



SEPARATE FINANCIAL STATEMENTS

HUONG GIANG TOURIST JOINT STOCK COMPANY

For the fiscal year ended as at 31/12/2018
(audited)

HUONG GIANG TOURIST JOINT STOCK COMPANY

No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province,
Vietnam

REPORT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Huong Giang Tourist Joint Stock Company ("the Company") presents its report and the Company's Separate Financial statements for the fiscal year ended as at 31 December 2018.

THE COMPANY

Huong Giang Tourist Joint Stock Company is incorporated as a state owned company established under Decision No. 3243/QD-UBND dated 2 November 1996 issued by the People's Committee of Thua Thien Hue Province, was transformed into a joint stock company under Decision No. 2559/QD-UBND dated 15 November 2007 issued by the People's Committee of Thua Thien Hue Province. The Company was established and operated under the corporate registration certificate of joint stock company No. 3300101124 issued by the People's Committee of Thua Thien Hue Province for the first time on 25 December 2007 and had its 10th amendment on 28 December 2018.

The Company's head office is located at: No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province, Vietnam.

BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND BOARD OF SUPERVISION

The members of The Board of Management during the fiscal year and to the reporting date are:

Mr. Yukio Takahashi	Chairman	Appointed on 07/11/2018
Mr. Yukio Takahashi	Member	Resigned on 07/11/2018
Mr. Vu Quang Hoi	Chairman	Resigned on 07/11/2018
Mr. Vu Quang Hoi	Member	Appointed on 07/11/2018
Mr. Johnny Cheung Ching Fu	Member	Appointed on 27/04/2018
Mr. Nguyen Viet Tao	Member	
Mr. Go Fujiyama	Member	

The members of The Board of General Directors during the fiscal year and to the reporting date are:

Mr. Johnny Cheung Ching Fu	General Director	
Mr. Tran Thang	Deputy General Director	Resigned on 26/02/2018
Mr. Le Ba Giang	Deputy General Director	

The members of the Board of Supervisors are:

Mr. Ho Minh Quoc	Head of Control Department	
Mr. Dao Thi Chinh	Member	
Mr. Fumiyo Okuda	Member	Appointed on 27/04/2018

AUDITORS

The auditors of the AASC Auditing Firm Company Limited take the audit of Separate Financial statements for the Company.

HUONG GIANG TOURIST JOINT STOCK COMPANY

No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province,
Vietnam

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HUONG GIANG TOURIST JOINT STOCK COMPANY

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Mr. Ho Minh Quoc	Head of Control Department	
Mr. Dao Thi Chinh	Member	
Mr. Fumiyo Okuda	Member	Appointed on 27/04/2018

AUDITORS

The auditors of the AASC Auditing Firm Company Limited take the audit of Separate Financial statements for the Company.

HUONG GIANG TOURIST JOINT STOCK COMPANY

No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province,
Vietnam

STATEMENT OF THE BOARD OF GENERAL DIRECTORS' RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Board of General Directors is responsible for the Separate Financial statements of each financial year which give a true and fair view of the financial position of the Company and of results of its operation and its cash flows for the year. In preparing those Separate Financial statements, The Board of General Directors is required to:

- Establish and maintain of an internal control system which is determined necessary by The Board of General Directors and Those charged with governance to ensure the preparation and presentation of Separate Financial statements do not contain any material misstatement caused by errors or frauds;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Separate Financial statements;
- Prepare the Separate Financial statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial Statements;
- Prepare the Separate Financial statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and

The Board of General Directors is responsible for ensuring that accounting records are kept to reflect the financial position of the Company, with reasonable accuracy at anytime and to ensure that the Separate Financial statements comply with the registered accounting system. It is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We, The Board of General Directors, confirm that the Separate Financial statements give a true and fair view of the financial position at 31 December 2018, its operation results and cash flows in the year 2018 of Company in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements.

Other commitments

The Board of General Directors pledges that the company complies with Decree No. 71/2017/ND-CP dated 06 June 2017 guiding on corporate governance of public companies and the company does not violate the obligations of information disclosure in accordance with the regulations of the Circular No. 155/2015/TT-BTC dated 06 October 2015 issued by Ministry of Finance guiding the disclosure of information on Securities Market.

On behalf of The Board of General Directors



Le Ba Giang

Deputy General Director

Hue, 18 January 2019

INDEPENDENT AUDITOR'S REPORT

**To: Shareholders, The Board of Management and The Board of General Directors
Huong Giang Tourist Joint Stock Company**

We have audited the Separate Financial statements of Huong Giang Tourist Joint Stock Company prepared on 18 January 2019, as set out on pages 06 to 34, including: Separate Statement of financial position as at 31 December 2018, Separate Statement Of Income, Separate Statement Of Cashflows and Notes to separate financial statements for the fiscal year ended as at 31 December 2018.

The Board of General Directors' responsibility

The Board of General Directors responsible for the preparation of Separate Financial statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements and for such internal control as management determines is necessary to enable the preparation of Separate 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 Separate Financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with standards, ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Separate Financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Separate Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Separate Financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of Separate Financial statements that give a true and fair view 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 Separate Financial statements.

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

Basis for qualified opinion

- As at December 31, 2018, the Company is tracking expenses incurred from technical service consultancy contract with Azula Management Co., Ltd. on advising to outline the idea of investing in facilities of Huong Giang Hotel with accumulated amount of VND 8.8 billion on the item "Construction in progress" (Code 242) of the Separate Statement Of Financial Position. However, the Company has not recorded the above-mentioned expenses into production and business costs, leading to the item "Profit after corporate income tax" (Code 60) on the Separate Statement of Income, and the item "Undistributed profit after tax" (Code 421b) on the Separate Statement Of Financial Position is being reflected higher than the corresponding amount.

- In 2016, the Company recorded a dividend of VND 6,050,352,585 from Hotel De La Cite Imperiale Co., Ltd in the Separate Statement of Income. In 2017, Hotel De La Cite Imperiale Co., Ltd decided to keep dividends distributed in 2016 to invest and upgrade hotels according to the Minutes of the Board of Members on 20 July 2017. Accordingly, the Company deducted this dividend in the item "Accumulated losses to the end of previous year" is not appropriate. If the Company deducts this receivable dividend in the separate income statement for the year ended 31 December 2017, the financial expenses and losses before and after tax in 2017 will increased by VND 6,050,352,585. This issue continues affect the comparative information of the Financial Statements for the fiscal year ended as at 31 December 2018.

Auditor's opinion

In our opinion, except for the influence of the matter mentioned in "Basis for qualified opinion", the Separate Financial statements give a true and fair view, in all material respects, of the financial position of Huong Giang Tourist Joint Stock Company as at 31 December 2018, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements.

