

ANNUAL REPORT

Year 2024

To: - The State Securities Commission
- The Hanoi Stock Exchange
- Shareholders of the Company

I. GENERAL INFORMATION

1. General information

- Trading name: Lap Phuong Thanh Production and Trading JSC
- Business Registration Certificate No.: 0800258431.
- Charter capital: 120.000.000.000 VND
- Owner's capital: 120.000.000.000 VND
- Address: No. 822, Le Thanh Nghi Avenue, Hai Tan Ward, Hai Duong City, Hai Duong Province
- Telephone: 0220.3863658
- Fax: 0220.3863659
- Website: lapphuongthanh.vn
- Securities code: LPT

Establishment and developmet process:

On February 4, 2022, Lap Phuong Thanh Production and Trading Co., Ltd. was established under Business Registration Certificate No. 0402000094 issued by the Department of Planning and Investment of Hai Duong Province, with a charter capital of VND 4.785.413.000. The Company operates in the manufacturing and trading.

On March 17, 2008, the Company officially converted into a joint-stock company under Business Registration Certificate No. 0800258431 issued by the Department of Planning and Investment of Hai Duong Province with a charter capital of VND 6 billion. The Company operates in the manufacturing and trading.

Recognizing the high demand for driver's license training and testing among the local population, combined with the advantage of a 2.5-hectare site located in a conveniently accessible area in Hai Duong City, the Company's management decided to apply for a license to establish a Vocational Training and Driver's License Testing Center in accordance with the Type 2 Testing Center standards of the Ministry of Transport. The Lap Phuong Thanh Vocational Training and Driver's License Testing Center, owned by the company, was



established under Decision No. 838/2010/QĐ-UBND, dated April 8, 2010, by the People's Committee of Hai Duong Province.

After completing the legal procedures, construction work, and installation of infrastructure equipment, on November 1, 2011 the center was granted an operating license for automobile driver training under Training License No. 124/TCĐBVN/QLPT&NL issued by the Vietnam Road Administration.

On February 28, 2012, the Company applied to add a new business activity, which is vocational training for motor vehicle drivers, and was granted the 5th amendment of its Business Registration Certificate by the Department of Planning and Investment of Hai Duong Province, with a charter capital of VND 6 billion.

On March 5, 2012, the Company received its 6th amended Business Registration Certificate issued by the Department of Planning and Investment of Hai Duong Province after increasing its charter capital from VND 6 billion to VND 40 billion through the issuance of additional shares to existing shareholders, aiming to raise capital for expanding its production and business activities.

On March 7, 2012, Lap Phuong Thanh Driver Testing Center was granted Certificate No. 12/TCĐBVN-QLPT&NL by the Department of Roads of Vietnam, recognizing it as a Type 2 Driver Testing Center.

On January 24, 2018, the company received its 12th amended Business Registration Certificate issued by the Department of Planning and Investment of Hai Duong Province after increasing its charter capital from VND 40 billion to VND 120 billion through the issuance of additional shares to existing shareholders.

On October 14, 2019, after investing in equipment to modernize and meet operational requirements, the center was granted Certificate No. 92/TCĐBVN-QLPT&NL by the Vietnam Road Administration, officially recognized as a Type 2 Driver Testing Center, qualified to conduct tests for categories A1, B1, B2, and C.

On December 24, 2019, the company received its 15th amended Business Registration Certificate issued by the Department of Planning and Investment of Hai Duong Province after completing the procedure to reduce its charter capital from VND 120 billion to VND 80 billion through the buyback of shares as requested by the company's shareholders.

On September 9, 2020, the center was granted Driver Training License No. 1878/GP-SGTVT-P5 by the Hai Duong Department of Transport, authorizing it to provide training and conduct testing for driver's licenses in categories B1 (automatic transmission), B1, B2, and C, with a capacity of 2.999 trainees.

On December 31, 2020, Lập Phương Thành Trading and Manufacturing Joint Stock Company was approved as a public company under Official Letter No. 7715/UBCK-GSĐC issued by the State Securities Commission of Vietnam.

On March 30, 2021, shares of the company were approved for trading on the Upcom market under Decision No. 98/QĐ-SGDHN by the Hanoi Stock Exchange, and immediately attracted the interest of investors as it is the only driver training and testing enterprise listed on

the stock exchange.

On April 1, 2022, the Lap Phuong Thanh Vocational Training and Driver Testing Center was approved by the People's Committee of Hai Duong Province to change its name to Lap Phuong Thanh Vocational Education and Driver's License Testing Center (hereinafter referred to as the 'Center') according to Decision No. 759/QD-UBND. The name change aims to comply with the requirements of the Vocational Education Law and State management agencies.

On April 26, 2022, the Center was issued the Driver Training License No.784/GP-SGTVT-P5 by the Department of Transport of Hai Duong Province, which authorizes the Center to provide training and conduct testing for driver's license in categories B1 automatic transmission, B1, B2 and C, with a training capacity of over 1,000 trainees. The adjustment of the training capacity from 2,999 trainees (as per the Driver Training License No. 1878/GP-SGTVT-P5) to over 1,000 trainees was not due to a reduction in capacity as per regulations or practice, instead, it was a result of a change in the method of calculating the training capacity under the provisions of Circular No. 38/2019/TT-BGTVT, dated October 8, 2019, issued by the Ministry of Transport. According to this regulation, there are only three levels of training capacity: under 500, under 1,000, and over 1,000.

On June 2, 2022, the Company received Official Letter No. 3384/UBCK-QLCB of the State Securities Commission of Vietnam, approving the report on the result of increasing the charter capital from VND 80 billion to VND 120 billion.

On September 11, 2023, the Center was issued Driver Training License No. 2226/GP-SGTVT-P5 by the Department of Transport of Hai Duong Province, which authorizes the Center to provide training and conduct testing for driver's licenses in categories B1, B2 and C, with a training capacity of over 1,000 trainees. This is a new license issued to replace License No. 784/GP-SGTVT-P5 in accordance with legal regulations.

Currently, Lap Phuong Thanh Production and Trading JSC is operating under Business Registration Certificate No. 0800258431, issued by the Department of Planning and Investment of Hai Duong Province, initially granted on March 17, 2008, and amended for the 17th time on February 3, 2023, with a charter capital of VND 120 billion.

With a solid foundation and extensive business experience, the Company is confident in its strong prospects for future growth. The Company's brand will be firmly established in the market and will attract the attention of investors nationwide.

