



**LÚU CPA VIETNAM**  
**HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT**  
**JOINT STOCK COMPANY**

**REVIEWED INTERIM FINANCIAL STATEMENTS**  
**For the period 6 months ended 30 June 2019**

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**STATEMENTS OF THE BOARD OF DIRECTORS**

The Board of Directors of Hudland Real Estate Investment and Development Joint Stock Company presents this report together with the Company's reviewed interim financial statements for the period 6 months ended 30 June 2019.

**THE COMPANY**

Hudland Real Estate Investment and Development Joint Stock Company ("the Company") is established under the Business Registration Certificate of Joint Stock Company No. 0102340326 issued by Hanoi Department of Planning and Investment on 10 July 2007, sixth amendment on 12 December 2018.

Business name: HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

Abbreviated name: HUDLAND., JSC

Registered office at: 12th Floor, Hudland Tower Building, ACC7 Lot, Linh Dam General Service, Hoang Liet Ward, Hoang Mai District, Ha Noi, Vietnam.

The company is listed on the Hanoi Stock Exchange. Stock : HLD

**THE BOARDS OF MANAGEMENT AND DIRECTORS**

|                            |                        |          |
|----------------------------|------------------------|----------|
| <b>Board of Management</b> | Mr. Pham Cao Son       | Chairman |
|                            | Mr. Nguyen Thanh Tu    | Member   |
|                            | Ms. Dinh Thi Minh Hang | Member   |
|                            | Mr. Vu Tuan Linh       | Member   |
|                            | Ms. Nguyen Thanh Huong | Member   |

Members of Board of Directors who held the Company during the period and at the date of this report are as follows:

|                           |                      |                 |
|---------------------------|----------------------|-----------------|
| <b>Board of Directors</b> | Mr. Nguyen Thanh Tu  | Director        |
|                           | Mr. Vu Tuan Linh     | Deputy Director |
|                           | Mr. Nguyen Nam Cuong | Deputy Director |

**SUBSEQUENT EVENTS**

According to the Board of Directors, in the material respects, there have been no significant events occurring after the balance sheet date, affecting the financial position and operation of the Company which would require adjustments or disclosures to be made in the interim financial statements for the period 6 months ended 30 June 2019.

**AUDITOR**

CPA VIETNAM Auditing Company Limited (CPA VIETNAM) - An independent member firm of Moore Stephens International Limited, has reviewed the interim financial statements for the period 6 months ended 30 June 2019.

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

BOARD OF DIRECTORS' RESPONSIBILITY

The Company's Board of Directors is responsible for preparing the interim financial statements, which give a true and fair view of the financial position of the Company and of its results and cash flows for the period. In preparing these the interim financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim financial statements;
- Design, execute and maintain effective internal control system with regard to the preparation of the interim financial statements to assure that the interim financial statements are free of material misstatement caused by even frauds and errors;
- Prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the interim financial statements.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the interim financial statements comply with prevailing Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and relevant legal regulations relating to preparation and presentation of the interim financial statements. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect frauds together with other irregularities.

For and on behalf of



\_\_\_\_\_  
Nguyen Thanh Tu  
Director  
Hanoi, 30 July 2019

No. 604/2019/BCSX-BCTC/CPA VIETNAM

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**For interim financial statements for the period 6 months ended 30 June 2019  
of Hudland Real Estate Investment and Development Joint Stock CompanyTo: **Shareholders, The Boards of Management and Directors**  
**HUDLAND Real Estate Investment and Development Joint Stock Company**

We have reviewed the accompanying the interim financial statements of Hudland Real Estate Investment and Development Joint Stock Company as set out on pages 04 to pages 33, which prepared on 30 July 2019 comprise the Interim Balance sheet as at 30/06/2019, and the Interim Statement of income, and Interim Statement of Cash flows for 6 months, and Notes to the interim financial statements.

**The Board of Directors' responsibility**

The Board of Directors' are responsible for the preparation and presentation of these interim financial statements comply with Vietnamese Standards on Accounting, Vietnamese Accounting System and the statutory requirements relevant to the preparation and presentation of the interim financial statements, and for such internal control as the Board of Director determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the interim financial statements based on the results of our review. We conducted our review in accordance with Vietnam Standards on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of the Company's persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Auditor's conclusions**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System the statutory requirements relevant to the preparation and presentation of the interim financial statements.

**Phan Thanh Nam****Deputy General Director***Certificate of registration of Auditing practice No. 1009-2018-137-1*

Authorised 02/2019/UQ-CPA VIETNAM dated 02/10/2019 of Chairman

*For and on behalf of,***CPA VIETNAM AUDITING COMPANY LIMITED - CPA VIETNAM****An Independent member firm of Moore Stephens International Limited***Hanoi, 30 July 2019*

INTERIM BALANCE SHEET  
As at 30 June 2019

| ASSETS  | Code       | Note | 30/06/2019<br>VND      | 01/01/2019<br>VND      |
|---|------------|------|------------------------|------------------------|
| <b>A. CURRENT ASSETS</b><br>(100 = 110+120+130+140+150)     | <b>100</b> |      | <b>641,752,341,468</b> | <b>633,377,258,071</b> |
| <b>I. Cash and cash equivalents</b>                         | <b>110</b> | 5.1  | <b>79,595,785,133</b>  | <b>76,451,169,467</b>  |
| 1. Cash   | 111        |      | 12,795,785,133         | 9,451,169,467          |
| 2. Cash equivalents   | 112        |      | 66,800,000,000         | 67,000,000,000         |
| <b>II. Short-term financial investments</b>                 | <b>120</b> |      | <b>9,073,930,000</b>   | <b>9,073,930,000</b>   |
| 3. Investments held to maturity                             | 123        | 5.2  | 9,073,930,000          | 9,073,930,000          |
| <b>III. Short-term receivables</b>                          | <b>130</b> |      | <b>433,029,104,310</b> | <b>449,917,293,247</b> |
| 1. Short-term trade accounts receivable                     | 131        | 5.3  | 249,690,197,101        | 245,617,432,892        |
| 2. Short-term advances to suppliers                         | 132        | 5.4  | 54,700,050,921         | 72,938,266,195         |
| 5. Short-term loan receivables                              | 135        | 5.5  | 120,000,000,000        | 120,000,000,000        |
| 6. Other short-term receivables                             | 136        | 5.6  | 8,638,856,288          | 11,361,594,160         |
| <b>IV. Inventories</b>                                      | <b>140</b> |      | <b>117,683,556,722</b> | <b>97,934,865,357</b>  |
| 1. Inventories  | 141        | 5.7  | 117,683,556,722        | 97,934,865,357         |
| <b>V. Other current assets</b>                              | <b>150</b> |      | <b>2,369,965,303</b>   | -                      |
| 1. Short-term prepaid expenses                              | 151        | 5.8  | -                      | -                      |
| 2. Deductible VAT   | 152        | 5.9  | 1,234,103,006          | -                      |
| 3. Taxes and other revenues to the state                    | 153        | 5.9  | 1,135,862,297          | -                      |
| <b>B. NON-CURRENT ASSETS</b><br>(200 = 210+220+240+250+260) | <b>200</b> |      | <b>135,926,286,661</b> | <b>141,282,544,479</b> |
| <b>I. Long - terms receivables</b>                          | <b>210</b> |      | -                      | -                      |
| <b>II. Fixed assets</b>                                     | <b>220</b> |      | <b>54,521,343,798</b>  | <b>57,852,646,214</b>  |
| 1. Tangible fixed assets                                    | 221        | 5.10 | 54,437,701,327         | 57,751,503,741         |
| - Cost  | 222        |      | 75,246,644,863         | 75,246,644,863         |
| - Accumulated Depreciation                                  | 223        |      | (20,808,943,536)       | (17,495,141,122)       |
| 3. Intangible fixed assets                                  | 227        | 5.11 | 83,642,471             | 101,142,473            |
| - Cost  | 228        |      | 200,000,000            | 200,000,000            |
| - Accumulated Depreciation                                  | 229        |      | (116,357,529)          | (98,857,527)           |
| <b>III. Investment property</b>                             | <b>230</b> | 5.12 | <b>78,089,045,231</b>  | <b>79,878,751,283</b>  |
| <b>IV. Long-term assets in progress</b>                     | <b>240</b> |      | <b>197,309,265</b>     | <b>197,309,265</b>     |
| 2. Construction in progress                                 | 242        | 5.13 | 197,309,265            | 197,309,265            |
| <b>V. Long-term financial investments</b>                   | <b>250</b> |      | <b>2,500,000,000</b>   | <b>2,500,000,000</b>   |
| 2. Investments in joint ventures and associates             | 252        | 5.14 | 2,500,000,000          | 2,500,000,000          |
| <b>VI. Other long-term assets</b>                           | <b>260</b> |      | <b>618,588,367</b>     | <b>853,837,717</b>     |
| 1. Long-term prepaid expenses                               | 261        | 5.8  | 618,588,367            | 853,837,717            |
| <b>TOTAL ASSETS (270 = 100+200)</b>                         | <b>270</b> |      | <b>777,678,628,129</b> | <b>774,659,802,550</b> |