Emphasis of matter

Readers may refer to Note No.3 and Note No.17 of the Notes to the Separate Financial Statements. As at 31 December 2018, the Company is recording and presenting on the Separate Financial Statements the amount payable to the State Budget in the amount of VND 32 billion related to the divestment of the People's Committee of Thua Thien Hue Province at Huong Giang Tourist Joint Stock Company.

This emphasis does not affect the opinion of our above-mentioned Auditor's opinion.

Other matter

The Separate Financial Statements of Huong Giang Tourist Joint Stock Company for the fiscal year ended 31 December 2017 were audited by auditors and KPMG Branch in Ho Chi Minh City. Auditors have made a qualified opinion for the following issues: Provision for devaluation of long-term financial investments, dividends received from joint ventures, reduction of dividends received from the associates in the incorrect accounting period.

AASC Auditing Firm Company Limited



Vu Xuan Bien

Deputy General Director

Certificate of registration to audit practice

No: 0743-2018-002-1

Ha Noi, 22 March 2019

Duong Quan Anh

Auditor

Certificate of registration to audit practice

No: 1686-2018-002-1

HUONG GIANG TOURIST JOINT STOCK COMPANY

 No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue
 Province, Vietnam

Separate Financial statements

For the fiscal year ended as at 31/12/2018

SEPARATE STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

Code	ASSETS	Note	31/12/2018	01/01/2018
			VND	VND
100	A. SHORT-TERM ASSETS		70,860,641,344	66,884,843,876
110	I. Cash and cash equivalents	3	58,550,317,678	53,605,193,610
111	1. Cash		35,550,317,678	40,605,193,610
112	2. Cash equivalents		23,000,000,000	13,000,000,000
130	III. Short-term accounts receivable		11,400,376,014	12,775,374,899
131	1. Short-term trade receivables	5	2,266,453,808	1,908,004,215
132	2. Short-term prepayments to suppliers	6	1,424,500,000	102,408,000
135	3. Short-term loan receivables	7	500,000,000	-
136	4. Other short-term receivables	8	7,926,532,244	11,528,341,392
137	5. Provision for short-term doubtful debts		(717,110,038)	(763,378,708)
140	IV. Inventories	10	460,855,241	504,275,367
141	1. Inventories		460,855,241	504,275,367
150	V. Other current assets		449,092,411	-
151	1. Short-term prepaid expenses	14	449,092,411	-
200	B. LONG-TERM ASSETS		175,750,374,072	179,983,690,547
210	I. Long-term receivables		4,948,817,680	4,948,817,680
216	1. Other long-term receivables	8	4,948,817,680	4,948,817,680
220	II. Fixed assets		28,767,955,934	30,639,244,270
221	1. Tangible fixed assets	12	27,754,037,907	29,618,932,799
222	- Historical costs		80,775,225,446	79,334,283,901
223	- Accumulated depreciation		(53,021,187,539)	(49,715,351,102)
227	2. Intangible fixed assets	13	1,013,918,027	1,020,311,471
228	- Historical costs		1,308,338,000	1,308,338,000
229	- Accumulated depreciation		(294,419,973)	(288,026,529)
240	IV. Long-term unfinished asset	11	9,086,181,104	9,771,006,344
242	1. Construction in progress		9,086,181,104	9,771,006,344
250	V. Long-term investments	4	123,516,492,749	125,482,669,656
251	1. Investment in subsidiaries		11,643,211,488	28,275,211,488
252	2. Investments in joint ventures and associates		117,756,018,651	109,118,173,722
253	3. Investments in equity of other entities		3,000,000,000	3,000,000,000
254	4. Provision for diminution in value of long-term investments		(8,882,737,390)	(14,910,715,554)
260	VI. Other long-term assets		9,430,926,605	9,141,952,597
261	1. Long-term prepaid expenses	14	9,430,926,605	9,141,952,597
270	TOTAL ASSETS		246,611,015,416	246,868,534,423

HUONG GIANG TOURIST JOINT STOCK COMPANY

 No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue
 Province, Vietnam

 Separate Financial statements
 For the fiscal year ended as at 31/12/2018

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

(continue)

Code	CAPITAL	Note	31/12/2018 VND	01/01/2018 VND
300	C. LIABILITIES		38,033,759,686	37,133,961,331
310	I. Current liabilities		38,033,759,686	37,133,961,331
311	1. Short-term trade payables	15	1,145,141,307	910,030,721
312	2. Short-term advances from customers		448,563,597	806,497,612
313	3. Taxes and other payables to State budget	16	313,529,840	282,765,024
314	4. Payables to employees		2,585,138,004	1,650,196,653
319	5. Other short-term payments	17	33,360,514,622	33,303,599,005
322	6. Bonus and welfare fund		180,872,316	180,872,316
400	D. OWNER'S EQUITY		208,577,255,730	209,734,573,092
410	I. Owner's equity	18	208,577,255,730	209,734,573,092
411	1. Contributed capital		200,000,000,000	200,000,000,000
411a	Ordinary shares with voting rights		200,000,000,000	200,000,000,000
412	2. Share Premium		47,223,517,700	47,223,517,700
421	3. Retained earnings		(38,646,261,970)	(37,488,944,608)
421a	Retained earnings accumulated till the end of the previous year		(37,488,944,608)	(31,460,816,751)
421b	Retained earnings of the current year		(1,157,317,362)	(6,028,127,857)
440	TOTAL CAPITAL		246,611,015,416	246,868,534,423


 Ngo Duc Chinh
 Preparer


 Ngo Duc Chinh
 Chief Accountant


 Le Ba Giang
 Deputy General Director


Hue, 18 January 2019

SEPARATE STATEMENT OF INCOME
Year 2018

Code ITEM	Note	Year 2018	Year 2017
		VND	VND
01 1. Revenues from sales and services rendered	20	48,365,775,701	42,765,760,364
02 2. Revenue deductions		-	-
10 3. Net revenues from sales and services rendered		48,365,775,701	42,765,760,364
11 4. Cost of goods sold	21	33,466,473,371	32,444,105,709
20 5. Gross profit from sales of goods and rendering of services		14,899,302,330	10,321,654,655
21 6. Financial income	22	1,532,774,922	2,862,943,764
22 7. Financial expense	23	(1,457,899,117)	14,451,214
23 <i>In which: Interest expenses</i>		-	-
25 8. Selling expenses	24	2,129,002,579	1,891,747,036
26 9. General administrative expenses	25	16,915,524,735	18,240,876,615
30 10. Net profit from operating activities		(1,154,550,945)	(6,962,476,446)
31 11. Other income		2,233,583	984,836,089
32 12. Other expense		5,000,000	50,487,500
40 13. Other profit		(2,766,417)	934,348,589
50 14. Total profit before tax		(1,157,317,362)	(6,028,127,857)
51 15. Current corporate income tax expenses	26	-	-
60 17. Profit after corporate income tax		(1,157,317,362)	(6,028,127,857)


