



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

**AUDITED FINANCIAL STATEMENTS  
For the year ended 31 December 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 audited financial statements for the year ended 31 December 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, the seventh amendment on 16 April 2018.

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

Abbreviated name: HUDLAND., JSC

Registered office at: 12th Floor, Hudland Tower Building, Lot ACC7, 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 year 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 financial statements for the year ended 31 December 2019.

**AUDITOR**

CPA VIETNAM Auditing Company Limited (CPA VIETNAM) - An independent firm of Moore Global Network, has audited the financial statements for the year ended 31 December 2019.

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

BOARD OF DIRECTORS' RESPONSIBILITY

The Company's Board of Directors is responsible for preparing the 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 year. In preparing these 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 financial statements;
- Design, execute and maintain effective internal control system with regard to the preparation of financial statements to assure that the financial statements are free of material misstatement 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 its business.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the 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 financial statements comply with prevailing Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and relevant legal regulations relating to preparation and presentation of the 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, 19 February 2020



No. 94/2020/BCKT-BCTC/CPA VIETNAM

### INDEPENDENT AUDITOR'S REPORT

For financial statements for the year ended 31 December 2019  
of Hudland Real Estate Investment and Development Joint Stock Company

To: **Shareholders**  
**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 33, which prepared on 19 February 2020 comprise the Balance sheet as at 31/12/2019, 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 the statutory requirements relevant to the preparation and presentation of the 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 2019 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 signature, likely belonging to Nguyen Ngoc Khanh, the Auditor.

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**Phan Thanh Nam**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 1009-2018-137-1

*Letter of Authorization No.02/2020/UQ-CPA VIETNAM on 02 January 2020 of Chairman*

*For and on behalf of*

**CPA VIETNAM AUDITING COMPANY LIMITED**

**An independent firm of Moore Global Network**

*Hanoi, 19 February 2020.*

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**Nguyen Ngoc Khanh**  
**Auditor**  
Audit Practising Registration Certificate  
No. 2999-2019-137-1



**BALANCE SHEET**  
 As at 31 December 2019

ASSETS	Code	Note	31/12/2019	01/01/2019
			VND	VND
<b>A. CURRENT ASSETS</b> (100 = 110+120+130+140+150)	<b>100</b>		<b>598,438,856,725</b>	<b>667,205,635,539</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5.1</b>	<b>223,855,394,398</b>	<b>76,451,169,467</b>
1. Cash	111		94,455,394,398	9,451,169,467
2. Cash equivalents	112		129,400,000,000	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>347,606,417,295</b>	<b>462,696,536,278</b>
1. Short-term trade accounts receivable	131	5.3	296,570,986,169	258,396,675,923
2. Short-term advances to suppliers	132	5.4	47,523,989,161	72,938,266,195
5. Short-term loan receivables	135	5.5	-	120,000,000,000
6. Other short-term receivables	136	5.6	3,511,441,965	11,361,594,160
<b>IV. Inventories</b>	<b>140</b>		<b>17,903,115,032</b>	<b>118,983,999,794</b>
1. Inventories	141	5.7	17,903,115,032	118,983,999,794
<b>V. Other current assets</b>	<b>150</b>		<b>-</b>	<b>-</b>
<b>B. NON-CURRENT ASSETS</b> (200 = 210+220+240+250+260)	<b>200</b>		<b>130,860,086,802</b>	<b>141,282,544,479</b>
<b>I. Long - terms receivables</b>	<b>210</b>		<b>-</b>	<b>-</b>
<b>II. Fixed assets</b>	<b>220</b>		<b>51,414,920,894</b>	<b>57,852,646,214</b>
1. Tangible fixed assets	221	5.8	51,348,778,421	57,751,503,741
- Cost	222		74,531,505,771	75,246,644,863
- Accumulated Depreciation	223		(23,182,727,350)	(17,495,141,122)
3. Intangible fixed assets	227	5.9	66,142,473	101,142,473
- Cost	228		200,000,000	200,000,000
- Accumulated Depreciation	229		(133,857,527)	(98,857,527)
<b>III. Investment property</b>	<b>230</b>	<b>5.10</b>	<b>76,299,339,172</b>	<b>79,878,751,283</b>
1. Cost	231		96,055,631,848	96,055,631,848
2. Accumulated Depreciation	232		(19,756,292,676)	(16,176,880,565)
<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	5.11	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	5.12	2,500,000,000	2,500,000,000
<b>VI. Other long-term assets</b>	<b>260</b>		<b>448,517,471</b>	<b>853,837,717</b>
1. Long-term prepaid expenses	261	5.13	448,517,471	853,837,717
<b>TOTAL ASSETS (270 = 100+200)</b>	<b>270</b>		<b>729,298,943,527</b>	<b>808,488,180,018</b>