INTERIM BALANCE SHEET (Continued)  
As at 30 June 2019

| RESOURCES  | MS         | Note | 30/06/2019<br>VND      | 01/01/2019<br>VND      |
|--|------------|------|------------------------|------------------------|
| <b>C. LIABILITIES</b><br>(300 = 310+330)   | <b>300</b> |      | <b>359,638,293,361</b> | <b>366,648,442,182</b> |
| <b>I. Current liabilities</b>  | <b>310</b> |      | <b>314,266,333,139</b> | <b>315,442,297,787</b> |
| 1. Short-term trade accounts payable   | 311        | 5.15 | 24,963,960,042         | 22,833,081,882         |
| 2. Short-term advances from customers  | 312        | 5.16 | 31,416,153,243         | 1,160,081,576          |
| 3. Taxes and other payables to State   | 313        | 5.17 | 45,534,070             | 15,858,075,889         |
| 4. Short-term payables to employees  | 314        |      | 623,707,740            | 5,451,308,630          |
| 5. Short-term accrued expenses   | 315        | 5.18 | 91,567,647,978         | 103,329,062,515        |
| 9. Other current payables  | 319        | 5.19 | 13,985,450,249         | 10,739,195,618         |
| 10. Short-term loans and financial leases  | 320        | 5.20 | 138,043,291,174        | 144,407,830,134        |
| 12. Bonus and welfare funds  | 322        |      | 13,620,588,643         | 11,663,661,543         |
| <b>II. Long - term liabilities</b>   | <b>330</b> |      | <b>45,371,960,222</b>  | <b>51,206,144,395</b>  |
| 3. Long-term accrued expenses  | 333        | 5.18 | -                      | -                      |
| 8. Long-term loans and financial leases  | 338        | 5.20 | 45,371,960,222         | 51,206,144,395         |
| <b>D. EQUITY</b><br>(400 = 410+430)  | <b>400</b> |      | <b>418,040,334,768</b> | <b>408,011,360,368</b> |
| <b>I. Owner's equity</b>   | <b>410</b> | 5.21 | <b>418,040,334,768</b> | <b>408,011,360,368</b> |
| 1. Paid-in capital   | 411        |      | 200,000,000,000        | 200,000,000,000        |
| - Voting ordinary shares   | 411a       |      | 200,000,000,000        | 200,000,000,000        |
| 8. Investment and development fund   | 418        |      | 80,832,092,113         | 80,832,092,113         |
| 11. Undistributed post-tax profits   | 421        |      | 137,208,242,655        | 127,179,268,255        |
| - Undistributed post-tax profits<br>accumulated by the end<br>of the previous period | 421a       |      | 123,426,268,258        | 62,457,848,975         |
| - Undistributed post-tax profits<br>of current period                                | 421b       |      | 13,781,974,397         | 64,721,419,280         |
| <b>II. Other resources and funds</b>   | <b>430</b> |      | <b>-</b>               | <b>-</b>               |
| <b>TOTAL RESOURCES</b><br>(440 = 300+400)  | <b>440</b> |      | <b>777,678,628,129</b> | <b>774,659,802,550</b> |

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Hanoi, 30 July 2019

Director



Nguyen Thanh Tu

**INTERIM INCOME STATEMENT**  
For the period 6 months ended 30 June 2019

| ITEMS   | Code      | Note | Period 6 months       | Period 6 months       |
|---|-----------|------|-----------------------|-----------------------|
|   |           |      | ended 30/06/2019      | ended 30/06/2018      |
|   |           |      | VND                   | VND                   |
| 1. Gross sales of merchandise and services                                      | 01        | 5.22 | 107,076,536,477       | 145,500,660,589       |
| 2. Deductions   | 02        |      | -                     | -                     |
| 3. Net sales of merchandise and services<br>(10 = 01-02)                        | 10        | 5.22 | 107,076,536,477       | 145,500,660,589       |
| 4. Cost of goods sold   | 11        | 5.23 | 75,554,955,480        | 101,051,394,612       |
| <b>Gross profit from sales of<br/>merchandise and services<br/>(20 = 10-11)</b> | <b>20</b> |      | <b>31,521,580,997</b> | <b>44,449,265,977</b> |
| 6. Financial income   | 21        | 5.24 | 1,083,991,489         | 3,570,959,702         |
| 7. Financial expenses   | 22        | 5.24 | 2,992,503,489         | 4,199,351,255         |
| <i>In which: Interest expenses</i>  | 23        |      | 2,992,503,489         | 4,199,351,255         |
| 8. Selling expenses   | 24        | 5.25 | 979,459,550           | 6,273,668,644         |
| 9. General and administration expenses  | 25        | 5.25 | 11,231,959,019        | 9,111,613,432         |
| <b>10. Operating profit<br/>{30 = 20+(21-22)-(24+25)}</b>                       | <b>30</b> |      | <b>17,401,650,428</b> | <b>28,435,592,348</b> |
| 11. Other income  | 31        | 5.26 | 12,522,494            | -                     |
| 12. Other expenses  | 32        | 5.26 | 84,746                | 700,000               |
| <b>13. Profit (Loss) from other activities<br/>(40=31-32)</b>                   | <b>40</b> |      | <b>12,437,748</b>     | <b>(700,000)</b>      |
| <b>14. Accounting profit (loss) before tax<br/>(50=30+40)</b>                   | <b>50</b> |      | <b>17,414,088,176</b> | <b>28,434,892,348</b> |
| 15. Current tax expense   | 51        | 5.27 | 3,560,713,779         | 5,686,978,469         |
| 16. Deferred tax income/(expense)   | 52        |      | -                     | -                     |
| <b>17. Net profit (loss) after income tax<br/>(60=50-51-52)</b>                 | <b>60</b> |      | <b>13,853,374,397</b> | <b>22,747,913,879</b> |
| 18. Basic earnings per share  | 70        | 5.28 | 599                   | 1,015                 |
| 19. Diluted earnings per share  | 71        |      | -                     | -                     |

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Hanoi, 30 July 2019

Director



Nguyen Thanh Tu

**INTERIM CASH FLOW STATEMENT**  
(Direct method)  
For the period 6 months ended 30 June 2019

| ITEMS   | Code | Period 6 months        | Period 6 months          |
|---|------|------------------------|--------------------------|
|   |      | ended 30/06/2019       | ended 30/06/2018         |
|   |      | VND                    | VND                      |
| 1   | 2    | 4                      | 5                        |
| <b>I. Cash flow from operating activities</b>                               |      |                        |                          |
| 1. Sales and other revenue  | 01   | 139,037,860,841        | 300,994,576,954          |
| 2. Payments for suppliers   | 02   | (89,879,339,173)       | (120,999,942,189)        |
| 3. Payment for employees  | 03   | (9,500,000,984)        | (9,096,349,521)          |
| 4. Interest paid  | 04   | (10,943,462,679)       | (14,338,784,116)         |
| 5. Corporate income tax paid  | 05   | (15,737,283,967)       | (6,473,046,572)          |
| 6. Other receipts from operating activities                                 | 06   | 7,425,286,792          | 512,154,251              |
| 7. Payments for other activities  | 07   | (9,470,916,995)        | (19,133,119,609)         |
| <i>Net cash flows from operating activities</i>                             | 20   | <b>10,932,143,835</b>  | <b>131,465,489,198</b>   |
| <b>II. Cash flows from investing activities</b>                             |      |                        |                          |
| 3. Cash outflow for lending, buying debt intrustments of other entities     | 23   | (26,800,000,000)       | (58,500,000,000)         |
| 4. Cash recovered from lending, selling debt intrustments of other entities | 24   | 27,000,000,000         | 35,000,000,000           |
| 7. Interest earned, dividends and profit received                           | 27   | 1,553,410,791          | 3,570,959,702            |
| <i>Net cash flows from (used in) investing activities</i>                   | 30   | <b>1,753,410,791</b>   | <b>(19,929,040,298)</b>  |
| <b>III. Cash flows from financing activities:</b>                           |      |                        |                          |
| 3. Proceeds from borrowings   | 33   | 81,677,933,793         | 102,209,904,459          |
| 4. Repayments of borrowings   | 34   | (91,218,872,753)       | (102,410,613,534)        |
| 6. Dividends and profits paid   | 36   | -                      | (128,117,085,000)        |
| <i>Net cash flows from financial activities</i>                             | 40   | <b>(9,540,938,960)</b> | <b>(128,317,794,075)</b> |
| <b>Net cash flows in the year (50 = 20+30+40)</b>                           | 50   | <b>3,144,615,666</b>   | <b>(16,781,345,175)</b>  |
| <b>Cash and cash equivalentents at beginning of year</b>                    | 60   | <b>76,451,169,467</b>  | <b>91,083,031,362</b>    |
| <b>Cash and cash equivalentents at end of year (70 = 50+60+61)</b>          | 70   | <b>79,595,785,133</b>  | <b>74,301,686,187</b>    |

Hanoi, 30 July 2019

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Director



Nguyen Thanh Tu

1. GENERAL INFORMATION

1.1 Structure of ownership

Hudland Real Estate Investment and Development Joint Stock Company (“the Company”) is established under the Business Registration Certificate (“BRC”) of Joint Stock Company No. 0102340326 issued by Hanoi Department of Planning and Investment on 10 July 2007, sixth amendment on 12 December 2018.

Business name: HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

Abbreviated name: HUDLAND., JSC

Registered office at: 12th Floor, Hudland Tower Building, ACC7 Lot, Linh Dam General Service, Hoang Liet Ward, Hoang Mai District, Ha Noi, Vietnam.

The company is listed on the Hanoi Stock Exchange. Stock : HLD

Total charter capital recorded in the BRC is of VND 200,000,000,000, which is divided into 20,000,000 shares with par value of VND 10,000/ share.

Number of employees as at 30/06/2019 is: 44 people (as at 31/12/2018 is: 48 people).

1.2 Operating industry and principal activities

- Construction of other civil: Construction and renovation house; construction of commercial centers, supermarkets, service, office, sports center, warehouses, factories, markets; construction of economic zones and industrial parks; construction and installation of civil, industrial, transport, irrigation, telecommunications, urban infrastructure works, industrial, transmission lines and power station under 35KV;
- Architectural engineering and consult: Investment consultancy in construction house and urban infrastructure;
- Business construction materials, interior and exterior decoration, construction machinery and equipment;
- Wholesale trade machinery, equipment and spare parts: Business specialized machinery construction;
- Agents, brokers, auction: Purchase agent, dealer, consignment;
- Business real estate, land use rights of the owner, the owner or lessee uses: Investment residential development, new urban areas;
- Export and import construction materials, interior and exterior decoration, construction machinery and equipment.