Ngo Duc Chinh
Preparer


Ngo Duc Chinh
Chief Accountant


Le Ba Giang
Deputy General Director



Hue, 18 January 2019

HUONG GIANG TOURIST JOINT STOCK COMPANY

No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue
Province, Vietnam

Separate Financial statements

For the fiscal year ended as at 31/12/2018

SEPARATE STATEMENT OF CASH FLOWS

Year 2018
(indirect method)

Code	ITEM	Note	Year 2018	Year 2017
			VND	VND
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Profit before tax		(1,157,317,362)	(6,028,127,857)
	2. Adjustments for			
02	- Depreciation of fixed assets and investment properties		3,312,229,881	3,987,052,592
03	- Provisions		(6,074,246,834)	-
04	- Exchange gains/losses from retranslation of monetary items de		(675,010)	4,865,855
05	- Gains/losses from investment		3,052,670,527	(2,841,653,837)
08	3. Operating profit before changes in working capital		(867,338,798)	(4,877,863,247)
09	- Increase or decrease in receivables		3,519,326,669	1,084,675,915
10	- Increase or decrease in inventories		43,420,126	56,190,886
11	- Increase or decrease in payables (excluding interest payable/ corporate income tax payable)		899,798,355	(912,541,131)
12	- Increase or decrease in prepaid expenses		(738,066,419)	5,139,705,192
20	Net cash flows from operating activities		2,857,139,933	490,167,615
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	1. Purchase of fixed assets and other long-term assets		(1,823,282,306)	(9,844,650,654)
23	2. Loans and purchase of debt instruments from other entities		(500,000,000)	-
24	3. Collection of loans and resale of debt instrument of other entities		-	46,000,000,000
25	4. Equity investments in other entities		(8,637,844,929)	(20,536,000,000)
26	5. Proceeds from equity investment in other entities		12,062,555,685	-
27	6. Interest and dividend received		985,880,675	396,945,665
30	Net cash flows from investing activities		2,087,309,125	16,016,295,011
	III CASH FLOWS FROM FINANCING ACTIVITIES			
34	1. Repayment of principal		-	(100,285,080,000)
40	Net cash flows from financing activities		-	(100,285,080,000)
50	Net cash flows within the year		4,944,449,058	(83,778,617,374)

SEPARATE STATEMENT OF CASH FLOWS

Year 2018
(indirect method)

Code ITEM	Note	Year 2018	Year 2017
		VND	VND
60 Cash and cash equivalents at beginning of the year		53,605,193,610	137,388,676,839
61 Effect of exchange rate fluctuations		675,010	(4,865,855)
70 Cash and cash equivalents at end of the year	3	<u>58,550,317,678</u>	<u>53,605,193,610</u>



Ngo Duc Chinh
Preparer



Ngo Duc Chinh
Chief Accountant




Le Ba Giang
Deputy General Director

Hue, 18 January 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
*Year 2018***1 . BACKGROUND****Forms of Ownership**

Huong Giang Tourist Joint Stock Company is incorporated as a state owned company established under Decision No. 3243/QD-UBND dated 2 November 1996 issued by the People's Committee of Thua Thien Hue Province, was transformed into a joint stock company under Decision No. 2559/QD-UBND dated 15 November 2007 issued by the People's Committee of Thua Thien Hue Province. The Company was established and operated under the corporate registration certificate of joint stock company No. 3300101124 issued by the People's Committee of Thua Thien Hue Province for the first time on 25 December 2007 and had its 10th amendment on

The Company's head office is located at: No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province, Vietnam.

Company's Charter capital: VND 200,000,000,000. Equivalent to 20,000,000 shares with the price of VND 10,000 per share.

Business field

Hospitality industry and tourism services.

Business field

Main business activity of the Company is:

- Short-stay services;
- Wholesale of beverage;
- Wholesale of food;
- Wholesale of other household appliances such as trading cosmetics and hygiene products;
- Lottery, betting, gambling activities such as electronic games with prizes for foreigners;
- Entertainment activities not yet categorized such as Karaoke services;
- Tour operator such as international and domestic travel business; and
- Restaurants and mobile catering services such as restaurants and cafes.

Structure of enterprises

The Company's member entities are as follows:

Huong Giang Hotel Resort & Spa

Address

Hue

Main business activities

Hospitality industry

Information of subsidiaries, associates, joint ventures of the Company is provided in Note No 4.

2 . ACCOUNTING SYSTEM AND ACCOUNTING POLICY**2.1 . Accounting period and accounting currency**

Annual accounting period commences from 1st January and ends as at 31st December.

The Company maintains its accounting records in VND.

2.2 . Standards and Applicable Accounting Policies

Applicable Accounting Policies

The Company applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance and the Circular No. 53/2016/TT-BTC dated 21 March 2016 issued by Ministry of Finance amending and supplementing some articles of the Circular No. 200/2014/TT-BTC.

Declaration of compliance with Accounting Standards and Accounting System

The Company applies Vietnamese Accounting Standards and supplementary documents issued by the State. Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

2.3 . Basis for preparation of Separate Financial statements

Separate Financial statements are presented based on historical cost principle.

Separate Financial statements of the Company are prepared based on summarization of transactions incurred, then recorded into accounting books of dependent accounting entities and at the offices of the Company.

In the separate financial statements of the Company, the intra-group balances and transactions related to assets, equity, receivables and payable are eliminated in full.

The Users of this Separate Financial statements should study the separate financial statements combined with the consolidated financial statements of the Company and its subsidiaries ("the Group") for the fiscal year ended as at 31 December 2018 in order to gain enough information regarding the financial position, results of operations and cash flows of the Group.

2.4 . Financial Instruments

Initial recognition

Financial assets

Financial assets of the Company include cash and cash equivalents, trade receivables and other receivables, lending. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

Financial liabilities

Financial liabilities of the Company include loans, trade payables and other payables. At initial recognition, financial liabilities are determined by issuing price plus other expense directly related to the issuance of those liabilities.

Subsequent measurement after initial recognition

There are currently no regulations on revaluation of financial instruments after initial recognition.

2.5 . Foreign currency transactions

The foreign currency transactions during the year are translated into Vietnam Dong using the real exchange rate ruling at the transaction date. Real exchange rates are determined under the following principles:

- When buying or selling foreign currency, applying the exchange rates specified in the contracts of foreign exchange sale between Company and commercial banks;
- When recording receivables, applying the bid rate of the commercial bank stipulated by the Company for customers to make payment at the transaction time;
- When recording payables, applying the offer rate of the commercial bank where the Company expects to conduct transactions at the transaction time;
- When purchasing assets or paying immediately in foreign currency, applying the bid rate of the commercial bank where the Company makes payments.

