



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

**AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2017**

Ha Noi – January 2018

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HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

STATEMENT OF 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 audited financial statements for the year ended 31 December 2017.

THE COMPANY

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 Ha Noi Department of Planning and Investment on 10 August 2007 and the sixth change was on 12 December 2017.

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 Ha Noi Stock Exchange. Stock : HLD

THE BOARDS OF MANAGEMENT AND DIRECTORS

The boards of management

Mr. Bui Duc Thinh	Chairman
Ms. Dinh Thi Minh Hang	Vice Chairman
Mr. Pham Cao Son	Member
Mr. Le Anh Vu	Member
Mr. Nguyen Thanh Huong	Member

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

The board of directors

Mr. Pham Cao Son	Director
Mr. Nguyen Thanh Tu	Deputy Director
Mr. Vu Tuan Linh	Deputy Director
Mr. Nguyen Nam Cuong	Deputy Director

SUBSEQUENT EVENTS

According to the Board of Directors, in all material respects, there have been no other significant events occurring after the balance sheet date that would require adjustments to or disclosures to be made in the financial statements for the year ended 31 December 2017.

AUDITORS

CPA VIETNAM Auditing Company Limited - An independent member firm of Moore Stephens International Limited, has audited the financial statements for the year ended 31 December 2017.

STATEMENT OF BOARD OF DIRECTORS (Cont.)

THE BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Director of the Company is responsible for preparing the financial statements of each year, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year. In preparing those financial statements, the Board of Director 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 complied with, material differences are disclosed and explained in the financial statements; and
- Design, execute and maintain an effective internal control related to the appropriate preparation and presentation of financial statements so as to obtain reasonable assurance that the financial statements are free of material misstatements caused by even frauds and errors.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Board of Director 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 financial statements comply with Vietnamese Standards on Accounting, Vietnamese Accounting System and relevant legal regulations in preparing and financial statements. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

For and on behalf of the Board of Director



Pham Cao Son

Director

Hà Nội, 31 January 2018

Số. 78/2018/BCKT-BCTC/CPA VIETNAM

INDEPENDENT AUDITOR'S REPORT

About Financial Statements for the year ended 31 December 2017
of Hudland Real Estate Investment and Development Joint Stock Company

**To: The Boards of Management and Directors
Hudland Real Estate Investment and Development Joint Stock Company**

We have audited the accompanying financial statements of Hudland Real Estate Investment and Development Joint Stock Company as set out on pages 05 to pages 35, which prepared on 31 January 2018 comprise the Balance sheet as at 31 December 2017, and the Statement of income, and Statement of Cash flows for the year then ended, and Notes to the financial statements.

The Board of Directors' responsibility

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

In our opinion, the accompanying financial statements gives a true and fair view of, all material respects, the financial position of the Company as at 31 December 2017 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.



A blue ink handwritten signature.

Vu Ngoc An
Deputy General Director
Audit Practising Registration Certificate
No. 0496-2018-137-1

Bui Thi Thuy
Auditor
Audit Practising Registration Certificate
No. 0580-2018-137-1

For and on behalf of
CPA VIETNAM AUDITING COMPANY LIMITED
An independent member of Moore Stephens International Limited
Ha Noi, 31 January 2018

HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

Financial Statements for the year ended 31 December 2017

FORM B 01 - DN

BALANCE SHEET
As at 31 December 2017

ASSETS	CO DE	NO TE	31/12/2017 VND	01/01/2017 VND
A. CURRENT ASSETS (100 = 110+120+130+140+150)	100		673,759,617,606	563,268,510,179
I. Cash and cash equivalents	110	5.1	91,083,031,362	83,789,625,762
1. Cash	111		15,483,031,362	1,450,519,936
2. Cash equivalents	112		75,600,000,000	82,339,105,826
II. Short-term financial investments	120		40,073,930,000	28,627,796,567
3. Investments held to maturity	123	5.2	40,073,930,000	28,627,796,567
III. Short-term receivables	130		480,472,995,607	239,418,008,696
1. Short-term trade accounts receivable	131	5.3	333,419,669,721	181,265,843,258
2. Short-term advances to suppliers	132	5.4	122,217,113,256	35,056,214,856
5. Short-term loan receivables	135	5.5	20,000,000,000	20,000,000,000
6. Other short-term receivables	136	5.6	4,836,212,630	3,095,950,582
IV. Inventories	140		60,768,537,251	207,915,635,683
1. Inventories	141	5.7	60,768,537,251	207,915,635,683
V. Other current assets	150		1,361,123,386	3,517,443,471
1. Short-term prepaid expenses	151	5.8	1,361,123,386	-
2. Deductible VAT	152	5.9	-	3,497,119,486
3. Taxes and other revenues to the state	153	5.9	-	20,323,985
B. NON-CURRENT ASSETS (200 = 210+220+240+250+260)	200		159,516,670,930	137,023,072,603
I. Long - terms receivables	210		-	-
II. Fixed assets	220		37,548,217,578	5,112,013,607
1. Tangible fixed assets	221	5.10	37,473,741,772	5,101,180,274
- Cost	222		45,246,811,783	9,087,947,543
- Accumulated Depreciation	223		(7,773,070,011)	(3,986,767,269)
3. Intangible fixed assets	227	5.11	74,475,806	10,833,333
- Cost	228		140,000,000	65,000,000
- Accumulated Depreciation	229		(65,524,194)	(54,166,667)
III. Investment property	230	5.12	118,371,288,739	-
1. Cost	231		126,055,464,928	-
2. Accumulated Depreciation	232		(7,684,176,189)	-
IV. Long-term assets in progress	240		204,945,629	128,919,868,622
2. Construction in progress	242	5.13	204,945,629	128,919,868,622
V. Long-term financial investments	250		2,500,000,000	2,500,000,000
2. Investments in joint ventures and associates	252	5.14	2,500,000,000	2,500,000,000
VI. Other long-term assets	260		892,218,984	491,190,374
1. Long-term prepaid expenses	261	5.8	892,218,984	491,190,374
TOTAL ASSETS (270 = 100+200)	270		833,276,288,536	700,291,582,782

