

Annual Report **2016**
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- Head Office: Block 1, Apartment 2C, Van Phuc Diplomatic Corps, Ngoc Khanh Ward, Ba Dinh District, Hanoi, Vietnam
- Representative office: 8th Floor, CT Plaza, 60A Truong Son, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam

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BUSINESS INFORMATION

■ **Company name**

Vietnamese name: CÔNG TY CỔ PHẦN HÀNG KHÔNG VIETJET
English name: VIETJET AVIATION JOINT STOCK COMPANY
Short name: VIETJET JSC
Trade name: VIETJETAIR

■ **Number and Issuance date of Business Registration Certificate of the Joint Stock Company:**

■ **Business code No.:** 0102325399 issued by Hanoi Authority for Planning and Investment
1st registration dated July 23rd, 2007
23rd amendment registration dated March 06th, 2017

■ **Head Office:** Block 1, Apartment 2C, Van Phuc Diplomatic Corps, Ngoc Khanh Ward, Ba Dinh District, Hanoi, Vietnam

■ **Tel/Fax:** **Tel:** (84-4) 3728 1828 **Fax:** (84-4) 3728 1838

■ **Website:** www.vietjetair.com

■ **Representative office:** 8th Floor, C.T Plaza, 60A Truong Son, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam

■ **Capital:** VND 3,000,000,000,000 (Three trillion Vietnam dong)

■ **Total number of shares:** 300,000,000 shares (Three hundred million shares)

■ **Stock code:** VJC

■ **Air Transport Business License No.**
04/2016 / GPKDVCHK dated 30th December, 2016



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Vision

- To become a multinational airline with an expanded regional and global flight network, providing not only air transportation services but also consumer demanded goods and services across advanced e-commerce platforms.
- To become one of the most favorite and trustworthy and highly prestigious brands for travelers all over the world.

Mission

- Continuously expand our flight network globally to create more and more flight opportunities for people all over the world.
- To make a breakthrough in terms of services an airline offers through the adoption of e-commerce platforms that allow us to tap global trends with technology.
- To make air travel the most popular form of transportation for the Vietnamese and all citizens around the world.
- To bring happiness and satisfaction to our customers by offering outstanding services with friendly smiles.
- To maximize benefits for customers, shareholders and employees.

Core Values

- **SAFE**
- **FUNNY**
- **AFFORDABLE**
- **PUNCTUAL**

Corporate Culture

- Safety First Approach
- Integrity
- Innovation, Inspiration
- Hardwork, Resourcefulness
- Happiness, Strength and Dynamic

Safety Culture

All leaders and staff members at Vietjet are wholeheartedly committed to safety and quality policies. They are core values in the workplace and everyone's responsibility at Vietjet. Safety and Quality assurance are essential to all of our aviation activities and will ensure the company sustainably develops.

"Our customers are the reason Vietjet exists and will continue to develop sustainably."

Safety and Quality Policy

Vietjet leaders and staff members are wholeheartedly committed to:

- Strictly complying to requirements outlined by CAAV and all relevant aviation authorities.
- Strictly applying a quality management system as outlined in our quality management manual.
- Ensuring that each Vietjet employee strictly complies with requirements and regulations for all operations, maintenance procedures, and all other services, in an effort to not only maintain but continuously improve Safety and Quality standards.
- Providing all necessary and sufficient resources and meeting all other required conditions for conducting policy and meeting targets.
- Continuously improving management systems, creating a reliable working environment with our greatest responsibility being to satisfy customers' expectations.
- Establish a fluid information system to ensure that all employees are informed about safety-quality data adequately and in a timely manner.

Vietjet spirit of service

Everything we create and do is done in order to offer our customers convenience and satisfaction.



MAJOR FINANCIAL STATEMENTS

Consolidation						
In VND billion	2012	2013	2014	2015	2016	CAGR
Total revenue	1,249	3,790	8,699	19,845	27,499	117%
Profit before tax	(172)	1	444	1,168	2,703	1166%
Profit after tax	(150)	32	360	1,171	2,496	326%
Shareholders of the company	(150)	32	360	1,170	2,496	326%
Basic earnings per share (VND)	-	453	4,505	5,893	9,586	
Total asset	1,467	2,948	7,677	12,045	20,063	92%
Equity	373	605	966	2,147	4,734	89%
Share capital	600	800	800	1,450	3,000	50%
Total liabilities	1,094	2,343	6,710	9,897	15,329	93%
Equity/Total asset	25%	21%	13%	18%	24%	
Total liabilities/ Total asset	74.6%	79.5%	87.4%	82.2%	76.4%	
ROE	-40.1%	6.6%	45.9%	75.2%	72.5%	
ROA	-10.2%	1.5%	6.8%	11.9%	15.5%	

Separate						
In VND billion	2012	2013	2014	2015	2016	CAGR
Total revenue	1,249	3,790	6,939	11,013	15,884	89%
Profit before tax	(172)	1	412	649	1,622	967%
Profit after tax	(150)	32	328	651	1,416	253%
Total Asset	1,467	2,948	7,688	12,023	18,512	88%
Equity	373	605	933	1,585	3,072	69%
Share capital	600.00	800	800	1,450	3,000	50%
Total liabilities	1,094.46	2,343	6,755	10,438	15,440	94%
Equity/Total asset	25%	21%	12%	13%	17%	
Total liabilities/Total asset	74.6%	79.5%	87.9%	86.8%	83.4%	
ROE	-40.1%	6.6%	42.7%	51.7%	60.8%	
ROA	-10.2%	1.5%	6.2%	6.6%	9.3%	

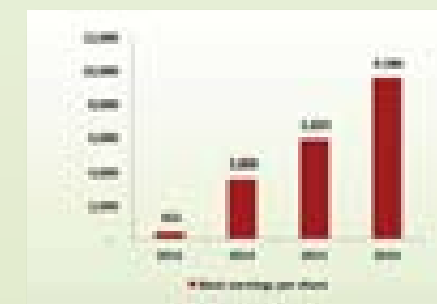
PROFIT AFTER TAX

2,496
BILLION VND



BASIC EARNINGS PER SHARE

9,586
VND/SHARE



“The year 2016 saw an exciting and successful business performance with robust achievements in terms of profit, revenue and growth rate.”



Dear shareholders and employees of Vietjet Aviation Joint Stock Company,

After five years of operation, Vietjet delivered a resilient financial performance in 2016, in addition to favourable conditions, numerous challenges considerably affected our operations, such as overloaded infrastructure at airports, higher operational costs at local airports than that of the regional countries, etc. The audited and consolidated business achievements in 2016 showed considerable growth. In 2016, Vietjet recorded VND 27,499 billion in total revenue and VND 2,496 billion in net profit, an increase of 38.6% and 113.2% respectively compared to the previous year.

Vietnam's aviation industry and market in 2016 also saw positive changes. Vietjet exploited the potential of the domestic market by developing its fleet, expanding new flight segments, and launching more programs to raise customers' demand.

In addition to achieving our targets in 2016, Vietjet constantly improved service quality to create more favourable conditions for the majority of people travelling by offering reasonable and affordable prices. Vietjet expanded its fleet

to include 41 Airbus A320/A321 aircraft and carried more than 14 million passengers in 2016, transforming the travel habits of citizens in the process. Vietjet operated more than 84,000 flights on 60 domestic and international routes, contributing significantly to the promotion of tourism in Vietnam.

Vietjet has confidently overcome many challenges and successfully hit its planned targets, affirming its position as a new age airline on the Vietnamese aviation market while also expanding to international aviation markets. These results are testament to the hard work and great efforts of Vietjet employees, the experienced members on the Board of Management and Inspection Committee, the close attention and leadership of the Board of Directors, the contribution of our shareholders, and the support of authorities at different levels.

In 2017, the Board of Directors committed to work with the Board of Management to develop business plans and strategies for the short-term and long-term. Vietjet will continue to develop domestic and international routes in accordance with fleet expansion. In addition, Vietjet constantly looks to improve on service

quality, maintain its strong branding policy, improve and standardize operating procedures, organize and operate a well-run risk management system, encourage a dynamic business environment, and most especially, ensure safe flights.

On behalf of Vietjet's Board and all of Vietjet staff, we would like to express our sincere thanks to our valued customers, shareholders and investors, who have all contributed to the development of Vietjet over the past five years. Vietjet hopes to continue receiving your ongoing support and companionship in the future. I believe that with the value and culture of Vietjet, we will go on to achieve even greater achievements, helping all people to realize their dream of flying.

Sincerely,

Vietjet's Chairwoman
Nguyen Thanh Ha



"Maximizing benefits for customers, shareholders and employees by effectively day-to-day operations and strategic management of the company is our mission."

✈ OVERVIEW

- History and Development
- Business
- Organizational structure and Key personnel
- Investor Relations
- Risks
- Vietnam Aviation and Market Overview in 2016
- Business development strategy
- Market Overview 2017
- Awards over 5 years



HISTORY AND DEVELOPMENT

Vietjet was established on July 23rd, 2007 with the goal of creating a new age, low cost model aviation transportation business to provide services that would accommodate the needs of passengers.

2007

- Obtained Air Operator's Certificate "AOC" no 01/0103018458



2011

- Noel 2011: Flew its first commercial flight from Ho Chi Minh City (HCMC) to Hanoi



2013

- Flew its first international flight between HCMC and Bangkok, Thailand
- Held a ceremony to celebrate flying its three-millionth passenger
- Signed a contract with Airbus to purchase 100 Airbus aircraft at Singapore Airshow
- By the end of 2013, Vietjet had gained 20.2% of domestic market share



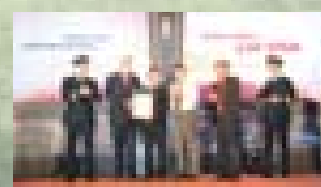
2014

- Welcomed the first A320 aircraft under the Airbus order of 100 airplanes placed by the Company
- By the end of 2014, Vietjet gained 29.6% of domestic market share with a fleet of 19 aircraft



2015

- January 2015, Vietjet inaugurated the Vietjet Training Center (VTC)
- April 2015, Vietjet obtained the IATA Operational Safety Audit certificate (IOSA) from International Air Transport Association (IATA)
- Held a ceremony to celebrate flying its 10 millionth passenger
- By the end of 2015, Vietjet had gained 37.1% domestic market share with a fleet of 30 aircraft



2016

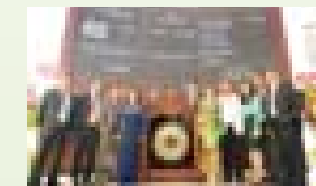
- February 2016, signed an agreement to establish an Airbus Training Center in Vietnam
- May 2016, signed a contract with Boeing to purchase 100 B737 MAX 200 aircraft
- June 2016
 - Received a Certificate of Merit from the Prime Minister of Vietnam for achievements in production and business, actively contributing to the economic and social development of the city, contributing to the cause of national construction and defense.
 - Signed Cooperation Agreement with Incheon Tourism Organisation - ITO (Korea)
- August 2016
 - Vietjet officially became a full member of IATA
 - Nominated for "Best Employer Brand Development" in the

- Asia Recruitment Awards 2016
- September 2016, signed a contract to purchase 20 aircraft A321 CEOs and NEOs
- Held a ceremony to celebrate flying its nineteen-millionth passenger
- By the end of 2016, 44.7 million shares were offered to 24 international institutional investors. Vietjet is the first Vietnamese company to have completed an IPO that meets international standards and practices (Reg S)



2017

- On 28th February 2017, Vietjet officially and successfully listed its 300 million shares on HoSE



SKY CONNECTION: A JOURNEY OF 5-YEAR TAKE OFF

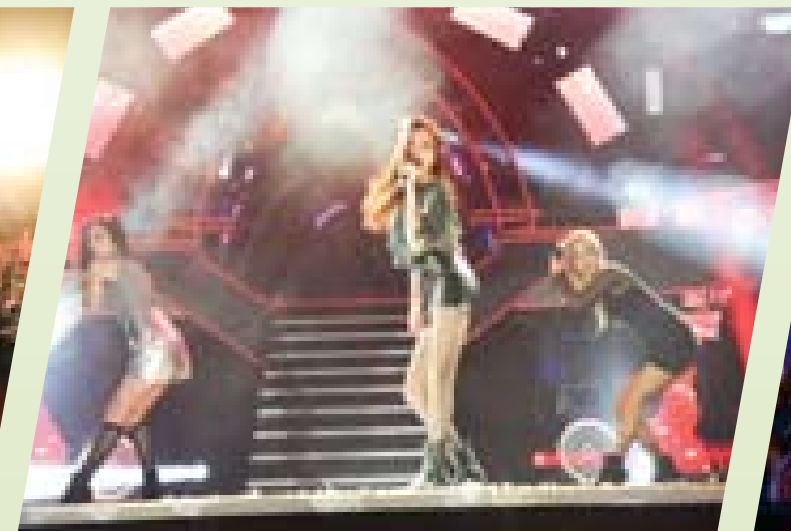


To celebrate the 5th anniversary of its inception, Vietjet organised a region-wide event, Sky Connection, with the participation of 25,000 local and foreign spectators and two world famous music bands, Michael Learns to Rock and Wonder Girls. This electric show left a vivid impression on music and fashion lovers.

Vietjet took off its maiden flight on Christmas Day of 2011. On that day, the dream of flying for so many came true.

Not only tapping a market of more than 90 million people in Vietnam, Vietjet has also opened routes across the Asia Pacific region, where more than 50% of the world's population live. With this promising future Vietjet will continue to write its "legendary" story. The more people who can fly with low and affordable prices, the better the quality of life we will enjoy due to this civilized means of transport.

Vietjet is strongly convinced that there will be a better future in the air and all of us will fly high with this "Sky Connection".



BUSINESS

- Other supporting services relating to transportation (air ticket agent)
- Advertisement
- To trade real estate, land-use rights owned by owner, user or leaseholder (To invest in housing or building, construction projects for sale, lease and lease/purchase; to invest in improving land and invest in infrastructure on leased land in order to lease the infrastructure, including land).
- Other means of transport by road
- Supporting services relating to tourism promotion and tour arrangement
- Construction of other civil engineering projects (to construct and exploit facilities for aircraft maintenance; to construct and exploit flight operation center; to construct and exploit facilities for airport terminals)
- Other education services (to offer practical

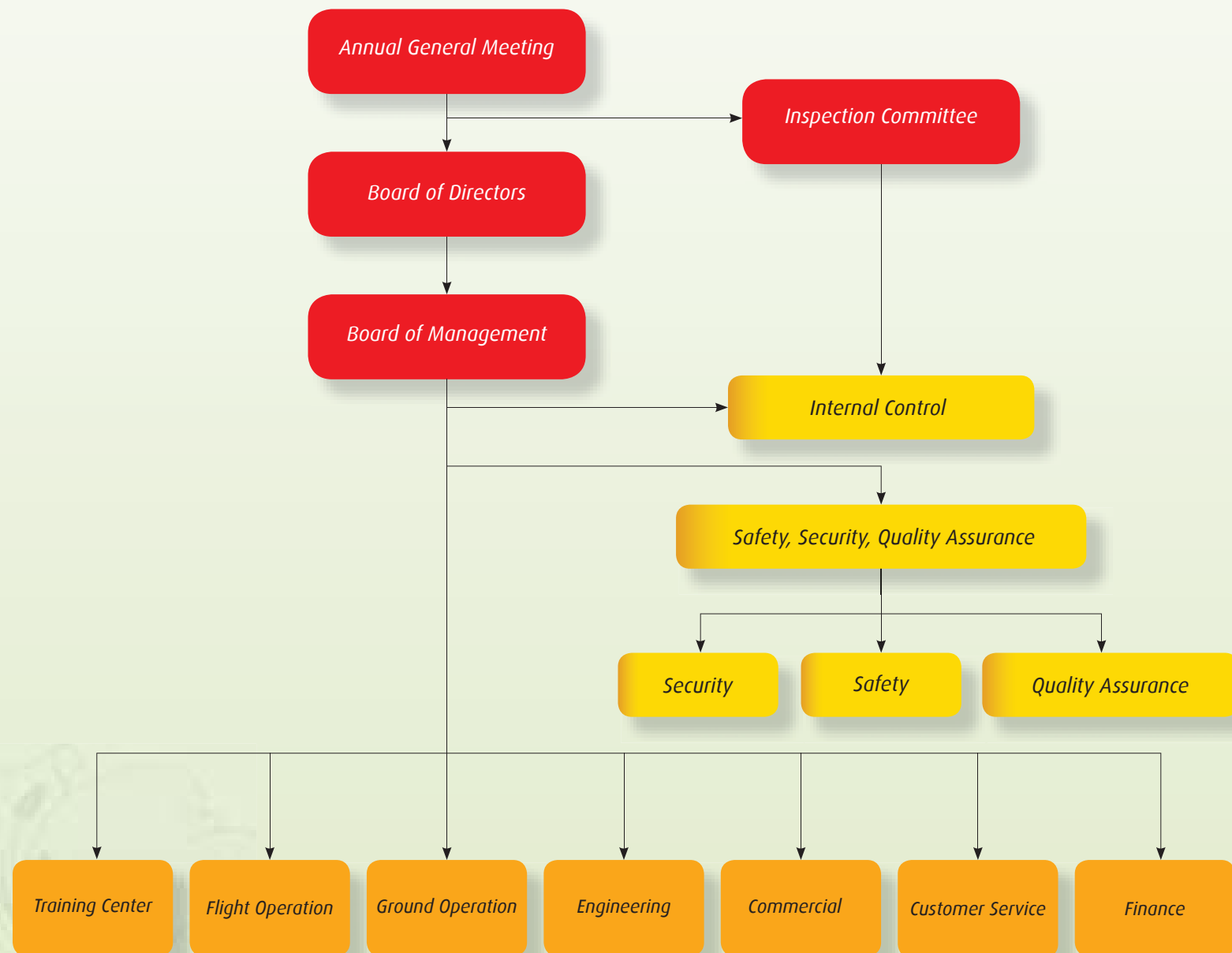
- training for pilots, technicians and engineers and other professional staff)
- To transport passengers by air (to transport by air; to transport inbound and outbound passengers by air)
- To transport goods by air (to deliver regular public goods transportation services, domestically and internationally)
- Direct supporting services for air transport (Ground operation services include passenger service, maintenance service, cleaning and other services for aircraft parking at the terminal, technical support services, catering services, scheduled and unscheduled aircraft maintenance service; aircraft spare parts supply service; aircraft refuelling services)
- Other supporting services (to operate large capacity aircraft, general aviation aircraft, on

- land and water; to operate leased aircraft)
- General wholesale (to trade Duty-Free goods)
- Act as agents, brokers, auctions (to be an agent for machinery, industrial equipment, ships, aircraft)
- To lease machinery, equipment and other tangible assets (to lease aviation transport equipment with pilot: aircraft)
- Other specialized wholesale services (To sell aircraft)
- To retail other new goods in specialized stores (To retail souvenirs, knit products, fine-art products in specialized stores)
- Restaurant and itinerant food and beverage services
- Other food and beverage services
- Other beverage services



ORGANIZATIONAL STRUCTURE AND KEY PERSONNEL

ORGANIZATIONAL STRUCTURE



IT'S TIME TO VIETJET



12 p.m,
It's time to Vietjet
From just
www.vietjetair.com



Vietjet is committed to ensuring customers enjoy a safe and comfortable flight with a comfy, leather seat, professional services, affordable fares and a "golden hour" promotion called "It's time to Vietjet!" from 12pm to 2pm everyday (UTC+7).

Enjoy 365 days of promotion with special incentives, especially low fares from as little as VND0, VND3,000, VND9,000, VND10,000, and more, while accumulating prize points and partaking in lucky draws for valuable prizes, including cars, diamond rings, smartphones and free fares.

Especially, during the festive time at the end of the year, passengers will have a chance to receive lucky gifts everyday on all Vietjet flights in tune with the programme, "Enjoy festivals and be surprised!"

Vietjet offers diversified fare pricing policy that is affordable and saves costs for passengers on all routes.



ORGANIZATIONAL STRUCTURE AND KEY PERSONNEL

BOARD OF DIRECTORS

Madam Nguyen Thanh Ha

Madam Nguyen Thanh Ha is one of the founders of Vietjet and was appointed Chairwoman of the Company's Board in 2007. She has extensive experience in the aviation industry in Vietnam. Prior to joining the Company, Madam Ha was Deputy Head of Civil Aviation Administration of Vietnam (CAAV). She was the head of the Planning & Investment department at Vietnam Airlines before joining CAAV. Madam Ha obtained her bachelor's degree in Physics from National Science University, a bachelor's degree in Economics from the National Economics University and a master's degree in Economics.

Madam Nguyen Thi Phuong Thao

Madam Nguyen Thi Phuong Thao is one of the founders, joining in 2002. She was appointed Vice-Chairwoman of the Board of Directors in 2007. She is also the Company's Chief Executive Officer ("CEO"). She has achieved great success in business and is an experienced manager in Vietnam and abroad, especially in the banking-finance sector. She was also a founder and a member of the Board of Directors of several commercial banks in Vietnam prior to joining the Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank") as Standing Vice Chairwoman of the Board of Directors. In that position she helped develop HD Bank into becoming one of Vietnam's leading commercial banks during her tenure.

Madam Thao holds a Ph.D. in Economic Cybernetics from the Mendeleev Institute; a bachelor's degree in Credit-Finance from the Moscow Commerce Institute; and a bachelor's degree in Labour Economic Management from

the Moscow National Economics College. She is a founding member of the System Research Academy of the Russian Federation.

