

CONSOLIDATED FINANCIAL STATEMENTS

HUONG GIANG TOURIST JOINT STOCK COMPANY

For the fiscal year ended as at 31/12/2019

(Audited)

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HUONG GIANG TOURIST JOINT STOCK COMPANY

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

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HUONG GIANG TOURIST JOINT STOCK COMPANY

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

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

The Board of General Directors is responsible for the Consolidated Financial Statements 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 Consolidated 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 Consolidated 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 Consolidated Financial Statements;
- Prepare the Consolidated 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 Consolidated Financial Statements;
- Prepare the Consolidated 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 any time and to ensure that the Consolidated 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 Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019, its operations and cash flows in the year 2019 of the Company in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and statutory requirements relevant to preparation and presentation of Consolidated 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

Thue Thien - Hue, 28 February 2020

No.: 250320.025/BCTC.KT2

INDEPENDENT AUDITORS' REPORT

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

We have audited the Consolidated Financial Statements of 28 February 2020, as set out on pages 06 to 40, including: Consolidated statement of financial position as at 31/12/2019, Consolidated statement of comprehensive income, Consolidated statement of cash flows and Notes to Consolidated financial statements for the fiscal year ended as at 31 December 2019.

The Board of General Directors' Responsibility

The Board of General Directors is responsible for the preparation of Consolidated 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 Consolidated Financial Statements and for such internal control as management determines is necessary to enable the preparation and presentation of Consolidated 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 Consolidated Financial Statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with standards, ethical requirements; plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated 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 Consolidated 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 The Board of General Directors, as well as evaluating the overall presentation of the Consolidated 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

1. 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 Consolidated 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 Consolidated Financial Statements for the fiscal year ended 31 December 2019 of the Company.

2. The Financial Statements of Saigon Morin Hue Co., Ltd for the fiscal year ended 31 December 2019 are being prepared and presented on the basis that the company does not meet the assumption of going concern because the Owners of Saigon Morin Hue Co., Ltd - Huong Giang Tourist Joint Stock Company and Saigontourist Holding - One Member Limited Company have decided to dissolve the Company and the dissolution procedures are extended until 30 June 2020. However, the Company still presented the value of the above-mentioned investment by equity method on the Consolidated Financial Statements for the fiscal year ended as at 31 December 2019.

Qualified opinion

In our opinion, except for the influence of the matter mentioned in "Basis for qualified opinion", the Consolidated 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 fiscal year ended as at 31 December 2019 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 Consolidated Financial Statements. As at 31 December 2019, the Company is recording and presenting on the Consolidated 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

Hanoi, 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

Consolidated Financial Statements
 For the fiscal year ended as at 31/12/2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

Code	ASSETS	Note	31/12/2019	01/01/2019
			VND	VND
100	A. CURRENT ASSETS		79,924,511,105	77,371,845,966
110	I. Cash and cash equivalents	3	51,037,373,424	61,999,168,780
111	1. Cash		37,737,373,424	38,999,168,780
112	2. Cash equivalents		13,300,000,000	23,000,000,000
120	II. Short-term investments	4	800,000,000	800,000,000
123	1. Held to maturity investments		800,000,000	800,000,000
130	III. Short-term receivables		26,906,219,115	13,224,028,426
131	1. Short-term trade receivables	5	7,034,010,031	6,863,848,829
132	2. Short-term prepayments to suppliers	6	3,009,530,507	1,751,969,480
135	3. Short-term loan receivables	7	11,100,000,000	-
136	4. Other short-term receivables	8	7,276,103,615	6,121,635,155
137	5. Provision for short-term doubtful debts		(1,513,425,038)	(1,513,425,038)
140	IV. Inventories	10	751,814,028	876,974,237
141	1. Inventories		751,814,028	876,974,237
150	V. Other short-term assets		429,104,538	471,674,523
151	1. Short-term prepaid expenses	14	429,104,538	471,674,523
200	B. NON-CURRENT ASSETS		189,728,729,915	193,036,905,064
210	I. Long-term receivables		5,448,817,680	5,448,817,680
216	1. Other long-term receivables	8	5,448,817,680	5,448,817,680
220	II. Fixed assets		40,833,473,256	42,743,900,487
221	1. Tangible fixed assets	12	39,825,948,672	41,729,982,460
222	- Historical costs		107,016,190,317	106,669,472,570
223	- Accumulated depreciation		(67,190,241,645)	(64,939,490,110)
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 assets in progress		12,187,957,370	9,086,181,104
242	1. Construction in progress	11	12,187,957,370	9,086,181,104
250	V. Long-term investments	4	125,405,051,750	125,188,992,979
252	1. Investments in joint ventures and associates		125,405,051,750	125,188,992,979
253	2. Equity investments in other entities		3,000,000,000	3,000,000,000
254	3. Provision for devaluation of long-term investments		(3,000,000,000)	(3,000,000,000)
260	VI. Other long-term assets		5,853,429,859	10,569,012,814
261	1. Long-term prepaid expenses	14	5,853,429,859	10,569,012,814
270	TOTAL ASSETS		269,653,241,020	270,408,751,030

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019
(continue)