Real exchange rate when revaluating monetary items denominated in foreign currencies at the reporting date of the Separate Financial statements is determined on the following principles:

- For asset accounts, applying the bid rate of the commercial bank where the Company regularly conducts transaction;
- For foreign currency deposited in bank, applying the bid rate of the bank where the Company opens its foreign currency accounts;
- For liability accounts, applying the offer rate of the commercial bank where the Company regularly conducts transaction.

All exchange differences arising from foreign currency transactions in the year and from revaluation of remaining foreign currency monetary items at the end of the year are recorded immediately to operating results of the accounting year.

2.6 . Cash and cash equivalents

Cash includes cash on hand and non-term deposits.

Cash equivalents are short-term investments with the maturity of not over than 3 months from the date of investment, that are highly liquid and readily convertible into known amount of cash and that are subject to an insignificant risk of conversion into cash.

2.7 . Financial investments

Investments in subsidiaries, joint ventures or associates are initially recognized at original cost. After initial recognition, the value of these investments is measured at original cost less provision for devaluation of investments.

Equity Investments in other entities comprise investments in equity instruments of other entities without having control, joint control, or significant influence on the investee. These investments are initially stated at original cost. After initial recognition, these investments are measured at original cost less provision for devaluation of investments.

Provision for devaluation of investments is made at the end of the year as followings:

- With regard to investments in subsidiaries, joint ventures or associates: according to the Financial Statement of the subsidiaries, joint ventures or associates on the provision date. Provision for devaluation of investment shall be made when losses occurred to the investing unit, except for when that loss is planned during investment decision;
- With regard to long-term investments (other than trading securities) without significant influence on the investee: If the investment is made in listed shares or the fair value of the investment is determined reliably, the provisions shall be made on the basis of the market value of the shares; if the fair value of the investment is not determined at the reporting date, the provision shall be made based on the Financial Statements at the provision date of the investee.

2.8 . Receivables

The receivables shall be recorded in details in terms of due date, entities receivable, types of currency and other factors according to requirements for management of the Company.

The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing.

2.9 . Inventories

Inventories are initially recognized at original cost including purchase price, processing cost and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the reporting date, inventories are stated at the lower of cost and net realizable value.

The cost of inventory is calculated by weighted average method.

Inventory is recorded by perpetual method.

Provision for devaluation of inventories made at the end of the year is based on the excess of original cost of inventory over their net realizable value.

2.10 . Fixed assets

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount.

Fixed assets are depreciated (amortised) using the straight-line method over their estimated useful lives as follows:

- | | |
|----------------------------------|---------------|
| - Buildings | 05 - 50 years |
| - Machine, equipment | 05 - 10 years |
| - Transportation equipment | 05 - 15 years |
| - Office equipment and furniture | 05 - 07 years |
| - Land use rights | Permanent |
| - Managerment software | 03 - 05 years |

2.11 . Construction in progress

Construction in progress includes fixed assets which is being purchased and constructed as at the balance sheet date and is recognised in historical cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until the relevant assets are completed and put into use.

2.12 . Prepaid expenses

The expenses incurred but related to operating results of several accounting periods are recorded as prepaid expenses and are allocated to the operating results in the following accounting periods.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on the nature of those expenses to select a reasonable allocation method and criteria. Prepaid expenses are allocated gradually into operating expenses on the straight-line basis.

2.13 . Payables

The payables shall be recorded in details in terms of due date, entities payable, types of currency and other factors according to the requirements for management of the Company.

2.14 . Owner's equity

Owner's equity is stated at actually contributed capital of owners.

Share premium is recorded at the difference between the par value with costs directly attributable to the issuance of shares and issue price of shares (including the case of re-issuing treasury shares) and can be a positive premium (if the issue price is higher than par value and costs directly attributable to the issuance of shares) or negative premium (if the issue price is lower than par value and costs directly attributable to the issuance of shares).

Retained earnings are used to present the Company's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Company. The distribution of net profits is made when the net profit of the company does not exceed the net profit presented on Consolidated Financial Statements after eliminating the profits from cheap purchase. In case dividend payment or profit distribution for the owners exceeds the net profit, the difference shall be recorded as a decrease in contributed capital. Net profit can be distributed to investors based on capital contribution rate after being approved by General Meeting of Shareholders and after being appropriated to funds in accordance with the Company's Articles of Incorporation and Vietnamese statutory requirements.

2.15 . Revenues*Sale of goods*

Revenue from sale of goods shall be recognized when all the following conditions have been satisfied:

- Significant risks and rewards associated with the ownership of the goods have been transferred to the buyer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliable.

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Rendering of services

Revenue from rendering of services shall be recognised when all the following conditions have been satisfied:

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

The stage of the completion of the transaction may be determined by evaluating the volume of work performed.

Financial income

Revenue arising from the used by the others of entity assets yielding interest, royalties and dividends shall be recognised when:

- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The amount of the revenue can be measured reliably.

2.16 . Cost of goods sold

Cost of goods sold is recognized in accordance with revenue arising and ensure compliance with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses and losses of inventories after deducting the responsibility of collective and individuals concerned,... are recognized fully and promptly into cost of goods sold in the year.

2.17 . Financial expenses

Items recorded into financial expenses comprise:

- Expenses or losses relating to financial investment activities;
- Borrowing costs;
- Provision for diminution in value of trading securities price; provision for losses from investment in other entities, losses from sale of foreign currency, exchange loss, etc.

The above items are recorded by the total amount arising in the year, without offsetting against financial income.

2.18 . Corporate income tax

a) Current corporate income tax expenses

Current corporate income tax expenses are determined based on taxable income during the year and current corporate income tax rate.

b) Tax incentives

The Company is subjected to corporate income tax at 20% for business operation of the fiscal year from 01/01/2018 to 31/12/2018.

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2.19 . Related Parties

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Company's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Company or being under the control of the Company, or being under common control with the Company, including the Company's parent, subsidiaries and associates;
- Individuals, directly or indirectly, holding voting power of the Company that have a significant influence on the Company, key management personnel including directors and employees of the Company, the close family members of these individuals;
- Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of Separate Financial statements, the Company should consider the nature of the relationship rather than the legal form of the relationship.

2.20 . Related Parties

The Company's main business is the hotel and tourism business and mainly takes place in the territory of Vietnam. Therefore, the Company does not present the segment report by business sector and geographic area.

3 . CASH AND CASH EQUIVALENTS

	31/12/2018	01/01/2018
	VND	VND
Cash on hand	414,527,909	257,652,742
Non-term deposit ⁽¹⁾	35,134,884,769	40,346,386,668
Cash in transit	905,000	1,154,200
Cash equivalents ⁽²⁾	23,000,000,000	13,000,000,000
	<u>58,550,317,678</u>	<u>53,605,193,610</u>

(1) As at 31/12/2018, non-term deposits with the amount of VND 35,134,884,769, of which VND 32,000,759,662 was the proceeds from the transfer of capital of People's Committee of Thua Thien Hue Province for Bitexco Group of Companies, this money is limited to use in accordance with Official Letter No. 1398/STC-TCDN dated 26/5/2016 of Department of Finance of Thua Thien Hue Province.