The principal activity of the Company is investment in residential development and new urban areas.

1.3 Business structure

As at 30/06/2019, the Company has subsidiaries, associates and affiliated units as follows:

|                               | Main activities    | Share of capital contribution | Voting right |
|-------------------------------|--------------------|-------------------------------|--------------|
| <b>Associates</b>             |                    |                               |              |
| Hudland trade and service JSC | Supplying services | 30,5%                         | 30,5%        |

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

**Accounting period**

The Company's financial year begins on 1 January and ends on 31 December.  
The interim financial statements are prepared for the period 6 months ended 30 June 2019.

**Monetary unit in accounting**

The accompanying financial statements are expressed in Vietnam Dong (VND).

3. APPLIED ACCOUNTING STANDARDS AND ACCOUNTING SYSTEM

**Applied Accounting Standards and Accounting System**

The Company applied Vietnamese Enterprise Accounting System promulgated under Circulars No.200/2012/TT-BTC dated 22 December 2014 issued by the Ministry of Finance. Circular No. 53/2016 / TT-BTC on amending and supplementing some articles of Circular No. 200/2014 / TT-BTC dated 22/12/2014.

**Statements for the compliance with Accounting Standards and System**

The Company's Board of Directors confirmed to completely comply with Vietnamese Accounting Standards and System promulgated and taken effect relating to preparation and presentation of the interim financial statements For the period 6 months ended 30 June 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of preparation interim financial statements**

The interim financial statements attached are expressed in Vietnam Dong (VND), under the historical cost convention and in accordance with Vietnam accounting standards, corporate accounting regime applicable Vietnam and regulations legal concerning the preparation and presentation of consolidated interim financial statements.

**Cash and cash equivalents Recognition**

Cash: Including cash, cash in bank (call deposits) and cash in transit.

Cash, bank deposits are recognized on the basics of actual transaction.

Cash equivalents

Including short-term investments, time deposits whose recovery period or maturity not exceeding 3 months from the date of investment, deposits could be liquidated into particular amount and have no liquidation risk as at reporting time.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial instruments**

Held to maturity investments

Held to maturity investments includes: term deposits (including treasury bills, promissory notes), bonds, preference shares which the issuer is required to re-buy them in a certain time in the future and held to maturity loans to earn profits periodically and other held to maturity investments.

Held to maturity investments shall be stated at the historical cost and determined according to fair value upon recovery abilities.

All of held to maturity investments classified accounts derived from foreign currencies shall be revaluated according to actual transaction exchange rate at the date of the financial.

Investments in subsidiaries, joint ventures, associates and other investments

- Investments in joint ventures, associates: Investments in joint ventures, associates that the company obtains control right are stated at historical cost in the financial statements.

Distributions from profits that the Company received from the accumulated profits of the subsidiaries after the date the Company obtains control are recognized in income statement of the company. Other distributions are considered a recovery of investment and are deducted from the investment value.

**Receivables**

The receivables shall be kept records in details according to period receivables, entities receivables, kind of currency receivable and other factors according to requirements for management

The amounts receivable includes trade receivables and other receivables following rules below:

- Trade receivables include commercial receivables generating from purchase-sale related transactions between enterprises and buyers (independent unit against buyers, including receivables between parent companies and subsidiary companies or joint-venture companies). The trade receivables are recognized in accordance with the standards of the time revenue recognition based on invoices.
- Other receivables includes of non-commercial receivables.

Accounts receivable are classified as short and long term on the balance sheet, the consolidated accounting basis for the remaining period of the accounts receivable at the date of the consolidated financial statements.

Provision for doubtful debts: is made for doubtful debts based on the time of overdue payment of principal under the original debt commitments (excluding debt extending between the parties), or expected losses that may occur under the guidance in Circular 228/2009/TT-BTC dated 07/12/2009.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cost of inventories within the Company is calculated using the weighted average method and inventory recording method is specific identification method.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations, which allow provisions to be made for obsolete, damaged, or sub-standard inventories which have a book value higher than net realisable value as at the balance sheet date.

**Tangible fixed assets and depreciation**

Company manage, use and allocate depreciation of fixed assets in accordance with the guidance in Circular 45/2013/TT-BTC dated 25 April 2013 and Circular 147/2016 / TT-BTC dated 13/10/2016 amending and supplementing some articles of Circular 45/2013 / TT-BTC issued by Ministry of Finance, Circular 28/2018 / TT-BTC dated 12/04/2018 Amending and supplementing some articles of Circular 45/2013 / TT-BTC and Circular No. 147/2016 / TT-BTC of the Ministry of Finance.

*a. Rules for accounting*

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The historical cost of the tangible fixed assets comprises its purchase price and all direct attributable costs of bringing the assets to its working condition and location for its intended use.

When fixed assets are sold or disposed, their cost and accumulated depreciation are eliminated and any gain or loss (if any) arising from the disposal are allocated in other income or other expenses in the period.

Intangible fixed assets: Computer software is are initially recognized at buying cost and stated at cost less accumulated depreciation.

*b. Method of depreciation*

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

|                          | Years   |
|--------------------------|---------|
| Buildings and structures | 07 - 25 |
| Machinery and equipment  | 05 - 07 |
| Office equipment         | 07      |
| Motor vehicles           | 05      |

Intangible asset is computer software that is amortised using the straight-line method over 3 years.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Principles of accounting investment real estate**

Investment property includes land use rights and buildings held by the Company for the purpose of gaining from the lease or awaiting increase are stated at cost less accumulated amortization. The cost of purchased investment properties comprises its purchase price and any directly attributable costs, such as appropriate legal advice, tax and other transaction costs. The cost of a real estate investment is the value of the final settlement of the project or the direct costs of the investment property.

Real estate investments are measured at depreciation and amortization as tangible fixed assets of the Company.

**Accounting principles in prepaid expenses**

Prepaid expenses reflect the actual costs incurred, but the results are relevant to business and production activities of many accounting periods and the associated transfer costs into the cost of production and business subsequent accounting periods.

Prepaid expenses are stated at cost and are classified under short-term and long-term on the balance sheet, the consolidated accounting period based on the prepayment of each contract.

Long-term prepaid expenses relating to tools and equipment are stated at the historical cost and allocated gradually for within 03 years in line method.

**Construction in progress**

Properties in progress are for production, leasing, administrative purposes, or for any other purposes recognized at the historical cost. This cost includes service fees, relevant interest fees in accordance with the Company's accounting policy. Depreciation of these assets is the same as the other assets commencing when these assets are ready for their intended use.

**Payables**

The payables are monitored in detail by maturity terms, subjects, kind of currency and other factors according to management demand of the Company.

The payables include payable to suppliers and other payables which are determined almost certainly about the recorded value and duration which are not less than the obligation payable, they are classified as follows:

- Trade payables: includes commercial payables arising from the purchase of goods, services and assets between the Company and the seller (the independent unit of the Company, including amounts between the Holding company and its subsidiaries, joint ventures, affiliate). These payables include amounts payable arising due to importing through trustees (in trust import transactions);
- Other payables includes of non-commercial payables, non-related transactions of purchasing and selling of goods and services.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Loans and finance lease liabilities**

Including loans, finance lease liabilities, except loans under the forms of issuance of bonds or preference shares with provisions requiring the issuer to repurchase at a certain time in the future.

The loans and finance lease liabilities are kept records in details according to entities, and classified into short-term receivables or long-term receivables according to their payment periods.

Borrowing expenses directly related to the loans shall be accounted for in financial expenses. Where these expenses arise from loans for purposes of investment, construction or production of assets in progress, they shall be capitalized according to "Borrowing cost" accounting standard.

**Recognition and capitalization of borrowing cost**

All borrowing costs should be recognized into Income Statement in the period in which they are incurred, unless they are capitalized according to provisions of "Borrowing cost" accounting standard. During the year interest expense was capitalized to assets in progress of the Company is devoid.

**Accrued expenses**

Expenses that have not actually been incurred but are pre-recorded to operating expenses during the year to ensure that when these expenses actually occurs, they will not have a significant influence on operating expenses based on matching principle between income and expenses.

The Company records accrued expenses as following: Employee, materials expenses would be accrued according to quantity of finished work.

**Owner's equity**

Share capital is recognized as the actual capital contributed to the Company.

Share premium is recognised by the difference between the actual price and face value of the shares when firstly issued, additionally issued or when the Company reissue treasury share.

Treasury shares are shares issued by companies and bought-back by the companies which issued shares. Actual value of Treasury shares shall be recorded a decrease in owner's capital in Balance Sheet.

Undistributed profit shall be determined on the basis of income after tax and the distribution of profits or settlement of losses of the Company.

Profit after tax shall be distributed dividends to shareholders after being approved by the Board of Shareholders at the Annual General Meeting and after being allocated to the reserve fund in accordance with the Company's charter.

Dividends that would be paid depend on estimated profit. In the following year, dividends would be declared and paid officially from undistributed profit under agreement of Members' Council in Annual Meeting.

**Revenue recognition**

**For manufacturing and trading company**

Revenue from sale of goods shall be recognized if it simultaneously meets the following five (5) conditions:

- a/ The Company has transferred to the buyer the significant risks and reward of ownership of the goods;
- b/ The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c/ The amount of revenue can be measured reliably;
- d/ It is probable that the economic benefits associated with the transaction will flow to the Company; and ;
- e/ The cost incurred or to be incurred in respect of transaction can be measured reliably.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

For services company

Sales of services are recognized by reference to the stage of completion of the service at the balance sheet date. The outcome of a service provision transaction shall be determined only when it satisfies all the four (4) conditions below:

- a/ the amount of revenue can be measured reliably;
- b/ It is probable that the economic benefits associated with the transaction will flow to the Company;
- c/ The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- d/ The costs incurred for the transaction and the costs to complete transaction can be measured reliably.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the interest rate applicable.

