



## **SEPARATE FINANCIAL STATEMENTS**

### **HUONG GIANG TOURIST JOINT STOCK COMPANY**

For the fiscal year ended as at 31/12/2020

(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 2020.

### 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 08 November 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
Mr. Yoshida Tetsuya	Member
Mr. Johnny Cheung - Ching Fu	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. Le Ba Giang	Vice General Director

The members of the Board of Supervision are:

Mr. Le Duc Quang	Head of Control Department
Mrs. Fumiyo Okuda	Member
Mrs. Nguyen Ngoc Dieu Loan	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 2020, its operation results and cash flows in the year 2020 of Company in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of Separate 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 of The Government 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**  
**Vice General Director**

*Thua Thien - Hue, 20 February 2021*

## 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 20 February 2021, as set out on pages 06 to 39, including: Separate Statement of financial position as at 31 December 2020, Separate Statement Of Income, Separate Statement Of Cashflows and Notes to separate financial statements for the fiscal year ended as at 31 December 2020.

### **The Board of General Directors' responsibility**

The Board of General Directors is 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.

### **Auditor's opinion**

In our 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 2020, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate 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 2020, 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 our above-mentioned Auditor's opinion.

### AASC Auditing Firm Company Limited



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**Vu Xuan Bien**

Deputy General Director

Certificate of registration to audit practice

No: 0743-2018-002-1

*Hanoi, 29 March 2021*

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**Duong Quan Anh**

Auditor

Certificate of registration to audit practice

No: 1686-2018-002-1



## SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Code	ASSETS	Note	31/12/2020 VND	01/01/2020 VND
100	<b>A. SHORT-TERM ASSETS</b>		<b>59,324,501,413</b>	<b>75,279,355,333</b>
110	<b>I. Cash and cash equivalents</b>	<b>3</b>	<b>40,308,057,461</b>	<b>49,702,780,078</b>
111	1. Cash		34,258,057,461	36,402,780,078
112	2. Cash equivalents		6,050,000,000	13,300,000,000
130	<b>III. Short-term receivables</b>		<b>18,431,329,737</b>	<b>24,696,565,014</b>
131	1. Short-term trade receivables	5	447,768,976	2,426,698,490
132	2. Short-term prepayments to suppliers	6	1,953,576,000	2,524,981,000
135	3. Short-term loan receivables	7	12,160,000,000	11,760,000,000
136	4. Other short-term receivables	8	4,168,882,099	8,701,995,562
137	5. Provision for short-term doubtful debts		(298,897,338)	(717,110,038)
140	<b>IV. Inventories</b>	<b>10</b>	<b>284,181,846</b>	<b>478,105,788</b>
141	1. Inventories		284,181,846	478,105,788
150	<b>V. Other short-term assets</b>		<b>300,932,369</b>	<b>401,904,453</b>
151	1. Short-term prepaid expenses	14	221,827,088	401,904,453
152	2. Deductible VAT		79,105,281	-
200	<b>B. NON-CURRENT ASSETS</b>		<b>156,329,267,299</b>	<b>174,250,796,955</b>
210	<b>I. Long-term receivables</b>		<b>4,948,817,680</b>	<b>4,948,817,680</b>
216	1. Other long-term receivables	8	4,948,817,680	4,948,817,680
220	<b>II. Fixed assets</b>		<b>27,377,196,932</b>	<b>27,826,200,782</b>
221	1. Tangible fixed assets	12	26,376,065,786	26,818,676,198
222	- Historical costs		81,658,463,475	80,236,382,464
223	- Accumulated depreciation		(55,282,397,689)	(53,417,706,266)
227	2. Intangible fixed assets	13	1,001,131,146	1,007,524,584
228	- Historical costs		1,308,338,000	1,308,338,000
229	- Accumulated amortization		(307,206,854)	(300,813,416)
240	<b>IV. Long-term unfinished asset</b>		<b>5,987,154,311</b>	<b>12,187,957,370</b>
242	1. Construction in progress	11	5,987,154,311	12,187,957,370
250	<b>V. Long-term investments</b>	<b>4</b>	<b>114,687,099,966</b>	<b>124,466,952,484</b>
251	1. Investment in subsidiaries		11,643,211,488	11,643,211,488
252	2. Investments in joint ventures and associates		114,000,018,651	117,756,018,651
253	3. Equity investments in other entities		-	3,000,000,000
254	4. Provision for devaluation of long-term investments		(10,956,130,173)	(7,932,277,655)
260	<b>VI. Other long-term assets</b>		<b>3,328,998,410</b>	<b>4,820,868,639</b>
261	1. Long-term prepaid expenses	14	3,328,998,410	4,820,868,639
270	<b>TOTAL ASSETS</b>		<b>215,653,768,712</b>	<b>249,530,152,288</b>


## SEPARATE STATEMENT OF FINANCIAL POSITION


As at 31 December 2020

(continue)

