

Lai Chau, April 2026

REPORT

Of the Board of Directors

On the implementation of business production tasks and investment activities in 2025
and the plan for implementing business production tasks in 2026

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 2025 General Meeting of Shareholders Resolution, and the plan for 2026 as follows:

I. IMPLEMENTATION OF BUSINESS PRODUCTION TASKS IN 2025

1. General Assessment of Business Production Activities:

- In 2025, 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 (Today it is Binh Lu commune, Lai Chau province). Currently, the Nam Thi 2 hydropower plant project (8MW) is operating commercially, while continuing with the next steps of applying for land use conversion for forest land, compensation for land clearance, and completing legal procedures for the investment and construction of the Nam Thi 1 project (10MW).

- The management and operation of the Nam Thi 2 hydropower plant for commercial power generation ensured safety and efficiency. In 2025, the plant's production unit closely monitored and maximized the use of time and water flow in the reservoir for power generation. As a result, the plant's output and revenue reached the designed commercial electricity production capacity (31.2/29.8 million kWh). Therefore, the company's commercial power generation business results in 2025 achieved a profit of 96.7% compared to the annual plan and higher than the previous year's performance.

- The investment and construction of the Nam Thi 1 power plant project (10MW) has been temporarily suspended to assess the environmental impact on the forest area in accordance with Directive 13-CT/TW dated January 12, 2017, of the Central Party Secretariat, because a portion of the project land is forested land. In 2024, after the promulgation of Land Law No. 31/2024/QH15 and the implementation guidelines came into effect, resolving some obstacles in applying for the conversion of forest land use purposes, the Company focused on working with the Lai Chau Provincial People's Committee and relevant departments to apply for the conversion of forest land use purposes for the project. Since June 2024, the project has undergone inspections of the forest land area by departments and agencies of Lai Chau province, received expert opinions, and the Lai Chau Provincial People's Committee has approved the plan for converting forest land to other uses. Currently, the Lai Chau Provincial People's Committee has issued Decision No. 2929/QD-UBND dated November 19, 2025. The project has already completed some work and hired consulting firms to carry out the necessary legal procedures before continuing construction, with an unfinished construction investment value of nearly 20 billion VND.

2. Key Business Production Indicators:

NO.	KEY PERFORMANCE INDICATORS	UNIT	IN 2025		
			Plan	Implementation	Percentage (%)
A	Business Production Value	10³ VND	41,740,702	40,364,890	96.7%
1	Commercial power generation value	10 ³ VND	41,740,702	40,364,890	
-	Electricity output	Kwh	33,256,088	31,241,542	
-	Total output value	10 ³ VND	41,740,702	40,364,890	
2	Construction and other business activities value	10 ³ VND	0	0	
B	Revenue	10³ VND	38,269,404	37,374,898	97.7%
1	Electricity sales revenue	10 ³ VND	38,269,404	37,374,898	97.7%
2	Other income	10 ³ VND	0	0	
3	Financial activity revenue	10 ³ VND	3,000	2,489	
C	Total Production Costs	10³ VND	32,386,381	28,918,618	89.3%
C1	Direct production costs	10³ VND	25,167,598	21,946,096	
1	Plant operation labor costs	10 ³ VND	2,436,812	2,556,771	
2	General production costs	10 ³ VND	10,247,506	6,946,981	
	Including: Water resource tax and forest environment service fees		5,054,028	4,912,806	
3	Depreciation of fixed assets	10 ³ VND	12,483,279	12,442,344	
C2	Enterprise management costs	10³ VND	1,983,202	1,995,934	
-	Salaries and social insurance	10 ³ VND	1,437,296	1,284,972	
-	Management materials costs	10 ³ VND	77,094	75,052	
-	Office supplies costs	10 ³ VND	21,190	12,810	
-	Taxes and fees	10 ³ VND	8,700	11,303	
-	Outsourced service costs	10 ³ VND	133,013	153,477	
-	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	289,500	
-	Other cash expenses	10 ³ VND	191,908	168,818	
C3	Interest expenses	10³ VND	5,235,580	4,976,588	
C4	Other financial costs	10³ VND	0	0	
D	Pre-Tax Profit	10³ VND	5,883,023	8,447,957	143.6%

NO.	KEY PERFORMANCE INDICATORS	UNIT	IN 2025		
			Plan	Implementation	Percentage (%)
E	Labor and Wages				
-	Average number of employees	Person	16	16	
-	Average monthly salary per employee	10 ³ VND	15,500	15,500	
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:

- Commercial electricity production: 31,241,542 Kwh
- Total business production value: 40,364,890,000 VND
- Net revenue: 37,374,898,000 VND
- Contributions to the state budget: 6,323,614,000 VND

