



LICO GI CORPORATION - JSC

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DRAFT

REPORT OF THE GENERAL DIRECTOR ON THE BUSINESS PERFORMANCE IN 2024 AND THE BUSINESS PLAN FOR 2025

Based on the actual data of the 2024 performance report and the current status of operations carried out by the Parent Company and its subsidiaries, the General Director of LICO GI Corporation – JSC respectfully submits to the General Meeting of Shareholders the report on the business performance results in 2024 and the business plan for 2025 of the Corporation as follows:

1. Business result in 2024

1.1. Assessment of the Parent Company's Performance in Implementing the 2024 Plan

The year 2024 proved challenging for units within the Construction sector in general, as well as for entities within the LICO GI system specifically. Despite considerable efforts and endeavors, the Corporation's business performance did not meet the targets set by the 2024 General Meeting of Shareholders. The key business performance indicators are as follows:

| No | Content | Unit | Plan 2024 | Achieved 2024 | Percentage % Achieved 2024/ Plan 2024 |
|-----------|--|-------------|-----------|---------------|---------------------------------------|
| I | Parent Company | | | | |
| 1 | Charter capital | VND billion | 900.000 | 900.000 | 100.0 |
| 2 | Production value | VND billion | 234.708 | 210.374 | 89.6 |
| 3 | Revenue | VND billion | 346.978 | 334.631 | 96.4 |
| 4 | Profit before tax | VND billion | 11.912 | 5.329 | 44.7 |
| 5 | Profit after tax | VND billion | | 5.329 | |
| 6 | Contributions to the State Budget | VND billion | 1.400 | 5.734 | 409.6 |
| 7 | Devidend (%) | % | 0 | 0 | 100.0 |
| 8 | Investment value | VND billion | 0.520 | 0.100 | 19.2 |
| II | Parent-Subsidiary Consolidation | | | | |
| 1 | Production value | VND billion | 2,321.591 | 2,554.130 | 110.0 |
| 2 | Revenue | VND billion | 2,558.054 | 2,432.414 | 95.1 |
| 3 | Profit before tax | VND billion | 52.871 | 85.023 | 160.8 |
| 4 | Profit after tax | VND billion | | 73.352 | |
| 5 | Contributions to the State Budget | VND billion | 99.682 | 153.988 | 154.5 |
| 6 | Investment value | VND billion | 335.760 | 56.597 | 16.9 |

- The Parent Company's output and revenue remained low due to delays at the Vietnam Military History Museum project, which was obstructed by site clearance issues as the main contractor, Thanh An Corporation, has yet to hand over the site. Consequently, progress, output, and revenue did not meet the required targets. Completed projects such as Line No. 3 – Vietnam National University, Parahill Hoa Binh Project, and Lien Ha Thai Industrial Park – Thai Binh have not yet been finalized for settlement. The Corporation's financial condition and machinery and equipment are not competitive enough and fail to meet investors' requirements, limiting the ability to seek and secure new contracts.

1.2. Implementation of on going works:

- The projects assigned by the Corporation to its subsidiary companies as subcontractors—including the construction of technical infrastructure for the commercial street along the extended 3/2 Road in Hau Nghia town; construction of the amusement park, school, and Golden Palace residential and commercial complex (TMO); and the construction of box culverts in the Shophouse area of the Quang Xuong Hot Spring Resort Urban Area project—have generally met the partners' requirements, except for certain objective factors that caused delays in the schedule

- The projects directly managed and executed by the Corporation: In 2024, focus was placed on the construction of the Vietnam Military History Museum; efforts were also concentrated on the settlement and finalization of other remaining projects

2. Financial Situation of Parent Company

2.1. Payment capacity;

- In 2024, the financial situation of the Parent Company remained difficult and seriously imbalanced. Short-term liabilities exceeded short-term assets by VND 824.98 billion, although this was a decrease of VND 41.6 billion compared to the beginning of the year (VND 866.6 billion at the start of 2024). As of December 31, 2024, the Parent Company's outstanding loan balance was VND 1,197 billion, primarily short-term debt accounting for 69.26% of the total debt structure, resulting in significant interest payment pressure. The capital shortage and imbalance in funding sources have greatly affected the ability to manage principal and interest repayments due.