(More information in Note No.17).

(2) As at 31/12/2018, cash equivalents are term deposits from 01 to 03 months valued at VND 23,000,000,000 at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hue Branch and DongA Joint Stock Commercial Bank with the interest from 4.5% per year to 5.3% per year.

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4 . INVESTMENT

	31/12/2018		01/01/2018	
	Historical cost	Provision	Historical cost	Provision
	VND	VND	VND	VND
Subsidiaries				
- Huong Giang Travel Sole Member	11,643,211,488	-	28,275,211,488	(5,640,135,709)
Limited Liability Company (*)				
- My An Tourist Joint Stock Company	11,643,211,488	-	11,643,211,488	-
Joint ventures, associates				
- Lang Co Tourist Co., Ltd.	117,756,018,651	(5,882,737,390)	109,118,173,722	(6,270,579,845)
- Hue Tourist Service JSC (*)	6,239,210,372	(2,126,737,390)	6,239,210,372	(2,514,579,845)
- Thien Phuc Tourist JSC (*)	1,200,000,000	(1,200,000,000)	1,200,000,000	(1,200,000,000)
- Saigon Morin Hue Co., Ltd. (*)	940,000,000	-	940,000,000	-
- Viet Nhat Tourism and Restaurant Services Co., Ltd. (*)	50,720,625,000	-	50,720,625,000	-
- Hotel De La Cite Imperiale Co., Ltd. (*)	2,556,000,000	(2,556,000,000)	2,556,000,000	(2,556,000,000)
- Citadel Investment Tourist Co., Ltd. (*)	34,416,633,279	-	30,301,220,250	-
Investments in equity of other entities	21,683,550,000	-	17,161,118,100	-
- Thuan An Tourist Investment and Development Co., Ltd. (*)	3,000,000,000	(3,000,000,000)	3,000,000,000	(3,000,000,000)
	3,000,000,000	(3,000,000,000)	3,000,000,000	(3,000,000,000)
	132,399,230,139	(8,882,737,390)	140,393,385,210	(14,910,715,554)

(*) The Company has not determined the fair value of financial investments because Viet Nam Accounting Standards, Viet Nam Enterprise Accounting System has not guided in detail on the determination of the fair value.

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Subsidiaries

Detail information on the Company's subsidiaries as at 31/12/2018 as follows:

Name of subsidiaries	Place of establishment and operation	Rate of interest	Rate of voting rights	Principle activities
- Huong Giang Travel Sole Member Limited Liability Company	11 Le Loi Street, Vinh Ninh Ward, Hue City, Thua Thien Thien Province, Vietnam	100.00%	100.00%	Tourism business, ticket agency

Joint ventures, associates

Detail information on the Company's joint ventures, associates as at 31/12/2018 as follows:

Name of joint ventures, associates	Place of establishment and operation	Rate of interest	Rate of voting rights	Principle activities
- Lang Co Tourist Co., Ltd.	Loan Ly Village, Lang Co Town, Phu Loc District, Thua Thien Hue Province	40.00%	40.00%	Hotel, restaurant and travel services
- Hue Tourist Service JSC	Ngu Binh Park, Thuy An Commune, Hue City, Thua Thien Hue Province	20.00%	20.00%	Sports business, amusement parks
- Thien Phuc Tourist JSC	An Tay Ward, Hue City, Thua Thien Hue Province	31.33%	31.33%	Production of bottled mineral water and laundry services
- Saigon Morin Hue Co., Ltd.	30 Le Loi Street, Phu Nhuan Ward, Hue City, Thua Thien Hue Province, Vietnam	50.00%	50.00%	Hotel and travel services
- Viet Nhat Tourism and Restaurant Services Co., Ltd.	5190 Shindo Sagamiharashi Kanagawa, Japan	50.00%	50.00%	Restaurants and souvenirs business, tourism and hotel services
- Hotel De La Cite Imperiale Co., Ltd.	5 Le Loi Street, Hue City, Thua Thien Hua Province	49.00%	49.00%	Hotel and travel services
- Citadel Investment Tourist Co., Ltd.	2 Nguyen Cong Tru Street, Hue City, Thua Thien Hue Province	35.00%	35.00%	Hotel and travel services

Investments in equity of other entities

Name of entities	Place of establishment and operation	Rate of interest	Rate of voting rights	Principle activities
- Thuan An Tourist Investment and Development Co., Ltd.	Thua Thien Hue Province, Vietnam	12.00%	12.00%	Hotel and travel services

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5 . SHORT-TERM TRADE RECEIVABLES

	31/12/2018		01/01/2018	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) Trade receivables detailed by large account balances				
Thuan An Tourist Investment and Development Co., Ltd	717,110,038	(717,110,038)	717,110,038	(717,110,038)
Others	1,549,343,770	-	1,190,894,177	(46,268,670)
	2,266,453,808	(717,110,038)	1,908,004,215	(763,378,708)
b) Trade receivables from related parties				
	-	-	66,300,000	-

(Details as in Notes No.30).

6 . OTHER SHORT-TERM RECEIVABLES

	31/12/2018		01/01/2018	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- Thua Thien Hue Construction Consultants Joint Stock Company	-	-	90,000,000	-
- District Eight Design Co., Ltd	1,366,100,000	-	-	-
- Others	58,400,000	-	12,408,000	-
	1,424,500,000	-	102,408,000	-

7 . LOAN RECEIVABLES

	31/12/2018		01/01/2018	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) Short-term				
- Huong Giang Travel Sole Member Limited Liability Company (1)	500,000,000	-	-	-
	500,000,000	-	-	-
b) Trade receivables from related parties				
	500,000,000	-	-	-

(Details as in Notes No.30).

Detail information on short-term loan receivables is as follows:

(1) Loan contract No. 01/2018/HDKT dated 12 July 2018, with a total amount of VND 500,000,000 for 12-month term with interest rate of 9% per year.

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8 . OTHER RECEIVABLES

	31/12/2018		01/01/2018	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) Short-term				
- Receivables from dividends and profit	1,405,101,286	-	874,208,172	-
- Advances	1,029,000,000	-	1,113,170,000	-
- My An Tourist Joint Stock Company	534,536,490	-	5,722,392,550	-
- Loan interest receivables from Bitexco Group of Companies	1,570,500,000	-	1,570,500,000	-
- Handover project of Saigon Morin Hue Co., Ltd.	933,690,527	-	933,690,527	-
- Huong Giang Travel Sole Member Limited Liability Company	1,512,729,818	-	462,863,339	-
- Receivable from payment on behalf of Thien Phuc Tourist JSC	298,897,338	-	298,897,338	-
- Special consumption tax paid on behalf of VIP Club	220,639,373	-	220,639,373	-
- Revenue not yet invoiced	327,007,013	-	182,764,610	-
- Others	94,430,399	-	149,215,483	-
	7,926,532,244	-	11,528,341,392	-
b) Long-term				
Dat Viet Culture Joint Stock Company (*)	4,948,817,680	-	4,948,817,680	-
	4,948,817,680	-	4,948,817,680	-
c) Trade receivables from related parties				
	3,916,663,646	-	3,206,468,849	-

(Details as in Notes No.30).