**Turnovers from properties**

Revenue will be recognized if material risks and ownership had been transferred to the buyer, usually upon the unconditional transfer of contracts. For conditional transfer, revenue shall be recognized if all of material conditions are met.

**Construction contract**

Where a construction contract stipulates that the contractor is allowed to make payments according to the value of performed work volume, and when the contract performance result is reliably determined and certified by customers, the revenues and costs related to such contract shall be recognized by reference to the completed work volume certified by the customers in the period and reflected in the billed invoices.

When the outcome of a construction contract cannot be estimated reliably and the Corporation can recover the expenses of the contract, the revenue is recognized to the level of withdrawable expenses. Therefore, there is no profit that is recognized, even when the total expenses of contract may exceed the total revenue of the contract.

**Cost of goods sold**

Cost of goods sold including of cost of products, goods and services, real estate sold in the period (including depreciation, repair expenses, other expense for real estate leasing under the form of operating lease, real estate investment liquidation expense...) are recognized in accordance with revenue in the period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Current corporate income tax and deferred tax expenses**

Income tax expense (tax income): is the aggregate amount of current income tax expense (income) and deferred income tax expense (income) included in the determination of profit or loss for the period.

- Current income tax expenses are income tax payables computed on taxable income during year and current income tax rate.

Taxable income is different from accounting profit caused by the adjustment of the difference between accounting profit and taxable income under current tax policies.

- Deferred income tax expenses are income taxes payables in the future, arising from: Recognising deferred income tax payables during the year; Reversing deferred tax assets which were recorded in previous years; Not recognising deferred tax assets or deferred tax liabilities arising from the transaction recorded directly in owner's equity.

Company is obliged to pay corporate income tax with rate of tax at 20% of taxable income.

**Estimates**

The preparation of interim financial statements in conformity with Vietnamese Standards on Accounting, Vietnamese Enterprise Accounting System and other prevailing accounting regulations in Vietnam requires The Board of Directors to make estimates and assumptions that affect the reported amounts of liabilities, assets and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates and assumptions.

**Financial instruments**

*Initial recognition*

*Financial assets*

At the date of initial recognition, the financial assets are recognized under historical cost plus transaction cost directly relating to procuring those financial assets.

The Company's financial assets include cash on hand, short-term deposit, short-term receivables and other receivables.

*Financial liabilities*

At the date of initial recognition, financial liabilities are recognized under historical cost plus transaction cost directly relating to issuing those financial liabilities

The Company's financial liabilities include trade accounts payable, other payables, debts and borrowings

*Revaluation after initial recognition*

At present, there are no regulations on revaluation of the financial tools after initial recognition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Earnings per share**

Basic earnings per share for the common stock is calculated by dividing profit or loss attributable to common equity holders for the weighted average number of outstanding ordinary shares during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to shareholders holding ordinary shares and the weighted average number of outstanding common shares due to the influence of potential impairment of common stocks (including convertible bonds and stock options).

**Related parties**

Parties considered as related parties are enterprises that include Subsidiaries of Holding Company - Housing and Urban Development Corporation, individuals owning, directly or indirectly through one or more intermediaries, control over the Company or under control with the Company. Associations, individuals possess directly or indirectly voting right of the Company that considerably influence the Company. Key management that include Directors, Officers of the Company and closed members of families of these individuals or associations or companies in association with these individuals are considered as related parties.

**Segment report**

Component parts that can distinguish the company engaged in providing related products or services (by business segment), or in providing products or services within a particular economic environment (geographical area) that this part of the economic risks and benefits different from other business segments. The Board of Directors confirms that the Company operates in the business area are the first and development any production of business, cost, and products, wait only single only for this activity ... operating in a segment according to the only geographic area that is Vietnam. Therefore, Segment reporting is not prepared.

5. SUPPLEMENTAL INFORMATION ABOUT ITEMS ON THE BALANCE SHEET AND INCOME STATEMENT

5.1 Cash and cash equivalents

|                      | 30/06/2019            | 01/01/2019            |
|----------------------|-----------------------|-----------------------|
|                      | VND                   | VND                   |
| Cash on hand         | 2,347,729,259         | 5,778,072,732         |
| Cash in bank         | 10,448,055,874        | 3,673,096,735         |
| Cash equivalents (*) | 66,800,000,000        | 67,000,000,000        |
| <b>Total</b>         | <b>79,595,785,133</b> | <b>76,451,169,467</b> |

(\*) The deposits with maturity less than 3 months deposited at BIDV, PVCOMBANK.

5.2 Held to maturity investments

|                   | 30/06/2019 (VND)     |                      | 01/01/2019 (VND)     |                      |
|-------------------|----------------------|----------------------|----------------------|----------------------|
|                   | Historical cost      | Book value           | Historical cost      | Book value           |
| <b>Short-term</b> | <b>9,073,930,000</b> | <b>9,073,930,000</b> | <b>9,073,930,000</b> | <b>9,073,930,000</b> |
| PVcomBank         |                      |                      |                      |                      |
| - Hanoi Branch    | 9,073,930,000        | 9,073,930,000        | 9,073,930,000        | 9,073,930,000        |
| <b>Long-term</b>  | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Total</b>      | <b>9,073,930,000</b> | <b>9,073,930,000</b> | <b>9,073,930,000</b> | <b>9,073,930,000</b> |

Held to maturity investments are deposited with terms from 6 months to 9 months deposit in banks.

5.3 Trade receivables

|  | 30/06/2019<br>VND      | 01/01/2019<br>VND      |
|--|------------------------|------------------------|
| <b>Short-term</b>  | <b>249,690,197,101</b> | <b>245,617,432,892</b> |
| Customers rent Office Building<br>in Lot A CC7 -Linh Dam                   | 1,397,388,714          | 1,743,535,923          |
| Customers buy apartments of HH05 Project<br>in Viet Hung New urban area    | 2,285,900,000          | 3,825,900,000          |
| Customers buy houses of Bac Ninh Low-income Housing<br>Project             | 5,793,933,988          | 15,589,397,115         |
| Customers buy houses of CT17 Viet Hung Project                             | 17,577,242,327         | 22,811,344,318         |
| Customers buy houses of Zone B Project in Bac Ninh                         | 219,801,305,761        | 197,006,316,734        |
| Others   | 2,834,426,311          | 4,640,938,802          |
| <i>In which, receivables of related parties<br/>(detailed in note 6.1)</i> | <b>3,664,663,133</b>   | <b>3,644,582,453</b>   |
| <b>Total</b>   | <b>249,690,197,101</b> | <b>245,617,432,892</b> |

5.4 Advances to suppliers

|  | 30/06/2019<br>VND     | 01/01/2019<br>VND     |
|--|-----------------------|-----------------------|
| <b>Short-term</b>                                      | <b>54,700,050,921</b> | <b>72,938,266,195</b> |
| Housing and Urban Development Corporation              | 20,338,935,057        | 20,338,935,057        |
| HUD10 Construction and Investment JSC                  | 7,108,881,617         | 11,401,813,617        |
| COTANA Construction Joint Stock Company                | 3,881,258,400         | 3,464,045,400         |
| Thanh Ha Investment and Trading<br>Joint Stock Company | 2,456,730,949         | 2,805,654,634         |
| 386 Thanh An Construction and Investment JSC           | -                     | 5,634,613,875         |
| Thanh Binh Trade Development Construction JSC          | -                     | 4,023,292,435         |
| Others   | 20,914,244,898        | 25,269,911,177        |
| <b>Total</b>   | <b>54,700,050,921</b> | <b>72,938,266,195</b> |

**HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY**  
Interim financial statements for the period 6 months ended 30 June 2019

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**5.5 Short-term loan receivables**

|   | 30/06/2019<br>VND      | 01/01/2019<br>VND      |
|---|------------------------|------------------------|
| Housing and Urban Development Corporation | 120,000,000,000        | 120,000,000,000        |
| <b>Total</b>                              | <b>120,000,000,000</b> | <b>120,000,000,000</b> |

The loan of Housing and urban development Corporation amounted VND 120 billion under the Contract No. 298/2018/HDVV-HUD, with interest charged at 10%/annun.

