

SEPARATE FINANCIAL STATEMENTS

HUONG GIANG TOURIST JOINT STOCK COMPANY

For the fiscal year ended as at 31/12/2019
(audited)

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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 2019.

THE COMPANY

Huong Giang Tourist Joint Stock Company was established under Decision No.3243/QD-UBND dated November 2, 1996 and transformed into a joint stock company under Decision No.2559/QD-UBND dated November 15, 2007 of Thua Thien Hue Provincial People's Committee. The company was established and operated under the Certificate of Business Registration for Joint Stock Company No.3300101124 issued by Thua Thien Hue Department of Planning and Investment for the first time on December 25, 2007 and changed for the 11th time on August 11th 2019.

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	
Mr. Le Ba Giang	Member	Appointed on 31/05/2019
Mr. Yoshida Tetsuya	Member	Appointed on 31/05/2019
Mr. Vu Quang Hoi	Member	Resigned on 31/05/2019
Mr. Johnny Cheung Ching Fu	Member	
Mr. Nguyen Viet Tao	Member	Resigned on 31/05/2019
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. Le Ba Giang	Deputy General Director

The members of the Board of Supervision are:

Mr. Ho Minh Quoc	Head of Control Department	Resigned on 18/11/2019
Mrs. Dao Thi Chinh	Member	
Mrs. Fumiyo Okuda	Member	

AUDITORS

The auditors of the AASC Auditing Firm Company Limited have taken the audit of Separate Financial Statements for the Company.

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; its operating results and its cash flows for the year. In preparing those Separate Financial Statements, The Board of General Directors is required to:

- Establish and maintain an internal control system which is determined necessary by The Board of General Directors and Board of Management 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 Corporate Accounting System and the statutory requirements relevant to preparation and presentation of Financial Statements;
- Prepare the Separate Financial Statements on going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 2019, its operation results and cash flows in the year 2019 of Company in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate 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

Thua Thien - Hue, 10 February 2020

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 10 February 2020, as set out on pages 06 to 35, including: Statement of financial position as at 31 December 2019, Separate Statement Of Income, Separate Statement Of Cashflows and Notes to separate financial statements for the fiscal year ended as at 31 December 2019.

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 Corporate 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 and ethical requirements; 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 31/12/2019, the technical services consultancy contract between the Company and Azula Management Co., Ltd. consulting the outline of the idea of investment in facilities of Huong Giang Hotel was suspended but the Company is still keeping track of the expenses on this activity in item "Construction in progress" (Code 242) of the Separate Balance Sheet with the amount of VND 8.81 billion as at 01/01/2019 and accumulated until 31/12/2019 is VND 8.96 billion. In case the consultancy contract does not continue to be implemented, the above expenses must be gradually allocated into the business results of subsequent years. By the time of issuing this Audit Report, the consulting contract has expired but we have not collected records and documents related to the consultancy results as well as the project implementation. Therefore, we have not assessed the extent of the impact of this matter on the financial statements for the fiscal year ended 31 December 2019 of the Company.

Qualified 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 2019, 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 2019, 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 qualified opinion of our above-mentioned Auditor's opinion.

