**LLM: Annual General Mandate 2024**

On June 28, 2024, Vietnam Machinery Installation Corporation JSC announced General Mandate No. 183/NQ-DHDCD as follows:

‎‎Article 1. Approve on Report on activities 2023 and operational plan 2024 of the Board of Directors of Vietnam Machinery Installation Corporation - JSC.

‎‎Article 2. Approve on Report on production and business, investment results 2023, plan on production, business and investment 2024 of Vietnam Machinery Installation Corporation - JSC with main contents as follows:

1. Results on production, business and investment activities 2023
2. Some main production and business targets in 2023 are as follows:

Unit: Billion VND

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Targets | General Mandate 2023 | Results 2023 | Results/Plan (%) 2023 |
| 1 | Revenue | 4,831.0 | 5,013.3 | 103.8% |
| 2 | Profit before tax: | 36.0 | 58.6 | 162.8% |
| 3 | Payables to the State budget | 40.0 | 81.7 | 204.3% |
| 4 | Dividend payment rate (%) | 2% per year | 4.5% per year | 225.0% |
| 5 | Investment | 100.0 | 2.85 | 2.85% |
| 6 | Salary fund for employees | 196.0 | 276.42 | 141.0% |

1. Results on investment activities as follows:
   1. Capital construction investment, machinery and other investments

In 2023, the Corporation has not implemented capital construction investment. However, on the basis of actual situation and demand for manufacturing and construction work on projects, the Corporation has invested equipment, machinery for construction with the value of VND2.85 billion to ensure ability to meet the requirements of implementing projects constructed by the Corporation.

* 1. Non-business investment

Total value of non-business investment capital of LILAMA dated December 31, 2023 is VND569.7 billion; dropping down VND47.4 billion compared to December 31, 2022 (due to the completion of the Subsidiary LILAMA SEA in procedures to decrease charter capital from BND3.8 million to BND1.0 million in 2023), in which: 05 Subsidiaries with the investment value of VND49.5 billion; 10 joint ventures with the value of VND271.2 billion; 07 other enterprises with the investment value of VND248.9 billion.

The restructuring project of Vietnam Machinery Installation Corporation JSC for the 2021-2025 period was approved by the Ministry of Construction in Document No.5360/BXD-KHTC dated November 23, 2023, and was approved by the Extraordinary General Meeting 2024 at General Mandate No.10/NQ-DHDCD dated January 18, 2024. Accordingly, LILAMA will maintain the ownership rate as 36% of charter capital at 02 joint ventures (Lilama 10 Joint Stock Company and Lilama 18 Joint Stock Company) and divest all the investment capital at the remaining companies (19 companies). Especially with LILAMA SEA, in the coming periods of time, in accordance with jobs situation in Brunei and in the region, the Corporation will consider the selection of allowing LILAMA SEA to continue operating following to the most effective method or to transferring/dissolving to recover capital.

For LHT, the Company has been struggling with a number of difficulties in finding jobs, even when there are jobs available, there is a lack of personnel to execute them, especially in consulting and design work. Continuing operations, despite having scaled back production and business activities, only exacerbates the financial losses. Therefore, to avoid additional costs that could impact the company's capital, based on the proposal from the Capital Representative Team of LILAMA at LHT, on May 04, 2023, the Corporation announced Resolution No.111/NQ-HDQT regarding the operational plan of LHT International Engineering Joint Stock Company. Accordingly, the Resolution approved the plan to cease the production and business operations of the Company. On January 29, 2024, LILAMA announced Proposal No.13/TTr- DDV presented to the Ministry of Construction on dissolution plan of LHT International Engineering Joint Stock Company. Until now, the Company has been officially stopping to operate, at the same time, the Capital Representative Team of LILAMA at LHT has been implementing necessary procedures to dissolve the Company.