BALANCE SHEET (Cont.)
As at 31 December 2017

RESOURCES	CO DE	NO TE	31/12/2017 VND	01/01/2017 VND
C. LIABILITIES (300 = 310+330)	300		335,999,584,398	227,292,945,670
I. Current liabilities	310		261,906,355,325	127,988,488,381
1. Short-term trade accounts payable	311	5.15	8,578,421,167	14,585,136,316
2. Short-term advances from customers	312	5.16	3,147,028,280	1,081,714,263
3. Taxes and other payables to State	313	5.17	10,750,171,414	5,424,881,309
4. Short-term payables to employees	314		5,447,981,341	2,466,700,001
5. Short-term accrued expenses	315	5.18	51,111,758,903	24,105,768,034
8. Short-term unearned revenue	318	5.19	1,874,315,712	-
9. Other current payables	319	5.20	4,470,810,519	4,065,176,822
10. Short-term loans and financial leases	320	5.21	166,408,080,180	67,441,214,227
12. Bonus and welfare funds	322		10,117,787,809	8,817,897,409
II. Long - term liabilities	330		74,093,229,073	99,304,457,289
8. Long-term loans and financial leases	338	5.21	74,093,229,073	99,304,457,289
D. EQUITY (400 = 410+430)	400		497,276,704,138	472,998,637,112
I. Owner's equity	410	5.22	497,276,704,138	472,998,637,112
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		210,832,092,113	210,832,092,113
11. Undistributed post-tax profits	421		86,444,612,025	62,166,544,999
- Undistributed post-tax profits accumulated by the end of the previous period	421a		28,647,164,999	10,052,765,386
- Undistributed post-tax profits of current period	421b		57,797,447,026	52,113,779,613
II. Other resources and funds	430		-	-
TOTAL RESOURCES (440 = 300+400)	440		833,276,288,536	700,291,582,782

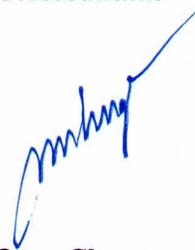
Ha Noi, 31 January 2018

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Director



Pham Cao Son

INCOME STATE
For the year ended 31 December 2017

ITEMS	CO DE	NO TE	Year 2017	Year 2016
			VND	VND
1. Gross sales of merchandise and services	01	5.23	382,844,627,125	124,695,112,618
2. Deductions	02		-	-
3. Net sales of merchandise and services (10 = 01-02)	10	5.23	382,844,627,125	124,695,112,618
4. Cost of goods sold	11	5.24	260,337,494,222	43,395,438,548
5. Gross profit from sales of merchandise and services (20 = 10-11)	20		122,507,132,903	81,299,674,070
6. Financial income	21	5.25	4,462,542,086	10,115,334,520
7. Financial expenses	22	5.25	14,658,479,767	4,788,380,694
<i>In which: Interest expenses</i>	23		14,658,479,767	4,788,380,694
8. Selling expenses	24	5.26	11,085,880,995	858,533,424
9. General and administration expenses	25	5.26	28,950,027,891	18,842,890,107
10. Operating profit {30 = 20+(21-22)-(24+25)}	30		72,275,286,336	66,925,204,365
11. Other income	31	5.27	596,542,370	491,327
12. Other expenses	32	5.27	181,989,331	226,981,711
13. Profit (Loss) from other activities (40=31-32)	40		414,553,039	(226,490,384)
14. Accounting profit (loss) before tax (50=30+40)	50		72,689,839,375	66,698,713,981
15. Current tax expense	51	5.28	14,892,392,349	14,561,034,212
16. Deferred tax income/(expense)	52		-	-
17. Net profit (loss) after income tax (60=50-51-52)	60		57,797,447,026	52,137,679,769
18. Basic earnings per share	70	5.29	2,890	2,607
19. Diluted earnings per share	71		-	-

Ha Noi, 31 January 2018

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Director



Pham Cao Son

CASH FLOW STATEMENT
(Direct method)
For the year ended 31 December 2017

ITEMS	CO DE	Year 2017	Year 2016
		VND	VND
1	2	4	5
I. Cash flow from operating activities			
1. Sales and other revenue	01	253,732,151,931	115,953,893,766
2. Payments for suppliers	02	(220,956,986,597)	(172,752,821,613)
3. Payment for employees	03	(11,963,936,192)	(12,455,408,323)
4. Interest paid	04	(17,618,719,675)	(16,187,223,780)
5. Corporate income tax paid	05	(17,464,961,739)	(12,424,265,946)
6. Other receipts from operating activities	06	7,883,837,617	4,234,923,769
7. Payments for other activities	07	(36,870,592,303)	(30,556,330,123)
<i>Net cash flows from operating activities</i>	20	(43,259,206,958)	(124,187,232,250)
II. Cash flows from investing activities			
1. Payments for acquisition, construction of fixed assets and other long-term assets	21	(206,542,000)	(4,066,865,454)
3. Cash outflow for lending, buying debt instruments of other entities	23	(35,000,000,000)	(23,258,533,333)
4. Cash recovered from lending, selling debt instruments of other entities	24	23,553,866,567	6,320,000,000
7. Interest earned, dividends and profit received	27	4,462,367,086	10,115,334,520
<i>Net cash flows from (used in) investing activities</i>	30	(7,190,308,347)	(10,890,064,267)
III. Cash flows from financing activities:			
3. Proceeds from borrowings	33	199,394,498,834	114,979,378,101
4. Repayments of borrowings	34	(111,692,902,929)	(82,558,222,815)
6. Dividends and profits paid	36	(29,958,675,000)	(29,571,732,000)
<i>Net cash flows from financial activities</i>	40	57,742,920,905	2,849,423,286
Net cash flows in the year (50 = 20+30+40)	50	7,293,405,600	(132,227,873,231)
Cash and cash equivalents at beginning of year	60	83,789,625,762	216,017,498,993
Cash and cash equivalents at end of year (70 = 50+60+61)	70	91,083,031,362	83,789,625,762

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Hà Nội, 31 January 2018

Director



Pham Cao Son

NOTES TO THE FINANCIAL STATEMENTS

FORM B 09 - DN

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 Ha Noi Department of Planning and Investment on 10 August 2007 and the sixth change was on 12 December 2017.