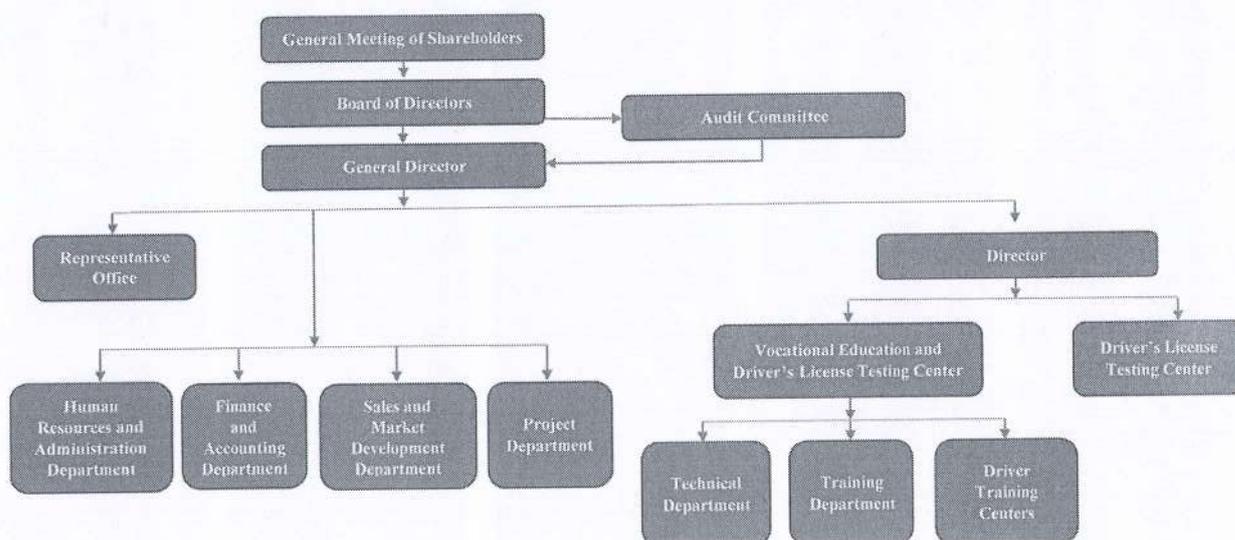
2. Business lines and locations of the business

- Business lines (Specify major lines of business or products and services which account for more than 10% of the total revenue in the last 2 years):
 - + Driver training and testing for motor vehicles
 - + Commercial trading

- Locations of business (Specify major locations of business which account for more than 10% of total revenue in the last 2 years): Hai Duong Province, Hanoi city and other provinces.

3. Information about governance model, organization and managerial apparatus:

- Governance model: The Company operates under the governance model specified in Point b, Clause 1, Article 137 of the Law on Enterprises No. 59/2020/QH14. Accordingly, the Company's governance model includes: the General Meeting of Shareholders (hereinafter referred to as "GMS"), the Board of Directors (hereinafter referred to as "BOD") and General Director. At least 20% of the members of the BOD must be independent members and there is an Audit Committee under the BOD.
- Management structure:



- Subsidiaries, associated companies: None

4. Development orientations

- Main objectives of the Company:
 - + Complete the production and business plan targets set by the GMS;
 - + Maintain and improve the quality of driver training and testing; continue to affirm the position in Hai Duong Province as well as in neighboring provinces and strive to become the first listed entity in the field of driver training and testing on the stock market;
 - + Strengthen and expand the customer network, identify suppliers of input goods for business operations at low cost, and optimize benefits for the Company;
 - + Train and develop a high-quality workforce to meet the Company's growth needs;
 - + Maximize shareholder wealth.
- Development strategies in the medium and long term:
 - + Listing of LPT shares on the Stock Exchange;

- + Investing in building a chain of Driver Training and Testing Centers in several provinces and cities nationwide;
- + Continuing to expand commercial products and diversify the Company's activities.
- Corporate objectives with regard to Corporate environment, society and community Sustainability:
 - + Sustainable economic growth: Provide products/services that meet customer needs with the highest quality; achieve growth in revenue and profit, while maintaining an annual dividend payout for shareholders;
 - + Sustainable social development: Ensure a safe working environment and employee benefits, strengthen long-term employee loyalty to the Company, and ensure stable employment for the Company's staff.
 - + Protect the environment: Comply with environmental protection laws and regulations; use biofuels; promote energy conservation; avoid using vehicles that have exceeded their service life and minimize office waste...

5. Risks

a) Economic risks

In 2024, the global economy is expected to grow at a stable rate of around 3%, though not evenly, with disparities between countries and between the service and manufacturing sectors. Inflation is easing, creating favorable conditions for central banks around the world to lower interest rates and loosen monetary policies in order to support growth and stabilize global financial markets.

In this context, Vietnam achieved an impressive GDP growth rate of 7% in 2024 (surpassing the target of 6-6,5%). The average Consumer Price Index (CPI) in 2024 increased by 3,6% compared to 2023, reaching the target set by the National Assembly. The core inflation rate in 2024 increased by 2,7 compared to 2023 – a level of inflation that is suitable for the economic and social development situation of Vietnam. The controlled inflation has supported economic growth and macroeconomic stability.

However, in 2025, the global economy will face numerous risks and challenges due to factors beyond control, which will put pressure on inflation. Specifically, geopolitical conflicts in the Middle East and Ukraine are causing fluctuations in oil prices, transportation costs, etc.; and trade tensions between major economies like the U.S. and China, especially after the return of Donald Trump, will lead to a tariff war. Additionally, extreme weather events and climate change will severely impact the global economy and society. This could trigger a new wave of inflation, while also slowing down growth, potentially leading to a rise in unemployment. According to the IMF, all three major economies – the U.S., the EU, and China – are expected to experience a slowdown in growth in 2025, which will affect the global economy, including Vietnam.

Regarding the domestic situation, the cost of raw materials for production may increase in the near future. The impact of exchange rate fluctuations may also affect production costs,

raising product prices and contributing to inflation. Additionally, the continued implementation of the roadmap for adjusting prices of state-controlled goods such as electricity, healthcare services, and education services, with the aim of incorporating all factors like production costs into the pricing, will increase the Consumer Price Index in 2025.

It can be said that in 2025, inflation will be a major challenge as Vietnam faces many unpredictable fluctuating factors both domestically and internationally.

For LPT – a company operating in the field of driving training and testing, and commercial business, inflation will have several negative impacts such as: (1) Increased operating costs (fuel costs, vehicle maintenance and repair costs, transportation costs, etc.); (2) Increased competition as driving training centers need to adjust tuition fees to align with the inflationary context; (3) A decrease in the number of students as people reduce spending on non-essential services, including car driving lessons, etc.

b) Legal risk

As a large public company operating in the fields of driving training and testing, as well as trade, the Company is subject to the influence and control of the legal system, such as the Law on Enterprises, the system of legal documents related to the securities sector, taxes, and the field of driving training and testing, etc.

