

GELEX GROUP**SOCIALIST REPUBLIC OF VIETNAM****Independence - Freedom - Happiness**

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Hanoi, 5 March 2024

**REPORT
ON 2023 BUSINESS PERFORMANCE,
AND 2024 BUSINESS PLAN DIRECTION**

The Board of Management of GELEX Group Joint Stock Company (“**the Group/GELEX**”) would like to present to the General Meeting of Shareholders the Report on operating results in 2023 and business orientations and plan for 2024, specifically as follows:

I. REPORT ON OPERATING RESULTS IN 2023

In 2023, the world economic picture was still gloomy and challenging, and the global economy recorded weak growth. Severe echoes of COVID-19, high inflation, and the burden of public debt caused many major economies to tighten cash flows and along with a series of geopolitical instabilities in many hot spots... created more resistance and slowed the economic recovery process. Vietnam’s economy was also affected by the world economic situation and the country’s economic drivers were not as effective as in previous years: GDP growth rate did not meet the set target, total import-export turnover decreased over last year, credit growth was low despite reduced interest rates, and the number of businesses withdrawing from the market has been the highest since 2017.

Facing many difficulties and multi-dimensional challenges, GELEX deployed flexible strategies to help its system achieve remarkable results, specifically:

1. Operating results

In 2023, GELEX’s consolidated net revenue was VND 29,998 billion, reaching 80.1% of the plan and the profit before CIT reached VND 1,397 billion, reaching 109.8% of the plan approved by the General Meeting of Shareholders. Some key indicators are shown in the following table:

Table 1: Consolidated operating results in 2023

Unit: VND billion/%

Indicator	Actual 2023	Planned 2023	% Actual 2023/ Planned 2023	Actual 2022	% Actual 2023/ Actual 2022
Consolidated net revenue	29,998	37,457	80.1%	32,089	93.5%
Consolidated profit before tax	1,397	1,272	109.8%	2,081	67.1%

❖ In terms of revenue, member companies (“**MBs**”) of production lines faced a decline in both domestic and export market demand, especially for construction materials and

electrical equipment. However, the member companies still strived to maintain their market shares while gradually developing and expanding the market and improving production and business efficiency.

GELEX's consolidated net revenue decreased by 6.5% year on year, mainly because of the sharp decrease in construction materials revenue. However, the bright spot in 2023 was the 7.1% year-on-year revenue growth of Energy and Clean Water and revenue from Electrical Equipment (accounting for the largest proportion) had a positive recovery in the second half of 2023. Specific information is shown in the following table:

Table 2: Revenue and structure of business segments (unit: VND billion)

Net revenue by business segments	2023		2022		2023 compared to 2022 (increase/decrease)
	Amount	Structure	Amount	Structure	
Electrical equipment	15,843	53%	15,853	49%	-0.1%
Industrial parks and real estate	4,478	15%	4,853	15%	-7.7%
Construction material	7,922	26%	9,591	30%	-17.4%
Energy and clean water	1,656	6%	1,546	5%	7.1%
Others	99	0%	246	1%	-59.8%
Total	29,998	100%	32,089	100%	-6.5%

- ❖ The Group's gross profit in 2023 was VND 5,509 billion, a 14.7% year-on-year decrease, and there was a small change in the structure of gross profit contributions compared to the previous year. Gross profit and gross profit margin of business segments were specified in the table below:

Table 3: Gross profit and structure of business lines (unit: VND billion)

Gross profit	2023			2022			2023 compared to 2022 (Increase/decrease)
	Amount	Gross profit margin	Structure	Amount	Gross profit margin	Structure	
Electrical equipment	1,728	11%	31%	1,797	11%	28%	-3.8%
Industrial parks and real estate	2,140	48%	39%	1,761	36%	27%	21.5%
Construction material	946	12%	17%	2,163	23%	33%	-56.3%
Energy and clean water	667	40%	12%	702	45%	11%	-5.0%
Others	28	28%	1%	35	14%	1%	-20%
Total	5,509	18%	100%	6,458	20%	100%	-14.7%

- ❖ Pre-tax profit for the whole year 2023 was VND 1,397 billion, equivalent to 110% of the

plan thanks to the contribution from the industrial park real estate segment. In addition, some member companies reduced costs, improved gross profit margins, and flexibly regulated their operations in the face of fluctuations in exchange rates, interest rates, and raw material prices.