Code	CAPITAL	Note	31/12/2020 VND	01/01/2020 VND
300	C. LIABILITIES		37,754,899,172	37,977,872,288
310	I. Current liabilities		35,962,079,172	37,977,872,288
311	1. Short-term trade payables	16	1,156,153,243	1,209,248,424
312	2. Short-term prepayments from customers		273,132,687	293,100,106
313	3. Taxes and other payables to State budget	15	30,017,715	716,396,274
314	4. Payables to employees		1,808,111,339	2,334,704,073
319	5. Other short-term payments	17	32,694,664,188	33,424,423,411
330	II. Non-current liabilities		1,792,820,000	-
338	1. Long-term borrowings and finance lease liabilities	18	1,792,820,000	-
400	D. OWNER'S EQUITY		177,898,869,540	211,552,280,000
410	I. Owner's equity	19	177,898,869,540	211,552,280,000
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		(69,324,648,160)	(35,671,237,700)
421a	Retained earnings accumulated till the end of the previous year		(35,671,237,700)	(38,646,261,970)
421b	Retained earnings of the current year		(33,653,410,460)	2,975,024,270
440	TOTAL CAPITAL		215,653,768,712	249,530,152,288

  
 Ngo Duc Chinh  
Preparer

  
 Ngo Duc Chinh  
Chief Accountant

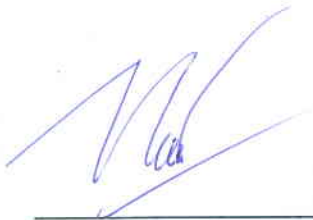
  
 Le Ba Giang  
Vice General Director

Thua Thien - Hue, 20 February 2021


## SEPARATE STATEMENT OF INCOME

Year 2020

Code	ITEM	Note	Year 2020	Year 2019
			VND	VND
01	1. Revenue from sales of goods and rendering of services	21	18,703,097,139	54,384,469,909
02	2. Revenue deductions		-	-
10	3. Net revenue from sales of goods and rendering of services		18,703,097,139	54,384,469,909
11	4. Cost of goods sold	22	20,448,582,429	40,475,579,742
20	5. Gross profit from sales of goods and rendering of services		(1,745,485,290)	13,908,890,167
21	6. Financial income	23	1,450,337,397	4,998,992,613
22	7. Financial expense	24	9,780,456,720	(947,926,937)
23	In which: Interest expenses		-	-
25	8. Selling expenses	25	1,033,802,570	1,859,303,224
26	9. General and administrative expense	26	12,024,572,465	15,483,681,527
30	10. Net profit from operating activities		(23,133,979,648)	2,512,824,966
31	11. Other income	27	751,406,364	481,009,887
32	12. Other expense	28	11,270,837,176	18,810,583
40	13. Other profit		(10,519,430,812)	462,199,304
50	14. Total net profit before tax		(33,653,410,460)	2,975,024,270
51	15. Current corporate income tax expenses	29	-	-
60	17. Profit after corporate income tax		(33,653,410,460)	2,975,024,270

  
 Ngo Duc Chinh  
Preparer

  
 Ngo Duc Chinh  
Chief Accountant

  
 Le Ba Giang  
Vice General Director

Thua Thien - Hue, 20 February 2021

**STATEMENT OF CASH FLOWS***Year 2020*  
*(Indirect method)*

Code ITEM	Note	Year 2020	Year 2019
		VND	VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
01 1.	Profit before tax	(33,653,410,460)	2,975,024,270
2.	Adjustments for		
02 -	Depreciation and amortization of fixed assets and investment	2,400,381,215	2,516,872,039
03 -	Provisions	9,361,639,818	(950,459,735)
04 -	Exchange gains / losses from retranslation of monetary items denominated in foreign	(6,425,693)	216,519
05 -	Gains / losses from investment	7,519,441,868	(5,461,392,017)
08 3.	Operating profit before changes in working capital	(14,378,373,252)	(919,738,924)
09 -	Increase or decrease in receivables	4,653,667,696	302,724,661
10 -	Increase or decrease in inventories	193,923,942	(17,250,547)
11 -	Increase or decrease in payables (excluding interest payable/ corporate income tax payable)	(2,015,793,116)	124,984,918
12 -	Increase or decrease in prepaid expenses	1,671,947,594	4,657,245,924
17 -	Other payments on operating activities	-	(180,872,316)
20	Net cash flows from operating activities	(9,874,627,136)	3,967,093,716
II. CASH FLOWS FROM INVESTING ACTIVITIES			
21 1.	Purchase or construction of fixed assets and other long-term assets	(4,708,571,411)	(4,676,893,153)
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	(400,000,000)	(11,260,000,000)
27 4.	Interest and dividend received	3,794,259,566	2,656,511,196
30	Net cash flows from investing activities	(1,314,311,845)	(12,814,414,797)
III CASH FLOWS FROM FINANCING ACTIVITIES			
33 1.	Proceeds from borrowings	1,792,820,000	-
40	Net cash flows from financing activities	1,792,820,000	-

**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 31/12/2020

**STATEMENT OF CASH FLOWS**

*Year 2020*  
*(Indirect method)*

Code ITEM	Note	Year 2020	Year 2019
		VND	VND
50 Net cash flows in the year		(9,396,118,981)	(8,847,321,081)
60 Cash and cash equivalents at beginning of the year		49,702,780,078	58,550,317,678
61 Effect of exchange rate fluctuations		1,396,364	(216,519)
70 Cash and cash equivalents at end of the year	3	<u>40,308,057,461</u>	<u>49,702,780,078</u>



**Ngo Duc Chinh**  
Preparer



**Ngo Duc Chinh**  
Chief Accountant




**Le Ba Giang**  
Vice General Director

*Thua Thien - Hue, 20 February 2021*

## NOTES TO SEPARATE FINANCIAL STATEMENTS

Year 2020

### 1. GENERAL INFORMATION OF THE COMPANY

#### Form 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 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 08 November 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, 2020 is VND 200,000,000,000; Equivalent to 20,000,000 shares with the price of VND 10,000 per share.

