

SEPARATE FINANCIAL STATEMENTS

VIETNAM ELECTRICAL EQUIPMENT

JOINT STOCK CORPORATION

For the fiscal year ended as at 31 December 2016
(audited)

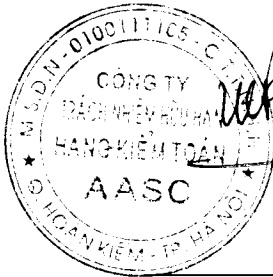


To: Shareholders, Board of Directors and Board of Management
Vietnam Electrical Equipment Joint Stock Corporation

Pursuant to Contract for Service No. 51/2017/HĐ.DV-AASC.KT2 dated 31 March 2017 between Vietnam Electrical Equipment Joint Stock Corporation and AASC Auditing Firm Company Limited about translating the Financial Statement of the fiscal years 2012, 2013, 2014, 2015 and 2016 into English.

The Independent Auditor's Report and audited Separate Financial Statement in English attached to this Official dispatch, which is translated from Independent Auditor's Report for the fiscal year 2016 of Vietnam Electrical Equipment Joint Stock Corporation in Vietnamese No.225/2017/BC.KTTC-AASC.KT2 issued by the AASC Auditing Firm Company Limited.

Yours sincerely,



Vu Xuan Bien
Deputy General Director

VIETNAM ELECTRICAL EQUIPMENT JOINT STOCK CORPORATION

No.52 Le Dai Hanh Street, Le Dai Hanh Ward,
Hai Ba Trung District, Ha Noi City

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VIETNAM ELECTRICAL EQUIPMENT JOINT STOCK CORPORATION

No.52 Le Dai Hanh Street, Le Dai Hanh Ward,
Hai Ba Trung District, Ha Noi City

REPORT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Vietnam Electrical Equipment Joint Stock Corporation (“the Corporation”) presents its report and the Corporation’s Separate Financial Statements for the fiscal year ended as at 31 December 2016.

THE COMPANY

Vietnam Electric Equipment Joint Stock Corporation was transformed from State-owned Enterprise - Vietnam Electrical Equipment Corporation under Decision No. 1422/QĐ-TTg on 10 August 2010 of the Prime Minister. The Corporation operates under Business License of joint stock company No 0100100512 issued by Ha Noi Investment and Planning Department for the first time on 01 December 2010. The License was changed for the fifth time on 6 September 2016.

The Corporation's head office is located at: No.52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Ha Noi City.

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. Nguyen Hoa Cuong | Chairman | |
| Mr. Nguyen Trong Tieu | Member | |
| Mrs. Nguyen Thi Bich Ngoc | Member | |
| Mr. Vo Anh Linh | Member | Appointed on 4 March 2016 |
| Mr. Nguyen Van Tuan | Member | Appointed on 16 July 2016 |
| Mr. Pham Manh Ha | Member | Resigned on 16 July 2016 |
| Mr. Do Van Chinh | Member | Resigned on 4 March 2016 |

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

| | | |
|-----------------------|--------------------------|--|
| Mr. Nguyen Van Tuan | General Director | Appointed on 6 September 2016 |
| Mr. Nguyen Trong Tieu | General Director | Resigned on 6 September 2016 |
| Mr. Nguyen Dinh Hung | Vice General Director | Appointed on 16 September 2016 |
| Mrs. Vu Thanh Huong | Chief Financial Director | Appointed on 16 September 2016 |
| Mr. Nguyen Tien Vinh | Vice General Director | Resigned on 1 September 2016 |
| Mr. Pham Manh Ha | Vice General Director | Appointed on 16 July 2016 and resigned on 1 September 2016 |
| Mr. Do Van Chinh | Vice General Director | Resigned on 1 May 2016 |

The members of the Board of Supervision are:

| | | |
|---------------------------|----------------------------|---|
| Mrs. Nguyen Thi Thanh Yen | Head of Control Department | Appointed on 15 September 2016 |
| Mrs. Vu Thanh Huong | Head of Control Department | Appointed on 4 March 2016 and resigned on 15 September 2016 |
| Mrs. Nguyen Thi Thanh Yen | Member | Resigned on 4 March 2016 |
| Mr. Pham The Ngoc | Member | Appointed on 4 March 2016 |
| Mr. Bach Thanh Nam | Member | Resigned on 4 March 2016 |
| Mrs. Truong Thi Huong Lan | Member | Resigned on 4 March 2016 |

VIETNAM ELECTRICAL EQUIPMENT JOINT STOCK CORPORATION

No.52 Le Dai Hanh Street, Le Dai Hanh Ward,
Hai Ba Trung District, Ha Noi City

AUDITORS

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

STATEMENT OF THE BOARD OF GENERAL DIRECTORS' RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

- Establish and maintain of an internal control system which is determined necessary by The Board of General Directors and Those charged with governance to ensure the preparation and presentation of Separate Financial Statements do not contain any material misstatement caused by errors or frauds;
- Select suitable accounting policies and then apply them 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 Separate Financial Statements;
- Prepare the Separate Financial Statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial Statements;
- Prepare the Separate Financial Statements on going concern basis unless it is inappropriate to presume that the Corporation 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 Corporation, with reasonable accuracy at anytime and to ensure that the Separate 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 Separate Financial Statements give a true and fair view of the financial position at 31 December 2016, its operation results and cash flows in the year 2016 of the Corporation in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements.

Other commitments

The Board of General Directors pledges that the Corporation does not violate obligation of information disclosure under the regulation of Circular No. 155/2015/TT-BTC on October 06, 2015 issued by Ministry of Finance guiding the disclosure of information on securities market.

On behalf of The Board of General Directors

Nguyen Van Tuan
General Director

Ha Noi, 10 January 2017

No.: 225/2017/BC.KTTC-AASC.KT2

INDEPENDENT AUDITOR'S REPORT

**To: Shareholders, The Board of Management and The Board of General Directors
Vietnam Electrical Equipment Joint Stock Corporation**

We have audited the Separate Financial Statements of Vietnam Electrical Equipment Joint Stock Corporation prepared on 10 January 2017, as set out on pages 06 to 42, including: Separate Statement of financial position as at 31 December 2016, Separate Statement of income, Separate Statement of cash flows and Notes to separate financial statements for the fiscal year ended as at 31 December 2016 .

The Board of General Directors' responsibility

The Board of General Directors responsible for the preparation of Separate Financial Statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements and for such internal control as management determines is necessary to enable the preparation of Separate 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 Separate 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, ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Separate Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Separate Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of Separate 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 management, as well as evaluating the overall presentation of the Separate 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 Separate Financial Statements give a true and fair view, in all material respects, of the financial position of Vietnam Electrical Equipment Joint Stock Corporation as at 31 December 2016, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements.

AASC Auditing Firm Company Limited

Vu Xuan Bien

Deputy General Director

Certificate of registration to audit practice

No: 0743-2013-002-1

Ha Noi, 17 February 2017

Nguyen Tuan Anh

Auditor

Certificate of registration to audit practice

No: 1369-13-002-1



VIETNAM ELECTRICAL EQUIPMENT JOINT STOCK CORPORATION

No.52 Le Dai Hanh Street, Le Dai Hanh Ward,
Hai Ba Trung District, Ha Noi City

Separate Financial Statements
For the fiscal year ended as at 31 December 2016

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

| Code | ASSETS | Note | 31/12/2016 | 01/01/2016 |
|------|---|------|--------------------------|--------------------------|
| | | | VND | VND |
| 100 | A. SHORT-TERM ASSETS | | 2,387,487,256,005 | 1,144,269,067,995 |
| 110 | I. Cash and cash equivalents | 3 | 1,952,418,381,205 | 121,223,651,001 |
| 111 | 1. Cash | | 307,418,381,205 | 81,223,651,001 |
| 112 | 2. Cash equivalents | | 1,645,000,000,000 | 40,000,000,000 |
| 120 | II. Short-term investments | 4 | 242,046,708,523 | 345,000,000,000 |
| 123 | 1. Held-to-maturity investments | | 242,046,708,523 | 345,000,000,000 |
| 130 | III. Short-term accounts receivable | | 182,141,870,759 | 523,194,428,297 |
| 131 | 1. Short-term trade receivables | 5 | 163,450,273,240 | 361,641,437,848 |
| 132 | 2. Short-term prepayments to suppliers | | 1,636,721,863 | 12,900,612,693 |
| 135 | 3. Short-term loan receivables | 6 | 6,000,000,000 | 137,885,120,000 |
| 136 | 4. Other short-term receivables | 7 | 11,054,875,656 | 18,431,917,350 |
| 137 | 5. Short-term provision for doubtful debts (*) | | - | (7,680,743,874) |
| 139 | 6. Shortage of assets awaiting resolution | | - | 16,084,280 |
| 140 | IV. Inventories | 8 | 326,486,935 | 144,613,856,313 |
| 141 | 1. Inventories | | 326,486,935 | 144,613,856,313 |
| 150 | V. Other current assets | | 10,553,808,583 | 10,237,132,384 |
| 151 | 1. Short-term prepaid expenses | | 99,327,985 | - |
| 152 | 2. Deductible VAT | | 10,444,847,648 | 10,227,499,434 |
| 153 | 3. Taxes and other receivables from State budget | 14 | 9,632,950 | 9,632,950 |
| 200 | B. NON-CURRENT ASSETS | | 3,027,652,236,271 | 1,208,201,957,221 |
| 220 | II. Fixed assets | | 353,326,135,601 | 469,522,667,273 |
| 221 | 1. Tangible fixed assets | 10 | 353,326,135,601 | 469,522,667,273 |
| 222 | - Historical costs | | 467,908,092,528 | 694,910,567,055 |
| 223 | - Accumulated depreciation (*) | | (114,581,956,927) | (225,387,899,782) |
| 227 | 2. Intangible fixed assets | 11 | - | - |
| 228 | - Historical costs | | 60,000,000 | 60,000,000 |
| 229 | - Accumulated amortization (*) | | (60,000,000) | (60,000,000) |
| 240 | IV. Long-term assets in progress | 9 | 4,455,651,410 | 24,885,835,408 |
| 242 | 1. Construction in progress | | 4,455,651,410 | 24,885,835,408 |
| 250 | V. Long-term investments | 4 | 2,638,243,819,355 | 682,050,850,059 |
| 251 | 1. Investment in subsidiaries | | 1,971,025,617,177 | 492,960,564,527 |
| 252 | 2. Investments in joint ventures and associates | | 681,940,062,485 | 189,090,285,532 |
| 254 | 3. Provision for devaluation of long-term investments (*) | | (14,721,860,307) | - |
| 260 | VI. Other long-term assets | | 31,626,629,905 | 31,742,604,481 |
| 261 | 1. Long-term prepaid expenses | 12 | 31,626,629,905 | 31,742,604,481 |
| 270 | TOTAL ASSETS | | 5,415,139,492,276 | 2,352,471,025,216 |

