

## BOARD OF DIRECTORS REPORT

### PART I

#### COMPANY INFORMATION

1. **Company Name:** LICOGI 13 Joint Stock Company
2. **Stock Code:** LIG
3. **Business Registration Number:** 0100106426, issued by Hanoi Department of Planning and Investment on June 10, 2005, and amended for the 26th time on February 1, 2023.
4. **Charter Capital as of April 27, 2024:** VND 950,845,690,000 (Nine hundred fifty billion, eight hundred forty-five million, six hundred ninety thousand Vietnamese Dong).
5. **Main Business Activities:** Investment in real estate, construction of civil, industrial, transportation, and irrigation works; foundation and technical infrastructure construction for urban areas and industrial zones; renewable energy investment (wind power, solar power, hydroelectric power); electricity generation, transmission, and distribution; production of construction materials; industrial production; labor export, etc.

6. **Key Personnel:**

**\* Board of Directors (Term 2020-2024):**

Mr. Bui Dinh Son – Chairman of the Board

Mr. Pham Van Thang – Board Member

Mr. Nguyen Quoc Hung – Board Member

Mr. Nguyen Van Hiep – Board Member

Mr. Vu Tuan Duong – Board Member

Mrs. Nguyen Thanh Tu – Board Member

Mr. Do Thanh Ha – Board Member

(Among which, 04 members do not participate in management: Mr. Nguyen Quoc Hung, Mr. Bui Dinh Son, Mr. Nguyen Van Hiep, Mr. Vu Tuan Duong.)

**\* Supervisory Board (Term 2020-2024):**

Mrs. Duong Thi Phuong – Head of Supervisory Board

Mrs. Dinh Thi Kim Anh – Supervisory Board Member

Mr. Le Van Cuong – Supervisory Board Member

**\* General Director's Board:**

Mr. Pham Van Thang – General Director

Mrs. Nguyen Thanh Tu – Deputy General Director



Mr. Do Thanh Ha – Deputy General Director

Mr. Tran Quang Huy – Deputy General Director

Mr. Le Xuan Thanh – Deputy General Director

Mr. Nguyen Nam Son – Deputy General Director

**\* Corporate Governance & Information Disclosure Officer:**

Mrs. Tran Thi Van Anh – Head of General Affairs Department, Company's Legal Counsel.

**7. Subsidiaries/Affiliates (as of December 31, 2024):**

No.	Company Name	Address	LIG's Direct Ownership (%)
1	LICOGI13 Foundation Construction JSC (LICOGI13-FC)	LICOGI13 Building, Khuat Duy Tien Street, Hanoi	51%
2	LICOGI13 Construction Materials JSC (LICOGI13 - CMC)	LICOGI13 Building, Khuat Duy Tien Street, Hanoi	45%
3	LICOGI13 Infrastructure Machinery JSC (LICOGI13-IMC) (LICOGI13 - IMC)	LICOGI13 Building, Khuat Duy Tien Street, Hanoi	32,78%
4	Saigon Thanh Dat Agriculture Investment JSC	No. 21, Tran Phu Street, Thach Thang Ward, Hai Chau District, Da Nang City	13%
5	Thuan Phuoc Green Real Estate JSC	No. 07, Dang Tu Kinh Street, Thach Thang Ward, Hai Chau District, Da Nang City.	40,7%
6	LICOGI13 Infrastructure and Construction Investment JSC (LICOGI13 - ICI)	Street No. 2, Area No. 4, An Phu Ward, District 2, Ho Chi Minh City.	49%
7	Global Oil and Gas Energy JSC	66, Nguyen Trai Street, Group 9, Quyet Thang Ward, Son La City, Son La Province.	87,10%



8	Song Nhem 3 JSC	Niem Son Commune, Meo Vac District, Ha Giang Province	98,3%
9	LIG Wind Power Huong Hoa 2 JSC	No. 37 Ly Thuong Kiet Street, Dong Luong Ward, Dong Ha City, Quang Tri Province	99,4%
10	One Construction Vocational College Limited Liability Company	Duong Noi Hamlet, Tan Dan Commune, Soc Son District, Ha Noi.	100%
11	LICOGI13 Renewable Energy JSC	LICOGI13 Building, Khuat Duy Tien Street, Hanoi	29,9%
12	LICOGI13 Thuan Phuoc Two-Member LLC	Quy Nhon City, Binh Dinh Province.	45%
13	LICOGI13 Technology Investment JSC (LICOGI13-ITC)	LICOGI13 Building, Khuat Duy Tien Street, Hanoi	13,41%

