

## IMPORTANT NOTICE

**IMPORTANT: You must read the following before continuing.** The following applies to the offering memorandum following this page (the “Offering Memorandum”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of your Representation:** By accepting and accessing the Offering Memorandum you are deemed to have represented to Citigroup Global Markets Singapore Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, SMBC Nikko Capital Markets Limited and Standard Chartered Bank (Singapore) Limited (collectively, the “Initial Purchasers”) that (1) (i) you are a non-U.S. person (within the meaning of Regulation S (“Regulation S”) under the U.S. Securities Act of 1933 (the “Securities Act”)) and, to the extent you will purchase the securities described in the Offering Memorandum, you will be doing so in offshore transactions in reliance on Regulation S or (ii) you are acting on behalf of, or you are, both a qualified institutional buyer as defined in Rule 144A under the Securities Act and a qualified purchaser under the U.S. Investment Company Act of 1940, as amended and (2) you consent to the delivery of the Offering Memorandum and any amendments or supplements thereto by electronic transmission.

The Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Initial Purchasers, nor any person who controls any of them, nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation to subscribe for or purchase any of the securities described herein, and access has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Initial Purchaser or any affiliate of any Initial Purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchaser or affiliate on behalf of the issuer of the securities described in the Offering Memorandum in such jurisdiction.

The Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person. If this is not the case, you must return the Offering Memorandum to us immediately.

You may not forward or deliver the Offering Memorandum, electronically or otherwise, to any other person or reproduce it in any manner whatsoever. Any forwarding, distribution or reproduction of the Offering Memorandum, in whole or in part, is unauthorized. Failure to comply with this directive may result in a violation of the Securities Act or the securities laws of other jurisdictions.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# MONG DUONG FINANCE HOLDINGS B.V.

(incorporated in the Netherlands as a private company with limited liability)

## US\$678,500,000 5.125% Senior Secured Notes due 2029

**Issue Price: 100.000%**

Mong Duong Finance Holdings B.V. (the “Issuer”) is offering US\$678,500,000 aggregate principal amount of its 5.125% Senior Secured Notes due 2029 (the “Notes”). Interest on the Notes will be payable on May 7 and November 7 of each year, commencing on November 7, 2019.

The Notes will mature on May 7, 2029. The aggregate principal amount of the Notes will be amortized as described under “Description of the Notes — Amortization of Principal.”

As further described in “The Transactions” and “Use of Proceeds,” the Issuer will use the proceeds from the issue of the Notes, together with borrowings under the Loan Facility (as defined herein), to acquire all of the outstanding project financing loans (the “BOT Company Loans”) of AES Mong Duong Power Company Limited (the “BOT Company,” “we,” “us,” or “our”).

The Notes will be senior obligations of the Issuer and will be *pari passu* in right of payment to all unsubordinated secured indebtedness of the Issuer (subject to any priority rights pursuant to applicable law). The AES Corporation (“AES”), POSCO Energy Co., Ltd. (“POSCO”) and China Investment Corporation (“CIC”), and together with AES and POSCO, the “Sponsors”) together indirectly own all of the outstanding shares of capital stock of the BOT Company. Initially, AES and CIC together indirectly own all of the outstanding shares of capital stock of the Issuer. The Notes will not be guaranteed by the Sponsors or any other person or entity.

The Issuer is a newly formed entity with no assets. Following the offering of the Notes and the consummation of the Transactions (as defined herein), the Issuer’s sole assets will be the BOT Company Loans. The collateral for the Notes, which will be ratably shared with the lenders under the Loan Facility, the DSR Facility Lenders (as defined herein) and certain other Permitted *Pari Passu* Secured Obligations (as defined herein) permitted to be incurred under the indenture for the Notes (the “Indenture”), will consist of a pledge of all of the outstanding capital stock of the Issuer, a pledge of certain of the Issuer’s accounts and security over all of the Issuer’s assets, including first priority liens on the BOT Company Loans. The BOT Company Loans are secured by substantially all of the assets of the BOT Company. See “Description of the Notes — Security.”

At any time and from time to time prior to May 7, 2023, the Issuer may, on any one or more occasions, redeem all or any portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, plus a “make whole” premium as described in this Offering Memorandum. At any time and from time to time on or after May 7, 2023, the Issuer may redeem on any one or more occasions all or any portion of the Notes at the redemption prices set forth in this Offering Memorandum. Under certain circumstances, the Issuer will be required to redeem the Notes at 100% of the outstanding principal amount of the Notes being redeemed, plus accrued and unpaid interest, if any, and additional amounts, if any, to (but not including) the redemption date, but without payment of any “make-whole” premium. Upon consummation of the offering of the Notes, we will deposit the gross proceeds of this offering into an escrow account (the “Escrow Account”). The deposited funds will be released from the Escrow Account, together with a drawdown under the Loan Facility, to fund the acquisition of the BOT Company Loans, including associated costs and expenses (the “BOT Loans Acquisition”). In connection with the BOT Loans Acquisition, the BOT Company will be required to register the change in lender from the existing banks under the BOT Company Loans to the Issuer with the State Bank of Vietnam (the “SBV Registration”) within 60 calendar days after the issuance of the Notes (the “SBV Registration Deadline”). On the earlier of (i) the failure to complete the SBV Registration by the SBV Registration Deadline and (ii) the determination by the Issuer that the SBV Registration will not be completed by the SBV Registration Deadline, the Issuer will be required to undertake mandatory redemption of the Notes at a redemption price equal to 100% of the issue price of the Notes, plus accrued and unpaid interest, if any, and additional amounts, if any, to (but not including) the redemption date, but without payment of any “make-whole” premium. Upon the occurrence of certain events constituting a Change of Control Triggering Event (as defined herein), the Issuer will be required to make an offer to repurchase the Notes. The Notes are subject to redemption in whole at 100% of their principal amount, together with accrued and unpaid interest, if any, at the option of the Issuer at any time in the event of certain changes affecting taxes of the Netherlands or the Socialist Republic of Vietnam (“Vietnam”). See “Description of the Notes.”

**Investing in the Notes involves a high degree of risk. See “Risk Factors” beginning on page 20.**

Approval in-principle has been received for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this offering memorandum (the “Offering Memorandum”). Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the offering, the Issuer, the BOT Company or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US\$250,000, or foreign currency equivalent, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “Securities Act”), or any U.S. state securities laws, and the Issuer has not registered, and does not intend to register, as an investment company under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). The Notes are being offered only to persons who are both qualified institutional buyers (“QIBs”) in accordance with Rule 144A under the Securities Act (“Rule 144A”) and qualified purchasers (“Qualified Purchasers”) in accordance with the Investment Company Act and to non-U.S. persons (within the meaning of Regulation S under the Securities Act (“Regulation S”)) in offshore transactions in reliance on Regulation S. For a description of certain restrictions on eligible offerees and transfers of the Notes, see “Transfer Restrictions.”

We expect that delivery of the Notes will be made to investors in book-entry form through the facilities of The Depository Trust Company (“DTC”), for the accounts of its direct and indirect participants, including Euroclear Bank SA/NV, as operator of the Euroclear System (“Euroclear”), and Clearstream Banking, S.A. (“Clearstream”), on or about August 1, 2019.

### Joint Global Coordinators

**Citigroup**

**HSBC**

### Joint Lead Managers and Joint Bookrunners

**Citigroup**

**HSBC**

**SMBC Nikko**

**Standard Chartered  
Bank**

The date of this Offering Memorandum is July 25, 2019

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## NOTICE TO INVESTORS

### General

This Offering Memorandum has been prepared solely for use in connection with this offering of the Notes. In accepting this Offering Memorandum, you have agreed that this Offering Memorandum is highly confidential and that you will hold the information contained or referred to herein in confidence. This Offering Memorandum is personal to each offeree and is not an offer to any other person or to the public generally to subscribe for the Notes. You cannot distribute this Offering Memorandum or the information contained in it, by electronic or other means, to any person other than your professional advisor without our prior written consent. You cannot make any photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

The Issuer reserves the right to withdraw this offering at any time and the Issuer and Citigroup Global Markets Singapore Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, SMBC Nikko Capital Markets Limited and Standard Chartered Bank (Singapore) Limited (the “Initial Purchasers”) reserve the right to reject any offer to purchase any of the Notes for any reason, or to sell less than the principal amount of the Notes for which any prospective purchaser has subscribed.

No person has been authorized to give any information or to make any representation in connection with the offering of the Notes except as contained in this Offering Memorandum, and, if given or made, such other information or representation must not be relied upon as having been authorized by or on behalf of the Issuer, us or the Initial Purchasers. Neither the Initial Purchasers nor their agents have independently verified all the information contained in this Offering Memorandum and such persons make no representation or warranty as to the accuracy or completeness of the information contained in this Offering Memorandum. To the fullest extent permitted by law, none of the Initial Purchasers accept any responsibility for the contents of this Offering Memorandum or for any other statement, made or purported to be made by the Initial Purchasers or on its behalf in connection with the Issuer, the BOT Company, or the issue and offering of the Notes. The Initial Purchasers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Memorandum or any such statement. In making an investment decision, you must rely on your own examination of the Issuer and the terms of the offering and the Notes, including the merits and risks involved.

The information contained in this Offering Memorandum is as of the date on the front cover and is subject to change, completion or amendment without notice.

This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes to any person in any jurisdiction where it is unlawful to make such an offer or solicitation, and no action has been or will be taken to permit a public offering of the Notes in any jurisdiction where action would be required for that purpose. The Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

This offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities which does not involve a public offering. The Notes will be initially purchased by the Initial Purchasers in accordance with such exemptions. The Notes are not transferable except in accordance with the restrictions described under “Transfer Restrictions” and if you purchase any Notes you will be deemed to make the acknowledgments, representations and agreements set forth in that section. You may be required to bear the financial risks of this investment for an indefinite period of time.

You must comply with all applicable laws and regulations (including obtaining required consents, approvals or permissions) in force in any jurisdiction in which you purchase, offer or sell the Notes. The contents of this Offering Memorandum do not constitute legal, business or tax advice, and neither the Issuer, the BOT Company, nor any of the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you under any legal investment or similar laws or regulations. You should consult your own attorney, business advisor and tax advisor as to legal, business or tax advice related to a purchase of the Notes.

By purchasing any Notes, you will be deemed to have acknowledged that:

- (1) this Offering Memorandum is personal to you and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities offered hereby;
- (2) you are not purchasing the Notes with a view to any public resale or distribution thereof;
- (3) you have received and have reviewed this Offering Memorandum, and you have had an opportunity to review all financial and other information that you considered you to be necessary to make your investment decision and to verify the accuracy of, or to supplement, the information contained in this Offering Memorandum and have been offered the opportunity to ask questions, and received answers, as you deemed necessary in connection with your investment decision;
- (4) you understand that an investment in the Notes involves certain risks, including the risk of loss of all or a substantial part of your investment under certain circumstances. You have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in and holding the Notes;
- (5) neither the Issuer, the BOT Company, nor any Initial Purchaser has given to you (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit, and you have consulted such advisors (including legal, regulatory, tax, business, investment, financial, accounting and other advisors) as you have deemed necessary, and you made your own investment decisions based upon your own judgment and upon any advice from such advisors as you deemed necessary and not upon any view expressed by the Issuer, us or any Initial Purchaser;
- (6) no person has been authorized to give any information or to make any representation concerning the Issuer, the BOT Company, the Notes or the offer and sale of the Notes, other than as contained in this Offering Memorandum;
- (7) no Initial Purchaser is acting as a fiduciary or financial or investment advisor for you;
- (8) you have the legal power, authority and right to purchase the Notes offered hereby;
- (9) you understand that there is no market for the Notes and there is no assurance that such a market will develop. The Initial Purchasers are not under any obligation to make a market in the Notes and, to the extent that such market making is commenced by the Initial Purchasers, it may be discontinued at any time, and there is no assurance that a secondary trading market for the Notes will develop and the purchaser must be able to bear the risks of holding the Notes until their maturity; and

- (10) you understand and acknowledges that the Issuer will not be registered under the Investment Company Act in reliance on the exclusion under Section 3(c)(7) of the Investment Company Act, and as a result it may be considered a “covered fund” for purposes of the Volcker Rule. The definition of “covered fund” in the Volcker Rule generally includes any entity that would be an investment company under the Investment Company Act, but for the exclusions provided under Section 3(c)(1) or 3(c)(7) thereunder. Accordingly, “banking entities” that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining an “ownership interest” (as defined under the Volcker Rule) in the Issuer if the Notes are determined to constitute “ownership interests” for purposes of the Volcker Rule, absent any applicable exclusion from the definition of “covered fund” or exemption from the Volcker Rule’s covered fund-related prohibitions. Each purchaser must make its own determination as to whether it is a “banking entity” subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain the Notes.

The Initial Purchasers and their affiliates may acquire for their own account a portion of the Notes. In connection with this offering and subject to applicable law, the Initial Purchasers also may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Initial Purchasers may over-allot in connection with this offering, may bid for and purchase Notes in the open market and may impose penalty bids. For a description of these activities, see “Plan of Distribution.”

Neither the U.S. Securities and Exchange Commission (the “SEC”), nor any state securities commission, nor any other securities regulatory authority has approved or disapproved of these securities or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The contents of our website and of our Sponsors’ websites do not form part of this Offering Memorandum.

This Offering Memorandum contains some of our trademarks, trade names and service marks, including our logos. Each trademark, trade name or service mark of any company appearing in this Offering Memorandum belongs to its respective holder.

#### **Notice to U.S. Investors**

Due to the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the securities offered hereby.

Each holder of securities offered hereby that is a U.S. person (“U.S. Person”) as defined under Regulation S of the Securities Act and within the meaning of the Investment Company Act and each person purchasing or holding a beneficial interest in any securities offered hereby that is a U.S. Person will be deemed to have represented and warranted or, in the case of purchases by an agent or fiduciary acting for the beneficial owner of an account for which such agent or fiduciary exercises investment discretion, such agent or fiduciary will be deemed to have confirmed on behalf of such beneficial owner as follows (terms used herein that are defined in Rule 144A or the Investment Company Act are used herein as defined therein):

- (1) you (a) are both a QIB and a Qualified Purchaser (“QIB/QP”), (b) are aware that the sale of the Notes to you is being made in reliance on Rule 144A and in reliance on Section 3(c)(7) and (c) are acquiring such Notes for your own account or for the account of a QIB/QP, as the case may be;
- (2) you understand that (a) the securities offered hereby have not been and will not be registered under the Securities Act and (b) we have not registered and do not intend to register as an investment company under the Investment Company Act. You acknowledge that no representation is made by the Issuer, us or the Initial Purchasers as to the availability of any exemption under the Securities Act, the Investment Company Act or any state securities laws for resale of the Notes;



- (3) you and each account for which you are purchasing:
- (a) are not a broker-dealer that owns and invests on a discretionary basis less than US\$25 million in securities of unaffiliated issuers;
  - (b) are not, and for so long as you or the account for which you are purchasing hold the notes will not be, an employee benefit plan as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a plan within the meaning of Section 4975 of the Code to which Section 4975 applies or an entity whose underlying assets are deemed to include “plan assets” under Department of Labor regulation 2510.3-101, as modified by Section 3(42) of ERISA;
  - (c) are not, and for so long as you or the account for which you are purchasing hold the notes will not be, a government plan, foreign plan, church plan or other plan subject to law that is substantially similar to Section 406 of ERISA, or Section 4975 of the Code (“Similar Law”);
  - (d) are not a participant-directed employee plan, such as a 401(k) plan, as referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan;
  - (e) if you are a Section 3(c)(1) or Section 3(c)(7) investment company, or a Section 7(d) foreign investment company relying on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act with respect to your U.S. holders and were formed on or before April 30, 1996, you have received the necessary consent from your beneficial owners as required by the Investment Company Act; and
  - (f) will hold and transfer at least the minimum denomination of Notes and will not sell participation interests in any Notes;
- (4) you were not formed for the purpose of investing in the Issuer except where the beneficial owners of the purchaser are QIB/QPs;
- (5) you acknowledge that the Issuer may receive a list of participants holding positions in the Notes from one or more book-entry depositaries;
- (6) you will not transfer the Notes or beneficial interests therein except to a transferee who meets the requirements described in this “Notice to U.S. Investors” and agrees not to subsequently transfer the Notes or any beneficial interest therein except in accordance with the transfer restrictions described in the section “Transfer Restrictions;”
- (7) you are not investing and will not invest 40% or more of your total assets in the Notes;
- (8) your shareholders, partners or other holders of equity or beneficial interests are not able to decide individually whether or not to participate, or to determine the extent of their participation, in your investment in the Issuer, and you are not a defined contribution or other similar benefit plan that allows participants to determine whether or how much will be invested in investments on their behalf;

- (9) the certificates evidencing the Notes will bear a legend to the following effect, unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MONG DUONG FINANCE HOLDINGS B.V. (THE “ISSUER”) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”), IN RELIANCE ON THE EXCLUSION FROM THE DEFINITION OF INVESTMENT COMPANY PROVIDED BY SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT. THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A “U.S. PERSON” (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT AND WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT), WHO IS BOTH A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) AND A “QUALIFIED PURCHASER” (WITHIN THE MEANING OF SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT), ACTING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ANOTHER PERSON WHO IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER WITH RESPECT TO WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION.

BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS NOTE REPRESENTS THAT: (A) (1) IT IS A U.S. PERSON AS DEFINED UNDER REGULATION S OF THE SECURITIES ACT AND WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT AND IS BOTH A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF “RULE 144A”)) AND A QUALIFIED PURCHASER UNDER THE INVESTMENT COMPANY ACT, (2) IT IS NOT AND, FOR SO LONG AS IT HOLDS THE NOTES, WILL NOT BE, AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), THAT IS SUBJECT TO TITLE I OF ERISA, A “PLAN” WITHIN THE MEANING OF SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), TO WHICH SECTION 4975 OF THE CODE APPLIES, AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE “PLAN ASSETS” UNDER DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA (EACH OF THE FOREGOING, A “BENEFIT PLAN INVESTOR”) OR A GOVERNMENTAL, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW, OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”), (3) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES, (4) IT WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS APPLICABLE TO THE NOTES TO ANY SUBSEQUENT TRANSFEREES, AND (5) IT AND EACH ACCOUNT FOR WHICH IT IS PURCHASING WILL HOLD AND TRANSFER AT LEAST THE MINIMUM DENOMINATION OF NOTES OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.



THE HOLDER OF THIS NOTE AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED THE NOTES, TO OFFER, SELL OR OTHERWISE TRANSFER THESE NOTES ONLY (1) TO THE ISSUER, (2) IF TO A U.S. PERSON OR IN THE UNITED STATES TO A PERSON IT REASONABLY BELIEVES IS BOTH A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A AND A “QUALIFIED PURCHASER” MEETING THE REQUIREMENTS OF THE INVESTMENT COMPANY ACT PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, TO THE EXTENT THEN APPLICABLE TO THE ISSUER, IN A MANNER CONSISTENT WITH ITS EXEMPTION FROM THE INVESTMENT COMPANY ACT, OR (5) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, AND, TO THE EXTENT THEN APPLICABLE TO THE ISSUER, THE INVESTMENT COMPANY ACT SUBJECT TO THE ISSUER’S, THE TRUSTEE’S, THE REGISTRAR’S AND THE TRANSFER AGENT’S RIGHT PRIOR TO ANY SUCH REOFFER, SALE OR TRANSFER (I) IN THE CASE OF CLAUSE (4), TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM SET FORTH IN THE INDENTURE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

EACH INITIAL PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN WILL BE DEEMED TO REPRESENT THAT IT AGREES TO COMPLY WITH THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND WILL NOT TRANSFER THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN EXCEPT TO A TRANSFEREE WHO CAN MAKE THE SAME REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING. ANY TRANSFER OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT AND WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER.

IF THIS NOTE WAS ACQUIRED BY A U.S. PERSON THAT IS DETERMINED NOT TO HAVE BEEN BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER AT THE TIME OF ACQUISITION, THE ISSUER HAS THE RIGHT TO REQUIRE SUCH HOLDER TO SELL THIS NOTE TO A U.S. PURCHASER WHO IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER. THE ISSUER ALSO HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER TO A U.S. PERSON WHO IS NOT BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER.

THIS NOTE AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED NOTES GENERALLY. THE HOLDER OF THIS NOTE SHALL BE DEEMED BY THE ACCEPTANCE OF THIS NOTE TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

- (10) you understand that the Notes have not been approved or disapproved by the SEC, or any other regulatory authority, nor have they passed upon the adequacy or accuracy of this Offering Memorandum;
- (11) you are aware that the Issuer, the registrar (in the event that definitive Notes are issued), the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If you are acquiring any Notes for the account of one or more persons each of whom is also a U.S. Person who is a QIB/QP, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (12) you understand that any sale or transfer of the Notes (or beneficial interests therein) to a person that does not comply with the requirements set forth in paragraphs (1) through (12) hereof will be null and void *ab initio* and not honored by the Issuer.

In addition, no action has been, or will be taken by the Issuer or the Initial Purchasers that would permit a public offering of the Notes, or the possession or distribution of this Offering Memorandum or any amendment or supplement hereto, or any other offering material relating to the Notes in any jurisdiction where action for any such purpose may be required.

#### ***Forced Sale of Securities and Refusal to Transfer***

Any transfer of Notes in breach of the transfer restrictions described in this “Notice to U.S. Investors” will be of no force and effect, will be void *ab initio*, and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer.

Any purchaser of the Notes agrees that in the event that the Issuer determines in good faith that a holder or beneficial owner of the Notes is in breach, at the time given, of any of the representations or agreements set forth above, the Issuer will consider the acquisition of the Notes or beneficial interests therein void, of no force and effect and will not, at the discretion of the Issuer, operate to transfer any rights to the transferee notwithstanding any instructions to the contrary to the Issuer. In addition, the Issuer may require such acquirer or beneficial owner to transfer such Notes or beneficial interests therein to a transferee acceptable to the Issuer who is able to and who does make all of the representations and agreements described in this “Notice to U.S. Investors.” Pending such transfer, the holder will be deemed not to be the holder of such Notes for any purpose, and such holder will be deemed to have no interest whatsoever in such Notes except as otherwise required to sell its interest therein as described in this paragraph. In addition, the Issuer has the right to refuse to honor a transfer to a U.S. Person who is not a QIB/QP.

#### ***Investment Company Act***

In reliance on Section 3(c)(7), the Issuer has not registered under the Investment Company Act as an investment company. To rely on Section 3(c)(7), the Issuer must have a “reasonable belief” that all purchasers of Notes who are U.S. Persons (including the Initial Purchasers and subsequent transferees) are Qualified Purchasers at the time of their purchase of Notes. The Issuer will establish a reasonable belief for purposes of Section 3(c)(7) based upon the representations deemed made by certain purchasers of the Notes as set forth above, the covenants and undertakings of the Issuer referred to below and certain representations and covenants of the Initial Purchasers.

## ***Volcker Rule***

Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, together with the rules, regulations and published guidance thereunder (the “BHC Act”), including the final rule adopted on December 10, 2013 by the U.S. Board of Governors of the Federal Reserve System, the U.S. Office of the Comptroller of the Currency, the U.S. Federal Deposit Insurance Corporation, the U.S. Securities and Exchange Commission (“SEC”) and the U.S. Commodity Futures Trading Commission, commonly known as the “Volcker Rule” generally prohibits certain investors that are “banking entities” from engaging in proprietary trading, or from acquiring, retaining an “ownership interest” (as defined therein) in, sponsoring or having certain relationships with “covered funds”, unless pursuant to an exclusion or exemption under the Volcker Rule. The following would be considered a “banking entity” subject to the Volcker Rule: (i) any U.S. insured depository institution (within the meaning of such term in Section 13(h)(1) of the BHC Act); (ii) any company that controls a U.S. insured depository institution; (iii) any non-U.S. institution that is treated as a bank holding company for purposes of Section 8 of the International Banking Act of 1978 (i.e., a non-U.S. company that maintains a branch, agency or commercial lending office in the U.S.); and (iv) any affiliate or subsidiary of the foregoing under the BHC Act, regardless of geographic location, other than a “covered fund” that is not itself a banking entity under clauses (i), (ii) or (iii) above.

A “covered fund” is defined broadly in the Volcker Rule and includes, amongst other things, any issuer which would be an “investment company” (as defined under Section 3 of the U.S. Investment Company Act of 1940 (the “Investment Company Act”)) but is exempt from registration therefrom solely in reliance on either Section 3(c)(1) or 3(c)(7) of the Investment Company Act. It is the intention of the Issuer to, in addition to any other applicable exemptions or exclusions, rely on the exclusion provided by Section 3(c)(7) of the Investment Company Act, and therefore the Issuer may be deemed to fall within the definition of a “covered fund” for the purposes of the Volcker Rule. If the Issuer is deemed to be a “covered fund” and the Notes are determined to constitute “ownership interests” for purposes of the Volcker Rule, then a “banking entity” (as defined under the Volcker Rule) would generally be prohibited from acquiring or retaining the Notes, unless such “banking entity” could rely on an exclusion from the definition of “covered fund” or an exemption from the Volcker Rule’s covered fund-related prohibitions. For a description of the potential effects of the Volcker Rule on the Issuer and the Notes, see “Risk factors — Risks relating to the Notes — The Issuer may be deemed a “covered fund” under the Volcker Rule, which could result in reduced interest in the Notes from banking entities, and could potentially reduce the liquidity of the Notes on the secondary market.”

Investors that are “banking entities” should carefully review the Volcker Rules and conduct their own analysis, in consultation with their legal advisers, to determine whether the Issuer is a “covered fund” and whether the Notes constitute “ownership interests” for the purposes of the Volcker Rule. Each investor is responsible for analyzing its own regulatory position as to the potential impact of the Volcker Rule, and none of the Issuer, us or the Initial Purchasers makes any representation to any prospective investor or purchaser of the Notes regarding the treatment of the Issuer or the Notes under the Volcker Rule, or to such investor’s investment in the Notes at any time in the future.

## ***Reminder Notices***

Whenever the Issuer sends any periodic report to holders of the Notes, it will also send a reminder notice (each, a “Reminder Notice”) to the holders of the Notes. Each Reminder Notice will state that (i) each holder of Notes must be able to make the representations set forth in paragraphs (1) through (13) above (the “3(c)(7) Representations”), (ii) the Notes are transferable only to purchasers deemed to have made the 3(c)(7) Representations and to have satisfied the other transfer restrictions applicable to the Notes, (iii) the Issuer will have the right to refuse to honor any transfer to a person who is determined not to be a QIB/QP, and (iv) the Issuer shall have the right to treat any purchase by a person who is determined not to be a QIB/QP as null and void and to require such purchaser to sell its Notes (and all interests therein) to a transferee that is a QIB/QP. The Issuer will send a copy of each periodic report (and each Reminder Notice) to DTC with a request that participating organizations forward such report and Reminder Notice to holders of the Notes or an interest in Notes. The Issuer will cause DTC to send such a Reminder Notice at least once per year.

## ***Legends***

Unless the Issuer determines otherwise in accordance with applicable law, the Issuer will not remove the legend described in this “Notice to U.S. Investors” from the Notes.

### **Notice to Investors in Vietnam**

This Offering Memorandum has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with any regulatory authority in Vietnam and has not been and will not be reviewed or approved by any regulatory authority in Vietnam. This Offering Memorandum is not and should not be construed as an advertisement, offer, invitation to offer, invitation to subscribe, or sale, of any securities to the public or any person resident in Vietnam. Neither this Offering Memorandum nor any other document or material relating to the Notes has been or will be circulated or distributed, directly or indirectly, to the public or members of the public in Vietnam. The Notes have not been, and will not be, offered or sold to any person resident in Vietnam.

### **Notice to Investors in the European Economic Area**

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended or superseded, including by Regulation (EU) 2017/1129 (effective July 21, 2019)) and includes any relevant implementing measure in the Member State.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

### **Singapore Securities and Futures Act Product Classification**

Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets products) Regulations 2018 of Singapore) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## AVAILABLE INFORMATION

For so long as any Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will make available to any holder or beneficial owner of an interest in the Notes, or to any prospective purchasers designated by such holder or beneficial owner, upon request of such holder or beneficial owner, information required to be delivered under paragraph (d)(4) of Rule 144A unless, at the time of such request, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST, in accordance with its rules and regulations. The Issuer will be required to comply with any undertakings given by it from time to time to the SGX-ST in connection with the Notes, and to furnish all such information as the rules of the SGX-ST may require in connection with the listing of the Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a global note representing such Notes is exchanged for definitive Notes. In addition, in the event that a global note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

## CERTAIN DEFINED TERMS AND CONVENTIONS

Unless otherwise indicated or the context otherwise requires, all references in this Offering Memorandum to “Issuer” refer to Mong Duong Finance Holdings B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands, and all references to “BOT Company,” “we,” “us,” “our,” or words of similar effect refer to AES-VCM Mong Duong Power Company Limited, a limited liability company established under the laws of Vietnam.

Statements as to beliefs, expectations, estimates or opinions in this Offering Memorandum are to the beliefs, expectations, estimates or opinions of either our or the Issuer’s senior management, as the case may be.

All references in this Offering Memorandum to “US\$,” “USD” and “U.S. dollars” are to United States dollars, the lawful currency of the United States of America, and all references to “Vietnamese Dong,” “Dong” and “VND” are to Vietnamese Dong, the lawful currency of Vietnam.

Unless otherwise indicated, statistics provided in this Offering Memorandum with respect to power generation facilities are expressed in megawatts (MW), in the case of the installed capacity of such facilities. Statistics relating to aggregate annual electricity production are expressed in gigawatts per hour (GWh) and are based on a year of 8,760 hours. Statistics relating to our production do not include electricity consumed by us from our generators. Statistics relating to installed capacity and production of the power industry do not include electricity of auto-generators. Tons are metric tons.

### Description of Contracts

This Offering Memorandum contains summary descriptions of material provisions of various commercial agreements, permits and other contracts, including the Indenture, the intercreditor deed (the “Intercreditor Deed”), the agreements creating the security interests on the collateral securing the Notes (the “Security Documents”) and the agreements described under “The Transactions,” “Description of the BOT Company Loans and Certain Other Indebtedness,” and “Description of Project Agreements.”

Such descriptions do not purport to be complete or exhaustive, and, as with any contract or legal instrument, the terms thereof may be subject to interpretation. Copies of the Indenture, the form of Notes, the Intercreditor Deed and the Security Documents will be made available for inspection upon request to the Trustee at the address listed on the inside back cover page of this Offering Memorandum. As such, reference is hereby made to the actual agreements and documents for complete information contained in those agreements and documents. All summaries to such agreements and documents are qualified in their entirety by this reference.

### Glossary

Assessment Date . . . . .	The date under the BOT Contract that is the earlier of (i) 365 days after the COD or (ii) when all of COC, completion under the Construction Contract(s) and initial funding or provisioning of the BOT Company has occurred, which is April 22, 2016
BOT . . . . .	Build, operate and transfer



BOT Company Loans or BOT Loans . . . . .	The project financing loans of the BOT Company under the following facilities: (i) a senior debt facility from The Export-Import Bank of Korea (“KEXIM”) (the “KEXIM Direct Facility”), (ii) a senior debt facility from a consortium of commercial banks, guaranteed by KEXIM (“KEXIM Covered Facility”) and (iii) a senior debt facility from a consortium of commercial banks, covered by Korea Trade Insurance Corporation (“K-sure”) (the “K-sure Covered Facility”), as further described under “Description of the BOT Company Loans and Certain Other Indebtedness — The BOT Company’s Material Indebtedness”
BOT Contract . . . . .	The agreement that sets the framework for the development and operation of the Project and defines the respective rights and responsibilities of MOIT, the Investors and the BOT Company, as described in “Description of Project Agreements — BOT Contract”
BTU. . . . .	British thermal unit, equivalent to 1.055 kilojoules
CSA. . . . .	The coal supply agreement between the BOT Company and Vinacomin, as described in “Description of Project Agreements — Coal Supply Agreement (CSA)”
Capacity Charge . . . . .	A component of the three-part tariff structure under the PPA. It is equal to a pre-agreed amount for each Contract Year multiplied by the applicable Dependable Capacity, as further described in “Description of Project Agreements — Power Purchase Agreement (PPA) — Payments and Fees”
COD . . . . .	The commercial operation date of the Power Facility under the PPA, being April 22, 2015
Common Infrastructure Facilities . . . . .	The operating water supply facility, the 500kV switchyard, the 110kV transmission line, the cooling water intake facility, the jetty intake facility, the main access road, the fence and slope protection and retaining walls, that we share with Mong Duong 1
Contract Year . . . . .	The period commencing on 00:00 hours on April 22 of each year and expiring at 24:00 hours on the following April 21; <i>provided</i> that the last full or partial Contract Year shall end on the last day of the term of the PPA
Contract Heat Rate . . . . .	The measure stipulated in the PPA, ranging from 9,405 BTU/kWh in the first Contract Year to 9,560 BTU/kWh in the later Contract Years, corrected for load, ambient air temperature and cooling water temperature
Doosan. . . . .	Doosan Heavy Industries and Construction Company Limited, the EPC contractor for the Project
DSR Facility. . . . .	The Issuer’s debt service reserve letter of credit facility in an aggregate principal amount not exceeding US\$82.0 million as further described under “Description of the BOT Company Loans and Certain Other Indebtedness — The Issuer’s Material Indebtedness”

Energy Charge . . . . .	A component of the three-part tariff structure under the PPA. It is comprised of a variable O&M charge, a fuel charge and a start-up charge, as further described in “Description of Project Agreements — Power Purchase Agreement (PPA) — Payments and Fees”
end customer . . . . .	A party that uses electricity for its own needs
EPC . . . . .	Engineering, procurement and construction
EVN. . . . .	Electricity of Vietnam, a state owned entity and the Project offtaker
Facilities Agreement . . . . .	A credit agreement (consisting of the Loan Facility and the DSR Facility) dated July 18, 2019 (as amended, restated, modified, renewed or replaced from time to time) by and among the Issuer, the Facility Agent and the Common Security Agent as further described under “Description of the BOT Company Loans and Certain Other Indebtedness — The Issuer’s Material Indebtedness”
Financing Documents . . . . .	Each of the loan contracts in existence on the Assessment Date, as described in “Description of Project Agreements — BOT Contract”
Financing Parties . . . . .	Each party to the Financing Documents, as described in “Description of Project Agreements — BOT Contract”
firm capacity . . . . .	The capacity that a generator is able to supply to the system on an annual basis calculated at certain peak hours, taking into consideration statistical and annual information regarding, among other things, the system over-installation factor (calculated as the quotient between the system peak demand over the system total installed capacity), the time the generator will be out of service for maintenance, the forced outage rate, self-consumption, the start-up time and the ramp-up rate
Government Guarantee and Undertaking (or “GGU”) . .	Agreement pursuant to which the Government guarantees certain obligations relating to the Project, including, payment obligations of MOIT under the BOT Contract, EVN under the PPA and Vinacomin under the CSA, as described in “Description of Project Agreements — Government Guarantee and Undertaking”
gigawatt (GW) . . . . .	One billion watts
gigawatt hour (GWh). . . . .	One gigawatt of power supplied or demanded for one hour, or one billion watt hours
Government . . . . .	The Government of Vietnam
heat rate . . . . .	A measure of generator thermal efficiency commonly stated as BTU per kWh. Heat rate is the quantity of heat required to produce a given output, and therefore a lower heat rate is more efficient and gives higher percentage efficiency

Housing Facilities . . . . .	The living, rest and recreation facilities of the Project’s employees and secondees, as described in “Business — The Project — Housing Facilities”
Investors. . . . .	AES Mong Duong Holdings B.V. (the “AES Investor”), PSC Energy Global Co., Ltd. (the “POSCO Investor” and Stable Investment Corporation (the “CIC Investor”), who collectively own 100% of the share capital of the BOT Company
kilovolt (kV). . . . .	One thousand volts
kilowatt (kW). . . . .	One thousand watts
kilowatt hour (kWh) . . . . .	One kilowatt of power supplied or demanded for one hour, or one thousand watt hours
Loan Facility . . . . .	The Issuer’s amortizing term loan facility in an aggregate principal amount not exceeding US\$402.7 million as further described under “Description of the BOT Company Loans and Certain Other Indebtedness — The Issuer’s Material Indebtedness”
Mong Duong 1 . . . . .	The 2 x 540MW coal-fired power plant that is owned and operated by EVN and is sited alongside our Project within the 107 hectare Mong Duong Power Center. We share the Common Infrastructure Facilities with Mong Duong 1, but otherwise Mong Duong 1 is separate and independent from our Project
megawatt (MW) . . . . .	One million watts
megawatt hour (MWh) . . . . .	One megawatt of power supplied or demanded for one hour, or one million watt hours
MOIT. . . . .	Ministry of Industry and Trade of Vietnam
MOIT Acknowledgement and Consent. . . . .	Letter from MOIT to the Investors, the BOT Company and the offshore security agent for and on behalf of the Financing Parties pursuant to which the Government consents to and acknowledges certain rights and obligations of the BOT Company and the Financing Parties relating to the Project, including, step-in rights, security, enforcement rights, payment obligations to Financing Parties and Government assistance, as described in “Description of Project Agreements — MOIT Acknowledgement and Consent”
MVA . . . . .	Mega volt ampere
NOx. . . . .	Nitrous oxide
O&M . . . . .	Operation and maintenance
particulate matter . . . . .	Fine particles or tiny subdivisions of solid or liquid matter suspended in a gas or liquid

PDP7 . . . . .	The Government’s Seventh Power Development Plan, as revised by Decision No. 428/QD-TTg dated March 18, 2016
Power Facility (also referred to as the “plant”) . . . . .	The power plant consisting of two identical coal-fired units (each with a net capacity of 560 MW at reference conditions)
PPA . . . . .	The power purchase agreement between the BOT Company and EVN, as described in “Description of Project Agreements — Power Purchase Agreement (PPA)”
Project . . . . .	The Mong Duong 2 1,120MW (net) anthracite coal-fired power plant complex located in the Quang Ninh province of Vietnam, approximately 220 km east of Hanoi and 50 km north-east of Ha Long city. In addition to the Power Facility, the Project includes the Common Infrastructure Facilities and Housing Facilities
Project Agreements . . . . .	The principal documents required to implement the Project, as described in “Description of Project Agreements”
reserve margin . . . . .	The amount of unused available capability of an electric power system (at peak load for a utility system) as a percentage of total capability
SBV . . . . .	State Bank of Vietnam, the central bank of Vietnam
SOx . . . . .	Sulfur oxide
Sponsors . . . . .	The AES Corporation (“AES”), POSCO Energy Co., Ltd. (“POSCO”) and China Investment Corporation (“CIC”)
substation . . . . .	An assemblage of equipment that switches and/or regulates the voltage of electricity in a transmission and distribution system
Supplemental Charge . . . . .	A component of the three-part tariff structure under the PPA that compensates the BOT Company for various costs and charges, including any charge payable by the BOT Company for the use of the Common Infrastructure Facilities, as further described in “Description of Project Agreements — Power Purchase Agreement (PPA) — Payments and Fees”
terawatt (TW) . . . . .	One trillion watts
terawatt hour (TWh) . . . . .	One terawatt supplied or demanded for one hour, or one trillion watt hours
thermoelectric plant . . . . .	A generating unit that uses combustible fuel, such as coal, diesel or natural gas, as the source of energy to drive the power generator
Transactions . . . . .	The issuance of the Notes, together with the entry into the Facilities Agreement and the purchase and amendment of the BOT Company Loans, as described in “The Transactions”

Vinacomin . . . . .	Vietnam National Coal-Mineral Industries Holding Corporation Limited, a state owned entity and the supplier of coal for the Project
volt . . . . .	The basic unit of electric force, equivalent to one joule of energy per coulomb of charge
watt . . . . .	The basic unit of electrical power, equivalent to one joule of energy per second

## **PRESENTATION OF FINANCIAL AND MARKET INFORMATION**

### **Financial Statements**

The Issuer was incorporated on June 20, 2019 in the Netherlands as a private company with limited liability. The Issuer was formed for the purpose of this offering. As a newly formed entity with no prior operating history, no financial statements in respect of the Issuer are available and therefore none are included in this Offering Memorandum.

The Issuer's sole assets will initially consist of the BOT Company Loans. The Issuer is not expected to have any material income other than principal and interest payments from such assets, and will rely on payments under the BOT Company Loans to make payments under the Notes and the Loan Facility and cover its operating and other expenses. Accordingly, the financial and other information presented in this Offering Memorandum relate to the BOT Company and its business and operations.

The financial information included in this Offering Memorandum has been derived from the audited financial statements of the BOT Company as of and for the years ended December 31, 2018, 2017 and 2016 (our "audited financial statements") and the unaudited interim financial statements of the BOT Company as of and for the three months ended March 31, 2019 and 2018 (our "unaudited interim financial statements"), which were respectively audited and reviewed by Ernst & Young Vietnam Limited, independent auditors as stated in their reports included elsewhere in this Offering Memorandum. Our audited financial statements and our unaudited interim financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

### **ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018**

Our results of operation and financial position are presented in accordance with FASB Accounting Standards Codification Topic 853, Service Concession Arrangements ("ASC 853"). ASC 853 is applicable to transactions in which a public-sector grantor (either a governing body or its designee) enters into an agreement with an operating entity to construct, maintain and/or operate the grantor's infrastructure that will be used for a public benefit which meet both of the following criteria: (i) the grantor controls or has the ability to modify or approve the services that the operating entity must provide with the infrastructure, to whom it must provide them, and at what price; and (ii) the grantor controls, through ownership, beneficial entitlement or otherwise, any residual interest in the infrastructure at the end of the term of the arrangement. Consistent with ASC 853, we account for our rights in the Project as a service concession asset and we do not account for the underlying infrastructure used in the service concession arrangement as property, plant and equipment, nor do we account for the arrangement as a lease.

Under ASC 853, the tariffs that we receive from EVN under the PPA are analyzed and recognized into the following revenue components: generation revenue and operation & maintenance service revenue (presented as "electricity generation and operating and maintenance revenue" in our financial statements), construction service revenue (presented as "build revenue" in our financial statements) and interest income (presented as "Finance revenue" in our financial statements).

For periods prior to January 1, 2018, we accounted for service revenue in accordance with SAB Topic 13: Revenue Recognition, ASC 605-20 Services ("ASC 605"). Under ASC 605, no build revenue was recognized prior to COD and instead build revenue was recognized throughout the life of the Project. All costs related to construction of the Project were recognized as a service concession asset. Build cost amortization was based on revenues available for the construction element over the term of the PPA.



On January 1, 2018, we adopted ASU 2014-09, “Revenue from Contracts with Customers” and its subsequent corresponding updates (“ASC 606”). Under ASC 606, build revenue is required to be recorded during the construction of the Project on a percentage of completion basis. Because construction of the Project was substantially completed in 2015, substantially all build revenue was recognized by COD in 2015.

In addition, under ASC 606, an entity is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Upon our adoption of ASC 606, we applied the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. In this Offering Memorandum, results for reporting periods beginning January 1, 2018 are presented under ASC 606, while prior reporting periods were not adjusted and continue to be presented in accordance with ASC 605. As of January 1, 2018, most of the revenues and costs associated with the construction were recognized through retained earnings, and the service concession asset was derecognized. The service concession asset and its amortization under ASC 605 were derecognized and have been replaced, under ASC 606, by a construction loan receivable that is recognized for the future expected payments for the construction performance obligation. As the payments for the construction performance obligation occur over the 25-year term of the PPA, a significant financing element was determined to exist which is accounted for under the effective interest rate method. As a result, in each accounting period following the adoption of ASC 606, we recognize a portion of the amounts we receive under the PPA as a partial repayment of that loan and payment of the interest component. The amount that is recorded as a partial repayment of the loan is reflected as a decrease in loan receivable in our statements of cash flows, and not in our statement of operations and therefore does not contribute to our net income or operating profit. The amount that is recorded as finance revenue is reflected in our statement of operations as part of finance income, and as such, contributes to our net income but not to our operating profit. Our obligation to operate and maintain the plant is measured based on the capacity we are required to make available under the PPA.

The impact to our balance sheet as of December 31, 2018 and our statement of operations for the year ended December 31, 2018 resulting from the adoption of ASC 606 as compared to the previous revenue recognition standard is set out in Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

For additional details, and for a reconciliation of the tariffs that we invoiced to EVN under the PPA during the periods presented in this Offering Memorandum to our U.S. GAAP results for those periods, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Electricity Tariffs.” See also “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum.”

### **Adoption of New Standard on Statement of Cash Flows on January 1, 2018**

On January 1, 2018, we adopted the 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force) (“Topic 230”). This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The impact of the adoption of this standard on our financial statements is that for the year ended December 31, 2017, cash provided by investing activities decreased by US\$8.8 million but cash provided by operating activities and cash used in financing activities were unchanged.

The comparative financial statements for 2017 appearing in our audited financial statements for 2018 included elsewhere in this Offering Memorandum have been restated to reflect the adoption of Topic 230. However, our financial statements for 2016 have not been so restated. Accordingly, our statements of cash flows for the three months ended March 31, 2019 and for the years ended December 31, 2018 and 2017 are not comparable to our statement of cash flows for 2016.

See “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum.”

### **Non-GAAP Financial Measures**

In this Offering Memorandum, certain financial measures and ratios are presented that are not determined or presented in accordance with U.S. GAAP. These non-GAAP measures are presented because we believe such measurements are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and similar financings. These non-GAAP measures should not be considered in isolation or as a substitute for our results of operation as presented in U.S. GAAP. They should not be considered as substitutes for cash flow from operations, net income or other income statement data, or as a measure of profitability or liquidity. They also do not necessarily indicate whether cash flow will be sufficient or available for cash requirements. Therefore, the non-GAAP measures defined below and other related ratios should be viewed as supplementary to our audited financial statements and our unaudited interim financial statements included elsewhere in this Offering Memorandum and may not be indicative of our historical operating results nor are they meant to be predictive of potential future results.

Because all companies do not calculate such measures identically, the presentation of non-GAAP measures in this Offering Memorandum may not be comparable to similarly entitled measures of other companies and you are cautioned not to place undue reliance on such financial information.

**The non-GAAP financial measures presented in this Offering Memorandum relate to the BOT Company and you therefore should not assume that they are useful measures to evaluate the Issuer’s actual or potential economic performance or ability to service its debt obligations, including the Notes.**

For further information on the calculation of non-GAAP measures and reconciliations to their most directly comparable U.S. GAAP measures, see “Summary — Summary Selected Financial and Operating Information.”

### ***Adjusted EBITDA***

As used in this Offering Memorandum, our “Adjusted EBITDA” means, for any period, net income before finance expenses, income tax benefit/(expense), depreciation and amortization, including, for any period ended prior to January 1, 2018, service concession assets amortization and other comprehensive income amortization, and for any period ended after January 1, 2018, decrease in loan receivables.

We believe that Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and the age and booked depreciation and amortization — or decrease, under ASC 606 — of assets (affecting relative depreciation, amortization or other decrease of expenses).

### ***Adjusted EBITDA/Interest***

As used in this Offering Memorandum, Adjusted EBITDA/Interest for the BOT Company is, for any period, the ratio of Adjusted EBITDA for such period to the Interest, including loan interest and swap interest for such period.

### ***CFADS***

Our cash available for debt service (“CFADS”) for the BOT Company is, for any period, (a) the sum of (x) all revenues received by the BOT Company in respect of the operation of the Project, (y) all interest income and (z) all business interruption, delay in start-up or advance loss of profits (or equivalent) insurance proceeds, in each case received by the BOT Company during such period, less (b) all operating costs paid or payable by the BOT Company during such period. You should note that CFADS as presented herein is calculated differently from CFADS as defined in the Indenture. See “Description of the Notes — Definitions” for a description of the manner in which CFADS is defined for purposes of the Indenture.

### ***DSCR***

Our debt service coverage ratio (“DSCR”) for the BOT Company is, for any period, the ratio of CFADS for such period to the sum of all outstanding principal, interest payments, settlement payments made net of settlement, if any, payments received under any interest rate hedging agreements relating to indebtedness, fees, expenses and other charges due in respect of all of our indebtedness for such period. You should note that DSCR as presented herein is calculated differently from DSCR as defined in the Indenture. See “Description of the Notes — Definitions” for a description of the manner in which DSCR is defined for purposes of the Indenture.

### ***Net Debt***

Our “Net Debt,” as of any given date, represents our total debt (i.e., the sum of the current portion of our non-current debt and our non-current debt, not taking into account any debt discounts and deferred financing costs) minus the aggregate of cash, short-term restricted cash and long-term restricted cash.

### ***Rounding***

Rounding adjustments have been made in calculating some of the financial information included in this Offering Memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them. In addition, percentages reflecting fluctuations and margins are based on rounded figures and may not be exact.

### ***Industry Information***

This Offering Memorandum includes certain industry and market data (including forecasts and other forward-looking information) obtained from Intelligent Energy Systems Pty Ltd (“IES”) and publications and estimates by governmental entities and state-owned enterprises in Vietnam, including MOIT, EVN and Vinacomin. While we believe that the estimates of these Vietnamese governmental entities and state-owned enterprises are reliable, the accuracy and completeness of such estimates are not guaranteed, nor have such estimates been confirmed by other independent sources. As a result, you should be aware that industry projections, market size, ranking and other similar data set forth herein (including information obtained from IES), and estimates and beliefs based on such data, have not been independently verified and neither the Issuer, the BOT Company nor any of the Initial Purchasers makes any representation as to the accuracy or the completeness of such information or has any obligation to announce or otherwise make publicly available updates or revisions to such information.

## FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains words such as “believe,” “intend,” “estimate,” “expect,” “could,” “may,” “will,” “plan,” “target,” “project,” “potential,” “predict,” “forecast,” “guideline,” “should,” “anticipate” and similar expressions that identify forward-looking statements reflecting our or the Issuer’s views about future events and financial performance. Words such as “believe,” “could,” “may,” “will,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “potential,” “predict,” “forecast,” “guideline,” “should” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. Statements that are not historical facts, including statements about our strategy, plans, objectives, assumptions, prospects, beliefs and expectations, are forward-looking statements. Forward-looking statements are not guarantees of future performance and involve inherent risks and uncertainties. These forward-looking statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Actual results could differ materially and adversely from those expressed or implied by the forward-looking statements as a result of various factors that may be beyond our control, including but not limited to:

- the performance by counterparties of their contractual obligations under the Project Agreements, including the guarantees provided by the Government under the Government Guarantee and Undertaking;
- the Issuer’s ability to service the Notes or its other debt obligations;
- our ability to service the BOT Company Loans or our other debt obligations;
- our ability to fund and implement our ongoing capital and maintenance expenditure programs;
- the maintenance of favorable relationships with the Government and other stakeholders in the Project;
- economic, social and political conditions in Vietnam, including the manner or impact of the Government’s ongoing efforts to modernize and liberalize the country’s economy;
- the extent to which EVN dispatches power from our plant;
- increases in regulatory burdens in Vietnam, including environmental regulations and compliance costs;
- equipment failures and unexpected maintenance problems;
- our ability to comply with and renew the necessary permits and licenses; and
- our ability to secure adequate insurance coverage.

Some of these factors are discussed under “Risk Factors,” but there may be other risks and uncertainties not discussed under “Risk Factors” or elsewhere in this Offering Memorandum that may cause actual results to differ materially from those in forward-looking statements.

You should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we and the Issuer operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, neither we nor the Issuer undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Neither we nor the Issuer makes any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, you should not place undue reliance on any forward-looking statements.

## CERTAIN LIMITATIONS ON ENFORCEABILITY OF CIVIL LIABILITIES

### Service of Process and Recognition of Foreign Judgments

#### *The Netherlands*

The Issuer is incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands. As of the date of this Offering Memorandum, all of the directors of the Issuer reside outside the United States. The Issuer has no material assets other than, after application of the proceeds from the issuance of the Notes and the consummation of the Transactions, the BOT Company Loans. As a result, it may be difficult for investors to effect service of process upon the Issuer or the directors of the Issuer, or to enforce against the Issuer or such persons judgments obtained in non-Dutch courts, including judgments obtained in U.S. courts predicated on the civil liability provisions of U.S. securities laws.

Certain agreements entered into with respect to the issue of the Notes are governed by the laws of the State of New York. The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final and conclusive judgment for the payment of money rendered by any federal or state court in the United States which is enforceable in the United States, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in the Netherlands. In order to obtain a judgment that can be enforced in the Netherlands, the dispute will have to be re-litigated before the competent Netherlands court. This court will have discretion to attach such weight to the judgment of the U.S. court as it deems appropriate. Given the submission by the Issuer in the agreements with respect to the issue of the Notes to the jurisdiction of the U.S. federal or New York state courts located in the Borough of Manhattan, The City of New York, the Netherlands' courts can be expected to give conclusive effect to a final and enforceable judgment of such court in respect of the obligations under those agreements without reexamination or re-litigation of the substantive matters adjudicated upon. This would require (i) the court involved to have accepted jurisdiction on the basis of an internationally recognized ground to accept jurisdiction, (ii) the proceedings before such court to have complied with principles of proper procedure (*behoorlijke rechtspleging*), (iii) such judgment not being contrary to the public policy (*openbare orde*) of the Netherlands, (iv) such judgment not being incompatible with a judgment given between the same parties by a Netherlands court or with a prior judgment given between the same parties by a foreign court in a dispute concerning the same subject matter and based on the same cause of action, provided such prior judgment is recognizable in the Netherlands.

#### *Vietnam*

The BOT Company is a limited liability company established under the laws of Vietnam and certain of the BOT Company's executives are residents of Vietnam. A substantial portion of the BOT Company's and certain of such persons' assets are located in Vietnam. As a result, you may not be able to effect service of process upon the BOT Company's or these persons from outside of Vietnam since your ability to recover damages from the BOT Company or these persons under a judgment made by a court outside of Vietnam, including judgments based, in whole or in part, on the federal securities laws of the United States, is subject to requirements on recognition and enforcement of such judgment in Vietnam.

Vietnam is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") and to certain other bilateral treaties relating to the recognition and enforcement of foreign judgments but not to any treaty with the United States in this regard. While foreign arbitral awards can be enforceable in Vietnam under the New York Convention after being recognized by Vietnamese courts, Article 423 of the Vietnamese Civil Procedure Code provides that a Vietnamese court will



consider recognizing and enforcing a judgment rendered by a foreign court only: (i) where such judgment has been made in, or by the court of a country which is a party to a relevant international treaty of which Vietnam is a participant or a signatory, (ii) on a reciprocal basis, without the condition that Vietnam and the relevant country are signatories or participants of a relevant international treaty, or (iii) where such judgment is permitted to be recognized and enforced under Vietnamese law. Vietnamese Civil Procedure Code sets out several grounds for Vietnamese courts to refuse the recognition and enforcement of foreign judgments and decisions, including, in particular, where the relevant Vietnamese court determines that the recognition and enforcement of such judgment in Vietnam is contrary to “the fundamental principles of the laws of Vietnam,” which is at the discretion of the court to interpret. Therefore, it is possible that a judgment or decision rendered by a court of the United States will not be recognized and enforced in Vietnam.

## **Insolvency Proceedings in the European Union and the Netherlands**

### ***European Union***

Pursuant to Regulation (EU) No. 2015/848 of May 20, 2015 (the “Recast Insolvency Regulation”), replacing Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings, as amended (the “EU Insolvency Regulation”), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the member state of the European Union, other than Denmark, (a “Member State”) within the territory of which the company concerned has its “center of main interests.” Article 3(1) of the Recast Insolvency Regulation provides that the debtor’s center of main interests shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties.

With regard to a company or a legal person, the Recast Insolvency Regulation contains a rebuttable presumption that, in absence of proof of the contrary, the center of main interests shall be the place where such company or legal person has its registered office. This presumption is only applicable if the registered office of such company or legal person has not been moved to another Member State within the three-month period prior to the request of the opening of the insolvency proceedings.

Preamble 30 of the Recast Insolvency Regulation further provides that the relevant court should carefully assess whether the center of the debtor’s main interests is genuinely located in that Member State. In case of a company or legal person, it should be possible to rebut the presumption that its registered office is its center of main interests, where the company’s central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company’s actual center of management and supervision and of the management of its interests is located in that other Member State. In that assessment factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company’s creditors are established may all be relevant.

If the center of main interests of the debtor is located in the Member State in which it has its registered office, the main insolvency proceedings under the Recast Insolvency Regulation shall be opened in that Member State and accordingly the courts of that Member State shall have jurisdiction to open any of the insolvency proceedings applicable in that Member State (as set out in Annex A of the Recast Insolvency Regulation).

Notwithstanding the opening of main insolvency proceedings in a Member State, secondary insolvency proceedings may be opened in another Member State if such debtor possesses an “establishment” (as defined in Article 2(10) of the Recast Insolvency Regulation) in that Member State. The effects of these proceedings shall be restricted to the assets of the debtor in the territory of that Member State.

If the debtor possesses an “establishment” in a Member State, territorial proceedings under Article 3(4) of the Recast Insolvency Regulation may be opened prior to the opening of main insolvency proceedings, where (a) main insolvency proceedings cannot be opened because of the conditions laid down by the law of the Member State within the territory of which the center of the debtor’s main interests is situated or (b) the opening of territorial insolvency proceedings is requested by (i) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested or (ii) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. When main insolvency proceedings are opened, the territorial insolvency proceedings shall become secondary insolvency proceedings.

Irrespective of the insolvency proceedings being main, secondary or territorial proceedings, such proceedings will, subject to certain exemptions, be governed by the insolvency laws of the Member State in which such proceedings have been opened.

### ***The Netherlands***

The Issuer is incorporated in the Netherlands and has its registered office (*statutaire zetel*) in the Netherlands. It is therefore presumed that the Issuer has its center of main interests in the Netherlands. That means that in the event of insolvency of the Issuer, insolvency proceedings would likely be opened in the Netherlands and, as a result, be governed by Netherlands insolvency law. Netherlands insolvency laws are different from the insolvency laws of other jurisdictions, and this may limit your ability to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

Under Netherlands law, there are two insolvency proceedings that may be opened in respect of legal entities: suspension of payments (*surseance van betaling*) and bankruptcy (*faillissement*). The first, suspension of payments (or “moratorium”), is intended to facilitate the reorganization of a debtor’s indebtedness and enables the debtor to continue as a going concern. The second, bankruptcy, is primarily designed to liquidate and distribute the proceeds from the assets of a debtor to its creditors. Both insolvency proceedings are set forth in the Netherlands Bankruptcy Act (*Faillissementswet*). A general description of the principles of both insolvency proceedings is set out below.

A moratorium is a court ordered general suspension of a debtor’s obligations to its creditors. A moratorium is available at the request of the debtor on the ground that the debtor foresees to be unable to continue payments when they fall due, and could be used as a defense by the debtor against a bankruptcy application by a creditor. It may be ordered only by the district court located in the district in which the company has its statutory seat. Upon the filing of the request for a moratorium, the court will immediately (*dadelijk*) grant the moratorium on a provisional basis and appoint at least one administrator (*bewindvoerder*) of the debtor’s estate.

Subsequently, a court hearing of among others the unsecured non-preferential creditors is required to decide on the definitive moratorium. The court will then decide whether to grant a definitive moratorium or, alternatively, the court may declare the debtor bankrupt. The court will grant a definitive moratorium unless such moratorium is opposed by either (i) creditors having claims jointly exceeding one quarter of the total amount of claims represented at the meeting, or (ii) more than one third in number of creditors whose claims are represented at the meeting. The moratorium is only effective with regard to unsecured non-preferential creditors. A moratorium takes effect retroactively as of midnight on the day on which the court has granted the provisional moratorium.

Bankruptcy is a court ordered general attachment of the assets of a debtor for the benefit of the debtor's collective creditors. The purpose of bankruptcy is to provide for a liquidation and distribution of the proceeds from the debtor's assets among its creditors in accordance with the respective rank and priority of their claims. Bankruptcy may be ordered only by the district court located in the district in which the company has its statutory seat. An application for bankruptcy can be made by either (i) one or more creditors of the debtor, (ii) the holder of a security interest over a claim from such a creditor, (iii) the public prosecutor (if the public interest so requires), or (iv) the debtor itself, on the grounds that the debtor has ceased paying its debts. A debtor is considered to have ceased paying its debts if it has more than one creditor and if at least one of its payment obligations is due but unpaid.

As a result of a bankruptcy, the debtor loses all rights to administer and dispose of its assets. Furthermore, all pending enforcements of judgments and any attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors, as further described below) will be terminated by operation of law, and any pending litigation on the date of the bankruptcy order is automatically suspended.

A bankruptcy order takes effect retroactively as of midnight on the day the order is rendered. In the event of a bankruptcy, the court will appoint a liquidator (*curator*) at its own discretion, which, in most cases, will be a practicing lawyer in the Netherlands. The liquidator manages the bankruptcy estate, which consists of all of the debtor's assets and liabilities that exist on the date on which the bankruptcy was opened, and of all assets acquired during the bankruptcy. The bankruptcy estate is not liable for obligations incurred by the debtor after the date of the bankruptcy order, except to the extent that such obligations arise from transactions that are beneficial to the estate. A liquidator operates under the supervision of a supervisory judge (*rechter-commissaris*) designated by the court, and thus most of a liquidator's major decisions require the prior approval of the supervisory judge.

There is no legal duty for a debtor or its managing board to file for bankruptcy at any time. However, if the managing board of a company realizes that the company is or will be unable to pay its debts when they fall due, it is required to take appropriate measures, which could include the cessation of trading, notification of creditors and the filing for either bankruptcy or a moratorium as described above.

Secured creditors can exercise their rights during the bankruptcy or a moratorium as normal. However, the bankruptcy judge may call a "freeze order" (*afkoelingsperiode*) for a maximum period of four months (consisting of an initial two months, with a possible two months extension), during which period the secured creditors cannot exercise their rights unless such creditors have obtained a leave for enforcement from the bankruptcy judge. The receiver in bankruptcy can force secured creditors to enforce their security rights within a reasonable period of time, failing which the receiver in bankruptcy will be entitled to sell the secured assets and distribute the proceeds.

The receiver in bankruptcy is authorized to make such forced sales in order to prevent a secured creditor from delaying the enforcement of the security without good reason. If a receiver in bankruptcy does make a forced sale of secured assets, the secured creditors have to contribute to the general bankruptcy expenses (*algemene faillissementskosten*) and will receive payment from the proceeds from that sale prior to ordinary, non-preferred creditors having an insolvency claim, but after creditors of the estate (*boedelschuldeisers*), and subject to satisfaction of higher ranking claims of creditors. Dutch tax authorities (*belastingdienst*) have a preferential claim in respect of the collection of certain taxes (e.g., social security premiums, wage tax, value added tax, etc.) on certain movable property found on the debtor's premises (*bodemvoorrecht*). They may take recourse against such property irrespective of whether any security interests over such property exist. Excess proceeds from enforcement of security rights must be returned to the debtor in bankruptcy and may not be set off against any unsecured claims that the secured creditors may have.

All unsecured, pre-bankruptcy claims need to be submitted to the liquidator for verification, and the liquidator makes a preliminary determination as to the existence, ranking and value of the claim and whether and to what extent it should be admitted in the bankruptcy proceedings. Creditors who wish to dispute the verification of their claims by the liquidator will be referred to the claim validation proceedings (*renvooiprocedure*) in order to establish the amount and rank of the disputed claim.

Interest accruing after the date of the bankruptcy order cannot be admitted unless secured by a pledge or mortgage. In that event, interest will be admitted *pro memoria*. To the extent that any interest is not covered by the proceeds from the security the creditor may not derive any rights from the admission. No interest is payable in respect of unsecured claims as of the date of a bankruptcy.

A Dutch pledge can serve as security for monetary claims (*geldvorderingen*) only and can only be enforced upon default (*verzuim*) of the obligations secured thereby. Foreclosure on pledged property is to be carried out in accordance with the applicable provisions and subject to the limitations of the Netherlands Civil Code (*Burgerlijk Wetboek*) and the Netherlands Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The Dutch legislature is working on a proposal introducing formal reorganization proceedings containing elements which are comparable to the U.S. Chapter 11 bankruptcy proceedings and the United Kingdom scheme of arrangements. Although the wording of the proposal is not yet officially published, it is understood that the proposal contains mechanisms that allow for changing the rights of creditors.

## **Limitations on Enforcement of Security Interests**

### ***The Netherlands***

You may not be able to enforce, or recover any amounts under security interests governed by Dutch law due to restrictions on the validity and enforceability of security interests. Under Dutch law, it is uncertain whether security interests can be granted to a party other than the creditor of the claim which is purported to be secured by such security interests. For that reason, the Intercreditor Deed (as defined in “Description of the Notes”) provides for the creation of “parallel debt” obligations in favor of the Common Security Agent (the “Parallel Debts”) mirroring the obligations of the Issuer towards the holders of the Notes and towards the lenders under the Loan Facility (the “Principal Obligations”), and the pledges under the Dutch security documents have been granted to the Common Security Agent only and secure only the Parallel Debts. The parallel debt concept has not been tested in Dutch courts, and there is no certainty that it will eliminate or mitigate the risk of unenforceability of the Dutch security documents posed by Dutch law.

To the extent that the validity or enforceability of the Dutch security documents is successfully challenged, holders of the Notes will not be entitled to receive any proceeds from an enforcement of the Dutch security documents. In addition, the holders of the Notes bear the risks associated with the possible insolvency or bankruptcy of the Common Security Agent as the beneficiary of the Parallel Debts.

Under Netherlands law, enforcement of security may be adversely affected by specific or general defenses available to grantors of security under Dutch law. The validity and enforceability of a security interest granted by the Issuer may also be contested on the basis of an ultra vires claim as described below or on the basis of voidable preference as described below.

Pursuant to Netherlands law, payment under an agreement governed by Netherlands law may be withheld under doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure (*niet toerekenbare tekortkoming*) and unforeseen circumstances (*onvoorziene omstandigheden*) and other defenses afforded by Netherlands law to obligors generally. Other general defenses include claims that an agreement must be avoided because it was entered into through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or error (*dwalen*). Furthermore, under Netherlands law, a party to an agreement may under certain circumstances suspend performance of its obligations under such agreement pursuant to the *exceptio non-adimpleti contractus* or otherwise.

Pursuant to Article 2:7 of the Netherlands Civil Code (*Burgerlijk Wetboek*), any transaction entered into by a legal entity incorporated under Dutch law may be nullified by the legal entity itself or its liquidator in bankruptcy if the objects of that entity were transgressed by the transaction and the other party to the transaction knew or should have known this without independent investigation (*wist of zonder eigen onderzoek moest weten*). The Netherlands Supreme Court (*Hoge Raad der Nederlanden*) has ruled that in determining whether the objects of a legal entity are transgressed, not only the description of the objects in that legal entity's articles of association (*statuten*) is decisive, but all (relevant) circumstances must be taken into account, in particular whether the transaction is in the company's corporate interests (*vennootschappelijk belang*) and to its benefit; and whether the subsistence of the company is jeopardized by the transaction.

Netherlands law contains specific provisions dealing with fraudulent conveyance both in and outside of bankruptcy, the so called *actio pauliana* provisions. The *actio pauliana* offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which it grants security) can be challenged in or outside bankruptcy of the relevant person and may be nullified by the liquidator in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, if (i) the person performed such acts without an obligation to do so (*onverplicht*), (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act, and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*om niet*) in which case such knowledge of the counterparty is not necessary for a successful challenge on the grounds of fraudulent conveyance. In addition, in the case of a bankruptcy, the liquidator may nullify the performance of any due and payable obligation (including (without limitation) the performance of an obligation to provide security for any of its or a third party's obligations) if (i) the payee (*hij die betaling ontving*) knew that a request for bankruptcy had been filed at the moment of the performance, or (ii) the performance was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

## *Vietnam*

Under the Vietnamese law, transactions of sale, transfer or disposal of assets located in Vietnam must be denominated and paid in Vietnamese Dong, except for limited cases where denomination and payment in foreign currency are permitted. In other words, part or all of the proceeds from enforcement of the security could be in Vietnamese Dong. While the proceeds from enforcement of the security may be remitted overseas to the secured parties subject to submission of sufficient evidence to the remittance bank, they would need to be converted into foreign currency before the remittance which is subject to foreign currency availability risk.

If the BOT Company becomes insolvent and the bankruptcy proceeding is commenced by or against the BOT Company, the enforcement of the security assets may be adversely affected by insolvency regulations of Vietnam. As such, under insolvency regulations, an automatic moratorium arises from the date a bankruptcy petition is accepted by the court, during which enforcement of secured assets by secured creditors shall be suspended unless otherwise approved by competent courts. The competent courts may only issue such approval for the enforcement in either case as follows: (i) the secured assets are at risk of being destroyed or significantly devalued; (ii) the secured assets are disposed for business rehabilitation in accordance with the resolutions of the creditors' meeting; and (iii) the mortgaged loan has become due if the secured assets are not used for the approved business rehabilitation plan.

Under the Vietnamese law, a company cannot grant security over such immovable assets in favor of offshore entities. Thus, in BOT projects such as Mong Duong 2 Project, the parties apply the onshore security agent arrangement where a Vietnamese bank or a foreign bank's branch in Vietnam holds security over the immovable assets in favor of the offshore entities. The application of such onshore security agent arrangement is exceptionally allowed in BOT power projects in practice. In addition, the BOT Company is exempted from land rent for the lease of the Site during the whole lease term. While the BOT Company was previously able to grant security over the land use rights over the Site, such treatment is no longer applied under the current laws and practice if the relevant BOT company is exempted from the land rent for the whole lease term. In the above context, enforcement of security over the BOT Company's land use right over the Site could be challenged by the relevant courts of Vietnam.

The Vietnamese law expressly recognizes the creation of security over property rights originating from copyright and intellectual property rights, the right to claim payments, the right to receive insurance proceeds and other property rights, whether these originated from a contract or some other legal basis. However, while it is possible to create security over contractual rights, this is limited to rights to receivables and it is questionable as to whether security could be created over non-receivables such as the lessee's right to lease under a lease agreement. As a result, the enforcement of security over contractual rights being non-receivables could be challenged by the relevant courts. The enforcement of security over the Project Agreements shall also follow the step-in regime as provided under the BOT Contract and MOIT Acknowledgment & Consent.



## SUMMARY

### Overview

We operate and hold a 25-year concession to Mong Duong 2, a 1,120 MW aggregate net capacity coal-fired power plant located in the Quang Ninh province of Vietnam. The plant is located 220 km east of the capital Hanoi at a site selected for its proximity to Vinacomin coal mines, easy connection to the national power transmission grid, good transportation infrastructure and access to cooling water. The Project is the first to use pulverized coal fired boiler technology in Vietnam and also represents the country's largest private sector power project to date. The plant's two identical coal-fired power units, each with a net capacity of 560 MW, have been fully operational since March and April 2015, respectively, and were completed ahead of schedule and within budget.

The Project was developed and is operated pursuant to Vietnam's build-operate-transfer, or BOT, framework, under which a foreign investor builds a power generation project, operates it for a certain period of time to gain profits, and then transfers it to the Vietnamese government. We have entered into the BOT Contract with MOIT, a power purchase agreement with EVN, a coal supply agreement with Vinacomin and ancillary contracts such as land lease and water supply agreements. We also benefit from a Government Guarantee and Undertaking from the Government of Vietnam. The BOT Contract has a term of 25 years from completion of development, or "COD", which occurred on April 22, 2015. At the end of the 25-year term we are required to transfer the Project to MOIT without compensation. See "Description of Project Agreements" and "Regulation."

We are jointly owned by AES, which indirectly owns a 51% ownership interest in us, POSCO, which indirectly owns a 30% ownership interest in us, and CIC, which indirectly owns a 19% ownership interest in us, each as of March 31, 2019. Through our Sponsors, we benefit from a long track record of project development and operation of power projects, commitment to Vietnam and overall experience in emerging markets, access to a rich talent base of employees and technical, operational and maintenance support.

We sell all the electric power that we generate to EVN and we are paid the Capacity Charge based on availability guarantee (regardless of actual net generation) and the Energy Charge and Supplemental Charge based on actual net generation and other incurred charges, respectively. Our PPA with EVN provides a stable source of recurring cash flow and allows us to pass through the majority of our variable costs. For the three months ended March 31, 2019 and 2018 and for the year ended December 31, 2018, our total generation under the PPA was 2,141 GWh, 2,002 GWh and 5,918 GWh, respectively, reflecting a net capacity factor of 89%, 83% and 60% for such periods. During the same periods, our net income totaled US\$28.7 million, US\$26.3 million and US\$93.7 million, respectively, our Adjusted EBITDA totaled US\$65.2 million, US\$60.9 million and US\$240.8 million, respectively, and our CFADS totaled US\$68.1 million, US\$62.1 million and US\$234.9 million, respectively. In this Offering Memorandum, results for reporting periods beginning January 1, 2018 are presented under ASC 606, while prior reporting periods were not adjusted and continue to be presented in accordance with the previous revenue recognition standard. See "Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018," "Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

## Competitive Strengths

We believe our key competitive strengths include the following:

***As a strategic asset in an area with growing demand, we are critical to Vietnam's electricity infrastructure.***

The reliable, base-load generation that we provide is an important contributor for addressing the country's growing electricity needs. Vietnam is transforming its electrical power generation mix as it modernizes the country's agrarian economy to become a more industrialized nation. To accommodate greater industrial expansion and to support energy security goals, Vietnam is significantly increasing its total electricity generating capacity. According to the International Monetary Fund, Vietnam's GDP is forecast to increase at a CAGR of 6.6% during 2017-2024. On a regional basis, the North and South regions are expected to comprise 40% and 50% of total demand, respectively. The country currently relies heavily on hydroelectric capacity and hydropower is expected to remain an important component in the country's generation mix, but its growth is expected to be hampered by a lack of additional sites and environmental concerns among provincial governments. As such, the country's increased energy demand, and the corresponding decline of the reserve margin, are expected to be addressed in part by increased generation from coal.

According to IES, as of the end of 2018, the total installed generation capacity in Vietnam was approximately 48 GW, of which 40.0% was coal-fired thermal power, 40.0% was hydropower, 15.0% was gas-fired, 3.0% was oil-fired and 2.0% was renewable. Under the Government's revised power development plan (PDP7), installed capacity from coal-fired thermal plants is expected to rise to 42.7% in 2020 and 49.3% in 2025, and then reduce to 42.6% in 2030. The corresponding generation from coal-fired thermal plants as a percentage of total generated power in Vietnam in those years is expected to be 49.3%, 55.0% and 53.2%, respectively.

We play a critical role in supplying power to the north of Vietnam, including the wider Hanoi metropolitan area, accounting for approximately 2.3% of Vietnam's power capacity as of December 31, 2018. We are positioned to remain a strategically important power generator in the country due to our high levels of reliability and availability, low tariffs and competitive costs, strong base load supply and proximate location to the grid.

***Our PPA provides stable and predictable cash flows that can be transferred promptly into offshore accounts for payment of financing costs, among other things.***

Our PPA with EVN has a favorable tariff structure that, we believe, allows us to mitigate our cash flow risk significantly. This tariff structure includes (i) a fixed monthly charge (the Capacity Charge), which operates as a take-or-pay provision whereby we receive payment for the contracted capacity regardless of whether EVN uses it, and (ii) a variable monthly charge (the Energy Charge) proportional to the actual energy we deliver. For a more detailed description of the electricity tariffs that we receive, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Electricity Tariffs."

Our PPA also includes pass-through provisions that allow us to charge EVN, subject to certain performance requirements of our power generation units, for the cost of coal, certain operating and maintenance costs and start-up charges in excess of the number of free start-ups specified in the PPA, among others. We believe that these provisions significantly mitigate the impact on our financial results from fluctuations in the price of fuel and other O&M costs.

The Project Agreements provide for a comprehensive foreign currency regime that allows us to convert, monthly, all of our revenue (less Dong expenditure) into USD (at the same exchange rate as was used to convert the relevant monthly USD tariffs into Dong) and to promptly transfer such amount to our offshore USD account which we may use, among other permitted purposes, to pay principal, interest and other financing costs under the BOT Company Loans. See “Description of Project Agreements — Government Guarantee and Undertaking — Foreign Currency Regime.”

***Strong Government support for our counterparties under the Project Agreements.***

We are an important partner to the Government in its efforts to expand power generation to meet Vietnam’s growing needs, and this is demonstrated by the Government’s support for our other counterparties under the Project Agreements. The Government guarantees of the payment obligations and financial commitments of EVN and Vinacomin for 18 years from COD, and of MOIT under the BOT Contract for the full term of operation, which provides an important foundation for the Project. See “Description of Project Agreements — Government Guarantee and Undertaking.”

***Long-term coal supply secured on favorable contracted terms.***

Under the CSA, Vinacomin is required to supply coal in quantity and quality sufficient for us to meet our obligations under the PPA for a period of 25 years from COD. We have no take-or-pay obligation with respect to the coal supplied by Vinacomin. The cost and risk of delivery of coal to the Project site are borne by Vinacomin. The mines from which Vinacomin supplies us are located within a 10 kilometer radius from the Project site, and coal is delivered to us on covered conveyor belts directly from Vinacomin’s processing plants. We generally keep approximately 190,000 tons, representing approximately 14 days’ worth of our average coal consumption, on site in coal storage sheds, which is in line with our PPA requirements. In addition, Vinacomin is required to maintain a dedicated stock of coal equal to 5% of our annual quantity of required coal as forecast in the CSA, or approximately 215,000 tons, which represents approximately 16 days of our average coal consumption after taking into account our maintenance schedule. In case of delivery failure by Vinacomin, we have the right under the CSA to buy coal from other sources, subject to approval by MOIT (not to be unreasonably withheld), and Vinacomin would be obligated to reimburse the differential cost between the replacement coal and the coal that would have been supplied under the CSA to us. See “— Fuel — Vinacomin Coal Logistics” and “Description of Project Agreements — Coal Supply Agreement (CSA).”

***Strong and experienced management team.***

The Project was built to our Sponsors’ global standards. It has received various domestic and international awards, including the 2014 Best Practices Award for the power sector from Project Finance International (PFI — Thomson Reuters), the 2015 Prestigious Award from the Prime Minister of Vietnam for outstanding achievements in management and construction, the 2016 Power Utility of the Year (Vietnam Market) Award from Asian Power Awards and the 2017 Business of Green Economy for Sustainable Development from the Vietnam Environmental Administration. Our senior management has extensive experience in the power generation sector, both internationally and in Vietnam. These senior executives have an average of approximately 25 years of experience in the power industry and many of them have been involved in the Project since its inception and represented the Sponsors in similar projects around the world. For example, both our CEO and CFO have been involved in the construction and commissioning of the Project, and now manage our business operations. Our combination of international and local managers allows us to benefit from the technical know-how and experience of top players in the global power industry as well as a deep local understanding and relationships with Vietnamese stakeholders. We believe that this combination has helped us to achieve a solid operating record since COD, with our availability rates exceeding the PPA target in every Contract Year since operations commenced.

## **Business Strategy and Objectives**

Our business strategy is to continue to leverage our operational and financial excellence, and is based on the following:

### ***Maintaining a solid financial profile with stable and predictable cash flows.***

We are committed to maintaining a solid financial profile, strong credit metrics, and providing stable returns to our shareholders. Our principal financial objectives include continuing to generate predictable and stable cash flows, maintaining adequate minimum liquidity and managing our debt amortization schedule in line with the tenor of our PPA. Our business model, which is premised on the capacity payments from EVN and the protections afforded to us under the Project Agreements, is expected to continue to provide us with stable revenues and cash flows.

### ***Continuing to operate our Project safely, efficiently and sustainably.***

One of our key strategies is to continue to adhere to global benchmarks for safety, environmental and operating standards in the industry and to promote a culture of health, safety, accident prevention, security and environmental excellence. To improve our availability, our strategy is to increase planned maintenance and reduce our operating expenses by minimizing excess availability above PPA targets. We are also currently undertaking several heat rate enhancement programs to continue to improve the heat rate performance of our Power Facility in order to recover a greater portion of our fuel costs pursuant to the PPA, including condenser descaling, auxiliary load reduction, air heater basket cleaning and the changing of our gas-to-gas heater. We rigorously implement and follow the strictest industry safety standards in order to safeguard our employees and contractors and the communities where our operations are located. We seek to be good corporate citizens and develop our business in a manner which complies with applicable legal and environmental regulations, minimizes negative environmental impacts and makes positive contributions to the communities in which we operate. We also follow strict corporate governance standards and seek to ensure fairness, transparency, accountability, and responsibility in the operation of our business for our shareholders and all stakeholders.

### ***Transitioning certain functions to local team members while continuing to provide excellent service.***

A primary goal of ours is to transition aspects of the plant leadership from expatriates to local team members as they are trained and developed into these positions. This transition has been planned since the inception of the Project and is in the process of being implemented. While it is contemplated that certain functions and roles will remain with the Sponsors — in particular, AES will continue to lead on O&M with significant management and operational participation from POSCO — we aim to increase local participation and nourish the development of the Vietnamese power sector talent without compromising our operational excellence.

## **Our Sponsors**

The AES Corporation (NYSE: AES) is a Fortune 500 global power company. We provide affordable, sustainable energy to 15 countries through our diverse portfolio of distribution businesses as well as thermal and renewable generation facilities. AES actively engages with investors across its global portfolio as part of its partnership strategy. As of April 30, 2019, AES had 31,780 gross MW of electricity generation in operation, including 9,856 MW of coal fired capacity.

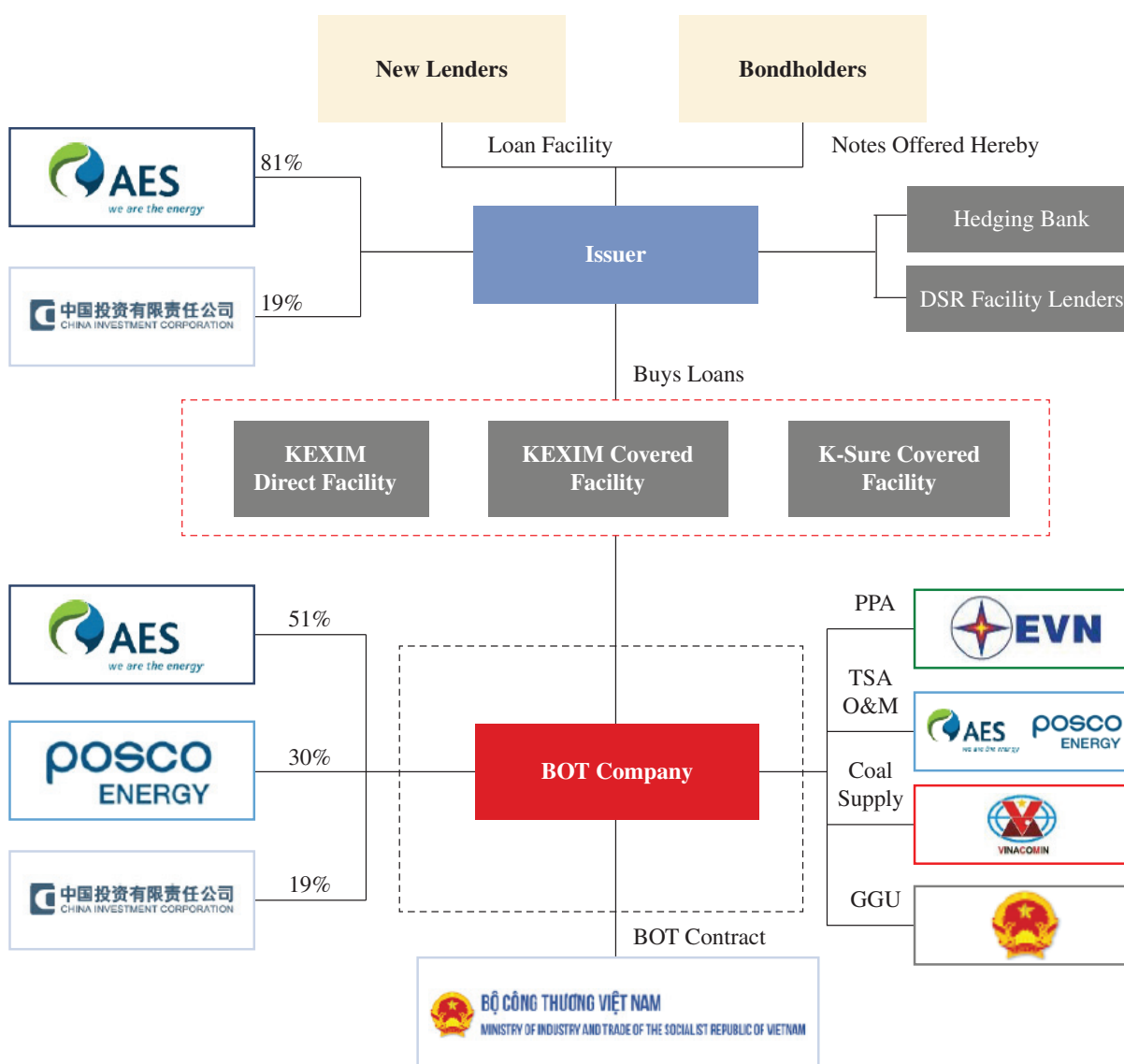
POSCO Energy Co., Ltd., which is 74.7% owned by POSCO (KRX: 005490), is the first and largest independent power producer in Korea and owns and operates a 3,412 MW LNG power plant, 284 MW and 290 MW off-gas power plants, 50 MW fuel-cell power plants, two solar and wind-powered facilities and a solid-refuse-fuel facility in Korea. It has more than 30 years of power plant O&M experience.

China Investment Corporation was established in 2007 as a vehicle to diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance.

The Notes will not be guaranteed by the Sponsors or any other person or entity.

## Our Corporate and Financing Structure

The chart below sets forth a simplified summary of our corporate and financing structure as of March 31, 2019 after giving effect to the Transactions. See "The Transactions".



## Corporate Information

The Issuer is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands. The Issuer's registered office is located at Claude Debussylan 12, 1082 MD Amsterdam, the Netherlands.

The BOT Company is a limited liability company established under the laws of Vietnam. Its head office is located at Mong Duong Ward, Cam Pha City, Quang Ninh Province, Vietnam. Its Hanoi representative office is located at Room 302, Floor 3, Asia Tower Building, 6 Nha Tho Street, Hoan Kiem District, Hanoi. Its telephone is +84 24 3 9333 580.

## SUMMARY OF THE OFFERING

*The summary below describes the principal terms of the Notes. Some of the terms and conditions described below are subject to important limitations and exceptions. See “Description of the Notes” for a more detailed description of the terms and conditions of the Notes and “The Transactions” for more information regarding the Loan Facility and other transactions being consummated substantially concurrently with or following the issuance of the Notes. Terms used and otherwise not defined in the summary below shall have the meanings given to them in “Description of the Notes.”*

Issuer . . . . .	Mong Duong Finance Holdings B.V., a private company with limited liability incorporated under the laws of the Netherlands.
Notes Offered . . . . .	US\$678,500,000 aggregate principal amount of 5.125% Senior Secured Notes due 2029 (the “Notes”).
Issue Price . . . . .	100.000% of the principal amount of the Notes.
Issue Date . . . . .	August 1, 2019.
Maturity Date . . . . .	The Notes will mature on May 7, 2029.
Amortization of Principal . . .	The aggregate principal amount of the Notes will be amortized as described under “Description of the Notes — Amortization of Principal.”
Interest . . . . .	5.125% per annum, payable semi-annually in arrears on May 7 and November 7 of each year, commencing on November 7, 2019.
Ranking of the Notes . . . . .	<p>The Notes will be:</p> <ul style="list-style-type: none"> <li>• general obligations of the Issuer;</li> <li>• be senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;</li> <li>• rank at least <i>pari passu</i> in right of payment with all unsecured, unsubordinated obligations of the Issuer (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law); and</li> <li>• be secured by a first priority lien over the Collateral as described under “Description of the Notes — Security” on an equal and ratable basis with the DSR LC, the Loan Facility, the Hedging Obligations of the Issuer and other Permitted <i>Pari Passu</i> Secured Obligations Incurred by the Issuer.</li> </ul>



Security . . . . .	The obligations of the Issuer under the Notes will be secured by a first priority security interest (except as noted under “Description of the Notes — Security” and subject to Permitted Liens and the Intercreditor Deed) in favor of the Common Security Agent pursuant to the security documents (the “Security Documents”) for the benefit of the Holders of the Notes, the DSR Facility Lenders, the Facility Agent, the Hedging Banks and holders (or their representatives) of other Permitted Pari Passu Secured Obligations permitted to be incurred under the Indenture, over the following (collectively, the “Collateral”): (i) all of the Capital Stock of the Issuer; (ii) the Issuer Collection Account and the Issuer Debt Service Reserve Account; and (iii) the BOT Loans and all rights associated with the BOT Loans as described under “Description of the BOT Company Loans and Certain Other Indebtedness — BOT Loans Upon Consummation of the Transactions.” See also “Description of the Notes — Security.”
Use of Proceeds . . . . .	The Issuer intends to use the proceeds from the offering of the Notes and from the full drawdown of the Loan Facility to purchase the BOT Company Loans. See “Use of Proceeds.”
Escrow Account . . . . .	<p>Concurrently with the closing of the offering of the Notes on the Original Issue Date, the Issuer will enter into an escrow agreement (the “Escrow Agreement”) dated as of the Original Issue Date among the Issuer, the Trustee, Citibank, N.A., London Branch as escrow agent (“the Escrow Agent”), under which the Issuer will deposit an amount in cash equal to the gross proceeds of the offering of the Notes sold on the Original Issue Date into an escrow account (the “Escrow Account”) held by the Issuer in the United Kingdom with the Citibank, N.A., London Branch.</p> <p>The Escrow Agreement provides that the Escrowed Funds may be released from the Escrow Account either (i) to fund the acquisition of the BOT Loans and the transfer of the BOT Loans to the Issuer as successor lender thereto (the “BOT Loans Acquisition”), including associated costs and expenses, or (ii) to fund the special mandatory redemption as described under “Description of the Notes — Redemption Upon Special Mandatory Redemption Event.”</p>
Optional Redemption. . . . .	At any time on or after May 7, 2023, the Issuer may redeem the Notes, in whole or in part, at a redemption price set forth under “Description of the Notes — Optional Redemption,” plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date.

At any time and from time to time before May 7, 2023, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of such Notes and (2) the sum of the present value of each remaining scheduled payment of principal (including the Amortization Amounts) and interest on the Notes to be redeemed (exclusive of interest accrued and unpaid to (but not including) the applicable redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points (the “Make-Whole Amount”), plus in each case, accrued and unpaid interest on the principal amount of the Notes up to, but not including, the redemption date (subject to the right of the holder of record on the relevant Record Date to receive interest due on the relevant interest payment date).

Redemption Upon Special  
Mandatory Redemption  
Event .....

A “Special Mandatory Redemption Event” will occur upon the earlier of (i) the failure to complete the SBV Registration (as defined below) by the end of the 60th calendar day after the Original Issue Date (the “SBV Registration Deadline”) and (ii) the determination by the Issuer that the SBV Registration will not be completed by the SBV Registration Deadline.

Upon the occurrence of the Special Mandatory Redemption Event, the Issuer will promptly (but in no event later than three (3) Business Days following the Special Mandatory Redemption Event) give notice to the Holders and the Trustee that the Issuer will redeem all of the outstanding Notes, in whole and not in part, on the Special Mandatory Redemption Date, which shall be no later than five (5) Business Days from the date of such notice, at a redemption price equal to 100% of the issue price of the Notes, together with accrued and unpaid interest (including any Additional Amounts), if any, (but without payment of any Make-Whole Amount) up to, but not including, the date fixed for redemption.

Mandatory Redemption of Notes Without Premium . . .	<p>Following the BOT Loans Acquisition, if (i) the BOT Company receives any Insurance Proceeds, following the determination by the BOT Company that a reinstatement or restoration of the MD2 Project is not technically feasible or financially viable, (ii) the BOT Company receives any proceeds relating to any Termination Payment whether under the BOT Contract or the GGU, (iii) the BOT Company receives Net Cash Proceeds in respect of the sale of any asset by the BOT Company, to the extent that such proceeds have not been used in compliance with clause (9) of the covenant under “Description of the Notes — Certain Covenants — Limitation on Asset Sales”; (iv) the BOT Company receives any amounts from any Governmental Instrumentality following an Expropriation Event or (v) the BOT Company receives any proceeds (excluding, for the avoidance of doubt, any proceeds received in connection with an Other Change of Control) requiring it to make any mandatory prepayments under the BOT Loans (in each case, the receipt of any such proceeds under clauses (i) to (v) above, the “Available Proceeds”), the BOT Company shall apply such Available Proceeds in accordance with the BOT Loans to immediately prepay principal and interest under the BOT Loans and the Issuer will use the amounts it so receives to redeem the Notes and prepay any amount outstanding under the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations on an equal and ratable basis. If the aggregate principal amount of the Notes, the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations that may be redeemed or prepaid exceeds the amount so received, the Notes, the DSR LC, the Loan Facility and such other Permitted Pari Passu Secured Obligations will be redeemed or prepaid on a pro rata basis. The redemption price for the Notes will be equal to 100% of the outstanding principal amount of the Notes being redeemed, plus accrued and unpaid interest (if any) (but without payment of any Make-Whole Amount) to (but not including) the applicable redemption date, plus Additional Amounts, if any, which will be payable in cash.</p> <p>If an Other Change of Control occurs and, as a result, the BOT Company is required to make a mandatory prepayment under the BOT Loans, the BOT Company shall immediately prepay principal and interest under the BOT Loans as directed by the Issuer, and the Issuer will use the amounts it so receives to prepay amounts outstanding under the DSC LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations that are required to be prepaid in connection with the relevant Other Change of Control in accordance with the terms of the Intercreditor Deed, but not to redeem the Notes.</p>
Repurchase upon a Change of Control Triggering Event . .	<p>Not later than 30 days following a Change of Control Triggering Event, the Issuer will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but excluding) the date of purchase.</p>

Additional Amounts . . . . . All payments of principal of and premium (if any) and interest on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer is organized or resident for tax purposes or from or through which payment is made (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law.

In the event that any such withholding or deduction is so required, the Issuer will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts as will result in receipt by the Holder of each Note of such amounts payable under the Notes as would have been received by such Holder had no such withholding or deduction been required. See “Description of the Notes — Additional Amounts.”

Redemption for  
Taxation Reasons . . . . . Subject to certain exceptions and as more fully described herein, the Notes may be redeemed, at the option of the Issuer, as a whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Issuer for redemption if, as a result of certain changes in tax law, the Issuer is, or on the next Interest Payment Date would be, required to pay Additional Amounts (or in the case of any payment with respect to the BOT Loans, the BOT Company would be required to withhold or deduct any taxes, duties, assessments or governmental charges of whatever nature), and such requirement cannot be avoided by the taking of reasonable measures by the Issuer (or the BOT Company). See “Description of the Notes — Redemption for Taxation Reasons.”

Covenants . . . . .	<p>The Indenture will limit the ability of the Issuer and the BOT Company to, among other things:</p> <ul style="list-style-type: none"> <li>• incur additional Indebtedness;</li> <li>• pay dividends, repurchase stock or prepay subordinated debt;</li> <li>• enter into transactions with shareholders or affiliates;</li> <li>• create any Lien;</li> <li>• sell assets;</li> <li>• amend the BOT Loans and certain key project documents; or</li> <li>• effect a consolidation or merger.</li> </ul> <p>In addition, the Issuer and/or the BOT Company, as the case may be, will be required (subject to certain exceptions) to, maintain insurance, create, perfect and maintain a first priority security interest under the Security Documents, maintain corporate existence, maintain books and records, comply with applicable laws and maintain material licenses and permits, use reasonable efforts to cause the Notes to be rated by at least two Rating Agencies, pay all material taxes and provide financial statements.</p> <p>These covenants are subject to a number of important limitations and exceptions. See “Description of Notes.”</p>
Selling and Transfer Restrictions . . . . .	<p>The Notes will not be registered under the U.S. Securities Act or under any state securities laws of the United States and will be subject to restrictions on transfer and resale as set out herein and in the Indenture. Without limiting the foregoing, Rule 144A Notes (or beneficial interests therein) may be sold in the United States only to purchasers that are both “qualified institutional buyers” and “qualified purchasers,” in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and Regulation S Notes (or beneficial interests therein) may be sold outside the United States only to non-U.S. persons in offshore transactions meeting the requirements of Regulation S. See “Plan of Distribution” and “Transfer Restrictions.”</p>
Form, Denomination and Registration . . . . .	<p>The Notes will be issued only in fully registered form, without coupons, in denominations of US\$250,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by Global Notes registered in the name of a nominee of DTC.</p>

Book-Entry Only . . . . . The Notes will be issued in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream, Luxembourg. For a description of certain factors relating to clearance and settlement, see “Description of the Notes — Book-Entry; Delivery and Form.”

Delivery of the Notes . . . . . The Issuer expects to make delivery of the Notes against payment in same-day funds on or about August 1, 2019, which the Issuer expects will be the fifth business day following the date of this Offering Memorandum referred to as “T+5.” You should note that initial trading of the Notes may be affected by the T+5 settlement. See “Description of Notes” and “Plan of Distribution.”

Trustee . . . . . Citicorp International Limited.

Principal Paying Agent,  
Transfer Agent and  
Registrar . . . . . Citibank, N.A., London Branch.

Common Security Agent . . . . The Hongkong and Shanghai Banking Corporation Limited.

Listing . . . . . Approval in-principle has been received for the listing and quotation of the Notes on the Singapore SGX-ST.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a global note representing such Notes is exchanged for definitive Notes. In addition, in the event that a global note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

Governing Law . . . . . The Notes and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The Security Documents will be governed by English law and Dutch law. The Intercreditor Deed will be governed by English law.

Risk Factors . . . . . You should carefully consider the information under the caption “Risk Factors” and the other information included in this Offering Memorandum before deciding whether to invest in the Notes.

Rule 144A

Regulation S

CUSIP . . . . . 60935D AA3                      N6000D AA1

ISIN . . . . . US60935DAA37                      USN6000DAA11

Common Code . . . . . 203117680                      203117779

## SUMMARY SELECTED FINANCIAL AND OPERATING INFORMATION

The summary selected financial information of the BOT Company as of and for the years ended December 31, 2018, 2017 and 2016 has been derived from our audited financial statements included elsewhere in this Offering Memorandum. The summary selected financial information of the BOT Company as of and for the three months ended March 31, 2019 and 2018 has been derived from our unaudited interim financial statements included elsewhere in this Offering Memorandum. Our financial statements are prepared in accordance with U.S. GAAP and presented in U.S. dollars. In making an investment decision, you should rely upon your own examination of the terms of this offering of the Notes and the financial information contained in this Offering Memorandum. The following information should be read in conjunction with “Risk Factors,” “Selected Financial Information and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our audited financial statements and unaudited interim financial statements and the related notes thereto included elsewhere in this Offering Memorandum. See also “Presentation of Financial and Market Information.”