For Lilama 45.4 JSC, the financial situation of the Company has been extremely difficult, the divestment of LILAMA at LILAMA 45.4 has been facing with big challenges. In the context of difficult financial situation of Lilama 45.4 JSC, Joint Stock Commercial Bank for Investment and Development of Vietnam - Dong Nai Branch (BIDV Dong Nai) - the creditor of Lilama 45.4 JSC sold Lilama 45.4 JSC’s debts for Viet Nam Debt And Asset Trading Corporation (DATC) - unit belonging to the Ministry of Finance. On October 20, 2017, Lilama 45.4 JSC and DATC signed the minutes of agreement on purchasing debts and solving restructuring debts for Lilama 45.4 JSC. According to this minutes of agreement, DATC agrees to convert debt into equity and considers forgiving part of the debt (debt write-off) for Lilama 45.4 JSC , based on Lilama 45.4 JSC recovering receivables and selling assets to partially repay the debt to DATC. Based on the proposal from the Capital Representative of LILAMA at Lilama 45.4 JSC and the recommendation from the General Manager in Proposal No.87/TCT-BDATCT dated February 5, 2024, the Capital Representative Team of LILAMA submitted Proposal No.24/TTr-DDV dated February 19, 2024, to the Ministry of Construction for a plan to issue private shares to exchange debts of Lilama 45.4 JSC. Currently, LILAMA is awaiting guidance from the Ministry of Construction.

1. Production and business plan for 2024
2. Some targets on production and business plan 2024 as follows:

Unit Billion VND

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Targets | Results 2023 | Plan 2024 | Plan 2024/Results 2023 (%) |
| 1 | Revenue | 5,013.3 | 4,880.0 | 97.3% |
| 2 | Profit before tax: | 58.6 | 60.0 | 102.4% |
| 3 | Payables to the State budget | 81.7 | 40.0 | 48.9% |
| 4 | Dividend payment rate (expected) | 4.5%/year | 3% | 66.66% |
| 5 | Investment | 2.85 | 51.0 | 1,789% |
| 6 | Salary fund for employees | 276.42 | 363.27 | 131.4% |

1. Plan on investment activities 2024
   1. Capital construction investment, machinery

In 2024, the Corporation plans to invest in several machinery and equipment to support the construction of projects currently underway and those planned for the future. The estimated investment value is around VND51 billion, which includes Laser cutting machines, CNC milling and drilling machines, a 100-ton tire crane, a 10-ton crane truck, and various other equipment.

* 1. Non-business investment

Implement the divestment of investments by the Corporation in companies where LILAMA holds equity, as part of the restructuring plan of Vietnam Machinery Installation Corporation JSC for the 2021-2025 period.

‎‎Article 3. Approve on Report on operational results 2023 and operational plan 2024 of the Supervisory Board of Vietnam Machinery Installation Corporation - JSC.

‎‎Article 4. Approve on the Audited Financial Statements 2023 of Vietnam Machinery Installation Corporation - JSC as follows:

1. Separate Financial Statements 2023
2. Assets - Capital

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Targets | Unit | Amount |
| I | Total assets | VND | 5,696,371,139,099 |
| 1 | Short-term assets | VND | 5,031,287,936,323 |
| 2 | Long-term assets | VND | 665,083,202,776 |
| II | TOTAL CAPITAL SOURCE | VND | 5,696,371,139,099 |
| 1 | Payables | VND | 4,745,500,921,879 |
| 2 | Owner's equity: | VND | 950,870,217,220 |

1. Results on Production and business activities in 2023:

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Targets | Unit | Amount |
| 1 | Revenue from sales of goods and services provision | VND | 5,013,303,019,960 |
| 2 | Total profit before tax | VND | 58,615,984,714 |
| 3 | Profit after corporate income tax | VND | 58,431,025,999 |

1. Opinions of the Auditor on the Separate Financial Statements

The auditor's report with the unqualified opinion and emphasis of matter, specifically as follows:

“We highlight with readers the following contents:

At Footnote No.2.3 - "Basis of preparing the Separate Financial Statements", as of the issue date of this report, the activities related to the equitization settlement of the Corporation are still ongoing, and the Corporation has not yet received the decision from the competent authority regarding the approval of the settlement of the State capital value at the official equitization date of the Corporation.

