

**Ho Chi Minh City Power Corporation  
Distribution Efficiency Project**

Loan Agreement No. TF13468-VN

Audited financial statements  
For the year ended 31 December 2018

2019 -06- 2 8



# Ho Chi Minh City Power Corporation Distribution Efficiency Project

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PART I

**FINANCIAL STATEMENTS**

# Ho Chi Minh City Power Corporation

## **Distribution Efficiency Project**

*Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam*

### REPORT OF THE MANAGEMENT

The Management of Ho Chi Minh City Power Corporation ("the Corporation") presents this report together with the financial statements of the Distribution Efficiency Project - Loan Agreement No. TF13468-VN – Portion implemented by the Corporation ("the Project") for year ended 31 December 2018.

### **THE MANAGEMENT**

The members of the Management during the year and at the date of this report are:

Mr. Pham Quoc Bao	General Director
Mr. Nguyen Van Ly	Deputy General Director
Mr. Tran Khiem Tuan	Deputy General Director
Mr. Nguyen Duy Quoc Viet	Deputy General Director
Mr. Nguyen Van Thanh	Deputy General Director

### **MANAGEMENT'S STATEMENT RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS OF THE PROJECT**

The Management is responsible for preparing the financial statements of the Project, which comprise the balance sheet as at 31 December 2018, the statements of sources and uses of funds, statement of designated account and the notes to the financial statements, which give a true and fair view of the financial position of the Project as at 31 December 2018 as well as its receipts, disbursements and expenditures for the year then ended, in accordance with the accounting policies set out in Note 3 of the notes to the financial statements and the Project Financial Management Manual. In preparing these financial statements, the Management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ▶ design and maintain effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as over financial reporting for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control.

The Management is responsible for:

- ▶ ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Project and that the financial statements comply with the accounting policies set out in Note 3 of the notes to the financial statements;
- ▶ using the Project's funds as intended for the Project and complying with the Project Financial Management Manual as well as laws and regulations applicable to the Project; and
- ▶ safeguarding the assets of the Project and hence taking reasonable steps for the prevention and detection of frauds and other irregularities.

# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

### REPORT OF THE MANAGEMENT (continued)

The Management confirms that they have complied with the above requirements in preparing these financial statements.

  
For and on behalf of the Management:



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Pham Quoc Bao  
General Director

26 June 2019

Reference: 61261031/20264413/WB-TF13468

## **INDEPENDENT AUDITORS' REPORT**

**To: The Management of Ho Chi Minh City Power Corporation**

### **Report on the Audit of the financial statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Distribution Efficiency Project - Loan Agreement No. TF13468-VN – Portion implemented by Ho Chi Minh City Power Corporation (“the Corporation”) (“the Project”) prepared on 26 June 2019, as set out from page 5 to page 13, which comprise the balance sheet as at 31 December 2018, the statement of sources and uses of funds, statement of designated account, and the notes thereto. The financial statements have been prepared by the Corporation’ management in accordance with the accounting policies as described in Note 3 to the financial statements and the Project Financial Management Manual.

In our opinion, the financial statements of the Project as at 31 December 2018 and for the year then ended are prepared, in all material respects, in accordance with the accounting policies as described in Note 3 to the financial statements and the Project Financial Management Manual.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Program in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Vietnam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Emphasis of Matter***

We draw attention to Note 3 to the financial statements which describe the accounting policies. These financial statements are prepared in accordance with a special purpose framework as required by the World Bank. Our opinion is not modified in respect of this matter.