Dr. Nguyen Thanh Hung

Dr. Nguyen Thanh Hung has been Vice Chairman of the Board of Directors since July 2007. Dr. Hung is the Founder and Chairman of Sovico. Dr. Hung was the first Vietnamese member to join the Young Global Leaders in 2007 at the Davos World Economic Forum. He is also a member of Asia Pacific Economic Cooperation ("APEC") Business Advisory Council. Dr. Hung holds an Electrical Engineering degree from Kharkov University and a Ph.D. degree in Cybernetics from the former Soviet Union's Academy of Science.

Mr. Chu Viet Cuong

Mr. Chu Viet Cuong has been a director of the Board since 2011. He is also the Chairman of the Insurance Committee of the Company. Mr. Cuong is the Chief Operation Officer of Sovico Holding and a director of the Board of HD Bank. Mr. Cuong has previously served as Director of BNP Paribas-Pervoir JV, Deputy General Director of Prudential Assurance Ltd. and Chairman of Dai A Bank. Mr. Cuong is a senior expert in fields of banking, finance and insurance. His domestic experience has been strengthened by two years of working abroad at the Southeast Asian Strategy Institute in Singapore, which was established by the former Singapore Prime Minister Lee Kuan Yew. Mr. Cuong holds a master's degree in Business Administration ("MBA") from Massachusetts Institute of Technology in the U.S. He also holds a master's degree in International Business from Sussex University in London in the United Kingdom. He holds a bachelor's degree

in Economics from Kharkov University (former Soviet Union).

Mr. Luu Duc Khanh

Mr. Luu Duc Khanh has been a member of the Board of Directors and Managing Director since April 2011. Mr. Khanh is an expert in the financial sector with more than 20 years of experience in senior management roles. He held prominent positions in prestigious banks such as Strategy Director at HSBC Vietnam, Vice President at Techcombank, and CEO at ABBank. Mr. Khanh graduated from the University of Economics HCMC with a bachelor's degree in Economics and holds an MBA degree from New England University (Australia).

Mr. Luong The Phuc

Mr. Luong The Phuc joined the Board of Directors in December 2011. He is also the Company's Vice President in charge of flight operations with more than 30 years of experience in the aviation industry. Before joining Vietjet, Mr. Phuc served in the Vietnam Air Force and was Director of Vietnam Air Force Academy. He also worked for 16 years at Vietnam Airlines (VNA) during which he was Standing Vice President. He was Chairman of Pacific Airlines for about 10 years. He trained as a Military Pilot at the Military Pilot Training school in the former Soviet Union. He has a degree in Directorship from the Defence Academy, a bachelor's degree in Business Administration from Ho Chi Minh City University of Economics and has also completed training courses at the INSEAD business school in France.



ORGANIZATIONAL STRUCTURE AND KEY PERSONNEL

INSPECTION COMMITTEE



Ms. Tran Duong Ngoc Thao

Ms. Tran Duong Ngoc Thao was elected Head of the Inspection Committee of the Company in 2013. She is also currently a member of the Inspection Committee of Saigon Ground Services Joint Stock Company and Cam Ranh International Airport Joint Stock Company. Previously, Ms. Tran Duong Ngoc Thao held key management positions in several securities companies and investment fund management company. She has vast experience in corporate finance advisory, restructuring, M&A and internal auditing of airlines. She has an MBA from the Asian Institute of Technology, a master's degree in European Business from EM Lyon business school; she also has a certificate for IATA aviation internal auditing and is a lead auditor at IATA.

Mr. Pham Minh Ha

Mr. Pham Minh Ha is a member of the Inspection Committee of the Company and was also appointed Chief Accountant of Sovico Holdings in 2010. Previously, he was an accountant at Hanoi Daewoo Hotel. Mr. Pham Minh Ha has a bachelor's degree in economics.

Ms. Doan Thu Huong

Ms. Doan Thu Huong is a member of the Inspection Committee of the Company and was also appointed Chief Accountant of Vinh Tri Trading Company Limited in 2016. She is also currently a member of the Inspection Committee of Land Sai Gon. Previously, she held positions in accounting and finance departments of several companies operating in various sectors, ranging from the technology to pharmacy. She has had experience as a Chief Accountant with a construction company for many years. Ms. Doan Thu Huong has a bachelor's degree in accounting from the Hanoi University of Finance and Accountancy, as well as other professional qualifications such as a Chief Accountant Qualification from the Hanoi University of Economics.





Dear shareholders, investors and valued partners,

Vietjet is proud in bringing breakthrough changes to the aviation industry in Vietnam and to this region. We are one of the most efficient and effective airlines in the world, generating profit in our second year since our inception. Vietjet is the fastest growing LCC in the world, with the lowest unit cost. It has been granted the IOSA certificate on operational safety assurance approved by IATA.

Changes have come to Vietnam aviation

industry: a population of more than 90 million people in Vietnam has generated an increase in travel demand both in Vietnam and the Asia Pacific region, and they are desperate to have access to civilised transportation facilities. After just five years, Vietjet has had a wide flight network. Within a 2,500-mile radius, more than 50% of population in the world lives, forming a potential market of Vietjet. Vietnam aviation is changing day to day and is more positive and more exciting than ever.

In five years, we have flown over 35 million passengers and operated over 220,000 safe flights on 60 routes to both domestic and international destinations outside of Vietnam with a fleet of A320s and A321s.

In Vietnam, millions of people have been first time flyers, many local airports such as Phu Cat, Chu Lai, Tuy Hoa, Pleiku, Buon Ma Thuot, Thanh Hoa... are now more crowded than ever with the excitement of people. The world is surprised and happy to welcome a new airline named Vietjet taking off into the skies of Singapore, Thailand, Malaysia, Taiwan, Hongkong, Japan, Korea, China, India... New skies have been opened up to welcome tourists and encourage investment, global integration.

Accompanying the development strategy of Vietjet, we have cooperated

“I believe that there is a good future in the sky for our customers, our staff and our shareholders, our investors, and Vietjet always take efforts to bring it closer.”

with the world’s leading banking and insurance institutions, powerful machine builders, technical service providers, ground and petroleum enterprises and especially investors in Vietnam and abroad, to create a stronger synergy than ever.

Thousands of Vietjet staff are one of the most important factors; they are the pride of Vietjet and continually power us on.

Our commitment is to run a safe, reliable airline. We will continue to drive innovation and create initiatives into our culture to improve service quality and efficiency, and enhance our passengers' experience.

We shall continue to drive our costs down, allowing us to continue to offer lower and affordable air fares.

Vietjet has written a fairy tale in aviation, making the dream of millions of people come true, inspiring a new movement to strongly socialize the aviation market, from transport operation, ground services, supply, technical aspects to investment in airport terminal infrastructure.

Vietjet is the first Vietnamese company to have completed an IPO that meets international standards and practices. We will continue to deliver breakthrough values to our investors and the stock market.

Vietjet officially and successfully listed

its 300 million shares on HoSE on February 28th, 2017 and we were welcomed by the whole market.

We are proud of the path that we have gone through with success and we are strongly convinced of targets ahead. We have successfully accomplished 5-year plan 2012-2016 and are ready to conquer new heights.

We believe that there is a good future in the sky and we will always strive to bring it closer.

On behalf of the Board of Directors, I would like to express my great appreciation to our shareholders for your confidence in our management. We are committed to make Vietjet more profitable and even stronger, to manage the company according to our best standards and practices in order to deliver shareholders added value.

Sincerely,

Nguyen Thi Phuong Thao
President & CEO of Vietjet

ORGANIZATIONAL STRUCTURE AND KEY PERSONNEL

BOARD OF MANAGEMENT



Mr. Dinh Viet Phuong

Mr. Dinh Viet Phuong has been a Vice President in charge of Business Development since 2012. Mr. Phuong has many years of management experience in senior positions at reputable companies in Vietnam including Head of Sovico's representative office in Vietnam, Deputy General Director of Sovico, Deputy General Director and

member of the Board of Directors of Vietnam Motors Industry Corporation - under the Ministry of Transport, and member of the Board of Directors of Petechim JSC - Petro Vietnam. He holds an engineering degree from the Vietnam Maritime University. He graduated from Centre Franco-Vietnamien de formation à la Gestion (France) with an MBA degree and from Moscow State Academy of Water Transport with a Ph.D. in transportation.

Ms. Nguyen Thi Thuy Binh

Ms. Nguyen Thi Thuy Binh has been a Vice President of the Company since 2013. Ms. Binh leads the commercial and service activities of the company, including product creation, sales and distribution, marketing and communications, ancillary portfolios and customer service. Ms. Binh has 15 years of experience working in

the communications industry in Vietnam. She successfully launched the annual activities of the Global Mobile Marketing Association in Vietnam in 2012, contributing to the development of modern media in Vietnam. In 2008, Ms. Binh served as Jetstar Pacific's Vice President & Chief Commercial Officer. Ms. Binh obtained a bachelor's degree in Russian and English interpretation from Hanoi Foreign Languages Institute, a bachelor's degree in Electronics and Telecommunications Engineering at Hanoi Polytechnic University and an MBA in Business Management from Vietnam - Belgium Co-operation Programme of National Economic University and Université libre de Bruxelles

Mr. To Viet Thang

Mr. To Viet Thang is a Vice President of the Company and Director of the Safety Security Quality and Assurance Department (SSQA) responsible for the safety of flights, engineering and ground operations, and the implementation, maintenance of the Company's safety and quality programme. He is the project leader for the Company's IOSA certification process, he played a significant role in enabling the Company to achieve IOSA certificate and to become a full member of IATA. He has nearly 20 years of working experience in the aviation industry including with Vietnam Airlines Corporation. From 2008 to 2014, Mr. Thang served as Deputy Director of SSQA department at Vietnam Airlines. He has extensive experience in Vietnam's aviation industry regulatory matters relating to safety, quality and security. Mr. Thang received an engineering diploma with distinction in Aircraft Technic from Czech Technical University (Prague - Czech Republic), and certificates from IATA, Lufthansa and AQS relating to aviation safety and security, airline management and quality assurance management.

Mr. Nguyen Duc Thinh

Mr. Nguyen Duc Thinh is a Vice President in charge of the technical and maintenance department. He is the Director of the engineering division, which comprises spare part storage and supply, maintenance planning, Maintenance Control Centre, with responsibilities to enter into negotiations to purchase, lease airplanes, maintenance planning, production planning and production management. Mr. Thinh has 30 years of experience working in the aviation engineering industry and 25 years of experience in aircraft maintenance at Vietnam Airlines. From 1993 to 2014, Mr. Thinh served as Vietnam Airline's Deputy Director of the technical department. Under his leadership the engineering division has achieved accolades for continually maintaining technical reliability of 99.57%, the highest technical reliability of A320 / A321 fleets of the airlines in Asia Pacific. He received a master's degree in Civil Aviation Engineering, an MBA and IATA certificates relating to aviation engineering.

Mr. Tran Hoai Nam

Mr. Tran Hoai Nam has been a Vice President of the Company since 2015, in charge of aircraft financing and other financial market related businesses for the company. He was appointed a Vice President of Finance in November 2016. He has vast experience in the banking and finance sector, especially in wholesale banking and financial institutions. Mr. Nam is Deputy CEO of HDBank and is in charge of developing and managing large corporate clients as well as developing businesses between HDBank and domestic and foreign financial institutions. He has previously held management-level positions at Citibank and Vietnam International Bank. Mr. Nam has a bachelor's degree from Hanoi University of Science and Technology and a master's degree from the Asian Institute of Technology (Thailand).

Mr. Nguyen Duc Tam

Mr. Nguyen Duc Tam joined the Company in 2007 and served as the first CEO of the Company. Mr. Tam has more than 47 years of extensive experience in the aviation industry. He was a Vice President at Vietnam Airlines for 11 years, the Director of the Information Technology department at CAAV, Deputy Director of the Technical department at CAAV. Mr. Tam holds an Aviation Engineer degree at Harbin Military Engineering Institute (China), a bachelor's degree in English from Hanoi National University of Education, an aircraft type-rating certificate from Ulianop Aviation School (former Soviet Union) and other certificates in airworthiness and aviation engineering.

Ms. Yvonne Abdullah

Ms. Yvonne Abdullah was appointed Chief Financial Officer of Vietjet in December 2016. She has over 22 years of experience in Financial Management, Corporate Finance, Treasury and Investor Relations in aviation, telecommunications and hospitality sectors in Philippines, Thailand and Malaysia. Prior to joining us, she was Chief Financial Officer at Jet Asia Airways and Air Asia X managing finances, investment development, treasury, hedging and investor relations. She played a key role in the IPO of AirAsia X on the Kuala Lumpur Stock Exchange including raising cash for aircraft financing. She was previously the Chief Financial Officer of Redtone from 2003 before she was promoted to Chief Operating Officer in 2008. She was also a key member in their IPO on the ACE Market on the Kuala Lumpur Stock Exchange. She obtained her ACCA (Association of Chartered Certified Accountants) qualification in 1999 from the FTMS University and is a qualified accountant registered with the Association of Certified Chartered Accountants (U.K) in the same year.

INVESTOR RELATIONS

From the very first day of listing on HoSE, Vietjet established its Investor Relations department, which includes the majority of our Management Team from the company as we realized the important role of Investor Relations. Our Investor Relations department enables the most effective two-way communication between the company and both individual and institutional investors

and other financial institutions.

Since the listing, our Investor Relations department has welcomed many international investors from major funds as well as financial analysts from local and international securities firms. Through meetings, they have gained more comprehensive views on Vietjet.



RISKS

■ Economic growth and the aviation industry

As a business in the aviation industry, the growth of business operations of the company also accompanies the growth of the Vietnamese aviation industry. IATA data shows that Vietnam's aviation market is the third fastest growing market in the world with an average annual growth rate of 18.6% between 2005 and 2015. IATA also forecasts that Vietnam will be one of the most dynamic and rapidly growing aviation markets in the world. Accordingly, Vietjet has enjoyed revenue growth and a market share increase in line with this growth momentum shown by the domestic aviation market. The company has maintained a high growth rate since its first commercial flight at the end of 2011.

The company regularly enjoys preferential policies on interest rates. In addition, the management of the company has always been cautious and deliberate before making decisions on the use of loans from banks, so the interest rate risk is also controlled and mitigated by the company.

■ Fluctuations in fuel prices

Fuel costs account for the largest share of the total cost of the company. Fuel prices depend on a lot of economic and political factors around the world and are completely out of the company's control. Fuel prices underwent many fluctuations in the past. In recent years, fuel prices have continued to fall and remain low, but nothing can guarantee fuel prices will remain low in coming years.

To overcome and mitigate this risk, Vietjet will implement various strategies to limit adverse fluctuations in fuel prices. The company uses a fleet of aircraft with an average age of less than 3.03 years for optimum fuel consumption. The company coordinates with CFM International engine manufacturer to deploy a fuel saving program for its flight operations division,

engineering division, cockpit crews and engineers during operation and maintenance process. Starting in 2017, the company plans to receive its first A320 / 321 NEOs to save up to 15% of fuel consumption. The company plans to sign fuel derivatives contracts (a hedging instrument) from time to time. This facilitates the company's ability to control costs by purchasing fuel at a predetermined price, the fuel will be delivered on a future designation date to protect and mitigate the risks of rising fuel prices.

■ Competition in the Aviation Industry

The company is facing increased competition on domestic routes, especially international routes from low cost carriers and traditional airlines. While international airlines are currently not allowed to operate domestic routes in Vietnam, local airlines, such as Vietnam Airlines and Jetstar Pacific Airlines, are Vietjet's main competitors. Vietjet clearly recognizes these competitive risks and is focused on building its own direction, concentrating on attracting and exploiting new customers, providing new utility services, and avoiding a 'price competition' or 'price war' to minimize risks.

■ Interest rate risk

By the end of 2016, Vietjet's debt/equity ratio was only 0.7. However, interest rates are an extremely important financial indicator that the Company must follow and update to make sound investment strategies. Not a lot of companies have access to capital large enough to conduct business production/ organization - as a result, most of them have to raise more capital from outside sources in which a popular method of capital raising is performed by borrowing money and paying the loan interest. As interest rates increase, it will directly affect the business situation of enterprises.

Vietjet mainly uses loans from domestic and foreign banks to purchase new aircraft. As Credit

Suppliers for the Company are long-term partners with the Company, the Company regularly enjoys preferential policies. In addition, the management of the Company has always been cautious and deliberate before making decisions on the use of loans from banks, so the interest rate risk is also controlled and limited by the Company.



skyBOSS^E

Phong cách Người dẫn đầu
Wings The Leaders



• **Lưu đồ bay check-in**
Priority check-in

• **Phòng chờ sang trọng**
Luxury lounge

• **Biên giới riêng Skyline** ra máy bay
Priority private vehicle

• **Miễn phí 10kg hành lý** (bao gồm 1 bộ đồ golf)
à 10 kg hành lý xách tay

• **Chọn ngồi trên máy bay**
Priority seat selection

• **Thay đổi lịch trình bay**
No fee for schedule change

• **Đồ ăn, uống miễn phí** trên chuyến bay
Food & beverage served onboard

• **Free checked baggage** 30 kg
(including 1 golf set) and 10 kg checked baggage

Hãy cùng trải nghiệm dịch vụ hàng không cao cấp mới của Vietjet, tận hưởng các chuyến bay vui vẻ, thoải mái với chi phí tiết kiệm bất ngờ.

Let's experience a modern luxury flight service with converged advantages, enjoy fun, comfortable flight at a reasonable expense.

skyBOSS^E

DỊCH VỤ HÀNG KHÔNG CAO CẤP / LUXURY FLIGHT SERVICE

Đạn là người sành điệu và luôn tiên phong trong xã hội

You are always stylish and proactive in society

Đạn là ông chủ của doanh nghiệp

You are the business owner

Đạn là người nổi tiếng, tự tin và thành công trên nhiều phương diện

You are famous, confident and successful in many ways

Đạn luôn muốn tận hưởng mỗi phút thời gian quý giá của mình

You wish to enjoy every minute of your precious time



Vietjet mang đến cho bạn những trải nghiệm dịch vụ hàng không chất lượng, tận hưởng các chuyến bay trên tàu bay mới, ghế da sang trọng, tiếp viên phục vụ thân thiện, chuyên nghiệp, thưởng thức 9 món ăn nóng ngon miệng, cùng nhiều chương trình thú vị, bất ngờ với chi phí tiết kiệm nhất.

It's our pleasure to offer you the experience of high quality services with the new aircraft, luxury leather seats, dedicated friendly flight attendants and perfect your flight with 9 delicious hot dishes and many interesting programs at the most competitive price.

PHÒNG CHỜ SANG TRỌNG

LUXURY WAITING LOUNGE:

Bạn được tiếp đón trong không gian sang trọng, từ trung đài thư giãn, làm việc và giải trí với các tiện nghi sẵn sàng.

A warm welcome awaits all our passengers in such an elegant lounge to relax, work and entertain with available facilities.

• **Khu vực riêng tư và yên tĩnh**
Private and quiet space

• **Nội thất sang trọng**
Luxurious environment

• **Mạng Internet, wifi**
Free internet access

• **Đa dạng tạp chí phẩm báo/ tạp chí đa dạng**
Diversity of newspapers/ magazines

• **Các tiện nghi phục vụ công việc, giải trí**
Entertainment facilities

• **Dịch vụ quality bar, đồ ăn nhẹ**
Food and beverages

• **Đội ngũ phục vụ chuyên nghiệp**
Professional service agents

DỊCH VỤ ƯU TIÊN DÀNH RIÊNG CHO BẠN

FOR YOUR PRIORITY:

• **Phòng chờ sang trọng**
Luxury lounge

• **Lưu đồ bay check-in**
Priority check-in

• **Chọn ngồi trên máy bay**
Priority seat selection

• **Thay đổi lịch trình bay**
No fee for schedule change

• **Khi đưa đón bằng Skyline** ra máy bay
Priority private vehicle

• **Đồ ăn, uống miễn phí** trên chuyến bay
Food & beverage served onboard

• **Miễn phí 10kg hành lý** (bao gồm 1 bộ đồ golf)
à 10 kg hành lý xách tay

• **Free checked baggage** 30 kg (including
à 10 kg checked baggage)

MUA VÉ Ở ĐÂU?

TICKET CHANNEL

Website: www.vietjetair.com

Mobile: <https://m.vietjetair.com>

Facebook: www.facebook.com/vietjetvietnam

Tổng đài bán vé: 1900 1886

Call Center

Các đại lý/phòng vé Vietjet

Vietjet's authorized ticket outlets

*Tùy thuộc cơ sở hạ tầng của từng sân bay, một số tiện nghi như trên có thể được linh hoạt thay đổi

* The above facilities can be subject to change depending on the infrastructure of each airport

Thông tin chi tiết về điều kiện và chính sách

hàng vé Skyline tại website: www.vietjetair.com

Information details please visit www.vietjetair.com

vietjetAIR.com

VIETNAM AVIATION AND MARKET OVERVIEW IN 2016

- Vietnam has the fastest economic growth rate and urbanization rate within the ASEAN region. Over the last 15 years, from 2000 to 2015, Vietnam's GDP per capita grew at a rate of 5.3%, which is one of the highest in the region. Vietnam is expected to maintain a strong GDP growth rate of 5.2% over the period of 2016-2021.
- Even with a large and young population of 91 million people and generally favorable demographics, air travel penetration in Vietnam is very low.
- With a lengthy topography, and lacking effective road and rail connectivity, Vietnam is a country where air travel services have much room to grow.
- Vietnam has been the fastest growing aviation market in Asia Pacific for years.
- The growth rate of RPK CAGR in 10 years from 2004 to 2014 of Vietnam reached 17.2%, higher than average growth rate of 9.8% in Asia Pacific.
- Vietnam tourism has also enjoyed a strong growth. Both inbound and outbound tourism is growing at a growth rate of over 11% over the past five years, one of the highest in the region.
- The Vietnamese government has reported its plan to invest US\$10.5bn to develop airport infrastructure across the country.
- Per the Government's Aviation Master Plan, Vietnam will have 26 airports in operation by 2020, four of which have yet to open. The passenger capacity will increase to 62 million - 106 million by 2020, while cargo capacity will increase to 2-4 million tons.