Our financial statements apply service concession arrangements pursuant to ASC 853 and, for periods prior to January 1, 2018, revenue accounting under ASC 605, or for periods after January 1, 2018, revenue accounting under ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. The following information should be read in conjunction with “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Risk Factors” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

### Balance Sheet

	As of March 31,	As of December 31,		
	2019	2018	2017	2016
	(unaudited)			
	(in US\$ millions)			
	ASC 853 and ASC 606 <sup>(1)</sup>	ASC 853 and ASC 605 <sup>(1)</sup>		
<b>CURRENT ASSETS</b>				
Cash and cash equivalents . . . . .	45.4	21.1	22.8	18.9
Short-term restricted cash . . . . .	66.9	28.0	25.7	25.0
Accounts receivable, net . . . . .	97.9	94.2	71.4	63.4
Short-term loan receivable . . . . .	66.8	65.7	N/A	N/A
Inventory . . . . .	18.4	12.2	18.5	13.1
Prepaid and other receivables . . . . .	4.8	0.7	0.6	1.1
Other current assets . . . . .	1.2	1.3	1.4	0.7
<b>TOTAL CURRENT ASSETS . . . . .</b>	<b>301.4</b>	<b>223.2</b>	<b>140.4</b>	<b>122.2</b>



	As of March 31,	As of December 31,		
	2019	2018	2017	2016
	(unaudited)			
	(in US\$ millions)			
	ASC 853 and ASC 606 <sup>(1)</sup>	ASC 853 and ASC 605 <sup>(1)</sup>		
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment:				
Electric generation, distribution assets and others . . . . .	3.3	3.3	3.0	2.0
Accumulated depreciation . . . . .	(1.7)	(1.6)	(1.3)	(1.0)
<b>Property, plant and equipment, net. . . . .</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.0</b>
Service concession assets, net of accumulated amortization . . . . .	N/A	N/A	1,351.1	1,436.0
<b>Service concession assets . . . . .</b>	<b>N/A</b>	<b>N/A</b>	<b>1,351.1</b>	<b>1,436.0</b>
Other assets				
Long-term restricted cash . . . . .	85.1	84.8	82.8	92.3
Deferred tax asset . . . . .	3.0	2.5	26.8	28.0
Long-term loan receivable . . . . .	1,405.7	1,423.0	N/A	N/A
Other non-current assets . . . . .	3.1	2.7	0.5	0.5
Other intangible assets, net of amortization . . . . .	1.0	1.0	1.2	1.0
<b>Total other assets . . . . .</b>	<b>1,497.9</b>	<b>1,514.0</b>	<b>111.3</b>	<b>121.8</b>
<b>TOTAL NON-CURRENT ASSETS . . . . .</b>	<b>1,499.5</b>	<b>1,515.7</b>	<b>1,464.1</b>	<b>1,558.8</b>
<b>TOTAL ASSETS . . . . .</b>	<b>1,800.9</b>	<b>1,738.9</b>	<b>1,604.5</b>	<b>1,681.0</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable . . . . .	23.4	45.3	29.3	13.9
Accrued interest . . . . .	27.3	11.0	10.3	10.6
Deferred income. . . . .	1.4	1.6	N/A	N/A
Accrued and other liabilities . . . . .	47.8	11.9	17.2	25.6
Current portion of non-current debt . . . . .	90.9	90.9	83.7	76.6
<b>TOTAL CURRENT LIABILITIES . . . . .</b>	<b>190.8</b>	<b>160.7</b>	<b>140.5</b>	<b>126.7</b>
<b>NON-CURRENT LIABILITIES</b>				
Non-current debt . . . . .	975.0	972.2	1,051.3	1,122.6
Other non-current liabilities . . . . .	22.1	11.5	21.8	24.6
<b>TOTAL NON-CURRENT LIABILITIES . . . . .</b>	<b>997.1</b>	<b>983.7</b>	<b>1,073.1</b>	<b>1,147.2</b>
<b>OWNERS' EQUITY</b>				
Contributed charter capital . . . . .	462.1	462.1	462.1	462.1
Additional paid-in capital . . . . .	0.9	0.9	0.7	0.6
Retained earnings/(accumulated deficit) . . . . .	172.7	143.7	(5.0)	30.2
Accumulated other comprehensive losses . . . . .	(22.7)	(12.2)	(66.9)	(85.8)
<b>TOTAL OWNERS' EQUITY. . . . .</b>	<b>613.0</b>	<b>594.5</b>	<b>390.9</b>	<b>407.1</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY. . .</b>	<b>1,800.9</b>	<b>1,738.9</b>	<b>1,604.5</b>	<b>1,681.0</b>

- (1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

## Statement of Operations

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606 <sup>(1)</sup>		ASC 853 and ASC 605 <sup>(1)</sup>		
Revenue . . . . .	89.1	78.5	244.7	278.3	340.2
Cost of rendering services . . . . .	(85.6)	(78.5)	(255.5)	(255.9)	(311.0)
<b>Operating (loss)/profit . . . . .</b>	<b>3.5</b>	<b>0.0</b>	<b>(10.8)</b>	<b>22.4</b>	<b>29.2</b>
Finance income . . . . .	45.0	46.7	185.7	129.4	133.8
Finance expenses . . . . .	(20.0)	(20.8)	(84.3)	(87.9)	(89.9)
Other income . . . . .	0.0	0.0	1.8	0.0	0.0
Other expenses . . . . .	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Foreign exchange gain . . . . .	0.3	0.3	1.2	0.7	1.1
<b>Net income before tax . . . . .</b>	<b>28.8</b>	<b>26.2</b>	<b>93.6</b>	<b>64.6</b>	<b>74.2</b>
<b>Income tax benefit/(expense) . . . . .</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.1</b>	<b>(9.3)</b>	<b>7.5</b>
<b>Net income . . . . .</b>	<b>28.7</b>	<b>26.3</b>	<b>93.7</b>	<b>55.3</b>	<b>81.7</b>

- (1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

## Statement of Cash Flows

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016 <sup>(1)</sup>
	(unaudited)				
	(in US\$ millions)				
Net cash provided by operating activities. . . . .	63.9	57.9	166.9	163.7	144.7
Net cash (used in)/provided by investing activities . . . . .	(0.1)	(0.1)	(0.4)	(1.5)	30.9
Net cash used in financing activities . . . . .	(0.3)	—	(164.0)	(167.2)	(159.5)

- (1) On January 1, 2018, we adopted Topic 230, under which amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The impact of the adoption of this standard on our financial statements is that for the year ended December 31, 2017, cash provided by investing activities decreased by US\$8.8 million but cash provided by operating activities and cash used in financing activities were unchanged. The comparative financial statements for 2017 appearing in our audited financial statements for 2018 included elsewhere in this Offering Memorandum has been restated to reflect the adoption of Topic 230. However, our financial statements for 2016 have not been so restated. Accordingly, our statements of cash flow for 2018 and 2017 are not comparable to our statements of cash flow for 2016. See “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum.”

## Non-GAAP and Other Financial Information

*The financial measures presented below are not determined or presented in accordance with U.S. GAAP. This non-GAAP measures are presented because we believe such measurements are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and similar financings. These non-GAAP measures should not be considered in isolation or as a substitute for our results of operation as presented in U.S. GAAP. The information below is supplementary to our audited financial statements and our unaudited interim financial statements included elsewhere in this Offering Memorandum. You should not place undue reliance on the non-GAAP financial measures and ratios presented below. See “Notice to Investors — Presentation of Financial and Market Information — Non-GAAP Financial Measures.”*

	As of and for the three months ended March 31,		As of and for the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
Adjusted EBITDA <sup>(a)</sup>	65.2	60.9	240.8	247.4	246.8
Adjusted EBITDA/Interest <sup>(b)</sup>	4.0	3.7	3.5	3.5	3.4
CFADS <sup>(c)</sup>	68.1	62.1	234.9	244.5	252.0
Net Debt <sup>(d)</sup>	928.9	1,020.8	992.4	1,078.7	1,150.4
DSCR <sup>(e)</sup>	N/A	N/A	1.5	1.6	1.7
Dividends paid	—	—	79.1	90.6	81.9

(a) The table below sets forth a reconciliation of Adjusted EBITDA to net income, its most directly comparable measure under U.S. GAAP.

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606 <sup>(1)</sup>		ASC 853 and ASC 605 <sup>(1)</sup>		
Net income	28.7	26.3	93.7	55.3	81.7
Plus:					
Finance expenses	20.0	20.8	84.3	87.9	89.9
Income tax expense/(benefit)	0.1	(0.1)	(0.1)	9.3	(7.5)
Depreciation and amortization	0.2	0.2	0.6	0.5	0.5
Service concession assets amortization	N/A	N/A	N/A	91.8	79.9
Other comprehensive income amortization	N/A	N/A	N/A	2.6	2.3
Decrease in loan receivables <sup>(2)</sup>	16.2	13.7	62.3	N/A	N/A
Adjusted EBITDA	65.2	60.9	240.8	247.4	246.8

(1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of

Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

- (2) Under ASC 606, we have recognized a loan receivable for the future expected payments for the construction performance obligation under the PPA. This loan receivable is amortized over the remaining life of the PPA.
- (b) Adjusted EBITDA/Interest for the BOT Company is, for any period, the ratio of Adjusted EBITDA for such period to the Interest including loan interest and swap interest for such period.

The table below sets forth a reconciliation of Adjusted EBITDA/Interest to Adjusted EBITDA and loan interest and swap interest for the periods presented:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
Adjusted EBITDA . . . . .	65.2	60.9	240.8	247.4	246.8
Loan interest and swap interest . . . . .	16.2	16.5	68.8	70.0	72.0
<b>Adjusted EBITDA/Interest . . . . .</b>	<b>4.0</b>	<b>3.7</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>

- (c) CFADS for the BOT Company is, for any period, (a) the sum of (x) all revenues received by the BOT Company in respect of the operation of the Project, (y) all interest income and (z) all business interruption, delay in start-up or advance loss of profits (or equivalent) insurance proceeds, in each case received by the BOT Company during such period, less (b) all operating costs paid or payable by the BOT Company during such period. You should note that CFADS as presented herein is calculated differently from CFADS as defined in the Indenture. See “Description of the Notes — Definitions” for a description of the manner in which CFADS is defined for purposes of the Indenture.

The table below sets forth a reconciliation of CFADS to total revenue and cost of rendering of services:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606 <sup>(1)</sup>		ASC 853 and ASC 605 <sup>(1)</sup>		
Total revenue . . . . .	150.0	138.4	490.1	407.7	474.0
(Increase)/Decrease in account receivables . . . . .	(3.7)	(20.9)	(22.8)	(8.0)	23.0
<b>Total revenue received . . . . .</b>	<b>146.3</b>	<b>117.5</b>	<b>467.3</b>	<b>399.7</b>	<b>497.0</b>
Cost of rendering of services . . . . .	85.6	78.5	255.5	255.9	311.0
Depreciation and amortization . . . . .	(0.2)	(0.2)	(0.6)	(0.5)	(0.5)
Service concession assets amortization . .	N/A	N/A	N/A	(91.8)	(79.9)
Other comprehensive income amortization . . . . .	N/A	N/A	N/A	(2.6)	(2.3)
Service concession expenses . . . . .	(0.2)	0.2	(1.6)	N/A	N/A
(Decrease)/Increase in account payables — coal (net of value added tax) . . . .	(13.0)	(19.4)	(14.3)	(10.4)	15.5
Decrease/(Increase) in inventories — coal . . . . .	6.0	(3.7)	(6.6)	4.6	1.0
Tax expenses . . . . .	—	—	—	—	0.2
<b>Total operating costs . . . . .</b>	<b>78.2</b>	<b>55.4</b>	<b>232.4</b>	<b>155.2</b>	<b>245.0</b>
<b>CFADS . . . . .</b>	<b>68.1</b>	<b>62.1</b>	<b>234.9</b>	<b>244.5</b>	<b>252.0</b>

(1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

- (d) Net Debt, as of any given date, represents total debt (i.e., the sum of the current portion of our non-current debt, our non-current debt, not taking into account for any debt discounts and deferred financing costs) minus the aggregate of cash, short-term restricted cash and long-term restricted cash.

The table below sets forth a reconciliation of Net Debt to outstanding loan balance and cash:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
Outstanding loan balance . . . . .	1,126.3	1,210.0	1,126.3	1,210.0	1,286.6
Cash and short-term restricted cash . . . .	(112.3)	(106.5)	(49.1)	(48.5)	(43.9)
Long-term restricted cash . . . . .	(85.1)	(82.7)	(84.8)	(82.8)	(92.3)
<b>Net Debt . . . . .</b>	<b>928.9</b>	<b>1,020.8</b>	<b>992.4</b>	<b>1,078.7</b>	<b>1,150.4</b>

- (e) DSCR for the BOT Company is, for any period, the ratio of CFADS for such period to the sum of all outstanding principal, interest payments, settlement payments made net of settlement payments received, if any, under any interest rate hedging agreements relating to indebtedness, fees, expenses and other charges due in respect of all of our indebtedness for such period. You should note that DSCR as presented herein is calculated differently from DSCR as defined in the Indenture. See “Description of the Notes — Definitions” for a description of the manner in which DSCR is defined for purposes of the Indenture.

The table below sets forth a reconciliation of DSCR to CFADS and debt service.

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606 <sup>(1)</sup>		ASC 853 and ASC 605 <sup>(1)</sup>		
CFADS . . . . .	68.1	62.1	234.9	244.5	252.0
Debt service . . . . .	N/A	N/A	156.9	152.4	148.3
<b>DSCR . . . . .</b>	<b>N/A</b>	<b>N/A</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>

- (1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

## RISK FACTORS

*An investment in the Notes involves a high degree of risk. You should carefully consider all the information in this Offering Memorandum, including the risks and uncertainties described below, in deciding whether to invest in the Notes. If any or some combination of the following risks actually occur, then our business, prospects, financial condition, results of operations and cash flows could suffer, the trading price of the Notes could decline, we may not be able to meet our obligations under the Notes and you may lose all or part of your investment.*

The risks and uncertainties described in this section are those that our management and the Issuer's management believe are material, but these risks and uncertainties may not be the only ones we or the Issuer face or that could affect your investment in the Notes. Additional risks and uncertainties, including those that we and the Issuer are not aware of or that we and the Issuer currently consider immaterial and that may become material in the future, may also result in decreased income, increased expenses or other events that could result in a decline in the value of the Notes.

### **Risks Relating to our Business**

*We rely on EVN for substantially all our revenues and other sources of income and cash flows.*

EVN is the only offtaker for the electricity that we produce. The revenues and other income and cash flows that we recognize from our PPA with EVN, which is set to expire in 2040, constitutes and is expected to continue to constitute substantially all of our revenues and other income and cash flows for the duration of the Project. EVN is wholly-owned by the Government and has historically operated as a Government service provider and, accordingly, the Government has historically influenced, and is likely to continue to influence, its strategy and operations. If EVN is required to act in the Government's or the public's interests, and if those interests differ from or conflict with our interests, our business, financial condition, results of operations and prospects could be materially and adversely affected. The general economic environment may also affect EVN's ability to purchase power. Furthermore, there is limited amount of publicly available information about EVN and as a result, it may be difficult to assess EVN's financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Our Relationship with EVN."

There can be no assurance that EVN will be able or willing to perform its obligations to us under the PPA or that its financial condition will not be adversely affected in the future due to factors beyond our control or EVN's control. All payment obligations of EVN under the PPA are guaranteed by the Government for 18 years from COD. See "Description of Project Agreements — Government Guarantee and Undertaking." However there can be no assurance that the Government will be able or willing to perform its obligations under the GGU. Any failure of the Government to comply with the terms of the GGU may adversely impact our financial condition and prospects. See "Risks Relating to Vietnam — Downgrades of credit ratings of Vietnam or EVN could have a negative impact on our business and results of operations and the trading price of the Notes."

***The Project Agreements contain certain features that are critical to our business and ability to generate cash, and if our counterparties fail to perform their obligations under those agreements, our business model could be materially adversely affected.***

The Project Agreements contain a number of features that are important factors affecting our ability to generate cash flows and incur and service debt financing — such as an availability-based tariff structure whereby we are paid for the contracted capacity regardless of whether EVN uses it; the fuel and O&M pass-through provisions; the ability to make quarterly and annual profit distributions; the separate comprehensive foreign currency and tax regimes; protections from changes in law and force majeure events; and the Government’s guarantee of the payment obligations and financial commitments of EVN and Vinacomin for 18 years from COD, and of MOIT for the full term of operation. If our counterparties fail to perform their obligations under the Project Agreements, or if they were to successfully vary the terms of such agreements by exerting official or unofficial pressure on us (directly or indirectly via our Sponsors), it could, irrespective of any remedies that might be available to us to protect our contractual rights, materially disrupt our operations and ability to generate cash to repay debt, including the BOT Company Loans, which would impact the Issuer’s ability to make payments on the Notes.

***Calculation of the termination payment available in certain circumstances under the BOT Contract may be uncertain.***

Termination of the BOT Contract may occur due to an extended force majeure event or, upon 90 days’ notice by the non-defaulting party and subject to step-in-rights of the lenders under the BOT Company Loans, if applicable, upon default by either us or one of the Vietnamese-side parties to the agreement. Following termination, MOIT has an obligation to purchase the Project and to pay us a termination payment (except in circumstances of termination due to our default where MOIT has an option, but not an obligation, to purchase the Project). See “Description of Project Agreements — BOT Contract — Termination and Other Remedies.”

The termination payment applicable where there has been a default by us is calculated as follows:

- (a) a component for the sum of all outstanding amounts payable under the BOT Company Loans to fully discharge its liabilities (excluding default interest in the case of a default by us or a force majeure event affecting the BOT Company), where the total amount outstanding is the amount specified in the original amortization schedule, accrued interest and hedging payments; plus
- (b) a component for the amount of charter capital pro-rated for the number of months remaining between termination and the end of term of operation, minus insurance proceeds not used in the restoration of the Project. The term of operation under the BOT Contract is 25 years from COD as extended for a force majeure event, unless earlier terminated in accordance with the terms thereof.

In connection with the transfer of the BOT Company Loans to the Issuer, the BOT Company and the MOIT have agreed that the component of the termination payment described in (a) above will be calculated as if there were no hedging or as if hedging were still in place (including hedging termination costs), whichever is lower.

The termination payment applicable where there has been a Vietnam Side Default or Government Event which continues for more than 180 days includes the above components (a) and (b) plus a component for the expected profit of the BOT Company, which is calculated as the net present value of our operating income (as defined under U.S. GAAP), less taxes, which would have been earned in the next 6.25 years following the default or, if shorter, the period remaining until the end of the term of operation. In the case of a force majeure event affecting the Vietnam-side parties, the termination payment also includes a component for the expected profit of the BOT Company, except that the reference to 6.25 years is changed to 4 years if the affected party



is the Coal Supplier (i.e., Vinacomin) or zero if the affected party is another Vietnam Project Counterparty. In the case of a force majeure event affecting the BOT Company, the termination payment includes half of the cost incurred by the BOT Company in overcoming the effects of the force majeure event and bringing the Power Facility to operate at minimum performance standards.

The BOT Contract does not state whether U.S. GAAP as in effect on the date of the BOT Contract (“fixed GAAP”) or as in effect from time to time (“floating GAAP”) should be used to determine operating income. Our revenues primarily consist of certain of the tariffs we receive under the PPA with EVN. For periods prior to January 1, 2018, we recognized a portion of the payments from EVN as “build revenue” in accordance with ASC 605, under which build revenue was recognized throughout the life of the Project. Following our adoption of ASC 606 on January 1, 2018, build revenue is required to be recorded during construction of the Project on a percentage of completion basis. Because construction of the Project was substantially completed in 2015, substantially all build revenue was recognized by COD in 2015. Therefore, the service concession asset and its amortization under ASC 605 were derecognized and have been replaced, under ASC 606, by a construction loan receivable that is recognized as an asset in our balance sheet for the future expected payments for the construction performance obligation. In each accounting period, we recognize a portion of the amounts we receive under the PPA as a partial repayment of that loan and payment of the interest component. The amount that is recorded as a partial repayment of the loan is reflected in our statement of cash flows as a decrease in loan receivable and not in our statement of operations. As a result, such amount does not contribute to our net income or our operating income. We record the interest component as finance revenue as part of finance income. As a result, it contributes to our net income but not to our operating profit.

Therefore, depending on whether fixed GAAP or floating GAAP is used for calculating operating income, materially different amounts result. We have not sought formal legal advice regarding whether, as a matter of contractual interpretation and the parties’ intent at the time of entering into the BOT Contract, fixed GAAP or floating GAAP is more likely to apply to calculating the expected profit of the BOT Company component of the termination payment in a Vietnam Side Default or Government Event, which continues for more than 180 days.

Furthermore, in connection with the transfer of the BOT Company Loans to the Issuer, the BOT Company will terminate and/or novate to the Issuer all of its outstanding hedging agreements, as a result of which the termination payment under the BOT Contract will not include any hedging termination costs that would previously have been payable by or to the BOT Company. Also given that the BOT Company and the MOIT have agreed that the component of the termination payment described in (a) above will be calculated as if there were no hedging or as if hedging were still in place (including hedging termination costs), whichever is lower, there can be no assurance that such amount will be sufficient to cover the amount of our outstanding debt.

***As a practical matter, it may be difficult for us to enforce any arbitral award that the Government or any other Vietnamese counterparty refuses to pay voluntarily.***

The BOT Contract, the PPA, the CSA and the Government Guarantee and Undertaking are governed by English law. The Government, MOIT, EVN and Vinacomin have, in these agreements, expressly waived any right of immunity, sovereign or otherwise, including in respect of the enforcement and execution of any judgment against them (or, with respect to the Government’s waiver, against any governmental body). These parties have also agreed, depending on the nature of the dispute under the relevant agreement, to refer disputes that cannot be resolved by mutual discussions to arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules. See “Description of Project Agreements.”

If we were to bring a claim and win an arbitral award against these parties pursuant to the dispute resolution provisions of the relevant Project Agreement(s), it could be difficult and time consuming for us to recover for losses if the losing party were to refuse to pay the arbitral award voluntarily given the difficulty in enforcing foreign arbitral awards in Vietnam. Investors' recoveries in part depend on our ability to identify and enforce against suitable assets outside Vietnam. Whether we could successfully enforce an arbitral award against the Government, MOIT, EVN or Vinacomin would depend on the types of assets they held overseas at the time, our ability to proceed against the assets and whether the assets were exempt from sovereign immunity rules.

Although Vietnam is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, it may be difficult to enforce arbitral awards in Vietnam due to a number of factors, including the lack of experience of Vietnamese courts in international commercial transactions, official and unofficial resistance to enforcement of awards against Vietnamese actors in favor of foreign investors, and courts' inability to enforce such orders. To date few foreign arbitral awards have been recognized by the Vietnamese courts for enforcement in Vietnam. See "Certain Limitations on Enforceability of Civil Liabilities — Vietnam."

***Interruptions in our operations may result in decreased capacity or inability to generate or deliver power, which would adversely affect our business, financial condition and results of operations.***

We produce all of our power from a single plant (consisting of two units) located in the Quang Ninh province of Vietnam, which is approximately 220 km east of Hanoi and 50 km north-east of Ha Long City. Any prolonged interruption in the operation of the Power Facility would have an adverse impact on us.

A number of factors could prevent us from generating or delivering power, including:

- the breakdown or failure of power generation equipment or other equipment or processes, leading to unexpected maintenance needs, unplanned outages or other operational issues;
- the failure of civil structures, such as stacker reclaimers, the intake/discharge canal or transmission systems;
- the failure or unavailability of shared facilities;
- issues with the quality of, or interruptions in the supply of key inputs, including water and coal, among others;
- human error, including mistakes made by an operator when operating any equipment;
- suspension of all or part of our installed generation capacity due to disputes, revocation or non-renewal of our permits and licenses;
- pollution or environmental contamination affecting our operations;
- force majeure and catastrophic events, including fires, explosions, landslides, tropical storms, floods, epidemics, community protests, civil unrest and terrorist acts, any of which could cause forced outages, suspension of operations, personal injury, loss of life and severe damage and destruction to the Project;
- requests from EVN to interrupt or reduce power generating where permitted under the PPA or due to emergencies or other events on the grid system; and
- outages due to maintenance, inspection, testing, overhaul, repairs, expansion or refurbishment works (whether scheduled outages or unscheduled maintenance outages).

If any of these risks or any similar risk were to materialize, our ability to be available and generate or deliver power could be adversely affected, thereby decreasing or eliminating the tariffs that we derive from electricity sales, potentially subjecting us to the payment of liquidated damages to EVN under the PPA. This could materially and adversely affect the BOT Company's ability to make payments on the BOT Company Loans, which would impact the Issuer's ability to make payments on the Notes. We maintain insurance against most, but not all, of these adverse events. Our insurance policies include deductible caps, exclusions and limitations and so may not be adequate to cover all of the losses or liabilities that might result from such events, or coverage could be denied or contested. See "Description of Project Agreements — Power Purchase Agreement (PPA) — Outages and Shortfall."

***Compliance with environmental regulations may require significant expenditures that could adversely affect our results of operations.***

Our operations are subject to a wide range of environmental requirements in Vietnam. We have made, and will continue to make, significant expenditures to maintain compliance with environmental laws. Failure to comply with environmental requirements can result in civil or administrative fines or sanctions, claims for environmental damages, remediation obligations, the revocation of environmental authorizations or the temporary or permanent closure of facilities.

Vietnamese environmental regulations have become increasingly stringent in recent years, especially in connection with the enforcement of existing legal and permit requirements, and this trend is likely to continue in the near future. For example, the Government has made plans to address industrial air pollution. The National Action Plan on Air Quality Management (2020 to 2025) of the Ministry of Natural Resources and Environment (MONRE) includes a 20 percent reduction target for NO<sub>x</sub>, SO<sub>x</sub> and particulate matter emitted by cement, chemicals, fertilizer and petroleum production facilities. Separately, there are regulations for regulating emissions of other industries, such as the steel industry. Vietnam's Environmental Law (55/2014/QH13) contains air quality management requirements, including point source registration, emissions inventory and installation of continuous emission monitoring systems for the biggest stationary source emitters.

The PPA does not include any pass-through clauses with respect to capital, operating or compliance costs resulting from certain changes in law and the BOT Contract only provides for compensation (directly or via adjustment of the tariff structure) for changes in law which result in a cumulative financial impact exceeding US\$500,000. Therefore, increasing regulatory stringency, which could take the form of new environmental requirements that exceed currently applicable requirements or other guidelines that we currently follow, or changes in the application, interpretation or enforcement of existing requirements, could result in substantially increased capital, operating or compliance costs, and could impose conditions that restrict or limit our operations. Any changes in environmental laws or regulations, or in their interpretation, to the extent we are unable to pass through any increased costs to EVN under the PPA or claim adequate compensation under the BOT Contract, could subject our business to higher costs resulting from these changes and could limit the availability of our funds for other purposes, including making payments on the BOT Company Loans, which would impact the Issuer's ability to make payments on the Notes.

***The Sponsors' and our other affiliates' interests and relationships may conflict with your interests or otherwise affect the value of your investment in the Notes.***

The interests of the Sponsors may not in all cases be aligned with your interests as a holder of Notes. Our Sponsors may have an interest in pursuing transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you. In addition, we are dependent on our Sponsors for certain key services, including procurement, certain technical services and certain internal and administrative functions. Any failure by our Sponsors to provide these services on a timely basis, or on terms other than those available on an arm's-length basis, could have an adverse effect on our business, financial condition and results of operations.

In addition, pursuant to our organizational documents and the Joint Venture Agreement between our shareholders, there are various key decisions relating to us that require unanimity among the shareholders. These include approving (i) our annual business plan and budget, (ii) certain asset sales and acquisitions, (iii) the creation of any charges or encumbrances or the granting of any guarantee by us and (iv) amendments to our existing Project Agreements or entry into any new Project agreements. If there is disagreement among the shareholders about any course of action that requires unanimity and such disagreement is unable to be resolved under the Joint Venture Agreement or otherwise, that could hamper our ability to respond to circumstances in what otherwise would have been the preferred commercial course of action. Further, the AES Investor and the POSCO Investor, as our largest and second largest shareholders, have the power to nominate our CEO and CFO, respectively, thereby controlling our management and operations, our capital expenditure and the appointment of our management officers. See "Description of Project Agreements — Joint Venture Agreement."

We have entered into technical services agreements, secondment agreements and other agreements with affiliates of our Sponsors pursuant to which we obtain services and personnel and are required to pay fees to our Sponsors. These agreements have been negotiated at arm's length, yet we cannot assure you that these arrangements reflect terms that are substantially similar to those that we might have obtained from unaffiliated third parties. We or our affiliates may have conflicts of interest in relation to these agreements, and we may not proceed as we would against third parties, in determining, negotiating and enforcing our contractual rights against our affiliates under these arrangements. The interests of our affiliates may conflict with your interests as a holder of the Notes, which may increase the financial risk of holding Notes. In addition, our Sponsors or their affiliates may sell or transfer a portion of their respective interests in the Issuer or the BOT Company to certain qualified transferees who may not have the same qualifications, experience or expertise without triggering a change of control, which would have required the Issuer to make an offer to purchase all of the Notes if certain other conditions are satisfied. See "— Risk Relating to the Notes — The Issuer may be unable to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control Triggering Event as required by the Indenture governing the Notes."

***We rely on our Sponsors for key personnel.***

Some members of our team who are responsible for our management and financial control and overall leadership work for us pursuant to secondment and technical service agreements that we have entered into with affiliates of the Sponsors. For example, our current power facility manager is from AES and our chief financial officer is from POSCO. Additional operations, engineering and supply chain management personnel from AES and POSCO are seconded to us. One of our strategies is to increasingly transition from expatriates to local employees. We intend to take care in making that transition smooth and only to the degree that it will not impact our ability to continue to achieve operational excellence but there can be no assurance that we will be able to successfully do so. Should we discontinue our secondment and technical service arrangements with AES or POSCO prematurely, we may not be able to find comparably skilled or otherwise suitable employees as replacements, which could adversely affect our business, financial condition and results of operations.

***Natural or other catastrophes may reduce our energy production or materially disrupt our operations.***

A natural disaster, severe weather conditions or an accident that damages or otherwise adversely affects any of our operations could have a material adverse effect on our business, financial condition and results of operations. Typhoons, severe storms, flooding, lightning strikes, earthquakes and other unfavorable weather conditions (including those resulting from climate change) or natural disasters could affect the supply of coal on which our operations depend or damage our property and assets or require us to shut down the plant, decreasing electricity production levels and revenues. Any of these events, to the extent not fully covered by insurance or mitigated by the force majeure provisions of the Project Agreements, could have a material adverse effect on our business, financial condition and results of operations.

***We have limited insurance coverage.***

We maintain comprehensive insurance on the Project covering property damage, business interruption, public and product liability and employer's liability insurance. See "Business — Insurance." We consider our current insurance coverage to be consistent with customary coverage for similarly-situated independent power producers in Vietnam, but neither we nor the Issuer can assure you that our insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which we may be subject. Our insurance coverage is subject to deductibles, caps, exclusions and other limitations and, in some cases, coverage is not available or is considered too expensive relative to the perceived risk. Furthermore, due to rising insurance costs and changes in the insurance markets, neither we nor the Issuer can assure you, subject to our obligations under the Project Agreements, that our insurance coverage will continue to be available at comparable rates or on similar terms. If we sustain any casualty or other loss for which we are not adequately insured, such loss could materially adversely affect our business, financial condition, results of operations and cash flows.

***Our business requires capital expenditures for ongoing maintenance and environmental requirements.***

Ongoing maintenance and improving our heat rate and other operational efficiencies, as well as the development of Ash Pond 2 — Phase 2 as described in "Business — The Project — Ash Ponds," will require us to incur capital expenditures in the future. If we are unable to finance such capital expenditures out of cash flows from operations or otherwise, for example, if future financing agreements prohibit us from incurring debt for such purposes, our operations will suffer and our financial position and results of operations may be adversely affected.

***Violations of law may result in the imposition of fines and reputational damage, and our risk management and internal controls may not be successful in preventing or detecting all violations of law or our policies to prevent them.***

In addition to environmental and electricity industry regulations, our business is subject to a significant number of laws, rules and regulations, including those relating to competition and antitrust, anti-bribery and anticorruption, health, safety and the environment, labor and employment, and taxation. Our existing compliance processes and internal control systems may not be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by any our officers, employees or agents.

Although we maintain compliance programs and train our employees in respect of such matters, there can be no assurance that our employees will not take actions that could expose us to potential liability. In certain circumstances, we also could be held liable for actions taken by our local partners and agents, even though such parties are not always subject to our control. If such persons engage or alleged to have engaged in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal policies, we could become subject to investigations or enforcement actions that may result in reputational damage or in penalties, fines or other sanction that adversely affect our business.

***Licensing, operation and maintenance of the Common Infrastructure Facilities are outside of our control and could adversely impact our ability to operate the Power Facility.***

We share the Common Infrastructure Facilities with Mong Duong 1. MOIT is responsible for ensuring that EVN and certain other counterparties operate, maintain and comply with the requirements of governmental approvals with respect to the Common Infrastructure Facilities. Failure by EVN or any such counterparties to perform their obligations with respect to the Common Infrastructure Facilities could affect our ability to operate the plant as safely and efficiently as if we controlled the disposition of the Common Infrastructure Facilities. Any such failure, to the extent not fully mitigated by the dispute resolution, redress and financial compensation mechanisms in the Project Agreements, could have a material adverse effect on our business and operations.

***We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum.***

Our audited financial statements as of and for the year ended December 31, 2018 are not comparable to our audited financial statements as of and for the years ended December 31, 2017 and 2016 due to changes in accounting policy. On January 1, 2018, we adopted ASU 2014-09, “Revenue from Contracts with Customers” and its subsequent corresponding updates, referred to as ASC 606. Under this standard, an entity is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For periods prior to January 1, 2018, we accounted for service revenue in accordance with SAB Topic 13: Revenue Recognition, ASC 605-20 Services. Under ASC 605, no build revenue was recognized prior to COD and instead build revenue was recognized throughout the life of the Project. Under ASC 606, build revenue is required to be recorded during construction of the Project on the percentage of completion basis. Because construction of the Project was substantially completed in 2015, substantially all build revenue was recognized by COD in 2015.

Upon our adoption of ASC 606, we applied the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. In this Offering Memorandum, results for reporting periods beginning January 1, 2018 are presented under ASC 606, while prior reporting periods were not adjusted and continue to be presented in accordance with the previous revenue recognition standard. The impact to our balance sheet as of December 31, 2018 and our statement of operations for the year ended December 31, 2018 resulting from the adoption of ASC 606 as compared to the previous revenue recognition standard is set out in Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum. In addition, the adoption of ASC 606 also impacted our statement of cash flows as we recognize a portion of the amounts we receive under the PPA as a partial repayment of a construction loan as a decrease in loan receivable. See also “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606.”

Furthermore, on January 1, 2018, we adopted the 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force) (“Topic 230”). This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The impact of the adoption of this standard on our financial statements is that for the year ended December 31, 2017, cash provided by investing activities decreased by US\$8.8 million but cash provided by operating activities and cash used in financing activities were unchanged. The comparative financial statements for 2017 appearing in our audited financial statements for 2018 included elsewhere in this Offering



Memorandum has been restated to reflect the adoption of Topic 230. However, our financial statements for 2016 have not been so restated. Accordingly, our statements of cash flows for 2018 and 2017 are not comparable to our statements of cash flows for 2016. See also “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Policies — New Accounting Pronouncements.”

***Our substantial indebtedness could adversely affect our business, financial condition, results of operations and cash flows.***

As of March 31, 2019, we had an aggregate of US\$1,126.3 million in principal amount of BOT Company Loans outstanding. The BOT Company Loans are secured by security interests in all of the shares in the BOT Company and in the shares of the AES Investor and the POSCO Investor, substantially all of our tangible and intangible assets (including the Power Facility), our rights under the Project Agreements (including the Power Purchase Agreement, the Coal Supply Agreement, the BOT Contract and the GGU), all licenses, consents and permits associated with the Project, all of our revenues, certain of our bank accounts, both onshore and offshore, and all of our or the insurers’ insurance and reinsurance policies and any rights or benefits (including proceeds) thereunder, as applicable (collectively but excluding the shares of the AES Investor and the POSCO Investor, the “BOT Collateral”). Following the transfer of the BOT Company Loans to the Issuer, the pledges of the shares of the AES Investor and the POSCO Investor securing the BOT Company Loans are expected to be released.

Our debt could have significant consequences on our operations, including:

- reducing the cash flow available to fund working capital, capital expenditures and other general corporate purposes as a result of our debt service obligations;
- limiting our ability to obtain additional financing;
- limiting our flexibility in planning for, or reacting to, changes in our business, the industry in which we operate and the general economy; and
- increasing the cost of any additional financing.

Our ability to meet our payment obligations under the BOT Company Loans depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. Any of these factors and other consequences that may result from our substantial indebtedness could have an adverse effect on our business, financial condition, results of operations and cash flows impacting our ability to make payments under the BOT Company Loans, which would impact the Issuer’s ability to make payments under the Notes.

**Risks Relating to Vietnam**

***There are risks associated with investments in Vietnam, including in relation to political, economic and legal conditions.***

We are incorporated in Vietnam and all of our assets and operations are located in Vietnam. Investing in Vietnam may expose you to greater risk than investing in developed markets. Emerging markets such as Vietnam are subject to rapid change and the information set out in these risk factors may become outdated relatively quickly. Accordingly, you should exercise particular care in evaluating the risks involved in an investment in the Notes and whether, in light of those risks, such an investment is appropriate for you.



Vietnam has a mixed economy with a large public sector and an extensively regulated private sector. The Government continues to exercise a dominant influence over many aspects of the economy, and its economic policies have had and continue to have a significant effect on private-sector entities, including us. As a result, actions and policies that the Government could be significant to our business, prospects, financial condition and results of operations.

Our business is dependent on the health of the overall economy of Vietnam, in particular demand for electricity. Vietnam's economy has been subject to significant fluctuations during the past 20 years. Although there are some estimates of strong GDP growth in Vietnam for the next several years, this growth is subject to potential risks and may not materialize. The Vietnamese economy may also be adversely affected by external factors, including fluctuations in interest rates in the United States and foreign exchange rates. We cannot predict whether the current economic policies and measures will lead to more fluctuations or another downturn in the future, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

When compared to the legal system in many developed markets, the legal system in Vietnam has less stability and predictability and may not provide a similar degree of protection to private business. The laws and regulatory apparatus affecting the economy are in a relatively early stage of development and not as well established as that of more developed markets. Vietnamese law is not well developed, consistent or clear, nor does it have a system of binding case law or other interpretative aids of binding precedential value. As a matter of practice, often it is not the courts but the Government ministry, department or agency responsible for administering the relevant law or regulation that is the arbiter of legality and enforceability. It is difficult to predict when Vietnam's legal system will attain the level of certainty and predictability of jurisdictions with more developed legal systems.

Anti-bribery and corruption laws and regulations in Vietnam may not be as stringent as in other jurisdictions with more developed legal systems, and instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect. Potential corruption by third parties and a lack of transparency in judicial processes may interfere with our ability to protect our legal rights in Vietnam.

***Downgrades of credit ratings of Vietnam or EVN could have a negative impact on our business and results of operations and the trading price of the Notes.***

As of the date of this Offering Memorandum, Vietnam's sovereign foreign currency long-term debt is rated "Ba3" by Moody's, "BB" by S&P and "BB" by Fitch. EVN's rating aligns with Vietnam's sovereign rating. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Any downgrade or adverse revision to Vietnam's credit ratings for domestic and international debt by international rating agencies may adversely affect our ratings, the terms on which we are able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on our capital expenditure plans, business and financial performance, and the trading price of the Notes. Furthermore, EVN's obligations under the PPA are guaranteed by the Government under the Government Guarantee and Undertaking. Any adverse effect on the Government's overall financial capacity to pay its obligations will have a material adverse effect on our business, financial condition, results of operations and prospects. See "— Risks Relating to the Notes — The ratings assigned to the Notes may be lowered or withdrawn."

***Neither the Issuer nor the BOT Company is a U.S. entity and enforcing foreign court judgments against the Issuer or the BOT Company may be difficult and may be subject to the uncertainties of a foreign legal system.***

The Issuer is incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands. As of the date of this Offering Memorandum, all of the directors of the Issuer reside outside the United States. The Issuer has no material assets other than, after application of the proceeds from the issuance of the Notes and the consummation of the Transactions, the BOT Company Loans. As a result, it may be difficult for investors to effect service of process upon the Issuer or the directors of the Issuer, or to enforce against the Issuer or such persons judgments obtained in non-Dutch courts, including judgments obtained in U.S. courts predicated on the civil liability provisions of U.S. securities laws.

The BOT Company is a limited liability company established under the laws of Vietnam and certain of the BOT Company's executives are residents of Vietnam. A substantial portion of the BOT Company's and certain of such persons' assets are located in Vietnam. As a result, it may be difficult for investors to effect service of process upon us or such persons, or to enforce against us or such persons judgments obtained in courts outside Vietnam predicated upon the laws of jurisdictions other than Vietnam. Vietnam is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and a few bilateral treaties relating to the recognition and enforcement of foreign judgments, but not to any other multinational treaty in this regard. Vietnam's Civil Procedure Code provides that a civil judgment or decision of a foreign court is enforceable in Vietnam only if there is a treaty in this regard between Vietnam and such foreign country or on a reciprocal basis. Vietnam's Civil Procedure Code also sets out several grounds for Vietnamese courts to refuse the recognition and enforcement of foreign judgments, decisions or even foreign arbitral awards. See "Certain Limitations on Enforceability of Civil Liabilities."

***The proposed equitization and partial divestment of Vinacomin could affect our business in ways that we cannot currently know or predict.***

The Government's plan for the "equitization" and divestment of its state-owned enterprises ("SOEs") was conceived in the early 1990s, with the first SOE to complete the process doing so in 1992 in a pilot phase pursuant to Decision 202-CT of the Chairman of Council of Ministers. Following an "extended pilot phase" in the mid-1990s and an "accelerated phase" from the late 1990s to 2011, the Government is currently embarked, pursuant to Decision 707 (2017) of the Prime Minister and Decree 126 (2017) of the Government, on an "economic restructuring phase" in which it has made significant efforts to accelerate not just "equitization" in the sense of achieving a stock exchange listing but also the sale of stakes in SOEs to private investors. The limited amount of state capital sold to investors has prevented the Government from achieving a core goal of equitization, which is to relocate state resources to more efficient sectors.

Pursuant to Decisions 58 (2016) and 1232 (2017) of the Prime Minister, a series of large SOEs, including Vinacomin, are expected to be equitized by in the period of 2016-2020 and partly or wholly divested thereafter. Pursuant to Decision 2006 (2017) of the Prime Minister, the Government aims to reduce its equity interest in Vinacomin from 100% to 65%, and its efforts to achieve such partial divestment could adversely affect us in ways that we cannot currently know or predict. For example, it could take significant amount of time and resources of the personnel that we interact with in the ordinary course, such as regulators or Vinacomin's management, thereby reducing or delaying their availability or attention on matters relating to our business. Any change or sharing of control of Vinacomin could also lead to changes in its management, operations or business strategies, which could be disruptive to us. It is currently unclear whether the divestment of Vinacomin will be completed as per the timetable contemplated in the legislation or at all.

***Asset realization in bankruptcy proceedings may be time-consuming and expensive.***

Vietnamese bankruptcy law may not be easily implemented. To be declared bankrupt, an enterprise or its creditors must have sufficient grounds to establish its insolvency and bankruptcy. The provisions in relation to this are complicated and unclear and include options for business rehabilitation supervised by a court (which will apply to an insolvent non-credit institution), the Special Control Board (which will apply to underperforming credit institutions) or asset liquidation which must be approved by a judge. Bankruptcy proceedings may therefore be pending for a significant period of time before a creditor may recover from a Vietnamese debtor.

***The Government may take over our business in the event of war, insurrection, public calamity or national emergency.***

The Vietnamese Constitution, passed by the National Assembly on November 28, 2013, and Law No. 15/2008/QH12 on Compulsory Purchase and Requisition of Property, passed by the National Assembly on June 3, 2008, provide that the Government may purchase or expropriate assets where there is extreme necessity to use the assets (in the absence of other forms of mobilization) in the event of (i) war or national defense emergency, (ii) where national security is threatened, (iii) there is a threatened breach of a national security matter of great import or where national security needs to be strengthened and protected in accordance with the laws on national defense and security, (iv) when dealing with risk of or overcoming natural disasters or large-scale epidemic diseases or (v) where there is a serious threat to the life, health and assets of the people of Vietnam, if such risk is not prevented in time.

While the risk of such actions is mitigated by the force majeure and other provisions of the Project Agreements, if any such actions were to occur, our operations and ability to generate cash could be severely disrupted and we could face challenges in successfully pursuing our claims or enforcing our rights under the Project Agreements. In addition, such actions could result in an Expropriation Event as defined in the Indenture, which could constitute an Event of Default under the Notes. See “Description of the Notes — Definitions.”

***Tax laws in Vietnam are subject to change.***

All major tax laws and regulations in Vietnam (including value added tax, corporate income tax, personal income tax and royalty fees) have undergone significant changes since January 1, 2015 and continue to be supplemented and clarified as issues arise over interpretation or implementation. A number of amendments and reforms were also conducted with respect to the tax laws in Vietnam where we operate. Any change in our tax status or the taxation legislation or different interpretations of tax laws and policies in Vietnam generally could adversely affect our performance and results of operations (to the extent we are unable to claim adequate compensation under the BOT Contract for change in laws) and increase the tax obligations imposed on us.

**Risks Relating to the Notes**

***The Issuer’s ability to pay the principal and interest on the Notes may be adversely affected by the offering structure.***

The Issuer is the only party required to make payments on the Notes. Following the offering of the Notes and the consummation of the Transactions, the Issuer’s sole assets will be the BOT Company Loans. The Issuer is not expected to have any material income other than principal and interest payments from such assets, and will rely on payments under the BOT Company Loans to make payments under the Notes and the Loan Facility and cover its operating and other expenses. To the extent the Issuer does not receive payment under the BOT Company Loans or if payments under the BOT Company Loans are not sufficient, it may not be able

to service the interest or principal payments of the Notes and the Loan Facility when they come due. The value of your investment in the Notes could also be materially adversely affected if, for example, the Issuer were to incur or be held liable for any other type of monetary obligation, including as a result of taxes or legal claims.

***The terms of the Notes will contain covenants limiting our financial and operating flexibility.***

Covenants contained in the Indenture relating to the Notes will restrict our ability and that of the Issuer (as applicable), among other things, to:

- incur or guarantee additional indebtedness;
- create or incur certain liens;
- pay dividends, prepay or redeem subordinated debt or equity;
- sell, lease or transfer certain assets;
- engage in certain transactions with affiliates; and
- amend certain key project documents.

All of these covenants are subject to the limitations, exceptions and qualifications described in “Description of the Notes — Certain Covenants.” In addition, the Loan Facility is expected to include covenants requiring us to maintain certain financial ratios. These covenants could limit our ability to pursue growth, restrict our flexibility in planning for, or reacting to, changes in our business and industry, and increase our vulnerability to general adverse economic and industry conditions. The Issuer and we may also enter into other financing arrangements in the future, which could further restrict our flexibility.

Any breach of covenants contained in the Indenture may lead to an event of default under the Notes and the Indenture and may lead to cross-acceleration under our other indebtedness such as the Loan Facility and/or the DSR LC Facility. No assurance can be given that the Issuer will be able to pay any amounts due to holders of the Notes in the event of such default, and any default may significantly impair the Issuer’s ability to pay, when due, the interest of and principal on the Notes.

***We may not be able to generate sufficient cash flows to meet our debt service obligations.***

The Issuer’s ability to make scheduled payments on, or to refinance its obligations with respect to, its indebtedness, including the Notes and the Loan Facility, will depend on the financial and operating performance of the BOT Company, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond its control. The BOT Company may not generate sufficient cash flow from operations, and future sources of capital may not be available to it in an amount sufficient to enable it to service its indebtedness, including the BOT Company Loans. If the BOT Company is unable to generate sufficient cash flow and capital resources to satisfy its debt obligations or other liquidity needs, the BOT Company may have to undertake alternative financing plans, such as refinancing or restructuring of its debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such cash flow and resources, the BOT Company could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations. To the extent the Issuer does not receive payment

under the BOT Company Loans or if payments under the BOT Company Loans are not sufficient, it may not be able to service the interest or principal payments of the Notes and the Loan Facility when they come due. While the Notes and the Loan Facility repayment terms involve amortization of principal, if for any reason the Issuer needs to refinance the Notes or the Loan Facility, but is unable to do so, it may cause an event of default under the Notes. The BOT Company's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms and in a timely manner, or at all, would materially and adversely affect the Issuer's financial condition and results of operations and its ability to satisfy its obligations under the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and "Description of the Notes."

***The Issuer may incur additional indebtedness which could further exacerbate the risks described above.***

Subject to restrictions in the indenture governing the Notes and the Loan Facility, the Issuer may incur additional indebtedness. If the Issuer incurs any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of the Issuer. This may have the effect of reducing the amount of proceeds paid to the holders of the Notes. Covenants in the Loan Facility and restrictions and covenants in agreements governing debt that the Issuer may incur in the future may also materially restrict its operations, including its ability to incur debt, pay dividends, make certain payments, and encumber or dispose of assets. In addition, the Issuer could be in default of financial covenants expected to be contained in the Loan Facility and agreements relating to its future debt in the event that its results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults or cross acceleration under other debt instruments, including the indenture governing the Notes and the Facilities Agreement. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on the Issuer.

***Enforcing the rights of Noteholders under the Notes across multiple jurisdictions may prove difficult.***

The Notes will be issued by the Issuer, which is incorporated in the Netherlands. The BOT Company is incorporated under the laws of Vietnam. The Notes and the Indenture will be governed by the laws of the State of New York. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Vietnam, the Netherlands and the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. The rights of Noteholders under the Notes will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Vietnam, the Netherlands and the United States may be materially different from, or be in conflict with, each other and those with which may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes in the relevant jurisdictions or limit any amounts that you may receive.

***In an event of default, your only recourse is to the Issuer.***

The Issuer is the only party required to make payments on the Notes. As a result, if the Issuer is unable to pay any amounts due under the Notes, holders of the Notes will not be able to bring a claim for payment under the Notes against any of the Sponsors or any of their respective subsidiaries and affiliates (other than the Issuer). Following a default on the Notes, holders of the Notes will only have recourse to the Issuer and the Collateral for payments on the Notes and any such payment will be applied in accordance with the provisions in respect of priority of payment and security coordination set out in the Intercreditor Deed.

***The bankruptcy, insolvency and similar laws of the Netherlands and Vietnam may differ from US bankruptcy, insolvency and similar laws law or those of another jurisdiction with which the holders of the Notes are familiar.***

Because the Issuer is incorporated under the laws of the Netherlands, an insolvency proceeding relating to the Issuer, even if brought in the United States, would likely involve the insolvency laws, the procedural and substantive provisions of the Netherlands, which may differ from comparable provisions of United States federal bankruptcy law. See “Certain Limitations on Enforceability of Civil Liabilities — Insolvency Proceedings in the European Union and the Netherlands.”

The BOT Company is incorporated in Vietnam. If the BOT Company becomes insolvent and the bankruptcy proceeding is commenced by or against the BOT Company, the enforcement of the security assets may be adversely affected by insolvency regulations of Vietnam. As such, under insolvency regulations, an automatic moratorium arises from the date a bankruptcy petition is accepted by the court, during which enforcement of secured assets by secured creditors shall be suspended unless otherwise approved by competent courts. See “Certain Limitations on Enforceability of Civil Liabilities — Limitations on Enforcement of Security Interests — Vietnam” and See “— Risks Relating to Vietnam — Assets realization in bankruptcy proceedings may be time-consuming and expensive.”

There can be no assurance these factors will not delay or prevent payment on the BOT Company Loans or the Notes.

***The Issuer may be unable to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control Triggering Event as required by the Indenture governing the Notes.***

Upon a Change of Control Triggering Event (as defined in the indenture governing the Notes), the Issuer must make an offer to repurchase all outstanding Notes. Pursuant to this offer, the Issuer must repurchase the outstanding Notes at 101% of their principal amount plus accrued and unpaid interest, if any, up to the date of repurchase. See “Description of the Notes — Change of Control Triggering Event.” However, there may not be enough available funds available to the Issuer at the time of any Change of Control Triggering Event to pay the purchase price of the tendered outstanding Notes. The failure to make the offer to repurchase or repurchase tendered Notes would constitute an Event of Default (as defined in the Indenture). This Event of Default may, in turn, constitute an event of default under the Loan Facility or other indebtedness incurred in the future, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If such other debt were accelerated, there may not be sufficient funds available to the Issuer to repurchase the Notes and repay the debt.

In addition, the change of control provision under the Loan Facility is different from the Change of Control Triggering Event under the Notes. Under the terms of the Loan Facility, the change of control of the Issuer would constitute a mandatory prepayment event. However, under the terms of the Notes, a Change of Control Triggering Event requires a change of control of the Issuer and a ratings downgrade. See “Description of the Notes — Change of Control Triggering Event.” Therefore, in the event of a change of control of the Issuer without an accompanying ratings downgrade, the Issuer would be required to mandatorily prepay the Loan Facility without having to redeem the Notes. A partial repayment of the Loan Facility without a corresponding redemption of the Notes could result in the Issuer not having sufficient funds to service the principal and interest payments under the Notes.



***There may be an Event of Default under the Notes for which there is no corresponding event of default under the BOT Company Loans.***

If an Event of Default occurs and is continuing under the Notes but there is no corresponding event of default by the BOT Company under the BOT Company Loans, the Noteholders will not be able to enforce any rights against the assets of the BOT Company, and will instead be limited to enforcing upon the security interests granted over the capital stock of the Issuer and certain of its accounts. The value of such Collateral will be limited and is unlikely to be sufficient to repay amounts due under the Notes upon an Event of Default. The Issuer could sell the BOT Company Loans to fund any amounts due under the Notes upon an Event of Default but there is no assurance that any portion of the BOT Company Loans could be sold and at what price or that the proceeds of such sale would be sufficient to satisfy all amounts due under the Notes upon an Event of Default.

***The Issuer may be able to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event the Issuer is required to pay Additional Amounts.***

As described in “Description of the Notes — Redemption for Taxation Reasons,” in the event that the Issuer is required to pay Additional Amounts as a result of certain changes in certain tax laws, including changes in existing official position or the stating of an official position, or any change in the laws of Vietnam or any change to any agreement in place between the government of Vietnam and the BOT Company that was in place prior to the Original Issue Date, the Issuer may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest to the applicable redemption date.

***The Issuer is exposed to the risks relating to early termination of the hedging transaction and payment of any related termination amounts.***

As of the date of this Offering Memorandum, prior to their transfer to the Issuer, the BOT Company Loans are comprised of variable-rate based loans only. The BOT Company entered into interest rate swap agreements on a portion of the BOT Company Loans to reduce the impact of changes in interest rates on such floating rate long-term debt. In connection with the transfer of the BOT Company Loans to the Issuer, these swaps are being partially novated to the Issuer and partially unwound. The BOT Company will be required to pay certain termination amounts to the relevant hedging banks in connection with the partial unwind of the swaps. With respect to the novated swaps, the Issuer will be initially “out-of-the-money” and therefore, if there is an early termination of such swaps, the Issuer will be required to pay termination costs to the hedging counterparties, which may be a significant amount. This may adversely affect the ability of the Issuer to meet its obligations in respect of the Notes and the Facilities Agreement.

***The Issuer is not one of our subsidiaries and so its interests may not align with ours.***

The Sponsors together indirectly own all of the outstanding shares of capital stock of the BOT Company. Initially, AES and CIC together indirectly own all of the outstanding shares of capital stock of the Issuer. The Issuer is not a subsidiary of the BOT Company, and the board of directors of the Issuer has its obligations to its shareholders which may not align with the interests of the BOT Company. As the Issuer is not controlled by the BOT Company, its interests and the interests of the BOT Company may differ.

***The ratings assigned to the Notes may be lowered or withdrawn.***

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated “Ba3” by Moody’s and “BB” by Fitch. The ratings represent the opinions of the ratings agencies and their assessment of the ability of the Issuer to perform its obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating



is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. The Issuer does not have any obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. In addition, the Issuer cannot assure you that rating agencies other than Moody's and Fitch would not rate the Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the assignment by a rating agency other than Moody's or Fitch of a rating of the Notes lower than those provided may adversely affect the market price of the Notes.

***An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected.***

Although the Initial Purchasers have advised the Issuer that they intend to make a market in the Notes, they are not obligated to do so and may discontinue such market making activity at any time without notice. The Issuer cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market were to develop, the Notes could trade at prices that may be lower than their initial offering price. The liquidity of any market for the Notes depends on many factors, including:

- the number of holders of Notes;
- the interest of securities dealers in making a market in the Notes;
- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- the Issuer and our respective financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. However, no assurance can be given that the Issuer will be able to maintain such listing or that, if listed, a trading market will develop. The Issuer does not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a holder's ability to dispose of the Notes.

***Investment in the Notes may subject Noteholders to foreign exchange risks.***

The Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollars relative to the currency by reference to which you measure your returns, due to, among other things, economic, political and other factors over which neither the Issuer nor ourselves have no control. Depreciation of the U.S. dollar against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes.

***Noteholders are exposed to risks relating to Singapore taxation.***

The Notes to be issued are intended to be “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfillment of certain conditions more particularly described in the section “Taxation — Singapore Taxation.” However, there is no assurance that the Notes will continue to be “qualifying debt securities” or that the tax concessions in connection therewith will apply throughout the tenure of the Notes should the relevant tax laws be amended or revoked at any time.

***The Issuer must comply with the restrictions and covenants in the Facilities Agreement governing the Loan Facility and the DSR Facility.***

In addition to the indenture governing the Notes, the Issuer is also required to comply with the restrictions and covenants set forth in the Facilities Agreement governing the Loan Facility and the DSR Facility, which are in certain respects, more restricted and burdensome than the terms of the Notes. See “The Transactions — Facilities Agreement — Loan Facility and DSR Facility.” If the Issuer is unable to comply with the restrictions and covenants under the Facilities Agreement, this could constitute an event of default under the terms of the Facilities Agreement, which may cause the lenders thereunder to terminate their commitments to lend to the Issuer, accelerate the indebtedness and declare all amounts borrowed due and payable or terminate the Facilities Agreement. Such acceleration could in turn result in an event of default under the Notes. If this occurs, the Issuer cannot assure you that its assets and cash flow would be sufficient to repay in full all of its indebtedness, or that it would be able to find alternative financing. Even if it may obtain alternative financing, the Issuer cannot assure you that it would be on terms that are favorable or acceptable to it.

***The completion of the transfer of the BOT Company Loans to the Issuer is subject to the SBV Registration. If the SBV Registration is not obtained prior to the SBV Registration Deadline, the Notes will be subject to a Special Mandatory Redemption and there may not be sufficient funds in the Escrow Account to pay amounts due upon a Special Mandatory Redemption Event.***

In connection with the transfer of the BOT Company Loans to the Issuer, the BOT Company is required to prepare and submit to the SBV an application to register the change in the lender and other proposed amendments to the BOT Company Loans. The applicable rules provide that the SBV will issue the amended registration certificate within 15 business days from the receipt of a complete and valid application. However, the SBV may request additional information or clarifications after receipt of the application, which would re-start the 15 business day-period. We will only be able to, and intend to, submit a formal complete application to the SBV after the Issuer has obtained sufficient funds from this offering and the Loan Facility to purchase the BOT Company Loans and the existing lenders to the BOT Company have agreed to transfer and novate the BOT Company Loans to the Issuer.

Until and unless the amended registration certificate is issued by the SBV and following payment by the Issuer, the transfer of the BOT Company Loans will not be deemed complete or effective and the BOT Company Loans will not be owned by the Issuer. The BOT Company intends to submit a complete and valid application to the SBV as soon as possible following the closing of this offering, but there can be no assurance that the SBV will issue the amended registration certificate within 15 business days from the date of such submission or at all.

Under the terms of the Notes, we are required to deposit the gross proceeds of this offering into an escrow account (the “Escrow Account”) pending the transfer of the BOT Company Loans. If the SBV registration of the change in lender is not completed on or prior to 60 calendar days after the issuance of the Notes (the “SBV Registration Deadline”) or if we determine such registration will not occur by the SBV Registration Deadline, whichever is earlier (the “Special Mandatory Redemption Event”), we will be required

to undertake mandatory redemption of the Notes at a redemption price equal to 100% of the issue price of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, plus Additional Amounts, if any, but without payment of any “make-whole” premium. The Escrow Account is not secured and there can be no assurance that the funds deposited in the Escrow Account will not be subject to insolvency, bankruptcy or similar proceedings before being used as described in the “Use of Proceeds.” See “Description of the Notes — Escrow of Proceeds” and “Description of the Notes — Redemption Upon Special Mandatory Redemption Event.” To the extent there are any such claims, there may not be sufficient funds to mandatorily redeem the Notes upon the occurrence of the Special Mandatory Redemption Event. Moreover, there may not be sufficient funds in the Escrow Account to pay the Special Mandatory Redemption Price, and any accrued and unpaid interest and Additional Amounts in the event of the Special Mandatory Redemption Event.

***The Issuer will follow the applicable disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.***

The Issuer will be subject to continuing listing obligations pursuant to the listing manual of the SGX-ST in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions such as the U.S. or the United Kingdom. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

***Interest rate risks may affect the value of the Notes.***

The Notes are fixed interest rate securities. Subsequent changes in market interest rates may adversely affect the value of the Notes.

***The transferability of the Notes may be limited under applicable securities laws.***

The Notes have not been registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. In addition, the Issuer has not been registered and will not be registered as an investment company under the Investment Company Act, in reliance on the exemption set forth in Section 3(c)(7). The Notes may not be offered, sold or otherwise transferred in the United States or for the account or benefit of a U.S. Person other than to U.S. Persons who are both QIBs and Qualified Purchasers. Each purchaser of the Notes will also be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended to restrict transfers of the Notes as described under “Notice to U.S. Investors.” It is your obligation to ensure that your offers and sales of the Notes comply with applicable securities laws. See “Transfer Restrictions.”

In addition, if at any time the Issuer determines that any owner of Notes, or any account on behalf of which such owner purchased Notes, is a U.S. Person that is required to be both a QIB and a Qualified Purchaser and does not meet these requirements, the Issuer may require that such owner’s Notes be sold or transferred to a person designated by or acceptable to us.

***The characterization of the Notes for U.S. federal income tax purposes is uncertain.***

The proper characterization of instruments such as the Notes for U.S. federal income tax purposes is subject to significant uncertainty.

To the extent it is required to do so, the Issuer intends to take the position that the Notes are characterized as indebtedness for U.S. federal income tax purposes. However, the Issuer's determination is not binding on the U.S. Internal Revenue Service (the "IRS"), and it is possible that the Notes could be treated as an equity interest in the Issuer. If the Notes are not treated as indebtedness of the Issuer, U.S. investors could be subject to adverse U.S. federal income tax consequences. Such treatment could impact the amount of income inclusion to U.S. holders as such holders may be required to include in their calculation of taxable income their allocable portion of interest income on the BOT Company Loans. Prospective investors should read the discussion under "Taxation — Certain U.S. Federal Income Tax Considerations" and consult their own tax advisors as to the U.S. federal income tax consequences of holding the Notes.

***The Issuer may be deemed a "covered fund" under the Volcker Rule, which could result in reduced interest in the Notes from banking entities, and could potentially reduce the liquidity of the Notes on the secondary market.***

As the Issuer intends to rely on the exclusion provided by Section 3(c)(7) of the Investment Company Act, the Issuer may be deemed to fall within the definition of a "covered fund" for the purposes of the Volcker Rule. If the Issuer is deemed to be a "covered fund" and the Notes are determined to constitute "ownership interests" for purposes of the Volcker Rule, then a "banking entity" (as defined in the Volcker Rule) would generally be prohibited from acquiring or retaining the Notes, unless such "banking entity" could rely on an exclusion from the definition of "covered fund" or an exemption from the Volcker Rule's covered fund-related prohibitions. These limitations could result in some "banking entities" being restricted in their ability to purchase or retain the Notes or prohibited from purchasing the Notes in the absence of an applicable Volcker Rule exclusion or exemption, which, in turn, could reduce the liquidity of the Notes on the secondary market and negatively affect the market value of the Notes.

Investors that are "banking entities" should carefully review the Volcker Rule and conduct their own analysis, in consultation with their legal advisers, to determine whether the Issuer is a "covered fund" and whether the Notes constitute "ownership interests" for the purposes of the Volcker Rule. Each investor is responsible for analyzing its own regulatory position as to the potential impact of the Volcker Rule, and none of the Issuer, us or the Initial Purchasers makes any representation to any prospective investor or purchaser of the Notes regarding the treatment of the Issuer or the Notes under the Volcker Rule, or to such investor's investment in the Notes at any time in the future.

**Risks Relating to the Collateral**

***Security over the Collateral will not be granted directly to the holders of the Notes.***

Security over the Collateral securing the Issuer's obligations under the Notes and the indenture governing the Notes will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agents. The indenture governing the Notes will provide (along with the Intercreditor Deed) that only the Security Agents have the right to enforce the Security Documents. As a consequence, the holders of the Notes will not have direct security and will not be entitled to take direct enforcement action in respect of the security for the Notes, except through the Security Agents, which have agreed to apply proceeds of enforcement on such security towards such obligations in accordance with the terms of Intercreditor Deed.

Provided the Common Security Agent is prefunded and/or secured and/or indemnified to its satisfaction, it may be required to take action to enforce the Collateral in accordance with the instructions of the relevant Secured Parties given under the Intercreditor Deed. Following the occurrence of an Enforcement Event (including an Event of Default under the Indenture after notice thereof is given to the Issuer), the relevant representative of the affected Secured Party may by written notice instruct the Common Security Agent to seek instructions from the Secured Parties with respect to taking enforcement action (a “Senior Debt Security Enforcement Notice”). In accordance with the terms of the Intercreditor Deed, within three business days of receipt of a Senior Debt Security Enforcement Notice, the Common Security Agent shall provide notice to the representatives of the other Secured Parties that it has received a Senior Debt Security Enforcement Notice. The Common Security Agent shall provide a copy of the Senior Debt Security Enforcement Notice to each Secured Party and request that the Secured Parties provide instructions to their respective representative with respect to any enforcement action no later than 30 days after the date of its request (the “Original Instruction Deadline”).

If, by no later than the Original Instruction Deadline, the Common Security Agent receives instructions (the “Relevant Secured Party Representative Instructions”) to take or not take any enforcement action from the Trustee, the Facility Agent under the Facilities Agreement or any agent appointed in relation to Permitted Pari Passu Secured Obligations, which represents exposure equal to, or greater than, US\$50.0 million of Senior Indebtedness of the Issuer outstanding (each, a “Relevant Secured Party Representative”), (i) the Common Security Agent shall provide a copy of the Relevant Secured Party Representative Instructions to each representative of the other Secured Parties and (ii) any subsequent instruction by another Relevant Secured Party Representative will be without effect.

If the Relevant Secured Party Representative Instructions include a confirmation from the Relevant Secured Party Representative that an enforcement action should be acted on immediately in order to maximize the value realized from enforcement action (the “Relevant Secured Party Representative Confirmation”), the Common Security Agent will notify any other additional security agents (as applicable) and the representatives of the other Secured Parties and the Common Security Agent and such other additional security agents shall act in accordance with such Relevant Secured Party Representative Instructions. Consequently, Secured Parties (other than the holders of the Notes) may instruct the Common Security Agent to take direct enforcement actions in respect of the Collateral, without instruction from the holders of the Notes.

If the Relevant Secured Party Representative provides instruction without the Relevant Secured Party Representative Confirmation, however, the Common Security Agent will only act in accordance with such Relevant Secured Party Representative Instructions, if Secured Parties holding no less than 50.1% of the voting power for any decision with respect to the Collateral (the “Majority Senior Creditors”), such percentage to be determined with reference to U.S. dollar (or if in any other currency other than USD, its Dollar Equivalent) exposure held by such Secured Parties, have not provided alternative instructions by the later of (a) the Original Instruction Deadline or (b) 30 days after the Common Security Agent has provided a copy of the Relevant Secured Party Representative Instructions to the Secured Parties. In the event any representative for any of the Secured Parties (including the Trustee on behalf of the Noteholders) fails to provide any instructions by the Original Instruction Deadline, such Secured Parties shall be disregarded for voting purposes.

***The value of the Collateral may not be sufficient to satisfy all obligations under the Notes.***

The proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture, the Intercreditor Deed and the Security Documents following an Event of Default, are unlikely to be sufficient to satisfy amounts due on the Notes, the BOT Company Loans or the Loan Facility or other Permitted Pari Passu Secured Obligations, and the Collateral may be reduced or diluted under certain circumstances, including through the issuance of Additional Notes, the incurrence of additional Permitted Pari Passu Secured Obligations or the disposition of assets comprising the Collateral, subject to the terms of the Indenture and the Intercreditor Deed.

No appraisals of the Collateral have been prepared in connection with this offering of the Notes. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. A substantial portion of the Collateral will be illiquid and may have no readily ascertainable market value. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due under the Notes, the Loan Facility or other Permitted Pari Passu Secured Obligations, the holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured, unsubordinated (except to the extent otherwise required by law or permitted under the Indenture) claim against the remaining assets of the Issuer.

***The BOT Company will in most cases have control over the collateral securing the BOT Company Loans, and the sale of particular assets by the BOT Company could reduce the pool of assets securing the BOT Company Loans.***

The BOT Company Loans allow the BOT Company to, subject to certain exceptions and conditions, remain in possession of, retain control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the BOT Company Loans (the “BOT Collateral”). The BOT Company may, among other things, in accordance with the terms of the Indenture, BOT Company Loans and the BOT Company’s other indebtedness, without any release or consent by the security agent for the BOT Collateral, conduct ordinary course activities with respect to the BOT Collateral, such as selling or otherwise disposing of the BOT Collateral and making ordinary course cash payments (including repayments of indebtedness). Any disposal of, damage to, or another action or circumstances that may lead to a reduction in value of the BOT Collateral while the BOT Collateral is in the BOT Company’s possession or subject to its control will reduce the value of BOT Collateral securing the BOT Company Loans, and therefore reduce the amount of proceeds that would be available to the Issuer upon an enforcement of the BOT Collateral and not be sufficient to repay all amounts due under the Notes, the Loan Facility or other Permitted Pari Passu Secured Obligations.

The value of the BOT Collateral could also be impaired in the future as a result of changing or adverse economic or market conditions, failure to implement our business strategy, competition and other future trends, as well as factors such as the ability to sell the BOT Collateral in an orderly sale, the availability of buyers, default under or a termination of the PPA the condition of the BOT Collateral and other circumstances at the time of sale. These factors and circumstances could reduce the likelihood of an enforcement action as well as reduce the amount of any proceeds in the event of an enforcement action.

Furthermore, the Power Purchase Agreement with EVN and the BOT Contract restrict disposal of all or substantially all of the BOT Company’s assets. To the extent that any enforcement of security over the BOT Collateral includes disposal of all or substantially all of the BOT Company’s assets and such agreements have not been terminated or have expired, failure to obtain necessary consents to such disposal may give rise to a default (and in turn, termination) of such agreements. Accordingly, there can be no assurance that the BOT Collateral would be sold in a timely manner or at all.



## THE TRANSACTIONS

The issuance of the Notes, together with the entry into the Facilities Agreement and the purchase and amendment of the BOT Company Loans, are collectively defined as the “Transactions.”

### **Facilities Agreement — Loan Facility and DSR Facility**

On July 18, 2019, the Issuer entered into a credit agreement (as amended, restated, modified, renewed or replaced from time to time) (the “Facilities Agreement”), by and among the Issuer, as borrower, Citicorp International Limited as Facility Agent, and certain international financial institutions party thereto as lenders and lead arrangers (who may also be affiliates of the Initial Purchasers) pursuant to which the Issuer has received signed commitments for an amortizing term loan facility in an aggregate principal amount not exceeding US\$402.7 million (the “Loan Facility”) and a debt service reserve letter of credit facility in an aggregate principal amount not exceeding US\$82.0 million (the “DSR Facility” and, together with the Loan Facility, the “Credit Facilities”). The Hongkong and Shanghai Banking Corporation Limited will accede to the Facilities Agreement as Common Security Agent upon its signing of the Intercreditor Deed. Loans extended under the Loan Facility amortize semi-annually and bear interest at a rate of LIBOR plus 1.5% per annum. Loans extended under the DSR Facility (i.e. once an LC has been drawn) are non-amortizing, are subject to mandatory cash sweep and repayment provisions in accordance with certain cash waterfall arrangements applicable to the Issuer and are also subject to reserving with respect to the scheduled amounts of principal and interest payable to the Noteholders and the term lenders thereunder. The DSR Facility has a final maturity date of five years from the date of the Facilities Agreement. The Issuer will be able to repay and reborrow amounts drawn under the DSR Facility multiple times throughout the availability period of the facility.

The drawdown of the Loan Facility under the Facilities Agreement is subject to certain customary conditions. We intend to use the proceeds from the Loan Facility, together with the proceeds from the issuance of the Notes, to fund the acquisition of the BOT Company Loans, including associated costs and expenses. For a description of certain terms of the Facilities Agreement, see “Description of the BOT Company Loans and Certain Other Indebtedness — The Issuer’s Material Indebtedness.”

### **Deed of Transfer; Purchase and Amendment of the BOT Company Loans**

Following the consummation of the offering of the Notes, the Issuer expects to acquire, through assignment and novation, all of the outstanding rights and obligations of the Original BOT Lenders (other than the lender under the OSD Facility) (the “Transferring BOT Lenders”) under their respective BOT Company Loan Facilities and related finance documents, pursuant to a Deed of Transfer (the “Deed of Transfer”), entered into as of July 23, 2019 by and among the applicable Original BOT Lenders, as existing lenders, the Issuer, as new lender, Citibank N.A., London Branch, as intercreditor agent and the BOT Company, as borrower. The Deed of Transfer is conditioned upon, among other things, obtaining the registration by the State Bank of Vietnam of the transfer, confirmation from the Issuer of the availability of the funds to complete the transfer, and delivery of an executed deed of novation in the agreed form. The transfer of the BOT Company Loans will become effective once these conditions precedent have been satisfied, and each existing lender shall be relieved of its respective obligations under the BOT Company Loan Facilities.

Following the consummation of the transactions contemplated under the Deed of Transfer, the Issuer will have extended credit commitments to the BOT Company under three separate committed term loan facilities in an aggregate principal amount outstanding of up to US\$1.08 billion. In connection with the Deed of Transfer, the existing BOT Company Loan Facilities of the Transferring BOT Lenders and the Common Terms Agreement are expected to be amended and restated to reflect the Issuer as a lender thereunder. In addition, it is anticipated that the remaining finance documents entered into in connection with the BOT Company Loan Facilities, such as the BOT Accounts Agreement and the BOT Intercreditor Agreement, will be amended and restated, supplemented and/or modified as appropriate to reflect the assignment and novation of the rights and obligations of the applicable Original BOT Lenders thereunder to the Issuer pursuant to the Deed of Transfer



(the Common Terms Agreement, the BOT Company Loan Facilities and all other related finance documents, as amended, amended and restated, supplemented and/or modified, collectively referred to herein as the “Amended BOT Company Loan Facilities”).

Under the Amended BOT Company Loan Facilities, the amended BOT Company Loans will retain certain of their material commercial terms (such as tenor and amortization schedule), but other provisions, such as interest rates, will be amended, and the covenants, events of default and other provisions of the Amended BOT Company Loan Facilities will be, with certain exceptions, substantially similar in overall effect to the provisions of the Indenture and the Loan Facility.

For a description of certain terms of the BOT Company Loans as amended following consummation of the Transactions, “Description of the BOT Company Loans and Certain Other Indebtedness — The BOT Company’s Material Indebtedness.”

### **Hedging**

As of the date of this Offering Memorandum, prior to their transfer to the Issuer, the BOT Company Loans are comprised of variable-rate based loans only. The BOT Company entered into interest rate swap agreements on a portion of the BOT Company Loans to reduce the impact of changes in interest rates on such floating rate long-term debt. In connection with the transfer of the BOT Company Loans to the Issuer, these swaps are being partially novated to the Issuer and partially unwound. The BOT Company and the Issuer are expected to enter into arrangements to novate certain of the BOT Company’s interest rate swap agreements to the Issuer to reduce the impact of changes in interest rates on the Issuer’s floating rate Loan Facility, concurrently with or following the transfer of the BOT Company Loans to the Issuer. See “Risk Factors — Risks relating to the Notes — The Issuer is exposed to the risks relating to early termination of the hedging transaction and payment of any related termination amounts” and “Description of the BOT Company Loans and Certain Other Indebtedness — The Issuer’s Material Indebtedness — Related Hedging Facility.”

## USE OF PROCEEDS

The proceeds from the offering of the Notes will be approximately US\$678.5 million. In addition, the Issuer expects to receive proceeds of approximately US\$402.7 million from the full drawdown of the Loan Facility. The net proceeds after deducting the underwriting fees and commissions and other transaction expenses relating to the offering of the Notes and the drawdown of the Loan Facility are estimated to be approximately US\$1,059.2 million.

The Issuer intends to use the proceeds from the offering of the Notes and from the full drawdown of the Loan Facility to purchase the BOT Company Loans. See “The Transactions.”

Certain of the Initial Purchasers and/or their affiliates are lenders under the BOT Company Loans, and they will receive a portion of the proceeds from this offering of the Notes. Certain of the Initial Purchasers and/or their affiliates have, and will continue to have, additional relationships with the Issuer and the BOT Company as described in “Plan of Distribution.”

## EXCHANGE CONTROLS

Vietnam has historically imposed exchange control mechanisms designed to limit foreign currency outflows, generally requiring the use of the Vietnamese dong in domestic transactions and attempting to channel foreign currencies into its banking system. Vietnam's exchange control policy is administered primarily by the SBV. Under the current Vietnamese foreign exchange control regulations, any person or organization may exchange Vietnamese dong into foreign currency at exchange rates quoted by credit institutions licensed to provide foreign exchange services in Vietnam, provided that such person or organization declares the intended use of the money and provides appropriate supporting documents. Foreign currencies may be freely exchanged into Vietnamese dong at the exchange rates quoted by such licensed credit institutions.

Pursuant to the Project Agreements, we are subject to a separate comprehensive foreign currency regime that allows us to convert all of our revenue received in Vietnamese Dong (less expenditure to be made in local currency) into U.S. dollar amounts that we are able to transfer promptly to our offshore accounts. See "Description of Project Agreements — Government Guarantee and Undertaking — Foreign Currency Regime."

## CAPITALIZATION

### BOT Company

The following table sets forth our cash and restricted cash and capitalization as of March 31, 2019 on an actual basis and as adjusted to give effect to the transfer of the BOT Company Loans to the Issuer.

You should read this information in conjunction with our audited financial statements and unaudited interim financial statements and the related notes included elsewhere in this Offering Memorandum and the sections in this Offering Memorandum entitled “The Transactions,” “Use of Proceeds,” “Selected Financial Information and Operating Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	As of March 31, 2019	
	Actual	As Adjusted <sup>(4)</sup>
	(unaudited)	
	(in US\$ millions)	
<b>Cash and restricted cash<sup>(1)</sup></b>		
Cash and cash equivalents . . . . .	45.4	45.4
Short-term restricted cash . . . . .	66.9	66.9
Long-term restriction cash . . . . .	85.1	85.1
Total cash and restricted cash . . . . .	197.4	197.4
<b>Debt<sup>(2)</sup></b>		
Current portion of non-current debt . . . . .	90.9	90.9
Non-current debt . . . . .	975.0	975.0
Total debt . . . . .	1,065.9	1,065.9
<b>Owners’ Equity</b>		
Contributed charter capital . . . . .	462.1	462.1
Additional paid-in capital . . . . .	0.9	0.9
Retained earnings . . . . .	172.7	172.7
Accumulated other comprehensive losses . . . . .	(22.7)	(22.7)
Total owners’ equity . . . . .	613.0	613.0
<b>Total Capitalization<sup>(3)</sup></b>	1,678.9	1,678.9

(1) Restricted cash represents cash in debt service, major maintenance, tax and other accounts for the construction of the Project.

(2) Debt is presented net of debt discount of US\$4.3 million and deferred financing costs of US\$56.1 million.

(3) Total capitalization equals total debt plus total owners’ equity.

(4) As adjusted figures do not take into account the effects of any termination, novation or other changes in the BOT Company’s hedging arrangements, a dividend of US\$51.8 million paid on May 21, 2019, a scheduled payment of US\$45.15 million in principal amount under the BOT Company Loans on April 26, 2019 or the US\$22.0 million cash (consisting of a structuring fee of US\$5.0 million under a Structuring Fee letter and arrangement fees of up to US\$17.0 million under an Arrangement Fee Letter) payable by the BOT Company to the Issuer upon demand in connection with the transfer of the BOT Company Loans to the Issuer. See “Description of the BOT Company Loans and Certain Other Indebtedness — Hedging Arrangements,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Distribution Policy,” “Use of Proceeds” and “Related Party Transactions.”

Other than the dividend paid on May 21, 2019 and the scheduled payment of US\$45.15 million in principal amount under the BOT Company Loans on April 26, 2019 as described in footnote (4) to the above capitalization table, there has been no material change in our capitalization since March 31, 2019.

## The Issuer

The Issuer was established on June 20, 2019. As of the date of this Offering Memorandum the Issuer's share capital is fully paid up.

The following table sets forth data (i) as adjusted to give effect to the issuance of the Notes and the full drawdown of the Loan Facility and (ii) as further adjusted to give effect to the application of the proceeds from the offering of the Notes and the full drawdown of the Loan Facility to purchase the BOT Company Loans. See "The Transactions" and "Use of Proceeds."

	As of the date of this Offering Memorandum	
	As adjusted <sup>(1)(3)</sup>	As further adjusted <sup>(2)(3)</sup>
	(unaudited)	
	(in US\$ millions)	
<b>Assets</b>		
Cash and cash equivalents . . . . .	1,081.2	—
BOT Company Loans . . . . .	—	1,081.2
Total assets . . . . .	<u>1,081.2</u>	<u>1,081.2</u>
<b>Debt<sup>(4)</sup></b>		
Notes offered hereby . . . . .	678.5	678.5
Loan Facility . . . . .	<u>402.7</u>	<u>402.7</u>
Total debt . . . . .	<u>1,081.2</u>	<u>1,081.2</u>
<b>Owners' Equity</b>		
Total owners' equity . . . . .	<u>—</u>	<u>—</u>
Total Capitalization <sup>(5)</sup> . . . . .	<u>1,081.2</u>	<u>1,081.2</u>

(1) As adjusted to give effect to the issuance of the Notes and the full drawdown of the Loan Facility.

(2) As further adjusted to give effect to the application of the proceeds from the offering of the Notes and the full drawdown of the Loan Facility to purchase the BOT Company Loans.

(3) As adjusted and as further adjusted figures do not take into account US\$22.0 million in cash (consisting of a structuring fee of US\$5.0 million under a Structuring Fee Letter and arrangement fees of up to US\$17.0 million under an Arrangement Fee Letter) payable by the BOT Company to the Issuer upon demand in connection with the transfer of the BOT Company Loans to the Issuer. See "Description of the BOT Company Loans and Certain Other Indebtedness — Hedging Arrangements" "Management's Discussion and Analysis of Financial Position and Results of Operations — Liquidity and Capital Resources — Distribution Policy," "Use of Proceeds" and "Related Party Transactions."

(4) Debt is presented without taking into account the underwriting discounts and commissions and other estimated transaction expenses related to the offering of the Notes and the drawdown of the Loan Facility, which are estimated to be approximately US\$22.0 million.

(5) Total capitalization equals total debt plus total owners' equity.

## SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The summary selected financial information of the BOT Company as of and for the years ended December 31, 2018, 2017 and 2016 has been derived from our audited financial statements included elsewhere in this Offering Memorandum. The summary selected financial information of the BOT Company as of and for the three months ended March 31, 2019 and 2018 has been derived from our unaudited interim financial statements included elsewhere in this Offering Memorandum. Our financial statements are prepared in accordance with U.S. GAAP and presented in U.S. dollars.

Our audited financial statements have been audited by Ernst & Young Vietnam Limited, independent auditors as stated in their audit report included elsewhere in this Offering Memorandum. Our unaudited interim financial statements have been reviewed by Ernst & Young Vietnam Limited as stated in their review report included elsewhere in this Offering Memorandum. However, their review report states that they did not audit and they do not express an opinion on the interim financial information. Accordingly, the degree of reliance on such report and on such financial information should be restricted in light of the limited nature of the review procedures applied. Results for interim periods are not necessarily indicative of results for the full year.

Our financial statements are prepared in accordance with U.S. GAAP and presented in U.S. dollars. In making an investment decision, you should rely upon your own examination of the terms of this offering of the Notes and the financial information contained in this Offering Memorandum.

Our financial statements apply service concession arrangements pursuant to ASC 853 and, for periods prior to January 1, 2018, revenue accounting under ASC 605, or for periods after January 1, 2018, revenue accounting under ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. The following information should be read in conjunction with “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Risk Factors” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

### Balance Sheet

	As of March 31,	As of December 31,		
	2019	2018	2017	2016
	(unaudited)			
	(in US\$ millions)			
	ASC 853 and ASC 606 <sup>(1)</sup>	ASC 853 and ASC 605 <sup>(1)</sup>		
<b>CURRENT ASSETS</b>				
Cash and cash equivalents . . . . .	45.4	21.1	22.8	18.9
Short-term restricted cash . . . . .	66.9	28.0	25.7	25.0
Accounts receivable, net . . . . .	97.9	94.2	71.4	63.4
Short-term loan receivable . . . . .	66.8	65.7	N/A	N/A
Inventory . . . . .	18.4	12.2	18.5	13.1
Prepaid and other receivables . . . . .	4.8	0.7	0.6	1.1
Other current assets . . . . .	1.2	1.3	1.4	0.7
<b>TOTAL CURRENT ASSETS . . . . .</b>	<b>301.4</b>	<b>223.2</b>	<b>140.4</b>	<b>122.2</b>

	As of March 31,	As of December 31,		
	2019	2018	2017	2016
	(unaudited)			
	(in US\$ millions)			
	ASC 853 and ASC 606 <sup>(1)</sup>	ASC 853 and ASC 605 <sup>(1)</sup>		
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment:				
Electric generation, distribution assets and others . . .	3.3	3.3	3.0	2.0
Accumulated depreciation . . . . .	(1.7)	(1.6)	(1.3)	(1.0)
<b>Property, plant and equipment, net. . . . .</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.0</b>
Service concession assets, net of accumulated amortization . . . . .	N/A	N/A	1,351.1	1,436.0
<b>Service concession assets . . . . .</b>	<b>N/A</b>	<b>N/A</b>	<b>1,351.1</b>	<b>1,436.0</b>
Other assets				
Long-term restricted cash . . . . .	85.1	84.8	82.8	92.3
Deferred tax asset . . . . .	3.0	2.5	26.8	28.0
Long-term loan receivable . . . . .	1,405.7	1,423.0	N/A	N/A
Other non-current assets . . . . .	3.1	2.7	0.5	0.5
Other intangible assets, net of amortization . . . . .	1.0	1.0	1.2	1.0
<b>Total other assets . . . . .</b>	<b>1,497.9</b>	<b>1,514.0</b>	<b>111.3</b>	<b>121.8</b>
<b>TOTAL NON-CURRENT ASSETS . . . . .</b>	<b>1,499.5</b>	<b>1,515.7</b>	<b>1,464.1</b>	<b>1,558.8</b>
<b>TOTAL ASSETS . . . . .</b>	<b>1,800.9</b>	<b>1,738.9</b>	<b>1,604.5</b>	<b>1,681.0</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable . . . . .	23.4	45.3	29.3	13.9
Accrued interest . . . . .	27.3	11.0	10.3	10.6
Deferred income. . . . .	1.4	1.6	N/A	N/A
Accrued and other liabilities . . . . .	47.8	11.9	17.2	25.6
Current portion of non-current debt . . . . .	90.9	90.9	83.7	76.6
<b>TOTAL CURRENT LIABILITIES . . . . .</b>	<b>190.8</b>	<b>160.7</b>	<b>140.5</b>	<b>126.7</b>
<b>NON-CURRENT LIABILITIES</b>				
Non-current debt . . . . .	975.0	972.2	1,051.3	1,122.6
Other non-current liabilities . . . . .	22.1	11.5	21.8	24.6
<b>TOTAL NON-CURRENT LIABILITIES . . . . .</b>	<b>997.1</b>	<b>983.7</b>	<b>1,073.1</b>	<b>1,147.2</b>
<b>OWNERS' EQUITY</b>				
Contributed charter capital . . . . .	462.1	462.1	462.1	462.1
Additional paid — in capital . . . . .	0.9	0.9	0.7	0.6
Retained earnings/(accumulated deficit) . . . . .	172.7	143.7	(5.0)	30.2
Accumulated other comprehensive losses . . . . .	(22.7)	(12.2)	(66.9)	(85.8)
<b>TOTAL OWNERS' EQUITY. . . . .</b>	<b>613.0</b>	<b>594.5</b>	<b>390.9</b>	<b>407.1</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY. . .</b>	<b>1,800.9</b>	<b>1,738.9</b>	<b>1,604.5</b>	<b>1,681.0</b>

(1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.



## Statement of Operations

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606 <sup>(1)</sup>		ASC 853 and ASC 605 <sup>(1)</sup>		
Revenue . . . . .	89.1	78.5	244.7	278.3	340.2
Cost of rendering services . . . . .	(85.6)	(78.5)	(255.5)	(255.9)	(311.0)
<b>Operating (loss)/profit . . . . .</b>	<b>3.5</b>	<b>0.0</b>	<b>(10.8)</b>	<b>22.4</b>	<b>29.2</b>
Finance income . . . . .	45.0	46.7	185.7	129.4	133.8
Finance expenses . . . . .	(20.0)	(20.8)	(84.3)	(87.9)	(89.9)
Other income . . . . .	0.0	0.0	1.8	0.0	0.0
Other expenses . . . . .	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Foreign exchange gain . . . . .	0.3	0.3	1.2	0.7	1.1
<b>Net income before tax . . . . .</b>	<b>28.8</b>	<b>26.2</b>	<b>93.6</b>	<b>64.6</b>	<b>74.2</b>
<b>Income tax benefit/(expense) . . . . .</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.1</b>	<b>(9.3)</b>	<b>7.5</b>
<b>Net income . . . . .</b>	<b>28.7</b>	<b>26.3</b>	<b>93.7</b>	<b>55.3</b>	<b>81.7</b>

- (1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

## Statement of Cash Flows

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016 <sup>(1)</sup>
	(unaudited)				
	(in US\$ millions)				
Net cash provided by operating activities . . .	63.9	57.9	166.9	163.7	144.7
Net cash (used in)/provided by investing activities . . . . .	(0.1)	(0.1)	(0.4)	(1.5)	30.9
Net cash used in financing activities . . . . .	(0.3)	—	(164.0)	(167.2)	(159.5)

- (1) On January 1, 2018, we adopted Topic 230, under which amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The impact of the adoption of this standard on our financial statements is that for the year ended December 31, 2017, cash provided by investing activities decreased by US\$8.8 million but cash provided by operating activities and cash used in financing activities were unchanged. The comparative financial statements for 2017 appearing in our audited financial statements for 2018 included elsewhere in this Offering Memorandum has been restated to reflect the adoption of Topic 230. However, our financial statements for 2016 have not been so restated. Accordingly, our statements of cash flow for 2018 and 2017 are not comparable to our statements of cash flow for 2016. See “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum.”

## Non-GAAP and Other Financial Information

*The financial measures presented below are not determined or presented in accordance with U.S. GAAP. This non-GAAP measures are presented because we believe such measurements are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and similar financings. These non-GAAP measures should not be considered in isolation or as a substitute for our results of operation as presented in U.S. GAAP. The information below is supplementary to our audited financial statements and our unaudited interim financial statements included elsewhere in this Offering Memorandum. You should not place undue reliance on the non-GAAP financial measures and ratios presented below. See “Notice to Investors — Presentation of Financial and Market Information — Non-GAAP Financial Measures.”*

	As of and for the three months ended March 31,		As of and for the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
Adjusted EBITDA <sup>(a)</sup>	65.2	60.9	240.8	247.4	246.8
Adjusted EBITDA/Interest <sup>(b)</sup>	4.0	3.7	3.5	3.5	3.4
CFADS <sup>(c)</sup>	68.1	62.1	234.9	244.5	252.0
Net Debt <sup>(d)</sup>	928.9	1,020.8	992.4	1,078.7	1,150.4
DSCR <sup>(e)</sup>	N/A	N/A	1.5	1.6	1.7
Dividends paid	—	—	79.1	90.6	81.9

(a) The table below sets forth a reconciliation of Adjusted EBITDA to net income, its most directly comparable measure under U.S. GAAP.

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606 <sup>(1)</sup>		ASC 853 and ASC 605 <sup>(1)</sup>		
Net income	28.7	26.3	93.7	55.3	81.7
Plus:					
Finance expenses	20.0	20.8	84.3	87.9	89.9
Income tax expense/(benefit)	0.1	(0.1)	(0.1)	9.3	(7.5)
Depreciation and amortization	0.2	0.2	0.6	0.5	0.5
Service concession assets amortization	N/A	N/A	N/A	91.8	79.9
Other comprehensive income amortization	N/A	N/A	N/A	2.6	2.3
Decrease in loan receivables <sup>(2)</sup>	16.2	13.7	62.3	N/A	N/A
<b>Adjusted EBITDA</b>	<b>65.2</b>	<b>60.9</b>	<b>240.8</b>	<b>247.4</b>	<b>246.8</b>

(1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of

Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

- (2) Under ASC 606, we have recognized a loan receivable for the future expected payments for the construction performance obligation under the PPA. This loan receivable is amortized over the remaining life of the PPA.
- (b) Adjusted EBITDA/Interest for the BOT Company is, for any period, the ratio of Adjusted EBITDA for such period to the Interest including Loan interest and Swap interest for such period.

The table below sets forth a reconciliation of Adjusted EBITDA/Interest to Adjusted EBITDA and loan interest and swap interest for the periods presented:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
Adjusted EBITDA . . . . .	65.2	60.9	240.8	247.4	246.8
Loan interest and swap interest . . . . .	16.2	16.5	68.8	70.0	72.0
<b>Adjusted EBITDA/Interest . . . . .</b>	<b>4.0</b>	<b>3.7</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>

- (c) CFADS for the BOT Company is, for any period, (a) the sum of (x) all revenues received by the BOT Company in respect of the operation of the Project, (y) all interest income and (z) all business interruption, delay in start-up or advance loss of profits (or equivalent) insurance proceeds, in each case received by the BOT Company during such period, less (b) all operating costs paid or payable by the BOT Company during such period. You should note that CFADS as presented herein is calculated differently from CFADS as defined in the Indenture. See “Description of the Notes — Definitions” for a description of the manner in which CFADS is defined for purposes of the Indenture.

The table below sets forth a reconciliation of CFADS to total revenue and cost of rendering of services:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606 <sup>(1)</sup>		ASC 853 and ASC 605 <sup>(1)</sup>		
Total revenue . . . . .	150.0	138.4	490.1	407.7	474.0
(Increase)/Decrease in account receivables . . . . .	(3.7)	(20.9)	(22.8)	(8.0)	23.0
<b>Total revenue received . . . . .</b>	<b>146.3</b>	<b>117.5</b>	<b>467.3</b>	<b>399.7</b>	<b>497.0</b>
Cost of rendering of services . . . . .	85.6	78.5	255.5	255.9	311.0
Depreciation and amortization . . . . .	(0.2)	(0.2)	(0.6)	(0.5)	(0.5)
Service concession assets amortization . . . . .	N/A	N/A	N/A	(91.8)	(79.9)
Other comprehensive income amortization . . . . .	N/A	N/A	N/A	(2.6)	(2.3)
Service concession expenses . . . . .	(0.2)	0.2	(1.6)	N/A	N/A
(Decrease)/Increase in account payables — coal (net of value added tax) . . . . .	(13.0)	(19.4)	(14.3)	(10.4)	15.5
Decrease/(Increase) in inventories — coal . . . . .	6.0	(3.7)	(6.6)	4.6	1.0
Tax expenses . . . . .	—	—	—	—	0.2
<b>Total operating costs . . . . .</b>	<b>78.2</b>	<b>55.4</b>	<b>232.4</b>	<b>155.2</b>	<b>245.0</b>
<b>CFADS . . . . .</b>	<b>68.1</b>	<b>62.1</b>	<b>234.9</b>	<b>244.5</b>	<b>252.0</b>

(1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

- (d) Net Debt, as of any given date, represents total debt (i.e., the sum of the current portion of our non-current debt, our non-current debt, not taking into account for any debt discounts and deferred financing costs) minus the aggregate of cash, short-term restricted cash and long-term restricted cash.

The table below sets forth a reconciliation of Net Debt to outstanding loan balance and cash:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
Outstanding loan balance . . . . .	1,126.3	1,210.0	1,126.3	1,210.0	1,286.6
Cash and short-term restricted cash . . . .	(112.3)	(106.5)	(49.1)	(48.5)	(43.9)
Long-term restricted cash . . . . .	(85.1)	(82.7)	(84.8)	(82.8)	(92.3)
<b>Net Debt . . . . .</b>	<b>928.9</b>	<b>1,020.8</b>	<b>992.4</b>	<b>1,078.7</b>	<b>1,150.4</b>

- (e) DSCR for the BOT Company is, for any period, the ratio of CFADS for such period to the sum of all outstanding principal, interest payments, settlement payments made net of settlement payments received, if any, under any interest rate hedging agreements relating to indebtedness, fees, expenses and other charges due in respect of all of our indebtedness for such period. You should note that DSCR as presented herein is calculated differently from DSCR as defined in the Indenture. See “Description of the Notes — Definitions” for a description of the manner in which DSCR is defined for purposes of the Indenture.

The table below sets forth a reconciliation of DSCR to CFADS and debt service.

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606 <sup>(1)</sup>		ASC 853 and ASC 605 <sup>(1)</sup>		
CFADS . . . . .	68.1	62.1	234.9	244.5	252.0
Debt service . . . . .	N/A	N/A	156.9	152.4	148.3
<b>DSCR . . . . .</b>	<b>N/A</b>	<b>N/A</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>

- (1) Prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605. On January 1, 2018, we adopted ASC 606 applying the modified retrospective method of adoption to contracts that were not completed as of January 1, 2018. See “Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018,” “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Effect on the Financial Statements upon Adoption of ASC 606” and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis are based upon information contained in our financial statements, including the notes thereto, appearing elsewhere in this Offering Memorandum. You should read the following discussion and analysis in conjunction with our financial statements, including the notes thereto. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See "Forward-Looking Statements" for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-Looking Statements," "Risk Factors" and elsewhere in this Offering Memorandum.*

*The following discussion and analysis of our financial condition and results of operation presented and discussed below has been derived from our audited financial statements as of and for the years ended December 31, 2018, 2017 and 2016 included elsewhere in this Offering Memorandum and our unaudited financial statements as of and for the three months ended March 31, 2019 and 2018 included elsewhere in this Offering Memorandum.*

*Our audited financial statements as of and for the years ended December 31, 2018, 2017 and 2016, prepared in accordance with generally accepted accounting principles in the United States and presented in U.S. dollars, have been audited by Ernst & Young Vietnam Limited, independent auditor as stated in their audit report included elsewhere in this Offering Memorandum. Our unaudited interim financial information as of and for the three months ended March 31, 2019 and 2018 included in this Offering Memorandum, have been reviewed by Ernst & Young Vietnam Limited as stated in their review report included elsewhere in this Offering Memorandum. However, their review report included in this Offering Memorandum, states that they did not audit and they do not express an opinion on the interim financial information. Accordingly, the degree of reliance on such report and on such financial information should be restricted in light of the limited nature of the review procedures applied. Results for interim periods are not necessarily indicative of results for the full year.*

### Overview

We operate and hold a 25-year concession to Mong Duong 2, a 1,120 MW aggregate net capacity coal-fired power plant located in the Quang Ninh province of Vietnam. The plant is located 220 km east of the capital Hanoi at a site selected for its proximity to Vinacomin coal mines, easy connection to the national power transmission grid, good transportation infrastructure and access to cooling water. The Project is the first BOT coal-fired power plant using pulverized coal fired boiler technology in Vietnam, and also represents the country's largest private sector power project to date. The plant's two identical coal-fired power units, each with a net capacity of 560 MW, have been fully operational since March and April 2015, respectively, and were completed six months ahead of schedule and within budget.

The Project was developed and is operated pursuant to Vietnam's build-operate-transfer, or BOT, framework, under which a foreign investor builds a power generation project, operates it for certain period of time to gain profits, and then transfers it to the Vietnamese government. We have entered into the BOT Contract with MOIT, a power purchase agreement with EVN, a coal supply agreement with Vinacomin and ancillary contracts such as land lease and water supply agreements. We also benefit from a Government Guarantee and Undertaking from the Government of Vietnam. The BOT Contract has a term of 25 years from completion of development, or "COD", which occurred on April 22, 2015. At the end of the 25-year term we are required to transfer the Project to MOIT without compensation. See "Description of Project Agreements" and "Regulation."

We are jointly owned by AES, which indirectly owns a 51% ownership interest in us, POSCO, which indirectly owns a 30% ownership interest in us, and CIC, which indirectly owns a 19% ownership interest in us, each as of March 31, 2019. Through our Sponsors, we benefit from a long track record of project development and operation of power projects, commitment to Vietnam and overall experience in emerging markets, access to a rich talent base of employees and technical, operational and maintenance support.