BALANCE SHEET (Continued)  
As at 31 December 2019

RESOURCES	Code	Note	31/12/2019 VND	01/01/2019 VND
<b>C. LIABILITIES</b> (300 = 310+330)	<b>300</b>		<b>271,491,553,006</b>	<b>362,715,793,646</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>236,525,841,049</b>	<b>311,509,649,251</b>
1. Short-term trade accounts payable	311	5.14	26,186,486,996	22,833,081,882
2. Short-term advances from customers	312	5.15	1,180,179,703	1,160,081,576
3. Taxes and other payables to State	313	5.16	11,151,700,558	26,908,158,759
4. Short-term payables to employees	314		6,385,475,445	5,451,308,630
5. Short-term accrued expenses	315	5.17	72,434,195,330	59,684,348,099
8. Short-term unearned revenue	318	5.18	4,111,550,500	9,449,824,011
9. Other current payables	319	5.19	16,938,864,514	29,951,354,617
10. Short-term loans and financial leases	320	5.20	85,141,829,360	144,407,830,134
12. Bonus and welfare funds	322		12,995,558,643	11,663,661,543
<b>II. Long - term liabilities</b>	<b>330</b>		<b>34,965,711,957</b>	<b>51,206,144,395</b>
8. Long-term loans and financial leases	338	5.20	34,965,711,957	51,206,144,395
<b>D. EQUITY</b> (400 = 410+430)	<b>400</b>		<b>457,807,390,521</b>	<b>445,772,386,372</b>
<b>I. Owner's equity</b>	<b>410</b>	5.21	<b>457,807,390,521</b>	<b>445,772,386,372</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		176,975,298,408	164,940,294,259
- Undistributed post-tax profits accumulated by the end of the previous period	421a		101,110,494,259	53,775,054,927
- Undistributed post-tax profits of current period	421b		75,864,804,149	111,165,239,332
<b>II. Other resources and funds</b>	<b>430</b>		-	-
<b>TOTAL RESOURCES (440 = 300+400)</b>	<b>440</b>		<b>729,298,943,527</b>	<b>808,488,180,018</b>

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Hanoi, 19 February 2020  
Director



Nguyen Thanh Tu



**INCOME STATEMENT**  
For the year ended 31 December 2019

ITEMS	Code	Note	Year 2019 VND	Year 2018 VND
1. Gross sales of merchandise and services	01	5.22	420,134,799,330	440,462,350,555
2. Deductions	02		-	-
3. Net sales of merchandise and services (10 = 01-02)	10	5.22	420,134,799,330	440,462,350,555
4. Cost of goods sold	11	5.23	298,877,148,807	272,151,489,212
<b>5. Gross profit from sales of merchandise and services (20 = 10-11)</b>	<b>20</b>		<b>121,257,650,523</b>	<b>168,310,861,343</b>
6. Financial income	21	5.24	16,615,890,737	12,476,463,479
7. Financial expenses	22	5.24	5,805,732,984	7,762,212,908
<i>In which: Interest expenses</i>	23		5,805,732,984	7,762,212,908
8. Selling expenses	24	5.25	7,257,206,174	5,419,112,359
9. General and administration expenses	25	5.25	31,398,047,647	29,034,416,611
<b>10. Operating profit</b> {30 = 20+(21-22)-(24+25)}	<b>30</b>		<b>93,412,554,455</b>	<b>138,571,582,944</b>
11. Other income	31	5.26	483,113,085	385,676,627
12. Other expenses	32	5.26	312,775,014	710,410
<b>13. Profit (Loss) from other activities</b> (40=31-32)	<b>40</b>		<b>170,338,071</b>	<b>384,966,217</b>
<b>14. Accounting profit (loss) before tax</b> (50=30+40)	<b>50</b>		<b>93,582,892,526</b>	<b>138,956,549,161</b>
15. Current tax expense	51	5.27	17,718,088,377	27,791,309,829
16. Deferred tax income/(expense)	52		-	-
<b>17. Net profit (loss) after income tax</b> (60=50-51-52)	<b>60</b>		<b>75,864,804,149</b>	<b>111,165,239,332</b>
18. Basic earnings per share	70	5.28	3,793	5,359
19. Diluted earnings per share	71		-	-

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Hanoi, 19 February 2020  
Director



