

DRAFT

**REPORT ON THE PERFORMANCE OF THE BOARD OF SUPERVISORS FOR
THE TERM 2020-2025 AND ACTION PLAN FOR THE TERM 2025-2030**

To: General Meeting of Shareholders
Vicem Bim Son Packaging Joint Stock Company

Pursuant to Enterprise Law No.59/2020/QH14 dated 17 June 2020.

Pursuant to Law on Securities No.54/2019/QH14 dated 26 November 2019.

Pursuant to the Company Charter.

Pursuant to the Regulation on operation of the Board of Supervisor (“BOS”) of the Company under Decision 362/QĐ-BKS dated 04 May 2021.

Based on the results of inspection and supervision activities of the Board of Supervisors for the 2020-2025 term.

The Board of Supervisors respectfully reports to the GMS on the performance results for the 2020-2025 term and the action plan for the 2025-2030 term at Vicem Bim Son Packaging Joint Stock Company (hereinafter called "the Company") as follows:

I. ACTIVITIES OF THE BOS FOR THE 2020-2025 TERM

1. Member of the Board of Supervisors

The 2020 Annual General Meeting of Shareholders (AGM) on 30 June 2020 approved the election of the Board of Supervisors for the 2020-2025 term, consisting of 03 members:

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|----------------------|----------|
| - Ms. Le Thi Huong | - Head |
| - Mr. Do Trong Tan | - Member |
| - Ms. Trinh Thi Hien | - Member |

Based on the resignation of the members of the Board of Supervisors, the 2023 Annual General Meeting of Shareholders on 27 April 2023 approved the dismissal of Ms. Le Thi Huong, Mr. Do Trong Tan, Ms. Trinh Thi Hien and elected additional members of the Board of Supervisors for the 2020-2025 term, including 03 members:

- | | |
|-----------------------|----------|
| - Ms. Nguyem Thi Thao | - Head |
| - Mr. Pham Xuan Quyet | - Member |
| - Ms. Do Thi Trang | - Member |

2. Mission accomplished

To perform the functions and tasks prescribed and the action plan approved at the GMS, during its term, the Board of Supervisors has performed the following tasks:

- Develop the Operating Regulations of the Board of Supervisors to submit to the 2021 Annual General Meeting of Shareholders for approval and promulgation on 04 May 2021 for implementation.

- Work planning, assign specific tasks to each member, organize regular meetings as prescribed to carry out inspection and supervision work, conduct planned inspections and supervisions both directly and indirectly at the Company.

- Monitor compliance with the law and the Company's Charter by the Board of Directors (BOD) and Board of Management (BOM) in managing and operating production and business activities, specifically:

- + Monitor the legality, order and procedures for issuing resolutions and decisions of the BOD and BOM.

- + Monitor the status and results of implementing the resolutions of the GMS and resolutions of the BOD.

- + Appraise annual and 6-month financial statements.

- + Monitor the implementation of production and business plans and evaluate the effectiveness of the Company's production and business activities.

- + Review accounting books and related documents to check and monitor financial and accounting work; capital preservation and development; Asset and liability management; salary regime, bonuses and other benefits for employees; Purchase and inventory of raw materials, spare parts, tools and equipment.

- + Coordinate with the BOD, BOM and functional departments in reviewing, amending and supplementing internal regulations and rules; supervising the implementation of the Company's internal regulations and rules.

- Attend and participate in discussions and contribute opinions on contents within the functions and tasks of the Board of Supervisors at meetings of the Board of Directors.

- Perform other tasks as prescribed by the Enterprises Law, the Company Charter and the Resolution of the GMS.

The Board of Supervisors has also coordinated well with the BOD and the BOM in performing their duties on the principle of serving the interests of the Company's shareholders, specifically: The Board of Supervisors is invited to attend all meetings of the BOD; Receive sufficient information and periodic reports on the Company's business performance and financial situation; The contents and programs of the Board of Supervisors' activities are all approved, and documents are provided full and timely upon request.

During their term, the Board of Supervisors did not receive any petitions or complaints from shareholders or groups of shareholders regarding issues related to the management and operation of the Company's production and business activities.