VIETNAM ELECTRICAL EQUIPMENT JOINT STOCK CORPORATION

No.52 Le Dai Hanh Street, Le Dai Hanh Ward,
Hai Ba Trung District, Ha Noi City

Separate Financial Statements
For the fiscal year ended as at 31 December 2016

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(continue)

| Code | CAPITAL | Note | 31/12/2016 VND | 01/01/2016 VND |
|------------|---|-----------|--------------------------|--------------------------|
| 300 | C. LIABILITIES | | 3,326,735,731,050 | 397,423,826,482 |
| 310 | I. Current liabilities | | 1,352,260,147,189 | 309,698,414,276 |
| 311 | 1. Short-term trade payables | 13 | 125,201,617,399 | 212,733,705,406 |
| 312 | 2. Short-term advances from customers | | 331,910,950 | 626,980,260 |
| 313 | 3. Taxes and other payables to State budget | 14 | 10,110,354,020 | 4,850,479,995 |
| 314 | 4. Payables to employees | | 6,987,068,362 | 34,954,535,859 |
| 315 | 5. Short-term accrued expenses | 15 | 11,877,743,290 | 351,500,000 |
| 318 | 6. Short-term unearned revenues | 16 | 3,192,367,948 | 1,367,584,028 |
| 319 | 7. Other short-term payables | 17 | 22,202,719,816 | 39,007,134,093 |
| 320 | 8. Short-term borrowings and finance lease liabilities | 18 | 1,152,533,365,523 | - |
| 321 | 9. Provisions for short-term payables | 19 | 18,517,030,360 | - |
| 322 | 10. Bonus and welfare fund | | 1,305,969,521 | 15,806,494,635 |
| 330 | II. Non-current liabilities | | 1,974,475,583,861 | 87,725,412,206 |
| 336 | 1. Long-term unearned revenues | 16 | 46,945,637,558 | 36,865,162,057 |
| 337 | 2. Other long-term payables | 17 | 99,062,274,095 | 6,200,875,882 |
| 338 | 3. Long-term borrowings and finance lease liabilities | 18 | 1,793,713,636,364 | - |
| 342 | 4. Provisions for long-term payables | 19 | 25,640,119,184 | 35,489,024,271 |
| 343 | 5. Science and technology development fund | | 9,113,916,660 | 9,170,349,996 |
| 400 | D. OWNER'S EQUITY | | 2,088,403,761,226 | 1,955,047,198,734 |
| 410 | I. Owner's equity | 20 | 2,086,022,491,785 | 1,952,510,962,625 |
| 411 | 1. Contributed capital | | 1,550,000,000,000 | 1,550,000,000,000 |
| 411a | Ordinary shares with voting rights | | 1,550,000,000,000 | 1,550,000,000,000 |
| 412 | 2. Share Premium | | 66,378,000,000 | 66,378,000,000 |
| 415 | 3. Treasury shares | | (5,025,000,000) | (5,025,000,000) |
| 418 | 4. Development and investment funds | | 139,656,441,276 | 62,000,000,000 |
| 421 | 5. Retained earnings | | 335,013,050,509 | 279,157,962,625 |
| 421a | Retained earnings accumulated till the end of the previous year | | 29,506,521,349 | 29,506,521,349 |
| 421b | Retained earnings of the current year | | 305,506,529,160 | 249,651,441,276 |
| 430 | II. Other capital and funds | | 2,381,269,441 | 2,536,236,109 |
| 432 | 1. Funds that form fixed assets | 21 | 2,381,269,441 | 2,536,236,109 |
| 440 | TOTAL CAPITAL | | 5,415,139,492,276 | 2,352,471,025,216 |

Duong Viet Nga
Preparer

Pham Tuan Anh
Chief Accountant

Nguyen Van Tuan
General Director
Ha Noi, 10 January 2017

VIETNAM ELECTRICAL EQUIPMENT JOINT STOCK CORPORATION

No.52 Le Dai Hanh Street, Le Dai Hanh Ward,
Hai Ba Trung District, Ha Noi CitySeparate Financial Statements
For the fiscal year ended as at 31 December 2016

SEPARATE STATEMENT OF INCOME

Year 2016

| Code ITEM | Note | Year 2016 | Year 2015 |
|---|------|------------------------|------------------------|
| | | VND | VND |
| 01 1. Revenue from sales of goods and rendering of services | 23 | 1,293,217,786,441 | 1,357,283,426,331 |
| 02 2. Revenue deductions | 24 | 4,106,711,000 | 7,207,354,930 |
| 10 3. Net revenue from sales of goods and rendering of services | | 1,289,111,075,441 | 1,350,076,071,401 |
| 11 4. Cost of goods sold | 25 | 1,120,538,097,570 | 1,139,357,295,319 |
| 20 5. Gross revenue from sales of goods and rendering of services | | 168,572,977,871 | 210,718,776,082 |
| 21 6. Financial income | 26 | 270,007,989,535 | 156,149,387,465 |
| 22 7. Financial expense | 27 | 34,755,728,742 | 971,650,284 |
| 23 <i>In which: Interest expense</i> | | 19,030,934,004 | 556,154,000 |
| 25 8. Selling expense | 28 | 22,489,584,001 | 20,559,666,575 |
| 26 9. General and administrative expense | 29 | 46,237,360,457 | 62,162,978,295 |
| 30 10. Net profit from operating activities | | 335,098,294,206 | 283,173,868,393 |
| 31 11. Other income | 30 | 3,524,130,157 | 296,526,042 |
| 32 12. Other expense | 31 | 4,613,221,981 | 319,553,766 |
| 40 13. Other profit | | (1,089,091,824) | (23,027,724) |
| 50 14. Total net profit before tax | | 334,009,202,382 | 283,150,840,669 |
| 51 15. Current corporate income tax expense | 32 | 28,502,673,222 | 33,499,399,393 |
| 52 16. Deferred corporate income tax expense | | - | - |
| 60 17. Profit after corporate income tax | | <u>305,506,529,160</u> | <u>249,651,441,276</u> |

Duong Viet Nga
PreparerPham Tuan Anh
Chief AccountantNguyen Van Tuan
General Director

Ha Noi, 10 January 2017

SEPARATE STATEMENT OF CASH FLOWSYear 2016
(indirect method)

| Code ITEMS | Note | Year 2016 | Year 2015 |
|---|--|---------------------|-------------------|
| | | VND | VND |
| I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | 1. Profit before tax | 334,009,202,382 | 283,150,840,669 |
| | 2. Adjustments for | | |
| 02 | - Depreciation and amortization of fixed assets and investment propertie | 31,053,806,242 | 32,309,246,080 |
| 03 | - Provisions | 15,709,241,706 | 1,780,163,275 |
| 04 | - Exchange gains / losses from retranslation of monetary items denominated in foreign currency | (203,142,136) | (1,558,574,765) |
| 05 | - Gains / losses from investment | (264,286,035,064) | (153,654,162,634) |
| 06 | - Interest expense | 19,030,934,004 | 556,154,000 |
| 07 | - Other adjustments | - | - |
| 08 | 3. Operating profit before changes in working capital | 135,314,007,134 | 162,583,666,625 |
| 09 | - Increase or decrease in receivables | 214,271,139,612 | (114,098,714,356) |
| 10 | - Increase or decrease in inventories | (30,917,827,848) | (65,854,733,465) |
| 11 | - Increase or decrease in payables (excluding interest payable/ corporate income tax payable) | 15,789,469,476 | (9,501,380,392) |
| 12 | - Increase or decrease in prepaid expenses | (13,918,020,941) | (10,292,149,385) |
| 13 | - Increase or decrease in trading securities | - | - |
| 14 | - Interest expenses paid | (8,455,875,069) | (556,154,000) |
| 15 | - Corporate income tax paid | (28,799,399,393) | (52,949,143,879) |
| 16 | - Other receipts from operating activities | - | - |
| 17 | - Other expenses on operating activities | (31,995,525,114) | (17,773,138,000) |
| 20 | Net cash flow from operating activities | 251,287,967,857 | (108,441,746,852) |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | 1. Purchase or construction of fixed assets and other long-term assets | (75,048,218,349) | (95,370,629,264) |
| 22 | 2. Proceeds from disposals of fixed assets and other long-term assets | 35,001,600 | - |
| 23 | 3. Loans and purchase of debt instruments from other entities | (563,274,115,123) | (277,482,014,011) |
| 24 | 4. Collection of loans and resale of debt instrument of other entities | 798,112,526,600 | 75,879,115,073 |
| 25 | 5. Equity investments in other entities | (1,668,472,430,630) | - |
| 26 | 6. Proceeds from equity investment in other entities | 74,175,835,400 | - |
| 27 | 7. Interest and dividend received | 221,827,695,293 | 149,704,055,431 |
| 30 | Net cash flow from investing activities | (1,212,643,705,209) | (147,269,472,771) |

SEPARATE STATEMENT OF CASH FLOWS

Year 2016

(indirect method)

| Code ITEMS | Note | Year 2016 | Year 2015 |
|---|--|--------------------------|--------------------------|
| | | VND | VND |
| III CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 31 | 1. Proceeds from issuance of shares and receipt of contributed capital | 737,100,000 | 216,510,000,000 |
| 32 | 1. Repayment of contributions capital and repurchase of stock issued | - | - |
| 33 | 2. Proceeds from borrowings | 3,302,653,745,615 | 39,170,470,231 |
| 34 | 3. Repayment of principal | (356,406,743,728) | (39,170,470,231) |
| 35 | 3. Repayment of financial principal | - | - |
| 36 | 4. Dividends or profits paid to owners | (154,433,705,000) | (168,077,890,000) |
| 40 | <i>Net cash flow from financing activities</i> | <i>2,792,550,396,887</i> | <i>48,432,110,000</i> |
| 50 | Net cash flows in the year | 1,831,194,659,535 | (207,279,109,623) |
| 60 | Cash and cash equivalents at the beginning of the year | 121,223,651,001 | 328,491,195,250 |
| 61 | Effect of exchange rate fluctuations | 70,669 | 11,565,374 |
| 70 | Cash and cash equivalents at the end of the year | 3 | 121,223,651,001 |

 Duong Viet Nga
Preparer

 Pham Tuan Anh
Chief Accountant

 Nguyen Van Tuan
General Director

Ha Noi, 10 January 2017

NOTES TO THE SEPARATE FINANCIAL STATEMENTS*Year 2016***1 . GENERAL INFORMATION OF THE COMPANY****Form of ownership**

Vietnam Electric Equipment Joint Stock Corporation was transformed from State-owned Enterprise - Vietnam Electrical Equipment Corporation under Decision No. 1422/QĐ-TTg on 10 August 2010 of the Prime Minister. The Corporation operates under Business License of joint stock company No 0100100512 issued by Ha Noi Investment and Planning Department for the first time on 01 December 2010. The License was changed for the fifth time on 6 September 2016.

