**HEP: Annual General Mandate 2024**

On April 12, 2024, Hue Urban Environment and Public Works Joint Stock Company announced General Mandate No. 29/2024/NQ-HDQT as follows:

Article 1. Approve the Report on production and business results in 2023 and the 2024 plan.

The main targets are as follows:

* 1. Production and business results 2023:

Unit: Billion VND

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Target | 2023 Plan | 2023 Results | Comparison (Results/Plan) |
| 1 | Total revenue from production and business activities | 276.130 | 292.878 | 106.06% |
| 1.1 | Activities of providing public products and services in the City | 167.000 | 170.884 | 102.33% |
| 1.2 | Service business | 63.180 | 65.763 | 104.09% |
| 1.3 | Construction business | 45.000 | 56.231 | 124.96% |
| 2 | Profit before tax | 13.750 | 14.627 | 106.38% |
| 3 | Profit after tax | 11.536 | 12.475 | 108.13% |
| 4 | Payable to State budget | 24.500 | 28.018 | 114.36% |

* 1. Production and business plan 2024:

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| --- | --- | --- | --- | --- | --- |
| No. | Target | Unit | 2023 Results | 2024 Plan | Comparison (Plan/Results) |
| 1 | Revenue | Billion VND | 292.878 | 316.540 | 108.08% |
| 2 | Profit before tax | Billion VND | 14.627 | 15.827 | 108.20% |
| 3 | Profit after tax | Billion VND | 12.475 | 13.279 | 106.45% |
| 4 | Payable to State budget | Billion VND | 28.018 | 28.500 | 101.72% |
| 5 | Charter capital:  In which: | Billion VND | 60.000 | 60.000 | 100.00% |
| - State capital  51% | Billion VND | 31.000 | 31.000 | 100.00% |
| - Other share capital | Billion VND | 29.000 | 29.000 | 100.00% |
| 6 | Average income of employees | VND/person/month | 15,122,317 | 15,197,627 | 100.05% |
| 7 | Dividend payment (%/charter capital) | % | 10.39 | 11.00 | 105.87% |

Article 2. Approve the Report on performance of the Board of Directors in 2023 and operating orientation in 2024.

The main contents are as follows:

1. Implementation of tasks in 2023

In 2023, the Board of Directors had 29 meeting sessions, deciding on issues within the authority of the Board of Directors as stipulated in the Company's Charter of organization and operation. The basic contents that the Board of Directors has decided are as follows:

1. Work to strengthen the organization and apparatus at the Company:

* The company holds the Annual General Meeting of Shareholders on May 05, 2023. Accordingly. the Company approves the General Mandate and implements the handover of the Chief Accountant position from July 01, 2023 and the position of Representative of State capital from September 30, 2023, and the time of handing over the position of Chair of the Board of Directors after electing new Chair of the Board of Directors (Retirement according to regulations) (Minutes on the handover fully demonstrate the responsibilities of the transferor and the transferee).
* To facilitate the management of production and business activities to ensure continuity before the current Chair of the Board of Directors retires according to regulations. On July 04, 2023, the Chair of the Board of Directors of the Company (1st Legal Representative, managing 60/51% of State capital participating in the Charter capital at Hue Urban Environment and Public Works Joint Stock Company) authorizes Mr. Tran Quoc Khanh - Member of the Board of Directors-cum-General Manager of the Company to be the 2nd Legal Representative, managing 40/51% of State capital participating in the Charter capital at Hue Urban Environment and Public Works Joint Stock Company and implement, according to the authorization letter, a number of the following tasks:
* Have the rights to sign Decisions on appointing Heads and Deputy Heads of Departments; Managers and Deputy Managers of units under the Company;
* Have full authority to sign dossiers related to investment capital settlement for completed projects and unfinished projects under the responsibility of the investor that have not yet completed settlement procedures and submit to competent authorities for approval;
* Have full authority to sign all related dossiers from October 01, 2023 as prescribed in section 11.2.1 on the scope of representation of the Chair of the Board of Directors - Article 11 of the Company's Charter on amending and supplementing for the second time approved by the Annual General Meeting of Shareholders on April 28, 2021.