2. Implementation of investment activities.

2.1. Project investment

GELEX: continued construction of the project “Complex of Hotel, Commercial Services and Offices for Rent” at 10 Tran Nguyen Han and 27-29 Ly Thai To, Ly Thai To ward, Hoan Kiem district, Hanoi according to the schedule.

GELEX’s Electric line: Continued to intensively invest in its member companies and improved production capacity at their member companies in accordance with the approved plan.

GELEX’s Infrastructure line: In 2023, the system of member companies of GELEX Infrastructure continued to implement investment activities and research and prepare for investment projects, specifically as follows:

- + Researched investment in potential wind power projects, exchanged cooperation opportunities with some partners and considered some new projects.
- + Continued to implement the Song Da Water Project Phase 2, completed the 3.5 Ring Road Project, and continued to implement Phase 2 and connecting pipelines according to schedule.
- + Member companies continued to focus on implementing, making new investments, and preparing to invest in projects in the fields of industrial park infrastructure and social housing.
- + Construction material: continued to invest in depth and improve production capacity of member companies in accordance with the plan.

2.2. Capital ownership arrangement/restructuring

GELEX

Capital investment: In 2023, GELEX completed the receipt of 49% of charter capital transferred from Frasers Property Investments (Vietnam) I PTE.LTD and made a contribution to increase capital at Titan Corporation Ltd. as well as cooperated with Frasers Property Investments to deploy industrial projects in the North with a total investment in the first phase of about VND 6,000 billion.

Divestment: GELEX advocated transferring shares or capital contributions in the energy projects implemented with Sembcorp Industries with a total scale of 245 MW which are being operated by GELEX’s member companies, including GELEX Quang Tri Wind Power, Huong Phung Wind Power, Song Bung 4A Hydropower (Phu Thanh My), and Ninh Thuan Solar Power.

GELEX’s Electric line

- + Increased ownership rates in member companies: from 24.95% to 46.17% in Dong Anh Electrical Equipment Manufacturing Corporation - JSC (“EEMC”); from 96.35% to 96.46% in CADIVI; from 90.71% to 98.07% in THIBIDI and delisted THIBIDI shares from the Ho Chi Minh Stock Exchange; from 51% to 66.79% in MEE Transmission Transformer Manufacturing JSC.
- + Increased capital at GELEX Electricity Trading JSC. & Hung Yen Electricity Trading JSC. to deploy power distribution projects in industrial parks.
- + Transferred 90% of capital at GELEX Quang Tri to GELEX Infrastructure JSC. relating to the restructuring of the Energy segment.

GELEX’s Infrastructure line

- + In 2023, at VIGLACERA Corporation – a member of GELEX Infrastructure, a number of business reorganization and innovation activities were implemented. These contents are specifically stated in VIGLACERA reports.
- + Received the transfer of 90% of capital at GELEX Quang Tri from GELEX Electricity JSC. relating to the restructuring of the Energy segment.

3. Financial indicators

Table 4: Total assets and capital (Unit: VND billion/%)

Indicator	31 December 2023	31 December 2022	% increase/decrease
Total assets	55,077	52,385	5.1%
Non-current assets	20,299	19,800	2.5%
Current assets	34,778	32,585	6.7%
Total capital	55,077	52,385	5.1%
Owner's equity	21,224	21,043	0.9%
Liabilities	33,853	31,342	8%
<i>In which, debt</i>	<i>19,990</i>	<i>16,842</i>	<i>18.7%</i>

3.1. Assets

In 2023, GELEX’s total consolidated assets increased by 5.1%, mainly due to an increase in long-term assets: investment in increasing fixed assets in the clean water segment and investment in capital contributions/long-term loans to Titan Corporation Ltd. Regarding short-term assets, GELEX directed its member companies to reduce inventory and short-term receivables as well as flexibly use financial tools in accordance with regulations to take advantage of short-term funds.