Nguyen Thanh Tu

**CASH FLOW STATEMENT**  
(Direct method)  
For the year ended 31 December 2019

ITEMS	Code	Note	Year 2019	Year 2018
			VND	VND
<b>I. Cash flow from operating activities</b>				
1. Sales and other revenue	01		403,077,308,211	553,185,467,062
2. Payments for suppliers	02		(157,156,836,867)	(317,593,564,321)
3. Payment for employees	03		(16,062,651,688)	(15,380,224,138)
4. Interest paid	04		(19,946,826,737)	(7,762,212,908)
5. Corporate income tax paid	05		(27,437,283,967)	(11,662,186,007)
6. Other receipts from operating activities	06		7,684,451,213	7,513,157,096
7. Payments for other activities	07		(26,143,628,683)	(32,183,547,626)
<i>Net cash flows from operating activities</i>	<b>20</b>		<b>164,014,531,482</b>	<b>176,116,889,158</b>
<b>II. Cash flows from investing activities</b>				
1. Payments for acquisition, construction of fixed assets and other long-term assets	21		(162,000,000)	-
3. Cash outflow for lending, buying debt intruments of other entities	23		-	(78,500,000,000)
4. Cash recovered from lending, selling debt intruments of other entities	24		78,651,137,345	81,000,000,000
7. Interest earned, dividends and profit received	27		4,665,245,528	8,059,885,671
<i>Net cash flows from (used in) investing activities</i>	<b>30</b>		<b>83,154,382,873</b>	<b>10,559,885,671</b>
<b>III. Cash flows from financing activities:</b>				
3. Proceeds from borrowings	33		136,138,118,625	286,038,919,316
4. Repayments of borrowings	34		(207,756,919,399)	(330,926,254,040)
6. Dividends and profits paid	36		(28,145,888,650)	(156,421,302,000)
<i>Net cash flows from financial activities</i>	<b>40</b>		<b>(99,764,689,424)</b>	<b>(201,308,636,724)</b>
<b>Net cash flows in the year (50 = 20+30+40)</b>	<b>50</b>		<b>147,404,224,931</b>	<b>(14,631,861,895)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>60</b>		<b>76,451,169,467</b>	<b>91,083,031,362</b>
<b>Cash and cash equivalents at end of year (70 = 50+60+61)</b>	<b>70</b>	<b>5.1</b>	<b>223,855,394,398</b>	<b>76,451,169,467</b>

Hanoi, 19 February 2020

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, the seventh amendment on 16 April 2018.

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

Abbreviated name: HUDLAND., JSC

Registered office at: 12th Floor, Hudland Tower Building, Lot ACC7, 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 31/12/2019 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 31/12/2019, 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. 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 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 financial statements For the year ended 31 December 2019.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation financial statements**

The 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 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.

**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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial instruments (Continued)**

Investments in 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.

Accounts receivable are classified as short and long term on the balance sheet based on the remaining period of the accounts receivable at the date of the financial statements.

Provision for doubtful debts: is made for each of doubtful debts based on the overdue date of repayment of principal under the original debt commitment (excluding debt extension between the parties), or stamped bad debts due to debtors falling into bankruptcy or going through dissolved, missing, fled.

**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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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	05
Motor vehicles	07

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

**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 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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

**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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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**

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.

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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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. Directly material costs consumed exceeding normal lever, labor costs, and general and administration expenses that are not allocated to the value of inventory are recorded immediately as cost of goods sold (after deducting any compensation, if any), even if the products or 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.

**Estimates**

The preparation of 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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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 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, the Company do not prepare segment reports.



HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

5.1 Cash and cash equivalents

	31/12/2019 VND	01/01/2019 VND
Cash on hand	10,663,675,005	5,778,072,732
Cash in bank	83,791,719,393	3,673,096,735
Cash equivalents (*)	129,400,000,000	67,000,000,000
<b>Total</b>	<b>223,855,394,398</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

	31/12/2019 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>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 9 months deposit in banks.

5.3 Trade receivables

	31/12/2019 VND	01/01/2019 VND
<b>Short-term</b>	<b>296,570,986,169</b>	<b>258,396,675,923</b>
Customers rent Office Building in Lot A CC7-Linh Dam	3,259,863,994	2,273,597,937
Customers buy apartments of HH05 Project in Viet Hung New urban area	2,285,900,000	3,825,900,000
Customers buy houses of Bac Ninh Low-income Housing Project	32,031,832,480	15,589,397,115
Customers buy houses of CT17 Viet Hung Project	13,049,186,048	24,223,822,108
Customers buy houses of Zone B Project in Bac Ninh	245,244,367,671	209,785,559,765
Others	699,835,976	2,698,398,998
<i>In which, receivables of related parties (detailed in note 6.1)</i>	<b>406,966,093</b>	<b>3,644,582,453</b>
<b>Total</b>	<b>296,570,986,169</b>	<b>258,396,675,923</b>

5.4 Advances to suppliers

	31/12/2019 VND	01/01/2019 VND
<b>Short-term</b>	<b>47,523,989,161</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	6,130,130,000	3,464,045,400
Thanh Ha Investment and Trading 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	11,489,311,538	25,269,911,177
<i>In which, Advances to suppliers of related parties (detailed in note 6.1)</i>	<b>30,487,987,511</b>	<b>38,836,777,305</b>
<b>Total</b>	<b>47,523,989,161</b>	<b>72,938,266,195</b>

5.5 Short-term loan receivables

	31/12/2019 VND	01/01/2019 VND
Housing and Urban Development Corporation	-	120,000,000,000
<b>Total</b>	<b>-</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%/year.