II. RESULTS OF MONITORING THE ACTIVITIES OF THE BOD AND BOM FOR THE TERM 2020-2025

1. Evaluation of the BOD's performance

During the term, the BOD has held all regular or ad hoc meetings in accordance with regulations; BOD meetings ensure the number of members attending the meeting; the content of the meetings is recorded in the minutes and approved before the meeting ends.

To orient the Company's operations, the BOD adopts resolutions and decisions by voting at the meetings or by obtaining written opinions from their members as prescribed.

During the 2020-2025 term, the Board of Directors issued 53 resolutions and 45 decisions in accordance with procedures, authority and legal basis according to the provisions of law and the Company's Charter. The main contents of the resolutions and decisions issued by the Board of Directors are: Organizing the annual GMS; Specific business and production objectives and results for each quarter; Issuing, amending and supplementing internal regulations; Personnel, salaries, organizational structure; technical economics benchmarks...

BOD supervises and directs the BOM in operating and implementing production and business activities to ensure close adherence to and good implementation of targets approved by the GMS.

The BOD has performed their functions, duties and powers in management and operation in accordance with the law and the Company's Charter; the BOD's resolutions have been fully implemented and closely followed the resolutions of the GMS, promptly meeting the requirements of production and business activities; the BOD has coordinated with the BOM to direct the organization of production and business effectively, striving to complete the set targets, ensuring jobs and living conditions for employees.

2. Evaluation of the BOM's performance

During the term, in order to organize and implement the resolutions of the GMS, resolutions, decisions and directives of the BOD, BOM has been proactive and closely involved in directing and operating production and business, details:

- Organize regular and ad hoc meetings to direct departments and workshops to implement production and business activities and promptly resolve issues arising.

- Closely follow the production and business plans, resolutions and decisions of the BOD and market developments to synchronously implement solutions in production and business operations; be flexible in management; stabilize the organizational structure of departments and workshops in the company.

The BOM has organized activities in accordance with assigned functions and tasks; actively implemented plans; ensured continuity and stability in the Company's production and business activities; and improved working conditions for employees.

III. ASSESSMENT OF BUSINESS PERFORMANCE

1. Prepare and audit financial statements

The financial statements for the period 2020-2025 were audited by An Viet Auditing Company Limited, a firm approved by the State Securities Commission to audit listed joint stock companies.

The financial statements over the years are prepared in accordance with Vietnamese accounting standards and current corporate accounting system.

The financial statements give a true and fair view of, in all material aspects of the financial position in each year and the business performance results during the term.

2. Production and business results

The Board of Supervisors respectfully reports to the GMS some key targets according to the Resolution of the General Meeting of Shareholders for the period from 2020 to 2024 as follows:

(C: actual/budget)

	Items	Unit	2020		2021		2022		2023		2024	
			Actual	C	Actual	C	Actual	C	Actual	C	Actual	C
1	Production volume	Mio bags	48.49	91	49.70	99	48.60	97	40.13	84	49.68	123
2	Sales volume	Mio bags	48.17	91	49.15	98	48.64	97	40.99	85	49.58	123
3	Total revenue	Bio VND	249.53	88	264.33	102	263.78	98	228.00	87	269.00	121
4	Profit before tax	Bio VND	7.21	103	4.63	146	1.56	67	1.69	111	1.51	113
5	Profit after tax	Bio VND	5.32	95	3.76	164	1.09	58	1.13	92	1.10	142
6	ROE	%	6.04	95	4.26	164	1.24	58	1.28	92	1.24	142
7	State budget payment	Bio VND	8.60	104	5.08	69	2.35	31	4.36	70	3.06	76

3. Owner's capital management, preservation and development

The Company's owner's equity is 38 billion VND, unchanged in the period 2020-2025. The capital has been used for the right purposes for production and business activities, makes profits every year. The Company has preserved and developed capital.