**5.6 Other receivables**

|                                 | 30/06/2019 (VND)     |           | 01/01/2019 (VND)      |           |
|---------------------------------|----------------------|-----------|-----------------------|-----------|
|                                 | Book value           | Provision | Book value            | Provision |
| <b>Short-term</b>               | <b>8,638,856,288</b> | -         | <b>11,361,594,160</b> | -         |
| Receivables to buy shares       | -                    | -         | 2,000,000,000         | -         |
| Customer service fees           | 375,060,001          | -         | 697,290,001           | -         |
| Red document payables           | 126,111,726          | -         | 250,931,127           | -         |
| Maintenance costs               | -                    | -         | 258,331,191           | -         |
| Advances                        | 55,000,000           | -         | 10,000,000            | -         |
| Accrued Interest of Bank        | -                    | -         | 469,419,302           | -         |
| Accrued Interest of Corporation | 6,400,000,000        | -         | 6,400,000,000         | -         |
| Others                          | 1,682,684,561        | -         | 1,275,622,539         | -         |
| <b>Total</b>                    | <b>8,638,856,288</b> | -         | <b>11,361,594,160</b> | -         |

**5.7 Inventories**

|                  | 30/06/2019 (VND)       |           | 01/01/2019 (VND)      |           |
|------------------|------------------------|-----------|-----------------------|-----------|
|                  | Historical Cost        | Provision | Historical Cost       | Provision |
| Work in progress | 117,603,643,726        | -         | 97,854,952,361        | -         |
| Purchase costs   | 79,912,996             | -         | 79,912,996            | -         |
| <b>Total</b>     | <b>117,683,556,722</b> | -         | <b>97,934,865,357</b> | -         |

**5.8 Prepaid expenses**

|   | 30/06/2019<br>VND  | 01/01/2019<br>VND  |
|---|--------------------|--------------------|
| <b>Short-term</b>                         | -                  | -                  |
| <b>Long-term</b>                          | <b>618,588,367</b> | <b>853,837,717</b> |
| - Tools and equipment awaiting allocation | 618,588,367        | 853,837,717        |
| <b>Total</b>                              | <b>618,588,367</b> | <b>853,837,717</b> |

**HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY**  
Interim financial statements for the period 6 months ended 30 June 2019

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**5.9 Deductible VAT and receivables from the State**

|                        | 01/01/2019 | Amount deductible/<br>Amount to be paid | Amount deducted/<br>Amount paid | 30/06/2019           |
|------------------------|------------|---|---------------------------------|----------------------|
|                        | VND        | VND                                     | VND                             | VND                  |
| Value added tax        | -          | 9,980,279,662                           | 8,746,176,656                   | 1,234,103,006        |
| Corporation income tax | -          | 1,135,862,297                           | -                               | 1,135,862,297        |
| <b>Total</b>           | <b>-</b>   | <b>11,116,141,959</b>                   | <b>8,746,176,656</b>            | <b>2,369,965,303</b> |

**5.10 Tangible fixed assets**

|  | Buildings<br>and Structures | Machinery<br>and Equipment | Motor<br>Vehicles    | Office<br>equipment | <i>Unit: VND</i><br>Total |
|--|-----------------------------|----------------------------|----------------------|---------------------|---------------------------|
| <b><i>Cost</i></b>                     |                             |                            |                      |                     |                           |
| As at 01/01                            | 66,503,932,910              | 277,156,365                | 7,479,053,988        | 986,501,600         | 75,246,644,863            |
| Increase                               | -                           | -                          | -                    | -                   | -                         |
| Decrease                               | -                           | -                          | -                    | -                   | -                         |
| As at 30/06                            | <u>66,503,932,910</u>       | <u>277,156,365</u>         | <u>7,479,053,988</u> | <u>986,501,600</u>  | <u>75,246,644,863</u>     |
| <b><i>Accumulated depreciation</i></b> |                             |                            |                      |                     |                           |
| As at 01/01                            | 12,056,913,208              | 277,156,365                | 4,539,586,281        | 621,485,268         | 17,495,141,122            |
| Increase                               | 2,832,414,438               | -                          | 385,676,886          | 95,711,090          | 3,313,802,414             |
| Depreciation                           | 2,832,414,438               | -                          | 385,676,886          | 95,711,090          | 3,313,802,414             |
| Decrease                               | -                           | -                          | -                    | -                   | -                         |
| As at 30/06                            | <u>14,889,327,646</u>       | <u>277,156,365</u>         | <u>4,925,263,167</u> | <u>717,196,358</u>  | <u>20,808,943,536</u>     |
| <b><i>Net book value</i></b>           |                             |                            |                      |                     |                           |
| As at 01/01                            | <u>54,447,019,702</u>       | <u>-</u>                   | <u>2,939,467,707</u> | <u>365,016,332</u>  | <u>57,751,503,741</u>     |
| As at 30/06                            | <u>51,614,605,264</u>       | <u>-</u>                   | <u>2,553,790,821</u> | <u>269,305,242</u>  | <u>54,437,701,327</u>     |

Cost of fixed assets fully depreciated which are still in use as at 30/06/2019 is VND 5,313,022,008.

Cost and Net book value of the pledged property, mortgage guarantee loans as at 30/06/2019 are VND 167,604,540,980 VND 132,206,259,878.

5.11 Intangible assets

|                                 | <i>Unit: VND</i>   |                    |
|---------------------------------|--------------------|--------------------|
|                                 | Computer software  | Total              |
| <i>Cost</i>                     |                    |                    |
| As at 01/01                     | 200,000,000        | 200,000,000        |
| Increase                        | -                  | -                  |
| Decrease                        | -                  | -                  |
| As at 30/06                     | <u>200,000,000</u> | <u>200,000,000</u> |
| <i>Accumulated depreciation</i> |                    |                    |
| As at 01/01                     | 98,857,527         | 98,857,527         |
| Increase                        | 17,500,002         | 17,500,002         |
| Depreciation                    | 17,500,002         | 17,500,002         |
| Decrease                        | -                  | -                  |
| As at 30/06                     | <u>116,357,529</u> | <u>116,357,529</u> |
| Net book value                  |                    |                    |
| As at 01/01                     | <u>101,142,473</u> | <u>101,142,473</u> |
| As at 30/06                     | <u>83,642,471</u>  | <u>83,642,471</u>  |

5.12 Investment real property

| Items                                 | Beginning balance<br>VND | In the period   |                 | Closing balance<br>VND |
|---------------------------------------|--------------------------|-----------------|-----------------|------------------------|
|                                       |                          | Increase<br>VND | Decrease<br>VND |                        |
| <b>I. Cost</b>                        | 96,055,631,848           | -               | -               | 96,055,631,848         |
| Office Building in lot A-CC7 Linh Dam | 96,055,631,848           | -               | -               | 96,055,631,848         |
| <b>II. Accumulated Depreciation</b>   | 16,176,880,565           | 1,789,706,052   | -               | 17,966,586,617         |
| Office Building in lot A-CC7 Linh Dam | 16,176,880,565           | 1,789,706,052   | -               | 17,966,586,617         |
| <b>III. Net book value</b>            | 79,878,751,283           | -               | -               | 78,089,045,231         |
| Office Building in lot A-CC7 Linh Dam | 79,878,751,283           | -               | -               | 78,089,045,231         |

The total value of the investment property used to pledge or mortgage the loan.

5.13 Construction in progress

|  | 30/06/2019<br>VND  | 01/01/2019<br>VND  |
|--|--------------------|--------------------|
| <b>Construction in progress</b>                | 197,309,265        | 197,309,265        |
| - Construction: Office<br>Building Lot A - CC7 | 197,309,265        | 197,309,265        |
| <b>Total</b>                                   | <u>197,309,265</u> | <u>197,309,265</u> |

5.14 Investments in associates

*Unit: VND*

|  | Rate          |              | 30/06/2019           |            |           | 01/01/2019           |            |           |
|--|---------------|--------------|----------------------|------------|-----------|----------------------|------------|-----------|
|  | Capital owned | Voting right | Historical Cost      | Fair value | Provision | Historical Cost      | Fair value | Provision |
| <b>Investments in joint ventures or associates</b> |               |              | <b>2,500,000,000</b> |            |           | <b>2,500,000,000</b> |            |           |
| Hudland trade and service JSC                      | 30.50%        | 30.50%       | 2,500,000,000        | (*)        | -         | 2,500,000,000        | (*)        | -         |
| <b>Total</b>                                       |               |              | <b>2,500,000,000</b> | <b>-</b>   | <b>-</b>  | <b>2,500,000,000</b> | <b>-</b>   | <b>-</b>  |

(\*): At the reporting date, the Company has not determined the fair value of investments in associates for notes in the financial statements because there is no listed price on the market and Vietnam Accounting Standard, Vietnam Enterprise Accounting System does not yet have guidelines on the use of valuation techniques in determining the fair value of investments of associates.

5.15 Trade payables

|   | 30/06/2019 (VND)      |                       | 01/01/2019 (VND)      |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | Book value            | Amount can be paid    | Book value            | Amount can be paid    |
| <b>Short-term</b>   | <b>24,963,960,042</b> | <b>24,963,960,042</b> | <b>22,833,081,882</b> | <b>22,833,081,882</b> |
| Cotana Group JSC  | 3,012,849,506         | 3,012,849,506         | 1,876,589,806         | 1,876,589,806         |
| 386 Thanh An Construction and Investment JSC                        | 3,018,101,134         | 3,018,101,134         | -                     | -                     |
| Hung Thinh Investment and Construction Consultant JSC               | 7,193,595,349         | 7,193,595,349         | 2,551,648,047         | 2,551,648,047         |
| Bac Ninh Investment and Infrastructure Construction JST             | 1,442,617,793         | 1,442,617,793         | 6,207,021,454         | 6,207,021,454         |
| Others  | 10,296,796,260        | 10,296,796,260        | 12,197,822,575        | 12,197,822,575        |
| <i>In which, payables of related parties (detailed in note 6.1)</i> | -                     | -                     | -                     | -                     |
| <b>Total</b>  | <b>24,963,960,042</b> | <b>24,963,960,042</b> | <b>22,833,081,882</b> | <b>22,833,081,882</b> |