#### ***Responsibilities of Management for the Financial Statements***

The Corporation’s management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies set out in Note 3 of the notes to the financial statements and the Project Financial Management Manual and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

BALANCE SHEET  
as at 31 December 2018

		VND	
	Notes	31 December 2018	31 December 2017
<b>ASSETS</b>			
<b>Non-current asset</b>			
Project implementing expenditures	5	243,058,839,663	227,805,098,880
<b>Current assets</b>			
Cash	6	19,878,542,447	19,466,284,924
Short-term advances to suppliers		245,890,909	345,536,724
<b>Total current assets</b>		<b>20,124,433,356</b>	<b>19,811,821,648</b>
<b>TOTAL ASSETS</b>		<b>263,183,273,019</b>	<b>247,616,920,528</b>
<b>RESOURCES</b>			
<b>Funds</b>			
CTF fund	7	211,555,500,000	211,555,500,000
Counterpart fund		23,667,890,131	12,396,641,343
Foreign exchange difference		(115,481,690)	(538,181,186)
<b>Total funds</b>		<b>235,107,908,441</b>	<b>223,413,960,157</b>
<b>Liabilities</b>			
Short-term payables to suppliers	8	28,075,364,578	23,793,968,272
Other short-term payables		-	408,992,099
<b>Total liabilities</b>		<b>28,075,364,578</b>	<b>24,202,960,371</b>
<b>TOTAL RESOURCES</b>		<b>263,183,273,019</b>	<b>247,616,920,528</b>



Tang Bac Ngan  
Preparer



Nguyen Van Hung  
Chief Accountant



Pham Quoc Bao  
General Director

26 June 2019

# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

### STATEMENT OF SOURCES AND USES OF FUNDS for the year then ended 31 December 2018

	VND					
	2018			Accumulated to 31 December 2018		
	CTF fund	Counterpart fund	Total	CTF fund	Counterpart fund	Total
<b>Receipts</b>						
CTF fund	-	-	-	211,555,500,000	-	211,555,500,000
Counterpart fund	-	11,271,248,788	11,271,248,788	-	23,667,890,131	23,667,890,131
	<b>-</b>	<b>11,271,248,788</b>	<b>11,271,248,788</b>	<b>211,555,500,000</b>	<b>23,667,890,131</b>	<b>235,223,390,131</b>
<b>Disbursements</b>						
Construction	-	11,271,248,788	11,271,248,788	191,690,231,829	15,890,222,346	207,580,454,175
Others	-	-	-	-	7,777,667,785	7,777,667,785
Foreign exchange gain	-	-	-	406,946,657	-	406,946,657
	<b>-</b>	<b>11,271,248,788</b>	<b>11,271,248,788</b>	<b>192,097,178,486</b>	<b>23,667,890,131</b>	<b>215,765,068,617</b>
<b>(Deficit) surplus of receipts over disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,458,321,514</b>	<b>-</b>	<b>19,458,321,514</b>
Foreign exchange gain from revaluation of cash balance denominated in foreign currencies	412,257,523	-	412,257,523	420,220,933	-	420,220,933

# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

STATEMENT OF SOURCES AND USES OF FUNDS (continued)  
for the year then ended 31 December 2018

	2018		Accumulated to 31 December 2018		VND
	CTF fund	Counterpart fund	CTF fund	Counterpart fund	
Change in fund balance	412,257,523	-	412,257,523	-	19,878,542,447
Funds balance at beginning of year	19,466,284,924	-	19,466,284,924	-	-
Funds balance at ending of year	19,878,542,447	-	19,878,542,447	-	19,878,542,447
Represented by:					
Cash balance as at 31 December 2018	19,878,542,447	-	19,878,542,447	-	19,878,542,447



Tang Bac Ngan  
Preparer



Nguyen Van Hung  
Chief Accountant



  
Pham Quoc Bao  
General Director

26 June 2019

# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

### STATEMENT OF DESIGNATED ACCOUNT for the year then ended 31 December 2018

Account No.: 007.1.37.0763304  
Depository Bank: Joint Stock Commercial Bank for Foreign Trade of Vietnam  
– Ho Chi Minh City Branch  
Address: 132 Ham Nghi, District 1, Ho Chi Minh City  
Loan Agreement No.: TF13468-VN  
Currency: USD

USD  
Amount

#### Part A: Account activity

<b>Opening balance</b>	<b>858,869.84</b>
<b>Add:</b>	
Total amount deposited by the World Bank during the year	-
<b>Deduct:</b>	
Total amount withdrawn during the year	-
<b>Closing balance (as at 31 December 2018)</b>	<b><u>858,869.84</u></b>