In recent years, the legal regulations regarding driving training, testing, and issuing driving licenses have changed frequently, significantly impacting the Company's business operations. Specifically, in 2024, the competent state authorities will continue to issue new legal documents that will come into effect from January 1, 2025, such as the Road Traffic Safety Law of 2024; Decree No. 160/2024/ND-CP on driving training and testing activities; Circular No. 35/2024/TT-BGTVT on driving training, testing, and licensing; the issuance and use of international driving licenses; as well as training, testing, and issuing certificates for legal knowledge of road traffic law. Accordingly, the Company will need to renovate and repair its testing grounds to comply with the new standards, invest in new vehicles, and acquire some new equipment and technology as required by the regulations.

The legal in Vietnam is still in the process of being perfected to align with the continuously developing economy. Therefore, changes to the Vietnamese legal system are inevitable and will impact the Company's plans and business operations. Currently, the Company manages and mitigates risks related to legal changes by closely monitoring forecasts, drafting new laws, and amending old ones. At the same time, the Company ensures that these changes are communicated to the Board of Directors and all employees to minimize legal risks in its operations.

c) Other risks

Besides the aforementioned risks, LPT also faces force majeure risks such as natural disasters, epidemics, fires, etc. In 2024, due to the impact of Typhoon No. 3 (Yagi), the Company suffered property damage, and driver training and testing activities were disrupted due to flooding. The Company had to suspend examination sessions in September, and at the

beginning of Q4, no new classes were launched as the focus was on addressing the aftermath of the typhoon.

II. OPERATIONS ON THE YEAR

1. Situation of production and business operations

Unit: VND

No.	Indicators	Year 2023	Year 2024		% change	
			Plan	Result	Compared to 2023	Compared to plan
1	Revenue from sales of goods and rendering of services	346.752.452.570	257.800.000.000	372.057.657.207	7,3%	44,3%
	<i>In which:</i>					
-	Revenue from sales of goods	315.259.358.090	195.000.000.000	293.159.651.450	-7,0%	50,3%
-	Revenue from rendering services	31.493.094.480	62.800.000.000	78.898.005.757	150,5%	25,6%
2	Profit before tax	3.909.855.858	12.500.000.000	17.783.712.927	354,8%	42,3%
3	Profit after tax	3.110.023.536	11.000.000.000	14.163.706.074	355,4%	28,8%

In 2024, the Company's production and business activities experienced strong growth compared to 2023 and successfully exceeded the targets set by the GMS, including: Revenue reached 372 billion VND, a 7,3% increase compared to 2023 and 44,3% higher than the plan; Net profit after tax reached over 14 billion VND, a 355,4% increase compared to 2023 and 28,8% higher than the plan.

- **Regarding driver training and testing activities:** In 2024, revenue reached 78,9 billion VND, a significant increase compared to the same period last year (up 150,5%). After being reissued the training license in September 2023, the driver training and testing activities stabilized and grew again in 2024. The number of trainees increased 2,5 times compared to the same period last year. Although the government continued to issue new regulations in 2024 regarding driver training and testing, the company's leadership promptly adapted and invested in additional human and material resources to meet the changes.

- **Regarding commercial activities:** Revenue from goods sales reached 293 billion VND, a decrease of 7% compared to the same period last year, but exceeding the plan by 50,3%. The company's commercial business activities remained stable, with profits maintained at 1,5 – 2%.

2. Organization and human resource

a) List of the Board of Management

- **Mr. Pham Van Tao – Member of the BOD and General Director, Legal representative**
 - Date of birth: February 15, 1965
 - Address: No.2/123/29 Xuan Thuy street, Dich Vong Hau, Cau Giay, Hanoi
 - Qualification: Bachelor of Economics
 - Positions in other companies: None
 - Work experience:

Time	Companies	Positions
April 1989 – July 2003	Hai Duong Mulberry Investment and Business Company	Chief accountant, Deputy Director, Acting Director
August 2003 – September 2010	Hung Yen College of Education	Chief accountant, Head of Planning and Finance Department
October 2010 – December 2020	VIC Construction Joint Venture Company	Chief accountant, Deputy General Director, General Director, Chairman of the Members' Council
Since February 2023	Lap Phuong Thanh Production and Trading Jsc	General Director
Since April 2023	Lap Phuong Thanh Production and Trading Jsc	member of the BOD

- Ownership percentage of the Company's voting shares: 0%

- **Mrs Do Phuong Anh – Chief Accountant**

- Date of birth: October 16, 1986
- Address: No.36/75 Le Thanh Nghi, Hai Duong City, Hai Duong Province
- Qualificate: Bachelor of Economics
- Positions in other companies: None
- Work experience:

Time	Companies	Positions
2010 - 2018	AAA Insurance Jsc – Hai Duong branch	Chief accountant
2018 - 2020	Bao Long Insurance Joint Stock Corporation – Hai Duong branch	Head of Accounting Department
2020 - 2023	An Phat Construction and Real Estate Jsc	Chief accountant
Since January 08, 2024	Lap Phuong Thanh Production and Trading Jsc	Chief accountant

- Ownership percentage of the Company's voting shares: 0%

b) Changes in the Board of Management in 2024:

No.	Position	Dismissal	Appointment	Effective date	Legal basis
1	Chief accountant, Person in charge of accounting	Nguyen Thi Phuong Nhung – Person in charge of accounting	Do Phuong Anh – Chief Accountant	January 8, 2024	The BOD's Resolution No. 01/2024/NQ-HDQT/LPT dated January 8, 2024

c) Number of staffs, brief information and changes on the employee's policies

➤ *Number of staffs:*

As of December 31, 2024, the Company has 215 employees.