We sell all the electric power that we generate to EVN and we are paid the Capacity Charge based on availability guarantee (regardless of actual net generation) and the Energy Charge and Supplemental Charge based on actual net generation and other incurred charges, respectively. Our PPA with EVN provides a stable source of recurring cash flow and allows us to pass through the majority of our variable costs. For the three months ended March 31, 2019 and 2018 and for the years ended December 31, 2018, 2017 and 2016, our total generation under the PPA was 2,141 GWh, 2,002 GWh, 5,918 GWh, 3,389 GWh, 5,695 GWh, respectively, reflecting a net capacity factor of 89%, 83%, 60%, 35% and 58% for such periods.

### **Effect on the Financial Statements upon Adoption of ASC 606**

Recent accounting changes have significantly changed the way we account for revenue and expenses for the Project. The changes took effect from the start of the 2018 fiscal year and are reflected in our full year 2018 and first quarter 2019 financial statements. Specifically, for periods prior to January 1, 2018, we accounted for construction service revenue (presented as “build revenue” in our audited financial statements and our unaudited interim financial statements) in accordance with ASC 605. On January 1, 2018, we adopted ASC 606. Under both the old and new rules, we start with the premise that a part of the amounts we receive in each accounting period for selling electricity under the PPA represents part of our return for building the Project. However, the adoption of ASC 606 changes the way we account for a portion of the economic value we derive from building and operating the Project.

Under ASC 605, we recognized “build revenue” throughout the life of the Project. In addition, we had capitalized the cost of building the Project and recognized it on our balance sheet as a “service concession asset”, and recognized a service concession expense each period representing the amortization of this asset over the duration of the PPA. As a result, the difference between the build revenue and the service concession expense contributed to our operating profit for each accounting period.

Under ASC 606, build revenue is required to be recorded during construction of the Project on a percentage of completion basis and because construction of the Project was substantially completed in 2015, substantially all build revenue was recognized by COD in 2015. Therefore, the service concession asset and its amortization were derecognized and replaced with a construction loan receivable, which we recognize as an asset on the balance sheet, to reflect the future expected payments for the construction performance obligation. As the payments for the construction performance obligation occur over the 25-year term of the PPA, a significant financing element was determined to exist which is accounted for under the effective interest rate method. As a result, in each accounting period, we recognize a portion of the amounts we receive under the PPA as a partial repayment of that loan and payment of the interest component. The amount that is recorded as a partial repayment of the loan is reflected in our statement of cash flows as a decrease in loan receivable and not in our statement of operations, and as a result, such amount does not contribute to our net income or our operating profit. We record the interest component as finance revenue as part of finance income, and as a result, such amount contributes to our net income but not to our operating profit.

Our measurement of cash flows is not affected by the adoption of ASC 606, although certain of the reconciling items that appear in the indirect statement of cash flows that we present in our annual financial statements have changed to reflect the effect of the adoption of ASC 606 on our balance sheet and statement of operations.

The impact to our balance sheet as of December 31, 2018 and our statement of operations for the year ended December 31, 2018 resulting from the adoption of ASC 606 as compared to the previous revenue recognition standard is set out in Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum. In particular:

- with respect to our balance sheet as of December 31, 2018, the adoption of ASC 606 resulted in, among other things, the derecognition of a service concession asset, net of accumulated amortization of US\$1,255.0 million and the recognition of a loan receivable with a short-term component of US\$65.7 million and a long-term component of US\$1,423.0 million. These changes, including the associated tax effects and impact on retained earnings, had the effect of increasing total owners' equity by US\$207.4 million; and
- with respect to our statement of operations, under ASC 606, revenue was US\$117.9 million lower in the year ended December 31, 2018 than it would have been under ASC 605, while cost of revenue was US\$97.1 million lower, resulting in operating profit being US\$20.8 million lower under ASC 606. However, under ASC 606, finance income was US\$58.0 million higher in the year ended December 31, 2018, which, together with some minor effects, resulted in net income being US\$39.3 million higher under ASC 606 than it would have been under ASC 605.

### **Factors Affecting Our Results of Operations**

Our business and results of operations have been affected by a number of important factors that we believe will continue to affect our business and results of operations. Among these factors are the following:

#### ***Electricity Tariffs***

Under the PPA all electricity generated by our Project is sold to EVN. The tariff structure applicable to our PPA provides for a Capacity Charge, an Energy Charge and a Supplemental Charge. Payments under the PPA are denominated in USD and made in VND, using the US\$/VND exchange rate provided by HSBC Vietnam one working day before payment by EVN is made. The Capacity Charge is paid based on availability guarantee, regardless of actual net generation. The Energy Charge and Supplemental Charge are paid based on actual net generation and other incurred charges, respectively.

The Capacity Charge is calculated by multiplying Dependable Capacity and the sum of Fixed Capacity Charge, Fixed O&M Charge and, for the first 13 years after COD, Supplementary Interest Charge. The Dependable Capacity is the amount of electrical generating capacity measured in kW that the BOT Company is capable of making available to EVN, as determined by annual Dependable Capacity Test in accordance with the PPA. The Fixed Capacity Charge (in US\$ per kW per year) is a pre-agreed amount for each Contract Year. The Fixed O&M Charge, which includes a foreign and local component, comprises pre-agreed amounts (in US\$ per kW per year and VND per kW per year, respectively) for each Contract Year. Each component is indexed to inflation in the United States and Vietnam, respectively. The Supplementary Interest Charge is a tariff adjustment to reflect the fluctuation in long term interest rates between the negotiation of the PPA and the financial close. The Supplementary Interest Charge is US\$1.69 per kW per year multiplied by the ratio between current Contract Year Fixed Capacity Charge and first Contract Year Fixed Capacity Charge.



The Energy Charge comprises the Variable O&M Charge, the Fuel Charge and the Start-Up Charge. The Variable O&M Charge includes foreign and local components. They are equal to pre-agreed numbers (US\$/kWh and VND/kWh, respectively), adjusted for inflation in the United States and Vietnam, respectively. The USD value of these components is then multiplied by the Net Energy Output delivered to EVN. The Fuel Charge is the multiplication of Net Energy Output and the sum of Coal Charge and Secondary Fuel Charge. The Coal Charge is equal to the Contract Heat Rate (in BTU/kWh, corrected for load, ambient air temperature and cooling water temperature) multiplied by the actual Coal Energy Rate (in VND per BTU) invoiced by the fuel supplier. The Contract Heat Rate is a pre-agreed number ranging from 9,405 BTU/kWh in the first Contract Year to 9,560 BTU/kWh in the later Contract Years. The Secondary Fuel Charge is equal to the Heat Rate for Secondary Fuel (a pre-agreed amount of 2,783 BTU/kWh, corrected for load, ambient air temperature and cooling water temperature) multiplied by the Secondary Fuel Price (in Dong per Kg) as invoiced by the fuel supplier, and multiplied by 0.000025. The start-up charge is payable for start-ups in excess of the yearly number of free start-ups. The start-up charge is equal to a pre-agreed number (in US\$) for cold, warm or hot start-up and indexed to fluctuations in the price of heavy fuel oil and import electricity.

The Supplemental Charge is payable by EVN to account for any billing errors, adjustments for late payment, exchange rate, inaccurate metering, and any costs and charges payable to or by the BOT Company.

In addition to our ability to sell power based on our operating performance, the manner in which EVN's tariff payments under the PPA flow through our financial statements has a significant impact on our results of operations under U.S. GAAP. See "Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018" elsewhere in this Offering Memorandum and below under the caption "— Significant Accounting Policies — Service Concession Assets."

The table below sets forth a reconciliation of the amounts that we invoiced to EVN and our revenue for the periods presented.

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
<b>Gross revenue</b> . . . . .	<b>89.1</b>	<b>78.5</b>	<b>245.0</b>	<b>278.6</b>	<b>340.6</b>
<i>Of which:</i>					
Electricity generation and Operating and maintenance revenue . . . . .	88.9	78.0	242.6	185.4	259.4
Build revenue (ASC 605) . . . . .	N/A	N/A	N/A	93.2	81.2
Build revenue (ASC 606) . . . . .	0.2	0.5	2.4	N/A	N/A
Deductions: Liquidated damages . . . . .	(0.0)	(0.0)	(0.3)	(0.3)	(0.4)
	<u>89.1</u>	<u>78.5</u>	<u>244.7</u>	<u>278.3</u>	<u>340.2</u>
<b>Finance revenue</b> . . . . .	<b>44.9</b>	<b>46.7</b>	<b>185.5</b>	<b>129.4</b>	<b>133.8</b>
<b>Total</b> . . . . .	<b>134.0</b>	<b>125.2</b>	<b>430.2</b>	<b>407.7</b>	<b>474.0</b>
<b>Decrease in loan receivable (ASC 606)</b> . . . . .	<b>16.2</b>	<b>13.7</b>	<b>62.3</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL</b> . . . . .	<b>150.2</b>	<b>138.9</b>	<b>492.5</b>	<b>407.7</b>	<b>474.0</b>

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
<b>Tariffs Invoiced to EVN for the period . . .</b>	<b>149.6</b>	<b>138.4</b>	<b>490.6</b>	<b>407.7</b>	<b>473.8</b>
<i>Of which:</i>					
Capacity Charge . . . . .	73.3	72.5	296.0	292.3	286.7
Energy Charge . . . . .	76.3	65.9	194.9	115.7	187.5
Liquidated damages . . . . .	(0.0)	(0.0)	(0.3)	(0.3)	(0.4)
<i>Adjustments:</i>					
Timing difference <sup>(1)</sup> . . . . .	0.4	0.0	(0.5)	(0.0)	0.2
Other as per ASC 606 <sup>(2)</sup> . . . . .	0.2	0.5	2.4	N/A	N/A
<b>TOTAL . . . . .</b>	<b>150.2</b>	<b>138.9</b>	<b>492.5</b>	<b>407.7</b>	<b>474.0</b>

(1) Invoicing occurs on a monthly basis with the payment date being the 9th day of the second month following the date of invoice. These adjustments reflect the difference between estimated accrued revenue at month end and actual invoiced amounts.

(2) Represents revenue calculated as cost plus margin of 5% based on the accounting treatment under ASC 606.

For more information on the tariff structure applicable to our PPA, see “Description of Project Agreements — Power Purchase Agreement (PPA).”

### ***Capacity, Availability and Heat Rate of our Plant***

The terms of our PPA provide us with both capacity payments and electricity payments. A large portion of our revenue comes from the Capacity Charge, which is set at a level sufficient to cover fixed costs, debt service, taxes and to provide an adequate return to the Sponsors. The Capacity Charge is paid based on our maintaining availability of 1,120 MW. Our availability rates have exceeded the PPA target in every Contract Year since operations commenced, with an average availability of 91.8% during the first three Contract Years, compared to the 89.1% availability requirement specified in the PPA for those Contract Years. We believe that we have achieved this performance because our operations team takes a proactive approach to maintenance, which minimizes unplanned outage. Under the PPA, we are given a certain allowance for outages in each Contract Year so outages do not affect the availability calculation for the Capacity Charge, except that we will be liable to pay liquidated damages to EVN if the sum of forced outages, maintenance outages and scheduled outages exceeds the yearly allowance for outages. We also intend to increase planned maintenance and reduce operating expenses by minimizing the excess availability above the PPA target. See “Business — Operations and Maintenance — Maintenance Schedule.”

The table below sets forth our availability and heat rate for each of the units of the plant for the Contract Years indicated.

	Availability		Heat Rate	
	Contract Target	Actual	Actual	Contract Heat Rate <sup>(5)</sup>
	(%)		(BTU/kWh)	
<b>Plant</b>				
Contract Year 1 <sup>(1)</sup> . . . . .	89.1%	90.8%	9,822	9,775
Contract Year 2 <sup>(2)</sup> . . . . .	89.1%	93.1%	10,026	9,904
Contract Year 3 <sup>(3)</sup> . . . . .	89.1%	91.4%	9,941	9,958
Contract Year 4 <sup>(4)</sup> . . . . .	87.7%	87.8%	9,917	10,126

(1) April 22, 2015, 00:00 to April 21, 2016, 24:00

(2) April 22, 2016, 00:00 to April 21, 2017, 24:00

(3) April 22, 2017, 00:00 to April 21, 2018, 24:00

(4) April 22, 2018, 00:00 to April 21, 2019, 24:00

(5) “Contract Heat Rate” is the heat rate stipulated in the PPA, ranging from 9,405 BTU/kWh in Contract Year 1 to 9,560 BTU/kWh in the later Contract Years, corrected for load, ambient air temperature and cooling water temperature

Heat rate is the measure of efficiency in a power plant represented by the amount of energy input required to generate one unit of electricity output, with a lower heat rate reflecting better efficiency.

The Contract Heat Rates determine the amount of fuel costs to be passed through to EVN. Our actual heat rates in Contract Years 1 and 2 were higher than the later Contract Heat Rates (corrected for load, ambient air temperature and cooling water temperature) due to challenges of optimizing combustion in the boilers and power usage of auxiliary equipment. In the case where our actual heat rates are higher than the Contract Heat Rates (corrected for load, ambient air temperature and cooling water temperature), the additional resulting fuel cost is borne by us.

Our actual heat rates improved in Contract Years 3 and 4 to within the Contract Heat Rates. We are currently undertaking several heat rate enhancement programs to continue to improve the heat rate performance of our Power Facility in order to recover a greater portion of our fuel costs pursuant to the PPA, including condenser descaling, auxiliary load reduction, air heater basket cleaning and the changing of our gas-to-gas heater.

### ***Dispatch***

The Energy Charge component of our tariff, which is earned only when the plant is dispatched, is designed to cover our variable costs and fuel cost and provides for adequate adjustments for ambient conditions and dispatch levels. EVN has full control over our dispatch, which drives our load factor. Being a coal-fired plant, our Power Facility is dispatched as a base load plant.

Under the PPA, when the plant is not dispatched by EVN (for example, if there is a reserve shut down at the request of EVN) or the plant is dispatched at less than the net Dependable Capacity, we are still paid the Capacity Charge component of the tariff and only the Energy Charge component is reduced since the Energy Charge is effectively a pass-through of the fuel cost and other variable costs incurred by actual

operation. However, as we do not generate electricity for internal use during the reserve shut down period, we must purchase electricity for production, which will increase our cost of rendering of services.

### ***Exchange Rate Fluctuations***

The U.S. dollar is our functional and presentation currency. Payments under the PPA are made in VND, using the US\$/VND exchange rate (“Project Exchange Rate”) provided by HSBC Vietnam as converting bank one working day before payment by EVN is made for the portion denominated in US\$. The Project Exchange Rate is determined by reference to relevant exchange rates published by Vietcombank, Vietinbank and BIDV. We use a portion of the VND received to pay amounts owed to Vinacomin for coal and to meet other local expenses. We are entitled to convert the remaining VND into US\$ in accordance with the Foreign Currency Regime, which is guaranteed under the Government Guarantee and Undertaking. The conversion occurs at the Project Exchange Rate that was used to convert the U.S. dollar denominated Tariffs into VND prior to the issuance of each monthly invoice. This has reduced the effect of exchange rate volatility on our results of operations. Portions of our Energy Charges under the PPA are denominated in VND but are pass-through payments for the VND-denominated coal costs and certain other local expenses and thus provide no foreign exchange exposure. As a result, we believe that our ability to convert VND into US\$ under the PPA, as guaranteed under the Government Guarantee and Undertaking, provides a significant effective hedge against most adverse foreign exchange movements between the U.S. dollar and VND.

### ***Our Relationship with EVN***

We have a long term PPA with EVN which will expire in 2040. EVN is our only customer. Thus, our financial results depend on both EVN’s health and financial status and our relationship with EVN. EVN, as the sole, state-owned electric utility in Vietnam, receives political and explicit financial support from the Government. In addition, the Government has irrevocably guaranteed the performance of all payment obligations of EVN under the PPA for 18 years from COD, being April 22, 2033. See “Risk Factors — Risks Relating to our Business — We rely on EVN for substantially all our revenues and other sources of income and cash flows” and “Description of Project Agreements — Government Guarantee and Undertaking.” The general economic environment in Vietnam may also affect EVN’s ability or willingness to purchase power.

### ***Taxation***

In accordance with Amended Law on Corporate Income Tax (“CIT”) dated June 19, 2013, the standard CIT rate is 20% from January 1, 2016 onward. We enjoy different CIT rates for different activities.

The BOT Contract sets out the taxation regime applicable to us, including certain incentives, including that we are exempted from corporate income tax for taxable profit from the production and sale of electricity for the first four profit-making years, after which we will be subject to a 5% corporate income tax rate for the following nine years and a 10% corporate income tax rate thereafter. In addition, we are exempted from certain taxes and duties, including tax on technology transfer and withholding tax on interest payments.

In accordance with Circular No. 78/2014/TT-BTC issued by the Ministry of Finance on June 18, 2014, we are allowed to change our tax incentive period by notice to the relevant tax authority. On November 24, 2015, we sent a notice to Quang Ninh Tax Department to register for our incentive period (tax exemption and tax reduction) commencing from January 1, 2016.

We are obligated to pay CIT at the current rate of 20% on the taxable profit from services other than from the production and sale of electricity.

## **Significant Accounting Policies**

Our financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented. Our significant accounting policies are described in Note 2 — Summary of Significant Accounting Policies to our audited and unaudited interim financial statements included elsewhere in this Offering Memorandum.

### ***Income Taxes***

Our income tax provision requires significant judgment and is based on calculations and assumptions that are subject to examination by the taxing authorities. We are under examination by relevant taxing authorities for various tax years. We regularly assess the potential outcome of these examinations when determining the adequacy of the provision for income taxes. Accounting guidance for uncertainty in income taxes prescribes a more likely than not recognition threshold. Tax reserves have been established, which we believe to be adequate in relation to the potential for additional assessments. Once established, reserves are adjusted only when there is more information available or when an event occurs necessitating a change to the reserves. While we believe that the amounts of the tax estimates are reasonable, it is possible that the ultimate outcome of current or future examinations may be materially different than the reserve amounts.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities, and their respective income tax bases. We establish a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Our tax positions are evaluated under a more likely than not recognition threshold and measurement analysis before they are recognized for financial statement reporting.

Uncertain tax positions have been classified as noncurrent income tax liabilities unless expected to be paid within one year. Our policy for interest and penalties related to income tax exposures is to recognize interest and penalties as a component of the provision for income taxes in the statements of operations.

### ***Service Concession Assets***

Under ASC 853, our contractual arrangements relating to the Project meet the definition of a service concession arrangement, where EVN acts as a public-sector grantor and we act as the operator. We design, finance, construct, own and operate coal-fired power generating facilities and sell to EVN the power generated therefrom on terms and conditions as agreed in the PPA. The infrastructure is used for its entire useful life for the purpose of the service concession arrangement.

The service concession arrangement has two elements — the construction or “build” of the power plant and the “operation” of the power plant following its construction. The “build” element has an embedded financing element. Each element is accounted for separately following the guidance in ASC 605 for periods prior to January 1, 2018, and ASC 606 from January 1, 2018.

Under service concession accounting, service concession arrangements represent the cost of all infrastructure to be transferred to the public-sector grantor at the end of the concession. These costs primarily represent construction progress payments, engineering costs, insurance costs, salaries, interest and other costs directly relating to construction of the service concession infrastructure. Government subsidies, liquidated damages recovered for construction delays and income tax credits are recorded as a reduction to service concession assets. Service concession assets are amortized and recognized in earnings as a cost of goods sold as infrastructure construction revenue is recognized.

Subsequent to the power plant's commercial operation date, all maintenance and repair (including major maintenance) costs are expensed as incurred.

On January 1, 2018, we adopted ASU 2014-09, "Revenue from Contracts with Customers" and its subsequent corresponding updates ("ASC 606"). As construction of our power plant was substantially completed in 2015, most of the revenues and costs associated with the construction were recognized through retained earnings, and the service concession asset was derecognized in the financial statements for the year ended December 31, 2018. See "— Effect on the Financial Statements upon Adoption of ASC 606" above and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

### ***Property, Plant and Equipment***

As we account for the power plant facilities in accordance with the relevant accounting rules for concessions, the power plant facilities are not categorized as property, plant and equipment. Therefore, we do not recognize the depreciation and amortization of the power plant facilities on our financial statements. See "— Service Concession Assets" above. All the depreciation and amortization included in our financial statements are related to non-plant property and equipment, such as vehicles, control systems, heavy equipment and other non-fixed property.

The useful lives of each item of our property and equipment are estimated based on the periods over which such assets are expected to be available for use. Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is charged so as to write off the cost of property, plant and equipment and other tangible assets, using the straight-line method over their estimated useful lives, as follows:

Type of Asset	Estimated Useful Life
Office equipment and others . . . . .	3 — 5 years
Tool and Equipment . . . . .	3 — 10 years
Vehicles. . . . .	6 — 15 years

A change in the estimated useful life of any item of property and equipment would affect the recorded depreciation expense and the carrying values of property and equipment.

### ***Impairment of Property, Plant and Equipment and Service Concession Assets***

Property, plant and equipment used in operations and service concession assets are assessed for impairment whenever changes in facts and circumstances indicate that the carrying amount of an asset may not be recoverable. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value through additional amortization or depreciation provisions and reported as impairments in the periods in which the determination of the impairment is made. Individual assets are grouped for impairment purposes at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. No impairment has been recognized during the three months ended March 31, 2019 or the years ended December 31, 2018, 2017 or 2016.

## ***Fair Value***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly, hypothetical transaction between market participants at the measurement date, or exit price. We apply the fair value measurement accounting guidance to financial assets and liabilities in determining the fair value of investments in marketable debt and equity securities, included in the balance sheet line items: derivative liabilities, included in accrued and other liabilities (current) and other long-term liabilities. We apply the fair value measurement guidance to nonfinancial assets and liabilities upon the acquisition of a business or in conjunction with the measurement of an asset retirement obligation or a potential impairment loss on an asset group or goodwill.

When determining the fair value measurements for assets and liabilities required to be reflected at their fair values, we consider the principal or most advantageous market in which we would transact and consider assumptions that market participants would use when pricing their assets or liabilities, such as inherent risk, transfer restrictions and risk of nonperformance. We are prohibited from including transaction costs and any adjustments for blockage factors in determining fair value.

In determining fair value measurements, we maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities are categorized within a fair value hierarchy based upon the lowest level of input that is significant to the fair value measurement. For information regarding the fair value hierarchy, see Note 2 — Summary of Significant Accounting Policies — Fair Value to our audited financial statements included elsewhere in this Offering Memorandum.

## ***Derivative and Hedging Activities***

Derivatives primarily consist of interest rate swaps. We enter into derivative transactions in order to hedge our exposure to certain market risks. We primarily use derivative instruments to manage our interest rate exposures.

Under the accounting standards for derivatives and hedging, we recognize all contracts that meet the definition of a derivative, except those designated as normal purchase or normal sale at inception, as either assets or liabilities in the balance sheet and measure those instruments at fair value.

We evaluate the PPA and fuel supply agreements to assess if they contain either a derivative or an embedded derivative requiring separate valuation and accounting. Generally, these agreements do not meet the definition of a derivative, often due to the inability to be net settled. On a quarterly basis, we evaluate the markets for commodities to be delivered under these agreements to determine if facts and circumstances have changed such that the agreements could be net settled and meet the definition of a derivative.

We typically designate our derivative instruments as cash flow hedges if they meet the criteria specified in ASC 815, Derivatives and Hedging. We enter into interest rate swap agreements in order to hedge the variability of expected future cash interest payments. We do not use derivative instruments for speculative purposes.

For our hedges, changes in fair value that are considered highly effective are deferred in accumulated other comprehensive loss and are recognized into earnings as the hedged transactions affect earnings. Prior to January 1, 2019, a subsequent quantitative effectiveness test is required and any ineffectiveness is measured and recognized in earnings immediately, but from January 1, 2019, a subsequent quantitative effectiveness test is not required, eliminating the requirement to separately measure and report hedge ineffectiveness. See “— New Accounting Pronouncements” below. If a derivative is no longer highly effective, hedge accounting will be discontinued prospectively. For cash flow hedges of forecast transactions, we estimate the future cash flows of the forecast transactions and evaluate the probability of the occurrence and timing of such transactions.



## ***Lease***

We have leases for office space, vehicles, and other operating equipment. Leases with an initial term of 12 months or less are not recorded in our unaudited interim balance sheets, but are expensed on a straight-line basis over the lease term. Our leases do not contain any material residual value guarantees, restrictive covenants, or subleases.

Right-of-use assets represent our right to use an underlying asset for the lease term while lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized on commencement of the lease based on the present value of lease payments over the lease term. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives that are paid or payable to the lessee at commencement. The lease term includes the option to extend or terminate the lease if it is reasonably certain that we will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable payments excluded from the right-of-use assets and lease liabilities are recognized as incurred.

## ***New Accounting Pronouncements***

On January 1, 2019, we adopted ASC 842 Leases and its subsequent corresponding updates (“ASC 842”). Under this standard, lessees are required to recognize assets and liabilities for most leases on the balance sheet, and recognize expenses in a manner similar to the current accounting method. We applied the modified retrospective method of adoption and elected to continue to apply the guidance under the previous standard (ASC 840) to the comparative periods presented in the year of adoption. The adoption of ASC 842 resulted in a US\$0.2 million increase in our non-current assets and liabilities on our balance sheet as of March 31, 2019.

On January 1, 2019, we adopted Derivatives and Hedging (Topic 815): Targeted improvements Accounting for Activities (“ASC 815”). The standard updates the hedge accounting model to expand the ability to hedge nonfinancial and financial risk components, reduce complexity, and ease certain documentation and assessment requirements. When facts and circumstances are the same as at the previous quantitative test, a subsequent quantitative effectiveness test is not required. The standard also eliminates the requirement to separately measure and report hedge ineffectiveness. For cash flow hedges, this means that the entire change in the fair value of a hedging instrument will be recorded in other comprehensive income and amounts deferred will be reclassified to earnings in the same statement of operation line as the hedged item. The adoption of ASC 815 resulted in a US\$0.2 million increase in our retained earnings and corresponding decrease in accumulated other comprehensive loss as presented in our statement of changes in equity as of March 31, 2019.

See Note 2 — Summary of Significant Accounting Policies to our unaudited interim financial statements included elsewhere in this Offering Memorandum for further information about new accounting pronouncements.

## Results of Operations

The following table shows a breakdown of our results of operations for the periods indicated:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606		ASC 853 and ASC 605		
Revenue . . . . .	89.1	78.5	244.7	278.3	340.2
Cost of rendering of services . . . . .	(85.6)	(78.5)	(255.5)	(255.9)	(311.0)
<b>Operating profit . . . . .</b>	<b>3.5</b>	<b>0.0</b>	<b>(10.8)</b>	<b>22.4</b>	<b>29.2</b>
Finance income . . . . .	45.0	46.7	185.7	129.4	133.8
Finance expenses . . . . .	(20.0)	(20.8)	(84.3)	(87.9)	(89.9)
Other income . . . . .	0.0	0.0	1.8	0.0	0.0
Other expenses . . . . .	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Foreign exchange gain . . . . .	0.3	0.3	1.2	0.7	1.1
<b>Net income before tax . . . . .</b>	<b>28.8</b>	<b>26.2</b>	<b>93.6</b>	<b>64.6</b>	<b>74.2</b>
<b>Income tax benefit/(expense) . . . . .</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.1</b>	<b>(9.3)</b>	<b>7.5</b>
<b>Net income . . . . .</b>	<b>28.7</b>	<b>26.3</b>	<b>93.7</b>	<b>55.3</b>	<b>81.7</b>

The following table shows the impact of the adoption of ASC 606 on our statement of operations for the year ended December 31, 2018 in order to enhance the comparability of certain financial information when comparing the results of operations for 2018 and 2017 in this Offering Memorandum:

## Statement of Operations

	For the year ended December 31, 2018		
	(in US\$ millions)		
	As reported	Amounts without the adoption of ASC 606	Impact of adoption of ASC 606
Revenue . . . . .	244.7	362.6	(117.9)
Cost of rendering of services . . . . .	(255.5)	(352.6)	97.1
Finance income . . . . .	185.7	127.7	58.0
Other income . . . . .	1.8	0.0	1.8
Income tax benefit/(expense) . . . . .	0.1	(0.2)	0.3
Net income . . . . .	93.7	54.4	39.3

## Revenue

Our revenues primarily consist of certain of the tariffs we receive under the PPA with EVN. In accordance with U.S. GAAP in respect of concessions, we recognize a portion of the payments from EVN as build revenue (prior to January 1, 2018) or decrease in loan receivable (from January 1, 2018) and finance revenue as discussed below. We recognize the other components of the PPA tariff as electricity generation and operating and maintenance revenue, which is paid mainly based on the quantity of electricity produced.

For periods prior to January 1, 2018, we accounted for service revenue in accordance with ASC 605, under which no build revenue was recognized prior to COD and instead build revenue was recognized throughout the life of the Project. On January 1, 2018, we adopted ASC 606, under which build revenue is required to be recorded during construction of the Project on a percentage of completion basis. Because construction of the Project was substantially completed in 2015, substantially all build revenue was recognized by COD in 2015.

As of January 1, 2018, the service concession asset and its amortization under ASC 605 were derecognized and have been replaced, under ASC 606, by a loan receivable that is recognized for the future expected payments for the construction performance obligation. As a result, for periods starting from January 1, 2018, our revenue does not include the portion that is recognized in our statement of cash flows as a decrease in loan receivable.

The following table shows the details of our revenue for each of the periods indicated:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606		ASC 853 and ASC 605		
<b>Gross revenue</b> . . . . .	<b>89.1</b>	<b>78.5</b>	<b>245.0</b>	<b>278.6</b>	<b>340.6</b>
In which:					
Electricity generation and operating and maintenance revenue . . . . .	88.9	78.0	242.6	185.4	259.4
Build revenue (ASC 605) . . . . .	N/A	N/A	N/A	93.2	81.2
Build revenue (ASC 606) . . . . .	0.2	0.5	2.4	N/A	N/A
<b>Deductions: Liquidated damages</b> . . . . .	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>Total</b> . . . . .	<b>89.1</b>	<b>78.5</b>	<b>244.7</b>	<b>278.3</b>	<b>340.2</b>

## *Cost of rendering of services*

Our direct costs primarily consist of fuel and fuel related costs, service concession assets amortization (prior to January 1, 2018 under ASC 605) or service concession expense (from January 1, 2018 under ASC 606), salaries, wages and benefits (including fees we pay pursuant to the secondment agreements with affiliates of our Sponsors), management fees, bank, rating agency fees, chemicals and electricity purchased for production. Our fuel and fuel related costs, are primarily those incurred under the CSA. For information on the CSA, see “Description of Project Agreements — Coal Supply Agreement (CSA).” For periods prior to January 1, 2018, our service concession expense represents the amortization of the cost of the Project over the term of the PPA in accordance with ASC 605. Since the adoption of the ASC 606 on January 1, 2018, service concession assets are no longer recognized. See “Significant Accounting Policies — Service Concession Assets.” Management fees consist of the fees we pay pursuant to the technical services agreements with affiliates of our Sponsors described in “Description of Project Agreements — Operations and Maintenance Agreements.”

The following table shows a breakdown of our cost of rendering of services for each of the periods indicated:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606		ASC 853 and ASC 605		
Fuel and fuel related costs . . . . .	75.0	67.8	202.1	118.1	187.2
Salaries, wages and benefits . . . . .	2.9	3.1	11.5	12.6	11.9
Management fees . . . . .	1.4	1.3	5.3	5.2	5.1
Chemicals . . . . .	1.5	1.1	3.6	1.9	3.1
Service concession assets amortization . . . . .	N/A	N/A	N/A	91.8	79.9
Service concession expense . . . . .	0.2	(0.2)	1.6	N/A	N/A
Electricity purchased for production . . . . .	0.0	0.2	1.8	2.7	1.3
Bank, rating agency fees . . . . .	0.2	0.3	0.9	1.1	1.2
Others <sup>(1)</sup> . . . . .	4.4	4.9	28.7	22.5	21.3
<b>Total . . . . .</b>	<b><u>85.6</u></b>	<b><u>78.5</u></b>	<b><u>255.5</u></b>	<b><u>255.9</u></b>	<b><u>311.0</u></b>

(1) Includes costs relating to external services and consultant fees, spares, tools and supplies, operation insurance, other comprehensive income amortization, facility management, equipment and vehicle rental and others.

## *Finance income*

Our finance income primarily consists of finance revenue and interest income. Finance revenue is the financing element resulting from the payments for the construction performance obligation that occur over the 25-year term of the PPA, which is accounted for under the effective interest rate method. Interest income consists of interest income generated from bank account balances.

The following table shows a breakdown of our finance income for each of the periods indicated:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
	ASC 853 and ASC 606		ASC 853 and ASC 605		
Finance revenue . . . . .	44.9	46.7	185.5	129.4	133.8
Interest income . . . . .	0.1	0.0	0.2	0.0	0.0
Others . . . . .	0.0	0.0	0.0	0.0	0.0
<b>Total</b> . . . . .	<b>45.0</b>	<b>46.7</b>	<b>185.7</b>	<b>129.4</b>	<b>133.8</b>

#### Finance expenses

Our finance expenses consist primarily of loan interest and swap interest, ineffective portion of cash flow hedge (prior to January 1, 2019), deferred financing cost and debt discount amortization and guarantee fees (which are the fees we pay to K-ECA Facilities Agent for the account of the KEXIM Covered Facility lenders).

The following table shows a breakdown of our finance expenses for each of the periods indicated:

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in US\$ millions)				
Loan interest and swap interest . . . . .	16.2	16.5	68.8	70.0	72.0
Amortization of deferred financing cost and debt discount . . . . .	2.8	3.0	11.8	12.5	13.0
Guarantee fees . . . . .	1.0	1.1	4.3	4.6	4.9
Ineffective portion of cash flow hedge . . . . .	—	0.2	(0.6)	0.8	—
Others . . . . .	—	—	0.0	0.0	—
<b>Total</b> . . . . .	<b>20.0</b>	<b>20.8</b>	<b>84.3</b>	<b>87.9</b>	<b>89.9</b>

#### Foreign exchange gain

We determined our functional currency to be the U.S. dollar. Any transactions denominated in a foreign currency are re-measured into U.S. dollars using the Project Exchange Rate. Any unrealized or realized gains or losses from transactions denominated in a currency other than the U.S. dollar are included in foreign exchange (loss)/gain, net.

### ***Income tax benefit/(expense)***

Income tax benefit/(expense) includes both current corporate income tax and deferred tax benefit/(expense). Pursuant to the BOT Contract, we are exempted from corporate income tax for the first four profit-making years, after which we will be subject to a 5% corporate income tax rate for the following nine years and a 10% corporate income tax rate thereafter. On November 24, 2015, we sent a notice to the relevant tax authority to register for our incentive period (tax exemption and tax reduction) commencing from January 1, 2016.

### ***Results of operations for the three months ended March 31, 2019 compared to the three months ended March 31, 2018***

Our revenue increased by US\$10.6 million, or 13.5%, to US\$89.1 million in the three months ended March 31, 2019 from US\$78.5 million in the three months ended March 31, 2018, primarily as a result of a US\$10.9 million, or 14.0%, increase in electricity generation and operating maintenance revenue to US\$88.9 million in the three months ended March 31, 2019 from US\$78.0 million in the three months ended March 31, 2018, primarily as a result of higher dispatch as instructed by EVN, partially offset by a US\$0.3 million, or 60.0%, decrease in build revenue to US\$0.2 million in the three months ended March 31, 2019 from US\$0.5 million in the three months ended March 31, 2018, primarily due to the fact that under ASC 606, substantially all build revenue was recognized by COD in 2015 as the Project was substantially completed then. The total amount of tariffs we invoiced to EVN was US\$149.6 million for the three months ended March 31, 2019 as compared to US\$138.4 million for the three months ended March 31, 2018.

Our cost of rendering of services increased by US\$7.1 million, or 9.0%, to US\$85.6 million in the three months ended March 31, 2019 from US\$78.5 million in the three months ended March 31, 2018. Cost of rendering of services increased, primarily due to a US\$7.2 million, or 10.6%, increase in fuel and fuel related costs to US\$75.0 million in the three months ended March 31, 2019 from US\$67.8 million in the three months ended March 31, 2018, primarily as a result of the increase in electricity generation in line with dispatch instructions provided by EVN and offset in part by a US\$0.5 million, or 10.2%, decrease in other costs to US\$4.4 million in the three months ended March 31, 2019 from US\$4.9 million in the three months ended March 31, 2018. Our cost of rendering of services decreased to 96.1% of revenue in the three months ended March 31, 2019 from 100% of revenue in the three months ended March 31, 2018.

As the result of the foregoing, our operating profit increased to US\$3.5 million in the three months ended March 31, 2019 from US\$0 million in the three months ended March 31, 2018.

Our finance income decreased by US\$1.7 million, or 3.6%, to US\$45.0 million in the three months ended March 31, 2019 from US\$46.7 million in the three months ended March 31, 2018, primarily due to a reduction in the loan receivable balance.

Our finance expenses decreased by US\$0.8 million, or 3.8%, to US\$20.0 million in the three months ended March 31, 2019 from US\$20.8 million in the three months ended March 31, 2018, primarily due to a reduction in the loan balance.

We recorded US\$0.3 million of foreign exchange gain in the three months ended March 31, 2019 compared to US\$0.3 million of foreign exchange gain in the three months ended March 31, 2018.

As a result of the foregoing, our net income before tax increased US\$2.6 million, or 9.9% to US\$28.8 million in the three months ended March 31, 2019 from US\$26.2 million in the three months ended March 31, 2018.

We had income tax expense of US\$0.1 million in the three months ended March 31, 2019, while we recognized an income tax benefit of US\$0.1 million in the three months ended March 31, 2018.

As a result of the foregoing, our net income increased US\$2.4 million, or 9.1% to US\$28.7 million in the three months ended March 31, 2019 from US\$26.3 million in the three months ended March 31, 2018.

***Results of operations for the year ended December 31, 2018 compared to the year ended December 31, 2017***

Our revenue was US\$244.7 million in 2018 as compared to US\$278.3 million in 2017. Excluding the effect of our adoption of ASC 606 as of January 1, 2018, our revenue would have been US\$362.6 million in 2018. The US\$84.3 million, or 30.3%, increase in revenue from 2017, excluding the impact of the adoption of ASC 606, was primarily the result of a US\$79.9 million, or 43.1%, increase in electricity generation and operating maintenance revenue to US\$265.3 million in 2018 from US\$185.4 million in 2017, primarily as a result of higher dispatch as instructed by EVN, and a US\$4.4 million, or 4.7%, increase in build revenue to US\$97.6 million in 2018 from US\$93.2 million in 2017, primarily due to more cash available from Capacity Charges to allocate for the construction (build) revenue component after allocating tariff received to electricity generation and operating and maintenance revenue and financing revenue components. The total amount of tariffs we invoiced to EVN was US\$490.6 million for 2018 as compared to US\$407.7 million for 2017.

Our cost of rendering of services was US\$255.5 million in 2018 as compared to US\$255.9 million in 2017. Excluding the effect of our adoption of ASC 606 as of January 1, 2018, our cost of rendering of services would have been US\$352.6 million in 2018. The US\$96.7 million, or 37.8%, increase in cost of rendering of services from 2017, excluding the impact of the adoption of ASC 606, was primarily due to a US\$84.0 million, or 71.1%, increase in fuel and fuel related costs to US\$202.1 million in 2018 from US\$118.1 million in 2017 and a US\$1.7 million, or 89.5%, increase in chemical costs to US\$3.6 million in 2018 from US\$1.9 million in 2017, primarily as a result of increased operations in 2018, a US\$8.8 million, or 39.1%, increase in other costs to US\$31.3 million in 2018 from US\$22.5 million in 2017, primarily as a result of an increase in costs relating to spare parts, tools and supplies and a US\$4.2 million, or 4.6%, increase in service concession costs to US\$96.0 million in 2018 from US\$91.8 million in 2017 primarily as a result of higher build revenue in 2018 and offset in part by a US\$1.1 million, or 8.7%, decrease in salaries, wages and benefits to US\$11.5 million in 2018 from US\$12.6 million in 2017, primarily as a result of cost savings. Excluding the impact of the adoption of ASC 606, our cost of rendering of services increased to 97.3% of revenue in 2018 from 92.0% of revenue in 2017 mainly due to an increase in start-up and secondary fuel costs due to unit trips experienced by our Power Facility in 2018.

As the result of the foregoing, we reported an operating loss of US\$10.8 million in 2018 as compared to an operating profit of US\$22.4 million in 2017. Excluding the effect of our adoption of ASC 606 as of January 1, 2018, our operating profit would have been US\$10.0 million in 2018, a decrease of US\$12.4 million, or 55.4%, from 2017.

Our finance income was US\$185.7 million in 2018 as compared to US\$129.4 million in 2017. Excluding the effect of the adoption of ASC 606 as of January 1, 2018, our finance income would have been US\$127.7 million in 2018. The US\$1.7 million, or 1.3%, decrease in finance income from 2017, excluding the impact of the adoption of ASC 606, was primarily due to a US\$1.7 million, or 1.3% decrease in finance revenue as a result of the amortization of the construction loan used in calculating the finance revenue. Under ASC 605, our total construction costs are treated as a construction loan to EVN and finance revenue is calculated based on the principal amount of this loan, which is reduced by an approximate equal amount each month. We recognized US\$185.5 million of finance revenue in the year ended December 31, 2018.

Our finance expenses decreased by US\$3.6 million, or 4.1%, to US\$84.3 million in 2018 from US\$87.9 million in 2017. The adoption of ASC 606 did not have any impact on our finance expenses. Finance expenses



decreased primarily as a result of a US\$1.5 million, or 2.0% decrease in loan interest, swap interest and guarantee fee to US\$73.1 million in 2018 from US\$74.6 million in 2017 due to lower loan balances, a US\$0.7 million, or 5.6%, decrease in amortization of deferred financing cost and debt discount to US\$11.8 million in 2018 from US\$12.5 million in 2017. A decrease in ineffective portion of cash flow hedge of US\$(0.6) million was recognized in 2018, while an increase in ineffective portion of cash flow hedge of US\$0.8 million was recognized in 2017.

In 2018, we recognized other income of US\$1.8 million in connection with a cash payment we received from Doosan in settlement of unused credit we had to purchase spare parts from Doosan as part of the EPC finalization.

We recognized US\$1.2 million of foreign exchange gain in 2018 as compared to US\$0.7 million in 2017.

As a result of the foregoing, we had net income before tax of US\$93.6 million in 2018 as compared to US\$64.6 million in 2017. Excluding the effect of the adoption of ASC 606 as of January 1, 2018, our net income before tax would have been US\$54.6 million in 2018, a decrease of US\$10.0 million, or 15.5%, from 2017.

We recognized an income tax benefit of US\$0.1 million in 2018 as compared to an income tax expense of US\$9.3 million in 2017. Excluding the effect of the adoption of ASC 606 as of January 1, 2018, we would have had an income tax expense of US\$0.2 million in 2018. The US\$9.1 million, or 97.9%, decrease in income tax expense from 2017, excluding the impact of the adoption of ASC 606, was primarily related to construction costs and interest rate swaps.

As a result of the foregoing, we had net income of US\$93.7 million in 2018 as compared to US\$55.3 million in 2017. Excluding the effect of the adoption of ASC 606 as of January 1, 2018, our net income would have been US\$54.4 million in 2018, a decrease of US\$0.9 million, or 1.6%, from 2017.

***Results of operations for the year ended December 31, 2017 compared to the year ended December 31, 2016***

Our revenue decreased by US\$61.9 million, or 18.2%, to US\$278.3 million in 2017 from US\$340.2 million in 2016, primarily as a result of a US\$74.0 million, or 28.5%, decrease in electricity generation and operating maintenance revenue to US\$185.4 million in 2017 from US\$259.4 million in 2016, primarily as a result of higher reservoir levels in Vietnam leading to hydro power plants being dispatched first and cool weather in North Vietnam leading to lower demand, partially offset by a US\$12.0 million, or 14.8%, increase in build revenue to US\$93.2 million in 2017 from US\$81.2 million in 2016, primarily due to more cash available from Capacity Charges to allocate for the construction (build) revenue component. The total amount of tariffs we invoiced to EVN was US\$407.7 million for 2017 as compared to US\$473.8 million for 2016.

Our cost of goods sold and service rendered decreased by US\$55.1 million, or 17.7%, to US\$255.9 million in 2017 from US\$311.0 million in 2016. Cost of goods sold and service rendered decreased, primarily due to a US\$69.1 million, or 36.9% decrease in fuel and fuel related costs to US\$118.1 million in 2017 from US\$187.2 million in 2016, primarily as a result of the decrease in electricity generation in line with dispatch instruction provided by EVN and offset in part by a US\$11.9 million, or 14.9%, increase in service concession assets amortization to US\$91.8 million in 2017 from US\$79.9 million in 2016 as more construction revenue was recognized and a US\$1.4 million, or 107.7%, increase in electricity purchased for production to US\$2.7 million in 2017 from US\$1.3 million in 2016 due to more reserve shut down as instructed by EVN. A reserve shut down occurs when EVN requests us to not operate even when the Power Facility is available and ready for operation. During the reserve shut down period, we do not generate electricity for internal use and therefore we purchase electricity. Our cost of goods sold and rendering of services increased to 92.0% of revenue in 2017 from 91.4% of revenue in 2016.

As the result of the foregoing, our operating profit decreased by 23.3% to US\$22.4 million in 2017 from US\$29.2 million in 2016.

Our finance income decreased by US\$4.4 million, or 3.3%, to US\$129.4 million in 2017 from US\$133.8 million in 2016, primarily due to a US\$4.4 million, or 3.3% decrease in finance revenue as a result of the amortization of the construction loan used in calculating the finance revenue.

Our finance expenses decreased by US\$2.0 million, or 2.2%, to US\$87.9 million in 2017 from US\$89.9 million in 2016. Finance expenses decreased primarily as a result of a US\$2.3 million, or 3.0%, decrease in loan interest, swap interest and guarantee fee to US\$74.6 million in 2017 from US\$76.9 million in 2016 due to lower loan balances and a US\$0.5 million, or 3.8%, decrease in deferred financing cost and debt discount amortization to US\$12.5 million in 2017 from US\$13.0 million in 2016. In 2017, we recognized US\$0.8 million as ineffective portion of cash flow hedge.

We recorded US\$0.7 million of foreign exchange gain in 2017 compared to US\$1.1 million in 2016.

As a result of the foregoing, our net income before tax decreased US\$9.6 million, or 12.9% to US\$64.6 million in 2017 from US\$74.2 million in 2016.

We had income tax expense of US\$9.3 million in 2017 primarily related to changes in construction costs and interest rate swaps, while we recognized an income tax benefit of US\$7.5 million in 2016 due to additional temporary differences related to construction costs and interest rate swaps.

As a result of the foregoing, our net income decreased US\$26.4 million, or 32.3%, to US\$55.3 million in 2017 from US\$81.7 million in 2016.

## **Liquidity and Capital Resources**

The BOT Company Loans funded 75% of the initial investment required for the construction of our Project, which amounted to US\$1,840.5 million, and the remaining 25% was funded with equity contributions from our shareholders. Since COD in April 2015, we have principally funded all of our operations and ongoing capital expenditures with cash generated by operations. As of March 31, 2019 and December 31, 2018, we had US\$45.4 million and US\$21.1 million of cash (not including restricted cash), respectively. Under the BOT Company Loans, we are required to allocate funds into bank accounts for each of which the use of deposited funds is restricted to specific purposes — namely, disbursement accounts for the construction of our Project, debt service reserve accounts, major maintenance accounts and tax payment accounts. As of March 31, 2019 and December 31, 2018, 2017 and 2016, we had restricted cash of US\$152.0 million, US\$112.8 million, US\$108.5 million and US\$117.3 million, respectively. For more information on restricted cash, see Note 4 — Cash and Restricted Cash to our audited financial statements as of and for the year ended December 31, 2018 and Note 3 — Cash and Restricted Cash to our audited financial statements as of and for the year ended December 31, 2017 included elsewhere in this Offering Memorandum. Following the offering of the Notes and purchase of the BOT Company Loans by the Issuer, the restricted cash in our debt service reserve account is expected to be released.

Since COD, our primary source of liquidity has been cash flow from operating activities. Our main uses of funds have been to pay for working capital requirements and to pay for maintenance and capital expenditures in connection with ordinary operations. Our working capital requirements include the purchase of coal fuel, repair and maintenance costs, management fees, general and administrative expenses and payments of interest and principal on the BOT Company Loans. We evaluate our capital requirements regularly in light of the cash flow from operations and market conditions. To the extent that we do not generate sufficient cash flow from operations and depending on market conditions, we may have to rely on other financing activities and obtain additional debt or equity financing.

Under the terms of the PPAs, we invoice EVN on a monthly basis with payment date being the 9th day of the second month following the date of invoice (i.e., a credit term of approximately 39 days). EVN has consistently met its payment obligations under the PPA.

We believe that, based on our current business plan, our cash on hand (including restricted cash) and our cash generated by operations will be adequate to meet all of our capital expenditure requirements related to ongoing maintenance and environmental improvements and liquidity needs in the near term.

### *Cash Flow*

The following table summarizes our cash flow for the periods presented.

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016 <sup>(1)</sup>
	(unaudited)				
	(in US\$ millions)				
Net cash provided by operating activities . . .	63.9	57.9	166.9	163.7	144.7
Net cash (used in)/provided by investing activities . . . . .	(0.1)	(0.1)	(0.4)	(1.5)	30.9
Net cash used in financing activities . . . . .	(0.3)	—	(164.0)	(167.2)	(159.5)

(1) On January 1, 2018, we adopted Topic 230, under which amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The impact of the adoption of this standard on our financial statements is that for the year ended December 31, 2017, cash provided by investing activities decreased by US\$8.8 million but cash provided by operating activities and cash used in financing activities were unchanged. The comparative financial statements for 2017 appearing in our audited financial statements for 2018 included elsewhere in this Offering Memorandum has been restated to reflect the adoption of Topic 230. However, our financial statements for 2016 have not been so restated. Accordingly, our statements of cash flow for 2018 and 2017 are not comparable to our statements of cash flow for 2016. See “Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum.”

### *Cash Flow Provided By Operating Activities*

For the three months ended March 31, 2019, our net cash provided by operating activities was US\$63.9 million, due primarily to cash receipts from EVN under the PPA, of which US\$16.2 million was reflected as a decrease in loan receivable following the adoption of ASC 606 on January 1, 2018.

For the three months ended March 31, 2018, our net cash provided by operating activities was US\$57.9 million, due primarily to cash receipts from EVN under the PPA, of which US\$13.7 million was reflected as a decrease in loan receivable following the adoption of ASC 606 on January 1, 2018.

For 2018, our net cash provided by operating activities was US\$166.9 million, due primarily to cash receipts from EVN under the PPA, of which US\$62.3 million was reflected as a decrease in loan receivable following the adoption of ASC 606 on January 1, 2018.

For 2017, our net cash provided by operating activities was US\$163.7 million, due primarily to cash receipts from EVN under the PPA.

For 2016, our net cash provided by operating activities was US\$144.7 million, due primarily to cash receipts from EVN under the PPA.

For these periods, our primary uses of cash flow from operations were the payments to our fuel suppliers, salaries, wages and benefits and management fees.

#### *Net Cash Flows from Investing Activities*

For the three months ended March 31, 2019 and 2018, our net cash used in investing activities was US\$0.1 million, primarily due to the acquisition of property, plant and equipment for the purchase of non-power plant equipment and acquisition of other intangible assets, such as software and licenses.

For 2018, our net cash used in investing activities was US\$0.4 million, primarily due to US\$0.3 million spent on the acquisition of property, plant and equipment for the purchase of non-power plant equipment and US\$0.1 million spent on the acquisition of other intangible assets, such as software and licenses.

For 2017, our net cash used in investing activities was US\$1.5 million, primarily due to US\$1.0 million spent on the acquisition of property, plant and equipment for the purchase of non-power plant equipment and US\$0.5 million spent on the acquisition of other intangible assets, such as software and licenses.

For 2016, our net cash provided by investing activities was US\$30.9 million, primarily due to a US\$30.9 million decrease in debt service reserves and a US\$0.8 million decrease in restricted cash. This was offset in part by US\$0.3 million spent on the acquisition of property, plant and equipment for the purchase of non-power plant equipment and US\$0.5 million spent on the acquisition of other intangible assets, such as software and licenses. This does not take into account the impact of the adoption of Topic 230 as we did not restate the financial statements for 2016 to reflect the adoption of Topic 230.

#### *Net Cash Flows from Financing Activities*

Our cash used in financing activities was US\$0.3 million in the three months ended March 31, 2019, due to payments for deferred financing costs. We did not use or receive any cash flow from financing activities in the three months ended March 31, 2018.

Our cash used in financing activities was US\$164.0 million in 2018, due to repayments of debt under the BOT Company Loans of US\$83.7 million, payments for deferred financing costs of US\$1.2 million in connection with refinancing-related costs and payments of US\$79.1 million of dividends.

Our cash used in financing activities was US\$167.2 million in 2017, due to repayments of debt under the BOT Company Loans of US\$76.6 million and payments of US\$90.6 million of dividends.

Our cash used in financing activities was US\$159.5 million in 2016, due to repayments of debt under the BOT Company Loans of US\$77.6 million and payments of US\$81.9 million of dividends.

As of March 31, 2019, December 31, 2018, 2017 and 2016, we had US\$1,126.3 million, US\$1,126.3 million, US\$1,210.0 million and US\$1,286.6 million in principal amount of indebtedness outstanding under the BOT Company Loans. See “Description of the BOT Company Loans and Certain Other Indebtedness — BOT Company Loans.”

## ***Distribution Policy***

Our net income for the three months ended March 31, 2019 and 2018 and for the years ended December 31, 2018, 2017 and 2016 was US\$28.7 million, US\$26.3 million, US\$93.7 million, US\$55.3 million and US\$81.7 million, respectively, which allowed us to make distributions of available cash to our shareholders to the extent permitted under applicable law. We paid dividends of US\$79.1 million, US\$90.6 million and US\$81.9 million in 2018, 2017 and 2016, respectively. We did not pay any dividends in the three months ended March 31, 2019. We paid a dividend of US\$51.8 million on May 21, 2019.

Our distribution policy is to distribute all available cash to our shareholders, subject to our financing agreements (including the BOT Company Loans). Pursuant to the foreign currency regime and the permissible payments thereunder contained in the Project Agreements, we are entitled to make quarterly and annual profit distributions to our shareholders, and are not limited to only annual profit distribution as ordinarily applicable to Vietnamese companies. See “Description of Project Agreements — Government Guarantee and Undertaking — Foreign Currency Regime.”

## ***Capital Expenditure and Maintenance Expenditure***

We treat the Project as a concession under ASC 853. As a result, the power plant facilities are treated as a financial asset and not as property and equipment. Under concession accounting rules, the capital expenditures recognized on our financial statements are in relation only to our non-power plant assets. Other expenses that would otherwise be considered as capital expenditures related to the power plant assets (when not using concession accounting rules) are typically classified by us as maintenance expenditures. These maintenance expenditures include, for example, the costs related to our periodic maintenance programs and capital expenditures related to the power plant assets.

The table below sets forth our capital expenditures for the periods listed.

	For the three months ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(in US\$ millions)				
Capital expenditures <sup>(1)</sup>	0.1	0.0	0.5	1.4	1.0

(1) Consists of newly-acquired items capitalized under Property, Plant and Equipment and Other Intangible Assets for the respective periods.

## ***Contractual Obligations and Commitments***

The following table sets forth information regarding our contractual obligations and commitments, including our debt obligations, as of March 31, 2019:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 years
	(US\$ in millions)				
Technical Service Agreements	114.8	5.4	10.9	10.9	87.6
Ash Pond 2 — Phase 2	39.9	—	—	18.8	21.1
Debt obligations <sup>(1)</sup>	1,126.3	90.9	187.6	222.1	625.7
<b>Total</b>	<b>1,281.0</b>	<b>96.3</b>	<b>198.5</b>	<b>251.8</b>	<b>734.4</b>

(1) Consist of the principal amount of outstanding BOT Company Loans.

## **Off-Balance Sheet Arrangements**

As of March 31, 2019, we did not have any off-balance sheet arrangements or contingent liabilities.

## **Quantitative and Qualitative Disclosures about Market Risks**

Our market risk is related principally to fluctuations in interest rates, changes in foreign exchange rates, counterparty credit risk and liquidity risk. The following discussion, which includes forward-looking statements that involve risks and uncertainties, summarizes our exposure to these risks and policies to address these risks. We have implemented risk management methods to mitigate and control these and other market risks to which we are exposed. In addition, the Project Agreements have several features that protect us against a significant portion of our foreign exchange, commodity price and counterparty credit risk. However, it may be difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on our financial performance and business operations. For a further discussion of our market risks, see Note 23 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

### ***Interest Rate Risk Management***

We utilize variable rate debt financing for construction projects and operations, resulting in an exposure to interest rate risk. We entered into interest rate swap agreements to manage interest rate risk by effectively fixing or limiting the interest rate exposure on the BOT Company Loans. These interest rate contracts range in maturity through 2026, and are typically designated as cash flow hedges. Interest on indebtedness outstanding under the BOT Company Loans is based on LIBOR. As of March 31, 2019, US\$1,126.3 million of indebtedness was outstanding under the BOT Company Loans and we had interest rate derivative instruments, with a weighted average remaining term of approximately 8.5 years, with a notional amount of US\$837.0 million.

### ***Foreign Currency Risk Management***

The VND is currently not a freely convertible currency. The State Bank of Vietnam controls the conversion of VND into foreign currencies. The value of the US\$ is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the Vietnam foreign exchange trading system market. Our exposure to the effect of foreign currency exchange rate fluctuations is limited under the Project Agreements. While under the PPA we are paid in VND, the Government Guarantee and Undertaking sets out a comprehensive currency regime detailing the mechanism for the conversion of our VND revenues received under the PPA. A portion of the VND revenues we receive under the PPA is used to pay amounts owed to Vinacomin for coal and to meet our other local expenses. We are entitled to convert monthly the remaining VND into US\$ at the same exchange rate used to convert the US\$ portions of the tariff into VND prior to the issuance of each monthly invoice. As a result, we believe that we are significantly protected from fluctuations between the VND and US\$. See “Description of Project Agreements — Government Guarantee and Undertaking — Foreign Currency Regime.”

### ***Commodity Risk Management***

Our exposure to fuel price change is minimal because of the pass-through of fuel costs based on the Contract Heat Rate under the PPA. The monthly purchased coal and secondary fuel costs, in VND/BTU and VND/kg, are used to calculate our Energy Charge. Therefore, we believe that our exposure to coal price changes is minimized. See “Description of Project Agreements — Power Purchase Agreement (PPA) — Payments and Fees.”

### ***Credit Risk Management***

Our credit risk is the risk that a counterparty will default on its contractual obligations resulting in a loss to us. Our credit risk is primarily attributed to our cash in banks, trade accounts receivable, financial assets from concession projects and other accounts receivable. We place our bank balances with creditworthy financial institutions. Trade accounts receivable are solely with EVN and so our credit risk is also concentrated in our receivables from EVN. EVN has a credit rating of BB by Fitch. The performance of all payment obligations and financial commitments of EVN is guaranteed by the Government for 18 years from COD (i.e., until April 2033). Vietnam's sovereign foreign currency long-term debt is rated "Ba3" by Moody's, "BB" by S&P and "BB" by Fitch.

We believe that the credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents our exposure to credit risk.

### ***Business and economic risk***

Our operations may be adversely affected by significant political, economic and social uncertainties in Vietnam. Although the Vietnam government has been pursuing economic reform policies for many years, no assurance can be given that the Vietnam government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting Vietnam's political, economic and social conditions. There is also no guarantee that the Vietnamese government's pursuit of economic reforms will be consistent or effective.



## INDUSTRY

*The following industry and market data has been prepared by and obtained from Intelligent Energy Systems Pty Ltd (“IES”) and publications and estimates by governmental entities and state-owned enterprises in Vietnam, including MOIT, EVN and Vinacomin. Such data has not been independently verified and neither the Issuer, the BOT Company nor the Joint Bookrunners and Joint Lead Managers makes any representation as to the accuracy or completeness of such data or any assumptions relied upon thereon.*

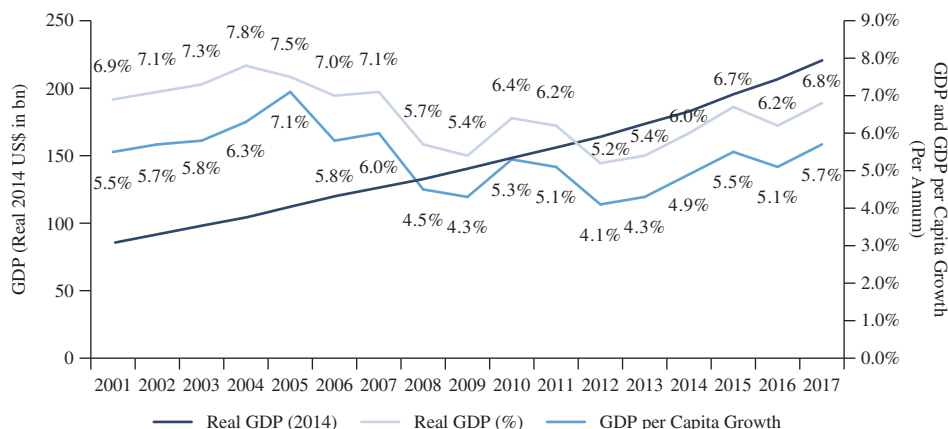
*Forecasts and assumptions included in this report are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including, without limitation, the actions of governments, individuals, third parties and competitors. Prospective investors should not place undue reliance on such statements, or on the ability of any third party, to accurately predict future industry trends and performance.*

Vietnam is a one-party state ruled by the Communist Party of Vietnam. The highest decision-making body in the country is the fourteen-member Politburo elected from the Party’s Central Committee. Executive power is exercised by the government headed by the Prime Minister, and the President of Vietnam, while legislative power is vested in the National Assembly of Vietnam. In October 2018, the CPV’s general secretary, Nguyen Phu Trong, was elected to the presidency. Mr. Trong is the first leader since Ho Chi Minh to occupy both posts. The two other key positions of power are held by the prime minister, Nguyen Xuan Phuc, and the chairwoman of the National Assembly, Nguyen Thi Kim Ngan.

### Economy

With GDP averaging 5.4% per year over the past ten years (2008-17), Vietnam has one of the highest economic growth rates in the ASEAN region. Economic reforms have focused on growth-oriented policies to develop a competitive export-driven industry. According to Asian Development Bank data, Vietnam’s export industry has generally grown over the last 10 years with goods and services accounting for more than 70% of the country’s GDP. Major exports include crude oil, marine products, rice, coffee, rubber, tea, garments and shoes, while key import commodities include machinery and equipment, petroleum products, fertilizer, steel products, raw cotton, grain, cement and motorcycles.

**Figure 1: Vietnam GDP in Real 2010 US\$ in Billions and % Annual Growth (2001-2017)**

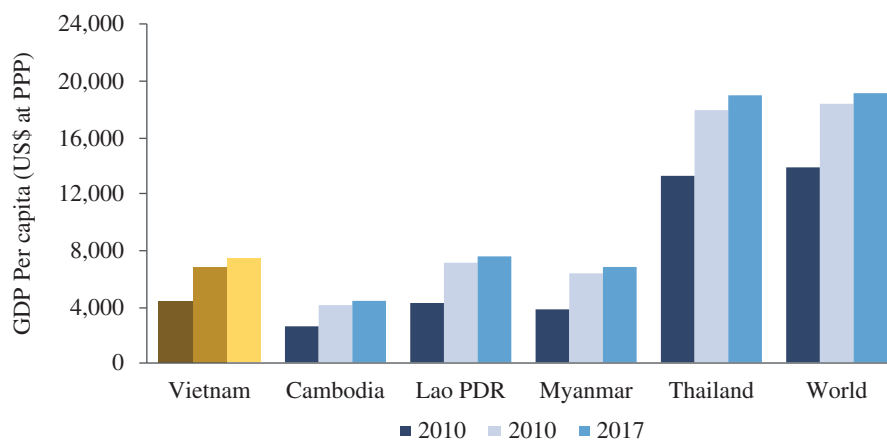


Source: International Monetary Fund (“IMF”).

**Table 1: Vietnam GDP Composition for Selected Years**

	2000	2005	2010	2017
Agriculture . . . . .	23.3%	21.6%	18.4%	14.8%
Mining . . . . .	6.7%	13.4%	9.5%	6.6%
Manufacturing . . . . .	18.8%	15.7%	12.9%	17.4%
Electricity Gas and Water . . . . .	2.0%	3.0%	3.0%	3.0%
Construction . . . . .	7.5%	5.8%	6.1%	6.3%
Trade . . . . .	16.3%	15.5%	11.6%	13.3%
Transport and Communications . . . . .	3.0%	3.0%	3.0%	3.0%
Finance . . . . .	2.1%	4.9%	5.4%	5.7%
Public Administration . . . . .	10.2%	6.9%	8.1%	10.0%
Others . . . . .	10.1%	10.2%	22.0%	19.9%

Source: Asian Development Bank (“ADB”) 2018.

**Figure 2: Vietnam per Capita GDP for Selected Countries and World Overall for Selected Years**

Source: World Bank.

Despite the impact of a weaker global outlook, Vietnam remains one of the fastest-growing economies in the ASEAN region and is expected to be one of the main Asian beneficiaries of the disruption to global supply chains caused by the US-China trade war. The country had already enjoyed a strong reputation as a low-cost alternative to China for export-orientated manufacturing. The trade war is expected to accelerate the already evident trend of production shifting to Vietnam, driving faster growth both in investment by multinationals and in exports. In particular, gross fixed investment may be further boosted by government-funded construction of the new infrastructure that will be needed to support the surge in exports, and domestic demand growth in Vietnam is likely to remain robust in the next few years, helped by rapid wage growth, a jobs boom in the tourism sector and constructive government policies to encourage private-sector investment.

Vietnam is experiencing a period of continued economic liberalization, anchored by several international trade deals. The implementation of the ASEAN Economic Community and several ASEAN-led bilateral deals, as well as the free-trade agreements (“FTAs”) that Vietnam has signed with South Korea and the EU, will take

place in 2019-2023 and beyond. In addition, Vietnam is among the 11 countries that will benefit from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which came into effect on December 30th, 2018.

Vietnam's economic liberalization is also likely to include the continued "equitization" (part-privatization) of state-owned enterprises ("SOEs"). The success of some recent initial public offerings ("IPOs"), in addition to new initiatives such as Decree 126, which has eased restrictions on strategic investors who want to buy at least 10% of a firm, and the Committee for Management of State Capital ("CMSC"), underline the government's greater resolve on this matter. The CMSC should help the government to consolidate control over assets in firms managed by different ministries, where vested interests have often contributed to delays in equitization plans. CMSC's establishment is a key step differentiating state management function of government agencies and business operation of enterprises. According to Prime Minister Nguyen Xuan Phuc's speech at the launch ceremony of CMSC on September 30, 2018, CMSC will take over the role of state capital representative at 19 leading SOEs, which manage capital of approximately VND1,000 trillion (equivalent to US\$43 billion) in total and assets of over VND2,300 trillion (equivalent to US\$99 billion) in total. Those 19 SOEs in subject play an essential role in Vietnam's economy. Key tasks of CMSC included management of state capital; financial supervision and efficiency evaluation, appraisal of projects and investment activities, risk management and regulation for state representatives at SOEs.

The government stated in October 2018 that it was planning to remove the 49% foreign shareholding cap on public companies. Under the proposal, foreign investors could take a majority stake. However, restrictions will still apply to industries deemed important to national security, such as petroleum extraction and air transport, giving the government a veto over management decisions. The prime minister, Mr. Phuc, reiterated the government's commitment to privatization in a speech on January 1st 2019. The 2016-20 five-year plan aims to reduce the number of SOEs from 583 in 2016 to 103.

## **Overview of the Electricity Supply Industry in Vietnam**

### ***Industry Evolution, Governance Structure and Key Players***

Before 1995, Vietnam's power sector was government-owned, with the Ministry of Energy managing three regional power companies, each responsible for generation, transmission, and distribution within its own territory. The first stage of reform began in 1995 when these were merged into a single monopoly power company, the Electricity of Vietnam ("EVN"), separating state management from state-owned production and operations. Regulation was still managed by the Ministry of Energy, which was merged into the Ministry of Industry.

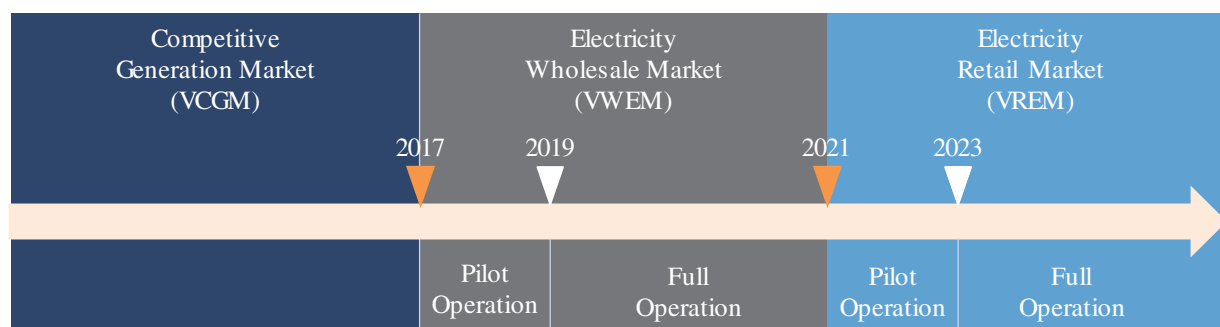
In 2000, the government started to look beyond EVN to provide continued and adequate electricity services, hence IPPs were allowed to enter the generation sector. In 2003, the government began partly restructuring EVN, selecting several generation and distribution assets for equitization. In 2004, EVN proposed an equitization strategy for generation wherein it would retain 100% ownership and control of the three large Strategic Multipurpose Hydropower Plants ("SMHPs"). There are a small number of privately held or foreign-owned power plants on build-operate-transfer ("BOT") arrangements.

Vietnam's electricity industry has been undergoing significant restructuring since 2005 with the approval of the first Electricity Law. The law sets out a path for slowly transitioning Vietnam's electricity industry to one that has wholesale and retail competition for electricity. This requires unbundling the power sector by breaking up EVN's monopoly, commencing with competitive generation market with a single buyer for power, and subsequently establishing a competitive wholesale market, before finally introducing a competitive retail market. The law also directs electricity tariff reforms to gradually raise prices to levels that can attract private generation investment. The law also provides for phasing out the state subsidies to the sector and improving demand-side efficiency. The law mandates the Ministry of Industry (now the Ministry of Industry and Trade or "MOIT") to govern the sector and for the sector regulator to be under the MOIT.

## Electricity Market Reform Roadmap

Figure 3 below illustrates the Roadmap for implementation of the competitive power market as set out in PM's Decision No. 63-2013-QD-TTg in 2013 (replacing Decision No. 26-2006-QD-TTg). It is a 20-year implementation plan for gradually transforming Vietnam's electricity industry into one that allows for competitive wholesale and retail electricity markets.

**Figure 3: Electricity Industry Reform Roadmap (2015)**



Source: ERAV.

Each stage commences with a pilot period, with a number of constraints defined, which is subsequently followed by a “full operation” period. Note that technically the VWEM started as a non-commercially binding “Paper Market” in 2016 (which is mainly focused on training participants). The Pilot VWEM with actual financial settlement officially commenced in 2016 and continued through 2018, after which point VWEM fully came into effect

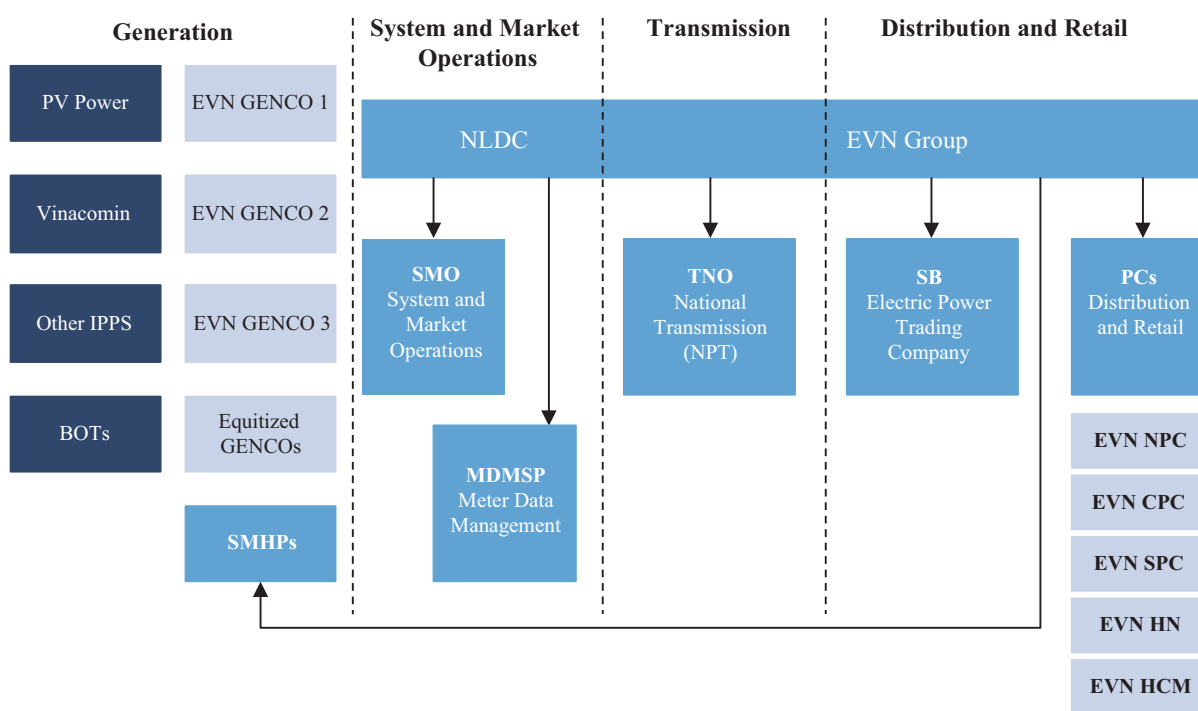
- **Phase 1 (2005-16).** Concerned with establishing the Vietnam Competitive Generation Market (“VCGM”), which involves:
  - Establishing the rules and procedures for the VCGM (a single-buyer electricity market);
  - A single buyer, EPTC, purchasing all power from the generators through PPA and from a spot market, and providing power to the PCs on the basis of the bulk supply tariff (“BST”);
  - Unbundling and restructuring EVN, including the formation of a number of power generation companies, known as “GENCOs” to hold electricity generating assets;
  - Equitizing some of EVN’s power stations;
  - Implementing the systems and infrastructure necessary to support the operation of an electricity market; and
  - Gradually increasing the number of generators participating directly under the rules of the VCGM.
- **Phase 2 (2017-21, the current phase).** Concerned with establishing the Wholesale Electricity Market (“VWEM”), involving:
  - Retailers (namely “Power Corporations” or “PCs”) purchasing power from generators via bilateral contracts and from the spot market;

- Generators selling electricity to PCs, and eligible large customers via bilateral contracts and to the spot market;
  - Large customers satisfying specific conditions purchasing power from generators or PCs under bilateral contracts or directly from the spot market;
  - Establishing new trading entities to purchase and/or sell electricity.
- **Phase 3 (2022-25). Vietnam Retail Electricity Market (“VREM”)**, which is concerned with transitioning the industry towards full retail contestability, where retail customers will be allowed to select their desired supplier.

Restructuring Vietnam’s electricity sector started with EVN becoming a holding company in 2006. EVN and its subsidiaries have since played a dominant role in the electricity industry. EVN’s activities cover most aspects in Vietnam’s electricity sector: generation, transmission, the role of the single wholesale buyer, distribution, and retailing being managed by five PCs. As of 2017, EVN held a significant share of capacity ownership at approximately 65% of the installed generating capacity in Vietnam, directly and indirectly.

Nowadays, EVN still dominates Vietnam’s electricity industry. Equitization of EVN GENCOs is ongoing, but it is unlikely that this would materially diminish EVN’s market power in the near future. GENCO 3 was selected by as the first EVN GENCO to be equitized, however, its IPO concluded in February 2018 with only 3% of its total equity sold to investors out of the nearly 13% stake that was offered for sale. Moreover, though competition has been gradually introduced into generation sector, complemented by the participation of the state-owned PV Power, state-owned Vinacomin and a number of foreign-owned IPPs, EVN is the sole owner and operator of the transmission system and the majority owner and operator of the distribution networks.

**Figure 4: Structure of Vietnam’s Electricity Industry under the VCGM6**

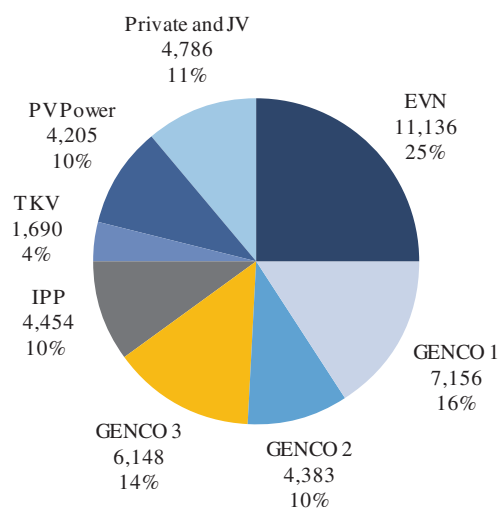


Since December 2014, EVN's generation assets have been structured in the following way:

- Direct ownership of SMHPs;
- EVN GENCO 1, which includes the Uong Bi Thermal Power in the North, and will manage the large hydropower plants including: Dai Ninh, Ban Ve, Song Tranh, and Dong Nai, and also shares of EVN in thermal projects such as Quang Ninh Thermal Power Plant and Duyen Hai Thermal Power Plant;
- EVN GENCO 2, which includes the Can Tho thermal power plant, hydro power plants e.g. Quang Tri and An Khe KaNak, and the thermal power plants Hai Phong, Pha Lai and a number of other management boards; and
- EVN GENCO 3, which is centered around the gas fired Phu My Thermal Power Co., hydro power plant and coal fired thermal plants of Vinh Tan, Ba Ria and Ninh Binh.

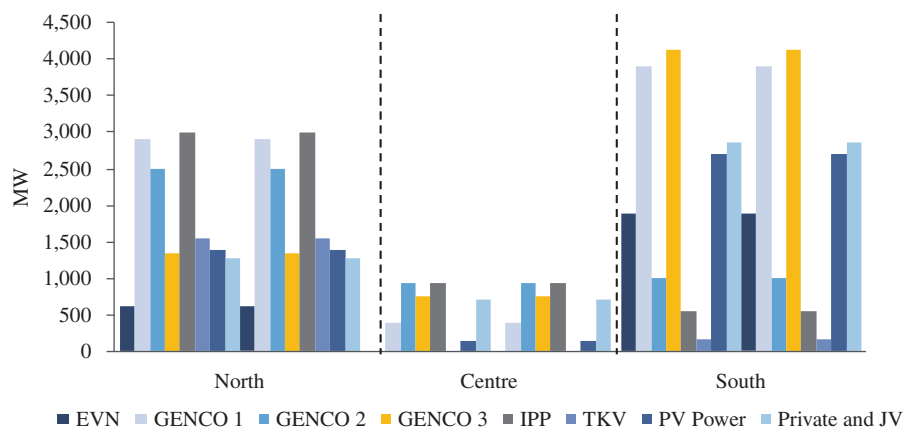
As of the end of 2017, the total installed generation in Vietnam was approximately 44 GW. EVN owns approximately 65% of the total installed generating capacity, either directly (25%) or through its three GENCOs (40%). The other main groups of owners of generation capacity are the state-owned PV Power (10%), Vinacomin ("TKV Power") (4%) and foreign BOT projects and Joint Stock Companies (21% combined). Vietnam is also dependent on power imports from China and imports power from a hydro project in Laos (Xekaman 3).

**Figure 5: Generation Capacity by Ownership (MW as of December 2017)**



Source: IES Report.

**Figure 6: Capacity by Main Categories of Generation and Region (MW as of December 2017)**

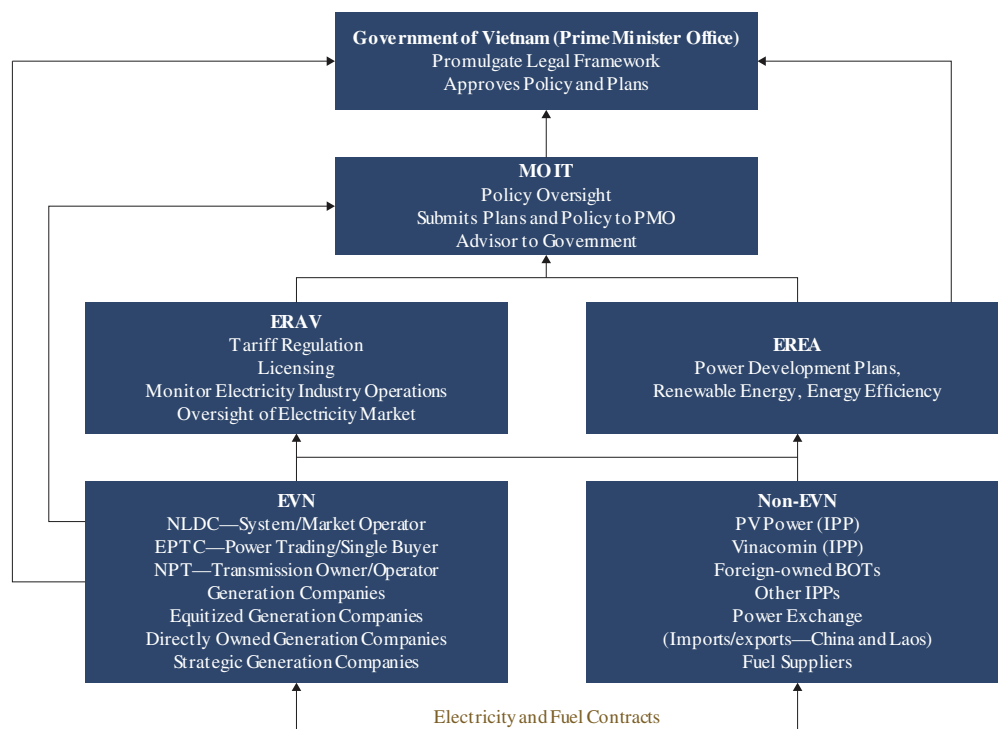


Source: IES Report.

### Current Regulators and Ministries in Vietnam

The current governance structure of Vietnam’s electricity industry is illustrated in Figure 7 below. The key governmental organizations in Vietnam’s power sector are the MOIT, the Electricity and Renewable Energy Authority (“EREA”), Electricity Regulatory Authority of Vietnam (“ERAV”), and EVN. Other major electricity producers also include Vietnam National Oil and Gas Group, PetroVietnam (“PVN”) and Vietnam National Coal and Mineral Industry Group (“Vinacomin”).

**Figure 7: Governance Structure for Vietnam’s Electricity Industry**

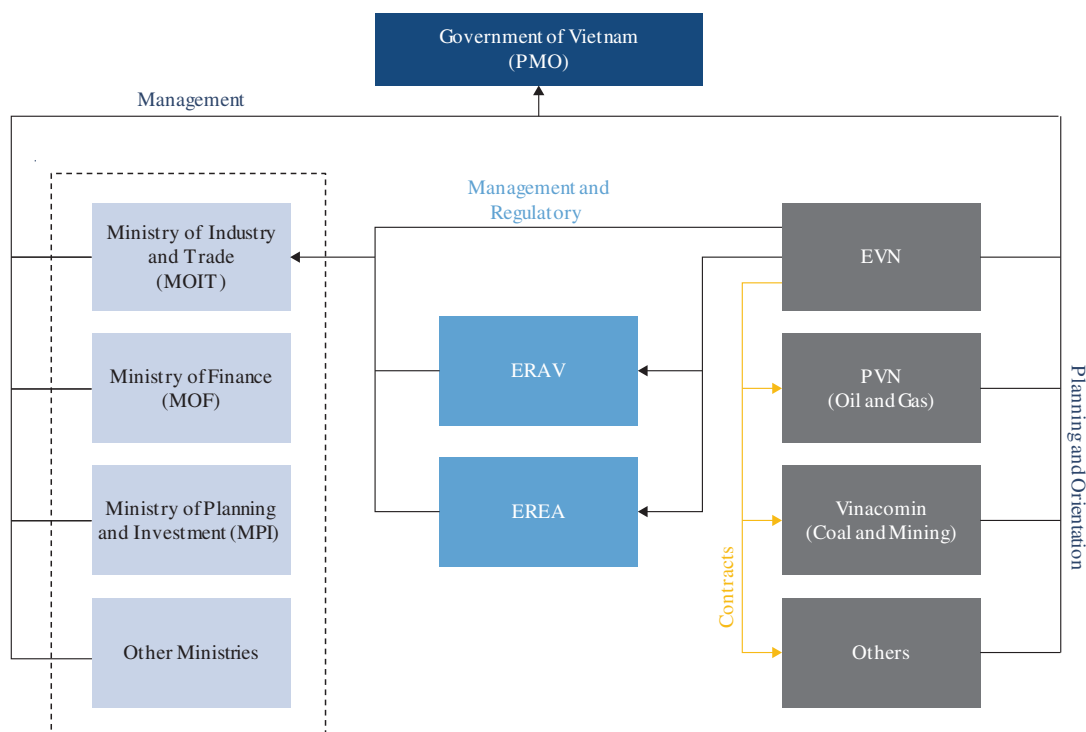


Sources: ERAV/MOIT.

Note: Black arrows’ direction refers to direct reporting lines.



**Figure 8: Governance Structure for Illustrate Ministries**



Sources: ERAV/MOIT.

Note: Black arrows' direction refers to direct reporting lines.

### ***Tariff structure***

Electricity tariff setting has historically been, and to a lesser extent continues to be, a politically sensitive activity, with the involvement of the Prime Minister's Office ("PMO"). Major electricity tariff reforms were undertaken in 2009, and policies enacted in 2010, which have the intent of:

- unbundling rates;
- introducing a transparent and consistent price setting methodology;
- allowing tariffs to be more cost-reflective; and
- having the longer-term goal of gradually removing cross-subsidies.

Electricity tariffs have increased over time with greater increases in residential tariffs compared to other customer classes.

In terms of fuel cost subsidies affecting the electricity price, domestic coal has been subsidized in the past for electricity but this has slowly been phased out. Gas prices for the older offshore fields are lower than for the newer fields (PM3) such as Ca Mau, which is indexed to the market price of high sulfur fuel oil. In the power market, the retail uniform tariffs have some cross-subsidies and prices are not truly cost reflective for some customer categories.

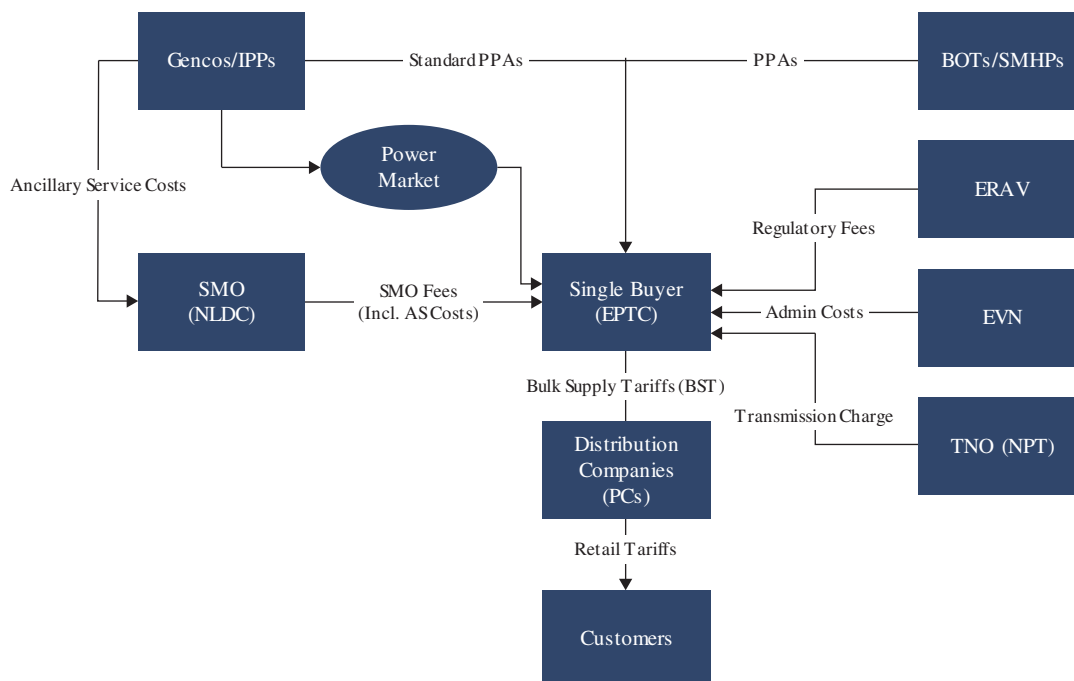
Electricity tariffs for customer classes are identical for all PCs in the country and are regulated. Prior to 2011 each tariff adjustment went through a rigid review process starting from EVN's submitted proposal, to the assessment and recommendation by MOIT and the Ministry of Finance ("MOF") before being considered by the PM for approval. This was a time-consuming process, taking up as much as four to five months to complete and so it generally only took place once a year. The process tended to introduce a time-lag in the tariff adjustments, so tariffs were unable to keep pace with the costs of supply.

To address this issue, the Government has introduced more market-based price policy and regulations. In April 2011, the PMO issued the decision on the Market-based Adjustment of Electricity Retail Tariff which introduced some flexibility to the price setting procedures. This legislation was further amended and replaced with PM's Decision No. 69/2013/QD-TTg in November 2013, and even more recently with PMO's Decision No. 24/2017/QD-TTg dated 30 June 2017. The key contents of the new, market-based tariff regulation are as follows:

- The average electricity retail price must be set within the retail price band set by the PMO.
- With such band, mechanisms for calculating and adjusting the average electricity retail price are as follows:
  - It is calculated annually based on the planned costs and rated profit margins for generation, transmission, distribution — retail, power system and electricity market operations and auxiliary services, and EVN management costs;
  - It can be adjusted during the year when there are changes in basic input parameters: fuel prices, foreign exchange rates, generation mix and electricity market spot prices; and
  - The minimum period between two consecutive adjustments is six months (effectively allowing a maximum of two adjustments per year)
- If changes to the basic input parameters result in a reduction in the updated average electricity retail price compared with the current average electricity retail price, and it is within the retail price band, then EVN must reduce the average electricity retail price accordingly and report the new tariffs to MOIT and MOF.
- If changes to the basic input parameters results in an increase in the updated basic average electricity retail price of 3% to less than 5% compared with the current average electricity retail price, and it is within the retail price band, then EVN is allowed to raise the average electricity retail price accordingly and reports the new tariffs to MOIT and MOF.
- If changes to the basic input parameters result in an increase in the updated basic average electricity retail price of 5% to less than 10% compared with the current average electricity retail price, and it is within the retail price band, then EVN is allowed to raise the average electricity retail price accordingly after having reported to and obtained the consent from MOIT. The time for MOIT to review and endorse EVN's tariff change proposal is 15 working days.
- If changes to the basic input parameters result in an increase in the updated basic average electricity retail price of 10% or more compared with the current average electricity retail price, or it is outside the retail price band, then EVN submits the new tariff proposal to MOIT and MOF for appraisal and subsequent reporting to the PM for direction.

- EVN calculates and submits to MOIT for approval the annual average electricity retail price and updated average electricity prices according to the MOIT specified methodology and must report to MOIT and MOF the audited detailed costs of power generation and supply. MOIT in collaboration with MOF is required to verify these costs and has the right to change or revoke any price increase implemented by EVN.

**Figure 9: Cost Build-up of Retail Tariffs**



The initial market-based tariff adjustment mechanism resulted in tariff adjustments every six months for the period December 2011 to December 2013, compared to only annual adjustments in the prior period. During 2014-2017, tariff adjustments were much less frequent, with the single increase approved in March 2015, setting the average electricity price at 1,622.01 VND/kWh. This was because the PM's Decision No. 69/2013/QD-TTg imposed a more conservative condition for tariff amendments, which required an increase of 7% or more in the calculated average price to warrant a change.

However, under the Decision No. 24/2017/QD-TTg, EVN has achieved greater flexibility as to when it can propose and/or implement a price change caused by movements in the basic input parameters. There were two price increases following this decision: the first increase was approved by MOIT in December 2017 for a 6.08% rise to the average retail price, bringing it to 1,720.65 VND/kWh (7.6 US¢/kWh), and the last adjustment was made in March 2019 for an 8.36% increase with the targeted average price set at 1,864.44 VND/kWh (8 US¢/kWh).

Table 2 compares Vietnam's electricity retail price with peer countries in the Asia Pacific region for 2018.

Information on historical tariff rates is provided in the following table:

**Table 2: Electricity Retail Prices in Asia Pacific Countries (US\$/kWh)**

Average Tariff	Japan	Australia	Philippines	Singapore	Thailand	Korea	Indonesia	China	Vietnam	Malaysia
2018 (Price in US\$/kWh)	0.27	0.25	0.19	0.16	0.12	0.11	0.10	0.08	0.07	0.06

Source: IES report.

**Figure 10: Components of Electricity Tariffs for 2013-2017 (Average across all Customer Classes)**



Source: MOIT.

## Electricity Demand

Vietnam has seen a steady growth in electricity demand in recent years, which has outpaced GDP growth. Over the past 10 years, national energy demand has had a compound annual growth rate (CAGR) of 11.1% and for peak demand, a CAGR of 10.6%. The electricity demand growth is largely driven by Vietnam's continuous industrial growth, residential energy use, level of transportation mechanization, and export-oriented economy.

Other factors contributing to the growth of power demand in Vietnam include increasing per capita income and urbanization of the Vietnam population. Increasing per-capita income leading to improving standards of Vietnamese have generally resulted in higher per capita consumption of electricity through greater use of air conditioners and electrical household appliances. Increased urbanization has also reduced the average number of persons per dwelling, leading to a larger number of electricity-consuming households.

**Table 3: Peak Demand and Energy Production (2014-2018)**

	2014	2015	2016	2017	2018
Energy Production, TWh . . . . .	144	160.4	180.8	196.2	212.9
Peak Demand, MW . . . . .	23,055	26,664	29,303	31,788	35,595
Reserve Margin . . . . .	49%	45%	38%	35%	35%

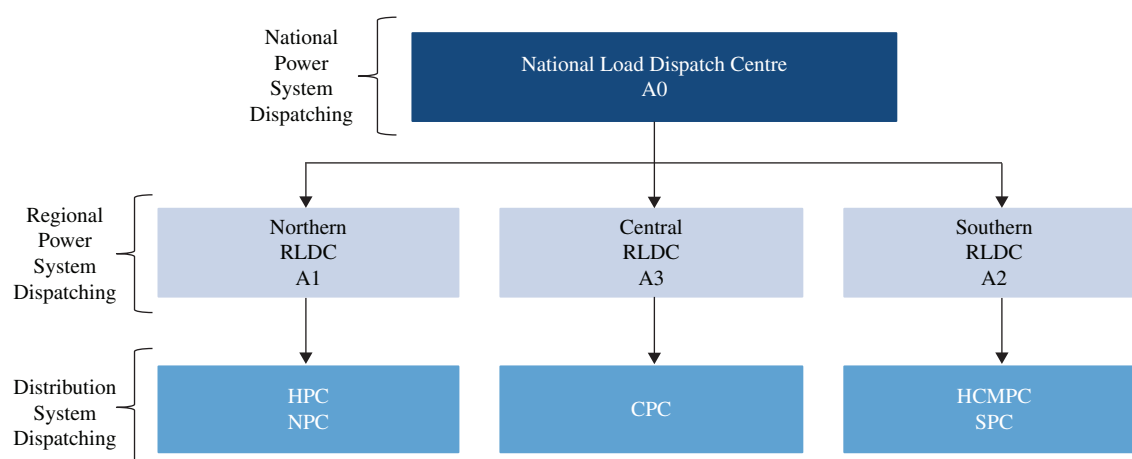
Source: IES Report.

### Current Transmission System

The 500 KV backbone line interconnects the three regions: North, Center and South. Between the North and Center regions the system normal 500kV power flow limits are about 1,900 MW; between Center and South, it is about 3,400 MW. These “inter-regional” limits are hit quite often. During the wet season, the north becomes “long” on generation, relative to the South, but transmission limits between Center and South are reached.

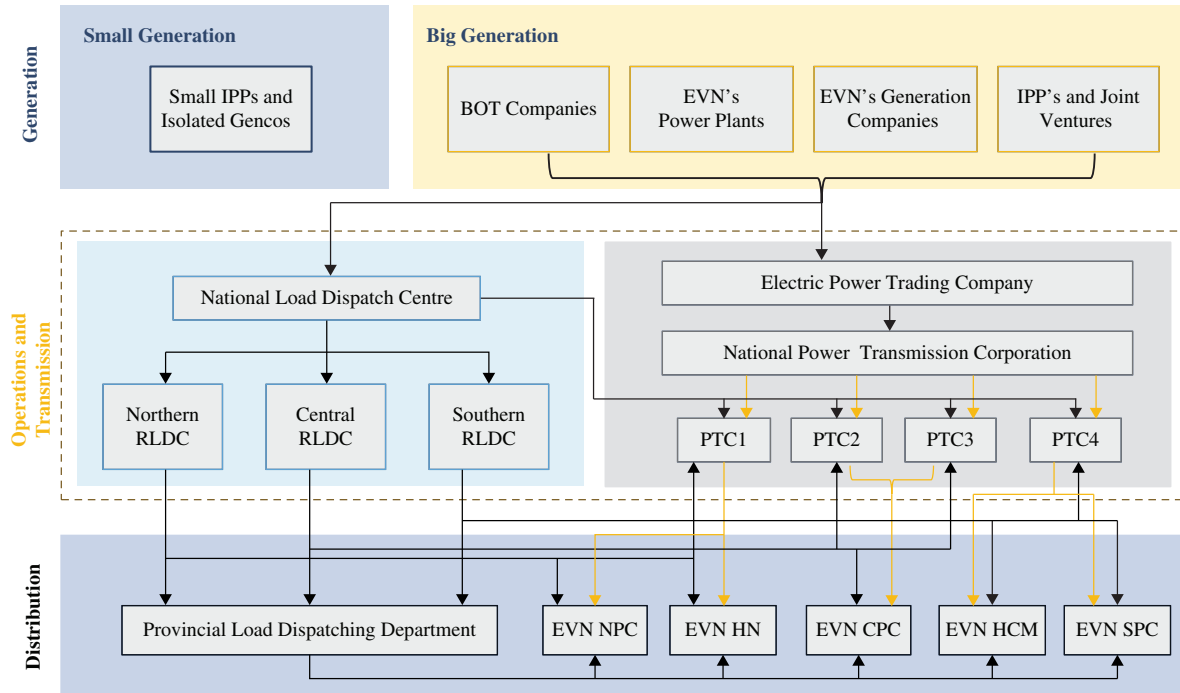
Within both the North and South regions, there are “intra-regional” constraints. Intra-regional constraints limit power flows from areas with a lot of generation to the load center. For example, in the North, the main demand centers are Hanoi and Hai Phong, while generation lies in the North-East (coal, mainly around Quang Ninh) and North-West (aligned with the river systems). A similar situation arises in the South.

Note that under the present VCGM, run-of-river hydro power plants are centrally dispatched as “must-run” generators where the expected production levels are submitted to NLDC on a day ahead basis. There has been no information published by NLDC or other parties on network constraints affecting dispatch of hydro plants with avoided cost tariff.

**Figure 11: Structure of Dispatch Centers in Vietnam**

Source: EVNNPT presentation.