Code	CAPITAL	Note	31/12/2019 VND	01/01/2019 VND
300	C. LIABILITIES		45,507,147,328	48,515,783,582
310	I. Current liabilities		43,908,762,328	45,585,002,582
311	1. Short-term trade payables	15	3,649,918,105	3,654,622,990
312	2. Short-term prepayments from customers		629,028,778	762,508,931
313	3. Taxes and other payables to State budget	16	1,092,377,030	1,058,214,579
314	4. Payables to employees		3,394,812,380	3,656,926,489
319	5. Other short-term payments	17	33,810,230,035	34,828,440,231
320	6. Short-term borrowings and finance lease liabilities	18	1,332,396,000	1,332,396,000
321	7. Provisions for short-term payables		-	111,021,046
322	8. Bonus and welfare fund		-	180,872,316
330	II. Non-current liabilities		1,598,385,000	2,930,781,000
338	1. Long-term borrowings and finance lease liabilities	18	1,598,385,000	2,930,781,000
400	D. OWNER'S EQUITY		224,146,093,692	221,892,967,448
410	I. Owner's equity	19	224,146,093,692	221,892,967,448
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		(23,077,424,008)	(25,330,550,252)
421a	Retained earnings accumulated till the end of the previous year		(26,830,550,252)	(28,923,119,651)
421b	Retained earnings of the current year		3,753,126,244	3,592,569,399
440	TOTAL CAPITAL		269,653,241,020	270,408,751,030

Ngo Duc Chinh
Preparer

Ngo Duc Chinh
Chief Accountant

Le Ba Giang
Deputy General Director

Thue Thien - Hue, 28 February 2020

HUONG GIANG TOURIST JOINT STOCK COMPANY

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

Consolidated Financial Statements
For the fiscal year ended as at 31/12/2019

CONSOLIDATED 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	21	93,786,785,692	86,126,454,689
02	2. Revenue deductions		-	-
10	3. Net revenue from sales of goods and rendering of services		93,786,785,692	86,126,454,689
11	4. Cost of goods sold	22	76,583,478,857	67,804,609,931
20	5. Gross profit from sales of goods and rendering of services		17,203,306,835	18,321,844,758
21	6. Financial income	23	5,001,997,382	2,131,276,519
22	7. Financial expense	24	284,813,803	226,099,434
23	<i>In which: Interest expenses</i>		281,691,144	225,464,701
24	8. Share of joint ventures and associates' profit or loss		1,716,058,771	5,210,750,870
25	9. Selling expenses	25	1,899,159,855	2,193,552,201
26	10. General and administrative expense	26	18,661,549,599	19,865,218,816
30	11. Net profit from operating activities		3,075,839,731	3,379,001,696
31	12. Other income	27	699,222,830	366,194,525
32	13. Other expense	28	18,810,583	16,733,577
40	14. Other profit		680,412,247	349,460,948
50	15. Total net profit before tax		3,756,251,978	3,728,462,644
51	16. Current corporate income tax expenses	29	3,125,734	135,656,673
52	17. Deferred corporate income tax expenses		-	-
60	18. Profit after corporate income tax		<u>3,753,126,244</u>	<u>3,592,805,971</u>
61	19. Profit after tax attributable to owners of the parent		3,753,126,244	3,592,569,399
62	20. Profit after tax attributable to non-controlling interest		-	236,572
70	21. Basic earnings per share	30	188	180


Ngo Duc Chinh
Preparer


Ngo Duc Chinh
Chief Accountant


Le Ba Giang
Deputy General Director



Thue Thien - Hue, 28 February 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2019
(Indirect method)

Code ITEM	Note	Year 2019 VND	Year 2018 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
01 1. Profit before tax		3,756,251,978	3,728,462,644
2. Adjustments for			
02 - Depreciation and amortization of fixed assets and investment properties		4,371,104,847	4,816,525,937
03 - Provisions		(111,021,046)	(9,643,350)
04 - Exchange gains/losses from retranslation of monetary items denominated in foreign currency		806,380	(675,010)
05 - Gains/losses from investment		(7,390,828,131)	(7,516,702,488)
06 - Interest expense		281,691,144	225,464,701
08 3. Operating profit before changes in working capital		908,005,172	1,243,432,434
09 - Increase or decrease in receivables		667,809,311	(4,523,675,688)
10 - Increase or decrease in inventories		125,160,209	(32,407,009)
11 - Increase or decrease in payables (excluding interest payable/corporate income tax payable)		(1,251,815,953)	6,614,184,770
12 - Increase or decrease in prepaid expenses		4,758,152,940	(128,091,877)
14 - Interest paid		(281,691,144)	(225,464,701)
15 - Corporate income tax paid		(135,656,673)	(141,565,847)
17 - Other payments on operating activities		(180,872,316)	-
20 Net cash flows from operating activities		4,609,091,546	2,806,412,082
II. CASH FLOWS FROM INVESTING ACTIVITIES			
21 1. Purchase or construction of fixed assets and other long-term assets		(5,562,453,882)	(4,996,785,868)
22 2. Proceeds from disposals of fixed assets and other long-term assets		676,339,734	231,818,182
23 3. Loans and purchase of debt instruments from other entities		(11,100,000,000)	-
24 4. Collection of loans and resale of debt instrument of other entities		-	500,000,000
25 5. Equity investments in other entities		-	(8,637,844,929)
26 6. Proceeds from equity investment in other entities		-	12,062,555,685
27 7. Interest and dividend received		1,748,429,626	1,120,114,996
30 Net cash flows from investing activities		(14,237,684,522)	279,858,066
III CASH FLOWS FROM FINANCING ACTIVITIES			
33 1. Proceeds from borrowings		-	3,260,000,000
34 2. Repayment of principal		(1,332,396,000)	(875,996,000)
40 Net cash flows from financing activities		(1,332,396,000)	2,384,004,000
50 Net cash flows in the year		(10,960,988,976)	5,470,274,148

