

AUDITED FINANCIAL STATEMENTS

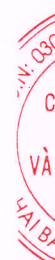
For the financial year ended 31 December 31/12/2024

MECHANICAL ENGINEERING SERVICE JOINT STOCK COMPANY

TABLE OF CONTENTS

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	Pages
1. REPORT OF THE BOARD OF MANAGEMENT	02 - 03
2. INDEPENDENT AUDITOR'S REPORT	04 - 05
3. BALANCE SHEET	06 - 07
4. INCOME STATEMENT	08
5. CASH FLOW STATEMENT	09
6. NOTES TO THE FINANCIAL STATEMENTS	10 - 33



REPORT OF THE BOARD OF MANAGEMENT

For the financial year ended 31 December 31/12/2024

The Board of Management of Mechanical Engineering Service Joint Stock Company (hereinafter referred to as "the Company") has the honor of submitting this Report together with the audited financial statements for the financial year ended 31 December 2024.

1. General information about the Company

Establishment

Mechanical Engineering Service Joint Stock Company (hereinafter referred to as "the Company"), formerly known as Mechanical Engineering Service One Member Co., Ltd., was equitized and transferred to Mechanical Engineering Service Joint Stock Company under Decision No. 1366/QĐ-UBND dated 18 March 2016 of the Hanoi People's Committee and operates under the Business Registration Certificate No. 0100106190 dated 4 April 2016 granted by the Hanoi Authority for Planning and Investment. According to the 12th amended Business Registration Certificate dated 19 October 2022, the Company's charter capital is VND 186,000,000,000 (One hundred and eighty-six billion Vietnamese Dong).

Form of ownership

Joint Stock Company

The Company's business activities:

Construction and services.

Transaction name in

English:

MECHANICAL ENGINEERING SERVICE JOINT STOCK COMPANY

In short:

MESC .,JSC

Securities code:

MES (UpCom)

Head office:

8th Floor, Tower A, Sky Tower Complex, 88 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi.

2. Financial position and operating results

The Company's financial position and the results of its operation are presented in the accompanying financial statements.

3. Members of the Board of Directors, Board of Supervisors, and Board of Management

Members of the Board of Directors, Board of Supervisors and Board of Management during the year and to the date of the financial statements are:

Board of Directors

Mr. Cao Tien Dung	Chairman
Mr. Tran Minh Cuong	Member
Mr. To Huu Chung	Member

Board of Supervisors

Mr. Tran Minh Duc	Head of the Board of Supervisors
Ms. Nguyen Thi Minh Giang	Member
Mr. Ngo Trong Tuan	Member

Board of Management

Mr. Cao Tien Dung	Chairman of the Board of Directors - In charge of management
Mr. To Huu Chung	Deputy General Director
Mr. Tran Minh Cuong	Deputy General Director (Appointed on 10/01/2024)
Ms. Nguyen Thi Van Ha	Chief Accountant

Legal representative of the Company during the year and to the date of the financial statements is:

Mr. Cao Tien Dung	Chairman of the Board of Directors - In charge of management
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REPORT OF THE BOARD OF MANAGEMENT

For the financial year ended 31 December 31/12/2024

4 Independent Auditor

Branch of MOORE AISC Auditing and Informatic Services Company Limited has been appointed as an independent auditor for the financial year ended 31 December 2024.

5 Commitment of the Board of Management

The Board of Management is responsible for the preparation of the Financial Statements which give a true and fair view of the financial position of the Company as at 31 December 2024, the results of its operation and the cash flows for the financial year ended 31 December 2024. In order to prepare these Financial Statements, the Board of Management has considered and complied with the following matters:

- Selected appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Prepared the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept and maintained, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the Financial Statements are prepared in compliance with the accounting regime stated in Notes to the Financial Statements. The Board of Management is also responsible for safeguarding the Company's assets, and hence taking reasonable steps for the prevention and detection of frauds and other irregularities.

6 Confirmation

The Board of Management, in their opinion, confirmed that the Financial Statements including the Balance Sheet as at 31 December 2024, the Income Statement, the Cash Flow Statement and accompanying Notes, which expressed a true and fair view of the financial position of the Company as well as its operating results and cash flows for the financial year ended 31 December 2024.

For and on behalf of the Board of Management,



Cao Tien Dung
Chairman of the Board of Directors

Hanoi, 05 March 2025

*No. B0524067-MOOREAISHN-TC***INDEPENDENT AUDITOR'S REPORT****To: BOARD OF DIRECTORS VÀ BOARD OF MANAGEMENT
MECHANICAL ENGINEERING SERVICE JOINT STOCK COMPANY**

We have audited the accompanying Financial Statements of Mechanical Engineering Service Joint Stock Company as prepared on 05 March 2025 from pages 06 to 33, which comprise the Balance Sheet as at 31 December 2024, the Income Statement, the Cash Flow Statement for the financial year ended 31 December 2024 and the Notes to the Financial Statements.

Responsibility of the Board of Management

The Company's Board of Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing regulations applicable to the preparation and presentation of the Financial Statements and also for the internal control which the Board of Management considers necessary for the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

- We have not obtained balance confirmation letters for trade receivables of VND 2,891,591,309 as at 31 December 2024 (VND 297,635,426 as at 01 January 2024); prepayments to suppliers of VND 840,321,375 as at 31 December 2024 (VND 503,321,375 as at 01 January 2024); Trade payable of VND 2,477,570,702 as at 31 December 2024 (VND 3,534,176,983 as at 01 January 2024); and advances from customers of VND 252,089,517 as at 31 December 2024 (VND 216,089,487 as at 01 January 2024). Alternative audit procedures did not provide sufficient audit evidence for us to conclude the existence and completeness of these items on the financial statements as at 31 December 2024.

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- The Company has not yet assessed the recoverability of prepayments to suppliers of VND 503,321,375 as at 31 December 2024 (VND 503,321,375 as at 01 January 2024) and work in progress of VND 659,211,088 as at 31 December 2024 (VND 659,211,088 as at 01 January 2024). We have not obtained sufficient appropriate audit evidence regarding the above matter, therefore we are unable to evaluate the impact of this matter on the Company's financial statements as at 31 December 2024.
- As at 31 December 2024, the Company is recording the receivable from Indochina Resources Development Joint Stock Company under Joint Venture Contract No. 08/2011/HD-HTĐT dated 05 April 2011, regarding cooperation in construction investment, exploitation management, doing business of the ecological complex, commercial services, and sports project in Ta Thanh Oai commune, Thanh Tri District, Hanoi, with a balance of VND 21,050,429,167. However, the project has not been approved by competent authorities for implementation, and Indochina Resources Development Joint Stock Company has not fulfilled its obligation to make capital contributions to implement the project. Therefore, the Auditor did not conclude the rights and obligations related to the above receivable and their impact on other items in the financial statements.
- Other fixed assets are perennial trees with an original cost of VND 651,085,030 that have not been depreciated by the Company. With the available documents, we have not been able to collect sufficient appropriate evidence on the original cost of the above fixed assets as well as the estimated depreciation amount that needs to be set up. Accordingly, we are unable to assess the impact of this issue on the Company's Financial Statements for the fiscal year ended 31 December 2024.

Auditor's qualified opinion

In our opinion, except for the effects of the matter described in "Basis for qualified opinion" paragraph, the Financial Statements give a true and fair view, in all material respects, on the financial position of Mechanical Engineering Service Joint Stock Company as at 31 December 2024 as well as its operating results and cash flows for the financial year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting Regime and other relevant statutory requirements related to preparation and presentation of the Financial Statements.

Emphasis of matter

We would like to draw the readers' attention to Note 1, Part VIII Note to the Financial Statements, which describes that the Company's review of procedures related to the swap of an office building with an area of 1,124m² on a leased land area of 281m² at No. 4 Tran Hung Dao, paid annually, for the plan to rearrange and handle state-owned houses and land of the Mechanical Engineering Service One Member Company Limited and the plan to equitize the Mechanical Engineering Service Company Limited, ensuring compliance with the law.