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.

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.

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 Structure of business

As at 31 December 2017, the Company has subsidiaries, associates and affiliated units as follows:

	Main activities	Share of capital contribution	Voting right
Associates			
Hudland trade and service JSC	Supplying services	30.5%	30.5%

2. FINANCIAL YEAR AND MONETARY UNIT IN ACCOUNTING

Financial year

The Company's financial year begins on 1 January and ends on 31 December.

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 Circular No. 200/2014/TT-BTC dated 22 December 2014, and Vietnamese Accounting Standards 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 Vietnam Accounting Standards and System promulgated and taken effect relating to preparation and presentation of the financial statements for the year ended 31 December 2017.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and relevant legal regulations relating to preparation and presentation of the 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 in transit: Money transfer orders without Debit note and payment papers without Credit note.

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial instruments (Cont.)

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.
- Intra-company receivables include receivables between superior organizations and affiliated organizations having no legal status and dependent cost-accounting.

The receivables shall be classified into short-term receivables or long-term receivables in Balance Sheet according to their remaining terms as at preparing Financial Statement date.

Provisions for doubtful debts: is made for doubtful debts based on overdue repayment of original debt commitments (not counting for the rescheduling of the parties), or expected losses that may occur under the guidance in Circular 228/2009/TT-BTC dated 07/12/2009.

Inventories

Inventories are stated at the historical cost. When historical cost is higher than net realizable value, inventories shall be stated at net realizable value. The historical cost of inventories comprises direct materials expenses, direct labour expenses and general production expenses based on normal levels of operating activity that have been incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the normal course of business minus all estimated costs of completion and costs of marketing, selling and distribution. The Company uses the perpetual inventory system to account for its inventories. The value of inventories is calculated according to 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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Fixed assets and depreciation, amortization

The Company manages, uses and depreciates its fixed assets under the guidance of Circular No. 45/2013 / TT-BTC dated 25 April 2013 and Circular 147/2016 / TT-BTC dated 13 October 2016. Amending and supplementing a number of articles of Circular No. 45/2013 / TT-BTC issued by the Ministry of Finance, Circular No. 28/2017 / TT-BTC of April 12, 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

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:

	2017 Years
Buildings and structures	07
Machinery and equipment	05 - 07
Office equipment	05
Motor vehicles	07

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

Prepaid expenses

This account is used to record expenses actually incurred but they are related to operation output of many accounting period and the transfer of these expenses to operating expenses of subsequent accounting periods.

Prepaid expenses: are stated at the historical cost and classified into short-term and long-term according to prepaid time 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

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.

In year, borrowing cost recognized into assets in progress is VND 3,105,657,377.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

Funds under owner's equity shall be set up according to Company's charters as below:

- + Development investment fund would be deducted 52,79% from profit after tax.
- + Bonus and welfare fund and executive board bonus fund: 4,57% from profit after tax.

Revenue Recognition

For 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

For the cost of direct materials consumed exceeds normal levels, labour costs, fixed general administration expense which are not allocated to finished goods will be recognized in cost of sales (after minus the amount of compensation, if any) even if the goods have not been determined to be consumed.

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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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, deposits.

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.

Revaluation after initial recognition

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

Earnings per share

Basic earnings per share shall be calculate by dividing profit or loss attributable to common stock holders by the weighted average number of common shares outstanding during the period. Diluted earnings per share shall be calculated by adjusting profit or loss attributable to common stock holders, and the weighted average number of shares outstanding due to the effects of common shares which are possible to dilute including convertible bonds and share option.

Related parties

Parties considered as related parties are enterprises that include the Holding Company - Housing and Urban Development Corporation, subsidiaries of the Holding Company, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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5. INFORMATION SUPPLEMENTING THE ITEMS IN BALANCE SHEET, INCOME STATEMENT

5.1 Cash and cash equivalents

	31/12/2017	01/01/2017
	VND	VND
Cash on hand	419,648,043	342,630,748
Cash in bank	15,063,383,319	1,107,889,188
Cash equivalents (*)	75,600,000,000	82,339,105,826
Total	91,083,031,362	83,789,625,762

(*) Deposits with maturity less than 3 months and deposits at VP Finance Company and BIDV, SHB, PVCOMBANK.

5.2 Held to maturity investments

	31/12/2017		01/01/2017	
	Historical cost	Book value	Historical cost	Book value
Short-term	40,073,930,000	40,073,930,000	28,627,796,567	28,627,796,567
PVcomBank - Hanoi Branch	40,073,930,000	40,073,930,000	28,627,796,567	28,627,796,567
Long-term	-	-	-	-
Total	40,073,930,000	40,073,930,000	28,627,796,567	28,627,796,567

Held to maturity investments This is the deposits with terms of 3 months to 1 year in banks.