HUONG GIANG TOURIST JOINT STOCK COMPANY

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

Consolidated Financial Statements
For the fiscal year ended as at 31/12/2019

CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2019
(Indirect method)

Code ITEM	Note	Year 2019	Year 2018
		VND	VND
60 Cash and cash equivalents at the beginning of the year		61,999,168,780	56,528,219,622
61 Effect of exchange rate fluctuations		(806,380)	675,010
70 Cash and cash equivalents at the end of the year	3	<u>51,037,373,424</u>	<u>61,999,168,780</u>



Ngo Duc Chinh
Preparer



Ngo Duc Chinh
Chief Accountant



Le Ba Giang
Deputy General Director



Thue Thien - Hue, 28 February 2020

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year 2019

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 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.

Group structure

The Company has one (01) subsidiary - Huong Giang Travel Sole Member Limited Liability Company which is consolidated in the financial statements as at 31/12/2019; its head office is located at 11 Le Loi, Hue city, Thua Thien Hue Province. The voting rights and interest rate of the Company in the subsidiary is 100% with the main business being travel business and ticket agent.

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, 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 and the Circular No. 202/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance guiding the preparation and presentation of Consolidated Financial Statements.

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 consolidated financial statements

Consolidated Financial Statements are prepared based on consolidating Separate Financial Statements of the Company and Financial Statements of its subsidiaries under its control as at 31 December annually. Control right is achieved when the company has power to govern the financial and operating policies of invested companies to obtain benefits from their activities.

Consistent accounting policies are applied in Financial Statements of subsidiaries and the Company. If necessary, adjustments are made to the Financial Statements of subsidiaries to ensure the consistency of application of accounting policies among the Company and its subsidiaries.

Balance, main incomes and expenses, including unrealized profits from intra-group transactions are eliminated in full from Consolidated financial statements.

Non – controlling interests

Non – controlling interests represents the portion of profit or loss and net assets of subsidiaries not held by the Company.

2.4 . Financial Instruments

Initial recognition

Financial assets

Financial assets of the Company include cash, cash equivalents, trade receivables, other receivables, lending loans. 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 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 Consolidated Financial Statements is determined under the following principles:

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

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

2.6 . Cash and cash equivalents

Cash comprises cash on hand, 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 . Business combination

All business combinations shall be accounted for by applying the purchase method. The cost of a business combination includes the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities in business combination are measured at their fair values at the acquisition date.

2.8 . Financial investments

Investments held to maturity comprise term deposits (including treasury bills and promissory notes), bonds, preference shares which the issuer is required to repurchase at a certain time in the future and loans, etc. held to maturity to earn profits periodically and other held to maturity investments.

In the Consolidated Financial Statements, investments in joint ventures and associates are accounted for using equity method. Under this method, the investments are initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share in net assets of the associate after acquisition date. Goodwill incurred from the investment in the associates is reflected in the carrying amount of the investment in the associate. The Group will not allocate such goodwill but assess annually to determine whether the goodwill is under impaired loss or not.

The share of investor in post-acquisition profits or losses of the associate is recognised in the consolidated income statement, and the share of investor in post-acquisition movements in equity of the associate is recognised in equity. The post-acquisition accumulated changes are adjusted to carrying amount of investments. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Financial Statements of associates are prepared in the same period with the Group's consolidated financial statements and use the consistent accounting policies with the Group's policies. Adjustment shall be made if necessary to ensure the consistence with the Group's accounting policies.

Investments in equity of 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 follows:

- With regard to investments held long-term (other than trading securities) without significant influence on the investee: 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.
- With regard to investments held to maturity, the provision for doubtful debts shall be made based on the recovery capacity in accordance with statutory regulations.

2.9 . 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.

2.10 . 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.

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.

2.11 . 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 - 50 years
- Machinery, equipment	05 - 10 years
- Vehicles, Transportation equipment	05 - 15 years
- Office equipment and furniture	03 - 07 years
- Land use rights	Permanent
- Managerment software	05 years

2.12 . 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.

2.13 . 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.

2.14 . 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.

2.15 . 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.

2.16 . Borrowings

Borrowings shall be recorded in details in terms of lending entities, loan agreement and terms of borrowings. In case of borrowings denominated in foreign currency, they shall be recorded in details in terms of types of currency.

2.17 . Borrowing costs

Borrowing costs are recognized as operating expenses in the year, in which it is incurred excepting those which are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with VAS No. 16 "Borrowing costs". Besides, regarding borrowings serving the construction of fixed assets and investment properties, the interests shall be capitalized even when the construction duration is under 12 months.

2.18 . Provision for payables

Provision for payables is only recognized when meeting all of the following conditions:

- The Company have a present debt obligation (legal obligation or joint obligation) as a result of past events;
- It is probable that the decrease in economic benefits may lead to the requirement for debt settlement;
- Debt obligation can be estimated reliably.

Value recorded as a provision for payable is the most reasonably estimated amount required to settle the present debt obligation at the end of the accounting year.

Only expenses related to the previously recorded provision for payable shall be offset by that provision for payable.