➤ *Policies for employees:*

- Working hours: The Company operates with 8-hour per day, 5,5 days per week (with Saturday afternoons and Sundays off), and a 1,5-hour lunch break. When there are business requirements regarding progress, employees are expected to work overtime and the Company has policies in place to ensure employees' rights in accordance with state regulations and provide fair compensation and benefits.
- Salary and Bonus policy: The company pays salaries to employees based on job level, skills, position, qualifications, the salary scale, and the company's business conditions. The salary calculation, bonus system, and salary increases are implemented according to the company's salary and bonus regulations.
- Insurance and welfare: The Company makes contributions to social insurance, health insurance, and unemployment insurance in accordance with current legal regulations. The company implements social security policies for employees in accordance with the Labor Law and the company's internal regulations. The company is always concerned about the well-being of its employees and strives to improve their working conditions. The company pays great attention to labor safety for direct production workers. The insurance benefits for employees are fully implemented in accordance with the Labor Law. Every year, the Company organizes trips and vacations for its employees

3. Investment activities, project implementation

a) Investments:

No.	Investment	Value (VND)	Note
1	Investing in shares of Red Ocean Vietnam Import-export and Investment Jsc	3.750.000.000	According to the BOD's Resolution No. 08/2024/NQ-HDQT dated April 23, 2024

b) Implementation progress of projects:

At the 2024 Annual General Meeting of Shareholders, the GMS approved the proposal for adjusting the investment project for Lap Phuong Thanh Driving Practice Center – No.2. On October 17, 2024, the Hai Duong Provincial People's Committee issued Decision No. 2684/QD-UBND regarding the "Approval of the adjustment of the investment policy and the

approval of the investor to implement the Lap Phuong Thanh Vocational Education and Driver's License Testing Center Project, Facility No. 2 (the first adjustment from the Lap Phuong Thanh Driving Practice Center – No.2). Currently, the Company has carried out the following tasks:

- Advised the Hai Duong city People's Committee to establish a compensation and Site Clearance Committee.
- Coordinated with the consulting unit (Minh Ngoc Surveying and Construction Co., Ltd.) to determine the project boundary markers in the field and hand them over to the Hai Duong City Compensation and Site Clearance Board and the Ngoc Son Commune People's Committee as the basis for conducting the inventory and site clearance work.
- Redesigned the overall project site plan at a 1/500 scale according to the new regulations of the Department for Roads. Coordinated with the design unit to create the detailed plan at a 1/500 scale for further detailed design.
- Held meetings with local residents in collaboration with the Site Clearance Committee.
- Contacted the Hai Duong Provincial Land Registration Office to complete the land cadastral map extraction for land recovery purposes.

c) Subsidiaries, associated companies: None

4. Financial situation

a) Financial situation

Unit: VND

Indicators	Year 2023	Year 2024	% change
Total asset	283.171.366.611	182.878.756.770	-35,4%
Net revenue	346.752.452.570	372.057.657.207	7,3%
Profit from business activities	3.481.366.485	19.237.382.452	452,6%
Other profits	428.489.373	-1.453.669.525	-439,3%
Profit before tax	3.909.855.858	17.783.712.927	354,8%
Profit after tax	3.110.023.536	14.163.706.074	355,4%
Dividend payout ratio	-	10% ^(*)	-

() The dividend payment plan for 2024 will be presented at the 2025 Annual General Meeting of Shareholders.*

b) Major financial indicators

Indicators	Year 2023	Year 2024	Notes
<i>1. Solvency ratio</i>			
+ Current ratio: (times) <i>Short term asset/ Short term debt</i>	1,8	5,9	
+ Quick ratio: (times) <i>Short term asset – Inventories</i>	1,3	2,8	

<i>Short term debt</i>			
2. Capital structure ratio			
+ Debt/Total asset ratio	49,6	14,3	
+ Debt/Owner's equity ratio	98,4	16,7	
3. Operation capability ratio			
+ Inventory turnover: <i>Cost of goods/ average inventory (times)</i>	7,9	4,3	
+ Total asset turnover <i>Net revenue/ average total asset (times)</i>	1,5	1,6	
4. Profitability			
+ Profit after tax/ Net revenue ratio	0,9	3,8	
+ Profit after tax/ Owner's equity ratio	2,2	9,0	
+ Profit after tax/ Total asset ratio	1,1	7,7	
+ Profit from business activities/ Net revenue ratio	1,0	5,2	

5. Shareholders structure, change in the owner's equity

a) Shares:

- Total number of floating shares: 12.000.000 shares
- Types: Common stock

In which:

- + Number of freely transferable shares: 12.000.000 shares
- + Number of preferred shares: 0 share

b) Shareholders structure

No.	Shareholders	Number of shares	Ownership ratio (%)	Number of shareholders	Shareholders structure	
					Organization	Individual
I	Domestic shareholders	12.000.000	100	469	0	469
1	State shareholders	0	0	0	0	0
2	Major shareholders owning 5% or more of shares	5.492.869	45,77	5	0	5
3	Other shareholders	6.507.131	54,23	464	0	464
II	Foreign shareholders	0	0	0	0	0
TOTAL		12.000.000	100	469	0	469

(Source: List of shareholders of the Company as of March 18, 2025)

Lap Phuong Thanh Production and Trading Jsc. has submitted a notification regarding the maximum foreign ownership ratio at the Company to the State Securities Commission. Accordingly, the State Securities Commission issued approval letter No. 824/UBCK-PTTT dated March 12, 2021, confirming the maximum foreign ownership ratio at LPT is 0%. As of now, the foreign ownership ratio at the Company is 0%.

- c) *Change in the owner's equity: None*
- d) *Transaction of treasury stocks: None*
- e) *Other securities: None*

6. Environment-Social-Governance (ESG) Report of the Company

6.1. Impact on the environment

- Total greenhouse gases (GHG) emission: The Company's driver training and testing activities require fuel such as gasoline and diesel, and emit CO₂ and other pollutants, including gases and dust. Additionally, energy-consuming activities also indirectly emit greenhouse gases.
- Initiatives and measures to reduce GHG emission:
 - + Comply with regulations on vehicle inspection, carry out repairs and replace parts as required, ensuring that vehicles operate efficiently while decommissioning those that have reached the end of their service life;
 - + Plant more trees;
 - + Use electricity efficiently and invest in new electrical equipment integrated with solar energy, etc.

6.2. Management of raw materials

a) The main raw materials

Driver training and testing activities: The materials for this activity include gasoline and diesel.

b) The percentage of materials recycled to produce products and services of the Company: None.

6.3. Energy consumption:

a) Energy consumption – directly and indirectly: The energy used for the Company's business operations is mainly electricity, gasoline and diesel. The Company utilizes energy efficiently to reduce input costs and increase profits.

b) Energy savings through initiatives of efficiently using energy: None.

c) The report on energy saving initiatives: None

6.4. Water consumption

a) Water supply and amount of water used: The Company uses clean water supplied by the Hai Duong city.

b) Percentage and total volume of water recycled and reused: Currently, the Company doesn't have system for recycling and reusing wastewater.