AASC Auditing Firm Company Limited



Vu Xuan Bien

Deputy General Director

Certificate of registration to audit practice

No: 0743-2018-002-1

Ha Noi, 25 March 2020

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 31/12/2019

SEPARATE STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

Code	ASSETS	Note	31/12/2019 VND	01/01/2019 VND
100	A. SHORT-TERM ASSETS		75,279,355,333	70,860,641,344
110	I. Cash and cash equivalents	3	49,702,780,078	58,550,317,678
111	1. Cash		36,402,780,078	35,550,317,678
112	2. Cash equivalents		13,300,000,000	23,000,000,000
130	III. Short-term receivables		24,696,565,014	11,400,376,014
131	1. Short-term trade receivables	5	2,426,698,490	2,266,453,808
132	2. Short-term prepayments to suppliers	7	2,524,981,000	1,424,500,000
135	3. Short-term loan receivables	6	11,760,000,000	500,000,000
136	4. Other short-term receivables	10	8,701,995,562	7,926,532,244
137	5. Provision for short-term doubtful debts		(717,110,038)	(717,110,038)
140	IV. Inventories	9	478,105,788	460,855,241
141	1. Inventories		478,105,788	460,855,241
150	V. Other short-term assets		401,904,453	449,092,411
151	1. Short-term prepaid expenses	14	401,904,453	449,092,411
200	B. NON-CURRENT ASSETS		174,250,796,955	175,750,374,072
210	I. Long-term receivables		4,948,817,680	4,948,817,680
216	1. Other long-term receivables	10	4,948,817,680	4,948,817,680
220	II. Fixed assets		27,826,200,782	28,767,955,934
221	1. Tangible fixed assets	12	26,818,676,198	27,754,037,907
222	- Historical costs		80,236,382,464	80,775,225,446
223	- Accumulated depreciation		(53,417,706,266)	(53,021,187,539)
227	2. Intangible fixed assets	13	1,007,524,584	1,013,918,027
228	- Historical costs		1,308,338,000	1,308,338,000
229	- Accumulated amortization		(300,813,416)	(294,419,973)
240	IV. Long-term unfinished asset	11	12,187,957,370	9,086,181,104
242	1. Construction in progress		12,187,957,370	9,086,181,104
250	V. Long-term investments	4	124,466,952,484	123,516,492,749
251	1. Investment in subsidiaries		11,643,211,488	11,643,211,488
252	2. Investments in joint ventures and associates		117,756,018,651	117,756,018,651
253	3. Equity investments in other entities		3,000,000,000	3,000,000,000
254	4. Provision for devaluation of long-term investments		(7,932,277,655)	(8,882,737,390)
260	VI. Other long-term assets		4,820,868,639	9,430,926,605
261	1. Long-term prepaid expenses	14	4,820,868,639	9,430,926,605
270	TOTAL ASSETS		249,530,152,288	246,611,015,416

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 31/12/2019

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(continue)

Code	CAPITAL	Note	31/12/2019 VND	01/01/2019 VND
300	C. LIABILITIES		37,977,872,288	38,033,759,686
310	I. Current liabilities		37,977,872,288	38,033,759,686
311	1. Short-term trade payables	15	1,209,248,424	1,145,141,307
312	2. Short-term prepayments from customers		293,100,106	448,563,597
313	3. Taxes and other payables to State budget	16	716,396,274	313,529,840
314	4. Payables to employees		2,334,704,073	2,585,138,004
319	5. Other short-term payments	17	33,424,423,411	33,360,514,622
322	6. Bonus and welfare fund		-	180,872,316
400	D. OWNER'S EQUITY		211,552,280,000	208,577,255,730
410	I. Owner's equity	18	211,552,280,000	208,577,255,730
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		(35,671,237,700)	(38,646,261,970)
421a	Retained earnings accumulated till the end of the previous year		(38,646,261,970)	(37,488,944,608)
421b	Retained earnings of the current year		2,975,024,270	(1,157,317,362)
440	TOTAL CAPITAL		249,530,152,288	246,611,015,416


 Ngo Duc Chinh
 Preparer


 Ngo Duc Chinh
 Chief Accountant



 Le Ba Giang
 Deputy General Director

Thua Thien - Hue, 10 February 2020

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 31/12/2019

SEPARATE STATEMENT OF INCOME

Year 2019

Code ITEM	Note	Year 2019	Year 2018
		VND	VND
01 1. Revenue from sales of goods and rendering of services	20	54,384,469,909	48,365,775,701
02 2. Revenue deductions		-	-
10 3. Net revenue from sales of goods and rendering of services		54,384,469,909	48,365,775,701
11 4. Cost of goods sold	21	40,475,579,742	33,466,473,371
20 5. Gross profit from sales of goods and rendering of services		13,908,890,167	14,899,302,330
21 6. Financial income	22	4,998,992,613	1,532,774,922
22 7. Financial expense	23	(947,926,937)	(1,457,899,117)
23 In which: Interest expenses		-	-
25 8. Selling expenses	24	1,859,303,224	2,129,002,579
26 9. General and administrative expense	25	15,483,681,527	16,915,524,735
30 10. Net profit from operating activities		2,512,824,966	(1,154,550,945)
31 11. Other income	26	481,009,887	2,233,583
32 12. Other expense	27	18,810,583	5,000,000
40 13. Other profit		462,199,304	(2,766,417)
50 14. Total net profit before tax		2,975,024,270	(1,157,317,362)
51 15. Current corporate income tax expenses	28	-	-
52 16. Deferred corporate income tax expenses		-	-
60 17. Profit after corporate income tax		<u>2,975,024,270</u>	<u>(1,157,317,362)</u>


Ngo Duc Chinh
Preparer


Ngo Duc Chinh
Chief Accountant


Le Ba Giang
Deputy General Director

Thua Thien - Hue, 10 February 2020

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 31/12/2019

SEPARATE STATEMENT OF CASH FLOWS

Year 2019
(Indirect method)