**Figure 12: Structure of Power System Operations in Vietnam**

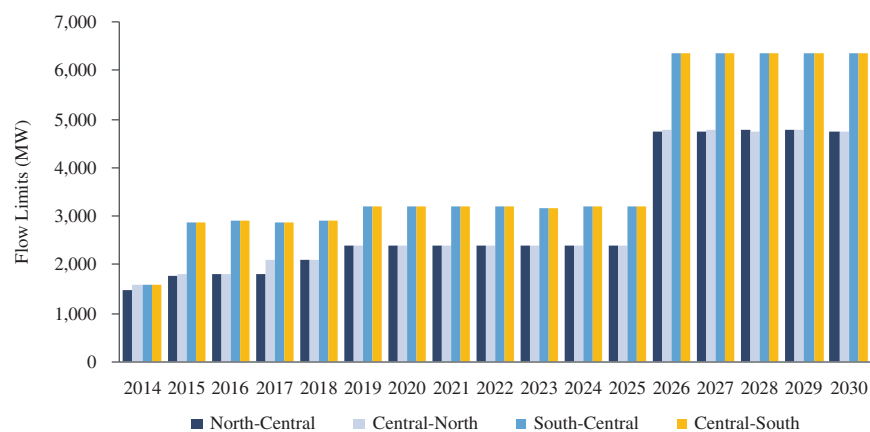


Source: Based on NPT Presentation.

### Major Development Plan for Transmission System

Figure 13 below shows the transmission limits between the 3 Vietnam regions based on planned transmission upgrades to Vietnam's 500 kV transmission systems in the Revised Power Development Plan No. 7 ("PDP7").

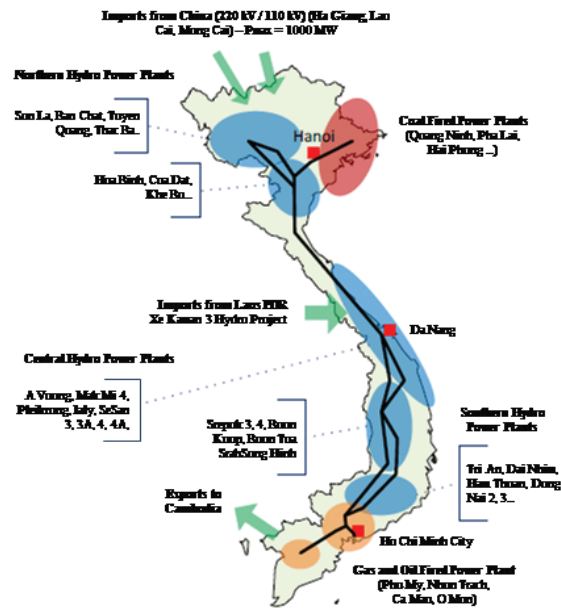
**Figure 13: Inter-Regional Transmission Limits**



Source: PDP7 and IES Report.

Figure 14 below shows the locations of major power generation projects in Vietnam, while Figure 15 shows the historical demand-supply comparison by region. At present, electricity demand is being adequately met nationwide without systematic load shedding. Regionally, the South region was experiencing capacity shortages and receiving electricity from the Center and the North during peak load periods and during outages of main generation sources. In IES' view, this status will be relieved with the commissioning of thermal plants and additional committed plant over the next few years.

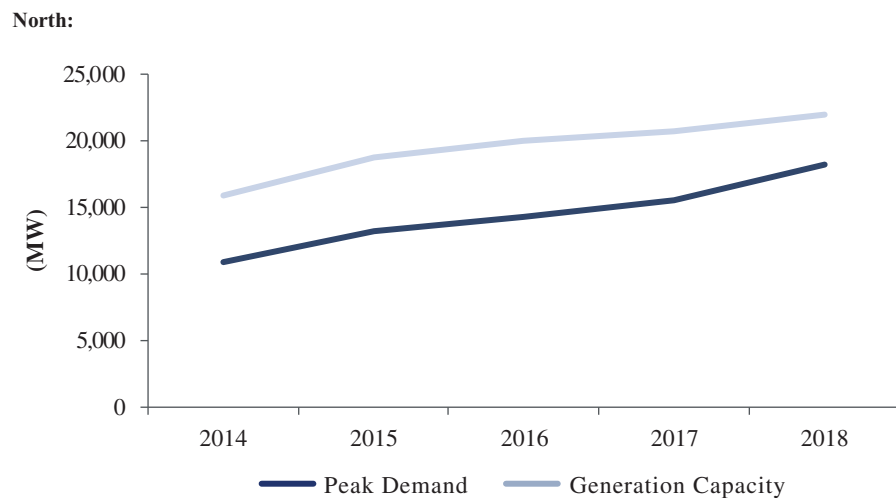
**Figure 14: Illustrative Diagram on Main Groups of Generation**



Source: "Vietnam Electricity and Power Development of Vietnam", EVN Presentation.

**Figure 15: Regional Peak Demand vs. Generation Capacity**

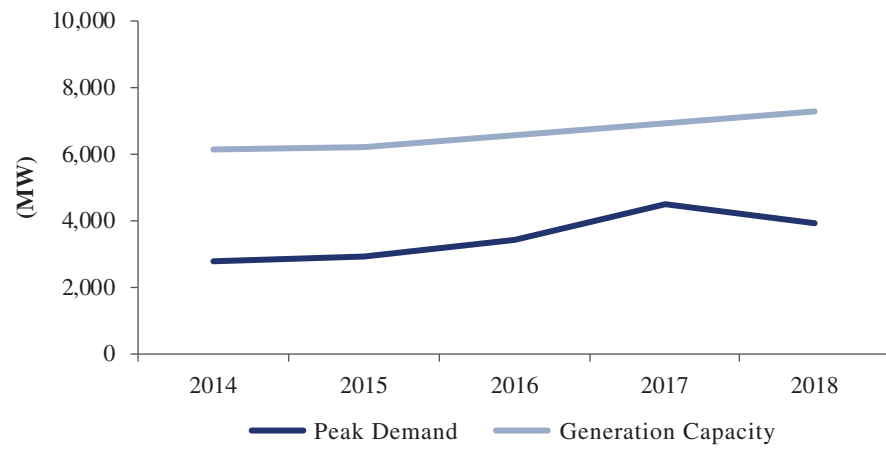
**North:**





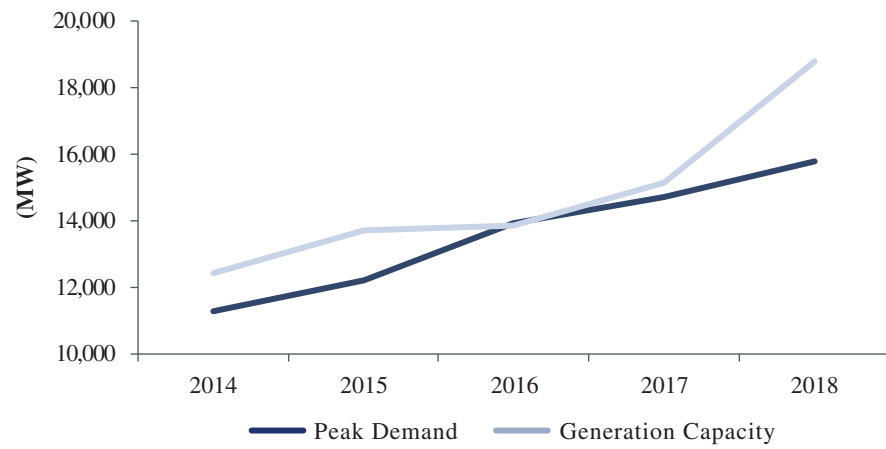
## Center:

Centre:



## South:

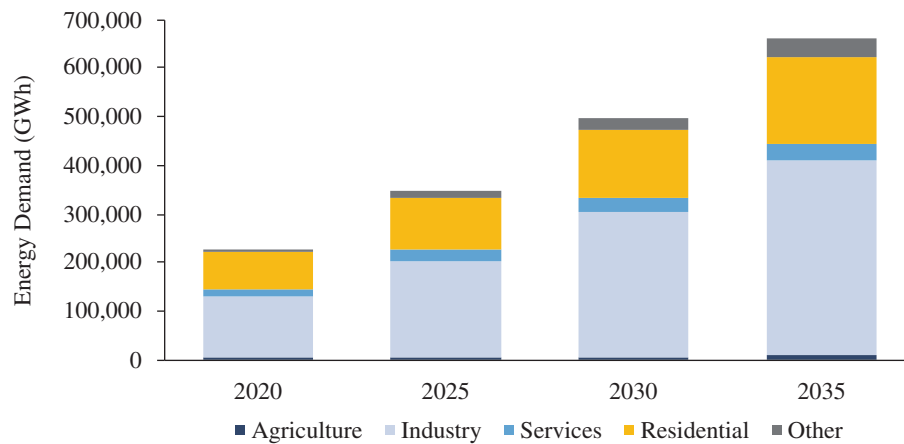
South:



Source: IES report.

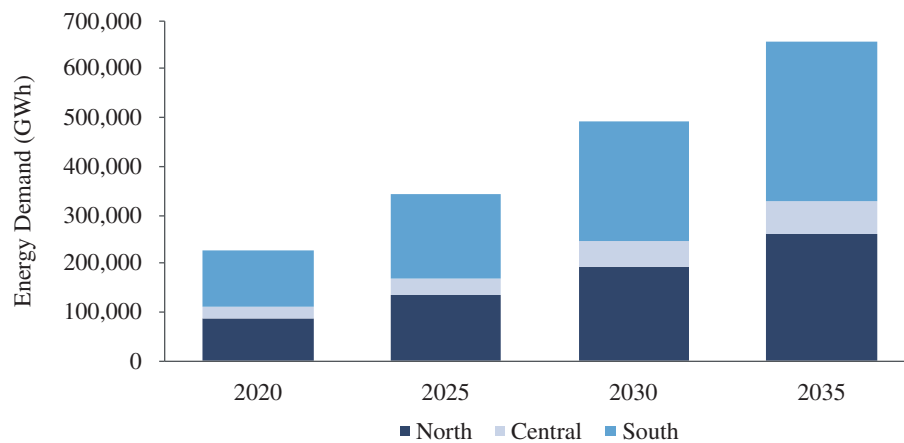
MOIT's demand forecast by sector and region is provided in Figure 16 and Figure 17 below. MOIT expects industry to account for a greater share of electricity demand over time increasing from 54% in 2015 to 61% in 2035, while residential consumption drops from 35% to 27% by 2035. By 2030, MOIT forecasts demand to increase to 496 TWh or the equivalent of 8.7% CAGR from 2015-2030. On a region basis, IES forecasts the North and South will comprise 40% and 50% of total demand, respectively.

**Figure 16: Forecast Electricity Demand by Sector**



Source: Vietnam Energy Outlook Report 2017.

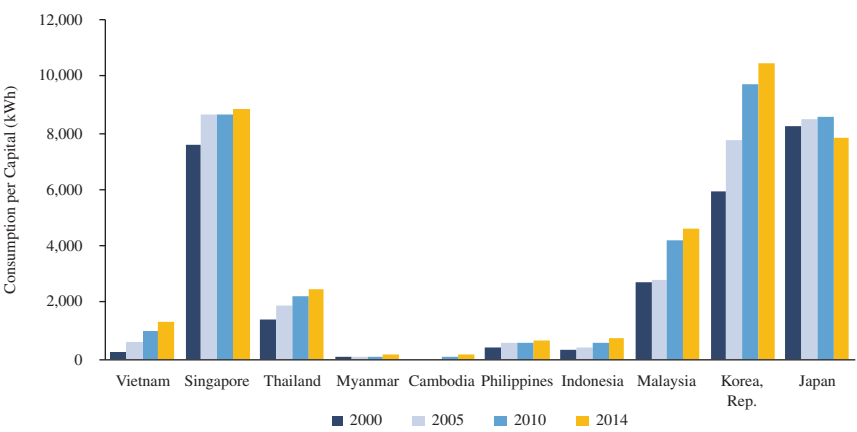
**Figure 17: Forecast Electricity Demand by Region**



Source: IES Report.

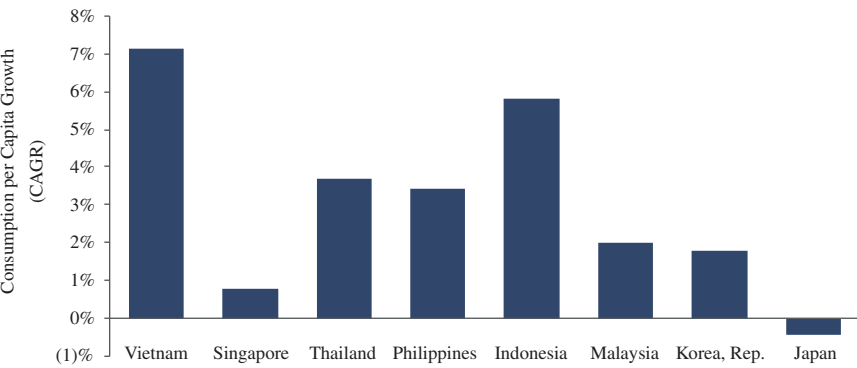
Figure 18 plots snapshots of annual consumption per capita across Vietnam and other Asian countries for the years indicated. Figure 19 summarizes the annual compound growth rate from 2010 to 2014. As of 2014, Vietnam had per capita consumption well below that of other developed Asian nations. On a growth basis, Vietnam ranks ahead of its Asian peers including Thailand, Philippines, Singapore and Indonesia. According to IES’ view, Vietnam’s per capita consumption growth is expected to continue to outpace larger Asian GDP countries like Thailand with further industrialization driving significant energy demand growth.

**Figure 18: Consumption per Capita (Asian Countries)**



Source: World Bank.

**Figure 19: Growth Rate of Consumption per Capita (Asian Countries, 2010-2014)**



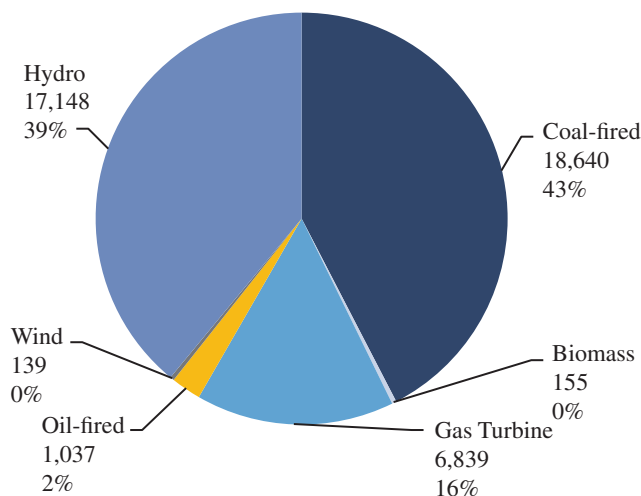
Source: World Bank.

## Electricity Supply

### Generation Breakdown and Forecast

Vietnam has a large range of domestic primary energy sources such as crude oil, coal, natural gas and hydro power, which have played an important role in ensuring energy security for economic development in the past two decades. The latest composition of capacity is shown in Figure 20.

**Figure 20: Generation Capacity by Generation Type (MW as of December 2017)**



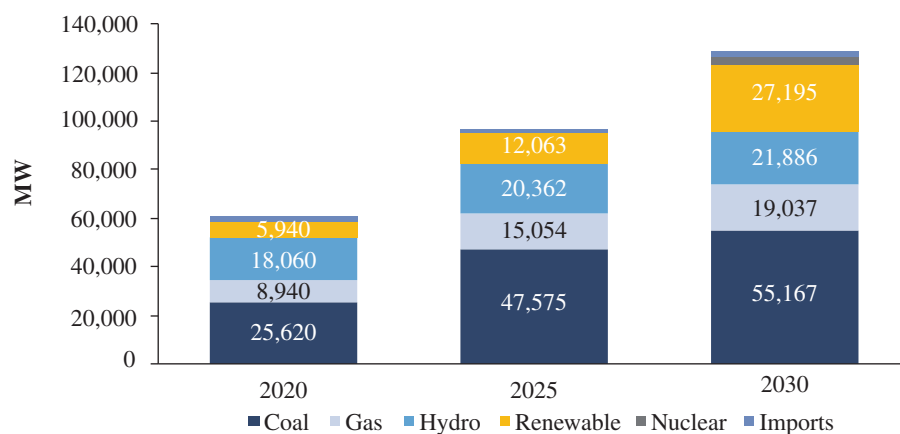
Source: NLDC 2018.

With the increasing energy demand and recent fluctuations in energy import and export, Vietnam has become a net energy importer since 2015. Power imports from China commenced in 2004 via two 110 kV lines and later two 220 kV lines. The combined maximum capacity of these interconnections is 1,000 MW. Certain loads in the North at one time can be either switched in one direction to draw power from the Chinese grid or switched back in the opposite direction to draw power from the Vietnamese grid. The annual imported amount is around 3.6 TWh per year on average (during 2010-2016) but has been generally declining. Based on the latest PDP7 for Vietnam's power sector, promulgated on 18 March 2016, power imports are planned to decline and in the longer-term Vietnam is set to prioritize grid integration with neighboring Lao PDR and Cambodia.

Figure 21 and Figure 22 respectively show the fuel mix of installed capacity and electricity generation expected for 2020, 2025 and 2030 based on the PDP7. According to this plan, the power sector would continue to heavily depend on coal, which was forecast to be responsible for over 55% of total electricity generation in 2025. Thereafter, the share of coal generation was expected to decrease as a result of increasing renewable capacity and the commencement of nuclear power generation. The proportion of hydro power would also be decreasing in the meantime.

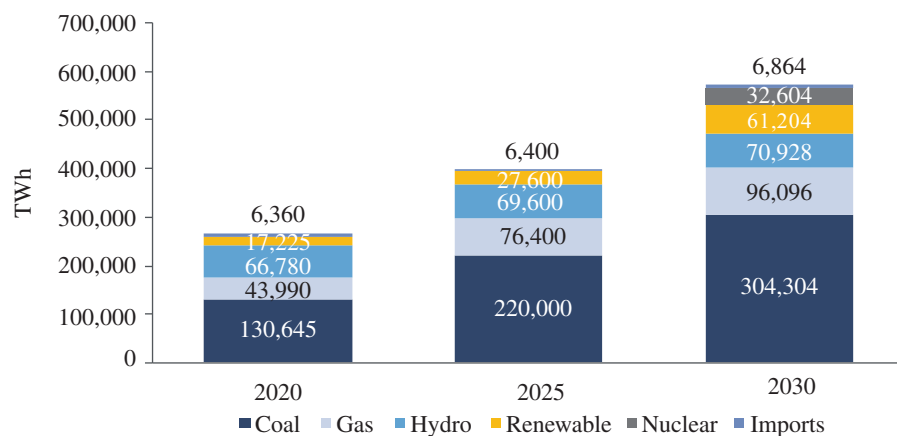
In November 2016, the National Assembly voted to abandon plans to build nuclear power plants, citing rising costs as the main concern. Since then there has been no official update to the PDP7, in particular the generation system technology mix, but it has been reported that the forgone nuclear capacity would be compensated by new thermal generations including mainly coal fired, gas fired and renewable energy sources. According to IES, coal-fired generation as a percentage of total power generation is expected to remain as high as 53.2% by 2030.

**Figure 21: PDP7 Installed Capacity Mix by Fuel Type (MW)**



Source: IES Report.

**Figure 22: PDP7 Generation Fuel Mix in TWh**



Source: IES Report.

### ***Renewable Energy Development Plan***

The generation-specific targets was first announced as part of Prime Minister Decision No. 2068/QD-TTg on November 25, 2015, but the renewable energy targets were significantly reduced following the Revised PDP 7, which was approved by the Prime Minister in Decision No. 428/QD-TTg on 18 March 2016. The latest targets are summarized in Table 4 below.

**Table 4: Renewable Energy Targets according to the Revised PDP 7 (Decision No. 428/QD-TTg)**

Year	Biomass		Wind		Solar	
	Capacity	Share in Total Production	Capacity, MW	Share in Total Production	Capacity, MW	Share in Total Production
2020 . . . . .	—	1.0%	800	0.8%	850	0.5%
2025 . . . . .	—	1.2%	2,000	1.0%	4,000	1.6%
2030 . . . . .	—	2.1%	6,000	2.1%	12,000	3.3%

## BUSINESS

### Overview

We operate and hold a 25-year concession to Mong Duong 2, a 1,120 MW aggregate net capacity coal-fired power plant located in the Quang Ninh province of Vietnam. The plant is located 220 km east of the capital Hanoi at a site selected for its proximity to Vinacomin coal mines, easy connection to the national power transmission grid, good transportation infrastructure and access to cooling water. The Project is the first BOT coal-fired power plant using pulverized coal fired boiler technology in Vietnam and also represents the country's largest private sector power project to date. The plant's two identical coal-fired power units, each with a net capacity of 560 MW, have been fully operational since March and April 2015, respectively, and were completed ahead of schedule and within budget.

The Project was developed and is operated pursuant to Vietnam's build-operate-transfer, or BOT, framework, under which a foreign investor builds a power generation project, operates it for a certain period of time to gain profits, and then transfers it to the Vietnamese government. We have entered into the BOT Contract with MOIT, a power purchase agreement with EVN, a coal supply agreement with Vinacomin and ancillary contracts such as land lease and water supply agreements. We also benefit from a Government Guarantee and Undertaking from the Government of Vietnam. The BOT Contract has a term of 25 years from completion of development, or "COD", which occurred on April 22, 2015. At the end of the 25-year term we are required to transfer the Project to MOIT without compensation. See "Description of Project Agreements" and "Regulation."

We are jointly owned by AES, which indirectly owns a 51% ownership interest in us, POSCO, which indirectly owns a 30% ownership interest in us, and CIC, which indirectly owns a 19% ownership interest in us, each as of March 31, 2019. Through our Sponsors, we benefit from a long track record of project development and operation of power projects, commitment to Vietnam and overall experience in emerging markets, access to a rich talent base of employees and technical, operational and maintenance support.

We sell all the electric power that we generate to EVN and we are paid the Capacity Charge based on availability guarantee (regardless of actual net generation) and the Energy Charge and Supplemental Charge based on actual net generation and other incurred charges, respectively. Our PPA with EVN provides a stable source of recurring cash flow and allows us to pass through the majority of our variable costs. For the three months ended March 31, 2019 and 2018 and for the year ended December 31, 2018, our total generation under the PPA was 2,141 GWh, 2,002 GWh and 5,918 GWh, respectively, reflecting a net capacity factor of 89%, 83% and 60% for such periods. During the same periods, our net income totaled US\$28.7 million, US\$26.3 million and US\$93.7 million, respectively, our Adjusted EBITDA totaled US\$65.2 million, US\$60.9 million and US\$240.8 million, respectively, and our CFADS totaled US\$68.1 million, US\$62.1 million and US\$234.9 million, respectively. In this Offering Memorandum, results for reporting periods beginning January 1, 2018 are presented under ASC 606, while prior reporting periods were not adjusted and continue to be presented in accordance with the previous revenue recognition standard. See "Notice to Investors — Presentation of Financial and Market Information — ASC 853 Service Concession Arrangements and Adoption of New Revenue Recognition Standard on January 1, 2018," "Risk Factors — Risks Relating to our Business — We have adopted new accounting standards, which make it difficult to compare our financial information for certain periods presented in this Offering Memorandum," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 3 — Effect on the Financial Statements upon Adoption of ASC 606 to our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.



## Competitive Strengths

We believe our key competitive strengths include the following:

***As a strategic asset in an area with growing demand, we are critical to Vietnam's electricity infrastructure.***

The reliable, base-load generation that we provide is an important contributor for addressing the country's growing electricity needs. Vietnam is transforming its electrical power generation mix as it modernizes the country's agrarian economy to become a more industrialized nation. To accommodate greater industrial expansion and to support energy security goals, Vietnam is significantly increasing its total electricity generating capacity. According to the International Monetary Fund, Vietnam's GDP is forecast to increase at a CAGR of 6.6% during 2017-2024. On a regional basis, the North and South regions are expected to comprise 40% and 50% of total demand, respectively. The country currently relies heavily on hydroelectric capacity and hydropower is expected to remain an important component in the country's generation mix, but its growth is expected to be hampered by a lack of additional sites and environmental concerns among provincial governments. As such, the country's increased energy demand, and the corresponding decline of the reserve margin, are expected to be addressed in part by increased generation from coal.

According to IES, as of the end of 2018, the total installed generation capacity in Vietnam was approximately 48 GW, of which 40.0% was coal-fired thermal power, 40.0% was hydropower, 15.0% was gas-fired, 3.0% was oil-fired and 2.0% was renewable. Under the Government's revised power development plan (PDP7), installed capacity from coal-fired thermal plants is expected to rise to 42.7% in 2020 and 49.3% in 2025, and then reduce to 42.6% in 2030. The corresponding generation from coal-fired thermal plants as a percentage of total generated power in Vietnam in those years is expected to be 49.3%, 55.0% and 53.2%, respectively.

We play a critical role in supplying power to the north of Vietnam, including the wider Hanoi metropolitan area, accounting for approximately 2.3% of Vietnam's power capacity as of December 31, 2018. We are positioned to remain a strategically important power generator in the country due to our high levels of reliability and availability, low tariffs and competitive costs, strong base load supply and proximate location to the grid.

***Our PPA provides stable and predictable cash flows that can be transferred promptly into offshore accounts for payment of financing costs, among other things.***

Our PPA with EVN has a favorable tariff structure that, we believe, allows us to mitigate our cash flow risk significantly. This tariff structure includes (i) a fixed monthly charge (the Capacity Charge), which operates as a take-or-pay provision whereby we receive payment for the contracted capacity regardless of whether EVN uses it, and (ii) a variable monthly charge (the Energy Charge) proportional to the actual energy we deliver. For a more detailed description of the electricity tariffs that we receive, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Electricity Tariffs."

Our PPA also includes pass-through provisions that allow us to charge EVN, subject to certain performance requirements of our power generation units, for the cost of coal, certain operating and maintenance costs and start-up charges in excess of the number of free start-ups specified in the PPA, among others. We believe that these provisions significantly mitigate the impact on our financial results from fluctuations in the price of fuel and other O&M costs.

The Project Agreements provide for a comprehensive foreign currency regime that allows us to convert, monthly, all of our revenue (less Dong expenditure) into USD (at the same exchange rate as was used to convert the relevant monthly USD tariffs into Dong) and to promptly transfer such amount to our offshore USD account which we may use, among other permitted purposes, to pay principal, interest and other financing costs under the BOT Company Loans. See “Description of Project Agreements — Government Guarantee and Undertaking — Foreign Currency Regime.”

***Strong Government support for our counterparties under the Project Agreements.***

We are an important partner to the Government in its efforts to expand power generation to meet Vietnam’s growing needs, and this is demonstrated by the Government’s support for our other counterparties under the Project Agreements. The Government guarantees of the payment obligations and financial commitments of EVN and Vinacomin for 18 years from COD, and of MOIT under the BOT Contract for the full term of operation, which provides an important foundation for the Project. See “Description of Project Agreements — Government Guarantee and Undertaking.”

***Long-term coal supply secured on favorable contracted terms.***

Under the CSA, Vinacomin is required to supply coal in quantity and quality sufficient for us to meet our obligations under the PPA for a period of 25 years from COD. We have no take-or-pay obligation with respect to the coal supplied by Vinacomin. The cost and risk of delivery of coal to the Project site are borne by Vinacomin. The mines from which Vinacomin supplies us are located within a 10 kilometer radius from the Project site, and coal is delivered to us on covered conveyor belts directly from Vinacomin’s processing plants. We generally keep approximately 190,000 tons, representing approximately 14 days’ worth of our average coal consumption, on site in coal storage sheds, which is in line with our PPA requirements. In addition, Vinacomin is required to maintain a dedicated stock of coal equal to 5% of our annual quantity of required coal as forecast in the CSA, or approximately 215,000 tons, which represents approximately 16 days of our average coal consumption after taking into account our maintenance schedule. In case of delivery failure by Vinacomin, we have the right under the CSA to buy coal from other sources, subject to approval by MOIT (not to be unreasonably withheld), and Vinacomin would be obligated to reimburse the differential cost between the replacement coal and the coal that would have been supplied under the CSA to us. See “— Fuel — Vinacomin Coal Logistics” and “Description of Project Agreements — Coal Supply Agreement (CSA).”

***Strong and experienced management team.***

The Project was built to our Sponsors’ global standards. It has received various domestic and international awards, including the 2014 Best Practices Award for the power sector from Project Finance International (PFI — Thomson Reuters), the 2015 Prestigious Award from the Prime Minister of Vietnam for outstanding achievements in management and construction, the 2016 Power Utility of the Year (Vietnam Market) Award from Asian Power Awards and the 2017 Business of Green Economy for Sustainable Development from the Vietnam Environmental Administration. Our senior management has extensive experience in the power generation sector, both internationally and in Vietnam. These senior executives have an average of approximately 25 years of experience in the power industry and many of them have been involved in the Project since its inception and represented the Sponsors in similar projects around the world. For example, both our CEO and CFO have been involved in the construction and commissioning of the Project, and now manage our business operations. Our combination of international and local managers allows us to benefit from the technical know-how and experience of top players in the global power industry as well as a deep local understanding and relationships with Vietnamese stakeholders. We believe that this combination has helped us to achieve a solid operating record since COD, with our availability rates exceeding the PPA target in every Contract Year since operations commenced.

## **Business Strategy and Objectives**

Our business strategy is to continue to leverage our operational and financial excellence, and is based on the following:

### ***Maintaining a solid financial profile with stable and predictable cash flows.***

We are committed to maintaining a solid financial profile, strong credit metrics, and providing stable returns to our shareholders. Our principal financial objectives include continuing to generate predictable and stable cash flows, maintaining adequate minimum liquidity and managing our debt amortization schedule in line with the tenor of our PPA. Our business model, which is premised on the capacity payments from EVN and the protections afforded to us under the Project Agreements, is expected to continue to provide us with stable revenues and cash flows.

### ***Continuing to operate our Project safely, efficiently and sustainably.***

One of our key strategies is to continue to adhere to global benchmarks for safety, environmental and operating standards in the industry and to promote a culture of health, safety, accident prevention, security and environmental excellence. To improve our availability, our strategy is to increase planned maintenance and reduce our operating expenses by minimizing excess availability above PPA targets. We are also currently undertaking several heat rate enhancement programs to continue to improve the heat rate performance of our Power Facility in order to recover a greater portion of our fuel costs pursuant to the PPA, including condenser descaling, auxiliary load reduction, air heater basket cleaning and the changing of our gas-to-gas heater. We rigorously implement and follow the strictest industry safety standards in order to safeguard our employees and contractors and the communities where our operations are located. We seek to be good corporate citizens and develop our business in a manner which complies with applicable legal and environmental regulations, minimizes negative environmental impacts and makes positive contributions to the communities in which we operate. We also follow strict corporate governance standards and seek to ensure fairness, transparency, accountability, and responsibility in the operation of our business for our shareholders and all stakeholders.

### ***Transitioning certain functions to local team members while continuing to provide excellent service.***

A primary goal of ours is to transition aspects of the plant leadership from expatriates to local team members as they are trained and developed into these positions. This transition has been planned since the inception of the Project and is in the process of being implemented. While it is contemplated that certain functions and roles will remain with the Sponsors — in particular, AES will continue to lead on O&M with significant management and operational participation from POSCO — we aim to increase local participation and nourish the development of the Vietnamese power sector talent without compromising our operational excellence.

## **Corporate Information**

The BOT Company is a limited liability company established under the laws of Vietnam. Its head office is located at Mong Duong Ward, Cam Pha Province, Quang Ninh Province, Vietnam. Its Hanoi representative office is located at Room 302, Floor 3, Asia Tower Building, 6 Nha Tho Street, Hoan Kiem District, Hanoi. Its telephone is +84 24 3 9333 580.

## **Our Sponsors**

The AES Corporation (NYSE: AES) is a Fortune 500 global power company. We provide affordable, sustainable energy to 15 countries through our diverse portfolio of distribution businesses as well as thermal

and renewable generation facilities. AES actively engages with investors across its global portfolio as part of its partnership strategy. As of April 30, 2019, AES had 31,780 gross MW of electricity generation in operation, including 9,856 MW of coal fired capacity.

POSCO Energy Co., Ltd., which is 74.7% owned by POSCO (KRX: 005490), is the first and largest independent power producer in Korea and owns and operates a 3,412 MW LNG power plant, 284 MW and 290 MW off-gas power plants, 50 MW fuel-cell power plants, two solar and wind-powered facilities and a solid-refuse-fuel facility in Korea. It has more than 30 years of power plant O&M experience.

China Investment Corporation was established in 2007 as a vehicle to diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance.

The Notes will not be guaranteed by the Sponsors or any other person or entity.

## **The Project**

### ***History***

We were established in Vietnam on April 8, 2010 as a joint venture between the AES Investor and Vinacomin pursuant to an investment certificate issued by the Ministry of Planning and Investment for the design, development, construction, operation and maintenance of the Project on a BOT basis.

The following timeline sets forth certain major events in our corporate history:

- *April 2010:* The BOT Company was established.
- *April 2010:* The PPA with EVN, the BOT Contract with the MOIT, the Government Guarantee and Undertaking with the Government, the Land Lease Contract with the Quang Ninh Provincial People's Committee and the CSA with Vinacomin were signed.
- *December 2010:* The EPC contract with Doosan was signed.
- *February 2011:* Vinacomin sold its entire shareholding in the BOT Company. The POSCO Investor acquired 30% and the CIC Investor acquired 19% interest in the BOT Company, and the AES Investor retained a 51% interest in the BOT Company. The Investors entered into the Joint Venture Agreement to govern their relationship with respect to their ownership of the BOT Company.
- *August 2011:* Financial close and entry into the BOT Company Loans.
- *March 2015:* Commercial operations was achieved for unit 1 of the Power Facility.
- *April 2015:* Commercial operations was achieved for unit 2 of the Power Facility and COD was achieved for the overall Project.

Mong Duong 2 is the largest foreign-invested power project in Vietnam, according to Vietnam Investment Review (July 2018).

### ***Construction***

We selected Doosan as our EPC contractor for the Project. In December 2010, we entered into a fixed-price, date-certain turnkey EPC contract with Doosan and certain of its affiliates pursuant to which

Doosan agreed to supply the major equipment and materials for the Project (such as boilers, steam turbine generators, condensate and feed water systems and cooling water systems), to install, erect and commission certain procurement activities and engineering and construction work for the Project, and to coordinate and guarantee the activities and services of its affiliates under the EPC contract. The EPC contract guaranteed the completion of the first Unit within 40 months and of the overall Project within 46 months from the notice to proceed.

Doosan's EPC work was concluded when we achieved COD for the Project on April 22, 2015. Following COD, the Project was under a 44-month warranty period covering the design, construction and equipment provided by Doosan. We have not brought any major claims under the warranty.

### ***Power Facility***

The Power Facility has an aggregate net capacity of approximately 1,120 MW, consisting of two identical coal-fired units, each with a net capacity of approximately 560 MW at reference conditions. Key performance data are as follow:

- Net unit heat rate: 9,725 kJ/kWh (HHV)
- NO<sub>x</sub>: 375 mg/Nm<sup>3</sup>
- SO<sub>x</sub>: 280 mg/Nm<sup>3</sup>

Each of the two identical coal-fired units comprises a pulverized coal downshoot boiler and one steam turbine generator and associated auxiliaries. The boilers are subcritical and drum-type with a downshoot firing configuration for anthracite coal. The steam temperature is higher than the traditional subcritical plants leading to higher efficiency and subsequent lower heat rate.

The boilers supply steam to the associated steam turbine with a reheat cycle. The steam turbine has a three-casing high-pressure ("HP") section, an intermediate pressure ("IP") section and two low pressure ("LP") sections. The HP, IP and LP rotors are housed in their respective casing and coupled with the generator. Each turbine and the generator are supported by bearings and are constantly lubricated by oil, supplied from lube oil pumps.

Other steam cycle equipment includes a single pass condenser, three 50% condensate extraction pumps, two 50% motor driven boiler feed water pumps, one spray-tray-type deaerating heater, four low-pressure feedwater heaters and three high-pressure feedwater heaters.

The capacity of the boiler, turbine and generator were selected to deliver 560 MW net at the high voltage side of the generator step up transformer ("GSUT") at a power factor of 0.85 lagging. Each GSUT transformer is connected to the common 500 kV switchyard provided by EVN for evacuation of power from our Project and Mong Duong 1. The 500 kV switchyard is connected to the national grid by a 500 kV double circuit transmission line connected to Quang Ninh substation.

Each unit has its own unit auxiliary transformer that supplies auxiliary power to the unit at 11 kV. When a unit is down for maintenance, necessary auxiliary start-up power can also be taken from the 500 kV switchyard via a generator circuit breaker. The start-up auxiliary power is taken from EVN's 110 kV grid system via a common 110 kV transmission line and switchyard. A startup auxiliary transformer is powered from the common 110 kV switchyard, which also serves as the standby power source, in the event of a failure of one of the unit transformers.

Selective catalytic reduction (“SCR”) is used to control NO<sub>x</sub>, an electrostatic precipitator is used to control particulate emissions, and flue gas desulfurization (“FGD”) is used to control SO<sub>x</sub> emission. The air emissions from the plant are within the local regulatory limits and the World Bank guideline values. Limestone is required for sulfur dioxide control in FGD and is procured from local suppliers in the Quang Ninh province and transported to the Project by barge.

### ***Ash Ponds***

We are responsible for the development of all the ash ponds for the storage of ash produced by the Project. Pursuant to the BOT Contract, MOIT handed over to us an ash pond (“Ash Pond 1”) in 2010. Ash Pond 1 has a limited useful life so we are developing a second ash pond (“Ash Pond 2”) on approximately 187 hectares of land in the vicinity of the Project. As of March 31, 2019, approximately 50% of Ash Pond 1’s design capacity has been utilized. We believe the remaining capacity of Ash Pond 1 is sufficient for one year of base load operation of the Power Facility.

The development of Ash Pond 2 is being undertaken in two phases, which are outside the scope of the EPC contract with Doosan. Ash Pond 2 — Phase 1 was completed in July 2015 and is expected to have a useful life of 10 years. We expect that Ash Pond 2 — Phase 2 will be completed prior to the end of the useful life of Ash Pond 2 — Phase 1. We expect to fund the cost of developing Ash Pond 2 — Phase 2 from operating cash flows. Ash Pond 2 — Phase 2 is expected to have a useful life of 15 years, which is expected to be sufficient for the remainder of the BOT Contract term.

### ***Common Infrastructure Facilities***

We share the Common Infrastructure Facilities with Mong Duong 1. The Common Infrastructure Facilities were developed, are operated and maintained by EVN. Set forth below is a description of these facilities:

- *Operating water supply facility* — includes the pumping station, pipeline and metering devices and connects to the Power Facility at the Terminal Point 3. The facility is capable of delivering water to the BOT Company from the Thac Thay River (Goc Thong location) up to a maximum of 10,500 cubic meters per day.
- *500kV switchyard* — includes the 500 kV common switchyard connecting the Power Facility and the Mong Duong 1 Power Facility to the Mong Duong — Quang Ninh 500 kV double circuit transmission line for interconnection with the grid system. The switchyard is designed based on a one and a half breaker scheme. The Power Facility is connected to the switchyard at Terminal Point 7a, which is the delivery point.
- *110kV transmission line* — includes the 110 kV transmission line(s) and the 110 kV switchyard (excluding the start-up transformer of the Power Facility) and connects to the Power Facility at Terminal Point 4.
- *Cooling water intake facility* — includes the intake channel required to service the cooling water system of the Power Facility and connects to the Power Facility at Terminal Point 6. This facility is capable of delivering an uninterrupted flow of water of 50 cubic meters per second to the Power Facility.
- *Jetty intake facility* — includes the area in front of the limestone and oil unloading jetty.



- *Main access road* — which is suitable for H-30 ton load-bearing vehicles and connects the National Highway No. 18A to the Power Facility at Terminal Point 8.
- *Fence* — includes the fence separating the Power Facility and the Mong Duong 1 Power Facility.
- *Slope protection and retaining walls*—includes the slope protection, including the retaining walls to the East and North of the Mong Duong 1 Power Facility and the main facility site.

See “Description of Project Agreements — Power Purchase Agreement (PPA) — Common Infrastructure Facilities” for additional details.

### ***Housing Facilities***

The housing facilities are sited on approximately four hectares and consist of dormitories, a kitchen and dining facilities, power and water supply facilities, a sewage collection and treatment facility, telecommunication facilities, internal roads and lighting facilities that house up to 132 employees, contractors, subcontractors, equipment vendors, suppliers and agents and up to 18 expatriates and their families.

### **Fuel**

All of our generation capacity comes from anthracite coal. All coal is delivered to the site through Vinacomin overland conveyor belts. Coal for firing the Power Facility is supplied from local coalfields. Our annual consumption of coal is approximately 4.3 million tons.

### ***Description of the Coal Mines***

The coal mines and coal reserves from which Vinacomin supplies our operations are located in Quang Ninh province. The Quang Ninh province is rich in natural mineral resources, such as coal, limestone, clay, kaolin, white sand and granite, among other resources.

The following map illustrates the location of the coal mines relative to the Project site:





Vinacomin has contracted with us to deliver coal meeting agreed minimum specifications from nine coal mines located in the basin surrounding the Project site. In the Coal Supply Agreement, which we entered into with Vinacomin in 2010, Vinacomin represented and warranted to us that these mines contained sufficient reserves to mine and sell (and that Vinacomin owns, leases or has the legal right to) enough coal to meet its contractual obligations, and disclosed that as at December 2005, these mines contained “explored reserves” of 383,952 tons of coal, with additional reserves forecast. “Explored reserves” is a category of reserves under the former Classification of Solid Mineral Resources and Reserves system, which was applicable in Vietnam until June 2006, and may not correspond to the reserve categories defined by any other international reserve and resource reporting code. Determinations of explored reserves that appear valid when made may have changed or change significantly in the future when new information becomes available and/or actual factors may vary considerably from the assumptions used in determining the amount of explored reserves. Investors should not therefore place undue reliance on the representations relating to the explored reserves.

The coal mines that supply the Project and, as reported by Vinacomin, their explored recoverable coal reserves are as follows:

Coal Fields	Explored Reserves in '000 Tons As of December 2005 <sup>(1)</sup>
Mong Duong. . . . .	33,596
North East Mong Duong . . . . .	14,216
North Coc Sau Coal Mine. . . . .	36,561
Khe Cham I Coal Mine . . . . .	59,519
Khe Cham II Coal Mine. . . . .	73,214
Khe Cham III Coal Mine . . . . .	69,937
Cao Son Coal Mine (1st and 2nd stage) . . . . .	96,909
<b>Explored Reserves. . . . .</b>	<b><u>383,952</u></b>

(1) As represented and warranted by Vinacomin in the CSA. We have not independently verified these estimates. Vinacomin has not provided us with updated reserve estimates or depletion information since we entered into the Coal Supply Agreement.

The Coal Supply Agreement does not give us exclusive rights to coal from the nine mines, and Vinacomin may also use these reserves to supply other customers, *provided* that in a shortfall situation, delivery to the BOT Company must be prioritized over coal exports and supply to the BOT Company cannot be discriminated against as compared to supply to EVN or any other customers. If the reserves are insufficient to supply the Project, there are various mechanisms under the Coal Supply Agreement that are intended to ensure that our supply can be met, including an obligation of Vinacomin to, firstly, source from other mines or, secondly, supply higher grade coal at an agreed price. In certain cases of delivery failure by Vinacomin, we have the right to buy coal from other sources and obtain reimbursement from Vinacomin.

In addition, a failure by Vinacomin to supply coal will be a “Government Event” under the force majeure regime under the Coal Supply Agreement, the PPA and the BOT Contract (unless the failure is due to BOT Company breach, a Natural Force Majeure Event or a Foreign Political Event). In such circumstances, pursuant to the BOT Contract, the BOT Company will continue to receive the capacity charge and related tariff payments from the MOIT at the same level as were being paid by EVN under the PPA immediately prior to the occurrence of the Government Event.

## ***Coal Logistics***

The main transportation method for the supply of coal is through covered conveyor belts from Vinacomin preparation plants directly to the Project site. Raw coal is sieved and tested for quality control, then transported by either truck or conveyor belt to the Khe Cham storage site. From there, processed coal is either trucked to our dedicated storage facility (then sent by conveyor belt to our plant), or sent by conveyor belt directly to our plant. The conveyor system comprises two covered coal conveyor belts, each capable of conveying approximately 1,200 tons per hour. The length of the conveyor belts is approximately 7 kilometers. Trucks are available as a back-up method of transportation.

At the plant, we have storage sheds with a capacity of 190,000 tons, representing approximately 14 days' worth of our average coal consumption after taking into account our planned maintenance schedule. The PPA requires us to maintain a coal storage capacity of 14 days of operations. In addition, Vinacomin is required to maintain a dedicated stock of coal equal to 5% of our annual quantity of required coal as forecast in the CSA, or approximately 215,000 tons, which represents approximately 16 days of coal consumption after taking into account the plant's maintenance schedule and based on an annual coal consumption of 4.3 million tons.

## ***Purchase and Risk of Fuel Cost***

The pricing structure of our PPAs enables us to pass-through fuel costs to EVN. Therefore, we believe there is minimal risk associated with a mismatch between variable costs and variable contract revenues. See the description of the Energy Charge component of our tariffs under the caption "Description of Project Agreements — Power Purchase Agreement (PPA)."

## **Operations and Maintenance**

### ***Overview***

The achievement of operational excellence is core to our overall business strategy. We strive to be a leader in the energy sector by providing safe, reliable and sustainable energy at a competitive cost to EVN and end customers. In this regard, we have implemented an asset management policy to consistently guide our operation and maintenance activities. Our asset management policy outlines an integrated process of activities and coordinated practices which we use to manage the performance, risks and expenses of our fixed assets in order to ensure the optimal and sustainable life of our assets.

Our asset management policy is based on the following principles:

- *Systematic and Sustainable Vision:* We strive to optimize our business as a whole by considering the financial, commercial, environmental, safety, legal, community and stakeholder interests and requirements related to our asset management activities in order to ensure long term sustainability.
- *Complete Life Cycle Optimization:* We base our asset management activities on achieving full life cycle optimization of our assets, including all stages from engineering and design, construction, testing, operations, maintenance and renewal to final disposition. Our goal is to optimize performance of our assets considering their complete life cycle.

- *Risk Assessment:* We prioritize asset management of our critical activities, identifying and administering risks associated with asset outages and associated production losses, safety risks and environmental risks. In such cases, our operating standards include defining operating limits and requiring special procedures for operating, monitoring or testing equipment. Our maintenance requirements specifically include predictive and preventative measures and contingency planning for failures, such as predefined work breakdown structures, holding of spare parts and other proactive actions to mitigate the impact of failures.
- *Continuous Improvement:* We utilize a performance excellence methodology developed by AES, called “AES Performance Excellence” or “APEX,” which is a comprehensive toolkit composed of continuous improvement, innovation and “best practices” sharing methodologies. With this toolkit, we establish the appropriate metrics for measuring, evaluating and comparing our performance and adherence to our asset management policy.

## ***Operations***

We perform O&M activities through our in-house teams and pursuant to technical services and secondment agreements that we have entered into with our Sponsors. We believe that these agreements, which are entered into on an arm’s-length basis, allow us to maintain our operational excellence while taking advantage of synergies from the experience and track record of our Sponsors. See “Description of Project Agreements — Operations and Maintenance Agreements.” We have not had any lost-time incidents specifically with respect to our operations since COD.

Day to day operations are managed by the plant manager, who is supported by operations managers who oversee all aspects of the power block and balance of plant operations, materials handling, FGD and ash operations, finance and health safety and environment and corporate social responsibility and human resources.

## ***Maintenance Schedule***

The following table sets forth a summary of our maintenance cycle for the Power Facility:

<b>Our Power Plant</b>	
Minor and Major Planned Outage . . . . .	<p>A 3-year maintenance cycle has been set up for minor inspections of the turbine and generator. Each minor inspection is expected to take 30 days. In years where both minor and major planned outages are scheduled, only the major planned outage takes place.</p> <p>A 6-year maintenance cycle has been set up for major inspections of the turbine and generator. Each major inspection is expected to take 70 days.</p>
Annual Planned Outage . . . . .	<p>Every year, save for the above minor and major planned outage years, the annual planned outage of up to 25 days will be conducted for routine inspections of the supporting equipment for boiler and turbine.</p>

## Our Power Plant

Boiler Statutory Inspections . . . . .	Consistent with boiler inspection requirements under Vietnamese regulations, boiler inspections are completed within the annual planned outage periods for turbine and generator inspections. The 25-day inspection is carried out concurrently with the annual planned outage.
Further Allowance . . . . .	An allowance of up to 3 days per month is provided for other maintenance on an as-needed basis.

The following table sets forth a summary of our planned inspection program for the Power Facility for the years indicated:

	2019	2020	2021	2022	2023	2024
Minor Planned Outage . . . . .	30 days (Unit 2)	—	—	—	—	30 days (Unit 1)
Major Planned Outage . . . . .	—	—	70 days (Unit 1)	70 days (Unit 2)	—	—
Annual Planned Outage . . . . .	25 days (Unit 1)	25 days (Unit 1); 25 days (Unit 2)	25 days (Unit 2)	25 days (Unit 1)	25 days (Unit 1); 25 days (Unit 2)	25 days (Unit 2)

### Operating Metrics

The table below sets forth certain operating metrics of the Power Facility for the Contract Years since COD.

	Contract Year			
	4	3	2	1
Net Energy Output ('000Kwh) <sup>(1)</sup> . . . . .	6,053,852	3,973,386	5,654,663	6,031,839
PPA Dependable Capacity (MW) <sup>(2)</sup> . . . . .	1,120	1,120	1,120	1,120
Contract Heat Rate (BTU/kWh) <sup>(3)</sup> . . . . .	10,126	9,958	9,904	9,775
Actual Heat Rate (BTU/kWh) . . . . .	9,917	9,941	10,026	9,822
Dispatch Rate (Unit 1) — Load Factor <sup>(4)</sup> . . . . .	88.55%	80.94%	76.66%	80.02%
Dispatch Rate (Unit 2) — Load Factor <sup>(4)</sup> . . . . .	87.20%	82.62%	78.51%	78.03%
Forced Outage Rate (%) <sup>(5)</sup> . . . . .	2.87%	0.69%	1.87%	0.82%
Net Capacity Factor (%) <sup>(6)</sup> . . . . .	64.19%	43.2%	57.99%	61.38%

- (1) Net Energy Output means the net electrical energy delivered by the First Unit or the Power Facility, as the case may be, during a given period of time measured in kWh at the delivery point.
- (2) PPA Dependable Capacity is the amount of electrical generating capacity that the BOT Company is capable of making available to EVN, as determined by an annual Dependable Capacity Test in accordance with the PPA.
- (3) Contract Heat Rate is the measure stipulated in the PPA, ranging from 9,405 BTU/kWh in the first Contract Year to 9,560 BTU/kWh in the later Contract Years, corrected for load, ambient air temperature and cooling water temperature.
- (4) Dispatch Rate — Load Factor is measure of the output of the relevant Power Facility unit compared to the maximum output it could produce.

- (5) The forced outage rate is the number of hours the Power Facility is on forced outage over the total number of hours in a Contract Year expressed as a percentage. The forced outage in Contract Year 4 was mainly due to slag fall, gas-gas heater cleaning and intake hot tap installation and in Contract Year 2 was mainly due to slag fall and tube leakage.
- (6) Net Capacity Factor is the ratio of the actual output of the relevant Power Facility unit to the theoretical output assuming full capacity usage (excluding planned maintenance).

### ***By-Products***

The ordinary industrial solid waste which is generated from the Power Facility primarily consists of coal ash from the bottom of the boiler (bottom ash), fly ash from electrostatic dust filtering and gypsum generated from the SO<sub>2</sub> — elimination system. Until recently, these by-products were transported to the ash ponds via a wet discharge pump. We recently conducted research on an alternative handling method for these by-products and concluded that these by-products could be transferred to reuse and reprocessing companies for purposes of construction material production and coal utilization.

As a result, we have entered into agreement with Duc Viet 568 JSC (“Duc Viet”) dated November 28, 2018 for the sale of fly ash and bottom ash and an agreement with Knauf Vietnam Company Ltd (“Knauf”) dated December 1, 2018 for the sale of gypsum. Duc Viet and Knauf as purchasers of such by-products are responsible for all environmental obligations relating to such by-products. These agreements became effective in April 2019 and will continue for two years unless extended. We believe these arrangements can reduce our handling cost of the by-products that are sold under these agreements.

### **Our Sole Electricity Customer, EVN**

Pursuant to the PPA, our dependable capacity and net energy output from the Power Facility is required to be made available and delivered exclusively to EVN for the entire term of the PPA. Our only electricity customer is therefore EVN and we do not expect that this will change during the life of the Project.

EVN was established by the Government in 1994 as a state-owned entity and as a vertically integrated utility that participates in power generation, transmission, distribution and supply throughout the country.

According to IES, as of the end of 2017, EVN owned approximately 65% of Vietnam’s installed generating capacity, including large-scale hydropower, coal-fired, gas-fired power plants, with a total installed capacity of 28,823 MW out of 43,958 MW of the national system.

EVN owns the entire national power transmission and distribution network, and controls operation of the national power system through the National Load Dispatch Center. According to EVN, the total power produced or purchased by EVN in 2016 increased by 10.8% from the prior year to reach 176.99 billion kWh. Sales of power by EVN to end customers grew at a rate of 11.2% in 2016 compared to 2015, achieving 159.79 billion kWh. EVN also reported that, by the end of 2016, it delivered electricity to more than 24.85 million customers, an increase of 1.17 million customers compared to 2015. According to the Ministry of Industry and Trade’s decision 648/QD-BCT dated March 20, 2019 on adjustment to average retail electricity tariff and electricity tariff regulation, the most recent average electricity tariff that EVN reports charging end customers in 2019 is approximately VND 1,864/kWh.

### **Main Contracts**

For additional details and summaries of the main terms of the PPA, CSA, Government Guarantee and Undertaking and other Project Agreements, see “Description of Project Agreements.”

### **Seasonality**

Seasonality is not a significant aspect of our business, except that scheduled outages of our plant coincide with the rainy season in Vietnam when hydropower plants are expected to increase their production. Capacity payments that we receive under the PPA are not affected by seasonality.

## Environment and Sustainability

Environmental management is a key priority in our business and operations. We have all required environmental permits and authorizations to conduct our business. We consider environmental protection as an area of performance and as such, environmental issues are included among the responsibilities of our key executives. Our business follows the following basic guidelines:

- Meet, or where practical, exceed the most stringent requirements of all relevant environmental legislation and industry standards and codes of practice imposed by the Vietnamese Government and World Bank, standards from local and international environmental requirements, by participating financial institutions and by the AES Corporate Global Environmental Standards and Vietnamese Environment Law 2015;
- strive to continually improve environmental performance at Mong Duong 2 BOT Thermal Power Plant by routinely assessing the effects of current and future activities;
- implement methods and measures to identify hazards, prevent pollution and minimize possible detrimental environmental impacts (air, soil, surface water, underground water, biodiversity, ecology system, vibration and noise);
- reduce and where feasible eliminate discharge emissions and waste that may have an adverse effect on the environment;
- communicate our environmental policy to all people working at AES-VCM, contractors, suppliers, visitors and other interested parties; and
- make short and long term planning decisions on additional expenditures based on an evaluation of the local, regional, and global environment where the term “environment” is broadly defined as, “the external surroundings or conditions within which people live, including ecological, economic, and social and all other factors that determine quality of life and standard of living.”

In 2015, we adopted an integrated management system (“IMS”) for environmental, occupational health and safety considerations (ISO 14001:2015 and ISO 45001:2018). Our environmental management system is an internal program used to audit environmental affairs at the Project to ensure compliance with applicable standards, and to detect opportunities for ongoing improvement. These audits are part of an effort to increase the efficiency of the environmental management systems that have been or are in the process of being implemented in all of our areas of business and have helped with overall production management. Finally, we have a business area focused on compliance with local applicable environmental regulations, internal environmental standards and ISO14001:2015 standards. In 2019, we obtained external certification of our IMS by Bureau Veritas.

We comply with “Equator Principles”, a risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risks in energy plant construction and operations, as well as the International Finance Corporation’s environmental, health and safety general guidelines (April 2007) and the International Finance Corporation’s environmental, health and safety guidelines for thermal power plants.

## Safety

Safety is an important corporate value for us. We focus on work-related safety, emphasizing risk prevention for our employees, contractors and the community. Periodic activities, which include monthly safety meetings and on-site inspections, are held to keep our safety culture active. Those in leadership

positions perform these periodic on-site inspections, or “safety walks,” to promote and monitor safety within each of our business areas. We work continually to meet the international safety standards of AES and our other Sponsors and to comply with Vietnamese safety regulations.

We are currently implementing safety standards which are among the most stringent in the electricity industry, with 78 IMS procedures (including 33 safety procedures, 10 environment procedures, 14 element procedures, 8 common procedures and 13 EHS instructions) already in effect in all facilities. In order to maintain our strict safety standards, we have also implemented a complete internal auditing plan at our Project, in accordance with the preventive and corrective measures and initiatives recommended by peer health and safety committees. In addition, we have worked to improve contractors’ safety standards, providing technical assistance to help them improve their standards and improve efficiency. Our contractors must meet our standards, the implementation of which has resulted in a significant decrease in accidents.

## Employees and Human Resources

Our team is fundamental to our success and we strive to maintain an organization that rewards competitive, engaged and qualified employees and offers them an opportunity for development and advancement. As of March 31, 2019, we had 256 team members at the Project, consisting of 243 local employees and 13 seconded expatriates.

The following table provides a breakdown of our employees as of the end of each year in the three-year period ended December 31, 2018, and for the three months ended March 31, 2019.

	As of March 31,	As of December 31,		
	2019	2018	2017	2016
<b>Employees (by type)<sup>(1)</sup></b>				
Executive Leadership team . . . . .	7	8	8	8
Department Managers . . . . .	9	9	8	7
Team Leaders . . . . .	12	11	9	9
Professionals & Administrative . . . . .	46	46	49	52
Operators & Technicians . . . . .	182	182	187	191
<b>Total . . . . .</b>	<u>256</u>	<u>256</u>	<u>261</u>	<u>267</u>

(1) Includes secondees and technical consultants from our Sponsors. See “Description of Project Agreements — Operations and Maintenance Agreements.”

## Unions

Consistent with labor practices and requirements in Vietnam, our employees are represented by a trade union. The labor union is responsible for supervising the implementation of labor law, and the company internal labor rules. It also assists in settling any labor disputes that may arise and coordinating between us and our employees, acting as our employees’ representative in defending their legitimate rights and interests. We believe that we have a good relationship with our employees. We have not experienced any strikes or disruptions to our operations due to labor disputes.



## Insurance

Under the Project Agreements, we are obligated to obtain and maintain insurance policies from appropriate and reputable insurers, with a financial security rating above AM Best rating of “A” or S&P rating of “A-.” Insurance required during the commercial operations period comprises workers compensation and employer’s liability, all risks insurance over our fixed assets, machinery breakdown, business interruption, public liability and any other miscellaneous insurances required under the laws of Vietnam.

We believe that the level of insurance coverage that we maintain for our properties, operations, personnel and businesses is reasonably appropriate for the risks that we face and is comparable to the level of insurance coverage maintained by other companies of a similar size operating in the businesses in which we are engaged.

The following table presents a summary of our primary insurance policies.

	Primary Policy	Additional Coverage
Insurer . . . . .	AIG	Bao Minh Insurance Corporation
Expiration . . . . .	January 1, 2020 (renewed annually)	
Sum Insured/Limits . . . . .	US\$1.0 billion combined for property damage and business interruption	US\$500 million for property damage and business interruption in excess of US\$1.0 billion
Deductibles/ Self-insured retentions . . .	<u>Property Damage</u>  US\$1,000,000 for any one occurrence, all insured losses except (i) 2% or US\$1,000,000 (minimum) & US\$5,000,000 (maximum) on any one occurrence with respect to earthquake, typhoon and tsunami, (ii) US\$100,000 on any one occurrence with respect to transit and (iii) US\$25,000 on any one occurrence with respect to loss or damage to mobile equipment.  <u>Business Interruption</u>  60 days on one occurrence with respect to business interruption. -	
Cover, key terms and conditions . . . . .	- Coverage trigger: all risk excepted excluded  - Cancellation: cancellable subject to 120 days’ notice (30 days in case of non-payment of premium)  - Coverage territory: Vietnam  - Major coverage extensions: demolition and increased cost of construction, debris removal and related coverages.  - Major coverage exclusions: sanctions and related coverages.	

## Legal Proceedings

As of the date of this Offering Memorandum, there are no claims or legal actions arising out of or in connection with our ordinary course of business.

## MANAGEMENT

### Issuer

For a description of the management of the Issuer, see “The Issuer — Management.”

### BOT Company

#### *Members’ Council*

The Members’ Council is a committee comprising of representatives nominated by each of our Sponsors in proportion to their shareholding interest in the BOT Company through the Investors. The Members’ Council currently comprises (i) three representatives from AES, namely, Mr. David Stone, Mr. Bernerd De Santos (the Chairman of the Members’ Council) and Ms. Ann Marie Reynolds, (ii) two representatives from POSCO, namely, Mr. Sang Geun Yang and Mr. Jin Won Park (the Vice Chairman of the Members’ Council) and (iii) one representative from CIC, namely, Ms. Ning Ge.

The Members’ Council is authorized to make the following key decisions relating to the BOT Company by unanimous approval:

- approving sales and acquisitions of assets which represent more than 50% of the total assets of the BOT Company;
- approving annual business plans and budgets;
- retention of earnings (except for distribution of profits);
- appointment, dismissal or replacement of the Managing Director or Chief Financial Officer (“CFO”) of the BOT Company;
- the entry into any material contracts or commitments with a value in excess of US\$25 million;
- any variation, waiver or amendment of any terms of any existing Project Agreements or entry into any new Project Agreements;
- the granting of any guarantees or indemnities to secure any liabilities or obligations; and
- the creation of any fixed or floating charges, liens or other encumbrances.

Any other decisions relating to the BOT Company require approval from representatives representing at least a majority of the shareholding interests in the BOT Company.

Certain members of the Members’ Council have the power to nominate the Managing Director and CFO of the BOT Company. The member representing the largest shareholding interest in the BOT Company (i.e., AES), is entitled to nominate the Managing Director, who is responsible for (i) implementing resolutions passed by the Members’ Council, (ii) making decisions on all matters relating to the day-to-day management and operations of the BOT Company, (iii) overseeing the BOT Company’s operations as a whole, (iv) expending money approved in the annual budget of the BOT Company and (v) appointing management officers (except for the CFO). The member representing the second largest shareholding interest in the BOT

Company (i.e., POSCO) is entitled to nominate the CFO, who is responsible for assisting the Managing Director in managing the finances and accounts of the BOT Company and preparing all financial and accounting records.

The Members' Council meets semi-annually and the quorum required for a meeting of the Members' Council is three representatives (i.e., one from each of AES, POSCO and CIC). If a quorum cannot be assembled, the meeting of the Members' Council shall be adjourned, and, if a quorum cannot be assembled by the third attempt, representatives that are in attendance at such third meeting shall be deemed to constitute a quorum, irrespective of which Sponsor they represent. In the event the Members' Council is unable to reach a decision on any resolution within 30 business days, such matter will be referred to the senior management of each representative. If such senior management is also unable to reach an agreement within 30 business days of the matter being referred to them, such matter will be automatically referred to a panel of three experts, whose decision will be final and binding.

Profiles of the Members' Council representatives who are also currently members of our senior management (i.e., Mr. David Stone and Mr. Sang Geung Yang) appear below under “— Key Management.” Set forth below are profiles of the remaining four representatives to the Member's Council.

**Mr. Bernerd De Santos** (AES, Chairman)

Mr. Bernerd De Santos was appointed AES Representative in the Members' Council of the BOT Company on April 11, 2018. He was then appointed the Chairman of the Members' Council of the BOT Company on April 4, 2019. Mr. De Santos was named AES' COO in January 2015. He is responsible for AES' global operations and AES' businesses' operational excellence, performance and efficiencies. He played a critical role in the implementation of AES' five Strategic Business Units (SBUs) to further the execution of AES' strategy by driving business performance through asset, work, revenue and sourcing management programs. Mr. De Santos is a summa cum laude graduate of Universidad José María Vargas with Bachelor's degrees in Business Administration and Public Administration, Business Management and Finance, and an MBA. He also completed the Advanced Program at Instituto de Estudios Superiores y de Administración (IESA) in Caracas.

**Ms. Ann Marie Reynolds** (AES)

Ms. Ann Marie Reynolds is the Chief Commercial Officer for AES US and Eurasia. Prior to her current role, Ms. Reynolds served as Vice President and Chief of Staff to the Chief Operating Officer of AES for two years. She also held various positions in the commercial and risk management functions across several AES Business and Corporate including AES Chief Risk Officer from 2011 through 2014. Ms. Reynolds joined AES in 2000 and was a leader in establishing the first AES Commercial and Risk Management team. Prior to AES, Ms. Reynolds performed engineering, capital planning and energy trading for a fleet of coal fired generating facilities within a regulated utility. Ms. Reynolds holds a Bachelor of Science in Mechanical Engineering from Rutgers University.

**Mr. Jin Won Park** (POSCO, Vice Chairman)

Mr. Jin Won Park is the Executive Vice President for Power Generation Division at POSCO Energy, a position he has held since 2014. Prior to his most recent position, he served as Vice President for Power Plant Construction Division for 4 years, building LNG combined cycle power plants and off-gas combined cycle power plants in South Korea. He started his career in 1985 by joining POSCO where he worked over 20 years. Mr. Park holds a Bachelor of Mechanical Engineering from Korea Aerospace University.

### **Ms. Ning Ge (CIC)**

Ms. Ning Ge serves as Senior Vice President in Investment Department I at China Investment Corporation (CIC). She joined CIC in 2010 and has been an investment professional in various sectors, including oil and gas, infrastructure, power and renewables. Prior to joining CIC, Ms. Ning Ge received her PhD degree from University of Illinois at Chicago in 2010 and her bachelor's degree from Peking University in 2004.

### **Key Management**

The following table sets forth certain details of our key management as of the date of this Offering Memorandum:

<b>Name</b>	<b>Age</b>	<b>Date Appointed</b>	<b>Position</b>
Mr. David Stone . . . . .	46	October 4, 2011	Chief Executive Officer
Mr. Sang Geun Yang . . . . .	56	July 8, 2011	Chief Financial Officer
Ms. Nguyen Thi Thuy Hong . . . . .	43	July 7, 2015	Human Resources Manager
Ms. Nguyen My Linh . . . . .	26	October 1, 2018	Commercial Director
Ms. Luu Ngoc Anh . . . . .	40	February 4, 2013	General Counsel
Mr. Kevin Pierce . . . . .	61	February 1, 2013	Plant Manager
Mr. Stan Riner . . . . .	49	July 15, 2013	Operations Manager for Power Block and Balance of Operations
Mr. Sydney Phan . . . . .	46	May 1, 2017	Operations Manager for Materials Handling, Flue Gas Desulfurization and Ash
Mr. Sajjad Rana . . . . .	56	October 15, 2018	EHS Manager

A brief profile of each member of key management is given below:

#### **Mr. David Stone, Managing Director**

Mr. Stone joined the BOT Company in October 2011 as Managing Director. Prior to joining the BOT Company, he held various positions at AES since 2000, responsible for developing and implementing infrastructure projects mainly in the power sector. Mr. Stone has over 22 years of experience in the power sector with diverse experience ranging from design, construction, commissioning and plant operations. Mr. Stone holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering from the University of Missouri.

#### **Mr. Sang Geun Yang, Chief Financial Officer**

Mr. Yang joined the BOT Company in July 2011 as Chief Financial Officer, responsible for overseeing all financial and tax functions of the Project. He has over 29 years of experience in the power sector. Prior to joining the BOT Company, he was POSCO's Chief Representative in Vietnam having held positions as Chief Financial Officer at POSCO's VSC-POSCO Steel Corporation in Vietnam from 2004 to 2008 and Chief Financial Officer at POSCO's Blast Furnace Project in Vietnam from 2008 to 2009. Mr. Yang holds a Bachelor of Business and Administration degree from Chung Ang University.

**Ms. Nguyen Thi Thuy Hong**, Human Resources Manager

Ms. Hong joined BOT Company in July 2015 as Human Resources Manager, responsible for developing and maintaining a strong level of partnership with the local leadership teams in order to provide a broad range of strategic human resources support for achieving business objectives, including talent management, organizational effectiveness, and employee engagement geared towards achieving a status of a top place to work, leading and executing delivery of corporate, regional and local human resources initiatives and programs at the country level. Prior to joining the BOT Company, she has more than 18 years of experience in human resources management in MNC companies (i.e. Telstra, Schmidt) and she was Senior Human Resources Manager in PricewaterhouseCoopers (PwC) Vietnam Ltd from 2010-2015. Ms. Hong holds Master of Business Administration from North Central University and a postgraduate certificate in Human Resources Management from Swinburne University.

**Ms. Nguyen My Linh**, Commercial Manager

Ms. Nguyen joined the BOT Company in October 2018 as Commercial Manager, responsible for all commercial activities of the Project. Prior to joining the BOT Company, she held the position of Commercial Analyst at AES US SBU. Ms. Nguyen holds a Bachelor degree in Business Administration from Wittenberg University.

**Ms. Luu Ngoc Anh**, General Counsel

Ms. Luu Ngoc Anh joined the BOT Company in February 2013 as the General Counsel and Compliance Officer. Ms. Anh has been working as a local lawyer, legal practitioner and corporate in-house counsel for more than 18 years. Prior to her ongoing 6 years with the BOT Company, she had 5 years working as the Legal Director of the Vietnamese entity of a global telecom giant, and 7 years working at both local and international professional firms. Mrs. Anh holds a Bachelor of Laws from Hanoi Law University, Vietnam and a Master of Laws from the Graduate School of Law, Kyushu University, Japan.

**Mr. Kevin Pierce**, Plant Manager

Mr. Pierce joined the BOT Company in February 2013 as Plant Manager, responsible for overseeing all aspects of the Project. Prior to joining the BOT Company, he held the position of Plant Manager with AES since 1988 in Hawaii, New York and the Philippines. He has over 30 years of experience in the power sector. Mr. Pierce holds a Bachelor of Science degree in Marine Engineering from Maine Maritime Academy.

**Mr. Stan Riner**, Operations Manager for Power Block and Balance of Plant

Mr. Riner joined the BOT Company in July 2013 as Operations Manager, responsible for overseeing all aspects of the power block and balance of plant operations of the Project. Prior to joining the BOT Company, he was Operations Team Leader at AES Hawaii, Inc. He has over 23 years of experience in the power sector. Mr. Riner holds a Bachelor's degree in Business Administration degree from Arkansas State University.

**Mr. Sydney Phan**, Operations Manager for Materials Handling, Flue Gas Desulfurization (FGD) and Ash

Mr. Phan joined the BOT Company in May 2017 as Operations Manager, responsible for overseeing all aspects of materials handling, FGD and ash operations for the Project. Prior to joining the BOT Company, he was Maintenance Team Leader for Instrumentation, Electrical and Control at AES Southland. He has over 22 years of experience in the power sector. Mr. Phan holds a Bachelor of Science degree in Mechanical Engineering from California Maritime Academy and a Master of Business Administration degree from the University of La Vern.

**Mr. Sajjad Rana**, Environmental, Health and Safety (“EHS”) Manager

Mr. Rana joined the BOT Company in March 2011 and worked as EHS Manager until October 2015. Prior to rejoining the BOT Company in October 2018, he was assigned as EHS Manager on the Philippine expansion project of AES. Since October 2018, he is responsible for overseeing all environmental, health and safety aspects of the Project. Prior to joining the BOT Company, he worked as project engineer, site manager and EHS Manager at different projects of AES since 1999. He was responsible for implementing the safety and environmental management system, site management and plant operations and creating a safety and environmental culture within various business units of AES, including construction, generation projects, in the Middle East, Southeast and South Asia. He also worked as Project Engineer in construction of several power projects with different multinational companies since 1991, responsible for design review, project execution, quality assurance and environmental, health and safety for a thermal power plant in Pakistan. Mr. Sajjad holds a Bachelor of Science degree in civil engineering from University of Engineering & Technology Lahore, Pakistan and holds various certifications of safety and environment, including Occupational Safety and Health Administration and ISO EHS Auditor.

## PRINCIPAL SHAREHOLDERS AND SPONSORS

As of March 31, 2019, total contributed charter capital of the BOT Company was US\$462,115,585.

Name	Contributed Charter Capital	Percentage of Equity Interest
AES Mong Duong Holdings B.V. <sup>(1)</sup> . . . . .	US\$235,679,117	51%
PSC Energy Global Co., Ltd. <sup>(2)</sup> . . . . .	US\$138,634,572	30%
Stable Investment Corporation <sup>(3)</sup> . . . . .	US\$87,801,896	19%
Total. . . . .	<u>US\$462,115,585</u>	<u>100.0%</u>

(1) A limited liability company incorporated under the laws of The Netherlands, indirectly wholly owned by The AES Corporation.

(2) A company duly organized and existing under the laws of Korea, indirectly wholly owned by POSCO Energy Co., Ltd.

(3) A company duly organized and existing under the laws of the People's Republic of China, indirectly wholly owned by China Investment Corporation.

Except as disclosed above, we are not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person, whether severally or jointly. There is no known arrangement, the operation of which may, at subsequent date, result in a change in control.

The BOT Company is seeking to reduce its contributed charter capital from the total contributed amount of US\$462,115,585 stated above to an amount that is no less than US\$368,100,000, which is equivalent to 20% of the COD invested capital of the BOT Company required under the BOT Contract. See also "Description of the BOT Company Loans and Certain Other Indebtedness."

### About our Sponsors

The AES Corporation (NYSE: AES) is a Fortune 500 global power company. We provide affordable, sustainable energy to 15 countries through our diverse portfolio of distribution businesses as well as thermal and renewable generation facilities. AES actively engages with investors across its global portfolio as part of its partnership strategy. As of April 30, 2019, AES had 31,780 gross MW of electricity generation in operation, including 9,856 MW of coal fired capacity.

POSCO Energy Co., Ltd., which is 74.7% owned by POSCO (KRX: 005490), is the first and largest independent power producer in Korea and owns and operates a 3,412 MW LNG power plant, 284 MW and 290 MW off-gas power plants, a 50 MW fuel-cell power plant, two solar and wind-powered facilities and a solid-refuse-fuel facility in Korea. It has more than 30 years of power plant O&M experience.

China Investment Corporation was established in 2007 as a vehicle to diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance.



## RELATED PARTY TRANSACTIONS

Our related party transactions with the Sponsors and their affiliates consist primarily of the following:

- the payment of fees pursuant to the secondment agreements and technical services agreements described in “Description of Project Agreements — Operations and Maintenance Agreements;”
- the reimbursement of expenses paid on our behalf by such related parties’ in the ordinary course; and
- remuneration paid to the representatives on the Members’ Council.

For the quantum and further details of these transactions, refer to the notes to our audited financial statements and our unaudited interim financial statements included elsewhere in this Offering Memorandum.

### **Inter-company Arrangements**

The Issuer and the BOT Company are expected to enter into (a) a Structuring Fee Letter, pursuant to which the BOT Project Company will agree to pay the Issuer upon demand a structuring fee in the amount of US\$5 million in consideration for the structuring services provided by the Issuer, and (b) an Arrangement Fee Letter, pursuant to which the BOT Company will agree to pay arrangement fees to the Issuer in an aggregate amount not exceeding US\$17 million in consideration for certain arrangement services rendered by the Issuer to the BOT Company, in each case, in connection with the transfer of the BOT Company Loans to the Issuer.

For a description of certain other related party transactions to be consummated in connection with the offering of the Notes, see “The Transactions” and “Description of the BOT Company Loans and Certain Other Indebtedness.”

## REGULATION

Set forth below is a brief overview of the principal laws and regulations currently governing our business. The laws and regulations set out below are not exhaustive, and are only intended to provide general information and are neither designed nor intended to be a substitute for professional legal advice.

### Legal framework for BOT power projects

#### *Overview*

Under Vietnamese law, build-operate-transfer (“BOT”) is a type of investment in the form of a public private partnership (“PPP”) where the investors build and operate a project during the project term (typically 25 years for a coal-fired power project in practice), and upon expiry of the project term, transfer the project to the Government. There will be a set of project documents entered into between the competent Government authorities, the investors and the project company through which risks associated with the project are allocated between the public sector and the private sector parties. In particular, the investors in BOT projects may be entitled to exceptional protections and guarantees as prescribed under Vietnam’s PPP regulations and the relevant project documents. Accordingly, BOT concession rights have typically been granted to large scale power projects.

If, since the date of the BOT Contract, there has been any change in laws or regulations or if new laws and regulations have been introduced, they may not be applicable to the BOT Company or in case they are applicable to the BOT Company, the BOT Company may be entitled to remedy under the BOT Contract if the application of such laws results in certain adverse financial impact.

With a view to attracting foreign investments into the power sector, Vietnam has over the past decade developed a legal framework for investments in the form of a PPP, especially for BOT power projects. The primary regulations applicable to the legal framework for thermal power projects include, among others, the following:

- Electricity Law 2004 passed by the National Assembly, which came into effect on July 1, 2005 (as amended in 2012), governing electricity activities in Vietnam (“Electricity Law”);
- Law on Investment 2005 passed by the National Assembly, which came into effect on July 1, 2006, governing investment activities in Vietnam (“Law on Investment 2005”);
- Law on Investment 2014 passed by the National Assembly, which came into effect on July 1, 2015 (replacing Law on Investment 2005), governing investment activities in Vietnam (“Law on Investment 2014”);
- Decree 108/2009/ND-CP passed by the Government, which came into effect on January 15, 2010, governing investments in the form of build-operate-transfer, build-transfer-operate or build-transfer contract (“Decree 108”);
- Decree 15/2015/ND-CP passed by the Government which came into effect on April 10, 2015 (replacing Decree 108), governing investments in the form of a PPP (“Decree 15”);
- Decree 63/2018/ND-CP passed by the Government which came into effect on June 19, 2018 (replacing Decree 15) governing investments in the form of a PPP (“Decree 63”);

- Decree 51/2015/ND-CP passed by the Government, which came into effect on July 15, 2015, on the issuance of legal opinions by the Ministry of Justice (“Decree 51”); and
- Official Letter No. 1604/TTg-KTN of the Prime Minister of Vietnam dated September 12, 2011, governing the main contents of the BOT contract and governmental guarantees applying to thermal power plant projects in the form of a BOT investment (“OL 1604”).

MOIT is the main regulator for the power sector in Vietnam. For BOT power projects, MOIT is the licensing authority with respect to certain authorizations and approvals required for the implementation of such projects. MOIT is also responsible for coordinating with the competent authorities with respect to negotiating the project documents with the relevant parties and serving as the authorized Government body to enter into the BOT contract with the relevant parties.

### ***Foreign ownership limit***

There is no foreign ownership limit imposed on foreign investors to own and operate power facilities in Vietnam. Foreign investors may own up to 100% of equity in power facilities in Vietnam. This position is in line with the Government’s policy as prescribed under the Electricity Law, which encourages and creates favorable conditions for foreign investors to participate in electricity activities in Vietnam.

### ***Distribution and transmission of power***

EVN, a wholly state-owned enterprise, currently owns the entire national power transmission and distribution network in Vietnam. As such, EVN and its subsidiaries act as the sole offtaker for all electricity generated from power projects connected to the national grid system and concurrently operates and maintains the national grid system. Investors in BOT power projects may, however, negotiate with EVN on tariff calculations.

The Government has implemented a road map (PDP7) for the formulation and development of a competitive electricity market, which focuses on the following three markets, namely (i) the competitive electricity generation market, (ii) the competitive electricity wholesale market and (iii) the competitive electricity retail market. Under the current regulations, BOT power projects that have entered into their respective power purchase agreement before 2016, which includes the Project, are not be required to participate in the competitive electricity market.

### ***Power development plans***

Under the Electricity Law, the development of the power sector in Vietnam must be consistent with the Government’s development plans for the power sector. National and provincial power development plans are formulated by the Government as 10-year plans based on the strategy for the socio-economic development of Vietnam and the relevant provinces. Power projects with a capacity of more than 50 MW must be included in the national power development plan whilst other power projects must be included in the relevant provincial power development plan.

The national power development plan for the period from 2011 to 2020, with orientation towards 2030, can be found in Decision 1208/QĐ-TTg of the Prime Minister dated July 21, 2011 and Decision 428/QĐ-TTg of the Prime Minister dated March 18, 2016. Under these decisions, the Project was included in the list of power projects expected to be commenced during this period.

### ***Equity ratio***

Investors in BOT power projects are obliged to contribute equity and obtain financing to implement the project in accordance with the BOT contract. Pursuant to Decree 63, the equity ratio in a BOT power project must be: (i) at least 20% (previously 15%) of the total investment capital of a project with total investment capital below or equal to VND1,500 billion (approximately US\$68 million), or (ii) at least 20% (previously 15%) of the amount up to VND1,500 billion plus at least 10% of the portion exceeding VND1,500 billion for a project with a total investment capital of more than VND1,500 billion.

### ***Project development process and project documents***

The investors of a BOT power project must be selected through a bidding process, except for certain cases in which the investors are directly appointed by the competent State authorities. Such direct appointment is possible in cases where the project is proposed by the investors and such project proposal is considered most feasible and efficient by the Government, subject to approval by the Prime Minister.

The selected investors are required to establish a project company, also known as a BOT company, for implementation of the project. For this purpose, the relevant laws require investors to obtain from the relevant provincial business registration office an Enterprise Registration Certificate (“ERC”) recording the main corporate registration contents of the BOT company. Previously, under Decree 15, investors had been required to obtain an Investment Registration Certificate (“IRC”) from the Ministry of Planning and Investment (“MPI”), which recorded the main investment registration contents of the project. Under Decree 63, which is currently in force, the IRC from the MPI is no longer required. Under Decree 108 (the predecessor to Decree 15), investors had been required to obtain an Investment License from the MPI, recording both the main investment registration contents of the project and the main corporate registration contents of the BOT company.

After being established, the BOT company may then enter into the Vietnam project documents with the relevant State authorities and other relevant project counterparties. Under the current laws and practice, a BOT coal-fired power project typically requires the following project documents:

- **BOT contract:** A BOT contract is entered into between MOIT as the authorized Government body, the investors, and the BOT company, and regulates their respective rights and obligations during the implementation of the project. Commonly, the specific terms of the BOT contract are the result of negotiations between the parties thereto.
- **Power Purchase Agreement:** A power purchase agreement is entered into between the BOT company and EVN for the sale of all electricity generated from the project to EVN throughout the term of the project. The terms of any given power purchase agreement are subject to negotiation between the parties thereto.
- **Coal Supply Agreement:** For projects using domestic coal, a coal supply agreement is entered into between the BOT company and Vinacomin, a wholly State-owned company. The terms of any given coal supply agreement are also subject to negotiation between the parties thereto.
- **Governmental Guarantee and Undertaking (“GGU”):** A GGU is entered into between the Government, the investors, and the BOT company, and provides certain guarantees and undertakings from the Government in favor of the investors and the BOT company. Typically, the GGU provides guarantees for payment obligations of MOIT and EVN under the BOT Contract and the power purchase agreement. The GGU also contains a Foreign Currency Regime (“FCR”), which stipulates the investors’ and the BOT company’s rights in relation to foreign exchange.

- Land lease contract (“LLC”): The LLC is entered into between the BOT company and the relevant provincial People’s Committee for the lease of the project site to the project company for implementation of the project during the project term.
- MOJ legal opinion: An MOJ Legal Opinion is issued by the Ministry of Justice to the investors, the BOT company, and the lenders. Pursuant to Decree 51, the MOJ Legal Opinion sets out, among others, the legal capacities and the authorized powers of the contracting parties being State authorities and compliance requirements with Vietnamese laws with respect to the negotiation, execution and issuance of the relevant project documents. Prior to Decree 51, the MOJ Legal Opinion had also covered the legal capacities and powers of the contracting parties being state-owned enterprises such as EVN and Vinacomin.
- Direct Agreements: These normally include the MOIT Acknowledgement & Consent, the EVN Acknowledgement & Consent, the Vinacomin Acknowledgement & Consent (for domestic coal), and the Land Acknowledgement & Consent, to be entered into between the BOT company, the lenders and MOIT, EVN, Vinacomin or the land lessor, as the case may be. These direct agreements regulate the lenders’ step-in rights in an event of default by the investors or the BOT company under the BOT contract, the power purchase agreement, the domestic coal supply agreement and the LLC.

### ***Power generation license***

Pursuant to the Electricity Law and its guiding regulations, prior to the commercial operation date, the BOT company is required to obtain a power generation license for the project from the Electricity Regulatory Authority of Vietnam under MOIT. For this purpose, the BOT company must satisfy a number of conditions, such as the completion of construction and commissioning appropriate technical infrastructure and equipment systems, accepted fire-fighting and prevention systems, an approved environment impact assessment report and due qualification of technical staff.

Under current Vietnamese laws, a power generation license has a maximum term of 10 years, save for certain power projects of national importance (as determined by the Prime Minister), for which the term is 20 years. Prior to December 10, 2013 (i.e. the expiry date of Decree 105/2005/ND-CP of the Government), the term of the power generation license had been determined based on the technologies used in the relevant project, subject to a maximum term of 50 years. Our power generation license has a term of 10 years, expiring April 24, 2025.

### **Land laws**

Under Vietnamese laws, private ownership of land is not permitted, as land is deemed to belong to all Vietnamese people, with the Government as the administrator. However, the law allows ownership of a right to use land (a “land use right”), which is evidenced by a set of land title documents, including the land lease decision, the LLC, and the land use right certificate (“LURC”).

In a BOT power project, the BOT company secures land use rights by way of a land lease from the relevant Government authorities, with the lease term generally being equivalent to the term of the project. This land lease process generally comprises the following main steps:

- (i) obtaining a land lease decision from the competent Government authority;
- (ii) signing a land lease contract with the competent Government authority;

- (iii) being handed over the land from the competent Government authority; and
- (iv) obtaining the LURC.

In general, the competent Government authorities may only issue the land lease decision to the BOT Company after the site clearance and compensation process have been completed. Upon completion of construction of the relevant project, the BOT Company may be entitled to have its ownership of the construction works attached to the land recorded in the LURC.

In consideration of the land lease, the BOT company is required to pay the Government a land rental fee (paid in a lump sum or by way of annual installments), unless exempted. A large-sized BOT power project may be granted an exemption from the land rental fee for the whole lease term.

### **Environmental regulations**

The Law on Environmental Protection 2014, which came into effect on January 1, 2015, and the Merged Document No. 19/VBHN-VPQH dated December 10, 2018 on Environment Protection Law, and its guiding regulations, sets out the general legal framework for environmental protection and environmental issues in Vietnam. In addition, applicable entities are required or encouraged to comply with various environmental regulations and standards. The Ministry of Natural Resources and Environment (“MONRE”) is mainly responsible for environment protection and environmental issues in Vietnam.

Under the environmental regulations, the development of a project requires an environmental impact assessment report (“EIA Report”) or an environmental protection plan, subject to the project’s scale. A BOT power project is normally required to prepare the EIA Report, which has to be approved by MONRE. An EIA Report must assess and address various environmental issues incidental to the project, including, among others, assessing the current status of the natural and socio-economic environment at the project site and adjacent areas, the impact of the project on the environment and community health, measures for mitigating such impact, waste disposal measures, environmental protection monitoring, and plans for the implementation of environmental protection measures. Except in a few cases, public consultation is a compulsory procedure during the formulation of an EIA Report.

During the operation of the project, the competent authorities may, from time to time, conduct inspections of the project to ensure that the project complies with the approved EIA Report and relevant environmental regulations.

Vietnamese law also sets out various regulations on specific environmental issues, such as waste management, industrial wastewater, air emissions, hazardous substances storage, use of dangerous chemicals, use of water sources, oil spills and others. The relevant entities are required to obtain specific approvals, consents and permits from the competent Government authorities, as well as being subject to various technical regulations and environmental standards as prescribed under these laws. Additionally, for certain issues such as the use of dangerous chemicals or oil spills, the relevant entities may also be required to prepare environmental incident response plans, which also need to be approved by, or registered with, the competent Government authorities.

## **Vietnam Taxation**

### ***General***

The statements made regarding taxation in Vietnam below are based on the laws in force at the date of this Offering Memorandum and are subject to any changes in law occurring after such date. The following summary does not purport to be a tax advice or a comprehensive description of all of the tax considerations that may be applicable to the BOT Company. It is noted that while the BOT Company is subject to the general taxation regime under Vietnamese laws, the BOT Company may also benefit from exceptional treatment on certain taxes as stipulated in the BOT Contract, particularly under the taxation regime schedule (the “Taxation Regime Schedule”). To the extent that relevant tax authorities are not familiar with or have a different interpretation of the scope of the exemptions to which the BOT Company is entitled under the BOT Contract, we will need to engage in discussions with such tax authorities and/or higher levels to resolve such matters.

### ***Corporate income tax***

Under Vietnamese law, the normal statutory corporate income tax (“CIT”) rate applicable to a company is 20%. A company that is established for the purposes of a power project could, however, be entitled to CIT at the rate of 10% for 15 years, which may be extended up to a total of 30 years in certain cases, subject to the Prime Minister’s approval. This reduced rate will be applied from the first year such company recognizes revenue from its power project. In addition, such company may also be entitled to (i) a CIT exemption for four years beginning on the earlier of the first year its power project has taxable income or the fourth year in which the company recognizes revenue from its power project and (ii) a reduction of 50% of the applicable CIT rate for nine subsequent years. Under the Taxation Regime Schedule, the BOT Company is entitled to benefit from an exemption from CIT for the first four years from the year in which the BOT Company starts to earn profit, a reduced CIT rate of 5% from the fifth to thirteenth year from the year in which the BOT Company starts to earn profit and after that, a reduced CIT rate of 10% until the end of the Project term.

### ***Value-added tax***

Goods and services used for production, trading or consumption in Vietnam are subject to value-added tax (“VAT”) at the rate of 10%, 5% or 0%, unless exempted. VAT input incurred by a company in Vietnam could be deducted from output VAT and/or refunded in accordance with applicable laws.

### ***Import duties/taxes***

A company established for the purposes of a power project may be entitled to exemptions from import duty for (i) items imported that will be a fixed asset of the power project and (ii) materials, supplies and semi-finished products required for production of the power project, provided that such materials, supplies and semi-finished products are not yet able to be produced in Vietnam for a period of 5 years from the commercial operation date of the power project.

### ***Withholding tax***

Income from the supply of goods and services in Vietnam by overseas organizations may be subject to withholding tax, comprising of CIT and/or VAT, unless otherwise exempted pursuant to any relevant double tax avoidance agreements. In general, interest payments and relevant fees payable to offshore lenders are subject to withholding tax at the rate of 5%. Under the Taxation Regime Schedule, any payments by the BOT Company of interest costs and financing fees to any Project financing parties is exempt from withholding tax.



### ***Capital gains tax***

Any transfer or assignment of equity interest in a company in Vietnam would generally be subject to capital gains tax equivalent to 0.1% of the value of the sale transaction or 20% of the capital gain, depending on (i) the corporate form of the company, (ii) whether the transferor is resident or non-resident in Vietnam and (iii) whether the transferor is an individual or an institution. Under the Taxation Regime Schedule, any transfer or assignment by the BOT Company or any Project financing party of its interests in the BOT Company's assets to MOIT are exempt from capital gains tax.

### **Foreign Loan**

To control the national debt limit and in-flow of foreign currency, a foreign currency loan with a term of at least one year taken by a local entity from a foreign lender (including the BOT Company Loans) must be registered with the SBV. As part of the application, copies and translation certified by the borrower of the loan agreement must be submitted. By law, the SBV is required to issue a registration certificate recording the details of such foreign loan within 15 business days from receipt of a full and valid application. The timing may be longer in practice.

Except for a few cases, all factual changes to the details recorded in the registration certificate require the registration certificate to be amended by the SBV. As part of the application, copies and translation certified by the borrower of the relevant amendment agreement must be submitted to the SBV. By law, the timing for issuance of the amended registration certificate by the SBV is no more than 15 business days. However, it can take longer in practice.

## DESCRIPTION OF PROJECT AGREEMENTS

The following is a description of selected provisions of the principal agreements related to the Mong Duong 2 Project and should not be considered a full statement of the terms and provisions of such agreements. Capitalized terms used but not defined in this section or elsewhere in the Offering Memorandum correspond to defined terms under the relevant agreements.

### **BOT Contract**

*Overview.* MOIT, the BOT Company, the AES Investor and Vinacomin entered into the BOT Contract on April 22, 2010. The BOT Contract was subsequently amended by Amendment No. 1 dated July 22, 2011, to, among others, assign ownership in the Charter Capital of the BOT Company from the AES Investor and Vinacomin to the AES Investor (51%), the POSCO Investor (30%) and the CIC Investor (19%). The BOT Contract sets out the rights and obligations of the Investors, the BOT Company and MOIT relating to, among other things, the establishment of the BOT Company and the terms and conditions upon which the BOT Company shall finance, design, construct, own, operate, maintain and transfer the Project.

*Term.* The Term of Operation under the BOT Contract is twenty five (25) years from COD, as extended for a Force Majeure Event, unless earlier terminated in accordance with the terms thereof. The term of the BOT Contract is the Term of Operation plus any additional time to complete the outstanding obligations under the BOT Contract (if any) and wind up the BOT Company.

*Transfer.* At the end of the Term of Operation, the BOT Company shall transfer the Project to MOIT without compensation. Four years prior to the Transfer Date, the BOT Company shall develop a plan for final maintenance, in accordance with Prudent Utility Practices. During the last year of operation and prior to the Transfer Date, the BOT Company has to perform the Power Facility Transfer Tests to verify that the Power Facility meets certain Minimum Performance Standards of (i) Dependable Capacity equal to at least 90% of the average of the Initial Dependable Capacity, the Dependable Capacity of the first Contract Year and the Dependable Capacity of the second Contract Year, (ii) a heat rate no greater than 110% of the Contract Heat Rate applicable after Contract Year 6 and (iii) the Facility being in general compliance with the applicable Vietnam environmental standards. For 12 months following the Transfer Date, the BOT Company shall be liable for repair costs up to US\$8.0 million upon actual mechanical breakdown. On the Transfer Date, the BOT Company shall transfer in cash to the Investors their proportionate share of Charter Capital as was required to be in place at COD.

*Site.* MOIT shall assist the BOT Company to obtain all necessary rights to the Site, and represents and warrants that upon the issuance of the Certificates of Right to Use Land, the BOT Company shall have the right to exclusive use and control of the Site for the Term of the BOT Contract and for the purposes of the BOT Contract and shall not be required to pay Land Use Costs during the Term.

*Operation and Maintenance.* Operation and maintenance is the responsibility of the BOT Company and must be conducted in accordance with Prudent Utility Practices. The BOT Company is entitled to subcontract to an O&M Contractor via O&M Agreements (as also contemplated by the PPA), however, the BOT Company currently performs operation and maintenance activities itself.

*Rights and Responsibilities.* The BOT Contract sets out the respective rights and responsibilities of MOIT and the BOT Company. MOIT's rights and responsibilities include, among others, that MOIT shall (i) assist the BOT Company in obtaining Government authorizations, import/export permits and customs clearance, (ii) procure that relevant Government Counterparties operate and maintain the Vietnam Side Infrastructure Facilities in accordance with Prudent Utility Practices/Prudent Vietnam Practices and Environmental Standards, (iii) procure that all Vietnam Project Counterparties and Relevant Authorities accept and perform all provisions of relevant project documents, and (iv) obtain the Government Guarantee and Undertaking and MOJ Legal Opinion. The BOT Company's rights and responsibilities include, among others, that the BOT Company shall (i) comply with the Environmental Standards, (ii) enjoy the benefit of the Foreign Currency Regime and Taxation Regime for the whole term of the BOT, (iii) engage in all activities contemplated by the Project Contracts in accordance with Prudent Utility Practices, (iv) submit periodic reports to Relevant Authorities and (v) make available electric capacity and energy output in accordance with the PPA.

*Foreign Currency Regime.* The BOT Contract provides for a Foreign Currency Regime to be applicable to the BOT Company for the entire term of the BOT Contract, including provision for converting all revenue into US dollars. See the summary under “— Government Guarantee and Undertaking (Government Guarantee and Undertaking).”

*Taxation Regime.* The BOT Contract provides for a Taxation Regime to be applicable to the BOT Company, including certain incentives such as Business Income Tax (exempted for the first 4 profit-making years, 5% tax rate for the following 9 years, 10% tax rate thereafter), carried forward tax losses for up to five (5) years, exemption of import duty, exemption of tax on technology transfer, and exemption of withholding tax on interest payments and financing fees. Other than the incentives outlined in the Taxation Regime, the BOT Company shall pay taxes in accordance with, and at the rates prescribed in, the Laws of Vietnam applicable at the date of signing the BOT Contract (i.e., April 22, 2010).

*Change in Law.* The BOT Company (on behalf of itself and the Investors) or MOIT is entitled to compensation (respectively as the impacted party) in case of favorable or unfavorable Changes-in-Law resulting in a cumulative financial impact in excess of US\$500,000. Compensation may take the form of direct compensation, an adjustment of the Tariff, a combination thereof or another mutually agreed option. If compensation is not agreed within a certain period of time, the affected party may commence arbitration (or, in the case of the BOT Company, (the BOT Company) may claim a Force Majeure Event). The same mechanism applies in the event of an Unremedied Geological Change in Coal Properties that result in increased costs or decreased revenues for the BOT Company.

*Force Majeure.* No Party shall be deemed in breach of its obligations due to a Force Majeure Event, provided that no relief shall be granted to MOIT for any Government Event or Unremedied Geological Change in Coal Properties. Each party is generally obligated to take reasonable steps to mitigate the effects of Force Majeure and restore its ability to perform.

Force Majeure Events are comprised under the BOT Contract of Natural Force Majeure Events, Government Events and Foreign Political Events.

Natural Force Majeure Events include, but are not limited to, (i) epidemic, (ii) explosion, accident or contamination, (iii) lightning, typhoon, floods, droughts and other act of nature, (iv) accidents of navigation, (v) failure or delay of a Contractor or of a Vietnam Project Contractor caused by a Natural Force Majeure Event or (vi) an Unremedied Geological Change in Coal Properties for which the BOT Company has not received full compensation (see “— Change in Law”).

Foreign Political Events include, but are not limited to, the following events which occur outside Vietnam and do not directly involve Vietnam (i) acts of war, terrorism or embargo, (ii) strikes or (iii) failure or delay of a Contractor (but in respect of this last point only to the extent caused by an event which is otherwise a Foreign Political Event).

Government Events include, but are not limited to, (i) acts of war, terrorism, embargo, (ii) strikes that extend beyond the BOT Company, (iii) inability of the BOT Company to obtain, maintain or renew any Government authorization, (iv) repudiation of any Vietnam Key Project Contract other than due to the default of the BOT Company, (v) failure to perform by any Vietnam Key Project Counterparty other than due to the default of the BOT Company, (vi) failure or delay of a Contractor due to a Government Event, (vii) the Government Guarantee and Undertaking ceasing to remain in full force and effect, (viii) issuance of a judgment denying the validity or enforceability of any Project Contract, (ix) repudiation by a Vietnam State Body of any Vietnam Key Project Contract, the Government Guarantee and Undertaking or the Investment Certificate, (x) nationalization or expropriation, (xi) frustration or termination of any Project Contract, (xii) any Change-in-Law for which the BOT Company has not received full compensation (see “— Change in Law”), (xiii) failure or delay related to the discovery on the Site of any unexploded ordnance or archeological find, (xiv) any Vietnam Project Counterparty discharging air or water pollutants or hazardous wastes affecting the BOT Company’s compliance with the Vietnam Environmental Standards or (xv) failure or delay in the supply of Coal, Construction Water, Operating Water or Cooling Water to the extent not caused by a Natural Force Majeure Event or Foreign Political Event.