1. Policies and solutions to implement planned targets in 2023:

* In 2023, the Board of Directors has implemented the General Mandate for the term 2020-2025, the Annual General Mandate 2023 and the Extraordinary General Mandate 2023; promulgated Resolutions and Decisions related to the implementation of the Company's production and business tasks in 2023; implemented business tasks in accordance with the Law on Enterprises and the Company's Charter, complying with the direction of the Provincial People's Committee and current state regulations; and implement production and business tasks with many measures and solutions in directing and saving production expenses such as: Implement internal spending regulations, continue to implement fixed expenses for using tools, instruments, telephone expenses, stationery expenses and a number of other related expenses to ensure realized profit after tax increasing by 6% compared to the plan.
* In the process of implementing production and business activities, there are also many advantages in finding market share to increase revenue. However, there are also many difficulties, due to the increase in prices of input materials and regional minimum salary, while the unit price norms issued by the Provincial People's Committee since 2016 have not been adjusted yet (although the State Audit of Region II in 2022 audits the unit price norms for the field of public activities in the entire Province, there have been suggestions for relevant Departments, branches and the Provincial People's Committee to consider adjusting and supplementing the set of urban public service unit prices promulgated under Decision No. 2239/QD-UBND dated September 16, 2016 of the People's Committee of Thua Thien Hue Province) and Hue City People's Committee has placed orders for only about 86% of the unit price promulgated by the province.
* With the set goals and tasks for 2023, the Board of Directors and Chair of the Board of Directors have assigned specific and clear tasks to each member of the Board of Directors and the Board of Management the Company to direct and operate on each field of work. Therefore, in 2023, realized revenue reached more than 106% of the year's plan, a decrease of 15.63% compared to the same period last year due to a decrease in revenue from the construction sector (irregular work), which is a corresponding decrease compared to the expected 2023 plan approved by the Annual General Meeting of Shareholders 2023.
* In 2023, the Board of Directors has issued Minutes and Resolutions on the use of depreciation capital to invest in purchasing equipment and renovating and repairing worker accommodations, garages...Total resources investment capital is: VND 4,205,779,676; At the same time, depreciating Japanese incinerator fixed assets to finance urban solid waste treatment and landfill restoration, the actual value of long-term assets is: VND 7,215,007,000; In which, targeted additional reserves for the City budget are: VND 559,007,000; Non-refundable aid capital (JICA): VND 6,656,000,000. The Company has determined the depreciation period to be 5 years according to section 18 specified in the list of fixed asset groups in Circular No. 45/2013 and Circular No. 28/2017/TT-BTC on amending and supplementing a number of articles in Circular No. 45/2013. The amount of depreciation accounted for in business operating expenses from January 1, 2023 to December 31, 2023 is: VND 1,443,001,404, the Company paid into the state budget according to regulations.
* Situation and results of implementation of investment projects; Investment plan, implementation volume, situation and ability to pay investment capital ensure compliance with current State regulations; Disbursement of capital according to the capital allocation plan.
* The Company implemented many measures and solutions to manage receivables and payables. Therefore, in 2023, the Company will not have a situation of long-term debts and bad debts that cannot be recovered, and make timely payments of due debts to customers.
* The Company always focuses on managing, using and preserving state capital. Implement guaranteed capital resource rotation according to regulations; of which State capital is 51% of Charter capital; 49% of total capital.
* Proactively calculate, reduce production costs, reduce costs of tools, labor tools, administrative management costs and other related costs. Carry out payment of social insurance; Health insurance; Unemployment insurance according to the regulations on enterprise salary rankings based on the regional minimum wage, electricity payment costs, and input material costs all increase compared to the actual unit price. The Company's financial management has been implemented in accordance with the Financial Management Regulations and internal expenditure regulations, Annual General Mandate 2023, Board Resolutions; the Company's Charter and current State regulations; the management of production and business activities ensure quality and efficiency to meet production capital needs and the capital preservation coefficient is always >1. Salaries and other benefits has been fully and promptly paid to staff and employees. Pay taxes, social insurance, and health insurance in accordance with regulations.
* Regularly direct the implementation of tasks with the goal of improving the quality of sanitation work in the City and surrounding areas, while saving production and business costs.
* The Company has disclosed information according to the provisions of Circular No. 96/2020/TT-BTC dated November 16, 2020 by the Ministry of Finance on guidance on information disclosure on the securities market, all production and business activities of the Company are publicized on the website: <http://hepco.com.vn>. Investor relations section, published on the information disclosure system (IDS), (CIMS) on Financial Statements, Corporate Governance Report, annual reports 2023, Annual General Mandate, profit distribution plans, dividend distribution, and extraordinary information disclosure according to regulations..