5.6 Other receivables

	31/12/2019 VND		01/01/2019 VND	
	Book value	Provision	Book value	Provision
<b>Short-term</b>	<b>3,511,441,965</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	124,146,700	-	250,931,127	-
Maintenance costs	-	-	258,331,191	-
Advances	339,404,000	-	10,000,000	-
Accrued Interest of Bank	990,146,703	-	469,419,302	-
Accrued Interest of Corporation	-	-	6,400,000,000	-
Others	1,682,684,561	-	1,275,622,539	-
<b>Total</b>	<b>3,511,441,965</b>	<b>-</b>	<b>11,361,594,160</b>	<b>-</b>



5.7 Inventories

	31/12/2019		01/01/2019	
	VND		VND	
	Historical Cost	Provision	Historical Cost	Provision
Work in progress	17,823,202,037	-	118,904,086,798	-
Purchase costs	79,912,995	-	79,912,996	-
<b>Total</b>	<b>17,903,115,032</b>	<b>-</b>	<b>118,983,999,794</b>	<b>-</b>

5.8 Tangible fixed assets

	<i>Unit: VND</i>				Total
	Buildings and Structures	Machinery and Equipment	Motor Vehicles	Office equipment	
<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	-	-	-	162,000,000	162,000,000
Purchases	-	-	-	162,000,000	162,000,000
Decrease	727,255,454	149,883,638	-	-	877,139,092
Liquidated	727,255,454	149,883,638	-	-	877,139,092
As at 31/12	<b>65,776,677,456</b>	<b>127,272,727</b>	<b>7,479,053,988</b>	<b>1,148,501,600</b>	<b>74,531,505,771</b>
<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	5,664,828,878	-	720,172,468	179,723,974	6,564,725,320
Depreciation	5,664,828,878	-	720,172,468	179,723,974	6,564,725,320
Decrease	727,255,454	149,883,638	-	-	877,139,092
Liquidated	727,255,454	149,883,638	-	-	877,139,092
As at 31/12	<b>16,994,486,632</b>	<b>127,272,727</b>	<b>5,259,758,749</b>	<b>801,209,242</b>	<b>23,182,727,350</b>
<b><i>Net book value</i></b>					
As at 01/01	54,447,019,702	-	2,939,467,707	365,016,332	57,751,503,741
As at 31/12	<b>48,782,190,824</b>	<b>-</b>	<b>2,219,295,239</b>	<b>347,292,358</b>	<b>51,348,778,421</b>

Cost of fixed assets fully depreciated which are still in use as at 31/12/2019 is VND 2,506,627,366.

Cost and Net book value of the pledged property, mortgage guarantee loans as at 31/12/2019 are VND 166,877,285,662 VND 127,300,825,235.

5.9 Intangible assets

	Computer software	<i>Unit: VND</i> Total
<i>Cost</i>		
As at 01/01	200,000,000	200,000,000
Increase	-	-
Decrease	-	-
As at 31/12	<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	35,000,000	35,000,000
Depreciation	35,000,000	35,000,000
Decrease	-	-
As at 31/12	<u>133,857,527</u>	<u>133,857,527</u>
<i>Net book value</i>		
As at 01/01	<u>101,142,473</u>	<u>101,142,473</u>
As at 31/12	<u>66,142,473</u>	<u>66,142,473</u>

5.10 Investment real property

Items	Beginning balance VND	In the period		Closing balance VND
		Increase VND	Decrease 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	3,579,412,111	-	19,756,292,676
Office Building in lot A-CC7 Linh Dam	16,176,880,565	3,579,412,111	-	19,756,292,676
<b>III. Net book value</b>	79,878,751,283	-	-	76,299,339,172
Office Building in lot A-CC7 Linh Dam	79,878,751,283	-	-	76,299,339,172

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

5.11 Construction in progress

	31/12/2019 VND	01/01/2019 VND
Construction in progress	197,309,265	197,309,265
- Construction: Office Building Lot A - CC7	197,309,265	197,309,265
<b>Total</b>	<u>197,309,265</u>	<u>197,309,265</u>



5.12 Investments in associates

*Unit: VND*

	Rate		31/12/2019			01/01/2019		
	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		
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.

5.13 Prepaid expenses

	31/12/2019 VND	01/01/2019 VND
Short-term	-	-
Long-term	448,517,471	853,837,717
- Tools and equipment awaiting allocation	448,517,471	853,837,717
<b>Total</b>	<b>448,517,471</b>	<b>853,837,717</b>

5.14 Trade payables

	31/12/2019 VND		01/01/2019 VND	
	Book value	Amount can be paid	Book value	Amount can be paid
Short-term	26,186,486,996	26,186,486,996	22,833,081,882	22,833,081,882
Cotana Group JSC	2,053,869,756	2,053,869,756	-	-
Investment and Construction JSC No. 18.5	3,288,704,057	3,288,704,057	-	-
Hung Thinh Investment and Construction Consultant JSC	2,488,469,222	2,488,469,222	2,551,648,047	2,551,648,047
Tuan Thanh Trade Joint Stock Company	5,126,760,642	5,126,760,642	-	-
Bac Ninh Investment and Infrastructure Construction JST	1,442,617,793	1,442,617,793	6,207,021,454	6,207,021,454
Others	11,786,065,526	11,786,065,526	14,074,412,381	14,074,412,381
<i>In which, payables of related parties (detailed in note 6.1)</i>	<i>2,367,558,345</i>	<i>2,367,558,345</i>	<i>5,528,393,134</i>	<i>5,528,393,134</i>
<b>Total</b>	<b>26,186,486,996</b>	<b>26,186,486,996</b>	<b>22,833,081,882</b>	<b>22,833,081,882</b>