Code	ITEM	Note	Year 2019	Year 2018
			VND	VND
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Profit before tax		2,975,024,270	(1,157,317,362)
	2. Adjustments for			
02	- Depreciation and amortization of fixed assets and investment properties		2,516,872,039	3,312,229,881
03	- Provisions		(950,459,735)	(6,074,246,834)
04	- Exchange gains/losses from retranslation of monetary items denominated in foreign currency		216,519	(675,010)
05	- Gains/losses from investment		(5,461,392,017)	3,052,670,527
08	3. Operating profit before changes in working capital		(919,738,924)	(867,338,798)
09	- Increase or decrease in receivables		302,724,661	3,519,326,669
10	- Increase or decrease in inventories		(17,250,547)	43,420,126
11	- Increase or decrease in payables (excluding interest payable/corporate income tax payable)		124,984,918	899,798,355
12	- Increase or decrease in prepaid expenses		4,657,245,924	(738,066,419)
17	- Other payments on operating activities		(180,872,316)	-
20	Net cash flows from operating activities		3,967,093,716	2,857,139,933
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	1. Purchase or construction of fixed assets and other long-term assets		(4,676,893,153)	(1,823,282,306)
22	2. Proceeds from disposals of fixed assets and other long-term assets		465,967,160	-
23	3. Loans and purchase of debt instruments from other entities		(11,260,000,000)	(500,000,000)
25	4. Equity investments in other entities		-	(8,637,844,929)
26	5. Proceeds from equity investment in other entities		-	12,062,555,685
27	6. Interest and dividend received		2,656,511,196	985,880,675
30	Net cash flows from investing activities		(12,814,414,797)	2,087,309,125
50	Net cash flows in the year		(8,847,321,081)	4,944,449,058
60	Cash and cash equivalents at beginning of the year		58,550,317,678	53,605,193,610
61	Effect of exchange rate fluctuations		(216,519)	675,010
70	Cash and cash equivalents at the end of the year	3	49,702,780,078	58,550,317,678


Ngo Duc Chinh
Preparer


Ngo Duc Chinh
Chief Accountant


Le Ba Giang
Deputy General Director

Thua Thien - Hue, 10 February 2020

NOTES TO SEPARATE FINANCIAL STATEMENTS*Year 2019***1 . GENERAL INFORMATION OF THE COMPANY****Forms of Ownership**

Huong Giang Tourist Joint Stock Company was established under Decision No.3243/QD-UBND dated November 2, 1996 and transformed into a joint stock company under Decision No.2559/QD-UBND dated November 15, 2007 of Thua Thien Hue Provincial People's Committee. The company was established and operated under the Certificate of Business Business Registration for Joint Stock Company No.3300101124 issued by Thua Thien Hue Department of Planning and Investment for the first time on December 25, 2007 and changed for the 11th time on August 11th 2019.

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, the actual charter capital contributed to December 31, 2019 is 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 activities

Main business activities of the Company include:

- 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.

Corporate structure

The Company's member entities are as follows:	Address	Main business activities
Huong Giang Hotel Resort & Spa	Hue	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 2019 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, cash equivalents, trade receivables, other receivables, lending loans, long-term and short-term investments. 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 borrowings, trade payables, other payables and accrued expenses. At initial recognition, financial liabilities are determined by issuing price plus other expenses directly related to the issuance of those liabilities.

Subsequent measurement after initial recognition

There are currently no regulations on the 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.

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. In which, exchange rate differences due to revaluation of year-end balances of monetary items denominated in foreign currencies cannot be used for profit distribution or dividend payment.

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 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, structures	05 - 30 years
- Machine, equipment	05 - 10 years
- Vehicles, Transportation equipment	06 - 10 years
- Office equipment and furniture	03 - 05 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 but bot completed 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.

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.

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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) Current corporate income tax rate

The Company is subjected to corporate income tax at 20% for business operation of the fiscal year ended 31/12/2019.

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 . Segment information

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

	31/12/2019	01/01/2019
	VND	VND
Cash on hand	223,225,542	414,527,909
Non-term deposits ⁽¹⁾	36,155,544,536	35,134,884,769
Cash in transit	24,010,000	905,000
Cash equivalents ⁽²⁾	13,300,000,000	23,000,000,000
	49,702,780,078	58,550,317,678

(1) As at 31/12/2019, non-term deposits with the amount of VND 36,155,544,536, of which VND 32,064,668,451 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.

(Details as in Note No.18).

(2) As at 31/12/2019, cash equivalents are term deposits from 01 month to 03 months valued at VND 13,300,000,000 at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hue Branch and Dong A Joint Stock Commercial Bank with the interest from 4.3% per year to 5.3% per year.