## PART II

### 2024 BUSINESS RESULTS AND 2025 MAIN GOALS

#### 1. 2024 Business Results:

- Revenue: VND 3,695 billion (137% of target), of which: Parent Company VND 1,084 billion (85.2% of target)
- Investment Value: VND 585.7 billion (Parent Company's investment in equipment: VND 16.6 billion)
- Parent Company Pre-tax Profit: VND 5.385 billion (36% of target)

#### Highlights Achieved:

- Energy Investment Projects: The company has demonstrated flexibility in restructuring its financing sources, shifting to more efficient loan options. The focus has been on optimizing resources, with a goal to commission the Sông Nhiệm Hydropower Plant by the first half of Q3/2025 and to concentrate investment to achieve the target of commissioning the Nậm Pàn 5 Hydropower Plant by Q3/2026. Once these hydropower plants begin operation, it will significantly alleviate financial challenges, reduce borrowing pressures, and generate stable cash flow for the company.



- Real Estate Investment: The companies Thành Đạt and Thuận Phước have successfully restructured capital and changed banks to secure better financing for their existing projects (Hưng Lai Nghi Bridge, Hòa Khánh Industrial Zone Social Housing) while also developing new projects (in early 2025, Thuận Phước will break ground on a social housing project in Long Vân, Bình Định). The Thanh Thủy Phú Thọ project has updated its investment policy, completed the remaining legal procedures, and is nearing completion of land compensation and site clearance (over 95%), providing a solid foundation to begin construction in 2025.
- Quán Ngang 3 Industrial Zone Project: The Quảng Trị Provincial People's Committee has issued an investment certificate to LICOI13 Joint Stock Company. The company is in the process of establishing a local project company to collaborate with capable partners for the development and operation of the industrial zone.
- Construction Sector: The Parent Company has successfully won several new construction tenders (e.g., Núi Pháo). Subsidiaries, such as LICOI13FC, continue to maintain stable construction output, focusing on projects with Foreign Direct Investment (FDI) capital, reputable investors, and high liquidity.
- Trà Cổ Project: The company has progressively resolved issues related to issuing land use rights certificates to customers in the Trà Cổ project and has essentially completed project finalization and settlement with the Trung Chính partner.
- Proactive and Expansion Efforts by Subsidiaries: Several subsidiaries have actively sought opportunities, expanded market reach, diversified customer bases, and strengthened international partnerships. They have maintained growth momentum, actively pursued new investment projects, or become general contractors for numerous large-scale social housing and urban development projects. They have worked to uphold the LICOI13 brand in the market (LICOI13FC, Thuận Phước, Thành Đạt).

#### **Corporate Governance:**

- Audit Firm Selection: The General Meeting of Shareholders approved the selection of CPA Vietnam Audit Co., Ltd. as the auditing firm for the Parent Company and its subsidiaries.
- Board of Directors and Supervisory Board Remuneration for 2024: Approved by the General Meeting of Shareholders: VND 1.2 billion; Actual payment: VND 938 million.
- Maintaining Credit Rating: The company has successfully maintained its credit rating despite the challenging financial environment.
- Bond Payment Completion: The company has fully settled the VND 75 billion in bonds and related obligations at the Parent Company.



- Strict Compliance with Information Disclosure Regulations: The company has adhered to regulations on periodic disclosures, including financial statements, annual reports, management reports, regular reports related to bonds, and other significant information.

