

Lai Chau, 22 April 2025

REPORT

Of the Board of Directors

On the implementation of business production tasks and investment activities in 2024
and the plan for implementing business production tasks in 2025

To: THE GENERAL MEETING OF SHAREHOLDERS OF SONG DA 7.02 JOINT STOCK COMPANY

The Board of Directors of the Company reports on the management, business production, implementation of the 2024 General Meeting of Shareholders Resolution, and the plan for 2025 as follows:

I. IMPLEMENTATION OF BUSINESS PRODUCTION TASKS IN 2024

1. General Assessment of Business Production Activities:

- In 2024, the Company did not expand its construction contracting or other business production activities. Instead, it focused on the investment, construction, and operation of the Nam Thi Hydropower Project (Nam Thi 1 and Nam Thi 2) in Tam Duong District, Lai Chau Province. Currently, the Company is operating the Nam Thi 2 Hydropower Plant (8MW) commercially while continuing procedures to convert forest land use purposes and complete legal documentation for the Nam Thi 1 Hydropower Project (10MW).
- The operation of the Nam Thi 2 Hydropower Plant has been safe and efficient, with close monitoring and maximization of water flow for power generation. However, due to the El Nino effect in 2024, prolonged drought and low rainfall resulted in electricity output and revenue reaching only 94.2% of the planned target (30.1/33.2 million kWh).
- For the Nam Thi 1 Project: Following the enactment of the new 2024 Land Law and related guidelines, the Company has been actively working with relevant authorities and the Lai Chau Provincial People's Committee to convert forest land use purposes and request the inclusion of the project in the adjusted Power Plan VIII for the 2026-2030 period.

2. Key Business Production Indicators:

NO.	KEY PERFORMANCE INDICATORS	UNIT	IN 2024		
			Plan	Implementation	Percentage (%)
A	Business Production Value	10 ³ VND	41,954,041	38,987,216	94,2%
1	Commercial power generation value	10 ³ VND	41,954,041	38,987,216	
-	Electricity output	Kwh	33,284,108	30,095,835	
-	Total output value	10 ³ VND	41,954,041	38,987,216	
2	Construction and other business activities value	10 ³ VND	0	0	
B	Revenue	10 ³ VND	38,458,232	36,099,274	94,2%
1	Electricity sales revenue	10 ³ VND	38,458,232	36,099,274	94,2%
2	Other income	10 ³ VND	0	0	

NO.	KEY PERFORMANCE INDICATORS	UNIT	IN 2024		
			Plan	Implementation	Percentage (%)
3	Financial activity revenue	10 ³ VND	0	4,720	
C	Total Production Costs	10³ VND	31,913,085	30,223,642	94,7%
C1	Direct production costs	10³ VND	23,170,188	21,749,290	
1	Plant operation labor costs	10 ³ VND	2,404,518	2,455,724	
2	General production costs	10 ³ VND	8,282,390	6,851,222	
	<i>Including: Water resource tax and forest environment service fees</i>		4,897,600	4,476,255	
3	Depreciation of fixed assets	10 ³ VND	12,483,279	12,442,344	
C2	Enterprise management costs	10³ VND	1,588,209	1,790,705	
-	Salaries and social insurance	10 ³ VND	1,057,829	1,270,430	
-	Management materials costs	10 ³ VND	78,786	70,359	
-	Office supplies costs	10 ³ VND	25,190	12,180	
-	Taxes and fees	10 ³ VND	8,700	8,957	
-	Outsourced service costs	10 ³ VND	135,795	129,034	
-	Provision costs	10 ³ VND	0	0	Provision for bad debts
-	Remuneration for the Board of Directors and Supervisory Board	10 ³ VND	114,000	114,000	
-	Other cash expenses	10 ³ VND	167,908	185,744	
C3	Interest expenses	10³ VND	7,154,687	6,667,078	
C4	Other financial costs	10³ VND	0	0	
D	Pre-Tax Profit	10³ VND	6,545,158	5,880,352	90,0%
E	Labor and Wages				
-	Average number of employees	Person	16	16	
-	Average monthly salary per employee	10 ³ VND	14,500	14,656	
F	Investment Value	10³ VND	0	0	
1	Nam Thi 1 Hydropower Plant Project	10³ VND	0	0	
-	<i>Consulting, survey, and design costs</i>	<i>10³ VND</i>	<i>0</i>	<i>0</i>	
-	<i>Land clearance and compensation costs</i>	<i>10³ VND</i>	<i>0</i>	<i>0</i>	
2	Nam Thi 2 Hydropower Plant Project	10³ VND	0	0	
E	Dividend Ratio/Charter Capital	10³ VND	0	0	

2.1 Business Production Value:

- Total business production value: 38,987,216,000 VND
- Net revenue: 36,099,274,000 VND
- Contributions to the state budget: 7,364,197,000 VND

Assessment: In 2024, the operation of the Nam Thi 2 Hydropower Plant (8MW) was safe and efficient. Despite the El Nino effect, the Company maximized water flow for power generation, achieving 90.0% of the planned profit target and a 2,603.3% increase compared to the previous year.