1. Shareholder work:

Shareholder status at the record date according to the general list of shareholders on March 12, 2024 (Exercising voting rights).

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| --- | --- | --- | --- | --- |
|  | Number of shareholders | Number of shares owned | Value (VND) | Rate/Charter capital (%) |
| 1. State shareholders | 02 | 3,060,000 | 30,600,000,000 | 51.000% |
| 2. Shareholders who are employees and retirees | 396 | 2,164,300 | 21,643,000,000 | 36.072% |
| 3. Strategic shareholder | 01 | 705,700 | 7,057,000,000 | 11.762% |
| 4. Other shareholders | 30 | 70,000 | 700,000,000 | 1.166% |
| Total | 429 | 6,000,000 | 60,000,000,000 | 100.000% |

Pursuant to Decision No. 2412/QD-UBND dated October 12, 2023 on mobilizing and appointing representatives of state capital to participate in the Charter capital of the Company to nominate candidates for election as members of the Board of Directors, the Board of Directors elected Mr. Phan Le Hien to hold the position of Chair of the Board of Directors from December 1, 2023, holding 60/51% of state capital: 18,360,000 shares (Replacing Mr. Nguyen Hong Son who retired according to regulations); Mr. Tran Quoc Khanh: Member of the Board of Directors - General Manager, holding 40/51%: 1,224,000 shares, total number of shares owned by state capital (51%) is: 3,060,000 shares; 395 shareholders are employees and retirees, owning 2,164,300 shares; 01 strategic shareholder is Thua Thien Hue Construction And Public Services Co.Ltd, which owns: 705,700 shares; 30 other shareholders, owning: 70,000 shares. The Company has submitted a written report asking for opinions from the People's Committee of Thua Thien Hue Province on approving allowing the State capital representative to comment at the Annual General Meeting 2024. The Provincial People's Committee has issued a document number: 3126/UBND-DN dated April 1, 2024, agreeing on the contents for the State capital representative to comment at the Annual General Meeting of Shareholders 2024.

1. Task and orientation in 2024
2. Direct the implementation of production and business activities

* Expand and diversify types of services throughout the Province, participate in bidding for garbage collection and transportation packages; manage drainage systems, sidewalks, and lighting systems; Construction of capital construction projects; planting and caring for trees....;
* Improve the quality of all types of services, ensuring quality and aesthetics. Strengthen cooperative relationships with localities; project management boards; foreign partners, business units, to promote the Company's sustainable development, ensure the lives of employees and staff are increasingly improved and enhanced;
* Research and propose solutions to save production costs and lower prices for services to implement competitive solutions in the fields the Company is operating. Mobilize legal capital sources to continue investing in purchasing equipment and facilities to ensure business operations, and at the same time continue to invest in purchasing facilities and equipment to serve management and timely response in the management and operations of the Company;
* Develop plans to concretize specific goals, targets and tasks to facilitate the direction and management of production and business activities. Recognizing this, the Company offers a number of solutions to improve business operations, specifically as follows:
* Develop solutions for production and business development, maintain the stability of current customers and exploit and find new customers in the business of waste collection and transportation services, research and implement financial mechanisms to have funding sources to encourage customers, contributing to increasing revenue in all activities of the Company;
* Develop a business plan with policies, quality, and reduce service costs to attract customers to compete and participate in bidding for a number of types of services that are implementing the bidding mechanism according to regulations. Strengthen communication, customer care, promote the image of the Company's activities, quickly and promptly resolve problems and some opinions of organizations and people related to the Company's activities;
* Implement the digital transformation project. Continue to deploy and maintain the use of Facebook and other social networks to promote and propagate content to raise people's awareness about dumping trash on time and in the right place, and at the same time introduce and promote other type of service the Company is providing;
* Research and propose solutions to effectively implement production and business tasks, ensure the legal rights of the Company, shareholders and employees, fulfill obligations to the State, and continuously improve the material and spiritual life of the Company's officers and employees. Develop solutions to ensure effective production and business;
* Direct to continue to implement the Grassroots Democracy Regulations at the Company, promote the collective ownership of officers and employees, and implement transparency in production and business plans and financial situation, profit distribution; implement reporting work of the Capital Representative to the Owner and propose profit distribution and dividend payment plans, submit to the owner for opinions before holding the General Meeting at the end of the 2025 term;
* Come up with a plan to successfully complete a number of current projects that Hue City is continuing to assign the Company as the investor and appoint contractors to carry out the construction. Complete the capital settlement work for the investor and submit it to the competent authority for approval and request to transfer the Decision on approving the investment capital settlement for completed projects to Hue City Urban Infrastructure Management and Exploitation Center to receive according to regulations.