**2. 2025 Plan and Main Goals:**

**\* Main Targets:**

- Revenue: VND 3,500 billion
- Investment Value: VND 1,150 billion
- Pre-tax Profit of Parent Company: VND 45 billion

**\* Key Objectives:**

- Commissioning of Song Nhiem 3 Hydropower Plant (expected in the first half of Q3/2025).
- Completion of Investor Adjustment for Quan Ngang Industrial Zone Project and preparation for the necessary steps to commence the project in Q1 or Q2/2026. A joint venture with An Phat Vinh Construction Investment and Trading Joint Stock Company will ensure construction capacity and develop a product sales strategy to quickly fill the project, ensuring the investment's effectiveness.
- Focus on the implementation of projects: Long Van in Binh Dinh, Thanh Thuy in Phu Tho, and Hung Lai Bridge (Stages 2 & 3).
- Increase construction resources for the Nam Pan 5 Project, aiming to meet the goal of commissioning by the first half of Q3/2026.
- Restructure assets and pursue M&A opportunities for suitable projects: Transfer of the one-member limited liability company Construction Vocational School No. 1; transfer or find partners to invest in the Huong Hoa 2 Wind Power Project (Quang Tri).
- Continue research and promote investment in the real estate sector, particularly social housing, residential areas, new urban areas, and eco-tourism zones in locations such as Ninh Binh, Hung Yen, Lao Cai, Khanh Hoa, Binh Duong, Lam Dong, etc.
- Register additional new business sectors that align with the company's development strategy.
- Restructure and innovate operational areas within the company, including financial management, human resources organization, real estate investment management, energy investments, bidding and construction management, and corporate culture development.

**PART III**

**SUMMARY OF THE 2020-2024 TERM**



The 2020 - 2024 term can be considered the most challenging period in LICOGI 13's history, as the company experienced numerous external disruptions: the Covid-19 pandemic that lasted throughout 2020 and 2021, with its effects lingering for the next two years; global wars and geopolitical instability. Domestically, it was a phase in which the Party and State intensified efforts to address corruption, with several provincial management bodies undergoing inspections, audits, and even prosecution, which directly impacted the execution of projects in these regions. After the Covid-19 pandemic, most of the real estate market stagnated, resulting in many completed products failing to sell, along with tight credit policies, especially in the real estate sector, leaving the company facing a lack of revenue, insufficient capital, and poor liquidity. As a result, the company had to explore alternative funding sources to fill gaps, causing significant challenges in business operations.

With a proactive, flexible, and cohesive spirit, the entire system overcame the most difficult moments of the Covid-19 pandemic, maintained operations, continued investments, and stabilized while shaping new business directions.

Although the term was fraught with difficulties and results did not meet expectations, the investments made during this period are laying a solid foundation for the company to enter the new term with a strong foundation for sustainable development in the years to come.

## **I. Key Achievements and Results**

### **1. Regarding the Direction for the Term:**

Building upon and enhancing the strategic direction of the previous term, the development focus for this term remains primarily on three pillars: Construction, Real Estate, and Industry & Infrastructure. This is a correct approach, with initial successes already achieved. Specifically:

#### **- Construction:**

+ Mastering almost all stages in the construction value chain (from infrastructure, foundations, structural work, to finishing); performing well as the general contractor.

+ Actively exploring and expanding markets, diversifying the customer base, cooperating with foreign partners, and maintaining growth momentum.

- Real Estate: Diverse real estate developments (resort properties, urban area properties, social housing, and larger-scale projects); market expansion spanning from North to South.



- Industry, Energy, and Infrastructure: After the success of the Quang Tri Solar Power Plant project, the company continued to focus on investing in renewable energy. In 2020, two wind power projects, Huong Hoa 1 and Huong Hoa 2 (Quang Tri), were assigned to the company. Issues were resolved, and two hydropower projects, Song Nhiem 3 (Ha Giang) and Nam Pan 5 (Son La), were launched. The company also continued to explore opportunities and promote investments in small and medium hydropower projects, such as Nam Khan and Nam Ngua.
- Quan Ngang Industrial Park: This is the first industrial park infrastructure investment project of LICOI 13, which was granted an investment certificate, opening up the development of industrial park infrastructure in areas with geographical advantages to attract foreign investments.

**Key Highlights:**

- Scale of Development: Multi-industry, multi-sector; the focus during the last term remained primarily on investment to ensure proactive operations and long-term, sustainable growth.
- The goal of "Thinking Bigger, Doing Bigger" was realized; diversified projects with increasingly larger investment amounts, from hundreds of billions to thousands of billions of VND.
- Company Scale: Charter capital increased from VND 648,980,320,000 (2020) to VND 950,845,690,000 (2022). Total assets increased by 14%, and revenue grew by 58% compared to the beginning of the term.
- Finance: The company maintained its credit rating despite the tight credit environment, particularly in real estate, and global wars and geopolitical instability.
- Flexibility in sourcing project funding; Organizational Structure: The number of subsidiaries and affiliated companies increased compared to the previous term. Several companies maintained stability and growth, such as LICOI13FC, Thanh Dat, and Thuan Phuoc.