5.3 Trade receivables

	31/12/2017	01/01/2017
	VND	VND
Short-term	333,419,669,721	181,265,843,258
CT17 Building Project in Viet Hung urban area	47,120,846,266	122,979,915,526
Office building block A CC7 Linh Dam	1,432,834,700	13,052,813,628
HH05 Project in Viet Hung urban area	17,550,934,149	38,384,986,634
Project Area B Bac Ninh	263,868,813,171	-
Le Thai To Townhouse Project, Bac Ninh	41,393,802	93,666,597
Le Thai To Project, Bac Ninh 27ha	103,916,810	1,665,133,710
Van Canh Project	851,379,573	3,142,858,079
The gym green, sport TP CV02	1,863,529,000	1,863,529,000
Others	586,022,250	82,940,084
Long-term	-	-
Total	333,419,669,721	181,265,843,258

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FORM B 09 - DN

5.4 Advances to suppliers

	31/12/2017	01/01/2017
	VND	VND
Short-term	122,217,113,256	35,056,214,856
Housing and urban Development Corporation	20,338,935,057	20,338,935,457
HUD10 Investment and Construction JSC	18,554,185,713	
Licogi 18.5 Joint Stock Company No. 18.5	15,789,744,506	-
Hung Think Investment and Construction Consultant JSC	11,298,231,887	-
Thanh Binh Trading Development Investment Corporation	13,433,281,899	-
Construction Joint Stock Company No. 2	11,724,414,992	-
Thanh An Investment and Construction Joint Stock Company 386	8,967,555,192	-
HUDSE Housing and Urban Development JSC	5,434,292,286	-
HUDLANDTS., JSC	2,692,995,876	2,772,514,930
Nam Thanh Do Construction Consultant JSC	3,049,896,390	654,168,001
COTANA GREEN., JSC	1,476,394,800	1,480,849,100
Thanh Nam Construction and Investment JSC	-	2,386,418,350
Others	9,457,184,658	7,423,329,018
Long-term	-	-
Total	122,217,113,256	35,056,214,856

5.5 Short-term loan receivables

Housing and urban Development Corporation borrowed VND 20,000,000,000. interest rate is 8% /year.

5.6 Other receivables

	31/12/2017		01/01/2017	
	VND		VND	
	Book value	Provision	Book value	Provision
Short-term	4,836,212,630	-	3,095,950,582	-
Receivables to buy shares	2,000,000,000	-	-	-
Customer service fees	697,290,001	-	1,181,637,000	-
Red document payable	250,931,127	-	182,901,064	-
Maintenance costs	258,331,191	-	39,497,408	-
Other Receivables	1,616,660,311	-	1,681,915,110	-
Advances	13,000,000	-	10,000,000	-
Long-term	-	-	-	-
Total	4,836,212,630	-	3,095,950,582	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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5.7 Inventories

	31/12/2017		01/01/2017	
	Historical Cost	VND Provision	Historical Cost	VND Provision
Instrument & tools	33,376,000	-	-	-
Work in progress	60,676,837,996	-	207,664,705,279	-
- Project Bac Ninh Area B	-	-	164,789,723,770	-
- Low-income Project housing in Bac Ninh	26,657,447,836	-	11,602,718,819	-
- CT17 Viet Hung projects	30,466,576,569	-	29,279,504,441	-
- Other projects	3,552,813,591	-	1,992,758,249	-
Purchase costs	58,323,255	-	250,930,404	-
Total	60,768,537,251	-	207,915,635,683	-

5.8 Prepaid expenses

	31/12/2017	01/01/2017
	VND	VND
Short-term	1,361,123,386	-
- The cost of the building awaiting allocation	1,361,123,386	-
Long-term	892,218,984	491,190,374
- Tools and equipment awaiting allocation	892,218,984	491,190,374
Total	2,253,342,370	491,190,374

5.9 Deductible VAT and receivables from the State

	01/01/2017	Amount deductible/ Amount to be paid	Amount deducted/ Amount paid	31/12/2017
	VND	VND	VND	VND
Value added tax	3,497,119,486	9,519,062,176	13,016,181,662	-
Personal income tax	20,323,985	-	20,323,985	-
Total	3,517,443,471	9,519,062,176	13,036,505,647	-

5.10 Tangible fixed assets

Unit: VND

Year 2017	Buildings and Structures	Machinery and Equipment	Motor Vehicles	Office equipment	Total
Cost					
As at 01/01	727,255,454	277,156,365	7,479,053,988	604,481,736	9,087,947,543
Increase	35,776,844,240	-	-	382,020,000	36,158,864,240
Construction completed	35,776,844,240	-	-	-	35,776,844,240
Purchases	-	-	-	382,020,000	382,020,000
Decrease	-	-	-	-	-
As at 31/12	<u>36,504,099,694</u>	<u>277,156,365</u>	<u>7,479,053,988</u>	<u>986,501,736</u>	<u>45,246,811,783</u>
Accumulated depreciation					
As at 01/01	695,019,557	260,094,263	2,727,234,632	304,418,817	3,986,767,269
Increase	2,885,773,172	-	906,175,805	125,644,268	3,917,593,245
Depreciation	2,885,773,172	-	906,175,805	125,644,268	3,917,593,245
Decrease	131,290,503	-	-	-	131,290,503
Liquidated	131,290,503	-	-	-	131,290,503
As at 31/12	<u>3,449,502,226</u>	<u>260,094,263</u>	<u>3,633,410,437</u>	<u>430,063,085</u>	<u>7,773,070,011</u>
Net book value					
As at 01/01	<u>32,235,897</u>	<u>17,062,102</u>	<u>4,751,819,356</u>	<u>300,062,919</u>	<u>5,101,180,274</u>
As at 31/12	<u>33,054,597,468</u>	<u>17,062,102</u>	<u>3,845,643,551</u>	<u>556,438,651</u>	<u>37,473,741,772</u>

Cost of fixed assets fully depreciated which are still in use as at 31/12/2017 is VND 1,931,840,266.