#### Part B: Account reconciliation

<b>Outstanding advance balance from the World Bank</b>	<b>7,184,149.84</b>
<i>In which:</i>	
Closing balance of the designated account as at 31 December 2017	858,869.84
Amount withdrawn but not yet cleared as at 31 December 2017	6,325,280.00
<b>Add:</b>	
Total amount advanced from the World Bank during the year	-
<b>Deduct:</b>	
Total amount cleared during the year (*)	<u>6,325,280.00</u>
<b>Outstanding advance balance from the World Bank as at 31 December 2018</b>	<b><u>858,869.84</u></b>
<i>In which:</i>	
Closing balance of the designated account as at 31 December 2018	858,869.84
Amount withdrawn but not yet cleared as at 31 December 2018	-

(\*) According to Application No. HCM-005-CTF date 23 April 2018 with the amount of USD 6,325,280.00.



Tang Bac Ngan  
Preparer



Nguyen Van Hung  
Chief Accountant



Pham Quoc Bao  
General Director

26 June 2019

# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

### NOTES TO THE FINANCIAL STATEMENTS

as at and for the year then ended 31 December 2018

#### 1. GENERAL INFORMATION

Distribution Efficiency Project operates under Financing Agreement No. 5156-VN, Loan Agreement No. TF13468-VN and Grant Agreement No. TF013456-VN dated on 8 November 2012 between the Government of Socialist Republic of Vietnam and the International Development Association, the Clean Technology Fund and the Australian Trust Fund, respectively.

The objectives of the Project are to improve the performance of the Power Corporations in providing quality and reliable electricity services, and to reduce greenhouse gas emissions through demand-side response and efficiency gains.

The Project consists of 3 parts as follows:

##### ***Part A: System's expansion and reinforcement***

Construction and reinforcement of 110 kV, medium voltage, and low voltage electricity distribution networks, including substations of the Power Corporations.

##### ***Part B: Introduction of Smart Grid Technologies in distribution***

Automation through application of supervisory control and data collection systems, operation of electricity distribution network and of data collection of Power Corporations.

Introduction of advanced metering infrastructure systems including two-way communication systems under form of smart electricity distribution technologies for key substations and consumers of selected Power Corporations.

##### ***Part C: Technical assistance and capacity building***

Provision of technical assistance to and capacity building of the Electricity Regulatory Authority of Vietnam for improvement of efficiency in electricity tariffs, enhancement of efficiency and incorporation of smart grid technologies in the grid and distribution codes, integration of renewable energy in the grid and distribution codes, development of demand response and smart grid program, Project management and monitoring and evaluation.

Provision of technical assistance to the Power Corporations for:

- (i) Effective and timely Project implementation, capacity building in relation to financial modelling and planning, and carrying out of customer surveys and instituting of other such measures to improve customer satisfaction; and
- (ii) Implementation of advanced metering infrastructure systems, carrying out of programs promoting efficient electricity use such as a customer awareness campaign and demand response programs, and Project monitoring and evaluation.

Distribution Efficiency Project - Financing Agreement No. 5156-VN, Loan Agreement No. TF13468-VN and Grant Agreement No. TF013456-VN – Portion implemented by the Corporation ("the Project") is implemented under the Sub-loan Agreement signed between the Corporation and the Ministry of Finance dated 7 February 2013.

Funds of Distribution Efficiency Project include International Development Association fund ("IDA"), Clean Technology Fund ("CTF"), Australian trust fund ("AUSAID") and counterpart fund. Funds from IDA, CTF and AUSAID implemented by the Corporation are within USD 55 million, USD 15 million and USD 300,000, respectively.

The Project is expected to be completed by 31 December 2018.

# Ho Chi Minh City Power Corporation

## **Distribution Efficiency Project**

*Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam*

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2018

## **2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

### ***Accounting convention***

The Project's financial statements, prepared under the historical cost convention, are expressed in Vietnam Dong (VND), except for the statement of designated account and statement of loan withdrawals which are expressed in United States Dollars (USD).