2.2 Implementation of Investment Projects:

a. General Information on Ongoing Projects: The Company is investing in two small hydropower projects with a total capacity of 18MW in Tam Duong District, Lai Chau Province. The Nam Thi 2 Hydropower Plant (8MW) has been completed and is operational.

- Project Name: Nam Thi 1 and Nam Thi 2 Hydropower Plants
- Location: Son Binh Commune, Tam Duong District, Lai Chau Province
- Objectives: Exploit the hydropower potential of Nam Thi and Nam Gi streams to generate electricity for the national grid, create economic benefits, provide jobs, contribute to the state budget, improve the ecological environment, and promote socio-economic development in the area.
- Scope of Investment: Grade III construction project; Group B; Installed capacity of Nam Thi 1: 10MW, Nam Thi 2: 8MW; Average annual electricity output: 62.28 million kWh.
- Total Investment: 670.9 billion VND

In which: Nam Thi 1: 365 billion VND (adjusted in 2018)

Nam Thi 2: 305.9 billion VND (finalized value)

- Progress: Nam Thi 2 has been operational since July 25, 2018. Nam Thi 1 is under construction but temporarily halted due to environmental impact assessments and forest land use conversion procedures under Directive 13/CT-TW dated January 12, 2017. The Company is working with Lai Chau Province to complete the procedures and include the project in the adjusted Power Plan VIII.
- Operational Duration: 50 years (from the initial certificate issuance date of October 10, 2007).

b. Investment Implementation in 2024:

- Total investment value: 0 VND
- + Nam Thi 1: 0 VND

Status: The Nam Thi 2 Project has been completed and has been operating commercially and stably since July 2018. As for the Nam Thi 1 Project, construction investment has been temporarily halted to conduct an environmental impact assessment in accordance with Directive 13 of the Party Central Committee. When the new 2024 Land Law and its guiding documents came into effect, the Company has been closely following up and is currently carrying out procedures to request the conversion of forest land use purposes with relevant agencies and the Lai Chau Provincial People's Committee. Currently, the Lai Chau Provincial People's Committee has directed relevant departments to inspect and assess the current status of the forest and approve the Plan for Conversion of Forest Use Purposes. The Company is continuing to gather appraisal opinions from relevant departments and agencies for the Provincial People's Committee to consider and submit to the Lai Chau Provincial People's Council for a decision on the policy to convert forest use purposes for the project.

2.3 Construction Contracting and Other Business Activities in 2024:

In 2024, the Company did not undertake new construction contracts but focused on finalizing settlements and recovering remaining debts from previous projects.

3. Organizational and Professional Management:

3.1 Organizational Restructuring:

Facing work-related challenges and aligning with the current situation of project implementation, the Board of Directors has reorganized and restructured the management and operational workforce to suit the actual conditions, aiming to reduce costs while still meeting work requirements. The Company has

reallocated its entire staff to align with current tasks, and the operational management team for the Nam Thi 2 Plant has been appropriately staffed. The total number of employees in the Company is now 16. Technical staff have been reassigned to handle tasks at other projects in line with their professional expertise. When the Nam Thi 1 Plant project resumes construction, personnel will be further reassigned and supplemented according to the project's progress.

3.2 Technical, Economic, and Financial Management:

- Specialized tasks have been proactively completed by the respective departments according to their assigned responsibilities, meeting the requirements of the work.
- Compliance with state and internal management regulations has been strictly adhered to.
- Monthly business production accounting has been maintained, and reports have been submitted to the relevant authorities as required.
- Accounting practices have been ensured to comply with regulations and meet the management requirements of the unit.
- Outstanding issues: The settlement and recovery of debts for completed contracted projects have been handled well, with most debts recovered from investors. However, there are still some minor debts with subcontractors that have not been fully settled. The Company continues to urge for the finalization of these settlements or offsetting of debts.

For the Nam Thi 2 Plant project, there is still one subcontractor whose debt has not been fully settled for offsetting, resulting in outstanding prepaid receivables.