Provisions for payables are recorded as operating expenses of the accounting year. In case provision made for the previous accounting year but not used up exceeds the one made for the current accounting year, the difference is recorded as a decrease in operating expenses. The excess of the provision for payables relating to construction warranty is recorded as other income in the fiscal year.

2.19 . 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.

The Company's retained earnings is distributed to other funds according to recommendation of the Board of Management and approval of shareholders at annual General Meeting of Shareholders:

- Development and investment funds: The fund is reserved for the purpose of business expansion or in depth investment.
- Bonus and welfare fund and bonus for the Board of Directors: The fund is reserved for the purpose of bonus, material incentives, common benefit and increasing welfare for employees and presented as a liability on the Consolidated Statement of Financial Position.

Dividends to be paid to shareholders are recognised as a payable in Statement of Financial position after the announcement of dividend payment from the Board of Management and announcement of cut-off date for dividend payment of Vietnam Securities Depository Center.

2.20 . Revenue*Sales of goods*

Revenue from the sale of goods shall be recognised when all of 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 Company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

- 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 Company; and
- The amount of the revenue can be measured reliably.

Dividends and distributed profits are recognized when the Company has the right to receive dividends or to receive profits from the capital contribution.

2.21 . Cost of goods sold

The recognition of cost of goods sold is matched against the revenue in the period and complies 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, etc. is recognized fully and promptly into cost of goods sold in the year.

2.22 . Financial expenses

Items recorded into financial expenses comprise:

- Expenses or losses relating to financial investment activities;
- Borrowing costs;
- 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

2.23 . Corporate income tax

a) Current corporate income tax expenses

Current corporate income tax expenses are determined based on taxable income during period, 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 2019.

2.24 . Earnings per share

Basic earnings per share are calculated by dividing net profit or loss after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund and allowance for Board of Directors) by the weighted average number of ordinary shares outstanding during the year.

2.25 . 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 Consolidated Financial Statements, the Company should consider the nature of the relationship rather than the legal form of the relationship.

2.26 . 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	372,537,342	1,083,491,438
Non-term deposits ⁽¹⁾	37,340,826,082	37,914,772,342
Cash in transit	24,010,000	905,000
Cash equivalents ⁽²⁾	13,300,000,000	23,000,000,000
	<u><u>51,037,373,424</u></u>	<u><u>61,999,168,780</u></u>

(1) As at 31/12/2019, non-term deposits with the amount of VND 37,340,826,082, 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-TCND dated 26/5/2016 of Department of Finance of Thua Thien Hue Province.

(Details as in Note No. 17)

(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 DongA Joint Stock Commercial Bank with the interest from 4.3% per year to 5.3% per year.

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4 . FINANCIAL INVESTMENTS

a) Short - term

	31/12/2019		01/01/2019	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Short-term investments	800,000,000	-	800,000,000	-
- Term deposits	800,000,000	-	800,000,000	-
	800,000,000	-	800,000,000	-

The 12 month-term deposit according to the term deposit contracts dated 19/06/2019 between An Binh Commercial Joint Stock Bank - Thua Thien Hue Branch and Huong Giang Travel Sole Member Limited Liability Company with interest rates of 7.4%/year. When the contract expires, if there is no other agreement, the contract will be automatically transferred to the new term by An Binh Commercial Joint Stock Bank.

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b) Long - term

	31/12/2019			01/01/2019				
	Address	Proportion of ownership	Proportion of voting rights	Book value under the equity method	Address	Proportion of ownership	Proportion of voting rights	Book value under the equity method
				VND				VND
Investments in associates								
- Lang Co Tourist Co., Ltd.	Loan Ly Village, Lang Co Town, Phu Loc District, Thua Thien Hue Province	40%	40%	5,054,397,684	Loan Ly Village, Lang Co Town, Phu Loc District, Thua Thien Hue Province	40%	40%	4,112,672,982
- Hue Tourist Service JSC ⁽¹⁾	Ngu Binh Park, Thuy An Commune, Hue City, Thua Thien Hue Province	20%	20%	-	Ngu Binh Park, Thuy An Commune, Hue City, Thua Thien Hue Province	20%	20%	-
- Thien Phuc Tourist JSC ⁽¹⁾	An Tay Ward, Hue City, Thua Thien Hue Province	31.33%	31.33%	940,000,000	An Tay Ward, Hue City, Thua Thien Hue Province	31%	31%	940,000,000
Investments in joint ventures								
- Saigon Morin Hue Co., Ltd.	30 Le Loi Street, Phu Nhuan Ward, Hue City, Thua Thien Hue Province	50%	50%	51,169,224,237	30 Le Loi Street, Phu Nhuan Ward, Hue City, Thua Thien Hue Province	50%	50%	52,014,611,043
- Viet Nhat Tourism and Restaurant Services Co., Ltd. ⁽¹⁾	5190 Shindo Sagamiharashi Kanagawa, Japan	50%	50%	-	5190 Shindo Sagamiharashi Kanagawa, Japan	50%	50%	-
- Hotel De La Cite Imperiale Co.,Ltd. ⁽²⁾	5 Le Loi Street, Hue City, Thua Thien Hua Province	35.24%	35.24%	46,559,122,982	5 Le Loi Street, Hue City, Thua Thien Hua Province	49%	49%	46,438,158,954
- Citadel Investment Tourist Co., Ltd.	2 Nguyen Cong Tru Street, Hue City, Thua Thien Hue Province	35%	35%	21,682,306,847	2 Nguyen Cong Tru Street, Hue City, Thua Thien Hue Province	35%	35%	21,683,550,000
				<u>125,405,051,750</u>				<u>125,188,992,979</u>

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c) Equity investments in other entities

	31/12/2019		01/01/2019	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
- Thuan An Tourist Investment and Development Co., Ltd. ⁽³⁾	3,000,000,000	(3,000,000,000)	3,000,000,000	(3,000,000,000)
	<u>3,000,000,000</u>	<u>(3,000,000,000)</u>	<u>3,000,000,000</u>	<u>(3,000,000,000)</u>

Major transactions between the Company and joint ventures/associates during the year: as detailed in Note 34.

