

## **PROPOSAL**

Re.: Establishment of the Science and Technology Development Fund

To: 2025 Annual General Meeting of Shareholders

Song Da Cao Cuong Joint Stock Company

- Pursuant to the Law on Enterprises dated June 17, 2020
- Pursuant to the Science and Technology Law No. 29/2013/QH13 dated June 18, 2013;
- Pursuant to Decree No. 95/2014/ND-CP dated October 17, 2014, of the Government on investment and financial mechanisms for science and technology activities;
- Pursuant to the Decree No. 13/2019/ND-CP dated February 1, 2019, of the Government on science and technology enterprises;
- Pursuant to The Charter of Song Da Cao Cuong Joint Stock Company;
- The needs for scientific, technological, and innovative development of Song Da Cao Cuong Joint Stock Company.

The Board of Directors (BOD) of Song Da Cao Cuong Joint Stock Company submits the following content to the General Meeting of Shareholders:

The BOD recognizes that establishing a Science and Technology Development Fund (hereinafter referred to as the “Fund”) is necessary to promote research, application, and technology transfer activities, enhance competitiveness, and ensure the sustainable development of the Company.

### **1. Purpose of Establishing the Fund**

- Provide financial support for the Company’s scientific research, technology development, and innovation activities.
- Promote cooperation with domestic and international organizations and individuals in the field of science and technology.
- Train and develop high-quality human resources to serve the Company’s development strategy.
- Comply with legal requirements related to tax incentives and investment policies for science and technology activities.



## **2. Mechanism for Formation and Operation of the Fund**

### **2.1. Sources of Fund Capital:**

- Deductions from the Company's pre-tax profits at a rate compliant with Decree No. 95/2014/ND-CP dated October 17, 2014.
- Other lawful contributions (if any).

### **2.2. Fund Deduction Rate:**

It is proposed to deduct 5% of pre-tax profits annually. Depending on the Company's financial situation each year, the BOD may propose a different deduction rate for approval by the General Meeting of Shareholders.

### **2.3. Fund Management and Utilization:**

- The Fund shall be managed by a Fund Management/Executive Board, operating under the Fund Regulations issued by the Company's BOD.
- The Fund shall be used for research and development, technology transfer, equipment procurement, human resource training, and other activities in accordance with legal regulations.
- The use of the Fund must ensure transparency, efficiency, and alignment with its intended purposes, and it shall be subject to periodic audits.

## **3. Benefits of Establishing the Fund**

- Enhance research and development capabilities for new products, improve production processes, and increase operational quality and efficiency.
- Benefit from corporate income tax incentives as per legal regulations when establishing and utilizing the Fund.
- Enhance the Company's reputation and position in the fields of innovation and sustainable development.
- Contribute to the Company's social responsibility through science and technology activities.

## **4. Proposals**

The BOD respectfully submits the following contents for consideration and approval by the General Meeting of Shareholders:

1. Approve the establishment of the Science and Technology Development Fund of Song Da Cao Cuong Joint Stock Company.
2. Approve the annual Fund deduction rate of 5% of the Company's pre-tax profits.



3. Assign the BOD to develop and issue the Fund's Operating Regulations and appoint the Fund Management/Executive Board.
4. Authorize the BOD to carry out necessary legal procedures (if any) related to the establishment and operation of the Fund.

The BOD commits to complying with legal regulations and the Company's Charter during the establishment and operation of the Fund.

We respectfully submit the General Meeting of Shareholders to review and approve.

We sincerely express our gratitude./.

**ON BEHALF OF THE BOD  
CHAIRMAN**

***Recipients:***

- Shareholders;
- Office archive./.



**Kieu Van Mat**