The total number of employees of the Company as at 31 December 2020 is: 140 people (as at 31 December 2019: 195 people).

#### 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.

#### The Company's operation in the year that affects the [Separate] Financial Statements

- The Covid-19 pandemic that occurred since the beginning of 2020 until now had a negative impact on almost all economic sectors in the world. The tourism industry in particular, is one of the industries that suffer the most due to the limitation of domestic travel as well as the complete halt of passenger transportation from outside of Vietnam. This leads to a 65% decrease in the company's revenue in the year compared to the previous.

- During the year, according to Resolution No. 18/20/NQ-HĐQT dated 30 June 2020 of the Board of Directors and Minutes of liquidation of technical service consulting contract dated 30 June 2020 with Azula Management Co., Ltd. regarding the consultation and outline of facilities investment ideas for Huong Giang Hotel, the Company recognized all incurred costs into other costs. Therefore, other costs of the Company this year increased sharply compared to the previous year.

**Corporate structure**

<u>The Company's member entities are as follows:</u>	<u>Address</u>	<u>Main business activities</u>
Huong Giang Hotel Resort & Spa	Hue	Hospitality industry

Information of subsidiaries, Associates and 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 01 January and ends as at 31 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-

*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

In the separate financial statements of the Company, the intra-group balances and transactions related to assets, equity, receivables and payable are 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 2020 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;

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

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 difference gains due to reassessment of closing balance of monetary items denominated in foreign currencies cannot be used for profit distribution or dividends.

## 2.6 . Cash and cash equivalents

Cash comprises cash on hand, demand 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 trading securities: the provision shall be made on the basis of the excess of original cost of the investments recorded in the accounting book over their market value at the provision date;
- 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 using weighted average method.

Inventory is recorded by perpetual.

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 and Finance lease 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
- Other fixed assets	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 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 . Operating lease

Operating leases is fixed asset leasing in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

## 2.13 . 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 fiscal year.

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.

## 2.14 . 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.

## 2.15 . 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.

## 2.16 . 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;
- Identifying the completed work on the balance sheet date;
- 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.

Dividend income shall be recognised when the Company's right to receive dividend is established.

**2.17 . 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.

**2.18 . 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

**2.19 . 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 applies the corporate income tax rate of 20% for the operating activities which has taxable income for the fiscal year ended as at 31 December 2020.

**2.20 . 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.

**2.21 . 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.

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**3 . CASH AND CASH EQUIVALENTS**

	31/12/2020	01/01/2020
	VND	VND
Cash on hand	47,337,429	223,225,542
Demand deposits	34,210,720,032	36,155,544,536
Cash in transit	-	24,010,000
Cash equivalents	6,050,000,000	13,300,000,000
	<b>40,308,057,461</b>	<b>49,702,780,078</b>

(1) As at 31/12/2020, non-term deposits with the amount of VND 34,210,720,032, of which VND 32,129,031,400 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.17).

(2) As at 31/12/2020, cash equivalents are term deposits from 01 month to 03 months valued at VND 6,050,000,000 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%/year to 5.3%/year.

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**4 . FINANCIAL INVESTMENTS**

	31/12/2020		01/01/2020	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
<b>Investments in subsidiaries</b>	<b>11,643,211,488</b>	<b>(4,310,620,232)</b>	<b>11,643,211,488</b>	<b>-</b>
- Huong Giang Travel Sole Member Limited Liability Company	11,643,211,488	(4,310,620,232)	11,643,211,488	-
<b>Investments in joint ventures, associates</b>	<b>114,000,018,651</b>	<b>(6,645,509,941)</b>	<b>117,756,018,651</b>	<b>(4,932,277,655)</b>
- Lang Co Tourist Co., Ltd.	6,239,210,372	(2,632,366,216)	6,239,210,372	(1,176,277,655)
- Hue Tourist Service JSC (*)	-	-	1,200,000,000	(1,200,000,000)
- Thien Phuc Tourist JSC	940,000,000	(421,947,149)	940,000,000	-
- Saigon Morin Hue Co., Ltd.	50,720,625,000	(2,740,372,110)	50,720,625,000	-
- Viet Nhat Tourism and Restaurant Services Co., Ltd. (*)	-	-	2,556,000,000	(2,556,000,000)
- Hotel De La Cite Imperiale Co., Ltd.	34,416,633,279	(850,824,466)	34,416,633,279	-
- Citadel Investment Tourist Co., Ltd.	21,683,550,000	-	21,683,550,000	-
<b>Investments in other entities</b>	<b>-</b>	<b>-</b>	<b>3,000,000,000</b>	<b>(3,000,000,000)</b>
- Thuan An Tourist Investment and Development Co., Ltd. (*)	-	-	3,000,000,000	(3,000,000,000)
	<b>125,643,230,139</b>	<b>(10,956,130,173)</b>	<b>132,399,230,139</b>	<b>(7,932,277,655)</b>

