

***vietjet* Air.com**

Fly with floral dream

ANNUAL REPORT

2018





CONTENTS

CORPORATE INFORMATION

Vision – Mission	5
Commitment about the truth and accuracy of the 2018 annual report	6
Introduction about business activities	8
Key highlights in 2018	10-11
Awards	12-13

OVERVIEW

Corporate information	16-17
Our history and development	18-19
Business activities	20
Business model	22-23
Organizational chart	24-25
Introduction about members of the Board of Directors, Board of Management and the Board of Supervisors	26-31
Information about shareholders	32-33
Message from the Chairwoman	34-35
Message from the President and CEO	36-37
Strategy overview	38-43

REPORT OF THE BOARD OF MANAGEMENT

Report on business results	46-47
Development in flight network, aircraft fleet and passenger volume	48-49
Achievements	50-51
Financial performance (consolidated)	52-61

Investment and finance	62
Products and services	64-67
Safety, security and quality assurance (SSQA)	68
Engineering and maintenance	69
Human resources - Training	70-71
Supply chain management	71
Report on new improvements in corporate management	72
Report on responsibility towards the environment and society	73
Objectives and action plans in 2019	74-81

ENTERPRISE ADMINISTRATION

Reports of the board of directors and committees	84-87
Report of the committees under the Board of Directors	88-91
Report of the Board of Supervisors	92-94
Report on internal audit	96-97
Report on salary and remuneration	98-99
Ownership percentage of internal shareholders	100-101
Report and analysis of corporate governance on management scorecard	102-112

SUSTAINABLE DEVELOPMENT REPORT

Strategic approach and management framework for sustainable development	116-117
Engagement of related parties and materiality assessment	118-122
Report on the efficiency of sustainable development activities on sectors	
Economic efficiency and sustainable growth	123-124
Product and service responsibility, quality assurance	125-127
Environmental impact management	128-130
Human resource development	131-136
Community development investment	137-141

CONSOLIDATED FINANCIAL STATEMENTS	142-200
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*Fly high and far
over the world*

VISION

To become a global airline group with an extensive regional and worldwide flight network, providing not only airline services but also consumer services across advanced e-commerce platforms; a trusted and highly prestigious brand in the eyes of travelers all over the world.

MISSION

- ▶ To continuously expand our flight network nationally, regionally and globally;
- ▶ To bring innovation to airline services;
- ▶ To make air travel the most popular form of transportation for Vietnamese and all people around the world;
- ▶ To bring happiness and satisfaction to our customers by offering outstanding services, always with a friendly smile.

COMMITMENT ABOUT THE TRUTH AND ACCURACY OF THE 2018 ANNUAL REPORT

Vietjet's 2018 Annual Report was not only in compliance with the Circular 155/2015/TT-BTC of the Ministry of Finance regarding information disclosure on securities market but also in accordance with international standards and best practices related to the industry/businesses, corporate governance and sustainable development standards following OECD, ACGS, VCGS and GRI, as well as in reference to the criteria of the Vietnam Sustainability Index (VNSI). The financial statements attached to Vietjet's Annual Report have been prepared in accordance with the Vietnamese Accounting Standards (VAS), the Vietnamese accounting policy for enterprises and legal regulations related to the preparation and presentation of Financial Statements. Vietjet's financial statements have been audited by KPMG-Branch in Ho Chi Minh City. The audited unqualified opinion implies that the report and financials disclosed by Vietjet demonstrate a high level of assurance. When meeting and complying with the above standards, the annual report expresses Vietjet's commitment to truthfulness, transparency and accountability to stakeholders on performance in key areas. The implementation and collection of data for the report are assisted and advised by PwC Vietnam Co., Ltd.



INTRODUCTION ABOUT BUSINESS ACTIVITIES

We, Vietjet Aviation Joint Stock Company (referred to as Vietjet), are proud to be New Age Airline with a modern fleet and have significantly contributed to the travel needs of tens of millions of customers and become a favorite airline in the country and in the region.

Aiming to be a consumer airline, Vietjet not only provides transport services but also offers a diversity of products and services for passengers through utilities and user-friendly technology applications. This is an advanced development trend all over the world through which Vietjet promises to better meet the customers' demand for smart consumption.

Expanding international flight network and improving service quality are Vietjet's key development strategies. The airline is currently offering a route network in Vietnam and other regional countries such as Singapore, Thailand, Myanmar, Malaysia, Cambodia, Japan, Hong Kong, China, Korea, Taiwan, etc. and continuously affirms the brand of New Age Airline in international markets.

With the goal of bringing the world to Vietnam and bringing Vietnam to the world by providing flying opportunities to various customers, Vietjet always gives customers diverse selections with interesting and impressive flying experience.

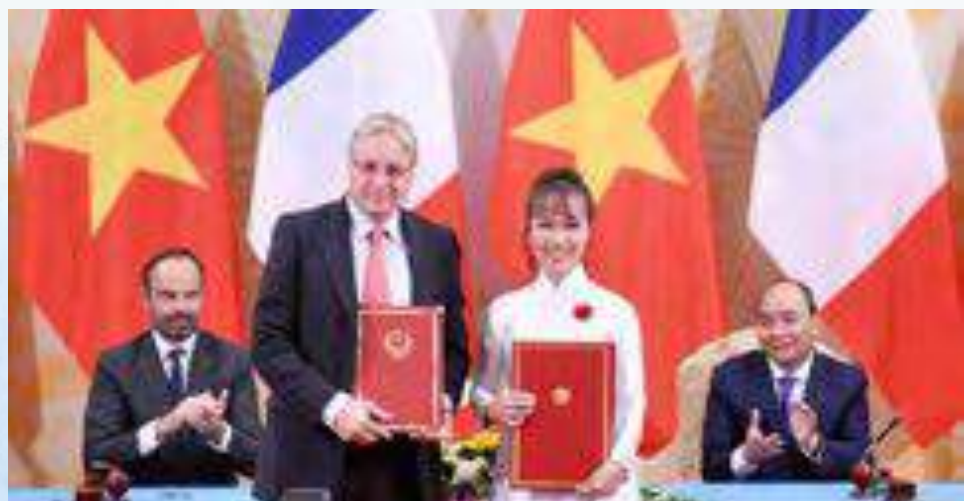
In 2018, Vietjet won impressive and prestigious international awards in the domestic and regional markets such as: The Third-grade Labor Medal, ranked 22nd among the world's 50 best airlines for healthy financing by Airfinance Journal, Top 50 listed companies in Vietnam, named by Forbes Magazine as one of the 40 most valuable brands in Vietnam, Top 50 highest dividend payers in the market, Vietnam's 50 Best – performing Companies, Top 100 Vietnam Best Places to Work 2017, Asia's Best Flight Attendant Wardrobe, etc.

Vietjet has also contributed to the Vietnamese stock market's spectacular growth: Vietjet's stock (HOSE code: VJC) was officially listed on the Ho Chi Minh Stock Exchange (HOSE) in February 2017 and quickly joined in VN30 index since 22 January 2018. The current market capitalization value of the company reached over VND66,000 billion (equivalent to nearly US\$3 billion), in the top ten companies that have the largest capitalization in the market.



KEY HIGHLIGHTS IN 2018

- Signed MOU (Memorandum of Understanding) and contract to order 100 new Boeing aircraft and 50 new Airbus aircraft at Farnborough International Airshow;
- Signed a contract for 50 additional Airbus aircraft and MOU for long-term engine support service;
- Signed USD7.3 billion agreements with Safran - CFM, GECAS in France;
- Completed Phase one construction of Vietjet Aviation Academy in partnership with Airbus and put it into operation in Quarter III/2018. Vietjet Aviation Academy is equipped with full flight simulators and modern devices to enhance the effectiveness of training, quality and stability, reduce time and training costs.
- Signed an agreement to open a direct route connecting Vietnam and Australia at Sydney, Australia;

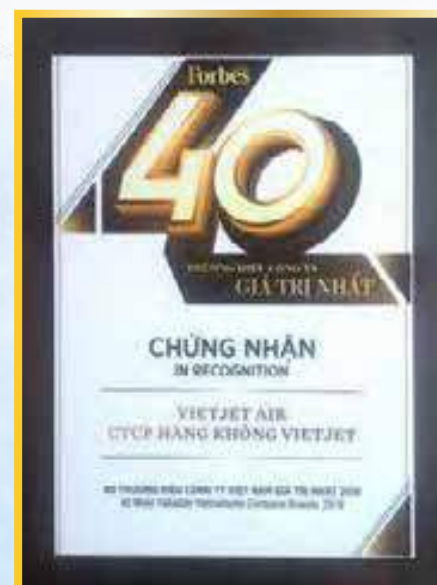
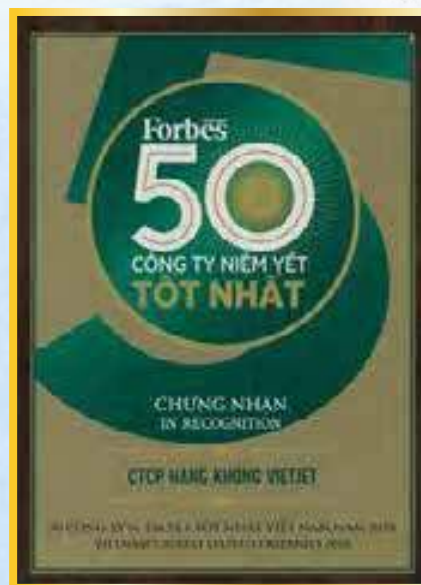


- Launched Vietjet's first ever flight connecting Vietnam and Japan, linking Ha Noi with Osaka on November 8 and Ho Chi Minh City with Osaka on 14 December 2018;
- Vietjet's President and CEO attended and gave an inspirational speech at World Economic Forum on ASEAN 2018;
- Vietjet's President and CEO Nguyen Thi Phuong Thao was the only female entrepreneur who represented for Vietnam to attend Forbes Global CEO Conference held by Forbes.



AWARDS

- Received the Third-class Labor Medal from the State President on 27 January 2018;
- Won Best Ultra Low-Cost Airline Award for two consecutive years;
- Ranked 22nd among the world's 50 best airlines for healthy financing by Air Finance Journal, a market leading financial publication of the global aircraft and aviation business;
- Received Pioneering Airline Award at the Guide Awards 2018;
- Awarded the highest ranking for safety with seven stars by AirlineRatings.com;
- Won the Top Airlines by Absolute Passenger Growth in Southeast Asia at Changi Airline Awards 2018;
- Honored with Asia's Best Flight Attendant Wardrobe at NOW Travel Asia Magazine;
- Honored as The best customers' choice airline award at award ceremony of Cool Product Awards 2018;
- Named by Forbes Magazine as one of the 40 most valuable brands in Vietnam;



- Vietjet's President and CEO Nguyen Thi Phuong Thao was listed as one of Forbes' Top 100 most powerful women of the world for three consecutive years;
- Vietjet's President and CEO Nguyen Thi Phuong Thao was honored among Top 50 global leaders in 2018 by Bloomberg;
- Vietjet's President and CEO Nguyen Thi Phuong Thao was the most successful female entrepreneur in Vietnam and ASEAN;
- Recognized as one of 100 biggest tax payers in Vietnam;
- Named Vietnam's Best Place to Work at the 9th Asia's Best Employer Brand Awards in Singapore;
- Named among Top 50 listed companies in Vietnam by Forbes;
- Top Ten Sustainable Development Businesses as recognized by Vietnam Economic Times' Editorial Board and readers.



OVERVIEW





CORPORATE INFORMATION

CORPORATE INFORMATION

- **English name:** VIETJET AVIATION JOINT STOCK COMPANY
- **Abbreviated name:** VIETJET., JSC
- **Trade name:** VIETJET AIR
- **Business code** No. 0102325399 issued by Ha Noi Department for Planning and Investment 23/07/2007, the 27th amendment was made on 01/08/2018
- **Air Transport Business License** No. 04/2016/GPKDVCHK dated 30/12/2016
- **Charter Capital:** VND5,416,113,340,000
- **Total common shares:** 541,611,334 shares (Five hundred forty-one million, six hundred eleven thousand, three hundred and thirty four shares)
- **Listing day on the Ho Chi Minh Stock Exchange (HOSE):** 28 February 2017
- **Stock code:** VJC
- **Fiscal year:** 31 December
- **External auditor:** KPMG Branch in Ho Chi Minh City – Vietnam

Contact

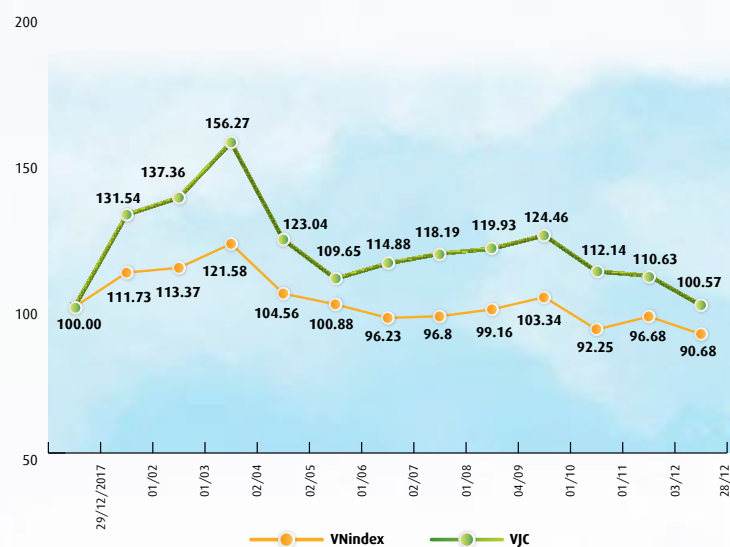
- **Head Office:** 302/3, Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District, Ha Noi, Vietnam
- **Operating Office:** 8th Floor, CT Plaza, 60A Truong Son, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam
- **Tel:** (84-24) 7108 6668
- **Fax:** (84-24) 3728 1838
- **Website:** www.vietjetair.com
- **Website for shareholders:** www.ir.vietjetair.com
- **Email:** ir@vietjetair.com

Information of Vietjet's shares – Stock code VJC:

DOMESTIC TRANSACTION 2018 (VOL, PRICE)



COMPARING PRICE CHANGE OF VJC AND VN INDEX



Yearly dividend policy

	2017	2018
Dividend	60%	55%
By Cash		
+ Percentage	40%	20% (advanced)
By Stock		
+ Percentage	20%	

	Closing date	Percentage	Type	Description	Notes
1	10/05/2017	10%	Cash	Dividend payment 2/2016	Paid on 30/05/2017
2	07/2017	20%	Cash	Dividend payment 1/2017	Paid on 15/08/2017
3	23/01/2018	10%	Cash	Dividend payment 2/2017	Paid on 07/02/2018
4	10/05/2018	10%	Cash	Dividend payment 3/2017	Paid on 25/05/2018
5	06/09/2018	20%	Cash	Dividend payment 1/2018	Paid on 19/09/2018



OUR HISTORY AND DEVELOPMENT

- Vietjet Aviation Joint Stock Company (Vietjet) was established on 23 July 2007; business license number 0103018485 issued by the Planning and Investment Department of Ha Noi.
- Vietjet is the Vietnam's first private airline which was granted operations permit and an Air Operator Certificate for domestic and international flights.
- Aiming to safe flights with internationally recognized service quality, within four years Vietjet focused on the preparation of resources, systems and finance to ensure sustainable business development, contribute to the development of aviation and tourism industries as well as economic growth in the region.
- Since the first commercial flight, Vietjet has achieved important milestones in the journey of conquering the sky and bringing innovation to the world's aviation industry.



2007

- Obtained an Air Operator Certificate no. 01/0103018458.

2011

- Launched the first commercial flight from Ho Chi Minh City to Ha Noi on 24 December.

2012

- Launched Vietjet's new slogan "Enjoy Flying". Expanded domestic flight network to seven new destinations including Vinh, Da Nang, Nha Trang, Da Lat, Phu Quoc, and Hai Phong.

2013

- Implemented ForYourSmile program for customer services quality management.
- Inaugurated the first international route from Ho Chi Minh City to Bangkok (Thailand).
- Inaugurated four new domestic routes and two new destinations including QuyNhon, and Buon Ma Thuot.

2014

- Signed a MOU to purchase 100 Airbus aircraft at Singapore Airshow.
- Signed an agreement to purchase 100 aircraft with one of the largest aircraft manufacturer Airbus.
- Received the first aircraft from the firm order placed to Airbus.
- Launched Vietjet Cargo Joint Stock Company.
- Launched Thai Vietjet Joint Stock Company.
- Inaugurated five new domestic routes and two new destinations including Thanh Hoa, and Can Tho.
- Inaugurated three new international routes to Singapore, South Korea, and Taiwan.



2015

- Inaugurated Vietjet Training Center.
- Achieved IATA Operational Safety Audit certificate from International Air Transport Association (IATA).
- Inaugurated nine new domestic routes and three new destinations including Dong Hoi, Chu Lai, and Pleiku.
- Inaugurated two new international routes and one new destination to Yangon (Myanmar).

2016

- Signed an agreement to establish an Airbus Training Center in Vietnam.
- Signed a contract with Boeing to purchase 100 B737 MAX 200 Aircraft.
- Signed a contract for purchasing 20 new A321 CEOs and NEOs from Airbus.
- Officially became a member of International Air Transport Association (IATA).
- Inaugurated nine new domestic routes and two new destinations including Can Tho, and Hue.
- Inaugurated international routes to new destinations including China, Taiwan, South Korea, and Malaysia.

2017

- Listed company's shares on Ho Chi Minh Stock Exchange (HOSE).
- Groundbreaking Ceremony of construction of Vietjet Aviation Academy project.
- Attended APEC Da Nang Summit.
- Inaugurated new routes to increase the total number of domestic routes to 38.
- Inaugurated new international routes to many destinations in Thailand, China, Cambodia, Taiwan, South Korea, Myanmar increasing the total number of international routes to 44.

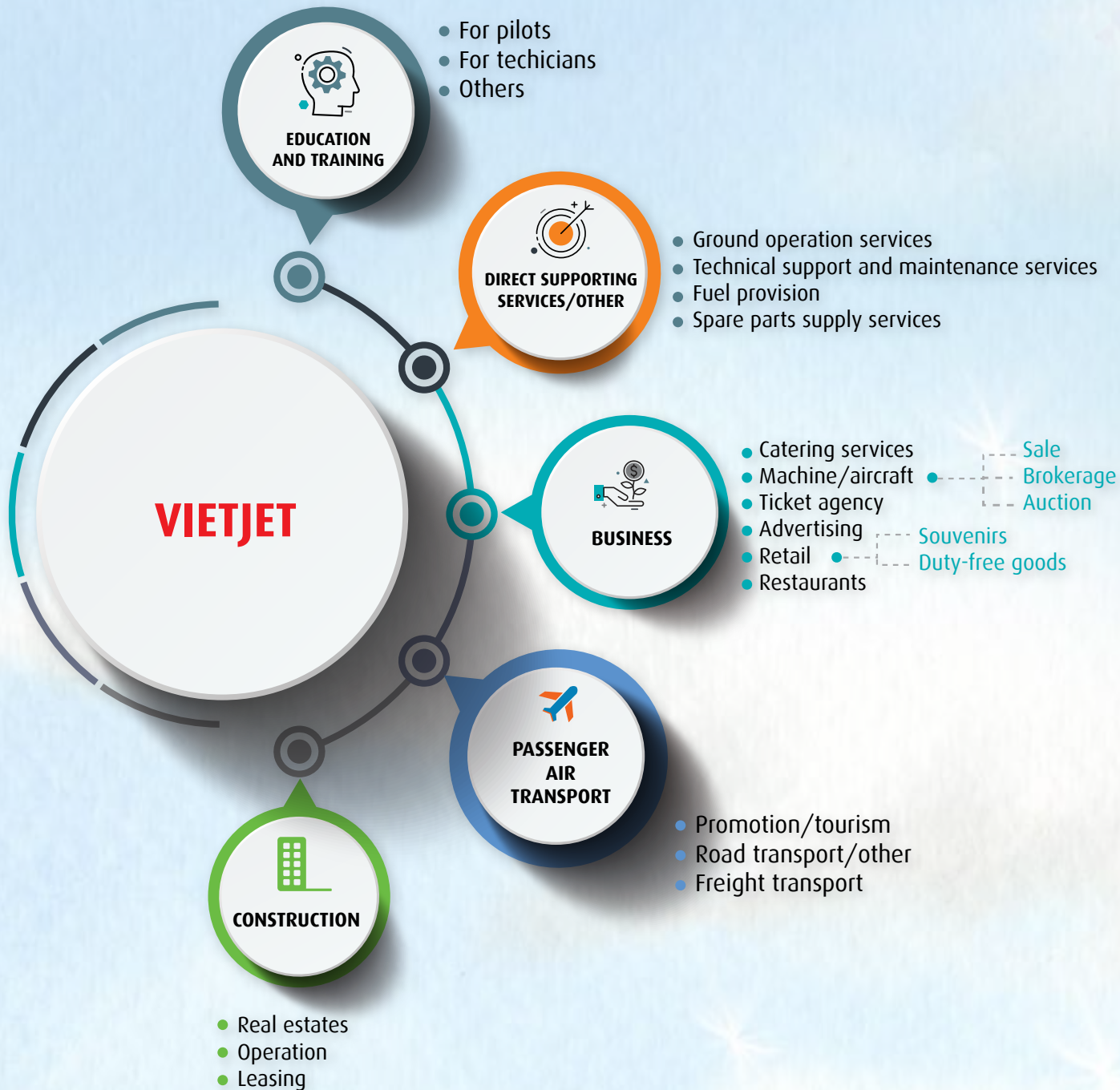
2018

- Opened flight routes to Tokyo and Osaka, Japan.
- Vietjet carries out 118,923 flights with 105 routes including 39 domestic routes and 66 international routes, covering destinations in Vietnam and Japan, Hong Kong (China), Singapore, South Korea, Taiwan (China), Thailand, Myanmar, Malaysia, Cambodia, China etc.
- Vietjet's passenger air transport volume reached more than 23 million in 2018.

BUSINESS ACTIVITIES AND MODEL

BUSINESS ACTIVITIES

The business activities of Vietjet focus on five categories:





BUSINESS MODEL

Vietjet is based on the low-cost airline business model with specific features such as point-to-point flight, focusing on operating short-haul routes with high frequency, focusing on cost control and web-based distribution channel. To create a difference in the quality of products and services provided to customers, Vietjet continuously makes innovation and has succeeded in building a New Age Airline model: low cost but with superior service quality to meet industry 4.0 and serve the needs of diverse customers.



Key partners

Establishing a close and balanced business relationship with two leading aircraft manufacturers, Airbus and Boeing, through large purchase orders with a total of 371 new generation aircraft.

Suppliers in the aviation value chain: companies operating in aircraft lease, airports, aviation service providers (ground serving, air servicing, maintenance center), travel agent, shipping services.

Shareholders, investors, domestic and foreign financial institutions with strong finance have accompanied Vietjet in takeoffs and its vibrant development.

Key activities

Provision of passenger transport services. Vietjet is always a pioneer in developing new domestic and international routes, a wide network of routes to the regions of South-East Asia and North-East Asia. The aviation services have shown a strong annual growth rate and is the core services as prescribed in the airline's orientation plan from the first day of establishment until now.

Key resources

Aircraft: New and modern aircraft fleet with an average age among the youngest in the world.

Staff: A total of 3,850 qualified, outstanding, experienced, young, dynamic and enthusiastic employees.

Techniques and technology: It is Vietjet's breakthrough when using advanced technology as a competitive edge in the market. Vietjet is currently using advanced software solutions for flight management, and operation. It also builds a platform for e-commerce and will continue to invest in developing ERP solutions for corporate administration and operation under the E-Company model.



Value propositions

Vietjet is keen on its brand positioning as a New Age Airline: offering competitive fares with products and services of outstanding quality, demonstrating core values: **Safety – Fun and Friendly – Affordable price – Punctuality**. Vietjet’s mission is to make air travel become the popular means of transportation in Vietnam and in the world, and bring innovation to aviation services.

Channels

Online channels (websites, mobile booking application etc) are key channels that show the highest growth rate and take the largest proportion of revenue in Vietjet’s sales channels. The distribution system includes agents and general sale agents located both within the country and abroad.

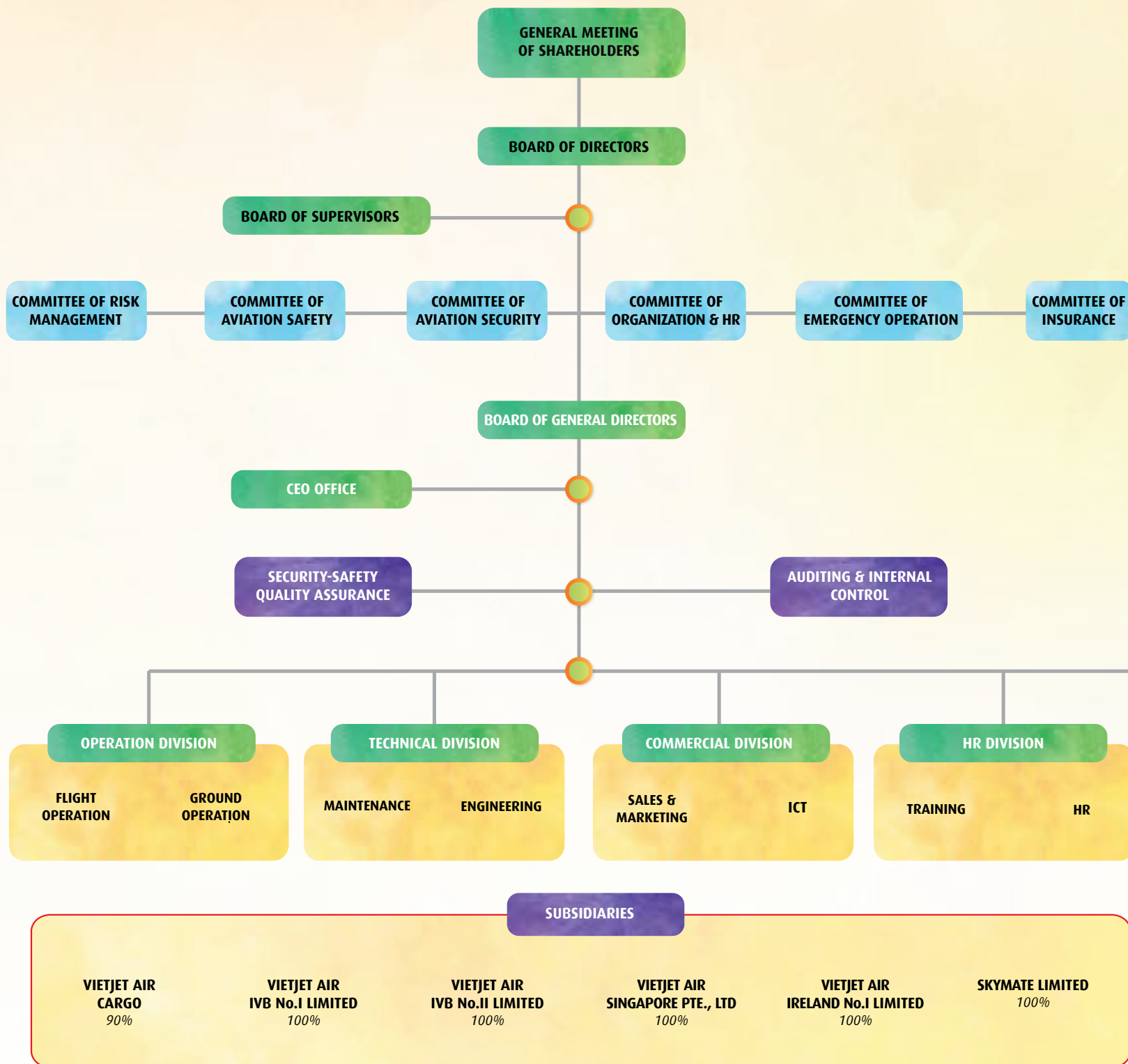
Customer segments

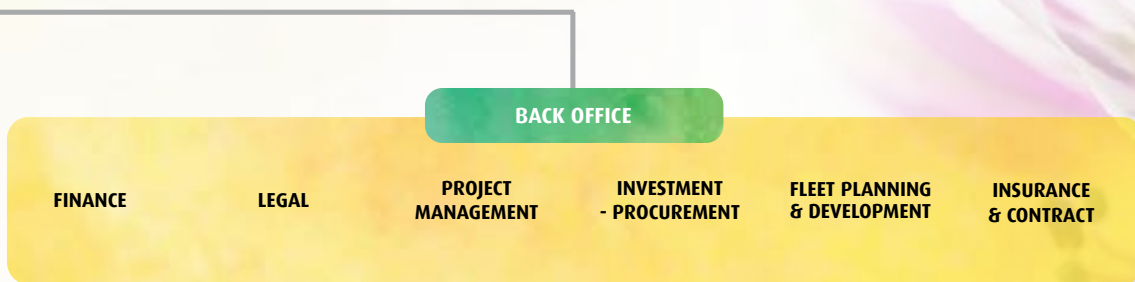
By absolute advantage of air travel, Vietjet has successfully attracting new customer group from other transportation mode (bus, rail, etc). 30% of Vietjet’s passenger is first time air travellers.

Cost structure As a low-cost carrier, cost control is always an important goal to create competitive advantages against other competitors in the industry. Major expenses for Vietjet are fuel, aircraft rental, flight operation, ground handling, maintenance and technical expenses, taking a large proportion of its cost structure. Vietjet’s Cost per Available Seat-Kilometer (CASK) is currently the best in class, capable of competing with well-known airlines both regionally and globally.

Revenue stream Vietjet’s major stream of revenue comes from passenger transportation, charter flights and aircraft wet lease, air freight and other activities, including revenue from ancillary activities such as providing luggage services, seat selection, hot meal services, duty-free goods, in-flight advertising. Ancillary revenue with good profit margin, which is seen as one of the significant sources of revenue in the next stages of growth. Vietjet also has strategies to provide passengers with diverse in-flight services in order to increase ancillary revenue per passenger and increase the proportion of ancillary revenue in total annual revenue.

ORGANIZATIONAL CHART





INTRODUCTION ABOUT MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND THE BOARD OF SUPERVISORS

BOARD OF DIRECTORS

Madame NGUYEN THANH HA

Madame Nguyen Thanh Ha is one of the founders and was appointed Board Chairwoman in 2007. She is an expert with 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 and Investment Department in 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 Economic University and a Master's Degree in Economics.

Mr NGUYEN THANH HUNG

Mr Nguyen Thanh Hung has been appointed Vice Chairman of the Board of Directors (BOD) since July 2007. Mr Hung is the Co-Founder and Chairman of Sovico. Dr. Hung was honored as Young Global Leader at the Davos World Economic Forum in 2007. He is also a member of Asia-Pacific Economic Cooperation (APEC) Business Advisory Council (ABAC Vietnam) which is appointed by Vietnamese Prime Minister in 2006. Dr Hung holds a Bachelor of Science in Electrical Engineering at Kharkov University and a PhD in Cybernetics at the Russian Academy of Sciences.

Madame NGUYEN THI PHUONG THAO

Madame Nguyen Thi Phuong Thao is the founder from 2002. She was appointed Vice-Chairwoman of the BOD in 2007. She is also the Company's President and CEO. She has had many successes in business and is an experience leader in Vietnam and abroad, especially in the banking-finance sector. She was also a Founder and a member of the BOD of several commercial banks in Vietnam prior to joining the Ho Chi Minh City Development Joint Stock Commercial Bank (HD Bank) as Standing Vice Chairwoman of the BOD, where she helped develop HD Bank to become one of Vietnam's leading commercial banks during her tenure.

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

Mr LUU DUC KHANH

Mr Luu Duc Khanh was appointed a member of the BOD cum Managing Director from 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 with a Bachelor's degree in Economics at the University of Economics HCMC and an MBA from New England University in Australia.

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. MrCuong 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 the banking and finance, insurance field. 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 graduated with an MBA from Massachusetts Institute of Technology in the United States, in addition to a Master's degree in International Business from Sussex University in the United Kingdom. He holds a Bachelor's degree in Economics from Khaccop University (former Soviet Union).

Mr DINH VIET PHUONG

Mr Dinh Viet Phuong has been the 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; and Deputy General Director of Sovico, Deputy General Director and member of the BOD of Vietnam Motors Industry Corporation – the Ministry of Transport; member of the BOD of Petechim JSC – Petro Vietnam. He holds an engineering degree from the Vietnam Maritime University. He graduated with an MBA degree from Centre Franco-Vietnamien de formation à la Gestion (France) and a PhD in transportation from the Moscow State Academy of Water Transport.



BOARD OF MANAGEMENT

Mr TO VIET THANG

Mr To Viet Thang is Vice President of the Company and Director of the Safety Security Quality and Assurance Department (SSQA) responsible for the safety of flight, ground operations, and the implementation, maintenance of the Company's safety and quality program. He is the project leader for the Company's IOSA certification process and a Member of IATA. He has nearly 20 years of work experience in the aviation industry including for 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 of IATA, Lufthansa and AQS relating to aviation safety and security, airlines management and quality assurance management.

Mr NGUYEN DUC THINH

Mr Nguyen DucThinh is the Company's Vice President in charge of the technical and maintenance department. He is Director of the engineering division, which comprises store and supply, planning and maintenance, with responsibilities including purchase of aircraft, reviewing aircraft leasing contracts, planning maintenance, planning production and production control. MrThinh has 30 years of experience working in the airline engineering industry and 25 years of experience in aircraft overhaul and line maintenance with Vietnam Airlines. From 1993 to 2014, MrThinh served as Vietnam Airline's deputy director of the technical department. By the management of Mr Nguyen DucThinh, technical department was awarded excellent with technical reliability reached to 99.57%, the highest reliability of A320 / A321 of the airline in Asia Pacific. He received a Master's degree in Civil Aviation Engineering, an MBA and IATA certificates relating to airline engineering.

Mr LUONG THE PHUC

Mr Luong The Phuc joined the Board of Management in December 2011. He is the Company's Vice President in charge of flight operations with more than 30 years of experience in the aviation industry. Before joining the Company, MrPhuc served in the Vietnam Air Force and was Director of Vietnam Air Force Academy. He also worked for 16 years at Vietnam Airlines during which he was Standing Vice President. He was Chairman of Pacific Airline for ten years. He was educated as a Military Pilot from the Military Pilot Training school in the former Soviet Union. He obtained a graduate degree in Directorship from the Defence Academy, a Bachelor's degree in Business Administration from Ho Chi Minh City University of Economics and graduate training from the INSEAD business school.

Ms HO NGOC YEN PHUONG

Ms Ho Ngoc Yen Phuong is a Vice President cum Chief Financial Officer of Vietjet. She has more than 20 years of leadership experience in financial and accounting field at many reputable international corporations in different industries, such as Oil and Gas, Telecommunication, Industrial production, etc. Especially Ms Phuong has great experience in treasury and cash management, M&A, financial management, accounting and internal audit. She acquired a Master's degree in International Finance and Accounting from Swinburne University, Australia.

Mr NGUYEN THANH SON

Mr Nguyen Thanh Son is a Vice President who leads the commercial activities of the Company, including product creations, sales and distribution, marketing and communications, as well as revenue management. Mr Son was appointed as Vice President of Commerce as of 1 April 2018. He has had more than 20 years of experience in commercial activities at both international and domestic airlines. Mr Son obtained an MBA from the University of Economics Ho Chi Minh City.

Ms NGUYEN THI THUY BINH

Ms Nguyen Thi Thuy Binh is a Vice President of the Company, who in charge of commercial developing, market expansion and brand value development strategies of the Company in both domestic and international markets. She has many years of experience working in the communications industry and successfully launched the annual activities of the Global Mobile Marketing Association in Vietnam since 2012, contributing to the development of modern media in Vietnam. In 2008, MsBinh served as Jetstar Pacific's Chief Commercial Officer. MsBinh obtained a Bachelor's degree in Russian and English interpretation from Hanoi Foreign Language University, a Bachelor's degree in Electronics and Telecommunications Engineering at Hanoi Polytechnical University and an MBA from Vietnam – Belgium Co-operation Program of National Economic University and UniversitéLibre de Bruxelles.

Mr TRAN HOAI NAM

Mr Tran Hoai Nam was appointed Vice President of the Company in 2015, in charge of aircraft financing and other financial market related businesses for the company. He was appointed 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 HD Bank and is in charge of developing and managing large corporate clients as well as developing businesses between HD Bank 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 Vice President at Vietnam Airlines for 11 years, Head of the Information Technology department at CAAV, Deputy Head of the Technical Materials Department at CAAV. Mr Tam holds an Aviation Engineer degree at Harbin Military Engineering Institute (China), a Bachelor's degree in English from Hanoi University of Foreign Languages Teachers, an aircraft type-rating certificate from Ulianop Aviation School (Soviet Union) and other certificates in airworthiness and airline engineering.



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Mr DO XUAN QUANG

Mr Do Xuan Quang is Vice President of Vietjet and CEO of Vietjet Air Cargo - a subsidiary under Vietjet specializing in air cargo and air freight. MrQuang has experienced in more 27 years in the air cargo and air freight industry. He is an expert in air freight forwarding and logistics. He was the Chairman of Vietnam Logistics Business Association (VLA) from 2010- 2015 and now is Vice Standing Chairman of VLA. MrQuang was elected as Chairman of

ASEAN Freight Forwarders Association (AFFA) from 2012-2015. MrQuang had successfully build up Vector Aviation company and CEO this company from 2004-2014 before joining Vietjet in August 2014. Vector Aviation have been representing as General Sales and Services Agency (GSSA) in cargo and passenger service for more than 52 international airlines in Vietnam, Indochina and South-East Asia. From 1994-2000 MrQuang was airfreight director of

Vinatrans group of companies under Ministry of Trade. He was appointed as executive vice president of Vinafreight from 2000-2004 and Chairman of this company from 2009-2014. Mr Do Xuan Quang holds a Bachelor Degree from Law faculty of Kishinev University (USSR) in 1989, a Master's degree in Law from the National Institute of State and Law, Hanoi in 2002 as well as an MBA from Maastricht School of Management, the Netherlands, in 2004.