1. Corporate Governance

Review and adjust the internal legal framework in accordance with the actual situation of the Company: Decisions, regulations, processes, mechanisms, decentralization of authority to create initiative and responsibility. Strengthen inspection and supervision to ensure work efficiency.

Continue to improve the apparatus to ensure it is streamlined and consistent with the Company's production and business activities.

1. Determine capital sources and ability to balance investment capital for fixed asset purchases from 2024

The Company's Board of Directors determined that the main source of investment capital is from depreciation capital of fixed assets. Based on the inspection and assessment of specialized departments and units directly using equipment in production and business activities to meet the needs of transporting waste to Phu Son, the need to invest in purchasing new specialized vehicles and equipment; Major repairs to vehicles and equipment that have been depreciated over the prescribed time. To ensure the Company's production and business activities, the Board of Directors, based on the Company's Charter and current Law on Enterprises, will consider and agree to issue a Resolution before implementing the use of investment capital to purchase fixed assets in 2024.

1. Regarding management

Implementing the digital transformation project throughout the Company, continuing to apply 4.0 technology in the management and administration of production and business activities, implementing many measures and solutions to strictly strengthen management production and business, ensure reasonable cost savings and business efficiency.

1. Regarding human resources - labor

Implement organizational arrangements and apparatus to ensure it is streamlined, reasonable and efficient, gradually reducing labor at affiliated Enterprise units and the management division of the Company's Office, to contribute to implementing plans to save production costs in business activities. Salary and income of workers are maintained and stable. Focusing on human resource planning, personnel work needs to be carefully considered, human factor is one of the very important tasks in leadership, direction, and management at the Company, ensuring timely response to the Company's human resource needs in 2024 and the following years.

Article 3. Approve the report on activity results 2023 of the Supervisory Board.

Article 4. Approve the Financial Statements 2023 which has been independently audited.

Some financial targets are as follows:

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| No. | Targets | Unit | 2023 Results |
| 01 | Net revenue | VND | 292,877,978,220 |
| 02 | Profit before tax | VND | 14,627,091,499 |
| 03 | Profit after tax | VND | 12,474,549,116 |
| 04 | Payables to the State budget | VND | 28,017,988,119 |
| 05 | Fixed assets (public welfare works) are assigned to be managed by the State - Closing balance | VND | 476,405,710,473 |
| 06 | Fixed assets (depreciation and accounting into production and business expenses). Figures at the end of the period | VND | 28,352,617,252 |
| 07 | Depreciation of fixed assets | VND | 7,799,199,478 |
| 08 | Charter capital | VND | 60,000,000,000 |
| 09 | Average income of employees | VND/person/month | 15,122,317 |
| 10 | Dividend payment rate | % of Charter capital | 10.39 |

Article 5. Approve the profit distribution and dividend plan 2023 and expected profit distribution and dividend plan 2024.

1. Plan for profit distribution and dividend payment in 2023:

Unit: VND

|  |  |  |
| --- | --- | --- |
| No. | Targets | 2023 Results |
| 1 | Profit after tax | 12,474,549,116 |
| 2 | Appropriation for development and investment fund (over 20%) | 2,498,184,381 |
| 3 | Appropriation for bonus and welfare fund (30%), in which   * Bonus fund (60%) * Welfare fund (40%) | 3,742,634,375  2,245,418,841  1,496,945,894 |
| 4 | Dividend payment  % of Charter capital | 10.39 |
| 5 | In which:  - 51% from State capital | 3,179,340,000 |
| 6 | - 49% from shareholder capital | 3,054,660,000 |

1. Expected profit distribution and dividend payment plan for 2024:

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| --- | --- | --- | --- |
| No. | Targets | Unit | 2024 Plan |
| 1 | Revenue | VND | 316,540,075,455 |
| 2 | Profit before tax | VND | 15,827,003,773 |
| 3 | Profit after tax | VND | 13,278,856,165 |
| 4 | Payable to the State budget | VND | 28,500,000,000 |
| 5 | Charter capital: In which:   * State capital: 51% * Share capital | VND | 60,000,000  30,600,000  29,400,000 |
| 6 | Average income of employees | VND/person/month | 15,197,627 |
| 7 | Dividend payment | Rate/Charter capital (%) | 11.00 |

