

GELEX GROUP



SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

No.: 18/2024/GELEX/BC-HDQT

Hanoi, 5 March 2024

**REPORT OF THE BOARD OF DIRECTORS  
ON 2023 GOVERNANCE AND OPERATING PERFORMANCE AND 2024  
ORIENTATION**

**To: THE 2024 ANNUAL GENERAL MEETING OF SHAREHOLDERS  
GELEX GROUP JOINT STOCK COMPANY**

The Board of Directors (“**BOD**”) of GELEX Group Joint Stock Company (“**GELEX**”) would like to submit to the annual General Meeting of Shareholders (“**AGM**”) of 2024 to approve the BOD’s report on its 2023 governance and operating performance and 2024 orientations, specifically as follows:

**I. ASSESSMENT OF GELEX’S OPERATIONS IN 2023.**

2023 continued to be a year of many changes and difficulties for the global economy as well as for Vietnam. In that context, GELEX closely followed the key directions approved by the AGM 2023, proactively adapted and flexibly applied many solutions in production and business activities to effectively respond and control risks, strengthen internal resources, and make many strategies towards sustainable development.

**Production and business:** GELEX implemented many measures to balance its profits, revenue, and market shares. At the end of 2023, GELEX’s consolidated net revenue was VND 29,998 billion, corresponding to 80% of the plan and 93.5% of its consolidated net revenue in 2022. Consolidated pre-tax profit is estimated at VND 1,397 billion, exceeding 9.8% of the plan approved by the AGM in 2023. Details are stated in the General Director's Report.

**Investment strategy:** The year 2023 marked an important milestone when GELEX captured investment cooperation opportunities and deployed the strategy to develop a partner ecosystem with leading multinational corporations such as Frasers Property and Sembcorp Industries, thereby expanding the market and value chain for the Group's core investment areas, aiming to become the leading investment group in Vietnam.

**Strengthening internal resources:** GELEX promoted its governance role throughout its member companies with specific programs and action plans on three foundations: Finance and Planning, Internal Audit, and Human Resources. Besides, identifying personnel as the most important resource, GELEX proactively developed quality human resources through synchronous implementation of diverse solutions such as implementing many training programs for management teams and employees to improve their expertise and professional skills towards a learning organizational culture, building a comprehensive remuneration program to retain and attract talent, appointing and rotating many leadership positions to strengthen their management and executive capacity, especially initially implementing the successor program to be proactive in human resources and adapt to rapid changes in the business environment.

**Sustainable development, environmental and social responsibility:** GELEX and its member companies promoted environmental factors and aimed for sustainable development through the development of high-tech, green, and environmentally friendly products. The leadership also proactively and systematically applied the ESG (Environment-Society-Governance) Integrated Management Framework in the Group's production and business activities. In addition to stabilizing business operations to create jobs for thousands of employees throughout the system, GELEX and its member companies also made practical contributions to society with many sponsorship and volunteer activities such as donating VND 500 million to Thanh Hai Primary School's Talent Development Fund, donating 200 houses of affection to poor and disadvantaged households in Yen Thanh district, Nghe An province as well as many other grants and aids.

## **II. SUMMARY OF THE BOARD OF DIRECTORS' ACTIVITIES IN 2023**

### **1. Summary of BOD meetings**

In 2023, the BOD held 07 (seven) BOD meetings (including regular and extraordinary meetings) and conducted many BOD consultations in writing. Some important decisions were approved by the BOD such as

- Successfully held the AGM in April 2023 in the form of a physical meeting.
- Approved the capacity improvement of leadership of the BOD and the Management Board;
- Approved the Operation Program/Plan of the BOD;
- Adopted important investment decisions/policies such as: Received transfer of capital contribution owned by Frasers Property Investment (Vietnam) 1 PTE.LTD equivalent to 49% of charter capital of Titan Corporation Ltd.; Advocated to restructure the portfolio of power projects currently operating in the GELEX system;
- Approved the Internal Audit Plan in 2024;
- Approved the strengthening of information security, non-competition and integrity compliance in the GELEX system;
- Approved the plans to mobilize bank financing;
- Gave opinions on many important issues in the management of member companies as proposed by capital representative members.