If a Natural Force Majeure Event or Foreign Political Event results in the need for Restoration, then the BOT Company shall provide a plan for recovery and seek to restore the operation of the Power Facility within 180 days (at its cost). If a Government Event results in the need for Restoration then the Parties shall negotiate in good faith to agree on the Restoration Cost to put the BOT Company in the same economic position as if such Government Event not occurred (with payment to be made as a direct payment, increased Tariff or other mechanism to be agreed between the parties). If the parties agree or an Expert determines that Restoration is not feasible (or the Restoration schedule cannot be agreed), then either the BOT Company or MOIT may serve a Notice of Termination.

Payments after COD for Force Majeure Events are as follows: (i) in the event of a Natural Force Majeure Event or Foreign Political Event affecting the BOT Company, the BOT Company is entitled to receive payments for Capacity Charge pro-rated to reflect the portion of the Power Facility not affected, and to receive Energy Charges for Net Energy Output actually delivered during such Force Majeure, (ii) in the event of a Natural Force Majeure Event or Foreign Political Event affecting EVN, or a Government Event caused by EVN, the BOT Company shall be entitled to receive payments from EVN for Capacity Charge at the same level as payable immediately prior to the Force Majeure Event and (iii) in the event of a Natural Force Majeure Event or Foreign Political Event affecting a Vietnam Project Counterparty (other than EVN), or a Government Event not caused by EVN, the BOT Company shall be entitled to receive payments from MOIT for Capacity Charge together with any Energy Charge or Supplemental Charge (if any) calculated pursuant to Schedule 5 of the PPA during the period of Force Majeure. See “Description of Project Agreements — Power Purchase Agreement (PPA).”

*Termination for Extended Force Majeure.* If a Natural Force Majeure Event or Foreign Political Event prevents the generation of Dependable Capacity for longer than 180 consecutive days, then either MOIT or the BOT Company shall have the right to terminate the BOT Contract, subject to the following qualifications:

- if MOIT or EVN undertake to continue all payment obligations, then termination can only occur after 360 days;

- if the Affected Party is a Vietnam Project Counterparty then MOIT can only terminate if the relevant affected Vietnam Project Counterparty has first taken all reasonable measures to mitigate the impact, and it cannot terminate if the Natural Force Majeure Event is an Unremedied Geological Change in Coal Properties; and
- if the Affected Party is Vinacomin under the CSA, then MOIT can only terminate after 365 days of consecutive impact.

If a Government Event occurs for longer than 180 consecutive days, then the BOT Company (but not MOIT) may terminate the BOT Contract, subject to the following qualifications:

- if MOIT or EVN undertake to continue all payment obligations, then termination can only occur after 360 days; and
- the BOT Company may terminate immediately if the Government Event is:
  - (i) a Government failure to perform material obligations under the Government Guarantee and Undertaking (or the Government Guarantee and Undertaking ceases to remain in full force and effect),
  - (ii) a Vietnam State Body nationalizes the Power Facility, or
  - (iii) a Vietnam State Body frustrates or terminates a Project Contract or any Government or party obligation under a Project Contract.

Termination payments following extended Force Majeure shall be as described below under “— Termination and Other Remedies.”

*Default.* The BOT Contract lists out events which shall be a BOT Company Event of Default and events which shall be a Vietnam Side Default (being defaults by MOIT or other Vietnam Project Counterparties in certain situations). The BOT Company Events of Default are any of the following, provided they do not result from a breach by any Vietnam Project Counterparty of a Vietnam Project Contract, a Vietnam Side Default, a Force Majeure Event or an Unforced Outage:

- an Investor or the BOT Company fails to comply with any material provision of the BOT Contract (or the BOT Company fails to comply with any material provision of another Vietnam Project Contract) that remains uncured for 90 days after notice (subject to extension);
- payment default by the BOT Company of a material amount (defined as any amount exceeding US\$3 million) uncured for 30 days after notice;
- a BOT Company Event of Default under the PPA; or
- termination of any Vietnam Key Project Contract due solely to a material breach by the BOT Company.

Vietnam Side Defaults are any of the following, provided they do not result from a breach by the BOT Company of a Vietnam Project Contract, or a BOT Company Event of Default or a Natural Force Majeure Event or a Foreign Political Event:

- MOIT or any Vietnam Project Counterparty fails to comply with any material provision of any Vietnam Project Contract that remains uncured for 90 days after notice (subject to extension);
- payment default by MOIT of a material amount under the BOT Contract (defined as exceeding US\$3 million) uncured for 30 days after notice;
- a Government Event has occurred for which full compensation has not been received by the BOT Company (or will not be received via payment of Restoration Costs or Tariff increase); or
- any Change in Law, which is not compensated; or
- PPA cross default in the form of any of the following:
  - an EVN Event of Default occurs under the PPA (or would have occurred except for there being a Government Event that is not caused by EVN or that is not a result of any failure, delay, breach or action or inaction of EVN);
  - a BOT Company Event of Default has occurred under the PPA that results from a breach by any Vietnam Project Counterparty of any Project Contract or is caused by a Vietnam Side Default; or
  - termination of any Vietnam Key Project Contracts (that are relevant during commercial operations such as the BOT Contract, PPA and Land Lease Agreement) or the Government Guarantee and Undertaking except where due solely to a material breach by the BOT Company or due to a Natural Force Majeure.

*Termination and Other Remedies.* Termination of the BOT Contract may occur due to an extended Force Majeure Event (as described above) or, following a BOT Company Event of Default or Vietnam Side Default, the non-defaulting party may terminate the BOT Contract upon 90 days' notice. MOIT may not terminate the BOT Contract without first providing lenders with step-in rights, which are referred to in the BOT Contract and set out in the MOIT Acknowledgement and Consent. See "Description of Project Agreements — MOIT Acknowledgement and Consent." Following termination, MOIT has an obligation to purchase the Project and pay to the BOT Company a Termination Payment (except in circumstances of termination for BOT Company Event of Default where MOIT has an option, but not an obligation, to purchase the Project). The Termination Payments are as follows:

*Termination for Vietnam Side Default or Government Event which continues for more than 180 days:* MOIT has an obligation to purchase the assets for an amount equal to (1) the aggregate of all outstanding amounts payable by the BOT Company under the Financing Documents to obtain a full discharge of its liabilities; and provided that the total amount outstanding shall be the amount due as specified in the original amortization schedule as set out in the Financing Documents on the Assessment Date; plus (2) the amount of Charter Capital pro-rated for the remaining number of months between termination and the end of the Term of Operation; plus (3) the "Expected Profit of the BOT Company" calculated as the net present value of the Operating Income (as defined under U.S. GAAP) less Taxes which would have been earned in the next 6.25 years or, if shorter, the period remaining until the end of the Term of Operation; minus (4) insurance proceeds not used in the restoration of the Project.



The BOT Contract does not state whether U.S. GAAP as in effect on the date of the BOT Contract or U.S. GAAP as in effect from time to time should be used to determine the Operating Income component of the “Expected Profit of the BOT Company.” See “Risk Factors — Risks Relating to our Business — Calculation of the termination payment available in certain circumstances under the BOT Contract may be uncertain.”

As used in the Project Agreements, “Financing Documents” refers to each of the loan contracts in existence on the Assessment Date — including development costs contributed by the Investors up to the Financial Closing Date, which are to be treated as an interest-free loan — contracts for Security, contracts for political risk coverage, contracts relating to hedging of interest rates or currencies and other documents, relating to the initial debt or equity financing or any whole or partial refinancing of the Power Facility and Housing Facilities, all as determined by the BOT Company.

*Termination for BOT Company Event of Default:* MOIT has the option (but not the obligation) to purchase the assets for an amount which, if the Power Facility meets the Minimum Performance Standards, is equal to (1) the aggregate of all outstanding amounts payable by the BOT Company under all the Financing Documents (excluding default interest) to obtain a full discharge of its liabilities; and provided that the total principal amount outstanding shall be the amount due as specified in the original amortization schedule as set out in the Financing Documents on the Assessment Date; plus (2) the amount of Charter Capital pro-rated for the remaining number of months between termination and the end of Term of Operation; minus (3) insurance proceeds not used in the restoration of the Project.

*Termination for extended (180 days) Natural Force Majeure or Foreign Political Event affecting the BOT Company:* Either party can terminate and MOIT has an obligation to purchase the assets for an amount which, if the Power Facility meets the Minimum Performance Standards, is equal to (1) the aggregate of all outstanding amounts payable by the BOT Company under all the Financing Documents (excluding default interest) to obtain a full discharge of its liabilities, and provided that the total principal amount outstanding shall be the amount due as specified in the original amortization schedule as set out in the Financing Documents on the Assessment Date; plus (2) the amount of Charter Capital pro-rated for the remaining number of months between termination and the end of Term of Operation; plus (3) half of the cost incurred by the BOT Company in overcoming the effects of the Natural Force Majeure or Foreign Political Event and bringing the Power Facility to operate at Minimum Performance Standards; minus (4) insurance not used in the restoration of the Project.

*Termination for extended (180 days) Natural Force Majeure or Foreign Political Event affecting a Vietnam Project Counterparty:* MOIT has an obligation to purchase the assets for an amount which, if the Power Facility meets the Minimum Performance Standards, is equal to (1) the aggregate of all outstanding amounts payable by the BOT Company under all the Financing Documents to obtain a full discharge of its liabilities, and provided that the total principal amount outstanding shall be the amount due as specified in the original amortization schedule as set out in the Financing Documents on the Assessment Date; plus (2) the amount of Charter Capital pro-rated for the remaining number of months between termination and the end of Term of Operation; plus (3) the “Expected Profit of the BOT Company” calculated as the net present value of the Operating Income less Taxes, which would have been earned in the next four years (if the affected party is the Coal Supplier (i.e., Vinacomin) or zero if the affected party is another Vietnam Project Counterparty; minus (4) insurance proceeds not used in the restoration of the Project.

In connection with the transfer of the BOT Company Loans to the Issuer, the BOT Company has issued a letter to the MOIT to confirm, among other things, that the component of the termination payment described in clause (1) in each of the termination cases above will be calculated as if there were no hedging or as if hedging were still in place (including hedging termination costs), whichever is lower. See “Risk Factors —



Risks Relating to our Business — Calculation of the termination payment available in certain circumstances under the BOT Contract may be uncertain.”

If it is not possible to test the Facility for compliance with the Minimum Performance Standards, or if the does not operate at Minimum Performance Standards, the termination payment will be the amount set out in the relevant two preceding paragraph minus an amount determined by an independent accounting firm to account for the BOT Company’s Share of Recovery Cost determined in accordance with certain agreed principles in the BOT Contract.

*Insurance.* The BOT Company is obligated to obtain and maintain insurance policies from appropriate and reputable insurers, with a financial security rating above AM Best rating of A or S&P rating of A-. Insurance required during the commercial operations period comprises Workers Compensation and Employers Liability, All Risks Insurance — Fixed Assets, Machinery Breakdown, Business Interruption, Public Liability and any other miscellaneous insurances required under the Laws of Vietnam.

*Limitation of Liability.* No Party, nor any shareholder, officers, directors, affiliates, employees, agents, contractors or subcontractors, shall be liable for any indirect, consequential, incidental, punitive or exemplary damages or losses. The sole remedy for failure by the BOT Company to generate or deliver electricity shall be the payment of liquidated damages under Article 8 of the PPA. If such liquidated damages are paid, no right or claim in respect of such breach shall arise under the BOT Contract.

*Assignment and Transfer.* The BOT Company may assign its rights and obligations under the BOT Contract and other Project Contracts to the Financing Parties. An Investor may assign its rights and obligations under the BOT Contract to another Investor, an Affiliate or the Financing Parties. MOIT may assign its rights and obligations to another Vietnam State Body provided the Government Guarantee and Undertaking remains unaffected.

*Governing Law and Dispute Resolution.* Issues relating to interpretation, performance, breach, damages and settlement of disputes under the BOT Contract shall be governed by English Law. Disputes arising under the BOT Contract are to be first attempted to be resolved by mutual discussions. In the event that the dispute cannot be settled by mutual discussion, the dispute shall be referred to an Expert or for arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules, depending on the nature of the dispute. The BOT Contract provides for the joinder of disputes.

*Waiver of Sovereign Immunity.* MOIT irrevocably agrees, on behalf of itself, the Government and Vietnam not to claim any immunity, sovereign or otherwise, in any legal proceedings brought in respect of obligations under the BOT Contract or any Project Contract and expressly waives any right of immunity in respect of the enforcement and execution of any judgment against it rendered in any such proceeding.

## **Government Guarantee and Undertaking**

*Overview:* As contemplated by the BOT Contract, the Government of the Socialist Republic of Vietnam (as “Guarantor”), the BOT Company and the Investors entered into the Government Guarantee and Undertaking on April 22, 2010, as amended by Amendment No. 1 dated July 22, 2011. The Government Guarantee and Undertaking sets out various contractual guarantees and undertakings provided by the Guarantor in relation to the BOT Contract, PPA, CSA and each Acknowledgement and Consent provided to the BOT Company and Financing Parties (“Guaranteed Documents”).

*Term:* The term of the Government Guarantee and Undertaking effectively covers the life of the Project as it is a continuing guarantee and is fully effective as of the date of its signing, is irrevocable and shall remain in full force and effect until the Guaranteed Obligations have been fully and unconditionally discharged under all of the Guaranteed Documents.

*Payment Guarantee:* The Guarantor irrevocably guarantees the performance of all payment obligations and financial commitments (including any amount payable by arbitral award) of each Vietnam Project Counterparty under each of the Guaranteed Documents (i.e., MOIT under the BOT Contract, EVN under the PPA, Vinacomin under the CSA and the counterparties to the Acknowledgements and Consents) during the Guaranteed Period. The Guaranteed Period is 18 years from COD in respect of payment obligations under the PPA and CSA, and the full term operation in respect of payment obligations under the BOT Contract and Acknowledgements and Consents. The Guaranteed Obligations are subject to a US\$5 million cumulative minimum claim threshold, but if any unpaid amount exceeds US\$5 million, then the Guarantor will pay all amounts claimed, including the first US\$5 million.

*Foreign Currency Regime:* As contemplated by the BOT Contract, the Government Guarantee and Undertaking sets out a comprehensive Foreign Currency Regime to be applicable to the BOT Company for the entire term of the BOT Contract. Payments under the Project Contracts will be paid initially in Dong before being converted into U.S. dollars. The Foreign Currency Regime provides a comprehensive mechanism in respect of the (i) initial payment in Dong, (ii) conversion of Dong into U.S. dollars and (iii) transfer of U.S. dollars outside Vietnam. After payment of relevant local amounts by the BOT Company in Dong (e.g., payments to Vinacomin for coal under the CSA), remaining Dong shall be converted into USD using the same Project Exchange Rate that applied to the revenue in question.

In support of the conversion and transfer mechanism in the Foreign Currency Regime:

- the BOT Company is granted rights to open and maintain offshore accounts;
- the Guarantor guarantees to deliver or procure to be delivered to the Converting Bank sufficient USD to enable full conversion of the BOT Company's Dong revenues to USD within 12 Business Days after the Conversion Date;
- the Guarantor guarantees the remittance of converted USD revenue to the BOT Company's offshore account;
- the Guarantor guarantees that the USD/Dong exchange rate used for conversion will be the same as applied on the Payment Date so that the BOT Company shall receive the full U.S. dollar amount from the relevant invoice; and
- if there is any shortfall between the Dong amount received by the BOT Company under an invoice and the amount received in full USD, the BOT Company shall be entitled to claim such U.S. dollars Shortfall directly from the Guarantor.

The result of this guaranteed foreign exchange regime is that the BOT Company has the right to convert, monthly, 100% of its Dong revenue (less Dong expenditure) into USD (at the same exchange rate as was used to convert the USD Tariff into Dong) and to promptly transfer such amount to its offshore US\$ account.

The BOT Company shall use the funds in its offshore account to pay for:

- (i) Quarterly and annual profit distribution to Investors;
- (ii) Repayment and/or redemption of Charter Capital to Investors;
- (iii) Repayment of principal, interest and other financing costs and any other amount due under the Financing Documents to the Financing Parties and/or any amounts required to be credited to any reserve account in accordance with the Financing Documents;
- (iv) Any amount and expenses due in accordance with contracts of goods imported including the amounts due under the Construction Contract;
- (v) Any amount and expenses due in accordance with any service contracts signed with foreign suppliers including the amounts due under the O&M Agreement; and
- (vi) Any other due payments that are due from the BOT Company in foreign currency.

When the BOT Company determines that it needs a part of the amount of US Dollars in its offshore US\$ account in Vietnam, it may transfer such amount back to its onshore US\$ account in Vietnam.

*Governing Law and Dispute Resolution:* The Government Guarantee and Undertaking is governed by English Law. Disputes arising under the Government Guarantee and Undertaking shall be resolved by arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules.

*Waiver of Sovereign Immunity:* The Guarantor expressly waives any right of immunity, sovereign or otherwise, including in respect of the enforcement and execution of any judgment against it or any governmental body.

### **Land Lease Contract (LLC)**

*Overview:* The BOT Company and Quang Ninh Provincial People's Committee ("Lessor") entered into the LLC on April 22, 2010. The LLC sets out terms and conditions in relation to the BOT Company's lease of the Site.

*Term:* The term of the BOT Company's lease of the Site is from 12 April 2010 (or the date of Housing Facilities Land Decision in respect of the Housing Facilities Land) until the expiry of the term of the BOT Contract.

*Purpose of the Lease:* The BOT Company is entitled to use the Site for all of the purposes permitted to be carried out by the BOT Company under the Investment Certificate, the BOT Contract and the laws of Vietnam, including constructing and operating the Power Facility and the Housing Facilities. The BOT Company shall enjoy, and the Lessor undertakes to provide the BOT Company, full and exclusive use of and access to the Site during the Term.

*Payment:* The BOT Company is exempted from any land rental or other payments (including any taxes, duties or fees) to the Lessor with respect to the lease of the Site during the Term.

*Assignment and Security:* The BOT Company may grant security in respect of its rights and interest under the LLC and the Certificate of Right to Use Land and assets attached to the Site to Financing Parties or other entity, bank, financial institution, security agent or trustee to secure the BOT Company's obligations, including the mortgages in favor of foreign lenders as long as they are granted to a security agent licensed to operate in Vietnam. The LLC requires the Lessor to enter into an acknowledgement and consent with the Financing Parties with respect to the BOT Company's mortgage, pledge or assignment by way of security of its rights and interest under the LLC and the Certificate of Right to Use Land to the security agent, and set forth a form of such acknowledgement and consent to be signed by the Lessor.

*Termination:* The LLC shall only be terminated prior to the end of the Term if the BOT Contract is validly terminated and the Power Facility and the Housing Facilities have been transferred to and paid for by the Authorized State Body or the Government in accordance with the terms of the BOT Contract. If the BOT Contract is terminated but the Power Facility and the Housing Facilities are not transferred to and paid for by the Authorized State Body or the Government, then the LLC will remain in effect and the BOT Company has the right, exercisable within two years after the termination of the BOT Contract, to assign its rights and obligations under the LLC, and to transfer all of the assets attached to the Site, to any third party for the remainder of the Term.

*Change in Law:* During the Term, if there is any change to the laws of Vietnam relating to the BOT Company's rights with respect to the LLC, Certificate(s) of Right to Use Land or the Site, the BOT Company's rights will be as provided in the BOT Contract and the Investment Certificate. The BOT Company has the right to require the LLC to be amended to reflect any such change of law in order to protect its rights at the time such change in law takes effect.

*Governing Law and Dispute Resolution:* The LLC shall be interpreted and applied in accordance with the relevant laws of Vietnam.

### **Power Purchase Agreement (PPA)**

*Overview:* EVN and the BOT Company entered into the PPA on April 22, 2010, as amended by Amendment No. 1 dated May 19, 2011. The PPA sets out the terms and conditions upon which the BOT Company agrees to sell, and EVN agrees to buy, the Dependable Capacity and electrical energy output produced from the Facility. The PPA is a Guaranteed Document under the Government Guarantee and Undertaking.

*Term:* The Term of the PPA is twenty-five (25) years from COD, unless extended or terminated earlier in accordance with the terms thereof.

*Sale and Purchase Commitment:* The BOT Company agrees to make available and deliver exclusively to EVN, and EVN agrees to purchase, the Dependable Capacity and Net Energy Output from the Facility for the entire term of the PPA.

*Operation and Maintenance:* Operation and maintenance is the responsibility of the BOT Company and must be conducted in accordance with, among other requirements, Prudent Infrastructure Practice, Interfacing Procedures and Dispatch Instructions. The PPA sets forth an operation and dispatch program which establishes a scheduling procedure for scheduled outage periods. A Dependable Capacity Test shall take place annually to reestablish the Dependable Capacity. The Dependable Capacity may not be greater than the Contracted Capacity of 1,120 MW.

A Joint Coordinating Committee, comprising six members (three members nominated by each of the BOT Company and EVN), is established for monitoring and coordinating compliance with operation and maintenance requirements of the PPA. Recommendations of the Joint Coordinating Committee are not binding on the BOT Company or EVN unless agreed by both parties in writing.

*Outages and Shortfall:* The PPA sets forth an operation and dispatch program which establishes a scheduling procedure for scheduled outage periods. Dispatch instructions shall be issued by the Vietnam Government Control Center. The BOT Company is given a certain allowance for outages in each Contract Year. 180 days prior to each Contract Year, the BOT Company and EVN commence a process to establish and agree the schedule for Scheduled Outages in the upcoming Contract Year. Each Scheduled Outage is to be as short a duration as is consistent with Technical Limits and Prudent Utility Practices, and Scheduled Outages are to be scheduled to align with seasonal energy requirements. Specifically, the BOT Company shall use its reasonable endeavors to schedule all Scheduled Outages of 3 days or more during June to October, and Major Overhauls shall not occur between November to May.

The BOT Company is liable to pay liquidated damages to EVN in the event the sum of forced outages, maintenance outages and scheduled outages exceeds the yearly allowance for outages. Liquidated damages shall be calculated on the basis of 1.05 times the Derived Capacity Charge (the USD per kWh unit of Capacity Charge, calculated by taking Capacity Charge divided by 7,621) multiplied by the number of hours of excess outages and are assessed on a yearly basis at the end of each Contract Year. The BOT Company is given a certain allowance for outages in each Contract Year and is allowed to carry over a maximum of 160 million kWh equivalent of unutilized outages from one Contract Year to the next (being approximately 142.8 hours on the basis of a Dependable Capacity of 1,120 MW).

On an aggregate basis for each monthly Billing Period, the BOT Company is also liable to pay liquidated damages to EVN in the event that the output achieved during any hour in that month is:

- less than 97% of the output required at the Delivery Point under a Dispatch Instruction — which results in liquidated damages of 5% of the Capacity Charge payable during such hour for the difference between the Declared Capacity and the actual output achieved; or
- more than 103% of the output required at the Delivery Point under a Dispatch Instruction — which results in liquidated damages of 5% of the Energy Charge applicable to such hour.

The BOT Company shall maintain an Operations Security Deposit in an amount equal to USD15.5 million as security for its obligations under the PPA, including the obligation to pay liquidated damages. The BOT Company shall replenish the security deposit in full within 10 days of any drawdown by EVN.

*Common Infrastructure Facilities:* EVN shall design, develop, construct, operate and maintain all the Common Infrastructure Facilities at its own cost. These are described as the “EVN Infrastructure Facilities” in the PPA (which in turn comprises part of the Vietnam Side Infrastructure Facilities under the BOT Contract). The Common Infrastructure Facilities, which are relevant to commercial operations, include: (i) the Operating Water Supply Facility, (ii) the 110 kV Transmission Line — Start-up Power Facility, (iii) the Cooling Water Discharge Facility, (iv) the Cooling Water Intake Facility, (v) the Jetty Intake Facility, (vi) the 500 kV Switchyard, (vii) the Main Access Road, (viii) the Fence and (ix) the Slope Protection. EVN may charge the BOT Company for the operation and maintenance of the Common Infrastructure Facilities provided that such charge will be part of the Additional Charge in the Tariff. The BOT Company shall only be obliged to pay such charge if it receives the Additional Charge from EVN.

*Payments and Fees.* The PPA provides for a three-part tariff structure of monthly payments consisting of a Capacity Charge, Energy Charge, and Supplemental Charge. The tariff payments under the PPA are denominated and made in Dong using the Project Exchange Rate applicable one working day before payment by EVN is made (as advised by the Converting Bank to the parties). Invoicing occurs on a monthly basis with the Payment Date being the 9th day of the following month (i.e., approximately 39 days from the last day of the Billing Period).

*Capacity Charge:* The Capacity Charge payable by EVN calculated by multiplying Dependable Capacity and the sum of Fixed Capacity Charge, Fixed O&M Charge and, for the first 13 years after COD, Supplementary Interest Charge.

The Fixed Capacity Charge (in USD per kW per year) is equal to a pre-agreed amount for each Contract Year.

The Fixed O&M Charge, which includes a foreign and local component, is comprised of pre-agreed amounts (in US\$ per kW per year and VND per kW per year, respectively) for each Contract Year. Each component is indexed to inflation in the United States and Vietnam, respectively.

The Supplementary Interest Charge is a tariff adjustment to reflect the fluctuation in long term interest rates between the negotiation of the PPA and the financial close. The Supplementary Interest Charge is US\$1.69 per kW per year multiplied by the ratio between current Contract Year Fixed Capacity Charge and first Contract Year Fixed Capacity Charge. The Supplementary Interest Charge only applies for the first 13 Contract Years.

*Energy Charge:* The Energy Charge payable by EVN comprises a Fuel Charge, Variable O&M Charge and Start-Up Charge.

The Fuel Charge is the multiplication of Net Energy Output and the sum of Coal Charge and Secondary Fuel Charge. The Coal Charge is equal to the Contract Heat Rate (in BTU/kWh, corrected for load, ambient air temperature and cooling water temperature) multiplied by the actual Coal Energy Rate (in VND per BTU) invoiced by the fuel supplier. The Contract Heat Rate is a pre-agreed number ranging from 9,405 BTU/kWh in the first Contract Year to 9,560 BTU/kWh in the later Contract Years. The Secondary Fuel Charge is equal to the Heat Rate for Secondary Fuel (a pre-agreed amount of 2,783 BTU/kWh, corrected for load, ambient air temperature and cooling water temperature) multiplied by the Secondary Fuel Price (in Dong per Kg) as invoiced by the fuel supplier, and multiplied by 0.000025.

The Variable O&M Charge comprises a local and a foreign component. It is equal to pre-agreed numbers (USD/kWh and VND/kWh respectively) multiplied by the Net Energy Output delivered to EVN. Each component is indexed for US and Vietnam inflation respectively.

The Start-Up Charge is payable for Start-up in excess of the yearly number of free start-ups. It is equal to a pre-agreed number (in USD) for cold, warm or hot start-up and indexed for fluctuations in the price of heavy fuel oil and import electricity.

*Supplemental Charge.* The Supplemental Charge is payable by EVN to account for any billing errors, adjustments for late payment, exchange rate, inaccurate meter, and any costs and charges payable to or by the BOT Company.



*Force Majeure:* No Party shall be deemed in breach of its obligations due to a Force Majeure Event. The Affected Party shall use reasonable efforts to mitigate the effects of Force Majeure and restore its ability to perform. Force Majeure Events are consistent with those in the BOT Contract and are made up of Natural Force Majeure Events, Government Events and Foreign Political Events.

Payments after COD for Force Majeure Events are as follows: (i) in the event of a Natural Force Majeure Event or Foreign Political Event affecting the BOT Company, the BOT Company is entitled to receive payments from EVN for Capacity Charge pro-rated to reflect the portion of the Power Facility not affected, and for Energy Charges for Net Energy Output actually delivered during such Force Majeure (the term of the PPA will be extended on a day-by-day basis by a period equal to the duration of such Force Majeure Event), (ii) in the event of a Natural Force Majeure Event or Foreign Political Event affecting EVN, or a Government Event caused by EVN, the BOT Company shall be entitled to receive payments from EVN for Capacity Charge at the same level as payable immediately prior to the Force Majeure Event and (iii) in the event of a Natural Force Majeure Event or Foreign Political Event affecting a Vietnam Project Counterparty (other than EVN), or a Government Event not caused by EVN, the BOT Company shall be entitled to receive payments from MOIT for Capacity Charge together with any Energy Charge or Supplemental Charge (if any) calculated pursuant to Schedule 5 of the PPA during the period of Force Majeure.

*Default:* The PPA lists out events which shall be a BOT Company Event of Default and events which shall be an EVN Event of Default. BOT Company Events of Default relevant to the operations phase are any of the following, provided they do not result from an EVN Event of Default, a Force Majeure Event or an Unforced Outage:

- a failure to post the Operations Security Deposit, achieve the Facility Threshold Capacity for three consecutive years or operate in accordance with Prudent Utility Practices;
- abandonment of the Power Facility for more than 30 consecutive days without the prior written consent of EVN;
- an Investor or the BOT Company fails to comply with any material provision of the BOT Contract that remains uncured for 90 days after notice (subject to extension);
- payment default by the BOT Company of a material amount (defined as exceeding US\$3 million) uncured for 30 days after notice;
- any representation or warranty proving to have been incorrect in any material respect and having a material adverse effect on the BOT Company's ability to perform its obligations;
- breach of assignment provisions; and
- winding up, bankruptcy, liquidation events.

EVN Events of Default are any of the following, provided they do not result from a BOT Company Event of Default, a Natural Force Majeure Event or a Foreign Political Event or a Government Event (other than a Government Event caused by EVN):

- EVN fails to comply with any material provision that remains uncured for 90 days after notice (subject to extension);
- payment default by EVN of a material amount (defined as exceeding US\$3 million) uncured for 30 days after notice;



- any representation or warranty proving to have been incorrect in any material respect and having a material adverse effect on EVN’s ability to perform its obligations;
- dissolution, merger, consolidation, reorganization or liquidation of EVN (with some exceptions);
- breach of assignment provisions; and
- winding up, bankruptcy, liquidation events.

*Termination:* Termination of the PPA may occur following a BOT Company Event of Default or EVN Event of Default, with the non-defaulting party entitled to terminate upon 90 days’ notice. EVN may not terminate the PPA without first providing lenders with step-in rights. An event of default under the PPA is an event of default under the BOT Contract and, therefore, termination of the PPA can lead to termination of the BOT Contract, which in turn provides for certain termination payments (see “— BOT Contract” for more details). Termination of the BOT Contract results in automatic termination of the PPA and no remedies are available and no damages are due to or from either Party under the PPA. The exercise of the right to terminate the PPA does not preclude exercise of other remedies that are provided in the PPA or are available at law. In the event of a BOT Company Event of Default, EVN is entitled to retain up to the full amount of the Operations Security Deposit to cover its actual damages related to such BOT Company Event of Default.

*Insurance:* The PPA includes an acknowledgement from the BOT Company that it is obligated to obtain and maintain insurance policies from appropriate and reputable insurers pursuant to the BOT Contract. Evidence of such insurance policies shall be provided to EVN on request.

*Limitation of Liability:* No Party shall be liable for any indirect, consequential, punitive or exemplary damages. EVN is responsible for, and gives an indemnity in respect of, loss or damage to property, death or personal injury suffered by the BOT Company or its contractors or subcontractors resulting from any willful misconduct or negligent act or omission of EVN. The BOT Company is responsible for, and gives an indemnity in respect of, loss or damage to property, death or personal injury suffered by EVN or its contractors or subcontractors resulting from any willful misconduct or negligent act or omission of the BOT Company.

*Assignment and Transfer:* The PPA may not be assigned by either Party without the prior written approval of the other party, except that (i) the BOT Company may assign its rights and obligations under the PPA to the Financing Parties and (ii) EVN may assign its rights and obligations under the PPA to a successor entity that acquires substantially all its assets in an equitization or corporatization of EVN or to a power purchasing entity if such entity is required by the Laws of Vietnam to buy substantially all power generated in Vietnam; provided that, among other things:

- the BOT Contract must remain in full force and effect and MOIT must have acknowledged the same;
- the assignment or transfer does not cause the BOT Company to be in default under the Financing Documents;
- the acquiring entity has demonstrated to the BOT Company and the Financing Parties that it is legally, financially and technically capable of paying and performing its obligations; and
- the Government Guarantee and Undertaking remains in full force and effect.

EVN may also assign its rights and obligations with respect to EVN Infrastructure Facilities to a new joint stock company that is at least 51% owned by EVN at all times, provided that the above conditions are also met.

*Governing Law and Dispute Resolution:* Issues relating to interpretation, performance, breach, damages and settlement of disputes under the PPA shall be governed by English Law. Disputes arising under the PPA are to be first attempted to be resolved by mutual discussions. In the event that the dispute cannot be settled by mutual discussion, the dispute shall be referred to an Expert or for arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules, depending on the nature of the dispute. The PPA provides for the joinder of disputes.

*Waiver of Sovereign Immunity:* EVN expressly agrees not to claim any immunity, sovereign or otherwise, in any legal proceedings brought in respect of obligations under the PPA and expressly waives any right of immunity in respect of the enforcement and execution of any judgment against it rendered in any such proceeding.

### **Coal Supply Agreement (CSA)**

*Overview:* Vinacomin (as the “Supplier”) and the BOT Company (as the “Buyer”) entered into the CSA on April 22, 2010 to provide for the sale of Coal by Vinacomin and the purchase of Coal by the BOT Company for the Project. The CSA is a Guaranteed Document under the Government Guarantee and Undertaking.

*Term:* The term of the CSA is aligned to the BOT Contract and operates until the termination of the BOT Contract, unless earlier terminated in accordance with the terms thereof.

*Supply Commitments:* Vinacomin commits to supply all of the BOT Company’s coal requirements for the Power Facility, and is required to deliver the Coal to the Sales Point at the Facility. Coal to be supplied under the CSA shall be mined and produced from the Coal Mines (i.e., a list of 9 mines set out in the CSA located nearby the Facility), unless prior approval from the BOT Company is given. Vinacomin represents and warrants that it owns, leases or otherwise has the legal right to mine and sell a sufficient number of tons of recoverable coal from the Coal Mines to meet the supply commitments under the CSA. The mechanism for ordering Coal under the CSA ties in with Dispatch Instructions under the PPA.

If there is an anticipated shortfall in the availability of coal, then Vinacomin shall ensure that: (i) delivery to the BOT Company is given priority over export from Vietnam, (ii) supply to the BOT Company is on a non-discriminatory basis compared to supply to EVN or any other customer, (iii) coal mines other than the Coal Mines are used to supply coal to the BOT Company and (iv) if the foregoing is insufficient, coal of a higher grade be made available at an agreed price.

The BOT Company commits to purchase from Vinacomin all of its coal requirements, subject to limited rights to purchase from other sources in cases of delivery failure. There are no take-or-pay obligations on the BOT Company under the CSA.

*Coal Supplier Infrastructure Facilities:* Vinacomin shall complete and commission, and at all times own or have the rights to use for the purposes of the Project the Coal Supplier Infrastructure Facilities at its own cost. The Coal Supplier Infrastructure Facilities comprise part of the Vietnam Side Infrastructure Facilities under the BOT Contract. The Common Infrastructure Facilities, which are relevant to commercial operations, include: (i) the Coal Mines, (ii) transportation infrastructure from the Coal Mines to the Coal Preparation Facility, (iii) the Coal Preparation Facility, (iv) the Coal Conveyor Belt, and (v) metering and sampling equipment.

*Price and Payment Commitments:* The Coal price is established on the basis of a Netback Contract Coal Price with adjustments for transportation and handling charges as well as standard moisture and quality adjustments. The Netback Contract Coal Price shall be the prevailing Government Coal Price (while coal prices are regulated for the electricity industry in Vietnam) or the prevailing Vinacomin Coal Price (when such regulation ceases). At all times this price shall not be higher than the price of coal of the same quality sold to any other power plants of EVN. The Prevailing Contract Price is calculated as the sum of the Netback Coal Contract Price, the Transportation Charge (7% of the Netback Coal Contract Price) and the Handling Fee (0.35% of the Netback Coal Contract Price), and adjusted for variations of moisture content, ash content, sulfur content and volatile matter.

Coal payments shall be invoiced monthly with payments due in Dong. If a failure by the BOT Company to pay an invoice is due to a failure by EVN to pay the BOT Company, in breach of the PPA, then the BOT Company can claim that a Government Event exists.

*Replacement Coal:* In certain cases of delivery failure, the BOT Company has the right to buy coal from other domestic or foreign sources. Such purchase is subject to the prior approval of MOIT which is not to be unreasonably withheld. Vinacomin shall pay to the BOT Company the difference between the Prevailing Contract Coal Price, had it purchased such coal under the CSA, and the price paid by the BOT Company (the “Differential Cost”). The total Differential Cost payable by Vinacomin in any Contract Year shall not exceed a maximum of 3% of the total payment receivable by Vinacomin from the BOT Company for such Contract Year.

*Quality:* Coal supplied is required to conform to Guaranteed Coal Specifications and the Typical Coal Specifications. The CSA also provides a regime to manage an Unremedied Geological Change in Coal Properties (being a change in the geological characteristics of a Coal Mine such that the content of sulfur and volatile matter in Coal produced from such Coal Mine has increased or decreased beyond certain Guaranteed Threshold Values). If there are certain Geological Change in Coal Properties, Vinacomin shall use its best efforts to adjust the blending of Coal or source Coal from any source other than the Coal Mines, or shall offer a price adjustment acceptable to the BOT Company. If the parties fail to agree on mitigating measures, the BOT Company shall have certain rights under the BOT Contract (i.e., rights to (i) Natural Force Majeure Event affecting a Vietnam Project Counterparty or (ii) compensation under the Change in Law regime or other acceptable remedies) (see “— BOT Contract”).

*Force Majeure:* No Party shall be deemed in breach of its obligations due to a Force Majeure Event. Affected Party shall use reasonable efforts to mitigate the effects of Force Majeure and restore its ability to perform. Force Majeure Events are consistent with those in the BOT Contract and are made up of Natural Force Majeure Events, Government Events and Foreign Political Events.

*Default.* The CSA lists out events which shall be a Buyer Event of Default and events which shall be a Supplier Event of Default. Buyer Events of Default are any of the following, provided they do not result from a breach by any Vietnam Project Counterparty of a Vietnam Project Contract (or breach by Vinacomin of the CSA), a Vietnam Side Default or Supplier Event of Default, a Force Majeure Event or an Unforced Outage:

- a material breach by the BOT Company of the CSA that remains uncured for 90 days after notice (subject to extension);
- payment default by the BOT Company of a material amount (defined as any amount exceeding US\$3 million) uncured for 30 days after notice (other than due to EVN not paying under the PPA);
- any representation or warranty proving to have been incorrect in any material respect and having a material adverse effect on the BOT Company’s ability to perform its obligations;

- breach of assignment provisions; and
- winding up, bankruptcy, liquidation events.

Supplier Events of Default are any of the following, provided they do not result from a breach by the BOT Company of a Vietnam Project Contract, or a Buyer Event of Default or a Natural Force Majeure Event or a Foreign Political Event:

- a material breach by Vinacomin of the CSA that remains uncured for 90 days after notice (subject to extension);
- payment default by Vinacomin of a material amount (defined as exceeding US\$3 million) uncured for 30 days after notice;
- any representation or warranty proving to have been incorrect in any material respect and having a material adverse effect on Vinacomin's ability to perform its obligations;
- dissolution, merger, consolidation, reorganization or liquidation of Vinacomin (with some exceptions);
- breach of assignment provisions; and
- winding up, bankruptcy, liquidation events.

*Termination:* Termination of the CSA may occur following a Buyer Event of Default or Supplier Event of Default, with the non-defaulting party entitled to terminate upon 90 days' notice. Vinacomin may not terminate the CSA without first providing lenders with step-in rights. Termination of the CSA can lead to termination of the BOT Contract, which in turn provides for certain termination payments (see “— BOT Contract” for more details).

*Assignment:* The CSA may not be assigned by either Party without the mutual agreement of the other party, except that (i) the BOT Company may assign its rights and obligations under the CSA to the Financing Parties and (ii) Vinacomin may assign its rights and obligations under the CSA to a successor entity that acquires substantially all its assets in an equitization or corporatization of Vinacomin provided that the acquiring entity has demonstrated to the BOT Company and the Financing Parties that it is legally, financially and technically capable of paying and performing its obligations under the CSA and provided certain other pre-conditions as listed in the CSA are satisfied.

*Governing Law and Dispute Resolution:* The CSA is governed by English Law. Disputes arising under the CSA shall be resolved by arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules.

*Waiver of Sovereign Immunity:* Vinacomin expressly waives any right of immunity, sovereign or otherwise, including in respect of the enforcement and execution of any judgment against it.

## **Operations and Maintenance Agreements**

*Overview:* Pursuant to the BOT Contract, operation and maintenance is the responsibility of the BOT Company and must be conducted in accordance with Prudent Utility Practice. The BOT Company is entitled to subcontract operation and maintenance to an O&M Contractor, however, the BOT Company currently performs operation and maintenance activities itself through the BOT Company's in house O&M organizations

at its cost. To support this, the BOT Company has entered into a number of technical services and secondment agreements with Investors or affiliates of Investors. In particular, the BOT Company has entered into (i) a Technical Services Agreement with AES Engineering, LLC (“AES Provider”) dated July 8, 2011, (ii) a Technical Services Agreement with an affiliate of CIC (“CIC Provider”) dated July 8, 2011, (iii) a Technical Services Agreement with Posco Power Corporation (“POSCO Provider”) dated July 8, 2011 (each a “TSA” and together the “TSAs”) and (iv) a Secondment Agreement with the AES Investor and the POSCO Provider dated July 8, 2011 (the “Secondment Agreement”). The provisions of the TSAs are substantially similar, except where otherwise noted below.

*Term:* The TSAs and Secondment Agreement shall continue in full force and effect until terminated (i) by agreement of the relevant parties, (ii) at the convenience of the BOT Company (subject to paying all amounts due as at the time of termination) or (iii) by notice of a non-defaulting party following breach of a material provision by, or winding up, liquidation or insolvency of, another party.

*Technical Service Arrangements:* The TSAs provide that each Provider supplies certain technical, advisory and managerial services (“Services”), and maintains the capabilities and resources to be able to provide such services as and when reasonably required by the BOT Company to support and optimize the provision of operations and maintenance services by the BOT Company for the Project.

Under the TSAs, each of the AES Provider, CIC Provider and POSCO Provider agrees to perform the Services in accordance with Prudent Utility Practices and in compliance with applicable laws, the relevant TSA and (to the extent applicable) U.S. GAAP.

*Technical Services Fees and Payment:* Under each TSA the relevant Provider will be paid an Annual Fee by the BOT Company per calendar year in consideration for providing the Services. For operational period Services the Annual Fee will be (i) US\$2,550,000 for the AES Provider for calendar year 2011 and subject to inflationary escalation for each year thereafter, (ii) US\$950,000 for the CIC Provider for calendar year 2011 and subject to inflationary escalation for each year thereafter and (iii) US\$1,500,000 for the POSCO Provider for calendar year 2011 and subject to inflationary escalation for each year thereafter. The Annual Fee will be invoiced quarterly and payable 30 days after the date of each invoice.

*Secondment Arrangements:* Under the Secondment Agreement, each of the AES Investor and the POSCO Provider undertake, on a best endeavors basis, to second suitable personnel to the BOT Company as requested by the BOT Company to assist in the implementation of the Project. The number and categories of personnel to be seconded shall be determined in accordance with an Annual Secondment Plan.

The BOT Company shall be responsible for all secondee expenses and any expenses incurred by the Seconding Company for the purposes of facilitating the secondments under the Secondment Agreement.

*Governing Law and Dispute Resolution:* The TSAs and Secondment Agreement are governed by English Law. Disputes arising under the agreements shall be resolved by arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules.

## **MOIT Acknowledgement and Consent**

*Overview:* As contemplated by the BOT Contract, the MOIT, the BOT Company, the Investors and the Offshore Security Agent for and on behalf of the Financing Parties entered into the MOIT Acknowledgement and Consent on July 22, 2011. The MOIT Acknowledgement and Consent sets out important undertakings, agreements and acknowledgements by MOIT for the benefit of the Financing Parties, including in respect of step-in rights, security, enforcement rights, payment obligations to Financing Parties and Government assistance.

*Term:* The undertakings, agreements and acknowledgements in the MOIT Acknowledgement and Consent are irrevocable and it effectively covers the life of the Project, expiring on the earlier of (i) when all BOT Company obligations to the Financing Parties have been fully discharged, (ii) when the Government has no further obligations under the Vietnam Project Contracts, or (iii) the early termination of the BOT Contract, PPA and CSA, but always subject to all amounts due to the Financing Parties from the BOT Company having been received (except due to material breach by the Financing Parties or its Additional Obligor).

*Enforcement Action and Step-In Rights:* The Financing Parties are granted step-rights in respect of the Project, that can be exercised if there is a BOT Company Default under the Project Agreements or if the Financing Parties have issued an enforcement notice under the “Security Agreements” (being the key Project Agreements and the Financing Documents). As part of this, the Key Vietnam Project Counterparties undertake not to exercise certain of their rights against the BOT Company without first notifying the Financing Parties, complying with cure/standstill periods and enabling the Financing Parties to step-in and cure the default or termination event. Key aspects of the step-in regime include:

- An undertaking from the MOIT to issue a Warning Notice to the Financing Parties ahead of taking any Project Termination Action or issuing a Notice of Intention to Terminate;
- A minimum 30 day cure period (or such longer time granted under the applicable Project Agreement) for the BOT Company or the Investors to cure the termination event in the Warning Notice;
- Rights of the Offshore Security Agent or its “Additional Obligor” to cure the relevant termination event;
- A further evaluation period of up to 60 days enabling the Financing Parties to determine whether they will exercise step-in rights;
- A step-in period of 7 months if step-in rights are exercised, plus rights to extend the step-in period to cure the termination event (up to a total period of 18 months from the commencement of the evaluation period); and
- Day-for-day extensions of such periods above if impacted by Force Majeure.

*Security:* The MOIT acknowledges the right of the Financing Parties to take security on the basis that the BOT Company may grant security over the assets of the BOT Company to the Offshore Security Agent (or its nominated Onshore Security Agent), and assign related rights in doing so. The MOIT acknowledges and agrees that the Offshore Security Agent is entitled to convert and repatriate funds in accordance with the GGU.

*Payments:* It is agreed that Termination Payments and Restoration Cost payments paid by the MOIT under the BOT Contract shall be paid directly to the Offshore Security Agent into its nominated account in New York. In addition, the MOIT undertakes that, following an enforcement notice from the Financing Parties, it will pay any amounts due under the BOT Contract, PPA or GGU as directed by the Offshore Security Agent without set-off, counterclaim or deduction.

*Government Assistance:* The MOIT agrees to assist, and cause relevant authorities to issue necessary approvals concerning, the Offshore Security Agent in the exercise of its rights in respect of the Project. Such assistance shall include in relation to their rights under the MOIT Acknowledgement and Consent and the creation, perfection and enforcement of the Security Agreements.



*Priority:* If a provision of the MOIT Acknowledgement and Consent is inconsistent with any provision of the Project Agreements, the MOIT Acknowledgement and Consent shall prevail.

*Governing Law and Dispute Resolution:* The MOIT Acknowledgement and Consent is governed by English Law. Disputes arising under the MOIT Acknowledgement and Consent shall be resolved by arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules.

## **Joint Venture Agreement**

*Overview:* The BOT Company, the AES Investor, the POSCO Investor and the CIC Investor, as the Members, entered into the Joint Venture Agreement on February 23, 2011 (the “JVA”) to govern their relationship with respect to their ownership of the BOT Company.

*Term:* The term of the JVA shall continue until (i) the Members agree to terminate it, (ii) the BOT Company is wound up or (iii) one Member becomes the sole shareholder, provided that the JVA shall cease to have effect in respect of any Member who ceases to hold an Interest in the BOT Company (whether directly or indirectly).

*Governance/Management:* The BOT Company is governed by a Members’ Council comprising three AES Investor representatives, two POSCO Investor representatives and one CIC Investor representative (based on current shareholding Interests). The AES Investor, as the Member holding more than 50% of the Interests, is entitled to appoint the Chairman of the Members’ Council and POSCO, as the Member holding 30% of the Interests, is entitled to appoint the Vice-Chairman. Quorum for meetings is three Representatives and ordinary decisions are made on the basis of a majority affirmative vote of the Interests represented by all Voting Representatives attending the meeting.

Certain actions and decisions require the unanimous vote of all Voting Representatives attending a quorate Members’ Council meeting. The list of Unanimous Reserved Matters is relatively long and includes without limitation:

- dissolving, liquidating or petitioning to wind-up the BOT Company;
- amending or supplementing the BOT Charter, or changing the objectives of the BOT Company;
- approving the sale and acquisition of assets of the BOT Company the value of which is equal to or exceeds fifty percent (50%) of total assets of the BOT Company;
- approval of the annual business plan of the BOT Company and the Budget;
- entering into related party transactions in excess of US\$1 million (or in a yearly aggregate in excess of US\$2 million) by the BOT Company with a Member or Member Affiliate, and any shareholder loan;
- waiver of any right of the BOT Company under any agreement entered into with a Member;
- agreeing to the sale, transfer, lease, assignment or disposal of any material part of the BOT Company’s assets or interests in excess of US\$25 million, other than in the ordinary course of business;
- retention of earnings instead of distribution of profits when the BOT Company has Cash Available for Distribution;



- repurchase of the BOT Company's own Interests or other return of Charter Capital to the Members or any other increase or reduction of the Charter Capital (or comparable creation of equity interest in the BOT Company);
- approval of the audited accounts of the BOT Company, or agreeing a change of the Financial Year;
- any merger, spin-off, reorganization or acquisition by the BOT Company or entry into any joint venture, partnership or collaboration;
- appointment, dismissal or replacement of a Representative, the CEO, the CFO, an Inspector or other executive positions pursuant to the JVA terms;
- entry into any material contracts or commitments, or variation, waiver or amendments of the Project Contracts, in each case in excess of US\$25 million, other than in the ordinary course of its business;
- the commencement or settlement of any litigation, arbitration or other proceedings which are material in the context of the Project or the BOT Company;
- the granting of guarantees or indemnities for or that otherwise secure the liabilities or obligations of any person, or the creation of any security interest, except in the ordinary course of business or under the Financing Documents; or
- entering into any loan to a third party.

Any matter which is approved in a Budget and has a value equal to or less than US\$15 million (subject to inflation), shall not require a separate further approval as a Unanimous Reserved Matter.

*Management Control of BOT Company:* The AES Investor, as the Member holding the largest Interest, is entitled to appoint the CEO and the Chairman of the BOT Company and POSCO, as the Member holding the second largest Interest, is entitled to appoint the CFO of the BOT Company. The day to day affairs of the BOT Company shall be managed by the CEO in accordance with the BOT Charter, the BOT Contract and the JVA.

*Transfer Restrictions:* The JVA contains restrictions on the transfer of an Interest in the BOT Company by a Member. In particular, (i) the Members may not transfer their interests within three years after the COD (except for CIC which may complete such transfer provided it has fulfilled all funding obligations), (ii) transfers to an AES International Competitor or POSCO Competitor (as defined in the JVA) cannot occur without the consent of the AES Investor or the POSCO Investor, as applicable, and (iii) any transfer is subject to a right of first offer regime in favor of the other Owners. The transferring Member must comply with the right of first offer in favor of the other Members for any proposed transfer of shares, other than transfers to an affiliate of such transferring Member.

In addition to the transfer restrictions, there is a tag-along right for transfers to third parties after the right of first offer regime is concluded. If exercised by the non-selling Member, the sale to the third party is conditional upon completion of the sale of the other Member's interest on the same terms and conditions.

*Governing Law and Dispute Resolution:* The JVA is governed by English Law. Disputes arising under the JVA shall be resolved by arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules.

## DESCRIPTION OF THE BOT COMPANY LOANS AND CERTAIN OTHER INDEBTEDNESS

### The BOT Company's Material Indebtedness

Our debt comprises primarily the BOT Company Loans. The Issuer intends to use a portion of the proceeds from the Notes to fund the transfer of the BOT Company Loans. See “The Transactions” and “Use of Proceeds.”

The table below sets forth the outstanding principal amount of our debt as of March 31, 2019:

	As of March 31, 2019 (unaudited) (US\$ in millions)
<b>BOT Company Loans</b>	
KEXIM Direct Facility . . . . .	263.6
KEXIM Covered Facility . . . . .	215.8
K-sure Covered Facility . . . . .	646.9
<b>Total BOT Company Loans</b> . . . . .	<u>1,126.3</u>
Debt Discount, net . . . . .	4.3
Deferred Financing Costs, net . . . . .	56.1
	<u>1,065.9<sup>(1)</sup></u>

(1) Does not present the OSD Facility (as defined below), which was undrawn as of the dates provided.

### ***BOT Company Loans as in Effect on the Date of this Offering Memorandum***

As of March 31, 2019, we had (i) US\$263.6 million of senior debt outstanding to The Export-Import Bank of Korea (“KEXIM”) (“KEXIM Direct Facility”), (ii) US\$215.8 million of senior debt outstanding to the a consortium of commercial banks, guaranteed by KEXIM (“KEXIM Covered Facility”) and (iii) US\$646.9 million of senior debt outstanding to a consortium of commercial banks, covered by Korea Trade Insurance Corporation (“K-sure”) (“K-sure Covered Facility”), which together comprise the facilities under which the BOT Company Loans have been made (the “BOT Company Loan Facilities”). The BOT Company Loan Facilities are subject to a common terms agreement entered into on July 8, 2011 (the “Common Terms Agreement”) by and among the BOT Company, Crédit Agricole Corporate and Investment Bank, as intercreditor agent, BNP Paribas, Seoul Branch, as K-ECA facilities agent, The Hongkong and Shanghai Banking Corporation Limited, as offshore collateral agent, HSBC Bank (Vietnam) Ltd — Hanoi Branch, as onshore collateral and certain international financial institutions and trusts party thereto as lenders (the “Original BOT Lenders”), bookrunning mandated lead arrangers, mandated lead arrangers and lead arrangers. The Common Terms Agreement established certain uniform terms applicable to all the BOT Company Loan Facilities, such as funding, payments and prepayments, conditions precedent, representations and warranties, affirmative and negative covenants, and events of default.

The total outstanding principal amount of the BOT Company Loans was US\$1,126.3 million as of March 31, 2019. On April 26, 2019, we made a scheduled payment of US\$45.15 million in principal amount under the BOT Company Loans. The BOT Company Loans and the OSD Facility are secured by security interests in all of our capital stock and pledges of the shares of the AES Investor and the POSCO Investor, as well as liens on, and security interests in, substantially all of our assets (including the Power Facility), our rights under the Project Agreements, all of our revenues, certain of our bank accounts, both onshore and offshore, and all of our or the Insurers' insurance and reinsurance proceeds, as applicable.

As of the date of this Offering Memorandum, prior to their transfer to the Issuer, the BOT Company Loans are comprised of variable-rate based loans only. We have entered into interest rate swap agreements on a portion of our debt to reduce the impact of changes in interest rates on our floating rate long-term debt. In connection with the transfer of the BOT Company Loans to the Issuer, these swaps are being partially novated to the Issuer and partially unwound, as further described below. Interest on the BOT Company Loans is due on a semi-annual basis, in arrears, and payments coincide with the scheduled principal payment dates. Repayment of the loan principal is amortized semi-annually and due over a period of 14 years commencing from 2015 to maturity on July 8, 2029.

### ***BOT Company Loans Upon Consummation of the Transactions***

Following the consummation of the offering of the Notes, the Issuer expects to acquire, through assignment and novation, all of the outstanding rights and obligations of the Original BOT Lenders (other than the lender under the OSD Facility) (the "Transferring BOT Lenders") under their respective BOT Company Loan Facilities and related finance documents, pursuant to a Deed of Transfer (the "Deed of Transfer"), entered into as of July 23, 2019 by and among the applicable Original BOT Lenders, as existing lenders, the Issuer, as new lender, Citibank N.A., London Branch, as intercreditor agent and the BOT Company, as borrower. The Transfer is conditioned upon, among other things, obtaining the registration by the State Bank of Vietnam of the transfer, confirmation from the Issuer of the availability of the funds to complete the transfer, and delivery of an executed deed of novation in the agreed form. The Transfer will become effective once these conditions precedent have been satisfied, and each existing lender shall be relieved of its respective obligations under the BOT Company Loan Facilities.

Following the consummation of the transactions contemplated under the Deed of Transfer, the Issuer will have extended credit commitments to the BOT Company under three separate committed term loan facilities in an aggregate principal amount outstanding of up to US\$1.08 billion. In connection with the Deed of Transfer, the existing BOT Company Loan Facilities of the Transferring BOT Lenders and the Common Terms Agreement are expected to be amended and restated to reflect the Issuer as a lender thereunder. In addition, it is anticipated that the remaining finance documents entered into in connection with the BOT Company Loan Facilities, such as the BOT Accounts Agreement and the BOT Intercreditor Agreement, will be amended and restated, supplemented and/or modified as appropriate to reflect the assignment and novation of the rights and obligations of the applicable Original BOT Lenders thereunder to the Issuer pursuant to the Deed of Transfer (the Common Terms Agreement, the BOT Company Loan Facilities and all other related finance documents (including the OSD Facility and the OSD Facility Agreement, described further below), as amended, amended and restated, supplemented and/or modified, collectively referred to herein as the "Amended BOT Company Loan Facilities").

Under the Amended BOT Company Loan Facilities, the amended BOT Company Loans will retain certain of their material commercial terms (such as tenor and amortization schedule), but other provisions, such as interest rates, will be amended, and the covenants, events of default and other provisions of the Amended BOT Company Loan Facilities will be, with certain exceptions, substantially similar in overall effect to the provisions of the Indenture and the Facilities Agreement applying specifically to the BOT Company.

The following is a summary of certain provisions of the Amended BOT Company Loan Facilities. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Amended BOT Company Loan Facilities.

The Amended BOT Company Loan Facilities are expected to bear interest at a fixed interest rate and have a final maturity date of July 8, 2029. The BOT Company intends to use the borrowings under the Amended BOT Company Loan Facilities to finance a portion of the costs relating to the ownership, operation and maintenance of the MD2 Project. Other than the OSD Facility, described further below, the BOT Company is expected to be prohibited from reborrowing any part of the Amended BOT Company Loan Facility which it prepays.

The Amended BOT Company Loan Facilities are expected to contain certain mandatory prepayment events, including with respect to changes of control, changes in law and a privatization event of EVN. Such mandatory prepayment events are intended to remain consistent with the equivalent provisions contained in the Facilities Agreement. The Amended BOT Company Loan Facilities are also expected to include mandatory prepayment events relating to the receipt of insurance proceeds and sales of assets in excess of certain threshold amounts and for the receipt by the BOT Company of termination payments under the BOT Contract and for payments relating to certain nationalization events. These mandatory prepayment events are expected to trigger corresponding mandatory prepayments under the Facilities Agreement. Additionally, it is expected that the BOT Company will be permitted to make optional prepayments of the BOT Loans, subject to the consent of Issuer and applied to the remaining principal installments of the BOT Loans at the absolute discretion of the Issuer. The Intercreditor Deed (as defined in the “Description of the Notes”) will be expected to require the Issuer to apply prepayments made by the BOT Company under the BOT Loans such that the scheduled principal amount due and payable under each applicable repayment installment is equal to, or greater than, the aggregate principal amount due and payable at or about the same time under the Credit Facilities. It is expected that prepayments under the BOT Loans will be made together with accrued and unpaid interest but without premium or penalty.

The Amended BOT Company Loan Facilities are expected to contain customary representations and warranties in favor of the Issuer.

The Amended BOT Company Loan Facilities are expected to include customary affirmative and negative covenants equivalent to those covenants applying to the BOT Company under the Facilities Agreement, including certain information covenants, maintenance of existence, authorizations, compliance with laws, satisfaction of payment obligations, maintenance of assets and books and records, termination or modification of major project documents, liens, disposals, mergers and consolidations, changes in business, certain environmental and social undertakings, acquisitions and investments, insurance, indebtedness, affiliate transactions, amendments to constitutional documents, bank accounts, payment of taxes, maintenance of security, restrictions on equity distributions and sanctions, anti-money laundering, anti-terrorism and anti-corruption matters. The BOT Company is also expected to be subject to a financial covenant, which will require the BOT Company to maintain a debt service coverage ratio of 1.05:1.00 for the immediately preceding calculation period in respect of each repayment date (to be tested on each repayment date of the Amended BOT Company Loan Facilities), subject to the ability of the BOT Company to exercise cure rights in certain limited circumstances.

The BOT Company will be required to maintain certain covenants not provided under the Facilities Agreement, which relate specifically to the operation of the Project, including but not limited to compliance with certain Vietnamese filing requirements, certain additional construction arrangements, coal storage arrangements, among other matters. The BOT Company is not expected to be permitted to enter into any interest rate, currency or other derivative transactions.

In addition, the Amended BOT Company Loan Facilities will be subject to customary events of default (subject to certain grace periods, thresholds, amounts and exceptions, as applicable), which will be substantially similar to the events of default applying to the BOT Company under the Facilities Agreement. These are expected include cross defaults with other indebtedness of the BOT Company, insolvency and creditors' process, termination of material project documents, material litigation, ineffectiveness of security, abandonment, nationalization and cessation of business activities. Other customary events of default will also apply to the BOT Company in respect of non-payment of principal and interest, breach of obligations of the BOT Company under the Amended BOT Company Loan Facilities, misrepresentations, insolvency of certain major project parties, failure of the Government of Vietnam to comply with obligations under the Government Guarantee and Undertaking and material adverse effects.

The Amended BOT Company Loan Facilities are also expected to include a provision that the BOT Company shall, within five (5) Business Days of demand, indemnify the Issuer against any and all losses, claims, damages, liabilities, taxes and other fees (including professional fees and administrative fees), costs and expenses incurred by the Issuer in connection with any Financial Indebtedness incurred by the Issuer under the Senior Finance Documents (as defined in the Intercreditor Deed) and any transactions of any nature related thereto.

The BOT Company Loans are currently secured by security interests in all of the shares in the BOT Company and in the shares of the AES Investor and the POSCO Investor, substantially all of our tangible and intangible assets (including the Power Facility), our rights under the Project Agreements (including the Power Purchase Agreement, the Coal Supply Agreement, the BOT Contract and the GGU), all licenses, consents and permits associated with the Project, all of our revenues, certain of our bank accounts, both onshore and offshore, and all of our or the insurers' insurance and reinsurance policies and any rights or benefits (including proceeds) thereunder, as applicable (collectively, but excluding the shares of the AES Investor and the POSCO Investor, the "BOT Collateral"). Following the transfer of the BOT Company Loans to the Issuer, the pledges of the shares of the AES Investor and the POSCO Investor securing the BOT Company Loans are expected to be released. It is expected that the Issuer will benefit from the security interest over the BOT Collateral on an equal and ratable basis with the OSD Facility lender and the Hedging Banks, as well as any lenders under working capital facilities we may enter into in the future as permitted under the BOT Company Loans, subject to the terms of the BOT Intercreditor Agreement, as amended and restated to reflect the status of the Issuer as a lender under the BOT Facility Finance Documents.

It is also anticipated that the BOT Company will be terminating the KEXIM Guarantee originally entered into in connection with the KEXIM Covered Facility to guarantee the payment obligations of the BOT Company thereunder, and the Korea Trade Insurance Company insurance policy originally entered into in connection with the K-Sure Covered Facility to insure the lenders thereunder from non-payment, among other things. In connection with the termination of such insurance policy, the BOT Company is expected to receive a refund of premiums paid under such insurance policy.

Furthermore, following the transfer of the BOT Company Loans to the Issuer, the BOT Company is expected to undertake a reduction of its contributed charter capital from the total contributed amount of US\$462,115,585 stated above to an amount that is no less than US\$368,100,000, which is equivalent to 20% of the COD invested capital of the BOT Company required under the BOT Contract. In connection therewith, it is expected that, among other things, certain amendments and/or updates will be made to certain of the BOT Company's documents, including the BOT Company's Charter, the onshore equity interest security agreement and registration certificate for secured transactions contemplated thereunder and the BOT Company's investment certificate, for the purpose of reflecting the reduced charter capital as required by applicable law and related filings, registrations and applications may be made.

### ***OSD Facility***

Under the PPA, we are required to maintain an operations security deposit facility in an amount equal to US\$15.5 million as security for our obligations under the PPA, including the obligation to pay liquidated damages if we fail to generate or deliver electricity as required under the PPA. We have provided EVN a letter of credit from HSBC Bank (Vietnam) Ltd. (the “OSD Facility Lender”) in an amount equal to US\$15.5 million (the “OSD Facility”) to satisfy this requirement. If EVN were to draw on the OSD Facility, we would be required under the PPA to replenish the operations security deposit in full within 10 days of the drawdown by EVN. As of the date of this Offering Memorandum, no drawdowns have been made under the OSD Facility.

The OSD Facility is currently subject to the terms of the Common Terms Agreement and the OSD Facility Agreement, the latter of which was entered into between the OSD Facility Lender and the BOT Company on July 8, 2011. The OSD Facility will not be transferred to the Issuer upon novation of the BOT Company Loans and will remain outstanding after the consummation of the Transactions. It is expected that the OSD Facility Agreement will be amended and restated to reflect certain amendments to the Common Terms Agreement pursuant to the Amended and Restated BOT Company Loan Facilities.

Following the amendment and restatement of the OSD Facility Agreement, the obligations of the BOT Company to the OSD Facility Lender are expected to remain secured on an equal and ratable basis with the Issuer, subject to the provisions of the Amended and Restated BOT Intercreditor Agreement and the Amended and Restated BOT Accounts Agreement, each as described below. It is expected that the BOT Intercreditor Deed will limit the ability of the OSD Facility Lender to have an impact on enforcement actions to those situations where the Issuer’s votes have been considered in respect of such enforcement actions.

### ***Amended and Restated BOT Intercreditor Agreement***

In connection with the Amended and Restated BOT Company Loan Facilities as set forth above, the Issuer and the OSD Facility Lender are expected to amend and restate the BOT Intercreditor Agreement in its entirety (as amended and restated, the “Amended and Restated BOT Intercreditor Agreement”), which is expected to set forth the priorities of interests and voting mechanisms with respect to the Issuer and the OSD Facility Lender under the respective finance documents. Decisions under the Amended and Restated BOT Intercreditor Agreement in general require the approval of voting parties holding 50.1% eligible votes (based on one vote per dollar of exposure), other than with respect to certain significant decisions requiring unanimous consent of the eligible voting parties and decreasing percentages of eligible votes required for the approval of enforcement actions (from 71% to 15% of eligible votes) corresponding to increases in time between the initiation of an action and the relevant vote (from a vote occurring fewer than 180 days to more than 365 days of the initiation of an action).

The secured parties may take actions to enforce their security over the BOT Collateral if an Event of Default has occurred that has not been waived by the voting parties holding the applicable percentage of eligible votes and such voting parties have voted in favor of such action. It is expected that the Amended and Restated BOT Intercreditor Agreement will prohibit the OSD Facility Lender from voting on any decision other than in an enforcement scenario. Additionally, failure of the OSD Facility Lender to provide an instruction with respect to any decision on which it may vote is expected to exclude the eligible votes of the OSD Facility Lender with respect to such decision.

### ***Amended and Restated BOT Accounts Agreement***

In accordance with the terms of the Amended and Restated BOT Company Loan Facilities, the BOT Company is expected to amend and restate the BOT Accounts Agreement in its entirety (as amended and restated, the “Amended and Restated BOT Accounts Agreement”), which is expected to set forth the terms and



conditions governing the activities of the BOT Company with respect to its bank accounts for the Project. The accounts form part of the BOT Collateral, which secure the BOT Company's obligations to the Issuer and the OSD Facility Lender on an equal and ratable basis. The account structure is expected to be customary for projects of this type, including but not limited to a revenue account, operating accounts, a debt service reserve account, a major maintenance reserve account, certain other project specific compensation accounts and a distribution holding account. An account waterfall mechanism will fund amounts on deposit in the revenue account (consisting of all project revenues) to pay for operating expenses, followed by debt service, debt service and major maintenance reserves, mandatory prepayments, cash reserves for operation security, capital expenditures, voluntary prepayments and distributions.

The Amended and Restated BOT Accounts Agreement will include a mechanism pursuant to which the BOT Company will be able to support the funding of the Issuer's DSR LC repayment requirements from amounts withdrawn from the BOT Company's revenue account. The BOT Company will be permitted to satisfy requirements to maintain amounts on deposit in the debt service reserve account with cash, issuances of DSR LCs, Sponsor LCs or a combination of the foregoing. Once amounts flow through the waterfall mechanism under the Amended and Restated BOT Accounts Agreement, amounts will be deposited in the BOT company's distribution holding account, from which distributions can be made subject to the satisfaction of the conditions to equity distributions, on the same basis as under the Facilities Agreement and consistent with the terms of the Indenture and as described under the "Description of the Notes."

### **The Issuer's Material Indebtedness**

#### ***The New Loan Facility and DSR Facility***

The Issuer has entered into the Facilities Agreement, by and among the Issuer, as borrower, Citicorp International Limited as Facility Agent, and certain international financial institutions party thereto as lenders and lead arrangers (who may also be affiliates of the Initial Purchasers), pursuant to which the Issuer has received signed commitments for an amortizing term loan facility in an aggregate principal amount not exceeding US\$402.7 million (the "Loan Facility") and a debt service reserve letter of credit facility in an aggregate principal amount not exceeding US\$82.0 million (the "DSR Facility" and, together with the Loan Facility, the "Credit Facilities"). The Hongkong and Shanghai Banking Corporation Limited will accede to the Facilities Agreement as Common Security Agent upon its signing of the Intercreditor Deed.

The commitments received by the Issuer are subject to a limited "certain funds" period following execution, during which the commitments of the lenders will remain in effect. Subject to the satisfaction of certain conditions precedent, the Issuer intends to draw on the Credit Facilities substantially concurrently with or following the issuance of the Notes. The Lenders will be excused from funding during the "certain funds" period in only certain exceptional circumstances, such as in the event of major defaults, major misrepresentations and other "bad boy" acts that constitute certain significant and material breaches of the terms of the Credit Facilities.

The Issuer intends to use the proceeds of the Notes and the Loan Facility to fund the acquisition cost of all of the outstanding loans of the BOT Company pursuant to the Deed of Novation (as described below). At the same time, the Issuer will have access to the DSR Facility to procure standby letters of credit (together, the "DSR LC") from the Lenders for purposes of funding the Issuer's and the BOT Company's debt service reserve accounts (the "DSRA"). The Issuer expects to apply each DSR LC towards funding of the required amount to be deposited under the DSRA, which is anticipated to be equivalent to the amount of interest and principal due to be paid on the Notes, under the Facilities Agreement and pursuant to certain other permitted pari passu secured obligations for the subsequent six-month period. Drawings under each DSR LC will be converted to term loans (each such conversion, a "Loan Conversion"), the proceeds of which may only be applied to pay debt service of the Issuer.



Loans extended under the Loan Facility amortize semi-annually and bear interest at a rate of LIBOR plus 1.5% per annum. The Loan Facility has a final maturity date of May 5, 2023. The Issuer is prohibited from reborrowing any part of the Loan Facility which it prepays. Loans extended under the DSR Facility are non-amortizing, are subject to mandatory cash sweep and repayment provisions in accordance with certain cash waterfall arrangements applicable to the Issuer and are also subject to reserving with respect to the scheduled amounts of principal and interest payable to the Noteholders and the term lenders thereunder. The DSR Facility has a final maturity date of five years from the date of the Facilities Agreement. The Issuer will be able to repay and reborrow amounts drawn under the DSR Facility multiple times throughout the availability period of the facility.

The Facilities Agreement contains customary representations and warranties for financings of this type, including due incorporation, capacity, power and authority, enforceability, validity and creation of security interests, no conflict with laws and other obligations, satisfaction of registration requirements, choice of law, tax matters, absence of default, accuracy of information, financial statements and satisfaction of accounting standards, *pari passu* status of payment obligations and security interests, absence of pending proceedings, title to assets and ownership, paid-up status of shares, environmental matters, insurance, sanctions, anti-money laundering, anti-terrorism and anti-corruption matter and insolvency. The Issuer is required to make certain of the foregoing representations and warranties in respect of the BOT Company and repeat certain of the foregoing representations and warranties upon the occurrence of a credit event, such as the issuance of a DSR LC.

The Facilities Agreement contains certain customary affirmative covenants, including the requirement to provide timely information with respect to certain material events, maintain existence, authorizations, assets, security, books and records, insurance and *pari passu* ranking and payment of obligations, comply with laws and provide periodic financial information, adhere to certain environmental undertakings, sanctions, anti-money laundering, anti-terrorism and anti-corruption matters and tax matters and, subject to the requirements of the Intercreditor Deed, exercise all rights and remedies under the finance documents governing the BOT Loans as instructed by the Facility Agent. The Facilities Agreement also prohibits the Issuer from amending the BOT Loans without the prior written consent of the Facility Agent to the extent that such amendment would adversely affect the rights of the finance parties.

The Facilities Agreement contains certain negative covenants with respect to the Issuer, including limitations on indebtedness, liens, equity distributions, transactions with affiliates, consolidations, mergers and asset sales, acquisitions, investments, substantial changes, accounts and amendments to constitutional documents and the financing documents. These covenants are subject to important exceptions. The Issuer will also be required to maintain a debt service coverage ratio of at least 1.05:1.00 for the immediately preceding calculation period in respect of each repayment date (to be tested on each repayment date of the Loan Facility), subject to the ability of the Issuer to exercise cure rights in certain limited circumstances.

As described above, the Issuer is required to procure that the BOT Company adheres to certain of the foregoing undertakings and covenants and that the BOT Company agrees not to terminate, amend or modify its project documents other than in certain specified circumstances.

In addition, the Facilities Agreement contains customary events of default (subject to certain grace periods, thresholds, amounts and exceptions, as applicable), including non-payment of principal or interest, breach of certain covenants, misrepresentations under the financing documents, cross-default with other indebtedness of the Issuer, continuation of a creditor's process, insolvency, unlawfulness, repudiation and rescission of the financing or security agreements, termination or invalidity of key project documents, existence of litigation or other types of proceedings, abandonment of the project, nationalization, effectiveness of security, cessation of business and material adverse changes. Certain of these events of default apply equally to the BOT Company, as described above.

Acceleration and other enforcement actions (subject to the Intercreditor Deed) following the occurrence of an event of default under the Facilities Agreement may be exercised by the Facility Agent upon direction by lenders under the Loan Facility and the DSR Facility, in each case, voting as a separate class and whose commitments under the Facilities Agreement aggregate more than 66 2/3% of the total commitments of the lenders under each such facility.

It is expected that the Loans under the Facilities Agreement will be secured by a first-ranking security interest over all of the Issuer's assets, including the Issuer's collection account, the DSRA and the BOT Loans (and all rights associated therewith) and all of the capital stock in the Issuer, on an equal and ratable basis with the Notes and any permitted pari passu secured obligations, consistent with the terms of the Indenture. The Loans are also subject to certain mandatory prepayment events, including with respect to illegality, a privatization event of the power purchaser, a change of control, changes in law, where the BOT Loans have not been purchased by October 31, 2019 and in the event registration in the change of the lenders under the BOT Loans is not obtained from the SBV within sixty days of the date of the Facilities Agreement.

### **Hedging Arrangements**

As of the date of this Offering Memorandum, prior to their transfer to the Issuer, the BOT Company Loans are comprised solely of variable-rate loans. We currently maintain certain interest rate hedging agreements on a portion of our debt to reduce the impact of changes in interest rates on such variable-rate loans. Obligations owed to the hedge providers under such hedging agreements are secured by the BOT Collateral on an equal and ratable basis with the obligations owed to the OSD Facility Lender and the existing lenders under the BOT Company Loans. Following the transfer of the BOT Company Loans to the Issuer, the existing interest rate hedging agreements (the "Existing Swaps") will be partially terminated and partially novated to the Issuer and the Hedging Banks.

As part of the novation process, the BOT Company is expected to initially face negative mark-to-market exposure under the novated swaps, which may fluctuate based on the movement of interest rates. Additionally, it is expected that the BOT Company will be required to pay certain termination payments directly to the existing hedging providers that are exiting the transaction to settle their positions under their respective Existing Swaps. See "Risk Factors — Risks Relating to the Notes — The Issuer is exposed to the risks relating to early termination of the hedging transaction and payment of any related termination amounts."

It is expected that each novated interest rate hedging agreement will be entered into by the Issuer and the applicable Hedging Bank pursuant to the 2002 ISDA Master Agreement, together with its related schedule, containing elections and amendments as agreed between the Issuer and relevant Hedging Bank (each such agreement, an "ISDA Master Agreement"). The Issuer and each relevant Hedging Bank may enter into one or more confirmations (each, a "Confirmation") pursuant to the ISDA Master Agreement, in each case documenting the terms of the hedging transaction (a "Hedging Transaction") relating to the ISDA Master Agreement (each Confirmation, together with the relevant ISDA Master Agreement, a "Hedging Agreement").

Among other terms and conditions, it is expected that the Hedging Agreements will provide for certain early termination events that will permit the relevant Hedging Bank to terminate the relevant Hedging Agreement prior to its stated maturity in certain limited circumstances, subject to the terms of the Intercreditor Deed, as further described below. Early termination of the Hedging Agreements may require the Issuer to pay significant termination costs to the applicable Hedging Banks to settle their respective exposure under the relevant Hedging Agreements. The remaining terms of each Hedging Agreement are expected to be negotiated and finalized following novation and transfer of the BOT Loans to the Issuer.

The obligations of the Issuer to the Hedging Banks under the Hedging Agreements are expected to be secured on an equal and ratable basis with the lenders under the Facilities Agreement, the Noteholders and any

other Permitted Pari Passu Secured Obligations. The Hedging Banks will be required to accede to the Intercreditor Deed as secured creditors of the Issuer. In addition to limiting the ability of the Hedging Banks to terminate the Hedging Agreements prior to their stated maturity, the Intercreditor Deed is also expected to limit the ability of the Hedging Banks to vote their exposure other than in respect of unpaid termination payments owed to such Hedging Banks. Amendments or waivers that would adversely affect or which relate to the rights or obligations of the Hedging Banks are also expected to require the consent of each such affected Hedging Bank.

***Certain Hedge Termination Events under the Intercreditor Deed***

Under the terms of the Intercreditor Deed, it is expected that Hedging Banks will be permitted to terminate their Hedging Agreements with the Issuer prior to their stated maturity in certain limited circumstances. These are expected to include certain specified hedging defaults, which consist of the failure of the Issuer to make payments under the applicable Hedging Agreement, acceleration actions under Permitted Pari Passu Secured Obligations or subordinated debt, enforcement actions in relation to Permitted Pari Passu Secured Obligations, insolvency of the Issuer and certain customary force majeure events.

In certain limited circumstances where a Hedging Bank is an affiliate of a lender that has ceased to be a lender under the Facilities Agreement, it is expected that such Hedging Bank will be required to use reasonable endeavours to novate its Hedging Agreement with the Issuer. If such Hedging Agreement has not been novated within a specified period, it is expected that the Hedging Bank will be permitted to terminate the Hedging Agreement.

A mandatory or voluntary prepayment under the Facilities Agreement or other Permitted Pari Passu Secured Obligations is also expected to require the Hedging Banks to terminate an amount under their Hedging Agreements equal to the proportion of the aggregate notional principal amount hedged by such Hedging Banks under their respective Hedging Agreements in respect of the prepaid amount under the Facilities Agreement or such other Permitted Pari Passu Secured Obligations.

## THE ISSUER

### Formation and Corporate Information

The Issuer, Mong Duong Finance Holdings B.V., is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) formed on June 20, 2019 under the laws of the Netherlands.

The Issuer's registered office is located at Claude Debussylaan 12, 1082MD Amsterdam, The Netherlands.

### Shareholders

The following table sets forth certain information with respect to the shareholders of the Issuer as of the date of this Offering Memorandum.

Name	Percentage of Equity Interest
AES Mong Duong Project Holdings B.V. <sup>(1)</sup>	81%
Beijing Begonia Management Consulting Corporation <sup>(2)</sup>	19%
Total	<u>100.0%</u>

(1) A limited liability company incorporated under the laws of The Netherlands, indirectly wholly owned by The AES Corporation.

(2) A company duly organized and existing under the laws of the People's Republic of China, indirectly wholly owned by China Investment Corporation.

### Management

#### *Board of Directors*

The Issuer is managed by its board of directors.

The following table sets forth certain details of the directors of the Issuer as of the date of this Offering Memorandum:

Name	Age	Date Appointed	Board Position	Date Appointed
Mark Eugene Green	52	June 20, 2019	Director A	June 20, 2019
Ekin Niksarli	42	June 20, 2019	Director A	June 20, 2019
James Douglas Meffen	39	June 20, 2019	Director A	June 20, 2019
Ning Ge	37	June 20, 2019	Director B	June 20, 2019

A brief profile of each of the Issuer's directors is given below:

**Mr. Mark Eugene Green (AES)**

Mr. Mark Eugene Green is President for the Eurasia Strategic Business Unit at AES, and is responsible for AES projects in Bulgaria, Jordan, the Netherlands, the United Kingdom, India and Vietnam. Mr. Green has been with AES for more than 25 years and has diverse experience in construction management and operations. He has served as COO for AES' Europe SBU and previously served as Managing Director for AES-IC Turkey and Jordan, Managing Director for AES Cartagena in Spain and VP of Generation for AES Tietê and AES Uruguiana in Brazil as well as in other roles in business development and construction. Mr. Green holds degrees in U.S. Naval Marine Engineering and Power Theory and has earned certificates in business management and leadership through programs at the University of Houston, the University of Virginia's Darden School of Business and Harvard Business School.

**Mr. Ekin Niksarli (AES)**

Mr. Ekin Niksarli serves as Business Development Director for AES Eurasia, and is responsible for managing AES' growth initiatives in the region, including origination and execution of mergers and acquisitions. He also serves on the boards of AES Jordan and AES India. Prior to his current role, Mr. Niksarli served as a senior M&A Manager for Europe, where he led financial aspects of transactions including M&A, asset sales, restructurings and commercial optimizations. Prior to joining AES, Mr. Niksarli was with Deloitte Corporate Finance Advisory in the Power and Utilities Group. Mr. Niksarli holds an MBA from California State University and a Bachelor's degree in Finance, and has participated in the leadership development program at the University of Virginia's Darden School of Business.

**Mr. James Douglas Meffen (AES)**

Mr. James Douglas Meffen leads the project finance function for the AES Eurasia Strategic Business Unit. In this role he structures and negotiates non-recourse debt facilities for AES businesses. Previously, Mr. Meffen covered project finance for AES at headquarters in Arlington, Virginia and was Structured Finance Director at the Overseas Private Investment Corporation. His project finance experience covers work on four continents spanning 10 years and over 2GW of power generation projects. James holds Master of Business Administration from the George Washington University in Washington D.C. and has attended the Wharton School Executive Leadership Program.

**Ms. Ning Ge (CIC)**

Ms. Ning Ge serves as Senior Vice President in Investment Department I at China Investment Corporation (CIC). She joined CIC in 2010 and has been an investment professional in various sectors, including oil and gas, infrastructure, power and renewables. Prior to joining CIC, Ms. Ning Ge received her PhD degree from University of Illinois at Chicago in 2010 and her bachelor's degree from Peking University in 2004.

**Joint Venture Agreement**

*Overview:* AES Mong Duong Project Holdings B.V. ("AES Finance Investor"), being an affiliate of the AES Investor, and Beijing Begonia Management Consulting Corporation ("CIC Finance Investor"), being an affiliate of the CIC Investor, as the shareholders of the Issuer and the Issuer, propose to enter into a Joint Venture Agreement on or prior to the date of issuance of the Notes (the "Issuer JVA"). The Issuer JVA will govern their relationship with respect to their ownership of the Issuer. As at the date of incorporation of the Issuer, the AES Finance Investor had an 81% shareholding and the CIC Finance Investor had a 19%

shareholding in the Issuer. It is contemplated in the Issuer JVA that POSCO Investor or its affiliate may subsequently acquire an interest, after which it is anticipated that the shareholding interests in the Issuer would be: AES Finance Investor — 51%, CIC Finance Investor — 19% and POSCO Investor or its affiliate — 30%, and the Issuer JVA will be amended. Initially, the terms of the Issuer JVA are expected to reflect the following key terms.

*Term:* The term of the Issuer JVA shall continue until (i) the shareholders agree to terminate it, (ii) the Issuer is wound up or (iii) one shareholder becomes the sole shareholder, provided that the Issuer JVA shall cease to have effect in respect of any shareholder who ceases to hold a share in the Issuer (whether directly or indirectly).

*Governance/Management:* The Issuer is governed by a Management Board comprising three AES Finance Investor representatives and one CIC Finance Investor representative (based on current shareholdings), each representative being appointed as a Managing Director. The AES Finance Investor is entitled to appoint the Chairman of the Management Board. Quorum for meetings is two Managing Directors (comprising one representative of each of AES Finance Investor and CIC Finance Investor) and ordinary decisions are made on the basis of a majority affirmative vote of the shareholding interests represented by the Managing Directors attending the meeting. The AES Finance Investor Managing Directors are entitled to cast a number of votes as equals the AES Finance Investor shareholding (i.e., 81 votes), and the CIC Finance Investor Managing Director is entitled to cast a number of votes equal to the CIC Finance Investor shareholding (i.e., 19 votes).

Certain actions and decisions will require the unanimous vote of all Managing Directors attending a quorate Management Board meeting.

*Transfer Restrictions:* The Issuer JVA is expected to contain restrictions on the direct or indirect transfer of shares in the Issuer by a shareholder. The transfer restrictions are equivalent to those applying to the BOT Company under the BOT Company's Joint Venture Agreement. In particular, (i) transfers to an AES International Competitor (as defined in the Issuer JVA) cannot occur without the consent of the AES Finance Investor, (ii) a shareholder, Holding Company or parent shall not transfer any shares in the Issuer unless there is a corresponding transfer or sale of that party's interest (or their affiliate interest) in the BOT Company to the same transferee, and (iii) any sale to a third party is subject to a right of first offer regime in favor of the other shareholders. The transferring shareholder must comply with the right of first offer in favor of the other shareholder for any proposed transfer of shares, other than transfers to an affiliate of such transferring shareholder. In addition to the transfer restrictions, there is a tag-along right for transfers to third parties after the right of first offer regime is concluded. If exercised by the non-selling shareholder, the sale to the third party is conditional upon completion of the sale of the other shareholder's interest on the same terms and conditions.

*Governing Law and Dispute Resolution:* The Issuer JVA will be governed by English Law. Disputes arising under the Issuer JVA shall be resolved by arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Rules.

## DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Issuer” refers only to Mong Duong Finance Holdings B.V., a private company with limited liability incorporated under the laws of the Netherlands and any successor obligor on the Notes. The Issuer Shareholders (as defined below) collectively own all of the Capital Stock of the Issuer. The BOT Shareholders (as defined below) collectively own all of the Capital Stock of AES-VCM Mong Duong Power Company Limited, a limited liability company incorporated under the laws of Vietnam (the “**BOT Company**”).

The Notes are to be issued under an Indenture, to be dated as of the Original Issue Date (as defined below) (the “**Indenture**”), among the Issuer, the BOT Company and Citicorp International Limited, as trustee (the “**Trustee**”) and The Hongkong and Shanghai Banking Corporation Limited as common security agent (the “**Common Security Agent**”), and sold to investors in a transaction that is not subject to the registration requirements of the Securities Act (as defined below). The Indenture and the Notes will be subject to the Intercreditor Deed (as defined below). Holders of Notes will not be entitled to any registration rights. See “Transfer Restrictions.” While the BOT Company is a party to the Indenture and has certain obligations thereunder, it does not have any monetary obligations with respect to the Notes or otherwise nor does it guarantee the Issuer’s payment obligations with respect to the Notes.

The following is a summary of certain provisions of the Indenture, the Notes, the Intercreditor Deed and the Security Documents. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Intercreditor Deed and the Security Documents. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture, the Intercreditor Deed and the Security Documents will be available on or after the Original Issue Date during normal office hours from the corporate trust office of the Trustee at 39th Floor, Champion Tower, Three Garden Road, Central, Hong Kong.

The Holder of a Note registered in the Note register will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

### Brief Description of the Notes

The Notes will:

- be general obligations of the Issuer;
- be senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- rank at least *pari passu* in right of payment with all unsecured, unsubordinated obligations of the Issuer (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law); and
- be secured by a first priority lien over the Collateral as described below under “— Security,” on an equal and ratable basis with the DSR LC, the Loan Facility, the Hedging Obligations of the Issuer and other Permitted *Pari Passu* Secured Obligations Incurred by the Issuer.

Following the issuance of the Notes and the application of the proceeds therefrom, the Issuer’s main assets will be the BOT Loans (as defined below). The Issuer will be dependent upon payments from the BOT Company pursuant to the BOT Loans to make payments on the Notes.



The Issuer will initially issue US\$678,500,000 in aggregate principal amount of 5.125% Senior Secured Notes due 2029 (the “**Notes**”). The Notes will mature on May 7, 2029, unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture will allow additional Notes to be issued from time to time (the “**Additional Notes**”), subject to certain limitations described under “— Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

### ***Interest***

The Notes will bear interest at 5.125% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on May 7 and November 7 of each year (each, an “**Interest Payment Date**”) commencing November 7, 2019. Interest on the Notes will be paid to Holders of record at the close of business on April 22 or October 23 immediately preceding an Interest Payment Date (each, a “**Record Date**”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

### ***Amortization of Principal***

Installments of principal on the Notes (each, an “**Amortization Amount**”) are payable on each May 7 and November 7 of each year (each, an “**Amortization Payment Date**,” and together with the Interest Payment Date, a “**Payment Date**”), commencing November 7, 2023, pro rata to the Holders thereof on the immediately preceding Record Date in accordance with the following schedule:

<b>Payment Date</b>	<b>Amortization Amount</b>	<b>Percentage of Original Principal Amount</b>
November 7, 2023 . . . . .	US\$ 52,726,000	7.771%
May 7, 2024 . . . . .	53,608,000	7.901%
November 7, 2024 . . . . .	54,843,000	8.083%
May 7, 2025 . . . . .	57,571,000	8.485%
November 7, 2025 . . . . .	66,642,000	9.822%
May 7, 2026 . . . . .	70,028,000	10.321%
November 7, 2026 . . . . .	60,047,000	8.850%
May 7, 2027 . . . . .	61,947,000	9.130%
November 7, 2027 . . . . .	54,171,000	7.984%
May 7, 2028 . . . . .	56,899,000	8.386%
November 7, 2028 . . . . .	46,504,000	6.854%
May 7, 2029 . . . . .	43,514,000	6.413%
	<u>US\$678,500,000</u>	<u>100.000%</u>

## ***Payment of Notes***

In any case in which the date of the payment of principal of, premium, if any, or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment, then payment of principal, premium, if any, or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such next succeeding Business Day will have the same force and effect as if made on the date on which such payment was stated to be due, and no interest on the Notes will accrue for the period after any such stated due date of the payment of principal of or premium, if any, or interest on the Notes to such next succeeding Business Day. Interest on overdue principal and interest and Additional Amounts, if any, will accrue at the same rate as the then applicable interest rate on the Notes.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$250,000 of original principal amount and integral multiples of US\$1,000 in excess thereof. See “— Book-Entry; Delivery and Form.” No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. Dollars in immediately available funds by the Issuer at the office or agency of the Issuer maintained for that purpose (which initially will be the corporate trust administration office of Citibank, N.A., London Branch (the “**Paying Agent**”)), currently located at c/o Citibank, N.A., Dublin Branch, Ground Floor, 1 North Wall Quay, Dublin 1, Ireland, and the Notes may be presented for registration of transfer or exchange at such office or agency. Interest payable on the Notes held through DTC will be available to DTC participants (as defined herein) on the Business Day following payment thereof.

## **Further Issues**

Subject to the covenants described below, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Collateral) in all respects (or in all respects except for the issue date, issue price, the first payment date of interest on them, the first payment date of the Amortization Amount on them, the first date on which interest will accrue and the Amortization Amounts will be owing, and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that, such Additional Notes will not be issued under the same CUSIP, ISIN or Common Code as the Notes unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes.

In addition, the issuance of any Additional Notes by the Issuer will be subject to the following conditions:

- (1) all obligations with respect to the Additional Notes shall be secured under the Indenture and any other Security Documents to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued;
- (2) the Issuer shall have delivered to the Trustee an Officer’s Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture and is permitted by the Indenture; and

- (3) the Issuer shall have delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee confirming, among other things, that the issuance of the Additional Notes will not result in a violation of the Indenture or applicable law.

The Trustee will accept such certificate and opinion as conclusive evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders, and the Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion. The Trustee is not obligated to investigate or verify any information in such certificate and opinion.

In connection with any such issuance of Additional Notes, the Issuer shall deliver an Officer's Certificate to the Trustee directing the Trustee to authenticate and deliver the Additional Notes in an aggregate principal amount specified therein and the Trustee, in accordance with such Officer's Certificate, shall authenticate and deliver such Additional Notes.

### **Optional Redemption**

At any time on or after May 7, 2023, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date, if redeemed during the 12-month period commencing on May 7 of any year set forth below:

<b>Year</b>	<b>Redemption Price</b>
2023 . . . . .	102.563%
2024 . . . . .	101.281%
2025 . . . . .	100.641%
2026 and thereafter . . . . .	100.000%

At any time and from time to time prior to May 7, 2023, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of such Notes and (2) the sum of the present value of each remaining scheduled payment of principal (including the Amortization Amounts) and interest on the Notes to be redeemed (exclusive of interest accrued and unpaid to (but not including) the applicable redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points (the "**Make-Whole Amount**"), plus in each case, accrued and unpaid interest on the principal amount of the Notes up to, but not including, the redemption date (subject to the right of the holder of record on the relevant Record Date to receive interest due on the relevant interest payment date).

The Agents shall not be responsible for determining or verifying the Make-Whole Amount.

### ***Selection and Notice***

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption. Such redemption will be carried out by the application of a pool factor, unless otherwise required by applicable stock exchange or clearing system requirements.

A Note of US\$250,000 in principal amount or less will not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in original principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

In connection with any redemption of Notes, any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

### **Escrow of Proceeds**

On the Original Issue Date, the Issuer will enter into an escrow agreement (the "**Escrow Agreement**") dated as of the Original Issue Date among the Issuer, the Trustee and Citibank, N.A., London Branch, as escrow agent (the "**Escrow Agent**"), under which the Issuer will deposit an amount in cash equal to the gross proceeds of the offering of the Notes sold on the Original Issue Date into an escrow account (the "**Escrow Account**") held by the Issuer in the Netherlands with Citibank, N.A., London Branch. The initial funds deposited into the Escrow Account, and all other funds, securities, interest, dividends and other distributions and payments thereon credited to the Escrow Account (less any funds paid in accordance with the Escrow Agreement) are referred to collectively as the "**Escrowed Funds**."

The Escrow Agreement provides that the Escrowed Funds may be released from the Escrow Account either (i) to fund the acquisition of the BOT Loans and the transfer of the BOT Loans to the Issuer as successor lender thereto (the "**BOT Loans Acquisition**"), including associated costs and expenses, or (ii) to fund the redemption (the "**Special Mandatory Redemption**") by the Issuer of the Notes at a redemption price (the "**Special Mandatory Redemption Price**") equal to 100% of the issue price of the Notes, together with accrued and unpaid interest (including any Additional Amounts), if any, (but without payment of any Make-Whole Amount) up to, but not including, the date fixed for redemption (the "**Special Mandatory Redemption Date**"), upon the occurrence of the Special Mandatory Redemption Event. The "**Special Mandatory Redemption Event**" will occur upon the earlier of (i) the failure to complete the SBV Registration (as defined below) by the end of the 60th calendar day after the Original Issue Date (the "**SBV Registration Deadline**") and (ii) the determination by the Issuer that the SBV Registration will not be completed by the SBV Registration Deadline. See "— Redemption Upon Special Mandatory Redemption Event" below.

The Escrow Agent will release the Escrowed Funds as described below under "— Release for the BOT Loans Acquisition" or "— Release for the Special Mandatory Redemption," as the case may be.

No provision of the Escrow Agreement may be amended, waived or modified in any manner materially adverse to the Holders without the written consent of the Holders of a majority in principal amount of the Notes outstanding; *provided* that no such amendment, waiver or modification shall reduce the Special Mandatory Redemption Price without the written consent of each affected Holder.

### **Release for the BOT Loans Acquisition**

The Escrow Agent will release the Escrowed Funds, at the direction of the Issuer, to fund the BOT Loans Acquisition immediately upon the delivery by the Issuer of an Officer's Certificate addressed to the Escrow Agent and the Trustee certifying that the lenders of the BOT Loans have been changed from the existing lenders to the Issuer as evidenced by a certificate of registration from the State Bank of Vietnam (a copy of which shall be attached to the Officer's Certificate) (the "**SBV Registration**").

The Trustee shall not be responsible for determining or monitoring if the SBV Registration has been completed.

## **Redemption Upon Special Mandatory Redemption Event**

Upon the occurrence of the Special Mandatory Redemption Event, the Issuer will promptly (but in no event later than three (3) Business Days following the Special Mandatory Redemption Event) give notice (the “**Special Mandatory Redemption Notice**”) to the Holders and the Trustee that the Issuer will redeem the outstanding Notes, in whole and not in part, on the Special Mandatory Redemption Date, which shall be no later than five (5) Business Days from the date of such notice, at the Special Mandatory Redemption Price.

Following a Special Mandatory Redemption, the redeemed Notes will be canceled.

## **Release for the Special Mandatory Redemption**

The Escrow Agent will release the Escrowed Funds to fund the Special Mandatory Redemption to the Trustee or the Paying Agent for payment to the Holders upon the delivery by the Issuer of an Officer’s Certificate addressed to the Escrow Agent and the Trustee:

- (1) certifying that the Special Mandatory Redemption Event has occurred and that the Issuer has provided Holders with a Special Mandatory Redemption Notice, as described above under the Caption “— Redemption Upon Special Mandatory Redemption Event” (and a copy of such notice shall be attached to the certificate);
- (2) specifying the Special Mandatory Redemption Price and the Special Mandatory Redemption Date; and
- (3) instructing the Escrow Agent to transfer on the Business Day prior to the Special Mandatory Redemption Date the Escrowed Funds in an amount equal to the Special Mandatory Redemption Price to the Trustee or the Paying Agent for payment to the Holders.

Upon the occurrence of a Special Mandatory Redemption Event, all of the Escrowed Funds will be used to fund the Special Mandatory Redemption. To the extent that the Escrowed Funds are insufficient to fund the Special Mandatory Redemption Price, the Notes will be redeemed on a pro rata basis and Notes which are not redeemed pursuant to the Special Mandatory Redemption shall remain outstanding. See “Risk Factors — Risks Relating to the Notes — The completion of the transfer of the BOT Company Loans to the Issuer is subject to the SBV Registration. If the SBV Registration is not obtained prior to the SBV Registration Deadline, the Notes will be subject to a Special Mandatory Redemption and there may not be sufficient funds in the Escrow Account to pay amounts due upon a Special Mandatory Redemption Event.”

## **Mandatory Redemption of Notes Without Premium**

Following the BOT Loans Acquisition, if (i) the BOT Company receives any Insurance Proceeds, following the determination by the BOT Company that a reinstatement or restoration of the MD2 Project is not technically feasible or financially viable, (ii) the BOT Company receives any proceeds relating to any Termination Payment whether under the BOT Contract or the GGU, (iii) the BOT Company receives Net Cash Proceeds in respect of the sale of any asset by the BOT Company, to the extent that such proceeds have not been used in compliance with clause (9) of the covenant under “— Certain Covenants — Limitation on Asset Sales”; (iv) the BOT Company receives any amounts from any Governmental Instrumentality following an Expropriation Event or (v) the BOT Company receives any proceeds (excluding, for the avoidance of doubt, any proceeds received in connection with an Other Change of Control) requiring it to make any mandatory prepayments under the BOT Loans (in each case, the receipt of any such proceeds under clauses (i) to (v) above, the “**Available Proceeds**”), the BOT Company shall apply such Available Proceeds in accordance with the BOT Loans to immediately prepay principal and interest under the BOT Loans and the Issuer will use the

amounts it so receives to redeem the Notes and prepay any amount outstanding under the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations on an equal and ratable basis. If the aggregate principal amount of the Notes, the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations that may be redeemed or prepaid exceeds the amount so received, the Notes, the DSR LC, the Loan Facility and such other Permitted Pari Passu Secured Obligations will be redeemed or prepaid on a pro rata basis. The redemption price for the Notes will be equal to 100% of the outstanding principal amount of the Notes being redeemed, plus accrued and unpaid interest (if any) (but without payment of any Make-Whole Amount) to (but not including) the applicable redemption date, plus Additional Amounts, if any, which will be payable in cash.