Assessment: In 2025, the management and operation of the Nam Thi 2 hydropower plant (8MW) will always ensure safety and good power generation, even though the cyclical El Niño influence with low rainfall will still affect it. The company's employees will closely monitor and maximize the use of time and water in the reservoir for power generation. As a result, the plant's output and revenue will still reach the commercial electricity output according to the design capacity (31.2/29.8 million kWh). Therefore, the company's commercial power generation business results in 2025 will achieve a profit of 143.6% compared to the annual plan and higher (143.6%) than the previous year's performance

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 (Today it is Binh Lu commune, 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 (Today it is Binh Lu commune, 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. In 2024, after the promulgation of Land Law No. 31/2024/QH15 and the implementation guidelines came into effect, some obstacles in applying for the conversion of forest land use were resolved. The company focused on working with the Lai Chau Provincial People's Committee and relevant departments to apply for the conversion of forest land use for the project. From June 2024, the project underwent inspection of the current status of forest land area by the Lai Chau Provincial Departments and agencies, received appraisal opinions, and the Lai Chau Provincial People's Committee approved the plan for converting forest land to other purposes. Currently, the Lai Chau Provincial People's Committee has issued a Decision approving the investment policy in Decision No. 2929/QD-UBND dated November 19, 2025. The project has implemented several work items, with an unfinished construction investment value of nearly 20 billion VND

- Operational Duration: 50 years (from the initial certificate issuance date of October 10, 2007).

b. Investment Implementation in 2025:

- Total investment value: 0 VND

+ Nam Thi 1: 0 VND

Implementation status: The Nam Thi 2 project was completed and has been operating commercially since July 2018. Regarding the Nam Thi 1 project, after the new Land Law 2024 and its guiding documents came into effect, the company's leadership has consistently monitored and carried out tasks related to obtaining investment approval, converting forest land use purposes, compensation for land clearance, environmental impact assessment, etc. Currently, the project has received approval for investment from the Lai Chau Provincial People's Committee in Decision No. 2929/QD-UBND dated November 19, 2025. Simultaneously, relevant departments have been directed to inspect and assess the current state of the forest, and the Lai Chau Provincial People's Committee has approved the plan for converting forest land to other uses in Decision No. 395/QD-UBND dated March 16, 2026. The company is currently carrying out the necessary legal procedures to continue investing in the construction of the Nam Thi 1 Hydropower Plant in 2026.

2.3 Construction Contracting and Other Business Activities in 2025:

In 2025, 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 2025

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 2025:

- 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 2025:

- In 2025, the Board of Directors organized 11 meetings and issued a total of 13 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: 13, categorized as follows:

- Resolutions: 07 documents

- Decisions: 06 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 2025 Annual General Meeting of Shareholders was successfully organized in compliance with legal regulations and the Company's charter.

III. PLANS AND SOLUTIONS FOR 2026

1. Key Plan Indicators for 2026:

NO.	KEY PERFORMANCE INDICATORS	UNIT	2026 PLAN
A	Output and Revenue		
1	Commercial electricity generation output	Kwh	33,256,088
2	Revenue from commercial electricity generation	10 ³ VND	38,437,176
3	Construction and business production	10 ³ VND	0
B	Production Costs	10³ VND	32,109,658
I	Direct production costs	10³ VND	25,504,568
1	Labor costs for plant operations	10 ³ VND	2,419,598
2	General production costs	10 ³ VND	10,642,625
	Including: Natural resource tax and forest environmental service fees	10 ³ VND	5,221,800
3	Depreciation of tangible fixed assets	10 ³ VND	12,442,344
II	Enterprise management costs	10³ VND	2,384,376
	Enterprise management expenses	10 ³ VND	2,036,376
	Board of Directors' Remuneration	10 ³ VND	348.000
	Allocation of goodwill value	10 ³ VND	0
III	Interest expenses	10³ VND	4,220,713
C	Pre-Tax Profit	10³ VND	6,327,518
D	Labor and Wages		
-	Average number of employees	Person	16
-	Average monthly salary per employee	10 ³ VND	16,000
E	Investment Plan	10³ VND	24,000,000
I	Nam Thi 1 Hydropower Project	10³ VND	24,000,000
1	Consulting, survey, and design work	10 ³ VND	4,000,000
2	Land clearance compensation and reforestation work	10 ³ VND	15,000,000
3	Construction costs	10 ³ VND	5,000,000

Regarding the commercial electricity production plan for 2026, the company remains determined to achieve the highest production target, while simultaneously repaying the principal loan to BIDV Lai Chau Bank according to the loan agreement to reduce interest costs and ensure profit targets are met.