### **2. BOD supervisory activities**

Complied with the provisions of the Charter, Internal Management Regulations, and current legal regulations. In 2023, the BOD actively monitored the Group's general operations and the activities of the Management Board, including

- Supervised the implementation of Resolutions/Decisions issued by the AGM and the BOD; inspected the operating activities of the General Director and other officers;
- Supervised the information disclosure to ensure transparency and compliance;
- Directed the strict implementation of the regime of quarterly, semi-annual, and annual Financial Statements in 2023;
- Requested the CEO to report on the implementation of activities according to the delegated authority at the BOD meetings.

- Supervision was also carried out through the supervision of the Audit Committee as presented in the Report of the BOD independent members in the Audit Committee. ***Please see details in this Report.***

The inspection and supervision of the BOD was consistent with its authority and did not interfere or overlap with the management of the CEO and the Management Board. Through inspection and supervision, the BOD recognized the efforts of the Management Board in leading the Group to overcome fluctuations, stabilize production and business, and continuously strengthen the system's internal resources.

### **3. Transactions with related parties**

In 2023, the AGM and the BOD approved the signing and implementation of a number of transactions between GELEX and related parties of BOD Members. Related parties are mainly member companies in the GELEX system that have been established to support capital and implement centralized procurement of materials and other economic transactions. The transactions were approved in accordance with the law and the approving resolution was made in the principle of transparency in information disclosure.

The list of transactions between the company, its subsidiaries, companies in which GELEX holds control of more than 50% of their charter capital with a BOD member and his/her related persons, transactions between GELEX and the companies in which a BOD Member is a Founding Member or a Manager for the last 3 years before the transaction date, and transactions with other related parties are aggregated and presented in ***the audited Financial Statements of 2023 and the Report of Corporate Governance of 2023***. These reports are publicly available on GELEX's website at the following link: <https://gelex.vn/quan-he-co-dong>. Please see details of the transactions in these Reports.

### **4. Activities of BOD independent members and Audit Committee**

Details of activities of BOD independent members and the Audit Committee are presented in the ***Report of the BOD independent members in the Audit Committee***. Please see details in this Report.

### **5. Report on remuneration, operating expenses, and other benefits of the BOD and each BOD Member**

Remuneration, operating costs, and other benefits of the BOD and each BOD Member are reported and disclosed in accordance with the provisions of the Enterprise Law and the Securities Law.

Specific information and data are presented in detail in the ***audited Financial Statements of 2023 and the Annual Report of 2023***. Please see the details in these reports posted on GELEX's website at the following link: <https://gelex.vn/quan-he-co-dong>.

## **III. ORIENTATIONS FOR 2024**

### **1. Corporate governance**

- 1.1. Strengthen the organizational apparatus. Practically implement the Personnel Development Project with a focus on consolidation and development of existing human resources, recruitment and attraction of talents;
- 1.2. Expand the foundations that are managed throughout the system in addition to the areas that have been deployed: Finance and Planning, Internal Audit, and Human Resources;
- 1.3. Implement the GELEX Corporate Culture Regeneration Project, create consensus and unity

throughout the system;

- 1.4. Gradually effectively apply the ESG (Environment-Society-Governance) Integrated Management Framework;
- 1.5. Build a Corporate Risk Management Framework with the companionship of a consultant in Big 4;
- 1.6. Convert Financial Statements to comply with IFRS and implement corporate credit ratings;
- 1.7. Continue to implement intensive digital transformation throughout the system.

## **2. Business, capital mobilization, and investment activities**

- 2.1. Continue to restructure the existing investment portfolio; focus resources on member companies, segments, and sectors with existing advantages and new products/sectors with potentials in the Group's core ecosystem;
- 2.2. Continue to pursue the strategy to develop the partner ecosystem (large domestic and foreign partners) to participate in global value chains, expand and upgrade product segments with greater added values; promote export activities;
- 2.3. Make appropriate investments in R&D activities (personnel, policies, mechanisms, and facilities);
- 2.4. Prepare large-scale long-term capital mobilization plans (domestic and foreign) and mobilize capital when market conditions are suitable;
- 2.5. Properly prepare the foundations (people, partners, capital, etc.) for large-scale strategic infrastructure projects (power sources, industrial parks, etc.);
- 2.6. Register to list shares of GELEX Electric when the statutory requirements are met provided that GELEX still holds the controlling percentage of shares.

The General Meeting of Shareholders is respectfully requested for consideration and approval the full text of the Report.

**ON BEHALF OF BOARD OF DIRECTORS**

***Recipients:***

- *Shareholders of GELEX;*
- *GELEX BOD;*
- *Information disclosure;*
- *Filed in GELEX's office.*

**Chairman**

*(signed)*

**Nguyen Trong Hien**