DRAGON CAPITAL

SUPPORTING POLICIES FOR CLEAN ENERGY IN VIETNAM

May 2017

DRAGON CAPITAL GROUP

The first investment manager in Vietnam established in 1994

- Clean Development Investment Manager in HCMC, Vietnam/Bangkok, Thailand
- Biggest player in Vietnamese listed equity; total AUM of US$ 2bn
- With significant fixed-income, property and private-equity platforms
- Co-founded domestic investment firm, Vietnam Fund Managers (VFM) in 2003
- Investor in leading stock broker Ho Chi Minh Securities Co (HSC)
- Offices in HCMC, Hong Kong, Bangkok, U.K.
- Regulated by Hong Kong's SFA and United Kingdom's FCA

INVESTMENT INCENTIVES FOR CLEAN DEVELOPMENT

Support from the GoV is one of the key market drivers

RE Sources	Supporting Mechanism	Price (US cents)	Note
Solar PV	Feed-in-Tariff (FIT)	9.35c/kWh	Dec 11/2017/QD-TTg
Small hydro-power	Avoided cost Tariff (ACT)	~5c/kWh	Adjusted annually by MOIT
Wind	FIT	7.8c/kWh	Dec 37/2011/QD-TTg
Biomass	FIT	7. 34 – 7.55c/kWh	Dec 942/2016/QD-BCT
Waste-to-energy	FIT	7.28 – 10.05c/kWh	Dec 31/2014/QD-TTg

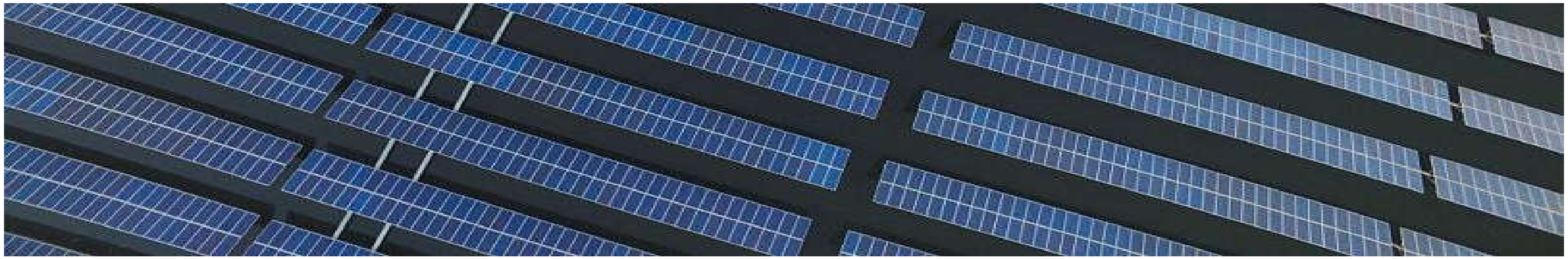
Other investment incentive for RE Developments:

- Long term Standard Power Purchase Agreement (e.g. 20yrs Wind PPA)
- Income indexed to US$ dollar (Not small hydro)
- Import duty exception on Equipment
- Corporate Income Tax exemption and reduction – fairly normal (10% CIT rate in 15 years, tax holiday first 4 years from taxable income, 50% reduction in the next 9 years)

SOLAR INCENTIVES IN UAE & ABU DHABI

Utility scale solar projects that are cheaper than coal

Location	Project Name	Utility	Bid Date	Installed Capacity (MWp)	LCOE (US¢/kWh)
Maktoum Solar Park, UAE	Sheikh Maktoum Solar Park Phase III	DEWA	May 2016	200 MWp	***3.95***
				200 MWp	***3.65***
				200 MWp	***2.99***
Sweihan Solar Park, Abu Dhabi	Sweihan Solar Project	ADWEA	Sept 2016	350 MWp	***2.42***
					2.53
					2.60
					2.92
					3.09
					3.64



Source: *Utility Scale Solar PV Projects vs. Coal, Gas, Nuclear and Onshore Wind Power Projects in Southeast Asia, Nov 2016*

DE-RISKING TO ACHIEVE A LOWER COST OF ENERGY

RISK is a project cost and low risk UAE = 7% IRR, Vietnam perceived High Risk = 15%+ IRR

UAE & Abu Dhabi

- Very high CUF>25%
- Low EPC costs at $0.90/Wp 2016
- Low construction period risk
- Debt finance concessionary rate 4% "all in"
- Pre-defined and developed site provided for free at Makthoum and Sweihan Solar Parks
- DEWA and ADWEA take up to 51%-60% equity stake and accept no or low equity returns for 1st 10 years

Vietnam

- Good but not exceptional; CUF~16%
- EPC costs at $1.1 - $1.3/Wp** 2016
- High development risk, licenses, import
- Commercial debt at 8% - 11% - variable
- Land clearance and compensation responsibility of the Project Developers
- EVN creditworthiness remains a significant risk with foreign banks/investors

** *Theoretical as no projects were built 2016*

Risk mitigation by government to encourage private investment/ Meet 12,000 MW target

Source: *Utility Scale Solar PV Projects vs. Coal, Gas, Nuclear and Onshore Wind Power Projects in Southeast Asia, Nov 2016*

QUESTIONS