6.5. Compliance with the law on environmental protection

a) Number of times the Company is fined for failing to comply with laws and regulations on environment: None

b) *The total amount to be fined for failing to comply with laws and regulations on environment:* None

6.6. Policies related to employees

a) *Number of employees, average wages of workers*

- As of December 31, 2024, the Company has 215 employees.
- Average income of workers: From 9 to 10 million VND per person per month.

b) *Labor policies to ensure health, safety and welfare of workers*

The Company always adheres to labor policies in accordance with the Labor Law and Labor Regulations.

Working hours: The Company operates on an 8-hour workday, 5.5 days per week (with half-day off on Saturdays and full day off on Sundays), with a 1.5-hour lunch break. When business progress requires, employees are responsible for working overtime. The Company has regulations in place to ensure employees' rights in accordance with laws of the state and provides fair compensation and benefits.

Working conditions: The office is well-designed, spacious and well-ventilated, with a fully ensured fire prevention and protection system. Employees are provided with all necessary equipment to ensure the smooth execution of their work.

Traing: The Company's training policy aims to ensure a stable and long-term workforce, emphasizing professionalism and creativity in the work. Internal training is regularly conducted in specialized departments. For the field of driver training and testing, the training department has organized sessions to promptly update new regulations for instructors to ensure compliance with the law

Salary policy: The Company pays salaries to employees based on their position, skills, qualifications, the salary scale and the current state of the Company's production and business activities.

Bonus policy: To encourage and motivate employees in the Company to increase work efficiency and improve the quality of task completion, the Company applies flexible bonus policies depending on different stages, such as sales bonuses, recruitment bonuses and training bonuses,... Additionally, there are bonuses for holidays: New yearm end-of-year bonuses, ect. The bonus amount is based on the results of business operations at the time of payment. Moreover, quarterly and annually, the Company organizes evaluations to recognize outstanding individuals and teams, offering timely rewards to those who contribute innovative ideas to the Company's growth. Bonus consideration is based on the achievements of individuals or teams in areas such as cost-saving, technical innovations, business organization improvements, searching new customers and markets, complete the assigned tasks outstandingly, achieving high business results and preventing waste, etc. Furthermore, the Company will takes appropriate disciplinary action against individuals whose actions cause harm to the Company's image and business operations.

c) ***Employee training***

In 2024, the Company organized training to update the new regulations in Circular No. 05/2024/TT-BGTVT dated March 31, 2024, and Decree No. 41/2024/NĐ-CP dated April 16, 2024, ... for the specialized departments and teachers of Center.

6.7. Report on responsibility for local community

The Company creates jobs for the local people in Hai Duong province with a good income. In addition, the Company is very proactive in supporting charitable activities in the province and nationwide.

6.8. Report on green capital market activities under the guidance of the SSC: None

III. REPORTS AND ASSESSMENTS OF THE BOARDS OF MANAGEMENT

1. Assessment of operating results

The trading business activities remained stable with a profit margin maintained at 1,5% - 2%. Additionally, the driver training business experienced strong growth, with the number of trainees increasing 2,5 times compared to 2023.

Although in 2024, government authorities continued to issue new regulations related to the driver training and testing sector, the Company's leadership promptly adapted and implemented these changes, ensuring that driver training and testing operations were not affected.

In 2024, the Company's business operations experienced strong growth compared to 2023 and exceeded the production and business targets set by the General Meeting of Shareholders. Specifically: Revenue reached 372 billion VND, an increase of 7,3% compared to 2023 and 44,3% higher than the plan; Net profit after tax reached over 14 billion VND, an increase of 355,4% compared to 2023 and 28,8% higher than the plan.

In 2024, the Company proactively invited the Hai Duong Provincial Tax Department to inspect its compliance with tax regulations from 2019 to 2023. Accordingly, on December 31, 2024, the Hai Duong Provincial Tax Department issued Decision No. 11395/QĐ-CTHĐU imposing an administrative fine for tax and invoice violations against the Company. The main reason for this was a lack of clear understanding of the tax regulations, which led the tax authorities to issue an inaccurate decision in the inspection report for 2014-2015. As a result, by the time of the 2024 tax finalization, the period for filing complaints had expired, so the conclusion could not be altered. The Company has immediately complied with the contents outlined in Decision No. 11395/QĐ-CTHĐU dated December 31, 2024, by the Hai Duong Provincial Tax Department.

2. Financial situations

a) Assets

Unit: VND

No.	Indicators	Year 2023	Year 2024	% change
	Total assets	283.171.366.611	182.878.756.770	-35,4
1	Current assets	254.001.400.644	154.657.392.769	-39,1

1.1	Cash and cash equivalents	1.488.767.286	2.417.469.893	62,4
1.2	Short-term financial investment	0	1.002.240.000	-
1.3	Short-term receivables	165.446.847.810	60.858.990.160	-63,2
-	Short-term trade accounts receivable	159.447.695.075	58.165.833.614	-63,5
-	Short-term prepayments to suppliers	6.116.786.000	252.031.000	-95,9
-	Other short-term receivables	14.748.435	2.595.956.546	17501,6
-	Provision for doubtful debts	-132.381.700	-154.831.000	n/a
1.3	Inventories	78.975.479.963	81.650.141.678	3,4
2	Long-term assets	29.169.965.967	28.221.364.001	-3,3
2.1	Fixed assets	26.867.096.494	22.762.718.605	-15,3
2.2	Long-term financial investment	0	3.750.000.000	-
2.3	Other long-term assets	2.302.869.473	1.708.645.396	-25,8

As of December 31, 2024

- The Company's total assets is 182,9 billion VND, a decrease of 35,4% compared to the beginning of the year. Of which, current assets account for 84,6%, and long-term assets account for 14,4% of the total asset structure.
- The Company's total assets decreased mainly due to the Company intensifying efforts to collect receivables from customers, leading to a significant reduction in accounts receivables (a decrease of 63,5%)
- Asset efficiency:

Asset efficiency: Net revenue/Average total assets = 372 billion/233 billion = 1,6

⇒ The Company's asset efficiency is 1,6 which means that for every 1 unit of total assets, the Company generates 1,6 units of net revenue.

Fixed asset turnover = Net revenue/Average fixed assets = 372 billion/24,8 billion = 15

⇒ The Company's fixed asset efficiency is 15 which means that for every 1 unit of fixed assets, the Company generates 15 units of net revenue.

b) Debt payable

No.	Indicators	Year 2023 (VND)	Year 2024 (VND)	% change
	Liabilities	140.475.937.797	26.214.621.882	-81,3
I.	Short-term liabilities	139.012.737.797	26.214.621.882	-81,1
1	Short-term trade accounts payable	124.869.465.990	14.950.346.686	-88,0
2	Short-term advances from customers	10.770.000.000	0	-
3	Tax and other payables to the State	799.832.322	4.403.793.140	450,6
4	Short-term accrued expenses	5.772.055	0	-
5	Short-term unearned revenue	0	6.665.206.000	-

6	Othershort-term payable	366.867.430	195.276.056	-46,8
7	Short-term borrowings and finance lease liabilities	2.200.800.000	0	-
II.	Long-term liabilities	1.463.200.000	0	-
1	Long-term borrowings and finance lease liabilities	1.463.200.000	0	-

As of December 31, 2024, the Company's liabilities decreased significantly compared to the beginning of the period, mainly due to its intensified efforts to collect receivables from customers to pay suppliers.