Year of 2016 is the first year that Vietnam implemented the five-year socio-economic development plan from 2016 to 2020. However, it takes place in the midst of a slow economic recovery for the world market and a sharp decline in global growth. Besides the advantages, Vietnam's economy is still facing many difficulties due to complicated climate and weather changes.

According to the International Air Transport Association (IATA), the profitability in aviation industry has improved markedly due to increase of passengers and decrease of oil prices. In 2016, all airlines earned a net profit of US\$35.6 billion, which is the highest growth in the past seven years; and there were 3.8 billion passengers transporting by air. IATA also ranked Vietnam aviation market in the group of five countries having the highest number of passengers travelling by air (behind China, the United States, India, and Indonesia). However, the aviation market still faces many challenges such as safety threats, security on flights, and slow development of infrastructure.

Vietnam's aviation market in 2016 has also seen positive changes. Airlines combined operate more than 228,000 flights, an increase of about 37,000 flights, and a growth rate of 19% over

the same period last year, mostly focused on domestic flights. With no competition from foreign airlines, domestic airlines have exploited the potential of the domestic market by developing the fleet, expanding the new route network, and launching more promotion campaigns. Compared with 2015, air transportation has carried 40.5 million passengers and 274 thousand tons of cargo, increased respectively 20.4% and 21.6%. The number of international passengers travelling to Vietnam is estimated to be 10.01 million, an increase of 26% compared to 2015, of which arrivals by air reached 8.26 million, an increase of 31.7%. In addition, aviation authorities have mastered and improved capacity of security, safety, quality assurance, service innovation, quality of service, etc. In 2016, there does not occur any serious case threatening aviation security in the aviation industry of Vietnam.

Although it has many advantages, Vietnam's aviation industry has faced many difficulties as the growth rate of passengers and cargo is still slower than the growth rate of the fleet, as well as the high cost of operating in domestic airports in the region, currently ranking only after Singapore and Thailand.

INCREASE OF
PASSENGERS
CARRIED OF

20.4%

COMPARED WITH 2015





BUSINESS DEVELOPMENT STRATEGY

VIETJET'S MEDIUM & LONG-TERM PILLAR STRATEGIES

- Continue to expand our domestic and international network: open new routes connecting different commercial airports and optimize our frequency on local routes; set priority for markets in North Asia, North West Asia, ASEAN and China.
- Maintain Vietjet brand health to maintain our reputation and credit to passengers, partners as well as nurture sustainable values for the company.
- Develop new services and products based on e-commerce technologies to enhance values and benefits for passengers and economic benefits for the company.
- Diversify our capital portfolio from domestic and international sources to efficiently serve the company's financial activities.
- Implement supportive solutions to enhance our cost management and deploy high tech appliances in our daily operation.
- Continually develop our fleet of brand new, modern and fuel-efficient aircraft.
- Participate in various investment projects for terminals and airport infrastructure to enhance our quality of service and cost management.
- Nurture an internationally integrated working environment and continually implement resource development programs for the company's long-term development.

BUSINESS DEVELOPMENT STRATEGY



The year of 2017 will be the decisive year for the achievement of the socio-economic development goals in the period of 2016-2020, with a target of 6.7%. Although the oil prices are expected to rise 17.6% from 2016, up to \$50.66/barrel, Vietnam's aviation market in 2017 promises continuing growth.

Domestic airlines have plans to increase their fleet size during 2016 - 2020. With this growth rate, the total passengers of domestic airlines will maintain an average growth rate of 20.3% per year and reach about 102 million passengers by 2020, which is double an output of 2016, and about 24% higher than the aviation transport development plan up to 2020.

According to the CAAV, by 2020, the aviation industry in particular will generally own fleet of over 250-270 aircraft in the region and in the world. With this fleet, Vietnam aviation industry will really have a great impact on the market and the international aviation map. The industry will play a role in associations, conventions, financial investment, and market share. The reality is that developed countries own large and powerful airlines. According to the Population Trends 2015 report of the National Population and Skills Commission of Singapore (NPTD) announced total Singapore population is 5.54 million. With two airports, Singapore have developed more than 10 carriers with more than 200 aircraft, excluding ordered aircraft to be received in the future; Thailand (with a population of over 67 million) has 26 airports with 300-400 aircraft; Malaysia (with a population of over 30 million)

has 26 airports with more than 300 aircraft.

Following its development strategy for transportation, Vietnam will have 26 airports by 2020 and currently is in the process of developing and expanding Noi Bai and Tan Son Nhat International Airports, along with the construction of Long Thanh international airport in 2020. The potential of Vietnam's aviation market is greatly appreciated with a population of more than 90 million people with "a growing average income".

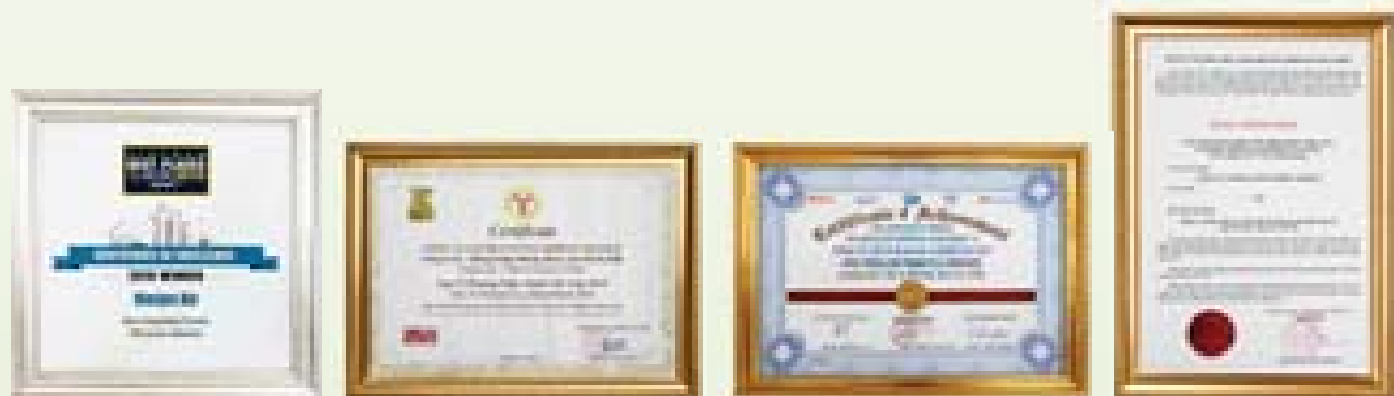
In the year 2017 Vietjet shall focus on the extending international flight network to North East Asia as priority, from current hub as Tan Son Nhat, Noi Bai, Da Nang, Cam Ranh and Cat Bi airports.

FORECAST OF
GROWTH RATE OF

20.3%

REACH ABOUT 102 MILLION
PASSENGERS BY 2020,
WHICH IS DOUBLE AN
OUTPUT OF 2016

AWARDS OVER 5 YEARS



- Top 3 airlines with fastest growing FaceBook fanpage in the world
- Top 100 Best Places to Work in Vietnam voted by Anphabe and Nelsen
- The most favourite airline in Vietnam voted by The Vietnam Economic Times
- Excellent APEC product and services rewarded by APEC business consulting committee, Vietnamese Chamber of Commerce in the US
- The first golden model of airplane in the world recorded by World Record Union
- Certificate of Merit from the Minister of Public Security for outstanding achievements in the movement of the people to protect the country security
- The most friendly transportation and best promotion airline in Vietnam voted by Trust & Use Magazine
- Excellent emulation flag of the Prime Minister
- The most smiles on a flight to Singapore, as recognised by Vietnam Record
- Named one of Best Places to Work in Vietnam's tourism and hospitality industry



- Top 10 most credibility enterprises in Vietnam voted by the scientific evaluation center of enterprise evaluation
- Certificate of Merit from the Prime Minister for achievements in contributing to the cause of building socialism for national defence
- Top 5 new routes successfully launched in the world
- The most numbers of cultural and entertainment activities on an airline
- International Star Award for Quality from Business Initiative Directions of Switzerland
- Top 10 Best Budget Airlines voted by Smart Travel Asia Magazine
- PATA Gold Awards from Pacific Asia Travel Association
- "The Best Asian Low Cost Carrier" at the TTG Travel Awards
- Asia's best employer brand award 2016 voted by Employer Branding Institute (EBI), World HRD Congress & Stars of the Industry Group
- The "2016 Trust and Use Award" for service quality and prestige voted by the Consumption and Consultation magazine of Vietnam Economic Times



THE COMPANY'S ✈️ PERFORMANCE 2016

- Business & operational results 2016
- Flight network extension
- Fleet expansion
- Product & service
- Human resources
- Subsidiary units
- Typical events of the year 2016
- Financial situation in 2016
- Share information and shareholding structure

“Smiles on customers’ face are smiles in our heart.”

BUSINESS & PERFORMANCE 2016

In the midst of challenging socio-economic environment in 2016, Vietjet had achieved positive business and operational results. Vietjet had received 12 new aircraft, increased the fleet to 41 Airbus aircraft, including 30 A320 aircraft and 11 A321 aircraft operated out of five bases (Ho Chi Minh City, Hanoi, Da Nang, Cam Ranh, and Hai Phong) and boasted a growth rate of 36.7% compared to 2015. Vietjet had carried 14.05 million passengers in 2016 with increase of 50.9% compared to 2015. This reflects Vietjet's successful strategy in maintaining its position as the leading carrier of Vietnam.

In addition to the growth of GDP and the low fuel prices supporting and encouraging productivity growth, Vietjet has been operating aggressively in the highly competitive environment by focusing on providing the short-haul and medium-haul flight services with high frequency domestic and international routes. At the same time, Vietjet has implemented successfully the "New Age Carrier" model based on high quality services with competitive prices. Vietjet has developed a route network to include 37 domestic routes and 23 international routes after only five years of operations. In 2016 Vietjet carried 14.05 million passengers, maintained a high load factor of 88.2%, as well as a technical reliability rate of 99.57%, which is among the highest ranking in Asia Pacific. In the same year Vietjet operated 84,455 safe flights with 156,267 block hours and achieved an OTP (on time performance) of 83.57%. Vietjet's safety indicators of flight operation, technical maintenance and ground operation were among the highest levels in the region.

Vietjet regularly reviews its route network and fleet development to maximize revenue and increase profitability, as well as seize opportunities to expand to international markets. In 2016, Vietjet recorded VND 27,499 billion in total revenue and VND 2,496 billion in net profit, respectively increases of 38.6% and 113.2% compared to the previous year. The reason for the

increase is that Vietjet intensified transporting of international passengers and sale of charter flights. This resulted in ancillary operation activities which increased correspondingly with the number of flights. In addition, Vietjet increased management capacities while maintaining cost control measures to reduce costs and increase profits.

Vietjet has achieved certain success with 99% brand awareness in the domestic and regional aviation markets. Vietjet also continues to launch the promotion campaign and branding strategy, increase customer services, focusing on travel demand of the majority of the people served, and provide transportation services to the oversea Vietnamese and foreigners traveling to Vietnam.

In the development process, Vietjet values management and the human resources contributions. Human resources are an important factor that impacts the effectiveness of production and sustainable development of Vietjet. The strategy with human resource is to develop and focus on training and a reward policy. Vietjet also developed processes to encourage and reward employees' contributions. Over the past few years, Vietjet aimed to recruit and retain, high quality and professional employees. By the end of 2016, Vietjet had 2,435 employees and 5 experts who came from more than 30 countries, including 371 pilots, 785 cabin crews, 146 engineers.

Vietjet Training Center (VTC) was established in the very first years of operation to organize courses and train for employees. VTC is accredited with the Aviation Training Organisation Standard by the CAAV to train aviation staff for Vietjet and other airlines. Currently, VTC provide 685 training courses for 9,700 trainees including pilots, crews, engineers, ground staff, and staff from other divisions. In addition, the other training courses are also conducted by Airbus, Boeing, IATA, ICAO, etc. Foreigner human factor is incorporated into

Vietjet's personnel policy to maximize usage of these staff knowledge, skills, and experience. These are regularly evaluated in accordance with the aviation industry's operation standards, and consistently applied companywide to achieve Vietjet's established target, fast - lasting - strong business and performance goals.

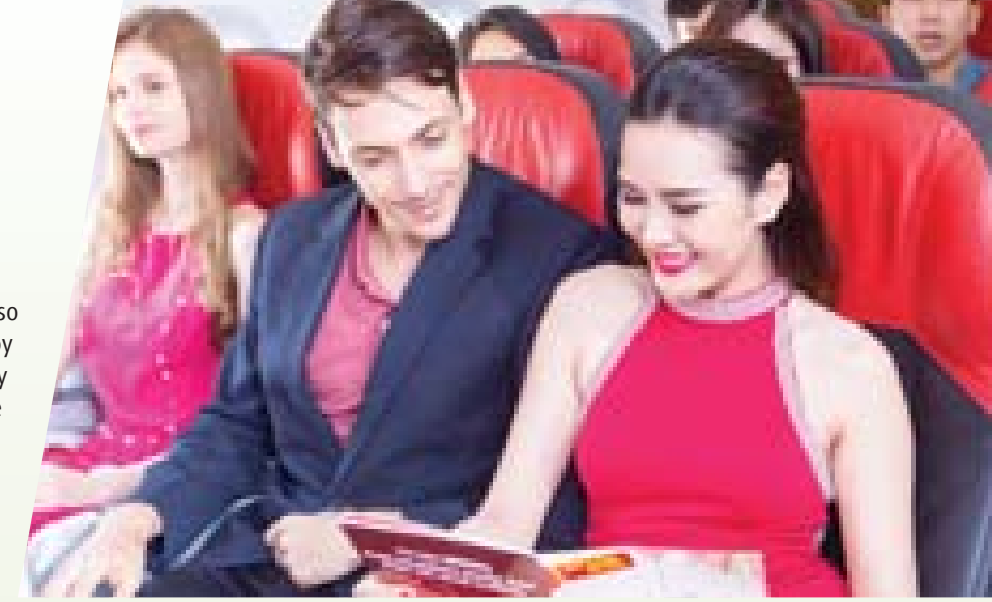
Vietjet is always actively adopting new best practices and standards and meeting the regulations and criterion of the modern aviation industry in Vietnam and in the world. In addition, applying advanced technologies is the key to speed up the process of continued development and improvement. Vietjet implements Safety Management System with constantly being improved and enhanced the efficiency and quality of safety management in flight operation, maintenance, and ground operation; competently in Proactive Safety Management and Predictive Safety Management to meet the new requirements of the International Civil Aviation Organization's Safety Management System as required by the International Civil Aviation Organization - ICAO and CAAV.

Continued infrastructure development for aviation industry to aviation industry's standard is the top priority business development plan of Vietjet. The projects on the socialization of the aviation infrastructure, new investment and renovation of the airports such as Tan Son Nhat, Noi Bai, Da Nang, Cam Ranh, etc. will contribute to improve airport facilities. This will help

Vietjet to increase the efficiency and frequency of flights. Vietjet also implements the large projects like the IPO project which was completed by the end of 2016 and published to HoSE in early 2017. Vietjet also successfully negotiated to buy 100 Boeing B737Max aircraft, engines selections for the fleet of Airbus NEO A320/A321.

Vietjet brings Informational Technology into most areas of operational management to meet all departments' demand. The company system must be maintained stable and smoothly 24/7. Vietjet completes Intranet system, upgrades technology infrastructure, uploads Mobile Web to Cloud, improves Internet connection and server system to ensure the management system working in stability and security condition. The company develops a fuel efficiency program and implements a fuel refinement program to save operating costs. In order to support all passengers, Vietjet's Call Center operates 24/7 with 152 operators, which makes the customer satisfaction rate of 83% and the complaint rate accounts for only 0.019%.

With professional training, legal staff contribute to the development of legal documents under the programs of the Ministry of Transport and Civil Aviation Authority of Vietnam; successfully defend the interests of the company in the court; and participate in preparing documents and negotiate big contracts of the company. In addition, Vietjet constantly enhances the supervision and inspection of departments as well as operations at airports, ensuring the procedures always strictly adhered.



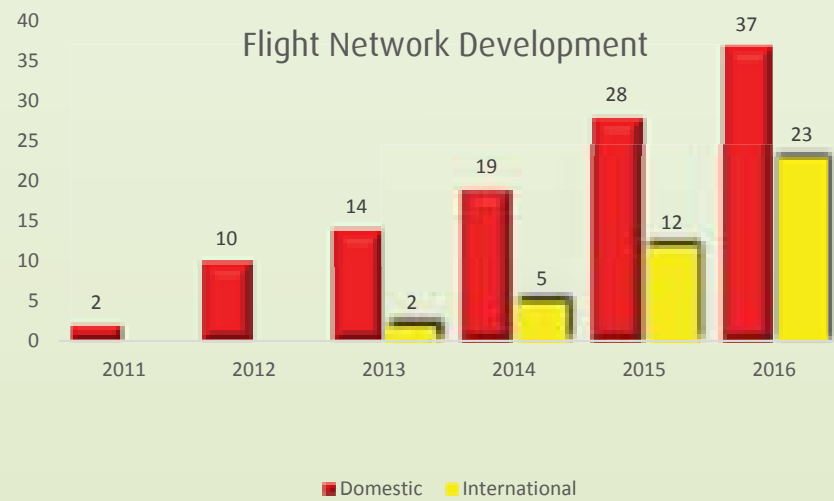
FLIGHT NETWORK EXTENSION

■ Vietjet is now a leading domestic air carrier in Vietnam. Vietjet focuses its operations and is increasing the number of high-frequency flights on medium/short-haul domestic and international routes with an average flight distance of 900km for domestic route (within an average range of 1 hour 45 minutes) and 2,200km for international route (within an average range of 3 hours). Vietjet has been successful in operating a low cost carrier (LCC) model and ensuring a high quality of services at a competitive price. Up until this stage, Vietjet has developed a route network covering most local commercial airports and launched flights to international destinations within ASEAN, across North Asia and China, etc.

■ Up until 31st December, 2016, Vietjet had five main bases: HCMC, Hanoi, Da Nang, Nha Trang, and Hai Phong, operating 37 domestic and 23 international routes, and many passenger charter flights as well. The arterial routes (or trunk-routes) operate at higher frequencies and that leads to increasing travel demand. Every day, Vietjet operates 26 flights between Ho Chi Minh City and Hanoi, 15 flights between HCMC and Da Nang and 14 flights between Hanoi and Da Nang.

■ In 2016, Vietjet had launched nine additional domestic routes connecting economically developing and highly populated cities such as Hai Phong, Thanh Hoa, Vinh, Hanoi to destinations with tourist attractions and strong investment growth such as Nha Trang, Pleiku, Hue, Tuy Hoa and Buon Me Thuot. Within the same year, Vietjet had opened 12 additional international routes to Malaysia, Korea, Taiwan, China and Macau, apart from Thailand, Singapore, Myanmar and Hong Kong. Moreover, Vietjet also operated many charter flights to Korea, Japan, China and India.

OPERATING
60
FLIGHT ROUTES
INCLUDING 37 DOMESTIC ROUTES
AND 23 INTERNATIONAL ROUTES



FLEET EXPANSION

Vietjet's aircraft fleet by 31st December, 2016 stood at 41 aircraft including 30 Airbus A320-200s and 11 Airbus A321-200s. The average age of these aircraft is 3.03 years; each plane has from 180 to 230 seats respectively and the designs are in tune with the low cost airline business model.

On 31st, December 2016, Vietjet made an order of 77 Airbus A320/A321 aircraft with the rights to hire and an order of another 100 737MAX 200 aircraft which will be delivered from 2019 to 2023. Additionally, in September 2016, Vietjet signed a contract with Airbus to purchase 20 additional aircraft, and the estimated delivery period would be from 2017 to 2020. Vietjet plans to increase the number of aircraft from 41 to 78 in 2019. The orders with Airbus and Boeing will be completed at the end of 2023.

OPERATING

41 AIRCRAFT

WITH 30 AIRBUS A320s
AND 11 AIRBUS A321s



PRODUCT & SERVICE

■ Besides making continuous efforts to reduce the costs on tickets prices to make air travel more affordable for the majority of passengers, Vietjet has focused on new product research and development to diversify its market segments as well as to make its services even more unique and outstanding. Apart from its standard low-cost economy fare (ECO), Vietjet has introduced a premium "Skyboss" ticket type. Accordingly, Skyboss flyers can change flight time for free and are entitled to free check-in luggage, including a golf kit, use of VIP lounge, priority check-in and boarding plus free foods and beverages onboard, and much more.