2.2. Receivables and Payables

- As of December 31, 2024, the total short-term receivables of the Parent Company amounted to VND 789.8 billion, including: customer receivables of VND 183.5 billion; other short-term receivables of VND 432 billion (of which the majority are loan interest receivables from LICOGI Housing and Urban One Member Limited Liability Company amounting to VND 209.3 billion and capitalized costs for the Thinh Liet project totaling VND 113 billion); short-term loan receivables of VND 196.9 billion; and advances to suppliers of VND 83.3 billion. The Parent Company has made provisions for doubtful debts amounting to VND 106.3 billion.

- As of December 31, 2024, the Parent Company's payables mainly consisted of debts to suppliers and subcontractors totaling VND 224.6 billion; short-term loans from credit institutions, organizations, and individuals of VND 829.1 billion; and long-term loans amounting to VND 368.6 billion. The balances of tax and insurance payables remain high due to unresolved debts from LICOGI Branch 1 and Branch 6 over several years.

- In the context of difficult business operations, fewer ongoing projects, and large outstanding loans—mostly short-term—the Corporation faced significant challenges in 2024 in balancing funds to ensure capital for operations as well as in settling due debts and maintaining credit limits.

2.3. Financial Investment Status and Dividend Income from Subsidiaries and Associates:

- The value of financial investments as of December 31, 2024, was VND 1,820.004 billion, including:

- + Investments in subsidiaries: VND 1,448.580 billion;
- + Investments in associates: VND 321.547 billion;
- + Other investments: VND 49.876 billion.

- Dividend Income: Dividends received in 2024 amounted to VND 84.392 billion, with some financial investments generating positive returns, including: Bac Ha Hydropower Joint Stock Company (VND 24.36 billion); Dong Anh Construction Materials Joint Stock Company (VND 2.1 billion); Dong Anh Mechanical Joint Stock Company (VND 52.46 billion); Dakdrinh Hydropower Joint Stock Company (VND 0.687 billion); Mechanical and Construction Joint Stock Company No. 9 (VND 0.374 billion) and LICOGI 14 Joint Stock Company (VND 2.853 billion) .

Some investments in subsidiaries over time have not been effective; these companies have experienced prolonged losses, bank debts that cannot be repaid, bank asset foreclosures to recover debts, tax debts with enforced collection measures such as invoice freezes by tax authorities, and several units have almost ceased operations. Accumulated losses and qualified opinions in the consolidated financial statements of the Corporation mainly stem from the financial reports of these companies, including: Licogi Quang Ngai Company, LICOGI 10, LICOGI 15, LICOGI 20, and the Electrical and Water Installation Company. Details as follows:

- Licogi Quang Ngai Company: The Corporation's investment capital: VND 16.855 billion (ownership: 1,226,400 shares, equivalent to 60% of charter capital); Accumulated loss: VND 38.441 billion; Liabilities: VND 83.937 billion (including principal debt to BIDV Quang Ngai: VND 15 billion; tax debt: VND 11.5 billion; insurance debt: VND 7.941 billion). Current business operations mainly focus on quarrying stone, but revenues are only sufficient to cover operating expenses. Existing unresolved issues continue to arise and remain unaddressed. If these outstanding issues related to tax, insurance, and bank loans are not resolved promptly, the company faces risks of foreclosure on real estate, machinery, and equipment, leading to the inability to continue operations. Meanwhile, other assets such as the stone quarry have already been fully exploited

- LICOGI 10 Company: The Corporation's investment capital: VND 10.110 billion (ownership: 675,240 shares, equivalent to 57.71% of charter capital); Accumulated loss: VND 17.288 billion; Liabilities: VND 204.530 billion (including principal debt to BIDV Da Nang: VND 36.925 billion; tax debt: VND 7.7 billion). LICOGI 10 is virtually inactive because BIDV Da Nang Bank has filed a lawsuit and is proceeding with asset foreclosure procedures. The company's headquarters located in Nui Thanh – Da Nang cannot secure a land lease contract with the State and risks having the land revoked. The assets on the land

are being foreclosed by the bank. The tax authorities have enforced invoice seizures, preventing the company from issuing invoices and continuing operations.