5.15 Advances from customers

	31/12/2019	01/01/2019
	VND	VND
<b>Short-term</b>	<b>1,180,179,703</b>	<b>1,160,081,576</b>
CT17 Viet Hung Project	429,215,773	148,035,110
Le Thai To Townhouse Project, Bac Ninh	710,762,471	562,325,000
Others	40,201,459	449,721,466
<b>Total</b>	<b>1,180,179,703</b>	<b>1,160,081,576</b>

5.16 Taxes and payables to the State

	01/01/2019	Amount to be	Amount paid	31/12/2019
	VND	paid	VND	VND
Value added tax	6,394,555,265	30,755,170,776	36,781,994,066	367,731,975
Corporation income tax	20,480,964,391	17,718,088,377	27,437,283,967	10,761,768,801
Personal income tax	32,639,103	2,890,167,686	2,900,607,007	22,199,782
Housing tax, land rental charges	-	275,591,861	275,591,861	-
Other taxes	-	3,000,000	3,000,000	-
<b>Total</b>	<b>26,908,158,759</b>	<b>51,642,018,700</b>	<b>67,398,476,901</b>	<b>11,151,700,558</b>

5.17 Accrued expenses payables

	31/12/2019	01/01/2019
	VND	VND
<b>Short-term</b>	<b>72,434,195,330</b>	<b>59,684,348,099</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	54,579,010,872	54,865,602,043
Service of Office Building in lot A-CC7 Linh Dam	71,750,000	854,269,621
Bac Ninh Low-income Housing Project	14,468,516,469	-
Office expenses payable	1,503,114	-
<b>Long-term</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>72,434,195,330</b>	<b>59,684,348,099</b>

5.18 Unearned revenue

	31/12/2019	01/01/2019
	VND	VND
<b>Short-term</b>	<b>4,111,550,500</b>	<b>9,449,824,011</b>
Contract value recognized on sales progress	4,111,550,500	9,449,824,011
<b>Long-term</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,111,550,500</b>	<b>9,449,824,011</b>



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5.19 Other payables

	31/12/2019	01/01/2019
	VND	VND
<b>Short-term</b>	<b>16,938,864,514</b>	<b>29,951,354,617</b>
Trade union fees	117,245,031	67,156,857
Social insurance, health insurance	-	1,191,376
Dividend payables	168,387,500	221,587,500
Maintenance costs paid under the contract	1,059,366,081	-
Deposit to complete the house	8,707,334,726	5,968,911,756
Customer service fees	6,247,878,182	3,252,239,262
Housing and Urban Development Corporation	-	19,591,389,631
Money to make a Red Book	455,518,542	336,191,870
Other payables	183,134,452	512,686,365
<b>Long-terms</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>16,938,864,514</b>	<b>29,951,354,617</b>



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**5.20 Loans and finance lease liabilities**

*Unit: VND*

	31/12/2019		The period		01/01/2019	
	Value	Amount can be paid	Increase	Decrease	Value	Amount can be paid
<b>Shor-term</b>	<b>85,141,829,360</b>	<b>85,141,829,360</b>	<b>136,138,118,625</b>	<b>195,404,119,399</b>	<b>144,407,830,134</b>	<b>144,407,830,134</b>
BIDV - Hanoi Branch (1)	70,367,878,950	70,367,878,950	95,989,284,822	120,763,870,316	95,142,464,444	95,142,464,444
Pvcombank - Hanoi Branch (2)	14,773,950,410	14,773,950,410	40,148,833,803	74,640,249,083	49,265,365,690	49,265,365,690
<b>Long-term</b>	<b>34,965,711,957</b>	<b>34,965,711,957</b>	-	<b>16,240,432,438</b>	<b>51,206,144,395</b>	<b>51,206,144,395</b>
Pvcombank - Hanoi Branch (3)	33,672,200,000	33,672,200,000	-	12,352,800,000	46,025,000,000	46,025,000,000
Personal loans (4)	1,293,511,957	1,293,511,957	-	3,887,632,438	5,181,144,395	5,181,144,395
<b>Total</b>	<b>120,107,541,317</b>	<b>120,107,541,317</b>	<b>136,138,118,625</b>	<b>211,644,551,837</b>	<b>195,613,974,529</b>	<b>195,613,974,529</b>

