

Hanoi, March 31, 2025



(DRAFT) REPORT

OF THE BOARD OF SUPERVISORS OF SONG DA 6 JSC

(Submitted to the 2025 Annual General Meeting of Shareholders)

To: - Distinguished guests
- Shareholders of the Company

Perform the functions and tasks of the Board of Supervisors (BOS) in accordance with the Law on Enterprises; the Company's Charter and the Regulations on the organization and operation of the BOS. The Board of Supervisors of Song Da 6 Joint Stock Company reports to the 2025 Annual General Meeting of Shareholders on the results of the Board of Supervisors' activities in 2024 as follows:

I. Evaluation of implementation according to the Resolution of the 2024 General Meeting of Shareholders:

1. Regarding production and business results in 2024:

The Board of Directors' 2024 business performance results presented to the General Meeting are as follows:

No.	Main indicators	Unit	Plan	Actual	Rate%
1	Total production and business value	Billion VND	142.235	119.206	84
2	Revenue	Billion VND	324.917	147.141	45
3	State payments	Billion VND	6.973	8.739	125
4	Profit before tax	Billion VND	5.000	2.910	58
5	Profit after tax	Billion VND	4.000	2.691	67
6	Charter capital	Billion VND	347.716	347.716	
7	Equity	Billion VND	181.183	180.790	
8	Total assets	Billion VND	920.739	859.994	
9	Expected Dividend	%	0	0	

Implementing the 2024 production and business plan approved by the General Meeting of Shareholders, the company did not complete the plan due to the following reasons:

- Production output did not meet the plan:

- The Ha Se Kong A Hydropower Plant in Laos continued to be suspended, resulting in zero production out of the planned VND 628 billion. The reason was that the investor failed to arrange the necessary funding to carry out the project as scheduled;

- Dak Mi 1 Hydropower Plant was halted from the beginning of 2024 due to unresolved issues with the investor;

- Thac Ba 2 Hydropower Plant had a small remaining workload, but construction progress was slower than planned due to capital shortages, lack of human resources, and adverse weather conditions—especially the impact of Storm No. 3 (Typhoon Yagi);

- In addition, due to financial capacity constraints, the company was unable to add new sources of work during the year.

b. Revenue did not meet plan:

Revenue was low due to underperformance in production output and unresolved technical and financial issues at completed projects such as Xekaman 3, Xekaman 1, and Xekaman – San Xay in Laos, and projects under the Hung Hai Group. Many of these issues had been outstanding for years, resulting in significant amounts of work in progress remaining unsettled.

c. Profit did not meet plan due to:

- Output and revenue did not meet plan, revenue in the year was low ;

- Several major projects experienced prolonged finalization and settlement periods, leading to uncollected receivables and high associated costs such as: interest on bank loans (including overdue interest penalties), late payment penalties for taxes and social insurance, and high administrative expenses. Given the low revenue, these costs could not be offset, resulting in a loss.

2. Regarding profit distribution and dividend payment:

- The company does not pay dividends as it does not meet the required conditions.

As of December 31, 2024, the total amount of unpaid dividends owed to shareholders was VND 97,402,326,459 (Remaining dividend amount in 2015: 5%; in 2016: 12%; dividend in 2017 is 8%; dividend in 2019 is 3%).

3. Selection of the independent auditing firm for the 2024 financial statements:

- The Company complied with the Resolution of the 2024 Annual General Meeting of Shareholders, which authorized the Board of Directors to select and sign a contract with UHY Auditing and Consulting Co., Ltd. to audit the Company's 2024 financial statements.

4. Remuneration payment of the Board of Directors and Board of Supervisors in 2024:

- The Company has paid remuneration to the Board of Directors and the Board of Supervisors in compliance with the Company's regulations and the Resolution of the 2024 Annual General Meeting of Shareholders.

II. Regarding the Company's financial situation:

1. Financial report appraisal:

Through the audit of the 2024 financial statements audited by UHY Auditing and Consulting LLC. The Board of Supervisors would like to report the audit results as follows:

- The 2024 financial statements prepared by the Board of Directors basically complied with the requirements of Vietnamese accounting standards and corporate

accounting regimes. However, the Board of Supervisors found that when preparing the report, the Board of Directors had to make estimates and assumptions that affected the reported figures on liabilities, assets and the presentation of contingent liabilities and assets at the date of the financial statements. Therefore, the Board of Supervisors requested the Board of Directors to consider and work with the auditing unit on issues related to the refusal to provide opinions of the auditing company to prepare the financial statements in accordance with the Accounting Standards and regulations.