■ Other services, which are also creative and continuously renewed to improve passengers' travel experience and increase their comfort, include the introduction of a kiosk check-in system, web-check in and mobile check in services. These initiatives have made passengers' travel experience more convenient by reducing traffic at check-in counters, shortening check-in time and cutting waiting time at airports.

■ Vietjet has brought interesting and comfortable travel experiences to its passengers via "Sky Shop" services, which offer nine hot yummy meals suiting the tastes of people from many different regions and countries. The inflight menu is also updated seasonally, bringing new and diverse tastes to passengers onboard. Also, the airline has created shopping needs onboard through a variety of affordable souvenirs.



Human resources

■ Vietjet's personnel – managers, pilots, aircraft technicians, flight attendants, ground staff – are mainly aviation specialists recruited and trained in-house and abroad. In addition to the available qualified and experienced human resources, Vietjet also recruits top talent from universities, colleges and other specialized aviation training institutions in the country and abroad. These employees will be trained in accordance with the aviation industry standards at Vietjet Training Center before joining operation chain.



■ The goal of Vietjet is to “become a multinational airline corporation with a wide regional and international network”. Therefore, Vietjet's human resources are recruited from more than 30 different countries in the world to fully meet operational requirements in terms of the capabilities and experience of aeronautical specialties (especially pilots, aircraft engineers, flight dispatchers, flight attendants). Based on a strong corporate, cultural background, Vietjet's foreign labor force along with Vietnamese staff creates a professional, international and efficient working environment. That is one of the core values contributing to the development of Vietjet over the past five years.



SUBSIDIARY UNITS

■ VIETJET TRAINING CENTER

VTC was established according to decision No. 12-12/VJC-HĐQT-QĐ on 3rd July, 2012 by the Board of Directors of Vietjet Aviation Joint Stock Company with 123 professional instructors certified by IATA and CAAV for being highly experienced and professional.

In October 2015, VTC was approved by CAAV as the Approved Training Organization - ATO to provide

professional trainings for Pilots, Cabin crew, Technical staff, Ground Operation Staff and Dispatchers.

In 2016, Vietjet and Airbus inked an agreement to provide flight and maintenance training services in Ho Chi Minh City. With this agreement, VTC will conduct training for pilots, engineers, technicians, dispatchers and instructors complying with Airbus and EASA's standards from the first quarter of 2018.



■ MAINTENANCE ORGANISATION

The company's Aircraft Maintenance Organisation (AMO) delivers aircraft maintenance, basic engineering and production planning services to assure the airworthiness for the whole fleet. Vietjet performs all line maintenance at four major airports in Hanoi, Ho Chi Minh city, Da Nang and Cam Ranh, can make engine replacement and defect rectification. For base maintenance, the company contracts with third-party service providers because the company does not yet find a suitable place for hangar setup. In 2016, the company's Engineering Division delivered technical services to assure 100% safe flights with high technical reliability of 99.57%, highest in Asia Pacific Region. On the other hand, the company deployed construction of a structural repair workshop and put it into service which helped reduce outsourcing costs. Priority has been given to training to ensure the airline has sufficient human resources for efficient operations and maintenance for the coming years, for effective accommodation of fleet expansion requirements such as new A321 NEO and B737MAX aircraft delivery schedule in the coming time.

TRAINED
685
TRAINING COURSES
9,700
STUDENTS IN 2016



vietjet Air Cargo

- Vietjet Cargo carried approximately 162,000 tonnes of cargo over the past five years. In 2016 Vietjet cargo achieved 24% market share.
- Besides cargo transportation services within Vietjet's passenger aircraft's belly on regular flights, Vietjet Cargo also offers cargo services via interline and charter flights in cooperation with more than 23 international airlines and cargo service corporations. In 2017, Vietjet Cargo plans to interline with more international airlines in the world to extend the cargo operating network.
- Vietjet Cargo plans to set up a cargo express transportation business and even study to operate cargo-only aircraft in the coming time.



vietjet Air.com Thailand

- Thai Vietjet is operating under a franchising model from Vietjet and currently operates three A320 180-seat aircraft. The airline has regularly opened three domestic routes: Bangkok-Phuket, Bangkok-Changmai and Phuket-Chiangrai; and three international ones from Bangkok to Ho Chi Minh City, Hanoi and Hai Phong (Vietnam) since June 2016. Also, Thai Vietjet has co-operated with travel agencies to operate charter flights from Thailand to Vietnam's destinations of attractions like Da Nang, Hue, Can Tho, Da Lat, Vinh, etc.
- In 2016, Thai Vietjet carried more than 500,000 passengers on 3,600 domestic and international flights.

TYPICAL EVENTS OF THE YEAR 2016

1. Vietjet and Boeing finalized an order of 100 737 MAX 200 airplanes worth US\$11.3 billion as witnessed by Vietnamese President Tran Dai Quang and U.S President Barack Obama.

2. Vietjet placed a firm order with Airbus for A321 single aisle aircraft in the presence of French President Francois Hollande and President of the Socialist Republic of Vietnam Tran Dai Quang and leaders of the two countries.

3. Vietjet struck deals at Singapore Airshow:

a. Vietjet signed an agreement with Pratt & Whitney of United Technologies Corp. to purchase PurePower Geared Turbofan™ (GTF) engines.

b. Vietjet selected SR Technics from Switzerland as a strategic partner for aircraft Component and Maintenance Services provision.

c. Vietjet and Airbus signed an agreement to establish a training center in Vietnam.

4. Cat Bi International Airport in Hai Phong city was officially put into service after more than two years of upgrades and renovations, Prime Minister Nguyen Xuan Phuc joined the ribbon cutting ceremony and congratulated Vietjet's launching of three new routes from Hai Phong to Phu Quoc, Da Lat and Buon Ma Thuot at the same time.

5. Vietjet launched nearly 20 new domestic and international routes, hence its flight network totalled up to 63 routes, connecting Vietnam to many destinations of attractions.

6. Vietjet was awarded a Certificate of Merit by the Prime Minister for its achievements in implementation of tax policy and its significant contribution to the State budget.

7. Vietjet was awarded an Emulation Flag by the Prime Minister.

8. Vietnam Fatherland Front's Chairman Nguyen Thien Nhan visited and congratulated the Management and staffs of Vietjet on the occasion of Vietjet's 5th Anniversary.





9. Vietjet was the only Vietnamese brand to be named in the top 500 Asia's Brands in 2016.

10. Vietjet received the Best Employer Brand Asia Awards 2016.

11. Vietjet was honored with a Certificate of Merit by Minister of Public Security.

12. Vietjet was named the most favorite airline.

13. Vietjet received IATA membership and investment approval to establish Vietjet Center of Aviation Technology as part of a program to develop the Vietjet Aviation Academy.

14. Sky connection: Vietjet's 5th anniversary and Welcome the New Year 2017 celebration. New-age carrier Vietjet brought the legendary band Michael Learns to Rock (MLTR) and iconic band of the Republic of Korea Wonder Girls to 25,000 audiences for the region's largest musical concert, "SKY CONNECTION."

15. "Vietjet Bikini" to shine up with The Face Vietnam 2016 and Miss Vietnam 2016.

16. Vietjet listed its shares on HoSE.

17. Vietjet's hot-air balloon showcased the national colors of Vietnam on demonstration flights and serves the visitors in many countries such as Vietnam, Taiwan, Malaysia... In the near future, it will represent Vietnam to perform in the Philippines, Japan and the USA...

18. Vietjet accompanied with The Economic scenario in Vietnam 2016.

19. Vietjet had exciting activities at Aviation Festival Asia 2016.

20. Vietjet welcomed additional brand new aircraft.



FINANCIAL SITUATION IN GENERAL



1. Financial general

Company achieved the good result in 2016. The profit soared significantly by 113.2 % compared with 2015, the equity and total asset of 2016 also increased of 120.4 % and 66.6 % respectively.

In VND Billion	2016	2015	CAGR
Equity	4,734	2,147	120.4%
Total resource	20,062	12,045	66.6%
Revenue from sales of goods and provision of services	27,499	19,845	38.6%
Net operating profit	2,671	1,160	130.2%
Profit before tax	2,703	1,168	131.3%
Profit after tax	2,496	1,171	113.2%

2. Liquidity ratio

The current ratio and quick ratio are indications of the ability to pay short term liabilities when the debt is due. With the particular characteristic of aviation industry, airlines had to borrow short term loan to finance pre-paid deposits and lease/purchase aircraft while the value of aircraft was huge. The current ratio is good over the years, approximately one (01) time.

3. Capital Structure ratio

Debt/Total asset ratio of 2016 compared with 2015 reduced from 0.82 to 0.76. The debt/equity ratio of 2014, 2015, 2016 were 6.94; 4.61; 3.24 respectively although company had to increase the short term loan to lease/purchase the new aircraft. In addition the operating cash flow of company was strong and stable, company was fully capable of covering the due debts.

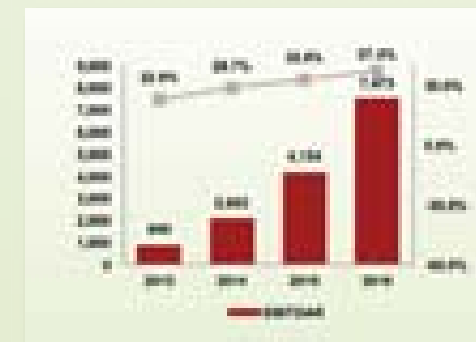
4. Capacity Utilization Ratio

The operation of company improved over these years, the turnover of total assets declined because the growth of revenue of the Company was greater than the speed total asset growth.

5. Profitability Ratio

The Company's profitability ratio in 2016 was higher than 2015. The effectiveness of the management and the reasonable of business strategy was reflected in the business result of 2016. The profit after tax on total asset increased from 11.9 % of 2015 to 15.5 % in 2016

Ratio	2016	2015
1. Liquidity ratio		
. Current ratio	0.98	0.98
. Quick ratio	0.96	0.95
2. Capital Structure ratio		
. Debt/Total asset (%)	76.4	82.2
. Debt/Equity (%)	323.8	460.9
3. Capacity Utilization Ratio		
. Revenue/Total asset	1.37	1.65
4. Profitability Ratio		
ROE	72.5%	75.2%
ROA	15.5%	11.9%



SHARE INFORMATION AND SHAREHOLDING

■ Stock

Up to 31st March 2017, the stock of the Company is as follows:

Charter capital	3,000,000,000,000 dong
Par value/share	10,000 dong
Number of listed shares	300,000,000 shares
Number of shares outstanding	300,000,000 shares
Treasury share	0 share
Number of transferable shares	181,981,589 shares
Number of limited transferable shares	118,018,411 shares

■ Shareholders structure

Shareholders structure as per list of shareholders registered on 12th January 2017 (closing date for registration, depository and listing of shares):

Shareholding structure based on types of shareholders

No	Types of shareholders	Number of shares	Ownership (%)	Number of shareholders
1	State shareholder	-	-	-
2	Founding shareholders	34,438,516	11.48%	6
	Domestic	34,438,516	11.48%	6
3	Foreign	-	-	-
	Major shareholders	114,413,676	38.14%	3
	Domestic	97,975,676	32.66%	2
4	Foreign	16,438,000	5.48%	1
	Labour union	-	-	-
5	Domestic	-	-	-
	Foreign	-	-	-
6	Treasury shares	-	-	-
7	Shareholders holding preferred shares (if any)	-	-	-
7	Other shareholders	151,147,808	50.38%	655
	Domestic	94,420,281	31.47%	626
	Foreign	56,727,527	18.91%	29
TOTAL		300,000,000	100.00%	664
Domestic		226,834,473	75.61%	634
Foreign		73,165,527	24.39%	30

Shareholding structure based on major shareholders and professional investors

No	Types of shareholders	Number of shares	Ownership (%)	Number of shareholders
1	Major shareholders owned from and more than 5% shares, excluding professional investors	114,413,676	38.14%	3
	Domestic	97,975,676	32.66%	2
	Foreign	16,438,000	5.48%	1
2	Professional investor owned exceeding 5% of shares	-	-	-
	Domestic	-	-	-
	Foreign	-	-	-
3	Professional investor owned less than 5% of shares	76,058,962	25.35%	27
	Domestic	19,496,535	6.50%	7
	Foreign	56,562,427	18.85%	20
TOTAL		190,472,638	63.49%	30

■ Changes of shareholders equity

In 2016, equity increased from 1,450 billion Vietnam dong to 3,000 billion Vietnam dong, as followings as below:

Time	Charter capital (million VND)	Increase	Methods	Approved by
1/2016	1,450,000			
6/2016	2,000,000	550,000	<ul style="list-style-type: none"> Issuance of shares to existing shareholders from shareholders equity at ratio 100:33 (bonus shares) Issuance of 7,150,000 shares to employees on stock option plan 	<ul style="list-style-type: none"> Department of Planning & Investment of Hanoi city. Resolution of Annual Shareholders Meeting no. 01-16/VJC-ĐHĐCĐ-NQ dated 06/05/2016 Resolution of BOD no. 16a-16/VJC-HĐQT-NQ dated 06/05/2016
9/2016	2,500,000	500,000	<ul style="list-style-type: none"> Issuance of shares to existing shareholders at the ratio of 25% Advanced cash dividend at the ratio of 25% 	<ul style="list-style-type: none"> Department of Planning & Investment of Hanoi city Resolution of Annual Shareholders Meeting no. 03-16/VJC-ĐHĐCĐ-NQ dated 21/09/2016 Resolution of BOD no. 23d-16/VJC-HĐQT-NQ dated 21/09/2016
11/2016	3,000,000	500,000	<ul style="list-style-type: none"> Issuance of shares to existing shareholders using shareholders equity at the ratio 20% (bonus shares) 	<ul style="list-style-type: none"> Department of Planning & Investment of Hanoi city Resolution of Annual Shareholders Meeting no. 04-16/VJC-ĐHĐCĐ-NQ dated 17/11/2016 Resolution of BOD no. 29b-16/VJC-HĐQT-NQ dated 17/11/2016



REPORT & ASSESSMENT OF BOM

- Assessment of business results of BOM
- Business strategic planning



ASSESSMENT OF BUSINESS RESULTS OF BOM

- In 2016, Vietjet overcame challenges and continued to achieve the positive growth rate in revenue and profit. This was attributable to the contribution of all employees and insightful management from our boards. Vietjet recorded VND 27,499 billion in total revenue and VND 2,496 billion in net profit, respectively increased by 38.6% and 113.2% compared to previous year. The reason for the increase was that Vietjet intensified transportation of the international passengers and sale of charter flights. This resulted in the ancillary operation activities to increase correspondingly with the number of flights.
- According to the actual result in 2016, total revenue increased by 3%, profit before tax and profit after tax increased respectively by 12.91% and 9% compared to the business plan of 2016. The reason was that Vietjet enhanced the management capacities while maintaining the cost control to reduce costs and increase profits.

	Actual 2015	Actual 2016	% 2015 vs 2016	KPI 2016	% Actual/KPI 2016
Net Revenue	19,845	27,499	39%	26,698	3.00%
Revenue	11,079	15,917	44%	15,159	5.00%
Profit before tax	1,168	2,703	131%	2,394	12.91%
Profit after tax	1,171	2,496	113%	2,290	9.00%

BUSINESS STRATEGIC PLANNING



Vietjet continues to implement action plans that follow the short and long term pillar strategies presented **Business Development Strategy** at page 43.

VIETJET PLAN IN 2017

- Continue to expand our network to feasibly international markets to increase our profit.
- Apply high tech solutions into our operation and management system; and integrated software programs and appliances in operation and management.
- Develop our human resource via upgraded training programs and implement Vietjet Academy of Aviation.
- Maintain and develop a transparent and fair working environment to attract international and highly qualified employees.
- Set priority for implementation of projects on e-commerce, operation service and airport infrastructure.

*“We always believe in our determination,
creativity to make success.”*

PERFORMANCE OF THE BOARD OF DIRECTORS

- Assessment of company performance and the BOM performance
- BOD performance in 2016
- Oriented business plan of BOD in 2017
- Committees' activities
- Reports of Inspection Committee
- Supervising results of Inspection Committee
- Allowance and expenses for BOM, BOD and Inspection Committee
- Risk management

ASSESSMENT OF COMPANY PERFORMANCE AND THE BOARD OF MANAGEMENT PERFORMANCE

■ Assessment of company performance

This term of the Board of Directors has great meanings:

- For five years of operations as of Vietjet's first flight (24/12/2011)

- Vietjet has successfully priced initial public offering (IPO), considered as a great achievement which takes Vietjet to a new development period of the Company.

- Vietjet had extremely successfully completed goals in 2016, also the first 5-year plan of Vietjet thanks for the union, always together with high sense of responsibility, went along with practical situations of Vietjet, the domestic and international airlines in order to direct closely and give approach on time, to contribute to Vietjet product performance. Vietjet is a factor in changing not only Vietnamese travel habits but also the aviation fields of from legal, management to upgrading infrastructure. Vietjet has over achieved the aims in comparison with the target in the shareholders' meeting 2015.

- After five years of operation, Vietjet has many great contributions to Vietnam aviation, it has transported of 35 million of passengers of which a third of the passengers traveling for the first time and has made the travel habits of the passenger changed.

Vietjet is operating over 200,000 flights on 60 domestic and international routes, transporting 160,000 tons of goods, promoting Vietnam tourism .

Until 31st December, 2016, Vietjet put into operation of 41 A320-321 aircraft with the average age of 3.03 years in five major domestic hubs: Ho Chi Minh city, Hanoi, Da Nang, Nha Trang and Hai Phong. Some more impressive figures that stand as testament to quality development of the airline:

- Domestic market share fluctuated between 41% and 43%

- The average passenger load-factor from 2013 to 2016 exceeded 88%

- Rate of on time flights: 83.6%

- Revenue: 27,499 (increase of 39%)

- Profit: 2,496 billion dong (increase of 113%)

- Basic earnings per share: 9,586 dong (ranked in the top 20 richest enterprises on both stock exchanges - HNX and HoSE)

- Total assets: 20,063 billion dong (increase of 67%)

- Equity: 4,734 billion dong

- Profit after tax (not dividend): 1,703 billion dong (exclusive of advance dividend for shareholders 1,478.5 billion dong)

- 2016 tax payment: 3,200 billion dong

In 2016, the company increased chartered capital from 1,450 billion dong to 3,000 billion dong via dividend payment issued by bonus shares, and contributing money equivalent to dividend payment.

Major projects in 2016 that were completed:

- Signing an agreement with Boeing to purchase 100 Boeing 737MAX to meet the airline's operational needs in future.

- Launching of the Vietjet Training Center (to be named Vietjet Aviation Academy in future) which in cooperation with Airbus will operate a state-of-the-art flight simulator in Vietnam.

■ Assessment of the BOM

- The BOM deployed almost tasks as per AGM resolutions and the BOD resolutions. However in the coming time, the BOM should actively improve the progress of implementing tasks and assigning duties to each senior manager to avoid job overlap.

- The year saw fast growing aviation industry and business results in 2016 successfully achieved and exceeding targets, the Board of Directors praises great endeavours and efforts of BOM during the process of managing the Company business operations.

- In 2017, the Board of Directors requests the BOM to actively deploy, handle matters that each Vice President is in charge. The BOM should continue improving the building of policies, regulations, procedures to implement tasks of each unit.

- As far as Vietjet scope is concerned, its business covers the entire country. Hence it is necessary to extend management scope of the BOM.