Cost and net book value of the assets pledged property mortgage loans respectively VND 40,821,820,599 and VND 36,541,971,928.

5.11 Tangible fixed assets

Unit: VND

Year 2017	Computer software	Total
Cost		
As at 01/01	65,000,000	65,000,000
Increase	75,000,000	75,000,000
Purchases	75,000,000	75,000,000
Decrease	-	-
As at 31/12	<u>140,000,000</u>	<u>140,000,000</u>
Accumulated depreciation		
As at 01/01	54,166,667	54,166,667
Increase	11,357,527	11,357,527
Depreciation	11,357,527	11,357,527
Decrease	-	-
As at 31/12	<u>65,524,194</u>	<u>65,524,194</u>
Net book value		
As at 01/01	<u>10,833,333</u>	<u>10,833,333</u>
As at 31/12	<u>74,475,806</u>	<u>74,475,806</u>

5.12 Investment property

Unit: VND

Items	Beginning balance	In the year		Ending balance
		Increase	Decrease	
<u>I. Cost</u>	-	126,055,464,928	-	126,055,464,928
Office building block A CC7 Linh Dam	-	126,055,464,928	-	126,055,464,928
<u>II. Accumulated depreciation</u>	-	7,684,176,189	-	7,684,176,189
Office building block A CC7 Linh Dam	-	7,684,176,189	-	7,684,176,189
<u>III. Net book value</u>	-	118,371,288,739	-	118,371,288,739
Office building block A CC7 Linh Dam	-	118,371,288,739	-	118,371,288,739

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

5.13 Construction in progress

	31/12/2017 VND	01/01/2017 VND
Construction in progress	204,945,629	128,919,868,622
- Construction: Office Building Lot A - CC7 (*)	204,945,629	128,919,868,622
Total	204,945,629	128,919,868,622

(*) As at 30 June 2017, the Company has transferred the cost of construction the Block A-CC7 office building with the value determined at the total investment of 161,832,309,168 VND, of which The value of the investment property allocated is VND 126,055,464,928.

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5.14 Investments in associates

Unit: VND

	Rate		31/12/2017			01/01/2017		
	Capital owned	Voting right	Historical Cost	Fair value	Provision	Historical Cost	Fair value	Provision
Investments in joint ventures or associates			2,500,000,000	2,500,000,000	-	2,500,000,000	2,500,000,000	-
Hudland trade and service JSC	30.50%	30.50%	2,500,000,000	2,500,000,000	-	2,500,000,000	2,500,000,000	-
Total			2,500,000,000	2,500,000,000	-	2,500,000,000	2,500,000,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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5.15 Trade payables

	31/12/2017		01/01/2017	
	Book value	Amount can be paid	Book value	Amount can be paid
Short-term	8,578,421,167	8,578,421,167	14,585,136,316	14,585,136,316
Housing and urban services Company Ltd. - HUDS	3,133,971,746	3,133,971,746	-	-
Construction Consultancy and Testing Center	1,305,779,341	1,305,779,341	-	-
Nam Thanh Do Construction Consultant Joint Stock Company	1,097,769,904	1,097,769,904	-	-
Thanh Binh Trade Development Construction Investment Joint Stock Company	1,047,414,251	1,047,414,251	-	-
Tan Hoang Minh trading investment and services company Ltd.	-	-	3,200,703,278	3,200,703,278
Branch Construction Joint Stock Company No. 1	132,699,000	132,699,000	5,393,396,850	5,393,396,850
Other suppliers	1,860,786,925	1,860,786,925	5,991,036,188	5,991,036,188
Long-term	-	-	-	-
Total	8,578,421,167	8,578,421,167	14,585,136,316	14,585,136,316
In which: Payables to related parties				
Thanh Nam Construction and Investment JSC	-	-	834,500	834,500
HUD1 Construction and Investment JSC	-	-	175,045,491	175,045,491
HUD2 Housing and urban development JSC	-	-	-	-
Housing and urban services Company Ltd.-HUDS	3,133,971,746	3,133,971,746	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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5.16 Advances from customers

	31/12/2017	01/01/2017
	VND	VND
Short-term	3,147,028,280	1,081,714,263
DACT17 - CT17 Viet Hung Project	801,796,552	106,315,720
DALKBN - Le Thai To Townhouse Project, Bac Ninh	603,279,001	751,406,601
Le Thai To Project, Bac Ninh 27ha	148,437,471	-
Office building block A CC7 Linh Dam	179,400,100	-
Project Area B Bac Ninh	1,400,785,701	-
APOLLO English center	-	189,675,486
Other customers	13,329,455	34,316,456
Long-term	-	-
Total	3,147,028,280	1,081,714,263

5.17 Taxes and payables to the State

	01/01/2017	Amount to be paid	Amount paid	31/12/2017
	VND	VND	VND	VND
Value added tax	-	32,014,989,007	24,149,068,674	7,865,920,333
Profit tax	5,424,881,309	14,892,392,349	17,464,961,739	2,852,311,919
Personal income tax	-	1,824,446,353	1,792,507,191	31,939,162
Housing tax, land rental charges	-	294,761,438	294,761,438	-
Other taxes	-	3,000,000	3,000,000	-
Fee & charge & other payables	-	1,000,000,001	1,000,000,001	-
Total	5,424,881,309	50,029,589,148	44,704,299,043	10,750,171,414