(1) Stopped Operating

(2) 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%.

(3) The investment with the total amount of VND 3,000,000,000 in Thuan An Tourist Investment and Development Co., Ltd., which is located in Thua Thien Hue Province with the main business is hotel business and tourism services. The rate of interest and rate of votings right of the Company in this unit is 12%.

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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5 . TRADE RECEIVABLES

	31/12/2018		01/01/2018	
	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)
Tulico - Huong Giang Joint Stock Company	720,000,000	(720,000,000)	720,000,000	(720,000,000)
Other trade receivables	5,596,899,993	(76,315,000)	5,426,738,791	(76,315,000)
	7,034,010,031	(1,513,425,038)	6,863,848,829	(1,513,425,038)

6 . 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	-
Others	1,643,430,507	-	385,869,480	-
	3,009,530,507	-	1,751,969,480	-

7 . SHORT - TERM LOAN RECEIVABLES

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- Hotel De La Cite Imperiale Co.,Ltd. ⁽¹⁾	10,500,000,000	-	-	-
- Citadel Investment Tourist Co., Ltd. ⁽²⁾	600,000,000	-	-	-
	11,100,000,000	-	-	-
Loan receivables from related parties				
	11,100,000,000	-	-	-

(Details as in Notes 34).

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

(1) 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.

(2) 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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8 . OTHER RECEIVABLES

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) Short-term				
Dividends and profits receivable	3,250,000,000	-	-	-
Advances	698,289,000	-	1,179,967,100	-
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	-
Receivable from payment on behalf of Thien Phuc Tourist JSC	298,897,338	-	298,897,338	-
Revenue not yet invoiced	227,656,978	-	327,007,013	-
Special consumption tax paid on behalf of VIP Club	220,639,373	-	220,639,373	-
My An Tourist Joint Stock	-	-	534,536,490	-
Others	76,430,399	-	1,056,397,314	-
	7,276,103,615	-	6,121,635,155	-
b) Long-term				
Deposits	500,000,000	-	500,000,000	-
Dat Viet Culture Joint Stock Company (*)	4,948,817,680	-	4,948,817,680	-
	5,448,817,680	-	5,448,817,680	-
c) Other receivables from related parties				
	5,119,397,338	-	1,869,397,338	-

(*) 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 34).

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9 . 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	-
- Tulico - Huong Giang Joint Stock Company	720,000,000	-	720,000,000	-
- Others	76,315,000	-	76,315,000	-
	1,513,425,038	-	1,513,425,038	-

10 . INVENTORIES

	31/12/2019		01/01/2019	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Raw materials	408,055,182	-	478,596,247	-
Tools, supplies	16,906,364	-	-	-
Goods	326,852,482	-	398,377,990	-
	751,814,028	-	876,974,237	-

11 . CONSTRUCTION IN PROGRESS

	31/12/2019	01/01/2019
	VND	VND
- 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	Vehicles, transportation equipment	Management equipment	Total
	VND	VND	VND	VND	VND
Original cost					
Beginning balance	68,328,903,138	12,037,631,085	25,498,796,703	804,141,644	106,669,472,570
- Purchase in the year	793,810,456	319,327,273	1,369,481,818	-	2,482,619,547
- Liquidation, disposal	-	-	(2,064,301,800)	(71,600,000)	(2,135,901,800)
Ending balance of the year	69,122,713,594	12,356,958,358	24,803,976,721	732,541,644	107,016,190,317
Accumulated depreciation					
Beginning balance	43,642,653,018	11,321,576,341	9,207,214,729	768,046,022	64,939,490,110
- Depreciation for the year	2,204,167,704	224,558,802	1,921,831,207	14,153,691	4,364,711,404
- Liquidation, disposal	-	-	(2,064,301,800)	(49,658,069)	(2,113,959,869)
Ending balance of the year	45,846,820,722	11,546,135,143	9,064,744,136	732,541,644	67,190,241,645
Net carrying amount					
Beginning balance	24,686,250,120	716,054,744	16,291,581,974	36,095,622	41,729,982,460
Ending balance	23,275,892,872	810,823,215	15,739,232,585	-	39,825,948,672

In which:

- The carrying amount of tangible fixed assets pledged as collaterals for borrowings at the end of the year: VND 16,155,041,052
- Cost of fully depreciated tangible fixed assets but still in use at the end of the year: VND 34,149,958,413.

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13 . INTANGIBLE FIXED ASSETS

	Land use rights (*) VND	Computer software VND	Cộng 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

(*) Land use right at 02 Nguyen Cong Tru, Hue City, Thua Thien - Hue Province is currently used as the Company's office.

