

GIAI PHONG MOTOR JOINT STOCK COMPANY

ANNUAL REPORT

Public Company Name: GIAI PHONG MOTOR JOINT STOCK COMPANY
Year of Report: 2024

I. GENERAL INFORMATION

1. General information

- Company name: GIAI PHONG MOTOR JOINT STOCK COMPANY
- Trading Name: GMC
- Business Registration Certificate No. 5100165283 issued by the Ha Giang Department of Planning and Investment on 10/10/2001, 18th amended on 14/12/2022
- Charter capital: 293,885,890,000 VND
- Owner's investment capital: 293,885,890,000 VND
- Address:
 - Head Office Address: Thanh Thuy border-gate economic zone, Thanh Thuy commune, Vi Xuyen district, Ha Giang province
 - Phone Number: (0219)382204 Fax: (0219)382121
 - Website: giaiphong.com.vn
 - Stock Code: GGG

2. Formation and development process

Giai Phong Automobile Joint Stock Company was established on 10/10/2001 with 3 founding shareholders with the original name of Ha Giang Mechanical and Electrical Joint Stock Company.

In 2008, according to the resolution of the extraordinary general meeting of shareholders, the Company changed its name to Giai Phong Automobile Joint Stock Company.

The charter capital when the Company was established was 30 billion VND, up to now, after 23 years of operation, the Company's charter capital has increased to over 293 billion VND

Currently, the Company's shares are trading on Upcom with the trading symbol GGG.

3. Industries and business areas

GMC specializes in the production and trading of trucks. The Company's main products are trucks with GVW up to 25 tons.

Giai Phong Automobile Factory, located in Thanh Thuy Border Gate Economic Zone, Vi Xuyen, Ha Giang, is invested on a scale of 7 hectares, fully meeting the standards of automobile manufacturing and assembling enterprises according to Decree 116/2017/ND-CP of the Government. The company has been granted the Certificate of eligibility for automobile production No. 1427/GCN-BCT by the Ministry of Industry and Trade on 27/05/2019.

GMC's distribution system is spread across the country. With an extensive distribution system, GMC can meet the needs of the majority of customers.

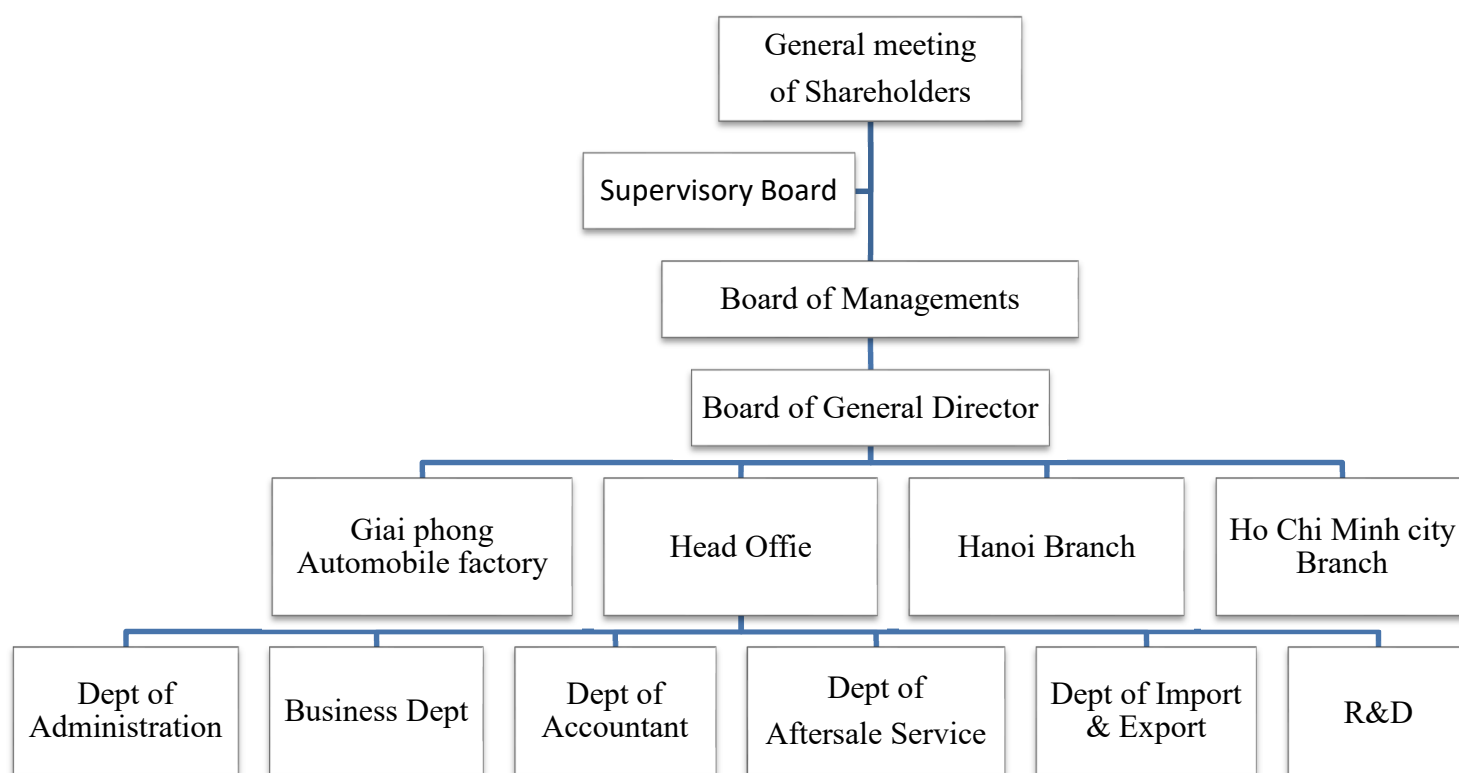
4. Information about the governance model, business organization and management apparatus