The Corporation's head office is located at: No.52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Ha Noi City.

Corporation's Charter capital: VND 1,550,000,000,000. Equivalent to 155,000,000 shares with the price of VND 10,000 per share.

Business field

Main business activities of the Corporation are: Designing, manufacturing, trading electric meter products with the GELEX-EMIC brand such as single phase electricity meter, three phase mechanical; One-phase, three-phase intelligent multifunction electronic meter; Current transformers, voltage transformers, medium and low voltage measurement and other electronic measuring devices. Business hotel services.

Business activities

Main business activity of the Company is:

- Manufacturing and trading electrical equipments used in industry, agriculture and civil;
- Designing, manufacturing, trading and repairing one or three-phase electrical measuring equipments (direct current and alternating current) with voltage levels: low, medium and high voltage up to 220 KV;
- Construction and installation of transmission lines, substations up to 220KV;
- Construction of civil buildings, industrial, transportation, irrigation works;
- Trading in real estate, hotel services, tourism and office for rent, houses, workshops, warehouses, business of organizing domestic and international travel services;
- Trading, import and export of materials and equipment, machinery and spare parts.

The Company's operation in the year that affects the Separate Financial Statements

According to The Resolution of the extraordinary General meeting of shareholders in 2016 No.27/TBDVN/NQ-DHCD on 01 August 2016 and The Submission No.70/TBDVN/TTr-TGD on 08 August 2016 about approval of the establishment of Electric Measuring Instrument Limited Company project, whereby all tangible and intangible assets related to the Corporation's current industrial production activities, a part of inventory and other current assets will be used to contribute capital in order to set up Electric Measuring Instrument Limited Company. As a result, at the end of the year, the Corporation's inventory balance fluctuated significantly compared to the balance at beginning of the year.

2 . ACCOUNTING SYSTEM AND ACCOUNTING POLICY

2.1 . Accounting period and accounting currency

Annual accounting period commences from 01 January and ends as at 31 December.

The Company maintains its accounting records in VND.

2.2 . Standards and Applicable Accounting Policies

Applicable Accounting Policies

The Corporation applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance and 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.

Declaration of compliance with Accounting Standards and Accounting System

The Corporation applies Vietnamese Accounting Standards and supplement documents issued by the State. Financial statements are prepared in accordance with regulations of each standard and supplement documents as well as with current Accounting Standards and Accounting System.

2.3 . Basis for preparation of Separate Financial Statements

Separate Financial Statements are presented based on historical cost principle.

The Users of this Separate Financial Statements should study the separate financial statements combined with the consolidated financial statements of the Corporation and its subsidiaries (“the Group”) for the fiscal year ended as at 31 December 2016 in order to gain enough information regarding the financial position, results of operations and cash flows of the Group.

2.4 . Financial Instruments

Initial recognition

Financial assets

Financial assets of the Corporation 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 Corporation 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 Corporation and commercial banks;
- When contributing capital, applying the bid rate of the bank where the Corporation opens its account at the date of capital contribution
- When recording receivables, applying the bid rate of the commercial bank stipulated by the Corporation for customers to make payment at the transaction time;
- When recording payables, applying the offer rate of the commercial bank where the Corporation expects to conduct transactions at the transaction time;
- When purchasing assets or paying immediately in foreign currency, applying the bid rate of the commercial bank where the Corporation makes payments.

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

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

All exchange 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.

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 . Financial investments

Investments held to maturity comprise term deposits (including treasury bills and promissory notes), bonds, preference shares which the issuer is required to repurchase at a certain time in the future and loans, etc. held to maturity to earn profits periodically and other held to maturity investments.

Investments in subsidiaries, joint ventures or associates are initially recognized at original cost. After initial recognition, the value of these investments is measured at original cost less provision for devaluation of investments.

Dividends received in the form of shares only monitor the number of shares received but do not record the increase in the value of the investment and financial income.

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Allowances for devaluation of investments are made at the end of the year as followings:

- With regard to investments in subsidiaries, joint ventures or associates: the provisions shall be made according to the Financial Statements of subsidiaries, joint ventures or associates on provision date; Provision for impariments in other entities shall be made when invested unit make a loss, excluding the case that the loss was taken into plan when deciding to invest.
- 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.

2.8 . 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 Corporation.

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.

2.9 . Inventories

Inventories are initially recognized at original cost included: the purchase price, costs of conversion and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the time the financial statements are prepared if the net realizable value is lower than cost, inventories should be measured at the net realizable value.

The cost of inventory is calculated by weighted average method.

Inventory is recorded by perpetual method.

Method for valuation of work in process at the end of the year: The value of work in progress is recorded based on actual cost incurred for each unfinished product.

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

2.10 . Fixed assets, Finance lease assets and Invesment properties

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. Depreciation is computed on a straight-line basis method.

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

- | | |
|--------------------------------------|---------------|
| - Buildings, structures | 20 - 50 years |
| - Machinery, equipment | 03 - 15 years |
| - Vehicles, Transportation equipment | 05 - 10 years |
| - Office equipment and furniture | 03 - 10 years |
| - Managerment software | 03 years |

2.11 . 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.

2.12 . 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 Corporation.

2.13 . Borrowings and finance lease liabilities

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

2.14 . Borrowing costs

Borrowing costs are recognized as operating expenses in the year, in which it is incurred excepting unless 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.

2.15 . 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 such as annual leave salary, expenses arising from seasonal cessation of production, interest expenses, etc. which are recorded as operating expenses of the reporting period.

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.

2.16 . Provision for payables

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

- The Corporation has 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.

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.

2.17 . 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.

2.18 . 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).

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 Corporation's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Corporation. The distribution of net profits is made when the net profit of the Corporation 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 and after being appropriated to funds in accordance with the Corporation's Articles of Incorporation and Vietnamese statutory requirements.

Dividends to be paid to shareholders are recognized as a payable in Statement of Financial position after the announcement of dividend payment from the Board of Management and announcement of cut-off date for dividend payment of Vietnam Securities Depository Center.

2.19 . Revenues

Sale of goods

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

- The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Corporation 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 Corporation; 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 Corporation;
- The stage of the completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of the completion of the transaction may be determined by evaluating the volume of work performed.

Financial income

Revenue arising from the use by the others of the Corporation's assets yielding interest, royalties and dividends shall be recognised when:

- It is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- The amount of the revenue can be measured reliably.

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

Bonus shares or stock dividends shall not be recognized as income when the right to receive bonus shares or stock dividend is established. Instead, the number of bonus shares or stock dividends will be presented on the related Note to Financial Statements.

2.20 . Revenue deductions

Revenue deductions from sales and service provisions arising in the year include: Trade discounts, sales discounts and sales returns.

Trade discount, sales discount and sales return incurred in the same period of sale of goods and rendering of services are recorded as a decrease in revenue in the incurring period. In case goods and services are sold in the previous periods, but until the next period they are incurred as deductible items, the Company records the decrease in revenue under the following principles: If it is incurred prior to the issuance of Financial Statements, it is then recorded as a decrease in revenue on the Separate Financial Statements of the reporting period (the previous period); and if it is incurred after the issuance of Separate Financial Statements, it is recorded as a decrease in revenue of incurring period (the next period).

2.21 . Cost of goods sold

The recognition of cost of goods sold is matched against revenue in the period and complies with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses, and losses of inventories In case loss of materials and goods exceeds the acceptable/normal level, the excess after deducting the responsibility of collective and individuals concerned, etc. is recognized fully and promptly into cost of goods sold in the year.

2.22 . 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.

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2.23 . Corporate income tax

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

2.24 . 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 Corporation's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Corporation or being under the control of the Corporation, or being under common control with the Corporation, including the Corporation's parent, subsidiaries and associates;
- Individuals, directly or indirectly, holding voting power of the Corporation that have a significant influence on the Corporation, key management personnel including directors and employees of the Corporation, 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 the Corporation.

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

3 . CASH AND CASH EQUIVALENTS

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|------------------|---------------------------------|-------------------------------|
| | VND | VND |
| Cash on hand | 1,163,674,666 | 709,824,907 |
| Demand deposits | 306,254,706,539 | 80,513,826,094 |
| Cash equivalents | 1,645,000,000,000 | 40,000,000,000 |
| | <u>1,952,418,381,205</u> | <u>121,223,651,001</u> |

As at 31 December 2016, cash and equivalents are deposits with term of less than 3 months are deposited at commercial banks at the interest rate defined in each of bank at any time.

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4 . INVESTMENTS

a) Held to maturity investments

| | 31/12/2016 | | 01/01/2016 | |
|------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Historical cost | Book value | Historical cost | Book value |
| | VND | VND | | VND |
| Short-term investments | 242,046,708,523 | 242,046,708,523 | 345,000,000,000 | 345,000,000,000 |
| - Term deposits (1) | 45,000,000,000 | 45,000,000,000 | 345,000,000,000 | 345,000,000,000 |
| - Bonds (2) | 197,046,708,523 | 197,046,708,523 | - | - |
| | <u>242,046,708,523</u> | <u>242,046,708,523</u> | <u>345,000,000,000</u> | <u>345,000,000,000</u> |

(1) As at 31 December 2016, cash and equivalents are deposits with term of less than 3 months are deposited at commercial banks at the interest rate defined in each of bank at any time.

(2) Include the following specific contracts:

2.1. Bond trading contract No. 06092016/HDMBTP/NGUYENLATHAO-GEX-S99 dated 6 September 2016: 35 bonds of SCI JSC with par value of VND 1 billion/ bond equivalent to the amount of VND 35,709,722,222; Release Date: 25 December 2015; Purchase date: 06 September 2016; Maturity date: 25 December 2018; Interest rate: 10% / year.

2.2. Bond trading contract No. 27122016/HDMBTP/MHC-GEX-VIX dated 27 December 2016: 50 bonds of IB Securities JSC with par value of VND 1 billion/ bond equivalent to the amount of VND 50 billions; Release Date: 27 June 2016; Purchase date: 27 December 2016; Maturity date: 27 June 2017; Interest rate: 9% / year.

2.3. Bond trading contract No. 27122016/HDMBTP/MHC-GEX-THT dated 27 December 2016: 800 bonds of Tay Ho Tay Real Estate Development JSC with par value of VND 100,000,000 equivalent to the amount of VND 81,336,986,301; Release Date: 27 October 2016; Purchase date: 27 December 2016; Maturity date: 27 October 2019; Interest rate: 10% / year.

2.4. Bond trading Contract No. 27122016/HDMBTP/TXT-GEX-VIX dated 27 December 2016: 30 bonds of IB Securities JSC with par value of VND 1 billion / bond equivalent to the amount of VND 30 billions; Release Date: 27 June 2016; Purchase date: 27 December 2016; Maturity date: 27 June 2017; Interest rate: 9% / year.