- LICOGI 15 Company: The Corporation's investment capital: VND 6.593 billion (ownership: 659,380 shares, equivalent to 64.65% of charter capital); Accumulated loss: VND 109.353 billion.

Liabilities: VND 147.693 billion (including principal debt to BIDV Bim Son: VND 6.3 billion; tax debt: VND 12.575 billion; social insurance debt: VND 11.759 billion). LICOGI 15 is nearly inactive; the company's headquarters has been foreclosed by BIDV Bim Son Bank to recover debt. The remaining principal debt after asset foreclosure is VND 6.3 billion, and tax and insurance authorities are implementing enforcement measures against the company.

- LICOGI 20 Company: The Corporation's investment capital: VND 22.571 billion (ownership: 2,257,150 shares, equivalent to 92.58% of charter capital); Accumulated loss: VND 128.445 billion; Liabilities: VND 227.839 billion (including principal debt to BIDV Tây Hồ: VND 20.497 billion; principal debt to Agribank Tây Hà Nội: VND 18.829 billion; tax debt: VND 78.184 billion; social insurance debt: VND 5.198 billion). Currently, the company is no longer active; the bank has foreclosed assets to recover debt. The remaining principal debt after foreclosure is VND 39 billion. The company's office premises are currently in dispute with another party. Tax and insurance debts are under enforcement.

- LICOGI Electrical and Water Installation Joint Stock Company: The Corporation's investment capital: VND 10.277 billion (ownership: 1,027,750 shares, equivalent to 89.92% of charter capital). Accumulated loss: VND 78.241 billion; Liabilities: VND 125.271 billion (including principal debt to Agribank Tây Hà Nội: VND 4.9 billion; tax debt: VND 16.378 billion; social insurance debt: VND 12.011 billion). The company's main activity currently is leasing factory premises at Warehouse 382 Dong Anh; the revenue only covers some basic operations and is insufficient to resolve outstanding debts to banks, tax, and social insurance.

2.4 Results of divestment activities at subsidiaries in 2024

- In 2024, the Corporation carried out divestment of certain financial investments as follows: 2,000 shares of Bac Ha Hydropower Joint Stock Company; 150,000 shares of LICOGI 14 Joint Stock Company; 1,000,000 shares of LICOGI 13 Joint Stock Company; and 89,700 shares of Investment and Construction Company No. 18 (LICOGI 18).

- Compared to the divestment portfolio approved by the General Meeting of Shareholders, the results in 2024 were limited due to the financial market conditions and the inability to find investors for high-value investments such as the stake in Bac Ha Hydropower Joint Stock Company.

- Although the results were limited, the proceeds from divestment activities helped the Corporation somewhat alleviate difficulties in paying principal and interest on bank loans in December 2024 and partially repay principal debt to creditors.

- Given the current severe financial imbalance, continuing financial restructuring and reorganization of financial investments in 2025 is urgently necessary for the Corporation's operations. Moreover, due to the inefficiency of some subsidiaries as previously mentioned, a comprehensive restructuring and proposal to divest the Corporation's entire equity in these subsidiaries is needed. This will not only address revenue issues but also help resolve audit exceptions and reduce the large accumulated losses reflected in the Corporation's consolidated financial statements.

3. Implement progress of Corporation's projects:

3.1 Project for the Construction of LICOGI Corporation Headquarters at Lot 07-E7 in Cau Giay New Urban Area

- Regarding the project to construct the LICOGI Corporation headquarters at Lot 07-E7 in the Cau Giay New Urban Area: According to Decision No. 4982/QĐ-UBND by the Hanoi People's Committee on terminating the assignment of project investor roles for 11 land lots within the headquarters area of corporations in the Cau Giay New Urban Area, on October 14, 2024, the Hanoi Department of Planning and Investment issued Notification No. 2029/TB-KH&ĐT to 11 investors (including LICOGI Corporation JSC) about the termination of the investor role at Lot 07-E7.