This emphasis of matter does not change our qualified opinion.


Hanoi, 05 March 2025

Branch of MOORE AISC Auditing and Informatics Services Co., Ltd




Nguyen Thi Phuong
Deputy Director

*Audit Practising Registration Certificate
No. 4945-2024-005-1
Issued by Vietnam's Ministry of Finance*


Nguyen Thanh Tung
Auditor

*Audit Practising Registration Certificate
No. 4981-2024-005-1
Issued by Vietnam's Ministry of Finance*

BALANCE SHEET

As at 31 December 2024

Unit: VND

ASSETS	Code	Notes	31/12/2024	01/01/2024
A. CURRENT ASSETS	100		35,268,000,703	36,834,025,960
I. Cash and Cash equivalents	110	V.01	874,199,042	6,560,386,696
1. Cash	111		874,199,042	2,151,849,373
2. Cash equivalents	112		-	4,408,537,323
II. Short-term financial investments	120	V.02	18,058,320,059	13,852,856,595
1. Held-to-maturity investments	123		18,058,320,059	13,852,856,595
III. Short-term receivables	130		13,043,305,198	13,091,613,322
1. Short-term trade receivables	131	V.03	8,434,098,291	8,860,708,363
2. Short-term prepayments to suppliers	132	V.04	1,651,261,875	1,430,096,376
3. Other short-term receivables	136	V.05	9,281,468,639	9,124,332,190
4. Provision for short-term doubtful receivables	137	V.06	(6,323,523,607)	(6,323,523,607)
IV. Inventories	140	V.07	3,001,449,215	3,013,986,673
1. Inventories	141		3,108,525,203	3,121,062,661
2. Provision for devaluation of inventories	149		(107,075,988)	(107,075,988)
V. Other current assets	150		290,727,189	315,182,674
1. Deductible value added tax	152		117,010,079	140,012,451
2. Taxes and other receivables from the State	153	V.12	173,717,110	175,170,223
B. LONG-TERM ASSETS	200		133,033,795,847	133,935,383,986
I. Long-term receivables	210		21,292,238,604	21,063,117,599
1. Other long-term receivables	216	V.05	21,292,238,604	21,063,117,599
II. Fixed assets	220		65,001,557,243	66,132,266,387
1. Tangible fixed assets	221	V.08	51,565,580,243	52,696,289,387
- Cost	222		66,357,898,289	67,469,959,198
- Accumulated depreciation	223		(14,792,318,046)	(14,773,669,811)
2. Intangible fixed assets	227	V.09	13,435,977,000	13,435,977,000
- Cost	228		13,435,977,000	13,435,977,000
- Accumulated amortization	229		-	-
III. Long-term financial investments	250	V.02	46,740,000,000	46,740,000,000
1. Investments in joint ventures, associates	252		30,740,000,000	30,740,000,000
2. Equity investments in other entities	253		16,000,000,000	16,000,000,000
TOTAL ASSETS	270		168,301,796,550	170,769,409,946

BALANCE SHEET


As at 31 December 2024

Unit: VND

RESOURCES	Code	Notes	31/12/2024	01/01/2024
C. LIABILITIES	300		5,333,421,195	7,044,699,236
I. Current liabilities	310		4,969,052,795	6,607,330,836
1. Short-term trade payables	311	V.10	3,015,039,820	4,533,733,450
2. Short-term advances from customers	312	V.11	1,558,637,117	1,561,686,627
3. Payables to employees	314		-	15,047,550
4. Short-term accrued expenses	315		-	50,973,000
5. Other short-term payables	319	V.13	377,997,547	428,511,898
6. Bonus and welfare fund	322		17,378,311	17,378,311
II. Long-term liabilities	330		364,368,400	437,368,400
1. Other long-term liabilities	337	V.13	364,368,400	437,368,400
D. OWNERS' EQUITY	400		162,968,375,355	163,724,710,710
I. Owners' equity	410	V.14	162,968,375,355	163,724,710,710
1. Owners' contributed capital	411		186,000,000,000	186,000,000,000
- Common shares with voting rights	411a		186,000,000,000	186,000,000,000
2. Undistributed profit after tax	421		(23,031,624,645)	(22,275,289,290)
- Undistributed profit after tax accumulated to the end of the previous period	421a		(22,275,289,290)	(14,244,225,084)
- Undistributed profit after tax in the current period	421b		(756,335,355)	(8,031,064,206)
TOTAL RESOURCES	440		168,301,796,550	170,769,409,946



Tran Phuong Lan
Preparer



Nguyen Thi Van Ha
Chief Accountant



Cao Tien Dung
Chairman of the Board of Directors

Hanoi, 05 March 2025

INCOME STATEMENT

For the financial year ended 31 December 2024


Unit: VND

ITEMS	Cod	Notes	Year 2024	Year 2023
1. Revenue from goods sold and services rendered	01	VI.1	3,369,278,515	5,956,917,906
2. Revenue deductions	02		-	-
3. Net revenue from goods sold and services rendered	10		3,369,278,515	5,956,917,906
4. Cost of goods sold	11	VI.2	2,493,262,768	5,076,703,526
5. Gross profit from goods sold and services rendered	20		876,015,747	880,214,380
6. Financial income	21	VI.3	1,470,884,387	1,033,475,587
7. Financial expenses	22	VI.4	132,249	6,114
<i>In which: Interest expense</i>	23		-	-
8. Selling expenses	25	VI.5	221,948,320	378,162,622
9. General and administrative expenses	26	VI.5	3,125,850,939	9,539,289,211
10. Net profit from operating activities	30		(1,001,031,374)	(8,003,767,980)
11. Other income	31	VI.6	268,636,364	147,372,592
12. Other expenses	32	VI.7	23,940,345	174,668,818
13. Other profit (40 = 31 - 32)	40		244,696,019	(27,296,226)
14. Total accounting profit before tax	50		(756,335,355)	(8,031,064,206)
15. Current Corporate income tax expense	51	VI.9	-	-
16. Deferred Corporate income tax expense	52		-	-
17. Profit after Corporate income tax	60		(756,335,355)	(8,031,064,206)
18. Basic earnings per share	70	VI.10	(41)	(432)



Tran Phuong Lan
Preparer

Hanoi, 05 March 2025



Nguyen Thi Van Ha
Chief Accountant



Cao Tien Dung
Chairman of the Board of Directors

CASH FLOW STATEMENT

(Under indirect method)

For the financial year ended 31 December 2024

Unit: VND

ITEMS	Code	Notes	Year 2024	Year 2023
I. CASH FLOWS FROM OPERATING ACTIVITIES				
<i>1. Profit before tax</i>	01		(756,335,355)	(8,031,064,206)
<i>2. Adjustments for:</i>			(583,679,357)	6,552,594,756
- Depreciation of fixed assets and investment properties	02		1,130,709,144	1,155,345,998
- Provisions	03		-	6,430,599,595
- Gains/losses from foreign exchange differences upon revaluation of monetary items in foreign currencies	04		132,249	(837,257)
- Gains/losses from	05		(1,714,520,750)	(1,032,513,580)
<i>3. Profit from operating activities before changes in working capital</i>	08		(1,340,014,712)	(1,478,469,450)
- Increases, decreases in receivables	09		(278,941,502)	2,606,039,425
- Increases, decreases in inventories	10		12,537,458	60,623,705
- Increases and decreases in payables (other than interest payable and corporate income tax payable)	11		(1,711,278,041)	(395,951,953)
<i>Net cash flows from operating activities</i>	20		(3,317,696,797)	792,241,727
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Proceeds from disposals of fixed assets and other long-term assets	22		243,636,363	-
2. Loans granted, purchases of debt instruments of other entities	23		(11,408,554,690)	(4,100,265,960)
3. Collection of loans, proceeds from sales of debt instruments of other entities	24		7,203,091,226	1,200,000,000
4. Proceeds from loan interest, dividends and profit received	27		1,593,468,493	834,902,793
<i>Net cash flows from investing activities</i>	30		(2,368,358,608)	(2,065,363,167)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Net cash flows during the year</i>	50		(5,686,055,405)	(1,273,121,440)
<i>Cash and cash equivalents at the beginning of the year</i>	60		6,560,386,696	7,832,670,879
<i>Effect of exchange rate fluctuations</i>	61		(132,249)	837,257
<i>Cash and cash equivalents at the end of the year</i>	70	V.01	<u>874,199,042</u>	<u>6,560,386,696</u>