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b) Investments in equity of other entities

| | 31/12/2016 | | 01/01/2016 | |
|--|--------------------------|-------------------------|------------------------|-----------|
| | Historical cost | Provision | Historical cost | Provision |
| | VND | VND | VND | VND |
| Subsidiaries | 1,971,025,617,177 | - | 492,960,564,527 | - |
| - Vietnam Electric Cable Corporation ⁽¹⁾ | 484,822,695,174 | - | 220,957,490,174 | - |
| - Hanoi Electromechanical Manufacturing JSC ⁽²⁾ | 214,009,733,181 | - | 214,009,733,181 | - |
| - GELEX Investment and Construction JSC ⁽³⁾ | 13,000,000,000 | - | - | - |
| - Hai Duong Pump Manufacturing JSC ⁽⁷⁾ | - | - | 27,333,284,404 | - |
| - Electrical Devices JSC No1 ⁽⁸⁾ | - | - | 30,128,906,768 | - |
| - GELEX Campuchia CO.,LTD | 531,150,000 | - | 531,150,000 | - |
| - Electrical Equipment JSC ⁽⁴⁾ | 670,662,038,822 | - | - | - |
| - Electrical Measuring Instrument CO., LTD ⁽⁵⁾ | 368,000,000,000 | - | - | - |
| - GELEX Energy CO., LTD ⁽⁶⁾ | 220,000,000,000 | - | - | - |
| Investment on Joint ventures, associates | 681,940,062,485 | (14,721,860,307) | 189,090,285,532 | - |
| - Viet Nam - Hungari Electric Machinery Manufacturing JSC | 16,777,167,627 | (14,721,860,307) | 16,777,167,627 | - |
| - Hanoi Materials and Construction JSC ⁽¹⁰⁾ | - | - | 5,233,587,356 | - |
| - EMIC Production and Trading JSC | 5,332,103,750 | - | 5,332,103,750 | - |
| - Electrical Equipment JSC | - | - | 92,462,038,822 | - |
| - CFT Vina Copper CO., LTD | 69,285,387,977 | - | 69,285,387,977 | - |
| - Electrical Devices JSC No1 ⁽⁸⁾ | 36,252,566,768 | - | - | - |
| - South Logistics JSC ⁽⁹⁾ | 554,292,836,363 | - | - | - |
| | 2,652,965,679,662 | (14,721,860,307) | 682,050,850,059 | - |

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Investments in subsidiaries

Detail information on the Corporation's subsidiaries as at 31/12/2016 as follows:

| <u>Name of subsidiaries</u> | <u>Place of establishment and</u> | <u>Rate of interest</u> | <u>Rate of voting rights</u> | <u>Principle activities</u> |
|---|-----------------------------------|-------------------------|------------------------------|--|
| Vietnam Electric Cable Corporation (1) | Ho Chi Minh City | 74.73% | 74.73% | Manufacturing and trading electric wires and cables |
| Hanoi Electromechanical manufacturing JSC (2) | Ha Noi City | 65.88% | 65.88% | Producing, manufacturing and trading of electrical equipment |
| GELEX Investment and Construction JSC (3) | Ha Noi City | 81.25% | 81.25% | Civil and industrial construction |
| GELEX Cambodia CO.,LTD | Phnom Penh, Cambodia | 100.00% | 100.00% | Business, distribution of electrical equipment |
| Electrical Equipment JSC (4) | Dong Nai Province | 70.79% | 70.79% | Producing, manufacturing and trading of electrical equipment |
| Electrical Measuring Instrument CO.,LTD (5) | Ha Noi City | 100.00% | 100.00% | Manufacturing Electrical Measuring Equipment |
| GELEX Energy CO., LTD (6) | Ha Noi City | 100.00% | 100.00% | Manufacturing and distributing Electricity |

(1) Additional information on investment in Vietnam Electric Cable Corporation (CADIVI):

In the year, the Corporation purchased additional 2,800,000 shares of CADIVI, resulting the Corporation's voting and benefit rate increasing from 65.006% to 74.73%.

(2) Additional information on investment in Hanoi Electromechanical Manufacturing JSC (HEM):

During the year, HEM successfully issued 4,555,000 shares to pay dividends. As the number of shares to be paid for dividends is not determined for the number of treasury shares at the subsidiary, the voting and benefit rate of the Corporation increased from 65.84% to 65.88%.

(3) Additional information on investment in GELEX Investment and Construction JSC (GELEX ICC):

In the year, the Corporation contributed capital to establish GELEX ICC with the amount of VND 13 billions, accounting for 81.25% of charter capital.

(4) Additional information on investment in Electrical Equipment JSC (THIBIDI)

During the year, the Corporation purchased additional 26,727,705 shares of THIBIDI. As a result, the voting and benefit rate of the Corporation increased from 43.44% to 70.79%. Therefore, the investment in THIBIDI was defined as an Investment in Subsidiary.

(5) Additional information on the investment in Electronic Measuring Instrument CO., LTD

During the year, the Corporation established Electronic Measuring Instrument JSC (GELEX EMIC), with capital contribution of VND 368 billions, accounting for 100% of the charter capital.

(6) Additional information on investment in GELEX Energy CO., LTD

During the year, the Corporation established GELEX Energy CO., LTD, with a chartered capital of VND 500 billions. Up to 31 December 2016, the capital contributed by the Corporation is 220 billion dong.

(7) Additional information on the investment in Hai Duong Pump Manufacturing JSC:

During the year, the Corporation divested all 1,793,758 shares of Hai Duong Pump Manufacturing JSC held by the Corporation.

(8) Additional information on investment in Electrical Devices JSC No1:

In the year, Vietnam Electrical Equipment JSC completed the issuance of increasing chartered capital from VND 34 billions to 45.6 billions. The Corporation purchased 510,305 additional shares equivalent to VND 6,233,660,000. This led to a decrease in the Corporation's voting and benefit rate from 51.3% to 49.24%. As a result, the investment in Electrical Devices JSC No.1 was defined as an Investment in associated companies.

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Investments in joint ventures, associates

Detail information on the Corporation's joint ventures, associates as at 31/12/2016 as follows:

| <u>Name of associates</u> | <u>Place of establishment and</u> | <u>Rate of interest</u> | <u>Rate of voting rights</u> | <u>Principle activities</u> |
|--|-----------------------------------|-------------------------|------------------------------|--|
| Vietnam - Hungary Electrical Machinery Manufacturing JSC (VIHEM) | Ha Noi City | 34.27% | 34.27% | Producing, manufacturing and trading electrical equipments |
| EMIC Production and Trading JSC (EPT) | Ha Noi City | 25.50% | 25.50% | Producing, manufacturing and trading electrical equipments |
| CFT Vina Copper CO.,LTD (CFT) | Dong Nai Province | 36.35% | 36.35% | Producing copper wire and tinned copper wire |
| Electrical Devices JSC No1 (VINAKIP) | Ha Noi City | 49.24% | 49.24% | Producing, manufacturing and trading electrical equipments |
| South Logistics JSC (9) | Ho Chi Minh City | 24.93% | 24.93% | Services of warehousing, shipping, port operation |

(9) Additional information on investments in South logistics JSC (SOTRANS):

During the year, the Corporation purchased 21.3 million shares of SOTRANS and the holding rate 24.93% of total chartered capital.

(10) Additional information on investment in Hanoi Materials and Construction JSC:

During the year, the Corporation divested all 450,000 shares of Hanoi Materials and Construction held by the Corporation.

The material transactions between the Corporation and Subsidiaries, Joint ventures, Associates are presented in the Note No.37.

5 . SHORT-TERM TRADE RECEIVABLES

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|---|-------------------------------|-------------------------------|
| | VND | VND |
| a) Trade receivables detailed by customers with large account balances | | |
| - Southern Power Corporation | 48,006,417,479 | 67,408,349,632 |
| - Vietnam Electric Cable Corporation | 81,430,811,033 | 112,574,675,940 |
| - GELEX Cambodia CO., LTD | 10,881,605,862 | 33,308,028,708 |
| - Other trade receivables | 23,131,438,866 | 148,350,383,568 |
| | <u>163,450,273,240</u> | <u>361,641,437,848</u> |
| b) Trade receivables from related parties (details in Notes 37.) | <u>92,658,489,064</u> | <u>166,832,496,966</u> |

6 . SHORT-TERM LOAN RECEIVABLE

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|---|-----------------------------|-------------------------------|
| | VND | VND |
| - Southern Power Corporation | - | 95,000,000,000 |
| - EMIC Producing and trading JSC | - | 16,000,000,000 |
| - Hai Duong Pump Manufacturing JSC | - | 10,000,000,000 |
| - Viet Nam - Hungari Electric Machinery Manufacturing JSC | 2,000,000,000 | 12,385,120,000 |
| - Hanoi Materials and Construction JSC | 4,000,000,000 | 4,500,000,000 |
| | <u>6,000,000,000</u> | <u>137,885,120,000</u> |

The balance reflects six-month loans with an interest rate of 6%/ year.

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7 . OTHER SHORT-TERM RECEIVABLES

| | 31/12/2016 | | 01/01/2016 | |
|---|-----------------------|------------------|-----------------------|------------------|
| | Value VND | Provision VND | Value VND | Provision VND |
| Receivables from interest of deposit, | 2,741,704,141 | - | 5,319,317,210 | - |
| Advances | 149,000,000 | - | 801,695,136 | - |
| Deposits | 22,470,000 | - | 22,470,000 | - |
| Receivable on purchasing additional shares of VINAKIP | - | - | 6,123,660,000 | - |
| Receivables from GELEX Cambodia CO., LTD | 4,957,327,000 | - | 4,957,327,000 | - |
| Advanced bonus for the Board of Management, Executive Board | 3,000,000,000 | - | 1,100,000,000 | - |
| Others receivables | 184,374,515 | - | 107,448,004 | - |
| | 11,054,875,656 | - | 18,431,917,350 | - |

8 . INVENTORIES

| | 31/12/2016 | | 01/01/2016 | |
|-----------------|----------------------|------------------|------------------------|------------------|
| | Original cost VND | Provision VND | Original cost VND | Provision VND |
| Raw material | 326,486,935 | - | 61,000,123,485 | - |
| Tools, supplies | - | - | 824,160,806 | - |
| Work in process | - | - | 5,056,533,174 | - |
| Finished goods | - | - | 77,733,038,848 | - |
| | 326,486,935 | - | 144,613,856,313 | - |

9 . CONSTRUCTION IN PROGRESS

| | 31/12/2016 | 01/01/2016 |
|---|----------------------|-----------------------|
| | VND | VND |
| Construction in progress | 4,455,651,410 | 24,806,235,408 |
| - Office - Hotel at 10 Tran Nguyen Han Street, Hanoi | 4,138,214,910 | 4,138,214,910 |
| - Head office of the Corporation at 52 Le Dai Hanh, Hanoi | - | 4,526,282,862 |
| - Investment project to build factory | - | 16,141,737,636 |
| - Others | 317,436,500 | - |
| Procurement of fixed assets | - | 79,600,000 |
| | 4,455,651,410 | 24,885,835,408 |