GMC's governance structure includes: General Meeting of Shareholders, Board of Directors, Supervisory Board, Board of General Directors, member units (Giai Phong Automobile Factory, Branches in Hanoi and Ho Chi Minh City), functional departments.

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GMC is organized and operated under the model of a Joint Stock Company in accordance with the provisions of the Law on Enterprises No. 68/2014/QH13 approved by the National Assembly of the Socialist Republic of Vietnam on 26/11/2014, other relevant laws and the Company's Charter approved by the General Meeting of Shareholders of the Company.

ORGANIZATIONAL MODEL OF CORPORATE GOVERNANCE AND ADMINISTRATION



5. Development orientation

- The main objectives of the Company

The Company's main production and business objectives are to constantly improve the quality and quantity of Giai Phong truck products, and at the same time expand the Company's distribution agent system and after-sales service to meet the needs of customers.

Implementing the management and operation of the Company in a transparent and effective manner, meeting the best governance standards, bringing maximum benefits to Shareholders, Investors, and employees of the Company

- Medium- and long-term development strategy

- Continue to develop the production and production of truck products, serving the production and business needs of customers, focusing mainly on the segment of light trucks and medium-duty trucks.
- Research and cooperate with partners in developing new energy vehicle products (Electric, Hybrid...)
- Expand business lines to increase revenue and profits for the Company and Shareholders

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- The Company's environmental, social and community objectives.

In the process of operation, GMC always pays attention to environmental protection, ensuring occupational health and safety in and around the factory area. Always fully comply with the provisions of the Law as well as the representative in the work of environmental protection, occupational safety, and fire protection.

6. Risks:

In addition to general risk factors such as economic growth rate, geopolitical conflicts, etc., the shortage of capital is the biggest factor affecting the Company's operations in 2024 and the following years

Production and business activities

2024 is a year with a good breakthrough for the Vietnamese automobile market. Overall vehicle sales in 2024 will increase by 22% compared to 2023. GMC's car sales revenue also achieved high growth compared to 2023, reaching over VND 22 billion, 9.5 times higher than in 2023. However, revenue is still low compared to the plan. In addition, the revenue generated mostly came from the sale of inventory from previous years with the selling price lower than the cost price to recover business capital, leading to business results continuing to be negative.

In 2024, the Company has signed a general contractor contract for the construction and repair of BT05 area in Nam Thang Long Urban Area with high expected revenue. However, due to the change in the construction plan of the investor, the temporary contract has not been implemented.

1. Organization and personnel:

1.1. BOM:

Personnel of the Board of Managements and Supervisory Board for the term 2022-2027:

- Board of Management:
 - Mr. Nguyen Cuong – Chairman of the BOM
 - Mr. Nguyen Duy Kien – Member
 - Mr. Tran Tan Hong Cuong – Member
 - Mr. Vu Hai Anh – Member
 - Mr. Pham Nguyen Hoang – Member
- Supervisory Board:
 - Ms. Le Thi Hang – Head of Board
 - Mr. Quach Nguyen Van Hoc – Member
 - Ms. Pham Hong Yen – Member

1.2. Executive Board:

1. Deputy General Director: Mr. Pham Nguyen Hoang
 - Born in 1974
 - Period of holding position at the Company: since 2015
 - Number of shares held: 10,605 shares
2. Chief Accountant: Ms. Dinh Thi Ngan
 - Born in 1977
 - Time at the Company: Since 2003