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4 . FINANCIAL INVESTMENTS

	31/12/2019		01/01/2019	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Investments in Subsidiary				
- Huong Giang Travel Sole Member Limited Liability Company	11,643,211,488	-	11,643,211,488	-
	11,643,211,488	-	11,643,211,488	-
Investment in joint ventures, associates				
- Lang Co Tourist Co., Ltd.	117,756,018,651	(4,932,277,655)	117,756,018,651	(5,882,737,390)
- Hue Tourist Service JSC (*)	6,239,210,372	(1,176,277,655)	6,239,210,372	(2,126,737,390)
- 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	-
	2,556,000,000	(2,556,000,000)	2,556,000,000	(2,556,000,000)
- Hotel De La Cite Imperiale Co., Ltd. (**)	34,416,633,279	-	34,416,633,279	-
- Citadel Investment Tourist Co., Ltd.	21,683,550,000	-	21,683,550,000	-
Investments in equity of other entities				
- 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	(7,932,277,655)	132,399,230,139	(8,882,737,390)

The Company has not determined the fair value of financial investments since Vietnam Accounting Standards and Vietnam Corporate Accounting System has not had any detailed guidance on the determination of the fair value.

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Investments in Subsidiary

Detail information on the Company's subsidiary as at 31/12/2019 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 Hue Province, Vietnam	100.00%	100.00%	Tourism business, ticket agency

Investment in joint ventures, associates

Detail information on the Company's joint ventures, associates as at 31/12/2019 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 Hue Province	35.24%	35.24%	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

(*) These investments have been fully provisioned. In particular, Hue Tourist Service Joint Stock Company, Thien Phuc Tourist JSC, Viet Nhat Tourism and Restaurant Services Co., Ltd., Thuan An Tourist Investment and Development Co., Ltd. stopped operating.

(**) During the year, Hotel De La Cite Imperiale Co., Ltd. increased its charter capital from VND 81.6 billion to VND 113.5 billion. However, Huong Giang Tourist Joint Stock Company did not contribute more capital so the percentage of benefits and voting rate of Huong Giang Tourist Joint Stock Company decreased from 49% to 35.24%.

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For the fiscal year ended as at 31/12/2019**5 . SHORT TERM TRADE RECEIVABLES**

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
Trade receivables detailed by customers with large account balances				
- Thuan An Tourist Investment and Development	717,110,038	(717,110,038)	717,110,038	(717,110,038)
- Others	1,709,588,452	-	1,549,343,770	-
	2,426,698,490	(717,110,038)	2,266,453,808	(717,110,038)
Trade receivables from related parties				
	117,295,834	-	59,300,000	-

*(Details as in Notes No.32).***6 . SHORT - TERM LOAN RECEIVABLES**

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- Huong Giang Travel Sole Member Limited Liability Company ⁽¹⁾	660,000,000	-	500,000,000	-
- Hotel De La Cite Imperiale Co.,Ltd. ⁽²⁾	10,500,000,000	-	-	-
- Citadel Investment Tourist Co., Ltd. ⁽³⁾	600,000,000	-	-	-
	11,760,000,000	-	500,000,000	-
Loan receivable from related parties				
	11,760,000,000	-	500,000,000	-

*(Details as in Notes No.32).***Detail information on short-term loan receivables is as follows:**

(1) Loan agreement No.01/HGT-HG dated 16/05/2019, with a total amount of VND 660,000,000 for 15-month term with interest rate of 9.3%/year.

(2) Loan agreement and contract appendix No.02/KT-HG-062019 dated 30/06/2019, with a total amount of VND 10,500,000,000 for 06-month term from 01/07/2019 with interest rate of 9.3%/year. The purpose of the loan is to supplement working capital.

(3) Loan agreement and contract appendix No.01/HGT-CIT-042019 dated 03/04/2019, with a total amount of VND 600,000,000 for 06-month term from 01/11/2019 with interest rate of 9.3%/year. The purpose of the loan is to supplement working capital.

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7 . SHORT - TERM PREPAYMENTS TO SUPPLIERS

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- District Eight Design Co., Ltd	1,366,100,000	-	1,366,100,000	-
- Thinh Chau Trading and Technical Services Co., Ltd	672,256,000	-	-	-
- Others	486,625,000	-	58,400,000	-
	2,524,981,000	-	1,424,500,000	-

8 . BAD DEBTS

	31/12/2019		01/01/2019	
	Original cost	Recoverable value	Original cost	Recoverable value
	VND	VND	VND	VND
Total value of receivables and debts that are overdue or not due but difficult to be recovered				
- Thuan An Tourist Investment and Development Co., Ltd	717,110,038	-	717,110,038	-
	717,110,038	-	717,110,038	-

9 . INVENTORIES

	31/12/2019		01/01/2019	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Raw material	284,656,539	-	260,121,440	-
Goods	193,449,249	-	200,733,801	-
	478,105,788	-	460,855,241	-