If an Other Change of Control occurs and, as a result, the BOT Company is required to make a mandatory prepayment under the BOT Loans, the BOT Company shall immediately prepay principal and interest under the BOT Loans as directed by the Issuer, and the Issuer will use the amounts it so receives to prepay amounts outstanding under the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations that are required to be prepaid in connection with the relevant Other Change of Control in accordance with the terms of the Intercreditor Deed, but not to redeem the Notes.

The procedures described under “— Optional Redemption — Selection and Notice” will apply.

### **Issuer Accounts**

The Indenture will provide that the Issuer shall establish in the Netherlands the following accounts denominated in U.S. dollars with the Account Bank (including any replacement thereof):

- Issuer Collection Account; and
- Issuer Debt Service Reserve Account.

Prior to the expiration of the DSR LC, the Issuer shall use its reasonable efforts to replace or extend the DSR LC. If the DSR LC is not replaced or extended, following the expiration of the DSR LC, or otherwise the balance of the Debt Service Reserve Accounts is less than the Required DSR Amount at any time, the BOT Company shall use available funds (after reserving for taxes, fees and operating costs and other expenses and servicing its debt obligations) to maintain the Required DSR Amount in the BOT Company Debt Service Reserve Account (after taking into account any subsequent DSR LC, any Sponsor LC or any amounts on deposit in the Issuer Debt Service Reserve Account). The aggregate balance of the Debt Service Reserve Accounts together with amounts that are available to be drawn under any DSR LC and/or any Sponsor LC must be at least equal to the Required DSR Amount in order for the Issuer or the BOT Company to make an Equity Distribution. See “— Certain Covenants — Limitation on Equity Distributions.” Notwithstanding the foregoing, if the DSR LC cannot be replaced or extended on terms reasonably satisfactory to the Issuer, or otherwise the Required DSR Amount is not maintained in the Debt Service Reserve Accounts as a result of a lack of funds available to the BOT Company and/or the Issuer at that time (after reserving for taxes, fees and operating costs and other expenses and servicing its debt obligations), the failure to replace or extend the DSR LC or to maintain the Required DSR Amount in the Debt Service Reserve Accounts shall not constitute an Event of Default.

The Issuer shall also be permitted to establish and maintain other accounts, including, without limitation, for the purposes of paying any administrative and operating expenses and any other costs, losses, fees and expenses incurred in connection with the offering of the Notes (“**Other Accounts**”).



## Open Market Purchases

The Issuer may at any time and from time to time purchase Notes in the open market or otherwise. Any Notes, while held by any Affiliate of the Issuer, shall not entitle the Holder to vote the Notes and shall not be deemed outstanding for purposes of waivers and consents or other actions by Holders of Notes. Any Notes acquired by the Issuer must be cancelled.

## Additional Amounts

All payments of principal of and premium (if any) and interest on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer is organized or resident for tax purposes (each, as applicable, a “**Relevant Tax Jurisdiction**”) or from or through which payment is made (or any political subdivision or taxing authority thereof or therein) (together with the Relevant Tax Jurisdictions, the “**Relevant Jurisdictions**”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holder of each Note of such amounts payable under the Notes as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts will be payable:

- (a) for or on account of:
  - (i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
    - (A) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder, including such Holder or beneficial owner being or having been a national, domiciliary or resident of or incorporated in such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
    - (B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
    - (C) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or



- (D) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (ii) any estate, inheritance, gift, sale, transfer, excise, value added, stamp, use, personal property or similar tax, assessment or other governmental charge;
- (iii) any tax, duty, assessment or other governmental charge that is payable other than by deduction or withholding from payments made on or with respect to any Note;
- (iv) any withholding or deduction imposed on or in respect of any Note pursuant to the Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act (“**FATCA**”), the laws of any Relevant Jurisdiction implementing FATCA, or any agreement between the Issuer and the United States or any authority thereof entered into for FATCA purposes; and
- (v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv); or
- (b) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

At least 30 days prior to the first date on which any payment under or with respect to the Notes is due and payable (unless the obligation to pay Additional Amounts arises after the 30th day prior to such date), if the Issuer will be obligated to pay Additional Amounts with respect to such payment, the Issuer will deliver to the Trustee an Officer’s Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date. The Issuer will deliver to the Trustee an Officer’s Certificate 30 days prior to any subsequent payment date if there has been a change in the matters set forth in the previously furnished certification (unless the change occurred after the 30th day prior to such date).

Notwithstanding the foregoing, the limitations on the obligations of the Issuer to pay Additional Amounts set forth in clause (a)(i)(C) above will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as Internal Revenue Service Forms W-8BEN and W-9).

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

## Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Issuer for redemption (the "**Tax Redemption Date**") if, as a result of:

- (1) any change in, or amendment to, the laws or any regulations or rulings promulgated thereunder of a Relevant Tax Jurisdiction affecting taxation;
- (2) any change in, or amendment to, an official position of a Relevant Tax Jurisdiction regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction); or
- (3) any change in, or amendment to, the laws or any regulations or rulings promulgated thereunder by the government of Vietnam or any change to, or amendment to, any agreement in place between the government of Vietnam and the BOT Company that was in place prior to the Original Issue Date,

which change or amendment is announced and becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes or the Indenture or the BOT Loans, the Issuer is, or on the next Interest Payment Date would be, required to pay Additional Amounts (or in the case of any payment with respect to the BOT Loans, the BOT Company would be required to withhold or deduct any taxes, duties, assessments or governmental charges of whatever nature), and such requirement cannot be avoided by the taking of reasonable measures by the Issuer (or the BOT Company); *provided* that: (i) changing the jurisdiction of the Issuer (or the BOT Company) is not a reasonable measure for the purposes of this section; and (ii) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts (or, in the case of the BOT Loans, withhold or deduct such taxes, duties, levies, assessments or governmental charges) if a payment in respect of the Notes (or BOT Loans) were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

- (1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer (or the BOT Company) by taking reasonable measures available to it; and
- (2) an Opinion of Counsel of recognized standing, or an opinion of a tax consultant of internationally recognized standing, (A) with respect to the Notes, relating to tax matters of the Relevant Tax Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph or (B) with respect to the BOT Loans, stating that the requirement of the BOT Company to withhold or deduct any taxes, duties, assessments or governmental charges of whatever nature on payments of the BOT Loans results from such change or amendment referred to in the prior paragraph.

The Trustee will accept such certificate and opinion as conclusive evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders, and the Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion. The Trustee is not obligated to investigate or verify any information in such certificate and opinion.

Any Notes that are redeemed will be cancelled.

## Change of Control Triggering Event

Following a Change of Control Triggering Event, the Issuer shall make an offer to repurchase all outstanding Notes on the terms set forth in the Indenture (a “**Change of Control Offer**”). In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to (but excluding) the date of purchase (the “**Change of Control Payment Date**”), subject to the rights of holders of Notes on the relevant Record Date to receive interest due on the relevant interest payment date (the “**Change of Control Payment**”). Within 30 days following any Change of Control Triggering Event, the Issuer will mail a notice to the Trustee, the Paying Agent and each holder describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with provisions of the covenant described hereunder, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the covenant described hereunder by virtue of such compliance.

On the date one Business Day prior to the Change of Control Payment Date, the Issuer will deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered. On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer; and
- (2) deliver or cause to be delivered to the Trustee or the Paying Agent the Notes properly accepted together with an Officer’s Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee or an authenticating agent will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in original principal amount to any unpurchased portion of the Notes surrendered, if any, *provided* that each new Note issued shall be in an original principal amount of US\$250,000 and integral multiples of US\$1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to a Change of Control Triggering Event has occurred and shall not be liable to any person for any failure to do so.

Notwithstanding the above, a Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Notwithstanding the above, the Issuer will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer to be made by the Issuer and such third party purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) notice of redemption for all outstanding Notes has been given pursuant to the Indenture as described above under the caption “— Optional Redemption,” unless and until there is a default in payment of the applicable redemption price.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Issuer. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer to another Person or group may be uncertain.

Agreements governing the Issuer’s other Indebtedness contain, and Issuer’s future agreements may contain, provisions which may prohibit or restrict our ability to repurchase the Notes upon a Change of Control Triggering Event. In the event a Change of Control Triggering Event occurs at a time when the Issuer is prohibited or restricted from purchasing the Notes, the Issuer could seek the consent of its creditors to the purchase of Notes or could attempt to refinance the borrowings that contain such prohibition or restriction. If the Issuer does not obtain such consents or repay such borrowings, the Issuer will remain prohibited or restricted from purchasing Notes. In such a case, the Issuer’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture. In addition, the occurrence of a Change of Control could result in an event of default under other indebtedness of the Issuer, which could cause, among other things, all indebtedness outstanding thereunder to become due and payable. As a result, the Issuer would have to pay all such indebtedness which could limit the Issuer’s ability to pay cash to the Holders upon a repurchase. See “Risk Factors — Risks Related to the Notes — The Issuer may be unable to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control Triggering Event as required by the Indenture governing the Notes.”

## Security

The obligations of the Issuer under the Notes will be secured by a first priority security interest (except as noted below and subject to Permitted Liens and the Intercreditor Deed) in favor of the Common Security Agent pursuant to the security documents (the “**Security Documents**”) for the benefit of the Holders of the Notes, the DSR Facility Lenders, the Facility Agent, the Hedging Banks and holders (or their representatives) of other Permitted Pari Passu Secured Obligations permitted to be incurred under the Indenture, over the following (collectively, the “**Collateral**”):

- (i) all of the Capital Stock of the Issuer;
- (ii) the Issuer Collection Account and the Issuer Debt Service Reserve Account (the “**Pledged Accounts**”); and
- (iii) the BOT Loans and all rights associated with the BOT Loans as described under “Description of the BOT Company Loans and Certain Other Indebtedness — BOT Loans Upon Consummation of the Transactions.”

So long as no Event of Default has occurred and is continuing, the Pledged Accounts shall be under the control of the Issuer and the Issuer shall be entitled to retain, use or apply any amounts on deposit in the Pledged Accounts.

No appraisals of the Collateral have been prepared in connection with this offering of the Notes. All of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the proceeds realizable from the Collateral securing the Notes, the DSR LC, the Loan Facility, the Hedging Obligations and any other Permitted *Pari Passu* Secured Obligations are unlikely to be sufficient to satisfy the Issuer's obligations under the Notes, the DSR LC, the Loan Facility, the Hedging Obligations and any other Permitted *Pari Passu* Secured Obligations. In addition, the Collateral securing the Notes, the DSR LC, the Loan Facility, the Hedging Obligations and any other Permitted *Pari Passu* Secured Obligations may be reduced or diluted under certain circumstances, including through the issuance of Additional Notes and Permitted *Pari Passu* Secured Obligations, subject to the terms of the Indenture and the Intercreditor Deed. See “— Release of Collateral” and “Risk Factors — Risk Factors Relating to the Collateral — The value of the Collateral may not be sufficient to satisfy all obligations under the Notes.”

The Power Purchase Agreement and the BOT Contract restrict disposal of all or substantially all of the BOT Company's assets. To the extent that any enforcement of security over the collateral securing the BOT Loans includes disposal of all or substantially all of the BOT Company's assets and such agreements have not been terminated or expired, failure to obtain necessary consents to such disposal may give rise to a default (and in turn, termination) of such agreements. Accordingly, there can be no assurance that such collateral would be sold in a timely manner or at all.

#### ***Permitted Pari Passu Secured Obligations***

On or after the Original Issue Date, the Issuer may create Liens on the Collateral *pari passu* with the Liens for the benefit of the Holders, to secure (1) Indebtedness Incurred under the DSR LC, (2) Indebtedness Incurred under the Loan Facility, (3) Hedging Obligations of the Issuer under any Hedging Agreement for the purpose of hedging any currency or interest rate exposures of the Issuer and (4) other Indebtedness of the Issuer (collectively, “**Permitted Pari Passu Secured Obligations**”); *provided* that (i) the Issuer was permitted to Incur such Indebtedness under the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness,” (ii) the holders of such Permitted *Pari Passu* Secured Obligations (or their representative(s)), other than with respect to Additional Notes, become party to the Intercreditor Deed, (iii) the agreements in respect of such Indebtedness contain provisions with respect to releases of Collateral substantially similar to and not materially more restrictive on the Issuer than the provisions of the Indenture and the Security Documents relating to the Collateral and (iv) the Issuer delivers to the Trustee and the Common Security Agent an Opinion of Counsel and an Officer's Certificate with respect to (A) compliance with the conditions set forth in clauses (i), (ii) and (iii) and (B) corporate and collateral matters in connection with the Security Documents relating to the Collateral in form and substance as set forth in such Security Documents.

The Trustee and the Common Security Agent will be permitted and authorized, without the consent of any Holder, to enter into any amendments to the Security Documents, the Intercreditor Deed or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted *Pari Passu* Secured Obligations in accordance with this provision.

Except for Permitted Liens and any Permitted *Pari Passu* Secured Obligations, the Issuer will not be permitted to issue or Incur any other Indebtedness secured by all or any portion of the Collateral without the consent of each Holder of the Notes then outstanding.

## ***DSR LC***

The Issuer has entered into the Facilities Agreement pursuant to which the DSR Facility Lenders will provide a debt service reserve letter of credit facility under which the DSR Facility Lenders will issue debt service reserve letters of credit. The Required DSR Amount in the Issuer Debt Service Reserve Account (See “— Issuer Accounts”) may be satisfied by the DSR LCs or the Sponsor LCs, up to the face value of the DSR LCs or the Sponsors LCs (as the case may be) then available to be drawn, which can be used to finance any amounts due under the Notes and other Permitted Pari Passu Secured Obligations.

## ***Intercreditor Deed***

The Collateral securing the Notes will also serve as collateral to secure the obligations of the Issuer under the DSR LC and the Loan Facility, Hedging Obligations and any other Permitted Pari Passu Secured Obligations. On the Original Issue Date, the Issuer, the Trustee, on behalf of the Holders of the Notes, the Common Security Agent, the representative of the DSR Facility Lenders, the Facility Agent and the Hedging Banks will enter into an intercreditor deed (the “**Intercreditor Deed**”).

Under the Intercreditor Deed, the Trustee, on behalf of the Holders of the Notes, the DSR Facility Lenders, the Facility Agent and the Hedging Banks and the holders of any other Permitted Pari Passu Secured Obligations (or their representative) (collectively with the Trustee, the “**Secured Parties**”) will appoint the Common Security Agent (or the successor common security agent appointed under the Security Documents if such a successor has been appointed) to act as the Common Security Agent with respect to the Collateral, to exercise remedies (subject to the terms of the Indenture, the Facilities Agreement and any document governing any other Permitted Pari Passu Secured Obligations) in respect thereof upon the occurrence of an event of default under the Indenture, the Facilities Agreement and any document governing Permitted Pari Passu Secured Obligations, and to act as provided in the Intercreditor Deed.

The Intercreditor Deed will provide, among other things, (i) that the Secured Parties shall share equal priority and pro rata entitlement in and to the Collateral, (ii) the conditions under which the Secured Parties will consent to the release of or granting of any Lien on such Collateral, (iii) the conditions under which the Secured Parties will enforce their rights with respect to such Collateral and the Indebtedness secured thereby and (iv) the conditions under which the Issuer and the other secured parties under the finance documents governing the BOT Loans will be permitted to make claims against the BOT Company, or enforce the security granted by the BOT Company, in each case, in respect of the BOT Loans.

In connection with the Incurrence of any future Permitted Pari Passu Secured Obligations, the holders of such Permitted Pari Passu Secured Obligations (or their representative) will (a) accede to the Intercreditor Deed and become parties to it or (b) enter into another intercreditor deed on substantially similar terms.

By accepting the Notes, each Holder shall be deemed to have consented to the appointment of the Common Security Agent and to the execution of the Intercreditor Deed and the Indenture by the Trustee and any supplements, amendments or modifications thereto.

## ***Enforcement of Security***

The Intercreditor Deed and the Indenture will provide that only the Common Security Agent has the right to enforce the Security Documents as directed by the Secured Parties or otherwise in accordance with the Intercreditor Deed. The Common Security Agent has agreed to act under the applicable Security Documents on behalf of the Holders and the other Secured Parties, to follow the instructions provided to them under the Indenture (subject to the Intercreditor Deed), the Intercreditor Deed and the Security Documents, to apply proceeds of enforcement on such security towards such obligations in accordance with the terms of Intercreditor Deed and to carry out certain other duties.



The Indenture and/or the Security Documents principally provide that, at any time while the Notes are outstanding, the Common Security Agent has the right, subject to the Intercreditor Deed, to perform and enforce the terms of the Security Documents relating to the Collateral, and to exercise and enforce all privileges, rights and remedies thereunder, including to take or retake control or possession of such Collateral and to hold, prepare for sale, process, lease, dispose of or liquidate such Collateral, including, without limitation, following the occurrence of an Event of Default under the Indenture.

In connection with any proposed enforcement action in respect of the Collateral, the Common Security Agent may be required to take action to enforce the Collateral in accordance with the instructions of the relevant Secured Parties given under the Intercreditor Deed, *provided* that the Common Security Agent is indemnified and/or prefunded and/or secured to its satisfaction. Following the occurrence of an Enforcement Event (as defined in the Intercreditor Deed) (including an Event of Default under the Indenture after notice thereof is given to the Issuer), the relevant representative of the affected Secured Party may by written notice instruct the Common Security Agent to seek instructions from the Secured Parties with respect to taking enforcement action (a “**Senior Debt Security Enforcement Notice**”). In accordance with the terms of the Intercreditor Deed, within three business days of receipt of a Senior Debt Security Enforcement Notice, the Common Security Agent shall provide notice to the representatives of the other Secured Parties that it has received a Senior Debt Security Enforcement Notice. The Common Security Agent shall provide a copy of the Senior Debt Security Enforcement Notice to each Secured Party and request that the Secured Parties provide instructions to their respective representative with respect to any enforcement action no later than 30 days after the date of its request (the “**Original Instruction Deadline**”).

If, by no later than the Original Instruction Deadline, the Common Security Agent receives instructions (the “**Relevant Secured Party Representative Instructions**”) to take or not take any enforcement action from the Trustee, the Facility Agent under the Facilities Agreement or any agent appointed in relation to Permitted Pari Passu Secured Obligations, which represents exposure equal to, or greater than, US\$50.0 million of Senior Indebtedness of the Issuer outstanding (each, a “**Relevant Secured Party Representative**”), (i) the Common Security Agent shall provide a copy of the Relevant Secured Party Representative Instructions to each representative of the other Secured Parties and (ii) any subsequent instruction by another Relevant Secured Party Representative will be without effect.

If the Relevant Secured Party Representative Instructions include a confirmation from the Relevant Secured Party Representative that an enforcement action should be acted on immediately in order to maximize the value realized from enforcement action (the “**Relevant Secured Party Representative Confirmation**”), the Common Security Agent will notify any other additional security agents (as applicable) and the representatives of the other Secured Parties and the Common Security Agent and such other additional security agents shall act in accordance with such Relevant Secured Party Representative Instructions. Consequently, Secured Parties (other than the holders of the Notes) may instruct the Common Security Agent to take direct enforcement actions in respect of the Collateral, without instruction from the holders of the Notes.

If the Relevant Secured Party Representative provides instruction without the Relevant Secured Party Representative Confirmation, however, the Common Security Agent will only act in accordance with such Relevant Secured Party Representative Instructions, if Secured Parties holding no less than 50.1% of the voting power for any decision with respect to the Collateral (the “**Majority Senior Creditors**”), such percentage to be determined with reference to U.S. dollar (or if in any other currency other than USD, its Dollar Equivalent) exposure held by such Secured Parties, have not provided alternative instructions by the later of (a) the Original Instruction Deadline or (b) 30 days after the Common Security Agent have provided a copy of the Relevant Secured Party Representative Instructions to the Secured Parties. In the event any representative for any of the Secured Parties (including the Trustee on behalf of the Noteholders) fails to provide any instructions by the Original Instruction Deadline, the Security Agent shall act in accordance with any instructions that may be provided by the Majority Secured Parties (if and whenever received) in accordance with the terms of the Intercreditor Deed. See “Risk Factors — Risks Relating to the Collateral — Security over the Collateral will not be granted directly to the holders of the Notes.”



All payments received and all amounts held by the Common Security Agent in respect of the Collateral under the Security Documents will be applied as follows:

- *first*, in payment of the fees, costs, expenses and liabilities (and all interest thereon as provided in the Indenture, the Facilities Agreement and any document governing the Permitted Pari Passu Secured Obligations and including any indemnity payments) of the Trustee, the Facility Agent, the Common Security Agent, the representatives of the holders of any Permitted Pari Passu Secured Obligations and any receiver, attorney or agent appointed under the Security Documents or the Intercreditor Deed (in each case, on a *pari passu* and *pro rata* basis); then
- *second*, in discharging all costs and expenses incurred by the Trustee, the Facility Agent, the Common Security Agent or any other Secured Parties in connection with any realization or enforcement of the Security taken in accordance with the terms of the Intercreditor Deed or any action taken at the request of the Common Security Agent (in each case, on a *pari passu* and *pro rata* basis); then
- *third*, in payment to the Trustee, the Facility Agent and the holders of any Permitted Pari Passu Secured Obligations for application towards unpaid and outstanding amounts under the Notes, the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations (in each case, on a *pari passu* and *pro rata* basis); then
- *fourth*, if the Issuer is not under any further actual or contingent liability under the Indenture, the DSR LC, the Loan Facility or any other documents governing Permitted Pari Passu Secured Obligations, in payment to any person to whom the Common Security Agent are obliged to pay in priority to the Issuer (in each case, on a *pari passu* and *pro rata* basis); and
- *last*, in payment of the surplus (if any) to the Issuer or other person entitled to it (in each case, on a *pari passu* and *pro rata* basis).

The Common Security Agent may decline to foreclose on the Collateral or exercise remedies available if it does not receive indemnification and/or security and/or pre-funding to its satisfaction. In addition, the Common Security Agent's ability to foreclose on the Collateral may be subject to lack of perfection, the consent of third parties and practical problems associated with the realization of the Common Security Agent's Liens on the Collateral. Neither the Trustee, the Common Security Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Common Security Agent securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Security Documents, for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so. The Common Security Agent will not be required to expend its own funds under any circumstances.

The Security Documents provide that the Issuer will indemnify the Common Security Agent for all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind imposed against the Common Security Agent arising out of the Security Documents except to the extent that any of the foregoing are finally judicially determined to have resulted from the gross negligence or wilful misconduct of the Common Security Agent.

The provisions described in this section “— Enforcement of Security” shall be subject to any amendments to the Security Documents relating to the Collateral, the Indenture or the Intercreditor Deed to permit the creation of Liens on the Collateral to secure Permitted Pari Passu Secured Obligations in accordance with “— Permitted Pari Passu Secured Obligations” above.

In the event any representative for any of the Secured Parties (including the Trustee on behalf of the Noteholders) fails to provide any instructions within 30 days (or such other period specified by the Common Security Agent) of a request to provide instructions or take action or accept or reject a waiver or request, such Secured Parties shall be disregarded for voting purposes (“**Excluded Eligible Votes**”). The Intercreditor Deed provides that no amendment may be made to any Common Security Document (as defined in the Intercreditor Deed) and no security interest may be released or discharged (other than a release or discharge pursuant to clause 7.4 (Distressed Disposals) or clause 7.5 (Disposals by the Company) of the Intercreditor Deed or otherwise expressly permitted under the Senior Finance Documents), if such amendment or release could reasonably be expected to materially and adversely affect the interests of any Senior Creditor Group (including the Noteholders) without the consent of the representative for that group (acting with the approvals required under the relevant agreements for such group (including, in the case of the Noteholders, the Indenture)). The Intercreditor Deed provides, subject to Excluded Eligible Votes, an amendment or waiver that relates to, among other things, (a) the order of priority or subordination, (b) clause 6 (enforcement action by the Secured Parties), clause 7 (general instructions relating to enforcement actions), clause 11 (redistribution), clause 12 (application of proceeds) and clause 21 (amendments and waivers) of the Intercreditor Deed and (c) the definition of “Majority Senior Creditors,” “Senior Creditors” or “Senior Debt”, may only be made with the written consent of the Trustee and each agent or representative the holders of any Permitted Pari Passu Debt Obligations.

### ***Release of Collateral***

Subject to the provisions of the Intercreditor Deed with respect to the Collateral, the security created in respect of the Collateral granted under the Security Documents securing the Notes may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance or satisfaction and discharge as described under “— Defeasance — Defeasance and Discharge” or “— Satisfaction and Discharge;”
- in connection with any sale, transfer, conveyance or other disposition of assets constituting Collateral which are subject to such Liens to a Person that is not (either before or after giving effect to such transaction) the Issuer, if the sale, transfer, conveyance or other disposition does not violate the provisions of the Indenture described under “— Certain Covenants — Limitation on Asset Sales;”
- in connection with an enforcement sale pursuant to the Intercreditor Deed;
- as otherwise not prohibited by the Indenture, the Security Documents or the Intercreditor Deed; or
- as described under “— Amendments and Waivers.”

The Common Security Agent will agree to any release of the security interest in respect of the Collateral that is in accordance with the Indenture, the Intercreditor Deed and the relevant Security Document, without requiring any Holder consent or any action on the part of the Trustee. Upon request of the Issuer, and upon receipt of an Officer’s Certificate and an Opinion of Counsel, the Common Security Agent shall execute, deliver or acknowledge any necessary or proper instruments of termination, satisfaction or release to evidence the release of Collateral permitted to be released pursuant to the Indenture, the Intercreditor Deed and the Security Documents. At the request of the Issuer, the Common Security Agent shall execute and deliver an appropriate instrument evidencing such release (in the form provided by the Issuer).

## Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

### *Limitation on Indebtedness*

- (a) The Issuer will not Incur any Indebtedness; *provided* that the Issuer shall be permitted to Incur Indebtedness if:
  - (i) the Issuer has delivered an Officer's Certificate to the Trustee confirming that, after giving pro forma effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, the projected Debt Service Coverage Ratio for the period from the beginning of the fiscal quarter in which the date of such Incurrence occurs through the Stated Maturity of the Notes would be at least 1.3 to 1.0; *provided* that, for the purposes of calculating the projected Debt Service Coverage Ratio, the Cash Flow Available for Debt Service shall only include (A) scheduled amounts of principal and interest paid or payable (or projected to be paid or payable) by the BOT Company under the BOT Loans; and (B) any distributions or dividends paid or payable (or projected to be paid or payable) by the BOT Company, to the extent that such distributions or dividends, have been assigned as collateral to secure the obligations of the Issuer under the Notes and any Permitted Pari Passu Secured Obligations; *provided further* that the BOT Shareholders' residual rights to any Termination Payments shall have been assigned as collateral to secure the obligations of the Issuer under the Notes and any Permitted Pari Passu Secured Obligations;
  - (ii) any Indebtedness so Incurred, when aggregated with principal and interest amounts (including any accrued and unpaid interest) due under the Notes, the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations, and the amortization profiles thereunder, shall not exceed the amount of any Termination Payments that are projected to be payable in case of default by the Vietnam side parties or a government event at any time under the BOT Contract as of the date such Indebtedness is Incurred or the time that the agreement for such Indebtedness is executed, as determined in good faith by the Issuer; and
  - (iii) the Issuer has obtained an affirmation from the Rating Agencies then rating the Notes that the then current rating of the Notes will not be lowered or withdrawn immediately after giving effect to the proposed Incurrence of Indebtedness.

The Officer's Certificate and confirmation under clauses (i) and (iii), respectively, may be obtained at the time that the agreement for such Indebtedness is executed, even though the Incurrence of Indebtedness pursuant to such agreement occurs at a later time; *provided* that all calculations of the Debt Service Coverage Ratio made under the Indenture shall thereafter assume that such committed Indebtedness is fully drawn unless such commitment has been terminated.

- (b) Following the BOT Loans Acquisition, the BOT Company will not Incur any Indebtedness except to the extent provided below.
- (c) Notwithstanding the foregoing, the Issuer and following the BOT Loans Acquisition, the BOT Company, as applicable, may Incur the following Indebtedness (in each case, "**Permitted Indebtedness**"):

- (1) (A) Indebtedness of the Issuer under the Notes (excluding any Additional Notes), (B) Indebtedness of the Issuer under the DSR LC and (C) Indebtedness of the Issuer under the Loan Facility and any related hedging facilities with respect thereto;
- (2) Indebtedness of the BOT Company outstanding on the Original Issue Date;
- (3) Indebtedness of the Issuer or the BOT Company (“**Permitted Refinancing Indebtedness**”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, purchase, renew, repay, defease, discharge or extend (collectively, “**refinance**,” “**refinances**” and “**refinanced**” shall have a correlative meaning), then-outstanding Indebtedness Incurred under clause (a), (c)(1), (c)(2), (c)(4), (c)(8), (c)(9), (c)(11) and (c)(12) of this covenant and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, defeasance costs, fees and expenses); *provided* that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes, will only be permitted under this clause (c)(3) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with or subordinated to the remaining Notes, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (C) in no event may unsecured Indebtedness of the Issuer be refinanced pursuant to this clause (c)(3) with secured Indebtedness and (D) none of the conditions in (A), (B) or (C) above shall apply if the proceeds of any Permitted Refinancing Indebtedness are to be used to fully refinance the Notes;
- (4) Indebtedness of the BOT Company, including Capitalized Lease Obligations, mortgage financings or purchase money obligations or similar financings, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement or property, plant or equipment used or to be used in the business of the BOT Company (including Capital Stock of any Person that is merged or consolidated with and into the BOT Company), in an aggregate principal amount, including all Permitted Refinancing Indebtedness Incurred to refinance any Indebtedness Incurred pursuant to this clause (c)(4), not to exceed US\$15.0 million (or the Dollar Equivalent thereof) at any time outstanding;
- (5) any Shareholder Subordinated Loan;
- (6) Indebtedness of the BOT Company owed to the Issuer, including the BOT Loans, and Indebtedness of the Issuer owed to the BOT Company;
- (7) Indebtedness Incurred by the Issuer or the BOT Company pursuant to Hedging Obligations entered into in the ordinary course of business and for the purpose of protecting the Issuer or the BOT Company, as applicable, from fluctuations in interest rates, currencies or commodity prices and not for speculation;

- (8) Indebtedness or obligations Incurred by the BOT Company constituting reimbursement obligations with respect to letters of credit or trade guarantees, bank guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees, bank guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the BOT Company of a demand for reimbursement;
  - (9) Indebtedness Incurred by the BOT Company under the OSD Facility Agreement in an amount not exceeding US\$15.5 million (or the Dollar Equivalent thereof) (or any other Indebtedness permitted to be Incurred under the BOT Loans);
  - (10) Indebtedness Incurred by the BOT Company relating to the issuance of performance bonds, letters of credit or acceptance financing where, in each case, such obligations are for a term of less than 365 days and are entered into in the ordinary course of business, in an aggregate principal amount at any time outstanding not to exceed US\$15.0 million (or the Dollar Equivalent thereof);
  - (11) Indebtedness Incurred by the BOT Company to fund its working capital needs in an aggregate principal amount at any time outstanding not to exceed US\$40.0 million (or the Dollar Equivalent thereof);
  - (12) Indebtedness Incurred by the Issuer or the BOT Company in an aggregate principal amount at any time outstanding not to exceed \$25.0 million (or the Dollar Equivalent thereof) at any time outstanding.
- (d) For purposes of determining compliance with this “— Limitation on Indebtedness” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of this covenant, the Issuer, in its sole discretion, will classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types and may apportion an item of Indebtedness among several such types; *provided* that all Indebtedness outstanding on the Original Issue Date under the Loan Facility shall be deemed to have been Incurred under clause (c)(1)(C) of the this “— Limitation on Indebtedness” covenant and may not be reclassified.
  - (e) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Preferred Stock or Disqualified Stock in the form of additional shares of the same class of Preferred Stock or Disqualified Stock will not be deemed to be an Incurrence of Indebtedness.
  - (f) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the Dollar Equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred (or first committed, in the case of revolving credit debt); *provided*, that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the

principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or the BOT Company may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

### ***Limitation on Equity Distributions***

The Issuer will not, and following the BOT Loans Acquisition, the BOT Company will not, directly or indirectly (the payments or any other actions described in clauses (1) through (3) below being collectively referred to as “**Equity Distributions**”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Issuer’s or the BOT Company’s Capital Stock (other than dividends or distributions payable solely in shares of the Issuer’s or the BOT Company’s Capital Stock (in each case other than Disqualified Stock) or in options, warrants or other rights to acquire shares of such Capital Stock);
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any Equity Interests of the Issuer or the BOT Company; or
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of any Subordinated Indebtedness or make any payment in respect of any Shareholder Subordinated Loan;

unless, at the time of, and after giving effect to, the proposed Equity Distribution (together with all other Equity Distributions being made concurrently therewith):

- (A) no Default or Event of Default has occurred and is continuing or would occur as a result of such Equity Distribution;
- (B) the aggregate balance of the Debt Service Reserve Accounts together with any amounts that are available to be drawn under any DSR LC and/or Sponsor LC is at least equal to the Required DSR Amount at that time;
- (C) the Major Maintenance Reserve Subaccount holds all funds required to be held therein in accordance with the BOT Company Accounts Agreement;
- (D) the BOT Company shall hold in its accounts an amount at least equal to the operating expenses of the BOT Company that are estimated by the BOT Company to become due and payable within 30 days following the date of such Equity Distribution; *provided* that operating expenses for this purpose shall exclude any expenditure required to maintain a stockpile of coal sufficient to operate the MD2 Project for more than fourteen (14) days of operations (but shall include any expenditure required to replenish stockpile of coal sufficient to operate the MD2 Project for up to fourteen (14) days of operations as required pursuant to the terms of the BOT Loans); and
- (E) for the most recent four consecutive fiscal quarters (for which financial statements of the BOT Company are available, which may be internal financial statements), taken as one annual period, the Debt Service Coverage Ratio is at least 1.15 to 1.0.



The foregoing provision will not be violated by reason of:

- (1) the payment of any dividend or redemption of any Equity Interest within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness with the proceeds of, or in exchange for, a Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness or Equity Interests of the Issuer or the BOT Company in exchange for, or out of the net cash proceeds of a substantially concurrent capital contribution or sale of, Equity Interests (other than Disqualified Stock) of the Issuer or the BOT Company; *provided* that any such Equity Interests are not redeemable at the option of the holder, or required to be redeemed, prior to the Stated Maturity of the Notes;
- (4) cash payments in lieu of the issuance of fractional shares in connection with the exercise or conversion of any warrants, options or rights to acquire Capital Stock of the Issuer or the BOT Company;
- (5) dividends or distributions paid on, and the purchase, call for redemption, retirement, or acquisition for value of, Disqualified Stock of the Issuer or the BOT Company, in each case in accordance with the terms of such Disqualified Stock; *provided* that such Disqualified Stock was issued after the Original Issue Date in accordance with the covenant under the caption “— Limitation on Indebtedness;”
- (6) any Equity Distribution by the BOT Company to the extent that (i) such Equity Distribution is used or will be used to fund any obligations of the Issuer, including obligations under Indebtedness of the Issuer or for costs, expenses or taxes; or (ii) such Equity Distribution has been assigned as collateral to secure the obligations of the Issuer under the Notes and any Permitted Pari Passu Secured Obligations, and such amount is ultimately (directly or indirectly) paid to the Issuer;
- (7) any purchase, redemption, refund, defeasance or other acquisition or retirement for value of any Equity Interests of the BOT Company in connection with the reduction of contributed charter capital of the BOT Company referred to under the caption “Principal Shareholders and Sponsors” in the Offering Memorandum;
- (8) *provided* that no Event of Default has occurred or is continuing, distributions of amounts on deposit in the Debt Service Reserve Accounts following replacement of such amounts with a Sponsor LC; or
- (9) following the BOT Loans Acquisition, distributions of (a) any and all amounts on deposit in the BOT Company Debt Service Reserve Account after payment of any termination amounts in connection with the termination of the existing Hedging Obligations of the BOT Company payable to hedging counterparties thereunder, and (b) any and all refunds of any premium paid under the Korea Trade Insurance Corporation insurance policy;

*provided* that, in the case of clauses (2) or (3) above, no Default will have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.



To the extent the BOT Shareholders have assigned their rights to dividends as collateral to secure the obligations of the Issuer under the Notes and any Permitted Pari Passu Secured Obligations in connection with Incurring Indebtedness under clause (a) of the “— Limitation on Indebtedness” covenant, the BOT Company will (i) maximize the payment of dividends (to the extent permitted by applicable law); and (ii) not, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of the BOT Company to pay dividends or make any other distributions in cash or otherwise on its Capital Stock.

#### ***Limitation on Transactions with Affiliates***

The Issuer will not, and following the BOT Loans Acquisition, the BOT Company will not, directly or indirectly, enter into, renew or extend any transaction (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with any Affiliate of the Issuer or the BOT Company (each, an “**Affiliate Transaction**”), unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to the Issuer or the BOT Company, as applicable, than those that could be obtained, at the time of such transaction or, if such transaction is pursuant to a binding agreement, at the time such agreement was made, in a comparable arm’s-length transaction by the Issuer or the BOT Company with a Person that is not an Affiliate of the Issuer or the BOT Company, as applicable; and
- (2) the Issuer, in the case of an Affiliate Transaction by the Issuer, or the BOT Company, in the case of an Affiliate Transaction by the BOT Company, delivers to the Trustee:
  - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), a Board Resolution attached to an Officer’s Certificate certifying that such Affiliate Transaction complies with clause (1) above and such Affiliate Transaction has been approved by the Board of Directors of the Issuer or the BOT Company, as the case may be; and
  - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$25.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required under clause (2)(a) above, an opinion as to the fairness to the Issuer or the BOT Company, as the case may be, of such Affiliate Transaction from a financial point of view, or that such Affiliate Transaction is not less favorable to the Issuer or the BOT Company, as the case may be, than could reasonably be expected to be obtained at the time in an arm’s-length transaction with a Person who was not an Affiliate, issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and will not apply to:

- (1) the payment of reasonable and customary regular fees to and reimbursements of expenses of (pursuant to indemnity arrangements or otherwise) officers, directors, members of the members’ council, employees or consultants of the Issuer or the BOT Company;
- (2) transactions with a Person that is an Affiliate of the Issuer or the BOT Company solely on account of the fact that the Issuer or the BOT Company owns Capital Stock in, or controls, such Person or appoints directors, officers or members of the members’ council to such Person;

- (3) any Equity Distribution not prohibited by the covenant described under the caption “— Limitation on Equity Distributions;”
- (4) any issuance of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or as the funding of, employment agreements and other compensation arrangements, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar benefits or plans and/or indemnities provided on behalf of directors, officers, members of the members’ council and employees and approved by the Board of Directors of the Issuer or the BOT Company, as the case may be; transactions or payments pursuant to any employee, officer or director compensation or benefit plans, director or officer indemnification agreements, or similar arrangements entered into in the ordinary course of business and any payments pursuant thereto;
- (5) transactions pursuant to any contract or agreement as in effect on the Original Issue Date (including the Project Documents), as amended, modified, renewed or replaced from time to time so long as such amendment, modification, extension or replacement, taken as a whole, as certified in good faith by the BOT Company or the Issuer in an Officer’s Certificate, is not materially more disadvantageous to the Holders of the Notes than the original agreement as in effect on the Original Issue Date, or transactions otherwise described under “Description of the BOT Company Loans and Certain Other Indebtedness” in this Offering Memorandum;
- (6) any agreement entered into in the ordinary course of business (and any transactions pursuant to such agreements) on terms that are fair to the Issuer or the BOT Company or on terms at least as favorable to the Issuer or the BOT Company as an arm’s length transaction, in each case, at the time such agreement is entered into, as determined in good faith by the Board of Directors of the Issuer or the BOT Company, as the case may be, including (i) technical services or support agreements, (ii) secondment agreements, (iii) management services or consultancy agreements, (iv) reimbursement arrangements, (v) leases and (vi) agency agreements for the procurement of goods or services;
- (7) the issuance or sale of any Equity Interests (other than Disqualified Stock) or contributions to common equity capital of the Issuer or the BOT Company;
- (8) loans or advances to employees, directors or members of the members’ council of the Issuer or the BOT Company (as the case may be) in the ordinary course of business in an aggregate principal amount not to exceed US\$2.0 million (or the Dollar Equivalent thereof) at any time outstanding;
- (9) any Shareholder Subordinated Loan;
- (10) any agreement or arrangement entered into between the Issuer and the BOT Company and any amendments or modifications thereto;
- (11) any novation of any agreements or arrangements entered into in connection with Hedging Obligations of the BOT Company to the Issuer and any amendments or modifications of such agreements or arrangements, and any payments pursuant thereto; and
- (12) any transaction with any Affiliate of the Issuer or the BOT Company in connection with Incurrence of Indebtedness under clause (a) of the “— Limitation on Indebtedness” covenant and the application of the proceeds thereof.

### ***Limitation on Liens***

The Issuer will not, directly or indirectly, create, incur, assume or permit to exist or become effective any Lien on the Collateral (other than Permitted Liens).

The Issuer will not, and following the BOT Loans Acquisition, the BOT Company will not, directly or indirectly, create, incur, assume or permit to exist or become effective any Lien (except Permitted Liens) securing Indebtedness on any of its assets or properties of any kind (other than the Collateral), whether owned at the Original Issue Date or thereafter acquired, unless the Notes are secured equally and ratably with the Indebtedness so secured for so long as such Indebtedness is so secured by such Lien.

### ***Limitation on Asset Sales***

Following the BOT Loans Acquisition, the BOT Company will not, directly or indirectly, sell, transfer, dispose or lease any property or assets material to the operation of the MD2 Project, except for:

- (1) sales of electric power and electric capacity pursuant to the Power Purchase Agreement or any other sale, lease, transfer or disposal required or contemplated in the BOT Contract or the Power Purchase Agreement;
- (2) sales, leases, transfers or other dispositions of assets having a fair market value not exceeding US\$25.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (3) sales of inventory, receivables and other current assets in the ordinary course of business;
- (4) sales, leases, transfers and other dispositions of assets that are obsolete or no longer used by or useful to the BOT Company;
- (5) any transfer of funds in the ordinary course of business;
- (6) any transaction permitted under the covenant under the caption “— Consolidation, Merger and Sale of Assets;”
- (7) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind, or any disposition arising from foreclosure, condemnation or similar action with respect to any property or other assets, or exercise of termination rights under any lease, license, concession or other agreement;
- (8) sales, transfers or other disposals of ash, gypsum, cenosphere, waste limestone or waste coal; and
- (9) if the Net Cash Proceeds from such sale, transfer, disposal or lease received by the BOT Company are applied within 365 days of the receipt of such Net Cash Proceeds to (i) permanently repay the BOT Loans or other Indebtedness of the BOT Company; (ii) to make a capital expenditure, or within 365 days of the receipt of such Net Cash Proceeds enter into a binding agreement to make a capital expenditure; *provided* that, such binding agreement shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such capital expenditure is made in accordance with the provisions of such binding agreement and (y) the 180th day following the end of the 365-day time period; (iii) to acquire other assets that are used or useful in the BOT Company’s business; (iv) to make an offer to purchase the Notes or make open market purchases of the Notes; or (v) in any combination of applications specified in clauses (i) through (iv) above.

### ***Limitation on the Activities of the Issuer***

Notwithstanding anything contained in the Indenture to the contrary, the Issuer will not engage in any activity, except (a) relating to the offering, sale or issuance of the Notes (and the application of proceeds therefrom to fund the BOT Loans Acquisition and any activity relating to the BOT Loans or the Special Mandatory Redemption) (including taking any action to pay any costs, losses, fees and expenses incurred or arising in connection with such offering, sale or issuance or the BOT Loans Acquisition) or Additional Notes issued in compliance with the Indenture; (b) the execution of, and drawdown under, the Loan Facility and hedging agreements relating thereto, and the Incurrence of Indebtedness represented by the Notes and the Additional Notes subject to compliance with the Indenture and Indebtedness under the Facilities Agreement and hedging agreements relating thereto; (c) the incurrence of other Indebtedness permitted to be Incurred under the caption “— Limitation on Indebtedness” (and the application of proceeds therefrom) and any activity relating thereto; (d) relating to the making of any Equity Distribution in accordance with the covenant described under the caption “— Limitation on Equity Distributions;” (e) the provision of accounting, financial and other corporate services to the BOT Company and the entry into any agreements with the BOT Company as permitted under the caption “— Limitation on Transactions with Affiliates;” (f) any activity undertaken with the purpose of fulfilling any obligations under the Indebtedness referred to in the foregoing clauses (a), (b), (e) or the Indenture, the Intercreditor Deed, the Security Documents or any future indenture, trust deed or loan facility related to any such Indebtedness and hedging agreements relating thereto or for purposes of a consent solicitation or a tender offer relating to such Indebtedness or any exchange offer or redemption, repurchase, repayment or defeasance or refinancing of any such Indebtedness; (g) issuing Capital Stock, receiving, acquiring and/or holding of cash, cash equivalents or other investments and other activities related thereto and the establishment and maintenance of any Issuer Accounts or Other Accounts; (h) enter into intercompany loans with the BOT Company permitted under the “— Limitation on Indebtedness” covenant; (i) undertaken to consummate a transaction in accordance with the covenant described under the caption “— Consolidation, Merger and Sale of Assets;” or (j) related to the establishment and/or maintenance of the corporate existence of the Issuer.

The Issuer will not take any action which would require it to register as an “investment company” as such term is defined in the U.S. Investment Company Act of 1940, as amended.

### ***Use of Proceeds***

The Issuer will not use the proceeds from the sale of the Notes issued and sold on the Original Issue Date, in any amount, for any purpose other than as specified under the “*Use of Proceeds*” in this Offering Memorandum.

### ***Anti-Layering***

The Issuer will not Incur any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms. This covenant does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or guarantees securing or in favor of some but not all of such Indebtedness or securing on a junior priority basis.

### ***Maintenance of Insurance***

The BOT Company will at all times maintain insurance with reputable and financially sound carriers against such material risks and in such amounts as is customarily carried by similarly situated businesses in the jurisdictions in which the BOT Company conducts its businesses or as in force as at the Original Issue Date, except to the extent such insurance is not available on commercially reasonable terms, such

unavailability to be certified by the BOT Company and confirmed as reasonable by an independent insurance expert from a recognized insurance brokerage firm.

#### ***Limitation on Amendments to the BOT Loans***

Following the BOT Loans Acquisition, the Issuer will not permit any amendments to the BOT Loans (a) that reduces the principal or interest payments due on the BOT Loans or (b) in any manner that would have a material adverse effect on the Issuer's ability to fulfill its obligations under the Notes, the Indenture, the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations, in each case, except for any amendments or waivers contemplated by the Offering Memorandum.

For the avoidance of doubt, the Issuer may amend, modify or waive any provision of the BOT Loans and any agreements or documents relating thereto or in connection therewith (i) to conform to an amendment, modification or waiver in the Indenture and the Notes, (ii) to conform to any provision of the Indenture, (iii) to ensure that the restrictions, covenants and events of default are not inconsistent with or more restrictive than the provisions of the Indenture applicable to the BOT Company, (iv) as described under "Description of the BOT Company Loans and Certain Other Indebtedness" in this Offering Memorandum and (v) in any manner that would not reasonably be expected to have a material adverse effect on the Issuer's ability to fulfill its obligations under the Notes, the Indenture, the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations.

For the avoidance of doubt, the terms of the BOT Company Accounts Agreement may be amended, modified or waived and the account bank thereunder may be replaced without the consent of the Trustee or the Holders of the Notes to the extent such amendments, modifications and waivers are not inconsistent with the obligations under the Notes or in any manner that would not reasonably be expected to have a material adverse effect on the Issuer's ability to fulfill its obligations under the Notes, the Indenture, the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations.

#### ***Limitation on Amendments to the Project Documents***

The BOT Company will not, directly or indirectly, amend, modify, terminate, supplement or waive a right or permit or consent to the amendment, modification, termination, supplement or waiver of a right with respect to the Project Documents (i) in the case of the PPA, in respect of the fees or tariffs thereunder, which would have the effect of lowering the projected Debt Service Coverage Ratio from the beginning of the fiscal quarter in which the date of such proposed changes would occur through the Stated Maturity of the Notes to below 1.3 to 1.0, or (ii) any other provision, the effect of which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The BOT Company will deliver an Officer's Certificate (a) in the case of amendments to the fees or tariffs pursuant to the foregoing clause (i), setting forth the calculation of such Projected Debt Service Ratio and certifying in good faith that it will not be below 1.3 to 1.0 and (b) in the case of the foregoing clause (ii), stating that the effect of such amendment could not reasonably be expected to have a Material Adverse Effect.

#### ***Creation, Perfection and Maintenance of Security Interest***

By no later than 120 days following the BOT Loans Acquisition, and thereafter, the Issuer shall, at its own expense, prepare, give, execute, deliver, file and/or record any notice, financing statement, continuation statement, public deed, instrument or agreement required under applicable law and necessary to create, maintain, preserve, continue, perfect or validate a first priority security interest (subject to Permitted Liens) granted under the Security Documents or pursuant to the Security Documents for the benefit of the Holders and to protect the Collateral as set forth in the Security Documents; *provided* that the failure to register the

pledge of the Capital Stock of the Issuer by Beijing Begonia Management Consulting Corporation with the State Administration of Foreign Exchange shall not constitute a Default or an Event of Default.

### ***Maintenance of Existence***

Except to the extent permitted by the covenant described under “— Consolidation, Merger and Sale of Assets”:

- (a) the Issuer will maintain its existence; and
- (b) the BOT Company will maintain its existence.

### ***Separate Existence***

The Issuer shall (a) maintain entity records and books of account separate from those of any other entity which is an Affiliate of the Issuer, (b) not commingle its funds or assets with those of any other entity which is an Affiliate of the Issuer, and (c) provide that its Board of Directors or other analogous governing body will hold all appropriate meetings to authorize and approve the Issuer’s actions, which meetings will be separate from those of other entities.

### ***Maintenance of Books and Records***

The Issuer and the BOT Company will maintain their respective books, accounts and records in accordance with generally accepted accounting principles. The Issuer and the BOT Company will keep books or records concerning their respective accounts, contract rights and proceeds, at their respective registered offices.

### ***Compliance with Laws; Maintenance of Permits***

The Issuer will comply with all applicable laws and regulations of any Governmental Instrumentality having jurisdiction over the Issuer, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

The BOT Company will (i) comply with all applicable laws and regulations (including any environmental laws) of any Governmental Instrumentality having jurisdiction over the BOT Company or its business and operation of the MD2 Project and (ii) obtain and maintain in full force and effect all material franchises, permits, rights, privileges, licenses or government permissions necessary for the operation of the MD2 Project, except, in each case, where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

### ***Credit Rating Agencies***

The Issuer will use reasonable efforts to take all actions as may be necessary or appropriate from time to time to cause the Notes to be rated by at least two Rating Agencies. If one of the two Rating Agencies ceases to be a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) under the Exchange Act or ceases to be in the business of rating securities of the type and nature of the Notes, the Issuer may replace the rating received from it with a rating from any other “nationally recognized statistical rating organization” in the business of rating securities of the type and nature of the Notes.

## ***Taxes***

The Issuer and the BOT Company will pay, prior to delinquency, all material taxes, assessments and governmental charges applicable to it except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment would not reasonably be expected to result in a Material Adverse Effect.

## ***Provision of Financial Statements and Reports***

- (a) So long as any of the Notes remain outstanding, the Issuer will provide to the Trustee:
  - (1) (i) within 120 calendar days after the end of the fiscal year of the Issuer (commencing with the fiscal year ending December 31, 2019), copies of the balance sheet of the Issuer as of the end of such fiscal year and statements of income and cash flows of the Issuer for such fiscal year, including comparable prior year (other than in relation to the first year) audited by member firm of an internationally recognized firm of independent accountants and (ii) within 90 calendar days after the end of each of the first, second and third fiscal quarters of the Issuer (commencing with the first fiscal quarter ending after the Original Issue Date), copies of the unaudited balance sheet as of the end of such quarter and unaudited statements of income and cash flows for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and in each case, including the comparable prior period(s) (to the extent available), signed by an authorized person to the effect that such financial statements have been prepared on a basis consistent with the audited financial statements of the Issuer (except that such financial statements may exclude usual year-end adjustments and footnotes);
  - (2) (i) within 120 calendar days after the end of the fiscal year of the BOT Company (commencing with the fiscal year ending December 31, 2019), copies of the balance sheet of the BOT Company as of the end of such fiscal year and statements of income and cash flows of the BOT Company for such fiscal year, including comparable prior year audited by member firm of an internationally recognized firm of independent accountants, (ii) within 90 calendar days after the end of each of the first, second and third fiscal quarters of the BOT Company (commencing with the first fiscal quarter ending after the Original Issue Date), copies of the unaudited condensed balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flows for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and in each case, including the comparable prior period(s) (to the extent available), together with a certificate signed by an authorized person to the effect that such financial statements have been prepared on a basis consistent with the audited financial statements (except that such financial statements may exclude usual year-end adjustments and footnotes);
  - (3) as soon as possible and in any event within 30 days after the Issuer becomes aware of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes a Default and/or an Event of Default (or at any time within 14 days of any request in writing by the Trustee if the Trustee has reason to believe that a Default or an Event of Default may have occurred) or a default or an event of default under the BOT Loans that is not cured or remedied within the applicable cure period, and an Officer's Certificate of the Issuer setting forth the details thereof and the action being taken or proposed to be taken with respect thereto.



- (b) In addition, so long as any of the Notes remain outstanding, the Issuer will provide to the Trustee within 120 calendar days after the end of each fiscal year, an Officer's Certificate stating (1) the Debt Service Coverage Ratio with respect to the four most recent fiscal quarters, taken as one annual period, and showing in reasonable detail the calculations thereof; and (2) that a review has been conducted of the activities of the Issuer, its performance under the Indenture, the Security Documents and the Notes, and that the Issuer has fulfilled all obligations thereunder or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof.

Further, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which the Issuer is neither subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act upon the request of any Holder or beneficial owner of a Note.

### ***Consolidation, Merger and Sale of Assets***

The Issuer will not consolidate with, or merge with or into, another Person (other than the BOT Company), permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person (other than the BOT Company), in one transaction or a series of related transactions; *provided* that, in the event the Issuer so consolidates with, merges with or into, the BOT Company, or sells, conveys, transfers, leases or otherwise disposes all or substantially all of its properties and assets to the BOT Company, the BOT Company, immediately after such transaction, will (a) assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all obligations of the Issuer under the Indenture, the Notes, the Intercreditor Deed and the Security Documents, which shall remain in full force and effect, and (b) deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, in each case stating that such transaction and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with.

Notwithstanding the foregoing, the Issuer may consolidate with, merge with or into, another Person, permit any Person to merge with or into it, or sell convey, transfer, lease, assign or otherwise dispose of all or substantially all of its properties and assets to any Person or enter into any other similar transaction, in each case, for the purpose of reincorporating, reorganizing or reestablishing the Issuer (including a successor entity) in the Cayman Islands, the British Virgin Islands, Bermuda, Hong Kong, Singapore, Canada, the U.K., the Isle of Man, Mauritius, any member state of the European Union, Switzerland, the United States, any state of the United States or the District of Columbia or converting the Issuer into a Person incorporated, organized or existing in any of the aforementioned jurisdictions; *provided* that each of the following conditions is satisfied:

- (1) such Person or the successor entity (if it is not the predecessor Issuer) immediately after such transaction, will
  - (a) assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture and the Notes, which shall remain in full force and effect;
  - (b) be majority owned by the Permitted Holders or their Affiliates; and

- (c) deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, in each case stating that such transaction and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with;
- (2) immediately after giving effect to such transaction, no Default will have occurred and be continuing; and
- (3) such Person or the successor entity (if it is not the predecessor Issuer) immediately after such transaction holds the BOT Loans.

The BOT Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person, in one transaction or a series of related transactions, unless:

- (1) the BOT Company will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets will be a corporation organized and validly existing under the laws of Vietnam and will expressly assume all the obligations of the BOT Company under the BOT Loans, and the BOT Loans will remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default will have occurred and be continuing;
- (3) the BOT Company delivers to the Trustee (x) an Officer's Certificate and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (4) no Rating Decline will have occurred.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Upon any consolidation or merger, or any sale, conveyance, transfer or other disposition of all or substantially all of the properties and assets of the Issuer to the BOT Company that complies with the provisions of this "Consolidation, Merger and Sale of Assets" covenant, (a) the BOT Company shall succeed to, and be substituted for the Issuer, so that from and after the date of such consolidation, merger, sale, conveyance, transfer, assignment or other disposition, the provisions of the Indenture referring to "Issuer" shall refer instead to the BOT Company and not to the predecessor Issuer and the predecessor Issuer shall be relieved from the obligation to pay the principal of, premium on, if any, and interest on, the Notes and all other obligations under the Indenture and the Notes, and the BOT Company may exercise every right and power of the Issuer under the Indenture with the same effect as if the BOT Company had been named as the Issuer in the Indenture and (b) the covenants described under "— Certain Covenants — Limitation on the Activities of the Issuer" and "— Separate Existence" will no longer be in effect.

Upon any consolidation or merger, or any sale, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the BOT Company in a transaction that is subject to, and that complies with the provisions of, this "Consolidation, Merger and Sale of Assets" covenant, the successor Person to the BOT Company shall succeed to, and be substituted for the successor Person so that from and after the date of such consolidation, merger, sale, conveyance, transfer, lease, assignment or other disposition,

the provisions of the Indenture referring to “BOT Company” shall refer instead to the successor Person and not to the predecessor BOT Company.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the BOT Company that may adversely affect Holders.

### ***Payments for Consents***

The Issuer will not directly or indirectly, pay or cause to be paid, any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, the Issuer may exclude (a) in connection with an exchange offer, holders or beneficial owners of the Notes that are not “qualified institutional buyers” as defined in Rule 144A under the Securities Act, and (b) in connection with any consent, waiver or amendment, holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such holders or beneficial owners would require the Issuer to (i) file a registration statement, prospectus or similar document or subject the Issuer to ongoing periodic reporting or similar requirements under any securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states or the United Kingdom), (ii) qualify as a foreign corporation or other entity as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject the Issuer to taxation in any such jurisdiction if it is not otherwise so subject, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Issuer in its sole discretion.

### **Events of Default**

The following events will be defined as “Events of Default” in the Indenture with respect to the Notes:

- (a) default in the payment of interest or any Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 days;
- (b) default in the payment of principal of (or premium, if any, on) or other amount with respect to the Notes when the same becomes due and payable under the Indenture as described under “— Brief Description of the Notes — Amortization of Principal” or at maturity, upon acceleration, redemption or otherwise;
- (c) (x) the Issuer defaults in the performance of or breaches the covenant described under “— Consolidation, Merger and Sale of Assets” or under “— Mandatory Redemption Without Premium,” or (y) the Issuer fails to make or consummate a Change of Control Offer in the manner described under the caption “— Change of Control Triggering Event;”
- (d) (x) the Issuer defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) or (y) the BOT Company defaults in the performance of or breaches any covenant or agreement in the Indenture applicable to it, and, in each case, such default or breach continues for a period of 60 consecutive days after written notice by the Trustee (acting on the instructions of the Holders

of at least 25% in principal amount of the outstanding Notes) or the Holders of 25% or more in aggregate principal amount of the Notes; *provided, however*, that without prejudice to the requirements of the covenant described under “— Certain Covenants — Limitation on Equity Distributions,” any default in the performance or breach of any covenant or other requirement (i) under the Indenture relating to the required balance in the Debt Service Reserve Accounts or (ii) under the BOT Company Accounts Agreement relating to the required balance in the Major Maintenance Reserve Subaccount, shall in each such case not constitute a Default or an Event of Default;

- (e) there occurs a default in the payment of the principal of, or interest on, any Indebtedness of the BOT Company or the Issuer (in each case, other than the BOT Loans or any Shareholder Subordinated Loan) whether such Indebtedness now exists or will hereafter be created, having an aggregate principal amount exceeding US\$50.0 million (or the Dollar Equivalent thereof) when and as that Indebtedness becomes due and payable, after the expiration of any applicable grace period or any other default relating thereto, if the effect of such default is to cause such Indebtedness to become due and payable prior to its Stated Maturity, unless such Indebtedness is discharged or such acceleration is rescinded;
- (f) a distress, attachment, execution or other legal process for any amount exceeding US\$50.0 million (or the Dollar Equivalent thereof) is issued, levied, enforced or sued upon or against any material part of the property of the BOT Company or the Issuer and is not paid out, satisfied, bonded, withdrawn or stayed pending appeal within 60 days of the date of issue, levy or enforcement;
- (g) (1) the BOT Company or the Issuer shall institute a voluntary case or undertake actions to form an arrangement with creditors for the purpose of paying past due debts or seeking liquidation, reorganization or moratorium of payments under any Bankruptcy Law (or any successor statute or similar statute in any relevant jurisdiction) or any similar proceeding, or shall consent to the institution of an involuntary case thereunder against it; (2) the BOT Company or the Issuer shall file a petition, answer or consent or shall otherwise institute any similar proceeding under any other Legal Requirements, or shall consent thereto; (3) the BOT Company or the Issuer shall apply for, or by consent or acquiescence there shall be an appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers over any of them or material property or assets of any of them; (4) the BOT Company or the Issuer shall make an assignment for the benefit of creditors; (5) the BOT Company or the Issuer shall admit in writing its inability to pay its debts generally as they become due; (6) if an involuntary case shall be commenced seeking the liquidation or reorganization of the BOT Company or the Issuer under any Bankruptcy Law (or any successor statute or similar statute under any relevant jurisdiction) or any similar proceeding shall be commenced against the BOT Company or the Issuer under any other Legal Requirements and (a) the petition commencing the involuntary case is not timely controverted, (b) the petition commencing the involuntary case is not dismissed within sixty (60) days of its filing, (c) an interim trustee is appointed to take possession of all or a material portion of their respective property, and/or to operate all or any material part of the business of the BOT Company or the Issuer and such appointment is not vacated within sixty (60) days or (d) an order for relief shall have been issued or entered therein; (7) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee or other officer having similar powers of the BOT Company or the Issuer or of all or a material part of their respective property, shall have been entered; or (8) any other similar relief shall be granted against the BOT Company or the Issuer under any Legal Requirements;
- (h) (1) the Issuer fails to create a first priority security interest (subject to any Permitted Liens) on any Collateral in accordance with the provisions described under the caption “— Security;” (2) any security interest created by any Security Document ceases to be in full force and effect (except as permitted by the Indenture or any Security Document) with respect to Collateral having an

aggregate Fair Market Value in excess of US\$50.0 million (or the Dollar Equivalent thereof), or an assertion by the Issuer that any Collateral having an aggregate Fair Market Value in excess of US\$50.0 million (or the Dollar Equivalent thereof) is not subject to a valid, perfected security interest (in each jurisdiction where applicable and except as permitted by the Indenture or any Security Document); or (3) the Issuer repudiates any of its obligations under any Security Document, and in the case of (1) or (2), any such default continues unremedied for a period of 120 days after the Issuer receives written notice thereof specifying such occurrence from the Trustee (acting on the instructions of the Holders of at least 25% in aggregate principal amount of the outstanding Notes) or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, and demanding that such default be remedied;

- (i) an Expropriation Event has occurred and is continuing with respect to the MD2 Project;
- (j) any of the Project Documents are terminated, become invalid or otherwise cease to be in full force and effect and such termination, invalidity or cessation is not cured or remedied or substitute arrangements are not otherwise put in place within thirty (30) days; or
- (k) there occurs any abandonment of the MD2 Project.

If an Event of Default (other than an Event of Default specified in clause (g) above) occurs and is continuing under the Indenture, the Trustee (acting on the instructions of the Holders of at least 25% in aggregate principal amount of the outstanding Notes) or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice (an “**Acceleration Notice**”) to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) at the written request of such Holders will, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

In addition, subject to the provisions of the Intercreditor Deed, if an Event of Default occurs and is continuing, the Trustee shall, upon the written direction of Holders of at least 25% in aggregate principal amount of outstanding Notes and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, (i) give the Common Security Agent a written notice of the occurrence of such continuing Event of Default and (ii) instruct the Common Security Agent in accordance with the terms of the Indenture and the Security Documents to foreclose on the Collateral in accordance with the terms of the Indenture and the Security Documents and take such further action on behalf of the Holders with respect to the Collateral as set out in such instruction. The Trustee will provide written notice in the event of an Event of Default to the Common Security Agent in the manner provided in the Intercreditor Deed. See “— Security.”

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may, on behalf of all of the Holders, waive all past defaults and rescind and annul a declaration of acceleration and its consequences with respect to the Notes if:

- (x) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
- (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Notes or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability or cause it to expend or risk its own funds or otherwise incur any financial liability in following such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security and/or pre-funding is assured to it.

A Holder of Notes may not pursue or institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders provide the Trustee security and/or indemnity and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the provision of indemnity, security and/or pre-funding; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

See “— Security — Intercreditor Deed” and “— Security — Enforcement of Security.”

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, the Notes or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

## **Defeasance**

### ***Defeasance and Discharge***

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below and payments of all amounts due to the Trustee, and the provisions of the Indenture and the Security Documents will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:



- (A) the Issuer has (1) deposited with the Trustee (or its agent), in trust, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (2) delivered to the Trustee a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes;
- (B) the Issuer has delivered to the Trustee (1) either (x) an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Issuer's exercise of its option under this "— Defeasance" provision and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (2) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (C) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Issuer or the BOT Company is a party or by which the Issuer or the BOT Company is bound (other than the Indenture, the Notes or any Security Document).

### ***Defeasance of Certain Covenants***

The Indenture will further provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to the covenants described under the caption "— Change of Control Triggering Event," clauses (3) and (4) under the third paragraph under "Consolidation, Merger and Sale of Assets" and all the covenants described herein under "— Certain Covenants" other than as described under "— Certain Covenants — Anti-Layering," events set forth in clause (c) under "— Events of Default," clause (d) under "— Events of Default" with respect to such other covenants and clause (e), (f) and (g) under "— Events of Default," will be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (B)(2) under "— Defeasance and Discharge" and the delivery by the Issuer to the Trustee of an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit and defeasance had not occurred.



### ***Defeasance and Certain Other Events of Default***

If in the event that the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture in relation to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of U.S. dollars and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer will remain liable for such payments.

### **Satisfaction and Discharge**

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

- (1) either:
  - (a) all of the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust by the Issuer and thereafter repaid to the Issuer) have been delivered to the Trustee for cancellation; or
  - (b) all Notes not theretofore delivered to the Trustee or the Paying Agent for cancellation have become due and payable pursuant to an optional redemption notice or otherwise or will become due and payable within one year, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee or the Paying Agent funds in cash in U.S. dollars, U.S. Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee or the Paying Agent for cancellation, for principal of, premium, if any, and interest on the Notes to the date of redemption or maturity together with an irrevocable instruction from the Issuer directing the Trustee or the Paying Agent to apply such funds to the payment thereof at maturity or redemption, as the case may be;
- (2) the Issuer has paid all other sums payable under the Indenture; and
- (3) no Default or Event of Default will have occurred and be continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instruments to which the Issuer is a party or by which the Issuer is bound (other than the Indenture, the Notes or any Security Document).

In addition, the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge have been satisfied.

## Amendments and Waivers

### *Amendments Without Consent of Holders*

The Indenture, the Notes, any Security Document or the Intercreditor Deed may be amended, without the consent of any Holder of Notes:

- (1) to cure any ambiguity, defect or inconsistency in the Indenture, the Notes, any Security Document or the Intercreditor Deed;
- (2) to comply with the provisions described under “— Consolidation, Merger and Sale of Assets;”
- (3) to evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) to provide for the assumption by a successor of the obligations of the Issuer under the Indenture, the Notes, any Security Document and the Intercreditor Deed;
- (5) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (7) to effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC or any other depository or clearing system for the Notes;
- (8) to add additional Collateral to secure the Notes;
- (9) to permit the Incurrence of Indebtedness pursuant to the DSR LC, the Loan Facility, the Hedging Obligations or other Permitted Pari Passu Secured Obligations in accordance with the terms of the Indenture and the Intercreditor Deed (including permitting the Trustee to enter into the Intercreditor Deed or any amendments to the Security Documents relating to the Collateral or the Indenture, the appointment of any collateral agent under any Intercreditor Deed to hold the Collateral on behalf of the Holders, the DSR Facility Lenders, the Facility Agent, the Hedging Banks and the holders of any other Permitted Pari Passu Secured Obligations and taking any other action necessary to permit the creation and registration of Liens on the Collateral to secure the Notes, the DSR LC, the Loan Facility, the Hedging Obligations and any other Permitted Pari Passu Secured Obligations, in accordance with the Indenture and the Intercreditor Deed);
- (10) to enter into additional or supplemental Security Documents and to release Collateral in accordance with the Indenture and the Security Documents;
- (11) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes or, if Incurred in compliance with the Indenture, Additional Notes; *provided*, however, that (A) compliance with the Indenture as so amended would not result in Notes being transferred in violation of applicable securities laws and regulations and (B) such amendment, as certified in good faith by the Issuer in an Officer’s Certificate, does not materially and adversely affect the rights of Holders to transfer Notes;

- (12) to provide for the succession of parties (other than the Issuer) to any Security Documents, the Intercreditor Deed and other changes that are ministerial and administrative in nature, in connection with any refinancing, amendment, renewal, extension, substitution, restructuring, replacement, supplement or other modification of any agreement governing Permitted Pari Passu Secured Obligations and to which such parties are bound, in each case solely to the extent not prohibited by the Indenture;
- (13) to conform the text of the Indenture, the Notes, any Security Document or the Intercreditor Deed to any provision of this “Description of the Notes;”
- (14) to evidence and provide for the acceptance of appointment by a successor Account Bank and transfer of Accounts to such successor Account Bank; or
- (15) to make any other change that, as certified in good faith by the Issuer in an Officer’s Certificate, does not materially and adversely affect the rights of any Holder of Notes.

### ***Amendments With Consent of Holders***

Except as provided above or below, amendments to the Indenture, the Notes, any Security Document or the Intercreditor Deed may be made by the Issuer, the BOT Company, the Trustee and the Common Security Agent (as the case may be) with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Issuer and/or the BOT Company with any provision of the Indenture, the Notes, any Security Document or the Intercreditor Deed. However, without the consent of each Holder of an outstanding Note affected hereby, no modification, amendment or waiver may:

- (1) change the Stated Maturity of the principal of, or any instalment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the currency or place of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;
- (5) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes with respect to a non-payment default and a waiver of the payment default that resulted from such acceleration);
- (7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (8) change the redemption date or the redemption price of the Notes from that stated under the captions “— Optional Redemption” or “— Redemption for Taxation Reasons” or “— Mandatory Redemption Without Premium;”

- (9) reduce the amount payable upon a Change of Control Offer or change the time or manner by which a Change of Control Offer may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer with respect to a Change of Control Triggering Event in each case after such Change of Control Triggering Event has occurred;
- (10) amend, change or modify the obligation of the Issuer to pay Additional Amounts; or
- (11) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes in a manner which adversely affects the Holders; *provided* that, for the avoidance of doubt, any amendment, change or modification of the covenant described under “— Certain Covenants — Limitation on Liens” or related definitions would not be deemed to affect the ranking of the Notes.

In addition, without the consent of the holders of at least 75% in principal amount of Notes then outstanding, no amendment, supplement or waiver may (i) release any Collateral from the Liens of the Security Documents (except as permitted by the terms of the Indenture, the Intercreditor Deed and the Security Documents) or (ii) make any change in the Indenture, the Intercreditor Deed or any other Security Document that has the effect of altering the priority of the Liens or the application of proceeds of the Collateral in a manner that would adversely affect the Holders in any material respect.

#### **No Personal Liability of Incorporators, Shareholders, Officers, Directors or Employees**

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer or the BOT Company in the Indenture or in any of the Notes (as the case may be) or because of the creation of any Indebtedness represented thereby, will be had against any incorporator, shareholder, officer, director, member of members’ council, employee or controlling person of the Issuer, the BOT Company or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the applicable securities laws.

#### **Concerning the Trustee and Agents**

Citicorp International Limited, is to be appointed as Trustee under the Indenture, and Citibank, N.A., London Branch is to be appointed as registrar and paying agent (the “**Paying Agent**”) with regard to the Notes. The Hongkong and Shanghai Banking Corporation Limited, as common security agent has been appointed as Common Security Agent with regard to the Collateral under the Security Documents. Except during the continuance of a Default, the Trustee shall perform such duties and only such duties as are specifically set forth in the Indenture or the Notes, and no implied covenants or obligations will be read into the Indenture, the Notes or the agent appointment letter against the Trustee or the Agent. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs. Pursuant to the terms of the Indenture or the Notes (as the case may be), the Issuer will reimburse the Trustee for all properly incurred expenses incurred. Each Holder, by accepting the Notes will agree, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

The Trustee and the Agents will be permitted to engage in other transactions, including normal banking and trustee relationships, with the Issuer and their respective affiliates.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, and make an announcement of such exchange through the SGX-ST that will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have offered to the Trustee indemnity, security and/or pre-funding satisfactory to the Trustee against any loss, liability or expense. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification, opinion or other documents submitted to it by the Issuer and is entitled to rely exclusively on the information contained therein. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Issuer or the BOT Company in the fulfilment of their respective obligations under the Indenture and the Notes.

### **Book-Entry; Delivery and Form**

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each, a “**Regulation S Global Note**”) and will be deposited with Citibank, N.A., London Branch, as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each, a “**Rule 144A Global Note**,” and together with the Regulation S Global Notes, the “**Global Notes**”) and will be deposited with Citibank, N.A., London Branch, as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under “Transfer Restrictions.”

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (“**participants**”) or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global

Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Issuer, the Trustee nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Issuer expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions."

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depository for the Global Notes and a successor depository is not appointed by the Issuer within 90 days, the Issuer will issue Certificated Notes in registered form, which may bear the legend referred to under "Transfer Restrictions," in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under "Transfer Restrictions," in accordance with the DTC's rules and procedures in addition to those provided for under the Indenture.

## **The Clearing Systems**

### ***General***

DTC, Euroclear and Clearstream have advised the Issuer as follows:

**DTC.** DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants,

thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the initial purchaser. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("**indirect participants**"). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

**Euroclear and Clearstream.** Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

### ***Initial Settlement***

Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

### ***Secondary Market Trading***

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Notes in DTC, and making or



receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the U.S. depositaries.

Because of time zone differences, credits of Notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

## **Notices**

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing (in English) and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Issuer or the Trustee) addressed to the Issuer or the Trustee, as the case may be, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice will be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

## **Consent to Jurisdiction; Service of Process**

The Issuer will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes or the Indenture or any transaction contemplated thereby and (ii) designate and appoint Cogency Global, Inc. for receipt of service of process in any such suit, action or proceeding.

## **Governing Law**

Each of the Notes and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Deed and the Security Documents will be governed by the laws of other jurisdictions.

## **Definitions**

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"Account Bank" means Citibank Europe PLC, NL Branch or any other replacement bank selected by the Issuer.

“Affiliate” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, with respect to Stable Investment Corporation, the term “Affiliate” shall exclude Central Huijin Investment Ltd., and each of its subsidiaries, and any person or entity which would have been considered to be an Affiliate of Stable Investment Corporation due to the fact that such person or entity is under common control with Stable Investment Corporation, whether directly or indirectly, by a government or governmental authority.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bankruptcy Law” means any bankruptcy, insolvency, reorganization, suspension of payment, moratorium or similar law for the general relief of debtors in any relevant jurisdiction.

“Board of Directors” means the board of directors of the Issuer or the members’ council of the BOT Company, as applicable, elected or appointed by the stockholders of the Issuer or the BOT Company, as applicable, or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum was present and acting throughout or adopted by written resolution executed by a majority of the Board of Directors.

“BOT Company Accounts Agreement” means the Accounts Agreement dated July 8, 2011, entered into by, among others, the BOT Company and the account banks named therein, as amended, restated, modified, renewed or replaced from time to time.

“BOT Company Debt Service Reserve Account” means a U.S. dollar reserve account held by the BOT Company with The Hongkong and Shanghai Banking Corporation Limited (including any replacement thereof).

“BOT Contract” means the Build Operate Transfer Contract with MOIT as the Authorized State Body, Vinacomin, the BOT Company and AES, dated as of April 22, 2010 (as amended on July 22, 2011), as may be further amended from time to time in accordance with the terms thereof and the Indenture.

“BOT Loans” means the commercial term loan facilities in an aggregate outstanding amount of US\$1,126 million as of March 31, 2019, which are subject to a common terms agreement dated July 8, 2011 among the BOT Company and various financial institutions parties thereto, in each case, as amended, restated, modified, renewed or replaced from time to time.

“BOT Shareholders” means the shareholders of the BOT Company, which on the Original Issue Date are AES Mong Duong Holdings B.V., PSC Energy Global Co., Ltd. and Stable Investment Corporation, in each case, acting solely in its capacity as a shareholder of the BOT Company, and in each case, their respective successors or assigns.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Hong Kong, Singapore, London, The Netherlands or Vietnam (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) of which the discounted present value of rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means, at the time any determination is to be made, the amount of the liability in respect of a Capitalized Lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“Cash Flow Available for Debt Service” means, for any period, the sum of:

- (1) all amounts actually received by the BOT Company in respect of the operation of the MD2 Project (or in the case where the projected Debt Service Coverage Ratio is being calculated, reasonably projected to be received from EVN under the PPA (or from any other purchaser of electricity) relating to the sale of generating capacity, availability or energy during such period) and all amounts received by the BOT Company in respect of any sales of ash, gypsum, cenosphere, waste limestone or waste coal (or in the case where the projected Debt Service Coverage Ratio is being calculated, reasonably projected to be so received);
- (2) interest and other returns paid on, and profits made from accounts and from investments, insurance proceeds received (or in the case where the projected Debt Service Coverage Ratio is being calculated, reasonably projected to be so received) by the BOT Company and the Issuer (other than amounts received by the Issuer from the BOT Company) save as specifically provided in paragraph (3) below and asset sales other than in the ordinary course of business; and
- (3) all business interruption insurance proceeds received (or in the case where the projected Debt Service Coverage Ratio is being calculated, a claim has been made by the BOT Company and accepted by the insurers) by the BOT Company during such period (to the extent not included in paragraphs (1) and (2) above);

less (without duplication): (i) the payment of all costs and expenses (other than financing costs) paid or payable (or in the case where the projected Debt Service Coverage Ratio is being calculated, reasonably projected to be paid or payable) by the BOT Company during the relevant period in connection with the operation, maintenance, administration and management of the MD2 Project, in each case, excluding (A) cash paid for acquisition of property and equipment, major maintenance or other expenditures by the BOT Company funded from the Major Maintenance Reserve Subaccount and (B) amounts paid in respect of the construction of a second ash pond by the BOT Company, to the extent that such amounts have been separately reserved in previous periods for such purpose by the BOT Company, but including cash proceeds received from sale of property and equipment and funds contributed into the Major Maintenance Reserve Subaccount;

and (ii) all administrative costs and income taxes paid (or in the case where projected Debt Service Coverage Ratio is being calculated, to be payable) by the Issuer during such period.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the Issuer consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), any Person (other than one or more Permitted Holders) consolidates with, or merges with or into, the Issuer, or the sale of all or substantially all of the assets of the Issuer to any Person (other than one or more Permitted Holders) pursuant to a transaction in which any of the outstanding Voting Stock of the Issuer or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Issuer outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance);
- (2) the Permitted Holders are the beneficial owners of less than a majority of the voting power of the Voting Stock of either the Issuer or the BOT Company, unless the Issuer is merged with or transfers all or substantially all of its assets to the BOT Company in accordance with the covenant described under the caption “— Consolidation, Merger and Sale of Assets;” or
- (3) the adoption of a plan relating to the liquidation or dissolution of either the Issuer or the BOT Company except in the case where the Issuer transfers all or substantially all of its assets to the BOT Company in accordance with the covenant described under the caption “— Consolidation, Merger and Sale of Assets.”

“Change of Control Triggering Event” means the occurrence of both a Change of Control and Rating Decline.

“Clearstream” means Clearstream Banking, *société anonyme*, Luxembourg or any successor thereof.

“Coal Supply Agreement” means the Coal Supply Agreement between Vinacomin and the BOT Company, dated as of April 22, 2010, as may be amended from time to time in accordance with the terms thereof.

“Commodity Agreement” means any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the definition of Treasury Rate is applicable, the average of three (or such lesser number as is obtained by the Issuer) Reference Treasury Dealer Quotations for such redemption date.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Debt Service” means, for any period, the sum of all scheduled principal, interest payments, settlement payments made net of settlement payments received under any Commodity Agreements, Currency Agreements or Interest Rate Agreements relating to Indebtedness, fees, expenses and other charges due in respect of all Indebtedness of the Issuer and the BOT Company (other than (i) any Shareholder Subordinated Loan, (ii) Indebtedness of the BOT Company owed to the Issuer (including, without limitation, any Indebtedness of the BOT Company in respect of the BOT Loans) and (iii) Indebtedness of the Issuer owed to the BOT Company). For the avoidance of doubt, settlement payments made net of settlement payments received under Hedging Obligations for such period shall be included under Debt Service for Hedging Obligations entered into for the purpose of protecting the Issuer or the BOT Company from fluctuations in interest rates or currencies.

“Debt Service Coverage Ratio” means, for any period, the ratio of Cash Flow Available for Debt Service for such period to Debt Service for such period. In making the foregoing calculation:

- (A) *pro forma* effect will be given to any Indebtedness Incurred, repaid, repurchased, defeased or redeemed since the beginning of such period in each case as if such Indebtedness had been Incurred, repaid, repurchased, defeased or redeemed on the first day of such period (other than Indebtedness repaid under a revolving credit or similar arrangement or any predecessor revolving credit or similar arrangement, unless such Indebtedness has been permanently repaid and not replaced); *provided* that, in the event of any such repayment, repurchase, defeasance or redemption, Cash Flow Available for Debt Service for such period will be calculated as if the BOT Company and/or the Issuer, as applicable, had not earned any interest income actually earned during such period in respect of the funds used to repay, repurchase, defease or redeem such Indebtedness; and
- (B) interest expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the date of determination (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period.

“Debt Service Reserve Accounts” means the BOT Company Debt Service Reserve Account and the Issuer Debt Service Reserve Account.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed on or prior to the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any on or prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity on or prior to the Stated Maturity of the Notes. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence

of a change of control or in certain circumstances in connection with an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption “— Certain Covenants — Limitation on Equity Distributions.” The term “Disqualified Stock” also includes any options, warrants or other rights that are convertible at the option of the holder into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, on or prior to the Stated Maturity of the Notes.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York or its successor on the date of determination.

“DSR Facility Lenders” means the lenders providing the debt service reserve letter of credit facility under the Facilities Agreement.

“DSR LC” means a debt service reserve letter of credit facility under the Facilities Agreement under which the DSR Facility Lenders will issue debt service reserve letters of credit, and “DSR LCs” means any letters of credit issued thereunder.

“DTC” means The Depository Trust Company and its successors.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System, or any successor thereof.

“Expropriation Event” means any Governmental Instrumentality takes, or provides official notice that it intends to take, any step with a view to the seizure, expropriation, nationalisation or compulsory acquisition (whether or not for fair compensation) of the BOT Company or any of its material assets or a substantial part of the assets of the BOT Company and such event has or would reasonably be expected to have a Material Adverse Effect.

“EVN” means Vietnam Electricity (EVN), a state owned enterprise of Vietnam organized and incorporated under the laws of Vietnam.

“Facility Agent” means the facility agent under the Facilities Agreement, and any successor Facility Agent under the Facilities Agreement.

“Facilities Agreement” means the credit agreement under which the Loan Facility and the DSR LC are to be made available dated July 18, 2019, by and among the Issuer, as borrower, the Facility Agent, The Hongkong and Shanghai Banking Corporation Limited, as Common Security Agent (by way of accession) and certain international financial institutions party thereto as lenders and lead arrangers, as amended, restated, modified, renewed or replaced from time to time.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination will be conclusive if evidenced by a Board Resolution.

“Fitch” means Fitch Ratings Ltd. or any successor to the rating agency business thereof.

“GAAP” means generally accepted accounting principles in the United States as in effect on the Original Issue Date.

“GGU” means the Government Guarantee and Undertakings Agreement by and among the Government of Vietnam as guarantor and AES Mong Duong Holdings B.V., dated as of April 22, 2010, as amended on July 22, 2011, and as may be further amended from time to time in accordance with the terms thereof.

“Governmental Instrumentality” means, in relation to any country, such country and its government and any ministry, department, political subdivision, region, provincial instrumentality, agency, authority, corporation or commission under the direct or indirect control of such country, or any equivalent local or provincial body or authority.

“guarantee” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, of all or any part of any Indebtedness. The term “guarantee” used as a verb has a corresponding meaning.

“Hedging Agreement” means any Currency Agreement, Commodity Agreement or Interest Rate Agreement.

“Hedging Banks” means the banks in respect of whom Hedging Obligations are owed to and parties to the Intercreditor Deed from time to time.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Hedging Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that the accretion of original issue discount will not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (or reimbursement obligations with respect thereto);
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services due more than six months after such property is acquired or such services are completed (excluding accrued expenses and trade payables in the ordinary course of business);
- (5) all Capitalized Lease Obligations;



- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) all Disqualified Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price; and
- (10) all obligations of such Person under conditional sale or other title retention agreements relating to assets purchased by such Person.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above (as determined in conformity with GAAP to the extent applicable) and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligations; *provided*:

- (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of principal, premium or interest on such Indebtedness will not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest;
- (C) that the amount of Indebtedness with respect to any Hedging Agreement will be equal to the net amount payable if such Hedging Agreement terminated at that time due to default by such Person.

Notwithstanding the foregoing, “Indebtedness” shall not include:

- (a) (i) accrued expenses and royalties arising in the ordinary course of business, (ii) asset retirement obligations, (iii) obligations in respect of reclamation or rehabilitation of any facility including the MD2 Project and any obligation accounted for as an operating lease in accordance with GAAP, (iv) any obligations in respect of early retirement or termination obligations, trade payables, pension fund obligations or contribution or similar claims, obligations or contributions or wage taxes (including superannuation, pensions and retiree medical care), and (v) any obligations under any license, permit or approval or guarantees thereof incurred prior to the Original Issue Date in the ordinary course of business;
- (b) indebtedness or obligations arising from agreements providing for indemnification, adjustment of purchase price, earn-out payments or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of a Person incurred in connection with the disposition of any business or assets, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business or assets for the purpose of financing such

acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received or receivable by such Person in connection with such disposition;

- (c) indebtedness or obligations Incurred by a Person arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is repaid in full or otherwise extinguished within five Business Days of Incurrence;
- (d) indebtedness or obligations Incurred by a Person in respect of (x) workers' compensation claims, self-insurance obligations, bankers' acceptances, performance and surety bonds (in each case other than for an obligation for borrowed money) or similar instruments in the ordinary course of business or (y) the financing of insurance premiums in the ordinary course of business; or
- (e) indebtedness or obligations in respect of performance bonds, completion guarantees, construction bonds and sureties and similar instruments Incurred in the ordinary course of business, including in connection with the development or construction of a second ash pond by the BOT Company.

"Insurance Proceeds" means all claims, returned premiums, ex gratia payments and any other monies, payable under or in relation to the insurance policies of the BOT Company (other than such proceeds from business interruption insurance, third party liability insurance, employer's liability insurance, automobile third party liability insurance or workers' compensation insurance).

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates and not for speculation.

"Investment Grade" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest Rating Categories, by S&P or Fitch or any of their respective successors or assigns or a rating of "Aaa," "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody's, or any of its successors or assigns or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which will have been designated by the Issuer as having been substituted for S&P, Fitch or Moody's or any of them, as the case may be.

"Issuer Debt Service Reserve Account" means the U.S. dollar reserve account held by the Issuer with the Account Bank (including any replacement thereof).

"Issuer Shareholders" means the shareholders of the Issuer, which on the Original Issue Date are AES Mong Duong Project Holdings B.V. and Beijing Begonia Management Consulting Corporation, and in each case, their respective successors or assigns.

"Land Lease Agreement" means the Land Lease Agreement between the Quang Ninh Provincial People's Committee and the BOT Company, dated as of April 22, 2010, as may be amended from time to time in accordance with the terms thereof and the Indenture.

"Legal Requirements" means all laws, statutes, orders, decrees, injunctions, licenses, permits, approvals, decisions, agreements and regulations or any requirement or administrative guidance that has similar effect of any Governmental Instrumentality having jurisdiction over the matter in question, and all court orders, judgments or similar requirements.

“Lien” means any mortgage, pledge, fiduciary security, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Loan Facility” means the U.S. dollar term loan facilities to be made available under the Facilities Agreement.

“Major Maintenance Reserve Subaccount” means the U.S. dollar subaccount held by the BOT Company with The Hongkong and Shanghai Banking Corporation Limited (including any replacement thereof).

“Material Adverse Effect” means a material adverse effect on (a) the performance, operations, business, property, assets, liabilities or financial condition of the BOT Company or the Issuer, (b) the ability of the BOT Company to perform its obligations under the BOT Loans, (c) the ability of the Issuer to perform its obligations under the Indenture, the Facilities Agreement, the Intercreditor Deed, any agreements governing any Permitted Pari Passu Secured Obligations and any Security Documents or (d) the validity or enforceability of, or the effectiveness or ranking of any security granted or purporting to be granted pursuant to any Security Documents.

“MD2 Project” means the Mong Duong 2 BOT power plant.

“MOIT” means the Ministry of Industry and Trade of Vietnam.

“Moody’s” means Moody’s Investors Service, Inc. and its affiliates.

“Net Cash Proceeds” means, with respect to any sale, transfer, disposition or lease of property or assets of the MD2 Project the proceeds of which are to be applied under clause (9) under the covenant under the caption “— Limitation on Asset Sales” (an “Asset Sale”), the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

- (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;
- (2) provisions for all taxes paid or payable as a result of such Asset Sale;
- (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and
- (4) appropriate amounts to be provided by the BOT Company as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP.

“Offering Memorandum” means the offering memorandum dated July 25, 2019, in connection with the offering of the Notes.

“Officer” of any Person means one of the directors or officers of such Person.

“Officer’s Certificate” means a certificate signed by an Officer.

“Opinion of Counsel” means a written opinion from legal counsel which opinion is reasonably acceptable to the Trustee that meets the requirements of the Indenture; *provided* that legal counsel shall be entitled to rely on a certificate of the Issuer or the BOT Company as to matters of fact. The legal counsel may be an employee of or counsel to the Issuer or the BOT Company.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“OSD Facility Agreement” means the credit agreement dated July 8, 2011 between the BOT Company and The Hongkong and Shanghai Banking Corporation Limited, as amended, restated, modified, renewed or replaced from time to time.

“Other Change of Control” means a Change of Control that does not give rise to a Change of Control Triggering Event and, pursuant to the terms of the DSR LC, the Loan Facility or any other Permitted Pari Passu Secured Indebtedness, requires a prepayment, early redemption or otherwise triggers a put option or similar obligation under any of the terms of the DSR LC, the Loan Facility or any other Permitted Pari Passu Secured Indebtedness.

“Permitted Holders” means the Issuer Shareholders and the BOT Shareholders and each ultimate parent company of each of the Issuer Shareholders and the BOT Shareholders and each of their Affiliates together with each Qualified Transferee and each of its Affiliates.

“Permitted Liens” means:

- (1) Liens on assets of the Issuer created by the Security Documents in each case as amended or supplemented from time to time, including for the issuance of Additional Notes;
- (2) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP will have been made;
- (3) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers or repairmen, or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings and for which a reserve or other appropriate provision, if any, as required in conformity with GAAP will have been made;
- (4) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, workers compensation claims, government contracts (or, in case of deposits only, any other contracts), indemnity, performance and return-of-money bonds and other obligations of a similar nature or letters of credit issued pursuant to the request of and for the account of such Persons in the ordinary course of its business; *provided, however*, that such letters of credit do not constitute Indebtedness;
- (5) Liens in favor of the Issuer or the BOT Company;
- (6) bankers’ Liens, rights of setoff, Liens arising from attachment or the rendering of any judgment or order against the Issuer that does not give rise to an Event of Default and notices of pending actions and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made if required in accordance with GAAP;

- (7) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (8) Liens existing on the Original Issue Date;
- (9) survey exceptions, easements, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar restrictions, municipal and zoning ordinances or other restrictions as to the use of properties or minor survey exceptions or encumbrances in favor of governmental agencies or utility, telephone or similar companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Issuer or the BOT Company;
- (10) Liens securing Indebtedness permitted to be Incurred by the BOT Company under clauses (c)(6), (8), (9), (10), (11) and (12) of the covenant described under the caption entitled “— Certain Covenants — Limitation on Indebtedness;”
- (11) Liens to secure Hedging Obligations Incurred for the purpose of protecting the Issuer or the BOT Company from fluctuations in interest rates, commodity prices or currencies and not for speculative purposes;
- (12) any interest or title of a licensor, lessor or sublessor of any of its property, including intellectual property, subject to any licenses, leases or subleases in the ordinary course of business;
- (13) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers’ compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Issuer or the BOT Company;
- (14) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under the covenant described under the caption entitled “— Certain Covenants — Limitation on Indebtedness”; *provided* that such Liens do not extend to or cover any property or assets of the Issuer or the BOT Company, as the case may be, other than the property or assets securing the Indebtedness being refinanced (plus improvements and accessions to, such property or proceeds or distributions thereof);
- (15) Liens securing Indebtedness (including Capitalized Lease Obligations) permitted under clause (c)(4) of the covenant described under the caption entitled “— Certain Covenants — Limitation on Indebtedness” covering only the assets acquired or financed by such Indebtedness (and construction, improvements, accessions or additions thereto or proceeds or distributions thereof);
- (16) Liens on cash, cash equivalents or other property arising in connection with the defeasance (including covenant defeasance), discharge or redemption of Indebtedness;
- (17) Liens arising out of the conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (18) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person’s obligations in respect of bankers’ acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory of other goods;
- (19) Liens granted to the Trustee to secure its compensation and indemnities pursuant to the Indenture;

- (20) Liens encumbering customary initial deposits in the ordinary course of business;
- (21) Liens created for the benefit of (or to secure) the Notes (including any Additional Notes issued in accordance with the Indenture);
- (22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation and exportation of goods in the ordinary course of business;
- (23) Liens that are contractual rights of netting or set-off relating to purchase orders and other agreements entered into with customers in the ordinary course of business;
- (24) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
- (25) Liens on the Collateral securing (i) the DSR LC, (ii) the Loan Facility, (iii) the Hedging Obligations or (iv) any other Permitted Pari Passu Secured Obligations;
- (26) Liens securing the BOT Loans; and
- (27) Liens with respect to obligations of the Issuer that do not exceed US\$5.0 million (or the Dollar Equivalent thereof) at any one time outstanding;

*provided* that, with respect to the Collateral, “Permitted Liens” shall only refer to the Liens described in clauses (1), (2), (3), (6), (8), (21), (25) and (26) of this definition.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Power Purchase Agreement” means the Power Purchase Agreement between EVN and the BOT Company, dated as of April 22, 2010, as amended on May 19, 2011, and as may be further amended from time to time in accordance with the terms thereof and the Indenture.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Project Documents” means the BOT Contract, the Power Purchase Agreement, the GGU, the Land Lease Agreement and the Coal Supply Agreement, in each case, as the same may be amended from time to time in accordance with the terms and conditions of the Indenture and thereof.

“Qualified Transferee” means any Person that (A) is, or is controlled by or under common control with, a Person that (a)(i) has a Tangible Net Worth of at least US\$300 million (or the Dollar Equivalent thereof) or (ii) has a rating of Ba1 or BB+ or better by Moody’s, S&P or Fitch or is a majority owned Subsidiary of such Person and (b) has, or has contracted with a Person that has, substantial experience as an owner or operator of at least 600MW of fossil fuel electric generation facilities of which no less than 300MW is coal fired, or (B) is any of the BOT Shareholders or is a controlled Affiliate of any of the Sponsors.

“Rating Agencies” means (i) S&P, (ii) Moody’s and (iii) Fitch; provided that if S&P, Moody’s or Fitch shall not make a rating of the Notes publicly available, one or more “nationally recognized statistical rating

organizations,” as the case may be, within the meaning of Section 3(a)(62) under the Exchange Act, as the Issuer may select, which will be substituted for any of S&P, Moody’s or Fitch, as the case may be.

“Rating Category” means (i) with respect to S&P and Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories), (ii) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); and (iii) the equivalent of any such category of S&P, Fitch or Moody’s used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and Fitch; “1,” “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) will be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Date” means (i) in connection with a Change of Control Triggering Event, that date which is 60 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other Person or Persons to effect a Change of Control; or (ii) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such action.

“Rating Decline” means (i) in connection with a Change of Control Triggering Event, the occurrence on, or within 90 days after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Issuer or any other Person or Persons to effect a Change of Control (which period will be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below; or (ii) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by all three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three or all three Rating Agencies shall be below Investment Grade;
- (a) in the event the Notes are rated by any two, but not all three, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of such two Rating Agencies shall be below Investment Grade;
- (b) in the event the Notes are rated by only one of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency will be below Investment Grade; or
- (c) in the event the Notes are rated below Investment Grade by all Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency will be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories),

*provided* that a Rating Agency will be deemed to have not changed its rating of the Notes to below Investment Grade or to have decreased its rating of the Notes if such Rating Agency states publicly in writing that its change in rating of the Notes is the result of a rating downgrade applicable to the Government of Vietnam or generally applicable to companies in the BOT Company’s industry or companies located or operating in Vietnam.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.



“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by an investment banking firm of recognized standing, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

“Required DSR Amount” means, as of any date, an amount equal to the amount of interest and principal due to be paid on the Notes and other Permitted Pari Passu Secured Obligations in the next two quarterly periods (taken as one semi-annual period) after such date, which may be satisfied by cash or the amount available to be drawn under the DSR LC or the Sponsor LC or in any combination thereof.

“S&P” means Standard & Poor’s Ratings Services and its affiliates.

“Security Documents” means (a) each of the security agreements, whether existing on the Original Issue Date or thereafter, creating or expressing to create security interests or a charge over all or any part of the Collateral in favor of the Common Security Agent that secures the Notes, the DSR LC, the Loan Facility or any Permitted Pari Passu Secured Obligations as contemplated by the Intercreditor Deed and (b) any other security agreements which define the terms of the security interests that secure the Notes, the DSR LC, the Loan Facility or any other Permitted Pari Passu Secured Obligations from time to time, in each case as amended, restated, modified, renewed or replaced from time to time.

“Senior Indebtedness” has the meaning ascribed to it in the Intercreditor Deed.