5.18 Accrued expenses payables

	31/12/2017	01/01/2017
	VND	VND
Short-term	51,111,758,903	24,105,768,034
Adjacent Bac Ninh Project	2,156,210,749	2,156,210,749
Bac Ninh Villa Project	374,623,945	374,623,945
Accrued expenses for DACT17	226,447,200	495,862,443
Deductions before the cost of the office building project	204,226,355	204,226,355
Multi project 05, Viet Hung urban area	2,118,200,366	20,874,844,542
Bac Ninh Area B Project	43,000,000,000	-
Cost of the office building project	3,032,050,288	-
Long-term	-	-
Tổng	51,111,758,903	24,105,768,034

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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5.19 Unearned revenue

	31/12/2017	01/01/2017
	VND	VND
Short-term	1,874,315,712	-
Raw building advances from customers	1,874,315,712	-
Long-term	-	-
Tổng	1,874,315,712	-

5.20 Other payables

	31/12/2017	01/01/2017
	VND	VND
Short-term	4,470,810,519	4,065,176,822
Trade Union fee	18,886,772	-
Social insurance, health insurance	68,337,901	-
Unemployment insurance	4,555,860	-
Dividends payable	136,942,500	95,617,500
Maintenance costs paid under the contract	-	537,514,567
Deposit to make the Red document, service fees, and deposits under Contract	4,242,087,486	3,432,044,755
Long-term	-	-
Total	4,470,810,519	4,065,176,822

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5.21 Loans and finance lease liabilities

Unit: VND

	31/12/2017		In year		01/01/2017	
	Value	Amount can be paid	Increase	Decrease	Value	Amount can be paid
Shor-term	166,408,080,180	166,408,080,180	198,306,968,882	99,340,102,929	67,441,214,227	67,441,214,227
BIDV - Hanoi Branch (1)	109,031,485,663	109,031,485,663	122,454,130,718	59,792,899,064	46,370,254,009	46,370,254,009
Pvcombank - Hanoi Branch (2)	57,376,594,517	57,376,594,517	75,852,838,164	39,547,203,865	21,070,960,218	21,070,960,218
Long-term	74,093,229,073	74,093,229,073	3,266,277,201	28,477,505,417	99,304,457,289	99,304,457,289
Pvcombank - Hanoi Branch (3)	58,377,800,000	58,377,800,000	1,972,765,244	14,325,565,244	70,730,600,000	70,730,600,000
Personal loans (4)	15,715,429,073	15,715,429,073	1,293,511,957	14,151,940,173	28,573,857,289	28,573,857,289
Total	240,501,309,253	240,501,309,253	201,573,246,083	127,817,608,346	166,745,671,516	166,745,671,516

(1) Credit limit contract 01/2017/1906164/HĐTD on 25/07/2017. 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, Ha Noi. 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, Ha Noi; mortgage Toyota Camry car – License Plate of 31F- 6178 under property mortgage contract No. 01/2014/HĐTCTS, notaries number: 271/2014/HĐTC on 24/2/2014 and amended documents attached.

(2) Contract of granting credit limit No. 379/2017/HĐTD/HUDLAND/PVB-HAN on 18/12/2017. Credit limit VND 100,000,000,000; the purpose: supplement capital to business activities of HUDLAND. Credit term: 12 months, provide loans according to loans, maximum term is not exceeding 09 months, specified in Lending bonds. Interest rate is under the provision of bank and adjusted once each month. Measures to ensure: Mortgage deposit contract guaranting minimum of 30% short-term credit balance, profit from TNT housing project of Bac Ninh project, Linh Dam building project, remaining debt claims from HH05 project; other measures to ensure under agreement between the Bank and client or third party các biện pháp tài sản bảo đảm khác theo thỏa thuận giữa Ngân hàng và khách hàng hoặc bên thứ 3 (if any).

5.21 Loans and finance lease liabilities (Cont.)

(3) The credit contract No. 2906/2015/HDCVDA-DN.HN dated 26 Junet 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 % / year

5.22 Owner's equity

a. Reconciliation of movements in owners' equity

Unit: VND

	Owner's capital	Investment and Development fund	Retained earnings	Total
As at 01/01/2016	200,000,000,000	197,232,092,113	56,320,090,230	453,552,182,343
Increase	-	13,600,000,000	52,137,679,769	65,737,679,769
<i>Profit after tax</i>	-	-	52,137,679,769	52,137,679,769
<i>Allocation to funds</i>	-	13,600,000,000	-	13,600,000,000
Decrease	-	-	46,291,225,000	46,291,225,000
<i>Remuneration to BOM, BOS</i>	-	-	232,225,000	232,225,000
<i>Allocation to funds</i>	-	-	16,059,000,000	16,059,000,000
<i>Dividend paid in 2015</i>	-	-	30,000,000,000	30,000,000,000
As at 31/12/2016	200,000,000,000	210,832,092,113	62,166,544,999	472,998,637,112
As at 01/01/2017	200,000,000,000	210,832,092,113	62,166,544,999	472,998,637,112
Increase	-	-	57,797,447,026	57,797,447,026
<i>Profit after tax</i>	-	-	57,797,447,026	57,797,447,026
Decrease	-	-	33,519,380,000	33,519,380,000
<i>Remuneration to BOM, BOS</i>	-	-	228,380,000	228,380,000
<i>Allocation to funds</i>	-	-	3,291,000,000	3,291,000,000
<i>Dividend paid in 2016</i>	-	-	30,000,000,000	30,000,000,000
As at 31/12/2017	200,000,000,000	210,832,092,113	86,444,612,025	497,276,704,138

