

MINISTRY OF CONSTRUCTION
CONSTRUCTION MACHINERY
CORPORATION

No: 81 /COMA-TCKH

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

Hanoi, March 31st, 2025

Re: Explanation for changes in corporate income tax after-tax profit in 2024 FS exceeding 10% compared to the same period of the previous year; after-tax profit in the reporting period showing a gain; and transition from a loss in the previous period to a gain in this period.

To: Hanoi Stock Exchange

Construction Machinery Corporation - JSC would like to explain the reasons for the changes in corporate income tax after-tax profit in the Income Statement for 2024, which exceeded 10% compared to 2023, showing a gain in the reporting period and transitioning from a loss in the previous period to a gain in this period as recorded in the Financial Statement and Consolidated Financial Statement as follows:

Report Type	Indicator	Reporting Period		Difference	Percentage Change (%)
		In 2024	In 2023		
Financial Statement	After-tax profit	41,554,245,486	1,511,870,331	40,042,375,155	2648.53%
Consolidated Financial Statement	After-tax profit	34,160,947,777	(23,336,692,838)	57,497,640,615	246.38%
	Parent Company's After-Tax Profit	35,729,020,287	(14,231,838,468)	49,960,858,755	351.05%

1. The business performance in 2024 changed by 10% or more compared to the 2023 report in both the Consolidated Financial Statements and the Separate Financial Statements. The after-tax profit shifted from a loss in the previous period to a profit in the current period in the Consolidated Financial Statements due to the following reasons:

- Financial Statement Profit: VND 41,554,245,486

+ In 2024, the Corporation divested and transferred shares of 02 companies with other invested capital and transferred part of the capital of 01 subsidiary, earning a profit of 19.1 billion VND, accepted and settled a number of old backlog projects, increased exploitation and job search, and exploited service business. At the same time, the Corporation classified debts, worked with customers to recover backlog debts, returned provisions for an amount of 23.8 billion VND and balanced capital sources to pay to the State budget, so the penalty for late tax payment decreased, which partially offset interest expenses and management costs..



+ On June 17, 2024, the Government issued Decree 64/2024/ND-CP on extending the deadline for payment of value added tax (VAT), corporate income tax (CIT), personal income tax (PIT) and land rent in 2024. Therefore, in 2024, the Corporation will not incur any late tax payment fines.

+ During the year, the Corporation adjust the final settlement of the project of completing the investment and construction project "Skylight luxury housing area" of the Construction Mechanical Corporation – JSC, the figures are adjusted in the Financial Statements of previous years.

For the above reasons, the profit after corporate income tax in the 2024 business performance report is positive and changes by 10% or more compared to the 2023 report of the Consolidated financial statement.

- Profit after corporate income tax in the consolidated financial statements: VND 34,160,947,777 due to:

+ In 2024, the profit after corporate income tax in the business results report of the parent company and four (04) subsidiaries was profitable, of which the remaining 02 subsidiaries, namely the The Import-Export Manufactured Service And Countryside Development Company Limited, with 100% capital contribution owned by the Corporation, had loss-making business results and Minh Khai Joint Stock Company, with 67.47% capital contribution, also suffered losses. The reason was that the previous year's back-end projects were transferred to few new contracts in 2024, leading to low revenue for the unit, not completing the production and business plan, high interest expenses, so gross profit was not enough to cover management costs..

For the above reason, the profit after corporate income tax in the 2024 business performance report is a profit, changing by 10% or more compared to the 2023 report and shifting from a loss in the previous period to a profit in this period of the Consolidated financial statements.

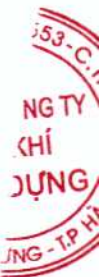
2. The audited Consolidated Financial Statements for 2024 have a difference of 5% or more compared to the published report due to:

- After auditing, additional current corporate income tax expenses arose and profits changed for 04 subsidiaries: Ha Bac Construction Mechanical Joint Stock Company No. 2, COMAEL Electrical and Water Installation Joint Stock Company, Minh Khai Lock Joint Stock Company, Construction and Equipment Materials Trading One Member Co., Ltd. No. 27.

3. Qualified Audit Opinion:

- At the time of preparing the financial statements, some customers had not signed confirmation of reconciliation of receivables and payables that were overdue for 6 months or more. The Corporation assessed that this debt was likely to be recovered in the next fiscal year, so the unit had not temporarily set aside a provision of about 22.1 billion VND..

- As of December 31, 2024, the Corporation's subsidiaries have not yet conducted inventory and assessed the net realizable value of inventories with a total amount of: VND 14.6 billion including: Construction Mechanical and Electrical Installation Joint Stock Company VND 10.5 billion, Minh Khai Joint Stock Company VND 1.8 billion,



Thai Binh Mechanical and Construction Joint Stock Company VND 1.2 billion and Ha Bac Construction Mechanical Joint Stock Company No. 2 VND 1.2 billion..

- Unable to collect sufficient appropriate audit evidence on the balance of receivables of the Subsidiaries as of December 31, 2024, which is VND 60,102,979,252 (As of December 31, 2023, it is VND 48,464,509,402), payables as of December 31, 2024, which is VND 36,557,781,365 (As of December 31, 2023, it is VND 36,406,506,270). At the same time, the Corporation and COMAEL Construction and Electrical and Water Installation Joint Stock Company, Minh Khai Lock Joint Stock Company have not yet handled the missing assets with the value: VND 2,066 billion.

- At the time of preparing the report, the Corporation's subsidiary, Ha Bac Construction Mechanical Joint Stock Company No. 2, recorded late tax payment, tax arrears and administrative fines for many years in account 242 and has not yet accounted for the expenses of the year with an amount of VND 10,255,691,733. Production - Import - Export and Rural Development Services Company Limited, a subsidiary of the Corporation, received notices related to land use fees of the "Decoimex Housing Expansion Project in Ward 6 and Ward 9, Vung Tau City" from the Vung Tau - Con Dao Regional Tax Department regarding the amount of land use fees payable by December 31, 2024 of: VND 134,977,387,156 and late payment of: VND 125,294,759,571. Therefore, the Company has not accepted the above figures from the local Tax Department because the Tax Department has calculated the land use fee on the public area. The Company has sent a document to the tax authority but has not received any response. Accordingly, the relevant figures presented in the Consolidated Financial Statements for the fiscal year ending December 31, 2024 may be subject to change according to the Final Decision of the tax authority..

Above are the explanations of Construction Mechanical Corporation - JSC on the audited consolidated financial statements and consolidated financial statements for 2024.

Sincerely!

Recipients:

- As above;
- Board of Directors (for reporting));
- Supervisory Board;
- Corporation Management;
- Archive: Office, Finance Department.



Đào Đức Thọ