(*) This is the construction in progress and advances to the contractors of Tran Nhan Tong Pagoda (currently known as Huong Van Pagoda) of Huyen Tran Culture Centre. In 2011, the Company handed over to Dat Viet Culture Joint Stock Company (formerly known as Huyen Tran Culture Joint Stock Company) to continue to control and finalise these expenses with the contractors.

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9 . BAD DEBTS

	31/12/2018		01/01/2018	
	Original cost	Recoverable value	Original cost	Recoverable value
	VND	VND	VND	VND
Total value of receivables, overdue debts or not due but irrecoverable debts	717,110,038	-	763,378,708	-
- Thuan An Tourist Investment and Development Co., Ltd.	717,110,038	-	717,110,038	-
- Others	-	-	46,268,670	-
	<u>717,110,038</u>	<u>-</u>	<u>763,378,708</u>	<u>-</u>

10 . INVENTORIES

	31/12/2018		01/01/2018	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Raw material	260,121,440	-	253,085,813	-
Goods	200,733,801	-	251,189,554	-
	<u>460,855,241</u>	<u>-</u>	<u>504,275,367</u>	<u>-</u>

11 . CONSTRUCTION IN PROGRESS

	31/12/2018	01/01/2018
	VND	VND
- Huong Giang Hotel Renovation Project (*)	8,812,500,162	8,812,118,344
- Investment in the Company Executive Office - Parking Garage	-	866,888,000
- Binh Minh Restaurant Renovation Project	22,727,273	-
- Food Center Renovation Project at 11 Le Loi - Hue City	250,953,669	92,000,000
	<u>9,086,181,104</u>	<u>9,771,006,344</u>

(*) According to the contract signed on 16 March 2017 between Huong Giang Tourist Joint Stock Company and Azula Management Co., Ltd. providing consulting services for Huong Giang Hotel. The term of the contract is 18 months with a total amount of 900,000 USD. This is the amount that the Company paid to its accumulated partner until 31 December 2018. However, as at present date, the parties have halted the implementation of this contract to prioritize the implementation of other projects.

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12 . TANGIBLE FIXED ASSETS

	Buildings	Machinery, equipment	Transportation equipment	Management equipment	Total
	VND	VND	VND	VND	VND
Original cost					
As at opening year	59,312,103,476	11,163,690,675	8,054,348,106	804,141,644	79,334,283,901
- Purchase	151,534,000	-	1,289,407,545	-	1,440,941,545
As at closing year	<u>59,463,637,476</u>	<u>11,163,690,675</u>	<u>9,343,755,651</u>	<u>804,141,644</u>	<u>80,775,225,446</u>
Accumulated depreciation					
As at opening year	35,781,835,130	10,020,546,596	3,169,202,634	743,766,742	49,715,351,102
- Depreciation	2,372,862,728	427,089,335	481,605,094	24,279,280	3,305,836,437
As at closing year	<u>38,154,697,858</u>	<u>10,447,635,931</u>	<u>3,650,807,728</u>	<u>768,046,022</u>	<u>53,021,187,539</u>
Net carrying amount					
As at opening year	23,530,268,346	1,143,144,079	4,885,145,472	60,374,902	29,618,932,799
As at closing year	<u>21,308,939,618</u>	<u>716,054,744</u>	<u>5,692,947,923</u>	<u>36,095,622</u>	<u>27,754,037,907</u>

In which:

- Cost of fully depreciated investment properties but still in use: VND 14,081,565,727.

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13 . INTANGIBLE FIXED ASSETS

	Land use rights VND	Computer software VND	Total VND
Original cost			
As at opening year	999,000,000	309,338,000	1,308,338,000
As at closing year	<u>999,000,000</u>	<u>309,338,000</u>	<u>1,308,338,000</u>
Accumulated depreciation			
As at opening year	-	288,026,529	288,026,529
- Depreciation	-	6,393,444	6,393,444
As at closing year	<u>-</u>	<u>294,419,973</u>	<u>294,419,973</u>
Net carrying amount			
As at opening year	999,000,000	21,311,471	1,020,311,471
As at closing year	<u>999,000,000</u>	<u>14,918,027</u>	<u>1,013,918,027</u>

14 . PREPAID EXPENSES

	31/12/2018 VND	01/01/2018 VND
a) Short-term		
Instruments and tools	81,508,660	-
Insurance expenses	64,293,096	-
Others	303,290,655	-
	<u>449,092,411</u>	<u>-</u>
b) Long-term		
Instruments and tools	4,088,375,565	4,093,708,831
Assets reparation expenses	2,008,708,883	2,188,890,013
Others	3,333,842,157	2,859,353,753
	<u>9,430,926,605</u>	<u>9,141,952,597</u>

15 . SHORT-TERM TRADE PAYABLES

	31/12/2018		01/01/2018	
	Outstanding balance VND	Amount can be paid VND	Outstanding balance VND	Amount can be paid VND
Trade payables detailed by large account balances				
- Binh Minh Laundry Co., Ltd.	-	-	86,061,200	86,061,200
- Hoang Mai Foods Production & Trading Co., Ltd.	183,890,850	183,890,850	107,275,783	107,275,783
- Others	961,250,457	961,250,457	716,693,738	716,693,738
	<u>1,145,141,307</u>	<u>1,145,141,307</u>	<u>910,030,721</u>	<u>910,030,721</u>

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16 . TAX AND PAYABLES TO STATE BUDGET

	Receivable at the opening year	Payable at the opening year	Payable arise in the year	Amount paid in the year	Receivable at the closing year	Payable at the closing year
	VND	VND	VND	VND	VND	VND
Value added tax	-	255,252,561	3,180,516,142	3,157,673,962	-	278,094,741
Special sale tax	-	8,156,693	139,789,051	136,019,816	-	11,925,928
Personal income tax	-	18,198,307	463,969,628	460,165,731	-	22,002,204
Property tax and land rental	-	-	4,923,933,553	4,923,933,553	-	-
Other taxes	-	1,157,463	29,105,446	28,755,942	-	1,506,967
	-	282,765,024	8,737,313,820	8,706,549,004	-	313,529,840

The Company's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the Separate Financial Statements could be changed at a later date upon final determination by the tax authorities.