BOARD OF SUPERVISORS

Ms Tran Duong Ngoc Thao Head of the Board of Supervisors

Ms Tran Duong Ngoc Thao was elected Head of the Board of Supervisors of the Company for the term 2017 - 2022. She is also currently a member of the Board of Supervisors of Saigon Ground Services Joint Stock Company and Cam Ranh International Airport Joint Stock Company. She has vast experience in aviation internal auditing, corporate finance advisory, restructuring and M&A. She has an MBA from the Asian Institute of Technology, a Master's degree in European Business from EM Lyon-France business school, certificate of Quality Management System for airlines; IATA Aviation Internal Audit and IATA Lead Auditor certificates.

Ms DOAN THU HUONG Member of the Board of Supervisors

Ms Doan Thu Huong is a member of the Board of Supervisors of the Company for the term 2017- 2022. She is currently Chief Accountant of Vinh Tri Trading Company Limited in 2016. She is also a member of the Board of Supervisors of Sai Gon Vi Na Real Estate Joint Stock Company. Previously, she held positions in accounting and finance departments of several companies operating in various sectors, ranging from technology to pharmacy. She has many years' experience as Chief Accountant for a construction company. She has a Bachelor's degree in accounting from the Hanoi University of Finance and Accountancy, as well as other professional qualifications such as Chief Accountant Qualification from the Hanoi University of Economics.

Mr PHAM VAN DAU Member of the Board of Supervisors

Mr Pham Van Dau is a member of the Board of Supervisors of the Company for the term 2017 - 2022, he has more than 15 years' experience in finance and banking. He is also currently appointed as Chief Financial Officer of Ho Chi Minh City Development Joint Stock Commercial Bank.

He has a thorough knowledge of credit, accounting, finance, capital management and planning. He is the person in charge of the HD Bank financial department. His role is not only ensuring the capital resource is effectively used but also elaborating detailed plans for the future development of HD Bank. He received a Master's degree in Economics from the University of Economics of Ho Chi Minh City.

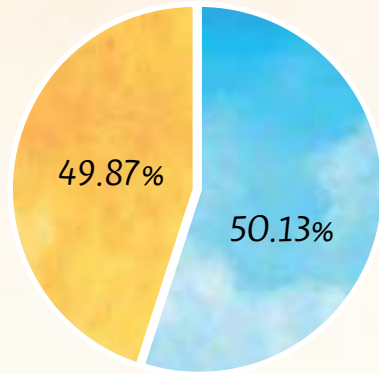




INFORMATION ABOUT SHAREHOLDERS

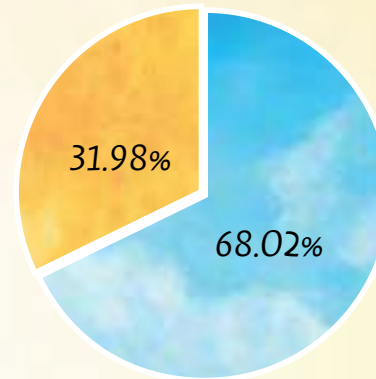
SHAREHOLDER STRUCTURE

Classified by nature



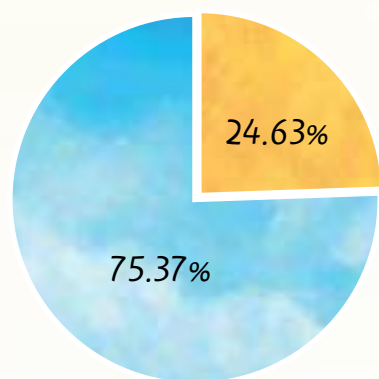
■ Major shareholders
 ■ Other shareholders

Classified by type



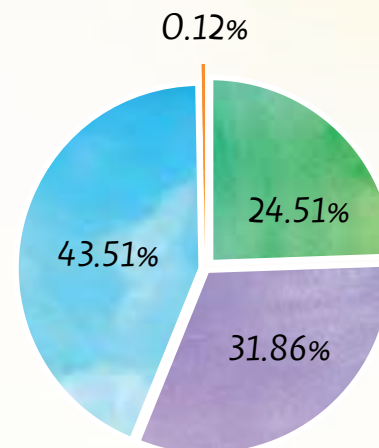
■ Enterprise
 ■ Individual

Classified by territory



■ Local
 ■ Foreign

Classified by group of shareholder



■ Local enterprise
 ■ Foreign enterprise
■ Local individual
 ■ Foreign individual

LIST OF MAJOR SHAREHOLDERS AS AT 31 DECEMBER 2018

	SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
1	Sunny Huong Duong Investment Co., Ltd.	154,740,160	28.57%
2	Madame Nguyen Thi Phuong Thao	47,470,914	8.76%
3	Sovico JSC	41,106,000	7.59%
4	Ho Chi Minh City Development Joint Stock Commercial Bank	26,809,020	4.95%





MESSAGE FROM THE CHAIRWOMAN



I strongly believe that, from 2019 onwards, with a new and modern fleet, energetic and professional team plus strong devoted leadership, Vietjet will continue to scale new heights in its journey, bringing tremendous value to our shareholders, investors, local communities and relevant stakeholders.

Dear Shareholders and Investors,

With the significant changes happening in the aviation industry both in Vietnam and the global market, Vietjet with its core business of providing low cost air transport services, has demonstrated strong financial and operational performance, despite significant challenges in year 2018.

Vietjet achieved a consolidated revenue of VND 53,577 billion and a pre-tax consolidated profit of VND 5,816 billion. Vietjet transported 23.06 million passengers, operated a fleet of 64 aircraft connecting 105 domestic and international routes, and delivering a total of 118,923 safe flights – all of which was possible thanks to the joint efforts and devotion of the whole Vietjet team.

It is worth observing that in eight years of its growth story, Vietjet has transformed the aviation industry with many innovations, delivering sustainable values to our investors and partners, tangible benefits to communities, positive impact on the management, and a new cohesive aviation ecosystem benefitting other airlines too. We have introduced a host of revolutionary changes ever seen in Vietnam's aviation industry. Vietjet's success story is widely shared among airlines and showcased in regional forums, giving Vietjet and Vietnam a strong global footprint in the aviation industry.

Vietjet's success has sparked excitement and determination among investors in air transport, clearing up their concerns and skepticism back in the time the company entered the transport industry.

In 2019, in addition to the annual target of 20% growth in passenger, 23% increase in number of flights, an 19% fleet growth to a larger regional and global coverage, Vietjet continued to bring Flying Dreams to its investors and passengers via safe flights with

constantly improving service quality to live up to its current position in the market.

Working to share sustainable values, Vietjet's team will advance its mission, thereby fulfilling the company's social responsibility, promoting environmental protection, caring for disadvantaged people, and offering artistic and cultural programs for local children and others. Various meaningful community activities and social charity campaigns nationwide and abroad have been integrated into Vietjet's 2019 agenda.

I strongly believe that, from 2019 onwards, with a new and modern fleet, energetic and professional team plus strong devoted leadership, Vietjet will scale new frontiers in its journey, bringing tremendous value to our shareholders, investors, local communities and relevant stakeholders.

We look forward to receiving your continued support and companionship for our journey ahead so the values and spirit of Vietjet's Fly with Floral Dream 2019 will be more radiant and impressive than ever.

Yours faithfully,

NGUYEN THANH HA
CHAIRWOMAN

MESSAGE FROM THE PRESIDENT AND CEO

Dear Shareholders and Investors,

2018 marks another year of Vietjet's leading position in the domestic market. Though facing lots of pressures and challenges to stay in such a position, being an industry leader is always the dream of any ambitious enterprise. By the end of 2018, Vietjet operated 64 airplanes, had the youngest airplane fleet, with an average age of 2.82 years, and became the second most valuable airline in Southeast Asia by market capitalisation.

The Government's efforts to promote private sector in all areas pushed the national GDP growth rate of 7.08% in 2018 and continued to spur economic growth, was partially attributed by leaders in private sector like Vietjet. The innovation of the New Age Airline has been, and will continue to be, fuelling the national and global economy.

Up to now, Vietjet has served 23.1 million passengers, carried 118,923 flights, developed a flight network of 39 domestic routes and 66 international routes, with a load factor of 88.06%, technical reliability of 99.64% and safety indicators for flight and ground services, e.g. as on-time performance (OTP) of 84.2%. Vietjet posted a consolidated revenue of VND 53,577 billion, consolidated profit before tax of VND 5,816 billion, in which air transport revenue grew to VND 33,779 billion, up by 49.8% and profit before tax from air transport growing to VND 3,045 billion, up by 48.9%.

These are highlights in Vietjet's business operations; however, behind these remarkable figures is the story of Vietjet's dedicated staff who are energetic and persistent in pursuing their goals, with a deep pride in their profession and bringing flying opportunities to millions of people.

Vietjet's demonstrated the strongest financial performance in the past few years with total consolidated assets as of 31 Dec 2018 reaching VND 39,086 billion, of which long-term assets reached VND 20,007 billion, up by 43%, and a cash balance of VND 7,165 billion as a result of business accumulated growth, effective corporate governance, and highest service quality built upon high-tech and advanced technology.

Dear Shareholders,

In 2019, Vietjet will continue its pursuit of the Fly with Floral Dream journey. It is our dream to become a global airline group and embrace the whole world, with the highest safety, reliability and service quality commitment. We will continue to focus on developing an international flight network, conquering new skies and spreading our wings to the world.

Additionally, it is our target to maintain and expand the domestic market through implementing KPI management programs to improve operational efficiency. We are also expediting projects to build some hangars across the country, one of the final pieces to increase technical know-how and skill set within Vietnam.

By taking strategic steps to become an international low-cost airline, supported by digital technology and e-commerce, Vietjet is expected to be not only an airline but also a consumer solution provider.

2019 opens up new opportunities and challenges, especially against the backdrop of Vietnam's robust development. Together with our shareholders, Vietjet will make the floral dream come true, to conquer new skies and send out wishes and beliefs in a bright future, where we save the best for our passengers, for our staff, and for Vietjet's shareholders and investors.

With my utmost joy, I proudly accompany all Vietjet staff, pilots, attendants, among others, in furthering our Fly with Floral Dream journey to conquer new wonders, to make a miracle, to fulfill the commitments and aim for Vietjet to become a favorite global airline.

Yours faithfully,



NGUYEN THI PHUONG THAO
PRESIDENT AND CEO



“

With my utmost joy, I proudly accompany all Vietjet staff, pilots, attendants, among others, in furthering our Fly with Floral Dream journey to conquer new wonders, to make a miracle, to fulfill the commitments and aim for Vietjet to become a favorite global airline.



STRATEGY OVERVIEW

CONTEXT

According to statistics from Euromonitor, Vietnam's aviation market has the highest annual average passenger growth rate in the region. In the period of 2012 - 2017, the growth rate reached 28.9% compared to the average of 8.7% in the Asia - Pacific region and compared with regional countries such as Thailand (11.1%), Malaysia (8.1%). Since 2018, Vietnam is forecast to be one of the fastest growing aviation market in the world, with a growth rate of approximately 20%, aiming to reach 150 million passengers carried in 2035 (IATA). This positive practice and outlook is based on the panorama of Vietnam and the potential for both economic and social cultural growth through domestic and foreign lenses.

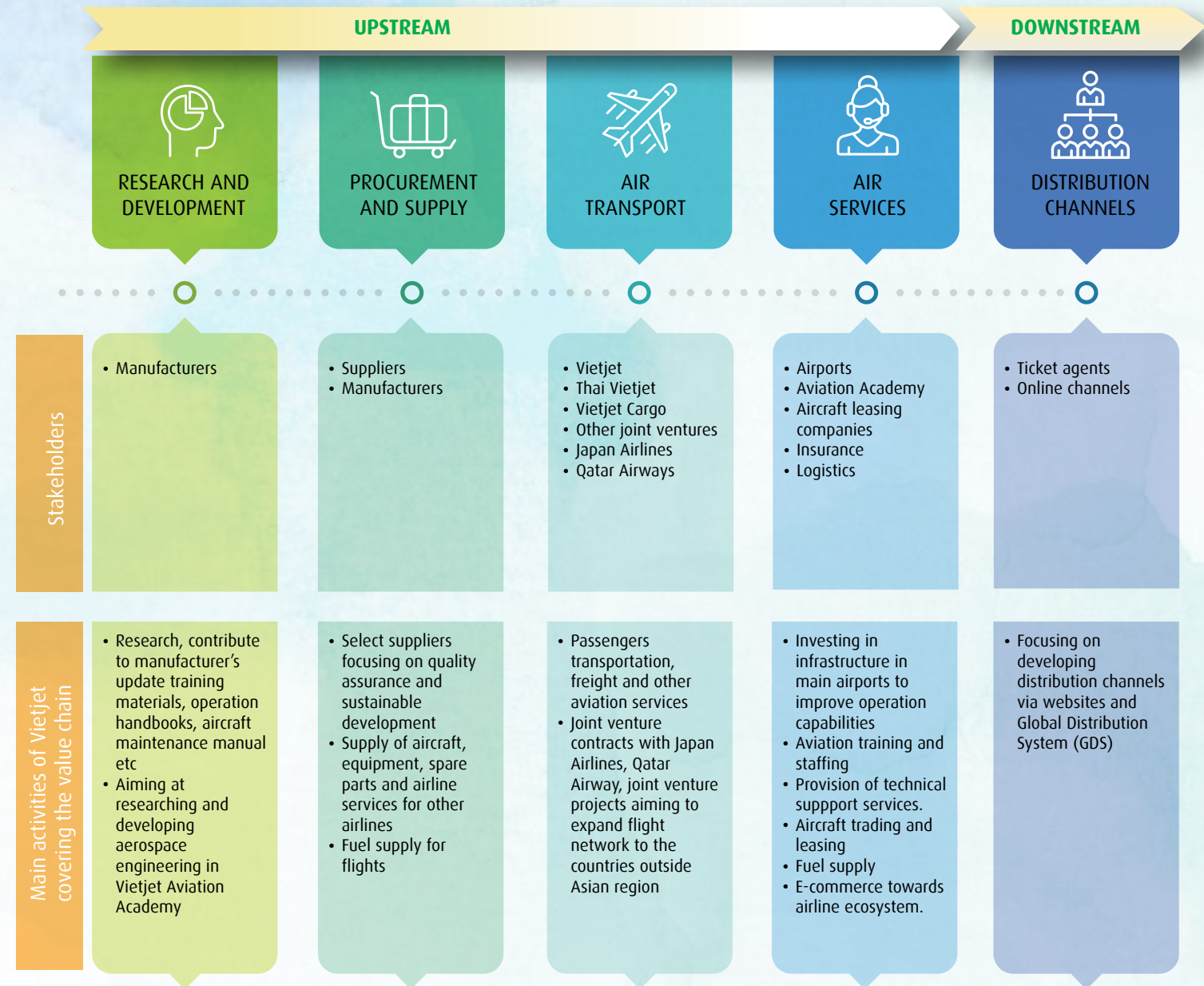
For the aviation industry, macroeconomics is also a key factor, which has a great impact on the potential of market development. National GDP growth over the years has always been maintained at the highest level in the region (6-7%), and growth in the number of tourists achieved impressive numbers are favorable conditions for the development of the industry. Vietnam also has a favorable geographical position that can become a transit hub because 50% of the world's population is within 2,500 miles from two main points, Hanoi and Ho Chi Minh City. Additionally, with a young population of 96.5 million people (2018), an increasing per capita income (US\$2,587 in 2018), and annual personal consumption increased by approximately 7%, Vietnam is still considered to be full of potential for consumer goods industry, especially when there are resonant advantages in this market.

Considering the above factors, Vietjet's development strategy is built around the aviation industry and the consumer goods industry, with the orientation of becoming a favorite Consumer Airline in Vietnam and the region.

OVERVIEW OF THE VALUE CHAIN

Vietjet's business and development strategy covers almost the entire value chain of aviation industry, any changes from upstream to downstream have a significant impact on the company's business activities. Hence, aligning business activities with a sustainable value chain is the main goal and mission of the development strategy that Vietjet is pursuing.

Vietjet is focusing on completing the business model, linking international and domestic flight networks with closed value chain to diversify, better serve and meet the requirements of all customers. Vietjet also concentrates necessary resources to mission and plans required by the new development stage.



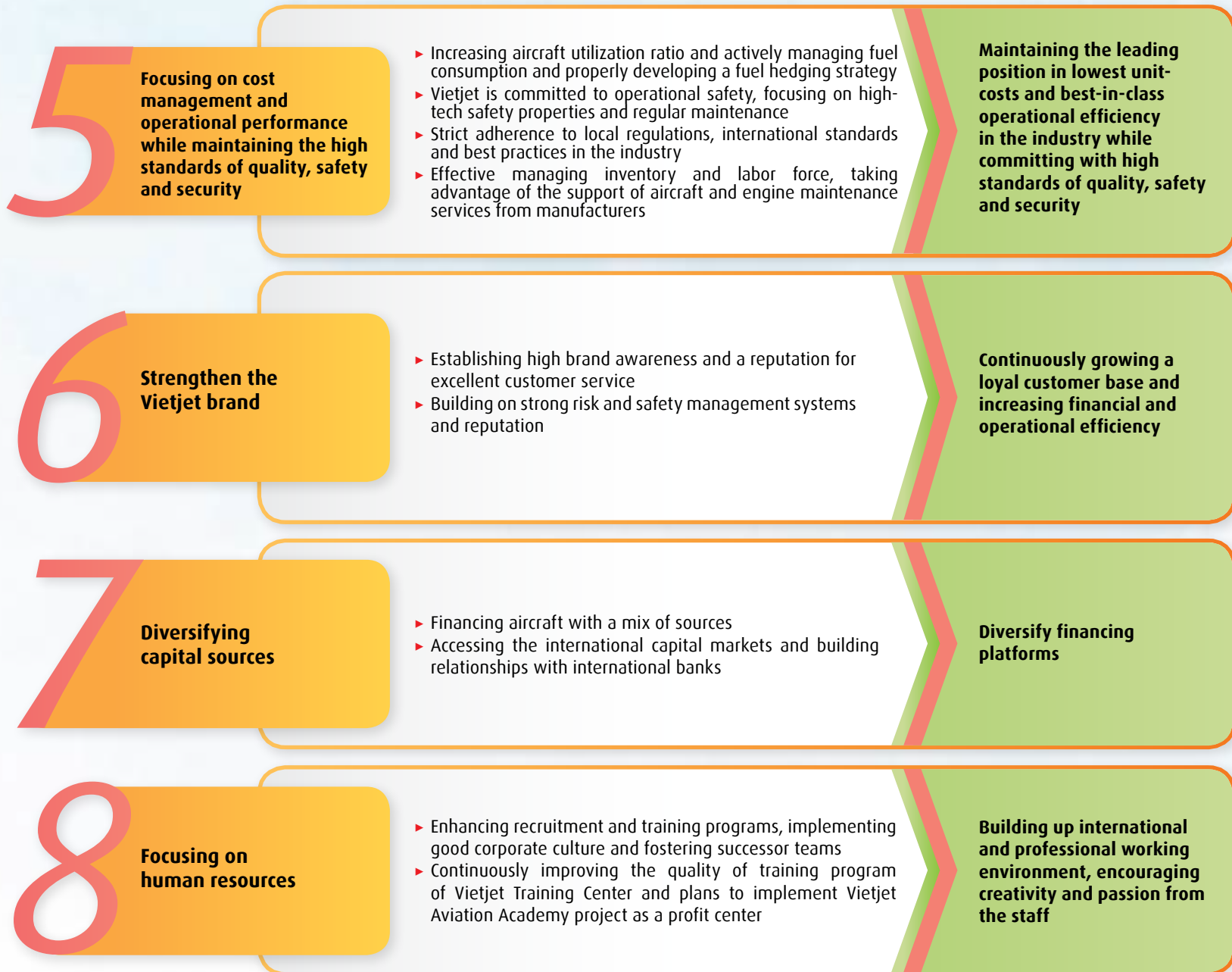


DEVELOPMENT STRATEGY

Vietjet's strategy is not only focusing on developing services for travel needs of passengers but also building an airline ecosystem base on technological platforms, in which Vietjet and its business partners in the value chain will create a diverse, unique and advanced ecosystem for customers. In that ecosystem, Vietjet plays the role of a **Consumer Airline**, providing customers a wide range of products to meet increasingly diverse consumer needs including travel services, financial services, insurance etc through websites and convenient e-commerce applications.

Vietjet's strategy of a **Consumer Airline** focuses on eight main groups of activities:





REPORT OF THE BOARD OF MANAGEMENT



Accomplishing the floral dream
Affirming position, unceasing development



REPORT OF THE BOARD OF MANAGEMENT

2018 continues to mark Vietjet’s strong growth in its core business of air transport services. With a clear strategy and scientific and effective management, Vietjet has overcome all challenges coming from the business environment, obtaining brilliant achievements: consolidated revenue reached VND53,577 billion, consolidated profit before tax was VND5,816 billion, significantly exceeding the plan of the General Meeting of Shareholders. In particular, air transport revenue reached VND33,779 billion and profit before tax was VND3,045 billion, a year-on-year increase of 49.8% and 48.9%, respectively.

REPORT ON BUSINESS RESULTS

Aviation market

Over the years, the blooming aviation industry has brought the world closer together. According to the (IATA), the total air transport revenue of 2018 reached US\$854 billion, up 8.6% over the same period last year, accounting for 1.0% of global GDP, along with passenger air transport volume achieved 4.3 billion, up 6.1% over the same period last year.

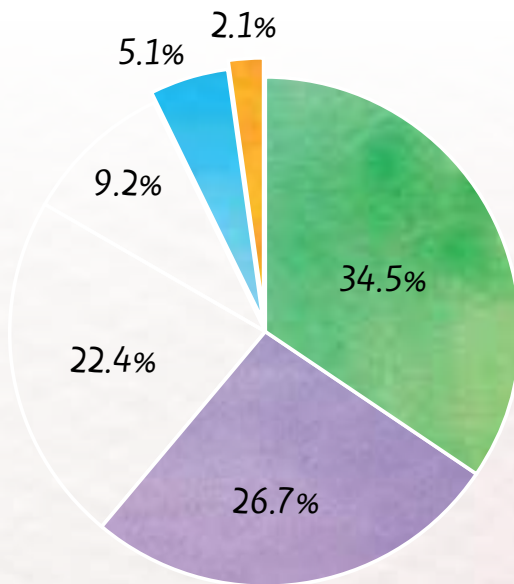
The Asia Pacific region remained the most vibrant market in 2018, taking 34.5% of the world’s market shares in terms of Revenue Passenger Kilometer (RPK), seeing the highest growth in the region, up 8.6%. Meanwhile, the Available Seat Kilometer (ASK) also grew at 7.9%, leading to a very high load factor of 81.5%.

In 2018, Asia-Pacific remains dynamic in the market with a growth rate of 5.4%, which is higher than average growth rate of 3.7% of the

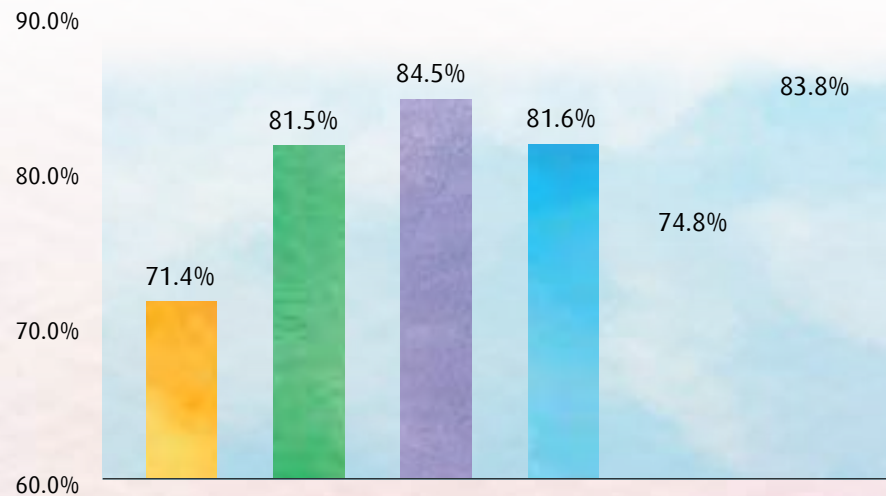
global economy as well as the other economic regions. This region also plays a key role in bilateral and multilateral trade and financial cooperation, in which, ASEAN is a partner with central role in the structure of regional economic power. However, in the context of the complicated world and regional situation, ASEAN countries in general and Vietnam in particular need to pay more attention to promote their central role in the region.

Even so, EBIT margin of the region in 2018 only reached 6.1%, down 0.6% compared to 6.7% margin in 2017 due to the increase in operating costs. In 2018, revenue growth per unit was 2-3% lower than cost acceleration per unit which are big challenges for airlines in administration and operation of business activities.

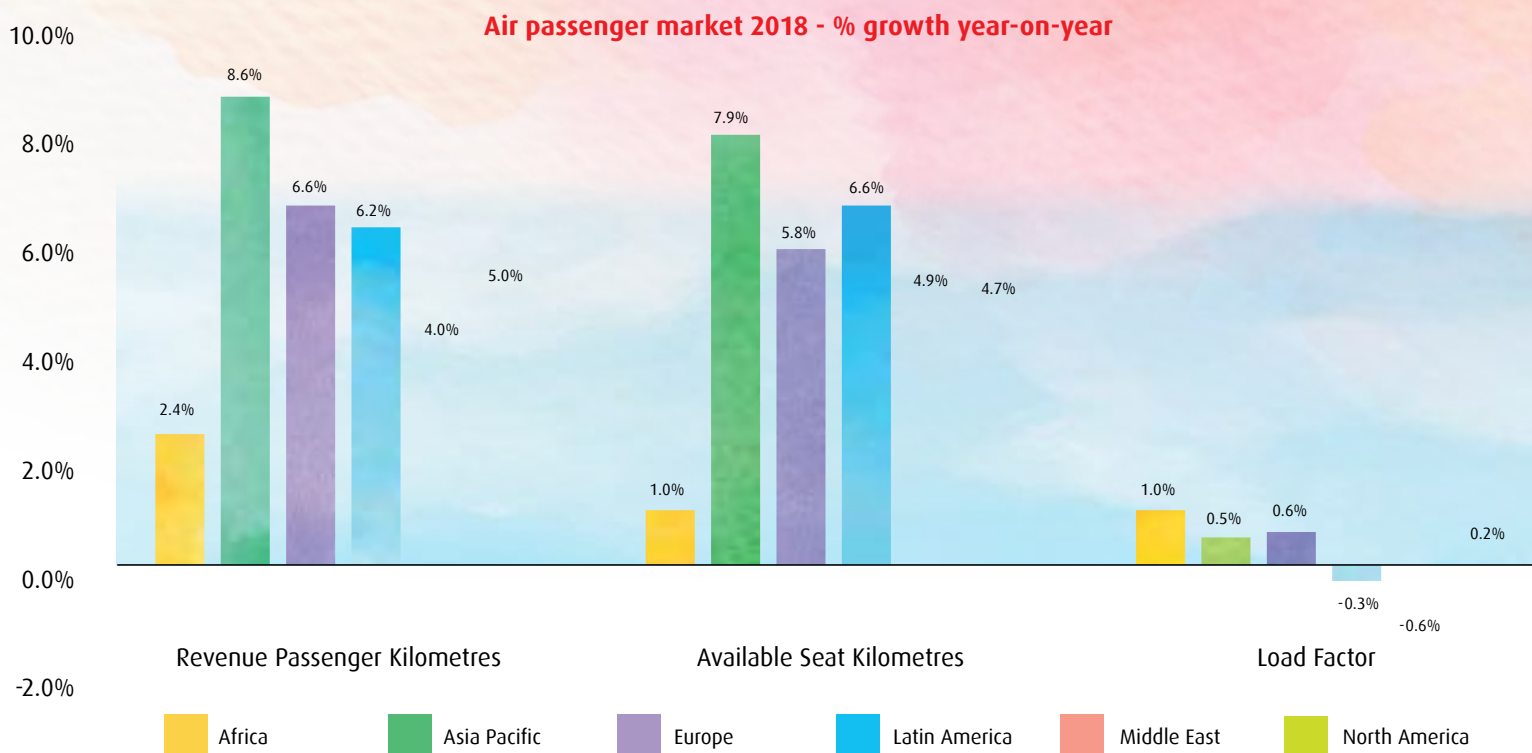
**Air Passenger Market - World share
(% of RPKs in 2018)**



Load factor



Source: IATA



For the Vietnamese aviation industry, 2018 is a special year where all domestic airlines achieved impressive growth of more than two digits, following the booming demand of passengers. During the year, airlines in Vietnam transported nearly 50 million passengers, an increase of 10.1% and over 400,000 tons of goods, up 27.2% compared to 2017. Growth figures of the aviation industry contributed significantly to the GDP growth rate of 7.08% for the country. By the end of 2018, the total number of aircraft fleet registered under the Vietnamese nationality was 174 airplanes, an increase of 6% compared to 2017. There are 68 foreign airlines from 25 countries and territories and four domestic airlines, including Vietnam Airlines, Jetstar Pacific Airlines, Vietjet and VASCO, which are operating routes connecting Vietnam to 28 countries and territories. In terms of service quality, the Civil Aviation Administration of Vietnam (CAAV) recognizes positive changes of domestic airlines in ensuring service quality, including maintaining on-time performance (OTP). During 2018, OTP of airlines in Vietnam reached 86.6%, higher than the world average rate of 75-78%.

Vietnam's tourism industry is now a key economic sector and is known as Asia's most attractive tourist destination. 2018 is the year of impressive development with international visitors, setting a new record of 15.6 million visitors, an increase of 20% compared to 2017. Additionally, the total number of domestic tourists reached 80 million, with the total revenue from the tourism industry being more than VND 620 trillion, an increase of 21.4% compared to 2017. Most visited provinces such as Ha Noi, Ho Chi Minh City, Quang Ninh and Da Nang have a rapid growth rate and more focus on enhance tourism promotion to international markets. In particular, Vietnam tourism won many honors and awards in the world, most notably Asia's leading tourist destination at the World Travel Awards (WTA).

As well as advantages, the Vietnam aviation industry was also faced with many obstacles from fuel price fluctuation, exchange rate, financial cost, rising operating cost, climate change issues which significantly affect aviation operation.

To respond to these impacts, Vietjet has focused on strengthening inner values after strong growth years, including the completion of internal procedures, policies, and regulations and intensifying inspection and supervision of flight safety, ensuring maximum safety and security. In risk management, Vietjet identifies, monitors, evaluates and makes suitable action plans for controlling and limiting the key elements affecting operational cost, such as exchange rate, interest rate, oil price fluctuation, and maintenance expenses.



DEVELOPMENT IN FLIGHT NETWORK, AIRCRAFT FLEET AND PASSENGER VOLUME

Flight routes

As at 31 Dec 2018, Vietjet was operating 105 routes, comprising 39 domestic and 66 international routes covering famous destinations of Asia such as Japan, Hongkong, Singapore, Korea, Taiwan (China), Thailand, Myanmar, Malaysia, Cambodia, etc. Vietjet also brought aircraft to operate in Oman, Pakistan, India, Dubai and Doha. Promoting the development of international flight network brings dual advantage to the Company as it can collect ticket fares in foreign currencies and can gain 20% lower price for fuel uplifting in overseas, increasing the efficiency of business activities.

In 2018, following routes was launched:

- Domestic: Cam Ranh - Da Nang
- International: five routes comprising Ha Noi - Taichung (Taiwan); Da Nang - Daegu (South Korea); Ha Noi - Osaka (Japan); Ho Chi Minh City - Osaka (Japan); Phu Quoc - Incheon (South Korea) and 17 routes to China.

At the end of 2018, Vietjet launched three more international routes: Phu Quoc - Seoul (South Korea) from 22 Dec 2018 and two routes to Japan including Ha Noi - Osaka from 8 Nov 2018 and Ho Chi Minh City - Osaka from 14 Dec 2018. According to the plan, Vietjet also inaugurated a new route between Ha Noi and Tokyo from mid-January 2019. Revenue from international routes is estimated to grow rapidly and account for more than 60% of Vietjet's total revenue in incoming years.

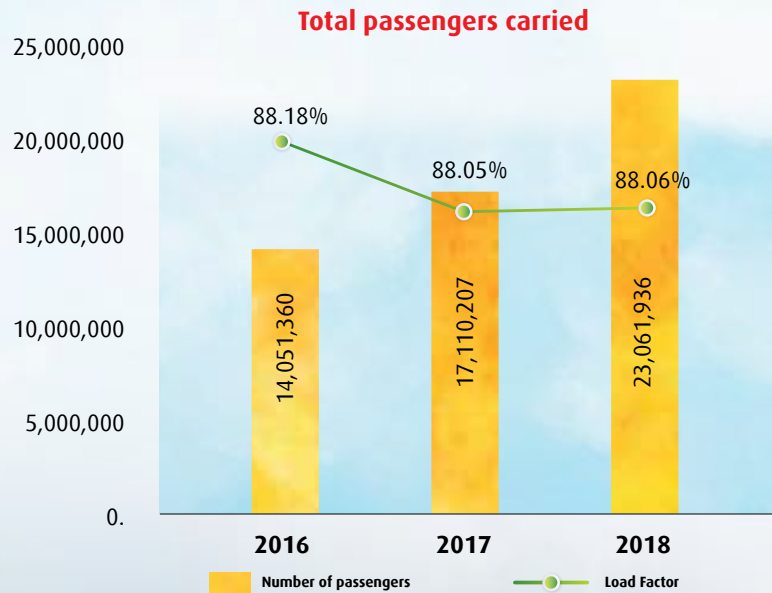
Fleet

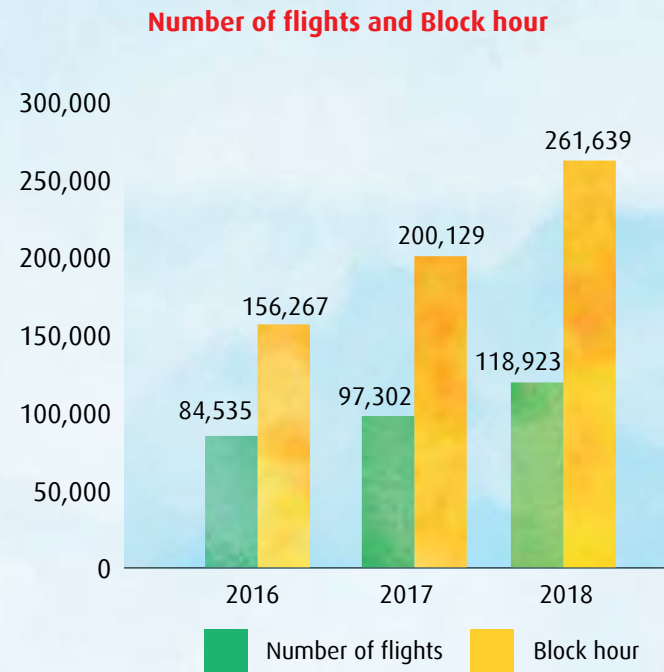
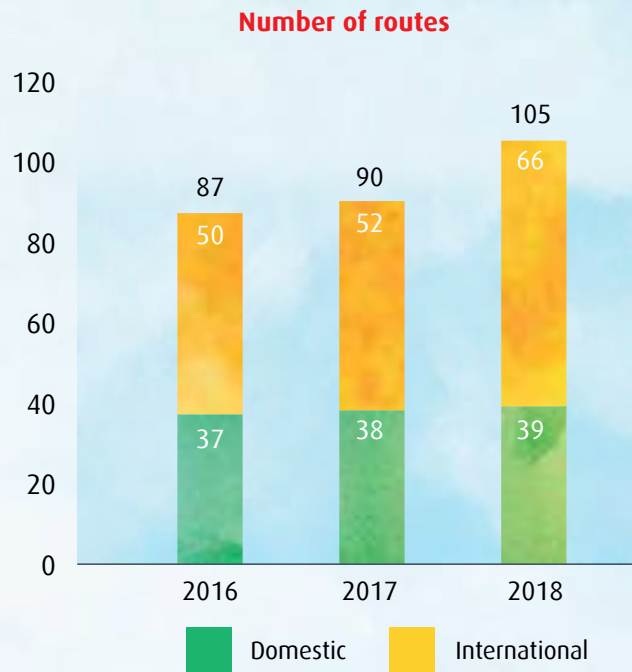
Vietjet proudly operates a new, modern and environment-friendly fleet. As of 31 Dec 2018, the Company operated a fleet of 64 new generation aircraft from Airbus, of which 23 A320 aircraft, 34 A321 aircraft and seven NEO A321 aircraft. The average age of the fleet is 2.82 years. Vietjet's current fleet consists of Airbus A320 with a configuration of 180 seats and Airbus A321 with a configuration of 230 seats, among the most widely used aircraft type by worldwide LCCs due to high technical reliability and cost efficiency. In 2017, Vietjet became the first airline in Southeast Asia to operate the latest generation of Airbus aircraft, A321 NEO, equipped with Pratt & Whitney's GTF latest generation engine. With aerodynamics improvements and optimal passenger compartment design, A321 NEO aircraft is expected to reduce fuel consumption by at least 16% in the first year, reduce engine noise up to 75% and reduce emissions by 50%, as announced by the manufacturer.