**2. Regarding Internal Management and Governance Mechanisms**

**2.1. Assessment of Internal Governance Mechanisms**

- The internal governance framework has been relatively well-established, particularly for listed companies (Articles of Incorporation, internal governance regulations, BOD operational rules, audit committee rules, information disclosure regulations, etc.).



- Adherence to and implementation of governance rules have been emphasized, including periodic information disclosures (financial reports, management reports, annual reports) and extraordinary disclosures.
- However, many regulations, while enacted, have not been fully applied (e.g., coordination regulations in various departments such as organization, finance, and accounting). Some regulations have become outdated and need updating.
- The effectiveness of some internal regulations in terms of risk identification and prevention is still limited.
- Encouraging proactivity and creativity among employees and workers in internal regulations has not received sufficient attention.

3. **Summary of Key Indicators** (*attached tables*)

## II. Limitations, Challenges, and Lessons Learned

### 1. Limitations and Challenges:

- Although there was overall growth, some subsidiaries/affiliates declined, unable to maintain stability and growth. Several years showed no profit, poor business performance, losses, and potential shutdown risks, which directly affected the parent company and the system (LICOI13-IMC, LICOI13-ICI, LICOI13 CMC).
- The system's integration remains fragmented, with limitations and inefficiencies in organizational management and operations.
- The parent company has not been able to control its subsidiaries in a timely and thorough manner, sometimes relaxing management, which led to unpredictable consequences, requiring time-consuming corrective actions.
- The capital management representative for LICOI13 in its affiliates has not fully performed its role, with control over subsidiaries being superficial and passive.
- Despite meeting targets for production, revenue, and capital recovery, the parent company's profits were modest, with negligible dividend payouts.
- The proportion of revenue from construction has not reduced as per the initial term's objectives.
- The liquidity ratio and the share price of LIC remain low.
- Although financial strength has improved, it remains insufficient compared to investment needs.
- The debt-to-equity ratio is high, with significant debt repayment pressure and interest costs.
- There is an imbalance between equity capital and long-term financial investments.



**2. Solutions to Overcome Limitations:**

- Reorganize the company structure at the parent level and throughout the system; update and amend internal governance regulations and processes; adopt advanced management methods (digitization, software-based management, etc.).
- Focus on centralized management with delegation across key areas:
  - + Energy Investment: All energy projects must be managed, monitored, and overseen by LICOI13 throughout the entire investment process.
  - + Real Estate Investment: All real estate projects must be reported to the parent company for validation, assessment, and monitoring during the investment phase to ensure project efficiency.
  - + Construction and Bidding Management: Strengthen cost control, implement management rules for machinery and equipment, and re-establish a central department to manage construction equipment.
  - + Financial and Internal Control: Appoint a chief accountant for subsidiaries and ensure they report on finances regularly. Control loan activities and ensure that credit limits stay within the company's control.
  - + Human Resources: Ensure updates on staffing changes and appointments at subsidiaries, with strict adherence to management processes for replacing underperforming staff.

**PART IV**

**DIRECTIONS AND OBJECTIVES FOR THE 2025 - 2029 TERM**

**1. General Objectives:**

The 2025-2029 term will coincide with the country's growth acceleration phase, aiming for double-digit growth. The government is expected to introduce policies that will facilitate business development, including simplifying administrative procedures, reducing regulatory overlaps, promoting innovation, and supporting industries such as real estate, energy, and infrastructure. These factors will create favorable conditions for businesses to seize opportunities.

However, along with these favorable conditions, there will be numerous challenges. From 2025 to 2030, businesses in Vietnam, including LICOI13, will face challenges due to rapid economic, technological, and environmental changes. These include slowing growth in major global economies, trade wars, global competition, supply chain shifts,

inflation, rising production costs, and tightening regulations. Additionally, there will be pressure for digital transformation, sustainability, and shifting consumer behaviors.