Tran Phuong Lan
Preparer

Hanoi, 05 March 2025

Nguyen Thi Van Ha
Chief Accountant



Cao Tien Dung
Chairman of the Board of Directors

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

I. BUSINESS HIGHLIGHTS**1. Establishment**

Mechanical Engineering Service Joint Stock Company (hereinafter referred to as "the Company"), formerly known as Mechanical Engineering Service One Member Co., Ltd., was equitized and transferred to Mechanical Engineering Service Joint Stock Company under Decision No. 1366/QĐ-UBND dated 18 March 2016 of the Hanoi People's Committee and operates under the Business Registration Certificate No. 0100106190 dated 4 April 2016 granted by the Hanoi Authority for Planning and Investment.

According to the 12th amended Business Registration Certificate dated 19 October 2022, the Company's charter capital is VND 186,000,000,000 (One hundred and eighty-six billion Vietnamese Dong).

Form of ownership

Joint Stock Company

Transaction name in English: MECHANICAL ENGINEERING SERVICE JOINT STOCK COMPANY

In short: MESC .,JSC

Securities code: MES (UpCom)

Head office: 8th Floor, Tower A, Sky Tower Complex, 88 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi.

2. Business sector

Construction and services.

3. Principal business lines

The Company's principal business activities are:

- Construction of public works;
- Landscape care and maintenance services. Details: Planting, caring for, nurturing trees, protecting, cutting down, relocating urban trees;
- Trading in real estates, land use rights of owners, users or lessees. Detail: Real estate business;
- Comprehensive support services. Details: Public services directly serving the urban public such as management, exploitation, and maintenance of urban technical infrastructure systems. Environmental sanitation and protection of ecological environment. Management of parks, trees. Urban lighting, water supply, drainage. Management of apartment buildings, management and operation of urban public lighting systems.

4. Normal operating cycle

Normal operating cycle of the Company lasts 12 months of the normal fiscal year beginning from 01 January and ending on 31 December.

5. Total employees as at 31 December 2024: 21 persons (As at 31 December 2023: 21 persons).**6. Enterprise's structure****6.1. List of joint ventures and associates**

As at 31 December 2024, the Company has one (01) associate as follows:

<i>Company's name</i>	<i>Address</i>	<i>Principal activities</i>	<i>Capital contribution ratio</i>	<i>Voting rights ratio (*)</i>
Sai Dong Land Joint Stock Company	Sai Dong Street, Viet Hung Ward, Long Bien District, Hanoi	Trading in real estates	15.37%	29%

(*) As at 31 December 2024, the Company held 5,800,000 voting shares in the associate, representing 29% of the charter capital, (comprising 3,074,000 fully paid-up shares and 2,726,000 shares subscribable at par value of VND 10,000 per share).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

7. Disclosure on the comparability of information in the Financial Statements:

The selection of figures and information needs to be presented in the Financial Statements based on the principles of comparability among corresponding accounting periods.

II. FINANCIAL YEAR AND REPORTING CURRENCY**1. Financial year**

The Company's financial year begins on 01 January and ends on 31 December annually.

2. Reporting currency

Vietnamese Dong (VND) is used as a currency unit for accounting records.

III. APPLICABLE ACCOUNTING STANDARDS AND REGIME**1. Applicable accounting regime**

The Company applies the Vietnamese Corporate Accounting Regime as guided in Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance and Circular No. 53/2016/TT-BTC dated 21 March 2016 amending and supplementing a number of articles of Circular No. 200/2014/TT-BTC

2. Disclosure of compliance with Vietnamese Accounting Standards and regime

We conducted our accounting, preparation, and presentation of the Financial Statements in accordance with Vietnamese Accounting Standards and System and other relevant statutory regulations. The Financial Statements give a true and fair view of the financial position of the Company and the results of its operations as well as its cash flows.

The selection of figures and information presented in the notes to the Financial Statements complies with the material principles in Vietnamese Accounting Standard No. 21 - "Presentation of the financial statements".

IV. APPLICABLE ACCOUNTING POLICIES**1. Types of exchange rates applied in accounting**

The Company converts foreign currencies into Vietnam Dong based on actual exchange rates and book rates.

Principles for determining actual exchange rates

Closing balance of monetary items (cash, cash equivalents, payables and receivables, except for prepayments to suppliers, advances from customers, pre-paid expenses, deposits and unearned revenue) denominated in foreign currencies should be revalued at the actual rate ruling at the balance sheet date.

Foreign exchange differences, which arise from foreign currency transactions during the year, shall be included in the income statement. Foreign exchange differences due to the revaluation of the monetary items in foreign currencies at the end of the financial year after offsetting their positive differences against negative differences shall be included in the operating result.

2. Principles for recording cash and cash equivalents

Cash includes cash on hand, demand deposits.

Cash equivalents comprise term deposits, short-term investments with an original maturity of three months or less since investment date, high liquidity and are able to convert to a known amount of cash and subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

3. Principles for accounting financial investments**Principles for accounting held-to-maturity investments**

Held-to-maturity investments include term bank deposits held to maturity for periodic interest.

Held-to-maturity investments are initially recognized at cost, including the purchase price and costs associated with the acquisition of the investments. After initial recognition, if provisions for doubtful debts have not been made as required by law, these investments are evaluated at their recoverable values. When there is firm evidence that part or all of the investment may not be recovered, the loss is recognized as financial expenses during the year and a decrease in the investment value.

Principles of recording financial investments in subsidiaries, associates

The investment in joint ventures is recorded when the Company holds joint control over these entities' financial and operating policies. When the Company ceases to control these entities, the investment will be written down.

The investments in associates are recognized when the Company holds from 20% to less than 50% of the voting rights of those companies and has considerable influence over their decisions on the financial and operating policies.

Investments in joint ventures, associates are initially recognized at cost and will not be adjusted thereafter for changes in investors' share of net assets of the investee. The historical cost comprises purchase cost and directly attributable expenses to the investment.

Provision for loss of investments in joint ventures, and associates is made when the investee suffers from loss leading to possible loss of capital of investor or the value of the investments is impaired. The basis for making provisions is based on the consolidated financial statements of the investee (if it is a parent company), and the investee's financial statements (if it is an independent enterprise without subsidiaries).

Principles for accounting equity investments in other entities

Equity investments in other entities are investments made by the Company in the equity instruments of another entity, but the Company has neither control nor significant influence over, nor joint control of, the investee.

Investments are recognized at cost, comprising purchase price and directly attributable acquisition costs. When investments are made in the form of non-monetary assets, the cost of the investment is recognized at the fair value of the non-monetary assets at the time of the transaction.

Regarding the investments the Company holds for a long time (not trading securities) and has insignificant influences over the investees, provision for the loss will be made as follows:

+ If an investment in listed shares or the fair value of the investment is determined reliably, the provision shall be made according to the market values of the shares.

+ If it is impossible to determine the investments' fair value at the reporting date, the provision will be made based on the loss that the investee suffers. The basis for making provision for loss of investments is the consolidated financial statements of the investee (if it is a parent company), and the investee's financial statements (if it is an independent enterprise without a subsidiary).

4. Principle for recording trade receivables and other receivables

Principle for recording receivables: At cost less provision for doubtful receivables.

The classification of the receivables as trade receivables, internal receivables and other receivables depends on the nature of the transaction or relationship between the company and the debtor.