THE BOARD OF DIRECTORS PERFORMANCE

■ Members and structure of the Board of Directors

No.	Name	Title	Voting shares
1	Nguyen Thanh Ha	Board Chairwoman - Independent member	Individual: 0.06%
2	Nguyen Thi Phuong Thao	Vice Chairwoman	Individual: 9.42% Representative ownership for Sovico Group: 4.9%
3	Nguyen Thanh Hung	Vice Chairman	Individual: 1.06%
4	Chu Viet Cuong	Board member - independent member	Individual: 0.03%
5	Luu Duc Khanh	Board member	Individual: 0.09%
6	Luong The Phuc	Board member	Individual: 0.05%

■ In 2016, the Board of Directors held meetings addressing the following fundamental issues

SESSION	PARTICIPANTS	FUNDAMENTAL ISSUES
11/01/2016	Board of Directors: 6/6 members	The Board discussed: - To approve selection result of a wet-leased aircraft - To borrow money and credit provision guarantee at Vietinbank
18/01/2016	Board of Directors: 6/6 members	The Board discussed to approve the selection result of a wet-leased aircraft
08/3/2016	Board of Directors: 6/6 members	The Board discussed on getting loan from Vietcombank
14/3/2016	Board of Directors: 6/6 members	The Board discussed to approve the transfer of lease contract of one Airbus A320-200
14/3/2016	Board of Directors: 6/6 members	The Board discussed on the commercial loan with MB Bank to purchase one A320
15/3/2016	Board of Directors: 6/6 members	The Board discussed to approve Amendment No.2 between VJ and CFM International
01/4/2016	Board of Directors: 6/6 members	The Board discussed to approve the selection result of 2 wet-leased aircraft
14/4/2016	Board of Directors: 6/6 members	The Board discussed about share issuance solutions to increase charter capital up to 2,000 billion VND
28/4/2016	Board of Directors: 6/6 members	The Board discussed on cooperation project with Thuy Duong Duc Binh Commercial JSC. to invest in construction Company's headquarters
05/5/2016	Board of Directors: 6/6 members	The Board discussed to approve the transfer of right to lease one Airbus A320-200

16/5/2016	Board of Directors: 6/6 members	The Board discussed on the solution to issue 47,850,000 bonus shares to existing shareholders as per proportion of 100:33 and to handle odd shares
16/5/2016	Board of Directors: 6/6 members	The Board discussed on getting short term loans at HDBank
15/6/2016	Board of Directors: 6/6 members	The Board discussed on the change of authorized signature
21/6/2016	Board of Directors: 6/6 members Observer: Inspection Committee 1/3	The Board discussed to approve the result of capital increase up to 2,000 billion VND
1/7/2016	Board of Directors: 6/6 members	The Board decided to allow the Company to open an account, to use authorized services to implement direction via fax and international payment services at CitiBank
5/9/2016	Board of Directors: 6/6 members Observer: Inspection Committee 1/3	The Board discussed on the advancement of cash dividends at the first stage in 2016; on the shareholders's comments in written form on the solution to issue 50,000,000 shares to the current shareholders
23/9/2016	Board of Directors: 6/6 members Observer: Inspection Committee 1/3	The Board discussed on the resolution of odd shares and solution to issue 50,000,000 shares to the existing shareholders
28/9/2016	Board of Directors: 6/6 members Observer: Inspection Committee 1/3	The Board discussed to approve the result to increase charter capital up to 2,500 billion VND
12/10/2016	Board of Directors: 6/6 members	The Board discussed to approve the change of owner and lessor towards one Airbus A320-200
1/11/2016	Board of Directors: 6/6 members	The Board discussed to approve the transfer of right to lease one Airbus A320-214
2/11/2016	Board of Directors: 6/6 members Observer: Inspection Committee 1/3	- The Board discussed Shareholders on the process to issue to increase authorized capital via issuance of 50,000,000 shares to the existing shareholders as per proportion of 5:1 - To approve the date to finalize shareholder list for comments: 8th November 2016
15/11/2016	Board of Directors: 6/6 members Observer: Inspection Committee 1/3	The Board discussed to approve to increase capital up to 3,000 billion VND
17/11/2016	Board of Directors: 6/6 members Observer: Inspection Committee 1/3	The Board discussed on the process to issue shares to increase charter capital via issuance of 50,000,000 shares to the existing shareholders as per proportion of 5:1
15/12/2016	Board of Directors: 6/6 members Observer: Inspection Committee 1/3	The Board discussed to ask for shareholders' comments in written form on: - The share depository registration at Vietnam Stock Depository Centre and listing registration on HoSE; - The solution of private offering to increase charter capital; - The policy to invest some project AGM authorized the Board of Directors to decide issue under its authority; - To approve the date to finalize shareholder list for comments: 19th December 2016.

The Board of Directors assigned tasks to each member: Ms. Nguyen Thanh Ha and Mr. Nguyen Thanh Hung are in charge of external affairs, strategy and development and big projects; Ms. Nguyen Thi Phuong Thao and Mr. Luu Duc Khanh are in charge of management, Mr. Luong The Phuc is in charge of Operations and Mr. Chu Viet Cuong is in charge of insurance issues.

- The Board of Directors well performed its role by which the role of independent member and non-executive member is of great importance and has been shown clear and transparent. This helps to maximize benefits of minor shareholders of the Company.

- The Board of Directors supervised the implementation of the Board of Directors' decision and the AGM's resolutions.

- The Board of Directors maintained regular activities to agree upon implementation directions in terms of AGM assignment, continually updated operation situations and achievements, strictly supervised BOM; met requirements of quantity and quality of meetings as per Company's regulations, assured sufficient participation of members at meetings to comply legal requirements and obtained meetings effectiveness.

- The Board of Directors guided and supervised the implementation of important projects such as risk management, internal audit, the improvement of business procedures.

- The Board of Directors decided on the important directions such as: purchase of aircraft, route network expansion, human resource...

■ The performance of the Board's non-executive independent member:

Madam Nguyen Thanh Ha - Chairwoman, as the Board's independent member, performs her role properly.

■ The performance of committees within the Board of Directors

Committees were established and abided by performance principle of committee by which activities were maintained as per regulations. Periodically, committees met with the Board of Directors and reported the results to the Board of Directors. The Heads of committees and their members actively implemented their respective responsibilities and considerably contributed to the business governance and management and the development of the Company, as well.

■ The list of Board members who hold certificate of company management

Members of the Board of Directors are well-trained in Corporate Governance under the programs of the World Bank, IFC, IATA, etc. as well as gaining practical experience in management for ten years from 2007.



ORIENTED BUSINESS PLAN OF BOD IN 2017



The BOD set forth 12 main targets in 2017 as follows:

- **Target 1:** To increase frequency on domestic and international routes. Strong and solid development of international routes. In 2017, sustainable development will be maintained.
- **Target 2:** To maintain strong branding policy in international markets on the basis of outstanding service quality, especially ground handling division, SkyBoss and inflight services.
- **Target 3:** To continually improve, standardize and automate operation procedures, 100% operation activities based upon advanced and automotive procedures.
- **Target 4:** To assure safe operations, to achieve and exceed the target of operation, especially targets on productivity and efficiency, on time performance and service quality.
- **Target 5:** To organize and implement risk management system of the company and subsidiary companies.
- **Target 6:** To maintain happy, young, dynamic, transparent and cost saving business environment for each staff.
- **Target 7:** To receive and efficiently operate fleet of A321NEOs, to complete the preparation for the operation of B737MAX fleet.
- **Target 8:** To build, comprehensively and homogeneously implement digital technology strategy for the entire company and subsidiary companies.
- **Target 9:** To enhance management capabilities, to improve management system, capabilities of managers and team work spirit.
- **Target 10:** To continue deploying 3 strategic projects of human resource and training; of investment in infrastructure for training, engineering etc., and concentrated management system and automation.
- **Target 11:** To develop aircraft related financial deals to implement Airbus, Boeing orders and other

requirements of the Company.

■ **Target 12:** To manage the listed Company as per internationally recognized standards.

For trading

- To absolutely assure safe flights, to enhance capabilities.
- To build business plan 2017 with certain growth rate compared to the plan 2016, to assure that the Company will continue growing along the path to become "leading aviation company".
- To implement deliberately and to head maximum efficiency of business projects.
- To strengthen cooperation with strategic shareholders locally and internationally.

Toward internal management

- To abide by regulations of the Law on Enterprises, current laws, charter, internal

regulations of the company, to assure objectivity, transparency on the basis of avoiding conflict of interest between the Company and the Board members, BOM, Inspection Committee and related personnel, to respect legal rights and benefits of shareholders.

- To enhance competitive capabilities, to streamline resources in the entire system.
- To improve system of regulations on internal governance/management mechanism.
- To continue improving risk management system to mitigate negative impacts on business efficiency and sustainable development. At the same time, to speed up investment in information technology infrastructure and to continue advanced training in accordance with requirements of business activities.



COMMITTEES' ACTIVITIES

■ Aviation Safety Committee

The Aviation Safety Committee is responsible for ensuring aviation safety of the Company. The Aviation Safety Committee co-ordinates with relevant departments to supervise and to comply with regulations set forth in the Company's Safety Management System. The Company's CEO, madam Nguyen Thi Phuong Thao, serves as the Chairwoman; and SSQA Vice President Mr. To Viet Thang, acts as the Standing Vice Chairman of the Aviation Safety Committee. Two additional directors of the Board of Directors serve as Vice Chairman, Mr. Luu Duc Khanh and Mr. Luong The Phuc.

■ Aviation Security Committee

The Aviation Security Committee is in charge of ensuring the aviation security for the Company by co-ordinating with relevant departments to supervise and execute all control activities as stipulated in the Aviation Security Program of the Company. Madam Nguyen Thanh Ha, the Chairwoman of the Board of Directors chairs the Aviation Security Committee and madam Nguyen Thi Phuong Thao, CEO and Vice Chairwoman, serves as Vice Chairwoman. Vice President of Operations, Mr. Luong The Phuc is a member of the Aviation Security Committee.

■ Organization and Personnel Committee

The Organization and Personnel Committee addresses and decides strategic issues and concrete matters the Company, including but not limited to, contents identifying and adjusting organizational issues and reviewing employee

salaries subject to the Company's development. The Committee consists of four members: Chairwoman madam Nguyen Thanh Ha as Committee Chairwoman, madam Nguyen Thi Phuong Thao as Vice Chairwoman and member from the Board of Directors - Mr. Luu Duc Khanh (Managing Director) and Mr. Nguyen An Di as Committee member.

■ Emergency Response Management Committee

The Emergency Response Management Committee is responsible for managing all activities relating to emergency response of the Company, collaborating with other departments to supervise and fulfill all requirements and regulations of the Company's Emergency Response Plan. This committee is chaired by Mr. Luu Duc Khanh (Board member and Managing Director), Mr. Luong The Phuc (Board member and Vice President) will act as Deputy Chairman.

■ Insurance Committee

The Insurance Committee is in charge of the selection of highly qualified insurers for the Company, providing professional training of insurance procedures and techniques for all staff and deploying control as well as reviewing compensations upon occurrence. This Committee consists of five members, led by Mr. Chu Viet Cuong (Board member).

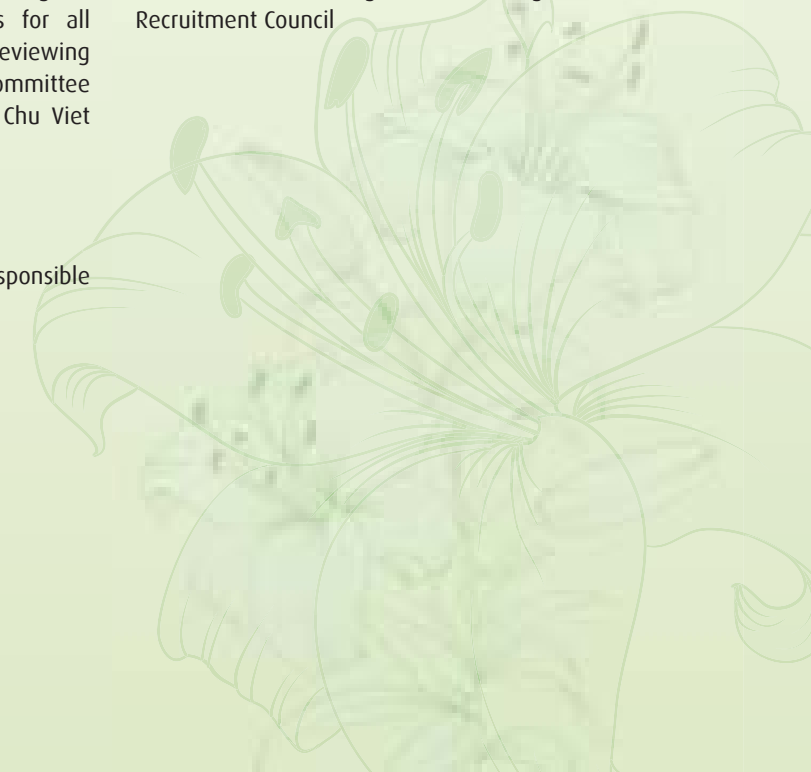
■ Risk Management Committee

The Risk Management Committee is responsible

for assisting the Board of Directors by making continuous improvement of the Company's risk management systems, efficient business operations and proper use of its resources and assets. The Risk Management Committee builds risk management strategy, risk management policy, risk management procedures and supervises and reviews activities to assure that the risk management is properly and efficiently implemented. The Risk Management Committee comprises of nine members and chaired by madam Nguyen Thi Phuong Thao (Vice Chairwoman and President & CEO). Mr. Luu Duc Khanh (Managing Director) serves as Vice Chairman of the Committee.

In addition, the Board of Directors and the Board of Management have also established the following Councils to support Committees:

- Emergency Council
- Reliability Council
- Cost Control and Cost Saving Council
- Discipline Council
- Pilot Recruitment Council
- Cabin Crew Recruitment Council
- Commercial and ground handling staff Recruitment Council



REPORTS OF INSPECTION COMMITTEE

MEMBERS AND STRUCTURE OF INSPECTION COMMITTEE

The Inspection Committee comprises of 3 members

			Voting shares owned
1	Tran Duong Ngoc Thao	Head of Inspection Committee	0.01%
2	Pham Minh Ha	Member	0.02%
3	Doan Thu Huong	Member	-

Allowance and expenses for Inspection Committee

The budget for BOD and the Inspection Committee was approved at the AGM 2015 is 8 billion VND in 2016, total remuneration and salary of the Inspection Committee is 754 million VND, total expenditure for BOD and the Inspection Committee is 6.614 billion VND.

Inspection Committee's activities in 2016

Meetings of Inspection Committee

In 2016 the Inspection Committee organized 4 meetings with 100% members participation. In addition, Inspection Committee members frequently communicated through various channels (telephone, email) to duly solve unexpected issues or related issues.

Meetings	Participation	Main agenda
Meeting 1: 10/05/2016	3/3	Discussion on working plan for 2016 after AGM's approval Assigning tasks within the Inspection Committee
Meeting 2: 01/08/2016	3/3	Review 1 st half financial statements 2016 Review executions of AGM's and BOD's resolutions in the 1 st half of 2016 Review shares issuances and capital increases of the Company Review internal audit activities in the 1 st half of 2016
Meeting 3: 22/11/2016	3/3	Review the Corporate Governance and Information Disclosure policies
Meeting 4: 10/01/2017	3/3	Review the registration dossier for public company, securities registration and depository, and listings dossier Review internal audit activities in 2016 Review executions of AGM's and BOD's resolutions in 2016

SUPERVISING RESULTS OF INSPECTION COMMITTEE

Supervision of the Annual General Shareholders Meetings (AGM) Resolutions in 2016

- The Company completed deployment of all resolutions of AGM in issuance of new shares to increase charter capital, allocations of profit, changes of business registration certificates, shares register and deposit and listing registration on HoSE (Ho Chi Minh Stock Exchange).

- The Company fulfilled all taxation responsibilities to the State.

- Allocations of profit:

- In 2016, the Company already advanced 25% of cash dividend and issued bonus shares at second stage at the ratio of 33% and 20%, following the resolutions of AGM 2016.

- Allocations to reserves and funds: In 2016 the Company decided to not yet allocate profit to Bonus and Welfare Fund and Science and Technology Fund.

- Investment Plan: Investments for infrastructure, purchase and lease of aircraft were properly conducted following resolutions made at AGM 2016.

- Increases of charter capital: In 2016 the Company completed three increases of charter capital, from VND 1,450 billion to VND 3,000 billion, following the resolution approved by AGM 2016.

- Operational results of 2016: consolidated revenue reached VND 27,499 billion, accomplishing 104% of target 2016, an increase of 38.6% compared to 2015; consolidated profit after taxes counted for VND 2,496 billion, reached 109% target and increased by 113.2% compared to 2015; shareholders' equity is VND

4,734 billion, increased 120,4% in comparison with 2015, charter capital increased from 1,450 billion Vietnam dong to 3,000 billion Vietnam dong.

- Payment for BOD and Inspection Committee allowance: The Company paid allowances for BOD and Inspection Committee within the budget approved by AGM.

Supervising results from Board of Directors' activities

In 2016, the BOD conducted these main activities:

- Completing deployment of all resolutions made at AGM such as issuance of new shares to increase charter capital, allocations of profit, changes of business registration certificates, shares registration and deposit, and listing registration on HoSE (Ho Chi Minh Stock Exchange).

- Conducting meetings to finalize strategies, development direction, business and production plan; and guiding the management of the Company within BOD's authority.

- Issuing resolutions, decisions and supervising Board of Management in deployment and execution of AGM 2016 resolutions, BOD's resolutions and decisions regarding investment and expansion of routes.

- Issuing Corporate Governance and Information Disclosure policies according to standards of listed company JSC.

- Deciding other items the authority of the BOD.



Supervising results of Board of Management (BOM) activities

The BOM complied with all functions and responsibilities as stipulated in the current Charter in managing Vietjet operations. On the basis of the resolutions of AGM and BOD, and based on business situation of the Company, BOM completed these main tasks:

- BOM successfully led and implemented all operations of the Company to reach KPIs as outlined by BOD, successfully renewed the IOSA certificate, and ensured Vietjet became an official member of IATA.

- BOM organized weekly management meetings to discuss updates to operations and business results in order to quickly make necessary strategic decisions in respect of business operations in accordance with the market development of aviation industry.

- BOM led the preparation of building procedures and policies of the Company to

ensure conformity and compliance of legal requirements and regulations.

- BOM made decisions on other aspects under the authority of the BOM.

In 2016, the Inspection Committee did not record any violation regarding management activities of the BOM or by other executives within the Company.

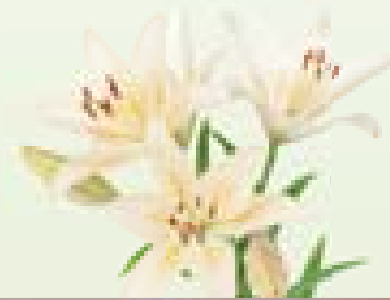
Supervising results of financial situation of the Company

Inspection Committee reviewed the Company's semi-annual financial statements and annual financial statements, and regularly discussed with independent auditing companies to review internal controls and risk management strategies for the Company.

Payment of cash dividend and bonus shares in 2016 was in accordance with approved resolutions made at the AGM.

The audited financial statements for the year

2016 reflected reasonable and actual financial position on 31/12/2016, actual results of operations and the cash flow of the fiscal year, in compliance with the current Vietnamese accounting system and related legal regulations, and all were audited by KPMG Vietnam.



ALLOWANCES OF BOD, BOM AND INSPECTION COMMITTEE

I Board of Directors			ALLOWANCES/ SALARY (VND/year)
1	Nguyen Thanh Ha	Chairwoman – Independent member	1,271,230,769
2	Nguyen Thanh Hung	Vice Chairman	902,000,000
3	Chu Viet Cuong	BOD member – independent member	602,000,000
II Board of Management			
1	Nguyen Thi Phuong Thao	President & CEO	2,660,900,000
2	Luu Duc Khanh	Managing Director	433,134,000
3	Nguyen Duc Tam	Vice President	1,420,246,809
4	Nguyen Thi Thuy Binh	Vice President	1,685,750,000
5	Nguyen Duc Thinh	Vice President	1,689,600,000
6	To Viet Thang	Vice President	1,689,800,000
III Inspection Committee			
1	Tran Duong Ngoc Thao	Head of Inspection Committee	754,718,000



RISK MANAGEMENT

Priority is given to risk management and specific tasks are assigned by the Board of Directors and the Board of Management.

RESPONSIBILITY FOR RISK MANAGEMENT ACTIVITIES

■ Responsibility of the Board of Directors

- Decide on the risk management structure of the Company, including its components, personnel involved in risk management; roles, responsibilities and relationships of these departments in risk management; Mode, form of report on risk.
- Approve, promulgate, and adjust the Operational Risk Management Regulations.
- Supervise, monitor and evaluate the effectiveness of Operational Risk Management in the whole system of VJC.
- The Board of Directors establishes a Risk Management Committee and assigns full-time members to join the Committee to help the Board fulfill these responsibilities.

■ Responsibilities of the Risk Management Committee

- Develop risk management strategies and policies to be submitted to the BOD for approval.
- Monitor the implementation of approved risk management strategies and policies.
- Ensure the staffs and employees of the Company are trained and master the knowledge of risk management.
- Periodically report to the BOD on issues related to risk management, on the effectiveness of risk management activities of the Company.

■ Responsibilities of the BOM

- Issue specific regulations for the implementation of the Regulation on management of operational risks.
- Set up and maintain the organizational structure of Operational Risk Management Regulations.
- Supervise the implementation of the operational risk management throughout the system and report to the BOD.

■ Responsibilities of Head of Departments

- To be responsible for the Operational Risk Management in their respective departments.
- Disseminate, organize and implement effectively the regulations and guidelines on Operational Risk Management at the unit.
- Encourage, promote the preventive culture of Operational Risks in their departments.





✈ SUSTAINABLE DEVELOPMENT

"Vietjet not only offers flight opportunities for millions of people within Vietnam and in the region but also contributes practical added values to our environment and society."

SUSTAINABLE DEVELOPMENT



Not only offering millions of opportunities for people to travel by low-cost airline, Vietjet is also actively sharing and bringing a better future for the less fortunate persons. After more than five years of operation, Vietjet has launched and donated nearly 10,000 health insurance cards to the poor nationwide; the flight of "loving wings" brought Vietnamese brides living in Taiwan to their homeland, the "Tet For Now" flight to support students and workers in Central Vietnam who have difficulties to come home for Tet... All of these activities brought special meaning and were supported.

spirit contributes the joy and smile to the less fortunate life when Mid-Autumn Festival or Spring Festival comes. Vietjet also joined international charity activities such as: providing life-saving assistance to Philippines after the Haiyan storm, etc.

Well known as "the airline that has a lot of great entertainment", Vietjet always upholds a new dynamic image and is full of inspiration by hosting many meaningful activities, such as: an 'Olympic day' to promote good health; joining the annual Terry Fox run to raise money for cancer research, a special trip where Vietjet pilots participated in a special ritual releasing fish into the water on the occasion of Tet (Lunar New Year), and various sports, cultural and art movements...

From the North to the South, from Lao Cai Social Work Center, S.O.S Children's Village Nha Trang or Thi Nghe Center For Nurturing Impaired Orphans (HCMC), the Board and staff of Vietjet brings deep emotions as well as material support,



TOWARDS A SUSTAINABLE FUTURE WITH VIETJET WINGS

As a new age carrier with its mission to create a "future in the air", sustainable development plays a pivotal role in Vietjet's philosophy due to the fact that this is a global issue of great interest. Taking on this mission in Vietnam and over the world requires joint efforts of community including individuals and institutions.