II. ACTIVITIES OF THE BOARD OF DIRECTORS IN 2024

1. General Assessment of Company Management:

- Comprehensive management of all aspects of the Company, including capital and asset management, investment management, quality management, and labor management, has been carried out in accordance with state laws, the Company's charter, and internal management regulations.
- The Company's charter and internal management regulations have been regularly issued, supplemented, and revised to align with legal requirements and the practical needs of corporate governance. The internal management regulations are consistent with economic management standards and the enhanced management capabilities of the staff, effectively promoting the autonomy of the management apparatus and the operational efficiency at all levels, as well as the performance of employees.
- During business operations, the Board of Directors and the management at all levels have strictly complied with state laws, policies, the Company's charter, and internal management regulations.

2. Activities of the Board of Directors in 2024:

- Organizational restructuring of the Company's management apparatus has been continuously improved to ensure a lean, flexible, and timely operational structure, enhancing work efficiency in line with the Company's management model at each specific stage of development.
- The Board of Directors has directed, inspected, and supervised the management apparatus to fully comply with legal regulations in investment and business production activities, implement grassroots democracy, respect and protect shareholder rights, and ensure the rights and obligations of the Company towards the state and partners.
- The Board of Directors manages the Company and fulfills its responsibilities and duties in accordance with legal regulations and the Company's charter. The Board manages the Company by approving and assigning annual and quarterly business production plans based on actual conditions. It supervises the management apparatus to review the implementation of business production plans and the execution of resolutions issued by the Board.
- The Board of Directors has coordinated with the General Director Board to resolve issues with investors regarding the settlement of payments for projects in which the Company has participated. It

has also directed and collaborated with the General Director Board to address tasks and proceed with the construction of the Nam Thi Hydropower Project in accordance with legal regulations and policies.

3. Documents Issued by the Board of Directors in 2024:

- In 2024, the Board of Directors organized 13 meetings and issued a total of 17 documents. All documents issued by the Board of Directors were within its authority, complied with legal regulations and the Company's charter, and were feasible and highly effective in implementation. The process of issuing documents followed the prescribed procedures, with documents issued in the form of Resolutions and Decisions approved during Board meetings.

Total documents issued: 17, categorized as follows:

- Resolutions: 09 documents
- Decisions: 08 documents
- Directives and Notifications: 0 documents

4. Personnel Organization Under the Board's Authority:

- Personnel organization has been carried out by the Board of Directors within its authority, in accordance with the Company's charter, and based on the principles of serving business production tasks, the actual development of the unit, and the competence of the staff.

- The 2024 Annual General Meeting of Shareholders was successfully organized in compliance with legal regulations and the Company's charter.

III. PLANS AND SOLUTIONS FOR 2025

1. Key Plan Indicators for 2025:

NO.	KEY PERFORMANCE INDICATORS	UNIT	2025 PLAN
A	Output and Revenue		
1	Commercial electricity generation output	Kwh	33,256,088
2	Revenue from commercial electricity generation	10 ³ VND	38,269,404
3	Construction and business production	10 ³ VND	0
B	Production Costs	10³ VND	32,386,381
I	Direct production costs	10³ VND	25,167,598
1	Labor costs for plant operations	10 ³ VND	2,436,812
2	General production costs	10 ³ VND	10,288,441
	Including: Natural resource tax and forest environmental service fees	10 ³ VND	5,054,028
3	Depreciation of tangible fixed assets	10 ³ VND	12,442,344
II	Enterprise management costs	10³ VND	1,588,209
	Enterprise management expenses	10 ³ VND	1,983,202
	Allocation of goodwill value	10 ³ VND	0
III	Interest expenses	10³ VND	5,235,580
C	Pre-Tax Profit	10³ VND	5,883,023
D	Labor and Wages		
-	Average number of employees	Person	16
-	Average monthly salary per employee	10 ³ VND	15,500
E	Investment Plan	10³ VND	14,500,000

NO.	KEY PERFORMANCE INDICATORS	UNIT	2025 PLAN
I	Nam Thi 1 Hydropower Project	10³ VND	14,500,000
1	Consulting, survey, and design work	10 ³ VND	3,000,000
2	Land clearance compensation and reforestation work	10 ³ VND	10,000,000
3	Construction costs	10 ³ VND	1,500,000

To promote the development of the economy in the post-pandemic period and in line with the State Bank's guidance on interest rate reductions, in 2024, the Company proposed and was approved by BIDV Lai Chau to reduce the interest rate margin on the Company's loan contract (a reduction of 0.5%). As a result, the interest expense in 2025 is expected to be lower compared to the previous year. Additionally, starting in 2024, Vietnam Electricity (EVN) has planned to upgrade the 110kV transmission line passing through the Nam Thi 2 Plant. This requires the plant's projects to upgrade their poles, transformer station equipment, and managed transmission lines to synchronize with EVN's line upgrades. Consequently, production and investment costs in 2025 are expected to increase, leading to a decrease in planned profits.