Method of making provision for doubtful receivables: Provision for doubtful debts is estimated for the loss value of the receivables, other held-to-maturity investments similar to doubtful debts that are overdue and undue, but are likely to become possibly irrecoverable due to insolvency of debtors who go bankruptcy, making procedures for dissolution, go missing or run away, etc.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

5. Principle of recording inventories

Principle of recording inventories: Inventories are stated at cost less the provision for the devaluation and provision for obsolete or deteriorated inventories.

Costs of inventories are determined as follows:

- Raw materials and merchandise consists of purchase cost, transportation cost, and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods: comprise costs of raw materials, direct labor, and related overhead costs, which are allocated based on appropriate criteria.
- Work-in-progress: comprise costs of direct raw materials, direct labor, and manufacturing overhead costs incurred during the production process to conduct unfinished construction works.

Method of calculating value of inventory: Monthly weighted average method.

Method of accounting for the inventories: Perpetual method.

Method of making provision for the devaluation of inventories: Provision for the devaluation of inventories is made when the net realizable value of inventories is lower than their original cost. Net realizable value is the estimated selling price less the estimated costs of completion and selling expenses. Provision for the devaluation of inventories is the difference between the cost of inventories greater than their net realizable value. Provision for the devaluation of inventories is made for each inventory with the cost greater than the net realizable value.

6. Principle for recording and depreciating fixed assets

Principle of recording tangible fixed assets

Tangible fixed assets are stated at the original cost less accumulated depreciation. The original cost of a tangible fixed asset comprises all expenditures of bringing the asset to its working condition and location for its intended use. The expenditures incurred after initial recognition are only capitalized if they generate future economic benefits from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the period.

When the assets are sold or disposed of, their original costs and the accumulated depreciation which have been written off, and any gain or loss from the disposal of assets are recorded as income or expense during the period.

Determination of original cost in each case:

Tangible fixed assets purchased

The original cost of purchased tangible fixed assets shall consist of the actual purchase price (less (-) trade discounts or reduction), taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation such as fees for installation and trial operations, specialists and other direct costs.

Principles for recording intangible fixed assets

Intangible fixed assets are stated at the original cost less accumulated amortization. The original cost of an intangible fixed asset comprises all costs incurred by the enterprise to acquire that asset from the date of its operation as expected.

Determination of original cost in each case:

Land use right

The original cost of intangible fixed assets, which are land use rights, is the amount paid when acquiring legitimate land use rights from others, compensation costs, land clearance costs, ground leveling costs, registration fees, etc. (or the value of land use rights received as joint venture capital contributions).

Method of depreciating fixed assets

Fixed assets are depreciated on straight line basis over their estimated useful lives. Useful life means the duration in which the tangible fixed assets produce their effect on production and business.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

Estimated useful lives of the fixed assets are as follows:

Factories, structures	05- 50 years
Means of transportation	06 - 10 years
Management equipment, tools	03 - 10 years

7. Principles for recording liabilities

Liabilities are recorded at the original cost and not lower than the payment obligation.

The Company classifies liabilities into trade payables, internal payables and other payables depending on the nature of transactions and the relationship between the Company and debtors.

Liabilities must be recorded in detail according to the payment schedule, creditor, original currency (including the revaluation of liabilities that meet the definition of monetary items denominated in foreign currencies) and other factors as per the Company's management

At the reporting date, if it is evident that there is an unavoidable loss, an amount payable will be immediately recorded under prudent principles.

8. Principles for recording payables to employees, salary policies, and compulsory insurance

Salaries are calculated and accrued as expenses during the period based on labor contracts and the Company's salary regulations. Accordingly, social insurance, health insurance, and unemployment insurance are also accrued at rates of 25.5%, 4.5%, and 2% of employees' salaries, respectively. The Company recognizes an expense for social insurance, health insurance, and unemployment insurance at 21.5% of salaries, while 10.5% is withheld from employees' salaries.

Salaries paid to employees are stipulated in labor contracts.

9. Principles for recording accrued expenses

Accrued expenses include costs associated with production and business suspension, interest expenses, provisions for cost of goods sold and finished real estate products, and accrued annual leave pay, which have been incurred during the reporting period but not yet settled. These expenses are recorded based on reasonable estimates of the amounts payable pursuant to specific contracts and agreements.

10. Principles for recording unearned revenue

Unearned revenue refers to revenue that will be recorded in proportion to the obligations that the Company must perform in one or more following accounting periods.

Unearned revenue includes advances from customers in advance for one or more accounting periods related to property rentals; prepaid interest on loans or purchasing debt instruments; the difference between installment sales price and cash sales price; revenue corresponding to the value of goods, services or discounts granted to customers through loyalty programs...

11. Principles for recording owners' equity**Principle for recording owners' contributed capital**

The owner's contributed capital is the amount contributed by members and supplemented from post-tax profit from operating activities. The owner's equity will be recorded at the contributed capital by cash or assets in the early establishment period or additional mobilization to expand the operation.

The owners' capital is the amount initially contributed by members and supplemented by shareholders. Owner's capital is recorded at the contributed capital by cash or assets calculated at the par value of shares issued in the early establishment period or additional mobilization to expand the operation.

Owner's capital is formed by the State's allocation of capital, mobilized from enterprises within the Corporation, capital invested by the parent company in subsidiaries, differences due to asset revaluation or supplemented from funds, and deducted from after-tax profits of the operating activities. Capital contribution is recorded based on the amount of capital allocated by the State Budget.

Principles for recording undistributed profit:

Undistributed profit after tax is recorded at the profit (loss) from the Company's result of operation after deducting the current corporate income tax expense and the adjusted items due to the retroactive application of changes in accounting policy and adjustments for material misstatement of the previous years.

The distribution of profits is based on the Company's charter and approved by the Annual General Meeting of Shareholders.

NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2024**Unit: VND***12. Principles and methods for recording revenues and other income****Principles and methods for recording revenue from services rendered**

Revenue from a service rendered is recognized when the transaction results can be measured reliably. In a case where the services are rendered in several periods, the revenue will be recorded by the part of completed works at the balance sheet date. Revenue from services rendered is recognized when all four (4) of the following conditions are satisfied simultaneously: 1. The revenue is determined firmly. When the contract specifies that buyers are entitled to return the service they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have the right to return the service; 2. The economic benefits associated with the transaction have flown or will flow from the supply of the service; 3. Part of completed works can be determined at the balance sheet date; 4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the contract result cannot be determined reliably, revenue will only be recognized at the recoverable amounts of the recognized costs.

Principles for recording revenue from construction contracts

Revenue from a construction contract comprises: Initial revenue recognized in the contract; and increases or decreases when executing the contract, bonuses and other payments if these items are likely to change revenue and can be reliably determined. Revenue from a construction contract is measured at the fair value of the amounts received or to be received. The determination of contract revenue is affected by many uncertain factors because they depend on future events. Estimates often need to be revised as these events occur and uncertainties are resolved. Therefore, contract revenue may increase or decrease over time.

Principles and methods for recording revenue from leasing assets

Revenue from leasing assets is recorded under the principle of allocating the prepaid rental income over the rental period.

In cases where the lease period accounts for more than 90% of the asset's useful life, the Company applies the method of recognizing revenue at once for the entire prepaid lease amount when the following four conditions are simultaneously met: 1. The lessee does not have the right to unilaterally terminate the lease contract, and the lessor has no obligation to refund the prepaid amount under any circumstances or in any form. 2. The prepaid lease amount is not less than 90% of the total estimated lease amount to be collected under the contract during the lease term, and the lessee must pay the full lease amount within 12 months from the start of the lease. 3. Almost all risks and benefits associated with ownership of the leased asset have been transferred to the lessee. 4. The cost of the leasing activity can be relatively estimated.