5.22 Owner's equity (Cont.)

b. Details of owner's equity

Shareholders	Shares Quantity	Amount VND	Ratio %	Capital recorded	
				31/12/2017	01/01/2017
				VND	VND
Housing and urban development Corporation	10,200,000	102,000,000,000	51.00%	102,000,000,000	102,000,000,000
Thanh Nam Construction And Investment 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	12,047,000,000
Mrs. Dinh Thi Minh Hang	-	-	0.00%	-	14,060,000,000
Ha Nam textile company Ltd.	-	-	0.00%	-	19,000,000,000
Other shareholders	7,672,300	76,723,000,000	38.36%	76,723,000,000	44,119,000,000
Total	20,000,000	200,000,000,000	100.00%	200,000,000,000	200,000,000,000

c. Capital transactions with owners and dividends distribution

	Year 2017 VND	Year 2016 VND
- Owner's equity		
As at 01/01	200,000,000,000	200,000,000,000
Increase	-	-
Decrease	-	-
As at 31/12	200,000,000,000	200,000,000,000
- Dividends, profit paid	30,000,000,000	30,000,000,000

d. Shares

	31/12/2017 Shares	01/01/2017 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

	31/12/2017 VND	01/01/2017 VND
Development investment fund	210,832,092,113	210,832,092,113
Total	210,832,092,113	210,832,092,113

5.23 Sales of merchandise and services

	Year 2017 VND	Year 2016 VND
Sales of real estate projects	379,411,626,709	124,005,809,568
Other revenue	3,433,000,416	689,303,050
Total	382,844,627,125	124,695,112,618

5.24 Cost of goods sold

	Year 2017 VND	Year 2016 VND
Cost of real estate projects sold	259,524,610,611	42,706,135,498
Other	812,883,611	689,303,050
Total	260,337,494,222	43,395,438,548

5.25 Financial income and Financial expenses

	Year 2017 VND	Year 2016 VND
<i>Financial income</i>		
Bank interest	4,462,542,086	10,115,334,520
Total	4,462,542,086	10,115,334,520
<i>Financial expenses</i>		
Interest expenses	14,658,479,767	4,788,380,694
Total	14,658,479,767	4,788,380,694
Profit (Loss) from financial activities	(10,195,937,681)	5,326,953,826

5.26 Selling expenses and General and administration expenses

	Year 2017 VND	Year 2016 VND
Selling expenses		
Outsourcing expenses	11,085,880,995	858,533,424
Other expenses in cash	-	41,909,568
General and administration expenses		
Administrative staffs	16,728,612,504	13,395,666,528
Fixed asset depreciation	2,890,924,633	915,493,223
Taxes, fees and charges	3,831,601,955	449,325,588
Outsourcing expenses	5,485,162,799	3,852,404,768
Other expenses in cash	13,726,000	230,000,000
Total	40,035,908,886	19,701,423,531

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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5.27 Other income/ Other expenses

	Year 2017 VND	Year 2016 VND
Other income		
Fines for breach of contract	568,189,584	
Others	28,352,786	491,327
Total	596,542,370	491,327
Other expenses		
Fixed asset liquidation loss	79,815,605	-
Other	102,173,726	226,981,711
Total	181,989,331	226,981,711
Profit (Loss) From other activities	414,553,039	(226,490,384)

5.28 Current corporate income tax expenses

	Year 2017 VND	Year 2016 VND
Total accounting profit before tax	72,689,839,375	66,698,713,981
<i>Profit from usual business activities</i>	<i>72,689,839,375</i>	<i>66,698,713,981</i>
Adjustments	-	2,572,269,794
Taxable profit from usual business activities	72,689,839,375	69,270,983,775
Current tax rate	20%	20%
Current corporate income tax expense	14,537,967,876	13,854,196,755
CIT arrears under the tax inspection concluded in 2015	354,424,473	706,837,456
CIT payable from usual business activities	14,892,392,349	14,561,034,212

5.29 Basic earning per share

	Year 2017 VND	Year 2016 VND
Accounting profit after tax	57,797,447,026	52,137,679,769
Net profit/ or loss attributable to ordinary equity holders for basic earning (VND)	57,797,447,026	52,137,679,769
Weighted average number of ordinary shares for basic earnings per share	20,000,000	20,000,000
Earnings per share (VND/share)	2,890	2,607

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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5.30 Business and production cost by factors

	Year 2017 VND	Year 2016 VND
Employee expenses	16,728,612,504	13,395,666,528
Depreciation expenses	2,890,924,633	915,493,223
Accrued expenses	36,512,185,332	19,558,406,389
Cost of services purchased	102,626,905,448	38,851,507,585
Other expenses in cash	13,726,000	311,022,686
Total	158,772,353,917	73,032,096,411

6. OTHER INFORMATION

6.1 Related party transactions and balances

Related parties	Relationship	Nature of transactions	Year 2017 VND	Year 2016 VND
Purchasing transaction				
Housing and urban development Corporation	Parents Corporation	Electricity charges, office rental & others	-	752,426,000
		Construct projects	-	169,411,727
		Transfer infrastructure	-	(20,338,935,057)
HUD1 Construction and Investment JSC	In same Corporation	Construct projects	5,183,382,727	-
HUD10 Construction and Investment JSC	In same Corporation	Construct projects	4,826,023,636	-
Thanh Nam Construction and Investment JSC	Capital contributors	Construct projects	16,509,819,622	-
		Services	-	44,058,820
HUDLANDTS., JSC	Associate	Services	7,929,846,396	5,420,553,443
HUDSE Construction and Investment JSC	Capital contributors	Construct projects	5,444,087,286	-
Selling transaction				
Housing and urban services Company Ltd. (HUDS)	In same Corporation	Services	9,402,782	2,163,945
HUD10 Construction and Investment JSC	In same Corporation	Electric cost	47,458,563	-
HUDSE Construction and Investment JSC	In same Corporation	Electric cost	10,634,504	-
HUDLANDTS., JSC	Associate	Electric cost	73,513,423	-
HUD1 Construction and Investment JSC	Associate	Electric cost	6,608,796	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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6.1 Related party transactions and balances (cont).

