



# HACO3

CÔNG TY CỔ PHẦN XÂY DỰNG SỐ 3 HẢI PHÒNG  
HAI PHONG CONSTRUCTION JOINT-STOCK CORPORATION NO3

Hai Phong, April 04<sup>th</sup> 2025

## **REPORT**

### **of the Company's Board of Management to the 2025 Annual General Meeting of Shareholders**

#### **CONTENT**

#### **Part I: Report on the implementation of the 2024 production and business plan**

- I. Situation characteristics in 2024
  1. Economic context in 2024
  2. Impact of economic context on the Company 's operations in each field
- II. Board of Management's business solutions in 2024
- III. 2024 Business results report
- IV. Regular activities of the Board of Management

#### **Part II: Operational direction in 2025**

- I. Financial targets for 2025
- II. Operational direction for each field
  1. Construction field
  2. Investment field
  3. Service business field

#### **Part III: Conclusion and recommendations**

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*Report of the Company's Board of Management to the 2025 Annual General Meeting of Shareholders*



**PART I:  
REPORT ON IMPLEMENTATION OF THE 2024 PRODUCTION AND  
BUSINESS PLAN**

**I. Situation characteristics in 2024**

**1. Economic context in 2024**

In 2024, the world situation continues to be complex and unpredictable with many risky and uncertain factors. Although economic growth has improved, the differentiation between regions is increasingly evident. While developed economies attract strong capital flows, developing economies face slow recovery and capital flight.

The trend of loosening monetary policy in many countries has been promoted rapidly, but the effectiveness has not met expectations because inflation is still governed by many complex factors. Prolonged military conflicts, such as Russia-Ukraine and tensions in the Middle East, continue to disrupt global supply chains, affecting prices and economic growth.

In 2024, the total foreign direct investment in 2024 reached 4.7 billion USD (including capital increase adjustments). In 2024, the city had 126 newly registered capital projects and 72 projects with increased capital. The proportion of projects in the fields of high technology, processing, manufacturing, and logistics invested in industrial parks and economic zones in Hai Phong reached over 77%. Foreign investment in Hai Phong has increased, but project implementation is still slow, especially projects in operation are facing many difficulties in production and business activities, the number of foreign experts working in Hai Phong has decreased seriously, especially the number of Korean experts.

**2. Impact of economic context on the Company's operations**

**a) Regarding financial investment field**

In 2024, despite being deeply affected by global economic fluctuations, inflationary pressures and temporary withdrawal of foreign capital, the Vietnamese stock market still recorded encouraging growth with an increase of 12.1% compared to 2023. The market fluctuated sideways within a range of 100 points (1200-1300 points) accounting for  $\frac{3}{4}$  of the trading time. This is also the second consecutive year that the market has had double-digit growth. This is a positive result when being placed in the context of a record net withdrawal of foreign investors as well as international capital flows returning to the US market.

Grasping the trend of the stock market in 2024, the company had a year of active operations in the field of financial investment.

**b) Regarding the construction field**

In 2024, the construction sector had positive changes, many projects have been implemented, especially projects to build new urban areas in Thuy Nguyen city, Hai Phong and projects to build factories in industrial parks.

**c) Regarding service business field**

In 2024, our company witnessed a serious decline in the short-term customer market when factories and enterprises had to apply cost-cutting policies, the number of foreign experts coming to Hai Phong to work was reduced, especially from export manufacturing companies such as LG Display.

Although in 2024, Hai Phong attracted 126 foreign investment projects, the project implementation progress was slow, the number of foreign experts coming to Hai Phong

increased insignificantly. This has directly affected the business results of the company's service business field.

## **II. Board of Management's business solutions in 2024**

Understanding the challenges that will have a profound impact on the Company's production and business activities in 2024, the Company's Board of Management has promptly assessed the Company's existing capabilities to propose effective business solutions. The business plan and financial targets for 2024 have been set out in accordance with the general context of our country's economy.

<b>No</b>	<b>Items</b>	<b>Unit of measurement</b>	<b>Plan</b>
1	Revenue	billion	105
2	Profit before tax	billion	45
3	Dividends		≥ 15%

In 2024, the Board of Management proactively proposed timely solutions to direct the Company's production and business activities, specifically in each field as follows:

### **1. Construction field**

- Temporarily downsize the apparatus of construction and manufacturing units in the context of general market difficulties to cut costs.
- Focus on completing construction projects that are suitable for the company's capacity.

### **2. Investment field**

- Continue to promote financial investment activities, considering this as an important task of the company in the current period.
- Research and learn about real estate investment projects and invest in companies with the potential to bring long-term benefits to the Company.
- Continue to research and develop more joint venture projects with Korean partners to build luxury apartment complexes and 5-star hotels in other provinces and cities in Vietnam.
- For the Chon Thanh new urban area project in Binh Phuoc province, the company continues divesting from the project by returning compensated land to the people and the people return the money to the company at the agreed interested rate.