5.16 Advances from customers

|  | 30/06/2019<br>VND     | 01/01/2019<br>VND    |
|--|-----------------------|----------------------|
| <b>Short-term</b>                      | <b>31,416,153,243</b> | <b>1,160,081,576</b> |
| CT17 Viet Hung Project                 | 148,035,110           | 148,035,110          |
| Le Thai To Townhouse Project, Bac Ninh | 562,325,000           | 562,325,000          |
| Bac Ninh Low-income Housing Project    | 30,123,322,514        | -                    |
| Others                                 | 582,470,619           | 449,721,466          |
| <b>Total</b>                           | <b>31,416,153,243</b> | <b>1,160,081,576</b> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.17 Taxes and payables to the State

|                                  | 01/01/2019<br>VND     | Amount to be paid<br>VND | Amount paid<br>VND    | 30/06/2019<br>VND |
|----------------------------------|-----------------------|--------------------------|-----------------------|-------------------|
| Value added tax                  | 4,784,728,892         | 9,628,170,458            | 14,412,899,350        | -                 |
| Corporation income tax           | 11,040,707,894        | 3,560,713,779            | 14,601,421,673        | -                 |
| Personal income tax              | 32,639,103            | 1,369,432,216            | 1,356,537,249         | 45,534,070        |
| Housing tax, land rental charges | -                     | 275,591,861              | 275,591,861           | -                 |
| Other taxes                      | -                     | 3,000,000                | 3,000,000             | -                 |
| <b>Total</b>                     | <b>15,858,075,889</b> | <b>14,836,908,314</b>    | <b>30,649,450,133</b> | <b>45,534,070</b> |

5.18 Accrued expenses payables

|  | 30/06/2019<br>VND     | 01/01/2019<br>VND      |
|--|-----------------------|------------------------|
| <b>Short-term</b>                                | <b>91,567,647,978</b> | <b>102,474,792,894</b> |
| Adjacent housing Project in Bac Ninh             | 663,964,611           | 663,964,611            |
| Villa Project in Bac Ninh                        | 327,023,543           | 327,023,543            |
| CT17 Project in Viet Hung New urban area         | -                     | 651,061,560            |
| Van Canh Project                                 | 204,226,355           | 204,226,355            |
| HH05 Project                                     | 2,118,200,366         | 2,118,200,366          |
| Zone B Project in Bac Ninh                       | 88,254,233,103        | 98,510,316,459         |
| Service of Office Building in lot A-CC7 Linh Dam | -                     | 854,269,621            |
| <b>Total</b>                                     | <b>91,567,647,978</b> | <b>103,329,062,515</b> |

5.19 Other payables

|   | 30/06/2019<br>VND     | 01/01/2019<br>VND     |
|---|-----------------------|-----------------------|
| <b>Short-term</b>   | <b>13,985,450,249</b> | <b>10,739,195,618</b> |
| Trade union fees  | 38,827,795            | 67,156,857            |
| Social insurance, health insurance  | -                     | 63,584,381            |
| Unemployment insurance  | -                     | 9,309,380             |
| Dividend payables   | 221,587,500           | 221,587,500           |
| Maintenance costs paid under the contract                                   | 514,738,915           | 891,556,997           |
| Deposit to make the Red document, service fees, and deposits under contract | 8,052,627,756         | 5,968,911,756         |
| Customer service fees   | 4,495,181,262         | 3,252,239,262         |
| Others  | 662,487,021           | 264,849,485           |
| <b>Total</b>  | <b>13,985,450,249</b> | <b>10,739,195,618</b> |

**HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**5.20 Loans and finance lease liabilities**

|                              | 30/06/2019             |                        | The period            |                       | 01/01/2019             |                        |
|------------------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
|                              | Value                  | Amount can be paid     | Increase              | Decrease              | Value                  | Amount can be paid     |
| <b>Shor-term</b>             | <b>138,043,291,174</b> | <b>138,043,291,174</b> | <b>81,677,933,793</b> | <b>88,042,472,753</b> | <b>144,407,830,134</b> | <b>144,407,830,134</b> |
| BIDV - Hanoi Branch (1)      | 86,136,122,789         | 86,136,122,789         | 51,197,578,674        | 60,203,920,329        | 95,142,464,444         | 95,142,464,444         |
| Pvcombank - Hanoi Branch (2) | 51,907,168,385         | 51,907,168,385         | 30,480,355,119        | 27,838,552,424        | 49,265,365,690         | 49,265,365,690         |
| <b>Long-term</b>             | <b>45,371,960,222</b>  | <b>45,371,960,222</b>  | -                     | <b>5,834,184,173</b>  | <b>51,206,144,395</b>  | <b>51,206,144,395</b>  |
| Pvcombank - Hanoi Branch (3) | 42,848,600,000         | 42,848,600,000         | -                     | 3,176,400,000         | 46,025,000,000         | 46,025,000,000         |
| Personal loans (4)           | 2,523,360,222          | 2,523,360,222          | -                     | 2,657,784,173         | 5,181,144,395          | 5,181,144,395          |
| <b>Total</b>                 | <b>183,415,251,396</b> | <b>183,415,251,396</b> | <b>81,677,933,793</b> | <b>93,876,656,926</b> | <b>195,613,974,529</b> | <b>195,613,974,529</b> |

Unit: VND

- (1) Credit limit contract No. 01/2018/1906164/HDTD dated 21/09/2018. Credit limit granted: VND 175,000,000,000; purpose of borrowing: temporarily support supplement working capital to projects: investment in construction of new urban area on Le Thai To Street, Bac Ninh (Villas and townhouses), investment in construction of condominiums CT17 - new Viet Hung urban area, Hanoi. Loan term: 12 months from the date contract signed. Interest rate and term are specified in each particular credit contract. Measures to ensure: Mortgage accounts receivable has been established and will shape in future that arises from home sales contracts and entire rights arising under home sales contracts of CT17 Project, new Viet Hung urban area, Hanoi; mortgage Toyota Camry car - License Plate of 31F-6178 under property mortgage contract No. 01/2014/HDTCTS, notaries number: 271/2014/HBTC on 24/02/2014 and amended documents attached.
- (2) Credit limit contract No. 308/2018/HDHMTD/PVB.HAN- HUDLAND dated 28/12/2018. Credit limit VND 100,000,000,000; purpose of borrowing: supplement capital to business activities of HUDLAND. Term of credit limit: 12 months; Loan term is not exceeding from the disbursement date and specified on each loan contract. Interest rate is specified in each loan contract. The bank only disburses for old projects, projects funded by the bank: Bac Ninh low-income housing project, CC7 project. Linh Dam and HH 05 project Viet Hung. Secured measures: Pledge collateral of group A. Guaranteed value to maintain at least 10% of short-term outstanding loans of the credittee at the Bank. Credit granting ratio/asset value of 98% guaranteed; Mortgaging the entire office building at Lot ACC7, Ho Linh Dam general service area, Hoang Liet ward, Hoang Mai district, Hanoi city according to the certificate of land use rights, house ownership and other assets attached to land No. CH001368, the number entered into the GCN register book: CT 06719 issued by Hanoi Department of Natural Resources and Environment on 9 March 2017. Credit/asset granting ratio 85% guaranteed; mortgage of property rights arising from investment projects on construction of low-income houses at the lot of land designated N28, new urban area of Le Thai To street, Vo Cuong ward, Bac Ninh city, Bac Ninh province. This asset ensures maximum guarantee obligation of VND 163 billion, the rest guarantees the short-term credit limit of the credit-granted party at the Bank, specifically guarantee for credit limit is 75 apartments (rental purpose).

5.20 Loans and finance lease liabilities

- (3) The credit contract No. 2906/2015/HDCVDA-DN.HN dated 26/06/2015: the maximum credit amount is of VND 83,000,000,000; the purpose: performing asset purchase agreement attached to the leased land use rights certificate number of 543/2015/SC, Vol 1/TP/CC/HDGD signed on 19/05/2015 at Ba Dinh District Notary Office between HUD2 Investment Development Joint Stock Company and HUDLAND Real Estate Investment and Development Joint Stock Company. The loan term is 8 years. The interest rate is investment credit interest rate of Viet Nam Public Bank - Ha Noi Branch provisions in each period. Measures to ensure: Mortgage entire project office building in Lot A - CC7 of general resort and housing Linh Dam Lake was formed in the future.
- (4) Personal loans with a duration of 36 months and interest rate at 10%/annun.

5.21 Owner's equity

a. Reconciliation of movements in owners' equity

*Unit: VND*

|                                 | Owner's capital        | Investment and Development fund | Retained earnings      | Total                  |
|---------------------------------|------------------------|---------------------------------|------------------------|------------------------|
| As at 01/01/2018                | 200,000,000,000        | 210,832,092,113                 | 86,444,612,025         | 497,276,704,138        |
| <b>Increase</b>                 | -                      | -                               | 152,747,913,879        | 152,747,913,879        |
| <i>Profit after tax</i>         | -                      | -                               | 22,747,913,879         | 22,747,913,879         |
| <i>Transferring fund</i>        | -                      | -                               | 130,000,000,000        | 130,000,000,000        |
| <b>Decrease</b>                 | -                      | 130,000,000,000                 | 164,957,240,001        | 294,957,240,001        |
| <i>Remuneration to BOM, BOS</i> | -                      | -                               | 57,240,001             | 57,240,001             |
| <i>Allocation to funds</i>      | -                      | -                               | 4,900,000,000          | 4,900,000,000          |
| <i>Dividend paid in 2015</i>    | -                      | -                               | 160,000,000,000        | 160,000,000,000        |
| <i>Transferring fund</i>        | -                      | 130,000,000,000                 | -                      | 130,000,000,000        |
| <b>As at 30/06/2018</b>         | <b>200,000,000,000</b> | <b>80,832,092,113</b>           | <b>74,235,285,903</b>  | <b>355,067,378,016</b> |
| As at 01/01/2019                | 200,000,000,000        | 80,832,092,113                  | 127,179,268,255        | 408,011,360,368        |
| <b>Increase</b>                 | -                      | -                               | 13,853,374,397         | 13,853,374,397         |
| <i>Profit after tax</i>         | -                      | -                               | 13,853,374,397         | 13,853,374,397         |
| <b>Decrease</b>                 | -                      | -                               | 3,824,399,997          | 3,824,399,997          |
| <i>Remuneration to BOM, BOS</i> | -                      | -                               | 71,399,997             | 71,399,997             |
| <i>Allocation to funds</i>      | -                      | -                               | 3,753,000,000          | 3,753,000,000          |
| <b>As at 30/06/2019</b>         | <b>200,000,000,000</b> | <b>80,832,092,113</b>           | <b>137,208,242,655</b> | <b>418,040,334,768</b> |

There has been a Proposal for the Annual General Meeting of 2019 through profit distribution plan for 2018 on 25/04/2019 but to 30/06/2019 the list of shareholders to pay dividends was not finalized to record dividends payable.