- Based on the Hanoi People's Committee's decision, the Corporation has coordinated with relevant departments of the Hanoi People's Committee to carry out compensation, support, and reimbursement procedures for investment preparation expenses according to current laws.

- Up to now, after LICOGI Corporation JSC sent Official Letter No. 121/2025/CV-LICOGI to the Hanoi Department of Finance regarding the refund of the deposit for the construction of the Corporation's headquarters in the Cau Giay New Urban Area, the deposit amount of VND 8,450,000,000 has been recovered. The procedure to recover the investment preparation costs is completed, officially terminating the project.

3.2 Thinh Liet New Urban Area:

Land Use Scale: 351,618 m² across Thinh Liet, Tuong Mai, and Hoang Van Thu wards – Hoang Mai district, Hanoi city.

Work carried out in 2024:

Challenges and obstacles encountered:

+ Regarding compensation and site clearance: Due to the complex land use origins of residents' households; changes in policies on compensation, support, and resettlement; complaints and petitions; and plans for relocating graves, the progress of site clearance remains slow and faces many difficulties.

+ Regarding the adjustment of investment policy: In 2024, the investment policy for the Thinh Liet New Urban Area project expired according to Decision No. 6429/QĐ-UBND dated September 15, 2017, issued by the Hanoi People's Committee. Although LICOGI Corporation and LICOGI Housing and Urban Development One-Member Limited Liability Company have made efforts to work with the Hanoi People's Committee and relevant

departments to complete the procedures for approval to extend the investment policy, these procedures have not yet been completed.

The main cause of this issue is that the Hanoi People's Committee, specifically in Notification No. 2322/TB-KHĐT dated December 19, 2023, from the Department of Planning and Investment, requires LICOGI Corporation and LICOGI Housing and Urban Development One-Member Limited Liability Company to: (1) Implement the recommendations in the Government Inspectorate's conclusion No. 1229/KL-TTCT dated May 30, 2023; (2) Coordinate with the Department of Natural Resources and Environment – the agency assigned by the Hanoi People's Committee to lead the inspection and review of land management and usage according to regulations.

Therefore, the biggest issue to be resolved is the implementation of the Government Inspectorate's conclusion No. 1229/KL-TTCT dated May 30, 2023, which is a prerequisite for completing the procedures to approve the extension of the investment policy and the following steps.

***Results:**

+ The area with completed site clearance (GPMB) is 298,504.9 m², reaching 85% of the total project land area of 351,618 m², with payments made totaling 514,523 million VND. This cleared area is continuous and does not have interspersed plots that remain uncleared. All existing constructions on this land have been demolished, ground leveling has been completed to prevent re-encroachment, fences made of corrugated iron sheets have been built, and security services have been hired.

+ Meetings have been held with the Interdisciplinary Inspection Team of Hanoi City (according to Decision No. 3579/QĐ-UBND dated July 10, 2024, of the Hanoi People's Committee). On January 23, 2025, the Inspection Team issued Report No. 685/BC-ĐKTrLN on the results of land law compliance inspection at the Thinh Liet New Urban Area Project. The result confirmed that during the project's implementation process, there were no violations of land law regulations.

+ The payment of opportunity costs for the project amounting to 348,885,000,000 VND (three hundred forty-eight billion, eight hundred eighty-five million VND) has been completed and submitted to the State Budget, in accordance with the recommendations in the Government Inspectorate's conclusion No. 1229/KL-TTCT dated May 30, 2023.

Thus, with the above achievements, the project has sufficient grounds for the Hanoi People's Committee to consider completing the procedures to extend the investment policy.

4. Investment and Management of Machinery and Equipment in 2024:

- *Investment and Maintenance:* Due to no additional demand, in 2024, the Corporation did not invest in new machinery and equipment in order to use capital efficiently. The focus was on repairing and maintaining key vehicles and equipment, with a total expenditure of VND 100,000,000.

- *Machinery and Equipment Investment*: In 2024, the General Meeting of Shareholders approved several asset liquidation programs, such as assets at the warehouses in Dong Anh and Dong Nai. Currently, as some assets are pledged to banks, the Corporation has not been able to fully release these pledges and has only liquidated some old tools and equipment that are no longer usable and are not pledged to banks.