3. Improvements in organizational structure, policies, and management

There was no change in the organizational structure during the year but there were changes in the executive and management personnel: numbers of the Board of Directors, numbers of the Audit Committee and Chief accountant of the Company.

4. Development plans in future

- Implementation of the 2025 business production plan: Striving to to achieve the business production targets approved by the 2025 Annual General Meeting of Shareholders.
- Strictly implement the resolutions of the GMS and the resolutions of the BOD in 2025;
- Regarding driver training and testing activities:
 - + Strengthen marketing efforts and expand the market to attract more students from neighboring areas such as Thai Binh, Hai Phong, Hung Yen, etc.
 - + Increase investment in vehicles, equipment, and apply new technologies to comply with legal regulations and improve the quality of training and testing; strive to become the leading organization in driver training and testing in Hai Duong province.
- Regarding commercial activities: Diversify products in the commercial sector; expand distribution channels for products.
- Human resources activities: Improve the quality of recruitment and training for qualified teachers and staff to meet the operational needs of the company; focus on salary, bonus, and benefits policies to motivate employees to contribute and stay with the company long-term.
- Project activities: Implement the construction project for the Lap Phuong Thanh Vocational Education and Driver's License Testing Center, Facility No. 2 (according to Decision No. 2684/QD-UBND dated October 17, 2024, by the Hai Duong Provincial People's Committee).

5. Explanation of the Board of Management for auditor's opinions: None

6. Assessment report related to environmental and social responsibilities of the Company

a) Assessment concerning the environmental indicators

The Company has made efforts to conserve energy, water, office supplies, ect. It strictly adheres to environmental hygiene practices and properly manages waste disposal in accordance with regulations.

b) Assessment concerning the labor issues

The Management always creates favorable conditions for employees during their time at the company; employee benefits and policies are consistently ensured; opportunities for staff to learn and enhance professional knowledge are provided; and a professional and friendly working environment is guaranteed.

c) Assessment concerning the corporate responsibility for the local community

- Creating employment opportunities and ensure social security for employees living and working at the Company.
- Participating in the humanitarian blood donation program and supporting the “Zero dong” booth to serve the poor on the occasion of the Lunar New Year.

IV. ASSESSMENT OF BOD ON THE COMPANY’S OPERATION

1. Assessment of the Board of Directors on the Company’s operation

- Regarding business production activities: There was strong growth compared to 2023 and the business production targets set by the Annual General Meeting of Shareholders were exceeded. The Company’s business activities comply with the Business Registration Certificate, the Training License and the Certificate of the Driver Testing Center meeting operational requirements, the Company’s Charter and comply with legal regulations, state management regulations on accounting and taxes, as well as the information disclosure obligations for large public company.
- Management and administration activities: The BOD, the Board of Management and other managements staff coordinate well in managing and operating the Company. The specialized departments performed their roles and functions correctly. The rewards, bonus and discipline activities for employees are carried out in accordance with regulations, ensuring fairness for everyone.
- Shareholder relations: The Company carries out full and accurate information disclosure to shareholders, ensuring transparency in its activities and avoids penalties from government authorities.
- Environmental and social responsibilities: The Company has created jobs for hundreds of workers, ensuring a fair and safe working environment while protecting rights and interests of employees. It also promotes a spirit of saving and environmental protection. In addition, the Company actively participates in programs initiated by the Hai Duong Provincial Labor Federation, such as blood donation and supporting the poor.

2. Assessment of BOD on Board of Management’s performance

- The Board of Management strictly implemented the Resolutions of the GMS and the BOD; maintained regular coordination meetings to ensure timely guidance and propose effective solutions.

- Timely grasp and implement new regulations related to driver training and testing, ensuring that driver training and testing activities are effective.
- Organize graduation exams and driver testing for cars and motorcycles in accordance with the requirements of the Hai Duong Department of Transport.
- The Company's financial statements were completed in accordance with regulations and on time. The financial statements for 2024 were audited by Nhan Tam Viet Auditing Company Limited, and received an unqualified opinion.
- Fully comply with the obligation to disclose information to shareholders without being penalized by government authorities for violations of information disclosure regulations in the securities market.
- In 2024, the Company proactively invited the Hai Duong Provincial Tax Department to inspect its compliance with tax regulations from 2019 to 2023. Accordingly, on December 31, 2024, the Hai Duong Provincial Tax Department issued Decision No. 11395/QĐ-CTHDU imposing an administrative fine for tax and invoice violations against the Company. The main reason for this was a lack of clear understanding of the tax regulations, which led the tax authorities to issue an inaccurate decision in the inspection report for 2014-2015. As a result, by the time of the 2024 tax finalization, the period for filing complaints had expired, so the conclusion could not be altered. The Company has immediately complied with the contents outlined in Decision No. 11395/QĐ-CTHDU dated December 31, 2024, by the Hai Duong Provincial Tax Department.

3. Plans and orientations of the Board of Directors

Plans and orientations of the Board of Directors for 2025 are as follows:

- Business production plan targets for 2025: Expected revenue: 295 billion VND; Expected profit: 7,2 billion VND. The detailed plan will be presented at the 2025 Annual General Meeting of Shareholders.
- Continue to perform its duties and functions to ensure that the activities of the Board of Directors comply with the regulations of the Law and the Company's Charter;
- Hold Board of Directors' meetings in accordance with regulations to exchange information and promptly monitor the company's business activities, in order to make decisions and provide appropriate direction to the Executive Board, ensuring the completion of the contents as approved by the General Meeting of Shareholders;
- Strengthen the supervision of the activities of the Board of Management and management staff to promptly detect, prevent, and address violations, preventing them from affecting the overall operations of the Company;
- Focus on developing human resources, prioritizing internal training;
- Improve and invest in infrastructure and equipment to comply with new regulations related to driver training and testing;

- Focus on implementing the construction of the Lap Phuong Thanh Vocational Education and Driver' License Testing Center Project, Facility 2, in accordance with Decision No. 2684/QĐ-UBND dated October 17, 2024, by the Hai Duong Provincial People's Committee.