4. Investment project implementation: During the period 2020-2025, the Company has no construction investment projects.

5. Financial position

Some financial indicators as of December 31 for the years from 2020 to 2024 are as follows:

Item	Unit	As at 31/12/2020	As at 31/12/2021	As at 31/12/2022	As at 31/12/2023	As at 31/12/2024
- Total Assets	bio-VND	205.890	183.191	207.141	187.044	178.138
+ Shortterm Assets	bio-VND	201.956	179.817	204.744	185.544	176.638
<i>In which: Shortterm receivables</i>	bio-VND	<i>161.558</i>	<i>132.799</i>	<i>163.328</i>	<i>154.040</i>	<i>154.519</i>
+ Longterm assets	bio-VND	3.934	3.374	2.396	1.50	1.50
- Owner equity	bio-VND	97.358	96.492	93.826	93.864	93.833
- Liabilities	bio-VND	108.532	86.699	113.314	93.181	84.305
<i>In which: Shortterm loans and financial lease liabilities</i>	bio-VND	<i>57.899</i>	<i>27.626</i>	<i>36.290</i>	<i>35.453</i>	<i>19.411</i>
1. Asset ratio						
- Longterm assets/Total assets	%	1.91	1.84	1.16	0.80	0.84
- Shortterm assets/Total assets	%	98.09	98.16	98.84	99.20	99.16
- Receivables/Total assets	%	78.53	72.65	79.19	82.41	86.78
2. Leverage ratio						
- Debt ratio	%	52.71	47.33	54.70	49.82	47.33
- Owner's equity ratio	%	47.29	52.67	45.30	50,18	52,67
- Debt to equity ratio	lần times	111.48	89.85	1.21	0.99	0.90
3. Liquidity ratio						
- Quick ratio/Acid test	lần times	1.60	1.60	1.48	1.69	1.86
- Current ratio	lần times	1.86	2.07	1.81	1.99	2.10
4. Profitability Ratio						
- Return on Assets (ROA)	%	2.58	2.05	0.53	0.60	0.62
- Net profitability (ROS)	%	2.13	1.42	0.41	0.50	0.41
- Return on Equity (ROE)	%	6.04	4.26	1.24	1.28	1.24

Analysis of some financial indicators as of 31 December 2024:

- Receivable account for 86.78% of total assets, of which short-term receivables from customers are VND 154.519 billion, accounting for 86.74% of total assets, mainly from customers in VICEM (accounting for 76.05% of total receivables); The working capital is occupied by customers at a large rate.

- The debt-to-equity ratio is about 0.90 (<1), showing that the Company is currently operating mainly on equity.

- The quick ratio and debt payment ratio are both at a safe level (> 1), the Company ensures the ability to pay due debts.

6. The implementation of salary, bonus and other benefits for employees

The total number of employees as of 01 January 2020 is 239 people.

The total number of employees as of 31 December 2024 is 181 people.

The company has implemented good salary and bonus policies for employees; the average income of employees has increased over the years, in which in 2024 the average income of employees is VND 12.21 million /person/month.

The company pays social insurance according to the provisions of the Law on Social Insurance; 100% of employees sign labor contracts and participate in social insurance, health insurance, and unemployment insurance according to regulations.

The company fully provides labor protection according to current regulations of the State and distributes according to the Company's prescribed norms.

IV. IMPLEMENTATION OF THE RESOLUTION OF THE GENERAL MEETING OF SHAREHOLDERS FOR THE TERM 2020-2025

1. Profit distribution

The company has set aside a bonus and welfare fund from after-tax profits and paid dividends to shareholders promptly in accordance with the Resolution of the General Meeting of Shareholders.

2. Appoint independent auditors

The Company has signed a contract with An Viet Auditing Company Limited to audit the Financial Statements for the years from 2020 to 2025.

3. Remuneration of the Board of Directors, Board of Supervisors and Company Secretary

Remuneration has been paid annually in accordance with the payment level approved by the GMS.