5.21 Owner's equity (Continued)

b. Details of owner's equity

| Shareholders                              | Shares<br>Quantity | Amount<br>VND          | Ratio<br>%     | Capital recorded       |                        |
|---|--------------------|------------------------|----------------|------------------------|------------------------|
|   |                    |                        |                | 30/06/2019             | 01/01/2019             |
|   |                    |                        |                | VND                    | VND                    |
| Housing and urban development Corporation | 10,200,000         | 102,000,000,000        | 51.00%         | 102,000,000,000        | 102,000,000,000        |
| Cotana Group JSC                          | 629,400            | 6,294,000,000          | 3.15%          | 6,294,000,000          | 6,294,000,000          |
| Mrs. Nguyen Thanh Huong                   | 248,000            | 2,480,000,000          | 1.24%          | 2,480,000,000          | 2,480,000,000          |
| Mr. Kenneth Ruby Kamon                    | 1,250,300          | 12,503,000,000         | 6.25%          | 12,503,000,000         | 12,503,000,000         |
| Other shareholders                        | 7,672,300          | 76,723,000,000         | 38.36%         | 76,723,000,000         | 76,723,000,000         |
| <b>Total</b>                              | <b>20,000,000</b>  | <b>200,000,000,000</b> | <b>100.00%</b> | <b>200,000,000,000</b> | <b>200,000,000,000</b> |

c. Capital transactions with owners and dividends distribution

|                          | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|--------------------------|--|--|
| - Owner's equity         |  |  |
| As at 01/01              | 200,000,000,000                            | 200,000,000,000                            |
| Increase                 | -  | -  |
| Decrease                 | -  | -  |
| As at 30/06              | 200,000,000,000                            | 200,000,000,000                            |
| - Dividends, profit paid | 3,753,000,000                              | 164,900,000,000                            |

d. Shares

|                                       | 30/06/2019<br>Shares | 01/01/2019<br>Shares |
|---------------------------------------|----------------------|----------------------|
| - Number of shares registered to sell | 20,000,000           | 20,000,000           |
| - Number of shares sold in public     | 20,000,000           | 20,000,000           |
| + Ordinary share                      | 20,000,000           | 20,000,000           |
| + Preferred share                     | -                    | -                    |
| - Number of outstanding shares        | 20,000,000           | 20,000,000           |
| Ordinary share                        | 20,000,000           | 20,000,000           |

Par value of shares outstanding: VND 10.000 /Share

e. Funds

|                             | 30/06/2019<br>VND     | 01/01/2019<br>VND     |
|-----------------------------|-----------------------|-----------------------|
| Development investment fund | 80,832,092,113        | 80,832,092,113        |
| <b>Total</b>                | <b>80,832,092,113</b> | <b>80,832,092,113</b> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.22 Sales of merchandise and services

|                               | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|-------------------------------|--|--|
| Sales of real estate projects | 100,937,185,081                            | 131,179,777,624                            |
| Other revenue                 | 6,139,351,396                              | 14,320,882,965                             |
| <b>Total</b>                  | <b>107,076,536,477</b>                     | <b>145,500,660,589</b>                     |

5.23 Cost of goods sold

|                                   | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|-----------------------------------|--|--|
| Cost of real estate projects sold | 71,567,137,460                             | 98,125,221,433                             |
| Other                             | 3,987,818,020                              | 2,926,173,179                              |
| <b>Total</b>                      | <b>75,554,955,480</b>                      | <b>101,051,394,612</b>                     |

5.24 Financial income and Financial expenses

|  | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|--|--|--|
| <i>Financial income</i>                        |  |  |
| Bank interest                                  | 1,083,991,489                              | 3,570,959,702                              |
| <b>Total</b>                                   | <b>1,083,991,489</b>                       | <b>3,570,959,702</b>                       |
| <i>Financial expenses</i>                      |  |  |
| Interest expenses                              | 2,992,503,489                              | 4,199,351,255                              |
| <b>Total</b>                                   | <b>2,992,503,489</b>                       | <b>4,199,351,255</b>                       |
| <b>Profit (Loss) from financial activities</b> | <b>(1,908,512,000)</b>                     | <b>(628,391,553)</b>                       |

5.25 Selling expenses and General and administration expenses

|  | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|--|--|--|
| <b>Selling expenses</b>                    |  |  |
| Direct sales staff                         | 806,069,014                                | 2,970,177,123                              |
| Outsourcing expenses                       | 173,390,536                                | 3,303,491,521                              |
| <b>General and administration expenses</b> | <b>11,231,959,019</b>                      | <b>9,111,613,432</b>                       |
| Administrative staffs                      | 5,342,282,328                              | 4,639,097,895                              |
| Fixed asset depreciation                   | 3,497,915,678                              | 2,012,784,518                              |
| Taxes, fees and charges                    | 426,941,216                                | 172,474,838                                |
| Outsourcing expenses                       | 1,964,819,797                              | 2,287,256,181                              |
| <b>Total</b>                               | <b>12,211,418,569</b>                      | <b>15,385,282,076</b>                      |

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5.26 Other income/ Other expenses

|  | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|--|--|--|
| <b>Other income</b>                        |  |  |
| Others                                     | 12,522,494                                 | -  |
| <b>Total</b>                               | <b>12,522,494</b>                          | <b>-</b>                                   |
| <b>Other expenses</b>                      |  |  |
| Other                                      | 84,746                                     | 700,000                                    |
| <b>Total</b>                               | <b>84,746</b>                              | <b>700,000</b>                             |
| <b>Profit (Loss) From other activities</b> | <b>12,437,748</b>                          | <b>(700,000)</b>                           |

5.27 Current corporate income tax expenses

|   | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|---|--|--|
| <b>Total accounting profit before tax</b>         | <b>17,414,088,176</b>                      | <b>28,434,892,348</b>                      |
| <b>Total taxable profit</b>                       | <b>17,414,358,176</b>                      | <b>28,434,892,348</b>                      |
| <i>Taxable profit from service business</i>       | <i>(389,210,721)</i>                       | <i>-</i>                                   |
| <i>Taxable profit from real estate business</i>   | <i>17,803,568,897</i>                      | <i>28,434,892,348</i>                      |
| Current tax rate                                  | 20%  | 20%  |
| <i>CIT from service business</i>                  | <i>-</i>                                   | <i>-</i>                                   |
| <i>CIT from real estate business</i>              | <i>3,560,713,779</i>                       | <i>5,686,978,469</i>                       |
| <b>CIT payable from usual business activities</b> | <b>3,560,713,779</b>                       | <b>5,686,978,469</b>                       |

5.28 Basic earning per share

|  | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|--|--|--|
| <b>Accounting profit after tax</b>   | <b>13,853,374,397</b>                      | <b>22,747,913,879</b>                      |
| Amount deducted for bonus and welfare fund (*)   | 1,876,500,000                              | 2,450,000,000                              |
| <b>Net profit/ or loss attributable to ordinary equity holders for basic earning (VND)</b> | <b>11,976,874,397</b>                      | <b>20,297,913,879</b>                      |
| Weighted average number of ordinary shares for basic earnings per share                    | 20,000,000                                 | 20,000,000                                 |
| <b>Earnings per share (VND/share)</b>  | <b>599</b>                                 | <b>1,015</b>                               |

(\*) Recalculate basic earnings per share for the period 6 months ended on 30/06/2018 according to the fund balance was recorded and exclude the balance of bonus and welfare fund according to the Proposal of the Annual General Meeting of Shareholders in 2019 to calculate basic earnings per share for the period 6 months ended on 30/06/2019.

5.29 Business and production cost by factors

|                            | Period 6 months<br>ended 30/06/2019<br>VND | Period 6 months<br>ended 30/06/2018<br>VND |
|----------------------------|--|--|
| Employee expenses          | 6,753,540,340                              | 5,355,921,218                              |
| Depreciation expenses      | 5,287,621,730                              | 7,215,996,000                              |
| Accrued expenses           | 12,015,318,153                             | 33,555,267,333                             |
| Cost of services purchased | 98,551,341,186                             | 139,321,596,503                            |
| Other expenses in cash     | 507,913,304                                | 6,445,737,288                              |
| <b>Total</b>               | <b>123,115,734,713</b>                     | <b>191,894,518,342</b>                     |