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10 . TANGIBLE FIXED ASSETS

| | Buildings | Machinery, equipment | Transportation equipment | Management equipment | Total |
|--|------------------------|-------------------------|-----------------------------|-------------------------|------------------------|
| | VND | VND | VND | VND | VND |
| Original cost | | | | | |
| As at opening year | 420,798,728,897 | 171,158,700,386 | 18,343,398,586 | 84,609,739,186 | 694,910,567,055 |
| - Purchase | - | 33,192,870,840 | 1,123,730,909 | 301,488,454 | 34,618,090,203 |
| - Adjustment according to the value of completed capital construction settlement | (868,795,880) | 4,644,221,878 | - | 18,339,099,191 | 22,114,525,189 |
| - Liquidating, disposed | - | (12,446,679,800) | - | - | (12,446,679,800) |
| - Decreased due to contributed capital to Electrical Measuring Instrument Co., ltd | (106,614,654,999) | (147,736,025,353) | (9,470,588,586) | (7,467,141,181) | (271,288,410,119) |
| As at closing year | 313,315,278,018 | 48,813,087,951 | 9,996,540,909 | 95,783,185,650 | 467,908,092,528 |
| Accumulated depreciation | | | | | |
| As at opening year | 119,102,763,701 | 90,502,161,655 | 8,765,785,526 | 7,017,188,900 | 225,387,899,782 |
| - Depreciation | 11,976,347,113 | 9,095,683,653 | 1,951,896,537 | 8,029,878,939 | 31,053,806,242 |
| - Accumulated depreciation (*) | - | 211,400,004 | - | - | 211,400,004 |
| - Adjustment according to the value of completed capital construction settlement | - | - | - | (813,477,557) | (813,477,557) |
| - Liquidating, disposed | - | (12,446,679,800) | - | - | (12,446,679,800) |
| - Decreased due to contributed capital to Electrical Measuring Instrument Co., ltd | (58,737,675,725) | (62,650,925,492) | (6,095,790,635) | (1,326,599,892) | (128,810,991,744) |
| As at closing year | 72,341,435,089 | 24,711,640,020 | 4,621,891,428 | 12,906,990,390 | 114,581,956,927 |
| Net carrying amount | | | | | |
| As at opening year | 301,695,965,196 | 80,656,538,731 | 9,577,613,060 | 77,592,550,286 | 469,522,667,273 |
| As at closing year | 240,973,842,929 | 24,101,447,931 | 5,374,649,481 | 82,876,195,260 | 353,326,135,601 |

(*) Depreciation in the year of assets generated from the fixed asset formation funds and the Science and Technology Development Fund

In which:

- Historical cost of fully depreciated tangible fixed assets but still being used at the end of the year: VND 54,100,944,600.

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11 . INTANGIBLE FIXED ASSETS

Intangible fixed asset of the Corporation is computer software with historical cost of VND 60,000,000 at 31 December 2016 and fully depreciated.

12 . LONG-TERM PREPAID EXPENSES

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|---|------------------------------|------------------------------|
| | VND | VND |
| Dispatched tools and supplies | 520,485,896 | 8,034,397,930 |
| Major repairs of fixed assets | 1,868,140,454 | 1,765,980,114 |
| Infrastructure construction and leveling expenses | 12,743,034,340 | 13,276,448,872 |
| Land rental expenses | 7,392,210,744 | 7,589,145,708 |
| Others | 9,102,758,471 | 1,076,631,857 |
| | <u><u>31,626,629,905</u></u> | <u><u>31,742,604,481</u></u> |

13 . SHORT-TERM TRADE PAYABLES

| | <u>31/12/2016</u> | | <u>01/01/2016</u> | |
|--|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | <u>Outstanding balance</u> | <u>Amount can be paid</u> | <u>Outstanding balance</u> | <u>Amount can be paid</u> |
| | VND | VND | VND | VND |
| a) Trade payables detailed by large account balances | | | | |
| Cadivi Dong Nai CO., LTD | - | - | 24,860,000,000 | 24,860,000,000 |
| Lac Hong Invesment JSC | - | - | 28,126,311,000 | 28,126,311,000 |
| CFT Vina Copper CO.,LTD | 43,365,078,051 | 43,365,078,051 | 75,512,559,134 | 75,512,559,134 |
| Dong Viet Colored Metals and Plastic JSC | - | - | 37,372,908,100 | 37,372,908,100 |
| Electrical Measuring Instrument CO.,LTD | 74,981,795,916 | 74,981,795,916 | - | - |
| Others payables | 6,854,743,432 | 6,854,743,432 | 46,861,927,172 | 46,861,927,172 |
| | <u><u>125,201,617,399</u></u> | <u><u>125,201,617,399</u></u> | <u><u>212,733,705,406</u></u> | <u><u>212,733,705,406</u></u> |
| b) Trade payables to related parties (detailed as in Note 37) | | | | |
| | <u><u>118,946,223,516</u></u> | <u><u>118,946,223,516</u></u> | <u><u>118,252,895,492</u></u> | <u><u>118,252,895,492</u></u> |

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14 . TAX AND PAYABLES TO STATE BUDGET

| | Receivable at the opening year | Payable at the opening year | Payable arise in the year | Amount paid in the year | Receivable at the closing year | Payable at the closing year |
|------------------------------|-----------------------------------|--------------------------------|------------------------------|----------------------------|-----------------------------------|--------------------------------|
| | VND | VND | VND | VND | VND | VND |
| Value added tax | 9,632,950 | - | 35,823,829,135 | 35,823,829,135 | 9,632,950 | - |
| Export, import duties | - | - | 175,997,944 | 175,997,944 | - | - |
| Corporate income tax | - | 4,499,399,393 | 31,218,948,141 | 28,799,399,393 | - | 6,918,948,141 |
| Personal income tax | - | 351,080,602 | 7,810,067,266 | 7,136,172,601 | - | 1,024,975,267 |
| Property tax and land rental | - | - | 5,544,225,250 | 4,212,440,810 | - | 1,331,784,440 |
| Other taxes | - | - | 5,000,000 | 5,000,000 | - | - |
| Fees and other obligations | - | - | 834,646,172 | - | - | 834,646,172 |
| | 9,632,950 | 4,850,479,995 | 81,412,713,908 | 76,152,839,883 | 9,632,950 | 10,110,354,020 |

The Corporation'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.

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15 . SHORT-TERM ACCRUED EXPENSES

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|------------------------|------------------------------|---------------------------|
| | VND | VND |
| Interest expenses | 10,575,058,935 | - |
| Audit expenses | 597,272,727 | 270,000,000 |
| Other accrued expenses | 705,411,628 | 81,500,000 |
| | <u>11,877,743,290</u> | <u>351,500,000</u> |

16 . UNEARN REVENUES

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|--------------------------------------|------------------------------|------------------------------|
| | VND | VND |
| a) Short-term | | |
| - Unearn revenues for renting office | 3,192,367,948 | 1,367,584,028 |
| | <u>3,192,367,948</u> | <u>1,367,584,028</u> |
| b) Long-term | | |
| - Unearn revenues for renting office | 46,945,637,558 | 36,865,162,057 |
| | <u>46,945,637,558</u> | <u>36,865,162,057</u> |

17 . OTHER PAYABLES

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|---|------------------------------|------------------------------|
| | VND | VND |
| a) Short-term | | |
| - Trade union fund | 48,160,884 | 1,351,187,456 |
| - Social insurance | 8,934,072 | 45,237,672 |
| - Short-term deposits, collateral received | 208,050,000 | 83,532,600 |
| - Dividend, profit payables | 196,615,000 | 130,320,000 |
| - Overpaid personal income tax from employees | 1,003,454,860 | 619,069,521 |
| - Deposit for project Headquarters No. 10 Tran Nguyen Han, Hanoi | 20,000,000,000 | 20,000,000,000 |
| - Payable to Emic Production and trading JSC | - | 16,699,815,109 |
| - Payables to shareholders on purchasing additional issuing shares(*) | 737,100,000 | - |
| - Others payables | 405,000 | 77,971,735 |
| | <u>22,202,719,816</u> | <u>39,007,134,093</u> |
| b) Long-term | | |
| - Long-term deposits, collateral received | 9,062,274,095 | 6,200,875,882 |
| - IB Securities JSC ordered to buy warrants (**) | 90,000,000,000 | - |
| | <u>99,062,274,095</u> | <u>6,200,875,882</u> |

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(*) According to the Resolution of the Extraordinary Shareholders' Meeting in 2016 No. 27/TBDVN/NQ-DHCD on 1 August 2016, The Corporation approved the plan to issue shares to increase charter capital with the following main contents:

- + The number of shares expected to issue: 77,250,000 shares;
- + Type of issued shares: Common stock;
- + Issuer: existing shareholders;
- + Issuing rate: the rate to implement the right to buy shares is 2:1;
- + Issue price: VND18,000 / share.

(**) IB Securities JSC ordered to buy warrants for the following main contents:

1. Ordering Warrants Contract No.20161206/HĐ/IBSC-GEX dated 06 December 2016:

- + The number of warrants ordered to buy: 1,000 warrants;
- + Issuing date: 08 December 2016
- + The maximum validity period: 36 months;
- + Purchase price: VND 50,000,000/warrant;
- + The number of shares issued per warrant: 50,000 shares.
- + The share purchasing price will be applied at the time of issuing the warrant-linked bond at the rate of 20,000 dong per share. The purchasing price per each share when implementing the warrants is adjusted in accordance with the anti-dilution clause under the contract and in any case, the share purchasing price when conducting the warrants is not less than VND 10,000/share.
- + Time of implementing the warrants: 2 times during the validity period of the warrants. The first time is no later than 30 June 2018, the second times is no later than 30 June 2019.

2. Ordering Warrants Contract No.20161212/HĐ/IBSC-GEX on 12 December 2016 with the main followings contents:

- + The number of warrants ordered to buy: 800 warrants;
- + Issuing date: 13 December 2016
- + The maximum validity period: 36 months;
- + Purchase price: VND 50,000,000/warrant;
- + The number of shares issued per warrant: 50,000 shares.
- + The share purchasing price will be applied at the time of issuing the warrant-linked bond at the rate of 20,000 dong per share. The purchasing price per each share when implementing the warrants is adjusted in accordance with the anti-dilution clause under the contract and in any case, the share purchasing price when conducting the warrants is not less than VND 10,000/share.
- + Time of implementing the warrants: 2 times during the validity period of the warrants. The first time is no later than 30 June 2018, the second times is no later than 30 June 2019.