### **3. Service business field**

- Complete the management system, risk management plan, review and re-issue rules, regulations, and working standard procedures in department and divisions within the company...
- Improve the employee evaluation system with the aim of improving service quality and motivating employees.
- Focus on improving the quality of customer service of HTower building.
- Strengthen customer care, invest in upgrading equipment in apartment rooms, regularly approach and understand customers' wishes and aspirations to provide timely solutions to best satisfy customers' needs.

- For the Sunflower International Village Joint Venture Company project, continue to upgrade apartments of 1<sup>st</sup> phase to welcome the wave of foreign experts returning when the market situation is more stable.

### III. Performance Statement in 2024

2024 is an extremely difficult year for the company's production and business activities in the service business field. The complex fluctuations of the world situation continue deeply affecting the production and business activities of our company's major customers. Most companies have to cut costs, cut the number and accommodation budget for foreign experts working in Hai Phong. In addition, competition in the service business field is increasingly fierce, a series of competitors appear with competitive advantages over us in terms of facilities and modern interior equipment.

In that context, the Board of Management and the Executive Board of the company have had timely solutions, faced challenges to lead the company to overcome difficulties, promoted financial investment and construction to overcome the shortcomings of the service business field. With the efforts of the Board of Management and all officers and employees, in 2024 the company completed and exceeded the set business plan.

## 2024 BUSINESS RESULTS REPORT

### A. Business results in each specific field are as follows:

No	Field	Revenue	Profit before tax	Profit after tax
<b>A</b>	<b>Business result of Parent company</b>			
<b>I</b>	<b>Construction field</b>			
1	Construction Enterprises	33.928.241.196	7.551.851.981	6.031.692.371
<b>II</b>	<b>Investment field</b>			
1	Financial investment (including business results allocated from joint ventures, associates, and member companies)	33.242.193.107	27.317.349.128	22.018.848.600
<b>III</b>	<b>Service business field</b>			
1	H-Tower building	41.967.045.526	8.499.143.152	6.788.297.367
2	Other rental services	2.603.528.818	1.217.502.259	972.423.599
<b>IV</b>	<b>Other incomes</b>			
1	Other incomes	5.716.205.100	3.945.879.350	2.446.109.591
<b>B</b>	<b>Business results of Joint ventures, Associates</b>			
1	Sunflower International Village Joint Venture Company (Haco3 owns 40% of charter capital)	113.549.664.444	-4.759.731.226	-4.759.731.226
2	Thanh Hung Joint Stock Company (Haco3 owns 31% of charter capital)	40.177	-8.216.034	-8.216.034

*Report of the Company's Board of Management to the 2025 Annual General Meeting of Shareholders*

**B. Business results of the whole company**

No	Items	Unit of measure	Implementation 2023	2024		Comparison	
				Plans	Implementation	Compared with previous year	Compared with plans
1	Revenue	billions	103,92	105	117,46	113,02%	111,86%
2	Profit before tax	billions	65,32	45	48,53	74,29%	107,84%
3	Contribute to the state budget	billions	17,01		20,24	118,98%	
4	Expected dividend	%	20	≥ 15%	Advance payment as 10%		

**C. Plan for profit distribution and dividend payment**

1. Profit before tax:	48.531.725.868 đ
2. Profit after tax:	38.257.371.529 đ
3. 10% cash dividend for 2024 has been paid in advance:	20.685.717.000 đ
4. Profit after 10% cash dividend payment:	17.571.754.529 đ
5. Development fund as 5%:	1.912.868.576 đ
6. Remaining profit accumulated from previous years:	276.377.160.829 đ
7. 10% cash dividend payment after the General Meeting:	20.685.717.000 đ
8. Accumulated profit remaining after fund allocation and 20% dividend distribution:	271.350.229.782 đ

**D. Remuneration of Board of Management and Board of Supervisors in 2024:**

- The amount to be paid in 2024:	970.600.000 đ
- The amount spent in 2024:	970.600.000 đ

**VI. Regular activities of the Board of Management**

In 2024, the Board of Directors held 07 regular meetings to approve important issues and provide directions for the Company's production and business activities for Executive Board to implement as follows:

No	Minutes of meeting	Content	Number of Board members participating
1	01/2024/BB-HĐQT dated January 12 <sup>th</sup>	- Summary of production and business activities in the fourth quarter of 2023 and the whole year of 2023	5/5

*Report of the Company's Board of Management to the 2025 Annual General Meeting of Shareholders*