ACHIEVEMENTS

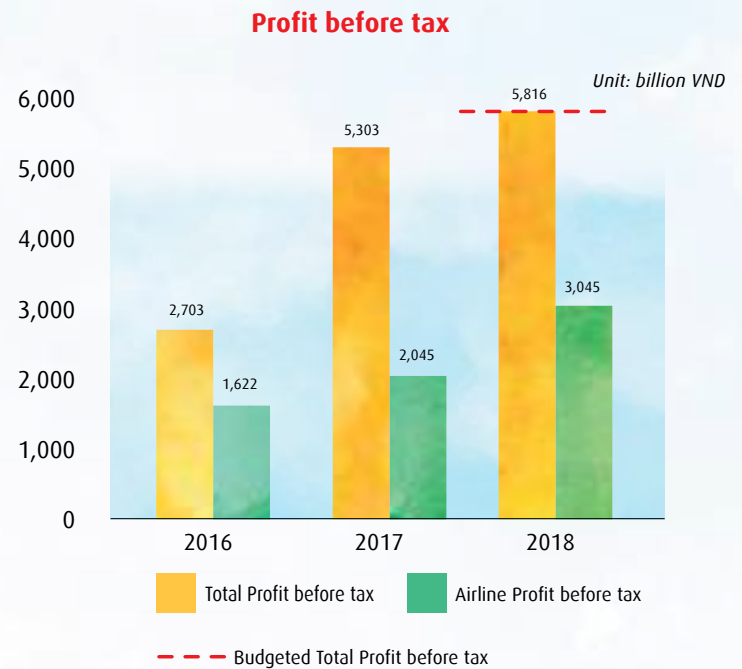
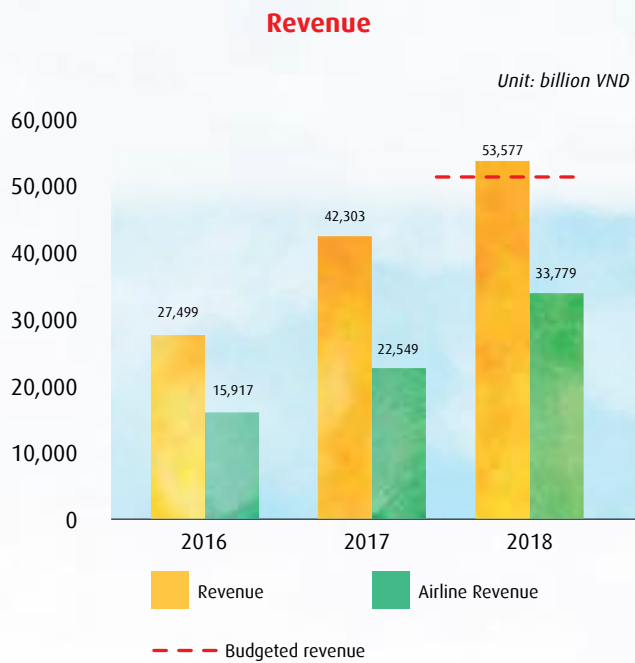
In 2018, Vietjet continued to maintain its leading position in domestic market with 46% market share. In international markets, Vietjet dominated the number of flights and the number of passengers transported to and from key markets in Asia such as Korea and Taiwan, and China.

Vietjet carried more than 23.1 million passengers throughout its region-wide flight network, accounting for 46% of Vietnam's 50 million air passengers, operating nearly 118,923 flights with 261,000 hours of safe operation, while maintaining a load factor of 88.06%, technical reliability of 99.64%, and an OTP of 84.2% compared to the OTP average of 78.69% of the world's airlines in 2018 (Source: Flightstats). In the same year, Vietjet continued its process to obtain of the IATA's operational safety audit certification (IOSA), reaffirming Vietjet's capacity in maintaining the highest safety standard among leading airlines in the Asia-Pacific. This has been one of the important criteria for Vietjet to proudly achieve the highest safety ranking at seven stars in 2018 by the global prestigious rating agency Airline Ratings.





In 2018, the consolidated revenues including revenue from aviation services and aircraft ownership transfer were VND53,577 billion, an increase of 26.7% as compared to same period 2017. The performance in 2018 surpassed the planned revenue and stood at 105.1% of the plan. The net revenue from aviation services were VND33,779 billion, up 49.8% compared to 2017 and achieved 112.2% of the plan. Accordingly, the consolidated profit before tax reached VND5 816 billion, an increase of 9.7% over the same period.



FINANCIAL PERFORMANCE (CONSOLIDATED)

Business Results

Unit: billion VND

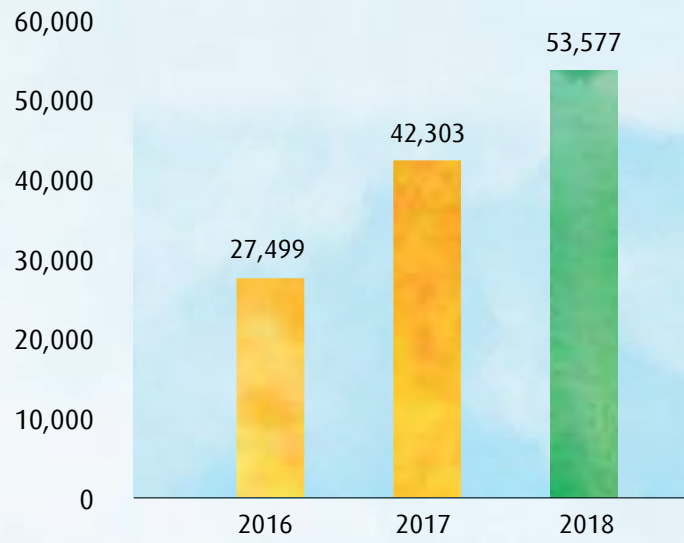
	2016	2017	2018	% 2018 compared to 2017
Net revenue	27,499	42,303	53,577	126.7%
Cost of goods sold	23,597	35,753	46,085	128.9%
Gross profit	3,902	6,549	7,492	114.4%
Earnings before interest, tax, depreciation and amortization, and rent (EBITDAR)	7,473	11,082	14,630	132.0%
Earnings before interest, tax (EBIT)	2,884	5,540	6,073	109.6%
Income from financial activities	145	119	332	279.4%
Expenses for financial activities	654	521	918	176.3%
Profit/loss from joint ventures, associates	(15)	(44)	(89)	
Profit before tax	2,703	5,303	5,816	109.7%
Profit after tax	2,496	5,074	5,335	105.1%

Of which:

- Total consolidated revenue reached VND53,577 billion, up 26.7% over the same period last year and achieved 105.1% of the General Meeting of Shareholders plan.
- Total consolidated profit before tax reached VND5,816 billion, up 9.7% compared to the same period last year and achieved 100.2% of the General Meeting of Shareholders plan.

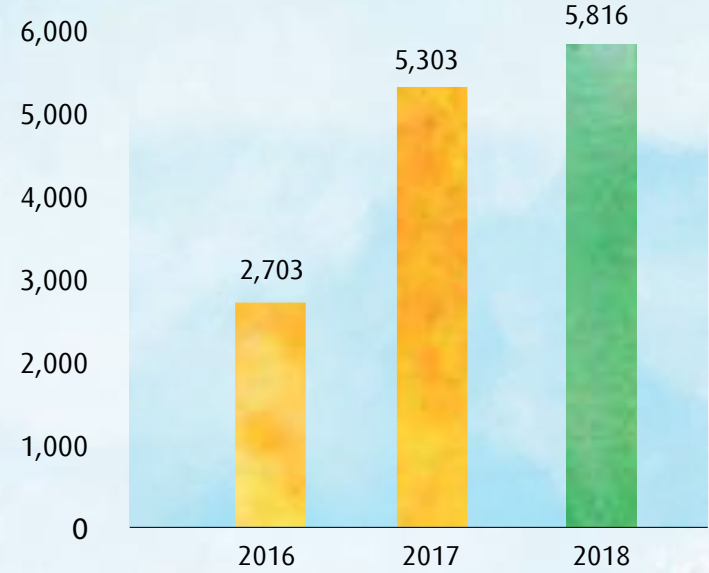
NET REVENUE

Unit: billion VND



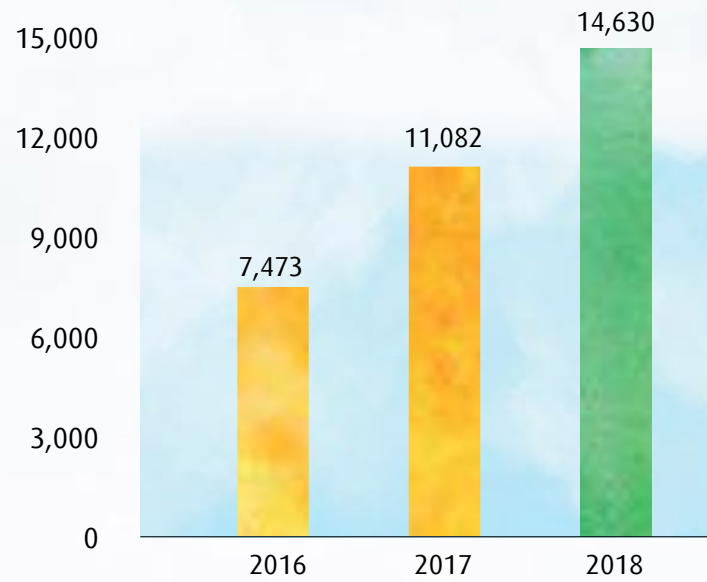
PROFIT BEFORE TAX

Unit: billion VND



EBITDAR

Unit: billion VND



STRUCTURE OF REVENUE AND EXPENSES

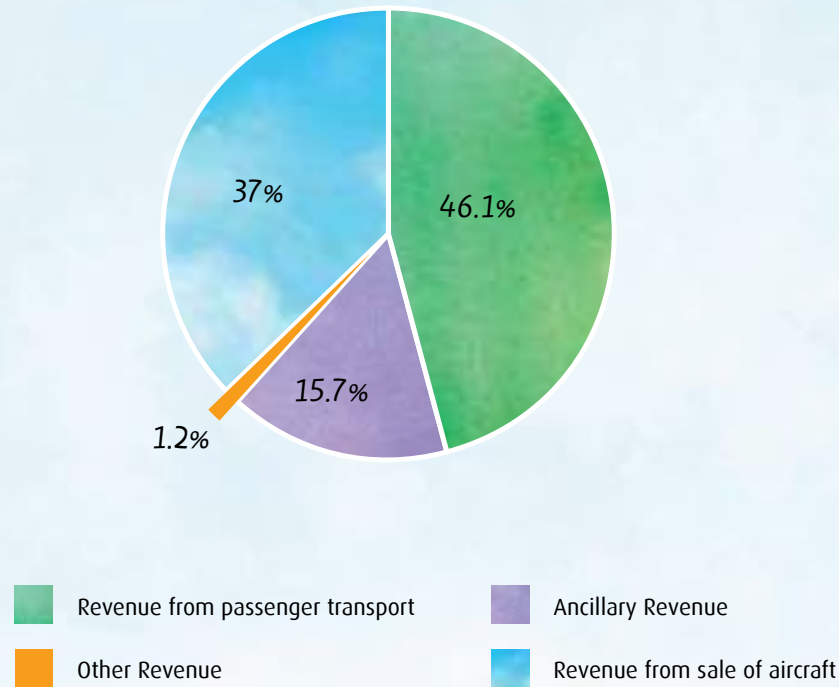
Revenue

Unit: billion VND

	Item	2016	2017	2018	% 2018 compared to 2017
1	Revenue from passenger transport	12,168	16,854	24,681	146.4%
	Domestic	8,646	10,783	12,827	119.0%
	International	3,522	6,070	11,854	195.3%
2	Ancillary revenue	3,553	5,477	8,410	153.5%
3	Aircraft dry leases and other revenue	196	218	688	216.0%
4	Revenue from sales of aircraft	11,582	19,754	19,798	0.2%
	Total	27,499	42,303	53,577	126.7%



Revenue Structure 2018



In 2018, Vietjet achieved the consolidated revenue of VND53,577 billion, reaching 105.1% plan, in which revenue from airline services (including passenger transport, ancillary revenue and other airline revenue) reached VND33,779 billion, up 49.8% over the same period, and during the period Vietjet recorded the revenue from ownership transfer of 16 aircraft in 2018 at VND19,798 billion, equivalent to the same period last year. Correspondingly, the average revenue per ASK in 2018 reached 4.62 cents, up 5.5% over the same period last year. This was a good growth rate for low cost airlines (LCC) in the world. According to the IATA report of 2018, the average growth rate for the industry as a whole achieved 1-2% per unit of revenue.

It can be seen that the main factor supporting Vietjet's strong growth 2018 was from core business activities – air transport services. The revenue from passenger transport reached VND24,681 billion, up 46.4% over the same period, of which revenue from domestic transport reached VND12,827 billion, up 19%, revenue from international transport reached VND11,854 billion, up 95.3% over the same period last year. The ratio of international revenue to the total passenger transport revenue increased from 36% in 2017 to 48% in 2018.

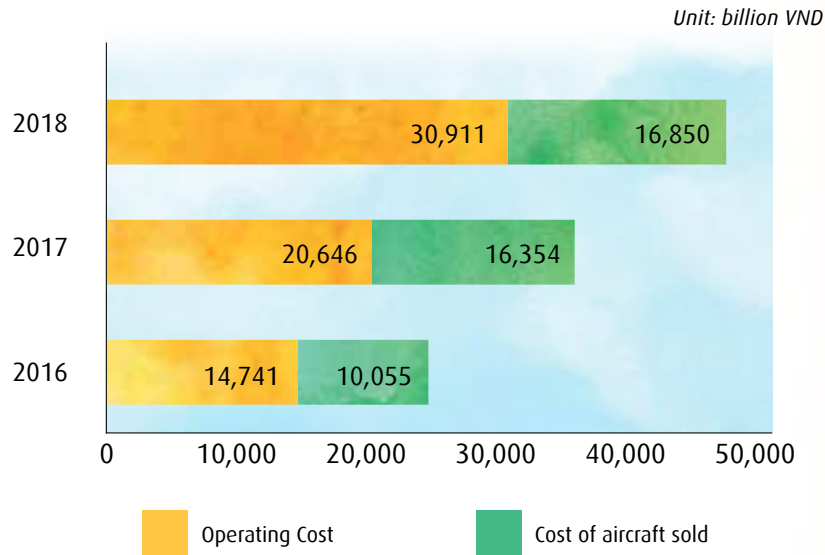
The growth rate and the restructuring of international revenue structure are in line with Vietjet's strategy in developing flight network and expanding business operation in international markets. In 2018, Vietjet expanded its international flight network to 66 routes, operating 35,358 flights and carrying 6,7 million international customers, an increase of 57.9% and 79.5%, respectively in comparison with the same period last year.

Additionally, the amazing business results obtained from the strategy of focusing and growing revenue stream from ancillary activities, in which ancillary revenue reached VND8,410 billion, an increase by 53.5%, the average of ancillary revenue per pax increased by 19.1% to USD17.2 over the same period last year. The proportion of ancillary revenue to the total passenger transportation revenue increased from 24.5% in 2017 to 25.4% in 2018. Ancillary revenue mainly includes the revenue from baggage consignment and surcharges, cargo transfer, sales revenue on aircraft (food, drinks, souvenirs) and advertising revenue.

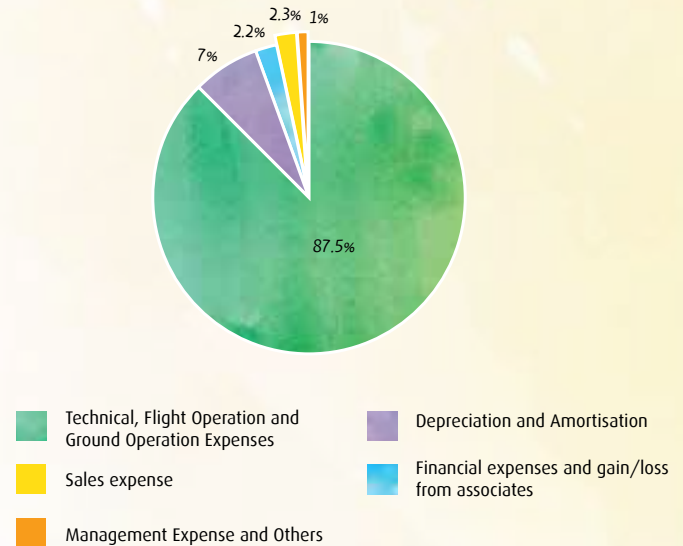
Operating cost

Total operating cost for air transport was VND30,911 billion, including technical costs, flight and ground operations (VND27,061 billion), depreciation and amortization expenses (VND2,160 billion), financial expenses and profits/losses from associates (VND675 billion), selling expenses (VND713 billion) and management fees and other costs (VND302 billion).

Total Operating Cost



Operating Cost Structure 2018

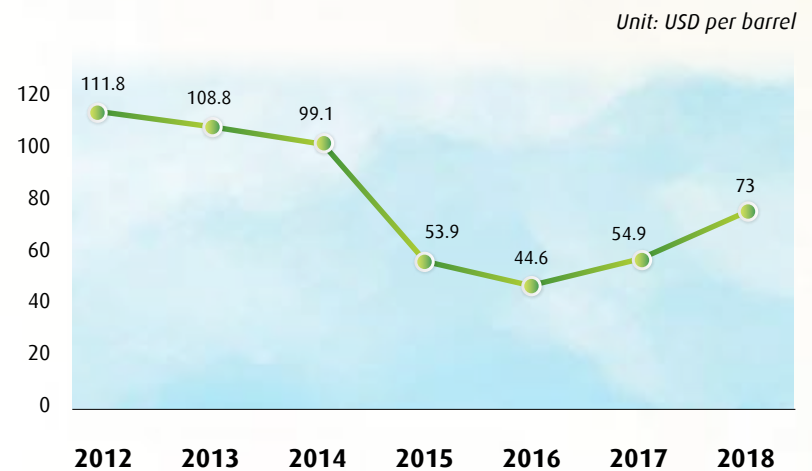


Fuel Expense

Fuel expense accounts for the largest share of the total costs of air transport activities, with an average of 40% of the total cost. In fuel expense structure, in addition to expense related to import duties, environmental protection fees, etc., the price of A1 jet fuel in international markets is significantly impacted by the price volatility of Brent oil. The average price of Brent oil in the year was USD73/barrel, up 33% as compared to 2017, i.e. USD54.9/barrel. Vietjet increasingly used many solutions to save fuel expense, including the operation of NEO A321 aircraft to save 16% of fuel consumption, and fuel uplifting in the overseas airports. Therefore, after excluding root cause of the increase due to volume increase, fuel expenses only increased by 15.5% as compared to 2017 due to the impact from price surge.

By applying the SFCO2 fuel-saving program, and using the Flight Data Monitoring system to conduct comprehensive analysis of flight performance, Vietjet saved more than 3.4 million kg of fuel and reduced 10.8 million kg of gas emissions in 2018. Several activities such as preemptive risk identification and constant improvement in safety management processes also contributed significant to this fuel saving mission.

Average Brent Oil Price



Source: IATA

Ex-fuel operating expenses and financial expenses

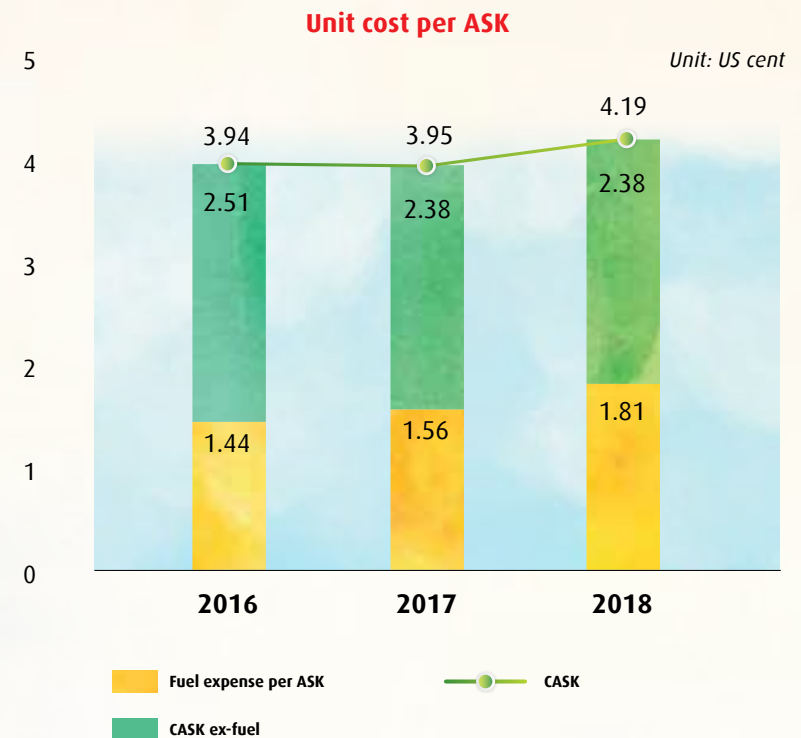
Ex-fuel operating expenses include technical and operational expenses (maintenance, repair, aircraft rental, overflight fees, salary and allowance for pilots and flight attendants, etc.), ground handling expenses (take-off and landing fees, ground service charges, etc.) and amortisation of aircraft maintenance reserve. In 2018, direct operating expenses (ground handling, flight operation, engineering, freight, security and quality, depreciation and amortization) were recorded at VND16,382 billion, i.e. 48.5% year-on-year increase compared to 2017, mainly due to the operation of 16 additional aircraft for increased operating hours by 30.7%, from 200 thousand hours in 2017 to 261.6 thousand hours in 2018, and higher number of flights by 22.2%, from 97.3 thousand to 118.9 thousand flights. In term of exchange rate, the average USD/VND exchange rate in 2018 increased by 1.5% compared to the previous year to 23,024 (buying rate) and 23,095 (selling rate), in which the realised foreign exchange gains were VND85 billion, offset against the unrealised foreign exchange losses of VND51 billion. Sales expenses reached VND713 billion, up 22.3% and other expenses stood at VND302 billion, up 34.2% mainly due to the expansion of operation activities.

Aircraft acquisition expenses

In 2018, the aircraft acquisition cost were VND16,850 billion, comparable to the same period last year.

Cost per available seat kilometers (CASK)

The cost per available seat kilometers (CASK) in 2018 was 4.19 cents, an increase of 6% compared to 2017 mainly triggered by higher fuel expenses. The fuel expense per available seat kilometers was 1.81 cents, which is 15.5% year-on-year increase. In contrast, Vietjet's unit cost per available seat kilometers excluding fuel expense (CASK ex-fuel) remained unchanged as in 2017, standing at 2.38 cents thanks to further implementation of operational cost management measures. Compared to the average growth rate of the entire industry in 2018 of 4-5% per airline, controlling CASK ex-fuel indicator at a low level for 2 consecutive years, demonstrated effective management of operation expenses at Vietjet.



Consolidated operating profit

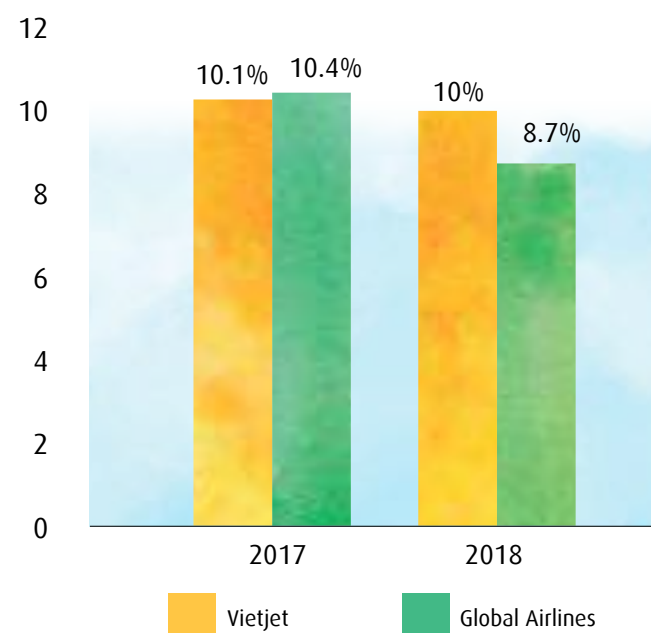
Unit: billion VND

Item		2016	2017	2018	% 2018 compared to 2017
1	Gross profit	3,902	6,549	7,492	114.4%
2	EBITDAR	7,473	11,082	14,630	132.0%
	Adjusted EBITDAR	6,392	7,824	11,860	151.6%
	Adjusted EBITDAR margin	40.2%	34.7%	35.1%	100.4%
3	EBIT	2,884	5,540	6,073	109.6%
	Adjusted EBIT	1,803	2,283	3,303	144.7%
	Adjusted EBIT margin	11.3%	10.1%	10%	100.0%
4	Profits before tax	2,703	5,303	5,816	109.7%
	Profit margin before tax	9.8%	12.5%	10.8%	-1.7%
	Of which:				
	Profit before tax of air transport services	1,622	2,045	3,045	148.9%
	Profit margin before tax of air transport services	10.2%	9.0%	9.0%	100%

In 2018, earnings before interest, taxes, depreciation, amortization, and rental costs (EBITDAR) reached VND14,630 billion, up 32% over the same period; in which the adjusted EBITDAR (calculated for air transportation services only) reached VND11,860 billion, up 51.6% over the same period due to the fleet expansion from 50 to 64 aircraft, flight network expansion and improved aircraft utilisation. The adjusted EBITDAR margin increased slightly by 0.4% over the same period, reaching 35.1%. Correspondingly, the earnings before interest and taxes (EBIT) reached VND6,073 billion, up 9.6% over the same period, in which the adjusted EBIT (calculated for air transportation services only) reached VND3,303 billion, up 44.7% over the same period in previous year. The adjusted EBIT margin reached 10%, equivalent to the same period in previous year. In 2018, global EBIT margin in aviation industry reached 8.7% on average, down 1.7% compared to the same period in 2017. Vietjet continued to achieve EBIT ratio much higher than the global average of the industry and stable over the past two years.

With the revenue growth absorbing the rising costs due to higher oil price, Vietjet's consolidated profit before tax reached VND5,816 billion, i.e. 9.7% year-on-year increase compared to last year, in which the profit before tax of air transportation services reached VND3,045 billion. Accordingly, the profit margin of air transportation services stood at 9.0%, equivalent to the same figure last year.

Vietjet's EBIT margin in global comparison





FINANCIAL BALANCE SHEET – CONSOLIDATED

Assets

Total consolidated assets reached VND39,086 billion, up 23.5% over the same period last year. The structure of current assets/non-current assets shifted from 56%/44% in 2017 to 49%/51% in 2018, showing that a gradual transition to non-current assets, creating stability in the financial structure in accordance with Vietjet's strategy on gradual expansion of owned aircraft and increasing efficiency for business activities in the long run.

Current assets increased 8.0% over the same period, mainly increasing in cash and cash equivalents and short-term securities investments.

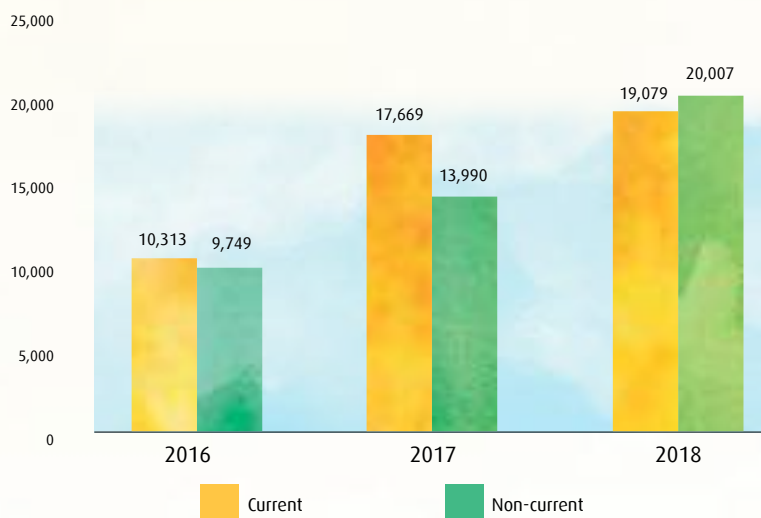
The balance of cash and cash equivalents at the end of 2018 was VND7,165 billion and accounting for 18.3% of total assets.

Other short-term trade receivables were VND10,273 billion, accounting for 26.3% of the total assets, mainly of which were deposits to buy aircraft and aircraft maintenance reserve.

Non-current assets were VND20,007 billion, an increase of 43.0% over the same period, accounting for 51.2% of the total asset structure, of which, long-term trade receivables was VND10,577 billion, up 47.9% over the same period and accounting for 27.1% of the total assets, mainly due to increased contributions to aircraft maintenance reserve (2,565 billion), deposits to aircraft purchase that will be received after 12 months (VND278 billion), aircraft lease deposit (VND178 billion). This is the value of leased assets shown on Vietjet's balance sheet.

Composition of Total Assets

Unit: billion VND



Resources

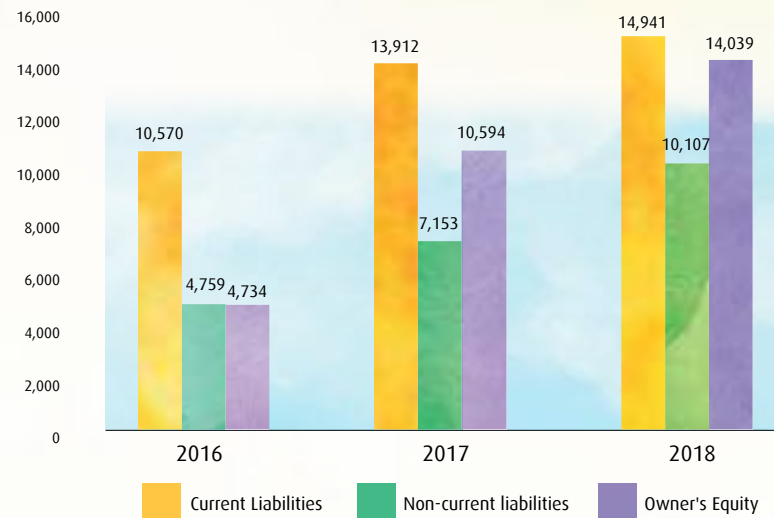
The Company's resources shifted towards an increase in the equity percentage over the years through the increase in retained earnings. In 2018, owner's equity accounted for 35.9% of total assets, up 2.5% compared to the structure of 33.5% in 2017, of which the main increase in retained earnings of VND2,446 billion.

Short-term debt was VND14,941 billion, a slight increase of 7.4% over the same period and accounting for 38.2% of the total assets, mainly including the decrease in short-term loans (VND1,939 billion), offset with increase in unearned revenue in ticket sales (VND768 billion), aircraft-related expenses (VND476 billion), airport fees (VND233 billion) and provisions (VND444 billion). As of 31 December 2018, unearned revenue balance was VND2,732 billion, expected to be realized and allocated in revenue in the next 12 months.

Short-term debt structure tended to decrease from 43.9% in 2017 to 38.2% in 2018. Meanwhile, long-term debt structure increased by 3.3% from 22.6% in 2017 to 25.9% in 2018. Long-term debt by the end of 2018 was VND10,107 billion, an increase of 41.3% over the same period, mainly increased from the provisions for aircraft maintenance.

Composition of Resources

Unit: billion VND

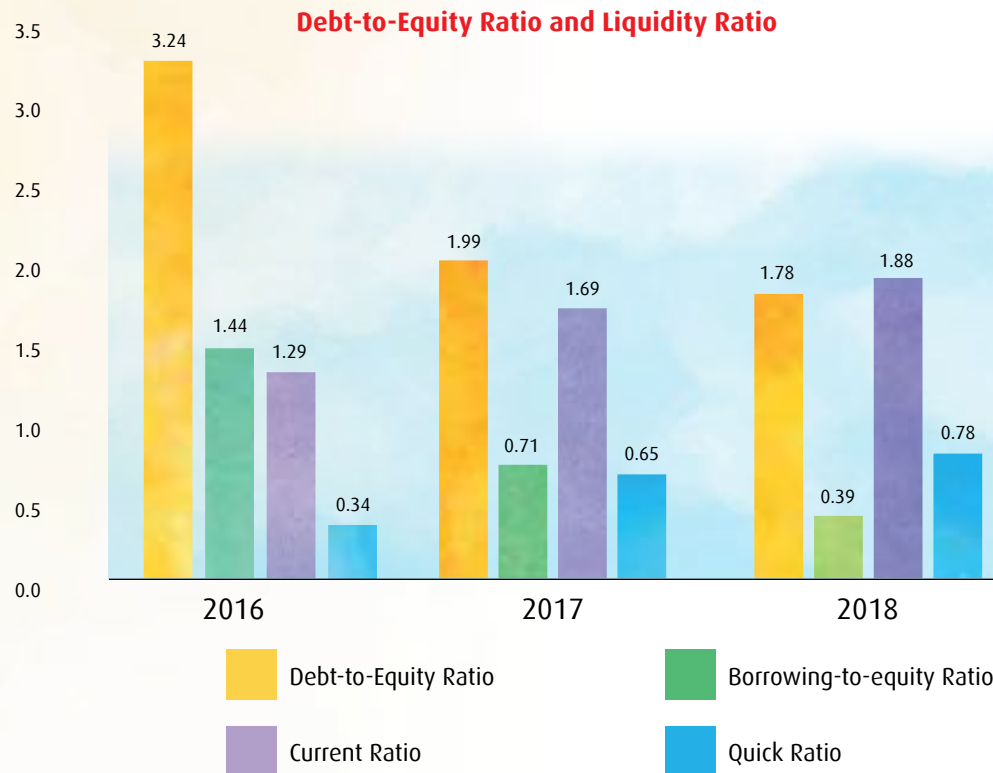


Debt-to-Equity Ratio and Liquidity Ratio

Total debt by the end of 2018 was VND5,530 billion, down by 26.5% year-on-year, mainly due to decrease of short-term loans by VND1,939 billion. In term of debt structure, the short-term loans were VND4,958 billion, representing 90% of the total debt because Vietjet tended to utilise its existing low-cost credit limits to assist proactive cash flow management. In 2018, the net interest expense was VND37 billion, including total interest payable amount of VND258 billion offset against income from deposits of VND221 billion.

The management and optimization of debt instruments have always been given much attention; thus, despite the growth of 23.5% in total assets, total debt reduced thanks to effective cash flow management.

Understanding the importance of cash flow management in a cash-based industry such as aviation, Vietjet focuses on seeking modern technology solutions that can help to monitor, predict and efficiently manage its daily operating cash flow. Besides, Vietjet, with leading market share and increasing bargaining power, can obtain more favourable contract terms with suppliers and distributors to increase its working capital and subsequently to use cash surplus for short-term investment.



Capital structure has improved over years; the debt-to-equity (D/E) ratio gradually decreased by 1.78 times in 2018, lower than 1.99 times in 2017. Similarly, the borrowing - to - equity ratio also decreased from 0.71 times in 2017 to 0.39 times in 2018.

The current ratio of 2018 was 1.88 times compared to 1.69 times in 2017 and 1.29 times in 2016, highlighting improvement in the short-term debts coverage. Current ratio measuring the Company's ability

to pay current liabilities (debt and payables) with its current assets (excluding non-cash liabilities such as short-term provisions due to time value assessment of the cash flows and unearned revenue).

With a good payment history and very low Debt-to-Equity ratio, Vietjet is able to approach international capital market to obtain low-cost funds, which helps Vietjet fully meet capital demand for fleet development and business expansion.

INVESTMENT AND FINANCE

Along with a long-term development strategy, Vietjet also focuses on investment and reinvestment to improve supply chain, operation activity, and economic efficiency. Typical investment areas include spare parts and aircraft equipment, Vietjet Aviation Academy, and financial investments in associates in local and abroad as a strategy of vertical integration to gain control over the industry's value chain.

In November 2018, Vietjet Aviation Academy inaugurated opened in the centre of Saigon High-tech Park, Ho Chi Minh City. The project's initial investment is more than USD170 million, with the highlight of the Full Flight Simulator equipped by Airbus. The academy would not only help Vietjet to proactively manage human resources, in particular pilots, flight attendants, technicians, etc but also provide sufficient labor force with international standard for other airlines in the region.

Vietjet complies with international maintenance standards to ensure the highest level of safety during operations. In 2018, Vietjet invested

a total of over VND500 billion in equipment, materials and spare parts for aircraft maintenance. This is also an important area in which Vietjet will make more investment to improve maintenance capability in line with the strategy to become a leading regional airline.

For the aviation industry in general and Vietjet in particular, fuel cost always accounts for a significant part in operating expense. In order to ensure efficiency in cost management, in 2018, the Company invested in PetroVietnam Oil Corporation (PVOIL) and held 4.59% of total shares. It is considered an important step of Vietjet in the long run, as it would improve Vietjet's supply chain synergies and provide improved control over the impact from oil price movement. Moreover, leading position and the potential of PVOIL in local market can bring more economic values for the Company in the future.







PRODUCTS AND SERVICES

Vietjet focuses on creating new values for passengers: unique and hassle-free experience for first-time air travelers, flexibility and convenience for dynamic young people, and high-class services for business man/woman.



Lounge

Vietjet has a system of modern and luxury lounge at airports to serve Skyboss passengers. Passengers can relax, entertain, work and meet business partners in private space and with available facilities: private screen providing flight information, lavish buffet and a bar with many special wines and publications such as a wide variety of newspapers/magazines, free internet/wifi access and other facilities for work and entertainment needs.

Add-on services

- Seat selection
- Pre-ordered food
- Luggage transport
- Duty-free products
- Travel insurance
- Web Check-in, Kiosk Check-in



Private jet

Vietjet is known for guaranteed quality services not only in Vietnam but also in surrounding countries. Vietjet has been selected and trusted to provide private jets services, carrying famous artists and business families from Bombay (India) to Phu Quoc (Vietnam) to attend the wedding party of an famous Indian billionaire couple.



In-flight meals

In-flight meals served with a diversity of seasonal menu include nine hot dishes, instant food and snacks, added with more than 20 types of hot and cold drinks in European and Asia styles are prepared by five-star restaurant chefs. In addition, Vietjet also serves vegan diet and dietary meals specially ordered by passengers.



Unlimited entertainment with high-tech equipment

Vietjet's aircraft are equipped with hi-tech device to meet the needs of passengers on flights. Passengers can watch latest movies, play interactive games, listen to music in flights.



Shopping for unique souvenirs and talking with One 2 Fly

Provide unique souvenirs and travel publication One 2 Fly - one of luxury class travel publications.



Flight entertainment activities

Implementing entertainment activities, interacting with passengers on aircraft such as Carnival Dance, Gangnam-style dance, wedding on airplane, etc with the participation of famous singers and artists. In addition, during Tet holidays, Vietjet also gives gifts like lucky money, Christmas gifts, gifts for women, children, free air tickets, etc, for customers.



SKYBOSS - STYLE OF LEADERS:

Vietjet's high-class service, providing many special services to leading customers:

- Priority check-in
- Luxury lounges
- Priority seat
- Flexible ticket
- Private transportation to aircraft
- Food and drink during the flight
- 30kg of free checked baggage and a set of golf bag.



MARKETING AND SALES

Vietjet has main distribution channels including:

- Website and mobile apps;
- Ticket agents;
- Ticket office;
- Vietjet helpdesk;
- Retail units and correspondent banks with more than 3,000 transaction points.