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18 . BOROWINGS AND FINANCE LEASE LIABILITES

| | 01/01/2016 | | During the year | | 31/12/2016 | |
|--|---------------------|--------------------|--------------------------|------------------------|--------------------------|--------------------------|
| | Outstanding balance | Amount can be paid | Increased | Decreased | Outstanding balance | Amount can be paid |
| | VND | VND | VND | VND | VND | VND |
| a) Short-term loans | | | | | | |
| - China Trust Commercial Bank, Ltd - Ho Chi Minh Branch ⁽¹⁾ | - | - | 96,070,367,292 | 52,850,922,575 | 43,219,444,717 | 43,219,444,717 |
| - Joint Stock Commercial Bank for Investment and Development of Vietnam - Transaction Center | - | - | 100,000,660,000 | 100,000,660,000 | - | - |
| - Vietnam Joint Stock Commercial Bank for Industry and Trade - Hanoi Branch ⁽²⁾ | - | - | 1,198,200,000,000 | 120,000,000,000 | 1,078,200,000,000 | 1,078,200,000,000 |
| - Vietnam International and Commercial Joint Stock Bank- Ba Dinh Branch ⁽³⁾ | - | - | 49,320,351,661 | 18,206,430,855 | 31,113,920,806 | 31,113,920,806 |
| - Short-term loans from IB Securities JSC | - | - | 19,925,295,679 | 19,925,295,679 | - | - |
| - Short-term loans from VNDirect Securities JSC | - | - | 13,544,234,646 | 13,544,234,646 | - | - |
| - Short-term loans from MB Securities JSC | - | - | 31,879,199,973 | 31,879,199,973 | - | - |
| | - | - | 1,508,940,109,251 | 356,406,743,728 | 1,152,533,365,523 | 1,152,533,365,523 |
| b) Long-term loans | | | | | | |
| - Bonds | - | - | 1,793,713,636,364 | - | 1,793,713,636,364 | 1,793,713,636,364 |
| | - | - | 1,793,713,636,364 | - | 1,793,713,636,364 | 1,793,713,636,364 |
| Amounts come due within 12 months | - | - | - | - | - | - |
| Amounts come due after 12 months | - | - | - | - | 1,793,713,636,364 | 1,793,713,636,364 |

Detail information on short-term loans is as follows

- (1) Agreement to modify loan letter No.AC2-STVN715-14 on 26 February 2016, with the following detailed terms:
- + Loan amount: USD 2.5 millions;
 - + Loan purpose: used for the purpose of financing payment of raw materials of the borrower in accordance with Vietnamese law;
 - + Contract term: 01 year;
 - + Interest rate: for each loan. The interest rate applied with loans at 31 December is from 5.4%/year to 5.5%/year;
 - + Forms of loan security: Trust.
- (2) Credit Contract No. 01/2016/HDTDTL/NHCT106-GELEX dated 15 November 2016, Bill of Debt No. 01 dated 15 November 2016; Credit Contract No. 02/2016/HDTDTL/NHCT106-GELEX on 15 November 2016, Bill of Debt No. 01 on 15 November 2016 and Credit Contract No. 03/2016/HDTDTL/GELEX on 21 December 2016, Bill of debt No. 01 on 21 December 2016:
- + Amount disbursed: VND 1,078.2 billions;
 - + Loan purpose: Investing to purchase shares of Electric Equipment JSC (THIBIDI); and South Logistics JSC (SOTRANS);
 - + Loan term: 03 months.
 - + Interest rate: Interest rate at the time of disbursement is from 5%/year to 5.1%/year.
- (3) Credit Contract No. 2107HDTD.VIB.006.2016 on 21 July 2016 and Loan Disbursement Proposal (or Bill of Debt) No. 2107.01 on 26 August 2016, No. 2107.02 on 14 October 2016 and No. 2107.03 on 02 November 2016:
- + Amount disbursed: VND 31,113,920,806;
 - + Loan purpose: Payment for the purchase of copper;
 - + Loan term: from 4 months to 6 months.
 - + Interest rate: The interest rate at the time of disbursement is from 4.9%/year to 5.4%/year, adjusted every two weeks and in accordance with the law on interest rates and VIB's policies in each period.

Detail information on long-term loans is as follows

- (4.1) The ordering bonds Contract No.612/2016/HDD.TP/VIB-GELEX between the Corporation and Vietnam International Commercial Joint Stock Bank - Ba Dinh Branch on 06 December 2016 with the following details:
- + Purpose of issuing bonds: Contribute capital to establish Gelex Real Estate CO., LTD, additional capital for business activities, restructuring debts of enterprises and other lawful purposes;
 - + Number of bonds: 1.000 (One thousand) Bonds;
 - + Issuing Date: 08 December 2016;
 - + Maturity date: 08 December 2019;
 - + Bond's face value: 1,000,000,000 (One billion dong).
 - + Collateral: The value of bonds is secured by 20.5 million ordinary shares of Vietnam Electrical Cable JSC (Cadivi); 20.5 million common shares of Cadivi which the Corporation expected to buy in the first quarter of 2017 and the capital contributed by the Corporation to the Gelex real estate CO., LTD formed from that capital issuing bonds.

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- (4.2) The ordering bonds Contract No. 01.2016/HĐĐM/TPBANK-GELEX on 12 December 2016 between the Corporation and Tien Phong Commercial Joint Stock Bank with the following details:
- + Purpose of issuing bonds: Contribute capital to establish Gelex Energy CO., LTD, additional capital for business activities and other lawful purposes;
 - + Number of bonds: 800 (Eight hundred) Bonds;
 - + Issuing Date: 12 December 2016;
 - + Maturity date: 12 December 2019;
 - + Bond's face value: 1,000,000,000 (One billion dong).
 - + Collateral: The value of bonds is secured by construction on land is Gelex Tower building at No. 52 Le Dai Hanh; 10,946,969 shares Vietnam Electronic Equipment JSC (THIBIDI); 24,242,245 shares of Hanoi Electromechanical Manufacturing JSC (HEM); 23.6 million restricted shares of Vietnam Electric Equipment JSC(Thibidi) and the contribution capital of the issuer at Public Gelex Energy CO., LTD derived from bonds.

19 . PROVISION FOR PAYABLES

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|----------------------------------|------------------------------|------------------------------|
| | VND | VND |
| a) Short-term | 18,517,030,360 | - |
| - Provision for product warranty | 18,517,030,360 | - |
| | <u>18,517,030,360</u> | <u>-</u> |
| b) Long-term | 25,640,119,184 | 35,489,024,271 |
| - Provision for product warranty | 25,640,119,184 | 35,489,024,271 |
| | <u>25,640,119,184</u> | <u>35,489,024,271</u> |

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20 . OWNER'S EQUITY

a) Increase and decrease in owner's equity

| | Contributed legal capital | Share capital surplus | Treasury stocks | Investment and development funds | Undistributed earnings | Total |
|---|------------------------------|-----------------------|------------------------|-------------------------------------|---------------------------|--------------------------|
| | VND | VND | VND | VND | VND | VND |
| Previous year opening balance | 1,400,000,000,000 | - | (5,025,000,000) | 32,500,000,000 | 242,561,521,349 | 1,670,036,521,349 |
| Previous year increase in capital | 150,000,000,000 | 66,378,000,000 | - | - | - | 216,378,000,000 |
| Profit/loss of the previous year | - | - | - | - | 249,651,441,276 | 249,651,441,276 |
| Distribute profit | - | - | - | 29,500,000,000 | (213,055,000,000) | (183,555,000,000) |
| Previous year closing balance | 1,550,000,000,000 | 66,378,000,000 | (5,025,000,000) | 62,000,000,000 | 279,157,962,625 | 1,952,510,962,625 |
| Current year opening balance (*) | 1,550,000,000,000 | 66,378,000,000 | (5,025,000,000) | 62,000,000,000 | 279,157,962,625 | 1,952,510,962,625 |
| Profit/loss of the current year | - | - | - | - | 305,506,529,160 | 305,506,529,160 |
| Distribute profit | - | - | - | 77,656,441,276 | (249,651,441,276) | (171,995,000,000) |
| Current year closing balance | 1,550,000,000,000 | 66,378,000,000 | (5,025,000,000) | 139,656,441,276 | 335,013,050,509 | 2,086,022,491,785 |

(*) According to the resolution of the Extraordinary Shareholders' Meeting on 26 June 2015 of Vietnam Electricity Equipment Corporation, the General Meeting of Shareholders approved the plan to issue shares to increase charter capital to the purpose of expanding production and business activities. On August 6, 2015, the Corporation has offered to sell 15 million shares as planned for Viet Capital Securities Joint Stock Company at the price of VND 14,434/share. At the time of preparing this separate financial statement, the Corporation is using the capital as committed in the approved documents.

According to Resolution N0 19/TBDVN/NQ-DHCD dated 04 March 2016 issued by General Meeting of shareholders, the Corporation announced its profit distribution plan as follows:

| | Rate | Amount |
|---|--------|-----------------|
| | % | VND |
| Profit after tax | 99.99% | 249,651,441,276 |
| Investment and development funds | 31.11% | 77,656,441,276 |
| Bonus and welfare fund | 6.00% | 15,000,000,000 |
| Paid dividends (10% charter capital) | 61.89% | 154,500,000,000 |
| Other funds belonging to owner's equity | 1.00% | 2,495,000,000 |

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b) Details of owner's invested capital

| | Rate | 31/12/2016 | Rate | 01/01/2016 |
|-------------------------|-------------|--------------------------|-------------|--------------------------|
| | (%) | VND | (%) | VND |
| GEX Investment CO., LTD | 23.09% | 357,968,000,000 | 0.00% | - |
| Other shareholders | 76.59% | 1,187,032,000,000 | 99.68% | 1,545,000,000,000 |
| Treasury stock | 0.32% | 5,000,000,000 | 0.32% | 5,000,000,000 |
| | 100% | 1,550,000,000,000 | 100% | 1,550,000,000,000 |

c) Capital transactions with owners and distribution of dividends and profits

| | Year 2016 | Year 2015 |
|----------------------------|-------------------|-------------------|
| | VND | VND |
| Owner's invested capital | 1,550,000,000,000 | 1,550,000,000,000 |
| - At the beginning of year | 1,550,000,000,000 | 1,400,000,000,000 |
| - Increase in the year | - | 150,000,000,000 |
| - At the ending of year | 1,550,000,000,000 | 1,550,000,000,000 |

d) Stock

| | 31/12/2016 | 01/01/2016 |
|---|-------------|-------------|
| Quantity of authorized issuing stocks | 155,000,000 | 155,000,000 |
| Quantity of issued stocks | 155,000,000 | 155,000,000 |
| - Common stocks | 155,000,000 | 155,000,000 |
| Quantity of repurchased shares (treasury stock) | 500,000 | 500,000 |
| - Common stocks | 500,000 | 500,000 |
| Quantity of outstanding shares in circulation | 154,500,000 | 154,500,000 |
| - Common stocks | 154,500,000 | 154,500,000 |
| Par value per share (VND) | 10,000 | 10,000 |

e) Company's funds

| | 31/12/2016 | 01/01/2016 |
|---------------------------------|------------------------|-----------------------|
| | VND | VND |
| Investment and development fund | 139,656,441,276 | 62,000,000,000 |
| | 139,656,441,276 | 62,000,000,000 |

21 . FUNDS THAT FORM FIXED ASSETS

- The funding sources is granted by the Ministry of Science and Technology;
- Purpose: conducting the projects under the program "Research, application and development of energy technology" at State level in period from 2011 to 2015;
- Assets formed from the program include: three-phase meter control panel and local discharging device,. Historical cost of the above assets is VND 2,736,000,000 and accumulated depreciation until 31 December 2016 is 354,730,559 dong.