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 subsidiaries**

Detail information on the Company's subsidiary as at 31/12/2020 as follows:

Name of subsidiary	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%	100%	Tourism business, ticket agency

## **Investment in joint ventures, associates**

Detail information on the Company's joint ventures, associates as at 31/12/2020 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
- 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
- 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

(\*) According to the Resolution No. 23/20 / NQ-HĐQT dated October 30th, 2020 of the Board of Directors, the Company decided to handle long-term financial investments that have made full provisions from the year 2014.

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**5 . SHORT - TERM TRADE RECEIVABLES**

	31/12/2020		01/01/2020	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) Trade receivables detailed by customers with large account balances				
- Thuan An Tourist Investment and Development Co., Ltd	-	-	717,110,038	(717,110,038)
- Huong Giang Travel Sole Member Limited Liability	224,461,576	-	117,295,834	-
- Other trade receivables	223,307,400	-	1,592,292,618	-
	<u>447,768,976</u>	<u>-</u>	<u>2,426,698,490</u>	<u>(717,110,038)</u>
b) Trade receivables from related parties				
	<u>224,461,576</u>	<u>-</u>	<u>117,295,834</u>	<u>-</u>

(Details as in Notes 33).

**6 . SHORT - TERM PREPAYMENTS TO SUPPLIERS**

	31/12/2020		01/01/2020	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- District Eight Design Co., Ltd	-	-	1,366,100,000	-
- Thinh Chau Trading and Technical Services Co., Ltd	1,512,576,000	-	672,256,000	-
- WLA CO.,LTD	200,000,000	-	100,000,000	-
- Other	241,000,000	-	386,625,000	-
	<u>1,953,576,000</u>	<u>-</u>	<u>2,524,981,000</u>	<u>-</u>

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**7 . SHORT - TERM LOAN RECEIVABLES**

	31/12/2020		01/01/2020	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- Huong Giang Travel Sole Member Limited Liability Company <sup>(1)</sup>	660,000,000	-	660,000,000	-
- Hotel De La Cite Imperiale Co.,Ltd. <sup>(2)</sup>	10,500,000,000	-	10,500,000,000	-
- Citadel Investment Tourist Co., Ltd. <sup>(3)</sup>	1,000,000,000	-	600,000,000	-
	<b>12,160,000,000</b>	<b>-</b>	<b>11,760,000,000</b>	<b>-</b>
<b>Loan receivable from related parties</b>	<b>12,160,000,000</b>	<b>-</b>	<b>11,760,000,000</b>	<b>-</b>

(Details as in Notes 33).

(1) Contract No.01 / HGT-HGTravel-052019 and Appendix No. 01 / HGT-HGTTravel-092020 dated August 17, 2020 with the total amount of VND 660,000,000, for the purpose of supplementing working capital with an extended term of 06 months from August 17, 2020 at the interest rate of 7.6% / year.

(2) Loan contract No. 01 / KT-HG-122018 and Appendix No. 04 / KT-HG-062020 dated July 1, 2020, with the total amount of VND 10,500,000,000, for the purpose of supplementing working capital with a term of 06 months from July 1, 2020 at the interest rate of 7.6% / year.

(3) Includes 02 contracts:

- Loan contract No. 01 / HGT-CIT-042020 and Appendix No. 01.3 / HGT-CIT-122020 dated December 31, 2020, with the total amount of VND 600,000,000, for the purpose of supplementing working capital with an additional term of 12 months from 01/01/2021 at interest rate of 7.6% / year.

- Loan contract No. 02 / HGT-CIT-012020 and Appendix No. 01 / HGT-CIT-042020 dated 30/04/2020, with the total amount of 700,000,000 VND, for the purpose of supplementing working capital with a term of 12-month from the first disbursement date at the interest rate of 7.6% / year.

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**8 . OTHER RECEIVABLES**

	31/12/2020		01/01/2020	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) <b>Short-term</b>				
- Receivables from dividends and profit	494,014,947	-	3,744,014,947	-
- Loan interest receivables from Bitexco Group of Companies	-	-	1,570,500,000	-
- Advances	61,000,000	-	563,000,000	-
- Handover project of Saigon Morin Hue Co., Ltd.	933,690,527	-	933,690,527	-
- Huong Giang Travel Sole Member Limited Liability	1,125,432,667	-	1,067,166,000	-
- Hotel De La Cite Imperiale Co.,Ltd.	899,325,000	-	-	-
- Citadel Investment Tourist Co., Ltd.	93,396,666	-	-	-
- Receivable from payment on behalf of Thien Phuc Tourist JSC	298,897,338	(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	26,958,521	-	227,656,978	-
- Others	15,527,060	-	76,430,399	-
	<u>4,168,882,099</u>	<u>(298,897,338)</u>	<u>8,701,995,562</u>	<u>-</u>

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## **8 . OTHER RECEIVABLES (CONTINUE)**

	31/12/2020		01/01/2020	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<b>b) Long-term</b>				
- Dat Viet Culture Joint Stock Company (*)	4.948.817.680	-	4.948.817.680	-
	<u>4.948.817.680</u>	<u>-</u>	<u>4.948.817.680</u>	<u>-</u>

(\*) 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.