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**6. OTHER INFORMATION**

**6.1 Related party transactions and balances**

| <u>Related parties</u>                             | <u>Relationship</u>  | <u>Nature of transactions</u> | <u>Period 6 months ended 30/06/2019</u><br>VND | <u>Period 6 months ended 30/06/2018</u><br>VND |
|--|----------------------|-------------------------------|--|--|
| <b><u>Purchasing transaction</u></b>               |                      |                               |  |  |
| Cotana Group JSC                                   | Capital contributors | Construct projects            | 1,222,492,727                                  | -  |
| Housing and urban services Company Ltd. (HUDS)     | In same Corporation  | Services                      | 32,819,530                                     | -  |
| HUD10 Construction and Investment JSC              | In same Corporation  | Construct projects            | 11,150,472,727                                 | 12,575,482,404                                 |
| HUDLANDTS., JSC                                    | Associate            | Services                      | 2,997,452,451                                  | 4,885,593,080                                  |
| HUDSE Urban and Housing Development Investment JSC | Associate            | Construct projects            | 1,391,684,388                                  | 10,425,480,321                                 |
| <b><u>Selling transaction</u></b>                  |                      |                               |  |  |
| Housing and urban services Company Ltd. (HUDS)     | In same Corporation  | Services                      | 811,550  | -  |
| HUD10 Construction and Investment JSC              | In same Corporation  | Electricity charges           | 16,239,352                                     | -  |
| HUDSE Urban and Housing Development Investment JSC | Capital contributors | Electricity charges           | 1,187,402                                      | -  |
| HUDLANDTS JSC                                      | Associated company   | Electricity charges           | 28,196,752                                     | -  |
| Cotana Group JSC                                   | Capital contributors | Electricity charges           | 4,212,123                                      | -  |
|  |                      |                               | <b>30/06/2019</b><br>VND                       | <b>01/01/2019</b><br>VND                       |
| <b><u>Payables</u></b>                             |                      |                               |  |  |
| Cotana Group JSC                                   | Capital contributors | Trade payables                | -  | 1,876,589,806                                  |
| HUDSE Urban and Housing Development Investment JSC | In same Corporation  | Trade payables                | 1,588,281,883                                  | 3,651,803,328                                  |
| HUDLANDTS., JSC                                    | Associate            | Trade payables                | 241,980,949                                    | -  |

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**6.1 Related party transactions and balances (Continued)**

*Balances with related parties as at 30/06/2019:*

| <b>Related parties</b>                             | <b>Relationship</b>  | <b>Nature of transactions</b> | <b>30/06/2019<br/>VND</b> | <b>01/01/2019<br/>VND</b> |
|--|----------------------|-------------------------------|---------------------------|---------------------------|
| <b>Receivables</b>                                 |                      |                               |                           |                           |
| Housing and urban development Corporation          | Parents Corporation  | Trade receivables             | 3,270,660,140             | 3,270,660,140             |
|  |                      | Advances to suppliers         | 20,338,935,057            | 20,338,935,457            |
| Cotana Group JSC                                   | Capital contributors | Trade receivables             | 4,633,336                 | -                         |
|  |                      | Advances to suppliers         | 3,881,258,400             | 3,464,045,400             |
| HUDLANDTS., JSC                                    | Associate            | Advances to suppliers         | -                         | 404,635,731               |
|  |                      | Trade receivables             | 328,999,609               | 297,983,182               |
| HUD10 Construction and Investment JSC              | In same Corporation  | Trade receivables             | 29,476,159                | 46,156,768                |
|  |                      | Advances to suppliers         | 7,108,881,617             | 11,401,813,617            |
| Housing and urban services Company Ltd. - HUDS     | In same Corporation  | Advances to suppliers         | 1,298,685,527             | 1,275,185,314             |
|  |                      | Trade receivables             | 21,657,800                | 20,765,095                |
| HUD101 Construction and Investment JSC             | In same Corporation  | Trade receivables             | 9,017,268                 | 9,017,268                 |
|  |                      | Advances to suppliers         | 1,952,161,786             | 1,952,161,786             |
| HUDSE Urban and Housing Development Investment JSC | In same Corporation  | Trade receivables             | 4,852,157                 | 3,546,015                 |

*Transactions with key personnel and shareholders:*

| <b>Related parties</b>                      | <b>Nature of transactions</b> | <b>Period 6 months<br/>ended 30/06/2019<br/>VND</b> | <b>Period 6 months<br/>ended 30/06/2018<br/>VND</b> |
|---|-------------------------------|---|---|
| Board of Managements and Board of Directors | Remuneration                  | 2,572,832,652                                       | 2,119,555,065                                       |

6.2 Financial instruments - Risk management

**Capital risk management**

The Company managed capital resource to ensure that the Company can operate continuously and maximize benefits of shareholders under optimizing balances of capital resources and liabilities.

Capital structure of the Company includes liabilities (cash and cash equivalents) and owners' equity of shareholders of the Company including contribution capital, reserved funds and retained earnings.

**Significant accounting policies**

Details of significant accounting policies and methods are applied by the Company (including the criteria for recognition, the basis of valuation and the basis of recognition of income and expenses) for each type of financial assets, financial liabilities and equity instruments are detailed in Note No. 5.

**Categories of financial instruments**

|   | 30/06/2019             | 01/01/2019             |
|---|------------------------|------------------------|
|   | VND                    | VND                    |
| <b>Financial assets</b>                 |                        |                        |
| Cash and cash equivalents               | 79,595,785,133         | 76,451,169,467         |
| Trade receivables and other receivables | 258,329,053,389        | 256,979,027,052        |
| Short-term investments                  | 9,073,930,000          | 9,073,930,000          |
| Long-term investments                   | 2,500,000,000          | 2,500,000,000          |
| <b>Total</b>                            | <b>349,498,768,522</b> | <b>345,004,126,519</b> |
| <b>Financial liabilities</b>            |                        |                        |
| Borrowings                              | 183,415,251,396        | 195,613,974,529        |
| Trade payables and other payables       | 38,949,410,291         | 33,572,277,500         |
| Accured expenses                        | 91,567,647,978         | 103,329,062,515        |
| <b>Total</b>                            | <b>313,932,309,665</b> | <b>332,515,314,544</b> |

The Company has not yet evaluated fair-value of financial assets and financial liabilities as at the date ended accounting period because Circular No. 210 as well as prevailing regulations do not have detailed guidance on determination of fair-value of financial assets and financial liabilities. Circular No. 210 requires to apply International Financial Report Standards on presentation of the financial statements and Notes of information to financial instruments, but not provide equivalent guidance for information evaluation and recognition of financial instruments including fair-value application in accordance with International Financial Report Standards.

**Objective of financial risk management**

Financial risks include market risks (including exchange rate risks, interest rate risk and price risk) credit risk, liquidity risk and interest rate risk of cash flow. The Company does not implement prevention methods of these risks due to the shortage of markets purchasing financial instruments.

**Market risks**

The Company's business activities mainly suffer from risks when having changes in foreign exchange rate and interest rate. The Company does not implement prevention methods of these risks due to the shortage of markets purchasing financial instruments.

*Management of interest rate risk*

The Company suffers from material interest rate arising from signed borrowings with interest rate. These risks will be managed by maintaining borrowings at the reasonable level, under floating interest rate and fixed interest rate.

6.2 Financial instruments – Risk management (Cont.)

**Credit risk**

Credit risks accrued when a client or partner cannot meet obligations in contract leading to financial loss for the Company. The Company has suitable credit policy and regularly observe situation to evaluate whether the Company suffers from credit risks. The Company does not have any material credit risks with the clients or partners because receivables come from large number of clients who operate in different fields and allocates in different geography areas.

**Management of liquidity risk**

Purpose of liquidity risk management is to ensure adequate capital source to meet financial obligations at present and in the future. Liquidity is also managed by the Company to ensure addition level between liabilities due to date and assets due to date in the period at controllable level to capital believed to create in that period by the Company. The Company's policy is to observe regularly requirements on liquidity at present and in the future to ensure that the Company maintain adequate prevision for cash on hand, borrowings and capital source that shareholders commit to contribute to meet regulations on more short-term and long-term liquidity.

|                                   | Under 1 year<br>VND | From 1- 5 years<br>VND | Total<br>VND    |
|-----------------------------------|---------------------|------------------------|-----------------|
| <b>30/06/2019</b>                 |                     |                        |                 |
| Borrowings                        | 138,043,291,174     | 45,371,960,222         | 183,415,251,396 |
| Trade payables and other payables | 38,949,410,291      | -                      | 38,949,410,291  |
| Accured expenses                  | 91,567,647,978      | -                      | 91,567,647,978  |
| <b>01/01/2019</b>                 |                     |                        |                 |
| Borrowings                        | 144,407,830,134     | 51,206,144,395         | 195,613,974,529 |
| Trade payables and other payables | 33,572,277,500      | -                      | 33,572,277,500  |
| Accured expenses                  | 103,329,062,515     | -                      | 103,329,062,515 |

The Board of Directors believes to create money source to meet financial obligations due to date.

The following table presents in detail of maturity level of non-arising financial assets. The table is made on the basics of maturity level under contract that has not yet been discounted of financial assets including interest from these assets, if any. The presentation of non-arising financial assets information is necessary to understand liquidity risk management of the Company when liquidity is managed on the basics of liabilities and net assets.

|   | Under 1 year<br>VND | From 1- 5 years<br>VND | Total<br>VND    |
|---|---------------------|------------------------|-----------------|
| <b>30/06/2019</b>                       |                     |                        |                 |
| Cash and cash equivalents               | 79,595,785,133      | -                      | 79,595,785,133  |
| Trade receivables and other receivables | 258,329,053,389     | -                      | 258,329,053,389 |
| Short-term investments                  | 9,073,930,000       | -                      | 9,073,930,000   |
| Long-term investments                   | -                   | 2,500,000,000          | 2,500,000,000   |
| <b>30/06/2019</b>                       |                     |                        |                 |
| Cash and cash equivalents               | 76,451,169,467      | -                      | 76,451,169,467  |
| Trade receivables and other receivables | 256,979,027,052     | -                      | 256,979,027,052 |
| Short-term investments                  | 9,073,930,000       | -                      | 9,073,930,000   |
| Long-term investments                   | -                   | 2,500,000,000          | 2,500,000,000   |

**6.3 Comparative figures**

The figures are which in financial statements of the Company for the financial year ended 31/12/2018 have been audited and results of interim business activities for the period 6 months ended 30 June 2018 have been reviewed by CPA VIETNAM Auditing Company Limited - An Independent Member Firm of Moore Stephens International Limited.

*Ha Noi, 30 July 2019*

**Preparer**

**Tran Thanh Thanh Huyen**

**Chief Accountant**

**Le Quoc Chung**

**Director**



**Nguyen Thanh Tu**