In addition, Vietjet also deploys a Global Distribution System (GDS) to enable the automation of transactions between third parties and agents to provide airfare distribution, tourism and travel services for global passengers. To manage the costs of GDS distribution channels, Vietjet signed a contract with Hahn Air (German) and the Airlines Reporting Corporation (USA) that distribute tickets on the system. To exploit and attract customers for 2018, Vietjet continued implementing many promotions and campaigns to offer the most competitive fares for passengers. The most amazing promotional program is the Golden Hour Promotion every day:

- Golden hour program, **"It's 12 pm, Let's Vietjet"** to provide promotional tickets at zero cost with the commitment of giving customers **safe, fun, cheap, on time** flights.

In 2018, Vietjet held two large campaigns on a nationwide scale and all international markets in which it operates:

- **Passion with football – Flying in Summer**, which was rolled out from May to July during the 2018 World Cup, drew attention on social media and in particular helped boost sales revenue on international routes: more than 4 million customers booked tickets and 12 million customers visited Vietjet's website during the campaign. Revenue of domestic routes increased by 7% while revenue of international routes increased sharply, with margin ranging from 40% - 199%.
- **Connecting love** took place from November 2018 to February 2019, offering customers 17 special round-trip flights and millions of free flight opportunities across Asia. A microsite attracted 7,393 visits to join the flight, more than 7 million likes, millions of tickets at no cost during the golden hour promotion. The music video **Fly for Love** had 31 million viewers and was in the Top 5 most viewed videos. The program has made flying dreams come true, bringing meaningful flights to millions of people all over Asia.



SAFETY, SECURITY AND QUALITY ASSURANCE (SSQA)

Safety, Security, and Quality Assurance (SSQA) continuous improvement is consistently one of the top priorities in Vietjet's development strategy. The Company has achieved the highest ranking of international safety standard by a number of improvements in resources management, efficient use of quality management systems, data analysis systems and safety management. Throughout the years, Vietjet has been proud to be the leader in the application of flight data analysis system and actively partners with Airbus to implement Safety Management System, meeting aviation safety standards in accordance with the regulations of the International Civil Aviation Organization (ICAO), aviation authorities, associations, alliances to which Vietjet is a member to minimize potential risks, preventing incidents that may occur in operation activities.

Typical results of SSQA performance achieved in 2018:

- The index of analysis quality of the system reached 93.72% - a very high level (Airbus's recommendation is 90%).
- Successfully completed the Line Operations Safety Audit on the cockpit and cabin to strengthen the effectiveness of risk management.
- Performed 100% safety observations for pilot training activities in the Full Flight Simulator.
- Prepared 100% mandatory safety incident reports sent to the CAAV.
- Inspected and handled safety incidents reports for all line operation activities.
- 100% of newly-recruited employees were trained about the Safety Management System.
- 100% of aviation staff was preliminarily and periodically trained about the Safety Management System.
- SSQA Department issued warnings, recommendations and instructions on safety to full line operation systems of Vietjet to raise awareness of safety and compliance in line operation activities.

ENGINEERING AND MAINTENANCE

With experienced engineers who are formally trained by prestigious domestic and foreign universities, Vietjet has contributed to safe and efficient operations, and met all standards and requirements of the CAAV as well as the requirements of aircraft manufacturers, engine manufacturers or aviation authorities such as the U.S. Federal Aviation Administration (FAA) and the European Aviation Safety Agency (EASA).

Along with the professional training, Vietjet's Engineering Department often reviews, evaluates and implements statistics on defaults by analyzing, studying and providing appropriate technical solutions to increase aircraft technical reliability. The staff is constantly intensified in terms of quantity and quality through formal and continuous training and recruited from prestigious universities, colleges and vocational schools to meet the size of fleet that increases over the years.

Also, the Company is applying an advanced IT system in engineering management, such as AMOS system for storage of flight data, Flight View for updates of flight status and other software that enable aircraft to transmit data during flights.

In addition, reasonable inventory management of supplies and spare parts may bring efficiency for operation activities, such as improving higher aircraft availability for operation, reducing flight downtime, repairing defaults and reducing material costs.

Methods for management of spare parts and materials that are:

- Pool supply for spare parts that have high value and low frequency of replacement.
- Self-supply for spare parts that have extremely high value, low-value consumable materials, or materials that have a high frequency of utilization.

The current management and supply of materials meet the plan for development of flight network and fleet:

- Improving management capacity of the system to effectively provide supplies and implement cost optimization;
- Monitoring contracts through KPIs to optimize the services provided;
- Maintaining and promoting current management methods;
- Improving system and contract management capacity;
- Calculating, rotating to optimally supply spare parts and materials, minimizing waste due to inactive inventory in the supply chain;
- Ensuring the supply of materials for the fleet's growth.



HUMAN RESOURCES

Human being is fundamental resource for the success of Vietjet today, therefore efficient human resources management is always one of the key concerns of the leaders, particularly in the context of increasing competition in Vietnamese aviation sector. By offering appropriate compensation and benefits, professional working environment and proper motivation, Vietjet not only makes employees feel secured and motivated at work, but also attract top-notch people in domestic and international markets. In addition to basic benefits such as insurance, annual leave, salary review, bonus on performance etc, Vietjet's employees are also offered health insurance, team building activities and free tickets for themselves and family members.

In 2018, HR development strategy of Vietjet focuses on four areas:

- Developing management team with sufficiency in quantity and quality, focusing on training managers to meet job qualification, ensuring 100% of managers are well-trained both in professional areas and leadership skills.
- Focusing on recruitment, training and development of labor force, ensuring safety, quality assurance and efficiency in flight operations.
- Continuing to build, innovate and complete internal procedures and policies on HR management such as recruitment process, resignation process, disciplinary process, training regulations, policy on salary and benefits, internal labor rules, along with investment and development of HR management software.
- Building a modern Vietjet Aviation Academy, in partnership with Airbus to equip with flight training equipment and cockpit simulators for Airbus A320/A321 aircraft in Saigon High-tech Park, District 9, Ho Chi Minh City.

TRAINING

Education and training

In 2018, Vietjet organized 924 initial, recurrent and upgrade training courses for more than 21,000 trainees who are pilots, flight attendants, moderators, flight operators, ground operators, technical employees and others. At the same time, Vietjet composed and got approval for seven new internal training manuals and reviewed 12 other manuals according to requirements and recommendations from the CAAV. Vietjet also continued to widely conduct e-learning courses which were evaluated as effective, time-saving and cost-efficient with 404 training courses for 14,000 trainees.



Vietjet Aviation Academy

In November 2018, Vietjet completed the first-phase construction of Vietjet Aviation Academy and installed the Full-Flight Simulator and other training equipment with partnership from Airbus. The operation of regional-scale Vietjet Aviation Academy is an important milestone in Vietjet's development, helped to modernize training activity, reduce cost and save time. The Academy not only helps Vietjet to proactively source human resources to serve its business operation in coming years but also is expected to meet demand for high-quality human resources of other airlines in the region. One of the highlights in Vietjet Aviation Academy is the European-standard Full-Flight Simulator that got approval by the EASA and the CAAV. By the end of 2018, the Full-Flight Simulator conducted more than 910 training hours for local and foreign pilots, enhancing the effectiveness of flight training.



SUPPLY CHAIN MANAGEMENT

Vietjet's partners, who are currently providing ground handling services at domestic and foreign airports, are mostly top brands in aviation with extensive experience and full capacity to serve and meet the requirements/standards of aviation industry. Particularly, Airports Corporation of Vietnam, a leader in airport management and operation in Vietnam, provides ground services at 13 domestic airports; Saigon Ground Services Joint Stock Company, a subsidiary of Airports Corporation of Vietnam, provides Vietjet with ground services at three airports in Saigon, Da Nang, Cam Ranh; Hanoi Ground Services Joint Stock Company provides ground services at Noi Bai Airport. In international airports, Vietjet cooperates with leading providers of ground services like Eva Air in Taiwan; Asiana Airlines' ground service company in Korea, etc. Ground services providers are selected through a process of strict assessment to ensure best performance and highest service quality.

The assessment is based on the following basic elements:

- Capacity (safety and quality are top priorities);
- Commitment to service quality;
- Appropriate prices;
- Credibility, brand (ensuring a long-term and durable partnership with Vietjet);
- Responsibility on environment, community and society.

All providers of ground handling services must be evaluated and approved by the CAAV in accordance with the Regulations of Aviation Safety.

REPORT ON NEW IMPROVEMENTS IN CORPORATE MANAGEMENT

Vietjet is currently using advanced IT systems to manage production and business, flight operations, finance and accounting activities. In the year, Vietjet deployed advanced IT projects to optimize flight schedules, crew schedules, intermittent flight handling and flight time control, economical and efficient management of equipment and materials. Also, Vietjet is gradually building an Enterprise Resource Planning system, starting with budget and management reporting system based on a modern IT platform. Vietjet is currently using more than 20 pieces of advanced software to manage its activities. In particular:

- Ticket booking system is developed and managed by Intelisys (Canada) which is to manage risks, detect credit card fraud and verify online booking transactions. The airline uses Gatekeepers software from Mastercard, one of the world's leading credit card issuers, which is capable of handling approximately 30 million transactions per month for more than 30,000 companies in 180 countries in the world. Additionally, the Aviator software helps manage and optimize flight revenue.
- The flight analysis and flight safety activities are managed by the Electronic Flight Bag (EFB) applications provided by Airbus. EFB promptly updates the crew with information related to flight safety and flight control.
- For the management of flight operations, the airline uses Geneva software. This software helps the airline optimize its sources in terms of flight schedules, crew schedules, intermittent flight handling and flight time control. The airline uses SunSystems to manage procurement, financial and accounting processes.

In addition, the airline also uses AMOS application to manage materials and spare parts for aircraft.

- Aiming to invest in information technology on internet platforms, the airline will build an e-commerce technology platform to support customers in conveniently buying tickets, goods and services on vietjetair.com. Additionally, the airline will continue to invest and deploy ERP solutions for management and operation of the business in the form of E-enterprise.

Since 2016, Vietjet has developed an IT strategy for next five to ten years. This is to boost the security of IT systems, especially the e-commerce systems, in compliance with international standards.

In addition to the deployment and application of technology to the management and operation, Vietjet always pioneers in applying advanced technologies in customer care and providing them with modern, luxurious and professional aviation services. In particular:

- Automatic check-in kiosks: automatic check-in machines installed at the airport to help customers proactively complete the procedures in a quick and convenient way
- Online check-in: Customers can check-in online at website: www.vietjetair.com
- Mobile booking: Customers find flight information, buy tickets online and perform other procedures by their mobile phones anywhere and at anytime.

Vietjet has a solid investment and partners with the world's large corporations such as Airbus aircraft manufacturer, which provides the support in aerospace engineering, aviation management and pilot training with expert teams working directly at Vietjet. The booking system is managed in Canada; CyberSource (United States), the provider of the world's leading e-payment security services, is also Vietjet's global e-payment security partner.



REPORT ON RESPONSIBILITY TOWARDS THE ENVIRONMENT AND SOCIETY



Vietjet social responsibility is initially presented through its mission, to make air travel become the most popular mode of transport in Vietnam and to bring happiness and satisfaction to customers. Moreover, the Company also pays attention to responsibility to the environment in a consistent manner in all its operation and business activities, contributing to effective use of natural resources, and minimizing negative impacts on the environment.

Vietjet has always prioritized the management of environmental impacts by optimal management of materials and fuel which is significant parts in its business operations. This helps the Company to minimize fuel costs and 97% of materials are recycled. Since 2017, Vietjet has cooperated with Safran Group to implement the SFCO2 Program which help to reduce CO2 emissions by optimizing fuel consumption through flight data management and aircraft operation. As a result, Vietjet saved 3.4 million kg of fuel and reduced emissions by 10.8 million kg by the end of 2018. Vietjet also achieved the highest technical reliability of 99.64% among the top of airlines in Asia Pacific. In addition, as a part of a program of management of CO2 emissions for Vietnam's aviation industry, Vietjet is gradually building a standard methodology for calculating CO2 emissions into the environment in accordance with guidelines from the CAAV and the ICAO.

Vietjet always focuses on developing a strong base of human resources to achieve the goal of sustainable growth. With a total of 3,850 employees in 2018, an increase of 24.3% year on year, Vietjet

always has commitment to employees on competitive benefits and favorable working environment. The increase in the number of employees will only support the development of the company if the quality of training is maintained. In 2018, Vietjet Aviation Academy held 924 training courses for 21,611 trainees, including 157 courses for pilots, 127 courses for cabin crew, and 128 courses for engineers. In order to optimize costs and time, Vietjet also held online training courses, and 100% of employees attended basic training courses on Safety Management System to promote the safety culture in Vietjet.

In addition to the mission of bringing modern, delight and cost-effective means to the community, Vietjet is a community-friendly airline, actively participating in sponsorship, volunteering activities and contributing to the development of a prosperous society. Vietjet has also been well recognized in domestic and international media for its environmental protection activities, accompanying with sport events, programs of student exchange, multinational students, and free tickets to the poor for Tet celebration, rescue flights for local and international people, the Wings of Love program, giving 10,000 health insurance cards to the poor throughout the country. With practical actions, Vietjet is contributing to a more beautiful life.

OBJECTIVES AND ACTION PLANS IN 2019

The aviation market is expected to become even more vibrant in 2019 and in the coming years. With continuous and sustainable development in the past years, Vietjet is expected to see stronger growth in air transport along with the effectiveness of sales and lease back transactions in the coming years, which continue to bring values, efficiency to investors, create momentum to fulfill the mission of offering flying opportunities to everyone, becoming the regional and international airline.

International aviation markets

In a context of global growth slowdown due to trade conflicts and political uncertainty, the Vietnamese government has set general targets for the 2019 plan on macroeconomic stability and inflation control while focusing on improving the investment and business environment, promoting economic growth, application of advanced scientific technology, and promoting tourism services.

According to the forecast IATA, in the period of 2017-2036, passenger and cargo transport in the aviation sector in the Asia-Pacific region will grow at an average rate of 4.7% and 4.2% per year, respectively. IATA also forecasts that Vietnam will be the world's fifth fastest-growing aviation market, expected to achieve an average growth rate of nearly 14% in the next five years and reach 150 million passengers by 2035.



Domestic aviation market

Vietnam's aviation industry is developing and is expected to grow strongly during the coming period. Vietnam is located in a dynamic aviation region, witnessing the recovery of the world aviation industry. Investments in tourism have increased sharply and the living standard of people is rising. According to Airport Corporation of Vietnam, Vietjet is expected to transport over 23 million passengers in all airports in 2019, an increase of more than 8 million passengers compared to 2018. In 2019, Vietnam's aviation industry continues investing and upgrading infrastructures such as terminals, expanding aircraft parking lots at airports, especially in strategic airports, to attract tourists as well as to meet the travel needs of the majority of people. In particular, the Airport Corporation of Vietnam implemented investment preparation steps for key projects, such as building a new terminal (T3) at Tan Son Nhat International Airport; a terminal at Danang International Airport; a terminal at Cam Ranh International Airport; expanding terminal T2 at Noi Bai International Airport; and building terminals T2 at Cat Bi,

Vinh, Phu Bai, Dong Hoi and Tho Xuan International Airports. At the same time, it will implement investment projects to expand airport parking yards at airports with high frequency of operations, such as Noi Bai, Tan Son Nhat, Da Nang, Cam Ranh, Lien Khuong, Cat Bi, Vinh, Phu Bai. In addition, ACV will also invest in equipment, technology and IT systems in airport management and operation activities in accordance with international standards.

In line with the favorable forecasts about the industry's growth and development, Vietjet also sets ambitious targets for the 2019 business plans, with an increase of 20% in the number of passengers and seats, revenue growth and air transport profits were approximately 25%. The airline will continue to promote its leading role, hold a dominant market share in most flight routes, diversify flights and routes to meet all travel needs of customers such as family visits, tourism, business, study.



Business objectives 2019



Maintaining the leading position in number of passenger carried in domestic market and develop international routes firmly and effectively.



Ensuring the operation safety according to IATA Operational Safety Audit (IOSA) with highest indicators among Asia Pacific airlines; maintaining quality standards for LCC aviation industry.



Improving the quality of services, especially ground services, Skyboss services and passenger compartments.



Organizing effective aircraft financing based on advanced models in the world. Maintain the best financial ratio and cash reserves. Focusing on aircraft financing to reduce rental costs and depreciation costs.



Continuing to improve, standardize and automate operational processes, 100% of operation activities based on advanced processes. Implement risk management system in the Company and its subsidiaries, deploying comprehensively and synchronously the digital technology strategy throughout the Company.



Improving management capacity of executive managers. Continue to implement strategic HR projects, develop Vietjet Aviation Academy.



Reducing cost per flight hour, increase operational efficiency.



Effective management on subsidiaries and affiliates.

Business plan 2019

	Actual 2018	Plan 2019	Plan 2019 vs Actual 2018
Fleet	64	76	119%
Flights (total network)	118,923	145,870	123%
Available Seat	26,188,889	31,455,800	120%
Passenger (total network)	23,061,936	27,700,000	120%
Average Load Factor	88.06%	88.06%	100%
Air Transport Revenue (billion VND)	33,779	42,250	125%
Consolidated Revenue (billion VND)	53,577	58,393	109%
Air Transport Profit before tax (billion VND)	3,045	3,800	125%
Consolidated Profit before tax (billion VND)	5,816	6,219	107%

ACTION PLANS

Vietjet continues to innovate, focus resources on action plans and key tasks, ensure efficient use of resources and perform management in accordance with international standards and best practices for business management.

Development of aircraft fleets

Continue maintaining and upgrading new and modern fleets to increase to 76 aircraft in total (2019) with an average age of less than three years.

Safety management of operations and quality assurance

- Continuing to build Vietjet's Safety Management System, strengthen monitoring activity and minimizing safety-related hazards.
- Implementing the Fatigue Risk Management System in Vietjet's operation system.
- Effectively deploying the Line Operations Safety Audit for flight operation, including operations in simulators; study the application of Line Operations Safety Audit in engineering area.
- Partnering with Airbus/Navblue in Flight Data Monitoring, to ensuring the effectiveness in identifying hazards and managing risks in flight operation.
- Continuing to implement Hazard Identification and Risk Analysis effectively throughout the Company.
- Ensuring 100% of Vietjet's employees are trained on Safety Management System.
- Encouraging a strong safety culture throughout the network by internal training.
- Strengthening international cooperation with International Air Transport Association (IATA), Association of Asia Pacific Airlines (AAPA), Airbus etc in terms of safety.



Human Resources

To ensure adherence to the planned business operation for 2019, Vietjet has prepared a detailed action plan on human resources management to prevent any insufficiency of workforce, in particular, skillful pilots and engineers. According to the 2019 plan, the total number of employees is expected to reach 5,698 people, including 2,742 attendants and pilots, 1,691 engineers, flight coordinators and ground service staff, and 1,265 other staff.

In 2019, Vietjet focuses on the key tasks of human resource development, as follows:

Intensifying human resource development:

- Recruiting pilots through socialization policies, liaising with the providers of pilots for hire and direct recruitment, continue to maintain a full payment policy for the training courses for job-transfer pilots and periodic training courses for pilots.
- Develop cooperation programs with local and foreign universities and colleges, training centers and establish policies on investment and improving students at universities and colleges in order to supply qualified engineers and technicians promptly. Vietjet also cooperates with foreign other organizations in recruiting skilled professionals.



Enhancing capabilities and investing in development and organization of training:

- Developing Vietjet Aviation Academy to obtain a certificate of level-2 aviation training organization, using approved Full – Flight Simulator approved by the CAAV. Recruiting and developing qualified teachers to meet Vietjet’s needs for HR training and development.
- For training courses for pilots/flight attendants: continue to invest in two more Full Flight Simulator for pilot training, invest in devices for cabin crew training including Ditching Mock – up, A320/321 Door Trainer, and Fire Fighting Trainer.
- For technical training: building a workshop for B1/B2 maintenance engineers, continue to invest in a training center with standard learning rooms and modern equipment meeting training standards of the EASA.
- Planning and implementing a program for pilot basic training to staff Vietjet in particular and the aviation industry in general (2019 - 2020)





Strengthening HR management:

- Standardizing the processes of recruitment, training, rotation, appointment and performance appraisal with best practices and talent development.
- Completing policies for remuneration, appraisal and employee rewards including compensation to ensure competitiveness in labor market, performance appraisal system (capacity dictionary), KPIs, wage policies, payroll regulations, improving working conditions and improve productivity at Vietjet.
- Focusing on periodic training, rotation and upgrading for employees and improving the qualification of management team in accordance with international standards, focusing on improving foreign language proficiency and problem-solving skills.



Maintaining corporate culture, creating strength from engagement:

In addition to business strategies, the strength of corporate culture also plays an important role that brings a competitive advantage to Vietjet, especially in the aviation industry, where corporate culture is an integral part of the safety culture. Additionally, the dedication and loyalty of each employee in the Company, teamwork spirit and belief in the Company's leaders will pursue the inner strength, increase business efficiency and create distinctive values.



Financial resources

In order to meet capital demand for developing aircraft fleet and business expansion, Vietjet need more than VND18 trillion capital for 2019. The Company has been well-prepared for cash flow forecasting and management by implementing automated processes to improve forecast accuracy and reliability, optimise the duration of investments and minimise funding mismatches. Vietjet is also seeking diversified funding solutions by approaching both equity and debt capital markets and particularly attracting funds from international market. Some of solutions for maintaining strong financial resources includes:

- Optimizing the working capital and the cash flows through implementing integrated payment solutions and comprehensive management of cash flows, using modern technology platforms offered by leading international banks.
- Flexibly utilizing instruments in capital markets (shares, stocks, bank loans etc) to diversify options for short, medium and long-term capital needs.
- Deploying effective aircraft financing solution based on the world's advanced models such as SLB, JOLCO, ECA backed financing,

insurance backed financing through top international banks, financial institutions with high credibility and long history of operations such as JPM, Citibank, HSBC, Credit Union, ING, SMBC, MUFG etc.

- Attracting capital from international equity debt markets, international bonds and bank loans.

Branding development

Focusing on developing Vietjet's brand attached to outstanding service quality and reasonable airfares, Vietjet continues to inspire passengers by experiencing flight services that are convenient, joyful, and attractive with many daily promotions. The brand image shows its personality, lifestyle for a generation of smart consumers, always aiming at a beautiful life and love connection. That is Vietjet's generation.

Vietjet will keep a creative and dynamic spirit to become a favorite New Age Airline and is the choice of many passengers not only in Vietnam. Vietjet will continue its mission to realize the flying dream of the community, becoming the airline of people with super-saving price strategies for passengers, constantly contributing to the development of the aviation industry of Vietnam and the region.

ENTERPRISE ADMINISTRATION

ENTERPRISE ADMINISTRATION

*Improving current position,
Seizing the trend*



CORPORATE GOVERNANCE REPORT

Vietjet always ensures adherence with corporate governance policies in accordance with best practices and current regulations including listing regulations of Ho Chi Minh Stock Exchange. This is not only access to the core value as well as a significant requirement to ensure growth goals, but also affirms brands and helps Vietjet integrate successfully.

REPORTS OF THE BOARD OF DIRECTORS AND COMMITTEES

REPORT OF THE BOARD OF DIRECTORS (BOD)

In 2018, Vietjet's Chairwoman and Board members had a lot of positive activities and significantly contributed to the success of the Company. The BOD not only participated in the strategic development orientation, reviewed and approved business plans, but also understood the Company's strugglings in operation to make timely decisions on undertakings, orientation and supported the Board of Management in ensuring business activities of the Company.

The 2018 Annual General Meeting of Shareholders was held in compliance with the Enterprise Law, the Company's Charter as well as with regulations for listed companies.

In 2018, the BOD conducted meetings and issued Resolutions to approve important policies and decisions in accordance with the development strategy of the Company.

Resolutions and decisions of the General Meeting of Shareholders made by the BOD were disclosed, including:



Resolutions, decisions of the General Meeting of Shareholders

1	01-18/VJC-DHCD-NQ	09/01/2018	Resolution on collecting shareholders' written opinions
2	02-18/VJC-DHCD-NQ	26/04/2018	Resolution on the 2018 Annual General Meeting of Shareholders
3	03-18/VJC-DHCD-NQ	11/10/2018	Resolution on collecting shareholders' written opinions

Resolutions, decisions of the Board of Directors

1	01-18/VJC-Hoi dong Quan tri-NQ	09/01/2018	Closing the 2017 list of shareholders receiving 10% dividend advance in cash
2	02-18/VJC-Hoi dong Quan tri-NQ	23/01/2018	Appointing Vice President - Mr Do Xuan Quang
3	04-18/VJC-Hoi dong Quan tri-NQ	05/03/2018	Publishing the amended Charter (5th)
4	10-18/VJC-Hoi dong Quan tri-NQ	13/03/2018	Convening the 2018 General Meeting of Shareholders
5	11-18/VJC-Hoi dong Quan tri-NQ	30/03/2018	Appointing Vice President – Mr Nguyen Thanh Son
6	14-18/VJC-Hoi dong Quan tri-NQ	03/04/2018	Holding the 2018 General Meeting of Shareholders
7	17-18/VJC-Hoi dong Quan tri-NQ	23/04/2018	Closing the 2017 list of shareholders receiving the 3rd dividend advance in cash
8	18-18/VJC-Hoi dong Quan tri-NQ	08/05/2018	Issuing shares to pay dividends of 2017
9	23-18/VJC-Hoi dong Quan tri-NQ	21/05/2018	The last registration day for receiving stock dividends and the detailed plan for dealing odd shares
10	35-18/VJC-Hoi dong Quan tri-NQ	16/08/2018	Appointing Chief Accountant
11	36-18/VJC-Hoi dong Quan tri-NQ	16/8/2018	Closing the 2018 list of shareholders receiving the 1st interim dividends in cash
12	38-18/VJC-Hoi dong Quan tri-NQ	31/8/2018	The last registration day of collecting shareholders' written opinions
13	43-18/VJC-Hoi dong Quan tri-NQ	03/11/2018	Appointing Vice President - CFO – Ms Ho Ngoc Yen Phuong

REPORT OF THE COMMITTEES UNDER THE BOARD OF DIRECTORS

a. Aviation Safety Committee

Aviation Safety Committee is responsible for ensuring aviation safety. In 2018, this committee collaborated with relevant departments to monitor closely and implement properly the provisions in the Safety Management System manual of the Company. In particular:

- Regularly reporting on aviation security to the CAAV and the National Traffic Safety Committee; actively implement and direct all units to adhere to the rules and procedures to ensure aircraft operation and maintenance in accordance with the Regulations of Aviation Safety, the Law on Civil Aviation of Vietnam and the applicable international standards; focusing on supervision and raising awareness on safety in line operations.
- Directing and monitoring the training programs of flight teams, flight attendants and technical staffs to be implemented in accordance with the international standards on safety at facilities approved by the CAAV;
- Monitoring safety activities including:
 - The Line Operation Safety Audit - Cockpit
 - The Line Operation Safety Audit - Cabin
 - Analysis of flight data,
 - Monitoring occurrence reports in the whole operation system, applying hazard identification and risk assessment for each safety issue determined and disseminated to the relevant departments for implementation and further improvement.
- Giving directions in ensuring safety in the whole operation system to achieve IATA Operational Safety Audit renewal in 2018.

b. Aviation Security Committee

The Aviation Security Committee assists the BOD in ensuring the aviation security of Vietjet. During last years, the Committee has cooperated with relevant departments to monitor closely and implement properly the provisions of the Aviation Security Program, including:

- Reporting, coordinating and actively implementing the directions of the National Aviation Security Committee, at the same time sending staff, experts to participate in training courses on the following contents: identifying counterfeit documents, aviation security management, anti-terrorist, network security, training and rehearsals for handling and dealing with emergency situations in aviation security;
- Coordinating with police and security departments to deploy security activities of Vietjet, in which, it is necessary to review the identity of personnel, staff and coordinating in handling immigration-related cases.
- Implementing communication programs for educating and strengthening security responsibilities to managers, including staff management and others. The Security Committee gives necessary direction to Security Department and Media Centre to coordinate and sponsor for national safety programs organised by the CAAV, improving safety culture across the Company.
- Developing the regulations on information security according to ISO27000 standard at the same time, directing the IT Department and related units to coordinate in drafting the Network Security Program and submit it to and get approval from the Aviation Security Committee for implementation including active security measures to prevent network attacks and contingency plan in case of attack occurrence. Directing to develop the ISO 27001 project - Part 2 of Phase II to actively analyze threats and preventive measures, it is expected that ISO 27001 project will be completed in June 2019.

c. Organization and HR Committee

The Organization and HR Committee has the right to decide on strategic issues related to the Company's personnel organization, including organizational structure, salary etc to suit the development situation of the company. According to the BOD's assessment, this committee has well performed the assigned tasks. Specifically, in 2018 the Committee has actively operated under the management of the Chairwoman, periodically work at least twice per month to decide on working policies for departments, titles, salary frames for all personnel groups, staff training activities and conduct performance evaluation of units biyearly. HR Committee will constantly monitor changes in work force and labor market to make right decision on remuneration adjustment, employee reward policies and other ways to effectively motivate employees.

d. 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 of the Company's Emergency Response Plan. In this year, the Committee completed the following tasks:

- *Training:* Hold training courses to respond emergency cases for 460 Vietjet's officers and employees including one training course for Vietjet's Emergency Response Steering Committee, one training course for Line Operations Management Center, one training course for Safety Investigation Team, two training courses for Special Assistance Team, one training course for Communication, one training course for customer service center, one training course for teachers ready to respond to emergency situations for Airport Representatives;
- Reviewing and implementing the Comprehensive Emergency Plan and at the same time building 78 new emergency plans for Vietjet at the airports;
- *Rehearsal:* Successfully organized two rehearsals: Emergency Response Rehearsals for Aviation Security - Black Sky and Emergency Response Rehearsal for Aviation Safety - Red Sky;
- *Incident handling:* Implementing activation and effective management of the incidents occurred in 2018, ensuring to minimize damage to passengers, and at the same time, quickly return to normal activities in the shortest time.

e. Insurance Committee

The Insurance Committee is responsible for organizing and selecting insurers who offer the best insurance services to the Company, holding training courses on insurance operations for all employees and controlling and monitoring compensation for incidents. As assessed by the BOD, the Committee fulfilled the assigned tasks in 2018. In particular:

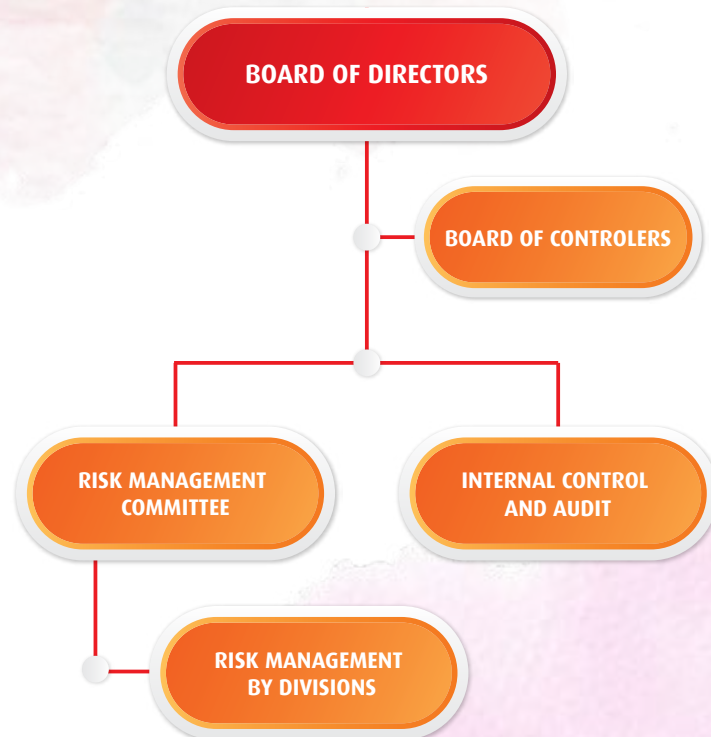
- Renewal of the insurance programs in 2018 - 2019 at the best rates for top reinsurers in international markets;
- Organizing training courses and attending conferences: the training course of the IATA, Emergency Response Preparedness (ERP) and training course for Globally Harmonized System of Classification and Labeling of Chemicals (GHS), training on ISO/IOS management system, participating in the insurance conference of Asia Pacific annually held by Willis.

f. Risk Management Committee

The Risk Management Committee is responsible for assisting the BOD in improving the risk management system, ensuring business operations and effective use of resources and assets. The committee shall build a risk management strategy, risk appetite, risk management policy, risk management process and performing necessary inspection and assessment activities to ensure that risk management is fully implemented. The Risk Management Committee is directed and managed by the General Director.

REPORT ON RISK MANAGEMENT ACTIVITIES

2018 continues to be a year of strong growth when Vietjet led the domestic market and all the indicators exceeded the plan. In addition to Vietjet's management team and staff making continuing efforts in business operations, the effectiveness of risk management contributed to this success. The aviation industry has different and highly specialized activities, accompanied by potential risks and has a great impact not only on business activities of the airline but also has impact on national security, social and environmental issues. Recognizing the importance of risks identification and prevention, Vietjet's management team always uphold and invest resources for risk management and build a risk management system in accordance with the industry-specific standards and practices.



Identifying the main risks, Vietjet's BOD has proposed effective groups of solutions to monitor and manage risks to prevent and mitigate negative risks and impacts. Some of the top risks that have been identified are:

a. Risks in strategies

Vietjet's business development strategy always focuses on the core activities, which are defined clearly and transparently. In the process of implementation, Vietjet has identified potential risks impacting on strategic objectives and provide key solutions to handle them. These solutions have important implications for the company when the world's economy and politics have many changes and domestic and regional airlines face dramatic competition. The central risk prevention measures include:

- Planning and focusing resources on the core activities of the Company which is to provide quality and safe air transport services;
- Effective management and application of cost saving measures, one of the key actions of the low-cost airlines;
- Developing a medium and long-term financial strategy to ensure the operating cash flows for the Company, developing plans to cope with market changes;
- Building and strengthening the value chain to create competitive and value added advantages for customers.
- Continuous improvement of corporate governance and application of the world's advanced management principles and practices for optimizing internal resources;
- Promoting Vietjet's prestigious image and brand in the country and the region.
- Building and promoting Vietjet's culture, contributing to creating a professional working environment.

b. Risks in safety assurance

It is possible to say that Vietjet's market participation completely changed the position of Vietnam's aviation industry over the years and changed the perception of customers about the use of air transport means. Air transport has become more popular and convenient than ever, and customers increasingly rely on Vietjet brand. To gain this trust, Vietjet always puts safety and service quality as top priorities. In 2018, Vietjet was awarded the highest ranking for safety with seven stars in 2018 by the world's only safety and product rating website, AirlineRatings.com. To achieve the above results, Vietjet applied risk management solutions in terms of quality safety, as follows:

- Establishing a Quality Safety Committee consisting of personnel with intensive experience and knowledge, accountable and willing to handle all emergency situations;
- Complying with the stringent requirements of the IATA, the CAAV and the regulations of other relevant aviation authorities;
- Focusing on Safety - Security - Quality Assurance by deploying the application of the most modern and advanced quality safety management systems in the industry;
- Developing safety manuals, standard operating procedures and policies in terms of safety and quality; regularly conducting rehearsals for handling incidents; holding training courses and communicating to raise safety awareness to all Vietjet employees.
- Actively implementing and fully complying with insurance obligations through reputable insurers in the aviation industry.

c. Risk in compliance

Due to the specific nature of the industry, the operations of airlines in general and Vietjet in particular are strictly managed by the stringent regulations of Vietnam, international aviation organizations, and authorities. The regulations are constantly updated and changed to protect consumers; ensuring security and environmental issues; ensure fair, transparent competition etc. Therefore, Vietjet's management is always interested in meeting and complying with the regulation within a legal framework. The solutions that Vietjet effectively deployed include:

- The management often emphasizes the importance of compliance with international laws, regulations and directs the implementation;
- Complying with and meeting all industry and legal regulations by obtaining certificates of line operations, safety, business licenses.
- The Department of Internal Control and Audit and the Legal Affairs consists of experts who have intensive knowledge of aviation and law, regularly updates new regulations, creates a warning mechanism to the Management when identifying signs of non-compliance;
- If necessary, Vietjet should seek legal advice from international law firms, organizations providing professional advice in aviation.

d. Risks in fuel price volatility

In the cost structure of the air transport, fuel costs account for the largest share of the total cost of the Company. Fluctuation of fuel price will immediately affect the business performance of airlines. Meanwhile, fuel price depends on a lot of economic and political factors around the world and underwent many fluctuations in the past beyond the forecast of the most experienced experts. To mitigate the impacts of risks from fuel price fluctuations, Vietjet has been implementing many effective measures, such as:

- Using a fleet with a low average age to optimize fuel consumption.
- Implementing fuel-saving programs in partnership with the engine manufacturer CFM International.
- Operating the new generation fleet of Airbus A321 NEO, saving up to 16% on fuel consumption.
- Issuing policies on the use of commodity derivatives as one of instruments to prevent risks.

e. Risk of loss of market share and competition

Vietnam is becoming a country with rapid economic growth and has an increasingly important position in Asia - Pacific. Therefore, the trend of open-door and integration is inevitable and creates huge competitive challenges for the whole economy in general and the aviation industry in particular. Since 2015, the Association of Southeast Asian countries (ASEAN) issued the Open Sky policy to liberalize and increase the limit of the regulation on frequency or productivity of flights between member countries, Vietjet as well as regional airlines faced challenges to enhance competitiveness in international routes. Meanwhile, Vietjet's leading role in the domestic market always faces the competition of established competitors in the industry and even new airlines in the market.