(1) Credit limit contract No. 01/2019/1906164/HDTD dated 09/09/2019. Credit limit granted: VND 175,000,000,000; purpose of borrowing: To supplement capital shortage, bid guarantee, payment guarantee, open L/C for investment and business activities of projects with short-term revenue sources of customers, including: projects Viet Hung CT17, the Garden House project of Bac Ninh- Area B and some other projects in the stage of investment preparation. Deadline for granting limit: 12 months from the date of signing the contract. Interest rates and terms are determined in specific credit contracts. Security measures: Mortgages of receivables that have been formed and will form in the future arising from house purchase contracts and all rights arising under house purchase and sale contracts at CT17 project, new urban area of Vietnam Hung, Hanoi; mortgage of all properties formed after investing in Garden House project of Bac Ninh- Area B and mortgage of the rights arising from the Garden House project of Bac Ninh- Area B financed by BIDV; mortgage of Toyota Camry BKS 31F- 6178 under the property mortgage contract No. 01/2014/HDTCTS, notary number 271/2014/HDTC, 24/02/2014 and the attached supplementary documents ; Mortgages of receivables will be formed in the future arising from housing purchase contracts signed between customers and home buyers at CT17 project, new urban area Viet Hung, Hanoi.

(2) Credit limit contract No. 386/2019/HDHMTD/PVB.HAN- HUDLAND dated 30/12/2019. 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 credit at the Bank.

Credit granting ratio/asset value of 98% guaranteed; Mortgaging the entire office building at Lot ACC7, general service area at Ho Linh Dam, 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 in 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 for 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 the credit 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 formed in the future.
- (4) Personal loans with a duration of 36 months and interest rate at 10%/year.

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	89,239,499,203	500,071,591,316
<b>Increase</b>	-	-	241,165,239,332	241,165,239,332
<i>Profit after tax</i>	-	-	111,165,239,332	111,165,239,332
<i>Transferring fund</i>	-	-	130,000,000,000	130,000,000,000
<b>Decrease</b>	-	130,000,000,000	165,464,444,276	295,464,444,276
<i>Remuneration to BOM, BOS</i>	-	-	226,040,000	226,040,000
<i>Allocation to funds</i>	-	-	4,900,000,000	4,900,000,000
<i>Dividend paid in 2017</i>	-	-	160,000,000,000	160,000,000,000
<i>Transferring fund</i>	-	130,000,000,000	-	130,000,000,000
<i>Other</i>	-	-	338,404,276	338,404,276
<b>As at 31/12/2018</b>	<b>200,000,000,000</b>	<b>80,832,092,113</b>	<b>164,940,294,259</b>	<b>445,772,386,372</b>
As at 01/01/2019	200,000,000,000	80,832,092,113	164,940,294,259	445,772,386,372
<b>Increase</b>	-	-	75,864,804,149	75,864,804,149
<i>Profit after tax</i>	-	-	75,864,804,149	75,864,804,149
<b>Decrease</b>	-	-	63,829,800,000	63,829,800,000
<i>Remuneration to BOM, BOS</i>	-	-	76,800,000	76,800,000
<i>Allocation to funds</i>	-	-	3,753,000,000	3,753,000,000
<i>Dividend paid in 2018</i>	-	-	60,000,000,000	60,000,000,000
<b>As at 31/12/2019</b>	<b>200,000,000,000</b>	<b>80,832,092,113</b>	<b>176,975,298,408</b>	<b>457,807,390,521</b>

5.21 Owner's equity (Continued)

b. Details of owner's equity

Shareholders	Shares	Amount VND	Ratio %	Capital recorded	
	Quantity			31/12/2019 VND	01/01/2019 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

	Year 2019 VND	Year 2018 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	60,000,000,000	165,464,444,276

d. Shares

	31/12/2019 Shares	01/01/2019 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

	31/12/2019 VND	01/01/2019 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>

5.22 Sales of merchandise and services

	Year 2019 VND	Year 2018 VND
Sales of real estate projects	407,652,087,571	424,348,420,973
Revenue for rent and other revenue	12,482,711,759	16,113,929,582
<b>Total</b>	<b>420,134,799,330</b>	<b>440,462,350,555</b>



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5.23 Cost of goods sold

	Year 2019 VND	Year 2018 VND
Cost of real estate projects sold	291,387,656,341	254,655,619,795
Cost of space for rent and other revenue	7,489,492,466	17,495,869,417
<b>Total</b>	<b>298,877,148,807</b>	<b>272,151,489,212</b>

5.24 Financial income and Financial expenses

	Year 2019 VND	Year 2018 VND
<i>Financial income</i>		
Bank interest, loan interest	16,615,890,737	12,476,463,479
<b>Total</b>	<b>16,615,890,737</b>	<b>12,476,463,479</b>
<i>Financial expenses</i>		
Interest expenses	5,805,732,984	7,762,212,908
<b>Total</b>	<b>5,805,732,984</b>	<b>7,762,212,908</b>
<b>Profit (Loss) from financial activities</b>	<b>10,810,157,753</b>	<b>4,714,250,571</b>

5.25 Selling expenses and General and administration expenses

	Year 2019 VND	Year 2018 VND
Selling expenses	7,257,206,174	5,419,112,359
Outsourcing expenses	7,257,206,174	5,419,112,359
<b>General and administration expenses</b>	<b>31,398,047,647</b>	<b>29,034,416,611</b>
Administrative staffs	17,087,925,844	16,916,833,540
Fixed asset depreciation	6,928,781,930	7,116,524,254
Taxes, fees and charges	688,288,596	447,852,371
Outsourcing expenses	6,693,051,277	4,553,206,446
<b>Total</b>	<b>38,655,253,821</b>	<b>34,453,528,970</b>