Principles and methods for recording financial income

Financial Income includes interests, royalties, dividends and profit received, and other financial income (investment in trading securities, liquidation of joint venture capital contributions, investment in associates, subsidiaries, other capital investments; foreign exchange gains; and capital transfer gains), etc.

Revenue from interest, royalties, dividends and profit received is recognized when both of the two following conditions are satisfied: 1. It is possible to obtain benefits from the transaction; 2. Revenue is determined with relative certainty.

- Interest income is recognized based on the time and actual interest rates in each period.

- Dividends and profits received are recorded when shareholders are entitled to receive dividends or capital contributors are entitled to receive profits from capital contribution.

When an amount that has been recorded as an income becomes irrecoverable, such irrecoverable or uncertainly recoverable amount must be recorded as an expense incurred in the period, but not recorded as an income decrease.

13. Principles and methods for recording cost of goods sold

The cost of goods sold reflects the costs of goods, products and services, investment properties; the production cost of construction products (for construction companies) sold in the period; Costs related to real estate business activities, and other costs recorded in the cost of goods sold or recorded as a decrease in the cost of goods sold in the reporting period. The cost of goods sold is recorded at the date the transaction incurs or is likely to incur in the future regardless of whether payment has been made or not. The cost of goods sold and revenue shall be recorded simultaneously on the matching principle. Expenses exceeding normal consumption levels are recorded immediately to the cost of goods sold on a prudent principle.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

14. Principles and methods for recording Corporate income tax expense

Corporate income tax expense includes current corporate income tax and deferred corporate income tax incurred in the year, which sets a basis for determining operating results after tax in the current fiscal year.

Current Corporate tax expense is the tax payable on the taxable income and tax rate enacted in the current year.

The tax payables to the State budget will be finalized with the tax office. The difference between the tax payables specified in the book and the tax amounts under finalization will be adjusted when the tax finalization has been issued by the tax office.

15. Principles for recording earnings per share

Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to common shareholders, after deducting the Bonus and Welfare Fund established during the period, by the weighted-average number of common shares outstanding during that period.

Diluted EPS is calculated by dividing profit or loss after tax attributable to common shareholders (after adjusting for dividends on preferred convertible shares) by the weighted average number of common shares outstanding during the period and the weighted average number of the common shares will be issued in the case where all dilutive potential common are converted into common shares.

16. Financial instruments**Initial recognition:*****Financial assets***

According to Circular No. 210/2009/TT-BTC dated 06 November 2009 (Circular No. 210) by the Ministry of Finance, financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial assets which are stated at fair value through the Income Statement, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company decides to classify these assets at the date of initial recognition.

At the date of initial recognition, financial assets are recognized at cost plus directly related transaction costs.

Financial assets of the Company comprise cash, short-term deposits, trade receivables and other receivables, loans, listed and unlisted financial instruments and derivative financial instruments.

Financial liabilities

Financial liabilities under Circular 210, for financial statement disclosure purposes, are appropriately classified into financial liabilities recognized through the Income Statement and financial liabilities measured at amortized cost. The Company determines the classification of financial liabilities at the time of initial recognition.

All financial liabilities are initially recognized at cost plus directly related transaction costs.

Financial liabilities of the Company comprise trade payables, other payables, borrowings and liabilities and derivative financial instruments.

Value after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the financial statements if, and only if, there is a currently enforceable legal right to offset the financial assets against financial liabilities or vice-versal and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

17. Related parties

Related parties include enterprises and individuals that directly or indirectly through one or more intermediaries, control, or are under control of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel such as Board of Directors, Board of Management and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

V. ADDITIONAL INFORMATION FOR ITEMS IN THE BALANCE SHEET**1. Cash and cash equivalents**

	<u>31/12/2024</u>	<u>01/01/2024</u>
Cash	874,199,042	2,151,849,373
Cash on hand	40,188,950	117,247,991
Demand deposits	834,010,092	2,034,601,382
Cash equivalents	-	4,408,537,323
Term deposits of 3 months or less (*)		4,408,537,323
	<u>874,199,042</u>	<u>6,560,386,696</u>

2. Financial investments**a) Held to maturity investments**

	<u>31/12/2024</u>		<u>01/01/2024</u>	
	Cost	Book value	Cost	Book value
Short-term investments	18,058,320,059	18,058,320,059	13,852,856,595	13,852,856,595
- Term deposits	18,058,320,059	18,058,320,059	13,852,856,595	13,852,856,595
	<u>18,058,320,059</u>	<u>18,058,320,059</u>	<u>13,852,856,595</u>	<u>13,852,856,595</u>

Held-to-maturity investments represent deposits in commercial banks with an original term of six (06) months with interest rates ranging from 2.9%/year to 5.6%/year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

2. Financial investments

b) Equity investments in other entities

	31/12/2024		01/01/2024	
	Cost	Fair value (*)	Provision	Fair value (*)
Investments in Joint ventures, associates	30,740,000,000	-	-	30,740,000,000
- Sai Dong Land Joint Stock Company	30,740,000,000	-	-	30,740,000,000
Other investments	16,000,000,000	-	-	16,000,000,000
- Tu Hiep Hong Ha Petroleum Joint Stock Company	16,000,000,000	-	-	16,000,000,000
	46,740,000,000	-	-	46,740,000,000

(*) The Company has not determined the fair value of these financial investments as Vietnamese Accounting Standards and Vietnamese Enterprise Accounting Regime have not yet provided specific guidance on determining fair value.

- *The operation of joint ventures, associates, and significant transactions between related parties during the year.*

Sai Dong Land Joint Stock Company

Sai Dong Land Joint Stock Company was established and operates under Business Registration Certificate No. 0106894004, first issued on 6 July 2015 by the Hanoi Authority for Planning and Investment and 5th amended certificate on 7 September 2020. The company's principal business lines are real estate trading, construction of civil engineering works, and entertainment services.

Company's name	31/12/2024		01/01/2024	
	Cost of investment	Contribution ratio	Voting rights ratio	Contribution ratio
- Sai Dong Land Joint Stock Company	30,740,000,000	15.37%	29%	15.37%
				29%

In 2024, the Company received dividends from Sai Dong Land Joint Stock Company for the year 2023 as well as additional dividend payments for the 2021 and 2022 with a total amount of VND 514,216,470.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

3. Short-term trade receivables

	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
- Civil Engineering Construction Corporation No.8	1,690,837,405	(1,690,837,405)	1,690,837,405	(1,690,837,405)
- Long Bien District Construction Investment Project Management Board	1,289,373,000	-	1,289,373,000	-
- Contrexim Investment and Construction Joint Stock Company No. 8	942,621,200	(942,621,200)	942,621,200	(942,621,200)
- Others	4,511,266,686	(2,909,048,377)	4,937,876,758	(2,909,048,377)
	8,434,098,291	(5,542,506,982)	8,860,708,363	(5,542,506,982)

4. Short-term prepayments to suppliers

	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
- Thang Loi Joint Stock Company	328,000,000	-	268,000,000	-
- New Wealth Electric Mechanism Trading Joint Stock Company	237,000,000	-	237,000,000	-
- Lam Vien Vietnam Joint Stock Company	211,521,000	-	211,521,000	-
- HTK Thien Minh Joint Stock Company	165,440,500	-	133,775,000	-
- CPA Valuation Joint Stock Company	166,000,000	-	166,000,000	-
- Others	543,300,375	-	413,800,376	-
	1,651,261,875	-	1,430,096,376	-

5. Other receivables

	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
a) Short-term				
- Receivables from equitization	164,045,431	-	155,385,322	-
- Estimated interest earned	209,358,014	-	331,942,120	-
- Advances	128,659,066	-	138,350,221	-
- Other receivables	8,779,406,128	-	8,498,654,527	-
<i>Receivables from Project Management Board (i)</i>	6,095,935,282	-	6,095,935,282	-
<i>Security guards at the Waste Treatment Plant (ii)</i>	1,788,532,169	-	1,466,761,618	-
<i>Advances from employees (iii)</i>	781,016,625	(781,016,625)	781,016,625	(781,016,625)
<i>Non-deductible VAT</i>	87,728,447	-	127,795,932	-
<i>Receivables for employee social insurance</i>	26,193,605	-	27,145,070	-
	9,281,468,639	(781,016,625)	9,124,332,190	(781,016,625)
b) Long-term				
- Indochina Resources Development Joint Stock Company (iv)	21,050,429,167	-	21,050,429,167	-
- Song Hong Joint Stock Company (v)	241,809,437	-	12,688,432	-
	21,292,238,604	-	21,063,117,599	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

5. Other receivables (continued)

(i), (ii): These expenses relate to the implementation of the Project on the land in Tả Thanh Oai commune, Thanh Tri District, Hanoi. This land previously belonged to the Waste Treatment Plant construction project, which the Company was the investor. In 2013, Hanoi City had a policy to study and develop the "Ecological Urban Complex, Commercial Services, and Sports Project". All related expenses incurred will be collected and allocated to the parties when the project on this land is approved by the competent authority for implementation.