The structure of assets and capital of GELEX in 2023 fluctuated in the direction of increasing the proportion of long-term assets and ensuring the short-term balance.

3.2. Liabilities

GELEX’s consolidated liabilities as of 31 December 2023 were VND 33,853 billion, an increase of VND 2,511 billion compared to the beginning of the year. In particular, GELEX’s consolidated debt in 2023 increased by 18.7% compared to 2022 mainly because

some member companies increased their funding for long-term assets as a result of taking advantage of falling interest rates and increasing financial leverage to improve business efficiency.

Table 5: Some financial ratios of solvency and debt ratio

Indicator	31.12.2023	31.12.2022	31.12.2021
Debt ratio			
Total liabilities/Total assets	0.61	0.60	0.67
Debt/Equity	0.94	0.80	1.08
Solvency ratio			
Current ratio	1.09	1.15	1.31
Net debt/EBITDA	1.80	1.57	2.18
Interest coverage ratio (EBITDA/interest expense)	5.02	4.97	4.18

The Group's key consolidated financial indicators on liquidity and debt management were within safe ranges.

4. Improvements in Organizational Structure, Policies, and Management

In 2023, GELEX continued to implement system-wide coherent management in three fields: finance and planning, internal audit, and human resources while strengthening communication and well preparing the foundations to build its corporate culture with the goal of making GELEX a leading investment corporation.

Finance and planning

- + Consistently deployed the management reporting system combined with management themes at its member companies to directly capture the production and business situation at the member companies and promptly make strategic decisions according to market reality.
- + Initially digitalized management in a centralized, coherent, and timely manner.
- + Continued to prepare the conditions and foundation, built a roadmap for implementing the “Project of Converting Consolidated Financial Statements to be IFRS-compliant”.

Internal audit and internal control

- + Continued to improve the effectiveness and efficiency of the audit and internal control system.
- + Strengthened vertical supervision, system administration, and transparency of transactions with related parties.

Human resources

- + Implemented the Succession planning program.
- + Continued to review and improve the management system - human resource policies.
- + Deployed and promoted training activities in the system.

- + Winner of HR Asia Awards 2023.

Brand communication

- + Provided timely information about the Group’s activities and situation.
- + Continued to implement many solutions to improve the effectiveness of communication work, clearly demonstrating the vision of becoming “Vietnam’s leading investment group”.

In 2023, GELEX made its mark with many awards and honorable titles given by prestigious organizations, continuing to affirm the position and brand value of GELEX and its member companies.

Corporate culture

- + Successfully organized many events in special occasions of the year to increase staff engagement.
- + Maintained and promoted periodic internal communication, promptly updated about events, information, and internal activities of the Group to connect and spread positive values, solidarity, and attachment as well as to create motivation to employees.

5. Community Responsibility

Activities associated with social responsibility and community-oriented activities such as charity programs, direct support to the disadvantaged families and children, sponsorship to local sports events and cultural festivals, contributions to humanitarian funds... Were implemented by the Group and its member companies.