	2024	- Business direction and plan for the first quarter of 2024 and the whole year of 2024	
2	02/2024/BB-HĐQT dated April 10 <sup>th</sup> 2024	- Summary of production and business activities in the first quarter of 2024 - Business direction and plan for the second quarter of 2024 and the last 6 months of 2024 - Plan to organize the 2024 Annual General Meeting of Shareholders - Other issues	5/5
3	03/2024/BB-HĐQT dated June 13 <sup>th</sup> 2024	- Preparations for the 2024 Annual General Meeting of Shareholders - Other issues: tax related matters, increased interaction at work	5/5
4	04/2024/BB-HĐQT dated July 2 <sup>nd</sup> 2024	- Cash dividend payment phase 2 2023 - Adjust salary for company employees - Appoint 01 Deputy General Director	5/5
5	05/2024/BB-HĐQT dated July 10 <sup>th</sup> 2024	- Summary of business performance in the second quarter of 2024, directions and business plan for the last 6 months of 2024 - Other issues	4/5
6	06/2024/BB-HĐQT dated October 10 <sup>th</sup> 2024	- Summary of production and business activities in the first 9 months of 2024, directions and production and business plans for the fourth quarter of 2024 and 2025. - Other issues	5/5
7	07/2024/BB-HĐQT dated November 26 <sup>th</sup> 2024	- Cash dividend advance payment phase 1 2024	5/5

All meetings of the Board of Management are convened in accordance with the provisions of the Enterprise Law and the Company's Charter. Issues under the decision-making authority of the Board of Management are considered and voted on according to the "majority" principle and are issued in the form of written resolutions and decisions.

The resolutions and decisions issued by the Board of Directors are fully and basically implemented by the Board of Management and related units in accordance with the requirements set forth by the Board of Management.

## **PART II: 2025 OPERATION DIRECTION**

### **I. Goal determination**

#### **Situation evaluation**

##### **Opportunities**

In 2025, Vietnam's economy is forecasted to witness sudden fluctuations. At the extraordinary session in February 2025, the National Assembly approved a supplement to the 2025 socio-economic development plan with a growth target of 8% or more, much higher than the previously approved GDP growth target of 6.5-7%.

In addition, the Government is currently implementing new policies to create the most favorable conditions for foreign investors to participate in the Vietnamese financial market, as well as meet the criteria for upgrading to an emerging market. With the goal of upgrading our stock market from a frontier market to an emerging market in 2025, Vietnam is expected to receive billions of dollars in investment from foreign markets through the stock market channel, thereby creating a breakthrough from this market, bringing a new wind to the development of the Vietnamese economy.

Hai Phong continues to be a bright spot in attracting foreign direct investment (FDI) in 2025. The city has recently established the Hai Phong Southern Coastal Economic Zone with a scale of 20,000 hectares, including 2,909 hectares of reclaimed land. This economic zone is designed as an international multi-industry center, focusing on developing high-tech industry, modern logistics, smart urban areas, eco-tourism and a pilot free trade zone.

In addition, the Prime Minister has approved the investment policy for 4 new industrial parks including Nomura - Hai Phong (phase II), Vinh Quang (phase I), Trang Due 3 and Nam Trang Cat. The total number of industrial parks in the city is currently 18 with an area of about 7,378 hectares, along with 2 economic zones with a total area of 42,540 hectares, creating more room for development for the port city and attracting foreign direct investment. This has a direct impact on the company's business activities.

##### **Challenges**

The United Nations World Economic Situation and Prospects 2025 report said that despite falling inflation, improving labor market conditions and general monetary easing, growth is expected to remain low, while the global economy will continue to face significant uncertainties, risks arising from geopolitical conflicts, rising trade tensions and high borrowing costs in many countries, and especially increasing trade protectionism and pressure from policies of major economies such as the US under President Donald Trump.

The US's reciprocal tax policy applied to Vietnam of up to 46% will have a negative impact on the entire Vietnamese economy, especially foreign trade and investment. The countervailing tax rate seems to be even higher than the economic sanctions tax rate, worsening Vietnam's efforts to improve the investment and business environment and attract FDI. Most FDI enterprises coming to Vietnam aim to take advantage of tax incentives from dozens of FTAs that Vietnam has signed, now Vietnam has lost its competitive advantage in its largest export market, the US.

Therefore, 2025 will continue to be a difficult year for the company in all areas.

- The company's construction field is increasingly facing fierce competition as a series of new construction companies are born with modern technology and a team of young, professional and dynamic managers always keep up with market trends.
- The emergence of a series of similar products from competitors in the service business field is posing many challenges for the company in the coming years. We will have to face fierce competition, which requires the Company to be flexible and promptly provide solutions to minimize losses caused by competition.
- The short-term market segment continues to stagnate due to the weakening global economy, declining purchasing power, export manufacturing companies having to reduce production, cut costs, and reduce the number of experts coming to work in Hai Phong.