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10 . OTHER RECEIVABLES

	31/12/2019		01/01/2019	
	Value VND	Provision VND	Value VND	Provision VND
a) Short-term				
- Receivables from dividends and profit	3,744,014,947	-	1,405,101,286	-
- Advances	563,000,000	-	1,029,000,000	-
- My An Tourist Joint Stock Company	-	-	534,536,490	-
- 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	1,067,166,000	-	1,512,729,818	-
- 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	227,656,978	-	327,007,013	-
- Others	76,430,399	-	94,430,399	-
	8,701,995,562	-	7,926,532,244	-
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) Other receivables from related parties				
	6,680,578,285	-	3,916,663,646	-

(*) 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.

(Details as in Notes No.32).

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11 . LONG-TERM ASSET IN PROGRESS

	31/12/2019	01/01/2019
	VND	VND
Construction in progress	12,187,957,370	9,086,181,104
- Huong Giang Hotel Renovation Project ⁽¹⁾	8,964,422,798	8,812,500,162
- Binh Minh Restaurant Renovation Project	-	22,727,273
- Festival Restaurant Renovation Project, 11 Le Loi - Hue ⁽²⁾	3,223,534,572	250,953,669
	12,187,957,370	9,086,181,104

(1) According to the contract signed on 16 March 2017 between Huong Giang Tourist Joint Stock Company and Azula Management Co., Ltd. about providing consulting services for Huong Giang Hotel. The term of the contract is 18 months with a total amount of USD 900,000. This amount was fully paid by the Company to its accumulated partner as at 31/12/2019. However, as at present date, the parties have halted the implementation of this contract to prioritize the implementation of other projects.

(2) Festival Restaurant Renovation Project, 11 Le Loi - Hue

- Investor: Huong Giang Tourist Joint Stock Company;
- Construction purpose: restaurant and rental business;
- Construction site: No. 11 Le Loi, Hue City, Thua Thien - Hue Province;
- Total investment: VND 23.3 billion (nearly USD 1,0 million);
- Time to start implementing the project and the expected completion time: in the fourth quarter of 2019 and expected to be completed in the first quarter of 2020;
- Status of the project as at 31/12/2019: under construction.

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12 . TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Transportation equipment	Management equipment	Total
	VND	VND	VND	VND	VND
Historical cost					
Beginning balance	59,463,637,476	11,163,690,675	9,343,755,651	804,141,644	80,775,225,446
- Purchase in the year	138,577,000	89,000,000	1,369,481,818	-	1,597,058,818
- Liquidation, disposal	-	-	(2,064,301,800)	(71,600,000)	(2,135,901,800)
Ending balance of the year	59,602,214,476	11,252,690,675	8,648,935,669	732,541,644	80,236,382,464
Accumulated depreciation					
Beginning balance	38,154,697,858	10,447,635,931	3,650,807,728	768,046,022	53,021,187,539
- Depreciation for the year	1,743,356,429	207,470,214	545,498,262	14,153,691	2,510,478,596
- Liquidation, disposal	-	-	(2,064,301,800)	(49,658,069)	(2,113,959,869)
Ending balance of the year	39,898,054,287	10,655,106,145	2,132,004,190	732,541,644	53,417,706,266
Net carrying amount					
Beginning balance	21,308,939,618	716,054,744	5,692,947,923	36,095,622	27,754,037,907
Ending balance	19,704,160,189	597,584,530	6,516,931,479	-	26,818,676,198

In which:

- Cost of fully depreciated tangible fixed assets but still in use at the end of the year: VND 29,363,294,908.

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13 . INTANGIBLE FIXED ASSETS

	Land use rights	Computer software	Total
	VND	VND	VND
Historical cost			
Beginning balance	999,000,000	309,338,000	1,308,338,000
Ending balance of the year	999,000,000	309,338,000	1,308,338,000
Accumulated depreciation			
Beginning balance	-	294,419,973	294,419,973
- Depreciation for the year	-	6,393,443	6,393,443
Ending balance of the year	-	300,813,416	300,813,416
Net carrying amount			
Beginning balance	999,000,000	14,918,027	1,013,918,027
Ending balance	999,000,000	8,524,584	1,007,524,584

14 . PREPAID EXPENSES

	31/12/2019	01/01/2019
	VND	VND
a) Short-term		
Dispatched tools and supplies	175,501,369	81,508,660
Insurance expenses	-	64,293,096
Others	226,403,084	303,290,655
	401,904,453	449,092,411
b) Long-term		
Dispatched tools and supplies	1,716,117,678	4,088,375,565
Assets reparation expenses	1,346,211,177	2,008,708,883
Others	1,758,539,784	3,333,842,157
	4,820,868,639	9,430,926,605