## **c) Other receivables from related parties**

<u>2.911.066.618</u>	<u>-</u>	<u>6.680.578.285</u>	<u>-</u>
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(Details as in Notes 33).

## **9 . DOUBTFUL DEBTS**

	31/12/2020		01/01/2020	
	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	-
- Thien Phuc Tourist JSC	298.897.338	-	-	-
	<u>298.897.338</u>	<u>-</u>	<u>717.110.038</u>	<u>-</u>

## **10 . INVENTORIES**

	31/12/2020		01/01/2020	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Raw material	140.547.070	-	284.656.539	-
Goods	143.634.776	-	193.449.249	-
	<u>284.181.846</u>	<u>-</u>	<u>478.105.788</u>	<u>-</u>

## 11 . CONSTRUCTION IN PROGRESS

	<u>31/12/2020</u>	<u>01/01/2020</u>
	VND	VND
- Huong Giang Hotel Renovation Project		8,964,422,798
- Festival Restaurant Renovation Project, 11 Le Loi - Hue (*)	5,987,154,311	3,223,534,572
	<u>5,987,154,311</u>	<u>12,187,957,370</u>

**(\*) 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 2021;
- Status of the project as at 31/12/2020: The project is implementing the installation of the air conditioning system. At the first quarter of 2021, the Company will continue to implement and complete the interior.

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**12 . TANGIBLE FIXED ASSETS**

	Buildings, structures	Machinery, equipment	Transportation equipment	Management equipment	Total
	VND	VND	VND	VND	VND
<b>Historical cost</b>					
Beginning balance	59,602,214,476	11,252,690,675	8,648,935,669	732,541,644	80,236,382,464
- Purchase in the year	1,958,862,089	-	-	-	1,958,862,089
- Liquidation, disposal	(536,781,078)	-	-	-	(536,781,078)
<b>Ending balance of the year</b>	<b>61,024,295,487</b>	<b>11,252,690,675</b>	<b>8,648,935,669</b>	<b>732,541,644</b>	<b>81,658,463,475</b>
<b>Accumulated depreciation</b>					
Beginning balance	39,898,054,287	10,655,106,145	2,132,004,190	732,541,644	53,417,706,266
- Depreciation for the year	1,599,304,981	206,022,915	588,659,881	-	2,393,987,777
- Liquidation, disposal	(529,296,354)	-	-	-	(529,296,354)
<b>Ending balance of the year</b>	<b>40,968,062,914</b>	<b>10,861,129,060</b>	<b>2,720,664,071</b>	<b>732,541,644</b>	<b>55,282,397,689</b>
<b>Net carrying amount</b>					
Beginning balance	19,704,160,189	597,584,530	6,516,931,479	-	26,818,676,198
<b>Ending balance</b>	<b>20,056,232,573</b>	<b>391,561,615</b>	<b>5,928,271,598</b>	<b>-</b>	<b>26,376,065,786</b>

*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**

	<u>Land use rights</u> VND	<u>Computer software</u> VND	<u>Total</u> VND
<b>Historical cost</b>			
Beginning balance	999,000,000	309,338,000	1,308,338,000
Ending balance of the year	<u>999,000,000</u>	<u>309,338,000</u>	<u>1,308,338,000</u>
<b>Accumulated depreciation</b>			
Beginning balance	-	300,813,416	300,813,416
- Depreciation for the year	-	6,393,438	6,393,438
Ending balance of the year	-	<u>307,206,854</u>	<u>307,206,854</u>
<b>Net carrying amount</b>			
Beginning balance	999,000,000	8,524,584	1,007,524,584
Ending balance	<u>999,000,000</u>	<u>2,131,146</u>	<u>1,001,131,146</u>

(\*) Long-term land use rights at No. 02 Nguyen Cong Tru, Hue city with an area of 166 m2 are being used by the Company as office headquarters.

**14 . PREPAID EXPENSES**

	<u>31/12/2020</u> VND	<u>01/01/2020</u> VND
<b>a) Short-term</b>		
Dispatched tools and supplies	-	175,501,369
Others	221,827,088	226,403,084
	<u>221,827,088</u>	<u>401,904,453</u>
<b>b) Long-term</b>		
Dispatched tools and supplies	736,990,233	1,716,117,678
Assets reparation expenses	972,957,785	1,346,211,177
Others	1,619,050,392	1,758,539,784
	<u>3,328,998,410</u>	<u>4,820,868,639</u>

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**15 . TAX AND OTHER PAYABLES TO THE 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	-	332,110,639	752,138,092	1,081,797,961	-	2,450,770
Personal income tax	-	32,085,486	492,930,973	499,168,323	-	25,848,136
Land tax and land rental	-	346,260,250	6,577,541,358	6,923,801,608	-	-
Other taxes	-	3,046,102	63,056,447	65,221,108	-	881,441
Fees and other obligations	-	2,893,797	57,053,624	59,110,053	-	837,368
	-	<b>716,396,274</b>	<b>7,942,720,494</b>	<b>8,629,099,053</b>	-	<b>30,017,715</b>