V. RECOMMENDATION

1. Overview:

In the period of 2020-2025, the traditional cement bag manufacturing industry faced many difficulties and challenges such as: The negative impact of the Covid-19 pandemic since the beginning of 2020 on the world economy in general and the Vietnamese economy in particular; the world situation has many economic and geopolitical instabilities, the war between Russia and Ukraine has caused the prices of input materials to fluctuate strongly leading to increase production costs;... The domestic real estate market is in recession, the domestic cement market is facing difficulties, cement supply far exceeds demand, the trend of shifting demand from bagged cement to bulk cement is increasing, reducing the demand for traditional cement bags. Those difficulties directly affect the packaging industry in general and Vicem Bim Son Packaging Joint Stock Company in particular; the packaging market is in a state of clear oversupply, along with fierce competition in quality and price among packaging companies; the price of significant raw materials remains high; customers delay payment, and cash flow difficulties affect the Company's production and business results.

Faced with the above reality, the BOD, the BOM and all employees of the Company have always closely followed the assigned goals and tasks in directing,

operating and organizing production and business; taking measures to reduce production costs, ensuring the usual operation of machinery and equipment, boosting sales, promptly meeting all orders in terms of progress, quantity and quality, maintaining supply for traditional customers while seeking new customers to increase consumption output. Results achieved of the 2020-2025 term, the Company has been profitable, has preserved and developed capital, maintained stable production and business activities as well as ensured jobs and lives for employees.

2. Recommendation:

Based on the inspection and supervision of the Company's operations, the Board of Supervisors has the following recommendations:

- Closely follow planning goals and market developments to choose the most flexible and effective production and consumption plans.
- Continue to maintain stability and strive to increase output for traditional customers; and develop new customers to increase consumption output.
- Review and implement material consumption norms in production, ensure quality and efficiency, minimize scrap, waste and damaged products to maximize material cost savings in production.
- Actively seek additional suppliers, especially for significant raw materials, to ensure competition in price, quality and delivery schedule to improve procurement efficiency.
- The BOD and the BOM will soon complete the personnel, appoint the position of Deputy Director and other management positions of the Company according to regulations.
- Continue to review, revise, supplement and promulgate internal regulations and rules, based on compliance with legal regulations and in accordance with the actual situation of the Company.
- Continue to take active measures to urge and collect debts, especially for customers with large debt balances; Avoid allowing customers to misappropriate capital leading to increased financial risks.
- Continue to practice saving actions, have synchronous and thorough solutions to reduce production costs, management costs, sales costs and other unnecessary costs to improve competitiveness and efficiency of production and business activities.

VI. ACTION PLAN FOR THE 2025 -2030 TERM

The Board of Supervisors prepares a plan for the 2025-2030 term with the following main contents:

- Assign tasks to each member and plan after electing members of the Board of Supervisors for the 2025-2030 term.
- Carry out inspection and supervision of production and business activities according to the functions and tasks of the Board of Supervisors as prescribed in

the Enterprises Law and the Company Charter.

- Supervise the activities of the BOD and the BOM in managing and operating the Company, specifically: Supervise compliance with the provisions of law and the Company's charter; internal regulations and rules in the process of performing tasks; the implementation status and results of implementation of the Resolutions of the GMS and the Resolutions of the BOD.

- Review the Company's interim financial statements and annual financial statements.

- Monitor, inspect and supervise financial accounting work; capital management and usage; implementation of production and business plans and 6-month and annual performance.

- Update emerging policies to propose amendments and supplements to the Company's internal regulations and rules to ensure compliance with legal regulations and suitability with the Company's circumstances, contributing to improving efficiency and minimizing risks in management and operation of production and business activities.

- Develop a specific action program, consistent with the working program of the BOD and the BOM to perform the functions and tasks of inspecting and controlling the Company's production and business activities and other tasks promptly and effectively; report and make recommendations to the BOD and the BOM when performing tasks.

- Perform other tasks as prescribed by the Enterprises Law, the Company Charter and the Resolution of the GMS.

Above is the Report on the performance of the 2020-2025 term and the action plan for the 2025-2030 term of the Board of Supervisors, respectfully submitted to the GMS for consideration and approval.

Recipients:

- Shareholders attend GMS.
- Achieve.

**FOR AND ON BEHALF OF
BOARD OF SUPERVISORS
HEAD**

Nguyen Thị Thao