15 . SHORT - TERM TRADE PAYABLES

	31/12/2019		01/01/2019	
	Outstanding balance	Amount can be paid	Outstanding balance	Amount can be paid
	VND	VND	VND	VND
Trade payables detailed by suppliers with large account balances				
- Hoang Mai Foods Production & Trading Co., Ltd.	179,808,405	179,808,405	183,890,850	183,890,850
- Binh Minh Laundry Co., Ltd.	116,879,000	116,879,000	-	-
- Others	912,561,019	912,561,019	961,250,457	961,250,457
	1,209,248,424	1,209,248,424	1,145,141,307	1,145,141,307

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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	-	278,094,741	3,519,053,442	3,465,037,544	-	332,110,639
Special sale tax	-	11,925,928	91,084,300	103,010,228	-	-
Personal income tax	-	22,002,204	484,490,081	474,406,799	-	32,085,486
Property tax and land rental	-	-	5,372,706,858	5,026,446,608	-	346,260,250
Other taxes	-	1,506,967	353,843,387	352,304,252	-	3,046,102
Fees and other obligations	-	-	194,483,614	191,589,817	-	2,893,797
	-	313,529,840	10,015,661,682	9,612,795,248	-	716,396,274

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 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

	<u>31/12/2019</u>	<u>01/01/2019</u>
	VND	VND
- Payables of collecting of State-owned capital transfer (*)	32,064,668,451	32,000,759,662
- Withdrawal of contributed capital in Thien Phuc Tourist JSC, awaiting for settlement	518,052,851	518,052,851
- Others	841,702,109	841,702,109
	<u>33,424,423,411</u>	<u>33,360,514,622</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/QD-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 31/12/2019, this remaining amount is restricted to use under Official Dispatch No.1398/STC-TCDN dated 25 June 2016 of the Department of Finance of Thua Thien Hue Province.

(Details as in Note No.3).

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18 . OWNER'S EQUITY

a) Changes in owner's equity

	Contributed capital	Share capital surplus	Retained earnings	Total
	VND	VND	VND	VND
Beginning balance of previous year	200,000,000,000	47,223,517,700	(37,488,944,608)	209,734,573,092
Loss for previous year	-	-	(1,157,317,362)	(1,157,317,362)
Ending balance of previous year	200,000,000,000	47,223,517,700	(38,646,261,970)	208,577,255,730
Beginning balance of current year	200,000,000,000	47,223,517,700	(38,646,261,970)	208,577,255,730
Profit for current year	-	-	2,975,024,270	2,975,024,270
Ending balance of this year	200,000,000,000	47,223,517,700	(35,671,237,700)	211,552,280,000

b) Details of owner's invested capital (*)

	31/12/2019	Rate	01/01/2019	Rate
	VND	(%)	VND	(%)
Bitexco Group of Companies	18,228,770,000	9.11%	83,481,000,000	41.74%
Crystal Treasure Limited	91,000,000,000	45.50%	83,481,000,000	41.74%
Le Thi Ngoc Thuy	14,000,000,000	7.00%	14,000,000,000	7.00%
White Crystal Co., Ltd	19,252,230,000	9.63%	1,519,000,000	0.76%
Tan Truong Co., Ltd	40,000,000,000	20.00%	-	0.00%
Others	17,519,000,000	8.76%	17,519,000,000	8.76%
	200,000,000,000	100%	200,000,000,000	100%

(*) Details of Owner's investment capital according to the list of securities holders of Asia Pacific Securities Joint Stock Company on 31/12/2019 (Asia Pacific Securities Joint Stock Company is authorized to manage shareholder books for Huong Giang Tourist Joint Stock Company).

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

	Year 2019	Year 2018
	VND	VND
Owner's invested capital	200,000,000,000	200,000,000,000
- 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

	31/12/2019	01/01/2019
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 ITEMS AND OPERATING LEASE COMMITMEN**a) Operating leased assets**

The Company signed land lease contracts with details as follows:

- Land lease contract at No.51 Le Loi street 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 No.11 Le Loi street is used for tourism business from 2001 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 No.30 Le Loi street 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 No.101 Hung Vuong street (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.
- Land lease contract at No.51 Le Loi street is used for business from 06/12/2019 to 16/05/2024. The leased area is 680 m², on which the Company is currently using to make the landscape of Mat Ngoc Lake at Huong Giang Hotel. According to the contract No. 88/HDTD dated 06/12/2019, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.