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22 . OFF-STATEMENT OF FINANCIAL POSITION ACCOUNTS

Foreign currencies

| | <u>31/12/2016</u> | <u>01/01/2016</u> |
|----------------------|-------------------|-------------------|
| - US dollar (USD) | 447.53 | 18,692 |
| - Japanese Yen (JPY) | - | 33,000 |

23 . TOTAL REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

| | <u>Year 2016</u> | <u>Year 2015</u> |
|--|---------------------------------|---------------------------------|
| | VND | VND |
| Revenue from sale of merchandise, finished goods | 1,237,905,691,098 | 1,310,783,862,305 |
| Revenue from services rendered | 55,312,095,343 | 46,499,564,026 |
| | <u>1,293,217,786,441</u> | <u>1,357,283,426,331</u> |

24 . DEDUCTIBLE ITEMS

| | <u>Year 2016</u> | <u>Year 2015</u> |
|--------------|-----------------------------|-----------------------------|
| | VND | VND |
| Sales return | 4,106,711,000 | 7,207,354,930 |
| | <u>4,106,711,000</u> | <u>7,207,354,930</u> |

25 . COSTS OF GOODS SOLD

| | <u>Year 2016</u> | <u>Year 2015</u> |
|--|---------------------------------|---------------------------------|
| | VND | VND |
| Cost of merchandise, finished goods sold | 1,084,608,998,946 | 1,109,477,868,780 |
| Costs of services rendered | 35,929,098,624 | 29,879,426,539 |
| | <u>1,120,538,097,570</u> | <u>1,139,357,295,319</u> |

26 . FINANCE INCOME

| | <u>Year 2016</u> | <u>Year 2015</u> |
|--|-------------------------------|-------------------------------|
| | VND | VND |
| Interest income, interest from loans | 29,612,865,724 | 23,504,403,723 |
| Gain from selling investments | 41,608,963,640 | - |
| Dividends, profits earned | 189,637,216,500 | 130,149,758,911 |
| Realized gain from foreign exchange difference | 303,808,135 | 936,650,066 |
| Unrealized gain from foreign exchange difference | 203,142,136 | 1,558,574,765 |
| Interest from selling bonds | 8,641,993,400 | - |
| | <u>270,007,989,535</u> | <u>156,149,387,465</u> |

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27 . FINANCIAL EXPENSES

| | Year 2016 | Year 2015 |
|---|------------------------------|---------------------------|
| | VND | VND |
| Interest expenses | 19,030,934,004 | 556,154,000 |
| Realized loss from foreign exchange difference | 684,561,102 | 415,496,284 |
| Provision for devaluation in value of trading securities and loss from investment | 14,721,860,307 | - |
| Others financial expenses | 318,373,329 | - |
| | <u>34,755,728,742</u> | <u>971,650,284</u> |

28 . SELLING EXPENSES

| | Year 2016 | Year 2015 |
|----------------------------------|------------------------------|------------------------------|
| | VND | VND |
| Raw materials | 2,092,745,045 | 1,980,426,567 |
| Labor expenses | 1,317,303,662 | 1,367,984,102 |
| Expenses of outsourcing services | 8,059,344,811 | 11,735,227,046 |
| Other expenses in cash | 2,325,076,429 | 4,103,128,598 |
| Warranty expenses | 8,695,114,054 | 1,372,900,262 |
| | <u>22,489,584,001</u> | <u>20,559,666,575</u> |

29 . GENERAL AND ADMINISTRATIVE EXPENSE

| | Year 2016 | Year 2015 |
|----------------------------------|------------------------------|------------------------------|
| | VND | VND |
| Raw materials | 4,185,601,659 | 2,534,340,155 |
| Labor expenses | 27,487,817,753 | 24,056,183,457 |
| Depreciation expenses | 1,427,133,546 | 972,630,390 |
| Tax, Charge, Fee | 5,397,553,706 | 7,094,121,735 |
| Reversal of provision expenses | (9,246,572,320) | 6,001,385,210 |
| Expenses of outsourcing services | 8,621,475,346 | 11,105,492,580 |
| Other expenses in cash | 8,364,350,767 | 10,398,824,768 |
| | <u>46,237,360,457</u> | <u>62,162,978,295</u> |

30 . OTHER INCOME

| | Year 2016 | Year 2015 |
|---|-----------------------------|---------------------------|
| | VND | VND |
| Gain from liquidation, disposal of fixed assets | 35,001,600 | 136,004,242 |
| Gain from revaluation of assets | 3,391,987,600 | - |
| Others | 97,140,957 | 160,521,800 |
| | <u>3,524,130,157</u> | <u>296,526,042</u> |

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31 . OTHER EXPENSES

| | Year 2016 | Year 2015 |
|---|----------------------|--------------------|
| | VND | VND |
| Loss from liquidation, disposal of fixed assets | - | 1,974,306 |
| Fines | 4,135,231,423 | - |
| Others | 477,990,558 | 317,579,460 |
| | 4,613,221,981 | 319,553,766 |

32 . CURRENT CORPORATE INCOME TAX EXPENSES

| | Year 2016 | Year 2015 |
|---|-----------------------|-----------------------|
| | VND | VND |
| <i>Corporate income tax from main business activities</i> | | |
| Total profit before tax | 334,009,202,382 | 283,150,840,669 |
| Increase | 6,025,266,239 | 1,450,715,900 |
| - <i>Ineligible expenses</i> | 6,025,266,239 | 1,450,715,900 |
| Decrease | (197,521,102,510) | (132,331,559,328) |
| - <i>Dividend payment</i> | (189,637,216,500) | (130,149,758,911) |
| - <i>Interest from revaluation of foreign currency at the end of the year</i> | (203,142,136) | (1,641,800,417) |
| - <i>Other (previous year taxed expenses)</i> | (7,680,743,874) | (540,000,000) |
| Taxable income | 142,513,366,111 | 152,269,997,241 |
| Corporate income tax rate | 20% | 22% |
| Current corporate income tax expense | 28,502,673,222 | 33,499,399,393 |
| Adjustment of corporate income tax expenses in the previous years which increases the corporate income tax expenses in the current year | 2,716,274,919 | 222,650,608 |
| Tax payable at the beginning of the year | 4,499,399,393 | 23,726,493,271 |
| Tax paid in the year | (28,799,399,393) | (52,949,143,879) |
| Corporate income tax payable at the end of the year | 6,918,948,141 | 4,499,399,393 |

33 . BUSINESS AND PRODUCTIONS EXPENSES BY ITEMS

| | Year 2016 | Year 2015 |
|----------------------------------|------------------------|------------------------|
| | VND | VND |
| Raw materials | 525,966,812,318 | 466,375,144,122 |
| Labor expenses | 60,542,618,134 | 79,384,858,195 |
| Depreciation expenses | 31,053,806,242 | 32,069,629,408 |
| Expenses of outsourcing services | 9,276,418,882 | 37,838,941,307 |
| Other expenses in cash | 40,478,106,989 | 30,262,682,550 |
| | 667,317,762,565 | 645,931,255,582 |

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34 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Corporation:

| | Carrying amount | | | |
|------------------------------|--------------------------|------------------|--------------------------|------------------------|
| | 31/12/2016 | | 01/01/2016 | |
| | Original Cost VND | Provision VND | Original Cost VND | Provision VND |
| Financial Assets | | | | |
| Cash and cash equivalents | 1,952,418,381,205 | - | 121,223,651,001 | - |
| Trade and other receivables | 174,505,148,896 | - | 380,073,355,198 | (7,680,743,874) |
| Loans | 248,046,708,523 | - | 482,885,120,000 | - |
| | <u>2,374,970,238,624</u> | <u>-</u> | <u>984,182,126,199</u> | <u>(7,680,743,874)</u> |
| | | | Carrying amount | |
| | | | 31/12/2016 | 01/01/2016 |
| | | | VND | VND |
| Financial Liabilities | | | | |
| Borrowings and debts | | | 2,946,247,001,887 | - |
| Trade and other payables | | | 246,466,611,310 | 257,941,715,381 |
| Accrued expenses | | | 11,877,743,290 | 351,500,000 |
| | | | <u>3,204,591,356,487</u> | <u>258,293,215,381</u> |

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 Corporation's financial risks including market risk, credit risk and liquidity risk. The Corporation 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 Corporation is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

Market risk

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

Price Risk

The Corporation bears price risk of equity instruments from short-term and long-term investments in securities due to the uncertainty of future prices of the securities. As regards, long-term securities held for long-term strategies, at the end of the fiscal year, the Corporation has no plan to sell these investments.

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Exchange rate risk

The Corporation 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 Corporation are denominated in foreign currencies other than VND.