(iii) These are advances from resigned employees:

- The Advance from Pham Thanh Son: An amount of VND 560,340,000 originated from 2002 when Mr. Cao Van Son (The Company's Director) signed a land purchase contract with Mr. Nguyen Huu Bang using Pham Thanh Son's advance - an employee of the Company. Mr. Pham Thanh Son retired from the Company in 2005. This debt was transferred between Director Cao Van Son and Director Nguyen Quoc Dam during the company's transformation in 2005. In November 2017, Mr. Nguyen Quoc Dam retired, this debt has not been resolved. This debt is currently unlikely to be recovered.
- The advance debt of Mr. Nguyen Tien Thanh of VND 83,676,625 arose in 2005 when Mr. Nguyen Tien Thanh is an employee of the Brick Factory. In October 2007, Mr. Nguyen Tien Thanh voluntarily resigned from the Company when he was disciplined by the Company for collecting debts for brick purchases from customers but not submitting them to the Company. This debt is currently unrecoverable.

(iv) Receivables under Joint Venture Contract No. 08/2011/HD-HTDT dated 5 April 2011 on cooperation in investment, construction, management, exploitation and operation of the Ecological complex, commercial services, and sports project in Ta Thanh Oai Commune, Thanh Tri District, Hanoi. This receivable has been recorded as an increase in State capital with the corresponding value under Decision No. 3468/QĐ-UBND dated 24 July 2015 of the Hanoi People's Committee on approving the enterprise value and equitization plan of Mechanical Engineering Service One Member Company Limited. On 4 April 2023, Indochina Resources Development Joint Stock Company confirmed in writing that "as soon as the competent authority approves the Project, Indochina Resources Development Joint Stock Company is approved as a member to participate in the implementation of the Project, Indochina Resources Development Joint Stock Company commits to pay all expenses as agreed upon in the Investment Cooperation Contract.

(v) Land rental payment on behalf of Song Hong Joint Stock Company.

6. Bad debts

	31/12/2024		01/01/2024	
	Cost	Recoverable amount	Cost	Recoverable amount
+ Trade receivables	5,542,506,982	-	5,542,506,982	-
Construction Enterprise 60 - Construction Company 665	472,037,400	-	472,037,400	-
Construction Investment 808 Joint Stock Company	628,878,915	-	628,878,915	-
Contrexim Investment and Construction Joint Stock Company No. 8	942,621,200	-	942,621,200	-
Civil Engineering Construction Corporation No.8	1,690,837,405	-	1,690,837,405	-
Others	1,808,132,062	-	1,808,132,062	-
+ Other receivables	781,016,625	-	781,016,625	-
Mr. Pham Thanh Son	560,340,000	-	560,340,000	-
Mr. Pham Minh Nam	137,000,000	-	137,000,000	-
Mr. Nguyen Tien Thanh	83,676,625	-	83,676,625	-
	6,323,523,607	-	6,323,523,607	-

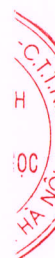
NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

7. Inventories

	31/12/2024		01/01/2024	
	Cost	Provision	Cost	Provision
- Raw materials	138,412,400	-	138,412,400	-
- Work in progress	659,211,088	-	659,211,088	-
- Finished products	109,995,491	(15,315,491)	109,995,491	(15,315,491)
- Merchandise	2,200,906,224	(91,760,497)	2,213,443,682	(91,760,497)
	3,108,525,203	(107,075,988)	3,121,062,661	(107,075,988)



MECHANICAL ENGINEERING SERVICE JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

8 . Tangible fixed assets

	Buildings, structures	Means of transportation	Management fixed assets	Other intangible fixed assets	Total
Original cost					
Opening balance	62,269,514,534	4,383,516,907	165,842,727	651,085,030	67,469,959,198
- Disposals, resales	-	(1,112,060,909)	-	-	(1,112,060,909)
Closing balance	62,269,514,534	3,271,455,998	165,842,727	651,085,030	66,357,898,289
Accumulated depreciation					
Opening balance	10,443,439,203	4,164,387,881	165,842,727	-	14,773,669,811
- Depreciated for the year	1,016,380,956	114,328,188	-	-	1,130,709,144
- Disposals, resales	-	(1,112,060,909)	-	-	(1,112,060,909)
Closing balance	11,459,820,159	3,166,655,160	165,842,727	-	14,792,318,046
Net book value					
Opening balance	51,826,075,331	219,129,026	-	651,085,030	52,696,289,387
Closing balance	50,809,694,375	104,800,838	-	651,085,030	51,565,580,243

- Original cost of fixed assets at the end of the year fully depreciated but are still in use: VND 4,267,614,810.

- Of which, the site clearance cost of VND 17,607,916,631 was finalized by the Hanoi Department of Finance. This is the cost incurred related to compensation for crops and site clearance for land belonging to the Waste Treatment Plant Project. Currently, the Waste Treatment Plant Project was halted under Document No. 756/UBND-KH&DT dated 7 February 2007 by the Hanoi People's Committee and the Company is now in the process of proposing a policy to change the land use purpose to establish a new investment project aligned with Thanh Tri District's master plan at a scale of 1/5000 approved by the Hanoi People's Committee since 29 June 2009. Therefore, the Company does not depreciate this asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

9. Intangible fixed assets

The Company's intangible asset is the ownership value of 1,000 m2 of office space to be formed in the future, worth VND 13,435,977,000, according to the Business Cooperation Contract No. 27/2015/HTKD/CD-DXMB&MS dated 31 March 2015 to implement the Mixed-Function Complex Project (High-rise residential area combined with commercial services, low-rise housing and kindergarten) at Sai Dong Street, Viet Hung Ward, Long Bien District, Hanoi. This is the asset that the Company will manage and use in the future when implementing the business cooperation contract and has been recorded as an increase in state capital with the corresponding value under Decision No. 3468/QD-UBND dated 24 July 2015 of the Hanoi People's Committee on approving the enterprise value and equitization plan of Mechanical Engineering Service One Member Company Limited.