For Vietjet, the high competitiveness in the industry is not only a challenge but also a great opportunity for the business environment to become more healthy and fair, bring the best service quality for passengers. In order to mitigate risks, Vietjet has been implementing the following solutions:

- Maintaining a competitive advantage through controlling safety and quality, constantly improving efficiency in management enterprise, optimize costs, increase labor productivity;
- Continuously looking for opportunities to improve service quality and diversify services to bring the best experience and utilities; deployment strong promotions to bring flying opportunities with reasonable costs for millions of customers;
- Investing in generations of new aircraft with many utilities and fuel savings and equipped with the most advanced safety systems;
- Reaching out partners for business cooperation or participating in airline alliance, thereby taking advantage of their infrastructure to reduce operating costs and enhance market position.
- Controlling significant slot share at key international airports in Vietnam and the current infrastructure constraints help Vietjet to derisk the competition from new players;
- Continuing to aim at providing low fare and superior quality services to its customers and is able to manage these fares with an increased focus and contribution of ancillary revenues, which now contribute about 25% of the total revenues.

f. Risk in human resource management

One of the key factors that lead to Vietjet's success is a team of leaders and highly qualified staff with intensive and long-term experience in the industry. Along with the spirit of solidarity and consensus, Vietjet's leaders and employees overcome many challenges, step by step realize the dream "High flying, flying out, reaching out to the world". Vietjet's management stated that the HR management plays an important role in developing strategic tasks, thereby proposes the following solutions:

- Reviewing and improving the capacity framework for all levels from workers, engineers, experts to managers;
- Building and operating Vietjet Aviation Academy to proactively build up a force of qualified and skilled pilots and flight attendants, and meet Vietjet's development needs.
- Reviewing and allocating reasonable workloads, facilitating employees promote their capacity;
- Developing and implementing training plans to improve skills for management staff and experts; promoting the spirit of training, internal sharing, teamwork;
- Developing competitive and attractive remuneration regimes; applying policies to retain talents and build successors;
- The management regularly discuss with employees to learn about their aspirations to provide necessary support.



g. Financial risks

During strong development and in realizing strategies, Vietjet always faces challenges about financial resources for investment in growing aircraft fleet, ensuring cash flow for production and business activities. Therefore, risks in arrangement of capital, budget planning management, cash flow management including interest rates, exchange rate fluctuations need to be managed and evaluated regularly. Vietjet has been working on financial risk management measures, including:

- Developing a medium and long-term financial plan, along with management budget through weekly/monthly/quarterly/yearly forecast, aimed at well managing the cash flow for production and business, optimizing capital resources, reducing opportunity costs and increasing income from financial activities;
- Applying strict budget planning and process through a system of reporting and accounting management methodically and increasingly perfected;
- Reviewing and updating appropriate financial policies and regulations with the production and business situation of the Company; building standards and norms to control financial and regulatory purposes and providing financial index limits in detail;
- Negotiating with reputable credit institutions to have the most optimal interest rate and capital cost;
- Closely monitoring market movements and interest rates warnings and proposing response measures through the use of derivative financial instruments to minimize interest rate risks and risks exchange rates and ensuring the source of foreign currency.

h. Risk in meeting the standards of aviation infrastructure

In recent years, Vietjet has always maintained the efficiency of using aircraft at a high level and paying attention to exploiting a fleet in the most effective way. However, during operation, Vietjet also faced many difficulties coming from the infrastructure limitations at local airports. The infrastructure limitations increase turn-around time, significantly impeding efficient aircraft utilization. To minimize this risk, Vietjet actively implemented the following tasks:

- Developing aircraft fleets and allocating reasonable flight schedules in five main bases;
- Cooperating with ground handling service providers to improve operation process and coordination between functional departments;
- Direct investment in infrastructure development at airports to create favorable conditions for operation;
- Joint venture with partners in building and expanding new airports.

Additionally, the Government also has a master plan up to 2025 with detailed schedule of upgrading and expanding airports, improving operation capacity. Infrastructure for aviation industry will be improved in the future, creating favorable conditions for operation activities of Vietjet and other airlines.



REPORT OF THE BOARD OF SUPERVISORS

STRUCTURE OF THE BOARD OF SUPERVISORS, REMUNERATION AND BENEFITS

The Board of Supervisors during 2017-2022 consists of three members:

- Ms Tran Duong Ngoc Thao – Head of the Committee of Special Tasks;
- Ms Doan Thu Huong – Member;
- Mr Pham Van Dau – Member

KEY ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2018

Performing the monitoring and supervision tasks, in 2018 the Board of Supervisors has performed the following activities:

- Monitoring and supervising the implementation of resolutions of the Annual General Meeting of Shareholders held by the BOD through direct inspection of documents and records at the Company and indirectly reviewing through the Company's business reports of the BOD and the Board of Executives.
- Supervising the operational and management activities of the BOD and the Board of Executives.
- Participating in extended Board meetings to have a picture of business activities and development strategy of the Company.
- Coordinating with external auditor (KPMG) and Vietjet's Internal Auditors to evaluate financial and accounting activities as well as the 2018 audited financial statements.

In 2018, the Board of Supervisors held three regular meetings with the 100% participation of members. In addition, the Board members often discuss via phone and email, in order to promptly transact relevant professional issues.

Meeting sessions	Participants	Main contents
Session 1: 16/01/2018	3/3	<ul style="list-style-type: none">• Reviewing and evaluating activities of control and internal audit in 2017• Approving the 2018 plan of control and internal audit
Session 2: 06/04/2018	3/3	<ul style="list-style-type: none">• Approving the 2017 report of the Board of Supervisors• The 2018 action plan of the Board of Supervisors• Task allocation within the Board of Supervisors
Session 3: 09/01/2019	3/3	<ul style="list-style-type: none">• Reviewing and evaluating the activities of control and internal audit in 2018• The status of implementation of the General Meeting of Shareholders' and the BOD's resolutions• Accounting and financial activities in 2018• Information disclosure

RESULTS OF SUPERVISION OF THE COMPANY'S BUSINESS AND FINANCIAL ACTIVITIES

Implementation of the General Meeting of Shareholders' resolutions

The company completed the implementation of the resolutions of the General Meeting of Shareholders' in relation to the issuance of shares to increase of charter capital and distribution of profits.

- In 2018, the Company implemented the increase of capital charter up to VND5,416,133,340,000 through issuing shares to pay dividends at the rate of 20% in June 2018 according to the resolutions approved by the General Meeting of Shareholders.
- The company made the first interim dividend payment of 2018 in cash at 20% in September 2018, in accordance with the resolution of the General Meeting of Shareholders.
- Consolidated revenue reached VND53,577 billion, fulfilling 105.1% of the 2018 plan and up 26.7% compared to 2017; consolidated after-tax profits reached VND5,335 billion, up 5.1% compared to 2017; equity reached VND14,038 billion, up 32.5% compared to 2017.
- In implementing the authorization of the General Meeting of Shareholders, the BOD discussed with the Board of Supervisors, and hired KPMG Co., Ltd, Branch in Ho Chi Minh City – Vietnam to audit semi-annual and annual financial statements according to Vietnamese auditing standards.
- In 2018, the Company paid remuneration to the BOD and the Board of Supervisors according to budget approved by the General Meeting of Shareholders.
- The company fulfilled its obligations by making full payments to the National Budget.

Monitoring financial conditions in 2018

The Board of Supervisors reviewed semi-annual and annual financial statements of the Company, and regularly discussed with external auditors to evaluate the Company's status of internal control and risk management.

The financial statements had been prepared in accordance with Vietnamese Accounting Standards and provisions of the applicable accounting regimes; audited by KPMG, Branch in Ho Chi Minh City - Vietnam and reasonably reflect situation of assets and operations of the Company as of 31 December 2018 and business results in the fiscal year of 2018.

Monitoring business situation of the Company

The Board of Supervisors supervised the Company's business activities by directing internal control and auditing activities, promptly reflecting existing issues and identifying any risks for the Board of Executives to give directions on remedy and preventive activities.

In 2018, the Company was not in breach of applicable laws. The internal audit completed the approved control and auditing plan:

- Completed periodic inspections over functional departments and affiliated companies, recorded in 2018, the Company fully adheres to established system of internal control.
- Operational regulations of units were completed in the year of 2018, regulations on financial decentralization and business processes was also updated and newly issued in the year.
- The results of periodic inspection recorded the number of findings, a decrease by 30% compared to 2017 as audited units successfully remedied risks raised by internal auditors.
- In addition, the Board of Supervisors proposed improvements and updates to processes, handbook of internal control and manuals to strictly control risks and improve efficiency in the Company's business management system.

Auditing and consulting fees

In 2018, Vietjet selected KPMG Co., Ltd., Branch in Ho Chi Minh City - Vietnam to provide auditing services for the 2018 financial statements, including the separate financial statements of the parent company and the consolidated financial statements according to the Vietnamese Standards on Auditing (VSA).

Vietjet's management always focuses on building an efficient corporate governance system, not only complying with legal regulations but also meeting international norms and practices. The consultancy services that Vietjet used throughout the year, including consultancy packages and upgrade of IT applications in line operations, business management consulting services, and legal services with the costs incurred in the year, as follows:

Consultancy and Audit services	VND million
Consulting services on corporate governance and IT	13,843
External auditing	3,400
Legal services	2,090
Total	19,333

RESULTS OF INSPECTION AND SUPERVISION OF BOARD OF DIRECTORS AND BOARD OF MANAGEMENT ACTIVITIES

Results of Operational Supervision of the Board of Directors

In 2018, the BOD complied with the Company's Charter and Corporate Governance Policy:

- Completed the implementation of 2018 AGM's resolutions and the resolutions adopted by taking opinions in writing in 2018.
- Deployed BOD meetings and extended meetings with the Board of Executives, to agree on strategies, growth directions and business plans, to direct the management activities within the authority of the Board in order to achieve the business objectives in accordance with the business plan approved by the AGM.
- Participated in meetings of the Aviation Safety Committee, Aviation Security, Risk Management Committee, Human Resources Committee, etc. to provide guidance to ensure safety operations of the Company.
- Issued resolutions, decisions and supervise the BOD in implementing the resolutions of the AGM and in the investment and business development activities.

Results of Supervision of the Board of Management

The Board of Management directly managed the business operations according to prescribed functions and duties. Based on the resolutions of the AGM and the BOD, the Board of Management performed following tasks:

- Directed and managed business activities according to the business plans and KPIs assigned by the BOD.
- Organized daily operation meetings, weekly management meetings, and promptly updated operations' situation and business activities in order to make strategic business decisions that reflect the development of aviation industry.
- Directed the preparation of Company's procedures and regulations to ensure that all activities are in compliance with all current applicable laws and regulations; executed the application of technology for all operations and commercial activities of the Company.
- Decided other issues with the authority of the Board of Management.

In 2018, the Board of Supervisors did not record any violations in the management and administration of the Board of Management and other management positions of the Company.

Co-ordinating among the board of supervisors, the board of directors and the board of management and shareholders

- During the implementation of supervision and control activities, the BOD, the Board of Management and functional departments of the Company supported and coordinated with the Board of Supervisors, required documents were promptly and sufficiently provided to the Board of Supervisors.
- The Board of Supervisors regularly gave comments on corporate governance and system of procedures and regulations to the BOD and, thereby contributing to solving difficulties arising from management activities of the Company.

In 2018, the Board of Supervisors did not receive any complaints from shareholders about the Company's business and management.

Board of supervisors' plan for 2019

In 2019, the Board of Supervisors will continue improving its operations, strengthening the inspection and supervision of the company's operations and business activities by supervising the activities of the BOD and the Board of Management as follows:

- Monitoring the Company's compliance with current applicable laws, regulations of aviation, Company charter and Corporate Governance Policy.
- Inspecting the implementation of the AGM's resolutions.
- Examining and review mid-year financial statements and annual financial statements. Maintain regular contact with independent external auditors to improve the quality of audited financial statements.
- Strengthening the Board of Supervisors' performance by focusing on risk management, controlling and detecting significant and potential risk factors so that the Company can apply preventive measures promptly.
- Monitoring the implementation of information disclosure activities to ensure compliance with current regulations.
- Supporting the Company to complete the internal audit activities in accordance with the Decree 05/2019/ND-CP issued on 22/01/2019.
- Directing the internal audit activities, improve auditing processes and procedures and strengthen the audit of software applications in the Company, apply automation solutions to current audit tasks in order to increase efficiency of monitoring and control.
- Regularly attending meetings of the BOD and give advice for risk management to increase the effectiveness of management.



REPORT ON INTERNAL AUDIT

ENTERPRISE ADMINISTRATION



Apart from the functions and duties prescribed by the Enterprise Law that Supervisory Board must perform to strengthen the function of managing operations and governance based on the characteristics of the aviation industry, Vietjet also pioneered to build the Department of Auditing and Internal Control right from the first days of establishment. The Department of Auditing and Internal Control operates independently and reports directly to the President/CEO to perform the tasks of controlling the operational compliance of units/departments in the Company, assisting them in building risk management systems, and inspect and control high-risk operations.

The Department of Auditing and Internal Control consists of six auditors with many years of experience working in international auditing firms (Big4), granted with the Lead Auditor certificates, trained in risk management and internal audit system according to COSO standards and annually granted certificates of specialized training in aviation audit by the IATA.

INTERNAL CONTROL AND AUDITING METHOD

- Method of implementing internal control and auditing is a risk-based approach, concentrating the sources on inspecting and controlling units, departments, processes which are assessed to have a high level of risk.
- Head of Internal Control and Auditing Department is responsible for working with Vietjet's Board of Management and the heads of Divisions/ Departments/Committees to identify, analyze, evaluate risks and develop risk profile for each activity of Vietjet. Risk profile includes full set of potential risks, possible impacts of such risks on Vietjet's operations and the possibility of such risks.
- The risk assessment results will be the basis for the Head of the Department of Internal Control and Auditing to work with the Board of Management and the BOD in the process of annual control and audit planning. Depending on size, growth, risk levels of activities and existing resources (human resources, finance), the Director of Internal Control and Auditing will build an annual plan for internal control and audit (divided by months, quarters).
- Vietjet's annual internal control and auditing plan must meet the following requirements:
 - Risk-based approach: Based on the impact assessment, the possibility of such risks in processes and departments, risks are divided into high, medium or low risk. High risk activities will be prioritized to concentrate more resources and time to perform the control in advance and regularly to limit mitigate the risk level. Any medium and low risk activities will be periodically controlled.
 - Ensuring comprehensiveness: Vietjet's business processes, units, departments are controlled. For processes and departments having the lowest risk in general must be controlled at least once a year.
- Allowing enough time to carry out sudden auditing and control immediately upon request of the Board of Management and the BOD; or being aware of wrongdoings, signs of high risk in the applicable subjects.
- The internal control and auditing plan must be updated, amended and adjusted subject to the occurrences and changes in Vietjet's activities and the change of associated risks.

INTERNAL CONTROL AND AUDITING ACTIVITIES IN 2018

- Continuous control activities.
- Developing and finalizing internal audit manuals for operating systems and applications at the Company. Performing monthly audit to improve and advance compliance as well as prevent and minimize risks. Systems and applications are regularly updated to limit risks from the system and advance cyber security to catch up with the Industry 4.0.
- Evaluating and controlling monthly customer service quality at airports as well as inflight services to ensure that operational procedures are fully complied. The number of non-compliance cases decreased by 60% compared to 2017.
- Organizing fueling audit to ensure the company cost-saving program effectively operates.
- Completing periodic audits at Departments/Division level to ensure that the operational procedures/regulations are fully complied. According to internal audit reports, the non-compliance cases decreased by 30% compared to 2017.

THE 2019 DEVELOPMENT PLAN.

- Completing, updating and promulgating the operation regulations of the Internal Audit Program in compliance with Decree 05/2019/ND-CP Regulations on the Internal Audit at enterprises related to the structure and organization functions, duties, powers and responsibilities of Internal Audit Department.
- Ensuring the Internal Audit processes are followed COSO standards. Internal audit manuals are annually updated to fully reflect audit procedures for an effective audit and minimization of possible operational risks.
- Orienting to incorporate the International Enterprise Risk Management System together with the applications of Industry 4.0 into internal control by automating audit systems/applications to improve the effectiveness of the internal audit.

Developing and improving current human resources according to annual IATA training programs as well as reasonable welfare and remuneration program. In addition, the Company always cooperates with partners to find suitable candidates in labor market.

REPORT ON SALARY AND REMUNERATION

SALARY, BONUS, REMUNERATION OF BOD, BOARD OF MANAGEMENT, BOARD OF SUPERVISOR

In 2018, the Company paid Salary, Bonus and Remuneration at the amount of VND16,553,903,476 for the BOD, VND13,574,775,808 for the Board of Management, VND803,931,735 for the Board of Supervisors with the following details:

BOD	Position	Salary	Remuneration
Nguyen Thanh Ha	Board Chairwoman		100%
Nguyen Thi Phuong Thao	Board Vice Chairwoman cum President	100%	
Nguyen Thanh Hung	Board Vice Chairman		100%
Luu Duc Khanh	Board Member cum CEO	100%	
Dinh Viet Phuong	Board Member cum Vice President	100%	
Chu Viet Cuong	Director		100%
Board of Management	Position	Salary	Remuneration
Nguyen Duc Tam	Vice President	100%	
Luong The Phuc	Vice President	100%	
Nguyen Thi Thuy Binh	Vice President	100%	
Nguyen Duc Thinh	Vice President	100%	
To Viet Thang	Vice President	100%	
Tran Hoai Nam	Vice President	100%	
Nguyen Thanh Son	Vice President	100%	
Do Xuan Quang	Vice President	100%	
Ho Ngoc Yen Phuong	Vice President cum CFO	100%	



Board of Supervisors	Position	Salary	Remuneration	Total
Tran Duong Ngoc Thao	Head	78%	22%	100%
Doan Thu Huong	Member		100%	100%
Nguyen Van Dau	Member		100%	100%



OWNERSHIP PERCENTAGE OF INTERNAL SHAREHOLDERS

Board of Directors	Position at Vietjet	Number of shares	Percentage
Nguyen Thanh Ha	Board Chairwoman	297,984	0.06%
Nguyen Thi Phuong Thao	Board Vice Chairwoman cum President and CEO	47,470,914	8.76%
Nguyen Thanh Hung	Board Vice Chairman	5,358,076	0.99%
Luu Duc Khanh	Board Member cum Managing Director	1,054,440	0.19%
Dinh Viet Phuong	Board Member cum Vice President	672,000	0.12%
Chu Viet Cuong	Director	168,000	0.03%
Nguyen Duc Tam	Vice President	110,091	0.02%
Luong The Phuc	Vice President	230,400	0.04%
Nguyen Thi Thuy Binh	Vice President	480,000	0.09%
Nguyen Duc Thinh	Vice President	420,000	0.08%
To Viet Thang	Vice President	336,000	0.06%
Tran Hoai Nam	Vice President	168,000	0.03%
Nguyen Thanh Son	Vice President	134,400	0.02%
Do Xuan Quang	Vice President	30,320	0.01%
Ho Ngoc Yen Phuong	Vice President cum CFO	-	0.00%
Hoang Manh Ha	Chief Accountant	50,400	0.01%
Tran Duong Ngoc Thao	Head of the Board of Supervisors	40,320	0.01%
Doan Thu Huong	Member	50,400	0.01%
Nguyen Van Dau	Member	253,680	0.06%

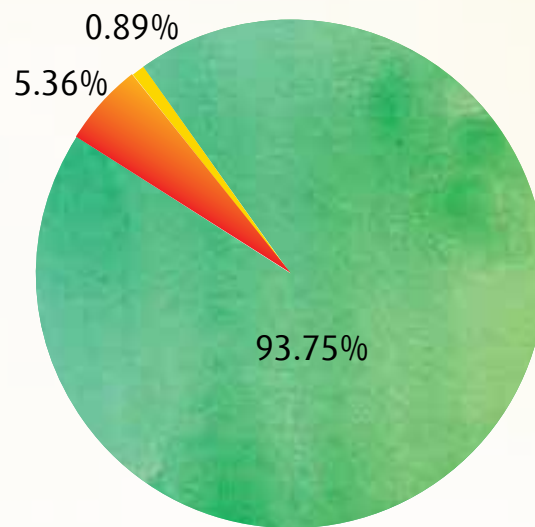
REPORT ON INTERNAL TRANSACTIONS IN 2018




Performer	Relation to the internal staff	Number of shares owned at the opening period		Number of shares owned at the closing period		Reasons for increase, decrease (purchase, sale, transfer, bonus etc)
		Number (shares)	Percentage (%)	Number (shares)	Percentage (%)	
Tran Duong Ngoc Thao	Head of Board of Supervisors	56,000	0.01	40,320	0.01	Sold for personal use
Le Viet Anh	Son of the Board Chairwoman	700,000	0.155	420,182	0.078	Sold for personal use
Luong The Phuc	Vice President	210,000	0.047	230,400	0.043	Purchase for investment
Petroleum Trading JSC-Petechim	Related company, Mr Nguyen Thanh Hung- Board Vice President	92,570	0.02	251,400	0.046	Purchase for investment
Luu Duc Khanh	Board Member cum Managing Director	378,700	0.08	1,054,440	0.19	Purchase for investment
Sovico	Nguyen Thi Phuong Thao- Board Vice Chairwoman cum President and CEO	20,580,000	4.56	41,106,000	7.59	Increase of ownership
Do Xuan Quang	Vice President	33,600	0.007	30,320	0.006	Sold for personal use










REPORT AND ANALYSIS OF CORPORATE GOVERNANCE ON MANAGEMENT SCORECARD












The Corporate Governance Scorecard is based on the Vietnam Corporate Governance Scorecard (VCGS) standard developed by the Ho Chi Minh City Stock Exchange (HOSE) in combination with the ASEAN Corporate Governance Scorecard (ACGS) built on the corporate governance standards of the Organization for Economic Cooperation and Development (OECD) and the best corporate governance practices of regional countries.









In the first year of the assessment, Vietjet was recognized by 105 standards, implemented one standard partially (but insufficiently) and six standards out of 112 evaluated targets have not been met.



























-  Good implementation
-  Partially not fully implemented
-  Not satisfied with best practices












A - RIGHTS OF SHAREHOLDERS			Vietjet's compliance	Notes/ Improvement plan
1	A.1	Does the company fully pay dividends within six months from the end of the annual general meeting of shareholders?	Yes 	
2	A.2	Does the company pass at the Annual General Meeting of Shareholders? a) Dividend rate for the past year; b) Next year's business results plan	Yes 	
3	A.3	Does the company inform of a list of shareholders who have the rights to attend the General Meeting of Shareholders at least 20 days before the last date of registration?	Yes 	
4	A.4	Does the company send invitations to all shareholders in the list of shareholders who have the rights to attend meetings at least ten days before the date of holding the GMS?	Yes 	
5	A.5	Is the Company's Annual General Meeting held within four months from the end of the fiscal year, or within six months if postponed?	Yes 	
6	A.6	Does the company have internal regulations on corporate governance in terms of the procedure for authorization and preparation of authorization letters for shareholders and instructions for shareholders to have a proxy at the General Meeting of Shareholders?	Yes 	
7	A.7	Does the company's website post all the documents of the AGM meeting (the typical materials) including: (1) Invitation letter with meeting agenda, (2) A template form for designation of a proxy at the meeting, (3) Draft resolution for each issue in the meeting agenda, (4) Report of the BOD, Report of Board of Supervisors/ Report of Board of Supervisors/Sub-committee of Auditing (editable file, with contents)	Yes 	
8	A.8	Do you instruct shareholders on how to comment on the issue(s) on the agenda of the General Meeting of Shareholders?	Yes 	Shown in the working regulations at the AGM
9	A.9	Do the documents of the General Meeting of Shareholders provide information about the candidates to the BOD and the Board of Supervisors (if any) (at least: age, education level, expertise, experience, date of first appointment, membership in other SME, independence) at least ten days before the opening of the general meeting?		Disclosed the information on the website, the web portal, the annual report















A - RIGHTS OF SHAREHOLDERS			Vietjet's compliance	Notes/ Improvement plan
10	A.10	Is there any evidence that the general meeting of shareholders has approved remuneration, costs, benefits paid by the company to the BOD and the Board of Supervisors (if any)?	Yes 	
11	A.11	Does the company apply modern IT applications so that shareholders can attend and give opinions at the General Meeting of Shareholders in the most convenient way? Such as guiding the shareholders to vote through the online General Meeting of Shareholders, electronic voting or another electric means?	No 	
12	A.12	Does the company announce the appointment of an independent party (auditors and supervisors) to join in the vote counting committee at the General Meeting of Shareholders?	Yes 	Invited the participation of shareholders
13	A.13	Does the company make the voting results available on the next business day for all resolutions in the last AGM?	Yes 	
14	A.14	Does the company pass the voting results including passed votes, objections, and blank votes for each of the drafts prepared to collect comments in the last General Meeting of Shareholders?	Yes 	
15	A.15	Do the meeting minutes of the last General Meeting of Shareholders note that shareholders have the opportunity to ask questions and the questions and answers have been recorded?	Yes 	
16	A.16	Does the company develop and publish the policies on shareholder's complaints?	Yes 	
17	A.17	Does the company publish a list of Board members attending the last General Meeting of Shareholders?	Yes 	
18	A.18	Does the company publish the policies/practices to encourage the attendance of the shareholders outside the GMS?	Yes 	
19	A.19	Do the meeting minutes of the last General Meeting of Shareholders note that shareholders have the opportunity to ask questions and the questions and answers have been recorded?	Yes 	
20	A.20	Does the company pay dividends (mid-year and year-end) in a fair way and timeliness; that is, all shareholders are treated equally and paid within 30 days after being (i) announced for interim dividends and (ii) approved by shareholders at the GMS for year-end dividends? In case the company announces the options for dividend payment (script dividend), does the company pay dividends within 60 days from the date of publication?	Yes 	













B - FAIR TREATMENT OF SHAREHOLDERS			Vietjet's compliance	Notes/ Improvement plan
21	B.1	Does the company publish the GMS invitations and meeting materials in English?	Yes 	
22	B.2	Does the Company have internal regulations that the company's Internal Person/Stakeholders must disclose share deals at least three days before the transaction date?	Yes 	
23	B.3	Has the company committed any insider trading in which any BOD, Board of Management member or the Company's staff is involved from the beginning of the financial year to date?	No 	
24	B.4	Is there are case of non-compliance with laws, rules and regulations related to significant or key related-party transactions from the beginning of the financial year to date?	No 	
25	B.5	Does the company have a policy that requires a subcommittee consisting of BOD members to independently review related-party transactions?	Yes 	
26	B.6	Does the company have a policy that requires the BOD members not to participate in the BOD meetings on activities, deals where they have a conflict of interest?	Yes 	The Company's charter, the corporate governance regulation
27	B.7	Does the company announce that the related-party transactions should be properly implemented and adhere to the market regulations?	Yes 	The Company's charter, the corporate governance regulation
28	B.8	If the approval of shareholders is required for approving related-party transactions, does the voting for approval require the votes of the shareholders having no interests?	Yes 	The Company's charter, the corporate governance regulation















C - ROLES OF STAKEHOLDERS			Vietjet's compliance	Notes/Improvement plan
29	C.1	Does the company publish an Assessment Report related to environmental and corporate responsibilities?		Annual Reports of 2017, 2018
30	C.2	Does the company publish the policies and practices, describing its efforts in combining environmental factors into the process of business and production to ensure sustainable development?	Yes 	Annual Reports of 2017, 2018
31	C.3	Does the company publish the policies and practices to protect the benefits of customers?	Yes 	The charter on transportation and the policies for customers posted on the website.
32	C.4	Does the company clearly announce health and safety policies and practices, and benefits for employees?	Yes 	Internal labor rules, health check policy, SFC policy
33	C.5	Does the company clearly announce the policies and practices on training and development programs for employees?	Yes 	Training policies
34	C.6	Does the Company have a reward policy based on the company's performance results in the long term rather than in the short term?	Yes 	KPI Bonus Policy, Salary adjustment
35	C.7	Does the company provide contact details on the company's website or Annual Reports for the use of related parties (customers, suppliers, the public etc) to speak up their concerns and/or complaints about potential violation.	Yes 	
36	C.8	Does the Company prepare and publish an internationally recognized Sustainable Development Report (applying GRI standards, Integrated Reports, SASB)?	Not yet 	The annual report is integrated with sustainable development report
37	C.9	Does the company publish policies and practices, processes and procedures for selecting suppliers/contractors?	Yes 	
38	C.10	Does the company announce its anti-corruption policies and practices?	Yes 	
39	C.11	Does the company publish policies and practices, describing how to protect the benefits of creditors?	No 	
40	C.12	Does the company have a speak-up policy that includes a complaint process for employees and stakeholders to speak up illegal or unethical behaviors (including corruption acts) and provide contact details, complaints mentioned on the company's website or annual report?	Yes 	Internal labor rules, anti-corruption policy










D - DISCLOSURE AND TRANSPARENCY			Vietjet's compliance	Notes/ Improvement plan
41	D.1	The company has provided information about direct stock ownership of each members of the BOD, Supervisory Board and BOD Director / General Manager?	Yes 	
42	D.2	Does the company provide information about the direct ownership of major shareholders?	Yes 	
43	D.3	Does the Annual Report provide information about the Company's shareholder structure?	Yes 	
44	D.4	Does the Annual Report announce the BOD members' independence?	Yes 	
45	D.5	Does the Annual Report announce the statement, affirmative statement on the company's strict compliance with corporate governance rules and in case of non-compliance, is there any clear evidence and explanation for each of the issues?	Yes 	
46	D.6	Does the Annual Report announce remuneration, other benefits and the costs paid by the company to each BOD or Board of Supervisors member (if any)?	Yes 	
47	D.7	Are the salaries of the Director (General Director) and other managers (at least Chief Accountant) shown on a separate item in the company's annual financial statements and is it reported to the annual GMS?	Yes 	
48	D.8	Does the company publish the Annual Report promptly, as prescribed by law?	Yes 	
49	D.9	Does the company publish the audited Annual Financial Statements and the reviewed semi-annual financial statements promptly?	Yes 	
50	D.10	Does the company publish semi-yearly and yearly corporate governance reports promptly?	Yes 	
51	D.11	Does the company's portals publish updated information (downloadable): Annual Report	Yes 	
52	D.12	Does the company's portals publish updated information (downloadable): quarterly, semi-annually, and the latest financial statements	Yes 	

D - DISCLOSURE AND TRANSPARENCY			Vietjet's compliance	Notes/ Improvement plan
53	D.13	Does the company's portals publish updated information (downloadable): the Company's Charter and corporate governance regulations	Yes 	
54	D.14	Does the company publish a policy on review and approval of significant/key related-party transactions?	Yes 	
55	D.15	Does the company announce the names of the related parties, relationship, nature and value for each significant/key related-party transaction?	Yes 	
56	D.16	Does the company announce the transaction of the company's shares by internal person?	Yes 	
57	D.17	Biographical details of the BOD members (at least age, training level, expertise, first date of appointment, appropriate experience, and any BOD membership held at listed companies)	Yes 	
58	D.18	Details of participation of each BOD member in the BOD meetings held in the year	Yes 	Full attendance of members
59	D.19	Does the company announce audit fees and non-audit fees (fees from other services provided by the auditing firm)?	Yes 	Annual report
60	D.20	Is the non-audit service fee higher than the audit service fee?	Yes 	
61	D.21	Has the company been warned by SE/SSC, dealt with related violations on disclosure or violation to other obligations of listed companies?	No 	
62	D.22	Does the company get qualified opinions in the independently audited report without explanation?	No 	
63	D.23	Did the company re-issue the audited Financial Statements in last year for reasons other than the reasons resulting from the changes in the accounting policy?	No 	

E - RESPONSIBILITIES OF THE BOARD OF DIRECTORS			Vietjet's compliance	Notes/ Improvement plan
64	E.1	Does the BOD consist of sufficient members, as prescribed?	Yes 	
65	E.2	Is at least a third of the company's BOD member independent?	No 	Missing one Board member, and was Elected in the Annual General Meeting of Shareholders in 2019
66	E.3	Does the company have any BOD member who concurrently holds BOD membership in more than five other businesses?	Yes 	
67	E.4	The structure of the BOD needs to ensure diversity among members who possess knowledge and experience in law, finance and the business activities of the company.	Yes 	
68	E.5	Does the BOD's structure ensure gender balance?	Yes 	
69	E.6	Does the company announce the criteria used to select new BOD members above the prescribed basic level?	Yes 	Complying with the Enterprises Law and the Charter
70	E.7	Does the BOD appoint/delegate at least one person to be the person in charge of corporate governance?	Yes 	
71	E.8	Does the BOD hold a meeting at least once per quarter?	Yes 	
72	E.9	Is the BOD's business evaluation report assessed by an Independent Member?	Yes 	
73	E.10	Does the BOD's business report include a summary report on the BOD's meetings and decisions?	Yes 	
74	E.11	Does the BOD's business report include future plans?	Yes 	
75	E.12	Is the Board of Directors' Chairman concurrently holding the CEO position?	No 	Not concurrently
76	E.13	Is the chairman an independent Board member?	Yes 	
77	E.14	Does the company establish the following subcommittees: policy development subcommittee, HR subcommittee, salary and bonus subcommittee?	Yes 	

E - RESPONSIBILITIES OF THE BOARD OF DIRECTORS			Vietjet's compliance	Notes/ Improvement plan
78	E.15	Is an independent member the chairman of the subcommittees under the BOD (policy development subcommittee, HR subcommittee, salary and bonus subcommittee)?	Yes 	
79	E.16	Is the Head of Board of Supervisors/the Chairman of the Auditing Sub-Committee independent? (the provision on the independence of the Board of Supervisors is also applied the BOD members)	Yes 	
80	E.17	Does the Head of Board of Supervisors/the Chairman of the Auditing Sub-Committee have expertise/experience in accounting, auditing or finance?	Yes 	
81	E.18	Is there is evidence that the BOD conducts an annual appraisal for the General Director/Director and the Board of General Directors/ the BOD?	Yes 	
82	E.19	Does the company issue and announce the Code of Conduct/Ethics?	Yes 	Internal Labor Rules
83	E.20	Do the Board members participate in training courses on corporate governance in the past years?	Yes 	
84	E.21	Is there any evidence that the Board of Supervisors or the Auditing Committee assesses the coordination between the Board of Supervisors or the Auditing Sub-Committee with the BOD and the Board of General Directors / the BOD?	Yes 	
85	E.22	Is there any evidence whether the Board of Supervisors or the Auditing Committee assesses the Independent Auditing Firm and the Financial Statements?	Yes 	
86	E.23	Is the participation of each member in the meetings of the Board of Supervisors/the auditing subcommittee publicly announced?	Yes 	In the Annual Report and the Board of Supervisors report
87	E.24	Dis the Board of Supervisors / the Auditing Committee hold meetings at least twice in the past year?	Yes 	
88	E.25	Does the company announce how to manage key risks (such as financial, operations including IT, environment, society and economics)?	Yes 	In the Annual Report
89	E.26	Does the BOD report include the contents on the leadership roles of the BOD during constructing, monitoring/supervising the implementation of the company's strategy?	Yes 	

E - RESPONSIBILITIES OF THE BOARD OF DIRECTORS			Vietjet's compliance	Notes/ Improvement plan
90	E.27	Do the members of the Board of Supervisors/Auditing Committee work in the company's financial and accounting department?	No 	No
91	E.28	Does the company announce its reviewed and updated vision and mission?	Yes 	
92	E.29	Do the BOD members have a process of review and supervision, monitoring of the company's strategy implementation?	Yes 	
93	E.30	Does the company announce how to implement and monitor compliance with the Code of Ethics or Conduct?	Yes 	
94	E.31	Does the company set a maximum limit of five positions in the BOD that one Independent/non-executive Board member may hold concurrently in other companies?	Yes 	The Company's charter, corporate governance regulation
95	E.32	Is the BOD meeting planned before the beginning of the fiscal year?	Yes 	
96	E.33	Do the Board members meet together at least six times a year?	Yes 	
97	E.34	Does each Board member participate in at least 75% of the BOD meetings in the year?	Yes 	
98	E.35	Does the company prescribe a quorum to reach two-thirds of the number of Board members for meetings that need to make a decision?	Yes 	
99	E.36	Does the non-executive Board member convene a private meeting at least once a year without executive members' attendance?	Yes 	
100	E.37	Does the company announce the criteria used to select new Board members?	Yes 	The Company's charter, corporate governance regulation
101	E.38	Does the company have measurable policies and standards to align the performance-based remuneration of the executive Board members or the executive committee to the long-term benefits of the company, such as application of Claw-back provision, deferred bonus?	Yes 	
102	E.39	Is the head of internal auditing department disclosed, or if outsourced, is the name of the outsourced company publicly announced?	Yes 	
103	E.40	Does the company announce the internal control process/risk management system and periodically review the effectiveness of the system that the company is using?	Yes 	Processes, regulations on internal control are disclosed internally

F - BONUS QUESTIONS			Vietjet's compliance	Notes/ Improvement plan
104	E.41	Do the Annual reports/Corporate governance reports disclose that Board members have reviewed the key points of the company (including operational, financial and compliance controls) and risk management systems?		
105	E.42	Do the Annual reports/Corporate governance reports present a statement of the Board member or the Auditing Sub-committee on completeness of internal control points/risk management system of the company?		
106	A.21	Does the company allow absent voting in guaranteed electronic means at GMS?		
107	E.43	Does the company have at least one female independent Board member?		
108	E.44	Does the company announce measurable policy and objectives to exercise the diversity of the BOD and the report on progress.	No 	
109	E.45	Does the company use head hunters or any source of independent candidates (the Board member database set up by the BOD institutes or the Shareholders' Association) when looking for candidates for the Board members?	Yes 	The Company did outsource independent candidates through referrals or head hunters.
110	E.46	Does the company's independent non-executive Board members representing 50% of the Board members with the chairman being an independent member.	No 	
111	E.47	Does the BOD describe the process for management of IT-related issues such as disruption, network security, and disaster recovery, to ensure that all major risks are identified, managed and reported to the BOD?	Yes 	Information Security Management System (ISMS) certified ISO 27001
112	C.13	Is the company subject to any penalties charged by the regulatory authority for not disclosing the information within the prescribed period for key events?	No 	



SUSTAINABLE DEVELOPMENT REPORT



This is the first time Vietjet has developed a Sustainability Report integrated in the Annual Report in compliance with GRI standards. This report provides information on key sustainability aspects in Vietjet's operations for the fiscal year of 2018. Material topics defined based on importance to Vietjet and also reflect the concerns of the stakeholders. The report is limited to Vietjet and its subsidiaries of which Vietjet holds more than 50% of the shares. The detailed information on Vietjet's financial and management situation will be published in the chapters of the Annual Report.

The report has two parts: the disclosure on general standards with a summary on Vietjet's strategies, approach and governance for sustainability and the disclosure of specific standards on selected topics in the categories of Economy, Society and Environment.

ASPIRATION TOWARDS FUTURE
LOOKING FORWARD TO SUSTAINABLE VALUES



STRATEGIC APPROACH AND MANAGEMENT FRAMEWORK FOR SUSTAINABLE DEVELOPMENT

VISION AND ORIENTATION OF VIETJET'S MANAGEMENT

VietJet's BOD and Board of Management are well aware of the importance and positive effects of integrating the elements of sustainable development into the overall operation of the business. The BOD and the Board of Management determine that the business management duties shall adhere to the international standards and practices including disclosure and transparency of non-financial activities, which also give the company a chance to self-reflect and improve the system's risk management capabilities, thereby making adjustments appropriate with the vision, development strategy and HR allocation plan.