2. Regarding the figures on the 2024 financial report:

- The financial statements prepared at the end of December 31, 2024 have been audited by UHY Auditing and Consulting Co., Ltd (Audit report attached).

- In 2024, the Company recorded an increase in other revenue from the addition of project value corresponding to the revenue of Song Da Corporation - JSC with the amount of VND 47,357,234,181 of Xekaman 1 - Sanxay Hydropower Project and Xekaman 3 Hydropower Project. The Board of Supervisors found that the Company recorded an increase in other revenue without complete records related to the above transactions (at the time of issuing the audited financial statements for 2024, Song Da Corporation - JSC had not accepted payment), therefore, when excluding the above revenue recognition, the corresponding profit will decrease - VND 47,357,234,181 and affect the related indicators presented in the financial statements.

- As of December 31, 2024, the outstanding balance of receivables from customers and payables to sellers without confirmation are VND 119,076,214,212 and VND 50,864,671,037, respectively. The confirmation letters sent to the company's customers could not be fully collected, so it was impossible to determine its impact on the related items presented in the company's 2024 financial statements.

- As of December 31, 2024, the short-term receivables from customers that are overdue are: VND 291,301,535,413 (as of January 1, 2024: VND 259,731,048,360). Of which, the debt related to Song Da Corporation - JSC and its affiliates is: VND 187,411,446,279 (as of January 1, 2024: VND 149,040,909,258). Because some project works are in the final settlement stage, the investor has not fully paid off the outstanding debt.

The Board of Supervisors assesses, evaluates and analyzes a number of indicators in the 2024 financial report prepared by the Board of Directors as follows:

Indicator, ratio	Unit	2023	2024
A. Asset structure and capital indicators			
1. Net working capital (Regular working capital)	Million VND	6,754	113,044
2. Working capital needs	Million VND	360,636	360,788
3. Short-term bank loans	Million VND	68,677	50,876
4. Sources of working capital financing	Million VND	365,431	363,920
Short-term bank loans /Working capital needs	%	74.5%	69.5%
B. Income Statement indicators			
5. Earnings before interest and taxes (EBIT)	Million VND	(125,856)	31,457
6. Net Cash Flow (NCF)	Million VND	162,998)	(10,768)
Long-term debt	Million VND	-	-
C. Cash Flow Statement Indicators			

7. Cash flow from operating activities	Million VND	(6,422)	(10,920)
D. Growth Indicators			
8. Revenue Growth	%	-25.7%	-38.4%
9. Growth in Net Operating Profit	%	1287.9%	-72.5%
10. Growth in Profit After Tax	%	1000.0%	-101.7%
11. Total Asset Growth	%	-22.9%	-6.6%
12. Equity Growth	%	-47.3%	1.5%
E. Business performance Indicators			
Return on Sales (ROS)		-102.21%	1.83%
13. Cost of Goods Sold/ Net Revenue from Sales & Service Provision	%	168.6%	100.5%
14. Financial expenses/ Revenue from Sales & Service Provision	%	22.7%	31.2%
15. Sales expenses / Revenue from Sales & Service Provision	%	0.0%	0.0%
16. Management expenses / Revenue from Sales & Service Provision	%	14.6%	17.9%
FINANCIAL RATIO ANALYSIS			
1. Short-term liquidity (Liquidity)			
Current Ratio (Current Assets/ Current liabilities)	Time	1.13	1.17
Quick Ratio (Cash & Cash Equivalents + Short-term marketable securities Receivables /Current liabilities)	Time	0.53	0.59
Cash Ratio: (Current Assets - Inventories) / Current Liabilities	Time	0.01	0.00
Interest Coverage Ratio (TIE)	Time	(3.69)	1.10
2. Long-term solvency			
Total debt Ratio (Total Liabilities/ Total Capital)	Time	0.81	0.79
Self-financing Ratio (1-total Total debt ratio)	Time	0.19	0.21
Debt-Equity Ratio (Debt/Equity)	Time	4.17	3.76
Long-term Debt Ratio	Time	0.00	0.00
3. Asset management efficiency			
Inventory turnover (Cost of goods sold/Average Inventory)	Time	0.57	0.24
Inventory turnover period (365/Inventory Turnover)	Day	640.55	1,529.03
Receivables turnover (Total Revenue/Average Accounts Receivables)	Time	0.41	0.38
Average collection period (365/ Receivables Turnover)	Day	882.49	964.38
Accounts payable turnover (COGS/Average Accounts Payable)	Time	1.84	0.74
Average payment period (365/ Payables Turnover)	Day	197.84	493.57
Net Working Capital Turnover	Time		
Fixed asset turnover (Total revenue/Average fixed assets)	Time	1.92	2.17
Total asset turnover (Total revenue/Total assets)	Time	0.17	0.17
Business cycle (Inventory turnover period + average collection period)	Day	1523.04	2493.41
Working capital turnover (365/Business cycle)	Time	0.24	0.15
Cash Cycle (Business Cycle-Payment Period)	Day	1325.21	1999.83
4. Profitability			
Gross profit margin ratio (Gross profit/ Revenue from Sales & Service Provision)	%	-68.64%	-0.55%
Net profit margin ratio (Operating Profit / (Net Sales + Financial Income))	%	0.00%	0.00%
Return on Sales (ROS) (Profit after tax/ Total revenue)	%	-102.21%	1.83%
Basic Earnings Percentage (BEP) (EBIT/Total Capital)	%	-13.67%	0.00%