5.26 Other income/ Other expenses

	Year 2019 VND	Year 2018 VND
<b>Other income</b>		
Property liquidation interest	2,000,000	-
Collect fines and penalties contractor contract	369,298,917	-
Other	111,814,168	385,676,627
<b>Total</b>	<b>483,113,085</b>	<b>385,676,627</b>
<b>Other expenses</b>		
Other	312,775,014	710,410
<b>Total</b>	<b>312,775,014</b>	<b>710,410</b>
<b>Profit (Loss) From other activities</b>	<b>170,338,071</b>	<b>384,966,217</b>

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5.27 Current corporate income tax expenses

	Year 2019 VND	Year 2018 VND
Total accounting profit before tax	93,582,892,526	138,956,549,161
Total taxable profit	82,737,364,156	138,956,549,161
Taxable profit from service business	13,586,467,339	1,847,673,893
Taxable profit from real estate business	69,150,896,817	137,108,875,268
Current tax rate	20%	20%
CIT from service business	2,717,293,468	369,534,779
CIT from real estate business	13,830,179,363	27,421,775,050
<b>Corporate income tax expense</b>	<b>16,547,472,831</b>	<b>27,791,309,829</b>
Profit from trading low-income housing project	11,706,155,458	-
Current tax rate	10%	-
<b>Corporate income tax expense</b>	<b>1,170,615,546</b>	<b>-</b>
<b>Current Corporate income tax expense</b>	<b>17,718,088,377</b>	<b>27,791,309,829</b>

5.28 Basic earning per share

	Year 2019 VND	Year 2018 VND
Accounting profit after tax	75,864,804,149	111,165,239,332
Amount deducted for bonus and welfare fund (*)	-	3,979,040,000
Net profit/ or loss attributable to ordinary equity holders for basic earning (VND)	75,864,804,149	107,186,199,332
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>3,793</b>	<b>5,359</b>

(\*) Recalculate basic earnings per share for the fiscal year 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.

In 2019, the Company has not planned to set up a KTPL fund, the balance of the fund is determined when there is a Minutes of Annual General Meeting of Shareholders in 2020.

5.29 Business and production cost by factors

	Year 2019 VND	Year 2018 VND
Employee expenses	18,533,822,722	16,916,833,540
Depreciation expenses	10,508,194,041	8,173,945,725
Accrued expenses	90,833,234,472	123,566,105,889
Cost of services purchased	184,317,053,096	274,850,449,159
<b>Total</b>	<b>304,192,304,331</b>	<b>423,507,334,313</b>



6. OTHER INFORMATION

6.1 Related party transactions and balances

Related parties	Relationship	Nature of transactions	Year 2019 VND	Year 2018 VND
<b><u>Purchasing transaction</u></b>				
Housing and urban services Company Ltd. (HUDS)	In same Corporation	Services	811,550	13,831,967,999
HUD10 Construction and Investment JSC	In same Corporation	Construct projects	19,578,720	34,201,796,243
HUDLANDTS., JSC	Associate	Services	350,862,182	6,891,351,560
HUDSE Urban and Housing Development Investment JSC	Associate	Construct projects	1,187,402	16,338,651,850
<b><u>Selling transaction</u></b>				
Housing and urban services Company Ltd. (HUDS)	In same Corporation	Services	106,105,152	22,991,632
HUD10 Construction and Investment JSC	In same Corporation	Construction & Electricity charges	11,150,472,727	68,492,229
HUDSE Urban and Housing Development Investment JSC	In same Corporation	Electricity charges	1,391,684,388	26,748,859
HUDLANDTS JSC	Associated company	Electricity charges	5,226,050,155	197,380,378
HUD101 Construction and Investment JSC	In same Corporation	Construct projects	2,447,970,196	-
Cotana Group JSC	Capital contributors	Construct projects	1,473,770,000	-
Housing and urban development Corporation	Parents Corporation	Late payment interest	10,850,919,832	-

*Balances with related parties as at 31/12/2019:*

**Payables**

Cotana Group JSC	Capital contributors	Trade payables	2,053,869,756	1,876,589,806
HUDSE Urban and Housing Development Investment JSC	In same Corporation	Trade payables	313,688,589	3,651,803,328

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6.1 Related party transactions and balances (Continued)