Interest rate risk

The Corporation 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 Corporation has time or demand deposits, borrowings and debts subject to floating interest rates. The Corporation 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 Corporation if a counterpart fails to perform its contractual obligations. The Corporation has credit risk from operating activities (mainly to trade receivables) and financial activities (including deposits, loans and other financial instruments), detailed as follows:

| | <u>Under 1 year</u> VND | <u>From 1 to 5 years</u> VND | <u>From more than 5</u> <u>years</u> VND | <u>Total</u> VND |
|-----------------------------|----------------------------|---------------------------------|--|--------------------------|
| As at 31/12/2016 | | | | |
| Cash and cash equivalents | 1,952,418,381,205 | - | - | 1,952,418,381,205 |
| Trade and other receivables | 174,505,148,896 | - | - | 174,505,148,896 |
| Loans | 248,046,708,523 | - | - | 248,046,708,523 |
| | <u>2,374,970,238,624</u> | <u>-</u> | <u>-</u> | <u>2,374,970,238,624</u> |
| As at 01/01/2016 | | | | |
| Cash and cash equivalents | 121,223,651,001 | - | - | 121,223,651,001 |
| Trade and other receivables | 372,392,611,324 | - | - | 372,392,611,324 |
| Loans | 482,885,120,000 | - | - | 482,885,120,000 |
| | <u>976,501,382,325</u> | <u>-</u> | <u>-</u> | <u>976,501,382,325</u> |

Liquidity Risk

Liquidity risk is the risk that the Corporation has trouble in settlement of its financial obligations due to the lack of funds. Liquidity risk of the Corporation 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:

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| | Under 1 year VND | From 1 to 5 years VND | From more than 5 years VND | Total VND |
|--------------------------|--------------------------|--------------------------|----------------------------------|--------------------------|
| As at 31/12/2016 | | | | |
| Borrowings and deb | 1,152,533,365,523 | 1,793,713,636,364 | - | 2,946,247,001,887 |
| Trade and other payables | 147,404,337,215 | 99,062,274,095 | - | 246,466,611,310 |
| Accrued expenses | 11,877,743,290 | - | - | 11,877,743,290 |
| | <u>1,311,815,446,028</u> | <u>1,892,775,910,459</u> | <u>-</u> | <u>3,204,591,356,487</u> |
| As at 01/01/2016 | | | | |
| Trade and other payables | 251,740,839,499 | 6,200,875,882 | - | 257,941,715,381 |
| Accrued expenses | 351,500,000 | - | - | 351,500,000 |
| | <u>252,092,339,499</u> | <u>6,200,875,882</u> | <u>-</u> | <u>258,293,215,381</u> |

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

35 . SUBSEQUENT EVENTS

According to the Resolution of the Extraordinary Shareholders' Meeting No. 27/TBDVN/NQ-DHCD on 01 August 2016, the Corporation has approved the plan to issue shares to increase charter capital as follows:

- Number of shares expected to issue: 77,250,000 shares;
- Face value of issuance: VND 10,000/share;
- Issuer: existing shareholders;
- Issuing rate: the rate to implement the right to buy shares is 2:1 (the shareholder holds 1 share corresponding to 1 right, the shareholder who holds 2 rights can buy 1 new share);
- Issuing price: VND 18,000/share;
- Proposed execution time: The Shareholders' Meeting authorizes the Board of Directors to decide after the being approved by the State Securities Commission;
- Using capital plan:
 - + Increase the percentage of ownership in Electrical Equipments JSC through the purchase of shares offered to strategic shareholders (VND 578,200,000,000);
 - + Investments in logistics industry through finding, negotiating to buy the controlling shares of enterprises are operating effectively in the industry, including South Logistics JSC and other enterprises (VND 812,300,000,000).

The Shareholders' Meeting authorizes the Board of Management to prepare and approve a detailed capital use plan for each of the above purposes.

According to the report on the results of the issuance of shares to the public No. 20/2017/GELEX-BC on 23 January 2017 of the Vietnam Electrical Equipment Corporation and Official Letter No. 534/UBCK-QLCB on 23 January 2017 confirming the receipt of that report, the number of shares successfully issued is 77 million shares and the charter capital of the Corporation increased to VND 2,320,000,000,000.

There have been no significant events occurring after the reporting year, which would require adjustments or disclosures to be made in the Separate financial statements.

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36 . SEGMENT REPORT

More than 90% of the Corporation's operations are manufacturing and trading in electrical equipment and more than 90% of its operations took place in Vietnam. Therefore, the Corporation does not make segment report by business field and by geographical area.

37 . TRANSACTION AND BALANCES WITH RELATED PARTIES

In the fiscal year, the Corporation has the transactions and balances with related parties as follows:

Transactions during the year:

| | <u>Relation</u> | <u>Year 2016</u> VND | <u>Year 2015</u> VND |
|---|---------------------|--------------------------|-------------------------|
| Contributing capital/purchasing additional capital | | 2,003,481,701,363 | - |
| Vietnam Electric Cable Corporation | Subsidiary | 263,865,205,000 | - |
| GELEX Investment and Construction JSC | Subsidiary | 13,000,000,000 | - |
| Electrical Equipment JSC | Subsidiary | 578,200,000,000 | - |
| Electrical Measuring Instrument CO., LTD | Subsidiary | 368,000,000,000 | - |
| GELEX Energy CO., LTD | Subsidiary | 220,000,000,000 | - |
| Electrical Devices JSC No1 | Associate | 6,123,660,000 | - |
| South Logistics JSC | Associate | 554,292,836,363 | - |
| Sales of goods and services | | 504,624,709,940 | 678,317,840,669 |
| Vietnam Electric Cable Corporation | Subsidiary | 430,814,881,551 | 570,920,260,544 |
| Hanoi Electromechanical Manufacturing JSC | Subsidiary | 6,400,948,853 | 8,697,244,120 |
| GELEX Investment and Construction JSC | Subsidiary | 406,823,092 | - |
| GELEX Cambodia CO., LTD | Subsidiary | 7,918,490,916 | 24,751,354,967 |
| Electrical Measuring Instrument CO., LTD | Subsidiary | 4,996,743,495 | - |
| Vietnam - Hungary Electrical Machinery Manufacturing JSC | Associate | 14,082,000 | - |
| EMIC Production and Trading JSC | Associate | 37,439,457,864 | 58,587,141,625 |
| Electrical Equipment JSC | Subsidiary | 14,100,872,300 | 12,520,597,680 |
| CFT Vina Copper CO., LTD | Associate | 487,090,869 | 471,927,233 |
| Electrical Devices JSC No1 | Associate | 2,045,319,000 | 2,369,314,500 |
| Transactions arising in the year (continued): | | | |
| Purchasing goods and services | | 835,432,783,491 | 713,251,336,333 |
| Vietnam Electric Cable Corporation | Subsidiary | 910,125,908 | 3,133,644,387 |
| Hanoi Electromechanical Manufacturing JSC | Subsidiary | 227,548,633,432 | 110,423,793,474 |
| GELEX Investment and Construction JSC | Subsidiary | 3,728,481,818 | - |
| Electrical Measuring Instrument CO., LTD | Subsidiary | 137,320,992,010 | - |
| Vietnam - Hungary Electrical Machinery Manufacturing JSC | Associate | 5,660,806,538 | - |
| EMIC Production and Trading JSC | Associate | 89,182,795,835 | 124,141,279,511 |
| Electrical Equipment JSC | Associate | 27,000,000 | - |
| CFT Vina Copper CO., LTD | Associate | 371,053,947,950 | 452,947,619,761 |
| Electrical Devices JSC No1 | Associate | - | 4,999,200 |
| Cadivi Dong Nai CO., LTD | Indirect Subsidiary | - | 22,600,000,000 |

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| | | | |
|--|------------|------------------------|------------------------|
| Interest on loans | | 3,691,049,433 | 7,155,124,225 |
| Vietnam Electric Cable Corporation | Subsidiary | 2,839,495,833 | 5,700,000,000 |
| Vietnam - Hungary Electrical Machinery Manufacturing JSC | Associate | 371,553,600 | 743,107,200 |
| EMIC Production and Trading JSC | Associate | 480,000,000 | 458,333,333 |
| Electrical Devices JSC No1 | Associate | - | 253,683,692 |
| Dividends, profits divided | | 189,637,216,500 | 127,100,370,311 |
| Vietnam Electric Cable Corporation | Subsidiary | 56,165,472,000 | 56,165,472,000 |
| Hanoi Electromechanical Manufacturing JSC | Subsidiary | 36,088,875,000 | 29,720,250,000 |
| Hai Duong Pump Manufacturing JSC: | Subsidiary | 2,690,637,000 | 1,490,700,000 |
| EMIC Production and Trading JSC | Associate | 1,020,000,000 | 765,000,000 |
| Electrical Equipment JSC | Associate | 65,824,025,000 | 19,548,160,000 |
| CFT Vina Copper CO., LTD | Associate | 24,378,127,500 | 15,940,708,311 |
| Electrical Devices JSC No1 | Associate | 3,470,080,000 | 3,470,080,000 |

Outstanding balances up to the reporting date are as follows:

| | <u>Relation</u> | <u>31/12/2016</u> | <u>01/01/2016</u> |
|--|-----------------|------------------------|------------------------|
| | | VND | VND |
| Short-term trade receivables | | 92,658,489,064 | 166,832,496,966 |
| Vietnam Electric Cable Corporation | Subsidiary | 81,430,811,033 | 112,574,675,940 |
| Hanoi Electromechanical Manufacturing JSC | Subsidiary | 485,617 | 1,362,619,291 |
| GELEX Investment and Construction JSC | Subsidiary | 297,221,650 | - |
| GELEX Cambodia CO., LTD | Subsidiary | 10,881,605,862 | 33,308,028,708 |
| Electrical Measuring Instrument CO., LTD | Subsidiary | 48,364,902 | - |
| EMIC Production and Trading JSC | Accociate | - | 18,326,134,743 |
| Electrical Equipment JSC | Subsidiary | - | 934,193,084 |
| Electrical Devices JSC No1 | Accociate | - | 326,845,200 |
| Other receivables | | 4,957,327,000 | 11,080,987,000 |
| GELEX Cambodia CO., LTD | Subsidiary | 4,957,327,000 | 4,957,327,000 |
| Electrical Devices JSC No1 | Accociate | - | 6,123,660,000 |
| Short-term trade payables | | 118,946,223,516 | 118,252,895,492 |
| Vietnam Electric Cable Corporation | Subsidiary | - | 6,250,527,015 |
| Hanoi Electromechanical Manufacturing JSC | Subsidiary | 599,349,549 | 11,629,809,343 |
| Electrical Measuring Instrument CO., LTD | Subsidiary | 74,981,795,916 | - |
| CFT Vina Copper CO., LTD | Accociate | 43,365,078,051 | 75,512,559,134 |
| Cadivi Dong Nai CO., LTD | Subsidiary | - | 24,860,000,000 |
| Loans interest receivables | | 2,288,926,363 | 5,045,706,096 |
| Vietnam Electric Cable Corporation | Subsidiary | - | 2,850,000,000 |
| Vietnam - Hungary Electrical Machinery Manufacturing JSC | Accociate | 2,288,926,363 | 1,917,372,763 |
| EMIC Production and Trading JSC | Accociate | - | 278,333,333 |
| Other payables | | | 16,699,815,109 |
| EMIC Production and Trading JSC | Accociate | - | 16,699,815,109 |

Transactions with other related parties:

| | <u>Year 2016</u> | <u>Year 2015</u> |
|---|------------------|------------------|
| | VND | VND |
| Remuneration to members of The Board of General Directors and The Board of Management | 9,689,278,415 | 4,321,100,000 |

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38 . COMPARATIVE FIGURES

The comparative figures are figures in the Separate Financial Statements for the fiscal year ended as at 31 December 2015, which was audited by AASC Auditing Firm Company Limited.

In 2016, the Corporation changed the method of preparing its separate cash flow statement from direct method to indirect method. As a result, the separate statement of cash flows in 2015 has been re-prepared by the Corporation in the indirect method to compare with the figure of this year.

Duong Viet Nga
Preparer

Pham Tuan Anh
Chief Accountant

Nguyen Van Tuan
General Director

Ha Noi, 10 January 2017