Return on assets (ROA) (Profit after tax/ Total assets)	%	-17.37%	0.31%
Return on Equity (ROE) (Profit after tax/Equity)	%	-89.81%	1.49%

As of December 31, 2024, the Company's financial indicators decreased compared to 2023, showing low performance efficiency, with very low indicators of asset structure, capital sources, solvency, and operating efficiency (the proportion of Management expenses and Financial expenses accounts for 49.1% of Revenue from Sales & Service Provision), reflecting an unstable financial position:

- Short-term liquidity indicators: The Current Ratio is above 1, showing that current payment capacity is technically ensured; however, the ratio of Short-term bank loans/Working capital needs is still high at 69.5%. In contrast, the Quick Ratio and Cash Ratio are both below 0.005 times, indicating that the Company is experiencing significant difficulties in maintaining sufficient liquid assets for short-term operations.

- Regarding long-term solvency: The Debt-Equity Ratio according to the financial report as of December 31, 2024 is: 3.76 times (exceeding the prescribed level by 3 times).

- Asset management efficiency: Inventory value as of December 31, 2024 decreased compared to 2023 (VND 55 billion), equivalent to 16%; Average collection period increased from 882 days to 964 days; Inventory turnover (0.24 times) decreased compared to 2023 (0.57 times), showing that the Company's cost management and inventory management were ineffective; Total asset turnover (0.17 times) did not increase compared to 2023 (0.17 times), showing that asset management and use were ineffective.

- Regarding efficiency indicators: The Company's ROA and ROE ratios in 2023 are: -0.31% and 1.49% increase compared to 2023. In 2024, the Company recorded an increase in Other Revenue from adding construction value corresponding to the revenue of Song Da Corporation - JSC with the amount of 47,357,234,181 VND of Xekaman 1 - Sanxay Hydropower Project and Xekaman 3 Hydropower Project. The Board of Supervisors found that the Company recorded an increase in Other Revenue without complete records related to the above transactions (at the time of issuing the audited financial statements in 2024, Song Da Corporation - JSC had not accepted payment), so it was impossible to determine the impacts on the related indicators presented in the financial statements.

- There is still a situation of tax arrears, social insurance, and dividends of shareholders.

- Balancing capital sources to pay taxes, social insurance and due debts of banks and repaying customers is very difficult. Borrowing from Viettinbank, Vietcombank, SHB is in group 5 debt.

III. Regarding supervision of the Board of Directors, the Board of Management and the Company's management apparatus:

- In 2024, the Board of Supervisors did not detect any violations of the rights and obligations assigned to the Board of Directors, General Director, and other management apparatus as prescribed in the Company Charter, Resolution of the General Meeting of Shareholders, and relevant laws, thereby ensuring the legitimate interests of the company and its shareholders.

- The Resolutions of the Board of Directors had high consensus among the Board members, were issued in accordance with their functions and powers, and were consistent with the policies and Resolutions of the 2024 Annual General Meeting of Shareholders.