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17 . OTHER SHORT-TERM PAYABLES

	31/12/2018	01/01/2018
	VND	VND
- Social insurance	-	18,135,561
- Payables of collecting of State-owned capital transfer (*)	32,000,759,662	31,924,100,630
- Withdrawal of contributed capital in Thien Phuc Tourist JSC, awaiting for settlement	518,052,851	518,052,851
- Others	841,702,109	843,309,963
	<u>33,360,514,622</u>	<u>33,303,599,005</u>

(*) This is the amount arising from the capital transfer contract No.18/HDCNV dated 30 March 2016 between People's Committee of Thua Thien Hue Province (transferor) and Bitexco Group Company Limited (the transferee) with the information is as follows:

- Representative of the transferor: Mr. Nguyen Quoc Thanh - Chairman of the Board - The main representative of the State capital at Huong Giang Tourist Joint Stock Company, according to Decision No.624/QĐ-UBND dated 30 March 2016 of People's Committee of Thua Thien Hue Province.
- 12,572,200 shares, equivalent to the total face value of VND 125,722,000,000, accounting for 62.86% of the charter capital of Huong Giang Tourist Joint Stock Company.
- Total transfer value: VND 158,409,520,000.
- Account to receive transfer money is the bank deposit account of Huong Giang Tourist Joint Stock Company.

The Company has returned the amount of VND 126 billion according to the written requests of the People's Committee of Thua Thien Hue Province, the remaining amount will be returned when requested. As at 31 December 2018, this remaining amount is restricted to use under Official Dispatch No.1398/STC-TCĐN dated 25 June 2016 of the Department of Finance of Thua Thien Hue Province.

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18 . OWNER'S EQUITY

a) Increase and decrease in owner's equity

	Contributed legal capital VND	Share capital surplus VND	Undistributed earnings VND	Total VND
Previous year opening balance	200,000,000,000	47,223,517,700	(31,460,816,751)	215,762,700,949
Loss of the previous year	-	-	(6,028,127,857)	(6,028,127,857)
Previous year closing balance	200,000,000,000	47,223,517,700	(37,488,944,608)	209,734,573,092
Current year opening balance	200,000,000,000	47,223,517,700	(37,488,944,608)	209,734,573,092
Loss of the current year	-	-	(1,157,317,362)	(1,157,317,362)
Current year closing balance	200,000,000,000	47,223,517,700	(38,646,261,970)	208,577,255,730

b) Details of owner's invested capital

	31/12/2018 VND	Rate (%)	01/01/2018 VND	Rate (%)
Bitexco Group of Companies	83,481,000,000	41.74%	83,481,000,000	41.74%
Crystal Treasure Limited	83,481,000,000	41.74%	83,481,000,000	41.74%
Le Thi Ngoc Thuy	14,000,000,000	7.00%	14,000,000,000	7.00%
Others	19,038,000,000	9.52%	19,038,000,000	9.52%
	200,000,000,000	100%	200,000,000,000	100%

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c) Capital transactions with owners and distribution of dividends and profits

	Year 2018	Year 2017
	VND	VND
Owner's invested capital		
- At the beginning of year	200,000,000,000	200,000,000,000
- At the ending of year	200,000,000,000	200,000,000,000

d) Stock

	31/12/2018	01/01/2018
Quantity of Authorized issuing stocks	20,000,000	20,000,000
Quantity of issued stocks	20,000,000	20,000,000
- Common stocks	20,000,000	20,000,000
Quantity of circulation stocks	20,000,000	20,000,000
- Common stocks	20,000,000	20,000,000
Par value per stock (VND)	10,000	10,000

19 . OFF-STATEMENT OF FINANCIAL POSITION ACCOUNTS**a) Lease asset**

The Company signed land lease contracts with details as follows:

- Land lease contract at 51 Le Loi is used for tourism business from 1996 to 2026. The leased area is 13,508 m2, on which the Company is currently having its hotel and restaurant business. According to the contract No. 67 HD/TD dated 20/09/1999, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.
- Land lease contract at 11 Le Loi is used for tourism business from 2018 to 2031. The leased area is 9,222 m2, on which the Company is currently running Festival Hue restaurant. According to the contract No. 11 HD-TD dated 01/04/2003, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.
- Land lease contract at 30 Le Loi is used for tourism business from 2004 to 2044. The leased area is 7,702 m2, on which the Company in association with Saigontourist JSC is currently running its restaurant and hotel business. According to the contract No. 34/HD-TD dated 09/11/2004, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.
- Land lease contract at 101 Hung Vuong (formerly known as 41 Hung Vuong) is used for tourism business from 2000 to 2020. The leased area is 1,301 m2, on which the Company is currently having its restaurant business. According to the contract No. 38/HD-TD dated 25/10/2000, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.

b) Foreign currencies

	31/12/2018	01/01/2018
- USD	4,723.33	9,236.00
- EUR	464.07	475.00

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20 . TOTAL REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	Year 2018	Year 2017
	VND	VND
Revenue from renting room, food and beverage service	44,126,775,268	39,954,904,308
Revenue from services rendered	4,239,000,433	2,810,856,056
	48,365,775,701	42,765,760,364
Revenue from relevant parties (Details as in Notes No.30).	128,395,000	234,841,800

21 . COSTS OF GOODS SOLD

	Year 2018	Year 2017
	VND	VND
Costs of renting room, food and beverage service	30,606,250,077	29,809,336,376
Costs of services rendered	2,860,223,294	2,634,769,333
	33,466,473,371	32,444,105,709

22 . FINANCE INCOME

	Year 2018	Year 2017
	VND	VND
Interest income, interest from loans	985,880,675	1,967,445,665
Dividends, profits earned	530,893,114	874,208,172
Realized gain from foreign exchange difference	15,326,123	21,289,927
Unrealized gain from foreign exchange difference	675,010	-
	1,532,774,922	2,862,943,764

23 . FINANCIAL EXPENSES

	Year 2018	Year 2017
	VND	VND
Loss from disposal of investments	4,569,444,316	-
Realized loss from foreign exchange difference	634,731	14,451,214
Provisions for devaluation of trading securities and investments	(6,027,978,164)	-
	(1,457,899,117)	14,451,214

24 . SELLING EXPENSES

	Year 2018	Year 2017
	VND	VND
Raw materials	105,798,585	63,496,845
Labor	1,606,897,945	1,451,455,445
Expenses from external services	142,748,405	95,877,785
Other expenses by cash	273,557,644	280,916,961
	2,129,002,579	1,891,747,036

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25 . GENERAL ADMINISTRATIVE EXPENSES

	Year 2018	Year 2017
	VND	VND
Raw materials	1,435,975,098	1,864,271,077
Labor	10,804,725,731	7,042,437,370
Depreciation and amortisation	1,556,613,987	3,383,614,300
Reversal of provision	(46,268,670)	-
Expenses from external services	2,583,192,368	1,683,529,206
Other expenses by cash	581,286,221	1,067,790,987
Amortisation of goodwill from equitization	-	3,199,233,675
	16,915,524,735	18,240,876,615