The Project's financial statements are prepared in accordance with accounting policies described in Note 3 of the Notes to the financial statements and present receipts from CTF and Counterpart funds, disbursements made by the Corporation.

### ***Fiscal year***

The Project's fiscal year begins on 1 January and ends on 31 December.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Management in the preparation of these financial statements, are as follows:

### ***Contribution from CTF***

Contribution from CTF are recognized when cash is deposited to the Project's designated account which is managed by the Corporation, rather than when being committed or budgeted.

### ***Contribution from Counterpart funds***

Receipts of Counterpart funds are recognized when disbursements are made through the bank accounts of the Corporation and its project management units on behalf of the Project rather than when being committed or budgeted.

### ***Disbursements***

Disbursements are recognized when advances or payments are made by the Project to contractors, suppliers or beneficiaries for relevant project activities.

### ***Project implementing expenditure***

The Project implementing expenditure is recognized for amounts paid and to be paid in the future for goods and services received and accepted, whether or not billed to the Project.

### ***Cash***

Cash includes cash at the designated account.

# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2018

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Payables*

Payables to suppliers represent the amounts are to be paid to suppliers for goods and service received but remain unpaid by the Project as at the year-end.

#### *Foreign currency translation*

Transactions in foreign currencies are translated into Vietnam Dong (VND) at the exchange rate ruling on the transaction date. Monetary items included in the fund balance, which are denominated in foreign currencies, are retranslated at the transfer rate announced by Joint Stock Commercial Bank for Foreign Trade of Vietnam at the balance sheet date.

Foreign exchange differences are presented separately in the statement of sources and uses of funds for the reporting year.

### 4. DESIGNATED ACCOUNT

Designated account under Loan Agreement No. TF13468-VN is deposit account in USD opened at Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch for implementation of the Project's activities. Payments out of the designated account are for expenditures in accordance with the relevant covenants Loan Agreement No. TF13468-VN and relevant regulations established by the Clean Technology Fund.

### 5. PROJECT IMPLEMENTING EXPENDITURES

	VND	
	31 December 2018	31 December 2017
Construction works	161,007,238,301	145,490,694,489
Equipment	76,143,917,177	76,143,917,177
Other expenses (i)	5,907,684,185	6,170,487,214
<b>TOTAL</b>	<b><u>243,058,839,663</u></b>	<b><u>227,805,098,880</u></b>

(i) Other expenses mainly include expenses for survey, technical design and project management costs.

It represents for the sub-project "Read and manage data of remote meter & AMI".

# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2018

### 6. CASH

	31 December 2018		31 December 2017	
	VND	USD	VND	USD
Designated account				
CTF fund	<u>19,878,542,447</u>	<u>858,869.84</u>	<u>19,466,284,924</u>	<u>858,869.84</u>

### 7. CTF FUND

	31 December 2018		31 December 2017	
	VND	USD	VND	USD
Designated account	<u>211,555,500,000</u>	<u>9,300,000.00</u>	<u>211,555,500,000</u>	<u>9,300,000.00</u>

### 8. SHORT-TERM PAYABLES TO SUPPLIERS

	VND	
	31 December 2018	31 December 2017
Due to other parties	27,950,287,521	23,668,891,215
- Posco Daewoo Corporation	19,752,040,268	16,377,633,198
- FPT Software Co., Ltd	8,198,247,253	7,291,258,017
Due to related parties (Note 9)	<u>125,077,057</u>	<u>125,077,057</u>
<b>TOTAL</b>	<b><u>28,075,364,578</u></b>	<b><u>23,793,968,272</u></b>

### 9. TRANSACTIONS WITH RELATED PARTIES

Amounts due to a related party at the balance sheet dates were as follows:

Related party	Relationship	Transaction	VND	
			31 December 2018	31 December 2017
<b>Short-term payables to suppliers</b>				
Power Engineering Consulting Joint Stock Company No. 3	Affiliate	Services rendered	<u>125,077,057</u>	<u>125,077,057</u>

# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2018

### 10. COMMITMENTS

As at 31 December 2018, the outstanding amount of contracts for construction, purchasing equipment and others signed with local and overseas suppliers was VND 28 billion (31 December 2017: VND 12 billion).