*Balances with related parties as at 31/12/2019 (Continued)*

Related parties	Relationship	Nature of transactions	31/12/2019 VND	01/01/2019 VND
<b>Receivables</b>				
Housing and urban development Corporation	Parents Corporation	Trade receivables	-	3,270,660,140
Cotana Group JSC	Capital contributors	Advances to suppliers	20,338,935,057	20,338,935,457
HUDLANDTS., JSC	Associate	Advances to	-	3,464,045,400
HUD10 Construction and Investment JSC	In same Corporation	Trade receivables	1,751,255,917	404,635,731
Housing and urban services Company Ltd. - HUDS	In same Corporation	Advances to	350,862,182	297,983,182
HUD101 Construction and Investment JSC	In same Corporation	Trade receivables	33,149,464	46,156,768
HUDSE Urban and Housing Development Investment JSC	In same Corporation	Advances to	7,108,881,617	11,401,813,617
		Trade receivables	1,288,914,920	1,275,185,314
		Advances to	21,657,800	20,765,095
		Trade receivables	1,296,647	9,017,268
		Advances to	-	1,952,161,786
		Trade receivables	-	3,546,015

*Transactions with key personnel and shareholders:*

Related parties	Nature of transactions	Year 2019 VND	Year 2018 VND
Board of Managements and Board of Directors	Remuneration	4,092,878,592	3,586,235,003

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.



6.2 Financial instruments – Risk management (Continued)

**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. 4.

**Categories of financial instruments**

	31/12/2019	01/01/2019
Financial assets	VND	VND
Cash and cash equivalents	223,855,394,398	76,451,169,467
Trade receivables and other receivables	300,082,428,134	269,758,270,083
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>535,511,752,532</b>	<b>357,783,369,550</b>
Financial liabilities		
Borrowings	120,107,541,317	195,613,974,529
Trade payables and other payables	43,125,351,510	52,784,436,499
Accrued expenses	72,434,195,330	59,684,348,099
<b>Total</b>	<b>235,667,088,157</b>	<b>308,082,759,127</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.

**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.



6.2 Financial instruments – Risk management (Continued)

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 VND	From 1- 5 years VND	Total VND
<b>31/12/2019</b>			
Borrowings	85,141,829,360	34,965,711,957	120,107,541,317
Trade payables and other payables	43,125,351,510	-	43,125,351,510
Accured expenses	72,434,195,330	-	72,434,195,330
<b>01/01/2019</b>			
Borrowings	144,407,830,134	51,206,144,395	195,613,974,529
Trade payables and other payables	52,784,436,499	-	52,784,436,499
Accured expenses	59,684,348,099	-	59,684,348,099

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 VND	From 1- 5 years VND	Total VND
<b>31/12/2019</b>			
Cash and cash equivalents	223,855,394,398	-	223,855,394,398
Trade receivables and other receivables	300,082,428,134	-	300,082,428,134
Short-term investments	9,073,930,000		9,073,930,000
Long-term investments	-	2,500,000,000	2,500,000,000
<b>31/12/2019</b>			
Cash and cash equivalents	76,451,169,467	-	76,451,169,467
Trade receivables and other receivables	269,758,270,083	-	269,758,270,083
Short-term investments	9,073,930,000	-	9,073,930,000
Long-term investments	-	2,500,000,000	2,500,000,000



6.3 Retrospective adjustment

The balance as at 01/01/2019 is adjusted according to the State Audit Minutes of 21/09/2019. After the adjustment, the balance as at 01/01/2019 on the Balance Sheet and the Income statement changes as follows:

*Influence on the Balance Sheet:*

ITEMS	As at 31/12/2019	As at 31/12/2018	Difference VND
	Republish VND	Presented VND	
Short-term trade accounts receivable	258,396,675,923	245,617,432,892	12,779,243,031
Inventories	118,983,999,794	97,934,865,357	21,049,134,437
<b>Total change of asset</b>			<b>33,828,377,468</b>
Taxes and other payables to State	26,908,158,759	15,858,075,889	11,050,082,870
Short-term accrued expenses	59,684,348,099	103,329,062,515	(43,644,714,416)
Short-term unearned revenue	9,449,824,011	-	9,449,824,011
Other current payables	29,951,354,617	10,739,195,618	19,212,158,999
Undistributed post-tax profits	164,940,294,259	127,179,268,255	37,761,026,004
<b>Total change of equity</b>			<b>33,828,377,468</b>

*Influence on the Income statement in 2018*

ITEMS	Year 2018	Year 2018	Difference VND
	Republish VND	Presented VND	
Gross sales of merchandise and services	440,462,350,555	438,742,757,908	1,719,592,647
Cost of goods sold	272,151,489,212	312,599,045,064	(40,447,555,852)
Selling expenses	5,419,112,359	10,011,662,261	(4,592,549,902)
General and administration expenses	29,034,416,611	29,096,770,079	(62,353,468)
Other income	385,676,627	6,445,995	379,230,632
Current tax expense	27,791,309,829	18,351,053,332	9,440,256,497
Net profit after income tax	111,165,239,332	73,404,213,328	37,761,026,004
Basic earnings per share	5,359	3,670	1,689

6.4 Comparative figures

The comparative figures are taken from the financial statements of the Company for the fiscal year ended 31/12/2018, which have been audited by CPA VIETNAM Auditing Company Limited - An Independent Firm of Moore Global Network, some indicators have been retrospectively adjusted according to the State Audit.

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Director

*Hanoi, 19 February 2020*



Nguyen Thanh Tu