This matter of emphasis does not change our unqualified audit opinion as stated above.”

1. Consolidated Financial Statements 2023
2. Assets - Capital

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Targets | Unit | Amount |
| I | Total assets | VND | 6,370,126,253,869 |
| 1 | Short-term assets | VND | 5,541,120,738,216 |
| 2 | Long-term assets | VND | 829,005,515,653 |
| II | TOTAL CAPITAL SOURCE | VND | 6,370,126,253,869 |
| 1 | Payables | VND | 5,426,644,547,229 |
| 2 | Owner's equity: | VND | 943,481,706,640 |

1. Results on Production and business activities in 2023:

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Targets | Unit | Amount |
| 1 | Revenue from sales of goods and services provision | VND | 5,079,029,832,618 |
| 2 | Total profit before tax | VND | (12,101,910,002) |
| 3 | Profit after tax: | VND | (19,497,740,485) |

1. The Auditor’s ideas on the Consolidated Financial Statements:

The audit’s report with qualified opinion and emphasis of matter, specifically as follows:

Qualified opinion:

“1. Issues in the Subsidiaries have impacted on the Consolidated Financial Statements:

Accounts receivable and provisions for bad debts

On January 1, 2023 and December 31, 2023, at the Corporation's subsidiaries, including: Erection Mechanical Joint Stock Company, Lilama 5 Joint Stock Company and Lilama 7 Joint Stock Company have recorded overdue receivables totaling VND50.86 billion and VND61.52 billion respectively. However, we have not collected evidence of the Board of Management assessment as well as other documents related to the ability to recover these receivables. Therefore, we are unable to determine any necessary adjustments (if any) to the Consolidated Financial Statements for the fiscal year ended December 31, 2023, of the Corporation.

Inventory

We have performed necessary audit procedures; however, we cannot ensure the accuracy and completeness (if any) of the incomplete production and business costs at the subsidiaries of the Corporation, including: Erection Mechanical Joint Stock Company, Lilama 5 Joint Stock Company and Lilama 7 Joint Stock Company with total amount dated January 01, 2023 and December 31, 2023 is VND303.68 billion and VND301.45 billion respectively. Therefore, we have not identified the necessary adjustments related to the "Incomplete production and business costs" item, as well as any potential impacts, in the Consolidated Financial Statements for the fiscal year ended December 31, 2023, of the Corporation.

Payables

On January 01, 2023, and December 31, 2023, Lilama 5 Joint Stock Company, a subsidiary of the Corporation, recorded overdue interest payable amounts of VND74.01 billion and a loan from Joint Stock Commercial Bank for Investment and Development of Vietnam - Bim Son Branch (BIDV) amounting to VND183.38 billion. Based on the audit procedures conducted, we do not have sufficient basis to determine the accuracy and completeness of the interest expenses recognized in the current year and prior years, nor the accuracy and completeness of the loan from BIDV of this subsidiary. Therefore, we are unable to assess the potential impacts (if any) related to the "Short-term payable expenses", "Borrowings and financial leases" dated January 01, 2023, and December 31, 2023, and the "Financial expenses" target in the Consolidated Financial Statements for the fiscal year ended December 31, 2023, of the Corporation.

On December 31, 2023, the Corporation's subsidiary - Erection Mechanical Joint Stock Company is recording interest expenses payable in 2023 which is a short-term loan with the Joint Stock Commercial Bank for Investment and Development of Vietnam - Ninh Binh Branch in the amount of VND10.8 billion in the item "Other short-term receivables" without recording it in the business results for the year. As a result, in the Consolidated Report on business activities results 2023, the "Financial expenses" target is underreported, leading to an overstatement of "Profit before tax" by the same amount of VND10.8 billion. On the Consolidated Balance sheet dated December 31, 2023, the "Other short-term receivables" target and "Undistributed profit after tax" are both overstated by the same corresponding amount.