Understanding the concrete content of the

17 global goals in sustainable development issued by the United Nations and their impact on community and social development, Vietjet's philosophy of sustainable development moves along a path whereby Economic growth is attached with social responsibility and environmental protection. Among these pillars which set the background for Vietjet's fantastic success, economic growth is of the most importance for the fact that its success is a guarantee for the remaining pillars to be accomplished.





VIETJET FIRMS TO GRASP FUTURE

As a new age carrier, Vietjet considers that sustainable development can only be achieved by the successful implementation of economic and financial goals which will benefit passengers, stake holders, staff and community. Vietjet ensures efficient economic growth with an annually stable increase of total assets, revenue and profit.

Economic growth enables Vietjet to increase our contribution to community via tax payments, ensuring financial rights for our stake holders and creating jobs. When all aircraft under the two historic multi-billion US dollar agreements with Airbus and Boeing are fully delivered in late 2023, Vietjet fleet will have more than 200 of the most modern and newest airplanes in the world. Vietjet has been awarded 32 Vietnamese and nine international accolades over the last five years.

Vietjet has already prepared all conditions to ensure enough for a future of efficient, sustainable and consistent economic growth.





ENVIRONMENT PROTECTION - A PARTNER OF DEVELOPMENT

As a new age carrier, Vietjet is always aware of and dedicated to building an environmental protection and improvement program since its establishment.

For its business, Vietjet has cooperated with famous aircraft manufacturers like Airbus, Boeing, etc. to operate new brand, modern and eco-friendly airplanes. The average age of the airline fleet is 3.03 years old. Vietjet operates new Sharklet A320s manufactured under modern assembly procedures. Thanks to their great advantage in fuel consumption efficiency and emission reduction, the fleet is contributing to enhance Vietjet's operational efficiency and help to protect the environment.

The innovations of this aircraft family, which reduce 0.5% fuel consumption, include changes in hardware core with a renewal of high pressure turbine blades, change in compressor, fan and valve production with an aim at improving storage efficiency and saving up to 4% of consumed fuels and reducing around 1,000 tons of CO₂ emitted yearly.

Particularly, the new A320 / 321 NEOs and B737 MAX that Vietjet will start operating in 2017, will save up to 15% of fuel consumption.

Noise levels are maintained well under production criteria and standards by ICAO as well as other regulations by CAEP/6.

Moreover, Vietjet has regularly coordinated with partners in order to raise public awareness of environmental protection.

In our company, Vietjet strives to raise employees' awareness of environmental protection and climate change responses with practical and feasible activities as follows:

- Manage and control waste system at office: reduce papers and ink for printing; recycle office stationeries efficiently; keep office clean, make office green with diversified solutions;
- Switch off and use electrical appliances; using water economically in office, etc.
- Implement "5S - Let's succeed with Vietjet": build scientific, clean and green offices, maintenance bases, stores.

Regarding our partners and suppliers, environmental protection is always on the agenda of quality commitment related to sustainable development and assessments based on parties' interests. Thanks to a well prepared investment and utmost efforts of all staff, Vietjet is honored to receive the award **"For a national green environment"**.

"A company's success is also its leaders' success and its staff as well. And the benefit of the company is the benefit of employees."

 **FINANCIAL STATEMENTS**





**VietJet Aviation Joint Stock Company
and its subsidiaries**

Consolidated Financial Statements
for the year ended 31 December 2016

**VietJet Aviation Joint Stock Company and its subsidiaries
Corporate Information**

**Business Registration
Certificate No.** 0103018458 23 July 2007

**Corporate Registration
Certificate No.** 0102325399 19 April 2011

The Company's Corporate Registration Certificate has been amended several times, the most recent of which is by Corporate Registration Certificate No. 0102325399 dated 16 January 2017. The Business Registration certificate, the Corporate Registration Certificate and updates were issued by Hanoi Department of Planning and Investment.

**Investment Registration
Certificate No.** 2357762445 30 December 2016

The Investment Registration Certificate was issued by the Board of Management of Saigon Hi-Tech Park and is valid for 50 years from the date of issuance.

Board of Management

Nguyen Thanh Ha	Chairwoman
Nguyen Thi Phuong Thao	Vice Chairwoman
Nguyen Thanh Hung	Vice Chairman
Chu Viet Cuong	Member
Luu Duc Khanh	Member
Luong The Phuc	Member

Board of Directors

Nguyen Thi Phuong Thao	Chief Executive Officer
Luu Duc Khanh	Managing Director
Nguyen Duc Tam	Vice President
Luong The Phuc	Vice President
Dinh Viet Phuong	Vice President
Nguyen Thi Thuy Binh	Vice President
To Viet Thang	Vice President
Nguyen Duc Thinh	Vice President
Tran Hoai Nam	Vice President
Nguyen Thi Kim Chinh	Vice President
Do Xuan Quang	Vice President (until 23 December 2016)
Noraesyah Yvonne Binti Abdullah	Vice President (until 18 November 2016) Chief Financial Officer (from 1 December 2016)

**VietJet Aviation Joint Stock Company and its subsidiaries
Corporate Information (continued)**

Supervisory Board	Tran Duong Ngoc Thao Pham Minh Ha Doan Thu Huong	Head of the Board Member Member
Registered Office	Block 1, Apartment 2C, Van Phuc Diplomatic Corps Ngoc Khanh Ward, Ba Dinh District Hanoi City Vietnam	
Auditor	KPMG Limited Vietnam	

**VietJet Aviation Joint Stock Company and its subsidiaries
Statement of the Board of Directors**

The Board of Directors of VietJet Aviation Joint Stock Company (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (together referred to as “the Group”) for the year ended 31 December 2016.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated financial statements set out on pages 6 to 55 give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these accompanying consolidated financial statements for issue.

On behalf of the Board of Directors

Nguyen Thi Phuong Thao
Chief Executive Officer

Ho Chi Minh City, 30 March 2017



KPMG Limited Branch
 10th Floor, Sun Wah Tower
 115 Nguyen Hue Street, Ben Nghe Ward
 District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders

VietJet Aviation Joint Stock Company and its subsidiaries

We have audited the accompanying consolidated financial statements of VietJet Aviation Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2016, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 30 March 2017, as set out on pages 6 to 55.

Board of Directors' Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Directors, as well as evaluating the overall presentation of the financial statements.

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

KPMG Limited, a Vietnamese limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of VietJet Aviation Joint Stock Company and its subsidiaries as at 31 December 2016 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam
 Audit Report No.: 16-01-1057-2



Nguyen Thanh Nghi
 Practicing Auditor Registration
 Certificate No. 0304-2013-007-1
 Deputy General Director



Nguyen Cam Tu
 Practicing Auditor Registration
 Certificate No. 2193-2013-007-1

Ho Chi Minh City, 30 March 2017

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2016

Form B 01 – DN/HN
 (Issued under Circular No. 202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2016 VND	1/1/2016 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		10,313,466,695,796	6,257,864,316,315
Cash and cash equivalents	110	5	2,741,341,465,691	923,512,917,695
Cash	111		1,086,741,465,691	273,512,917,695
Cash equivalents	112		1,654,600,000,000	650,000,000,000
Short-term financial investments	120		1,400,000,000	270,000,000,000
Trading instruments	121		-	270,000,000,000
Held-to-maturity investments	123		1,400,000,000	-
Accounts receivable – short-term	130		7,128,756,627,068	4,691,405,870,021
Accounts receivable from customers	131	6	1,758,360,196,227	639,233,057,212
Prepayments to suppliers	132	7(a)	91,313,966,035	334,715,978,511
Short-term loans receivable	135		-	32,000,000,000
Other short-term receivables	136	8(a)	5,279,082,464,806	3,685,456,834,298
Inventories	140	9	137,930,296,755	164,428,122,872
Other current assets	150		304,038,306,282	208,517,405,727
Short-term prepaid expenses	151	14(a)	241,502,028,011	202,836,870,543
Deductible value added tax	152	16(b)	5,682,750,824	5,680,535,184
Taxes receivable from State Treasury	153	16(b)	56,853,527,447	-

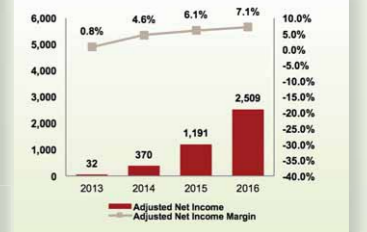
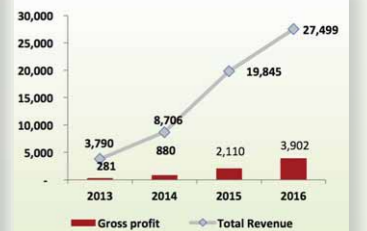
The accompanying notes are an integral part of these consolidated financial statements

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2016 (continued)

Form B 01 – DN/HN
 (Issued under Circular No. 202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2016 VND	1/1/2016 VND
Long-term assets				
(200 = 210 + 220 + 240 + 250 + 260)	200		9,749,234,828,931	5,786,999,448,908
Accounts receivable – long-term	210		5,104,774,400,197	2,885,226,595,760
Prepayments to suppliers – long-term	212	7(b)	701,500,000,000	-
Other long-term receivables	216	8(b)	4,403,274,400,197	2,885,226,595,760
Fixed assets	220		1,047,218,102,390	28,964,897,604
Tangible fixed assets	221	10	1,039,794,508,192	17,742,310,565
Cost	222		1,102,569,142,629	39,655,775,900
Accumulated depreciation	223		(62,774,634,437)	(21,913,465,335)
Intangible fixed assets	227	11	7,423,594,198	11,222,587,039
Cost	228		27,580,216,155	26,367,181,251
Accumulated amortisation	229		(20,156,621,957)	(15,144,594,212)
Long-term work in progress	240		181,302,243,599	137,353,932,965
Construction in progress	242	12	181,302,243,599	137,353,932,965
Long-term financial investments	250	13	68,424,629,818	8,424,629,818
Investments in associates	252		60,000,000,000	-
Equity investments in other entities	253		7,868,448,000	7,868,448,000
Held-to-maturity investments	255		556,181,818	556,181,818
Other long-term assets	260		3,347,515,452,927	2,727,029,392,761
Long-term prepaid expenses	261	14(b)	3,347,515,452,927	2,727,029,392,761
TOTAL ASSETS (270 = 100 + 200)	270		20,062,701,524,727	12,044,863,765,223

The accompanying notes are an integral part of these consolidated financial statements



VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2016 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2016 VND	1/1/2016 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		15,328,679,347,088	9,897,423,484,873
Current liabilities	310		10,570,076,600,330	6,393,867,460,244
Accounts payable to suppliers	311	15	391,117,403,830	425,825,498,260
Advances from customers	312		306,908,790,544	169,271,600,512
Taxes payable to State Treasury	313	16(a)	197,975,487,841	62,933,846,915
Accrued expenses	315	17	492,497,152,683	396,937,677,585
Unearned revenue	318	18	1,306,836,634,360	662,230,377,199
Other short-term payables	319	19	528,665,316,650	622,174,879,614
Short-term borrowings	320	20(a)	6,102,386,845,285	3,543,467,794,788
Provisions – short-term	321	21	1,243,688,969,137	511,025,785,371
Long-term liabilities	330		4,758,602,746,758	3,503,556,024,629
Other long-term payables	337		17,436,536,908	8,967,800,380
Long-term borrowings	338	20(b)	694,840,299,644	-
Deferred tax liabilities	341	22	82,471,339,722	31,558,668,102
Provisions – long-term	342	21	3,963,854,570,484	3,463,029,556,147
EQUITY (400 = 410)	400		4,734,022,177,639	2,147,440,280,350
Owners' equity	410	23	4,734,022,177,639	2,147,440,280,350
Share capital	411	24	3,000,000,000,000	1,450,000,000,000
Foreign exchange differences	417		29,673,324,403	10,578,470,043
Retained profits	421		1,702,862,911,199	685,722,725,515
Non-controlling interest	429		1,485,942,037	1,139,084,792
TOTAL RESOURCES (440 = 300 + 400)	440		20,062,701,524,727	12,044,863,765,223

30 March 2017

Prepared by:

Hoang Manh Ha
Acting Chief Accountant

Approved by:

Trần Đức Khanh
Managing Director

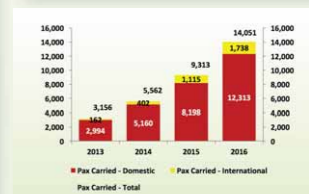
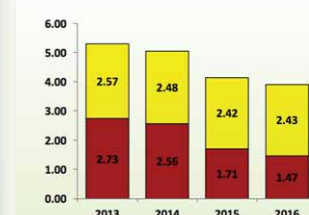
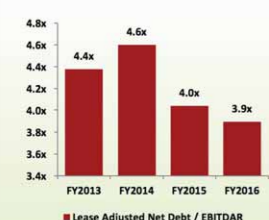
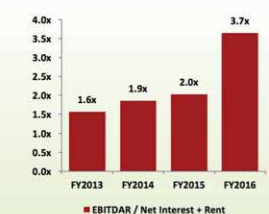
The accompanying notes are an integral part of these consolidated financial statements

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2016

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2016 VND	2015 VND
Revenue from sales of goods and provision of services	01	27	27,499,296,237,637	19,845,478,919,852
Cost of sales	11	28	23,597,459,394,556	17,735,540,395,773
Gross profit (20 = 01 - 11)	20		3,901,836,843,081	2,109,938,524,079
Financial income	21	29	144,656,340,136	153,676,796,667
Financial expenses	22	30	653,948,554,956	561,567,340,925
<i>In which: Interest expense</i>	23		180,732,739,883	129,699,274,892
Share of losses in associates	24		(14,605,462,081)	(20,606,172,829)
Selling expenses	25	31	517,790,332,496	317,844,423,588
General and administration expenses	26	32	188,801,029,582	203,353,915,992
Net operating profit (30 = 20 + (21 - 22) + 24 - (25 + 26))	30		2,671,347,804,102	1,160,243,467,412
Other income	31		31,852,848,762	8,379,092,634
Other expenses	32		54,588,241	140,032,814
Results of other activities (40 = 31 - 32)	40		31,798,260,521	8,239,059,820
Accounting profit before tax (50 = 30 + 40)	50		2,703,146,064,623	1,168,482,527,232
Income tax expense – current	51	34	156,246,350,074	-
Income tax expense/(benefit) – deferred	52	34	50,912,671,620	(2,149,186,431)
Net profit after tax (60 = 50 - 51 - 52)	60		2,495,987,042,929	1,170,631,713,663

The accompanying notes are an integral part of these consolidated financial statements



VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2016 (continued)

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2016 VND	2015 VND
Net profit after tax	60		2,495,987,042,929	1,170,631,713,663
Attributable to:				
Shareholders of the Company	61		2,495,640,185,684	1,170,253,353,846
Non-controlling interest	62		346,857,245	378,359,817
Earnings per share				
Basic earnings per share	70	35	9,586	5,893

30 March 2017

Prepared by:

Hoang Manh Ha
Acting Chief Accountant

Approved by:

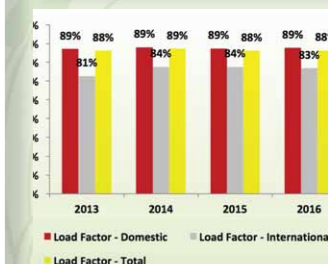
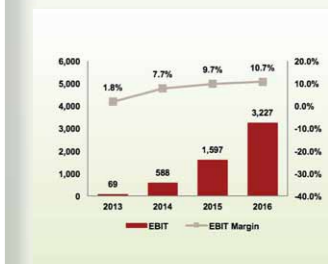
Phan Duc Khanh
Managing Director



VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2016
(Indirect method)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2016 VND	2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		2,703,146,064,623	1,168,482,527,232
Adjustments for				
Depreciation and amortisation	02		45,873,196,847	10,165,032,533
Allowances and provisions	03		53,085,360,121	-
Unwinding discount of provisions	03		442,283,153,862	272,908,367,170
Unrealised foreign exchange (gains)/losses	04		(50,494,265,652)	40,184,427,061
Interest income from deposits and loans receivable	05		(55,494,512,525)	(14,959,749,738)
Share of losses in associates	05		14,605,462,081	20,606,172,829
Gains on disposals of a subsidiary and an associate	05		-	(19,634,366,469)
Losses from disposals and write-off tangible fixed assets	05		-	16,078,787
Dividends income	05		(1,180,266,000)	-
Profits from other investing activities	05		-	(31,807,087,556)
Interest expense	06		180,732,739,883	129,699,274,892
Operating profit before changes in working capital	08		3,332,556,933,240	1,575,660,676,741
Change in receivables	09		(2,628,501,734,577)	(1,625,001,218,034)
Change in inventories	10		26,497,826,117	(71,064,886,853)
Change in payables and other liabilities	11		848,242,406,191	1,014,101,748,947
Change in prepaid expenses	12		275,392,428,650	120,235,326,504
			1,854,187,859,621	1,013,931,647,305
Interest paid	14		(177,942,929,579)	(162,169,963,853)
Income tax paid	15		(40,220,855,647)	-
Net cash flows from operating activities	20		1,636,024,074,395	851,761,683,452



The accompanying notes are an integral part of these consolidated financial statements

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VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2016
(Indirect method – continued)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code Note	2016 VND	2015 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and long-term assets	21	(1,859,421,262,131)	(161,111,592,351)
Payments for deposits to purchase aircrafts	21	(1,286,462,375,174)	(1,048,612,463,176)
Receipts from collecting debt instruments of other entities	24	270,000,000,000	-
Payments for investments in other entities	25	(60,000,000,000)	-
Payments for term deposits	25	(1,400,000,000)	-
Disposal of subsidiary, net of cash disposed	26	-	(1,261,983,489)
Receipts of interests on deposits and loans receivable	27	105,910,808,415	10,256,694,183
Receipts of dividends	27	1,180,266,000	-
Net cash flows from investing activities	30	(2,830,192,562,890)	(1,200,729,344,833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	31	71,500,000,000	-
Proceeds from borrowings	33	21,249,914,036,344	13,366,588,908,049
Proceeds from business co-operation contracts	33	-	300,000,000,000
Payments to settle loan principals	34	(18,035,136,049,967)	(12,426,501,340,454)
Payments to settle business co-operation contracts	34	(300,000,000,000)	(500,000,000,000)
Net cash flows from financing activities	40	2,986,277,986,377	740,087,567,595

The accompanying notes are an integral part of these consolidated financial statements

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2016
(Indirect method – continued)

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	Code Note	2016 VND	2015 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50	1,792,109,497,882	391,119,906,214
Cash and cash equivalents at beginning of the year	60	923,512,917,695	526,748,546,327
Effect of exchange rate fluctuations on cash and cash equivalents	61	6,624,195,754	(4,474,463,459)
Currency translation differences	61	19,094,854,360	10,118,928,613
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70 5	2,741,341,465,691	923,512,917,695

30 March 2017

Prepared by:

Hoang Manh Ha
Acting Chief Accountant

Approved by:

Luu Duc Khanh
Managing Director



The accompanying notes are an integral part of these consolidated financial statements

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016

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These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. Reporting entity

(a) Ownership structure

VietJet Aviation Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements of the Company for the year ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

According to Decision No. 29/QĐ-SGDHCM dated 6 February 2017 of the Ho Chi Minh City Stock Exchanges, the Company’s share was officially listed on Ho Chi Minh Stock Exchange, with trading code of VJC.

(b) Principal activities

The principal activities of the Company and its subsidiaries are to provide passenger and cargo transportation services on domestic and international air routes, airline related support services and to trade aircrafts.

(c) Normal operating cycle

The normal operating cycle of the Group is generally within 12 months.

(d) Group structure

As at 31 December 2016, the Group has 5 subsidiaries and 2 associates (1/1/2016: 5 subsidiaries and 1 associate) as follows:

Company	Principal activities	Business certificate	Ownership interest	
			31/12/2016	1/1/2016
<i>Subsidiaries</i>				
Vietjet Air Cargo Joint Stock Company	To provide cargo transportation related support services.	No. 0312759089 dated 27 August 2014	90%	90%
Vietjet Air IVB No. I Limited (*)	To trade aircrafts.	No. 1825671 dated 27 May 2014	100%	100%
Vietjet Air IVB No. II Limited (*)	To trade aircrafts.	No. 1825613 dated 27 May 2014	100%	100%

VietJet Aviation Joint Stock Company and its subsidiaries
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Company	Principal activities	Business certificate	Ownership interest	
			31/12/2016	1/1/2016
Vietjet Air Singapore Pte. Ltd. (*)	To trade aircrafts.	No. 201408849N dated 27 March 2014	100%	100%
Vietjet Air Ireland No. 1 Limited (*)	To trade aircrafts.	No. 544879 dated 3 June 2014	100%	100%
<i>Associates</i>				
Thai Vietjet Air Joint Stock Company Limited (*) (**)	To provide transport and transfer goods and passenger, operate the business of tours and other related services	No. 0105556100551 dated 25 June 2013	9%	9%
Cam Ranh International Terminal Joint Stock Company (**)	Direct supporting services for airline transportation.	No. 4201676638 dated 5 February 2016	10%	-

(*) As at 31 December 2016, the Company has not yet contributed capital in these subsidiaries and the associate.

(**) The Company has significant influence over these companies because the Company has a right to appoint member of the Board of Management of these companies.