10. Short-term trade payables

	31/12/2024		01/01/2024	
	Value	Recoverable amount	Value	Recoverable amount
- Minh Khoi Production and Landscape Service Joint Stock Company	870,704,852	870,704,852	870,704,852	870,704,852
- Xuan Vinh Co., Ltd	713,021,900	713,021,900	713,021,900	713,021,900
- Others	1,431,313,068	1,431,313,068	2,950,006,698	2,950,006,698
	3,015,039,820	3,015,039,820	4,533,733,450	4,533,733,450

11. Short-term advances from suppliers

	31/12/2024	01/01/2024
- 68 Trading Construction and Service Joint Stock Company	1,306,547,600	1,306,547,600
- Others	252,089,517	255,139,027
	1,558,637,117	1,561,686,627

12. Taxes and payables to the State

	01/01/2024	Payables during the year	Paid during the year	31/12/2024
a. Payables				
- Land tax, land rental fees	-	229,121,005	229,121,005	-
- Other taxes	-	3,000,000	3,000,000	-
Total	-	232,121,005	232,121,005	-
b. Receivables				
- Corporate income tax	8,183,852	-	-	8,183,852
- Personal income tax	166,986,371	1,453,113	-	165,533,258
Total	175,170,223	1,453,113	-	173,717,110

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

12. Taxes and payables to the State (continued)

Value added tax

The company pays value-added tax using the deduction method. The value-added tax rates are as follows:

	Tax rates
- Value added tax rate for landscape maintenance activities	Not subject to tax
- Value added tax rate for real estate leasing activities	10%
- Value added tax rate for construction repair and other activities:	10%;8%

Corporate income tax rate

Income from business activities is subject to corporate income tax at a rate of

Land rental fee

13. Other payables

	<u>31/12/2024</u>	<u>01/01/2024</u>
a) Short-term		
- Payable for insurance premium refund	165,272,015	221,391,130
- Overpaid personal income tax	192,580,528	189,850,528
- Others	20,145,004	17,270,240
	<u>377,997,547</u>	<u>428,511,898</u>
b) Long-term		
- Long-term deposits, collaterals	364,368,400	437,368,400
	<u>364,368,400</u>	<u>437,368,400</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

14. Owners' equity

a) Reconciliation table of changes in Owners' equity

	Owners' contributed capital	Undistributed Profit after tax	Total
Previous year opening balance	186,000,000,000	(14,244,225,084)	171,755,774,916
Loss from previous years	-	(8,031,064,206)	(8,031,064,206)
Previous year closing balance	186,000,000,000	(22,275,289,290)	163,724,710,710
Current year opening balance	186,000,000,000	(22,275,289,290)	163,724,710,710
Loss for the year	-	(756,335,355)	(756,335,355)
Current year closing balance	186,000,000,000	(23,031,624,645)	162,968,375,355

b) Detail of owners' contributed capital

	Closing balance	Rate	Opening balance	Rate
	VND	%	VND	%
State capital	183,938,000,000	98.9%	183,938,000,000	98.9%
Other shareholders	2,062,000,000	1.1%	2,062,000,000	1.1%
	186,000,000,000	100%	186,000,000,000	100%

c) Capital transactions with owners and distribution of dividends, profit

	Year 2024	Year 2023
Contributed capital of owners		
- At the beginning of the year	186,000,000,000	186,000,000,000
- At the end of the year	186,000,000,000	186,000,000,000

d) Shares

	31/12/2024	01/01/2024
Number of registered shares	18,600,000	18,600,000
Number of shares issued and fully contributed	18,600,000	18,600,000
- Common shares	18,600,000	18,600,000
Number of shares in circulation	18,600,000	18,600,000
- Common shares	18,600,000	18,600,000
Par value of share in circulation: VND per share	10,000	10,000

15. Off-balance sheet items

Foreign currencies

	VND Converted	31/12/2024	01/01/2024
- USD	19,283,431	763.67	776.87
- EUR	6,557,065	251.10	261.26

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

1. Revenue from goods sold and services rendered

	Year 2024	Year 2023
Revenue from services rendered	3,369,278,515	5,956,917,906
	<u>3,369,278,515</u>	<u>5,956,917,906</u>

2. Cost of goods sold

	Year 2024	Year 2023
Cost of services rendered	2,493,262,768	5,076,703,526
	<u>2,493,262,768</u>	<u>5,076,703,526</u>

3. Financial income

	Year 2024	Year 2023
Interest from loans, deposits	716,667,917	1,032,513,580
Dividends, profit received	754,216,470	-
Foreign exchange gain during the year	-	124,750
Foreign exchange gain due to revaluation of closing balance	-	837,257
	<u>1,470,884,387</u>	<u>1,033,475,587</u>

4. Financial expenses

	Year 2024	Year 2023
Foreign exchange loss during the year	-	6,114
Foreign exchange loss due to revaluation of closing balance	132,249	-
	<u>132,249</u>	<u>6,114</u>

5. Selling expenses and General and administrative expenses

a. Selling expenses

	Year 2024	Year 2023
Labor costs	168,104,315	165,140,524
External service costs	53,844,005	213,022,098
	<u>221,948,320</u>	<u>378,162,622</u>

b. General and administrative expenses

Labor costs	1,297,374,911	1,208,633,512
Fixed asset depreciation	709,023,569	524,107,981
Provision expenses	-	6,323,523,607
Taxes, fees, charges	3,000,000	3,000,000
External service costs	784,022,464	527,153,643
Other costs in cash	332,429,995	952,870,468
	<u>3,125,850,939</u>	<u>9,539,289,211</u>

6. Other income

	Year 2024	Year 2023
Income from the disposals, resales of fixed assets	243,636,363	-
Fines collected	-	80,000,000
Others	25,000,001	67,372,592
	<u>268,636,364</u>	<u>147,372,592</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

7. Other expenses

	<u>Year 2024</u>	<u>Year 2023</u>
Penalties	23,936,823	105,150,000
Others	3,522	69,518,818
	<u>23,940,345</u>	<u>174,668,818</u>

8. Business costs by factor

	<u>Year 2024</u>	<u>Year 2023</u>
Raw material cost	924,777,985	2,262,904,202
Labor costs	1,465,479,226	1,691,520,147
Fixed asset depreciation	1,130,709,144	1,155,345,998
External service costs	1,263,104,650	2,389,202,968
Other costs in cash	335,429,995	1,313,214,717
	<u>5,119,501,000</u>	<u>8,812,188,032</u>

9. Current Corporate income tax expense

	<u>Year 2024</u>	<u>Year 2023</u>
<i>Corporate income tax from main operating activities</i>		
Total accounting profit before Corporate income tax	(756,335,355)	(8,031,064,206)
Adjustments to increase	23,940,345	174,668,818
- <i>Non-deductible expenses</i>	23,940,345	174,668,818
Adjustments to decrease	(754,216,470)	-
- <i>Dividends, profit received</i>	(754,216,470)	-
Taxable income	<u>(1,486,611,480)</u>	<u>(7,856,395,388)</u>
Current Corporate income tax expense (at a rate of 20%)	<u>-</u>	<u>-</u>

10. Basic earnings per share

The calculation of basic earnings per share (EPS) distributable to the common shareholders of the Company is based on the following data:

	<u>Year 2024</u>	<u>Year 2023</u>
	VND	VND
Net profit after tax	(756,335,355)	(8,031,064,206)
Adjustments	-	-
Profit attributable to common shareholders	(756,335,355)	(8,031,064,206)
Average number of common shares outstanding during the year	18,600,000	18,600,000
Basic earnings per share	<u>(41)</u>	<u>(432)</u>

NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2024**Unit: VND***VII FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES**

The risks from financial instruments include market risk, credit risk and liquidity risk.

The Board of Management considers the application of management policies for the above risks as follows:

1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. There are three market risks: interest rate risk, foreign exchange risk and other price risks, for example, risk of stock price. Financial instruments affected by the market risks include borrowings and liabilities, deposits, and available-for-sale investments.

The following sensitivity analyses relate to the financial position of the Company as at 31 December 2024 and 31 December 2023.

These sensitivity analyses have been prepared assuming that the value of net liabilities, the ratio of fixed-rate to floating-rate debt, and the correlation between financial instruments denominated in foreign currency remain unchanged.

When calculating these sensitivity analyses, the Board of Management assumes that the sensitivity of debt instruments classified as available-for-sale on the balance sheet and related items in the income statement is affected by changes in assumptions regarding the corresponding market risks. This analysis is based on the financial assets and liabilities held by the Company at 31 December 2024 and 31 December 2023.

Stock price risk

The listed and unlisted shares held by the Company are exposed to market risks arising from the uncertainty of the future investment value. The Company manages the stock price risk by setting investment limits. The Company's Board of Directors also reviews and approves decisions to invest in shares.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the exchange rate. The Company bears risks due to changes in the exchange rate of currencies other than VND related directly to the Company's operating activities.