Based on the assessment of the opportunities and challenges ahead in 2025, the Board of Management and the Executive Board have set the following goals for 2025:

### 1. Financial objectives

(1) Revenue:	105 billions
(2) Profit before tax:	45 billions
(3) Dividends:	≥ 15%

### 2. Management goals

- Deploy training for all employees, especially employees of direct service departments on the application of the management system and risk management plan issued in 2024 into daily practical work.
- Research the application of digital transformation in business administration.
- Build a timely and scientific management reporting system.
- Strengthen training, inspection and supervision of employees to stabilize and improve service quality.
- Focus on building a customer service culture with the motto of all for customer satisfaction, considering customers as the focus of all activities.

### 3. Branding objectives

- Promote the company image on social networking sites, create additional company signs at H-Tower buildings.
- Create additional marketing tools to serve the work of approaching customers for some of the company's products and services such as: food services, interior products, construction, etc ...

## II. Activities orientation

### 1. Construction field

The company continues identifying strategic market segments in the coming years as foreign direct investment projects, factory and industrial park construction projects, private enterprise projects, and house completion in new urban areas, thereby proposing solutions to build a team of professional construction staff with effective working methods to improve competitiveness to meet the requirements of this market segment. Specifically, the company will:



- Consolidate and improve the apparatus of construction units, seek out managers capable of adapting to new market trends, build production units with sufficient expertise, skills and more professional and effective working methods, capable of undertaking full construction contracts and completing projects.
- Expand cooperation with partners, build a system of satellite companies to serve construction work with reasonable input costs.

## **2. Investment field**

- Focus on building and training human resources to serve financial investment work professionally and effectively and identify this as one of the Company's key tasks in 2025 and in the following years.
- Continue to strengthen the search and expand cooperation with strategic partners, major investors, especially foreign investors, with the aim of expanding the network and replicating the Sunflower International Village model in other provinces and cities across the country. Search and purchase projects with good locations and development prospects for the long-term accommodation and resort tourism business.
- For Thanh Hung Joint Stock Company, the company continues divesting from the project by returning compensated land to the people and the people return the money to the company at the agreed interest rate.

## **3. Service business field**

In 2025, the source of foreign visitors from Korea and Japan to Hai Phong has not really recovered, the budget for accommodation of customers is getting lower and lower, although the source of Chinese visitors tends to increase but the budget for accommodation is not high. In addition, the market is increasingly seeing new competitors, especially competitors from Korea and Japan. In that context, the Board of Management and the Executive Board of the company will focus on implementing a number of key tasks as follows:

- Focus on improving H-Tower's management system, paying special attention to customer care.
- Focus on improving service quality and facilities for guests staying at H-Tower building, creating more value for customers.
- Strengthen staff training to build a team of professional staffs to meet the increasing demands of customers.
- Build a service culture in the company with the motto of considering customers as the center of all activities, all for customer satisfaction.
- Promote marketing activities to find new customers, build marketing strategies to approach customers in many different ways.
- Develop special promotion programs to stimulate demand for restaurant services and short-term customers.
- Continue to upgrade the interior of H-Tower 1.
- Continue to upgrade equipment and interior in phase 1 - Sunflower International Village.

## PART III. CONCLUSION VÀ RECOMMENDATIONS

### I. Conclusion

2024 continues to be an extremely difficult year for the company in the service business sector, the number of Korean guests at LG Group's major projects has decreased due to the impact of the global economic context, the exploitation of the short-term guest market has been seriously affected, revenue and profit have decreased significantly compared to expectations. However, the financial investment and construction sector has had an effective year. Implementing well the policy of the Board of Directors, the Executive Board has always been proactive and positive in assessing the market situation, directing, operating and organizing the implementation of targets and tasks in a flexible manner, proposing timely solutions to overcome difficulties, so the Company has exceeded the targets set by the 2024 Annual General Meeting of Shareholders.

### II. Recommendations

Propose that the General Meeting of Shareholders approve the following contents:

1. Approval of the report of the Boad of Management and Executive Board in 2024.
2. Approval of the audited Separate Financial Statements and Consolidated Financial Statements for 2024.
3. Approval of the report of the Board of Supervisors.
4. Approval of production and business results and profit distribution plan for 2024.
5. Approval of the 2025 production and business plan and specific targets attached to the report.
6. Approval of the 2024 remuneration payment plan and the 2025 payment plan of the Boad of Management and the Board of Supervisors.
7. Approval of the plan to authorize the Boad of Management to select an auditing company for the 2025 financial statements.
8. The authorization according to the contents in Section 7 above is indefinite until the General Meeting of Shareholders has another decision to replace it..
9. The contents approved at previous Congresses that have not been implemented will continue to be implemented.

On behalf of the Boad of Management  
General Director



TỔNG GIÁM ĐỐC  
*Nguyễn Thị Thùy*

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*Report of the Company's Boad of Management to the 2025 Annual General Meeting of Shareholders*