II. BUSINESS ORIENTATIONS AND PLAN FOR 2024

1. Business plan for 2024

As the macro economy in 2024 is expected to recover but still have many potential difficulties, GELEX’s business plan has been developed with some key indicators as follows:

Table 6: Some key indicators in the business plan for 2024

Unit: VND billion

No.	Indicator	2024 plan
I	Total consolidated net revenue	32,303
II	Consolidated profit before CIT	1,921

2. Key orientations to implement the plan for 2024

2.1 Production and business orientations:

- *Production and sale of electrical equipment and building materials:*
- + Maintain and grow market shares in the domestic markets with strategic products and at the same time gradually develop and expand to appropriate foreign markets;

- + Optimize production, promote R&D, cooperate with major partners to manufacture new products with high technology content in line with market demand;
- + Improve production and business efficiency, continue to implement solutions to optimize costs, balance debts, control inventory, streamline apparatus/personnel, strengthen risk management, etc. to improve competitiveness, maintain the Group's position, and support sustainable growth.
- + Promote green products, apply environmentally friendly and energy-saving solutions in the field of construction materials
- ***Production and sale of electricity and clean water:*** Manage and operate factories to ensure safety, reliability, effectiveness, cost-effectiveness, and risk mitigation.
- ***Real estate business:*** Increase the value chain, improve service quality, increase utilities in order to improve business efficiency and make the most effective use of the land fund.

2.2 Investment orientations

- ***Production of electrical equipment and building materials:*** Invest capital in enterprises to modernize production, increase capacity and quality, and at the same time continue to implement steps to divest in some inefficient building material production companies.
- ***Power generation:*** Continue to monitor and selectively develop projects in the list of research and development projects and explore new potential projects.
- ***Production and supply of clean water:*** Continue to invest in the items of Song Da Clean Water Plant Project - Phase 2 according to the schedule and implement other component projects and continue to seek investment opportunities in clean water supply projects in industrial parks.
- ***Real estate:***
 - + Gradually invest in converting industrial park real estate from the basic traditional form into an industrial city integrated with ecological urban areas towards green and sustainable development. A well-planned industrial city will be a fusion of production, living, and commercial spaces to attract the world's leading businesses.
 - + Continue to develop social housing projects, increase land fund, and invest in commercial housing projects, resorts, and hotel/office for rent.
 - + Continue to research and invest in industrial projects, including RBFs (Ready-Built Factories), RBWs (Ready-Built Warehouses), and BTS (Built-to-Suit) factories and warehouses through member companies.
- ***M&A, restructuring activities:***
 - + Research, select, evaluate, and realize potential M&A and capital investment opportunities (through GELEX Group and member companies) and develop an appropriate post-M&A management strategy.

- + Continue to restructure the existing investment portfolio, focus resources on potential business lines according to the Group's strategy.

2.3 Orientations of other activities

- **Capital sources and finance:** Continue to effectively implement financial solutions to ensure sufficient capital for production, business, and development investment plan;
 - + Prepare capital mobilization plans (including domestic and foreign large-scale long-term capital mobilization plans) and mobilize capital when the conditions are suitable.
 - + Optimize idle cash resources through flexible use of financial instruments on the basis of compliance with legal regulations, internal processes, and capital preservation and development.
- **Corporate governance:**

Continue to upgrade and improve the internal management system towards improving the quality of system administration, creating a premise for a breakthrough in business operations and achieving set financial goals:

 - + Take the next steps to implement an advanced, transparent, and unified governance model: Implementing conversion of financial statements to comply with IFRS, evaluate corporate credit ratings, ESG, etc.
 - + Organize a streamlined and efficient apparatus;
 - + Ensure reasonable human resources with high expertise in core production and business segments;
 - + Gradually build and develop digital infrastructure and apply appropriate digital technology.
 - + Develop corporate culture;
 - + Enhance risk management.

Continue to promote the centralized management roles, coordinate system-wide resources for production and business strategy, investment, finance, human resources-training, information technology/digital transformation, branding, and risk management.

- **Social responsibility:** with a sense of responsibility and deep concern for the community, GELEX and its member companies will continue to implement practical activities in 2024. These activities will focus on supporting the education, health, and social sectors, targeting disadvantaged areas and cases in Vietnam.

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

GENERAL DIRECTOR**Recipients:**

- *GELEX Shareholders;*
- *GELEX BOD members;*
- *Filed in GELEX's office.*

(signed)

Nguyen Van Tuan