As at 31 December 2016, the Group has 2,494 employees (1/1/2016: 1,792 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost basis. The consolidated statement of cash flows is prepared using the indirect method.

VietJet Aviation Joint Stock Company and its subsidiaries
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(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

(d) Accounting and presentation currency

The Company and its subsidiaries' accounting currency is Vietnam Dong ("VND"), which is also the currency used for the consolidated financial statements presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

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(iv) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(v) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the annual accounting period quoted by the commercial bank where the Group most frequently conducts transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the end of the annual accounting period. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated balance sheet under the caption "Foreign exchange differences" in equity.

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(c) **Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) **Investments**

(i) **Trading instruments**

Trading instruments are those held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. These investments are stated at costs less allowance for diminution in the value of investment.

(ii) **Held-to-maturity investments**

Held-to-maturity investments are those that the Company's Board of Directors or its subsidiaries' management has the intention and ability to hold until maturity. These investments are stated at costs less allowance for doubtful debts.

(iii) **Investments in equity instruments of other entities**

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Board of Directors before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) **Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

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(f) **Maintenance reserves of leased aircrafts**

Under the terms of its aircraft operating lease agreements, the Group is legally and contractually responsible for maintenance and repair of the leased aircrafts throughout the lease period and is also required to make maintenance reserves with the lessors. The maintenance reserves are recorded as other short-term and long-term receivables when there is no significant uncertainty regarding recovery of the reimbursement from lessors. Maintenance reserves made to lessors are typically calculated based on a performance measure, such as flight hours or cycles, and are contractually required to be reimbursed to the Group upon the completion of the required maintenance of the leased aircraft including replacement of life limited parts, engine performance restoration, airframe major structural inspection, landing gear overhaul and APU (auxiliary power unit) heavy repair. If there are excess amounts on maintenance reserves at the expiration of the leases, the lessors are entitled to retain such excess amounts.

(g) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

(h) **Tangible fixed assets**

(i) **Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Manufacturers' discounts, if any, are deducted from the value of the related asset. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul cost, is charged to the consolidated interim statement of income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

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(ii) **Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ aircraft and components	20 years
▪ machinery and equipment	3 – 10 years
▪ office equipment	3 – 5 years
▪ motor vehicles	6 years

(i) **Intangible fixed assets**

Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 years.

(j) **Construction in progress**

Construction in progress represents the cost of construction and acquiring aircrafts which have not been fully completed. No depreciation is provided for construction in progress during the period of construction.

(k) **Long-term prepaid expenses**

(i) *Major inspection and overhaul expenditure*

Major inspection and overhaul expenditure for leased aircrafts are deferred and amortised over the shorter of the period to the next major inspection event and the remaining term of the lease.

(ii) *Rotable parts*

Rotable parts which have estimated useful lives of more than 1 year are recorded in long-term prepaid expenses and amortised on a straight-line basis over their estimated useful lives but not exceeding 3 years.

(iii) *Tools and instruments*

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and instruments are amortised on a straight-line basis over a period from 2 years to 5 years.

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(l) **Trade and other payables**

Trade and other payables are stated at their cost.

(m) **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) *Provisions for maintenance costs in the scope of maintenance reserves*

According to the aircraft leasing agreements between the Group and its lessors and the requirements of Vietnam Aviation Authority, the Group has to perform the routine maintenance and periodic maintenance for leased aircrafts based on its own Maintenance Planning Development (“MPD”) which was constructed based on the guidance of airline manufacturers. The routine maintenance will be performed at the Group’s cost while the periodic maintenance will be covered by maintenance reserves. The provisions for maintenance expenses in the scope of maintenance reserves is determined by discounting the expected future costs of maintenance for the leased aircrafts, having regard to the current fleet plan. During the period of leasing, the estimated costs are recorded in provisions with the corresponding debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised on the basis of flight hours or cycles for the next maintenance event. The effect of unwinding discount of the provisions is recorded as financial expenses.

(ii) *Provisions for cost to make good on leased assets*

With respect to aircraft operating lease agreements where the Group is required to return the aircraft with adherence to certain maintenance conditions, cost to make good on leased assets is estimated at the inception of the lease based on the present value of the future expected costs at the expiration of the lease in order for the Group to meet the certain conditions for the return of the aircraft to the lessors, including certain levels of maintenance as well as arranging for final test flights, inspection, custom and deregistration costs, removal of the Group’s modifications, if any and return of the aircraft to a specified location. At the inception of the lease, the estimated cost is recorded in provisions with the corresponding debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised on a straight-line basis over the term of the leases. The effect of unwinding discount of the provisions is recorded as financial expenses.

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(n) **Share capital**

Ordinary shares

Ordinary shares are stated at par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(o) **Taxation**

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) **Revenue and other income**

(i) **Passenger transportation revenue**

Revenue from passenger transportation are recognised in the consolidated statement of income when the transportation is provided or when the ticket expires. The value of unused passenger tickets and miscellaneous charges is included in current liabilities as unearned revenue. Non-refundable tickets generally expire on the date of the intended flight, unless the date is extended by notification from the customer on or before the intended flight date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Revenue of passenger transportation is recognised at the net amount after deducting sales discounts stated on the invoice.

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(ii) **Ancillary revenue**

Ancillary revenue includes sale of in-flight and duty free merchandise, advertising, commission, cargo transportation and revenue from related passenger transportation services.

Sales of in-flight and duty free merchandise is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of merchandise inventories.

Revenue from cargo transportation is recognised in consolidated statement of income when the services were completed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenue from advertising and commission is recorded as ancillary revenue at the time the fee is earned. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenue from related passenger transportation services such as fees charged in association with changes or extensions to non-refundable tickets are recorded as ancillary revenue at the time the fee is earned. Amendment fees related to non-refundable tickets are considered a separate transaction from the air transportation and they are recognised in consolidated statement of income when charged to passengers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) **Charter flights**

Charter flights revenue is recognised in consolidated statement of income when the services were completed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iv) **Aircrafts leasing**

Revenue from aircrafts leasing is recognised in consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(v) **Sales of aircrafts**

Revenue from the sales of aircrafts is recognised in consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of aircrafts.

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Aircraft sales and leaseback transaction

The Group's aircraft sales and leaseback transaction is a transaction where an aircraft is sold then leased back by the Group. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved.

For a transaction that results in an operating lease:

- If the lease payment and sale price are at fair value, there has in effect been a normal sale transaction and any profit or loss is recognised immediately.
- If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the aircraft is expected to be used.
- If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the aircraft is expected to be used.
- If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the aircraft, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.
- If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

(vi) *Other services*

Revenue from services rendered is recognised in consolidated statement of income in proportion to the stage of completion of the transaction at the end of the annual accounting period. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(vii) *Interest income*

Interest income is recognised on the time proportion basis with reference to the principal outstanding and the applicable interest rate.

(viii) *Dividend income*

Dividend income is recognised when the right to receive dividend is established. Share dividends are not recognised as income. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

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(q) *Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(r) *Operating lease payments*

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(s) *Earnings per share*

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The Company does not have dilutive potential ordinary share, therefore the presentation of diluted EPS is not applicable.

(t) *Segment reporting*

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments.

(u) *Related parties*

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

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4. Segment reporting

(a) Business segment

For management purpose, the Group has two reportable operating segments as follows:

- Providing passenger and cargo transportation, ancillary services, aircraft rental and advertising on aircrafts (referred to as “aviation services”); and
- Sales of aircrafts

Except those indicated above, the Group has no other operating segments being aggregated to form reportable operating segments. Segmental information for total revenue and cost of sales is shown in the notes (Note 27 and Note 28) to the consolidated financial statements. There is no intersegment revenue between operating segments. All the Group’s assets, liabilities, financial income and financial expenses, general and administration expenses, selling expenses, other income and other expenses are unallocated.

The Board of Directors has determined the operating segments based on reports that are reviewed and used to make strategic decisions.

(b) Geographical segment

The Group’s revenue is presented by geographical area (by country of destination) as follows:

	2016 VND	2015 VND
Vietnam	11,383,297,393,344	8,555,403,290,664
Outside of Vietnam	16,115,998,844,293	11,290,075,629,188
	27,499,296,237,637	19,845,478,919,852

Segment assets and capital expenditures are not presented because the assets and operations are primarily located in Vietnam.

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5. Cash and cash equivalents

	31/12/2016 VND	1/1/2016 VND
Cash on hand	2,543,172,753	3,796,679,625
Cash in banks	1,084,198,292,938	269,716,238,070
Cash equivalents	1,654,600,000,000	650,000,000,000
	2,741,341,465,691	923,512,917,695

Cash equivalents at 31 December 2016 represented the term deposits in VND at banks with maturities less than 3 months and earned interest at rates ranging from 4.5% to 5.6% per annum in 2016 (2015: from 1% to 5.3%) and term deposit in USD at banks with maturities less than 3 months and earned interest at the rate of 0% per annum in 2016 (2015: Nil).

Included in cash in banks as at 1 January 2016 was VND165,881 million pledged as security for borrowings granted by Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”) – Headquarter and Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”) – District 11 Branch to the Group (Note 20).

Included in cash equivalents as at 31 December 2016 was VND175,000 million (1/1/2016: Nil) pledged as security for borrowings granted by HDBank – Headquarter to the Group (Note 20).

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6. Accounts receivable from customers – short-term

(a) Accounts receivable from customers detailed by significant customers

	31/12/2016 VND	1/1/2016 VND
Hangzhou BaoLi Co., Ltd	1,556,774,827,960	514,870,541,180
World Go International Co., Ltd	38,556,753,163	11,455,024,049
Other customers	163,028,615,104	112,907,491,983
	<u>1,758,360,196,227</u>	<u>639,233,057,212</u>

As at 1 January 2016, included in accounts receivable was VND377,056 million pledged as security for loans granted by Joint Stock Commercial Bank for Foreign Trade of Vietnam (“Vietcombank”) – Ho Chi Minh Branch to the Group (Note 20).

(b) Accounts receivable from customers who are related parties

	31/12/2016 VND	1/1/2016 VND
Shareholder with significant influence		
Ho Chi Minh City Development Joint Stock Commercial Bank	-	560,824,000
Other related parties		
Indochina Beach Hotel Joint Stock Company	51,342,000	6,008,000
Ariyana Hotel and Tourism Joint Stock Company	16,500,000	-
	<u>67,842,000</u>	<u>6,008,000</u>

The trade amounts due from related parties were unsecured, interest free and are receivable on demand.

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7. Prepayments to suppliers

(a) Prepayments to suppliers – short-term

	31/12/2016 VND	1/1/2016 VND
Prepayments for engine repair services	27,143,242,096	-
Prepayments to Thai Vietjet Air Joint Stock Company Limited, an associate	14,757,791,669	-
Prepayments for flight training centre project	-	180,000,000,000
Prepayments to Ariyana Hotel and Tourism Joint Stock Company, a related party, for flight attendance house project	-	100,000,000,000
Others	49,412,932,270	54,715,978,511
	<u>91,313,966,035</u>	<u>334,715,978,511</u>

The prepayments to related parties were unsecured and interest free.

(b) Prepayments to suppliers – long-term

	31/12/2016 VND	1/1/2016 VND
Co-operation contract	701,500,000,000	-
	<u>701,500,000,000</u>	<u>-</u>

Prepayments to suppliers – long-term represented the Company’s contribution to develop an office and residential complex building in 18E Cong Hoa, Ward 4, Tan Binh District, Ho Chi Minh City in accordance with Contract No. 01/2016/VJA-TDDB dated 2 June 2016 with Thuy Duong – Duc Binh Commercial Joint Stock Company. The Company will receive 15,547 m² office area and 13,409 m² and use these areas as the Company’s office and dormitory upon completion of the project, which is expected within 3 years from the date of the contract.

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8. Other receivables

(a) Other short-term receivables

	31/12/2016 VND	1/1/2016 VND
Deposits for aircraft purchases	3,462,539,158,419	3,020,517,186,184
Maintenance reserves of leased aircrafts	901,462,143,692	320,326,400,008
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	447,296,489,780	160,345,864,150
Purchase discounts receivable	299,790,648,188	-
Other receivables related to the initial public offering (“IPO”)	32,409,850,138	-
Other receivables from maintenance reserves of lease aircrafts	14,573,306,867	-
Cabin modification receivables	12,079,587,527	39,987,259,744
Consultancy services advanced to Sovico Holdings, a shareholder with significant influence	-	6,701,877,729
Interest receivables	1,706,069,444	52,122,365,334
Advances to employees	40,451,553,468	48,342,981,996
Deposits for office rental to Ariyana Hotel and Tourism Joint Stock Company, a related party	-	10,000,000,000
Other deposits	30,296,462,087	17,854,259,318
Others	36,477,195,196	9,258,639,835
	<u>5,279,082,464,806</u>	<u>3,685,456,834,298</u>

The non-trade related amounts due from related parties were unsecured, interest free and are receivable on demand.

(b) Other long-term receivables

	31/12/2016 VND	1/1/2016 VND
Maintenance reserves of leased aircrafts	2,099,900,362,116	1,529,980,542,163
Deposits for aircraft purchases	1,669,592,291,185	825,151,888,246
Deposits for aircraft leases	614,849,191,414	512,179,593,037
Others	18,932,555,482	17,914,572,314
	<u>4,403,274,400,197</u>	<u>2,885,226,595,760</u>

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9. Inventories

	31/12/2016		1/1/2016	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Raw materials	-	-	32,485,725	-
Tools and supplies	133,562,282,327	-	159,388,355,629	-
Merchandise inventories	4,368,014,428	-	5,007,281,518	-
	<u>137,930,296,755</u>	<u>-</u>	<u>164,428,122,872</u>	<u>-</u>

As at 31 December 2016, inventories with carrying value of VND137,930 million were pledged as security for borrowings granted by Vietinbank – District 11 Branch to the Group (1/1/2016: VND164,428 million) (Note 20).

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10. Tangible fixed assets

	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Cost					
Opening balance	-	11,849,962,336	14,750,215,587	13,055,597,977	39,655,775,900
Additions	101,290,631,452	45,398,507,608	659,242,211	1,882,793,489	149,231,174,760
Transfer from construction in progress	913,682,191,969	-	-	-	913,682,191,969
Closing balance	1,014,972,823,421	57,248,469,944	15,409,457,798	14,938,391,466	1,102,569,142,629
Accumulated depreciation					
Opening balance	-	6,911,848,515	9,992,580,164	5,009,036,656	21,913,465,335
Charge for the year	30,816,828,145	6,099,238,838	1,320,787,435	2,624,314,684	40,861,169,102
Closing balance	30,816,828,145	13,011,087,353	11,313,367,599	7,633,351,340	62,774,634,437
Net book value					
Opening balance	-	4,938,113,821	4,757,635,423	8,046,561,321	17,742,310,565
Closing balance	984,155,995,276	44,237,382,591	4,096,090,199	7,305,040,126	1,039,794,508,192

Included in the cost of tangible fixed assets were assets costing VND11,455 million which were fully depreciated as at 31 December 2016 (1/1/2016: VND10,499 million), but which are still in active use.

As at 31 December 2016, tangible fixed assets with carrying value of VND888,585 million (1/1/2016: Nil) were pledged as security for loans granted by Military Commercial Joint Stock Bank to the Group (Note 20).

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11. Intangible fixed assets

	Software VND
Cost	
Opening balance	26,367,181,251
Additions	1,213,034,904
Closing balance	27,580,216,155
Accumulated amortisation	
Opening balance	15,144,594,212
Charge for the year	5,012,027,745
Closing balance	20,156,621,957
Net book value	
Opening balance	11,222,587,039
Closing balance	7,423,594,198

Included in the cost of intangible fixed assets was assets costing VND6,613 million which were fully amortised as at 31 December 2016 (1/1/2016: VND5,630 million), but which are still in active use.

12. Construction in progress

	2016 VND	2015 VND
Opening balance	137,353,932,965	146,099,277,427
Additions during the year	1,007,477,052,467	153,769,930,522
Transfer to tangible fixed assets	(913,682,191,969)	-
Written off	(49,846,549,864)	(162,515,274,984)
Closing balance	181,302,243,599	137,353,932,965

During the year, borrowing costs capitalised into construction in progress amounted to VND23,050 million (2015: VND29,860 million).

Construction in progress as at 31 December 2016 mainly represented the cost of acquiring aircrafts.

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13. Long-term financial investments

	31/12/2016		1/1/2016	
	% of equity owned/voting rights	VND	% of equity owned/voting rights	VND
Equity investments in:				
• Associates				
- Thai Vietjet Air Joint Stock Company Limited (*)	9%	-	9%	-
- Cam Ranh International Terminal Joint Stock Company (*) (**)	10%	60,000,000,000	-	-
		<u>60,000,000,000</u>		<u>-</u>
• Other entity				
- Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000	4%	7,868,448,000
Held-to-maturity investments in:				
• Business co-operation contract		556,181,818		556,181,818
		<u>68,424,629,818</u>		<u>8,424,629,818</u>

(*) The Company has significant influence over these companies because has a right to appoint members in the Board of Management of these companies.

(**) This represented the cost of investment in 6,000,000 shares of Cam Ranh International Terminal Joint Stock Company in 2016.

14. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2016 VND	1/1/2016 VND
Prepayments for aircraft leases	227,656,900,271	178,338,944,890
Prepayments for maintenance expenses	13,212,911,483	16,440,934,746
Others	632,216,257	8,056,990,907
	<u>241,502,028,011</u>	<u>202,836,870,543</u>

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(b) Long-term prepaid expenses

	Maintenance costs VND	Cost to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotable parts, tools and instruments VND	Others VND	Total VND
Balance as at 1 January 2016	2,247,148,148,287	142,173,066,533	140,064,199,458	196,630,229,782	1,013,748,701	2,727,029,392,761
Additions during the year	1,178,269,279,439	61,816,749,558	135,304,649,002	174,488,437,268	1,757,971,843	1,551,637,087,110
Charge for the year	(322,052,554,797)	(31,917,515,187)	(108,847,091,444)	(160,209,216,635)	(2,582,266,168)	(625,608,644,231)
Written off	(305,542,382,713)	-	-	-	-	(305,542,382,713)
Balance as at 31 December 2016	<u>2,797,822,490,216</u>	<u>172,072,300,904</u>	<u>166,521,757,016</u>	<u>210,909,450,415</u>	<u>189,454,376</u>	<u>3,347,515,452,927</u>

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15. Accounts payable to suppliers – short-term

Accounts payable to suppliers detailed by significant suppliers

	31/12/2016 Cost/Amount within repayment capacity VND	1/1/2016 Cost/Amount within repayment capacity VND
Petrolimex Aviation Fuel Joint Stock Company	243,481,418,499	123,621,454,259
Airports Corporation of Viet Nam Joint Stock Company	21,849,959,094	86,718,052,069
Other suppliers	125,786,026,237	215,485,991,932
	391,117,403,830	425,825,498,260

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16. Taxes receivable from and payable to State Treasury

(a) Taxes payable to State Treasury

	1/1/2016 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/12/2016 VND
Value added tax	42,064,055,558	1,205,438,885,148	(460,761,984,913)	(721,771,908,189)	-	64,969,047,604
Personal income tax	13,217,859,358	257,427,177,089	(253,664,090,637)	-	-	16,980,945,810
Foreign contractor tax	7,651,931,999	23,400,200,494	(87,905,659,940)	-	56,853,527,447	-
Corporate income tax	-	156,246,350,074	(40,220,855,647)	-	-	116,025,494,427
	62,933,846,915	1,642,512,612,805	(842,552,591,137)	(721,771,908,189)	56,853,527,447	197,975,487,841

(b) Taxes receivable from State Treasury

	1/1/2016 VND	Incurred VND	Received VND	Netted-off VND	Reclassified VND	31/12/2016 VND
Deductible value added tax	5,680,535,184	721,774,123,829	-	(721,771,908,189)	-	5,682,750,824
Foreign contractor tax	-	-	-	-	56,853,527,447	56,853,527,447
	5,680,535,184	721,774,123,829	-	(721,771,908,189)	56,853,527,447	62,536,278,271

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17. Accrued expenses

	31/12/2016 VND	1/1/2016 VND
Aircraft related expenses	409,026,251,553	350,426,292,908
13 th month salary	34,312,991,844	15,711,421,153
Interest expense	4,863,884,399	2,074,074,095
Maintenance expenses	-	14,338,340,858
Others	44,294,024,887	14,387,548,571
	<u>492,497,152,683</u>	<u>396,937,677,585</u>

18. Unearned revenue

	31/12/2016 VND	1/1/2016 VND
Revenue from passenger transportation and ancillary revenue received in advance, to be realised within 12 months	1,306,836,634,360	662,230,377,199

19. Other short-term payables

	31/12/2016 VND	1/1/2016 VND
Airport tax payables	399,300,619,575	233,290,358,812
Short-term deposits received	107,423,263,649	1,167,425,328
Business co-operation contract with HDBank Asset Management One Member Company Limited, a related party	-	300,000,000,000
Amounts due to other related parties (*)	7,676,125,320	33,832,034,038
Others	14,265,308,106	53,885,061,436
	<u>528,665,316,650</u>	<u>622,174,879,614</u>

(*) The non-trade related amounts due to related parties were unsecured and interest fee and are payable on demand.