Other issues

We are unable to assess the accuracy of the balances of receivables and payables dated December 31, 2023, at the Subsidiary - Lilama 7 Joint Stock Company, which amount to VND18.47 billion and VND34.26 billion respectively. Furthermore, we cannot evaluate the impact of this issue on the Consolidated Financial Statements of the Corporation.

At the Subsidiary, Lilama 7 Joint Stock Company, the "Prepaid expenses" item is reported as VND11.12 billion dated January 01, 2023, and VND8.72 billion dated December 31, 2023. Based on the audit procedures conducted, we are still unable to assess the accuracy of the figures reported in the Consolidated Balance sheet dated January 1, 2023, and December 31, 2023, as well as the impact of this issue on the Consolidated Financial Statements for the fiscal year ended December 31, 2023, of the Corporation.

1. Issues at the joint ventures have impacted on the Consolidated Financial Statements:

The Corporation is accounting for investments in joint ventures using the equity method as described in Footnote no.2.10 - Footnotes to the Consolidated Financial Statements. However, the value of investments using the equity method has not been adjusted to reflect the impact of the qualified audit opinion, as outlined in the audit Reports for the Financial Statements 2023 of the Companies: Lilama 45-1 Joint Stock Company, Lilama 45-3 Joint Stock Company, Lilama 69-1 Joint Stock company, Lilama 69-3 Joint Stock Company, Lilama Land Corporation, Erection - Electromechanics Testing Joint Stock Company. We are unable to assess the impact of these issues on the Financial Statements of the entities mentioned above. Therefore, we are unable to determine any necessary adjustments (if any) for the "Investments in joint ventures" (Account code 252 in the Consolidated Balance sheet) dated January 1, 2023, and December 31, 2023, as well as the "Share of profit or loss from joint ventures" (Account code 24 in the Consolidated Report on business activities results) for the fiscal year ended December 31, 2023, of the Corporation.

Auditor’s qualified opinion

In our opinion, except for the matters described in the "Basis for qualified audit opinion" section, the Consolidated Financial Statements of Vietnam Machinery Installation Corporation - JSC dated December 31, 2023, and the results of operations and cash flows for the fiscal year then ended, fairly present in all material respects the financial position of the Corporation, as well as its financial performance and cash flows in accordance with Vietnamese Accounting Standards, Enterprise Accounting Regime, and relevant legal regulations governing the preparation and presentation of Consolidated Financial Statements. ”

Reason for the qualified opinion:

* 1. Regarding the issues affecting the consolidated Financial Statements arising at the subsidiary

Regarding the opinion on accounts receivable and provision for doubtful accounts: Currently, the general economic situation is facing many difficulties, therefore, customers of the Corporation's subsidiaries (Lilama 5 Joint Stock Company and Lilama 7 Joint Stock Company and Erection Mechanical Joint Stock Company) are having many difficulties in arranging payment resource. Along with that, project settlement still faces many problems. Therefore, subsidiaries are making provisions based on the Company's loss assessment.

Regarding opinions on inventory: The Financial Statements of 03 Subsidiaries, including: Lilama 5 Joint Stock Company and Lilama 7 Joint Stock Company and Erection Mechanical Joint Stock Company are currently reflecting a qualification regarding the accuracy and potential losses of the item "Incomplete production and business costs”. The reason is that the above Companies have not provided the auditors with sufficient documents to prove the benefits that can be obtained from inventory or losses (if any) of the item Production and business in progress. In the coming time, the aforementioned companies will inspect, compare and determine losses (if any) at projects to fully reflect costs into production and business results.