b) Foreign currencies

	31/12/2019	01/01/2019
- USD	4,288.96	4,723.33
- EUR	453.15	464.07

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

	Year 2019	Year 2018
	VND	VND
Revenue from renting room, food and beverage service	47,505,247,685	44,126,775,268
Revenue from rendering of services	6,879,222,224	4,239,000,433
	54,384,469,909	48,365,775,701

21 . COSTS OF GOODS SOLD

	Year 2019	Year 2018
	VND	VND
Costs of renting room, food and beverage service	36,834,235,661	30,606,250,077
Costs of services rendered	3,641,344,081	2,860,223,294
	40,475,579,742	33,466,473,371

22 . FINANCE INCOME

	Year 2019	Year 2018
	VND	VND
Interest income, interest from loans	1,745,424,857	985,880,675
Dividends, profits earned	3,250,000,000	530,893,114
Realized gain from foreign exchange difference	3,567,756	15,326,123
Unrealized gain from foreign exchange difference	-	675,010
	4,998,992,613	1,532,774,922
Finance income from relevant parties (Details as in Notes No.32).	4,256,934,857	530,893,114

23 . FINANCIAL EXPENSES

	Year 2019	Year 2018
	VND	VND
Loss from disposal of investments	-	4,569,444,316
Realized loss from foreign exchange difference	2,316,279	634,731
Unrealized loss from foreign exchange difference	216,519	-
Reversal of provisions for devaluation of trading securities and investments	(950,459,735)	(6,027,978,164)
	(947,926,937)	(1,457,899,117)

24 . SELLING EXPENSES

	Year 2019	Year 2018
	VND	VND
Raw materials	122,551,728	105,798,585
Labor	1,476,279,966	1,606,897,945
Expenses from external services	103,711,574	142,748,405
Other expenses by cash	156,759,956	273,557,644
	1,859,303,224	2,129,002,579

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25 . GENERAL ADMINISTRATIVE EXPENSES

	Year 2019	Year 2018
	VND	VND
Raw materials	1,952,453,389	1,435,975,098
Labor	8,875,193,487	10,804,725,731
Depreciation and amortisation	715,397,279	1,556,613,987
Reversal of provision	-	(46,268,670)
Expenses from external services	2,784,248,255	1,975,765,605
Other expenses by cash	1,156,389,117	1,188,712,984
	15,483,681,527	16,915,524,735

26 . OTHER INCOME

	Year 2019	Year 2018
	VND	VND
Gain from liquidation, disposal of fixed assets	465,967,160	-
Others	15,042,727	2,233,583
	481,009,887	2,233,583

27 . OTHER EXPENSE

	Year 2019	Year 2018
	VND	VND
Others	18,810,583	5,000,000
	18,810,583	5,000,000

28 . CURRENT BUSINESS INCOME TAX EXPENSES

	Year 2019	Year 2018
	VND	VND
Total profit before tax	2,975,024,270	(1,157,317,362)
Increase	-	74,801,990
- <i>Ineligible expenses</i>	-	74,801,990
Decrease	(3,250,000,000)	(530,893,113)
- <i>Dividend payment</i>	(3,250,000,000)	(530,893,113)
Taxable income	(274,975,730)	(1,613,408,485)
Current corporate income tax expense (Tax rate 20%)	-	-

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29 . BUSINESS AND PRODUCTIONS COST BY ITEMS

	Year 2019	Year 2018
	VND	VND
Raw materials	14,465,932,142	12,234,233,219
Labour	21,882,165,442	22,252,391,664
Depreciation and amortisation	2,516,872,039	3,312,229,881
Expenses from external services	13,569,326,920	7,769,415,756
Other expenses by cash	4,542,484,314	5,988,504,307
	56,976,780,857	51,556,774,827

30 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Company include:

Carrying amount				
31/12/2019		01/01/2019		
Original Cost	Provision	Original Cost	Provision	
VND	VND	VND	VND	
Financial Assets				
Cash and cash equivalents	49,702,780,078	-	58,550,317,678	-
Trade receivables, other receivables	16,077,511,732	(717,110,038)	15,141,803,732	(717,110,038)
Loans	11,760,000,000	-	500,000,000	-
	77,540,291,810	(717,110,038)	74,192,121,410	(717,110,038)

Carrying amount		
31/12/2019		01/01/2019
VND		VND
Financial Liabilities		
Trade payables, other payables	34,633,671,835	34,505,655,929
	34,633,671,835	34,505,655,929

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 and provision for diminution in value of trading securities 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 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:

	Under 1 year	From 1 year to 5	From more than 5	Total
	VND	years	years	VND
	VND	VND	VND	VND
As at 31/12/2019				
Cash and cash equivalents	49,702,780,078	-	-	49,702,780,078
Trade receivables, other receivables	10,411,584,014	4,948,817,680	-	15,360,401,694
Loans	11,760,000,000	-	-	11,760,000,000
	71,874,364,092	4,948,817,680	-	76,823,181,772
As at 01/01/2019				
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
Loans	500,000,000	-	-	500,000,000
	68,526,193,692	4,948,817,680	-	73,475,011,372

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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:

	<u>Under 1 year</u>	<u>From 1 year to 5</u>	<u>From more than 5</u>	<u>Total</u>
	<u>VND</u>	<u>years</u>	<u>years</u>	<u>VND</u>
As at 31/12/2019				
Trade payables, other payables	34,633,671,835	-	-	34,633,671,835
	<u>34,633,671,835</u>	<u>-</u>	<u>-</u>	<u>34,633,671,835</u>
As at 01/01/2019				
Trade payables, other payables	34,505,655,929	-	-	34,505,655,929
	<u>34,505,655,929</u>	<u>-</u>	<u>-</u>	<u>34,505,655,929</u>

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.

31 . 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.

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32 . TRANSACTION AND BALANCES WITH RELATED PARTIES

During the fiscal year, the Company has the transactions and balances with related parties as follows:

Transactions during the year:

	Relation	Year 2019	Year 2018
		VND	VND
Revenue		381,079,911	128,395,000
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	372,379,911	103,500,000
Bitexco Group of Companies	Shareholder	8,700,000	24,895,000
Purchases of goods and services		135,994,800	226,740,853
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	135,994,800	226,740,853
Borrowings		11,760,000,000	500,000,000
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	660,000,000	500,000,000
Hotel De La Cite Imperiale Co.,Ltd.	Associates	10,500,000,000	-
Citadel Investment Tourist Co., Ltd.	Associates	600,000,000	-
Dividend		3,250,000,000	530,893,114
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	-	530,893,114
Saigon Morin Hue Company Limited	Joint venture	3,250,000,000	-
Loan interest		1,006,934,857	-
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	64,082,774	-
Hotel De La Cite Imperiale Co.,Ltd.	Associates	923,257,500	-
Citadel Investment Tourist Co., Ltd.	Associates	19,594,583	-

Outstanding balances up to the reporting date are as follows:

	Relation	31/12/2019	01/01/2019
		VND	VND
Trade receivables		117,295,834	59,300,000
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	117,295,834	59,300,000
Loan receivables		11,760,000,000	500,000,000
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	660,000,000	500,000,000
Hotel De La Cite Imperiale Co.,Ltd.	Associates	10,500,000,000	-
Citadel Investment Tourist Co., Ltd.	Associates	600,000,000	-
Other receivables		6,680,578,285	3,916,663,646
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	1,561,180,947	2,047,266,308
Bitexco Group of Companies	Shareholder	1,570,500,000	1,570,500,000
Thien Phuc Tourist Joint Stock Company	Associates	298,897,338	298,897,338
Saigon Morin Hue Company Limited	Joint venture	3,250,000,000	-

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Transactions with other related parties:

	<u>Year 2019</u>	<u>Year 2018</u>
	VND	VND
Remuneration to General Director	739,313,494	823,025,645
Remuneration to other members of The Board of General Directors and The Board of Management	1,048,572,045	767,645,196

33 . COMPARATIVE FIGURES

The corresponding figures are those taken from the Separate Financial Statement for the fiscal year ended as at 31 December 2018, which was audited by AASC Auditing Firm Company Limited.

Ngo Duc Chinh
Preparer

Ngo Duc Chinh
Chief Accountant



Le Ba Giang
Deputy General Director

Thua Thien - Hue, 10 February 2020



HÃNG KIỂM TOÁN AASC

AASC TẠI HÀ NỘI - TRỤ SỞ CHÍNH

T: (84) 24 3824 1990 | F: (84) 24 3825 3973

E: aasc@aasc.com.vn

A: Số 1 Lê Phụng Hiểu, Hoàn Kiếm, Hà Nội, Việt Nam

AASC TẠI TP HỒ CHÍ MINH

T: (84) 28 3945 0505 - (84) 28 3945 0606 | F: (84) 28 3945 1106

E: aaschcm@aasc.com.vn

A: Tầng 3, Tòa nhà Galaxy 9, số 9 Nguyễn Khoái, Phường 1, Quận 4, Tp Hồ Chí Minh, Việt Nam

AASC TẠI QUẢNG NINH

T: (84) 203 3627 571 | F: (84) 203 3627 572

E: aascqn@aasc.com.vn

A: Số 8 Chu Văn An, Hạ Long, Quảng Ninh, Việt Nam