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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**16 . SHORT - TERM TRADE PAYABLES**

	31/12/2020		01/01/2020	
	Outstanding	Amount can be	Outstanding	Amount can be
	balance	paid	balance	paid
	VND	VND	VND	VND
<b>a) Trade payables detailed by suppliers with large account balances</b>				
- Hoang Mai Foods Production & Trading Co., Ltd.	59,464,560	59,464,560	179,808,405	179,808,405
- Binh Minh Laundry Co., Ltd.	-	-	116,879,000	116,879,000
- Dat Long Thinh Co., Ltd.	616,404,000	616,404,000	-	-
- Others	480,284,683	480,284,683	912,561,019	912,561,019
	<b><u>1,156,153,243</u></b>	<b><u>1,156,153,243</u></b>	<b><u>1,209,248,424</u></b>	<b><u>1,209,248,424</u></b>

**17 . OTHER PAYABLES**

	31/12/2020	01/01/2020
	VND	VND
- Payables of collecting of State-owned capital transfer (*)	32,129,031,400	32,064,668,451
- Withdrawal of contributed capital in Thien Phuc Tourist JSC, awaiting for settlement	518,052,851	518,052,851
- Others	47,579,937	841,702,109
	<b><u>32,694,664,188</u></b>	<b><u>33,424,423,411</u></b>

(\*) 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 31/12/2020, this remaining amount is restricted to use under Official Dispatch No.1398/STC-TCND dated 25 June 2016 of the Department of Finance of Thua Thien Hue Province.

(More information as in Note 3).

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## 18 . BORROWINGS

### Details related to long-term loans:

Credit Contract No. 09-2019 / HUONGGIANG.VCB October 1, 2019, with the following detailed terms:

- Credit limit: VND 16,000,000,000;
  - Loan purpose: Investing in renovating Le Cerele Sportif service center at 11 Le Loi, Hue city;
  - Term of contract: 120 months;
  - Loan interest rate: 9% / year;
  - Balance of principal at the end of the year is VND 1,792,820,000, of which due long-term debt is VND 0;
- Bank loans are secured by mortgage contracts with lenders and fully registered for secured transactions.

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## **19 . 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	(38,646,261,970)	208,577,255,730
Profit for previous year	-	-	2,975,024,270	2,975,024,270
Ending balance of previous year	200,000,000,000	47,223,517,700	(35,671,237,700)	211,552,280,000
Beginning balance of current year	200,000,000,000	47,223,517,700	(35,671,237,700)	211,552,280,000
Loss for current year	-	-	(33,653,410,460)	(33,653,410,460)
Ending balance of this year	200,000,000,000	47,223,517,700	(69,324,648,160)	177,898,869,540

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

	At the end of the year (*)	Rate	At the beginning of the year	Rate
	VND	(%)	VND	(%)
Bitexco Group of Companies	18,228,770,000	9.11%	18,228,770,000	9.11%
Crystal Treasure Limited	91,000,000,000	45.50%	91,000,000,000	45.50%
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%	19,252,230,000	9.63%
Tan Truong Co., Ltd	40,000,000,000	20.00%	40,000,000,000	20.00%
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 the owner's investment capital according to the general list of securities owners of the Vietnam Securities Depository as at 31/12/2020.

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

	Year 2020	Year 2019
	VND	VND
Owner's contributed 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**

	31/12/2020	01/01/2020
Quantity of Authorized issuing stocks	20,000,000	20,000,000
Quantity of issued shares and full capital contribution	20,000,000	20,000,000
- Common stocks	20,000,000	20,000,000
Quantity of outstanding shares in circulation	20,000,000	20,000,000
- Common stocks	20,000,000	20,000,000
Par value per stock (VND)	10,000	10,000

**20 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 for use in tourism service business from 1998 to 2028. The leased area is 13,508 m<sup>2</sup>. The company is operating in hotel (Huong Giang Hotel) and restaurant business. According to Contract No. 67 / HDTĐ dated 23/12/2010, the Company must pay the rental fee annually until the contract maturity date according to the current regulations of the State.

- Land lease contract at No. 11 Le Loi for use in tourism service business from 2001 to 2031. The leased area is 6,248,3 m<sup>2</sup>. The company is running the business of Festival Hue restaurant. According to Contract No. 28 / HDTĐ dated 18/05/2018, the Company must pay the rental fee annually until the contract maturity date according to the current regulations of the State.

- Land lease contract at No. 30 Le Loi for use in tourism service business from 2004 to 2044. The leased area is 7,702 m<sup>2</sup>. The company is in a joint venture with Saigon Tourist to run business in hotels and restaurants. According to contract No. 34 / HD-TĐ dated 09/11/2004, the company must pay the rental fee annually until the contract maturity date according to the current regulations of the State.