- *Asset Utilization*: LICOGI's machinery and equipment utilization has improved with contracts signed for leasing assets to offset depreciation, thereby generating cash flow for the company. The DH650-5 crane is currently leased to Licogi 15 Joint Stock Company for the Nậm Sum 1A hydropower project in Sầm Tó district, Hòa Phấn province, Lao PDR from December 19, 2021, to October 31, 2024. The PC450 excavator is leased to Licogi 17 Joint Stock Company. The KH180 drill, ED5500, and tools are leased to Licogi 18 Joint Stock Company

5. Human Resources Management, Enterprise Restructuring, and Labor Situation; Implementation of Labor Policies and Benefits:

In 2024, following the resolution of the General Meeting of Shareholders dated June 26, 2024, regarding the restructuring orientation of LICOGI Corporation – JSC, the Corporation conducted a review and implemented solutions in compliance with labor laws to streamline the workforce in functional departments and subsidiary units.

As of January 1, 2024, the total number of employees in the Corporation's departments and units was 121, with 81 employees participating in social insurance. By December 31, 2024, the number of employees had decreased to 57, a reduction of 64 people (including 63 employees whose labor contracts were mutually terminated and 1 employee with a suspended labor contract). The number of employees participating in social insurance decreased to 49.

For employees who left due to contract termination or suspension, the Corporation promptly paid salaries, severance allowances, and finalized social insurance records to enable employees to register for unemployment benefits as prescribed by law.

The remaining 57 employees are currently key personnel working in the Board of Directors, Supervisory Board, Executive Board, functional departments of the Corporation, and the Trade Union of the Corporation's Office. They handle specialized professional tasks within each business sector, carry out political duties, and protect the rights and interests of the Corporation's employees.

In addition, the General Director has requested a review, assessment, and proposal for restructuring the organizational apparatus of functional departments, branches, and representative offices. Initially, the Corporation's Representative Office in Ho Chi Minh City, established in September 2012 with the primary responsibilities of serving as the contact point for job acquisition and market development, directly directing and coordinating among the Corporation's units, and participating in construction projects in Ho Chi Minh City and southern provinces, has now largely completed the handover of construction works to investors, as well as the settlement and capital recovery. Currently and in the near future, the Corporation does not have plans to execute construction projects in the southern region. Therefore, maintaining the Representative Office in Ho Chi Minh City is unnecessary and continues to incur office rental, salary, and other related expenses. To reduce intermediate organizational levels and cut costs, the General Director

recommends terminating the operation of the Corporation's Representative Office in Ho Chi Minh City.

Furthermore, to manage, preserve, and enhance the efficiency of the Corporation's invested capital in other enterprises, in 2024, the Corporation assigned (authorized) several personnel to serve as Capital Representatives and Controllers. It also nominated and introduced personnel to participate in governance, management, and supervision tasks at 13 subsidiaries, 10 associated companies, and other invested companies.

II. Business and Production Orientation for 2025

1. Business Performance Indicators for the Year 2025:

The year 2025 still brings numerous challenges for the Corporation, especially financial difficulties. Several overdue debts carry potential risks that may impact business operations, including debts owed to Agribank – Tây Hà Nội Branch (loan debt of Licogi No. 1 Branch), debts to JUPITER Joint Stock Company, tax debts, social insurance debts, and other liabilities of Licogi No. 1 Branch...

Based on the current financial situation and business operations, the Corporation has set out the following key targets:

| No | Content | Unit | Achieved in 2024 | Plan 2025 | Ratio % plan 2025/achieved 2024 |
|-----------|--|-------------|-------------------------|------------------|--|
| I | Parent company | | | | |
| 1 | Charter Capital | VND billion | 900.000 | 900.000 | 100.0 |
| 2 | Charter capital | VND billion | 210.374 | 286.960 | 136.4 |
| 3 | Production value | VND billion | 334.631 | 430.745 | 128.7 |
| 4 | Revenue | VND billion | 5.329 | 6.699 | 125.7 |
| 5 | Profit before tax | VND billion | 5.734 | 348.885 | 6,084.5 |
| 6 | Profit after tax | % | 0 | 0 | |
| 7 | Contributions to the State Budget | VND billion | 0.100 | 0.616 | 616.0 |
| II | Parent-Subsidiary Consolidation | | | | |
| 1 | Production value | VND billion | 2,554.130 | 2,178.059 | 85.3 |
| 2 | Revenue | VND billion | 2,432.414 | 2,427.674 | 99.8 |
| 3 | Profit before tax | VND billion | 85.023 | 52.107 | 61.3 |
| 4 | Profit after tax | VND billion | 153.988 | 513.917 | 333.7 |
| 5 | Contributions to the State Budget | VND billion | 56.597 | 490.786 | 867.2 |

2. Measures for Implementation and Execution:

2.1. Continue to implement the Restructuring Plan of the Corporation in accordance with the resolutions of the 2024 General Meeting of Shareholders and the Board of Directors' resolutions

- The orientation of LICOGI Corporation - JSC is to operate as a general contractor for construction; subsidiaries will act as the direct construction units.

- Continue to review and liquidate outdated equipment, utilize diaphragm wall drilling and bored pile drilling equipment for lease. Handle all assets currently mortgaged

at banks by developing a detailed liquidation plan following the schedule and in compliance with current laws. Investment in new equipment will only be made when genuinely necessary based on work demands, and existing equipment will be liquidated, exchanged, or sold accordingly.

- Restructure finances step-by-step to stabilize and meet the requirements for working capital to serve production and business activities, as well as project implementation of LICOGI. Continue divesting in enterprises approved by the 2023 General Meeting of Shareholders to restructure financial status and reduce debt burdens. For large divestment items such as the investment in Bac Ha Hydropower Joint Stock Company (stock code: BHA) in 2025, continue working with consultants to finalize valuation reports and complete subsequent procedures related to investor selection and public offering on the stock market

- Additionally, it is recommended to add the following units: Licogi Electromechanical Joint Stock Company; LICOGI 10 Joint Stock Company; LICOGI 15 Joint Stock Company; Engineering and Foundation 20 Joint Stock Company; and LICOGI Quang Ngai Joint Stock Company into the divestment list in the coming time; The proposed divestment time of these units will be submitted to the General Meeting of Shareholders in writing.

On organizational structure and human resources: The Corporation continued reviewing, assessing, and proposing the dissolution or termination of operations of certain underperforming branches. Functional departments were reorganized and restructured to ensure a more efficient, and rational organizational model. Additionally, the Corporation may recruit high-quality personnel to meet its development needs and strategic orientation, aiming to optimize human resources, reduce operating costs, and enhance adaptability to the evolving market and business environment. A set of performance evaluation indicators and job descriptions for employees was developed; the salary regulation was updated; and new provisions of the Labor Code and other relevant regulations were incorporated to draft and issue a new standard labor contract, followed by the re-signing of labor contracts with current employees of the Corporation

- The General Director proposes the 2025 Annual General Meeting of Shareholders approve the policy of terminating the operation of LICOGI Corporation's Representative Office in Ho Chi Minh City.

2.2. For Thinh Liet New Urban Area.

Accelerate the progress and complete the legal documentation to be submitted to the Departments, Agencies, and the People's Committee of Hanoi for the extension of the investment policy in 2025.

Strive to finalize the approved land use fee and land allocation plan for Phase 1 within 2025.

Continue the site clearance work for Phase 2.

Due to recent changes in regulations on the Land Law, the Law on Real Estate Business, as well as the land price framework in Hanoi.

The General Director of LICOGI Corporation – JSC respectfully proposes that the General Meeting of Shareholders consider and agree to increase the Charter capital of LICOGI Corporation – JSC in the coming time to always ensure that it meets the conditions to be a Project investor according to regulations.

The above is the General Director's report on the implementation results of 2024 and the business orientation for 2025.

Best Regards!

To:

BOD's office, Supervisory Board (reporting)
Functional Department
Filed

GENERAL DIRECTOR

Phan Thanh Hải