2. Project Progress Targets for 2025:

- In 2025, the Company will continue the commercial operation of the Nam Thi 2 Hydropower Project according to the planned output. At the same time, it will complete the necessary legal procedures and documentation to resume the investment and construction of the Nam Thi 1 Hydropower Project once the decision to convert forest land use purposes is approved by the Lai Chau Provincial People's Committee and relevant authorities.

Key tasks include the following:

2.1 Legal Procedures:

- Continue working with relevant departments and the Lai Chau Provincial People's Committee to promptly grasp the regulations and policies of the Government and ministries regarding the conversion of forest land use purposes for the Nam Thi 1 Project. Update and supplement the project into the implementation plan of Power Plan VIII to complete the legal procedures and documentation, enabling the project to commence construction as soon as possible.
- Complete the land use rights certificate for the remaining area of the Nam Thi 2 Project that has not yet been granted a "red book" (land use rights certificate). This will allow the signing of the second-phase land lease contract for the Nam Thi 2 Project with the Lai Chau Provincial Department of Natural Resources and Environment.

2.2 Survey and Design Work:

- Complete additional topographic and geological surveys, adjust the basic design and technical-economic design, and finalize the technical design, cost estimates, and total budget for the Nam Thi 1 Hydropower Project based on the appraisal by relevant departments and agencies.

2.3 Site Clearance Work:

- Complete additional site clearance documentation for the Nam Thi 2 Project as well as the entire site clearance work for the Nam Thi 1 Project to apply for land use rights for the project.

2.4 Materials and Equipment Work:

- Prepare some backup materials and equipment for the Nam Thi 2 Plant as needed.

2.5 Charter Capital Increase Work:

Prepare the necessary procedures once the conversion of forest land use purposes is approved by the Lai Chau Provincial People's Committee and the project is updated and supplemented into the implementation plan of Power Plan VIII by the Prime Minister. The Company will then request an increase in charter capital from the relevant authorities to ensure sufficient counterpart capital as regulated.

2.6 Construction and Investment Work:

* Nam Thi 1 Hydropower Project:

As the conversion of forest land use purposes for the project has not yet been approved, the Company is primarily focused on preparing the legal documentation for the project.

3. Key Solutions to Complete the 2025 Plan:

- Focus on the conversion of forest land use purposes for the Nam Thi 1 Project, proposing to the Lai Chau Provincial People's Committee to submit the project to the Ministry of Industry and Trade for inclusion in the implementation plan of Power Plan VIII. This will serve as the basis for carrying out subsequent tasks of the project.
 - Regularly update and grasp changes in state mechanisms and policies to make timely adjustments that do not affect business production and the implementation of the unit's investment projects.
 - Resolve remaining issues in the settlement and payment process with the few remaining subcontractors of the Nam Thi 2 Project that have not yet completed their settlements.
 - Prepare for the charter capital increase to ensure sufficient counterpart capital for the investment and construction of the Nam Thi 1 Project.
 - Fully prepare the necessary legal procedures and site conditions to continue the investment and construction of the Nam Thi 1 Hydropower Project, ensuring construction progresses according to the investment certificate and the proposed plan.
 - Recruit additional personnel for the plant operation team to ensure sufficient operational staff.
- Continue training 1 to 2 qualified plant operators to take the shift leader exam and eventually manage the operation of the Nam Thi 1 Plant.
- Organize the safe and efficient operation of the Nam Thi 2 Hydropower Plant.

The above is the report of the Board of Directors of Song Da 7.02 Hydroelectric Joint Stock Company on the implementation of business production tasks in 2024 and the business production plan for 2025. We sincerely look forward to the contributions and feedback of the General Meeting on the contents of this report to further refine the plan targets and solutions, serving as the basis for the Board of Directors' direction and management in implementing the Company's 2025 plan.

Respectfully submitted for the approval of the General Meeting.

CC:

- As above
- Archived

ON BEHALF OF BOARD OF DIRECTORS

CHAIRMAN



Nguyễn Hữu Nhuan