14 . PREPAID EXPENSES

	31/12/2019 VND	01/01/2019 VND
a) Short-term		
Dispatched tools and supplies	179,145,007	104,090,772
Insurance expenses	-	64,293,096
Others	249,959,531	303,290,655
	429,104,538	471,674,523
b) Long-term		
Dispatched tools and supplies	2,198,976,573	4,321,061,375
Assets reparation expenses	1,346,211,177	2,008,708,883
Others	2,308,242,109	4,239,242,556
	5,853,429,859	10,569,012,814

15 . SHORT - TERM TRADE PAYABLES

	31/12/2019		01/01/2019	
	Outstanding balance VND	Amount can be paid VND	Outstanding balance VND	Amount can be paid VND
Trade payables detailed by suppliers with large account				
ASIA DMC	376,456,298	376,456,298	376,456,298	376,456,298
Joint Stock				
San Hien	191,735,000	191,735,000	325,576,000	325,576,000
Transport				
Trading Co., Ltd				
Others	3,081,726,807	3,081,726,807	2,952,590,692	2,952,590,692
	3,649,918,105	3,649,918,105	3,654,622,990	3,654,622,990

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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	-	877,056,185	5,806,296,309	5,983,860,019	-	699,492,475
Special sale tax	-	11,925,928	91,084,300	103,010,228	-	-
Business income tax	-	135,656,673	3,125,734	135,656,673	-	3,125,734
Personal income tax	-	32,068,826	517,616,371	514,283,397	-	35,401,800
Property tax and land rental	-	-	6,960,367,986	6,611,950,864	-	348,417,122
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
	-	1,058,214,579	13,926,817,701	13,892,655,250	-	1,092,377,030

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

	31/12/2019	01/01/2019
	VND	VND
a) Short-term		
- Trade union fund	47,783,951	81,141,609
- 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	1,179,724,782	2,228,486,109
	33,810,230,035	34,828,440,231
b) Other payables from related parties	-	518,052,851

(Details as in Notes 34).

(*) 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-TCND dated 25 June 2016 of the Department of Finance of Thua Thien Hue Province.

(More information as in Notes 3).

HUONG GIANG TOURIST JOINT STOCK COMPANY
No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province, Vietnam

18 . BORROWINGS AND FINANCE LEASE LIABILITIES

	01/01/2019		During the year		31/12/2019	
	Outstanding balance	Amount can be paid	Increase	Decrease	Outstanding balance	Amount can be paid
	VND	VND	VND	VND	VND	VND
a) Short-term borrowings						
Current portion of long-term loans						
An Binh Commercial Joint Stock Bank	1,332,396,000	1,332,396,000	1,332,396,000	1,332,396,000	1,332,396,000	1,332,396,000
- Thua Thien Hue Branch (*)	<u>1,332,396,000</u>	<u>1,332,396,000</u>	<u>1,332,396,000</u>	<u>1,332,396,000</u>	<u>1,332,396,000</u>	<u>1,332,396,000</u>
b) Long-term borrowings						
An Binh Commercial Joint Stock Bank	4,263,177,000	4,263,177,000	-	1,332,396,000	2,930,781,000	2,930,781,000
- Thua Thien Hue Branch (*)	<u>4,263,177,000</u>	<u>4,263,177,000</u>	<u>-</u>	<u>1,332,396,000</u>	<u>2,930,781,000</u>	<u>2,930,781,000</u>
Amount due for settlement within 12 months	(1,332,396,000)	(1,332,396,000)	(1,332,396,000)	(1,332,396,000)	(1,332,396,000)	(1,332,396,000)
Amount due for settlement after 12 months	<u>2,930,781,000</u>	<u>2,930,781,000</u>			<u>1,598,385,000</u>	<u>1,598,385,000</u>

Detailed information on long-term borrowings:

1. Credit contract No. 2507/16/TD-TT/XV between An Binh Commercial Joint Stock Bank - Thua Thien Hue Branch and Huong Giang Travel Sole Member Limited Liability Company, with the following details:
 - + Loan: VND 3,150,000,000;
 - + Loan purpose: To invest 04 passenger cars for business activities under Economic Contract No. 103-2016/HMT/HDKT dated 06/05/2016 and Economic Contract No. 104-2016/HMT/HDKT dated 06/05/2016 signed between Huong Giang Travel Company Limited and HMT Vietnam International Company;
 - + Term of the contract: 60 months from the date the borrower draws down the loan for the first time;
 - + Interest: According to the Bank's regulations at the time of drawdown;
 - + Principal loan balance at the end of the year: VND 779,181,000. Of which: Payable amount in the next year is VND 549,996,000;
 - + Collateral: Guaranteed by original documents proving ownership and use including: Car registration certificate No. 003993 issued by the police department of Thua Thien Hue province on 01 June 2016. Control sea: 75B - 011.47; Car registration certificate No.003994 issued by the police department of Thua Thien Hue province on June 1, 2016. License no. 75B - 011.36; Car registration certificate No. 002626 issued by the police department of Thua Thien Hue province on 03 June 2016. License no.75B - 011.25; Car registration certificate No.002625 issued by the police department of Thua Thien Hue province on 03 June 2016. License no.75B - 011.81.
2. Credit contract No.3597/18/TD-TT/XV dated 27/07/2018 between An Binh Commercial Joint Stock Bank - Thua Thien Hue Branch and Huong Giang Travel Sole Member Limited Liability Company, with the following details:
 - + Loans: VND 2,934,000,000;
 - + Loan purpose: To invest passenger cars for business activities;
 - + Term of contract: 50 months from the date the borrower draws down the loan for the first time;
 - + Interest: According to the Bank's regulations at the time of drawdown;
 - + Principal loan balance at the end of the year: VND 2,151,600,000. Of which: Payable amount in the next year is VND 782,400,000;
 - + Forms of loan security: Original documents proving ownership and use include: Car registration certificate No.021461 issued by the police department of Thua Thien Hue province on 24 July 2018; Car registration certificate No.021463 issued by the police department of Thua Thien Hue province on 24 July 2018.