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- Number of shares held: 0

1.3. Changes in the Board of Directors: In 2024, the Company will have no changes in personnel in the Board of Directors

1.4. Number of officers and employees

a. **Number of employees:**

- Number of employees at the Company's Office: 8 people
- Number of workers directly in production: 22 people
- Number of indirect employees at the Automobile Plant: 6 people

b. **Policies for employees:**

- For direct production workers, the Company applies the policy of fixed salary for products.
- For indirect employees at the Factory and the Company's Office, the Company applies a time-based salary policy.
- The company fully ensures policies for employees in accordance with the provisions of the law, including policies on social insurance and health insurance.
- Per capita income in 2024 for direct workers at the factory: 8,000,000 VND/person/month.
- Per capita income at the Company's Office: 10,000,000 VND/person/month.

2. Financial situation

a. **Financial situation**

Items	Year 2023	In 2024	% increase decrease
Total Asset Value	47,158,135,654	33,812,638,327.00	-28.30%
Net sales	2,390,174,546	22,619,246,102	846.34%
Profit from business activities	(15,424,437,801)	(19,544,643,446.76)	
Other Profits			
Profit before tax	(15,424,437,801)	(19,544,643,446.76)	
Profit after tax	(15,424,437,801)	(19,544,643,446.76)	
Dividend payout ratio	-	-	

b. **Major financial indicators**

Items	Year 2023	In 2024	Notes
1. Solvency norms			
<i>Short-term payment ratio:</i>			
<i>Quick Payout Factor:</i>	0.03	0.05	
2. Indicators of capital structure	0.20	0.20	
<i>Debt/Total Assets Ratio</i>			
<i>Debt/Equity Ratio</i>	1.66	2.51	
3. Indicators of operational capacity			
- Inventory Turnover:			
- Net Revenue/Gross Assets	0.14	3.60	
4. Indicators of profitability	0.05	0.67	
- Profit after tax/Net revenue ratio			

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- Profit after tax/Equity ratio	-6.45	-0.86	
- Profit after tax/Total assets ratio			
- Profit from business/Net revenue ratio	-0.33	-0.58	

3. Shareholder structure, change of owner's investment capital

a. Stock:

- Total number of outstanding shares: 29,388,589 shares, of which:
 - Common shares: 29,388,589 shares
 - + Freely transferable shares: 29,388,589 shares
 - + Restricted shares: 0
 - Preferred Shares: 0

b. Shareholder structure:

STT	Shareholder Type	Number of shares owned	Proportion	
1	Major shareholders	20,030,385	68.16%	
2	Individual Shareholders	28,733,259	97.91%	
3	Winter grass organization	4,214,518	14.34%	
4	Domestic shareholders	26,986,242	91.83%	
5	Foreign shareholders	2,402,347	8.17%	
6	State Shareholders	-	0.00%	

c. Changes in the owner's investment capital: No

d. Trading of treasury shares: In the year, the Company does not have treasury stock transactions

e. Other securities: In the year, the Company did not issue other securities

II. **REPORT AND EVALUATION OF THE BOARD OF DIRECTORS**

1. Evaluation of production and business results

In 2024, Vietnam's automobile market generally has a good growth rate compared to 2023 with the overall growth rate of the whole market of 22%. The Company's revenue has an impressive growth rate with an increase of nearly 9 times compared to 2023. However, the revenue largely comes from the consumption of inventory at a lower selling price than the cost price.

Starting from the end of 2024, the Company will start to launch a new model (6 ton payload) with the expectation of good sales and profits.

In 2024, the Company has signed a general contractor contract for the construction and repair of BT05 villa in Nam Thang Long urban area with the expectation of increasing revenue and profit for the Company. However, due to changes in investment policies and construction plans by the investor, the contract was temporarily suspended

2. Financial situation

a. Asset situation

Regarding fixed assets: No new fixed assets arise

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Inventory: The Company's inventory decreased sharply due to the Company's promotion of the consumption of inventory vehicles.

b. Liabilities

At the end of 2024, the total outstanding principal of the Company's credit institutions is over VND 23 billion. Currently, the Company has only 1 overdue debt at Eximbank, which is in the process of negotiation to handle.

Short-term payables are amounts that suppliers of components to the Company are deferred from 6 months to 1 year.

Long-term debt is personal debt.