At the same time, the Board of Directors organized and implemented them seriously and promptly.

- Inspected and supervised the implementation of the production and business plan and financial report for 2024.

- Fully participated in quarterly and ad-hoc Board of Directors meetings, promptly grasped the actual business situation of the Company, and provided comments on issues that needed attention in the Company's production and business activities.

IV. Report on the Board of Supervisors' performance in 2024:

1. Report on the activities of the Board of Supervisors in 2024:

The Board of Supervisors performed its functions and tasks according to the Regulations on the operation of the Board of Supervisors, the Company's Charter, the Enterprise Law, and current State regulations. The implementation of supervision in the Company was carried out according to the 2024 plan approved by the General Meeting of Shareholders. In 2024, the Board of Supervisors held 2 (two) meetings and provided consultations on the Company's issues such as approving the appraisal of the 2024 financial statements, reports submitted to the General Meeting of Shareholders, the Board of Supervisors' inspection and supervision plan, and reporting on the implementation status of the Board of Supervisors.

The Board of Supervisors' supervision implementation in 2024 focused on the following issues:

- Supervised the management and operation of production and business activities of the Board of Directors, the Board of Directors, and other management apparatus;

- Monitored the implementation of the Company's Charter, the implementation of the Shareholders' Meeting Resolution, the Board of Directors' Resolution, and other Resolutions, decisions, regulations, directives, etc.;

- Monitored the implementation of the Company's 2024 production and business plan;

- Audited the 6-month financial statements and 2024 financial statements;

- Monitored compliance and the financial management situation;

- Fully participated in quarterly and ad-hoc Board of Directors meetings, promptly grasped the actual business situation of the Company, and provided comments and opinions on issues that needed attention in the Company's production and business activities;

- Checked and supervised the procedures and order in organizing the Annual General Meeting of Shareholders, ensuring compliance with the provisions of the Law and the Company's Charter.

V. Conclusion and recommendations:

1/ The Board of Supervisors respectfully requests the Board of Directors and the Board of Management to review and work with the auditing unit on issues related to the refusal of the independent auditing company to give its opinion on the audit of the company's 2025 financial statements to re-prepare the financial statements in accordance with Accounting Standards and regulations;

2/ The Board of Supervisors continues to respectfully request the Board of Directors and the General Director to be more decisive and flexible in accepting, paying, settling, and maximizing capital recovery in bid packages/projects. to ensure economic efficiency, rights and interests of the Company and Shareholders.

3/ Review and develop plans to divest ineffective investments, transfer and liquidate unnecessary and ineffective assets.

VI. Board of Supervisors' Operation Plan for 2025.

In accordance with the functions and tasks of the Board of Supervisors and on the basis of the company's production and business orientation in 2025, the Board of Supervisors develops the 2025 operating plan as follows:

- Monitor compliance with the Law, Company Charter and Company regulations/rules in the business management and operation activities;
- Monitor the implementation of the Resolution passed by the General Meeting of Shareholders.
- Monitor financial situation, balance of capital and cash flow, operational efficiency and debt payment ability, capital usage, management and preservation, implementation of quarterly production and business plans;
- Monitor the implementation of the 2025 production and business plan, inspect and supervise production and business activities in 2025 at affiliated units through the reporting system or directly when deemed necessary;
- Full, legal and honest appraisal of audited business performance reports, semi-annual financial reports, and annual financial reports. Appraisal of semi-annual financial reports and annual financial reports;
- Check the rationality, legality, honesty and level of prudence in business management and operation, the systematicity, consistency and appropriateness of accounting and statistical work and financial reporting;
- Review accounting books, accounting records, accounting records and other documents of the company, management and operation of affiliated units when deemed necessary;
- Coordinate the inspection and supervision of internal control work, inspect and evaluate the effectiveness of the internal control system, risk management and early warning of the unit, have recommendations and proposals to improve the effectiveness of internal control operations;
- Monitor investment activities, use and capital management;
- Monitor the implementation of recommendations of inspection/examination teams and independent audits (if any);
- Perform other tasks of the Board of Supervisors as prescribed by the Law on Enterprises.

**ON BEHALF OF THE
BOARD OF SUPERVISORS
HEAD**

Nguyen Dinh Tu