Impact on business production plan: From 2024, Vietnam Electricity Group (EVN) has planned to upgrade the 110kV transmission line connecting through the Nam Thi 2 power plant and requires power plant projects to upgrade the poles, substation equipment, and transmission lines under the plant's management to synchronize with EVN's line upgrade. Therefore, production and investment costs in 2026 will increase, leading to a reduction in planned profits

2. Project Progress Targets for 2025:

- In 2026, the company will continue to operate the Nam Thi 2 hydropower project commercially according to the planned output, while simultaneously completing the necessary legal procedures and documents to continue investing in and constructing the Nam Thi 1 hydropower project

Key tasks include the following:

2.1 Legal Procedures:

- Continue working with relevant departments and the People's Committee of Lai Chau province to promptly grasp the regulations and policies of the Government and ministries, in order to complete the legal procedures and documents as required to continue investing in and constructing the Nam Thi 1 Hydropower Project as soon as possible.

- Complete the land use right certificate for the remaining area of the Nam Thi 2 project that has not yet been issued a land title certificate, in order to sign the second land lease contract for the Nam Thi 2 project with the Lai Chau Provincial Department of Natural Resources and Environment after the completion of all compensation and land clearance work for both projects.

2.2 Survey and Design Work:

- Complete the supplementary 1/500 scale topographic surveying and design work, prepare the Technical Design - Total Cost Estimate and Construction Drawings for the Nam Thi 1 hydropower project based on the design documents already prepared and verified by relevant departments and agencies.

2.3 Site Clearance Work:

- Coordinate with the Lai Chau Provincial Land Development Center to develop a compensation plan for land clearance and submit it to the Binh Lu Commune People's Committee for approval. Collaborate with the Binh Lu Commune People's Committee and the Lai Chau Provincial Land Development Center to disburse compensation according to regulations, laying the groundwork for subsequent tasks. Complete the supplementary land clearance dossier for the Nam Thi 2 project, as well as the entire land clearance process for the Nam Thi 1 project, to apply for land use rights for the entire project.

2.4 Materials and Equipment Work:

- The Nam Thi 2 power plant has been in operation since July 2018. After nearly six years of operation, the equipment system has experienced minor wear and tear and malfunctions, requiring regular inspection and maintenance. It is also necessary to purchase spare parts and essential equipment for repair and replacement at the Nam Thi 2 plant when needed.

- Based on the design documents, contact and work with partners supplying plant equipment to select a suitable contractor to negotiate and sign a contract for the supply and installation of equipment for the Nam Thi 1 Hydropower Plant.

2.5 Charter Capital Increase Work:

After preparing the necessary procedures upon approval of the conversion of forest land use, completing compensation and land clearance, etc., we will propose an increase in charter capital to the State Securities Commission and relevant governing bodies, ensuring sufficient matching funds as required to carry out the investment and construction of the Nam Thi 1 project.

It is proposed that the General Meeting of Shareholders authorize the Board of Directors, based on the progress of the Nam Thi 1 project, to decide on the timing and form of capital increase and to seek capable strategic shareholder investors to contribute capital to the project.

2.6 Construction and Investment Work:

Focus on completing the project's legal documents, accelerating the land compensation and clearance process to hand over the land, signing land lease contracts, applying for land use right certificates with the Lai Chau Provincial People's Committee, and continuing investment and construction in early Q3/2026.

3. Key Solutions to Complete the 2026 Plan:

- Coordinate with the People's Committee of Binh Lu commune to work with households raising cold-water fish in violation of regulations, then agree on a suitable support plan for households raising fish in accordance with regulations to ensure consensus in seeking community opinions. Focus on the legal documentation of the project (surface water exploitation permit, environmental impact assessment, forest land use conversion, technical design verification, etc.) and apply for forest land use conversion, compensation and land clearance for the Nam Thi 1 project, thereby providing a basis for carrying out subsequent project tasks.
- 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.
- Prepare all necessary conditions regarding legal procedures and land availability to continue implementing the Nam Thi 1 Hydropower Project, ensuring construction proceeds according to the schedule outlined in the Investment Approval Decision and the planned schedule.
- 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.
- The organization manages the safe and efficient operation of the Nam Thi 2 hydropower plant, ensuring that the planned production and business targets are met.

The above is the report of the Board of Directors of Song Da 7.02 Joint Stock Company on the implementation of business production tasks in 2025 and the business production plan for 2026. 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 2026 plan.

Respectfully submitted for the approval of the General Meeting.

CC:

- As above
- Archived

ON BEHALF OF BOARD OF DIRECTORS

CHAIRMAN 



Nguyen Huu Nguan