Sustainable economy: Economic efficiency and sustainable growth

Sustainable environment: Managing environmental impacts, using resources effectively, adapting to climate changes

Sustainable society: Investment in human development, corporate culture, value sharing



Vietjet has been concentrating resources to a sustainable development strategy in which the goal is to align sustainability factors with the company's orientation and development strategy. This is not a job that can be completed in a short time, but require time for preparation as well as the co-operation of Vietjet's leaders and staff, the most important of which is commitment and directions of the company's management. Vietjet's sustainable development strategy begins with strengthening stakeholders' engagement, awareness and transparency of information, looking forward to accomplish Vietnam's sustainable development targets under the United Nations' 17 Sustainable Development Goals.

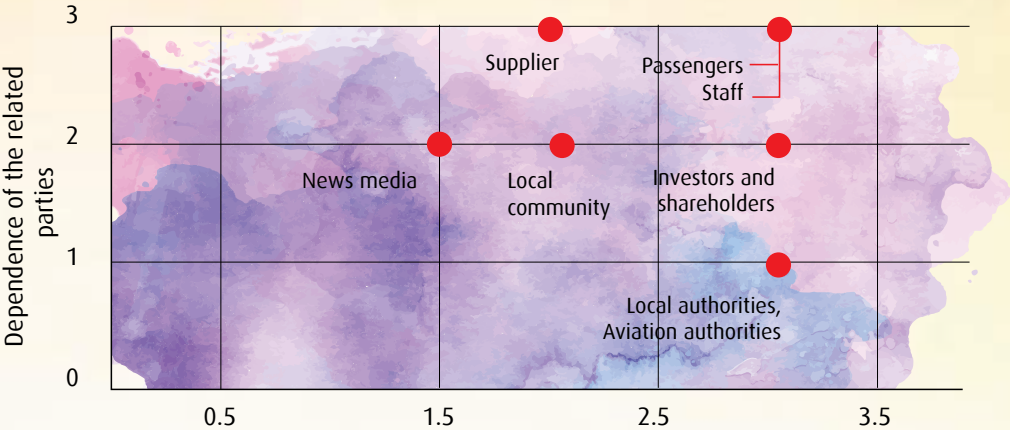




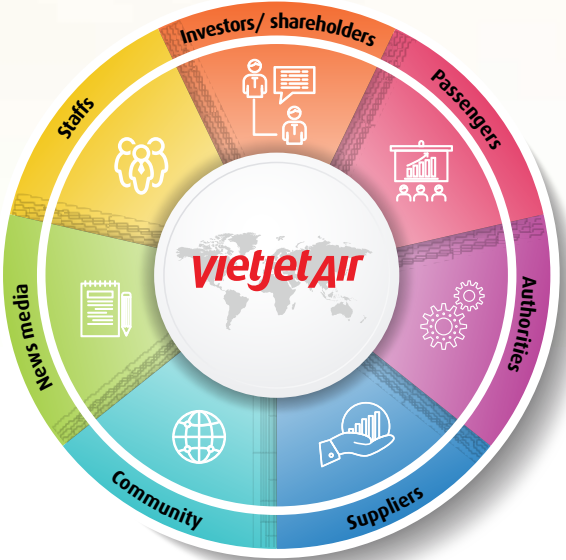
ENGAGEMENT OF RELATED PARTIES AND MATERIALITY ASSESSMENT

Vietjet’s long-term development is based on a close partnership with stakeholders including suppliers, passengers, staff, shareholders, aviation authorities, news media, and local social community. Vietjet always emphasizes accountability and transparent communication, establishing mechanisms to meet the requirements of the parties on the basis of constructive dialogue. Vietjet has identified key stakeholders in the overall operation of the value chain based on impacts and dependence to capture expected feedbacks and build plans for meeting the specific requirements of each party.







Engagement of related parties and materiality assessment



Impact on Vietjet's business



Based on the consultations results from the engagement of related parties, Vietjet analyzes key topics, thereby focuses on meeting expectations of the stakeholders.

STAKEHOLDERS	TOPICS AND CONCERNS OF STAKEHOLDERS	VIETJET'S FEEDBACKS ON TOPICS AND CONCERNS
 <p>Employees</p>	<ul style="list-style-type: none"> - Working environment. - Professional training, and skills improvement opportunities - Welfare, salary review, annual leave - Extracurricular activities for society and the environment. 	<ul style="list-style-type: none"> - Professional, multi-cultural working environment helps improve learning opportunities; - Periodically organizing extracurricular activities, helping to create Vietjet's company culture; - Training program to improve professional qualifications; - Effective employees reward program to recognize employees' contribution; - Semi-annually KPI bonus; - Welfare and annual leave, preferential airfare policies; - Organize community programs and encourage employees to actively participate in.
 <p>Passengers</p>	<ul style="list-style-type: none"> - Price - Priority - Refund policy - Settlement of complaints - Operation safety 	<ul style="list-style-type: none"> - Organizing programs and campaigns with promotional fares; - Ticket exchange and refund policy are published on Vietjet's website; - Policies on Customer Service in which customers' benefits are prioritized; - Establishing many committees, such as Safety Committee, Security Committee, Risk Management Committee etc and closely associated with the CAAV to resolve related issues.
 <p>Shareholders, investors</p>	<ul style="list-style-type: none"> - Information transparency - Business performance - Opportunities for investment and cooperation - Promptly and effectively providing information as requested by local authorities. 	<ul style="list-style-type: none"> - Organizing the Annual General Meeting of Shareholders; - Quartely announcing information on business performance on its website and in the press, monthly update operational information; - Welcoming institutional investors who want to meet and exchange information; - Receive feedbacks directly via Investor Relations Department's hotline and email.
 <p>Regulatory authorities</p>	<ul style="list-style-type: none"> - Safe Flight Operation - Information transparency - Complying with legal regulations 	<ul style="list-style-type: none"> - Establishing a specialized division in risk management and emergency response to ensure safe flight operation and fast and effectively reporting to governing bodies; - Ensuring information disclosure by listed organizations in compliance to the State Securities Commission, Ho Chi Minh City Stock Exchange and Central Exchange Vietnam Securities Depository Center.
 <p>Suppliers</p>	<ul style="list-style-type: none"> - Ensure benefits and competition equality between suppliers, contractors by transparent selection criterias. - Resolving suppliers' complaints. 	<ul style="list-style-type: none"> - Building effective partnership with contractors / suppliers; - Ensuring fairness and transparency in the process of evaluating and selecting suppliers; - All service providers for Vietjet must sign the Anti-bribery Commitment, bribery will be severely dealt with. - Ensuring contractors/suppliers to comply with the Company's quality assurance policy and best practice in the industry.
<p>Local communities</p>	<ul style="list-style-type: none"> - General benefits for the local community - Contribute to community development. - Contribute to national economic development. 	<ul style="list-style-type: none"> - Distributing remuneration of the BOD, Supervisory Board for plus social activities through a series of programs cooperated with the Youth Union of Vietnam; - Contributing to critical aid to victims of earthquake in Indonesia, support flood victims in Central of Vietnam; - Regularly organizing programs to visit orphans, disabled children in SOS Village, organize a mid-autumn Festival for unlucky children.
 <p>Press</p>	<ul style="list-style-type: none"> - Verified information - Frequent information exchange - Notable and outstanding events 	<ul style="list-style-type: none"> - Confirming information, news on mainstream channels; - Openly, proactively and regularly sharing information so that the media can timely approach true and exactly information.

Materiality assessment process

Vietjet has initially identified key sustainability issues related to current business strategies, throughout the value chain based on analyzing the requirements of international laws and practice according to the aviation industry. The prioritizing review process is based on analyzing the impact level on Vietjet's operations, brand and credibility and the interest levels of stakeholders.

Identify



Collecting information, analyzing industry-specific information, divisions' awareness within Vietjet, seminars and talks updating integration trends.

1

Prioritize



Screening, prioritizing for topics, based on the impact level on activities, the business' brand and credibility, reflecting the interest levels of stakeholders at low, medium, to high levels

2

Validate



Confirming and adopting priority evaluation results for topics by consulting with the internal managerial levels

3

Review



Checking and reviewing to adjust and adapt to the next development strategy of Vietjet.

4

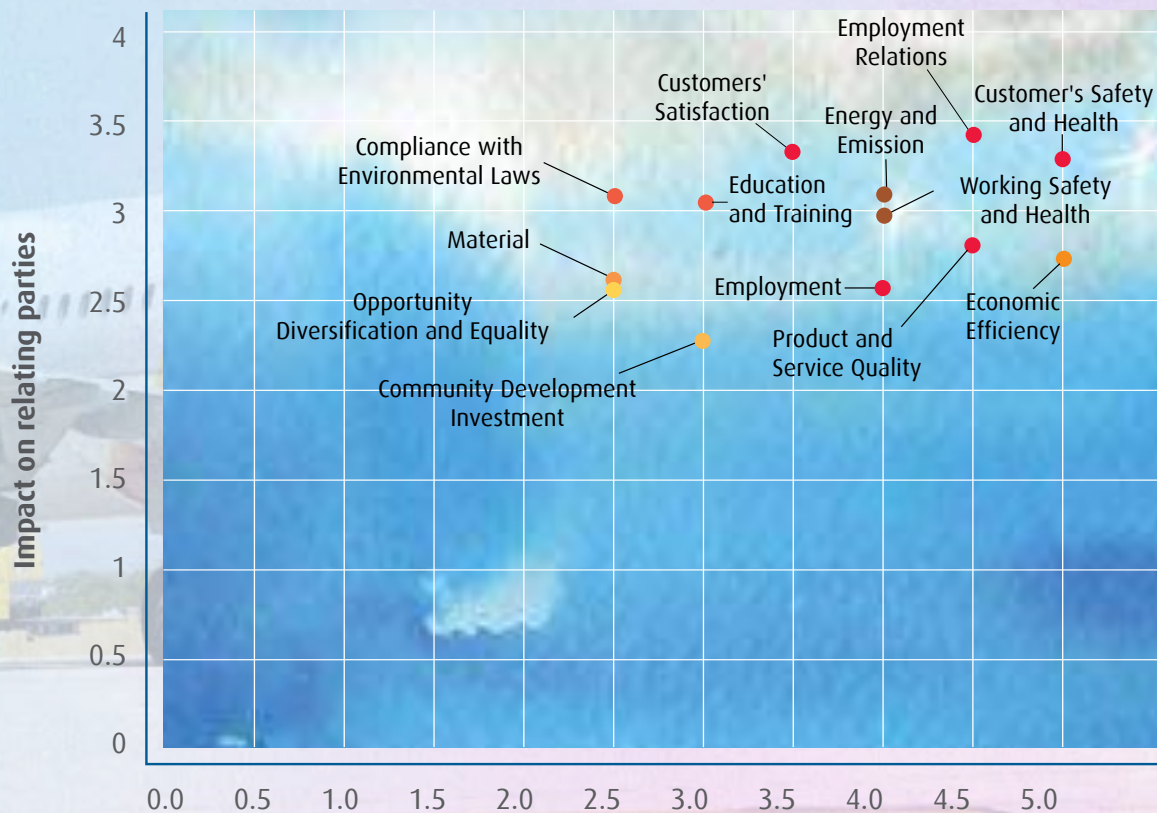











Significant matrix and key topics to be determined



By referring to the United Nations' 17 Sustainable Development Goals, Vietjet identifies the main objectives that reflect the specific characteristics of its operations and also the stakeholders' main priorities.

Matrix of related topics



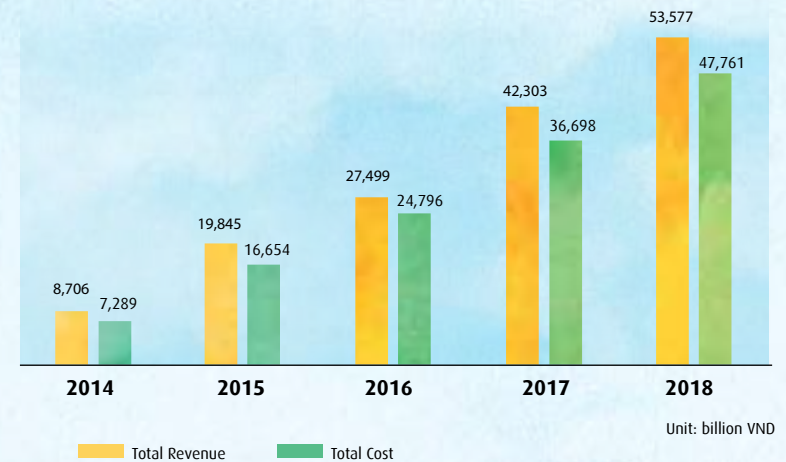
	SDGs	Interpretation	Reference
	1- Poverty elimination	Poverty elimination in all forms and everywhere	Community development investment
	3- Healthy and happy life	Ensuring a healthy and motivating happy life for all people of all ages	Human resource development
	4- Quality education	Ensuring a comprehensive and public quality education by promoting lifelong learning opportunities for all people	Human resource development
	5- Gender equality	Achieve gender equality and empower women and young girls	Human resource development
	8 - Sufficient jobs and growth	Promoting sustainable, comprehensive and continuing economic growth, creating full employment and productivity and good jobs for everyone	Human resource development
	10 - Reducing inequality	Reducing inequality in and between countries	Economic efficiency and lasting growth
	12- Model of sustainable consumption and production	Ensuring to have a model of sustainable consumption and production	Environmental impact management
	13 - Responding to climate change	Emergency actions to respond to change climate and impacts	Environmental impact management
	17 - Enhancing partnerships	Enhancing global partnerships to achieve a sustainable development	Community development investment

REPORT ON THE EFFICIENCY OF SUSTAINABLE DEVELOPMENT ACTIVITIES ON SECTORS

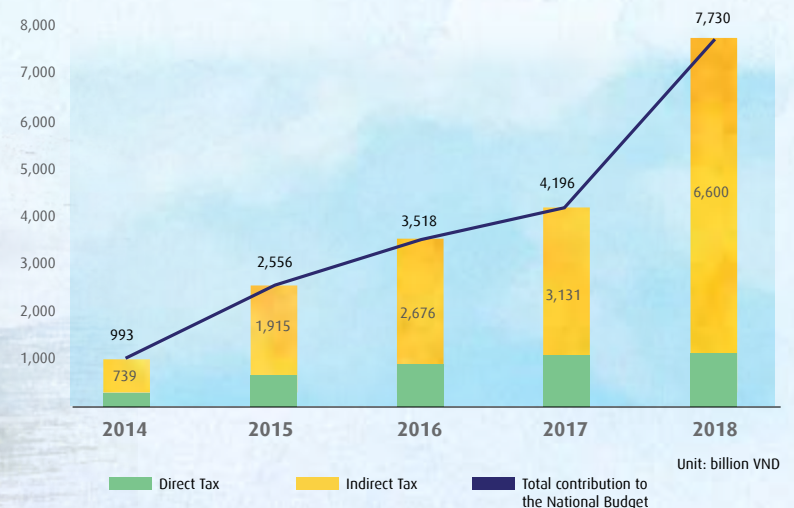
Economic efficiency and sustainable growth

GRI 203-2 Direct economic impact:

Vietjet has continued a year of high and sustainable growth with business results exceeding the plan, revenue set a record of VND53,577 billion and pre-tax profit of VND5,816 billion. Notably, in the context of crude oil prices increasing 33% (Brent), revenue and profits from air transport still grew well, reaching VND33,779 billion in revenue and VND3,045 billion in profit before tax, up 49.8% and 48.9% respectively, compared to the same period last year. This shows the Company's ability to grow revenue and its good cost management in terms of core business activities. Ancillary revenue, the business line with high profit margin, reached 8,410 billion, up 53.5% compared to the previous year. The structure of ancillary revenue in the total passenger transport revenue also shifted from 24.5% in 2017 to 25.4% in 2018.



Vietjet always performs other tax and financial obligations in accordance with current regulations and has been recognized as the top corporate income taxpayer with the amount of taxes and fees up to VND7,730 billion in 2018, increasing 84.2% compared to the same period in 2017.



GRI 203-2 Indirect economic impact

The aviation industry is an important contributor towards the annual GDP growth rate, considered a test to reflect the economic vitality. By continuously opening routes to connect trade, travel between domestic and international destinations, Vietjet has actively contributed to the country's socio-economic development. In 2018, Vietjet pioneered to open international routes to the airports located in Vietnam's Central Coast - Central Highlands, contributing to the breakthrough in local tourism and economy.

In addition, through a sustainable and effective ecosystem, which contributes back to the economy, Vietjet is intensifying targeted programs for sustainable growth through the strong promotion of transnational travel trade activities, construction of important infrastructures for local economic development. Aviation delivers

connectivity among localities in a quick and convenient way, creating absolute advantages that passengers cannot find from other transport mode such as bus or train.

In addition to setting up policies on recruitment, training and remuneration for personnel working directly in the localities, Vietjet creates jobs directly and indirectly through a network of partners, suppliers in the value chain, closing the gap and inequality among areas.

With ceaseless efforts, Vietjet is and will contribute significantly to the accomplishment of economic integration, affirming Vietnam's position in the regional and international markets.



Product and service responsibility, quality assurance

GRI 403-1: Occupational health and safety - Representatives of laborers in safety and occupational health inter-committees between the employer and employees

GRI 416-1: Customer health and safety – Evaluation on health and safety impacts on various types of products and services.

Vietjet's safety management and organization comply with the most stringent safety standards including the Aviation Safety Regulation of the CAAV and the Standards Operating Procedures of the ICAO and international best practices.

Vietjet's safety management system is built in accordance with ICAO's regulations, whereby safety is organized and implemented as an integral part of operating activities and focusing on prevention through hazard identification and risk management throughout activities.

Vietjet's Safety Committee, lead by the General Director, is the highest body responsible for monitoring and evaluating the implementation of safety goals, giving directions on the implementation in order to continuously improve the safety management efficiency as well as take remedy actions necessary in emergency situations threatening safety in flight operations. Vietjet has built and maintained a safety management system that is able to identify hazards in flight operations and risk assessment to have safety risk prevention and mitigation measures as well as threatened incident and accidents. Safety management systems are constantly being reviewed, updated and improved to ensure compliance with international safety standards.

SAFETY POLICIES AND GOALS

Safety purposes: providing a safe, healthy working environment for all employees and improving the quality of maintenance processes and services related to aviation safety by identifying and mitigating risks and eliminating hazard factors.

Safety goals: to be measured and monitored using safety performance indicators that are related to safety goals. At the beginning of each fiscal year, based on the previous year's performance results, safety goals will be proposed and approved by VietJet's Safety Committee.

SAFETY RISK MANAGEMENT

In order to achieve the purposes and goals set, VietJet determines that Hazard Identification and Risk Assessment (HIRA) is a core and important activity and must be implemented continuously in the Safety Management System. VietJet's HIRA process has now been updated and operated in the theoretical platform and the world's latest risk management model, which the major airlines is using, such as Air France and Vietnam Airlines.

SAFETY ASSURANCE

- Flight data monitoring program
- Safety assessment program for flight operations
- Safety indicator set
- Safety reporting system
- Change management

SAFETY IMPROVEMENT

- Safety training
- Internal exchange of safety information
- Exchange safety information outside



Monitoring and Ensuring Flight Safety

In 2018, Vietjet completed the accreditation and evaluation program to renew the Aircraft Operator Certificate, completed the IATA Operational Safety Audit (IOSA), gradually improved the Safety, Security, Quality Assurance system into operation effectively, and improved safety culture so that it becomes consciousness self-awareness and responsibility of each of Vietjet's leader and employee. Vietjet has strengthened its solid safety foundation through safety risk management activities, safety assurance and promotion programs. The focus programs of 2018 include:

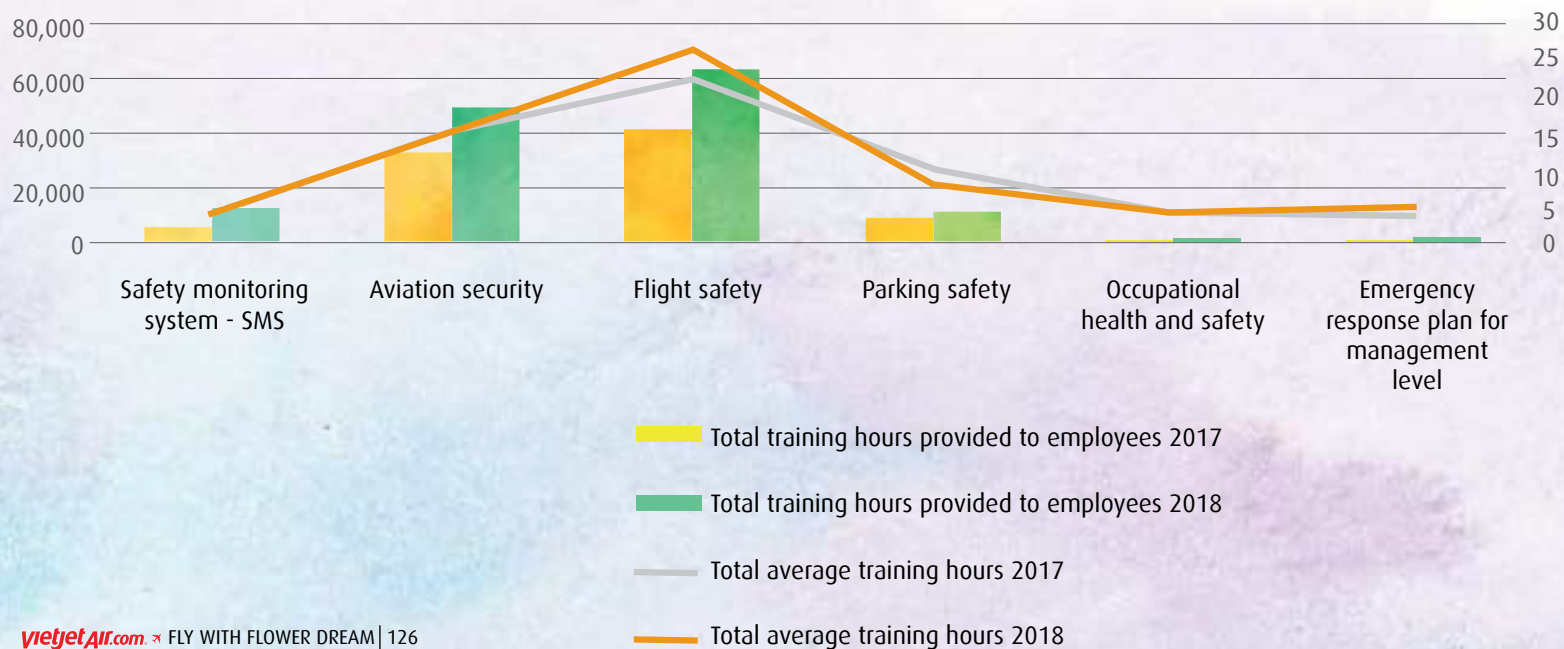
Regarding safety risk management:

Hazard identification and risk management in the whole flight operations system of Vietjet, including flight operations, ground operations and engineering. Additionally, Vietjet's safety management system always ensures that all safety issues and problems/incidents occurring in the system (if any) are always identified, analyzed, handled promptly and take actions to prevent and predict for the whole operation system.

- Increasingly inspecting and supervising activities and tasks to certify compliance with the processes and regulations;
- Controlling distraction and the sense of discipline of the pilots during flights and continuing to implement the fatigue management program;
- Implementing two intensive training courses on Hazard Identification and Risk Assessment (HIRA) for managers and implementing Vietjet's Safety activities;
- At the same time recruiting two more expert lecturers on the Safety Management System and the Flight Data Monitoring program approved by Airbus/Navblue.

Regarding flight safety management:

Vietjet is currently implementing a modern flight data analysis and monitoring system - Airfase from the manufacturer Airbus for flight operations system. In 2018, the analytical quality index of the system reached 93.72% - 3.72% higher than Airbus' recommendation of 90%. Vietjet developed regulations, processes and lists on Change Management in flight operations, including: operate new air routes and airports, new aircraft, increasing the number of aircraft fleet, making changes in operational procedures/guidelines, changes in organization affecting flight operations and other changes. Through change management, Vietjet has actively identified the problems/risks (if any) for its flight operations and take proper preventive measures.



Vietjet promotes safety through training and exchanging internal and external safety information

The dissemination and training on safety is carried out via courses on aviation safety including courses on Investigation of Aviation Safety Incidents given by IATA lecturers and Flight Data Analysis course. In 2018, all new employees and airline staff were initially and periodically trained on the Safety Management System.

In addition, the quarterly Safety Bulletin on important safety issues in flight operations are also disseminated to all employees through internal communication channels. In 2018, the Safety, Security, Quality Assurance department issued warnings, recommendations and safety instructions to Vietjet's operation system to improve safety awareness and compliance. Vietjet has also carried out and implemented the emergency response program promptly, based on the Emergency Response Preparedness training documents in case of emergency incidents. To ensure the updating of full safety information, Vietjet actively participates in the Association of Asian and Pacific Airlines and cooperates in information exchange with aviation authorities in Vietnam, China, Japan, Korea, etc.

Service Quality Assurance

Vietjet has entered into a contract with domestic and international suppliers of ground handling services. The system for monitoring and supervising the provision of ground services from the suppliers of ground services is operated through many levels. First of all, for daily flight operations, Vietjet has representatives at airports who directly monitor activities under contracts and commitments on service quality. These representatives at airports will make report daily to the Flight Operations and Ground Services Department about the flight situation, operating results based on KPIs, unusual cases, incidents threatening safety and security. In addition, to ensure closely monitoring these suppliers of ground services, the Safety, Security, Quality Assurance Department will conduct a yearly assessment for each supplier to ensure they comply with organizational systems, documents, training and inspection, monitoring, evaluation system etc. In addition to the Vietjet's assessment and inspection program, the CAAV also carried out the unexpected or periodic inspection on the suppliers of ground services to ensure they fully comply with standards/requirements of state civil aviation management agencies.



Environmental impact management

GRI 301-1: Materials - Materials used by weight or mass

GRI 302-1: Energy - Energy consumption in the organization

GRI 302-4: Energy - Reducing energy consumption

GRI 305-1: Emissions - Direct greenhouse gas (GHG) emissions (Scope 1)

GRI 307-1: Environmental compliance - Non-compliance with environmental laws and regulations.

Materials

Environmental impact management is one of Vietjet's key tasks in the sustainability activities of minimizing environmental impacts, optimal material management and fuel saving. These factors directly affect the operating costs and ensure safety in flight operations. The possession of a new generation aircraft fleet is also a strategy that helps Vietjet meet environmental standards and reduce maintenance costs as well as materials used.

Input materials used at Vietjet are identified as supplies and spare parts serving aircraft maintenance. Vietjet is using different methods to optimize costs, as well as ensure the availability of spare parts and materials in which supplies are classified into two categories: rotating spare parts and single-use consumable materials.

As rotating supplies are rotated, reusable materials and not discharged into the environment. The Engineering Department's AMOS software data will monitor the ratio of rotating materials to be repaired and materials to be destroyed to manage inventory levels and prepare maintenance plans. In 2018, the number of average rotating devices in the inventory was 2,400 devices, with the frequency of the use of rotating materials was about 11,900 times, of which, Vietjet had 11,556 successful repairs, equivalent to 97% of rotating suppliers recycled to use.

Single-use consumable supplies and spare parts are the main sources of solid wastes that should be treated. These wastes will be collected and treated in accordance with the contracts entered into with the parties that are licensed to treat solid wastes at the airports.

Replacement supplies are provided for and referenced in the aircraft manufacturers' documents and purchased from foreign suppliers. In 2018, Vietjet has exported 100,000 items of recycled consumable supplies.

For wastes generated in daily operations of Vietjet, at airports, Vietjet signs a waste disposal contract with the Airports. Accordingly, after the flights, wastes will be gathered in an area as regulated, then they will be treated under the Contract between the airports with urban environment companies. In addition to factors such as price, quality, credibility, brand etc, Vietjet requires suppliers to present solutions for waste treatment and environmental protection, and at the same time to take responsibility for this issue.

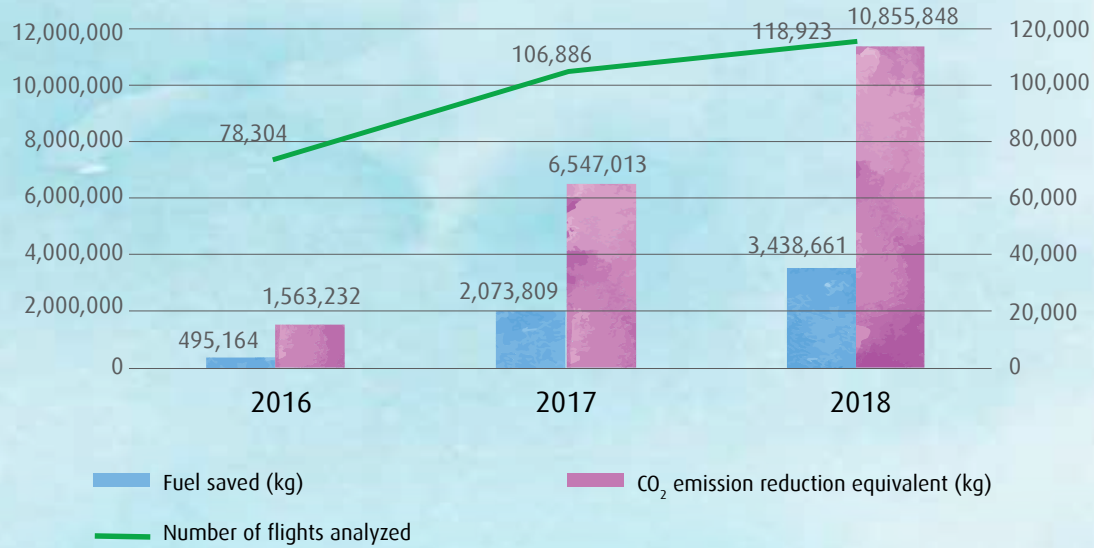
Energy

With the characteristics of the aviation industry, Vietjet's energy consumption comes from JetA1 fuel consumption. Flight fuel accounts for a large proportion of the total operating costs of the airlines. In Vietjet's cost structure, fuel costs over the years account for an average 40% of the total operating costs. Hence, the tight and efficient control of fuel consumption not only helps reduce emissions to the environment but also brings significant economic benefits.

Not only relying on measures to mitigate risks from fuel prices such as fuel surcharges or commodity hedging programs (As at 31 December 2018, Vietjet has not implemented policy of fuel surcharge on ticket prices), Vietjet also pays more attention to the goal of building one comprehensive, long-term, and efficient fuel-saving program. Since 2017, Vietjet has cooperated with Safran Group (France) to deploy and implement the Program of optimization of aircraft fuel consumption (SFCO2). This is a comprehensive program including various solutions, giving specific and detailed instructions for pilots to control the operation of the engines from the time when they speed up on the runway before take-off, take-off, increasing/decreasing the height during the flight to the time when they land and taxi into the parking lot. These guides help optimize the engine's operating capacity, enable the pilot to select an appropriate control program to reduce drag when landing or taking off, thereby helps reduce fuel consumption while ensuring safety in operations. Additionally, the program's software also help accurately inform passengers payload, luggage as well as the amount of spare fuel left to accurately calculate the amount of fuel to be loaded. Through the SFCO2 program, Vietjet is able to monitor and optimize the quantity of fuel consumption for each flight, improve the operational efficiency of the fleet. In 2018, it was estimated that the SFCO2 program saved 3.4 million kg of fuel while improving the sense of cost saving in all Vietjet's employees.

Fuel saving results

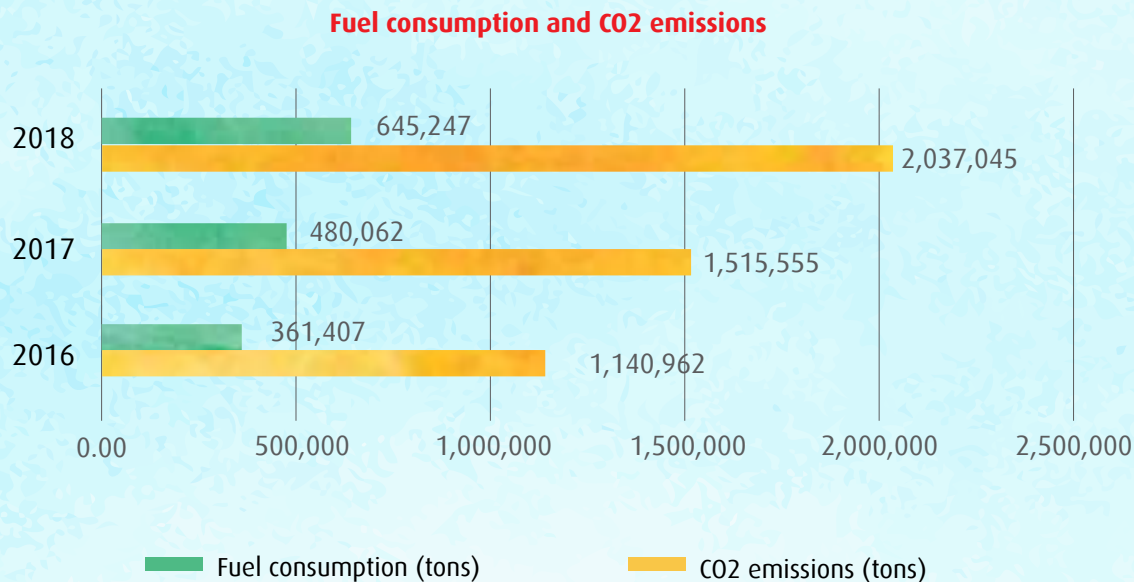
Results of SFCO₂ fuel saving program



Emissions

In parallel with the implementation of the program on assessment of greenhouse gas emissions (CO₂) from air transport activities of the ICAO, the CAAV currently cooperates with airlines to develop a program on management of gas emissions for aviation transport activities in Vietnam. Previously, Vietjet actively monitored and calculated emissions, based on the amount of fuel consumption by using ICAO standard documents, which is the basis of the emission calculation method. When participating in the SFCO₂ program, Vietjet is prepared

to reduce greenhouse gas emissions, contributing to the response to global warming and climate change. When the SFCO₂ program was started in 2017, Vietjet conducted an annual measurement of emissions based on CO₂ emissions to the environment. Based on the method of calculating the actual amount of fuel loaded on aircraft, the specific amount of emissions was as follows: 1.51 million tons of CO₂ in 2017 and 2.04 million tons of CO₂ in 2018.



In the next plan and tasks, Vietjet will continue to build and complete the emission control program through solutions:

- Automatic, accurate and direct data management from aircraft to ensure the accuracy and quickness of the data received.
- Establishment of specialized management units for fuel consumption, based on analysis and consolidation, there will be recommendations to strengthen saving of fuel consumption as well as reduce CO₂ emitted into the environment.
- Coordinating with the CAAV to participate in and develop a program to manage and control CO₂ emissions as recommended by ICAO.
- Continuing to build and complete SFCO₂ fuel saving program.

Environmental Protection

In the course of operation, Vietjet always ensures to fully comply with the legal requirements on environmental protection to prevent incidents or violations related to legal compliance, leading to penalties by regulatory authorities.

In addition, Vietjet manages the economical and efficient use of natural resources, closely monitoring waste water generated from flight operations, treating them in accordance with the regulations and mitigating environmental impacts.

Vietjet also enhances communication to raise awareness of employees on environmental protection and climate change response. As a result, environmental initiatives are regularly implemented such as energy saving, stationary reuse, 5S program in offices, warehouse factories..

Human resource development

GRI 401-1: Employment - Number of new employees and turnover rates

GRI 401-2: Employment - Benefits for full-time employees, not available to temporary or part-time employees

GRI 402-1: Labor/management relationship - Time limit for a notice of change in operations

GRI 404-1: Education and training - Average number of training hours per year for each employee

GRI 404-3: Education and training - Percentage of employees who are periodically appraised for their performance and professional development

GRI 405-1: Diversity and equal opportunity - Diversity of management levels and staff

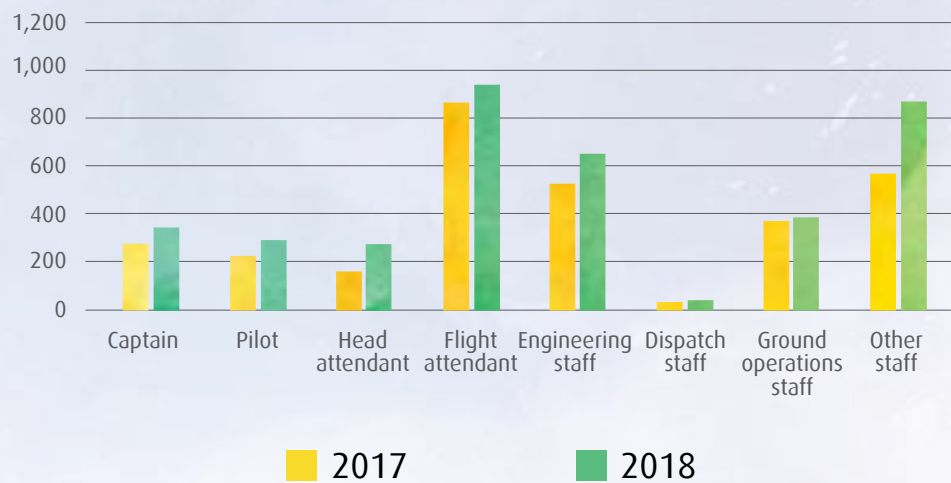
Human Resources

In order to build human resources that meets strategic tasks and welcome opportunities, Vietjet has actively made personnel planning at all levels through recruiting, training, developing policies and remuneration regimes, improving material and spiritual life for all employees to create a healthy and professional working environment for employees, attracting high quality personnel inside and outside the country. Vietjet also actively implements professional training programs and practical programs to improve management experience; at the same time build partnerships with high quality universities such as Ho Chi Minh City Polytechnic University, Hanoi University of Science and Technology, and the Aviation Academy of Vietnam to proactively recruit students who have graduated from these universities.