3. **Improvements in organizational structure, policies and management:**

In 2024, the Company will not have major changes in organizational structure, policies and management

4. **Future development plans**

4.1. In the field of automobile production and business:

- Continue to produce and assemble trucks with a total tonnage of up to 16 tons, mainly in the form of close-knit trucks. The company focuses on producing from FAW's components as a branded and reliable partner.
- Research to select partners to produce new energy automotive products (Pure Electric, Hybrid)

4.2. Other fields

- Take advantage of the strengths of new investors to participate in the real estate business to increase profits for the Company, Shareholders and investors.
- Research and development in the field of logistics to promote the location advantage of the factory (Located in Thanh Thuy International Economic Zone, Tuyen Quang – Ha Giang expressway has been started, expected to come into operation from the end of 2025)
- Continue negotiations to handle bad debts at Eximbank.
- Issuance to increase charter capital to supplement operating capital

III. EVALUATION OF THE BOARD OF DIRECTORS OF THE COMPANY'S ACTIVITIES

1. **Evaluation of the Board of Directors of the Company's activities**

- In 2024, the Company's production and business activities will be affected by many objective and subjective difficulties. However, the Board of Directors has also been proactive in operating and minimizing negative impacts. Revenue has good growth, but has not met expectations as planned

2. **Evaluation of the Board of Directors on the activities of the Board of Directors of the company**

During the year, the Board of Directors of the Company has fully performed its functions. Fully implement the Resolutions of the Board of Directors.

The Board of Directors has also been proactive in implementing measures to develop business, expand the market and introduce and promote products.

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Although the equity has been negative, the Board of Directors and the Board of Directors have actively sought other sources of capital to maintain the Company's operations.

3. Plans and orientations of the Board of Directors

- Continue to develop the midsize truck product line.
- Research and development of small cars, gasoline engines and electric vehicles
- Expanding production and business lines
- Increase capital to supplement business capital

IV. CORPORATE GOVERNANCE

1. Board of Managements

Name	Duty	Holding Rate	Notes
Nguyen Cuong	Chairman of the BOM	8.34%	
Pham Nguyen Hoang	Member	0.04%	Deputy General Director
Nguyen Duy Kien	Member	6.59%	
Tran Tan Hong Cuong	Member	3.97%	
Vu Hai Anh	Member	3.07%	

2. Supervisory Board

Name	Duty
Le Thi Hang	Head of Department
Quach Nguyen Van Hoc	Member
Pham Hong Yen	Member

3. Transactions, remuneration and benefits of the Board of Managements, Board of Directors and Supervisory Board

- Salary, bonus, remuneration, benefits: The Board of Managements and the Supervisory Board do not receive remuneration
- Stock transactions of internal shareholders: In 2024, there will be stock transactions of internal shareholders:
 - Mr. Tran Tan Hong Cuong – Member of the BOM – sold 400,000 shares, the number of shares held after the transaction was 1,167,855 shares (3.97%)
 - Mr. Vu Hai Anh – Member of the BOM – bought 903,348 shares, the number of shares held after the transaction was 903,348 shares (3.07%)
- Contract or transaction with internal shareholders: In 2024, the Company has signed a General Contractor Contract with AMBI Company (As a company related to Mr. Tran Tan Hong Cuong, member of the BOM)
- Implementation of regulations on corporate governance: During the year, the BOM, the Board of Directors and the Company have fully and seriously implemented the regulations on corporate governance.

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V. FINANCIAL STATEMENTS

1. Audit opinion (Nhan Viet Auditing Co., Ltd.)

" Audit opinion

In our opinion, the Consolidated Financial Statements have honestly and reasonably reflected the material aspects of the consolidated financial situation of GIAI PHONG MOTOR Joint Stock Company as of December 31, 2024 as well as the results of consolidated business activities and the consolidated cash flow situation for the fiscal year ending on the same day, in accordance with accounting standards, the accounting regime of Vietnamese enterprises and legal regulations related to the preparation and presentation of general financial statements.

Emphasis Issues

We would like to note to the reader of Explanation No. VIII.3 that: The loss in 2024 is VND 19,544,643,447 and the accumulated loss until December 31, 2024 is VND 345,847,853,757 has exceeded the Owner's Investment Capital. In addition, as of December 31, 2024, short-term liabilities are greater than short-term assets of VND 38,440,195,080. These factors lead to doubts about the Company's ability to continue operating. However, the Company's Board of Directors affirmed that there are no plans for stopping the Company's operations in the coming years. Therefore, the Consolidated Financial Statements for the fiscal year ended December 31, 2024 are still prepared on the assumption that the Company has business continuity.

In addition, the Company's Board of Directors affirmed that there are no plans for the suspension of the Company's operations in the coming years. Therefore, the Consolidated Financial Statements for the fiscal year ended December 31, 2024 are still prepared on the assumption that the Company has business continuity.

This does not affect our full acceptance of the Consolidated Financial Statements for the fiscal year ended December 31, 2024."

2. Audited financial statements According to the attached financial statements

LEGAL REPRESENTATIVE OF THE COMPANY
Chairman of the Board of Managements



NGUYEN CUONG