Ending balance with related parties at 31/12/2017 as follows:

Related parties	Relationship	Nature of transactions	31/12/2017 VND	01/01/2017 VND
<u>Receivables</u>			51,222,233,662	27,908,979,737
Housing and urban development Corporation	Parents Corporation	Trade receivables	1,863,529,000	1,863,529,000
		Advances to suppliers	20,338,935,057	20,338,935,457
Thanh Nam Construction and Investment JSC	Capital contributors	Advances to suppliers	500,001,495	2,386,418,350
HUDLANDTS., JSC	Associate	Advances to suppliers	2,428,235,232	2,772,514,930
		Trade receivables	80,864,765	-
HUD10 Construction and Investment JSC	In same Corporation	Trade receivables	52,204,419	-
		Advances to suppliers	18,554,185,713	-
Housing and urban services Company Ltd. - HUDS	In same Corporation	Trade receivables	7,406,010	547,582,000
HUD1 Construction and Investment JSC	In same Corporation	Trade receivables	7,269,676	-
		Advances to suppliers	1,952,161,786	-
HUDSE Construction and Investment JSC	In same Corporation	Trade receivables	3,148,223	-
		Advances to suppliers	5,434,292,286	-
<u>Payables</u>			3,129,378,305	175,879,991
Housing and urban services Company Ltd. - HUDS	In same Corporation	Trade payables	3,129,378,305	-
HUD1 Construction and Investment JSC	In same Corporation	Trade payables	-	175,045,491
Thanh Nam Construction and Investment JSC	Capital contributors	Trade payables	-	834,500

Transactions with key personnel and shareholders in 2017

Related parties	Nature of transactions	Year 2017 VND	Year 2016 VND
Board of Managements and Board of Directors	Remuneration	3,338,656,418	4,109,308,614

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 5.

Categories of financial instruments

	31/12/2017	01/01/2017
	VND	VND
Financial assets		
Cash and cash equivalents	91,083,031,362	83,789,625,762
Trade receivables and other receivables	338,255,882,351	184,361,793,840
Short-term investment	40,073,930,000	28,627,796,567
Long-term investments	2,500,000,000	2,500,000,000
Total	471,912,843,713	299,279,216,169
Financial liabilities		
Borrowings	240,501,309,253	166,745,671,516
Trade payables and other payables	13,049,231,686	18,650,313,138
Accrued expenses	51,111,758,903	24,105,768,034
Total	304,662,299,842	209,501,752,688

The Company has not yet evaluated fair-value of financial assets and financial liabilities as at the date ended accounting period because Circular 210 as well as prevailing regulations do not have detailed guidance on determination of fair-value of financial assets and financial liabilities. Circular 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. business activities

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.

	<u>Under 1 year</u> VND	<u>From 1- 5 years</u> VND	<u>Total</u> VND
31/12/2017			
Borrowings	166,408,080,180	74,093,229,073	240,501,309,253
Trade payables and other payables	13,049,231,686	-	13,049,231,686
Accured expenses	51,111,758,903	-	51,111,758,903
	<u>Under 1 year</u> VND	<u>From 1- 5 years</u> VND	<u>Total</u> VND
01/01/2017			
Borrowings	67,441,214,227	99,304,457,289	166,745,671,516
Trade payables and other payables	18,650,313,138	-	18,650,313,138
Accured expenses	24,105,768,034	-	24,105,768,034

The Board of Directors believe 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.

	<u>Under 1 year</u> VND	<u>From 1- 5 years</u> VND	<u>Total</u> VND
31/12/2017			
Cash and cash equivalents	91,083,031,362	-	91,083,031,362
Trade receivables and other receivables	338,255,882,351	-	338,255,882,351
Long-term investments	-	2,500,000,000	2,500,000,000
	<u>Under 1 year</u> VND	<u>From 1- 5 years</u> VND	<u>Total</u> VND
31/12/2017			
Cash and cash equivalents	83,789,625,762	-	83,789,625,762
Trade receivables and other receivables	184,361,793,840	-	184,361,793,840
Short-term investment	28,627,796,567	-	28,627,796,567
Long-term investments	-	2,500,000,000	2,500,000,000

6.3 Retrospective adjustment

Adjusted according to audit results announcement No. 81 / TB-KTNN dated 16/10/2017 of the State Audit, details of changes are as follows:

Influence on business results in 2016:

Items	Year 2016	Year 2016	Difference
	(After adjust)	(Before adjust)	
	VND	VND	VND
Gross sales of merchandise and services	124,695,112,618	125,173,079,376	(477,966,758)
Cost of goods sold	43,395,438,548	53,330,672,880	(9,935,234,332)
Current tax expense	14,561,034,212	12,707,824,697	1,853,209,515
Net profit (loss) after income tax	52,137,679,769	44,533,621,710	7,604,058,059
Basic earnings per share	2,607	2,227	380

Influence on the balance sheet as at 01/01/2017:

Items	Balance as	Balance as	Difference
	at 01/01/2017	at 31/12/2016	
	VND	VND	VND
Short-term trade accounts receivable	181,265,843,258	181,791,606,693	(525,763,435)
Inventories	207,915,635,683	193,433,039,706	14,482,595,977
Taxes and other revenues to the state	68,120,662	20,323,985	47,796,677
General change asset			14,004,629,219
Taxes and other payables to State	5,424,881,309	3,533,427,794	1,891,453,515
Short-term accrued expenses	24,105,768,034	19,558,406,389	4,547,361,645
Undistributed post-tax profits	62,166,544,999	54,600,730,940	7,565,814,059
General change Equity			14,004,629,219

6.4 Comparative figures

The figures are which in financial statements of the Company for the financial year ended 31 December 2016 have been audited by CPA VIETNAM Auditing Company Limited - An Independent Member Firm of Moore Stephens International Limited.

Hanoi, 31 January 2018

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Director



Pham Cao Son