- Land lease contract at No. 101 Hung Vuong (formerly No. 41 Hung Vuong) for use in tourism service business from 2000 to October 16, 2020. The leased area is 595.1 m<sup>2</sup>. Currently the Company is operating in the restaurant business. According to contract No. 90 / HDTĐ dated 25 October 2012, the Company must pay the rental fee annually until the contract maturity date according to the current regulations of the State. As at 31/12/2020, the Company has not renewed the land lease contract.

- Land lease contract at No. 51 Le Loi for business use from December 6, 2019 to May 16, 2024. The leased area is 680 m<sup>2</sup>. Currently the company is using the land plot as landscape of Mat Ngoc Lake at Huong Giang Hotel. According to contract No. 88 / HDTĐ dated December 6, 2019, the Company must pay the rental fee annually until the contract maturity date according to the current regulations of the State.

**b) Foreign currencies**

	31/12/2020	01/01/2020
- USD	7,706.70	4,288.96
- EUR	442.23	453.15

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**21 . TOTAL REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES**

	Year 2020	Year 2019
	VND	VND
Revenue from renting room, food and beverage service	16,949,177,917	47,505,247,685
Revenue from rendering of services	1,753,919,222	6,879,222,224
	<b>18,703,097,139</b>	<b>54,384,469,909</b>
Revenue from related parties (Details as in Notes 33).	<b>258,898,689</b>	<b>381,079,911</b>

**22 . COSTS OF GOODS SOLD**

	Year 2020	Year 2019
	VND	VND
Costs of renting room, food and beverage service	18,738,731,673	36,834,235,661
Costs of services rendered	1,709,850,756	3,641,344,081
	<b>20,448,582,429</b>	<b>40,475,579,742</b>
Costs of goods sold from related parties (Details as in Notes 33).	<b>31,344,000</b>	<b>135,994,800</b>

**23 . FINANCE INCOME**

	Year 2020	Year 2019
	VND	VND
Interest income, interest from loans	1,443,584,566	1,745,424,857
Dividends, profits earned	-	3,250,000,000
Realized gain from foreign exchange difference	327,138	3,567,756
Unrealized gain from foreign exchange difference	6,425,693	-
	<b>1,450,337,397</b>	<b>4,998,992,613</b>
Finance income from related parties (Details as in Notes 33).	<b>999,665,333</b>	<b>1,006,934,857</b>

**24 . FINANCIAL EXPENSES**

	Year 2020	Year 2019
	VND	VND
Realized loss from foreign exchange difference	604,202	2,316,279
Unrealized loss from foreign exchange difference	-	216,519
Provisions for devaluation of trading securities and investments	9,779,852,518	(950,459,735)
	<b>9,780,456,720</b>	<b>(947,926,937)</b>

**25 . SELLING EXPENSES**

	Year 2020	Year 2019
	VND	VND
Raw materials	67,506,892	122,551,728
Labor	833,746,513	1,476,279,966
Expenses from external services	40,745,069	103,711,574
Other expenses by cash	91,804,096	156,759,956
	<b>1,033,802,570</b>	<b>1,859,303,224</b>

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## **26 . GENERAL ADMINISTRATIVE EXPENSES**

	Year 2020	Year 2019
	VND	VND
Raw materials	617,783,439	1,952,453,389
Labor	7,332,547,674	8,875,193,487
Depreciation and amortisation	733,359,223	715,397,279
Provision expenses	298,897,338	-
Expenses from external services	1,947,662,330	2,784,248,255
Other expenses by cash	1,094,322,461	1,156,389,117
	<b>12,024,572,465</b>	<b>15,483,681,527</b>

## **27 . OTHER INCOME**

	Year 2020	Year 2019
	VND	VND
Gain from liquidation, disposal of fixed assets	1,396,364	465,967,160
Others	750,010,000	15,042,727
	<b>751,406,364</b>	<b>481,009,887</b>

## **28 . OTHER EXPENSE**

	Year 2020	Year 2019
	VND	VND
Liquidation of management consulting and operation contracts (*)	8,964,422,798	-
Land rental at 11 - Le Loi	2,305,323,390	-
Others	1,090,988	18,810,583
	<b>11,270,837,176</b>	<b>18,810,583</b>

(\*) According to Resolution No. 18/20 / NQ-HĐQT dated June 30, 2020 and the minutes of contract liquidation dated June 30, 2020 between Huong Giang Tourist Joint Stock Company and Azula Management Co., Ltd., the company decided to recognize all costs incurred related to the contract of hotel management and operation consultancy with Azula Management Co., Ltd. into expenses during the year.

## **29 . CURRENT CORPORATE INCOME TAX EXPENSES**

	Year 2020	Year 2019
	VND	VND
Total profit before tax	(33,653,410,460)	2,975,024,270
Decrease	-	(3,250,000,000)
- Dividend payment	-	(3,250,000,000)
Taxable income	(33,653,410,460)	(274,975,730)
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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## 30 . BUSINESS AND PRODUCTIONS COST BY ITEMS

	Year 2020	Year 2019
	VND	VND
Raw materials	3,849,097,050	14,465,932,142
Labour expenses	14,217,630,047	21,882,165,442
Depreciation and amortisation	2,400,381,215	2,516,872,039
Expenses from external services	10,780,226,604	13,569,326,920
Other expenses by cash	2,259,622,548	4,542,484,314
	<b>33,506,957,464</b>	<b>56,976,780,857</b>