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20. Borrowings

(a) Short-term borrowings

	1/1/2016 Carrying amount/ Amount within repayment capacity VND	Movements during the year	31/12/2016 Carrying amount/ Amount within repayment capacity VND	
		Additions VND	Repayments VND	Revaluation VND
Short-term borrowings	3,543,467,794,788	20,472,167,981,143	(18,002,824,709,967)	23,621,519,321
Current portion of long-term borrowings	-	98,265,600,000	(32,311,340,000)	-
	<u>3,543,467,794,788</u>	<u>20,570,433,581,143</u>	<u>(18,035,136,049,967)</u>	<u>23,621,519,321</u>
				<u>6,102,386,845,285</u>

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Terms and conditions of short-term borrowings were as follows:

Lenders	Currency	Annual interest rate	31/12/2016 VND	1/1/2016 VND
Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”) – Headquarter (a)				
Loan 1	VND	2.4% – 5.5%	106,812,385,443	-
Loan 2	USD	1.4%	-	133,788,438,427
Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”) – District 11 Branch (b)				
Loan 3	VND	4.8% – 5.3%	1,647,157,457,453	799,584,491,935
Loan 4	USD	1.4% – 1.6%	334,867,496,106	-
Joint Stock Commercial Bank Vietnam (“Vietcombank”) – Ho Chi Minh City Branch (c)				
Loan 5	VND	5% – 5.2%	340,862,342,163	338,059,374,846
Loan 6	USD	1.5% – 1.85%	682,060,978,753	131,551,003,813
Petrolimex Group Commercial Joint Stock Bank (e)				
Loan 7	VND	5% – 5.5%	118,684,487,400	148,932,876,040
Military Commercial Joint Stock Bank (e)				
Loan 8	VND	5% – 5.3%	770,578,961,161	499,967,032,083
Loan 9	USD	5%	79,764,999,999	-
Maritime Commercial Joint Stock Bank (e)				
Loan 10	USD	1.3% – 2.5%	128,315,091,936	225,540,000,000
Bank for Investment and Development of Vietnam (e)				
Loan 11	VND	5% – 5.5%	894,341,373,335	763,181,592,235
Loan 12	USD	2.2%	-	387,719,867,627
An Binh Commercial Joint Stock Bank (e)				
Loan 13	USD	1.65%	433,497,690,959	-
HSBC Bank (Vietnam) Ltd (e)				
Loan 14	VND	3.5% – 4.7%	166,665,685,684	-
Tien Phong Commercial Joint Stock Bank (d)				
Loan 15	USD	1.9% – 3.5%	332,823,634,893	115,143,117,782
			6,036,432,585,285	3,543,467,794,788

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(a) Borrowing 1 and 2 from HDBank – Headquarter, a related party, were secured by assets as follows:

	31/12/2016 VND	1/1/2016 VND
Cash in banks (Note 5)	-	70,614,566,717
Cash equivalents (Note 5)	175,000,000,000	-
	175,000,000,000	70,614,566,717

As at 31 December 2016, borrowing 1 was secured by receivables which incurred from the Group’s aircraft sales and purchases agreement with Avation Plc, an aircrafts leasing company in future.

(b) Details of assets used as security for borrowing 3 and borrowing 4 were as follows:

	31/12/2016 VND	1/1/2016 VND
Inventories (Note 9)	137,930,296,755	164,428,122,872
Cash in banks (Note 5)	-	95,266,033,861
	137,930,296,755	259,694,156,733

As at 31 December 2016, borrowing 3 and 4 were secured by receivables which incurred from the Group’s aircraft sales and purchases of A320 and A321 aircrafts delivered in June 2017 between the Company and Goshawk Management (Ireland) Limited, an aircraft leasing company.

(c) Details of assets used as security for borrowing 5 and 6 were as follows:

	31/12/2016 VND	1/1/2016 VND
Accounts receivable from customers (Note 6)	-	377,055,901,869

As at 31 December 2016, borrowing 5 and 6 were secured by receivables which incurred from Group’s aircraft sales and purchases of A320 and A321 aircrafts delivered in May and June 2017 between the Company and Goshawk Management (Ireland) Limited, an aircraft leasing company.

(d) As at 31 December 2016, Borrowing 15 was secured by receivables which incurred from the Group’s aircraft sales and purchases of A320 and A321 aircrafts delivered in May 2017 between the Company and Goshawk Management (Ireland) Limited, an aircraft leasing company.

(e) Borrowing 7, 8, 9, 10, 11, 12, 13 and 14 were unsecured.

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(b) Long-term borrowings

	31/12/2016 VND	1/1/2016 VND
Long-term borrowings	760,794,559,644	-
Repayable within 12 months	(65,954,260,000)	-
Repayable after 12 months	694,840,299,644	-

Terms and conditions of long-term borrowings were as follow:

Lender	Currency	Annual interest rate	Year of maturity	31/12/2016 VND	1/1/2016 VND
Commercial Joint Stock Bank	USD	3.63% – 3.64%	2017 – 2028	760,794,559,644	-

Principal outstanding as at 31 December 2016 is repayable in 24 equal semi-annual instalments of USD1.4 million each and a final instalment of USD1.5 million on 13 June 2028.

Detail of asset used as security for the borrowings was as follows:

	31/12/2016 VND	1/1/2016 VND
Aircraft no. A320 MSN 7167, VNA675 (Note 10)	888,585,171,422	-

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21. Provisions

Movements of provisions during the year were as follows:

	Provision for maintenance expenses VND	Provision to make good on leased assets VND	Total VND
Opening balance	3,743,787,222,790	230,268,118,728	3,974,055,341,518
Provision made during the year	1,178,269,279,439	61,816,749,558	1,240,086,028,997
Unwinding discount	433,096,479,471	9,186,674,391	442,283,153,862
Utilisation during the year	(108,035,639,289)	(9,281,227,500)	(117,316,866,789)
Written-off during the year	(358,627,742,834)	-	(358,627,742,834)
Foreign exchange differences	27,063,624,867	-	27,063,624,867
Closing balance	4,915,553,224,444	291,990,315,177	5,207,543,539,621
Short-term	1,225,810,611,444	17,878,357,693	1,243,688,969,137
Long-term	3,689,742,613,000	274,111,957,484	3,963,854,570,484
	4,915,553,224,444	291,990,315,177	5,207,543,539,621

22. Deferred tax liabilities

	31/12/2016 VND	1/1/2016 VND
Deferred tax assets:		
Short-term unearned revenue	2,368,124,035	250,270,000
Provisions	520,754,353,962	397,405,534,152
Accrued expenses	3,431,299,184	947,642,206
Total deferred tax assets	526,553,777,181	398,603,446,358
Deferred tax liabilities:		
Long-term prepaid expenses	(296,989,479,112)	(238,932,121,482)
Maintenance reserves of leased aircrafts	(300,136,250,581)	(185,030,694,217)
Unrealised foreign exchange gains	(11,899,387,210)	(6,199,298,761)
Net deferred tax liabilities	(609,025,116,903)	(430,162,114,460)
Net deferred tax liabilities	(82,471,339,722)	(31,558,668,102)

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23. Changes in owners' equity

	Share capital VND	Foreign exchange differences VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance as at 1 January 2015	800,000,000,000	459,541,430	165,469,371,669	727,479,009	966,656,392,108
Share dividends (Note 25)	200,000,000,000	-	(200,000,000,000)	-	-
Issue of ordinary shares	450,000,000,000	-	(450,000,000,000)	-	450,000,000,000
Dividends (Note 25)	-	-	(450,000,000,000)	-	(450,000,000,000)
Net profit for the year	-	-	1,170,253,353,846	378,359,817	1,170,631,713,663
Translation of foreign operations	-	10,118,928,613	-	-	10,118,928,613
Disposal of a subsidiary with non-controlling interest	-	-	-	33,245,966	33,245,966
Balance as at 1 January 2016	1,450,000,000,000	10,578,470,043	685,722,725,515	1,139,084,792	2,147,440,280,350
Share dividends (Note 25)	978,500,000,000	-	(978,500,000,000)	-	-
Issue of ordinary shares	571,500,000,000	-	(500,000,000,000)	-	571,500,000,000
Dividends (Note 25)	-	-	(500,000,000,000)	-	(500,000,000,000)
Net profit for the year	-	-	2,495,640,185,684	346,857,245	2,495,987,042,929
Translation of foreign operations	-	19,094,854,360	-	-	19,094,854,360
Balance as at 31 December 2016	3,000,000,000,000	29,673,324,403	1,702,862,911,199	1,485,942,037	4,734,022,177,639

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24. Share capital

The Company's authorised and issued share capital are:

	31/12/2016		1/1/2016	
	Number of shares	VND	Number of shares	VND
Authorised/Issued share capital				
Ordinary shares	300,000,000	3,000,000,000,000	145,000,000	1,450,000,000,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

Subsequent to the end of the annual accounting period, the Company's authorised and issued share capital increased from VND3,000,000 million to VND3,223,881 million.

Movements in share capital during the year were as follows:

	2016		2015	
	Number of shares	VND	Number of shares	VND
Opening balance	145,000,000	1,450,000,000,000	80,000,000	800,000,000,000
Share dividends issued during the year	97,850,000	978,500,000,000	20,000,000	200,000,000,000
Shares issued during the year being offset against cash dividends	50,000,000	500,000,000,000	45,000,000	450,000,000,000
Share issued during the year by cash	7,150,000	71,500,000,000	-	-
Closing balance	300,000,000	3,000,000,000,000	145,000,000	1,450,000,000,000

Share dividends issued during the year

The annual general meeting of shareholders of the Company on 6 May 2016 resolved to issue ordinary share for the existing shareholders from retained profits at the rate of 33 new shares for each 100 existing shares. The total value of the shares issued at par was VND478,500 million (2015: VND200,000 million), equivalent to 47,850,000 new ordinary shares.

On 17 November 2016, the annual general meeting of shareholders approved the issuance of ordinary shares to existing shareholders from retained profits at the rate of a new share for each 5 existing shares. The total value of shares issued at par was VND500,000 million equivalent to 50,000,000 new ordinary shares.

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Share issued during the year being offset against cash dividends

On 5 September 2016, the annual general meeting of shareholders resolved an advance cash dividend of VND500,000 million (2015: VND450,000 million). Shareholders authorised for the Company to offset the cash dividends against the additional shares issued pursuant to the resolution of shareholders on 21 September 2016.

Share issued during the year by cash

On 6 May 2016, the annual general meeting of shareholders resolved to issue 7,150,000 shares at par to employees of the Company.

25. Dividends

The annual general meeting of shareholders of the Company on 6 May 2016 resolved to issue ordinary shares to existing shareholders from retained profits at the rate of 33 new shares for each 100 existing shares. The total value of shares issued at par was VND478,500 million (2015: VND200,000 million), equivalent to 47,850,000 new ordinary shares.

On 5 September 2016, the annual general meeting of shareholders resolved an advance cash dividend of VND500,000 million (2015: VND450,000 million). Shareholders authorized for the Company to offset the cash dividends against the additional shares issued pursuant to the resolution of shareholders on 21 September 2016.

On 17 November 2016, the annual general meeting of shareholders resolved to issue of ordinary shares to existing shareholders from retained profits at the rate of a new share for each 5 existing shares. The total value of shares issued at par was VND500,000 million, equivalent to 50,000,000 new ordinary shares.

26. Off balance sheet items

(a) Lease commitments

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2016 VND	1/1/2016 VND
Within 1 year	3,329,553,590,024	1,365,570,676,824
Within 2 to 5 years	11,786,025,592,691	4,818,618,055,197
More than 5 years	12,974,577,948,968	2,593,230,085,091
	28,090,157,131,683	8,777,418,817,112

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(b) Foreign currency

	31/12/2016		1/1/2016	
	Original currency	VND equivalent	Original currency	VND equivalent
United State Dollar (“USD”)	95,442,767	2,168,459,663,514	6,544,678	146,537,458,046

(c) Capital commitments

As at the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/12/2016 VND	1/1/2016 VND
Approved and contracted (*)	462,500,000,000	236,428,571,428
Approved but not contracted	3,825,000,000,000	-
	4,287,500,000,000	236,428,571,428

(*) In addition to above commitments, the Company also signed a general purchase agreement and related amendments with Airbus S.A.S to purchase 119 aircrafts and with Boeing Company to purchase 100 aircrafts. As at 31 December 2016, the Company has received 20 aircrafts, the remaining aircrafts are scheduled to deliver to the Company from 2017 to 2023.

Pursuant to the aircraft purchase agreements, the Company’s commitments as at 31 December 2016 in relation to pre-delivery payments for remaining aircrafts to be delivered (including engines) were USD1,200 million (in respect of Airbus aircrafts) and USD1,052 million (in respect of Boeing aircrafts).

In addition, the Company has also signed a principle purchase agreement and related amendments with CFM International S.A to purchase 3 aircraft engines for replacement and with United Technologies Corporation (Pratt & Whitney Division) to purchase 9 aircraft engines for replacement.

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27. Revenue from sales of goods and provision of services

	2016 VND	2015 VND
Passenger transportation:		
▪ Domestic routes	8,646,255,772,294	6,724,682,633,020
▪ International routes	801,915,629,801	481,252,164,219
▪ Charter flights and aircraft wet leases	2,719,886,832,505	1,336,803,281,353
	<u>12,168,058,234,600</u>	<u>8,542,738,078,592</u>
Ancillary revenue	3,552,923,831,576	2,474,737,561,716
Aircraft dry leases	56,914,200,000	56,800,800,000
Other revenue	139,450,521,121	4,990,079,544
Sales of aircrafts	11,581,949,450,340	8,766,212,400,000
	<u>27,499,296,237,637</u>	<u>19,845,478,919,852</u>
In which:		
Total revenue from aviation services	15,917,346,787,297	11,079,266,519,852
Sales of aircrafts	11,581,949,450,340	8,766,212,400,000
	<u>27,499,296,237,637</u>	<u>19,845,478,919,852</u>

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28. Cost of sales

	2016 VND	2015 VND
Ground operation expenses	1,123,517,651,781	767,471,742,896
Flight operation expenses	10,866,887,021,349	7,517,025,723,355
Technical expenses	737,044,632,260	566,201,538,790
Safety, security, quality and assurance expenses	20,575,056,630	7,424,768,698
Cargo expenses	84,883,338,007	72,368,868,001
Depreciation and amortisation	668,100,803,990	531,133,243,849
Other expenses	41,120,606,588	26,141,372,093
Cost of aircrafts sold	10,055,330,283,951	8,247,773,138,091
	<u>23,597,459,394,556</u>	<u>17,735,540,395,773</u>
In which:		
Total cost of aviation services	13,542,129,110,605	9,487,767,257,682
Cost of aircrafts sold	10,055,330,283,951	8,247,773,138,091
	<u>23,597,459,394,556</u>	<u>17,735,540,395,773</u>

29. Financial income

	2016 VND	2015 VND
Interest income	55,494,512,525	14,959,749,738
Realised foreign exchange gains	37,428,630,925	86,907,900,041
Unrealised foreign exchange gains	50,494,265,652	-
Dividend income	1,180,266,000	-
Income from investments in business co-operation contracts and corporate bonds	-	31,807,087,556
Gains on disposals of a subsidiary and an associate	-	19,634,366,469
Others	58,665,034	367,692,863
	<u>144,656,340,136</u>	<u>153,676,796,667</u>

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30. Financial expenses

	2016 VND	2015 VND
Unwinding discount of provisions	442,283,153,862	272,908,367,170
Interest expense	180,732,739,883	129,699,274,892
Realised foreign exchange losses	30,932,661,211	118,775,271,802
Unrealised foreign exchange losses	-	40,184,427,061
	<u>653,948,554,956</u>	<u>561,567,340,925</u>

31. Selling expenses

	2016 VND	2015 VND
Sales expenses	237,253,896,663	126,505,861,711
Advertising and marketing expenses	219,120,948,284	137,160,216,770
Staff costs	57,327,184,911	49,074,432,025
Depreciation and amortisation	379,588,887	469,982,457
Others	3,708,713,751	4,633,930,625
	<u>517,790,332,496</u>	<u>317,844,423,588</u>

32. General and administration expenses

	2016 VND	2015 VND
Staff costs	81,805,573,809	76,369,251,406
Rental expenses	17,887,211,429	15,290,906,072
Depreciation and amortisation	3,001,448,201	4,416,999,795
Insurance expenses	44,124,246	49,275,874
Others	86,062,671,897	107,227,482,845
	<u>188,801,029,582</u>	<u>203,353,915,992</u>

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33. Trading and business costs by element

	2016 VND	2015 VND
Cost of purchasing aircrafts	10,055,330,283,951	8,247,773,138,091
Fuel costs included in cost of sales	5,369,109,087,358	4,147,611,503,988
Labour costs and staff costs	1,736,737,890,476	1,149,606,678,967
Depreciation and amortisation	45,873,196,847	10,165,032,533
Outside services	6,253,281,775,262	3,313,885,273,437
Other expenses	843,718,522,740	796,876,820,783
	<u>23,304,040,667,634</u>	<u>18,768,085,127,881</u>

34. Income tax

(a) Recognised in the consolidated statement of income

	2016 VND	2015 VND
Current tax expense		
Current year	156,246,350,074	-
Deferred tax expense/(benefit)		
Origination and reversal temporary differences	50,912,671,620	(2,149,186,431)
	<u>207,159,021,694</u>	<u>(2,149,186,431)</u>

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(b) Reconciliation of effective tax rate

	2016 VND	2015 VND
Profit before tax	2,703,146,064,623	1,168,482,527,232
Tax at the Company's tax rate	540,629,212,925	233,696,505,446
Effect of difference tax rates applied for subsidiaries	(305,233,872,706)	(103,640,918,362)
Effect of change in tax rate	-	(31,558,668,102)
Non-deductible expenses	575,054,880	1,503,755,878
Deferred tax liabilities not recognised	89,892,060,006	(239,562,809)
Tax incentives	(118,703,433,411)	(101,910,298,482)
	<u>207,159,021,694</u>	<u>(2,149,186,431)</u>

(c) Applicable tax rates

(i) Companies incorporated in Vietnam

VietJet Aviation Joint Stock Company

For public transport passengers and cargo aircraft activities, under the terms of current tax regulations and Income Tax law, the Company has an obligation to pay the government income tax at the rate of 20% of taxable profits for the first 10 years starting from the first year of operation and at usual income tax rate for the succeeding years. However, the current tax regulations allow the Company to be exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 3 succeeding years.

For other activities, under the terms of current tax regulations and Income Tax Law, the Company has an obligation to pay the government income tax at usual income tax rate.

The usual income tax rate applicable to the Company before any incentives is 20% of taxable profit (1/1/2016: 22%).

Vietjet Air Cargo Joint Stock Company

Under the terms of current tax regulations and Income Tax Law, Vietjet Air Cargo Joint Stock Company has an obligations to pay the government income tax at the rate 20% of taxable profits (2015: 22%).

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(ii) Companies incorporated in British Virgin Islands

Vietjet Air IVB No. I Limited và Vietjet Air IVB No. II Limited

There are no taxes on income or gains in the British Virgin Islands. Accordingly, no provision for British Virgin Islands income taxes is included in these consolidated financial statements.

(iii) Company incorporated in Singapore

Vietjet Air Singapore Pte. Ltd.

Vietjet Air Singapore Pte. Ltd. has an obligation to pay the government income tax at the rate of 17% of taxable profits.

(iv) Company incorporated in Ireland

Vietjet Air Ireland No. 1 Limited

For trading activities, Vietjet Air Ireland No. 1 Limited has an obligation to pay the government income tax at the rate of 12.5% of taxable profits.

35. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2016 was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding of 260,329,178 (2015: 198,589,726 shares), calculated as follows:

(a) Net profit attributable to ordinary shareholders

	2016 VND	2015 VND
Net profit attributable to ordinary shareholders	2,495,640,185,684	1,170,253,353,846

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(b) Weighted average number of ordinary shares

	Number of shares	
	2016	2015
Issued ordinary shares at the beginning of the year	145,000,000	80,000,000
Effect of share dividends issued in 2016	97,850,000	97,850,000
Effect of share dividends issued in 2015	-	20,000,000
Effect of shares issued during the year	17,479,178	739,726
Weighted average number of ordinary shares	260,329,178	198,589,726

36. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	Transaction value	
	2016 VND	2015 VND
Shareholders with significant influence		
Borrowing from HDBank	758,722,469,930	1,123,180,663,833
Interest expense	5,960,878,899	23,386,718,198
Loan to a shareholder	-	30,000,000,000
Interest income	10,663,536,965	25,150,611,112
Service rendered	47,478,830,795	3,871,800,200
Consultancy fees	4,379,100,000	4,218,000,000
Term deposits	1,180,000,000,000	-
Associates		
Expenses paid on behalf	414,042,387,138	120,191,442,366
Service rendered	62,758,730,595	56,800,800,000
Capital contribution	60,000,000,000	-
Executive member of the Board of Management and the Board of Directors		
Salary and compensations	13,109,379,578	12,778,035,334
Other related parties		
Income from investments in corporate bonds	14,841,666,667	9,000,000,000
Revenue from service rendered	265,998,900	-
Proceeds from business co-operation contracts	-	300,000,000,000

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37. Non-cash investing and financing activities

	2016 VND	2015 VND
Share dividends	978,500,000,000	200,000,000,000
Cash dividends offset against shares issued	500,000,000,000	450,000,000,000
Proceeds from disposal of a subsidiary not yet received	-	3,400,000,000

30 March 2017

Prepared by:  Approved by: 



Hoang Manh Ha
Acting Chief Accountant

Lưu Đức Khanh
Managing Director