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19 . OWNER'S EQUITY

a) Increase and decrease in owner's equity

	Contributed capital	Share premium	Retained earnings	Non controlling interest	Total
	VND	VND	VND	VND	VND
Beginning balance of previous year	200,000,000,000	47,223,517,700	(28,923,119,651)	1,043,154,230	218,300,398,049
Profit for previous year	-	-	3,592,569,399	236,572	3,592,569,399
Decreased due to liquidation of subsidiary	-	-	-	(1,043,390,802)	(1,043,390,802)
Ending balance of previous year	200,000,000,000	47,223,517,700	(25,330,550,252)	-	220,849,576,646
Beginning balance of current year	200,000,000,000	47,223,517,700	(25,330,550,252)	-	221,892,967,448
Profit for current year	-	-	3,753,126,244	-	3,753,126,244
Decreased due to the associate paying dividends	-	-	(1,500,000,000)	-	(1,500,000,000)
Ending balance of current year	200,000,000,000	47,223,517,700	(23,077,424,008)	-	224,146,093,692

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 December 31, 2019.
(Asia Pacific Securities Joint Stock Company is authorized to manage shareholder books for Huong Giang Tourist Joint Stock Company).

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19 . OWNER'S EQUITY

a) Increase and decrease in owner's equity

	Contributed capital	Share premium	Retained earnings	Non controlling interest	Total
	VND	VND	VND	VND	VND
Beginning balance of previous year	200,000,000,000	47,223,517,700	(28,923,119,651)	1,043,154,230	218,300,398,049
Profit for previous year	-	-	3,592,569,399	236,572	3,592,569,399
Decreased due to liquidation of subsidiary	-	-	-	(1,043,390,802)	(1,043,390,802)
Ending balance of previous year	200,000,000,000	47,223,517,700	(25,330,550,252)	-	220,849,576,646
Beginning balance of current year	200,000,000,000	47,223,517,700	(25,330,550,252)	-	221,892,967,448
Profit for current year	-	-	3,753,126,244	-	3,753,126,244
Decreased due to the associate paying dividends	-	-	(1,500,000,000)	-	(1,500,000,000)
Ending balance of current year	200,000,000,000	47,223,517,700	(23,077,424,008)	-	224,146,093,692

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 December 31, 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 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

	31/12/2019	01/01/2019
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 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 Planning area of high way 1A - Tu Duc, Xuan Thuy Ward is used for construction of office and cluster of tourist services from 2011 to 2041. The leased area is 2,100.1 m². According to the contract No. 30/HDTD dated 22/06/2016, 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	5,465.81	5,913.38
- EUR	1,354.39	1,376.23

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21 . TOTAL REVENUE FROM SALE 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	46,281,538,007	41,999,679,421
	93,786,785,692	86,126,454,689
Revenue from related parties (Details as in Notes 34).	8,700,000	-

22 . 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	39,749,243,196	37,198,359,854
	76,583,478,857	67,804,609,931

23 . FINANCE INCOME

	Year 2019	Year 2018
	VND	VND
Interest income, interest from loans	1,748,429,626	1,120,114,996
Gain from selling investments	-	995,160,390
Dividends, profits earned	3,250,000,000	-
Realized gain from foreign exchange difference	3,567,756	15,326,123
Unrealized gain from foreign exchange difference	-	675,010
	5,001,997,382	2,131,276,519
Finance income from related parties (Details as in Notes 34).	4,192,852,083	-

24 . FINANCIAL EXPENSES

	Year 2019	Year 2018
	VND	VND
Interest expenses	281,691,144	225,464,701
Realized loss from foreign exchange difference	2,316,279	634,733
Unrealized loss from foreign exchange difference	806,380	-
	284,813,803	226,099,434

25 . 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	196,616,587	338,107,266
	1,899,159,855	2,193,552,201

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26 . GENERAL ADMINISTRATIVE EXPENSES

	Year 2019	Year 2018
	VND	VND
Raw materials	2,026,180,173	1,582,957,641
Labor	10,812,686,348	12,533,354,499
Depreciation and amortisation	823,614,863	1,556,613,987
Tax, Charge, Fee	678,754,533	802,475,164
Reversal of provision	-	(46,268,670)
Expenses from external services	2,934,437,029	2,676,767,710
Other expenses by cash	1,385,876,653	759,318,485
	18,661,549,599	19,865,218,816

27 . OTHER INCOME

	Year 2019	Year 2018
	VND	VND
Gain from liquidation, disposal of fixed assets	676,339,734	190,676,232
Sales bonus, discount	-	173,284,710
Others	22,883,096	2,233,583
	699,222,830	366,194,525

