, 2019, the Ministry of Finance has enacted Document No. 15416/BTC-TCDN on the capital transfer of EVNGENCO 3 at its joint-stock companies. Accordingly, opinions of the Ministry of Finance are as follows: "*The current law on securities does not regulate and guide the case of offering shares to the public of shareholders at joint stock companies*". Therefore, the Corporation shall continue to make the divestment at these companies when receiving full and specific directions of competent authorities.

4.3.3. Restructuring

- In implementing policies of the Government, Ministry of Industry and Trade and EVN, the Corporation has studied and developed a restructuring plan and submitted to the EVNs' major shareholders for review and consideration in Statement No. 4084/TTr-GENCO3 dated December 25, 2019 on the ownership reduction plan of EVN in EVNGENCO3. Accordingly, to increase the feasibility and success probability of transactions, the Corporation proposed to implement the restructuring in two phases: **(1) Phase 1:** EVN reduces its ownership in the Corporation by increasing the Corporation's authorized capital, whereby EVN's ownership ratio in the Corporation after the issuance is expected to be 82.84%; **(2) Phase 2:** EVN continues to make divestment at the Corporation.

- Currently, the Corporation is implementing the final settlement of the capitalization (the Corporation has not completed the final settlement of capitalization due to some difficulties).

4.4. Salary and remuneration of the BOM, BOS and Managers of the Corporation

It is implemented according to the level approved by the Annual General Meeting of Shareholders in 2019 and other current regulations on salary and remuneration.

4.5. KPMG Co., Ltd. is selected as the auditor in charge of auditing Financial Statements in 2019 of the Corporation.

III. Working regulations of the BOM in 2020

1. To concentrate on management and guarantee the completion of targets under Resolution of the Annual General Meeting of Shareholders in 2020.

2. To develop contents and programs of the Annual General Meeting of Shareholders in 2021.

3. To continue to make investments in Vinh Son - Song Hinh Hydropower Joint Stock Company and divestment in Petrovietnam Power Nhon Trach 2 Joint Stock Company and

Viet Lao Power Joint Stock Company; restructuring the Corporation according to decisions made by founding shareholder and reporting to the General Meeting of Shareholders.

4. To direct the Corporation and its units in developing solutions to ensure the completion of major economic targets by 2020 as follows:

No.	Content	Unit	Plan 2020 (Parent Company)
1	Power output	Million kWh	32,616
2	Total revenue	Million VND	40,442
3	Total cost	Million VND	38,920
4	Total profit before tax	Million VND	1,522
	<i>In which</i>	<i>Million VND</i>	
	<i>Total profit (excluding rate difference)</i>	<i>Million VND</i>	1,996
	<i>Power profit (excluding rate difference)</i>	<i>Million VND</i>	1,838
	<i>Profits from financial operations and others</i>	<i>Million VND</i>	158
	<i>Loss from rate difference</i>	<i>Million VND</i>	(474)
5	<i>Dividend</i>	<i>Million VND</i>	5%

5. To organize regular and extraordinary meetings of the BOM according to regulations and when necessary.

6. To direct to review, develop, amend, supplement and perfect the Internal Management Regulations in accordance with newly-issued provisions of the applicable laws, the Corporation's Charter and other production, business and management specifications of joint stock companies.

7. To guide the Executive Board and its units to report and submit contents under its authority in the working regulations of the BOM in a timely and quality manner.

8. To consider and decide other contents related to the Corporation's operations in consistent with provisions of the Charter and Internal Management Regulations of the Corporation.

Above are some of operation results in 2019 and operation plan in 2020 of the Board of Management, the Board of Management is respectfully proposed for consideration and approval.

Best regards!

Recipients:

- As above
- Board of Management of EVNGENCO 3
- Board of Directors, Board of Supervisors of EVNGENCO3
- Office and departments of EVNGENCO3
- Archived

**FOR AND ON BEHALF OF BOARD OF
MANAGEMENT
CHAIRMAN
POWER GENERATION JOINT STOCK
CORPORATION 3
(Signed and sealed)
Dinh Quoc Lam**