Regarding the financial expenses and payables of Lilama 5 Joint Stock Company: On January 01, 2023 and December 31, 2023, Lilama 5 Joint Stock Company had overdue bank loans. However, the company and banks had not yet reconciled and confirmed loan interest and late payment penalty interest on overdue loans. Therefore, the audit company gives an opinion on this loan as well as the financial expenses incurred related to the loan.

Regarding the financial expenses of Erection Mechanical Joint Stock Company: The Company is estimating and temporarily recording interest expenses payable in 2023 which is the short-term loan at Joint Stock Commercial Bank for Investment and Development of Vietnam - Ninh Binh Branch with an amount of VND10.8 billion in the item “Other short-term receivables” without recording in the business results in 2023. Erection Mechanical Joint Stock Company is working with the Bank to compare and determine the loan interest value to accurately reflect in production and business results.

Regarding other issues:

Regarding the prepaid expenses of Lilama 7 Joint Stock Company: These are tools and long-term costs, however, the Company has not accurately inventoried and evaluated them to determine their allocation to production and business costs.

1. on incurred issues impacting on the Consolidated Financial Statements at joint ventures

Based on the auditor’s opinion on the Financial Statements 2023 of joint ventures including: Lilama 45.1 Joint Stock Company, Lilama 45.3 Joint Stock Company, Lilama 69-1 Joint Stock company, Lilama 69-3 Joint Stock Company, Lilama Land Corporation, Erection - Electromechanics Testing Joint Stock Company; The auditors of the audit company all gave a modified opinion. Furthermore, the auditors from AASC Auditing Firm Company Limited (auditors of the Consolidated Financial Statements of LILAMA) were unable to gather sufficient appropriate audit evidence to determine the impact (if any) related to the "Investments in associates and joint ventures" and "Share of profit or loss from associates and joint ventures" items, and therefore issued a qualified audit opinion on this matter.

Highlighted issues:

We highlight with readers the following contents:

In Footnote no.2.3 - "Basis of preparing Consolidated Financial Ftatements", as of the date of issuing this report, the activities related to the equitization settlement of the Corporation are ongoing, and the Corporation has not yet received the decision from the competent authority regarding the approval of the settlement of state capital value at the official equitization date of the Corporation.

This emphasis of matter does not change our qualified audit opinion as stated above.

‎‎Article 5. Approve on plan on profit distribution, appropriation for funds and dividend payment 2023 of Vietnam Machinery Installation Corporation - JSC as follows:

Unit VND

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Content | | Explanation | Amount |
| I | Last year’s profit after tax transferred to 2023 | |  | 9,589,028,590 |
| II | | Production and business results 2023 |  |  |
| 1 | | Profit before tax in 2023: |  | 58,615,984,714 |
| 2 | | Current corporate income tax expense |  | 184,958,715 |
| 3 | | Profit after tax in 2023 | II.3= II.1-II.2 | 58,431,025,999 |
| 4 | | Interests arising from revaluation of year-end cash equivalents (undistributed) |  | 3,972,157,775 |
| 5 | | Profit 2023 is distributed into Funds | II.5 = (II.3 - II.4) | 54,458,868,224 |
| III | | Profit distribution 2023 for Funds |  | 28,171,150,014 |
| 1 | | Investment and development fund. |  | 16,161,623,514 |
| 2 | | Bonus, welfare fund (equal to 0.5 month’s realized salary in 2023) (\*) |  | 11,517,726,500 |
| 3 | | Bonus fund for corporate managers and supervisors |  | 491,800,000 |
| IV | | Remaining profit after distribution for Funds | IV = I+II.3 - III | 39,848,904,575 |
| V | | Dividend payment (4.5%/year) | V= Charter capital X 4.5% | 35,876,746,800 |
| VI | | Remaining profit after distribution | VI=IV-V | 3,972,157,775 |

(\*) Regarding to profit distribution for Bonus fund and Welfare Fund, the General Meeting authorizes the Board of Directors to consider and distribute the rate in accordance with each Fund.