### 11. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that may significantly affect the operations of the Project, the results of those operations or the financial position of the Project.



Tang Bac Ngan  
Preparer



Nguyen Van Hung  
Chief Accountant



Pham Quoc Bao  
General Director

26 June 2019

PART II

**REPORT OF INDEPENDENT AUDITORS ON  
EFFECTIVENESS OF INTERNAL CONTROL**

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Reference: 61261031/20264413/WB-TF13468-Internal control

## REPORT OF INDEPENDENT AUDITORS ON EFFECTIVENESS OF INTERNAL CONTROL

**To: The Management of Ho Chi Minh City Power Corporation**

We have audited the design and operating effectiveness of the internal control of the Distribution Efficiency Project - Loan Agreement No. TF13468-VN – Portion implemented by Ho Chi Minh City Power Corporation (“the Corporation”) (“the Project”) which existed during the year ended 31 December 2018. The internal control was set up for the purpose of managing risks to the achievement of the Project’s objectives, including the reasonable prevention and detection of errors, irregularities and fraud. The internal control is the responsibility of the Corporation’s management.

### *Auditors’ Responsibility*

Our responsibility is to express an opinion, based on our audit, on the effectiveness of the internal control that could have a direct and material financial effect to the financial statements of the Project during the year ended 31 December 2018. We conducted our audit in accordance with the principles of International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (“ISAE 3000”) insofar this standard could be usefully applied in this audit and in its specific compliance context. This standard requires that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the internal control for the Project is adequately designed for the purpose of the Project and was operating effectively during the period covered by the audit.

Our audit included obtaining a sufficient understanding of the Project and the internal control for the Project; assessing the risk that a material weakness exists that could have a direct and material financial effect to the financial statements of the Project; testing and evaluating, on a sample basis, the design and operating effectiveness of internal control based on the assessed risk; and performing such other procedures as we considered necessary in the circumstances.

We considered the following criteria in evaluating the effectiveness of the internal control:

- ▶ the requirement for design and implementation of the internal control in the Project’s Financial Management Manual (“FMM”);
- ▶ the appropriateness of the internal control for the Project’s activities and objectives;
- ▶ the implementation of the internal control by the Corporation to achieve its objective of prevention and detection of errors, irregularities and fraud that could have a direct and material financial effect to the financial statements of the Project;
- ▶ the significance to the financial statements where one control or several controls did not operate as designed, if any; and
- ▶ that a weakness or a deficiency existed where a control or several controls did not reasonably prevent or detect risks that could have an adverse impact on the objectives of those internal controls which are to provide reasonable assurance that the financial statements are prepared, in all material respects, in accordance with the adopted accounting policies and FMM, that the funds are utilized for the purposes defined in the Financing Agreement and that the Project complies with the Financing Agreement, FMM and other laws and regulations applicable to the Project.

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

### *Opinion*

In our opinion, the Project's internal control which existed during the year ended 31 December 2018, in all material respects, was adequately designed for the purpose of the Project and operated in an effective manner, based on the evaluating criteria above.

### *Other matter*

This audit involved a historic evaluation of the effectiveness of internal control at a specific point of time. Thus this audit does not provide assurance for future periods due to the risk that internal control may become inappropriate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

**For and on behalf of Ernst & Young Vietnam Limited**



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Pham Thi Cam Tu  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2266-2018-004-1

Ho Chi Minh City, Vietnam

26 June 2019

PART III

REPORT OF INDEPENDENT AUDITORS ON  
THE COMPLIANCE

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Reference: 61261031/20264413/WB-TF13468-Compliance