26 . CURRENT BUSINESS INCOME TAX EXPENSE

	Year 2018	Year 2017
	VND	VND
Total profit before tax	(1,157,317,362)	(6,028,127,857)
Increase	74,801,990	174,841,634
- <i>Unreasonable expenses</i>	74,801,990	174,841,634
Decrease	(530,893,113)	-
- <i>Dividend</i>	(530,893,113)	-
Taxable income	(1,613,408,485)	(5,853,286,223)
Current corporate income tax expense (Tax rate 20%)	-	-
Tax payable at the beginning of year	-	-
Tax paid in the year	-	-
Closing year income tax payable of main business activities	-	-

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27 . BUSINESS AND PRODUCTIONS COST BY ITEMS

	Year 2018	Year 2017
	VND	VND
Raw materials	13,188,459,077	13,291,812,629
Labour	22,252,391,664	20,233,380,022
Depreciation and amortisation	3,312,229,881	3,987,052,592
Expenses from external services	7,769,415,756	6,189,995,549
Other expenses by cash	5,988,504,307	5,675,254,893
Amortisation of goodwill from equitization	-	3,199,233,675
	52,511,000,685	52,576,729,360

28 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Company include:

	Carrying amount			
	31/12/2018		01/01/2018	
	Original Cost	Provision	Original Cost	Provision
	VND	VND	VND	VND
Financial Assets				
Cash and cash equivalents	58,550,317,678	-	53,605,193,610	-
Trade receivables, other receivables	15,141,803,732	(717,110,038)	18,385,163,287	(763,378,708)
Lendings	500,000,000	-	-	-
	74,192,121,410	(717,110,038)	71,990,356,897	(763,378,708)

	Carrying amount	
	31/12/2018	01/01/2018
	VND	VND
Financial Liabilities		
Trade payables, other payables	34,505,655,929	34,213,629,726
	34,505,655,929	34,213,629,726

Financial assets and financial liabilities are not revalued according to fair value at the end of the year because the Circular No. 210/2009/TT-BTC and prevailing statutory regulations require to present Financial Statements and Notes to financial instruments but do not provide any relevant instruction for assessment and recognition of fair value of financial assets and liabilities, excluding provision for doubtful debts which are presented in relevant notes.

Financial risk management

The Company's financial risks including market risk, credit risk and liquidity risk. The Company has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. The Board of General Directors of the Company is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

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Market risk

The Company's business operations will bear the risks of changes on exchange rates and interest rates.

Exchange rate risk:

The Company bears the risk of exchange rate due to the fluctuation in fair value of future cash flows of a financial instrument in line with changes in exchange rates if loans, revenues and expenses of the Company are denominated in foreign currencies other than VND.

Interest rate risk:

The Company bears the risk of interest rates due to the fluctuation in fair value of future cash flow of a financial instrument in line with changes in market interest rates if the Company has time or demand deposits, borrowings and debts subject to floating interest rates. The Company manages interest rate risk by analyzing the market competition situation to obtain interest beneficial for its operation purpose.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to perform its contractual obligations. The Company has credit risk from operating activities (mainly to trade receivables) and financial activities (including deposits, loans and other financial instruments), detailed as follows:

	Up to 1 year	In 1 to 5 years	In more than	Total
	VND	VND	5 years	VND
			VND	
As at 31/12/2018				
Cash and cash equivalents	58,550,317,678	-	-	58,550,317,678
Trade receivables, other receivables	9,475,876,014	4,948,817,680	-	14,424,693,694
Lendings	500,000,000	-	-	500,000,000
	<u>68,526,193,692</u>	<u>4,948,817,680</u>	<u>-</u>	<u>73,475,011,372</u>
As at 01/01/2018				
Cash and cash equivalents	53,605,193,610	-	-	53,605,193,610
Trade receivables, other receivables	12,672,966,899	4,948,817,680	-	17,621,784,579
	<u>66,278,160,509</u>	<u>4,948,817,680</u>	<u>-</u>	<u>71,226,978,189</u>

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Liquidity Risk

Liquidity risk is the risk that the Company has trouble in settlement of its financial obligations due to the lack of funds. Liquidity risk of the Company is mainly from different maturity of its financial assets and liabilities.

Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

	Up to 1 year	In 1 to 5 years	In more than 5 years	Total
	VND	VND	VND	VND
As at 31/12/2018				
Trade payables, other payables	34,505,655,929	-	-	34,505,655,929
	34,505,655,929	-	-	34,505,655,929
As at 01/01/2018				
Trade payables, other payables	34,213,629,726	-	-	34,213,629,726
	34,213,629,726	-	-	34,213,629,726

The Company believes that risk level of loan repayment is low. The Company has the ability to pay due debts from cash flows from its operating activities and cash received from mature financial assets.

29 . EVENTS AFTER BALANCE SHEET DATE

There have been no significant events occurring after the reporting year, which would require adjustments or disclosures to be made in the Separate Financial Statements.

30 . TRANSACTION AND BALANCES WITH RELATED PARTIES

During the fiscal year, the Company has the transactions and balances with related parties as follows:
(particularly borrowings with related parties are detailed in Note No.7)

Transactions during the year:

	Relation	Year 2018 VND	Year 2017 VND
Revenue		128,395,000	234,841,800
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	103,500,000	166,044,800
Bitexco Group of Companies	Shareholder	24,895,000	68,797,000
Purchases of goods and services		226,740,853	235,549,100
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	226,740,853	235,549,100
Borrowings		500,000,000	46,000,000,000
Bitexco Group of Companies	Shareholder	-	46,000,000,000
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	500,000,000	-
Dividend		530,893,114	874,208,172
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	530,893,114	874,208,172

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Outstanding balances up to the reporting date are as follows:


	Relation	31/12/2018	01/01/2018
		VND	VND
Receivables from customers		-	66,300,000
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	-	66,300,000
Other receivables		3,916,663,646	3,206,468,849
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	2,047,266,308	1,337,071,511
Bitexco Group of Companies	Shareholder	1,570,500,000	1,570,500,000
Thien Phuc Tourist Joint Stock Company	Associate	298,897,338	298,897,338

Transactions with other related parties:

	Year 2018	Year 2017
	VND	VND
Remuneration to members of The Board of General Directors and The Board of Management	1,590,670,841	1,400,571,921

31 . COMPARATIVE FIGURES


The corresponding figures are those taken from the accounts for the fiscal year ended as at 31 December 2017, which was audited by KPMG Limited Company - Ho Chi Minh branch.



Ngo Duc Chinh
Preparer



Ngo Duc Chinh
Chief Accountant



Le Ba Giang
Deputy General Director



Hue, 18 January 2019