‎‎Article 6. Approve on salary grade, realized remuneration 2023 and plan 2024 of the Board of Directors, the Supervisory Board of Vietnam Machinery Installation Corporation - JSC as follows:

1. Realized salary, remuneration 2023 of the Board of Directors and Supervisory Board:

Unit: Million VND

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| No. | | Content | | Number of persons | | Salary grade and remuneration | | Number of months | | Total |
| I | | Salary for the Board of Directors and the Supervisory Board (Executive) | |  | |  | |  | | 1,212.60 |
| 1 | | The Chair of the Board of Directors | | 1 | | 48.80 | | 12 | | 585.60 |
| 2 | | Member of the Board of Directors | | 1 | | 36.30 | | 6 | | 217.80 |
| 3 | | The Chief of the Supervisory Board | | 1 | | 34.10 | | 12 | | 409.20 |
| II | | Remuneration for the Board of Directors and the Supervisory Board (Non-executive) | |  | |  | |  | | 414.00 |
| 1 | | Member of the Board of Directors | | 3 | | 7.00 | | 12 | | 252.00 |
| 2 | Member of the Board of Directors | | 1 | | 7.00 | | 6 | | 42.00 | |
| 3 | Member of the Supervisory Board | | 2 | | 5.00 | | 12 | | 120.00 | |
|  | Total | |  | |  | |  | | 1,626.60 | |

1. Salary, remuneration plan 2024 of the Board of Directors, the Supervisory Board:

Unit: Million VND

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Content | Number of persons | Salary grade and remuneration | Number of months | Total |
| I | Salary for the Board of Directors and the Supervisory Board (Executive) |  |  |  | 1,430.40 |
| 1 | The Chair of the Board of Directors | 1 | 48.80 | 12 | 585.60 |
| 2 | Member of the Board of Directors | 1 | 36.30 | 12 | 435.60 |
| 3 | The Chief of the Supervisory Board | 1 | 34.10 | 12 | 409.20 |
| II | Remuneration for the Board of Directors and the Supervisory Board (Non-executive) |  |  |  | 372.00 |
| 1 | Member of the Board of Directors | 3 | 7.00 | 12 | 252.00 |
| 2 | Member of the Supervisory Board | 2 | 5.00 | 12 | 120.00 |
|  | Total |  |  |  | 1,802.40 |

The General Meeting authorizes the Board of Directors of the Corporation to approve on salary payment for administrative positions of the Corporation in accordance with legal regulations. If there are any changes on members of the executive/non-executive Board of Directors, salary and remuneration funds will change correspondingly. Settlement of realized salary fund 2024 will be implemented in accordance with results on production and business of the Corporation and current provisions of laws.

‎‎Article 7. Approve on the list of audit companies approved to audit and review the Financial Statements 2024 of Vietnam Machinery Installation Corporation - JSC including:

* AASC Auditing Firm Company Limited
* A&C Auditing and Consulting Company Limited
* UHY Auditing and Consulting Company Limited

The General Meeting authorizes the Board of Directors to implement necessary procedures in accordance with regulations for selecting one of audit companies in the above-mentioned list to audit and review the Financial Statements 2024 for the fiscal year 2024 of Vietnam Machinery Installation Corporation - JSC.

‎‎Article 8. Approve on dismissing member of the Board of Directors for the term 2021 - 2026 towards Mr. Nguyen Huu Thanh.

‎‎Article 9. Approve on supplemental election for 01 member of the Board of Directors for the term 2021 - 2026 of Vietnam Machinery Installation Corporation - JSC.

‎‎Article 10. Mr. Nguyen Manh Dung is elected in the Board of Directors of Vietnam Machinery Installation Corporation - JSC for the term 2021 - 2026.

‎‎Article 11. This General Mandate takes effect from the date of its signing. Members of the Board of Directors, Supervisory Board and Executive Board, shareholders and affiliated units and individuals are responsible for the implementation of this General Mandate under applicable laws.