## REPORT OF INDEPENDENT AUDITORS ON THE COMPLIANCE

**To: The Management of Ho Chi Minh City Power Corporation**

We have examined the compliance of the management of Ho Chi Minh City Corporation (“the Corporation”) in relation to the implementation of the Distribution Efficiency Project – Financing Agreement No. TF13468-VN – Portion implemented by the Corporation (“the Project”) with the applicable laws, regulations and other provisions of the Loan Agreement between the Government of the Socialist Republic of Vietnam and the Clean Technology Fund (“Financing Agreement”) for the year ended 31 December 2018. The Corporation’s management is responsible for the compliance with the Financing Agreement, the Project’s Financial Management Manual (“FMM”) and other laws and regulations applicable to the Project (collectively referred to as “the Project’s regulations”).

### *Auditors’ responsibility*

Our responsibility is to express an opinion, based on our examination, on the compliance of the Corporation’s management with the Project’s regulations that could have a direct and material financial effect to the financial statements of the Project during the year ended 31 December 2018. We conducted our examination in accordance with the principles of International Standard on Assurance Engagements 3000 “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000”) in so far this standard could be usefully applied in this examination and in its specific compliance context. This standard requires that we comply with ethical requirements and that we plan and perform the examination to obtain reasonable assurance about whether the Corporation’s management complies with the Project’s regulations that could have a direct and material financial effect to the financial statements during the period.

Our examination included obtaining a sufficient understanding of the Project, and the Project’s regulations; assessing the risk on non-compliance exists that could have a direct and material financial effect to the financial statements of the Project testing and evaluation on a sample basis, the compliance of the Corporation’s management with the Project’s regulations based on the assessed risk; and performing such other procedures as we considered necessary in the circumstances.

We considered the following criteria in evaluating the compliance of the Corporation’s management with the Project’s regulations:

- ▶ the Corporation’s management awareness of the Project’s regulations;
- ▶ the implementation of the Project’s regulations by the Corporation’s management;
- ▶ the significance to the financial statements where Corporation’s management fails to comply with one requirement or several requirements in the Project’s regulations, if any; and
- ▶ that a weakness or a deficiency existed where Corporation’s management fails to comply with one or several requirements in the Project regulations that could have a direct and material financial effect to the financial statements.

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

### **Opinion**

In our opinion, the Corporation's management complies, in all material respects, with the Project's regulations that could have a direct and material financial effect to the financial statements of the Project for the year ended 31 December 2018 based on the evaluating criteria above.

### **Other matter**

This examination involved a historic evaluation of the compliance of Corporation's management with the Project's regulations at a specific point of time. Thus, this examination does not provide assurance for future periods due to the risk of changes in the Project's regulations, or that the degree of compliance with the Project's regulations, may deteriorate.

**For and on behalf of Ernst & Young Vietnam Limited**



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Phạm Thị Cam Tu  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2266-2018-004-1

Ho Chi Minh City, Vietnam

26 June 2019

**ANNEX I**

**THE PROGRESS OF PROJECT IMPLEMENTATION  
AND WITHDRAWAL**

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# Ho Chi Minh City Power Corporation

## Distribution Efficiency Project

Established under the Loan Agreement No. TF13468-VN between the Clean Technology Fund and the Government of the Socialist Republic of Vietnam

ANNEX I: THE PROGRESS OF PROJECT IMPLEMENTATION AND WITHDRAWAL  
for the year ended 31 December 2018

### I. PROJECT IMPLEMENTATION PROGRESS

As at the date of this report, the progress of the sub-project implemented by each unit is as follows:

No.	List of sub-project	Implementation status
1	Read and manage data of remote meter & AMI	<b>Package DEP-AMR-G2</b> Being in the 4th testing phase  <b>Package DEP-AMR-G1</b> Completed on 12 December 2018.

### II. WITHDRAWAL PROGRESS

The Project's accumulated withdrawals by Ho Chi Minh City Power Corporation are as follows:

	31 December 2018	31 December 2017
Accumulated withdrawals (USD)	9,300,000	9,300,000
Project implementation plan (USD)	15,000,000	15,000,000
<b>Completion percentage</b>	<b>62%</b>	<b>62%</b>