## 31 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Company include:

The types of financial instruments of the Company

		Carrying amount		
		31/12/2020	01/01/2020	
	Original Cost	Provision	Original Cost	Provision
	VND	VND	VND	VND
<b>Financial Assets</b>				
Cash and cash equivalents	40,308,057,461	-	49,702,780,078	-
Trade and other receivables	9,565,468,755	(298,897,338)	16,077,511,732	(717,110,038)
Loans	12,160,000,000	-	11,760,000,000	-
	<b>62,033,526,216</b>	<b>(298,897,338)</b>	<b>77,540,291,810</b>	<b>(717,110,038)</b>

		Carrying amount	
		31/12/2020	01/01/2020
		VND	VND
<b>Financial Liabilities</b>			
Borrowings and debts		1,792,820,000	-
Trade payables, other payables		33,850,817,431	34,633,671,835
		<b>35,643,637,431</b>	<b>34,633,671,835</b>

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.

*Market risk*

The Company's business operations will bear the risks of changes on prices, 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 VND	From 1 to 5 VND	From more VND	Total VND
<b>As at 31/12/2020</b>				
Cash and cash equivalents	40,308,057,461	-	-	40,308,057,461
Trade receivables, other receivables	4,317,753,737	-	4,948,817,680	9,266,571,417
Loans	12,160,000,000	-	-	12,160,000,000
	<u>56,785,811,198</u>	<u>-</u>	<u>4,948,817,680</u>	<u>61,734,628,878</u>

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	Under 1 year VND	From 1 to 5 VND	From more VND	Total VND
<b>As at 01/01/2020</b>				
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
	<u>71,874,364,092</u>	<u>4,948,817,680</u>	<u>-</u>	<u>76,823,181,772</u>

**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:

	Under 1 year VND	From 1 to 5 VND	From more VND	Total VND
<b>As at 31/12/2020</b>				
Borrowings and debts	-	1,792,820,000	-	1,792,820,000
Trade payables, other payables	33,850,817,431	-	-	33,850,817,431
	<u>33,850,817,431</u>	<u>1,792,820,000</u>	<u>-</u>	<u>35,643,637,431</u>
<b>As at 01/01/2020</b>				
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>

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.

**32 . 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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**33 . 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 2020 VND	Year 2019 VND
<b>Revenue</b>		<b>258,898,689</b>	<b>381,079,911</b>
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	258,898,689	372,379,911
Bitexco Group of Companies	Shareholder	-	8,700,000
<b>Purchases of goods and services</b>		<b>31,344,000</b>	<b>135,994,800</b>
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	31,344,000	135,994,800
<b>Financial income</b>		<b>999,665,333</b>	<b>1,006,934,857</b>
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	29,318,667	64,082,774
Hotel De La Cite Imperiale Co.,Ltd.	Associates	899,325,000	923,257,500
Citadel Investment Tourist Co., Ltd.	Associates	71,021,666	19,594,583
<b>Dividend</b>		<b>-</b>	<b>3,250,000,000</b>
Saigon Morin Hue Company Limited	Joint venture	-	3,250,000,000

Outstanding balances up to the reporting date are as follows:

	Relation	31/12/2020 VND	01/01/2020 VND
<b>Trade receivables</b>		<b>224,461,576</b>	<b>117,295,834</b>
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	224,461,576	117,295,834
<b>Loan receivables</b>		<b>12,160,000,000</b>	<b>11,760,000,000</b>
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	660,000,000	660,000,000
Hotel De La Cite Imperiale Co.,Ltd.	Associates	10,500,000,000	10,500,000,000
Citadel Investment Tourist Co., Ltd.	Associates	1,000,000,000	600,000,000
<b>Other receivables</b>		<b>2,911,066,618</b>	<b>6,680,578,285</b>
Huong Giang Travel Sole Member Limited Liability Company	Subsidiary	1,619,447,614	1,561,180,947
Bitexco Group of Companies	Shareholder	-	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
Hotel De La Cite Imperiale Co.,Ltd.	Associates	899,325,000	-
Citadel Investment Tourist Co., Ltd.	Associates	93,396,666	-

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Income of The Board of General Directors and The Board of General Management:

	Year 2020	Year 2019
	VND	VND
Johnny Cheung Ching Fu <sup>(1)</sup>	680,775,834	739,813,494
Le Ba Giang <sup>(2)</sup>	1,112,559,443	774,885,710
Yoshida Tetsuya <sup>(3)</sup>	504,123,684	273,186,335

(1) Member of The Board of Management and General Director


(2) Member of The Board of Management and Deputy General Director

(3) Member of The Board of Management

**34 . COMPARATIVE FIGURES**

The corresponding figures are those taken from the Separate Financial Statements for the fiscal year ended as at 31 December 2019, which was audited by AASC Auditing Firm Company Limited.

  
\_\_\_\_\_  
**Ngo Duc Chinh**  
Preparer

  
\_\_\_\_\_  
**Ngo Duc Chinh**  
Chief Accountant

  
\_\_\_\_\_  
**Le Ba Giang**  
Vice General Director



Thua Thien - Hue, 20 February 2021