V. CORPORATE GOVERNANCE

1. Board of Directors

a) *Members and structure of the Board of Directors*

At the 2024 Annual General Meeting of Shareholders, the resignation of Mr. Nguyen Xuan Manh, Mr. Phan Quang Tiep, and Mr. Nguyen Viet Khoa from the BOD was approved, and three new members were elected to the BOD, namely Ms. Pham Thi Huyen, Mrs. Nguyen Thi Phuong Nhung, and Mrs. Tran Thi Phuong. Currently, the BOD has 5 members, including 1 independent board member, as follows:

No.	Name	Positions	Ownership percentages of voting shares	Number of positions at other companies
1	Mr. Pham Anh Tuan	Chairman of the BOD	7,38%	0
2	Mr. Pham Van Tao	Member of the BOD and General Director	0	0
3	Ms. Pham Thi Huyen	Independent member of the BOD and Chairwoman of the Audit Committee	0,83%	0
4	Mrs. Nguyen Thi Phuong Nhung	Non-executive member of the BOD and member of the Audit Committee	0	0
5	Mrs. Tran Thi Phuong	Member of the BOD	0,016%	0

b) *Subcommittees of the Board of Directors: Audit Committee (details in section V.2)*

c) *Activities of the Board of Directors:*

As the highest governing body, representing the interests of the shareholders, the members of the BOD perform their duties and functions in accordance with the law and the Company's Charter.

➤ *The implementation of the 2024 Annual General Meeting of shareholders' Resolution:*

- *Regarding the implementation of the 2024 production and business plan:* The Company exceeded its targets for both revenue and profit.

- *Regarding the selection of an independent auditing company for 2024:* A contract was signed with Nhan Tam Viet Auditing Co., Ltd., a qualified company to audit the Company's financial statements. The reviewed semi-annual financial statements and audited annual financial statements were issued and disclosed in accordance with regulations.

- *Regarding the amendment and supplementation of business sectors:* The Company completed the amendment and supplementation of its business sectors at the Business Registration Office of Hai Duong Department of Planning and Investment, and revised the adjusted business sectors in the Company's Charter.

- *Regarding the request for adjustment of the investment project for Lap Phuong Thanh Driving Practice Center – No.2:* On October 17, 2024, the Hai Duong Provincial People's Committee issued Decision No. 2684/QD-UBND regarding the "Approval of the adjustment of the investment policy and the approval of the investor to implement the Lap Phuong Thanh Vocational Education and Driver's License Testing Center Project, Facility No. 2 (the first adjustment from the Lap Phuong Thanh Driving Practice Center – No.2). Currently, the Company has carried out the following tasks:

- + Advised the Hai Duong city People's Committee to establish a compensation and Site Clearance Committee.
- + Coordinated with the consulting unit (Minh Ngoc Surveying and Construction Co., Ltd.) to determine the project boundary markers in the field and hand them over to the Hai Duong City Compensation and Site Clearance Board and the Ngoc Son Commune People's Committee as the basis for conducting the inventory and site clearance work.
- + Redesigned the overall project site plan at a 1/500 scale according to the new regulations of the Department for Roads. Coordinated with the design unit to create the detailed plan at a 1/500 scale for further detailed design.
- + Held meetings with local residents in collaboration with the Site Clearance Committee.
- + Contacted the Hai Duong Provincial Land Registration Office to complete the land cadastral map extraction for land recovery purposes.

- *Regarding the transfer of ownership of assets to the State for the construction projects invested, renovated, and repaired by Lap Phuong Thanh Trading and Manufacturing Joint Stock Company at the Ninh Giang Vocational Education and Continuing Education Center:* The company has not yet carried out the transfer because the People's Committee of Hai Duong Province has not yet issued a policy on accepting construction projects that have not been completed according to legal procedures. Therefore, the company has not developed an effective implementation plan. The company will continue to research similar legal projects in Hai Duong Province and monitor, update relevant legal regulations concerning the use of public assets at public service units for business purposes, leasing, joint ventures, and partnerships. It will also seek advice from relevant authorities to develop reasonable and effective implementation solutions.

- *Regarding the business cooperation with Red Ocean Vietnam Import-Export and Investment Joint Stock Company:* After the 2024 Annual General Meeting of Shareholders approved the adjustment of the business cooperation plan with Red Ocean Vietnam Import-Export and Investment Joint Stock Company, both parties signed an annex to the contract in line with the adjusted plan. Currently, the two parties are still cooperating in business and have

worked together to agree on a profit-sharing plan for the first business period, which will be calculated from September 1, 2024, to December 31, 2024.

➤ *Meetings of the Board of Directors*

In 2024, the BOD held 12 meetings, during which the policies and decisions were in line with the resolutions approved at the Annual General Meeting of Shareholders and matters within the Board's authority. All members of the BOD participated fully, discussed, provided input, and unanimously approved the following items:

No.	Resolutions/ Decisions No.	Date	Content	Approval rate
1	01/2024/NQ- HĐQT/LPT	January 8, 2024	Dismissal of the the person in charge of accounting and appoint Chief Accountant of the Company	100%
2	02/2024/NQ- HĐQT/LPT	January 23, 2024	Approval of the signing of a business cooperation contract with Red Ocean Vietnam Import-Export and Investment Jsc	100%
3	03/2024/NQ- HĐQT/LPT	January 29, 2024	Finalize the shareholder list and organize the 2024 Annual General Meeting of Shareholders	100%
4	04/2024/NQ- HĐQT/LPT	March 30, 2024	Appointment of the Chairperson of the Board of Directors and members of the Audit Committee under the Board of Directors	100%
5	05/2024/NQ- HĐQT/LPT	April 5, 2024	Purchase of shares in Red Ocean Vietnam Import-Export and Investment JSC	100%
6	06/2024/NQ- HĐQT/LPT	April 5, 2024	The company has taken out a loan and issued a guarantee at Military Commercial Joint Stock Bank - Hoai Duc Branch to support its participation in the bidding packages for 'Renting a driving test center to serve the driving license tests for cars and motorcycles of category A1 organized by the Department of Transport in 2024,' as invited by the Department of Transport of Hai Duong Province.	100%
7	07/2024/NQ- HĐQT/LPT	April 19, 2024	Approval of the signing of the contract for renting a driving test center to serve the driving license tests for cars and motorcycles of category A1 with the Department of Transport of Hai Duong Province.	100%
8	07a/2024/NQ- HĐQT/LPT	April 19, 2024	The company issues a performance guarantee at Military Commercial Joint	100%