With the long-standing tradition of construction and development of the LICOGI 13 system, leveraging the achievements and highlights attained, along with valuable lessons learned from the previous term, and with strong determination and aspirations for advancement, we will continue to make efforts to build the system based on three main pillars: construction, real estate, and renewable energy, with a focus on achieving greater balance, sustainability, and efficiency. Specifically:

- + Firmly pursue the company's core industry goals based on the three pillars to ensure harmony and sustainability between short-term (annual), medium-term (3-5 years), and long-term (over 5 years) objectives.
- + In the construction sector: Possess the capacity to take on EPC contracts; the goal for the upcoming term is to achieve average annual construction revenue of 5,000 – 6,000 billion VND.
- + In the real estate sector: Average annual revenue of 600 billion VND; invest in residential real estate, resort properties, industrial zones, etc., in potential localities.
- + In the energy, industry, and infrastructure sector: Focus on investing in 100 MWp of energy projects (hydropower, wind power); launch and operate two small hydropower plants, one renewable energy plant, and one industrial park.
- + Revenue growth rate target: 10% - 15% annually.
- + Average worker income growth rate: 10% - 15% annually.
- + Net profit after tax target: 250 billion VND.
- + Net profit margin (ROS): over 5%.
- + Consolidated total assets: > 7,000 billion VND.
- + Debt-to-equity ratio: 2.8 - 3.
- + Return on equity (ROE): > 12%.
- + Dividends: 5-7% (if profit target is met). Dividend payment when operating cash flow is sustainably positive.
- + Capital scale: At least 1,500 billion VND by 2030; with a roadmap for capital increase aligned with the company's development scale.
- + Establish and implement a governance system in accordance with international standards and Vietnamese legal regulations.

## **2. Strategic Solutions:**



- + Restructure the company and reorganize the structure to improve the operational capacity of the enterprise, focusing on enhancing system-wide capacity—from strategic planning, consulting, and management at the Board of Directors level to the operational capabilities of the company's executive team, and the implementation capabilities of departments, project management teams, etc.
- + Build a lean and efficient parent company structure, strong in business knowledge, strategic planning, market leadership, management skills, quick adaptability to seizing opportunities, and problem-solving in operational processes to guide the system in the right direction.
- + Continue to develop and promote investment in potential projects, while restructuring existing projects to generate revenue and cash flow for reinvestment into other projects with selective growth priorities, focusing on efficiency over scale; restructure investments, restructure, and cut losses in inefficient investment areas. Selectively invest in sustainable, profitable assets.
- + Gradually and quickly improve construction bidding capacity, project bidding capabilities, financial management, and effective project and investment management. Limit new borrowing, relying on equity and reinvested cash flow. Increase capital efficiency and reduce non-performing assets.
- + Plan and organize the implementation of research and development activities that align with the company's capabilities, experience, and market trends to efficiently exploit existing real estate, evaluate, and implement potential future projects, ensuring an increasing proportion of real estate profits within the company's overall profit structure.
- + Companies within the system must have specialized investment strategies, enhance competitiveness for core products using new equipment and technology. Strengthen the responsibility of CEOs in subsidiaries for developing the brand and fostering system integration.
- + Diversify and implement appropriate recruitment, training, and job allocation methods to optimize the human resources. Innovate compensation and benefits policies to attract highly qualified workers, leaders, and managers.
- + Strengthen the monitoring and supervision of subsidiaries' operations, accompany, share, and develop the internal capabilities of each company to ensure that they stay on the right path, operate efficiently, and contribute to the overall development of LICOGI 13.
- + Enhance discipline, adherence to regulations, and foster information sharing and experience exchange across the entire system.
- + Apply new technology in business operations and management.
- + Modernize the way information is disclosed, improving the quality of news articles, providing timely, accurate, and effective information to investors.

## 2025 ANNUAL GENERAL MEETING OF SHAREHOLDERS

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*This report is presented by the Board of Directors at the 2025 Annual General Meeting of Shareholders. We respectfully request shareholders' review and approval of the proposed plans.*

*Best regards!*

**On behalf of the Board of Directors**

**Chairman**



**CHỦ TỊCH H.Đ.Қ.Т**

*Bùi Đình Sơn*