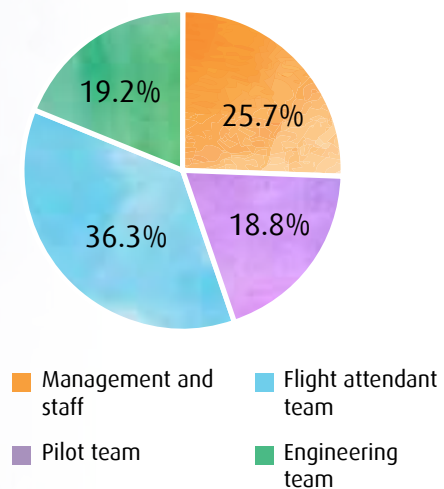
By 31 December 2018, Vietjet's total number of employees was 3,850 employees, an increase of 24.3% compared to 2017. During the year, Vietjet recruited 998 new employees, including 180 pilots, 595 flight attendants and other personnel at the positions of directors, managers and staff levels and at the same time developed internal staff through the appointment of 108 new titles.



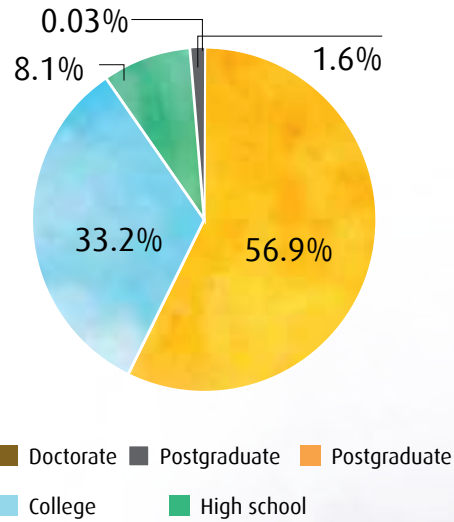
Employee categories



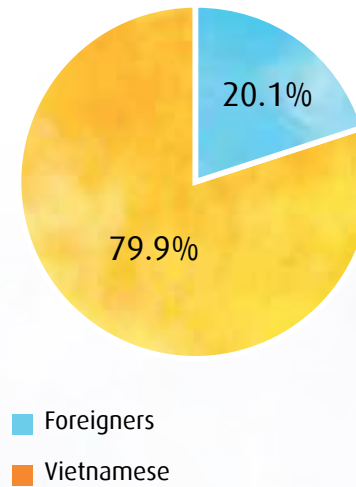
Classified by job position



Employee's education level



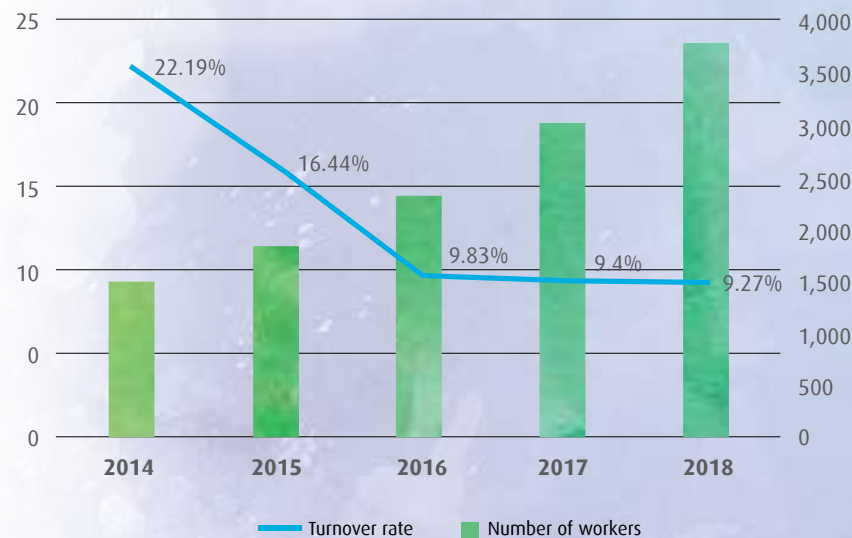
Employee classification



The proportion of foreign workers accounts for 20% of the total number of employees working at Vietjet. They are pilots, flight attendants and experienced professionals in many fields, who work, cooperate and learn in Vietjet's environment, creating the diversity of nationality and culture for human resources force. They are the people that Vietjet focuses on developing to take advantage of knowledge, skills and experience, contributing positively to the fast and sustainable development goals.

There is a shortage of high quality people for air transport, especially pilots and skilled technicians, resulting in a sharp competitiveness in domestic and international markets, and job-hopping. Therefore, in order to avoid shortage of manpower, Vietjet has organized and implemented many measures to enhance the effectiveness of human resource management, namely building and finalizing mechanisms, policies on remuneration, appraisal and commendation for employees, standardizing recruitment, training, transfer, appointment and performance appraisal processes, according to market principles and talent retention. The average rate of labor turnover at Vietjet has been improved year on year.

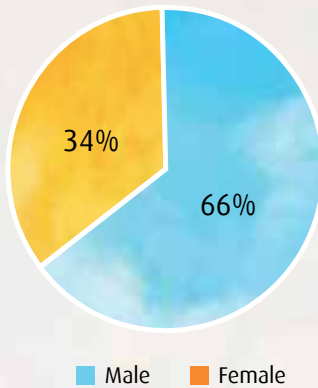
Labour turnover ratio



Gender balance in personnel structure

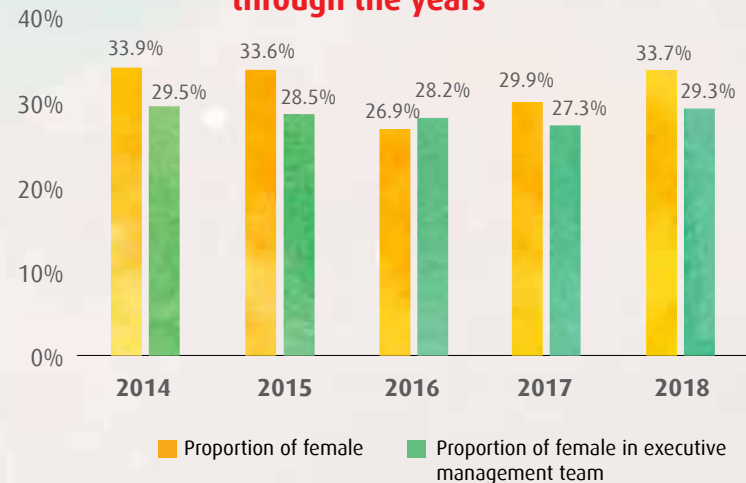
Vietjet pays special attention to promoting diversity and equal opportunities during operation where female workers are always cared about and encouraged to learn for improvement of qualification. In the labor force structure, the proportion of female workers accounts for 34%. Women also account for approximately 30% of Vietjet's executive management team.

Gender composition



Vietjet also implements activities to ensure fairness in the workplace, including non-discrimination, and all employees have the opportunity to develop and be promoted regardless of gender, origin, or social background. Salary, remuneration and remuneration regimes are based on performance, which motivate employees to maximize their capacity.

Proportion of female employees through the years



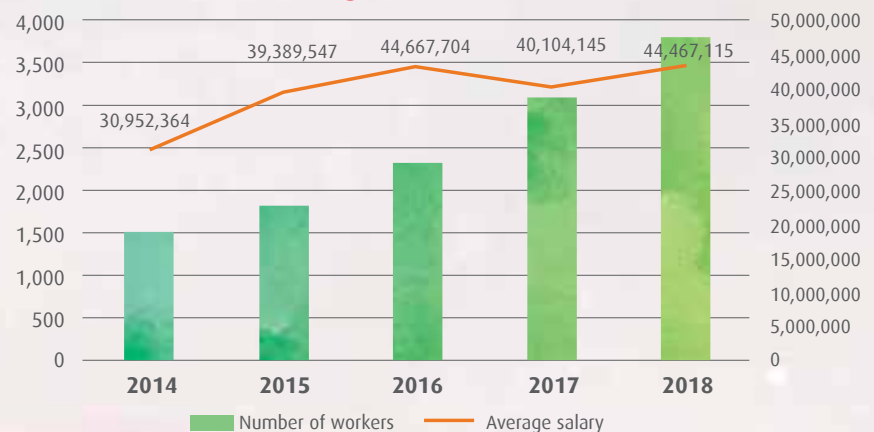
Income and Benefits

Vietjet's salary and income policies ensure that the compensation is commensurate for employees according to international pay levels. To enhance the effectiveness of human resource management, Vietjet is building and finalizing mechanisms and policies for remuneration, evaluation and commendation for employees such as payroll policy and system that ensure competitiveness in the labor market, performance-based evaluation system. Vietjet's regimes and policies on benefits are regularly improved, including basic benefits like insurance, Tet holidays and annual leave, recurring salary increases. In particular, the company has a commendation policy for individuals

and teams that have excellent achievements, technical initiatives in production that bring business efficiency to the Company, conducting performance-based appraisals every six months. In addition, Vietjet also has policies to show its concern on employees such as a free airfare policy for employees and their family members, connection and team building activities etc.

The average income of employees has also improved each year, making them feel assured of their employment and dedicated to Vietjet's development.

Average income over years



Education and training

In 2018, Vietjet paid special attention to training activities to improve the quality of each program implemented. The total budget for training was VND112.8 billion, up 32% compared to 2017.

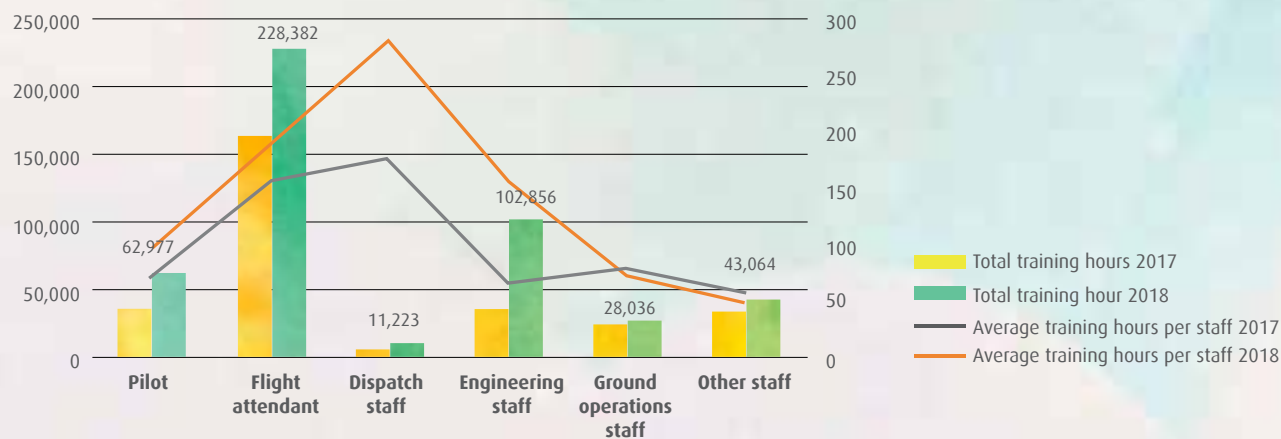
Programs and outstanding results:

- Training program of integration and lighting up: ensuring that all new employees can join the program. Held 14 courses with the participation of 858 employees throughout the Company.
- Basic/periodic training for all staff of the operational divisions, as required by the State and IATA.
- Organized the teaching skills training program for potential lecturers of the Company (three courses from June to August 2018)
- Held professional training courses for Chief Representative and GHAs staff at airports where Vietjet is currently operating.
- Held courses for improving management skills for managers at all levels (five courses)
- Held training courses for other special requirements such as Anti/De-Icing, eQRH for pilots and parties working with Vietjet; training on Fire Prevention and Fighting at Noi Bai and Da Nang Airports and the Aviation Academy.

Vietjet also strengthened the organization of online training courses (up 195% compared to 2017), expanded the preliminary training courses; diversified training forms such as online training to and classroom training to be flexible in the training schedule as well as ensure flight operations.

The total training hours and the average number of training hours:

Training hours by employee categories



Training hours by level



Education and training (continued)

Vietjet also focuses on completing internal training programs for pilots and flight attendants, helping them be more active in training the staff working in flight operations.

In 2018, the Training Center of Vietjet Aviation Academy approved ten new teachers, added 15 internal lecturers and submit to the CAAV for approval with respect to the 12 new lecturers and signing a lecturing contract with three lecturers for training programs. The center always ensures that the training programs and textbooks have been approved to meet the requirements of the Company and the CAAV. In 2018, the Training Center applied for internal approval for 16 specialized textbooks, adjusting 12 textbooks on aviation security to suit the situation.

In the 2019 plan, Vietjet continues to implement programs for staff/ lecturer development to meet training needs; continues to standardize educational processes and materials; compiles curriculum and lesson plans for education. In 2019, it has completed the curriculum and coordinated with the division which directly deploy two internal training programs Fatigue Management and Human Factor for the flight crew, flight coordinators and technical staff; receives and operates emergency training equipment for flight crew (CEET, Mock-up device, fire station, swimming pool, etc) operates safely and effectively the training equipment such as cockpit simulators, the facilities at the Academy continue to be upgraded and improved for the Training Management and Online Learning System software to facilitate course management, expenditure and training personnel, and cost saving.

Evaluate the effectiveness

Standardised system of performance evaluation helps manage and evaluate the performance of each employee, and functional department, creating fairness and improving work efficiency. The company is finalizing the capacity dictionary framework to monitor and assess the development of employees, contributing to the enhancement of Vietjet's competitiveness.

The program implemented every December and June to assess the performance of departments is the basis for commendation and rewarding the departments' performance, praising employees who have made outstanding achievements.

Building leadership successors

As part of the plan, Vietjet is focusing on developing its team of young leader to ensure availability for task requirements in the next period. The program prioritizes the sufficient development of young leader generation through proper training program, which focuses on soft skills, such as decision-making, leadership, planning, effective communication, and professional knowledge by in-class training and practical training. In this program, young leader generation is not only trained by lecturers but also by senior leaders in the Company, who has professional expertise and incentive experience in aviation industry and deep understanding about the Company's activities.

Community development investment - Connecting, sharing love

GRI 413-1: Local communities - Activities involving local communities, impact assessments and development programs.

Determining the pioneering mission of bringing new and good values to the community and society, Vietjet not only brings the first flying chance for tens of millions of domestic and foreign customers but also accompanies many meaningful charitable activities, towards the disadvantaged and actively participates in environmental protection activities, accompanies Vietnamese youth. The activities of contribution to the community has become a part of Vietjet's leaders and staff's life. Vietjet's charity programs such as free ticket flights during Tet holidays for the poor, domestic and international relief flights for the regions suffering natural disasters, the program of connecting love, giving 10,000 free health insurance cards to the poor throughout the country etc continuing to spread positive and advanced values, raising the awareness of the whole community and contributing to building a more beautiful future.

The chain of activities - the national program with the Vietnam Youth Union

After sponsoring various campaigns, in 2018, Vietjet and the Central Vietnam Youth Federation signed the five-year Cooperation Program between 2018 to 2023. Accordingly, the two parties will coordinate to organize many meaningful and practical program, aiming at the community, especially social security activities and programs supporting the youth, students etc. Some meaningful programs that Vietjet and the Central Vietnam Youth Federation have collaborated on in the past are:

- Accompanying the activities of **Young Doctor's Day following Uncle Ho's wishes, volunteering for community health**, providing 5,000 doses of drugs for medical examination;
- Giving gifts for policy beneficiaries and microbiological water filters for preschools and primary schools;
- Organize free ticket flights **Connecting Love** on the occasion of the Lunar New Year with the symbol **I love my country** on the aircraft for young people, workers and students who face difficulties when going home to celebrate New Year ..



- The **Clean up the sea** campaign, the poster design contest and the **Let's clean the sea** initiative with the theme **Reduce pollution from domestic waste** to propagate and raise awareness of the community about the role of the sea in people's lives, calling the community join hands to protect the marine environment with practical activities; at the same time, support and encourage disadvantaged fishermen in the coastal province of Vietnam to continue to go out to sea and contribute to the economy. The campaign created the spread, recognition and appreciation of community and society, the interest and companionship of local authorities at all levels, significantly contributing to marine environmental protection in Vietnam.



- The 2018 National Volunteer Festival **Daily Good Deeds**, the 2018 National Volunteer Award and Festival of clubs, teams, groups for the first volunteer to recognize, honor and promote the role and contribution of organizations and volunteers in the country's socio-economic development and community support. On this occasion, Vietjet offered many meaningful gifts to the community including: giving VND100 million **Flying Dreams** for ten disadvantaged ethnic minority students of Ha Giang province; donating VND100 million to Nguyen Dinh Tai – an anti-drug officer, Border Guard of Nghe An province who was shot with a broken spine, causing damage to his marrow; cooperating with the Traffic Newspaper to build a civilized behavior program when flying, giving nearly VND300 million to volunteers for excellent contribution in traffic safety.

The chain of activities to support disadvantaged children

Soaring dreams – a journey to make children's dreams come true: Aiming to join hands with the community to bring disadvantaged children the chance of studying, playing, developing and making dreams come true, Vietjet sponsored the Youth Theater to perform a series of art performances of "soaring dreams" with free performances throughout the summer to serve small children.

The **Soaring dreams** program with three musical plays: The Little Mermaid, The joy of the chicken and The Great Kitchen War were performed by famous artists, serving more than 12,000 disadvantaged children and students in Hanoi and neighboring provinces. The program has given them energy to overcome difficulties, nurture and give wings for the aspirations of children, and cultivate the love of true art, helping them firmly believe in the future.

Light up dreams for thousands of extremely disadvantaged children in six provinces and cities in the central region, in two consecutive years, Vietjet cooperated with the Vietnam Association for the Protection of Children's Rights, the Central Vietnam Women Federation and the Danang People's Committee to give 1,000 scholarships, 3,000 gifts with the desire to help children continue to go to school, become active citizens in society, and have a better life.

In parallel with Vu A Dinh Scholarship Fund with a total sponsorship value of billions of dong and many meaningful gifts for outstanding ethnic minority children, students and college students across the country etc This is the fifth consecutive year that Vietjet has participated in the program.

The program **Warm Lunar New Year** and **Warm Mid-Autumn Festival - Wings of Love** organized by Vietjet staff and officers also brought a season full of joy for hundreds of underprivileged children in Thi Nghe Center for Disabled and Orphaned Children (Binh Thanh District, HCMC). The festival of packaging Tet cakes, spring flower, lucky money, mid-autumn festival, breaking the feast, singing, social exchange etc are memorial activities held by Vietjet's leaders and staff.



Implementing the international mission - towards earthquake-tsunami victims in Indonesia

In October 2018, when the 7.5-magnitude earthquake off the island of Sulawesi created a tsunami that devastated the coastal area of Palu and Donggala town, Vietjet took advantage of available resources and networks to participate in disaster relief. The special flight VJ2611 carried Vietjet's **Connect with love** to transport relief goods to earthquake - tsunami disaster victims and took off to Jakarta (Indonesia), with nearly seven tons of emergency supplies including canned food, blankets, necessities, etc the special flights not only transported relief goods but also brought the feelings and sharing of Vietjet staff in particular and Vietnamese people in general before damage, grief, loss of neighboring Indonesia and people after the disaster.



The Journey of Love Connection

VietJet's **Love Connection** program was implemented with millions of free flight ticket opportunities throughout Asia, with 17 special flights taking place simultaneously in nine Asian countries, not only for Asian passengers who are less likely to explore lands outside their homeland, but to inspire young people who are passionate about traveling with the experience of living like the local people and also to create opportunities for those in difficult circumstances to reunite with relatives who are working abroad.

In addition to the campaigns, VietJet also continuously accompanies many other meaningful activities, such as accompanying the Vietnam U23 soccer team, carrying out the **Love wings** flight to bring 150 workers and students in difficult circumstances to reunite with their families for Tet, joining the program **Like never had a separation** program.

Operations towards green environment

In addition to developing a new and modern fleet of aircraft with the lowest fuel consumption, VietJet cooperates with manufacturers of aircraft and dynamic aircraft engines to deploy the program of fuel saving and emissions reduction, contributing significantly to environmental protection.

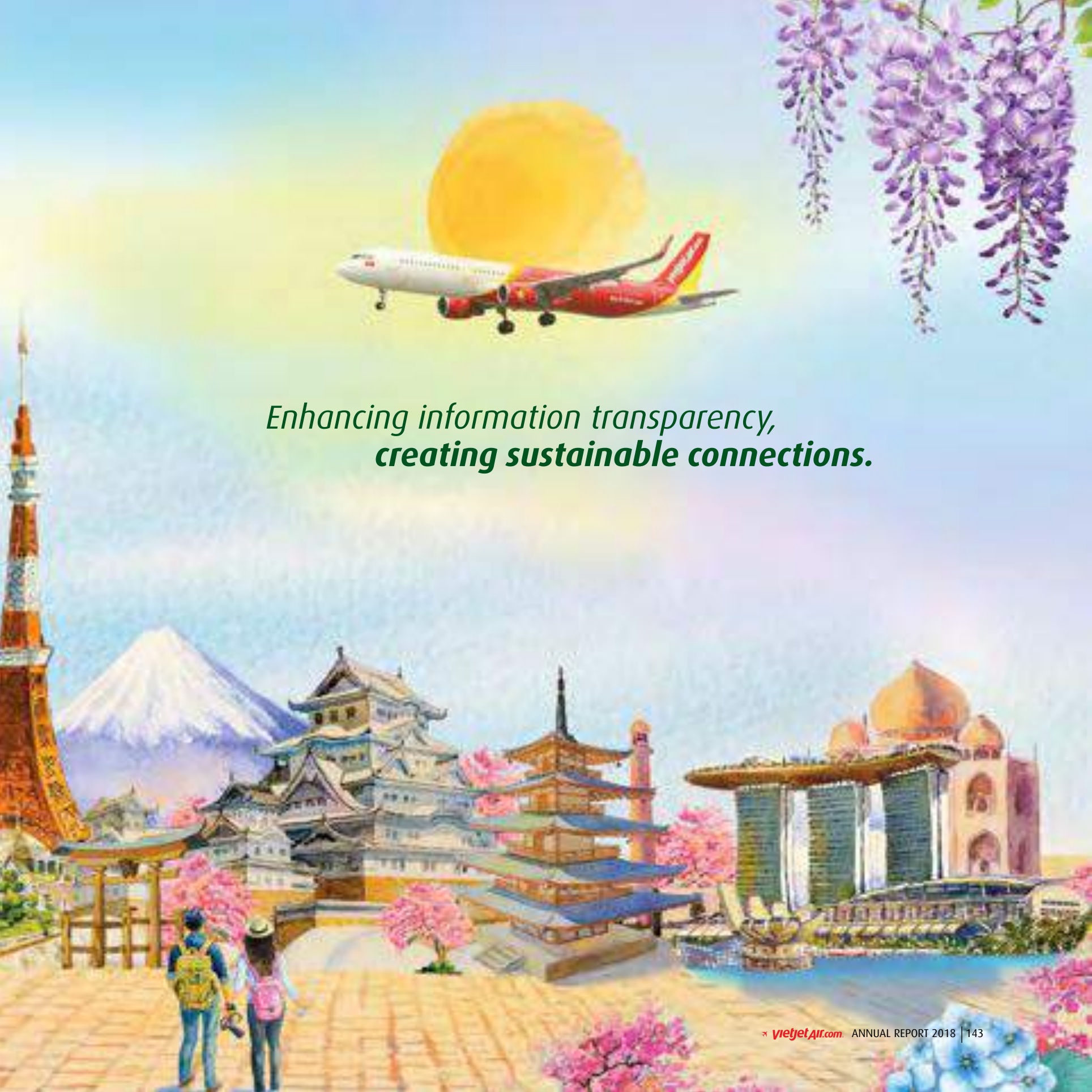
In addition, VietJet always raises employees' awareness about environmental protection and coping with climate change with many effective and practical measures such as: reusing stationery, cleaning the workplace, planting trees in the workplace, saving electricity, water, applying the 5S program in construction of working environment, maintenance stations, warehouses, etc.





CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018



*Enhancing information transparency,
creating sustainable connections.*

VIETJET AVIATION JOINT STOCK COMPANY

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 1 August 2018. 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 the Investment Registration Certificate.	
Board of Management	Nguyen Thanh Ha Nguyen Thi Phuong Thao Nguyen Thanh Hung Chu Viet Cuong Luu Duc Khanh Dinh Viet Phuong	Chairwoman Vice Chairwoman Vice Chairman Member Member Member
Board of Directors	Nguyen Thi Phuong Thao Luu Duc Khanh Nguyen Duc Tam Luong The Phuc Dinh Viet Phuong Nguyen Thi Thuy Binh To Viet Thang To Viet Thang Tran Hoai Nam Do Xuan Quang Nguyen Thanh Son Ho Ngoc Yen Phuong	Chief Executive Officer Managing Director Vice President Vice President Vice President Vice President Vice President Vice President Vice President Vice President Vice President Vice President (from 3 November 2018)
Supervisory Board	Tran Duong Ngoc Thao Doan Thu Huong Pham Van Dau	Head of the Board Member Member
Registered Office	302/3 Kim Ma Street Ngoc Khanh Ward, Ba Dinh District Hanoi City Vietnam	
Auditor	KPMG Limited Vietnam	

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 2018.

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 148 to 200 give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, 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, 5 April 2019

KPMG Limited Branch
10th Floor, Sun Wish Tower
115 Nguyen Huu Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
t: +84 (20) 3821 9255 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Shareholders VietJet Aviation Joint Stock Company

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 2018, 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 05/07/2019 as set out on pages 146 to 200.

Management's 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 consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated 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 Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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



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 2018 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. 16-01-00446-19-2

Ngày 19 tháng 4 năm 2019

KPMG

Chang Hong Chun

Practicing Auditor Registration

Certificate No. 0863-2018-007-1

Deputy General Director

Ho Chi Minh City, 05 APR 2019

Chong Kwang Puay

Practicing Auditor Registration

Certificate No. 0864-2018-007-1

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		19,079,292,916,555	17,668,643,983,650
Cash and cash equivalents	110	5	7,164,923,007,451	6,861,601,955,584
Cash	111		3,648,963,007,451	2,824,391,955,584
Cash equivalents	112		3,515,960,000,000	4,037,210,000,000
Short-term financial investments	120		816,900,000,000	1,400,000,000
Trading securities	121	6(a)	990,000,000,000	-
Allowance for diminution in the value of trading securities	122	6(a)	(174,500,000,000)	-
Held-to-maturity investments	123	6(c)	1,400,000,000	1,400,000,000
Accounts receivable – short-term	130		10,272,635,073,584	10,223,453,944,832
Accounts receivable from customers	131	7	2,910,376,745,299	1,447,857,870,382
Prepayments to suppliers	132	8(a)	129,927,091,931	533,003,878,162
Loans receivable	135	9	499,804,692,000	487,333,764,000
Other short-term receivables	136	10(a)	6,732,526,544,354	7,755,258,432,288
Inventories	140	11	468,729,305,585	267,181,519,500
Other current assets	150		356,105,529,935	315,006,563,734
Short-term prepaid expenses	151	15(a)	299,977,931,264	218,686,791,604
Deductible value added tax	152		976,845,974	881,949,735
Taxes receivable from State Treasury	153	17(b)	55,150,752,697	95,437,822,395

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		20,006,886,184,114	13,989,621,257,774
Accounts receivable – long-term	210		10,577,336,637,830	7,152,674,330,646
Prepayments to suppliers	212	8(b)	701,500,000,000	701,500,000,000
Other long-term receivables	216	10(b)	9,875,836,637,830	6,451,174,330,646
Fixed assets	220		1,646,373,479,969	1,528,720,840,609
Tangible fixed assets	221	12	1,643,191,617,368	1,523,538,521,104
<i>Cost</i>	222		1,935,603,226,243	1,676,961,819,773
<i>Accumulated depreciation</i>	223		(292,411,608,875)	(153,423,298,669)
Intangible fixed assets	227	13	3,181,862,601	5,182,319,505
<i>Cost</i>	228		29,952,011,655	29,680,011,655
<i>Accumulated amortisation</i>	229		(26,770,149,054)	(24,497,692,150)
Long-term work in progress	240		1,233,005,676,006	222,031,597,270
Construction in progress	242	14	1,233,005,676,006	222,031,597,270
Long-term financial investments	250		68,424,629,818	68,424,629,818
Investments in associates	252	6(b)	60,000,000,000	60,000,000,000
Equity investments in other entities	253	6(b)	7,868,448,000	7,868,448,000
Held-to-maturity investments	255	6(c)	556,181,818	556,181,818
Other long-term assets	260		6,481,745,760,491	5,017,769,859,431
Long-term prepaid expenses	261	15(b)	6,481,745,760,491	5,017,769,859,431
TOTAL ASSETS (270 = 100 + 200)	270		39,086,179,100,669	31,658,265,241,424

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018 (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	31/12/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		25,047,675,864,087	21,064,130,723,313
Current liabilities	310		14,940,720,495,496	13,911,511,198,702
Accounts payable to suppliers	311	16	923,662,972,703	560,253,025,326
Advances from customers	312		688,665,229,378	456,356,000,505
Taxes payable to State Treasury	313	17(a)	204,549,133,354	93,848,331,921
Accrued expenses	315	18	1,937,678,519,133	1,366,768,242,056
Unearned revenue	318	19	2,732,382,333,601	1,964,462,207,817
Other short-term payables	319	20	1,585,059,989,261	1,105,583,155,915
Short-term borrowings	320	21(a)	4,957,780,032,953	6,897,226,897,293
Provisions – short-term	321	22	1,910,942,285,113	1,467,013,337,869
Long-term liabilities	330		10,106,955,368,591	7,152,619,524,611
Other long-term payables	337		16,177,476,792	13,702,723,680
Long-term borrowings	338	21(b)	572,231,674,577	626,905,284,322
Deferred tax liabilities	341	23	374,787,926,130	147,546,321,044
Provisions – long-term	342	22	9,143,758,291,092	6,364,465,195,565
EQUITY (400 = 410)	400		14,038,503,236,582	10,594,134,518,111
Owners' equity	410	24	14,038,503,236,582	10,594,134,518,111
Share capital	411	25	5,416,113,340,000	4,513,432,840,000
Share premium	412		245,949,492,805	245,949,492,805
Foreign exchange differences	417		119,103,575,688	23,916,098,372
Retained profits	421		8,255,509,576,829	5,809,062,955,579
Non-controlling interests	429		1,827,251,260	1,773,131,355
TOTAL RESOURCES (440 = 300 + 400)	440		39,086,179,100,669	31,658,265,241,424

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

5 April 2019

Prepared by:



Hoang Manh Ha
Chief Accountant

Approved by:



Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer



Luu Duc Khanh
Managing Director

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

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

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


	Code	Note	2018 VND	2017 VND
Revenue from sales of goods and provision of services	01	28	53,577,241,462,140	42,302,758,277,806
Revenue deductions	02	28	-	185,595,188
Net revenue (10 = 01 - 02)	10	28	53,577,241,462,140	42,302,572,682,618
Cost of sales	11	29	46,085,422,009,499	35,753,175,886,701
Gross profit (20 = 10 - 11)	20		7,491,819,452,641	6,549,396,795,917
Financial income	21	30	331,576,806,364	118,683,815,564
Financial expenses	22	31	918,059,279,654	520,764,518,091
<i>In which: Interest expense</i>	23		257,505,446,656	237,597,428,875
Share of losses in associates	24		(88,730,587,954)	(44,276,615,962)
Selling expenses	25	32	712,929,844,155	578,782,913,704
General and administration expenses	26	33	294,777,399,221	225,808,906,918
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		5,808,899,148,021	5,298,447,656,806
Other income	31		7,856,232,457	5,745,444,926
Other expenses	32		826,270,723	1,554,224,633
Results of other activities (40 = 31 - 32)	40		7,029,961,734	4,191,220,293
Accounting profit before tax (50 = 30 + 40)	50		5,815,929,109,755	5,302,638,877,099
Income tax expense – current	51	35	253,597,027,514	163,912,482,079
Income tax expense – deferred	52	35	227,241,605,086	65,074,981,322
Net profit after tax (60 = 50 - 51 - 52)	60		5,335,090,477,155	5,073,651,413,698

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

	Code	Note	2018 VND	2017 VND
Net profit after tax	60		5,335,090,477,155	5,073,651,413,698
Attributable to:				
Shareholders of the Company	61		5,335,036,357,250	5,073,364,224,380
Non-controlling interests	62		54,119,905	287,189,318
Earnings per share				
Basic earnings per share	70	36	9,850	9,464

5 April 2019

Prepared by:



Hoang Manh Ha
Chief Accountant

Approved by:



Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer



Luu Duc Khanh
Managing Director

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018 (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	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	5,815,929,109,755	5,302,638,877,099
Adjustments for			
Depreciation and amortisation	02	146,514,029,742	94,989,734,425
Allowances and provisions	03	174,500,000,000	-
Unwinding discount of provisions	03	434,733,395,693	277,580,251,779
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	51,320,437,305	5,586,837,437
Interest income	05	(221,386,370,627)	(70,603,613,358)
Share of losses in associates	05	88,730,587,954	44,276,615,962
Dividend income	05	(2,832,636,000)	(3,068,690,000)
Gains from disposal of subsidiaries	05	(16,271,500,000)	-
Fixed assets written off	05	10,506,525,264	-
Interest expense	06	257,505,446,656	237,597,428,875
Operating profit before changes in working capital	08	6,739,249,025,742	5,888,997,442,219

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

	Code	2018 VND	2017 VND
Operating profit before changes in working capital	08	6,739,249,025,742	5,888,997,442,219
Change in receivables	09	(5,284,489,946,127)	(2,794,306,394,758)
Change in inventories	10	(201,547,786,085)	(129,251,222,745)
Change in payables and other liabilities	11	1,460,880,367,204	1,824,012,605,198
Change in prepaid expenses	12	2,077,117,427,703	1,344,397,355,809
		4,791,209,088,437	6,133,849,785,723
Interest paid	14	(254,235,595,773)	(236,852,306,374)
Income tax paid	15	(108,000,000,000)	(318,798,833,058)
Net cash flows from operating activities	20	4,428,973,492,664	5,578,198,646,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(799,749,729,193)	(325,491,665,092)
Deposits to purchase aircrafts, net cash flows	21	1,545,988,562,283	(2,296,535,249,533)
Payments for granting loans to other entities	23	-	(487,333,764,000)
Payments for investments in other entities	25	(1,132,840,350,000)	-
Receipts of interests	27	206,166,200,537	64,280,330,441
Receipts of dividends	27	2,832,636,000	3,068,690,000
Net cash flows from investing activities	30	(177,602,680,373)	(3,042,011,658,184)

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

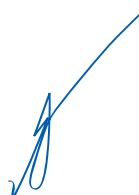
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018 (INDIRECT METHOD - CONTINUED)

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

	Code	2018 VND	2017 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	31	-	1,759,382,332,805
Proceeds from borrowings	33	33,529,973,247,843	25,899,054,643,065
Payments to settle loan principals	33	(35,527,608,459,899)	(25,184,711,574,405)
Payments of dividends	36	(2,016,955,829,400)	(876,827,065,550)
Net cash flows from financing activities	40	(4,014,591,041,456)	1,596,898,335,915
Net cash flows during the year (50 = 20 + 30 + 40)	50	236,779,770,835	4,133,085,324,022
Cash and cash equivalents at the beginning of the year	60	6,861,601,955,584	2,741,341,465,691
Effect of exchange rate fluctuations on cash and cash equivalents	61	(16,175,268,283)	(7,067,608,098)
Currency translation differences	61	82,716,549,315	(5,757,226,031)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 5)	70	7,164,923,007,451	6,861,601,955,584

5 April 2019

Prepared by:



Hoang Manh Ha
Chief Accountant

Approved by:



Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer



Luu Duc Khanh
Managing Director

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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 2018 comprises the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates.

(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’s structure

As at 31 December 2018, the Group has 6 subsidiaries and 2 associates (1/1/2018: 6 subsidiaries and 2 associates) as follows:

Name	Country of incorporation	Principal activities	Business registration certificate	% ownership interest/ voting right	
				31/12/2018	1/1/2018
<i>Subsidiaries</i>					
VietjetAir Cargo Joint Stock Company	Vietnam	To provide cargo transportation and related support services.	No. 0312759089 dated 27 August 2014	90%	90%
Vietjet Air IVB No. I Limited (*)	British Virgin Islands	To trade and lease aircrafts.	No. 1825671 dated 27 May 2014	100%	100%
Vietjet Air IVB No. II Limited (*)	British Virgin Islands	To trade and lease aircrafts.	No. 1825613 dated 27 May 2014	100%	100%
Vietjet Air Singapore Pte. Ltd. (*)	Singapore	To trade aircrafts.	No. 201408849N dated 27 March 2014	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Name	Country of incorporation	Principal activities	Business registration certificate	% ownership interest/ voting right	
				31/12/2018	1/1/2018
Vietjet Air Ireland No. 1 Limited (*)	Ireland	To trade and lease aircrafts.	No. 544879 dated 3 June 2014	100%	100%
Skymate Limited (*)	Cayman Islands	To trade aircrafts.	No.327015 dated 15 September 2017	100%	100%
<i>Associates</i>					
Thai Vietjet Air Joint Stock Company Limited (*) (**) (***)	Thailand	To provide transportation and transfer of goods and passengers and other related services.	No. 0105556100551 dated 25 June 2013	9%	9%
Cam Ranh International Terminal Joint Stock Company (**)	Vietnam	To provide support services for airline transportation.	No. 4201676638 dated 5 February 2016	10%	10%

In 2018, the Company established 3 wholly owned subsidiaries including Apricot Aircraft Company (Ireland) 8577 Limited, Apricot Aircraft Company (Ireland) 8592 Limited and Apricot Aircraft Company (Ireland) 8605 Limited which are incorporated in Ireland. The principle activities of these companies are leasing aircrafts. Subsequently, these subsidiaries were disposed at total consideration of VND16,271,500,000.

(*) As at 31 December 2018, the Group has not yet contributed capital in these subsidiaries and the associates. These companies' operations are mainly financed by the Company.

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

(***) On 25 September 2018, the Company signed an agreement with Quince Investment Limited. and Asia Aero Services and Infrastructure Co., Ltd. for a purchase option to increase the ownership in Thai Vietjet Air Joint Stock Company Limited to 38% by 2021. The price of transferred share is equal with par value.

As at 31 December 2018, the Group has 3,938 employees (1/1/2018: 3,162 employees).

2. DEPARTMENT OF RETAIL CREDIT RE-APPRAISAL

(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.

(c) Annual accounting period

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

(d) Accounting and presentation currency

The Company's 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(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 associates.