The Company manages foreign currency risk by considering current and expected market conditions when planning future transactions in foreign currencies. The Company does not use any derivative financial instruments to hedge its foreign currency risks.

Sensitivity to foreign currency

The Company has not performed a sensitivity analysis for foreign currencies as the risk of changes in foreign currencies at the balance sheet date is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks due to changes in the interest rate of the Company mainly relate to: borrowings and liabilities, cash, and short-term deposits.

Sensitivity to interest rate

Sensitivity to interest rate

The Company has not performed a sensitivity analysis for interest rate as the risk of changes in interest rate at the balance sheet date is not significant.

Property risk

The Company determined the following risks related to its real estate investment portfolio: (i) development project costs may increase if there are delays in the planning process. The Company hires consultants who specialize in specific planning requirements within the project scope to mitigate risks that may arise during the planning process; (ii) the risk of the fair value of the real estate portfolio due to market and buyer fundamentals.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

2. Credit risk

Credit risk is the risk that one party to a financial instrument or customer contract will cause a financial loss for the other party by failing to discharge an obligation. The Company bears credit risks from operating activities (mainly trade receivables) and from its financial activities including bank deposits, foreign exchange operations and other financial instruments.

Trade receivables

The Company minimizes the credit risk by only doing business with entities that have a good financial capacity and closely keeping track of the liabilities to speed up the recovery of debts. On the basis of this method and receivables related to different customers, the credit risk does not concentrate on a certain customer.

Bank deposits

The company mainly maintains deposits at large and prestigious banks in Vietnam. The Company finds that the concentration of credit risk on bank deposits is low.

The Company's Board of Management considers that the majority of financial assets are within limit and not impaired as these financial assets relate to reputable customers with good creditworthiness.

3. Liquidity risk

Liquidity risk is the risk that arises from difficulty in fulfilling financial obligations due to a lack of capital. The liquidity risk of the Company mainly arises from the difference in the maturity of the financial assets and liabilities.

The Company supervises liquidity risk by maintaining an amount of cash, cash equivalents and borrowings from banks at the level that the Board of Management considers sufficient to satisfy the Company's activities and minimize influences of changes in cash flows.

The following table summarizes liquidity deadline of the Company's financial liabilities on the basis of estimated payments in accordance with contract which are not discounted:

	Less than 1 year	From 1 to 5 years	Over 5 years	Total
As at 31/12/2024				
Trade payables, other payables	3,035,184,824	364,368,400	-	3,399,553,224
	3,035,184,824	364,368,400	-	3,399,553,224
As at 01/01/2024				
Borrowings and	-	-	-	-
Trade payables, other payables	4,962,245,348	437,368,400	-	5,399,613,748
Accrued expenses	50,973,000	-	-	50,973,000
	5,013,218,348	437,368,400	-	5,450,586,748

The Company can access capital sources and loans due within 12 months can be rolled over with existing lenders.

Secured assets

The Company had no financial assets pledged to others, nor received pledges from others as at 31 December 2024 and 31 December 2023.

The Company did not hold any third-party collaterals as at 31 December 2024 and 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

4. Financial assets and liabilities

The fair value of financial assets and financial liabilities is stated at the value that the financial instruments are convertible in present transaction among partners, except for compulsory sale or disposal.

The Company uses the following methods and assumptions to estimate the fair value:

The fair value of cash on hand and short-term deposits, trade receivables, trade payables and other short-term liabilities is equivalent to the book value of these items because these instruments are in short-term.

Fair value of listed securities and financial debt instruments is determined at market value.

For unlisted securities that are frequently traded, the fair value is determined as the average price quoted by three independent securities companies at the end of the financial year.

Fair value of securities and financial investments for which fair value cannot be determined with certainty due to the lack of a highly liquid market for these securities, these financial investments are presented at book value.

Except for the items mentioned above, fair value of long-term financial assets and long-term financial liabilities has not been formally assessed and determined at 31 December 2024 and 31 December 2023. However, the Company's Board of Management assesses that the fair value of these financial assets and financial liabilities is not materially different from their book value at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

The table below presents the book value and fair value of the financial instruments presented in the Company's financial statements.

	Book value		Fair value	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	Value	Provision	Value	Provision
Financial assets				
- Held-to-maturity investments	18,058,320,059	-	13,852,856,595	-
- Trade receivables	8,434,098,291	(5,542,506,982)	8,860,708,363	(5,542,506,982)
- Long-term investments (*)	16,000,000,000	-	16,000,000,000	-
- Other receivables	30,445,048,177	(781,016,625)	30,049,099,568	(781,016,625)
- Cash and cash equivalents	874,199,042	-	6,560,386,696	-
TOTAL	73,811,665,569	(6,323,523,607)	75,323,051,222	(6,323,523,607)
Financial liabilities				
- Trade payables	3,015,039,820	-	4,533,733,450	-
- Other payables	384,513,404	-	865,880,298	-
- Other financial liabilities	-	-	50,973,000	-
TOTAL	3,399,553,224	-	5,450,586,748	-

(*) Restated opening balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

VIII. OTHER INFORMATION

1. Contingent liabilities, commitments, and other financial information

Pursuant to Notice No. 610/TB-VP of the Hanoi City People's Committee, the Company and Song Hong Joint Stock Company are requested to review the overall management and use of the land at 4 Tran Hung Dao Street, including: (1) Review procedures related to the swap of an office building with an area of 1,124m² on a leased land area of 281m² at No. 4 Tran Hung Dao, paid annually, for the plan to rearrange and handle state-owned houses and land of the Mechanical Engineering Service One Member Company Limited and the plan to equitize the Mechanical Engineering Service Company Limited, ensuring compliance with the law. (2) The implementation of swap contracts, cooperation contracts including continued implementation, termination, liquidation, and agreements on rights and obligations of parties) which has been described under Decision No. 3468/QD-UBND dated 24/7/2015 of the City People's Committee on approving the enterprise value and equitization plan of the Mechanical Engineering Service One Member Company Limited and the demarcation of the common path at the land plot at No. 4 Tran Hung Dao according to the conclusion of the City Inspectorate in the case the land use right certificate of the 281 m² land plot belongs to Mechanical Engineering Service One Member Company Limited, shall be implemented following the notification of the State Audit Office's conclusion. Accordingly, the Company is reviewing the procedures related to the swapping office buildings with Song Hong Joint Stock Company to comply with legal regulations.

2. Events occurred after the balance sheet date

There are no significant events occurring after the end of the accounting period that require adjustment and presentation in this financial statements.

3. Transaction with related parties

Significant transactions and balances with related parties during the period are as follows:

Related parties	Relationship
Cao Tien Dung	Chairman of the Board of Directors - In charge of management
Tran Minh Cuong	Member of the Board of Directors
To Huu Chung	Member of the Board of Directors

Transactions with related parties are as follows:

	Position	Year 2024	Year 2023
Remuneration, salaries and bonuses of the Board of Directors and Board of Management			
- Cao Tien Dung	Chairman of the Board of Directors - In charge of management	109,818,182	107,636,364
- To Huu Chung	Member of the Board of Directors cum Deputy General Director	95,509,090	93,418,182
- Tran Minh Cuong	Member of the Board of Directors cum Deputy General Director	95,509,090	69,045,454
		300,836,362	270,100,000

4. Comparative figures

Comparative figures as at 31 December 2023 on the Balance Sheet and on the Income Statement and Cash Flow Statement and corresponding notes are taken from the Company's Financial Statements for the financial year ended 31 December 2023, audited by MOORE AISC Auditing and Informatics Services Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

5. Information on the going-concern operation: The Company continues to operate in the future



Tran Phuong Lan
Preparer

Hanoi, 05 March 2025



Nguyen Thi Van Ha
Chief Accountant



Cao Tien Dung
Chairman of the Board of Directors