Article 6. Approve the Company's total salary fund, remuneration regime of the Board of Directors, the Supervisory Board and Company Secretariat with the following main contents:

1. Total salary fund
2. Status of salary payment in 2023.

* Total realized salary fund in 2023: VND 102,978,073,656; In which the salaries of the Chair of the Board of Directors, Executive Board, Chief Accountant and the Chief of the Supervisory Board are: VND 3,007,000,000; Office management department’s salary: VND 12,750,000,000; salary of the production management department and the salary of the employees are: VND 87,471,073,656; Including salaries and wages of affiliated units performing construction operations of capital construction works and some other unexpected tasks are: VND 6,395,234,982.
* Salary unit price paid to the Chair of the Board of Directors, Executive Board, Chief Accountant and the Chief of the Supervisory Board: 1.63 for each VND 100 revenue before tax;
* Other business salary unit prices paid to office managers and managers at relevant Enterprises and departments: 10.56 for each VND 100 of other business revenue;
* Salary unit price of the Company's Office management department, calculated from 12-16% of direct production salary;
* The salary unit price paid to employees and workers in the Enterprises and Departments under the Company, determined based on business performance in 2023: VND 332.429/VND 1000 of revenue

Determining the salary fund to be implemented in 2023 is mainly based on Circular No. 28/2016/TT-BLDTBXH dated September 1, 2016 guiding the implementation of regulations on labor, wages, remunerations, and bonuses for employees for companies with controlling shares or contributed capital by the state. Financial management regulations are the basis for determining temporary payments. At the end of the year, when determining the actual salary fund, it must be based on data to evaluate targets, revenue, profits, and costs without salary to determine the actual salary fund, ensuring compliance with the provisions in Circular No. 28/2016.

1. Salary plan for 2024:

* Salary and income of leaders and managers at the Company and its affiliated Enterprises, departments and employees in the Company will be based on inter-sectoral minutes on the supervision of labor, salaries and remunerations implemented in 2023 and the plan for 2024 verified by the Provincial People's Committee Council on March 13, 2024 and the Provincial People's Committee's consensus document No. 2743/UBND-DN dated March 21, 2024. During the process of making salary payments, the Company's Board of Directors will consider adjustments (increase or decrease). Depending on increased revenue, reduced costs and increased realized profits, the salary fund will be adjusted according to regulations in Circular No. 28/2016/TT-BLDTBXH dated September 1, 2016.
* Salary unit price in 2024 (Follow the Company's Financial management regulations): Authorize the Board of Directors to decide to determine the salary unit price in 2024, based on the realized revenue before tax in 2024 to determine the salary unit price and determine the total salary fund in 2024. The total salary fund according to data approved by the Provincial People's Committee and the planned number is: VND 108,007,625,000; which is an increase compared to salary realized in 2023 of 4.88% (because revenue in 2024 increases by 8.08% compared to salary realized in 2023, the salary fund also increases correspondingly).
* Regarding the distribution of profit after tax according to the provisions of current Law, the Company's Charter of Operations and the Company's Financial Management Regulations and Internal Expenditure Regulations.

1. Remuneration:
2. Implementation of remuneration payments in 2023:

The total amount actually spent is: VND 384,000,000

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| --- | --- | --- | --- |
| No. | Position | Amount  (VND/person/month) | Note |
| 1 | Chair of the Board of Directors | 6,000,000 | Payment in accordance with the General Mandate approved on May 5, 2023 |
| 2 | Member of the Board of Directors | 4,000,000 |
| 3 | Chief of the Supervisory Board | 4,000,000 |
| 4 | Member of the Supervisory Board and Secretariat | 2,000,000 |

1. Remuneration plan for 2024: Implementation as in 2023.

Article 7. Approve the Proposal for selecting an audit company for the Financial Statements 2024.

Article 8. Terms of enforcement

* The General Meeting of Hue Urban Environment and Public Works Joint Stock Company assigned the Board of Directors of the Company to organize and implement the General Mandate.
* This General Mandate was unanimously approved by the General Meeting on April 12, 2024.