28 . OTHER EXPENSE

	Year 2019	Year 2018
	VND	VND
Others	18,810,583	16,733,577
	18,810,583	16,733,577

29 . CURRENT BUSINESS INCOME TAX EXPENSE

	Year 2019	Year 2018
	VND	VND
<i>Corporate income tax from main business activities</i>		
Current corporate income tax expense in the subsidiary	3,125,734	135,656,673
Current corporate income tax expense	3,125,734	135,656,673
Tax payable at the beginning of year	135,656,673	141,565,847
Tax paid in the year	(135,656,673)	(141,565,847)
Closing year income tax payable of main business activities	3,125,734	135,656,673

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30 . BASIC EARNINGS PER SHARE

Earning per share distributed to common shareholders of the company is calculated as follows :

	Year 2019	Year 2018
	VND	VND
Net profit after tax	3,753,126,244	3,592,569,399
Profit distributed for common stocks	3,753,126,244	3,592,569,399
Average number of outstanding common shares in circulation in the year	20,000,000	20,000,000
Basic earnings per share	188	180

The company has not planned to make any distribution to Bonus and welfare fund, bonus for the Board of Directors from the net profit after tax at the date of preparing Consolidated Financial Statements.

31 . BUSINESS AND PRODUCTIONS COST BY ITEMS

	Year 2019	Year 2018
	VND	VND
Raw materials	26,711,813,394	22,727,413,922
Labour	31,548,410,393	31,906,228,047
Depreciation and amortisation	4,371,104,847	4,816,525,937
Expenses from external services	23,989,002,275	18,243,851,215
Other expenses by cash	9,925,498,178	8,425,023,395
	96,545,829,087	86,119,042,516

32 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Company include:

	Carrying amount			
	31/12/2019		01/01/2019	
	Original Cost VND	Provision VND	Original Cost VND	Provision VND
Financial Assets				
Cash and cash equivalents	51,037,373,424	-	61,999,168,780	-
Trade receivables, other receivables	19,758,931,326	(1,513,425,038)	18,434,301,664	(1,513,425,038)
Loans	11,900,000,000	-	800,000,000	-
	82,696,304,750	(1,513,425,038)	81,233,470,444	(1,513,425,038)

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	Carrying amount	
	31/12/2019	01/01/2019
	VND	VND
Financial Liabilities		
Borrowings and debts	2,930,781,000	4,263,177,000
Trade payables, other payables	37,460,148,140	38,483,063,221
	<u>40,390,929,140</u>	<u>42,746,240,221</u>

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 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.

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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).

	<u>Under 1 year</u>	<u>From 1 to 5 years</u>	<u>From more than 5</u>	<u>Total</u>
	<u>VND</u>	<u>VND</u>	<u>years</u>	<u>VND</u>
			<u>VND</u>	
As at 31/12/2019				
Cash and cash equivalents	51,037,373,424	-	-	51,037,373,424
Trade receivables, other receivables	12,796,688,608	5,448,817,680	-	18,245,506,288
Loans	11,900,000,000	-	-	11,900,000,000
	<u>75,734,062,032</u>	<u>5,448,817,680</u>	<u>-</u>	<u>81,182,879,712</u>
As at 01/01/2019				
Cash and cash equivalents	61,999,168,780	-	-	61,999,168,780
Trade receivables, other receivables	11,472,058,946	5,448,817,680	-	16,920,876,626
Loans	800,000,000	-	-	800,000,000
	<u>74,271,227,726</u>	<u>5,448,817,680</u>	<u>-</u>	<u>79,720,045,406</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.

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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 years VND	From more than 5 years VND	Total VND
As at 31/12/2019				
Borrowings and debts	1,332,396,000	1,598,385,000	-	2,930,781,000
Trade payables, other payables	37,460,148,140	-	-	37,460,148,140
	38,792,544,140	1,598,385,000	-	40,390,929,140
As at 01/01/2019				
Borrowings and debts	1,332,396,000	2,930,781,000	-	4,263,177,000
Trade payables, other payables	38,483,063,221	-	-	38,483,063,221
	39,815,459,221	2,930,781,000	-	42,746,240,221

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.

33 . EVENTS AFTER BALANCE SHEET DATE

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

34 . 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 VND	Year 2018 VND
Capital contribution		-	8,637,844,929
Citadel Investment Tourist Co., Ltd.	Associate	-	4,522,431,900
Hotel De La Cite Imperiale Co.,Ltd.	Associate	-	4,115,413,029
Revenue		8,700,000	-
Bitexco Group of Companies	Shareholder	8,700,000	-
Dividend		3,250,000,000	-
Saigon Morin Hue Company Limited	Joint venture	3,250,000,000	-
Loan interest		942,852,083	-
Hotel De La Cite Imperiale Co.,Ltd.	Associate	923,257,500	-
Citadel Investment Tourist Co., Ltd.	Associate	19,594,583	-

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Outstanding balances up to the reporting date are as follows:

	Relation	31/12/2019	01/01/2019
		VND	VND
Loan receivables		11,100,000,000	-
Hotel De La Cite Imperiale Co.,Ltd.	Associate	10,500,000,000	-
Citadel Investment Tourist Co., Ltd.	Associate	600,000,000	-
Other receivables		5,119,397,338	1,869,397,338
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	-
Other payables		-	518,052,851
Thien Phuc Tourist Joint Stock Company	Associates	-	518,052,851

Transactions with other related parties:

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

35 . COMPARATIVE FIGURES

The corresponding figures are those taken from the Consolidated 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

Thue Thien - Hue, 28 February 2020

HĂNG KIỂM TOÁN AASC

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