(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, except for items hedged by financial instruments, 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's entities 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 account "Foreign exchange differences" in equity.

(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 securities

Trading securities 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. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are those that the Board of Directors has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks, investments in business cooperation contracts and loans receivable. 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 investments 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 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.

(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 auxiliary power unit (APU) 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 for purchases of tangible fixed assets, 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 statement of income in the year 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.

(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 10 – 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(j) Construction in progress

Construction in progress represents the costs 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.

(l) Trade and other payables

Trade and other payables are stated at their costs.

(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. 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 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.

(n) Share capital

(i) Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of ordinary shares, net of tax effects. Such costs are recognised as a deduction from share premium.

(ii) Shares premium

The difference between proceeds from issuance of shares over the par value is recorded in 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 from passenger transportation is 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 recorded 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.

(ii) Ancillary revenue

Ancillary revenue includes cargo transportation, baggage service, other revenue related to passenger transportation, sale of in-flight and duty free merchandise, advertising and commission. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods or services.

Revenue from cargo transportation is recognised in the consolidated statement of income when the services are provided.

Revenue from baggage service is recognised in the consolidated statement of income when the related passenger transportation service is provided or when the ticket expires.

Other revenue related to passenger transportation 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 passenger transportation and they are recognised in the consolidated statement of income when charged to passengers.

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 buyers.

Advertising revenue and commission are recorded as ancillary revenue at the time the fee is earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(iii) Charter flights

Revenue from charter flights is recognised in consolidated statement of income when the services are provided. 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 granted are recognised in the consolidated statement of income as an integral part of the total lease revenue.

(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.

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 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.

(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.

(q) Borrowing costs

Borrowing costs are recognised as an expense in the year 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 year. The Company does not have potential dilutive ordinary share.

(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 business segment.

(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.

4. SEGMENT REPORTING

(a) Business segment

For management purpose, the Group has 2 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 a reportable operating segment. Segmental information for total revenue and cost of sales is shown in Note 28 and Note 29 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 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:

	2018 VND	2017 VND
In Vietnam	17,774,736,256,720	14,164,060,449,620
Outside Vietnam	35,802,505,205,420	28,138,512,232,998
	<hr/> <hr/> 53,577,241,462,140	<hr/> <hr/> 42,302,572,682,618

The Group's fixed assets and capital expenditure are primarily located in Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

5. CASH AND CASH EQUIVALENTS

	31/12/2018 VND	1/1/2018 VND
Cash on hand	8,101,759,707	8,740,285,221
Cash in banks	3,640,861,247,744	2,407,681,670,363
Cash in transits	-	407,970,000,000
Cash equivalents	3,515,960,000,000	4,037,210,000,000
	7,164,923,007,451	6,861,601,955,584

Cash equivalents mainly included term deposits in VND at banks with maturities of less than 3 months from their replacement dates and earned interest at rate from 5.5% to 8.3% per annum during the year (2017: from 5.3% to 5.5%).

As at 31 December 2018 and 1 January 2018, the Group has current and term deposit accounts of VND1,749 billion (1/1/2018: VND3,384 billion) and certificate of deposits of VND700 billion (1/1/2018: nil) at Ho Chi Minh City Development Joint Stock Commercial Bank, a related party at normal trading terms.

6. INVESTMENTS

(a) Trading securities

Trading security included the investments in securities of PetroVietnam Oil Corporation as at 31 December 2018 (1/1/2018: nil) as follows:

		31/12/2018		
	Quantity	Cost VND	Allowance VND	Fair value VND
PetroVietnam Oil Corporation	50,000,000	990,000,000,000	174,500,000,000	815,500,000,000
		990,000,000,000	174,500,000,000	815,500,000,000

Fair value of the investments in securities was determined by reference to the closing price on Ho Chi Minh Stock Exchange on 28 December 2018.

(b) Equity investments in other entities

	31/12/2018		1/1/2018	
	% 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	10%	60,000,000,000
		<hr/>		<hr/>
		60,000,000,000		60,000,000,000
		<hr/>		<hr/>
Equity investments in other entities				
▪ Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000	4%	7,868,448,000
▪ Angelica Holding Limited (*)	10%	-	10%	-
		<hr/>		<hr/>
		7,868,448,000		7,868,448,000
		<hr/>		<hr/>

(*) As at 31 December 2018, the Group has not yet contributed capital in this company, which is incorporated in Cayman Islands. The principal activities of this company and its subsidiaries are to provide consultancy services and lease aircrafts.

(c) Held-to-maturity investments

	31/12/2018 VND	1/1/2018 VND
Held-to-maturity investments – short-term		
▪ Term deposits at banks	1,400,000,000	1,400,000,000
	<hr/>	<hr/>
Held-to-maturity investments – long-term		
▪ Business co-operation contract	556,181,818	556,181,818
	<hr/>	<hr/>

Term deposits at banks earned interest at rate 5.5% per annum (2017: 5.5% per annum) during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

7. ACCOUNTS RECEIVABLE FROM CUSTOMERS – SHORT-TERM

(a) Accounts receivable from customers detailed by significant customers

	31/12/2018 VND	1/1/2018 VND
Hangzhou BaoLi Co., Ltd	1,542,729,107,253	1,206,074,957,438
Thai Vietjet Air Joint Stock Company Limited	412,080,273,720	192,134,116
Apricot Aircraft Company (Ireland) 8605 Limited	299,279,375,000	-
Aviation Solutions (Thailand) Co., Ltd	442,061,960	72,928,310,709
World Go International Co., Ltd	38,456,118,847	20,050,350,612
Other customers	617,389,808,519	148,612,117,507
	2,910,376,745,299	1,447,857,870,382

(b) Accounts receivable from customers who are related parties

	31/12/2018 VND	1/1/2018 VND
Associate		
Thai Vietjet Air Joint Stock Company Limited	412,080,273,720	192,134,116
Other related parties		
Apricot Aircraft Company (Ireland) 8605 Limited	299,279,375,000	-
World Go International Co., Ltd	38,456,118,847	20,050,350,612
Ho Chi Minh City Development Joint Stock Commercial Bank	8,186,200	60,199,199
Indochina Beach Hotel Joint Stock Company	25,738,288	3,432,000

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

8. PREPAYMENTS TO SUPPLIERS

(a) Prepayments to suppliers – short-term

	31/12/2018 VND	1/1/2018 VND
Related parties		
Advances to Angelica Holding Limited, a related party	-	442,728,000,000
Prepayments for office building construction to Indochina ACM Corporation, a related party	-	14,601,834,620
Third parties		
Prepayments for engine repair services	86,093,582,599	6,124,891,332
Others	43,833,509,332	69,549,152,210
	<hr/>	<hr/>
	129,927,091,931	533,003,878,162
	<hr/>	<hr/>

The advances and prepayments to the related parties were unsecured and interest free.

(b) Prepayments to suppliers – long-term

	31/12/2018 VND	1/1/2018 VND
Business co-operation contract	701,500,000,000	701,500,000,000
	<hr/>	<hr/>

Long-term prepayments to suppliers represented the Group'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-TĐĐB dated 2 June 2016 with Thuy Duong – Duc Binh Commercial Joint Stock Company. The Group will receive 15,547 m2 office area and 13,409 m2 residential area and use these areas as the Group's office and dormitory upon completion of the project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

9. LOANS RECEIVABLE

Loans receivable represented loans provided to AAA Aircraft Asset Company Limited, a related party amounted to USD21,501,600 to finance its purchase of aircrafts and related acquisition costs. The loans were unsecured and bore interest at rate of 2.5% per annum during the year (2017: 2.5%). During the year, the maturity of this loan has been extended to 14 December 2019.

10. OTHER RECEIVABLES

(a) Other short-term receivables

	31/12/2018 VND	1/1/2018 VND
Related parties		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	682,477,343,933	410,572,971,721
Other receivables from Angelica Holding Limited, a related party (Note 10(b))	147,875,000,000	-
Receivables from disposals of subsidiaries from Angelica Aircraft Assets Limited, a related party	16,271,500,000	-
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8577 Limited, a related party	13,457,758,507	-
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8592 Limited, a related party	11,492,488,965	-
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8605 Limited, a related party	10,822,745,608	-
Third parties		
Deposits for aircraft purchases within next 12 months	3,475,240,954,627	5,299,354,253,466
Maintenance reserves of leased aircrafts	1,184,688,761,520	1,620,541,614,727
Purchase discount receivables	523,752,417,852	207,075,437,945
Deposit for securities purchases	142,840,350,000	-
Claims receivables from maintenance reserves of leased aircrafts	237,582,261,399	36,240,516,195
Advances to employees	145,318,654,281	68,562,678,338
Interest income	23,249,522,451	8,029,352,361
Cabin modification receivables	5,959,839,053	9,030,285,032
Other short-term deposits	75,463,939,580	52,829,252,297
Others	36,033,006,578	43,022,070,206
	6,732,526,544,354	7,755,258,432,288

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

(b) Other long-term receivables

	31/12/2018 VND	1/1/2018 VND
Related parties		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate (*)	468,344,946,987	468,344,946,987
Other receivables from Angelica Holding Limited, a related party (**)	295,750,000,000	-
Deposits for aircraft leases to Apricot Aircraft Assets Limited, a related party (***)	36,844,236,000	36,064,548,000
Deposits for maintenance reserves to Apricot Aircraft Assets Limited, a related party (***)	109,056,626,997	-
Third parties		
Deposits for aircraft purchases after next 12 months	2,407,437,182,227	2,129,312,445,671
Maintenance reserves of leased aircrafts	5,460,891,081,018	2,931,845,978,926
Deposits for aircraft leases	1,046,702,306,276	832,941,542,209
Others	50,810,258,325	52,664,868,853
	9,875,836,637,830	6,451,174,330,646

(*) In accordance with extension agreement in 2018, the repayment term of VND468 billion due from Thai Vietjet Air Joint Stock Company Limited has been extended to 31 December 2021.

(**) Other receivables from the related party were unsecured, interest free and are receivable within 3 years.

(***) In accordance with leasing contracts, the deposits to a related party were unsecured, interest free and will be reimbursed to the Group at the end of leasing contracts for deposits for aircraft leases and upon completion of required maintenance activities.

11. INVENTORIES

	31/12/2018		1/1/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Tools and supplies	461,585,964,571	-	257,446,699,070	-
Merchandise inventories	7,143,341,014	-	9,734,820,430	-
	468,729,305,585	-	267,181,519,500	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

12. TANGIBLE FIXED ASSETS

	Aircraft and components VND	Machinery and equipment VND
Cost		
Opening balance	1,512,821,016,821	127,618,469,944
Additions during the year	-	68,709,091
Transfer from construction in progress	267,427,465,457	-
Written off	-	(15,759,787,896)
Reclassifications	89,191,017,104	(89,438,755,115)
	1,869,439,499,382	22,488,636,024
Accumulated depreciation		
Opening balance	108,488,921,775	21,791,642,892
Charge for the year	132,898,756,976	5,622,826,009
Written off	-	(5,253,262,632)
Reclassifications	6,920,458,456	(5,598,580,164)
	248,308,137,207	16,562,626,105
Net book value		
Opening balance	1,404,332,095,046	105,826,827,052
Closing balance	1,621,131,362,175	5,926,009,919

Included in the cost of tangible fixed assets were assets costing VND19,860 million which were fully depreciated as at 31 December 2018 (1/1/2018: VND16,105 million), but which are still in active use.

As at 31 December 2018, tangible fixed assets with carrying value of VND781,624 million (1/1/2018: VND851,835 million) were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Group.

Office equipment VND	Motor vehicles VND	Total VND
18,480,304,543	18,042,028,465	1,676,961,819,773
6,905,019,818	-	6,973,728,909
-	-	267,427,465,457
-	-	(15,759,787,896)
(249,400,000)	497,138,011	-
25,135,924,361	18,539,166,476	1,935,603,226,243
12,544,860,181	10,597,873,821	153,423,298,669
2,925,169,008	2,794,820,845	144,241,572,838
-	-	(5,253,262,632)
(1,904,265,674)	582,387,382	-
13,565,763,515	13,975,082,048	292,411,608,875
5,935,444,362	7,444,154,644	1,523,538,521,104
11,570,160,846	4,564,084,428	1,643,191,617,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

13. INTANGIBLE FIXED ASSETS

	Software VND
Cost	
Opening balance	29,680,011,655
Additions during the year	272,000,000
	<hr/>
Closing balance	29,952,011,655
	<hr/>
Accumulated amortisation	
Opening balance	24,497,692,150
Charge for the year	2,272,456,904
	<hr/>
Closing balance	26,770,149,054
	<hr/>
Net book value	
Opening balance	5,182,319,505
Closing balance	3,181,862,601
	<hr/>

Included in the cost of intangible fixed assets was assets costing VND20,637 million which were fully amortised as at 31 December 2018 (1/1/2018: VND10,989 million), but which are still in active use.

14. CONSTRUCTION IN PROGRESS

	2018 VND	2017 VND
Opening balance	222,031,597,270	181,302,243,599
Additions during the year	1,566,189,996,094	800,463,744,628
Transfer to tangible fixed assets	(267,427,465,457)	(568,218,193,400)
Written off	(287,788,451,901)	(191,516,197,557)
	<hr/>	<hr/>
Closing balance	1,233,005,676,006	222,031,597,270

During the year, borrowing costs capitalised into construction in progress amounted to VND31,729 million (2017: VND34,905 million). Major constructions in progress were as follows:

	31/12/2018 VND	1/1/2018 VND
Aircrafts and components	732,506,605,915	197,118,666,002
Aviation Technology Research and Training Centre	500,499,070,091	24,912,931,268
	<hr/>	<hr/>
	1,233,005,676,006	222,031,597,270

15. PREPAID EXPENSES

(a) Short-term prepaid expenses

	31/12/2018 VND	1/1/2018 VND
Prepayments for aircraft leases	280,592,905,521	201,055,142,423
Prepayments for maintenance expenses	19,375,890,925	14,643,249,582
Others	9,134,818	2,988,399,599
	<hr/>	<hr/>
	299,977,931,264	218,686,791,604

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Long-term prepaid expenses

	Maintenance costs VND	Costs to make good on leased assets VND	Major inspection and overhaul expenditure VND
Opening balance	4,453,797,069,491	320,711,118,911	105,897,995,444
Additions during the year	3,267,477,527,187	354,906,941,236	111,933,122,275
Charge for the year	(1,694,693,404,561)	(109,635,394,473)	(136,969,273,440)
Written off	(305,927,670,654)	-	-
Reclassifications	-	-	27,575,655,996
Closing balance	5,720,653,521,463	565,982,665,674	108,437,500,275

Rotable parts, tools and instruments VND	Others VND	Total VND
136,909,226,552	454,449,033	5,017,769,859,431
50,032,257,667	2,481,124,667	3,786,830,973,032
(73,401,312,675)	(2,228,016,169)	(2,016,927,401,318)
-	-	(305,927,670,654)
(27,575,655,996)	-	-
85,964,515,548	707,557,531	6,481,745,760,491

16. ACCOUNTS PAYABLE TO SUPPLIERS – SHORT-TERM

Accounts payable to suppliers detailed by significant suppliers:

	31/12/2018 Cost/Amount within repayment capacity VND	1/1/2018 Cost/Amount within repayment capacity VND
Petrolimex Aviation Fuel Joint Stock Company	358,790,499,261	25,305,914,761
Hamilton Sundstrand	106,774,686,440	-
Lufthansa Technik Aktiengesellschaft	85,225,886,410	-
SR Technics Switzerland Ltd	67,645,408,624	107,542,055,719
Airports Corporation of Vietnam	-	93,936,585,717
The Civil Aviation Administration of China's Settlement Center	52,386,483,371	65,201,167,522
Other suppliers	252,840,008,597	268,267,301,607
	923,662,972,703	560,253,025,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

17. TAXES

(a) Taxes payable to State Treasury

	1/1/2018 VND	Incurred VND	Paid VND
Value added tax	69,538,847,813	1,824,103,558,701	(553,652,982,840)
Personal income tax	24,299,965,251	421,028,569,705	(414,905,246,833)
Foreign contractor tax	9,518,857	91,636,878,598	(90,002,749,491)
Corporate income tax	-	253,597,027,514	(108,000,000,000)
Other taxes	-	832,167,066	(832,166,166)
	<hr/> 93,848,331,921	<hr/> 2,591,198,201,584	<hr/> (1,167,393,145,330) <hr/>

(b) Taxes receivable from State Treasury

	1/1/2018 VND
Foreign contractor tax	56,576,964,943
Corporate income tax	38,860,856,552
Other taxes	900
	<hr/> 95,437,822,395 <hr/>

Netted-off VND	31/12/2018 VND
(1,272,817,185,123)	67,172,238,551
-	30,423,288,123
(1,622,427,903)	21,220,061
(38,664,640,895)	106,932,386,619
(900)	-
<hr/>	<hr/>
(1,313,104,254,821)	204,549,133,354
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Netted-off VND	31/12/2018 VND
(1,622,427,903)	54,954,537,040
(38,664,640,895)	196,215,657
(900)	-
<hr/>	<hr/>
(40,287,069,698)	55,150,752,697
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

18. ACCRUED EXPENSES

	31/12/2018 VND	1/1/2018 VND
Aircraft related expenses	1,609,617,893,751	1,133,907,718,337
Maintenance expenses	137,923,043,709	98,874,443,293
13th month salary	45,268,451,601	46,385,852,941
Interest expense	8,878,860,783	5,609,006,900
Others	135,990,269,289	81,991,220,585
	1,937,678,519,133	1,366,768,242,056

19. UNEARNED REVENUE

	31/12/2018 VND	1/1/2018 VND
Passenger transportation and ancillary services revenue received in advance, to be realised within next 12 months	2,732,382,333,601	1,964,462,207,817
	2,732,382,333,601	1,964,462,207,817

20. OTHER SHORT-TERM PAYABLES

	31/12/2018 VND	1/1/2018 VND
Related parties		
Dividends payable to shareholders	59,290,521,050	90,337,114,450
Amounts due to Thai Vietjet Air Joint Stock Company Limited, an associate	12,717,070,372	-
Consulting fees payable to Sovico Holdings, a related party	7,306,110,821	803,672,964
Amounts due to Ho Chi Minh City Development Joint Stock Commercial Bank, a related party	889,221,668	889,221,668
Third parties		
Airport tax payables	959,306,960,036	725,686,963,581
Short-term deposits received	487,358,535,248	281,103,539,996
Others	58,191,570,066	6,762,643,256
	<hr/>	<hr/>
	1,585,059,989,261	1,105,583,155,915
	<hr/>	<hr/>

The amounts due to the related parties were unsecured, interest free and are payable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

21. BORROWINGS

(a) Short-term borrowings

	1/1/2018 Carrying amount/ Amount within repayment capacity VND	Movements during the year	
		Additions VND	Repayments VND
Short-term borrowings	6,831,894,847,293	33,529,973,247,843	(35,462,276,409,899)
Current portion of long-term borrowings (Note 21(b))	65,332,050,000	65,332,050,000	(65,332,050,000)
	<hr/> 6,897,226,897,293 <hr/>	<hr/> 33,595,305,297,843 <hr/>	<hr/> (35,527,608,459,899) <hr/>

Revaluation VND	31/12/2018 Carrying amount/ Amount within repayment capacity VND
(7,143,702,284)	4,892,447,982,953
-	65,332,050,000
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(7,143,702,284)	4,957,780,032,953
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

Lenders	Currency	31/12/2018 VND	1/1/2018 VND
Secured loans			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party			
Loan 1	USD	1,224,380,942,780	873,584,591,673
Vietnam Joint Stock Commercial Bank for Industry and Trade			
Loan 2	VND	-	1,913,772,674,679
Loan 3	USD	-	1,071,313,513,020
Unsecured loans			
Satona Financial Investment Joint Stock Company, a related party			
Loan 4	VND	150,000,000,000	-
Sunflower Sunny Investment Company Limited, a related party			
Loan 5	VND	300,000,000,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam			
Loan 6	VND	-	141,151,969,667
Loan 7	USD	-	386,495,000,000
Military Commercial Joint Stock Bank			
Loan 8	VND	1,364,639,205,779	1,029,431,351,660
Maritime Commercial Joint Stock Bank			
Loan 9	USD	-	325,269,962,608
An Binh Commercial Joint Stock Bank			
Loan 10	USD	-	529,374,865,825

Lenders	Currency	31/12/2018 VND	1/1/2018 VND
HSBC Bank (Vietnam) Ltd Loan 11	VND	22,484,736,412	561,500,918,161
Citibank, N.A., Ho Chi Minh City Branch Loan 12	VND	317,121,228,150	-
United Overseas Bank, Ho Chi Minh City Branch Loan 13	VND	135,467,261,751	-
Joint Stock Commercial Bank for Investment and Development of Vietnam Loan 14	VND	1,378,354,608,081	-
		4,892,447,982,953	6,831,894,847,293

During the year, the above loans bore annual interest at rates ranging from 4.6% to 5.0% for loans in VND (2017: 4.8% to 5.5%) and 2.7% for loans in USD (2017: 1.4% to 3.5%).

As at 31 December 2018, loan 1 was secured by the estimated receivables from the Company's sale of flight tickets in the future of VND4,997 billion (1/1/2018: estimated receivables from sale of flight tickets of VND1,440 billion and cash equivalents of VND300 billion).

As at 1 January 2018, loan 2 and loan 3 were secured by inventories with the carrying amount of VND267 billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Long-term borrowings

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

Lender	Currency	Annual interest rate	Year of maturity	31/12/2018 VND	1/1/2018 VND
Millitary Commercial Joint Stock Bank	USD	LIBOR 6 months + 2.7%	2017 – 2028	637,563,724,577	692,237,334,322
Repayable within 12 months (Note 21(a))				(65,332,050,000)	(65,332,050,000)
Repayable after 12 months				572,231,674,577	626,905,284,322

Original principal of this loan is repayable in 24 equal semi-annual instalments of USD1.4 million (equivalent to VND33 billion) each and a final instalment of USD1.5 million (equivalent to VND35 billion) on 13 June 2028.

In accordance with Principle Agreement No. 24012017/HDNT/MB-VJ dated 24 January 2017 between the Group and the lender, the Group also entered into currency and interest rate swap transactions with the lender for a portion of its borrowings to manage the impact of changes in currency exchange rate and interest rate on these borrowings. Under the Agreement, the Group will receive USD amounts from the lender to settle the due principal and related interest expense; and pay VND equivalent amounts to the lender using the VND/USD exchange rate of 22,575 and fixed interest rate of 7.5% per annum for the period from 24 January 2017 to 13 December 2019. Payments are made at the end of each six-month period and the first payment date was on 13 June 2017.

Detail of asset pledged as security for this loan was as follows:

	31/12/2018 VND	1/1/2018 VND
Aircraft no. A320 MSN7167, VNA675 (Note 12)	781,624,125,287	851,835,624,577

22. 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	7,351,347,211,467	480,131,321,967	7,831,478,533,434
Provision made during the year	3,267,477,527,187	354,906,941,236	3,622,384,468,423
Unwinding discount	390,473,266,958	44,260,128,735	434,733,395,693
Utilisation during the year	(777,541,609,892)	-	(777,541,609,892)
Written off	(153,811,558,700)	(76,074,883,222)	(229,886,441,922)
Foreign exchange differences	173,532,230,469	-	173,532,230,469
Closing balance	10,251,477,067,489	803,223,508,716	11,054,700,576,205
Short-term	1,910,942,285,113	-	1,910,942,285,113
Long-term	8,340,534,782,376	803,223,508,716	9,143,758,291,092
	10,251,477,067,489	803,223,508,716	11,054,700,576,205

23. DEFERRED TAX LIABILITIES

	31/12/2018 VND	1/1/2018 VND
Deferred tax assets:		
Provisions	2,210,940,115,241	1,419,594,372,900
Accrued expenses	43,733,453,444	41,976,111,780
Total deferred tax assets	2,254,673,568,685	1,461,570,484,680
Deferred tax liabilities:		
Long-term prepaid expenses	(1,257,327,237,428)	(852,802,825,175)
Maintenance reserves of leased aircrafts	(1,350,927,293,907)	(748,423,357,259)
Unrealised foreign exchange gains	(21,206,963,480)	(7,890,623,290)
Total deferred tax liabilities	(2,629,461,494,815)	(1,609,116,805,724)
Net deferred tax liabilities	(374,787,926,130)	(147,546,321,044)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

24. CHANGES IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Foreign exchange differences VND
Balance as at 1 January 2017	3,000,000,000,000	-	29,673,324,403
Issuance of ordinary shares	223,880,600,000	1,535,501,732,805	-
Bonus shares issued from share premium	1,289,552,240,000	(1,289,552,240,000)	-
Cash dividends	-	-	-
Net profit for the year	-	-	-
Currency translation of foreign operations	-	-	(5,757,226,031)
Balance as at 1 January 2018	4,513,432,840,000	245,949,492,805	23,916,098,372
Shares dividend issued from retained profits (Note 26)	902,680,500,000	-	-
Cash dividends (Note 26)	-	-	-
Net profit for the year	-	-	-
Currency translation of foreign operations	-	-	95,187,477,316
Balance as at 31 December 2018	5,416,113,340,000	245,949,492,805	119,103,575,688

Retained profits VND	Non-controlling interests VND	Total VND
1,702,862,911,199	1,485,942,037	4,734,022,177,639
-	-	1,759,382,332,805
-	-	-
(967,164,180,000)	-	(967,164,180,000)
5,073,364,224,380	287,189,318	5,073,651,413,698
-	-	(5,757,226,031)
<hr/>	<hr/>	<hr/>
5,809,062,955,579	1,773,131,355	10,594,134,518,111
(902,680,500,000)	-	-
(1,985,909,236,000)	-	(1,985,909,236,000)
5,335,036,357,250	54,119,905	5,335,090,477,155
-	-	95,187,477,316
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8,255,509,576,829	1,827,251,260	14,038,503,236,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

25. SHARE CAPITAL

The Company's authorised and issued share capital are:

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised share capital				
Ordinary shares	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000
Issued share capital				
Ordinary shares	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000
Shares in circulation				
Ordinary shares	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000

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.

Movements in share capital during the year were as follows:

	2018		2017	
	Number of shares	VND	Number of shares	VND
Opening balance	451,343,284	4,513,432,840,000	300,000,000	3,000,000,000,000
Shares issued by cash	-	-	22,388,060	223,880,600,000
Bonus shares issued	-	-	128,955,224	1,289,552,240,000
Shares dividend issued	90,268,050	902,680,500,000	-	-
Closing balance	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000

26. DIVIDENDS

On 9 January 2018, 23 April 2018 and 16 August 2018, the Company's Board of Management resolved to distribute cash dividends amounting to VND1,986 billion (2017: VND967 billion).

On 26 April 2018, the annual general meeting of the shareholders of the Company approved to increase the share capital from VND4,513 billion to VND5,416 billion by issuance of ordinary shares at the rate of 20 shares for each existing 100 shares from retained profits. On 4 July 2018, the issuance had been completed.

27. OFF BALANCE SHEET ITEMS

(a) Lease receivables

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

	31/12/2018 VND	1/1/2018 VND
Within 1 year	1,964,902,315,523	295,195,126,108
Within 2 to 5 years	2,322,518,414,799	776,643,448,385
More than 5 years	1,681,262,713,214	476,723,264,601
	5,968,683,443,536	1,548,561,839,094

(b) Lease commitments

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

	31/12/2018 VND	1/1/2018 VND
Within 1 year	6,623,172,447,382	4,894,901,836,920
Within 2 to 5 years	24,306,776,163,118	18,313,664,866,549
More than 5 years	29,217,736,273,881	22,347,046,275,866
	60,147,684,884,381	45,555,612,979,335

(c) Foreign currency

	31/12/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	116,101,560	2,698,780,761,594	262,781,900	5,955,951,758,740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(d) 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:

	31/12/2018 VND	1/1/2018 VND
Approved and contracted (i)	462,500,000,000	462,500,000,000
Approved but not contracted (ii)	3,324,500,929,909	3,825,000,000,000
	3,787,000,929,909	4,287,500,000,000

(i) In addition to above commitments, the Group also have following approved and contracted commitments:

The Company signed a principle purchase agreements and related amendments with Airbus S.A.S to purchase 121 aircrafts and with Boeing Company to purchase 100 aircrafts. As at 31 December 2018, the Company has received 55 aircrafts, the remaining aircrafts are scheduled to be delivered to the Company until 2023. To power these aircrafts, the Company also ordered 106 engines from CFM International S.A and 90 engines from United Technologies Corporation (Pratt & Whitney Division), including maintenance services.

Pursuant to the aircraft purchase agreements, the Company's commitments as at 31 December 2018 in relation to pre-delivery payments for remaining aircrafts to be delivered (including engines) were USD1,586 million.

On 31 May 2017, the Company signed an agreement with Honeywell Aviation Services for 98 auxiliary power units for Airbus aircrafts. This agreement runs through 2022 and includes maintenance services for 12 years.

Following the memorandum in July 2018, subsequent to the year end, the Company signed the contract with Boeing Company on 27 February 2019 to purchase 100 aircrafts, which are scheduled to deliver to the Company from 2022 to 2025.

(ii) This commitment relates to the development of an aviation technology research and training centre at Saigon Hi-Tech Park, District 9, Ho Chi Minh City in accordance with Investment Registration Certificate No. 2357762445 dated 30 December 2016 issued by the Board of Management of Saigon Hi-Tech Park.

28. REVENUE FROM SALES OF GOODS AND PROVISION OF SERVICES

	2018 VND	2017 VND
Total revenue		
Passenger transportation		
▪ Domestic routes	12,827,108,085,916	10,783,474,944,053
▪ International routes	4,945,312,832,354	2,424,393,916,235
▪ Charter flights and aircraft wet leases	6,908,889,025,909	3,646,261,365,525
	24,681,309,944,179	16,854,130,225,813
Ancillary revenue	8,409,836,083,707	5,477,049,982,320
Aircraft dry leases	437,357,960,486	96,564,199,433
Other revenue	250,277,317,143	121,011,531,840
Sales of aircrafts	19,798,460,156,625	19,754,002,338,400
	53,577,241,462,140	42,302,758,277,806
Less revenue deductions		
▪ Sales discounts	-	(185,595,188)
Net revenue	53,577,241,462,140	42,302,572,682,618
In which:		
▪ Net revenue from aviation services	33,778,781,305,515	22,548,570,344,218
▪ Net revenue from sales of aircrafts	19,798,460,156,625	19,754,002,338,400
	53,577,241,462,140	42,302,572,682,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

29. COST OF SALES

	2018 VND	2017 VND
Ground operation expenses	2,698,352,086,705	1,657,602,015,834
Flight operation expenses	24,125,562,020,117	15,834,820,708,724
Safety, security, quality and assurance expenses	35,102,906,117	30,578,861,088
Cargo expenses	201,852,794,429	127,121,920,018
Depreciation and amortisation	2,160,317,607,335	1,391,067,072,313
Others	13,765,215,161	358,271,541,055
Costs of aircrafts sold	16,850,469,379,635	16,353,713,767,669
	46,085,422,009,499	35,753,175,886,701
In which:		
▪ Costs of aviation services	29,234,952,629,864	19,399,462,119,032
▪ Costs of aircrafts sold	16,850,469,379,635	16,353,713,767,669
	46,085,422,009,499	35,753,175,886,701

30. FINANCIAL INCOME

	2018 VND	2017 VND
Interest income	221,386,370,627	70,603,613,358
Realised foreign exchange gains	85,891,072,283	44,210,712,206
Gains from disposal of subsidiaries	16,271,500,000	-
Dividend income	2,832,636,000	3,068,690,000
Others	5,195,227,454	800,800,000
	331,576,806,364	118,683,815,564

31. FINANCIAL EXPENSES

	2018 VND	2017 VND
Unwinding discount of provisions	434,733,395,693	277,580,251,779
Interest expense	257,505,446,656	237,597,428,875
Allowance for diminution in the value of trading securities	174,500,000,000	-
Unrealised foreign exchange losses	51,320,437,305	5,586,837,437
	<hr/>	<hr/>
	918,059,279,654	520,764,518,091

32. SELLING EXPENSES

	2018 VND	2017 VND
Commissions and booking expenses	350,027,556,686	290,104,149,149
Advertising and marketing expenses	243,537,206,113	211,599,966,466
Staff costs	87,426,356,482	66,580,045,457
Depreciation and amortisation	707,978,027	451,670,326
Others	31,230,746,847	10,047,082,306
	<hr/>	<hr/>
	712,929,844,155	578,782,913,704

33. GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Staff costs	114,851,498,365	97,367,937,767
Rental expenses	26,900,048,305	25,244,550,872
Depreciation and amortisation	2,415,845,699	6,088,320,891
Insurance expenses	197,811,168	65,259,737
Others	150,412,195,684	97,042,837,651
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	294,777,399,221	225,808,906,918

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

34. BUSINESS COSTS BY ELEMENTS

	2018 VND	2017 VND
Fuel costs	13,258,963,486,074	8,060,241,634,646
Costs of purchasing aircrafts	16,850,469,379,635	16,353,713,767,669
Labour costs and staff costs	3,251,843,675,445	2,237,138,806,620
Depreciation and amortisation	146,514,029,742	94,989,734,425
Outside services	11,180,696,348,583	7,916,974,068,351
Other expenses	2,404,642,333,396	1,894,709,695,612

35. INCOME TAX

(a) Recognised in the consolidated statement of income

	2018 VND	2017 VND
Current tax expense		
Current year	253,597,027,514	160,648,628,095
Under provision in prior years	-	3,263,853,984
	<u>253,597,027,514</u>	<u>163,912,482,079</u>
Deferred tax expense		
Origination and reversal temporary differences	227,241,605,086	52,932,915,184
Effect of change in tax rate	-	12,142,066,138
	<u>227,241,605,086</u>	<u>65,074,981,322</u>
Income tax expense	<u>480,838,632,600</u>	<u>228,987,463,401</u>

(b) Reconciliation of effective tax rate

	2018 VND	2017 VND
Accounting profit before tax	5,815,929,109,755	5,302,638,877,099
Tax at the Company's tax rate	1,163,185,821,951	1,060,527,775,420
Effect of difference tax rates applied for subsidiaries	(571,740,639,087)	(659,765,059,473)
Non-deductible expenses	613,938,670	352,402,637
Deferred tax assets not recognised	17,746,117,592	8,912,692,116
Under provision in prior years	-	3,263,853,984
Effect of change in tax rate	-	12,142,066,138
Tax incentives	(128,966,606,526)	(196,446,267,421)
	<u>480,838,632,600</u>	<u>228,987,463,401</u>

(c) Applicable tax rates**(i) Companies incorporated in Vietnam***Vietjet Aviation Joint Stock Company*

For public passengers and cargo air transportation services, under the terms of current tax regulations and income tax laws, 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. The current tax regulations also allow the Company to be exempt from income tax for 2 years starting from the first year it generates a taxable profit (2014) and entitled to a 50% reduction in income tax for the 3 succeeding years (2016, 2017 and 2018).

For other activities, under the terms of current income tax regulations, 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 profits.

Vietjet Air Cargo Joint Stock Company

Vietjet Air Cargo Joint Stock Company has an obligations to pay the income tax at the rate of 20% of taxable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(ii) Companies incorporated in British Virgin Islands

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

There are no taxes on income or gains in the British Virgin Islands.

(iii) Company incorporated in Singapore

Vietjet Air Singapore Pte. Ltd.

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

(iv) Companies incorporated in Ireland

Vietjet Air Ireland No. 1 Limited

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

36. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares, as follows:

(a) Net profit attributable to ordinary shareholders

	2018 VND	2017 VND
Net profit attributable to ordinary shareholders	5,335,036,357,250	5,073,364,224,380

(b) Weighted average number of ordinary shares

	Số cổ phiếu	
	2018	2017 Điều chỉnh lại
Issued ordinary shares at the beginning of the year	451,343,284	300,000,000
Effect of shares dividends issued in July 2018	90,268,050	89,347,999
Effect of bonus shares issued in September 2017	-	128,955,224
Effect of shares issued by cash	-	17,787,774
Weighted average number of ordinary shares	541,611,334	536,090,997

The weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2017 was restated to represent the effect of shares dividends issued in July 2018.

37. 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	
	2018 VND	2017 VND
Companies that shareholders have significant influence		
Issuance of ordinary shares	-	1,894,029,876,000
Term deposits and certificate of deposits	17,535,922,500,000	7,613,132,376,000
Interest income	156,014,812,926	54,601,970,070
Borrowings received	13,175,114,570,820	3,551,832,052,518
Interest expense	27,021,197,486	6,914,005,671
Services rendered	15,198,053,711	13,584,156,988
Purchase of consultancy services	1,755,600,000	1,975,600,000
Associates		
Aircrafts rental income	437,357,960,486	124,219,932,630
Booking service rendered	79,281,523,500	-
Payments on behalf, net cash outflows	271,904,372,212	178,391,832,252
Other related parties		
Sales of aircrafts	1,189,413,958,333	2,314,686,000,000
Aircrafts rental expenses	247,119,461,282	18,115,812,000
Deposits for maintenance reserves	108,477,847,747	-
Deposits for aircrafts leases	-	36,064,548,000
Loan granted	-	499,804,692,000
Interest income	13,008,622,595	-
Services rendered	525,273,972,960	259,838,194,701
Prepayments for consultancy services	443,625,000,000	442,728,000,000
Prepayments for construction services	400,295,994,854	14,601,834,620
Borrowings received	450,000,000,000	-
Disposals of subsidiaries	16,271,500,000	-
Payments on behalf, net cash outflows	35,570,220,230	-
Members of Board of Management, Board of Directors and Supervisory Board		
Employee stock option plan	-	124,096,200,000
Salary and compensations	30,932,611,019	15,986,506,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

38. NON-CASH INVESTING AND FINANCING ACTIVITIES

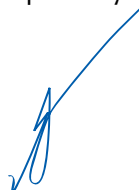
	2018 VND	2017 VND
Bonus shares issued from share premium	-	1,289,552,240,000
Shares dividend issued from retained profits	902,680,500,000	-
Net-off payables from purchases of fixed assets with other short-term receivables	773,685,995,810	497,848,193,400
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39. CORRESPONDING FIGURES

The corresponding figures as at 1 January 2018 were derived from the balances and amounts reported in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

5 April 2019

Prepared by:



Hoang Manh Ha
Chief Accountant

Approved by:



Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer



Luu Duc Khanh
Managing Director