			Stock Bank - Hoai Duc Branch to secure the implementation of the contract for renting a driving test center to conduct driving license tests for cars and motorcycles of category A1, as signed with the Department of Transport of Hai Duong Province	
9	08/2024/NQ-HĐQT/LPT	April 23, 2024	Adjustment of the plan to purchase shares in Red Ocean Vietnam Import-Export and Investment Joint Stock Company	100%
10	09/2024/NQ-HĐQT/LPT	May 8, 2024	Selection of the independent audit firm for 2024	100%
11	10/2024/NQ-HĐQT/LPT	August 20, 2024	Use of the Company's assets to guarantee the credit limit of Red Ocean Vietnam Import-Export and Investment Joint Stock Company at the Military Commercial Joint Stock Bank – Hoai Duc Branch	100%
12	11/2024/NQ-HĐQT/LPT	December 05, 2024	The company has taken out a loan and issued a guarantee at Military Commercial Joint Stock Bank - Hoai Duc Branch to support its participation in the bidding packages for 'Renting a driving test center to serve the driving license tests for cars and motorcycles of category A1 organized by the Department of Transport in 2025,' as invited by the Department of Transport of Hai Duong Province.	100%

d) Activities of the Board of Directors' independent members.

The Board of Directors consists of 5 members, including 1 independent member who also serves as Chairman of the Audit Committee. The Board of Directors' independent member strives to fulfill their roles and functions in accordance with the law and the Company's Charter.

In 2024, the independent member of the BOD assessed that all members of the BOD demonstrated high responsibility, offering timely solutions to help General Director in managing the Company. All meetings of the BOD were conducted in accordance with proper procedures; all members of BOD attended the meetings and the meeting contents were carefully discussed to make decisions in line with the resolutions of the GMS and the authority of the BOD.

e) The list of members of BOD possessing certificates on corporate governance. The list of members of BOD participating in corporate governance training programs in the year: None

2. Audit Committee

a) Members of the Audit Committee

At the 2024 Annual General Meeting of Shareholders, the dismissal of Mr. Nguyen Viet Khoa – Independent member of the BOD and Chairman of the Audit Committee and Mr. Phan Quang Tiep – member of the BOD and member of Audit Committee, was approved. The BOD issued Resolution No. 04/2024/NQ-HĐQT/LPT on March 20, 2024, appointing the new members of Audit Committee under the BOD, consisting of 2 members:

No.	Name	Positions	Ownership percentages of voting shares
1	Ms. Pham Thi Huyen	Independent member of BOD and Chairwoman of the Audit Committee	0,83%
2	Mrs. Nguyen Thi Phuong Nhung	Non-executive member of BOD and member of the Audit Committee	0

b) Activities of the Audit Committee

All members of the Audit Committee have fully performed their rights and responsibilities in accordance with the provisions of the Law on Enterprises, the Company's Charter, and the Audit Committee's operational regulations as follows: Monitor the financial statements (the fairness of the financial statements and the independence and objectivity of the audit firm), the Company's operations and financial situation; Review the internal control system and risk management; Review transactions with related parties; Monitor to ensure that the Company complies with legal regulations, the requirements of regulatory authorities and other internal regulations of the Company, ...

c) Meetings of the Audit Committee

In 2024, the Audit Committee held two meetings with the following contents:

- The activity plan of Audit Committee for 2024;
- Evaluation of the Company's and the Audit Committee's activities in 2024

All members attending and unanimously agreeing on all items discussed. During these meetings, the Audit Committee concluded that no irregularities were found that could significantly impact the Company's business operations.

Recommendations of the Audit Committee at the meetings:

- In 2025, the competent state authorities will continue to issue new legal documents that will come into effect from January 1, 2025, such as the Road Traffic Safety Law of 2024; Decree No. 160/2024/NĐ-CP on driving training and testing activities; Circular No. 35/2024/TT-BGTVT on driving training, testing, and licensing; the issuance and use of international driving licenses; as well as training, testing, and issuing certificates for legal knowledge of road traffic law. The Company's management needs to closely follow these regulations and direct the implementation of infrastructure renovation and investment in

facilities and equipment to comply with the requirements, in order to avoid affecting driver training and testing activities. At the same time, training and disseminating new regulations to the professional departments and teachers should be organized.

- The Finance and Accounting department should regularly exchange with tax officers to understand and correctly implement tax regulations in order to avoid violations and penalties.

3. Transactions, remuneration and benefits of the Board of Directors, Board of Management and Audit Committee

a) Salary, rewards, remuneration and benefits

- The remuneration of the BOD and the Audit Committee according to the Resolution of the 2024 Annual General Meeting of Shareholders is as follows: The Chairman of the BOD receives a remuneration of 10 million VND per month, while the members of the BOD, including those who also serve as Chairperson or members of the Audit Committee, receive a remuneration of 5 million VND per month.
- The salary of the full-time members of the BOD and General Director is determined according to the Company's salary policy.
- The details of the salary and remuneration of the BOD, the Audit Committee, the General Director and Chief Accountant are presented in the Notes to the audited financial statements for the year 2024 of the Company.

b) Share transactions of internal persons and their affiliated persons: None

c) Contracts or transactions with internal persons and their affiliated persons: None

d) Assessing the implementation of regulations on corporate governance:

The Company has applied and complied with the regulations on corporate governance for public companies in accordance with the Law on Enterprises, the Securities Law, the guiding documents of the Securities Law, the Company Charter and the internal regulations on corporate governance.

VI. FINANCIAL STATEMENTS

1. Auditor's opinions

- Audit company: Nhan Tam Viet Auditing Company Limited
- Auditor's opinions:

"In our opinion, the financial statements referred to above fairly and reasonably present, in all material respects, the financial position of Lap Phuong Thanh Production and Trading Joint Stock Company as of December 31, 2024, as well as the results of its business operations and cash flows for the fiscal year ending on that date, in accordance with accounting standards, the Vietnamese Enterprise Accounting System, and relevant legal regulations related to the preparation and presentation of financial statements."

2. Audited financial statements

The Audited financial statements for the year 2024 consists 6 main sections:

- Report of the Board of Management

- Auditors' report;
- Balance sheet as of December 31, 2024;
- Income statement for the year 2024;
- Cash flow statement for the year 2024;
- Notes to the financial statements for the year 2024

The full audited financial statements for the year 2024 has been published on the Company's website: www.lapphuongthanh.vn (Shareholders section – Financial statements).

Recipients:

- SSC,
- HNX;
- Archived in documents department.

**CONFIRMATION BY THE COMPANY'S
LEGAL REPRESENTATIVE**



TỔNG GIÁM ĐỐC
Phạm Văn Bạo