“Shareholder Subordinated Loan” means unsecured Indebtedness for borrowed money Incurred by the Issuer or the BOT Company from any shareholder of the Issuer or the BOT Company or any of their Affiliates as to which the payment of principal of (and premium, if any) and interest and other payment obligations in respect of such Indebtedness is, by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued or remains outstanding and by an agreement (the “**Subordination and Coordination Agreement**”) to be entered into among the holders of such Indebtedness (or trustees or agents therefor) and the Common Security Agent, is expressly made subordinate to the prior payment in full of the Notes (in the case of Indebtedness Incurred by the Issuer) or the BOT Company Loans (in the case of Indebtedness Incurred by the BOT Company), to at least the following extent: (i) no payments of principal of (or premium, if any) or interest on or otherwise due in respect of such Indebtedness may be permitted for so long as any Default exists; (ii) such Indebtedness may not provide for payments of principal of such Indebtedness, premium or interest prior to 366 days after the final Stated Maturity of the Notes or the BOT Company Loans, as the case may be; (iii) the Subordination and Coordination Agreement will prevent the holders of such Indebtedness (or trustees or agents therefor) from pursuing remedies against the Issuer or the BOT Company or their assets or properties in an insolvency proceeding or in respect of a default under such Indebtedness until the Notes, the DSR LC, the Loan Facility and any other Permitted Pari Passu Secured Obligations (in the case of Indebtedness Incurred by the Issuer) or the BOT Company Loans (in the case of Indebtedness Incurred by the BOT Company) have been repaid in full and (iv) the Subordination and Coordination Agreement will provide in the event that any payment is received by the holders of such Indebtedness (or any trustee or agent therefor) in respect of such Indebtedness when such payment is prohibited by one or more of the subordination provisions described in this paragraph, that such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Common Security Agent on behalf of the Holders, the DSR Facility Lenders, the Facility Agent and holders of any other Permitted Pari Passu Secured Obligations (in the case of Indebtedness Incurred by the Issuer) or the security agent on behalf of the Issuer with respect to the BOT Company Loans (in the case of Indebtedness Incurred by the BOT Company). Notwithstanding the foregoing, the foregoing limitations shall not be violated by provisions that permit

payments not otherwise permitted under this definition if the Issuer or the BOT Company would be permitted to make such payment under the covenant described under the caption “— Certain Covenants — Limitation on Equity Distributions.”

“Sponsor LC” means a letter of credit issued in favor of the Common Security Agent or the Offshore Collateral Agent (as defined under the BOT Company Accounts Agreement), as applicable, provided in order to satisfy obligations to fund the Issuer Debt Service Reserve Account or the BOT Company Debt Service Reserve Account, respectively, without any recourse whatsoever to the BOT Company or the Issuer, and issued by a financial institution with a minimum long-term credit rating of A- by Standard & Poor’s or A3 by Moody’s.

“Sponsors” means The AES Corporation, POSCO Energy Co., Ltd. and China Investment Corporation and their respective successors or assigns.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means (a) with respect to the Issuer, any Indebtedness of the Issuer which is contractually subordinated or junior in right of payment to the Notes pursuant to a written agreement to such effect and (b) with respect to the BOT Company, any Indebtedness of the BOT Company, which is contractually subordinated or junior in right of payment to the BOT Loans pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

“Tangible Net Worth” of a Person means the aggregate of the following based on such Person’s consolidated financial statements (without duplication):

- (a) the amount paid up or credited as paid up on the share capital of such Person;
- (b) the amount standing to the credit of the reserves of such Person (including any share premium account, capital redemption reserve funds and any credit balance on the accumulated profit and loss account);
- (c) if applicable, that part of the net results of operations and the net assets of any Subsidiary of such Person attributable to interests that are not owned, directly or indirectly, by such Person; and
- (d) after deducting from that aggregate:
  - (i) any debit balance on the profit and loss account or impairment of the issued share capital of such Person (except to the extent that deduction with respect to that debit balance or impairment has already been made);
  - (ii) amounts set aside for dividends or taxation (including deferred taxation); and

- (iii) amounts attributable to capitalized items such as goodwill, trademarks, deferred charges, licenses, patents and other intangible assets.

“Termination Payment” means any amounts received by the BOT Company from MOIT or the Government of Vietnam in respect of any termination of the BOT Contract.

“Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after Stated Maturity of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding such redemption date.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Vinacomin” means Vietnam National Coal-Mineral Industries Holding Corporation Limited, a company owned by the State of Vietnam and duly established under the laws of Vietnam.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

## TAXATION

The following summary describes the material tax consequences in connection with the purchase, ownership and disposal of the Notes. This summary is based upon applicable laws, regulations and interpretations in effect as at the date of this Offering Memorandum, all of which are subject to change, possibly with retroactive effect. The following summary does not purport to provide a comprehensive description of all tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes, particularly in relation to the unique circumstances of each prospective investor. Neither these statements nor any other statements in this Offering Memorandum are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing in securities, or on any tax implications arising from the acquisition, sale or other dealings in the Notes.

Prospective investors of the Notes are advised to consult their own tax advisors regarding the overall tax consequences of the purchase, ownership or disposal of the Notes. Additionally, this Offering Memorandum does not discuss the local tax consequences that may apply in the jurisdiction of a prospective investor. Prospective investors should consult their own tax advisors regarding any applicable tax laws and regulations relating to the purchase, holding or disposal of the Notes that are in force in their country of residence or citizenship.

Neither the Issuer, nor the Initial Purchasers, nor any other person involved in the offering of the Notes, accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

### **Netherlands Taxation**

*The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, this general summary should be treated with corresponding caution.*

This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Where the summary refers to “the Netherlands” it refers only to the part of the Kingdom of the Netherlands located in Europe.

This discussion is for general information purposes only and is not tax advice or a complete description of all tax consequences relating to the acquisition, holding and disposal of the Notes. Holders or prospective holders of Notes should consult their own tax advisors regarding the tax consequences relating to the acquisition, holding and disposal of the Notes in light of their particular circumstances.

### **Withholding tax**

All payments of principal or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

## **Taxes on income and capital gains**

The summary in this section does not describe the Netherlands tax consequences for:

- (i) a holder of Notes if such holder, and in the case of an individual, such holder's partner or certain of his or her relatives by blood or marriage in the direct line (including foster children), has a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of an individual, together with such holder's partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and
- (iii) a holder of Notes who is an individual for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holder or certain individuals related to such holder (as defined in the Netherlands Income Tax Act 2001).

### ***Netherlands Resident Entities***

Generally speaking, if the holder of Notes is an entity resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a 'Netherlands Resident Entity'), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 19% with respect to taxable profits up to €200,000, and 25% with respect to taxable profits in excess of that amount (rates and brackets for 2019).

### ***Netherlands Resident Individuals***

If the holder of Notes is an individual resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a 'Netherlands Resident Individual'), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive Netherlands income tax rates (with a maximum of 51.75% in 2019), if:

- (i) the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or
- (ii) the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the abovementioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed return (with a maximum of 5.60% in 2019) on such holder's net investment assets (*rendementsgrondslag*) for the year, insofar such holder's net investment assets for the year exceed a statutory threshold (*heffingvrij vermogen*). The deemed return on such holder's net investment assets for the year is taxed at a rate of 30%. Actual income, gains or losses in respect of the Notes are as such not subject to Netherlands income tax.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on January 1 of the relevant calendar year. The Notes are included as investment assets. For the net investment assets on January 1, 2019, the deemed return ranges from 1.94% up to 5.60% (depending on the aggregate amount of the net investment assets on January 1, 2019). The deemed return will be adjusted annually on the basis of historic market yields.

### ***Non-residents of the Netherlands***

A holder of Notes that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

- (i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) that, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- (ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

### **Gift and inheritance taxes**

#### ***Residents of the Netherlands***

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or the death of the holder of Notes.

#### ***Non-residents of the Netherlands***

No gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident of the Netherlands, unless:

- (i) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident of the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands; or
- (ii) in the case of a gift of a Note is made under a condition precedent, the holder of the Notes is resident or is deemed to be resident of the Netherlands at the time the condition is fulfilled; or

- (iii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident of the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident of the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his or her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident of the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

#### **Value added tax (VAT)**

No Netherlands VAT will be payable by a holder of Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

#### **Other taxes and duties**

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty will be payable by a holder of Notes in respect of (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

#### **Certain U.S. Federal Income Tax Considerations**

The following is a general discussion of certain U.S. federal income tax consequences relevant to U.S. Holders (as defined below) under present law of the purchase, ownership and disposition of the Notes. This general discussion applies only to U.S. Holders that acquire their Notes in this offering at their issue price and hold such Notes as capital assets (generally, property held for investment). This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing final, temporary and proposed U.S. Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect or proposed on the date of this Offering Memorandum. All of the foregoing is subject to change, possibly with retroactive effect, or different interpretations, either of which could affect the general discussion below.

This discussion is for general information purposes only and does not address all of the tax consequences that may be relevant to specific investors in light of their particular circumstances or to investors subject to special treatment under U.S. federal income tax laws, such as banks, financial institutions, insurance companies, pension funds, dealers in securities or currencies, traders in securities electing the mark-to-market treatment, regulated investment companies, real estate investment trusts, tax-exempt organizations, persons that hold the Notes as a position in a “straddle” or as part of a synthetic security or “hedge”, “conversion transaction” or other integrated investment, persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an “applicable financial statement” (as defined in Section 451 of the Code), persons that have a “functional currency” other than the U.S. dollar, U.S. expatriates, and investors in pass-through entities that hold Notes.

This discussion does not address the effects of any state, local or non-U.S. tax laws. In addition, this discussion does not address any consequences of the U.S. federal estate and gift tax, the alternative minimum tax or the Medicare tax on net investment income.



As used herein, “U.S. Holder” means a beneficial owner of the Notes that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any State or political subdivision thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) owns Notes, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership owning the Notes. Such a partner or partnership considering the acquisition of the Notes should consult its own tax advisors.

**THIS DISCUSSION IS NOT INTENDED AS LEGAL ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES.**

#### *Characterization of the Notes and the Issuer*

The proper characterization of instruments such as the Notes for U.S. federal income tax purposes is subject to significant uncertainty.

To the extent it is required to do so, the Issuer intends to take the position that the Notes are characterized as indebtedness for U.S. federal income tax purposes. However, the Issuer’s determination is not binding on the U.S. Internal Revenue Service (the “IRS”), and it is possible that the Notes could be treated as an equity interest in the Issuer. If the Notes are not treated as indebtedness of the Issuer, U.S. Holders could be subject to adverse U.S. federal income tax consequences. Such treatment could impact the amount of income inclusion to U.S. Holders as such holders may be required to include in its calculation of taxable income its allocable portion of interest income on the BOT Company Loans. The remainder of this discussion assumes the Notes will be characterized as indebtedness for U.S. federal income tax purposes. U.S. Holders are strongly urged to consult their tax advisors regarding the characterization of the Notes for U.S. federal income tax purposes.

#### *Payments of interest*

The Notes are not expected to be issued with original issue discount for U.S. federal income tax purposes in excess of a de minimis amount (i.e., less than 1/4 of 1 percent of the stated redemption price at maturity multiplied by the number of complete years to maturity). Accordingly, stated interest paid on a Note (including any additional amounts and foreign withholding taxes paid with respect thereto) will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the U.S. Holder's foreign tax credit limitation. Any foreign income taxes withheld from interest payments on a Note generally will be creditable against the U.S. Holder's U.S. federal income tax liability, subject to applicable limitations (including minimum holding period requirements) that may vary depending on the U.S. Holder's particular circumstances. A U.S. Holder who does not elect to claim a credit for foreign tax may instead claim a deduction in respect of the tax provided the U.S. Holder elects to deduct rather than claim a credit for all foreign taxes for such taxable year. Interest paid on the Notes will be treated as either "passive category income" or "general category income" for U.S. foreign tax credit limitation purposes. The rules relating to U.S. foreign tax credits are extremely complex, and U.S. Holders are urged to consult their tax advisors regarding the availability of U.S. foreign tax credits in their particular circumstances.

### ***Sale, exchange, redemption, or other taxable disposition***

Upon the sale, exchange, redemption or other taxable disposition of the Notes, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition (other than amounts attributable to accrued but unpaid stated interest, which amounts generally will be taxable as ordinary interest income to the extent not previously included in gross income) and the holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the acquisition cost of the Note, reduced (but not below zero) by any prior principal payments on such Note. Capital gain or loss will be long term capital gain or loss if, at the time of its sale, exchange, retirement or other taxable disposition, the Note has been held for more than one year. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential tax rates in respect of long term capital gains. The deductibility of capital losses is subject to limitations under the Code.

Capital gain or loss recognized by a U.S. Holder generally will be U.S. source capital gain or loss.

### ***Foreign Financial Asset Reporting***

U.S. Holders may be required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). U.S. Holders who fail to report required information could be subject to substantial penalties. U.S. Holders should consult their tax advisors regarding the effect, if any, of these rules on their ownership and disposition of the Notes.

### ***Information reporting and backup withholding***

In general, payments of interest and principal on the Notes and proceeds from a sale, exchange, redemption or other taxable disposition of the Notes may be subject to information reporting to the IRS and U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

THE ABOVE DISCUSSION IS NOT LEGAL ADVICE RELATING TO THE ACQUISITION, OWNERSHIP OR DISPOSITION OF THE NOTES. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISOR CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATION.

### **Vietnam Taxation**

For institutional Noteholders who are residents in Vietnam, their income earned from a transfer or disposal of the Notes could be subject to corporate income tax in Vietnam at the rate of 20% of the profit. For Noteholders who are not residents in Vietnam, there is no applicable legal basis for the tax authorities in Vietnam to tax their income arising from a transfer or disposal of the Notes.

### **Singapore Taxation**

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by Inland Revenue Authority of Singapore (“IRAS”) and the Monetary Authority of Singapore (the “MAS”) in force as at the date of the Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. Neither these statements nor any other statements in the Offering Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that none of the Issuer, the Initial Purchasers and any other persons involved in the issue of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.*

### ***Qualifying Debt Securities Scheme***

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch is a Financial Sector Incentive (Standard Tier) Company, Citigroup Global Markets Singapore Pte. Ltd. is a Financial Sector Incentive (Standard Tier) Company, and Standard Chartered Bank (Singapore) Limited is a Financial Sector Incentive (Standard Tier) Company for the purposes of the Income Tax Act, Chapter 134 of Singapore (the “ITA”). As the Notes are issued on or before 31 December 2023 and if more than half of the lead managers are either a Financial Sector Incentive (Capital Market) Company, a Financial Sector Incentive (Standard Tier) Company or a Financial Sector Incentive (Bond Market) Company, the Notes would be, pursuant to the ITA qualifying debt securities for the purposes of the ITA, and subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities to the MAS in respect of the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Notes derived by any

company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates).

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the ITA shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

However, notwithstanding the foregoing:

- (A) if during the primary launch of the Notes, the Notes are issued to fewer than four persons and 50 per cent. or more of the issue of such Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Notes would not qualify as “qualifying debt securities”; and
- (B) even though the Notes are “qualifying debt securities”, if at any time during the tenure of such Notes, 50 per cent. or more of the issue of such Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Notes held by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

For the purposes of the ITA and this Singapore tax disclosure:

- (A) “**break cost**” means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- (B) “**prepayment fee**” means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- (C) “**redemption premium**” means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) in respect of the Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount

income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA.

### ***Gains on Disposal of Notes***

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39 (“**FRS 39**”), Financial Reporting Standard 109 — Financial Instruments (“**FRS 109**”) or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (“**SFRS(I) 9**”) (as the case may be) may for Singapore income tax purposes be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “Adoption of FRS 39, FRS 109 or SFRS (I) 9 Treatment for Singapore Income Tax Purposes.”

### ***Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes***

Subject to certain “opt-out” provisions, Section 34A of the ITA requires taxpayers who adopt or are required to adopt FRS 39 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 39, subject to certain exceptions provided in that section. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement” to provide guidance on the Singapore income tax treatment of financial instruments.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who adopt or who are required to adopt FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions provided in that section. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments.”

Holders of the Notes who may be subject to the tax treatment under the FRS 39 tax regime, FRS 109 tax regime or the SFRS(I) 9 tax regimes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### ***Estate Duty***

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## **BENEFIT PLAN INVESTOR CONSIDERATIONS**

Any purchaser or holder of the Notes or any interest therein will be deemed to have represented by its purchase and holding of the Notes offered hereby that it is not an employee benefit plan as defined in Section 3(3) of ERISA that is subject to Title I of ERISA (an “ERISA Plan”), a plan within the meaning of Section 4975 of the Code to which Section 4975 applies (a “Plan”), an entity whose underlying assets are deemed to include “plan assets” under Department of Labor regulation 2510.3-101, as modified by Section 3(42) of ERISA (a “Plan Asset Entity”) or a government plan, foreign plan, church plan or other plan (each, a “Non-ERISA Arrangement”) subject to law that is substantially similar to Section 406 of ERISA, or Section 4975 of the Code and is not purchasing the Notes on behalf of or with the assets of any ERISA Plan, other Plan, Plan Asset Entity or Non-ERISA Arrangement.

## PLAN OF DISTRIBUTION

Citigroup Global Markets Singapore Pte. Ltd. (“Citigroup”), The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (together with Citigroup, the “Representatives”), SMBC Nikko Capital Markets Limited and Standard Chartered Bank (Singapore) Limited are acting as Initial Purchasers of the offering of Notes. Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Memorandum (the “Purchase Agreement”), each Initial Purchaser has severally agreed to purchase, and the Issuer has agreed to sell to each such Initial Purchaser, the principal amount of the Notes set forth opposite the name of such Initial Purchaser below.

Name of Initial Purchaser	Principal Amount of Notes
	(US\$)
Citigroup Global Markets Singapore Pte. Ltd. . . . .	169,625,000
The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch . . . . .	169,625,000
SMBC Nikko Capital Markets Limited . . . . .	169,625,000
Standard Chartered Bank (Singapore) Limited . . . . .	169,625,000
<b>Total</b> . . . . .	<u><u>678,500,000</u></u>

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. There may be circumstances in which the Notes may not be issued on the Settlement Date (as defined below), including the Initial Purchasers’ right to terminate the Purchase Agreement in accordance with its terms. As a result, there can be no guarantee that the Notes will be issued on the Settlement Date and accordingly, any person trading in any interest in the Notes prior to their issuance assumes such risk. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes. The initial offering price is set forth on the cover page of this Offering Memorandum. After the Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. Delivery of the Notes is expected to occur on or about August 1, 2019.

The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of any of such liabilities. In addition, in accordance with the terms of the Purchase Agreement, if the Initial Purchasers make a claim against the Issuer under the indemnity contained therein, and the Issuer’s obligation to make a payment with respect to such claim is covered by the indemnity to be provided by the BOT Company to the Issuer in the Amended BOT Company Loan Facilities, the Issuer will agree to promptly make all claims and take all actions as are necessary to enforce its right to be indemnified with respect to such obligation, and to the extent necessary, exercise its rights as successor lender to the Amended BOT Company Loan Facilities with respect to any breach by the BOT Company of any of its representations, warranties, agreements or undertakings resulting in an event of default under the Amended BOT Company Loan Facilities.

The Issuer has been advised that the Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this Offering Memorandum within the United States, through their respective U.S. broker-dealer affiliates, to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A that are also qualified purchasers (as defined in Section 2(a)(51) of the Investment Company Act) and outside the United States to non-U.S. persons (within the meaning of Regulation S) in offshore transactions in reliance on Regulation S. See “Transfer Restrictions.”



The Issuer has agreed to, during the period from the date hereof through and including the date that is 90 calendar days after the date of the closing of the offering, not launch or announce or attempt to launch or announce any offering of any debt securities, public and private, without the prior written consent of the Initial Purchasers. The Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration under the Securities Act. See “Transfer Restrictions.”

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer, whether or not it is participating in this offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another registration exemption under the Securities Act.

The Notes will constitute a new class of securities with no established trading market. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The offering and settlement of the Notes is not conditioned upon obtaining the listing. The Issuer does not intend to apply for listing or quotation of the Notes on any national securities exchange in the United States or through Nasdaq. There can be no assurance that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes after the completion of the offering will develop and continue after this offering. The Initial Purchasers have advised the Issuer that they currently intend to make a market in the Notes. However, they are not obligated to do so and may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by applicable law. Accordingly, there can be no assurance that the trading market for the Notes will have any liquidity.

In connection with this offering, Citigroup Global Markets Singapore Pte. Ltd., as stabilizing manager, or any person acting for it, may purchase and sell Notes in the open market. These transactions may, to the extent permitted by law, include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale of a greater amount of Notes than the Initial Purchasers are required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes while this offering is in progress. These activities, to the extent permitted by law, may stabilize, maintain or otherwise affect the market price of the Notes. These activities may be conducted in the over-the-counter market or otherwise. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of Citigroup Global Markets Singapore Pte. Ltd. as stabilizing manager, and not for and on behalf of the Issuer.

The Initial Purchasers and/or their affiliates are full service financial institutions and have in the past performed, and may in the future perform commercial banking, investment banking or advisory services for the Issuer and BOT Company from time to time, for which they have received or will receive customary fees and reimbursement of expenses. These include making or holding a broad array of investments and actively trading debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer and the BOT Company. The Issuer and the BOT Company may enter into hedging or other derivative transactions as part of their risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to the Issuer’s obligations under the Notes. The Issuer and the BOT Company’s obligations under these transactions may be secured by cash or other collateral. Affiliates of certain of the Initial Purchasers are expected to be lenders under the Loan Facility. See “Description of the BOT Company Loans and Certain Other Indebtedness — BOT Company Loans as in Effect on the Date of this Offering Memorandum”, “— The Issuer’s Material Indebtedness” and “— BOT Company Loans Upon

Consummation of the Transactions.” The Initial Purchasers or their respective affiliates may purchase the Notes for its or their own account and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution and/or enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of us or our subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Memorandum relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). An affiliate of Citigroup Global Markets Singapore Pte. Ltd. will act as trustee under the Indenture, principal paying agent, registrar, common depository and Facility Agent under the Loan Facility as well as term loan and DSR Facility Lender. An affiliate of The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch will act as offshore security agent, offshore account bank and hedging bank.

In connection with this offering of the Notes, each Initial Purchaser and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering, but not with a view to distribute, and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or the BOT Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Initial Purchasers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Delivery of the Notes is expected on or about August 1, 2019 which is the fifth business day following the date of this Offering Memorandum (the “Settlement Date”) (such settlement cycle being referred to as “T+5”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business day will be required, because the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers who wish to trade the Notes on the pricing date or the next succeeding business day should consult their own advisers.

## **Selling Restrictions**

### ***General***

No action has been taken or will be taken in any jurisdiction by the Issuer or the Initial Purchasers that would permit a public offering of Notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Notes or the offering of the Notes, in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

## *European Economic Area*

### *Public Offer Selling Restriction under the Prospectus Directive*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Initial Purchasers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the Issuer, or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended or superseded, including by Regulation (EU) 2017/1129, effective July 21, 2019) and includes any relevant implementing measure in the Relevant Member State.

## *Hong Kong*

Each of the Initial Purchasers has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”)) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## ***Indonesia***

This offering does not constitute a public offering in Indonesia under Law No. 8 of 1995 on Capital Market. This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered to more than 100 Indonesian parties and/or sold to more than 50 Indonesian parties wherever they are domiciled, or to Indonesian citizens, in a manner which constitutes a public offering under the laws and regulations of Indonesia.

## ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and the Initial Purchasers have agreed that they will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

## ***Netherlands***

The Notes that are the subject of the offering of the Notes contemplated by this Offering Memorandum are not and may not be offered in the Netherlands other than to persons or entities that are qualified investors as defined in article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht* or the “FSA”). Each purchaser of the Notes described in this Offering Memorandum located in the Netherlands will be deemed to have represented, acknowledged and agreed that it is a qualified investor (*gekwalficeerde beleggers*) as defined in section 1:1 of the FSA.

## ***Republic of China***

The Notes have not been and will not be offered, sold or resold, directly or indirectly, in the Republic of China, to investors other than “professional institutional investors” as defined under Paragraph 2, Article 19.7 of the Regulations Governing Securities Firms of the Republic of China.

## ***Singapore***

The Initial Purchasers have acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Initial Purchasers has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

### *Switzerland*

The Notes may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Offering Memorandum has been prepared without regard to the disclosure standards for issuance of prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The Notes will not be distributed in or from Switzerland as defined in the Swiss Federal Act on Collective Investment Schemes ("CISA") and neither this Offering Memorandum nor any other offering materials relating to the Notes will be made available through distribution in or from Switzerland. The Notes may only be offered to and acquired by (i) licensed financial institutions, (ii) regulated insurance institutions and (iii) other investors in a way which does not represent a distribution within the meaning of the CISA.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes or the Issuer have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Memorandum will not be filed with, and the offering of the Notes will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the offering of the Notes has not been and will not be authorized under the CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Notes.

### ***United Arab Emirates and the Dubai International Financial Center***

The Notes have not been reviewed by or registered with the Emirates Securities and Commodities Authority, the Dubai Financial Services Authority, the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates or the Dubai International Financial Center, and have not been authorized or licensed for offering, marketing, advertisement or sale in the United Arab Emirates or the Dubai International Financial Center. As such, the Notes are not being offered, marketed or sold to the public in the United Arab Emirates or the Dubai International Financial Center. The information contained in this Offering Memorandum does not, and is not intended to, constitute a public offer, sale, promotion, advertisement or delivery of securities in the United Arab Emirates or the Dubai International Financial Center in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984, as amended), Regulatory Law DIFC Law No. 1 of 2004, Markets Law DIFC Law No. 12 of 2004, the Offered Securities Rules or otherwise and should not be construed as such. This offering of Notes is being made in accordance with, and any related materials are subject to, the laws, regulations and rules of a jurisdiction outside the United Arab Emirates and the Dubai International Financial Center. Interested investors from the United Arab Emirates or the Dubai International Financial Center who approach us, or any of the Initial Purchasers, must understand this restriction and acknowledge that they may not copy or distribute this Offering Memorandum to any other person.

### ***United Kingdom***

This Offering Memorandum is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Each of the Initial Purchasers has represented, warranted and agreed that:

- (1) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## *United States*

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See “Transfer Restrictions” for a description of other restrictions on the transfer of Notes. Accordingly, the Notes are being offered and sold only (1) in the United States to persons who are both “qualified institutional buyers” in reliance on Rule 144A and “qualified purchasers” in accordance with the Investment Company Act and (2) outside the United States to non-U.S. persons (within the meaning of Regulation S) in offshore transactions in reliance on Regulation S. Resales of the Notes are restricted as described under “Transfer Restrictions.”

As used herein, the term “United States” has the meaning given to it in Regulation S.



## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or for the account or benefit of U.S. Persons (within the meaning of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In addition, the Issuer has not registered, and does not intend to register, as an investment company under the Investment Company Act, in reliance on the exemption set forth in Section 3(c)(7). Accordingly, the Notes may only be offered and sold:

- in the United States to persons who are both QIBs and Qualified Purchasers for the purposes of Section 3(c)(7); and
- outside the United States to purchasers who are not U.S. Persons in reliance upon Regulation S.

Each purchaser of any of the Notes, by accepting the Notes, acknowledges, represents and agrees with the Initial Purchasers and the Issuer as follows:

- (1) The Notes have not been registered under the Securities Act, or the securities laws of any state of the United States and, unless registered under the Securities Act, may not be offered, sold or otherwise transferred unless exemptions from registration under the Securities Act and applicable state and other securities laws are available.
- (2) The Issuer has not been and will not be registered as an investment company under the Investment Company Act, in reliance on the exemption set forth in Section 3(c)(7) thereof.
- (3) The purchaser is:
  - (a) both a “qualified institutional buyer” as defined in Rule 144A and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act, in each case who is aware that the sale to it is being made in reliance on Rule 144A and Section 3(c)(7) of the Investment Company Act and who is acquiring the Notes for its own account or for the account of a person who is both a qualified institutional buyer and a qualified purchaser; or
  - (b) not a U.S. Person and is acquiring the Notes in an offshore transaction outside the United States complying with the provisions of Regulation S.
- (4) Each purchaser of any Notes understands that the Notes are being offered only in a transaction not involving any public offering within the meaning of the Securities Act and that unless otherwise agreed by the Issuer, (a) if it should offer, resell, pledge or otherwise transfer the Notes, the Notes may be offered, resold, pledged or transferred, only (i) to the Issuer or its affiliates, (ii) for so long as the securities are eligible for resale pursuant to Rule 144A, in the United States to a person whom the seller reasonably believes is (A) a QIB and to whom notice is given that the offer, resale, pledge or transfer is being made in reliance on Rule 144A and (B) a Qualified Purchaser or otherwise in circumstances that would not prejudice the Issuer’s exemption from registration as an investment company pursuant to Section 3(c)(7), (iii) outside the United States pursuant to offers and sales to purchasers who are not U.S. Persons in an offshore transaction meeting the requirements of Regulation S, (iv) pursuant to another available exemption from registration under the Securities Act and, to the extent then applicable to the Issuer, in a manner consistent with the

Issuer's exemption from the Investment Company Act, or (v) pursuant to a registration statement that has been declared effective under the Securities Act and, to the extent then applicable to the Issuer, the Investment Company Act, subject to the Issuer's and the Trustee's, registrar's or transfer agent's right prior to any such reoffer, sale or transfer (x) in the case of clause (iv), to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them, and (y) in each of the foregoing cases, to require that a certificate of transfer in the form set forth in the Indenture is completed and delivered by the transferor to the trustee; and (b) each subsequent purchaser of the Notes is required to notify any purchaser of any Notes of the resale restrictions referred to in (a) above and to deliver to the transferee (other than a transferee who is a QIB/QP) prior to sale a copy of these Transfer Restrictions herein set forth (copies of which may be obtained from the Principal Paying Agent). The purchaser understands that transfers of the Notes will be registered only if the Notes are transferred in accordance with such transfer restrictions.

- (5) Each purchaser of any Notes who is a QIB/QP in the United States understands that such Notes, unless otherwise agreed by the Issuer in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MONG DUONG FINANCE HOLDINGS B.V. (THE "ISSUER") HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), IN RELIANCE ON THE EXCLUSION FROM THE DEFINITION OF INVESTMENT COMPANY PROVIDED BY SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT. THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A "U.S. PERSON" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT AND WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT), WHO IS BOTH A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") AND A "QUALIFIED PURCHASER" (WITHIN THE MEANING OF SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT), ACTING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ANOTHER PERSON WHO IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER WITH RESPECT TO WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION.

BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS NOTE REPRESENTS THAT: (A) (1) IT IS A U.S. PERSON AS DEFINED UNDER REGULATION S OF THE SECURITIES ACT AND WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT AND IS BOTH A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF "RULE 144A")) AND A QUALIFIED PURCHASER UNDER THE INVESTMENT COMPANY ACT, (2) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" WITHIN THE MEANING OF SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), TO WHICH SECTION 4975 OF THE CODE APPLIES, AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE "PLAN ASSETS" UNDER DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA (EACH OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") OR A GOVERNMENTAL, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW, OR NON-U.S. LAW, THAT

IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”), (3) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES, (4) IT WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS APPLICABLE TO THE NOTES TO ANY SUBSEQUENT TRANSFEREES, AND (5) IT AND EACH ACCOUNT FOR WHICH IT IS PURCHASING WILL HOLD AND TRANSFER AT LEAST THE MINIMUM DENOMINATION OF NOTES OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

THE HOLDER OF THIS NOTE AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED THE NOTES, TO OFFER, SELL OR OTHERWISE TRANSFER THESE NOTES ONLY (1) TO THE ISSUER, (2) IF TO A U.S. PERSON OR IN THE UNITED STATES TO A PERSON IT REASONABLY BELIEVES IS BOTH A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A AND A “QUALIFIED PURCHASER” MEETING THE REQUIREMENTS OF THE INVESTMENT COMPANY ACT PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, TO THE EXTENT THEN APPLICABLE TO THE ISSUER, IN A MANNER CONSISTENT WITH ITS EXEMPTION FROM THE INVESTMENT COMPANY ACT, OR (5) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, AND, TO THE EXTENT THEN APPLICABLE TO THE ISSUER, THE INVESTMENT COMPANY ACT SUBJECT TO THE ISSUER’S, THE TRUSTEE’S, THE REGISTRAR’S AND THE TRANSFER AGENT’S RIGHT PRIOR TO ANY SUCH REOFFER, SALE OR TRANSFER (I) IN THE CASE OF CLAUSE (4), TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM SET FORTH IN THE INDENTURE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

EACH INITIAL PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN WILL BE DEEMED TO REPRESENT THAT IT AGREES TO COMPLY WITH THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND WILL NOT TRANSFER THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN EXCEPT TO A TRANSFEREE WHO CAN MAKE THE SAME REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING. ANY TRANSFER OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT AND WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER.

IF THIS NOTE WAS ACQUIRED BY A U.S. PERSON THAT IS DETERMINED NOT TO HAVE BEEN BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER AT THE TIME OF ACQUISITION, THE ISSUER HAS THE RIGHT TO REQUIRE SUCH HOLDER TO SELL THIS NOTE TO A U.S. PURCHASER WHO IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER. THE ISSUER ALSO HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER TO A U.S. PERSON WHO IS NOT BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER.

THIS NOTE AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED NOTES GENERALLY. THE HOLDER OF THIS NOTE SHALL BE DEEMED BY THE ACCEPTANCE OF THIS NOTE TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

- (6) If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the 40-day distribution compliance period within the meaning of Rule 903 of Regulation S, any offer or sale of the Notes will not be made by it to a U.S. Person or for the account or benefit of a U.S. Person within the meaning of Rule 902(k) of the Securities Act and then only to someone whom the purchaser reasonably believes to be a QIB/QP.
- (7) The purchaser will not sell or otherwise transfer the Notes to, and each purchaser represents and covenants, that it is not acquiring the Notes for or on behalf of, any pension or welfare plan, as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), any plan or arrangement subject to Section 4975 of the Code, or any entity the assets of which are deemed to include plan assets under Department of Labor Regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, or a governmental, non-U.S. or other employee benefit plan which is subject to any U.S. federal, state or local law, or non-U.S. law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“Similar Law”).
- (8) The purchaser acknowledges that the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as holders of the Notes.
- (9) The purchaser acknowledges that neither the Trustee, nor the registrar, nor the transfer agent will be required to accept for registration of transfer any Notes acquired by the purchaser, except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth herein have been complied with.
- (10) The purchaser acknowledges that the Issuer, the Trustee, the registrar, the transfer agent, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it will promptly notify the Issuer, the Trustee, the registrar, the transfer agent and the Initial Purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and it has full power to make the foregoing acknowledgments, representation and agreements on behalf of each of those accounts.
- (11) The purchaser acknowledges that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Initial Purchasers or any other person that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder and under “Plan of Distribution.”

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

## **LEGAL MATTERS**

Certain legal matters will be passed upon for the Issuer by Shearman & Sterling LLP with respect to matters of U.S. federal securities law, New York law and English law, VILAF with respect to matters of Vietnamese law, and NautaDutilh with respect to matters of Dutch law.

Certain legal matters with respect to the offering of the Notes will be passed upon for the Initial Purchasers by Allen & Overy with respect to matters of U.S. federal securities laws, New York law, English law and Vietnamese law.

## **INDEPENDENT AUDITORS**

The audited financial statements of the BOT Company included in this Offering Memorandum have been audited by Ernst & Young Vietnam Ltd., as stated in their audit report appearing elsewhere herein. The unaudited interim financial statements of the BOT Company included in this Offering Memorandum have been reviewed by Ernst & Young Vietnam Ltd., as stated in their review report appearing elsewhere herein.

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## **AES-VCM Mong Duong Power Company Limited**

interim financial information prepared  
in accordance with U.S. generally accepted accounting principles

For the three-month periods ended March 31, 2019 and 2018



# AES-VCM Mong Duong Power Company Limited

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Ermst & Young Vietnam Limited  
8th Floor, CornerStone Building  
15 Phan Chu Trinh Street  
Hoan Kiem District  
Hanoi, S.R. of Vietnam

Tel: +84 24 3831 5100  
Fax: +84 24 3831 5090  
ey.com

Reference: 80961878/20570353-USGAAP

## REVIEW REPORT OF INDEPENDENT AUDITORS

### To: The Members' Council of AES-VCM Mong Duong Power Company Limited

We have reviewed the accompanying interim financial information of AES-VCM Mong Duong Power Company Limited ("the Company"), which comprise the interim balance sheets as of March 31, 2019 and December 31, 2018 and the related interim statements of operations, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2019 and 2018.

### Management's Responsibility for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of unaudited interim financial information in conformity with U.S. generally accepted accounting principles.

### Auditor's Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

### Conclusion

Based on our review, we are not aware of any material modifications that should be made to the interim financial information referred to above for it to be in conformity with U.S. generally accepted accounting principles.



Hanoi, Vietnam

June 13, 2019

# AES-VCM Mong Duong Power Company Limited

INTERIM BALANCE SHEETS (UNAUDITED)  
as of March 31, 2019 and December 31, 2018

	Note	March 31, 2019 USD	December 31, 2018 USD
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	45,443,929	21,097,636
Short-term restricted cash	3	66,900,093	27,965,851
Accounts receivable, net	4	97,871,339	94,153,504
Short-term loan receivable	5	66,817,109	65,668,346
Inventories	6	18,422,884	12,229,561
Prepayment and other receivables	7	4,773,228	589,142
Other current assets	9	1,137,524	1,372,639
<b>TOTAL CURRENT ASSETS</b>		<b>301,366,106</b>	<b>223,176,679</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment:	8		
Electric generation, distribution assets and others		3,303,993	3,265,820
Accumulated depreciation		(1,715,956)	(1,617,927)
<b>Property, plant and equipment, net</b>		<b>1,588,037</b>	<b>1,647,893</b>
Other assets			
Long-term restricted cash	3	85,092,219	84,820,475
Deferred tax asset	19.2	2,971,063	2,473,443
Long-term loan receivable	5	1,405,756,742	1,423,070,684
Other non-current assets	9	3,110,517	2,725,172
Other intangible assets, net of amortization		999,286	984,653
<b>Total other assets</b>		<b>1,497,929,807</b>	<b>1,514,074,427</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,499,517,844</b>	<b>1,515,722,320</b>
<b>TOTAL ASSETS</b>		<b>1,800,883,950</b>	<b>1,738,898,999</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	10	23,384,667	45,252,703
Accrued interest		27,274,858	11,045,415
Deferred income		1,421,611	1,587,282
Accrued and other liabilities	11	47,858,422	11,971,437
Current portion of non-current debt	12	90,852,253	90,852,253
<b>TOTAL CURRENT LIABILITIES</b>		<b>190,791,811</b>	<b>160,709,090</b>
Non-current debt	12	974,994,966	972,211,834
Other non-current liabilities	13	22,135,886	11,517,036
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>997,130,852</b>	<b>983,728,870</b>
<b>OWNERS' EQUITY</b>			
Contributed charter capital	14	462,115,585	462,115,585
Additional paid-in capital		879,270	854,074
Retained earnings		172,645,735	143,705,919
Accumulated other comprehensive losses	15	(22,679,303)	(12,214,539)
<b>TOTAL OWNERS' EQUITY</b>		<b>612,961,287</b>	<b>594,461,039</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,800,883,950</b>	<b>1,738,898,999</b>

See accompanying notes to these interim financial information.

# AES-VCM Mong Duong Power Company Limited

INTERIM STATEMENTS OF OPERATIONS (UNAUDITED)  
for the three-month periods ended March 31, 2019 and 2018

	<i>Note</i>	<i>For the three-month period ended March 31, 2019</i>	<i>For the three-month period ended March 31, 2018</i>
		<i>USD</i>	<i>USD</i>
Revenue	16.1	89,102,579	78,500,335
Cost of rendering of services	17	<u>(85,553,041)</u>	<u>(78,476,810)</u>
<b>Operating profit</b>		<b><u>3,549,538</u></b>	<b><u>23,525</u></b>
Finance income	16.2	44,989,789	46,748,684
Finance expenses	18	<u>(20,041,588)</u>	<u>(20,851,456)</u>
Foreign exchange gain		<u>373,121</u>	<u>249,009</u>
<b>Net income before tax</b>		<b><u>28,870,860</u></b>	<b><u>26,169,762</u></b>
Income tax (expense)/benefits	19.1	<u>(140,180)</u>	<u>111,588</u>
<b>Net income</b>		<b><u>28,730,680</u></b>	<b><u>26,281,350</u></b>

See accompanying notes to these interim financial information.

# AES-VCM Mong Duong Power Company Limited

INTERIM STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)  
for the three-month periods ended March 31, 2019 and 2018

	<i>Note</i>	<i>For the three-month period ended March 31, 2019</i>	<i>For the three-month period ended March 31, 2018</i>
		<i>USD</i>	<i>USD</i>
<b>Net income</b>		<b>28,730,680</b>	<b>26,281,350</b>
Change in derivative fair value	15	(10,885,786)	19,091,084
Deferred taxes benefits/(expense)	19.2	630,158	(197,633)
<b>Other comprehensive (loss)/income</b>		<b>(10,255,628)</b>	<b>18,893,451</b>
<b>Comprehensive income</b>		<b>18,475,052</b>	<b>45,174,801</b>

*See accompanying notes to these interim financial information.*



# AES VCM Mong Duong Power Company Limited

INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)  
for the three-month periods ended March 31, 2019 and 2018

	Contributed charter capital USD	Additional paid - in capital USD	Retained earnings USD	Accumulated other comprehensive losses USD	Total owners' equity USD
<b>Balance as of January 1, 2018</b>	<b>462,115,585</b>	<b>744,268</b>	<b>129,143,059</b>	<b>(29,254,427)</b>	<b>562,748,485</b>
Net income	-	-	26,281,350	-	26,281,350
Change in derivative fair value	-	-	-	19,091,084	19,091,084
Deferred income taxes	-	-	-	(197,633)	(197,633)
Other	-	28,100	-	-	28,100
<b>Balance as of March 31, 2018 (unaudited)</b>	<b>462,115,585</b>	<b>772,368</b>	<b>155,424,409</b>	<b>(10,360,976)</b>	<b>607,951,386</b>
<b>Balance as of December 31, 2018, as previously reported</b>	<b>462,115,585</b>	<b>854,074</b>	<b>143,705,919</b>	<b>(12,214,539)</b>	<b>594,461,039</b>
Adoption of new accounting standard (*)	-	-	209,136	(209,136)	-
<b>Balance as of January 1, 2019 (adjusted)</b>	<b>462,115,585</b>	<b>854,074</b>	<b>143,915,055</b>	<b>(12,423,675)</b>	<b>594,461,039</b>
Net income	-	-	28,730,680	-	28,730,680
Change in derivative fair value	-	-	-	(10,885,786)	(10,885,786)
Deferred income taxes	-	-	-	630,158	630,158
Other	-	25,196	-	-	25,196
<b>Balance as of March 31, 2019 (unaudited)</b>	<b>462,115,585</b>	<b>879,270</b>	<b>172,645,735</b>	<b>(22,679,303)</b>	<b>612,961,287</b>

(\*) This is the effect upon application of ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted improvements Accounting for Activities (Note 2).

See accompanying notes to these interim financial information.

# AES-VCM Mong Duong Power Company Limited

## INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) for the three month periods ended March 31, 2019 and 2018

	For the three-month period ended March 31, 2019 Unaudited USD	For the three-month period ended March 31, 2018 Unaudited USD
<b>Net income</b>	<b>26,730,680</b>	<b>26,281,350</b>
<b>Adjustment to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortisation	201,709	156,873
Service concession expense	157,639	(156,959)
Amortisation of deferred financing costs and debt discount	2,787,015	2,977,803
Ineffective portion of cash flow hedge	-	231,064
Deferred income taxes	132,538	(119,230)
Corporate income tax	7,642	7,642
Interest income	(71,712)	(393)
Foreign exchange gain	(201,359)	(23,547)
Long-term compensation	30,793	47,571
Interest expenses and other financing costs	17,254,573	17,642,589
<b>Changes in operating assets and liabilities:</b>		
Increase in account receivables	(3,717,835)	(20,932,436)
Increase in prepayment and other receivables	(4,376,471)	(4,033,953)
Decrease in loan receivables	16,165,179	13,738,200
(Increase)/decrease in inventories	(6,193,323)	3,623,435
Increase in payables and accruals	13,099,266	18,780,903
Corporate tax paid	(4,584)	-
Cash outflows for service concession asset	(141,034)	(308,840)
<b>Net cash provided by operating activities</b>	<b>83,860,716</b>	<b>57,914,072</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(38,173)	(86,162)
Acquisition of other intangible assets	(88,691)	(25,680)
Interest income received	71,712	393
<b>Net cash used in investing activities</b>	<b>(55,152)</b>	<b>(111,449)</b>
<b>Cash flow from financing activities</b>		
Payments for deferred financing costs	(251,912)	-
<b>Net cash used in financing activity</b>	<b>(251,912)</b>	<b>-</b>
<b>Net increase in cash and restricted cash</b>	<b>63,553,652</b>	<b>57,802,623</b>
<b>Cash and restricted cash, beginning of period</b>	<b>133,883,962</b>	<b>131,271,532</b>
Impact of exchange rate fluctuation	(1,373)	107,466
<b>Cash and restricted cash, end of period</b>	<b>197,436,241</b>	<b>189,181,621</b>

See accompanying notes to these interim financial information.

# AES-VCM Mong Duong Power Company Limited

## NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 1. CORPORATE INFORMATION

AES - VCM Mong Duong Power Company Limited ("the Company") is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the Investment Certificate No. 22002200048 issued by the Ministry of Planning and Investment on April 8, 2010 and the following Amended Investment Certificates:

<i>Amended Investment Certificates No.</i>	<i>Date</i>
22002200048 – DC1	August 19, 2010
22002200048 – DC2	July 8, 2011
22002200048 – DC3	December 28, 2011

The principal activities of the Company are development, construction and operation of Mong Duong 2 Thermal Power Plant under the Build – Operate – Transfer ("BOT") model for a period of 25 years from the Commercial Operating Date ("COD"). On April 22, 2010, the BOT contract was signed between the Government of Vietnam represented by the Ministry of Industry and Trade, AES Mong Duong Holdings B.V., Vietnam National Coal-Mineral Industries Group and the Company for construction and operation of Mong Duong 2 BOT Power Project.

In 2015, the Company commenced operation of the power plant. In accordance with Power Operation Permit issued by the Ministry of Industry and Trade dated April 24, 2015, the COD was on April 22, 2015.

The Company's head office is located at Mong Duong Ward, Cam Pha Town, Quang Ninh Province, Vietnam and its Hanoi Representative Office is located at Room 302, Floor 3, Asia Tower, 8 Nha Tho Street, Hoan Kiem District, Hanoi.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim financial information and footnotes have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"), as contained in the FASB ASC, for interim financial information. Accordingly, they do not include all the information and footnotes required by US GAAP for annual fiscal reporting periods. In the opinion of management, the interim financial information includes all adjustments of a normal recurring nature necessary for a fair presentation of the interim results of operations, interim financial position, interim comprehensive income, and interim cash flows. The results of operations for the three-month period ended March 31, 2019, are not necessarily indicative of expected results for the year ending December 31, 2019. The accompanying unaudited interim financial information are reviewed and should be read in conjunction with the 2018 audited financial statements and notes thereto.

#### *Basis of reporting and use of estimates*

The Company prepares its interim financial information in conformity with US GAAP and are expressed in United States dollars ("USD"). The preparation of interim financial information in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial information and the reported amounts of revenues and expenses during the reporting period. In the future, as more information becomes known, those estimates and assumptions could change, which could impact the amounts reported and disclosed herein. Actual results could differ from those estimates.

The Company's fiscal year applicable for the preparation of its financial statements starts on January 1 and ends on December 31.



## AES VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019  
and 2018

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

#### *New accounting pronouncements adopted in 2019*

The followings provide a brief description of recent accounting pronouncements that had an impact on the Company's interim financial information. Accounting pronouncements not listed below were assessed and determined to be either not applicable or did not have a material impact on the Company's interim financial information.

#### *2017-12, Derivatives and Hedging (Topic 815): Targeted improvements: Accounting for Activities*

The standard updates the hedge accounting model to expand the ability to hedge nonfinancial and financial risk components, reduce complexity, and ease certain documentation and assessment requirements. When facts and circumstances are the same as at the previous quantitative test, a subsequent quantitative effectiveness test is not required. The standard also eliminates the requirement to separately measure and report hedge ineffectiveness. For cash flow hedges, this means that the entire change in the fair value of a hedging instrument will be recorded in other comprehensive income and amounts deferred will be reclassified to earnings in the same statement of operation line as the hedged item. Transition method: modified retrospective with the cumulative effect adjustment recorded to the opening balance of retained earnings as of the initial application date. Prospective for presentation and disclosures.

The adoption of this standard resulted in a USD 209,136 increase to the Company's retained earnings and corresponding decrease in accumulated other comprehensive loss as presented in the Interim Statements of Changes in Equity (unaudited).

#### *2016-02, 2018-01, 2018-10, 2018-11, 2018-20, 2019-01, Leases (Topic 842)*

On January 1, 2019, the Company adopted ASC 842 Leases and its subsequent corresponding updates ("ASC 842"). Under this standard, lessees are required to recognize assets and liabilities for most leases on the balance sheet, and recognize expenses in a manner similar to the current accounting method.

During the course of adopting ASC 842, the Company applied various practical expedients including:

- ▶ The package of practical expedients (applied to all leases) that allowed lessees and lessors not to reassess:
  - a) whether any expired or existing contracts are or contain leases,
  - b) lease classification for any expired or existing leases, and
  - c) whether initial direct costs for any expired or existing leases qualify for capitalization under ASC 842.
- ▶ The transition practical expedient related to land easements, allowing us to carry forward our accounting treatment for land easements on existing agreements, and
- ▶ The transition practical expedient for lessees that allowed businesses to not separate lease and non-lease components. The Company applied the practical expedient to all classes of underlying assets when valuing right-of-use assets and lease liabilities. Contracts where the Company is the lessor were separated between the lease and non-lease components.

The Company applied the modified retrospective method of adoption and elected to continue to apply the guidance in ASC 840 Leases to the comparative periods presented in the year of adoption. Under this transition method, the Company applied the transition provisions starting at the date of adoption. The cumulative effect of the adoption of ASC 842 on our January 1, 2019 Interim Balance Sheet (unaudited) was as follows:

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

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

#### *New accounting pronouncements adopted (continued)*

2016-02, 2018-01, 2018-10, 2018-11, 2018-20, 2019-01, *Leases (Topic 842)* (continued)

<i>Interim balance sheet</i>	<i>Balance at December 31, 2018 USD</i>	<i>Adjustments due to ASC 842 USD</i>	<i>Balance at January 1, 2019 USD</i>
<b>Assets</b>			
Other non-current assets	2,725,172	188,219	2,913,391
<b>Liabilities</b>			
Accrued and other liabilities	11,971,437	123,005	12,094,442
Other non-current liabilities	11,517,036	65,214	11,582,250

#### *Functional and foreign currencies*

The Company determined its functional currency to be the USD because majority of the Company's transactions are USD-linked. The Company has one power purchase agreement for the sale of electricity. Amounts invoiced under that agreement are linked to the USD. Initial project costs were incurred primarily in USD, as is the debt assumed to fund the construction of the concession assets. The Company also has approval from the Government of Vietnam to convert any funds received in local currency (Vietnamese dong) into USD and retain and or repatriate excess funds in USD.

Any transaction denominated in a foreign currency are re-measured into USD using the exchange rate quoted by financial institution. Any unrealized or realized gains or losses from transactions denominated in a currency other than the USD are included in foreign exchange (loss)/gain, net.

#### *Cash*

Cash comprises cash on hand and cash in banks.

#### *Restricted cash*

Restricted cash represents cash in banks which is not immediately available but designated for acquisition or construction of non-current assets, major maintenance, tax payment or are segregated for the liquidation of long-term debts.

#### *Accounts receivable and allowance for doubtful accounts*

Accounts receivable are carried at amortized cost net of allowance for doubtful accounts. The Company periodically assesses the collectability of accounts receivable, considering factors such as specific evaluation of collectability, historical collection experience, the age of accounts receivable and other currently available evidence of the collectability, and records an allowance for doubtful accounts for the estimated uncollectible amount as appropriate. Individual accounts and notes receivable are written off when they are no longer deemed collectible.

#### *Inventories*

Inventory primarily consists of fuel and other materials used to generate power, and operational tools, consumables and parts used to maintain power generation and distribution facilities. Inventory is carried at lower of cost or net realizable value. Cost is the sum of the purchase price and expenditures incurred to bring the inventory to its existing location. Inventory is primarily valued using first in-first out cost method for coal and the weighted average cost method for others. Generally, if it is expected fuel inventory will not be recovered through revenue earned from power generation, an impairment is recognized to reflect the fuel at market value. The carrying amount of spare parts and supplies is typically reduced only in instances where the items are considered obsolete.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

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

#### *Advances to contractors*

Advances to contractors represents the amount paid in advance to contractors but goods and/or services are yet to be received as at the reporting date. Advance paid to engineering, procurement and construction contractors are classified as non-current assets as they are designated for acquisition or construction of non-current assets.

#### *Loan receivable*

A loan receivable was recognized for the future expected payments for the construction performance obligation under the BOT contract. As the payments for the construction performance obligation occur over a 25-year term, a significant financing element was determined to exist which is accounted for under the effective interest rate method.

#### *Deferred financing costs*

Costs incurred in connection with the issuance of long-term debt are deferred and presented as a direct reduction from the face amount of that debt and amortized over the related financing period using the effective interest method as part of interest expenses recognised in the interim Statement of Operations (unaudited).

#### *Debt discount*

Debt discount represents fees paid to the lender or deducted by the lenders from loan proceeds which will form part of the difference between net proceeds and the amount repayable at the maturity. Such difference shall be recorded as deduction from the face amount of the note. The debt discount will be amortized over the life of the debt using the effective interest rate method thereafter.

#### *Property, plant and equipment*

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is charged so as to write off the cost of property, plant and equipment and other tangible assets, using the straight-line method over their estimated useful lives, as follows:

Office equipment and others	3 - 5 years
Tool and equipment	3 - 10 years
Vehicles	6 - 15 years

#### *Other intangible assets*

Other intangible assets are stated at cost, net of accumulated amortisation. Amortisation is charged so as to write off the cost of other intangible assets, using the straight-line method over their estimated useful lives, as follows:

Computer software	3 - 7 years
-------------------	-------------

Finite-lived intangible assets are also reviewed for impairment in accordance with ASC 360.

#### *Impairment of property, plant and equipment*

Property, plant and equipment used in operations are assessed for impairment whenever changes in facts and circumstances indicate that the carrying amount of an asset may not be recoverable. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value through additional amortization or depreciation provisions and reported as impairments in the periods in which the determination of the impairment is made. Individual assets are grouped for impairment purposes at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Fair value is generally determined on monthly basis by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. No impairment has been recognized during the periods ended March 31, 2019 and 2018.

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019  
and 2018

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Payables and accruals*

Accounts payable consists of amounts due to trade creditors related to the Company's core business operations. The payables include amounts owed to contractors for completed construction works. Other accrued liabilities include items such as income taxes, regulatory liabilities, legal contingencies and employee related costs including payroll, benefits and related taxes.

#### *Share-based compensation*

The Company grants share-based compensation in the form of stock options and restricted stock units. The Company accounts for stock-based compensation plans under the accounting guidance on stock-based compensation, which requires entities to recognize compensation costs relating to share-based payments in their interim financial information. That cost is measured on the grant date based on the fair value of the equity or liability instrument issued and is expensed on a straight-line basis over the requisite service period, net of estimated forfeitures.

#### *Derivative and hedging activities*

Derivatives primarily consist of interest rate swaps. The Company enters into derivative transactions in order to hedge its exposure to certain market risks. The Company primarily uses derivative instruments to manage its interest rate exposures.

Under the accounting standards for derivatives and hedging, the Company recognizes all contracts that meet the definition of a derivative in accordance with ASC 815, except those designated as normal purchase or normal sale at inception, as either assets or liabilities in the interim Balance Sheets (unaudited) and measures those instruments at fair value.

Power Purchase Agreement ("PPA") and Fuel Supply Agreement are evaluated to assess if they contain either a derivative or an embedded derivative requiring separate valuation and accounting. Generally, these agreements do not meet the definition of a derivative, often due to the inability to be net settled. On a quarterly basis, the Company evaluates the markets for commodities to be delivered under these agreements to determine if facts and circumstances have changed such that the agreements could be net settled and meet the definition of a derivative.

The Company typically designates its derivative instruments as cash flow hedges if they meet the criteria specified in ASC 815, Derivatives and Hedging. The Company enters into interest rate swap agreements in order to hedge the variability of expected future cash interest payments. The Company does not use derivative instruments for speculative purposes.

For the Company's hedges, changes in fair value that are considered effective are deferred in Accumulated Other Comprehensive Losses (AOCL) until hedged item affects the Company's earnings. Any ineffectiveness is recognized in earnings immediately. If a derivative is no longer highly effective, hedge accounting will be discontinued prospectively. For cash flow hedges of forecasted transactions, the Company estimates the future cash flows of the forecasted transactions and evaluates the probability of the occurrence and timing of such transactions.

From January 1, 2019, the Company adopted ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, on a modified retrospective basis. The standard expands the strategies that qualify for hedge accounting and simplify the application of hedge accounting. Based on the new guidance, the Company is allowed to defer the entire change in the fair value of a hedging instrument in AOCL until the hedged item affects earnings. The standard also eliminates the requirement to separately measure and report hedge ineffectiveness. Impact of the adoption has been disclosed in *New accounting pronouncements adopted in 2019*.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

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

#### *Derivative and hedging activities (continued)*

Changes in the fair value of derivatives not designated and qualifying as cash flow hedges are immediately recognized in earnings. Regardless of when gains or losses on derivatives are recognized in earnings, they are generally classified as interest expense for interest rate and cross-currency derivatives, foreign currency transaction gains or losses for foreign currency derivatives, and non-regulated revenue or non-regulated cost of sales for commodity and other derivatives. Cash flows arising from derivatives are included in the interim Statement of Cash flows (unaudited) as an operating activity given the nature of the underlying risk being economically hedged and the lack of significant financing elements, except that cash flows on designated and qualifying hedges of variable-rate interest during construction are classified as an investing activity. The Company has elected not to offset net derivative positions in the interim Balance Sheets (unaudited).

#### *Lease*

Lessee - The Company has operating office space, vehicles, and other operating equipment. Leases with an initial term of 12 months or less are not recorded on the interim Balance Sheets (unaudited), but are expensed on a straight-line basis over the lease term. The Company's leases do not contain any material residual value guarantees, restrictive covenants, or subleases.

Right-of-use assets represent our right to use an underlying asset for the lease term while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized on commencement of the lease based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses the Company's incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives that are paid or payable to the lessee at commencement. The lease term includes the option to extend or terminate the lease if it is reasonably certain that we will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable payments excluded from the right-of-use assets and lease liabilities are recognized as incurred.

Right-of-use assets are long term by nature. The following table summarizes the amounts recognized on the interim Balance Sheets (unaudited) related to lease asset and liability balances as of the period indicated:

		<i>Balance at March 31, 2019 Unaudited USD</i>
<b>Assets</b>		
Right-of-use assets - operating leases	Other non-current assets	158,575
<b>Liabilities</b>		
Operating lease liabilities (current)	Accrued and other liabilities	125,212
Operating lease liabilities (non-current)	Other non-current liabilities	33,363

The following table summarizes supplemental balance sheet information related to leases as of the period indicated:

	<i>March 31, 2019 Unaudited</i>
Weighted-average remaining lease term - operating leases	1.3 years
Weighted-average discount rate - operating leases	8.27%

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

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

#### *Lease* (continued)

The following table summarizes the components of lease expense recognized in Cost of rendering of services on the Statements of Operations for the period indicated:

	<i>March 31, 2019</i>
	<i>Unaudited</i>
	<i>USD</i>
Operating lease costs	33,075
Short-term lease costs	344,981
Total	<u>378,056</u>

Operating cash outflows from operating leases included in the measurement of lease liabilities were USD 378,056 for the three-month ended March 31, 2019.

The following table shows the future minimum lease payments under operating leases together with the present value of total minimum lease payments as of March 31, 2019 for the remainder of 2019 through 2020 and thereafter:

	<i>Maturity of Operating</i>
	<i>lease liabilities</i>
	<i>Unaudited</i>
	<i>USD</i>
2019	99,226
2020	67,251
There after	<u>-</u>
Total	166,477
Less: Imputed interest	<u>(7,901)</u>
Present value of total minimum lease payments	<u>158,576</u>

#### *Revenue from contract with customers*

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company operates Mong Duong II power project which is a 1,240 MW plant under BOT agreement with the MOIT for 25 years from the COD of the power plant. The Company determines that there are two performance obligations under the BOT agreement i.e. construction and operation of the power plant. Revenue recognised for corresponding performance obligations are as follows:

#### *Construction revenue*

Under the previous revenue recognition standard used before 2018 (ASC 605), construction costs were deferred to a service concession asset, which was expensed in proportion to revenue recognized for the construction element over the term of the PPA. Under ASC 606, revenues and costs associated with the construction are recognized as construction activities occurred.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019  
and 2018

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Revenue from contract with customers (continued)*

##### *Electricity generation, operation and maintenance revenue*

Electricity generation, operation and maintenance revenue is recognised overtime and measured based on the capacity made available to customer.

##### *Finance revenue*

Finance revenue is recognised for significant financing element of the future expected payments for the construction performance obligation under the BOT contract and is accounted for under the effective interest rate method.

##### *Income taxes*

The Company's income tax provision requires significant judgment and is based on calculations and assumptions that are subject to examination by the tax authority. The Company is under examination by relevant taxing authorities for various tax years. The Company regularly assesses the potential outcome of this examination when determining the adequacy of the provision for income tax. Accounting guidance for uncertainty in income taxes prescribes a more likely than not recognition threshold. Tax reserves have been established, which the Company believes to be adequate in relation to the potential for additional assessments. Once established, reserves are adjusted only when there is more information available or when an event occurs necessitating a change to the reserves. While the Company believes that the amounts of the tax estimates are reasonable, it is possible that the ultimate outcome of current or future examinations may be materially different than the reserve amounts.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between carrying amounts of the existing assets and liabilities recognized in the interim financial information, and their respective income tax bases. The Company establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company's tax positions are evaluated under a more likely than not recognition threshold and measurement analysis before they are recognized for interim financial statement reporting.

Uncertain tax positions have been classified as noncurrent income tax liabilities unless expected to be paid within one year. The Company's policy for interest and penalties related to income tax exposures is to recognize interest and penalties as a component of the provision for income taxes in the interim Statements of Operations (unaudited).

##### *Use of estimates*

US GAAP requires the Company to make estimates and assumptions that affect the asset and liability balances reported as of the date of the interim financial information, as well as the revenues and expenses recognized during the reporting period. Actual results could differ from those estimates. Items subject to such estimates and assumptions include: allowance for doubtful accounts; unbilled revenue; coal pile measurements; the carrying amount and estimated useful lives of long-lived assets; valuation allowances for receivables and deferred tax assets; and the fair value of financial instruments; estimated useful life of right-of-use assets.

## AES VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

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

#### *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly, hypothetical transaction between market participants at the measurement date, or exit price. The Company applies the fair value measurement accounting guidance to financial assets and liabilities in determining the fair value of investments in marketable debt and equity securities, included in the interim Balance Sheets (unaudited) line items derivative liabilities, included in accrued and other liabilities (current) and other long-term liabilities. The Company applies the fair value measurement guidance to nonfinancial assets and liabilities upon the acquisition of a business or in conjunction with the measurement of an asset retirement obligation or a potential impairment loss on an asset group or goodwill.

When determining the fair value measurements for assets and liabilities required to be reflected at their fair values, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the assets or liabilities, such as inherent risk, transfer restrictions and risk of non-performance. The Company is prohibited from including transaction costs and any adjustments for blockage factors in determining fair value.

In determining fair value measurements, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. Assets and liabilities are categorized within a fair value hierarchy based upon the lowest level of input that is significant to the fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities.

#### *Subsequent events*

We have evaluated subsequent event transactions for the potential recognition or disclosure in the unaudited interim financial information through June 13, 2019, the day the unaudited interim financial information were available to be issued.

In accordance with the Resolution of Members' Council dated April 26, 2019, the Company decided to distribute profits of USD 51,833,708 out of its retained earnings. The dividends have been fully paid to the Company's investors in May 17, 2019.

#### *Accounting pronouncements issued but not yet effective*

The following accounting standards have been issued, but are not yet effective for, and have not been adopted in these interim financial information by the Company.

*2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*

The standard updates the impairment model for financial assets measured at amortized cost. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowance for losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses as it is done today, except that the losses will be recognized as an allowance rather than a reduction in the amortized cost of the securities.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Accounting pronouncements issued but not yet effective (continued)*

2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (continued)

The standard is effective for annual periods beginning after December 15, 2019. Early adoption is permitted only as of January 1, 2019. The Company is currently evaluating the impact of adopting the standard, but does not anticipate a material impact on its interim financial information.

### 3 CASH AND RESTRICTED CASH

	March 31, 2019 Unaudited	December 31, 2018
	USD	USD
Cash in bank - Long-term restricted cash (*)	85,092,219	84,820,475
Cash in bank - Short-term restricted cash (*)	66,900,093	27,965,851
Cash in bank - Non restricted cash	45,441,816	21,094,671
Cash on hand	2,113	2,965
<b>TOTAL</b>	<b>197,436,241</b>	<b>133,883,962</b>

(\*) Restricted cash represents cash in Hong Kong and Shanghai Banking Corporation in Hong Kong and in Vietnam which are designated as disbursement accounts for the construction of Mong Duong 2 Thermal Power Plant, debt service reserve accounts, major maintenance accounts and tax payment accounts.

### 4 ACCOUNTS RECEIVABLE, NET

Trade receivables represented the receivables from Electric Power Trading Company:

	March 31, 2019 Unaudited	December 31, 2018
	USD	USD
Trade receivable from Electric Power Trading Company	97,871,339	94,153,504
<b>TOTAL</b>	<b>97,871,339</b>	<b>94,153,504</b>

### 5 LOAN RECEIVABLE

A loan receivable from Electric Power Trading Company was recognized for the future expected payments for the construction performance obligation.

	March 31, 2019 Unaudited	December 31, 2018
	USD	USD
Short-term loan receivable	66,817,109	65,668,346
Long-term loan receivable	1,405,756,742	1,423,070,684
<b>TOTAL</b>	<b>1,472,573,851</b>	<b>1,488,739,030</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 6. INVENTORIES

	March 31, 2019 Unaudited	December 31, 2018
	USD	USD
Coal	15,122,520	9,133,189
Tools, consumables and parts	2,559,495	2,210,947
Good in transit	143,846	85,426
Other inventories (diesel, mazul, ammonla, limestone)	597,023	799,999
<b>TOTAL</b>	<b>18,422,884</b>	<b>12,229,561</b>

### 7. PREPAYMENT AND OTHER RECEIVABLES

	March 31, 2019 Unaudited	December 31, 2018
	USD	USD
Advances to purchase tools, spares and others	419,188	333,284
Prepaid expenses (subscription fee, lease, etc.)	4,353,018	210,468
Receivables from related parties (Note 20)	1,022	145,390
<b>TOTAL</b>	<b>4,773,228</b>	<b>689,142</b>

### 8. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consist of the following:

	March 31, 2019 Unaudited	December 31, 2018
	USD	USD
Office equipment and others	1,328,548	1,328,548
Vehicles	632,974	632,974
Tools and equipment	1,342,471	1,304,298
	<b>3,303,993</b>	<b>3,265,820</b>
<b>Less:</b>		
Accumulated depreciation	(1,715,956)	(1,617,927)
<b>TOTAL</b>	<b>1,588,037</b>	<b>1,647,893</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 9. OTHER ASSETS

	March 31, 2019 Unaudited USD	December 31, 2018 USD
<b>Other current assets</b>		
Tax to be claimed	1,098,608	1,345,860
Others	38,916	26,779
<b>TOTAL</b>	<b>1,137,524</b>	<b>1,372,639</b>
<b>Other non-current assets</b>		
Deferred financing costs, net of accumulated amortisation	2,303,696	2,239,146
Right-of-use assets, net	158,575	-
Others	648,246	486,026
<b>TOTAL</b>	<b>3,110,517</b>	<b>2,725,172</b>

### 10. ACCOUNTS PAYABLE

	March 31, 2019 Unaudited USD	December 31, 2018 USD
Vietnam National Coal and Mineral Industrial Holding Co., Ltd.	21,636,430	43,530,432
Others	1,748,237	1,722,271
<b>TOTAL</b>	<b>23,384,667</b>	<b>45,252,703</b>

### 11. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consist of the following:

	March 31, 2019 Unaudited USD	December 31, 2018 USD
Accrued coal and fuel	32,897,269	-
Accrued tax and tax payables (*)	4,025,903	1,247,037
Warranty fund prepaid by contractors	2,536,359	2,554,853
Short-term fair value of cash flow hedges – interest rate swap (Note 15)	2,095,227	1,770,500
Accrued loan fee and bank fee charges	1,822,951	814,097
Accrued consulting fees and contracted services	994,306	1,485,791
Accrued for spares and consumables	628,213	954,311
Accrued bonus, salaries and wages	406,907	1,281,430
Short-term lease liability	125,212	-
Payables to related parties (Note 20)	661,338	504
Others	1,664,737	1,862,914
<b>TOTAL</b>	<b>47,858,422</b>	<b>11,971,437</b>

(\*) The Company's tax declarations are subject to examination by the tax authorities. Because the application of tax laws and regulations 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.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 12. DEBT

	March 31, 2019 Unaudited USD	December 31, 2018 USD
Loans from banks (*)	1,126,320,153	1,126,320,153
Debt discount, net	(4,309,932)	(4,508,287)
Deferred financing costs, net	(56,163,002)	(58,747,779)
<b>NET</b>	<b>1,065,847,219</b>	<b>1,063,064,087</b>
<i>In which:</i>		
- Current portion	90,852,253	90,852,253
- Non-current portion	974,994,966	972,211,834

(\*) On July 8, 2011, the Company entered into three USD loan agreements with a total principal amount of USD 1,461,285,000 to finance the construction of the Mong Duong 2 Thermal Power Plant. These loan agreements were signed with lenders and BNP Paribas, Seoul Branch serving as the agent.

Movements of the loans during the period are as follows:

Lender	Balance as at December 31, 2018 USD	Extension in the period Unaudited USD	Repayment in the period Unaudited USD	Balance as at March 31, 2019 Unaudited USD
KEXIM Direct Facility	263,604,630	-	-	263,604,630
KEXIM Covered Facility	215,816,656	-	-	215,816,656
K-SURE Covered Facility	646,898,867	-	-	646,898,867
<b>TOTAL</b>	<b>1,126,320,153</b>	<b>-</b>	<b>-</b>	<b>1,126,320,153</b>

Principal repayments as at March 31, 2019, which reflect the repayment schedules in the loan agreements are as follows:

Year ending	Unaudited USD
December 31, 2019	90,852,253
December 31, 2020	91,141,328
December 31, 2021	96,496,105
December 31, 2022	110,784,686
December 31, 2023	111,307,775
December 31, 2024 and thereafter	625,738,006
<b>TOTAL</b>	<b>1,126,320,153</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 12. DEBT (continued)

The basic terms of the loan facility agreements are set out below:

<i>Facility</i>	<i>Loan interest</i>	<i>Loan duration</i>	<i>Repayment schedule</i>	<i>March 31, 2019 Unaudited (USD)</i>	<i>December 31, 2018 (USD)</i>
KEXIM Direct Facility Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin; and ii. LIBOR for the relevant Interest Period	Duration: 18 years from the date of the Agreement (July 8, 2011).	- Principal: The loan will be repayable in 28 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the KEXIM Direct Facility Agreement which is July 8, 2011 - Interest: to be paid on a 6 month period based on "Calculation of interest" sent by the lender.	263,604,630	263,604,630
KEXIM Covered Facility (*) Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin; and ii. LIBOR for the relevant Interest Period	Duration: 18 years from the date of the Agreement (July 8, 2011).	Principal: The loan will be repayable in 28 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the KEXIM Covered Facility Agreement which is July 8, 2011. - Interest: to be paid on a 6 month period based on "Calculation of interest" sent by the lender.	215,816,656	215,816,656

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 12. DEBT (continued)

The basic terms of the loan facility agreements are set out below (continued):

Facility	Loan interest	Loan duration	Repayment schedule	March 31, 2019 Unaudited (USD)	December 31, 2018 (USD)
K-SURE Covered Facility Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin; and ii. LIBOR for the relevant Interest Period	Duration: 18 years from the date of the Loan Agreement (July 8, 2011).	- Principal: The loan will be repayable in 28 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the KSURE Covered Facility Agreement which is July 8, 2011.  - Interest to be paid on a 6 month period based on "Calculation of interest" sent by the lender.	646,898,867	946,898,867
<b>TOTAL</b>				<b>1,126,320,153</b>	<b>1,126,320,153</b>

(\*) The aggregate principal amount of KSURE Covered Facility is guaranteed for payment by K-SURE in accordance with K-sure Insurance Policy.  
The aggregate principal amount of KEXIM Covered Facility is guaranteed for payment by The Export - Import Bank of Korea (KEXIM) in accordance with the Guarantee Agreement. No guarantee was provided for KEXIM Direct Facility.

The above loans are secured by security interests in all of the Company's capital and pledges of the equity interest of the Company's investors, AES Mong Duong Holdings B.V. and PSC Energy Global Co. Ltd., as well as liens on, and security interests in, substantially all of the Company's assets (including the Power Facility), the Company's rights under the Project Agreements, all of the Company's revenues, certain of the Company's bank accounts, both onshore and offshore, and all of the Company's or the insurers' insurance and reinsurance proceeds, as applicable.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 13. OTHER NON-CURRENT LIABILITIES

	March 31, 2019 Unaudited USD	December 31, 2018 USD
Long-term fair value of cash flow hedges – interest rate swap (Note 15)	21,779,950	11,218,891
Long-term compensation	129,479	111,005
Severance allowances	79,380	81,067
Long-term lease liability	33,363	-
Tax liabilities reserves	113,714	106,073
<b>TOTAL</b>	<b>22,135,886</b>	<b>11,517,036</b>

### 14. CONTRIBUTED CHARTER CAPITAL

As an enterprise established under the Law on Enterprise of Vietnam, the Company does not issue shares. Equity ownership is allocated to the three members of the Company in accordance with the amounts approved in the Company's Investment Certificate, which are based on the agreed values of the capital contributions made by the three members. Capital contributions are as follows:

	Approved charter capital	%	Actual contribution
AES Mong Duong Holdings B.V.	273,870,000	51	235,679,117
PSC Energy Global Co., Ltd.	161,100,000	30	138,634,572
Stable Investment Corporation	102,030,000	19	87,801,896
<b>TOTAL</b>	<b>537,000,000</b>	<b>100</b>	<b>462,115,585</b>

### 15. ACCUMULATED OTHER COMPREHENSIVE LOSSES

	March 31, 2019 Unaudited USD	December 31, 2018 USD
Loss in fair value of cash flow hedges - interest rate swap (*)	23,875,177	12,780,255
Deferred tax gain on OCI	(1,195,874)	(565,716)
<b>TOTAL</b>	<b>22,679,303</b>	<b>12,214,539</b>

As of March 31, 2019, the Company had interest rate swap agreements in place with a total notional amount of USD 836,957,314 (December 31, 2018: USD 836,957,314) whereby the Company receives a variable rate equal to LIBOR + margin per annum (Note 12) and pays a fixed rate of interest of 3.08% per annum on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its floating secured loans and designated as cash flow hedges.

(\*) Loss in fair value of interest rate swap of USD 23,875,177 as of March 31, 2019 (Level 2 in fair value hierarchy) is classified as Short-term fair value of cash flow hedges – interest rate swap under Accrued and other liabilities of USD 2,095,227 (Note 11) and Long-term fair value of cash flow hedges – interest rate swap under Other non-current liabilities of USD 21,779,950 (Note 13).

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

## 15. ACCUMULATED OTHER COMPREHENSIVE LOSSES (continued)

Movement of fair value of cash flow hedges during the three-month period ended March 31, 2019 includes a decrease in fair value of USD 10,005,706 and an adjustment of hedge ineffectiveness of USD 209,136 due to the effect upon application of ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted improvements Accounting for Activities as disclosed in Note 2.

## 16. REVENUE

### 16.1 Revenue from contract with customer

	For the three-month period ended March 31, 2019 Unaudited USD	For the three-month period ended March 31, 2018 Unaudited USD
Gross revenue	89,119,974	78,542,751
In which:		
Electricity generation, operation and maintenance revenue	88,954,303	78,013,517
Build revenue	165,671	529,234
Deductions: Liquidated damages	(17,395)	(42,416)
<b>TOTAL</b>	<b>89,102,579</b>	<b>78,500,335</b>

### 16.2 Finance income

	For the three-month period ended March 31, 2019 Unaudited USD	For the three-month period ended March 31, 2018 Unaudited USD
Finance revenue	44,910,036	46,744,047
Interest income	71,712	393
Others	8,041	4,244
<b>TOTAL</b>	<b>44,989,789</b>	<b>46,748,684</b>

## 17. COST OF RENDERING OF SERVICES

	For the three-month period ended March 31, 2019 Unaudited USD	For the three-month period ended March 31, 2018 Unaudited USD
Fuel and fuel related costs	75,021,870	67,779,290
Salaries, wages and benefits	2,920,110	3,060,944
Insurance	1,442,844	1,343,567
Chemicals	1,445,540	1,123,474
Management fees	1,361,360	1,335,978
Bank fees	184,316	273,988
Service concession expense	157,639	(156,959)
Electricity purchased for production	46,336	150,129
Others	2,973,026	3,566,399
<b>TOTAL</b>	<b>85,553,041</b>	<b>78,476,810</b>

## AES-VCM Mong Duong Power Company Limited

### NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

#### 18. FINANCE EXPENSES

	<i>For the three-month period ended March 31, 2019 Unaudited USD</i>	<i>For the three-month period ended March 31, 2018 Unaudited USD</i>
Loan interest and swap interest	16,229,443	16,541,273
Amortisation of deferred financing cost and debt discount	2,787,015	2,977,803
Guarantee fees	1,025,130	1,101,316
Ineffective portion of cash flow hedge	-	231,064
<b>TOTAL</b>	<b>20,041,588</b>	<b>20,851,456</b>

#### 19. CORPORATE INCOME TAX

In accordance with Amended Law on Corporate Income Tax ("CIT") dated September 19, 2013, the standard CIT rate is 20% from January 1, 2016 onward.

The Company enjoys different CIT rates for different activities.

##### *Tax rate applicable for taxable profit from production and sale of electricity:*

The Company is entitled to an exemption from CIT for 4 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable CIT tax rate for the following 9 years. The applicable tax rate after the tax exemption and reduced tax rate period is 10%. The Company is under tax exemption in the current year.

In accordance with Circular No. 78/2014/TT-BTC issued by the Ministry of Finance on June 18, 2014, the Company is allowed to change tax incentive period by noticing its tax authority. On November 24, 2015, the Company sent a notice to Quang Ninh Tax Department to register for its incentive period (tax exemption and tax reduction) commencing from January 1, 2016.

##### *Tax rate applicable for taxable profit from services other than of production and sale of electricity:*

The Company has the obligation to pay CIT at the current rate of 20% of taxable profit (2018: 20%).

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations is susceptible to varying interpretations, amounts reported in the unaudited interim financial information could be changed at a later date upon final determination by the tax authorities.

#### 19.1 CIT expense

	<i>For the three-month period ended March 31, 2019 Unaudited USD</i>	<i>For the three-month period ended March 31, 2018 Unaudited USD</i>
FIN 48 expenses	7,642	7,642
Deferred taxes expenses/(benefits)	132,538	(119,230)
<b>TOTAL</b>	<b>140,180</b>	<b>(111,588)</b>



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 19. CORPORATE INCOME TAX (continued)

#### 19.1 CIT expense

The Company has USD 140,180 and USD (111,588) in income tax expense/(benefits) for the three-month periods ended March 31, 2019 and 2018, respectively, consisting almost entirely of deferred taxes. There are nominal amounts of current tax given the current tax exemption. The difference between income tax as computed applying the current tax rate to pre-tax income presented in the financial statements and that recorded in the financial statements relates primarily to deferred taxes on property and equipment depreciation and derivative valuations. The Company has approximately USD 2,971,063 and USD 2,473,443 in long-term deferred tax assets net of valuation allowance as of March 31, 2019 and December 31, 2018. These deferred tax assets are comprised principally by the tax effect of difference between the carrying value of property and equipment for tax purposes and the loan receivable for accounting purposes. The Company applies ASC 606 for financial statement purposes, but the long-term assets underlying the concession agreement are accounted for as property and equipment for tax purposes, and depreciated for tax purposes using tax lives. The Company also has certain amounts of deferred tax assets related to the tax effect of derivatives, both amounts realized prior to COD and subsequent changes in fair value of derivatives since that date. Deferred tax assets are tax effected using the income tax rates expected to be in effect when the deferred items ultimately reverse.

Management has recorded a valuation allowance of USD 736,661 (December 31, 2018: USD 738,394) on the deferred tax assets which will not be likely recoverable for certain years of concession agreement terms.

#### 19.2 Deferred tax

The following are the deferred tax assets recognised by the Company, and the movements thereon, during the current and previous periods.

	Interim balance sheets (unaudited)		Interim statements of operations (unaudited)		Interim statements of comprehensive income (unaudited)	
	March 31, 2019 USD	December 31, 2018 USD	For the three- month period ended March 31, 2019 USD	For the three- month period ended March 31, 2018 USD	For the three- month period ended March 31, 2019 USD	For the three- month period ended March 31, 2018 USD
<b>Deferred tax assets (net of valuation allowance)</b>						
Long-term assets	1,775,189	1,907,727	(132,538)	119,230	-	-
Derivatives	1,195,874	565,716	-	-	630,158	(197,633)
<b>Net deferred tax assets</b>	<b>2,971,063</b>	<b>2,473,443</b>				
<b>Net deferred tax expenses/(benefits) charged to Interim statements of operations (unaudited)</b>			<b>132,538</b>	<b>(119,230)</b>		
<b>Net deferred tax (benefits)/expenses charged to other comprehensive income</b>					<b>(630,158)</b>	<b>197,633</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 20. TRANSACTIONS WITH RELATED PARTIES

Related party transactions include all transactions undertaken with other companies to which the Company is related, either through the investor/investee relationship, or because they share a common investor and thus are considered to be a part of the same corporate group.

Below is the list of related parties whose transactions with the Company are significant during the period:

<i>No.</i>	<i>Name of related party</i>	<i>Relationship</i>
1	AES Mong Duong Holdings B.V.	Investor
2	Stable Investment Corporation	Investor
3	PSC Energy Global Co., Ltd.	Investor
4	The AES Corporation	Ultimate investor company
5	AES Engineering, LLC	Affiliate
6	POSCO Energy Co., Ltd	Affiliate
7	Chengdong Investment Corporation	Affiliate

Significant transactions with related companies during the period were as follows:

<i>Related party</i>	<i>Transactions</i>	<i>For the three-month period ended March 31, 2019 Unaudited USD</i>	<i>For the three-month period ended March 31, 2018 Unaudited USD</i>
AES Engineering, LLC	Management fee	694,294	681,349
POSCO Energy Co., Ltd.	Management fee	408,408	400,793
Chengdong Investment Corporation	Management fee	258,658	253,836
The AES Corporation	Expenses paid on behalf of the Company	952,495	913,251

#### *Terms and conditions of transactions with related parties*

Management fees are charged to the Company for support services provided by related parties in accordance with Technical support agreements.

Outstanding balances as of March 31, 2019 are unsecured, interest free and will be settled in cash. For the three-month period ended March 31, 2019, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (December 31, 2018: nil). This assessment is undertaken each financial period through the examination of the financial position of the related party and the market in which the related party operates.

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018

### 20. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties at the interim Balance Sheet dates were as follows:

<i>Related parties</i>	<i>Transactions</i>	<i>March 31, 2019 Unaudited USD</i>	<i>December 31, 2018 Unaudited USD</i>
<b>Prepayment and other receivables (Note 7)</b>			
Other related parties	Payment on behalf	1,022	145,390
<b>Total</b>		<b>1,022</b>	<b>145,390</b>
<b>Accrued and other liabilities (Note 11)</b>			
The AES Corporation	Payment on behalf	649,539	-
Other related parties	Payment on behalf	11,799	504
<b>Total</b>		<b>661,338</b>	<b>504</b>

Remuneration to members of the Members' Council and Management

	<i>For the three-month period ended March 31, 2019 Unaudited USD</i>	<i>For the three-month period ended March 31, 2018 Unaudited USD</i>
Salaries and bonus	401,715	472,207
Other benefits	38,608	27,768
<b>TOTAL</b>	<b>440,323</b>	<b>499,975</b>

### 21. COMMITMENTS AND CONTINGENCIES

In accordance with Article 7.1 - Transfers of the BOT contract dated April 22, 2010, at a date agreed between the BOT Company and the Authorised State Body, as contemplated in Article 7.1(a), which shall be a date on or after the expiry of the Term of Operation but prior to the expiry of the Term of BOT, the Company shall, subject to Article 7.3 - Working Order and Overhaul, transfer to the Authorised State Body without compensation the following:

- (i) all items then listed in the Asset Register free of all encumbrances on an "as is" basis in safe working order. Such transfer shall include without limitation for the major items of plant incorporated into the Power Facility, operational spares for one year of operation (as such spares would normally be required to operate the Power Facility in accordance with Prudent Utility Practices), copies of all manufacturer's specifications, manufacturers' operation manuals, equipment history and operation diary and signed and sealed copies of all as-built drawings for the Power Facility, including the civil and architectural works;
- (ii) the Housing Facilities suitable for use subject to the normal wear and tear; and
- (iii) any guarantees or equipment warranties relating to the Power Facility which are in force.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)  
as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019  
and 2018

### 22 CONCENTRATION OF RISK

#### *Risk management objectives*

The Company is exposed to market risks associated with its business activities as well as foreign currency risk and interest rate risk. In order to manage the market risks associated with these business activities, the Company enters into contracts that incorporate derivatives and financial instruments, including swaps or combinations thereof, as appropriate. The Company applies hedge accounting for all contracts as long as they are eligible under the accounting standards for derivatives and hedging. While derivative transactions are not entered into for trading purposes, some contracts are not eligible for hedge accounting.

#### *Interest rate risk*

The Company utilize variable rate debt financing for construction projects and operations, resulting in an exposure to interest rate risk. Interest rate swap agreements are entered into to manage interest rate risk by effectively fixing or limiting the interest rate exposure on the underlying financing. These interest rate contracts range in maturity through 2026, and are typically designated as cash flow hedges. The following table sets forth, by underlying type of interest rate index, the Company's current outstanding notional under its interest rate derivative instruments, the weighted average remaining term and the percentage of variable-rate debt hedged that is based on the related index as of March 31, 2019 regardless of whether the derivative instruments are in qualifying cash flow relationships:

	March 31, 2019		
	Derivative notional	Remaining term	% of debt currently hedged by index
LIBOR (USD)	836,957,314	8 years	74.31%

#### *Foreign currency risk*

The VND is currently not a freely convertible currency. The State Bank of Vietnam controls the conversion of VND into foreign currencies. The value of USD is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the Vietnam foreign exchange trading system market. As of March 31, 2019, the Company's cash and restricted cash denominated in VND is USD 2,624,444 (December 31, 2018: USD 1,948,421).

#### *Current vulnerability due to business and economic risk*

The Company's operations may be adversely affected by significant political, economic and social uncertainties in Vietnam. Although the Vietnam government has been pursuing economic reform policies for many years, no assurance can be given that the Vietnam government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting Vietnam's political, economic and social conditions. There is also no guarantee that the Vietnamese government's pursuit of economic reforms will be consistent or effective.

## **AES-VCM Mong Duong Power Company Limited**

Audited financial statements prepared in accordance with  
accounting principles generally accepted in the United States of America

December 31, 2018 and 2017



# AES-VCM Mong Duong Power Company Limited

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Ernst & Young Vietnam Limited  
8th Floor, CornerStone Building  
16 Phan Chu Trinh Street  
Hoan Kiem District  
Hanoi, S.R. of Vietnam

Tel: +84 24 3633 5100  
Fax: +84 24 3633 5099  
ey.com

Reference: 60961678/20180898-USGAAP

## REPORT OF INDEPENDENT AUDITORS

**To: The Members' Council of AES-VCM Mong Duong Power Company Limited**

We have audited the accompanying financial statements of AES-VCM Mong Duong Power Company Limited ("the Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



Hanoi, Vietnam

March 20, 2019

Ernst & Young Vietnam Limited

# AFS- VCM Mong Duong Power Company Limited

## BALANCE SHEETS

as of December 31, 2018 and 2017

	Note	2018 USD	2017 USD
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	21,097,636	22,770,522
Short-term restricted cash	4	27,965,851	25,670,466
Accounts receivable, net	5	94,153,504	71,374,049
Short-term loan receivable	3, 6	65,688,346	-
Inventories	7	12,229,561	18,475,728
Prepayment and other receivables	8	689,142	618,547
Other current assets	10	1,372,630	1,521,098
<b>TOTAL CURRENT ASSETS</b>		<b>223,176,679</b>	<b>140,430,410</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment:	9		
Electric generation, distribution assets and others		3,265,820	2,969,937
Accumulated depreciation		(1,617,927)	(1,274,694)
<b>Property, plant and equipment, net</b>		<b>1,647,893</b>	<b>1,695,243</b>
Service concession assets, net of accumulated amortisation	3	-	1,351,090,678
<b>Service concession assets</b>		<b>-</b>	<b>1,351,090,678</b>
Other assets			
Long-term restricted cash	4	84,820,475	82,830,544
Deferred tax asset	3, 20, 3	2,473,443	28,803,691
Long-term loan receivable	3, 6	1,423,070,684	-
Other non-current assets	10	2,725,172	523,685
Other intangible assets, net of amortization		984,653	1,134,237
<b>Total other assets</b>		<b>1,514,074,427</b>	<b>111,292,157</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,515,722,320</b>	<b>1,464,078,078</b>
<b>TOTAL ASSETS</b>		<b>1,738,898,999</b>	<b>1,604,508,488</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	11	45,252,703	29,331,595
Accrued interest		11,045,415	10,329,137
Deferred income	3	1,587,282	-
Accrued and other liabilities	12	11,971,437	17,101,246
Current portion of non-current debt	13	90,852,253	83,707,962
<b>TOTAL CURRENT LIABILITIES</b>		<b>160,709,090</b>	<b>140,469,940</b>
Non-current debt	13	972,211,834	1,051,332,501
Other non-current liabilities	14	11,517,038	21,763,216
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>983,728,870</b>	<b>1,073,095,717</b>
<b>OWNERS' EQUITY</b>			
Contributed charter capital	15	462,115,585	462,115,585
Additional paid-in capital		854,074	744,268
Retained earnings/(accumulated deficit)		143,705,919	(5,062,539)
Accumulated other comprehensive losses	16	(12,214,539)	(66,854,483)
<b>TOTAL OWNERS' EQUITY</b>		<b>594,461,039</b>	<b>390,942,831</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,738,898,999</b>	<b>1,604,508,488</b>

See accompanying notes to these financial statements.

## AES-VCM Mong Duong Power Company Limited

### STATEMENTS OF OPERATIONS for the years ended December 31, 2018 and 2017

	Note	For the year ended December 31, 2018 USD	For the year ended December 31, 2017 USD
Revenue	3, 17.1	244,705,052	278,335,446
Cost of rendering of services	18	(255,505,880)	(255,929,364)
<b>Operating profit</b>		<b>(10,800,828)</b>	<b>22,406,082</b>
Finance income	3, 17.2	185,643,332	129,366,968
Finance expenses	3, 19	(84,285,027)	(87,942,697)
Other income		1,766,597	736
Other expenses		(1,545)	(1,500)
Foreign exchange gain		1,240,210	780,000
<b>Net income before tax</b>		<b>93,562,739</b>	<b>64,609,589</b>
<b>Income tax benefits/(expense)</b>	<b>3, 20</b>	<b>87,826</b>	<b>(9,313,521)</b>
<b>Net income</b>		<b>93,650,565</b>	<b>55,296,068</b>

# AES-VCM Mong Duong Power Company Limited

## STATEMENTS OF COMPREHENSIVE INCOME for the year ended December 31, 2018 and 2017

	Note	For the year ended December 31, 2018 USD	For the year ended December 31, 2017 USD
<b>Net income</b>		<b>93,650,565</b>	<b>55,296,068</b>
Change in derivative fair value		17,352,763	8,278,805
Amortisation of realised loss of interest rate swap	3	-	2,623,914
Deferred income taxes	3, 20.3	(312,875)	8,091,238
<b>Other comprehensive income</b>		<b>17,039,888</b>	<b>18,993,957</b>
<b>Comprehensive income</b>		<b>110,690,453</b>	<b>74,290,025</b>

See accompanying notes to these financial statements.



# AES-VCM Mong Duong Power Company Limited

## STATEMENTS OF CHANGES IN EQUITY for the years ended December 31, 2018 and 2017

	Contributed capital USD	Additional paid - in capital USD	(Accumulated deficit)/retained earnings USD	Accumulated other comprehensive losses USD	Total owners' equity USD
<b>Balance as of January 1, 2017</b>	<b>462,115,585</b>	<b>633,256</b>	<b>30,179,224</b>	<b>(85,848,440)</b>	<b>407,079,625</b>
Net income	-	-	55,296,068	-	55,296,068
Dividends declared	-	-	(90,537,831)	-	(90,537,831)
Change in derivative fair value	-	-	-	8,278,805	8,278,805
Amortisation of realised loss on interest rate swap	-	-	-	2,623,914	2,623,914
Deferred income taxes	-	-	-	8,091,238	8,091,238
Other	-	111,012	-	-	111,012
<b>Balance as of December 31, 2017 as previously reported</b>	<b>462,115,585</b>	<b>744,268</b>	<b>(5,062,539)</b>	<b>(66,854,483)</b>	<b>390,942,831</b>
Adoption of new accounting standard (*)	-	-	134,205,598	37,600,056	171,805,654
<b>Balance as of January 1, 2018 (adjusted)</b>	<b>462,115,585</b>	<b>744,268</b>	<b>129,143,059</b>	<b>(29,254,427)</b>	<b>562,748,485</b>
Net income	-	-	93,650,565	-	93,650,565
Dividends declared	-	-	(79,087,705)	-	(79,087,705)
Change in derivative fair value	-	-	-	17,352,763	17,352,763
Deferred income taxes	-	-	-	(312,875)	(312,875)
Other	-	109,806	-	-	109,806
<b>Balance as of December 31, 2018</b>	<b>462,115,585</b>	<b>854,074</b>	<b>143,705,919</b>	<b>(12,214,539)</b>	<b>594,461,039</b>

(\*) This is the effect upon adoption ASU 2014-09, "Revenue from Contracts with Customers", and its subsequent corresponding updates ("ASC 606") which is disclosed in Note 3.

See accompanying notes to these financial statements.

# AES-VCM Mong Duong Power Company Limited

## STATEMENTS OF CASH FLOWS for the years ended December 31, 2018 and 2017

	<i>For the year ended December 31, 2018 USD</i>	<i>For the year ended December 31, 2017 USD</i>
<b>Net income</b>	<b>93,650,565</b>	<b>55,296,068</b>
<b>Adjustment to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortisation	630,785	541,979
Service concession expense	1,605,982	-
Service concession assets amortisation	-	91,751,193
Other comprehensive income amortisation	-	2,623,914
Loss from retirement/sales of assets	1,545	1,500
Amortisation of deferred financing costs and debt discount	11,748,528	12,473,549
Ineffective portion of cash flow hedge	(616,752)	825,889
Deferred income taxes	(119,594)	9,283,476
Corporate income tax	31,768	30,045
Interest income	(122,288)	(10,498)
Foreign exchange loss	139,014	43,770
Long-term compensation	208,109	158,249
Interest expenses and other financing costs	73,148,265	74,639,252
<b>Changes in operating assets and liabilities:</b>		
Increase in account receivables	(22,779,455)	(5,830,010)
Increase in prepayment and other receivables	(846,564)	(637,583)
Decrease in loan receivable	62,263,561	-
Decrease/(increase) in inventory	6,246,167	(5,349,140)
Increase in payables and accruals	16,830,049	9,258,436
Corporate income tax paid	(19,946)	(21,983)
Cash outflows for service concession asset	(2,611,144)	(6,432,737)
Interest and other financing cost paid	(72,484,472)	(74,958,105)
<b>Net cash provided by operating activities</b>	<b>166,904,123</b>	<b>163,687,264</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(350,823)	(1,002,747)
Acquisition of other intangible assets	(133,767)	(551,630)
Interest income received	122,288	10,498
<b>Net cash used in investing activities</b>	<b>(362,302)</b>	<b>(1,543,879)</b>
<b>Cash flow from financing activities</b>		
Repayments of non-recourse project debt	(83,707,962)	(76,618,732)
Payments for deferred financing costs	(1,225,612)	-
Dividend paid	(79,087,705)	(90,537,831)
<b>Net cash used in financing activities</b>	<b>(164,021,279)</b>	<b>(167,156,563)</b>
<b>Net increase/(decrease) in cash and restricted cash</b>	<b>2,520,542</b>	<b>(5,013,178)</b>
<b>Cash and restricted cash, beginning of year</b>	<b>131,271,532</b>	<b>136,243,302</b>
<b>Impact of exchange rate fluctuation</b>	<b>91,888</b>	<b>41,408</b>
<b>Cash and restricted cash, end of year</b>	<b>133,883,962</b>	<b>131,271,532</b>

See accompanying notes to these financial statements.



# AES-VCM Mong Duong Power Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

as of and for the years ended December 31, 2018 and 2017

### 1. CORPORATE INFORMATION

AES - VCM Mong Duong Power Company Limited ("the Company") is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the Investment Certificate No. 22002200048 issued by the Ministry of Planning and Investment on April 8, 2010 and the following Amended Investment Certificates:

<u>Amended Investment Certificates No.</u>	<u>Date</u>
22002200048 – DC1	August 19, 2010
22002200048 – DC2	July 6, 2011
22002200048 – DC3	December 28, 2011

The principal activities of the Company are development, construction and operation of Mong Duong 2 Thermal Power Plant under the Build – Operate – Transfer ("BOT") model for a period of 25 years from the Commercial Operating Date ("COD"). On April 22, 2010, the BOT contract was signed between the Government of Vietnam represented by the Ministry of Industry and Trade, AES Mong Duong Holdings B.V., Vietnam National Coal-Mineral Industries Group and the Company for construction and operation of Mong Duong 2 BOT Power Project.

The Company's normal operating cycle is 12 months.

In 2015, the Company commenced operation of the power plant. In accordance with Power Operation Permit issued by the Ministry of Industry and Trade dated April 24, 2015, the COD was on April 22, 2015.

The Company's head office is located at Mong Duong Ward, Cam Pha Town, Quang Ninh Province, Vietnam and its Hanoi Representative Office is located at Room 302, Floor 3, Asia Tower, 6 Nha Tho Street, Hoan Kiem District, Hanoi.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of reporting and use of estimates*

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and are expressed in United States dollars ("USD"). The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In the future, as more information becomes known, those estimates and assumptions could change, which could impact the amounts reported and disclosed herein. Actual results could differ from those estimates.

The Company's fiscal year applicable for the preparation of its financial statements starts on January 1 and ends on December 31.

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

#### *New accounting pronouncements adopted*

*2014-09, 2015-14, 2016-06, 2016-10, 2016-12, 2016-20, Revenue from Contracts with Customers (Topic 606)*

On January 1, 2018, the Company adopted ASU 2014-09, "Revenue from Contracts with Customers," and its subsequent corresponding updates ("ASC 606"). Under this standard, an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company applied the modified retrospective method of adoption to the contracts that were not completed as of January 1, 2018. Results for reporting periods beginning January 1, 2018 are presented under ASC 606, while prior period amounts were not adjusted and continue to be reported in accordance with the previous revenue recognition standard. The effect on the financial statements upon adoption is disclosed in Note 3.

*2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*

This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted the standard on January 1, 2018 with retrospective application.

Effect on the financial statements upon adoption of this is that for the year ended December 31, 2017, cash provided by investing activities decreased by USD 8,838,306, cash provided by operating activities and cash used in financing activities were unchanged.

*2017-05, Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Topic 610-20)*

This standard clarifies the scope and application of ASC 610-20 on the sale, transfer, and derecognition of nonfinancial assets and in substance nonfinancial assets to non-customers, including partial sales. It also provides guidance on how gains and losses on transfers of nonfinancial assets and in substance nonfinancial assets to non-customers are recognized. The standard also clarifies that the derecognition of businesses is under the scope of ASC 810. The standard must be adopted concurrently with ASC 606, however an entity is not required to apply the same transition method as ASC 606. The Company adopted the standard on January 1, 2018 with modified retrospective application. There was no effect on the financial statements upon adoption of the standard.



# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

### *New accounting pronouncements adopted (continued)*

*2016-01, Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*

The standard significantly revises an entity's accounting related to (1) classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosures of financial instruments. Prospective for equity investments without readily determinable fair value. The Company adopted the standard on January 1, 2018 on a modified retrospective basis. There were no effect on the financial statements upon adoption of the standard.

### *Functional and foreign currencies*

The Company determined its functional currency to be the USD because majority of the Company's transactions are USD-linked. The Company has one power purchase agreement for the sale of electricity. Amounts invoiced under that agreement are linked to the USD. Initial project costs were incurred primarily in USD, as is the debt assumed to fund the construction of the concession assets. The Company also has approval from the Government of Vietnam to convert any funds received in local currency (Vietnamese dong) into USD and retain and or repatriate excess funds in USD.

Any transaction denominated in a foreign currency are re-measured into USD using the exchange rate quoted by financial institution. Any unrealized or realized gains or losses from transactions denominated in a currency other than the USD are included in foreign exchange (loss)/gain, net.

### *Cash*

Cash comprises cash on hand and cash in banks.

### *Restricted cash*

Restricted cash represents cash in banks which is not immediately available but designated for acquisition or construction of non-current assets, major maintenance, tax payment or are segregated for the liquidation of long-term debts.

### *Accounts receivable and allowance for doubtful accounts*

Accounts receivable are carried at amortized cost net of allowance. The Company periodically assesses the collectability of accounts receivable, considering factors such as specific evaluation of collectability, historical collection experience, the age of accounts receivable and other currently available evidence of the collectability, and records an allowance for doubtful accounts for the estimated uncollectible amount as appropriate. Individual accounts and notes receivable are written off when they are no longer deemed collectible.

### *Inventories*

Inventory primarily consists of coal, fuel and other materials used to generate power, and operational tools, consumables and parts used to maintain power generation and distribution facilities. Inventory is carried at lower of cost or net realizable value. Cost is the sum of the purchase price and expenditures incurred to bring the inventory to its existing location. Inventory is primarily valued using the first in-first out cost method for coal and the weighted average cost method for others. Generally, if it is expected fuel inventory will not be recovered through revenue earned from power generation, an impairment is recognized to reflect the fuel at market value. The carrying amount of spare parts and supplies is typically reduced only in instances where the items are considered obsolete.

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

### *Advances to contractors*

Advances to contractors represents the amount paid in advance to contractors but goods and/or services are yet to be received as at the reporting date. Advance paid to engineering, procurement and construction contractors are classified as non-current assets as they are designated for acquisition or construction of non-current assets.

### *Loan receivable*

A loan receivable was recognized for the future expected payments for the construction performance obligation under the BOT contract. As the payments for the construction performance obligation occur over a 25-year term, a significant financing element was determined to exist which is accounted for under the effective interest rate method.

### *Deferred financing costs*

Costs incurred in connection with the issuance of long-term debt are deferred and presented as a direct reduction from the face amount of that debt and amortized over the related financing period using the effective interest method as part of interest expenses recognized in the statement of operations.

### *Debt discount*

Debt discount represents fees paid to the lender or deducted by the lenders from loan proceeds which will form part of the difference between net proceeds and the amount repayable at the maturity. Such difference shall be recorded as deduction from the face amount of the note. The debt discount will be amortized over the life of the debt using the effective interest rate method thereafter.

### *Property, plant and equipment*

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is charged so as to write off the cost of property, plant and equipment and other tangible assets, using the straight-line method over their estimated useful lives, as follows:

Office equipment and others	3 - 5 years
Tool and equipment	3 - 10 years
Vehicles	6 - 15 years

### *Other intangible assets*

Other intangible assets are stated at cost, net of accumulated amortisation. Amortisation is charged so as to write off the cost of other intangible assets, using the straight-line method over their estimated useful lives, as follows:

Computer software	3 - 7 years
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### *Service concession assets*

The Company operates Mong Duong II power project which is a 1,240 MW plant under a build, operate and transfer ("BOT") agreement with the Ministry of Industry & Trade ("MOIT") (an authorized state body). Under the BOT contract, the power plant, housing colony and all related assets of the Company will be transferred to Ministry of Industry and Trade ("MOIT") 25 years from the COD of the power plant. Upon commercial operations, Vietnam Electricity has exclusive rights on the facility's entire capacity and energy. Vietnam National Coal and Mineral Industrial Holding Co., Ltd., a stated-owned entity, is the project's coal supplier under a 25-year coal supply agreement.



# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

### *Service concession assets (continued)*

The Company's power plant meets the criteria of a service concession arrangement in accordance with ASC 853. The service concession arrangement has two elements – the construction or “build” of the power plant and the “operate” of the power plant following its construction. The build element has an embedded financing element. Each element is accounted for separately following the guidance in ASC 605.

ASC 605 indicates that amounts incurred but not yet billed to the customer should be recognized as an asset on the balance sheet, commonly referred to as “costs incurred in excess of billings” as long as it is determined that such amounts are recoverable under the terms of the contract. The amounts are then recognized as costs of sales as revenue on the build element is recognized. As such, the Company capital expenditures subject to the service concession arrangement were recognized on the balance sheet as long-term service concession assets upon the adoption of ASC 853.

Service concession assets are stated at cost, net of accumulated amortization, in accordance with ASC 853. Service concession assets represent the cost of all infrastructure to be transferred to the public-sector entity grantors at the end of the concession. These costs primarily represent construction progress payments, engineering costs, insurance costs, salaries, interest and other costs directly relating to construction of the service concession infrastructure. Government subsidies, liquidated damages recovered for construction delays and income tax credits are recorded as a reduction to Service concession assets. Service concession assets are amortized and recognized in earnings as a cost of goods sold as infrastructure construction revenue is recognized.

Subsequent to the power plant placed in service date, all maintenance and repair (including major maintenance) costs will be expensed as incurred.

On January 1, 2018, the Company adopted ASU 2014-09, “Revenue from Contracts with Customers”, and its subsequent corresponding updates (“ASC 606”). As construction of the plant was substantially completed in 2015, revenues and costs associated with the construction were recognized through retained earnings, and the service concession asset was derecognized. The Company adopted a modified retrospective approach towards the adoption of ASC 606 and its effect on the financial statements upon adoption is disclosed in Note 3.

### *Impairment of property, plant and equipment and service concession assets*

Property, plant and equipment and service concession assets used in operations are assessed for impairment whenever changes in facts and circumstances indicate that the carrying amount of an asset may not be recoverable. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value through additional amortization or depreciation provisions and reported as impairments in the periods in which the determination of the impairment is made. Individual assets are grouped for impairment purposes at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. No impairment has been recognized during the years ended December 31, 2018 and 2017.

### *Payables and accruals*

Accounts payable consists of amounts due to trade creditors related to the Company's core business operations. The payables include amounts owed to contractors for completed construction works. Other accrued liabilities include items such as income taxes, regulatory liabilities, legal contingencies and employee related costs including payroll, benefits and related taxes.

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2016 and 2017

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

#### *Share-based compensation*

The Company grants share-based compensation in the form of stock options and restricted stock units. The Company accounts for stock-based compensation plans under the accounting guidance on stock-based compensation (ASC 718), which requires entities to recognize compensation costs relating to share-based payments in their financial statements. That cost is measured on the grant date based on the fair value of the equity or liability instrument issued and is expensed on a straight-line basis over the requisite service period, net of estimated forfeitures.

#### *Derivative and hedging activities*

Derivatives primarily consist of interest rate swaps. The Company enters into derivative transactions in order to hedge its exposure to certain market risks. The Company primarily uses derivative instruments to manage its interest rate exposures.

Under the accounting standards for derivatives and hedging, the Company recognizes all contracts that meet the definition of a derivative, except those designated as normal purchase or normal sale at inception, as either assets or liabilities in the balance sheets and measures those instruments at fair value.

Power Purchase Agreement ("PPA") and Fuel Supply Agreements are evaluated to assess if they contain either a derivative or an embedded derivative requiring separate valuation and accounting. Generally, these agreements do not meet the definition of a derivative, often due to the inability to be net settled. On a quarterly basis, we evaluate the markets for commodities to be delivered under these agreements to determine if facts and circumstances have changed such that the agreements could be net settled and meet the definition of a derivative.

The Company typically designates its derivative instruments as cash flow hedges if they meet the criteria specified in ASC 815, Derivatives and Hedging. The Company enters into interest rate swap agreements in order to hedge the variability of expected future cash interest payments. The Company does not use derivative instruments for speculative purposes.

For the Company's hedges, changes in fair value that are considered highly effective are deferred in Accumulated other comprehensive loss and are recognized into earnings as the hedged transactions affect earnings. Any ineffectiveness is recognized in earnings immediately. If a derivative is no longer highly effective, hedge accounting will be discontinued prospectively. For cash flow hedges of forecasted transactions, the Company estimates the future cash flows of the forecasted transactions and evaluates the probability of the occurrence and timing of such transactions.

Changes in the fair value of derivatives not designated and qualifying as cash flow hedges are immediately recognized in earnings. Regardless of when gains or losses on derivatives are recognized in earnings, they are generally classified as interest expense for interest rate and cross-currency derivatives, foreign currency transaction gains or losses for foreign currency derivatives, and non-regulated revenue or non-regulated cost of sales for commodity and other derivatives. Cash flows arising from derivatives are included in the statements of cash flows as an operating activity given the nature of the underlying risk being economically hedged and the lack of significant financing elements, except that cash flows on designated and qualifying hedges of variable-rate interest during construction are classified as an investing activity. The Company has elected not to offset net derivative positions in the financial statements.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

#### *Revenue from contract with customer*

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company operates Mong Duong II power project which is a 1,240 MW plant under BOT agreement with the MOIT for 25 years from the COD of the power plant. The Company determines that there are two performance obligations under the BOT agreement (i.e. construction and operation of the power plant). Revenue recognised for corresponding performance obligations are as follows:

#### *Construction revenue*

Under the previous revenue recognition standard ASC 605 used through January 1, 2018, construction costs were deferred to a service concession asset, which was expensed in proportion to revenue recognized for the construction element over the term of the PPA. Under ASC 606, revenues and costs associated with the construction are recognized as construction activities occurred.

#### *Electricity generation, operation and maintenance revenue*

Electricity generation, operation and maintenance revenue is recognised overtime and measured based on the capacity made available to customer.

#### *Finance revenue*

Finance revenue is recognised for significant financing element of the future expected payments for the construction performance obligation under the BOT contract and is accounted for under the effective interest rate method.

#### *Income taxes*

The Company's income tax provision requires significant judgment and is based on calculations and assumptions that are subject to examination by the tax authority. The Company is under examination by relevant taxing authorities for various tax years. The Company regularly assesses the potential outcome of this examination when determining the adequacy of the provision for income tax. Accounting guidance for uncertainty in income taxes prescribes a more likely than not recognition threshold. Tax reserves have been established, which the Company believes to be adequate in relation to the potential for additional assessments. Once established, reserves are adjusted only when there is more information available or when an event occurs necessitating a change to the reserves. While the Company believes that the amounts of the tax estimates are reasonable, it is possible that the ultimate outcome of current or future examinations may be materially different than the reserve amounts.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities, and their respective income tax bases. The Company establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company's tax positions are evaluated under a more likely than not recognition threshold and measurement analysis before they are recognized for financial statement reporting.

Uncertain tax positions have been classified as noncurrent income tax liabilities unless expected to be paid within one year. The Company's policy for interest and penalties related to income tax exposures is to recognize interest and penalties as a component of the provision for income taxes in the statements of operations.

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

### *Use of estimates*

US GAAP requires the Company to make estimates and assumptions that affect the asset and liability balances reported as of the date of the financial statements, as well as the revenues and expenses recognized during the reporting period. Actual results could differ from those estimates. Items subject to such estimates and assumptions include: the carrying amount and estimated useful lives of long-lived assets; valuation allowances for receivables and deferred tax assets; and the fair value of financial instruments.

### *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly, hypothetical transaction between market participants at the measurement date, or exit price. The Company applies the fair value measurement accounting guidance to financial assets and liabilities in determining the fair value of investments in marketable debt and equity securities, included in the balance sheet line items; derivative liabilities, included in accrued and other liabilities (current) and other long-term liabilities. The Company applies the fair value measurement guidance to nonfinancial assets and liabilities upon the acquisition of a business or in conjunction with the measurement of an asset retirement obligation or a potential impairment loss on an asset group or goodwill.

When determining the fair value measurements for assets and liabilities required to be reflected at their fair values, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the assets or liabilities, such as inherent risk, transfer restrictions and risk of non-performance. The Company is prohibited from including transaction costs and any adjustments for blockage factors in determining fair value.

In determining fair value measurements, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. Assets and liabilities are categorized within a fair value hierarchy based upon the lowest level of input that is significant to the fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities.

### *Subsequent events*

We have evaluated subsequent event transactions for the potential recognition or disclosure in the financial statements through March 20, 2019, the day the financial statements were available to be issued.



# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

### *Accounting pronouncements issued but not yet effective*

The following accounting standards have been issued, but are not yet effective for, and have not been adopted in these financial statements by the Company.

*2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40); Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*

This standard aligns the accounting for implementation costs incurred for a cloud computing arrangement that is a service with the requirement for capitalizing implementation costs associated with developing or obtaining internal-use software.

The standard is effective for annual periods beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.

*2018-02, Income Statement - Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*

This amendment allows a reclassification of the stranded tax effects resulting from the implementation of the Tax Cuts and Jobs Act from Accumulated Other Comprehensive Income to retained earnings. Because this amendment only relates to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected.

The standard is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.

*2017-12, Derivatives Hedging (Topic 815): Targeted improvements Accounting for Activities*

The standard updates the hedge accounting model to expand the ability to hedge nonfinancial and financial risk components, reduce complexity, and ease certain documentation and assessment requirements. When facts and circumstances are the same as at the previous quantitative test, a subsequent quantitative effectiveness test is not required. The standard also eliminates the requirement to separately measure and report hedge ineffectiveness. For cash flow hedges, this means that the entire change in the fair value of a hedging instrument will be recorded in other comprehensive income and amounts deferred will be reclassified to earnings in the same statement of operation line as the hedged item. Transition method: modified retrospective with the cumulative effect adjustment recorded to the opening balance of retained earnings as of the initial application date. Prospective for presentation and disclosures.

The standard is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.

*2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): Accounting for Certain Financial Instruments and Certain Mandatorily Redeemable Noncontrolling Interests*

Part 1 of this standard changes the classification of certain equity-linked financial instruments when assessing whether the instrument is indexed to an entity's own stock. Transition method: retrospective.

The standard is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

### *Accounting pronouncements issued but not yet effective (continued)*

#### *2017-08, Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*

This standard shortens the period of amortization for the premium on certain callable debt securities to the earliest call date. Transition method: modified retrospective.

The standard is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.

#### *2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*

The standard updates the impairment model for financial assets measured at amortized cost to an expected loss model rather than an incurred loss model. It also allows for the presentation of credit losses on available-for-sale debt securities as an allowance rather than a write down.

The standard is effective for annual periods beginning after December 15, 2019. Early adoption is permitted only as of January 1, 2019. The Company is currently evaluating the impact of adopting the standard, but does not anticipate a material impact on its financial statements.

#### *2016-02, Leases (Topic 842)*

ASU 2016-02 and its subsequent corresponding updates require lessees to recognize assets and liabilities for most leases, and recognize expenses in a manner similar to the current accounting method. For lessors, the guidance modifies the lease classification criteria and the accounting for sales-type and direct financing leases. The guidance also eliminates current real estate-specific provisions.

The standard must be adopted using a modified retrospective approach. The FASB has provided an optional transition method, which the Company has elected, that allows entities to continue to apply the guidance in ASC 840 Leases to the comparative periods presented in the year of adoption. Under this transition method, the Company will apply the transition provisions starting on January 1, 2019.

The Company has elected to apply a package of practical expedients that allow lessees and lessors not to reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases, and (3) whether initial direct costs for any expired or existing leases qualify for capitalization under ASC 842. These three practical expedients must be elected as a package and must be consistently applied to all leases.

The Company established a task force focused on the identification of contracts that are under the scope of the new standard and the assessment and measurement of their corresponding right-of-use assets and related liabilities. Additionally, the implementation team has been working on the configuration of a lease accounting tool that will support the implementation and the subsequent accounting. The implementation team has also evaluated changes to our business processes, systems and controls to support recognition and disclosure under the new standard.



# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

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

### *Accounting pronouncements issued but not yet effective (continued)*

The Company has preliminarily concluded that it will use the package of practical expedients at transition. The main impact expected as of the effective date is the recognition of right-of-use assets and related liabilities for all contracts that contain a lease and for which the Company is the lessee. However, the statement of operations presentation and the expense recognition pattern are not expected to change.

Under ASC 842, it is expected that fewer contracts will contain a lease. However, due to the elimination of the real estate-specific guidance and changes to certain lessor classification criteria, more leases will qualify as sales-type leases and direct financing leases. Under these two models, a lessor will derecognize the asset and will recognize a lease receivable. According to ASC 842, the lease receivable includes the fair value of the plant after the contract period but does not include any variable payments such as margin on the sale of energy. Therefore, the lease receivable could be significantly different than the carrying amount of the underlying asset at lease commencement. In such circumstances, the difference between the initially recognized lease receivable and the carrying amount of the underlying asset is recognized as a gain/loss at lease commencement.

The primary expected impact as of the effective date is the recognition of approximately \$400 thousand of lease liabilities and the corresponding right of use assets for all contracts that contain an operating lease and for which the Company is the lessee. In addition, the Company expects to reclassify account balances to different line items on the Balance Sheet upon the adoption to reflect the new presentation requirements. Statement of Operations presentation and the expense recognition pattern are not expected to change for lessees.

## 3. EFFECT ON THE FINANCIAL STATEMENTS UPON ADOPTION OF ASC 606

On January 1, 2018, the Company adopted ASU 2014-09, "Revenue from Contracts with Customers", and its subsequent corresponding updates ("ASC 606"). Under this standard, an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company applied the modified retrospective method of adoption to the contracts that were not completed as of January 1, 2018. Results for reporting periods beginning January 1, 2018 are presented under ASC 606, while prior period amounts were not adjusted and continue to be reported in accordance with the previous revenue recognition standard ASC 605. For contracts that were modified before January 1, 2018, the Company reflected the aggregate effect of all modifications when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price.

# AFS-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

## 3. EFFECT ON THE FINANCIAL STATEMENTS UPON ADOPTION OF ASC 606 (continued)

The cumulative effect to the Company's January 1, 2018 balance sheet resulting from the adoption of ASC 606 was as follows:

Balance sheet	Balance at December 31, 2017 USD	Adjustments due to ASC 606 USD	Balance at January 1, 2018 USD
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Short-term loan receivable	-	60,940,856	60,940,856
<b>TOTAL CURRENT ASSETS</b>	<b>140,430,410</b>	<b>60,940,856</b>	<b>201,371,266</b>
<b>NON-CURRENT ASSETS</b>			
Service concession assets, net of accumulated amortisation	1,351,090,678	(1,351,090,678)	-
Deferred tax asset	26,803,691	(24,136,967)	2,666,724
Long-term loan receivable	-	1,490,061,735	1,490,061,735
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,464,078,078</b>	<b>114,834,090</b>	<b>1,578,912,168</b>
<b>TOTAL ASSETS</b>	<b>1,604,508,488</b>	<b>175,774,946</b>	<b>1,780,283,434</b>
<b>CURRENT LIABILITIES</b>			
Deferred income	-	3,969,292	3,969,292
<b>TOTAL CURRENT LIABILITIES</b>	<b>140,469,940</b>	<b>3,969,292</b>	<b>144,439,232</b>
<b>OWNERS' EQUITY</b> (Accumulated deficit)/			
Retained earnings	(5,062,539)	134,205,598	129,143,059
Accumulated other comprehensive loss	(66,854,483)	37,600,056	(29,254,427)
<b>TOTAL OWNERS' EQUITY</b>	<b>390,942,831</b>	<b>171,805,654</b>	<b>562,748,485</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>1,604,508,488</b>	<b>175,774,946</b>	<b>1,780,283,434</b>

The Company's power plant is operated under a build, operate, and transfer contract and will be transferred to the Vietnamese Government after the completion of a 25-year PPA. As mentioned in Note 2, under the previous revenue recognition standard, construction costs were deferred to a service concession asset, which was expensed in proportion to revenue recognized for the construction element over the term of the PPA. Under ASC 606, construction revenue and associated costs are recognized as construction activity occurs. As construction of the plant was substantially completed in 2015, revenues and costs associated with the construction were recognized through retained earnings, and the service concession asset was derecognized. A loan receivable was recognized for the future expected payments for the construction performance obligation. As the payments for the construction performance obligation occur over a 25-year term, a significant financing element was determined to exist which is accounted for under the effective interest rate method. The other performance obligation to operate and maintain the facility is measured based on the capacity made available. Deferred revenue was recognized for the unearned portion related to minor incomplete work at the commercial operation date.



# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

## 3. EFFECT ON THE FINANCIAL STATEMENTS UPON ADOPTION OF ASC 606 (continued)

The impact to the balance sheet as of December 31, 2018 resulting from the adoption of ASC 606 as compared to the previous revenue recognition standard was as follows:

Balance sheet	December 31, 2018		
	As reported USD	Balances without adoption of ASC 606 USD	Adoption impact USD
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Short-term loan receivable	65,668,346	-	65,668,346
<b>TOTAL CURRENT ASSETS</b>	<b>223,176,679</b>	<b>157,508,333</b>	<b>65,668,346</b>
<b>NON-CURRENT ASSETS</b>			
Service concession assets, net of accumulated amortisation	-	1,254,957,486	(1,254,957,486)
Deferred tax asset	2,473,443	27,232,480	(24,759,037)
Long-term loan receivable	1,423,070,684	-	1,423,070,684
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,515,722,320</b>	<b>1,372,368,159</b>	<b>143,354,161</b>
<b>TOTAL ASSETS</b>	<b>1,738,898,999</b>	<b>1,529,876,492</b>	<b>209,022,507</b>
<b>CURRENT LIABILITIES</b>			
Deferred income	1,587,282	-	1,587,282
<b>TOTAL CURRENT LIABILITIES</b>	<b>160,709,090</b>	<b>159,121,808</b>	<b>1,587,282</b>
<b>OWNERS' EQUITY</b>			
Retained earnings/ (Accumulated deficit)	143,705,919	(29,775,739)	173,481,658
Accumulated other comprehensive loss	(12,214,539)	(46,168,106)	33,953,567
<b>TOTAL OWNERS' EQUITY</b>	<b>594,461,039</b>	<b>387,025,814</b>	<b>207,435,225</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>1,738,898,999</b>	<b>1,529,876,492</b>	<b>209,022,507</b>

The impact to the statement of operations for the year ended December 31, 2018 resulting from the adoption of ASC 606 as compared to the previous revenue recognition standard was as follows:

Statement of operations	Year ended December 31, 2018		
	As reported USD	Amounts without adoption of ASC 606 USD	Adoption impact USD
Revenue	244,705,052	362,557,794	(117,852,742)
Cost of revenue	(255,505,880)	(352,642,872)	97,136,992
Finance income	185,643,332	127,672,142	57,971,190
Other income	1,766,597	4,704	1,761,893
Income tax benefit/(expense)	87,826	(170,902)	258,728
Net income	93,650,566	54,374,505	39,276,061

# AFS-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

## 4. CASH AND RESTRICTED CASH

<i>December 31,</i>	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Cash in bank - Long-term restricted cash (*)	84,820,475	82,830,544
Cash in bank - Short-term restricted cash (*)	27,965,851	25,670,466
Cash in bank - Non restricted cash	21,094,671	22,768,971
Cash on hand	2,965	1,551
<b>TOTAL</b>	<b>133,883,962</b>	<b>131,271,532</b>

(\*) Restricted cash represents cash in the Hong Kong and Shanghai Banking Corporation in Hong Kong and in Vietnam which are designated as disbursement accounts for the construction of Mong Duong 2 Thermal Power Plant, debt service reserve accounts, major maintenance accounts and tax payment accounts.

## 5. ACCOUNTS RECEIVABLE, NET

Trade receivables represented the receivables from Electric Power Trading Company:

<i>December 31,</i>	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Trade receivable from Electric Power Trading Company	94,153,504	71,374,049
<b>TOTAL</b>	<b>94,153,504</b>	<b>71,374,049</b>

## 6. LOAN RECEIVABLE

A loan receivable from Electric Power Trading Company was recognized for the future expected payments for the construction performance obligation under the adoption of ASC 606:

<i>December 31,</i>	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Short-term loan receivable	65,668,346	-
Long-term loan receivable	1,423,070,684	-
<b>TOTAL</b>	<b>1,488,739,030</b>	<b>-</b>

## 7. INVENTORIES

<i>December 31,</i>	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Coal	9,133,189	15,675,386
Tools, consumables and parts	2,210,947	2,067,800
Good in transit	85,426	194,924
Other inventories (diesel, mazut, ammonia, limestone)	799,999	537,618
<b>TOTAL</b>	<b>12,229,561</b>	<b>18,475,728</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

### 8. PREPAYMENT AND OTHER RECEIVABLES

<i>December 31,</i>	<i>2018 USD</i>	<i>2017 USD</i>
Advances to purchase tools, spares and others	333,284	382,524
Prepaid expenses (subscription fee, lease, etc.)	210,468	226,676
Receivables from related parties (Note 21)	145,390	9,347
<b>TOTAL</b>	<b>689,142</b>	<b>618,547</b>

### 9. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consist of the following:

<i>December 31,</i>	<i>2018 USD</i>	<i>2017 USD</i>
Office equipment and others	1,328,548	1,292,324
Vehicles	632,974	508,580
Tools and equipment	1,304,298	1,169,033
	<b>3,265,820</b>	<b>2,969,937</b>
<b>Less:</b>		
Accumulated depreciation	(1,617,927)	(1,274,694)
<b>TOTAL</b>	<b>1,647,893</b>	<b>1,695,243</b>

### 10. OTHER ASSETS

<i>December 31,</i>	<i>2018 USD</i>	<i>2017 USD</i>
<b>Other current assets</b>		
Tax to be claimed	1,345,860	884,067
Others	26,779	637,031
<b>TOTAL</b>	<b>1,372,639</b>	<b>1,521,098</b>
<b>Other non-current assets</b>		
Deferred financing costs, net of accumulated amortisation	2,239,146	14,355
Others	486,026	509,330
<b>TOTAL</b>	<b>2,725,172</b>	<b>523,685</b>

### 11. ACCOUNTS PAYABLE

<i>December 31,</i>	<i>2018 USD</i>	<i>2017 USD</i>
Vietnam National Coal and Mineral Industrial Holding Co., Ltd.	43,530,432	27,737,968
Others	1,722,271	1,593,627
<b>TOTAL</b>	<b>45,252,703</b>	<b>29,331,595</b>

# AFS-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

## 12. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consist of the following:

December 31,	2018 USD	2017 USD
Warranty fund prepaid by EPC contractors	2,554,853	-
Short-term fair value hedges – interest rate swap (Note 16)	1,770,500	9,481,477
Accrued consulting fees and contracted services	1,485,791	559,884
Accrued bonus, salaries and wages	1,281,430	1,187,457
Accrued tax and tax payables (*)	1,247,037	1,341,169
Accrued for spares and consumables	954,311	1,895,545
Accrued loan fee and bank fee charges	814,097	858,789
Payables to related parties (Note 21)	504	173,093
Others	1,862,914	1,603,832
<b>TOTAL</b>	<b>11,971,437</b>	<b>17,101,246</b>

(\*) The Company's tax declarations are subject to examination by the tax authorities. Because the application of tax laws and regulations 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.

## 13. DEBT

December 31,	2018 USD	2017 USD
Loans from banks (*)	1,126,320,153	1,210,028,115
Debt discount, net	(4,508,287)	(5,344,403)
Deferred financing costs, net	(58,747,779)	(69,643,249)
<b>NET</b>	<b>1,063,064,087</b>	<b>1,135,040,463</b>
<i>In which:</i>		
- Current portion	90,852,253	83,707,962
- Non-current portion	972,211,834	1,051,332,501

(\*) On July 8, 2011, the Company entered into three USD loan agreements with a total principal amount of USD 1,461,285,000 to finance the construction of the Mong Duong 2 Thermal Power Plant. These loan agreements were signed with lenders and BNP Paribas, Seoul Branch serving as the agent.



# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

## 13. DEBT (continued)

Movements of the loans during the year are as follows:

<i>Lender</i>	<i>Balance as at December 31, 2017 USD</i>	<i>Extension in the year USD</i>	<i>Repayment in the year USD</i>	<i>Balance as at December 31, 2018 USD</i>
KEXIM Direct Facility	283,195,691	-	(19,591,061)	263,604,630
KEXIM Covered Facility	231,856,121	-	(16,039,465)	215,816,656
K-SURE Covered Facility	694,976,303	-	(48,077,436)	646,898,867
<b>TOTAL</b>	<b>1,210,028,115</b>	<b>-</b>	<b>(83,707,962)</b>	<b>1,126,320,153</b>

Principal repayments as at December 31, 2018, which reflect the repayment schedules in the loan agreements are as follows:

<i>Year ending</i>	<i>USD</i>
December 31, 2019	90,852,253
December 31, 2020	91,141,328
December 31, 2021	96,496,105
December 31, 2022	110,784,686
December 31, 2023	111,307,775
December 31, 2024 and thereafter	625,738,006
<b>TOTAL</b>	<b>1,126,320,153</b>

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

## 13. DEBT (continued)

The basic terms of the loan facility agreements are set out below:

Facility	Loan interest	Loan duration	Repayment schedule	December 31, 2018 (USD)	December 31, 2017 (USD)
KEXIM Direct Facility Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin; and ii. LIBOR for the relevant Interest Period	Duration: 18 years from the date of the Agreement (July 8, 2011)	- Principal: The loan will be repayable in 23 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the KEXIM Direct Facility Agreement which is July 8, 2011 - Interest to be paid on a 6 month period based on "Calculation of interest" sent by the lender.	263,604,630	283,195,691
KEXIM Covered Facility (*) Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin; and ii. LIBOR for the relevant Interest Period	Duration: 18 years from the date of the Agreement (July 8, 2011)	- Principal: The loan will be repayable in 28 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the KEXIM Covered Facility Agreement which is July 8, 2011. - Interest to be paid on a 6 month period based on "Calculation of interest" sent by the lender.	215,818,655	231,855,121



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

### 13. DEBT (continued)

The basic terms of the loan facility agreements are set out below: (continued)

Facility	Loan Interest	Loan duration	Repayment schedule	December 31, 2018 (USD)	December 31, 2017 (USD)
K-SURE Covered Facility Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin; and ii. LIBOR for the relevant Interest Period	Duration: 18 years from the date of the Loan Agreement (July 8, 2011)	- Principal: The loan will be repayable in 28 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the K-SURE Covered Facility Agreement which is July 8, 2011.  - Interest: to be paid on a 6 month period based on "Calculation of interest" sent by the lender.	646,898,867	694,976,303
<b>TOTAL</b>				<b>1,126,320,153</b>	<b>1,210,028,115</b>

(\*) The aggregate principal amount of K-SURE Covered Facility is guaranteed for payment by K-SURE in accordance with K-sure Insurance Policy. The aggregate principal amount of KEXIM Covered Facility is guaranteed for payment by The Export – Import Bank of Korea (KEXIM) in accordance with the Guarantee Agreement. No guarantee was provided for KEXIM Direct Facility.

The above loans are secured by security interests in all of the Company's capital and pledges of the equity interest of the Company's investors, AES Mong Duong Holdings B.V. and PSC Energy Global Co. Ltd., as well as liens on, and security interests in, substantially all of the Company's assets (including the Power Facility), the Company's rights under the Project Agreements, all of the Company's revenues, certain of the Company's bank accounts, both onshore and offshore, and all of the Company's or the insurers' insurance and reinsurance proceeds, as applicable.

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

## 14. OTHER NON-CURRENT LIABILITIES

<i>December 31,</i>	<i>2018 USD</i>	<i>2017 USD</i>
Long-term fair value hedges – interest rate swap (Note 16)	11,218,891	21,477,430
Long-term compensation	111,005	118,081
Severance allowances	81,067	69,275
Tax liabilities reserves	106,073	98,430
<b>TOTAL</b>	<b>11,517,036</b>	<b>21,763,216</b>

## 15. CONTRIBUTED CHARTER CAPITAL

As a limited liability enterprise established under the Law on Enterprise of Vietnam, the Company does not issue shares. Equity ownership is allocated to the three members of the Company in accordance with the amounts approved in the Company's Investment Certificate, which are based on the agreed values of the capital contributions made by the three members. Capital contributions are as follows:

	<i>Approved charter capital USD</i>	<i>%</i>	<i>Actual contribution USD</i>
AES Mong Duong Holdings B.V.	273,870,000	51	235,679,117
PSC Energy Global Co. Ltd.	161,100,000	30	138,634,572
Stable Investment Corporation	102,030,000	19	87,801,896
<b>TOTAL</b>	<b>537,000,000</b>	<b>100</b>	<b>462,115,585</b>

## 16. ACCUMULATED OTHER COMPREHENSIVE LOSSES

<i>December 31,</i>	<i>2018 USD</i>	<i>2017 USD</i>
Realised loss of interest rate swap (*)	-	38,942,736
Loss in fair value of interest rate swap (**)	12,780,255	30,133,018
Deferred tax gain on OCI	(565,716)	(2,221,271)
<b>TOTAL</b>	<b>12,214,539</b>	<b>66,854,483</b>

As at December 31, 2018, the Company had interest rate swap agreements in place with a total notional amount of USD 836,957,314 (December 31, 2017: USD 899,154,507) whereby the Company receives a variable rate equal to LIBOR + margin (Note 13) and pays a fixed rate of interest of 3.08% on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its floating secured loans.

(\*) Realized loss of interest rate swap adjusted to retained earnings due to the adoption of ASC 606.

(\*\*) Loss in fair value of interest rate swap for effective portion of USD 12,780,255 and ineffectiveness portion of USD 209,136 as of December 31, 2018 (Level 2 in fair value hierarchy) is classified as non-current liabilities of USD 11,218,891 (Note 14) and current liabilities of USD 1,770,500 (Note 12).

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

## 17. REVENUE

### 17.1 Revenue from rendering of services

For the year ended December 31,	2018 USD	2017 USD
<b>Gross revenue</b>	<b>244,987,913</b>	<b>278,604,464</b>
In which:		
Electricity generation, operation and maintenance revenue	242,605,904	185,380,200
Build revenue	2,382,009	93,224,264
<b>Deductions: Liquidated damages</b>	<b>(282,861)</b>	<b>(269,018)</b>
<b>TOTAL</b>	<b>244,705,052</b>	<b>278,335,446</b>

### 17.2 Finance income

For the year ended December 31,	2018 USD	2017 USD
Finance revenue	185,499,181	129,342,259
Interest income	122,288	10,498
Others	21,863	14,211
<b>TOTAL</b>	<b>185,643,332</b>	<b>129,366,968</b>

## 18. COST OF RENDERING OF SERVICES

For the year ended December 31,	2018 USD	2017 USD
Fuel and fuel related costs	202,123,990	118,133,278
Salaries, wages and benefits	11,532,014	12,598,601
Management fees	5,343,912	5,234,422
Chemicals	3,574,272	1,857,801
Service concession expense	1,805,982	91,751,193
Electricity purchased for production	1,811,375	2,708,818
Bank fees	930,567	1,121,555
Others	28,583,768	22,523,696
<b>TOTAL</b>	<b>255,505,880</b>	<b>255,929,364</b>

## 19. FINANCE EXPENSES

For the year ended December 31,	2018 USD	2017 USD
Loan interest and swap interest	68,811,458	70,008,584
Amortisation of deferred financing cost and debt discount	11,748,528	12,473,549
Guarantee fees	4,336,807	4,630,668
Ineffective portion of cash flow hedge	(616,752)	825,889
Others	4,986	4,007
<b>TOTAL</b>	<b>84,285,027</b>	<b>87,942,697</b>



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

### 20. CORPORATE INCOME TAX

In accordance with Amended Law on Corporate Income Tax ("CIT") dated June 15, 2013, the standard CIT rate is 20% from January 1, 2015 onward.

The Company enjoys different CIT rates for different activities.

#### *Tax rate applicable for taxable profit from production and sale of electricity:*

The Company is entitled to an exemption from CIT for 4 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable CIT tax rate for the following 9 years. The applicable tax rate after the tax exemption and reduced tax rate period is 10%. The Company is under CIT exemption in the current year.

In accordance with Circular No. 78/2014/TT-BTC issued by the Ministry of Finance on June 18, 2014, the Company is allowed to change tax incentive period by noticing its tax authority. On November 24, 2015, the Company sent a notice to Quang Ninh Tax Department to register for its incentive period (tax exemption and tax reduction) commencing from January 1, 2016.

#### *Tax rate applicable for taxable profit from services other than of production and sale of electricity:*

The Company has the obligation to pay CIT at the current rate of 20% of taxable profit (2017: 20%).

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations 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.

#### 20.1 CIT expense

<i>For the year ended December 31,</i>	<i>2018</i>	<i>2017</i>
	<i>USD</i>	<i>USD</i>
Current tax expense	5,541	420
Tax adjustments	18,585	21,983
FIN 48 expenses	7,642	7,642
Deferred tax (benefits)/expenses	(119,594)	9,283,476
<b>TOTAL</b>	<b>(87,826)</b>	<b>9,313,521</b>

# AES-VCM Mong Duong Power Company Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) as of and for the years ended December 31, 2018 and 2017

### 20. CORPORATE INCOME TAX (continued)

#### 20.1 CIT expenses (continued)

The Company has USD (87,526) and USD 9,313,521 in income tax (benefits)/expense for the year ended December 31, 2018 and 2017, respectively, consisting almost entirely of deferred taxes. There are nominal amounts of current tax given the current tax exemption. The difference between income tax (benefits)/expenses as computed applying the current tax rate to pre-tax income presented in the financial statements and that recorded in the financial statements relates primarily to deferred taxes on property and equipment depreciation and derivative valuations. The Company has approximately USD 2,473,443 and USD 26,803,691 in long-term deferred tax assets as of December 31, 2018 and December 31, 2017. These deferred tax assets are comprised principally by the tax effect of difference between the carrying value of property and equipment for tax purposes and the loan receivable for book purposes. The Company applies ASC 606 for financial statement purposes, but the long-term assets underlying the concession agreement are accounted for as property and equipment for tax purposes, and depreciated for tax purposes using tax lives. The Company also has certain amounts of deferred tax assets related to the tax effect of derivatives, both amounts realized prior to COD and subsequent changes in fair value of derivatives since that date. Deferred tax assets are tax effected using the income tax rates expected to be in effect when the deferred items ultimately reverse.

Management has recorded a valuation allowance of USD 738,394 (December 31, 2017: USD 2,503,137) on the deferred tax assets which will not be likely recoverable for certain years of concession agreement terms.

#### 20.2 Deferred tax

The following are the deferred tax assets recognised by the Company, and the movements thereon, during the current and previous years.

	Balance sheets		Statements of operations		Statements of comprehensive income	
	December 31, 2018 USD	December 31, 2017 USD	For the year ended December 31, 2018 USD	For the year ended December 31, 2017 USD	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Deferred tax assets (net of valuation allowance)</b>						
Long-term assets	1,907,727	24,562,420	(22,674,693)	9,283,476	-	-
Derivatives	566,716	2,221,271	-	-	(1,655,555)	8,091,238
<b>Net deferred tax assets</b>	<b>2,473,443</b>	<b>26,803,691</b>				
Deferred tax expense as change in accounting policy charge directly to retained earnings			22,794,287	-	1,342,660	-
<b>Net deferred tax (income)/expense charged to statements of operations</b>			<b>(119,594)</b>	<b>9,283,476</b>		
<b>Net deferred tax (income)/expenses charged to statements of comprehensive income</b>					<b>(312,875)</b>	<b>8,091,238</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

### 21. TRANSACTIONS WITH RELATED PARTIES

Related party transactions include all transactions undertaken with other companies to which the Company is related, either through the investor/investee relationship, or because they share a common investor and thus are considered to be a part of the same corporate group.

Below is the list of related parties whose transactions with the Company are significant during the year:

No.	Name of related party	Relationship
1	AES Mong Duong Holdings B.V.	Investor
2	Stable Investment Corporation	Investor
3	PSC Energy Global Co., Ltd.	Investor
4	The AES Corporation	Ultimate investor company
5	AES Engineering, LLC	Affiliate
6	POSCO Energy Co., Ltd	Affiliate
7	Chengdong Investment Corporation	Affiliate

Significant transactions with related companies during the year were as follows:

Related party	Transactions	2018 USD	2017 USD
AES Mong Duong Holdings B.V.	Dividend paid	40,334,729	46,174,294
AES Engineering, LLC	Management fee	2,725,396	2,669,340
PSC Energy Global Co., Ltd.	Dividend paid	23,726,312	27,161,349
POSCO Energy Co., Ltd	Management fee	1,603,172	1,570,822
Stable Investment Corporation	Dividend paid	15,026,664	17,202,188
Chengdong Investment Corporation	Management fee	1,015,344	994,460
The AES Corporation	Expenses paid on behalf of the Company	1,400,264	2,186,430

#### Terms and conditions of transactions with related parties

Management fees are charged to the Company for support services provided by related parties in accordance with Technical support agreements.

Outstanding balances as at December 31, 2018 are unsecured, interest free and will be settled in cash. For the year ended December 31, 2018, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (December 31, 2017: nil). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

### 21. TRANSACTIONS WITH RELATED PARTIES (continued)

*Amounts due to and due from related parties at the balance sheet date were as follows:*

<i>Related parties</i>	<i>Transactions</i>	<i>2018 USD</i>	<i>2017 USD</i>
<b><i>Prepayment and other receivables</i> (Note 8)</b>			
Other related parties	Payment on behalf	145,390	9,347
		<b>145,390</b>	<b>9,347</b>
<b><i>Accrued and other liabilities</i> (Note 12)</b>			
The AES Corporation	Payment on behalf	-	121,839
Other related parties	Payment on behalf	504	51,254
		<b>504</b>	<b>173,093</b>

*Remuneration to members of the Members' Council and Management*

<i>For the year ended December 31,</i>	<i>2018 USD</i>	<i>2017 USD</i>
Salaries and bonus	954,059	1,433,860
Other benefits	109,758	113,462
<b>TOTAL</b>	<b>1,063,817</b>	<b>1,547,322</b>

### 22. COMMITMENTS AND CONTINGENCIES

In accordance with Article 7.1 - Transfers of the BOT contract dated April 22, 2010, at a date agreed between the BOT Company and the Authorised State Body, as contemplated in Article 7.1(a), which shall be a date on or after the expiry of the Term of Operation but prior to the expiry of the Term of BOT, the Company shall, subject to Article 7.3 - Working Order and Overhaul, transfer to the Authorised State Body without compensation the following:

- (i) all items then listed in the Asset Register free of all encumbrances on an "as is" basis in safe working order. Such transfer shall include without limitation for the major items of plant incorporated into the Power Facility, operational spares for one year of operation (as such spares would normally be required to operate the Power Facility in accordance with Prudent Utility Practices), copies of all manufacturer's specifications, manufacturers' operation manuals, equipment history and operation diary and signed and sealed copies of all as-built drawings for the Power Facility, including the civil and architectural works;
- (ii) the Housing Facilities suitable for use subject to the normal wear and tear; and
- (iii) any guarantees or equipment warranties relating to the Power Facility which are in force.

The Company leases office under operating lease arrangement. The minimum lease commitments of office lease as at the balance sheet date under the operating lease agreements are as follows:

	<i>Currency: USD</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	61,027	39,956
From 1-5 years	40,685	-
<b>TOTAL</b>	<b>101,712</b>	<b>39,956</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2018 and 2017

### 23. CONCENTRATION OF RISK

#### *Risk management objectives*

The Company is exposed to market risks associated with its business activities as well as foreign currency risk and interest rate risk. In order to manage the market risks associated with these business activities, the Company enters into contracts that incorporate derivatives and financial instruments, including swaps or combinations thereof, as appropriate. The Company applies hedge accounting for all contracts as long as they are eligible under the accounting standards for derivatives and hedging. While derivative transactions are not entered into for trading purposes, some contracts are not eligible for hedge accounting.

#### *Interest rate risk*

The Company utilize variable rate debt financing for construction projects and operations, resulting in an exposure to interest rate risk. Interest rate swap agreements are entered into to manage interest rate risk by effectively fixing or limiting the interest rate exposure on the underlying financing. These interest rate contracts range in maturity through 2026, and are typically designated as cash flow hedges. The following table sets forth, by underlying type of interest rate index, the Company's current outstanding notional under its interest rate derivative instruments, the weighted average remaining term and the percentage of variable-rate debt hedged that is based on the related index as of December 31, 2018 regardless of whether the derivative instruments are in qualifying cash flow relationships:

	December 31, 2018		% of debt currently hedged by index
	Derivative notional	Remaining term	
LIBOR (USD)	836,957,314	9 years	74.31%

#### *Foreign currency risk*

The VND is currently not a freely convertible currency. The State Bank of Vietnam controls the conversion of VND into foreign currencies. The value of USD is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the Vietnam foreign exchange trading system market. As at December 31, 2018, the Company's cash and restricted cash denominated in VND is USD 1,948,421 (December 31, 2017: USD 1,614,357).

#### *Current vulnerability due to business and economic risk*

The Company's operations may be adversely affected by significant political, economic and social uncertainties in Vietnam. Although the Vietnam government has been pursuing economic reform policies for many years, no assurance can be given that the Vietnam government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting Vietnam's political, economic and social conditions. There is also no guarantee that the Vietnam government's pursuit of economic reforms will be consistent or effective.

## **AES-VCM Mong Duong Power Company Limited**

Audited financial statements prepared in accordance with  
accounting principles generally accepted in the United States of America

December 31, 2017 and 2016



# AES-VCM Mong Duong Power Company Limited

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Ernst & Young Vietnam Limited  
8th Floor, CornerStone Building  
16 Phan Chu Trinh Street  
Hoan Kiem District  
Hanoi, S.R. of Vietnam

Tel: +84 24 3881 0100  
Fax: +84 24 3881 5000  
ey.com

Reference: 80061878(10)17223-1(FC)/AF

## REPORT OF INDEPENDENT AUDITORS

**To: The Members' Council of AES-VCM Mong Duong Power Company Limited**

We have audited the accompanying financial statements of AES-VCM Mong Duong Power Company Limited ("the Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



Hanoi, Vietnam

March 26, 2018

A member firm of Ernst & Young Global Limited

# AFS-VCM Mong Duong Power Company Limited

## BALANCE SHEETS

as of December 31, 2017 and 2016

	Note	December 31, 2017 US\$	December 31, 2016 US\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	22,770,522	18,903,886
Short-term restricted cash	3	25,670,486	25,019,231
Accounts receivable, net	4	71,374,049	63,422,786
Inventories	5	18,475,728	13,120,500
Prepayment and other receivables	6	618,547	1,097,380
Other current assets		1,521,098	873,423
<b>TOTAL CURRENT ASSETS</b>		<b>140,430,410</b>	<b>122,243,394</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7		
Electric generation, distribution assets and others		2,969,937	1,971,910
Accumulated depreciation		(1,274,694)	(969,094)
<b>Property, plant and equipment, net</b>		<b>1,695,243</b>	<b>1,002,816</b>
Service concession assets, net of accumulated amortisation	8	1,351,090,676	1,435,965,270
<b>Service concession assets</b>		<b>1,351,090,676</b>	<b>1,435,965,270</b>
Other assets			
Long-term restricted cash	3	82,830,544	92,320,085
Deferred tax asset	18.2	26,803,691	27,995,929
Other non-current assets		523,686	491,187
Other intangible assets, net of amortization		1,134,237	1,032,886
<b>Total other assets</b>		<b>111,292,157</b>	<b>121,840,087</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,464,078,078</b>	<b>1,558,798,173</b>
<b>TOTAL ASSETS</b>		<b>1,604,508,488</b>	<b>1,681,041,567</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	29,331,595	13,912,631
Accrued interest		10,329,137	10,599,949
Accrued and other liabilities	10	17,101,246	25,645,927
Current portion of non-current debt	11	83,707,962	76,618,733
<b>TOTAL CURRENT LIABILITIES</b>		<b>140,469,940</b>	<b>126,777,240</b>
Non-current debt	11	1,051,332,501	1,122,592,724
Other non-current liabilities	12	21,763,216	24,591,978
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,073,095,717</b>	<b>1,147,184,702</b>
<b>OWNERS' EQUITY</b>			
Contributed charter capital	13	462,115,585	462,115,585
Additional paid – in capital		744,268	633,256
(Accumulated deficit)/retained earnings		(5,062,539)	30,179,224
Accumulated other comprehensive losses	14	(66,854,483)	(85,848,440)
<b>TOTAL OWNERS' EQUITY</b>		<b>390,942,831</b>	<b>407,079,625</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,604,508,488</b>	<b>1,681,041,567</b>

See accompanying notes to these financial statements.



# AES-VCM Mong Duong Power Company Limited

## STATEMENTS OF OPERATIONS for the years ended December 31, 2017 and 2016

	Note	For the year ended December 31, 2017 US\$	For the year ended December 31, 2016 US\$
Revenue	15.1	278,335,446	340,254,840
Cost of rendering of services	16	(255,929,364)	(311,046,394)
<b>Operating profit</b>		<b>22,406,082</b>	<b>29,208,446</b>
Finance income	15.2	129,366,968	133,789,402
Finance expenses	17	(87,942,697)	(89,974,856)
Other income		736	24,864
Other expenses		(1,500)	(44,179)
Foreign exchange gain		780,000	1,125,744
<b>Net income before tax</b>		<b>64,609,589</b>	<b>74,129,421</b>
<b>Income tax (expense)/benefit</b>	18	<b>(9,313,521)</b>	<b>7,528,899</b>
<b>Net income</b>		<b>55,296,068</b>	<b>81,658,320</b>

See accompanying notes to these financial statements.

# AES-VCM Mong Duong Power Company Limited

## STATEMENTS OF COMPREHENSIVE INCOME for the years ended December 31, 2017 and 2016

	<i>Note</i>	<i>For the year ended December 31, 2017 US\$</i>	<i>For the year ended December 31, 2016 US\$</i>
<b>Net income</b>		<b>55,296,068</b>	<b>81,658,320</b>
Change in derivative fair value		8,278,805	19,351,157
Amortisation of realised loss of interest rate swap		2,623,914	2,258,104
Deferred income taxes	18.2	8,091,238	(6,378,554)
<b>Other comprehensive income</b>		<b>18,993,957</b>	<b>15,230,707</b>
<b>Comprehensive income</b>		<b>74,290,025</b>	<b>96,889,027</b>

## AES-VCM Mong Duong Power Company Limited

### STATEMENTS OF CHANGES IN EQUITY for the years ended December 31, 2017 and 2016

	Contributed charter capital US\$	Additional paid - in capital US\$	(Accumulated deficit)/retained earnings US\$	Accumulated other comprehensive losses US\$	Total owners' equity US\$
<b>Balance as of January 1, 2016</b>	<b>462,115,585</b>	<b>509,855</b>	<b>30,430,553</b>	<b>(101,079,147)</b>	<b>391,976,846</b>
Net income	-	-	81,658,320	-	81,658,320
Dividends declared	-	-	(81,909,649)	-	(81,909,649)
Change in derivative fair value	-	-	-	19,351,157	19,351,157
Amortisation of realised loss of interest rate swap	-	-	-	2,258,104	2,258,104
Deferred income taxes	-	-	-	(6,378,554)	(6,378,554)
Other	-	123,401	-	-	123,401
<b>Balance as of December 31, 2016</b>	<b>462,115,585</b>	<b>633,256</b>	<b>30,179,224</b>	<b>(85,848,440)</b>	<b>407,079,625</b>
Net income	-	-	55,296,068	-	55,296,068
Dividends declared	-	-	(90,537,831)	-	(90,537,831)
Change in derivative fair value	-	-	-	8,278,805	8,278,805
Amortisation of realised loss of interest rate swap	-	-	-	2,623,914	2,623,914
Deferred income taxes	-	-	-	8,091,238	8,091,238
Other	-	111,012	-	-	111,012
<b>Balance as of December 31, 2017</b>	<b>462,115,585</b>	<b>744,268</b>	<b>(5,062,539)</b>	<b>(66,854,483)</b>	<b>390,942,831</b>

See accompanying notes to these financial statements.

# AES-VCM Mong Duong Power Company Limited

## STATEMENTS OF CASH FLOWS

for the years ended December 31, 2017 and 2016

	For the year ended December 31, 2017 US\$	For the year ended December 31, 2016 US\$
<b>Net income</b>	<b>55,296,068</b>	<b>81,658,320</b>
<b>Adjustment to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortisation	541,979	474,925
Service concession assets amortisation	91,751,193	79,920,338
Other comprehensive income amortisation	2,623,914	2,337,631
Loss from retirement/sales of assets	1,500	22,065
Amortisation of deferred financing costs	12,473,549	13,088,952
Ineffective portion of cash flow hedge	825,889	-
Deferred income taxes	9,283,476	(7,778,615)
Corporation income tax	30,045	249,716
Interest income	(10,498)	(19,780)
Foreign exchange loss	43,770	186,673
Long-term compensation	158,249	205,618
Interest expenses and other financing costs	74,639,252	76,885,904
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in account receivables	(5,830,010)	22,967,420
(Increase)/decrease in prepayment and other receivables	(637,583)	1,654,909
Increase in inventories	(5,349,140)	(2,135,633)
Increase/(decrease) in payables and accruals	10,116,872	(16,819,973)
Corporate tax paid	(21,983)	(1,782,798)
Cash outflows for service concession asset	(6,432,737)	(28,854,264)
Interest and other financing cost paid	(74,958,105)	(77,599,088)
<b>Net cash provided by operating activities</b>	<b>164,545,700</b>	<b>144,682,520</b>
<b>Cash flow from investing activities</b>		
Decrease in restricted cash	9,489,541	766,508
Proceeds from the sales of assets	-	21,997
(Increase)/decrease in debt service reserves	(1,509,671)	30,853,219
Acquisition of property, plant and equipment	(1,002,747)	(302,115)
Acquisition of other intangible assets	(551,630)	(481,639)
Interest income received	10,498	19,780
<b>Net cash provided by investing activities</b>	<b>6,435,991</b>	<b>30,877,750</b>
<b>Cash flow from financing activities</b>		
Repayments of non-recourse project debt	(76,618,732)	(77,599,325)
Dividend paid	(90,537,831)	(81,909,649)
<b>Net cash used in financing activity</b>	<b>(167,156,563)</b>	<b>(159,508,974)</b>
<b>Net increase in cash</b>	<b>3,825,128</b>	<b>16,051,296</b>
<b>Cash, beginning of year</b>	<b>18,903,986</b>	<b>3,039,363</b>
<b>Impact of exchange rate fluctuation</b>	<b>41,408</b>	<b>(186,673)</b>
<b>Cash, end of year</b>	<b>22,770,522</b>	<b>18,903,986</b>

See accompanying notes to these financial statements.



# AES-VCM Mong Duong Power Company Limited

## NOTES TO FINANCIAL STATEMENTS

as of and for the years ended December 31, 2017 and 2016

### 1. CORPORATE INFORMATION

AES VCM Mong Duong Power Company Limited ("the Company") is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the Investment Certificate No. 22002200048 issued by the Ministry of Planning and Investment on April 8, 2010 and the following Amended Investment Certificates:

<i>Amended Investment Certificates No.</i>	<i>Date</i>
22002200048 – DC1	August 19, 2010
22002200048 – DC2	July 6, 2011
22002200048 – DC3	December 28, 2011

The principal activities of the Company are development, construction and operation of Mong Duong 2 Thermal Power Plant under the Build – Operate – Transfer ("BOT") model for a period of 25 years from the Commercial Operating Date ("COD"). On April 22, 2010, the BOT contract was signed between the Government of Vietnam represented by the Ministry of Industry and Trade, AES Mong Duong Holdings B.V., Vietnam National Coal-Mineral Industries Group and the Company for construction and operation of Mong Duong 2 BOT Power Project.

In 2015, the Company commenced operation of the power plant. In accordance with Power Operation Permit issued by the Ministry of Industry and Trade dated April 24, 2015, the COD was on April 22, 2015.

The Company's head office is located at Mong Duong Ward, Cam Pha Town, Quang Ninh Province, Vietnam and its Hanoi Representative Office is located at Room 302, Floor 3, Asia Tower, 6 Nha Tho Street, Hoan Kiem District, Hanoi.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of reporting and use of estimates*

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in United States dollars ("US\$"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In the future, as more information becomes known, those estimates and assumptions could change, which could impact the amounts reported and disclosed herein. Actual results could differ from those estimates.

The Company's fiscal year applicable for the preparation of its financial statements starts on January 1 and ends on December 31.

#### *New accounting pronouncements adopted*

##### *2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*

The standard simplifies the following aspects of accounting for share-based payments awards: accounting for income taxes; classification of excess tax benefits on the statement of cash flows; forfeitures; statutory tax withholding requirements; classification of awards as either equity or liabilities and classification of employee taxes paid on statement of cash flows when an employer withholds shares for tax withholding purposes.

The standard is effective for annual periods beginning after is December 15, 2016. There was no material impact on the Company's financial statements upon adoption of this standard.

## AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

#### *Foreign currency translation*

The Company determined its functional currency to be the US\$ because majority of the Company's transactions are US\$-linked. The Company has one power purchase agreement for the sale of electricity. Amounts invoiced under that agreement are linked to the US\$. Initial project costs were incurred primarily in US\$, as is the debt assumed to fund the construction of the concession assets. The Company also has approval from the Government of Vietnam to convert any funds received in local currency (Vietnamese dong) into US\$ and retain and or repatriate excess funds in US\$.

Any transaction denominated in a foreign currency are re-measured into US\$ using the exchange rate quoted by financial institution. Any unrealized or realized gains or losses from transactions denominated in a currency other than the US\$ are included in foreign exchange (loss)/gain, net.

#### *Cash*

Cash comprises cash on hand and cash in banks.

#### *Restricted cash*

Restricted cash represents cash in banks which is not immediately available but designated for acquisition or construction of non-current assets, major maintenance, tax payment or are segregated for the liquidation of long-term debts.

#### *Accounts receivable and allowance for doubtful accounts*

Accounts receivable are carried at amortized cost. The Company periodically assesses the collectability of accounts receivable, considering factors such as specific evaluation of collectability, historical collection experience, the age of accounts receivable and other currently available evidence of the collectability, and records an allowance for doubtful accounts for the estimated uncollectible amount as appropriate. Individual accounts and notes receivable are written off when they are no longer deemed collectible.

#### *Inventories*

Inventory primarily consists of fuel and other materials used to generate power, and operational tools, consumables and parts used to maintain power generation. Inventory is carried at lower of cost or net realizable value. Cost is the sum of the purchase price and expenditures incurred to bring the inventory to its existing location. Inventory is primarily valued using first in-first out cost method for coal and the weighted average cost method for others. Generally, if it is expected fuel inventory will not be recovered through revenue earned from power generation, an impairment is recognized to reflect the fuel at market value. The carrying amount of spare parts and supplies is typically reduced only in instances where the items are considered obsolete.

#### *Advances to contractors*

Advances to contractors represents the amount paid in advance to contractors but goods and/or services are yet to be received as at the reporting date. Advance paid to engineering, procurement and construction contractors are classified as non-current assets as they are designated for acquisition or construction of non-current assets.



## AFS-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

#### *Deferred financing costs*

Costs incurred in connection with the issuance of long-term debt are deferred and presented as a direct reduction from the face amount of that debt and amortized over the related financing period using the effective interest method.

#### *Debt discount*

Debt discount represents fees paid to the lender or deducted by the lenders from loan proceeds which will form part of the difference between net proceeds and the amount repayable at the maturity. Such difference shall be recorded as deduction from the face amount of the note. The debt discount will be amortized over the life of the debt using the effective interest rate method thereafter.

#### *Property, plant and equipment*

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is charged so as to write off the cost of property, plant and equipment and other tangible assets, using the straight-line method over their estimated useful lives, as follows:

Office equipment and others	3 - 5 years
Tool and equipment	3 - 10 years
Vehicles	6 - 15 years

#### *Other intangible assets*

Other intangible assets are stated at cost, net of accumulated depreciation. Amortisation is charged so as to write off the cost of other intangible assets, using the straight-line method over their estimated useful lives, as follows:

Computer software	3 - 7 years
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#### *Service concession assets*

The Company operates Mong Duong II power project which is a 1,240 MW plant under a build, operate and transfer ("BOT") agreement with the Ministry of Industry & Trade ("MOIT") (an authorized state body). Under the BOT contract, the power plant, housing colony and all related assets of the Company will be transferred to MOIT 25 years from the COD of the power plant. Upon commercial operations, Vietnam Electricity has exclusive rights on the facility's entire capacity and energy. Vietnam National Coal and Mineral Industrial Holding Co., Ltd., a stated-owned entity, is the project's coal supplier under a 25-year coal supply agreement.

The Company's power plant meets the criteria of a service concession arrangement in accordance with ASC 853. The service concession arrangement has two elements – the construction or "build" of the power plant and the "operate" of the power plant following its construction. The build element has an embedded financing element. Each element is accounted for separately following the guidance in ASC 605.

ASC 605 indicates that amounts incurred but not yet billed to the customer should be recognized as an asset on the balance sheet, commonly referred to as "costs incurred in excess of billings" as long as it is determined that such amounts are recoverable under the terms of the contract. The amounts are then recognized as costs of sales as revenue on the build element is recognized. As such, the Company capital expenditures subject to the service concession arrangement were recognized on the balance sheet as long-term service concession assets upon the adoption of ASC 853.

## AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

#### *Service concession assets (continued)*

Service concession assets are stated at cost, net of accumulated amortization, in accordance with ASC 853. Service concession assets represent the cost of all infrastructure to be transferred to the public-sector entity grantors at the end of the concession. These costs primarily represent construction progress payments, engineering costs, insurance costs, salaries, interest and other costs directly relating to construction of the service concession infrastructure. Government subsidies, liquidated damages recovered for construction delays and income tax credits are recorded as a reduction to Service Concession Assets. Service concession assets are amortized and recognized in earnings as a cost of goods sold as infrastructure construction revenue is recognized.

Subsequent to the power plant placed in service date, all maintenance and repair (including major maintenance) costs will be expensed as incurred.

#### *Impairment of property, plant and equipment and service concession assets*

Property, plant and equipment and service concession assets used in operations are assessed for impairment whenever changes in facts and circumstances indicate that the carrying amount of an asset may not be recoverable. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value through additional amortization or depreciation provisions and reported as impairments in the periods in which the determination of the impairment is made. Individual assets are grouped for impairment purposes at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. No impairment has been recognized during the years ended December 31, 2017 and 2016.

#### *Payables and accruals*

Accounts payable consists of amounts due to trade creditors related to the Company's core business operations. The payables include amounts owed to contractors for completed construction works. Other accrued liabilities include items such as income taxes, regulatory liabilities, legal contingencies and employee related costs including payroll, benefits and related taxes.

#### *Share-based compensation*

The Company grants share-based compensation in the form of stock options and restricted stock units. The Company accounts for stock-based compensation plans under the accounting guidance on stock-based compensation, which requires entities to recognize compensation costs relating to share-based payments in their financial statements. That cost is measured on the grant date based on the fair value of the equity or liability instrument issued and is expensed on a straight-line basis over the requisite service period, net of estimated forfeitures.

#### *Derivative and hedging activities*

Derivatives primarily consist of interest rate swaps. The Company enters into derivative transactions in order to hedge its exposure to certain market risks. The Company primarily uses derivative instruments to manage its interest rate exposures.

Under the accounting standards for derivatives and hedging, the Company recognizes all contracts that meet the definition of a derivative, except those designated as normal purchase or normal sale at inception, as either assets or liabilities in the balance sheets and measures those instruments at fair value.



## AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

#### *Derivative and hedging activities (continued)*

Power purchase agreement ("PPA") and fuel supply agreements are evaluated to assess if they contain either a derivative or an embedded derivative requiring separate valuation and accounting. Generally, these agreements do not meet the definition of a derivative, often due to the inability to be net settled. On a quarterly basis, we evaluate the markets for commodities to be delivered under these agreements to determine if facts and circumstances have changed such that the agreements could be net settled and meet the definition of a derivative.

The Company typically designates its derivative instruments as cash flow hedges if they meet the criteria specified in ASC 815, Derivatives and Hedging. The Company enters into interest rate swap agreements in order to hedge the variability of expected future cash interest payments. Foreign currency contracts are used to reduce risks arising from the change in fair value of certain foreign currency denominated assets and liabilities. The objective of these practices is to minimize the impact of foreign currency fluctuations on operating results. The Company also enters into commodity contracts to economically hedge price variability inherent in electricity sales arrangements. The objectives of the commodity contracts are to minimize the impact of variability in spot electricity prices and stabilize estimated revenue streams. The Company does not use derivative instruments for speculative purposes.

For the Company's hedges, changes in fair value that are considered highly effective are deferred in AOCL and are recognized into earnings as the hedged transactions offset earnings. Any ineffectiveness is recognized in earnings immediately. If a derivative is no longer highly effective, hedge accounting will be discontinued prospectively. For cash flow hedges of forecasted transactions, the Company estimates the future cash flows of the forecasted transactions and evaluates the probability of the occurrence and timing of such transactions.

Changes in the fair value of derivatives not designated and qualifying as cash flow hedges are immediately recognized in earnings. Regardless of when gains or losses on derivatives are recognized in earnings, they are generally classified as interest expense for interest rate and cross-currency derivatives, foreign currency transaction gains or losses for foreign currency derivatives, and non-regulated revenue or non-regulated cost of sales for commodity and other derivatives. Cash flows arising from derivatives are included in the statements of cash flows as an operating activity given the nature of the underlying risk being economically hedged and the lack of significant financing elements, except that cash flows on designated and qualifying hedges of variable-rate interest during construction are classified as an investing activity. The Company has elected not to offset net derivative positions in the financial statements.

#### *Revenue recognition*

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company operates Mong Duong II power project which is a 1,240 MW plant under BOT agreement with the MOIT for 25 years from the COD of the power plant. The Company determines that The Mong Duong power plant meets the ASC 853 criteria of a service concession arrangement which has two elements – the construction or "build" of the power plant and the "operate" of the power plant following its construction. The build element has an embedded financing element. Each element would be accounted for as below.

## AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

#### *Revenue recognition (continued)*

##### *Construction revenue*

Revenue is recognized for the construction element over the term of the PPA. Construction costs or build cost is deferred to a service concession asset, which is expensed in proportion to revenue.

##### *Electricity generation, operation and maintenance revenue*

Electricity generation, operation and maintenance revenue is recognised overtime and measured based on the capacity made available to customer.

##### *Finance revenue*

Finance revenue is recognised for significant financing element of the future expected payments for the construction performance obligation under the BOT contract and is accounted for under the effective interest rate method.

#### *Income taxes*

The Company's income tax provision requires significant judgment and is based on calculations and assumptions that are subject to examination by the tax authority. The Company is under examination by relevant taxing authorities for various tax years. The Company regularly assesses the potential outcome of this examination when determining the adequacy of the provision for income tax. Accounting guidance for uncertainty in income taxes prescribes a more likely than not recognition threshold. Tax reserves have been established, which the Company believes to be adequate in relation to the potential for additional assessments. Once established, reserves are adjusted only when there is more information available or when an event occurs necessitating a change to the reserves. While the Company believes that the amounts of the tax estimates are reasonable, it is possible that the ultimate outcome of current or future examinations may be materially different than the reserve amounts.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities, and their respective income tax bases. The Company establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company's tax positions are evaluated under a more likely than not recognition threshold and measurement analysis before they are recognized for financial statement reporting.

Uncertain tax positions have been classified as noncurrent income tax liabilities unless expected to be paid within one year. The Company's policy for interest and penalties related to income tax exposures is to recognize interest and penalties as a component of the provision for income taxes in the statements of operations.

#### *Use of estimates*

US GAAP requires the Company to make estimates and assumptions that affect the asset and liability balances reported as of the date of the financial statements, as well as the revenues and expenses recognized during the reporting period. Actual results could differ from those estimates. Items subject to such estimates and assumptions include: the carrying amount and estimated useful lives of long-lived assets; valuation allowances for receivables and deferred tax assets; and the fair value of financial instruments.



## AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

#### *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly, hypothetical transaction between market participants at the measurement date, or exit price. The Company applies the fair value measurement accounting guidance to financial assets and liabilities in determining the fair value of derivative liabilities, included in Accrued and other liabilities (current) and other long-term liabilities.

When determining the fair value measurements for assets and liabilities required to be reflected at their fair values, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the assets or liabilities, such as inherent risk, transfer restrictions and risk of non-performance. The Company is prohibited from including transaction costs and any adjustments for blockage factors in determining fair value.

In determining fair value measurements, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. Assets and liabilities are categorized within a fair value hierarchy based upon the lowest level of input that is significant to the fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities.

#### *Subsequent events*

We have evaluated subsequent event transactions for the potential recognition or disclosure in the financial statements through March 26, 2018, the day the financial statements were available to be issued.

#### *Accounting pronouncements issued but not yet effective*

The following accounting standards have been issued, but are not yet effective for, and have not been adopted in these financial statements by the Company.

*2018-02, Income Statement - Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*

This amendment allows a reclassification of the stranded tax effects resulting from the implementation of the Tax Cuts and Jobs Act from Accumulated Other Comprehensive Income to retained earnings. Because this amendment only relates to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected.

The standard is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.



## AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

#### *Accounting pronouncements issued but not yet effective (continued)*

##### *2017-12, Derivatives Hedging (Topic 815): Targeted improvements Accounting for Activities*

The standard updates the hedge accounting model to expand the ability to hedge nonfinancial and financial risk components, reduce complexity, and ease certain documentation and assessment requirements. When facts and circumstances are the same as at the previous quantitative test, a subsequent quantitative effectiveness test is not required. The standard also eliminates the requirement to separately measure and report hedge ineffectiveness. For cash flow hedges, this means that the entire change in the fair value of a hedging instrument will be recorded in other comprehensive income and amounts deferred will be reclassified to earnings in the same income statement line as the hedged item. Transition method: modified retrospective with the cumulative effect adjustment recorded to the opening balance of retained earnings as of the initial application date. Prospective for presentation and disclosures.

The standard is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.

##### *2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): Accounting for Certain Financial Instruments and Certain Mandatorily Redeemable Noncontrolling Interests*

Part 1 of this standard changes the classification of certain equity-linked financial instruments when assessing whether the instrument is indexed to an entity's own stock. Transition method: retrospective.

The standard is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.

##### *2017-08, Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*

This standard shortens the period of amortization for the premium on certain callable debt securities to the earliest call date. Transition method: modified retrospective.

The standard is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard on its financial statements.

##### *2017-05, Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Topic 610-20)*

This standard clarifies the scope and application of ASC 610-20 on the sale, transfer, and derecognition of nonfinancial assets and in substance nonfinancial assets to non-customers, including partial sales. It also clarifies that the derecognition of businesses is under scope of ASC 810. The standard must be adopted concurrently with ASC 606, however an entity will not have to apply the same transition method as ASC 606. Transition method: full or modified retrospective. Under a modified retrospective approach, the guidance shall be applied to all contracts that are not completed as of the initial application date (January 1, 2018). The Company has identified contracts executed during quarter 4, 2017 that would not be completed as of this date and is in the process of assessing those under the new standard. However, no adjustment is expected as of the initial application date.

## AFS-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

#### *Accounting pronouncements issued but not yet effective (continued)*

##### *2017-05, Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Topic 610-20) (continued)*

The standard is effective for annual periods beginning after December 15, 2017. Early adoption is permitted only as of January 1, 2017. The Company does not expect any impact on its financial statements upon adoption of the standard, will adopt the standard on January 1, 2018, and plans to use the modified retrospective approach.

##### *2016-18, Statement of Cash Flows (Topic 320): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*

This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

The standard is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. The Company has performed a preliminary evaluation and expects that net cash used in investing activities are expected to decrease by approximately US\$ 7.5 million and US\$ 3.16 million for 2017 and 2016, respectively.

##### *2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*

This standard provides specific guidance on how certain cash transactions are presented and classified in the statement of cash flows.

The standard is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard, but does not anticipate a material impact on its financial statements.

##### *2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*

The standard updates the impairment model for financial assets measured at amortized cost to an expected loss model rather than an incurred loss model. It also allows for the presentation of credit losses on available-for-sale debt securities as an allowance rather than a write down.

The standard is effective for annual periods beginning after December 15, 2019. Early adoption is permitted only as of January 1, 2019. The Company is currently evaluating the impact of adopting the standard, but does not anticipate a material impact on its financial statements.

##### *2016-02, Leases (Topic 842)*

Effective date is January 1, 2019. Early adoption is permitted. The standard creates Topic 842, Leases, which supersedes Topic 840, Leases. It introduces a lessee model that brings substantially all leases onto the balance sheet while retaining most of the principles of the existing lessor model in U.S. GAAP and aligning many of those principles with ASC 606, Revenue from Contracts with Customers.



# AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

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

### *Accounting pronouncements issued but not yet effective (continued)*

#### *2016-02, Leases (Topic 842) (continued)*

The standard is effective for annual periods beginning after December 15, 2018. The Company intends to adopt the standard as of January 1, 2019. The Company is currently evaluating the impact of adopting the standard on its financial statements.

#### *2014-09, 2015-14, 2016-08, 2016-10, 2016-12, 2016-20, Revenue from Contracts with Customers (Topic 606)*

ASU 2014-09 and its subsequent corresponding updates provides the principles an entity must apply to measure and recognize revenue. The core principle is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amendments to the standard were issued that provide further clarification of the principle and to provide certain transition expedients. The standard will replace most existing revenue recognition guidance in GAAP, including the guidance on recognizing other income upon the sale or transfer of nonfinancial assets (including in-substance real estate).

The standard requires retrospective application and allows either a full retrospective adoption in which all of the periods are presented under the new standard or a modified retrospective approach in which the cumulative effect of initially applying the guidance is recognized at the date of initial application. The Company is currently working towards adopting the standard using the full retrospective method. However, the Company will continue to assess this conclusion which is dependent on the final impact to the financial statements.

From 2016, the parent company of the Company established a cross-functional implementation team and is in the process of evaluating changes to the Company's business processes, systems and controls to support recognition and disclosure under the new standard. At this time, the Company do not expect any significant impact on its financial systems as a result of the implementation of the new revenue recognition standard.

The standard is effective for annual periods beginning after December 15, 2017. Earlier application is permitted only as of January 1, 2017. The Company will adopt the standard on January 1, 2018. Effect on the financial statements upon adoption is disclosed in Note 22.

## 3. CASH AND RESTRICTED CASH

<i>December 31,</i>	<i>2017</i> <i>US\$</i>	<i>2016</i> <i>US\$</i>
Cash in bank - Long-term restricted cash (*)	82,830,544	92,320,085
Cash in bank - Short-term restricted cash (*)	25,670,466	25,019,231
Cash in bank - Non restricted cash	22,768,971	18,903,048
Cash on hand	1,551	938
<b>TOTAL</b>	<b>131,271,532</b>	<b>136,243,302</b>

(\*) Restricted cash represents cash in US\$ in the Hong Kong and Shanghai Banking Corporation in Hong Kong and in Vietnam which are designated as disbursement accounts for the construction of Mong Duong 2 Thermal Power Plant, debt service reserve accounts, major maintenance accounts and tax payment accounts.

## AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

### 4. ACCOUNTS RECEIVABLE, NET

Trade receivables represent the receivables from Electric Power Trading Company.

December 31,	2017 US\$	2016 US\$
Trade receivable from Electric Power Trading Company	71,374,049	63,422,786
<b>TOTAL</b>	<b>71,374,049</b>	<b>63,422,786</b>

### 5. INVENTORIES

December 31,	2017 US\$	2016 US\$
Coal	15,675,386	11,081,597
Tools, consumables and parts	2,262,724	1,567,853
Other inventories (diesel, mazut, ammonia, limestone)	537,618	477,138
<b>TOTAL</b>	<b>18,475,728</b>	<b>13,126,588</b>

### 6. PREPAYMENT AND OTHER RECEIVABLES

December 31,	2017 US\$	2016 US\$
Advances to purchase tools, spares and others	382,524	863,943
Prepaid expenses (subscription fee, lease, etc.,)	226,676	229,084
Receivables from related parties (Note 19)	9,347	4,353
<b>TOTAL</b>	<b>618,547</b>	<b>1,097,380</b>

### 7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net consist of the following:

December 31,	2017 US\$	2016 US\$
Office equipment and others	1,292,324	1,058,928
Vehicles	508,580	508,580
Tools and equipment	1,169,033	404,402
	<b>2,969,937</b>	<b>1,971,910</b>
<b>Less:</b>		
Accumulated depreciation	(1,274,694)	(969,094)
<b>TOTAL</b>	<b>1,695,243</b>	<b>1,002,816</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

### 8. SERVICE CONCESSION ASSETS, NET

<i>December 31,</i>	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
Service concession assets	1,555,568,375	1,548,681,774
	<b>1,555,568,375</b>	<b>1,548,681,774</b>
<b>Less:</b>		
Accumulated amortisation	(204,477,697)	(112,726,504)
<b>TOTAL</b>	<b>1,351,090,678</b>	<b>1,435,955,270</b>

### 9. ACCOUNTS PAYABLE

<i>December 31,</i>	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
Vietnam National Coal and Mineral Industrial Holding Co., Ltd.	27,737,968	12,696,779
Others	1,593,627	1,215,852
<b>TOTAL</b>	<b>29,331,595</b>	<b>13,912,631</b>

### 10. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consist of the following:

<i>December 31,</i>	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
Short-term fair value hedges – interest rate swap (Note 14)	9,481,477	14,086,758
Accrued coal and electricity	-	3,322,169
Accrued bonus, salaries and wages	1,187,457	1,244,001
Accrued tax and tax payables (*)	1,341,169	3,020,959
Accrued loan fee and bank fee charges	858,789	906,829
Accrued for spares and consumables	1,895,545	1,319,805
Payables to related parties (Note 19)	173,093	125,398
Others	2,163,716	1,620,008
<b>TOTAL</b>	<b>17,101,246</b>	<b>25,645,927</b>

(\*) The Company's tax declarations are subject to examination by the tax authorities. Because the application of tax laws and regulations 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.



# AES-VCM Mong Duong Power Company Limited

NOTES TO FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

## 11. DEBT

<i>December 31,</i>	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
Loans from banks (*)	1,210,028,115	1,286,646,847
Debt discount, net	(5,344,403)	(6,231,557)
Deferred financing costs, net	(69,643,249)	(81,203,833)
<b>NET</b>	<b>1,135,040,463</b>	<b>1,199,211,457</b>
<i>In which:</i>		
- <i>Current portion</i>	83,707,962	76,618,733
- <i>Non-current</i>	1,051,332,501	1,122,592,724

(\*) On July 8, 2011, the Company entered into three US\$ loan agreements with a total principal amount of US\$ 1,461,285,000 to finance the construction of the Mong Duong 2 Thermal Power Plant. These loan agreements were signed with lenders and BNP Paribas, Seoul Branch serving as the agent.

Movements of the loans during the year are as follows:

<i>Lender</i>	<i>Balance as at December 31, 2016 US\$</i>	<i>Extension in 2017 US\$</i>	<i>Repayment in 2017 US\$</i>	<i>Balance as at December 31, 2017 US\$</i>
KEXIM Direct Facility	301,127,584	-	(17,931,893)	283,195,691
KEXIM Covered Facility	246,537,203	-	(14,681,082)	231,856,121
K-SURE Covered Facility	738,982,060	-	(44,005,757)	694,976,303
<b>TOTAL</b>	<b>1,286,646,847</b>	<b>-</b>	<b>(76,618,732)</b>	<b>1,210,028,115</b>

Principal repayments as at December 31, 2017, which reflect the repayment schedules in the loan agreements are as follows:

<i>Year</i>	<i>US\$</i>
2018	83,707,962
2019	90,852,253
2020	91,141,328
2021	96,496,105
2022	110,784,686
2023 and thereafter	737,045,782
<b>TOTAL</b>	<b>1,210,028,115</b>

## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

### 11. DEBT (continued)

The basic terms of the loan facility agreements are set out below:

<i>Facility</i>	<i>Loan interest</i>	<i>Loan duration</i>	<i>Repayment schedule</i>	<i>December 31, 2017 (US\$)</i>	<i>December 31, 2016 (US\$)</i>
KEXIM Direct Facility Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin; and ii. LIBOR for the relevant interest period	Duration: 18 years from the date of the Agreement (July 8, 2011).	- Principal: The loan will be repayable in 28 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the KEXIM Direct Facility Agreement which is July 8, 2011 - Interest: to be paid on a 6 month period based on "Calculation of interest" sent by the lender.	283,195,691	301,127,584
KEXIM Covered Facility (*) Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin; and ii. LIBOR for the relevant interest period	Duration: 18 years from the date of the Agreement (July 8, 2011).	- Principal: The loan will be repayable in 28 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the KEXIM Covered Facility Agreement which is July 8, 2011. - Interest: to be paid on a 6 month period based on "Calculation of interest" sent by the lender.	231,856,121	246,537,203

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

## 11. DEBT (continued)

The basic terms of the loan facility agreements are set out below: (continued)

Facility	Loan interest	Loan duration	Repayment schedule	December 31, 2017 (US\$)	December 31, 2016 (US\$)
K-SURE Covered Facility Agent: BNP Paribas, Seoul Branch	The interest rate for any interest period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of: i. Margin, and ii. LIBOR for the relevant interest period	Duration: 18 years from the date of the Loan Agreement (July 8, 2011).	<ul style="list-style-type: none"> <li>Principal: The loan will be repayable in 28 semi-annual instalments. All instalments shall be paid on or before the final repayment date which is 18 years from the date of the KSURE Covered Facility Agreement which is July 8, 2011.</li> <li>Interest: to be paid on a 6 month period based on "Calculation of interest" sent by the lender.</li> </ul>	694,976,303	738,982,060
<b>TOTAL</b>				<b>1,210,028,115</b>	<b>1,286,646,347</b>

(\*) The aggregate principal amount of KSURE Covered Facility is guaranteed for payment by K-SURE in accordance with K-sure Insurance Policy. The aggregate principal amount of KEXIM Covered Facility is guaranteed for payment by The Export – Import Bank of Korea (KEXIM) in accordance with the Guarantee Agreement. No guarantee was provided for KEXIM Direct Facility.

The above loans are secured by security interests in all of the Company's capital and pledges of the equity interest of the Company's investors, AES Mong Duong Holdings B.V. and PSC Energy Global Co. Ltd., as well as liens on, and security interests in, substantially all of the Company's assets (including the Power Facility), the Company's rights under the Project Agreements, all of the Company's revenues, certain of the Company's bank accounts, both onshore and offshore, and all of the Company's or the insurers' insurance and reinsurance proceeds, as applicable.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

### 12. OTHER NON-CURRENT LIABILITIES

December 31,	2017 US\$	2016 US\$
Long-term fair value hedges – interest rate swap (Note 14)	21,477,430	24,325,065
Long-term compensation	118,081	112,887
Severance allowances	69,275	63,238
Tax liabilities reserves	98,430	90,788
<b>TOTAL</b>	<b>21,763,216</b>	<b>24,591,978</b>

### 13. CONTRIBUTED CHARTER CAPITAL

As an enterprise established under the Law on Enterprise of Vietnam, the Company does not issue shares. Equity ownership is allocated to the three members of the Company in accordance with the amounts approved in the Company's Investment Certificate, which are based on the agreed values of the capital contributions made by the three members. Capital contributions are as follows:

	Approved charter capital	%	Actual contribution
AES Mong Duong Holdings B.V.	273,870,000	51	235,679,117
PSC Energy Global Co. Ltd.	161,100,000	30	138,634,572
Stable Investment Corporation	102,030,000	19	87,801,896
<b>TOTAL</b>	<b>537,000,000</b>	<b>100</b>	<b>462,115,585</b>

### 14. ACCUMULATED OTHER COMPREHENSIVE LOSSES

December 31,	2017 US\$	2016 US\$
Realised loss of interest rate swap	38,942,736	41,566,650
Loss in fair value of interest rate swap (*)	30,133,018	38,411,823
Deferred tax (gain)/loss on OCI	(2,221,271)	5,869,907
<b>TOTAL</b>	<b>66,854,483</b>	<b>85,848,440</b>

As at December 31, 2017, the Company had interest swap agreements in place with a total notional amount of US\$ 899,154,507 (2016: US\$ 956,092,800) whereby the Company receives a variable rate equal to LIBOR + margin (Note 11) and pays a fixed rate of interest of 3.08% on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its floating secured loans.

(\*) The loss in fair value of interest rate swap for effective portion of US\$ 30,133,018 (excluded accrued amount of swap interest) and ineffectiveness portion of US\$ 825,889 as of December 31, 2017 (Level 2 in fair value hierarchy) is classified as non-current liabilities of US\$ 21,477,430 (Note 12) and current liabilities of US\$ 9,481,477 (Note 10).

## AFS-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

### 15. REVENUE

#### 15.1 Revenue from contract with customer

For the year ended December 31,	2017 US\$	2016 US\$
<b>Gross revenue</b>	<b>276,604,464</b>	<b>340,613,809</b>
<i>In which:</i>		
Electricity generation, operation and maintenance revenue	185,380,200	259,403,725
Build revenue	93,224,264	81,210,084
<b>Deductions: Liquidated damages</b>	<b>(269,018)</b>	<b>(358,969)</b>
<b>TOTAL</b>	<b>278,335,446</b>	<b>340,254,840</b>

#### 15.2 Finance Income

For the year ended December 31,	2017 US\$	2016 US\$
Finance revenue	129,342,259	133,766,132
Interest income	10,498	19,780
Others	14,211	3,490
<b>TOTAL</b>	<b>129,366,968</b>	<b>133,789,402</b>

### 16. COST OF GOODS SOLD AND SERVICE RENDERED

For the year ended December 31,	2017 US\$	2016 US\$
Fuel and fuel related costs	118,133,278	187,212,849
Service concession expense	91,751,193	79,920,203
Salaries, wages and benefits	12,598,601	11,823,950
Management fees	5,234,422	5,126,336
Bank fees	1,121,555	1,150,457
Chemicals	1,857,801	3,052,661
Electricity purchased for production	2,708,818	1,286,953
Others	22,523,696	21,372,985
<b>TOTAL</b>	<b>255,929,364</b>	<b>311,046,394</b>

### 17. FINANCE EXPENSES

For the year ended December 31,	2017 US\$	2016 US\$
Loan interest and swap interest	70,008,584	71,977,749
Ineffective portion of cash flow hedge	825,889	-
Deferred financing cost and debt discount amortisation	12,473,549	13,088,952
Guarantee fees	4,630,668	4,908,155
Others	4,007	-
<b>TOTAL</b>	<b>87,942,697</b>	<b>89,974,856</b>



# AFS-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

## 18. CORPORATE INCOME TAX

In accordance with Amended Law on Corporate Income Tax ("CIT") dated June 19, 2013, the standard CIT rate is 20% from January 1, 2016 onward.

The Company enjoys different CIT rates for different activities.

### *Tax rate applicable for taxable profit from production and sale of electricity:*

The Company is entitled to an exemption from CIT for 4 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable CIT tax rate for the following 9 years. The applicable tax rate after the tax exemption and reduced tax rate period is 10%. The Company is under tax exemption in the current year.

In accordance with Circular No. 78/2014/TT-BTC issued by the Ministry of Finance on June 18, 2014, the Company is allowed to change tax incentive period by noticing its tax authority. On November 24, 2015, the Company sent a notice to Quang Ninh Tax Department to register for its incentive period (tax exemption and tax reduction) commencing from January 1, 2016.

### *Tax rate applicable for taxable profit from services other than of production and sale of electricity:*

The Company has the obligation to pay CIT at the current rate of 20% of taxable profit (2016: 20%).

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations 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.

## 18.1 CIT expense

For the year ended December 31,	2017 US\$	2016 US\$
Current tax expense	420	-
Tax adjustments	29,625	249,716
Deferred income taxes	9,283,476	(7,778,615)
<b>TOTAL</b>	<b>9,313,521</b>	<b>(7,528,899)</b>

The Company has US\$9,313,521 and (US\$7,528,899) in income tax expense (income) for the years ended December 31, 2017 and 2016, respectively, consisting almost entirely of deferred taxes. There are nominal amounts of current tax given the current tax exemption. The difference between income tax expense (income) as computed applying the current tax rate to pre-tax income presented in the financial statements and that recorded in the financial statements relates primarily to deferred taxes on property and equipment depreciation and derivative valuations. The Company has approximately US\$ 26,803,691 and US\$27,995,929 in long-term deferred tax assets as of December 31, 2017 and 2016. These deferred tax assets are comprised principally by the tax effect of difference between the carrying value of property and equipment for tax purposes and the service concession asset for book purposes. The Company applies ASC 853 for financial statement purposes, but the long-term assets underlying the concession agreement are accounted for as property and equipment for tax purposes, and depreciated for tax purposes using tax lives. The Company also has certain amounts of deferred tax assets related to the tax effect of derivatives, both amounts realized prior to COD and subsequent changes in fair value of derivatives since that date. Deferred tax assets are tax effected using the income tax rates expected to be in effect when the deferred items ultimately reverse.

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

## 18. CORPORATE INCOME TAX

### 18.1 CIT expense (continued)

Management has recorded a valuation allowance of US\$2,503,137 (December 31, 2016: US\$1,373,685) on the deferred tax assets for deductible temporary difference which will not be likely recoverable for certain years of concession agreement terms.

### 18.2 Deferred tax

The following are the deferred tax assets recognised by the Company, and the movements thereon, during the current and previous years.

	Balance sheet		Statement of operations		Statement of other comprehensive income	
	December 31, 2017 US\$	December 31, 2016 US\$	For the year ended December 31, 2017 US\$	For the year ended December 31, 2016 US\$	For the year ended December 31, 2017 US\$	For the year ended December 31, 2016 US\$
<b>Deferred tax assets (net of valuation allowance)</b>						
Long-term assets	24,562,420	33,855,896	(9,283,476)	7,778,615	-	-
Derivatives	2,221,271	(5,889,967)	-	-	8,091,238	(6,378,554)
<b>Net deferred tax assets</b>	<b>26,803,691</b>	<b>27,995,929</b>				
<b>Net deferred tax expenses/(income) charged to statement of operations</b>			<b>9,283,476</b>	<b>(7,778,615)</b>		
<b>Net deferred tax expenses/(income) charged to OCI</b>					<b>8,091,238</b>	<b>(6,378,554)</b>

## 19. TRANSACTIONS WITH RELATED PARTIES

Related party transactions include all transactions undertaken with other companies to which the Company is related, either through the investor/investee relationship, or because they share a common investor and thus are considered to be a part of the same corporate group.

Below is the list of related parties whose transactions with the Company are significant during the year:

No.	Name of related party	Relationship
1	AES Mong Duong Holdings B.V.	Investor
2	Stable Investment Corporation	Investor
3	PSC Energy Global Co., Ltd.	Investor
4	The AES Corporation	Ultimate investor company
5	AES Engineering, LLC	Affiliate
6	POSCO Energy Co., Ltd	Affiliate
7	Chengdong Investment Corporation	Affiliate

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

## 19. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions with related companies during the year were as follows:

For the year ended December 31, Related party	Transactions	2017 US\$	2016 US\$
AES Mong Duong Holdings B.V.	Dividend paid	46,174,294	41,773,921
AES Engineering, LLC	Management fee	2,669,340	2,614,432
PSC Energy Global Co., Ltd.	Dividend paid	27,161,349	24,572,895
POSCO Energy Co., Ltd	Management fee	1,570,622	1,537,900
Stable Investment Corporation	Dividend paid	17,202,188	15,562,833
Chengdong Investment Corporation	Management fee	994,460	974,004
The AES Corporation	Expenses paid on behalf of the Company	2,186,430	6,038,833

Terms and conditions of transactions with related parties

Management fees are charged to the Company for support services provided by related parties in accordance with Technical support agreements.

Outstanding balances as at December 31, 2017 are unsecured, interest free and will be settled in cash. For the year ended December 31, 2017, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (December 31, 2016: nil). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Amounts due to and due from related parties at the balance sheet date were as follows:

Related parties	Transactions	December 31, 2017 US\$	December 31, 2016 US\$
<b>Prepayment and other receivables (Note 6)</b>			
Other related parties	Payment on behalf	9,347	4,353
<b>Total</b>		<b>9,347</b>	<b>4,353</b>
<b>Accrued and other liabilities (Note 10)</b>			
The AES Corporation	Payment on behalf	121,839	109,964
Other related parties	Payment on behalf	51,254	15,434
<b>Total</b>		<b>173,093</b>	<b>125,398</b>



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

### 19. TRANSACTIONS WITH RELATED PARTIES (continued)

*Remuneration to members of the Members' Council and Management*

For the year ended December 31,	2017 US\$	2016 US\$
Salaries and bonus	1,433,880	681,288
Other benefits	113,482	84,063
<b>TOTAL</b>	<b>1,547,322</b>	<b>745,351</b>

### 20. COMMITMENTS AND CONTINGENCIES

In accordance with Article 7.1 - Transfers of the BOT contract dated April 22, 2010, at a date agreed between the BOT Company and the Authorised State Body, as contemplated in Article 7.1(a), which shall be a date on or after the expiry of the Term of Operation but prior to the expiry of the Term of BOT, the Company shall, subject to Article 7.3 - Working Order and Overhaul, transfer to the Authorised State Body without compensation the following:

- (i) all items then listed in the Asset Register free of all encumbrances on an "as is" basis in safe working order. Such transfer shall include without limitation for the major items of plant incorporated into the Power Facility, operational spares for one year of operation (as such spares would normally be required to operate the Power Facility in accordance with Prudent Utility Practices), copies of all manufacturer's specifications, manufacturers' operation manuals, equipment history and operation diary and signed and sealed copies of all as-built drawings for the Power Facility, including the civil and architectural works;
- (ii) the Housing Facilities suitable for use subject to the normal wear and tear, and
- (iii) any guarantees or equipment warranties relating to the Power Facility which are in force.

### 21. CONCENTRATION OF RISK

#### *Risk management objectives*

The Company is exposed to market risks associated with its business activities as well as foreign currency risk and interest rate risk. In order to manage the market risks associated with these business activities, the Company enters into contracts that incorporate derivatives and financial instruments, including swaps or combinations thereof, as appropriate. The Company applies hedge accounting for all contracts as long as they are eligible under the accounting standards for derivatives and hedging. While derivative transactions are not entered into for trading purposes, some contracts are not eligible for hedge accounting.

#### *Interest rate risk*

The Company utilize variable rate debt financing for construction projects and operations, resulting in an exposure to interest rate risk. Interest rate swap agreements are entered into to manage interest rate risk by effectively fixing or limiting the interest rate exposure on the underlying financing. These interest rate contracts range in maturity through 2026, and are typically designated as cash flow hedges. The following table sets forth, by underlying type of interest rate index, the Company's current outstanding notional under its interest rate derivative instruments, the weighted average remaining term and the percentage of variable-rate debt hedged that is based on the related index as of December 31, 2017 regardless of whether the derivative instruments are in qualifying cash flow relationships:

# AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

## 21. CONCENTRATION OF RISK (continued)

	December 31, 2017		% of debt currently hedged by index
	Derivative notional	Remaining term	
LIBOR (US\$)	899,154,507	9 years	74.31%

### Foreign currency risk

The VND is currently not a freely convertible currency. The State Bank of Vietnam controls the conversion of VND into foreign currencies. The value of US\$ is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the Vietnam foreign exchange trading system market. As at December 31, 2017, the Company's cash and restricted cash denominated in VND is US\$ 1,614,357 (December 31, 2016: US\$ 358,134).

### Current vulnerability due to business and economic risk

The Company's operations may be adversely affected by significant political, economic and social uncertainties in Vietnam. Although the Vietnam government has been pursuing economic reform policies for many years, no assurance can be given that the Vietnam government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting Vietnam's political, economic and social conditions. There is also no guarantee that the Vietnamese government's pursuit of economic reforms will be consistent or effective.

## 22. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

ASU 2014-09 and its subsequent corresponding updates provides the principles an entity must apply to measure and recognize revenue. The core principle is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amendments to the standard were issued that provide further clarification of the principle and to provide certain transition expedients. The standard will replace most existing revenue recognition guidance in GAAP.

The standard requires retrospective application and allows either a full retrospective adoption in which all of the periods are presented under the new standard or a modified retrospective approach in which the cumulative effect of initially applying the guidance is recognized at the date of initial application.

Given the complexity and diversity of non-regulated arrangements, the Company is assessing the standard on a contract by contract basis applying the interpretations reached during 2017 on key issues. These include the application of the practical expedient for measuring progress toward satisfaction of a performance obligation, when variable quantities would be considered variable consideration versus an option to acquire additional goods and services, how to allocate variable consideration to one or more, but not all, distinct goods or services promised in a series of distinct goods or services that forms part of a single performance obligation. Additionally, the Company has been working on the application of the standard to contracts that are under the scope of Service Concession Arrangements (Topic 853) and assessing the gross versus net presentation for spot energy sales and purchases.



## AES-VCM Mong Duong Power Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as of and for the years ended December 31, 2017 and 2016

### 22. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Through this assessment, the Company to date has identified limited situations where revenue recognized under ASC 806 could differ from that recognized under ASC 605 and where the presentation of sales to and purchases from the energy spot markets will change. The cumulative effect of applying the new standard that the Company expects to recognize at the date of initial application is mainly related to a contract under the scope of Topic 853. For this contract, the Company has concluded that revenue recognized since the inception of the agreement would be higher through January 1, 2018 under ASC 606. This will result in a decrease to the opening balance of Accumulated deficit of approximately US\$ 146.8 million and Accumulated other comprehensive loss of approximately US\$ 38.9 million. Additionally, the application of ASC 606 will result in an derecognition of Service concession assets and recognition of Other noncurrent assets and Other current assets of US\$1,490 million and US\$ 60.9 million, respectively and a recognition of Deferred revenue of US\$ 3.9 million. Moreover, Deferred tax assets will decrease by US\$24.1 million, leading to the changes in Accumulated other comprehensive loss by US\$1.3 million and Accumulated deficit by US\$22.8 million. Given the limited impact, the Company expects to use the modified retrospective approach.

## **REGISTERED OFFICE OF THE ISSUER**

### **Mong Duong Finance Holdings B.V.**

Claude Debussylaan 12  
1082 MD Amsterdam  
The Netherlands

## **TRUSTEE**

### **Citicorp International Limited**

20/F, Citi Tower  
One Bay East  
83 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

## **PRINCIPAL PAYING AGENT, TRANSFER AGENT AND REGISTRAR**

### **Citibank, N.A., London Branch**

c/o Citibank, N.A., Dublin Branch  
Ground Floor  
1 North Wall Quay  
Dublin 1, Ireland

## **COMMON SECURITY AGENT**

### **The Hongkong and Shanghai Banking Corporation Limited**

Level 30, HSBC Main Building  
1 Queen's Road Central  
Hong Kong

## **LEGAL ADVISERS**

**To the Issuer and the BOT Company  
as to New York, English and U.S. federal law**

### **Shearman & Sterling LLP**

6 Battery Road  
#25-03  
Singapore 049909

**To the Issuer and the BOT Company  
as to Vietnamese law**

### **VILAF**

HCO Building (Melia), 6th floor  
44B Ly Thuong Kiet Street  
Hanoi, Vietnam

**To the Issuer as to Dutch law**

NautaDutilh N.V.  
Weena 800  
3014 DA Rotterdam  
The Netherlands

**To the Initial Purchasers  
as to New York, English and U.S. federal law**

### **Allen & Overy**

9th Floor  
Three Exchange Square  
Central  
Hong Kong

**To the Initial Purchasers  
as to Vietnamese law**

### **Allen & Overy LLP**

Level 5, Sentinel Place Building  
41A Ly Thai To Street, Ly Thai To Ward  
Hoan Kiem District  
Hanoi, Vietnam

**To the Trustee  
as to New York law**

### **Allen & Overy LLP**

50 Collyer Quay  
#09-01 OUE Bayfront, 049321  
Singapore

## **AUDITORS**

### **Ernst & Young Vietnam Limited**

CornerStone Building  
8th Floor  
16 Phan Chu Trinh Street  
Hanoi  
Vietnam